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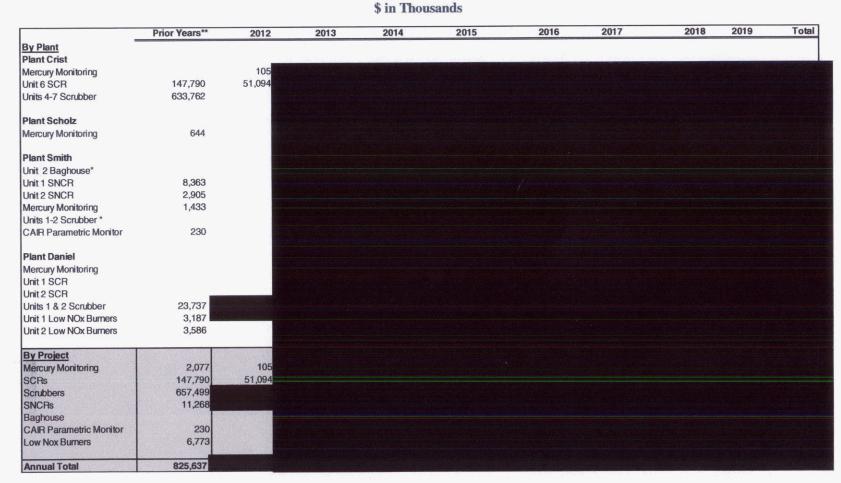
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<sup>\*</sup> Phase II projects that have not been approved for ECRC recovery

Expenditures presented for Plant Daniel represent Gulf's ownership portion.

Allowance cost projections are not included in Table 3.1-1

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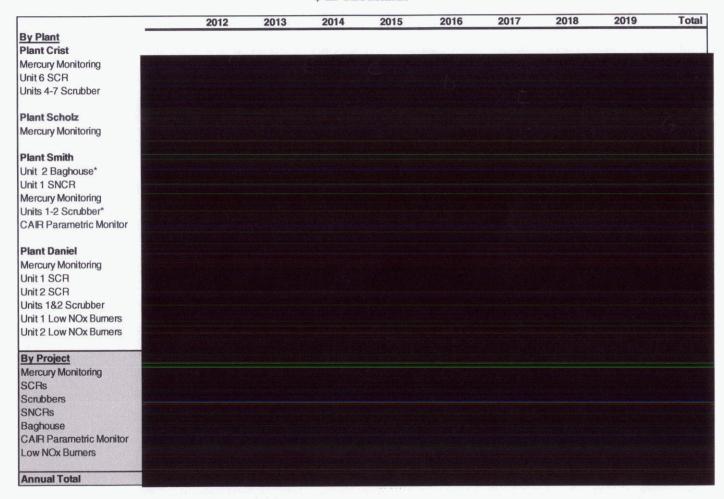
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<sup>\*\*2006-2011</sup> expenditures

## Table 3.1-2 Compliance Program Plant O&M Expenses \$ in Thousands



<sup>\*</sup> Phase II projects that have not been approved for ECRC recovery Expenses presented for Plant Daniel represent Gulf's ownership portion. Allowance cost projections are not included in Table 3.1-2

analysis retired and replaced Gulf's ownership portion of Daniel Units 1 and 2 with one 2x1 MHI GAC series combined cycle, avoiding the Daniel Units 1 and 2 SCRs in the fall of 2018 and the fall of 2017, respectively, and the fall 2015 scrubber installations. It was assumed in this study that the replacement CC would be placed on the Plant Crist site. Due to permitting and construction lead time constraints, the Plant Crist CC could not be online until 2018. Therefore, market replacement capacity and energy purchases were assumed from January 2015 until the replacement unit is available.

A transmission study was performed which concluded there were significant costs associated with retiring Gulf's ownership portion of Daniel Units 1 and 2 and replacing the units with a CC at Plant Crist. The cost of transmission improvements required to place the Crist CC in service in 2018 is projected to be approximately \$

## Results

An economic evaluation of the Plant Daniel CC replacement option was performed to compare customer costs from 2012-2041. The CC replacement option was compared to the cost of continuing to operate Gulf's ownership portion of Plant Daniel Units 1 and 2 with SCRs and scrubbers. Table 3.3-1 presents the NPV customer costs resulting from a comparison of costs of a replacement combined cycle unit minus Gulf's 50% ownership cost to continue to operate Daniel Units 1 and 2 with SCRs and scrubbers.

It shows that for eight of the nine scenarios considered, it is more beneficial to Gulf's customers to retrofit Plant Daniel Units 1 and 2, as proposed, rather than replacing them with a CC unit. In addition, transmission upgrades have long lead times due to permitting and construction limitations; therefore, market purchases for a 2015 replacement would be necessary. Even without monetizing the fuel diversity benefits of retaining coal generation on its system, the analysis shows that the proposed retrofit of the Plant Daniel Units is preferable to their replacement.

Table 3.3-1
Net Replacement Costs – Daniel Units 1 and 2
NPV\* 2012 in millions

Fuel/CO <sub>2</sub>	Existing CO <sub>2</sub>	Moderate CO2	Substantial CO <sub>2</sub>
High			
Moderate			
Low		<b>经施</b>	

<sup>\*</sup>Reflects Gulf ownership portion only