

VOTE SHEET

June 29, 2010

Docket No. 090319-EI – Depreciation and dismantlement study at December 31, 2009, by Gulf Power Company. (Deferred from the May 18, 2010 Commission Conference, revised recommendation filed.)

Issue 1: Should Gulf's current depreciation rates, amortization and capital recovery schedules, and provision for dismantlement be changed?

Recommendation: Yes. A review of the Company's planning and activity indicates the need for revising its depreciation rates, amortization and capital recovery schedules, and provision for dismantlement.

APPROVED

Issue 2: What should be the implementation date for the recommended depreciation rates, amortization and capital recovery schedules, and dismantlement provision?

Recommendation: Staff recommends approval of the Company's proposed January 1, 2010 date of implementation for the new depreciation rates, amortization and capital recovery schedules, and dismantlement provision.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

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**Issue 3:** What, if any, capital recovery schedules should be approved?

**Recommendation:** Staff recommends approval of the capital recovery schedules shown in Attachment A of staff's memorandum dated June 17, 2010, on page 22. These schedules address the recovery of near-term unrecovered retiring investments. The designated recovery periods closely match the remaining period the related assets will provide service to the public. The investments and associated reserves, including any reserve allocations addressed in Issue 4, should be withdrawn from their parent accounts and placed in separate subaccounts or categories. Monthly expenses for each schedule should be determined by dividing the net plant for each month by the planned remaining months in service. This mechanism will adjust for any shifts in plans or unexpected salvage. The annual expense impact over the four-year period covered by the recovery schedules would be zero dollars due to the recommended reserve allocations discussed in Issue 4.

**APPROVED**

**Issue 4:** What, if any, corrective reserve allocations should be made?

**Recommendation:** Staff recommends the corrective reserve allocations shown in Attachment B of staff's memorandum dated June 17, 2010, on page 23, to correct the quantified reserve imbalances.

**APPROVED**

**Issue 5:** What are the appropriate depreciation rates and amortization schedules?

**Recommendation:** Staff's recommended lives, net salvage values, reserves, and resultant depreciation rates are shown in Attachment C of staff's memorandum dated June 17, 2010, on pages 24-25. The rates, based on actual January 1, 2010 investments, would result in annual expenses of approximately \$111.6 million as summarized in Attachment D, on pages 26-27. This represents an increase of approximately \$2.4 million compared to the effect from rates currently ordered. Excluding Plant Scherer, recommended depreciation rates result in annual expenses of approximately \$106.9 million, or an increase of approximately \$2.1 million compared to current approved depreciation rates.

**APPROVED**

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**Issue 6:** What is the appropriate annual accrual for dismantlement?

**Recommendation:** Staff recommends an annual provision for dismantlement of \$9,591,938 (system), beginning January 1, 2010, as shown in Attachment E of staff's memorandum dated June 17, 2010, on page 28. This represents an increase of \$4,352,695 over the current approved annual accrual. The recommended accrual includes \$98,878 associated with unit power sale (UPS) contracts related to Scherer Unit 3.

**APPROVED**

**Issue 7:** Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates, amortizations, and capital recovery schedules?

**Recommendation:** Yes. The current amortization of ITCs and the flowback of EDITs should be revised to match the actual recovery periods for the related property. The utility should file detailed calculations of the revised ITC amortization and flowback of EDITs at the same time it files its surveillance report covering the period ending December 31, 2010.

**APPROVED**

**Issue 8:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

**APPROVED**