



February 5, 2019

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Undocketed

Dear Mr. Teitzman:

Attached is Gulf Power Company's Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Michael.

Sincerely,

A handwritten signature in blue ink that reads 'C. Shane Boyett'.

C. Shane Boyett
Regulatory and Cost Recovery Manager

md
Attachments

cc: Gulf Power Company
Russell Badders, Esq., VP & Associate General Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Gulf Power Company
for Limited Proceeding for Recovery of
Incremental Storm Restoration Costs Related to
Hurricane Michael

Docket No. 2019-_____

Filed: February 6, 2019

**PETITION BY GULF POWER COMPANY
FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL
STORM RESTORATION COSTS RELATED TO HURRICANE MICHAEL**

Gulf Power Company (“Gulf Power” “Gulf” or the “Company”), pursuant to Section 366.076(1), Florida Statutes, Rules 25-6.0143 and 25-6.0431, Florida Administrative Code (“F.A.C.”) and the Stipulation and Settlement Agreement approved by the Florida Public Service Commission (“Commission”) in Order No. PSC-17-0178-S-EI (the “Stipulation and Settlement”), hereby files this petition (the “Petition”) requesting that the Commission authorize commencement of interim recovery of incremental storm restoration costs related to Hurricane Michael and the replenishment of the retail storm reserve that the Company maintains in accordance with Rule 25-6.0143, F.A.C. (“Storm Reserve”) through a surcharge on customers’ electric bills beginning with bills rendered on meter readings starting with the first billing cycle for April 2019 and continuing until the final determined recoverable amount has been recovered through the surcharge, subject to final true-up adjustments.

In support of the Petition, Gulf Power states as follows:

1. The name and address of the Petitioner is:

Gulf Power Company
One Energy Place
Pensacola, FL 32520

Any pleading, motion, notice, order or other document required to be served upon the petitioner or filed by any party to this proceeding should be served upon the following individuals:

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2. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06 and 366.076, Florida Statutes, and Rules 25-6.0143 and 25-6.0431, F.A.C.

3. Gulf Power is a corporation organized and existing under the laws of the State of Florida and is an electric utility as defined in Section 366.02(2), Florida Statutes.

4. This Petition is being filed consistent with Rule 28-106.201, F.A.C. The agency affected is the Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), Gulf states that it is not aware at this time whether there will be any disputed issues of material fact in this proceeding. The discussion below demonstrates how the Company's substantial interests will be affected by the agency determination.

5. This Petition seeks to initiate a limited proceeding under Section 366.076(1), Florida Statutes and Rule 25-6.0431, F.A.C. A limited proceeding is appropriate because Gulf Power's request is focused on the narrow issue of recovery, including interim recovery, of costs associated with Hurricane Michael. Pursuant to the Stipulation and Settlement, the determination of storm cost recovery does not involve the application of any form of earnings test or measure.

Hurricane Michael

6. Hurricane Michael was an unprecedented event. It intensified rapidly from a mere disturbance into a ferocious hurricane that struck the Northwest Florida Gulf Coast on October 10, 2018, before cutting a devastatingly destructive path northward through Northwest Florida before moving into Alabama and Georgia and beyond. On October 2, 2018, the National Hurricane Center ("NHC") began monitoring a broad area of low pressure that had developed over the southwestern Caribbean Sea. The disturbance gradually strengthened and organized over the coming days and was named Tropical Storm Michael by the NHC on October 7, 2018. On the same day, Governor Rick Scott declared a State of Emergency for 26 Florida counties, including *all* eight counties within Gulf Power's service area. Michael proceeded to strengthen quickly, becoming a high-end tropical storm early on October 8, 2018, as the storm's cloud pattern became better organized. Continued intensification occurred, and Michael attained hurricane status later on the same day. At that time, weather service predictions indicated that Hurricane Michael would make landfall somewhere between Pensacola, Florida, and Apalachicola, Florida, on October 10, 2018, as a category 2 or 3 hurricane. On October 8, 2018, Governor Scott amended his emergency declaration to include nine additional counties: Baker, Union, Bradford, Alachua, Hernando, Pasco, Pinellas, Hillsborough and Manatee. The

intensification process accelerated on October 9, 2018, with Michael becoming a major hurricane that day. At that time weather service predictions forecasted landfall in the vicinity of Panama City, Florida, as a category 2 or 3 hurricane during the afternoon of October 10, 2018. Rapid intensification continued throughout the day on October 10, 2018, as a well-defined eye appeared, culminating with Michael achieving its peak intensity at approximately 1:00 p.m. CDT that day as a high-end Category 4 hurricane. The storm generated maximum sustained winds of 155 mph and a minimum central pressure of 919 millibars, just below Category 5 intensity, as it made landfall approximately 20 miles southeast of Panama City, Florida. Hurricane-force winds extended approximately 45 miles outward from the center of the storm, while tropical storm-force winds extended up to 175 miles. On October 11, 2018, President Donald Trump issued a Major Disaster Declaration for Hurricane Michael. The storm was the third strongest (in terms of barometric pressure) and fourth strongest (in terms of wind speed) to make landfall in the continental U.S. It was the strongest storm to ever make landfall in Northwest Florida.

7. On October 10, 2018, the impacts of Hurricane Michael caused approximately 136,000 customer outages. As of 4:00 p.m. CDT on that day, a total of 120,452 of Gulf Power customers were without power. Gulf's Eastern District was impacted the most by Hurricane Michael with 96 percent of the customers in that area losing power. Gulf Power's retail customer outages by county totaled as follows: 1,006 combined outages in Escambia and Santa Rosa Counties; 5,996 outages in Okaloosa County; 3,803 outages in Walton County; 99,172 outages in Bay County; 1,342 outages in Jackson County; 2,886 outages in Holmes County; and 6,247 outages in Washington County. The Company's transmission and distribution systems experienced widespread and substantial physical damage. With respect to the distribution system, approximately 7,000 poles, approximately 200 miles of line and approximately 4,000

transformers were replaced. With respect to the transmission system, more than 600 miles of transmission lines were significantly impacted, requiring repair and/or replacement of more than 100 miles of line and nearly 200 structures. Additionally, at least 30 substations sustained damage. For areas that experienced the most significant impact of Michael's eye wall, Gulf Power's restoration efforts required a complete rebuild of the electric system.

Restoration and Response

8. Like Hurricane Michael, Gulf Power's storm response and restoration efforts were unprecedented. On Friday, October 5, 2018, at 10:00 a.m., Gulf Power received the first weather alert associated with the tropical disturbance that was to become Hurricane Michael. That afternoon, Gulf Power had its first of multiple Corporate Emergency Management Center ("CEMC") calls with leadership to discuss preparation and plans for the following week. On Monday, October 8, 2018, the Company began securing outside resources to support possible restoration efforts and accelerated internal preparations for the storm. On Tuesday, October 9, 2018, the Gulf Power CEMC and the entire corporation went into full emergency operations mode with the complete activation of the CEMC at 7:00 a.m. Preparations continued throughout the day. The Company secured out-of-state resources, infrastructure and facilities, evacuated employees, moved equipment and materials, planned for staging sites and logistics, activated fueling contracts, and addressed other necessities for a major restoration effort. As of Wednesday, October 10, 2018, Gulf Power had 3,200 outside transmission, distribution, and vegetation management personnel staged in Pensacola and just outside of the Florida panhandle. In addition to these 3,200 staged outside resources, Gulf Power's 1,100 employees were also activated on storm duty, preparing to respond once the storm had passed. These employees consisted of Gulf Power's dedicated crews of professional line workers and others working in

support capacities. Many support employees were deployed at staging sites in the field while others, including Company leadership, manned the Corporate Emergency Management Center which was operated on a 24/7 basis for more than two weeks prior, during and following the storm.

9. After Hurricane Michael made landfall on Wednesday, October 10, 2018, and once the local winds fell below 35 miles per hour, crews began working through the night to restore power in areas west of Panama City in Gulf Power's Western (Pensacola) and Central (Fort Walton) Districts. Full restoration mode for Gulf Power's Eastern District (Panama City) began early on Thursday morning, October 11, 2018, with the mobilization of crews and the setup of staging sites to house, feed, fuel and replenish those crews. Four staging sites were quickly activated in Bay County on Thursday night. Communication was the most difficult hurdle to overcome early in the restoration. The ability to communicate with leadership and crews was often nonexistent due to the major damage to almost every communication system in the area. Despite this difficulty, Gulf Power was able to move 3,200 outside resources into Bay County on Thursday, house and feed them that night, fuel trucks, and begin restoring some areas that afternoon as crews arrived. With 96 percent of Bay County without service and damage to generation plants and the transmission, distribution and communication systems, it appeared restoration would be a long-term effort. Notwithstanding these challenges, on October 14, 2018, Gulf Power set a bold and aggressive Estimated Restoration Time ("ERT") of midnight Wednesday, October 24, 2018, to restore service to 95 percent of the customers who could take power — just two weeks after Hurricane Michael had devastated those areas of Northwest Florida.

10. On Friday, October 12, 2018, Gulf Power put in place three additional staging sites that allowed resources to expand to nearly 5,000 restoration personnel in the Eastern District. Many parts of the electric system, mainly in the southeastern part of Panama City, were completely destroyed, requiring a complete rebuild of the energy grid. On Tuesday, October 16, 2018, Gulf Power activated an eighth staging site in the Panama City area that allowed a second wave of resources to come onto the system as other utilities north of Florida completed restoration work and were able to release resources. At this point, Gulf Power had nearly 7,500 electrical linemen, vegetation management workers and support personnel focused on restoring the energy grid in the Panama City area. Many obstacles had to be overcome as the restoration work continued, but none were as challenging as the traffic issue. Traffic in the area was at a standstill, significantly hampering the Company's ability to move crews, material, and other resources in and out of affected areas. State officials and others were extremely active and helpful in mitigating this issue with escorts and traffic control, but it continued to be one of the biggest challenges of the restoration.

11. By Tuesday, October 23, 2018, at 6:00 p.m. Gulf Power was able to rebuild and restore the energy grid for 99 percent of the customers who could take service at that time, beating the original ERT by a full 30 hours. A graphic depicting the progression of service restoration in the Eastern District is attached as Exhibit "A." As restoration and clean-up work continued on October 24, 2018, Gulf Power was able to begin releasing outside transmission, distribution, and vegetation management crews from the system. The release of workers continued through the following weekend. As the outside crews were released, the associated staging sites were shut down.

12. Gulf continues to address residual work created by the storm. Final restoration and cleanup of the electric energy grid includes: (i) physical restoration of poles and equipment that may remain damaged or not to standards after initial restoration; (ii) reconnection of customers as repairs are made; (iii) minor construction projects to provide service to temporary housing, temporary buildings, and construction sites for recovery; and (iv) repair of the street and security lighting in the area. Gulf Power is committed to restoring the system and assisting customers as they make repairs and restore their homes and businesses.

Communication and Coordination

13. Prior to, and throughout the storm restoration process, Gulf Power made it a priority to communicate and coordinate accurately and effectively with customers, state and local governments, and the public. These activities included: (i) embedding Gulf Power personnel with state and local emergency operations centers (“EOCs”); (ii) coordinating pre and post-storm directly with local government officials; (iii) direct communication pre and post-storm with hospitals, other healthcare facilities such as skilled nursing facilities and assisted living facilities, military installations, and large commercial/industrial customers; and (iv) ongoing communications with the general body of customers and the public via a variety of media including the Gulf Power App, radio and television, print and social media.

14. Prior to Hurricane Michael making landfall, Gulf Power dispatched personnel to the local EOC’s for Bay, Washington, Holmes and Jackson counties for briefings concerning the Company’s storm restoration plan. The EOC’s for these counties were staffed with Gulf Power personnel for approximately two and one-half weeks following the storm. During full-scale activation of the EOC’s, Gulf Power maintained a 24/7 presence at these facilities. This ensured constant and accurate communications between Gulf Power, local governments and key

functions throughout the restoration process. Gulf Power also maintained a continuous presence at the state EOC in Tallahassee, Florida. This facilitated the Company's ability to communicate and coordinate efficiently and directly with regulators, state governmental officials and agencies and dispatch necessary information and resources to the impacted areas.

15. Additionally, Gulf Power consistently communicated with its general body of customers and the public in a variety of ways. The Company's Corporate Communications team developed a strategic storm communications plan prior to Hurricane Michael. The plan was a multi-channel 24/7 approach that ensured customers had the information they needed, when and where they needed it to make the best decisions for their home, business and family. Throughout the storm restoration process, customer feedback that was received on the ground in person, through the call center and through social media was used to ensure that Gulf Power was delivering the information that customers needed when they needed it. In the days after the storm, communications in the hardest hit areas were a challenge. Customers with cell phone service used their mobile devices to get information. Traditional battery operated or car radios also became a source of information. In an effort to get the information they needed under exceptionally difficult circumstances, Gulf Power employed a variety of communications tactics.

- In the days following the storm, TV stations were not broadcasting, but several radio stations were still operating. Early in the restoration effort, Gulf Power heavily leveraged radio broadcasting and conducted many interviews and sent pre-recorded public service announcements to those stations. After TV stations were broadcasting, Gulf Power media relations team members conducted multiple daily TV and radio interviews to relay restoration information. In all, 130 TV and radio interviews were conducted with local and national news media.

- Printed flyers with restoration and safety information were distributed by crews in the field and handed out at distribution sites, EOCs, shelters and open businesses --any place people were gathered. Flyers also identified community distribution points for food, water and gas as well as key telephone numbers for support organizations such as FEMA and the Red Cross. As restoration progressed, flyers included frequently asked questions and diagrams to assist customers in determining if their homes or businesses were safely able to receive power and which equipment was owned by the customer or the responsibility of Gulf Power.
- The Company consistently circulated half-page print advertisements in the Panama City News Herald to communicate information including safety, restoration times and how to prepare to safely receive power. Papers were being delivered daily to shelters and distribution sites.
- Gulf Power communications representatives made multiple daily trips to the Bay County EOC to distribute printed information and conduct interviews.
- Gulf Power issued twenty-eight news releases between October 8, 2018 and October 31, 2018 and maintained a comprehensive news coverage site on the storm restoration that included news releases, videos and photo galleries on GulfPowerNews.com. Storm safety, restoration and recovery information was also part of this site.
- The GulfPower.com website was converted to storm mode beginning October 8, 2018, such that anyone coming to the site could obtain information concerning storm preparations, emergency information for each county, shelters and safety.
- Customers used the Gulf Power App to stay connected with Gulf Power before, during and after Hurricane Michael. The app was downloaded 989 times in the two days before

the storm and 9,341 times between October 10, 2018 and October 24, 2018. The app allows customers to access the Power Outage map and report or check on the status of an outage.

- The outage map performed very well and was available before, during and after Hurricane Michael. In addition to depicting outage locations, the map also provided valuable information through a clickable header that provided restoration times, safety information, PDFs of flyers, videos and more. As estimated restoration times were determined, they were included and updated on the map such that customers could receive accurately and timely information concerning service restoration.
- Social media representatives worked 24/7 and responded to every customer inquiry in a timely manner. The Corporate Communications team on the ground in Panama City created content to feature on all social media in order to help customers understand the magnitude of the damage, the work to be done, and to keep customers apprised concerning the status of the restoration process.

And, throughout the storm restoration process, Gulf Power consistently provided the media and the public with at least two restoration updates a day. These updates provided estimated storm restoration times for targeted geographical areas throughout the Company's eastern service area. Gulf Power's storm team met or exceeded all but one of their projected and communicated estimated restoration times, in some cases beating them by as many as 30 hours.

Transmission and Distribution Insurance

16. Pursuant to Rule 25-6.0143(1)(m), F.A.C., Gulf Power files an annual report providing information concerning the Company's most recent efforts to obtain commercial insurance for transmission and distribution ("T&D") facilities and a summary of amounts

recorded in the Storm Reserve. On February 15, 2018, Gulf Power filed its status report on efforts to obtain commercial T&D insurance, at which time the Company concluded that, based on the markets and discussions with brokers, property insurance for the Company's T&D facilities was not available at reasonable cost and deductible levels. A copy of this status report is attached as Exhibit "B."

Costs for Restoration

17. As noted above, post-storm restoration activities are still underway. As a consequence, Gulf Power's actual restoration costs have been estimated based on the best information available to date. Recognizing final costs will not be fully determined until later, the Company currently estimates total storm-related restoration costs will be approximately \$427 million, as indicated in footnote 4 on page 1 of the schedule attached as Exhibit "C." Exhibit "C" breaks down the costs by major category, including line clearing, vehicle and fuel, materials and supplies, logistics, regular and overtime payroll, contractor costs and property damage for storm charges that have been invoiced and processed by the Company. Exhibit "C" also includes an estimate of costs that have been incurred, but not fully processed, and estimates for follow-up restoration work that is still underway. After removing capitalizable costs and accounting for jurisdictional factors and non-incremental costs pursuant to the Commission's Incremental Cost and Capitalization Approach ("ICCA") methodology reflected in Rule 25-6.0143 F.A.C., the resulting estimated retail incremental storm restoration costs eligible for recovery ("Eligible Storm Restoration Costs") are approximately \$350 million (Exhibit C, page 1, line 15). This amount exceeds and has fully depleted the \$48 million pre-storm balance of the Storm Reserve.

18. The costs recoverable under Paragraph 7 of the Stipulation and Settlement include the Eligible Storm Restoration Costs, less the \$48 million Storm Reserve balance prior to the storm,

plus the amount required to replenish the Storm Reserve to its level as of December 31, 2016. The balance in the Storm Reserve as of December 31, 2016, was approximately \$41 million (the “December 2016 Storm Reserve Balance”). Attached as Exhibit “D” is a letter from Gulf Power filed pursuant to Rule 25-6.0143(1)(m), F.A.C., confirming the amount of the December 2016 Storm Reserve Balance. Adding the December 2016 Storm Reserve Balance to the Eligible Storm Restoration Costs, and incorporating adjustments to include additional Storm Reserve accruals and recovery of interest on the unrecovered balance, and then applying a multiplier factor to gross up for Regulatory Assessment Fees, results in a total retail recoverable storm amount of \$342 million (the “Recoverable Storm Amount”) (Exhibit C, page 1, line 22).

Interim Storm Restoration Recovery Charge

19. Interim recovery of the Hurricane Michael storm costs is governed by Paragraph 7 of the Stipulation and Settlement. Paragraph 7(a) provides in relevant part that “recovery of storm costs from customers under this paragraph 7 will begin, on an interim basis, sixty days following the filing of a cost recovery petition and tariff sheets with the Commission and will be based on a 12-month recovery period if the storm costs do not exceed \$4.00/1,000 kWh on monthly residential customer bills.” In addition, “... Gulf may petition the Commission to allow Gulf to increase the initial 12-month recovery at rates greater than \$4.00/1,000kWh, or for a period longer than 12 months, in the event Gulf incurs in excess of \$100 million of storm recovery costs that qualify for recovery in a given calendar year, inclusive of the amount needed to replenish the storm reserve to the level that existed as of December 31, 2016.” Order No. PSC-17-0178-S-EI, Attachment A, Paragraph 7.

20. Gulf Power proposes to initiate recovery of the estimated Recoverable Storm Amount through a surcharge (the “Interim Storm Restoration Recovery Charge” or “Recovery

Charge”) to apply to customer bills for an approximately 60-month period that is to commence on the first billing cycle in April 2019 (the “Proposed Recovery Period”). The Recovery Charge will be included in the non-fuel energy charge on customer bills, which is consistent with Gulf Power’s practice of incorporating adjustment clause charges in the non-fuel energy charge line item. The Proposed Recovery Period would be subject to change based upon the Commission’s determination of actual Eligible Storm Restoration Charges and application of appropriate true-up adjustments.

21. Accordingly, while the Stipulation and Settlement directs, without exception, that the initial \$ 4.00/1,000 kWh charge shall begin within 60 days of filing, it further authorizes the Commission to approve a higher charge to begin within that same 60-day period if storm recovery costs (including replenishment of the reserve) exceed \$100 million. In this case, Gulf’s storm recovery costs are well over three times the \$100 million threshold.

22. The Company is proposing an interim Recovery Charge of \$8.00/1,000 kilowatt-hour on a monthly residential bill. A surcharge with rates that correspond to \$8.00/1,000 kilowatt-hours on a monthly residential bill will yield approximately \$68 million per year. Therefore, the Company estimates that the proposed Recovery Charge would need to be in effect for approximately 60 months. Gulf Power believes that its proposed Recovery Charge strikes an appropriate balance between ensuring timely cost recovery and mitigating customer bill impacts. Given the major hurricane activity across the state over the last five years, the proposed 60-month recovery period still leaves Gulf and its customers at risk for major tropical storms and hurricanes during the 60-month recovery period. Gulf intends to mitigate such risk through the development of robust storm hardening initiatives.

23. For purposes of its proposed Recovery Charge, Gulf Power has allocated the estimated Recoverable Storm Amount among rate classes consistent with the cost-of-service study filed in Docket No. 20160186-EI, which was the base rate proceeding giving rise to the Stipulation and Settlement. The computation of the resulting Recovery Charge for each rate class is shown on the attached Exhibit “E,” Derivation of Rate Schedule Charges. For residential customers, the Recovery Charge is 0.8 cents per kilowatt-hour, which equates to \$8.00 on a 1,000 kilowatt-hour residential bill. Twenty-Second Revised Tariff Sheet No. 6.25, the Interim Storm Restoration Recovery Charge Tariff by which Gulf proposes to implement the Interim Storm Restoration Recovery Charge for each rate class, is attached as Exhibit “F” in legislative and clean formats. Also included in Exhibit “F” are the Thirty-First Revised Tariff Sheet No. ii, the Table of Contents, and Thirty-Second Revised Tariff Sheet No. 6.1, the Index of Rate Schedules, reflecting the addition of the Interim Storm Restoration Recovery Charge Tariff, in legislative and clean formats.

24. Consistent with Rule 25-6.0143(1)(i), Gulf Power has maintained the amount of Eligible Storm Restoration Costs that exceed the pre-storm balance of the retail Storm Reserve as a debit on Account 228.1. Gulf Power is not requesting Commission approval to establish a regulatory asset to be recorded in Account 182.1, Extraordinary Property Losses.

25. Once restoration activities are complete, all invoices are received, and insurance recoveries (if any) are confirmed, Gulf Power intends to file supplemental exhibits documenting the final, actual restoration and follow up costs for Commission review and approval. Gulf Power’s supplemental filing will include an appropriate proposed adjustment to the duration of the Recovery Period, if warranted, as well as a proposed true-up mechanism for the difference

between the amount collected through the end of the Proposed Recovery Period and the final, actual costs that the Company is authorized by the Commission to recover.

Summary of Issues to be Determined in this Limited Proceeding

26. Gulf maintains that a limited proceeding is appropriate for consideration of this request because the relevant issues are few and narrow. Specifically, the issues to be decided are:

- (a) Has Gulf Power correctly calculated the Interim Storm Restoration Recovery Charges that are proposed herein to go into effect for customer electric bills rendered beginning with the first billing cycle for April 2019, for recovery of estimated restoration costs associated with Hurricane Michael?
- (b) After Gulf's supplemental filing, what are the final, actual restoration costs for Hurricane Michael that Gulf Power may recover from customers?
- (c) Based on the final, actual restoration costs for Hurricane Michael that Gulf Power is authorized to recover, what is the remaining period that the final storm cost recovery factors should be in effect?
- (d) What is the appropriate true-up mechanism for any under- or over-recovery of the authorized recovery amount?

For clarity, through this Petition, Gulf Power seeks an early determination by the Commission of the issue in (a) above and authorization to begin recovery as stated therein. Gulf proposes that the issues in (b), (c) and (d) above be deferred until after Gulf Power makes its supplemental filing referenced therein and in paragraph 25 above.

27. Pursuant to Paragraph 7 of the Stipulation and Settlement, the determination of cost recovery does not involve the application of any form of earnings test or measure. Therefore, the issues relevant to this proceeding do not involve examination of Gulf Power's business as a whole, but rather are limited to a determination of the appropriate interim recovery factors, the determination of Gulf Power's final, actual recoverable costs, and whatever true-up is required so that Gulf Power recovers and customers pay only those costs.

28. As required by Rule 25-6.0431, Exhibit "E" to this Petition includes a schedule showing how Gulf Power proposes to allocate any change in revenues to the rate classes.

Conclusion

29. Consistent with the Stipulation and Settlement, the Commission should enter an order approving the relief sought in this Petition. That will enable Gulf Power to begin prompt recovery of the significant and extraordinary storm-related costs Gulf Power incurred to repair the damage caused to the Company's transmission and distribution systems, power plant facilities and offices by Hurricane Michael, as contemplated by the Stipulation and Settlement.

WHEREFORE, for the above and foregoing reasons, Gulf Power Company respectfully requests that the Commission:

- (1) authorize commencement of interim recovery of the estimated incremental storm restoration costs related to Hurricane Michael and the replenishment of the Storm Reserve, a total of \$342 million;
- (2) approve the proposed Interim Storm Restoration Recovery Charges (attached as Exhibit "E"), which sets forth an interim Recovery Charge of \$8.00/1,000 kilowatt-hour on a monthly residential bill and corresponding Interim Storm Restoration Charges for the other non-residential rate classes;

- (3) approve Thirty-First Revised Tariff Sheet No. ii, Thirty-Second Revised Tariff Sheet No. 6.1 and Twenty-Second Revised Tariff Sheet No. 6.25 (attached as Exhibit “F”), reflecting the proposed Interim Storm Restoration Recovery Charges effective beginning on the first billing cycle in April 2019; and
- (4) maintain this docket open for receipt of the supplemental filing referenced in paragraph 25 above and conduct a limited proceeding for the purpose of entering final determinations addressing the amount to be recovered through the storm surcharge, the ending date for application of the storm surcharge, and the appropriate true-up mechanism for any under-or over-recovery of the authorized recovery amount.
- (5) provide any other just and reasonable relief as deemed appropriate by the Commission.

Respectfully submitted this 6th day of February, 2019.



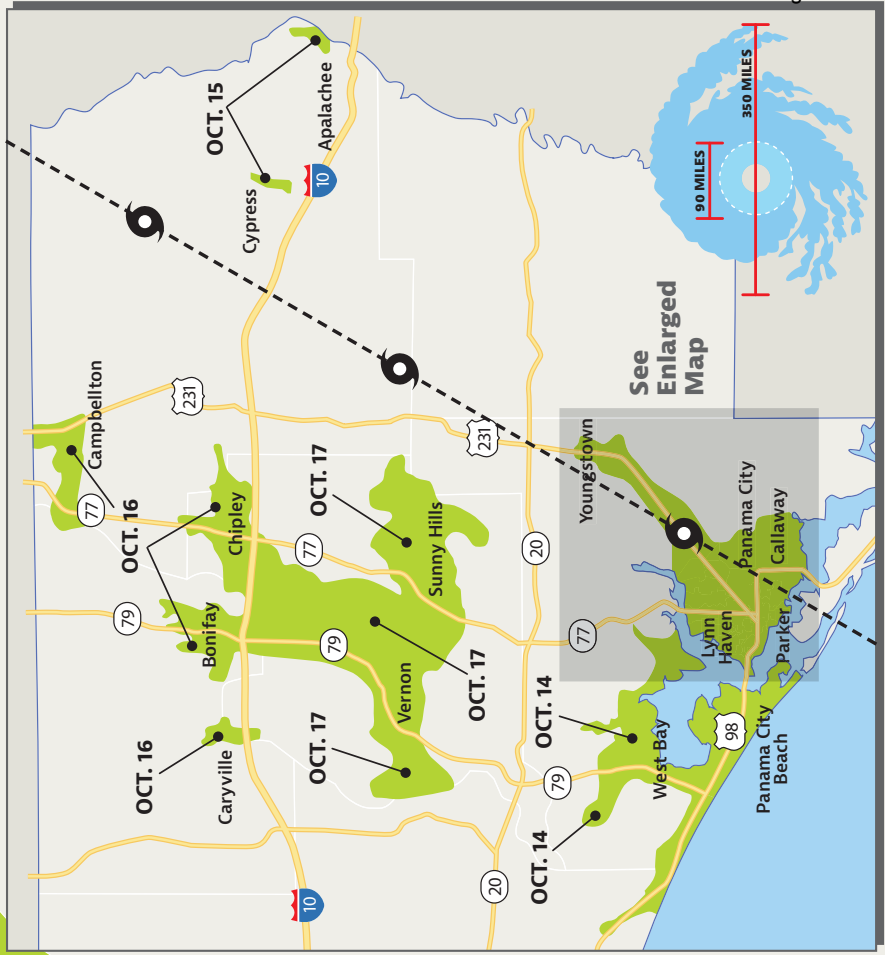
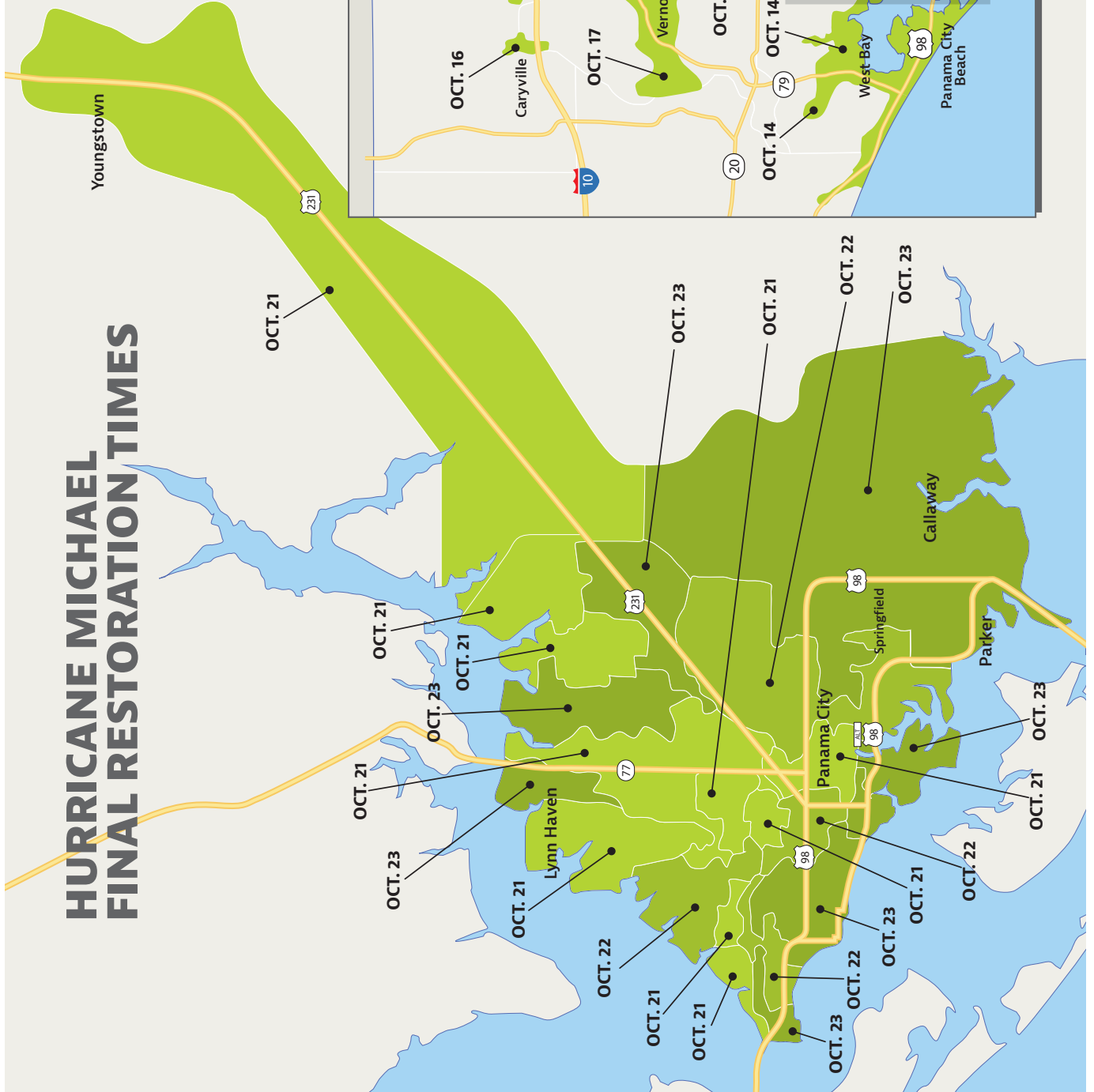
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HURRICANE MICHAEL FINAL RESTORATION TIMES



Gulf Power®





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February 15, 2018

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Stauffer:

Pursuant to Rule 25-6.0143 (1) (m) F.A.C., Gulf Power Company files this report providing information concerning efforts to obtain commercial insurance for transmission and distribution (T&D) facilities and a summary of amounts recorded in Account 228.1.

1. **Status of Other Efforts to Obtain Commercial T&D Insurance** – The property insurance markets remain very restrictive, especially for Gulf of Mexico coastal locations. Based on recent discussions with property insurance brokers and underwriters, property insurance coverage for Gulf Power's T&D facilities is not available at reasonable cost and deductible levels.
2. **Summary** – Gulf Power accrued \$3,500,000 to Account 228.1 during January through December 2017. In addition, earnings on the fund reserve of \$156,895 were booked to the account. The December 31, 2017 balance was \$41,281,170.

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
February 15, 2018
Page 2

Summary of amounts recorded in account 228.1 in 2017

	<u>Debits</u>	<u>Credits</u>
Property Insurance Reserve Accrual		\$ 3,500,000
Revenues Collected through Storm Cost Recovery Surcharge	-	-
Earnings on the fund reserve		156,895
Minor Weather Events	\$ 285,299	
Hurricane Patricia	816,309	
Thunderstorms & Tornados		13,657
Thunderstorms & Tornados	239,756	
Severe Weather	19,131	
Tropical Storm Hermine	179,312	
Hurricane Irma	200,664	
Hurricane Nate	407,060	
Property Damage Claims	1,049,586	
Total for 2017	<u>\$ 3,197,117</u>	<u>\$ 3,670,552</u>

Please let me know if there are questions regarding the above information.

Sincerely,



Rhonda J. Alexander
Regulatory, Forecasting and Pricing Manager

md

cc.: Mr. Andrew Maurey, Director of Accounting and Finance
Florida Public Service Commission

Gulf Power Company
Storm Restoration Costs Related to Hurricane Michael
(\$000s)

		Estimated Storm Costs by Function						
		Production (1)	Transmission (2)	Distribution (3)	General ¹ (4)	Customer Service (5)	Total (6)	Storm Reserve Balance (7)
1	Regular Payroll and Related Costs	172	701	3,367	45	1,250	5,535	
2	Overtime Payroll and Related Costs	185	901	4,964	28	1,129	7,207	
3	Contractors	639	23,779	215,063	331	0	239,812	
4	Line Clearing	0	1,376	18,298	0	0	19,674	
5	Vehicle & Fuel	0	59	477	0	0	536	
6	Materials & Supplies	1,597	951	18,163	9	0	20,720	
7	Logistics	93	1,715	13,828	32	0	15,668	
8	Total Processed Storm Restoration Costs	2,686	29,482	274,160	445	2,379	309,152	
9	Less: Non-Incremental Costs Pursuant to Commission Rule 25-6.0143	219	918	2,251	445	1,332	5,165	
10	Less: Capital Costs	1,301	11,539	47,912	0	0	60,752	
11	Total Incremental Processed Storm Restoration Costs	1,166	17,025	223,997	0	1,047	243,235	
12	Jurisdictional Factor ²	0.97204	0.97407	0.99632	0.98411	1.00000		
13	Retail Incremental Processed Storm Restoration Costs	1,133	16,584	223,173	-	1,047	\$ 241,937	
14	Estimated Remaining Incremental Storm Restoration Costs to be Processed ³						108,500	
15	Total Estimated Retail Incremental Storm Restoration Costs Eligible for Recovery ("Eligible Storm Restoration Costs") ⁴						\$ 350,437	\$ 350,437
16	Less: Storm Reserve Balance (Pre-Storm)							(48,014)
17	Less: Additional Accruals to Storm Reserve (Post-Storm)							(16,985)
18	Plus: Interest on Unamortized Reserve Balance ⁵							15,316
19	Plus: Amount to Replenish Reserve to Level at December 31, 2016 ("December 2016 Storm Reserve Balance")							40,808
20	Adjusted Eligible Storm Restoration Costs							341,562
21	Regulatory Assessment Fee Multiplier							1.00072
22	Total Retail Recoverable Storm Amount ("Recoverable Storm Amount")							\$ 341,808

Notes:

¹ General Costs include Employee Assistance and restoration of facilities other than Production, Transmission, and Distribution

² Jurisdictional factors based on allocations filed in Docket No. 20160186-EI

³ Estimated Restoration Follow-up Work and Outstanding Invoices (\$117.5 million less non-incremental adjustments of \$9.0 million)

⁴ Estimated Total Storm Restoration Costs of \$426.7 million includes \$309.2 million from line 8 plus an estimated \$117.5 million from footnote 3

⁵ Interest calculation is provided on Page 2

Gulf Power Company
Storm Restoration Costs Related to Hurricane Michael
Interest Calculation
(\$000s)

	2019	2020	2021	2022	2023	Total
1 Unrecovered Eligible Restoration Costs - Beg. Balance	285,438	239,212	176,259	111,789	45,764	
2 Less: Current Year Amortization	(50,925)	(67,900)	(67,900)	(67,900)	(46,129)	(300,754)
3 Unrecovered Eligible Restoration Costs - Before Year Interest (Line 1 + 2)	234,513	171,312	108,359	43,889	(365)	
4 Average Unrecovered Eligible Restoration Costs	259,976	205,262	142,309	77,839	22,700	
5 Interest Rate	1.808%	2.410%	2.410%	2.410%	1.607%	
6 Interest Cost	4,699	4,947	3,430	1,876	365	15,316
7 Unrecovered Eligible Restoration Costs - End. Balance (Line 3 + 6)	239,212	176,259	111,789	45,764	(0)	

February 15, 2017

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Stauffer:

Pursuant to Rule 25-6.0143 (1) (m) F.A.C., Gulf Power Company files this report providing information concerning efforts to obtain commercial insurance for transmission and distribution (T&D) facilities and a summary of amounts recorded in Account 228.1.

1. **Status of Other Efforts to Obtain Commercial T&D Insurance** – The property insurance markets remain very restrictive, especially for Gulf of Mexico coastal locations. Based on recent discussions with property insurance brokers and underwriters, property insurance coverage for Gulf Power's T&D facilities is not available at reasonable cost and deductible levels.
2. **Summary** – Gulf Power accrued \$3,500,000 to Account 228.1 during January through December 2016. In addition, earnings on the fund reserve of \$81,608 were booked to the account. The December 31, 2016 balance was \$40,807,735.

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
February 15, 2017
Page 2

Summary of amounts recorded in account 228.1 in 2016

	<u>Debits</u>	<u>Credits</u>
Property Insurance Reserve Accrual		\$ 3,500,000
Revenues Collected through Storm Costs Recovery Surcharge	-	-
Earnings on the fund reserve		81,608
Hurricane Patricia	\$ 256,018	
Thunderstorms & Tornados 2-15-16	281,614	
Severe Weather 2-23-16	448,229	
Tropical Storm Hermine	10,955	
Total for 2016	\$ 996,816	\$ 3,581,608

Please let me know if there are questions regarding the above information.

Sincerely,



Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

cc.: Mr. Andrew Maurey, Director of Accounting and Finance
Florida Public Service Commission

Gulf Power Company
Storm Restoration Costs Related to Hurricane Michael
Derivation of Rate Schedule Charges

(1)	(2)	(3)	(4)	(5)
RATE CLASS	ALLOCATION %	ALLOCATED \$	2019 KWH SALES	CENTS/KWH
RESIDENTIAL	63.946%	\$43,419,204	5,427,855,663	0.800
GS	4.102%	\$2,785,290	302,835,356	0.920
GSD/GSDT	16.350%	\$11,101,773	2,450,281,310	0.453
LP/LPT	3.818%	\$2,592,645	859,886,809	0.302
MAJOR ACCTS	5.832%	\$3,960,234	1,731,024,210	0.229
OS	5.951%	\$4,040,854	151,872,981	2.661
TOTAL RETAIL:	100.000%	\$67,900,000	10,923,756,329	0.622

Gulf Power Company
Storm Restoration Costs Related to Hurricane Michael
Derivation of Rate Schedule Charges

(1) CATEGORY	(2) WEIGHT ¹	(3) RESIDENTIAL	(4) GS	(5) GSD/GSDT	(6) LP/LPT	(7) MAJOR ACCTS	(8) OS
PRODUCTION	0.47%	0.259%	0.013%	0.103%	0.032%	0.059%	0.002%
TRANSMISSION	6.85%	3.844%	0.191%	1.495%	0.451%	0.843%	0.031%
DISTRIBUTION	92.24%	59.647%	3.833%	14.685%	3.298%	4.863%	5.918%
GENERAL	0.00%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CUSTOMER SERVICE	0.43%	0.196%	0.065%	0.067%	0.038%	0.067%	0.000%
TOTAL	<u>100.00%</u>	<u>63.946%</u>	<u>4.102%</u>	<u>16.350%</u>	<u>3.818%</u>	<u>5.832%</u>	<u>5.951%</u>

¹Weights calculated from Exhibit C, Page 1, Line 13

Allocation factors are based on weight multiplied by percent allocation of plant share by rate class consistent with the Cost-of-Service study filed in Docket No. 20160186-EI.

Tariff Sheets



TABLE OF CONTENTS

PAGE	EFFECTIVE DATE
1 of 4	

<u>Section</u>	<u>Description</u>
Section I	Description of Territory Served
Section II	Miscellaneous
Section III	Technical Terms and Abbreviations
Section IV	Rules and Regulations
Section V	List of Communities Served
Section VI	Rate Schedules
	RS - Residential Service
	GS - General Service - Non-Demand
	GSD - General Service - Demand
	LP - Large Power Service
	PX - Large High Load Factor Power Service
	OS - Outdoor Service
	STORM - Interim Storm Restoration Recovery
	BB - Budget Billing (Optional Rider)
	CR - Cost Recovery Clause - Fossil Fuel & Purchased Power
	PPCC - Purchased Power Capacity Cost Recovery Clause
	ECR - Environmental Cost Recovery Clause
	-- - Billing Adjustments and Payment of Bills
	ECC - Cost Recovery Clause - Energy Conservation
	FLAT-1 - Residential/Commercial FlatBill
	GSTOU - General Service Time-of-Use Conservation (Optional)
	GSDT - General Service - Demand - Time-of-Use Conservation (Optional)
	LPT - Large Power Service - Time-of-Use Conservation (Optional)
	PXT - Large High Load Factor Power Service - Time-of-Use Conservation (Optional)
	SBS - Standby and Supplementary Service
	ISS - Interruptible Standby Service
	RSVP - Residential Service Variable Pricing
	SP - Surge Protection
	RTP - Real Time Pricing
	CIS - Commercial/Industrial Service Rider (Optional)
	BERS - Building Energy Rating System (BERS)
	MBFC - Military Base Facilities Charge (Optional Rider)
	LBIR - Large Business Incentive Rider (Optional Rider)
	MBIR - Medium Business Incentive Rider (Optional Rider)
	SBIR - Small Business Incentive Rider (Optional Rider)
	RSTOU - Residential Service – Time-of-Use
	CS - Community Solar (Optional Rider)
	XLBIR - Extra-Large Business Incentive Rider (Optional Rider)
	CL - Curtailable Load (Optional Rider)



Section No. VI
Thirty-Second Revised Sheet No. 6.1
Canceling Thirty-First Revised Sheet No. 6.1

PAGE 1 of 2	EFFECTIVE DATE
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<u>Designation</u>	<u>URSC</u>	<u>Classification</u>	<u>Sheet No.</u>
RS	RS	Residential Service	6.3
GS	GS	General Service - Non-Demand	6.5
GSD	GSD	General Service - Demand	6.7
LP	GSLD	Large Power Service	6.10
PX	GSLD1	Large High Load Factor Power Service	6.13
OS	SL, OL, OL1, OL2	Outdoor Service	6.16
STORM		Interim Storm Restoration Recovery	6.25
BB		Budget Billing (Optional Rider)	6.32
CR		Cost Recovery Clause - Fossil Fuel and Purchased Power	6.34
PPCC		Purchased Power Capacity Cost Recovery Clause	6.35
ECR		Environmental Cost Recovery Clause	6.36
		Billing Adjustments and Payment of Bills	6.37
ECC		Cost Recovery Clause - Energy Conservation	6.38
FLAT-1		Residential/Commercial FlatBill	6.39
GSTOU		General Service Time-of-Use Conservation (Optional)	6.42
GSDT	GSDT	General Service - Demand Time-of-Use Conservation (Optional)	6.45
LPT	GSLDT	Large Power Service - Time-of-Use Conservation (Optional)	6.49
PXT	GSLDT1	Large High Load Factor Power Service - Time-of-Use Conservation (Optional)	6.53
SBS		Standby and Supplementary Service	6.57
ISS		Interruptible Standby Service	6.67

ISSUED BY: Charles S. Boyett



Section No. VI
Twenty-Second Revised Sheet No. 6.25
Canceling Twenty-First Revised Sheet No. 6.25

**RATE SCHEDULE STORM
INTERIM STORM RESTORATION RECOVERY**

PAGE	EFFECTIVE DATE
1 of 1	

APPLICABILITY:

Applicable to each filed retail rate schedule under which a Customer receives service.

DETERMINATION OF INTERIM STORM RESTORATION RECOVERY SURCHARGE

The Interim Storm Restoration Recovery Surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Michael, as well as funds to replenish the Company's storm reserve. The factor is applicable to the Energy Charge under the Company's various rate schedules.

Interim Storm Cost Recovery Surcharge factors are shown below:

<u>Rate Schedule</u>	<u>¢/kWh</u>
RS, RSVP, RSTOU	0.800
GS	0.920
GSD, GSDT, GSTOU	0.453
LP, LPT	0.302
PX, PXT, RTP, SBS	0.229
OS-I/II	2.661
OS-III	2.661

Service under this rate schedule is subject to Rules and Regulations of the Company and the Florida Public Service Commission.

ISSUED BY: Charles S. Boyett

Legislative Format



TABLE OF CONTENTS

PAGE 1 of 4	EFFECTIVE DATE April 17, 2018
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<u>Section</u>	<u>Description</u>
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	BB - Budget Billing (Optional Rider)
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Section No. VI
~~Thirty-First~~~~Thirty-Second~~ Revised Sheet No. 6.1
 Canceling ~~Thirtieth~~~~Thirty-First~~ Revised Sheet No. 6.1

PAGE 1 of 2	EFFECTIVE DATE July 1, 2009
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<u>Designation</u>	<u>URSC</u>	<u>Classification</u>	<u>Sheet No.</u>
RS	RS	Residential Service	6.3
GS	GS	General Service - Non-Demand	6.5
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PXT	GSLDT1	Large High Load Factor Power Service - Time-of-Use Conservation (Optional)	6.53
SBS		Standby and Supplementary Service	6.57
ISS		Interruptible Standby Service	6.67

ISSUED BY: ~~Susan Story~~ Charles S. Boyett



Section No. VI
~~Twenty-First~~Twenty-Second Revised Sheet No.
6.25
Canceling ~~Twentieth~~Twenty-First Revised Sheet
No. 6.25

**RATE SCHEDULE STORM
INTERIM STORM RESTORATION RECOVERY**

PAGE	EFFECTIVE DATE
<u>1 of 1</u>	July 1, 2009

APPLICABILITY:

Applicable to each filed retail rate schedule under which a Customer receives service.

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<u>LP, LPT</u>	<u>0.302</u>
<u>PX, PXT, RTP, SBS</u>	<u>0.229</u>
<u>OS-I/II</u>	<u>2.661</u>
<u>OS-III</u>	<u>2.661</u>

Service under this rate schedule is subject to Rules and Regulations of the Company and the Florida Public Service Commission.

~~THIS PAGE IS RESERVED FOR FUTURE USE.~~

ISSUED BY: ~~Susan Story~~Charles S. Boyett