

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

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COMMISSION
CLERK

Dear Sirs,

I'm writing to express my significant concerns about the proposed rate increases requested by Gulf Power. I am against the overall thought of another increase, but several aspects of this proposal are really terrible for the already struggling public.

First, another increase is really too much at this time. I realize some of the previous increases in the past few years were due to the increased price of fuel, but that does not mean it hurts less, especially when retirement cost of living pay increases have zero or negligible. I also realize that the price of fuel has recently gone down. This is great! Everyone gets a temporary break. But it is not an opportunity for the electric company to raise rates, we know fuel prices will go back up soon. Gasoline prices are already on the way up, so I imagine natural gas, one of the main fuels used by Gulf Power is already back on the rise, which will add to the price of electricity even without the rate increase. The skyrocketing healthcare costs have, and will continue to sap our budgets and the rates for just the health insurance will be going up significantly this year and in the next few years. We already keep our home's thermostat at 80 degrees during the day in the summer and we have already replaced old bulbs with new energy efficient bulbs. If the goal is to push people completely off of the Gulf Power grid, which I don't really think it is, a rate increase may end up being the catalyst for some people. I know I would be looking at alternatives, including geothermal, solar, wind and even natural gas, but probably can't afford it.

Second, looking over the proposal, the greatest percentage of proposed rate increase is for the general public, and tax payers at that (I know businesses pay taxes, but they pass those expenses on to their customers)! Residential service percentage rates are proposed to increase double what some of the business or high usage customers would increase. Why should I have to pay a higher increase than businesses' rate increases, essentially paying some of their bill, when I may not even use their services? Plus, if they don't get a proportional rate increase, then they would not be held responsible for the amount of energy they use now and in the future. They need to be billed at least a true cost for the total service so they can have an incentive to be good stewards of energy use, for not wasting electricity, and planning for more energy efficient equipment and processes. The rate increases for the energy they use should be an expense on their balance sheet and they can then decide what to do about their bottom line, but their portion of any rate increase must not be shifted to residential customers. The true cost of their product must be reflected in its price and their profit margin. One might argue that business customers, "...only have a small infrastructure cost compared to the amount of energy they use whereas residential customers have a large infrastructure cost compared to their energy use." While it is true that each customer account only needs one meter and one meter to be read, I would be surprised if all those meters really need to be the same type, complexity and cost. Those customers that

require higher voltages and 3-phase power probably have more complicated and costly meters. I'm sure some of those more costly features may have now been designed into all the meters to reduce overall costs, but they weren't needed by residential customers. Similarly, reliability and clean power are needed by businesses, and not so much by residential customers. The vast majority of residential customers just need power that doesn't spike their everyday electronics and reliable enough to for the freezer to keep things frozen. Of course they can become accustomed to and prefer continuous power for comfort, entertainment, routine and leisure, (and I kind of like not having to reset my clocks every few days,) but they don't need it (sure, there residential customers who have come to rely on service for medical reasons, but there are ways other than continuous electric company power such as batteries and generators). Residential customers don't need 3-phase power, but some businesses do, meaning the electric company must generate power and run infrastructure that way. I would imagine that most businesses consume most of their power in the heat of the day, therefore capacity levels and line infrastructure must be designed and built to accommodate those peak levels. Granted, my air conditioner starts running as the temperature gets warmer, but I don't typically have every one of my lights and pieces of equipment on during that time frame. So, I don't need electricity and infrastructure that is so costly to produce, distribute, monitor, and maintain. We know that studies can be designed in various ways to produce various statistics. This one appears to have produced the outcome that says to charge residential customers more when they really just need a little basic electricity, not the high-end designer electricity rather than looking at the whole picture.

Third, Gulf Power intends to offer low (and no) income residents a credit to be funded not out of the company's profit margin but from additional revenue generated from residential customers. I did not know that now companies feel free to propose, implement and manage new taxes on us. This is a terrible idea on several levels. Companies should not be able to levy any tax, nor should it be able to determine who gets taxed, nor to determine where any tax revenues get applied or to whom receives those funds, even with assistance from the Public Service Commission. This is something that specifically should be in the elected representatives' hands and for good reason. Further, asking just residents to pay for this is wrong. They are the ones who are working overtime or two jobs just to stay above the low-income levels, or worse yet, on a fixed income. Every time they get nickel-and-dimed, that cuts into that fixed income and may tip them to the low-income level or at least totally disrupt what they have planned for retirement. Very bad idea all around.

Fourth, one of the worst ideas I've heard in a long time is to move an energy-based rate into a fixed, base rate. It would even be a bad idea to just make a rate increase of this size be mostly a fixed rate increase. Obviously it would greatly benefit the electric company and the investors by building in a guaranteed level of profit and dependency. Totally wrong, however, for anyone other than the investors and management of the company. This provides little incentive for people and businesses to find ways to save energy. I realize there would still be some variable charge based on energy use under this proposal, but without the larger variable scale many would say, "What's the use? It's only a few dollars." And, if it is only a few dollars more, why would anyone choose to buy an energy efficient appliance or air conditioner. Why would anyone turn the lights off when they don't need them on? Why would anyone set their thermostats to try to save? Why would businesses look to improve their

processes and equipment to minimize energy use? They wouldn't. Why would anyone look toward renewable energy? They would not, except maybe to get totally off the Gulf Power grid. In essence, this proposal would take away most real incentive to save, conserve, and improve. Ahhhh, maybe this is the real reason Gulf Power is proposing this type of change. If this type of change would go into effect, people and businesses would be less compelled to reduce the use of Gulf Power's product and would be increasingly tied to it. Electricity is already almost an absolute necessity. If you can't generate enough of your own electricity cheap enough, then you are dependent on the electric company. I know I am. As far as I know, there is a monopoly in our area and that is Gulf Power. Does Gulf Power exist as a monopoly to make a large, ever increasing profit producing electricity no matter what, or does it exist as a monopoly to efficiently provide a service to people and businesses and to make a fair profit as long as their product is needed in form and efficiency? I think the latter. What Gulf Power is trying to do, however, is to make us even more dependent on that monopoly, to not save electricity, to make it not cost effective to also use renewable energy. In essence, to keep an even tighter grip on their monopoly and higher guaranteed profits. This really does smell like the times of the oil, coal, electricity, and railroad barons doing everything they can to create and protect their monopoly as well as create dependency of people on their product. Don't get me wrong, I am not an environmental activist, and those people normally irritate me. I do, however, believe we should not waste energy and should generally conserve where we can. Above all, we should be able to have a real choice to save energy and money or not to, to try renewable forms of electricity or not to. Moving rate increases into a fixed-cost base charge will curtail much of that. Again, really bad idea.

This proposal is bad for Florida for so many reasons while good only for Gulf Power and its investors. It comes at a time people are being squeezed at both ends from other things, proportionally targets the very people being squeezed leaving them no way out, and significantly reduces incentives for everyone to save and conserve. At the same time, it builds in higher profits for Gulf Power, reduces Gulf Power's incentives to be smarter and more efficient in the service they provide, and increasingly ties people to Gulf Power. Bad method, bad timing, bad for the people.

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