



October 9, 2020

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

RE: Docket No. 20200007-EI

Dear Mr. Teitzman:

Attached is the Prehearing Statement of Gulf Power Company to be filed in the above-referenced docket. Pursuant to the Order Establishing Procedure, a copy of this Prehearing Statement prepared using Microsoft Word is being provided to Commission staff and all parties.

Sincerely,

*S/Richard Hume*

Richard Hume  
Regulatory Issues Manager

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Attachments

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

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause

Docket No. 20200007-EI

Filed: October 9, 2020

**GULF POWER COMPANY’S PREHEARING STATEMENT**

Gulf Power Company (“Gulf”), pursuant to Order No. PSC-2020-0044-PCO-EI, hereby submits its Prehearing Statement regarding the issues to be addressed at the hearing scheduled for November 3 - 5, 2020.

**A. APPEARANCES**

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**B. WITNESSES**

<b>DIRECT WITNESSES</b>	<b>SUBJECT MATTER</b>	<b>ISSUES</b>
Richard L. Hume, Gulf	Presents Gulf’s Environmental Cost Recovery Clause (“ECRC”) final true-up for 2019, Actual/Estimated True-up for 2020, Projections for 2021, and ECRC factors for January through December 2021. Mr. Hume is an expert in electric utility rates and rate regulation.	1-10

Michael W. Sole, Gulf	Mr. Sole is an expert in Florida environmental regulation and policy. He supports Gulf's Project Progress Reports and cost variance explanations.	1-3
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**C. EXHIBITS**

<b>DIRECT EXHIBITS</b>	<b>WITNESS</b>	<b>DESCRIPTION</b>
RLH-1	R.L. Hume	Environmental Cost Recovery Final True-up January 2019 - December 2019 Commission Forms 42-1A through 42-9A
RLH-2	R.L. Hume	Environmental Cost Recovery Actual/Estimated True-up January 2020 - December 2020 Commission Forms 42-1E through 42-9E
RLH-3	R.L. Hume	Environmental Cost Recovery Projections - January 2021 - December 2021 Commission Forms 42-1P through 42-8P
RLH-4	R.L. Hume	Calculation of Stratified Separation Factors
MWS-1	M.W. Sole	Federal Coal Combustion Residuals Rule and 2018 Amendment (40 CFR Parts 257 and 261)
MWS-2	M.W. Sole	Mississippi PSC Order dated October 28, 2019

**D. STATEMENT OF BASIC POSITION**

Gulf's 2021 ECRC factors, including prior period true-ups, are reasonable and should be approved.

**E. STATEMENT OF ISSUES AND POSITIONS**

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

**ISSUE 1:** What are the final environmental cost recovery true-up amounts for the period January 2019 through December 2019?

**GULF:** \$5,891,843 over-recovery. (Hume, Sole)

**ISSUE 2:** What are the actual/estimated environmental cost recovery true-up amounts for the period January 2020 through December 2020?

**GULF:** \$2,837,159 over-recovery. (Hume, Sole)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2021 through December 2021?

**GULF:** \$197,635,007. (Hume, Sole)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2021 through December 2021?

**GULF:** \$189,042,018, including prior period true-up amounts and revenue taxes. (Hume)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2021 through December 2021?

**GULF:** The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period applied against the allowed capital investment that is in service. (Hume)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2021 through December 2021?

<b>GULF:</b>	Retail Energy Jurisdictional Factor - Base	100.0000%
	Retail Energy Jurisdictional Factor - Intermediate	97.5922%
	Retail Energy Jurisdictional Factor - Peaking	76.0860%
	Retail Demand Jurisdictional Factor - Transmission	97.2343%
	Retail Demand Jurisdictional Factor - Base	100.0000%
	Retail Demand Jurisdictional Factor - Intermediate	97.5922%
	Retail Demand Jurisdictional Factor - Peaking	76.0860%
	Retail Demand Jurisdictional Factor - General Plant	96.9888%
	Retail Demand Jurisdictional Factor - Distribution	98.1419%

(Hume)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2021 through December 2021 for each rate group?

**GULF:**

RATE CLASS	ECRC Factor (cents/kWh)
RS, RSVP, RSTOU	1.992
GS	2.025
GSD, GSDT, GSTOU	1.628
LP, LPT	1.428
PX, PXT, RTP, SBS	1.405
OS-I/II	0.446
OS-III	1.290
TOTAL	1.762

(Hume)

**ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

**GULF:** The environmental cost recovery factors should be effective for meter readings that occur on or after January 1, 2021. These charges should continue in effect until modified by subsequent order of this Commission. (Hume)

**ISSUE 9:** Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

**GULF:** Yes. The Commission should approve Gulf's revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors as presented in this proceeding. (Hume)

**ISSUE 10:** Should this docket be closed?

**GULF:** No. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and should remain open. (Hume)

**F. STIPULATED ISSUES**

Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross

examination be waived, and the witness's attendance at the hearing be excused. There are no stipulated issues at this time.

**G. PENDING MOTIONS**

Gulf has no pending motions at this time.

**H. PENDING REQUESTS FOR CONFIDENTIALITY**

None at this time.

**I. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT**

Gulf does not object to any witness's qualifications as an expert at this time.

**J. REQUEST FOR SEQUESTRATION**

Gulf does not request sequestration of any witnesses.

**K. COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

There are no requirements of the Order Establishing Procedure with which Gulf cannot comply.

Respectfully submitted,

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By: \_\_\_\_\_



Russell A. Badders  
Florida Bar No. 007455

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Environmental Cost** )  
**Recovery Clause** )

Docket No.: **20200007-EI**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 9th day of October, 2020 to the following:

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