

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Depreciation and dismantlement study at
December 31, 2009, by Gulf Power Company.

DOCKET NO. 090319-EI
ORDER NO. PSC-10-0458-PAA-EI
ISSUED: July 19, 2010

The following Commissioners participated in the disposition of this matter:

NANCY ARGENZIANO, Chairman
LISA POLAK EDGAR
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REVISED DEPRECIATION RATES
AND FOSSIL DISMANTLEMENT ACCRUALS FOR 2010

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BACKGROUND

By Order Nos. PSC-06-0348-PAA-EI and PSC-07-0012-PAA-EI, issued April 24, 2006 and January 2, 2007, respectively, in Docket No. 050381-EI, In re: Depreciation and dismantlement study at December 31, 2005, by Gulf Power Company, we approved Gulf Power Company's (Gulf or Company) current depreciation rates, amortization schedules, and annual dismantlement provision, effective January 1, 2006. Rules 25-6.0436 and 25-6.04364, F.A.C., require investor-owned utilities to file a comprehensive depreciation study and site-specific dismantlement study for each fossil-fueled generating site at least once every four years from the submission date of the previously filed study. On May 27, 2009, Gulf filed its regular depreciation and dismantlement studies in accordance with these rules.

We have jurisdiction over these matters through several provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

DECISION

Gulf's current depreciation rates, amortization schedules, and dismantlement provision were approved effective January 1, 2006, and modified for the coal generating plants Crist Units 4-7, and Smith Units 1 and 2; and the combined cycle plant Smith Unit 3, effective January 1, 2007. Since the time of the last depreciation and dismantlement studies, changes brought about by Company planning and activity suggest the need to review and revise depreciation rates,

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amortization and capital recovery schedules, and the provision for dismantlement, where warranted.

In its depreciation study, Gulf stratified production plant investments into homogeneous categories within each account at each generation site. As a result of this stratification, recovery provisions can be more closely matched to the life characteristics of specific categories of investment made to provide for the generation of electric power. Also, Gulf identified major upgrades planned at the Crist and Daniel steam plants, specifically at Crist Units 6 and 7 and Daniel Unit 1, during the next four years that will result in the retirement of certain unrecovered investments. Additionally, Gulf identified the distribution house power panel investment as a dying account. Further, Gulf identified meter investments planned for replacement in the next four years in connection with its Advanced Meter Infrastructure (AMI) program. Finally, Gulf has extended the lives of the Daniel and Scherer coal plants by ten years and the Smith Unit 3 combined cycle plant by five years. Taken together with changes in net plant balances, a need for review and revision of recovery and dismantlement provisions is indicated, as discussed below.

IMPLEMENTATION DATE

Gulf has proposed a January 1, 2010, implementation date for revised depreciation rates and annual dismantlement provision. Rule 25-6.0436, F.A.C., requires that data submitted in a depreciation study, including plant and reserve balances, be brought to the effective date of the proposed rates. In this regard, Gulf's submitted data and calculations about its proposed January 1, 2010 date. Accordingly, we hereby approve Gulf's proposed implementation date as being the earliest practicable date for utilizing the revised rates, amortization and capital recovery schedules, and dismantlement accruals.

CAPITAL RECOVERY SCHEDULES

Gulf contends that the use of capital recovery schedules is contrary to our practice of utilizing group accounting procedures for depreciation. Gulf states that under group depreciation, the original cost of a retired asset is charged against the depreciation reserve without regard to when the item is retired. Any reserve imbalances resulting from the retirement are recovered over the remaining life of those assets remaining in service. Gulf asserts that group accounting enables utilities to efficiently maintain depreciation accounting records in a cost-effective manner. Gulf contends that the use of capital recovery schedules (1) diminishes the efficiencies gained by using group depreciation, and (2) can distort the average service life and depreciation rate of the related group of assets. Thus, Gulf believes that the remaining life concept is more appropriate than capital recovery schedules.

Where investments are identified as retiring in the near-term and not fully recovered by the time of retirement through the normal depreciation process, Rule 25-6.0436(10), F.A.C., provides that the net unrecovered investments be placed on capital recovery schedules and amortized over the remaining period the investments will provide service. Such has been the

normal practice of this Commission for over 20 years.¹ This mechanism provides the matching of expenses to the period of service being rendered. Otherwise, a negative reserve component will result relating to plant no longer providing service. A negative reserve component translates into a positive rate base element. Under Gulf's methodology, it will continue to earn a return on this non-existent plant over the life of the group. From the ratepayers' standpoint, they will continue paying for plant no longer providing service until the situation is corrected.

The capital recovery schedule mechanism is not contrary to group depreciation. We believe that Gulf's disagreement does not lie so much with the mechanism itself, but with defining the group. Gulf believes the group is the production site or distribution account for which it has proposed a depreciation rate. We submit that the group should be homogeneous, whether that is at a site level, a unit level, an account level, a subaccount level, or a category level.

The concept of the remaining life approach is to recover the unrecovered capital, including associated net salvage, over the remaining life of the subject assets. These assets are typically gathered into groups, such as accounts, subaccounts, or categories which are believed to be homogeneous as to life and salvage characteristics. Logic dictates that the more homogeneous the group, the more appropriate the capital recovery. Near-term major retirements have a significantly different remaining life than the average of the existent group. This argues for establishing separate, homogeneous groups for those near-term major retirements which will allow recovery over the remaining life of those related assets. Otherwise, the net investments and removal costs will remain in rate base for years after the assets no longer exist. The recovery of capital over the remaining period that the related assets are expected to serve the public is not in conflict with the remaining life concept, but rather, is the remaining life concept.

We do not agree with Gulf that the capital recovery schedule mechanism can distort the depreciation rate of the related group. To the contrary, the mechanism provides that the quantified investments planned for near-term retirement be withdrawn from the group or account and recovered over their remaining period in service. A service life and remaining life are then developed for the remaining assets in the group, whether that is at a site level, a unit level, an account level, a subaccount level, or a category level.

In this case, Gulf did not propose any capital recovery schedules but did identify certain net unrecovered investments planned for near-term retirement in connection with major overhaul projects planned for specific production units and its AMI program for the period January 1, 2010, through December 31, 2013. As provided in Rule 25-6.0436(10), F.A.C., we hereby approve recovery periods tailored to the remaining period the related equipment is planned by

¹ See Order No. PSC-10-0153-FOF-EI, issued March 17, 2010, in Docket Nos. 080677-EI, In re: Petition for increase in rates by Florida Power & Light Company, and 090130-EI, In re: 2009 depreciation and dismantlement study by Florida Power & Light Company, pp. 21-23; and Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket Nos. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., 090144-EI, In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., and 090145-EI, In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., pp. 10-13.

the Company to be in service. The investments and associated reserves, including any reserve allocations, shall be withdrawn from their parent accounts and placed in separate subaccounts or categories. Monthly expenses for each schedule shall 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.

Capital Recovery Schedules

Order No. PSC-02-1396-PAA-EI, issued October 9, 2002, in Docket No. 020943-EI, In re: Petition for approval of Agreement for Purpose of Ensuring Compliance with Ozone Ambient Air Quality Standards between Gulf Power Company and Florida Department of Environmental Protection pursuant to Section 366.8255(1)(d)7, F.S., for purposes of cost recovery of related expenditures and expenses through environmental cost recovery clause, directed Gulf to depreciate/amortize Crist Units 1, 2, and 3 to reflect a December 31, 2011 retirement date. Gulf's forecast analysis determines the life and salvage for each Crist unit and then develops the parameters on a site basis. By applying one depreciation rate to all seven Crist units, those retiring in 2011 will not be fully recovered, thus creating a negative reserve component that will not be recovered until the last Crist unit is retired. Given that Units 1, 2, and 3 are to be recovered based on a December 31, 2011 retirement date, we find that the associated net investments shall be withdrawn from the other Crist investments and recovered over the next two years. The Company does not object to this capital recovery schedule. According to the current study, the investment and reserve associated with Crist Units 1, 2, and 3 are \$10,692,669 and \$10,648,149, respectively, resulting in net unrecovered investment of \$44,520.

In response to a staff data request, Gulf identified major upgrades planned at Crist Units 6 and 7, and Daniel Unit 1 during the next four years. The upgrades include the retirement of the Crist Units 6 and 7 reheaters as well as the Crist Unit 7 voltage regulator and rotating exciter, and rotor replacement at Daniel Unit 1. The Company identified that investments totaling \$10,605,152 with associated reserves of \$6,042,727 are planned to retire in connection with these upgrades. The Company expects to realize \$30,000 in gross salvage from the retirement of the Crist Unit 6 reheater and expects to incur \$1,104,308 to remove the retiring equipment. At the noticed June 2, 2009, informal meeting with Gulf, OPC, and our staff, Gulf stated that it objected to placing these unrecovered net investments on capital recovery schedules because 1) the net investment is minor compared to the respective site's investment, 2) its planning is not firm with respect to the anticipated retirements, and 3) the remaining life of the site will provide recovery of any unrecovered costs.

Of Gulf's three reasons supporting its objection to placing the related net unrecovered costs of \$5,636,733 associated with the near-term retirements at Crist Units 6 and 7 and Daniel Unit 1 on capital recovery schedules, we believe the fact that Gulf's planning for these retirements is not yet firm is the most compelling. We would expect the Company to have solid planning if retirement of the related equipment was imminent with the major upgrades during the next four years. Apparently it does not. These retirements may or may not take place. We also recognize that the subject net unrecovered costs represent less than one percent of the respective site's investment. However, if these investments do in fact retire in connection with the major upgrades at Crist Units 6 and 7 and Daniel Unit 1, at the end of the four year period, the

depreciation reserve at these sites will contain a negative component representing the associated remaining unrecovered costs. Unless corrected, this negative component will exist until each site is recovered, currently estimated having 22 to 24 years of service remaining. In light of the fact that Gulf is hesitant with respect to its planning, we believe there is enough conjecture regarding the retirement of the related equipment to not warrant capital recovery schedules at this time.

House power panels (Account 369.3) were offered to the public in a program to replace the old style 60 amp meter cans. According to Gulf, this program was canceled in the early 1980's since electrical codes and standards required higher ampacity ratings. No additions have been made to this account since 1986, while retirements increased during the same time period, with the last four years averaging \$336,942. Gulf characterizes this account as a "dying account," because there will be no replacement with any other equipment. The investment and reserve balances as of December 31, 2009, are \$1,666,102 and \$1,431,512, respectively. Gulf anticipates no net salvage upon retirement of the related assets, as removal is typically performed by a contractor working on behalf of the customer to upgrade the home's electrical service. We find that the remaining net investment of \$234,590 shall be placed on a capital recovery schedule and amortized over four years.

Gulf identified meter investments of \$12,176,660 that will retire over the 2010-2013 period in connection with its AMI program. The reserve associated with the near-term retiring investments is estimated at \$4,352,459 with anticipated removal costs of \$1,826,499. We find that the associated net investments of \$9,650,700 shall be withdrawn from the meter account, placed in a separate category, and amortized over the remaining service period of four years.

Conclusion

We hereby approve the capital recovery schedules shown in Attachment A, attached hereto and incorporated herein by reference. 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, shall be withdrawn from their parent accounts and placed in separate subaccounts or categories. Monthly expenses for each schedule shall 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 shall be zero dollars due to the approved reserve allocations discussed herein.

RESERVE ALLOCATIONS

This depreciation study affords this Commission and the Company the opportunity to review the reserve status of all production plants and all transmission, distribution, and general plant accounts. When significant surpluses and deficits exist, we have previously found that corrective reserve allocations between accounts or an amortization should be considered.² Due

² See, e.g., Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket Nos. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., 090144-EI, In re: Petition for limited proceeding to include

to the effect reserve allocations may have on jurisdictional separations, purchased power agreements, or other lease arrangements, our approach to reserve allocations is that ideally they should be made between accounts of a given unit or function. The allocations discussed below, and shown on Attachment B, address major imbalances generally brought about by changes in life estimates. Because Scherer Unit 3 is completely dedicated to wholesale unit power sale contracts, we agree with Gulf that any associated reserve imbalance should remain with the unit.

Gulf projects considerable retirements in the 2010-2014 period due to the retirement of Crist Units 1-3, house power panel services, and the AMI replacement program. As previously discussed, it is appropriate to place these near-term retirements on capital recovery schedules, as is the customary procedure. We find that the reserve surplus existing in Plant Daniel RR Track, Plant Daniel Easements, Plant Scholz, Smith Combustion Turbine, and Pace Plant shall be used to offset the unrecovered costs associated with the retirement of Crist Units 1-3 and help correct the reserve deficiency existing at Smith Combined Cycle. Similarly, the reserve surplus in several distribution accounts can be used to offset the unrecovered costs associated with the recovery schedules addressing the retirement of the house power panel services account and the meters planned for replacement in connection with Gulf's AMI program. Therefore, we find that the corrective reserve allocations shown in Attachment B, appended hereto, are appropriate to correct the quantified reserve imbalances.

DEPRECIATION RATES AND AMORTIZATION SCHEDULES

The approved depreciation rates and amortization schedules are the result of a comprehensive review of Gulf's submitted study. Attachment C, appended hereto, shows the approved rate components (lives, salvage values, and reserve percentages). Reserve positions have been restated to reflect the corrective actions approved by this Commission.

The instant proceeding is a comprehensive review of the lives, salvage values, and resulting depreciation rates for Gulf. The most significant changes are seen in the area of production plant, specifically Crist Units 4-7. The investment at these units has increased approximately 48 percent since the Company's 2006 amended depreciation study, the majority of which reflects the installation of a scrubber to meet environmental regulations. Other changes in expenses reflect the effect of longer life spans for some production plants, reserve allocations, increased lives in transmission and distribution plant, and decreased remaining lives for several general plant accounts reflecting increased average ages.

Bartow repowering project in base rates, by Progress Energy Florida, Inc., and 090145-EI, In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., pp. 48, 51; Order No. PSC-08-0014-PAA-EI, issued January 4, 2008, in Docket No. 070284-EI, In re: Petition for approval of 2007 depreciation study and annual dismantlement accrual amounts by Tampa Electric Company, p. 3; Order No. PSC-94-1199-FOF-EI, issued September 30, 1994, in Docket No. 931231-EI, In re: Request for change in Depreciation Rates by Florida Power and Light Company, pp. 3-5.

Production

Gulf's generating facilities consist of eleven fossil steam units, one combined cycle unit, and four combustion turbines. This includes a 50 percent ownership in Mississippi Power Company's Daniel Units 1 and 2, and a 25 percent ownership in Georgia Power Company's Scherer Unit 3.

As in previously filed depreciation studies, Gulf has utilized its continuing property record system to provide in-depth stratified information for the assets in an account at a specific unit. A generating station, or a generating unit, can be looked at as a box containing an assortment of various types of assets which can be expected to experience varied service lives. Stratification is the determination that a particular account at a particular unit has a specific dollar amount of pumps, piping, rotors, or structures, etc., with each of these strata expected to have a certain service life. Gulf's engineers, in conjunction with accounting personnel, stratified the retirement units³ in production plant into categories with life expectancies of 20 years, 35 years, and the full life span of the plant. The life of the account is then determined by compositing the life expectancy of the various strata. This approach provides a more accurate determination of the required depreciation components than an approach of determining the pattern of interim retirements and life expectancy of the generating plant without identifying the specific plant components or quantifying the varying life characteristics of the assets.

Gulf continues to propose depreciation rates by site even though the development of its life parameters is provided for each account within each unit for each site. Ideally, where large components of investment have a life different from the average, there is an argument for separate rates. Such rates might be developed by unit within the plant site, or for some major project that will require retiring substantial dollars before recovery. According to Gulf, this would increase the record keeping and accounting activities to perform, and result in an increase in the administrative costs to accommodate the additional level of detail. Gulf asserts that application of a composite rate for each site results in essentially the same amount of depreciation expense and reserve as applying individual rates by account, unit, or plant.

We find, in this proceeding, that it is appropriate to maintain depreciation rates at a site level. However, this shall not be construed to mean that further subcategorization may not be in order in the future. The need for additional subcategorization will be addressed in future depreciation represcriptions as circumstances change and life patterns for the various strata become more refined. The goal is to match recovery with consumption.

³ Utility property consists of retirement units and minor items of property. A retirement unit is a large identifiable item of plant that, when installed, is capitalized and added to the appropriate plant account and, when retired, with or without replacement, is accounted for by crediting the book cost thereof to the appropriate plant account. A company's list of retirement units is its basis for capitalization.

Plant Daniel, Plant Scherer, and Smith Unit 3

Gulf's depreciation study reflects increased life spans⁴ for the Plant Daniel and Plant Scherer steam plants, from 55 years to 65 years (10 years), and for the Smith Unit 3 Combined Cycle Plant, from 35 years to 40 years (5 years). According to the Company, the extended life spans are consistent with the life spans and trends used within the Southern Company system. The Plant Daniel and Plant Scherer units are being equipped with state of the art Selective Catalytic Converters (SCR) and Scrubbers to help meet the Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR) requirements resulting from anticipated 8-hour ozone nonattainment designation, and an anticipated Environmental Protection Agency (EPA) rule for maximum achievable control technology (MACT) for power plant mercury emissions. The Company believes that the addition of these environmental controls provides the ability to operate these facilities long term and allows Gulf to maintain a diverse fuel mix while meeting all air quality standards. In the case of Smith Unit 3, Gulf states that its maintenance practices are such that the unit is now expected to experience a longer life span. Gulf asserts that it conducts maintenance on major equipment such as boilers, turbines, and generators in a manner to maximize the operating value of all these generating facilities. The value provided by effective maintenance and additional environmental controls allows the operation of these facilities longer than previously expected.

We compared the life spans of Gulf's production plants with those of other regulated Florida electric utilities. With the exception of Plant Scholz, we find that Gulf's proposed life spans are reasonable and in line with the electric industry. We recognize that the consideration of factors, such as governmental actions on the federal, state, and the Commission level, new technologies, and growth, will continue to impact the life patterns of various segments of major structures of plant. Our staff will continue monitoring the annual status reports and future depreciation studies of the Florida electric utilities for changes in life parameters as a result of new regulations.

Plant Scholz

According to Gulf's depreciation study, Plant Scholz is planned for retirement in 2011. However, Gulf states that the retirement date used in the study is for planning purposes and does not necessarily represent when the unit will cease operations. Gulf explains that retirement assumptions are reviewed and adjusted over time by management based on information and experience. The decision to retire a generating unit is based on management's evaluation of the continuing economic viability of the unit as compared to alternatives at a particular time. When a depreciation study is prepared, management examines the current assumptions regarding retirement dates and determines whether they continue to reflect current information related to the unit's operations, maintenance, and equipment conditions. When changes such as new laws or regulations are certain enough to reflect in retirement date assumptions, changes in the assumed retirement dates are made.

⁴ The life span of a generating unit is the maximum life expected for any investment from the original in-service year to the estimated retirement date. Interim additions will, by definition, have a shorter life than that of the original investment.

Recognizing that retirement dates are estimates and are adjusted over time, it would seem probable that Gulf would have solid planning for the retirement of Plant Scholz, if retirement in 2011 was imminent. It does not. Moreover, Gulf indicates it plans to add about \$2.5 million at Plant Scholz during 2010 and 2011 to replace equipment and maintain compliance with environmental requirements driven by Section 316B EPA regulations to prevent impingement of fish and living organisms on the rotating screens.

In light of the above, we find Gulf's assumed 2011 retirement date to use in determining life estimates for Plant Scholz is not reasonable, given that there are no firm plans at this time to cease operations and given the significant additions planned in the near term. Balancing Gulf's near-term plans with uncertainties regarding environmental and climate change legislation and the possible economic impacts thereof, we assumed a minimum retirement date of 2014 for determining life estimates in the instant docket. Using the Company's stratification, the resulting remaining life is 4.5 years. If circumstances change and the actual retirement is to occur prior to 2014, Gulf should request a capital recovery schedule for the remaining net unrecovered costs to ensure the recovery of the assets over their remaining service life. Otherwise, the retirement date can be re-evaluated at the time of the next depreciation study.

Scherer Unit 3

Scherer Unit 3 is completely dedicated to wholesale unit power sale contracts. By Order No. 23573, issued October 3, 1990, in Docket No. 891345-EI, In re: Petition of Gulf Power Company for an increase in its rates and charges, Scherer Unit 3 was excluded from rate base since the Company began selling the capacity from the unit as wholesale power sales in 1992. The order states that the arrangement will be maintained until 2010. According to Gulf, Scherer Unit 3 is still dedicated to wholesale contracts and will remain so in the foreseeable future. For this reason, we will continue to review the life and salvage parameters in establishing the depreciation rate for Scherer Unit 3, but will not include the resulting depreciation expense in the overall calculations of depreciation expenses for Florida's ratepayers.

Production Interim Net Salvage

In estimating net salvage for production plant, Gulf analyzed historical net salvage data for the period 1981 through 2008 for all steam production and other production plants, respectively. The most recent four- and five-year banded data for steam production reflects negative net salvage of 29 percent and 30 percent, respectively. Gulf concludes that the data indicates no change from the 2005 depreciation study of negative 20 percent. We find that Gulf's conclusion may be understating future net salvage for the steam production plants, but nevertheless find it acceptable. The approved net salvage values for steam production plants reflect the effects of interim retirements based on Gulf's stratification.

For other production plants, Gulf's proposed negative net salvage of 5 percent reflects no change from prior depreciation studies. We believe this is reasonable and in line with the experience of the account. Just as with steam production plants, the approved net salvage values for other production plants reflect the effects of interim retirements based on Gulf's stratification.

Production Amortizable Accounts

The amortizable production plant investments represent high volume items of small value which do not warrant individual tracking. The amortizable property is of a general plant nature and mirrors the general plant amortizations. The five- and seven-year amortization periods are in accord with those set forth in Rule 25-6.0142, F.A.C, and this Commission's "List of Retirement Units (Electrical Plant) as of January 1, 2000."

Transmission, Distribution, and General (Mass Property) Accounts

The transmission, distribution, and general plant accounts comprise approximately 40 percent of Gulf's plant investment as of January 1, 2010. These accounts are also known as mass property accounts because every account is comprised of a relatively large number of homogeneous property units (e.g., poles, conductors, or meters), each of which is retired individually.

For accounts and parameters, we find that, based on a review of Gulf's depreciation study, the underlying service lives, retirement dispersions, and net salvage values are still reasonable and appropriate. We note that where there is no change to parameters, the approved remaining lives reflect an update of each account's activity since the last review.

Transmission

The transmission function consists of eight accounts including easements, structures, poles, and conductors, among others. Transmission represents approximately nine percent of Gulf's plant investment as of January 1, 2010.

Gulf proposed moderate increases in the average service life (ASL) for Account 352, Structures and Improvements, and Account 355, Poles and Fixtures, of five and three years, respectively. Gulf also proposed a minor change in the retirement dispersion (or curve) for Account 352, Structures and Improvements. Gulf explained that the reasons for the changes are to move the curve and life closer to historical life indications. We reviewed the data for both accounts. The proposed curve change and increases in the ASL are in line with other Florida companies or are moving closer to the ASLs of other Florida companies. We find that the proposals are reasonable.

Gulf proposed increases in net salvage for two transmission accounts: Account 354, Towers and Fixtures, and Account 356, Overhead Conductors and Devices. Gulf based its proposed increases of five percentage points for both accounts on recent data and the resulting trends. We find that the increases in net salvage are reasonable, as they are in line with each account's data.

There are six transmission accounts for which Gulf proposed no change in the ASL; however, we believe an increase in the ASL is warranted for two of the accounts. The first is Account 350.2, Easements, with a current and proposed ASL of 60 years. Recent Commission decisions provided for an ASL of 75 years for both Florida Power & Light Company (FPL) and

Progress Energy Florida, Inc. (PEF) for this account.⁵ The second is Account 359, Roads and Trails, for which Gulf proposed retaining a 50-year ASL. We recently provided for an ASL of 65 years for FPL and 90 years for PEF for this account.⁶ A moderate increase to the ASL of five years for each account is reasonable, and serves to move Gulf's ASL closer to our recent decisions for these accounts.

Distribution

The distribution function consists of 13 accounts, including structures, station equipment, poles, conduit, transformers, meters, and street lighting, among others. Distribution represents approximately 27 percent of Gulf's plant investment as of January 1, 2010.

Gulf proposed a minor change in the retirement dispersion for Account 369.2, Services – Underground. Gulf also proposed a small increase (three years or less) to the ASL for seven accounts. These accounts are 361, Structures and Improvements; 362, Station Equipment; 364, Poles, Towers, and Fixtures; 365, Overhead Conductors; 367, Underground Conductors; 369.1, Services – Overhead; and 373, Street Lighting. Gulf proposed these increases based on its analysis of recent data. The change to the retirement dispersion and the increases to the ASLs are reasonable.

Gulf proposed increases to net salvage for Account 368, Line Transformers, and Account 370, Meters, based on recent data. The increase for Account 368 is five percentage points, which we find reasonable. The increase in net salvage for Account 370 is 10 percentage points, which would result in 10 percent net salvage. Although a 10 percent net salvage might be considered optimistic, the introduction of AMI meters and the resulting flux in the account, it is not entirely clear how much net salvage will be realized in the future. However, we believe that, at this time, 10 percent net salvage is acceptable. By the next depreciation study, there should be more certainty with regard to the net salvage, allowing Gulf to fine tune its net salvage proposal.

Gulf proposed decreases to net salvage for five accounts: 365, Overhead Conductors; 367, Underground Conductors; 369.1, Services – Overhead; 369.2, Services – Underground; and 373, Street Lighting. The decreases range from 5 to 10 percentage points, with Gulf's proposals based on its recent data and trends. We find that these decreases to net salvage are reasonable.

The distribution function includes Account 360.2, Easements. Gulf proposed retaining the 50-year ASL, which underlies the currently prescribed average remaining life. We recently provided for a 75-year ASL for PEF (FPL does not have a similar account). For the reasons

⁵ See Order No. PSC-10-0153-FOF-EI, issued in Docket Nos. 080677-EI, In re: Petition for increase in rates by Florida Power & Light Company and 090130-EI, In re: 2009 depreciation and dismantlement study by Florida Power & Light Company; and Order No. PSC-10-0131-FOF-EI, issued in Docket Nos. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., 090144-EI, In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., and Docket No. 090145-EI, In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

⁶ Ibid.

described for the transmission easements and roads and trails accounts, an increase of five years to the ASL for Account 360.2 is appropriate.

General – Depreciable Accounts

There are six accounts in this category, consisting of structures, vehicle, and equipment accounts. These accounts comprise approximately three percent of Gulf's plant investment as of January 1, 2010.

Gulf proposed small changes to the retirement dispersions and ASLs for Account 392.2, Light Trucks; Account 392.4, Trailers; and Account 397, Communications Equipment. Each of the adjustments to the retirement dispersion or curve was accompanied by a one year or less increase in the ASL. Gulf based its proposals on recent data and trends. We reviewed the data for these accounts and the proposed curve changes and increases in the ASL are reasonable.

Gulf proposed decreases in net salvage for the two vehicle accounts discussed in the preceding paragraph, as well as the remaining vehicle account, 393.3, Heavy Trucks. The current net salvage for these accounts ranges between 13 and 17 percent, which Gulf proposed to reduce by one to three percentage points. Gulf believes that current market conditions, recent data, and trends indicate that the net salvage value for these accounts, while remaining positive, will decrease. We find that Gulf's proposed net salvage reductions are warranted.

General – Amortizable Accounts

The amortizable general plant investments represent high volume items of small value which do not warrant individual tracking. These investments represent less than 0.6 percent of Gulf's January 1, 2010 plant investment. Gulf's proposal for its amortizable Account 397.0, Communication Equipment, is seven years. This is a continuation of the seven-year amortization approved by us in Order No. PSC-93-1808-FOF-EI, Docket No. 930221-EI, issued December 20, 1993 (page 26 of Attachment B), In re: 1993 Depreciation Study of Gulf Power Company. The use of amortization is consistent with our efforts to simplify the depreciation process, where possible, and is reasonable and acceptable.

Conclusion

The approved lives, net salvage values, reserves, and resultant depreciation rates are shown in Attachment C, appended hereto.

DISMANTLEMENT

Prior to the 1990's, the provision for dismantlement cost recovery was included in the basic depreciation rate design for each electric utility. By Order No. 24741 (Dismantlement Order), issued July 1, 1991, in Docket No. 891086-EI, In re: Investigation of the ratemaking and accounting treatment for the dismantlement of fossil-fueled generation stations, this Commission established its ratemaking and accounting policy for costs associated with the dismantlement of fossil-fueled generating facilities. The Dismantlement Order found that the provision for

dismantlement shall be accounted as an annual fixed dollar accrual separate from the depreciation rate. The Dismantlement Order also established the methodology for calculating the annual dismantlement accrual. The methodology, codified in Rule 25-6.04364, F.A.C., is dependent on three factors: estimated base costs for dismantlement, projected inflation, and a contingency factor. The fixed accrual amount is based on a four-year average of the accruals related to the years between depreciation study reviews. Utilities are required to provide updated dismantlement studies at least once every four years in connection with their depreciation study.⁷ The purpose of these studies is to reflect changes in dismantlement cost estimates, inflation, regulatory or environmental requirements, and any newly discovered public health and safety issues. The Dismantlement Order also provided that if a company is a partial owner of any plant, in-state or out-of-state, it should be contractually responsible for dismantlement costs in proportion to its share of ownership. Because Scherer Unit 3 is dedicated to wholesale UPS contracts, its dismantlement expense is not included for earnings surveillance purposes.

Gulf's estimated base costs for dismantlement are based on site-specific studies and reflect an increase of approximately 82.9 percent since the 2005 and 2006 modified studies. The major factors contributing to the changes in base cost estimates are: (1) an update of inflation factors, (2) an update of steel and copper scrap prices, and (3) the addition of the Crist Units 4-7 flue gas desulfurization⁸ (FGD) scrubber. In fact, addition of the scrubber at Plant Crist accounts for 81.5 percent of the increase in base cost estimates in the current study. As in previous studies, Gulf has assumed a "pull down" (controlled demolition) method of structural dismantlement in which each structure is simply pulled down at dismantlement. This method of structural dismantlement is more efficient, less costly, and requires less time to complete compared to "reverse construction," in which each structure is assumed to be taken down in the reverse order of its construction.

Gulf's currently approved annual accrual for fossil dismantlement is \$5,239,243. Its proposed annual accrual of \$9,323,439 is based on its current dismantlement cost estimates, escalated to future costs through the time of dismantlement. The future costs, less amounts recovered to date, have then been discounted in a manner that accrues the costs over the remaining life span of each plant. Gulf used inflation factors from DRI Review of the U.S. Economy as of March 2009. At the request of our staff, Gulf updated its accrual to reflect the most recent inflation factors provided by DRI Review of the U.S. Economy as of January 2010. In addition, we recalibrated the retirement date for Plant Scholz from 2011 to 2014. This updated accrual, reflecting inflation factors as of January 2010 and the adjustment to Plant Scholz, represents an increase of \$4,352,695 over the current accrual. We find that it is reasonable for the annual accrual to reflect the most recent inflation estimates.

As with previous studies, Gulf has included a 10 percent contingency factor to cover uncertainty in the dismantlement cost estimates. The factor is comprised of a 5 percent pricing contingency and a 5 percent scope omission contingency. The pricing contingency provides a level of confidence that the estimates will not be overrun due to a pricing error. The scope

⁷ These policies were codified in Rule 25-6.04364, F.A.C., adopted December 30, 2003.

⁸ Flue gas desulfurization is a technology used for removing sulphur dioxide from the flue gases of fossil fuel power plants.

omission contingency gives consideration to the conceptual nature of the base cost estimates and the difficulty in obtaining quantity and weight records. This factor also includes recognition of hazardous waste environmental assessments that can only be performed at the time of dismantlement.

At a noticed informal meeting in this docket on June 2, 2010, OPC indicated that it objected to Gulf's use of a 10 percent contingency factor in its dismantlement study. OPC contended that the choice of what factor to use in a study is highly speculative and, moreover, since such studies are updated periodically, it is unnecessary to use a contingency factor. While acknowledging that it could offer no objective support for a contingency factor lower than Gulf's proposal, OPC asserted that it thought the factor should be set at zero, but by no means greater than 5 percent.

We respectfully disagree with OPC and find that Gulf's use of a 10 percent contingency factor is very reasonable in light of our prior decisions. First, the 10 percent factor is identical to the factor approved by this Commission for use in Gulf's prior dismantlement studies. Second, Gulf's proposed contingency factor is lower than comparable factors approved recently for FPL and PEF. In Docket No. 090130-EI,⁹ FPL's use of a 16 percent contingency factor in its dismantlement study was accepted by this Commission. Similarly, PEF's proposed 20 percent contingency factor was approved in Docket No. 090079-EI.¹⁰ In Docket No. 070284-EI,¹¹ we approved Tampa Electric Company's request to reduce its then existing 15 percent contingency factor to a 10 percent contingency factor. Accordingly, we find that no change to Gulf's proposed contingency factor is warranted.

A contingency is defined in the American Association of Cost Engineers' Notebook as a "specific provision for unforeseeable elements of cost within the defined project scope; particularly important where previous experience relating estimates and actual costs has shown that unforeseeable events which will increase costs are likely to occur." Such unforeseeable events include bad weather, labor strikes, equipment failure, and other unforeseen circumstances. Contingencies are not a means to "cushion" estimates or to account for inflation. They are used solely to assure that adequate funds are available in the event that something unpredictable, as well as costly, occurs while in the process of dismantling a fossil-fueled generating plant.

The contingency factor is commonly a weighted average of the item-by-item contingency factors applied to plant-specific categories in the cost estimate. The individual item contingency

⁹ See Order No. PSC-10-0153-FOF-EI, issued March 17, 2010, in Docket Nos. 080677-EI, In re: Petition for increase in rates by Florida Power & Light Company, and 090130-EI, In re: 2009 depreciation and dismantlement study by Florida Power & Light Company.

¹⁰ See Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket Nos. 090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., 090144-EI, In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., and 090145-EI, In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

¹¹ See Order No. PSC-08-0014-PAA-EI, issued January 4, 2008, in Docket No. 070284-EI, In re: Petition for approval of 2007 depreciation study and annual dismantlement accrual amounts by Tampa Electric Company.

factors usually reflect the degree of uncertainty associated with each cost estimate. Certainly, updating cost estimates every four years should minimize the unforeseen components of costs, but we also believe that such updates will not completely eliminate unforeseen events. We note that contingency factors are found in nearly all engineering, consulting, construction, and demolition estimates as an appropriate provision in cost estimates.

In the Dismantlement Order, it is noted that the associated costs of dismantlement will be incurred at the time of ultimate physical demolition/removal of each unit and will be offset by any attendant salvage from removal of the assets. The Dismantlement Order also recognized that cost estimates would need to be updated to reflect results from site-specific studies, improvement in technology and possible regulatory changes, as well as re-evaluating alternative methodologies and updating inflation rate forecasts. Furthermore, the Dismantlement Order noted that while the timing of ultimate removal certainly could remain a question, there will undoubtedly come a time that dismantlement will be necessary and site restoration will likewise be required.

While no plants within the Southern Company system have been completely dismantled, Crist Units 1-3 have been partially dismantled in that the turbine and generators have been removed. The dismantlement process for these units is not expected to be completed for several years. According to Gulf, the dismantlement of these units is using the reverse construction methodology in which the units are being dismantled together as one project.

Conclusion

Accordingly, we find that an annual provision for dismantlement of \$9,591,938 (system), beginning January 1, 2010, as shown in Attachment D is appropriate. This represents an increase of \$4,352,695 over the current approved annual accrual. The accrual includes \$98,878 associated with unit power sale (UPS) contracts related to Scherer Unit 3.

INVESTMENT TAX CREDITS (ITCs) AND EXCESS DEFERRED INCOME TAXES (EDITs)

As previously discussed, we approved the Company's proposed remaining lives, to be effective January 1, 2010. Revising a utility's book depreciation lives generally results in a change in its rate of ITC amortization and flowback of EDITs in order to comply with the normalization requirements of the Internal Revenue Code (IRC) found in Sections 46, 167, and 168, and its underlying Regulations (REGS) found in Sections 1.46, 1.67, and 1.68.

This Commission, the Internal Revenue Service, and independent outside auditors look at a company's books and records, and the orders and rules of the jurisdictional regulatory authorities to determine if the books and records are maintained in the appropriate manner. The books are also reviewed to determine if they are in compliance with the regulatory guidelines in regard to normalization. Therefore, we find that the current amortization of ITCs and the flowback of EDITs shall be revised to reflect the approved remaining lives.

Section 46(f)(6), IRC, states that "the amortization of ITC should be determined by the period of time actually used in computing depreciation expense for ratemaking purposes and on the regulated books of the utility." Since we approved the Company's proposed remaining lives, it is also important to change the amortization of ITCs to avoid violation of the provisions of Sections 46, IRC and 1.46, REGs.

Section 203(3) of the Tax Reform Act of 1986 (the Act) prohibits rapid flowback of depreciation-related (protected) EDITs. Further, Rule 25-14.013, F.A.C., Accounting for Deferred Income Taxes Under SFAS 109, generally prohibits EDITs from being written off any faster than allowed under the Act. The Act, SFAS 109, and Rule 25-14.013, F.A.C, regulate the flowback of EDITs. Therefore, we find that the flowback of EDITs shall be adjusted to comply with the Act, SFAS 109, and Rule 25-14.013, F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's proposed revised depreciation rates and fossil dismantlement accruals for 2010 are approved as set forth in the body of this Order. It is further

ORDERED that all Attachments appended hereto are incorporated herein by reference. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 19th day of July, 2010.



ANN COLE
Commission Clerk

(S E A L)

KEF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 9, 2010.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

APPROVED CAPITAL RECOVERY SCHEDULES

	12/31/2009		Estimated Net Salvage (\$)	Total
	Estimated Investment (\$)	12/31/2009 Reserve (\$)		Unrecovered Costs (\$)
	Steam Plant Retirements			
Plant Crist Units 1, 2, & 3	10,692,669	10,648,149	0	44,520
Distribution				
House Power Panels	1,666,102	1,431,512	0	234,590
Meter Retirements	12,176,660	4,352,459	(1,826,499)	9,650,700
Total Distribution	13,842,762	5,783,971	(1,826,499)	9,885,290
Total Capital Recovery Schedules	24,535,431	16,432,120	(1,826,499)	9,929,810

APPROVED RESERVE ALLOCATIONS

Plant/Account	Book Reserve 12/31/2009 (\$)	Theoretical Reserve (\$)	Imbalance (\$)	Approved Allocation (\$)	Approved Allocated Reserve (\$)
Production					
Crist Units 1-3	10,648,149	10,692,669	(44,520)	44,520	10,692,669
Daniel Rail Tracks	1,974,385	1,220,020	754,365	(754,365)	1,220,020
Daniel Easements	54,144	37,191	16,953	(16,953)	37,191
Scholz	28,719,478	26,273,401	2,446,077	(2,446,077)	26,273,401
Smith CT	3,763,853	3,623,341	140,512	(140,512)	3,623,341
Pea Ridge (Pace)	6,047,198	6,027,104	20,094	(20,094)	6,027,104
Smith CC	18,050,635	25,496,093	(7,445,458)	3,333,481	21,384,116
Distribution					
368 Line Transformers	82,633,306	75,023,757	7,609,549	(7,609,549)	75,023,757
369.3 House Power Panels	1,431,512	1,666,102	(234,590)	234,590	1,666,102
370 AMI Meter Rets.	4,352,459	14,003,159	(9,650,700)	9,650,700	14,003,159
370 Meters	10,326,660	8,795,886	1,530,774	(1,530,774)	8,795,886
373 Street Lighting	23,964,613	19,404,409	4,560,204	(744,967)	23,219,646
General					
392.3 Heavy Trucks	7,684,549	9,040,301	(1,355,752)	1,143,333	8,827,882
397 Communications Equip	9,094,580	7,951,247	1,143,333	(1,143,333)	7,951,247

DEPRECIATION COMPONENTS AND RATES

	COMMISSION-APPROVED			
	Average Remaining Life (Yrs.)	Net Salvage (%)	12-31-2009 Reserve (%)	Remaining Life Rate (%)
Steam Production				
Crist Plant Units (4-7)	24.0	(4.0)	19.74	3.5
Crist Easements	29.0	0	0	3.4
Crist Base Coal 5-years		5-Yr Amortization		
Crist Amort 5-years		5-Yr Amortization		
Crist Amort 7-years		7-Yr Amortization		
Daniel Plant	22.0	(10.0)	49.11	2.8
Daniel RR Track	37.0	0.0	44.51 *	1.5
Daniel Easements	37.0	0.0	48.20 *	1.4
Daniel Cooling Lake 23-years		23-Yr Amortization		
Scholz Plant	4.5	(3.0)	84.55 *	4.1
Scholz Base Coal 5-years		5-Yr Amortization		
Scholz Amort 5-years		5-Yr Amortization		
Scholz Amort 7-years		7-Yr Amortization		
Smith Plant	19.4	(5.0)	40.32	3.3
Smith Base Coal 5-years		5-Yr Amortization		
Smith Amort 5-years		5-Yr Amortization		
Smith Amort 7-years		7-Yr Amortization		
Scherer Plant	33.0	(6.0)	39.77	2.0
Scherer Amort 7-years		7-Yr Amortization		
Other Production				
Smith CT	7.5	0.0	73.00 *	3.6
Pace (Pea Ridge) Plant	8.5	0.0	55.31 *	5.3
Smith CC	32.0	0.0	11.41 *	2.8
Transmission				
350.2 Easements	34.0	0	46.63	1.6
352 Structures and Improvements	36.0	(5)	32.90	2.0
353 Station Equipment	35.0	(5)	24.56	2.3
354 Tower and Fixtures	27.0	(20)	58.49	2.3
355 Poles and Fixtures	30.0	(40)	31.70	3.6
356 Overhead Conductors	37.0	(30)	35.77	2.5
358 Underground Conductors	26.0	0	45.05	2.1
359 Roads and Trails	27.0	0	47.04	2.0
Distribution				
360.2 Easements	52.0	0	6.20	1.8
361 Structures and Improvements	32.0	(5)	35.61	2.2
362 Station Equipment	33.0	(5)	31.20	2.2
364 Poles, Towers, and Fixtures	24.0	(75)	54.44	5.0
365 Overhead Conductors	27.0	(20)	35.73	3.1
366 Underground Conduit	27.0	0	64.70	1.3
367 Underground Conductors	23.0	(8)	32.57	3.3
368 Line Transformers	21.0	(20)	36.00 *	4.0
369.1 Services-Overhead	24.0	(45)	53.72	3.8
369.2 Services-Underground	31.0	(10)	30.13	2.6
370 Meters	25.0	10	22.50 *	2.7
373 Street Lighting	13.8	(10)	40.80 *	5.0
* Denotes restated reserve after approved reserve allocations.				

DEPRECIATION COMPONENTS AND RATES

	COMMISSION-APPROVED			
	Average Remaining Life (Yrs.)	Net Salvage (%)	12-31-2009 Reserve (%)	Remaining Life Rate (%)
General				
390 Structures and Improvements	30.0	(5)	34.70	2.3
392.2 Light Trucks	4.5	12	46.17	9.3
392.3 Heavy Trucks	5.1	15	44.66 *	7.9
393.4 Trailers	6.8	12	55.32	4.8
396 Power Operated Equipment	3.7	20	62.66	4.7
397 Communications Equipment	9.0	0	43.30 *	6.3
General Plant-Amortizable				
Furniture/Non-Computer			7-Yr Amortization	
Computer Equipment			5-Yr Amortization	
Marine Equipment			5-Yr Amortization	
Stores Equipment			7-Yr Amortization	
Tools, Shop & Garage Equipment			7-Yr Amortization	
Laboratory Equipment			7-Yr Amortization	
Communication Equipment			7-Yr Amortization	
Misc. Equipment			7-Yr Amortization	
Capital Recovery Schedules				
Crist Units 1, 2, & 3 Retired			2-Yr Capital Recovery Schedule	
369.3 House Power Panels Services			4-Yr Capital Recovery Schedule	
370 AMI Meters Rets.			4-Yr Capital Recovery Schedule	
* Denotes restated reserve after approved reserve allocations.				

FOSSIL DISMANTLEMENT ACCRUAL

PLANT	CURRENT ACCRUAL ¹² (01/01/2007) \$	COMMISSION- APPROVED ACCRUAL \$	CHANGE IN ACCRUAL \$
Plant Crist	2,659,829	6,458,948	3,799,119
Plant Smith	950,810	1,249,287	298,477
Plant Scholz	521,738	799,767	278,029
Plant Daniel	754,764	684,446	(70,318)
Plant Scherer (UPS) ¹³	107,319	98,878	(8,441)
Total Steam	4,994,460	9,291,326	4,296,866
Plant Smith CT	4,612	3,258	(1,354)
Plant Pace (Pea Ridge)	6,102	17,334	11,232
Smith Combined Cycle	234,069	280,020	45,951
Total Other Production	244,783	300,612	55,829
Total Dismantlement	5,239,243	9,591,938	4,352,695

¹² Order No. PSC-07-0012-PAA-EI, issued January 2, 2007, in Docket No. 050381-EI, In re: Depreciation and dismantlement study at December 31, 2005, by Gulf Power Company.

¹³ UPS – Unit Power Sales contract