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Public Service Commission

June 25, 2012

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CLERK

12 JUN 25 AM 11:15

RECEIVED-FPSC

Susan D. Ritenour  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780

STAFF'S FIRST DATA REQUEST

**RE: Docket No. 120075-EI – Request by Gulf Power Company to modify its underground residential differential tariffs.**

Dear Ms. Ritenour:

By this letter, the Commission staff requests that Gulf Power Company (Gulf or utility) provide responses to the following data requests.

1. Please explain why the high density subdivision per lot differential charge has increased from \$263 to \$427, showing the change in each component with an explanation why the change occurred.
2. Please explain why the low density subdivision per lot differential charge has increased from \$259 to \$458, showing the change in each component with an explanation why the change occurred.
3. The 2010 filing included sales tax with cost of materials -- is sales tax included in the cost of materials in the 2012 filing? If not, why?
4. The 2010 filing included Stores Handling at 13% of all material (less meters and transformers) -- is the same percentage used in the 2012 filing? If not, what percentage is used and why?
5. Please explain why the Engineering and Staff adder was changed from 44% in the 2010 filing to 42% in the 2012 filing.
6. Operating expenses in the 2010 filing were based on 1-year's data, and in the 2012 filing are based on an average of 3-years data -- please explain why this change was made and its impact on the differential charges.

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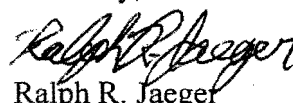
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7. For each of the O&M categories listed in the table on page 15 of the 2012 filing, please explain what caused the increase or decrease as compared to the 2010 filing.
8. Referring to the assumptions and calculations used to determine the cost multipliers, please explain why:
  - a. O&M Expense is being calculated differently in the 2012 filing as compared to the 2010 filing.
  - b. O&M Annual Escalation Percent was changed from 2.00% in the 2010 filing to 2.30% in the 2012 filing.
9. Please explain how the Indirect Operating Cost Multiplier was derived in the 2012 filing and how the calculation and inputs may differ from the 2010 filing.
10. How was the amount of conductor feet determined?
11. Is the discount rate of 7.07% a pre-tax or after-tax rate?
  - a. Was the 7.07% rate the approved discount rate in the last rate case? If not, why should the 7.07% rate be used instead of the approved rate?
  - b. Please show how the 7.07% discount rate was derived.
12. To the extent not addressed in a prior response:
  - a. please identify and explain any design changes to the low and high density subdivisions since the 2010 filing and describe their impact on the differential charges.
  - b. please identify and explain any changes to the overhead and underground operating cost multipliers since the 2010 filing and describe their impact on the differential charges.

Please file the original and five copies of the requested information by Friday, July 20, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6234 if you have any questions.

Sincerely,



Ralph R. Jaeger  
Senior Attorney

RRJ/th

cc: Office of Commission Clerk