

Terry A. Davis
Assistant Secretary and
Assistant Treasurer

One Energy Place
Pensacola, Florida 32526-0786

Tel 850.444.6664
Fax 850.444.6026
TADAVIS@southernco.com

RECEIVED-FPSC

10 SEP 23 AM 10:11

COMMISSION
CLERK



September 20, 2010

Mr. Dave Dowds
Supervisor, Cost Analysis Section
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Mr. Dowds:

RE: Docket No: 100368-EI

Enclosed is Gulf Power Company's Responses to Staff's Second Data Request
in the above referenced docket.

Sincerely,

Terry A. Davis
vm

Enclosures

Cc: Beggs & Lane
Jeffrey A. Stone
Office of Public Counsel
Office of Commission Clerk (Docket No. 100368-EI)
Office of the General Counsel
Katherine E. Fleming, Esq.

DOCUMENT NUMBER 0411
07978 SEP 23 2010
FPSC-COMMISSION CLERK

1. Which customer class(es) will use the power generated by the Perdido Landfill Gas to Energy Facility?

ANSWER:

All customer classes will use the power generated by the Perdido Landfill Gas to Energy Facility.

2. Please refer to Gulf's Response to Staff's First Data Request, Question No. 11. According to the response, the expected date of commercial operation was moved from August 2010 to September 2010. Gulf also stated that the start of commercial operation is "dependent on the availability of gas from Escambia County." Please explain why the availability of gas from Escambia County was delayed. Does Gulf expect further delays?

ANSWER:

The availability of landfill gas delivered to the facility was delayed due to Escambia County incurring construction delays of the landfill gas collection system. We do not expect any future delays.

3. Section 2.5 of the contract (page 5) between Gulf and Escambia County provides for approval of the contract by the Florida Public Service Commission. Is this provision still valid in light of the February 4, 2010 contract amendment? Please explain your answer.

ANSWER:

The reference to Commission approval in section 2.5 of the Gas Sales Agreement is no longer valid in light of the February 4, 2010 amendment.

4. Please explain why Gulf's request for a depreciation rate for this unit was not included in Gulf's 2009 Depreciation and Dismantlement Study.

ANSWER:

The 2009 Depreciation and Dismantlement Study was filed on a projected basis in May of last year. The study used 4 years of historical data and a single projected year. The study looked at investment and reserve positions at a single point in time, December 31, 2009. The timing of the landfill gas facility was outside the parameters of the study and was not picked up during the planning. This project, while new technology for Gulf, was not a major budget item.

5. Please provide staff with the date of the unit's actual start of commercial operation. If the date is not in September 2010, please provide the date and explain the reason for the additional delay.

ANSWER:

The actual date of commercial operation has not occurred at this time and will be dependent on final check out and gas delivery to the plant. Gulf Power anticipates that date to be September 20 – 30, 2010.

6. Please refer to Gulf's Response to Staff's First Data Request, Question No. 4. According to the response, Gulf expects to have the retirement units finalized by the end of September 2010. Please provide the retirement unit data to staff when it is available.

ANSWER:

Retirement units currently being considered at the Southern System level have been modified at the request of a sister company to break the compressor into three smaller retirement units. This is being done and the codes are expected to be complete by the first of October. They will be forwarded to the Commission at that time.

7. Please refer to Gulf's responses to Staff's First Data Request, Question Nos. 11 and 12. According to the responses, the expected in-service date will be in September 2010; however, Gulf's proposed date for implementation of the depreciation rate is October 1, 2010. Please explain the discrepancy.

ANSWER:

Projects placed in service during the month of September become part of the depreciable base used to calculate depreciation expense for the month of October.