

84	Michael P. Gorman	MPG-18	Accuracy of Interest Rate Forecasts (Long-Term Treasury Bond Yields – Projected vs. Actual)	
<a href="#">85</a>	Greg R. Meyer	GRM-1	kWh Sales/Customer/Billing Day	
<a href="#">86</a>	Greg R. Meyer	GRM-2	Historic and Forecasted Levels of Baseline Production Expense	
<b>STAFF</b>				
<a href="#">87</a>	Debra M. Dobiac	DMD-1	Auditor’s Report—Twelve Months Ended Dec. 31, 2012	
<a href="#">88</a>			Gulf’s responses to Staff’s First Set of Interrogatories, No. 1-11	
<a href="#">89</a>			Gulf’s responses to Staff’s Amended Second Set of Interrogatories, Nos. 12-37	
<a href="#">90</a>			Gulf’s responses to Staff’s Third Set of Interrogatories, Nos. 38-52	
<a href="#">91</a>			Gulf’s responses to Staff’s Fourth Set of Interrogatories, Nos. 53-55	
<a href="#">92</a>			Gulf’s response to Staff’s Fifth Set of Interrogatories, No. 56	
<a href="#">93</a>			Gulf’s responses to Staff’s Sixth Set of Interrogatories, Nos. 57-63, 64 (CONFIDENTIAL) and 65	
<a href="#">94</a>			Gulf’s responses to Staff’s Seventh Set of Interrogatories, Nos. 66-91	
<a href="#">95</a>			Gulf’s responses to Staff’s Eighth Set of Interrogatories, Nos. 92-112	
<a href="#">96</a>			Gulf’s response to Staff’s Ninth Set of Interrogatories, No. 113	

<a href="#"><u>97</u></a>			Gulf's responses to Staff's Tenth Set of Interrogatories, Nos. 114-125, 127, and 132 (p. 1 only)	
<a href="#"><u>98</u></a>			Gulf's responses to Staff's Eleventh Set of Interrogatories, Nos. 135 and 136	
<a href="#"><u>99</u></a>			Gulf's responses to Staff's Amended First Request for Production of Documents, Nos. 1-4	
<a href="#"><u>100</u></a>			Gulf's responses to Staff's Second Request for Production of Documents, Nos. 5-8	
<a href="#"><u>101</u></a>			Gulf's responses to Staff's Third Request for Production of Documents, Nos. 9-13	
<a href="#"><u>102</u></a>			Gulf's responses to Staff's Fourth Request for Production of Documents, Nos. 14, and 16-18	
<a href="#"><u>103</u></a>			Gulf's responses to Staff's Fifth Request for Production of Documents, No. 19, pp.1-87	
<a href="#"><u>104</u></a>			Gulf's responses to Staff's Sixth Request for Production of Documents, No. 20-22	
<a href="#"><u>105</u></a>			Gulf's responses to OPC's First Set of Interrogatories, Nos. 1-12, 17, 19, 21, 22, 26-28, 30, 32-37, 39-43, 48-63, 65-73, revised 75, and 78	
<a href="#"><u>106</u></a>			Gulf's responses to OPC's Second Set of Interrogatories, Nos. 80-82, 84-98, 100, & 102	
<a href="#"><u>107</u></a>			Gulf's responses to OPC's Third Set of Interrogatories, Nos. 113-115	
<a href="#"><u>108</u></a>			Gulf's responses to OPC's Fourth Set of Interrogatories, Nos. 116-162	
<a href="#"><u>109</u></a>			Gulf's responses to OPC's Fifth Set of Interrogatories, Nos. 169-177	

<a href="#"><u>110</u></a>			Gulf's responses to OPC's Seventh Set of Interrogatories, Nos. 182-192	
<a href="#"><u>111</u></a>			Gulf's responses to OPC's Eighth Set of Interrogatories, Nos. 193-199	
<a href="#"><u>112</u></a>			Gulf's response to OPC's Ninth Set of Interrogatories, No. 201	
<a href="#"><u>113</u></a>			Gulf's response to OPC's Tenth Set of Interrogatories, No. 202	
<a href="#"><u>114</u></a>			Gulf's response to OPC's Eleventh Set of Interrogatories, No. 203 and 204	
<a href="#"><u>115</u></a>			Gulf's responses to OPC's First Request for Production of Documents, Nos. 1, 2, 4, 14, 15, and 57	
<a href="#"><u>116</u></a>			Gulf's responses to OPC's Second Request for Production of Documents, Nos. 60, 61, 64, and 66	
<a href="#"><u>117</u></a>			Gulf's responses to OPC's Third Request for Production of Documents, Nos. 72 and 73	
<a href="#"><u>118</u></a>			Gulf's responses to OPC's Fourth Request for Production of Documents, Nos. 74-81, 84-86, 88, and 89	
<a href="#"><u>119</u></a>			Gulf's responses to OPC's Fifth Request for Production of Documents, Nos. 90, 91, & 103	
<a href="#"><u>120</u></a>			Gulf's responses to FEA's First Set of Interrogatories, Nos. 1-17, and 20	
<a href="#"><u>121</u></a>			Gulf's response to FEA's First Request for Production of Documents, No. 4 (Bates pp. 1170-1177 and 1190-1206	
<a href="#"><u>122</u></a>			OPC's response to Staff's First Set of Interrogatories, No. 1	
<a href="#"><u>123</u></a>			FEA's responses to Staff's First Request for Production of Documents, Nos. 1-3	

<a href="#"><u>124</u></a>			Gulf's responses to Staff's First Data Request, Nos. 1-23, in Docket No. 130092-EI	
<a href="#"><u>125</u></a>			Gulf's responses to Staff's Second Data Request, Nos. 1-7, in Docket No. 130092-EI	
<a href="#"><u>126</u></a>			Gulf's responses to Staff's First Data Request, Nos. 1-64, including PODs 1-3, in Docket No. 130151-EI	
<a href="#"><u>127</u></a>			Gulf's responses to Staff's Second Data Request, Nos. 1-3, in Docket No. 130151-EI	
<a href="#"><u>128</u></a>			Gulf's revised response to Staff's 1st Data Request, POD 1, in Docket No. 130151-EI	
<a href="#"><u>129</u></a>			Gulf's clarification of responses to Staff's First and Second Data Requests, Nos. 1-9, in Docket No. 130151-EI	
<a href="#"><u>130</u></a>			Gulf's second clarification of responses to Staff's First and Second Data Requests, Nos. 1-2, in Docket No. 130151-EI	
<a href="#"><u>131</u></a>			Gulf's revised response to Staff's First Data Request, No. 42, in Docket No. 130151-EI	
<a href="#"><u>132</u></a>			Gulf's responses to Staff's Depreciation Report questions, Nos. 1-19, in Docket No. 130151-EI	
<a href="#"><u>133</u></a>			Gulf's responses to Staff's follow-up data requests Nos. 1-8, in Docket No. 130151-EI	
<a href="#"><u>134</u></a>			Gulf's response to OPC's First Set of Interrogatories, No. 65, in Docket No. 130151-EI	
<b><u><a href="#"><i>GULF (REBUTTAL)</i></a></u></b>				

<a href="#"><u>135</u></a>	James H. Vander Weide	JVW-3	Research Literature that Studies the Efficacy of Analysts' Earnings Forecasts; Summary of Discounted Cash Flow Analysis for Electric Utilities; Comparison of DCF expected return on an investment in electric utilities to the interest rate on Moody's A-rated utility bonds; Ex Post Risk Premium Cost of Equity; Calculation of Capital Asset Pricing Model Cost of Equity Using the Ibbotson® SBBI® 6.7 Percent Risk Premium; Calculation of Capital Asset Pricing Model Cost of Equity Using DCF Estimate of the Expected Rate of Return on the Market Portfolio	
<a href="#"><u>136</u></a>	Steven M. Fetter	SMF-1	Qualifications of S. M. Fetter; "The A Rating" by Steven M. Fetter, Electric Perspectives, EEI. May/June 2009	
<a href="#"><u>137</u></a>	Rhonda J. Alexander	RJA-2	Residential Energy Sales Model-Impact of Independent Variables on Energy Sales and Base Revenue Comparison	
<a href="#"><u>138</u></a>	Michael L. Burroughs	MLB-2	Account 343- Prime Movers Combined Cycle	
<a href="#"><u>139</u></a>	Raymond W. Grove	RWG-2	Prior base rate case testimony	
<a href="#"><u>140</u></a>	Jeffrey A. Burleson	JAB-1	MATS Compliance Evaluation; Florida Department of Environmental Protection letter stating transmission is valid compliance method for MATS	
<a href="#"><u>141</u></a>	P. Chris Caldwell	PCC-2	Transmission Ten Year Plan ( <b>CONFIDENTIAL</b> ); MATS Transmission Projects List	

<a href="#">142</a>	Angela G. Strickland	AGS-2	2013 Summary CVB Rank Chart-All Customer Classes; 2013 Perceived Value Rank Chart-Residential Customers; 2013 Perceived Value Rank Chart-General Business Customers; 2013 Perceived Value Rank Chart-Large Business Customers	
<a href="#">143</a>	Amy D. Whaley	ADW-1	Survey data excerpts from Towers Watson 18th Annual Employer Survey on Purchasing Value in Health Care	
<a href="#">144</a>	Richard J. McMillan	RJM-2	Bureau of Labor Statistics Release dated May 2013- "Productivity and Cost by Industry: Selected Service-Providing and Mining Industries, 2011"; Industry Labor Productivity and Costs: Percent Changes August 29, 2013	
<a href="#">145</a>	J. Terry Deason	JTD-1	Biographical Information for Terry Deason	
<a href="#">146</a>	R. Scott Teel	RST-2	Updated Base Retail ROE Chart	

**GULF POWER COMPANY**  
 Docket No. 130140-EI

kWh Sales/Customer/Billing Day

<u>Line</u>	<u>Description</u>	<u>January</u> (1)	<u>February</u> (2)	<u>March</u> (3)	<u>April</u> (4)	<u>May</u> (5)	<u>June</u> (6)	<u>July</u> (7)	<u>August</u> (8)	<u>September</u> (9)	<u>October</u> (10)	<u>November</u> (11)	<u>December</u> (12)
1	2013	37.60	36.05	30.29	27.65	31.63	43.64	50.90	51.56	47.57	38.28	28.89	31.84
2	2014	38.14	36.47	30.54	27.75	31.58	43.45	50.59	51.17	47.07	37.67	28.19	31.04
3	Difference	0.54	0.42	0.25	0.10	-0.05	-0.19	-0.31	-0.39	-0.50	-0.61	-0.70	-0.80
4	% Difference	1.44%	1.16%	0.83%	0.37%	-0.16%	-0.43%	-0.61%	-0.76%	-1.05%	-1.58%	-2.43%	-2.51%

FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET NO. 130140-EI EXHIBIT 85  
 PARTY Federal Executive Agencies (Direct)  
 DESCRIPTION Greg R. Meyer (GRM-1)  
 DATE \_\_\_\_\_

**GULF POWER COMPANY**  
 Docket No. 130140-EI

Historic and Forecasted Levels of Baseline Production Expense

<u>Line</u>	<u>Description</u>	<u>Actual 2008 (1)</u>	<u>Actual 2009 (2)</u>	<u>Actual 2010 (3)</u>	<u>Actual 2011 (4)</u>	<u>Actual 2012 (5)</u>	<u>Forecasted 2013 (6)</u>	<u>Forecasted 2014 (7)</u>	<u>2008 - 2012 Average (8)</u>
1	Baseline Materials	\$ 7,288	\$ 6,376	\$ 7,762	\$ 8,514	\$ 7,843	\$ 10,321	\$ 10,006	\$ 7,557
2	Baseline Other	40,727	37,820	46,923	47,393	44,846	50,381	51,593	43,542
3	Baseline Labor	<u>27,328</u>	<u>25,769</u>	<u>27,237</u>	<u>27,779</u>	<u>28,150</u>	<u>29,009</u>	<u>29,476</u>	<u>27,253</u>
4	Total Baseline	\$ 75,343	\$ 69,965	\$ 81,922	\$ 83,686	\$ 80,839	\$ 89,711	\$ 91,075	\$ 78,351

Source: Exhibit No. \_\_\_\_ (RWG-1), Schedule 7

FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET NO. 130140-EI EXHIBIT 86  
 PARTY Federal Executive Agencies (Direct)  
 DESCRIPTION Greg R. Meyer (GRM-2)  
 DATE \_\_\_\_\_



State of Florida



**Public Service Commission**

Office of Auditing and Performance Analysis  
Bureau of Auditing  
Tallahassee District Office

**Auditor's Report**

Gulf Power Company  
Rate Case Audit

**Twelve Months Ended December 31, 2012**

Docket No. 130140-EI  
Audit Control No. 13-207-1-1  
September 27, 2013

Handwritten signature of Debra M. Dobiac.

Debra M. Dobiac  
Audit Manager

Handwritten signature of Hymavathi Vedula.

Hymavathi Vedula  
Audit Staff

Handwritten signature of Lynn M. Deamer.

Lynn M. Deamer  
Reviewer

**FLORIDA PUBLIC SERVICE COMMISSION**

<b>DOCKET NO.</b>	130140-EI	<b>EXHIBIT</b>	87
<b>PARTY</b>	PSC Staff (Debra M. Dobiac DMD-1)		
<b>DESCRIPTION</b>	Auditor's Report—Twelve Months Ended Dec.		
<b>DATE</b>			

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

    None..... 8

Exhibits

    1: Rate Base ..... 9

    2: Net Operating Income..... 10

    3: Capital Structure ..... 11

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Accounting and Finance in its audit service request dated July 30, 2013. We have applied these procedures to the attached schedules prepared by Gulf Power Company in support of its filing for rate relief in Docket No. 130140-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

GPC/Utility refers to Gulf Power Company

Southern/Parent refers to The Southern Company

FERC refers to the Federal Energy Regulatory Commission

USOA refers to the FERC Uniform System of Accounts as adopted by Commission Rule 25-6.014 – Records and Reports in General, Florida Administrative Code. (F.A.C.)

#### Background

Gulf Power Company filed a petition for a permanent rate increase on May 9, 2013. GPC has provided electric utility service to its customers since 1926 and now serves more than 436,000 retail customers across 8 counties in Northwest Florida. The Utility is a wholly-owned subsidiary of The Southern Company.

The Utility's last petition for rate relief was granted in Docket No. 110138-EI, in Order No. PSC-12-0179-FOF-EI, Petition for Rate Increase, issued April 3, 2012, and in Order No. PSC-12-0400-FOF-EI, Motion for Reconsideration, issued August 3, 2012. Those orders established and reaffirmed historical rate base and capital structure balances for the Utility as of December 31, 2010.

**Objectives:** The objectives in this proceeding were to determine whether the Utility's 2012 historic year end filing in Docket No. 130140-EI is consistent and in compliance with Section 366.06 – Rates, Procedures for Fixing and Changing, Florida Statutes (F.S.), and Commission Rule 25-6.043 – Investor Owned Electric Utility Minimum Filing Requirements, F.A.C.

**Procedures:** We performed the following specific objectives and procedures to satisfy the overall objective identified above.

### **Rate Base**

#### Utility Plant in Service

**Objectives:** The objectives were to determine whether utility plant in service (UPIS) exists and is owned by the utility, additions are authentic and recorded at original cost, proper retirements were made when a replacement asset was put into service, UPIS is properly classified in compliance with the USOA, UPIS balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and to recalculate the 13-month average balance for UPIS as of December 31, 2012.

**Procedures:** We verified, based on a judgmental sample of UPIS additions, retirements and adjustments for selected plant accounts, that the Utility's UPIS is properly recorded for the period January 1, 2011 through December 31, 2012. We traced the UPIS adjustments to source

documents and noted that they were consistent with the order cited above. We recalculated a sample of 13-month average balances for UPIS included in the filing. No exceptions were noted.

#### Property Held for Future Use

**Objectives:** The objective was to determine the nature and purpose of utility properties recorded as plant held for future use (PHFU) and to disclose material additions or changes to the Utility's planned use for such properties, PHFU balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and to recalculate the 13-month average balance for PHFU as of December 31, 2012.

**Procedures:** We verified, based on a judgmental sample of PHFU properties presented in the filing, that the PHFU balance is properly stated as of December 31, 2012. We reviewed documents describing the planned use for properties in our sample and inquired about changes in use for existing properties. We traced the PHFU adjustments to source documents and noted that they were consistent with the order cited above. We recalculated a sample of 13-month average balances for PHFU included in the filing. No exceptions were noted.

#### Construction Work in Progress

**Objectives:** The objectives were to determine the nature and purpose of utility projects recorded as construction work in progress (CWIP), and whether projects that are eligible to accrue allowance for funds used during construction (AFUDC) are excluded from rate base pursuant to Commission Rule 25-6.0141, F.A.C. – Allowance for Funds Used During Construction, CWIP balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and to recalculate the 13-month average balance for CWIP as of December 31, 2012.

**Procedures:** We verified, based on a judgmental sample of CWIP projects included in the filing, that the CWIP balance is properly stated as of December 31, 2012. We reviewed utility documents describing each project sampled to determine whether it was eligible to accrue AFUDC. We verified that projects accruing AFUDC were not included in rate base in the filing. We traced the CWIP adjustments to source documents and noted that they were consistent with the order cited above. We recalculated a sample of 13-month average balances for CWIP included in the filing. No exceptions were noted.

#### Accumulated Depreciation

**Objectives:** The objectives were to determine whether accruals, retirements and adjustments to accumulated depreciation (AD) are properly recorded in compliance with the USOA, to determine whether the Utility used the depreciation rates established in Order No. PSC-10-0458-PAA-EI - Depreciation and Dismantlement study at December 31, 2009, by Gulf Power Company, balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and to recalculate the 13-month average balance for AD as of December 31, 2012.

**Procedures:** We verified, based on a judgmental sample of selected AD accounts, that the AD is properly recorded for the period January 1, 2011 through December 31, 2012, and the Utility properly restated and used the depreciation rates approved in the order cited above. We traced

the AD adjustments to source documents and noted that they were consistent with the order cited above. We recalculated a sample of 13-month average balances for selected AD accounts included in the filing. No exceptions were noted.

### Working Capital

**Objectives:** The objectives were to determine whether the working capital (WC) account balances are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and the provisions of Rule 25-6.0143, F.A.C. – Use of Accumulated Provision Accounts, and, to recalculate the 13-month average balance for WC as of December 31, 2012.

**Procedures:** We verified, based on a judgmental sample of selected accounts, that the WC balance is properly stated, utility in nature, non-interest bearing, does not include non-utility items, and is consistent with the order cited above. We verified, based on a judgmental sample of selected accounts, that the accumulated provision accounts year end balances comply with the Commission rule cited above. We recalculated a sample of 13-month average balances for selected WC accounts included in the filing. No exceptions were noted.

## **Net Operating Income**

### Operating Revenue

**Objectives:** The objectives were to determine whether 2012 revenues are properly calculated and recorded in compliance with the USOA and are based on approved tariff rates.

**Procedures:** We reconciled 2012 revenues to the general ledger. We reviewed Commission audits of the Utility's cost recovery clauses, which included recalculations of a sample of customer bills, to ensure that the Utility was using the rates authorized in its approved tariffs. We verified that unbilled revenues were calculated correctly. We traced the revenue adjustments to source documents and noted that they were consistent with Order No. PSC-12-0179-FOF-EI. No exceptions were noted.

### Operation and Maintenance Expense

**Objectives:** The objectives were to determine whether 2012 operation and maintenance (O&M) expenses are properly recorded in compliance with the USOA, the O&M expenses are properly stated based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and were reasonable for ongoing utility operations.

**Procedures:** We verified, based on a judgmental sample of utility transactions for select O&M expense accounts, that 2012 O&M expense balances are adequately supported by source documentation, utility in nature and do not include non-utility items, and are recorded consistent with the USOA. We reviewed samples of utility advertising expenses, legal fees, outside service expenses, sales expenses, customer service expenses, and administrative and general service expenses to ensure that amounts supporting non-utility operations were removed. We traced the O&M expense adjustments to source documents and noted that they were consistent with the order cited above. We obtained a breakdown of the Affordable Health Care Act and its impact on revenues, expenses, and tax liabilities. No exceptions were noted.

### Depreciation and Amortization

**Objectives:** The objectives were to determine whether 2012 depreciation expense is properly recorded in compliance with the USOA and based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI, and to determine that depreciation expense accruals are calculated using the depreciation rates established in Order No. PSC-10-0458-PAA-EI.

**Procedures:** We recalculated a judgmental sample of depreciation expense accruals to verify that the Utility is using the correct depreciation rates established in the order cited above. We traced the depreciation expense adjustments to source documents and noted that they were consistent with the order cited above. No exceptions were noted.

### Taxes Other than Income

**Objectives:** The objective was to determine whether 2012 taxes other than income (TOTI) is properly recorded in compliance with the USOA and based on Commission adjustments in the prior rate case in Order No. PSC-12-0179-FOF-EI.

**Procedures:** We verified, based on a judgmental sample of transactions for select TOTI accounts, that TOTI expenses are adequately supported by source documentation. We traced the TOTI adjustments to source documents and noted that they were consistent with the order cited above. No exceptions were noted.

### Income Taxes

**Objectives:** The objective was to reconcile the federal and state income taxes to the MFRs and the general ledger, and to determine whether deferred income tax expense and the deferred tax balances include proper bonus depreciation treatment of property additions.

**Procedures:** The Utility's 2012 federal and state tax returns were filed on September 15, 2013. We traced the Utility's net operating income reflected in the MFRs to the general ledger. The Utility's schedule that reconciles the MFR amounts for the taxable income per books, the temporary and permanent differences, and the deferred income tax balances to the tax returns was not completed as of the date of this audit report. No further work performed.

### **Capital Structure**

**Objectives:** The objectives were to determine whether the non-utility assets supported by the Utility's capital structure were removed in the rate base/capital structure reconciliation, the cost rates used in the computation of the cost of capital are appropriate, the rate base adjustments were adjusted in the capital structure, and to reconcile the Utility book amounts to the MFRs and the general ledger.

**Procedures:** We obtained the rate base/capital structure reconciliation and determined that the non-utility adjustments removed in rate base were removed in the capital structure. Audit staff reconciled the cost of capital cost rates for the historical base year to the debt documentation. We obtained a reconciliation of the rate base adjustments in the capital structure and traced it to the MFRs and the general ledger. No exceptions were noted.

## **Other**

### Analytical Review

**Objectives:** The objective was to perform an analytical review of the Utility's rate case filing using prior years FERC Form 1 filings with the Commission.

**Procedures:** We developed a five-year (2008 -2012) analytical review that compared the annual percentage change and the 2012 over 2007 total percentage change for the FERC account balances. Accounts that exhibited significant activity or percentage change, as determined by the auditor, were randomly selected for additional review. No exceptions were noted.

### Affiliate Transactions

**Objectives:** The objective was to review intercompany charges to and from divisions, affiliated companies, and non-regulated operations to determine if an appropriate amount of costs were allocated pursuant to Rule 25-6.1351, F.A.C. We were also to determine the original amounts allocated, whether the methodology was reasonable, and to check for accuracy and consistent application.

**Procedures:** Audit staff reviewed the Utility's policies and procedures relating to the recording of affiliate transactions and the cost/allocation manual for employees. During the review of rate base and net operating income, we examined items that were allocated as per the Utility's policies and procedures. No exceptions were noted.

### Federal Energy Regulatory Commission Audit

**Objectives:** The objective was to determine whether there were any exceptions and disclosures noted in the last FERC audit applicable to this current rate proceeding.

**Procedures:** We read the FERC audit, dated May 28, 2013 of Southern Company Affiliate Transactions, including its compliance with 1) cross-subsidization restrictions on affiliate transactions, 2) regulations under the Public Utility Holding Company Act of 2005, and 3) USOA for Public Utilities' accounting for service company billings. Southern agreed with the findings and recommendations in this audit and implemented corrective actions and improvements. No further audit work done.

### Internal and External Audits

**Objectives:** The objective was to determine whether there were any exceptions and disclosures noted in any internal or external audits applicable to this current rate proceeding.

**Procedures:** We reviewed the internal audits to determine if any adjustments materially affected the historical base year. We noted that the Utility had performed any required corrective action in the applicable follow-up audit. We reviewed the 2012 annual report and associated audit work papers for GPC. The annual report was released on February 27, 2013, and included the unqualified opinion by Deloitte and Touche LLP. No exceptions were noted.



**Board of Director Meetings**

**Objectives:** The objective was to review the minutes of the Board of Directors.

**Procedures:** We reviewed the BOD meeting minutes from January 11, 2011 through May 22, 2013, for activities or issues that could affect the Utility in the current rate case proceeding. No exceptions were noted.

Audit Findings

**None**

## Exhibits

### Exhibit 1: Rate Base

<u>Schedule B-1</u>	<b>ADJUSTED RATE BASE</b>	Page 3 of 3
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide a schedule of the 13-month average adjusted ratebase for the test year, the prior year and the most recent historical year. Provide the details of all adjustments on Schedule B-2.	Type of Data Shown: <input type="checkbox"/> Projected Test Year Ended 12/31/14 <input type="checkbox"/> Prior Year Ended 12/31/13 <input checked="" type="checkbox"/> Historical Year Ended 12/31/12
COMPANY: GULF POWER COMPANY		Witness: S. D. Ritanour
DOCKET NO.: 130140-EI		

Adjusted 13-Month Average Rate Base  
(\$000's)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Line No.	Rate Base Components	Total Company per Books	Non-Electric Utility	Electric Utility (3) + (4)	Commission Adjustments Made in Last Case as Applicable (Sch. B-2)	Adjusted per Commission (5)+(6)	Company Adjustments (Sch. B-2)	Total Utility with Commission & Company Adjustments (7) + (8)	Unit Power Sales Rate Base	Total Utility Adjusted for UPS (9) - (10)	Jurisdictional Rate Base Factor	Jurisdictional Utility Adjusted Per Company & Commission (11) x (12)
1	Plant-in-Service	4,048,835	0	4,048,835	(998,452)	3,050,383	0	3,050,383	(368,523)	2,681,860	0.9814230	2,632,039
2	Accumulated Depreciation & Amortization	(1,368,987)	0	(1,368,987)	78,604	(1,292,163)	0	(1,292,163)	115,150	(1,177,033)	0.9804978	(1,154,078)
3	Net Plant-in-Service (1) - (2)	2,679,848	0	2,679,848	(921,648)	1,758,200	0	1,758,200	(253,373)	1,504,827	0.9821468	1,477,961
4	Plant Held for Future Use	15,451	0	15,451	(10,018)	5,435	0	5,435	0	5,436	0.9707452	5,276
5	Construction Work-in-Progress	214,728	0	214,728	(160,443)	54,283	0	54,283	(3,840)	50,443	0.9767680	49,271
6	Plant Acquisition Adjustment	2,414	0	2,414	0	2,414	0	2,414	(2,414)	0		0
7	Net Utility Plant (3)+(4)+(5)+(6)	2,912,439	0	2,912,439	(1,092,107)	1,820,332	0	1,820,332	(258,627)	1,560,705	0.9819332	1,532,508
8	Working Capital Allowance	215,545	(13,218)	202,327	(3,788)	198,541	0	198,541	(12,190)	186,351	0.9769414	182,054
9	Total Rate Base (7) + (8)	3,127,984	(13,218)	3,114,766	(1,085,893)	2,018,873	0	2,018,873	(271,817)	1,747,056		1,714,582

## Exhibit 2: Net Operating Income

Schedule C-1

### ADJUSTED JURISDICTIONAL NET OPERATING INCOME

Page 3 of 3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the jurisdictional net operating income for the test year, the prior year and the most recent historical year.

Type of Data Shown:

Projected Test Year Ended 12/31/14

Prior Year Ended 12/31/13

Historical Year Ended 12/31/12

COMPANY: GULF POWER COMPANY

Witness: S. D. Ritenour

DOCKET NO.: 130140-EI

(\$000's)

#### Adjusted Jurisdictional Net Operating Income Calculation for the Twelve Months Ended

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Line No.	Description	Total Company per Books	Non-Electric Utility	Electric Utility (4) - (5)	Commission Adjustments (Sch. C-3)	Adjusted per Commission (6) + (7)	Utility Adjusted per Commission (6) + (7)	Company Adjustments (Sch. C-3)	Total Adjusted Utility (8) + (9)	Unit Power Sales Net Operating Income	Total Adjusted Utility net of UPS (10) - (11)	Jurisdictional Separation Factor	Jurisdictional Amount (12) x (13)
<b>1 Operating Revenues:</b>													
2	Sales of Electricity	1,363,071	-	1,363,071	(810,791)	552,280	-	552,280	(59,245)	493,035	0.9754561	480,934	
3	Other Operating Revenues	76,825	-	76,825	(48,437)	28,388	-	28,388	-	28,388	0.8675849	24,629	
4	<b>Total Operating Revenues</b>	<b>1,439,896</b>	<b>-</b>	<b>1,439,896</b>	<b>(859,228)</b>	<b>580,668</b>	<b>-</b>	<b>580,668</b>	<b>(59,245)</b>	<b>521,423</b>	<b>0.9695832</b>	<b>505,563</b>	
<b>5 Operating Expenses:</b>													
6	Recoverable Fuel	572,512	-	572,512	(572,512)	-	-	-	-	-	-	-	
7	Recoverable Capacity	45,500	-	45,500	(45,500)	-	-	-	-	-	-	-	
8	Recoverable Conservation	20,910	-	20,910	(20,910)	-	-	-	-	-	-	-	
9	Recoverable Environmental	25,185	-	25,185	(25,185)	-	-	-	-	-	-	-	
10	Other Operation & Maintenance	269,243	-	269,243	(814)	268,429	-	268,429	(7,360)	261,069	0.9806803	256,025	
11	Depreciation & Amortization	142,390	-	142,390	(38,607)	103,783	-	103,783	(7,633)	96,150	0.9819407	94,414	
12	Amortization of Investment Credit	(1,352)	-	(1,352)	-	(1,352)	-	(1,352)	331	(1,021)	0.9821029	(1,003)	
13	Taxes Other Than Income Taxes	97,313	-	97,313	(67,331)	29,982	-	29,982	(1,531)	28,451	0.9786299	27,843	
14	Income Taxes												
15	Federal	(92,341)	-	(92,341)	(22,773)	(115,114)	-	(115,114)	15,884	(99,230)	0.9229757	(91,587)	
16	State	(2,439)	-	(2,439)	(3,788)	(6,227)	-	(6,227)	445	(5,782)	0.9229757	(5,337)	
17	Deferred Income Taxes - Net												
18	Federal	161,110	-	161,110	-	161,110	-	161,110	(27,713)	133,397	0.9229757	123,122	
19	State	13,212	-	13,212	-	13,212	-	13,212	(2,412)	10,800	0.9229757	9,968	
20	<b>Total Operating Expenses</b>	<b>1,251,243</b>	<b>-</b>	<b>1,251,243</b>	<b>(797,420)</b>	<b>453,823</b>	<b>-</b>	<b>453,823</b>	<b>(29,989)</b>	<b>423,834</b>	<b>0.9754899</b>	<b>413,446</b>	
21	<b>Net Operating Income</b>	<b>188,653</b>	<b>-</b>	<b>188,653</b>	<b>(61,808)</b>	<b>126,845</b>	<b>-</b>	<b>126,845</b>	<b>(29,256)</b>	<b>97,589</b>	<b>0.9439301</b>	<b>92,117</b>	

### Exhibit 3: Capital Structure

Schedule D-1a	<b>COST OF CAPITAL 13-MONTH AVERAGE</b>	Page 3 of 3
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide the company's 13-month average cost of capital for the test year, the prior year, and historical base year.	Type of Data Shown: <input type="checkbox"/> Projected Test Year Ended 12/31/14 <input type="checkbox"/> Prior Year Ended 12/31/13 <input checked="" type="checkbox"/> Historical Year Ended 12/31/12 Witness: S. D. Pitenour
COMPANY: GULF POWER COMPANY		
DOCKET NO.: 130140-EI		

(1) Line No.	(2) Class of Capital	(3) Company Total Per Books (\$000's)	(4) Specific Adjustments (\$000's)	(5) Pro Rata Adjustments (\$000's)	(6) System Adjusted (\$000's)	(7) Jurisdictional Factor %	(8) Jurisdictional Capital Structure (\$000's)	(9) Ratio %	(10) Cost Rate %	(11) Weighted Cost Rate %
1	Long-Term Debt	1,222,347	(109,377)	(428,140)	684,830	0.9811631	671,930	39.19	4.96	1.94
2	Short-Term Debt	72,767	(8,821)	(25,469)	38,477	0.9811631	37,752	2.20	0.38	0.01
3	Preference Stock	97,998	(8,772)	(34,324)	54,902	0.9811631	53,868	3.14	6.33	0.20
4	Common Equity	1,160,164	(99,619)	(407,972)	652,573	0.9811631	640,281	37.34	11.50	4.29
5	Customer Deposits	35,821	-	(13,780)	22,041	1.0000000	22,041	1.29	4.75	0.06
6	Deferred Income Taxes	554,770	(45,092)	(196,062)	313,616	0.9811631	307,709	17.95	0.00	0.00
7	FASB 109 Deferred Taxes	(39,782)	3,234	14,059	(22,489)	0.9811631	(22,066)	-1.29	0.00	0.00
8	Investment Credit - Zero Cost	6,084	(1,036)	(1,942)	3,106	0.9811631	3,047	0.18	8.08	0.01
9	Total	<u>3,110,169</u>	<u>(269,483)</u>	<u>(1,093,630)</u>	<u>1,747,056</u>		<u>1,714,562</u>	<u>100.00</u>		<u>6.51</u>

88

**Gulf's Responses to  
Staff's First Set of Interrogatories  
(Nos. 1-11)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-E1 EXHIBIT 88  
PARTY PSC Staff  
DESCRIPTION Gulf's resp to Staff's First ROGs, No. 1-11  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

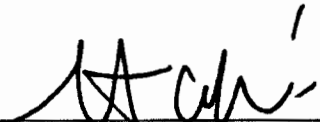
Docket No. 130140-EI

Date Filed: September 13, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-11)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's First Set of Interrogatories (Nos. 1-11) on the following pages.

Respectfully submitted by overnight mail the 13th day of September, 2013,

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

1. Please provide the historical data in electronic format used to estimate the residential energy sales model used to project test year residential energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_Res.xls" for the historical data used in Gulf's residential energy sales model to develop the residential energy sales forecast. This file represents Gulf's residential energy sales model output from MetrixND software. The historical data for the dependent variable, monthly billing cycle energy per customer per billing day, is under the "Data" tab, cells C2 through C241. The historical data for the independent variables is under the "Data" tab, cells D2 through Y241.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.



2. Please provide in electronic format the projected forecast assumptions used to produce projected residential energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_Res.xls" for the forecast assumptions used in Gulf's residential energy sales model to develop the residential energy sales forecast. This file represents Gulf's residential energy sales model output from MetrixND software. The forecasted data for the independent variables is under the "Data" tab, cells D242 through Y291. The forecasted dependent variable, residential non-lighting energy per customer per billing day, is under the "YHat" tab, cells D242 through D291.

Please see attachment "B2013A energy calc Res.xlsx" for the forecast assumptions used for cycle billing days, customers, DSM plan impacts, electric vehicle energy adjustments, residential outdoor lighting energy, and unbilled energy; and the calculation of the monthly calendar residential energy sales forecast. Residential non-lighting kWh per customer per billing day was multiplied by the projected number of residential non-lighting customers and projected average cycle billing days to arrive at the residential non-lighting billing cycle energy before adjustments. Next, residential exogenous adjustments for DSM and electric vehicle charging were applied, and projected outdoor lighting energy was added to arrive at total residential billing cycle energy. Projected residential unbilled kWh was combined with total residential billing cycle kWh to arrive at the monthly calendar residential energy sales forecast.

The sum of the monthly January through December 2014 calendar energies shown in file "B2013A energy calc Res.xlsx", cells V20 through V31, is consistent with the residential energy sales test year forecast shown in Witness Alexander's testimony, page 14, line 18.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

3. Please provide in electronic format any adjustments made to the test year residential energy sales forecast described by Witness Alexander.

ANSWER:

Adjustments were made to the residential energy sales forecast to reflect the anticipated residential impacts of Gulf's DSM plan and the introduction of electric vehicles to the market.

Please see attachment "B13A DSM adjustments to forecast.xls" for the calculation of the annual exogenous DSM adjustments to residential class energy. The test year residential exogenous DSM adjustment can be found in tab "Cum Mtr F'Cast kWh (Exog Adj)", cell I31. This value is consistent with the amount shown in Witness Alexander's testimony, page 22, line 12.

The annual exogenous DSM adjustments to residential class energy were converted to monthly values as shown in attachment "B13A calculate weather monthly conservation spread.xlsx." The test year monthly exogenous DSM adjustments to residential class energy can be found in tab "monthly exog adj Energy", cells K31 through K42.

Please see attachment "PHEV\_EV analysis for Gulf B2013 Forecast 072112.xls", tab "monthly energies for TM1", column J, for the monthly exogenous adjustments for energy related to charging electric vehicles. The sum of the monthly January through December 2014 adjustments shown in cells J42 through J53 is consistent with the amount shown in Witness Alexander's testimony, page 22, line 19.

The residential exogenous adjustments for DSM and electric vehicle charging are also included in the attachment "B2013A energy calc Res.xlsx" provided in the response to Item No. 2.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

4. Please provide the historical data in electronic format used to estimate the small commercial energy sales model used to project test year residential energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_ComSm.xls" for the historical data used in Gulf's small commercial energy sales model to develop the small commercial energy sales forecast. This file represents Gulf's small commercial energy sales model output from MetrixND software. The historical data for the dependent variable, monthly billing cycle energy per customer per billing day, is under the "Data" tab, cells C2 through C241. The historical data for the independent variables is under the "Data" tab, cells D2 through S241.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

5. Please provide in electronic format the projected forecast assumptions used to produce projected small commercial energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_ComSm.xls" for the forecast assumptions used in Gulf's small commercial energy sales model to develop the small commercial energy sales forecast. This file represents Gulf's small commercial energy sales model output from MetrixND software. The forecasted data for the independent variables is under the "Data" tab, cells D242 through S291. The forecasted dependent variable, small commercial energy per customer per billing day, is under the "YHat" tab, cells D242 through D291.

Please see attachment "B2013A energy calc Commercial.xlsx", tab "ComSm", for the forecast assumptions used for cycle billing days, customers, and unbilled energy; and the calculation of the monthly calendar small commercial energy sales forecast. Small commercial kWh per customer per billing day was multiplied by the projected number of small commercial customers and projected average cycle billing days to arrive at the small commercial billing cycle energy. Projected small commercial unbilled kWh was combined with small commercial billing cycle kWh to arrive at the monthly calendar small commercial energy sales forecast.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

6. Please provide in electronic format any adjustments made to the test year small commercial energy sales forecast described by Witness Alexander.

ANSWER:

No adjustments were made to the small commercial energy sales forecast. All commercial class adjustments were made to the large commercial energy sales forecast as described in Gulf's response to Item No. 9.

7. Please provide the historical data in electronic format used to estimate the large commercial energy sales model used to project test year residential energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_ComLg.xls" for the historical data used in Gulf's large commercial energy sales model to develop the large commercial energy sales forecast. This file represents Gulf's large commercial energy sales model output from MetrixND software. The historical data for the dependent variable, monthly billing cycle energy per customer per billing day, is under the "Data" tab, cells C2 through C241. The historical data for the independent variables is under the "Data" tab, cells D2 through V241.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

8. Please provide in electronic format the projected forecast assumptions used to produce projected large commercial energy sales described by Witness Alexander.

ANSWER:

Please see attachment "B2013A\_ComLg.xls" for the forecast assumptions used in Gulf's large commercial energy sales model to develop the large commercial energy sales forecast. This file represents Gulf's large commercial energy sales model output from MetrixND software. The forecasted data for the independent variables is under the "Data" tab, cells D242 through V291. The forecasted dependent variable, large commercial energy per customer per billing day, is under the "YHat" tab, cells D242 through D291.

Please see attachment "B2013A energy calc Commercial.xlsx", tab "ComLg", for the forecast assumptions used for cycle billing days, customers, DSM plan impacts, and unbilled energy; and the calculation of the monthly calendar large commercial energy sales forecast. Large commercial kWh per customer per billing day was multiplied by the projected number of large commercial customers and projected average cycle billing days to arrive at the large commercial billing cycle energy before adjustments. Next, the commercial exogenous DSM adjustments were applied to arrive at total large commercial billing cycle energy. Projected large commercial unbilled kWh was combined with large commercial billing cycle kWh to arrive at the monthly calendar large commercial energy sales forecast.

The total commercial class calendar energy sales forecast is the sum of small commercial calendar kWh, large commercial calendar kWh, and commercial outdoor lighting calendar kWh as shown in attachment "B2013A energy calc Commercial.xlsx", tab "Commercial." The sum of the monthly January through December 2014 total commercial calendar energies shown in cells M20 through M31 is consistent with the commercial energy sales test year forecast shown in Witness Alexander's testimony, page 14, line 19.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

9. Please provide in electronic format any adjustments made to the test year large commercial energy sales forecast described by Witness Alexander.

ANSWER:

Adjustments were made to the large commercial energy sales forecast to reflect the anticipated commercial impacts of Gulf's DSM plan.

Please see attachment "B13A DSM adjustments to forecast.xls" for the calculation of the annual exogenous DSM adjustments to large commercial class energy. The test year commercial exogenous DSM adjustment can be found in tab "Cum Mtr F'Cast kWh (Exog Adj)", cell I51. This value is consistent with the amount shown in Witness Alexander's testimony, page 30, line 4.

The annual exogenous DSM adjustments to commercial class energy were converted to monthly values as shown in attachment "B13A calculate weather monthly conservation spread.xlsx." The test year monthly exogenous DSM adjustments to commercial class energy can be found in tab "monthly exog adj Energy", cells L31 through L42.

The commercial exogenous adjustments for DSM are also included in the attachment "B2013A energy calc Commercial.xlsx" provided in response to Item No. 8.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.



10. Please provide the actual and projected values for residential price used to create the "price decline" and "price increase" indices described by Witness Alexander.

ANSWER:

Please see attachment "Residential prices.xlsx" for the actual and projected values for residential price and the calculation of the price decline and increase indices used in Gulf's residential regression model.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's First Set of Interrogatories (Nos. 1-11) Disk 1.

11. Please provide references to any articles, professional journals, text books, or any other source material that describes the use of "price decrease" and "price increase" indices described by Witness Alexander.

ANSWER:

The following studies describe asymmetric demand responses to price increases and declines:

Gately, Dermot and Huntington, Hillard G. "The Asymmetric Effects of Changes in Price and Income on Energy and Oil Demand." Energy Modeling Forum, Stanford University (August 2001). Available at: <http://emf.stanford.edu/files/pubs/22466/OP50.pdf> (Accessed: 6 September 2013).

Gately, Dermot. "Imperfect Price-reversibility of U.S. Gasoline Demand: Asymmetric Responses to Price Increases and Declines." C.V. Starr Center for Applied Economics, New York University (October 1991). Available at: <http://econ.as.nyu.edu/docs/IO/9392/RR91-55.pdf> (Accessed: 6 September 2013).

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

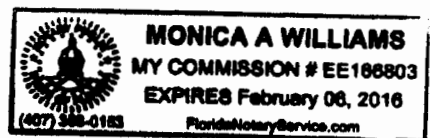
Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 13<sup>th</sup> day of September, 2013.

Monica A. Williams  
Notary Public, State of Florida at Large



**89**

**Gulf's Responses to  
Staff's Amended Second Set of  
Interrogatories  
(Nos. 12-37)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET No.** 130140-EI **EXHIBIT** 89

**PARTY** PSC Staff

**DESCRIPTION** Gulf's resp/Staff's Amended 2<sup>nd</sup> ROG 12-37

**DATE** \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: September 30, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S SECOND SET OF INTERROGATORIES (NOS. 12-37)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Second Set of Interrogatories (Nos. 12-37) on the following pages.

Respectfully submitted by electronic mail the 30th day of September, 2013,



---

**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

12. What are Gulf's number, investment, and average installed book cost of its distribution poles by height and class of pole?

ANSWER:

Please find below the most detailed accounting records available, which were used in the MDS analysis. Gulf Accounting does not record poles by class size; therefore, that information is not available.

MASS POLE INVESTMENT GULF POWER COMPANY Investment as of 12/31/2012					
RUC	DESCRIPTION	QUANTITY	AMOUNT (\$)	Unit Cost	\$/ Pole
<b>WOOD</b>					
30 36400001005	30 Ft. Pole - Wood	28,481	3,462,746.43		\$121.58
35 36400001006	35 Ft. Pole - Wood	63,259	19,202,082.01		\$303.55
40 36400001007	40 Ft. Pole - Wood	69,270	24,638,063.61		\$355.68
45 36400001008	45 Ft. Pole - Wood	28,598	15,513,140.82		\$542.46
50 36400001009	50 Ft. Pole - Wood	8,208	6,095,314.37		\$742.61
55 36400001010	55 Ft. Pole - Wood	2,286	2,439,111.53		\$1,066.98
60 36400001011	60 Ft. Pole - Wood	434	637,390.01		\$1,468.64
65 36400001012	65 Ft. Pole - Wood	122	216,716.16		\$1,776.36
70 36400001013	70 Ft. Pole - Wood	16	37,886.17		\$2,367.89
75 36400001014	75 Ft. Pole - Wood	18	52,499.47		\$2,916.64
80 36400001015	80 Ft. Pole - Wood	19	28,886.63		\$1,520.35
85 36400001016	85 Ft. Pole - Wood	24	22,475.93		\$936.50
90 36400001017	90 Ft. Pole - Wood	-	-		N/A
95 36400001018	95 Ft. Pole - Wood	-	-		N/A
100 36400001019	100 Ft. Pole - Wood	1	2,877.64		\$2,877.64
	<b>Total Wood</b>	<b>200,736</b>	<b>\$72,349,190.78</b>		<b>\$360.42</b>

Staff's Second Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
September 30, 2013  
Item No. 12  
Page 2 of 2

MASS POLE INVESTMENT				
GULF POWER COMPANY				
Investment as of 12/31/2012				
RUC	DESCRIPTION	QUANTITY	AMOUNT (\$)	Unit Cost \$/ Pole
<b>CONCRETE</b>				
30 36400001306	35 Ft. Pole - Concrete	37	18,223.57	\$492.53
40 36400001307	40 Ft. Pole - Concrete	13	9,827.27	\$755.94
45 36400001308	45 Ft. Pole - Concrete	64	136,432.86	\$2,131.76
50 36400001309	50 Ft. Pole - Concrete	150	446,477.29	\$2,976.52
55 36400001310	55 Ft. Pole - Concrete	136	652,592.30	\$4,798.47
60 36400001311	60 Ft. Pole - Concrete	64	310,818.16	\$4,856.53
65 36400001312	65 Ft. Pole - Concrete	128	886,741.16	\$6,927.67
70 36400001313	70 Ft. Pole - Concrete	24	149,786.55	\$6,241.11
75 36400001314	75 Ft. Pole - Concrete	16	20,551.76	\$1,284.49
125 36400001324	125 Ft. Pole - Concrete	2	22,199.94	\$11,099.97
	<b>Total Concrete</b>	<b>634</b>	<b>\$2,653,650.86</b>	<b>\$4,185.57</b>
	<b>TOTAL POLES</b>	<b>201,370</b>	<b>\$75,002,841.64</b>	<b>\$372.46</b>

13. What are Gulf's feet, investment, and average installed book cost per foot for each of its distribution conductors by size and type and by primary and secondary level?

ANSWER:

Please see the table below for a listing of overhead conductors. Some conductors are recorded in pounds instead of feet; therefore, dollars per pound were provided in some instances.

MASS OVERHEAD CONDUCTOR INVESTMENT							
GULF POWER COMPANY							
Investment as of 12/31/2012							
RUC	DESCRIPTION	LEVEL	QUANTITY	UNIT	AMOUNT (\$)	\$/Unit	
1000	All Sizes, cont single conductor Wire - Copper, Bare	Primary	4,899,714	lbs	10,851,927.69	\$2.21	Per lb
1100	All Sizes, cont single conductor Wire - Copper, Cov'd	Primary	1,366,615	lbs	3,049,860.70	\$2.23	Per lb
1200	All Sizes, cont single cond Wire - Aluminum, Bare	Primary	13,120,855	lbs	71,052,387.84	\$5.42	Per lb
1300	All Sizes, cont single cond Wire - Aluminum, Covered	Primary	157,740	ft	1,018,946.47	\$6.46	Per ft
2403	Aerial cable 3/cond	Primary	12,765	ft	77,398.61	\$6.06	Per ft
<b>Total Primary Lines</b>					<b>\$86,050,521.31</b>		
2100	Duplex - All Sizes	Secondary	116,774	ft	218,322.62	\$1.87	Per ft
2200	Triplex - All Sizes	Secondary	10,766,427	ft	21,990,958.02	\$2.04	Per ft
2300	Quadruplex - All sizes	Secondary	810,909	ft	3,043,418.91	\$3.75	Per ft
<b>Total Secondary Lines</b>					<b>\$25,252,699.55</b>		
<b>Total Overhead Lines</b>					<b>\$111,303,220.86</b>		



14. What are Gulf's number, investment, and average installed book cost per transformer by size and type (voltage)?

ANSWER:

For the MDS study, only overhead transformers (15KVA-100KVA) were used in the zero intercept analysis. Please see the table below which shows the size and type of transformers that are used by Gulf Power Company.

MASS TRANSFORMER INVESTMENT GULF POWER COMPANY Investment as of 12/31/2012					
RUC	DESCRIPTION	ITEM	QUANTITY	AMOUNT	Unit Cost \$/Transformer
1001	5 KVA & below Overhead Transformer - 1m	Overhead Trn	1,353	\$480,145	\$355
1002	7.5 KVA Overhead Transformer - 1m	Overhead Trn	13	\$11,318 *	\$871
1003	10 KVA Overhead Transformer - 1m	Overhead Trn	7,555	\$2,493,194	\$330
1004	15 KVA Overhead Transformer - 1m	Overhead Trn	22,458	\$10,854,853	\$483
1005	20 KVA Overhead Transformer - 1m	Overhead Trn	0	\$0 N/A	
1006	25 KVA Overhead Transformer - 1m	Overhead Trn	54,911	\$31,415,415	\$572
1008	37.5 KVA Overhead Transformer - 1m	Overhead Trn	18,032	\$13,529,900	\$750
1010	50 KVA Overhead Transformer - 1m	Overhead Trn	9,925	\$8,769,606	\$884
1013	75 KVA Overhead Transformer - 1m	Overhead Trn	2,750	\$3,596,552	\$1,308
1016	100 KVA Overhead Transformer - 1m	Overhead Trn	1,204	\$1,935,555	\$1,608
1020	150 KVA Overhead Transformer - 1m	Overhead Trn	2	\$1,500	\$750
1021	167 KVA Overhead Transformer - 1m	Overhead Trn	523	\$1,174,962	\$2,247
1023	200 KVA Overhead Transformer - 1m	Overhead Trn	4	\$1,581	\$395
1026	250 KVA Overhead Transformer - 1m	Overhead Trn	5	\$21,725	\$4,345
1029	333 KVA Overhead Transformer - 1m	Overhead Trn	24	\$67,842	\$2,827
1035	500 KVA Overhead Transformer - 1m	Overhead Trn	1	\$12,908	\$12,908
1039	833 KVA Overhead Transformer - 1m	Overhead Trn	1	\$4,719	\$4,719
	<b>Total Overhead Single Phase</b>		<b>118,761</b>	<b>\$74,371,773</b>	<b>\$626</b>
1110	50 KVA Overhead Transformer - 3m	Overhead Trn	3	\$1,081	\$360
1113	75 KVA Overhead Transformer - 3m	Overhead Trn	2	\$759	\$379
1116	100 KVA Overhead Transformer - 3m	Overhead Trn	1	\$435	\$435
1120	150 KVA Overhead Transformer - 3m	Overhead Trn	1	\$595	\$595
1128	300 KVA Overhead Transformer - 3m	Overhead Trn	2	\$1,997	\$999
1143	2500 KVA Overhead Transformer - 3m	Overhead Trn	1	\$10,034	\$10,034
	<b>Total Overhead Three Phase</b>		<b>10</b>	<b>\$14,901</b>	<b>\$1,490</b>
	<b>Total Overhead Transformers</b>		<b>118,771</b>	<b>\$74,386,675</b>	<b>\$626</b>

\* Gulf Power Accounting corrected a work order that had been previously unitized to this account in August 2013 and the updated data reflects that correction. The overall adjustment is immaterial

Staff's Second Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
September 30, 2013  
Item No. 14  
Page 2 of 2

MASS TRANSFORMER INVESTMENT					
GULF POWER COMPANY					
Investment as of 12/31/2012					
1208	TFM Vault Type, 1PH 37.5kva	Vault Trn	2	\$1,247	\$624
1210	TFM Vault Type, 1PH, 50kva	Vault Trn	4	\$3,005	\$751
1213	TFM Vault Type, 1PH, 75kva	Vault Trn	48	\$49,563	\$1,033
1216	TFM Vault Type, 1PH, 100kva	Vault Trn	13	\$13,318	\$1,024
1335	TFM Vault Type, 3PH, 500kva	Vault Trn	32	\$273,233	\$8,539
	<b>Total Vault</b>		<b>99</b>	<b>\$340,366</b>	<b>\$3,438</b>
1621	TFM Ungd Dry Type, 1PH, 167kva	Ugd Dry Trn	7	\$14,139	\$2,020
1626	TFM Ungd Dry Type, 1PH, 250kva	Ugd Dry Trn	11	\$58,087	\$5,281
1629	TFM Ungd Dry Type, 1PH, 333kva	Ugd Dry Trn	2	\$7,694	\$3,847
1735	TFM Ungd Dry Type, 3PH, 500kva	Ugd Dry Trn	1	\$8,479	\$8,479
	<b>Total Underground</b>		<b>21</b>	<b>\$88,398</b>	<b>\$4,209</b>
	<b>Total Vault / Ungd Dry Transformers</b>		<b>120</b>	<b>\$428,764</b>	<b>\$3,573</b>
1406	TFM Padmt, 1PH, 25KVA	Pad-Mt Trn	6,833	\$8,559,864	\$1,253
1408	TFM Padmt, 1PH, 37.5KVA	Pad-Mt Trn	8,434	\$11,599,764	\$1,375
1410	TFM Padmt, 1PH, 50KVA	Pad-Mt Trn	5,588	\$8,143,000	\$1,457
1413	TFM Padmt, 1PH, 75KVA	Pad-Mt Trn	3,300	\$5,742,326	\$1,740
1416	TFM Padmt, 1PH, 100KVA	Pad-Mt Trn	1,225	\$2,592,895	\$2,117
1421	TFM Padmt, 1PH, 167KVA	Pad-Mt Trn	537	\$1,654,413	\$3,081
1430	TFM Padmt, 1PH, 333KVA	Pad-Mt Trn	1	\$7,941	\$7,941
	<b>Total Pad Mounted Single Phase</b>		<b>25,918</b>	<b>\$38,300,204</b>	<b>\$1,478</b>
1510	TFM Padmt, 3PH, 50KVA	Pad-Mt Trn	1	\$1,091	\$1,091
1513	TFM Padmt, 3PH, 75KVA	Pad-Mt Trn	4	\$10,067	\$2,517
1518	TFM Padmt, 3PH, 112.5KVA	Pad-Mt Trn	841	\$5,301,641	\$6,304
1520	TFM Padmt, 3PH, 150KVA	Pad-Mt Trn	450	\$2,551,342	\$5,670
1524	TFM Padmt, 3PH, 225KVA	Pad-Mt Trn	510	\$3,726,950	\$7,308
1528	TFM Padmt, 3PH, 300KVA	Pad-Mt Trn	510	\$4,092,722	\$8,025
1535	TFM Padmt, 3PH, 500KVA	Pad-Mt Trn	640	\$6,643,840	\$10,381
1538	TFM Padmt, 3PH, 750KVA	Pad-Mt Trn	349	\$5,136,621	\$14,718
1540	TFM Padmt, 3PH, 1000KVA	Pad-Mt Trn	162	\$2,709,652	\$16,726
1541	TFM Padmt, 3PH, 1500KVA	Pad-Mt Trn	113	\$2,428,889	\$21,495
1542	TFM Padmt, 3PH, 2000KVA	Pad-Mt Trn	23	\$566,652	\$24,637
1543	TFM Padmt, 3PH, 2500KVA	Pad-Mt Trn	57	\$1,796,144	\$31,511
1544	TFM Padmt, 3PH, 3000KVA	Pad-Mt Trn	3	\$120,499	\$40,166
1808	TFM Duplex Padmt, 3PH, 37.5/10 KVA	Pad-Mt Trn	1	\$1,249	\$1,249
1821	TFM Duplex Padmt, 3PH, 167/37.5 KVA	Pad-Mt Trn	3	\$12,593	\$4,198
1826	TFM Duplex Padmt, 3PH, 250/37.5 KVA	Pad-Mt Trn	15	\$115,820	\$7,721
	<b>Total Pad Mounted Three Phase</b>		<b>3,682</b>	<b>\$35,215,774</b>	<b>\$9,564</b>
	<b>Total Pad-Mounted Transformers</b>		<b>29,600</b>	<b>\$73,515,978</b>	<b>\$2,484</b>
	<b>Total Transformers</b>		<b>148,491</b>	<b>\$148,331,416</b>	<b>\$999</b>

15. What are the minimum size distribution pole, conductor, and transformer currently being installed on Gulf's distribution system at the secondary level?

ANSWER:

Gulf's current minimum size distribution secondary pole is a 35' class 5 pole. The minimum size secondary conductor is #4 aluminum. The minimum size transformer is a 15kVA.

16. What are the minimum size distribution pole, conductor, and transformer currently being installed on Gulf's distribution system at the primary level?

ANSWER:

Gulf's minimum size primary distribution pole is a 40' class 5 pole. The minimum size primary conductor is 2AAAC. The minimum size transformer is a 15kVA.

For Interrogatories 17 through 24, please refer to the direct testimony and exhibits of witness O'Sheasy.

17. Page 25, lines 1-3. Please explain why equipment replacement costs were used to develop the zero intercept regression equation rather than book cost as recommended in the NARUC Manual.

ANSWER:

When performing a regression analysis to compute a customer component using the Y-intercept, it is better to use replacement cost than book cost. The reason for this is that book cost contains vintage equipment whose unit cost may have been affected over time by non-linear inflation. Vintage cost can distort cost trajectories for inflationary reasons. Replacement cost is today's cost of equipment regardless of the particular type of equipment in the analysis. It therefore provides a better indication of the inherent fixed cost of equipment necessary to simply enable service. It also provides a price signal of today's cost enabling efficient price response. This is the same method which was used in Gulf's last rate case.

The NARUC Manual lists and provides explanations of acceptable methods to conduct various analyses. It recognizes that there are many different sizes of utilities with many different characteristics which constitute reasons for some variations for individual utility applicability. It is not a step-by-step listing of instructions to precisely follow. It does not specify one particular methodology nor does it imply that sound judgment and enhancements are not permissible.

18. Page 25, lines 24-25 and page 26, line 1. Please explain why the minimum-size method was used instead of the zero intercept method for FERC Account 364.

ANSWER:

The minimum distribution system may be calculated using methods based on average unit costs of minimum sized items or based on zero-intercept (ZI) unit costs. Both approaches are recognized in the NARUC Cost Allocation Manual.

Use of the ZI method for FERC Account 364 in this retail rate case was not feasible. When Gulf Power tested ZI for FERC Account 364, the results were not statistically reliable. Since the ZI method produced statistically unreliable results, the minimum size method was used to estimate the customer-related portion of costs for FERC Account 364.

Use of the minimum size method for Account 364 is considered a better reflection of customer-related costs than simply assuming poles are all customer-related or that there is no customer component at all for Account 364. This, coupled with the inability of ZI to produce reliable results for Account 364, is why Gulf Power Company proposed to use the minimum size method for classification of costs for FERC 364 in this filing.

This is the same method that was used in Gulf's last retail rate case.

19. Please refer to pages 511-514 of Lawrence J. Vogt's Electricity Pricing Engineering Principles and Methodologies.
- a. Did Gulf consider using a zero intercept analysis based on ground-line moment capacities (GLMC) as a proxy for the electrical load-bearing capability of the poles?
  - b. If not, why not?
  - c. Does Gulf have the raw data necessary to perform a zero intercept analysis based on ground-line moment capacities as discussed by Lawrence Vogt?

ANSWER:

- a. No.
- b. Gulf does not possess accounting data by GLMC to determine the consequential customer/demand splits.
- c. No, Gulf's accounting data does not record the class size pole that is installed. The GLMC method is based on pole strength which is expressed by the pole's assigned class.

20. MTO-2, Schedule 6.3, page 52. How did Gulf determine its 30 and 35 foot wooden poles are the minimum size poles required to connect customers to Gulf's power grid? Did Gulf follow page 91 of the NARUC Manual when determining the minimum size for Account 364 (poles)? If not, please explain any differences in Gulf's application of the minimum size methodology from the methodology included in the NARUC Manual and the supporting rationale for the deviations.

ANSWER:

The NARUC Manual lists and provides explanations of acceptable methods to conduct various analyses. It recognizes that there are different sizes of utilities with many different characteristics which constitute reasons for some variations for individual utility applicability. It is not a step-by-step listing of instructions to precisely follow. It does not specify one particular method nor does it imply that sound judgment and enhancements are not permissible. Therefore Gulf determined that merely using its smallest size pole in use would not be an adequate representation for MDS.

The minimum size pole being installed by Gulf today for distribution is a 35' pole. Gulf included 30' poles in the minimum size analysis because (a) a 30' pole is the only smaller size pole other than a 35' pole, such that the minimum size analysis will contain both of Gulf's smallest size poles in use, (b) 30' poles are in use today for Gulf, and (c) including 30' poles would move the minimum size analysis closer to the theoretical zero-load carrying pole size that would have resulted if it had been possible to use the zero-intercept regression methodology.



21. MTO-2, Schedule 6.3, page 52, line 1. Please compare the physical specifications (height, class) and average installed book cost of Gulf's MRSS pole with the specifications and average installed book cost of Gulf's pole that is "the minimum height pole currently being installed" as called for at page 91 of the NARUC Manual.

ANSWER:

Gulf's accounting records do not capture the pole class; therefore, only the height specification is available. The MRSS pole consists of 30' and 35' poles with the average installed book cost of \$247.06. The minimum height pole currently being installed is a 35' pole. The average installed book cost of a 35' pole is \$303.55.

22. MTO-2, Schedule 6.7, page 56. Please explain any differences in Gulf's application of the zero intercept methodology from the zero intercept methodology included in Chapter 6, Page 94 of the NARUC Manual in determining the customer components of Account 368 - Transformer and supporting rationale for any deviations from the NARUC Manual.

ANSWER:

For Account 368, there are only two slight differences between Gulf's application of the zero intercept methodology from the zero intercept methodology included in the NARUC Manual:

- a. Gulf included transformers up to 100 kVA in size which are bigger than the manual's recommendation for up to 50 kVA. The reason for this is that inclusion of these larger sizes is reflective of what Gulf uses today. Note: the NARUC manual was published in 1992, and there have been changes in technology since then.
- b. Gulf used the current replacement costs for Overhead Transformers for the zero intercept (ZI) regression rather than weighted average installed book costs to avoid vintaging issues. This required that the historic cost data be adjusted by the appropriate Handy-Whitman index in order to obtain a valid customer-demand split.

These methods are the same as the methods used in Gulf's last rate case filing.

23. MTO-2, Schedules 6.4 and 6.6, pages 53 and 55. Please explain any differences in Gulf's application of the zero intercept methodology from the zero intercept methodology described in Chapter 6, Page 93 of the NARUC Manual in determining the customer components of Accounts 365 and 367 (conductors and devices) and supporting rationale for any deviations from the NARUC Manual.

ANSWER:

There are three slight differences in Gulf's application of the zero intercept methodology from the zero intercept methodology included in Chapter 6 of the NARUC Manual:

- a. Gulf used primary conductors to produce the customer/demand split for both the primary service level and the secondary service level instead of analyzing secondary separately. Gulf does not have records showing the length of all secondary conductors which is necessary for this type analysis. Moreover, a minimum distribution system would most likely use the smaller primary conductors for a secondary service level that merely enables customers to receive service.
- b. Gulf used the size of wire in MCM to reflect load carrying capability for the zero intercept (ZI) regression, and current replacement cost per foot to avoid vintaging issues. This required that historic cost data be adjusted by the appropriate Handy-Whitman index in order to obtain a valid customer-demand split.
- c. Gulf used the results for Account 365 to represent the customer/demand split for Account 367 instead of separately conducting a customer/demand split analysis for Account 367. The reason for this is that a minimum distribution system for Gulf would be composed entirely of the less expensive overhead conductors instead of the more expensive underground conductors.

These methods are the same as those which were used in Gulf's last rate case filing.

24. MTO-2, Schedule 6.3, page 52, line 9. Please identify and explain what is included in the costs for "fixture sets."

ANSWER:

Included in the fixture sets is the following framing hardware:

Anchors  
Platforms  
Cross Arms  
Cross Arm Pins  
Pole Top Pins  
Eye Bolts

25. MTO-2, Schedule 6.3, page 52, line 10 and note (H). Please explain in greater detail what is included in "Other Account 364" costs.

ANSWER:

Included in Other Account 364 is the following:

- a. Adjustments to Account 364 for items incorrectly booked to 364.
- b. Non-Unitized work orders that are charged to 364, but have not yet been unitized by Retirement Unit Code (RUC) through the accounting process.
- c. Interim RUC's that are used until the work orders are unitized and the actual RUC's are assigned to the assets.

26. MTO-2, Schedule 6.3, page, 52 and page 91 of the NARUC Manual. Please explain why Gulf classified "fixture sets" and "other Account 364" as customer related when the NARUC Manual says the balance of the plant account is the demand component.

ANSWER:

Gulf did not classify "fixture sets" and "other Account 364" as entirely customer related. Rather Gulf considered these types of equipment as having both a customer and a demand related component. Fixtures and other account 364 equipment include a variety of hardware and facilities. Examples of such equipment include cross arms, brackets, down guys, and anchors. Such equipment is attached to primary poles and secondary poles and provides different types of support for the pole and the attachments to the pole. Although the sizes of such equipment in Gulf's present system is larger than what would be required in a Minimum Distribution System, even a Minimum Distribution System would require some equipment of these types. It is therefore appropriate to classify this equipment into customer and demand components. Gulf used the distribution of customer and demand related cost for the poles themselves in order to separate "fixture sets" and "other Account 364" equipment into customer and demand components. This is the same procedure Gulf used in its last rate case filing.

The NARUC Manual lists and provides explanations of acceptable methods to conduct various analyses. When NARUC indicates that a determination of the average installed book cost of the minimum height pole currently being installed should be done for the customer portion, it is appropriate to recognize that the "minimum height pole" for a minimum distribution system (MDS) would require different types of support found within fixture sets and other Account 364 for the MDS to enable service. The balance of fixture sets and other Account 364 are then the demand component for this equipment. This is an example of how NARUC requires sound judgment when conducting the analyses. Gulf believes the NARUC manual is not prescriptive; rather, its intent is to provide guidelines and examples for costing methodologies, with pros and cons discussed for all approaches presented. It does not preclude nor address updates, refinements, and enhancements which might better reflect cost causation.

27. How does Gulf define "Distribution Primary" and "Distribution Secondary" as those terms appear throughout exhibit MT0-2, both in qualitative (type) and quantitative (size) terms?

ANSWER:

Distribution primary is defined as lines and equipment operating at and above 12kV and below 46kV.

Distribution secondary is defined as lines and equipment operating at and below 480V.

28. Please identify and explain the basis for Gulf's design of its distribution system (e.g. demand, energy, number of customers, type of customers, etc.) by plant account and asset type, to meet the load requirements of the system.

ANSWER:

<b>FERC Account</b>	<b>FERC Description</b>	<b>Basis</b>	<b>Explanation</b>
360	Land and Land Rights	Demand	Land must be sized to accommodate necessary equipment to serve the peak demand.
361	Structures and Improvements	Demand	Improvements are a result of the land purchased or leased and the equipment that is installed.
362	Station Equipment	Demand	Equipment must be sized to serve the peak demand.
364	Poles, Towers, and Fixtures	Demand and Number of Customers	Poles are sized based on such factors as safety (NESC) requirements, the topography, forces imposed on the pole from joint use and utility construction, etc.
365	Overhead Conductor, Devices	Demand and Number of Customers	Overhead conductor is sized to carry the peak diversified load of customers. The greater the number of customers, the more diversification of the connected load, but possibly longer lengths of lines. Therefore, there is a customer and demand related basis.
366	Underground Conduit	Demand and Number of Customers	Underground conduit is driven directly by the underground conductor.
367	Underground Conductors, Devices	Demand and Number of Customers	Like overhead, underground conductors are sized for diversified load and customers served.



<b>FERC Account</b>	<b>FERC Description</b>	<b>Basis</b>	<b>Explanation</b>
368	Line Transformers	Demand and Number of Customers	Line transformers are sized based on diversified load connected to the transformer. Individual customer demands and the number of customers connected to the transformer determine the transformer size.
369	Services	Number and Type of Customers	Services are based on the type of customer connected and the number of customers served.
370	Meters	Number and Type of Customers	Meters are based on the type of customer and the number of customers. The meter for an industrial customer is a different type than that of a residential customer.
373	Street Lighting and Signal Systems	Demand and Number of Customers	The number and type of fixtures along with the distance between the fixtures drives the design of these systems.

29. Has Gulf encountered any theoretical or technical problems or issues when using the MDS method described in Chapter 6 of the NARUC Manual to model its distribution cost classifications for purposes of this proceeding? If so, identify and explain the problems or issues, if they were resolved, and how they were resolved?

ANSWER:

No. Gulf did not encounter any technical or theoretical problems in using the MDS method described in Chapter 6 of the NARUC manual. The NARUC manual allows for recognition of the utility's circumstances and reasoned judgment. Where appropriate, Gulf exercised reasoned judgment to fit Gulf's circumstances. For instance, Gulf used minimum size for FERC 364 MDS analysis when zero-intercept did not produce realistic results. Similarly, for regression analysis, Gulf utilized replacement cost because it produced more accurate results than utilizing book cost.

30. Does Gulf believe that its distribution secondary asset costs in Accounts 364-368 are customer-related in the same percentage as its distribution primary asset costs? Why or why not?

ANSWER:

Gulf believes that the basis for the minimum distribution system (MDS) is the minimum system for both primary and secondary which is necessary to simply enable customers to receive service. For Accounts 364-367, the customer related percentages are the same for secondary and primary. The Account 368 total cost percentage customer-related depends upon the type of transformer. The reasons are as follows:

Therefore for FERC Account 364 MDS analysis, Gulf used its smallest poles being purchased now and one smaller size presently in the system. These poles are assumed to reflect the MDS for both the primary and secondary system.

For FERC Account 365, Gulf records its miles of primary distribution lines, but it does not record the miles of secondary distribution lines. The number of miles of primary lines is used in the Account 365 primary service customer/demand splitting analysis. Gulf then used the resultant split for primary lines, and also as the split for secondary. This is believed to be a reasonable reflection for secondary.

FERC Accounts 366 and 367 are based upon Account 365. As Gulf assumes a minimum distribution system would be only overhead wires and not underground service.

FERC Account 368 is the interface between primary and secondary assets; therefore, there is only one level for customer-related cost. The customer-related cost is the same unit cost for Gulf's different type of transformers, but due to the different embedded cost per type transformer, it yields a different customer-related percentage of total cost by transformer type (overhead transformers, pad-mounted transformers, and vault transformers).

31. What are the current unit replacement costs of each of its different sizes of conductors and transformers on Gulf's distribution system?

ANSWER:

The following table, Table 1, contains the conductors on Gulf's system, and it also reveals the replacement costs for conductors that Gulf commonly installs today. Some of the listed conductors are no longer purchased or installed, but are still in service in the distribution system.

**Table 1**

<b>Conductor Size</b>	<b>Conductor Material</b>	<b>Replacement Cost / Ft</b>
1/0	AAAC	\$0.590
2	AAAC	\$0.517
4/0	AAAC	\$1.228
477	AAAC	
795	AAAC	
1033	AAC	
477	AAC	\$1.715
795	AAC	\$2.438
1/0	ACSR	
2	ACSR	
3/0	ACSR	
336	ACSR	
4	ACSR	
4/0	ACSR	
1/0	CU	
2	CU	
2/0	CU	
250	CU	
3	CU	
350	CU	
4	CU	
4/0	CU	
1/0	ALQPX	
1/0	CU TPX	
1/0	DPX	

**Table 1  
(cont.)**

<b>Conductor Size</b>	<b>Conductor Material</b>	<b>Replacement Cost / Ft</b>
1/0	TPX	\$2.017
1/0	WPCU	
2	ALQPX	
2	CU TPX	
2	DPX	
2	TPX	
2/0	ALQPX	
2/0	CU TPX	
2/0	DPX	
2/0	WPAL	
2/0	WPCU	
3	ALQPX	
3	CU TPX	
3	TPX	
3	WPCU	
3/0	ALQPX	
3/0	TPX	
3/12	CU TPX	
4	ALQPX	
4	CU TPX	
4	DPX	\$1.238
4	TPX	\$1.418
4/0	ALQPX	\$4.074
4/0	CU TPX	
4/0	DPX	
4/0	TPX	\$3.004
6	CU TPX	
6	DPX	
6	TPX	
6	WPCU	
6	CU	

The following table, Table 2, contains the single phase overhead transformers on Gulf's system and the replacement costs for those that Gulf commonly installs. Some of the listed sizes are no longer purchased or would be special order items for uncommon installations.

**Table 2**

<b>kVA</b>	<b>Replacement Cost</b>
3	
5	
7.5	
10	
15	\$1,022
20	
25	\$1,193
37	\$1,412
45	
50	\$1,672
75	\$2,219
100	\$2,848
167	\$3,673
200	
250	
333	
500	
833	

32. What sizes and types of distribution poles, conductors, and transformers exist on Gulf's system in significant quantities but are no longer being installed at this time?

ANSWER:

Poles: The only pole with significant quantity on Gulf's system that is no longer being installed is the 30' wood pole.

Conductors: The only conductor with significant quantity on Gulf's system that is no longer being installed is 6CU.

Transformers: The only transformer with significant quantity on Gulf's system that is no longer being installed is the 10kVA transformer.

33. What sizes and types of distribution poles, conductors, and transformers are currently being installed on Gulf's distribution system but do not currently exist on its system in significant quantities?

ANSWER:

All poles, conductors, and transformers currently being installed on Gulf's distribution system exist in significant quantities.



34. How did Gulf's implementation of the MDS cost classification methodology, for Account 364 - Poles, address double-counting of demand-related costs associated with the minimum size approach discussed on pages 92 and 95 of the NARUC Manual.

ANSWER:

Please refer to Gulf's response to Interrogatory number 18 for an explanation of why Gulf used the minimum size instead of zero intercept for FERC Account 364. It is not uncommon to use the minimum size method for FERC Account 364, and this approach is consistent with the approach adopted by Gulf in its last rate case filing. The double-counting referenced in the NARUC Manual is considered to be small and unavoidable. To the extent there is any double-counting when using the minimum size for this account, the minimum size method including any imprecision associated with it still provides a more correct solution than considering the account as entirely demand or customer-related.

35. Does using the MDS method offer financial or operational benefits to the Company? Explain and quantify if possible.

ANSWER:

This use of MDS in Gulf Power Company's cost of service study does not necessarily offer any financial or operational benefits. It simply more accurately allocates the costs incurred to the customers who cause those cost thereby providing a more accurate description of how rate groups' revenues cover their cost incurred.

36. Please refer to the direct testimony of witness Neyman, MDN-1, Schedule 4. For each service fee with a proposed increase, please explain the basis for the increase, e.g., increase in labor costs, transportation etc.

ANSWER:

The current service fees have been in effect since 2002. Over this eleven year period, costs associated with these services have generally increased. For each service that entails a fee, there are specific types of costs incurred that drive overall cost associated with that service. Below is an explanation of the basis for each of the proposed fee increases:

Non-Residential Connection – Initial and Existing

Based on the costs associated with Non-Residential Connections, Gulf is proposing an increase for both initial and existing connections for Non-Residential customers. The largest cost drivers of these services are those associated with the Customer Care Center (CCC) and Field Service Representatives (FSRs). In the CCC, labor costs have increased, resulting in a higher cost per minute per call. The FSR cost increases are primarily driven by labor and transportation costs and fewer connection orders, resulting in a higher cost per connection order.

Restoration of Service After Violation of Rules (Normal Hours, After Hours, Cut At Pole)

The increase in the proposed restoration of service fees is driven primarily by an increase in CCC labor costs and FSR labor and transportation costs.

37. Please provide a list of all studies, white papers, orders and/or other documents witness O'Sheasy relied upon in preparing his direct testimony pertaining to the use of MDS to classify Gulf's distribution costs.

ANSWER:


Witness O'Sheasy used the following documents in preparing his direct testimony pertaining to the use of MDS: Electricity Pricing – Engineering Principles and Methodologies, by Lawrence J. Vogt, P.E., Electricity Utility Cost Allocation Manual – National Association of Regulatory Utility Commissioners, Operational Economics of Electric Utilities, by Constantine W. Bary, and Tampa Electric Company (TECO) Docket No. 130040-EI, Witness Pollock's Exhibit \_\_\_\_ (JP-7), "Distribution Classification."

AFFIDAVIT

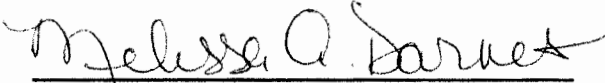
STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA    )

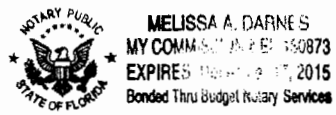
Docket No. 130140-EI

Before me the undersigned authority, personally appeared Terry A. Davis, Assistant Secretary and Assistant Treasurer of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
\_\_\_\_\_  
Terry A. Davis  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 27<sup>th</sup> day of September, 2013.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large



90

**Gulf's Responses to  
Staff's Third Set of Interrogatories  
(Nos. 38-52)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 90  
PARTY PSC Staff  
DESCRIPTION Gulf's/Staff's 3<sup>rd</sup> ROGs Nos. 38-52  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

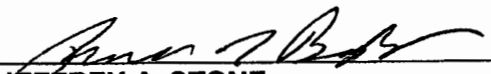
Docket No. 130140-EI

Date Filed: October 9, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S THIRD SET OF INTERROGATORIES (NOS. 38-52)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Third Set of Interrogatories (Nos. 38-52) on the following pages.

Respectfully submitted by overnight mail the 9th day of October, 2013.

  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

38. Please provide the following information (in MS Excel format with formulas intact) that Gulf used to develop its forecasted energy sales in this rate proceeding:
- a. History (Nov. 1992 – Oct. 2012) and forecast (Nov. 2012 – Dec. 2014) of the average number of customers (monthly data) by rate schedule and customer class at distribution level and total.
  - b. History (Nov. 1992 – Oct. 2012) and forecast (Nov. 2012 – Dec. 2014) of retail energy sales (monthly data) by revenue class.
  - c. History (Nov. 1992 – Oct. 2012) and forecast (Nov. 2012 – Dec. 2014) of the total retail energy sales (monthly data).

ANSWER:

- a. See attachment "Staff 3rd ROG 38 Attachment A.xlsx".
- b. See attachment "Staff 3rd ROG 38 Attachment B.xlsx".
- c. See attachment "Staff 3rd ROG 38 Attachment B.xlsx".

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Third Set of Interrogatories (Nos. 38-52) Disk 1.



39. Please provide the following information (in MS Excel format with formulas intact) that Gulf used to develop its billing demands in this rate proceeding:
- a. History and forecast of summer peak demand (MW).
  - b. History and forecast of winter peak demand (MW).
  - c. History and forecast of annual net energy for load (GWh).
  - d. Historical average demand to energy ratios for commercial and small industrial customers on demand rates.
  - e. History and forecast of billing demands, which were derived based on historical demand to energy ratios as described by witness Alexander, for commercial and small industrial customers on demand rates.
  - f. History and forecast of billing demands, which were derived from customer survey as described by witness Alexander, for large industrial customers.
  - g. DSM impacts-associated adjustments made to the peak demand projections.
  - h. History of the DSM-associated impacts on the peak demand.

ANSWER:

- a. Please see attachment "Staff 3rd ROG 39 Attachment A.xlsx" for the history and forecast of summer peak demands. System summer peak demands are not used in the development of billing demands. The information used by Gulf to develop billing demands is provided in the responses to items 39 d, e, and f.
- b. Please see attachment "Staff 3rd ROG 39 Attachment B.xlsx" for the history and forecast of winter peak demands. System winter peak demands are not used in the development of billing demands. The information used by Gulf to develop billing demands is provided in the responses to items 39 d, e, and f.
- c. Please see attachment "Staff 3rd ROG 39 Attachment C.xlsx" for the history and forecast of annual net energy for load. Net energy for load is not used in the development of billing demands. The information used by Gulf to develop billing demands is provided in the responses to items 39 d, e, and f.

- d. Please see attachment "Staff 3rd ROG 39 Attachment D-E.xlsx", columns X, Y, and Z, for the monthly historical average demand to energy ratios for small commercial and industrial customers on demand rates by rate schedule.
- e. Please see attachment "Staff 3rd ROG 39 Attachment D-E.xlsx" for the history and forecast of billing demands for small commercial and industrial customers on demand rates by rate schedule. Historical billing demands are shown in columns J, K, and L. Forecasted billing demands are shown in columns AK, AL, and AM.
- f. Please see attachment "Staff 3rd ROG 39 Attachment F CONF.xlsx" for the history and forecast of billing demands for large commercial and industrial customers.
- g. Please see attachment "Staff 3rd ROG 39 Attachment G.xlsx" for the adjustments to system peak demand projections for the anticipated impacts of Gulf's DSM plan. Adjustments for anticipated DSM impacts are not used in the development of billing demands. The information used by Gulf to develop billing demands is provided in the responses to items 39 d, e, and f.
- h. Please see attachment "Staff 3rd ROG 39 Attachment H.xlsx" for the history of conservation impacts on system summer and winter peak demands. These historical conservation impacts on the system summer and winter peak demands are cumulative impacts and are consistent with those reported in Gulf's Ten Year Site Plan. System peak demands are not used in the development of billing demands. The information used by Gulf to develop billing demands is provided in the responses to items 39 d, e, and f.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Third Set of Interrogatories (Nos. 38-52) Disk 1.

Electronic attachments that include confidential information have been filed with the Commission Clerk under separate cover pursuant to a Request for Confidential Classification.

40. What are the sources and data of each of the actual and forecasted independent variables used in Gulf's energy use per customer forecasts?

ANSWER:

The independent variables used in Gulf's residential energy sales model are cooling and heating degree hours, twelve month moving average of real residential electricity price (decline and increase indices), and real disposable income per household. The independent variables used in Gulf's commercial energy sales models are cooling and heating degree hours, twelve month moving average of real commercial electricity price, and non-manufacturing employment.

Historical cooling and heating degree hours were calculated using the National Oceanic and Atmospheric Administration's (NOAA) Pensacola weather station's hourly temperatures. Forecasted cooling and heating degree hours were based on "normal" weather, where "normal" is defined as a 20-year average of the historical cooling and heating degree hours.

Historical values for electricity price were calculated using actual revenues and sales data from Gulf's accounting department. Forecasted prices were calculated by Gulf's financial planning department using total revenues and sales from the Financial Model. Nominal prices were discounted using historical values and forecast projections of "GDP price deflator" purchased from Moody's Analytics.

Historical values and forecast projections of the economic variables real disposable income per household and non-manufacturing employment were purchased from Moody's Analytics.

Please see Gulf's response to Staff's Third Request for Production of Documents No. 12 for the actual and forecasted data for each of the independent variables used in Gulf's regression models.

41. Referring to witness Alexander's testimony, line 22 and page 23, please provide the rationale for using only the non-manufacturing employment rather than including other employment data, such as construction employment, commercial employment, government employment and industrial employment, as the inputs for its commercial regression models.

ANSWER:

Gulf's commercial energy sales models use the economic variable of non-manufacturing employment, which includes the following segments of employment:

Services - Education & Healthcare  
Services - Leisure & Hospitality  
Trade - Retail  
Services - Professional  
Government - State & Local  
Government - Federal  
Finance, Insurance & Real Estate  
Construction  
Services - Other  
Trade - Wholesale  
Transportation & Utilities  
Services – Information

These segments of employment are used in the commercial energy sales models since they are representative of the types of customers in Gulf's commercial class.

42. Please refer to witness Alexander's direct testimony, lines 6-12 on page 31, for the following questions:
- a. What are the differences among the outdoor lighting for residential, outdoor lighting for commercial, outdoor lighting for industrial, and the street lighting?
  - b. Please provide the history and projection of the outdoor lighting projections for the residential, commercial and industrial classes witness discussed in her testimony.
  - c. Please provide the history and forecast of the street lighting energy sales.

ANSWER:

- a. There are no differences in fixture types for outdoor lighting among the customer classes. The customer class associated with an outdoor lighting account is based on the electric service customer classification—residential, commercial, or industrial. For example, an outdoor lighting account associated with a residential premise will be classified as a residential outdoor lighting account. The street lighting customer class is composed of outdoor lighting accounts for state, county, or municipal entities and MSBUs (municipal service benefit units).

The forecasts of energy sales for outdoor lighting for the residential, commercial, industrial and street lighting classes were all developed by rate schedule using projected growth rates based on a review of historical growth rates and input from Gulf's lighting team.

- b. See attachment "Staff 3rd ROG 42 Attachment A.xlsx".
- c. See attachment "Staff 3rd ROG 42 Attachment A.xlsx".

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Third Set of Interrogatories (Nos. 38-52) Disk 1.

43. For purposes of responding to this question, please refer to the following documents prepared by Gulf Power (Gulf): Testimony of witness Thompson, page 8, lines 6-25 and page 9, lines 1-7; MFR Section A – Executive Summary Schedules, Schedule A-2, Bates stamped page 2 (Section A); and Rate Case Synopsis, Section II, page 2 (Synopsis).
- a. Please describe why the typical residential monthly bill presentations under proposed rates in Section A and the Synopsis are based on an assumed 30-day base charge of \$18.00 rather than a “normalized” month (30.4375 days) that would yield a base charge of \$18.26.
  - b. Please explain why Gulf is seeking to restate its base charge as a daily amount for residential rates and not for other rate classes.
  - c. Please provide examples of approved tariffs for other investor-owned electric utilities either in Florida or other states that show residential base charges as a daily amount rather than a monthly amount.

ANSWER:

- a. MFR Schedule A-2 uses a whole number of days in the billing month. Gulf chose thirty days because thirty days reflect a typical billing month. Gulf understands that there are actually 365 days (rather than 360) in a year and acknowledges the effect that this difference has on associated residential Base Charge revenues. If additional residential rate design becomes necessary in this case, Gulf can address the relatively small difference in such rate design, and can demonstrate such reconciliation in the associated “proof of revenue.”
- b. First, it is within Gulf’s residential customer class where the vast majority of bills for a billing month significantly different than 30 days occurs. A daily base charge is therefore needed for that rate class to better align the total monthly charge with the number of days in the billing month.

Also, the base charge is typically a significant portion of the total residential bill amount. For higher-use customers served on business rates, the base charge is typically less significant to the total bill amount. Simply put, the base charge amount, and the representation of that charge (daily vs. monthly), matter more to the residential rate class.

- c. Please see the attached tariff sheets printed from the internet.

Long Island Power Authority  
Madison Gas and Electric Company  
Mississippi Power Company  
Wisconsin Electric Power Company – Michigan



Long Island Power Authority

WE'RE WORKING FOR YOU.

### Residential Electric Rate Pricing

Please review this entire guide to determine which rate is best suited for you. The rate you are currently billed under is listed on your bill. You may have made significant changes in the way you use electricity at your home and may find another rate more appropriate. All Service Charges are the per day cost.

180/D180/183/D183		
Time Period	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge: Standard Rate	\$0.3600	\$0.3600
Service Charge: "D" rate	\$0.1790	\$0.1790
Energy Charge: (per kWh)		
First 250 kWh	\$0.0857	\$0.0857
Excess 250 kWh	\$0.0975	\$0.0787

380/D380		
Time Period	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge: Standard Rate	\$0.3600	\$0.3600
Service Charge: "D" rate	\$0.1790	\$0.1790
Energy Charge: (per kWh)		
First 250 kWh	\$0.0857	\$0.0857
Next 150 kWh	\$0.0975	\$0.0787
Next 400 kWh	\$0.0586	\$0.0586
Excess 800 kWh	\$0.0975	\$0.0787

580/D580/581/D581 • 882/D882/883/D883		
Time Period	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge: Standard Rate	\$0.3600	\$0.3600
Service Charge: "D" rate	\$0.1790	\$0.1790
Energy Charge: (per kWh)		
First 250 kWh	\$0.0857	\$0.0857
Next 150 kWh	\$0.0975	\$0.0787
Excess 400 kWh	\$0.0975	\$0.0515

880/D880/881/D881		
Time Period	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge: Standard Rate	\$0.3600	\$0.3600
Service Charge: "D" rate	\$0.1790	\$0.1790
Energy Charge: (per kWh)		
First 250 kWh	\$0.0857	\$0.0857
Next 150 kWh	\$0.0975	\$0.0787
Next 400 kWh	\$0.0586	\$0.0515
Excess 800 kWh	\$0.0975	\$0.0515

### "Time-of-Use" and Energy Storage Rates

Time Period	181		182		184	
	June 1 - Sept. 30	Oct. 1 - May 31	June 1 - Sept. 30	Oct. 1 - May 31	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge:	\$1.6500	\$1.6500	\$1.6500	\$1.6500	\$1.6500	\$1.6500
<b>Off-Peak</b> - 8 PM-10 AM; Saturday and Sunday	<b>Period 1</b>	<b>Period 2</b>	<b>Period 1</b>	<b>Period 2</b>	<b>Period 1</b>	<b>Period 2</b>
First 125 kWh	\$0.0605	\$0.0605	\$0.0605	\$0.0605	\$0.0376	\$0.0376
Excess 125 kWh	\$0.0605	\$0.0605	\$0.0605	\$0.0455	\$0.0376	\$0.0376
<b>Peak</b> - 10 AM-8 PM Weekdays	<b>Period 3</b>	<b>Period 4</b>	<b>Period 3</b>	<b>Period 4</b>	<b>Period 3</b>	<b>Period 4</b>
First 125 kWh	\$0.0605	\$0.0605	\$0.0605	\$0.0605	\$0.0781	\$0.0781
Excess 125 kWh	\$0.1242	\$0.0954	\$0.1242	\$0.0455	\$0.2364	\$0.0781

188/D188		
Time Period	June 1 - Sept. 30	Oct. 1 - May 31
Service Charge: Standard Rate	\$0.3600	\$0.3600
Service Charge: "D" rate	\$0.1790	\$0.1790
Meter Charge: (per day)	\$0.1000	\$0.1000
<b>Off-Peak</b> (Energy Charge: per kWh)	<b>Period 1</b>	<b>Period 2</b>
8 PM-10 AM and Saturday/Sunday	\$0.0578	\$0.0437
<b>Peak</b> (Energy Charge: per kWh)	<b>Period 3</b>	<b>Period 4</b>
10 AM-8 PM Weekdays	\$0.2735	\$0.0888

480/481		
Time Period	Midnight - 7 AM	10 PM - 10 AM
Service Charge:	\$0.3200	\$0.3200
Energy Charge: (per kWh)	\$0.0264	\$0.0300

**Important Note:**  
Please note that the charges shown in this guide are Delivery & System Charges, per meter. Your bill also includes a Power Supply Charge at a cost per kWh basis and various adjustments. For a further explanation, see "Additional Information" and "Other Charges."





Madison Gas and Electric Company  
Electric - First Revised Volume 3

Revision: 1  
Amendment: 331

Sheet E-6  
Schedule Rg-1

**Residential Service**

**AVAILABILITY**

Single-phase, 60-cycle, alternating current service to residential units including separately metered apartments, private rooming houses, and fraternity and sorority houses for lighting, cooking, heating, ordinary household appliances, motors of 7.5 horsepower or less individual capacity, and all appliances which do not interfere with lighting service. The applicable commercial lighting and power rate schedules will apply to the common portion of multi-dwelling buildings when the apartments are separately metered, and to electric space-heating service furnished to such buildings if the apartments are not separately metered.

**RATE** (for one residential unit on one meter)

	Summer	Winter
R Customer charge per day .....	\$0.34308	\$0.34308
Distribution service: All kWh, per kWh .....	3.000¢	3.000¢
R Electricity service: All kWh, per kWh .....	12.222¢	10.992¢

Summer rates are effective from June 1 through September 30. All other times of the year winter rates are effective.

**PAYMENT**

Payment is due not later than the due date shown on the bill. Any Company billing charges unpaid after the due date will be subject to a late payment charge as described in the Company's electric service rules under Late Payment Charge.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge will be the customer charge.

**SPECIAL TERMS AND PROVISIONS**

1. A residential unit is defined as a separate house, apartment, flat, or other living quarters having separate bathroom, kitchen, living room, and sleeping facilities.
2. Where service to an apartment building is measured through one meter, service will be billed at the residential rate when there are four or less residential units. When the building contains five or more residential units, service will be at the appropriate commercial and industrial rate schedule. If the building has separately metered residential units, service to the public areas and for other common usage will be billed on the appropriate commercial and industrial rate schedule.
3. Customers who have their meters turned off and back on within a 12-month period will pay the minimum monthly charges, applicable to the customer, for the months while service was not being used.
4. Not more than 5,500 watts per heating unit for water heaters and space-heating equipment and snow- and ice-melting equipment will be controlled by a single thermostat or manually operated switch.

(Next Sheet is E-7)

## RESIDENTIAL ELECTRIC SERVICE RATE SCHEDULE "R-53"



**Mississippi Public Service Commission Schedule No. 1**

<b>PAGE</b>	<b>EFFECTIVE DATE</b>	<b>DATE OF VERSION SUPERSEDED</b>
<b>1 of 3</b>	<b>March 19, 2013</b>	<b>October 19, 2011</b>

### APPLICABILITY

This rate schedule applies to electric service used by one customer in a single family dwelling on one premise for residential purposes only. Residential purposes may include rental to roomers of not more than four rooms in such dwelling, and serving meals to not more than eight boarders.

This rate schedule does not apply to electric service used by a customer for both residential and non-residential purposes. Should electric service be used by one customer for residential purposes in combination with uses for business, professional, or other non-residential purposes, then applicable general service rate schedule shall apply to total electric service thus used.

All service under this rate schedule shall be received at one voltage from a single delivery point, shall be measured by one meter, is for exclusive use of customer and shall not be resold or shared with others.

### AVAILABILITY AND KIND OF SERVICE

Service under this rate schedule is available on uniform basis throughout service territory of Company and shall be single phase at nominal service voltage of Company's secondary system serving the area.

### MONTHLY RATE FOR SERVICE

	<u>PEP<sup>1</sup></u>	<u>KRF<sup>1</sup></u>	<u>Total</u>
Base charge per day for single phase service	\$0.78	---	\$0.78
Base charge per day for three phase service	\$0.85	---	\$0.85
<b>Summer billing months June through September, inclusive</b>			
Charge per kWh for first 650 kWh	4.686 ¢	1.899 ¢	6.585 ¢
Charge per kWh for next 350 kWh	6.095 ¢	2.472 ¢	8.567 ¢
Charge per kWh for kWh over 1000 kWh	6.211 ¢	2.563 ¢	8.774 ¢
<b>Shoulder billing months April, May, October and November</b>			
Charge per kWh for first 650 kWh	4.686 ¢	1.899 ¢	6.585 ¢
Charge per kWh for next 350 kWh	4.359 ¢	1.769 ¢	6.128 ¢
Charge per kWh for kWh over 1000 kWh	4.359 ¢	1.769 ¢	6.128 ¢
<b>Winter billing months December through March, inclusive</b>			
Charge per kWh for first 650 kWh	4.686 ¢	1.899 ¢	6.585 ¢
Charge per kWh for next 350 kWh	3.278 ¢	1.332 ¢	4.610 ¢
Charge per kWh for kWh over 1000 kWh	3.278 ¢	1.332 ¢	4.610 ¢

<sup>1</sup> Performance Evaluation Plan (PEP) charges and Kemper Rate Factors (KRF) as per Company's most recently approved rate filings.

## RESIDENTIAL ELECTRIC SERVICE RATE SCHEDULE "R-53"



Mississippi Public Service Commission Schedule No. 1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
2 of 3	March 19, 2013	October 19, 2011

### MONTHLY RATE FOR SERVICE (Continued)

SUMMER is defined as billing months June through September, inclusive.  
SHOULDER is defined as billing months April, May, October and November.  
WINTER is defined as billing months December through March, inclusive.

Company does not obligate itself to supply power service under this rate schedule for individual motor loads except for single phase motors of seven and one-half (7 1/2) horsepower or less. Service to other motor loads is subject to permission in advance by Company in individual cases.

### MINIMUM MONTHLY BILL

In consideration of readiness of Company to furnish service under this rate schedule, no monthly bill will be rendered in an amount less than the above base charge.

### FUEL COST RECOVERY CLAUSE

To total of above charges for electric service under this rate schedule, there shall be added an amount determined in accordance with provisions of Company's Fuel Cost Recovery Clause. Schedule on file with and approved by the Mississippi Public Service Commission.

### MISCELLANEOUS RATE ADJUSTMENTS

To the total of all of the above charges for electric service under this rate schedule, there shall be added or subtracted any amounts determined in accordance with clauses or plans filed and in effect with the Mississippi Public Service Commission.

### TAX CLAUSE

To total of all of above charges for electric service under this rate schedule, there shall be added applicable existing Mississippi state and municipal sales taxes, and any new or additional tax, or taxes, or increases in rates of existing taxes, imposed after effective date of this rate schedule by any governmental authority upon service rendered by Company hereunder.

### ORDER OF BILLING

Charges are applied in the sequence they appear in rate schedule: Monthly Rate for Service, Minimum Monthly Bill, Fuel Cost Recovery Clause, Miscellaneous Rate Adjustments and Tax Clause.

## RESIDENTIAL ELECTRIC SERVICE RATE SCHEDULE "R-53"



Mississippi Public Service Commission Schedule No. 1

PAGE	EFFECTIVE DATE	DATE OF VERSION SUPERSEDED
3 of 3	March 19, 2013	October 19, 2011

### LEVELIZED MONTHLY BILLING

Subject to Company concurrence, customer may elect for his monthly billing to be based on the average actual electric service billing for twelve months ending with current month, plus or minus, an amount equal to one-twelfth of deferred charges. The deferred charges are the accumulated differences between the previous actual billings and the previous levelized billings.

### HURRICANE KATRINA SECURITIZATION BOND DEBT RECOVERY

Pursuant to MPSC Order dated May 22, 2007 in Docket No. 06-UA-0352, a System Restoration Charge (Monthly Charge) shall be added to the total of the above charges for electric service under this rate schedule. The Monthly Charge is for the collection of the principal and interest associated with the State bonds issued under the provisions of the Hurricane Katrina Electric Utility Customer Relief and Electric Utility System Restoration Act and will be remitted by the Company to the State by the 20<sup>th</sup> of each month. The Monthly Charge will continue to be applicable even if a customer elects to purchase electricity from an alternative supplier following a fundamental change in regulation of public utilities in Mississippi. Application of the Monthly Charge will cease upon complete retirement of the related System Restoration Bonds.

### PAYMENT

Bills rendered under this rate schedule are payable on receipt.

### DEPOSIT

A cash deposit equal to estimated average monthly bill may be required of customer before service is connected to guarantee payment of all bills. Any customer whose credit standing has become impaired may be required to deposit a sum up to an amount equal to the charge estimated for two months' service.

Service under this rate schedule is subject to service rules of Company.

M.P.S.C. No. 3 – Electric  
Wisconsin Electric Power Company  
(Rate Case - *Final* U-16830 )

*Seventh* Revised Sheet No. D-6.00  
Replaces *Sixth* Revised Sheet No. D-6.00

---

## RESIDENTIAL FULL REQUIREMENTS OR RETAIL ACCESS SERVICE RATE Rg1

### Availability:

To customers contracting for residential full requirements or retail access service for periods of one year or more for separately metered residential dwelling units including those in residences, summer cottages, and apartment buildings.

**Hours of Service:** Twenty-four.

**Character of Service:** Alternating current, 60 hertz, single-phase, three-phase or combination single and three-phase service.

### Rate:

**Power Supply Charges:** These charges are applicable to Full Requirements service.

Non-Space heating:        \$0.08999        per kWh

For customers with permanently installed electric space heating equipment which is the primary source of space heating, the following rate shall apply during the billing months of November through June:

Space heating:        \$0.08999        per kWh first 500 kWh per month  
                              \$0.08749        per kWh excess of 500 kWh per month

**Delivery Charges:** These charges are applicable to Full Requirements and Retail Access service.

Facilities Charge:        per day per standard meter or service connection

\$0.31582        single-phase

\$0.47373        three-phase

Distribution Charge:    \$0.04772        per kWh

Excess Meter Charge:    \$0.03288        per day per standard meter in excess of one

Power Supply and Delivery Charges are subject to the surcharges and credits shown on Sheet Nos. D-3.00 to D-5.05.

**Minimum Charge:** The monthly minimum charge shall be the Facilities Charge, the Renewable Energy Surcharge, and the Excess Meter Charge, if applicable.

**Payment:** This rate is net.

### Late Payment Charge:

The late payment charge is 1.5%, not compounded, of the portion of the bill, net of taxes, that is delinquent. The late payment charge shall not apply to customers whose payments are made by the Department of Human Services or who are participating in a shut off protection program as described in the Consumer Standards and Billing Practices for Electric Residential Service (R460.101-460.169).

### Retail Access Option:

Customers who meet the availability requirements of the Rg1 rate schedule may contract for residential retail access service. Retail access customers shall pay the above applicable Delivery Charges, Minimum Charge, and Late Payment Charge. Additionally, there is a \$2.79452 per day charge for an interval demand meter or service connection if applicable. Customers taking retail access service are also subject to the Terms and Conditions contained in the Retail Access Service tariff rate schedule RAS-1, Section E.

**Conditions of Delivery:** See Sheet Nos. D-8.00 – D-9.00. In addition to the Conditions of Delivery noted, retail access service customers are also subject to the Terms and Conditions contained in the Retail Access Service tariff, Section E.

---

Issued *June 27, 2012*  
R.A. Draba  
Vice-President,  
Milwaukee, Wisconsin

Effective for service rendered on and  
after *June 27, 2012*

Issued under authority of the  
Michigan Public Service Commission  
dated *June 26, 2012*  
in Case No. U-16830

44. Please refer to the testimony of witness Thompson, page 12, lines 22-25, page 13, lines 1-25, and page 14, lines 1-7.
- a. Please provide a hypothetical RTP bill comparison (showing each charge separately) and show how revenues are designated under the current and proposed methods.
  - b. Please provide a numerical example using an appropriate historical period for which all data are available (e.g., 2011) to illustrate the impact of Gulf's proposal for the RTP rate schedule on the annual fuel clause revenues and base revenues. Please present the example in the form of a comparison between the results that would be obtained under Gulf's current and proposed methodologies. For spreadsheets provided, please ensure that all formulas are intact and unlocked.

ANSWER:

- a. See attachment "Staff 3rd ROG 44 Attachment A.xlsx".
- b. See attachment "Staff 3rd ROG 44 Attachment B.xlsx".

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Third Set of Interrogatories (Nos. 38-52) Disk 1.

45. Please refer to MFR Schedule B-2, page 2 (BSP 5), lines 15-16. Please explain what Perdido Unit 3 is, why Gulf proposes to exclude its associated plant amount, and how the plant amount was calculated (by account, if applicable).

ANSWER:

Perdido Unit 3 is a third combustion generation engine to be located alongside the existing two units at the Perdido landfill. The third unit will be capable of producing 1.6 MW. The unit will use methane gas produced at the Perdido landfill and was originally budgeted to be completed and in service as early as August 2014. However, because of uncertainties associated with the unit, Gulf elected to remove all investment and O&M expense associated with the third unit at Perdido from this case. The 13-month average plant-in-service removed from the 2014 test year was calculated based on the originally budgeted in-service dates for capital additions associated with constructing and maintaining Perdido Unit 3.

46. Please refer to MFR Schedule B-2, page 2 (BSP 5), lines 17-18. Please explain what the distribution capital expenditures are, why Gulf proposes to exclude plant amounts associated with those expenditures, and how the plant amount was calculated (by account, if applicable).

ANSWER:

Gulf's Plant-in-Service Distribution New Business includes expenditures for distribution facilities that are necessary to construct additions, extensions, and improvements related to the connection of new residential, commercial, or industrial customers. These expenditures include installation of poles, conduit, and wires which are necessary to serve additional customers and their associated loads. For 2014, Gulf reduced PE 2552 (Overhead Construction) by \$1,757,000 and PE 2554 (Underground Construction) by \$2,378,000 to reflect the expected growth rate and distribution investment required to provide service to our customers. The adjustment to plant for the 2014 test year is the 13-month average of the plant-in-service balances calculated based on the projected months these expenditures were expected to clear to plant.



47. Please refer to MFR Schedule B-2, page 3 (BSP 6), lines 1-8. For each of these accumulated depreciation and amortization adjustments (Adjustment Nos. 14, 15, and 16) please explain what the adjustment is, why Gulf is proposing the adjustment, and how the adjustment was calculated (by account, if applicable, and depreciation rate). For Adjustment No. 15, please separate out dismantlement.

**ANSWER:**

Adjustment No. 14 represents the Accumulated Reserve associated with the Perdido Unit 3 adjustment. As mentioned in Gulf's response Interrogatory No. 45, because of uncertainties associated with this unit, Gulf elected to remove all investment and O&M expense associated with the third unit at Perdido from the 2014 test year. The Accumulated Reserve adjustment for the 2014 test year is the 13-month average of the net accumulation of depreciation expense associated with the Plant-in-Service discussed in Gulf's response to Interrogatory No. 45.

Adjustment No. 15 represents the 13-month average Accumulated Reserve impact for the 2014 test year of the proposed change in depreciation rates and dismantlement expense as discussed in the testimony of Gulf Witnesses Huck and Erickson. The impact was calculated by taking the difference between the accumulated reserve balances using the current approved depreciation rates and dismantlement expense compared to the proposed rates and expense. Further, the accumulated reserve balance was adjusted to remove the reserve amounts recovered elsewhere, which includes the Environmental Cost Recovery Clause, Energy Conservation Cost Recovery Clause, and the Scherer Wholesale costs.

Please see the chart below for accumulated depreciation and accumulated dismantlement separated out:

	<u>Accumulated Depreciation</u>	<u>Accumulated Dismantlement</u>	<u>Total Impact</u>
Total Company	\$ 4,774	\$ (1,365)	\$ 3,409
ECRC	2,845	(218)	2,627
ECCR	350	-	350
Scherer Direct	374	101	475
Total Company Adjusted	\$ 1,205	\$ (1,248)	\$ (43)
Note: Amounts are in thousands.			

Adjustment No. 16 represents the Accumulated Reserve associated with the New Business Distribution adjustment. As mentioned in Gulf's response to Interrogatory No. 46, New Business Distribution capital expenditures were reduced to reflect the expected growth rate and distribution investment required to provide service to our customers. The Accumulated Reserve adjustment is the 13-month average for the 2014 test year of the net accumulation of depreciation expense associated with the Plant-in-Service discussed in Gulf's response to Staff's Interrogatory No. 46.

48. Please refer to MFR Schedule B-7, page 2 (BSP 55), lines 10-11. Please define "GSU" and explain why Accounts 352 (Structures and Improvements) and 353 (Station Equipment) are listed separately for Scherer.

ANSWER:

GSU is an abbreviation for Generator Step-Up Unit and represents a component of the Transmission Switch Yard at the plant site. GSU's are accounted for in two separate FERC accounts, each being depreciated with a specific depreciation rate. Since Plant Scherer is a wholesale asset, all Scherer costs are excluded from the jurisdictional revenue request in this docket through the UPS adjustments. The Scherer GSU accounts are listed separately in order to differentiate them from jurisdictional costs.

49. Please refer to MFR Schedule B-7, page 3 (BSP 56), line 19. Do Accounts 301-303 contain anything other than software? If yes, please explain in detail what is contained in Accounts 301-303, including the dollar amount attributable to software and each non-software item.

ANSWER:

Yes, the Intangible Plant balance also includes Account 301 Organization Costs and Account 302 Franchise and Consents. The following table details the breakout of this account detail:

	<b>2014 Plant Balance - Beginning of Year</b>	<b>Total Plant Added</b>	<b>2014 Plant Balance – End of Year</b>	<b>2014 13- Month Average Plant</b>
FERC 301	\$ 7	\$ 0	\$ 7	\$ 7
FERC 302	1	0	1	1
FERC 303	16,059	219	16,278	16,169
<b>Total</b>	<b>\$ 16,067</b>	<b>\$ 219</b>	<b>\$ 16,286</b>	<b>\$ 16,177</b>
Note: Amounts are in thousands.				

50. Please refer to MFR Schedule C-3, page 5 (BSP 11), lines 12-13. Please explain how the depreciation expense adjustment for new business capital expenditures was calculated (by account, if applicable, and depreciation rate).

ANSWER:

As mentioned in Gulf's response to Interrogatory No. 46, New Business Distribution capital expenditures were reduced to reflect the expected growth rate and distribution investment required to provide service to our customers. The depreciation expense adjustment was calculated by taking the projected 2014 monthly Plant-in-Service balance associated with this adjustment (by FERC account) and applying the applicable proposed FERC depreciation rate.

51. Please refer to MFR Schedule C-3, page 6 (BSP 12), lines 2-3. Please explain how the depreciation and dismantlement expense adjustment for Gulf's 2013 study was calculated (by site, by account, and depreciation rate). Please separate out dismantlement expense.

**ANSWER:**

The Depreciation Study adjustment represents the impact from the proposed change in depreciation rates and dismantlement expense as referenced in the testimonies of Gulf Witnesses Huck and Erickson. The depreciation expense adjustment was calculated by first taking the projected 2014 monthly Plant-in-Service balance by depreciable group (by plant location / FERC account) and applying the current approved depreciation rate and then taking the same 2014 monthly Plant-in-Service balances and applying the appropriate proposed depreciation rate. The dismantlement expense adjustment represents the difference between the current approved and the proposed dismantlement expense. Further, the amounts were adjusted to remove the costs recovered elsewhere, which include the Environmental Cost Recovery Clause, the Energy Conservation Cost Recovery Clause, and the Scherer Wholesale costs. Additionally, Transportation Depreciation was adjusted out. Because vehicle depreciation is charged to various O&M or capital work orders, it is included in the applicable O&M and capex budgets for the test year rather than in the depreciation expense budget.

Please see the table below for the breakdown between depreciation and dismantlement expense:

	<b>Depreciation Expense</b>	<b>Dismantlement Expense</b>	<b>Total Impact</b>
Total Company	\$ 9,571	\$ (2,730)	\$ 6,841
ECRC	5,689	(437)	5,252
ECCR	721	-	721
Scherer Direct	751	203	954
Transportation	211	-	211
Total Company Adjusted	\$ 2,199	\$ (2,496)	\$ (297)

Note: Amounts are in thousands.

52. Please refer to MFR Schedule C-3, page 6 (BSP 12), lines 10-11. Please explain how the depreciation expense adjustment for Perdido Unit 3 was calculated (by account, if applicable, and depreciation rate).

ANSWER:

As mentioned in Gulf's response to Interrogatory No. 45, due to uncertainties associated with the unit, Gulf elected to remove all investment and O&M expense associated with the third unit at Perdido from this case. In order to calculate the effect on depreciation expense, the proposed depreciation rate of 5.7% was applied to the 2014 monthly projected Plant-in-Service balances associated with Perdido Unit 3.

AFFIDAVIT

STATE OF FLORIDA     )  
  )  
COUNTY OF ESCAMBIA    )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 8<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services



**91**

**Gulf's Responses to  
Staff's Fourth Set of Interrogatories  
(Nos. 53-55)**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 91  
PARTY PSC Staff  
DESCRIPTION Gulf's/Staff's 4<sup>th</sup> ROGs, Nos. 53-55  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 130140-EI

Date Filed: October 14, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S FOURTH SET OF INTERROGATORIES (NOS. 53-55)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Fourth Set of Interrogatories (Nos. 53-55) on the following pages.

Respectfully submitted by electronic mail the 14th day of October, 2013.



---

**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

53. For each year from 2003 through 2012 (inclusive) and for each generation unit, please provide the amount of O&M expense actually spent for maintenance outages broken out by unit for each year.

ANSWER:

Gulf O&M for Gulf Generating Units (excludes ECRC and Plant Scherer)  
2003-2012 Planned Outage Dollars (excludes Labor)  
Thousands (\$000)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Crist 4	1,059	82	352	623	28	2,254	5	398	391	(3)
Crist 5	1,105	112	420	344	247	701	427	196	2,774	(5)
Crist 6	1,854	1,352	2,903	863	71	2,619	3,168	80	7,217	7,409
Crist 7	2,641	4,895	3,290	1,273	693	199	8,484	291	4,901	6,678
Smith 1	1,656	881	286	65	4,963	135	1,092	64	2,769	10
Smith 2	356	680	3,424	311	580	1,757	536	1,758	307	60
Smith 3	1,023	50	181	395	191	848	583	4,282	2,561	1,657
Smith A	5	1	5	0	(20)	108	0	1	1	-
Scholz 1	27	189	10	191	58	232	35	20	36	460
Scholz 2	41	51	282	(40)	216	30	-	1	84	4
Pea Ridge	-	-	-	-	-	-	-	-	-	-
Perdido	-	-	-	-	-	-	-	-	-	-
Daniel 1	3,221	2,404	1,915	65	2,507	3	5	3,002	176	3,452
Daniel 2	1,780	6	1,564	1,984	242	3,612	(138)	341	4,341	271
	14,767	10,703	14,631	6,074	9,775	12,498	14,198	10,434	25,556	19,992

Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit. The slight variance in Daniel is due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.

54. For each year from 2013 through 2017 (inclusive), please provide the amount of O&M expense projected to be spent for maintenance outages broken out by unit for each year.

ANSWER:

Gulf O&M for Gulf Generating Units (excludes ECRC and Plant Scherer)  
2013-2017 Planned Outage Dollars (excludes Labor)  
Thousands (\$000)

	2013 Budget	2014 Budget Forecast	2015 Budget Forecast	2016 Budget Forecast	2017 Budget Forecast
41004 O&M-CRIST PLANT UNIT 4	5	2,708	4	3,221	2
41005 O&M-CRIST PLANT UNIT 5	5	2,955	4	3,172	2
41006 O&M-CRIST PLANT UNIT 6	98	4,668	44	6,302	43
41007 O&M-CRIST PLANT UNIT 7	90	36	4,517	38	5,771
42001 O&M-SCHOLZ PLANT UNIT 1	52	415	15	415	-
42002 O&M-SCHOLZ PLANT UNIT 2	300	-	400	-	400
43001 O&M-SMITH PLANT UNIT 1	24	-	4,729	19	40
43002 O&M-SMITH PLANT UNIT 2	-	31	614	25	4,938
43004 O&M-SMITH COMBINED CYCLE UNIT	2,192	1,668	1,683	4,813	1,236
44001 O&M-PLANT DANIEL 1	3	169	3,108	103	3,390
44002 O&M-PLANT DANIEL 2	3	4,550	78	2,827	79
48001 PERDIDO LANDFILL-O&M	-	319	287	-	-
Total	2,772	17,520	15,483	20,935	15,900
Adjustment Scholz Outage	(352)	(415)	(415)	(415)	(400)

Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit. The slight variance in Daniel is due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.

55. For each year (inclusive) from 2007 through 2012 (actual) and 2013 through 2017 (projected), please provide the total amount of O&M expense spent or budgeted for each Gulf unit, and provide amounts for each category of spending broken out by unit for each year

ANSWER:

See pages 2 through 5.

2007-2017 Gulf O&M for Gulf Generating Units  
Excludes ECRC and Plant Scherer

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	340,623	186,466	1,371,016	2,482,859	697,108	674,354	817,146	252,123	385,647	359,546	-	-	996,007	966,232
Baseline Other	713,904	759,336	2,379,426	3,234,178	1,293,691	1,590,031	1,119,112	278,132	496,116	579,518	450,000	-	2,025,008	2,177,587
Baseline Labor	1,349,298	1,340,408	4,218,338	5,959,188	2,619,090	2,896,070	1,862,669	58,607	1,042,734	1,083,662	-	-	2,935,809	2,627,681
Total Baseline	2,403,825	2,286,211	7,968,780	11,676,224	4,609,889	5,160,455	3,798,928	588,862	1,924,498	2,022,725	450,000	-	5,956,824	5,771,500
Total Outages	27,625	246,815	71,415	692,755	4,962,994	580,004	190,962	(19,608)	58,058	215,520	-	-	2,506,593	241,979
Special Projects	-	-	-	-	5,604	8,070	-	-	-	-	-	-	-	-
Total Actual	2,431,450	2,533,025	8,040,195	12,368,979	9,578,487	5,748,529	3,989,890	569,254	1,982,555	2,238,245	450,000	-	8,463,417	6,013,479

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	389,201	326,961	1,173,730	1,840,578	684,522	1,055,261	685,797	37,901	317,837	352,772	-	-	1,139,174	1,162,346
Baseline Other	707,665	684,890	2,666,402	3,698,585	1,057,178	1,457,389	1,634,254	(82,188)	343,207	323,264	450,000	-	3,362,648	2,298,967
Baseline Labor	1,725,045	1,660,175	4,252,963	5,655,564	2,516,274	3,436,276	1,891,367	42,003	1,070,418	1,030,812	-	-	2,479,924	2,951,158
Total Baseline	2,821,911	2,672,026	8,093,095	11,194,728	4,257,973	5,948,927	4,211,419	(2,285)	1,731,462	1,706,848	450,000	-	6,981,746	6,412,471
Total Outages	2,253,961	701,495	2,618,643	199,326	135,422	1,756,583	847,693	107,932	232,030	29,855	-	-	2,997	3,612,371
Special Projects	-	-	-	-	3,070	4,421	-	-	-	-	-	-	-	-
Total Actual	5,075,873	3,373,521	10,711,737	11,394,053	4,396,466	7,709,930	5,059,111	105,647	1,963,492	1,736,703	450,000	-	6,984,743	10,024,842

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	238,154	325,288	1,038,904	1,545,837	818,900	870,689	626,419	33,329	185,861	187,250	-	-	1,310,213	1,226,953
Baseline Other	599,585	575,935	2,030,250	2,883,097	850,997	1,214,836	1,513,935	(1,882)	398,489	393,191	450,000	-	1,933,926	2,219,396
Baseline Labor	1,449,544	1,545,742	4,221,774	6,346,229	2,745,550	3,409,026	2,088,890	23,039	922,267	922,018	-	-	2,510,583	2,518,614
Total Baseline	2,287,283	2,446,965	7,290,928	10,775,162	4,415,447	5,494,550	4,229,244	54,486	1,506,637	1,502,459	450,000	-	5,754,722	5,964,963
Total Outages	5,323	426,666	3,167,564	8,484,189	1,092,419	536,197	583,377	192	34,707	-	-	-	4,772	(137,746)
Special Projects	3	3	193	23	-	-	-	-	-	-	-	-	-	-
Total Actual	2,292,609	2,873,634	10,458,685	19,259,374	5,507,867	6,030,747	4,812,621	54,678	1,541,344	1,502,459	450,000	-	5,759,494	5,827,217

Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit. The slight variance in Daniel 1s due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.

2007-2017 Gulf O&M for Gulf Generating Units  
Excludes ECRC and Plant Scherer

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	823,621	382,828	1,264,321	2,049,662	669,541	956,022	764,060	1,710	164,175	166,082	-	-	735,073	766,314
Baseline Other	896,721	731,984	2,996,830	4,322,031	1,273,452	1,836,116	1,772,492	29,582	531,469	506,147	450,000	145,140	2,075,279	2,021,168
Baseline Labor	1,793,424	1,588,415	4,390,990	6,474,783	2,481,167	3,537,639	2,931,614	10,227	970,950	913,778	-	-	2,885,273	2,551,485
<b>Total Baseline</b>	<b>3,513,766</b>	<b>2,703,227</b>	<b>8,652,141</b>	<b>12,846,476</b>	<b>4,424,160</b>	<b>6,329,778</b>	<b>5,468,166</b>	<b>41,520</b>	<b>1,666,594</b>	<b>1,586,007</b>	<b>450,000</b>	<b>145,140</b>	<b>5,695,625</b>	<b>5,338,967</b>
Total Outages	398,066	196,054	80,230	291,218	63,533	1,757,904	4,281,787	1,166	20,029	880	-	-	3,001,817	340,930
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	142,725	142,725
<b>Total Actual</b>	<b>3,911,832</b>	<b>2,899,280</b>	<b>8,732,371</b>	<b>13,137,694</b>	<b>4,487,693</b>	<b>8,087,682</b>	<b>9,749,954</b>	<b>42,686</b>	<b>1,686,623</b>	<b>1,586,887</b>	<b>450,000</b>	<b>145,140</b>	<b>8,840,167</b>	<b>5,822,622</b>

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	459,916	471,806	1,381,387	2,018,972	871,073	961,368	1,074,968	1,207	276,384	390,631	-	-	1,129,470	1,230,770
Baseline Other	1,014,035	1,087,734	3,567,956	4,419,871	2,065,904	2,395,266	2,900,388	72,248	498,544	661,059	450,000	563,361	2,343,680	2,348,190
Baseline Labor	1,532,877	1,886,667	4,882,641	6,568,150	2,875,089	3,403,058	2,331,233	10,652	953,965	1,097,276	-	-	2,460,053	2,978,087
<b>Total Baseline</b>	<b>3,006,828</b>	<b>3,446,207</b>	<b>9,831,984</b>	<b>13,006,993</b>	<b>5,812,066</b>	<b>6,759,692</b>	<b>6,306,587</b>	<b>84,107</b>	<b>1,728,893</b>	<b>2,148,966</b>	<b>450,000</b>	<b>563,361</b>	<b>5,933,203</b>	<b>6,557,047</b>
Total Outages	390,595	2,773,673	7,216,649	4,900,956	2,768,549	306,588	2,560,525	972	35,861	84,410	-	-	176,203	4,340,832
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	29,074	29,074
<b>Total Actual</b>	<b>3,397,423</b>	<b>6,219,880</b>	<b>17,048,633</b>	<b>17,907,949</b>	<b>8,580,615</b>	<b>7,066,280</b>	<b>8,867,112</b>	<b>85,079</b>	<b>1,764,754</b>	<b>2,233,376</b>	<b>450,000</b>	<b>563,361</b>	<b>6,138,480</b>	<b>10,926,953</b>

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	276,449	552,630	1,184,213	1,784,160	688,256	955,608	1,269,833	6,674	252,312	212,864	291	1,121	1,069,379	826,586
Baseline Other	695,932	835,791	2,728,885	3,610,870	1,185,297	1,689,129	3,255,426	70,027	627,937	509,218	451,990	548,123	2,327,380	2,070,844
Baseline Labor	1,551,867	1,589,470	5,052,485	7,167,799	2,673,532	3,802,094	2,375,256	32,157	1,011,852	888,949	-	-	2,898,625	2,382,753
<b>Total Baseline</b>	<b>2,524,248</b>	<b>2,977,891</b>	<b>8,965,583</b>	<b>12,562,829</b>	<b>4,547,085</b>	<b>6,246,831</b>	<b>6,900,515</b>	<b>108,858</b>	<b>1,892,101</b>	<b>1,611,031</b>	<b>452,281</b>	<b>549,244</b>	<b>6,295,384</b>	<b>5,280,183</b>
Total Outages	(3,116)	(4,859)	7,408,808	6,677,563	9,583	59,737	1,656,980	-	459,840	3,570	-	-	3,452,484	271,326
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	57,222	57,222
<b>Total Actual</b>	<b>2,521,132</b>	<b>2,973,032</b>	<b>16,374,391</b>	<b>19,240,392</b>	<b>4,556,668</b>	<b>6,306,568</b>	<b>8,557,495</b>	<b>108,858</b>	<b>2,351,941</b>	<b>1,614,601</b>	<b>452,281</b>	<b>549,244</b>	<b>9,805,090</b>	<b>5,608,731</b>

Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit.  
The slight variance in Daniel is due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.

2007-2017 Gulf O&M for Gulf Generating Units  
Excludes ECRC and Plant Scherer

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	404,545	404,545	1,776,791	2,776,235	1,013,965	1,426,485	1,323,050	42,500	302,200	302,200			200,548	200,548
Baseline Other	901,519	901,519	3,872,977	6,110,854	1,536,648	2,137,481	3,253,360	58,740	702,587	702,587	458,183	797,477	2,584,197	2,609,697
Baseline Labor	1,407,335	1,407,335	4,832,150	7,157,255	2,240,275	3,231,048	17,881	2,906,846	1,012,030	1,012,030			2,827,940	2,827,940
Total Baseline	2,713,399	2,713,399	10,481,918	16,044,344	4,790,888	6,795,014	4,594,291	3,008,086	2,016,817	2,016,817	458,183	797,477	5,612,685	5,638,185
Total Outages	5,324	5,324	98,016	90,060	23,727	-	2,192,164	-	51,794	300,000	-	-	2,720	2,720
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	27,123	27,123
Total Actual	2,718,723	2,718,723	10,579,936	16,134,404	4,814,615	6,795,014	6,786,455	3,008,086	2,068,611	2,316,817	458,183	797,477	5,642,528	5,668,028
Adjustment Scholz Outage									(51,794)	(300,000)				
Adjustment Scholz Baseline									(395,066)	(395,066)				

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	374,899	374,899	1,651,569	2,580,577	989,313	1,372,537	1,460,300	27,500	292,844	292,844			175,528	175,528
Baseline Other	841,785	841,785	3,638,385	5,638,842	1,475,321	2,055,263	3,077,173	92,070	762,288	762,288	457,999	1,213,868	2,791,113	2,791,113
Baseline Labor	1,413,761	1,413,761	4,861,924	7,204,567	2,248,455	3,242,979	2,763,289	17,937	990,457	990,457			2,929,988	3,046,117
Total Baseline	2,630,445	2,630,445	10,151,878	15,423,986	4,713,089	6,670,779	7,300,762	137,507	2,045,589	2,045,589	457,999	1,213,868	5,896,629	6,012,758
Total Outages	2,708,136	2,955,236	4,668,297	35,573	-	31,186	1,668,255	-	415,000	-	-	319,000	169,251	4,549,970
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	11,556	11,556
Total Actual	5,338,581	5,585,681	14,820,175	15,459,559	4,713,089	6,701,965	8,969,017	137,507	2,460,589	2,045,589	457,999	1,532,868	6,077,436	10,574,284
Adjustment Scholz Outage									(415,000)					
Adjustment Scholz Baseline									(530,156)	(530,156)				
Adjustment Perdido												(400,000)		

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	377,953	377,953	1,665,794	2,602,803	1,075,784	1,342,136	1,427,300	27,500	268,500	268,500			182,053	182,053
Baseline Other	841,983	841,983	3,626,503	5,661,522	1,543,194	2,022,271	3,186,719	91,584	786,721	786,721	457,997	1,235,789	2,810,004	2,810,004
Baseline Labor	1,450,972	1,450,972	4,991,297	7,396,878	2,304,271	3,323,508	2,867,260	18,474	1,013,800	1,013,800			3,103,983	2,985,996
Total Baseline	2,670,908	2,670,908	10,283,594	15,661,203	4,923,229	6,687,915	7,481,279	137,558	2,069,021	2,069,021	457,997	1,235,789	6,096,040	5,978,053
Total Outages	3,657	3,657	43,906	4,517,262	4,729,233	613,769	1,683,382	-	15,000	400,000	-	287,000	3,108,330	78,036
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	10,337	10,337
Total Actual	2,674,565	2,674,565	10,327,500	20,178,465	9,652,462	7,301,684	9,164,661	137,558	2,084,021	2,469,021	457,997	1,522,789	9,214,707	6,066,426
Adjustment Scholz Outage									(15,000)	(400,000)				
Adjustment Scholz Baseline									(1,035,430)	(1,035,430)				
Adjustment Perdido												(405,000)		

Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit. The slight variance in Daniel is due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.



2007-2017 Gulf O&M for Gulf Generating Units  
Excludes ECRC and Plant Scherer

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	388,789	388,789	1,713,251	2,676,955	983,510	1,470,540	1,549,200	27,500	311,001	311,001			189,016	189,016
Baseline Other	884,419	884,419	3,821,477	5,910,784	1,512,944	2,199,708	3,055,585	91,785	801,608	801,608	458,001	1,263,072	2,844,270	2,844,270
Baseline Labor	1,492,317	1,492,317	5,134,772	7,610,013	2,349,380	3,388,627	3,149,783	19,085	1,054,409	1,054,409			3,080,900	3,200,774
Total Baseline	2,765,525	2,765,525	10,669,500	16,197,752	4,845,834	7,058,875	7,754,568	138,370	2,167,018	2,167,018	458,001	1,263,072	6,114,186	6,234,060
Total Outages	3,221,189	3,172,124	6,302,135	37,918	19,015	25,030	4,812,674	-	415,000	-	-	-	103,393	2,826,679
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	11,029	11,029
Total Actual	5,986,714	5,937,649	16,971,635	16,235,670	4,864,849	7,083,905	12,567,242	138,370	2,582,018	2,167,018	458,001	1,263,072	6,228,608	9,071,768
Adjustment Scholz Outage									(415,000)					
Adjustment Scholz Baseline									(1,676,534)	(1,676,534)				
Adjustment Perdido												(415,000)		

	Crist 4	Crist 5	Crist 6	Crist 7	Smith 1	Smith 2	Smith 3	Smith A	Scholz 1	Scholz 2	Pea Ridge	Perdido	Daniel 1	Daniel 2
Baseline Materials	381,963	381,963	1,685,433	2,633,489	1,017,608	1,384,892	1,453,100	27,500	316,000	316,000			195,484	358,484
Baseline Other	885,481	885,481	3,778,054	5,954,316	1,495,606	2,057,506	3,254,282	92,243	831,163	831,163	457,996	1,279,637	3,093,340	3,093,340
Baseline Labor	1,527,928	1,527,928	5,259,206	7,795,227	2,419,987	3,490,468	2,973,468	19,607	1,081,943	1,061,943			3,287,984	3,166,191
Total Baseline	2,795,372	2,795,372	10,722,693	16,383,032	4,933,201	6,932,866	7,680,850	139,350	2,209,106	2,209,106	457,996	1,279,637	6,576,808	6,618,015
Total Outages	1,923	1,923	42,591	5,771,122	39,512	4,938,474	1,235,958	-	-	400,000	-	-	3,389,860	78,537
Special Projects	-	-	-	-	-	-	-	-	-	-	-	-	11,159	11,159
Total Actual	2,797,295	2,797,295	10,765,284	22,154,154	4,972,713	11,871,340	8,916,808	139,350	2,209,106	2,609,106	457,996	1,279,637	9,977,827	6,707,711
Adjustment Scholz Outage										(400,000)				
Adjustment Scholz Baseline									(1,705,933)	(1,705,933)				
Adjustment Perdido												(413,929)		

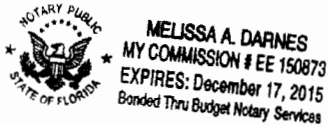
Note: Witness Grove's Schedule 7 and Schedule 9 are inclusive of this same information. To fully answer this interrogatory Plant Daniel was broken down by unit.  
The slight variance in Daniel is due to the inclusion of outage labor for Plant Daniel on Schedule 7 and Schedule 9.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 11<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large

92

**Gulf's Responses to  
Staff's Fifth Set of Interrogatories  
(No. 56)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI \_\_\_\_\_ EXHIBIT 92  
PARTY PSC Staff \_\_\_\_\_  
DESCRIPTION Gulf s/to Staff's 5<sup>th</sup> ROG, No. 56 \_\_\_\_\_  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: October 25, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S FIFTH SET OF INTERROGATORIES (NO. 56)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Fifth Set of Interrogatories (No. 56) on the following pages.

Respectfully submitted by overnight mail the 25th day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

56. Please provide Gulf's actual monthly sales, customer, and sales forecast adjustment data for the months of November 2012 through August 2013 to the extent such information is currently available, including:
- a. Monthly actuals for all residential customer, sales, and sales adjustment data series updating those series appearing in response to Staff's 1st Set of Interrogatories, No. 2, Attached file labeled "B2013A energy calc Res.xlsx." This is inclusive of the following labeled data series: Non-Lighting KWH per Customer Per Billing Day, Customers, DSM, EV, and Outdoor Lighting Billing Cycle Energy.
  - b. Monthly actuals for all small and large commercial customer, sales, and sales adjustment data series updating those series appearing in response to Staff's 1st Set of Interrogatories, No. 8, Attached file labeled "B2013A energy calc Commercial.xlsx." This is inclusive of the following labeled data series for Small Commercial Sales: Small Commercial KWH per Customer per Billing Day, Customers, DSM, Unbilled Energy. It is also inclusive of the following labeled data series for Large Commercial Sales: Large Commercial KWH per customer Per Billing Cycle, Customers, DSM, and Unbilled Energy. It is also inclusive of the following labeled data series for Small and Large Commercial Sales: Outdoor Lighting Calendar Energy

ANSWER:

- a. Please see attachment "Staff 5th ROG 56 Attachment A.xlsx" for the monthly actual data for residential customers and sales for the months of November 2012 through August 2013. The actual impacts to sales related to conservation and EV charging for the months of November 2012 through August 2013 are embedded in the actual sales data. Since it is cost-prohibitive to directly measure all DSM savings as well as sales to specific end uses such as EV charging, Gulf does not measure these transactions and, therefore, cannot provide historical data in the columns labeled "DSM" and "EV." Note that Gulf estimates the impact of incremental additional DSM on energy sales and incremental additional EV charging sales in its forecast.
- b. Please see attachment "Staff 5th ROG 56 Attachment B.xlsx" for the monthly actual data for commercial customers and sales for the months of November 2012 through August 2013. The actual impacts to sales related to conservation for the months of November 2012 through August 2013 are embedded in the

Staff's Fifth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 25, 2013  
Item No. 56  
Page 2 of 2

actual sales data. Since it is cost-prohibitive to directly measure all DSM savings, Gulf does not measure these transactions and, therefore, cannot provide historical data in the column labeled "DSM" under the tab "ComLg." Note that Gulf estimates the impact of incremental additional DSM on energy sales in its forecast.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Fifth Set of Interrogatories (No. 56) Disk 1.

AFFIDAVIT

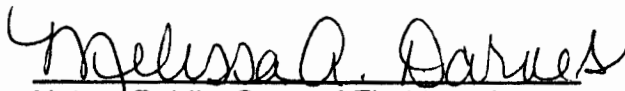
STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
\_\_\_\_\_  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 23<sup>rd</sup> day of October, 2013.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large



**Gulf's Responses to  
Staff's Sixth Set of Interrogatories  
(Nos. 57-63,  
64 (CONFIDENTIAL), and 65)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI \_\_\_\_\_ EXHIBIT 93

PARTY PSC Staff \_\_\_\_\_

DESCRIPTION Gulf's Staff's 6<sup>th</sup> ROGs, 57-63,65; 64 Conf. \_\_\_\_\_

DATE \_\_\_\_\_



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

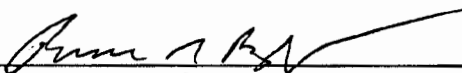
Docket No. 130140-EI

Date Filed: October 28, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S SIXTH SET OF INTERROGATORIES (NOS. 57-65)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Sixth Set of Interrogatories (Nos. 57-65) on the following pages.

Respectfully submitted by electronic mail the 28th day of October, 2013.

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

57. Please refer to direct testimony of witness McQuagge, page 17, lines 15 through 24.
- Please list all of the activities and their associated costs that are included in Gulf's Asset Management activity which has a total cost of \$2,834,000.
  - Please list the activities involved with Gulf's pole inspection program and the associated costs for the projected test year.
  - Is the pole inspection program included in the budget for Storm Hardening? If yes, please include the actual budgeted amounts for each year from 2006 to 2013 and the projected amounts for 2014 and 2015.
  - Please list the total number of poles Gulf has in its service area.
  - Please list the total number of pole inspections completed since the start of the pole inspection program by year.
  - Is Gulf on target with its pole inspection program? If so please explain.
  - Since the start of Gulf's pole inspection program, have there been any changes? For example, number of poles inspected each year, cost associated, regions inspected, number of crew workers for inspection, etc.

ANSWER:

a.

<b>Asset Management Reliability Programs</b>	<b>2014 O&amp;M Budget</b>
Asset Management Reliability	\$193,783
Company Owned Service	\$200,500
Distribution Line Automation	\$20,000
Oil Circuit Recloser Maintenance Program	\$546,779
Padmount Equipment Inspection	\$100,000
Padmount Transformer Painting	\$100,000
Pole Inspection and Replacement Program	\$478,000
Street Lighting	\$1,194,893
	<u>\$2,833,955</u>

- b. Since 2007, Gulf Power has used an eight-year pole inspection cycle as discussed in Florida Public Service Commission (FPSC) Order No. PSC-07-0078-PAA-EU. Inspections are conducted according to a matrix that uses pole age, treatment type, and condition. Using the matrix, all poles receive a visual inspection with sounding, boring and excavation as appropriate. The pole

inspection program also includes the replacement of poles that fail the inspections. The pole inspection program is a part of the 2013-2015 Storm Hardening Plan filed with the FPSC on May 1, 2013. The projected O&M cost of the pole inspection program for the 2014 test year is \$478,000.

- c. Yes, the pole inspection program is part of the 2013 – 2015 Storm Hardening Plan. The O&M costs associated with the program are below:

<b>O&amp;M</b>	
<b>Actual/Budget</b>	
2006	\$258,763
2007 *	\$410,663
2008	\$532,623
2009	\$1,031,576
2010	\$690,037
2011	\$1,078,621
2012**	\$160,293
2013	\$478,000
2014	\$478,000
2015	\$478,000

\*2007 - the inspection program was changed from a ten-year cycle to an eight-year cycle.

\*\*2012 – fewer inspections were completed due to the program being ahead of schedule.

- d. As of December 31, 2012 Gulf had approximately 234,003 poles that are used for distribution services and lighting. This number includes wood, concrete, aluminum, and fiberglass poles.
- e. The current eight-year pole inspection program began in 2007. The following table shows the actual number of poles inspected since 2007 and an estimate for 2013. In 2012, Gulf adjusted its pole inspection program to reflect the results of a pole audit that showed Gulf had fewer poles and as a result of this adjustment the inspections for the eight-year inspection cycle will be completed in 2013.

<b>8-Year Inspection Cycle</b>						
2007	2008	2009	2010	2011	2012*	2013
33,026	35,482	27,577	32,016	53,963	1,709	22,000

\*2012 – fewer inspections were completed due to the program being ahead of schedule.

- f. Yes. The pole inspections for the current cycle will be completed in 2013 and the replacement of the rejected poles should be completed in 2014. The first year of inspections for the new eight-year cycle will begin in 2014.
  
- g. Yes. In 2007, Gulf moved to an eight-year pole inspection cycle from a ten-year inspection cycle. In 2012, Gulf adjusted its pole inspection program to reflect the results of a pole audit that showed Gulf had fewer poles. The number of wood poles was reduced from 253,365 to 200,866. Annual inspection rates have varied year-to-year as have the total costs of the program which vary according to the number of poles inspected in a given year. In the current eight-year cycle, Gulf had inspected 88% of its total pole population as of the end of the sixth year of the eight-year cycle. Gulf plans to continue this flexible approach to ensure completion of the inspection cycle within eight years.

58. For purposes of this Interrogatory, please refer to the 2013 MFR Schedule B-13, Construction Work in Progress, page 1 of 2, Steam Production.
- a) Please identify each project included under Minor Projects- Non-Scherer on line 15, totaling \$37,542,000. Please provide a description of each project and corresponding amount.
  - b) For each project, please state the date construction began and expected completion date.

ANSWER:

There are 97 projects included in "Steam Production – Minor Projects – Non-Scherer", on line 15, totaling \$37,542,000. Please see pages 2 through 4 for a description of each project, the corresponding year-end and 13-month average balances, and the projects' expected start and completion dates.

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014	13 Month Average Balance 2014
103102: ECRC-AIR-CRIST 7 SCR CATALYST REPL 2015	Nov 2014	Apr 2015	\$ 333	\$ 38
106001: ECRC-AIR-CRIST 7 FGAS MONITORS	Jan 2014	Mar 2014		23
106701: ECRC-AIR-CRIST 6 SCR CATALYST REPL 2014	Nov 2013	Feb 2014		77
109501: ECRC-AIR-CRIST MERCURY(RATA)RELATIVE ACCURACY TEST AUDIT EQ	Feb 2014	Mar 2014		19
110101: ECRC-AIR-CRIST 4-7 Activated Carbon Injection	Jan 2014	Dec 2014		4,163
117401: ECRC-WATER-CRIST 4-7 316b Study	Jan 2014	Dec 2018	970	426
118801: ECRC-AIR-CRIST 4-7 MERCURY/PM CEMS	Mar 2012	Apr 2015	2,280	1,140
118901: ECRC-AIR-CRIST 4-5 MERCURY/PM CEMS BY PASS STACK	Nov 2014	Jan 2015	620	72
119001: ECRC-AIR-CRIST 6-7 MERCURY/PM CEMS BY PASS STACK	Nov 2014	Jan 2015	620	72
120301: ECRC-AIR-CRIST 4-7 FGD Additive	Jan 2014	Dec 2014		116
123301: ECRC - CRIST SCRUBBER MISCELLANEOUS	BLANKET	BLANKET	335	335
124701: ECRC-AIR-CRIST 4&5 BY-PASS STACK CEMS EQUIPMENT	Jan 2014	Dec 2014		169
125601: ECRC AIR-CRIST 6&7 BY-PASS STACK CEMS EQUIPMENT	Feb 2012	Dec 2014		211
100001: UNIT 4 & 5 ASH SYSTEM 600 VAC MCC	Aug 2013	Apr 2014		23
100801: UNIT 7 ROOF TUBES HEADER TO HEADER	Sep 2014	Apr 2015	800	154
101208: CRIST U6 DUCT WORK AND EXPANSION JOINTS 2014	Sep 2013	Mar 2014		49
101601: CRIST UNIT 7 FINISHING SUPERHEATER	Sep 2014	Dec 2015	1,500	288
101801: CRIST U7 DUCT WORK AND EXPANSION JOINTS 2014	Feb 2014	Mar 2014		29
102001: CRIST 4 & 5 PRIMARY/SECONDARY ASH COLLECTOR REPLACEMENT	Nov 2013	Apr 2014		138
102201: CRIST 4 BOTTOM ASH DOGHOUSE AND SLUICE GATE	Feb 2013	Apr 2014		16
102701: CRITS 4 & 5 ASH CONTROLS	Oct 2013	Mar 2014		385
103201: CRIST 7 CONDENSER VACUUM PUMPS	Sep 2014	May 2015	50	8
104101: CRIST 6C 4160 BUS REPL BREAKERS	Sep 2013	Apr 2014		54
104201: CRIST 7C 4160 VOLT BUS REPLACE BREAKERS	Sep 2014	Mar 2015	40	8
104301: CRIST COMMON #2 DEMIN. MCC. REPLACEMENT	Oct 2014	May 2015	30	5
104401: CRIST 4 - 2300 VOLT BREAKERS	Oct 2013	Apr 2014		58
104501: CRIST 6 PYRITE LINES	Feb 2013	Mar 2014		6
105901: CRIST 5 - 2300 VOLT BREAKERS	Oct 2013	Jun 2014		78
106401: CRIST 6 PYRITE HOPPERS	Sep 2013	Apr 2014		20
106801: CRIST U6 BLOWDOWN TANK REPLACEMENT	Sep 2014	Dec 2014		14
107401: CRIST U1-2-3 2300 VOLT SWITCHGEAR	Oct 2013	Jun 2014		55
107901: CRIST 4&5 SSS TRANSFORMER REPLACEMENT 2012	Apr 2012	Dec 2014		107
107902: CRIST 4&5 SSS TRANSFORMER REPLACEMENT 2013-22	Sep 2013	Dec 2014		990
108401: CRIST UNIT 5 WALL BLOWERS	Oct 2013	Mar 2014		29
108501: CRIST UNIT 5 LONG RETRACT SOOTBLOWERS	Nov 2013	Apr 2014		54
108701: CRIST UNIT 5 BURNER REPLACEMENT	Oct 2013	Dec 2014		224
108901: CRIST 6 REPLACE ASH HOOPER	Sep 2013	Dec 2014		1,648

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014	13 Month Average Balance 2014
109101: CRIST 7 AIR HEATER BASKETS 2015	Sep 2014	Dec 2015	500	96
109901: CRIST 5 - AIR HEATER BASKETS 2014	Oct 2013	Dec 2014		81
110001: CRIST - MINOR MISC ADDITIONS DEPRECIABLE	BLANKET	BLANKET	78	78
110601: CRIST 7 - ECONOMIZER	Sep 2014	Dec 2015	1,500	288
110801: CRIST 7 FLY ASH CONTROLS 2012	Apr 2012	May 2015	0	0
110901: CRIST 7 - DIVISION WALL SUPERHEATER	Sep 2014	Dec 2015	848	163
111301: CRIST 7 - PULVERIZED COAL PIPING	Sep 2014	Apr 2015	50	10
111501: CRIST 4 - PULVERIZED COAL PIPING	Nov 2012	Dec 2014		8
111502: CRIST 4 - PULVERIZED COAL PIPING 2013-22	Sep 2013	Dec 2014		681
112401: CRIST 4 - EXCITER AND VOLTAGE REGULATOR	Jan 2014	Dec 2014		169
113001: CRIST 5 - EXCITER AND VOLTAGE REGULATOR	Sep 2014	Dec 2014		46
113701: CRIST 6 CONTROL SYSTEM UPGRADES 2014 (2012)	May 2011	Feb 2014		28
113704: CRIST 6 CONTROL SYSTEM UPGRADES 2014 (2013-22)	Sep 2013	Feb 2014		108
114401: CRIST 7 CONTROL SYSTEM UPGRADES 2015 (2012)	May 2011	Mar 2015	83	83
114404: CRIST 7 CONTROL SYSTEM UPGRADES 2015 (2013-22)	Mar 2014	Mar 2015	1,300	850
114801: CRIST - MAJOR MISC ADDITIONS	BLANKET	BLANKET	507	507
117601: CRIST U4 REPL BREAKERS CABLE & SWITCHES FOR ARC FLASH STUDY	Oct 2013	Dec 2014		89
122301: CRIST 7 BOTTOM ASH HOPPER (2012)	Feb 2012	Dec 2015	66	66
122302: CRIST 7 BOTTOM ASH HOPPER (2013-22)	Sep 2014	Dec 2015	500	96
122401: CRIST ADDITION OF SAMPLE PANEL IN LABORATORY	Mar 2014	May 2014		5
126301: UNIT 7 HOT REHEAT PIPING	Feb 2014	May 2015	500	365
128201: UNITS 4 5 6 & 7 CHEMICAL FEED SYSTEM	Aug 2014	Dec 2014		46
129401: REVERSE OSMOSIS SYSTEM	Jun 2014	Dec 2014		231
150501: ECRC-AIR-DANIEL 1 HG/PM CEMS	Jan 2013	Apr 2015	1,078	829
150801: ECRC-AIR-DANIEL2 HG/PM CEMS	Jan 2013	Apr 2015	1,213	932
151701: ECRC - AIR- DANIEL BROMINE INJECTION	Jan 2014	Oct 2015	683	231
151901: ECRC DANIEL 1 & 2 316B STUDIES	Jan 2014	Dec 2016	477	239
159601: ECRC DANIEL 1 & 2 GROUND WATER MTR	Jul 2014	Jun 2015	120	24
180901: ECRC -AIR-DANIEL 1 & 2 ACTIVATED CARBON INJECTION C01767	Jan 2014	Oct 2015	1,092	369
150001: DANIEL-MISC. STEAM PLANT ADDITIONS & IMP	BLANKET	BLANKET	167	167
155704: DANIEL 1&2 CONVEYOR BELT 2B -C01721	Mar 2014	Dec 2014		10
158104: DANIEL 1&2 CONVEYOR DD GEARBOXES 1A 2A C07652	Jan 2014	Dec 2014		47
158701: DANIEL 1 BENTLEY VIBRATION SYSTEM	Jan 2013	Feb 2014		23
159101: DANIEL RELAY MODERNIZATION FOR TRANM SUBSTATION	Jul 2014	Dec 2017	1,217	327
181403: DANIEL 2 EXPANSION JOINTS 1718	Feb 2014	Apr 2014		11
184903: DANIEL SHAKER SLIDE GATES C15100	Apr 2012	Dec 2014		106
186101: DANIEL 2 FW HEATER 4 LP	Sep 2014	May 2015	321	74
186303: Daniel 1 Boiler Feed Pump 1A	Dec 2014	Jun 2015	5	0
186401: DANIEL 2 BOILER FEED PUMPS	Jan 2013	Jun 2014		22

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014	13 Month Average Balance 2014
186501: DANIEL 1 SEAL AIR SYSTEM	Oct 2014	Dec 2014		2
187301: 1873 DANIEL 1&2 BECK DRIVERS	Jan 2013	Apr 2014		51
187402: Daniel 1 & 2 Closed Loop Coolers	Jan 2014	Dec 2014		92
187501: Daniel 1 & 2 CPAT Drum Index	Sep 2014	May 2015	238	55
130401: ECRC-AIR-SCHOLZ ESP MODIFICATIONS	Jan 2014	Dec 2015	2,415	1,208
134901: ECRC-AIR-SCHOLZ DRY SORBENT INJECTION	Jan 2014	Dec 2015	4,638	2,319
136201: ECRC-AIR-SCHOLZ CEMS MERCURY MONITORING	Jan 2014	Dec 2015	1,898	949
136301: ECRC-AIR-SCHOLZ ACTIVATED CARBON INJECTION	Jan 2014	Dec 2014		2,242
139901: ECRC-WATER-SCHOLZ 316B	Jan 2014	Dec 2016	1,081	540
147601: ECRC-WASTE-SMITH 2 DRY FLY ASH	Jan 2014	Dec 2017	50	25
163001: ECRC-AIR-SMITH CEMS MERCURY MONITORING	Jan 2014	Dec 2015	1,898	949
164401: ECRC-AIR-SMITH ACTIVATED CARBON INJECTION	Jan 2014	Dec 2014		2,043
164501: ECRC-AIR-SMITH DRY SORBENT INJECTION	Jan 2014	Dec 2015	4,225	2,113
169101: ECRC-WATER-SMITH 316B	Jan 2014	Dec 2018	1,014	507
140201: SMITH 1 - PRIMARY AIR INSTRUMENTATION	Sep 2014	Dec 2014		23
140501: SMITH 2 - PRIMARY AIR INSTRUMENTATION	Sep 2014	Dec 2014		23
142701: SMITH UNIT 1 VACUUM PUMPS	May 2014	Sep 2014		20
142801: SMITH UNIT 2 VACUUM PUMPS	Mar 2014	May 2014		5
148101: SMITH 1&2 - REPLACE #5 HP HEATER	Dec 2014	Apr 2015	200	15
149201: SMITH 1 - GENERAL SERVICE WATER COOLER REPLACEMENT	Sep 2014	Dec 2014		58
149801: SMITH 1 & 2 - SAFETY VALVE REPLACEMENT	Jan 2014	Apr 2014		23
			<b>\$ 37,542</b>	<b>\$ 32,071</b>

**Notes:**

1) Amounts are in thousands.

2) As discussed in Witness Ritenour's testimony, blanket projects are for small repetitive expenditures that are typically started and completed over a short period of time.



59. For purposes of this Interrogatory, please refer to the 2013 MFR Schedule B-13, Construction Work in Progress, page 1 of 2, Other Production.
- b) Please identify each project included under Minor Projects on line 18, totaling \$6,000. Please provide a description of each project and corresponding amount.
- c) b) For each project, please state the date construction began and expected completion date.

ANSWER:

There are 2 projects included in "Other Production – Minor Projects", on line 18, totaling \$6,000.

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014 (000)	13 Month Average Balance 2014 (000)
FPC-148901: SMITH 3 - POWER GRAPHICS	Sep 2014	Dec 2014	-	\$ 87
FPC-160001: SMITH 3 MISC REPLACEMENTS	BLANKET	BLANKET	6	6
			<b>\$ 6</b>	<b>\$ 93</b>

Note:

As discussed in Witness Ritenour's testimony, blanket projects are for small repetitive expenditures that are typically started and completed over a short period of time.

60. For purposes of this Interrogatory, please refer to the 2013 MFR Schedule B-13, Construction Work in Progress, page 2 of 2, Transmission Plant.
- Please identify each project included under Minor Projects on line 11, totaling \$5,633,000. Please provide a description of each project and corresponding amount.
  - For each project, please state the date construction began and expected completion date.

ANSWER:

There are 16 projects included in "Transmission Plant – Minor Projects", on line 11, totaling \$5,633,000. Please see page 2 for a description of each project, the corresponding year-end and 13-month average balances, and the projects' expected start and completion dates.

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014 (000)	13 Month Average Balance 2014 (000)
FPC-281001: 115 KV STATIC WIRE REPLACEMENTS	BLANKET	BLANKET	\$ 411	\$ 411
FPC-282201: TRANS 115KV SWITCH REPL PROJECT	BLANKET	BLANKET	248	248
FPC-373503: Caryville Substation	Jan 2013	Nov 2014		268
FPC-280201: TRANS 230KV LINE INFRASTRUCTURE PROJECTS	BLANKET	BLANKET	2,112	2,112
FPC-282101: Loop Crist - Shoal River into Alligator Swamp	Jan 2014	Dec 2015	125	78
FPC-282102: Alligator Swamp Sub	Oct 2014	Dec 2015	75	12
FPC-284102: Smith - Sinia 230 kV Guyed Y Tower anchor replacements	Jan 2014	Jun 2014		369
FPC-343403: Crist - Shoal River 230 kV Connections	Aug 2013	May 2015	50	50
FPC-348201: AIR PRODUCTS PROTECTION AND CONTROL SYSTEM REPLACEMENT	Jul 2014	Dec 2014		42
FPC-373502: Ponce de Leon Substation	Jan 2013	Jun 2014		152
FPC-284801: ALLIGATOR SWAMP 90MVAR 230KV CAP BANK	Jan 2014	Jun 2015	50	33
FPC-285101: West Pensacola Ring Bus and Cap Bank	Jan 2014	Sep 2016	150	110
FPC-343402: 230 kV Mobile sub	Aug 2013	May 2015	50	50
FPC-280101: TRANS SUB INFRASTRUCTURE PROJECTS	BLANKET	BLANKET	13	13
FPC-283501: Critical Infrastructure Protection	Jan 2014	Dec 2014		128
FPC-374201: ENERGY MGMT SYSTEM - TRANSMISSION	BLANKET	BLANKET	2,350	2,350
			<u>\$ 5,633</u>	<u>\$ 6,426</u>

Note:

As discussed in Witness Ritenour's testimony, blanket projects are for small repetitive expenditures that are typically started and completed over a short period of time.

61. For purposes of this Interrogatory, please refer to the 2013 MFR Schedule B-13, Construction Work in Progress, page 2 of 2, Distribution Plant.
- a) Please identify each project included under Minor Projects on line 14, totaling \$4,478,000. Please provide a description of each project and corresponding amount.
  - b) For each project, please state the date construction began and expected completion date.

ANSWER:

There are 37 projects included in "Distribution Plant – Minor Projects", on line 14, totaling \$4,478,000. See page 2 for a description of each project, the corresponding year-end and 13-month average balances, and the projects' expected start and completion dates.

Staff's Sixth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 61  
Page 2 of 2

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014 (000)	13 Month Average Balance 2014 (000)
FPC-370001: SYSTEM REACTIVE CORRECTIVE CAPACITY	BLANKET	BLANKET	\$ 68	\$ 68
FPC-255201: NEW BUSINESS - OVERHEAD CONSTRUCTION LAND	BLANKET	BLANKET	665	665
FPC-255401: NEW BUSINESS - UNDERGROUND CONSTRUCTION LAND	BLANKET	BLANKET	1,239	1,239
FPC-340301: DISTRIBUTION ADDITIONS/RETIREMENTS DUE TO HWY & JOINT USE	BLANKET	BLANKET	151	151
FPC-340401: DISTRIBUTION LINE MINOR PROJECTS	BLANKET	BLANKET	150	150
FPC-340701: MISC CAPITAL ACCRUALS	BLANKET	BLANKET	(461)	(461)
FPC-340801: OVERHEAD LINE IMPROVEMENTS - POLE INSPECTION PROGRAM	BLANKET	BLANKET	60	60
FPC-350001: ASSET MANAGEMENT IMPROVEMENT PROGRAMS	BLANKET	BLANKET	(1,194)	(1,194)
FPC-350101: MISC DISTRIBUTION LINES SPECIFIC FEEDER IMPROVEMENTS	BLANKET	BLANKET	124	124
FPC-352101: AIRPORT 8932 RECONDUCTOR & PHASE ADDITION	Apr 2014	May 2014		8
FPC-352201: HIGHLAND CITY SUB RELOCATION & 8602 RECONDUCTOR	Oct 2012	Aug 2014		221
FPC-352901: SANDESTIN HILTON SWITCHGEAR REPLACEMENT	Oct 2013	Mar 2014		65
FPC-353301: NORRIS ROAD SUB - NEW FEEDERS	May 2014	Oct 2014		77
FPC-363401: GULF BREEZE 7512 & 7522 RECONDUCTOR	Aug 2012	Apr 2014		36
FPC-364601: WHITING SUB - AREA FEEDERS	Aug 2013	Apr 2014		106
FPC-365201: STORM HARDENING - OVERHEAD	BLANKET	BLANKET	97	97
FPC-340201: MISC OVERHEAD LINE IMPROVEMENTS	BLANKET	BLANKET	921	921
FPC-349901: SO SMART RELIABILITY IMPROVEMENT PROGRAMS	BLANKET	BLANKET	995	995
FPC-340501: UNDERGROUND SYSTEM ADDITIONS & IMPROVEMENTS	BLANKET	BLANKET	330	330
FPC-340601: DISTRIBUTION UNDERGROUND CONVERSIONS	BLANKET	BLANKET	26	26
FPC-342001: DESTIN 115 12KV RELIABILITY UPGRADE	Oct 2014	Dec 2015	50	8
FPC-342301: HATHAWAY 115 12KV RELIABILITY UPGRADE	Oct 2013	Jun 2014		90
FPC-342501: INNERARITY 115 12KV UPGRADE	Oct 2013	Jun 2014		151
FPC-342701: FORT WALTON 115 12KV RELIABILITY UPGRADE	Oct 2013	Jun 2014		159
FPC-343001: MARIANNA BREAKER REPLACEMENT	Jan 2014	Dec 2015	15	13
FPC-343401: ANTIOCH NEW SUBSTATION	Aug 2013	May-15	50	50
FPC-343601: CORDOVA 115/12KV SUBSTATION P & C INFRASTRUCTURE UPGRADE	Oct 2014	Dec 2015	20	3
FPC-346701: Marianna 115/12kV Substation P & C Infrastructure Upgrade	Oct 2013	Dec 2014		152
FPC-349401: PACE 115/12KV SUBSTATION P & C INFRASTRUCTURE UPGRADE	Oct 2014	Dec 2015	35	5
FPC-349601: NORTHSIDE 115/12KV SUBSTATION P & C INFRASTRUCTURE UPGRADE	Oct 2014	Dec 2015	35	5
FPC-349701: Norris Rd Substation	Aug 2014	Dec 2015	100	35
FPC-340101: MISC DIST SUB ADD & IMPROVEMENTS	BLANKET	BLANKET	716	716
FPC-345301: DIST 12KV BKR REPLACEMENT PROGRAM	BLANKET	BLANKET	9	9
FPC-255901: NEW BUSINESS - METERING ACC., ENCL., EQUIP. & DEVICES	BLANKET	BLANKET	21	21
FPC-255601: PRIVATE STREET & YARD LIGHTS	BLANKET	BLANKET	83	83
FPC-255301: NEW BUSINESS STREET LIGHTS	BLANKET	BLANKET	(104)	(104)
FPC-255101: DISTRIBUTION TRANSFORMERS	BLANKET	BLANKET	277	277
			\$ 4,478	\$ 5,367

**Notes:**  
As discussed in Witness Ritenour's testimony, blanket projects are for small repetitive expenditures that are typically started and completed over a short period of time.

62. For purposes of this Interrogatory, please refer to the 2013 MFR Schedule B-13, Construction Work in Progress, page 2 of 2, General Plant.
- a) Please identify each project included under Minor Projects on line 17, totaling \$1,533,000. Please provide a description of each project and corresponding amount.
  - b) For each project, please state the date construction began and expected completion date.

ANSWER:

There are 8 projects included in "General Plant – Minor Projects", on line 17, totaling \$1,533,000.

Project	Expected Start Date	Expected Completion Date	Year End CWIP Balance 2014 (000)	13 Month Average Balance 2014 (000)
FPC-478501: 4785 ACCRUED PAYROLL	BLANKET	BLANKET	\$ 615	\$ 615
FPC-479001: 4790 UNASSIGNED OVERHEADS	BLANKET	BLANKET	260	260
FPC-430501: TELECOMMUNICATIONS WIRELESS & SCADA	BLANKET	BLANKET	9	9
FPC-430801: POWER DELIVERY TECHNOLOGY IMPROVEMENTS	BLANKET	BLANKET	71	71
FPC-431001: VOICE & DATA CONVERGED NETWORK	BLANKET	BLANKET	10	10
FPC-431101: TELECOMMUNICATIONS TRANSPORT & FACILITIES	BLANKET	BLANKET	554	554
FPC-430201: MISC. BUILDINGS LAND AND EQUIP.	BLANKET	BLANKET	13	13
FPC-280901: P&C INFRASTRUCTURE PROJECTS	BLANKET	BLANKET	1	1
			<b>\$ 1,533</b>	<b>\$ 1,533</b>

**Notes:**

**As discussed in Witness Ritenour's testimony, blanket projects are for small repetitive expenditures that are typically started and completed over a short period of time.**

63. Please state whether any of the projects included in Construction Work in Progress are scheduled to be cancelled or delayed. If so, please provide the project name and the new construction schedule.

ANSWER:

The budget process is still ongoing and final decisions to cancel or delay projects have not been made. However, the projects which surpassed the threshold specified on MFR B-13 and are listed specifically on that MFR were reviewed for any cancellations or delays. Based on that review, it is anticipated that the following projects will be delayed:

Project Description	Revised Date Construction Started	Revised Expected Completion Date
Holmes Creek Highland 230KV Cap Bank (1)	August 2019	December 2020
ECRC Crist 7 ESP Upgrade (2)	October 2014	December 2018
ECRC Smith Cold Side Precip Conversion (2)	April 2014	April 2016
ECRC Daniel 1 SCR (2)	January 2014	December 2019
ECRC Daniel 2 SCR (2)	January 2014	June 2019
ECRC Daniel 2 Dry Bottom Ash (2)	June 2014	December 2018
ECRC Smith New Stack for ACI/DSI (2)	January 2018	December 2019
ECRC Smith 3 Reclaimed Water Project (2)	November 2013	December 2015
Notes:		
1) This project is interest bearing and qualifies for AFUDC treatment; therefore it has been removed from jurisdictional adjusted rate base in the 2014 test year.		
2) This project qualifies as ECRC; therefore it has been removed from jurisdictional adjusted rate base in the 2014 test year.		

Additionally, the ECRC Crist 4-7 Sulfuric Acid Mist Control project is currently under evaluation and a final decision has not been made. It is anticipated that this project will be delayed or cancelled; however, this project qualifies as ECRC. Therefore, it has been removed from jurisdictional adjusted rate base in Gulf's filing.

64. For purposes of this Interrogatory, please refer to 2013 MFR Schedule B-13, page 2 of 2, line 3, North Brewton Alligator Swamp and Schedule B-11 line 8, North Brewton Alligator Swamp 230.
- a) Please provide a detailed breakdown of the work performed and the charges included in the \$26,942,000 recorded in column 3 on Schedule B-13 page 2 of 2.
  - b) Please provide an explanation why no amounts are included in the test year 2014 column on Schedule B-11, line 8, column 5.
  - c) Please provide a detailed breakdown of the amount \$34,254,000 listed in column 6 Test Year Plus One 12/31/2015.

ANSWER:

- a. & c. Please see the table below for a detailed breakdown of the charges included in the \$26,942,000 balance and the \$34,254,000 balance for North Brewton Alligator Swamp 230.

	Year End CWIP Balance 2014	2015 Capital Expenditures	Total Placed in Service June 2015
Design			
Material			
Labor			
Overheads			
AFUDC			
<b>Total</b>	<b>\$ 26,942,000</b>	<b>\$ 7,312,000</b>	<b>\$ 34,254,000</b>

- b. Schedule B-11 itemizes major capital additions to Plant in Service for the historic year, prior year, test year, and test year plus one. The North Brewton Alligator Swamp 230 KV line is not scheduled to be placed in service until June 2015 (the test year plus one); therefore no amounts were included in Plant in Service for the 2014 test year. Further, since this project is eligible for AFUDC, the CWIP associated with this project in the 2014 test year has been removed from rate base on MFR B-1, line 5, column 6.

65. For purposes of this Interrogatory, please refer to 2013 MFR Schedule B-13, page 2 of 2, column 8.
- a) Holmes Crk. Highland 230kV Line shows a Percent Completion of 97%. Please provide a detailed explanation the work needed to complete the project and the reasoning for the expected completion date of May 2015.
  - b) Holmes Crk. Highland 230kV Autobank shows a 100% Completion status. Please provide a detailed explanation why this project is listed in Construction Work in Progress when the work is listed as complete.
  - c) Holmes Crk. Highland 230kV Cap Bank shows a 100% Completion status. Please provide a detailed explanation why this project is listed in Construction Work in Progress when the work is listed as complete.
  - d) Rebuild Holmes Creek Bonifay Tap shows a 100% Completion status. Please provide a detailed explanation why this project is listed in Construction Work in Progress when the work is listed as complete.

ANSWER:

- a. The Holmes Creek – Highland City 230 kV transmission line project consists of constructing approximately 70 miles of new 230 kV line on existing rights of way. The new 230 kV transmission line begins at Gulf Power's Holmes Creek substation located in Graceville, FL and ends at Gulf Power's Highland City substation located in Panama City, FL.

Line 7 of MFR Schedule B-13, page 2 of 2 provides a projection of project expenditures through December 2014 (column 3- Year End CWIP Balance 2014) as well as a projection of remaining expenditures required to complete the project in 2015 (column 4- Est. Addl. Project Costs). The 2014 CWIP balance includes the costs for designing the 70 mile 230 kV transmission line, procuring all project materials needed to construct the line and the labor costs associated with having completed construction of approximately 60 miles of the transmission line. The remaining costs to be incurred in 2015 are attributed to labor to finish constructing the remaining 10 miles.

Major construction activity is expected to be completed and the line will be in service in April 2015. However, there will be some final construction activities, demobilization and clean up that occur in May. Thus the May 2015 expected completion date referenced in column 8 of MFR Schedule B-13 reflects the month in which we expect to book the final costs and invoices



- b. – d. MFR Schedule B-13 requests a listing of major construction projects whose cost of completion exceeds 0.2 percent of gross plant. Each of these projects is part of a larger project which meets the threshold requested to be shown on MFR B-13 for the test year 2014.

Each project will be under construction during a portion of 2014, but will be completed and transferred to plant in service during the test year, as shown in column 8. Accordingly, columns 9 and 3 show that each project is 100% complete as of the end of the test year and has a \$0 year-end CWIP balance.

However, because each project is under construction for several months during the test year, and therefore included in CWIP, column 11 shows the project's 13-month average CWIP balance.

After their respective in-service dates, each project's balance is included in Plant in Service on MFR Schedule B-8.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 25<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

**94**

**Gulf's Responses to  
Staff's Seventh Set of Interrogatories  
(Nos. 66-91)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 94

PARTY PSC Staff

DESCRIPTION Gulf's /Staff's 7th ROGs, Nos. 66-91

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: October 28, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S SEVENTH SET OF INTERROGATORIES (NOS. 66-91)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Seventh Set of Interrogatories (Nos. 66-91) on the following pages.

Respectfully submitted by electronic mail the 28th day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

66. Please refer to MFR Schedule B-17, Working Capital - 13 Month Average, Data for the Projected Test Year ended 12/31/14. Line 2, Column 10, shows an entry of \$7,203,000 for Account 151, Fuel Stock. Please provide a breakdown of this account by fuel type (coal, natural gas, oil, etc.).

ANSWER:

This amount, \$7,203,000, represents the 13-month average fuel stock related to Plant Scherer. A breakdown of this amount is listed below. Accordingly, the entire amount was removed from working capital.

	2014
UPS Production Fuel Stock-Coal	\$ 6,517,000 <sup>1</sup>
UPS Production Fuel Stock-Oil	\$ 114,000 <sup>2</sup>
UPS In-transit Coal	\$ 572,000
Total UPS Fuel Stock	<u>\$ 7,203,000</u>

---

<sup>1</sup> Consistent with MFR B-18, pg. 10 of 114, column 12, line 15.

<sup>2</sup> Consistent with MFR B-18, pg. 28 of 114, column 12, line 15.

67. Please refer to MFR Schedule B-18, Fuel Inventory By Plant, Data for the Projected Test Year ended 12/31/14. On pages 1, 3, 5, and 7 of 114, please refer to lines 2 through 13 of column 10. For each month of the projected test year, please provide the calculation of the unit cost. Include for this calculation each vendor, contract or spot, tonnage weights, price, Btu per pound, sulfur content, and contract expiration date.

ANSWER:

Please see pages 2 through 7.

Plant/ Inventory	Period	Supplier	Contract Expiration Date	Contract Type	Transportation Mode	Unit Quantity (tons)	Average Heating Value (Btu/lb)	Sulfur Content (%)	Commodity (\$/ton)
Crist Pile 1	2013/12	FP06014 American - Crist	12/31/2014	Contract	Rail/Barge	29,000	11995	2.56	
Crist Pile 1	2013/12	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	47,000	11737	2.70	
Crist Pile 1	2013/12	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	56,000	12525	1.01	
<b>Total</b>						<b>132,000</b>			
Crist Pile 1	2014/01	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	12,000	11995	2.56	
Crist Pile 1	2014/01	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	48,000	11737	2.70	
Crist Pile 1	2014/01	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	48,000	12525	1.01	
<b>Total</b>						<b>108,000</b>			
Crist Pile 1	2014/02	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	9,000	11995	2.56	
Crist Pile 1	2014/02	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	35,000	11737	2.70	
Crist Pile 1	2014/02	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	35,000	12525	1.01	
<b>Total</b>						<b>79,000</b>			
Crist Pile 1	2014/03	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	10,000	11995	2.56	
Crist Pile 1	2014/03	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	41,000	11737	2.70	
Crist Pile 1	2014/03	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	41,000	12525	1.01	
<b>Total</b>						<b>92,000</b>			
Crist Pile 1	2014/04	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	12,000	11995	2.56	
Crist Pile 1	2014/04	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	61,000	11737	2.70	
Crist Pile 1	2014/04	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	49,000	12525	1.01	
<b>Total</b>						<b>122,000</b>			
Crist Pile 1	2014/05	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	14,000	11995	2.56	
Crist Pile 1	2014/05	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	56,000	11737	2.70	
Crist Pile 1	2014/05	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	56,000	12525	1.01	
<b>Total</b>						<b>126,000</b>			
Crist Pile 1	2014/06	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	14,000	11995	2.56	
Crist Pile 1	2014/06	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	56,000	11737	2.70	
Crist Pile 1	2014/06	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	56,000	12525	1.01	
<b>Total</b>						<b>126,000</b>			
Crist Pile 1	2014/07	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	16,000	11995	2.56	
Crist Pile 1	2014/07	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	62,000	11737	2.70	
Crist Pile 1	2014/07	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	55,000	12525	1.01	
<b>Total</b>						<b>133,000</b>			
Crist Pile 1	2014/08	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	16,000	11995	2.56	
Crist Pile 1	2014/08	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	49,000	11737	2.70	
Crist Pile 1	2014/08	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	49,000	12525	1.01	
Crist Pile 1	2014/08	Marginal Coal3-Crist		Marginal	Rail/Barge	44,767	11900	1.89	

Plant/ Inventory	Period	Supplier	Transportation (\$/ton)	Lease & Maintenance (\$/ton)	Transloader Fee (\$/ton)	Transportation Fuel Surcharge (\$/ton)	Average Cost (\$/ton)
Crist Pile 1	2013/12	FP06014 American - Crist					\$ 86.95
Crist Pile 1	2013/12	FP1102 Foresight Coal - Crist					\$ 82.67
Crist Pile 1	2013/12	FP1302 Alpha - Crist					\$ 123.78
		<b>Total</b>					<b>\$ 101.05</b>
Crist Pile 1	2014/01	FP06014 American - Crist 2012 200 K CO					\$ 93.46
Crist Pile 1	2014/01	FP1102 Foresight Coal - Crist					\$ 87.13
Crist Pile 1	2014/01	FP1302 Alpha - Crist					\$ 129.78
		<b>Total</b>					<b>\$ 106.79</b>
Crist Pile 1	2014/02	FP06014 American - Crist 2012 200 K CO					\$ 97.16
Crist Pile 1	2014/02	FP1102 Foresight Coal - Crist					\$ 90.84
Crist Pile 1	2014/02	FP1302 Alpha - Crist					\$ 133.50
		<b>Total</b>					<b>\$ 110.46</b>
Crist Pile 1	2014/03	FP06014 American - Crist 2012 200 K CO					\$ 94.99
Crist Pile 1	2014/03	FP1102 Foresight Coal - Crist					\$ 88.67
Crist Pile 1	2014/03	FP1302 Alpha - Crist					\$ 131.54
		<b>Total</b>					<b>\$ 108.46</b>
Crist Pile 1	2014/04	FP06014 American - Crist 2012 200 K CO					\$ 92.19
Crist Pile 1	2014/04	FP1102 Foresight Coal - Crist					\$ 85.87
Crist Pile 1	2014/04	FP1302 Alpha - Crist					\$ 128.62
		<b>Total</b>					<b>\$ 103.66</b>
Crist Pile 1	2014/05	FP06014 American - Crist 2012 200 K CO					\$ 92.00
Crist Pile 1	2014/05	FP1102 Foresight Coal - Crist					\$ 85.67
Crist Pile 1	2014/05	FP1302 Alpha - Crist					\$ 128.33
		<b>Total</b>					<b>\$ 105.34</b>
Crist Pile 1	2014/06	FP06014 American - Crist 2012 200 K CO					\$ 92.00
Crist Pile 1	2014/06	FP1102 Foresight Coal - Crist					\$ 85.67
Crist Pile 1	2014/06	FP1302 Alpha - Crist					\$ 128.33
		<b>Total</b>					<b>\$ 105.33</b>
Crist Pile 1	2014/07	FP06014 American - Crist 2012 200 K CO					\$ 91.59
Crist Pile 1	2014/07	FP1102 Foresight Coal - Crist					\$ 85.26
Crist Pile 1	2014/07	FP1302 Alpha - Crist					\$ 128.12
		<b>Total</b>					<b>\$ 103.75</b>
Crist Pile 1	2014/08	FP06014 American - Crist 2012 200 K CO					\$ 90.36
Crist Pile 1	2014/08	FP1102 Foresight Coal - Crist					\$ 84.03
Crist Pile 1	2014/08	FP1302 Alpha - Crist					\$ 126.78
Crist Pile 1	2014/08	Marginal Coal3-Crist					\$ 93.00



Plant/ Inventory	Period	Supplier	Contract Expiration Date	Contract Type	Transportation Mode	Unit Quantity (tons)	Average Heating Value (Btu/lb)	Sulfur Content (%)	Commodity (\$/ton)
<b>Total</b>						<b>158,767</b>			
Crist Pile 1	2014/09	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	28,000	11995	2.56	
Crist Pile 1	2014/09	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	49,000	11737	2.70	
Crist Pile 1	2014/09	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	35,000	12525	1.01	
Crist Pile 1	2014/09	Marginal Coal3-Crist		Marginal	Rail/Barge	22,260	11900	1.89	
<b>Total</b>						<b>134,260</b>			
Crist Pile 1	2014/10	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	27,000	11995	2.56	
Crist Pile 1	2014/10	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	54,000	11737	2.70	
Crist Pile 1	2014/10	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	34,000	12525	1.01	
Crist Pile 1	2014/10	Marginal Coal3-Crist		Marginal	Rail/Barge	13,620	11900	1.89	
<b>Total</b>						<b>128,620</b>			
Crist Pile 1	2014/11	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	25,000	11995	2.56	
Crist Pile 1	2014/11	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	50,000	11737	2.70	
Crist Pile 1	2014/11	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	25,000	12525	1.01	
Crist Pile 1	2014/11	Marginal Coal3-Crist		Marginal	Rail/Barge	19,913	11900	1.89	
<b>Total</b>						<b>119,913</b>			
Crist Pile 1	2014/12	FP06014 American - Crist 2012 200 K CO	12/31/2014	Contract	Rail/Barge	20,000	11995	2.56	
Crist Pile 1	2014/12	FP1102 Foresight Coal - Crist	12/31/2016	Contract	Rail/Barge	39,000	11737	2.70	
Crist Pile 1	2014/12	FP1302 Alpha - Crist	12/31/2014	Contract	Rail/Barge	18,000	12525	1.01	
Crist Pile 1	2014/12	Marginal Coal3-Crist		Marginal	Rail/Barge	48,742	11900	1.89	
<b>Total</b>						<b>125,742</b>			
Daniel Pile 1	2013/12	Daniel-MP2009-01-Twenty mile-2013	12-31-2013	Contract	Rail	28,074	11151	0.46	
Daniel Pile 1	2014/01	Daniel-Spot PRB-2014		Spot	Rail	6,650	8800	0.35	
Daniel Pile 1	2014/02	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Daniel Pile 1	2014/03	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Daniel Pile 1	2014/04	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Daniel Pile 1	2014/05	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Daniel Pile 1	2014/06	Daniel-Spot PRB-2014		Spot	Rail	39,900	8800	0.35	
Daniel Pile 1	2014/07	Daniel-Spot PRB-2014		Spot	Rail	39,900	8800	0.35	
Daniel Pile 1	2014/08	Daniel-Spot BIT-2014		Spot	Rail	12,200	11200	0.56	
Daniel Pile 1	2014/08	Daniel-Spot PRB-2014		Spot	Rail	39,900	8800	0.35	
<b>Total</b>						<b>52,100</b>			
Daniel Pile 1	2014/09	Daniel-Spot BIT-2014		Spot	Rail	12,200	11200	0.56	
Daniel Pile 1	2014/09	Daniel-Spot PRB-2014		Spot	Rail	39,900	8800	0.35	
<b>Total</b>						<b>52,100</b>			

Plant/ Inventory	Period	Supplier	Transportation (\$/ton)	Lease & Maintenance (\$/ton)	Transloader Fee (\$/ton)	Transportation Fuel Surcharge (\$/ton)	Average Cost (\$/ton)
<b>Total</b>							\$ 100.39
Crist Pile 1	2014/09	FP06014 American - Crist 2012 200 K CO					\$ 91.75
Crist Pile 1	2014/09	FP1102 Foresight Coal - Crist					\$ 85.41
Crist Pile 1	2014/09	FP1302 Alpha - Crist					\$ 128.03
Crist Pile 1	2014/09	Marginal Coal3-Crist					\$ 94.25
<b>Total</b>							\$ 99.31
Crist Pile 1	2014/10	FP06014 American - Crist 2012 200 K CO					\$ 92.28
Crist Pile 1	2014/10	FP1102 Foresight Coal - Crist					\$ 85.94
Crist Pile 1	2014/10	FP1302 Alpha - Crist					\$ 128.64
Crist Pile 1	2014/10	Marginal Coal3-Crist					\$ 94.62
<b>Total</b>							\$ 99.48
Crist Pile 1	2014/11	FP06014 American - Crist 2012 200 K CO					\$ 92.84
Crist Pile 1	2014/11	FP1102 Foresight Coal - Crist					\$ 86.51
Crist Pile 1	2014/11	FP1302 Alpha - Crist					\$ 129.25
Crist Pile 1	2014/11	Marginal Coal3-Crist					\$ 95.24
<b>Total</b>							\$ 98.19
Crist Pile 1	2014/12	FP06014 American - Crist 2012 200 K CO					\$ 92.42
Crist Pile 1	2014/12	FP1102 Foresight Coal - Crist					\$ 86.09
Crist Pile 1	2014/12	FP1302 Alpha - Crist					\$ 128.83
Crist Pile 1	2014/12	Marginal Coal3-Crist					\$ 94.81
<b>Total</b>							\$ 96.60
Daniel Pile 1	2013/12	Daniel-MP2009-01-Twenty mile-2013					\$ 128.23
Daniel Pile 1	2014/01	Daniel-Spot PRB-2014					\$ 61.50
Daniel Pile 1	2014/02	Daniel-Spot PRB-2014					\$ 61.40
Daniel Pile 1	2014/03	Daniel-Spot PRB-2014					\$ 60.90
Daniel Pile 1	2014/04	Daniel-Spot PRB-2014					\$ 61.15
Daniel Pile 1	2014/05	Daniel-Spot PRB-2014					\$ 61.40
Daniel Pile 1	2014/06	Daniel-Spot PRB-2014					\$ 61.43
Daniel Pile 1	2014/07	Daniel-Spot PRB-2014					\$ 61.55
Daniel Pile 1	2014/08	Daniel-Spot BIT-2014					\$ 113.40
Daniel Pile 1	2014/08	Daniel-Spot PRB-2014					\$ 61.66
<b>Total</b>							\$ 73.78
Daniel Pile 1	2014/09	Daniel-Spot BIT-2014					\$ 114.39
Daniel Pile 1	2014/09	Daniel-Spot PRB-2014					\$ 62.09
<b>Total</b>							\$ 74.34

Plant/ Inventory	Period	Supplier	Contract Expiration Date	Contract Type	Transportation Mode	Unit Quantity (tons)	Average Heating Value (Btu/lb)	Sulfur Content (%)	Commodity (\$/ton)
Daniel Pile 1	2014/10	Daniel-Spot PRB-2014		Spot	Rail	39,900	8800	0.35	[REDACTED]
Daniel Pile 1	2014/11	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Daniel Pile 1	2014/12	Daniel-Spot PRB-2014		Spot	Rail	19,950	8800	0.35	
Scholz Pile 1	2014/01	Marginal Coal (Spot)-Scholz		Marginal	Rail	1,869	11500	2.65	
Scholz Pile 1	2014/02	Marginal Coal (Spot)-Scholz		Marginal	Rail	2,447	11500	2.65	
Scholz Pile 1	2014/03	Marginal Coal (Spot)-Scholz		Marginal	Rail	2,229	11500	2.65	
Scholz Pile 1	2014/08	Marginal Coal (Spot)-Scholz		Marginal	Rail	4,915	11500	2.65	
Scholz Pile 1	2014/09	Marginal Coal (Spot)-Scholz		Marginal	Rail	2,460	11500	2.65	
Scholz Pile 1	2014/11	Marginal Coal (Spot)-Scholz		Marginal	Rail	1,208	11500	2.65	
Scholz Pile 1	2014/12	Marginal Coal (Spot)-Scholz		Marginal	Rail	3,370	11500	2.65	
Smith Pile 1	2013/12	FP1301 Argus - Smith	12-31-2013	Contract	Barge	30,000	12525	1.01	
Smith Pile 1	2014/01	Marginal Coal (Spot)-Smith		Marginal	Barge	26,327	11500	1.04	
Smith Pile 1	2014/02	Marginal Coal (Spot)-Smith		Marginal	Barge	33,639	11500	1.04	
Smith Pile 1	2014/03	Marginal Coal (Spot)-Smith		Marginal	Barge	38,255	11500	1.04	
Smith Pile 1	2014/04	Marginal Coal (Spot)-Smith		Marginal	Barge	37,563	11500	1.04	
Smith Pile 1	2014/05	Marginal Coal (Spot)-Smith		Marginal	Barge	32,361	11500	1.04	
Smith Pile 1	2014/06	Marginal Coal (Spot)-Smith		Marginal	Barge	32,742	11500	1.04	
Smith Pile 1	2014/07	Marginal Coal (Spot)-Smith		Marginal	Barge	42,872	11500	1.04	
Smith Pile 1	2014/08	Marginal Coal (Spot)-Smith		Marginal	Barge	56,548	11500	1.04	
Smith Pile 1	2014/09	Marginal Coal (Spot)-Smith		Marginal	Barge	32,394	11500	1.04	
Smith Pile 1	2014/10	Marginal Coal (Spot)-Smith		Marginal	Barge	39,033	11500	1.04	
Smith Pile 1	2014/11	Marginal Coal (Spot)-Smith		Marginal	Barge	37,693	11500	1.04	
Smith Pile 1	2014/12	Marginal Coal (Spot)-Smith		Marginal	Barge	54,924	11500	1.04	

Plant/ Inventory	Period	Supplier	Transportation (\$/ton)	Lease & Maintenance (\$/ton)	Transloader Fee (\$/ton)	Transportation Fuel Surcharge (\$/ton)	Average Cost (\$/ton)
Daniel Pile 1	2014/10	Daniel-Spot PRB-2014					\$ 62.46
Daniel Pile 1	2014/11	Daniel-Spot PRB-2014					\$ 62.36
Daniel Pile 1	2014/12	Daniel-Spot PRB-2014					\$ 62.31
Scholz Pile 1	2014/01	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/02	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/03	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/08	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/09	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/11	Marginal Coal (Spot)-Scholz					\$ 80.15
Scholz Pile 1	2014/12	Marginal Coal (Spot)-Scholz					\$ 80.15
Smith Pile 1	2013/12	FP1301 Argus - Smith					\$ 138.80
Smith Pile 1	2014/01	Marginal Coal (Spot)-Smith					\$ 134.27
Smith Pile 1	2014/02	Marginal Coal (Spot)-Smith					\$ 125.27
Smith Pile 1	2014/03	Marginal Coal (Spot)-Smith					\$ 121.31
Smith Pile 1	2014/04	Marginal Coal (Spot)-Smith					\$ 121.88
Smith Pile 1	2014/05	Marginal Coal (Spot)-Smith					\$ 126.55
Smith Pile 1	2014/06	Marginal Coal (Spot)-Smith					\$ 126.17
Smith Pile 1	2014/07	Marginal Coal (Spot)-Smith					\$ 118.28
Smith Pile 1	2014/08	Marginal Coal (Spot)-Smith					\$ 112.10
Smith Pile 1	2014/09	Marginal Coal (Spot)-Smith					\$ 126.47
Smith Pile 1	2014/10	Marginal Coal (Spot)-Smith					\$ 120.75
Smith Pile 1	2014/11	Marginal Coal (Spot)-Smith					\$ 121.77
Smith Pile 1	2014/12	Marginal Coal (Spot)-Smith					\$ 112.66

- b. No. Coal supply agreements for Plant Scherer were excluded in calculating the \$105.48 per ton weighted average cost of coal inventory. Otherwise, the Company included all other coal supply agreements in effect for 2014 as well as for December 2013 in calculating the \$105.48 per ton cost of coal inventory for the test period. Please refer to the response to Interrogatory 67 which includes a list of each coal supply agreement in effect for 2014 by vendor, supply basin, price per ton, Btu per pound, SO<sub>2</sub> (sulfur) content, and the quantity of coal in tons.
  
- c. The primary driver of the overall increase in the weighted average unit cost of coal in inventory is the per unit coal transportation cost at Plants Crist and Smith. The higher dollar per ton transportation cost at these plants is due to the spread of fixed barge transportation costs over projected fewer tons delivered in the 2014 test year. In the 2012 test year, average projected coal receipts at Plants Crist and Smith was 237,434 tons per month. In the 2014 test year, average projected coal receipts at these plants have decreased to 159,973 tons per month.

69. Please refer to the direct testimony of Michael L. Burroughs, page 16, lines 1-2. Does the in-transit quantity of coal for the projected test year include quantities of in-transit coal associated with Plant Scherer? Please explain your response.

ANSWER:

No, Plant Scherer is not included.

70. For the purpose of this interrogatory, refer to MFR Schedule C-3, Jurisdictional Net Operating Income Adjustments. Page 1 of 16, Lines 12 and 14 show adjustments to remove all Energy Conservation Cost Recovery clause revenues and expenses from net operating income.
- a. Please provide a breakdown of the \$26,405 amount shown on Line 12, column 7.
  - b. Please provide a breakdown of the \$23,520 amount shown on Line 14, column 7.

ANSWER:

a.

		<u>(000)</u>
FERC 440	Residential Sales	\$ 12,423
FERC 442	Commercial Sales	9,782
FERC 442	Industrial Sales	4,140
FERC 444	Public Street & Highway Lighting	60
	Total	<u>\$ 26,405</u>

b.

		<u>(000)</u>
FERC 908	Customer Assistance Expenses	\$ 20,881
FERC 909	Information and Instructional Adv. Expense	1,050
FERC 926	Employee Pensions and Benefits	1,589
	Total	<u>\$ 23,520</u>

71. For the purpose of this interrogatory, refer to MFR Schedule C-3, Jurisdictional Net Operating Income Adjustments. Page 2 of 16, Lines 10, 12, and 14 show adjustments to remove all Environmental Cost Recovery clause revenues and expenses from net operating income.
- a. Please provide a breakdown of the \$153,917 amount shown in Line 10, column 7.
  - b. Please provide a breakdown of the \$29,077 amount shown in Line 12, column 7.
  - c. Please provide a breakdown of the \$40,922 amount shown in Line 14, column 7.

ANSWER:

a.

		<u>(000)</u>
FERC 440	Residential Sales	\$ 70,338
FERC 442	Commercial Sales	43,366
FERC 442	Industrial Sales	34,259
FERC 444	Public Street & Highway Lighting	1,349
FERC 447	Sales for Resale	4,605
	Total	<u>\$ 153,917</u>

b.

		<u>(000)</u>
FERC 502	Steam Expenses	\$ 11,987
FERC 506	Misc. Steam Power Expenses	3,519
FERC 511	Maint. of Structures	2,459
FERC 512	Maint. of Boiler Plant	5,629
FERC 513	Maint. of Electric Expenses	78
FERC 514	Maint. of Misc. Steam Plant	331
FERC 549	Misc. Other Power Generation Expenses	30
FERC 554	Maint. of Misc. Other Power Generation Plant	21
FERC 569	Maint. of Station Bldgs, Structures & Grounds	9
FERC 583	Overhead Line Expenses	133
FERC 588	Misc. Distribution Expenses	21
FERC 591	Maint. of Structures	3,336
FERC 595	Maint. of Line Transformers	86



Staff's Seventh Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 71  
Page 2 of 2

FERC 926	Employee Pensions and Benefits	769
FERC 509	Emission Allowances	<u>669</u>
Total		\$ 29,077

c.

	<u>(000)</u>
Production	\$ 40,758
Transmission	127
Distribution	<u>37</u>
Total	\$ 40,922

72. MFR Schedule F-8, Page 4, Lines 1-3, shows the CPI-U as 2.7 percent for 2013 and 2.5 percent for 2014, and MFR Schedule C-40, shows the CPI-U as 2.203 percent for 2013 and 2.744 percent for 2014. Please explain how Gulf employed the set of inflation assumptions appearing in MFR Schedule F-8 in its filing in this docket and how Gulf employed the set of inflation factors appearing in MFR Schedule C-40 in its filings in this docket.

ANSWER:

The inflation factors shown in MFR F-8 were provided to Gulf's Planning Units in the Budget Message as an aid in the development of their 2013 budget details during the summer of 2012. As discussed in Gulf Witness Ritenour's direct testimony, justification of O&M expenses by the Planning Units requires more than mere escalation by the CPI or any other measure of inflation. Each Planning Unit develops its O&M budget by examining the activities necessary to meet its goals and objectives, not by simply escalating costs associated with prior periods.

The inflation factors shown in MFR C-40 were used subsequent to the completion of the budget, while preparing MFRs for Gulf's rate filing. The C-40 inflation factors are used to escalate Gulf's base year O&M amounts in order to derive the Test Year Benchmark amounts. The base year O&M amounts are the adjusted 2012 test year O&M expenses allowed in Gulf's last rate case.

73. Please provide the date and the index of the CPI-U inflation forecasts for 2013 and 2014 as projected by Moody's Analytics shown on MFR Schedule F-8, Page 4, Lines 2 and 3.

ANSWER:

The CPI inflation factors used in MFR F-8 were based on CPI: Urban Consumers; Moody's Analytics, May 2011.

**CPI Based on Moody's May 2011 Forecast**

<u>Year</u>	<u>Index</u>	<u>Inflation</u>
2013	225.11	2.7%
2014	230.83	2.5%

After the completion of the 2013 budget, Gulf realized that it had inadvertently used May 2011 data rather than May 2012 data. The May 2012 data is presented below for comparison purposes.

**CPI Based on Moody's May 2012 Forecast**

<u>Year</u>	<u>Index</u>	<u>Inflation</u>
2013	224.22	1.9%
2014	230.20	2.7%

74. Please provide the latest available CPI-U inflation forecasts for 2013 and 2014 as projected by Moody's Analytics (percent and index).

ANSWER:

The most recent CPI inflation forecast using the Moody's Analytics, October 2013 forecast is:

<u>Year</u>	<u>CPI</u>	<u>Factor</u>
2013	232.92	1.4%
2014	237.08	1.8%

- 75 Based on Gulf's response to Staff Interrogatory No. 1 in this set, please provide an estimate of Gulf's 2014 O&M budget if the latest available 2013 and 2014 CPI-U inflation factors were used in lieu of the November 2012 CPI-U inflation factors provided by Moody's Analytics appearing in MFR Schedule C-40 and the inflation factors appearing in MFR Schedule F-8.

ANSWER:

Gulf's total adjusted system O&M budget for 2014, net of UPS, is \$295,916,000 as shown on MFR Schedule C-1, line 10, column 12.

As described in response to Staff's Interrogatory No. 72, the inflation factors shown on MFR Schedule C-40 were used only for purposes of the benchmark calculation and were not used in preparation of the budget included in the MFRs.

Most Gulf planning units do not use the CPI-U inflation factors in the preparation of their budgets or use them only to a very limited extent.

Substituting the latest available 2013 and 2014 factors (see Interrogatory No. 74) for the May 2011 vintage factors shown on MFR Schedule F-8 (see Interrogatory No. 73) would reduce the 2014 system adjusted O&M budget by \$61,000 to \$295,855,000.

76. On page 29, line 9 of witness Dr. Vander Weide's testimony, please describe the change from using 8 years of stock prices in the previous rate case to 3-months of stock prices in the current rate case.

ANSWER:

Dr. Vander Weide has not changed from using eight years of stock prices in the previous rate case to three months of stock prices in the current rate case. Rather, the different cost of equity methods used by Dr. Vander Weide require different time periods of data.

Dr. Vander Weide uses three methods to estimate the Company's cost of equity, including the Discounted Cash Flow model (DCF), risk premium, and Capital Asset Pricing Model (CAPM). With regard to his application of the DCF model to estimate the cost of equity, Dr. Vander Weide typically uses a three-month period of stock prices, as described in his direct testimony in this proceeding (see page 29 and Schedule 1) and in his direct testimony in the previous rate case.

With regard to his application of the ex-ante risk premium method to estimate the cost of equity, Dr. Vander Weide's study presented in this proceeding, estimates the DCF cost of equity in each month over a very long time frame, in this case, for each month over a 162-month period, approximately thirteen and one-half years (see Direct Testimony at pp. 33 – 35, Exhibit JVW-2, Appendix 4, and Exhibit JVW-1, Schedule 2). The period of time for the ex-ante risk premium study in the earlier rate case is shorter because Dr. Vander Weide has continued to update his study since the passage of time from the earlier rate case.

77. On page 31, lines 9 - 10 of witness Dr. Vander Weide's testimony, please describe the change from having at least three analysts included in the I/B/E/S long-term growth forecast in the previous rate case with just having I/B/E/S long-term growth forecast in the current rate case.

ANSWER:

At the time of the previous rate case, there were twenty-four electric utilities that had at least three I/B/E/S estimates included in the mean long-term growth estimate. However, at the time of Dr. Vander Weide's testimony in this proceeding, there were only twelve companies that had at least three estimates included in the mean long-term growth estimate. In Dr. Vander Weide's judgment, although he believes it would be preferable that companies' growth forecasts be based on a larger number of analysts rather than a smaller number of analysts, for the purpose of estimating the cost of equity, the benefit of having a larger proxy group rather than a smaller proxy group outweighs the benefit of having more analysts contributing to the companies' growth forecasts.

78. Please list any companies in the proxy group that would have been excluded if you required at least three analysts included in the I/B/E/S long-term growth forecast that was Witness Dr. Vander Weide's proxy criteria in previous testimony before the Commission.

ANSWER:

At the time of Dr. Vander Weide's cost of equity studies in this case, the following companies had fewer than three analysts included in the long-term growth forecast:

ALLETE  
Black Hills  
CenterPoint Energy  
Dominion Resources  
Entergy Corp.  
Hawaiian Elec.  
Integrys Energy  
NextEra Energy  
NorthWestern Corp.  
OGE Energy  
Otter Tail Corp.  
Pepco Holdings  
Pinnacle West Capital  
Portland General  
SCANA Corp.  
Sempra Energy  
Vectren Corp.  
Westar Energy.

Thus, instead of having a large proxy group of thirty companies, the proxy group would have been only twelve companies.



79. On page 32, lines 10 - 11 of witness Dr. Vander Weide's testimony, please describe the difference in the DCF result of 11.4 percent in the last rate case analysis and the current DCF average of 10.4 percent.

ANSWER:

Although Dr. Vander Weide uses the same DCF methodology and model as in the last rate case, it is not surprising that the estimated model result is different. The difference in results may relate to the difference in the time the model is estimated, which may cause the proxy company group to be different, the estimated growth rates to be different, the stock prices and dividend yield to be different, and the average DCF result to be different.

80. Does the 10.4 percent DCF result for the electric utility group demonstrate that equity costs have declined since the last Gulf Power rate case?

ANSWER:

No. Dr. Vander Weide's 10.8 percent estimate of the cost of equity for his electric utility proxy group is equal to the 10.8 percent estimated cost of equity for his electric utility proxy group in the previous rate case. In both proceedings, Dr. Vander Weide's estimate of the cost of equity is based on the results of his DCF, ex ante risk premium, ex post risk premium methods. Dr. Vander Weide also applies two versions of the Capital Asset Pricing Model (CAPM); however, for the reasons explained in his direct testimony in both proceedings Dr. Vander Weide does not recommend that the CAPM results be given weight.

Because Dr. Vander Weide's estimate of the cost of equity for the electric utility proxy group depends on the model results for three cost of equity methods, a decline in the DCF model result alone does not indicate that the cost of equity has declined.

81. On page 35, lines 4 - 7 of witness Dr. Vander Weide's testimony, please show the derivation of the 6.55 percent including the calculation for the amounts obtained from both Value Line and the U.S. Energy Information Administration (EIA).

ANSWER:

As discussed in Dr. Vander Weide's testimony at pp. 35 - 36 and as shown in his Excel work papers, Dr. Vander Weide uses data from Value Line and the U.S. Energy Information Administration to estimate forecasted yields on A-rated utility bonds. It is necessary to interpolate a forecasted yield for the A-rated utility bond because, to the best of Dr. Vander Weide's knowledge, there is no source which directly forecasts an A-rated utility bond yield.

With regard to the forecast obtained using Value Line data, the Value Line Selection & Opinion dated Feb. 22, 2013 projects a AAA-rated Corporate bond yield equal to 5.8 percent.

The Feb. 2013 average spread between A-rated utility bonds and Aaa-rated Corporate bonds is twenty-eight basis points (A-rated utility, 4.18 percent, less Aaa-rated Corporate, 3.9 percent, equals twenty-eight basis points). Adding twenty-eight basis points to the 5.8 percent Value Line AAA Corporate bond forecast yield equals an A-utility bond forecast yield of 6.08 percent.

With regard to the forecast obtained using the EIA data, the EIA at January 2013 forecasts an AA-rated utility bond yield equal to 6.78 percent. The average spread between A-rated utility and AA-rated utility bonds at Feb. 2013 is twenty-three basis points (4.18 percent less 3.95 percent). Adding twenty-three basis points to the 6.78 percent AA-utility bond forecast equals a forecast yield for A-rated utility bonds equal to 7.01 percent.

The average of the forecasts (6.08 percent using Value Line data and 7.01 percent using EIA data) is 6.55 percent.

82. In the last rate case, was the calculation of expected yield to maturity on A-rated utility bonds using the EIA information completely the same or was it different from the current rate case? Please explain the difference in using EIA information versus Moody's and Value Line.

ANSWER:

As discussed in response to Staff Interrogatory No. 81, it is necessary to interpolate a forecasted yield for the A-rated utility bond because, to the best of Dr. Vander Weide's knowledge, there is no source which directly forecasts an A-rated utility bond yield. As he did in the last proceeding, Dr. Vander Weide calculates an expected yield to maturity on A-rated utility bonds by comparing a forecasted yield to observed yields.

In this proceeding, in addition to reviewing forecast interest rates from Value Line, Dr. Vander Weide reviewed interest rate forecasts from the Energy Information Administration (EIA). At the time of the last proceeding, Dr. Vander Weide did not realize and had not considered that EIA provided utility bond forecast information.

To estimate the A-rated utility bond forecast, Dr. Vander Weide uses the same procedure in both cases, that is, he determines the spread between the observed yields on bonds of particular ratings and adds the observed spreads to the available interest rate forecasts, as described in his direct testimony and in response to Staff Interrogatory No. 81.

83. Is there a reason(s) for using EIA information in the instant rate case? Please provide the equivalent Moody's amounts.

ANSWER:

Please see Gulf's response to Interrogatory Nos. 81 and 82. Given the inherent uncertainty in forecasting interest rates, Dr. Vander Weide believes that it is sensible to examine the additional forecast data provided by EIA.

To the best of Dr. Vander Weide's knowledge, neither Moody's nor other sources provide direct estimates of forecasted yields on A-rated utility bonds; Dr. Vander Weide does not subscribe to any Moody's interest rate forecast.

84. On page 40, line 4 of witness Dr. Vander Weide's testimony, the range is 3.7 to 4.4 percent in the current rate case versus 4.1 to 4.6 percent in the previous rate case. Does this result indicate a lower cost equity return even though both analysis are equal to 10.8 percent?

ANSWER:

No. Because the risk premium study compares stock returns to bond returns, the somewhat lower risk premiums based on data over the period 1937 through 2009 compared to the period 1937 through 2012 reflect the relative performance of stocks compared to bonds over the additional years of the study contained in the current evidence, which includes the returns for the years 2010, 2011, and 2012 that were not available when Dr. Vander Weide prepared his testimony and exhibits in the previous case. In addition, Dr. Vander Weide notes that the ex post risk premium analysis is only one of the methods that Dr. Vander Weide employed to estimate the cost of equity; and the results of this method alone are insufficient to draw a conclusion.

85. On page 42, line 13 of witness Dr. Vander Weide's testimony, the S&P 500 total from 1926 – 2013 was used to obtain 11.8 percent. In the previous Gulf rate case testimony that was filed in July 2011 used the information from 1926 - 2009. Please explain why the information is used to present in the current rate case, and the last two years were omitted in the previous Gulf rate case?

ANSWER:

With regard to Dr. Vander Weide's statement on page 42, line 13, Dr. Vander Weide notes that his historical CAPM cost of equity estimate is based on SBBI<sup>®</sup> S&P 500 total return data for the years beginning 1926 to 2013, that is, for the years including 1926 through 2012, but not including 2013, because returns for the entire year 2013 are not yet available; and Dr. Vander Weide's study is based on returns for the entire year. Dr. Vander Weide notes that while his testimony in both 2011 and 2013 was filed in July, his cost of equity studies are prepared in months prior to the filing of his direct testimony. The SBBI<sup>®</sup> data Dr. Vander Weide uses in his CAPM analysis is published once each year during the month of March. In the 2011 proceeding, Dr. Vander Weide prepared his cost of equity studies in January 2011, and the SBBI<sup>®</sup> data required for the CAPM analysis was available only for the period including returns from 1926 through year end 2009. In this proceeding, Dr. Vander Weide prepared his cost of equity studies in March 2013; and the SBBI<sup>®</sup> data required for the CAPM analysis was available for the period including returns from 1926 through year end 2012. Thus, in both proceedings, Dr. Vander Weide has used the data available at the time he prepared his cost of equity studies.

86. Since it appears that the current rate case analysis results are very similar to the previous rate case analysis, did the Commission's decision to grant Gulf Power Company (Gulf) a 10.25 percent ROE have any adverse effects on Gulf's ability to obtain capital at reasonable costs?

ANSWER:

Gulf has continued to be able to obtain capital at reasonable costs since the last decision; however, this does not suggest that current equity return levels are sufficient.

Access to debt capital has not been affected, because Gulf has been able to retain its debt rating.

With respect to equity, Gulf's sole equity investor, Southern Company, continues to invest in Gulf based on a combination of obligation to serve and an expectation of improving regulatory returns in the future.



87. On page 51, line 5 of witness Vander Weide's testimony, the current rate case capital structure contains of 47.46 percent common equity versus the 46.26 percent in the previous rate case. Does this reflect lower relative financial risk?

ANSWER:

By itself, it does not. This is because Dr. Vander Weide's estimate of the Company's cost of equity is not based on the Company's capital structure in isolation. Rather, Dr. Vander Weide's recommended return on equity in this proceeding depends on the financial risk of the Company compared to the financial risk of the Value Line electric utilities. Thus, any change in the Company's relative financial risk cannot be calculated from data on the Company's capital structure alone. The change in the Company's relative financial risk is captured by the comparison of the Company's current capital structure to the capital structures of the Value Line utilities as measured in the marketplace.

88. On page 52, line 10 of witness Vander Weide's testimony, the current rate case recommended return on common equity is 11.5 percent while the previous rate case recommended a 11.7 percent ROE. Please explain if the cost of equity required has been reduced since the last rate case.

ANSWER:

Yes, based on Dr. Vander Weide's analysis, the current required ROE of 11.5 percent is twenty basis points lower than the required ROE of 11.7 percent in the previous case. The current market required cost of equity remains substantially higher than the ROE that was approved by the Commission in the previous case.

89. Please refer to MFR Schedule D-8, lines 13 through 14. Please provide the basis and the derivation to determine that 150 basis points is the appropriate risk premium to add to the 30-year Treasury rate to arrive at an interest rate consistent with Gulf Power Company's "A" debt rating.

ANSWER:

'A' rated utility credit spread <sup>1</sup>	1.35%
Underwriting Costs <sup>2</sup>	<u>0.15%</u>
	1.50%

<sup>1</sup> Forecasted spreads are based on the 75th percentile of the prior twenty years (September 1992 – September 2012) of historical spreads of 'A' rated utility companies based on data from Bloomberg.

<sup>2</sup> Amortized underwriting expenses were estimated based on an average market rate for institutional and retail offerings for 30 year debt.

90. Please refer to Schedule 21, page 3 of 5 attached to the direct testimony of Susan D. Ritenour. Please explain to what activities the losses and gains on hedging recorded in columns (6) and (9) are related

ANSWER:

The losses and gains represent the unamortized settlement balances and the related annual amortization of settled interest rate hedges. Gulf periodically enters into interest rate derivatives to hedge exposure to changes in interest rates. Settlement gains or losses related to these agreements are recorded in Other Comprehensive Income and reclassified into earnings over the same period the hedged transactions affect earnings.

The activities recorded in columns (6) and (9) are the 13 month-average of the unamortized settlement balances and annual reclassifications of the settlement amounts, respectively. Schedule 21, page 3 of 5 of Susan D. Ritenour's direct testimony contains three senior notes having related interest rate hedges. These are detailed below. Please also refer to the Excel file submitted for Gulf's response to Staff's Fourth Request to Produce Document Item No. 14, MFR D-4a final for printing.xls, tab Hedge FV balances.

<u>Long-Term Debt Description</u>	<u>Interest Rate Hedge Description</u>
4.75% Senior Note maturing 04/15/2020	Mizuho
5.30% Senior Note maturing 12/01/2016	6/29(Goldman Sachs) and 6/30(Lloyds)
5.90% Senior Note maturing 06/15/2017	(BOTM) TOKYO

Additionally, Schedule 21, page 4 of 5 of Susan D. Ritenour's direct testimony contains one reacquired debt having a related interest rate hedge. It is detailed below.

<u>Long-Term Debt Description</u>	<u>Interest Rate Hedge Description</u>
Variable rate Bank Note maturing 07/01/2011	Barclays and KBC

91. Please refer to MFR Schedule D-4a. Does the calculation for embedded cost of long-term debt include losses and gains on hedging activities? If the answer is affirmative, please explain where in MFR Schedule D-4a the gains and losses are represented and reconcile them to the gains and losses listed in Schedule 21, page 3 of 5, attached to the direct testimony of Susan D. Ritenour.

ANSWER:

Yes. Losses and gains on interest rate hedging activities are embedded in the calculation of the embedded cost of long-term debt on MFR Schedule D-4a.

Hedging settlements are included in MFR Schedule D-4a, column (8). The settlements are amortized over 10 years and the annual reclassifications are included in MFR Schedule D-4a column (10). These annual reclassifications are reflected in Gulf Witness Ritenour's Schedule 21, page 3 of 5 in column (9).

Included in MFR Schedule D-4a column (14) is the 13-month average of the unamortized settlements. These amounts are reflected on Witness Ritenour's Schedule 21, page 3 of 5 and page 4 of 5 in column (6).

See page 2 for the hedging amounts included in MFR D-4a and Schedule 21.

Staff's Seventh Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 91  
Page 2 of 2

MFR Schedule D-4a hedging amounts – (\$000's)

(1)	(2)	(7)	(8)	(9)	(10)	(14)
Line No.	Description, Coupon Rate	Discount (Premium) on Principal Amt Sold	Issuing Expense on Principal Amt Sold	Life (Years)	Annual Amortization (7 + 8) / 9	13-MA Unamort. Hedging Expense & Loss on Reacquired Debt Assoc. with (6)
<i>Hedging loss (gain)</i>						
10	4.75% Senior Note		(1,530)	10	(153)	(883)
11	5.30% Senior Note		5,399	10	540	1,312
12	5.90% Senior Note		(3,030)	10	(303)	(890)
22*	Unamortized Loss on Reacq. Debt				522	1,963
<i>Other Issuing expense, excluding hedging expense</i>						
10	4.75% Senior Note	1,137	203	10	134	98
11	5.30% Senior Note	715	273	10	99	60
12	5.90% Senior Note	552	243	10	80	62
22*	Unamortized Loss on Reacq. Debt				1,315	14,387
<i>Total Issuing expense with embedded hedges reported on D-4a</i>						
10	4.75% Senior Note		(1,327)	10	(19)	(785)
11	5.30% Senior Note		5,672	10	639	1,372
12	5.90% Senior Note		(2,787)	10	(223)	(829)
22*	Unamortized Loss on Reacq. Debt				1,837	16,350

\*Note that the hedging settlement loss related with Line No. 22 is \$5,220,000, which is being amortized over a 10-year period.

Susan D. Ritenour's Schedule 21 Pages 3 and 4 of 5

(1)	(6)	(9)
Issue	Unamortized Loss/(Gain) on Hedge	Amort Loss/(Gain) on Hedge
4.75% Senior Note	(883)	(153)
5.30% Senior Note	1,312	540
5.90% Senior Note	(890)	(303)
GULF - VAR % Bank Note	1,963	522

AFFIDAVIT

STATE OF FLORIDA     )  
  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

 **MELISSA A. DARNES**  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Sworn to and subscribed before me this 25<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large

 **MELISSA A. DARNES**  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

95

**Gulf's Responses to  
Staff's Eighth Set of Interrogatories  
(Nos. 92-112)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI \_\_\_\_\_ EXHIBIT 95  
PARTY PSC Staff \_\_\_\_\_  
DESCRIPTION Gulf's/Staff's 8<sup>th</sup> RQs, Nos. 92-112 \_\_\_\_\_  
DATE \_\_\_\_\_



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

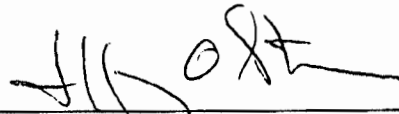
Docket No. 130140-EI

Date Filed: October 31, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S EIGHTH SET OF INTERROGATORIES (NOS. 92-112)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Eighth Set of Interrogatories (Nos. 92-112) on the following pages.

Respectfully submitted by overnight mail the 31<sup>st</sup> day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

92. Advertising Expenses. With respect to the table taken from MFR Schedule C-14 shown below, there has been a substantial increase in the 90900000 - Non-ECCR-CS&I – Information & Instructions Advertising Expense account. In detail, please explain why this account balance has increased so significantly from the balance recorded in 2012, broken-down by work order. For purposes of this response, also explain why the requested amount should be included in the 2014 test year expense.

Non-ECCR					
90900000 - CS&I – Info & Instruct Advertising Exp					
		2014	2012	Dollar Increase	Percentage Increase
GN121A	Corporate Advertising	\$ 22,000	\$ 19,000	\$ 3,000	16%
MN101A	Non-ECCR Residential New Home Market Advertising	\$ 226,000	\$ 44,000	\$ 182,000	414%
MN106A	Non-ECCR Residential Existing Home Market Advertising	\$ 183,000	\$ 17,000	\$ 166,000	976%
MN121A	RS-ESS – Cust Serv	\$ 673,000	\$ 199,000	\$ 474,000	238%
MN188A	Non-ECCR Residential Water Htr Conversions Advertising	\$ 20,000	\$ 0	\$ 20,000	100%
MN276A	Non-ECCR Residential Commercial Hospitality Advertising	\$ 1,000	\$ 0	\$ 1,000	100%
MN288A	Non-ECCR Residential Commercial EnergyDirect.Com Advertising	\$ 4,000	\$ 0	\$ 4,000	100%
MN291A	Non-ECCR Residential Commercial General Advertising	\$ 3,000	\$ 0	\$ 3,000	100%
MN346A	Non-ECCR Residential Industrial Lighting Marketing Advertising	\$ 100,000	\$ 0	\$ 100,000	100%
	<b>Total</b>	<b>\$ 1,232,000</b>	<b>\$ 279,000</b>	<b>\$ 953,000</b>	<b>342%</b>

ANSWER

In 2012, Gulf budgeted \$1,132,000 in non-ECCR advertising expenses. This amount was approved in Gulf's most recent base rate proceeding, Order No. PSC-12-0179-FOF-EI. When compared to Gulf's non-ECCR advertising expense request in the 2014 test year, there is only a modest increase of \$100,000.

The table shown above compares Gulf's actual expenditures in 2012 to Gulf's 2014 test year request. This comparison does show a significant variance. A significant portion

of Gulf's non-ECCR advertising expenses is focused on Gulf's EarthCents home program as well as other product offerings targeted at customers who are building homes or making home improvement decisions. As a result, Gulf makes prudent decisions about non-ECCR advertising expenses to ensure market conditions warrant the deployment of such ads. As described in the testimony of Witness Alexander, the economy was expected to begin recovering from the Great Recession during 2011 and 2012; however, it became clear in late 2011 that this was not the case. Actual non-ECCR advertising expenses for 2011 were \$1,042,090 which is in line with the expectation that home construction would rebound. When the rebound did not materialize, Gulf made the decision to moderate its non-ECCR advertising expenditures; a decision which is reflected in actual expenditures for 2012. So, actual expenditures in 2012 are not representative of expenditures which are projected to be incurred in 2014 and beyond.

As described by Witness Alexander, current expectations are that the economy in our service area will begin recovery in 2013 and will return to pre-recession levels by the end of 2015. To that end, Gulf has plans to develop and launch advertising campaigns designed to educate our customers and assist them in making efficient construction decisions for their home or business. The expenses associated with those renewed efforts are reflected in the 2014 budget and are more representative of expenditures which are expected to be made in future years

93. Advertising Expenses. Please provide the actual amount incurred from January through August 2013, or later if available, for advertising expenses, broken-down as shown on MFR Schedule C-14.

ANSWER:

ECCR		
90900000 - CS&I - Info & Instruct Advertising Exp		
		2013 September YTD
ME110A	ECCR RESIDENTIAL ENERGY AUDIT AND EDUCATION COMMON ADVERTISING	\$433,897.63
ME116A	ECCR RESIDENTIAL ENERGY AUDIT ADVERTISING	\$413.56
ME118A	ECCR RESIDENTIAL MAIL-IN ENERGY AUDIT ADVERTISING	(\$205.97)
ME130A	ECCR RESIDENTIAL HVAC EFFICIENCY COMMON ADVERTISING	\$101,382.16
ME140A	ECCR RESIDENTIAL HIGH PERFORMANCE WINDOW COMMON ADVERTISING	\$93.75
ME152A	ECCR RESIDENTIAL HEAT PUMP WATER HEATER ADVERTISING	\$93.75
ME153A	ECCR RESIDENTIAL CEILING INSULATION ADVERTISING	\$93.75
ME154A	ECCR RESIDENTIAL REFLECTIVE ROOF ADVERTISING	\$93.75
ME161A	ECCR RESIDENTIAL ADVANCED ENERGY MANAGEMENT ADVERTISING	\$119,971.50
ME162A	ECCR RESIDENTIAL ENERGY SELECT LITE ADVERTISING	\$4,649.37
ME170A	ECCR RESIDENTIAL VARIABLE SPEED POOL PUMP ADVERTISING	\$93.75
ME180A	ECCR RESIDENTIAL SELF-INSTALL ENERGY EFF COMMON ADVERTISING	\$93.75
ME230A	ECCR COMMERCIAL BUILDING EFFICIENCY COMMON ADVERTISING	\$70.00
	<b>Total</b>	<b>\$660,740.75</b>

Staff's Eighth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 31, 2013  
Item No. 93  
Page 2 of 2

Non-ECCR		
90900000 - CS&I - Info & Instruct Advertising Exp		
		2013 September YTD
GN121A	CORPORATE ADVERTISING	\$27.41
MN101A	NON-ECCR RESIDENTIAL NEW HOME MARKET ADVERTISING	\$25,742.84
MN106A	NON-ECCR RESIDENTIAL EXISTING HOME MARKET ADVERTISING	\$8,924.53
MN121A	RS-ESSENTIAL CUSTOMER SERVICES	\$239,313.57
MN188A	NON-ECCR RESIDENTIAL WATER HEATER CONVERSIONS ADVERTISING	\$10,148.00
	<b>Total</b>	<b>\$284,156.35</b>

Non-ECCR		
93010000 - General Advertising Expenses		
		2013 September YTD
GN120A	Advertising - Media	\$27.41
GN121A	Corporate Advertising	\$140,662.51
	<b>Total</b>	<b>\$140,689.92</b>

94. What are all the filings (i.e. document number, description, date, docket number) Gulf has submitted to the Commission which contain the identical load forecast submitted in Gulf's current rate case?

ANSWER:

The filings submitted to the Commission which utilized Gulf's forecast submitted in this base rate proceeding are shown in the table below.

<b>Document Number</b>	<b>Description</b>	<b>Date Filed</b>	<b>Docket Number</b>
N/A	Forecasted Earnings Surveillance Report	March 14, 2013	Undocketed
DN 01558-13	2013-2022 Ten Year Site Plan	April 1, 2013	Undocketed
DN 01555-13	Renewable Standard Offer Contract	April 1, 2013 (Approved June 25, 2013)	130070-EQ
DN 04410-13	Environmental Cost Recovery Estimated True-up Projections	August 1, 2013	130007-EI
DN 04465-13	Fuel Cost Recovery and Purchased Power Capacity Estimated True-up Projections	August 2, 2013	130001-EI
DN 05185-13	Fuel Cost Recovery and Purchased Power Capacity 2014 Projections	August 30, 2013	130001-EI
DN 05187-13	Environmental Cost Recovery 2014 Projections	August 30, 2013	130007-EI
DN 05344-13	Conservation Cost Recovery Estimated True-up and 2014 Projections	September 10, 2013	130002-EG

95. Please provide in Excel format Gulf's 2013 load forecast (the forecast prepared most recently), including monthly customers, KWH, and KW by rate class for 2013 and 2014.

ANSWER:

Gulf's most recent forecast is referred to as "B2014." Please see the following attachments for Gulf's B2014 forecast of customers, energy sales, and billing demands:

"Staff 8th ROG 95 Attachment A.xlsx" – monthly customers and kWh by rate class for 2013 and 2014

"Staff 8th ROG 95 Attachment B.xlsx" – monthly kW billing demands by rate class for 2013 and 2014 for the smaller commercial and industrial customers

"Staff 8th ROG 95 Attachment C.xlsx" – monthly kW billing demands for 2013 and 2014 for the largest industrial and commercial customers.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

96. Please identify the remaining steps, if any, required to be completed for Gulf's 2013 load forecast to be finalized and the expected timeframes for each step.

ANSWER:

Although Gulf's most recent forecast, B2014, was finalized in September 2013, recent events surrounding the U.S. debt ceiling suggest that there is greater uncertainty in the economy than was present when this forecast was developed. The B2014 forecast shows minimal growth in energy sales through 2016; however, in light of recent events, as was done at other times during the recession, Gulf may find it necessary to revise the B2014 forecast late in the year.



97. Please identify the assumptions in Gulf's 2013 load forecast (the forecast prepared most recently) which are different from those used to prepare Gulf's 2012 load forecast (the forecast used as the basis of the billing determinants in the current proceeding) as well as the reasons for the changes in the assumptions.

**ANSWER:**

The forecast utilized in Gulf's current base rate proceeding is referred to by the Company as "B2013." Gulf's most recent forecast prepared in 2013 is referred to as "B2014." In the development of the B2014 forecast, all of the changes to assumptions, or inputs, used in preparing the B2013 forecast were made to incorporate either the most recent actual data available (use per customer, weather, small industrial loads, billing demand ratios, economic variables, and electricity price) or new projections (customer gains, economic variables, electricity price, EV and DSM adjustments, large commercial and industrial loads, and outdoor lighting). Gulf did not make any changes to its forecast methodology in the B2014 forecast.

98. Please provide the spreadsheet of residential monthly weather data calculations (i.e. cooling degree hours and heating degree hours) for 2013 and 2014 as described in Witness Alexander's direct testimony, Page 20, Lines 10-16, in Excel format with formulas intact.

ANSWER:

See attachment "Staff 8th ROG 98 Attachment A.xlsx." Please note the same threshold temperatures are used to calculate residential and small commercial cooling and heating degree hours. Therefore, the weather data in the attached file was used in both the residential and small commercial regression models.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

99. Please provide the spreadsheet of commercial monthly weather data calculations (i.e. cooling degree hours and heating degree hours) as described in Witness Alexander's direct testimony, Page 28, Lines 12-18, in Excel format with formulas intact.

ANSWER:

See attachment "Staff 8th ROG 99 Attachment A.xlsx" for Gulf's large commercial weather data calculations. As noted in Gulf's response to Staff's Interrogatory Item No. 98, the weather data used in the small commercial regression model is the same as the weather data used in the residential regression model.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

100. Please refer to Witness Alexander's direct testimony, Page 32, Lines 10-20. Why is the asymmetrical demand response to Gulf's price increase and price decrease variables a sufficient reason for specifying Gulf's residential energy sales model with the two separate price variables, instead of using a single price variable, as was done in Gulf's prior rate case (Docket No. 110138-EI)?

ANSWER:

The asymmetrical demand response of Gulf's residential customers to price decreases versus price increases is significant. This significant difference in response to price changes is evident through the differences in the coefficients for the price decline index and price increase index variables in the residential regression model, as shown in Exhibit RJA-1, Schedule 3, Page 2. The coefficient for the price decline index variable is less than half of the coefficient for the price increase index variable. Therefore, two separate price variables were incorporated into the residential regression model to capture the difference in price response in the forecast. The use of a single price variable would result in a single price coefficient, which would inappropriately force the same energy sales response to both price decreases and prices increases and thus fail to capture the true price response behavior observed historically. The use of a price decrease variable and a price increase variable best captures the response of Gulf's residential customers to price changes.

In addition to capturing the asymmetrical demand response to price changes, the use of two separate price variables also results in a model with superior statistical results compared to an alternative model with a single price variable. Additional details regarding the statistical improvements are provided in Gulf's response to Staff's Interrogatory Item No. 101.

101. Refer to Witness Alexander's Direct Testimony, Page 32, Lines 10-20, and attached exhibit RJA-1, Schedule 3, Page 2 of 2. Please compare the p-values of the two price variables (i.e. 8.36% for the price increase index and 0.0% for the price decrease index) versus the p-value of a single price variable which merges the two price variables in an alternative model run. Please explain which model has the superior statistical results and why.

**ANSWER:**

The forecast utilized in Gulf's current base rate proceeding is referred to as "B2013." The table below shows the p-values for the two price variables in B2013 and the p-value for a single price variable from an alternative model run. Also shown are results for other key statistics from both models.

	<b>Test Model</b>	<b>B2013 Model</b>
<u><b>P-Values</b></u>		
12-Month Average of Real Residential Price - Decline Index		8.36%
12-Month Average of Real Residential Price - Increase Index		0.00%
12-Month Average of Real Residential Price	0.00%	
<u><b>Overall Model Statistics</b></u>		
Adjusted R-Squared	0.9845	0.9847
Durbin-Watson Statistic	2.104	2.090
AIC	0.237	0.232
Mean Absolute Percentage Error (MAPE)	2.10%	2.07%

The B2013 model specification results in p-values of 8.36% for the price decline index variable and 0.00% for the price increase index variable, while the alternative model specification results in a p-value of 0.00% for the single price variable. The p-value for the single price variable indicates the variable is meaningful to the model; however, the p-value of a single independent variable is not indicative of the overall model results. The appropriate tests to evaluate the overall model results include adjusted R-squared, Durbin-Watson d-statistic, AIC, and Mean Absolute Percentage Error (MAPE). The adjusted R-squared for the B2013 model is superior to the adjusted R-squared for the alternative test model, indicating that more of the historical data is explained by the B2013 model. The Durbin-Watson d-statistic is closer to two in the B2013 model compared to the alternative test model, indicating a more favorable result with no

autocorrelation in the regression model residuals. The AIC or Akaike's Information Criterion evaluates the tradeoff between model fit and model complexity and lower AIC values are preferable. The AIC for the B2013 model is lower and, therefore, superior to the AIC for the alternative test model. The Mean Absolute Percentage Error (MAPE) is the average of the absolute percentage residuals and lower MAPEs are preferable. The MAPE for the B2013 model is lower and, therefore, superior to the MAPE for the alternative test model.

The overall statistical model results for the B2013 model are excellent and are superior to the results of the alternative test model.

Gulf's most recent forecast is referred to as "B2014." The structure of the residential model used in the B2014 forecast, which was requested in Staff's Interrogatory Item No. 95, is identical to the structure of the residential model used in the B2013 forecast. The table below provides the statistical results for the B2014 residential model, which show further improvements in both the level of statistical significance (p-values) of the separate price variables and overall model results. All three tests, adjusted R-squared, Durbin-Watson d-statistic, and MAPE, show results that are even more favorable compared to the B2013 and alternative test models.

	<b>B2014 Model</b>
<u>P-Values</u>	
12-Month Average of Real Residential Price - Decline Index	0.97%
12-Month Average of Real Residential Price - Increase Index	0.00%
<u>Overall Model Statistics</u>	
Adjusted R-Squared	0.9856
Durbin-Watson Statistic	2.090
Mean Absolute Percentage Error (MAPE)	2.00%

102. Please refer to Witness Alexander's direct testimony, Page 16, Lines 21-25, and attached exhibit RJA-1, Schedule 3, Page 2. Why did Gulf use ten separate independent variables to represent the impact of cooling load in its residential energy sales model, including a cooling degree hours data series for each month from March through December, instead of using a single cooling degree weather variable?

ANSWER:

Residential cooling degree hours represent the energy sales response to temperatures above a certain baseline. Because the temperature varies widely between the months of March through December, the cooling degree hours for these months vary, and, therefore, the residential energy sales response for each of these months is different. For that reason, Gulf uses separate cooling degree hour variables for each month from March through December to reflect these monthly differences in residential energy sales response to cooling degree hours. The different monthly responses are captured by the different coefficients for each of the residential cooling degree hour variables shown on Exhibit RJA-1, Schedule 3, Page 2. This methodology was used in Gulf's last base rate proceeding and was stipulated to by the parties and approved by the Commission. The use of a single cooling degree hour variable would result in a single cooling degree hour coefficient for all months, which would effectively force the same response to cooling degree hours for March through December. Such a model would be less accurate because it would not capture observable variations in customer response to weather.

103. Please refer Witness Alexander's direct testimony, Page 16, Lines 21-25 and attached exhibit RJA-1, Schedule 3, Page 2. Why did Gulf use six separate independent variables to represent the impact of heating load in its residential energy sales model, including a heating degree hour data series for each month from November to April, instead of using a single heating degree weather variable?

ANSWER:

Residential heating degree hours represent the energy sales response to temperatures below a certain baseline. Because the temperature varies widely between the months of November through April, the heating degree hours for these months vary, and, therefore, the residential energy sales response for each of these months is different. For that reason, Gulf uses separate heating degree hour variables for each month from November through April to reflect these monthly differences in residential energy sales response to heating degree hours. The different monthly responses are captured by the different coefficients for each of the residential heating degree hour variables shown on Exhibit RJA-1, Schedule 3, Page 2. This methodology was used in Gulf's last base rate proceeding and was stipulated to by the parties and approved by the Commission. The use of a single heating degree hour variable would result in a single heating degree hour coefficient for all months, which would effectively force the same response to heating degree hours for November through April. Such a model would be less accurate because it would not capture observable variations in customer response to weather.



104. Please provide, in Excel format, Gulf's monthly nominal residential, small commercial, and large commercial classes' prices of electricity from November 1991 to December 2014 used to calculate Gulf's real price indices shown in MFR Schedule F-7.

**ANSWER:**

See attachment "Staff 8th ROG 104 Attachment A.xlsx." Please note that total commercial electricity price is used in both the small and large commercial regression models.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

Staff's Eighth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 31, 2013  
Item No. 105  
Page 1 of 1

105. Please provide, in Excel format, the monthly deflator indices used to calculate Gulf's real price of electricity from November 1991 through December 2014 in MFR Schedule F-7.

ANSWER:

Please refer to attachment "Staff 8th ROG 104 Attachment A.xlsx" included in response to Staff's Eighth Set of Interrogatories Item No. 104.

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

106. What are the actual changes in Gulf's nominal prices of electricity for the residential, small commercial, and large commercial classes from November 2011 through October 2012 which were used to calculate the price indices shown on Pages 10-11, 46-47, and 70-71 in MFR Schedule F-7, and the regulatory actions supporting each such price change?

ANSWER:

See attachment "Staff 8th ROG 104 Attachment A.xlsx" provided in response to Item No. 104 for Gulf's historical monthly nominal prices for the residential and commercial classes. Please note that total commercial electricity price is used in both the small and large commercial regression models. Historical nominal prices are calculated by dividing total actual revenue, including base revenue, clause revenue, gross receipt taxes and franchise fees, by total actual kWh sales by month. The regulatory actions supporting actual changes in Gulf's approved tariff rates during the period November 2011 through October 2012, which are incorporated in Gulf's actual revenue for this period, are shown in the table below.

<b>Rate Schedule</b>	<b>Docket Number</b>	<b>Order Number</b>	<b>Issue Date</b>	<b>Effective Date of New Rates</b>
Fuel Cost Recovery and Purchased Power Capacity Clauses	110001-EI	PSC-11-0579-FOF-EI	Dec. 16, 2011	1st billing cycle of January 2012
Environmental Cost Recovery Clause	110007-EI	PSC-11-0553-FOF-EI	Dec. 7, 2011	1st billing cycle of January 2012
Energy Conservation Cost Recovery Clause	110002-EG	PSC-11-0531-FOF-EG	Nov. 15, 2011	1st billing cycle of January 2012
Fuel Cost Recovery Clause (Midcourse)	120001-EI	PSC-12-0082-PCO-EI	Feb. 24, 2012	1st billing cycle of March 2012
Base Rates	110138-EI	PSC-12-0179-FOF-EI	Apr. 3, 2012	Meter readings on or after April 11, 2012

Staff's Eighth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 31, 2013  
Item No. 106  
Page 2 of 2

Fuel Cost Recovery Clause (Midcourse)	120001-EI	PSC-12-0342-PCO-EI	Jul. 2, 2012	1 <sup>st</sup> billing cycle of July 2012
---------------------------------------	-----------	--------------------	--------------	--

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

107. What are the changes in Gulf's nominal prices of electricity for its residential, small commercial, and large commercial classes from November 2012 through December 2014 used to calculate the price indices shown on Pages 11-12, 47-48, and 71-72 in MFR Schedule F-7, and the actual or requested regulatory actions supporting each such price change?

**ANSWER:**

See attachment "Staff 8th ROG 104 Attachment A.xlsx" provided in response to Item No. 104 for Gulf's projected monthly nominal prices for the residential and commercial classes. Please note that total commercial electricity price is used in both the small and large commercial regression models. Projected nominal prices are calculated in a similar manner to historical nominal prices, as described in Gulf's response to Item No. 106, using projected total revenue from Gulf's Financial Model. However, if any recently-approved or anticipated retail tariff rate changes are not already captured in the Financial Model, then specific adjustments are made to incorporate these changes in the price projections. The actual and anticipated regulatory actions supporting Gulf's projected nominal prices for the period November 2012 through December 2014 are shown in the table below.

<b>Rate Schedule</b>	<b>Docket Number</b>	<b>Order Number</b>	<b>Issue Date</b>	<b>Effective Date of New Rates</b>
Base Rates	110138-EI	PSC-12-0179-FOF-EI	Apr. 3, 2012	Step Increase January 2013
Fuel Cost Recovery & Purchased Power Capacity Clauses	120001-EI	PSC-12-0664-FOF-EI	Dec. 21, 2012	1st billing cycle of January 2013
Environmental Cost Recovery Clause	120007-EI	PSC-12-0613-FOF-EI	Nov. 16, 2012	1st billing cycle of January 2013
Energy Conservation Cost Recovery Clause	120002-EG	PSC-12-0611-FOF-EG	Nov. 15, 2012	1st billing cycle of January 2013
Base Rates	130140-EI	Request Pending	N/A	2014

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Staff's Eighth Set of Interrogatories (Nos. 92-112) Disk 1.

108. What are Gulf's most current actual and "requested pending approval" price changes from November 2012 to date for Gulf's residential, small commercial, and large commercial classes, which are different from the electricity price assumptions used in Gulf's energy use per customer per billing day forecasts appearing in MFR Schedule F-7?

**ANSWER:**

All actual changes in Gulf's retail tariff rates that have been approved by the Commission were included in Gulf's price projections used in the forecast proposed in this proceeding. The price changes that are currently before the Commission that may differ from the assumptions made in Gulf's price forecast are shown in the table below.

<b>Rate Schedule</b>	<b>Docket Number</b>	<b>Order Number</b>	<b>Issue Date</b>	<b>Effective Date of New Rates</b>
Fuel Cost Recovery & Purchased Power Capacity Clauses	130001-EI	Request Pending	N/A	2014
Environmental Cost Recovery Clause	130007-EI	Request Pending	N/A	2014
Energy Conservation Cost Recovery Clause	130002-EG	Request Pending	N/A	2014
Base Rates	130140-EI	Request Pending	N/A	2014

109. What are the actual monthly amounts of "Real Disposable Personal Income Per Household", a load forecast model input identified in MFR Schedule F-6, for the period November 2012 through July 2013?

ANSWER:

Please see attachment "Staff 8th ROG 109 Attachment A.xlsx" for the updated monthly amounts for the real disposable personal income per household variable identified in MFR Schedule F-7 for the period November 1992 through December 2014. Real disposable personal income is provided by the Bureau of Economic Analysis (BEA) and the historical data is available through December 2012. The monthly amounts beyond the last historical date are estimates from Moody's Analytics September 2013 vintage of economic projections. The number of households is provided by the Census Bureau and the historical data is available through June 2010. The monthly amounts beyond the last historical date are estimates from Moody's Analytics September 2013 vintage of economic projections.

The BEA's 2013 comprehensive revision of the national income and product accounts, which are used to estimate GDP, resulted in revisions to historical income. These revisions to the historical data were made after the release of Moody's November 2012 vintage of economic projections, which were used in Gulf's forecast proposed in this case. Therefore, revised monthly amounts for the entire time period used in Gulf's residential energy sales model, both the historical and forecast periods, are being provided in this response to ensure consistency of the data.

110. What are the actual monthly amounts of "Non-Manufacturing Employment", a load forecast model input identified in MFR Schedule F-6, for the period November 2012 through July 2013?

ANSWER:

Please see attachment "Staff 8th ROG 110 Attachment A.xlsx" for the updated monthly amounts for the non-manufacturing employment variable identified in MFR Schedule F-7 for the period November 1992 through December 2014. Non-manufacturing employment is provided by the Bureau of Labor Statistics (BLS) and the historical data is available through June 2013. The monthly amounts beyond the last historical date are estimates from Moody's Analytics September 2013 vintage of economic projections.

The BLS performs annual benchmark revisions to historical employment estimates, which resulted in revisions to historical employment data after the release of Moody's November 2012 vintage economic projections, which were used in Gulf's forecast proposed in this case. Therefore, revised monthly amounts for the entire time period used in Gulf's commercial energy sales models, both the historical and forecast periods, are being provided in this response to ensure consistency of the data.



111. Refer to the Direct Testimony of Witness Alexander, Page 21 and 22 and Gulf's 2012 DSM Progress Report dated February 27, 2013. Please explain how 94 million kwh out of 110 million kwh of 2014 residential DSM impacts, or 85.5 percent of all DSM impacts, are associated with impacts not embedded in the historical data (i.e. accounted for as new DSM), as indicated in Witness Alexander's testimony, in consideration of the cumulative GWh associated with residential DSM shown in Gulf's 2012 DSM Progress Report (92.09 million kwh).

ANSWER:

The cumulative GWh savings shown in Gulf's 2012 DSM Progress Report represent savings achieved for the historical period from January 2011 through December 2012. These 2 years of historical savings were associated with Gulf's most recent DSM plan and this plan, which was approved by the Commission in Order No. PSC-11-0114-PAA-EG, represented a substantial increase in scope and focus compared to the Company's previous DSM plans. Because Gulf's residential model incorporated 20 years of historical energy sales data from November 1992 through October 2012, this substantial increase in conservation impacts associated with the Company's current DSM plan was reflected in a relatively small portion of the historical energy usage data. Therefore, out of the 110 million kWh of forecasted, incremental conservation savings projected for the forecast period November 2012 through December 2014, only 16 million kWh are estimated to be embedded in the historical use per customer data, and thus captured in Gulf's residential regression model. This estimate was calculated based on data from ITRON as well as Gulf's experience in the energy efficiency market and knowledge of existing programs. Therefore, the remaining 94 million kWh of the forecasted DSM savings are appropriately deducted from the regression model projections using the exogenous adjustment. A description of how Gulf's anticipated impacts of DSM are addressed in the residential energy forecast is provided in Witness Alexander's direct testimony on pages 21 and 22. Support for the calculation of the exogenous DSM adjustment to residential class energy was provided in Gulf's response to Item No. 3 in Staff's First Set of Interrogatories.

112. Refer to the Direct Testimony of Witness Alexander, Page 29 and Gulf's 2012 DSM Progress Report dated February 27, 2013. Please explain how 12 million kwh out of 25 million kwh of 2014 commercial DSM impacts, or 48 percent of all DSM impacts, are associated with impacts not embedded in the historical data (i.e. accounted for as new DSM), as indicated in Witness Alexander's testimony, in consideration of the cumulative GWh associated with commercial/industrial DSM shown in Gulf's 2012 DSM Progress Report (21.85 million kwh).

ANSWER:


The cumulative GWh savings shown in Gulf's 2012 DSM Progress Report represent savings achieved for the historical period from January 2011 through December 2012. These 2 years of historical savings were associated with Gulf's most recent DSM plan and this plan, which was approved by the Commission in Order No. PSC-11-0114-PAA-EG, represented a substantial increase in scope and focus compared to the Company's previous DSM plans. Because Gulf's commercial model incorporated 20 years of historical energy sales data from November 1992 through October 2012, this substantial increase in conservation impacts associated with the Company's current DSM plan was reflected in a relatively small portion of the historical energy usage data. Therefore, out of the 25 million kWh of forecasted, incremental conservation savings projected for the forecast period November 2012 through December 2014, only 13 million kWh are estimated to be embedded in the historical use per customer data, and thus captured in Gulf's commercial regression model. This estimate was calculated based on data from ITRON as well as Gulf's experience in the energy efficiency market and knowledge of existing programs. Therefore, the remaining 12 million kWh of the forecasted DSM savings are appropriately deducted from the regression model projections using the exogenous adjustment. A description of how Gulf's anticipated impacts of DSM are addressed in the commercial energy forecast is provided in Witness Alexander's direct testimony on pages 29 and 30. Support for the calculation of the exogenous DSM adjustment to commercial class energy was provided in Gulf's response to Item No. 9 in Staff's First Set of Interrogatories.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Terry A. Davis, Assistant Secretary and Assistant Treasurer of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
\_\_\_\_\_  
Terry A. Davis  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 31<sup>st</sup> day of October, 2013.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

96

**Gulf's Responses to  
Staff's Ninth Set of Interrogatories  
(No. 113)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 96

PARTY PSC Staff

DESCRIPTION Gulf's/Staff's 9<sup>th</sup>ROG, No. 113

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 130140-EI

Date Filed: November 8 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S NINTH SET OF INTERROGATORIES (NO. 113)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Ninth Set of Interrogatories (No. 113) on the following pages.

Respectfully submitted by electronic mail the 8th day of November, 2013.

  
\_\_\_\_\_  
**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

113. This interrogatory pertains to all capital projects for which Gulf anticipates cost recovery through the Environmental Cost Recovery Clause (ECRC).
- a. Please explain whether Gulf is proposing to include in rate base any capitalized items currently recovered or proposed for recovery through the ECRC.
  - b. If applicable, identify these projects by ECRC project numbers and the dollar amounts proposed for inclusion in the test year rate base.
  - c. If applicable, please explain why Gulf has chosen not to move such capitalized items from the ECRC into base rates.

ANSWER:

- a. Gulf Power is not proposing to include in rate base any capitalized items currently recovered through the Environmental Cost Recovery Clause (ECRC).

Pursuant to the Amended Order Granting Motions to Consolidate (Order No. PSC-13-0454A-PCO-EI) issued on October 24, 2013, the appropriate recovery mechanism for the Plant Smith and Plant Crist transmission upgrades identified by Gulf as the best, most cost-effective option for compliance with the MATS rule will be determined in this docket.

- b. Gulf does not propose any projects currently recovered through the ECRC for inclusion in test year rate base.
- c. Consistent with the treatment in Gulf's last two rate cases, the Company believes it is reasonable and appropriate to continue recovering the capitalized ECRC items in the ECRC. Section 366.8255(5), Florida Statutes, provides in part that the "recovery of environmental compliance costs under this section does not preclude inclusion of such costs in base rates in a subsequent rate proceeding, if that inclusion is necessary and appropriate." This section does provide the Commission with some discretion on whether costs should be moved into base rates. Once a project has been in service for 12 months, the impact on customers is essentially the same whether the costs are included in base rates or the clause. The Commission has previously found no compelling reason to move any currently capitalized ECRC items into rate base, and there are no factors in this case that would support a different result.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

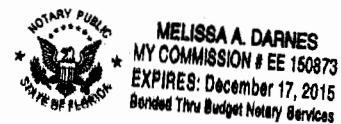
Docket No. 130140-EI

Before me the undersigned authority, personally appeared Terry A. Davis, Assistant Secretary and Assistant Treasurer of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Terry A. Davis  
Terry A. Davis  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 8<sup>th</sup> day of November, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



97

**Gulf's Responses to  
Staff's Tenth Set of Interrogatories  
(Nos. 114-125, 127,  
and 132 (page 1 only) )**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 97  
PARTY FSC Staff  
DESCRIPTION Gulf's/Staff's 10<sup>th</sup> ROGs, Nos. 114-125, 127,  
DATE \_\_\_\_\_



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

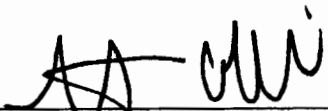
Docket No. 130140-EI

Date Filed: November 13 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S TENTH SET OF INTERROGATORIES (NOS. 114-134)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's Tenth Set of Interrogatories (No. 114-134) on the following pages.

Respectfully submitted by electronic mail the 13th day of November, 2013.

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

114. Please refer to Docket No. 110138-EI, Hearing Exhibit 106, Gulf's Response to Staff's 23<sup>rd</sup> Set of Interrogatories, Item No. 264 and Docket No. 130140-EI, Gulf's Response to Staff's Second Set of Interrogatories, Item No. 12, which provide data regarding Gulf's distributions poles. When comparing the responses it appears that there has been a significant reduction in the number of 30 ft. wood poles (from 48,912 to 28,481) and 35 ft. wood poles (from 85,602 to 63,259), with total poles being reduced by 54,333. Please explain the reduction in the number of poles.

ANSWER:

In 2012, Gulf adjusted its total pole count to reflect the results of a pole audit that showed Gulf had fewer wooden poles on the system. The total number of wooden poles was reduced at that time from 253,365 to 200,866.

115. Please refer to pages 515-516 of Lawrence J. Vogt's Electricity Pricing Engineering Principles and Methodologies where it states " . . . the customer and demand components previously determined for overhead primary conductors can be used to classify pole fixture investment at Level 4.
- a. If Gulf classified its fixture sets as suggested by Lawrence Vogt, what impact, if any, would it have on Gulf's MDS Customer/Demand percentages for Account 364?
  - b. What impact, if any, would this change have on the proposed residential customer charge?

ANSWER:

- a. It would drop the customer percentage for Account 364 shown in MTO-1 Schedule 3 from 65.9% to 51.9%.
- b. It would have no impact on Gulf's proposed residential Base Charge, as the overall customer related monthly unit costs, though slightly reduced, would still be above the Base Charge proposed.

116. Referring to C-17, Pension Cost, please describe the process Gulf uses to determine the appropriateness of its pension cost.

ANSWER:

The pension costs referred to in C-17 are calculated for the Company's accounting and financial reporting purposes. The Financial Accounting Standards Board mandates compliance for reporting pension costs as described in Accounting Standards Codification 715 (ASC 715). Gulf first reviews the appropriateness of the calculation inputs, including the plan provisions and participant data. ASC 715 guides Gulf's review of assumptions used in accordance with actuarial standards of practice, analysis of historical experience, and expectations about future experience. Once the inputs are determined, plan liabilities and costs are determined using the liability attribution methods, asset valuation methods, and cost component calculations required by ASC 715. Finally, to assure the appropriateness of the pension costs, external auditors perform a thorough review of the inputs and calculations used to determine the pension costs.

**For the following questions, please refer to the direct testimony of Gulf witness Neyman.**

117. Referring to page 6, lines 15-20, please state when the customer care representative and the three customer service associate positions were added, and explain how the ratepayers have benefited from these positions being added.

**ANSWER:**

The Customer Care Representatives were added in 2011 and 2012, and the three Customer Service Associates were added in 2011. Customers have benefited from these additional positions by reduced wait times both on the phone and in the local offices. The addition of these employees has helped Gulf provide expanded services along with increased quality assurance and on-the-job training of Customer Care Representatives.

Adding Customer Care Representatives in the local offices and training them on expanded services, such as new connects, disconnects and transfers of service eliminated the need to refer customers to the Customer Care Center via an inter-company telephone positioned in the local office for these services. Becoming more of a full service option means customers can conduct business with Gulf quickly and conveniently.

To support quality assurance and on-the-job training of Customer Care Representatives, three Customer Service Associates were added, one in each of the largest local offices. These employees provide daily support to the Customer Care Representatives, ensure consistency and quality of service provided to customers and respond to escalated issues on site for immediate resolution for customers.

118. Referring to page 6, lines 15-20, please identify the number of new positions that Gulf is requesting for its customer care local offices and its customer care center, if any, for the 2014 test year, and explain why the additional positions are needed.

ANSWER:

One new position is being requested for the 2014 test year.

This position is a Customer Service Associate position that is located in District Customer Service in the local office. The Customer Service Associate's primary duty is to ensure quality and consistency in the level of service commitment delivered to customers, through hands-on training, quality assurance and immediate support to front-line Customer Service Representatives.

This additional position supports Gulf's efforts to ensure that customers receive the same scope and quality of service at the local offices as they do when they contact the Customer Care Center.

119. Referring to page 8, lines 16-22, please identify by position title and salary any additional positions that were added in 2011 and 2012, and explain how the ratepayers have benefited from these positions being added.

ANSWER:

Customers have benefited from the additional positions detailed below by reduced waiting times, expanded services, increased quality assurance and more comprehensive training of Customer Care Representatives. Since additional positions were added, Gulf has improved in both service level and in customer satisfaction. All of these employees directly serve our customers.

<b>Title</b>	<b>Salary</b>	<b>Positions Added</b>
CSC Representative IV	██████████	4
Customer Representative I Customer Service	██████████	6
Associate	██████████	3

120. Referring to page 8, lines 16-22, please explain the statement, " ... it has been possible to take the time to provide Customer Care Representatives with specific "off the phone or workstation" training... without sacrificing the service level too much on any given day."

ANSWER:

Service level is heavily dependent on having sufficient numbers of Customer Care Representatives available to meet customer call volume. Prior to adding these positions, taking representatives off the phones to provide them with classroom or on-going training was difficult because Gulf did not have enough representatives to address customer needs while the training was in session.

Prior to adding the positions, Gulf used minimal time for training and even at full staffing levels was not able to meet Gulf's service level goal of answering 80 percent of calls within 30 seconds. To take representatives off the phones to train would have had an even greater impact on service level.

In the local offices, training representatives would have meant fewer service windows open, resulting in longer lines and waits for customers during times of training.

Since the additional positions were added, training has increased significantly for all Customer Care Representatives throughout the year. As a result of the increased positions and training, service level has improved.



121. Referring to page 9, lines 5-10, please identify and summarize any studies that Gulf or any outside consultants hired by Gulf have performed that show how the salaries of Gulf's Customer Care Representatives or critical customer-facing employees compare to comparable jobs in Northwest Florida.

ANSWER:

Neither Gulf nor any outside consultants hired by Gulf have performed any studies specifically comparing the salaries of Gulf's Customer Care Representatives or critical customer-facing employees to comparable jobs in Northwest Florida. In setting the salaries for these jobs, Gulf normally uses Southeast US based data obtained through proprietary compensation surveys published by third party consultants. From time to time, Gulf may receive feedback indicating that local conditions may warrant some adjustment to the more general Southeast US based data. Through hiring, retention, and turnover rates, Gulf monitors the effectiveness of its compensation and benefits offerings in attracting and retaining this important customer-facing element of its workforce.

122. Referring to page 11, lines 14-16, please identify the measurements and explain the results of Gulf's most recent customer service bench mark study.

ANSWER:

Gulf uses a proprietary research tool, known as the Customer Value Benchmark (CVB), to compare and contrast itself against peer utilities in the Southeast and nationally. As part of the surveying process, residential customers are asked if they've had a contact with their utility in the last 12 months. The customers' response is noted which allows the Company to perform analyses to determine satisfaction among customers who've had a recent contact with the Company compared to those who have not.

For each question in the CVB survey, customers are asked to score their utility on a scale of 1 (worst) to 10 (best). One metric calculated for each survey respondent is an average of the customers' responses on all questions in the survey, weighted by the importance each question has on the customer's overall satisfaction.

When comparing the weighted average customer value score from Gulf's most recent CVB results, residential customers who've had a recent contact with Gulf rate the Company higher (8.17) than customers who've not had a contact (8.12). Additionally, Gulf's residential weighted average customer value score for customers who've recently had a contact with the Company, ranks 3rd amongst peer utilities on this same measure.

These results demonstrate that Gulf's customer service employees who touch our customers personally are making a positive impact in meeting their needs each and every day.

123. Referring to page 21, lines 16-20, please identify the amount of salary and benefits that are included in the \$20,454,000 Customer Services expenses for the 2014 test year.

ANSWER:

The amount of salary that is included in the \$20,454,000 Customer Services expenses for the 2014 test year is \$10,380,000. This amount does not include benefits, which are applied to A&G FERC accounts 920-935.

**For the following questions, please refer to the direct testimony of Gulf witness McMillan.**

124. Referring to page 6, lines 3-9, please explain with specificity how the performance of the financial markets have caused an increase in O&M in pension costs.

ANSWER:

The pension cost referred to in the testimony is the annual cost computed according to the Financial Accounting Standards Board's requirements in Accounting Standards Codification 715. Three aspects of financial market performance have led to increased pension costs.

(1) Lower interest rates

Pension liabilities and costs are based on the discounted value of projected future benefit payments, using a discount range based on market interest rates. The discount rate used to project current test year pension costs is about 125 basis points lower than the one used for the test year for the last case. The lower discount rate results in higher pension liabilities.

(2) Underperformance of trust fund assets

The Great Recession caused large investment losses relative to the expected returns on plan investments in 2008. In line with the Company's adopted GAAP accounting methods, these losses were gradually admitted into pension cost calculations over a 5-year period that started in 2009 and ended in 2013. Under this method, the projected cost for the 2014 test year reflects 100% of the 2008 investment losses while the 2012 test year only reflected 80%.

(3) Lower long-term investment returns expectations

The protracted economic weakness has led to a moderation of long-term investment return expectations and the Company has had to lower the assumed long-term expected rate of return used to compute pension costs by 25 basis points compared to the rate used in the prior test year.

Gulf's situation is not unique. Under the applicable accounting standards, these financial market factors have generally affected all pension plan sponsors.

125. Referring to page 9, lines 21-24, how many positions has Gulf added since its last rate case?

ANSWER:

As stated in the referenced testimony, Gulf is projecting a net decrease in positions between the 2012 test year from the last case and the 2014 test year in the current case.

127. Please identify by location, position title, salary and fringe benefits (including pension and other post retirement benefits) each new position that Gulf is requesting for the 2014 test year, and explain how Gulf's ratepayers will benefit from the new positions.

ANSWER:

As stated in Gulf's response to Staff's Tenth Set of Interrogatories No. 126, Gulf is not requesting any new positions for the 2014 test year.

**For the following questions, please refer to the direct testimony of Gulf witness Garvie.**

132. Referring to page 10, lines 1-21, please identify and explain the measurements used by Gulf related to operational goals for safety, customer satisfaction, generation availability, transmission and distribution reliability and company culture to determine which employees receive the at-risk portion of total compensation.

**ANSWER:**

Eligibility for Gulf's total compensation program, and the measurements used by Gulf to determine the amount paid to employees under the total compensation program, are described in detail on the following pages entitled "Performance Pay Program Design Details" and "Gulf Power PPP Goals." Gulf's use of operational goals for safety, customer satisfaction, generation availability, transmission and distribution reliability, and company culture; return on equity goals; and earnings per share goals is part of a total compensation package, consisting of base pay and at-risk pay based on annual and long term goals, that in total provides market competitive compensation to our employees. The goals of the pay plan are not designed to work separately from one another. All of the goals of the pay plan work in concert to drive employee behavior to continually keep the customers' interests at the center of their attention. By carving out a portion of our market competitive total pay as at-risk, Gulf is able to attract, retain, and motivate employees to deliver high levels of customer service at reasonable cost to the customer both in the short and long term.

See pages 2 through 23 for additional information.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 12<sup>th</sup> day of November, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services



**98**

**Gulf's Responses to  
Staff's Eleventh Set of Interrogatories  
(Nos. 135-136)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 130140-EI **EXHIBIT** 98

**PARTY** PSC Staff

**DESCRIPTION** Gulf's/Staff's 11<sup>th</sup>ROGs, Nos. 135 and 136

**DATE** \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

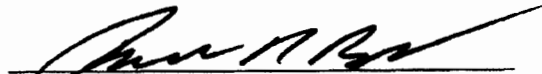
Docket No. 130140-EI

Date Filed: November 14, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S ELEVENTH SET OF INTERROGATORIES (NOS. 135-136)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's Eleventh Set of Interrogatories (Nos. 135-136) on the following pages.

Respectfully submitted by electronic mail the 14th day of November, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

135. Please refer to pages 16 through 19 of the testimony of Michael Burroughs. Also refer to Schedule B-18 of the MFRs, pages 29 through 38, pages 67 through 76, and pages 105 through 114.
- a. Please refer to lines 17 through 20 of page 16 of the testimony of Michael Burroughs. Please identify and describe all events of natural gas supply interruptions such as pipeline and compressor station failures, hurricanes, well freezes, etc. that have occurred since January 1 2003.
  - b. Do other Southern Company operating companies use any of Gulf Power's firm gas storage capacity or benefit in other ways from Gulf Power having firm gas storage? Please explain your response.
  - c. Is Gulf Power's firm gas storage capacity solely for Smith Unit 3 and the Central Alabama PPA? Please explain.

ANSWER:

- a. Because Gulf had adequate natural gas storage capacity available, there have not been any pipeline and compressor station failures, hurricanes, well freezes, etc. that have interrupted Gulf Power Company's natural gas supply since 2003. On the days these factors would have affected natural gas supply, Gulf used stored gas to fuel its electric generating facilities. In general, Hurricanes Katrina and Rita (2005) and Ivan (2004) had the most significant effect on gas supply since 2003. In addition to the major storms that struck the U.S. Gulf Coast, many tropical storms (TS) with Gulf of Mexico tracks cause an evacuation of U.S. offshore gas production which can impact Gulf Power's natural gas supply. Since 2003 the following tropical storms have made landfall along the U.S. Gulf Coast.

2003: TS Bill, Hurricane Claudette, TS Grace, and TS Henri

2004: TS Bonnie, Hurricane Charley, Hurricane Ivan, and TS Matthew

2005: TS Arlene, TS Cindy, Hurricanes Dennis, Katrina, Rita, and Wilma

2006: TS Alberto

2007: TS Barry, TS Erin, Hurricane Humberto, and TS Olga

2008: Hurricane Dolly, TS Edouard, TS Fay, Hurricanes Gustav and Ike

2009: TS Claudette and TS Ida

2010: TS Bonnie

2011: TS Lee

2012: TS Debby and Hurricane Isaac

2013: TS Andrea and TS Karen

Well freeze-offs have become a greater risk during the winter due to the increased reliance on natural gas supply from onshore shale basins. While Gulf has not been affected recently by pipeline or compressor failures, well freeze-offs or other events that interrupt natural gas supply, such events do occur and have affected other gas users, notably a Florida Gas Transmission compressor station damaged by fire (1998), a Columbia Gulf compressor station damaged by tornado (2008), well freeze-offs that impacted production in Oklahoma, Texas and New Mexico (2011), well freeze-offs in Colorado and New Mexico (2013) and flooding in Colorado (2013).

- b. Gulf Power's firm gas storage capacity is not used by other Southern Company operating companies.
- c. Yes.

136. Please refer to lines 14 through 17 of page 16 of the testimony of Michael Burroughs.
- a. Is Gulf Power's firm gas storage capacity used to meet the gas storage capacity requirement for Smith Unit 3 and the Central Alabama PPA? Please explain.
  - b. Is Gulf Power's firm gas storage capacity used to meet the gas storage capacity requirement of any other operating company's unit? Please explain.
  - c. What entity decides if a gas fired combined cycle unit will be accepted for electric generating capacity for purposes of meeting an operating company's reserve margin obligation? Please explain.

ANSWER:

- a. Yes.

To meet the storage capacity needs of Smith Unit 3, Gulf has contract capacity rights in two salt dome gas storage facilities, Bay Gas Storage located near McIntosh, Alabama and Southern Pines Energy Center located near Richton, Mississippi.

Gulf also has gas storage capacity at the Leaf River Energy Center, a salt dome storage facility located near Taylorsville, Mississippi. This facility provides Gulf with gas storage capacity for the Central Alabama facility.

- b. No.

- c. The Southern electric system (SES) Operating Committee, which is comprised of the Senior Production Officers of each SES Operating Company and the designated Southern Company Services representative who serves as chairman.

As discussed in the response to item 136a, Gulf secured gas storage capacity for Central Alabama at the Leaf River Energy Center in April 2013. This was prior to the requirement for the reserve margin calculation purposes, which is in June 2014. Gulf was able to obtain annual firm network transmission and annual firm gas transportation in June 2013. It was prudent for Gulf to secure gas storage capacity (and firm gas transportation) before such capability was necessary for the Central Alabama facility to be designated a firm resource, because the

Staff's Eleventh Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
November 14, 2013  
Item No. 136  
Page 2 of 2

Central Alabama facility was dispatching at a level where the fuel savings to Gulf's customers more than offset the costs of gas storage and firm gas transportation.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

*Susan D. Ritenour*

\_\_\_\_\_  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 13<sup>th</sup> day of November, 2013.

*Melissa A. Darnes*  
\_\_\_\_\_  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

**Gulf's Responses to  
Staff's Amended First Request for  
Production of Documents  
(Nos. 1-4)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 99  
PARTY PSC Staff  
DESCRIPTION Gulf's/Staff's Amended 1<sup>st</sup> POD, Nos. 1-4  
DATE



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

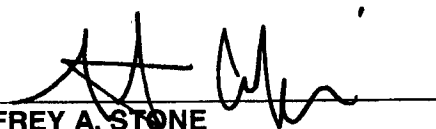
Docket No. 130140-EI

Date Filed: September 26, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S AMENDED FIRST REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 1-4)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Amended First Request for Production of Documents (Nos. 1-4) on the following pages.

Respectfully submitted by overnight mail the 26th day of September, 2013,

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

Staff's Amended First Request for  
Production of Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
September 27, 2013  
Item No. 1  
Page 1 of 1

1. Please provide summary level documentation supporting Gulfs response to Interrogatory No.28.

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_001 on the DVD labeled Docket No. 130140-EI Staffs' First Request to Produce Documents (Nos. 1-4) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-1-1 through 130140-Staff-POD-1-3.

2. Refer to page 32, lines 16-19, of witness O'Sheasy direct testimony. Please provide MFR E schedules, including an electronic copy in Excel format, with the formulas intact and unlocked, based on Gulfs non-MDS cost of service study, including E-3a, E-3b, E-4a, E-4b, E-5, E-6a, E-6b, E-8, E-9, E-10, E-13a, and E-13b.

ANSWER:

Please find attached the following non-MDS MFR E schedules that were filed in order to satisfy the minimum requirements as described on the MFR schedules:

Cost of Service Study (E-1)

- E-3a
- E-3b
- E-4a
- E-4b
- E-5
- E-6a
- E-6b
- E-8
- E-9
- E-10

There are no non-MDS versions of MFR E-13a and E-13b, and none were filed with this case.

Responsive electronic documents are located in the folder named Staff\_POD\_002 on the DVD labeled Docket No. 130140-EI Staff's First Request for Production of Documents (Nos. 1-4) Disk 1.

Responsive electronic documents that include confidential information are located in the folder named Staff\_POD\_002 CONF on the DVD labeled Docket No. 130140-EI Staff's First Request for Production of Documents (Nos. 1-4) Disk 2-Confidential.

3. Please provide all documents pertaining to witness O'Sheasy's modeling of the MDS system which support Gulfs distribution cost classifications, including all model descriptions, equations, input data, assumption, results, conclusions, and statistical analyses. For spreadsheets, please provide a hard copy of the documents and an electronic copy in Excel format, with formulas intact and unlocked.

**ANSWER:**

Responsive electronic documents are located in the folder named Staff\_POD\_003 on the DVD labeled Docket No. 130140-EI Staff's First Request to Produce Documents (Nos. 1-4) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-3-1 through 130140-Staff-POD-3-130.

Staff's Amended First Request for  
Production of Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
September 27, 2013  
Item No. 4  
Page 1 of 1

4. Please provide all documents supporting Schedules 6.3-6.9 of MT0-2, including an electronic copy in Excel format, with formulas intact and unlocked.

ANSWER:

Please find all supporting documents for Witness O'Sheasy's modeling of the minimum distribution system supporting Gulf's distribution cost classifications in response to Staff's Production of Documents No. 3.

**100**

**Gulf's Responses to  
Staff's Second Request  
for Production of Documents  
(Nos. 5-8)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 100

PARTY PSC Staff

DESCRIPTION Gulf's/Staff's 2<sup>nd</sup> POD, Nos. 5-8

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

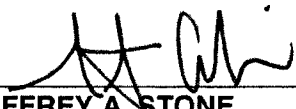
Docket No. 130140-EI

Date Filed: September 30, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S SECOND REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 5-8)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's Second Request for Production of Documents (Nos. 5-8) on the following pages.

Respectfully submitted by overnight mail the 30th day of September, 2013,

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

5. Please provide, in electronic format, a copy of the E Schedules with all spreadsheet links and formulas intact, source data used. Please include documents that identify or explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_005&006 on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-5&6-1 through 130140-Staff-POD-5&6-94.

Responsive electronic documents that include confidential information are located in the folder named Staff\_POD\_005&006 CONF on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 2-Confidential.



6. Please provide, in their original electronic format, all workpapers to the E Schedules in electronic form, with all spreadsheet links and formulas intact, source data used. Include all documents that identify or explain assumptions and calculations used in preparing the E Schedules. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

**ANSWER:**

Responsive electronic documents are located in the folder named Staff\_POD\_005&006 on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-5&6-1 through 130140-Staff-POD-5&6-94.

Responsive electronic documents that include confidential information are located in the folder named Staff\_POD\_005&006 CONF on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 2-Confidential.

7. Please provide all workpapers in your possession, custody or control underlying the E Schedules and prefiled testimony and exhibits, and all documents in your possession, custody, or control commenting on, analyzing, or evaluating any of these documents and schedules. Please provide any and all workpapers and documents in electronic form, with all spreadsheet links and formulas intact, source data used. Include all documents that identify or explain assumptions and calculations used in preparing testimony and exhibits. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

ANSWER:

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents are located in the folder named Staff\_POD\_007 on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-7-1 through 130140-Staff-POD-7-88.

Responsive electronic documents that include confidential information are located in the folder named Staff\_POD\_007 CONF on the DVD labeled Docket No. 130140-EI Staff's Second Request for Production of Documents (Nos. 5-8) Disk 2-Confidential.

Additional workpapers were previously provided in Gulf's response to Staff's Amended First Request for Production of Documents No.2.

8. Please provide a copy of all exhibits attached to direct testimony of witnesses O'Sheasy and Thompson that were originally created and prepared in Microsoft Excel in their original format with all source data used, linked source files, and spreadsheet links and formulas intact.

ANSWER:

All of the exhibits attached to the direct testimony of Gulf Witness O'Sheasy's have been previously provided in the responses to:

- a) Staff's First Amended Request for Production of Documents No. 3
- b) Staff's Second Request for Production of Documents No. 5

There are no exhibits attached to direct testimony of witness Thompson that were originally created and prepared in Microsoft Excel.

**101**

**Gulf's Responses to  
Staff's Third Request  
for Production of Documents  
(Nos. 9-13)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI

EXHIBIT 101

PARTY PSC Staff

DESCRIPTION Gulf's/Staff's 3<sup>rd</sup> POD, Nos. 9-13

DATE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 130140-EI

Date Filed: October 9, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S THIRD REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 9-13)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's Third Request for Production of Documents (Nos. 9-13) on the following pages.

Respectfully submitted by overnight mail the 9th day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

Staff's Third Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 9, 2013  
Item No. 9  
Page 1 of 1

9. Please provide schedule C-34 of the MFR in MS Excel format.

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_009 on the DVD labeled Docket No. 130140-EI Staff's Third Request for Production of Documents (Nos. 9-13) Disk 1.

Staff's Third Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 9, 2013  
Item No. 10  
Page 1 of 1

10. Please provide schedule E-18 of the MFR in MS Excel format.

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_010 on the DVD labeled Docket No. 130140-EI Staff's Third Request for Production of Documents (Nos. 9-13) Disk 1.

Staff's Third Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 9, 2013  
Item No. 11  
Page 1 of 1

11. Please provide schedule F-7 of the MFR in MS Excel format.

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_011 on the DVD labeled Docket No. 130140-EI Staff's Third Request for Production of Documents (Nos. 9-13) Disk 1.



Staff's Third Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 9, 2013  
Item No. 12  
Page 1 of 1

12. Please provide the full statistical output of Gulf's energy use per customer models in electronic (MS Excel) and hard copy format, including but not limited to model coefficients, equations, tests or significance, p-values, confidence intervals, etc..

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_012 on the DVD labeled Docket No. 130140-EI Staff's Third Request for Production of Documents (Nos. 9-13) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-12-1 through 130140-Staff-POD-12-175.

13. Refer to witness Alexander's direct testimony, Lines 16 -19 on page 34. Please provide the following information (in MS Excel format with formulas intact):
  - a. Historical and forecasted data used to model wholesale energy sales.
  - b. Full statistical output of Gulf's wholesale energy sales regression model.

**ANSWER:**

Responsive electronic documents are located in the folder named Staff\_POD\_013 on the DVD labeled Docket No. 130140-EI Staff's Third Request for Production of Documents (Nos. 9-13) Disk 1.

102

**Gulf's Responses to  
Staff's Fourth Request  
for Production of Documents  
(Nos. 14, and 16-18)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 102  
PARTY PSC Staff  
DESCRIPTION Gulf's/Staff's 4<sup>th</sup> PODs, Nos. 14, and 16-18  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

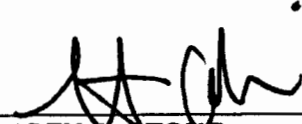
Docket No. 130140-EI

Date Filed: October 28, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S FOURTH REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 14-18)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Fourth Request for Production of Documents (Nos. 14-18) on the following pages.

Respectfully submitted by overnight mail the 28th day of October, 2013.



\_\_\_\_\_  
**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

14. Please refer to MFR Schedule D-8, lines 12 through 13. Please provide a copy of the most recent forecast by Moody's Analytics for the 30-year Treasury Bond Yield Rates in 2014.

ANSWER:

Data to create the responsive documents for this request was downloaded and formatted for Gulf's use by Southern Company Services from Moody's source. This vintage of data is from Moody's Analytics, October 2013.

Responsive electronic documents are located in the folder named Staff\_POD\_014 on the DVD labeled Docket No. 130140-EI Staff's Fourth Request for Production of Documents (Nos. 14-18) Disk 1.

Staff's Fourth Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 16  
Page 1 of 1

16. Please refer to MFR Schedule D-4a, page 1 of 3. Please provide copies of any documents that support the coupon rates listed for each Senior Note listed in Column (2).

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_016 on the DVD labeled Docket No. 130140-EI Staff's Fourth Request for Production of Documents (Nos. 14-18) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-16-1 through 130140-Staff-POD-16-9.

Staff's Fourth Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 17  
Page 1 of 1

17. Please refer to MFR Schedule D-5. Please provide copies of any documents that support the coupon rates listed in Column (2).

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_017 on the DVD labeled Docket No. 130140-EI Staff's Fourth Request for Production of Documents (Nos. 14-18) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-17-1 through 130140-Staff-POD-17-2.

Staff's Fourth Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 28, 2013  
Item No. 18  
Page 1 of 1

18. Please provide a copy of MFR Schedule D-4a, pages 1 of 3, 2 of 3, and 3 of 3, in Excel format with formulas intact. (Staff was unable to locate this document in Gulf's response to OPC's 1st Request for Production of Documents Nos. 1 & 2.)

ANSWER:

Responsive electronic documents are located in the folder named Staff\_POD\_018 on the DVD labeled Docket No. 130140-EI Staff's Fourth Request for Production of Documents (Nos. 14-18) Disk 1.



**103**

**Gulf's Responses to  
Staff's Fifth Request  
for Production of Documents  
(No. 19)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET No. 130140-EI \_\_\_\_\_ EXHIBIT 103  
PARTY PSC Staff \_\_\_\_\_  
DESCRIPTION Gulf's/Staff's 5<sup>th</sup> POD, No. 19, pp.1-87 \_\_\_\_\_  
DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 130140-EI

Date Filed: October 31, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S FIFTH REQUEST FOR PRODUCTION OF  
DOCUMENTS (NO. 19)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Staff's Fifth Request for Production of Documents (No. 19) on the following pages.

Respectfully submitted by overnight mail the 31st day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

19. Advertising Expenses. With respect to the table taken from MFR Schedule C-14 shown below, please provide copies of the following advertising activities/techniques (i.e. mail inserts sent with customer bills) which accounted for the Non-ECCR Advertising actual and projected expenses for 2012 through 2014.

Account/ Sub Account Number	Work Order	Account/ Sub Account/ Work Order Title
<u>Non-ECCR</u> 90900000		CS&I – Info & Instruct Advertising Exp
	GN121A	Corporate Advertising
	MN101A	Non-ECCR Residential New Home Market Advertising
	MN106A	Non-ECCR Residential Existing Home Market Advertising
	MN121A	RS-ESS – Cust Serv
	MN188A	Non-ECCR Residential Water Htr Conversions Advertising
	MN276A	Non-ECCR Residential Commercial Hospitality Advertising
	MN288A	Non-ECCR Residential Commercial EnergyDirect.Com Advertising
	MN291A	Non-ECCR Residential Commercial General Advertising
	MN346A	Non-ECCR Residential Industrial Lighting Marketing Advertising

ANSWER:

Responsive documents are located in the folder named Staff\_POD\_019 on the DVD labeled Docket No. 130140-EI Staff's Fifth Request for Production of Documents (No. 19) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-Staff-POD-19-1 through 130140-Staff-POD-19-87.

For 2014, Gulf does not have documents responsive to this request. As discussed in Gulf's response to Staff's Eighth Set of Interrogatories Item No. 92, in 2014, as the economy rebounds, Gulf will once again begin delivering valuable EarthCents Home and other product related advertising designed to educate customers and assist them in making efficient construction decisions for the home or business. In addition, Gulf is currently working with our third party advertising firm to develop a 2014 campaign which will be focused on educating and informing customers about Gulf's redesigned

Staff's Fifth Request for Production of  
Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 31, 2013  
Item No. 19  
Page 2 of 2

MyGulfPower.com site. MyGulfPower.com allows customers to check their energy usage, pay their bill online, obtain energy efficiency rebates and tips, report power outages and obtain power outage information, and conduct their own energy audit. In addition, customers can obtain information on electrical safety, answers to common questions and access contact information for Gulf Power's Customer Care Center. While these efforts are in the planning process, there are not documents available to provide in response to this request.

**104**

**Gulf's Responses to  
Staff's Sixth Request  
for Production of Documents  
(Nos. 20-22)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 104

PARTY PSC Staff

DESCRIPTION Gulf's /Staff's 6<sup>th</sup> PODs, No. 20-22

DATE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: November 13, 2013

GULF POWER COMPANY'S RESPONSES TO  
STAFF'S SIXTH REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 20-22)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Staff's Sixth Request for Production of Documents (Nos. 20-22) on the following pages.

Respectfully submitted by overnight mail the 13th day of November, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

20. Please provide a revised MFR Schedule E-6a and 6b (with MDS allocation method) showing the impacts of any changes brought about by classifying Gulf's fixture sets as suggested by Lawrence Vogt on pages 515-516 of Electricity Pricing Engineering Principles and Methodologies.

ANSWER:

Please find attached the requested E-6a and E-6b showing the impacts of classifying Gulf's fixture sets as suggested by Lawrence Vogt. Please note that the attached MFR Schedules are not corrections or revisions to E-Schedules proposed by Gulf in this proceeding, nor are they intended to replace Gulf's proposed schedules. They were developed solely for the purpose of responding to this discovery request.

Responsive documents are located in the folder named Staff\_POD\_020 on the DVD labeled Docket No. 130140-EI Staff's Sixth Request for Production of Documents (Nos. 20-22) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-Staff-POD-20-1 through 130140-Staff-POD-20-3.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at present rates, based on the revenue requirements from sales of electricity only, excluding other operating revenues. The demand unit costs must be separated into production, transmission and distribution. Unit costs under present rates must be calculated at both the system and class rates of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes. If the company is proposing to combine two or more classes, it must also provide unit costs for the classes combined. Customer unit costs for the lighting classes must include only customer-related costs, excluding costs for fixtures and poles. The lighting fixtures and poles must be shown on a separate line. Billing units must match Schedule E-5.

Type of Data Shown:  
 Projected Test Year Ended 12/31/14  
 Prior Year Ended 12/31/13  
 Historical Year Ended 12/31/12  
 Witness: M. T. O'Sheasy

COMPANY: GULF POWER COMPANY

DOCKET NO.:

(000s)

Allocation Method: 12MCP - 1/13th kWh - Minimum Distribution System		CLASS (RATES) RATE OF RETURN						
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
LINE NO.	DESCRIPTION	TOTAL RETAIL SERVICE	RATE CLASS RESIDENTIAL	RATE CLASS GS	RATE CLASS GSD/GSDT	RATE CLASS LP/LPT	RATE CLASS MAJOR ACCTS	RATE CLASS OS
1	REVENUE REQUIREMENTS FROM							
2	SALE OF ELECTRICITY (\$000)							
3	ENERGY (NON-FUEL PORTION)	47,672	22,910	1,286	12,582	5,048	5,080	766
4	DEMAND	333,327	188,000	9,761	81,150	28,026	23,718	2,672
5	PRODUCTION	191,557	106,318	5,316	44,184	16,883	17,935	921
6	TRANSMISSION	46,905	26,433	1,384	11,939	3,866	3,002	281
7	DISTRIBUTION	94,865	55,249	3,061	25,027	7,277	2,781	1,470
8	CUSTOMER	117,494	85,984	9,488	9,051	861	650	11,460
9	DISTRIBUTION	49,934	41,817	3,831	3,374	130	51	731
10	CUSTOMER ACCOUNTS	31,377	27,271	2,204	1,321	34	59	488
11	CUSTOMER ASSISTANCE	25,942	16,896	3,453	4,356	697	540	0
12	CUSTOMER (LIGHTING FACIL)	10,241	0	0	0	0	0	10,241
13	TOTAL REVENUE REQUIREMENT	498,493	296,894	20,535	102,783	33,935	29,448	14,898
14	BILLING UNITS (ANNUAL)							
15	ENERGY (MWH)		5,264,445	291,283	2,733,687	1,233,654	1,477,619	153,590
16	BILLING DEMAND (KW)		-	-	8,569,894	2,539,002	887,068	-
17	SBS BILLING KW FOR RSRV CHG		-	-	-	-	89,448	-
18	CUSTOMER		4,632,396	349,872	209,964	3,408	816	123,744
19	UNIT COST							
20	ENERGY (¢/KWH)		0.43518	0.44150	0.46026	0.40919	0.34380	0.49873
21	CUSTOMER(\$/CUST/MO OR ¢/KWH)		18.56	27.12	43.11	252.64	796.57	9.85
22	CUSTOMER (LIGHTING FACIL.)							
23	(\$/CUSTOMER/MO)		-	-	-	-	-	82.76
24	DEMAND - PRODUCTION - \$/KW		-	-	5.16	6.65	10.12 <sup>1</sup>	-
25	DEMAND - TRANSMISSION - \$/KW		-	-	1.39	1.52	3.06 <sup>1</sup>	-
26	DEMAND - DISTRIBUTION - \$/KW		-	-	2.92	2.87	0.66 <sup>1</sup>	-
27	DEMAND - PRODUCTION - ¢/KWH		2.01955	1.82503	1.61628	1.36854	1.21378	0.59965
28	DEMAND - TRANSMISSION- ¢/KWH		0.50210	0.47514	0.43674	0.31338	0.20316	0.18295
29	DEMAND - DISTRIBUTION- ¢/KWH		1.04947	1.05087	0.91550	0.58987	0.18821	0.95709

30 1 \$/KW Based on Rate Class SBS



FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.:

COST OF SERVICE STUDY - UNIT COSTS, PRESENT RATES

EXPLANATION: For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at present rates, based on the revenue requirements from sales of electricity only, excluding other operating revenues. The demand unit costs must be separated into production, transmission and distribution. Unit costs under present rates must be calculated at both the system and class rates of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes. If the company is proposing to combine two or more classes, it must also provide unit costs for the classes combined. Customer unit costs for the lighting classes must include only customer-related costs, excluding costs for fixtures and poles. The lighting fixtures and poles must be shown on a separate line. Billing units must match Schedule E-5.

Type of Data Shown:

- Projected Test Year Ended 12/31/14
  - Prior Year Ended 12/31/13
  - Historical Year Ended 12/31/12
- Witness: M. T. O'Sheasy

(000s)

SYSTEM (EQUAL) RATE OF RETURN

Allocation Method: 12MCP - 1/13th kWh - Minimum Distribution System

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
LINE NO.	DESCRIPTION	TOTAL RETAIL SERVICE	RATE CLASS RESIDENTIAL	RATE CLASS GS	RATE CLASS GSD/GSDT	RATE CLASS LP/LPT	RATE CLASS MAJOR ACCTS	RATE CLASS OS
1	REVENUE REQUIREMENTS FROM							
2	SALE OF ELECTRICITY (\$000)							
3	ENERGY (NON-FUEL PORTION)	48,008	22,821	1,252	11,881	5,280	6,109	665
4	DEMAND	334,799	188,120	9,374	74,523	30,009	30,622	2,151
5	PRODUCTION	193,276	106,428	5,170	41,649	17,687	21,548	794
6	TRANSMISSION	47,845	26,501	1,293	10,363	4,360	5,127	201
7	DISTRIBUTION	93,678	55,191	2,911	22,511	7,962	3,947	1,156
8	CUSTOMER	115,683	86,516	9,321	8,734	875	667	9,570
9	DISTRIBUTION	49,953	42,351	3,690	3,117	137	52	606
10	CUSTOMER ACCOUNTS	31,347	27,270	2,196	1,310	34	59	478
11	CUSTOMER ASSISTANCE	25,897	16,895	3,435	4,307	704	556	0
12	CUSTOMER (LIGHTING FACIL)	8,486	0	0	0	0	0	8,486
13	TOTAL REVENUE REQUIREMENT	498,490	297,457	19,947	95,138	36,164	37,398	12,386
14	BILLING UNITS (ANNUAL)							
15	ENERGY (MWH)		5,264,445	291,283	2,733,687	1,233,654	1,477,619	153,590
16	BILLING DEMAND (KW)		-	-	8,569,894	2,539,002	887,068	-
17	SBS BILLING KW FOR RSRV CHG		-	-	-	-	89,448	-
18	CUSTOMER		4,632,396	349,872	209,964	3,408	816	123,744
19	UNIT COST							
20	ENERGY (¢/KWH)		0.43349	0.42982	0.43461	0.42800	0.41344	0.43297
21	CUSTOMER(\$/CUST/MO OR ¢/KWH)		18.68	26.64	41.60	256.75	817.40	8.76
22	CUSTOMER(LIGHTING FACIL)							
23	(\$/CUSTOMER/MO)		-	-	-	-	-	68.58
24	DEMAND - PRODUCTION - \$/KW		-	-	4.86	6.97	7.93 <sup>1</sup>	-
25	DEMAND - TRANSMISSION - \$/KW		-	-	1.21	1.72	1.82 <sup>1</sup>	-
26	DEMAND - DISTRIBUTION - \$/KW		-	-	2.63	3.14	0.37 <sup>1</sup>	-
27	DEMAND - PRODUCTION - ¢/KWH		2.02164	1.77491	1.52355	1.43371	1.45829	0.51696
28	DEMAND - TRANSMISSION- ¢/KWH		0.50340	0.44390	0.37909	0.35342	0.34698	0.13087
29	DEMAND - DISTRIBUTION- ¢/KWH		1.04837	0.99937	0.82347	0.64540	0.26712	0.75265
30	1 \$/KW Based on Rate Class SBS							

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each cost of service study filed by the company, calculate the unit costs for demand, energy and customer for each rate schedule at proposed rates, based on the revenue requirements from sales of electricity only, excluding other operating revenues. The demand unit costs must be separated into production, transmission and distribution. Unit costs under proposed rates must be calculated at the system rate of return. Unit costs must be provided separately for each existing rate class, except for the lighting classes. If the company is proposing to combine two or more classes, it must also provide unit costs for the classes combined. Customer unit costs for the lighting classes must include only customer-related costs, excluding costs for fixtures and poles. The lighting fixtures and poles must be shown on a separate line. Billing units must match Schedule E-5.

Type of Data Shown:

- Projected Test Year Ended 12/31/14
  - Prior Year Ended 12/31/13
  - Historical Year Ended 12/31/12
- Witness: M. T. O'Sheasy

COMPANY: GULF POWER COMPANY

DOCKET NO.:

(000s)

SYSTEM (EQUAL) RATE OF RETURN

Allocation Method: 12MCP - 1/13th kWh - Minimum Distribution System

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
LINE NO.	DESCRIPTION	TOTAL RETAIL SERVICE	RATE CLASS RESIDENTIAL	RATE CLASS GS	RATE CLASS GSD/GSDT	RATE CLASS LP/LPT	RATE CLASS MAJOR ACCTS	RATE CLASS OS
1	REVENUE REQUIREMENTS FROM							
2	SALE OF ELECTRICITY (\$000)							
3	ENERGY (NON-FUEL PORTION)	53,622	25,490	1,398	13,270	5,898	6,823	743
4	DEMAND	393,342	221,006	11,022	87,673	35,282	35,807	2,552
5	PRODUCTION	216,528	119,188	5,792	46,679	19,826	24,151	892
6	TRANSMISSION	62,204	34,436	1,679	13,492	5,672	6,662	263
7	DISTRIBUTION	114,610	67,382	3,551	27,502	9,784	4,994	1,397
8	CUSTOMER	125,911	93,896	10,032	9,364	913	686	11,020
9	DISTRIBUTION	57,719	48,883	4,290	3,629	156	59	702
10	CUSTOMER ACCOUNTS	31,892	27,747	2,232	1,332	34	61	486
11	CUSTOMER ASSISTANCE	26,468	17,266	3,510	4,403	723	566	0
12	CUSTOMER (LIGHTING FACIL)	9,832	0	0	0	0	0	9,832
13	TOTAL REVENUE REQUIREMENT	572,875	340,392	22,452	110,307	42,093	43,316	14,315
14	BILLING UNITS (ANNUAL)							
15	ENERGY (MWH)		5,264,445	291,283	2,733,687	1,233,654	1,477,619	153,590
16	BILLING DEMAND (KW)		-	-	8,569,894	2,539,002	887,068	-
17	SBS BILLING KW FOR RSRV CHG		-	-	-	-	89,448	-
18	CUSTOMER		4,632,396	349,872	209,964	3,408	816	123,744
19	UNIT COST							
20	ENERGY (¢/KWH)		0.48419	0.47995	0.48543	0.47809	0.46176	0.48376
21	CUSTOMER(\$/CUST/MO OR ¢/KWH)		20.27	28.67	44.60	267.90	840.69	9.60
22	CUSTOMER(LIGHTING FACIL)							
23	(\$/CUSTOMER/MO)		-	-	-	-	-	79.45
24	DEMAND - PRODUCTION - \$/KW		-	-	5.45	7.81	8.88 <sup>1</sup>	-
25	DEMAND - TRANSMISSION - \$/KW		-	-	1.57	2.23	2.37 <sup>1</sup>	-
26	DEMAND - DISTRIBUTION - \$/KW		-	-	3.21	3.85	0.50 <sup>1</sup>	-
27	DEMAND - PRODUCTION - ¢/KWH		2.26402	1.98844	1.70755	1.60710	1.63445	0.58077
28	DEMAND - TRANSMISSION - ¢/KWH		0.65412	0.57642	0.49355	0.45977	0.45086	0.17124
29	DEMAND - DISTRIBUTION - ¢/KWH		1.27995	1.21909	1.00604	0.79309	0.33798	0.90956
30	1 \$/KW Based on Rate Class SBS							

21. Referring to page 9, lines 5-10, of witness Neyman's direct testimony, please provide a copy of any compensation studies identified in Staff's Tenth Set of Interrogatories No. 121.

ANSWER:

There are no documents responsive to this request.

22. Referring to page 11, lines 14-16, of witness Neyman's direct testimony, please a copy of any measurements identified in Staff's Tenth Set of Interrogatories No. 122.

ANSWER:

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents are located in the folder named Staff\_POD\_022 on the DVD labeled Docket No. 130140-EI Staff's Sixth Request for Production of Documents (Nos. 20-22) Disk 1.

**Gulf's Responses to  
OPC's First Set of Interrogatories  
(Nos. 1-12, 17, 19, 21, 22, 26-28,  
30, 32-37, 39-43, 48-63,  
65-73, revised 75, and 78)**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 105  
PARTY PSC Staff  
DESCRIPTION Gulf's/OPC's 1<sup>st</sup> RIGs, 1-12, 17, 19, 21, 22  
DATE 26-28, 30, 32-37, 39-43, 48-63, 65-73, revised 75, 78

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

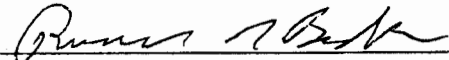
Docket No. 130140-EI

Date Filed: August 19, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZEN'S FIRST SET OF INTERROGATORIES (NOS. 1-79)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizen's First Set of Interrogatories (Nos. 1-79) on the following pages.

Respectfully submitted by overnight mail the 19th day of August , 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

1. Labor Costs – Payroll. Please provide the following monthly labor data for 2011, 2012 and 2013 as of June 30<sup>th</sup>, and as projected through the end of the 2014 test year, showing both monthly amounts and annual totals.
  - a. Number of actual full time equivalent employees broken down between type (e.g. salaried, hourly; union, non-union, temporary, etc.).
  - b. Number of authorized full time equivalent employees broken down between type (e.g. salaried, hourly, union, non-union, temporary, etc.).
  - c. Regular payroll broken down between expensed, capitalized and other.
  - d. Overtime payroll broken down between expensed, capitalized and other.
  - e. Temporary payroll broken down between expensed, capitalized and other.
  - f. Other payroll (specify).

ANSWER:

- a. Please see pages 2 through 4. The variance analysis on page 4 breaks down the June 2013 actual and 2014 budgeted FTEs between O&M and capital positions (which are included in the base rate request) and clause and below the line positions (which are excluded from the base rate request).
- b. Please see pages 5 through 8.
- c-e. Please see pages 9 through 13.
  - The "Expense" category consists of base rate O&M payroll which is included in the test year request.
  - The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.
  - The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.
- f. Other payroll is comprised of cash spot awards, variable pay, accruals/reversals and other miscellaneous labor expenses.

**Gulf Power Company  
Employee Count  
2011 - Actual**

<b>Employee Type</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Exempt	522	525	524	527	536	543	550	559	567	569	573	578
Non-Exempt Non-Covered	244	244	245	245	241	250	250	242	241	245	250	258
Non-Exempt Covered	559	559	555	552	555	560	558	567	575	568	568	580
Temporary	12	11	10	10	19	12	12	9	8	8	8	8
<b>Total</b>	<b>1,337</b>	<b>1,339</b>	<b>1,334</b>	<b>1,334</b>	<b>1,351</b>	<b>1,365</b>	<b>1,370</b>	<b>1,377</b>	<b>1,391</b>	<b>1,390</b>	<b>1,399</b>	<b>1,424</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).



**Gulf Power Company  
Employee Count  
2012 - Actual**

Employee Type	January	February	March	April	May	June	July	August	September	October	November	December
Exempt	579	581	584	583	585	587	585	585	586	584	583	584
Non-Exempt Non-Covered	257	255	258	260	265	267	268	271	269	268	272	274
Non-Exempt Covered	582	581	576	573	573	568	563	560	559	557	554	552
Temporary	6	8	7	8	7	11	12	9	7	7	7	6
<b>Total</b>	<b>1,424</b>	<b>1,425</b>	<b>1,425</b>	<b>1,424</b>	<b>1,430</b>	<b>1,433</b>	<b>1,428</b>	<b>1,425</b>	<b>1,421</b>	<b>1,416</b>	<b>1,416</b>	<b>1,416</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**Gulf Power Company  
Employee Count  
2013 - Actual**

<b>Employee Type</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Exempt	584	586	585	584	587	586						
Non-Exempt Non-Covered	277	276	275	275	275	272						
Non-Exempt Covered	551	550	546	544	538	537						
Temporary	6	6	9	8	11	11						
<b>Total</b>	<b>1,418</b>	<b>1,418</b>	<b>1,415</b>	<b>1,411</b>	<b>1,411</b>	<b>1,406</b>	-	-	-	-	-	-

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**Employee Variance Analysis  
Current Actual vs. 2014 Budget**

	<b>Actual June 2013</b>	<b>Forecast 2014</b>	<b>Vacant at June 2013</b>
O&M	959	1,000	41
Capital	356	368	12
Clause Other (Below the line)	86 5	90 5	4 -
<b>Total</b>	<b>1,406</b>	<b>1,463</b>	<b>57</b>

**Gulf Power Company  
Employee Count  
2011 - Budget**

Employee Type	January	February	March	April	May	June	July	August	September	October	November	December
Exempt	564	564	564	564	564	564	564	564	564	564	564	564
Non-Exempt Non-Covered	285	285	285	285	285	285	285	285	285	285	285	285
Non-Exempt Covered	626	626	626	626	626	626	626	626	626	626	626	626
Temporary	14	14	14	14	14	14	14	14	14	14	14	14
<b>Total</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>	<b>1,489</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**Gulf Power Company  
Employee Count  
2012 - Budget**

<b>Employee Type</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Exempt	596	596	596	596	596	596	596	596	596	596	596	596
Non-Exempt Non-Covered	296	296	296	296	296	296	296	296	296	296	296	296
Non-Exempt Covered	602	602	602	602	602	602	602	602	602	602	602	602
Temporary	7	7	7	7	7	7	7	7	7	7	7	7
<b>Total</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**Gulf Power Company  
Employee Count  
2013 - Budget**

<b>Employee Type</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Exempt	599	599	599	599	599	599	599	599	599	599	599	599
Non-Exempt Non-Covered	291	291	291	291	291	291	291	291	291	291	291	291
Non-Exempt Covered	570	570	570	570	570	570	570	570	570	570	570	570
Temporary	7	7	7	7	7	7	7	7	7	7	7	7
<b>Total</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>	<b>1,467</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**Gulf Power Company  
Employee Count  
2014 - Projected**

<b>Employee Type</b>	<b>January</b>	<b>February</b>	<b>March</b>	<b>April</b>	<b>May</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>	<b>October</b>	<b>November</b>	<b>December</b>
Exempt	597	597	597	597	597	597	597	597	597	597	597	597
Non-Exempt Non-Covered	290	290	290	290	290	290	290	290	290	290	290	290
Non-Exempt Covered	569	569	569	569	569	569	569	569	569	569	569	569
Temporary	7	7	7	7	7	7	7	7	7	7	7	7
<b>Total</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>	<b>1,463</b>

Notes: Figures include part-time, intern, summer, temporary, co-op & CBE students (excludes WF High School (ACE) students).

**2011 Labor Costs - Payroll  
Actuals**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Regular Payroll</b>													
Expense	4,428,333	4,394,758	4,437,563	4,464,914	4,664,500	4,603,205	6,852,174	4,610,861	4,595,237	4,645,248	4,602,410	7,009,308	59,308,511
Capital	1,662,954	1,606,726	1,609,177	1,628,269	1,496,431	1,655,731	2,468,873	1,584,202	1,661,087	1,654,454	1,685,906	2,614,651	21,328,461
Other	386,024	374,574	365,393	351,595	351,918	376,030	590,408	411,511	439,961	436,703	434,372	710,631	5,229,119
<b>Total Regular Payroll</b>	<b>6,477,311</b>	<b>6,376,058</b>	<b>6,412,132</b>	<b>6,444,779</b>	<b>6,512,849</b>	<b>6,634,966</b>	<b>9,911,454</b>	<b>6,606,574</b>	<b>6,696,285</b>	<b>6,736,405</b>	<b>6,722,688</b>	<b>10,334,590</b>	<b>85,866,092</b>
<b>Overtime Payroll</b>													
Expense	319,572	445,210	582,190	442,000	500,212	520,804	631,914	459,233	586,501	332,850	319,821	705,313	5,845,622
Capital	104,412	135,664	106,686	80,315	243,711	80,203	137,436	77,631	327,733	92,817	101,822	140,485	1,628,915
Other	18,061	22,561	20,284	14,276	16,550	20,855	27,153	19,176	20,240	20,030	16,951	44,498	260,634
<b>Total Overtime Payroll</b>	<b>442,045</b>	<b>603,435</b>	<b>709,160</b>	<b>536,592</b>	<b>760,474</b>	<b>621,861</b>	<b>796,503</b>	<b>556,040</b>	<b>934,474</b>	<b>445,697</b>	<b>438,594</b>	<b>890,296</b>	<b>7,735,171</b>
<b>Temporary Payroll</b>													
Expense	41,166	47,135	43,086	41,361	40,595	38,245	55,810	36,734	36,328	39,511	38,133	57,303	515,408
Capital	108	121	916	(179)	280	-	5,235	4,601	423	199	318	431	12,454
Other	-	-	-	-	778	9,758	14,486	6,033	395	237	207	715	32,608
<b>Total Temporary Payroll</b>	<b>41,274</b>	<b>47,256</b>	<b>44,002</b>	<b>41,182</b>	<b>41,653</b>	<b>48,003</b>	<b>75,530</b>	<b>47,368</b>	<b>37,146</b>	<b>39,947</b>	<b>38,658</b>	<b>58,450</b>	<b>560,469</b>
<b>Other Payroll</b>													
Expense	1,705,891	1,111,250	1,428,468	1,381,351	1,762,434	629,191	(794,825)	1,416,597	1,457,959	1,558,708	1,416,694	(13,251)	13,060,467
Capital	377,095	168,912	154,160	231,748	300,943	23,351	(602,257)	235,188	273,341	321,973	270,533	(651,453)	1,103,535
Other	(68,774)	27,413	63,752	70,714	171,042	(49,238)	(114,907)	89,314	293,204	(9,569)	92,660	(82,138)	483,474
<b>Total Other Payroll</b>	<b>2,014,212</b>	<b>1,307,575</b>	<b>1,646,380</b>	<b>1,683,813</b>	<b>2,234,420</b>	<b>603,305</b>	<b>(1,511,988)</b>	<b>1,741,098</b>	<b>2,024,504</b>	<b>1,871,112</b>	<b>1,779,888</b>	<b>(746,842)</b>	<b>14,647,476</b>
<b>Total Payroll</b>													
Expense	6,494,963	5,998,352	6,491,307	6,329,626	6,967,741	5,791,445	6,745,073	6,523,425	6,676,025	6,576,318	6,377,059	7,758,674	78,730,008
Capital	2,144,569	1,911,423	1,870,939	1,940,154	2,041,366	1,759,284	2,009,287	1,901,622	2,262,584	2,069,442	2,058,580	2,104,113	24,073,364
Other	335,311	424,548	449,428	436,586	540,288	357,405	517,140	526,034	753,800	447,401	544,189	673,705	6,005,836
<b>Total</b>	<b>8,974,843</b>	<b>8,334,323</b>	<b>8,811,674</b>	<b>8,706,366</b>	<b>9,549,396</b>	<b>7,908,135</b>	<b>9,271,500</b>	<b>8,951,081</b>	<b>9,692,408</b>	<b>9,093,161</b>	<b>8,979,828</b>	<b>10,536,493</b>	<b>108,809,208</b>

The "Expense" category consists of base rate O&M payroll which is included in the test year request.

The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.

The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.

**2012 Labor Costs - Payroll  
Actuals**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Regular Payroll</b>													
Expense	4,724,510	4,714,045	4,708,044	4,791,431	4,792,129	7,264,285	4,822,462	4,815,304	4,774,425	4,845,492	7,063,234	4,787,308	62,102,668
Capital	1,805,875	1,773,917	1,766,942	1,732,382	1,738,331	2,564,210	1,744,229	1,652,532	1,750,952	1,709,855	2,767,897	1,766,308	22,773,431
Other	456,354	392,284	456,436	484,352	456,418	723,787	490,111	491,180	489,761	566,529	686,539	501,279	6,195,030
<b>Total Regular Payroll</b>	<b>6,986,739</b>	<b>6,880,246</b>	<b>6,931,422</b>	<b>7,008,166</b>	<b>6,986,878</b>	<b>10,552,282</b>	<b>7,056,802</b>	<b>6,959,015</b>	<b>7,015,137</b>	<b>7,121,877</b>	<b>10,517,670</b>	<b>7,054,896</b>	<b>91,071,129</b>
<b>Overtime Payroll</b>													
Expense	254,842	330,863	312,627	391,942	535,351	541,526	451,555	448,637	416,007	376,641	808,165	339,325	5,207,480
Capital	46,249	119,663	109,667	126,647	167,356	139,907	209,141	57,788	230,464	109,717	424,611	94,402	1,835,612
Other	11,123	17,234	18,890	17,038	22,102	22,858	12,485	14,452	14,426	15,294	32,137	17,618	215,657
<b>Total Overtime Payroll</b>	<b>312,214</b>	<b>467,760</b>	<b>441,184</b>	<b>535,627</b>	<b>724,808</b>	<b>704,291</b>	<b>673,181</b>	<b>520,877</b>	<b>660,897</b>	<b>501,653</b>	<b>1,264,913</b>	<b>451,344</b>	<b>7,258,749</b>
<b>Temporary Payroll</b>													
Expense	35,721	38,534	36,461	37,306	39,405	55,694	36,102	31,618	30,868	31,824	36,171	25,291	434,994
Capital	-	302	1,149	1,210	1,263	6,674	8,455	7,427	1,920	1,962	2,822	2,088	35,272
Other	935	922	1,545	2,374	1,947	12,732	9,807	8,661	3,648	3,431	4,847	3,238	54,088
<b>Total Temporary Payroll</b>	<b>36,656</b>	<b>39,758</b>	<b>39,155</b>	<b>40,889</b>	<b>42,614</b>	<b>75,099</b>	<b>54,365</b>	<b>47,705</b>	<b>36,436</b>	<b>37,217</b>	<b>43,841</b>	<b>30,617</b>	<b>524,354</b>
<b>Other Payroll</b>													
Expense	1,880,563	1,223,431	2,064,193	1,581,649	1,202,564	(959,793)	1,589,127	1,587,078	260,039	1,496,024	(1,127,301)	2,828,149	13,625,722
Capital	131,019	284,073	283,189	252,901	181,797	(705,236)	203,567	256,406	(88,704)	363,582	(702,430)	400,010	860,174
Other	88,773	67,674	119,045	128,831	64,252	(146,602)	200,286	17,141	198,063	(47,650)	(134,792)	351,518	906,539
<b>Total Other Payroll</b>	<b>2,100,355</b>	<b>1,575,177</b>	<b>2,466,427</b>	<b>1,963,381</b>	<b>1,448,613</b>	<b>(1,811,630)</b>	<b>1,992,980</b>	<b>1,860,626</b>	<b>369,398</b>	<b>1,811,956</b>	<b>(1,964,523)</b>	<b>3,579,676</b>	<b>15,392,435</b>
<b>Total Payroll</b>													
Expense	6,895,636	6,306,873	7,121,324	6,802,327	6,569,448	6,901,711	6,899,246	6,882,637	5,481,338	6,749,981	6,780,270	7,980,073	81,370,865
Capital	1,983,143	2,177,955	2,160,948	2,113,140	2,088,746	2,005,555	2,165,392	1,974,152	1,894,632	2,185,116	2,492,900	2,262,808	25,504,488
Other	557,185	478,113	595,916	632,595	544,719	612,776	712,689	531,434	705,899	537,604	588,731	873,653	7,371,314
<b>Total</b>	<b>9,435,964</b>	<b>8,962,941</b>	<b>9,878,189</b>	<b>9,548,062</b>	<b>9,202,913</b>	<b>9,520,042</b>	<b>9,777,328</b>	<b>9,388,223</b>	<b>8,081,869</b>	<b>9,472,701</b>	<b>9,861,901</b>	<b>11,116,534</b>	<b>114,246,667</b>

The "Expense" category consists of base rate O&M payroll which is included in the test year request.

The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.

The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.



**2013 Labor Costs - Payroll**  
Jan - June Actuals

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Regular Payroll</b>													
Expense	4,833,463	5,047,171	4,925,193	4,844,023	7,425,256	4,930,632	-	-	-	-	-	-	32,005,739
Capital	1,839,131	1,738,138	1,722,687	1,796,052	2,597,735	1,749,560	-	-	-	-	-	-	11,443,303
Other	503,177	500,897	489,936	485,352	717,679	478,717	-	-	-	-	-	-	3,175,759
Total Regular Payroll	7,175,772	7,286,206	7,137,817	7,125,427	10,740,670	7,158,909	-	-	-	-	-	-	46,624,801
<b>Overtime Payroll</b>													
Expense	254,011	215,826	274,004	553,460	434,239	320,705	-	-	-	-	-	-	2,052,244
Capital	110,828	48,152	86,724	146,107	107,859	75,277	-	-	-	-	-	-	574,947
Other	9,935	6,274	8,701	10,256	16,866	13,476	-	-	-	-	-	-	65,507
Total Overtime Payroll	374,774	270,252	369,429	709,823	558,963	409,457	-	-	-	-	-	-	2,692,699
<b>Temporary Payroll</b>													
Expense	30,151	29,138	31,894	32,629	47,045	31,481	-	-	-	-	-	-	202,338
Capital	1,876	2,215	2,012	3,172	5,114	3,941	-	-	-	-	-	-	18,329
Other	2,378	3,775	4,938	4,846	8,592	13,370	-	-	-	-	-	-	37,900
Total Temporary Payroll	34,405	35,128	38,844	40,647	60,751	48,792	-	-	-	-	-	-	258,568
<b>Other Payroll</b>													
Expense	1,926,246	1,198,982	1,857,213	1,542,613	(2,403,634)	1,164,993	-	-	-	-	-	-	5,286,413
Capital	133,815	100,730	291,965	259,943	(974,295)	140,799	-	-	-	-	-	-	(47,043)
Other	9,139	22,724	132,900	157,528	(323,508)	99,160	-	-	-	-	-	-	97,942
Total Other Payroll	2,069,200	1,322,436	2,282,078	1,960,084	(3,701,437)	1,404,951	-	-	-	-	-	-	5,337,311
<b>Total Payroll</b>													
Expense	7,043,871	6,491,116	7,088,304	6,972,726	5,502,906	6,447,811	-	-	-	-	-	-	39,546,734
Capital	2,085,651	1,889,235	2,103,388	2,205,274	1,736,412	1,969,576	-	-	-	-	-	-	11,989,536
Other	524,629	533,671	636,475	657,982	419,629	604,723	-	-	-	-	-	-	3,377,109
	9,654,150	8,914,022	9,828,168	9,835,982	7,658,947	9,022,109	-	-	-	-	-	-	54,913,379

The "Expense" category consists of base rate O&M payroll which is included in the test year request.

The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.

The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.

**2013 Labor Costs - Payroll  
Budget**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Regular Payroll</b>													
Expense	4,752,970	4,751,534	5,164,185	5,052,913	7,459,299	4,969,745	4,963,810	4,962,328	4,984,034	5,131,787	7,399,180	5,120,316	64,712,101
Capital	1,765,067	1,765,067	1,797,380	1,797,456	2,696,093	1,797,554	1,797,512	1,797,484	1,807,270	1,814,694	2,722,084	1,814,733	23,372,394
Other	524,040	524,040	538,312	538,312	806,600	538,312	538,312	538,312	538,902	539,351	809,165	539,353	6,973,011
<b>Total Regular Payroll</b>	<b>7,042,077</b>	<b>7,040,641</b>	<b>7,499,877</b>	<b>7,388,681</b>	<b>10,961,992</b>	<b>7,305,611</b>	<b>7,299,634</b>	<b>7,298,124</b>	<b>7,330,206</b>	<b>7,485,832</b>	<b>10,930,429</b>	<b>7,474,402</b>	<b>95,057,506</b>
<b>Overtime Payroll</b>													
Expense	290,322	315,656	458,454	427,673	418,520	311,540	338,638	351,020	342,072	374,630	415,107	382,252	4,425,883
Capital	32,519	32,032	43,634	42,849	65,099	47,621	55,423	65,135	59,567	39,944	39,291	49,524	572,639
Other	11,025	11,025	11,025	11,025	16,535	11,025	11,025	11,025	11,182	11,303	16,947	11,305	144,447
<b>Total Overtime Payroll</b>	<b>333,866</b>	<b>358,713</b>	<b>513,113</b>	<b>481,547</b>	<b>500,154</b>	<b>370,186</b>	<b>405,086</b>	<b>427,180</b>	<b>412,821</b>	<b>425,877</b>	<b>471,345</b>	<b>443,081</b>	<b>5,142,969</b>
<b>Temporary Payroll</b>													
Expense	1,200	6,400	6,400	6,400	4,000	1,300	1,600	1,200	2,000	2,400	1,100	1,000	35,000
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Temporary Payroll</b>	<b>1,200</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>4,000</b>	<b>1,300</b>	<b>1,600</b>	<b>1,200</b>	<b>2,000</b>	<b>2,400</b>	<b>1,100</b>	<b>1,000</b>	<b>35,000</b>
<b>Other Payroll</b>													
Expense	1,872,356	1,214,159	2,421,945	1,508,827	(763,750)	1,621,800	1,797,775	1,765,324	1,678,384	1,991,045	(1,058,729)	1,895,602	15,944,738
Capital	483,919	267,567	468,605	389,933	(403,642)	390,184	452,320	450,649	395,724	457,123	(471,823)	454,102	3,334,664
Other	160,620	100,737	179,728	142,778	(122,410)	142,913	163,599	163,591	143,552	164,512	(143,724)	163,961	1,259,858
<b>Total Other Payroll</b>	<b>2,516,895</b>	<b>1,582,464</b>	<b>3,070,278</b>	<b>2,041,539</b>	<b>(1,289,801)</b>	<b>2,154,897</b>	<b>2,413,693</b>	<b>2,379,564</b>	<b>2,217,660</b>	<b>2,612,680</b>	<b>(1,674,276)</b>	<b>2,513,666</b>	<b>20,539,260</b>
<b>Total Payroll</b>													
Expense	6,916,848	6,287,750	8,050,984	6,995,813	7,118,070	6,904,384	7,101,822	7,079,871	7,006,490	7,499,862	6,756,659	7,399,170	85,117,723
Capital	2,281,505	2,064,666	2,309,619	2,230,238	2,357,550	2,235,360	2,305,255	2,313,269	2,262,561	2,311,761	2,289,552	2,318,359	27,279,696
Other	695,685	635,802	729,065	692,115	700,725	692,250	712,936	712,928	693,636	715,166	682,388	714,619	8,377,316
<b>Total</b>	<b>9,894,038</b>	<b>8,988,218</b>	<b>11,089,668</b>	<b>9,918,167</b>	<b>10,176,345</b>	<b>9,831,994</b>	<b>10,120,013</b>	<b>10,106,068</b>	<b>9,962,687</b>	<b>10,526,789</b>	<b>9,728,598</b>	<b>10,432,149</b>	<b>120,774,735</b>

The "Expense" category consists of base rate O&M payroll which is included in the test year request.

The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.

The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.

**2014 Labor Costs - Payroll  
Projected**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>Regular Payroll</b>													
Expense	4,888,702	4,993,814	5,115,028	4,999,250	7,766,274	5,110,762	5,111,156	5,108,563	5,129,879	7,731,622	5,263,368	5,149,797	66,368,215
Capital	1,814,702	1,814,708	1,847,980	1,848,214	2,772,257	1,848,312	1,848,270	1,848,242	1,858,208	2,798,731	1,866,015	1,865,929	24,031,568
Other	538,351	538,351	553,218	553,218	829,419	553,218	553,218	553,218	553,820	831,016	554,285	554,285	7,165,617
<b>Total Regular Payroll</b>	<b>7,241,755</b>	<b>7,346,873</b>	<b>7,516,226</b>	<b>7,400,682</b>	<b>11,367,950</b>	<b>7,512,292</b>	<b>7,512,644</b>	<b>7,510,023</b>	<b>7,541,907</b>	<b>11,361,369</b>	<b>7,683,668</b>	<b>7,570,011</b>	<b>97,565,400</b>
<b>Overtime Payroll</b>													
Expense	301,032	395,926	346,829	319,402	481,673	322,617	349,445	362,140	353,740	426,812	463,094	344,769	4,467,480
Capital	32,826	32,332	45,396	43,148	65,544	47,921	55,723	65,435	59,870	42,474	37,530	48,368	576,566
Other	11,303	11,303	11,303	11,303	16,947	11,303	11,303	11,303	11,457	17,371	11,583	11,585	148,064
<b>Total Overtime Payroll</b>	<b>345,161</b>	<b>439,561</b>	<b>403,528</b>	<b>373,853</b>	<b>564,164</b>	<b>381,841</b>	<b>416,471</b>	<b>438,878</b>	<b>425,067</b>	<b>486,657</b>	<b>512,207</b>	<b>404,722</b>	<b>5,192,110</b>
<b>Temporary Payroll</b>													
Expense	1,200	6,400	6,400	6,400	4,000	1,300	1,600	1,200	2,000	2,400	1,100	1,000	35,000
Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Temporary Payroll</b>	<b>1,200</b>	<b>6,400</b>	<b>6,400</b>	<b>6,400</b>	<b>4,000</b>	<b>1,300</b>	<b>1,600</b>	<b>1,200</b>	<b>2,000</b>	<b>2,400</b>	<b>1,100</b>	<b>1,000</b>	<b>35,000</b>
<b>Other Payroll</b>													
Expense	1,887,403	1,367,757	2,000,883	1,589,821	(582,652)	1,708,962	1,908,943	1,873,027	1,784,624	(693,625)	1,748,337	1,895,511	16,488,991
Capital	460,271	275,963	480,686	401,554	(414,208)	401,940	465,794	464,062	407,902	(416,132)	403,118	467,127	3,398,075
Other	167,260	105,068	176,902	148,001	(124,429)	148,079	169,399	169,399	148,863	(124,400)	148,392	169,852	1,302,386
<b>Total Other Payroll</b>	<b>2,514,934</b>	<b>1,748,788</b>	<b>2,658,470</b>	<b>2,139,377</b>	<b>(1,121,290)</b>	<b>2,258,980</b>	<b>2,544,136</b>	<b>2,506,488</b>	<b>2,341,389</b>	<b>(1,234,156)</b>	<b>2,299,846</b>	<b>2,532,490</b>	<b>21,189,452</b>
<b>Total Payroll</b>													
Expense	7,078,338	6,763,898	7,469,140	6,914,873	7,669,294	7,143,640	7,371,143	7,344,930	7,270,243	7,467,209	7,475,899	7,391,078	87,359,686
Capital	2,307,799	2,123,002	2,374,061	2,292,917	2,423,593	2,298,173	2,369,787	2,377,739	2,325,979	2,425,074	2,306,662	2,381,423	28,006,209
Other	716,914	654,722	741,423	712,522	721,937	712,600	733,920	733,920	714,140	723,987	714,260	735,722	8,616,067
<b>Total</b>	<b>10,103,050</b>	<b>9,541,622</b>	<b>10,584,624</b>	<b>9,920,312</b>	<b>10,814,824</b>	<b>10,154,413</b>	<b>10,474,851</b>	<b>10,456,589</b>	<b>10,310,363</b>	<b>10,616,270</b>	<b>10,496,821</b>	<b>10,508,223</b>	<b>123,981,962</b>

The "Expense" category consists of base rate O&M payroll which is included in the test year request.

The "Capital" category represents payroll associated with capital projects, including both base rate and clause projects. The capital labor charged to clause projects for 2011, 2012 and June YTD 2013 is \$304,410, \$174,298 and \$4,548 respectively.

The "Other" category consists of clause and below the line O&M payroll that is not included in the test year request.

2. Labor Costs – Payroll. Please provide the wage rate increases granted by the Company, by date and employee category, for 2010, 2011, 2012, 2013 and as projected for the remainder of 2013 through the end of the 2014 test year. As part of the response, please indicate which are specifically stated in a union contract.

ANSWER:

	2010		2011		2012		2013		2014	
	Date	Avg Increase	Date	Avg Increase	Date	Avg Increase	Date	Avg Increase	Date	Budget
<b>Exempt</b>	1/1	2.60%	3/1	2.68%	3/1	3.15%	3/1	2.88%	3/1	3.00%
<b>Non-Exempt (non-union)</b>	1/1	2.88%	3/1	2.94%	3/1	3.13%	3/1	3.24%	3/1	3.00%
<b>Non-Exempt (union)<sup>1</sup></b>	4/17	2.73%	9/17	2.25%	9/15	2.27%	9/15	3.50%	9/15	3.00%

<sup>1</sup> General increase specified in union contract: 2.75%, 2.25%, 2.35%, 3.50% for years 2010-2013. The slight difference between the average increase and the increase specified in the union contract is due to step increases as specified in the union contract.

3. Labor Costs – Payroll. Please indicate whether the employee positions used in the Company's labor calculations for the test year are authorized or actually filled positions. If unfilled, explain the basis for including them.

ANSWER:

The Company's labor calculations for the test year begin with the total budgeted (authorized) positions. A portion of the labor costs are included in base rate O&M, a portion are capitalized to base rate projects or cost recovery clause projects (which may or may not be in service during the test year), and a portion are excluded from base rates because they are recovered through a cost recovery clause or are below the line. In addition, Gulf calculated a hiring lag adjustment that removes a portion of the O&M labor costs from the test year request as reflected on Schedule 5 of Mr. McMillan's Exhibit RJM-1.

As discussed in more detail in the direct testimony of Mr. McMillan, the budgeted (authorized) positions included in the test year labor request (which excludes clause-related positions) are reasonable, necessary and representative of future staffing levels under normal economic circumstances. The difference between filled positions in 2013 and the positions budgeted for 2014 is the result of Gulf's efforts over the past several years to hold positions vacant as one way to minimize costs in hopes of avoiding the necessity of further base rate increases. However, it is not possible to continue to operate at these artificially low staffing levels without compromising the Company's ability to provide efficient, reliable service.

4. Labor Costs – Incentives. Please provide a detailed list of responsibilities and/or duties that employees who are eligible for incentive compensation have and/or perform (in addition to those necessary to meet the standards for base salary compensation) in order to receive incentive compensation.

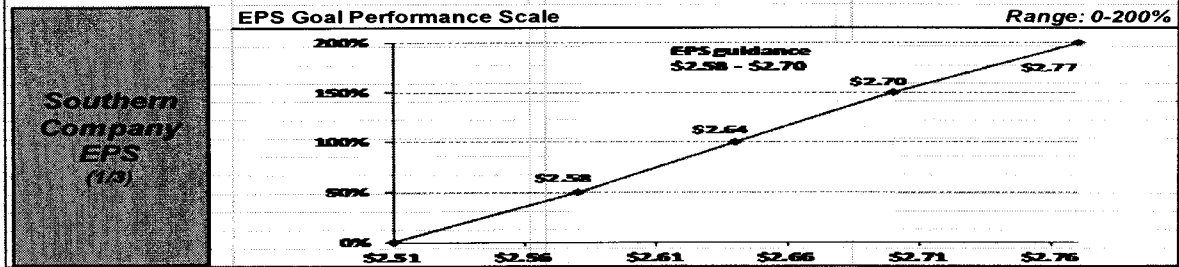
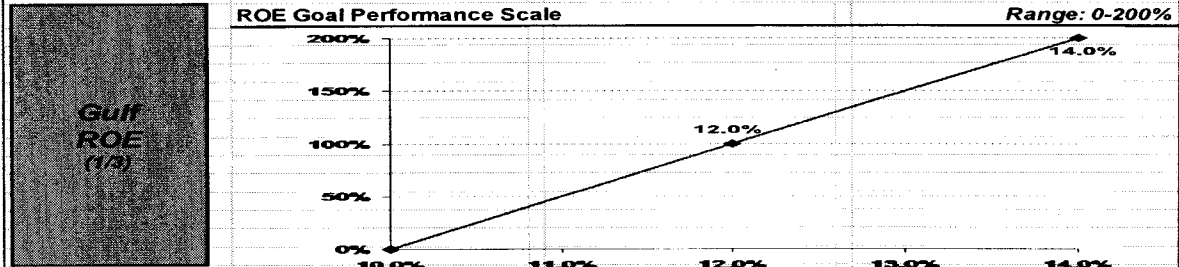
ANSWER:

Gulf's performance-based total compensation program includes both base pay and at-risk pay for all employees. Each employee has a portion of their total compensation that is at-risk and tied to the achievement of short term (annual) goals that benefit customers. These annual goals are set forth in the following pages describing the Performance Pay Plan (PPP), and include areas of responsibility in regard to safety; customer satisfaction; efficient and reliable generation, transmission, and delivery of electricity; maintaining an effective workplace culture; and efficient managing of resources. Employees with a greater influence over the long-term success of the Company have a larger portion of their total compensation at-risk, some of which is tied to the achievement of long-term goals. The long term goals are stated in terms of total shareholder return and focus employees on planning and managing Gulf's resources efficiently in the short and long term.

## 2012 Gulf Power PPP Goals

*Applicable to all eligible Gulf employees*

<b>Operational</b> <i>(1/3)</i>	<b>Safety (20%)</b>	<b>Operations (60%)</b>	<b>Culture (20%)</b>
	Target Zero OSHA Recordable Incidence Rate (20%)	<b>Customer Satisfaction (30%)</b> <b>Generation (20%)</b> Transmission (5%) SAIDI & SAIFI (2.5% each) <b>Distribution (5%)</b> SAIDI & SAIFI (2.5% each)	<b>Work Environment (5%)</b> Internal Survey (2.5%) Fortune Trust Index (1.25%) DiversityInc Index (1.25%) <b>Workforce Representation (10%)</b> Leadership (5%) Leadership Pipeline (2.5%) Total Workforce (2.5%) <b>Supplier Diversity (5%)</b>



## 2012 Gulf Power PPP Goals

Operational Goal Performance Scales

Range: 0-200%

<b>Safety (20%)</b>	<b>Target Zero</b>							
	<b>Scale</b>	<b>OSHA Recordable Incidence Rate</b>						
	200%	0.57						
	100%	1.12						
	0%	1.29						
<b>Operations (60%)</b>	<b>Customer Satisfaction</b>			<b>Goal Detail</b>				
	<b>Scale</b>	<b>Customer Value Benchmark Study</b>			Overall performance determines the payout range while Residential, General Business, and Large Business segment results determine the score within that range, based on the scale below.			
	200%	Top Quartile Overall and 3 Points						
	167%	Top Quartile Overall and 4 Points						
	133%	Top Quartile Overall and 5 Points						
	67%	Top Quartile Overall and 6 Points or more OR 2nd Quartile Overall and 6 Points or less						
	33%	2nd Quartile Overall and 7 Points			<i>1st Quartile</i>	<i>1 Point</i>		
	0%	2nd Quartile Overall and 8 Points or more			<i>2nd Quartile</i>	<i>2 Points</i>		
					<i>3rd Quartile</i>	<i>3 Points</i>		
					<i>4th Quartile</i>	<i>4 Points</i>		
	<b>Generation</b>		<b>Transmission</b>		<b>Distribution</b>			
	Peak Season	SAIDI	SAIFI	SAIDI	SAIFI			
<b>Scale</b>	<b>EFOR</b>	<b>Duration/MVA</b>	<b>Frequency/MVA</b>	<b>Duration/Customer</b>	<b>Frequency/Customer</b>			
200%	2.14%	5.5	0.128	108	1.04			
150%	Interpolate	9.2	0.152	Interpolate	Interpolate			
100%	4.99%	11.0	0.182	134	1.30			
0%	9.00%	14.6	0.243	161	1.56			
<b>Culture (20%)</b>	<b>Work Environment</b>			<b>Supplier Diversity</b>		<b>Representation</b>		
		Internal	Fortune Trust	DiversityInc		% of Total		Leadership
	<b>Scale</b>	<b>Employee Survey</b>	<b>Index<sup>1</sup></b>	<b>Inclusion Index<sup>1*</sup></b>		<b>Spend</b>		<b>Leadership</b>
	200%	85%	85%	Top 10% Overall		18.40%		Pipeline
	100%	75%	75%	Top Quartile SE		15.33%		Total Workforce
0%	65%	65%	Median SE		9.50%		Subjective assessment by the Southern Company CEO and Management Council	

<sup>1</sup> Measures Southern Company results

\*See Culture Certification Letter for further details regarding the DiversityInc scale

**Financial Triggers**

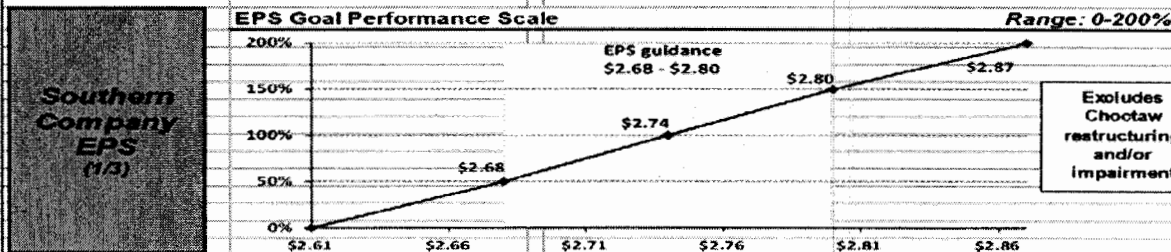
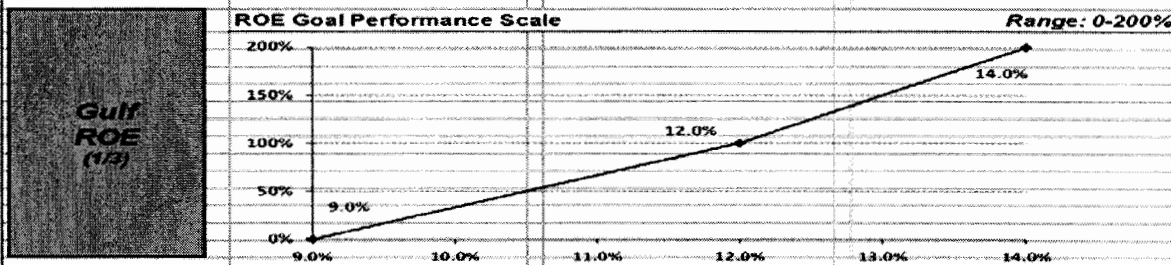
- EPS performance less than \$2.38 (90% of Target) will result in a 10 percentage point (10% of Target) reduction to the Total Performance Factor.



## 2013 Gulf Power PPP Goals

*Applicable to all eligible Gulf employees*

	Safety (20%)	Operations (60%)	Culture (20%)
<b>Operational (1/3)</b>	<b>Target Zero</b>	<b>Customer Satisfaction (30%)</b>	<b>Work Environment (5%)</b>
	OSHA Recordable	<b>Generation (20%)</b>	Internal Survey (2.5%)
	Incidence Rate (20%)	<b>Transmission (5%)</b>	Fortune Trust Index (1.25%)
		SAIDI & SAIFI (2.5% each)	Diversity Index (1.25%)
		<b>Distribution (5%)</b>	<b>Workforce Representation (10%)</b>
		SAIDI & SAIFI (2.5% each)	Leadership (5%)
			Leadership Pipeline (2.5%)
			Total Workforce (2.5%)
			Supplier Diversity (6%)



## 2013 Gulf Power PPP Goals

**Operational Goal Performance Scales** **Range: 0-200%**

<b>Safety (20%)</b>	<b>Target Zero</b>						
	<b>Scale</b>	<b>OSHA Recordable Incidence Rate</b>					
	200%	0.57					
	100%	1.05					
	0%	1.23					
<b>Operations (60%)</b>	<b>Customer Satisfaction</b>			<b>Goal Detail</b>			
	<b>Scale</b>	<b>Customer Value Benchmark Study</b>			Overall performance determines the payout range while Residential, General Business, and Large Business segment results determine the score within that range, based on the scale below.  <i>1st Quartile</i> <i>1 Point</i> <i>2nd Quartile</i> <i>2 Points</i> <i>3rd Quartile</i> <i>3 Points</i> <i>4th Quartile</i> <i>4 Points</i>		
	200%	Top Quartile Overall and 3 Points					
	167%	Top Quartile Overall and 4 Points					
	133%	Top Quartile Overall and 5 Points					
	67%	Top Quartile Overall and 6 Points or more OR 2nd Quartile Overall and 6 Points or less					
	33%	2nd Quartile Overall and 7 Points					
	0%	2nd Quartile Overall and 8 Points or more					
		<b>Generation</b>		<b>Transmission</b>		<b>Distribution</b>	
	<b>Scale</b>	<b>Peak Season</b>	<b>SAIDI</b>	<b>SAIFI</b>	<b>SAIDI</b>	<b>SAIFI</b>	
200%	EFOR	Duration/MVA	Frequency/MVA	Duration/Customer	Frequency/Customer		
150%	Interpolate	6.5	0.128	106	1.00		
100%	5.86%	13.7	0.171	Interpolate	Interpolate		
0%	9.00%	15.2	0.190	132	1.26		
	9.00%	18.3	0.228	159	1.51		
<b>Culture (20%)</b>	<b>Work Environment</b>			<b>Supplier Diversity</b>		<b>Representation</b>	
	<b>Scale</b>	<b>Internal</b>	<b>Fortune Trust Index<sup>1</sup></b>	<b>DiversityInc</b>	<b>% of Total</b>	<b>Leadership</b>	<b>Leadership</b>
	200%	Employee Survey	85%	Inclusion Index <sup>1*</sup>	Spend	Leadership	Pipeline
	100%	75%	85%	Top 10% Overall	19.99%	Subjective assessment by the Southern Company CEO and Management Council	
	0%	65%	65%	Top Quartile SE	16.66%		
				Median SE	9.50%		
<sup>1</sup> Measures Southern Company results <sup>*</sup> See Culture Certification Letter for further details regarding the DiversityInc scale							
<b>Financial Triggers</b>							
- No PPP payout is made if earnings are not sufficient to fund the dividend on Southern Company's common stock, as calculated using the dividend rate for the preceding calendar year							

Citizens' First Set of Interrogatories  
 Docket No. 130140-EI  
 GULF POWER COMPANY  
 August 19, 2013  
 Item No. 4  
 Page 5 of 5

5. Labor Costs – Incentives. Please explain how the Company determines that the achievements of any incentive compensation goals are reached as a result of the incentive compensation plan, as opposed to other reasons.

ANSWER:

Gulf's at-risk compensation program keeps employees focused on excellence as it places a portion of employees' pay "at-risk". The pay is "at-risk" because it must be earned each year based on the Company's actual performance levels as measured against target operational and financial goals. Each year, the goals are communicated to all employees and only through performing well and meeting those goals do employees have the opportunity to receive any "at-risk" pay. When employees understand the key operational and financial goals of the Company, their collective efforts are focused on achieving results.

6. Labor Costs – Stock Based Compensation. Please list, by amount and account, all stock based compensation expense that the Company has included in cost of service for the test year ended December 31, 2014, including but not limited to executive stock options, performance share awards, accruals made pursuant to Statement of Financial Accounting Standards (SFAS) 123R and any other stock based compensation awards that will result in such costs being charged to Gulf during the test year ended December 31, 2014. Please also include a description of each distinct stock based compensation program that will result in charges to Gulf during the test year.

ANSWER:

The Company's two stock based programs and the related amounts budgeted in the 2014 test year are as follows:

**Stock Option Program**

Employees with a greater influence over the long-term success of the Company receive a portion of their at-risk pay in the form of stock options. Employees receive a grant of stock options with an exercise price equal to the closing price of Southern Company stock on the date the options are granted. The stock options vest or become exercisable over a three-year period. The value of stock options is recognized when the current Southern Company stock price exceeds the exercise price on the date the options were granted. If the current stock price is higher than the exercise price, there would be a gain recognized. If the current stock price is lower than the exercise price, the stock option has no value.

**Performance Share Program**

Employees with a greater influence over the long-term success of the Company receive a portion of their at-risk pay in the form of performance shares. Employees receive a grant of performance shares at the beginning of a three-year performance period. Southern Company's total shareholder return (TSR) relative to the TSR of peer utilities is ranked at the end of the three-year period. Depending on Southern Company's TSR ranking, employees may receive 0 percent to 200 percent of the performance shares granted at the beginning of the period in actual shares of Southern Company stock.

<u>Account</u>	<u>Amount</u>
42640000	47,735
50000000	269,968
51000000	88,141
56000000	68,730
56800000	28,324
58000000	170,141
59000000	108,146
73700000	19,807
74000000	9,111
90100000	109,136
90700000	376,925
91201406	11,488
92000000	<u>673,035</u>
<b>Total</b>	<b><u>\$1,980,687</u></b>

7. Supplemental Employee Retirement Plan (SERP). Please provide the level of SERP expense, by account, included in the Company's revenue requirement for the test year ending December 31, 2014, and explain, in detail, how the amount was determined.

ANSWER:

The amount of SERP included in the test year, in account 92600101, is \$2,220,000.

Gulf's total SERP expense, for the year ending December 31, 2014, is a projection. (Note that all of Gulf's integrated "supplemental" or "nonqualified" pension benefits are accounted for together, as if they were one plan.) The projection was based on actuarial measurements done as of December 31, 2012, using assumptions selected as of that date for purposes of Gulf's 2012 annual financial reporting and 2013 income statement, as prescribed by Accounting Standards Codification 715-30 (ASC 715-30).

The December 31, 2012 measurement results were projected to December 31, 2013, which will be the date as of which Gulf's 2014 SERP expense will be computed. The projection was done as if the assumptions selected for the December 31, 2012 measurement date accurately portray events during 2013, with an allowance for losses related to employees with past service becoming eligible for these benefits and the impact of some pay increases exceeding the average increase assumed. The projection also anticipated that the December 31, 2012 assumptions will remain valid, as of December 31, 2013.

The result was a projection anticipating no experience gains/losses during 2013, other than the allowance specified. More specifically, December 31, 2012 benefit obligations were increased by the service and interest cost components of the SERP's 2013 expense as well as the loss allowance and then reduced by anticipated 2013 benefit payments. The 2013 service cost resulting from the December 31, 2012 measurement was increased to reflect interest accretion and a small allowance for new participants. Using the figures projected to December 31, 2013, a projected 2014 SERP expense was computed to be the sum of the projected 2014 service cost; interest cost (based on the projected December 31, 2013 benefit obligations and the discount rate); and payments on the unamortized portions of prior service costs and prior period gains/losses remaining, as of December 31, 2013.

8. Labor Costs. Does the Company anticipate reducing the number of employees, including any voluntary early retirement or other workforce reduction programs, during the next three years? If yes, please state the timing and number of affected employees, and the projected costs and savings of any such plans.

ANSWER:

At this time, Gulf Power Company has no plans to reduce the number of employees through voluntary or involuntary workforce reduction programs.

9. Labor Costs. Please explain and provide the derivation of the expense/capitalization ratio used by the Company for the test year.

ANSWER:

Each planning unit budgets its employees individually and allocates their labor costs between expense, capital or other (e.g. clause or below-the-line), based on the employee's anticipated workload for the year.

Compiling the labor costs, by category, across all planning units results in the labor ratios listed below for 2014. However, the labor expense included in the test year NOI is the result of the compilation of the planning unit expense figures, not the application of an overall expense/capitalization ratio to total labor costs.

Operating expense	68.2%
Capital	19.8%
Other	12.0%



10. Labor Costs – Benefits. Please provide a description of each employee benefit program or plan and provide the costs associated with each plan, by year, for 2011, 2012, 2013 as of June 30<sup>th</sup>, and the projected test year 2014. The costs should be broken down between the amounts expensed, capitalized, and other.

ANSWER:

PLAN	DESCRIPTION
Medical	Employer sponsored healthcare insurance
Contributory Life	Employer sponsored contributory life insurance
Non-Contributory Life	Employer sponsored non-contributory life insurance
Long Term Disability	Employer sponsored long-term disability insurance
Educational (Tuition) Reimbursement	Financial assistance for college courses related to employee's position or career path with the Company
Relocation Assistance	Reimbursement for certain expenses when relocating at the Company's request
Other Employee Benefits	Small amounts spread throughout various departments within the Company
Interest on Deferred Compensation	Deferred compensation for qualified employees under Section 414 (q)(1)(B) of the IRS code
Financial Planning Services	Financial planning services for qualified employees under Section 414 (q)(1)(B) of the IRS code
AYCO Financial Center	Programs offered to all employees that provide financial counseling and advice
Service Awards	Awards recognizing employees for their company service
Wellness Program	Employees receive 2% medical premium contribution for reporting lab results and completing a Health Risk Assessment each year.
Pension	A tax-qualified, defined benefit plan through which Gulf employees receive post-retirement pension income.
Supplemental Pension	Defined benefit programs that are not tax-qualified pension plans through which qualified employees receive post-retirement income benefits.
Employee Savings Plan	A tax-qualified defined-contribution plan having a 401(k) feature.
Post-Retirement Life	Company sponsored contributory life insurance for retirees
Post-Retirement Medical	Company sponsored healthcare insurance for retirees
Post Retirement Supplemental (Supplemental Benefit Plan non-pension)	An unfunded, nonqualified plan that provides deferred compensation to qualified employees under Section 414 (q)(1)(B) of the IRS code
Worker's Compensation	Benefits provided to employees in accordance with Florida Law

Description	Account #	2011 Actual			2012 Actual		
		O&M	Capitalized	Other	O&M	Capitalized	Other
Medical	92600200, 020, 390, 410, 420	8,129,207	2,016,881	181,369	8,728,095	2,043,318	211,879
Contributory Life	92600200, 020, 390, 410, 420	101,418	25,162	2,263	147,653	34,567	3,584
Non-Contributory Life	92600200, 020, 390, 410, 420	29,839	7,403	666	31,833	7,452	773
Long Term Disability	92600200, 020, 390, 410, 420	331,449	82,234	7,395	338,710	79,295	8,222
Educational (Tuition) Reimbursement	92600311	162,969			178,527		
Relocation Assistance	All ERL RTs	3,158,626			1,535,501		
Other Employee Benefits	92600300, 000	66,561			128,906		
Interest on Deferred Compensation	92600300	173,076			151,285		
Financial Planning Services	92600300	33,600			39,100		
Powerful Ideas Awards	92600300	-			2,827		
Ayco Financial Center	92600300	10,636			4,065		
Service Awards	92600300	184,489			201,446		
Wellness Program	92600300	38,299			14,261		
Pension	92600100, 190, 191, 410, 420	(1,487,301)	(113,649)	(10,062)	2,997,102	674,914	69,993
Supplemental Pension	92600101, 190, 191, 410, 420	1,657,932	-	-	1,442,728	324,886	33,693
Employee Savings Plan	92600327, 329, 331	2,910,776	748,997	67,273	3,076,051	805,112	89,630
Post-Retirement Life	92600020, 203, 390, 410, 420	670,629	166,385	14,962	714,811	167,343	17,352
Post-Retirement Medical (less Subsidy)	92600020, 201, 215, 390, 402, 403, 410, 420	2,231,515	553,646	49,787	2,035,437	476,512	49,411
Post-Retirement Supplemental (Supplemental Benefit Plan non-pension)	92600015	43,974			39,416		
Worker's Compensation	92500015	60,758			63,274		
	<b>Total</b>	<b>18,508,451</b>	<b>3,487,059</b>	<b>313,652</b>	<b>21,871,028</b>	<b>4,613,401</b>	<b>484,537</b>

Description	Account #	June 2013 YTD			2014		
		Actual			Forecast		
		O&M	Capitalized	Other	O&M	Capitalized	Other
Medical	92600200, 020, 390, 410, 420	4,873,534	1,188,473	108,622	10,854,234	3,013,656	149,873
Contributory Life	92600200, 020, 390, 410, 420	72,777	17,748	1,622	155,626	43,209	2,149
Non-Contributory Life	92600200, 020, 390, 410, 420	15,628	3,811	348	31,975	8,878	442
Long Term Disability	92600200, 020, 390, 410, 420	171,280	41,769	3,818	370,596	102,895	5,117
Educational (Tuition) Reimbursement	92600311	134,493			175,000		
Relocation Assistance	All ERL RTs	602,728			1,392,159		
Other Employee Benefits	92600300, 000	42,405			110,663		
Interest on Deferred Compensation	92600300	43,029			147,241		
Financial Planning Services	92600300	15,886			40,600		
Powerful Ideas Awards	92600300	-			-		
Ayco Financial Center	92600300	10,333			5,000		
Service Awards	92600300	11,170			77,540		
Wellness Program	92600300	5,202			19,000		
Pension	92600100, 190, 191, 410, 420	3,737,923	905,449	86,547	7,181,679	1,998,913	99,409
Supplemental Pension	92600101, 190, 191, 410, 420	831,014	201,299	19,241	1,718,031	478,188	23,781
Employee Savings Plan	92600327, 329, 331	1,598,588	412,829	38,773	3,523,101	978,171	48,646
Post-Retirement Life	92600020, 203, 390, 410, 420	359,711	87,720	8,017	681,402	189,190	9,409
Post-Retirement Medical (less Subsidy)	92600020, 201, 215, 390, 402, 403, 410, 420	938,244	228,803	20,912	1,935,800	537,471	26,729
Post-Retirement Supplemental (Supplemental Benefit Plan non-pension)	92600015	15,345			21,986		
Worker's Compensation	92500015	42,802			68,500		
	<b>Total</b>	<b>13,522,090</b>	<b>3,087,900</b>	<b>287,901</b>	<b>28,510,132</b>	<b>7,350,571</b>	<b>365,554</b>

11. Labor Costs – Benefits. Please provide the basis for the Company's cost of each separate employee benefit (e.g., flat rate per employee, percentage of payroll, claims experience, etc.), and provide the most current known cost rate for each separate benefit as well as the cost rate used in projecting the test year costs incorporated in the Company's filing.

ANSWER:

See pages 2 through 6

Plan	Cost Basis	Current Year Cost Rate	Test Year Cost Rate
<b>MEDICAL AND OTHER GROUP INSURANCE</b>			
Medical Plan	Active Medical Insurance cost was actuarially projected based on a formal actuarial calculation done for the 2013 calendar year (same as the 2013 legal plan year for the medical plan) for purposes of Gulf's 2013 annual healthcare expense budget management. Generally, the projection was done using actual historical plan experience (claims and enrollment) and assuming all assumptions used for the calendar year 2013 valuation accurately portrayed future experience, that new hires replaced employees anticipated to retire/terminate to keep a stable head count, and that the calendar year 2013 assumptions remain valid throughout the projection period unless otherwise noted. 2013 cost projections assume a 6% trend, a .7% increase resulting from ACA. 2014 cost projections assume a 6% trend, appropriate headcount, and a 3.7% increase resulting from ACA.	<u>PROJECTED ACTUAL 2013 COMPANY COST</u> <u>AS OF July, 2013</u>  <b><u>SINGLE</u></b> \$ 432  <b><u>EE + SPOUSE</u></b> \$ 700  <b><u>EE + CHILD(REN)</u></b> \$ 665  <b><u>FAMILY</u></b> \$1,050	<u>PROJECTED ACTUAL 2014 COMPANY COST</u> <u>AS OF July, 2013</u>  <b><u>SINGLE</u></b> \$ 457.12  <b><u>EE + SPOUSE</u></b> \$ 741.54  <b><u>EE + CHILD(REN)</u></b> \$ 704.52  <b><u>FAMILY</u></b> \$1,112.30
Contributory Life	Company pays approximately 40% of the total premium for coverage amount of \$37,500 or up to 3 times employee's annual pay. Company does not contribute to amounts over 3 times employee's annual pay. Coverage is rounded up to the next \$100 increment if not already an even \$100 increment.	Total premium - \$2.088 per \$1,000 of coverage Company cost - \$0.828 per \$1,000 of coverage	Total premium - \$2.088 per \$1,000 of coverage Company cost - \$0.828 per \$1,000 of coverage
Non Contributory Life	Company pays full cost of premiums for coverage equal to \$12,500	Total premium - \$2.172 per \$1,000 of coverage Company annual cost is \$27.15 per employee (12.5 X \$2.172)	Total premium - \$2.172 per \$1,000 of coverage Company annual cost is \$27.15 per employee (12.5 X \$2.172)

Plan	Cost Basis	Current Year Cost Rate	Test Year Cost Rate
Long Term Disability	Company pays 50% of the premium for the 60% option and contributes the same dollar amount for the 50% option.	Total premium 60% option - \$1.06 per \$100 of annual pay Company annual cost - \$0.505 per \$100 of annual pay	Total premium 60% option - \$1.06 per \$100 of annual pay Company annual cost - \$0.505 per \$100 of annual pay
Educational (Tuition) Reimbursement	The Tuition Reimbursement program is designed to help defray a portion of continuing education costs by assisting with: – College tuition (undergraduate or graduate) – Graduate school admissions tests and prep courses – Professional certifications and prep courses Employees may be reimbursed up to \$5,000 in a calendar year for eligible expenses. The \$5,000 annual reimbursement limit is prorated for regular part-time employees based on their scheduled hours. Tuition and fees are reimbursed only for grades C and above, or for a "passing" or satisfactory grade in courses that do not assign letter grades.	Actual costs for tuition, admissions tests and prep courses, and professional certifications. Employees may be reimbursed up to \$5,000 in a calendar year for eligible expenses.	Actual costs for tuition, admissions tests and prep courses, and professional certifications. Employees may be reimbursed up to \$5,000 in a calendar year for eligible expenses.
Relocation Assistance	Cost basis varies based on expenses incurred and reimbursement option(s) chosen. Actual costs reimbursed for two house-hunting trips, 10 days of temporary living, packing and shipment of household goods, final move expenses, home sale and purchase expenses. Allowance of one month's salary for miscellaneous expenses.	Costs vary based on number of factors including how many individuals move during the year, distance, whether move involves sale or purchase of home, etc.	Costs vary based on number of factors including how many individuals move during the year, distance, whether move involves sale or purchase of home, etc.

Plan	Cost Basis	Current Year Cost Rate	Test Year Cost Rate
<b>OTHER EMPLOYEE BENEFITS</b>			
Interest on Deferred Compensation	There are two investments available in this plan, the Prime Rate Equivalent Investment and Southern Company Stock Equivalent Investment. Each quarter, the Company records the interest earned and any gains or losses incurred for Gulf Power participants with Deferred Compensation Plan accounts.	Varies based on Prime Rate Equivalent Investment and Southern Company Stock Equivalent Investment.	Varies based on Prime Rate Equivalent Investment and Southern Company Stock Equivalent Investment.
Financial Planning Services	Financial Planning Vendors are paid an annual maintenance fee (all but one) and an annual retainer fee for each participating employee. Rates vary based upon vendor and grade level of the employee. Allowances for estate and tax preparation vary based upon grade level as of January 1 of the plan year.	Blended Rates Annual Maintenance Fee \$13,064 First year Fee Level 14 and Up \$15,677 Level 12 and 13 \$12,916 Level 10 and 11 \$3,667 Continuing Service Fee Level 14 and Up \$8,501 Level 12 and 13 \$7,147 Level 10 and 11 \$1,833	Same as current year cost rate.
AYCO Financial Center	<i>AYCO Financial Planning Center</i> annual fixed fee <i>RetireRight</i> fixed fee per retiring participant <i>SurvivorSupport</i> Annual fixed administrative fee Fixed service fee per participant Travel expenses for planner	<u><i>AYCO Financial Planning Center</i></u> Answerline and Project Management annual fixed fee \$5,101 <u><i>RetireRight</i></u> \$1,750 per participant <u><i>SurvivorSupport</i></u> Annual fixed fee \$268 Fee per participant \$3,200 Travel expenses – as incurred	Same as current year cost rate
Service Awards	Based on the number of employees expected to attain a certain number of years of service.	10 Years - \$80 20 Years - \$150 30 Years - \$3,395 40 Years - \$750 Vendor Fee – 11% of Awards plus \$50 30/40 year awards dinner - \$50 per employee 30/40 year awards dinner gift - \$65 per employee	10 Years - \$80 20 Years - \$150 30 Years - \$3,395 40 Years - \$750 Vendor Fee – 11% of Awards plus \$50 30/40 year awards dinner - \$50 per employee 30/40 year awards dinner gift - \$65 per employee

Plan	Cost Basis	Current Year Cost Rate	Test Year Cost Rate
Wellness Program	Based on estimated participation	Employees receive additional 2% medical premium contribution for reporting lab results and completing a Health Risk Assessment each year. Employees can also earn points redeemable in merchandise for participation in specified wellness activities.	Employees receive additional 2% medical premium contribution for reporting lab results and completing a Health Risk Assessment each year. Employees can also earn points redeemable in merchandise for participation in specified wellness activities.
Pension	Pension expense was actuarially projected based on a formal actuarial valuation done as of December 31, 2012 for purposes of Gulf's 2012 annual financial statement and 2013 income statement. The projection was done assuming all assumptions used for the December 31 2012 valuation accurately portrayed future experience except for an adjustment for longer life expectancy for 2014 and beyond.	The Company's expense is computed from actuarial measurements for the Company's accounting purposes.	Same as current year cost rate.
Supplemental Pension	Supplemental Pension — Supplemental Pension expense was actuarially projected based on a formal actuarial valuation done as of December 31, 2012 for purposes of Gulf's 2012 annual financial statement and 2013 income statement. The projection was done assuming all assumptions used for the December 31 2012 valuation accurately portrayed future experience except for an adjustment for longer life expectancy for 2014 and beyond.	The Company's expense is computed from actuarial measurements for the Company's accounting purposes.	Same as current year cost rate.
Employee Savings Plan	The Company provides a matching contribution of 85% on the first 6% of base pay that ESP participants contribute to the plan. Therefore, the maximum annual company contribution is 5.1% (i.e., 85% x 6%) times each participant's eligible compensation. This matching rate has been in effect since late 2006	The current year costs will be determined by projected increases in employee contributions due primarily to base salary increases and projected hiring increases.	Same as current year cost rate.



Plan	Cost Basis	Current Year Cost Rate	Test Year Cost Rate
Post-Retirement Life	Post-Retirement Life — Post-Retirement Life expense was actuarially projected based on a formal actuarial valuation done as of December 31, 2012 for purposes of Gulf's 2012 annual financial statement and 2013 income statement. The projection was done assuming all assumptions used for the December 31 2012 valuation accurately portrayed future experience except for an adjustment for longer life expectancy for 2014 and beyond.	The Company's expense is computed from actuarial measurements for the Company's accounting purposes.	Same as current year cost rate.
Post-Retirement Medical	Post-Retirement Medical — Post-Retirement Medical expense was actuarially projected based on a formal actuarial valuation done as of December 31, 2012 for purposes of Gulf's 2012 annual financial statement and 2013 income statement. The projection was done assuming all assumptions used for the December 31 2012 valuation accurately portrayed future experience except for an adjustment for longer life expectancy for 2014 and beyond.	The Company's expense is computed from actuarial measurements for the Company's accounting purposes.	Same as current year cost rate.
Supplemental Benefit Plan (Non-Pension)	Each quarter, the Company records the change in total value for this account. Since plan participant accounts are treated as being invested in notional Southern Company stock, the value at the end of each quarter is determined by the stock price of such notional shares in participant accounts.	These expenses are determined by Southern Company stock price.	Same as current year cost rate.
Workers Compensation	These costs represent the fee charged by the vendor to administer Worker's Compensation claims.	\$2.45 per month, per employee	\$2.45 per month, per employee

12. Labor Costs – Pensions. Please provide the level of current accumulated pension plan overfunding, if any, and explain how such amounts are treated for ratemaking purposes.

ANSWER:

The table below shows the liabilities, assets and funded status for each of the company's pension plans as of December 31, 2012 (the last formal measurement date for GAAP accounting purposes) and projected to December 31, 2014.

(in millions)	Qualified Pension Plan	Supplemental Pension Plan	Total All Plans
Actual December 31, 2012			
• Plan Assets	\$ 350.26	\$ 0.00	\$ 350.26
• Benefit Liabilities	\$ 393.04	\$ 20.46	\$ 413.50
• Over (under) funding	\$(42.78)	\$(20.46)	\$(63.24)
Projected December 31, 2014			
• Plan Assets	\$ 375.77	\$ 0.00	\$ 375.77
• Benefit Liabilities	\$ 428.94	\$ 23.01	\$ 451.95
• Over (under) funding	\$(53.17)	\$(23.01)	\$(76.18)

Asset values represent the market value of Gulf's tax-qualified pension plan assets. Benefit liabilities represent the Projected Benefit Obligations for these plans as described in Accounting Standards Codification (ASC) 715-30.

The projected 2014 net periodic pension costs ("pension expenses") for the qualified and supplemental pension plans are reflected in the cost of service for ratemaking purposes. The calculation of pension expenses is prescribed by ASC 715-30 to be the net of several components. The pension plans' under-funded status influences all of the pension expense components except the service cost component.

The following is a brief explanation of the net periodic pension cost components:

- Service Cost – value of benefits employees earn during a year of service
- Interest Cost – Interest on benefit liabilities during the year
- Expected Return on Assets – Anticipated earnings on plan assets during the year
- Amortizations – Payments on changes in the plan's funded status due to plan amendments, assumption changes and changes resulting from experience gains/losses. These amounts are amortized for pension expense purposes over the employees' average remaining years of service.

17. Parent Debt Adjustment. Refer to the testimony of Company witness Teel at page 33. Mr. Teel stated that no funds provided by Southern Company debt have been invested in the equity of Gulf. Please explain fully and in detail how and for what purpose Gulf has used funds provided by Southern.

**ANSWER:**

Mr. Teel's statement that no funds provided by Southern Company debt have been invested in the equity of Gulf is supported later in Mr. Teel's testimony with evidence that Gulf Power is effectively the ultimate source of funds received from Southern Company (pages 33-36).

Notwithstanding the evidence referenced above, Gulf's common stockholder equity is used to fund its construction program and for other general corporate purposes. The Company cannot trace dollars to a specific use.

19. Uncollectible Expense. Please explain whether the amount of "Write-Offs" presented in column 3 on MFR Schedule C-11 reflect the amount of net write-offs. If not, please describe what the "Write-Offs" in the exhibit are and, for each of the years presented, provide the amount of write-offs, the amount of previous write-offs that were recovered and the resulting net write-offs.

ANSWER:

The amount of "Write-Offs" presented in column 3 on MFR Schedule C-11 reflects the amount of net write-offs.

21. Injuries and Damages. Please provide the amount of injuries and damages expense for 2010, 2011, 2012 and 2013 as of June 30<sup>th</sup>, and projected for the remainder of 2013 and the test year ending December 31, 2014. Explain, in detail, how the test year amount was derived.

ANSWER:

<u>Period Ending</u>	<u>Expense</u>
2010	\$2,899,387
2011	\$2,892,843
2012	\$2,922,998
June 30, 2013	\$1,459,323
Projected remainder of 2013	\$1,658,044
Test Year 2014	\$3,162,165

The projected amount for the test year 2014 is based on estimated insurance premiums, the estimated accrual to the injuries and damages reserve, and other costs incurred in injuries and damages activities. Approximately 94% of the test year amount consists of estimated insurance premiums for external insurance policies and the annual accrual to the injuries and damages reserve. Estimated insurance premiums for the test year of approximately \$1,381,927 are based on prior premium rates escalated to account for anticipated exposure and inflation. Premium estimates are provided by Southern Company Services Risk Management. The annual accrual of \$1,600,000 to the Company's injuries and damages reserve is based on the amount approved by the FPSC in Order No. PSC-12-0179-FOF-EI, Docket No. 110138-EI. The remaining estimated amount for the test year of approximately \$180,238 is the cost of labor and other expenses incurred for processing activities for injuries and damages.

22. Insurance Expense. Itemize each component of insurance expense included in the test year, and provide comparative information for calendar year 2010, 2011, 2012 and 2013 as of June 30<sup>th</sup> and budgeted to the end of 2013. As part of the response, please explain and show, in detail, how the projected test year amount was determined. Indicate the accounts and amounts in which each item of insurance is recorded.

ANSWER:

Amounts below are recorded to Account 924.

<u>Period Ending</u>	<u>All Risk Insurance Expense</u>	<u>Annual Accrual to Property Reserve</u>	<u>Total</u>
2010	3,818,924	3,500,000	\$ 7,318,924
2011	3,507,534	3,500,000	\$ 7,007,534
2012	3,761,603	3,500,004	\$ 7,261,607
2013	1,907,549	1,749,998	\$ 3,657,547 *
	2,079,649	1,750,002	\$ 3,829,651 **
2014	4,466,849	9,000,000	\$13,466,849

\* As of June 30, 2013.

\*\* Projected amounts for the remainder of 2013.

Projected amounts for the remainder of 2013 are based on estimated insurance premiums and the estimated property damage accrual.

Projected amounts for 2014 are based on estimated insurance premiums and the estimated property damage accrual. The estimated premiums are based on prior premium rates escalated to account primarily for increases in property values due to inflation. The estimated property damage accrual includes an increase of \$5,500,000 over the current authorized \$3,500,000 accrual based on the Company's request in its base rate case to increase the accrual. This increase in the property damage accrual is addressed in Mrs. Erickson's direct testimony beginning on page 13.

26. Customer Service & Information. Please provide the Company's Customer Service & Information expense for each year 2010, 2011, 2012, and through June 30, 2013 and as projected for the test year.

ANSWER:

	2010	2011	2012	Year-To-Date June 30, 2013	Test Year 2014
Customer Service & Information Expenses	13,154,002	17,324,068	17,995,938	6,286,732	16,643,874

27. A&G Expense. Refer to the testimony of Company witness Erickson at page 4 and Exhibit No. \_\_ (CJE-1), Schedule 2. Please provide Gulf's Administrative and General (A&G) expenses for each year 2010, 2011, 2012, and through June 30, 2013, and as projected for the 2014 test year. In addition, break out these historical A&G costs in the same format as shown on Schedule 2.

ANSWER:

**A&G Expenses**  
(\$000's)

<u>FERC</u> <u>Account</u>	<u>Description</u>		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>6/30/2013</u>	<u>2014</u>
920	ADMIN AND GEN SALARIES	920	13,315	13,970	14,725	7,515	16,145
921	OFFICE SUPPLIES AND EXPENSES	921	3,706	5,311	3,685	1,665	4,097
922	ADMIN EXPENSES TRANSFERRED CRED	922	(332)	(311)	(331)	(150)	(342)
923	OUTSIDE SERVICES EMPLOYED	923	18,813	18,603	17,617	8,590	18,948
924	PROPERTY INSURANCE	924	7,319	7,008	7,262	3,658	13,467
925	INJURIES AND DAMAGES	925	2,899	2,893	2,881	1,438	3,162
926	EMPLOYEE PENSIONS AND BENEFITS	926	15,649	14,035	18,342	11,765	24,485
928	REGULATORY COMMISSION EXPENSES	928	1,389	2,003	2,532	878	3,079
929	DUPLICATE CHARGES-CREDIT	929	(1,311)	(1,211)	(1,357)	(567)	(1,054)
930	MISC GEN/GEN ADV EXP	930	5,156	5,109	4,612	2,158	6,841
931	RENTS	931	298	303	333	182	252
935	MAINTENANCE OF GENERAL PLANT	935	544	786	621	223	687
	<b>Total</b>		<b>67,445</b>	<b>68,499</b>	<b>70,922</b>	<b>37,355</b>	<b>89,767</b>

The amounts in 2014 include the NOI adjustments discussed in Ms. Ritenour's testimony.  
Years 2010 through 06/30/13 include NOI adjustments to exclude the appropriate A&G from Gulf's surveillance report.



28. Affiliates. Schedule C-30. Please match the costs shown under column (5) to the expense accounts shown on Schedule C-1. Please identify the amounts shown on Schedule C-30 that are removed from test year expenses per the adjustments shown on Schedule C-1, and state the amounts that are removed.

ANSWER:

**Alabama Power Company Transmission Facility Services - \$12,239,000** – The total amount is being removed from test year expenses in column 7, line 7 of MFR C-1.

**Georgia Power Company Plant Scherer Unit 3 - \$11,960,000** – The total amount is removed from test year expenses in column 11, line 10 of MFR C-1.

**Georgia Power Company Transmission Facility Service - \$982,000** – The total amount is being removed from test year expenses in column 7, line 7 of MFR C-1.

**Mississippi Power Company Plant Daniel - \$22,211,000** – Of the total amount, \$21,926,000 is not being removed from test year expenses. This portion is non-clause operations & maintenance expense related to Plant Daniel, a retail asset. The remaining amount, \$285,000, is Plant Daniel Environmental Clause O&M; this portion is being removed from test year expenses in the adjustment in column 7, line 9 of MFR C-1.

**Mississippi Power Company Transmission Facility Service - \$164,000** – None of this amount is being removed from test year expenses. This is non-clause operations & maintenance expense related to ownership in Plant Daniel.

**Southern Company Services Service Agreement - \$61,564,000** – Of the total amount, \$59,180,000 is not being removed from test year expenses. This amount represents non-clause O&M that are properly included in test year expenses. The remaining amount of \$2,384,000 has been removed from test year expenses on MFR C-1 as follows:

*Environmental Clause O&M* - \$1,295,000, Included in the adjustment in column 7, line 9 of MFR C-1. This item has been removed from test year net operating income.

*Conservation Clause O&M* – \$831,000, Included in the adjustment in column 7, line 8 of MFR C-1. This item has been removed from test year net operating income.

*Wholesale Related O&M* – \$255,000, Included in the adjustment in column 7, line 10 of MFR C-1. This item has been removed from test year net operating income.

*Economic Development Related O&M (5%)* – \$1,000, Included in the adjustment in column 7, line 10 of MFR C-1. This item has been removed from test year net operating income.

*Tallahassee Liaison Related O&M* – \$2,000, Included in the adjustment in column 7, line 10 of MFR C-1. This item has been removed from test year net operating income.

**Southern Company Services Interchange Purchases - \$24,657,000** – This charge is for the purchased capacity and energy and the entire amount has been removed in column 7, line 6 and in column 7, line 7 of MFR C-1.

**Southern Company Services Interchange Sales - (\$80,361,000)** – In conjunction with the fuel clause adjustments, this amount is removed from test year revenues in column 7, line 2 of MFR C-1.

**Southern Company Services Unit Power Sales - (\$93,160,000)** – This amount is for capacity and energy revenues from UPS customers, and has been removed from the test year revenues in column 7, line 2 and column 11, line 2 of MFR C-1.

**Southern Company Common Stock Dividends - \$120,560,000** – This amount is not included in the calculation of net operating income. Common stock dividends are reflected in equity. Accordingly, it is not shown on MFR C-1, Adjusted Jurisdictional Net Operating Income.

**Southern Company Capital Contributions – (\$120,798,000)** – This amount is not included in the calculation of net operating income. Capital Contributions are reflected in equity. Accordingly, it is not shown on MFR C-1, Adjusted Jurisdictional Net Operating Income.

**Southern Power Purchase Power Agreement - \$2,313,000** – This amount is for purchased power capacity and energy and has been removed from test year expenses in column 7, line 6 and in column 7, line 7 on MFR C-1.

30. Affiliates – Common and Shared Costs. With respect to the allocation of common and shared costs between the Company and affiliates of the Company, please explain in detail how the Company took into consideration projections of allocation factors for purposes of allocating these common costs during the projected test year. If no projections were made for common and shared costs, please explain why this is an appropriate methodology.

ANSWER:

Gulf did not use projections of allocation factors for allocating common and shared costs during the projected test year. Instead, as shown in Gulf's response to Citizen's First Set of Interrogatories No. 37, Southern Company Services used the 2013 allocation factors to develop the projected test year allocations. It is more appropriate to use the latest known factors than to try to project data for every affiliate in order to create 2014 factors solely for purposes of this rate proceeding.

32. Leases. Please explain how the costs related to rent or leases for office buildings are shared and/or allocated between the various companies of Gulf Power and its affiliates.

ANSWER:

Gulf Power does not currently have either rented or leased office buildings where a portion is shared or allocated with any of Gulf Power's affiliates.

Southern Company Services leases office space and that cost is included in overheads as part of the billing allocations to Gulf Power.

33. Affiliates – Assets Transferred.
- a. For all assets transferred from Gulf Power at the higher of market or cost to each affiliate of Gulf's during 2010, 2011, 2012 and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, please describe the asset that was transferred, provide the net book value at the time of transfer, the market value at the time of transfer, and the amount of the asset transferred.
  - b. For all assets transferred to Gulf Power at the higher of market or cost from affiliates of Gulf during 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, please describe the asset that was transferred, provide the net book value at the time of transfer, the market value at the time of transfer, and the amount the asset transferred.

ANSWER:

- a. See pages 2 through 5 documenting the transfers for 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>. There are no projected asset transfers in 2014.
- b. See Gulf's response to Item 33(a) above.

**Assets or Rights Purchased from or Sold to Affiliates**

revised  
6/28/2013

**Company: Gulf Power Company**  
**For the Year Ended December 31, 2010**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.							
Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
<b>Purchases from Affiliates:</b>		\$	\$	\$	\$	\$	
Georgia Power Company	Compressor Rotor and Blades	3,872,655		3,872,655	3,872,655	3,872,655	Yes
Southern Power Company	Unbucketed Turbine Rotor	6,265,358		6,265,358	6,265,358	6,265,358	Yes
Alabama Power Company	Misc. Materials	648,407		648,407	648,407	648,407	Yes
Georgia Power Company	Misc. Materials	1,290,410		1,290,410	1,290,410	1,290,410	Yes
Mississippi Power Company	Misc. Materials	39,800		39,800	39,800	39,800	Yes
Southern Linc	Misc. Materials	24,764		24,764	24,764	24,764	Yes
<b>Total</b>						\$ 12,141,394	
<b>Sales to Affiliates:</b>		\$	\$	\$	\$	Sales Price	
Georgia Power Company	Compressor Rotor and Blades	3,872,654		3,872,654	3,872,654	3,872,654	Yes
Mississippi Power Company	Turbine Rotor and Blades	6,200,000		6,200,000	6,200,000	6,200,000	Yes
Alabama Power Company	Misc. Materials	22,373		22,373	22,281	22,373	Yes
Georgia Power Company	Misc. Materials	40,851		40,851	43,748	40,851	Yes
Mississippi Power Company	Misc. Materials	28,647		28,647	28,249	28,647	Yes
Southern Power Company	Distance Piece	408,999		408,999	610,000	610,000	Yes
<b>Total</b>						\$ 10,774,525	

**Analysis of Diversification Activity**  
**Assets or Rights Purchased from or Sold to Affiliates**

**Company: Gulf Power Company**  
**For the Year Ended December 31, 2011**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.							
Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
<b>Purchases from Affiliates:</b>		\$	\$	\$	\$	\$	
Alabama Power Company	Misc. Materials	245,417		245,417	245,417	245,417	Yes
Georgia Power Company	Misc. Materials	769,171		769,171	769,171	769,171	Yes
Mississippi Power Company	Misc. Materials	10,886		10,886	10,886	10,886	Yes
Southern Linc	Misc. Materials	206,873		206,873	206,873	206,873	Yes
Southern Power	Distance Piece	610,000		610,000	538,046	538,046	Yes
<b>Total</b>						\$ 1,770,392	
<b>Sales to Affiliates:</b>		\$	\$	\$	\$	Sales Price	
Alabama Power Company	Misc. Materials	75,936		75,936	75,858	75,936	Yes
Georgia Power Company	Misc. Materials	38,528		38,528	52,274	38,528	Yes
Mississippi Power Company	Misc. Materials	18,683		18,683	16,640	18,683	Yes
Southern Power Company	Valve	19,165		19,165	37,495	37,495	Yes
<b>Total</b>						\$ 170,642	

**Analysis of Diversification Activity**  
**Assets or Rights Purchased from or Sold to Affiliates**

**Company: Gulf Power Company**  
**For the Year Ended December 31, 2012**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.							
Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
<b>Purchases from Affiliates:</b>		\$	\$	\$	\$	\$	
Alabama Power Company	Misc. Material	298,902		298,902	298,902	298,902	Yes
Georgia Power Company	Misc. Material	739,186		739,186	739,186	739,186	Yes
Mississippi Power Company	Misc. Material	15,043		15,043	15,043	15,043	Yes
Southern Linc	Misc. Material	419,827		419,827	419,827	419,827	Yes
Southern Power	Distance Piece	501,716		501,716	331,464	331,464	Yes
<b>Total</b>						\$ 1,804,423	
<b>Sales to Affiliates:</b>		\$	\$	\$	\$	Sales Price	
Alabama Power Company	Misc. Material	47,057		47,057	47,132	47,057	Yes
Georgia Power Company	Misc. Material	250,997		250,997	249,019	250,997	Yes
Mississippi Power Company	Misc. Material	20,101		20,101	20,188	20,101	Yes
Southern Power Company	Distance Piece	538,046		538,046	355,466	538,046	Yes
<b>Total</b>						\$ 856,200	



**Analysis of Diversification Activity**  
**Assets or Rights Purchased from or Sold to Affiliates**

**Company: Gulf Power Company**  
**For the Period Ended June 30, 2013**

Provide a summary of affiliated transactions involving asset transfers or the right to use assets.							
Name of Affiliate	Description of Asset or Right	Cost/Orig. Cost	Accumulated Depreciation	Net Book Value	Fair Market Value	Purchase Price	Title Passed Yes/No
<b>Purchases from Affiliates:</b>		\$	\$	\$	\$	\$	
Alabama Power Company	Misc. Material	104,553		104,553	104,553	104,553	Yes
Georgia Power Company	Misc. Material	9,958		9,958	9,958	9,958	Yes
Mississippi Power Company	Misc. Material	327		327	327	327	Yes
Southern Linc	Misc. Material	13,586		13,586	13,586	13,586	Yes
Southern Power	None	-		-	-	-	
<b>Total</b>						\$ 128,423	
<b>Sales to Affiliates:</b>		\$	\$	\$	\$	Sales Price	
Alabama Power Company	Misc. Material	152,257		152,257	151,830	152,257	Yes
Georgia Power Company	Misc. Material	4,400		4,400	5,842	4,400	Yes
Mississippi Power Company	Misc. Material	2,834		2,834	2,839	2,834	Yes
Southern Power Company	Distance Piece	331,464		331,464	313,533	331,464	Yes
<b>Total</b>						\$ 490,955	

34. Affiliates. Please provide a description of each affiliate of Gulf Power and the Southern Company. This description should explain the services provided by the affiliate to Gulf Power and the services provided by the affiliate to nonaffiliated companies.

**ANSWER:**

This information is referenced in MFR F-2, the Company's 2012 Form 10-K, Part I, Item 1, pages I-1 to I-3. Additionally, Southern Company Services (SCS) renders the following services to the Company at direct or allocated costs: general and design engineering, operations, purchasing, accounting, finance and treasury, tax, information technology, marketing, auditing, insurance and pension administration, human resources, systems and procedures, digital wireless communications, and other services with respect to business and operations and power pool operations.

35. Affiliates.
- a. For costs charged by Gulf Power to its affiliates that are recorded as revenues, by account, please state the amounts booked for the years 2010, 2011, and 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year. Explain all variations of more than 10% each year.
  - b. For costs charged by Gulf Power to its affiliates that are recorded as a credit to expenses, please state the amounts booked for the years 2010, 2011, and 2012, 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year. Explain all variations of more than 10% each year-to-year period.

ANSWER:

- a. See page 2 of 3.
- b. See page 3 of 3.

FERC	DESCRIPTION	2010	2011	2012	6/30/2013 YTD	2013-Budget	2014-Projected
447	Associated Company Energy Sales	\$ 109,598,513	\$ 111,222,073	\$ 123,294,645	\$ 48,446,805	\$ 81,003,690	\$ 77,776,544
454	Rent from Electric Property	660,448	745,301	840,926	385,475	790,949	769,664
456	Other Electric Revenues: Southern Power Company	304,765	280,221	250,702	246,073	461,487	557,626
	Total Affiliated Revenues	<u>\$ 110,563,726</u>	<u>\$ 112,247,595</u>	<u>\$ 124,386,273</u>	<u>\$ 49,078,353</u>	<u>\$ 82,256,126</u>	<u>\$ 79,103,834</u>

		2010-2011	2011-2012	2012-2013	2013 Budget-
447	Associated Company Energy Sales	1%	11% B	-34% E	-4%
454	Rent from Electric Property	13% A	13% C	-6%	-3%
456	Other Electric Revenues: Southern Power Company	-8%	-11% D	84% F	21% G
	Total Affiliated Revenues	<u>2%</u>	<u>11%</u>	<u>-34%</u>	<u>-4%</u>

Explanations of variances of greater than 10%

- A 2010 - 2011 The increase is due to an increase in Information Technology (IT) infrastructure transport revenues
- B 2011 - 2012 The net increase is due to an increase in associated sales to the power pool.
- C 2011 - 2012 The increase is due to an increase in Information Technology (IT) infrastructure transport revenues
- D 2011 - 2012 The decrease is due to a decrease in Southern Power Company's transmission service to support its energy sales.
- E 2012 - 2013 The decrease is due to a projected increase in gas prices which creates less of an opportunity for associated sales due to reduced economic dispatch of Gulf's generating units to serve system load.
- F, G 2012 - 2013 and 2013 - 2014 The projected increase is due to an increase in Southern Power Company's transmission service to support its energy sales

OPC ROG 35 (b)

	2010 Actuals	2011 Actuals	2012 Actuals	June YTD 2013 Actuals	2013 Budget	2014 Projected
Benefits	(247,617)	(256,178)	(283,314)	(149,482)	(134,586)	(138,623)
Occupancy	(588,125)	(583,787)	(599,839)	(287,961)	(685,069)	(702,195)
Misc A&G	(260,454)	(260,466)	(261,585)	(135,947)	(207,692)	(212,862)
	<u>(1,096,196)</u>	<u>(1,100,430)</u>	<u>(1,144,738)</u>	<u>(573,390)</u>	<u>(1,027,347)</u>	<u>(1,053,680)</u>
Percentage Change	n/a	0%	4%	n/a	-10%	3%

36. Affiliates.
- a. Does Southern Company charge or allocate costs to all the affiliates depicted on the chart titled "The Southern Company Parent & Affiliates December, 2012" in the Company's 2012 Diversification Report filed with the Commission?
  - b. If the response to (a) is not affirmative for each affiliate, for each such affiliate, please explain why no costs are charged or allocated to each affiliate.
  - c. Please explain how administrative and general functions are performed on behalf of each affiliate identified in (a).

ANSWER:

No. Southern Company Services (SCS), not the Southern Company, allocates costs to all affiliated companies listed in the Company's 2012 Diversification Report. SCS performs corporate services functions common to each affiliate. Examples of these services include human resources, information technology, accounts payable, payroll, internal auditing and risk management.

37. Affiliates. With respect to the allocation of costs to Gulf Power by each affiliate that allocates costs to it, state the time period used to develop the allocation factors used to allocate costs for the historic periods 2010, 2011, and 2012, and the budgeted 2013 year and projected 2014 test year.

ANSWER:

SCS Fixed Allocations are based on statistics accumulated from two-year prior data. Below is a list of the basis of affiliate costs allocated to Gulf via fixed percentage allocation.

<u>Affiliate Costs</u>	<u>Year</u>	<u>Basis</u>
Actual SCS costs	2010	2008 Statistics
Actual SCS costs	2011	2009 Statistics
Actual SCS costs	2012	2010 Statistics
Budgeted SCS costs	2013	2011 Statistics
Projected SCS costs	2014	2011 Statistics

The final allocations for 2014 will be based on 2012 Statistics. The MFRs are based on 2011 statistics and allocations, since the 2012 statistics and allocations were not available at the time the rate case was filed.

39. Affiliates.

- a. Referring to the "Non-Tariffed Section and Products Provided by the Utility", page 460 of the Diversification Report to the FPSC for the years ended 2010, 2011, and 2012, please identify the specific affiliate to which each product/service listed was provided.
- b. By affiliate, for each line item listed, state the total dollar amount of the products/services provided, and provide the account name and number where the revenue is recorded.
- c. For each line item listed, describe and provide the calculation that shows how the price of the product/service was determined.
- d. Identify the financial impact, rate base, and revenue of the income in the instant rate proceeding of each item or analogous item listed on this section of the Diversification Report. Please provide for the years 2010, 2011, 2012, 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year.

ANSWER:

a.

Acronym	Company		
SCS	Southern Company Services		
APC	Alabama Power Company		
GPC	Georgia Power Company		
MPC	Mississippi Power Company		
SPC	Southern Power Company		

	2010	2011	2012
Billing Services	None	None	None
Building Space/Office Furniture	SCS	SCS	SCS
Use of Equipment	SCS	SCS	SCS
Professional Services	SCS	SCS	SCS
Material Transfers	APC	APC	APC
	GPC	GPC	GPC
	MPC	MPC	MPC
	SPC	SPC	SPC
Safety, Health and Wellness	SCS	SCS	SCS



b.

		<u>2010</u>	<u>2011</u>	<u>2012</u>
Billing Services		None	None	None
Building Space/ Office Furniture	SCS	(\$588,125)	(\$583,787)	(\$599,839)
Use of Equipment	SCS	650,448	715,301	820,926
Professional Services	SCS	1,188,000	1,140,511	1,148,377
Material Transfers	APC	22,373	75,936	47,057
	GPC	3,913,505	38,528	250,997
	MPC	6,228,647	18,683	20,101
	SPC	610,000	37,495	538,046
Safety, Health and Wellness	SCS	13,000	9,208	16,557
	<b>Total</b>	<b>\$12,037,848</b>	<b>\$1,451,875</b>	<b>\$2,242,222</b>

Building Space/Office Furniture is credited to FERC 929 (Duplicate Charges-Credit). No revenue account is credited.

These billings for Use of Equipment are recorded to revenue account FERC 454 (Rent from Electric Property).

Billings for Professional Services labor, which includes non-productive time, is credited to the affiliate specific 800 clearing account that is used to accumulate these costs. Administrative & General (A&G) and benefits (Pensions, Insurance, Saving Plan, Incentives, and Payroll Taxes) overheads on labor are credited to FERC 929 (Duplicate Charges-Credit) the benefits overheads are credited to FERC 926 (Employee Pensions and Benefits) and FERC 408 (Payroll Taxes). No revenue account is credited.

Materials are sold to affiliate companies in accordance with Accounting Research Accounting Policy – Policy on Asset Transfers between the Southern Operating Companies. Please refer to Citizens' First Request to Produce Documents No. 37. Materials that are sold are credited from FERC 154 (Plant Materials and Operating Supplies), or if the material is in service, it is credited from FERC 300-399 (Capital). No revenue account is credited.

Billings for Safety, Health and Wellness are credited to FERCs 921, 923, 925, and 926 (Office Supplies and Expenses, Outside Services Employed, Injuries and Damages, and Employee Pensions and Benefits, respectively). No revenue account is credited.

c. Billing Services: None.

Building Space/Office Furniture: A factor based on building costs over total square footage of the building is applied to the number of square footage occupied by personnel employed by affiliates. See Citizens' First Request to Produce Documents No. 40 for the occupancy calculation.

Use of Equipment: For each piece of equipment used, the items are priced at the revenue requirements. This includes the carrying cost related to the average cost of investment, depreciation expense, and any associated taxes.

Professional Services: A&G and benefits are added to specific direct labor costs plus any direct charges. Please refer to Citizens' First Request to Produce Documents No. 35 for calculation of the A&G overhead. Benefits are allocated to labor based on a ratio of actual benefits incurred year to date over labor incurred year to date.

Material Transfers: The price of materials transferred is determined in accordance with Accounting Research Accounting Policy – Policy on Asset Transfers between the Southern Operating Companies. Please refer to Citizens' First Request to Produce Documents No. 37.

Safety, Health and Wellness: These costs are spread back to personnel employed by affiliates based on budgeted cost per employee. Please refer to Citizens' First Request to Produce Documents No. 35 for the calculation.

d. These explanations are the same for all years listed above.

Billing Services

None.

Building Space/Office Furniture

Accounts Receivable increases Rate Base. The credit to expense increases Net Operating Income.

Use of Equipment

Accounts Receivable increases Rate Base. The credit to Revenue increases Net Operating Income.

Professional Services

Accounts Receivable increases Rate Base. The credit to Benefit Accounts increases Net Operating Income.

Material Transfers

Accounts Receivable increases Rate Base. Credit to Other Assets decreases Rate Base. These items generally offset each other.

Safety, Health, and Wellness

Accounts Receivable increases Rate Base. The credit to expense increases Net Operating Income.

40. Affiliates.
- a. Please explain how the carrying charges associated with The Southern Company's corporate land, buildings, and equipment and/or any affiliate, subsidiary, or division of The Southern Company that does business with Gulf Power, are allocated to the Gulf Power's operations.
  - b. Provide for the years 2010, 2011, 2012, and 2013 as of June 30th, and projected through the 2014 test year, the amount of carrying charges charged to Gulf Power by each affiliate, subsidiary, or division of The Southern Company.
  - c. Please provide the account name and account number where the carrying charges depicted in (b) are contained.

ANSWER:

- a. Southern Company Services (SCS) does not bill carrying charges for corporate land, buildings, and equipment as a part of the billing process. SCS does incur interest expense and allocates that expense each month.
- b. Interest charged to Gulf Power is as follows:

2010:	\$146,643
2011:	\$ 86,075
2012:	\$ 80,515
2013 June YTD:	\$ 32,114
2013 Projected for July-December:	\$ 65,000
2014 Projected:	\$ 40,264
- c. SCS includes interest expense as a labor overhead which is allocated to billable work orders, including SCS labor. The SCS work orders are then charged to the appropriate accounts based upon the work or service being provided

41. Affiliates. Where Gulf Power, or its affiliates, subsidiaries, or divisions provide services or products to an affiliate, subsidiary, or division of Gulf Power, please respond to the following for the years 2010, 2011, 2012, 2013 as of June 30<sup>th</sup>, and projected through the 2014 test year.
- a. Please explain how the carrying charges associated with land, buildings, and equipment are charged by Gulf Power to the affiliate, subsidiary, or division of Gulf Power.
  - b. Provide the amount of carrying charges charged to the affiliate, subsidiary, or division of Gulf Power; a description of the charge; and the account charged.
  - c. Explain how Gulf Power and its affiliates, subsidiaries or divisions are compensated for the use of land, building, and equipment used by affiliates, subsidiaries, or divisions of Gulf Power.
  - d. Please state if the amounts provided in response to (b) are recorded in revenue accounts on the books of Gulf Power or contra expense accounts, the amount of revenue recorded on Gulf Power's books, and the account number and name in which the revenue is recorded.

ANSWER:

- a. The carrying charges are included in the occupancy billing rates, which are billed to the affiliate company based on the space occupied.
- b. An affiliate receivable, FERC 146, is debited and FERC 929, an expense account, is credited with the carrying charges. The carrying charges reflect the debt and equity cost applied to the net investment of land, building, furniture, equipment, and telecommunications infrastructure.

<u>Affiliate</u>	<u>2011</u>	<u>2012</u>	<u>Actual 6/30/2013</u>	<u>Budget 2013</u>	<u>Test Year 2014</u>
Southern Company Services	\$239,188	\$246,336	\$113,251	\$267,327	\$274,010

- c. Gulf Power calculates, at cost, a building-specific occupancy rate associated with the square footage occupied.
- d. There are no carrying charges recorded as revenue as these amounts are credited to FERC 929, an expense account. See response to item 41(b).

42. Shared Facilities. For each affiliate of Gulf Power that is charged for the shared use of Gulf Power's facilities (land, buildings, office equipment and space) please provide for 2010, 2011, 2012, 2013 as of June 30<sup>th</sup>, and projected through the 2014 test year, the calculations on how the amounts to charge the affiliates were determined. (To the extent the requested information is available in electronic spreadsheet format; please provide the electronic file with all formulas and links intact.)

ANSWER:

Please refer to the Citizen's first set of Production of Documents Item No. 40.

43. Affiliates-Airplanes. Please provide a list of all airplanes or helicopters owned or leased by Gulf Power and its parent or other affiliate, and the associated expense for operations or leasing of the aircraft charged to Gulf Power for the years 2011, 2012, budgeted 2013, and projected 2014.

ANSWER:

Airplanes leased by Southern Company Services (SCS):

Type	Registration	Serial Number	Status
Lear 45 Fixed Wing Aircraft	N41PC	45-387	Active
Lear 45 Fixed Wing Aircraft	N60PC	45-351	Active
Lear 45 Fixed Wing Aircraft	N70PC	45-432	Active
Lear 45 Fixed Wing Aircraft	N68PC	45-453	Active
Lear 45 Fixed Wing Aircraft	N30PC	45-417	Active

Helicopters leased by SCS:

Type	Registration	Serial Number	Status
Sikorsky S76 C+	N76PC	760597	Active

Helicopters owned by SCS:

Type	Registration	Serial Number	Status
Sikorsky S76 C+	N98PC	760522	Active

Gulf Associated Expense for Operation & Leasing of Aircraft:

<u>2011</u>	<u>2012</u>	<u>2013 - Budget</u>	<u>2014 - Projected</u>
\$2,272,100	\$2,154,600	\$2,045,600	\$2,243,900

48. Affiliates. Please explain how the costs associated with bill inserts included in Gulf Power billings are recovered. Please explain from whom the costs are recovered.

ANSWER:

All bill inserts included in Gulf Power billings are prepared by or at the direction of Gulf Power personnel. The content of all such inserts is directly on behalf of Gulf Power.

Except for costs that are directly related to conservation cost recovery programs (which are recovered through that mechanism) all costs are recovered through base rates.



49. Affiliates. Please explain who bears the costs of the Company's publications "Power Update" and "Gulf Currents" (or their predecessors). For the historical and projected test year, please provide the amount charged to Gulf Power to produce these publications and the amounts charged to each of its affiliates.

ANSWER:

Power Update is no longer in production. The publication replacing Power Update is Current Connection.

Historical year and projected test year amounts charged to Gulf to produce Current Connection are shown in the table below.

Historical Year (2012)	Test Year (2014)
\$103,183	\$104,698

Gulf Currents, a printed publication for Gulf employees, is no longer in production. Its successor, eCurrents, is created and delivered in electronic format by Gulf personnel. There are no charges to Gulf for eCurrents from any affiliates. Gulf does not charge any affiliates for eCurrents.

50. Southern Communications.
- a. State the amounts of return on investment, depreciation, property taxes, and salaries and related taxes and benefits included in the projected test year related to Southern Communications. For each, indicate the account in which the expense is charged.
  - b. Identify the source of the return on investment identified in (a).
  - c. Please explain how the exclusive use of fiber by Gulf Power is determined.
  - d. Please explain how the exclusive use of electronics by Gulf Power is determined and describe the use made by Gulf Power.
  - e. If the revenue, expenses, rate base items, and the income of Southern Communications are not treated above the line for ratemaking purposes, please provide all reasons why they are not treated above the line.

ANSWER:

- a. Gulf is billed by SCS for the wireless communication services provided by SouthernLINC in work order 48LC01. This SCS billing work order is allocated to the appropriate FERC account based upon the type of activities the wireless equipment and services are used for as determined by Gulf's Business Units. The FERC accounts and sub accounts and the amounts included in the projected test year are as follows:

30802600	\$908,558
50000000	124,637
51000000	308,317
56120000	95,116
56800000	9,840
58000000	928,239
59000000	259,115
73700000	85,276
74000000	65,595
90300000	236,158
90700000	19,681
92100000	<u>239,445</u>
Total	<u>\$3,279,977</u>

SouthernLINC's billing to the operating companies is based on an allocation of SouthernLINC's total costs (net of commercial revenues). Gulf is allocated approximately 4.7% of SouthernLINC's costs, therefore Gulf's share of the following categories of SouthernLINC's cost included in the total billing of \$3.3 million in 2014 are as follows:

Return on Investment	\$300,000
Depreciation Expense	\$400,000
Property Taxes	\$ 40,000
Salaries and Benefits	\$930,000
Other Network Costs	\$1,630,000

- b. The return on investment is based on an after-tax cost of capital of 7.1%. The after-tax cost of capital is a proxy operating company rate of return based upon a target retail capital structure of 50% long term debt, 5% preferred stock, and 45% common equity. The cost of long term debt and preferred stock were based upon estimated market rates, and the return on common equity of 11.8% is based upon average allowed retail returns.
- c. Not applicable.
- d. Not applicable.
- e. As shown in item a, all SouthernLINC expenses are recorded to above the line accounts.

51. Southern Telecom.
- a. State the amounts of return on investment, depreciation, property taxes, and salaries and related taxes and benefits that are included in the projected test year. For each, indicate the account in which the expense is charged.
  - b. Identify the source of the return on investment identified in (a).
  - c. Please explain how the exclusive use of fiber by Gulf Power is determined.
  - d. Please explain how the exclusive use of electronics by Gulf Power is determined, and describe the use made.
  - e. If the revenue, expenses, rate base items, and the income of Southern Communications are not treated above the line for ratemaking purposes, please provide all reasons why they are not treated above the line.

ANSWER:

- a. Gulf Power Company has no transactions with Southern Telecom.
- b. N/A
- c. N/A
- d. N/A
- e. N/A for Southern Telecom. Please see Item 50 for answer related to Southern Communications.

52. Non-Regulated Operations.
- a) Please describe all non-regulated services and/or products provided by Gulf Power or its subsidiaries.
  - b) For each non-regulated service or product identified in (a), please explain how costs are allocated or charged to the non-regulated operations of Gulf Power.
  - c) For each of the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, please provide the amount of revenue generated by each non-regulated service or product. Explain all variations of more than 10% each year.
  - d) For each of the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, please provide the amount of expenses (by account) allocated, assigned, or otherwise charged to the non-regulated operations. Explain all variations of more than 10% each year.
  - e) For each of the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, please provide the amount of plant investment and accumulated depreciation (by account) allocated, assigned, or otherwise charged to the non-regulated operations. Explain all variations of more than 10% each year.

ANSWER:

- a) These descriptions have not changed since Gulf Power's previous base rate proceeding (Docket No. 110138-EI) where they were described in response to Citizens' First Set of Interrogatories, Item No. 65.
  1. Premium Surge – Premium Surge is a residential program that provides the installation and service of warranted surge protection equipment on a customer's electric meter, telephone and coaxial cable or Satellite TV service entrances, backed by the device manufacturer. The warranty limit is \$50,000 per occurrence/ up to \$5,000 per appliance. Fees associated with this product include: \$24.99 Install fee; \$9.99 monthly service fee (1 meter, 2 phone lines, 1 coaxial cable); \$1.50 per additional phone or coaxial line. Installation and service is provided through a third party contractor.
  2. Commercial Surge – Commercial Surge is a commercial program that provides the installation and service of warranted surge protection equipment on a customer's electric service entrance only, backed by the device manufacturer. The warranty limit is \$10,000 per occurrence. Fees

associated with this product include: \$50.00 install fee; Single phase protection - \$14.99 per month per installed device; three-phase protection - \$19.99 per month per installed device. There is a 10% discount for customers with 3 or more meters covered. Installation and service is provided through 3rd party contractor.

3. AllConnect – AllConnect is a voluntary service designed to allow consumers to select their electricity, local telephone, long distance, cable, home security and newspaper providers and arrange hook-ups at the time they initiate service with Gulf Power Company. Gulf Customer Service Center representatives offer this option to the customer upon completion of their phone contact. With the customer's permission, they are connected to an AllConnect customer service representative who assists them with additional needs for their home. AllConnect shares 25% of all revenues generated from the customer arranging for additional utility or media hook-ups through AllConnect. Gulf does not charge customers for this service.

b) **Premium and Commercial Surge Protection**

Direct labor expenses for Gulf Power's personnel are charged through Gulf's payroll system.

Miscellaneous office, telephone, computer and related expenses are allocated based on office space and equipment assigned to the non-regulated business.

Gulf's Customer Service Center (CSC) tracks and directs Premium Surge in-bound calls to Gulf's Energy Efficiency (EE) Call Center. Labor, overheads, administrative and general and telephone expenses for Gulf's CSC representatives and EE Call Center are allocated using a pre-determined, per call factor multiplied times the number of Premium and Commercial Surge calls. The predetermined, per call factor is reviewed and adjusted annually.

Activities associated with Premium and Commercial Surge in-bound sales calls, out-bound calls, equipment removal, equipment maintenance and equipment warranty inspections are performed by third party providers. Expenses for these activities are billed to Gulf monthly and directed to the appropriate expense account(s) in Gulf's accounting system.

Equipment for Premium and Commercial Surge is purchased through the manufacturer. Expenses for these activities are billed to Gulf on invoice and directed to the appropriate expense account(s) in Gulf's accounting system.

The software tool used to track activities for the Premium and Commercial Surge products is supported by Southern Company Services (SCS). SCS allocates maintenance and support expenses based on annual transaction usage.

Premium and Commercial Surge expenses for promotional materials including design, printing, inserting and postage activities are allocated or charged directly to the program accounts either by internal resources or a bill from a third-party provider.

#### **AllConnect**

Direct labor expenses for Gulf's personnel are charged through Gulf's payroll system.

The CSC tracks the number of customer calls that qualify for the AllConnect program in the call management system. Labor expenses for the CSC are allocated to the AllConnect program based upon pre-determined per call factors for call "offer" time and call "transfer" time. Telephone system charges are allocated by toll charge per minute and connect and transfer cost per transfer. Labor for CSC supervisor(s) is allocated monthly based upon the number of hours required for supervisors to oversee the program. CSC cost allocations for AllConnect are reviewed and adjusted annually to ensure labor, overheads and A&G costs are accurately charged.

c) The non-regulated service or product revenues as requested are provided below:

Product/Service	Year-To-Date				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>June 30, 2013</u>	<u>Test Year 2014</u>
AllConnect	\$22,457.72	\$26,588.05	\$35,884.40	\$12,674.41	\$38,495.00
Commercial Surge	\$97,729.32	\$108,359.61	\$116,688.83	\$62,596.76	\$126,645.00
Premium Surge	\$1,172,555.01	\$1,212,646.96	\$1,240,666.44	\$621,323.63	\$1,205,627.00
<b>Total Non-Regulated Revenue</b>	<b>\$1,292,742.05</b>	<b>\$1,347,594.62</b>	<b>\$1,393,239.67</b>	<b>\$696,594.80</b>	<b>\$1,370,767.00</b>
Variance		4.24%	3.39%	-50.00%	96.78%

Variations exceeded 10% for 2013 and 2014 due to the comparison of unequal time periods requested for years 2012, 2013 and test year 2014.



d) The non-regulated service or product expenses as requested are provided below:

<u>Account Number (EWO)</u>	<u>Account Number Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
GAR416	GTA-LABOR ACCR/REV-NEW PRODUCTS	(\$980.31)	\$0.00	\$0.00	\$0.00	\$0.00
GPD416	GTA - PDP PRODUCTS & SERVICES	\$1,533.00	\$0.00	\$0.00	\$0.00	\$0.00
GPP416	GTA-PPP-PRODUCTS AND SERVICES	\$2,988.00	\$0.00	\$0.00	\$0.00	\$12,507.00
GSO416	GTA-STOCK OPTIONS-PRODUCTS & SERVICES	\$1,536.15	\$0.00	\$0.00	\$0.00	\$0.00
MNP201	NON-ECCR-NEW PROD & SVCS-LABOR EXPENSE	\$81,534.04	\$86,312.47	\$88,458.50	\$45,433.48	\$90,610.43
MNP202	NON-ECCR-NEW PROD & SVCS-MEALS, TRAVEL & INCIDENTAL EXPENSE	\$0.00	\$0.00	\$57.09	\$0.00	\$0.00
MNP203	NON-ECCR-NEW PROD & SVCS-1-800 TOLL CHARGES & LOCAL ACCESS E	\$1,566.45	\$2,086.04	\$2,496.23	\$872.22	\$0.00
MNP204	NON-ECCR-NEW PROD & SVCS-CSS EXPENSES	\$9,077.36	\$10,366.16	\$9,653.92	\$5,047.92	\$12,151.00
MNP205	NON-ECCR-NEW PROD & SVCS-MARKETING AND ENROLLMENT EXPENSE	\$41,598.86	\$34,754.31	\$24,025.46	\$4,025.40	\$27,912.00
MNP206	NON-ECCR-NEW PROD & SVCS- INCENTIVES EXPENSE RELATED TO TRAIN	\$2,370.47	\$690.82	\$10,868.76	\$209.73	\$575.00

<u>Account Number (EWO)</u>	<u>Account Number Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
MNP207	NON-ECCR-NEW PROD & SVCS-INSTALLATION EXPENSE	\$9,190.00	\$8,218.00	\$5,110.00	\$1,168.76	\$7,365.00
MNP208	NON-ECCR-NEW PROD & SVCS-MISC. & GENERAL EXPENSE	\$7,807.17	\$13,934.07	\$14,628.88	\$6,217.73	\$25,496.00
MNP209	NON-ECCR-NEW PROD & SVCS-DEPRECIATION EXPENSE	\$350,012.34	\$380,651.93	\$403,953.17	\$209,085.00	\$383,218.00
MNP211	NON-ECCR-NEW PROD & SVCS-SERVICE CALL AND REMOVAL EXPENSE	\$78,278.65	\$76,590.79	\$86,256.06	\$45,267.56	\$80,899.00
MNP212	NON-ECCR-NEW PROD & SVCS-CUSTOMER DAMAGE CLAIMS EXPENSE	\$3,282.50	\$3,440.00	\$14,504.26	\$21,435.54	\$39,400.00
	TOTAL NEW PRODUCTS & SERVICES EXPENSE	\$589,794.68	\$617,044.59	\$660,012.33	\$338,763.34	\$680,133.43
	VARIANCE		4.62%	6.96%	-48.67%	100.77%
	Variances exceeded 10% for 2013 and 2014 due to the comparison of unequal time periods requested for years 2012, 2013 and test year 2014.					

e)

**Plant Investment and Depreciation Balances:**

	2010	2011	2012	June YTD 2013	Projected 2014
<b>Premium Surge</b>					
* Gross Plant Balance	\$3,388,446.15	\$3,611,652.00	\$3,781,043.00	\$3,819,620.00	\$4,093,392.00
		6.6%	4.7%	1.0%	7.2%
Net Plant	\$1,690,197.11	\$1,557,361.00	\$1,356,525.91	\$1,196,707.00	\$917,073.03
		-7.9%	-12.9%	-11.8%	-23.4%
Variances greater than 10% are due to full depreciation of equipment purchased in 2002 and 2003; and reduced equipment purchases due to reutilization of existing units.					
**Accumulated depr.	\$1,701,758.83	\$2,059,773.54	\$2,431,507.62	\$2,630,221.97	\$3,176,318.97
		21.0%	18.0%	8.2%	20.8%
Variances greater than 10% are due to prior and current year unit sales.					

**Commercial Surge**

* Gross Plant Balance	\$168,404.66	\$184,564.00	\$201,101.00	\$201,972.00	\$219,474.00
		9.6%	9.0%	0.4%	8.7%
Net Plant	\$95,497.29	\$93,888.00	\$91,177.00	\$81,685.00	\$65,430.23
		-1.7%	-2.9%	-10.4%	-19.9%
Variances greater than 10% are due to full depreciation of equipment purchased in 2002 and 2003; and reduced equipment purchases due to reutilization of existing units.					
**Accumulated depr.	\$74,352.83	\$92,262.91	\$111,649.12	\$122,019.77	\$154,043.77
		24.1%	21.0%	9.3%	26.2%
Variances greater than 10% are due to prior and current year unit sales.					

\* Total plant investment from start date of program June 2002

\*\* Total accumulated depreciation adjustments since start date - 10 year straight line

53. Non-regulated Operations. Please describe all non-regulated operations of the Company or its subsidiaries and provide a detailed explanation of how the Company accounts for the revenue, expenses, and investment associated with the non-regulated operations. Identify all accounts by name and number where the revenue, expenses, and investments are recorded on the Company's books.

ANSWER:

Please see the response to Citizens' First Set of Interrogatories Item No. 52(a) for a description of Gulf Power's non-regulated operations. Revenues, expenses, and investment associated with the non-regulated operations are captured through various sources such as accounts payable and journal entries into specific account numbers using the Engineering Work Order (EWO), PROJECT, and RESOURCE TYPE fields.

Non-Regulated Operations Revenue:

Account Number	2010	2011	2012	Year-To-Date June 30, 2013	Test Year 2014	
<u>Project / Project Description</u>	<u>EWO / EWO Description</u>					
MALLCN / ALLCONNECT	MNP101 / NON-ECCR-NEW PROD & SVCS-REOCCURRING REVENUE	\$22,457.72	\$26,588.05	\$35,884.40	\$12,674.41	\$38,495.00
MCMSRG / COMMERCIAL SURGE SUPPRESSION	MNP101 / NON-ECCR-NEW PROD & SVCS-REOCCURRING REVENUE	\$97,479.32	\$108,159.61	\$116,388.83	\$62,196.76	\$125,845.00
	MNP102 / NON-ECCR-NEW PROD & SVCS-ONE TIME REVENUE	\$250.00	\$200.00	\$300.00	\$400.00	\$800.00
COMMERCIAL SURGE SUPPRESSION Total		\$97,729.32	\$108,359.61	\$116,688.83	\$62,596.76	\$126,645.00
MPRSRG / PREMIUM SURGE SUPPRESSION	MNP101 / NON-ECCR-NEW PROD & SVCS-REOCCURRING REVENUE	\$1,152,569.01	\$1,191,805.30	\$1,222,648.65	\$618,659.69	\$1,192,882.00
	MNP102 / NON-ECCR-NEW PROD & SVCS-ONE TIME REVENUE	\$19,986.00	\$20,841.66	\$18,017.79	\$2,663.94	\$12,745.00
PREMIUM SURGE SUPPRESSION Total		\$1,172,555.01	\$1,212,646.96	\$1,240,666.44	\$621,323.63	\$1,205,627.00
<b>Total Non-Regulated Revenue</b>		<b>\$1,292,742.05</b>	<b>\$1,347,594.62</b>	<b>\$1,393,239.67</b>	<b>\$696,594.80</b>	<b>\$1,370,767.00</b>
Variance			4.24%	3.39%	-50.00%	96.78%
<i>Variances exceeded 10% for 2013 and 2014 due to the comparison of unequal time periods requested for years 2012, 2013 and test year 2014.</i>						

Non-Regulated Operations Expense:

<u>EWO</u>	<u>Account Number Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>YTD June 30, 2013</u>	<u>Test Year 2014</u>
GAR416	GTA-LABOR ACCR/REV-NEW PRODUCTS	-\$980.31	\$0.00	\$0.00	\$0.00	\$0.00
GPD416	GTA - PDP PRODUCTS & SERVICES	\$1,533.00	\$0.00	\$0.00	\$0.00	\$0.00
GPP416	GTA-PPP-PRODUCTS AND SERVICES	\$2,988.00	\$0.00	\$0.00	\$0.00	\$12,507.00
GSO416	GTA-STOCK OPTIONS-PRODUCTS & SERVICES	\$1,536.15	\$0.00	\$0.00	\$0.00	\$0.00
MNP201	NON-ECCR-NEW PROD & SVCS-LABOR EXPENSE	\$81,534.04	\$86,312.47	\$88,458.50	\$45,433.48	\$90,610.43
MNP202	NON-ECCR-NEW PROD & SVCS-MEALS, TRAVEL & INCIDENTAL EXPENSE	\$0.00	\$0.00	\$57.09	\$0.00	\$0.00
MNP203	NON-ECCR-NEW PROD & SVCS-1-800 TOLL CHARGES & LOCAL ACCESS E	\$1,566.45	\$2,086.04	\$2,496.23	\$872.22	\$0.00
MNP204	NON-ECCR-NEW PROD & SVCS-CSS EXPENSES	\$9,077.36	\$10,366.16	\$9,653.92	\$5,047.92	\$12,151.00
MNP205	NON-ECCR-NEW PROD & SVCS-MARKETING AND ENROLLMENT EXPENSE	\$41,598.86	\$34,754.31	\$24,025.46	\$4,025.40	\$27,912.00
MNP206	NON-ECCR-NEW PROD & SVCS-INCENTIVES EXPENSE RELATED TO TRAIN	\$2,370.47	\$690.82	\$10,868.76	\$209.73	\$575.00
MNP207	NON-ECCR-NEW PROD & SVCS-INSTALLATION EXPENSE	\$9,190.00	\$8,218.00	\$5,110.00	\$1,168.76	\$7,365.00
MNP208	NON-ECCR-NEW PROD & SVCS-MISC. & GENERAL EXPENSE	\$7,807.17	\$13,934.07	\$14,628.88	\$6,217.73	\$25,496.00
MNP209	NON-ECCR-NEW PROD & SVCS-DEPRECIATION EXPENSE	\$350,012.34	\$380,651.93	\$403,953.17	\$209,085.00	\$383,218.00
MNP211	NON-ECCR-NEW PROD & SVCS-SERVICE CALL AND REMOVAL EXPENSE	\$78,278.65	\$76,590.79	\$86,256.06	\$45,267.56	\$80,899.00
MNP212	NON-ECCR-NEW PROD & SVCS-CUSTOMER DAMAGE CLAIMS EXPENSE	\$3,282.50	\$3,440.00	\$14,504.26	\$21,435.54	\$39,400.00
<b>TOTAL NEW PRODUCTS &amp; SERVICES EXPENSE</b>		<b>\$589,794.68</b>	<b>\$617,044.59</b>	<b>\$660,012.33</b>	<b>\$338,763.34</b>	<b>\$680,133.43</b>
VARIANCE			4.62%	6.96%	-48.67%	100.77%

*Variances exceeded 10% for 2013 and 2014 due to the comparison of unequal time periods requested for years 2012, 2013 and test year 2014.*

Non-Regulated Operations Investment:

**Plant Investment and Depreciation Balances:**

Account Number		2010	2011	2012	June YTD 2013	Projected 2014
Project 499901	Project Description Premium Surge					
	* Gross Plant Balance	\$3,388,446.15	\$3,611,652.00	\$3,781,043.00	\$3,819,620.00	\$4,093,392.00
			6.6%	4.7%	1.0%	7.2%
	Net Plant	\$1,690,197.11	\$1,557,361.00	\$1,356,525.91	\$1,196,707.00	\$917,073.03
			-7.9%	-12.9%	-11.8%	-23.4%
	<i>Variances greater than 10% are due to full depreciation of equipment purchased in 2002 and 2003; and reduced equipment purchases due to reutilization of existing units.</i>					
	**Accumulated depr.	\$1,701,758.83	\$2,059,773.54	\$2,431,507.62	\$2,630,221.97	\$3,176,318.97
			21.0%	18.0%	8.2%	20.8%
	<i>Variances greater than 10% are due to prior and current year unit sales.</i>					



499902 **Commercial Surge**

* Gross Plant Balance	\$168,404.66	\$184,564.00	\$201,101.00	\$201,972.00	\$219,474.00
		9.6%	9.0%	0.4%	8.7%
Net Plant	\$95,497.29	\$93,888.00	\$91,177.00	\$81,685.00	\$65,430.23
		-1.7%	-2.9%	-10.4%	-19.9%

*Variances greater than 10% are due to full depreciation of equipment purchased in 2002 and 2003; and reduced equipment purchases due to reutilization of existing units.*

**Accumulated depr.	\$74,352.83	\$92,262.91	\$111,649.12	\$122,019.77	\$154,043.77
		24.1%	21.0%	9.3%	26.2%

*Variances greater than 10% are due to prior and current year unit sales.*

\* Total plant investment from start date of program June 2002

\*\* Total accumulated depreciation adjustments since start date - 10 year straight line

54. Non-regulated Operations. Please provide for each of the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the projected 2014 test year:
- a) An itemization of the revenue earned by each type of non-regulated operations/functions performed by the Company or its subsidiaries. For each type describe in detail how the revenue is generated. Explain all variations of more than 10% each year.
  - b) The expenses directly charged to each type of non-regulated operations/functions, by account number and name, at the most detailed account level available. Explain all variations of more than 10% for each year-to-year period.
  - c) The expenses allocated, assigned, or otherwise charged, to each type of non-regulated operations/functions, by account number and name, at the most detailed account level available. Explain all variations of more than 10% for each year-to-year period.
  - d) For expenses that are allocated, assigned, or otherwise charged, please describe the allocation methodology used to allocate each type of costs.
  - e) The investment, accumulated depreciation, deferred income taxes, charged and/or allocated (identified separately) at the most detailed account level available associated with each type of non-regulated operation.
  - f) For each of the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year, identify the individuals that charged, allocated, or assigned time to non-regulated operations of Gulf Power. Explain all variations of more than 10% each year-to-year period.
  - g) By whom are the persons identified in response to Interrogatory (f) employed?
  - h) State the amount of time spent by employees during the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup> performing the functions described in response to Interrogatory (a).
  - i) For each person identified in (f), please provide his/her title, job description, salary and total benefits. State whether the employee works solely for the unregulated affiliate, non-regulated operations, or is employed by Gulf Power Company or an affiliate of Gulf Power.
  - j) For each person identified in response to (f), please state how much time he/she devotes to providing services to the non-regulated operations.
  - k) Is a customer of Gulf Power offered non-regulated services and/or products at the time the customer initiates service?
  - l) If the response to (k) is affirmative, explain how the Gulf Power employee accounts for the time for service initiation versus the sale of non-regulated services and products.
  - m) Explain how the phone sales process works with respect to the employees that perform this function for the non-regulated operations.

- n) Identify the products/services that are offered through phone sales.
- o) Are customers of Gulf Power offered these products/services when they initiate service or after service has been initiated? Please explain your response.
- p) Explain how the phone sales process works with respect to the employees that perform this function for the non-regulated operations.
- q) Of all of the customers that are provided products or services from the non-regulated operations, how many are Gulf Power customers? Please provide this requested information in the greatest level of detail possible, by, for example, product or service. If it cannot be provided at this level of detail, provide it in the format that it is available and explain why a greater level of detail is not available. Provide the requested information for the years 2010, 2011, 2012, and monthly for 2013 as of June 30th. Explain all variations of more than 10% for each year-to-year period.
- r) Provide the revenue generated by each of the non-regulated products and services offered by Gulf Power that is earned from customers of Gulf Power versus non-Gulf Power customers. Please provide this requested information in the greatest level of detail possible, for example, by product or service. If it cannot be provided at this level of detail, provide it in the format that it is available and explain why a greater level of detail is not available. Provide the requested historical information for the years 2010, 2011, 2012, and 2013 as of June 30th plus the remaining budgeted monthly amounts for 2013. Explain all variations of more than 10% for each year-to-year period.

ANSWER:

- a) For the revenue earned by each non-regulated product, please see the response to Citizens' First Set of Interrogatories Item Nos. 52(c), 53, and 54(r).

Revenue/compensation for the non-regulated products is generated based on the processes described below:

Revenue/compensation for the Premium and Commercial Surge programs is acquired through Gulf Power's monthly bill process. Both one-time and monthly fees are assessed to customers on their monthly Gulf Power bill. Please see the response to Citizens' First Set of Interrogatories Item No. 52(a) for details regarding those fees.

AllConnect is a voluntary service designed to allow customers to select their electricity, local telephone, long distance, cable, home security and newspaper providers and arrange hookups with one call. Revenue/compensation for the

Citizens' First Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
August 19, 2013  
Item No. 54  
Page 3 of 13

AllConnect program is received from AllConnect. AllConnect shares with Gulf 25 percent of all revenues generated from the customer arranging for additional utility or media hook ups. These revenues are paid to Gulf and reported on a monthly basis.

b)

<u>Account Number (EWO)</u>	<u>Account Number Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
MNP201	NON-ECCR-NEW PROD & SVCS-LABOR EXPENSE	\$54,999.99	\$57,213.35	\$57,386.27	\$28,609.27	\$71,015.00
MNP202	NON-ECCR-NEW PROD & SVCS-MEALS, TRAVEL & INCIDENTAL EXPENSE	\$0.00	\$0.00	\$57.09	\$0.00	\$0.00
MNP203	NON-ECCR-NEW PROD & SVCS-1-800 TOLL CHARGES & LOCAL ACCESS E	\$1,566.45	\$2,086.04	\$2,496.23	\$872.22	\$0.00
MNP204	NON-ECCR-NEW PROD & SVCS-CSS EXPENSES	\$9,077.36	\$10,366.16	\$9,653.92	\$5,047.92	\$12,151.00
MNP205	NON-ECCR-NEW PROD & SVCS-MARKETING AND ENROLLMENT EXPENSE	\$41,107.03	\$34,177.16	\$24,025.46	\$4,025.40	\$27,912.00
MNP206	NON-ECCR-NEW PROD & SVCS- INCENTIVES EXPENSE RELATED TO TRAIN	\$2,276.00	\$646.00	\$10,204.19	\$196.00	\$575.00
MNP207	NON-ECCR-NEW PROD & SVCS- INSTALLATION EXPENSE	\$9,190.00	\$8,218.00	\$5,110.00	\$1,168.76	\$7,365.00
MNP208	NON-ECCR-NEW PROD & SVCS-MISC. & GENERAL EXPENSE	\$1,839.23	\$571.16	\$5,261.13	\$2,362.73	\$20,773.00
MNP209	NON-ECCR-NEW PROD & SVCS- DEPRECIATION EXPENSE	\$350,012.34	\$380,651.93	\$403,953.17	\$209,085.00	\$383,218.00
MNP211	NON-ECCR-NEW PROD & SVCS-SERVICE CALL AND REMOVAL EXPENSE	\$78,278.65	\$76,590.79	\$86,256.06	\$45,267.56	\$80,899.00
MNP212	NON-ECCR-NEW PROD & SVCS-CUSTOMER DAMAGE CLAIMS EXPENSE	\$3,282.50	\$3,440.00	\$14,504.26	\$21,435.54	\$39,400.00
	TOTAL NEW PRODUCTS & SERVICES EXPENSE	\$551,629.55	\$573,960.59	\$618,907.78	\$318,070.40	\$643,308.00
	VARIANCE		4.05%	7.83%	-48.61%	102.25%

Variances exceeding 10%:

2013: Comparison of unequal time periods.

2014: Comparison of unequal time periods.

- c) Please see the response to Citizens' First Set of Interrogatories Item No. 52(d).
- d) Please see the response to Citizens' First Set of Interrogatories Item No. 52(b).
- e) Plant investment and accumulated depreciation expenses are all directly assigned to non-regulated operations (not allocated) and are identified in response to Citizens' First Set of Interrogatories Item No. 53.

f)

Individuals charging time to Non-regulated Operations

<u>Individual</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
Product Dev Specialist		Product Dev Specialist	Product Dev Specialist	Product Dev Specialist	Product Dev Specialist
Administrative Assistant 1		Administrative Assistant 1	Administrative Assistant 1		Administrative Assistant 1
		Customer Representative	Customer Representative		
<u>Number of Individuals</u>	2	3	3	1	2
<u>Variance</u>		50.00%	0.00%	-66.67%	100.00%

The variance for 2011 was due to an inadvertent discontinuance in 2010 of the Customer Representative's direct labor charges to non-regulated operations. This omission occurred again in 2013 and 2014 causing the variances for 2013 and 2014. The Administrative Assistant position was vacant through June 2013 and contributed to 2014's variance. The Customer Representative's labor charges for 2011 were \$46.00 and for 2012, \$37.46. The Administrative Assistant's labor charges for 2010 were \$808.88, for 2011, \$828.63, for 2012, \$855.83 and for 2014, \$928.00.

As described in Citizens' First Set of Interrogatories Item No. 52(b), time spent by Gulf Power's call center personnel on non-regulated products is tracked at a group level; therefore, those individuals are not listed in this response.

- g) All persons identified in response to Citizens' First Set of Interrogatories Item No. 54(f) are employed by Gulf Power.
- h) The amount of time charged by individuals listed in Citizens' First Set of Interrogatories Item No. 54(f) to the products described in response to Citizens' First Set of Interrogatories Item No. 52(a) is included in the table below:

Individuals charging time to Non-regulated Operations

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>
Hours charged to non-regulated operations	1,198.98	1,208.89	1,205.11	571.98



i)

<u>Title</u>	<u>Job Description</u>	<u>Current Monthly Salary</u>	<u>Current Monthly Benefits</u>	<u>Employer</u>
Administrative Assistant 1	A portion of this position is responsible for providing administrative support for non-regulated products described. Duties include facilitating meetings, timekeeping, expense reporting as well as various other administrative duties.			Gulf Power Co
Product Development Specialist	A portion of this position is accountable for the development and support of the Company's non-regulated products.			Gulf Power Co
Customer Representative	A portion of this Customer Service Center position directly charges time to non-regulated products to account for specific customer support including, but not limited to bill adjustments, customer questions, etc.			Gulf Power Co

j)

<u>Job Title</u>	<u>Current Percentage of Time</u>
Product Dev Specialist	55.00%
Administrative Assistant 1	0.00%
Customer Representative	0.10%

k) AllConnect is the only non-regulated service that Gulf Power's customers are offered proactively at the time the customer initiates service.

l) The Customer Service Center (CSC) tracks the number of customer calls that qualify for the AllConnect program in the call management system. Labor expenses for the CSC are allocated to the AllConnect program based upon pre-determined per call factors for call "offer" time and call "transfer" time. Labor for CSC supervisor(s) is allocated monthly based upon the number of hours required for supervisors to oversee the program. CSC cost allocations for AllConnect are reviewed and adjusted annually to ensure labor, overheads and Administrative and General (A&G) costs are accurately charged.

m) AllConnect - At the completion of the customer's request to initiate service, the Gulf Power (Gulf or the Company) call center representative offers the AllConnect service to the customer. If the customer chooses to take advantage of the service, Gulf's representative transfers the customer to AllConnect.

Premium Surge Protection - At the completion of the customer's request to initiate service, the customer is asked by Gulf's call center representative if they have any further questions or needs. If the customer requests information on surge protection, the call center representative briefly describes the program and its associated benefits. If the customer wishes to pursue enrollment, the customer is transferred to Gulf's Energy Efficiency (EE) Call Center or Gulf Power's web site to complete their request.

Commercial Surge Protection – At the completion of the customer's request to initiate service, the customer is asked by Gulf's call center representative if they have any further questions or needs. If the customer requests information on surge protection, the call center representative briefly describes the program and its associated benefits. If the customer wishes to pursue enrollment, the customer is transferred to Gulf's EE Call Center or Gulf Power's web site to complete their request.

n) Gulf Power employees are not utilized for any out-bound telemarketing sales activities for any non-regulated products or services. Please see the response to Citizens' First Set of Interrogatories Item No. 54(m).

o) Please see the response to Citizens' First Set of Interrogatories Item No. 54(m).

p) Please see the response to Citizens' First Set of Interrogatories Item No. 54(m).

q) All of the customers (100%) that are provided products or services from the non-regulated operations are Gulf Power customers. Customer numbers by year, product and month are provided below:

ALLCONNECT - CUSTOMERS CONNECTED BY MONTH

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	ANNUAL	% Variance
2010	55	79	84	65	79	66	85	85	63	49	35	45	790	
2011	38	51	56	58	59	67	74	99	90	80	85	49	806	2.1%
2012	66	58	82	79	75	63	74	67	38	46	44	40	732	-9.2%
2013	36	65	76	52	88	79							396	-45.9%

Variance exceeded 10% for 2013 due to the comparison of unequal time periods requested for years 2012 and 2013

COMMERCIAL SURGE BILLED CUSTOMERS BY MONTH:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	% Variance
2010	383	375	387	382	381	388	387	394	423	414	434	435	
2011	416	428	427	437	423	437	436	463	466	464	480	471	8.3%
2012	459	482	468	467	464	464	464	469	502	512	531	533	13.2%
2013	527	519	524	524	520	520							-2.4%

Variance exceeded 10% for the year 2012 due to increased unit sales

PREMIUM SURGE BILLED CUSTOMERS BY MONTH:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	% Variance
2010	8,982	9,026	9,154	9,014	9,105	9,069	9,111	9,326	9,396	9,429	9,431	9,631	
2011	9,187	9,532	9,405	9,409	9,427	9,487	9,417	9,726	9,548	9,835	9,899	9,759	1.3%
2012	9,507	10,059	9,764	9,809	9,738	9,721	9,749	9,769	9,821	9,978	10,037	10,059	3.1%
2013	10,029	10,026	10,022	9,926	9,934	9,896							-1.6%

r)

ALLCONNECT

Periods	2010	2011	2012	2013
Jan	0.00	2,033.32	0.00	2,342.32
Feb	3,475.24	0.00	5,183.49	2,205.73
Mar	1,953.00	2,238.28	0.00	0.00
Apr	2,403.31	0.00	6,376.20	5,695.59
May	0.00	1,355.86	3,353.20	2,430.77
Jun	3,548.96	3,250.19	3,681.68	0.00
Jul	0.00	1,679.35	4,635.31	3,145.00
Aug	4,043.01	0.00	0.00	3,145.00
Sep	0.00	5,718.52	4,411.68	3,145.00
Oct	4,466.94	0.00	1,342.29	3,145.00
Nov	0.00	6,631.25	2,028.29	3,145.00
Dec	2,567.26	3,681.28	4,872.26	3,145.00
Total	<u>22,457.72</u>	<u>26,588.05</u>	<u>35,884.40</u>	<u>31,544.41</u>
		18.39%	34.96%	-12.09%

Variations greater than 10% in AllConnect customers are due to customer choice and whether they see value in the AllConnect service at the time they initiate service.

COMMERCIAL SURGE

Periods	2010	2011	2012	2013
Jan	7,828.46	8,480.57	9,223.14	10,454.91
Feb	7,640.55	8,650.97	9,672.87	10,350.00
Mar	8,038.92	8,705.43	9,523.52	10,506.93
Apr	7,789.47	8,969.31	9,539.04	10,554.94
May	7,829.98	8,630.98	9,349.07	10,314.99
Jun	7,864.42	8,955.36	9,357.07	10,414.99
Jul	7,911.40	8,886.89	9,390.09	9,997.00
Aug	8,034.83	9,283.54	9,441.02	9,988.00
Sep	8,617.98	9,473.06	10,116.18	10,621.00
Oct	8,587.10	9,198.09	10,075.58	10,320.00
Nov	8,723.86	9,651.89	10,454.40	10,793.00
Dec	8,862.35	9,473.52	10,546.85	10,840.00
Total	<u>97,729.32</u>	<u>108,359.61</u>	<u>116,688.83</u>	<u>125,155.76</u>
		10.88%	7.69%	7.26%

Variations greater than 10% in Commercial Surge are due to an increase in unit sales from previous year.

PREMIUM SURGE

Periods	2010	2011	2012	2013
Jan	93,952.61	96,005.18	99,514.74	104,298.69
Feb	94,159.96	99,689.48	104,408.63	104,322.66
Mar	96,240.39	98,264.99	101,814.82	104,159.24
Apr	94,283.39	98,412.53	102,681.21	102,620.82
May	96,332.86	98,748.68	101,243.73	103,085.16
Jun	97,367.00	101,301.29	100,086.35	102,837.06
Jul	97,545.02	102,330.07	104,486.40	101,379.00
Aug	102,088.11	103,782.66	102,581.37	105,466.00
Sep	101,898.62	103,123.63	107,018.88	106,582.00
Oct	99,622.16	105,756.55	106,158.64	104,223.00
Nov	98,561.26	103,561.39	106,340.24	102,484.00
Dec	100,503.63	101,670.51	104,331.43	102,629.00
Total	<u>1,172,555.01</u>	<u>1,212,646.96</u>	<u>1,240,666.44</u>	<u>1,244,086.63</u>
		3.42%	2.31%	0.28%

- 55) Products/Programs. The Company lists the following Products/Programs on its website: Premium Surge Protection; Outdoor Lighting; Electric Water Heaters; Geothermal Heat Pump; Energy Savings; Heat Pumps; Renewable Energy; Smart Meter; College Students; and Online Shopping. Please provide the following regarding each of the products/programs:
- a) Detailed description of each product/program.
  - b) Identify the affiliate or non-regulated operation that provides the product or program.
  - c) Explain how the Company is compensated for each product/program and provide the amount of compensation, itemized in the greatest level of detail possible, received for the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year.
  - d) Provide the amount of expense incurred by the Company, itemized in the greatest level of detail, associated with each product/program for the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year.
  - e) Explain the Company's accounting for these products and services and how it ensures that there are no costs associated with the provision of these products and services included in the regulated accounts.
  - f) Provide the amount of administrative and general expenses charged to the non-regulated operations by the regulated operations for providing administrative services for the years 2010, 2011, 2012, and 2013 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year. Provide the requested information at the greatest level of detail available and provide the subaccount detail by name of the subaccount.
  - g) For each expense identified in response to (f), please state which non-regulated product or service the amount is charged or allocated to.

ANSWER:

- a) This list has not changed since Gulf's previous base rate proceeding (Docket No. 110138-EI) where they were described in response to Citizens' First Set of Interrogatories, Item No. 68.
  - Premium Surge – Premium Surge is a residential program that provides the installation and service of warranted surge protection equipment on a customer's electric meter, telephone and coaxial cable or Satellite TV service entrances. The warranty is backed by the device manufacturer with a limit of \$50,000 per occurrence/ up to \$5,000 per appliance. Fees associated with this product include: \$24.99 Install fee; \$9.99 monthly service fee (1 meter, 2

phone lines, 1 coaxial cable); \$1.50 per additional phone or coaxial line. Installation and service is provided through a third party contractor.

- **Outdoor Lighting** – Outdoor lighting is a regulated package of products and services that Gulf Power (Gulf or the Company) offers to its customers. Gulf's Lighting Services team helps customers design, install and maintain lighting systems tailored to meet their needs whether they need lights for subdivisions, retail establishments, hotels, office parks, churches or schools. Gulf Power offers a free lighting analysis to first understand a customer's needs and then offers a proposal designed to best meet those needs.
- **Electric Water Heaters** – Gulf's Water Heating Conversion Program allows customers to replace existing gas-fired water heaters with free, energy efficient electric water heaters. In Docket No. 010949-EI recovery of this program was allowed per Order No. PSC-02-0787-FOF-EI, issued June 10, 2002 at page 55.
- **Geothermal Heat Pump** – The Geothermal Heat Pump Program is a measure included as a part of Gulf's Demand-side Management Plan (Docket No. 100154-EG). The expenses associated with this program are recovered wholly through the Energy Conservation Cost Recovery (ECCR) clause. The program offers an incentive to encourage the installation of high efficiency Geothermal cooling and heating systems in new or existing homes.
- **Energy Savings** – Energy Savings is a service, not a program, offered by Gulf. An online thermostat provides customers with a tool to estimate the impact on energy costs by adjusting the temperature on the home's thermostat. There are no expenses associated with this tool.
- **Heat Pumps** – The Heat Pumps link provides information and does not represent a product or program offered by Gulf. This link provides information to customers on how to select an efficient heat pump and actions they can take to ensure their heating ventilation and cooling (HVAC) system is operating as efficiently as possible.
- **Renewable Energy** – The Renewable Energy link provides customers with information about Gulf Power's renewable energy programs. The expenses associated with these programs are recovered wholly through the Energy Conservation Cost Recovery (ECCR) clause.



- Smart Meter – The Smart Meter link does not represent a product or program offered by Gulf Power, but rather information for customers regarding our Advanced Metering Infrastructure (AMI) rollout.
- College Students – The College Students link does not represent a product or program offered by Gulf Power, but rather a portal for college students to assist them in managing their Gulf Power account by consolidating links to existing services in one convenient location. This portal is provided to college students, who are typically more transient, with information such as locating a Gulf Power office, turning on or off their electric service and even information regarding job opportunities at Gulf Power. There are no expenses associated with this link.
- Online Shopping – The Online Shopping link does not represent a program offered by Gulf Power, but rather a link to the Energy Federations' shopping portal. There are no expenses associated with this link.

b)

- Premium Surge Protection –Gulf Power
- Outdoor Lighting – Gulf Power
- Electric Water Heaters – Gulf Power
- Geothermal Heat Pump – Gulf Power
- Energy Savings – N/A
- Heat Pumps – N/A
- Renewable Energy – Gulf Power
- Smart Meter – N/A
- College Students – N/A
- Online Shopping – N/A

c) Gulf receives compensation from only two of the listed programs, Premium Surge and Outdoor Lighting.

Compensation for the Premium Surge program is acquired through Gulf's monthly bill process. Both one-time and monthly fees are assessed to customers on their monthly Gulf Power bill. Please see the response to Citizens' First Set of Interrogatories Item No. 52(a) for details regarding those fees.

For revenues associated with Premium Surge for the requested years, please see the response to Citizens' First Set of Interrogatories Item No. 54(r).

Compensation for the Outdoor Lighting program is acquired through Gulf's monthly bill process. Both one-time and monthly fees are assessed to customers on their monthly Gulf Power bill.

- d) For Premium Surge expenses please see the response to Citizens' First Set of Interrogatories Item No. 52(d).

As described previously, Energy Savings, Heat Pumps, Smart Meter, College Students and Online Shopping are all provided to customers for informational purposes; therefore, there are no expenses identified.

**Outdoor Lighting Expenses**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$392,294.79	\$430,969.09	\$425,094.84	\$456,769.57	\$408,764.67
FEB	\$413,879.09	\$414,372.65	\$467,143.99	\$432,379.70	\$410,017.31
MAR	\$411,932.34	\$436,160.09	\$449,988.29	\$481,066.97	\$411,741.99
APR	\$432,460.06	\$419,727.19	\$436,249.55	\$414,652.56	\$412,581.56
MAY	\$443,866.70	\$396,176.09	\$423,757.00	\$450,704.30	\$431,523.14
JUN	\$391,385.28	\$433,530.30	\$439,710.57	\$401,138.23	\$418,477.72
JUL	\$431,433.93	\$438,165.77	\$428,625.81	\$0.00	\$417,889.80
AUG	\$386,967.52	\$438,735.08	\$456,498.25	\$0.00	\$415,767.51
SEP	\$418,617.78	\$448,811.36	\$432,391.61	\$0.00	\$416,502.50
OCT	\$413,166.04	\$498,116.57	\$451,642.65	\$0.00	\$436,142.51
NOV	\$451,323.19	\$426,764.36	\$468,030.24	\$0.00	\$418,421.71
DEC	\$466,270.07	\$477,134.48	\$466,562.48	\$0.00	\$421,495.76
<b>Total</b>	<b>\$5,053,596.79</b>	<b>\$5,258,663.03</b>	<b>\$5,345,695.28</b>	<b>\$2,636,711.33</b>	<b>\$5,019,326.18</b>

**MN188 NON-ECCR RESIDENTIAL WATER HTR CONVERSIONS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$10,388.32	\$10,170.79	\$13,003.28	\$24,998.73	\$5,737.00
FEB	\$20,177.89	\$2,769.45	\$13,561.77	\$28,292.87	\$16,400.00
MAR	\$12,166.13	\$28,838.08	\$14,039.52	\$40,762.33	\$6,539.00
APR	\$14,983.81	\$13,825.79	\$17,225.52	\$19,587.14	\$16,904.00
MAY	\$2,587.99	\$36,695.92	\$7,071.18	\$17,187.68	\$16,718.00
JUN	\$9,289.65	(\$9,223.16)	\$13,678.37	\$11,772.32	\$18,459.00
JUL	\$8,384.37	\$1,397.58	(\$987.86)	\$0.00	\$16,936.00
AUG	\$18,575.47	\$9,124.91	\$44,573.86	\$0.00	\$9,135.00
SEP	\$3,925.16	\$15,112.38	\$298.05	\$0.00	\$13,830.00
OCT	\$8,186.35	\$1,840.27	\$20,089.60	\$0.00	\$21,339.00
NOV	\$13,760.17	\$20,819.23	\$21,119.27	\$0.00	\$23,909.00
DEC	\$19,664.86	\$1,457.57	(\$929.71)	\$0.00	\$34,094.00
<b>Total</b>	<b>\$142,090.17</b>	<b>\$132,828.81</b>	<b>\$162,742.85</b>	<b>\$142,601.07</b>	<b>\$200,000.00</b>

Citizens' First Set of Interrogatories  
 Docket No. 130140-EI  
 GULF POWER COMPANY  
 August 19, 2013  
 Item No. 55  
 Page 5 of 19

**MN188A NON-ECCR RESIDENTIAL WATER HTR CONVERSIONS ADVERTISING**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$625.00	\$0.00
FEB	\$0.00	\$0.00	\$0.00	\$625.00	\$0.00
MAR	\$0.00	\$0.00	\$0.00	\$625.00	\$0.00
APR	\$0.00	\$0.00	\$0.00	\$625.00	\$0.00
MAY	\$0.00	\$0.00	\$0.00	\$625.00	\$0.00
JUN	\$0.00	\$0.00	\$0.00	\$625.00	\$5,000.00
JUL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUG	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00
SEP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OCT	\$0.00	\$975.00	\$0.00	\$0.00	\$5,000.00
NOV	\$975.00	\$0.00	\$0.00	\$0.00	\$5,120.00
DEC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$975.00</b>	<b>\$975.00</b>	<b>\$0.00</b>	<b>\$3,750.00</b>	<b>\$20,120.00</b>

**ME134 ECCR RESIDENTIAL HVAC EFFICIENCY UPGRADE TIER 3 (Geothermal)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$22,550.00	\$28,940.00	\$2,602.00
FEB	\$0.00	\$0.00	\$18,360.00	\$7,300.00	\$3,469.00
MAR	\$0.00	\$0.00	\$14,800.00	\$15,000.00	\$6,938.00
APR	\$0.00	\$0.00	\$820.00	\$16,460.00	\$8,673.00
MAY	\$0.00	\$0.00	\$21,200.00	\$16,910.00	\$8,673.00
JUN	\$0.00	\$0.00	\$21,760.00	\$0.00	\$7,686.00
JUL	\$0.00	\$0.00	\$14,110.00	\$0.00	\$8,673.00
AUG	\$0.00	\$0.00	\$27,300.00	\$0.00	\$8,673.00
SEP	\$0.00	\$0.00	\$14,800.00	\$0.00	\$8,673.00
OCT	\$0.00	\$24,350.00	(\$60,000.00)	\$0.00	\$6,938.00
NOV	\$0.00	\$8,270.00	\$21,830.00	\$0.00	\$6,938.00
DEC	\$0.00	\$8,530.00	\$4,240.00	\$0.00	\$4,287.00
<b>Total</b>	<b>\$0.00</b>	<b>\$41,150.00</b>	<b>\$121,770.00</b>	<b>\$84,610.00</b>	<b>\$82,223.00</b>

Citizens' First Set of Interrogatories  
 Docket No. 130140-EI  
 GULF POWER COMPANY  
 August 19, 2013  
 Item No. 55  
 Page 7 of 19

**ME137 ECCR RESIDENTIAL HVAC EFFICIENCY RETIREMENT TIER 3 (Geothermal)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$0.00	\$2,655.00
FEB	\$0.00	\$0.00	\$0.00	\$0.00	\$3,540.00
MAR	\$0.00	\$0.00	\$0.00	\$10,670.00	\$7,080.00
APR	\$0.00	\$0.00	\$0.00	\$9,740.00	\$8,850.00
MAY	\$0.00	\$0.00	\$0.00	\$0.00	\$8,850.00
JUN	\$0.00	\$0.00	\$0.00	\$7,350.00	\$7,842.00
JUL	\$0.00	\$0.00	\$0.00	\$0.00	\$8,850.00
AUG	\$0.00	\$32.73	\$0.00	\$0.00	\$8,850.00
SEP	\$0.00	\$16.10	\$0.00	\$0.00	\$8,850.00
OCT	\$0.00	\$0.00	\$70,920.00	\$0.00	\$7,080.00
NOV	\$0.00	\$0.00	\$0.00	\$0.00	\$7,080.00
DEC	\$0.00	\$0.00	\$0.00	\$0.00	\$6,195.00
<b>Total</b>	<b>\$0.00</b>	<b>\$48.83</b>	<b>\$70,920.00</b>	<b>\$27,760.00</b>	<b>\$85,722.00</b>

**ME151 ECCR RESIDENTIAL GEOTHERMAL HEAT PUMP**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$12,809.61	\$10,242.98	\$0.00	\$0.00	\$0.00
FEB	\$8,417.27	\$21,350.78	\$0.00	\$0.00	\$0.00
MAR	\$13,567.81	\$29,423.60	\$0.00	\$0.00	\$0.00
APR	\$23,663.94	\$12,603.51	\$0.00	\$0.00	\$0.00
MAY	\$16,277.23	\$33,581.24	\$0.00	\$0.00	\$0.00
JUN	\$17,730.67	\$19,629.41	\$0.00	\$0.00	\$0.00
JUL	\$29,904.88	\$16,957.64	\$0.00	\$0.00	\$0.00
AUG	\$23,485.35	\$11,002.12	\$0.00	\$0.00	\$0.00
SEP	\$9,797.00	\$17,252.15	\$0.00	\$0.00	\$0.00
OCT	\$11,159.58	\$9,499.20	\$0.00	\$0.00	\$0.00
NOV	\$23,986.38	\$7,069.28	\$0.00	\$0.00	\$0.00
DEC	\$37,489.59	\$3,740.89	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$228,289.31</b>	<b>\$192,352.80</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**ME151A ECCR RESIDENTIAL GEOTHERMAL HEAT PUMP ADVERTISING**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FEB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAR	\$400.00	\$0.00	\$0.00	\$0.00	\$0.00
APR	\$0.00	\$262.50	\$0.00	\$0.00	\$0.00
MAY	\$54.82	\$795.00	\$0.00	\$0.00	\$0.00
JUN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JUL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUG	\$0.00	\$41.11	\$0.00	\$0.00	\$0.00
SEP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OCT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NOV	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$454.82</b>	<b>\$1,098.61</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>



**ME232 ECCR COMMERCIAL BUILDING EFFICIENCY GEOTHERMAL HEAT PUMP**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FEB	\$0.00	\$0.00	\$15,000.00	\$0.00	\$0.00
MAR	\$0.00	\$0.00	\$7.08	\$0.00	\$0.00
APR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JUN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JUL	\$0.00	\$0.00	\$38,500.00	\$0.00	\$0.00
AUG	\$0.00	\$0.00	\$73,111.59	\$0.00	\$0.00
SEP	\$0.00	\$0.00	\$19.53	\$0.00	\$0.00
OCT	\$0.00	\$0.00	\$18,006.68	\$0.00	\$0.00
NOV	\$0.00	\$38.06	\$0.00	\$0.00	\$0.00
DEC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$38.06</b>	<b>\$144,644.88</b>	<b>\$0.00</b>	<b>\$0.00</b>

**ME251 ECCR COMMERCIAL GEOTHERMAL HEAT PUMP**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$2,418.93	\$3,121.46	\$0.00	\$0.00	\$0.00
FEB	\$9,908.01	\$3,638.86	\$0.00	\$0.00	\$0.00
MAR	\$3,205.48	\$3,591.33	\$0.00	\$0.00	\$0.00
APR	\$4,313.53	\$4,610.37	\$0.00	\$0.00	\$0.00
MAY	\$5,607.53	\$3,760.83	\$0.00	\$0.00	\$0.00
JUN	\$6,356.08	\$3,457.69	\$0.00	\$0.00	\$0.00
JUL	\$2,962.18	\$5,334.32	\$0.00	\$0.00	\$0.00
AUG	\$5,207.88	\$4,903.24	\$0.00	\$0.00	\$0.00
SEP	\$21,458.42	(\$161.06)	\$0.00	\$0.00	\$0.00
OCT	\$5,691.66	(\$205.70)	\$0.00	\$0.00	\$0.00
NOV	\$17,146.17	\$50.20	\$0.00	\$0.00	\$0.00
DEC	\$9,037.99	(\$28.65)	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$93,313.86</b>	<b>\$32,072.89</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**ME881 ECCR MKT SVCS RENEWABLE ENERGY**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$10,657.09	\$14,932.72	\$0.00	\$0.00	\$0.00
FEB	\$9,213.25	\$14,357.15	\$0.00	\$0.00	\$0.00
MAR	\$9,681.35	\$14,582.42	\$0.00	\$0.00	\$0.00
APR	\$11,137.28	\$23,616.12	\$0.00	\$0.00	\$0.00
MAY	\$16,185.03	\$21,087.74	\$0.00	\$0.00	\$0.00
JUN	\$11,547.50	\$11,970.26	\$0.00	\$0.00	\$0.00
JUL	\$14,885.12	\$24,614.74	\$0.00	\$0.00	\$0.00
AUG	\$13,071.62	\$19,787.02	\$0.00	\$0.00	\$0.00
SEP	\$12,519.13	\$4,482.58	\$0.00	\$0.00	\$0.00
OCT	\$13,743.88	\$7,846.78	\$0.00	\$0.00	\$0.00
NOV	\$19,250.99	\$7,634.30	\$0.00	\$0.00	\$0.00
DEC	\$19,773.17	\$8,206.80	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$161,665.41</b>	<b>\$173,118.63</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**ME211 ECCR COMMERCIAL SOLAR FOR SCHOOLS**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FEB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
APR	\$0.00	\$640.01	\$0.00	\$0.00	\$0.00
MAY	\$0.00	(\$204.60)	\$0.00	\$0.00	\$0.00
JUN	\$0.00	\$299.00	\$0.00	\$0.00	\$0.00
JUL	\$0.00	\$138.00	\$0.00	\$0.00	\$0.00
AUG	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
SEP	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
OCT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NOV	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEC	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$0.00	\$872.41	\$0.00	\$0.00	\$0.00

**ME801 ECCR MKT SVCS SOLAR THERMAL WATER HEATER**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$1,000.00	\$0.00	\$3,628.59	\$0.00	\$5,000.00
FEB	(\$2,000.00)	\$0.00	\$3,371.41	\$3,000.00	\$5,000.00
MAR	\$1,000.00	\$0.00	\$0.00	\$3,000.00	\$10,000.00
APR	\$4,000.00	\$0.00	\$3,000.00	\$2,000.00	\$10,000.00
MAY	\$0.00	\$0.00	\$4,000.00	\$0.00	\$10,000.00
JUN	\$0.00	\$9,086.18	\$0.00	\$4,000.00	\$10,000.00
JUL	\$0.00	\$1,276.64	\$3,000.00	\$0.00	\$10,000.00
AUG	\$0.00	\$13,305.74	\$2,017.00	\$0.00	\$10,000.00
SEP	\$0.00	\$1,443.41	\$1,000.00	\$0.00	\$10,000.00
OCT	\$0.00	\$12,331.34	\$983.00	\$0.00	\$10,000.00
NOV	\$0.00	\$3,127.09	\$1,000.00	\$0.00	\$5,000.00
DEC	\$0.00	\$3,599.95	\$0.00	\$0.00	\$5,000.00
<b>Total</b>	<b>\$4,000.00</b>	<b>\$44,170.35</b>	<b>\$22,000.00</b>	<b>\$12,000.00</b>	<b>\$100,000.00</b>

**ME802 ECCR RENEW ENERGY PLAN SOLAR THERMAL WATER HTNG FOR LOW-INCOME**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FEB	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
APR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MAY	\$0.00	\$0.00	(\$22.97)	\$0.00	\$0.00
JUN	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
JUL	\$0.00	\$0.00	\$22.97	\$0.00	\$0.00
AUG	\$0.00	\$0.00	\$56,589.00	\$0.00	\$0.00
SEP	\$0.00	\$0.00	\$0.00	\$0.00	\$75,000.00
OCT	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NOV	\$0.00	\$43,200.00	\$9,430.50	\$0.00	\$0.00
DEC	\$0.00	\$30,840.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$74,040.00</b>	<b>\$66,019.50</b>	<b>\$0.00</b>	<b>\$75,000.00</b>

**ME803 ECCR RENEW ENERGY PLAN SOLAR PV**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$66,538.18	\$270,000.00	\$100,000.00
FEB	\$0.00	\$0.00	\$116,396.62	\$50,000.00	\$180,000.00
MAR	\$0.00	\$0.00	\$10,000.00	\$20,000.00	\$100,000.00
APR	\$0.00	\$0.00	\$30,540.00	\$20,000.00	\$40,000.00
MAY	\$0.00	\$0.00	\$143,750.00	\$17,840.00	\$10,000.00
JUN	\$0.00	\$9,086.22	\$8,280.00	\$0.00	\$5,000.00
JUL	\$0.00	\$276.05	\$30,000.00	\$0.00	\$0.00
AUG	\$0.00	\$70,289.72	\$19,983.00	\$0.00	\$0.00
SEP	\$0.00	\$94,009.01	\$0.00	\$0.00	\$0.00
OCT	\$0.00	\$138,950.55	\$4,317.00	\$0.00	\$0.00
NOV	\$0.00	\$59,726.71	\$0.00	\$0.00	\$0.00
DEC	\$0.00	\$52,003.65	\$0.00	\$0.00	\$0.00
<b>Total</b>	<b>\$0.00</b>	<b>\$424,341.91</b>	<b>\$429,804.80</b>	<b>\$377,840.00</b>	<b>\$435,000.00</b>

**ME899 ECCR RENEWABLE ENERGY PLAN COMMON**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date</u> <u>June 30, 2013</u>	<u>Test Year 2014</u>
JAN	\$0.00	\$0.00	\$9,148.82	\$13,234.17	\$13,240.06
FEB	\$0.00	\$289.01	\$15,528.15	\$17,018.63	\$13,217.93
MAR	\$0.00	\$0.00	\$13,661.61	\$17,420.68	\$16,682.16
APR	\$0.00	\$10.20	\$13,575.03	\$14,229.47	\$14,029.39
MAY	\$0.00	\$181.05	\$15,710.70	\$44,327.94	\$16,207.28
JUN	\$0.00	\$71.40	\$13,994.59	\$23,464.44	\$14,086.03
JUL	\$0.00	\$1,725.00	\$14,564.79	\$0.00	\$14,241.85
AUG	\$0.00	\$745.10	\$14,376.02	\$0.00	\$15,912.87
SEP	\$0.00	\$5,889.29	\$18,738.94	\$0.00	\$14,196.39
OCT	\$0.00	\$6,734.75	\$13,872.01	\$0.00	\$16,510.23
NOV	\$0.00	\$6,891.91	\$16,162.04	\$0.00	\$14,253.08
DEC	\$0.00	\$23,288.48	\$14,873.24	\$0.00	\$14,089.84
Total	\$0.00	\$45,826.19	\$174,205.94	\$129,695.33	\$176,667.11

NOTE for Geothermal expenses: Gulf's geothermal offerings are one component of a larger program both in the residential and commercial segments (HVAC Efficiency for Residential and Commercial Building Efficiency for Commercial). The geothermal expenses in the tables above include geothermal incentives only. There are other program expenses which are not included because they cannot be separated from the overall program(s) expenses.



e) Of the products identified in this interrogatory, Premium Surge is the only non-regulated product. Please see the response to Citizens' First Set of Interrogatories Item No. 52(b) with regards to how this product is accounted for.

f)

**Administrative and General Expenses  
Charged to Non-Regulated Operations  
Product: Premium Surge**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Year-To-Date June 30, 2013</u>	<u>Test Year 2014</u>	<u>Total</u>
Jan	3.85	0.88	5.00	4.60	0.00	14.33
Feb	2.99	2.62	3.50	4.60	0.00	13.71
Mar	3.94	2.00	4.60	4.71	0.00	15.25
Apr	0.88	2.00	4.60	4.71	0.00	12.19
May	1.31	2.50	4.18	4.71	0.00	12.70
Jun	7.45	0.00	4.18	4.71	0.00	16.34
Jul	9.64	10.00	4.60	0.00	0.00	24.24
Aug	7.88	5.00	4.60	0.00	0.00	17.48
Sep	7.88	5.00	4.60	0.00	0.00	17.48
Oct	2.63	5.50	4.60	0.00	0.00	12.73
Nov	2.63	5.50	4.60	0.00	0.00	12.73
Dec	0.88	5.50	4.60	0.00	0.00	10.98
<b>Total</b>	<b>51.96</b>	<b>46.50</b>	<b>53.66</b>	<b>28.04</b>	<b>0.00</b>	<b>180.16</b>

**Account Details:**

PROJECT: MPRSRG - Premium Surge

RT: CAG - CORP-A&G OVERHEAD ALLOCATED

EWO: MNP201 - NON-ECCR-NEW PROD & SVCS-LABOR EXPENSE

g) Please see the response to Citizens' First Set of Interrogatories Item No. 55(f), product and/or service names are included in the table header.

- 56) Non-regulated Operations – Joint Billing
- a. Describe all products and services that are billed on Gulf Power's electric bills to its customers that are not regulated products or services sold by the Company.
  - b. For each product and service identified in response to (a), identify the affiliate or non-regulated operation that provides the product or service.
  - c. Explain in detail how the Company charges its affiliates or its non-regulated operations for the billing service that it provides. Include in your response an explanation of how Gulf Power is compensated for the use of its billing materials, envelopes, supplies, postage, facilities, etc., associated with its affiliates billing for their services and products on the Gulf Power electric bill.
  - d. State the total amount charged to each affiliate and to the non-regulated operations for each product and service that is billed through Gulf Power's electric bills to customers. Provide the requested information for the years 2011, 2012, 2013as of June 30<sup>th</sup>, and projected through the end of the 2014 test year.
  - e. Provide the cost per line item charged to the affiliate and non-regulated operations for billing for the products and services identified in (a).
  - f. Provide the cost per bill associated with delivering a bill to a typical customer of Gulf Power.
  - g. Provide the amount of revenue (or expense credit if applicable) reflected in 2012 and the six months ended June 30, 2013 and budgeted through December 31, 2013 and the projected 2014 test year associated with providing these joint billing services to Gulf Power's affiliates or non-regulated operations. Please identify where the revenue or expense credit is located in the MFRs.
  - h. Do the affiliates or non-regulated operations that joint bill with the Company also bill separately for these services and products to customers that do not receive electric bills from Gulf Power?
  - i. If the response to (h) is affirmative, please explain whether bills that are issued for these services and products are produced by the non-regulated operations themselves and provide the cost per bill associated with performing the billing functions.
  - j. Does Gulf Power provide joint billing services to unaffiliated companies?
  - k. If the response to (j) is affirmative, please explain how these unaffiliated companies are charged for joint billing and explain all differences between the charges to unaffiliated customers and charges to Gulf Power's affiliated customers and non-regulated operations.
  - l. If the response to (j) is affirmative, state the per unit charge for providing this service.

ANSWER:

- a) Premium and Commercial Surge are the only non-regulated products billed on Gulf Power's monthly bill. Please see the response to Citizens' First Set of Interrogatories Item No. 52(a) for a description of these products.
- b) All products identified in Citizens' First Set of Interrogatories Item No. 56(a) are provided by Gulf Power.
- c) The Premium and Commercial Surge products are allocated billing expenses based upon the number of customers billed times a flat rate (per customer). This flat rate is calculated annually based upon the total cost of the billing activities described above. Affiliates are not involved and, therefore, not charged.
- d) The table below includes the amount charged to the non-regulated products, Premium Surge and Commercial Surge which are billed through Gulf Power's electric bills. Affiliates are not involved and, therefore, not charged.

			2013		
	2011	2012	JAN-JUN	PROJ JULY-DEC.	2014
PREM. SURGE	\$9,905.40	\$9,188.72	\$4,786.98	\$5,789.46	\$11,581.38
COMM. SURGE	\$460.72	\$465.20	\$261.04	\$270.07	\$561.60

- e) The cost per line charged to the Gulf's non-regulated products and services for billing is \$ 0.08.
- f) The cost per bill associated with delivering a bill to a typical customer of Gulf Power is \$0.44 per bill.
- g) For expense credit(s) to the Company for joint billing services, please see response to Citizens' First Set of Interrogatories Item No. 56(d).  
  
The expense credit(s) is included in MFR C-41, page 10, line 4.
- h) N/A. All customers who participate in Gulf's non-regulated products and services are Gulf Power customers and receive electric bills from Gulf Power.

- i) N/A.
- j) No.
- k) N/A.
- l) N/A.

- 57) Non-regulated Operations – Referral Fee.
- a. Please describe all methods by which the Company is compensated from its non-regulated operations.
  - b. Does the Company charge a referral fee when the regulated operations refer a customer to products or services that are offered on a non-regulated basis?
  - c. If the response to (b) is not affirmative, please explain why no referral fee is charged.
  - d. If the response to (b) is affirmative, please state the amount of the referral fee and describe how the amount was developed.

ANSWER:

- a) Please see the response to Citizens' First Set of Interrogatories Item No. 52(b).
- b) No.
- c) As described in the response to Citizens' First Set of Interrogatories Item No. 54(m), the Premium and Commercial Surge products are offered to a customer at their request; therefore, a referral fee is not applicable. The AllConnect service is a service offered to customers, not a product for which a referral fee is appropriate.
- d) N/A.

- 58) Explain how the customers of Gulf Power are billed for the non-regulated services or products they purchase from the Company.

ANSWER:

Premium and Commercial Surge customers are billed through Gulf Power's monthly bill process. Both one-time and monthly fees are assessed to customers on their monthly Gulf Power bill.

Customers are not billed for AllConnect services.

- 59) Describe all differences between how customers of Gulf Power are billed and non-customers of Gulf Power are billed for the non-regulated services or products they purchased from the Company.

ANSWER:

N/A. Gulf Power offers non-regulated products only to customers of Gulf Power.

- 60) For each line item shown for account 426.4, please explain why expenses were booked below-the-line for each of the years 2010, 2011, and 2012. Explain all variations of more than 10% each year.

**ANSWER:**

Gulf records expenses in accordance with FERC guidelines and Gulf's Classification of Accounts manual. The expenses recorded to account 426.4 are not related to electric operations and are appropriately recorded below the line.

426-40000 – Expenses increased from 2011 to 2012 by 35.1% due to an increase in employee labor and benefits expenses, an increase in Chamber dues and an increase in outside services fees.



- 61) For each line item shown for account 426.5, please explain why expenses were booked below-the-line for each of the years 2010, 2011, and 2012. Explain all variations of more than 10% each year.

ANSWER:

Gulf records expenses in accordance with FERC guidelines and Gulf's Classification of Accounts manual. The expenses recorded to account 426.5 are not related to electric operations and are appropriately recorded below the line.

426-50100 decreased by 59.1% from 2011 to 2012 primarily due to a decrease in billings from SCS.

426-50750 decreased by 19.96% from 2011 to 2012 due a decrease in labor and benefits expenses.

- 62) Affiliates-Compensation.
- a. Please provide the name and job description of each shared executive whose costs are allocated or directly charged to Gulf Power for the years 2010, 2011, and 2012, and the projected years 2013 and 2014.
  - b. Please provide the loaded salary and benefits (identifying separately the amount of all salary, bonuses, benefits, stock options, and other compensation (please itemize all other compensation)) for each executive identified in (a). Provide the requested information for the years 2010, 2011, and 2012, and the projected years 2013 and 2014. Explain all variations of more than 10% for each year-to-year period.
  - c. For each officer identified in response to (a), state the amount of the officer's total compensation and benefits that is allocated to each affiliate of Gulf Power for the years 2010, 2011, and 2012, and the projected years 2013 and 2014.
  - d. For each executive identified in response to (a), state the amount of the executive's loaded compensation and benefits (identifying separately the amount of all salary, bonuses, benefits, stock options, and other compensation (please itemize all other compensation)) that is directly charged to each affiliate of Gulf Power. (Provide the requested information for the years 2010, 2011, and 2012, 2013 as of June 30<sup>th</sup>, and projected through the 2014 test year.
  - e. For each officer identified in response to (a), state the amount of the officer's total compensation and benefits that is directly charged to each affiliate of Gulf Power.
  - f. For each individual identified in (a), please provide the amount of time spent on Gulf Power activities.

ANSWER:

- a. None.
- b. N/A
- c. N/A
- d. N/A
- e. N/A
- f. N/A

63) Affiliates – Common Officers. Please provide the names, titles, and duties of all common or shared officers and directors of The Southern Company and its affiliates, divisions, and subsidiaries. For each common officer and director, state the amount of total compensation (salary, benefits, bonuses, stock related compensation, etc., identified separately) paid in 2010, 2011, and 2012, 2011 as of June 30<sup>th</sup>, and projected through the end of the 2014 test year; provide the amount charged to the Company in each of these years; and explain how each person's salary and benefits are charged to the affiliates of The Southern Company. Indicate the separate amount charge to O&M expense and capitalized, and breakdown the total compensation by type including, but not limited to, salary, deferred compensation, stock options, vehicle allowances, etc.

ANSWER:

**Melissa K. Caen**

**Total Compensation**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Compensation Charged to Gulf**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Amounts Capitalized or Charged to a 426 Account**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Amounts Charged to O&M**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Stacy Kilcoyne**  
(elected as an Officer of Gulf effective October 19, 2010)

**Total Compensation**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Compensation Charged to Gulf**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Amounts Capitalized or Charged to a 426 Account**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Estimate of Amounts Charged to O&M**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)						
2013 (June YTD)						
2012						
2011						
2010						

**Michael L. Burroughs**  
(elected as an Officer of Gulf effective August 1, 2010)

**Total Compensation**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)	\$194,761	\$69,335	\$50,502	N/A	\$7,518	\$322,116
2013 (June YTD)	\$87,436	\$49,815	\$16,780	N/A	\$4,737	\$158,768
2012	\$167,536	\$87,843	\$45,689	\$2,336	\$6,885	\$310,289
2011	\$162,519	\$73,532	\$53,427	\$5,777	\$5,901	\$301,156
2010	\$61,120	\$29,448	\$19,973	\$9,439	\$1,984	\$121,964

**Compensation Charged to Gulf  
(all O&M)**

<u>Year</u>	<u>Salary</u>	<u>Benefits</u>	<u>Variable Pay</u>	<u>Stock Based Comp.</u>	<u>Stock Options</u>	<u>Total</u>
2014 (Projected)	\$194,761	\$69,335	\$50,502	N/A	\$7,518	\$322,116
2013 (June YTD)	\$87,436	\$49,815	\$16,780	N/A	\$4,737	\$158,768
2012	\$167,536	\$87,843	\$45,689	\$2,336	\$6,885	\$310,289
2011	\$162,519	\$73,532	\$53,427	\$5,777	\$5,901	\$301,156
2010	\$61,120	\$29,448	\$19,973	\$9,439	\$1,984	\$121,964

- 65) Dividends and Equity Infusions. For the past fifteen years, please provide the dates and amount of: (1) cash dividend payments made by Gulf Power Company to Southern Company; and (2) cash equity infusions made by Southern Company into Gulf Power Company.

ANSWER:

The following amounts are cash dividend payments made by Gulf Power Company to Southern Company:

Date	Amount	Date	Amount
Mar-99	15,000,000	Jun-06	17,575,000
Jun-99	15,100,000	Sep-06	17,575,000
Sep-99	15,300,000	Dec-06	17,575,000
Dec-99	15,900,000	Mar-07	18,525,000
Mar-00	14,600,000	Jun-07	18,525,000
Jun-00	14,900,000	Sep-07	18,525,000
Sep-00	14,800,000	Dec-07	18,525,000
Dec-00	14,700,000	Mar-08	20,425,000
Mar-01	13,500,000	Jun-08	20,425,000
Jun-01	13,300,000	Sep-08	20,425,000
Sep-01	13,300,000	Dec-08	20,425,000
Dec-01	13,175,000	Mar-09	22,325,000
Mar-02	16,375,000	Jun-09	22,325,000
Jun-02	16,375,000	Sep-09	22,325,000
Sep-02	16,375,000	Dec-09	22,325,000
Dec-02	16,375,000	Mar-10	26,075,000
Mar-03	17,550,000	Jun-10	26,075,000
Jun-03	17,550,000	Sep-10	26,075,000
Sep-03	17,550,000	Dec-10	26,075,000
Dec-03	17,550,000	Mar-11	27,500,000
Mar-04	17,500,000	Jun-11	27,500,000
Jun-04	17,500,000	Sep-11	27,500,000
Sep-04	17,500,000	Dec-11	27,500,000
Dec-04	17,500,000	Mar-12	28,950,000
Mar-05	17,100,000	Jun-12	28,950,000
Jun-05	17,100,000	Sep-12	28,950,000
Sep-05	17,100,000	Dec-12	28,950,000
Dec-05	17,100,000	Mar-13	28,850,000
Mar-06	17,575,000	Jun-13	28,850,000
<b>Total:</b>			<b>\$1,150,875,000</b>



The following amounts are cash equity infusions made by Southern Company into Gulf Power Company:

<b>Date</b>	<b>Amount</b>	<b>Transaction Type</b>
Jan-99	0	No equity infusion
Aug-00	8,500,000	Capital Contribution
Jan-01	70,000,000	Capital Contribution
Jan-02	37,000,000	Capital Contribution
Jan-03	10,000,000	Capital Contribution
Jan-04	25,000,000	Capital Contribution
Jan-05	0	No equity infusion
Jan-06	21,000,000	Capital Contribution
Jan-07	80,000,000	Sale of Common Stock
Jan-08	71,000,000	Capital Contribution
Jan-09	135,000,000	Sale of Common Stock
Dec-09	17,000,000	Capital Contribution
Jan-10	50,000,000	Sale of Common Stock
Jan-11	50,000,000	Sale of Common Stock
Jan-12	40,000,000	Sale of Common Stock
Feb-13	40,000,000	Sale of Common Stock

<b>Total:</b>	<b>\$654,500,000</b>
---------------	----------------------

- 66) Return on Equity. Please provide the authorized and earned return on common equity over the past five years (2008-2012) by state for the utility subsidiaries of Southern Company, including Gulf Power Company. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity.

ANSWER:

Gulf maintains its objection to this interrogatory to the extent it calls for information regarding utility subsidiaries of Southern Company other than Gulf, unless such information is publicly available. Non-public information regarding the earned return of the other utility subsidiaries of Southern Company is not in the possession, custody or control of Gulf and does not relate to transactions between Gulf and any of its affiliates. Gulf is providing the following publicly available information for those subsidiaries.

The jurisdictional authorized and earned return on equity for Gulf Power Company, Georgia Power Company and Alabama Power Company is shown in the tables below.

	Gulf Power Jurisdictional Return on Equity	
	Authorized Range (%)	Actual Earned (%)
2008	10.75 - 12.75	12.29
2009	10.75 - 12.75	11.01
2010	10.75 - 12.75	9.52
2011	10.75 - 12.75	4.91
2012	9.25 - 10.25	8.63

	Georgia Power Jurisdictional Return on Equity	
	Authorized Range (%)	Actual Earned (%)
2008	10.25 - 12.25	12.11
2009	10.25 - 12.25	9.75
2010	10.25 - 12.25	10.15
2011	10.25 - 12.25	11.72
2012	10.25 - 12.25	11.99

	Alabama Power Jurisdictional Return on Equity	
	Authorized Range (%)	Actual Earned (%)
2008	13.00 - 14.50	13.51
2009	13.00 - 14.50	13.62
2010	13.00 - 14.50	13.71
2011	13.00 - 14.50	13.48
2012	13.00 - 14.50	13.24

Mississippi Power Company operates using the Performance Evaluation Plan (PEP) which is a formulary rate plan that includes a range of no change based on return on investment (ROI). Any earned ROI that falls within the range of no change results in no adjustments to rates. Earned ROI in the table reflects actual filed results.

	Mississippi Power Jurisdictional Return on Investment (ROI)	
	Allowed Range of No Change ROI (%)	Actual Earned ROI (%)
2008	9.277 - 10.277	9.993
2009	9.079 - 10.079	9.363
2010	7.571 - 8.571	8.026
2011	7.105 - 8.105	6.993
2012**	7.082 - 8.082	8.210

\*\* The annual PEP look back filing for 2012 resulted in a refund due to customers of \$4.7 million.

The figures used in calculating Gulf's earned return on common equity for each year are contained in Gulf's response to Citizens' First Request to Produce Documents Item No. 56.

- 67) Bond Ratings. Please provide the S&P and Moody's credit and bond ratings for Southern Company and/or Gulf Power Company, and the other subsidiaries of Southern Company since January 1, 2007.

ANSWER:

Gulf maintains its objection to providing credit and bond rating information regarding other subsidiaries of the Southern Company. Such information is beyond the scope of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence. Gulf is providing the following publicly available information for Gulf Power and the Southern Company.

The short term debt (STD) and long term debt (LTD) credit and bond ratings for Southern Company and Gulf Power are:

**STANDARD & POOR's**

<u>Southern Company</u>			<u>Gulf Power Company</u>		
<u>Date</u>	<u>STD</u>	<u>LTD</u>	<u>Date</u>	<u>STD</u>	<u>LTD</u>
2013	A1	A	2013	A1	A
2012	A1	A	2012	A1	A
2011	A1	A	2011	A1	A
2010	A1	A	2010	A1	A
2009	A1	A	2009	A1	A
2008	A1	A	2008	A1	A
2007	A1	A	2007	A1	A

**MOODY'S**

<u>Southern Company</u>			<u>Gulf Power Company</u>		
<u>Date</u>	<u>STD</u>	<u>LTD</u>	<u>Date</u>	<u>STD</u>	<u>LTD</u>
2013	P2	Baa1	2013	N/A	A3
2012	P2	Baa1	2012	N/A	A3
2011	P2	Baa1	2011	N/A	A3
2010	P2	Baa1	2010	N/A	A3
2009	P1	A3	2009	N/A	A2
2008	P1	A3	2008	N/A	A2
2007	P1	A3	2007	N/A	A2

- 68) Return on Equity. With reference to pages 4-6 of the direct testimony of Dr. James H. Vander Weide, please: (1) list all regulatory cases (by name, docket number, and filing date) within the last seven year in which Dr. James H. Vander Weide has provided rate of return or cost of capital testimony and proposed his financial risk adjustment as discussed on page 5; and (2) indicate all cases (by name, docket number, and date) in which a regulatory commission has adopted Dr. James H. Vander Weide's financial risk adjustment.

ANSWER:

Gulf maintains its objection to this interrogatory on the ground that information concerning prior cases in which Dr. Vander Weide has testified is not readily available in the level of detail requested; in particular, Dr. Vander Weide does not maintain information on specific docket numbers, order numbers, etc. for the cases in which he has testified. Gulf is providing the information readily available to Dr. Vander Weide, which identifies the cases in which he has testified by utility, jurisdiction, and date. To provide more detail concerning the identified cases would require Gulf to use this information to perform additional research. Gulf objects to performing such additional research on the grounds that it exceeds the obligation imposed by the discovery rules, since the burden of performing the research is substantially the same whether performed by Gulf or by the Office of Public Counsel.

(1) The table below lists all regulatory cases in which Dr. Vander Weide provided rate of return testimony within the last seven years, including cases in which he recommended a financial risk adjustment. Dr. Vander Weide began recommending that market value capital structure weights be used to estimate the weighted average cost of capital in telephone company cases in approximately the early 1990s and in electric, gas, and water utility cases in approximately 2003.

Vander Weide Expert Testimony  
2006 - 2013

COMPANY	JURISDICTION	DATE
Gulf Power Florida	Florida	Jul-13
Georgia Power Company	Georgia	Jul-13
MidAmerican Energy Company	Iowa	May-13
MidAmerican Energy Company	Iowa	May-13
Atmos Energy	Kentucky	May-13
Mississippi Power Company	FERC	Apr-13
Duke Energy Ohio	Ohio	Mar-13
West Virginia American Water	West Virginia	Dec-12
Kentucky-American Water	Kentucky	Dec-12

Citizens' First Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
August 19, 2013  
Item No. 68  
Page 2 of 4

COMPANY	JURISDICTION	DATE
SFPP, L.P.	California	Nov-12
Newfoundland Power Inc.	Newfoundland and Labrador	Sep-12
North Carolina Rate Bureau (workers comp)	North Carolina Dept. of Insurance	Sep-12
North Carolina Rate Bureau (Homeowners)	North Carolina Dept. of Insurance	Sep-12
FortisBC Utilities	British Columbia Utilities Commission	Aug-12
Empire District Electric Company	Missouri	Jul-12
Atmos Energy	Tennessee	Jul-12
Mississippi Power Company	Mississippi	Jun-12
Tennessee-American Water Company	Tennessee	May-12
Empire District Electric Company	FERC	May-12
Newfoundland Power Inc.	Newfoundland and Labrador	Mar-12
Virginia-American Water Company	Virginia	Feb-12
SFPP, L.P.	FERC	Dec-11
Union Gas	Ontario Energy Board	Nov-11
Mississippi Power Company	FERC	Nov-11
National Fuel Gas	FERC	Oct-11
Gulf Power Florida	Florida	Jul-11
Empire District Electric Company	Oklahoma Corporation Commission	Jul-11
Atmos Energy	Railroad Commission of Texas	Jun-11
Atmos Energy	Railroad Commission of Texas	Jun-11
Iberdrola Renewables Holdings, Inc.	United States Tax Court	Apr-11
North Carolina Rate Bureau (dwelling fire)	North Carolina Dept. of Insurance	Jan-11
Atmos Energy	Railroad Commission of Texas	Dec-10
Mississippi Power Company	FERC	Oct-10
Tennessee-American Water Company	Tennessee	Sep-10
Empire District Electric Company	Missouri	Sep-10
Empire District Electric Company	Arkansas	Aug-10
Maritimes & Northeast Pipelines Limited Partnership	National Energy Board (Canada)	Jul-10
West Virginia American Water Company	West Virginia	Jun-10
Georgia Power Company	Georgia	Jun-10
BP Pipelines (Alaska) Inc.	FERC	May-10
Atmos Energy	Mississippi	Apr-10
Empire District Electric Company	FERC	Mar-10
Virginia Electric and Power	North Carolina	Feb-10
Virginia-American Water Company	Virginia	Feb-10
Kentucky-American Water Company	Kentucky	Feb-10
Atmos Energy	Missouri	Dec-09
SFPP, L.P.	FERC	Dec-09

Citizens' First Set of Interrogatories  
Docket No. 130140-EI  
**GULF POWER COMPANY**  
August 19, 2013  
Item No. 68  
Page 3 of 4

COMPANY	JURISDICTION	DATE
Empire District Electric Company	Missouri	Nov-09
Empire District Electric Company	Kansas	Nov-09
Atmos Energy	Kentucky	Oct-09
Atmos Energy	Georgia	Oct-09
North Carolina Rate Bureau (workers comp)	North Carolina Dept. of Insurance	Sep-09
SFPP, L.P. and Calnev Pipeline, L.L.C.	California	Sep-09
Union Gas	Ontario Energy Board	Sep-09
Atmos Energy	Mississippi	Sep-09
Sidley Austin LLP-Tellabs, Inc. Securities Litigation	U.S. District Court Northern Dist. Illinois	Aug-09
George Webb v. Pittman Well Boring et al	NC Superior Court Buncombe County	Jul-09
Duke Energy Carolinas	South Carolina	Jul-09
MidAmerican Energy Company	Iowa	Jul-09
Duke Energy Carolinas	North Carolina	Jun-09
Empire District Electric Company	Missouri	Jun-09
Terasen Gas Inc.	British Columbia Utilities Commission	May-09
Atmos Energy	Railroad Commission of Texas	Apr-09
Progress Energy	Florida	Mar-09
North Carolina Rate Bureau (auto)	North Carolina Dept. of Insurance	Jan-09
EPCOR, FortisAlberta, AltaLink	Alberta Utilities Commission	Nov-08
NOVA Gas Transmission Ltd.	Alberta Utilities Commission	Nov-08
Atmos Energy	Tennessee	Oct-08
Kentucky-American Water Company	Kentucky	Oct-08
North Carolina Rate Bureau (workers compensation)	North Carolina Dept. of Insurance	Aug-08
Dorsey & Whitney LLP-Williams v. Gannon	Montana 2nd Judicial Dist. Ct. Silver Bow County	Apr-08
Atmos Energy	Georgia	Mar-08
North Carolina Rate Bureau (auto)	North Carolina Dept. of Insurance	Jan-08
Xcel Energy	North Dakota	Dec-07
Trans Québec & Maritimes Pipeline Inc.	National Energy Board (Canada)	Dec-07
Verizon Southwest	Texas	Nov-07
Empire District Electric Company	Missouri	Oct-07
North Carolina Rate Bureau (workers compensation)	North Carolina Dept. of Insurance	Sep-07
Verizon North Inc. Contel of the South Inc.	Michigan	Aug-07
Georgia Power Company	Georgia	Jun-07
Duke Energy Carolinas	North Carolina	May-07
Kentucky-American Water Company	Kentucky	May-07

COMPANY	JURISDICTION	DATE
MidAmerican Energy Company	Iowa	May-07
Morrison & Foerster LLP-JDS Uniphase Securities Litigation	U.S. District Court Northern District California	Feb-07
North Carolina Rate Bureau (homeowners)	North Carolina Dept. of Insurance	Dec-06
San Diego Gas & Electric	FERC	Nov-06
North Carolina Rate Bureau (workers compensation)	North Carolina Dept. of Insurance	Aug-06
Union Electric Company d/b/a AmerenUE	Missouri	Jun-06
North Carolina Rate Bureau (homeowners)	North Carolina Dept. of Insurance	May-06
North Carolina Rate Bureau (dwelling fire)	North Carolina Dept. of Insurance	Mar-06
Empire District Electric Company	Missouri	Feb-06
PacifiCorp Power & Light Company	Washington	Jan-06

(2) Dr. Vander Weide does not maintain records of regulatory decisions or a list of all cases in which Commissions have adopted his recommendations. However, Dr. Vander Weide is generally aware that financial adjustments similar to that which he recommends have been adopted in Pennsylvania by the Pennsylvania Public Utility Commission and in Canada by the National Energy Board. Furthermore, Dr. Vander Weide understands that many states use market value capital structures to calculate the weighted average cost of capital that is used to assess utility properties for tax purposes. See, for example, the Colorado Capitalization Rate Studies.

<http://www.colorado.gov/cs/Satellite/DOLA-Main/CBON/1251590826271>



- 69) Return on Equity. With respect to Dr. Vander Weide's direct testimony, pages 26-27,
- a. Please indicate why Dr. Vander Weide has chosen to use the earnings forecasts reported by I/B/E/S and not another service like Zack's or First Call.
  - b. How does the analysts' coverage of I/B/E/S compare to the analysts' coverage of the other major earnings reporting services?
  - c. Are the I/B/E/S earnings forecasts available free of charge on the Internet and, if so, where?

ANSWER:

- a. Dr. Vander Weide has chosen to use the earnings forecasts reported by I/B/E/S and not another service like Zack's or First Call because: (a) he has performed statistical studies that demonstrate that the I/B/E/S growth estimates are highly correlated with companies' stock prices; (b) in his experience over the past thirty years, the I/B/E/S forecasts have superior availability of historical coverage, estimates for more companies, and more contributing analysts' estimates; and (c) the I/B/E/S data have been more widely studied in the academic literature. In addition, other financial information such as revenue/sales, net income, pre-tax profit, and operating profit data are available from I/B/E/S. Dr. Vander Weide does not use Zack's or First Call in addition to I/B/E/S because there is considerable overlap in the analysts contributing to the I/B/E/S, Zack's, and First Call surveys, and because I/B/E/S and First Call are now owned by the same firm, Thomson Reuters; thus, I/B/E/S and First Call long-term growth estimates should be identical.
- b. See response to (a).
- c. Analysts' long-term earnings growth estimates are freely available on websites such as Reuters.com and Yahoo Finance. Although Dr. Vander Weide does not know whether the estimates published on the Reuters website are identical to the I/B/E/S forecasts, the estimates that he has checked for some companies are the same; Thomson Reuters is responsible for the Reuters website, and Yahoo Finance indicates that analysts' estimates on its website are from Thomson/First Call.

- 70) Return on Equity. With respect to Dr. Vander Weide's direct testimony page 29, beginning at line 9-21, please provide the amount of the floatation costs (direct expenses as well as market pressure costs) of the equity issued by Gulf Power over the past five years.

ANSWER:

Gulf Power does not issue equity to the public and is entirely dependent upon Southern Company for the equity infusions it receives by either issuing shares to the parent or accepting paid in capital from the parent. As such, there are no estimates of flotation cost for Gulf Power Company

- 71) Return on Equity. With respect to Dr. Vander Weide's direct testimony page 31, lines 7-12, please identify the companies eliminated by each of the screens applied to the companies listed in the Value Line Investment Survey and indicate the value or reason each was eliminated.

ANSWER:

The companies that did not meet Dr. Vander Weide's selection criteria at the time of his studies, which employ data through the month ending February 2013, and the reasons for a company's not being included in the studies are as follows:

- unavailable I/B/E/S analysts' long-term growth forecasts—Empire Dist. Elec., MGE Energy, CH Energy Group, FirstEnergy Corp., UIL Holdings, Avista Corp., El Paso Electric, UNS Energy;
- do not pay a dividend or have not paid dividends for two years without decreasing dividend—Ameren, El Paso Electric, Exelon; below investment grade bond rating—NV Energy, UniSource Energy;
- Value Line Safety Rank below 3—no companies;
- in process of merger or being acquired—CH Energy.

In addition, Cleco Corp., Consol. Edison, Edison Int'l, IDACORP Inc., ITC Holdings, PG&E Corp., PPL Corp., and Public Serv. Enterprise, with DCF results equal to 6.5 percent, 6.7 percent, 1.5 percent, 7.5 percent, 20.8 percent, 2.7 percent, 6.8 percent, and 6.1 percent, respectively, were eliminated because their DCF results were either less than one hundred basis points above the forecast bond yield for the company's rating or exceeded 17.7 percent.

The basis for eliminating these outlier results is FERC rulings, for example, in *SCE and New England ISO*. As the Commission states, "Because investors generally cannot be expected to purchase stock if debt, which has less risk than stock, yields essentially the same return, this low end-return cannot be considered reliable in this case." 92 FERC at 61,266. In *New England ISO*, the Commission excludes a high result of 17.7 percent. See 117 FERC at 8 and 16: "We exclude results for one company, PPL, on the basis that its 18.10 percent result is greater than 17.7 percent." Electronic workpapers supporting the foregoing analyses have been provided in Gulf's response to Citizens' First Request to Produce Documents Item No. 58.

- 72) Return on Equity. With respect to Dr. Vander Weide's direct testimony (page 36, line 24, to page 40, line 13) and his attached Schedule 3, please provide the sources of the data items employed in Dr. Vander Weide's ex post risk premium study using the S&P 500.

ANSWER:

As described in the notes appearing on Schedule 3 and in Appendix 5, Stock historical price and yield information is obtained from Standard & Poor's Security Price Record. Bond yield data is obtained from the Mergent Bond Record (previously Moody's Bond Record). In recent years, these data are downloaded electronically. Standard & Poor's derives the stock dividend yield by dividing the aggregate cash dividends (based on the latest known annual rate) by the aggregate market value of the stocks in the group. The bond price information is obtained by calculating the present value of a bond due in thirty years with a \$4.00 coupon and a yield to maturity of a particular year's indicated Moody's A-rated utility bond yield. The values shown on Schedules 3 and 4 are the January values of the respective indices.

- 73) Return on Equity. With respect to Dr. Vander Weide's direct testimony page 37, lines 18-23, and Schedule 4, please provide the sources of the data items employed in Dr. Vander Weide's ex post risk premium study using the S&P Utilities Stock Index.

ANSWER:

As described in the notes appearing on Schedule 4 and in Appendix 5, stock price and yield information is obtained from Standard & Poor's Security Price Record. Bond yield data is obtained from the Mergent Bond Record (previously Moody's Bond Record). In recent years, these data are downloaded electronically. Standard & Poor's derives the stock dividend yield by dividing the aggregate cash dividends (based on the latest known annual rate) by the aggregate market value of the stocks in the group. The bond price information is obtained by calculating the present value of a bond due in thirty years with a \$4.00 coupon and a yield to maturity of a particular year's indicated Moody's A-rated utility bond yield. The values shown on Schedules 3 and 4 are the January values of the respective indices. Standard & Poor's discontinued its S&P Utilities Index in December 2001, replacing its utilities stock index with separate indices for electric and natural gas utilities. Thus, to continue his study, Dr. Vander Weide bases the stock returns beginning in 2002 on the total returns for the EEI Index of U.S. shareholder-owned electric utilities, as reported by EEI on its website.

<http://www.eei.org/resourcesandmedia/industrydataanalysis/industryfinancialanalysis/QtrlyFinancialUpdates/Pages/default.aspx>

75. Compensation. The Company's 2012 Form 10-K reports Stock-based Compensation expense of \$1,647,000. Does this amount include stock-based compensation expense allocated to Gulf Power? If not, what is the total amount of Stock-based Compensation expense for 2012, and what is projected for 2013 and 2014, both direct and indirect?

**ANSWER:**

The amount reported in the Company's 2012 Form 10-K for stock-based compensation expense of \$1,647,000 does not include any amounts allocated to Gulf Power from Southern Company Services. The total amount of stock-based compensation expense, both direct and indirect is shown below.

<b>2012 Actuals</b>	<b>2013 Budget</b>	<b>2014 Forecasted</b>
3,203,370	3,047,827	3,392,539

- 78) Transmission. In the Company's 2012 Form 10-K, the Gulf Power Annual Report in the Environmental Statutes and Regulations section, at pages II-295 – II-296, identifies the challenge to the MATS rule filed in U.S. District Court in the District of Columbia. Please discuss the Company's understanding of this challenge, the likelihood of its success, the impact a successful challenge would have on the Company's environmental compliance strategy in general and the impact a successful challenge would have on the specific compliance strategy for MATS identified to the OPC using transmission additions.

ANSWER:

Legal challenges to MATS are proceeding under the name White Stallion Energy Center, LLC v. EPA. In total, the court received 30 petitions for judicial review. The challenges for new sources and existing sources have taken separate paths. Litigation on new source issues has been in abeyance while the EPA completed its reconsideration for new sources. Briefing is complete in the litigation of existing sources, but oral argument has not been scheduled.

The outcome of this litigation is subject to further judicial proceedings and cannot be determined at this time. The effective date for MATS compliance (April 15, 2015) has not been stayed pending resolution of the pending litigation.

The current compliance strategy is based on the existing rule published in February 2012 with compliance for existing sources required by April 16, 2015. In general, if any challenges are successful, Gulf Power would evaluate the court's decision in light of the current status of the MATS compliance projects taking into account the amount committed and completed of the project's design, procurement and construction. Likewise, for the Plant Crist and Plant Smith MATS transmission projects, if any challenges are successful, Gulf would evaluate the court's decision in light of the current status of the MATS transmission projects taking into account the amount committed and completed of the project's design, procurement and construction.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 19th day of August, 2013.

  
Notary Public, State of Florida at Large





AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 10<sup>th</sup> day of September, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

106

**Gulf's Responses to  
OPC's Second Set of Interrogatories  
(Nos. 80-82, 84-98, 100, and 102)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 106

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 2<sup>nd</sup> ROGs, Nos. 80-82, 84-98

DATE 100, & 102

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

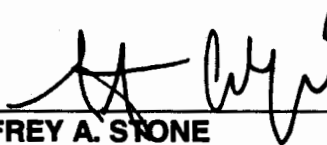
Docket No. 130140-EI

Date Filed: September 12, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' SECOND SET OF INTERROGATORIES (NOS. 80-103)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Citizens' Second Set of Interrogatories (Nos. 80-103) on the following pages.

Respectfully submitted by overnight mail the 12th day of September , 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

80. Incentive Compensation. With respect to the Company's Performance Pay Program, please provide the following information:
- a. Please provide the total amount incurred at Gulf Power, the amount capitalized, and the amount expensed during the test year.
  - b. Please provide the total dollar amount allocated to Gulf from other affiliated companies, the amount capitalized and the amount expensed during the test year.
  - c. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at Gulf Power.
  - d. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs allocated to Gulf Power.
  - e. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at, and allocated to, Gulf Power.
  - f. Please provide the total dollar amount of payroll tax expense associated with the direct and allocated costs of this plan during the test year.
  - g. Please provide the portion of the plan costs incurred during the test year associated with Operational Goals and provide a description of these goals.
  - h. Please provide the portion of the plan costs incurred during the test year associated with Gulf Return on Equity Goals and provide a description of these goals.
  - i. Please provide the portion of the plan costs incurred during the test year associated with Southern Company EPS Goals and provide a description of these goals.
  - j. Please provide the portion of the plan costs incurred during the test year associated with other goals (if any) and provide a description of these goals.
  - k. Please provide the portion of Operational Goals associated with customer satisfaction during the test year.

- I. Please describe the employee pay grades and the number of employees eligible for this plan.

**ANSWER:**

- a. The amount of Performance Pay Program costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	10,206,000
Capital	3,261,000
Other	1,074,000
	<u>14,541,000</u>

- b. The amount of Performance Pay Program costs allocated to Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	4,361,000
Capital	828,000
Other	214,000
	<u>5,403,000</u>

- c. The amount of Performance Pay Program costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the pro forma operating expense for ratemaking purposes is \$10,132,000, after NOI adjustments for hiring lag and Tallahassee liaison office expenses of (\$74,000).
- d. The amount of Performance Pay Program costs allocated to Gulf and included in the pro forma operating expense for ratemaking purposes is \$4,361,000.
- e. The amount of Performance Pay Program costs incurred at, and allocated to, Gulf and included in the pro forma operating expense for ratemaking purposes is \$14,493,000.

- f. Gulf's payroll tax forecast is not calculated in a way that breaks down payroll tax expense associated with specific components of payroll. Instead, Gulf develops a total payroll tax forecast on Total Compensation (that includes payroll tax on both base pay and all types of variable pay) based on a three-year historical average of total payroll tax expense, with the FICA portion being escalated by a payroll escalation rate.

Historical average payroll tax information is available for the combination of the Performance Pay Program (Interrogatory 80f) and the Performance Dividend Program – which has been discontinued and replaced by the new Performance Share Program (Interrogatory 82f) – but is not available separately for those programs. This historical information is the amount of payroll tax associated with the special pay period in March of each year when such variable pay is distributed.

Using this historical data and the same methodology used to develop the total payroll tax forecast, Gulf estimates that the test year payroll tax expense associated with the direct cost of these two programs is \$866,000.

Because of the effect of the FICA wage base cap, which reduces total Company payroll tax payments as employees reach the cap, the estimated payroll tax expense associated with these variable pay items is higher than would be calculated if these items were paid later in the calendar year.

Gulf also estimates that the direct portion of the test year payroll tax forecast associated with Stock Options (Interrogatory 81f) is \$132,000.

SCS budgets payroll tax for the PPP plan, but not for the other forms of variable pay. Gulf's allocated share of SCS's test year budget for payroll tax for the PPP plan is estimated to be \$378,000. This amount is spread across all SCS work orders billed to Gulf. Therefore, while this amount is embedded in Gulf's test year budget, it is not separately identified as payroll tax.

- g. The portion of the Performance Pay Program costs incurred during the test year associated with Operational Goals is 48%.

See Response to OPC's Request for Production of Documents No. 15, pages 21-22 for a description of Gulf's Operational Goals.

- h. The portion of the Performance Pay Program costs incurred during the test year associated with Gulf's Return on Equity Goals is 17%.

See Response to OPC's Request for Production of Documents No. 15, pages 21-22 for a description of Gulf's Return on Equity Goals.

- i. The portion of the Performance Pay Program costs incurred during the test year associated with Southern Company's EPS Goals is 35%.

See Response to OPC's Request for Production of Documents No. 15, pages 21-22 for a description of Southern Company's EPS Goals.

- j. There are no other goals associated with the plan costs incurred during the test year.

- k. The portion of Operational Goals associated with customer satisfaction during the test year is 30%.

- l. All employees are eligible for this plan. Plan details are on pages 5 and 6.

## 2013 Gulf Power PPP Goals

*Applicable to all eligible Gulf employees*

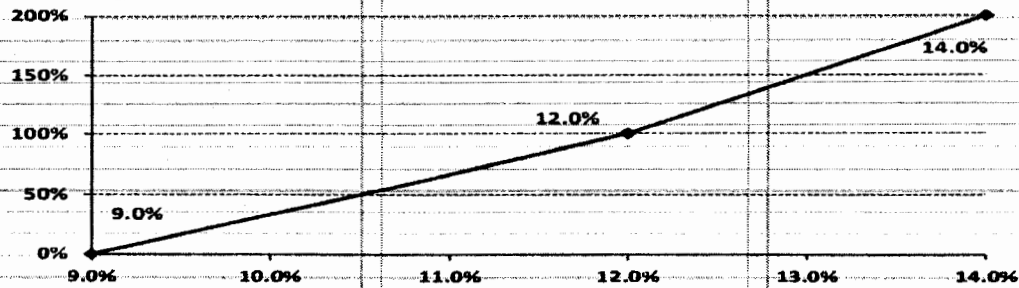
**Target Zero**  
 OSHA Recordable  
 Incidence Rate (20%)

**Customer Satisfaction (30%)**  
**Generation (20%)**  
**Transmission (5%)**  
 SAIDI & SAIFI (2.5% each)  
**Distribution (5%)**  
 SAIDI & SAIFI (2.5% each)

**Work Environment (5%)**  
 Internal Survey (2.5%)  
 Fortune Trust Index (1.25%)  
 DiversityInc Index (1.25%)  
**Workforce Representation (10%)**  
 Leadership (5%)  
 Leadership Pipeline (2.5%)  
 Total Workforce (2.5%)  
**Supplier Diversity (5%)**

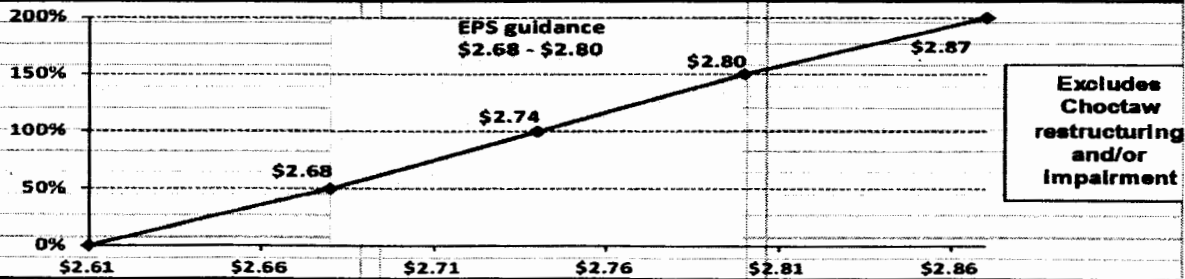
**ROE Goal Performance Scale**

**Range: 0-200%**



**EPS Goal Performance Scale**

**Range: 0-200%**





## 2013 Gulf Power PPP Goals

### Operational Goal Performance Scales

Range: 0-200%

	<b>Target Zero</b>													
	<b>Scale</b>	<b>OSHA Recordable Incidence Rate</b>												
	200%	0.57												
	100%	1.05												
	0%	1.23												
	<b>Customer Satisfaction</b>			<b>Goal Detail</b>										
	<b>Scale</b>	<b>Customer Value Benchmark Study</b>			Overall performance determines the payout range while Residential, General Business, and Large Business segment results determine the score within that range, based on the scale below.  <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; text-align: center;">1st Quartile</td> <td style="width: 50%; text-align: center;">1 Point</td> </tr> <tr> <td style="text-align: center;">2nd Quartile</td> <td style="text-align: center;">2 Points</td> </tr> <tr> <td style="text-align: center;">3rd Quartile</td> <td style="text-align: center;">3 Points</td> </tr> <tr> <td style="text-align: center;">4th Quartile</td> <td style="text-align: center;">4 Points</td> </tr> </table>		1st Quartile	1 Point	2nd Quartile	2 Points	3rd Quartile	3 Points	4th Quartile	4 Points
1st Quartile	1 Point													
2nd Quartile	2 Points													
3rd Quartile	3 Points													
4th Quartile	4 Points													
	200%	Top Quartile Overall and 3 Points												
	167%	Top Quartile Overall and 4 Points												
	133%	Top Quartile Overall and 5 Points												
	67%	Top Quartile Overall and 6 Points or more OR 2nd Quartile Overall and 6 Points or less												
	33%	2nd Quartile Overall and 7 Points												
	0%	2nd Quartile Overall and 8 Points or more												
		<b>Generation</b>	<b>Transmission</b>		<b>Distribution</b>									
		Peak Season	SAIDI	SAIFI	SAIDI	SAIFI								
	<b>Scale</b>	<b>EFOR</b>	<b>Duration/MVA</b>	<b>Frequency/MVA</b>	<b>Duration/Customer</b>	<b>Frequency/Customer</b>								
	200%	3.10%	5.5	0.128	108	1.00								
	150%	Interpolate	13.7	0.171	Interpolate	Interpolate								
	100%	5.88%	15.2	0.190	132	1.26								
	0%	9.00%	18.3	0.228	159	1.51								
		<b>Work Environment</b>			<b>Supplier Diversity</b>	<b>Representation</b>								
		Internal	Fortune Trust	DiversityInc	% of Total	Leadership	Leadership							
	<b>Scale</b>	<b>Employee Survey</b>	<b>Index<sup>1</sup></b>	<b>Inclusion Index<sup>1*</sup></b>	<b>Spend</b>	<b>Leadership</b>	<b>Pipeline</b>							
	200%	85%	85%	Top 10% Overall	19.99%	Subjective assessment by the Southern Company CEO and Management Council								
	100%	75%	75%	Top Quartile SE	16.68%									
	0%	65%	65%	Median SE	9.50%									
		<sup>1</sup> Measures Southern Company results												
		*See Culture Certification Letter for further details regarding the DiversityInc scale												
<b>Financial Triggers</b>														
- No PPP payout is made if earnings are not sufficient to fund the dividend on Southern Company's common stock, as calculated using the dividend rate for the preceding calendar year														

Citizens' Second Set of Interrogatories  
 Docket No. 130140-EI  
 GULF POWER COMPANY  
 September 12, 2013  
 Item No. 80  
 Page 6 of 6

81. Incentive Compensation. With respect to the Stock Option costs, please provide the following information:
- a. Please provide the total dollar amount incurred at Gulf Power, the amount capitalized, and the amount expensed during the test year.
  - b. Please provide the total dollar amount allocated to Gulf Power from other affiliated companies, the amount capitalized and the amount expensed during the test year.
  - c. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at Gulf Power.
  - d. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs allocated to Gulf Power.
  - e. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at, and allocated to, Gulf Power.
  - f. Please provide the total dollar amount of payroll tax expense associated with the direct and allocated costs of this plan during the test year.
  - g. Please describe the employee pay grades and the number of employees eligible for this plan.

**ANSWER:**

- a. The amount of Stock Option costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	775,000
Capital	7,000
Other	19,000
<b>Total</b>	<b><u>801,000</u></b>

- b. The amount of Stock Option costs allocated to Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	535,000
Capital	53,000
Other	14,000
<b>Total</b>	<b><u>602,000</u></b>

- c. The amount of Stock Option costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the pro forma operating expense for ratemaking purposes is \$772,000, after NOI adjustment for hiring lag of (\$3,000).
- d. The amount of Stock Option costs allocated to Gulf and included in the pro forma operating expense for ratemaking purposes is \$535,000.
- e. The amount Stock Option costs incurred at, and allocated to, Gulf and included in the pro forma operating expense for ratemaking purposes is \$1,307,000.
- f. See Gulf's response to Citizen's Second Set of Interrogatories No. 80(f) for the amount of payroll tax expense associated with direct and allocated Stock Option costs during the test year.
- g. All regular full-time and part-time employees at Gulf Power Company in exempt grades seven and above are eligible to participate in the Stock Option Program. As of July 31, 2013, 120 employees are eligible to participate in the Program.

82. Incentive Compensation. With respect to the Performance Share Program costs, please provide the following information:
- a. Please provide the total dollar amount incurred at Gulf Power, the amount capitalized, and the amount expensed during the test year.
  - b. Please provide the total dollar amount allocated to Gulf Power from other affiliated companies, the amount capitalized and the amount expensed during the test year.
  - c. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at Gulf Power.
  - d. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs allocated to Gulf Power.
  - e. Please provide the total dollar amount included in pro forma operating expense for ratemaking purposes in this case for costs incurred at, and allocated to, Gulf Power.
  - f. Please provide the total dollar amount of payroll tax expense associated with the direct and allocated costs of this plan during the test year.
  - g. Please describe the employee pay grades and the number of employees eligible for this plan.
  - h. Please describe the plan goals and the portion of the plan costs associated with financial performance measures.

**ANSWER:**

- a. The amount of Performance Share Program costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	1,142,000
Capital	10,000
Other	28,000
<b>Total</b>	<b><u>1,180,000</u></b>

- b. The amount of Performance Share Program costs allocated to Gulf and included in the test year is broken down between expense, capital (which is included in the base rate request) and other, which is comprised of clause and below the line (which are excluded from the base rate request).

Expense	715,000
Capital	75,000
Other	20,000
<b>Total</b>	<b><u>810,000</u></b>

- c. The amount of Performance Share Program costs, which is one component of Gulf's Total Compensation, incurred at Gulf and included in the pro forma operating expense for ratemaking purposes is \$1,138,000, after NOI adjustment for hiring lag of (\$4,000).
- d. The amount of Performance Share Program costs allocated to Gulf and included in the pro forma operating expense for ratemaking purposes is \$715,000.
- e. The total amount Performance Share Program costs incurred at, and allocated to, Gulf and included in the pro forma operating expense for ratemaking purposes is \$1,853,000.

- f. See Gulf's response to Citizen's Second Set of Interrogatories No. 80(f) for the amount of payroll tax expense associated with direct and allocated Performance Share Program costs during the test year.
- g. All regular full-time and part-time employees at Gulf Power Company in exempt grades seven and above are eligible to participate in the Performance Share Program. As of July 31, 2013, 120 employees are eligible to participate in the Program.
- h. As described in more detail at pages 13 to 17 of Gulf's Response to OPC's First Request For Production No. 14, the Performance Share Program involves the issuance of share units where the number of actual shares of stock awarded is based on the performance of Southern Company Total Shareholder Return (TSR) relative to the TSR of industry peers over a three-year forward-looking performance period.

**84. Incentive Compensation. Please provide the total amount of short-term incentive costs included in pro forma operating expense for ratemaking purposes.**

**ANSWER:**

The subset of Gulf's Total Compensation that is paid in the form of short-term incentives and which is included in pro forma operating expense for ratemaking purposes is \$14,573,000.

85. Incentive Compensation. Please provide the total amount of long-term and stock-based plan cost included in pro forma operating expense for ratemaking purposes.

**ANSWER:**

That portion of Gulf's Total Compensation that is long-term and stock-based is encompassed by the following two variable pay components of Gulf's Total Compensation: Stock Options and Performance Shares. The test year operating expense for these two subcomponents of Gulf's Total Compensation is as follows:

Stock Options	1,296,847
Performance Share Program	<u>1,840,526</u>
<b>Total</b>	<b><u>3,137,373</u></b>



86. Incentive Compensation. If the Company has any incentive plans other than the Performance Pay Program, the Performance Share Program, the Performance Dividend Program and the Stock Option plan please describe these plans, give the amount include in pro forma operating expense for each plan and provide the amount for each plan associated with financial performance measures and the amount associated with operational measures.

**ANSWER:**

The Company has no incentive plans other than the Performance Pay Program, the Performance Share Program and the Stock Option Program.

87. Incentive Compensation. With respect to the Company's ability to attract and retain qualified personnel, please provide the number of employees lost to other utility companies in the past 5-year period and the number of employees attracted away from other utility companies in the past 5-year period.

**ANSWER:**

Gulf does not know the number of employees lost to other utility companies in the past 5-year period because Gulf does not track the identities of the subsequent employers for departing Gulf employees.

By reviewing the employment applications of external hires in the past 5-year period, Gulf has identified 28 new hires from 2008 to August 30, 2013, whose immediate past employer was a utility.

88. Incentive Compensation. With respect to safe and reliable service, please identify any period of time in the past 5-year period when the Company was not able to provide safe and reliable service.

**ANSWER:**

Gulf has consistently provided safe and reliable service to our customers over the past 5-year period. The Company believes this achievement is a testament to the successful design of our market competitive total compensation program, which includes both base pay and at-risk compensation for all employees.

89. Incentive Compensation. After long-term and stock-based incentives were disallowed in the Company's last rate case, did the Company stop providing these plans to employees? If no, please explain why the Company continued to provide these plans.

**ANSWER:**

Since the last rate case, Gulf has continued to include long-term at-risk compensation within its Total Compensation program. Based on our understanding of the markets in which we compete for employees as well as the advice of recognized third-party compensation consultants, Gulf needs the long-term at-risk compensation program to be market competitive. Gulf's customers benefit when Gulf's compensation is market competitive because this enables Gulf to retain skilled and trained employees essential to providing service. Gulf's customers also benefit from the long-term at-risk compensation program because the employees subject to this program have more impact on customer service and all other aspects of our business than any other employees. Gulf's total compensation, including long-term and stock-based compensation, is a legitimate and necessary cost of service, and rates charged to customers to provide service should cover the cost of providing service. However, in the event that the Commission disallows the inclusion of our long-term at-risk compensation programs in this rate case, Gulf may need to reconsider its compensation program design despite its current market competitiveness and success for our customers. The difficulty is that total compensation is at market, so shifting at-risk compensation to base pay compensation removes pay for performance motivation and assures that the total cost of compensation will be greater, because at-risk compensation is not always earned.

90. Incentive Compensation. With respect to long-term and stock-based incentives, does Mr. Garvie (1) know of any regulated utility that does not offer long-term and/or stock-based incentives to its employees and (2) know of any regulated utility that is allowed to recover these costs in rates? If the answer is "yes" for either subpart to this question, please identify the regulated utility(s).

**ANSWER:**

1. Mr. Garvie has no knowledge of any regulated utility that does not offer long-term and/or stock-based incentives to eligible employees as part of their total compensation.
2. Mr. Garvie has no information about the rate treatment for these forms of compensation at utilities who use it as part of their total compensation.

91. Incentive Compensation. With respect to the Towers Watson report attached as Schedule 3 to Mr. Garvie's testimony, please provide the following information:
- a. Please indicate where Southern Company falls in the group of large utilities shown at page 7, indicating both revenues and number of employees for the company.
  - b. Please indicate where Gulf Power falls in the group of small utilities shown at page 8, indicating both revenues and number of employees for the company.
  - c. Please identify any company on pages 7 and 8 that Mr. Garvie knows of that does not offer long-term and/or stock-based incentives to its employees.
  - d. Please identify every regulated utility on pages 7 and 8 (including the operating companies of the parent companies identified on pages 7 and 8) that Mr. Garvie is aware of that has been specifically authorized by commission order to recover its long-term and/or stock-based incentives through utility rates. Please provide a reference to or a copy of the identified order.

**ANSWER:**

- a. For fiscal year 2012, Southern Company's revenues were \$16.5 billion and there were 26,439 employees.
- b. For fiscal year 2012, Gulf Power Company's revenues were \$1.4 billion and there were 1,416 employees.
- c. Mr. Garvie's understanding is that all of the companies on pages 7 and 8 offer long-term and/or stock-based incentives to eligible employees.
- d. Mr. Garvie has no information about the rate treatment for these forms of compensation at utilities who use it as part of their total compensation.

92. Incentive Compensation. With respect to the Company's employment levels, please identify and describe any material workforce reductions the Company has experienced in the past 5-year period. Also identify and describe any material workforce reductions the Company plans to implement over the next 5-year period.

ANSWER:

None.

93. Labor. Please provide an Excel compatible schedule showing the pro forma payroll distribution by FERC account for 2012, 2013 and the test year.

ANSWER:

Gulf's response to Item No. 93 presents Total Compensation (base and variable pay) by FERC account for 2012, 2013 and the test year.

The Excel schedule is located in the folder named OPC\_ROG\_093 on the DVD labeled Docket No. 130140-EI Citizens' Second Set of Interrogatories (Nos. 80-103).



94. Labor. Please provide the Gulf Power Company ("Gulf") amounts for salaries and wages for each of the years 2008 through 2012 showing the total salaries and wages, the amount of capitalized and the amount included in expenses.

ANSWER:

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>
Expense	75,341,000	70,960,000	78,143,000	78,716,000	81,403,000
Capital	22,839,000	23,200,000	24,228,000	24,055,000	25,545,000
Other*	3,648,000	3,855,000	5,526,000	6,038,000	7,299,000
<b>Total</b>	<b>101,828,000</b>	<b>98,015,000</b>	<b>107,897,000</b>	<b>108,809,000</b>	<b>114,247,000</b>

\* Labor budgeted to clause and below the line accounts.

95. Labor. Please provide the Southern Company Services ("SCS") allocated amounts for salaries and wages for each of the years 2008 through 2012 showing the total salaries and wages, the amount of capitalized and the amount included in expenses.

ANSWER:

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>	<b>Actuals</b>
Expense	18,667,000	15,471,000	17,538,000	17,360,000	17,279,000
Capital	11,085,000	12,790,000	13,830,000	12,900,000	11,420,000
Other*	1,703,000	1,459,000	2,837,000	3,738,000	2,586,000
<b>Total</b>	<b>31,455,000</b>	<b>29,720,000</b>	<b>34,205,000</b>	<b>33,998,000</b>	<b>31,285,000</b>

\* Labor budgeted to clause and below the line accounts.

96. Labor. Please provide the effective dates of pay increases with the average percentage increase awarded for Gulf employees beginning in 2007 and continuing through 2011.

ANSWER:

	2007		2008		2009		2010		2011	
	Date	Avg. Increase	Date	Avg. Increase	Date	Avg. Increase	Date	Avg. Increase	Date	Avg. Increase
Exempt	3/1	2.74%	3/1	3.62%	-	0.00%	1/1	2.60%	3/1	2.68%
Non-Exempt (non-union)	3/1	2.65%	3/1	3.99%	-	0.00%	1/1	2.88%	3/1	2.94%
Non-Exempt (union)	8/15	3.10%	8/15	3.14%	-	0.00%	4/17	2.73%	9/17	2.25%
<sup>1</sup> General increase specified in union contract - 3.10%, 3.20%, 0%, 2.75%, 2.25% for years 2007 - 2011. The slight difference between the average increase and the increase specified in the Union contract is due to step increases as specified in the union contract.										

97. Labor - Please provide the total base pay for Gulf employees for the year following each wage increase beginning in 2007 and continuing through 2012.

ANSWER:

March 2007 thru February 2008 - 81,815,246  
March 2008 thru February 2009 - 82,514,727  
January 2010 thru December 2010 - 87,134,538  
March 2011 thru February 2012 - 86,879,708  
March 2012 thru February 2013 - 91,666,122

98. Labor. Please provide the number of Gulf part-time employees for each pay period in 2012 and the amount of pay and the hours worked each pay period. Please also provide the part-time payroll and number of GPC part-time employees for 2010, 2011, 2013 and 2014.

**ANSWER:**

Active Regular PART-TIME Employees at GPC as of Pay Period End in 2012

<b>Pay Period</b>	<b>Number of Employees</b>	<b>Hours Worked</b>	<b>Amount of Pay</b>
01/06/12	7	400	\$11,257
01/20/12	7	389	\$11,088
02/03/12	6	327	\$9,799
02/17/12	6	322	\$9,707
02/24/12			\$42,153
03/02/12	6	328	\$9,904
03/16/12	7	402	\$11,829
03/30/12	7	399	\$11,753
04/13/12	7	420	\$12,307
04/27/12	7	401	\$11,881
05/11/12	7	421	\$12,321
05/25/12	7	401	\$11,886
06/08/12	7	409	\$12,051
06/22/12	7	400	\$11,879
07/06/12	7	409	\$12,057
07/20/12	6	323	\$10,132
08/03/12	6	335	\$10,387
08/17/12	6	322	\$10,114
08/31/12	6	331	\$10,263
09/14/12	6	317	\$9,978
09/28/12	6	324	\$10,144
10/12/12	5	284	\$7,284
10/26/12	5	273	\$7,058
11/09/12	5	283	\$6,945
11/23/12	5	263	\$6,190
12/07/12	5	264	\$6,497
12/21/12	6	315	\$8,253

Part-Time Employee Count and Payroll Amounts at Gulf as of 2010, 2011, 2013 & 2014

<b>Payroll As Of</b>	<b>Number of Employees</b>	<b>Amount</b>	
12/31/10	7	\$277,009	
12/31/11	7	\$338,409	
2013	7	\$235,654	Budgeted
2014	7	\$242,710	Forecasted

100. Labor. With regard to Gulf, please provide the test year salaries that exceed the maximum amounts for each payroll tax item.

ANSWER:

Total test year salaries (base pay) exceed the maximum amounts for each payroll tax item by the following amounts:

Medicare:	\$	0
FICA:	\$	2,547,900
FUTA:	\$	87,324,400
SUTA:	\$	85,861,400

As described in more detail response to OPC's Interrogatory No. 80f, Gulf does not calculate budgeted payroll tax expense by employee or by type of compensation, but instead estimates total payroll taxes based on historical information and projected wage increases.

102. Labor. Please provide, for each pay period during 2012 and continuing through the latest available date, the following information with regard to Gulf Power Company ("Gulf") payroll:
- a. Number of employees;
  - b. Regular pay;
  - c. Overtime pay;
  - d. Compensated absences not included in part (b) above;
  - e. Incentives or bonuses;
  - f. Regular hours;
  - g. Overtime hours.

**ANSWER:**

See pages 2 through 3.



Citizens' Second Set of Interrogatories  
Docket No. 130140-EI  
**GULF POWER COMPANY**  
September 12, 2013  
Item No. 102  
Page 2 of 3

Pay Period End Date	Number of Employees	Regular Pay Hours	Regular Pay Amount	Over- time Hours	Over- time Amount	Compensated Absence Hours	Compensated Absence Amount	Variable Pay
01/06/12	1,412	65,470	\$1,877,692	4,605	\$157,704	48,927	\$1,558,533	\$330,137
01/20/12	1,412	87,746	\$2,646,623	5,870	\$197,531	25,472	\$759,068	\$10,425
02/03/12	1,416	94,984	\$2,865,557	6,800	\$222,185	18,655	\$550,251	\$9,229
02/17/12	1,411	96,201	\$2,913,982	8,503	\$290,297	16,642	\$483,102	\$13,410
02/24/12	1,410							\$11,727,994
03/02/12	1,409	96,549	\$2,926,686	7,357	\$252,962	16,083	\$476,721	\$220,433
03/16/12	1,412	92,888	\$2,868,836	6,871	\$233,082	19,897	\$600,119	\$1,586
03/30/12	1,411	91,481	\$2,817,570	8,349	\$293,219	22,016	\$674,217	\$28,860
04/13/12	1,410	93,372	\$2,884,899	7,989	\$281,596	19,262	\$577,241	\$12,805
04/25/12	1,412							-\$88
04/27/12	1,412	95,460	\$2,949,484	13,853	\$500,599	17,337	\$515,017	\$4,503
05/11/12	1,415	94,518	\$2,915,057	7,595	\$260,482	18,502	\$555,025	\$9,227
05/25/12	1,416	93,567	\$2,869,158	6,348	\$221,971	19,346	\$596,951	\$23,215
06/08/12	1,416	85,554	\$2,624,820	6,823	\$235,817	27,882	\$860,303	\$31,290
06/22/12	1,418	94,073	\$2,892,554	8,833	\$312,479	19,158	\$580,608	\$7,931
07/06/12	1,413	83,707	\$2,517,920	12,096	\$444,921	29,505	\$944,207	\$718
07/20/12	1,412	92,084	\$2,814,913	7,698	\$265,194	20,948	\$647,493	\$3,605
08/03/12	1,407	93,810	\$2,877,298	8,982	\$316,320	18,631	\$572,140	\$3,893
08/17/12	1,409	93,959	\$2,887,856	6,916	\$240,947	18,644	\$566,827	\$365
08/31/12	1,408	98,896	\$3,055,165	10,567	\$376,707	13,547	\$394,611	\$2,411
09/14/12	1,409	87,486	\$2,705,943	8,932	\$330,702	25,429	\$757,792	\$5,912
09/28/12	1,406	95,276	\$2,952,455	8,250	\$305,174	17,034	\$525,959	\$3,373
10/12/12	1,404	94,969	\$2,966,704	6,662	\$237,713	17,253	\$514,613	\$9,937
10/26/12	1,408	95,261	\$2,955,653	6,678	\$238,766	17,294	\$530,924	\$2,884
11/09/12	1,404	98,179	\$3,055,521	16,755	\$632,003	13,969	\$424,386	\$18,250
11/23/12	1,404	72,730	\$2,203,779	11,668	\$444,196	40,025	\$1,296,275	\$4,037
12/07/12	1,405	93,039	\$2,893,630	6,768	\$244,383	19,438	\$598,502	\$10,751
12/21/12	1,403	88,436	\$2,722,237	6,776	\$250,107	23,696	\$764,672	\$8,845
12/26/12	1,403							\$9

Citizens' Second Set of Interrogatories  
Docket No. 130140-EI  
**GULF POWER COMPANY**  
September 12, 2013  
Item No. 102  
Page 3 of 3

Pay Period End Date	Number of Employees	Regular Pay Hours	Regular Pay Amount	Over- time Hours	Over- time Amount	Compensated Absence Hours	Compensated Absence Amount	Variable Pay
01/04/13	1,407	52,199	\$1,520,000	7,254	\$274,705	61,085	\$1,998,439	\$742
01/18/13	1,406	96,895	\$3,019,988	4,198	\$141,610	15,412	\$469,173	\$3,712
01/23/13	1,408	80	\$3,102					
02/01/13	1,406	87,275	\$2,722,709	5,221	\$179,402	25,579	\$783,590	\$3,192
02/15/13	1,407	94,286	\$2,950,868	4,121	\$133,043	18,180	\$547,569	\$19,451
03/01/13	1,402	92,821	\$2,914,706	5,719	\$197,551	19,227	\$576,588	\$81,144
03/08/13	1,402							\$11,752,140
03/15/13	1,402	93,596	\$2,980,567	6,040	\$215,787	18,389	\$573,968	\$139,412
03/29/13	1,400	88,490	\$2,819,795	10,456	\$401,605	23,641	\$741,591	\$8,018
04/12/13	1,398	93,990	\$2,999,610	9,200	\$351,056	17,680	\$543,403	\$2,227
04/26/13	1,398	92,882	\$2,978,109	6,384	\$229,479	18,735	\$564,389	\$817
05/01/13	1,394	12	\$367			0	\$0	
05/10/13	1,393	93,223	\$2,978,989	5,755	\$205,502	17,996	\$550,286	\$1,439
05/15/13	1,392	-32	-\$691			-4	-\$86	
05/24/13	1,392	91,495	\$2,910,624	5,264	\$189,757	20,157	\$640,089	
06/07/13	1,389	84,845	\$2,711,824	4,856	\$171,024	26,129	\$814,153	\$18,978
06/21/13	1,389	91,255	\$2,921,097	7,802	\$283,757	19,729	\$605,711	\$1,739
07/05/13	1,391	81,399	\$2,555,934	7,429	\$268,290	30,519	\$993,591	\$6,310
07/10/13	1,393	32	\$691			4	\$86	
07/19/13	1,398	93,296	\$2,958,420	7,436	\$259,973	18,257	\$574,213	\$18,351
08/02/13	1,402	95,392	\$3,015,570	8,323	\$288,468	16,731	\$529,240	\$31,467
08/16/13	1,402	94,551	\$2,997,979	6,484	\$223,418	17,226	\$539,271	\$6,088

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

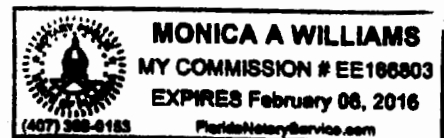
Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

*Susan D. Ritenour*  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 10<sup>th</sup> day of September, 2013.

*Monica A. Williams*  
Notary Public, State of Florida at Large



**107**

**Gulf's Responses to  
OPC's Third Set of Interrogatories  
(Nos. 113-115)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 107

PARTY PSC Staff

DESCRIPTION Gulf's/ OPC's 3<sup>rd</sup> ROGs, Nos. 113-115

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

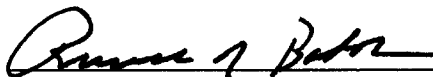
Docket No. 130140-EI

Date Filed: September 20, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' THIRD SET OF INTERROGATORIES (NOS. 104-115)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Third Set of Interrogatories (Nos. 104-115) on the following pages.

Respectfully submitted by overnight mail the 20th day of September , 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

113. Incentive Compensation. With respect to Angela Strickland's testimony regarding customer satisfaction surveys, please indicate how and to what extent the survey results impacted the Company's incentive compensation payments in the test year.

**ANSWER:**

Customer satisfaction survey results impact the 2014 test year variable pay as described in Gulf's response to Citizens' Second Set of Interrogatories No. 80 parts g and k. Thus 30%, the customer satisfaction survey results portion of operational goals, times 48%, the operational goal portion of the variable pay costs in the test year, is 14.4%, the extent to which customer satisfaction impacts variable pay in the test year.

114. Incentive Compensation. With respect to Angela Strickland's testimony regarding customer satisfaction surveys, please indicate how the peer group of 16 utilities was selected and explain why these are the "top utilities across the country."

**ANSWER:**

Gulf's proprietary Customer Value Benchmark (CVB) peer group of 16 utilities was selected based on the fact that these companies could compete for Southern Company's customers. Some of the peers are geographically one system away from Southern Company and could compete directly for Southern Company's current customers. More distant, national peers are determined by how similar they are to Southern Company. This similarity is determined based on a variety of factors which include but are not limited to market capitalization, fuel mix, customer mix and regulatory environment.

The utilities in the peer group are considered to be "top utilities across the country" in the sense that they are viable potential competitors for Southern Company's customers – they generally have a substantial customer base, large capitalization, and are included in other major surveys of electric utility industry customer satisfaction.

An alphabetical listing of the peer utilities is included in Schedule 2, page 1 of Ms. Strickland's testimony.

115. Incentive Compensation. With respect to the Company's non-qualified compensation plans, please provide the following information for both Gulf Power and SCS:
- a. list and a description of all the non-qualified compensation plans,
  - b. the cost incurred for each plan during the test year, and
  - c. the cost included in pro forma operating expense for ratemaking purposes in this case for each plan.

**ANSWER:**

- a. Gulf and SCS have no non-qualified compensation plans but have two (2) non-qualified benefit plans:

Supplemental Benefit Plan (SBP) Non-Pension: An unfunded, non-qualified plan that provides deferred compensation to qualified employees.

Supplemental Executive Retirement Plan (SERP): Defined benefit programs that are not tax-qualified pension plans through which qualified employees receive post-retirement income benefits.

- b.

	<b>Gulf</b>	<b>SCS<sup>1</sup></b>	<b>Total</b>
Supplemental Benefit Plan (SBP)	21,986	14,184	36,170
Supplemental Executive Retirement Plan (SERP)	2,220,000	1,093,987	3,313,987
<b>Total</b>	<b>2,241,986</b>	<b>1,108,172</b>	<b>3,350,158</b>

- c.

	<b>Gulf</b>	<b>SCS<sup>1</sup></b>	<b>Total</b>
Supplemental Benefit Plan (SBP)	21,986	11,365	33,351
Supplemental Executive Retirement Plan (SERP)	1,558,989	876,558	2,435,547
<b>Total</b>	<b>1,580,975</b>	<b>887,923</b>	<b>2,468,898</b>

---

<sup>1</sup> Figures for SCS reflect only those portions allocated to Gulf.



AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

*Susan D. Ritenour*  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 19<sup>th</sup> day of September, 2013.

*Melissa A. Darnes*  
Notary Public, State of Florida at Large



**108**

**Gulf's Responses to  
OPC's Fourth Set of Interrogatories  
(Nos. 116-162)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 130140-EI **EXHIBIT** 108

**PARTY** PSC Staff

**DESCRIPTION** Gulf's/ OPC's 4<sup>th</sup>ROGs, Nos. 116-162

**DATE** \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 130140-EI

Date Filed: September 25, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' FOURTH SET OF INTERROGATORIES (NOS. 116-162)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Fourth Set of Interrogatories (Nos. 116-162) on the following pages.

Respectfully submitted by overnight mail the 25th day of September , 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

116. Transmission. Please provide the normal dispatch order for each Gulf Power generating unit when all resources are available.

ANSWER:

There is no normal dispatch order for Gulf generating units. The dispatch order for Gulf's units is determined by cost and operational characteristics, including but not limited to unit incremental heat rates, marginal fuel costs, and variable O&M costs. As illustrated below, this order has changed over time primarily due to changes in marginal fuel prices. Shown below is an example of Gulf's generation resource stack ranging from lowest to highest marginal dispatch cost for past and present peak territorial load periods.

August 2008 <sup>(1)</sup>	August 2013 <sup>(2)</sup>
Scherer 3	L.Smith 3
Daniel 2	Scherer 3
Daniel 1	L.Smith 1
L.Smith 3	Daniel 2
L.Smith 2	Crist 7
L.Smith 1	Daniel 1
Crist 6	L.Smith 2
Crist 7	Crist 5
Crist 5	Crist 6
Crist 4	Crist 4
Scholz 1	Scholz 1
Scholz 2	Scholz 2
L.Smith A	L.Smith A

(1) Pea Ridge facility is not dispatched on marginal costs, therefore not shown.

(2) Major emission controls added in the 2009 timeframe. Pea Ridge and Perdido facilities are not dispatched on marginal costs, therefore not shown.

117. Transmission. Please provide the annual average equivalent availability, annual average capacity factor, annual net generation, and annual average fuel cost (\$/MWh) for each Gulf Power generating unit for each of the last five calendar years.

ANSWER:

See the following tables.

Gulf Generation				
Plant/Unit	2008 Annual Generation (MWh)	Capacity Factor (%)	Equip Avail Factor (%)	Fuel Cost <sup>(2)</sup> (\$/MWh)
Crist 4	334,832	48.9	77.3	39.88
Crist 5	442,291	64.6	80.3	39.12
Crist 6	1,378,909	52.0	79.6	38.04
Crist 7	3,060,023	73.8	90.8	36.84
Smith 1	1,097,109	77.1	94.0	36.61
Smith 2	1,268,409	74.1	87.7	37.72
Smith 3	2,373,163	54.0	89.5	78.63
Smith A	124	0.04	97.9	550.11
Scholz 1	152,177	37.7	93.7	45.88
Scholz 2	142,654	35.3	99.4	47.52
Daniel 1	1,656,299	75.4	86.6	35.07
Daniel 2	1,554,712	69.8	78.0	34.31
Pea Ridge 1-3 <sup>(1)</sup>	46,518	66.4	N/A	46.95

(1) Pea Ridge units operated by industrial customer for steam requirements.

(2) Total Fuel used in calculation includes startup Oil and Gas.

Gulf Generation				
Plant/Unit	2009 Annual Generation (MWh)	Capacity Factor (%)	Equip Avail Factor (%)	Fuel Cost <sup>(2)</sup> (\$/MWh)
Crist 4	217,333	31.8	98.6	50.11
Crist 5	378,788	55.4	90.0	50.39
Crist 6	921,270	34.8	81.8	51.10
Crist 7	1,791,029	43.3	63.2	50.19
Smith 1	511,944	36.1	88.4	49.49
Smith 2	935,020	54.7	94.2	47.42
Smith 3	3,735,879	85.2	94.9	34.53
Smith A	88	0.03	98.4	1,102.69
Scholz 1	0	0.0	98.0	0.00
Scholz 2	4,534	1.1	99.2	103.07
Daniel 1	1,250,408	56.0	98.1	36.77
Daniel 2	1,246,544	55.8	88.7	35.66
Pea Ridge 1-3 <sup>(1)</sup>	55,519	79.2	N/A	48.07

- (1) Pea Ridge units operated by industrial customer for steam requirements.  
(2) Total Fuel used in calculation includes startup Oil and Gas.

Gulf Generation				
Plant/Unit	2010 Annual Generation (MWh)	Capacity Factor (%)	Equiv Avail Factor (%)	Fuel Cost <sup>(2)</sup> (\$/MWh)
Crist 4	239,954	36.4	92.4	64.10
Crist 5	441,871	66.4	94.4	61.33
Crist 6	1,176,180	46.1	95.0	62.37
Crist 7	2,982,539	73.2	94.1	56.88
Smith 1	936,875	66.0	94.8	57.06
Smith 2	881,208	51.6	85.3	56.48
Smith 3	2,847,102	64.9	75.7	38.10
Smith A	159	0.05	85.2	737.98
Scholz 1	49,932	12.4	97.0	70.78
Scholz 2	40,423	10.0	98.3	75.50
Daniel 1	1,257,113	56.3	80.3	39.87
Daniel 2	1,296,163	58.0	93.7	39.68
Pea Ridge 1-3 <sup>(1)</sup>	55,797	57.1	N/A	46.89
Perdido 1-2	6,167	99.5	96.1	27.20

(1) Pea Ridge units operated by industrial customer for steam requirements.

(2) Total Fuel used in calculation includes startup Oil and Gas.

Gulf Generation				
Plant/Unit	2011 Annual Generation (MWh)	Capacity Factor (%)	Equip Avail Factor (%)	Fuel Cost <sup>(2)</sup> (\$/MWh)
Crist 4	176,787	26.9	86.9	61.47
Crist 5	356,270	54.2	79.9	57.01
Crist 6	832,297	32.6	66.1	59.59
Crist 7	2,552,934	62.7	86.8	53.87
Smith 1	574,118	40.4	77.6	59.54
Smith 2	618,130	36.2	92.6	60.05
Smith 3	3,835,998	87.4	93.9	35.39
Smith A	179	0.06	79.8	470.30
Scholz 1	47,775	11.7	96.8	59.12
Scholz 2	29,250	7.3	88.9	65.62
Daniel 1	816,588	36.6	87.2	44.86
Daniel 2	559,793	25.1	57.1	44.99
Pea Ridge 1-3 <sup>(1)</sup>	83,250	79.2	N/A	42.29
Perdido 1-2	25,143	94.5	96.7	27.72

- (1) Pea Ridge units operated by industrial customer for steam requirements.  
(2) Total Fuel used in calculation includes startup Oil and Gas.



Gulf Generation				
Plant/Unit	2012 Annual Generation (MWh)	Capacity Factor (%)	Equip Avail Factor (%)	Fuel Cost <sup>(2)</sup> (\$/MWh)
Crist 4	89,996	13.7	99.9	56.21
Crist 5	308,887	46.9	99.0	50.73
Crist 6	900,280	35.6	73.4	49.57
Crist 7	1,471,566	36.0	71.8	48.66
Smith 1	501,814	35.3	93.9	57.36
Smith 2	333,195	19.5	96.1	57.29
Smith 3	3,789,956	77.6	95.6	27.17
Smith A	718	0.3	99.6	321.96
Scholz 1	478	0.1	88.4	357.46
Scholz 2	1,023	0.3	96.9	157.37
Daniel 1	411,769	18.4	80.7	54.62
Daniel 2	467,851	20.9	95.9	48.19
Pea Ridge 1-3 <sup>(1)</sup>	88,162	83.6	N/A	32.10
Perdido 1-2	25,240	95.8	94.0	28.98

- (1) Pea Ridge units operated by industrial customer for steam requirements.  
(2) Total Fuel used in calculation includes startup Oil and Gas.

118. Transmission. Please provide the Company's operating policy specifying the criteria and conditions governing must-run generation for the Plant Crist and Plant Smith generating units. Identify the documents, if any, in which such criteria are formalized and/or communicated to operating personnel.

**ANSWER:**

Please see Gulf's response to Citizens' Fourth Request to Produce Documents No.76 (Gulf Must-Run Requirements) for the Gulf Power operating guidelines governing must-run generation requirements for the Plant Crist and Plant Smith generating units.

119. Transmission. Please provide the Company's current long-term base case capacity, demand and reserves forecast. If it has not changed from that contained in Gulf Power's 2013 Ten Year Site Plan, so state. If it has changed, please provide the current forecast in its entirety.

ANSWER:

Gulf's capacity, demand and reserves forecast as shown in Gulf's 2013 Ten Year Site Plan schedules has not changed.

120. Transmission. Please provide the Company's current long-term base case energy supply forecast as used in the Company's current approved system resource plan. If it has not changed from that contained in Gulf Power's 2013 Ten Year Site Plan, so state. If it has changed, please provide the current forecast in its entirety.

**ANSWER:**

Gulf's energy supply forecast as shown in Gulf's 2013 Ten Year Site Plan schedules has not changed.

121. Transmission. Please provide the Company's current long-term base case natural gas and coal price forecasts. Include the forecasted average price for each fuel and year for the period 2013 - 2032.

ANSWER:

See page 2.



122. Transmission. Please provide the Company's system weighted average cost of natural gas and coal for each of the last five calendar years.

ANSWER:

**Delivered Cost of Coal and Natural Gas**

<b>Year</b>	<b>Natural Gas \$/MMBTU</b>	<b>Coal \$/MMBTU</b>
2008	10.78	3.32
2009	4.86	3.79
2010	5.37	4.95
2011	4.97	4.94
2012	3.71	4.64

123. Transmission. Please provide the number of hours in each month over the last five calendar years that each of the Company's Plant Crist and Plant Smith generating units were operated primarily to meet must-run conditions rather than for economic dispatch purposes.

ANSWER:

The information as requested is not available. The Company does not have the granularity in its historical operating data to determine which hours a specific unit was committed solely for transmission reliability must run requirements. Typically, units are committed and dispatched based upon a combination of operational factors which influence the dispatch economics for any particular hour of operation. For example, because steam units require many hours to start-up, a unit which will be needed and would have been in economic dispatch to serve a daily peak must be committed (or kept on line) during the off-peak hours as well, even though its relative economics during those off-peak hours may be less attractive.

Many other factors influence unit commitment and dispatch economics as well. Examples include testing plant equipment, meeting environmental limits, storm considerations, short-term fuel pricing volatility, maintenance outages, unplanned outages, area voltage support, and transmission reliability must run.

Due to the high number of constraints, we use a complex set of optimization models that concurrently meet the system constraints in the most cost effective manner for Gulf Power's customers. The number of constraints being managed and the significant overlap between these constraints makes it impractical to differentiate between individual drivers in a historical assessment. Therefore, while Gulf can employ reasonable, simplifying assumptions for prospective modeling, historical data regarding unit operation does not allow Gulf to identify when the seven individual generating units at Plant Smith and Plant Crist were used "primarily to meet must-run conditions rather than for economic dispatch purposes" over the 43,800 hour, five-year period.



From a transmission planning perspective, reliability must run analysis assesses whether a specific unit is needed to meet transmission reliability criteria under any expected system conditions. The analysis used in the Gulf Power Company Environmental Compliance Program Update to quantify the transmission reliability "must-run" costs/benefits was a forward looking economic analysis that considered the impact of increased cost due to the MATS rule, the Company's strategies to comply with the MATS rule and the resulting impact on Gulf's customer costs. In this forward looking model, it is possible to isolate a single constraint, while holding the other constraints constant, and assess the cost impact over a time period. This approach was utilized to determine the cost impact to Gulf customers associated with transmission constraints that effectively alter the commitment and dispatch of the units at Smith and Crist.

124. Transmission. Please provide the MWh produced by each of the Company's Plant Crist and Plant Smith generating units when operated primarily to meet must-run conditions rather than for economic dispatch purposes for each of the last five calendar years.

ANSWER:

See Gulf's response to Citizens' Fourth Set of Interrogatories No. 123.

Interrogatories No. 125- 147 relate to testimony and exhibits of Ms. Noel Cain and Mr. James Vick that Gulf Power witness Caldwell incorporates by reference.

125. Transmission. With reference to page 4 of Ms. Cain's direct testimony, please provide the referenced fuel prices, CO2 penalties, and other costs evaluated for each year of each integrated scenario analyzed to account for future uncertainty that might affect the relative costs of compliance options evaluated.

ANSWER:

Henry Hub Natural Gas Price Forecasts (Nominal \$/MMBtu):

Gas Scenario	CO2 View	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Low	Existing										
Low	Moderate										
Low	Substantial										
Moderate	Existing										
Moderate	Moderate										
Moderate	Substantial										
High	Existing										
High	Moderate										
High	Substantial										

CO2 Prices (Nominal \$/metric tonne):

Gas Scenario	CO2 View	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Low	Existing	--	--	--	--	--	--	--	--	--	--
Low	Moderate	--	--								
Low	Substantial	--	--								
Moderate	Existing	--	--	--	--	--	--	--	--	--	--
Moderate	Moderate	--	--								
Moderate	Substantial	--	--	--	--	--					
High	Existing	--	--	--	--	--	--	--	--	--	--
High	Moderate	--	--								
High	Substantial	--	--	--	--	--					

126. Transmission. With reference to page 4 of Ms. Cain's direct testimony, please provide the generating capacity additions (MW) by resource type and total system capacity for each year of the analysis for each of the referenced four Plant Crist MATS compliance options evaluated.

ANSWER:

See pages 2 through 10.

Low Gas, Existing CO2			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	930	2,963
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	180	3,143

<b>Low Gas, Moderate CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	690	2,723

<b>Low Gas, Substantial CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	300	2,333

<b>Moderate Gas, Existing CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	720	2,753
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PEAKING	PEAKING	180	2,933



<b>Moderate Gas, Moderate CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	630	2,663

<b>Moderate Gas, Substantial CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033

<b>High Gas, Existing CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	750	2,783
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PEAKING	PEAKING	270	3,053

High Gas, Moderate CO2			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
INTERMEDIATE	INTERMEDIATE	300	2,333

<b>High Gas, Substantial CO2</b>			
<b>2014</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
PERDIDO LFG 3	OTHER	1.6	3,379
<b>2015</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2016</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2017</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2018</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,930
<b>2019</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2020</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2021</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2022</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,918
<b>2023</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033
<b>2024</b>			
Resource Addition	Resource Type	Retail MW	Total Gulf MW
-	-	-	2,033

127. Transmission. Please provide the estimated capital cost, in-service date and annual revenue requirements for each transmission project included in the analysis of the four Plant Crist MATS compliance options as summarized in the results presented in Table 3.3-1 of the Environmental Compliance Program Update (Exhibit JOV-1).

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_127 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

128. Transmission. With reference to page 5 of Ms. Cain's direct testimony, please provide the annual amounts underlying the fuel NPV and must run production cost NPV for each of the four Plant Crist MATS compliance options evaluated as summarized in the results presented in Table 3.3-1 of the Environmental Compliance Program Update (Exhibit JOV-1).

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_128 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

129. Transmission. With reference to page 5 of Ms. Cain's direct testimony, please identify the specific emissions controls equipment and provide the associated annual revenue requirement underlying the emission control retrofits NPV for each of the four Plant Crist MATS compliance options evaluated as summarized in the results presented in Table 3.3-1 of the Environmental Compliance Program Update (Exhibit JOV-1).

**ANSWER:**

For Options 1, 3, and 4, no additional environmental controls are required. For Option 2, the control equipment and associated revenue requirements are shown below.



Unit	Crist 6	Crist 6	Crist 7	Crist 7	Total
Environmental Control	Activated Carbon Injection	Dry Sorbent Injection	Activated Carbon Injection	Dry Sorbent Injection	
NPV (2013\$k)	████████	████████	████████	████████	████████
Annual Revenue Requirement (k\$)					
2013	0	0	0	0	0
2014	0	0	0	0	0
2015	████████	████████	████████	████████	████████
2016	████████	████████	████████	████████	████████
2017	████████	████████	████████	████████	████████
2018	████████	████████	████████	████████	████████
2019	████████	████████	████████	████████	████████
2020	████████	████████	████████	████████	████████
2021	████████	████████	████████	████████	████████
2022	████████	████████	████████	████████	████████
2023	████████	████████	████████	████████	████████
2024	████████	████████	████████	████████	████████
2025	████████	████████	████████	████████	████████
2026	████████	████████	████████	████████	████████
2027	████████	████████	████████	████████	████████
2028	████████	████████	████████	████████	████████
2029	████████	████████	████████	████████	████████
2030	████████	████████	████████	████████	████████
2031	████████	████████	████████	████████	████████
2032	████████	████████	████████	████████	████████
2033	████████	████████	████████	████████	████████
2034	████████	████████	████████	████████	████████

130. Transmission. With reference to page 6 of Ms. Cain's direct testimony, please provide the generating capacity additions (MW) by resource type and total system capacity for each year of the analysis for each of the two Plant Smith MATS compliance options evaluated.

ANSWER:

Please see the response to Citizens' Fourth Set of Interrogatories No. 126.

131. Transmission. Please provide the estimated capital cost, in-service date and annual revenue requirements for each transmission project included in the analysis of the Plant Smith MATS compliance options as summarized in the results presented in Table 3.3-2 of the Environmental Compliance Program Update (Exhibit JOV-1).

ANSWER:

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_131 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.



133. Transmission. Please identify the specific emissions controls equipment and provide the associated annual revenue requirement for the emission control retrofits reflected in each of the two Plant Smith MATS compliance options evaluated as summarized in the results presented in Table 3.3-2 of the Environmental Compliance Program Update (Exhibit JOV-1).

**ANSWER:**

Table 3.3-2 did not include emission control retrofit costs. Activated carbon injection (ACI), dry sorbent injection (DSI), and the conversion of the hot-side precipitator to a cold-side precipitator are needs for either Option 1 or Option 2 for Plant Smith; therefore, annual revenue requirements of the retrofit costs would be the same in both options and were not necessary to include.

134. Transmission. With reference to Mr. Vick's Exhibit JOV-1, please provide the annual revenue requirements for each year of the economic analyses for each compliance option evaluated as presented in Table 3.3-1 of Exhibit JOV-1 in an electronic machine readable format, along with underlying annual coal and natural gas prices for each year of each such analysis.

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_134 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

135. Transmission. With reference to Mr. Vick's Exhibit JOV-1, please provide the annual revenue requirements for each year of the economic analyses for each compliance option evaluated as presented in Table 3.3-2 of Exhibit JOV-1 in an electronic machine readable format, along with underlying annual coal and natural gas prices for each year of each such analysis.

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_135 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

136. Transmission. With reference to page 5 of Mr. Vick's direct testimony, please identify the specific provisions of the MATS rule which limit the ability of the Plant Crist units to operate in the event of a scrubber malfunction or outage and provide the forecasted impact of these limits on the Crist units in terms of the annual hours and MWh restrictions which would apply as reflected in the first three years of the Company's analysis of MATs compliance options for the Crist units.

ANSWER:

The specific MATS emission limits are described in 40 CFR 63 Subpart UUUUU § 63.9991. An excerpt of the regulation is provided below.

*§ 63.9991 What emission limitations, work practice standards, and operating limits must I meet?  
(a) You must meet the requirements in paragraphs (a)(1) and (2) of this section. You must meet these requirements at all times.*

*(1) You must meet each emission limit and work practice standard in Table 1 through 3 to this subpart that applies to your EGU, for each EGU at your source, except as provided under § 63.10009.*

*(2) You must meet each operating limit in Table 4 to this subpart that applies to your EGU.*

*(b) As provided in § 63.6(g), the Administrator may approve use of an alternative to the work practice standards in this section.*

*(c) You may use the alternate SO<sub>2</sub> limit in Tables 1 and 2 to this subpart only if your coal-fired EGU:*

*(1) Has a system using wet or dry flue gas desulfurization technology and SO<sub>2</sub> continuous emissions monitoring system (CEMS) installed on the unit; and*

*(2) At all times, you operate the wet or dry flue gas desulfurization technology installed on the unit consistent with § 63.10000(b).*

The MATS rule has strict limits for acid gasses (HCl or SO<sub>2</sub>) and mercury (Hg) that can only be achieved while operating the scrubber at Plant Crist. A table listing the MATS emissions limits is provided on page 3. The Plant Crist un-scrubbed SO<sub>2</sub> emissions are approximately 3.0 lb/MMBtu and the MATS limit is 0.2 lb/MMBtu. The scrubber reduces SO<sub>2</sub> emissions by 95% or more; therefore, the scrubber must be operating for MATS SO<sub>2</sub> compliance.

The impact of these limits on Plant Crist is that after the MATS compliance date, all scrubber outages will require all of the Plant Crist units to cease coal-fired operation. Since scrubber malfunctions and outages can occur at any time, the MATS compliance Options 1-3 assumed a certain amount of gas generation would be required during expected periods of transmission system conditions that require generation from Plant Crist. Additional environmental controls were also assumed for Option 2 to allow some amount of coal-fired generation during these scrubber outage periods.



While scrubber malfunctions or outages could occur at any time, for MATS analysis modeling purposes, the forecasted annual hours requiring generation from Plant Crist were projected to occur primarily in [REDACTED] generally between the [REDACTED]. However, in order to provide transmission support during these periods, a combination of these units needs to be generating at least at their unit [REDACTED]. This is due to the minimum start-up and shut-down requirements and other operational constraints for Plant Crist Units 4-7.

Minimum on-line generation capacity (MW) requirements vary by MATS compliance Option. For Options 1 and 2, [REDACTED] are needed during the [REDACTED] in the [REDACTED]. For Option 3, [REDACTED] are needed during the [REDACTED] in the [REDACTED]. These requirements result in varying impacts to annual hours or MWhs of generation.

For MATS compliance Option 4, since the appropriate transmission projects will be complete to allow system stability in the event of scrubber malfunction or outage, there would be no impact on annual hours or MWhs of generation. A scrubber malfunction or outage can occur at any time and would cease all generation from Plant Crist under the Option 4 scenario.

Table 2 to Subpart UUUUU of Part 63—Emission Limits for Existing EGUs [77 FR 23405, Apr. 19, 2012]

<i>As stated in § 63.9991, you must comply with the following applicable emission limits:<sup>1</sup> your EGU is in this subcategory . . .</i>	<b>For the following pollutants . . .</b>	<b>You must meet the following emission limits and work practice standards . . .</b>	<b>Using these requirements, as appropriate (e.g., specified sampling volume or test run duration) and limitations with the test methods in Table 5 . . .</b>
1. Coal-fired unit not low rank virgin coal	a. Filterable particulate matter (PM)	3.0E-2 lb/MMBtu or 3.0E-1 lb/MWh. <sup>2</sup>	Collect a minimum of 1 dscm per run.
	OR	OR	
	Total non-Hg HAP metals	5.0E-5 lb/MMBtu or 5.0E-1 lb/GWh.	Collect a minimum of 1 dscm per run.
	OR	OR	
	Individual HAP metals:		Collect a minimum of 3 dscm per run.
	Antimony (Sb)	8.0E-1 lb/TBtu or 8.0E-3 lb/GWh.	
	Arsenic (As)	1.1E0 lb/TBtu or 2.0E-2 lb/GWh.	
	Beryllium (Be)	2.0E-1 lb/TBtu or 2.0E-3 lb/GWh.	
	Cadmium (Cd)	3.0E-1 lb/TBtu or 3.0E-3 lb/GWh.	
	Chromium (Cr)	2.8E0 lb/TBtu or 3.0E-2 lb/GWh.	
	Cobalt (Co)	8.0E-1 lb/TBtu or 8.0E-3 lb/GWh.	
	Lead (Pb)	1.2E0 lb/TBtu or 2.0E-2 lb/GWh.	
	Manganese (Mn)	4.0E0 lb/TBtu or 5.0E-2 lb/GWh.	
	Nickel (Ni)	3.5E0 lb/TBtu or 4.0E-2 lb/GWh.	
	Selenium (Se)	5.0E0 lb/TBtu or 6.0E-2 lb/GWh.	

<i>As stated in § 63.9991, you must comply with the following applicable emission limits:<sup>1</sup> your EGU is in this subcategory . . .</i>	<b>For the following pollutants . . .</b>	<b>You must meet the following emission limits and work practice standards . . .</b>	<b>Using these requirements, as appropriate (e.g., specified sampling volume or test run duration) and limitations with the test methods in Table 5 . . .</b>
	b. Hydrogen chloride (HCl)	2.0E-3 lb/MMBtu or 2.0E-2 lb/MWh.	For Method 26A, collect a minimum of 0.75 dscm per run; for Method 26, collect a minimum of 120 liters per run.
			For ASTM D6348-03 <sup>3</sup> or Method 320, sample for a minimum of 1 hour.
	OR		
	Sulfur dioxide (SO <sub>2</sub> ) <sup>4</sup>	2.0E-1 lb/MMBtu or 1.5E0 lb/MWh.	SO <sub>2</sub> CEMS.
	c. Mercury x(Hg)	1.2E0 lb/TBtu or 1.3E-2 lb/GWh	LEE Testing for 30 days with 10 days maximum per Method 30B run or Hg CEMS or sorbent trap monitoring system only.

<sup>1</sup>For LEE emissions testing for total PM, total HAP metals, individual HAP metals, HCl, and HF, the required minimum sampling volume must be increased nominally by a factor of two.

<sup>2</sup>Gross electric output.

<sup>3</sup>Incorporated by reference, see § 63.14.

<sup>4</sup>You may not use the alternate SO<sub>2</sub> limit if your EGU does not have some form of FGD system and SO<sub>2</sub> CEMS installed.

137. Transmission. With reference to page 7 of Mr. Vick's direct testimony, please provide the forecasted annual MWh reduction in must-run generation and the associated forecasted production cost savings arising from the removal of the must-run requirement from Plant Crist under Option 4 as reflected in the results presented in Table 3.3-1, along with underlying assumptions supporting this estimate.

ANSWER:

The MWh deltas between the four Crist MATS compliance options are shown beginning on page 2. All scenarios do not have MWh reductions due to the difference between the fuel that is required in the three must run options vs. the transmission only option with no must run. That is, when compared to economic dispatch utilizing coal, a gas must run option may actually produce less MWh, but at a higher cost.

The associated forecasted production cost savings arising from the removal of the must-run requirement are identical to the Annual Must Run Costs supplied in Citizens' Fourth Set of Interrogatories Item No.128.

Key assumptions underlying these estimates include all pertinent unit operation information including fuel prices, heat rates, minimum and maximum capacity, minimum up and down time, variable operation and maintenance costs, equivalent forced outage rates, maintenance outages, and emissions rates and costs which are included in response to Citizens' Fourth Request to Produce Documents Item No. 77.

The other key factor is the approximation of the detailed must run time periods. While certain system conditions may occur at any time requiring generation from Plant Crist, transmission studies have identified that when Gulf Power loads are projected to be above approximately [REDACTED] the Pensacola area load cannot be served reliably without generation from Plant Crist. For modeling purposes, these conditions were projected to occur primarily in [REDACTED] generally between [REDACTED]. However, in order to provide transmission support during these periods, a combination of these units needs to be generating at least at their [REDACTED]. This is due to the minimum start-up and shut-down requirements and other operational constraints for Plant Crist Units 4-7.

For Option 1, [REDACTED] of Plant Crist was required to must run and was constrained to operate on gas during this projected must run period. For Option 2, [REDACTED] of Plant Crist was required to must run, of which, [REDACTED] was constrained to operate on gas during the projected must run period while an additional [REDACTED] continued to utilize coal. For Option 3, only [REDACTED] of Plant Crist generation was required to must run and



138. Transmission. With reference to page 10 of Mr. Vick's direct testimony, please provide the forecasted variable operating cost associated with DSI systems as reflected in the first three years of the Company's analysis of MATs compliance options for Plant Smith Units 1 and 2.

ANSWER:

Below are the Plant Smith Units 1 and 2 DSI variable operating cost projections, as well as ACI variable operating cost projections, which combined make up the total sorbent injection costs referenced on page 10 of Mr. Vick's direct testimony.

Option 1 projected sorbent injection costs in \$k	2015	2016	2017
High Gas, Existing CO2	██████	██████	██████
High Gas, Moderate CO2	██████	██████	██████
High Gas, Substantial CO2	██████	██████	██████
Low Gas, Existing CO2	██████	██████	██████
Low Gas, Moderate CO2	██████	██████	██████
Low Gas, Substantial CO2	██████	██████	██████
Moderate Gas, Existing CO2	██████	██████	██████
Moderate Gas, Moderate CO2	██████	██████	██████
Moderate Gas, Substantial CO2	██████	██████	██████
Option 2 projected sorbent injection costs in \$k	2015	2016	2017
High Gas, Existing CO2	██████	██████	██████
High Gas, Moderate CO2	██████	██████	██████
High Gas, Substantial CO2	██████	██████	██████
Low Gas, Existing CO2	██████	██████	██████
Low Gas, Moderate CO2	██████	██████	██████
Low Gas, Substantial CO2	██████	██████	██████
Moderate Gas, Existing CO2	██████	██████	██████
Moderate Gas, Moderate CO2	██████	██████	██████
Moderate Gas, Substantial CO2	██████	██████	██████

139. Transmission. With reference to page 10 of Mr. Vick's direct testimony, please provide the forecasted coal price premium for low sulfur/low chloride coal as reflected in the first three years of the Company's analysis of MATs compliance options for Plant Smith Units 1 and 2.

ANSWER:

The forecasted delivered price of premium low sulfur/low chloride coal used in the Smith 1-2 MATS analysis is [REDACTED]/mmBtu, [REDACTED]/mmBtu, and [REDACTED] mmBtu for 2015, 2016, and 2017, respectively. Gulf did not calculate or use a coal price premium in its analysis.

140. Transmission. Please provide the forecasted annual forced and planned outage hours for the scrubber system for each of the first ten years of Gulf Power's original study supporting the need for the Plant Crist scrubbers.

**ANSWER:**

Gulf's analysis supporting the need for the Plant Crist Scrubber did not include a forecast of forced and planned scrubber outages because Gulf was able to maintain the ability to bypass the scrubber during the event of an outage or malfunction.



141. Transmission. Please provide the years in which the Plant Smith and Plant Crist units first were operated as must-run units and identify all studies or analyses documenting the basis for the decisions to implement must-run operations at these facilities.

ANSWER:

Since Plant Crist and Plant Smith began commercial operations in 1945 and 1965 respectively, Gulf Power transmission planning studies have always modeled the system with some level of generation on line at these two plants. Thus, since their original commercial operation, some level of generation from these two plants has been considered must-run from a transmission planning perspective. Due to the impact of the new MATS environmental regulations on Gulf Power's generating fleet and the Company's current strategies to comply with them, transmission planning studies must now consider the total loss of generation at Plant Crist and Plant Smith. The new transmission facilities will allow Gulf Power to continue to provide reliable service to our customers and meet these new environmental regulations. There are no studies or analyses documenting the initial determination of Plant Crist and Plant Smith as must-run facilities.

142. Transmission. Please provide the annual planned and forced outage hours due to scrubber related issues for each Crist generating unit for each year since scrubbers were placed in service at the Crist plant.

ANSWER:

The table below shows the annual planned and forced generating unit outage hours due to scrubber-related issues. Until the MATS rule becomes effective in 2015, the Plant Crist scrubber is permitted to be bypassed and therefore scrubber maintenance does not usually cause generating unit outages. There have been no forced generating unit outage hours due to scrubber-related issues. One planned generating unit outage occurred in 2012 due to work required on the Crist Unit 6 scrubber bypass damper. During this work, Crist Unit 6 was offline 134 hours on a planned maintenance outage while two other coal-fired generating units remained online. Every time the scrubber has been unavailable, one or more coal-fired generating units at Crist have continued to run during the scrubber outage. After the MATS compliance date, all scrubber outages will require all of the Plant Crist units to cease coal-fired operation

<b>Annual Planned and Forced Generating Unit Outage Hours Due to Scrubber-Related Issues</b>				
<b>Year</b>	<b>Unit</b>			
	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	134	0
2013 through June	0	0	0	0

143. Transmission. Please provide the annual hours in which each Crist generating unit has been operated in a "scrubber maintenance" or "scrubber bypass" mode for each year since scrubbers were placed in service at the Crist plant.

ANSWER:

The table below shows the Plant Crist scrubber planned and forced maintenance and bypass hours per generating unit. During these scrubber events, the generating units continued operating normally with one exception as noted in the response to Citizens' First Set of Interrogatories Item No. 142. However, the generating units will not be able to continue coal-fired operation during scrubber maintenance and bypass events when the MATS rule becomes effective in 2015.

<b>Annual Hours of Plant Crist Scrubber Maintenance and Bypass</b>				
<b>Year</b>	<b>Unit</b>			
	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
2010	252	283	591	568
2011	0	290	258	293
2012	264	155	150	1
2013 through June	0	0	0	0
<b>TOTAL</b>	<b>522</b>	<b>873</b>	<b>990</b>	<b>863</b>

144. Transmission. Has the Company evaluated the option of retirement and replacement of the Plant Smith coal units with natural gas-fired generation alternatives? If so, describe the analysis performed and summarize the results. If not, please explain why not.

ANSWER:

Gulf determined that on-site gas-fired replacement generation for MATS compliance at Plant Smith is not a feasible option for several reasons: replacement generation capital costs are an order of magnitude higher than the capital costs of transmission upgrades; the necessary gas lateral and annual firm gas transportation cost estimates are cost prohibitive; and due to the short compliance timeframe of the MATS rule, construction of replacement generation is not possible by the MATS compliance date.

Although Gulf began some preliminary analysis on retirement of Plant Smith with no replacement or with future replacement from a proxy purchase, the analysis was not completed for the following reasons. Retirement of Plant Smith without on-site replacement generation would require investment in the identified transmission upgrade projects. Given this fact, Gulf shifted the focus of its analysis to determine whether installing environmental controls at Plant Smith along with the identified transmission upgrades would be the economic choice for MATS compliance over just installing environmental controls for MATS compliance. The analysis did, in fact, conclude that, under current planning assumptions, the identified transmission upgrades are the more economic option for meeting MATS compliance under a controlled Plant Smith scenario. The proposed MATS transmission upgrades allow Gulf to meet the MATS compliance date, avoid the higher cost of replacement generation, and defer the decision to retire or add environmental controls to Plant Smith. The benefit of deferring the decision to retire or add environmental controls to Plant Smith is that Gulf will most likely know with more certainty, at some point in the future, the requirements of and costs to comply with imminent environmental regulations such as the 316(b) intake structure regulation, the coal combustion byproducts (CCB) rule, and effluent limitation guidelines (ELG).

145. Transmission. With reference to page 18 and Schedule 4 of Mr. Caldwell's direct testimony, is any portion of the referenced transmission projects for MATS compliance owned by Gulf Power's affiliates? If so, please identify separately the portion of such facilities owned by Gulf Power and by each such affiliate and explain the basis for determining the amount of the total costs of each such project which were allocated to Gulf Power.

ANSWER:

Yes. The new North Brewton – Alligator Swamp 230 kV transmission line is a joint project between Gulf Power Company and Alabama Power Company. Gulf Power will be responsible for constructing and will own, maintain and operate the new 230 kV transmission facilities from its Alligator Swamp substation to the Alabama-Florida state line. Likewise, Alabama Power will be responsible for constructing and will own, maintain and operate the new 230 kV transmission facilities from its North Brewton substation to the Alabama-Florida state line. Of the approximate 60 miles to be constructed, Gulf Power will construct and have ownership of approximately 43 miles and Alabama Power will construct and have ownership of approximately 17 miles. The project costs included on Schedule 4 are the costs associated with Gulf Power's portion of the project.

In addition, the Holmes Creek – Highland City New 230 kV- Line is a joint effort between Gulf Power Company and Alabama Power Company. The complete project activities (Pinckard-Holmes Creek – Highland City 230 kV transmission line) include constructing 230 kV transmission facilities at the Pinckard substation located in Alabama and end with the construction of new 230 kV transmission facilities at Highland City substation in Florida. Gulf Power will be responsible for constructing and will own, maintain and operate the new 230 kV transmission facilities from the Alabama-Florida State line to its Highland City Substation. Likewise, Alabama Power will be responsible for constructing and will own, maintain and operate the new 230 kV transmission facilities from its Pinckard substation to the Alabama-Florida state line. Gulf Power will construct and have ownership of approximately 70 miles and Alabama Power will construct and have ownership of approximately 20 miles. The project costs included on Schedule 4 are the costs associated with Gulf Power's portion of the project.

146. Transmission. With reference to page 18 and Schedule 4 of Mr. Caldwell's direct testimony, please provide the forecasted hours per year that the referenced transmission projects would be required in order for each Plant Crist and Plant Smith unit to meet MATS requirements.

**ANSWER:**

The referenced transmission projects are needed to maintain transmission system reliability in accordance with NERC Reliability Standards. NERC Reliability Standards are based on maintaining reliability for critical conditions in the event of various contingency scenarios so that lines or equipment do not experience thermal overloads or other system constraints. Gulf cannot forecast when these contingencies may occur, and since continuous compliance with MATS is required, the projects are needed at all times to maintain reliability of the Gulf Power transmission system and meet the MATS rule requirements.

147. Transmission. With reference to Schedule 4 of Mr. Caldwell's direct testimony, please identify and quantify (to the extent possible) the benefits of the listed transmission projects other than allowing the Plant Crist and Plant Smith units to meet MATS requirements. Identify the analyses and/or studies on which you base your answer.

**ANSWER:**

The MATS transmission projects on Schedule 4 provide potential fuel cost savings which would inure to the benefit of Gulf Power's customers. See Gulf Power's Revised Compliance Plan filed September 24, 2013 and the accompanying testimony of Witness Vick, Exhibit JOV-1, pages 17 and 26 for the quantification of the potential fuel cost savings resulting from the MATS transmission projects.

148. Transmission. With reference to Schedule 4 of Mr. Caldwell's direct testimony, to what extent will each of the listed transmission projects benefit Gulf Power's affiliates? Explain and quantify the nature of such benefits, and discuss how such benefits are reflected in the allocation of costs of the projects between the Company and its affiliates. Identify the studies and analyses on which you base your answer.

ANSWER:

Gulf has not identified any benefits to affiliates from constructing the transmission projects listed on Schedule 4 of Witness Caldwell's testimony.



149. Transmission. With reference to page 3, lines 18-23, of Ms. Cain's direct testimony, please provide the total commitment and energy value to the Southern Electric System for each year of each MATS compliance option evaluated for Plant Crist and Plant Smith.

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_149 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

150. Transmission. With reference to page 3, lines 18-23, of Ms. Cain's direct testimony, please provide Gulf Power's share of the total commitment and energy value to the Southern Electric System for each year of each MATS compliance option evaluated for Plant Crist and Plant Smith.

ANSWER:

Since the units in question are 100% owned by Gulf Power, all costs and revenues associated with the units are allocated to Gulf Power's customers. The evaluation methodology that was used in each MATS compliance option assumed the revenue associated with the units would consist of an avoided cost for the Southern Electric System.

151. Transmission. With reference to page 3, lines 18-23, of Ms. Cain's direct testimony, please provide the portion of the total commitment and energy value to the Southern Electric System that would be assigned to Gulf Power's affiliates for each year of each MATS compliance option evaluated for Plant Crist and Plant Smith.

ANSWER:

Please see the response to Citizens' Fourth Set of Interrogatories No. 150.

152. Hiring Lag. Please provide a schedule in Excel compatible format with all formulas functional and intact where possible, showing each vacant position found in Exhibit JRM-1, Schedule 5 showing the title for the position, the date the position was vacated, the date the position was filled, the salary for the departing employee, and the initial salary to the employee filling the position.

**ANSWER:**

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_152 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

The file contains a list of each vacant position found in Exhibit RJM-1, Schedule 5 showing the title for each position, the date the position was vacated, the date the position was filled, the salary for the departing employee, and the initial salary to the employee filling the position.

153. Hiring Lag. Please provide a schedule in Excel compatible format with all formulas functional and intact where possible, showing (for each of the categories found on Exhibits RJM-1, Schedule 5 of covered, exempt, and non-exempt) the number of positions authorized, the number of positions budgeted, the number of positions filled, the base salaries for each unfilled authorized position, as well as the base salaries and budgeted premium pay for each unfilled budgeted position.

ANSWER:

Electronic attachments that include confidential information are located in the folder named OPC\_ROG\_153 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Set of Interrogatories (Nos. 116-162) Disk 2-Confidential.

The file contains a list of the number of positions authorized and budgeted and the number of positions filled, by employee category. In addition to the categories found on Exhibit RJM-1, Schedule 5, Gulf has 7 temporary positions authorized and budgeted for 2014. Also included is a list of vacant positions and their related total compensation, consisting of base salary and incentive compensation.

154. Rate Case Expenses. With reference to page 10, lines 4 through 7, of Ms. Erickson's direct testimony, please explain the relationship between the CPI, customer growth, and rate case expenses and explain how both CPI and customer growth impact rate case expenses.

ANSWER:

As explained on page 10 (lines 9-20) of Ms. Erickson's direct testimony, Gulf developed its rate case expense estimate by taking the actual rate case expenses from its last case and adding an additional amount for attorney resources for Human Resource related items and discovery, depreciation and storm study witnesses and incremental labor due to the demands of a rate case. The reference to CPI and customer growth was not meant to suggest our rate case expense estimate was developed by using these factors but was merely a reference to a common benchmark employed by the Commission.

155. Rate Case Expenses. With reference to page 10, lines 9 through 20, of Ms. Erickson's direct testimony, please provide the cost of incremental labor for Gulf and SCS employees included in the adjustment.

ANSWER:

Gulf estimated \$354,000 of incremental labor expense for its 2013 rate case. This labor is incremental to the rate case and is not budgeted beyond 2013. The incremental labor consist of temporarily backfilling five positions in the Accounting function, so regular employees can work on rate case work, and hiring two additional temporary positions in the Regulatory function to work on rate case work. Please see Gulf's response to Citizens' POD Fourth Request to Produce Documents Item No. 86 for details of the incremental labor adjustment.

156. Rate Case Expenses. Please provide the amount of rate case expenses included in the pro forma test year, the amount incurred through July 2013 and the remaining amounts budgeted for the completion of this case.

ANSWER:

Please see Schedule 17 of Exhibit SDR-1 to the testimony of Gulf Witness Ritenour for the amount of rate case expenses included in the 2014 test year.

See below for the amount of rate case expenses incurred through July 2013 and the remaining amount budgeted for completion of this rate case.

2013 Rate Case Expense Estimate	\$4,922,000
Less amount incurred through July 2013	<u>1,824,462</u>
Rate case expense budgeted for completion of case	<u>\$3,097,538</u>



157. Rate Case Expenses. Please provide a reconciliation of Schedule C-10 to the pro forma level of rate case expenses requested in this docket.

ANSWER:

Outside Consultants (per Schedule C-10)		\$1,186,000
Outside Legal Services (per Schedule C-10)		2,878,000
Incremental Labor (2013 Rate Case)		354,000
Other (2011 Rate Case)		
Southern Company Services	289,000	
Meals & Travel	121,000	
Incremental Labor	43,000	
Printing Services	28,000	
Postage, Office Supplies, etc.	<u>23,000</u>	<u>504,000</u>
Proforma Amount for 2013 Rate Case Expense (agrees to total expenses on MFR C-10)		<u>\$4,922,000</u>

158. Directors and Officers Liability Insurance. Please provide the pro forma level of Directors and Officers Liability Insurance included in the jurisdictional revenue requirement.

ANSWER:

\$92,593

159. Accumulated Deferred Income Taxes (ADIT). Please provide the amounts for Financial Accounting Standards Board Interpretation (FIN) No. 48 items in a) 2012, and b) the 2014 test year.

ANSWER:

The amount is \$4,993,268 for both 2012 and 2014 test year.

160. ADIT. Please provide the amounts for FIN 48 items excluded from the revenue requirement and explain why each item was excluded from the revenue requirement, and explain why the excluded FIN 48 items were recognized for financial reporting purposes in 2012 but were not included in the revenue requirement.

ANSWER:

None of the FIN 48 items were excluded from the revenue requirement. Accumulated deferred income taxes, including the impact of FIN 48, were included in the cost of capital calculation.

161. Storm Damage Expense. Please provide an analysis of Gulfs actual storm damage expense for each year from 2003 through 2012 and in 2013 through July. For each year provide the amount of the expense related to each functional category of plant, the number and types of production plants damaged, the miles of transmission line damaged, and the miles of distribution line damaged.

ANSWER:

Year of Damage	Capitalized Storm Costs				Storm Expense	Total Cost of Storm
	Generation *	Transmission	Distribution	General		
2003	-	\$568,552	\$48,339	-	\$93,676	\$710,567
2004	\$202,347	\$1,635,611	\$22,952,157	-	\$111,810,739	\$136,600,854
2005	-	\$592,188	\$7,206,679	\$31,538	\$56,118,583	\$63,948,988
2006	-	-	\$62,211	-	\$133,910	\$196,121
2007	-	-	-	-	\$1,550,289	\$1,550,289
2008	-	-	-	-	\$1,347,384	\$1,347,384
2009	-	-	\$11,781	-	\$142,574	\$154,355
2010	-	-	-	-	-	-
2011	-	-	\$26,224	-	\$760,344	\$786,568
2012	-	-	\$166,603	-	\$2,268,914	\$2,435,517
2013	-	-	-	-	-	-

\* In 2004 there were two steam production plants damaged during Hurricane Ivan.

The miles of transmission and distribution line damaged during storms are not available as it is not tracked.

162. Storm Damage Expense. Please provide an analysis of Gulfs Storm Damage Reserve account for each year from its establishment through 2012, then for 2013 through July, and then from August 20 13 through the end of the 2014 test year showing the amount accrued each year, the amounts charged to the reserve, and the ending balance for each year plus for each month of the test year.

ANSWER:

Please see pages 2 and 3.

**GULF POWER COMPANY**

**Accumulated Provision for Property Insurance (Account 228.1)**

Year	Beginning Balance	Balance Transfer (1)	Accrual (2)	Storm Surcharge Credits	Insurance Recoveries	Interest on Deficit (3)	Interest Credits	Charges	Ending Balance
1984	-	(4,609,244.64)	-	-	-	-	-	-	(4,609,244.64)
1985	(4,609,244.64)	-	(2,400,000.00)	-	-	-	-	3,871,239.00	(3,138,005.64)
1986	(3,138,005.64)	-	(4,983,412.86)	-	-	-	-	5,297,654.73	(2,823,763.77)
1987	(2,823,763.77)	-	(1,200,000.00)	-	-	-	-	253,678.14	(3,770,085.63)
1988	(3,770,085.63)	-	(1,200,000.00)	-	-	-	-	-	(4,970,085.63)
1989	(4,970,085.63)	-	(1,200,000.00)	-	-	-	-	78,247.40	(6,091,838.23)
1990	(6,091,838.23)	-	(1,200,000.00)	-	-	-	-	-	(7,291,838.23)
1991	(7,291,838.23)	-	(1,200,000.00)	-	-	-	-	-	(8,491,838.23)
1992	(8,491,838.23)	-	(1,200,000.00)	-	-	-	-	-	(9,691,838.23)
1993	(9,691,838.23)	-	(1,200,000.00)	-	-	-	-	383,045.48	(10,508,792.75)
1994	(10,508,792.75)	-	(1,200,000.00)	-	-	-	-	187,233.72	(11,521,559.03)
1995	(11,521,559.03)	-	(1,775,000.00)	-	-	-	-	20,799,108.48	7,502,549.45
1996	7,502,549.45	-	(4,500,000.00)	-	(83,811.13)	-	-	356,359.99	3,275,098.31
1997	3,275,098.31	-	(3,916,670.00)	-	-	-	-	1,344,261.00	702,689.31
1998	702,689.31	-	(6,500,000.00)	-	-	-	-	4,192,151.00	(1,605,159.69)
1999	(1,605,159.69)	-	(5,500,000.00)	-	-	-	-	1,576,636.54	(5,528,523.15)
2000	(5,528,523.15)	-	(3,500,000.00)	-	-	-	-	297,177.38	(8,731,345.77)
2001	(8,731,345.77)	-	(4,500,000.00)	-	(1,389,633.56)	-	-	1,056,043.80	(13,564,935.53)
2002	(13,564,935.53)	-	(3,500,000.00)	-	(1,107,727.08)	-	-	2,754,887.40	(15,417,775.21)
2003	(15,417,775.21)	-	(10,600,000.00)	-	(38,326.85)	-	-	(188,106.58)	(26,244,208.64)
2004	(26,244,208.64)	-	(18,500,000.00)	-	(106,512.42)	-	-	94,402,891.63	49,552,170.57
2005	49,552,170.57	-	(9,500,000.00)	-	(136,777.81)	-	-	3,658,422.25	43,573,815.01
2006	43,573,815.01	-	(6,500,000.00)	-	(89,165.00)	602,324.54	-	1,503,248.80	39,090,223.35
2007	39,090,223.35	-	(3,500,000.00)	(18,480,906.55)	-	-	-	1,475,530.44	18,584,847.24
2008	18,584,847.24	-	(3,500,000.00)	(26,142,734.86)	-	-	-	1,257,839.85	(9,800,047.77)
2009	(9,800,047.77)	-	(3,500,000.00)	(10,746,277.85)	-	-	(46,507.44)	46,948.96	(24,045,884.10)
2010	(24,045,884.10)	-	(3,500,000.00)	-	-	-	(47,229.60)	-	(27,593,113.70)
2011	(27,593,113.70)	-	(3,500,000.00)	-	-	-	(35,686.19)	655,593.16	(30,473,206.73)
2012	(30,473,206.73)	-	(3,500,004.00)	-	-	-	(39,821.39)	2,057,162.08	(31,955,870.04)
YTD July 2013	(31,955,870.04)	-	(2,041,665.00)	-	-	-	(13,933.16)	(45,996.75)	(34,057,464.95)
August-December 2013 (4)	(34,057,464.95)	-	(1,458,335.00)	-	-	-	(39,981.00)	183,290.00	(35,372,490.95)

(1) Balance transferred to FERC account 228-01100 from FERC account 261.

(2) Per PSC Order No. PSC-96-0023-FOF-EI, Gulf has discretionary authority to increase the annual accrual above the approved annual accrual amount.

(3) Per PSC Order No. PSC-06-0601-S-EI, effective January 1, 2006 Gulf was allowed to calculate interest on the deficiency in the reserve.

(4) August through December 2013 represent forecasted amounts, which exclude named storms that could occur.

**GULF POWER COMPANY**  
**Accumulated Provision for Property Insurance (Account 228.1)**  
**For the Year 2014 \***

	<u>Beginning Balance</u>	<u>Currently Approved Accrual **</u>	<u>Interest Credits</u>	<u>Charges</u>	<u>Ending Balance</u>
Jan	\$ (35,372,490.95)	\$ (291,663.00)	\$ (14,793.00)	\$ 36,658.00	\$ (35,642,288.95)
Feb	(35,642,288.95)	(291,667.00)	(16,114.00)	36,658.00	(35,913,411.95)
Mar	(35,913,411.95)	(291,667.00)	(16,125.00)	36,658.00	(36,184,545.95)
Apr	(36,184,545.95)	(291,667.00)	(22,781.00)	36,658.00	(36,462,335.95)
May	(36,462,335.95)	(291,667.00)	(22,804.00)	36,658.00	(36,740,148.95)
Jun	(36,740,148.95)	(291,667.00)	(22,826.00)	36,658.00	(37,017,983.95)
Jul	(37,017,983.95)	(291,667.00)	(30,466.00)	36,658.00	(37,303,458.95)
Aug	(37,303,458.95)	(291,667.00)	(30,506.00)	36,658.00	(37,588,973.95)
Sep	(37,588,973.95)	(291,667.00)	(30,547.00)	36,658.00	(37,874,529.95)
Oct	(37,874,529.95)	(291,667.00)	(37,279.00)	36,658.00	(38,166,817.95)
Nov	(38,166,817.95)	(291,667.00)	(37,339.00)	36,658.00	(38,459,165.95)
Dec	(38,459,165.95)	(291,667.00)	(37,400.00)	36,658.00	(38,751,574.95)
<b>Total</b>	<b><u>\$ (35,372,490.95)</u></b>	<b><u>\$ (3,500,000.00)</u></b>	<b><u>\$ (318,980.00)</u></b>	<b><u>\$ 439,896.00</u></b>	<b><u>\$ (38,751,574.95)</u></b>

\* The accrual, credit, and charge amounts shown for 2014 are based on forecasted amounts, which exclude named storms.

\*\* The total in the "Currently Approved Accrual" column does not reflect the \$5.5 million NOI adjustment presented in column (6) page 2 of 2 MFR C-38.

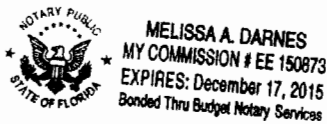


AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 24<sup>th</sup> day of September, 2013.

Melissa Darnes  
Notary Public, State of Florida at Large

**109**

**Gulf's Responses to  
OPC's Fifth Set of Interrogatories  
(Nos. 169-177)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 130140-EI **EXHIBIT** 109

**PARTY** PSC Staff

**DESCRIPTION** Gulf's/OPC's 5<sup>th</sup> ROGs, Nos. 169-177

**DATE** \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

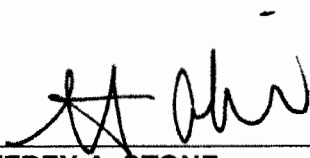
Docket No. 130140-EI

Date Filed: September 30, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' FIFTH SET OF INTERROGATORIES (NOS. 163-177)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Fifth Set of Interrogatories (Nos. 163-177) on the following pages.

Respectfully submitted by overnight mail the 30th day of September, 2013,



\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

163. Land. Please reconcile the \$13,021,000 shown as the North Escambia County Land on Schedule B-15 with the \$27,687,441 shown in the Commission Order No. PSC-12-0179-FOF-EI. Please identify in the reconciliation the portion of the costs provided in the last rate case were estimates, the portion of the costs that was spent as of December 31, 2011, and a detail of all additional costs that were added after December 31, 2011.

ANSWER:

Please see Page 2.

**2012 Test Year – Amounts Included  
('000s)**

	<u>Actual</u>	<u>Projected</u>	<u>Projected</u>	<u>Projected</u>
	<u>December 2010</u>	<u>Projected 2011</u>	<u>December 2011</u>	<u>December 2012</u>
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>	<u>13MA Balance</u>
FERC 182 - Regulatory Assets	12,814	14,873	27,687	27,687
FERC 105 - Plant Held for Future Use	-	-	-	-
FERC 186 - Misc. Deferred Debit	-	-	-	-
FERC 183 - Preliminary Survey & Investigation	-	-	-	-
<b>Total</b>	<b>12,814</b>	<b>14,873</b>	<b>27,687</b>	<b>27,687 *</b>

\* As shown in Commission Order No. PSC-12-0179-FOF-EI

**2014 Test Year – Amounts Excluded  
('000s)**

	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual 2012</u>	<u>Actual 2012</u>	<u>Actual</u>	<u>Projected 2013</u>	<u>Projected</u>
	<u>December 2010</u>	<u>Actual 2011</u>	<u>December 2011</u>	<u>Reclass ^</u>	<u>Additions</u>	<u>December 2012</u>	<u>and 2014</u>	<u>December 2014</u>
	<u>Balance</u>	<u>Additions</u>	<u>Balance</u>		<u>Writeoffs 0</u>	<u>Balance</u>	<u>Additions</u>	<u>13MA Balance</u>
FERC 182 - Regulatory Assets	12,814	7,601	20,415	(16,557)	258	(2,772)	1,344	1,344 [A]
FERC 105 - Plant Held for Future Use	-	-	-	13,021			13,021	13,021 [B]
FERC 186 - Misc. Deferred Debit	-	-	-	-	149		149	149 [A]
FERC 183 - Preliminary Survey & Investigation	-	-	-	3,536	120		3,656	3,656 [A]
<b>Total</b>	<b>12,814</b>	<b>7,601</b>	<b>20,415</b>	<b>-</b>	<b>527</b>	<b>(2,772)</b>	<b>18,170</b>	<b>18,170</b>

Σ A = The working capital portion of the North Escambia property is \$5,149,000. This amount has been excluded from working capital as shown on MFR B-17, Line 24, Column 6.

B = The Plant Held for Future Use portion of the North Escambia property is \$13,021,000. This amount has been excluded from rate base as shown on MFR B-2, Line 7, Column 5.

^ These costs were transferred out of the nuclear deferred debit account due to the fact that the land is suitable for multiple generation technologies, of which nuclear is one option.

0 Reflects amounts written off pursuant to GAAP as a result of the Commission's decision in Order No. PSC-12-0179-FOF-EI in Docket No. 110138-EI.

164. Land. Did the \$27,687,441 referred to in Interrogatory No. 163 include any actual purchases of land parcels? If so, does the utility still own these parcels? If the utility does not still own these parcels, please provide the details of the sale of each parcel: the original cost, the sales price, the date of the sale, the purchaser of the parcel.

ANSWER:

Yes. The \$27,687,441 referred to in Gulf's response to Citizens' Interrogatory 163 includes both actual and projected purchases of land parcels. Gulf still owns the parcels that were actually purchased.

165. Land. Were any of the costs included in the \$27,687,441 transferred to any account included in another rate base component? If so, please identify with specificity, each cost, where it was transferred, and why it was transferred.

ANSWER:

No. The entire amount of costs related to the North Escambia property has been excluded from rate base. For more detail, please refer to Gulf's response to Citizens Fifth Interrogatory Item No. 163.

166. Parent Debt Adjustment. With reference to pages 31-36 and Schedule 8 of Mr. Teel's direct testimony, please: (1) calculate the magnitude of the parent debt adjustment based on the Company's current rate filing; and (2) identify the data, source documents, calculations, and work papers used in the calculation in ( 1 ).

**ANSWER:**

The magnitude of the parent debt adjustment is \$1,307,000 and the data, source documents, calculations and work papers used in this calculation are provided in response to POD 96.



167. Return on Equity. OPC Interrogatory No. 74 addressed Dr. Vander Weide's direct testimony at pages 45 and 46, and his attached CAPM study in Schedule 6 of JVW-1. The Interrogatory requested the number of analysts providing an EPS growth rate forecast as well as the market capitalization weight used for each company, and the names and growth rates for the S&P 500 companies that are not included in Schedule 6. The Company's response to the Interrogatory does not appear to provide: the number of analysts providing an EPS growth rate forecast, the market capitalization weight for each company; and the projected EPS growth rate. Please supplement your answer to Interrogatory No. 74 to include this information and identify the data, analyses, workpapers, and/or reports used to support the data provided in response to Interrogatory No. 74. Please provide all information prepared using Excel with all data and equations left intact.

ANSWER:

Gulf's prior discovery responses provide all of the information originally requested in Interrogatory No. 74 plus the additional information requested in this interrogatory. Please note that it is Schedule 8, not Schedule 6, of Exhibit JVW-1 that contains the CAPM analysis based on an S&P 500 market portfolio.

The number of analysts providing an EPS growth rate forecast for each company in the S&P 500 was provided in the column headed "EPS LTG #ESTS (IBES)" on pages 1 to 11 of the response to Interrogatory No. 74.

The market capitalization for each company in the S&P 500 was provided in the column headed "MCAP" on pages 1 to 11 of the response to Interrogatory No. 74.

The projected growth rate for the subset of S&P 500 companies included in Dr. Vander Weide's CAPM analysis was not requested in Interrogatory No. 74. Nevertheless, that information appears on pages 2 through 4 of Schedule 8 of Exhibit JVW-1 and in the tab labeled "Schedule 8 Continued" in the Excel spreadsheet produced in response to Citizens' First Request to Produce Documents No. 58.

The names and projected growth rates for the subset of S&P 500 companies that are not included in Dr. Vander Weide's CAPM analysis was provided on pages 11 to 17 of the response to Interrogatory No. 74.

The data provided in response to Interrogatory No. 74 was obtained by Dr. Vander Weide from an I/B/E/S on-line subscriber-only database to which he subscribes.

168. Return on Equity. With respect to the response to OPC Interrogatory No. 76, please provide ( 1) a detailed reconciliation between the reported Return on Average Common Equity from the Company's Annual Report with the Return on Common Equity from the Earnings Surveillance Report, for each of the past five years (2008-2012); and (2) identify the data and work papers used in the analysis in (1). This reconciliation should identify each and every factor that explains the difference and delineate between wholesale impacts, and retail impacts as well as the separate impacts on amounts related to the cost recovery clauses and base rates, as well as all other contributing factors . Please quantify the impact of each specific factor separately.

ANSWER:

Gulf maintains its objection to this interrogatory on the grounds that it calls for information on wholesale and other transactions that are beyond the jurisdiction of the Commission and are not relevant to the subject matter of this proceeding, and on the further grounds that the information sought is not reasonably calculated to lead to the discovery of admissible evidence.

169. Transmission. Please define the system conditions under which the Plant Crist units must be operated as must-run units, describe the specific reliability or operational concerns which are addressed through the implementation of must-run operations of these units, and indicate the date upon which these plants were first designated as must-run facilities.

ANSWER:

Transmission studies have identified that when Gulf Power loads are projected to be above approximately [REDACTED] the Pensacola area load cannot be served reliably from the existing transmission system without generation from Plant Crist. Without the proper amount of generation support, multiple transmission thermal overloads and inadequate voltage levels would occur around the Pensacola area and significantly impact Gulf's ability to continue to serve our customers. Since Plant Crist began commercial operations in 1945, Gulf's transmission system has been planned, constructed and operated with some required level of generation from Plant Crist to maintain reliability. Since its original commercial operation, some amount of generation from Plant Crist has been expected to run.

170. Transmission. Please define the system conditions under which the Plant Smith units must be operated as must-run units, describe the specific reliability or operational concerns which are addressed through the implementation of must-run operations of these units, and indicate the date upon which these plants were first designated as must-run facilities.

ANSWER:

With respect to Gulf's existing transmission system, transmission studies identified a need for [REDACTED] at Plant Smith to be [REDACTED] to serve the amount of load projected in the Panama City area. When Gulf Power loads are [REDACTED] When Gulf Power loads reach [REDACTED]. Without the proper amount of generation support, multiple transmission thermal overloads and inadequate voltage levels would occur around the Panama City and surrounding areas and significantly impact Gulf's ability to continue to serve our customers. Since Plant Smith began commercial operations in 1965, the Gulf transmission system has been planned, constructed and operated with some required level of generation from Plant Smith to maintain reliability. Since its original commercial operation some amount of generation from Plant Smith has been expected to run.

171. Transmission. How does Gulf Power currently address the reliability or operational concerns on its system in instances in which the Plant Crist and/or Plant Smith units are out of service due to forced or planned outages during hours where they normally would be operated for must-run purposes?

ANSWER:

Gulf does not schedule planned outages for the generation fleet at Plant Crist or Plant Smith that would be in conflict with our must-run requirements or system needs.

Gulf manages unplanned outages for units that are designated as must-run by taking appropriate measures to mitigate risks. These measures may include running other available units, reconfiguring the transmission system to alleviate potential overloads, and adjusting the reactive power levels on the system.

Once MATS becomes effective, Gulf will lose the important flexibility it currently has to run other available coal-fired units at Plant Crist in the event of a scrubber outage and at Plant Smith without additional environmental controls.

172. Transmission. Identify the dates and hours during the last three calendar years in which the Plant Crist and/or Plant Smith units were out of service due to forced or planned outages during periods in which they normally would be operated for must-run purposes.

ANSWER:

As discussed in Citizens' Fourth Set of Interrogatories Item No. 123 this information is not available. However, the following is a list of all Forced and Planned Outages for the Plant Crist and Plant Smith units.

2010 Outages			
Unit	Outage Type	Start Date/Time	End Date/Time
Crist 4	FO	06/10/2010 04:15:00	06/11/2010 09:40:00
Crist 4	FO	06/14/2010 22:06:00	06/15/2010 04:05:00
Crist 4	FO	06/16/2010 07:29:00	06/16/2010 11:13:00
Crist 4	FO	06/16/2010 15:55:00	06/17/2010 01:25:00
Crist 4	FO	09/05/2010 08:57:00	09/05/2010 10:23:00
Crist 4	PO	12/07/2010 00:00:00	12/22/2010 00:00:00
Crist 5	FO	09/30/2010 20:26:00	10/01/2010 03:48:00
Crist 5	FO	10/01/2010 03:48:00	10/02/2010 03:13:00
Crist 5	FO	10/02/2010 03:13:00	10/03/2010 02:41:00
Crist 5	FO	11/21/2010 00:46:00	11/21/2010 03:49:00
Crist 5	PO	12/07/2010 00:00:00	12/22/2010 00:00:00
Crist 6	FO	05/26/2010 06:53:00	05/27/2010 15:16:00
Crist 6	FO	05/31/2010 20:35:00	06/02/2010 06:30:00
Crist 6	FO	06/10/2010 05:02:00	06/10/2010 10:55:00
Crist 6	FO	06/22/2010 17:09:00	06/24/2010 09:07:00
Crist 6	FO	06/24/2010 09:45:00	06/24/2010 12:52:00
Crist 6	FO	06/28/2010 22:54:00	06/29/2010 14:25:00
Crist 6	FO	07/09/2010 18:36:00	07/10/2010 09:00:00
Crist 6	FO	08/08/2010 00:14:00	08/08/2010 01:02:00
Crist 6	FO	09/05/2010 04:07:00	09/05/2010 05:08:00
Crist 6	FO	09/15/2010 12:30:00	09/16/2010 17:00:00
Crist 6	FO	10/06/2010 16:52:00	10/06/2010 22:03:00
Crist 6	FO	12/05/2010 14:27:00	12/05/2010 16:00:00
2010 Outages			

Citizens' Fifth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
September 30, 2013  
Item No. 172  
Page 2 of 4

Unit	Outage Type	Start Date/Time	End Date/Time
Crist 6	FO	12/19/2010 18:15:00	12/21/2010 05:31:00
Crist 7	FO	01/12/2010 12:17:00	01/13/2010 15:40:00
Crist 7	FO	01/14/2010 02:01:00	01/14/2010 08:14:00
Crist 7	FO	01/21/2010 13:00:00	01/21/2010 14:42:00
Crist 7	FO	07/11/2010 16:56:00	07/12/2010 16:30:00
Crist 7	FO	08/22/2010 14:17:00	08/22/2010 22:32:00
Crist 7	FO	09/21/2010 11:58:00	09/21/2010 15:06:00
Smith 1	FO	07/11/2010 01:08:00	07/11/2010 02:05:00
Smith 1	FO	07/20/2010 08:14:00	07/20/2010 10:13:00
Smith 1	FO	08/21/2010 03:29:00	08/22/2010 08:11:00
Smith 1	FO	11/07/2010 11:11:00	11/09/2010 20:35:00
Smith 2	PO	09/27/2010 00:00:00	10/25/2010 00:00:00
Smith 2	FO	12/14/2010 16:57:00	12/16/2010 03:35:00
Smith 3	PO	01/02/2010 00:00:00	02/15/2010 00:01:00
Smith 3	PO	03/04/2010 15:13:00	03/05/2010 17:30:00
Smith 3	PO	03/06/2010 08:21:00	03/06/2010 23:24:00
Smith 3	PO	03/06/2010 23:26:00	03/06/2010 23:35:00
Smith 3	PO	03/07/2010 06:09:00	03/08/2010 23:56:00
Smith 3	FO	03/10/2010 07:48:00	03/10/2010 12:00:00
Smith 3	FO	04/17/2010 03:14:00	04/17/2010 08:36:00
Smith 3	FO	04/17/2010 08:36:00	04/17/2010 14:21:00
Smith 3	FO	06/10/2010 05:30:00	06/10/2010 11:35:00
Smith 3	FO	08/11/2010 16:06:00	08/11/2010 16:44:00
Smith 3	FO	08/11/2010 22:44:00	08/13/2010 08:09:00
Smith 3	FO	08/13/2010 09:24:00	08/13/2010 17:43:00
Smith 3	FO	08/14/2010 05:20:00	08/14/2010 14:05:00
Smith 3	PO	11/09/2010 23:31:00	11/17/2010 01:49:00
Smith A	PO	11/15/2010 00:00:00	12/18/2010 00:00:00

2011 Outages			
Unit	Outage Type	Start Date/Time	End Date/Time
Crist 5	FO	02/14/2011 11:23:00	02/14/2011 13:12:00
Crist 6	PO	02/11/2011 12:09:00	05/16/2011 14:00:00
Crist 6	FO	05/18/2011 20:54:00	05/19/2011 12:10:00
Crist 6	FO	05/29/2011 03:14:00	05/30/2011 21:20:00
Crist 6	FO	06/02/2011 10:07:00	06/03/2011 10:20:00
Crist 7	PO	01/08/2011 00:00:00	02/08/2011 15:20:00
Crist 7	FO	02/10/2011 08:00:00	02/10/2011 09:50:00
Crist 7	FO	02/17/2011 05:56:00	02/17/2011 19:04:00
Crist 7	FO	03/04/2011 17:26:00	03/04/2011 18:30:00
Smith 1	PO	03/05/2011 00:32:00	03/28/2011 02:09:00
Smith 1	FO	03/29/2011 22:52:00	03/30/2011 09:46:00
Smith 1	FO	06/06/2011 04:37:00	06/07/2011 08:07:00
Smith 2	FO	03/29/2011 22:56:00	03/30/2011 00:02:00
Smith 2	FO	04/10/2011 14:59:00	04/10/2011 15:59:00
Smith 2	FO	05/15/2011 14:11:00	05/16/2011 13:30:00
Smith 3	FO	01/13/2011 08:39:00	01/13/2011 09:21:00
Smith 3	PO	02/18/2011 23:27:00	02/28/2011 16:30:00
Smith A	PO	02/25/2011 11:47:00	02/25/2011 12:30:00
Smith A	PO	02/25/2011 12:36:00	02/25/2011 13:30:00
Smith A	PO	02/25/2011 13:32:00	02/25/2011 16:20:00
Smith A	PO	02/25/2011 16:23:00	02/25/2011 17:30:00
Smith A	PO	02/25/2011 17:40:00	02/25/2011 18:15:00
Smith A	PO	02/25/2011 18:19:00	02/26/2011 11:55:00
Smith A	PO	02/26/2011 13:04:00	03/04/2011 18:20:00
Smith A	PO	03/04/2011 18:30:00	03/04/2011 20:37:00



2012 Outages			
Unit	Outage Type	Start Date/Time	End Date/Time
Crist 4	FO	01/11/2012 05:40:00	01/11/2012 07:26:00
Crist 4	FO	03/28/2012 15:40:00	03/28/2012 17:57:00
Crist 4	FO	06/18/2012 11:54:00	06/18/2012 13:33:00
Crist 4	FO	06/18/2012 15:24:00	06/18/2012 16:48:00
Crist 4	FO	09/25/2012 03:39:00	09/25/2012 06:38:00
Crist 5	FO	05/14/2012 18:02:00	05/14/2012 19:12:00
Crist 6	PO	02/04/2012 00:00:00	04/23/2012 12:34:00
Crist 6	PO	04/23/2012 15:09:00	04/23/2012 21:11:00
Crist 6	PO	04/25/2012 13:23:00	04/26/2012 06:01:00
Crist 6	FO	09/17/2012 16:06:00	09/17/2012 18:00:00
Crist 6	FO	09/21/2012 08:30:00	09/21/2012 10:20:00
Crist 6	FO	09/23/2012 13:34:00	09/23/2012 15:10:00
Crist 6	FO	09/23/2012 23:19:00	09/24/2012 20:30:00
Crist 6	FO	11/03/2012 06:59:00	11/04/2012 10:03:00
Crist 6	FO	11/04/2012 10:10:00	11/04/2012 12:31:00
Crist 7	FO	04/03/2012 06:56:00	04/03/2012 13:47:00
Crist 7	FO	08/05/2012 13:39:00	08/05/2012 16:31:00
Crist 7	PO	09/15/2012 00:01:00	12/17/2012 20:21:00
Crist 7	PO	12/18/2012 15:11:00	12/18/2012 17:29:00
Crist 7	PO	12/18/2012 17:29:00	12/20/2012 19:40:00
Smith 1	FO	03/19/2012 15:54:00	03/19/2012 21:30:00
Smith 1	FO	07/30/2012 14:39:00	08/01/2012 03:07:00
Smith 1	FO	11/13/2012 05:21:00	11/13/2012 13:42:00
Smith 1	FO	11/14/2012 14:58:00	11/15/2012 15:32:00
Smith 3	FO	03/19/2012 08:15:00	03/19/2012 12:54:00
Smith 3	PO	04/20/2012 23:17:00	04/28/2012 12:29:00
Smith 3	FO	07/17/2012 14:38:00	07/17/2012 16:33:00
Smith 3	FO	10/08/2012 13:16:00	10/08/2012 15:53:00
Smith 3	PO	11/14/2012 22:54:00	11/19/2012 01:07:00
Smith 3	FO	12/09/2012 00:52:00	12/12/2012 03:44:00
Smith A	FO	07/02/2012 16:42:00	07/02/2012 17:09:00
Smith A	FO	07/02/2012 17:45:00	07/02/2012 18:14:00

173. Transmission. Please identify the specific environmental laws or regulations that require the installation of the Plant Crist and Plant Smith transmission lines for MATS compliance as proposed by Gulf Power in this case and provide the effective dates of each such law or regulation.

ANSWER:

Please see Gulf's response to Citizens' Fourth Set of Interrogatories Item No. 136 for the specific environmental regulation that Gulf must satisfy for MATS compliance at Plant Crist and Plant Smith. The construction of transmission lines for MATS compliance is contemplated in the MATS rule. Specifically, the preamble to the MATS rule discusses the possibility that some companies might need to upgrade their transmission system to allow specific units to comply with the rule. Further, in the context of justifying a one-year extension to the MATS compliance deadline, the preamble to the MATS rule states that such transmission upgrades are a reasonable interpretation of the phrase "installation of controls" if the transmission lines are also needed to maintain electric reliability (page 9410 of Federal Register Volume 77, Number 32, February 16, 2012). The June 28, 2013 letter from the Florida Department of Environmental Protection (FDEP) (DN 03682-13) confirms that from FDEP's perspective, installing or upgrading transmission lines is a valid option to comply with and meet the regulatory requirements of MATS. FDEP noted that the EPA discussed this transmission-compliance option in the context of maintaining system/grid reliability where specific units installed controls or retired, in order to comply with the April 16, 2015 compliance deadline. The MATS rule was published February 16, 2012, effective April 16, 2012, with a compliance date of April 16, 2015 as noted in 40 CFR 63 Subpart UUUUU § 63.9984.

174. Transmission. Could Gulf Power meet MATS requirements for the Plant Crist and Plant Smith units by simply running other generating units on its system or purchasing power from other parties in hours in which the Plant Crist and Plant Smith units would normally be operated for must-run purposes but are not able to operate due to scrubber outages? If not, please explain why not. If so, please identify any and all analyses comparing the cost of this alternative for MA TS compliance to the cost of the transmission lines proposed by Gulf Power for MA TS compliance in this case.

ANSWER:

No. The only generating units available to Gulf near its major load centers that can produce the needed power and voltage support are at Plant Crist and Plant Smith. The existing transmission system is not adequate to import the needed power and to support the local voltage needs. The MATS transmission projects are necessary to allow the Company to import power and to meet voltage requirements in the event Plant Crist experiences a scrubber outage and in the event generation from Plant Smith is unavailable after the MATS requirements become effective.

175. Transmission. Please indicate for each of the transmission lines proposed for MATS compliance at the Plant Crist and Plant Smith units whether such lines would also be required for reliability or other (i.e., non MATS compliance) purposes. If not, please explain why not. If so, please identify the present value change in costs of each such transmission line resulting from the proposed acceleration of the line in-service dates for MATS compliance.

ANSWER:

Transmission studies identified a future need for the proposed transmission projects to address thermal overloads, voltage constraints and system stability concerns on Gulf Power's transmission system. However, the projects were advanced in time due to the impact of the new MATS environmental regulations. The present value impact of the change in timing of these projects as analyzed in support of the Environmental Compliance Plan can be found in response to Citizens' Fourth Set of Interrogatories Item No. 127 for Plant Crist and Item No. 131 for Plant Smith.

176. Transmission. Please provide the current anticipated initial MATS compliance date for each Plant Crist and Plant Smith unit.

ANSWER:

Gulf Power currently estimates compliance with MATS on April 16, 2015, for both Plant Crist and Plant Smith. The state air permitting authority may grant up to a one-year extension past this date under specific circumstances allowed by the MATS rule. Gulf is collecting information and tracking the permitting and construction schedules for both the Plant Crist and the Plant Smith MATS transmission projects. When the construction and permitting schedules are further established, Gulf will pursue MATS extensions, if necessary.

177. Transmission. Did Gulf Power evaluate Dry Sorbent Injection (DSI) and Activated Carbon Injection (ACI) as an alternative to scrubbers for achieving MATS compliance for the Plant Crist units? If not, please explain why not. If so, please provide a comparison of the cost of DSI/ ACI to the cost of the Plant Crist scrubber system.

ANSWER

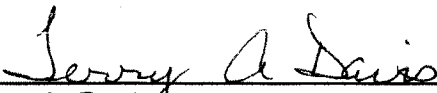
The Plant Crist scrubber was placed in service in December 2009 well before the MATS rule was proposed in 2011 and finalized in 2012. Therefore, Gulf Power did not evaluate DSI and ACI as an alternative to the Plant Crist scrubber for MATS compliance. As discussed in Gulf's March 2007 Compliance Plan filing, the Plant Crist scrubber was determined to be the only viable SO<sub>2</sub> retrofit compliance option available for Plant Crist Units 6 and 7 at the level needed to assure compliance with CAIR and CAVR.

AFFIDAVIT


STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Terry A. Davis, Assistant Secretary and Assistant Treasurer of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
\_\_\_\_\_  
Terry A. Davis  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 27<sup>th</sup> day of September, 2013.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

**110**

**Gulf's Responses to  
OPC's Seventh Set of Interrogatories  
(Nos. 182-192)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 130140-EI **EXHIBIT** 110

**PARTY** PSC Staff

**DESCRIPTION** Gulf's / OPC's 7<sup>th</sup> ROGs, Nos. 182-192

**DATE** \_\_\_\_\_



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

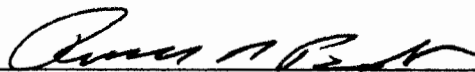
Docket No. 130140-EI

Date Filed: October 4, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' SEVENTH SET OF INTERROGATORIES (NOS. 182-192)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Citizens' Seventh Set of Interrogatories (Nos. 182-192) on the following pages.

Respectfully submitted by electronic mail the 4th day of October, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

182. Wages and Benefits. Please provide **Gulf's** medical insurance costs for all covered active and retired employees for the years 2011 and 2012. Please provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

**Medical Insurance Costs (active and retired)**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>
13,216,145	13,686,002	15,108,007	16,487,764

See Gulf's response to Citizens' Seventh Request to Produce Documents Item No. 106 for the documents used as a basis for these costs. A list of the files is shown below.

92600200 and 92600201 query (1)  
ROG 182 & 183 Workpapers  
2013 Workpapers – 40993 Benefits  
Active Medical (2)  
Retiree Medical (7)  
Benefits Spreadsheet ROG 182 & 183  
92600200 Non-Contrib Life 2011  
92600200 Non-Contrib Life 2012  
92600200 Contrib Life 2011  
92600200 Contrib Life 2012  
92600200 LTD 2011  
92600200 LTD 2012

183. Wages and Benefits. Please provide **Gulf's** medical insurance costs for all total covered active employees for the years 2011 and 2012. Provide the same information Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

**Medical Insurance Costs (active)**

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Forecast</b>
10,327,457	10,983,292	12,738,007	14,017,764

See Gulf's response to Citizens' Seventh Request to Produce Documents Item No. 106 for the documents used as a basis for these costs. A list of the files is shown below.

92600200 and 92600201 query (1)  
ROG 182 & 183 Workpapers  
2013 Workpapers – 40993 Benefits  
Active Medical (2)  
Benefits Spreadsheet ROG 182 & 183  
92600200 Non-Contrib Life 2011  
92600200 Non-Contrib Life 2012  
92600200 Contrib Life 2011  
92600200 Contrib Life 2012  
92600200 LTD 2011  
92600200 LTD 2012

184. Wages and Benefits. Please provide **Gulf's** medical insurance costs for all covered active employees (single policy) for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

Gulf is unable to provide the information requested because Gulf neither tracks medical costs by employee coverage category nor projects medical costs by employee coverage category. However, Gulf is able to provide an estimate of the claims costs per employee coverage category for Gulf's employee-only coverage category for the current year 2013, which is \$2,455,584. The work papers and source documents used for this data are produced in response to Citizens' Seventh Request to Produce Documents Item No. 106. The file is shown below.

Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

185. Wages and Benefits. Please provide **Gulf's** medical insurance costs for all covered active employee-plus-one-dependent employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

Gulf is unable to provide the information requested because Gulf neither tracks medical costs by employee coverage category nor projects medical costs by employee coverage category. However, Gulf is able to provide an estimate of the claims costs per employee coverage category for Gulf's employee plus spouse or domestic partner coverage category for the current year 2013, which is \$2,040,222. The work papers and source documents used for this data are produced in response to Citizens' Seventh Request to Produce Documents Item No. 106. The file is shown below.

Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

186. Wages and Benefits. Please provide **Gulf's** medical insurance costs for all covered active employee-and-family employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

Gulf is unable to provide the information requested because Gulf neither tracks medical costs by employee coverage category nor projects medical costs by employee coverage category. However, Gulf is able to provide an estimate of the claims costs per employee coverage category for Gulf's employee plus family coverage category for the current year 2013, which is \$7,384,190. The work papers and source documents used for this data are produced in response to Citizens' Seventh Request to Produce Documents Item No. 106. A list of the files is shown below.

Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

187. Wages and Benefits. Please provide the Gulf **employees'** medical insurance cost contribution for all covered active and retired employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

Year	Active	Retired	Total
2011	\$3,211,263	\$1,214,406	\$4,425,669
2012	\$3,403,828	\$1,235,040	\$4,638,868
2013	\$3,500,000	data not available <sup>1</sup>	n/a
2014	\$3,800,000	data not available <sup>1</sup>	n/a

See Gulf's response to Citizens' Seventh Request to Produce Documents Item No. 106 for the documents used as a basis for these costs. A list of the files is shown below.

2011 and 2012 Monthly Experience Reports - Actives Only (12-13)  
2011 and 2012 Monthly Experience Reports - Retirees Only (15-16)  
3rd Qtr 2012 Health Care Financial Reporting\_v1 (8-11)

<sup>1</sup> Gulf does not have the information requested for retiree cost contribution.

188. Wages and Benefits. Please provide the Gulf **employees'** medical insurance cost contribution for all covered active employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs. A list of the files is shown below.

ANSWER:

2011	\$3,211,263
2012	\$3,403,828
2013	\$3,500,000
2014	\$3,800,000

See Gulf's response to Citizens' Seventh Request to Produce Documents Item No. 106 for the documents used as a basis for these costs. A list of the files is shown below.

2011 and 2012 Monthly Experience Reports - Actives Only (12-13)  
3rd Qtr 2012 Health Care Financial Reporting\_v1 (8-11)



189. Wages and Benefits. Please provide the Gulf **employees'** medical insurance cost contribution for all covered active employee-only employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

**ANSWER:**

Premiums paid under the employee-only coverage category as of September 2013 were \$214,720 for 2011, \$226,651 for 2012, and \$269,234 for 2013. Gulf does not have the information requested for 2014 because Gulf does not project employee medical contributions by coverage category. The work papers and source documents used for this data are produced in response to Citizens' Seventh Request to Produce Documents Item No. 106. A list of the files is shown below.

2011 and 2012 Employee Healthcare Contributions (17-18)  
Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

190. Wages and Benefits. Please provide Gulf **employees'** medical insurance cost contribution for all covered active employee-plus-one-dependent employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

**ANSWER:**

Premiums paid under the employee plus spouse or domestic partner coverage category as of September 2013 were \$666,029 for 2011, \$700,606 for 2012, and \$763,397 for 2013. Gulf does not have the information requested for 2014 because Gulf does not project employee medical contributions by coverage category. The work papers and source documents used for this data are produced in response to Citizen's Seventh Request to Produce Documents Item No. 106. A list of the files is shown below.

2011 and 2012 Employee Healthcare Contributions (17-18)  
Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

191. Wages and Benefits. Please provide the Gulf **employee's** medical insurance cost contribution for all covered active employee-and-family employees for the years 2011 and 2012. Provide the same information that Gulf forecasts for calendar years 2013 and 2014. Please identify all work papers used in the above calculations for historical and forecasted medical insurance costs. Identify all source documents used as a basis for the historical and forecasted costs.

ANSWER:

Premiums paid under the employee plus family coverage category as of September 2013 was \$2,317,771 for 2011, \$2,469,368 for 2012, and \$2,692,890 for 2013. Gulf does not have the information requested for 2014 because Gulf does not project employee medical contributions by coverage category. The work papers and source documents used for this data are produced in response to Citizens' Seventh Request to Produce Documents Item No. 106. A list of the files is shown below.

2011 and 2012 Employee Healthcare Contributions (17-18)  
Sept 11 2013 email from Meredith Penev\_Aon Hewitt (14)

192. Economic Development. In 2012, it appears that Gulf Power recorded with the Florida Secretary of State's office a new company named Gulf Power Economic Development Fund, Inc. Please describe how this new entity is funded and where any funds provided by Gulf Power are recorded on the General Ledger. If these funds are recorded as economic development funds, please describe fully and with specificity how they meet the goals of the Commission Rule 25-6.0426, Florida Administrative Code.

ANSWER:

The entity was funded with shareholder funds through a charitable donation of \$200,000, which was recorded to FERC account 426-10105. These funds were not recorded as economic development funds.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 3<sup>rd</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large

111

**Gulf's Responses to  
OPC's Eighth Set of Interrogatories  
(Nos. 193-199)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 111

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 8<sup>th</sup>ROGs, Nos. 193-199

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

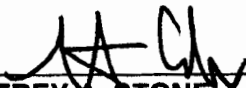
Docket No. 130140-EI

Date Filed: October 7, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' EIGHTH SET OF INTERROGATORIES (NOS. 193-200)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's responses to  
Citizens' Eighth Set of Interrogatories (Nos. 193-200) on the following pages.

Respectfully submitted by electronic mail the 7th day of October, 2013,

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

Citizens' Eighth Set of Interrogatories  
Docket No. 130140-EI  
**GULF POWER COMPANY**  
October 7, 2013  
Item No. 193  
Page 1 of 3

193. Pensions. Please provide the assets and liabilities by subaccount related to employee pensions in rate base, showing the 2012 balances, the 2013 balances, the 2014 test year balances, each adjustment to those balances, the jurisdictional allocation of those balances, and the pro forma amount in rate base.

ANSWER:

	2012				Amounts in
	<u>13-MA</u> Total Company	<u>FAS 158 13-MA</u> Adjustments	<u>Total Company</u> Adjusted	Juris. Factor	<u>Juris. Adj. Rate</u> Base
<b>Qualified Pension Plan FERC Account</b>					
12800920 - PREPAID EXPENSES - PENSIONS	\$ 77,074,212		77,074,212	0.9835450	75,805,955
22830068 - ACCUM P&B-QUAL PNSN-SFAS 158	(109,261,876)	(109,261,876)	-	0.9835601	-
18230830 - ORA-SFAS 158-QUAL PENS	109,261,876	109,261,876	-	0.9581356	-
Total	<u>\$ 77,074,212</u>		<u>\$ 77,074,212</u>		<u>\$ 75,805,955</u>
<b>Non Qualified Pension Plan FERC Account</b>					
18230840 - ORA-SFAS 158-SERP PENS	6,555,626	6,555,626	-	0.9581356	-
22830014 - ACCUM P&B-SERP-SFAS 87	(10,194,253)		(10,194,253)	0.9835601	(10,026,661)
22830028 - ACCUM P&B-SERP-SFAS 158	(6,555,626)	(6,555,626)	-	0.9835601	-
24201020 - MC&AL-SERP-SFAS 87	(798,376)		(798,376)	0.9581717	(764,981)
Total	<u>\$ (10,992,629)</u>		<u>\$ (10,992,629)</u>		<u>\$ (10,791,642)</u>
Total Amounts in Juris. Adj. Rate Base					<u>\$ 65,014,313</u>



Citizens' Eighth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 7, 2013  
Item No. 193  
Page 2 of 3

2013					
	<u>13-MA</u>	<u>FAS 158 13-MA</u>	<u>Total Company</u>	<u>Juris. Factor</u>	<u>Amounts in</u> <u>Juris. Adj. Rate</u> <u>Base</u>
	<u>Total Company</u>	<u>Adjustments</u>	<u>Adjusted</u>		
<b>Qualified Pension Plan FERC Account</b>					
12800920 - PREPAID EXPENSES - PENSIONS	82,825,117		82,825,117	0.9835450	81,462,230
22830068 - ACCUM P&B-QUAL PNSN-SFAS 158	(145,106,659)	(145,106,659)	-	0.9835601	-
18230830 - ORA-SFAS 158-QUAL PENS	145,106,659	145,106,659	-	0.9581356	-
<b>Total</b>	<u>\$ 82,825,117</u>		<u>\$ 82,825,117</u>		<u>\$ 81,462,230</u>
<b>Non Qualified Pension Plan FERC Account</b>					
18230840 - ORA-SFAS 158-SERP PENS	9,060,480	9,060,480	-	0.9581356	-
22830014 - ACCUM P&B-SERP-SFAS 87	(11,345,012)		(11,345,012)	0.9835601	(11,158,502)
22830028 - ACCUM P&B-SERP-SFAS 158	(9,060,480)	(9,060,480)	-	0.9835601	-
24201020 - MC&AL-SERP-SFAS 87	(791,103)		(791,103)	0.9581717	(758,013)
<b>Total</b>	<u>\$ (12,136,116)</u>		<u>\$ (12,136,116)</u>		<u>\$ (11,916,514)</u>
<b>Total Amounts in Juris. Adj. Rate Base</b>					<u>\$ 69,545,715</u>

Citizens' Eighth Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 7, 2013  
Item No. 193  
Page 3 of 3

2014					
	<u>13-MA</u>	<u>FAS 158 13-MA</u>	<u>Total Company</u>	<u>Amounts in</u>	
	<u>Total Company</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Juris. Adj. Rate</u>	
				<u>Base</u>	
			<u>Juris. Factor</u>		
<b>Qualified Pension Plan FERC Account</b>					
12800920 - PREPAID EXPENSES - PENSIONS	73,455,117		73,455,117	0.9835450	72,246,413
22830068 - ACCUM P&B-QUAL PNSN-SFAS 158	(145,106,659)	(145,106,659)	-	0.9835601	-
18230830 - ORA-SFAS 158-QUAL PENS	145,106,659	145,106,659	-	0.9581356	-
Total	<u>\$ 73,455,117</u>		<u>\$ 73,455,117</u>		<u>\$ 72,246,413</u>
<b>Non Qualified Pension Plan FERC Account</b>					
18230840 - ORA-SFAS 158-SERP PENS	9,060,480	9,060,480	-	0.9581356	-
22830014 - ACCUM P&B-SERP-SFAS 87	(12,711,982)		(12,711,982)	0.9835601	(12,502,998)
22830028 - ACCUM P&B-SERP-SFAS 158	(9,060,480)	(9,060,480)	-	0.9835601	-
24201020 - MC&AL-SERP-SFAS 87	(791,103)		(791,103)	0.9581717	(758,013)
Total	<u>\$ (13,503,085)</u>		<u>\$ (13,503,085)</u>		<u>\$ (13,261,011)</u>
Total Amounts in Juris. Adj. Rate Base					<u>\$ 58,985,402</u>

194. Pensions. Please provide the rationale for including pension assets and liabilities in rate base.

**ANSWER:**

The pension assets and liabilities are recorded on Gulf's books in accordance with Generally Accepted Accounting Principles (GAAP). Pension costs, including these assets and liabilities, are reasonable and prudent costs of serving our customers and thus should be included in rate base, as has been consistently recognized by the Commission in previous rate cases.

195. Pensions. Please provide the historic treatment of Gulf Power Company's pension costs by the Florida Public Service Commission. Please include the recent history as well as the period prior to the issuance of Financial Accounting Standard (FAS) 87 and the date of adoption of FAS 87 for pension cost recovery supported by an order of the Commission.

**ANSWER:**

Historically both prior to the issuance of FAS 87 and subsequently, Gulf Power's pension cost has been recognized as a prudent business expense, recoverable in base rates. FAS 87 was issued in December 1985. The Commission's recognition that Gulf's pension expense should be recorded under FAS 87 is reflected in Order No. 23573 issued in Docket No. 891345-EI dated October 3, 1990. In subsequent rate cases, the Commission has made no adjustment to Gulf's requested pension expenses and has made no adjustment to the pension assets or liabilities included in Gulf's requested working capital allowance.

196. Pensions. Please provide the pension asset and liability balances by account, with qualified pension plan balances separately identified from the non-qualified plan balances, beginning with the adoption of FAS 87 by the Company. Please also provide the same information beginning with the adoption by the Florida Public Service Commission of the FAS 87 methodology for the recovery of pension expense.

**ANSWER:**

Consistent with Gulf's previously stated objection, see page 2 for data from 2008 through 2014.

<u>Accounts for Qualified Pension Plan</u>	2008	2009	2010	2011	2012	2013	2014
128-00911 - Prepaid Pension	48,410,572	48,991,666	-	-	-	-	-
128-00920 - Prepaid Pension	-	-	76,286,113	77,897,126	87,555,117	78,095,117	68,815,117
128-00912 - SFAS 158 - Qualified Pension	66,882,730	-	-	-	-	-	-
182-30830 - SFAS 158 - Qualified Pension	-	78,788,259	68,995,317	109,199,980	130,337,854	145,106,659	145,106,659
228-30068 - SFAS 158 - Qualified Pension	-	(78,788,259)	(68,995,317)	(109,199,980)	(130,337,854)	(145,106,659)	(145,106,659)
254-00912 - SFAS 158 - Qualified Pension	(66,882,730)	-	-	-	-	-	-

<u>Accounts for Non-Qualified Pension Plan</u>	2008	2009	2010	2011	2012	2013	2014
182-00800 - SFAS 158 - Non-Qualified Plan	5,107,614	6,405,698	-	-	-	-	-
182-30840 - SFAS 158 - Non-Qualified Plan	-	-	6,100,625	6,652,766	8,923,143	9,060,480	9,060,480
228-30028 - SFAS 158 - Non-Qualified Plan	-	-	(6,100,625)	(6,652,766)	(8,923,143)	(9,060,480)	(9,060,480)
228-30014 - Pension Liability - Non-Qualified Plan	-	-	(8,870,429)	(9,760,494)	(10,680,526)	(12,009,511)	(13,414,452)
242-00921 - Pension Liability - Non-Qualified Plan	-	(863,115)	-	-	-	-	-
242-01020 - Pension Liability - Non-Qualified Plan	-	-	(778,151)	(793,794)	(854,353)	(791,103)	(791,103)
253-00710 - Pension Liability - Non-Qualified Plan	(7,777,734)	(7,761,720)	-	-	-	-	-
253-00712 - SFAS 158 - Non-Qualified Plan	(5,107,614)	6,405,698	-	-	-	-	-

Note: The balances for 2008 through 2012 include post-closing year-end adjustments for external financial reporting purposes.

197. Pensions. Please provide an Excel compatible spreadsheet containing an analysis by year, beginning with the adoption of FAS 87 by the Company and continuing through 2012, showing for the qualified pension funds the initial balance of pension funding in excess of net periodic pension costs, the pension fund contributions, the pension fund's earnings, benefits paid, adjustments, the ending pension fund balance, and the amount of each year's net periodic benefit cost. Include an explanation and reconciliation of any differences between the 2012 balances in the analysis and the balances included in rate base.

**ANSWER:**

Consistent with Gulf's previously stated objection, see page 2 for data from 2008 through 2014.

Qualified Pension Plan	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	2014 13-Month Avg	2014 Projected in Rate Base
<b>Rollforward of Prepaid Pension Balance</b>									
Beginning Balance	\$ 46,686,889	\$ 48,410,572	\$ 48,991,666	\$ 76,286,113	\$ 77,897,126	\$ 87,555,117	\$ 78,095,117		
Contributions	-	-	27,710,900	-	13,400,000	-	-		
Net Periodic Pension Cost	1,378,946	581,094	(416,453)	1,611,013	(3,742,009)	(9,460,000)	(9,280,000)		
Retained Earnings Adjustment	344,737	-	-	-	-	-	-		
Ending Balance	\$ 48,410,572	\$ 48,991,666	\$ 76,286,113	\$ 77,897,126	\$ 87,555,117	\$ 78,095,117	\$ 68,815,117	73,455,117	0.9835450 \$ 72,246,413
<b>Change in Plan Assets</b>									
Assets Available for Benefits, Prior Year	\$ 345,398,154	\$ 229,406,957	\$ 254,058,825	\$ 307,827,387	\$ 304,323,896				
<b>Changes During Year</b>									
• Actual Return on Plan Assets	(101,035,416)	36,840,279	38,735,814	9,551,607	45,761,780				
• Employer Contributions	-	-	27,710,900	-	13,400,000				
• Benefits Paid	(14,955,781)	(12,188,411)	(12,678,152)	(13,055,098)	(13,225,511)				
• Total	(115,991,197)	24,651,868	53,766,562	(3,503,491)	45,936,269				
Assets Available for Benefits, Current Year	\$ 229,406,957	\$ 254,058,825	\$ 307,827,387	\$ 304,323,896	\$ 350,260,165				
<b>Components of Net Periodic Benefit Cost</b>									
Service Cost	\$ 6,493,875	\$ 6,257,766	\$ 7,580,218	\$ 8,103,233	\$ 8,706,113				
Interest Cost	14,664,377	16,298,636	16,488,429	16,298,331	16,416,891				
Expected Return on Plan Assets	(23,757,334)	(24,357,624)	(24,696,548)	(27,232,321)	(25,932,560)				
<b>Amortization of Unrecognized Amounts</b>									
• Prior Service Cost	1,220,136	1,220,128	1,043,354	1,041,649	1,041,649				
• (Gain)/Loss	-	-	-	178,095	3,509,916				
Net Cost	\$ (1,378,946)	\$ (581,094)	\$ 416,453	\$ (1,611,013)	\$ 3,742,009	\$ 9,460,000	\$ 9,280,000		



198. Pensions. Please provide an Excel compatible spreadsheet containing an analysis by year, beginning with the adoption of FAS 87 by the Company and continuing through 2012, showing for the non-qualified pension funds the initial balance of pension funding in excess of net periodic pension costs, the pension fund contributions, the pension fund's earnings, benefits paid, adjustments, the ending pension fund balance, and the amount of each year's net periodic benefit cost. Include an explanation and reconciliation of any differences between the 2012 balances in the analysis and the balances included in rate base.

**ANSWER:**

Consistent with its previously stated objection, see page 2 for data from 2008 through 2014.

Non-qualified Pension Plan	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	2014 13-Month Avg	Juris. Factor	2014 Projected in Rate Base
<b>Rollforward of Pension Liability Balance</b>										
Beginning Balance	\$ (6,480,788)	\$ (7,777,734)	\$ (8,624,835)	\$ (9,648,580)	\$ (10,554,288)	\$ (11,534,879)	\$ (12,800,615)			
* Adjustment						\$ 63,264				
Contributions	777,161	696,358	722,584	752,223	820,716	771,000	815,060			
Net Periodic Pension Cost	(1,659,285)	(1,543,459)	(1,746,329)	(1,657,931)	(1,801,307)	(2,100,000)	(2,220,000)			
Retained Earnings Adjustment	(414,822)									
Ending Balance	\$ (7,777,734)	\$ (8,624,835)	\$ (9,648,580)	\$ (10,554,288)	\$ (11,534,879)	\$ (12,800,615)	\$ (14,205,555)	\$ (13,503,065)	0.9820727	\$ (13,261,011)
<b>Change in Plan Assets</b>										
Assets Available for Benefits, Prior Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>Changes During Year</b>										
* Employer Contributions	924,733	696,358	722,584	752,223	820,716					
* Benefits Paid	(924,733)	(696,358)	(722,584)	(752,223)	(820,716)					
* Total	-	-	-	-	-					
Assets Available for Benefits, Current Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
<b>Components of Net Periodic Benefit Cost</b>										
Service Cost	\$ 255,982	\$ 220,459	\$ 272,950	\$ 327,509	\$ 395,211					
Interest Cost	810,883	840,631	817,020	775,667	781,672					
<b>Amortization of Unrecognized Amounts</b>										
* Prior Service Cost	258,223	258,223	258,220	220,841	220,841					
* (Gain)/Loss	334,197	224,146	398,139	333,894	403,583					
Net Cost	\$ 1,659,285	\$ 1,543,459	\$ 1,746,329	\$ 1,657,931	\$ 1,801,307	\$ 2,100,000	\$ 2,220,000			

\*The balances for 2008 through 2012 include post-closing year-end adjustments for external financial reporting purposes.  
The 2012 adjustment is removed in the 2013 year-end column to reflect the actual balance used in the rate base calculation.

199. Pensions. Please provide the amount of net periodic pension costs included in rates by year since the adoption of FAS 87 methodology by the Commission and the related jurisdictional allocation and labor expense factors.

**ANSWER:**

Consistent with its previously stated objection, Gulf is responding to this interrogatory by providing the information requested for a reasonable period, the five years 2008-2012. During that period, the base rates charged by Gulf were the result of two rate cases. The data from these rate cases is provided below along with data from the 2014 test year.

	Docket No. 010949-EI (in dollars)	Docket No. 110138-EI (in dollars)	Docket No. 130140-EI (in dollars)
	<b>2002/2003*</b>	<b>2012</b>	<b>2014</b>
Total Pensions	(5,535,685)	4,730,000	11,500,000
Labor Expense Factor	0.9971494	0.9799310	0.7738880
Total Pension Cost in O&M	(5,519,905)	4,635,073	8,899,712
Pension Costs Associated with Clauses	132,087	45,121	(794,499)
Pension Costs Associated with UPS	138,787	(126,938)	(260,147)
System Adjusted Pension Costs	(5,249,031)	4,553,256	7,845,066
Jurisdictional Factor	0.9489782	0.9799869	0.9792787
Pension Costs Included in Jurisdictional O&M	(4,981,216)	4,462,131	7,682,506

\* Split Test Year Ended 5/31/2003

AFFIDAVIT

STATE OF FLORIDA     )  
  )  
COUNTY OF ESCAMBIA    )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 4<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

112

**Gulf's Responses to  
OPC's Ninth Set of Interrogatories  
(No. 201)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 112

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 9<sup>th</sup> ROGs, No. 201

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

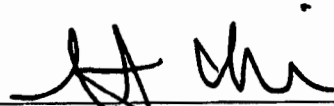
Docket No. 130140-EI

Date Filed: October 10, 2013

GULF POWER COMPANY'S RESPONSE TO  
CITIZENS' NINTH SET OF INTERROGATORIES (NO. 201)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's response to  
Citizens' Ninth Set of Interrogatories (No. 201) on the following pages.

Respectfully submitted by electronic mail the 10th day of October, 2013.



\_\_\_\_\_  
**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

201. **Depreciation Expense.** On Page 4 of the Company's Response to the Citizen's Motion to Consolidate, the Company states that the impact of the \$6,197,000 increase shown in the depreciation study on the base rate revenue requirement is only \$297,000. Using a format similar to Tab 5 of Volume 1 of 2 of the Depreciation Study, please provide the amount of plant investment, current depreciation rates and expense, and proposed depreciation rates and expense for each plant function and group, with an additional segregation showing where the plant costs are recovered (base rates, fuel charges, Environmental Cost Recovery Clause, etc.).

**ANSWER:**

Please see pages 2 and 3.





\$ Thousands

Line No.	Amount/ Sub Account Number	2013 Budget - 2014 Projected Depreciation Expense - Proposed Rates						2013 Budget - 2014 Projected Depreciation Expense - Differences Proposed Rates vs Approved Rates				
		Depreciation Rate	Total Company	ECRC	ECR	Scherer Direct	Total Company Adjusted	Total Company	ECRC	ECR	Scherer Direct	Total Company Adjusted
<b>Steam Plant - Depreciable</b>												
2			4.10	67,868	44,738		22,831	8,634	5,637		2,998	
3			0.40	(925)	8		(931)	(2,989)	(52)		(2,937)	
4			3.20	6,881	1,078		5,603	(423)	(34)		(389)	
5			2.00	5,481	479		4,963	(2,629)	(299)		(2,326)	
6	310.2		1.40	1			1					
7	311		1.80	45			45	3			3	
8			2.20	8,508				949		949	(0)	
9	317		N/A	-			0					
10				87,437	48,300		8,808	32,831	3,647	5,282	949	(2,633)
<b>Steam Plant - Amortizable</b>												
13	312		N/A	-			-					
14	318		N/A	35			35					
15	318		N/A	645			622					
16			N/A	-			-					
17				680			23	687				
<b>Other Production Plant</b>												
20			4.70	931			531	(80)			(80)	
21			5.70	815			615	128			128	
22			4.00	331			331	33			33	
23			4.40	9,892			9,892	3,488			3,488	
24	347		N/A	-			-					
25				11,379			11,379	3,687			3,687	
<b>Transmission Plant</b>												
28	350.2		1.80	211			211					
29	352		1.80	197	8		188	(22)			(22)	
30	353		2.40	3,827			3,827	159			159	
31	354		1.80	781			781	(217)			(217)	
32	356		3.90	5,814			5,814	447			447	
33	356		2.50	2,181			2,181					
34	358		1.80	254			254	(42)			(42)	
35	358		1.80	4			4	(0)			(0)	
36	362		1.80	4			4	(0)		(0)	(0)	
37	353		2.40	145			145	8		8		
38	359.1		N/A	-			-					
39				13,387	8		149	13,239	391		8	328
<b>Distribution Plant</b>												
42	360.2		1.80	13			13					
43	361		1.90	441			441	(70)			(70)	
44	362		2.30	5,228	37		5,191	227			227	
45	364		4.70	6,298			6,298	(402)			(402)	
46	365		3.20	4,398			4,398	137			137	
47	368		1.20	14			14	(1)			(1)	
48	367		3.10	4,569			4,569	(299)			(299)	
49	368		3.80	9,625			9,625	(507)			(507)	
50	369.1		3.40	1,838			1,838	(216)			(216)	
51	369.2		2.20	1,008			1,008	(183)			(183)	
52	370		2.60	522			522	(414)	(403)		(11)	
53	370		7.70	4,211		1,124	3,087	1,525	1,124		401	
54	370		N/A	-			-					
55	370		N/A	-			-					
56	373		4.40	2,874			2,874	(392)			(392)	
57	374		N/A	-			-					
58				41,039	37	1,124	39,878	(690)	721		(1,311)	
<b>General Plant - Depreciable</b>												
61	390		2.40	1,915			1,915	80			80	
62	392.2		13.80	1,007			1,007	328			328	
63	392.3		7.40	1,886			1,886	(115)			(115)	
64	392.4		4.80	89			89	(3)			(3)	
65	396		3.00	28			28	(15)			(15)	
66	397		4.70	912			912	(310)		(0)	(310)	
67	399.1		N/A	-			-					
68				5,614			5,614	(34)		(0)	(34)	
<b>General Plant - Amortizable</b>												
71	391		N/A	316			316					
72	391		N/A	255			255					
73	392		N/A	43			43					
74	393		N/A	134			134					
75	394		N/A	577			577					
76	395		N/A	411			411					
77	397		N/A	636			636					
78	398		N/A	541		8	533					
79	301-303		N/A	2,294			2,294					
80				5,208		8	5,199					
81				164,748	46,348	1,132	8,879	108,588	6,841	5,282	721	864
82												
83												
84												
85												
86								8,830	5,282	721	864	(297)

Note: Totals may not add due to rounding.

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 9<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large

**113**

**Gulf's Responses to  
OPC's Tenth Set of Interrogatories  
(No. 202)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 113

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 10<sup>th</sup> ROG, No. 202

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

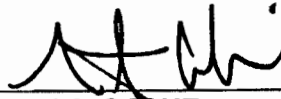
Docket No. 130140-EI

Date Filed: October 11, 2013

GULF POWER COMPANY'S RESPONSE TO  
CITIZENS' TENTH SET OF INTERROGATORIES (NO. 202)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's response to  
Citizens' Tenth Set of Interrogatories (No. 202) on the following pages.

Respectfully submitted by electronic mail the 11th day of October, 2013.



\_\_\_\_\_  
**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

202. Storm Hardening. Appendix 4 of the Gulf Power Company 2013-2015 Storm Hardening Plan (Docket No. 130139-EI, Document No. 02372-13) appears to indicate a reduction in Storm Hardening Costs from \$20,713,572 in 2012 to \$15,866,585 in 2014. Please provide a reconciliation of this schedule to the expenses included in the MFRs in this rate case for 2012 and 2014. This reconciliation and the supporting calculations should trace each line item of the Appendix to the individual line item expenses as shown on MFR Schedule C-6 and the individual Benchmark versus Budget schedules included in the testimony of P. Chris Caldwell and J. Andy McQuagge. If this reconciliation affects schedules provided in additional witness testimony, please also identify each of these schedules and reconcile to Appendix 4.

ANSWER:

Appendix 4 of the Gulf Power Company 2013-2015 Storm Hardening Plan (Docket No. 130139-EI, Document No. 02372-13) represents both capital and operating and maintenance (O&M) expenses associated with Gulf's Storm Hardening Plan. See pages 2 and 3 for the reconciliation of Appendix 4 to MFR Schedule C-6 and testimony. Gulf's 2012 storm hardening costs included multiple capital projects that have been completed and are not reflected in storm hardening cost projections for 2014. As a result of having fewer storm hardening capital projects, we anticipate a reduction in Gulf's storm hardening capital expenditures of \$7.1 million which is partially offset by an increase in storm hardening O&M expenses of \$2.3 million. The net of these two numbers is the difference in costs between the 2012 and 2014 storm hardening costs.

Rule 25-6.0342 - Gulf Power Company Storm Hardening Plan

Activity	Docket No.	Actual/Estimated Utility Costs					2012	2014	2012 - 2014	MFR C-6	Testimony Reference	
		2010	2011	2012	2013	2014	O&M	O&M	O&M Difference			
Wooden Pole Inspections.	060078-EI	\$2,174,138	\$2,701,600	\$1,415,988	\$2,061,333	\$2,061,333	\$2,061,333	\$160,293	\$478,000	\$317,707	Page 7 of 12, Line 4 (593)	McQuagge - Asset Management (Page 17, JAM-1 Schedule 7)
<b>Ten Storm Hardening Initiatives.</b>												
1 A Three-Year Vegetation Management Cycle for Distribution Circuits		\$4,907,230	\$5,912,112	\$4,290,215	\$5,593,128	\$5,947,800	\$5,947,800	\$4,290,215	\$5,947,800	\$1,657,585	Page 7 of 12, Line 4 (593)	McQuagge - Vegetation Management (Page 19, JAM-1 Schedule 7)
2 An Audit of Joint-Use Attachment Agreements	Note 6	\$0	\$337,722	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
3 A Six-Year Transmission Structure Inspection Program		\$668,369	\$305,890	\$198,796	\$244,526	\$243,345	\$262,908	\$198,796	\$243,345	\$44,549	Page 3 of 12, Line 20 (563), and Page 5 of 12, Line 4 (571)	Caldwell- Transmission Line Maintenance Programs (Page 26, PCC-1 Schedule 5)
4 Hardening of Existing Transmission Structures		\$1,326,200	\$2,940,400	\$3,411,400	\$1,040,000	\$1,040,000	\$1,040,000	\$0	\$0	\$0	N/A	
5 Transmission and Distribution GIS		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
6 Post-Storm Data Collection and Forensic Analysis	Note 5	\$0	\$0	\$0	Note 5	Note 5	Note 5	\$0	\$0	\$0	N/A	
7 Collection of Detailed Outage Data Differentiating Between the Reliability Performance of Overhead and Underground Systems		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
8 Increased Utility Coordination with Local Governments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
9 Collaborative Research on Effects of Hurricane Winds and Storm Surge		\$0	\$32,059	\$32,059	\$31,059	\$31,059	\$31,059	\$32,059	\$31,059	-\$1,000	Page 10 of 12, Line 17 (930)	Erickson - (CJE-1 Schedule 2)
10 A Natural Disaster Preparedness and Recovery Program		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A	
<b>Compliance with National Electric Safety Code's adoption of Extreme Wind Loading Standards.</b>												
1 New Distribution Facilities - incremental (Exc Lighting, Meters, Transformer)	Note 8	\$146,880	\$143,865	\$119,777	\$116,450	\$161,775	\$173,100	\$0	\$0	\$0	N/A	
Base amount		\$5,728,305	\$5,610,732	\$4,671,291	\$4,541,550	\$6,309,225	\$6,750,900					
2 Major Planned expansion, rebuild, or relocation of distribution facilities - incremental	Note 8	\$257,900	\$289,909	\$315,512	\$347,025	\$284,175	\$305,525	\$0	\$0	\$0	N/A	
Base amount		\$10,058,087	\$11,306,444	\$12,304,951	\$13,533,975	\$11,082,825	\$11,915,475					
3 Critical infrastructure and major thoroughfares	Note 10	\$387,341	\$1,228,650	\$1,328,227	\$1,227,940	\$1,233,297	\$1,239,672	\$112,777	\$407,294	\$294,517	Page 7 of 12, Line 4 (593)	McQuagge - Overhead and Underground Line Operation and Maintenance (Page 18, JAM-1 Schedule 7) and Storm Hardening (Page 19, JAM-1 Schedule 7)

Notes:

- Gulf has always recognized that accessibility to distribution facilities is essential to safe and efficient maintenance and storm restoration. Since this activity is already integral to our construction practices, there is no added cost impact nor can these costs be determined. There is no incremental cost impact or benefits associated with this activity.
- Until the program is complete and a storm hits it is not possible to estimate benefits resulting from this activity.
- Gulf does not have underground transmission/substation facilities.
- Gulf recognized and piloted underground system storm hardening design changes in response to lessons learned from Ivan in 2004. Gulf has not determined a methodology at this time for determining the benefits of undergrounding in coastal areas as a storm hardening technique.
- Computer Code was setup upon implementation of Storm Hardening, so new cost since implementation. Post storm forensic data collection and analysis will initially increase the cost of the storm due to cost associated with collection and analysis of data. System storm hardening improvements identified through data analysis will not occur until improvements can be budgeted the year after the storm strikes and implemented during the year in which they are budgeted. This time lag for initiating system improvements will be approximately two years after a storm strike. Cost of forensic data collection will vary greatly, ranging from zero in non-storm years to \$100,000+ in storm years, depending on the size of the storm and extent of storm damage.
- In 2011, the most recent Joint-Use attachment audit was completed. Gulf performs these audits every five years across the system, and the next field audit is scheduled for 2016.
- It is not possible to estimate benefits at this time.
- Transitioning to Grade B construction.
- Gulf has historically used stainless steel transformers and switchgear within coastal areas which mitigates damage after a storm surge.
- The 2010 - 2012 are actuals associated for applying Grade B construction on targeted critical pole lines with multiple circuits; and 2013 - 2015 represents the revised initiative.
- Estimates to be determined and provided by Third Party Attachers.
- There are no Third Party Attachers on transmission structures.
- Costs cannot be determined at this time.
- Total Cost do not include the base amounts, only incremental cost

Rule 25-6.0342 - Gulf Power Company Storm Hardening Plan

Activity	Docket No.	Actual/Estimated Utility Costs					2012	2014	2012 - 2014	MFR C-6	Testimony Reference
		2010	2011	2012	2013	2014	O&M	O&M	O&M Difference		
<b>Mitigating flood and storm surge damage to underground and supporting overhead facilities.</b>	070xxx-EI										
1 Transmission	Note 3										
2 Distribution - Piloted Project costs	Note 4	\$934,590	\$1,716,744	\$1,859,987	\$869,000	\$875,000	\$881,000	\$0	\$0	\$0	N/A
3 Distribution - Use of Stainless Steel equipment	Note 9	\$773,348	\$1,414,805	\$1,990,428	\$1,392,860	\$1,392,860	\$1,392,860	\$0	\$0	\$0	N/A
4 Distribution - Underground Network improvements		\$328,038	\$251,660	\$63,160	\$114,000	\$117,000	\$119,000	\$0	\$0	\$0	N/A
<b>Placement of new and replacement distribution facilities to facilitate safe and efficient access for installation and maintenance.</b>	070xxx-EI										
	Note 1										
<b>Other Key Elements</b>											
1 Feeder Patrols prior to the start of storm season		\$573,118	\$185,881	\$183,946	\$150,000	\$150,000	\$150,000	\$183,946	\$150,000	-\$33,946	
2 Infrared Patrols prior to the start of storm season		\$4,447	\$20,394	\$17,870	\$25,000	\$25,000	\$25,000	\$17,870	\$25,000	\$7,130	McQuagge - Overhead and Underground Line Operation and Maintenance (Page 18, JAM-1 Schedule 7) and Storm Hardening (Page 19, JAM-1 Schedule 7)
3 Wind Monitors to provide needed wind data		\$1,670	\$0	\$11,884	\$5,000	\$5,000	\$5,000	\$11,887	\$5,000	-\$6,887	Page 7 of 12, Line 4 (593)
<b>Additional Proposed Storm Hardening Initiatives</b>											
1 Conversion of 4kV Distribution Feeders		\$217,720	\$151,111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
2 Distribution Automation		\$3,990,831	\$6,356,716	\$4,070,853	\$2,164,148	\$2,164,148	\$1,980,000	\$0	\$0	\$0	N/A
3 Automated Overhead Faulted Circuit Indicators		\$0	\$0	\$119,959	\$100,000	\$100,000	\$100,000	\$0	\$0	\$0	N/A
4 Distribution Supervisory Control and Data Acquisition		\$209,605	\$820,079	\$1,283,511	\$265,852	\$65,852	\$0	\$0	\$0	\$0	N/A
<b>TOTALS</b>		<b>\$16,901,425</b>	<b>\$24,809,597</b>	<b>\$20,713,572</b>	<b>\$15,747,321</b>	<b>\$15,897,644</b>	<b>\$15,714,257</b>	<b>\$5,007,843</b>	<b>\$7,287,498</b>	<b>\$2,279,655</b>	

Notes:

- Gulf has always recognized that accessibility to distribution facilities is essential to safe and efficient maintenance and storm restoration. Since this activity is already integral to our construction practices, there is no added cost impact nor can these costs be determined. There is no incremental cost impact or benefits associated with this activity.
- Until the program is complete and a storm hits it is not possible to estimate benefits resulting from this activity.
- Gulf does not have underground transmission/substation facilities.
- Gulf recognized and piloted underground system storm hardening design changes in response to lessons learned from Ivan in 2004. Gulf has not determined a methodology at this time for determining the benefits of undergrounding in coastal areas as a storm hardening technique.
- Computer Code was setup upon implementation of Storm Hardening, so new cost since implementation. Post storm forensic data collection and analysis will initially increase the cost of the storm due to cost associated with collection and analysis of data. System storm hardening improvements identified through data analysis will not occur until improvements can be budgeted the year after the storm strikes and implemented during the year in which they are budgeted. This time lag for initiating system improvements will be approximately two years after a storm strike. Cost of Forensic data collection will vary greatly, ranging from zero in non-storm years to \$100,000+ in storm years, depending on the size of the storm and extent of storm damage.
- In 2011, the most recent Joint-Use attachment audit was completed. Gulf performs these audits every five years across the system, and the next field audit is scheduled for 2016.
- It is not possible to estimate benefits at this time.
- Transitioning to Grade B construction.
- Gulf has historically used stainless steel transformers and switchgear within coastal areas which mitigates damage after a storm surge.
- The 2010 - 2012 are actuals associated for applying Grade B construction on targeted critical pole lines with multiple circuits; and 2013 - 2015 represents the revised initiative.
- Estimates to be determined and provided by Third Party Attaches.
- There are no Third Party Attaches on transmission structures.
- Costs cannot be determined at this time.
- Total Cost do not include the base amounts, only incremental cost

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



MELISSA A. DARNES  
MY COMMISSION # EE 150873  
EXPIRES: December 17, 2015  
Bonded Thru Budget Notary Services

Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 9<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large



114

**Gulf's Responses to  
OPC's Eleventh Set of Interrogatories  
(Nos. 203 and 204)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION	
DOCKET NO. 130140-EI	EXHIBIT 114
PARTY PSC Staff	
DESCRIPTION Gulf's/OPC's 11 ROG, Nos. 203 and 204	
DATE	

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: November 8, 2013

GULF POWER COMPANY'S RESPONSE TO  
CITIZENS' ELEVENTH SET OF INTERROGATORIES (NOS. 203-204)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and  
through its undersigned counsel, hereby submits the Company's response to  
Citizens' Eleventh Set of Interrogatories (Nos. 203-204) on the following pages.

Respectfully submitted by overnight mail the 8th day of November, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

The following interrogatories relate to pages 19-21 and Exhibit CJE-1, Schedule 4, of the pre-filed testimony and exhibits of Gulf Power witness Constance Erickson, as well as the depreciation study sponsored by Gulf Power witness Peter S. Huck and the dismantlement study prepared by Southern Company Services to which Ms. Erickson refers.

203. Depreciation. Based on the overall company level of depreciation expense proposed by Gulf Power (see Tab 5 of the comprehensive depreciation study prepared and sponsored by Gulf Power witness Huck), as well as the current and proposed depreciation expense to be associated with base rates according to witness Erickson's Exhibit CJE-1, Schedule 4, please provide a schedule or schedules identifying:
- a. the specific plant accounts, plant balances, and related current and proposed depreciation expense and depreciation rates that Gulf Power has included in the calculation of depreciation expense to be collected through retail base rates;
  - b. the specific plant accounts, plant balances, and related current and proposed depreciation expense and depreciation rates that Gulf Power applies to the calculation of the depreciation expense portion of the cost recovery factor of the Environmental Cost Recovery Clause;
  - c. the specific plant accounts, plant balances, and related current and proposed depreciation expense and depreciation rates that Gulf Power applies to the calculation of the depreciation expense portion of the cost recovery factor of the Electric Conservation Cost Recovery Clause; and
  - d. if applicable, the specific plant accounts, plant balances, and related current and proposed depreciation expense and depreciation rates that Gulf Power applies to the depreciation expense portion of the derivation of any other component or aspect of its rates and charges.

ANSWER:

Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Citizens' Eleventh Set of Interrogatories (Nos 203-204) Disk 1.

204. Dismantlement. Using the same or similar format of your answer to Interrogatory No. 203, please provide a breakdown of the proposed overall company level dismantlement expense (shown on Tab 9 of the depreciation study and developed in the dismantlement study), showing each expense applicable to base rates and those expenses applicable to the respective, individual cost recovery clauses. To the extent applicable, identify the plant accounts, plant balances, and rates applicable to each.

ANSWER:

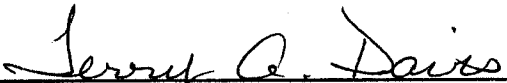
Electronic attachments are located on the enclosed DVD labeled Docket No. 130140-EI Citizens' Eleventh Set of Interrogatories (Nos 203-204) Disk 1.

AFFIDAVIT

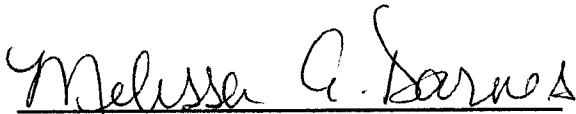
STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA   )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Terry A. Davis, Assistant Secretary and Assistant Treasurer of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

  
\_\_\_\_\_  
Terry A. Davis  
Assistant Secretary and Assistant Treasurer

Sworn to and subscribed before me this 8<sup>th</sup> day of November, 2013.

  
\_\_\_\_\_  
Notary Public, State of Florida at Large



115

**Gulf's Responses to  
OPC's First Request for  
Production of Documents  
(Nos. 1, 2, 4, 14, 15, and 57)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 115  
PARTY PSC Staff  
DESCRIPTION Gulf's/OPC's 1<sup>st</sup> PODs, Nos. 1, 2, 4, 14, 15,  
DATE and 57

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )

---

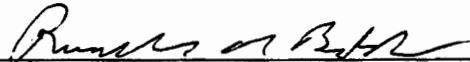
Docket No. 130140-EI

Date Filed: August 19, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' FIRST REQUEST TO PRODUCE  
DOCUMENTS (NOS. 1-59)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' First Request to Produce Documents (Nos. 1-59) on the following pages.

Respectfully submitted by overnight mail the 19th day of August, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

1. MFRs. Please provide a copy of the Company's minimum filing requirements in electronic format. Please provide any and all documents in electronic form, with all spreadsheet links and formulas intact, source data used. Please include documents that identify or explain all assumptions and calculations used. To the extent the data requested is not available in the form requested, please provide

**ANSWER:**

Responsive electronic documents are located in the folder named OPC\_POD\_001 & 002 on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-1&2-1 through 130140-OPC-POD-1&2-521.

Responsive electronic documents that include confidential information are located in the folder named OPC\_POD\_001 & 002 CONF on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-1&2-522 through 130140-OPC-POD-1&2-619.



2. MFRs. Please provide all workpapers to the MFRs in their original electronic format. Please provide any and all workpapers and documents in electronic form, with all spreadsheet links and formulas intact, source data used. Include all documents that identify or explain assumptions and calculations used in preparing the MFRs. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested

**ANSWER:**

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents are located in the folder named OPC\_POD\_001 & 002 on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-1&2-1 through 130140-OPC-POD-1&2-521.

Responsive electronic documents that include confidential information are located in the folder named OPC\_POD\_001 & 002 CONF on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-1&2-522 through 130140-OPC-POD-1&2-619.

4. Prefiled Testimony. Please provide a copy of all prefiled testimony and Appendices in Microsoft Word.

**ANSWER:**

Responsive electronic documents are located in the folder named OPC\_POD\_004 on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-4-1 through 130140-OPC-POD-4-398.

14. Labor Costs – Incentives. Please provide a copy of all incentive compensation/bonus plans in effect for 2012 and 2013.

**ANSWER:**

Responsive documents that include confidential information are located in the folder named OPC\_POD\_014 CONF on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-14-1 through 130140-OPC-POD-14-17.

15. Labor Costs – Incentives. Please provide all supporting empirical data that explains how the Company determines that the achievements of any incentive compensation goals are reached as a result of the incentive compensation plan, as opposed to other reasons.

**ANSWER:**

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive documents are located in the folder named OPC\_POD\_015 on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-15-1 through 130140-OPC-POD-15-38.

57. Return on Equity. Please provide:
- a. Copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony, exhibits, and appendices of Dr. James H. Vander Weide; and
  - b. An index with files names and/or page or tab numbers associated with the materials provided in (a).

ANSWER:

- a) Responsive documents are located in the folder named OPC\_POD\_057 on the DVD labeled Docket No. 130140-EI Citizens' First Request to Produce Documents (Nos. 1-59) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-57-1 through 130140-OPC-POD-57-264.
- b) There are no documents responsive to this request.

116

**Gulf's Responses to  
OPC's Second Request for  
Production of Documents  
(Nos. 60, 61, 64, and 66)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 116  
PARTY PSC Staff  
DESCRIPTION Gulf's/OPC's 2<sup>nd</sup> PODs, Nos. 60, 61, 64, and 66  
DATE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

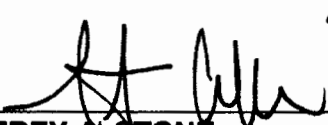
Docket No. 130140-EI

Date Filed: September 12, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' SECOND REQUEST TO PRODUCE  
DOCUMENTS (NOS. 60-66)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Second Request to Produce Documents (Nos. 60-66) on the following pages.

Respectfully submitted by overnight mail the 12th day of September, 2013,

  
\_\_\_\_\_  
**JEFFREY A. STONE**  
Florida Bar No. 325953  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power Company**

60. Workpapers. Please provide copies of all documents, in Excel compatible format with all formulas functional and intact where possible, used to prepare the schedules supporting the application in this docket together with supporting work papers, including all work papers and documents supporting the 2013 budget and the 2014 forecast.

ANSWER:

In addition to the documents and work papers attached to this response, see the response to Citizen's First Request for Production Nos. 2 and 3 for documents and work papers supporting the application in this docket, including work papers supporting the sales and retail base revenue forecasts used to develop the 2013 budget and 2014 forecast. See also the response to Citizen's First Request for Production No. 32 for documents supporting SCS budgeted amounts used to develop the 2014 forecast. See also the response to Citizen's Second Request for Production No. 63 for the 2012 payroll, the calculation of the 2013 budgeted payroll, and the calculation of the 2014 forecast payroll.

Responsive electronic documents are located in the folder named OPC\_POD\_060 on the DVD labeled Docket No. 130140-EI Citizens' Second Request to Produce Documents (Nos. 60-66) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-60-1 through 130140-OPC-POD-60-350.

Responsive electronic documents that include confidential information are located in the folder named OPC\_POD\_060 CONF on the DVD labeled Docket No. 130140-EI Citizens' Second Request to Produce Documents (Nos. 60-66) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-60-351 through 130140-OPC-POD-60-381.



61. Incentive Compensation. Please provide copies of all incentive plans in place during the test year, including all short-term, long-term and stock-based plans at both Gulf Power and SCS.

ANSWER:

Responsive electronic documents that include confidential information are located in the folder named OPC\_POD\_061 CONF on the DVD labeled Docket No. 130140-EI Citizens' Second Request to Produce Documents (Nos. 60-66) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-61-1 through 130140-OPC-POD-61-18.

64. Labor. Please provide copies of the budgets for Gulf for each of the years 2008 through 2012 showing the amounts budgeted for Gulf salaries and wages, the amount budgeted to be capitalized and the amount budgeted to be included in expenses.

ANSWER:

Gulf's budget is prepared and maintained in electronic format and no physical document is maintained in the ordinary course of business containing information in the level of detail requested. The following information responsive to the request has been obtained from Gulf's budget system.

	<b>2008 Budget</b>	<b>2009 Budget</b>	<b>2010 Budget</b>	<b>2011 Budget</b>	<b>2012 Budget</b>
Expense	75,321,132	77,054,511	78,643,788	84,422,976	83,539,082
Capital	24,643,173	25,041,873	24,284,795	25,820,609	25,656,161
Other*	4,149,166	4,501,125	5,290,001	6,922,059	8,142,846
<b>Total</b>	<b>104,113,471</b>	<b>106,597,509</b>	<b>108,218,584</b>	<b>117,165,643</b>	<b>117,338,089</b>

\* Includes labor budgeted to clause and below the line accounts.

66. Labor. Please provide copies of the budgets for Gulf for each of the years 2008 through 2012 showing the amounts budgeted for allocated SCS salaries and wages, the amount budgeted to be capitalized and the amount budgeted to be included in expenses.

ANSWER:

Gulf's budget is prepared and maintained in electronic format and no physical document is maintained in the ordinary course of business containing information in the level of detail requested. The following information responsive to the request has been obtained from Gulf's budget system.

	<b>2008 Budget</b>	<b>2009 Budget</b>	<b>2010 Budget</b>	<b>2011 Budget</b>	<b>2012 Budget</b>
Expense	19,883,000	18,157,000	18,230,000	19,650,000	20,704,000
Capital	11,180,000	9,612,000	7,922,000	9,199,000	8,458,000
Other*	531,000	714,000	681,000	890,000	1,118,000
<b>Total</b>	<b>31,594,000</b>	<b>28,483,000</b>	<b>26,833,000</b>	<b>29,739,000</b>	<b>30,280,000</b>

\* Includes labor budgeted to clause and below the line accounts.

117

**Gulf's Responses to  
OPC's Third Request for  
Production of Documents  
(Nos. 72 and 73)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 117

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 3<sup>rd</sup> PODs, Nos. 72 and 73

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

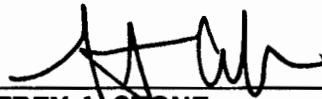
Docket No. 130140-EI

Date Filed: September 20, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' THIRD REQUEST TO PRODUCE  
DOCUMENTS (NOS. 67-73)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Third Request to Produce Documents (Nos. 67-73) on the following pages.

Respectfully submitted by overnight mail the 20th day of September, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

72. Budgets. Please provide a copy of any SCS Service Company forecasted budget and allocations for services provided to the operating companies that was prepared and submitted to any rate regulatory commission within the period January 2010 to the current date.

ANSWER:

Gulf objects to this request to the extent it calls for documents submitted to any rate regulatory commission by any operating company other than Gulf on the grounds that such documents are not in Gulf's possession, custody and control. Additionally, as the request relates to operating companies other than Gulf, Gulf objects because the data requested is not relevant to the subject matter of this proceeding and is not reasonably calculated to lead to the discovery of admissible evidence.

The only Gulf documents responsive to this request are copies submitted to the FPSC staff of Gulf's responses to (i) discovery by the Office of Public Counsel in this docket and in Gulf's prior rate case (Docket No. 110138-EI); and (ii) FEA's Interrogatory No. 20 to Gulf in Docket No. 110138-EI. A copy of Gulf's response to the FEA interrogatory is attached.

Subject to and notwithstanding its objection to providing documents submitted by any other operating company, Gulf, as a courtesy, is providing copies of responsive documents submitted by Georgia Power Company (Georgia Power) to the Georgia Public Service Commission (GPSC) in its current rate case (Docket No. 36989) to the extent such documents are publicly available.

Gulf understands that responses to data requests were submitted by Georgia Power to the GPSC in its prior rate case, GPSC Docket No. 31958, and are publicly available on the GPSC web site. Gulf notes that the burden of identifying and assembling such documents is substantially the same whether performed by Gulf or by the Office of Public Counsel.

Responsive electronic documents are located in the folder named OPC\_POD\_072 on the DVD labeled Docket No. 130140-EI Citizens' Third Request to Produce Documents (Nos. 67-73) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-72-1 through 130140-OPC-POD-72-93.

73. Incentive Compensation. With respect to Angela Strickland's testimony regarding customer satisfaction surveys, please provide the "set of questions" used in the test year, as referenced at page 28, line 1.

ANSWER:

Responsive documents are located in the folder named OPC\_POD\_073 on the DVD labeled Docket No. 130140-EI Citizens' Third Request to Produce Documents (Nos. 67-73) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-73-1 through 130140-OPC-POD-73-10.

118

**Gulf's Responses to  
OPC's Fourth Request for  
Production of Documents  
(Nos. 74-81, 84-86, 88, and 89)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 118

PARTY PSC Staff

DESCRIPTION Gulf's/OPC's 4<sup>th</sup> PODs, Nos. 74-81, 84-86, 88,

DATE and 89



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

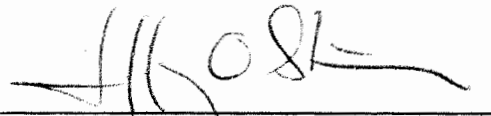
Docket No. 130140-EI

Date Filed: September 25, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' FOURTH REQUEST TO PRODUCE  
DOCUMENTS (NOS. 74-89)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Fourth Request to Produce Documents (Nos. 74-89) on the following pages.

Respectfully submitted by overnight mail the 25th day of September, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

74. Transmission. Please provide all planning studies supporting the need for and estimated costs of each transmission project that is included as part of the Plant Crist MATS compliance plan.

ANSWER:

Please see the file named, "2012\_Gulf\_10YearPlanBook(2013-2022) ENTIRE CONF" that was previously provided as a confidential document in Gulf's response to Citizens' First Request to Produce Documents No. 3. The Plant Crist MATS projects can be found within the document on the pages referenced in the below table.

The estimated costs in the documents were based on screening-level estimates at the time of the planning studies.

<b>Description</b>	<b>Page Number(s)</b>
<b>PE 2803-01:</b> Pensacola SVC (Alligator Swamp)	13-19
<b>PE 2813-01:</b> North Brewton – Alligator Swamp 230 Line	20-30
<b>PE 2813-02:</b> Alligator Swamp Substation	20-30
<b>PE 2848-01:</b> Alligator Swamp 90 MVAR 230 kV Cap Bank	13-19

75. Transmission. Please provide all planning studies supporting the need for and estimated costs of each transmission project that is included as part of the Plant Smith MATS compliance plan.

ANSWER:

Please see the file named, "2012\_Gulf\_10YearPlanBook(2013-2022) ENTIRE CONF" that was previously provided as a confidential document in Gulf's response to Citizens' First Request to Produce Documents No. 3. The Plant Smith MATS projects can be found within the document on the pages referenced in the below table.

The estimated costs in the documents were based on screening-level estimates at the time of the planning studies.

<b>Description</b>	<b>Page Number(s)</b>
<b>PE 2829-01: Panama City SVC (Highland City)</b>	69-70
<b>PE 2867-01: Holmes Creek – Highland City New 230 kV- Line</b>	81-84
<b>PE 2867-03: Holmes Creek – Highland City New 230 kV- Autobank</b>	81-84; 94-96
<b>PE 2867-07: Holmes Creek – Highland City New 230 kV- Cap Bank</b>	94-96
<b>PE 2867-09: Rebuild Holmes Creek – Bonifay Tap Section Double Circuit</b>	81-84

76. Transmission. Please provide copies of all operating policies that specify the criteria and conditions governing must-run generation for the Plant Crist and Plant Smith generating units as described in the Company's response to OPC Interrogatory No. 118.

ANSWER:

Responsive electronic documents that include confidential information are located in the folder named OPC POD\_076 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-76-1 through 130140-OPC-POD-76-2.

77. Transmission. With reference to page 2 of Ms. Cain's direct testimony, please provide the referenced NPV revenue requirements analyses for each MATS compliance option evaluated for Plant Crist and Plant Smith in an electronic machine readable format, along with the underlying fuel price, O&M and capital cost assumptions for each year of each such analysis.

ANSWER:

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents that include confidential information are located in the folder named OPC POD\_077 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 2-Confidential.

78. Transmission. Please provide all studies or analyses documenting the basis for the decisions to implement must-run operations at the Plant Smith and Plant Crist units as identified in the Company's response to OPC Interrogatory No. 140.

ANSWER:

There are no studies or analyses documenting the initial determination of Plant Crist and Plant Smith as must-run facilities.

79. Transmission. Please provide all studies addressing the option of retirement and replacement of the Plant Smith coal units with natural gas-fired generation alternatives as discussed in the Company's response to OPC Interrogatory No. 143.

ANSWER:

See Gulf's response to Citizens' Fourth Request to Produce Documents No. 77.

80. Transmission. With reference to Schedule 4 of Mr. Caldwell's direct testimony, please provide identify all analyses and/or studies that quantify the benefits of the listed transmission projects other than allowing the Plant Crist and Plant Smith units to meet MATS requirements as identified in the Company's response to OPC Interrogatory No. 146.

**ANSWER:**

The direct testimony of Witness Cain and Witness Vick (DN 01557-13) filed on April 1, 2013 in Docket No. 130092 addresses the potential fuel cost savings resulting from the MATS transmission projects.



81. Transmission. With reference to Schedule 4 of Mr. Caldwell's direct testimony, please prove all studies and analyses that quantify the benefits to Gulf Power's affiliates of each of the listed transmission projects as identified in the Company's response to OPC Interrogatory No. 147.

ANSWER:

There are no Gulf Power studies or analyses identifying benefits to Gulf Power affiliates.

84. Rate Case Expenses. With reference to page 10, lines 4 through 7, of Ms. Erickson's direct testimony, please provide all work papers and/or documents showing the calculation of the pro forma level of rate case expenses for this docket.

ANSWER:

Responsive electronic documents are located in the folder named OPC\_POD\_084 on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 1.

85. Rate Case Expenses. With reference to page 10, lines 9 through 20, of Ms. Erickson's direct testimony, please provide any work papers and/or documents supporting the escalation of rate case expenses related to the CPI, customer growth or any other escalation factor or basis used by the Company. Include additional cost (external and internal) for attorney resources for human resources issues, depreciation and storm study witnesses, as well as incremental labor, both internal and contract.

ANSWER:

Please see Gulf's Response to Citizens' Fourth Request to Produce Documents No. 84.

86. Rate Case Expenses. With reference to page 10, lines 9 through 20, of Ms. Erickson's direct testimony, please provide the work papers and/or documents showing the cost of the incremental labor included in the pro forma test year rate case expenses identifying separately the amounts that are internal and the amounts that are contract.

ANSWER:

Responsive electronic documents are located in the folder named OPC\_POD\_086 on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 1.

88. Storm Damage Expense. Please provide all work papers and documentation supporting the requested level of Storm Damage Expense, including normalized expenses, amortization of past costs, and the requested reserve accrual.

ANSWER:

Responsive documents are located in the folder named OPC\_POD\_088 on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-OPC-POD-88-1 through 130140-OPC-POD-88-3.

89. Storm Damage Expense. Please provide all work papers and documentation supporting the adjustment to Storm Damage Expense.

ANSWER:

In addition to the pre-filed testimony, exhibits, and Gulf's response to Citizens' First Request to Produce Documents Nos. 3 and 5 related to witnesses Harris and Erickson, please see Gulf's response to Citizens' Fourth Request to Produce Documents No. 88.

119

**Gulf's Responses to  
OPC's Fifth Request for  
Production of Documents  
(Nos. 90, 91, and 103)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 119  
PARTY PSC Staff  
DESCRIPTION Gulf's/OPC's 5<sup>th</sup> PODs, Nos. 90, 91, & 103  
DATE

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_ )

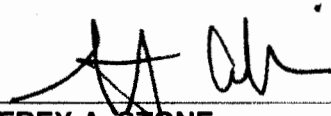
Docket No. 130140-EI

Date Filed: September 30, 2013

GULF POWER COMPANY'S RESPONSES TO  
CITIZENS' FIFTH REQUEST TO PRODUCE  
DOCUMENTS (NOS. 90-103)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Fifth Request to Produce Documents (Nos. 90-103) on the following pages.

Respectfully submitted by overnight mail the 30th day of September, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**



90. Exhibits. With reference to Schedule 3 of Mr. Caldwell's direct testimony, which incorporates the direct testimony and exhibits of Noel M. Cain and James O. Vick in Docket N. 130092-EI, please provide a copy of all exhibits attached to the direct testimony for these two individuals that were originally created and prepared in Microsoft Excel in their original format with all source data used, linked source files, and spreadsheet links and formulas intact.

**ANSWER:**

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents are located in the folder named OPC\_POD\_90 and 91 on the DVD labeled Docket No. 130140-EI Citizens' Fifth Request to Produce Documents (Nos. 90-102) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-91-1 through 130140-OPC-POD-91-896.

Responsive electronic documents that include confidential information are located in the folder named OPC POD\_90 and 91 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fifth Request to Produce Documents (Nos. 90-102) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-91-897 through 130140-OPC-POD-91-990.

Additionally, please see the response to Citizens' Fourth Set of Interrogatories No 77 located in the folder named OPC POD\_077 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 2-Confidential.

91. Workpapers. With reference to Schedule 3 of Mr. Caldwell's direct testimony, which incorporates the direct testimony and exhibits of Noel M. Cain and James O. Vick in Docket N. 130092-EI, please provide a copy of all workpapers in your possession, custody or control underlying all schedules attached to the testimony of these two individuals, and all documents in your possession, custody, or control commenting on, analyzing, or evaluating any of these documents and schedules. Please provide any and all workpapers and documents in electronic form, with all spreadsheet links and formulas intact, source data used. Include all documents that identify or explain assumptions and calculations used in preparing testimony and exhibits. To the extent the data requested is not available in the form requested, please provide the information in the form that most closely matches what has been requested.

ANSWER:

Documents produced in response to this request contained extraneous information which is not responsive to the request. Such information has been removed or redacted.

Responsive electronic documents are located in the folder named OPC\_POD\_90 and 91 on the DVD labeled Docket No. 130140-EI Citizens' Fifth Request to Produce Documents (Nos. 90-102) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-91-1 through 130140-OPC-POD-91-896.

Responsive electronic documents that include confidential information are located in the folder named OPC POD\_90 and 91 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fifth Request to Produce Documents (Nos. 90-102) Disk 2-Confidential. Hard copy documents that have been saved in electronic (PDF) format are also saved in this folder and are page numbered 130140-OPC-POD-91-897 through 130140-OPC-POD-91-990.

Additionally, please see the response to Citizens' Fourth Set of Interrogatories No 77 located in the folder named OPC POD\_077 CONF on the DVD labeled Docket No. 130140-EI Citizens' Fourth Request to Produce Documents (Nos. 74-89) Disk 2-Confidential.

103. Transmission. With respect to the response to OPC Interrogatory No. 173, please provide the analyses identified that compare the cost of the transmission lines proposed by Gulf Power to the alternative of running other generating units on the system or purchasing power from other parties.

ANSWER:

There are no Gulf Power studies or analyses comparing the cost of running other generating units on the system or purchasing power from other parties.

**120**

**Gulf's Responses to  
FEA's First Set of Interrogatories  
(Nos. 1-17, and 20)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 120

PARTY PSC Staff

DESCRIPTION Gulf's/FEA's 1<sup>st</sup> ROGs, Nos. 1-17, and 20

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

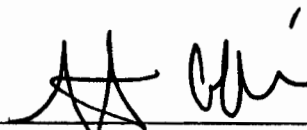
Docket No. 130140-EI

Date Filed: October 14, 2013

GULF POWER COMPANY'S RESPONSE TO  
FEDERAL EXECUTIVE AGENCIES' FIRST SET OF INTERROGATORIES (NOS. 1-20)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Federal Executive Agencies' First Set of Interrogatories (Nos. 1-20) on the following pages.

Respectfully submitted by overnight mail the 14th day of October, 2013.



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

1. Please provide the most recent (or the five-year historical) senior secured, unsecured and corporate credit rating of Gulf Power assigned by Standard & Poor's ("S&P"), Moody's and Fitch. Also, please provide the Company's S&P business and financial risk profiles

ANSWER:

Outlined below are Gulf Power's credit ratings for the years 2009 – 2013. Gulf does not have any senior secured debt outstanding; therefore there is no rating for this type of debt.

STANDARD & POOR's		
Date	Senior Unsecured	Issue Rating
2013	A	A
2012	A	A
2011	A	A
2010	A	A
2009	A	A
MOODY's		
Date	Senior Unsecured	Issuer Rating
2013	A3	A3
2012	A3	A3
2011	A3	A3
2010	A3	A3
2009	A2	A2
FITCH		
Date	Senior Unsecured	Long-Term IDR
2013	A	A-
2012	A	A-
2011	A	A-
2010	A	A-
2009	A	A-

Gulf's business and financial risk profiles as identified in Standard & Poor's rating report dated March 21, 2013 are "excellent" and "significant," respectively.

2. On an electronic spreadsheet with all formulas intact, please provide the monthly average balances for construction work in progress and short-term debt for the most recent 13-month period.

**ANSWER:**

Electronic attachments that include construction work in progress and short-term debt monthly balances for the period ending August 2013 are located in the folder named FEA\_ROG\_2 on the DVD labeled Docket No. 130140-EI Federal Executive Agencies' First Set of Interrogatories (Nos. 1-20) Disk 1.

3. Please state whether Gulf Power has any off-balance sheet debt such as purchased power agreements and operating leases. If affirmative, please provide the amount of each off-balance sheet debt item and estimate the related imputed interest and amortization expense associated with these off-balance sheet debt equivalents.

ANSWER:

Yes, Gulf does have purchased power agreements and operating leases.

One credit agency, Standard & Poor's, imputes debt and interest on purchased power agreements for the purposes of calculating its financial metrics and all of the rating agencies impute debt and interest for other operating leases. At this time, Gulf does not consider the impact to be significant enough to affect its credit ratings; therefore, Gulf has not imputed any associated interest or amortization expense for the purposes of this proceeding. However, should the treatment of these items change or become significant in the future, Gulf could require more common equity in the capital structure to maintain the Company's financial integrity and credit ratings.



4. On an electronic spreadsheet with all formulas intact, please provide Gulf Power's five-year projected and five-year historical capital structure, capital expenditures and sources and amount of capital funding.

ANSWER:

Electronic attachments are located in the folder named FEA\_ROG\_004 on the DVD labeled Docket No. 130140-EI Federal Executive Agencies' First Set of Interrogatories (Nos. 1-20) Disk 1.

Below is an explanation of the worksheets contained in the excel spreadsheet.

1. Capital Structure. Includes Gulf's 2008-2014 capital structure. For 2015-2017, Gulf intends to maintain its 45% equity ratio on a total company basis, utilizing internally generated funds, parent company equity infusions, and debt financings necessary to maintain this capital structure.
2. Capital Expenditures. Actual 2008-2012 and projected 2013-2017.
3. Sources of Capital Funding. Includes forecasted 2013 and 2014 sources and amounts of capital funding. Actual 2007 through 2012 information can be found on Gulf's cash flow statement included in its annual 10-K filings, the applicable pages of which are provided as an attachment to this interrogatory. For 2015-2017, Gulf intends to maintain its 45% equity ratio on a total company basis, utilizing internally generated funds, parent company equity infusions, and debt financings necessary to maintain this capital structure.

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2010, 2009, and 2008**  
**Gulf Power Company 2010 Annual Report**

Federal Executive Agencies'  
First Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 14, 2013  
Item No. 4  
Page 2 of 3

	2010	2009	2008
	<i>(in thousands)</i>		
<b>Operating Activities:</b>			
Net income	\$127,714	\$ 117,436	\$ 104,548
Adjustments to reconcile net income to net cash provided from operating activities --			
Depreciation and amortization, total	127,897	99,564	93,607
Deferred income taxes	82,681	(16,545)	23,949
Allowance for equity funds used during construction	(7,213)	(23,809)	(9,969)
Pension, postretirement, and other employee benefits	(23,964)	1,769	1,585
Stock based compensation expense	1,101	933	765
Hedge settlements	1,530	-	(5,220)
Other, net	(4,126)	(5,173)	(4,934)
Changes in certain current assets and liabilities --			
-Receivables	(36,687)	83,245	(49,886)
-Prepayments	(10,796)	(192)	(310)
-Fossil fuel stock	15,766	(75,145)	(36,765)
-Materials and supplies	(6,251)	(1,642)	8,927
-Prepaid income taxes	(29,630)	(6,355)	(416)
-Property damage cost recovery	-	10,746	26,143
-Other current assets	55	(12)	3
-Accounts payable	15,683	7,890	(4,561)
-Accrued taxes	1,427	(2,404)	(6,511)
-Accrued compensation	5,122	(6,330)	570
-Other current liabilities	7,471	10,255	6,417
<b>Net cash provided from operating activities</b>	<b>267,780</b>	<b>194,231</b>	<b>147,942</b>
<b>Investing Activities:</b>			
Property additions	(285,793)	(421,309)	(377,790)
Investment in restricted cash from pollution control revenue bonds	-	(49,188)	-
Distribution of restricted cash from pollution control revenue bonds	6,347	42,841	-
Cost of removal net of salvage	(1,145)	(9,751)	(8,713)
Construction payables	(21,581)	(23,603)	37,244
Payments pursuant to long-term service agreements	(6,011)	(7,421)	(5,468)
Other investing activities	(262)	(5)	6,044
<b>Net cash used for investing activities</b>	<b>(308,445)</b>	<b>(468,436)</b>	<b>(348,683)</b>
<b>Financing Activities:</b>			
Increase (decrease) in notes payable, net	4,451	(49,599)	107,438
Proceeds --			
Common stock issued to parent	50,000	135,000	-
Capital contributions from parent company	2,242	22,032	75,324
Pollution control revenue bonds	21,000	130,400	37,000
Senior notes	300,000	140,000	-
Other long-term debt issuances	-	-	110,000
Redemptions --			
Pollution control revenue bonds	-	-	(37,000)
Senior notes	(215,515)	(1,214)	(1,300)
Payment of preference stock dividends	(6,203)	(6,203)	(6,057)
Payment of common stock dividends	(104,300)	(89,300)	(81,700)
Other financing activities	(3,253)	(1,677)	(4,869)
<b>Net cash provided from financing activities</b>	<b>48,422</b>	<b>279,439</b>	<b>198,836</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>7,757</b>	<b>5,234</b>	<b>(1,905)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>8,677</b>	<b>3,443</b>	<b>5,348</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 16,434</b>	<b>\$ 8,677</b>	<b>\$ 3,443</b>
<b>Supplemental Cash Flow Information:</b>			
Cash paid during the period for --			
Interest (net of \$2,875, \$9,489 and \$3,973 capitalized, respectively)	\$42,521	\$40,336	\$39,956
Income taxes (net of refunds)	17,224	73,889	40,176
Noncash decrease in notes payable related to energy services	-	(8,309)	-
Noncash transactions - accrued property additions at year-end	14,475	42,050	61,006

The accompanying notes are an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2012, 2011, and 2010**  
**Gulf Power Company 2012 Annual Report**

Federal Executive Agencies'  
First Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 14, 2013  
Item No. 4  
Page 3 of 3

	2012	2011	2010
	<i>(in thousands)</i>		
<b>Operating Activities:</b>			
Net income	\$ 132,135	\$ 111,208	\$ 127,714
Adjustments to reconcile net income to net cash provided from operating activities —			
Depreciation and amortization, total	147,723	135,790	127,897
Deferred income taxes	174,305	63,228	82,681
Allowance for equity funds used during construction	(5,221)	(9,914)	(7,213)
Pension, postretirement, and other employee benefits	(8,109)	(356)	(23,964)
Stock based compensation expense	1,647	1,318	1,101
Hedge settlements	—	—	1,530
Other, net	4,518	(8,258)	(4,126)
Changes in certain current assets and liabilities —			
-Receivables	8,713	21,518	(36,687)
-Prepayments	417	10,150	(10,796)
-Fossil fuel stock	(6,144)	17,519	15,766
-Materials and supplies	(3,035)	(5,073)	(6,251)
-Prepaid income taxes	355	26,901	(29,630)
-Other current assets	—	40	55
-Accounts payable	(5,195)	(2,528)	15,683
-Accrued taxes	(4,705)	1,475	1,427
-Accrued compensation	481	25	5,122
-Over recovered regulatory clause revenues	(10,858)	10,247	3,192
-Other current liabilities	(7,837)	2,937	4,279
<b>Net cash provided from operating activities</b>	<b>419,190</b>	<b>376,227</b>	<b>267,780</b>
<b>Investing Activities:</b>			
Property additions	(313,257)	(324,372)	(285,793)
Distribution of restricted cash from pollution control revenue bonds	—	—	6,347
Cost of removal net of salvage	(28,993)	(14,471)	(1,145)
Construction payables	1,161	2,902	(21,581)
Payments pursuant to long-term service agreements	(8,119)	(8,007)	(6,011)
Other investing activities	656	420	(262)
<b>Net cash used for investing activities</b>	<b>(348,552)</b>	<b>(343,528)</b>	<b>(308,445)</b>
<b>Financing Activities:</b>			
Increase (decrease) in notes payable, net	16,075	21,324	4,451
Proceeds —			
Common stock issued to parent	40,000	50,000	50,000
Capital contributions from parent company	2,106	2,101	2,242
Pollution control revenue bonds	13,000	—	21,000
Senior notes	100,000	125,000	300,000
Redemptions —			
Pollution control revenue bonds	(13,000)	—	—
Senior notes	(91,363)	(608)	(215,515)
Other long-term debt	—	(110,000)	—
Payment of preference stock dividends	(6,203)	(6,203)	(6,203)
Payment of common stock dividends	(115,800)	(110,000)	(104,300)
Other financing activities	(614)	(3,419)	(3,253)
<b>Net cash provided from (used for) financing activities</b>	<b>(55,799)</b>	<b>(31,805)</b>	<b>48,422</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>14,839</b>	<b>894</b>	<b>7,757</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>17,328</b>	<b>16,434</b>	<b>8,677</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 32,167</b>	<b>\$ 17,328</b>	<b>\$ 16,434</b>
<b>Supplemental Cash Flow Information:</b>			
Cash paid during the period for —			
Interest (net of \$2,500, \$3,951 and \$2,875 capitalized, respectively)	\$ 58,255	\$ 55,486	\$ 42,521
Income taxes (net of refunds)	(96,639)	(26,345)	17,224
<b>Noncash transactions — accrued property additions at year-end</b>	<b>27,369</b>	<b>19,439</b>	<b>14,475</b>

The accompanying notes are an integral part of these financial statements.

5. Please provide the following actual annual results for the residential customer class for the period 2003 through 2012, and forecasted for 2013 and 2014:
- a. MWhs sold
  - b. Average Customers
  - c. Revenues by energy charge and customer charge
  - d. Heating degree days
  - e. Cooling degree days

ANSWER:

a.

		Residential MWh Energy Sales
2003	Actual	5,101,100
2004	Actual	5,215,332
2005	Actual	5,319,626
2006	Actual	5,425,491
2007	Actual	5,477,111
2008	Actual	5,348,642
2009	Actual	5,254,491
2010	Actual	5,651,274
2011	Actual	5,304,769
2012	Actual	5,053,724
2013	Forecast	5,285,988
2014	Forecast	5,285,608

b.

		Residential Average Customers
2003	Actual	338,631
2004	Actual	345,467
2005	Actual	350,404
2006	Actual	360,930
2007	Actual	371,213
2008	Actual	374,709
2009	Actual	374,010
2010	Actual	375,847
2011	Actual	378,157
2012	Actual	379,897
2013	Forecast	383,073
2014	Forecast	387,861

c.

Residential Base Rate Revenue  
 (\$ in Thousands)

		Total Base Rate Revenue	Energy Charge Revenue	Base Charge Revenue
2003	Actual	\$242,137	\$201,723	\$40,414
2004	Actual	\$246,684	\$205,450	\$41,235
2005	Actual	\$251,383	\$209,562	\$41,821
2006	Actual	\$256,213	\$213,117	\$43,096
2007	Actual	\$259,910	\$215,572	\$44,338
2008	Actual	\$255,777	\$211,019	\$44,758
2009	Actual	\$253,093	\$208,417	\$44,675
2010	Actual	\$267,262	\$222,370	\$44,892
2011	Actual	\$259,855	\$213,687	\$46,167
2012	Actual	\$283,835	\$220,433	\$63,403
2013	Forecast	\$298,872	\$230,248	\$68,624
2014	Forecast	\$299,814	\$230,328	\$69,486

- d. Gulf Power uses degree hours rather than degree days to analyze weather effects. Witness Alexander's testimony on pages 19 and 20 provides additional detail on calculating historical and normal weather for the residential class. The table below provides actual heating degree hours for the years 2003 through 2012 and normal heating degree hours for the forecasted years of 2013 and 2014.

		Residential Calendar Weather Heating Degree Hours
2003	Actual	25,204
2004	Actual	23,732
2005	Actual	19,568
2006	Actual	17,446
2007	Actual	20,259
2008	Actual	23,037
2009	Actual	23,136
2010	Actual	34,830
2011	Actual	22,116
2012	Actual	13,913
2013	Forecast	22,460
2014	Forecast	22,460

- e. Gulf Power uses degree hours rather than degree days to analyze weather effects. Witness Alexander's testimony on pages 19 and 20 provides additional detail on calculating historical and normal weather for the residential class. The table below provides actual cooling degree hours for the years 2003 through 2012 and normal cooling degree hours for the forecasted years of 2013 and 2014.

		Residential Calendar Weather Cooling Degree Hours
2003	Actual	50,768
2004	Actual	54,021
2005	Actual	55,187
2006	Actual	58,656
2007	Actual	57,860
2008	Actual	56,963
2009	Actual	53,884
2010	Actual	58,450
2011	Actual	59,122
2012	Actual	58,909
2013	Forecast	55,488
2014	Forecast	55,488

6. Please provide the following actual annual retail amounts for the period 2007 through 2012 and forecasted for 2013 and 2014:
- Net bad debt write-offs
  - Total Revenues
  - Explanation for any variation in (a) of 10% or more.

ANSWER:

a.

Actual		Forecast	
Year	Amount	Year	Amount
2007	\$2,882,740	2013	\$3,525,163
2008	\$3,416,048	2014	\$3,794,841
2009	\$4,028,878		
2010	\$3,806,101		
2011	\$3,384,329		
2012	\$3,083,737		

b.

	<u>Total Annual Retail</u> <u>(\$000's)</u>
2007 Actual	1,028,208
2008 Actual	1,080,601
2009 Actual	1,212,399
2010 Actual	1,295,893
2011 Actual	1,233,067
2012 Actual	1,133,225
2013 Budget	1,208,615
2014 Budget	1,293,402



c.

Year	Variation	Explanation
2008	18.5%	Net bad debt write-offs increased because of the effects of the great recession.
2009	17.94%	Net bad debt write-offs continued to increase because of the continued effects of the great recession.
2011	-11.08%	Net bad debt write-offs decreased because of increased field collections.
2013	14.31%	The forecasted 2013 net bad debt ratio was based on a historical 4-year average which was greater than 2012 actual amounts.

7. Based on Gulf Power's current procedure, what is the period of time between final bill and account write-off. If this procedure has changed in the last 10 years, provide all the changes in procedure and the year of implementation.

ANSWER:

The period of time between final bill and account write-off is 63 days. This procedure has not changed in the last 10 years.

8. Please provide an analysis that shows the Automated Metering Infrastructure support cost charged to operation and maintenance expense and the shift in charging these costs to Customer Accounts rather than Distribution and Customer Service and Information from 2007 through 2012 and forecasted for 2013 and 2014.

ANSWER:

See below for the analysis showing Advanced Metering Infrastructure costs charged to operation and maintenance expense by FERC function, for actual years 2007 through 2012 and forecast years 2013 and 2014.

	2007 Actuals		2008 Actuals		2009 Actuals		2010 Actuals	
Transmission	2.39	0.002%	-	0.000%	-	0.000%	-	0.000%
Distribution	87,842.88	57.302%	205,505.06	58.233%	283,488.07	66.408%	473,940.44	73.831%
Customer Accounting	32,071.55	20.921%	113,384.57	32.129%	87,377.47	20.468%	107,907.85	16.810%
Customer Service & Info	33,381.21	21.775%	33,458.38	9.481%	56,023.49	13.124%	60,025.34	9.351%
A&G	-	0.000%	552.93	0.157%	-	0.000%	55.70	0.009%
<b>Total</b>	<b>153,298.03</b>		<b>352,900.94</b>		<b>426,889.03</b>		<b>641,929.33</b>	

	2011 Actuals		2012 Actuals		2013 Budget		2014 Forecasted	
Transmission	-	0.000%	-	0.000%	-	0.000%	-	0.000%
Distribution	577,915.22	76.652%	261,709.88	29.072%	79,242.13	5.321%	77,570.00	5.140%
Customer Accounting	97,221.44	12.895%	526,586.71	58.496%	1,366,826.82	91.773%	1,390,704.00	92.149%
Customer Service & Info	78,810.45	10.453%	111,909.92	12.432%	43,294.60	2.907%	40,916.00	2.711%
A&G	-	0.000%	-	0.000%	-	0.000%	-	0.000%
<b>Total</b>	<b>753,947.11</b>		<b>900,206.51</b>		<b>1,489,363.55</b>		<b>1,509,190.00</b>	

9. Please provide the amount of annual production maintenance expense, by power plant for 2003 through 2012 and forecasted for 2013 and 2014, by the following components:
- a. Internal labor and benefits costs
  - b. Outside contractor cost
  - c. Other costs.

ANSWER:

See page 2.

**Gulf Plants Exclude ECRC and Plant Scherer  
Production - 500-557 Plants**

	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Budget	2014 Budget Forecast
<b><u>Crist</u></b>												
Labor	11,919,936	12,064,706	11,986,441	12,940,345	12,867,232	13,293,747	13,563,289	14,247,612	14,870,334	15,361,620	14,804,075	14,894,015
Outside Contractors	9,904,065	11,605,188	9,170,971	7,997,535	7,670,429	9,380,682	13,649,631	6,925,740	17,313,397	14,538,175	9,001,282	14,359,467
Other	7,623,466	6,442,376	7,151,730	7,623,217	4,835,989	7,880,756	7,671,383	7,507,826	12,390,154	11,209,152	8,346,430	11,950,517
	29,447,467	30,112,270	28,309,143	28,561,098	25,373,650	30,555,185	34,884,303	28,681,177	44,573,885	41,108,947	32,151,787	41,203,999
<b><u>Smith</u></b>												
Labor	6,287,238	6,702,499	7,230,322	7,060,417	7,436,436	7,885,920	8,266,506	8,960,648	8,620,031	8,683,039	8,396,050	8,272,660
Outside Contractors	4,551,632	3,497,030	4,857,026	3,105,705	6,652,462	4,018,549	3,618,048	5,615,909	8,092,183	4,486,399	6,050,959	5,164,349
Other	4,838,991	4,216,289	5,797,266	5,213,934	5,797,262	5,366,686	4,521,358	7,791,458	7,886,870	6,360,152	6,957,161	7,084,569
	15,677,861	14,415,819	17,884,615	15,380,055	19,886,160	17,271,154	16,405,912	22,368,015	24,599,085	19,529,590	21,404,170	20,521,578
<b><u>Scholz</u></b>												
Labor	1,881,373	2,002,203	2,019,813	2,151,441	2,126,396	2,101,230	1,844,285	1,884,728	2,051,241	1,900,801	2,024,061	1,980,914
Outside Contractors	995,551	489,208	384,386	1,034,671	698,942	495,444	261,457	569,249	509,659	798,084	1,082,782	1,036,370
Other	899,527	770,564	1,173,295	554,226	1,395,462	1,103,520	938,062	819,533	1,437,230	1,267,656	1,278,586	1,488,894
	3,776,451	3,261,974	3,577,494	3,740,338	4,220,801	3,700,195	3,043,803	3,273,510	3,998,130	3,966,542	4,385,429	4,506,178
Adjustment											(1,141,926)	(1,475,312)
											3,243,503	3,030,866
<b><u>Daniel</u></b>												
Labor	5,030,280	5,053,689	5,292,772	5,173,605	5,563,491	5,431,083	5,029,197	5,436,758	5,438,140	5,281,378	5,655,880	5,976,104
Outside Contractors	1,944,745	2,352,098	2,203,826	2,578,052	2,474,794	3,428,893	2,526,366	4,802,846	4,990,843	4,793,417	3,138,294	6,829,245
Other	8,336,904	6,354,001	7,010,150	5,836,865	6,438,611	8,149,609	4,031,148	4,423,186	6,636,452	5,339,026	2,516,381	3,846,371
	15,311,929	13,759,788	14,506,748	13,588,522	14,476,896	17,009,585	11,586,711	14,662,790	17,065,435	15,413,821	11,310,555	16,651,720
<b><u>Pea Ridge Co Gen</u></b>												
Labor	-	-	-	-	-	-	-	-	-	-	-	-
Outside Contractors	413,066	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Other	-	-	-	-	-	-	-	-	-	2,281	8,183	7,999
	413,066	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	452,281	458,183	457,999
<b><u>Perdido Landfill</u></b>												
Labor	-	-	-	-	-	-	-	-	-	-	-	-
Outside Contractors	-	-	-	-	-	-	-	96,503	541,299	529,731	789,294	1,524,869
Other	-	-	-	-	-	-	-	48,638	22,062	19,513	8,183	7,999
	-	-	-	-	-	-	-	145,140	563,361	549,244	797,477	1,532,868
Adjustment												(400,000)
												1,132,868

10. Please provide the following for vegetation management for the period 2008 through 2012 and forecasted for 2013 and 2014:
- a. Internal labor and benefits costs
  - b. Outside contractor cost
  - c. Other costs

ANSWER:

**Vegetation Management Cost (Transmission)**

	2008	2009	2010	2011	2012	2013	2014
a. Internal Labor and Benefits Costs	\$36,681	\$3,688	\$413	\$0	\$0	\$0	\$0
b. Outside Contractor Cost	\$758,415	\$1,084,386	\$1,279,825	\$1,855,602	\$2,108,225	\$1,943,272	\$3,023,272
c. Other Costs	\$113,175	\$6,758	\$81,754	\$142,384	\$188	\$0	\$0

**Vegetation Management Cost (Distribution)**

	Completion of 6 Year Cycle		Transition to 4 Year Cycle				New 4 Year Cycle
	2008	2009	2010	2011	2012	2013	2014
a. Internal Labor and Benefits Costs	\$31,818	\$76,956	\$28,755	\$29,760	\$23,747	\$15,367	\$15,251
b. Outside Contractor Cost	\$3,663,930	\$3,873,933	\$4,676,709	\$6,047,951	\$4,251,638	\$7,764,344	\$5,915,332
c. Other Costs	\$8,187	\$11,566	\$205,114	(\$162,291)	\$14,879	\$17,217	\$17,217

11. Provide Gulf Power's current policies and procedures for vegetation management including, but not limited to, frequency of trimming, classification of areas (example urban and rural), use of internal labor force versus outside contractors for schedule.

ANSWER:

Gulf Power's vegetation management program for the Distribution system is part of the Company's Storm Hardening Plan, Attachment A, filed with the Florida Public Service Commission on May 1, 2013. Gulf Power's vegetation management program for the Transmission system follows the requirements of the North American Electric Reliability Corporation (NERC) and is outlined in the 2013 Transmission Vegetation Management Plan, Attachment B.

Electronic attachments that include non-confidential information are located in the folder named FEA\_ROG\_011 on the DVD labeled Docket No. 130140-EI FEA's First Set of Interrogatories (Nos. 1-20) Disk 1.

12. Please provide copies of any monthly and or annual reports Gulf Power files with any regulatory body regarding vegetation management from 2008 through current and continuing as the information becomes available.

ANSWER:

Included are the 2008 through 2013 Reliability and Storm Hardening Reports required by the FPSC each March.

Electronic attachments that include non-confidential information are located in the folder named FEA\_ROG\_012 on the DVD labeled Docket No. 130140-EI FEA's First Set of Interrogatories (Nos. 1-20) Disk 1.



13. Please provide a detailed description and quantification of any changes Gulf Power has made to its customer collections policies in the last five years.

ANSWER:

Gulf has not changed its collection policy in the past five years.

14. Please provide the annual assessed values (by component such as plant, plant held for future use, materials and supplies, land, etc.), amount of property taxes paid and amount of property taxes charged to expense, construction, non-utility and other, for the period 2008 through 2012 and forecasted for 2013 and 2014.

**ANSWER:**

Please see page 2. These amounts do not include railcar property taxes recovered through the fuel clause or State of Georgia property taxes that are not included in base rates.

**GULF POWER COMPANY**

	ACTUAL					FORECASTED	
	2008	2009	2010	2011	2012	2013	2014
	(in thousands)					(in thousands)	
<b>ANNUAL ASSESSED VALUES:</b>							
TANGIBLE	1,033,512	1,118,231	1,137,933	1,223,383	1,268,683	1,405,796	1,495,296
REAL	100,086	99,167	96,323	95,137	94,881	96,473	105,440
<b>TOTAL</b>	<b>1,133,598</b>	<b>1,217,398</b>	<b>1,234,256</b>	<b>1,318,520</b>	<b>1,363,564</b>	<b>1,502,269</b>	<b>1,600,736</b>
PROPERTY TAXES PAID	18,311	24,367	19,964	16,348	26,615	25,222	27,791
<b>PROPERTY TAXES CHARGED:</b>							
EXPENSE	18,121	19,820	19,922	20,742	21,978	25,072	27,631
CONSTRUCTION	0	0	0	0	0	0	0
NON-UTILITY	64	55	55	125	130	150	160
OTHER	1	0	9	18	(29)	0	0
<b>TOTAL</b>	<b>18,186</b>	<b>19,875</b>	<b>19,986</b>	<b>20,885</b>	<b>22,079</b>	<b>25,222</b>	<b>27,791</b>

15. Provide the following regarding storm cost incurred by Gulf Power for the period 2003 through 2012 and forecasted for 2013 and 2014:

ANSWER:

In responding to this interrogatory, Gulf assumed parts a through g of the question asked in Item 16 were intended to apply to the question asked in Item 15.

a - f. See table on page 2.

- g. Storm costs charged to the reserve were calculated in accordance with Commission Rule 25-6.0143, which addresses the use of the accumulated provision for the property damage reserve.

On March 4, 2005, the Florida Public Service Commission (FPSC) issued Order No. PSC-05-0250-PAA-EI, which approved a Stipulation and Settlement agreement for Gulf Power to implement a storm recovery surcharge to recover the retail storm costs caused by Hurricane Ivan. In July and August 2005, Gulf

Power received significant damage from Hurricanes Dennis and Katrina. As a result, on July 10, 2006 the FPSC issued Order No. PSC-06-0601-S-EI, which extended the existing storm-recovery surcharge an additional two years, expiring in June 2009.

Funds received from the surcharge were first credited to the unrecovered balance of storm-recovery costs associated with Hurricane Ivan. Thereafter, funds collected were credited to the storm reserve for recovery of the costs associated with Hurricanes Dennis and Katrina. Pursuant to the Order, revenues collected in excess of storm-recovery costs were credited to the property damage reserve to replenish it.

Federal Executive Agencies'  
 First Set of Interrogatories  
 Docket No. 130140-EI  
 GULF POWER COMPANY  
 October 14, 2013  
 Item No. 15  
 Page 2 of 2

Year of Damage	Accrued to Property Damage Reserve	Total Cost Incurred or Forecasted	Charged to O&M	Charged to Capital	Charged to Reserve	Recovered through Surcharge
2003	\$10,600,000	\$710,567	\$0	\$616,891	\$93,676	NA
2004	\$18,500,000	\$136,600,854	\$3,791,747	\$24,790,115	\$108,018,992	NA
2005	\$9,500,000	\$63,948,988	\$2,174,387	\$7,830,405	\$53,944,196	\$21,526,366
2006	\$6,500,000	\$196,121	\$0	\$62,211	\$133,910	\$26,271,838
2007	\$3,500,000	\$1,550,289	\$0	\$0	\$1,550,289	\$26,127,033
2008	\$3,500,000	\$1,347,384	\$138,420	\$0	\$1,208,964	\$26,252,684
2009	\$3,500,000	\$154,355	\$47,250	\$11,781	\$95,324	\$10,746,278
2010	\$3,500,000	\$0	\$0	\$0	\$0	NA
2011	\$3,500,000	\$786,568	\$105,558	\$26,224	\$654,786	NA
2012	\$3,500,004	\$2,435,517	\$256,941	\$166,603	\$2,011,973	NA
2013	\$3,500,000	\$440,000 (2)	NA	NA	\$440,000 (2)	NA
2014	\$9,000,000 (1)	\$440,000 (2)	NA	NA	\$440,000 (2)	NA

- (1) The 2014 amount forecasted to be accrued to the Property Damage Reserve reflects the \$5.5 million NOI adjustment presented in column (6) page 2 of 2 MFR C-38.
- (2) The amounts forecasted for 2013 and 2014 include amounts for minor storms and other property damage. Gulf does not forecast amounts for named storms.

16. Please provide in electronic format the projected forecast assumptions used to produce projected residential energy sales described by Witness Alexander.
- a. The amount accrued to the property damage reserve
  - b. The amount incurred or forecasted to occur
  - c. The amount of (b) that was or will be charged to O&M
  - d. The amount of (b) that was or will be charged to capital
  - e. The amount of (b) that was recovered through charges to the reserve
  - f. The amount of (b) that was recovered through a surcharge and/or securitization process
  - g. Provide an explanation of how the amounts in (e) and (f) were determined.

ANSWER:

In responding to this interrogatory, Gulf assumed parts a through g of the question asked in Item 16 were intended to apply to the question asked in Item 15.

Please see attachment "B2013A\_Res.xls" for the forecast assumptions used in Gulf's residential energy sales model used to develop the residential energy sales forecast. This file represents Gulf's residential energy sales model output from MetrixND software. The forecasted data for the independent variables is under the "Data" tab, cells D242 through Y291. The forecasted dependent variable, residential non-lighting energy per customer per billing day, is under the "YHat" tab, cells D242 through D291.

Please see attachment "B2013A energy calc Res.xlsx" for the forecast assumptions used for cycle billing days, customers, DSM plan impacts, electric vehicle energy adjustments, residential outdoor lighting energy, and unbilled energy; and the calculation of the monthly calendar residential energy sales forecast. Residential non-lighting kWh per customer per billing day was multiplied by the projected number of residential non-lighting customers and projected average cycle billing days to arrive at the residential non-lighting billing cycle energy before adjustments. Next, residential exogenous adjustments for DSM and electric vehicle charging were applied, and projected outdoor lighting energy was added to arrive at total residential billing cycle energy. Projected residential unbilled kWh was combined with total residential billing cycle kWh to arrive at the monthly calendar residential energy sales forecast.

The sum of the monthly January through December 2014 calendar energies shown in file "B2013A energy calc Res.xlsx", cells V20 through V31, is consistent with the residential energy sales test year forecast shown in Witness Alexander's testimony, page 14, line 18.

Federal Executive Agencies'  
First Set of Interrogatories  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 14, 2013  
Item No. 16  
Page 2 of 2

Electronic attachments that include non-confidential information are located in the folder named FEA\_ROG\_016 on the DVD labeled Docket No. 130140-EI FEA's First Set of Interrogatories (Nos. 1-20) Disk 1.

17. Provide the current balance in the storm damage reserve at the end of August 2013 and continuing as the information becomes available.

ANSWER:

The balance in the property damage reserve at the end of August 2013 is \$34,354,357.



20. Please provide the miles of transmission and distribution lines trimmed by year for the period 2008-2012 and forecasted for 2013 and 2014. Please provide the above information separately for transmission and distribution.

ANSWER:

Due to the physical differences between the rights of way associated with Gulf's transmission system and the rights of way associated with Gulf's distribution system, the vegetation management programs for each system are different.

The vegetation management program for the transmission system follows the specified program outlined in the 2013 Transmission Vegetation Management Plan, provided as part of item 11. Annually, the entire system consisting of the almost 1600 miles of transmission lines is inspected, including removal of danger trees and correction of other vegetation issues identified during the inspection in and near the rights of way. In addition, the vegetation management program for Gulf's transmission system also includes a mowing and herbicide program for ground maintenance under the lines.

The vegetation management program for Gulf's distribution system is broken down into three major components: Mainline Inspection and Correction Schedule (MICS) (annually), Mainline Annual Trim Schedule (MATS) (three-year cycle), and Scheduled Annual Lateral Trim (SALT) (four-year cycle). The total miles for all these components are presented in the table below:

**Vegetation Management Miles**

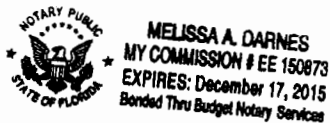
	Completion of 6 Year Cycle		Transition to 4 Year Cycle				New 4 Year Cycle
	2008	2009	2010	2011	2012	2013	2014
Distribution Miles	1801	1745	1903	2299	1576	1898	2014

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 130140-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Corporate Secretary, Treasurer, and Corporate Planning Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.



Susan D. Ritenour  
Susan D. Ritenour  
Corporate Secretary, Treasurer and  
Corporate Planning Manager

Sworn to and subscribed before me this 11<sup>th</sup> day of October, 2013.

Melissa A. Darnes  
Notary Public, State of Florida at Large

**121**

**Gulf's Responses to  
FEA's First Request for  
Production of Documents  
(No. 4, pp. 1170-1177 and 1190-1206)**

**See also: Files on Staff's Exhibit CD**

FLORIDA PUBLIC SERVICE COMMISSION	
DOCKET NO. 130140-EI	EXHIBIT 121
PARTY PSC Staff	
DESCRIPTION Gulf's/FEA's 1 <sup>st</sup> PODs, No. 4 (Bates 1170-1177	
DATE and 1190-1206	

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in )  
rates by Gulf Power Company )  
\_\_\_\_\_)

Docket No. 130140-EI

Date Filed: October 16, 2013

GULF POWER COMPANY'S RESPONSES TO  
FEDERAL EXECUTIVE AGENCIES' FIRST REQUEST FOR PRODUCTION OF  
DOCUMENTS (NOS. 1-8)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Federal Executive Agencies' First Request for Production of Documents (Nos. 1-8) on the following pages.

Respectfully submitted by overnight mail the 16th day of October, 2013,



**JEFFREY A. STONE**

Florida Bar No. 325953

**RUSSELL A. BADDERS**

Florida Bar No. 007455

**STEVEN R. GRIFFIN**

Florida Bar No. 0627569

**BEGGS & LANE**

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

**Attorneys for Gulf Power Company**

Federal Executive Agencies' First  
Request for Production of Documents  
Docket No. 130140-EI  
GULF POWER COMPANY  
October 16, 2013  
Item No. 4  
Page 1 of 1

4. Please provide complete copies of all credit reports issued by Standard & Poor's, Moody's and Fitch Ratings that discuss the current electric utility industry.

ANSWER:

Gulf has not made an independent search for all reports authored by the credit rating agencies. The attached documents represent the reports since January 1, 2011 that have been collected and maintained in the ordinary course of business.

Responsive documents are located in the folder named FEA\_POD\_004 on the DVD labeled Docket No. 130140-EI Federal Executive Agencies' First Request for Production of Documents (Nos. 1-8) Disk 1. Hard copy documents that have been saved in electronic (PDF) format are saved in this folder and are page numbered 130140-FEA-POD-4-1 through 130140-FEA-POD-4-1318.

122

**OPC's Response to  
Staff's First Set of Interrogatories  
(No. 1)**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 122  
PARTY PSC Staff  
DESCRIPTION OPC's/Staff's 1<sup>st</sup> ROG, No. 1  
DATE \_\_\_\_\_

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

Petition for rate increase by Gulf )  
Power Company. )  
 )  
\_\_\_\_\_ )

Docket No. 130140-EI  
Served: November 7, 2013

**OFFICE OF PUBLIC COUNSEL'S ANSWER TO STAFF'S FIRST SET OF INTERROGATORIES (NO. 1)**

Office of Public Counsel, ("Citizens"), by the requirements set forth in the Commission Order No. PSC-13-0342-PCO-EI, Rule 28-106-206, Florida Administrative Code, and rule 1.340, Florida rules of Civil Procedure, submit the following responses to Staff's First Set of Interrogatories (No. 1) to Office of Public Counsel ("OPC").

**INTERROGATORIES**

1. Please refer to the Witness Garrett's direct testimony, Page 61, Lines 7-11. Please provide the calculations, in hard copy and Excel format, of OPC's proposed test year end annualization adjustment to Gulf's 2014 residential energy sales forecast which would result in an increase of \$1,242,838 to the residential class, including OPC's proposed monthly adjustments, as applicable, to Gulf's projected 2014 residential customers, energy sales, and revenue.

**RESPONSE**

The Excel file is attached as "OPC WP for Sch C-11 with daily use source. xlsx". The hard copy document has been saved in electronic (PDF) format as "1-000001-000008.pdf" and is page numbered STAFF ROG1-1-000001 through STAFF ROG1-1-000008. (Garrett)

  
Joseph A. McGlothlin  
Associate Public Counsel

Office of Public Counsel  
c/o The Florida Legislature  
111 W. Madison Street  
Room 812  
Tallahassee, FL 32399-1400  
(850) 488-9330

Attorney for Florida's Citizens



Citizens' Workpaper for Residential Revenue Adjustment

Gulf Power

Source: Schedule E-13c, Page 1

Description	kWh	Customer	Rate	Revenue
Res kWh, Customers and Revenues	4,968,775,281	4,426,051	\$ 0.04313	\$ 214,303,278
	46,823,798	137,130	\$ 0.04313	\$ 2,019,510
	129,877,774	-	\$ 0.04313	\$ 5,601,628
	31,780,858		\$ 0.04313	\$ 1,370,708
	3,389,968		\$ 0.04313	\$ 146,209
			Avg	
Subtotal Res	5,180,647,679		\$ 0.04313	\$ 223,441,334
		4,563,181	\$ 15.00	\$ 68,447,715
Flat RS	80,291,424	69,209		\$ 4,674,252
Total kWh	5,260,939,103			
Total Customer		4,632,390		
Total Res Revenue Gulf Recalculated				\$ 296,563,301
Gulf Res Revenue Schedule E-13c				\$ 296,477,040
			Difference from Sch E-13 c	\$ 86,261

Citizens'

Adjustment to Residential Revenues

Description	Source	kWh	Customer	Rate	Revenue
OPC Recalculated Res Customers	Res Z34		4,445,977		
			137,130		
		5,200,533,852		\$ 0.04313	\$ 224,299,025
			4,583,107	\$ 15.00	\$ 68,746,605
		80,291,424	69,209		\$ 4,674,252
OPC Recalculated Res kWh	Res AC34	5,280,825,276			
OPC Recalculated Res Customers			4,652,316		
Total Res Revenue OPC Recalculated					OPC Adjusted \$ 297,719,882
					Gulf \$ 296,477,040
					OPC Revenue Increase \$ 1,242,842
					To MEG-3, Schedule C-11
		kWh Difference			19,886,173
		Customer Difference			19,926



## Residential Input sensitivity model

Variable	Coefficient	Increase
CONST	27.548	
Res.Real_Displnc_HHD	0.263	0%
Res.ResRealPrice12MMA_Index_Dec	-0.700	0%
Res.ResRealPrice12MMA_Index_Inc	-1.532	0%
Res.Cycle_CDH_67_BD_03	0.047	0%
Res.Cycle_CDH_67_BD_04	0.058	0%
Res.Cycle_CDH_67_BD_05	0.070	0%
Res.Cycle_CDH_67_BD_06	0.080	0%
Res.Cycle_CDH_67_BD_07	0.082	0%
Res.Cycle_CDH_67_BD_08	0.084	0%
Res.Cycle_CDH_67_BD_09	0.079	0%
Res.Cycle_CDH_67_BD_10	0.080	0%
Res.Cycle_CDH_67_BD_11	0.055	0%
Res.Cycle_CDH_67_BD_12	0.060	0%
Res.Cycle_HDH_59_BD_01	0.078	0%
Res.Cycle_HDH_59_BD_02	0.077	0%
Res.Cycle_HDH_59_BD_03	0.071	0%
Res.Cycle_HDH_59_BD_04	0.070	0%
Res.Cycle_HDH_59_BD_11	0.057	0%
Res.Cycle_HDH_59_BD_12	0.064	0%
Bin.Bin_Ivan_0904	-9.998	0%
Bin.Bin_Jun_Jul_Aug_2008	-3.787	0%
Bin.Bin_Isaac_2	-2.234	0%
AR(1)	0.435	

Adjusted kWh	5,347,603,276
Modeled kWh w/ no variable increases	5,347,603,276
Incr/(decr) from variable changes	-

B2013A	5,258,930,093
Variable change-driven kWh	-
% Change	0.0%

	Effect on Annual Residential Billed kWh
Res.Real_Displnc_HHD	5.4%
Res.ResRealPrice12MMA_Index_Dec	-0.9%
Res.ResRealPrice12MMA_Index_Inc	-6.1%
Res Cycle HDHBD	1.2%
Res Cycle CDHBD	3.2%

2014 FORECAST VARIABLES ("Data" worksheet)

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
76.40	76.48	76.59	76.72	76.87	77.04	77.22	77.38	77.52	77.66	77.81	77.99
4.98456	4.98456	4.984562383	4.98456	4.98456	4.9846	4.98456	4.98456	4.98456	4.98456	4.98456	4.98456
14.3547	14.427	14.50009787	14.5749	14.6506	14.725	14.7973	14.8682	14.939	15.0115	15.0857	15.1622
0.00	0.00	19.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	54.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	139.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	271.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	350.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	353.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	321.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	203.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	21.00
205.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	188.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	107.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	39.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	45.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	132.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

2014 BILLING DAYS BY MONTH

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24
32.29	29.81	29.52	30.71	29.52	30.62	30.71	30.48	31.14	30.76	28.62	31.24



2014 KWH

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Dec YTD
340,947,765	315,314,700	312,733,620	325,795,623	313,616,899	325,838,918	327,283,093	325,080,310	332,201,048	328,187,783	306,470,806	333,629,194	3,886,099,759
248,875,107	230,417,303	228,844,922	238,810,924	230,342,290	239,854,493	241,467,946	240,355,247	246,061,324	243,518,301	227,094,069	248,598,277	2,864,240,204
(43,190,602)	(39,943,455)	(39,616,489)	(41,271,158)	(39,728,381)	(41,276,642)	(41,459,588)	(41,180,543)	(42,082,585)	(41,574,192)	(38,696,449)	(42,263,499)	(492,283,583)
(272,176,204)	(252,981,665)	(252,181,502)	(264,070,434)	(255,518,127)	(266,825,594)	(269,322,454)	(268,791,836)	(275,987,671)	(273,977,574)	(256,273,424)	(281,316,201)	(3,189,422,588)
-	-	10,141,983	-	-	-	-	-	-	-	-	-	10,141,983
-	-	-	36,776,947	-	-	-	-	-	-	-	-	36,776,947
-	-	-	-	110,756,834	-	-	-	-	-	-	-	110,756,834
-	-	-	-	-	256,338,221	-	-	-	-	-	-	256,338,221
-	-	-	-	-	-	343,030,166	-	-	-	-	-	343,030,166
-	-	-	-	-	-	-	348,332,935	-	-	-	-	348,332,935
-	-	-	-	-	-	-	-	307,458,837	-	-	-	307,458,837
-	-	-	-	-	-	-	-	-	192,659,176	-	-	192,659,176
-	-	-	-	-	-	-	-	-	-	46,423,572	-	46,423,572
-	-	-	-	-	-	-	-	-	-	-	15,321,013	15,321,013
197,579,373	-	-	-	-	-	-	-	-	-	-	-	197,579,373
-	164,645,680	-	-	-	-	-	-	-	-	-	-	164,645,680
-	-	86,809,904	-	-	-	-	-	-	-	-	-	86,809,904
-	-	-	32,195,359	-	-	-	-	-	-	-	-	32,195,359
-	-	-	-	-	-	-	-	-	-	28,543,251	-	28,543,251
-	-	-	-	-	-	-	-	-	-	-	101,956,333	101,956,333
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
Customer average daily usage:	38.14	36.47	30.54	27.75	31.58	43.45	50.59	51.17	47.07	37.67	28.19	31.04

STAFF ROG1-1-000007

Alternative daily customer usage calculation:

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818	27.54818
20.10881	20.13093	20.15856	20.19304	20.23332	20.27859	20.32492	20.36835	20.40494	20.441	20.47995	20.52707
-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975	-3.48975
-21.9915	-22.1023	-22.2142	-22.3289	-22.4448	-22.5589	-22.6695	-22.7781	-22.8866	-22.9978	-23.1114	-23.2286
0	0	0.89339	0	0	0	0	0	0	0	0	0
0	0	0	3.109734	0	0	0	0	0	0	0	0
0	0	0	0	9.728905	0	0	0	0	0	0	0
0	0	0	0	0	21.67221	0	0	0	0	0	0
0	0	0	0	0	0	28.87364	0	0	0	0	0
0	0	0	0	0	0	0	29.51867	0	0	0	0
0	0	0	0	0	0	0	0	25.4964	0	0	0
0	0	0	0	0	0	0	0	0	16.17187	0	0
0	0	0	0	0	0	0	0	0	0	4.186602	0
0	0	0	0	0	0	0	0	0	0	0	1.265075
15.96418	0	0	0	0	0	0	0	0	0	0	0
0	14.38464	0	0	0	0	0	0	0	0	0	0
0	0	7.646938	0	0	0	0	0	0	0	0	0
0	0	0	2.722331	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	2.574107	0
0	0	0	0	0	0	0	0	0	0	0	8.418661
38.13991	36.47168	30.54308	27.75463	31.57588	43.45036	50.58749	51.1673	47.07315	37.67353	28.18766	31.0406



**AFFIDAVIT**

STATE OF OKLAHOMA)

COUNTY OF CANADIAN)

I hereby certify that on this 31<sup>st</sup> day October, 2013, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared M Garrett, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number 1 from STAFF'S FIRST SET OF INTERROGATORIES (NO. 1) TO OFFICE OF PUBLIC COUNSEL in Docket No. 130140-EI, and that the responses are true and correct based on his/her personal knowledge.

Mark Garrett  
Type Witness Name

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 31<sup>st</sup> day of October, 2013.



Garry Garrett  
Notary Public  
State of Oklahoma, at Large

My Commission Expires:

December 18<sup>th</sup>, 2016

**123**

**FEA's Responses to  
Staff's First Request for  
Production of Documents  
(Nos. 1-3)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 123

PARTY PSC Staff

DESCRIPTION FEA's/Staff's 1<sup>st</sup> PODs, Nos. 1-3

DATE \_\_\_\_\_

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Gulf Power  
Company.


DOCKET NO. 130140-EI

DATED: NOVEMBER 14, 2013

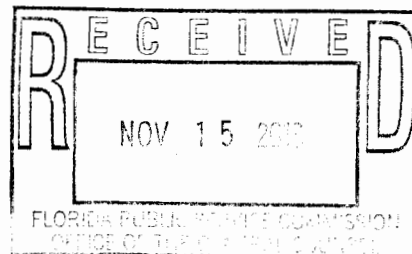
FEDERAL EXECUTIVE AGENCIES' RESPONSES TO STAFF'S  
FIRST REQUEST FOR PRODUCTION OF DOCUMENTS (NOS. 1-3)

FEDERAL EXECUTIVE AGENCIES ("FEA"), by and through their undersigned counsel, hereby submits FEA's responses to Staff's First Request for Production of Documents (Nos. 1-3) on the following pages.

Respectfully submitted by overnight mail the 14th day of November, 2013.



Major Christopher Thompson  
Staff Attorney  
USAF Utility Law Field Support Center  
AFLOA/JCAE – ULFSC  
139 Barnes Drive, Suite 1  
Tyndall AFB, FL 32403-5319  
Phone: 850-283-6350  
Email: Christopher.Thompson.5@us.af.mil



1. Refer to Witness Meyer's Direct Testimony, Page 6, Lines 1-4. Please provide documents showing the development of FEA's proposed adjustment to 2014 test year residential sales by 41,866,372 kwh based on substituted 2013 May through December customer usage amounts for forecasted 2014 levels.

ANSWER:

The FEA has previously provided Mr. Meyer's workpaper which details the proposed adjustment to 2014 test year residential sales of 41,866,372 kWh. Please find attached a hard copy of Mr. Meyer's workpaper and Schedule GRM-1.

Gulf Power Company  
Docket No. 130140-EI  
FEA Adjustment to Residential Revenues

Source: Gulf Power Work Paper B2013A Residential Energy Sales Forecast

Residential						
Year	Month	kWh Usage / Customer / Billing Day	Customers	Monthly Billing Days	2014 Forecast	2014 Adjusted For May - December 2013 Usage Substitution
2013	1	37.60				
2013	2	36.05				
2013	3	30.29				
2013	4	27.65				
2013	5	31.63				
2013	6	43.64				
2013	7	50.90				
2013	8	51.56				
2013	9	47.57				
2013	10	38.28				
2013	11	28.89				
2013	12	31.84				
2014	1	38.14	383,337	32.29	472,035,390	472,035,390
2014	2	36.47	383,963	29.81	417,452,543	417,452,543
2014	3	30.54	384,509	29.52	346,732,430	346,732,430
2014	4	27.75	385,049	30.71	328,237,256	328,237,256
2014	5	31.58	385,595	29.52	359,469,513	360,060,859
2014	6	43.45	386,295	30.62	513,929,396	516,173,582
2014	7	50.59	386,807	30.71	600,999,163	604,673,939
2014	8	51.17	387,204	30.48	603,796,113	608,439,634
2014	9	47.07	387,211	31.14	567,650,952	573,690,352
2014	10	37.67	387,271	30.76	448,813,493	456,025,661
2014	11	28.19	387,456	28.62	312,561,824	320,331,292
2014	12	31.04	387,693	31.24	375,925,116	385,616,623
Total					<u>5,347,603,191</u>	5,389,469,561
Adjusted kWh						41,866,370
Marginal Revenue / kWh (Page 1 of Minimum Filing Requirement Schedule A-2)						\$ <u>0.04313</u>
Adjustment to Residential Revenue						\$ <u>1,805,697</u>

FPSC Docket No. 130140-EI  
Federal Executive Agencies  
Witness: Greg R. Meyer  
Schedule GRM-1

**GULF POWER COMPANY**  
**Docket No. 130140-EI**

**kWh Sales/Customer/Billing Day**

<u>Line</u>	<u>Description</u>	<u>January</u> (1)	<u>February</u> (2)	<u>March</u> (3)	<u>April</u> (4)	<u>May</u> (5)	<u>June</u> (6)	<u>July</u> (7)	<u>August</u> (8)	<u>September</u> (9)	<u>October</u> (10)	<u>November</u> (11)	<u>December</u> (12)
1	2013	37.60	36.05	30.29	27.65	31.63	43.64	50.90	51.56	47.57	38.28	28.89	31.84
2	2014	38.14	36.47	30.54	27.75	31.58	43.45	50.59	51.17	47.07	37.67	28.19	31.04
3	Difference	0.54	0.42	0.25	0.10	-0.05	-0.19	-0.31	-0.39	-0.50	-0.61	-0.70	-0.80
4	% Difference	1.44%	1.16%	0.83%	0.37%	-0.16%	-0.43%	-0.61%	-0.76%	-1.05%	-1.58%	-2.43%	-2.51%

2. Refer to Witness Meyer's Direct Testimony, Page 6, Lines 1-10. Please provide the documents showing the development of FEA's proposed adjustment to 2014 test year residential revenues by \$1,805,670 resulting from FEA's proposed adjustment to 2014 residential sales.

ANSWER:

The FEA has previously provided Mr. Meyer's workpaper which details the residential revenue adjustment of \$1,805,670. Please refer to POD No. 1 for a hard copy of Mr. Meyer's workpaper and Schedule GRM-1.

3. Refer to Witness Meyer's Direct Testimony, Page 6, Lines 1-4. Please provide documents showing all forecast modeling, in hard copy and Excel format, that FEA may have conducted which supports FEA's proposed adjustment of residential sales.

ANSWER:

Besides the workpaper of Mr. Meyer and Schedule GRM-1, Mr. Meyer relied on no other forecast modeling. Please refer to POD No. 1 for a hard copy of Mr. Meyer's workpaper and Schedule GRM-1.



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of FEA's responses to Staff's 1<sup>st</sup> Request for Production of Documents (Nos. 1-3) has been furnished via overnight mail to Staff and via electronic mail to the following this 14th day of November, 2013:

J. R. Kelly  
Joseph McGlothlin  
Office of the Public Counsel  
c/o Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400  
[mcglothlin.joseph@leg.state.fl.us](mailto:mcglothlin.joseph@leg.state.fl.us)

Jon C. Moyle  
Karen A. Putnal  
Moyle Law Firm  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)  
[kputnal@moylelaw.com](mailto:kputnal@moylelaw.com)

Maj Christopher Thompson, USAF  
AFLOA/JACE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
[christopher.thompson.5@us.af.mil](mailto:christopher.thompson.5@us.af.mil)

Richard D. Melson  
705 Piedmont Drive  
Tallahassee, FL 32312  
[rick@rmelsonlaw.com](mailto:rick@rmelsonlaw.com)

Robert L. McGee, Jr.  
One Energy Place  
Pensacola, Florida 32520-0780  
[rlmcgee@southernco.com](mailto:rlmcgee@southernco.com)

Jeffrey A. Stone, [jas@beggslane.com](mailto:jas@beggslane.com)  
Russell A. Badders, [rab@beggslane.com](mailto:rab@beggslane.com)  
Steven Griffin, [srg@beggslane.com](mailto:srg@beggslane.com)  
Beggs & Lane  
P.O. Box 12950  
Pensacola, FL 32591-2950

Suzanne Brownless  
Martha Barrera/ Martha Brown  
Office Of The General Counsel  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850  
[sbrownle@psc.state.fl.us](mailto:sbrownle@psc.state.fl.us)  
[mbarrera@psc.state.fl.us](mailto:mbarrera@psc.state.fl.us)  
[mbrown@psc.state.fl.us](mailto:mbrown@psc.state.fl.us)

Wal-Mart Stores East. L.P. and Sam's East, Inc.  
c/o Robert Scheffel Wright  
John T. La Via, III  
Gardner Bist Law Firm  
1300 Thomaswood Drive  
Tallahassee, FL 32303  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

s/ctt

---

Major Christopher Thompson  
Staff Attorney  
USAF Utility Law Field Support Center  
AFLOA/JCAE – ULFSC  
139 Barnes Drive, Suite 1  
Tyndall AFB, FL 32403-5319  
Phone: 850-283-6350  
Email: [Christopher.Thompson.5@us.af.mil](mailto:Christopher.Thompson.5@us.af.mil)

**124**

**Gulf's Responses to  
Staff's First Data Request  
in Docket #130092-EI  
(Nos. 1-23)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 124

PARTY PSC Staff

DESCRIPTION Gulf's/Staff's 1<sup>st</sup> Data Req, Nos. 1-23,

DATE in Docket No. 130092-EI

Robert L. McGee, Jr.  
Regulatory & Pricing Manager  
One Energy Place  
Pensacola, Florida 32520-0780  
Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com

RECEIVED-FPSC

13 MAY 24 AM 11:20



May 23, 2013

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Re: Docket No. 130092-EI – Petition of Gulf Power Company to include the Plant Daniel Bromine and ACI Project, the Plant Crist Transmission Upgrades Project, and the Plant Smith Transmission Upgrades Project in the Company's program, and approve the costs associated with those compliance strategies for recovery through the ECRC

Dear Ms. Cole:

Enclosed are the original and five copies of Gulf Power Company's response to Staff's First Data Request in Docket 130092-EI.

Sincerely,

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

COM \_\_\_\_\_  
AFD | \_\_\_\_\_  
APA | \_\_\_\_\_  
ECO | \_\_\_\_\_  
ENG | \_\_\_\_\_  
GCL | \_\_\_\_\_  
IDM | \_\_\_\_\_  
TEL | \_\_\_\_\_  
CLK | \_\_\_\_\_

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.  
Office of General Counsel  
Charles Murphy

DOCUMENT NUMBER - DATE

02878 MAY 24 2013

FPSC-COMMISSION CLERK

1. On pages 3 and 4 the witness testifies that the MATS rule allows for one and two year extensions under limited circumstances.
  - a. Has Gulf requested an extension for compliance with the MATS rule?
  - b. If yes, what is the current status of that request?
  - c. If no, why has Gulf not pursued an extension?

Response:

- a. Gulf has not yet requested an extension for compliance with the MATS rule. However, Gulf is collecting information and tracking the permitting and construction schedules for both the Plant Crist and the Plant Smith MATS transmission projects. When the construction and permitting schedules are further established, Gulf will pursue the necessary MATS extension requests.
- b. See the response to 1(a).
- c. See the response to 1(a).

2. On page 5 the witness testifies that Plant Crist is designated as a "must run" facility.
- a. Given the "must run" designation of Plant Crist, what does Gulf currently do when Plant Crist is down for planned or unplanned outages?
  - b. What would happen if Plant Crist were required to shut down prior to the proposed transmission projects being completed?
  - c. What would happen if Plant Crist were required to shut down in 2017 and the proposed transmission projects are not constructed?

**Response:**

- a. Plant Crist is designated as a "must run" facility which means that a minimum number of units must run during certain system conditions in order to continue to reliably serve Gulf's customers. The four Plant Crist units each provide generation to the grid independently from each other. Air emissions from the four independent units at Plant Crist pass through a single common scrubber. Currently, when the scrubber has a planned or unplanned outage, the applicable environmental air emissions regulations allow Gulf to bypass the scrubber and continue operating the unit(s). Emissions during scrubber bypass events will not meet the new MATS rule limitations which become effective in 2015. Since Plant Crist will be unable to meet the new MATS emission limits during a scrubber outage it will result in all four coal-fired units being taken offline during a scrubber outage.

Gulf does not schedule planned outages for all four units at the same time. The only time all four units (Crist Units 4 through 7) have been offline at the same time, since retirement of Crist Units 1 through 3, was immediately after Hurricane Ivan in 2004 when there were no load requirements due to impacts of the hurricane. Shutting down all of the Plant Crist units prior to completing the necessary proposed transmission upgrades, regardless of when this occurred, would result in multiple transmission thermal overloads and inadequate voltage levels around the Pensacola area during such outage events thus significantly impacting Gulf's ability to serve its customers.

- b. See the response to 2(a).
- c. Shutting down Plant Crist in 2017 prior to completing the necessary proposed transmission upgrades would result in multiple transmission thermal overloads and inadequate voltage levels around the Pensacola area thus significantly impacting Gulf's ability to serve its customers.

3. On page 6 the witness testifies that, with the scrubber bypassed, Plant Crist would be unavailable. Would Gulf be able to use emission allowances to continue operation of Plant Crist while the scrubber is bypassed?

**Response:**

No. The MATS rule does not allow the use of allowances as a method of complying with the rule.

4. On page 10 the witness testifies that Plant Smith is designated as a "must run" facility.
- a. Given the "must run" designation, what does Gulf currently do when Plant Smith is down for planned or unplanned outages?
  - b. What would happen if Plant Smith were required to shut down prior to the proposed transmission projects being completed?
  - c. What would happen if Plant Smith were required to shut down in 2017, and the proposed transmission projects are not constructed?

**Response:**

- a. Plant Smith includes two coal-fired electric generating units, Unit 1 and Unit 2, along with a natural gas-fired combined cycle unit and an oil-fired combustion turbine. The two coal-fired units, Smith Unit 1 and Unit 2, are subject to the MATS rule. Plant Smith is designated as a "must run" facility which means that a minimum number of units, including the coal-fired units, must run during certain system conditions in order to continue to reliably serve Gulf's customers. Due to the must run status of Plant Smith, Gulf does not schedule planned outages for the entire Plant Smith generation fleet at the same time. It is highly unlikely that a single event, other than a storm event such as a hurricane, could force all four units offline at the same time because no single piece of equipment, such as a scrubber, is needed in order to operate the units. Shutting down Plant Smith Units 1 and 2 prior to completing the necessary proposed transmission upgrades would result in multiple transmission thermal overloads and inadequate voltage levels in Panama City and surrounding areas thus significantly impacting Gulf's ability to serve its customers.
- b. See the response to 4(a).
- c. Shutting down Plant Smith Unit 1 and Unit 2 in 2017 prior to completing the necessary proposed transmission upgrades would result in multiple transmission thermal overloads and inadequate voltage levels in Panama City and surrounding areas thus significantly impacting Gulf's ability to serve its customers.

5. On page 2 witness Cain testifies that the purpose of her testimony is to discuss the economic analysis supporting Gulf's MATS compliance strategy for Plant Crist.
- a. What time frame is assumed for the Plant Crist compliance strategy evaluation?
  - b. How was the time frame selected?

**Response:**

- a. Table 3.3-1 on page 17 of Gulf's Environmental Compliance Program Update shows the Plant Crist MATS evaluation results. The analysis identified all relevant expenses and capital expenditures during the 2015-2025 timeframe. The timeframe from 2015-2025 is the appropriate time period to examine all relevant expenses and capital expenditures since after that time, the set of transmission projects in question are expected to be complete in any of the four options.

Fuel and Must Run costs are expense items, so the Net Present Values (NPVs) associated with those components include only the annual revenue requirements projected during this relevant 2015-2024 operation period.

For capital expenditure items, the NPV includes the full revenue requirement stream across the approximate life of each asset—40 years for transmission assets and 20 years for the emission control equipment.

- b. Gulf has identified several options for compliance with MATS as described in Section 3.3.1 of the Environmental Compliance Program Update. Those options require either must running Plant Crist generation at certain times under varying operating schemes (Options 1-3) or accelerating transmission upgrade projects to alleviate those relevant must run costs altogether (Option 4). The timeframe from 2015-2025 is the appropriate time period to examine all relevant expenses and capital expenditures since after that time, the set of transmission projects in question are expected to be complete in any of the four options.



6. On page 2 the witness testifies that the purpose of her testimony is to discuss the economic analysis supporting Gulf's MATS compliance strategy for Plant Smith.
- a. What was the time frame over which the compliance strategy for Plant Smith was evaluated?
  - b. How was the time frame selected?

**Response:**

- a. Table 3.3-2 on page 26 of the Environmental Compliance Program Update shows the Plant Smith MATS analysis results. The analysis identified all relevant expenses and capital expenditures during the 2015-2023 timeframe. The timeframe from 2015-2023 is the appropriate time period to examine all relevant expenses and capital expenditures, since after that time, the transmission projects in question are expected to be complete in both options.

Must run production costs are expense items, so the NPVs associated with those components include only the annual revenue requirements projected during this relevant 2015-2022 operation period.

For capital expenditure items, the NPV includes the full revenue requirement stream across the approximate 40 year life of each transmission asset.

- b. Gulf has identified two options for compliance with MATS as described in Section 3.3.1 of the Environmental Compliance Program Update. Those options require either must running Plant Smith generation at certain times under varying operating schemes (Option 1) or accelerating transmission upgrade projects to alleviate those relevant must run costs altogether (Option 2). The timeframe from 2015-2023 is the appropriate time period to examine all relevant expenses and capital expenditures, since after that time, the set of transmission projects in question are expected to be complete in both options.

7. On page 3 the witness testifies that three fixed costs were considered in the economic evaluation of Gulf's MATS strategy. Please describe how each fixed cost was developed.

**Response:**

Firm natural gas transportation cost is developed considering required contract volume, available pipeline capacity, and cost structures on relevant pipelines for the plant.

Revenue requirements for incremental capital additions for environmental controls use 20-year useful life assumptions. The in-service capital estimates are developed given the best engineering estimate knowledge at the time using conceptual engineering principles.

Similarly, revenue requirements for incremental transmission capital additions use 40-year useful life assumptions. The in-service capital estimates are developed given the best engineering estimate knowledge at the time based on similar ongoing project costs and material and equipment cost estimates

8. On page 4 the witness testifies that the economic evaluation of Gulf's MATS considers a range of CO2 penalties.
- Please describe how the CO2 penalties, used in the economic evaluation, were developed.
  - Please provide the CO2 penalties (\$/metric tonne) for each year evaluated.

Response:

The Company considers a range of possible future controls on its emissions of CO2. Two of these possible future controls include i) a price on emissions beginning in 2017 at \$10 per metric ton and rising over the model period and ii) a price on emissions beginning in 2020 at \$20 per metric ton in 2020 and rising over the model period. The Company also considers the possibility that there will be no price on emissions during the model period. These possible future CO2 price projections were developed considering analyses of recent policy proposals. Recent policy proposals have included both price-based control mechanisms, such as CO2 cap-and-trade, and a carbon tax and technology-based control mechanisms, such as the draft New Source Performance Standards. The Company believes that the price projections it analyzes are a useful proxy for the possible future CO2 controls that may affect the operation of the Company's units.

**CO<sub>2</sub> Prices (Nominal \$/metric tonne)**

Gas Scenario	CO2 View	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Low	Existing	--	--	--	--	--	--	--	--	--	--
Low	Moderate	--	--								
Low	Substantial	--	--	--	--	--					
Moderate	Existing	--	--	--	--	--	--	--	--	--	--
Moderate	Moderate	--	--								
Moderate	Substantial	--	--	--	--	--					
High	Existing	--	--	--	--	--	--	--	--	--	--
High	Moderate	--	--								
High	Substantial	--	--	--	--	--					

9. On page 4 the witness testifies that the economic evaluation of Gulf's MATS strategy considers a range of natural gas prices.
- a. Please describe how the range of natural gas prices, used in the economic evaluation, was developed.
  - b. For each scenario considered, please provide the natural gas cost (\$/mmbtu) for each year evaluated.

**Response:**

- a. The Company, with its consultant Charles River Associates (CRA), annually develops and analyzes several scenarios of the future evolution of the U.S. energy economy. These analyses are done using an integrated model of the U.S. energy economy that reflects important feedbacks and trade-offs among fuels and among energy-using sectors. The price of natural gas is a key output of each scenario analyzed. The scenarios consider different views of the future of CO2 policy stringency (see item 8) and the scenarios consider different views of future conditions in the demand and supply for natural gas such as the production of shale gas, the growth of industrial and transportation uses of natural gas and the export of natural gas as liquefied natural gas (LNG). All of these factors affect energy use, the demand and supply of natural gas and thus the price of natural gas resulting from the modeling analysis of each scenario.
- b. The Company considered nine scenarios and analyzed them with CRA. These nine scenarios were formed by considering all combinations of three views of future CO2 stringency ("Existing" (\$0), "Moderate" (\$10+) and "Substantial" (\$20+)) and three views of future conditions in natural gas markets ("Low" price, "Moderate" price and "High" price). For each scenario, the CRA modeling analysis produces a forecast price every 5 years beginning in 2017. The natural gas prices in each of these nine scenarios are provided below.



10. For Plant Crist MATS Option 1, included on page 14 of Gulf's Environmental Compliance Program Update, please describe each transmission upgrade that is needed. As part of this description please provide a schedule, similar to Schedule 10 of Gulf's Ten-Year Site Plan.

**Response:**

The only transmission upgrades needed for Plant Crist MATS Option 1 are those identified as the "base transmission plan" for the Plant Crist area, which are not anticipated to be needed until the 2018-2025 timeframe as listed below:

- a. North Brewton – Alligator Swamp Transmission Line: Build new 59.5 mile 1351 ACSS 230 kV transmission line from Alabama Power substation to Gulf Power substation
  - (1) **Point of Origin:** Brewton, AL (Escambia Co.) **Termination:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 59.5 miles (42.5 miles for Gulf Power)
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2022
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** North Brewton, Alligator Swamp
  - (9) **Participation with Other Utilities:** Alabama Power Company
  
- b. Build new substation terminal at Alligator Swamp substation
  - (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2022
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Alligator Swamp
  - (9) **Participation with Other Utilities:** N/A
  
- c. Install Alligator Swamp +/- 100 MVAR Static VAR System (SVS)
  - (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A

- (4) **Line Length:** N/A
- (5) **Voltage:** 230 kV
- (6) **Anticipated Construction Timing:** 2018
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** Alligator Swamp
- (9) **Participation with Other Utilities:** N/A

d. Install Alligator Swamp 100 MVAR 230 kV Capacitor Bank

- (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
- (2) **Number of Lines:** N/A
- (3) **Right-of-Way:** N/A
- (4) **Line Length:** N/A
- (5) **Voltage:** 230 kV
- (6) **Anticipated Construction Timing:** 2022
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** Alligator Swamp
- (9) **Participation with Other Utilities:** N/A

e. Brentwood to Scenic Hills - Reconductor 4.8 miles of existing 1033.5 ACSR 115 kV transmission line with 1033.5 ACSS @ 200°C

- (1) **Point of Origin:** Pensacola, FL (Escambia Co.) **Termination:** Pensacola, FL (Escambia Co.)
- (2) **Number of Lines:** 1
- (3) **Right-of-Way:** Existing
- (4) **Line Length:** 4.8 miles
- (5) **Voltage:** 115 kV
- (6) **Anticipated Construction Timing:** 2025
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** Brentwood, Scenic Hills
- (9) **Participation with Other Utilities:** N/A

f. Install West Pensacola 100 MVAR 230 kV Capacitor Bank

- (1) **Point of Origin:** Pensacola, FL (Escambia Co.)
- (2) **Number of Lines:** N/A
- (3) **Right-of-Way:** N/A
- (4) **Line Length:** N/A
- (5) **Voltage:** 230 kV
- (6) **Anticipated Construction Timing:** 2022
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** West Pensacola
- (9) **Participation with Other Utilities:** N/A

g. Install West Pensacola +/- 100 MVAR Static VAR System

- (1) **Point of Origin:** Pensacola, FL (Escambia Co.)
- (2) **Number of Lines:** N/A
- (3) **Right-of-Way:** N/A
- (4) **Line Length:** N/A
- (5) **Voltage:** 230 kV
- (6) **Anticipated Construction Timing:** 2020
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** West Pensacola
- (9) **Participation with Other Utilities:** N/A



11. For Plant Crist MATS Option 4, included on pages 14-15 of Gulf's Environmental Compliance Program Update, please describe each transmission upgrade that is needed. As part of this description please provide a schedule, similar to Schedule 10 of Gulf's Ten-Year Site Plan.

**Response:**

For Plant Crist MATS Option 4, the following transmission upgrades need to be accelerated as required to meet and maintain MATS compliance.

- a. North Brewton – Alligator Swamp Transmission Line: Build new 59.5 mile 1351 ACSS 230 kV transmission line from Alabama Power substation to Gulf Power substation
- (1) **Point of Origin:** Brewton, AL (Escambia Co.) **Termination:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 59.5 miles (Gulf Power- 42.5 miles)
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** January 2014 – June 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** North Brewton, Alligator Swamp
  - (9) **Participation with Other Utilities:** Alabama Power Company
- b. Build new substation terminal at Alligator Swamp substation
- (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** January 2014 – June 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** North Brewton, Alligator Swamp
  - (9) **Participation with Other Utilities:** N/A
- c. Install Alligator Swamp +/- 100 MVAR Static VAR System (SVS)
- (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A

- (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** April 2014 – April 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Alligator Swamp
  - (9) **Participation with Other Utilities:** N/A
- d. Install Alligator Swamp 100 MVAR 230 kV Capacitor Bank
- (1) **Point of Origin:** Pace, FL (Santa Rosa Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** Jan 2015 – April 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Alligator Swamp
  - (9) **Participation with Other Utilities:** N/A
- e. Brentwood to Scenic Hills - Reconductor 4.8 miles of existing 1033.5 ACSR 115 kV transmission line with 1033.5 ACSS @ 200°C
- (1) **Point of Origin:** Pensacola, FL (Escambia Co.) **Termination:** Pensacola, FL (Escambia Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 4.8 miles
  - (5) **Voltage:** 115 kV
  - (6) **Anticipated Construction Timing:** Dec 2016 – June 2017
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Brentwood, Scenic Hills
  - (9) **Participation with Other Utilities:** N/A
- f. Install West Pensacola 100 MVAR 230 kV Capacitor Bank
- (1) **Point of Origin:** Pensacola, FL (Escambia Co.)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** Jan 2015 – April 2015
  - (7) **Anticipated Capital investment:** [REDACTED]
  - (8) **Substations:** West Pensacola
  - (9) **Participation with Other Utilities:** N/A

g. Install West Pensacola +/- 100 MVAR Static VAR System

- (1) **Point of Origin:** Pensacola, FL (Escambia Co.)
- (2) **Number of Lines:** N/A
- (3) **Right-of-Way:** N/A
- (4) **Line Length:** N/A
- (5) **Voltage:** 230 kV
- (6) **Anticipated Construction Timing:** June 2017 – June 2018
- (7) **Anticipated Capital Investment:** [REDACTED]
- (8) **Substations:** West Pensacola
- (9) **Participation with Other Utilities:** N/A

12. For Plant Smith MATS Option 1 discussed in Gulf's Environmental Compliance Program Update, please describe each transmission upgrade that is needed. As part of this description please provide a schedule, similar to Schedule 10 of Gulf's Ten-Year Site Plan.

**Response:**

The only transmission upgrades needed for Plant Smith MATS Option 1 are those identified as the "base transmission plan" for the Plant Smith area, which are not anticipated to be needed until the 2020-2023 timeframe as listed below:

- a. Holmes Creek to Highland City - Build new 70 mile 1033 ACSS 230 kV transmission line from a Gulf Power substation located in Graceville, FL to a Gulf Power substation in Panama City, FL.
- (1) **Point of Origin:** Graceville, FL (Homes Creek Co.) **Termination:** Panama City, FL (Bay Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 70 miles
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2023
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Homes Creek, Highland City
  - (9) **Participation with Other Utilities:** N/A
- b. Install a new 230 kV autobank at Holmes Creek substation, rebuild the 115 kV straight bus as a 115 kV ring bus, construct a new 230 kV ring bus and install a 230 kV 100 MVAR capacitor bank.
- (1) **Point of Origin:** Graceville, FL (Holmes Creek County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2023
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Homes Creek
  - (9) **Participation with Other Utilities:** N/A

- c. Install Sinai Cemetery - 100 MVAR 230 kV Capacitor Bank
- (1) **Point of Origin:** Sneads, FL (Jackson County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2023
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Sinai Cemetery
  - (9) **Participation with Other Utilities:** N/A
- d. Rebuild the Holmes Creek – Bonifay section (2 miles) of the Holmes Creek - Marianna 115 kV transmission line with double-circuit 230 kV structures.
- (1) **Point of Origin:** Graceville, FL (Holmes Creek Co.) **Termination:** Marianna, FL (Escambia Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 2 miles
  - (5) **Voltage:** 115 kV
  - (6) **Anticipated Construction Timing:** 2023
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Holmes Creek
  - (9) **Participation with Other Utilities:** N/A
- e. Highland City - Install +/- 100 MVAR Static VAR System
- (1) **Point of Origin:** Panama City, FL (Bay County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** 2020
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Highland City
  - (9) **Participation with Other Utilities:** N/A

13. For Plant Smith MATS Option 2 discussed in Gulf's Environmental Compliance Program Update, please describe each transmission upgrade that is needed. As part of this description please provide a schedule, similar to Schedule 10 of Gulf's Ten-Year Site Plan.

**Response:**

For Plant Smith MATS Option 2, the following transmission upgrades need to be accelerated as required in order to meet and maintain MATS compliance:

- a. Holmes Creek to Highland City - Build new 70 mile 1033 ACSS 230 kV transmission line from a Gulf Power substation located in Graceville, FL to a Gulf Power substation in Panama City, FL.
  - (1) **Point of Origin:** Graceville, FL (Homes Creek Co.) **Termination:** Panama City, FL (Bay Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 70 miles
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** Oct 2013 – May 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Homes Creek, Highland City
  - (9) **Participation with Other Utilities:** N/A
  
- b. Install a new 230 kV autobank at Holmes Creek substation, rebuild the 115 kV straight bus as a 115 kV ring bus, construct a new 230 kV ring bus and install a 230 kV 100 MVAR capacitor bank.
  - (1) **Point of Origin:** Graceville, FL (Holmes Creek County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** October 2013 – Dec 2014
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Homes Creek
  - (9) **Participation with Other Utilities:** N/A

- c. Sinai Cemetery - Install 100 MVAR 230 kV Capacitor Bank
- (1) **Point of Origin:** Sneads, FL (Jackson County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** September 2014 – Dec 2014
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Sinai Cemetery
  - (9) **Participation with Other Utilities:** N/A
- d. Rebuild the Holmes Creek – Bonifay section (2 miles) of the Holmes Creek - Marianna 115 kV transmission line with double-circuit 230 kV structures.
- (1) **Point of Origin:** Graceville, FL (Holmes Creek Co.) **Termination:** Marianna, FL (Escambia Co.)
  - (2) **Number of Lines:** 1
  - (3) **Right-of-Way:** Existing
  - (4) **Line Length:** 2 miles
  - (5) **Voltage:** 115 kV
  - (6) **Anticipated Construction Timing:** Jan 2014 – May 2014
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Holmes Creek
  - (9) **Participation with Other Utilities:** N/A
- e. Highland City - Install +/- 100 MVAR Static VAR System
- (1) **Point of Origin:** Panama City, FL (Bay County)
  - (2) **Number of Lines:** N/A
  - (3) **Right-of-Way:** N/A
  - (4) **Line Length:** N/A
  - (5) **Voltage:** 230 kV
  - (6) **Anticipated Construction Timing:** April 2014 – April 2015
  - (7) **Anticipated Capital Investment:** [REDACTED]
  - (8) **Substations:** Highland City
  - (9) **Participation with Other Utilities:** N/A

14. For Options 1 and 2, please provide the projected capacity factor for Plant Smith for each year of Gulf's economic evaluation.

Response:

As described in Section 3.2, page 12 of the Environmental Compliance Program Update, Plant Smith operation was simulated for each option across a range of integrated planning scenarios. The capacity factor ranges for each year across those nine planning scenarios are shown in the table below.

<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b><u>OPTION 1</u></b>								
SMITH 1	70%	80%	75%	80%	75%	80%	75%	80%
SMITH 2	10%	10-20%	10-40%	10-40%	10-50%	15-50%	25-60%	20-70%
SMITH 3	90-95%	80-90%	70-80%	80-90%	80-90%	80-90%	80-90%	80-90%
<b><u>OPTION 2</u></b>								
SMITH 1	0-20%	0-30%	0-45%	0-50%	0-50%	0-60%	0-65%	5-80%
SMITH 2	0-10%	0-20%	0-40%	0-40%	0-50%	0-50%	0-60%	5-70%
SMITH 3	70-90%	40-70%	25-80%	30-75%	30-75%	30-70%	30-75%	35-75%



15. How often does Gulf anticipate performing maintenance on the scrubbers for Plant Crist?

Response:

Gulf anticipates performing planned scrubber maintenance outages on an annual basis.

16. How often does Gulf anticipate that scrubber maintenance at Plant Crist would be performed during an unplanned outage?

**Response:**

The frequency of unplanned outages and malfunctions of the Plant Crist scrubber is not predictable, but based on the last 3 years of scrubber operation, 2010 to 2012, there have been approximately 4 events per year. Unplanned scrubber outages have a wide range of duration and may occur at any time. During unplanned scrubber outages, Gulf performs additional scrubber maintenance beyond corrective and reactive maintenance if practical. In addition to unplanned outages, one planned scrubber outage up to 15 days in duration is expected to be needed each year. After the MATS compliance date, all scrubber outages will require all of the Plant Crist units to cease coal-fired operation.

17. Please identify each prior Commission decision, with pinpoint citation, that Gulf believes supports its request for recovery of the Plant Smith and Plant Crist transmission projects through the ECRC.

**Response:**

Gulf's request for recovery of the Plant Smith and Plant Crist transmission projects meet the criteria for cost recovery established by the Commission in Order No. PSC-94-0044-FOF-EI in that:

- (a) all expenditures will be prudently incurred after April 13, 1993;
- (b) the activities are legally required to comply with a governmentally imposed environmental regulation that was created, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and
- (c) none of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

Additionally, the Commission's decision in Order No. PSC-12-0432-PAA-EI, approving Progress Energy Florida's petition to modify scope of existing environmental program supports Gulf's request for recovery through ECRC as well. Gulf's proposed strategy to comply with the Mercury Air Toxics Standards (MATS), which includes the Plant Smith and Plant Crist transmission projects, is consistent with the findings in that case as noted on page four of the order:

"...1) is being made first and foremost to comply with the MATS rule, 2) is the most cost-effective option to comply with the MATS, 3) is reasonable, and 4) is an innovative compliance strategy."

18. Please describe any scrubber malfunction events or outages that have occurred since the scrubber at Plant Crist Units 4-7 has become operational. Please include the date that the event or outage occurred, the duration of the event or outage, and the reason for the event or outage.

Response:

<b>Bypass Start Date</b>	<b>Duration (hours)</b>	<b>Reason for Scrubber Bypass</b>
9-Jan-2010	68	Booster Fan B Blade Pitch Malfunction
15-Jan-2010	8	Booster Fan B Blade Pitch Malfunction
15-Feb-2010	6	Breaker Testing Caused Fault to Protection Circuit
26-Feb-2010	3	Booster Fan Trip Due of Incorrect JBR Low Level Signal
2-Mar-2010	181	Raw Water Supply Pump Malfunction/Planned Outage
8-Apr-2010	16	FGD Booster Fan Outlet Damper Linkage
9-Apr-2010	21	FGD Booster Fan Outlet Damper Linkage
19-Jul-2010	65	Short-Term FGD Maintenance Outage
2-Oct-2010	87	Duct Leaks
11-Dec-2010	185	Duct Leaks
5-Apr-2011	2	Fan Trip
11-Apr-2011	20	CEMS Certification Testing
13-Apr-2011	13	CEMS RATA Testing
4-May-2011	79	Leaking Pre-Quench Flanges
3-Dec-2011	258	Planned Long-Term FGD Maintenance
7-Mar-2012	1	Fan Trip
1-Oct-2012	10	Pre-Outage FGD Inspection
3-Nov-2012	4	FGD Supply Transformer Corona Discharge
9-Nov-2012	260	Planned FGD Outage

19. If Gulf does not proceed with the transmission projects as proposed, what environmental rule or regulation will be violated?

**Response:**

The MATS Rule, officially titled the "National Emission Standards for Hazardous Air Pollutants From Coal and Oil-Fired Electric Utility Steam Generating Units and Standards of Performance for Fossil-Fuel-Fired Electric Utility, Industrial-Commercial-Institutional, and Small Industrial-Commercial-Institutional Steam Generating Units" as published in the February 16, 2012, Federal Register, would be violated. It is the policy of Gulf Power Company to conduct all of its operations in compliance with federal, state, and local environmental laws and regulations.

20. At page 5 of its Petition, Gulf states "the MATS rule does limit the ability of the units to operate in the event of a scrubber malfunction or outage for any meaningful period of time without the addition of further environmental controls." Please provide pinpoint citation(s) to the MATS rule limitation referenced in this statement.

**Response:**

The MATS emission limits are described in 40 CFR 63 Subpart UUUUU § 63.9991. An excerpt of the regulation is provided below.

**§ 63.9991 What emission limitations, work practice standards, and operating limits must I meet?**

**(a) You must meet the requirements in paragraphs (a)(1) and (2) of this section. You must meet these requirements at all times.**

**(1) You must meet each emission limit and work practice standard in Table 1 through 3 to this subpart that applies to your EGU, for each EGU at your source, except as provided under § 63.10009.**

**(2) You must meet each operating limit in Table 4 to this subpart that applies to your EGU.**

**(b) As provided in § 63.6(g), the Administrator may approve use of an alternative to the work practice standards in this section.**

**(c) You may use the alternate SO<sub>2</sub> limit in Tables 1 and 2 to this subpart only if your coal-fired EGU:**

**(1) Has a system using wet or dry flue gas desulfurization technology and SO<sub>2</sub> continuous emissions monitoring system (CEMS) installed on the unit; and**

**(2) At all times, you operate the wet or dry flue gas desulfurization technology installed on the unit consistent with § 63.10000(b).**

Table 2 to Subpart UUUUU of Part 63—Emission Limits for Existing EGUs [77 FR 23405, Apr. 19, 2012]  
As stated in § 63.9991, you must comply with the following applicable emission limits:<sup>1</sup>

your EGU is in this subcategory . . .	For the following pollutants . . .	You must meet the following emission limits and work practice standards . . .	Using these requirements, as appropriate (e.g., specified sampling volume or test run duration) and limitations with the test methods in Table 3 . . .
1. Coal-fired unit not low rank virgin coal	a. Filterable particulate matter (PM)	3.0E-2 lb/MMBtu or 3.0E-1 lb/MWh. <sup>2</sup>	Collect a minimum of 1 dscm per run.
	OR	OR	
	Total non-Hg HAP metals	5.0E-5 lb/MMBtu or 5.0E-1 lb/GWh.	Collect a minimum of 1 dscm per run.
	OR	OR	
	Individual HAP metals:		Collect a minimum of 3 dscm per run.
	Antimony (Sb)	8.0E-1 lb/TBtu or 8.0E-3 lb/GWh.	
	Arsenic (As)	1.1E0 lb/TBtu or 2.0E-2 lb/GWh.	
	Beryllium (Be)	2.0E-1 lb/TBtu or 2.0E-3 lb/GWh.	
	Cadmium (Cd)	3.0E-1 lb/TBtu or 3.0E-3 lb/GWh.	
	Chromium (Cr)	2.8E0 lb/TBtu or 3.0E-2 lb/GWh.	
	Cobalt (Co)	8.0E-1 lb/TBtu or 8.0E-3 lb/GWh.	
	Lead (Pb)	1.2E0 lb/TBtu or 2.0E-2 lb/GWh.	
	Manganese (Mn)	4.0E0 lb/TBtu or 5.0E-2 lb/GWh.	
	Nickel (Ni)	3.5E0 lb/TBtu or 4.0E-2 lb/GWh.	
	Selenium (Se)	5.0E0 lb/TBtu or 6.0E-2 lb/GWh.	
	b. Hydrogen chloride (HCl)	2.0E-3 lb/MMBtu or 2.0E-2 lb/MWh.	For Method 26A, collect a minimum of 0.75 dscm per run; for Method 26, collect a minimum of 120 liters per run.
			For ASTM D6348-03 <sup>3</sup> or Method 320, sample for a minimum of 1 hour.
	OR		
	Sulfur dioxide (SO <sub>2</sub> ) <sup>4</sup>	2.0E-1 lb/MMBtu or 1.5E0 lb/MWh.	SO <sub>2</sub> CEMS.
	c. Mercury (Hg)	1.2E0 lb/TBtu or 1.3E-2 lb/GWh	LEE Testing for 30 days with 10 days maximum per Method 30B run or Hg CEMS or sorbent trap monitoring system only.

<sup>1</sup>For LEE emissions testing for total PM, total HAP metals, individual HAP metals, HCl, and HF, the required minimum sampling volume must be increased nominally by a factor of two.

<sup>2</sup>Gross electric output.

<sup>3</sup>Incorporated by reference, see § 63.14.

<sup>4</sup>You may not use the alternate SO<sub>2</sub> limit if your EGU does not have some form of FGD system and SO<sub>2</sub>CEMS installed.

21. Please identify any economic penalties that might result from operating Plant Crist while the scrubber is down for maintenance, and describe how the potential for such penalties was incorporated into the economic analysis for Plant Crist.

**Response:**

After the MATS compliance date, Gulf Power will not be able to utilize coal-fired operation of the Plant Crist units while the scrubber is off line. Continued coal-fired operation at Plant Crist without the scrubber in service would be a knowing violation of the MATS rule and would subject the Company and certain employees to civil and criminal penalties. It is the policy of Gulf Power Company to conduct all of its operations in compliance with federal, state, and local environmental laws and regulations. Penalties due to non-compliance are not part of the Company's economic analyses for Plant Crist.



22. Please provide an itemized breakdown of the costs associated with the proposed transmission projects.

Response:

<b>Transmission Upgrades</b>	<b>Cost</b>	<b>In-Service Year</b>
Holmes Creek – Bonifay 115 kV transmission line section rebuild on 230 kV structures		2014
North Brewton – Alligator Swamp 1351 ACSS 230 kV transmission line		2015
Alligator Swamp New Substation Terminal		2015
Alligator Swamp +/- 100 MVAR Static VAR System		2015
Alligator Swamp 100 MVAR Capacitor Bank		2015
West Pensacola 100 MVAR Capacitor Bank		2015
Holmes Creek – Highland City 1033 ACSS 230 kV transmission line		2015
Holmes Creek Autobank , 100 MVAR Capacitor Bank, 115 kV ring bus and 230 kV ring bus		2015
Sinai Cemetery Capacitor bank		2015
Highland City +/- 100 MVAR Static VAR System		2015
Brentwood – Scenic Hills 115 kV T.L. Reconductor		2017
West Pensacola +/- 100 MVAR Static VAR System		2018
Total		

Note: Cost estimates as of April 2013 as shown in Table 3.1-1 of Gulf's Compliance Program Update.

23. Please provide critical milestones for completion of the proposed transmission projects.

Response:

Our current evaluations indicate that the projects that are in the critical path and therefore have the greatest potential to significantly impact Gulf's ability to meet the MATS requirements deadline are the North Brewton – Alligator Swamp new 230 kV transmission line, Holmes Creek - Highland City new 230 kV transmission line, Alligator Swamp Static VAR System and Highland City Static VAR System.

The critical milestones for these projects are:

- **Permitting:** Permitting must be finalized for the North Brewton – Alligator Swamp and Holmes Creek – Highland City 230 kV transmission lines by January 2014 and for the Alligator Swamp Static VAR System by October 2013 to prevent project delays
- **Design:** Final design must be completed for the North Brewton – Alligator Swamp and Holmes Creek – Highland City 230 kV transmission lines by October 2013
- **Materials:** Major materials for the North Brewton – Alligator Swamp and Holmes Creek – Highland City 230 kV transmission lines must be received by December 2013 to effectively execute the construction work plan
- **Site Preparation:** Site preparation for the Alligator Swamp and Highland City Static VAR Systems must be completed by April 2014 to allow construction to begin

125

**Gulf's Responses to  
Staff's Second Data Request  
in Docket #130092-EI  
(Nos. 1-7)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 125

PARTY PSC Staff

DESCRIPTION Gulf's Staff's 2<sup>nd</sup> Data Request, Nos. 1-7,

DATE in Docket No. 130092-EI

Robert L. McGee, Jr.  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780  
Tel 850 444 6530  
Fax 850 444 6026  
RLMCGEE@southernco.com



RECEIVED FPSC  
13 JUL - 1 AM 9:45  
COMMISSION  
CLERK

June 28, 2013

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Re: Docket No. 130092-EI – Petition of Gulf Power Company to include the Plant Daniel Bromine and ACI Project, the Plant Crist Transmission Upgrades Project, and the Plant Smith Transmission Upgrades Project in the Company's program, and approve the costs associated with those compliance strategies for recovery through the ECRC

Dear Ms. Cole:

Enclosed are the original and five copies of Gulf Power Company's response to Staff's Second Data Request in Docket 130092-EI.

Sincerely,

Robert L. McGee, Jr  
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.  
Office of General Counsel  
Charles Murphy

COM \_\_\_\_\_  
AFD 1  
APA \_\_\_\_\_  
ECO 1  
ENG 2  
GCL 1  
IDM \_\_\_\_\_  
TEL \_\_\_\_\_  
CLK \_\_\_\_\_

1. In response to Question No. 4 of staff's first data request, Gulf states that, "Plant Crist is designated as a 'must run' which means that a minimum number of units ... must run during certain system conditions in order to continue to reliably serve Gulf's customers."
  - a. Please provide an example of the "certain system conditions" described in Gulf's response.
  - b. How often do the "certain system conditions" occur during a calendar year? Average or approximation is acceptable.
  - c. In Gulf's Plant Crist MATS Analysis, did Gulf assume that the "certain conditions" would occur over the timeframe in which Gulf evaluated the different options?

**Response:**

- a. An example of "certain system conditions" is the need for a minimum level of generation in the Pensacola area when system loads are high. Transmission studies have identified that when Gulf Power loads are projected to be above approximately [REDACTED] MW, the Pensacola area load cannot be served reliably without generation [REDACTED]
- b. Gulf Power loads above [REDACTED] MW are projected to occur primarily in the months of [REDACTED] generally between the [REDACTED]. However, in order to provide transmission support during these hours, a combination of these units needs to be generating at least at their unit [REDACTED]. This is due to the minimum start-up and shut-down requirements and other operational constraints for Plant Crist Units 4-7.

Although this example of system conditions has historically occurred during the months of [REDACTED] and is projected to occur during those months in the future, the timing of these system conditions cannot always be predicted and can vary. When operational constraints are identified during the transmission study planning process, Gulf must assume that these conditions could occur at any time and must identify and implement system solutions to ensure that Gulf can continuously provide reliable service to Gulf's customers.

- c. Yes, Gulf assumed that the "certain conditions" would occur in the same timeframe in which Gulf evaluated the different options.

2. In response to Question No. 2 of staff's first data request, Gulf states that, "Plant Smith is designated as a 'must run' which means that a minimum number of units, must run during certain system conditions in order to continue to reliably serve Gulf's customers."
- a. Please provide an example of the "certain system conditions" described in Gulf's response.
  - b. How often do the "certain system conditions" occur during a calendar year? Average or approximation is acceptable.
  - c. In Gulf's Plant Smith MATS Analysis, did Gulf assume that the "certain system conditions" would occur over the timeframe in which Gulf evaluated the different options?

Response:

- a. An example of "certain system conditions" is the need for a minimum level of generation in the Panama City area in order to reliably serve territorial load. Transmission studies identified a need for [REDACTED] to be at [REDACTED] to serve the amount of load projected in the Panama City area. When Gulf Power loads are approximately [REDACTED] MW, [REDACTED] need to be at [REDACTED] capacity. When Gulf Power loads reach above approximately [REDACTED] MW [REDACTED] need to be [REDACTED].
- b. These system conditions could [REDACTED], thus [REDACTED] need to be at [REDACTED] need to be at [REDACTED] when Gulf Power load reaches approximately [REDACTED] MW. This is expected to occur primarily in the following months, generally during the hour ranges stated in the table below.

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

In order to provide transmission support during these time periods, [REDACTED] need to be generating at least at [REDACTED] capacity during [REDACTED] of the months indicated above. This is due to the

minimum start-up and shut-down requirements and other operational constraints for Plant Smith Units 1 and 2.

[REDACTED] at Plant Smith would be needed [REDACTED] for Gulf Power loads [REDACTED] MW, which would occur primarily during [REDACTED] generally between [REDACTED]. However, in order to provide transmission support during these high demand periods, [REDACTED] need to be generating at least at [REDACTED] during [REDACTED]. This is due to the minimum start-up and shut-down requirements and other operational constraints for Plant Smith Units 1 and 2.

Although this example of system conditions has historically occurred during the months as detailed above and is projected to occur during 1-3 always be predicted and can vary. When operational constraints are identified during the transmission study planning process, Gulf must assume that these conditions could occur at any time and must identify and implement system solutions to ensure that Gulf can continuously provide reliable service to Gulf's customers.

- c. Yes, Gulf assumed that the "certain conditions" would occur in the same timeframe in which Gulf evaluated the different options.

3. On page 4 of witness Cain's testimony, she discusses a range of scenarios that were considered in her economic evaluation of Plant Crist and Plant Smith.
  - a. Please provide Table 3.3-1 of Gulf's Environmental Compliance Program Update for each scenario evaluated.
  - b. Please provide Table 3.3-2 of Gulf's Environmental Compliance Program Update for each scenario evaluated.

**Response:**

- a. See Attachment A, pages 1-5
- b. See Attachment A, pages 6-7



4. What is the net capability (Summer MW) for each Plant Crist Unit (4-6) when using natural gas for fuel?

**Response:**

The natural gas generation capability at Plant Crist is constrained by the available gas pipeline capacity. The existing gas pipeline currently supports Gulf's contract for firm gas capacity equivalent to approximately 75 MW for 18 hours each day. This gas generation can be from any combination of the Plant Crist units. In 2015, after gas-supplier pipeline expansion work, Gulf will be able and is planning to increase the firm gas capacity at Plant Crist to 150 MW for 18 hours a day. Construction of a new pipeline and/or additional pipeline improvements would be necessary for Gulf to increase the natural gas generation capability at Plant Crist beyond 150 MW.

5. For each Plant Crist MATS Option discussed on page 14 of Gulf's Environmental Compliance Program Update, please complete the table below. Please do this considering each scenario discussed on page 4 of witness Cain's testimony.

Response:

See Attachment B.

To approximate the impact on a Residential Bill, the Total Annual Revenue Requirements were divided by the forecasted Annual Territorial kWh sales for that year to determine a cost per kWh. This cost per kWh was multiplied by 1,000 to calculate the impact on a 1,000 kWh Residential bill.

6. For each Plant Smith MATS Option discussed on page 23 of Gulf's Environmental Compliance Program Update, please complete the table below. Please do this considering each scenario discussed on page 4 of witness Cain's testimony.

**Response:**

**See Attachment C.**

To approximate the impact on a Residential Bill, the Total Annual Revenue Requirements were divided by the forecasted Annual Territorial kWh sales for that year to determine a cost per kWh. This cost per kWh was multiplied by 1,000 to calculate the impact on a 1,000 kWh Residential bill.

7. Would any of the transmission projects being proposed by Gulf trigger review under the Transmission Line Siting Act? If yes, please identify the specific projects.

**Response:**

At this time, Gulf Power does not expect any of the MATS transmission projects to require review under the Transmission Line Siting Act (TLSA). The MATS transmission projects are being designed to be constructed wholly within existing transmission line right-of-ways, thereby exempting these projects from the TLSA.

Item No. 3 a

Option 1 with Lower Lateral Costs

Scenario	Option	Transmission NPV	Fuel and Must Run Production Costs NPV	Emission Controls NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
High Gas, Moderate Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
High Gas, Substantial Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Moderate Gas, Existing Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Moderate Gas, Moderate Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Moderate Gas, Substantial Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Low Gas, Existing Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Low Gas, Moderate Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	
Low Gas, Substantial Carbon	Option 1: Natural Gas with Lower Lateral cost			\$0	

Staff's Second Data Request  
Docket No. 130092-EI  
GULF POWER COMPANY  
July 1, 2013  
Attachment A  
Page 1 of 7

Item No. 3 a

Option 1 with Higher Lateral Costs

Scenario	Option	Transmission NPV	Fuel and Must Run Production Costs NPV	Emission Controls NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
High Gas, Moderate Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
High Gas, Substantial Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Moderate Gas, Existing Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Moderate Gas, Moderate Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Moderate Gas, Substantial Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Low Gas, Existing Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Low Gas, Moderate Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	
Low Gas, Substantial Carbon	Option 1: Natural Gas with Higher Lateral cost			\$0	

Staff's Second Data Request  
Docket No. 130092-EI  
GULF POWER COMPANY  
July 1, 2013  
Attachment A  
Page 2 of 7

Item No. 3 a  
 Option 2

Scenario	Option	Transmission NPV	Fuel and Must Run Production Costs NPV	Emission Controls NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 2: Natural Gas and Coal				
High Gas, Moderate Carbon	Option 2: Natural Gas and Coal				
High Gas, Substantial Carbon	Option 2: Natural Gas and Coal				
Moderate Gas, Existing Carbon	Option 2: Natural Gas and Coal				
Moderate Gas, Moderate Carbon	Option 2: Natural Gas and Coal				
Moderate Gas, Substantial Carbon	Option 2: Natural Gas and Coal				
Low Gas, Existing Carbon	Option 2: Natural Gas and Coal				
Low Gas, Moderate Carbon	Option 2: Natural Gas and Coal				
Low Gas, Substantial Carbon	Option 2: Natural Gas and Coal				

Item No. 3 a  
 Option 3

Scenario	Option	Transmission NPV	Fuel and Must Run Production Costs NPV	Emission Controls NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
High Gas, Moderate Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
High Gas, Substantial Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Moderate Gas, Existing Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Moderate Gas, Moderate Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Moderate Gas, Substantial Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Low Gas, Existing Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Low Gas, Moderate Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	
Low Gas, Substantial Carbon	Option 3: Natural Gas and Transmission Upgrades			\$0	

Staff's Second Data Request  
 Docket No. 130092-EI  
 GULF POWER COMPANY  
 July 1, 2013  
 Attachment A  
 Page 4 of 7



Item No. 3 a  
 Option 4

Scenario	Option	Transmission NPV	Fuel and Must Run Production Costs NPV	Emission Controls NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
High Gas, Moderate Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
High Gas, Substantial Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Moderate Gas, Existing Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Moderate Gas, Moderate Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Moderate Gas, Substantial Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Low Gas, Existing Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Low Gas, Moderate Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	
Low Gas, Substantial Carbon	Option 4: Transmission Upgrades Only		\$0	\$0	

Staff's Second Data Request  
 Docket No. 130092-EI  
 GULF POWER COMPANY  
 July 1, 2013  
 Attachment A  
 Page 5 of 7

Item No. 3 b  
 Option 1

Scenario	Option	Transmission NPV	Must-Run Production Costs NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 1 – Controls and continue Must-Run			
High Gas, Moderate Carbon	Option 1 – Controls and continue Must-Run			
High Gas, Substantial Carbon	Option 1 – Controls and continue Must-Run			
Moderate Gas, Existing Carbon	Option 1 – Controls and continue Must-Run			
Moderate Gas, Moderate Carbon	Option 1 – Controls and continue Must-Run			
Moderate Gas, Substantial Carbon	Option 1 – Controls and continue Must-Run			
Low Gas, Existing Carbon	Option 1 – Controls and continue Must-Run			
Low Gas, Moderate Carbon	Option 1 – Controls and continue Must-Run			
Low Gas, Substantial Carbon	Option 1 – Controls and continue Must-Run			

Staff's Second Data Request  
 Docket No. 130092-EI  
 GULF POWER COMPANY  
 July 1, 2013  
 Attachment A  
 Page 6 of 7

Item No. 3 b  
 Option 2

Scenario	Option	Transmission NPV	Must-Run Production Costs NPV	Total all NPV Costs
High Gas, Existing Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
High Gas, Moderate Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
High Gas, Substantial Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Moderate Gas, Existing Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Moderate Gas, Moderate Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Moderate Gas, Substantial Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Low Gas, Existing Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Low Gas, Moderate Carbon	Option 2 – Controls and Transmission Upgrades		\$0	
Low Gas, Substantial Carbon	Option 2 – Controls and Transmission Upgrades		\$0	

Staff's Second Data Request  
 Docket No. 130092-EI  
 GULF POWER COMPANY  
 July 1, 2013  
 Attachment A  
 Page 7 of 7

Question 5

Option 1 with Lower Lateral Costs

Scenario: Low Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: Low Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

**Question 5**

Option 1 with Lower Lateral Costs

Scenario: Low Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: Moderate Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: Moderate Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs



Question 5

Option 1 with Lower Lateral Costs

Scenario: Moderate Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: High Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: High Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Lower Lateral Costs

Scenario: High Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: Low Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: Low Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: Low Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

**Question 5**

**Option 1 with Higher Lateral Costs**

**Scenario: Moderate Gas, Existing Carbon**

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs



Question 5

Option 1 with Higher Lateral Costs

Scenario: Moderate Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: Moderate Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5  
Option 1 with Higher Lateral Costs  
Scenario: High Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: High Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 1 with Higher Lateral Costs

Scenario: High Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: Low Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: Low Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: Low Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*\*Includes incremental firm transportation of gas costs



Question 5

Option 2

Scenario: Moderate Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: Moderate Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: Moderate Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: High Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: High Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 2

Scenario: High Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015				0.0		
2016				0.0		
2017				0.0		
2018				0.0		
2019				0.0		
2020				0.0		
2021				0.0		
2022				0.0		
2023				0.0		
2024				0.0		
2025		0.0		0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: Low Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: Low Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs



Question 5

Option 3

Scenario: Low Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: Moderate Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: Moderate Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: Moderate Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: High Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: High Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5

Option 3

Scenario: High Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)*	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015			0.0	0.0		
2016			0.0	0.0		
2017			0.0	0.0		
2018			0.0	0.0		
2019			0.0	0.0		
2020			0.0	0.0		
2021			0.0	0.0		
2022			0.0	0.0		
2023			0.0	0.0		
2024			0.0	0.0		
2025		0.0	0.0	0.0		

\*Includes incremental firm transportation of gas costs

Question 5  
Option 4

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015		0.0	0.0	0.0		
2016		0.0	0.0	0.0		
2017		0.0	0.0	0.0		
2018		0.0	0.0	0.0		
2019		0.0	0.0	0.0		
2020		0.0	0.0	0.0		
2021		0.0	0.0	0.0		
2022		0.0	0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		



Question 6

Option 1

Scenario: Low Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: Low Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Staff's Second Data Request  
Docket No. 130092-EI  
GULF POWER COMPANY  
July 1, 2013  
Attachment C  
Page 2 of 10

Question 6

Option 1

Scenario: Low Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: Moderate Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: Moderate Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: Moderate Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: High Gas, Existing Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6

Option 1

Scenario: High Gas, Moderate Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		



Question 6

Option 1

Scenario: High Gas, Substantial Carbon

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0		0.0	0.0		
2016	0.0		0.0	0.0		
2017	0.0		0.0	0.0		
2018	0.0		0.0	0.0		
2019	0.0		0.0	0.0		
2020	0.0		0.0	0.0		
2021	0.0		0.0	0.0		
2022	0.0		0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

Question 6  
Option 2

	Annual Capital Revenue Requirements (\$millions)	Annual Fuel Revenue Requirements (\$millions)	Annual Environmental Revenue Requirements (\$millions)	Other Annual Revenue Requirements (\$millions)	Total Annual Revenue Requirements (\$millions)	Estimated Residential Bill for 1,000 kWh/month (\$x.xx)
2013	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0
2015		0.0	0.0	0.0		
2016		0.0	0.0	0.0		
2017		0.0	0.0	0.0		
2018		0.0	0.0	0.0		
2019		0.0	0.0	0.0		
2020		0.0	0.0	0.0		
2021		0.0	0.0	0.0		
2022		0.0	0.0	0.0		
2023		0.0	0.0	0.0		
2024		0.0	0.0	0.0		
2025		0.0	0.0	0.0		

126

**Gulf's Responses to  
Staff's First Data Request,  
including PODs 1-3,  
in Docket #130151-EI  
(Nos. 1-64)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI

EXHIBIT 126

PARTY PSC Staff

DESCRIPTION Gulf's/Staff's 1<sup>st</sup> Data Request, Nos. 1-64,

DATE PODs 1-3, in Docket No. 130151-EI

Robert L. McGee, Jr.      One Energy Place  
Regulatory & Pricing Manager      Pensacola, Florida 32520-0780

Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com



July 12, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI

Dear Mr. Higgins:

Enclosed is Gulf Power Company's Responses to Staff's first data request in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

Cc: Beggs & Lane  
Jeffrey A. Stone

General

1. Please provide the theoretical reserve calculation by site and by account for production, and by account for the transmission, distribution, and general accounts.

**ANSWER:**

On May 30, 2013, the Company provided an electronic MS Excel spreadsheet entitled "Staff's 1<sup>st</sup> Request Tab 7 and 9.xlsx." Tab 7 of that spreadsheet contains the theoretical reserve calculation by site and by account for production, and by account for the transmission, distribution, and general accounts. The theoretical reserve for production is the column titled "Reserve Requirement w/ Net Removal". For transmission, distribution, and general the column is titled "Theo. Reserve". The formula to calculate the theoretical reserve is below.

Theoretical reserve = (Investment \* (1 - ARL / ASL)) \* (1 + % of IRR NR)

ARL – Average Remaining Life  
ASL – Average Service Life  
IRR – Interim Retirement Rate  
NR – Net Removal

Abbreviations will be used throughout responses.

2. Please provide the whole life rate by site and by account for production, and by account for the transmission, distribution, and general accounts.

**ANSWER:**

Whole life rates by site for production and by transmission, distribution, and general accounts are shown in Tab 6 of the Study. Whole life rates by account for production are below.

<b>Crist</b>	311	Structures and Improvements	2.8%	<b>Smith CT</b>	341	Structures and Improvements	6.0%
	312	Boiler Plant Equipment	4.0%		342	Fuel Holders	4.7%
	314	Turbogenerator Units	3.9%		343	Prime Movers	6.2%
	315	Accessory Electric Equipment	3.7%		344	Generators	2.3%
	316	Misc. Power Plant Equipment	4.2%		345	Accessory Electric Equipment	2.9%
			<u>3.9%</u>		346	Misc. Power Plant Equipment	6.0%
							<u>4.3%</u>
<b>Scholz</b>	311	Structures and Improvements	3.2%	<b>Smith CC</b>	341	Structures and Improvements	3.0%
	312	Boiler Plant Equipment	3.9%		342	Fuel Holders	2.9%
	314	Turbogenerator Units	3.5%		343	Prime Movers	3.8%
	315	Accessory Electric Equipment	3.5%		344	Generators	2.7%
	316	Misc. Power Plant Equipment	11.4%		345	Accessory Electric Equipment	2.8%
			<u>3.8%</u>		346	Misc. Power Plant Equipment	3.4%
							<u>3.3%</u>
<b>Smith</b>	311	Structures and Improvements	2.8%	<b>Pace</b>	343	Prime Movers	5.0%
	312	Boiler Plant Equipment	3.6%		344	Generators	5.0%
	314	Turbogenerator Units	2.8%		345	Accessory Electric Equipment	5.0%
	315	Accessory Electric Equipment	2.7%				<u>5.0%</u>
	316	Misc. Power Plant Equipment	4.2%				
			<u>3.2%</u>				
<b>Daniel</b>	311	Structures and Improvements	1.8%	<b>Perdido</b>	341	Structures and Improvements	5.7%
	312	Boiler Plant Equipment	2.4%		342	Fuel Holders	5.4%
	314	Turbogenerator Units	2.5%		343	Prime Movers	5.5%
	315	Accessory Electric Equipment	2.0%		345	Accessory Electric Equipment	5.4%
	316	Misc. Power Plant Equipment	2.8%		346	Misc. Power Plant Equipment	5.9%
			<u>2.3%</u>				<u>5.5%</u>
<b>Scherer</b>	311	Structures and Improvements	1.6%				
	312	Boiler Plant Equipment	2.5%				
	314	Turbogenerator Units	1.9%				
	315	Accessory Electric Equipment	1.9%				
	316	Misc. Power Plant Equipment	2.2%				
			<u>2.4%</u>				

3. Please explain how Gulf calculates expense for the amortizable accounts. Staff is unable to replicate Gulf's 2013 amortization expense; therefore, for each amortizable account please explain the calculations that produce 2013 expense. An example of an account where staff cannot replicate Gulf's calculation is the Crist Plant's five-year amortization. According to Tab 5, the proposed amortization expense, \$32,245, is 23 percent of the \$137,572 2013 plant balance (there is no activity budgeted for 2013).

**ANSWER:**

Amortizable expense for 2012 was used as an approximation of 2013's expense amount.

4. Please explain what is associated with the Asset Retirement Obligation shown in Tab 10 for each of the accounts for the year ending December 31, 2013. Please include in your response how these obligations are determined.

**ANSWER:**

Asset retirement obligations are legal obligations associated with the future retirement of a tangible long-lived asset. The existence of an asset retirement obligation is determined by Gulf Power's Environmental Affairs and Accounting departments with the assistance from legal counsel. Asset retirement obligations are computed as the present value of the expected removal costs for an asset's future retirement. In accordance with accounting standards related to asset retirement obligations, Gulf Power has capitalized the anticipated retirement costs as part of the related long-lived asset. These capitalized costs are shown as Asset Retirement Obligations in Tab 10.



5. Does Gulf intend to propose any reserve transfers? If no, please explain why not. If yes, please provide Gulf's proposed reserve transfers.

**ANSWER:**

No. Gulf does not propose any reserve transfers at this time.

Gulf believes it is appropriate to rely on the Group Accounting Concept to take care of any minor Theoretical Reserve variances (as defined in Rule 25-6.0436) over the remaining life of the asset.

**Production Plant**

For the following questions, please refer to the Depreciation Study (Volumes 1 and 2) for Production

6. Please list the entities owning an interest in each generating unit, the percentage of ownership by each entity, and whether (and by what percentage) each unit is dedicated to retail use.

ANSWER:

Unit	Owning Entities	Percentage Ownership (%)	Dedicated <sup>1</sup> Retail (%)
Crist 4	Gulf	100	100
Crist 5	Gulf	100	100
Crist 6	Gulf	100	100
Crist 7	Gulf	100	100
Smith 1	Gulf	100	100
Smith 2	Gulf	100	100
Smith 3	Gulf	100	100
Smith A	Gulf	100	100
Scholz 1	Gulf	100	100
Scholz 2	Gulf	100	100
Pea Ridge	Gulf	100	100
Perdido	Gulf	100	100
Daniel 1	Gulf	50	100
	Mississippi	50	unknown
Daniel 2	Gulf	50	100
	Mississippi	50	unknown
Scherer 3	Gulf	25	0
	Georgia	75	unknown

<sup>1</sup> While all the assets reflected above as being dedicated 100 percent to retail service are used to provide retail service, they are also used to provide wholesale service; consequently, they are separated for jurisdictional purposes in a cost of service study when Gulf's retail and wholesale rates are established.

7. Please provide a description of any major overhauls or upgrades (including environmental) planned for production plant for 2014 – 2017. Please describe the planned work to be performed, any retirement units expected to be replaced as a direct result, and in what year(s) each overhaul or upgrade is scheduled to take place.

**ANSWER:**

Gulf does not categorize production plant projects as major, but for purposes of responding to this data request, we are providing the following list of capital projects planned and committed for the period 2014-2017 at units owned or co-owned by Gulf with estimated costs over \$5M. Other capital projects are being evaluated for the same period, but have not been approved by management for actual execution at this time.

**Plant Crist**

**PE 1016 - CRIST U7 Finishing Superheater**

- Routine maintenance, repair and replacement of worn equipment.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$1,500,000	\$0	\$0
2015	\$3,500,000	\$330,000	\$220,000

**PE 1144 - CRIST U7 Control System Upgrades**

- The current version of controllers and I/O for the Unit 7 Ovation need to be replaced with the current version in order to be able to retain access to spare parts and serviceability for these components.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$1,300,000	\$0	\$0
2015	\$4,500,000	\$500,000	\$420,500

**Plant Smith**

**PE 1438 - Smith 3 LTSA**

- Routine maintenance, repair and replacement under the terms of the Long Term Service Agreement with GE.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2016	\$27,802,328	\$23,708,962	\$500,000

**PE 1601 - ECRC Water-Smith Reclaimed Water Project**

The Smith Reclaimed Water Project includes expenses to evaluate utilizing reclaimed water in the existing Plant Smith Unit 3 cooling tower and other permitted water sources for water re-use.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$7,600,000	\$0	\$0

**Plant Daniel** (Amounts shown reflect Gulf's 50% ownership share in Daniel Units 1 and 2)

**PE 1517 - ECRC Air-Daniel Bromine Injection**

This project results in the design and installation of a bromine injection system for the coal supply for Daniel Units 1&2.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$682,655	\$0	\$0
2015	\$2,047,964	\$0	\$0

**PE 1551 - ECRC-Air-Daniel 1 & 2 Scrubber**

- This project involves the design and construction of two flue gas desulfurization devices (scrubbers) on Daniel Units 1&2.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$106,446,492	\$0	\$0
2015	\$67,907,461	\$0	\$0
2016	\$10,163,498	\$0	\$0

**PE 1591 - Daniel Relay Modernization**

- Replacing the electromechanical relays with microprocessor-based electronic relays.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$1,217,167	\$0	\$0
2015	\$664,363	\$0	\$0
2016	\$1,236,762	\$0	\$97,138
2017	\$1,775,994	\$0	\$0

**PE 1809 - ECRC-Air-Daniel 1 & 2 Activated Carbon Injection**

- This project results in the design and installation of an activated carbon injection system in the duct work upstream of the electrostatic precipitators of Daniel Units 1&2.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$1,092,250	\$0	\$0
2015	\$3,276,749	\$0	\$0

**Plant Scherer** *(Amounts shown reflect Gulf's 25% ownership share in Scherer Unit 3)*

**PE 1735 - Scherer - Replace Horizontal Superheater**

- Routine maintenance, repair and replacement of worn equipment.

<u>Year</u>	<u>Expenditures</u>	<u>Retirements</u>	<u>Cost of Removal</u>
2014	\$2,128,250	\$301,088	\$125,000

8. Referring to Tab 1, page 2, please explain in detail why there is an increase in depreciation rates for steam production.

**ANSWER:**

The depreciation rate increase for Steam Production is primarily related to Plant Crist. The investment of Plant Crist has increased by \$360,000,000 since the last study. These additions will have a shorter service life over which to recover their investment than the existing investment as of the last study. Because of the shorter lives for the additions since the last study, the depreciation rate will increase. In this study, there were more interim retirements forecasted for Plant Crist, which had the effect of increasing the depreciation rate of Plant Crist.

9. In what month of 2015 is Plant Scholz expected to close?

ANSWER:

April.

10. When Plant Scholz closes, does Gulf plan to retire the property in the five-year and seven-year amortization accounts? If not, will the property be transferred to other sites? Please explain.

**ANSWER:**

Gulf expects no substantial Scholz plant amortizable property balances at its closing in 2015. Gulf will make any residual investment in plant amortizable property available for use at other facilities.



11. Does Gulf expect that Plant Scholz's depreciable and amortizable investment will be fully recovered at the time of its closure? If no, what is the amount of each account that Gulf expects to be unrecovered and what is Gulf's proposal to recover it?

**ANSWER:**

Gulf's estimates there will be less than \$700,000 left to be recovered in Scholz depreciable plant at its closing. This is based on current budget estimates targeting the April 2015 closing. Outside factors may still impact the final net book balances as the plant is still expected to run until the target date. The following table shows the expected balances by FERC Account:

<u>FERC Description</u>	<u>Net Book Value</u>
310 Land	\$ 44,579
311 Structures and Improvements	(381,610)
312 Boiler Plant Equipment	(245,866)
314 Turbogenerator Units	(579,653)
315 Accessory Electric Equipment	(377,714)
316 Amortizable Property	219,345
317 ARO	(33,138)
352 Structures and Improvements	20,705
353 Station Equipment	1,999,182
	<u>\$ 665,830</u>

If Plant Scholz retires as scheduled, Gulf will propose a capital recovery schedule for any unrecovered balances in its next Depreciation Study.

12. Please explain each difference between how Gulf calculated production plant's average service life and remaining life in its 2009 study (Docket No. 090319-EI) and its current study. Please also explain why Gulf believes any changes from the 2009 study are appropriate.

**ANSWER:**

The Life Span Method was used to calculate ASL and ARL in the current study, the same method used in the prior study. In the life span method, the ASL and ARL are determined by the estimated final retirement date of each unit, adjusted for interim retirements. In the Life Span Method, the ARL must be reduced for future interim retirements, as the Company cannot presume the entire existing investment will last until the final retirement date. In the last study, interim retirements were determined by the stratification of the investment into three separate life groups. The stratification of investment required an engineering estimate of what property units were to be included in each life group. In the current study, interim retirements were estimated by interim retirement rates (IRR), largely based on Gulf historical data.

The use of IRR, developed from Company historical data, is a generally accepted practice used throughout the industry, and is used by some utilities in Florida.

13. To the extent not already answered, please explain why Gulf did not use stratified investment in its analysis of production plant provided in Volume 2, Production Tab.

**ANSWER:**

See Gulf's response to Item No. 12.

14. Referring to Tab 2, page 1, please explain how the "average remaining life of a generating unit reflects the adjustment for the effects of interim retirements," and provide an example complete with formulas.

**ANSWER:**

Interim retirement rates (IRR) based largely on Company historical data were used to adjust the remaining life of a generating unit. The technique is based on an assumption of a constant rate of interim retirements occurring over the remaining life of the unit. Because of interim retirements, not all of the investment survives until the unit retirement date. Remaining Life (RL), adjusted by the IRR, is calculated by the following formula:

$$RL, \text{ adjusted} = (1 - (IRR \times RL)/2) \times RL$$

Using Plant Crist Common, Account 311, as an example,

$$\begin{aligned} RL, \text{ adjusted} &= (1 - (0.25\% / \text{yr} \times 24.5 \text{ yrs}) / 2) \times 24.5 \text{ yrs} \\ &= (1 - (0.061250) / 2) \times 24.5 \\ &= (1 - (0.030625)) \times 24.5 \\ &= 0.969375 \times 24.5 \\ &= 23.75 \text{ years} \end{aligned}$$

15. Page 2 of Tab 2 states that Gulf's interim retirement rates "were based on an analysis of Gulf Power's historical interim retirement data." Please explain how Gulf calculated the interim retirement rate for each account and provide the backup documentation for each account.

**ANSWER:**

Interim Retirement Rates are developed from an analysis of historical interim retirements as a ratio of plant balances. See pages 2 through 6 for data, calculations, and analysis notes.

GULF POWER COMPANY  
STEAM PRODUCTION PLANT  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions	Retirements	EOY Balance	Average Balance	IRR	Mean IRR
		\$	\$	\$	\$	%	%
				79,908,501			
311	1981	3,288,287	2,934	83,193,854	81,551,177	0.00%	
	1982	10,955,358	8,752	94,140,460	88,667,157	0.01%	
	1983	1,686,681	124,818	96,002,822	95,071,491	0.13%	
	1984	8,586,147	357,306	104,231,363	100,116,943	0.38%	
	1985	9,679,617	4,869	114,108,112	109,168,738	0.00%	
	1986	2,104,202	250,121	115,960,193	115,033,153	0.22%	
	1987	25,105,383	14,824	141,050,752	128,505,472	0.01%	
	1988	2,627,534	489,958	143,208,328	142,129,540	0.33%	
	1989	1,884,977	51,040	144,842,284	144,025,266	0.04%	
	1990	3,721,947	383,801	148,170,410	146,506,337	0.27%	
	1991	840,322	286,452	148,854,249	148,512,330	0.17%	
	1992	375,079	0	149,229,328	149,041,789	0.00%	
	1993	1,558,670	252,318	150,535,580	149,882,454	0.17%	
	1994	887,617	526,930	150,898,288	150,615,924	0.35%	
	1995	4,158,235	150,635	154,703,867	152,700,067	0.10%	
	1996	1,283,630	648,688	155,338,828	155,021,347	0.42%	
	1997	3,091,448	310,177	158,120,098	156,729,463	0.20%	
	1998	216,362	85,694	158,250,586	158,185,332	0.06%	
	1999	659,781	499,638	158,410,890	158,330,628	0.32%	
	2000	1,213,281	238,934	158,385,037	158,897,883	0.15%	
	2001	(1,596,121)	51,903	157,747,013	158,568,025	0.03%	
	2002	2,687,343	563,694	159,870,681	158,808,837	0.35%	
	2003	2,827,611	125,341	162,572,931	161,221,796	0.08%	
	2004	1,873,498	2,038,837	162,407,590	162,490,260	1.25%	
	2005	3,552,002	637,726	165,321,866	163,864,728	0.39%	
	2006	5,822,111	77,333	171,086,644	168,194,255	0.05%	
	2007	2,516,399	778,592	172,806,360	171,896,502	0.45%	
	2008	4,044,143	526,445	176,324,059	174,565,209	0.30%	
	2009	48,284,421	430,229	222,156,250	199,241,154	0.22%	
	2010	13,894,517	865,259	235,197,508	228,877,879	0.37%	
	2011	3,934,798	1,518,986	237,615,320	238,408,414	0.64%	
	2012	(246,750)	1,762,564	235,596,005	236,600,663	0.74%	
	2013	2,290,453	355,418	237,521,040	236,563,823	0.15%	
	Last 5 years		984,091		227,495,828	0.43%	0.43%
	Last 10 years		897,739		197,853,059	0.45%	0.46%
	Last 20 years		608,990		177,380,393	0.34%	0.33%
	All years		435,340		155,933,932	0.28%	0.25%

Increasing rate for 10+ yrs. 0.35% or more well supported by data, though more than expected Ind %. Use less than what is indicated by data.  
Use 0.28%

GULF POWER COMPANY  
STEAM PRODUCTION PLANT  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				271,797,089			
312	1981	4,441,435	713,974	275,514,530	273,650,799	0.26%	
	1982	10,494,549	1,067,808	284,941,473	280,228,001	0.38%	
	1983	29,488,298	3,941,195	310,486,574	297,714,023	1.32%	
	1984	6,234,823	2,365,056	316,356,341	313,421,457	0.75%	
	1985	4,165,215	1,133,388	319,388,171	317,872,256	0.36%	
	1986	5,439,978	2,084,690	322,743,488	321,085,829	0.65%	
	1987	95,180,957	3,203,222	414,691,222	388,717,355	0.87%	
	1988	2,353,435	1,182,999	415,881,858	415,276,440	0.28%	
	1989	592,265	3,385,694	413,068,229	414,484,943	0.82%	
	1990	7,677,096	4,341,648	418,403,875	414,735,952	1.05%	
	1991	27,097,614	6,867,437	438,633,852	426,518,764	1.61%	
	1992	11,577,425	131,887	448,079,391	442,356,622	0.03%	
	1993	7,247,127	4,145,146	451,181,372	449,630,381	0.92%	
	1994	11,850,083	7,617,918	455,413,517	453,297,444	1.68%	
	1995	24,050,020	4,873,915	474,589,622	466,001,569	1.05%	
	1996	11,619,878	6,541,839	479,867,661	477,128,641	1.37%	
	1997	18,958,597	889,650	497,756,907	488,712,134	0.18%	
	1998	4,800,690	1,307,684	501,049,513	498,403,080	0.26%	
	1999	783,839	4,074,913	497,758,439	498,403,876	0.82%	
	2000	13,844,386	3,723,700	507,879,126	502,818,783	0.74%	
	2001	2,608,733	3,496,889	507,000,971	507,440,049	0.69%	
	2002	42,379,993	19,080,135	530,300,629	518,660,900	3.68%	
	2003	17,434,154	7,629,697	540,105,267	536,203,058	1.43%	
	2004	37,079,986	26,630,616	548,654,667	544,329,977	5.26%	
	2005	110,422,905	14,293,704	644,663,668	596,619,266	2.40%	
	2006	29,451,019	3,558,326	670,576,561	667,630,216	0.64%	
	2007	21,846,035	11,764,370	680,658,226	675,617,394	1.74%	
	2008	49,204,780	7,681,069	722,181,937	701,420,081	1.10%	
	2009	471,940,751	18,056,310	1,176,067,388	949,124,662	1.90%	
	2010	114,848,222	4,073,597	1,286,842,014	1,231,454,701	0.33%	
	2011	73,172,695	16,605,461	1,343,409,258	1,315,125,636	1.26%	
	2012	214,473,714	15,643,141	1,542,239,831	1,442,824,546	1.08%	
	2013	9,181,510	1,421,673	1,548,978,968	1,546,109,900	0.08%	
	Last 5 years		11,159,834		1,298,927,889	0.86%	0.93%
	Last 10 years		12,172,726		968,025,838	1.28%	1.57%
	Last 20 years		9,046,680		730,365,800	1.24%	1.38%
	All years		6,530,226		586,150,570	1.11%	1.12%

Data was increasing, as expected. Data indicates 1.25%. Considering ind is 1.0% or less typically and affects in short time of larger bal, use less.  
Use 1.00%

GULF POWER COMPANY  
STEAM PRODUCTION PLANT  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions	Retirements	EOY Balance	Average Balance	IRR	Mean IRR
		\$	\$	\$	\$	%	%
				103,054,769			
314	1981	1,747,645	250,545	104,551,869	103,803,319	0.24%	
	1982	1,348,737	356,031	105,544,575	105,048,222	0.34%	
	1983	1,231,198	206,842	106,599,131	106,056,853	0.19%	
	1984	1,135,533	382,591	107,312,073	106,940,802	0.37%	
	1985	2,363,202	1,202,681	108,472,594	107,892,333	1.11%	
	1986	3,502,100	547,359	111,427,335	108,949,965	0.50%	
	1987	38,229,992	241,576	147,415,751	129,421,543	0.19%	
	1988	50,732	114,202	147,352,281	147,384,016	0.08%	
	1989	5,706,867	1,645,437	151,415,701	149,383,991	1.10%	
	1990	1,711,778	2,827,752	150,299,725	150,857,713	1.87%	
	1991	445,215	307,633	150,437,308	150,368,517	0.20%	
	1992	123,218	0	150,560,524	150,498,918	0.00%	
	1993	2,290,177	2,178,028	150,872,676	150,616,600	1.46%	
	1994	7,950,089	528,239	158,094,506	154,383,591	0.34%	
	1995	278,231	556,254	157,816,483	157,955,494	0.35%	
	1996	3,685,948	708,184	160,774,247	159,295,365	0.44%	
	1997	0	149,701	160,624,546	160,699,396	0.09%	
	1998	3,882,802	999,185	163,508,182	162,066,354	0.82%	
	1999	2,794,885	681,324	165,641,533	164,574,648	0.40%	
	2000	2,522,902	363,390	167,801,055	166,721,294	0.22%	
	2001	293,771	166,300	167,928,525	167,884,790	0.10%	
	2002	4,471,578	1,990,054	170,410,049	169,169,287	1.18%	
	2003	1,428,293	797,493	171,038,840	170,724,444	0.47%	
	2004	5,750,773	4,790,385	172,009,228	171,524,034	2.79%	
	2005	(1,547,039)	218,391	170,243,796	171,128,513	0.13%	
	2006	10,225,282	2,198,937	178,272,243	174,258,021	1.26%	
	2007	28,241,307	4,410,952	202,102,899	190,187,571	2.32%	
	2008	9,198,384	1,141,101	210,158,181	206,130,540	0.55%	
	2009	3,678,482	838,520	212,996,144	211,578,162	0.40%	
	2010	30,871,968	6,249,585	237,420,527	225,209,335	2.78%	
	2011	8,300,789	2,304,258	243,417,058	240,418,792	0.98%	
	2012	58,172,554	9,040,618	293,548,995	268,483,026	3.37%	
	2013	6,871,358	1,066,255	299,354,088	298,451,547	0.36%	
	Last 5 years		3,899,847		248,428,173	1.57%	1.57%
	Last 10 years		3,225,880		215,538,784	1.50%	1.49%
	Last 20 years		1,958,836		169,441,120	1.03%	0.96%
	All years		1,498,400		185,365,000	0.91%	0.81%

IRR is increasing, as expected. Some large rets in recent yrs. Data indicates 1.0% or more. Considering Ind is less than 1.0% typically, use less.  
Use 0.85%



GULF POWER COMPANY  
STEAM PRODUCTION PLANT  
INTERIM RETIREMENT RATE

Accr	Year	Annual Additions	Retirements	EOY Balance	Average Balance	IRR	Mean IRR
		\$	\$	\$	\$	%	%
				41,299,314			
316	1981	242,533	62,286	41,479,561	41,389,438	0.15%	
	1982	870,527	38,248	42,311,842	41,895,702	0.09%	
	1983	6,064,150	19,463	48,356,529	45,334,166	0.04%	
	1984	3,428,399	395,891	51,386,038	48,872,784	0.79%	
	1985	806,707	105,611	52,090,134	51,739,588	0.20%	
	1986	294,060	25,784	52,358,411	52,224,272	0.05%	
	1987	8,680,302	7,502	61,031,210	56,694,810	0.01%	
	1988	276,600	49,579	61,258,232	61,144,721	0.06%	
	1989	212,196	223,448	61,246,960	61,252,605	0.36%	
	1990	(92,848)	135,433	61,018,701	61,182,841	0.22%	
	1991	601,156	133,479	61,688,381	61,352,541	0.22%	
	1992	1,368,920	34,149	63,021,163	62,363,767	0.05%	
	1993	567,841	0	63,589,993	63,305,073	0.00%	
	1994	393,629	59,951	63,922,672	63,755,832	0.09%	
	1995	528,700	83,408	64,367,964	64,145,318	0.13%	
	1996	6,726,006	564,112	70,529,858	67,448,911	0.84%	
	1997	136,412	132,608	70,533,662	70,531,760	0.19%	
	1998	557,803	158,987	70,932,498	70,733,060	0.22%	
	1999	301,356	58,170	71,175,684	71,054,081	0.08%	
	2000	987,608	171,015	71,992,177	71,583,930	0.24%	
	2001	1,476,070	17,822	73,450,425	72,721,301	0.02%	
	2002	589,731	136,803	73,903,353	73,676,889	0.19%	
	2003	590,668	120,705	74,373,316	74,138,334	0.16%	
	2004	18,282,060	375,020	90,280,358	82,326,836	0.46%	
	2005	2,324,069	2,417,945	90,166,470	90,203,413	2.66%	
	2006	(4,328,662)	1,876,848	83,980,940	87,083,705	2.16%	
	2007	4,182,346	1,050,657	87,112,629	85,546,785	1.23%	
	2008	5,753,807	3,138,935	89,729,301	88,420,985	3.55%	
	2009	73,214,922	418,477	162,525,748	128,127,523	0.33%	
	2010	5,464,052	622,478	167,387,319	164,948,533	0.38%	
	2011	7,471,415	776,929	174,081,806	170,714,553	0.46%	
	2012	35,338,090	1,498,308	207,901,588	190,881,697	0.78%	
	2013	2,290,453	355,418	208,836,622	208,869,105	0.17%	
	Last 5 years		734,322		172,327,884	0.43%	0.42%
	Last 10 years		1,252,901		129,525,112	0.97%	1.22%
	Last 20 years		701,629		99,752,029	0.70%	0.72%
	All years		462,629		61,961,603	0.56%	0.50%

IRR has increased, as expected. Some large rates past 10 years. Data indicates 0.70 or more. Considering ind is less than 0.5% typically, use less.  
Use 0.80%

GULF POWER COMPANY  
STEAM PRODUCTION PLANT  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions	Retirements	EOY Balance	Average Balance	IRR	Mean IRR
		\$	\$	\$	\$	%	%
				8,787,608			
318	1981	102,328	3,851	8,898,085	8,848,847	0.04%	
	1982	937,168	10,671	9,822,580	9,359,332	0.11%	
	1983	854,689	56,849	10,620,420	10,221,500	0.66%	
	1984	928,098	50,538	11,495,982	11,068,201	0.48%	
	1985	625,063	15,183	12,105,862	11,800,922	0.13%	
	1986	202,590	93,541	12,244,911	12,175,387	0.52%	
	1987	3,648,236	26,365	15,864,782	14,054,847	0.19%	
	1988	278,230	3,205	16,139,807	16,002,295	0.02%	
	1989	680,889	861,624	15,938,952	16,039,379	5.37%	
	1990	410,385	74,823	16,274,494	16,106,723	0.46%	
	1991	313,223	48,993	16,536,723	16,408,608	0.30%	
	1992	(233,585)	139,643	16,166,516	16,352,119	0.85%	
	1993	350,700	17,940	16,498,275	16,331,865	0.11%	
	1994	80,859	2,966,283	13,592,860	15,045,562	19.85%	
	1995	73,783	323,856	13,342,678	13,467,764	2.41%	
	1996	124,421	142,637	13,324,462	13,333,570	1.07%	
	1997	132,724	438,528	13,018,658	13,171,860	3.33%	
	1998	6,180	105,208	12,918,609	12,969,133	0.81%	
	1999	144,064	181,377	12,802,268	12,910,952	1.25%	
	2000	103,518	115,047	12,690,766	12,898,531	0.89%	
	2001	201,867	301,878	12,790,754	12,840,760	2.35%	
	2002	688,051	588,557	12,910,249	12,850,501	4.42%	
	2003	(95,306)	28,827	12,788,315	12,849,282	0.21%	
	2004	280,802	139,043	12,929,874	12,859,065	1.08%	
	2005	22,863	22,281	12,930,456	12,930,185	0.17%	
	2006	191,818	71,345	13,050,929	12,990,693	0.55%	
	2007	121,708	43,412	13,129,225	13,090,077	0.33%	
	2008	848,463	49,040	13,728,848	13,428,907	0.37%	
	2009	2,019,818	44,822	15,703,845	14,718,247	0.30%	
	2010	348,256	203,797	15,848,304	15,778,074	1.29%	
	2011	1,332,588	6,960	17,173,931	16,511,118	0.04%	
	2012	7,369,532	1,509,074	23,034,389	20,104,180	7.51%	
	2013	2,280,453	355,418	24,969,424	24,001,906	1.48%	
	Last 5 years		423,974		18,221,901	2.33%	2.12%
	Last 10 years		244,499		15,640,847	1.66%	1.31%
	Last 20 years		380,755		14,437,204	2.64%	2.49%
	All years		272,379		14,045,459	1.94%	1.78%

IRR % varied by year. Data periods have been generally consistent and ~2.0%. 1.25% even w/o the two largest rat year data. Incl 0.50 to 1.0% or so.  
Use 1.26%

16. Please refer to Tab 6, page 1. Please explain how Gulf's proposed "net removal cost factor of 25% was applied to the interim retirements," and provide an example complete with formula(s).

**ANSWER:**

As described in Gulf's response Item No. 12, production interim retirements are calculated by the application of the IRR to the investment. The 25 percent net removal (NR) is then applied to the interim retirements. Net removal of interim retirements is calculated by the following formula:

$$\text{Net Removal} = (\text{\$investment balance} \times \text{IRR} \times \text{RL} \times \text{NR}\%)$$

The results of the production net removal calculations are shown in Tab 7. The calculation of production net removal is in Tab 7, column AE of MS Excel spreadsheet "Staff's 1<sup>st</sup> Request Tab 7 and 9.xlsx" provided to staff on May 30<sup>th</sup>, 2013. Using Plant Crist Common, Account 311, as an example, net removal is calculated as follows:

$$\text{Net Removal} = (\text{\$122,456,878} \times 0.25\% / \text{yr} \times 24.5\text{yrs} \times 25\%) = \text{\$1,875,121}$$

17. Please refer to Tab 8, Net Removal, page 2, Gulf's 25 percent net removal for steam production and to Tab 4, page 3, Column B, Net Removal. Please explain how a 25 percent net removal becomes the net removal percentages of 0 to 6.4 for the different steam production sites. Please include a calculation example in your response, showing formula(s).

**ANSWER:**

The 25 percent net removal of tab 8 becomes less than that for the plant sites on Tab 4 because production net removal was determined from and applied to only interim retirements, not the entire investment balance. Accordingly, net removal at a site level will be less than 25 percent. Refer to Gulf's response to Item No. 16 for the calculation.

The production net removal as a percent of investment balance at a unit varies by account because different IRR are used for the accounts. The net removal varies by unit because of differences in the account investment mix among the units.

18. According to Tab 7, the following accounts show negative accumulated depreciation (reserve). For each of the accounts, please explain the reason(s) and provide Gulf's proposal for eliminating the negative reserve, and include a discussion on whether capital recovery schedules would be an appropriate solution.

Plant Smith CT

Account 346 (Misc. Power Equipment): (\$7,302)

Plant Smith CC

Account 342 (Fuel Holders): (\$532,194)  
Account 343 (Prime Movers): (\$8,563,463)  
Account 346 (Misc. Power Plant Equipment): (\$852,368)

**ANSWER:**

The negative reserve balance in FERC 346 for the Smith CT was created when a project to upgrade the turbine controls in 2010 incurred a large cost of removal of \$14,602. The depreciation rate proposed in the study is expected to recover the 346 investment by the end of its average remaining life.

The negative reserve balance in FERC 342 for the Smith CC was projected for year-end 2013 because of large interim retirements related to a planned outage in 2013. These retirements, totaling \$1.5 million, will cause a negative balance in the reserve. The depreciation rate proposed in the study is expected to recover the 342 investment by the end of its average remaining life.

The negative reserve balance in FERC 343 and FERC 346 for the Smith CC is the result of several large interim retirements associated with forced outage events during the 2005 to 2010 time frame. The issues leading to the forced outages were identified and addressed with GE. In addition, the retirements associated with a large planned outage in 2013 also contributed to the negative reserve. The depreciation rate proposed in the study is expected to recover all 343 and 346 investment by the end of its average remaining life.

Gulf does not consider capital recovery schedules as an appropriate solution to negative reserves. In order to be consistent with the practice utilized in past depreciation studies, the original cost of an asset retired, using the Group Accounting Concept, would be charged against the accumulated provision for depreciation without regard to whether the item is retired early, at the estimated average service life, or beyond the average. Any variances (surplus or deficiency) which may be created as a result of the retirement will be allocated

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
Item No. 18  
Page 2 of 2

over the remaining life of the assets still in-service. Group accounting enables utilities to efficiently maintain depreciation accounting records in a cost-effective manner. If capital recovery schedules are used for property nearing retirement and amortized, the efficiencies gained by using group depreciation diminish. Further, this practice can result in distortion of not only the average service life, but also the group's depreciation rate. As a result, Gulf recommends continued use of the remaining life of each depreciable category as the appropriate recovery period for items retired earlier than the average service life of the group.

19. The December 31, 2013 plant balances for the five-year amortization for Plants Scholz and Smith in Tab 5 are different from the plant balances in Tabs 7 and 10. Which Tab(s) contain the correct plant balances?

**ANSWER:**

All tabs are correct. Tab 5 combines Base Coal and 5 year amortizable property together. See below.

<u>Plant in Service</u> <u>Budget YE 2013</u>	<u>Tab 5</u>	<u>Tab 7</u>	<u>Tab 10</u>
<u>Scholz</u>			
5 year Amort	\$ 80,030	\$ 8,730	\$ 8,730
Base Coal		71,300	71,300
Total	<u>\$ 80,030</u>	<u>\$ 80,030</u>	<u>\$ 80,030</u>
<u>Smith</u>			
5 year Amort	\$ 137,826	\$ 29,526	\$ 29,526
Base Coal		108,300	108,300
Total	<u>\$ 137,826</u>	<u>\$ 137,826</u>	<u>\$ 137,826</u>

20. Referring to Tab 7, Crist Plant Easements show \$0 of plant and an accumulated provision for depreciation of \$420. On a more detailed basis, Tab 10 shows that during 2012 a negative addition of \$5,103 brought the plant balance to \$0 by the end of 2012. Tab 11 shows that \$72 in depreciation expense added to \$348 in accumulated depreciation brought the balance to \$420 at the end of 2012. Please explain the negative addition, address why it resulted in a positive balance for accumulated depreciation, and explain Gulf's proposal for addressing the positive balance in accumulated depreciation.

**ANSWER:**

The negative addition was a result of a journal entry crediting the dollars from investment in easements to FERC 307 indirect charges. It was determined that the investment in easements should have been indirect charges to FERC 307. Subsequently, these charges in 307 were booked to the correct retirement units when the work order was unitized and posted to the continuing property record (CPR). When the investment in easements was cleared to zero in May 2012, the depreciation stopped.

The reserve balance of \$420 was cleared in March 2013, and the balance is now zero.



21. For the following sites and accounts (as shown in Tab 7), please explain why there is \$0 investment. If the investment was omitted in error, please provide any applicable replacement pages.

Plant Daniel #1-4 Common – Account 314 (Turbogenerator Units)  
Plant Pace CT – Accounts 341 (Structures and Improvements) and 342 (Fuel Holders)  
Perdido Landfill Plant – Account 344 (Generators)

**ANSWER:**

Plant Daniel #1-4 Common – Account 314 (Turbogenerator Units) - Gulf Power only has ownership in Daniel Units 1 & 2. Daniel Units 3 & 4 are physically separate from Daniel Units 1 & 2 and are owned solely by Mississippi Power. There is no common Turbogenerator equipment shared between Daniel Units 1-4.

Plant Pace CT – Accounts 341 (Structures and Improvements) and 342 (Fuel Holders). There is \$0 investment in 342 because the customer has fuel responsibility. Account 341 has \$0 investment because this facility is located on the customer's site, and the value of the building is spread across the value of the combustion turbines.

Perdido Landfill Plant – Account 344 (Generators) - the investment associated with the generators is included in FERC 343 Prime Movers.

22. Please refer to the Production Tab in Volume 2 of the depreciation study. Please explain what the column heading "An Alternate Theo Res" means and how it is calculated.

**ANSWER:**

The theoretical reserve for the study was calculated using the average remaining life and the average service life, as in the last study.

The theoretical reserve calculated in Volume 2 was for internal information only. It was not used as part of the study. It is an alternative calculation of theoretical reserve that is the same as the above described typical standard calculation except for the calculations are made on a vintage basis, rather than using the average lives. The results of either method are approximately the same.

**Transmission and Distribution**

23. Please refer to page 7 of Tab 7 Parameter Schedules of the Depreciation Study for the following questions pertaining to Account 370:
- a. Please provide detailed explanation on the differences and relationships among the following accounts. Please also specify what types of meters are included in each account, when and why that account was established.
    - i. 370 Meters,
    - ii. 370.1 Meters-AMI,
    - iii. 370.1 Meters-FPSC Segregated, and
    - iv. 370.1 Meters-Non FPSC-Segregated.
  - b. Please explain why sub-account Meters-FPSC Segregated is fully depreciated while sub-account Meters-Non FPSC-Segregated is over depreciated. Please specify how Gulf will treat the amount of \$346,201 over depreciation.
  - c. In Order No. PSC-10-0458-PAA-EI, second paragraph on page 5, in Docket No. 090319-EI, the Commission ordered that the amount of net investments of \$9,650,700 associated with a near-term retirement of \$4,352,459 be placed in a separate category and amortized over 4 years. (The amortization period was changed from 4 to 8 years in Order No. PSC-12-0179-FOF-EI) Please identify which of the three sub-accounts discussed in 1a is the "separate category" established per the order. For the sub-account identified, please also reconcile its plant balance and reserve with the amounts of investment and reserve stated in the Commission order.
  - d. Does Gulf have Automatic Meter Reading (AMR) meters? If affirmative, which account discussed in 1a contains the AMR meters.
  - e. Does Gulf still have manually read meters? If affirmative, which account discussed in 1a contains these meters?
  - f. According to page 106 of Gulf's response to Staff's Report in Docket No. 090319-EI, Gulf started to deploy the Advanced Metering Infrastructure equipment (AMI) meters in 2012. According to Tabs 10 and 11, Gulf established the sub-account 370.1 AMI in 2012. Order No. PSC-12-0179-FOF-EI approved that the service life of AMI is 15 years, which has been confirmed by Gulf in this study (Tab 6, page 34). Please explain why Gulf needed to retired the amounts of \$1,079,937 of AMI in 2012 and \$500,000 in 2013, respectively, just after the AMI meters were placed in service for less than three years.

**ANSWER:**

- a.
- i. **370 Meters –**  
This group represents the costs of metering equipment such as enclosures and sockets, excluding AMI metering and the obsolete meters being retired. It also includes approximately 200 commercial meters that are not AMI.
  - ii. **370.1 Meters-AMI –**  
This group represents AMI meters and associated equipment.
  - iii. **370.1 Meters-FPSC Segregated –**  
This group represents meter investment transferred in order to properly segregate non-AMI meters into a separate depreciation group, as required in FPSC Order No. PSC-10-0458-PAA-EI.
  - iv. **370.1 Meters-Non FPSC-Segregated –**  
This group represents the remaining obsolete meters to be retired.
- b. In Order No. PSC-10-0458-PAA-EI, the Commission ordered that the net investment of the near-term retiring meters be fully recovered by corrective reserve transfers from other quantified reserve imbalances. The reserve transfer properly resulted in a fully depreciated group.

The non-segregated amount represents those remaining near-term retiring meters addressed by the FPSC in Order No. PSC-12-0179-FOF-EI. The order directed that the unrecovered amount of \$7M be transferred to a regulatory asset and amortized over an eight year period. Retirements, cost of removal and salvage continue to be posted; however, depreciation expense is no longer booked to this account. This account is not over depreciated, however there is a small debit reserve balance. This debit balance is the result of the removal and salvage activity. Gulf proposes to transfer the residual reserve balance to the 370 Meter account upon completion of the removal and retirement of the obsolete meters.

- c. Per Order No. PSC-10-0458-PSS-EI, Page 5 "Conclusion" – "The annual expense impact over the 4-year period covered by the recovery schedules shall be zero dollars due to the approved reserve allocations discussed herein." Subsequently, on Page 6 "Reserve Allocations" – "Therefore, we find that the corrective reserve allocations shown in Attachment B, appended hereto, are appropriate to correct the quantified reserve imbalances". Therefore, a corrective

reserve transfer for \$9.6M from other quantified reserve imbalances was booked to the 370 Meter group, and no capital recovery schedule was required.

- d. Yes, the AMI (Advanced Metering Infrastructure) meters perform automatic meter reading. These are included in the 370 – Meters-AMI account.
- e. Yes, in account 370 – Meters.
- f. These retirements were incorrectly applied to the AMI meters and should have been applied to the Non-AMI meters that were retired as a part of the AMI implementation.

24. Please refer to Tab 8 Net Removal Cost Study, page 6, Account 353 Station Equipment. Please explain:
- a. What has caused the large removal cost recorded in 2012?
  - b. The significant decrease of salvage annually for the period 2010 through 2012.

**ANSWER:**

- a. The large removal cost recorded in 2012 was primarily a result of two major substation projects. The removal of equipment from the Laguna/Highland City project resulted in removal costs of approximately \$483,000, and the removal of equipment from the Crist Filtered CapBank project resulted in removal costs of approximately \$139,000.
- b. During 2010-2012, Gulf began a program to remove retired equipment from various substation locations throughout its service area. A contractor was hired to remove and sell this equipment on behalf of Gulf. In many cases, the cost to dismantle and remove certain equipment exceeded the realized salvage value of the equipment. The result was a significant net decrease in salvage from 2010-2012.

25. Referring to Tab 8, page 7, Account 354 Towers:
- a. Please explain the major causes for transmission tower retirements for this account.
  - b. Please explain the reasons of the very large removal costs, which were greater than 700%, incurred in 2009 and 2010.

**ANSWER:**

- a. The major causes for transmission tower retirements were primarily replacements of deteriorated in-service towers and retirements of emergency spare stock units. In 2012, Gulf began a program to review certain transmission emergency spare stock locations throughout its service area. As part of this review obsolete towers were removed from spare stock and retired, increasing the retirements in this account.
- b. The reasons for the very large removal costs incurred during 2009 and 2010 were primarily related to 4 specific projects. During 2009, Gulf incurred removal costs of approximately \$96,000 to replace deteriorated log wood foundations on guyed "Y" configurations throughout its service area. During 2010, Brentwood 230kV and 115kV transformer autobank replacement incurred removal costs of approximately \$13,000; Rat Pond Tap incurred removal costs of \$83,000, and Brentwood Pine Forest 115kV Reconductor removal costs totaled approximately \$44,000.

26. Please refer to Tab 8, page 8, Account 355 Poles:
- a. What portion of the poles in this account are steel, concrete and wood at the end of 2011 and 2012, respectively?
  - b. Please explain the major causes for transmission pole retirements.
  - c. Does Gulf have a transmission pole treatment program? If affirmative, please explain.
  - d. Please explain Gulf's transmission pole inspection program including what the program entails.
  - e. Please explain how Gulf disposes of its transmission poles.
  - f. Please explain the reasons of the large increase in removal costs incurred in 2010 and 2012, which were greater than 550% and 440%, respectively
  - g. What are the causes of the very large retirements in 2012? (\$3.2 million in 2012 versus \$0.3 million in 2011, \$0.4 million in 2010, and \$0.6 million in 2009)?
  - h. Please explain how the 50% Cost of Removal Rate was calculated for this account. Please provide work paper to support your response.

ANSWER:

- a. 

	<u>2011</u>	<u>2012</u>
Concrete	30%	28%
Wood	70%	72%
- b. The major causes for transmission pole retirement are related to pole deterioration and upgrades due to line rebuilds.
- c. Gulf has a transmission pole treatment program whereby ground line treatment, drilling and associated treatment tablets are placed in poles.
- d. Gulf's transmission structure inspection program is based on 2 alternating 12 year cycles, which results in a structure being inspected every 6 years. See attached exhibit from Gulf Power Storm Hardening Plan 2013-2015, section 2.3, page 9.
- e. Gulf disposes of transmission wood poles by cutting them up and disposing in a construction and demolition dumpster, as there is no value in deteriorated wood poles. The concrete and steel poles are reused or sold for scrap value.
- f. The reasons for the large increase in 2010 were to replace poles, arms, and critical structures at various locations throughout Gulf's service area with removal



- costs of approximately \$1,425,000. Additionally, the reconductor projects of Brentwood to Pine Forest line incurred removal costs of approximately \$500,000, Crist to Barry incurred removal costs of approximately \$109,000 and Pine Forest and Pine Forest to Molino incurred removal costs of approximately \$142,460. Furthermore, in 2010, the autobank associated with the Brentwood project incurred removal costs of approximately \$74,000. The reasons for the large increase in 2012 were to replace poles, anchor guys, and insulators at various locations throughout Gulf's service area with removal costs of approximately \$1,514,000. Additionally, the reconductor projects of Smith – Laguna 115kV incurred removal costs of approximately \$930,000 and Marianna to Alford 115kV incurred removal costs of approximately \$1,716,000.
- g. The reasons for the large increase in retirements in 2012 were to retire poles and critical structures at various locations throughout Gulf's service area with retirement costs of approximately \$1,491,000. Additionally, the retirement of conductor associated with the Molino to Pine Forest 115kV line resulted in a retirement of approximately \$1,863,000.
- h. The 50 percent COR for Poles was generally developed based on the analysis of Gulf historical data. Please refer to Tab 8, page 8 for the workpaper. In the prior study, the Poles COR was concluded to be 40 percent. While the specific historical COR indications of 90-100 percent are greater than the concluded 50 percent, those indications are at the high side of the typical industry range.

27. Please refer to Tab 8, page 9, Account 356 Overhead Conductors:
- a. Please explain the reason for the large removal costs recorded in 2011.
  - b. Please explain the cause of the large retirements recorded in 2012.

**ANSWER:**

- a. The reason for the large removal costs recorded in 2011 was primarily conductor removal and replacement of the Sinai Cemetary – Callaway 115kV line, which incurred removal costs of approximately \$488,000. The remaining removal costs are associated with various smaller overhead conductor projects at various locations throughout Gulf's service area.
- b. During 2012, Gulf compared in service overhead conductor to property records. The result of this review necessitated retirements of overhead conductor primarily from 4 locations; Crist Plant to Wright Substation, Brentwood to Silverhill Substation, Crist Plant to Barry Plant, and Smith Plant to Shoal River Substation at a retirement amount of approximately \$945,000. Additionally, the retirement of conductor associated with the reconductor of Molino to Pine Forest 115kV line resulted in a retirement of approximately \$800,000.

28. Referring to Tab 8, page 10, Account 358 Underground Conductors, please explain why there is cost of removal recorded in 2012 while the corresponding retirement is zero.

**ANSWER:**

The reason for the cost of removal recorded in 2012 while the corresponding retirement is zero is because the project, Choctaw Submerged Cable 115kV project, is currently classified as Construction Work in Progress. Florida Public Service Commission Rule 25-6.0142 states "the retirement entry shall be recorded no later than two months following the transfer of expenditures from Construction Work in Progress to Electric Plant in Service." Once this project is transferred to Electric Plant in Service, the corresponding retirement will be recorded in accordance with the Commission Rule 25-6.0142.

29. Please refer to Tab 8, page 13, Account 364 Poles:
- a. What portion of the poles in this account are steel, concrete and wood at the end of 2011 and 2012, respectively?
  - b. Please explain the major causes for distribution pole retirements for this account.
  - c. Please explain how Gulf disposes of its distribution poles.
  - d. Are distribution poles expected to live as long as transmission poles? Please explain why or why not.
  - e. Please explain the nature and cause of the negative salvage recorded in 2012.
  - f. Does Gulf have a distribution pole treatment program? If affirmative, please explain.
  - g. Please explain Gulf's distribution pole inspection program including what the program entails.
  - h. What is the "write off of retirement?" Please elaborate on the statement that "[t]he write off of retirements in 2012 have been spread to all years of the analysis and has the effect of decreasing net removal."
  - i. Please explain how the 80% Cost of Removal Rate was calculated for this account. Please provide work paper to support your response.
  - j. Please explain how the 80% Cost of Removal Rate was calculated for this account. Please provide work paper to support your response.
  - k. Please explain the nature and cause of the negative amount of \$19,824 salvage recorded for 2012.

**ANSWER:**

- a.
- |          | <u>2011</u> | <u>2012</u> |
|----------|-------------|-------------|
| Concrete | 0%          | 6%          |
| Wood     | 100%        | 94%         |
- b. Distribution pole retirements in 2012 were due to a life cycle replacement of rotten and damaged poles.
- c. Gulf disposes of distribution poles by discarding them in a construction & demolition landfill.
- d. Distribution poles do not last as long as transmission poles. Distribution poles are exposed to more corrosive elements, and transmission poles are designed for more extreme wind loading.

- e. The negative salvage recorded in account 364 was a result of salvage entry corrections from accounting treatment of returned reclosers. Prior to the Smart Grid Investment Grant, vintage reclosers were returned to inventory through a credit to salvage on a Distribution work order. Gulf determined the vintage reclosers were obsolete and ceased this practice. The credit salvage was a result of reversing prior vintage recloser salvage entries.
- f. Yes. Gulf has a distribution pole treatment program as stated in Gulf Power's Reliability and Storm Hardening Initiatives, section 3.0 - wood poles. See Attachment A.
- g. For Gulf's distribution pole inspection program see Attachment A.
- h. A physical count conducted in Gulf's pole inspection program showed a variance with Gulf's roll forward ledger, a summarization of mass property. This variance was not identifiable to any specific year, so for study purposes the assumption was that the additional retirements would be spread over the span of the study. The increased retirement levels, retirements being the denominator for the COR rate calculation, lower the overall COR rate.
- i. The 80 percent COR for Poles was generally developed based on the analysis of Gulf historical data. Please refer to Tab 8, page 13 for the workpaper. In the prior study the Poles COR was concluded to be 85 percent. A general effect of 2012 Pole write offs was to reduce COR as a percent of retirements. On that basis, all things equal, it was reasonable to reduce COR from the prior study's conclusion, though it was actually an increase from the write off-adjusted results of the prior study. While the specific historical COR indications of 90-100 percent are greater than the concluded 80 percent, those indications are at the high side of the typical industry range.
- j. See answer to Item No. 29(i).
- k. See answer to Item No. 29(e).

30. Please refer to Tab 8, page 14, Account 365 Overhead Conductors:
- a. What is a "recloser activity?"
  - b. Please provide details of the "recloser activity of 2009-2012." Why it was deemed to be abnormal?
  - c. Please explain the reasons of the large removal costs recorded in 2009 and 2010.

**ANSWER:**

- a. For the period 2009-2012, Gulf received a 50/50 match Smart Grid Investment Grant (Grant) from the Department of Energy (DOE). Part of this grant was to change out older technology to newer smart grid technology. This program allowed the replacement of a substantial number of reclosers.
- b. Gulf Power and Southern Company received a 50:50 matching Grant from the DOE for the integration of crosscutting systems. One of the programs implemented under the Grant was associated with Distribution Automation, which focused on accelerating Gulf Power's installation of Microprocessor based smart Mid-Line Reclosers and replacement of vintage hydraulic reclosers. The recloser program, originally scheduled as a 14 year program, was accelerated as a result of the Grant which reduced this program by 4 years and was deemed abnormal because of this accelerated activity.
- c. The reasons for the large removal costs during the 2009 and 2010 period were related to replacing the reclosers under the Grant mentioned above.

31. The following questions pertain to the transmission and distribution conductors accounts, 356 (page 9), 358 (page 10), 365 (page 14), and 367 (page 16) of Tab 8.
- a. Please explain the cause of retirement of conductors in each account.
  - b. Please explain any environmental impacts on the life expectancy of conductors in each account.
  - c. Please explain how retired overhead conductors are disposed.
  - d. Please explain how retired underground conductors are disposed.
  - e. Is underground cable abandoned in place or cut and sealed?
  - f. Are direct buried underground conductors abandoned in place when retired or are they physically removed?
  - g. Please provide a percentage breakdown of the kinds of conductors in each account.

**ANSWER:**

- a. The cause of retirement conductors in FERCs 356, 358, 365 and 367 were due to reconductor projects, distribution and transmission infrastructure projects and natural causes such as; lightning strikes, windblown debris and corrosion due to proximity to the coast.
- b. Conductors on the coast have a shorter life expectancy than inland conductors due to salt water erosion and more lightning strikes.
- c. Retired overhead conductors are disposed by placing into a scrap metal dumpster. Any salvage received is credited to the appropriate FERC accounts.
- d. Removed and retired underground conductors are disposed by placing into a scrap metal dumpster. Any salvage received is credited to the appropriate FERC accounts.
- e. Direct buried underground cables are retired in place. Conductor placed in conduit is physically removed.
- f. Direct buried underground conductors are retired in place.

g.

<u>2012</u>	<u>356</u>	<u>358</u>	<u>365</u>	<u>367</u>
Copper, Bare			10%	
Copper, Covered			1%	
Aluminum, Bare			70%	
Aluminum, Duplex			2%	
Triplex			15%	
Quadruplex			2%	
1/0 & Below				96%
350 MCM				1%
500MCM				3%
Single Conductor	73%			
SSAC, Single Conductor	27%			

There was no activity in FERC account 358 in 2012.



32. The following questions refer to page 15 of Tab 8, Accounts 366 Distribution conduit:
- a. Please explain the causes for the retirement of distribution underground conduit.
  - b. Is conduit expected to experience a longer life than conductor? Please explain.
  - c. When conduit is retired, is it cut and sealed, abandoned in place, or physically removed?

**ANSWER:**

- a. The cause for retirements of an underground conductor can be a damaged conductor or relocated conductor.
- b. Yes. Conduit is considered a structure, and a conductor is affected by electric currents and loading, which would affect its useful life.
- c. When conduit is retired, it is either abandoned in place or removed.

33. The following questions refer to Tab 8, page 17, Account 368 Line Transformers:
- a. Please explain the major causes for the retirement of line transformers.
  - b. Does Gulf have a replacement program for line transformers? If affirmative, please explain the program.
  - c. Please explain the reason of the large removal cost recorded in 2010.

**ANSWER:**

- a. Deterioration due to corrosive environment, damages by public, and other natural causes such as lightning strikes, wind, and load changes are the major causes for retirements of transformers.
- b. Yes. Gulf conducts routine line transformer inspections. As a result of Gulf's proximity to the Gulf Coast, the salt air environment causes rust to compromise transformer casings and cabinets. Gulf will either clean and repaint the unit in place or replace rusted units on an as needed basis. Depending upon location, Gulf may elect to use stainless steel transformers to prolong service life.
- c. Gulf's large removal reported in 2010 was a result of removing transformers from the field that were not serving load.

34. The following questions refer to Tab 8, page 20, Account 370 Meters:
- a. Please describe the types of meters which Gulf installs on its system for its different customer classes and how such meters may differ functionally from meters installed in 2009.
  - b. Please provide a percentage breakdown of the types of meters in Account 370.
  - c. What are the criteria Gulf uses to retire its customer meters?
  - d. How does Gulf dispose of the retired meters?
  - e. Are meters refurbished as new meters? If affirmative, what is the accounting treatment for the costs of refurbishment?
  - f. Are meters accounted for as cradle-to-grave? If negative, please explain why not.
  - g. In its response to Staff's Report in Docket No. 090319-EI, Gulf indicated that it planned to deploy Advanced Metering Infrastructure (AMI) in 2010. Does Gulf plan to deploy more AMI across its territory in the next five years? If affirmative, please provide details.
  - h. What expected life has Gulf assumed for the AMI? Please explain the basis and support for the assumed life.
  - i. If Gulf assumes different expected lives for AMI and traditional meters, please explain specifically how different lives of different types of meters were blended for a composite life for the meters category.

**ANSWER:**

- a. Gulf currently installs electronic AMI meters for all single phase and three phase customers in all classifications; residential, commercial, and industrial. There are some exceptions to this with very large industrial customers require specialized meters and communication. During 2009 Gulf was early in the deployment of the AMI project and during this time non-AMI meters were still being installed in some areas of the Company. The functionality of the meters has not changed since 2009 in relation to what and how the meters measure and display energy usage; what has changed is that an AMI communication device was added for transmission of the readings.

- b. Meter 370
- |             |      |
|-------------|------|
| One Phase   | 6.6% |
| Three Phase | 5.1% |
- Meter – AMI
- |             |       |
|-------------|-------|
| One Phase   | 62.3% |
| Three Phase | 26.0% |

- c. Gulf retires meters based on several criteria: obsolete equipment that no longer meets the needs of our customers, damaged equipment, and equipment that fails required testing standards.
- d. Gulf disposes of retired meters through a recycle program for scrap material.
- e. Gulf does refurbish (clean and re-certify) meters. These costs are expensed in the Operation and Maintenance budget.
- f. Yes. Gulf does account for meters from cradle-to-grave.
- g. Gulf began the deployment of AMI meters across the system in 2008 and completed the initial deployment in early 2013. Gulf will continue to use AMI meters for new installations over the next 5 years associated with customer growth and normal maintenance of the system.
- h. The ASL of 15 years was approved for AMI in Commission Order No. PSC-12-0179-FOF-EI, Docket 110138-EI. This life is shorter than a life for traditional meters because AMI is relatively new without life experience and subject to more possible obsolescence than the traditional electro-mechanical meters. Also, while repairs could sometimes be made to older electro-mechanical meters, extending life, that will not be the case for the digital or electronic AMI. A shorter life for AMI is consistent with the lives the industry uses for AMI.
- i. Gulf did not blend different meter lives of different meter types for a composite life. Meters, traditional and AMI, were combined on page 20 of Tab 8 to develop a Net Removal percent.

35. The following questions refer to Tab 8, page 21, Account 373, Street Lighting:
- a. Please explain the major causes for the retirement of street lights.
  - b. Please identify the different kinds of street lights recorded in Account 373.
  - c. Are there any technology changes on the horizon that may affect the life of Account 373? If affirmative, please explain the technology and how it may impact the expected life of the account.
  - d. Have there been any changes to Gulf's retirement policy for this account?
  - e. Please explain the reason of the large removal cost recorded in 2012.

**ANSWER:**

- a. Street lights are retired when repair requires more than small component replacement, i.e., ballast fixture. Routine repairs are lamps, photocells, starters and capacitors. Street light poles are retired when replacement is needed. Also, retirements are necessary when a customer no longer desires lighting service or changes to a different type or size of light.
- b. "Street lights" – FERC 373 – includes all of street and area lighting including roadway, directional flood lights, and private and yard lighting. Also, included in 373 are poles, wire, and hardware for lighting use only.
- c. New technology lighting, specifically LED, has improved the lifecycle.
- d. No.
- e. Several factors explain the higher cost of removal in 2012:
  - More customers are converting to LED, fixtures which is requiring removal of existing fixtures;
  - One fairly large project converting to metal halide fixtures requiring removal of existing fixtures; and
  - One municipal customer converting to LED as well as removing overhead facilities and installing underground facilities.

36. Following questions pertain to the potential Capital Recovery Schedules:
- a. Please identify major upgrades, if any, that Gulf has planned for any generating unit at each of Gulf's plant during the next four years.
  - b. Please identify the total, as well as individual, investments and associated reserves that will retire in connection with each of the planned upgrades. Please explain what each identified upgrade will entail.
  - c. Please explain and provide any available work papers showing the development of the reserve associated with the retiring investments at each site.
  - d. Please identify any gross salvage or cost of removal expected from each of the retirements.
  - e. Please identify meter investments that will retire over the 2014-2017 period in connection with the Gulf's AMI program.
  - f. Please identify the reserve associated with the retiring meter investments discussed above. Please also provide the work papers showing the development of the reserve.
  - g. Please provide the estimated net salvage expected from the retirement of these meters discussed above so they can be included with net unrecovered costs to amortize.

**ANSWER:**

- a. See response to item 7.
- b. See response to item 7.
- c. There are no work papers.
- d. Cost of removal is included in response to item 7. Gulf does not estimate salvage in the budget process.
- e. Gulf's AMI program is complete and will drive no additional retirements after 2013.
- f. Retirements, cost of removal, and salvage will continue to be recorded in 2013. Gulf proposes to transfer the residual reserve balance to the 370 Meter Account in early 2014.
- g. Please see Gulf's response to Item Nos. 36(e) and 36(f) above.

37. Please refer to Tab 10, Plant Investment Activity - 2009 to 2013, for the following questions.
- a. Referring to Sheet 2 of December 2013 Budget, please provide explanations for the following: (i) why was the plant addition of Account 355 increased more than 260% in 2013, compared with the addition in the other years during period 2009-2013 (see Sheet 2 of Budget of 2012, 2011 2010, and 2009). (ii) Why was plant addition of Account 356 increased more than 340% in 2013, compared with other years in the same period.
  - b. Referring to Sheet 3 of December 2013 Budget, please provide explanations for the following: (i) why did Gulf transfer \$11,287,000 from sub-account Meters into sub-account Meters-AMI Equipment. (ii) Why was the retirement of Account 373 increased more than 244% in 2013, compared with other years in the same period.
  - c. Referring to Sheet 2 of December 2012 Budget, (i) please explain the reason and cause of the adjustments recorded in accounts: 350.0, 350.2, 353, 354, 355, and 356. Please also identify the source account(s) from which the investment was transferred for each activity. (ii) Please explain why the retirement of Account 354 was increased more than 495% in 2012, compared with the retirement rate in the other years during period 2009-2013. (iii) Please explain why the retirement of Account 355 was increased more than 892% in 2012, compared with the other years in the same period.
  - d. Referring to Sheet 3 of December 2012 Budget, please explain the reason and cause of the adjustments recorded in the following accounts: 360.0, 362, 364, 365, and 368. Please also explain why Gulf adjusted negative amount of \$34,299,000 to sub-account Meters and positive amount of \$34,299,000 to sub-account Meter-AMI Equipment.
  - e. Referring to Sheet 2 of December 2011 Budget, please explain the reason and cause of the transfer recorded in 353. Please also identify the source account(s) from which the investment was transferred for this activity.
  - f. Referring to Sheet 3 of December 2011 Budget, please explain the reason and cause of the transfers recorded in the following accounts: 361, 362, 364, 365, 367, 368, and 373. Please also identify the source account(s) from which the investment was transferred for each activity.
  - g. Referring to Sheet 2 of December 2010 Budget: (i) please explain the reason and cause of the transfer recorded in accounts: 350.0, 350.2, 352, 353, 354, and 355; and identify the source account(s) from which the investment was transferred for each of these activities. (ii) Please explain the reason and cause of the adjustment recorded in account 350.0.

- h. Referring to Sheet 3 of December 2010 Budget: (i) please explain the reason and cause of the transfer recorded in the following accounts: 362, 365, 367, and 368; and identify the source account(s) from which the investment was transferred for each activity. (ii) Please explain the reason and cause of the adjustment recorded in account 360.0. (iii) Please explain why Gulf transferred an amount of \$21,673,392 from sub-account Meters and credited a portion of it, which was \$12,176,660, into sub-account Meters-FPSC-Segregated, and credited the rest, which was \$9,496,732, into sub-account-Meters-Non FPSC Segregated.
- i. Referring to Sheet 2 of December 2009 Budget: (i) please explain the reason and cause of the transfer recorded in the following accounts: 350.0, 352, 353, 354, 355, and 356; and identify the source account(s) from which the investment was transferred for each of these activities. (ii) Please also explain the reason and cause of the adjustment recorded in account 350.02.
- j. Referring to Sheet 3 of December 2009 Budget: (i) please explain the reason and cause of the transfer recorded in the following accounts: 362, 365, 367 and 368; and identify the source account(s) from which the investment was transferred for each of these activities. (ii) Please explain the reason and cause of the adjustment recorded in accounts 360.0 and 368.
- k. Account 353 has experienced growth of about 47% during 2009-2013 period. Please explain what caused the growth.
- l. Account 355 has experienced growth of about 67% during 2009-2013 period. Please explain what caused the growth.
- m. Account 356 has experienced growth of about 73% during 2009-2013 period. Please explain what caused the growth.
- n. Account 362 has experienced growth of about 51% during 2009-2013 period. Please explain what caused the growth.
- o. Account 359 has experienced growth of about 284% during 2009-2013 period. Please explain what caused the growth.

**ANSWER:**

- a. The majority of plant additions in accounts 355 & 356 increased in 2013 due to multiple transmission line reconductor rebuilds. Holmes Creek - Highland 230kV, Holmes Creek - Slocumb 115kV, N Brewton - Alligator Swamp 230kV, Crist-Air Products 115kV Rebuild, Marianna-Alford 115kV Reconductor, Ponce de Leon and Caryville conversion to 115kV and other transmission line infrastructure projects accounted for approximately \$50,000,000 of the increase. It is not



appropriate to compare transmission additions by year as each project is independent and only completed when required.

- b. (i) This equipment is the meter accessories related to Gulf's "Energy Select" program. The equipment is very similar to AMI meters since both communicate via radio frequency. \$11,287,000 represents the amount of investment related to the meter accessories. Gulf believes the useful life of these meter accessories is 15 years based on Gulf's historical experience.
- (ii) Gulf was expecting higher retirements of street lighting due to the improved technology and efficiency of LED lighting. As of June 30, 2013, Gulf has not experienced this increase and does not expect the increase to occur until at least 2014.
- c. (i) The reason for the adjustment for FERC 350 was the result of the sale of .75 acres of land on the East Crestview Tap 115kV line and a correction of easements which were incorrectly classified as fee simple land in FERC 350.2.

The reason for the adjustment for FERC 350.2 was to correct easements that were incorrectly classified as fee simple land in FERC 350.0.

The amounts listed as adjustments for 2012 for FERC accounts 353, 354, 355, and 356 should have been listed as transfers. The transfers in these accounts were all routine transfers occurring in the normal course of business. The reason and cause for these transfers is described below.

Gulf utilizes two work order processes in its capitalization program: Distribution System Orders (DSO) for Distribution capital work and General Work Orders (GWO) for Transmission capital work. DSOs are capitalized as mass property in a single company-wide location, while GWOs are location property with specific location identifiers in the property system. Because GWOs are location specific, each location has its unique Continuing Property Record (CPR). Within the CPR will be all the property units contained at that particular location.

Plant transfers account for the physical movement of Retirement Unit property between locations. These plant transfers are transfers between:

- transmission substations
- transmission and distribution substations

- transmission substations and transmission emergency spare stock (inactive service)
- transmission substations and general plant
- FERC account corrections for distribution mass property

To a much lesser degree, another cause for plant transfers are work order corrections before the unitization process whereby either an incorrect FERC account was used on a work order, or an interim retirement unit code was used until an allocation to the primary retirement unit code was completed before unitization.

Additionally, a transfer in the amount of \$2,329 resulted from the transfer of a transmission pole in FERC 355 to 397, as this pole is used solely for communication equipment.

- (ii) The major causes for transmission tower retirements in account 354 were primarily replacements of deteriorated in service towers and retirements of emergency spare stock units. In 2012, Gulf began a program to review certain transmission emergency spare stock locations throughout its service area. As part of this review obsolete towers were removed from spare stock and retired increasing the retirements in this account.
  - (iii) The cause of the large increases of retirements in account 355 are due to an increase in 2012 in reconductor projects such as the Molino-Pine Forest 115kV Reconductor, which resulted in \$1,863,000 of retirements in 2012. The remaining retirements were normal transmission line infrastructure retirements.
- d. The reason for the adjustment in FERC 360 is to account for the sale of a substation to a wholesale customer.

The amounts listed as adjustments for 2012 for FERC accounts 362, 364, 365, and 368 should have been listed as transfers. The majority of the transfers in these accounts were all routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

In addition, Gulf transferred \$1,693,302 of switches from FERC accounts 368 to 365. This transfer was to reclassify switches that were physically moved from regulator bypass switches in FERC 368 to routing equipment recloser bypass switches in FERC 365. Also, Gulf reclassifies ground rods each year from overhead to underground in an annual transfer. When these commodities are set

up in stores, they are aligned with FERC account 365, overhead conductors and devices. Through this annual transfer, ground rods are segregated by their actual use as overhead conductors, underground conductors, or devices. During 2012, \$1,015,528 of ground rod additions were transferred between FERC 365 & 367.

The \$34,299,000 adjustment from 370-Meters to 370-Meters-AMI Equipment represents the segregation of AMI Equipment into a separate depreciable category per Order No. PSC-12-0179-FOF-EI.

- e. The transfers in FERC account 353 were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.
- f. The majority of transfers in FERC accounts 361, 362, 364, 365, 367, 368, and 373 were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

In addition, Gulf transferred \$538,382 of property from these FERC accounts 362, 364, 365, 367, 368 & 373 to account 390 for the creation of a lineman training facility. Lineman training facilities were constructed at Panama City and Pine Forest for the purposes of training utilitymen and apprentices in the safe and efficient operation of distribution electrical equipment. Also, \$688,680 of ground rods were transferred between FERC 365 & 367. Please see ground rod discussion provided in answer 37(d) above.

- g. (i) The reason for the transfer in FERC 350 was to transfer substation land to a non-utility account (FERC 121).

The transfer of \$286,489 from 350.2 Easements to 350.0 Land was system generated due to the correction of the depreciation group on the asset. The depreciation group is what determines what is reported by FERC on Schedules Schedule 71 (Plant in Service) and Schedule 75 (Reserve). When a depreciation group is corrected, the property accounting system generates the appropriate transfer of the asset and the reserve. In addition, the reserve booked to the land depreciation group 350.0 was corrected in the same month the transfer was made as land is non-depreciable.

The transfers in FERC accounts 352, 353, 354, and 355 were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

- (ii) The reason for the adjustment recorded in FERC 350 was a reclassification of substation land to a non-utility account (FERC 121) because property was no longer needed for utility purposes.
- h. The majority of transfers in FERC accounts 362, 365, 367, and 368, were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

In addition, \$810,590 of ground rods were transferred from FERC account 365 to 367. Please see ground rod discussion provided in answer d. above.

- (ii) The reason for the adjustment recorded in FERC 360 is a reclassification of substation land to a non-utility account (FERC 121), because the property was no longer needed for utility purposes.
  - (iii) The meter transfers in account 370 were booked in order to properly segregate non-AMI meters into a separate depreciation group, as required in FPSC Order No. PSC-10-0458-PAA-EI.
- i. (i) The reason for the transfer in FERC 350.0 was to account for the reclassification of a substation that had been removed from service to serve as a substation training facility for the Company. This transaction also impacted FERC accounts 352 and 353. A total \$758,859 of property was transferred to FERC 390 for this facility.

The remaining transfers in FERC accounts 352, 353, 354, 355 and 356 were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

- (ii) The reason for the adjustment for FERC 350.2 was a settlement for condemnation proceedings.
- j. (i) The majority of transfers in FERC accounts 362, 365, 367, and 368, were routine transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above. In addition, \$747,256 of ground rods were transferred from FERC account 365 to 367. Please see ground rod discussion provided in answer d. above.
- (ii.) The reason for the adjustment recorded in FERC 360 is a reclassification of substation land to a non-utility account (FERC 121) because property was no longer needed for utility purposes. The reason for the adjustment recorded in FERC 368 is to a correct work order unitization error.

- k. The reason for the growth in additions for accounts 353, 355, 356, and 359 is due to the company's response to the 10 year planning studies that identify system constraints and overloads. For the period of 2009 to 2013, the Company has seen an increase in projects required to address these system constraints and overloads. Additionally, the Company has increased spending to replace aged and obsolete equipment that has reached the end of its useful life.
- l. See response to item 37(k). above.
- m. See response to item 37(k). above.
- n. The reason for the growth in additions for account 362 is due to increase spending to replace aged and obsolete facilities that have reached the end of their useful life.
- o. See response to item 37(k). above.

38. Please refer to Tab 11, Depreciation Reserve Activity-2009 to 2013, of the Depreciation Study for the following questions:
- a. On Sheet 2 of December 2013 Budget, Gulf recorded the amount of \$150,000 removal cost for Account 355, but recorded no retirement activity for the same account. Please provide explanation.
  - b. On Sheet 3 of December 2013 Budget, Gulf recorded \$5,595,000 transfers between accounts Meters and Meters-AMI. Please explain the reason and cause.
  - c. Referring to Sheet 2 of December 2012 Budget: (i) Gulf recorded transfers and adjustments in four accounts: 353, 354, 355, and 356. Please explain the nature and cause of these activities, and identify the source account(s) from which the reserve was transferred for each activity. (ii) Please explain why the removal cost of Account 353 was increased more than 200% while the salvage was decreased 40% in 2012, compared with the other years during period 2009-2013.
  - d. Referring to Sheet 3 of December 2012 Budget: (i) please explain the nature and cause of the transfers and adjustments in accounts: 362, 364, 365, 368, and 370, and identify the source account(s) from which the reserve was transferred for each activity. (ii) Gulf recorded \$6,031,603 transfers between accounts Meters and Meters-AMI. Please explain the reason and cause of this activity.
  - e. On Sheet 2 of December 2011 Budget, Gulf recorded transfers and adjustments in account 353. Please explain the nature and cause of this activity, and identify the source account(s) from which the reserve was transferred.
  - f. Referring to Sheet 3 of December 2011 Budget, (i) Gulf recorded transfers and adjustments in seven accounts: 361, 362, 364, 365, 367, 368, and 373. Please explain the nature and cause of these activities, and identify the source account(s) from which the reserve was transferred for each activity. (ii) Please explain the reason why there is negative amount of removal cost recorded in Account 361.
  - g. Referring to Sheet 2 of December 2010 Budget, (i) please explain why Gulf transfers \$26,501 from Accounts 350.2 into Account 350. (ii) Please explain the nature and cause of the transfers and adjustments recorded in accounts: 352, 353, 354 and 355, and identify the source account(s) from which the reserve was transferred for each activity.
  - h. Referring to Sheet 3 of December 2010 Budget, (i) Gulf recorded transfers and adjustments in accounts: 362, 365, 367, 368, 369.3, and 373. Please explain the nature and cause of these activities, and identify the source account(s) from which the reserve was transferred for each activity. (ii) Gulf recorded transfers and adjustments in accounts 370 Meters, and 370

Meters-FPSC Segregated, 370 Meters-Non-FPSC Segregated. Please explain the nature and cause of these activities, and identify the source account(s) from which the reserve was transferred for each activity. (iii) In Account 370 Meters-Non-FPSC Segregated Gulf recorded the amount of \$52,754 removal cost. Please explain why such removal cost was incurred while there was zero retirement for the same account.

- i. On Sheet 2 of December 2009 Budget, Gulf recorded transfers and adjustments in accounts: 352, 354, 355 and 356. Please explain the nature and cause of these activities. Please also identify the source account(s) from which the reserve was transferred for each activity.
- j. On Sheet 3 of December 2009 Budget, Gulf recorded transfers and adjustments in accounts: 362, 365, 367 and 368. Please explain the nature and cause of these activities, and identify the source account(s) from which the reserve was transferred for each activity.

**ANSWER:**

- a. The reason Gulf recorded the removal cost of \$150,000 in 2013 while the corresponding retirement is zero is because the project is currently classified as Construction Work in Progress. Florida Public Service Commission Rule 25-6.0142 states "the retirement entry shall be recorded no later than two months following the transfer of expenditures from Construction Work in Progress to Electric Plant in Service." Once this project is transferred to Electric Plant in Service, the corresponding retirement will be posted in accordance with Commission Rule 25-6.0142.
- b. (i) See answer to 37 b(i). The \$5,595,000 is the amount of depreciation reserve associated with the meter accessories. This transfer is projected for December 2013.  
  
(ii) We expect an increased retirement of obsolete equipment to happen in 2013 due to improved technology and efficiency of LED lighting.
- c. (i) Plant transfers account for the physical movement of Retirement Unit property between locations in FERC accounts 352 through 358 and 362 through 368. These plant transfers are transfers between a) transmission substations, b) transmission and distribution substations, c) transmission substations and transmission emergency spare stock (inactive service), d) transmission substations and general plant, and e) FERC account corrections for distribution mass property. To a much lesser degree, another cause for plant

transfers are work order corrections before the unitization process whereby either an incorrect FERC account was used on a work order, or an interim retirement unit code was used until an allocation to the primary retirement unit code was completed before unitization. As plant transfers are generated, the system generates the appropriate transfer of the asset and the reserve.

The transfers in these accounts were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. Additionally, the transfers of property in the amount of \$2,329 from FERC 355 to account 397 for the transfer of a pole to be used solely for communication equipment resulted in a \$163 reserve balance change for the affected FERC accounts.

- (ii) The large removal cost recorded in account 353 in 2012 was primarily a result of two major substation projects. The removal of equipment from the Laguna/Highland City project resulted in removal costs of approximately \$483,000, and the removal of equipment from the Crist Filtered CapBank project resulted in removal and clean-up costs of approximately \$139,000. During 2010-2012, Gulf began a program to remove retired equipment from various substation locations throughout its service area. A contractor was hired to remove and sell this equipment on behalf of Gulf. In many cases, the cost to dismantle and remove certain equipment exceeded the realized salvage value of the equipment. The result was a decrease in salvage amounts.
- d. (i) The transfers in FERC accounts 362, 364, 365, and 368 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above. The transfer in FERC account 370 was required by the Commission to write off the unrecovered non-AMI investment associated with Gulf's AMI implementation program. This was approved by the Commission in Order No. PSC-12-0179-FOF-EI, Docket No. 110138-EI. The unrecovered balance, \$7,088,000, was moved to FERC 182, a regulatory asset, by crediting the reserve, FERC 108, and debiting the 182.
- (ii) The \$6,031,603 account 370 reserve adjustment was generated from the \$34,299,000 transfer from 370-Meters to 370-Meters-AMI Equipment for the segregation of AMI Equipment into a separate depreciable category per PSC ruling.



- e. The transfers in FERC account 353 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c. (i) above.
- f. (i) The transfers in FERC account 361, 362, 364, 365, 367, 368, and 373 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.

In addition, Gulf transferred \$538,382 of property from FERC accounts 362, 364, 365, 367, 368 & 373 to account 390 for the creation of lineman training facilities. Lineman training facilities were constructed at Panama City and Pine Forest for the purposes of training utilitymen and apprentices in the safe and efficient operation of distribution electrical equipment. This transfer generated a \$209,952 reserve balance change for the affected FERC accounts. Also, the annual ground rod transfer in the amount of \$688,680 discussed in the answer to item 37(d), resulted in a \$356,114 reserve balance transfer between FERC accounts 365 and 367.

- (ii) The reason for the negative amount of removal in FERC 361 for 2011 is due to an error.
- g. (i) FERC 350.2, The March 2010 transfer of \$286,489 from 350.2 Easements to 350.0 Land was system generated due to the correction of the depreciation group on the asset. The depreciation group is what determines what is reported by FERC on Schedules Schedule 71(Plant in Service) and Schedule 75(Reserve). When a depreciation group is corrected, the system generates the appropriate transfer of the asset and the reserve. This entry generated a reserve entry in the amount of \$26,501. The reserve booked to the land depreciation group 350.0 was reversed in the same month the transfer was made as land is non-depreciable.
- (ii) The transfers in FERC account 352, 353, 354, and 355 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above.
- h. (i) The transfers in FERC accounts 362 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above. Additionally, the annual ground rod transfer in the

amount of \$810,590 discussed in the answer to item 37.d, resulted in a \$618,622 reserve balance transfer between FERCs 365 and 367. The remaining transfers for FERC accounts 368, 369.3 and 373 were a result of the reserve adjustment ordered in the FPSC 2009 Depreciation Study Order No. PSC-10-0458-PAA-EI.

- (ii) The reserve transfers in account 370 were generated due to the investment transfers booked in order to properly segregate non-AMI meters into a separate depreciation group, as required in FPSC Order No. PSC-10-0458-PAA-EI.
  - (iii) Cost of removal of \$52,754 was incurred and is related to the retirements in the 370-Meter account.
- i. The transfers in FERC accounts 352, 354, 355 and 356 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above. In addition, the transfers of property in the amount of \$758,858 from FERCs 352, 354, 355, and 356 to account 390 for the creation of a substation training facility resulted in a \$426,533 reserve balance change for the affected FERC accounts. This facility is for the purposes of training transmission substation apprentices in the safe and efficient operation of transmission or distribution substation electrical equipment.
  - j. The transfers in FERC accounts 362, 365, 367, and 368 were routine transfers and corresponding reserve balance transfers occurring in the normal course of business. The reason and cause for these transfers is described in the answer to c(i) above. Also, the annual ground rod transfer in the amount of \$747,256 as discussed in the answer to item 37(d), resulted in a \$346,583 reserve balance transfer between FERC accounts 365 and 367.

39. Referring to Vol. 1 of Depreciation Study, it appears that Gulf presented accounts 360.1 and 360.2 interchangeably in different places as shown in Table 1 below. Please identify the correct account number and name combination, and clarify whether the four accounts listed in Table 1 are a same one. If not, please explain the difference between one and the other. Please also provided the relevant schedules associated with each account that Gulf has not yet provided in Tab 6, 7, 10 and 11, respectively.

Location		Account No. Gulf Used	Account Name Gulf Used	For the purpose of reporting:
Tab 6	Page 23	360.2	Easements and Rights of Way	Depreciation property
Tab 7	Page 7	360.2	Easements	Parameter Schedule
Tab 10	Sheet 3	360.1	Land Rights	Investment Activity
Tab 11	Sheet 3	360.1	Easements	Reserve Activity

**ANSWER:**

All four accounts listed in Table are the same. The correct account number is 360.1, and the correct name is "Land Rights".

40. In its Depreciation Study, Gulf has referenced to the “industry range” and “industry experience” many times in data analysis and proposed depreciation parameter explanation. Examples are accounts 353, 355, 361, 368, 373, 390 presented in Tab 8 of Vol. 1, and accounts 352, 353, 354, 366, 390 contained in Vol. 2. Please provide the industry range of the depreciation parameters for each and all of the accounts listed in Tab 7, pages 6 - 8, of the Depreciation Study by completing Table 2 below.

**Table 2: Comparison of the Depreciation Parameters**

Account No.	Account Name	Parameters	Gulf Company			Other Florida Utilities In Florida			
			2009-2013 current approved	Company Proposed	Industry range Gulf referred to	Florida Power & Light	Duke Energy Florida	Tampa Electric Company	...
350	Easements	Depreciation rate							
		Average service life							
		Average remaining life							
		Net salvage							
		Average age years							
		Curve type							
		Reserve ratio							
...	...	Depreciation rate							
		Average service life							
		Average remaining life							
		Net salvage							
		Average age years							
		Curve type							
		Reserve ratio							
398	Miscellaneous Equipment	Depreciation rate							
		Average service life							
		Average remaining life							
		Net salvage							
		Average age years							
		Curve type							
		Reserve ratio							

**ANSWER:**

See pages 2 through 8.

The terms “industry range” and “industry experience” in the data analysis primarily refer to the typical range of ASL that Gulf’s depreciation consultant has recently encountered in his studies, as well as what he has observed in other studies. As such, they are part of the consultant’s body of knowledge. They are a general indication of the approximate range of ASL. The referred to ranges and experience are not to be construed as exact or specific, a minimum or maximum, or a conclusion of Gulf ASL.

Gulf is not aware of the parameters approved by the Commission for the other Florida investor owned utilities.

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
Item No. 40  
Page 2 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
350	Easements	Depreciation Rate	1.6%	1.6%	
		ASL	60	65	50-70
		ARL	34.0	31.6	
		Net Salvage	0%	0%	
		Average age Years	26	33	
		Curve type	SQ	R5	
		Reserve Ratio	46.63%	50.97%	
352	Structures and Improvements	Depreciation Rate	2.0%	1.8%	
		ASL	50	55	45-65
		ARL	36.0	40.2	
		Net Salvage	5%	5%	
		Average age Years	14	15	
		Curve type	R4	R4	
		Reserve Ratio	32.90%	33.58%	
353	Station Equipment	Depreciation Rate	2.3%	2.4%	
		ASL	45	45	40-55
		ARL	35.0	36.2	
		Net Salvage	5%	7%	
		Average age Years	10	9	
		Curve type	S0	S0	
		Reserve Ratio	24.56%	20.42%	
354	Towers and Fixtures	Depreciation Rate	2.3%	1.8%	
		ASL	50	55	50-60
		ARL	27.0	31.2	
		Net Salvage	20%	20%	
		Average age Years	23	24	
		Curve type	R5	R4	
		Reserve Ratio	58.49%	63.18%	

Staff's First Data Request  
Docket No. 130151-EI  
**GULF POWER COMPANY**  
July 12, 2013  
Item No. 40  
Page 3 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
355	Poles and Fixtures	Depreciation Rate	3.6%	3.9%	
		ASL	38	40	35-45
		ARL	30.0	33.2	
		Net Salvage	40%	50%	
		Average age Years	8	7	
		Curve type	S0	S0	
		Reserve Ratio	31.70%	20.55%	
356	Overhead Conductor & Devices	Depreciation Rate	2.5%	2.5%	
		ASL	50	50	40-50
		ARL	37.0	41.8	
		Net Salvage	30%	30%	
		Average age Years	13	8	
		Curve type	R2	R1.5	
		Reserve Ratio	35.77%	23.78%	
358	Underground Conductor & Devices	Depreciation Rate	2.1%	1.8%	
		ASL	45	50	50-55
		ARL	26.0	26.3	
		Net Salvage	0%	0%	
		Average age Years	19	24	
		Curve type	R3	R4	
		Reserve Ratio	45.05%	53.43%	
359	Roads and Trails	Depreciation Rate	2.0%	1.9%	
		ASL	50	55	50-65
		ARL	27.0	45.0	
		Net Salvage	0%	0%	
		Average age Years	23	10	
		Curve type	SQ	SQ	
		Reserve Ratio	47.04%	16.02%	

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
Item No. 40  
Page 4 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
360.2	Land Rights	Depreciation Rate	1.8%	1.8%	
		ASL	50	55	50-60
		ARL	52.0	52.2	
		Net Salvage	0%	0%	
		Average age Years	(2)	3	
		Curve type	SQ	SQ	
		Reserve Ratio	6.59%	5.25%	
361	Structures and Improvements	Depreciation Rate	2.2%	1.9%	
		ASL	48	52	45-55
		ARL	32.0	36.5	
		Net Salvage	5%	5%	
		Average age Years	16	16	
		Curve type	R3	R3	
		Reserve Ratio	35.61%	37.17%	
362	Station Equipment	Depreciation Rate	2.2%	2.3%	
		ASL	45	46	35-50
		ARL	33.0	36.2	
		Net Salvage	5%	8%	
		Average age Years	12	10	
		Curve type	R1.5	R1.5	
		Reserve Ratio	31.20%	25.17%	
364	Poles, Towers and Fixtures	Depreciation Rate	5.0%	4.7%	
		ASL	34	32	30-40
		ARL	24.0	25.0	
		Net Salvage	75%	70%	
		Average age Years	10	7	
		Curve type	R1	L0	
		Reserve Ratio	54.44%	51.92%	

Staff's First Data Request  
Docket No. 130151-EI  
**GULF POWER COMPANY**  
July 12, 2013  
Item No. 40  
Page 5 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
365	Overhead Conductors & Devices	Depreciation Rate	3.1%	3.2%	
		ASL	38	40	30-45
		ARL	27.0	28.1	
		Net Salvage	20%	25%	
		Average age Years	11	12	
		Curve type	R1	R1	
		Reserve Ratio	35.73%	36.22%	
366	Underground Conduit	Depreciation Rate	1.3%	1.2%	
		ASL	60	60	50-60
		ARL	27.0	26.3	
		Net Salvage	0%	0%	
		Average age Years	33	34	
		Curve type	R3	R3	
		Reserve Ratio	64.70%	68.37%	
367	Underground Conductors & Devices	Depreciation Rate	3.3%	3.1%	
		ASL	32	34	30-40
		ARL	23.0	24.0	
		Net Salvage	8%	10%	
		Average age Years	9	10	
		Curve type	S3	S2	
		Reserve Ratio	32.57%	35.56%	
368	Line Transformers	Depreciation Rate	4.0%	3.8%	
		ASL	30	32	30-40
		ARL	21.0	23.1	
		Net Salvage	20%	24%	
		Average age Years	9	9	
		Curve type	S0	S0	
		Reserve Ratio	36.00%	36.68%	



Staff's First Data Request  
Docket No. 130151-EI  
**GULF POWER COMPANY**  
July 12, 2013  
Item No. 40  
Page 6 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
369.1	Overhead Services	Depreciation Rate	3.8%	3.4%	
		ASL	35	40	35-45
		ARL	24.0	27.2	
		Net Salvage	45%	55%	
		Average age Years	11	13	
		Curve type	R1	R1	
		Reserve Ratio	53.72%	62.05%	
369.2	Underground Services	Depreciation Rate	2.6%	2.2%	
		ASL	40	44	35-45
		ARL	31.0	33.0	
		Net Salvage	10%	10%	
		Average age Years	9	11	
		Curve type	R1	R1.5	
		Reserve Ratio	30.13%	36.61%	
370	Meters	Depreciation Rate	2.7%	2.6%	
		ASL	33	33	20-35
		ARL	25.0	23.0	
		Net Salvage	-10%	-10%	
		Average age Years	8	10	
		Curve type	R1	R1	
		Reserve Ratio	25.65%	29.51%	
370	Meters - AMI	Depreciation Rate	6.7%	7.7%	
		ASL	15	15	15-20
		ARL	15.0	12.3	
		Net Salvage	0%	0%	
		Average age Years	0	3	
		Curve type	R1	R1	
		Reserve Ratio	0.00%	5.91%	

Staff's First Data Request  
Docket No. 130151-EI  
**GULF POWER COMPANY**  
July 12, 2013  
Item No. 40  
Page 7 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
373	Street Lighting & Signal System	Depreciation Rate	5.0%	4.4%	
		ASL	20	22	15-25
		ARL	13.8	14.6	
		Net Salvage	10%	15%	
		Average age Years	6	7	
		Curve type	L1	L1	
		Reserve Ratio	40.80%	50.68%	
390	Structures and Improvements	Depreciation Rate	2.3%	2.4%	
		ASL	45	45	40-50
		ARL	29.5	29.7	
		Net Salvage	5%	5%	
		Average age Years	16	15	
		Curve type	S1.5	S1.5	
		Reserve Ratio	34.70%	34.75%	
392.2	Light Trucks	Depreciation Rate	9.3%	13.8%	
		ASL	10	11	5-10
		ARL	4.5	3.5	
		Net Salvage	-12%	-5%	
		Average age Years	6	8	
		Curve type	S3	L4	
		Reserve Ratio	46.17%	47.24%	
392.3	Heavy Trucks	Depreciation Rate	7.9%	7.4%	
		ASL	11	12	8-12
		ARL	5.1	4.3	
		Net Salvage	-15%	-13%	
		Average age Years	6	8	
		Curve type	L4	L4	
		Reserve Ratio	44.66%	55.32%	

Staff's First Data Request  
Docket No. 130151-EI  
**GULF POWER COMPANY**  
July 12, 2013  
Item No. 40  
Page 8 of 8

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
392.4	Trailers	Depreciation Rate	4.8%	4.6%	
		ASL	18	20	10-20
		ARL	6.8	8.9	
		Net Salvage	-12%	-9%	
		Average age Years	11	11	
		Curve type	S1.5	S1.5	
		Reserve Ratio	55.32%	49.95%	
396	Power Operated Equipment	Depreciation Rate	4.7%	3.0%	
		ASL	15	17	10-20
		ARL	3.7	6.8	
		Net Salvage	-20%	-20%	
		Average age Years	11	10	
		Curve type	R5	R4	
		Reserve Ratio	62.66%	59.35%	
397	Communication Equipment	Depreciation Rate	6.3%	4.7%	
		ASL	16	17	15-20
		ARL	9.0	10.4	
		Net Salvage	0%	0%	
		Average age Years	7	7	
		Curve type	S1	R1	
		Reserve Ratio	43.30%	50.97%	

General Plant

41. Please list the proposed inventory and reserve amount for accounts 391.1 "Furniture Non-Computer", and 391.2 "Computer Equipment". The account amounts on Schedule 5, "Proforma Expense Comparison", page 3, are presented in reverse order on Schedule 7, "Parameter Schedule", page 9.

**ANSWER:**

The inventory and reserve amount for accounts 391.1 Furniture Non-Computer and 391.2 Computer Equipment are listed below.

	<u>Investment</u>	<u>Reserve</u>
391.1 Furniture Non-Computer	\$2,463,098	\$1,433,256
391.2 Computer Equipment	\$2,395,968	\$1,774,426

42. In Order No. PSC-12-0300-PAA-EI in Docket No. 120059-EI, the Commission required Gulf Power Company to include a new depreciation classification, Account 392-4110 – Automobiles, with a whole life depreciation rate of 12.1 percent implemented effective with the in-service date of vehicles. This classification does not appear in Gulf's 2013 Depreciation Study filed in Docket No. 130151-EI. Please describe:
- a. The automobiles currently in Gulf Power's rate base (make, model, in-service date, and associated investment amounts),
  - b. How the depreciation expense for such automobiles are being recovered in Gulf Power's rates, and
  - c. Why does Account 392-4110 not appear in Gulf's 2013 Depreciation Study?

**ANSWER:**

- a. Gulf currently does not have any automobiles in its rate base.
- b. N/A.
- c. See answer to 42(a) above.

43. The 2013 Gulf Power Depreciation Study, Volume 1 of 2, Tab 10 (Plant Investment Activity) shows that Account 303 - Intangible Plant – Software” had additions of \$12,661,466 in 2010 and has had further additions in 2011, 2012, and 2013, with no retirements during these years.
- a. Provide a list of these assets.
  - b. Explain why these plant balances began in 2010 and continue to increase each year.
  - c. How was Account 303 selected for these assets?
  - d. What is the basis for a seven year amortization shown in Tab 5?

**ANSWER:**

- a. In accordance with the retirement unit rule (Rule 25-6.0142, Florida Administrative Code) for electric utilities, certain general plant assets are to be amortized over a set time period in lieu of maintaining detailed property records. While Gulf does not maintain detailed records of these assets, we do know that recent additions to FERC 303 were related to Gulf’s Enterprise Solution that included accounting, supply chain, and work order management systems.
- b. The Enterprise Solution system went into service in 2010 and has had additions related to upgrades and enhancements in subsequent years.
- c. Gulf has previously used FERC 398 to record software amortization due to the inability of the previous plant accounting system to use FERC 303. Gulf notified the Commission of the limitation in 1992 and was allowed the use of FERC 398 for software amortization in all subsequent depreciation studies and rate cases. Gulf’s current property accounting system is now designed to use FERC 303. Gulf began using FERC 303 when the Enterprise Solution project was unitized in 2011. Gulf notified the Commission of its use of FERC 303 for this purpose in its annual RUC letter for year 2011. According to FERC Code of Federal Regulations (CFR) 18 (Electric Plant Accounts), account 303 is the appropriate account for software.
- d. Gulf has determined that a 7-year amortization period is appropriate for software projects, and thus will provide straight-line amortization over that period from the date the software is put in service and fully tested.

In making our determination, we have noted several factors that lead us to conclude that seven years is an appropriate life for Enterprise Solutions related software applications.

- In a search of public company filings with the SEC, we found numerous instances of companies that indicated they amortized capitalized software development costs over periods up to 7, 10, 12, and 15 years. In some instances, companies disclosed that the longer lives related to enterprise-wide IT projects. Additionally, a recent survey of companies that are members of the Financial Executives International Committee on Corporate Reporting indicated nearly half of companies responding use lives ranging from 7 year up to 10 years for enterprise-wide projects.
- From the perspective of the expected period of use of the software, we considered the pervasive nature of this project whereby we are replacing the company's general ledger system and other critical systems within the company. Given the substantial amount of time, effort, and cost required to implement this project, we consider it to be highly unlikely that Gulf will elect to move to another platform within the next 7 years.
- As to technological obsolescence, given the basic nature of the software applications involved, we do not anticipate any changes in technology that would warrant the replacement of these applications during the next 7 years. We expect the software vendors to continue to support the applications for the foreseeable future minimizing the risk that the applications would need to be replaced with significant upgrades during that period.
- Our history with other software applications of this nature supports our use of a longer life. Several of our major software applications have been used by the company for over 7 years without significant upgrades.

44. Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 7, Page 8 indicates that Account 392.2 – Light Trucks net removal cost is -5 percent, or a net salvage of 5 percent. In Order No. PSC-12-0300-PAA-EI in Docket No. 120059-EI, the Commission established a net salvage for this account at 12 percent. Please explain the reason(s) for the change in net salvage.

**ANSWER:**

In Order No. PSC-12-0300-PAA-EI, Gulf was granted a whole life depreciation rate of 12.1 percent for account 392-4110. This whole life rate was based on a seven-year ASL and a 15 percent net salvage. Account 392.2 – Light Trucks is a different account than the account the Commission established in the above order.

In Order No. PSC-10-0458-PAA-EI the Commission approved a net salvage of - 12 percent for account 392.2 Light Trucks.

As discussed on page 23 of Tab 8, the data indicates a trend of decreasing salvage. Consistent with the data and the trends, a decrease in salvage is appropriate.



45. Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 7, Page 8 indicates that the average service life (ASL) for Account 396.0 - Power Operated Equipment is 17 years, which is two years greater than the current ASL of 15 years. For this same account, no change is indicated in net removal cost (-20 percent). Why does Gulf Power expect no change in net removal cost for these assets despite the increased ASL?

**ANSWER:**

The historical salvage data for this account is very limited. A two year increase in the ASL was not significant to the salvage of this account, given the very limited historical salvage data and the generally estimated salvage percentage.

46. Please refer to Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 7, Page 9. The following accounts show negative accumulated depreciation (reserve). For each of the accounts, please explain the reason(s) and provide Gulf's proposal for eliminating the negative reserve:
- a. Account 392.5 – Marine Equipment (\$21,324)
  - b. Account 398.0 – Miscellaneous Equip (\$219,160)

**ANSWER:**

The depreciation reserve amounts on Tab 7, page 9 are in error. See page 2 for a revised Page 9.

GULF POWER COMPANY  
 DEPRECIATION STUDY AS OF 12/31/2013  
**SCHEDULE OF DEPRECIATION PARAMETERS**

**GENERAL PLANT AMORTIZATION**

<u>Office Furniture &amp; Equipment</u>									
391.1	Furniture/Non-Computer	2,463,098	AMORT	7.0	0.0	-	1,433,256	1,029,842	364,394
391.2	Computer Equipment	2,395,968	AMORT	5.0	0.0	-	1,774,425	621,543	791,167
<b>Total Office Furniture &amp; Equipment</b>		<b>4,859,066</b>			0.0	-	<b>3,207,681</b>	<b>1,651,385</b>	<b>1,155,561</b>
<u>Auxiliary General Equipment</u>									
392.5	Marine Equipment	213,594	AMORT	5.0	0.0	-	89,853	123,741	42,719
393.0	Stores Equipment	1,231,907	AMORT	7.0	0.0	-	775,566	456,341	168,067
394.0	Tools, Shop & Garage Equipment	4,075,782	AMORT	7.0	0.0	-	1,307,786	2,767,996	358,155
395.0	Laboratory Equipment	3,361,355	AMORT	7.0	0.0	-	1,406,571	1,954,784	346,815
397.0	Communication Equip	3,620,424	AMORT	7.0	0.0	-	1,952,702	1,667,722	597,510
398.0	Miscellaneous Equipment	3,572,092	AMORT	7.0	0.0	-	2,199,354	1,372,738	495,316
<b>Total Auxiliary General Equipment</b>		<b>16,075,154</b>			0.0	-	<b>7,731,832</b>	<b>8,219,581</b>	<b>1,965,863</b>
<b>Total Amortizable General Plant</b>		<b>20,934,220</b>					<b>10,939,513</b>		
<b>Total Depreciable &amp; Amortizable General Plant</b>		<b>153,614,542</b>					<b>66,734,196</b>		
<u>NON-DEPRECIABLE GENERAL PROPERTY</u>									
389.0	Land	7,112,487							
		<b>7,112,487</b>							
<b>TOTAL GENERAL PLANT</b>		<b>160,727,029</b>					<b>66,734,196</b>		
<u>INTANGIBLE PLANT</u>									
303.0	Software	15,892,775	AMORT	7.0	0.0	-	6,143,727		2,097,192

47. Please refer to Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 7, Page 9 and the Commission's "List of Retirement Units (Electric Plant) as of January 1, 2000", Page 103. The Depreciation Study indicates an average service life (ASL) of 7.0 years for Account 367 based on amortization, but the List of Retirement Units indicates that the amortization of Account 367 is 5 years. Please explain why Gulf has selected a 7.0 year ASL for this account.

**ANSWER:**

On attachment C of Order No. PSC-10-0458-PAA-EI, Docket 090319-EI, the Commission approved all general amortizable property as 7 year with the exception of 391 Computer Equipment and 392 Marine Equipment as 5 year. The Commission also approved 397 Communication Equipment as 7 year property in Order No. 19901, Docket 880053-EI, which was the first order identifying general property as amortizable. Gulf chose the 7.0 year ASL for this account to be consistent with the Commission's prior determination.

48. Please refer to Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 7, Page 9. Please provide a listing of items included in Account 392.5 - Marine Equipment.

**ANSWER:**

The Commission's "List of Retirement Units (Electric Plant) as of January 1, 2010," states for amortizable property that no property records be maintained except as a vintage group. Gulf is unable to provide a listing of items since it only maintains the dollar amount by vintage group.

49. Please refer to Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 10, Page 3 of 3 for 2013. Please describe the plant addition for the Account 390 – Structures and Improvements, shown as \$8,805,220 and all relevant in-service dates.

**ANSWER:**

The \$8,605,220 budgeted to be in service by year end 2013 is made up of several projects. The largest project is a new building adjacent to our Pine Forest facility. This \$7.1 million project will be placed in service as of October 2013 and will house the Company's training facilities and also be used for Gulf's emergency management activities. The remainder of the projects is smaller infrastructure projects which will go in service at various times during 2013.

50. Please refer to Gulf Power 2013 Depreciation Study, Volume 1 of 2, Tab 10, Page 3 of 3 for 2011. Please identify the nature and reason for the \$538,382 transfer to Account 390 – Structures and Improvements in 2011.

**ANSWER:**

The \$538,382 transfer represents distribution line material that was transferred from various distribution accounts to account 390 for the installation of new lineman training facilities at Panama City and Pensacola.

Dismantlement Study

51. For the purposes of the following request, please refer to Gulf Powers 2013 Dismantlement Study, Volume 1, Section 7.5, page 26.
- a. Are the overhead cost factors applied only to the common portions of Gulf's generating units?
  - b. Please detail and show how these factors, both direct and indirect, were applied to specific cost categories as presented in section 8.3 of Gulf's Dismantlement Study for Plant Crist.

ANSWER:

- a. The overhead factors are applied to all portions of Gulf's generating units. The costs are shown against common.
- b. The percentages for overheads, as shown in Section 7.5, were applied to the total direct costs for Plant Crist including the SCR's. The indirect costs were based on escalated values from Gulf Power's 2009 Dismantlement Study. These costs were then applied to Crist Common in FERC accounts 307, 308 and 309.

Calculations:

As shown on page 5 of Plant Crist All Units Summary report in Section 8.1 of Gulf Powers 2013 Dismantlement Study for Plant Crist, the Subtotal before Contingency is added is \$57,642k. This total represents the direct costs, overheads and indirects.

As shown on page 1 of Plant Crist SCR All Units Summary report in Section 8.1 of Gulf Powers 2013 Dismantlement Study for Plant Crist, the Subtotal before Contingency is added is \$15,696k. This total represents the direct costs, overheads and indirects for the SCR's. The total of these two numbers is:

$$\$57,642k + \$15,696k = \$73,338k$$

In order to determine the direct costs, the overheads and indirects must be subtracted from the total shown above. On page 1 of Plant Crist All Units Summary report in Section 8.1, the account total for FERC 307 is \$3,701, the account total for FERC 308 is \$4,159k, and the total for FERC 309 is \$630k. Therefore the total for FERCs 307 through 309 is:

$$\$3,701k + \$4,159k + \$630k = \$8,490k$$



On page 1 of Plant Crist SCR All Units Summary report in Section 8.1, the account total for FERC 307 is \$730k, the account total for FERC 308 is \$3,040k making the total for overheads and indirects equal to:

$$\$730k + \$3,040k = \$3,770k.$$

Adding the overheads and indirects from the Plant Crist All Units Summary and the Plant Crist SCR All Units Summary yields the totals for overheads and indirects that must be subtracted from the Subtotal before Contingency to determine the direct costs referenced Gulf Powers 2013 Dismantlement Study, Volume 1, Section 7.5, page 26. This total is:

$$\$8,402k + \$3,770k = \$12,172k.$$

To determine the direct costs, subtract this value from the Subtotal before Contingency is applied as shown above which results in:

$$\$73,338k - \$12,172k = \$61,166k$$

The direct costs are usually determined by adding up the cost categories, as shown in Section 8.3 of Gulf's Dismantlement Study with the exception of the overheads and indirects. The calculations used above are shown to simplify the method of determining direct costs.

Now that direct costs are understood, overheads can be applied as stated in Gulf Powers 2013 Dismantlement Study, Volume 1, Section 7.5, page 26. For example, the Wrap-up and all-risk insurance is determined by applying 5% to the direct costs or:

$$\$61,166k \times .05 = \$3,083k$$

This total can also be seen on page 1 of Plant Crist All Units Summary report in Section 8.1 under FERC 308. The report total is actually \$3,149k. The difference is due to rounding as the example calculations are based on numbers rounded to the nearest \$1,000. The report itself is based on the unrounded costs.

Other overheads can be calculated similarly.

The indirects, as discussed on page 26 of Section 7.5 in Volume I, were based on escalated values from Gulf Power's 2009 Dismantlement Study.

52. For the purposes of the following request, please refer to Gulf's Dismantling Study, Volume 1, Section 7.0, page 27.
- a. How was the value of \$123.02 per gross ton for preparing ferrous metal for salvage/scrap determined?
  - b. Please detail the cost components that make up the \$123.02 per gross ton value for preparing ferrous metal for salvage/scrap.
  - c. Are any portions of the \$123.02 per gross ton value included for recovery in other cost categories in Gulf's Dismantlement study?

**ANSWER:**

- a. The preparation costs for ferrous scrap are calculated by multiplying the current scrap price by thirty percent (30%).
- b. Preparation costs account for a scrap dealer's work involved in loading, transporting to a yard, and preparing the scrap to designated size and re-handling the material for shipment.
- c. No.

53. Please list the scrap values Gulf Power Company used in its 2009 Dismantlement Study for copper, ferrous scrap, and non-ferrous scrap metal. Please list and compare both adjusted and unadjusted prices.

ANSWER:

<b>2009 Dismantlement Study</b>	<b>Adjusted</b>	<b>Unadjusted</b>
<b>Copper</b>	\$0.97 / Lb.	\$1.56 / Lb.
<b>Ferrous</b>	\$149 / Ton	\$213 / Ton
<b>Non-Ferrous</b>	\$0.198 / Lb.	\$0.240 / Lb.

54. How did the company determine (or verify a third-party estimate) equipment usage/or rental rates used in it's dismantling study.

**ANSWER:**

The Dismantlement Study cost estimate is based on unit pricing for dismantlement and site restoration. The study does not specifically list equipment usage or rental rates. Such costs are included in unit pricing. Unit pricing includes all contractor costs including mobilization, equipment, and overheads.

55. Why is the Asset Recovery Group responsible for removing Combustion Turbines (CTs) from Gulf's plant sites and are these items generally set for salvage?

**ANSWER:**

All equipment, including combustion turbines, is expected to be removed to return the property to brownfield status. The dismantlement costs for Combustion Turbines include salvage credits.

56. Please explain how the cost of removing asbestos and other contaminants are considered in Gulf's 2013 dismantlement cost estimates.

**ANSWER:**

An assessment will be performed to identify regulated hazardous and toxic materials which will be handled and disposed of according to appropriate current federal and state regulations at the time of actual dismantlement. For this Study, unit costs for removal and disposal of asbestos and other contaminants are tied to cubic yards for soil, drums for chemical residues, and pounds for asbestos.

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
Item No. 57  
Page 1 of 1

57. For each generating unit which a dismantlement provision is being requested, please state Gulf's justification for its proposed terminal/final in-service year.

**ANSWER:**

The final in-service year is determined by the unit's average service life approved in Docket No. 090319-EI, Order No. PSC-10-0458-PAA-EI, issued July 19, 2010. All of Gulf's units were addressed in this order with the exception of the Perdido Gas Landfill Gas to energy plant, which was approved Docket No. 100368-EI, Order No. PSC-10-0674-PAA-EI.

58. How soon does Gulf envision beginning dismantlement activities after plant shutdown, and for how long are such activities estimated to occur?

**ANSWER:**

Gulf does not look at detailed dismantlement activities until such time units are designated for retirement. Activities, timing, and duration would be unique to each retirement. Gulf announced the retirement of Plant Scholz but has not finalized plans for activities to dismantle or the timing for such activities.



59. Does Gulf propose any accumulated book reserve (dismantlement) transfers between its generating sites? If so, please detail the proposed transfers.

ANSWER:

No.

60. How is Gulf accounting for, and segregating recovery amounts for dismantlement that it recovers through the Environmental Cost Recovery Clause (ECRC) rather than base rate depreciation expense?

**ANSWER:**

Dismantlement for ECRC projects is not accounted for differently than dismantlement for base rates. The Dismantlement Study provides the detailed cost estimate as of 12/31/13 for Crist 6 SCR, Crist 7 SCR, and Crist FGD. The dismantlement accrual associated with these environmental projects is calculated in the same manner as a generating unit listed on Tab 9. The accrual is then incorporated into the ECRC clause calculation.

61. Please detail by account number and name with dollar amounts, all funds for dismantlement that have been recovered through the ECRC.

ANSWER:

As of May 2013, the following projects had accumulated dismantlement recovered through ECRC:

<u>Project</u>	<u>Description</u>	<u>Dismantlement Reserve (\$)</u>
1199	Crist 7 SCR/PRC Relocation	\$ 2,809,521
1216	Crist 7 Precipitator Upgrade	1,176,484
1222	Crist FGD	12,910,777
1228	Crist 7 Flue Gas Conditioning	43,229
1243	Crist 6 Precipitator Replacement	1,628,259
1232	Crist Cooling Tower Cell	34,432
1232	Daniel Ash Management Project	<u>1,896,816</u>
Total		<u>\$ 20,499,518</u>

62. Please detail by account number and name with dollar amounts, all costs and annual dismantlement accrual amounts that have been segregated from Gulf's 2013 Dismantlement Study that are being recovered through the ECRC.

ANSWER:

<u>PE</u>	<u>Description</u>	<u>2009-2013 Annual Accrual</u>	<u>Projected 12/31/13 Reserve Balance</u>
1199	Crist 7 SCR/PRC Relocation	\$ 392,040	\$ 3,038,211
1216	Crist 7 Precipitator Upgrade	51,924	1,206,773
1222	Crist FGD	3,778,764	15,115,056
1228	Crist 7 Flue Gas Conditioning	2,556	44,720
1243	Crist 6 Precipitator Replacement	69,144	1,668,593
1232	Crist Cooling Tower Cell	2,028	35,615
1535	Daniel Ash Management Project	107,952	1,959,788
	<b>Total</b>	<b>\$ 4,404,408</b>	<b>\$ 23,068,756</b>

63. Please provide a description of Plant Daniel similar to those of Gulf's other plants as found in section 4.0 of its 2013 Dismantlement Study.

**ANSWER:**

Plant Daniel is a two-unit, coal-fired generating plant located near Escatawpa, Mississippi on a 2657-acre site. The plant uses lighter oil for ignition only and is not capable of full load firing on oil. The station is jointly owned by Mississippi Power Company and Gulf Power Company with each holding a fifty percent (50%) share.

The first unit has a name plate rating 500 MW and was completed in September 1977. The second unit also has a name plate rating of 500 MW and was completed in June 1981. Both units have Westinghouse turbine generators.

The boilers are 2400 psi units manufactured by Combustion Engineering and are rated at 3,611,242 pounds of steam per hour each. Air quality control is achieved using electrostatic precipitators and a single 500-foot stack. The boiler houses are open without siding.

Cooling water is provided by a government owned lake and MPC owned intake and discharge canals. West of the powerhouse is the coal yard, tractor garage, coal unloading and handling facilities (conveyors, crusher houses, etc.). A rail loop facilitates train delivery of coal. Upon completion of the ash collection and storage modification, there will be a 25-acre bottom ash pond with clay and synthetic liner and a dry ash storage area with a 36" liner of clay and filter material (90 acres to be capped upon dismantlement). Auxiliary ash facilities include a transfer tank at the powerhouse and two concrete silos north of the tractor garage. The service building is on the north end of Unit 1. East of the turbine rooms are the 230 and 500 kV switchyards.

Other outdoor structures include the demineralizer building, condensate storage tanks, filtered water storage tanks, fire protection tanks and pump house, lighter oil storage tanks and pumps, waste water treatment facilities, engine generator house, air compressor building, and startup boiler. There is a single underground petroleum storage tank that meets current regulations.

64. Please provide the following information for Gulf's recent 2013 Dismantlement Study.
- a. Please specify the employees assumed in the study that will conduct the dismantlement by site, job title, description of work performed, and labor rate.
  - b. If the labor rates used in the study include loadings, please identify the specific components of the loadings and how they are computed. Please provide any associated work papers and supporting documents.
  - c. Please identify what unloaded labor rates were used in the study (e.g., local union pay scales, RS Means, etc.)
  - d. If the response to (a), (b), and/or (c) have changed since the 2009 Dismantlement Study, please identify what changes have been made with any supporting documents, including but not limited to job title, description of work performed, loaded and unloaded labor rates, local union pay scales, etc.

**ANSWER:**

- a. The Dismantlement Study does not assume that any specific employees will conduct the dismantlement. Costs included for engineering, and administrative support are based on a percent of the dismantling costs as discussed in Section 7.5 of the study.
- b. The Dismantlement Study cost estimate is based on unit pricing for dismantlement and site restoration. Unit pricing includes all contractor mobilization, equipment, overhead, and profit.
- c. The study does not include unloaded labor rates.
- d. The approach used to calculate dismantlement costs has not changed with regards to questions a, b or c above.

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
POD Item No. 1  
Page 1 of 1

Request for Documents

1. Please provide a copy of the pricing schedules from metalprices.com (and/or recycle.net if applicable) that were used to determine scrap metal values for Gulf's 2013 Dismantlement Study.

**ANSWER:**

See Attachment B for scrap pricing values from metalprices.com.

Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
POD Item No. 2  
Page 1 of 1

2. Please provide all supporting documentation used to derive the response to Request No. 64(c).

**ANSWER:**

None.



Staff's First Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 12, 2013  
POD Item No. 3  
Page 1 of 2

3. Please provide all supporting documentation in hard copy format used to derive the escalation rates utilized in Gulf's 2013 Dismantlement Study.

**ANSWER:**

See page 2.

DRI Indices January 2013 Forecast  
 RE: Economy.Com U.S. Macro - 25 Year Forecast  
 From: Lisa Lane, 8-506-4108  
 To: Jarvis Van Norman , GULF

Description:	PPI: Intermediate materials supplies and components (1982=100, SA) Scrap		ECI: Wages & Salaries - Private industry, (Index 12/05=100, SA) Labor		NIPA: GDP Chain-type price index, (Index 2000=100) GDP Disposal	
Source:	BLS		BLS, Productivity & Costs		BEA	
Geography:	United States	% Change	United States	% Change	United States	% Change
Last Updated:	1/8/2013	Year-to-Year	1/8/2013	Year-to-Year	1/8/2013	Year-to-Year
	FPPISP2000.US		FECIWP.US		FDPDPGDP.US	
2009	172.21		110.33		109.53	
2010	183.18	6.37%	112.10	1.61%	111.00	1.34%
2011	199.72	9.03%	113.98	1.67%	113.37	2.13%
2012	200.52	0.40%	115.99	1.77%	115.47	1.85%
2013	203.26	1.37%	117.30	1.13%	118.01	2.20%
2014	208.87	2.76%	119.03	1.47%	120.62	2.21%
2015	215.50	3.18%	121.34	1.94%	123.36	2.27%
2016	222.85	3.41%	123.96	2.16%	125.77	1.96%
2017	229.13	2.82%	126.43	1.99%	128.14	1.88%
2018	234.44	2.32%	128.47	1.62%	130.70	2.00%
2019	239.44	2.13%	130.52	1.59%	133.20	1.91%
2020	244.13	1.96%	133.02	1.92%	135.71	1.88%
2021	248.59	1.83%	136.10	2.31%	138.30	1.91%
2022	253.13	1.83%	139.46	2.47%	140.97	1.93%
2023	257.74	1.82%	142.93	2.49%	143.73	1.95%
2024	262.41	1.81%	146.45	2.46%	146.55	1.98%
2025	267.05	1.76%	149.88	2.41%	149.39	1.94%
2026	271.70	1.74%	153.51	2.35%	152.25	1.91%
2027	276.62	1.81%	157.02	2.29%	155.11	1.88%
2028	281.77	1.86%	160.48	2.20%	157.97	1.84%
2029	287.14	1.91%	163.90	2.13%	160.81	1.80%
2030	292.68	1.93%	167.33	2.09%	163.67	1.78%
2031	298.32	1.93%	170.84	2.10%	166.55	1.76%
2032	304.14	1.95%	174.38	2.07%	169.44	1.74%
2033	310.29	2.02%	177.88	2.00%	172.34	1.71%
2034	316.89	2.13%	181.30	1.92%	175.27	1.70%
2035	323.71	2.15%	184.63	1.84%	178.28	1.72%
2036	330.59	2.13%	187.87	1.75%	181.29	1.69%
2037	337.58	2.11%	191.02	1.68%	184.35	1.69%
2038	344.63	2.09%	194.08	1.60%	187.55	1.73%
2039	351.73	2.08%	197.07	1.54%	190.96	1.82%
2040	359.31	2.15%	199.98	1.48%	194.55	1.88%
2041	367.60	2.31%	202.81	1.42%	198.40	1.98%
2042	376.45	2.41%	205.61	1.38%	202.58	2.11%

Staff's First Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 12, 2013  
 POD Item No. 3  
 Page 2 of 2

# Attachment A

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**GULF POWER COMPANY  
STORM HARDENING PLAN  
2013-2015**

**May 1, 2013**

### **2.3 Inspection Cycle of Transmission Structures**

Gulf Power's current transmission inspection plans meet or exceed the approved 6-year inspection cycle of the FPSC. In 2004, Gulf adopted the Southern Company Transmission Line Inspection Standards as its program. The details of the program have been filed with the Commission as outlined in FPSC Order No. PSC-06-0144-PAA-EI. In general, Gulf contracts ground line inspections and uses a combination of company employees and contractors to perform comprehensive walking and aerial inspections. Gulf's transmission structure inspection program is based on two alternating twelve-year cycles, which results in a structure being inspected at least every six years. Gulf will continue the use of the same transmission inspection program in the 2013-2015 Storm Hardening Plan that was approved in the 2010-2012 Plan.

Historically, Gulf has not inspected a set number of poles each year. Annual inspection rates have varied as Gulf responded to its various needs. Gulf plans to utilize the same flexible approach in its proposed 2013-2015 Storm Hardening Plan to ensure the completion of its inspection cycle as required.

Gulf Power currently inspects all of its substations at least once annually. These inspections include visual inspection of all structures, buss work, switches and capacitor banks for defects. Gulf proposes to continue the same inspection process for the 2013-2015 Storm Hardening Plan.

### **2.4 Storm Hardening Activities for Transmission Structures**

Gulf Power will continue the design and construction of new facilities based on the standards set forth by the most current version of the National Electric Safety Code (NESC). In addition, when it is practical and feasible, consideration will be given to upgrade existing transmission facilities when capital maintenance is performed. It is Gulf's position that the adherence to current design and construction standards using generally accepted engineering practices, in conjunction with the recommended 6-year structure inspection program, will maintain adequate hardening of the system in all areas.

During the 2010-2012 Storm Hardening Plan, Gulf completed the installation of storm guys on all existing wooden H-frame structures and the replacement of over 750 wood cross-arms.

Gulf plans to continue the replacement of wooden H-frame cross-arms with steel cross-arms on transmission facilities as part of the 2013-2015 Storm Hardening Plan. Because cross-arms are mounted horizontally they tend to hold water in small pockets on the top of the arm, which may lead to small

When the National Weather Service announces that a tropical storm or hurricane has entered the Gulf of Mexico, the System Operator will notify CEMC leadership, appropriate management and the Gulf executives. Private weather services used by Gulf Power also issue notifications to selected Gulf officials. The storm is monitored as it develops, and if there is a possibility that Gulf Power's service area will be affected, the CEMC is set up and readied for activation at Gulf Power's Pine Forest facility located in Cantonment, Florida. The hurricane is closely monitored when it may threaten Gulf Power's service area within 36 hours.

After evaluation of wind profiles and consultation with private weather services, a decision is made as to when it will become unsafe for employees to travel. At that time, and after consultation with senior management, the CEMC Manager, the Power Delivery Services Manager, or the CEMC Specialist will determine when the CEMC will be formally activated. CEMC leaders are notified of the activation plan and are responsible for ensuring their respective areas are in a state of readiness and properly staffed.

Once activated, the CEMC is staffed by a core group for the duration of the storm. The CEMC is operational 24 hours a day, 7 days a week, until such time the power is substantially restored to all customers who are able to receive service. Depending on the severity of the storm, repair work on the system may continue after the CEMC is deactivated.

### **3.0 Wood Pole Inspection Plan**

Gulf Power has been evaluating its distribution poles through ground-line inspection since the early 1990's. Gulf's distribution pole inspection program was based on a ten-year cycle, completing its first cycle in 2002. The inspection methodology utilized sound and bore inspection techniques with excavation to a depth of 18 inches. Decayed wood was removed from the outside of the pole, and measurements were taken to determine the pole's remaining strength. The poles were then treated with preservatives. Rejected poles were scheduled for replacement or reinforcement.

Gulf Power's rate of rejection for distribution wood poles has fallen from approximately 15% on its first inspection cycle to less than 5% on the second inspection cycle. The annual pole rejection rates under this program since 2007 are shown in Table 5.

**Table 5: Annual pole rejection rates for Gulf Power for the period 2007-2012**

Year	2007	2008	2009	2010	2011	2012
Reject Rate (%)	2.20	2.73	1.52	3.31	2.53	2.80

In 2007, Gulf Power moved from a ten-year cycle to an eight-year cycle as required by Order No. PSC-07-0078-PAA-EU. Historically, Gulf has not inspected a set number of poles each year. While annual inspection rates have varied to respond to its various needs, Gulf has inspected 88% of its total pole population as of the end of the sixth year of the eight-year cycle. Gulf is on target to achieve the eight-year cycle presented in the 2007-2009 and 2010 - 2012 Storm Hardening Plans. Gulf plans to continue this flexible approach to ensure completion of the present inspection cycle within eight years, while also insuring other programs meet the needs of our customers each year.

Based on the lessons learned during the first pole inspection cycle, Gulf refined its pole inspection process for distribution wood poles. During its first inspection cycle, Gulf inspected all Creosote and Penta poles, but also excavated and bored a sample of CCA poles to determine if these poles required excavation and boring. Gulf learned that CCA poles provide superior decay resistance when compared to Creosote and Penta poles. Based on the findings of these inspections, Gulf refined its inspection process and developed an inspection matrix based on pole age, treatment type, and condition. This matrix brought all CCA poles into the inspection process, and by using the matrix, all poles (Creosote, Penta, and CCA) receive a visual inspection with sounding, boring and excavation as appropriate.

As part of its on-going storm hardening efforts for the 2013 – 2015 Plan, Gulf will continue its pole inspection program on an eight-year cycle utilizing the same inspection matrix approved by the FPSC in 2007 and again in 2010.

## **4.0 Compliance with National Electric Safety Code (NESC) in regards to Storm Hardening**

### **4.1 Distribution**

Gulf Power's distribution system complies with all applicable sections of the National Electric Safety Code and exceeds the NESC with the transition to Grade B construction on all new construction, major projects and maintenance work.

# Attachment B



Home | Contact Us | About Us | Privacy Policy | Terms of Service

Home | Contact Us | About Us | Privacy Policy | Terms of Service



METALPRICES.COM

INTL FCIM  
 LME BASE METALS Index

Home | Historical Database | Steel | Iron Scrap | Plate & Structural Scrap | 5 ft. Max | Pittsburgh | Historical Database | 7/2/2013

Historical Database

Home | Historical Database | Steel | Iron Scrap | Plate & Structural Scrap | 5 ft. Max | Pittsburgh | Historical Database | 7/2/2013

- By Geography
- US Regional Pricing
- By Grade
- Total Steel
- Export Freight Rates
- Related Pages

Plate & Structural Scrap (5 ft) Pittsburgh has been discontinued. Please refer to the Perouse Scrap Price Index - Pittsburgh P&S, 5ft. Max - prices [click here](#)

Iron in 5' Plate Pittsburgh

Start Date: 30 Jun 2012    End Date: 31 Dec 2012    Unit:     Sort Order:    

Currency:      Display Monthly Average Only

Date	Low	High	Average
07/02/2012	368.00	390.00	367.50
06/29/2012	368.00	390.00	367.50
06/28/2012	330.00	335.00	332.50
06/27/2012	368.00	395.00	380.00
06/26/2012	400.00	410.00	405.00
06/25/2012	325.00	335.00	330.00
<b>Average</b>	<b>368.53</b>	<b>378.83</b>	<b>372.08</b>

[Home](#) [Contact Us](#) [My Account](#)



METALPRICES.COM

INTL FCM  
LME BASE METALS Team

Historical Database

- Exchange Prices
- Primary
- Scrap
- Secondary Scrap
- Related Pages

Copper in #1 Wire/Tube Consumer

Start Date: 30 Nov 2012    End Date: 31 Dec 2012    Unit: LB    Sort Order: Most Current First

Currency: US Dollar     Display Monthly Average Only

Date	Low	High	Average
30 Nov 2012	3.4310	3.4810	3.4560
29 Nov 2012	3.3875	3.4175	3.3825
28 Nov 2012	3.3800	3.4300	3.4060
27 Nov 2012	3.3730	3.4230	3.3990
26 Nov 2012	3.3240	3.3740	3.3490
23 Nov 2012	3.3435	3.3685	3.3705
22 Nov 2012	3.3280	3.3680	3.3460
21 Nov 2012	3.3950	3.4380	3.4160
20 Nov 2012	3.4368	3.4788	3.4568
19 Nov 2012	3.4490	3.4890	3.4690
16 Nov 2012	3.4850	3.5080	3.4850
15 Nov 2012	3.4445	3.4845	3.4645
14 Nov 2012	3.5000	3.5400	3.5200
13 Nov 2012	3.4710	3.5110	3.4910
12 Nov 2012	3.4905	3.5305	3.5105
9 Nov 2012	3.4475	3.4875	3.4675
8 Nov 2012	3.4270	3.4670	3.4470
7 Nov 2012	3.4670	3.5070	3.4870
6 Nov 2012	3.4335	3.4735	3.4535
5 Nov 2012	3.4400	3.4800	3.4600
4 Nov 2012	3.4285	3.4685	3.4485
<b>Averages</b>	<b>3.4210</b>	<b>3.4638</b>	<b>3.4426</b>

Mobile version available here

Home Contact Us My Account



METALPRICES.COM

INTL ECN  
LME BASE METALS Index

Historical Database

Home > Historical Database > Aluminum > Fish Scale Cast

- Exchange Prices
- Primary
- MSR Scrap Grade
- Secondary Scrap
- Related Pages

Fish Scale Cast

Start Date 30 Nov 2012 End Date 31 Dec 2012 Unit LB Sort Order Most Current First  
Currency US Dollar  Display Monthly Average Only

Date	Price
30 Nov 2012	0.7044
31 Nov 2012	0.7017
30 Dec 2012	0.6911

Mobile services: [click here](#)

[Home](#) [Contact Us](#) [My Account](#) [Help](#)



METALPRICES.COM

INTL Edition  
LME BASE METALS Edition

[Home](#) [About Us](#) [Contact Us](#) [My Account](#) [Help](#) [Privacy Policy](#) [Terms of Use](#) [Disclaimer](#) [Feedback](#) [Sitemap](#) [RSS](#) [Print](#)

## Historical Database

[Home](#) [About Us](#) [Contact Us](#) [My Account](#) [Help](#) [Privacy Policy](#) [Terms of Use](#) [Disclaimer](#) [Feedback](#) [Sitemap](#) [RSS](#) [Print](#)

- ▼ [Home](#)
- ▼ [Flat Rolled](#)
- ▼ [Flat](#)
- ▼ [Long](#)
- ▼ [Related Pages](#)

### 18-8 Scrap - Processor

Start Date: 30 Nov 2012    End Date: 31 Dec 2012    Unit: **GT**    Sort Order: **Most Current First**   

Currency: **US Dollar**     **Display Monthly Average Only**

Date	Low	High	Average
	1,657.89	1,721.05	1,689.47
	1,599.00	1,625.00	1,597.00
<b>Averages</b>	<b>1,623.85</b>	<b>1,673.03</b>	<b>1,638.49</b>

**127**

**Gulf's Responses to  
Staff's Second Data Request,  
in Docket #130151-EI  
(Nos. 1-3)**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 127  
PARTY PSC Staff  
DESCRIPTION Gulf's / Staff's 2nd Data Request, Nos. 1-3  
DATE in Docket No. 130151-EI

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780

Tel 850 444 6530  
Fax 850 444 6026  
RLMCGEE@southernco.com



July 18, 2013

Ms. Jenny Wu  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Dear Ms. Wu:

RE: Docket No: 130151-EI

Enclosed is Gulf Power Company's Responses to Staff's second data request in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." The signature is written in a cursive, flowing style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone

General

1. Please refer to Tab 10 Plant Investment Activity 2009 to 2013 for the following questions:
  - a. For year 2012, please explain why Gulf did not use the actual numbers but using the budget numbers instead.
  - b. Please provide five copies of the Plant In Service schedules for 2012 with the actual 2012 numbers for all the accounts, which should be reconciled with what Gulf presented in its Depreciation Status Report field in May 1, 2013.
  - c. Please provide five copies of the Electric Plant In Service schedules for 2013 Budget, with the 2013 First of Year Balance equal to the actual 2012 End of Year Balance, for all the accounts.
  - d. Please also provide the schedules discussed in 1 b and 1 c in an Excel formatted file with all the formulas and links intact and unlocked.

**ANSWER:**

- a. The 2012 year-end amounts were based on September 2012 actual balances and projections for the last three months of 2012. This enabled the Company to provide the consultant with the required data for his analysis prior to year-end processing and reporting requirements and enabled the outside consultant to begin the study earlier. This earlier start allowed for appropriate review and analysis prior to FPSC regulatory filings.
- b. See Attachment A.
- c. See Attachment B.
- d. See worksheets "1b Tab 10 2012" and "1c Tab 10 2013" in file "Gulf's Response to Staff's 2<sup>nd</sup> Request Tabs 7 10 and 11.xlsx".

2. Please refer to Tab 11 Depreciation Reserve Activity 2009 to 2013 for the following questions:
  - a. For year 2012, please explain why Gulf did not use the actual numbers but using the budget numbers instead.
  - b. Please provide five copies of the Accumulated Provisions For Depreciation And Amortization schedules for 2012 with the actual 2012 numbers for all the accounts, which should be reconciled with what Gulf presented in its Depreciation Status Report field in May 1, 2013.
  - c. Please provide five copies of the Accumulated Provisions For Depreciation And Amortization schedules for 2013 Budget, with the 2013 First of Year Balance equal to the actual 2012 End of Year Balance, for all the accounts.
  - d. Please also provide the schedules discussed in 2b and 2c in an Excel formatted file with all the formulas and links intact and unlocked.

**ANSWER:**

- a. See Gulf's response to Item No. 1(a).
- b. See Attachment C.
- c. See Attachment D.
- d. See worksheet tabs "2b Tab 11 2012" and "2c Tab 11 2013" in file "Gulf's Response to Staff's 2<sup>nd</sup> Request Tabs 7 10 and 11.xlsx".



3. Please refer to Tab 7 Parameter Schedules:
  - a. Please provide the actual January 1, 2013, Plant Balance for all the accounts in the format consistent with the fourth column in Tab 7.
  - b. Please update all the schedules contained in Tab 7 based on your responses to all the questions above.
  - c. Please also provide the schedules discussed in 3a and 3b in an Excel formatted file with all the formulas and links intact and unlocked.

**ANSWER:**

Gulf's assumption in the response to Item No. 3 is that the calculated numbers produced by Item No. 1 and 2 above are to be used in the tab 7 calculations. This assumption will produce a tab 7 file with updated year-end 2013 plant and reserve balances.

- a. See Attachment E.
- b. See Gulf's response to Item No. 3(a).
- c. See worksheet tabs "3a Tab 7 Production" and "3a Tab 7 T&D" on file "Gulf's Response to Staff's 2<sup>nd</sup> Request Tabs 7 10 and 11.xlsx".

# Attachment A

GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
DECEMBER, 2012

Sheet 1 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>INTANGIBLE:</b>							
Organization	301	7,418	0	0	0	0	7,418
Franchises and Consents	302	594	0	0	0	0	594
Intangible Software	303	14,680,360	963,139	0	0	0	15,643,499
<b>TOTAL INTANGIBLE:</b>		<u>14,688,372</u>	<u>963,139</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,651,511</u>
<b>STEAM PRODUCTION:</b>							
<b>DANIEL PLANT:</b>							
Plant		253,058,387	3,405,590	(373,428)	0	0	256,090,549
Land		1,028,761	0	0	0	0	1,028,761
Easements		77,160	0	0	0	0	77,160
Cooling Lake, 23 Year		8,954,192	0	0	0	0	8,954,192
Rail Track System		2,741,818	0	0	0	0	2,741,618
Asset Retirement Obligation		391,150	0	0	0	0	391,150
<b>TOTAL DANIEL PLANT:</b>		<u>266,251,268</u>	<u>3,405,590</u>	<u>(373,428)</u>	<u>0</u>	<u>0</u>	<u>269,283,430</u>
<b>CRIST PLANT:</b>							
Plant		1,196,885,458	310,007,812	(20,188,802)	0	368,025	1,487,072,493
Land		6,027,470	(4,204)	0	0	0	6,023,266
Easements		5,103	(5,103)	0	0	0	0
Base Coal, 5 Year		141,840	0	0	0	0	141,840
- 5 Year		181,226	0	(23,654)	0	0	137,572
- 7 Year		4,890,420	531,836	0	0	0	5,422,256
Asset Retirement Obligation		1,132,431	0	0	0	0	1,132,431
<b>TOTAL CRIST PLANT:</b>		<u>1,209,243,948</u>	<u>310,530,341</u>	<u>(20,212,456)</u>	<u>0</u>	<u>368,025</u>	<u>1,499,929,858</u>
<b>SCHOLZ PLANT:</b>							
Plant		31,290,784	241,970	(469,319)	0	(368,025)	30,695,410
Land		44,579	0	0	0	0	44,579
Base Coal, 5 Year		71,300	0	0	0	0	71,300
- 5 Year		8,730	0	0	0	0	8,730
- 7 Year		213,932	13,211	(110,583)	0	0	116,560
Asset Retirement Obligation		254,654	0	(13,014)	0	0	241,640
<b>TOTAL SCHOLZ PLANT:</b>		<u>31,883,979</u>	<u>255,181</u>	<u>(592,918)</u>	<u>0</u>	<u>(368,025)</u>	<u>31,178,219</u>
<b>SMITH PLANT:</b>							
Plant		173,958,503	1,556,290	(103,740)	0	0	175,411,053
Land		1,383,924	0	0	0	0	1,383,924
Base Coal, 5 Year		108,300	0	0	0	0	108,300
- 5 Year		29,526	2,267	0	0	0	31,793
- 7 Year		1,576,887	25,345	0	0	0	1,602,232
Asset Retirement Obligation		471,960	0	(22)	0	0	471,938
<b>TOTAL SMITH PLANT:</b>		<u>177,509,100</u>	<u>1,583,902</u>	<u>(103,762)</u>	<u>0</u>	<u>0</u>	<u>178,989,240</u>
<b>SCHERER PLANT:</b>							
Plant		357,421,185	2,419,968	(488,765)	0	0	359,352,388
Land		912,049	3,946	0	(63)	0	915,932
- 7 Year		204,492	(27)	(9,024)	0	0	195,441
Asset Retirement Obligation		230,322	4,925,916	0	0	0	5,158,238
<b>TOTAL SCHERER PLANT:</b>		<u>358,768,048</u>	<u>7,349,801</u>	<u>(497,789)</u>	<u>(63)</u>	<u>0</u>	<u>365,619,997</u>
<b>TOTAL STEAM PRODUCTION:</b>		<u>2,043,656,343</u>	<u>323,124,815</u>	<u>(21,780,351)</u>	<u>(63)</u>	<u>0</u>	<u>2,345,000,744</u>

GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
DECEMBER, 2012

Sheet 2 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>OTHER PRODUCTION:</b>							
<b>LAND - NON-DEPRECIABLE:</b>							
Land - Non-Depreciable	340	337,696	0	0	0	0	337,696
<b>TOTAL LAND - NON-DEPRECIABLE:</b>		<b>337,696</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>337,696</b>
<b>SMITH PLANT CT:</b>							
Structures and Improvements	341	1,293,927	16,312	0	0	0	1,310,239
Fuel Holders and Accessories	342	726,111	(4,805)	(23,444)	0	0	697,862
Prime Movers	343	2,405,829	(92)	0	0	0	2,405,737
Generators	344	3,438,922	0	0	0	0	3,438,922
Accessory Electric Equipment	345	48,475	0	0	0	0	48,475
Miscellaneous Equipment	346	53,925	(10,778)	0	0	0	43,147
<b>TOTAL SMITH PLANT CT:</b>		<b>7,967,189</b>	<b>637</b>	<b>(23,444)</b>	<b>0</b>	<b>0</b>	<b>7,944,382</b>
<b>SMITH PLANT UNIT 3 COMBINED CYCLE:</b>							
Structures and Improvements	341	12,954,680	1,645,389	(1,022,063)	0	0	13,578,006
Fuel Holders and Accessories	342	3,038,952	5,349	0	0	0	3,044,301
Prime Movers	343	113,697,164	482,899	(249,094)	0	0	113,930,969
Generators	344	67,249,650	8,749	(7,482)	0	0	67,250,937
Accessory Electric Equipment	345	12,063,368	18,579	0	0	0	12,081,947
Miscellaneous Equipment	346	1,113,926	46,057	(35,797)	0	0	1,124,186
<b>TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:</b>		<b>210,117,740</b>	<b>2,207,022</b>	<b>(1,314,416)</b>	<b>0</b>	<b>0</b>	<b>211,010,346</b>
<b>PACE PLANT:</b>							
Prime Movers	343	6,790,595	0	0	0	0	6,790,595
Generators	344	3,107,233	0	0	0	0	3,107,233
Accessory Electric Equipment	345	584,090	0	0	0	0	584,090
Asset Retirement Obligation	347	397,194	0	0	0	0	397,194
<b>TOTAL PACE PLANT:</b>		<b>10,879,112</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,879,112</b>
<b>PERDIDO PLANT:</b>							
Structures and Improvements	341	942,440	0	0	0	0	942,440
Fuel Holders and Accessories	342	576,765	0	0	0	0	576,765
Prime Movers	343	2,745,649	0	0	0	0	2,745,649
Accessory Electric Equipment	345	788,715	17,967	0	0	0	806,682
Miscellaneous Equipment	346	45,550	0	0	0	0	45,550
<b>TOTAL PERDIDO PLANT:</b>		<b>5,101,119</b>	<b>17,967</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,119,086</b>
<b>TOTAL OTHER PRODUCTION:</b>		<b>234,402,856</b>	<b>2,225,626</b>	<b>(1,337,860)</b>	<b>0</b>	<b>0</b>	<b>235,290,622</b>
<b>TOTAL PRODUCTION:</b>		<b>2,278,059,199</b>	<b>325,350,441</b>	<b>(23,118,211)</b>	<b>(63)</b>	<b>0</b>	<b>2,580,291,366</b>
<b>TRANSMISSION:</b>							
Land	350.0	3,453,754	3,761,170	0	(34,622)	(32,170)	7,148,132
Easements	350.2	12,633,961	0	0	0	32,170	12,666,131
Structures and Improvements	352	10,978,788	207,059	(17,057)	0	0	11,188,790
Station Equipment	353	124,993,221	28,034,998	(2,574,917)	0	(101,443)	150,351,859
Towers and Fixtures	354	41,223,039	3,316,103	(1,174,359)	0	3,989	43,368,772
Poles and Fixtures	355	88,892,649	27,519,172	(3,579,967)	0	1,919	112,633,773
Overhead Conductors & Devices	356	72,412,742	7,439,639	(2,447,790)	0	11,543	77,416,134
Underground Conductors & Devices	358	14,094,502	0	0	0	0	14,094,502
Roads and Trails	359	45,800	190,118	0	0	0	235,918
Asset Retirement Obligation	359.1	7,861	0	0	0	0	7,861
<b>TOTAL TRANSMISSION:</b>		<b>368,536,317</b>	<b>70,468,259</b>	<b>(9,794,090)</b>	<b>(34,622)</b>	<b>(83,992)</b>	<b>429,081,872</b>

GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
DECEMBER, 2012

Sheet 3 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>DISTRIBUTION:</b>							
Land	360.0	3,408,449	525,038	0	(5,191)	0	3,928,296
Land Rights	360.1	204,176	0	0	0	0	204,176
Structures and Improvements	361	19,568,845	3,738,805	(80,558)	0	0	23,226,892
Station Equipment	362	172,254,475	14,480,053	(2,093,739)	0	89,855	184,730,644
Poles, Towers & Fictures	364	130,678,946	5,314,764	(12,825,534)	0	(4,247)	123,363,929
Overhead Conductors & Devices	365	126,166,783	6,056,014	(1,926,632)	0	769,103	131,065,268
Underground Conduit	366	1,217,455	0	(56,769)	0	0	1,160,686
Underground Conductors & Devices	367	124,193,017	8,444,502	(755,578)	0	1,015,528	132,897,469
Line Transformers	368	229,026,046	14,372,935	(8,488,741)	0	(1,788,576)	233,121,664
Services:							
- Overhead	369.1	51,743,563	1,479,151	(215,074)	0	0	53,007,640
- Underground	369.2	43,927,818	1,077,539	(95,269)	0	0	44,910,088
Meters	370	53,839,750	10,228,962	(1,381,326)	0	(34,299,000)	28,388,386
Meters - AMI Equipment	370	0	6,176,056	(83,475)	0	34,299,000	40,391,581
Meters - FPSC Segregated	370	5,826,982	0	(4,057,393)	0	0	1,769,589
Meters - Non FPSC Segregated	370	7,790,030	0	(4,580,575)	0	0	3,209,455
Street Lighting & Signal Systems	373	60,488,451	1,410,175	(247,799)	0	0	61,650,827
Asset Retirement Obligation	374	43,465	0	0	0	0	43,465
<b>TOTAL DISTRIBUTION:</b>		<u>1,030,378,251</u>	<u>73,303,794</u>	<u>(36,688,462)</u>	<u>(5,191)</u>	<u>81,663</u>	<u>1,067,070,055</u>
<b>GENERAL PLANT:</b>							
Land	389.0	6,936,455	176,032	0	0	0	7,112,487
Structures and Improvements	390	69,926,726	460,909	(852,561)	0	0	69,535,074
Office Furniture & Equipment:							
- Computer, 5 Year	391	4,651,410	133,441	(1,052,187)	0	0	3,732,664
- Non-Computer, 7 Year	391	2,560,863	118,716	(234,269)	0	0	2,445,330
Transportation Equipment:							
- Light Trucks	392.2	7,173,022	316,909	(696,122)	0	0	6,793,809
- Heavy Trucks	392.3	19,536,131	2,299,778	(294,039)	0	0	21,541,870
- Trailers	392.4	1,158,483	137,028	(85,900)	0	0	1,209,612
- Marine, 5 Year	392	213,594	(5)	0	0	0	213,589
Stores Equipment - 7 Year	393	1,176,466	148,647	0	0	0	1,325,113
Tools, Shop & Garage Equip. - 7 Year	394	2,507,088	1,556,448	(151,122)	0	0	3,912,414
Laboratory Equipment - 7 Year	395	2,753,790	220,135	(479,501)	0	0	2,494,424
Power Operated Equipment	396	837,383	27,258	0	0	0	864,641
Communication Equipment:							
- Other	397	19,134,174	1,842,999	(5,076,185)	0	2,329	15,903,317
- 7 Year	397	4,428,562	1,227,867	(808,455)	0	0	4,847,974
Miscellaneous Equipment - 7 year	398	3,488,619	193,456	(135,770)	0	0	3,546,305
Asset Retirement Obligation	399.1	195,426	0	0	0	0	195,426
<b>TOTAL GENERAL:</b>		<u>146,678,212</u>	<u>8,859,619</u>	<u>(9,866,111)</u>	<u>0</u>	<u>2,329</u>	<u>145,674,048</u>
<b>TOTAL ELECTRIC PLANT-IN-SERVICE:</b>		<u>3,838,340,351</u>	<u>478,945,252</u>	<u>(79,466,874)</u>	<u>(39,876)</u>	<u>0</u>	<u>4,237,778,853</u>

# Attachment B

GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
BUDGET: DECEMBER, 2013

Sheet 1 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>INTANGIBLE:</b>							
Organization	301	7,418	0	0	0	0	7,418
Franchises and Consents	302	594	0	0	0	0	594
Intangible Software	303	15,643,499	415,865	0	0	0	18,059,364
<b>TOTAL INTANGIBLE:</b>		<b>15,651,511</b>	<b>415,865</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,067,376</b>
<b>STEAM PRODUCTION:</b>							
<b>DANIEL PLANT:</b>							
Plant		256,090,549	6,044,325	(1,050,212)	0	0	261,084,662
Land		1,028,761	0	0	0	0	1,028,761
Easements		77,160	0	0	0	0	77,160
Cooling Lake, 23 Year		8,954,192	0	0	0	0	8,954,192
Rail Track System		2,741,618	42,262	(7,343)	0	0	2,776,537
Asset Retirement Obligation		391,150	0	0	0	0	391,150
<b>TOTAL DANIEL PLANT:</b>		<b>269,283,430</b>	<b>6,086,587</b>	<b>(1,057,555)</b>	<b>0</b>	<b>0</b>	<b>274,312,462</b>
<b>CRIST PLANT:</b>							
Plant		1,487,072,493	8,002,235	(1,871,627)	0	0	1,493,203,101
Land		6,023,266	0	0	0	0	6,023,266
Easements		0	0	0	0	0	0
Base Coal, 5 Year		141,840	0	0	0	0	141,840
- 5 Year		137,572	0	0	0	0	137,572
- 7 Year		5,422,256	0	(2,166,243)	0	0	3,256,013
Asset Retirement Obligation		1,132,431	0	0	0	0	1,132,431
<b>TOTAL CRIST PLANT:</b>		<b>1,499,929,858</b>	<b>8,002,235</b>	<b>(4,037,870)</b>	<b>0</b>	<b>0</b>	<b>1,503,894,223</b>
<b>SCHOLZ PLANT:</b>							
Plant		30,695,410	120,000	(20,000)	0	0	30,795,410
Land		44,579	0	0	0	0	44,579
Base Coal, 5 Year		71,300	0	0	0	0	71,300
- 5 Year		8,730	0	0	0	0	8,730
- 7 Year		116,560	0	0	0	0	116,560
Asset Retirement Obligation		241,640	0	0	0	0	241,640
<b>TOTAL SCHOLZ PLANT:</b>		<b>31,178,219</b>	<b>120,000</b>	<b>(20,000)</b>	<b>0</b>	<b>0</b>	<b>31,278,219</b>
<b>SMITH PLANT:</b>							
Plant		175,411,053	1,936,253	(570,000)	0	0	176,777,306
Land		1,363,924	0	0	0	0	1,363,924
Base Coal, 5 Year		108,300	0	0	0	0	108,300
- 5 Year		31,793	0	0	0	0	31,793
- 7 Year		1,602,232	0	(411,299)	0	0	1,190,933
Asset Retirement Obligation		471,938	0	0	0	0	471,938
<b>TOTAL SMITH PLANT:</b>		<b>178,989,240</b>	<b>1,936,253</b>	<b>(981,299)</b>	<b>0</b>	<b>0</b>	<b>179,944,194</b>
<b>SCHERER PLANT:</b>							
Plant		359,352,386	8,686,563	(35,000)	0	0	368,003,949
Land		915,932	46,875	0	0	0	962,807
- 7 Year		195,441	0	(33,470)	0	0	161,971
Asset Retirement Obligation		5,156,238	0	0	0	0	5,156,238
<b>TOTAL SCHERER PLANT:</b>		<b>365,619,997</b>	<b>8,733,438</b>	<b>(68,470)</b>	<b>0</b>	<b>0</b>	<b>374,284,965</b>
<b>TOTAL STEAM PRODUCTION:</b>		<b>2,345,000,744</b>	<b>24,878,513</b>	<b>(6,165,194)</b>	<b>0</b>	<b>0</b>	<b>2,363,714,063</b>

GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
BUDGET: DECEMBER, 2013

Sheet 2 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>OTHER PRODUCTION:</b>							
<b>LAND - NON-DEPRECIABLE:</b>							
Land - Non-Depreciable	340	337,696	0	0	0	0	337,696
<b>TOTAL LAND - NON-DEPRECIABLE:</b>		<b>337,696</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>337,696</b>
<b>SMITH PLANT CT:</b>							
Structures and Improvements	341	1,310,239	0	0	0	0	1,310,239
Fuel Holders and Accessories	342	697,862	0	0	0	0	697,862
Prime Movers	343	2,405,737	0	0	0	0	2,405,737
Generators	344	3,438,922	0	0	0	0	3,438,922
Accessory Electric Equipment	345	48,475	0	0	0	0	48,475
Miscellaneous Equipment	346	43,147	0	0	0	0	43,147
<b>TOTAL SMITH PLANT CT:</b>		<b>7,944,382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,944,382</b>
<b>SMITH PLANT UNIT 3 COMBINED CYCLE:</b>							
Structures and Improvements	341	13,578,006	1,189,519	(868,000)	0	0	13,899,525
Fuel Holders and Accessories	342	3,044,301	2,081,658	(1,519,000)	0	0	3,606,959
Prime Movers	343	113,930,969	11,895,191	(8,680,000)	0	0	117,146,160
Generators	344	67,250,937	11,003,050	(8,029,000)	0	0	70,224,987
Accessory Electric Equipment	345	12,081,947	2,379,038	(1,736,000)	0	0	12,724,985
Miscellaneous Equipment	346	1,124,186	1,189,519	(868,000)	0	0	1,445,705
<b>TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:</b>		<b>211,010,346</b>	<b>29,737,975</b>	<b>(21,700,000)</b>	<b>0</b>	<b>0</b>	<b>219,048,321</b>
<b>PACE PLANT:</b>							
Prime Movers	343	6,790,595	0	0	0	0	6,790,595
Generators	344	3,107,233	0	0	0	0	3,107,233
Accessory Electric Equipment	345	584,090	0	0	0	0	584,090
Asset Retirement Obligation	347	397,194	0	0	0	0	397,194
<b>TOTAL PACE PLANT:</b>		<b>10,879,112</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,879,112</b>
<b>PERDIDO PLANT:</b>							
Structures and Improvements	341	942,440	1,861,400	0	0	0	2,803,840
Fuel Holders and Accessories	342	578,765	317,800	0	0	0	896,565
Prime Movers	343	2,745,649	1,816,000	0	0	0	4,561,649
Accessory Electric Equipment	345	806,682	363,200	0	0	0	1,169,882
Miscellaneous Equipment	346	45,550	181,600	0	0	0	227,150
<b>TOTAL PERDIDO PLANT:</b>		<b>5,119,086</b>	<b>4,540,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,659,086</b>
<b>TOTAL OTHER PRODUCTION:</b>		<b>235,290,622</b>	<b>34,277,975</b>	<b>(21,700,000)</b>	<b>0</b>	<b>0</b>	<b>247,868,597</b>
<b>TOTAL PRODUCTION:</b>		<b>2,580,291,366</b>	<b>59,156,488</b>	<b>(27,885,194)</b>	<b>0</b>	<b>0</b>	<b>2,611,562,660</b>
<b>TRANSMISSION:</b>							
Land	350.0	7,148,132	0	0	0	0	7,148,132
Easements	350.2	12,666,131	500,000	0	0	0	13,166,131
Structures and Improvements	352	11,168,790	0	0	0	0	11,168,790
Station Equipment	353	150,351,860	14,514,297	(575,000)	0	0	164,291,157
Towers and Fixtures	354	43,368,772	0	0	0	0	43,368,772
Poles and Fixtures	355	112,633,773	32,688,874	0	0	0	145,322,647
Overhead Conductors & Devices	356	77,416,134	8,955,843	0	0	0	86,371,977
Underground Conductors & Devices	358	14,094,502	0	0	0	0	14,094,502
Roads and Trails	359	235,918	0	0	0	0	235,918
Asset Retirement Obligation	359.1	7,861	0	0	0	0	7,861
<b>TOTAL TRANSMISSION:</b>		<b>429,091,873</b>	<b>56,659,014</b>	<b>(575,000)</b>	<b>0</b>	<b>0</b>	<b>485,175,887</b>



GULF POWER COMPANY  
ELECTRIC PLANT IN SERVICE  
BUDGET: DECEMBER, 2013

Sheet 3 of 3

		Balance First of Year	Additions	Retirements	Adjustments	Transfers	Balance End of Year
<b>DISTRIBUTION:</b>							
Land	360.0	3,928,296	0	0	0	0	3,928,296
Land Rights	380.1	204,176	351,000	0	0	0	555,176
Structures and Improvements	361	23,226,892	0	0	0	0	23,226,892
Station Equipment	362	184,730,644	39,789,128	(414,000)	0	0	224,105,772
Poles, Towers & Fixtures	364	123,363,829	8,264,754	(1,070,500)	0	0	130,558,183
Overhead Conductors & Devices	365	131,065,268	5,596,580	(940,000)	0	0	135,721,848
Underground Conduit	366	1,160,686	0	0	0	0	1,160,686
Underground Conductors & Devices	367	132,897,469	9,836,693	(934,350)	0	0	141,799,812
Line Transformers	368	233,121,664	18,397,890	(2,641,000)	0	0	246,878,554
<b>Services:</b>							
- Overhead	369.1	53,007,640	649,016	(29,206)	0	0	53,627,450
- Underground	369.2	44,910,088	550,984	(24,794)	0	0	45,436,278
Meters	370	28,388,386	4,509,784	(263,500)	0	(11,287,000)	21,347,670
Meters - AMI Equipment	370	40,391,581	200,000	(500,000)	0	11,287,000	51,378,581
Meters - FPSC Segregated	370	1,769,589	0	0	0	0	1,769,589
Meters - Non FPSC Segregated	370	3,209,455	0	0	0	0	3,209,455
Street Lighting & Signal Systems	373	61,650,827	3,826,624	(1,286,650)	0	0	64,190,801
Asset Retirement Obligation	374	43,465	0	0	0	0	43,465
<b>TOTAL DISTRIBUTION:</b>		<u>1,067,070,055</u>	<u>89,972,453</u>	<u>(8,104,000)</u>	<u>0</u>	<u>0</u>	<u>1,148,938,508</u>
<b>GENERAL PLANT:</b>							
Land	389.0	7,112,487	0	0	0	0	7,112,487
Structures and Improvements	390	69,535,074	8,645,414	(396,356)	0	0	77,784,132
<b>Office Furniture &amp; Equipment:</b>							
- Computer, 5 Year	391	3,732,664	75,500	(1,314,129)	0	0	2,494,035
- Non-Computer, 7 Year	391	2,445,330	118,000	0	0	0	2,563,330
<b>Transportation Equipment:</b>							
- Light Trucks	392.2	6,793,809	772,703	(386,094)	0	0	7,180,418
- Heavy Trucks	392.3	21,541,870	2,104,501	(1,051,549)	0	0	22,594,822
- Trailers	392.4	1,209,612	124,796	(62,356)	0	0	1,272,052
- Marine, 5 Year	392	213,589	0	0	0	0	213,589
Stores Equipment - 7 Year	393	1,325,113	95,870	(2,064)	0	0	1,418,919
Tools, Shop & Garage Equip. - 7 Year	394	3,912,414	303,940	(180,433)	0	0	4,035,921
Laboratory Equipment - 7 Year	395	2,494,424	713,030	0	0	0	3,207,454
Power Operated Equipment	396	864,641	0	0	0	0	864,641
<b>Communication Equipment:</b>							
- Other	397	15,903,317	2,599,000	(25,000)	0	0	18,477,317
- 7 Year	397	4,847,974	0	0	0	0	4,847,974
Miscellaneous Equipment - 7 year	398	3,546,305	212,160	0	0	0	3,758,465
Asset Retirement Obligation	399.1	195,426	0	0	0	0	195,426
<b>TOTAL GENERAL:</b>		<u>145,674,049</u>	<u>15,764,914</u>	<u>(3,417,981)</u>	<u>0</u>	<u>0</u>	<u>158,020,982</u>
<b>TOTAL ELECTRIC PLANT-IN-SERVICE:</b>		<u>4,237,778,854</u>	<u>221,968,734</u>	<u>(39,962,175)</u>	<u>0</u>	<u>0</u>	<u>4,419,785,413</u>

# Attachment C

GULF POWER COMPANY  
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
DECEMBER, 2012

Sheet 1 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>Intangible Plant:</b>							
Intangible Software	1,835,550	2,097,192	0	0	0	0	3,932,742
<b>Total Intangible Plant:</b>	<u>1,835,550</u>	<u>2,097,192</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,932,742</u>
<b>STEAM PRODUCTION:</b>							
<b>DANIEL PLANT:</b>							
Plant	126,208,949	7,115,896	(373,428)	(255,690)	55,694	0	132,751,421
Easements	39,351	1,080	0	0	0	0	40,431
Cooling Lake, 23 Year	8,954,192	0	0	0	0	0	8,954,192
Rail Track System	1,302,267	41,124	0	0	0	0	1,343,391
Dismantlement - Fixed	18,536,772	667,094	0	0	0	0	19,203,866
Asset Retirement Obligation	95,323	19,722	0	0	0	0	115,045
<b>TOTAL DANIEL PLANT:</b>	<u>155,136,854</u>	<u>7,844,918</u>	<u>(373,428)</u>	<u>(255,690)</u>	<u>55,694</u>	<u>0</u>	<u>162,408,346</u>
<b>CRIST PLANT:</b>							
Plant	265,302,538	47,176,066	(20,188,802)	(17,481,397)	674,720	54,000	275,537,125
Easements	348	72	0	0	0	0	420
Base Coal, 5 Year	141,840	0	0	0	0	0	141,840
- 5 Year	50,481	32,245	(23,654)	0	0	0	59,072
- 7 Year	2,409,985	698,631	0	0	0	0	3,108,616
Dismantlement - Fixed	64,849,907	6,148,016	0	0	0	0	70,997,923
Asset Retirement Obligation	692,263	38,479	0	0	0	0	730,742
<b>TOTAL CRIST PLANT:</b>	<u>333,447,362</u>	<u>54,093,509</u>	<u>(20,212,456)</u>	<u>(17,481,397)</u>	<u>674,720</u>	<u>54,000</u>	<u>350,575,738</u>
<b>SCHOLZ PLANT:</b>							
Plant	28,681,055	1,260,918	(469,319)	21,740	0	(54,000)	29,440,394
Base Coal, 5 Year	71,300	0	0	0	0	0	71,300
- 5 Year	1,143	1,746	0	0	0	0	2,889
- 7 Year	126,845	30,562	(110,583)	0	0	0	46,824
Dismantlement - Fixed	12,326,831	712,215	0	0	0	0	13,039,046
Asset Retirement Obligation	315,697	(20,929)	(13,014)	0	0	0	281,754
<b>TOTAL SCHOLZ PLANT:</b>	<u>41,522,871</u>	<u>1,984,512</u>	<u>(592,916)</u>	<u>21,740</u>	<u>0</u>	<u>(54,000)</u>	<u>42,982,207</u>
<b>SMITH PLANT:</b>							
Plant	79,007,346	5,779,341	(103,740)	(64,309)	0	0	84,618,638
Base Coal, 5 Year	108,300	0	0	0	0	0	108,300
- 5 Year	3,905	5,905	0	0	0	0	9,810
- 7 Year	678,120	225,269	0	0	0	0	903,389
Dismantlement - Fixed	19,757,048	950,367	0	0	0	0	20,707,415
Asset Retirement Obligation	347,273	4,795	(22)	0	0	0	352,046
<b>TOTAL SMITH PLANT:</b>	<u>99,901,992</u>	<u>6,965,677</u>	<u>(103,762)</u>	<u>(64,309)</u>	<u>0</u>	<u>0</u>	<u>106,899,598</u>
<b>SCHERER PLANT:</b>							
Plant	102,942,268	7,158,144	(488,765)	(10,348)	111,288	0	109,712,587
Dismantlement - Fixed	4,945,885	98,878	0	0	0	0	5,044,763
- 7 Year	77,804	28,254	(9,024)	0	0	0	97,034
Asset Retirement Obligation	62,839	18,475	0	0	0	0	81,314
<b>TOTAL SCHERER PLANT:</b>	<u>108,028,796</u>	<u>7,303,751</u>	<u>(497,789)</u>	<u>(10,348)</u>	<u>111,288</u>	<u>0</u>	<u>114,935,698</u>
<b>TOTAL STEAM PRODUCTION:</b>	<u>738,037,875</u>	<u>78,192,365</u>	<u>(21,780,351)</u>	<u>(17,790,004)</u>	<u>841,702</u>	<u>0</u>	<u>777,501,587</u>

GULF POWER COMPANY  
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
DECEMBER, 2012

Sheet 2 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>OTHER PRODUCTION:</b>							
<b>SMITH PLANT CT:</b>							
Structures and Improvements	341	54,862	47,086	0	0	0	101,948
Fuel Holders and Accessories	342	180,577	25,277	(23,444)	0	0	182,410
Prime Movers	343	65,832	86,609	0	65,437	0	217,878
Generators	344	2,823,372	123,801	0	0	0	2,947,173
Accessory Electric Equipment	345	25,434	1,745	0	(65,437)	0	(38,258)
Miscellaneous Equipment	346	(10,534)	1,618	0	0	0	(8,916)
Dismantlement - Fixed		170,264	3,258	0	0	0	173,522
<b>TOTAL SMITH PLANT CT:</b>		<b>3,309,807</b>	<b>289,394</b>	<b>(23,444)</b>	<b>0</b>	<b>0</b>	<b>3,575,757</b>
<b>SMITH PLANT UNIT 3 COMBINED CYCLE:</b>							
Structures and Improvements	341	2,197,841	373,385	(1,022,063)	(151,021)	0	1,398,142
Fuel Holders and Accessories	342	870,404	85,215	0	0	0	955,619
Prime Movers	343	(5,725,171)	3,186,136	(249,094)	(21,974)	0	(2,810,103)
Generators	344	17,895,278	1,882,930	(7,462)	0	0	19,770,746
Accessory Electric Equipment	345	2,493,438	338,240	0	0	0	2,831,678
Miscellaneous Equipment	346	19,068	31,275	(35,797)	0	0	14,546
Dismantlement - Fixed		2,466,993	280,020	0	0	0	2,747,013
<b>TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:</b>		<b>20,217,851</b>	<b>6,177,201</b>	<b>(1,314,416)</b>	<b>(172,995)</b>	<b>0</b>	<b>24,907,641</b>
<b>PACE PLANT:</b>							
Prime Movers	343	4,617,637	359,902	0	0	0	4,977,539
Generators	344	2,122,127	164,683	0	0	0	2,286,810
Accessory Electric Equipment	345	398,425	30,957	0	0	0	429,382
Asset Retirement Obligation	347	269,762	19,860	0	0	0	289,622
Dismantlement - Fixed		(19,228)	(1,938)	0	0	0	(21,166)
<b>TOTAL PACE PLANT:</b>		<b>7,388,723</b>	<b>573,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,962,187</b>
<b>PERDIDO PLANT:</b>							
Structures and Improvements	341	23,557	47,122	0	0	0	70,679
Fuel Holders and Accessories	342	14,467	28,938	0	0	0	43,405
Prime Movers	343	68,630	137,283	0	0	0	205,913
Accessory Electric Equipment	345	19,715	39,585	0	0	0	59,300
Miscellaneous Equipment	346	171,043	2,277	0	0	0	173,320
		297,412	255,205	0	0	0	552,617
<b>TOTAL OTHER PRODUCTION:</b>		<b>31,213,793</b>	<b>7,295,264</b>	<b>(1,337,860)</b>	<b>(172,995)</b>	<b>0</b>	<b>36,998,202</b>
<b>TOTAL PRODUCTION:</b>		<b>769,251,668</b>	<b>85,487,629</b>	<b>(23,118,211)</b>	<b>(17,962,999)</b>	<b>841,702</b>	<b>814,499,789</b>
<b>TRANSMISSION:</b>							
Land	350	0	0	0	0	0	0
Easements	350.2	6,298,410	202,401	0	0	0	6,500,811
Structures and Improvements	352	3,145,326	215,259	(17,057)	0	0	3,343,528
Station Equipment	353	27,841,964	3,054,548	(2,574,917)	(670,022)	22,701	27,672,426
Towers and Fixtures	354	24,344,172	950,675	(1,174,359)	(5,518)	7,932	24,125,582
Poles and Fixtures	355	25,459,040	3,340,249	(3,579,967)	(5,970,882)	262,658	19,511,251
Overhead Conductors & Devices	356	24,120,843	1,870,349	(2,447,790)	(473,804)	7,023	23,063,801
Underground Conductors & Devices	358	6,841,025	295,985	0	(2,633)	0	7,234,377
Roads and Trails	359	31,226	1,852	0	0	0	33,078
Asset Retirement Obligation	359.1	4,412	143	0	0	0	4,555
<b>TOTAL TRANSMISSION:</b>		<b>118,186,218</b>	<b>9,931,461</b>	<b>(9,794,090)</b>	<b>(7,122,859)</b>	<b>300,314</b>	<b>111,509,409</b>

GULF POWER COMPANY  
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
DECEMBER, 2012

Sheet 3 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>DISTRIBUTION:</b>							
Easements	360.1	3,675	0	0	0	0	23,682
Structures and Improvements	361	442,517	(60,569)	(627)	20,265	0	7,129,505
Station Equipment	362	3,699,922	(2,063,790)	(288,398)	110,061	(7,190)	55,490,517
Poles, Towers & Fixtures	364	6,642,565	(12,625,534)	(3,540,740)	(91,434)	(316)	61,990,339
Overhead Conductors & Devices	365	43,974,415	(1,926,632)	(970,501)	(479,161)	(19,774)	44,523,732
Underground Conduit	366	819,390	(56,769)	(40)	0	0	778,398
Underground Conductors & Devices	367	43,830,984	(765,578)	(146,012)	130,090	659,583	47,928,087
Line Transformers	368	63,677,313	(6,486,741)	(1,255,533)	151,305	(640,631)	63,014,392
Services:							
- Overhead	369.1	1,966,789	(215,074)	(306,068)	57,192	0	31,059,876
- Underground	369.2	14,367,971	(95,269)	(100,020)	0	0	15,330,060
- House Power Panel	369.3	0	0	0	0	0	0
Meters	370	6,550,482	(1,361,325)	374,836	225,485	(6,031,603)	735,471
Meters - AMI	370	1,745,536	(63,475)	0	0	6,031,603	7,693,664
Meters - FPSC Segregated	370	5,826,962	(4,057,393)	0	0	0	1,769,589
Meters - Non FPSC Segregated	370	983,576	(4,580,575)	(248,729)	271,525	7,089,000	3,572,494
Street Lighting & Signal Systems	373	28,419,860	(247,799)	(64,618)	107,004	0	31,277,532
Asset Retirement Obligation	374	24,356	0	0	0	0	25,371
<b>TOTAL DISTRIBUTION:</b>	<b>390,479,142</b>	<b>37,519,875</b>	<b>(36,688,462)</b>	<b>(6,549,650)</b>	<b>502,332</b>	<b>7,079,472</b>	<b>392,342,709</b>
<b>GENERAL PLANT:</b>							
Structures and Improvements	390	25,264,509	(652,561)	(46,745)	0	0	25,962,559
Office Furniture & Equipment	391	2,878,568	(1,052,187)	0	0	0	2,613,750
- Computer, 5 Year	391	966,117	(234,269)	0	0	0	1,096,242
- Non-Computer, 7 Year	391	0	0	0	0	0	0
Transportation Equipment:							
- Light Trucks	392.2	3,257,105	(686,122)	0	103,723	0	3,213,189
- Heavy Trucks	392.3	10,553,316	(294,039)	0	0	0	11,961,928
- Trailers	392.4	687,599	(85,900)	0	0	0	658,656
- Marine, 5 Year	392	4,415	0	0	0	0	47,134
Stores Equipment - 7 Year	393	447,078	0	0	0	0	615,145
Tools, Shop & Garage Equip. - 7 Year	394	732,685	(151,122)	0	0	0	939,718
Laboratory Equipment - 7 Year	395	1,160,925	(479,501)	0	0	0	1,026,239
Power Operated Equipment	396	432,879	0	0	0	0	472,539
Communication Equipment:							
- Other	397	9,628,528	(5,076,185)	(24,866)	(957)	163	5,788,123
- 7 Year	397	1,646,443	(608,455)	0	0	0	1,435,498
Miscellaneous Equipment - 7 Year	398	1,359,818	(135,770)	0	0	0	1,719,364
Asset Retirement Obligation	399.1	114,390	0	0	0	0	118,433
<b>TOTAL GENERAL:</b>	<b>59,136,365</b>	<b>8,370,975</b>	<b>(9,866,111)</b>	<b>(71,641)</b>	<b>102,766</b>	<b>163</b>	<b>57,672,517</b>
<b>TOTAL ELECTRIC PLANT-IN-SERVICE:</b>	<b>1,338,686,943</b>	<b>143,407,132</b>	<b>(79,466,874)</b>	<b>(31,707,149)</b>	<b>1,747,114</b>	<b>7,088,000</b>	<b>1,379,957,166</b>

# Attachment D

GULF POWER COMPANY  
 ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
 BUDGET: DECEMBER, 2013

Sheet 1 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>Intangible Plant:</b>							
Intangible Software	3,932,742	2,234,783	0	0	0	0	6,167,525
<b>Total Intangible Plant:</b>	<b>3,932,742</b>	<b>2,234,783</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,167,525</b>
<b>STEAM PRODUCTION:</b>							
<b>DANIEL PLANT:</b>							
Plant	132,751,421	7,184,173	(1,050,212)	(402,328)	0	0	138,483,054
Easements	40,431	1,080	0	0	0	0	41,511
Cooling Lake, 23 Year	8,954,182	2,981	0	0	0	0	8,957,173
Rail Track System	1,343,391	41,175	(7,343)	(2,813)	0	0	1,374,410
Dismantlement - Fixed	19,203,866	667,094	0	0	0	0	19,870,960
Asset Retirement Obligation	115,045	0	0	0	0	0	115,045
<b>TOTAL DANIEL PLANT:</b>	<b>162,406,346</b>	<b>7,896,503</b>	<b>(1,057,555)</b>	<b>(405,141)</b>	<b>0</b>	<b>0</b>	<b>168,842,153</b>
<b>CRIST PLANT:</b>							
Plant	275,537,125	52,157,247	(1,871,827)	(333,500)	0	0	325,489,245
Easements	420	0	0	0	0	0	420
Base Coal, 5 Year	141,840	0	0	0	0	0	141,840
- 5 Year	59,072	27,514	0	0	0	0	86,586
- 7 Year	3,108,616	565,862	(2,166,243)	0	0	0	1,508,235
Dismantlement - Fixed	70,997,923	2,648,016	0	0	0	0	73,645,939
Asset Retirement Obligation	730,742	0	0	0	0	0	730,742
<b>TOTAL CRIST PLANT:</b>	<b>350,575,738</b>	<b>55,398,639</b>	<b>(4,037,870)</b>	<b>(333,500)</b>	<b>0</b>	<b>0</b>	<b>401,603,007</b>
<b>SCHOLZ PLANT:</b>							
Plant	29,440,394	1,260,392	(20,000)	(25,000)	0	0	30,655,786
Base Coal, 5 Year	71,300	0	0	0	0	0	71,300
- 5 Year	2,889	1,746	0	0	0	0	4,635
- 7 Year	46,824	16,652	0	0	0	0	63,476
Dismantlement - Fixed	13,039,046	712,215	0	0	0	0	13,751,261
Asset Retirement Obligation	281,754	0	0	0	0	0	281,754
<b>TOTAL SCHOLZ PLANT:</b>	<b>42,882,207</b>	<b>1,991,005</b>	<b>(20,000)</b>	<b>(25,000)</b>	<b>0</b>	<b>0</b>	<b>44,828,212</b>
<b>SMITH PLANT:</b>							
Plant	84,818,838	5,803,705	(570,000)	(150,000)	0	0	89,702,343
Base Coal, 5 Year	108,300	0	0	0	0	0	108,300
- 5 Year	9,810	6,359	0	0	0	0	16,169
- 7 Year	903,389	177,454	(411,299)	0	0	0	669,544
Dismantlement - Fixed	20,707,415	950,367	0	0	0	0	21,657,782
Asset Retirement Obligation	352,046	0	0	0	0	0	352,046
<b>TOTAL SMITH PLANT:</b>	<b>106,689,598</b>	<b>6,937,885</b>	<b>(981,299)</b>	<b>(150,000)</b>	<b>0</b>	<b>0</b>	<b>112,506,184</b>
<b>SCHERER PLANT:</b>							
Plant	109,712,587	7,304,076	(35,000)	0	0	0	116,981,663
Dismantlement - Fixed	5,044,763	98,878	0	0	0	0	5,143,641
- 7 Year	97,034	27,919	(33,470)	0	0	0	91,483
Asset Retirement Obligation	81,314	0	0	0	0	0	81,314
<b>TOTAL SCHERER PLANT:</b>	<b>114,935,698</b>	<b>7,430,873</b>	<b>(68,470)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>122,298,101</b>
<b>TOTAL STEAM PRODUCTION:</b>	<b>777,501,587</b>	<b>79,654,905</b>	<b>(6,165,194)</b>	<b>(913,641)</b>	<b>0</b>	<b>0</b>	<b>850,077,657</b>

Staff's Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 2c  
 Attachment D  
 Page 1 of 3

GULF POWER COMPANY  
 ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
 BUDGET: DECEMBER, 2013

Sheet 2 of 3

		Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>OTHER PRODUCTION:</b>								
<b>SMITH PLANT CT:</b>								
Structures and Improvements	341	101,948	47,637	0	0	0	0	149,585
Fuel Holders and Accessories	342	182,410	27,083	0	0	0	0	209,493
Prime Movers	343	217,878	86,659	0	0	0	0	304,537
Generators	344	2,947,173	127,097	0	0	0	0	3,074,270
Accessory Electric Equipment	345	(38,258)	1,909	0	0	0	0	(36,349)
Miscellaneous Equipment	346	(8,916)	1,615	0	0	0	0	(7,301)
Dismantlement - Fixed		173,522	3,258	0	0	0	0	176,780
<b>TOTAL SMITH PLANT CT:</b>		<b>3,575,757</b>	<b>295,258</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,871,015</b>
<b>SMITH PLANT UNIT 3 COMBINED CYCLE:</b>								
Structures and Improvements	341	1,398,142	385,749	(868,000)	(32,412)	0	0	883,479
Fuel Holders and Accessories	342	955,619	94,092	(1,519,000)	(56,720)	0	0	(526,009)
Prime Movers	343	(2,810,103)	3,245,991	(8,680,000)	(324,116)	0	0	(8,568,228)
Generators	344	19,770,746	1,932,991	(8,029,000)	(299,807)	0	0	13,374,930
Accessory Electric Equipment	345	2,831,678	349,438	(1,736,000)	(64,823)	0	0	1,380,293
Miscellaneous Equipment	346	14,546	37,359	(868,000)	(32,412)	0	0	(848,507)
Dismantlement - Fixed		2,747,013	280,020	0	0	0	0	3,027,033
<b>TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:</b>		<b>24,907,841</b>	<b>6,325,640</b>	<b>(21,700,000)</b>	<b>(810,290)</b>	<b>0</b>	<b>0</b>	<b>8,722,991</b>
<b>PACE PLANT:</b>								
Prime Movers	343	4,977,539	366,200	0	0	0	0	5,343,739
Generators	344	2,285,810	169,068	0	0	0	0	2,455,878
Accessory Electric Equipment	345	429,382	32,070	0	0	0	0	461,452
Asset Retirement Obligation	347	289,622	0	0	0	0	0	289,622
Dismantlement - Fixed		(21,166)	(1,938)	0	0	0	0	(23,104)
<b>TOTAL PACE PLANT:</b>		<b>7,962,187</b>	<b>565,400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,527,567</b>
<b>PERDIDO PLANT:</b>								
Structures and Improvements	341	70,679	48,249	0	0	0	0	118,928
Fuel Holders and Accessories	342	43,405	29,131	0	0	0	0	72,536
Prime Movers	343	205,913	138,382	0	0	0	0	344,295
Accessory Electric Equipment	345	59,300	40,554	0	0	0	0	99,854
Miscellaneous Equipment	346	173,320	2,387	0	0	0	0	175,707
		552,617	258,703	0	0	0	0	811,320
<b>TOTAL OTHER PRODUCTION:</b>		<b>36,998,202</b>	<b>7,445,001</b>	<b>(21,700,000)</b>	<b>(810,290)</b>	<b>0</b>	<b>0</b>	<b>21,932,913</b>
<b>TOTAL PRODUCTION:</b>		<b>814,499,789</b>	<b>87,099,906</b>	<b>(27,865,194)</b>	<b>(1,723,931)</b>	<b>0</b>	<b>0</b>	<b>872,010,570</b>
<b>TRANSMISSION:</b>								
Land	350	0	0	0	0	0	0	0
Easements	350.2	6,500,811	209,991	0	0	0	0	6,710,802
Structures and Improvements	352	3,343,528	223,376	0	0	0	0	3,566,904
Station Equipment	353	27,672,426	3,669,351	(575,000)	(17,000)	0	0	30,749,777
Towers and Fixtures	354	24,125,582	997,482	0	0	0	0	25,123,064
Poles and Fixtures	355	19,511,251	4,265,251	0	(150,000)	0	0	23,626,502
Overhead Conductors & Devices	356	23,083,801	2,064,581	0	0	0	0	25,148,382
Underground Conductors & Devices	358	7,234,377	295,985	0	0	0	0	7,530,362
Roads and Trails	359	33,078	4,718	0	0	0	0	37,796
Asset Retirement Obligation	359.1	4,555	0	0	0	0	0	4,555
<b>TOTAL TRANSMISSION:</b>		<b>111,509,409</b>	<b>11,730,735</b>	<b>(575,000)</b>	<b>(167,000)</b>	<b>0</b>	<b>0</b>	<b>122,498,144</b>



GULF POWER COMPANY  
 ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
 BUDGET: DECEMBER, 2013

Sheet 3 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>DISTRIBUTION:</b>							
Easements	360.1	23,682	5,478	0	0	0	29,160
Structures and Improvements	361	7,129,505	510,992	0	0	0	7,640,497
Station Equipment	362	55,490,517	4,505,011	(414,000)	(252,500)	0	59,329,028
Poles, Towers & Fitures	364	61,990,339	6,334,991	(1,070,500)	(973,500)	272,250	66,553,580
Overhead Conductors & Devices	365	44,523,732	4,129,322	(940,000)	(824,416)	272,264	47,160,902
Underground Conduit	366	778,398	15,089	0	0	0	793,487
Underground Conductors & Devices	367	47,628,067	4,507,512	(934,350)	(417,603)	342	51,083,988
Line Transformers	368	83,014,382	9,579,253	(2,841,000)	(741,250)	340,250	89,551,645
<b>Services:</b>							
- Overhead	369.1	31,059,876	2,025,526	(29,206)	(32,451)	0	33,023,745
- Underground	369.2	15,330,060	1,174,188	(24,794)	(27,549)	0	16,451,905
Meters	370	735,471	820,434	(263,500)	(15,000)	5,595,000	6,872,405
Meters - AMI	370	7,653,664	2,695,348	(500,000)	(200,000)	(5,595,000)	4,094,012
Meters - FPSC Segregated	370	1,769,589	0	0	0	0	1,769,589
Meters - Non FPSC Segregated	370	3,572,494	0	0	0	0	3,572,494
Street Lighting & Signal Systems	373	31,277,532	3,142,200	(1,286,650)	(430,006)	144,614	32,847,690
Asset Retirement Obligation	374	25,371	0	0	0	0	25,371
<b>TOTAL DISTRIBUTION:</b>	<b>392,342,709</b>	<b>39,445,344</b>	<b>(8,104,000)</b>	<b>(3,914,275)</b>	<b>1,029,720</b>	<b>0</b>	<b>420,799,496</b>
<b>GENERAL PLANT:</b>							
Structures and Improvements	390	25,962,559	1,641,852	(396,356)	(163,000)	0	27,045,055
<b>Office Furniture &amp; Equipment:</b>							
- Computer, 5 Year	391	2,613,750	490,882	(1,314,129)	0	0	1,790,503
- Non-Computer, 7 Year	391	1,098,242	349,332	0	0	0	1,447,574
<b>Transportation Equipment:</b>							
- Light Trucks	392.2	3,213,189	660,673	(386,094)	0	25,740	3,513,508
- Heavy Trucks	392.3	11,961,928	1,768,552	(1,051,549)	0	70,103	12,749,034
- Trailers	392.4	658,656	60,466	(62,356)	0	4,157	660,923
- Marine, 5 Year	392	47,134	42,718	0	0	0	89,852
Stores Equipment - 7 Year	393	615,145	189,201	(2,064)	0	0	802,282
Tools, Shop & Garage Equip. - 7 Year	394	939,718	542,807	(180,433)	0	0	1,302,092
Laboratory Equipment - 7 Year	395	1,028,239	356,346	0	0	0	1,384,585
Power Operated Equipment	396	472,539	40,638	0	0	0	513,177
<b>Communication Equipment:</b>							
- Other	397	5,788,123	1,066,610	(25,000)	(10,500)	7,000	6,826,233
- 7 Year	397	1,435,498	692,567	0	0	0	2,128,065
Miscellaneous Equipment - 7 Year	398	1,719,364	506,614	0	0	0	2,225,978
Asset Retirement Obligation	399.1	118,433	0	0	0	0	118,433
<b>TOTAL GENERAL:</b>	<b>57,672,517</b>	<b>8,409,258</b>	<b>(3,417,981)</b>	<b>(173,500)</b>	<b>107,000</b>	<b>0</b>	<b>62,597,294</b>
<b>TOTAL ELECTRIC PLANT-IN-SERVICE:</b>	<b>1,379,957,166</b>	<b>148,920,026</b>	<b>(39,962,175)</b>	<b>(5,978,706)</b>	<b>1,136,720</b>	<b>0</b>	<b>1,484,073,031</b>

# Attachment E

**GULF POWER COMPANY  
PROPOSED DEPRECIATION FACTORS AND RATES  
AT DECEMBER 31, 2013**

Loc No.	Account	Account Name	12/31/2013 Plant Balance	Curve Type	Average Service Life Yrs	IRR Net Removal Excl. Dismantling		Reserve Requirement w/ Net Removal	12/31/2013 Accumulated Depreciation Reserve	Amount to be Recovered	Average Remaining Life Years	Recommended Annual Depreciation
						Amount \$	Percent %		\$			
<b>STEAM PRODUCTION PLANT</b>												
<b>41108 Plant Crist Common 4-7</b>												
	311	Structures and Improvements	120,351,753	Forecast	36.4	1,842,886	1.5%	42,633,844	35,696,945	86,497,694	23.7	3,649,692
	312	Boiler Plant Equipment	479,890,875	Forecast	26.9	29,393,316	6.1%	102,235,488	85,600,882	423,683,309	21.5	19,706,200
	314	Turbogenerator Units	26,682,781	Forecast	34.6	1,389,172	5.2%	10,303,867	8,627,338	19,444,615	21.9	887,882
	315	Accessory Electric Equipment	95,631,219	Forecast	28.9	2,928,706	3.1%	20,121,230	16,847,331	81,712,595	23.0	3,552,722
	316	Misc. Power Plant Equipment	7,516,190	Forecast	25.7	575,458	7.7%	1,574,251	1,318,106	6,773,542	20.7	327,224
		Subtotal	730,072,818		28.6	36,129,539	4.9%	176,868,680	148,090,602	618,111,755	21.98	28,123,720
<b>41104 Plant Crist Unit #4</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	32,345,400	Forecast	23.2	849,067	2.6%	19,029,587	15,933,307	17,261,160	9.9	1,743,552
	314	Turbogenerator Units	10,116,143	Forecast	21.4	225,716	2.2%	5,509,215	4,612,817	5,729,042	10.0	572,904
	315	Accessory Electric Equipment	3,454,218	Forecast	21.7	45,337	1.3%	1,854,603	1,552,843	1,946,712	10.2	190,854
	316	Misc. Power Plant Equipment	0									
		Subtotal	45,915,761		22.7	1,120,120	2.4%	26,393,404	22,098,967	24,936,914	9.95	2,507,310
<b>41105 Plant Crist Unit #5</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	34,670,105	Forecast	24.0	1,083,441	3.1%	18,323,692	15,342,268	20,411,278	11.7	1,744,554
	314	Turbogenerator Units	12,976,335	Forecast	17.9	344,684	2.7%	4,539,565	3,800,938	9,520,081	11.8	806,786
	315	Accessory Electric Equipment	3,139,986	Forecast	22.1	49,062	1.6%	1,443,008	1,208,218	1,980,830	12.1	163,705
	316	Misc. Power Plant Equipment	0									
		Subtotal	50,786,426		22.0	1,477,187	2.9%	24,306,266	20,351,424	31,912,189	11.75	2,715,045
<b>41106 Plant Crist Unit #6</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	260,601,558	Forecast	22.8	14,007,334	5.4%	43,359,299	36,304,362	238,304,529	19.2	12,411,694
	314	Turbogenerator Units	46,081,281	Forecast	24.7	2,105,339	4.6%	10,144,551	8,493,944	39,692,675	19.5	2,035,522
	315	Accessory Electric Equipment	29,989,811	Forecast	23.8	805,976	2.7%	4,528,792	3,791,918	27,003,869	20.3	1,330,240
	316	Misc. Power Plant Equipment	0									
		Subtotal	336,672,650		23.1	16,918,648	5.0%	58,032,642	48,590,225	305,001,074	19.33	15,777,456
<b>41107 Plant Crist Unit #7</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	210,433,992	Forecast	31.4	12,889,082	6.1%	70,410,778	58,954,330	164,368,744	21.5	7,645,058
	314	Turbogenerator Units	95,134,071	Forecast	29.1	4,952,918	5.2%	24,763,791	20,734,506	79,352,483	21.9	3,623,401
	315	Accessory Electric Equipment	24,187,383	Forecast	33.8	740,739	3.1%	7,965,199	6,669,191	18,258,930	23.0	793,867
	316	Misc. Power Plant Equipment	0									
		Subtotal	329,755,446		30.9	18,582,738	5.6%	103,139,768	86,358,027	261,980,157	21.72	12,062,325
<b>Total Plant Crist Depreciable</b>			1,493,203,101		27.10	74,228,232	5.0%	388,740,760	325,489,245	1,241,942,088	20.30	61,185,856
310 Easements			0						420			
<b>Plant Crist Other Recovery/Non-Depreciable</b>												
	310	Land	6,023,266						0			
	312	Base Coal	141,840						141,840			
	316	Amortization Property (5 yr.)	137,572						86,586			
	316	Amortization Property (7 yr.)	3,256,013						1,508,235			
	317	ARO	1,132,431						730,742			
		Dismantlement							73,645,939			
<b>TOTAL PLANT CRIST</b>			<b>1,503,894,223</b>						<b>401,603,007</b>			

Staff's Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 3a  
 Attachment E  
 Page 1 of 9

**GULF POWER COMPANY  
PROPOSED DEPRECIATION FACTORS AND RATES  
AT DECEMBER 31, 2013**

Loc No.	Account	Account Name	12/31/2013 Plant Balance	Curve Type	Average Service Life Yrs	IRR Net Removal Excl. Dismantling Amount \$	Percent %	Reserve Requirement w/ Net Removal \$	12/31/2013 Accumulated Depreciation Reserve \$	Amount to be Recovered \$	Average Remaining Life Years	Recommended Annual Depreciation \$
<b>41113 Plant Scholz Common</b>												
	311	Structures and Improvements	6,218,889	Forecast	31.1	5,830	0.1%	5,924,492	6,224,719	0	1.5	0
	312	Boiler Plant Equipment	5,988,896	Forecast	21.4	22,458	0.4%	5,589,998	5,928,176	83,178	1.5	55,452
	314	Turbogenerator Units	1,081,161	Forecast	13.1	3,446	0.3%	960,416	1,018,518	66,089	1.5	44,060
	315	Accessory Electric Equipment	3,190,980	Forecast	31.6	5,983	0.2%	3,046,163	3,196,963	0	1.5	0
	316	Misc. Power Plant Equipment	496,443	Forecast	8.8	2,327	0.5%	413,752	438,783	59,987	1.5	39,991
		Subtotal	16,976,369		23.6	40,045	0.2%	15,934,820	16,807,159	209,255	1.50	139,503
<b>41111 Plant Scholz Unit #1</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	4,724,726	Forecast	34.2	17,718	0.4%	4,534,442	4,742,444	0	1.5	0
	314	Turbogenerator Units	2,496,617	Forecast	39.6	7,958	0.3%	2,409,705	2,504,575	0	1.5	0
	315	Accessory Electric Equipment	105,404	Forecast	10.1	198	0.2%	89,918	95,358	10,244	1.5	6,829
	316	Misc. Power Plant Equipment	0									
		Subtotal	7,326,747		34.6	25,873	0.4%	7,034,065	7,342,377	10,244	1.50	6,829
<b>41112 Plant Scholz Unit #2</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	4,337,721	Forecast	25.5	16,266	0.4%	4,097,871	4,353,987	0	1.5	0
	314	Turbogenerator Units	1,986,288	Forecast	43.3	6,331	0.3%	1,923,591	1,992,619	0	1.5	0
	315	Accessory Electric Equipment	168,285	Forecast	14.0	316	0.2%	150,536	159,643	8,957	1.5	5,972
	316	Misc. Power Plant Equipment	0									
		Subtotal	6,492,294		28.5	22,913	0.4%	6,171,998	6,506,250	8,957	1.50	5,972
<b>Total Plant Scholz Depreciable</b>			30,795,410		26.6	88,832	0.3%	29,140,883	30,655,786	228,456	1.50	152,304
<b>Plant Scholz Other Recovery/Non-Depreciable</b>												
	310	Land	44,579						0			
	312	Base Coal	71,300						71,300			
	316	Amortization Property (5 yr.)	8,730						4,635			
	316	Amortization Property (7 yr.)	116,560						63,476			
	317	ARO	241,640						13,751,261			
		Dismantlement							281,754			
<b>TOTAL PLANT SCHOLZ</b>			31,278,219						44,828,212			
<b>41123 Plant Smith Common</b>												
	311	Structures and Improvements	36,898,754	Forecast	35.6	426,642	1.2%	18,348,158	18,743,543	18,581,853	18.1	1,026,622
	312	Boiler Plant Equipment	24,139,504	Forecast	30.2	1,116,452	4.6%	11,206,285	11,447,770	13,808,186	16.8	821,916
	314	Turbogenerator Units	2,943,408	Forecast	34.0	115,713	3.9%	1,529,560	1,562,521	1,496,600	17.0	88,035
	315	Accessory Electric Equipment	4,145,032	Forecast	40.5	95,854	2.3%	2,397,933	2,449,606	1,791,280	17.6	101,777
	316	Misc. Power Plant Equipment	1,859,710	Forecast	25.0	107,514	5.8%	676,725	691,308	1,275,916	16.4	77,800
		Subtotal	69,986,408		33.3	1,862,175	2.7%	34,158,662	34,894,748	36,953,835	17.46	2,116,150
<b>41121 Plant Smith Unit #1</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	32,652,589	Forecast	27.1	1,346,919	4.1%	15,055,133	15,379,556	18,619,952	15.1	1,233,109
	314	Turbogenerator Units	13,496,717	Forecast	38.4	473,229	3.5%	8,403,795	8,584,889	5,385,057	15.3	351,964
	315	Accessory Electric Equipment	4,217,804	Forecast	33.7	86,992	2.1%	2,286,524	2,335,796	1,989,000	15.8	124,620
	316	Misc. Power Plant Equipment	0									
		Subtotal	50,367,110		30.0	1,907,140	3.8%	25,745,452	26,300,242	25,974,008	15.19	1,709,694

Staff's Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 3a  
 Attachment E  
 Page 2 of 9

**GULF POWER COMPANY  
PROPOSED DEPRECIATION FACTORS AND RATES  
AT DECEMBER 31, 2013**

Loc No.	Account	Account Name	12/31/2013	Curve Type	Average	IRR Net Removal		Reserve	12/31/2013	Amount to be Recovered	Average	Recommended
			Plant Balance		Service Life Yrs	Excl. Dismantling Amount \$	Percent %	Requirement w/ Net Removal \$	Accumulated Depreciation Reserve \$		Remaining Life Years	Annual Depreciation \$
<b>41122 Plant Smith Unit #2</b>												
	311	Structures and Improvements	0									
	312	Boiler Plant Equipment	42,290,818	Forecast	30.3	1,955,950	4.6%	19,713,907	20,138,722	24,108,046	16.8	1,435,003
	314	Turbogenerator Units	12,536,935	Forecast	37.9	492,858	3.9%	7,185,295	7,340,131	5,689,662	17.0	334,686
	315	Accessory Electric Equipment	1,596,035	Forecast	45.9	36,908	2.3%	1,006,804	1,028,499	604,444	17.6	34,343
	316	Misc. Power Plant Equipment	0									
		Subtotal	56,423,788		32.0	2,485,717	4.4%	27,906,005	28,507,353	30,402,152	16.85	1,804,032
	<b>Total Plant Smith Depreciable</b>		176,777,306		31.9	6,255,032	3.5%	87,810,119	89,702,343	93,329,995	16.58	5,629,876
<b>Plant Smith Other Recovery/Non-Depreciable</b>												
	310	Land	1,363,924						0			
	312	Base Coal	108,300						108,300			
	316	Amortization Property (5 yr.)	31,793						16,169			
	316	Amortization Property (7 yr.)	1,190,933						669,544			
	317	ARO	471,938						21,657,782			
		Dismantlement							352,046			
	<b>TOTAL PLANT SMITH</b>		179,944,194						112,506,184			
<b>41143 Plant Daniel #1-2 Common</b>												
	311	Structures and Improvements	13,330,597	Forecast	51.0	270,778	2.0%	5,280,534	6,245,068	7,356,307	31.2	235,779
	312	Boiler Plant Equipment	31,633,037	Forecast	51.7	2,570,184	8.1%	16,208,490	19,169,107	15,034,114	27.2	552,725
	314	Turbogenerator Units	3,101,970	Forecast	53.0	214,230	6.9%	1,564,245	1,849,968	1,466,232	28.0	52,365
	315	Accessory Electric Equipment	1,116,128	Forecast	44.7	45,343	4.1%	384,559	454,801	706,669	29.9	23,634
	316	Misc. Power Plant Equipment	2,127,903	Forecast	47.2	216,115	10.2%	1,057,788	1,251,002	1,093,016	25.9	42,201
		Subtotal	51,309,635		51.2	3,316,650	6.5%	24,495,615	28,969,946	25,656,339	28.30	906,705
<b>41148 Plant Daniel #1-4 Common</b>												
	311	Structures and Improvements	4,587,856	Forecast	59.5	93,191	2.0%	2,226,447	2,633,127	2,047,920	31.2	65,638
	312	Boiler Plant Equipment	3,051,461	Forecast	42.0	247,931	8.1%	1,162,643	1,375,010	1,924,383	27.2	70,749
	314	Turbogenerator Units	0									
	315	Accessory Electric Equipment	138,140	Forecast	36.8	5,612	4.1%	26,953	31,877	111,875	29.9	3,742
	316	Misc. Power Plant Equipment	1,194,324	Forecast	36.1	121,299	10.2%	371,727	439,626	875,996	25.9	33,822
		Subtotal	8,971,781		48.1	468,033	5.2%	3,787,771	4,479,639	4,960,174	28.51	173,952
<b>41141 Plant Daniel Unit #1</b>												
	311	Structures and Improvements	8,617,103	Forecast	63.1	153,492	1.8%	4,948,228	5,852,084	2,918,532	27.5	106,128
	312	Boiler Plant Equipment	52,658,722	Forecast	42.2	3,751,934	7.1%	23,794,068	28,140,255	28,270,401	24.4	1,158,623
	314	Turbogenerator Units	19,984,708	Forecast	41.0	1,210,324	6.1%	8,271,232	9,782,042	11,412,990	25.0	456,520
	315	Accessory Electric Equipment	10,736,674	Forecast	52.0	382,494	3.6%	5,452,669	6,448,645	4,670,523	26.5	176,246
	316	Misc. Power Plant Equipment	12,158	Forecast	39.0	1,083	8.9%	5,296	6,264	6,977	23.4	298
		Subtotal	92,009,365		44.3	5,499,327	6.0%	42,471,493	50,229,269	47,279,422	24.91	1,897,815
<b>41141 Plant Daniel Unit #2</b>												
	311	Structures and Improvements	9,519,952	Forecast	60.6	193,374	2.0%	4,712,406	5,573,166	4,140,160	31.2	132,697
	312	Boiler Plant Equipment	63,078,080	Forecast	45.0	5,125,094	8.1%	26,978,144	31,905,930	36,297,244	27.2	1,334,458
	314	Turbogenerator Units	24,592,139	Forecast	44.0	1,698,395	6.9%	9,560,194	11,306,444	14,984,090	28.0	535,146
	315	Accessory Electric Equipment	10,998,777	Forecast	53.4	446,825	4.1%	5,036,922	5,956,959	5,488,644	29.9	183,567
	316	Misc. Power Plant Equipment	604,933	Forecast	28.1	61,439	10.2%	52,171	61,701	604,671	25.9	23,348
		Subtotal	108,793,881		46.4	7,525,126	6.9%	46,339,838	54,804,200	61,514,808	27.84	2,209,214
	<b>TOTAL PLANT DANIEL</b>		261,084,662		46.5	16,809,135	6.4%	117,094,717	138,483,054	139,410,743	26.87	5,187,686

Staff's Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 3a  
 Attachment E  
 Page 3 of 9

**GULF POWER COMPANY  
PROPOSED DEPRECIATION FACTORS AND RATES  
AT DECEMBER 31, 2013**

Loc No.	Account	Account Name	12/31/2013	Curve Type	Average Service Life Yrs	IRR Net Removal		Reserve Requirement w/ Net Removal \$	12/31/2013	Amount to be Recovered \$	Average Remaining Life Years	Recommended Annual Depreciation \$
			Plant Balance \$			Excl. Dismantling Amount \$	Percent %		Accumulated Depreciation Reserve \$			
41143	310	Daniel Common 1-2, Easements	77,160	Forecast	69.0	0	0.0%	40,817	41,511	35,649	32.5	1,097
41146	311	Daniel, Rail Track System	2,776,537	Forecast	66.4	0	0.0%	1,417,539	1,374,410	1,402,127	32.5	43,142
<b>Total Plant Daniel Depreciable</b>			<b>263,938,359</b>		<b>46.7</b>	<b>16,809,135</b>	<b>6.4%</b>	<b>118,553,073</b>	<b>139,898,975</b>	<b>140,848,519</b>	<b>26.92</b>	<b>5,231,925</b>
<b>Plant Daniel Other Recovery/Non-Depreciable</b>												
	310	Land	1,028,761						0			
	310	Cooling Lake	2,621,892						2,623,383			
	311	Cooling Lake	6,331,377						6,332,867			
	316	Cooling Lake	923						923			
	317	ARO	391,150						19,870,960			
		Dismantlement							115,045			
<b>TOTAL PLANT DANIEL</b>			<b>274,312,462</b>						<b>168,842,153</b>			
<b>41161 Plant Scherer Common A</b>												
	311	Structures and Improvements	1,136,017	Forecast	48.1	6,014	0.5%	273,043	320,259	821,772	36.6	22,453
	312	Boiler Plant Equipment	16,687,836	Forecast	38.0	353,365	2.1%	3,094,323	3,629,413	13,411,788	31.1	431,247
	314	Turbogenerator Units	192,284	Forecast	40.6	3,461	1.8%	40,499	47,502	148,243	32.2	4,604
	315	Accessory Electric Equipment	435,041	Forecast	40.4	4,606	1.1%	60,941	71,479	368,168	34.8	10,580
	316	Misc. Power Plant Equipment	0									
		Subtotal	18,451,178		38.6	367,446	2.0%	3,468,806	4,068,653	14,749,970	31.46	468,883
<b>41162 Plant Scherer Common B</b>												
	311	Structures and Improvements	11,296,223	Forecast	62.3	59,799	0.5%	4,684,587	5,494,675	5,861,348	36.6	160,146
	312	Boiler Plant Equipment	21,294,165	Forecast	40.1	450,904	2.1%	4,880,439	5,724,395	16,020,674	31.1	515,134
	314	Turbogenerator Units	1,255,314	Forecast	62.6	22,594	1.8%	620,582	727,896	550,012	32.2	17,081
	315	Accessory Electric Equipment	423,964	Forecast	60.8	4,489	1.1%	183,220	214,903	213,549	34.8	6,136
	316	Misc. Power Plant Equipment	5,031,771	Forecast	47.5	133,185	2.6%	1,989,867	2,333,967	2,830,989	29.2	96,952
		Subtotal	39,301,437		46.5	670,971	1.7%	12,358,695	14,495,836	25,476,572	32.03	795,450
<b>41163 Plant Scherer Unit #3</b>												
	311	Structures and Improvements	20,420,233	Forecast	61.6	108,100	0.5%	8,331,304	9,772,004	10,756,329	36.6	293,889
	312	Boiler Plant Equipment	240,242,293	Forecast	40.3	5,087,131	2.1%	56,005,724	65,690,577	179,638,847	31.1	5,776,169
	314	Turbogenerator Units	38,735,571	Forecast	53.2	697,192	1.8%	15,565,564	18,257,257	21,175,506	32.2	657,624
	315	Accessory Electric Equipment	9,515,191	Forecast	54.9	100,742	1.1%	3,520,588	4,129,389	5,486,544	34.8	157,659
	316	Misc. Power Plant Equipment	1,338,046	Forecast	45.1	35,416	2.6%	484,214	567,947	805,515	29.2	27,586
		Subtotal	310,251,334		42.9	6,028,581	1.9%	83,907,394	98,417,174	217,862,741	31.52	6,912,927
<b>Total Plant Scherer Depreciable</b>			<b>368,003,949</b>		<b>43.1</b>	<b>7,066,997</b>	<b>1.9%</b>	<b>99,734,895</b>	<b>116,981,663</b>	<b>258,089,283</b>	<b>31.56</b>	<b>8,177,260</b>
<b>Plant Scherer Other Recovery/Non-Depreciable</b>												
	310	Land	962,807						0			
	316	Amortization Property (7 yr.)	161,971						91,483			
	317	ARO	5,156,238						81,314			
		Dismantlement							5,143,641			
<b>TOTAL PLANT SCHERER</b>			<b>374,284,965</b>						<b>122,298,101</b>			
<b>Total Depreciable Steam Excl. A/C 317</b>			<b>2,332,718,125</b>		<b>30.7</b>	<b>104,448,228</b>	<b>4.5%</b>	<b>723,979,731</b>	<b>702,728,012</b>	<b>1,734,438,341</b>	<b>21.58</b>	<b>80,377,222</b>

Staffs Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 3a  
 Attachment E  
 Page 4 of 9

**GULF POWER COMPANY  
PROPOSED DEPRECIATION FACTORS AND RATES  
AT DECEMBER 31, 2013**

Loc No.	Account	Account Name	12/31/2013	Curve Type	Average Service Life	IRR Net Removal		Reserve Requirement w/ Net Removal	12/31/2013	Amount to be Recovered	Average Remaining Life	Recommended Annual Depreciation
			Plant Balance			Excl. Dismantling Amount	Percent		Accumulated Depreciation Reserve			
			\$		Yrs	\$	%	\$	\$	\$	Years	\$
<b>OTHER PRODUCTION PLANT</b>												
<b>41401 Plant Smith CT</b>												
341		Structures and Improvements	1,310,239	Forecast	16.7	1,327	0.1%	259,172	149,585	1,161,981	13.4	86,715
342		Fuel Holders	697,862	Forecast	21.2	1,413	0.2%	263,877	209,493	489,782	13.2	37,105
343		Prime Movers	2,405,737	Forecast	16.1	4,872	0.2%	434,209	304,537	2,106,072	13.2	159,551
344		Generators	3,438,922	Forecast	43.1	5,803	0.2%	2,381,736	3,074,270	370,455	13.3	27,854
345		Accessory Electric Equipment	48,475	Forecast	34.3	82	0.2%	29,729	(36,349)	84,906	13.3	6,384
346		Misc. Power Plant Equipment	43,147	Forecast	16.6	87	0.2%	8,855	(7,301)	50,535	13.2	3,828
		Subtotal	7,944,382		23.1	13,584	0.2%	3,377,578	3,694,235	4,263,731	13.26	321,437
<b>41403 Plant Smith CC</b>												
341		Structures and Improvements	13,899,525	Forecast	33.6	99,034	0.7%	2,958,029	863,479	13,115,080	26.5	494,909
342		Fuel Holders	3,606,959	Forecast	34.4	17,990	0.5%	769,248	(526,009)	4,150,958	27.1	153,172
343		Prime Movers	117,146,160	Forecast	27.1	3,338,666	2.9%	29,787,761	(8,568,228)	129,053,054	20.4	6,326,130
344		Generators	70,224,987	Forecast	37.3	350,247	0.5%	19,299,394	13,374,930	57,200,304	27.1	2,110,712
345		Accessory Electric Equipment	12,724,985	Forecast	36.0	72,532	0.6%	3,234,928	1,380,293	11,417,224	26.9	424,432
346		Misc. Power Plant Equipment	1,445,705	Forecast	30.1	15,451	1.1%	223,300	(848,507)	2,309,663	25.5	90,575
		Subtotal	219,048,321		30.7	3,893,920	1.8%	56,272,659	5,695,958	217,246,283	22.63	9,599,930
<b>41450 Plant Pace CT</b>												
341		Structures and Improvements	0									
342		Fuel Holders	0									
343		Prime Movers	6,790,595	Forecast	20.0	4,584	0.1%	5,266,263	5,343,739	1,451,440	4.5	322,542
344		Generators	3,107,233	Forecast	20.0	1,748	0.1%	2,409,460	2,455,878	653,103	4.5	145,134
345		Accessory Electric Equipment	584,090	Forecast	20.0	329	0.1%	452,924	461,452	122,967	4.5	27,326
346		Misc. Power Plant Equipment	0									
		Subtotal	10,481,918		20.0	6,660	0.1%	8,128,648	8,261,069	2,227,509	4.50	495,002
<b>41481 Perdido Landfill Plant</b>												
341		Structures and Improvements	2,803,840	Forecast	17.7	3,470	0.1%	222,047	118,928	2,688,382	16.3	164,931
342		Fuel Holders	896,565	Forecast	18.4	2,219	0.2%	112,348	72,536	826,248	16.1	51,320
343		Prime Movers	4,561,649	Forecast	18.3	11,290	0.2%	549,752	344,295	4,228,644	16.1	262,649
344		Generators	0						0			
345		Accessory Electric Equipment	1,169,882	Forecast	18.6	2,413	0.2%	151,264	99,854	1,072,441	16.2	66,200
346		Misc. Power Plant Equipment	227,150	Forecast	17.1	562	0.2%	13,317	175,707	52,005	16.1	3,230
		Subtotal	9,659,086		18.1	19,954	0.2%	1,048,728	811,320	8,867,720	16.17	548,330
<b>Total Depreciable Other Production</b>			<b>247,133,707</b>		<b>29.0</b>	<b>3,934,118</b>	<b>1.6%</b>	<b>68,827,613</b>	<b>18,462,582</b>	<b>232,605,243</b>	<b>21.21</b>	<b>10,964,699</b>
<b>Total Depreciable Production</b>			<b>2,579,851,832</b>		<b>30.5</b>	<b>108,382,346</b>	<b>4.2%</b>	<b>792,807,343</b>	<b>721,190,594</b>	<b>1,967,043,584</b>	<b>21.53</b>	<b>91,341,921</b>

Staffs Second Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 18, 2013  
Item No. 3a  
Attachment E  
Page 5 of 9

GULF POWER COMPANY  
DEPRECIATION STUDY AS OF 12/31/2013  
SCHEDULE OF DEPRECIATION PARAMETERS

FERC ACCT	DESCRIPTION	BALANCE 12/31/2013	CURVE	ASL	NET REMOVAL COST		THEO. RESERVE	RESERVE 12/31/2013	BALANCE TO RECOVER	ARL	ANNUAL ACCRUAL	
					%	AMT.						
<b>TRANSMISSION PLANT</b>												
350.0	Easements	13,166,131	R5	65.0	0	-	6,759,289	6,710,802	6,455,329	31.6	204,089	204,089
352.0	Structures and Improvements	11,168,790	R4	55.0	5	529,215	2,994,588	3,566,904	8,131,101	40.2	202,367	188,135
353.0	Station Equipment	164,291,157	S0	45.0	7	10,407,618	31,075,166	30,749,777	143,948,998	36.2	3,975,393	3,555,208
354.0	Towers and Fixtures	43,368,772	R4	55.0	20	8,133,333	21,099,346	25,123,064	26,379,041	31.2	844,940	740,078
355.0	Poles and Fixtures	145,322,647	S0	40.0	50	63,499,159	32,241,698	23,626,502	185,195,304	33.2	5,573,136	4,947,161
356.0	Overhead Conductors and Devices	86,371,977	R1.5	50.0	30	33,101,922	23,438,368	25,148,382	94,325,517	41.8	2,254,973	2,801,769
358.0	Underground Conductors and Devices	14,094,502	R4	50.0	0	-	6,677,975	7,530,362	6,564,140	26.3	249,492	249,491
359.0	Roads and Trails	235,918	SQ	55.0	0	-	43,023	37,796	198,122	45.0	4,406	4,406
Sub-Total Excluding Easements		<u>464,853,763</u>		45.2	25	<u>115,671,247</u>	<u>117,570,164</u>	<u>115,782,787</u>	<u>464,742,223</u>		<u>13,104,707</u>	12,486,248
Sub-Total Including Easements		478,019,894		45.6	24	115,671,247	124,329,453	122,493,589	471,197,552		13,308,796	12,690,336
350	Land	<u>7,148,132</u>										
TOTAL TRANSMISSION PLANT		<u>485,168,026</u>				<u>115,671,247</u>	<u>124,329,453</u>	<u>122,493,589</u>	<u>471,197,552</u>		<u>13,308,796</u>	12,690,336

Staffs Second Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 18, 2013  
Item No. 3a  
Attachment E  
Page 6 of 9



**SCHEDULE OF DEPRECIATION PARAMETERS**

FERC ACCT	DESCRIPTION	BALANCE 12/31/2013	CURVE	ASL	NET REMOVAL COST		THEO. RESERVE	RESERVE 12/31/2013	BALANCE TO RECOVER	ARL	ANNUAL ACCRUAL	
					%	AMT.						
<b>DISTRIBUTION PLANT</b>												
360.2	Easements	555,176	SQ	55.0	0	-	28,566	29,160	526,016	52.2	10,083	10,083
361.0	Structures and Improvements	23,226,892	R3	52.0	5	1,021,483	6,398,219	7,640,497	16,607,878	36.5	455,135	379,779
362.0	Station Equipment	224,105,772	R1.5	46.0	8	19,172,545	55,141,908	59,329,028	183,949,289	36.2	5,081,472	5,483,762
364.0	Poles and Fixtures	130,558,183	L0	32.0	70	91,701,330	48,785,927	66,553,580	155,705,933	25.0	6,230,730	6,189,958
365.0	Overhead Conductors and Devices	135,721,848	R1	40.0	25	33,955,048	50,465,691	47,160,902	122,515,994	28.1	4,358,449	4,289,796
366.0	Underground Conduit	1,160,686	R3	60.0	0	-	651,937	793,487	367,199	26.3	13,962	13,960
367.0	Underground Conductors and Devices	141,799,812	S2	34.0	10	14,130,257	45,624,108	51,083,988	104,846,081	24.0	4,364,949	4,379,339
368.0	Line Transformers	246,878,554	S0	32.0	24	59,464,461	85,833,233	89,551,645	216,791,370	23.1	9,401,187	9,381,843
369.1	Overhead Services	53,627,450	R1	40.0	55	29,355,145	26,576,414	33,023,745	49,958,850	27.2	1,840,105	1,827,220
369.2	Underground Services	45,436,278	R1.5	44.0	10	4,524,322	12,464,507	16,451,905	33,508,695	33.0	1,016,031	1,006,807
370.0	Meters	21,347,670	R1	33.0	-10	(2,014,232)	5,493,360	6,872,405	12,461,033	23.0	541,784	529,736
370.1	Meters - AMI	51,378,581	R1	15.0	0	-	9,367,847	4,094,012	47,284,569	12.3	3,859,965	3,924,751
	Meters - FPSC Segregated	1,769,589	R1	30.0	0	-	1,860,713	1,769,589	-	0.0	-	-
	Meters - Non FPSC Segregated	3,209,455	R1	30.0	0	-	3,430,771	3,572,494	(363,039)	0.0	-	-
373.0	Street Lighting and Signal Systems	64,190,801	L1	22.0	15	9,656,090	24,800,057	32,847,690	40,999,201	14.6	2,802,406	2,829,970
Sub-Total		<u>1,144,966,747</u>		33.4	23	<u>260,966,449</u>	<u>376,923,258</u>	<u>420,774,127</u>	<u>985,159,069</u>		<u>39,976,257</u>	<u>40,247,006</u>
360	Land	<u>3,928,296</u>										
TOTAL DISTRIBUTION PLANT		<u>1,148,895,043</u>				<u>260,966,449</u>	<u>376,923,258</u>	<u>420,774,127</u>	<u>985,159,069</u>		<u>39,976,257</u>	<u>40,247,006</u>

**SCHEDULE OF DEPRECIATION PARAMETERS**

FERC ACCT	DESCRIPTION	BALANCE 12/31/2013	CURVE	ASL	NET REMOVAL COST		THEO. RESERVE	RESERVE 12/31/2013	BALANCE TO RECOVER	ARL	ANNUAL ACCRUAL	
					%	AMT.						
<b>GENERAL PLANT</b>												
390.0	Structures and Improvements	77,784,132	S1.5	45.0	5	3,889,207	27,833,510	27,045,055	54,628,284	29.7	1,839,336	1,838,163
396.0	Power Operated Equipment	864,641	R4	17.0	-20	(172,928)	414,621	513,177	178,536	6.8	26,217	26,217
397.0	Communications Equipment	18,477,317	R1	17.0	0	-	9,017,680	6,826,233	11,651,084	10.4	1,121,375	1,094,558
<u>Transportation Equipment</u>												
392.2	Light Trucks	7,180,418	L4	11.0	-5	(359,021)	4,643,005	3,513,508	3,307,889	3.5	958,808	985,751
392.3	Heavy Trucks	22,594,822	L4	12.0	-13	(2,937,327)	12,620,439	12,749,034	6,908,461	4.3	1,617,907	1,670,684
392.4	Tailers	1,272,052	S1.5	20.0	-9	(114,485)	641,346	660,923	496,644	8.9	55,803	58,575
<b>Total Transportation Equipment</b>		<b>31,047,292</b>		<b>11.9</b>	<b>-11</b>	<b>(3,410,833)</b>	<b>17,904,790</b>	<b>16,923,465</b>	<b>10,712,994</b>	<b>4.1</b>	<b>2,632,518</b>	<b>2,715,010</b>
<b>TOTAL DEPRECIABLE GENERAL PLANT</b>		<b>128,173,382</b>				<b>305,446</b>	<b>55,170,601</b>	<b>51,307,930</b>	<b>77,170,898</b>		<b>5,619,445</b>	<b>5,673,948</b>

Staff's Second Data Request  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 18, 2013  
Item No. 3a  
Attachment E  
Page 8 of 9

**SCHEDULE OF DEPRECIATION PARAMETERS**

FERC ACCT	DESCRIPTION	BALANCE 12/31/2013	CURVE	ASL	NET REMOVAL COST		THEO. RESERVE	RESERVE 12/31/2013	BALANCE TO RECOVER	ARL	ANNUAL ACCRUAL	
					%	AMT.						
<b>GENERAL PLANT AMORTIZATION</b>												
<b>Office Furniture &amp; Equipment</b>												
391.1	Furniture/Non-Computer	2,563,330	AMORT	7.0	0.0	-		1,447,574	1,115,756		364,394	364,394
391.2	Computer Equipment	2,494,035	AMORT	5.0	0.0	-		1,790,503	703,532		787,369	791,167
<b>Total Office Furniture &amp; Equipment</b>		<b>5,057,365</b>			0.0	-		<b>3,238,077</b>	<b>1,819,288</b>		<b>1,151,763</b>	<b>1,155,561</b>
<b>Auxiliary General Equipment</b>												
392.5	Marine Equipment	213,589	AMORT	5.0	0.0	-		89,852	123,737		42,719	42,719
393.0	Stores Equipment	1,418,919	AMORT	7.0	0.0	-		802,282	616,837		168,067	168,067
394.0	Tools, Shop & Garage Equipment	4,035,921	AMORT	7.0	0.0	-		1,302,092	2,733,829		358,155	358,155
395.0	Laboratory Equipment	3,207,454	AMORT	7.0	0.0	-		1,384,585	1,822,869		346,815	346,815
397.0	Communication Equip	4,847,974	AMORT	7.0	0.0	-		2,128,065	2,719,909		597,510	597,510
398.0	Miscellaneous Equipment	3,758,485	AMORT	7.0	0.0	-		2,225,978	1,532,487		495,316	495,316
<b>Total Auxiliary General Equipment</b>		<b>17,482,322</b>			0.0	-		<b>7,932,854</b>	<b>9,425,731</b>		<b>1,965,863</b>	<b>1,965,863</b>
<b>Total Amortizable General Plant</b>		<b>22,539,687</b>						<b>11,170,931</b>				
<b>Total Depreciable &amp; Amortizable General Plant</b>		<b>150,713,069</b>						<b>62,478,861</b>				
<b>NON-DEPRECIABLE GENERAL PROPERTY</b>												
389.0	Land	7,112,487										
		<b>7,112,487</b>										
<b>TOTAL GENERAL PLANT</b>		<b>157,825,556</b>						<b>62,478,861</b>				
<b>INTANGIBLE PLANT</b>												
303.0	Software	16,059,364	AMORT	7.0	0.0	-		6,167,525			2,097,192	2,097,192

Staff's Second Data Request  
 Docket No. 130151-EI  
 GULF POWER COMPANY  
 July 18, 2013  
 Item No. 3a  
 Attachment E  
 Page 9 of 9

128

**Gulf's revised response to  
Staff's First Data Request, POD 1,  
in Docket #130151-EI**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 128

PARTY PSC Staff

DESCRIPTION Gulf's revised resp Staff's 1st Data Request

DATE POD 1, in Docket No. 130151-EI

Robert L. McGee, Jr.  
Regulatory & Pricing Manager  
One Energy Place  
Pensacola, Florida 32520-0760  
Tel: 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com



July 19, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI

Dear Mr. Higgins:

Per your request, enclosed is a revision to Gulf Power Company's Responses to Staff's first data request Production of Documents Item No. 1 in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone

Request for Documents

1. Please provide a copy of the pricing schedules from metalprices.com (and/or recycle.net if applicable) that were used to determine scrap metal values for Gulf's 2013 Dismantlement Study.

ANSWER:

Scrap values are derived from four types of metals; ferrous steel, copper, aluminum, and stainless steel. Below is the calculation of the net scrap values as of 2013. See Attachment B for scrap pricing values from metalprices.com.

	<u>Metalprices.com</u>	<u>Unit of Measure</u>	<u>Preparation Cost</u>	<u>2012 Net Scrap Value</u>	<u>Escalation Factor</u>	<u>2013 Net Scrap Value</u>	<u>Tonnage % of Total Scrap</u>
<u>Ferrous Metals</u>							
Steel	\$ 387.500	tons	30%	271.250	5.826%	\$ 287.053	94.0%
<u>Non-Ferrous Metals</u>							
Copper	\$ 3.798	pounds	40%	2.279	6.370%	\$ 2.424	5.0%
Aluminum	\$ 0.771	pounds	20%	0.617	3.110%	\$ 0.636	0.6%
Stainless Steel	\$ 1,689.470	tons	30%	1,182.629	5.826%	\$ 1,251.529	0.4%

The majority of scrap is associated with ferrous steel and non-ferrous copper. Prices are reflected on page 27 of the Dismantling Study. The copper price of \$3.798 was transposed as \$3.789 in Gulf's calculation of scrap value yielding the unit price of \$2.418 as shown on page 27.

Lesser quantities of non-ferrous aluminum and stainless steel are also incorporated into the scrap value contained in the study. Since the amounts related to these metals are insignificant the unit prices are not listed on page 27 of the study.

Escalation factors are from PowerAdvocate.com. Historical rates are not maintained on this website. We have included in Attachment B an email at the time the study was prepared reflecting the factors that were published at that point in time.

# **Attachment B**

**Revised July 19, 2013**

[Mobile services <click> here](#)

12:42 PM GMT - 12:42:13 New York | 20:46:13 London | 01:15:13 Mumbai | 03:48:13 Shanghai

[Home](#) | [Contact Us](#) | [My Account](#) | [Help](#)



METALPRICES.COM

INTL FCStone  
 LME BASE METALS Team

[Live Feeds](#) | [Daily Exchange Data](#) | [Metals](#) | [Energy](#) | [Currency](#) | [News](#) | [Reports](#) | [Historical Data](#) | [Daily Snapshots](#) | [About](#) | [Logout](#)

Historical Database

Nonferrous | Minor Metals | Steel/Iron | Rare Earths | Ferro Alloys | Precious Metals | Energy

By Geography | US Regional Pricing | By Grade | Tool Steel | Export Freight Rates | Related Pages

Plate & Structural Scrap (5 ft) Pittsburgh has been discontinued. Please refer to the Ferrous Scrap Price Index - Pittsburgh P&S, 5ft Max - prices [click here](#)

Iron in 5' Plate Pittsburgh Ferrous Steel

Start Date 30 Jun 2012 End Date 31 Dec 2012 Unit **GT** Sort Order Most Current First  
 Currency US Dollar  Display Monthly Average Only

Plate & Structural Scrap (5 ft) Pittsburgh			
FOB Delivered Mt. USD/GT			
Date	Low	High	Average
07 Dec 2012	385.00	390.00	387.50
08 Nov 2012	385.00	390.00	387.50
08 Oct 2012	330.00	335.00	332.50
07 Sep 2012	385.00	395.00	390.00
07 Aug 2012	400.00	410.00	405.00
10 Jul 2012	325.00	335.00	330.00
<b>Averages</b>	<b>368.33</b>	<b>375.83</b>	<b>372.08</b>



[Mobile services click here](#)

[LME Base Metals](#) | [LME Base Non-Ferrous](#) | [LME Base Ferrous](#) | [LME Base Chemicals](#) | [LME Base Energy](#)

[Home](#) | [Contact Us](#) | [My Account](#) | [Help](#)



METALPRICES.COM

INTL FCStone  
LME BASE METALS Team

[Live Leads](#) | [Daily Exchange Data](#) | [Metals](#) | [Energy](#) | [Currency](#) | [News](#) | [Reports](#) | [Historical Data](#) | [Daily Snapshots](#) | [About](#) | [Logout](#)

### Historical Database

[Nonferrous](#) | [Major Metals](#) | [Steel/Iron](#) | [Rare Earth](#) | [Ferrous Alloys](#) | [Precious Metals](#) | [Energy](#)

[Exchange Prices](#) | [Primary](#) | [Scrap](#) | [Secondary Scrap](#) | [Related Pages](#)

## Copper in #1 Wire/Tube Consumer COPPER

Start Date **30 Nov 2012** End Date **31 Dec 2012** Unit **MT** Sort Order **Most Current First**  
 Currency **US Dollar**  Display Monthly Average Only

Copper Scrap USA Consumer #1 Wire + Tube - FOB Delivered USD/MT			
Date	Low	High	Average
Dec 2012	7,541.18	7,635.98	7,588.58
Nov 2012	7,560.74	7,648.93	7,604.84
<b>Averages</b>	<b>7,550.98</b>	<b>7,642.45</b>	<b>7,596.71</b>

/ 2000 = \$3.798 lb.

[Mobile services <click> here](#)

11/27/12 11:11 AM EST New York 130151-EI Attachment B - Revised 23/10/12 Snapshot

[Home](#) [Contact Us](#) [My Account](#) [Help](#)



[Live Feeds](#) [Daily Exchange Data](#) [Metals](#) [Energy](#) [Currency](#) [News](#) [Reports](#) [Historical Data](#) [Daily Snapshots](#) [About](#) [Logout](#)

### Historical Database

Nonferrous [▼](#) [Minor Metals](#) [▼](#) [Steel/Iron](#) [▼](#) [Rare Earth](#) [▼](#) [Ferro Alloys](#) [▼](#) [Precious Metals](#) [▼](#) [Energy](#)  
[▼ Exchange Prices](#) [▼ Primary](#) [▼ Mill Scrap Grade](#) [▼ Secondary Scrap](#) [▼ Related Pages](#)

### Fish Scale Cast Aluminum

Start Date: 30 Nov 2012    End Date: 31 Dec 2012    Unit: MT    Sort Order: Most Current First  
Currency: US Dollar     Display Monthly Average Only   

Aluminum Scrap Cast Secondary Aluminum Smelters - USA	
Scrap Metal Buying Prices - Fish Scale Report USD/MT	
Date	Price
Dec 01 2012	1,541.19

/ 2000 = \$0.771 lb.

[Mobile services click here](#)

25/04/2012 11:00:01 AM EST | 23/07/04 London | 33 MP Metals | 00/00/00/00

[Home](#) [Contact Us](#) [My Account](#) [Help](#)



METALPRICES.COM

INTL FCStone  
LME BASE METALS Team

[Live Feeds](#) [Daily Exchange Data](#) [Metals](#) [Energy](#) [Currency](#) [News](#) [Reports](#) [Historical Data](#) [Daily Snapshots](#) [About](#) [Logout](#)

### Historical Database

[Nonferrous](#) [Minor Metals](#) [Steel/Iron](#) [Rare Earths](#) [Exotic Alloys](#) [Precious Metals](#) [Energy](#)

[Scrap](#) [Flat Rolled](#) [Flat](#) [Long](#) [Related Pages](#)

### 18-8 Scrap - Processor Stainless Steel

Start Date 30 Nov 2012 End Date 31 Dec 2012 Unit GT Sort Order Most Current First  
 Currency US Dollar  Display Monthly Average Only

304 (18-8) Scrap Solids - Processor			
FOB USA East of Mississippi USD/ GT			
Date	Low	High	Average
Dec 2012	1,657.89	1,721.05	1,689.47
Nov 2012	1,650.00	1,625.00	1,587.50
<b>Averages</b>	<b>1,603.95</b>	<b>1,673.03</b>	<b>1,638.49</b>

**From:** [Broadway, Mike](#)  
**To:** [Van Norman, Jarvis A.](#)  
**Subject:** FW: Escalation Values  
**Date:** Thursday, July 18, 2013 2:02:27 PM

---

---

**From:** Broadway, Mike  
**Sent:** Tuesday, April 30, 2013 5:04 PM  
**To:** Cornelius, Richard  
**Subject:** Escalation Values

Rick,

Escalation values for the Gulf 2013 Dismantlement Study.

Values from Power Advocate for Coal Construction, Construction Labor:

Labor: 4Q08 to 4Q13 is 7.603%

Labor: 4Q11 to 4Q13 is 3.304%

Labor: 4Q12 to 4Q13 is 1.677%

STEEL = SPM: Scrap, ferrous, No. 1 heavy melt - Consumers (Chicago)

4Q12 to 4Q13 is 5.826%

COPPER = PPI: Copper Base Scrap

4Q12 to 4Q13 is 6.37%

ALUMINUM = Based on Conduit since could not locate aluminum scrap

4Q12 to 4Q13 is 3.11%

Thanks,

**Mike Broadway**

Estimating Team Leader  
PP&S Project Controls

205-992-7259

129

**Gulf's clarification of responses to  
Staff's First and Second Data Request,  
in Docket #130151-EI  
(Nos. 1-9)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET No. 130140-EI

EXHIBIT 129

PARTY PSC Staff

DESCRIPTION Gulf's clarification of responses to Staff's 1st

DATE and 2nd Data Requests, Nos. 1-9, in 130151-EI

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780

Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com



July 25, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI – Clarification on Responses to Staff's first and second data request

Dear Mr. Higgins:

Enclosed is Gulf Power Company's response to Staff's request for Clarification on Gulf's previous responses to Staff's first and second data request in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." The signature is written in a cursive, flowing style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

Cc: Beggs & Lane  
Jeffrey A. Stone

**Staff's First Data Request**

1. Please refer to Staff's First Data Request, No. 2. Does Gulf use average or future net salvage in calculating its Whole Life Rates? Please show (all calculation steps) Gulf's Whole Life Rate calculation for Christ Account 311, Structures and Improvements.

**ANSWER:**

Gulf's recommended rates are based on the Remaining Life Method. The rates developed under the Whole Life Method were made simply to allow for a general comparison. Future net removal, as a proxy for average net removal, was used in the developed Whole Life Method rates.

**Crist 311 Calculation**

Whole Life Rate =  $\frac{((\text{Plant Balance} + \text{IRR Net Removal Excl. Dismantling Amount}) / \text{ASL})}{\text{Plant Balance}}$

$$((122,456,878 + 1,875,121) / 36.4) / 122,456,878 = 2.8\%$$

2. Please refer to Gulf's response to staff's Item No. 5 (reserve transfers) and Tab 7.
  - a. Should the Commission deem reserve transfers desirable, does Gulf believe that reserve transfers for production may be made within the function or should be made within the site? Please explain your reasoning.
  - b. Should the Commission deem reserve transfers desirable, for the transmission, distribution, and general accounts, does Gulf believe reserve transfers should be made within each function or is it appropriate to make transfers across functions? Please explain your reasoning.

ANSWER:

- a. In Gulf's last depreciation study, the Commission approved in Order No. PSC-10-04588-PAA-EI reserve transfers for production made within the production function between sites. Gulf's concern centers on the issues of cross-subsidization and cost of service. The Company recommends that any adjustment for over/under recovery of depreciation expense be made through the remaining life rates which are significantly impacted by reserve balances. Should the Commission determine that a reserve transfer is appropriate, Gulf would prefer that reserve transfers first utilize any site level balances if available prior to using any functional reserve balance transfers. Gulf does not believe transfers should be done across functional levels.
- b. See Gulf's response to Item 2a.



3. Please refer to the formula in Gulf's response to staff's Item No. 14. The adjusted remaining life formula shown is:  $(1 - (IRR \times RL) / 2) \times RL$ . Does dividing by 2 represent the half-year convention? If not, please explain.

ANSWER:

No. The IRR calculation includes finding the area under the life curve due to the IRR, which, being a triangle, requires the product to be divided by two.

4. Please refer to Gulf's response to staff's Item No. 15 concerning interim retirement rates (IRR). In this response Gulf provided the data, calculations, and analysis notes for the development of Gulf's IRR for the steam accounts. Please provide the same information for the other production (CT and CC) accounts. If this information is not available, please explain with specificity how Gulf developed the IRR for these accounts.

ANSWER:

See Attachment A.

5. (\*As discussed over the telephone) Please refer to Staff's First Data Request, No. 40. The following questions pertain to the Average age years:
- a. Please explain in details how Gulf determined the Average age year for an account. Please provide work papers that support the explanation, using an example of Account 353, Transmission Station Equipment.
  - b. Did Gulf use the same method, as discussed in 1a, to compute the age that used in calculating the average remaining life (ARL) for its Depreciation Study? If not, please specify how Gulf determined the age that used in calculating the ARL for an account, and provide work papers that support the response.
  - c. Please explain in details how the Average age years, listed in column "Gulf Company Proposed" on pages 2-8 of Gulf's response to No. 40 of Staff's First Data request, were calculated.
  - d. Taking an example of Account 353, Transmission Station Equipment. In Volume 2 of Gulf's Depreciation Study the Company determined that the weighted average age was 12.3 years through the analysis of 16-year band, 30-year band, 50-year band, and 87-year-band. However, in its response to No. 40 of the data request, Gulf proposed the Average age year of the account is 9. Please provide the rationale for the election of 9 as the average year of the account.

ANSWER:

- a. In answering Staff's First Data Request, No. 40, Gulf computed the average age by subtracting the Average Remaining Life (ARL) from the Average Service Life (ASL).  $353 \text{ ASL } 45 \text{ minus ARL } 36.2 = \text{average age } 9$ .
- b. No. Average Age was not used to calculate the ARL. Average Age is calculated by directly weighting age by vintage investment. In the case of Account 353, for example, the calculation is made in the "Average Remaining Life and Age Calc" calculation work sheet shown in Volume 2. In the excel file, (see attachment B) the weighted age calculation is made using columns Aged Investment times the Age. The total Weighted Age divided by Aged Investments yields 12.3 years.

The ARL of T&D and General was developed from the ARL derived at each vintage from the recommended lowa curve and ASL, directly weighted by the life weight (investment/ASL). In the case of Account 353, for example, the calculation is made in the "Average Remaining Life and Age Calc" shown in Volume 2. The ARL result is 36.2 (rounded).

$$\text{ARL} = \text{Weighted Rem Life} / \text{Life Weight (Sum of all Vintages)}$$
$$119,622,046 / 3,304,000 = 36.2$$

$$\text{Life Weight} = \text{Aged investment} / \text{Average Service Life}$$
$$2013 \text{ Vintage Life Weight} = 7,194,512 / 45 \text{ years} = 159,878$$

$$\text{Weighted Rem Life} = \text{Life Weight} * \text{Remaining Life Years}$$
$$2013 \text{ Vintage Weighted Rem Life} = 44.559 * 159,878 = 7,124,063$$

- c. See answer to Item 5a.
- d. Gulf's response to Item 40 was an inadvertent calculation of ASL minus ARL. The correct input to the table is the weighted average age found in Volume 2 of Gulf's depreciation study. See pages 3 through 9 for a revised answer for Item 40 with the weighted average age updated in the table.

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 3 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
350	Easements	Depreciation Rate	1.6%	1.6%	
		ASL	60	65	50-70
		ARL	34.0	31.6	
		Net Salvage	0%	0%	
		Average age Years	31.5	34.0	
		Curve type	SQ	R5	
		Reserve Ratio	46.63%	50.97%	
352	Structures and Improvements	Depreciation Rate	2.0%	1.8%	
		ASL	50	55	45-65
		ARL	36.0	40.2	
		Net Salvage	5%	5%	
		Average age Years	15.0	15.3	
		Curve type	R4	R4	
		Reserve Ratio	32.90%	33.58%	
353	Station Equipment	Depreciation Rate	2.3%	2.4%	
		ASL	45	45	40-55
		ARL	35.0	36.2	
		Net Salvage	5%	7%	
		Average age Years	14	12.3	
		Curve type	S0	S0	
		Reserve Ratio	24.56%	20.42%	
354	Towers and Fixtures	Depreciation Rate	2.3%	1.8%	
		ASL	50	55	50-60
		ARL	27.0	31.2	
		Net Salvage	20%	20%	
		Average age Years	23.3	25.3	
		Curve type	R5	R4	
		Reserve Ratio	58.49%	63.18%	

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 4 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
355	Poles and Fixtures	Depreciation Rate	3.6%	3.9%	
		ASL	38	40	35-45
		ARL	30.0	33.2	
		Net Salvage	40%	50%	
		Average age Years	10.6	9.4	
		Curve type	S0	S0	
		Reserve Ratio	31.70%	20.55%	
356	Overhead Conductor & Devices	Depreciation Rate	2.5%	2.5%	
		ASL	50	50	40-50
		ARL	37.0	41.8	
		Net Salvage	30%	30%	
		Average age Years	15.7	11.0	
		Curve type	R2	R1.5	
		Reserve Ratio	35.77%	23.78%	
358	Underground Conductor & Devices	Depreciation Rate	2.1%	1.8%	
		ASL	45	50	50-55
		ARL	26.0	26.3	
		Net Salvage	0%	0%	
		Average age Years	20.3	24.3	
		Curve type	R3	R4	
		Reserve Ratio	45.05%	53.43%	
359	Roads and Trails	Depreciation Rate	2.0%	1.9%	
		ASL	50	55	50-65
		ARL	27.0	45.0	
		Net Salvage	0%	0%	
		Average age Years	28	10.2	
		Curve type	SQ	SQ	
		Reserve Ratio	47.04%	16.02%	

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 5 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
360.2	Land Rights	Depreciation Rate	1.8%	1.8%	
		ASL	50	55	50-60
		ARL	52.0	52.2	
		Net Salvage	0%	0%	
		Average age Years	2.8	2.8	
		Curve type	SQ	SQ	
		Reserve Ratio	6.20%	5.25%	
361	Structures and Improvements	Depreciation Rate	2.2%	1.9%	
		ASL	48	52	45-55
		ARL	32.0	36.5	
		Net Salvage	5%	5%	
		Average age Years	17.6	17.0	
		Curve type	R3	R3	
		Reserve Ratio	35.61%	37.17%	
362	Station Equipment	Depreciation Rate	2.2%	2.3%	
		ASL	45	46	35-50
		ARL	33.0	36.2	
		Net Salvage	5%	8%	
		Average age Years	16.2	13.1	
		Curve type	R1.5	R1.5	
		Reserve Ratio	31.20%	25.17%	
364	Poles, Towers and Fixtures	Depreciation Rate	5.0%	4.7%	
		ASL	34	32	30-40
		ARL	24.0	25.0	
		Net Salvage	75%	70%	
		Average age Years	14.5	14.3	
		Curve type	R1	L0	
		Reserve Ratio	54.44%	51.92%	

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 6 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
365	Overhead Conductors & Devices	Depreciation Rate	3.1%	3.2%	
		ASL	38	40	30-45
		ARL	27.0	28.1	
		Net Salvage	20%	25%	
		Average age Years	16.1	17.7	
		Curve type	R1	R1	
		Reserve Ratio	35.73%	36.22%	
366	Underground Conduit	Depreciation Rate	1.3%	1.2%	
		ASL	60	60	50-60
		ARL	27.0	26.3	
		Net Salvage	0%	0%	
		Average age Years	35.9	38.8	
		Curve type	R3	R3	
		Reserve Ratio	64.70%	68.37%	
367	Underground Conductors & Devices	Depreciation Rate	3.3%	3.1%	
		ASL	32	34	30-40
		ARL	23.0	24.0	
		Net Salvage	8%	10%	
		Average age Years	9.5	10.9	
		Curve type	S3	S2	
		Reserve Ratio	32.57%	35.56%	
368	Line Transformers	Depreciation Rate	4.0%	3.8%	
		ASL	30	32	30-40
		ARL	21.0	23.1	
		Net Salvage	20%	24%	
		Average age Years	13.0	13.1	
		Curve type	S0	S0	
		Reserve Ratio	36.00%	36.68%	



Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 7 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
369.1	Overhead Services	Depreciation Rate	3.8%	3.4%	
		ASL	35	40	35-45
		ARL	24.0	27.2	
		Net Salvage	45%	55%	
		Average age Years	16.7	19.1	
		Curve type	R1	R1	
		Reserve Ratio	53.72%	62.05%	
369.2	Underground Services	Depreciation Rate	2.6%	2.2%	
		ASL	40	44	35-45
		ARL	31.0	33.0	
		Net Salvage	10%	10%	
		Average age Years	11.5	14.3	
		Curve type	R1	R1.5	
		Reserve Ratio	30.13%	36.61%	
370	Meters	Depreciation Rate	2.7%	2.6%	
		ASL	33	33	20-35
		ARL	25.0	23.0	
		Net Salvage	-10%	-10%	
		Average age Years	11.2	16.6	
		Curve type	R1	R1	
		Reserve Ratio	22.50%	29.51%	
370	Meters - AMI	Depreciation Rate	6.7%	7.7%	
		ASL	15	15	15-20
		ARL	15.0	12.3	
		Net Salvage	0%	0%	
		Average age Years	0	3	
		Curve type	R1	R1	
		Reserve Ratio	0.00%	5.91%	

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 8 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
373	Street Lighting & Signal System	Depreciation Rate	5.0%	4.4%	
		ASL	20	22	15-25
		ARL	13.8	14.6	
		Net Salvage	10%	15%	
		Average age Years	9.7	11.8	
		Curve type	L1	L1	
		Reserve Ratio	40.80%	50.68%	
390	Structures and Improvements	Depreciation Rate	2.3%	2.4%	
		ASL	45	45	40-50
		ARL	30.0	29.7	
		Net Salvage	5%	5%	
		Average age Years	17.7	18.0	
		Curve type	S1.5	S1.5	
		Reserve Ratio	34.70%	34.75%	
392.2	Light Trucks	Depreciation Rate	9.3%	13.8%	
		ASL	10	11	5-10
		ARL	4.5	3.5	
		Net Salvage	-12%	-5%	
		Average age Years	7.0	9.2	
		Curve type	S3	L4	
		Reserve Ratio	46.17%	47.24%	
392.3	Heavy Trucks	Depreciation Rate	7.9%	7.4%	
		ASL	11	12	8-12
		ARL	5.1	4.3	
		Net Salvage	-15%	-13%	
		Average age Years	6.4	8.9	
		Curve type	L4	L4	
		Reserve Ratio	44.66%	55.32%	

Staff's First & Second Data  
Request – Clarifications  
Docket No. 130151-EI  
GULF POWER COMPANY  
July 25, 2013  
Item No. 5  
Page 9 of 9

Account No.	Account Name	Parameters	Gulf Power Company		
			09-13 Current Approved	Company Proposed	Industry Range Gulf Referred to
392.4	Trailers	Depreciation Rate	4.8%	4.6%	
		ASL	18	20	10-20
		ARL	6.8	8.9	
		Net Salvage	-12%	-9%	
		Average age Years	15.6	15.1	
		Curve type	S1.5	S1.5	
		Reserve Ratio	55.32%	49.95%	
396	Power Operated Equipment	Depreciation Rate	4.7%	3.0%	
		ASL	15	17	10-20
		ARL	3.7	6.8	
		Net Salvage	-20%	-20%	
		Average age Years	12.1	11.8	
		Curve type	R5	R4	
		Reserve Ratio	62.66%	59.35%	
397	Communication Equipment	Depreciation Rate	6.3%	4.7%	
		ASL	16	17	15-20
		ARL	9.0	10.4	
		Net Salvage	0%	0%	
		Average age Years	9.7	10.4	
		Curve type	S1	R1	
		Reserve Ratio	43.30%	50.97%	

Dismantlement

6. (\*As discussed over the telephone) Please refer to Staff's First Data Request, No. 53. Please expand this response to include adjusted and unadjusted scrap metal values used in Gulf's 2013 Depreciation Study.

ANSWER:

<b>2009 Dismantlement Study</b>	<b>Adjusted</b>	<b>Unadjusted</b>
<b>Copper</b>	\$0.97 / Lb.	\$1.56 / Lb.
<b>Ferrous</b>	\$149 / Ton	\$213 / Ton
<b>Non-Ferrous</b>	\$0.198 / Lb.	\$0.240 / Lb.

<b>2013 Dismantlement Study</b>	<b>Adjusted</b>	<b>Unadjusted</b>
<b>Copper</b>	\$2.418 / Lb.	\$4.03 / Lb.
<b>Ferrous</b>	\$287.05 / Ton	\$410.08 / Ton
<b>Non-Ferrous (Aluminum)</b>	\$0.636 / Lb.	\$0.79 / Lb.
<b>Stainless Steel</b>	\$1,251.53 / Ton	\$1,787.90 / Ton

7. Please refer to Staff's First Data Request, No. 57. Is Staff correct that with the exception of the Perdido Plant, Average Service Lives of all Gulf's other plants are the same as in its 2009 Dismantlement Study?

ANSWER:

Yes, except for Plant Scholz.

8. Please refer to Staff's First Data Request, No. 64 (c.). Is staff correct that no third-party (i.e. R.S. Means or other) estimate was used in development of labor rates presented in Gulf's 2013 Dismantlement Study?

ANSWER:

Yes.

Staff's Second Data Request

9. For the year 2012, please confirm that Gulf's accumulated provision for depreciation is the same as contained in its FERC form 1, filed with the Commission in May of 2013. Please address differences, if any.

ANSWER:

Gulf's tab 11 for actual 2012 does not match the FERC Form 1 due to several adjusting transactions made by Gulf for financial reporting purposes. The primary difference is a result of the reversal of several December 2012 retirements that were made in error to distribution work orders. The errors were found and adjusting transactions were made for financial reporting purposes. The appropriate correcting entries were made in Gulf's books in January 2013.

Reconciliation of 2012 Actual Tab 11 To 2012 FERC Form 1

2012 Actual Accumulated Provision from Depreciation Balance (Tab 11)	\$ 1,379,957,166
<u>Adjusting Transactions</u>	
Reversal of Distribution Retirement made in December, 2012.	1,515,589
Reclassification of a year-end transaction received after 2012 Plant closing.	(3,850)
Rounding (due to whole dollar and generation unit level reporting)	5
2012 FERC Form 1 Balance for Accumulated Depreciation and Amortization	<u>\$ 1,381,468,910</u>

# Attachment A



GULF POWER COMPANY  
OTHER PRODUCTION PLANT - SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
341	1981			0	0		
	1982			0	0		
	1983			0	0		
	1984			0	0		
	1985			0	0		
	1986			0	0		
	1987			0	0		
	1988			0	0		
	1989			0	0		
	1990			0	0		
	1991			0	0		
	1992			0	0		
	1993			0	0		
	1994			0	0		
	1995			0	0		
	1996			0	0		
	1997			0	0		
	1998			0	0		
	1999			0	0		
	2000			0	0		
	2001			0	0		
	2002	9,023,399	0	9,023,399	4,511,699	0.00%	
	2003		0	9,023,399	9,023,399	0.00%	
	2004		0	9,023,399	9,023,399	0.00%	
	2005	1,676,405	55,888	10,643,916	9,833,657	0.57%	
	2006	3,541	0	10,647,457	10,645,687	0.00%	
	2007	373,786	0	11,021,243	10,834,350	0.00%	
	2008	498,499	66,328	11,453,415	11,237,329	0.59%	
	2009	373,197	113,763	11,712,849	11,583,132	0.98%	
	2010	1,083,852	669,544	12,127,157	11,920,003	5.62%	
	2011	1,472,007	644,484	12,954,680	12,540,919	5.14%	
	2012	1,671,357	1,025,063	13,600,975	13,277,828	7.72%	
	2013	1,114,596	669,000	13,847,571	13,724,273	6.32%	
	Last 5 years		664,171		12,609,231	5.27%	5.16%
	Last 10 years		344,307		11,462,058	3.00%	2.69%
	Last 12 years		313,006		10,679,640	2.93%	2.25%
	All years						
					12-Yr w/o 2013	2.25%	Use 0.50%

High IRR, even w/o 2013. Expect IRR to decrease in future towards typical ind as low as 0.10%. Give some wght to data indications.

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
342	1981			0	0		
	1982			0	0		
	1983			0	0		
	1984			0	0		
	1985			0	0		
	1986			0	0		
	1987			0	0		
	1988			0	0		
	1989			0	0		
	1990			0	0		
	1991			0	0		
	1992			0	0		
	1993			0	0		
	1994			0	0		
	1995			0	0		
	1996			0	0		
	1997			0	0		
	1998			0	0		
	1999			0	0		
	2000			0	0		
	2001			0	0		
	2002	529,401	0	529,401	264,700	0.00%	
	2003		0	529,401	529,401	0.00%	
	2004		0	529,401	529,401	0.00%	
	2005	2,343,825	0	2,873,226	1,701,313	0.00%	
	2006	53,941	13,400	2,913,767	2,893,497	0.46%	
	2007	0	0	2,913,767	2,913,767	0.00%	
	2008	0	0	2,913,767	2,913,767	0.00%	
	2009	28,696	0	2,942,463	2,928,115	0.00%	
	2010	78,713	43,147	2,978,030	2,960,247	1.46%	
	2011	183,198	122,275	3,038,953	3,008,491	4.06%	
	2012	120,303	5,250	3,154,006	3,096,479	0.17%	
	2013	510,542	510,000	3,585,548	3,369,777	45.08%	

Last 5 years	337,934		3,072,622	11.00%	10.15%	0.78% IRR w/o 2013. Expect IRR to decrease in future towards typical ind suggests less than the data indications. <b>Use 0.35%</b>
Last 10 years	170,307		2,631,486	6.47%	5.12%	
Last 12 years	154,825		2,259,080	6.85%	4.27%	
All years				12-Yr w/o 2013	0.78%	

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				(0)			
343	1981			(0)	(0)	0.00%	
	1982			(0)	(0)	0.00%	
	1983			(0)	(0)	0.00%	
	1984			(0)	(0)	0.00%	
	1985			(0)	(0)	0.00%	
	1986			(0)	(0)	0.00%	
	1987			(0)	(0)	0.00%	
	1988			(0)	(0)	0.00%	
	1989			(0)	(0)	0.00%	
	1990			(0)	(0)	0.00%	
	1991			(0)	(0)	0.00%	
	1992			(0)	(0)	0.00%	
	1993			(0)	(0)	0.00%	
	1994			(0)	(0)	0.00%	
	1995			(0)	(0)	0.00%	
	1996			(0)	(0)	0.00%	
	1997			(0)	(0)	0.00%	
	1998			(0)	(0)	0.00%	
	1999			(0)	(0)	0.00%	
	2000			(0)	(0)	0.00%	
	2001			(0)	(0)	0.00%	
	2002	109,519,929	0	109,519,929	54,759,965	0.00%	
	2003		0	109,519,929	109,519,929	0.00%	
	2004	1,372,714	2,911,960	107,980,683	108,750,306	2.68%	
	2005	4,211,422	17,544,211	94,647,894	101,314,289	17.32%	
	2006	6,710,959	7,704,417	93,654,436	94,151,165	8.18%	
	2007	15,110,850	14,070,469	94,694,818	94,174,627	14.94%	
	2008		572,207	94,122,610	94,408,714	0.61%	
	2009		61,961	94,060,650	94,091,630	0.07%	
	2010	38,811,613	18,742,394	114,129,869	104,095,259	18.01%	
	2011	336,336	769,041	113,697,164	113,913,516	0.68%	
	2012	974,085	239,164	114,432,086	114,064,625	0.21%	
	2013	11,445,925	8,680,000	116,898,042	115,665,064	7.50%	
	Last 5 years		5,698,512		108,366,019	5.26%	5.29%
	Last 10 years		7,129,582		103,462,920	6.89%	7.02%
	Last 12 years		6,481,439		99,909,091	6.49%	3.51%
	All years						
				12-Yr w/o 2013 & 2005-07 Ret.		2.15%	2.15%

2005-2007 Ret are a breakdown at unit.

2.15% IRR w/o 2013, as well as 2007-2007 (breakdown). While IRR data may lessen in future, likely rel high cuz of LTSA CT overhauls. 2% or so has been used by others in similar situation.

**Use 2.00%**

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
344	1981			0	0	0.00%	
	1982			0	0	0.00%	
	1983			0	0	0.00%	
	1984			0	0	0.00%	
	1985			0	0	0.00%	
	1986			0	0	0.00%	
	1987			0	0	0.00%	
	1988			0	0	0.00%	
	1989			0	0	0.00%	
	1990			0	0	0.00%	
	1991			0	0	0.00%	
	1992			0	0	0.00%	
	1993			0	0	0.00%	
	1994			0	0	0.00%	
	1995			0	0	0.00%	
	1996			0	0	0.00%	
	1997			0	0	0.00%	
	1998			0	0	0.00%	
	1999			0	0	0.00%	
	2000			0	0	0.00%	
	2001			0	0	0.00%	
	2002	3,669,696	0	3,669,696	1,834,848	0.00%	
	2003	63,548,875	0	67,218,571	35,444,134	0.00%	
	2004		122,367	67,096,204	67,157,388	0.18%	
	2005		0	67,096,204	67,096,204	0.00%	
	2006	0	0	67,096,204	67,096,204	0.00%	
	2007	7,897	0	67,104,102	67,100,153	0.00%	
	2008	48,617	139,365	67,013,354	67,058,728	0.21%	
	2009	29,795	1,806	67,041,343	67,027,349	0.00%	
	2010	35,970	47,896	67,029,416	67,035,380	0.07%	
	2011	249,578	29,346	67,249,648	67,139,532	0.04%	
	2012	616,365	35,212	67,830,801	67,540,224	0.05%	
	2013			70,111,810	68,971,305	11.64%	
	Last 5 years		1,628,652		67,542,758	2.41%	2.36%
	Last 10 years		840,499		67,322,247	1.25%	1.22%
	Last 12 years		764,090		59,208,454	1.29%	0.61%
	All years						
					12-Yr w/o 2013	0.06%	0.06%
							Use 0.35%

Only 0.06% 12-yr IRR w/o 2013. Expect that rate to increase as age/hrs outages occur. Ind rate is typically >0.25% and more with LTSA. Subject is still immature, use typical Ind.

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				(0)			
345	1981			(0)	(0)	0.00%	
	1982			(0)	(0)	0.00%	
	1983			(0)	(0)	0.00%	
	1984			(0)	(0)	0.00%	
	1985			(0)	(0)	0.00%	
	1986			(0)	(0)	0.00%	
	1987			(0)	(0)	0.00%	
	1988			(0)	(0)	0.00%	
	1989			(0)	(0)	0.00%	
	1990			(0)	(0)	0.00%	
	1991			(0)	(0)	0.00%	
	1992			(0)	(0)	0.00%	
	1993			(0)	(0)	0.00%	
	1994			(0)	(0)	0.00%	
	1995			(0)	(0)	0.00%	
	1996			(0)	(0)	0.00%	
	1997			(0)	(0)	0.00%	
	1998			(0)	(0)	0.00%	
	1999			(0)	(0)	0.00%	
	2000			(0)	(0)	0.00%	
	2001			(0)	(0)	0.00%	
	2002	11,181,187	0	11,181,187	5,590,593	0.00%	
	2003	(314,390)	0	10,866,797	11,023,992	0.00%	
	2004	(236,859)	0	10,629,937	10,748,367	0.00%	
	2005	48,696	2,375	10,676,258	10,653,098	0.02%	
	2006	28,122	20,866	10,683,515	10,679,887	0.20%	
	2007	0	0	10,683,515	10,683,515	0.00%	
	2008	299,806	0	10,983,321	10,833,418	0.00%	
	2009	19,838	0	11,003,159	10,993,240	0.00%	
	2010	1,032,499	964,852	11,070,807	11,036,983	8.74%	
	2011	1,024,805	32,243	12,063,368	11,567,088	0.28%	
	2012	149,955	6,000	12,207,324	12,135,346	0.05%	
	2013	2,229,101	1,738,000	12,700,515	12,453,919	13.94%	
	Last 5 years		547,819		11,637,315	4.71%	4.60%
	Last 10 years		276,234		11,178,486	2.47%	2.32%
	Last 12 years		251,121		10,699,954	2.35%	1.16%
	All years						
					12-Yr w/o 2013	0.89%	0.89%

A rel high 0.89% IRR even w/o 2013, primarily due to large ret in 2010. Expect IRR data to lessen in future. Ind is typically 0.30% or so. Consider both Ind and adjusted data in final.  
**Use 0.40%**

GULF POWER COMPANY  
 OTHER PRODUCTION PLANT - SMITH CC  
 INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
346	1981			0	0	0.00%	
	1982			0	0	0.00%	
	1983			0	0	0.00%	
	1984			0	0	0.00%	
	1985			0	0	0.00%	
	1986			0	0	0.00%	
	1987			0	0	0.00%	
	1988			0	0	0.00%	
	1989			0	0	0.00%	
	1990			0	0	0.00%	
	1991			0	0	0.00%	
	1992			0	0	0.00%	
	1993			0	0	0.00%	
	1994			0	0	0.00%	
	1995			0	0	0.00%	
	1996			0	0	0.00%	
	1997			0	0	0.00%	
	1998			0	0	0.00%	
	1999			0	0	0.00%	
	2000			0	0	0.00%	
	2001			0	0	0.00%	
	2002	232,094	0	232,094	116,047	0.00%	
	2003	255,069	0	487,164	359,629	0.00%	
	2004	17,522	0	504,686	495,925	0.00%	
	2005	201,241	0	705,927	605,306	0.00%	
	2006	0	0	705,927	705,927	0.00%	
	2007	0	0	705,927	705,927	0.00%	
	2008	4,878	0	710,804	708,365	0.00%	
	2009	0	0	710,804	710,804	0.00%	
	2010	561,233	187,274	1,084,763	897,784	20.86%	
	2011	29,163	0	1,113,927	1,099,345	0.00%	
	2012	100,262	38,797	1,175,392	1,144,659	3.39%	
	2013	314,596	856,000	1,421,987	1,298,690	66.84%	
	Last 5 years		218,814		1,030,256	21.24%	18.22%
	Last 10 years		109,407		837,273	13.07%	9.11%
	Last 12 years		99,461		737,367	13.49%	4.55%
	All years						
					12-Yr w/o 2013	2.99%	Use 0.75%

A very high indication of 0.89% IRR even w/o 2013, primarily due to large ret in 2010. Expect IRR data to lessen in future. Ind experience is varied, medium to rel high rates. Note 316's

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - EXCLUDING SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				175,493			
341	1981	0	0	175,493	175,493	0.00%	
	1982	540,490	0	715,983	445,738	0.00%	
	1983	0	0	715,983	715,983	0.00%	
	1984	0	0	715,983	715,983	0.00%	
	1985	683	633	716,033	716,008	0.09%	
	1986	(5,664)	42,200	668,169	692,101	6.10%	
	1987	0	0	668,169	668,169	0.00%	
	1988	0	0	668,169	668,169	0.00%	
	1989	72,361	0	740,530	704,349	0.00%	
	1990	(43,585)	0	696,944	718,737	0.00%	
	1991	0	0	696,944	696,944	0.00%	
	1992	0	0	696,944	696,944	0.00%	
	1993	0	0	696,944	696,944	0.00%	
	1994	1,236	683	697,498	697,221	0.10%	
	1995	1,343	2,074	696,768	697,133	0.30%	
	1996	0	0	696,768	696,768	0.00%	
	1997	0	0	696,768	696,768	0.00%	
	1998	0	14,083	682,685	689,726	2.04%	
	1999	0	0	682,685	682,685	0.00%	
	2000	97,898	0	780,583	731,634	0.00%	
	2001	0	0	780,583	780,583	0.00%	
	2002	12,645	0	793,228	786,905	0.00%	
	2003		0	793,228	793,228	0.00%	
	2004		0	793,228	793,228	0.00%	
	2005	0	0	793,228	793,228	0.00%	
	2006	0	0	793,228	793,228	0.00%	
	2007	0	0	793,228	793,228	0.00%	
	2008	0	(135)	793,362	793,295	-0.02%	
	2009	0	0	793,362	793,362	0.00%	
	2010	0	0	793,362	793,362	0.00%	
	2011	2,096,175	653,170	2,236,367	1,514,865	43.12%	
	2012	16,312	0	2,252,679	2,244,523	0.00%	
	2013			4,114,079	3,183,379	0.00%	

Last 5 years	130,634	1,705,898	7.66%	8.62%	Limited data. A large ret in 2011 results in very high IRR. Typical Ind is ret low, near zero. Base on typical w/some weight to data. Use 0.15%
Last 10 years	65,304	1,249,570	5.23%	4.31%	
Last 20 years	33,494	987,417	3.39%	2.28%	
All years	21,597	850,300	2.54%	1.57%	

GULF POWER COMPANY  
 OTHER PRODUCTION PLANT - EXCLUDING SMITH CC  
 INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				240,602			
342	1981	0	0	240,602	240,602	0.00%	
	1982	0	0	240,602	240,602	0.00%	
	1983	0	0	240,602	240,602	0.00%	
	1984	0	0	240,602	240,602	0.00%	
	1985	0	0	240,602	240,602	0.00%	
	1986	0	0	240,602	240,602	0.00%	
	1987	0	0	240,602	240,602	0.00%	
	1988	0	0	240,602	240,602	0.00%	
	1989	0	0	240,602	240,602	0.00%	
	1990	0	0	240,602	240,602	0.00%	
	1991	0	7,923	232,679	236,641	3.35%	
	1992	7,923	0	240,602	236,641	0.00%	
	1993	17,917	13,446	245,073	242,838	5.54%	
	1994	38,200	0	283,274	264,173	0.00%	
	1995	0	0	283,274	283,274	0.00%	
	1996	0	0	283,274	283,274	0.00%	
	1997	0	0	283,274	283,274	0.00%	
	1998	0	0	283,274	283,274	0.00%	
	1999	0	0	283,274	283,274	0.00%	
	2000	0	0	283,274	283,274	0.00%	
	2001	0	0	283,274	283,274	0.00%	
	2002	0	0	283,274	283,274	0.00%	
	2003	0	0	283,274	283,274	0.00%	
	2004	0	0	283,274	283,274	0.00%	
	2005	0	0	283,274	283,274	0.00%	
	2006	0	0	283,274	283,274	0.00%	
	2007	212,250	0	495,523	389,398	0.00%	
	2008	17,492	0	513,015	504,269	0.00%	
	2009	0	0	513,015	513,015	0.00%	
	2010	0	0	513,015	513,015	0.00%	
	2011	876,432	84,571	1,304,876	908,946	9.30%	
	2012	(4,805)	23,444	1,276,628	1,290,752	1.82%	
	2013	31,632	0	1,594,428	1,435,528	0.00%	

Last 5 years	21,603	932,251	2.32%	2.22%	Limited data. As is, suggests >0.5% to
Last 10 years	10,801	640,474	1.69%	1.11%	>1%. Typical Ind is lower than that,
Last 20 years	5,401	460,919	1.17%	0.56%	consistent with nature of the property.
All years	3,921	373,955	1.05%	0.61%	Base on typical w/some weight to data.
				Use	0.30%



GULF POWER COMPANY  
OTHER PRODUCTION PLANT - EXCLUDING SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				54,418			
343	1981	0	0	54,418	54,418	0.00%	
	1982	0	0	54,418	54,418	0.00%	
	1983	0	0	54,418	54,418	0.00%	
	1984	0	0	54,418	54,418	0.00%	
	1985	0	0	54,418	54,418	0.00%	
	1986	0	0	54,418	54,418	0.00%	
	1987	0	0	54,418	54,418	0.00%	
	1988	0	0	54,418	54,418	0.00%	
	1989	32,683	0	87,101	70,759	0.00%	
	1990	4,649	0	91,750	89,425	0.00%	
	1991	0	0	91,750	91,750	0.00%	
	1992	(15,095)	0	76,655	84,202	0.00%	
	1993	0	0	76,655	76,655	0.00%	
	1994	0	0	76,655	76,655	0.00%	
	1995	0	0	76,655	76,655	0.00%	
	1996	0	0	76,655	76,655	0.00%	
	1997	0	0	76,655	76,655	0.00%	
	1998	6,790,595	2,491	6,864,759	3,470,707	0.07%	
	1999	0	0	6,864,759	6,864,759	0.00%	
	2000	8,942	0	6,873,702	6,869,231	0.00%	
	2001	0	0	6,873,702	6,873,702	0.00%	
	2002	0	0	6,873,702	6,873,702	0.00%	
	2003	0	0	6,873,702	6,873,702	0.00%	
	2004	0	0	6,873,702	6,873,702	0.00%	
	2005	0	0	6,873,702	6,873,702	0.00%	
	2006	0	0	6,873,702	6,873,702	0.00%	
	2007	0	0	6,873,702	6,873,702	0.00%	
	2008	0	0	6,873,702	6,873,702	0.00%	
	2009	0	0	6,873,702	6,873,702	0.00%	
	2010	0	0	6,873,702	6,873,702	0.00%	
	2011	5,068,373	0	11,942,074	9,407,888	0.00%	
	2012	(92)	0	11,941,982	11,942,028	0.00%	
	2013			13,757,982	12,849,982	0.00%	
	Last 5 years		0		9,589,460	0.00%	0.00%
	Last 10 years		0		8,231,581	0.00%	0.00%
	Last 20 years		125		6,022,412	0.00%	0.00%
	All years		75		3,675,647	0.00%	0.00%

Very limited data. Typically, this account has the highest IRR of the CT accounts. Base on expected Ind. nature of property, and some weight to data.  
Use 0.30%

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - EXCLUDING SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				3,285,976			
344	1981	0	0	3,285,976	3,285,976	0.00%	
	1982	0	222,500	3,063,476	3,174,726	7.01%	
	1983	0	0	3,063,476	3,063,476	0.00%	
	1984	0	0	3,063,476	3,063,476	0.00%	
	1985	0	0	3,063,476	3,063,476	0.00%	
	1986	0	0	3,063,476	3,063,476	0.00%	
	1987	0	0	3,063,476	3,063,476	0.00%	
	1988	0	0	3,063,476	3,063,476	0.00%	
	1989	0	0	3,063,476	3,063,476	0.00%	
	1990	0	0	3,063,476	3,063,476	0.00%	
	1991	0	0	3,063,476	3,063,476	0.00%	
	1992	0	0	3,063,476	3,063,476	0.00%	
	1993	0	0	3,063,476	3,063,476	0.00%	
	1994	0	0	3,063,476	3,063,476	0.00%	
	1995	0	0	3,063,476	3,063,476	0.00%	
	1996	0	0	3,063,476	3,063,476	0.00%	
	1997	0	0	3,063,476	3,063,476	0.00%	
	1998	3,107,233	0	6,170,709	4,617,092	0.00%	
	1999	0	0	6,170,709	6,170,709	0.00%	
	2000	0	0	6,170,709	6,170,709	0.00%	
	2001	0	0	6,170,709	6,170,709	0.00%	
	2002	0	0	6,170,709	6,170,709	0.00%	
	2003	0	0	6,170,709	6,170,709	0.00%	
	2004	0	0	6,170,709	6,170,709	0.00%	
	2005	0	0	6,170,709	6,170,709	0.00%	
	2006	0	0	6,170,709	6,170,709	0.00%	
	2007	554,327	178,881	6,546,155	6,358,432	2.81%	
	2008	0	0	6,546,155	6,546,155	0.00%	
	2009	0	0	6,546,155	6,546,155	0.00%	
	2010	0	0	6,546,155	6,546,155	0.00%	
	2011	0	0	6,546,155	6,546,155	0.00%	
	2012	0	0	6,546,155	6,546,155	0.00%	
	2013	0	0	6,546,155	6,546,155	0.00%	
	Last 5 years		0		6,546,155	0.00%	0.00%
	Last 10 years		17,888		6,414,749	0.28%	0.28%
	Last 20 years		8,944		5,593,601	0.16%	0.14%
	All years		12,163		4,606,999	0.26%	0.30%

Limited data, only one ret. As is, the data result is within the Ind range. Base on expected Ind, nature of property, and some weight to data.  
Use 0.25%

GULF POWER COMPANY  
OTHER PRODUCTION PLANT - EXCLUDING SMITH CC  
INTERIM RETIREMENT RATE

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				109,094			
345	1981	0	0	109,094	109,094	0.00%	
	1982	0	0	109,094	109,094	0.00%	
	1983	0	0	109,094	109,094	0.00%	
	1984	0	0	109,094	109,094	0.00%	
	1985	0	0	109,094	109,094	0.00%	
	1986	0	0	109,094	109,094	0.00%	
	1987	0	0	109,094	109,094	0.00%	
	1988	0	0	109,094	109,094	0.00%	
	1989	0	0	109,094	109,094	0.00%	
	1990	17,670	0	126,765	117,930	0.00%	
	1991	0	0	126,765	126,765	0.00%	
	1992	0	0	126,765	126,765	0.00%	
	1993	0	0	126,765	126,765	0.00%	
	1994	0	0	126,765	126,765	0.00%	
	1995	0	0	126,765	126,765	0.00%	
	1996	0	0	126,765	126,765	0.00%	
	1997	0	0	126,765	126,765	0.00%	
	1998	584,090	0	710,855	418,810	0.00%	
	1999	0	0	710,855	710,855	0.00%	
	2000	0	0	710,855	710,855	0.00%	
	2001	0	0	710,855	710,855	0.00%	
	2002	0	0	710,855	710,855	0.00%	
	2003	1,682	0	712,537	711,696	0.00%	
	2004	0	1,301	711,237	711,887	0.18%	
	2005	11,589	12,463	710,363	710,800	1.75%	
	2006	0	0	710,363	710,363	0.00%	
	2007	0	0	710,363	710,363	0.00%	
	2008	0	0	710,363	710,363	0.00%	
	2009	0	0	710,363	710,363	0.00%	
	2010	0	0	710,363	710,363	0.00%	
	2011	796,676	85,758	1,421,281	1,065,822	8.05%	
	2012	0	0	1,421,281	1,421,281	0.00%	
	2013	363,200	0	1,784,481	1,602,881	0.00%	
	Last 5 years		17,152		1,102,142	1.56%	1.61%
	Last 10 years		9,952		906,449	1.10%	1.00%
	Last 20 years		4,976		677,274	0.73%	0.50%
	All years		3,016		455,320	0.66%	0.30%

Limited data, only few rets. As is, the data result is higher than the typical Ind range. Base on the data indications, expected Ind, and nature of property.  
Use 0.25%

**GULF POWER COMPANY**  
**OTHER PRODUCTION PLANT - EXCLUDING SMITH CC**  
**INTERIM RETIREMENT RATE**

Acct	Year	Annual Additions \$	Retirements \$	EOY Balance \$	Average Balance \$	IRR %	Mean IRR %
				4,332			
346	1981	0	0	4,332	4,332	0.00%	
	1982	0	0	4,332	4,332	0.00%	
	1983	0	0	4,332	4,332	0.00%	
	1984	0	0	4,332	4,332	0.00%	
	1985	0	0	4,332	4,332	0.00%	
	1986	0	0	4,332	4,332	0.00%	
	1987	0	0	4,332	4,332	0.00%	
	1988	0	0	4,332	4,332	0.00%	
	1989	0	0	4,332	4,332	0.00%	
	1990	0	0	4,332	4,332	0.00%	
	1991	0	0	4,332	4,332	0.00%	
	1992	0	0	4,332	4,332	0.00%	
	1993	0	0	4,332	4,332	0.00%	
	1994	0	0	4,332	4,332	0.00%	
	1995	0	0	4,332	4,332	0.00%	
	1996	0	0	4,332	4,332	0.00%	
	1997	0	0	4,332	4,332	0.00%	
	1998	0	0	4,332	4,332	0.00%	
	1999	0	0	4,332	4,332	0.00%	
	2000	0	0	4,332	4,332	0.00%	
	2001	0	0	4,332	4,332	0.00%	
	2002	0	0	4,332	4,332	0.00%	
	2003	0	0	4,332	4,332	0.00%	
	2004	0	0	4,332	4,332	0.00%	
	2005	0	0	4,332	4,332	0.00%	
	2006	0	0	4,332	4,332	0.00%	
	2007	0	0	4,332	4,332	0.00%	
	2008	4,471	0	8,803	6,567	0.00%	
	2009	0	0	8,803	8,803	0.00%	
	2010	82,196	0	90,999	49,901	0.00%	
	2011		2,302	88,697	89,848	2.56%	
	2012		0	88,697	88,697	0.00%	
	2013	181,600	0	270,297	179,497	0.00%	
	Last 5 years		460		83,349	0.55%	0.51%
	Last 10 years		230		44,064	0.52%	0.26%
	Last 20 years		115		24,198	0.48%	0.13%
	All years		70		16,372	0.43%	0.08%

Very limited data, only few rets. As is, the data result is typical of Ind range. Base on the data indications, expected Ind, and nature of property.  
**Use 0.30%**

# Attachment B



**130**

**Gulf's second clarification  
of responses to  
Staff's First and Second Data  
Requests, in Docket #130151-EI  
(Nos. 1-2)**

**FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO.** 130140-EI **EXHIBIT** 130

**PARTY** PSC Staff

**DESCRIPTION** Gulf's second clarification to Staff's 1<sup>st</sup> and

**DATE** 2<sup>nd</sup> Data Requests, Nos. 1-2, 130151-EI

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager  
One Energy Place  
Pensacola, Florida 32520-0780  
Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com



July 29, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI – Second clarification on Responses to Staff's data request

Dear Mr. Higgins:

Enclosed is Gulf Power Company's response to Staff's second request for Clarification on Gulf's previous responses to Staff's data request in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

Cc: Beggs & Lane  
Jeffrey A. Stone



1. In Gulf's response to Item No. 9 of Staff's 1st & 2nd Data Request-Clarifications Gulf stated "2012 FERC Form 1 Balance for Accumulated Depreciation and Amortization \$1,381,468,910." However, in its FERC Form 1, filed with the Commission in May of 2013, Gulf stated the balance is \$1,385,444,524.
  - a. Please explain why there is \$3,975,614 difference between these two statements.
  - b. Please provide reconciliation for the discrepancy.
  - c. Please provide updated schedule of Gulf's "Accumulated Provisions for Depreciation and Amortization Actual: December, 2012" based on your responses to the questions above.

ANSWER:

- a. The Report of Depreciation Data for year 2012, which was mailed with Gulf's FERC Form One, reflects a balance of \$1,385,444,524. This balance, as noted on the report, reflects reclassified ARO dismantlement costs that are recorded to regulatory accounts related to FAS 143 and FIN 47. The \$1,381,468,910 is the Total Accumulated Reserve reflected on page 200 of Gulf's FERC Form One.

b.	Actual 2012 Accumulated Provision for Depreciation and Amort.	\$	1,381,468,910
	ARO Dismantlement in Regulatory Accounts		5,487,353
	Two Adjustments Reflected in Gulf's Response Item No. 9		(1,515,589)
			<u>3,850</u>
	Total Reflected on Report of Depreciation Data	<u>\$</u>	<u>1,385,444,524</u>

- c. See Attachment A.

2. Referring to Gulf's response to Item No. 9 of Staff's 1st & 2nd Data Request-Clarifications. Gulf stated "2012 Actual Accumulated Provision from Depreciation Balance (Tab 11) \$1,379,957,166" ties with the Total Electric Plant-In-Service stated in the Attachment C, Item No 2b, of Gulf's response to Staff's 2nd Data Request. When comparing the Attachment C and FERC Form 1 Gulf filed May of 2013, however, staff notes that there exist differences between the two for the following line items: Total Daniel Plant, Total Crist Plant, Total Scholz Plant, Total Smith Plant, Total Scherer Plant, Total Pace Plant and the resulting Total Production.
- a. Please reconcile the affected schedules in these two filings.
  - b. Please specify which schedule is the correct one, and support your response with detailed explanation.

ANSWER:

- a. The difference between the two schedules is the reclassification of ARO dismantlement costs that are recorded in regulatory accounts.

<u>Production Locations</u>	<u>Actual 2012 Tab 11</u>	<u>ARO Dismantlement In Regulatory Accounts</u>	<u>Depreciation Data filed with FERC Form One</u>
Daniel	162,408,348	\$ 204,878	162,613,226
Crist	350,575,740	2,467,315	353,043,055
Scholz	42,882,206	494,872	43,377,078
Smith	106,699,599	1,951,460	108,651,059
Scherer	114,935,699	195,107	115,130,806
Pace CT	7,962,184	173,721	8,135,905
Total ARO Dismantlement		<u>\$ 5,487,353</u>	

- b. Both schedules are correct.

# Attachment A

**GULF POWER COMPANY  
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
ACTUAL: DECEMBER, 2012**

Sheet 1 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>INTANGIBLE:</b>							
Intangible Software	1,835,550.00	2,097,192.12	0.00	0.00	0.00	0.00	3,932,742.12
<b>TOTAL INTANGIBLE:</b>	<u>1,835,550.00</u>	<u>2,097,192.12</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,932,742.12</u>
<b>STEAM PRODUCTION:</b>							
<b>DANIEL PLANT:</b>							
Plant	126,208,949.55	7,115,895.96	(373,427.74)	(255,689.76)	55,694.00	0.00	132,751,422.01
Easements	39,351.48	1,080.24	0.00	0.00	0.00	0.00	40,431.72
Cooling Lake, 23 Year	8,954,191.92	0.00	0.00	0.00	0.00	0.00	8,954,191.92
Rail Track System	1,302,268.04	41,124.24	0.00	0.00	0.00	0.00	1,343,392.28
Dismantlement - Fixed	18,724,298.02	684,446.04	0.00	0.00	0.00	0.00	19,408,744.06
Asset Retirement Obligation	95,322.09	19,721.83	0.00	0.00	0.00	0.00	115,043.92
<b>TOTAL DANIEL PLANT:</b>	<u>155,324,381.10</u>	<u>7,862,268.31</u>	<u>(373,427.74)</u>	<u>(255,689.76)</u>	<u>55,694.00</u>	<u>0.00</u>	<u>162,613,225.91</u>
<b>CRIST PLANT:</b>							
Plant-Units 4 Through 7	265,302,538.31	47,176,066.35	(20,188,801.78)	(17,481,396.98)	674,720.42	54,000.48	275,537,126.80
Easements	347.04	72.10	0.00	0.00	0.00	0.00	419.14
Base Coal, 5 Year	141,840.00	0.00	0.00	0.00	0.00	0.00	141,840.00
- 5 Year	50,481.38	32,245.19	(23,653.79)	0.00	0.00	0.00	59,072.78
- 7 Year	2,409,985.90	698,630.76	0.00	0.00	0.00	(0.03)	3,108,616.63
Dismantlement - Fixed	67,006,289.91	6,458,948.04	0.00	0.00	0.00	0.00	73,465,237.95
Asset Retirement Obligation	692,262.18	38,479.08	0.00	0.00	0.00	0.00	730,741.26
<b>TOTAL CRIST PLANT:</b>	<u>335,603,744.72</u>	<u>54,404,441.52</u>	<u>(20,212,455.57)</u>	<u>(17,481,396.98)</u>	<u>674,720.42</u>	<u>54,000.45</u>	<u>353,043,054.56</u>
<b>SCHOLZ PLANT:</b>							
Plant	28,681,055.28	1,260,917.74	(469,319.35)	21,740.21	0.00	(54,000.45)	29,440,393.43
Base Coal, 5 Year	71,300.00	0.00	0.00	0.00	0.00	0.00	71,300.00
- 5 Year	1,143.36	1,746.12	0.00	0.00	0.00	0.00	2,889.48
- 7 Year	126,843.60	30,561.72	(110,583.13)	0.00	0.00	0.00	46,822.19
Dismantlement - Fixed	12,734,151.23	799,767.00	0.00	0.00	0.00	0.00	13,533,918.23
Asset Retirement Obligation	315,697.36	(20,929.08)	(13,014.06)	0.00	0.00	0.00	281,754.22
<b>TOTAL SCHOLZ PLANT:</b>	<u>41,930,190.83</u>	<u>2,072,063.50</u>	<u>(592,916.54)</u>	<u>21,740.21</u>	<u>0.00</u>	<u>(54,000.45)</u>	<u>43,377,077.55</u>
<b>SMITH PLANT:</b>							
Plant	79,007,344.78	5,779,341.13	(103,740.47)	(64,309.36)	0.00	0.00	84,618,636.08
Base Coal, 5 Year	108,300.00	0.00	0.00	0.00	0.00	0.00	108,300.00
- 5 Year	3,905.76	5,905.20	0.00	0.00	0.00	0.00	9,810.96
- 7 Year	678,119.65	225,269.16	0.00	0.00	0.00	0.00	903,388.81
Dismantlement - Fixed	21,409,588.51	1,249,287.00	0.00	0.00	0.00	0.00	22,658,875.51
Asset Retirement Obligation	347,273.98	4,795.49	(22.00)	0.00	0.00	0.00	352,047.47
<b>TOTAL SMITH PLANT:</b>	<u>101,554,532.68</u>	<u>7,264,597.98</u>	<u>(103,762.47)</u>	<u>(64,309.36)</u>	<u>0.00</u>	<u>0.00</u>	<u>108,651,058.83</u>
<b>SCHERER PLANT:</b>							
Plant	102,942,268.74	7,158,144.03	(488,765.04)	(10,347.58)	111,288.11	0.00	109,712,588.26
- 7 Year	77,802.64	28,254.38	(9,023.78)	0.00	0.00	0.00	97,033.24
Dismantlement - Fixed	5,140,992.15	98,877.96	0.00	0.00	0.00	0.00	5,239,870.11
Asset Retirement Obligation	62,839.32	18,475.17	(0.28)	0.00	0.00	0.00	81,314.21
<b>TOTAL SCHERER PLANT:</b>	<u>108,223,902.85</u>	<u>7,303,751.54</u>	<u>(497,789.10)</u>	<u>(10,347.58)</u>	<u>111,288.11</u>	<u>0.00</u>	<u>115,130,805.82</u>
<b>TOTAL STEAM PRODUCTION:</b>	<u>742,636,752.18</u>	<u>78,907,122.85</u>	<u>(21,780,351.42)</u>	<u>(17,790,003.47)</u>	<u>841,702.53</u>	<u>0.00</u>	<u>782,815,222.67</u>

**GULF POWER COMPANY**  
**ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION**  
**ACTUAL: DECEMBER, 2012**

Sheet 2 of 3

		Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>OTHER PRODUCTION:</b>								
<b>SMITH PLANT CT:</b>								
Structures and Improvements	341	54,862.43	47,086.37	0.00	0.00	0.00	0.00	101,948.80
Fuel Holders and Accessories	342	180,576.40	25,276.95	(23,443.59)	0.00	0.00	0.00	182,409.76
Prime Movers	343	65,832.05	86,608.89	0.00	65,437.41	0.00	0.00	217,878.35
Generators	344	2,823,372.33	123,801.12	0.00	0.00	0.00	0.00	2,947,173.45
Accessory Electric Equipment	345	25,434.82	1,745.16	0.00	(65,437.41)	0.00	0.00	(38,257.43)
Miscellaneous Equipment	346	(10,533.49)	1,617.94	0.00	0.00	0.00	0.00	(8,915.55)
Dismantlement - Fixed		170,263.57	3,258.00	0.00	0.00	0.00	0.00	173,521.57
<b>TOTAL SMITH PLANT CT:</b>		<b>3,309,808.11</b>	<b>289,394.43</b>	<b>(23,443.59)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,575,758.95</b>
<b>SMITH PLANT UNIT 3 COMBINED CYCLE:</b>								
Structures and Improvements	341	2,197,841.22	373,385.22	(1,022,062.77)	(151,020.96)	0.00	0.00	1,398,142.71
Fuel Holders and Accessories	342	870,404.45	85,215.48	0.00	0.00	0.00	0.00	955,619.93
Prime Movers	343	(5,725,171.56)	3,186,135.65	(249,093.88)	(21,973.77)	0.00	0.00	(2,810,103.56)
Generators	344	17,895,277.20	1,882,930.32	(7,462.48)	0.00	0.00	0.00	19,770,745.04
Accessory Electric Equipment	345	2,493,437.49	338,240.36	0.00	0.00	0.00	0.00	2,831,677.85
Miscellaneous Equipment	346	19,066.89	31,275.39	(35,796.91)	0.00	0.00	0.00	14,545.37
Dismantlement - Fixed		2,466,993.00	280,020.00	0.00	0.00	0.00	0.00	2,747,013.00
<b>TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:</b>		<b>20,217,848.69</b>	<b>6,177,202.42</b>	<b>(1,314,416.04)</b>	<b>(172,994.73)</b>	<b>0.00</b>	<b>0.00</b>	<b>24,907,640.34</b>
<b>PACE PLANT:</b>								
Prime Movers	343	4,617,635.90	359,901.60	0.00	0.00	0.00	0.00	4,977,537.50
Generators	344	2,122,127.76	164,683.32	0.00	0.00	0.00	0.00	2,286,811.08
Accessory Electric Equipment	345	398,423.80	30,956.76	0.00	0.00	0.00	0.00	429,380.56
Asset Retirement Obligation	347	269,761.28	19,859.68	0.00	0.00	0.00	0.00	289,620.96
Dismantlement - Fixed		135,221.00	17,334.00	0.00	0.00	0.00	0.00	152,555.00
<b>TOTAL PACE PLANT:</b>		<b>7,543,169.74</b>	<b>592,735.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,135,905.10</b>
<b>PERDIDO LANDFILL PLANT:</b>								
Structures and Improvements	341	23,557.23	47,121.96	0.00	0.00	0.00	0.00	70,679.19
Fuel Holders and Accessories	342	14,466.81	28,938.24	0.00	0.00	0.00	0.00	43,405.05
Prime Movers	343	68,630.28	137,282.52	0.00	0.00	0.00	0.00	205,912.80
Accessory Electric Equipment	345	19,714.71	39,585.44	0.00	0.00	0.00	0.00	59,300.15
Miscellaneous Equipment	346	171,042.97	2,277.48	0.00	0.00	0.00	0.00	173,320.45
<b>TOTAL PERDIDO LANDFILL PLANT:</b>		<b>297,412.00</b>	<b>255,205.64</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>552,617.64</b>
<b>TOTAL OTHER PRODUCTION:</b>		<b>31,368,238.54</b>	<b>7,314,537.85</b>	<b>(1,337,859.63)</b>	<b>(172,994.73)</b>	<b>0.00</b>	<b>0.00</b>	<b>37,171,922.03</b>
<b>TOTAL PRODUCTION:</b>		<b>774,004,990.72</b>	<b>86,221,660.70</b>	<b>(23,118,211.05)</b>	<b>(17,962,998.20)</b>	<b>841,702.53</b>	<b>0.00</b>	<b>819,987,144.70</b>
<b>TRANSMISSION:</b>								
Easements	350.2	6,298,410.12	202,400.75	0.00	0.00	0.00	0.00	6,500,810.87
Structures and Improvements	352	3,145,327.06	215,259.30	(17,056.83)	0.00	0.00	0.00	3,343,529.53
Station Equipment	353	27,841,962.18	3,054,547.90	(2,574,916.75)	(670,021.83)	22,700.76	(1,848.05)	27,672,424.21
Towers and Fixtures	354	24,344,171.97	950,674.95	(1,174,358.80)	(5,517.69)	7,932.00	2,680.26	24,125,582.69
Poles and Fixtures	355	25,459,041.28	3,340,249.04	(3,579,967.29)	(5,970,882.29)	262,657.80	153.29	19,511,251.83
Overhead Conductors & Devices	356	24,120,642.93	1,870,348.51	(2,447,789.62)	(473,803.79)	7,022.50	7,379.99	23,083,800.52
Underground Conductors & Devices	358	6,941,023.77	295,984.56	0.00	(2,632.68)	0.00	0.00	7,234,375.65
Roads and Trails	359	31,225.48	1,852.06	0.00	0.00	0.00	0.00	33,077.54
Asset Retirement Obligation	359.1	4,412.28	143.04	0.00	0.00	0.00	0.00	4,555.32
<b>TOTAL TRANSMISSION:</b>		<b>118,186,217.07</b>	<b>9,931,460.11</b>	<b>(9,794,089.29)</b>	<b>(7,122,858.28)</b>	<b>300,313.06</b>	<b>8,365.49</b>	<b>111,509,408.16</b>

**GULF POWER COMPANY  
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION  
ACTUAL: DECEMBER, 2012**

Sheet 3 of 3

Staff's First & Second Data  
Requests - Second Clarifications  
Docket No. 130151-EI  
Attachment A  
Page 3 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
<b>DISTRIBUTION:</b>							
Easements	360.2	3,675.12	0.00	0.00	0.00	0.00	23,682.90
Structures and Improvements	361	442,517.38	(80,557.96)	(827.33)	20,284.65	0.00	7,129,504.77
Station Equipment	362	3,889,921.85	(2,083,738.56)	(288,397.97)	110,060.82	(7,190.16)	55,490,516.76
Poles, Towers & Fixtures	364	71,605,798.14	(12,625,534.06)	(3,540,740.22)	(91,433.79)	(315.99)	61,990,339.52
Overhead Conductors & Devices	365	43,974,414.52	(1,926,631.73)	(970,500.84)	(479,161.35)	(19,774.10)	44,523,731.90
Underground Conduit	366	819,380.38	(56,769.27)	(40.20)	0.00	0.00	778,397.79
Underground Conductors & Devices	367	43,830,983.59	(755,577.66)	(146,012.30)	130,090.45	659,583.35	47,928,087.42
Line Transformers	368	83,877,310.98	(8,488,740.84)	(1,255,533.42)	151,305.29	(640,831.29)	83,014,390.15
Services:							
- Overhead	369.1	29,540,037.40	(215,073.57)	(309,067.87)	57,191.86	0.00	31,059,876.36
- Underground	369.2	14,367,970.17	(1,157,377.95)	(100,020.49)	0.00	0.00	15,330,058.72
Meters	370	6,550,482.84	(97,597.83)	(374,836.20)	225,484.63	(6,031,603.32)	735,472.13
Meters - AMI Equipment	370	0.00	(83,475.38)	0.00	0.00	6,031,603.32	7,693,664.16
Meters - FPSC Segregated	370	5,826,982.70	(4,057,393.04)	0.00	0.00	0.00	1,769,589.66
Meters - Non FPSC Segregated	370	993,576.79	(4,580,574.85)	(248,728.69)	271,524.90	7,088,000.00	3,572,493.56
Street Lighting & Signal Systems	373	28,419,861.89	(247,799.21)	(64,618.47)	107,004.13	0.00	31,277,533.66
Asset Retirement Obligation	374	24,367.02	1,005.18	0.00	0.00	0.00	25,372.20
<b>TOTAL DISTRIBUTION:</b>	<b>380,479,143.00</b>	<b>37,519,877.34</b>	<b>(36,688,460.48)</b>	<b>(6,549,651.60)</b>	<b>502,331.59</b>	<b>7,079,471.81</b>	<b>392,342,711.66</b>
<b>GENERAL PLANT:</b>							
Structures and Improvements	390	25,264,509.09	(852,560.92)	(46,745.24)	0.00	0.00	25,962,559.00
Office Furniture & Equipment:							
- Computer, 5 Year	381	2,878,569.00	(1,052,186.63)	0.00	0.00	0.00	2,613,750.42
- Non-Computer, 7 Year	381	968,116.40	(234,269.12)	0.00	0.00	0.00	1,098,241.40
Transportation Equipment:							
- Automobiles	392.1	0.00	0.00	0.00	0.00	0.00	0.00
- Light Trucks	392.2	3,257,104.57	(696,122.27)	0.00	0.00	0.00	3,213,188.76
- Heavy Trucks	392.3	10,553,315.02	(294,039.26)	0.00	103,723.29	0.00	11,961,926.68
- Trailers	392.4	687,599.36	(56,956.52)	0.00	0.00	0.00	658,656.26
- Marine, 5 Year	392	4,416.16	42,718.80	0.00	0.00	0.00	47,134.96
Stores Equipment - 7 Year	393	447,079.11	168,066.72	0.00	0.00	0.00	615,145.83
Tools, Shop & Garage Equip. - 7 Year	394	732,684.18	358,154.99	0.00	0.00	0.00	939,717.54
Laboratory Equipment - 7 Year	395	1,160,925.53	346,814.96	0.00	0.00	0.00	1,028,239.20
Power Operated Equipment	396	432,879.08	39,660.37	0.00	0.00	0.00	472,539.45
Communication Equipment:							
- Other	397	9,628,528.27	(5,076,185.34)	(24,895.99)	(956.54)	162.70	5,788,123.24
- 7 Year	397	1,646,443.59	(808,454.50)	0.00	0.00	0.00	1,436,499.29
Miscellaneous Equipment - 7 Year	398	1,359,819.27	(135,770.47)	0.00	0.00	0.00	1,719,364.35
Asset Retirement Obligation	399.1	114,378.66	4,052.52	0.00	0.00	0.00	118,431.18
<b>TOTAL GENERAL:</b>	<b>59,136,366.29</b>	<b>8,370,974.09</b>	<b>(9,866,111.04)</b>	<b>(71,641.23)</b>	<b>102,766.75</b>	<b>162.70</b>	<b>57,672,517.56</b>
<b>TOTAL ALL DEPRECIATION AND AMORTIZATION:</b>	<b>1,343,642,267.08</b>	<b>144,141,164.36</b>	<b>(79,466,871.86)</b>	<b>(31,707,149.31)</b>	<b>1,747,113.93</b>	<b>7,088,000.00</b>	<b>1,385,444,524.20</b>

\* DISMANTLEMENT COSTS INCLUDE AMOUNTS RECLASSIFIED TO REGULATORY ACCOUNTS RELATED TO FAS143 / FIN47.

**131**

**Gulf's revised response to  
Staff's First Data Requests,  
in Docket #130151-EI  
(Nos. 42)**

**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO.** 130140-EI **EXHIBIT** 131  
**PARTY** PSC Staff  
**DESCRIPTION** Gulf's revised response to Staff's 1st Data  
**DATE** Data Request, No. 42, in Docket No. 130151-EI

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780

Tel 850 444.6530  
Fax 850 444 6026  
RLMCGEE@southernco.com



August 23, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI – Revised Response to Staff's first data request

Dear Mr. Higgins:

Enclosed is a revised response to item No. 42 of Staff's first data request in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

Cc: Beggs & Lane  
Jeffrey A. Stone



- 42 In Order No. PSC-12-0300-PAA-EI in Docket No. 120059-EI, the Commission required Gulf Power Company to include a new depreciation classification, Account 392-4110 – Automobiles, with a whole life depreciation rate of 12.1 percent implemented effective with the in-service date of vehicles. This classification does not appear in Gulf's 2013 Depreciation Study filed in Docket No. 130151-EI. Please describe:
- a. The automobiles currently in Gulf Power's rate base (make, model, in-service date, and associated investment amounts),
  - b. How the depreciation expense for such automobiles are being recovered in Gulf Power's rates, and
  - c. Why does Account 392-4110 not appear in Gulf's 2013 Depreciation Study?

**ANSWER:**

- a. Two Ford Fiestas were placed in service in May 2012. The total investment in these automobiles is \$29,848.
- b. The vehicles were inadvertently recorded to 392.2 Light Trucks and being recovered under that depreciation group. Gulf will journal the investment amount to the 392-4110 Automobile category in September 2013.
- c. Because there was no investment recorded in this account to report in the study.

**132**

**Gulf's responses to  
Staff's Depreciation Report questions  
in Docket #130151-EI  
(Nos. 1-19)**

**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO.** 130140-EI **EXHIBIT** 132  
**PARTY** PSC Staff  
**DESCRIPTION** Gulf's/ Staff's Depreciation Report questions  
**DATE** Nos. 1-19, in Docket No. 130151-EI

Connie J. Erickson  
Comptroller

One Energy Place  
Pensacola, Florida 32520-0761  
Tel 850 444 6384

August 26, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850



Dear Mr. Higgins:

Re: Docket No. 130151-EI

This letter follows your letter dated August 8, 2013, addressed to Robert L. McGee, Jr. The purpose of your letter was to provide copies of the Staff Report on the Depreciation Study ("Study") for Gulf Power Company ("Preliminary Staff Report") to Gulf for review and comment. Your letter requested that the Company submit its written review and response to you by August 30, 2013.

Attached to this letter are the Company's responses to the questions or requests. We appreciate the opportunity to respond to the questions raised in the Preliminary Staff Report. We hope that the attached responses and the additional information provided in this letter with regard to specific areas of concern to the Company will enable the Staff to prepare their recommendation for the Company's depreciation rates and dismantlement accrual.

In the course of answering question 7 in the Preliminary Staff Report, Gulf discovered that its earlier response to staff data request 42 was in error. In the attached responses, we explain the error and make the necessary correction. Essentially, two automobiles were purchased and inadvertently recorded to 392.2 Light Trucks. Since the investment dollars were recorded to the wrong account, there was no investment associated with account 392-4110 to report in the Study, and the previously approved depreciation rate for automobiles was omitted from the Study.

In light of this omission and the Commission having recently approved a depreciation rate for Gulf for automobiles, Gulf is requesting that its Study be amended to include the Account 392-4110 – Automobiles with a proposed whole life rate of 12.1 percent. This is the rate the Commission approved on June 11, 2012 in Order No. PSC-12-0300-PAA-EI, Docket No. 120059-EI.

If you have any questions regarding this transmittal, please feel free to contact me at (850) 444-6384.

Sincerely,

A handwritten signature in cursive script that reads "CJ Erickson".

Connie J. Erickson  
Comptroller

Cc: Robert L. McGee Jr.

Please respond to each question, adding any additional information that supports the response.

Production Plant – Depreciable

1. Tab 6, page 9, shows that Gulf extended the retirement date of Plant Smith's Unit A from 2017 to 2027. Based on staff's review of Gulf's recent Ten Year Site Plans (TYSP), it appears that the increased life was first shown in the 2010 TYSP. If this is not correct, please provide the correct date. Please explain Gulf's reasoning for extending the life.

Answer:

The December 2027 expected retirement date for Smith Unit A shown on Schedule 1 of each Gulf TYSP since 2010 is correct. Gulf determined that maintaining Smith A for 10 additional years was the best option for providing its system with a reliable "blackstart" resource. The ability to start Smith A using its own internal power source will enable Gulf to bring Smith A on-line in order to re-energize Gulf's electrical system in the event all sources of generation are tripped or taken off-line in response to emergency conditions.

2. Tab 6, page 10, displays Unit 1 for Plant Pace; however, the investment and the listed MW appear to be the sum of all three units. Is this labeling a scrivener's error? If not, please explain.

**ANSWER:**

The labeling is in error and should be shown as "Units 1-3". Gulf's Pea Ridge generating facility, referred to in this question as Plant Pace, consists of 3 five MW CTs located in Pace, Florida.

3. Tab 6, page 12, shows a 20-year lifespan for Perdido with a retirement year of 2030. Gulf's 2013-2022 TYSP, page 8, which was filed prior to the depreciation study, shows that Perdido is expected to retire in December 2029, a life span of somewhat over 19 years. Please reconcile the difference between the study and the TYSP.

**ANSWER:**

The expected retirement date shown in Gulf's 2013 Ten Year Site Plan for the Perdido units should be October 2030 instead of December 2029. The October 2030 expected retirement date, which reflects a 20 year service period for the Perdido units will be revised in Gulf's 2014 Ten Year Site Plan.

4. Please refer to Gulf's response to Staff's First Data Request, No. 12. What prompted Gulf to use interim retirement rates rather than stratification? Please explain.

**ANSWER:**

The stratification calculations used in previous studies were produced in a non-Excel computer application which required significant support. This application was written in the early 1990s and is no longer being supported by Gulf. Gulf's consultant suggested the use of the interim retirement rate methodology as an alternative to stratification since it was a generally accepted practice used throughout the industry. Other utilities in Florida have used similar methods in their studies.

Transmission Plant

5. Account 350.2 Easements. Gulf used the retirement dispersion (or curve) SQ in its Studies of 2001, 2005 and 2009, respectively. For the current Depreciation Study, Gulf indicated that "no meaningful data" exists for this account. Please explain why Gulf's proposed to change the curve from SQ to R5.

**ANSWER:**

There was no meaningful data available for life analysis for Account 350.2 Easements, which is typical of this account. Given the age of the investment in the early vintages for this account is relatively old, it was concluded that a R5 curve would be more appropriate than the existing SQ in order to reflect some retirement dispersion. The R5 curve has retirement dispersion, while the SQ curve has none. Because of the switch in curve, the calculated average remaining life is slightly greater.



6. By reviewing of Gulf's Depreciation Study and its responses to staff's data requests as well the Company's clarifications to its responses, staff has the following questions pertaining to Account 370 Meter which includes four sub-accounts: Meters, Meters-AMI, Meters-FPSC Segregated, and Meters-Non FPSC Segregated.
- a. Gulf established Meter-AMI sub-account in 2012 resulting from the Company's commencement of the Advanced Metering Infrastructure (AMI) equipment meters deployment. Order No. PSC-12-0179-FOF-EI, issued April 3, 2012, In re: Petition for increase in rates by Gulf Power Company, approved that the service life of AMI is 15 years, which has been confirmed by Gulf in this study. However, Gulf recorded retirement amounts of \$1,079,937 in 2012 and \$500,000 in 2013, respectively, for this sub-account. In its response to Staff's First Data Request, No. 23 f, Gulf indicated that "[t]hese retirements were incorrectly applied to the AMI meters and should have been applied to the Non-AMI meters that were retired as a part of the AMI implementation. Does Gulf intend to correct this mistake in its book? If your response is affirmative, please show the result in Company's 2013 Annual Status Report. If the response is negative, please explain why.
  - b. Sub-account Meters-FPSC Segregated represents meter investment transferred in order to properly segregate non-AMI meters into a separate depreciation group. The Commission ordered Gulf to establish this sub-account by Order No. PSC-10-0458-PAA-EI, issued December 31, 2009, In re: Depreciation and dismantlement study at December 31, 2009, by Gulf Power Company. By now the net investment of the near-term retiring meters has been fully recovered by corrective reserve transfers from other quantified reserve imbalances. Consequently, this meter group has been fully depreciated. Does Gulf intend to move the investment amount of this sub-account out of Gulf's Plant base? If your response is affirmative, please indicate when. If your response is negative, please explain why.
  - c. Sub-account Meters-Non FPSC Segregated represents the remaining obsolete meters to be retired. This near-term retirement of meters was addressed by Commission Order No. PSC-12-0179-FOF-EI. This order directed that the unrecovered amount of \$7 million be transferred to a regulatory asset and amortized over an 8-year period. In its Depreciation Study Gulf noted that the depreciation expense is no longer booked to this sub-account. The Company also noted that there is a small debit reserve balance due to the removal and salvage activity. Gulf proposed to transfer the residual reserve balance to the Account 370 Meter upon completion of the removal and retirement of the obsoleted meters, specifically, in early 2014. Does Gulf intend to move the investment amount of this sub-account out of Gulf's Plant base? If your response is affirmative, please indicate when. If your response is negative, please explain why.

**ANSWER:**

- a. No. The retirement amount of \$1,079,937 was budgeted to the AMI meter account in error and should have been budgeted to the meter account. In Staff's Second Data Request Item No. 1(b) page 3 of 3 shows the actual retirement made to AMI Meters for \$83,475 in 2012. The 2013 amount of \$500,000 was budgeted to AMI meters in error as well and should have been budgeted to the meter account.
- b. Yes. Gulf expects to have this completed by late 2013.
- c. Yes. Gulf expects to have this completed by late 2013.

General Plant – Depreciable

7. Regarding Gulf's response to Staff's First Data Request No. 42, is it correct that Gulf Power is not recovering automobile expense either in base rates or cost recovery clauses? Please explain.

**ANSWER:**

No. In the course of answering this question, Gulf discovered that two Ford Fiesta automobiles purchased in April 2012 were inadvertently recorded to 392.2 Light Trucks and are being recovered in rate base. Gulf will make a correcting journal entry in the month of September 2013 to move this investment to Account 392-4110 – Automobiles. In light of this discovery, Gulf has prepared a revised response to Staff's First Data Request No. 42 which is included as Attachment A.

Since the investment dollars were not originally recorded to Account 392-4110, there was no investment associated with this account to report in the Study and the previously approved depreciation rate for automobiles was omitted from the Study. Gulf believes the whole life depreciation rate of 12.1 percent, recently approved for automobiles in Order No. PSC-12-0300-PAA-EI in Docket No. 120059-EI, is still appropriate and should be approved again.

8. Volume 1, Tab 8, Page 23 of the Study indicates that Gulf Power recognized light truck retirements of \$29,307 in 2010 and \$694,883 in 2011, yet recorded no salvage value in those years.
- Why did Gulf Power not record any salvage for light trucks in 2010 and 2011?
  - How did Gulf dispose of the light trucks it retired in 2010 and 2011?
  - Are the circumstances resulting in zero salvage in 2010 and 2011 likely to be repeated in future years?
  - Why did Gulf record only 1.09 percent salvage for light trucks in 2012 on retirements of \$849,085?
  - Based on your answer to a, b, c, and d, why is it relevant to use shorter bands (4 year and 5 year bands) to determine the trend for decreased salvage?

**ANSWER:**

- Salvage for all vehicles was incorrectly recorded to 392.3 Heavy Trucks.
- The vehicles were sold.
- No. The problem was identified in early 2013 and salvage is now being recorded to the proper accounts.
- No actual salvage was recorded to account 392.2 in 2012. As stated in the response to Item 8(a), the salvage received in 2012 for account 392.2 was recorded to account 392.3 in error. The salvage amount shown in the study for 2012 for account 392.2 was a budget estimate only.
- Notwithstanding the recording of all 2010 through 2012 salvage to 392.3 Heavy Trucks, there is still a trend of decreasing salvage in light trucks and heavy trucks. The shorter bands, as well as the 10-year band, indicate a trend of lower salvage. The shorter bands, while indicative, are not by themselves conclusive as to the salvage. The shorter bands were considered, though not solely relied upon in analysis.

9. Regarding Gulf's response to Staff's First Data Request Data Request No. 50, please identify the plant balance and reserve transfers from various distribution accounts associated with the \$538,382 transfer to Account 390 – Structures and Improvements.

ANSWER:

The following represents the investment and reserve transfers associated with the \$538,382 transfer to Account 390-Structures and Improvements:

Account	362	364	365	367	368	373	Total
Investment	(\$16,622)	(\$106,712)	(\$138,935)	(\$35,813)	(\$236,692)	(\$3,608)	(\$538,382)
Reserve	(\$7,014)	(\$57,471)	(\$46,633)	(\$12,456)	(\$84,713)	(\$1,665)	(\$209,952)

General Plant – Intangible

10. Regarding Gulf's responses to Staff's First Data Request Data Request Nos. 43 and 46, page 2 of 2,
- a. What was the specific adjustment to the Plant Balance, Reserves, and Annual Expense in Account 398 (Tab 10 of Volume 1 of the study) to recognize the transfer of software amortization from Account 398 to Account 303 for the years 2011, 2012, and 2013?
  - b. Please provide Gulf's 2011 RUC letter to the Commission.
  - c. Please provide the survey of companies that are members of the Financial Executives International Committee on Corporate Reporting that show nearly half of companies responding use lives ranging from 7 years to 10 years for enterprise-wide projects.
  - d. What are the major software applications which have been used by the company over 7 years without significant upgrades?
  - e. Please provide a general description of those portions of Gulf's Enterprise Solution (accounting, supply chain, and work order management systems), the costs of which are designated as Account 303 - Intangible Software.

**ANSWER:**

- a. There were no adjustments made to account 303 or 398 on Tab 10 or Tab 11 for years 2011, 2012, and 2013. The assets that were recorded to 398 were left in that account to fully amortize.
- b. See pages 3 through 4.
- c. See page 5.
- d. As noted in Staff's First Data Request, Item 43, Gulf does not maintain detailed records of software assets. To the best of Gulf's knowledge, the following addresses major applications previously retired or are currently active.

Gulf believes the following retired major applications were in service more than 7 years without significant upgrades:

- SAPS – Accounts payable system
- AMPS – Supply chain management system
- Walker – General ledger accounting system
- WOMS – Work order management system

Additionally, Gulf believes the following active major application has been in service more than 7 years without significant upgrades:

- CSS – Customer service/billing system

The following active major software applications currently used by Gulf have had or are scheduled to have significant upgrades:

- Oracle (In Service 2010) – 2015
- PowerPlant (In Service 2010)– 2001, 2006, and 2010
- Maximo – (In Service 2010) - 2014

- e. The Enterprise Solutions project consisted of the installation of Oracle, an integrated business software, and Maximo, an asset management software, to replace the accounting, supply chain, and work order management system. Oracle and Maximo replaced several Information Technology applications in the accounting, supply chain, and generation areas that were used to input, process, and summarize accounting information, procure and pay for materials and services, and manage work orders.

Connie Erickson  
Comptroller

One Energy Place  
Pensacola, Florida 32520-0761  
Tel 850.444.6384

Staff's Report Questions  
Docket No. 130151-EI  
Item No. 10  
Page 3 of 5



January 11, 2012

Mr. Tim Devlin  
Director, Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Fl 32399-0850

Re: Uniform Retirement Units

Dear Mr. Devlin:

In Accordance with the provisions of Rule 25-6.0142, Uniform Retirement Units for Electric Utilities, the attached changes have been made to Gulf Power Company's Property Unit Catalog.

Gulf Power Company will continue to notify you periodically of all changes made to its Catalog.

Sincerely,

  
Connie J. Erickson  
Comptroller

Attachments

CJE/ts

Cc/Attn: S.D. Ritenour  
R.E. Brock  
R.S. Teel



PROPERTY UNIT	PROPERTY UNIT DESCRIPTION	RETIREMENT UNIT CODE	RETIREMENT UNIT DESCRIPTION
3035100	System Software	30351006100	System Software
3124844	Primary Air System, Pulverized Coal Firing System	31248440345	P.A. Fan Vibration Monitoring System
3125048	Forced Draft Fans and Drives, Draft System	31250488015	F.D Fan Vibration Monitoring System
3125049	Induced Draft Fans and Drives, Draft System	31250490903	I.D. Fan Vibration Monitoring System
3126820	Waste Wood System	31268200024	Wood Chip Classifier
3128220	Flue Gas Chemical Injection System - Silo	31282200050	Silo Stair Tower
3128220	Flue Gas Chemical Injection System - Silo	31282200051	Subfoundation, complete
3128220	Flue Gas Chemical Injection System - Silo	31282200052	Foundation, complete
3128220	Flue Gas Chemical Injection System - Silo	31282200053	Silo (Complete to Discharge Cone Outlet)
3128220	Flue Gas Chemical Injection System - Silo	31282200054	Weigh Hopper System
3128220	Flue Gas Chemical Injection System - Silo	31282200055	Dust Collector System
3128220	Flue Gas Chemical Injection System - Silo	31282200056	Vent Hopper System
3128221	Flue Gas Chemical Injection System - Injection	31282210060	Building
3128221	Flue Gas Chemical Injection System - Injection	31282210061	Foundation, complete
3128221	Flue Gas Chemical Injection System - Injection	31282210062	Fire Detection System
3128221	Flue Gas Chemical Injection System - Injection	31282210063	Mill Rotating Assembly
3128221	Flue Gas Chemical Injection System - Injection	31282210064	Mill Lube Oil Pump System
3128221	Flue Gas Chemical Injection System - Injection	31282210065	Mill Motor
3128221	Flue Gas Chemical Injection System - Injection	31282210066	Mill Housing and Misc Components
3128221	Flue Gas Chemical Injection System - Injection	31282210067	Primary Air Compressor
3128221	Flue Gas Chemical Injection System - Injection	31282210068	Primary Air Dryer
3128221	Flue Gas Chemical Injection System - Injection	31282210069	Backup Air Compressor
3128221	Flue Gas Chemical Injection System - Injection	31282210070	Backup Air Dryer
3128221	Flue Gas Chemical Injection System - Injection	31282210071	Piping System
3128221	Flue Gas Chemical Injection System - Injection	31282210072	Air Receiver Tanks
3128222	Flue Gas Chemical Injection System - Electrical	31282220080	Building
3128222	Flue Gas Chemical Injection System - Electrical	31282220081	Foundation, complete
3128222	Flue Gas Chemical Injection System - Electrical	31282220082	HVAC
3128222	Flue Gas Chemical Injection System - Electrical	31282220083	Fire Detection System, complete
3128222	Flue Gas Chemical Injection System - Electrical	31282220084	DCS System, Complete
3128222	Flue Gas Chemical Injection System - Electrical	31282220085	Instrumentation and Control Equipment, complete
3128222	Flue Gas Chemical Injection System - Electrical	31282220086	Transformer
3128222	Flue Gas Chemical Injection System - Electrical	31282220067	Motor Control Center
3128222	Flue Gas Chemical Injection System - Electrical	31282220088	Wiring and Electrical Equipment System
3128223	Flue Gas Chemical Injection System - Convey System	31282230090	Building, unloading
3128223	Flue Gas Chemical Injection System - Convey System	31282230091	Foundation, build complete
3128223	Flue Gas Chemical Injection System - Convey System	31282230082	Fire Detection System
3128223	Flue Gas Chemical Injection System - Convey System	31282230093	Injection Grid (4 way Splitter thru Lance Tips)
3128223	Flue Gas Chemical Injection System - Convey System	31282230094	Piping (All Excluding Injection Grid)
3128223	Flue Gas Chemical Injection System - Convey System	31282230095	Dehumidifiers
3128223	Flue Gas Chemical Injection System - Convey System	31282230096	Condensers
3128223	Flue Gas Chemical Injection System - Convey System	31282230097	After Coolers
3128223	Flue Gas Chemical Injection System - Convey System	31282230098	Blowers
3128233	Flue Gas Chemical Injection System - Utility Bridge and Pipe Support	31282330100	Foundation, Complete
3128233	Flue Gas Chemical Injection System - Utility Bridge and Pipe Support	31282330101	Structure, Complete
3161596	Data Processing Equipment, Plant Support Equipment	31615961720	Unit Cyber Segregation System - Complete System
3161596	Data Processing Equipment, Plant Support Equipment	31615961721	Cabinet - Each
3161596	Data Processing Equipment, Plant Support Equipment	31615961722	Firewall - Each
3161596	Data Processing Equipment, Plant Support Equipment	31615961723	Switches - Each
3161596	Data Processing Equipment, Plant Support Equipment	31615961724	Fiber Optics/Wiring - Each Continuous Circuit Run
3161596	Data Processing Equipment, Plant Support Equipment	31615961730	Plant Cyber Segregation System - Complete System
3161596	Data Processing Equipment, Plant Support Equipment	31615961731	Access Control System - Each
3161596	Data Processing Equipment, Plant Support Equipment	31615961732	Network Storage Device - Each
3225800	Residual Heat Removal System (RHR)	32258001836	Actuator Excluding Valve (Residual Heat Removal Unit)
3225800	Residual Heat Removal System (RHR)	32258001820	Snubber
3225947	Chemical and Volume Control System (CVCS), Reactor Auxiliary Systems	32259471904	ACTUATOR, EXCLUDING VALVE (Residual Heat Removal System)
3225947	Chemical and Volume Control System (CVCS), Reactor Auxiliary Systems	32259471909	Snubber
3225949	Safety Injection System (SIS), Reactor Auxiliary Systems	32259491962	ACTUATOR, EXCLUDING VALVE
3225949	Safety Injection System (SIS), Reactor Auxiliary Systems	32259491966	Snubber
3226263	Radwaste Disposal System, Waste Collection and Disposal Systems	32262634908	Radwaste Scale
3251581	Station Maintenance Equipment, Plant Support Equipment	32515810277	Solar Powered Sump Pumps
3251589	Intrinsite Security Equipment, Plant Support Equipment	32515891024	Ultrasonic Gun Cleaning System
3251589	Intrinsite Security Equipment, Plant Support Equipment	32515891025	Security Intercom System
3251589	Intrinsite Security Equipment, Plant Support Equipment	32515891026	Boilers (Electric, Removable, Fixed)
3251589	Intrinsite Security Equipment, Plant Support Equipment	32515891027	Blast Barrier

**Results of CCR Survey of Amortizable Life for Capitalized ERP Software Costs**

<u>No. of Years</u>	<u>No. of CCR Companies</u>
10	4
9	0
8	4
7	4
6	0
5	10
4	1
3	1
2	1
1	0
	<u>25</u> Total responses

**Notes:**

Mean Average is 6 years. Median and Mode averages are 5 years

Several respondents indicated lives were a range of years (e.g. 3-5). Chart includes responses at maximum life

Several respondents indicated amortization life was up to a maximum of X years implying unlimited lower limits

Four respondents advised they do not capitalize internal labor costs - only third party spending

Two respondents advised they only capitalize the cost of the software

Two respondents indicated initial ERP's are in development; tentatively thinking lives towards the higher end of range

Dismantlement

Staff's initial proposals are contained in Tables 3 and 4 attached to this report. These proposals are contingent upon verification of Staff's understanding of certain data contained in Gulf Power's 2013 Depreciation and Dismantlement Studies.

11. Please confirm for accuracy the adjusted scrap metal values Gulf Power Company used in its 2013 Dismantlement Study for copper, ferrous scrap, and non-ferrous scrap metal as listed below.

Metal Type	Previous Study*		Current Study*	Difference	
	\$		\$	\$	%
Copper / Per Lb.	0.97		2.418	1.448	149%
Ferrous / Per Ton	149.0		287.1	138.1	93%
Non-Ferrous / Lb.	0.198		0.636	0.438	221%

\* Source: Clarification on Responses to Staff's First and Second Data Request, No. 6.

**ANSWER:**

The adjusted scrap metal values are accurate with the exception of Ferrous scrap. The adjusted scrap value should be \$149.21 for the previous study and \$287.05 for the current study. These values are presented on page 26 of Section 7.6 in Volume 1 of the 2009 Dismantlement Study for the previous study value, and on page 27 of Section 7.6 in Volume 1 of the 2013 Dismantlement Study for the current study value.

12. What was the adjusted scrap metal value as a percentage of the total cost estimate presented in Gulf's 2009 Dismantlement Study?

**ANSWER:**

The adjusted scrap metal value was 11.1 percent of the total estimated dismantlement cost in Gulf's 2009 Dismantlement Study. This was calculated by dividing the total salvage value of \$28,143,000 by the gross estimated dismantlement cost of \$253,428,125. The latter value is presented on page 3 of Section 2.1 in Volume 1 of the 2009 Dismantlement Study.

13. Please explain, in detail, why the costs for dismantling Plant Scherer Unit 3 increased approximately 360% from Gulf's 2009 dismantlement study.

**ANSWER:**

Additional environmental controls are the reason for the increase to Plant Scherer Unit 3. Since the previous study, SCR (Selective Catalytic Reduction), Scrubber or FGD (Flue-gas Desulfurization), and Baghouse systems were added to Plant Scherer Unit 3. These additional environmental controls account for \$30,204,000 of the Plant Scherer Unit 3 dismantlement costs in 2011 dollars. After adjusting this amount for escalation and Gulf Power's 25 percent ownership, these systems account for approximately 95 percent of the \$8,694,000 total dismantlement cost at ownership for Plant Scherer as shown in Volume 2 of Gulf's 2013 Dismantlement Study.

14. Please confirm that the adjusted dollar value of scrap metal contained in Gulf's 2013 Dismantlement Study is \$57,523,125, and that this figure reduces the total dismantlement base cost estimate of \$296,554,125, to \$239,031,000.

**ANSWER:**

The values presented above for scrap value and reduction to total costs are accurate within the margin of error due to rounding.

15. For the purposes of the following request, please refer to Gulf's response to Staff's First Data Request No. 62. The proposed levelized dismantlement accrual of \$6,172,175 for Plant Crist appears to reflect costs and subsequent accrual amounts that are being recovered through the ECRC, as well as amounts recovered through base rate depreciation expense. Please list the proposed 2014 accrual amounts for the six pieces of Plant Crist property included in this discovery response that will be recovered through the ECRC, and the net effect on Plant Crist's total accrual amount of \$6,172,175.

ANSWER:

As reflected in Gulf's response to Staff's First Data Request No. 60, the 2013 Dismantling Study provides cost estimates for three projects that Gulf will continue to recover through the ECRC. The annual accrual for these projects as well as the treatment of the remaining projects presented in Gulf's response to Staff's First Data Request No. 62 is provided below:

<u>PE</u>	<u>Description</u>	<u>Annual Accrual</u>
1216	Crist 7 Precipitator Upgrade	To be recovered in base rates
1228	Crist 7 Flue Gas Conditioning	No longer in service, physically removed
1232	Crist Cooling Tower Cell	No longer in service, physically removed
1243	Crist 6 Precipitator replacement	To be recovered in base rates
1199	Crist 7 SCR	\$ 347,680
1222	Crist FGD	3,305,561
1279	Crist 6 SCR	<u>393,718</u>
	Dismantlement recovered in ECRC	\$ 4,046,959
	Remaining Crist dismantlement (base rates)	<u>2,125,216</u>
	Total Crist dismantlement accrual	<u>\$ 6,172,175</u>

The dismantlement cost for projects removed from ECRC recovery are included in the remaining portion for the Crist dismantlement accrual of \$2,125,216, which will prospectively be recovered only through base rates.

16. Dismantlement costs for the Daniel Ash Management Project are being recovered through the ECRC. Are the costs for dismantling the Daniel Ash Management Project included in the (Gulf Portion) \$15,772,000 cost estimate? If so, please detail how the company will segregate recovery amounts received through base rate depreciation expense from those received through the ECRC.

**ANSWER:**

Yes. The estimated costs for dismantlement of the Daniel Ash Management Project are included in the \$15,772,000 cost estimate. Historically, the dismantlement costs for the Daniel Ash Management Project were recovered through the ECRC. Prospectively, Gulf will recover through base rates (and not through ECRC) only the remaining portion of the Daniel Ash Management Project not previously accrued. This will insure that customers will not pay for dismantlement costs previously recovered through the ECRC.



17. Please explain why the current costs for dismantling Plant Daniel substantially decreased from Gulf's 2009 dismantlement study.

**ANSWER:**

The current study reflects a 211 percent average increase of scrap metal values from December 2008 to December 2013. The increasing scrap metal values, which represent a credit or deduction to the cost of dismantlement, outweighed the 8.4 percent increase in removal costs for the same time period. The result is a reduction to Gulf's share of the Plant Daniel dismantlement costs. The percentages stated above are also shown in the Summary Level Update for Gulf Power table in Volume 2 of Gulf's 2013 Dismantlement Study.

18. Please confirm that Plant Scholz was originally scheduled to retire in 2011, but was ordered a life extension to beyond 2014, to which Gulf has determined a new retirement date of April of 2015.

**ANSWER:**

No. Plant Scholz was not originally scheduled to retire in 2011. In depreciation studies prior to 2009, Plant Scholz had an assumed or target life expectancy indicating a possible retirement date of 2011. As discussed during the Commission's review of the study filed in May 2009, no decision to retire Plant Scholz had been made at the time of the 2009 Study and, in fact, the Plant has continued in service beyond 2011. In March of 2013, management announced plans to retire Plant Scholz effective April 2015.

19. For the purposes of the following request, please refer to Gulf's Responses to Staff's First Data Request, No. 54. Please provide, in detail, the individual unit prices for all units used to derive cost amounts presented in Gulf's 2013 Dismantlement Study.

**ANSWER:**

The current study estimated dismantlement costs were calculated by escalating previous study removal costs, and updating disposal costs and scrap metal values with current rates. Section 7 in Volume 1 of Gulf's 2013 Dismantlement Study discusses disposal costs and scrap metal rates used for the current study. The escalation for removal costs are based on escalation rates obtained from PowerAdvocate ([www.poweradvocate.com](http://www.poweradvocate.com)).

### **Staff's Initial Proposals**

Staff's initial proposals are contained in summary Tables 1 thru 5. Please indicate by account name and number, if and where the Company disagrees with staff's proposals and the reasoning for disagreement.

#### **Production Plant**

Please refer to Tables 1 and 2 for Staff's initial proposals. Please note staff's amortization expense proposals differ from that of the Company for Accounts: (Plant Crist) 316 5-year Amortization and 316 7-year Amortization, (Plant Scherer) 316 7-year Amortization, (Plant Scholz) 316 7-year Amortization, and (Plant Smith) 316 7-Year Amortization.

#### **Gulf's Position (Concurrence or Exception):**

Gulf concurs with all Staff recommendations with the exception of the amortization annual dollars. Gulf's proposed annual expense includes additions and retirements that have occurred since 2010.

#### **Transmission Plant**

Please refer to Tables 1, 2, and 5 for Staff's initial proposals. Please note the resulting Reserves and Remaining Life Depreciation Rates resulting from reserve transfers for Accounts: 350 Easements, 352 Structures and Improvements, 354 Towers and Fixtures, 355 Poles and Fixtures, 356 Overhead Conductors and Devices, and 359 Roads and Trails.

#### **Gulf's Position (Concurrence or Exception):**

Gulf believes it is appropriate to rely on the Group Accounting Concept to take care of any Theoretical Reserve variances (as defined in Rule 25-6.0436) over the remaining life of the asset. The practice of adjusting depreciation rates through periodic depreciation studies to address any reserve variances is Gulf's preferred method. In this instance, Gulf does not oppose the reserve transfers recommended by Staff.

Distribution Plant

Please refer to Tables 1, 2, and 5 for Staff's initial proposals. Please note the resulting Reserve and Remaining Life Depreciation Rate resulting from reserve transfers for Accounts: 360.2 Easements, 364 Poles and Fixtures, 365 Overhead Conductors and Devices, and 370.1 Meters – AMI.

*Gulf's Position (Concurrence or Exception):*

Gulf believes it is appropriate to rely on the Group Accounting Concept to take care of any Theoretical Reserve variances (as defined in Rule 25-6.0436) over the remaining life of the asset. The practice of adjusting depreciation rates through periodic depreciation studies to address any reserve variances is Gulf's preferred method. In this instance, Gulf does not oppose the reserve transfers recommended by Staff.

General Plant

Please refer to Tables 1, 2, and 5 for Staff's initial proposals. Please note staff's amortization expense proposals differ from that of the Company for Accounts: 391.1 Furniture Non-Computer, 391.2 Computer Equipment, 393 Stores Equipment, 394 Tools Shop and Garage Equipment, 395 Laboratory Equipment, 397 Communication Equipment, and 398 Miscellaneous Equipment.

Please further note the resulting Reserves and Remaining Life Depreciation Rates resulting from reserve transfers for Accounts: 390 Structures and Improvements, 396 Power Operated Equipment, Communications Equipment, 392.2 Light Trucks, 392.3 Heavy Trucks, and 392.4 Trailers.

*Gulf's Position (Concurrence or Exception):*

Gulf concurs with all Staff recommendations with the exception of the amortization annual dollars. Gulf's proposed annual expense includes additions and retirements that have occurred since 2010.

Gulf believes it is appropriate to rely on the Group Accounting Concept to take care of any Theoretical Reserve variances (as defined in Rule 25-6.0436) over the remaining life of the asset. The practice of adjusting depreciation rates through periodic depreciation studies to address any reserve variances is Gulf's preferred method. In this instance, Gulf does not oppose the reserve transfers recommended by Staff.

**Dismantlement Base Costs and Levelized Accrual**

Please refer to Tables 3 and 4 for Staff's initial proposals.

**Gulf's Position (Concurrence or Exception):**

Gulf concurs.

**Reserve Transfers**

Please refer to Table 5 for initial Staff's proposals.

**Gulf's Position (Concurrence or Exception):**

Gulf believes it is appropriate to rely on the Group Accounting Concept to take care of any Theoretical Reserve variances (as defined in Rule 25-6.0436) over the remaining life of the asset. The practice of adjusting depreciation rates through periodic depreciation studies to address any reserve variances is Gulf's preferred method. In this instance, Gulf does not oppose the reserve transfers recommended by Staff.

**D. Summary Tables**

**Table 1**

Account Category and Name	Company Proposal <sup>1</sup>				Staff Recommendation			
	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation
	Life Years	Salvage %	Position %	Rate %	Life Years	Salvage %	Position %	Rate %
<b>STEAM PRODUCTION PLANT</b>								
<b>TOTAL DEPRECIABLE PLANT CRIST</b>	20.3	(5.0)	21.45	4.1	20.3	(5.0)	21.45	4.1
Plant Crist Other Recovery								
Base Coal	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Amortization Property (5 yr.)	5-Year Amortization				5-Year Amortization			
Amortization Property (7 yr.)	7-Year Amortization				7-Year Amortization			
<b>TOTAL DEPRECIABLE PLANT SCHOLZ</b>	1.5	(0.3)	99.74	0.4	1.5	(0.3)	99.74	0.4
Plant Scholz Other Recovery								
Base Coal	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Amortization Property (5 yr.)	5-Year Amortization				5-Year Amortization			
Amortization Property (7 yr.)	7-Year Amortization				7-Year Amortization			
<b>TOTAL DEPRECIABLE PLANT SMITH</b>	16.6	(3.5)	50.75	3.2	16.6	(3.5)	50.75	3.2
Plant Smith Other Recovery								
Base Coal	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Amortization Property (5 yr.)	5-Year Amortization				5-Year Amortization			
Amortization Property (7 yr.)	7-Year Amortization				7-Year Amortization			
<b>TOTAL DEPRECIABLE PLANT DANIEL</b>	26.9	(6.4)	53.15	2.0	26.9	(6.4)	53.15	2.0
Plant Daniel Other Depreciable								
Daniel Common 1-2, Easements	32.5	0.0	53.80	1.4	32.5	0.0	53.80	1.4
Daniel, Rail Track System	32.5	0.0	49.38	1.6	32.5	0.0	49.38	1.6
Plant Daniel Other Recovery								
Cooling Lake	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Cooling Lake	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Cooling Lake	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0

<sup>1</sup> Gulf Power 2013 Depreciation Study, Vol. 1, Tabs 5 and 7.

\* Denotes an accumulated depreciation reserve transfer and post-transfer rate.

Account Category and Name	Company Proposal <sup>1</sup>				Staff Recommendation			
	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation
	Life Years	Salvage %	Position %	Rate %	Life Years	Salvage %	Position %	Rate %
<b>TOTAL DEPRECIABLE PLANT SCHERER</b>	31.6	(1.9)	31.66	2.2	31.6	(1.9)	31.66	2.2
Plant Scherer Other Recovery								
Amortization Property (7 yr.)	7-Year Amortization				7-Year Amortization			
<b>OTHER PRODUCTION PLANT</b>								
Plant Smith CT	13.3	(0.2)	47.32	4.0	13.3	(0.2)	47.32	4.0
Plant Smith CC	22.6	(1.8)	2.55	4.4	22.6	(1.8)	2.55	4.4
Plant Pace CT (Pea Ridge)	4.5	(0.1)	78.81	4.7	4.5	(0.1)	78.81	4.7
Perdido Landfill Plant	16.2	(0.2)	8.40	5.7	16.2	(0.2)	8.40	5.7
<b>TRANSMISSION PLANT</b>								
Easements	31.6	0.0	50.97	1.6	31.6	0.0	52.55	* 1.5
Structures and Improvements	40.2	(5.0)	33.58	1.8	40.2	(5.0)	31.61	* 1.8
Station Equipment	36.2	(7.0)	20.42	2.4	36.2	(7.0)	20.42	2.4
Towers and Fixtures	31.2	(20.0)	63.18	1.8	31.2	(20.0)	53.28	* 2.1
Poles and Fixtures	33.2	(50.0)	20.55	3.9	33.2	(50.0)	23.73	* 3.8
Overhead Conductors and Devices	41.8	(30.0)	23.78	2.5	41.8	(30.0)	23.78	* 2.5
Underground Conductors and Devices	26.3	0.0	53.43	1.8	26.3	0.0	53.43	1.8
Roads and Trails	45.0	0.0	16.02	1.9	45.0	0.0	19.05	* 1.8
<b>DISTRIBUTION PLANT</b>								
Easements	52.2	0.0	5.25	1.8	52.2	0.0	6.09	* 1.8
Structures and Improvements	36.5	(5.0)	37.17	1.9	36.5	(5.0)	37.17	1.9
Station Equipment	36.2	(8.0)	25.17	2.3	36.2	(8.0)	25.17	2.3
Poles and Fixtures	25.0	(70.0)	51.92	4.7	25.0	(70.0)	45.53	* 5.0
Overhead Conductors and Devices	28.1	(25.0)	36.22	3.2	28.1	(25.0)	37.86	* 3.1
Underground Conduit	26.3	0.0	68.37	1.2	26.3	0.0	68.37	1.2
Underground Conductors and Devices	24.0	(10.0)	35.56	3.1	24.0	(10.0)	35.56	3.1
Line Transformers	23.1	(24.0)	36.68	3.8	23.1	(24.0)	36.68	3.8
Overhead Services	27.2	(55.0)	62.05	3.4	27.2	(55.0)	62.05	3.4
Underground Services	33.0	(10.0)	36.61	2.2	33.0	(10.0)	36.61	2.2



Account Category and Name	Company Proposal <sup>1</sup>				Staff Recommendation			
	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation	Average Remaining	Net	Estimated 12/31/2013 Reserve	Remaining Life Depreciation
	Life Years	Salvage %	Position %	Rate %	Life Years	Salvage %	Position %	Rate %
Meters	23.0	10.0	29.51	2.6	23.0	10.0	29.51	2.6
Meters - AMI	12.3	0.0	5.91	7.7	12.3	0.0	17.92	* 6.7
Meters - FPSC Segregated	0.0	0.0	100.00	0.0	0.0	0.0	100.00	0.0
Meters - Non FPSC Segregated	0.0	0.0	110.09	0.0	0.0	0.0	110.09	0.0
Street Lighting and Signal Systems	14.6	(15.0)	50.68	4.4	14.6	(15.0)	50.68	4.4
<b>GENERAL PLANT DEPRECIATION</b>								
Structures and Improvements	29.7	(5.0)	34.75	2.4	29.7	(5.0)	36.69	* 2.3
Power Operated Equipment	6.8	20.0	59.35	3.0	6.8	20.0	47.99	* 4.7
Communications Equipment	10.4	0.0	50.97	4.7	10.4	0.0	38.83	* 5.9
Light Trucks	3.5	5.0	47.24	13.8	3.5	5.0	65.33	* 8.6
Heavy Trucks	4.3	13.0	55.32	7.4	4.3	13.0	55.83	* 7.3
Trailers	8.9	9.0	49.95	4.6	8.9	9.0	50.06	* 4.6
<b>GENERAL PLANT AMORTIZATION</b>								
Furniture/Non-Computer	7-Year Amortization				7-Year Amortization			
Computer Equipment	5-Year Amortization				5-Year Amortization			
Marine Equipment	5-Year Amortization				5-Year Amortization			
Stores Equipment	7-Year Amortization				7-Year Amortization			
Tools, Shop & Garage Equip.	7-Year Amortization				7-Year Amortization			
Laboratory Equipment	7-Year Amortization				7-Year Amortization			
Communication Equip.	7-Year Amortization				7-Year Amortization			
Miscellaneous Equipment	7-Year Amortization				7-Year Amortization			
<b>INTANGIBLE PLANT</b>								
Software	7-Year Amortization				7-Year Amortization			

Table 2

Account Category and Name	Estimated 12/31/2013 Plant Investment Balance <sup>4</sup> \$	Estimated 12/31/2013 Accumulated Depreciation Reserve <sup>5</sup> \$	Current Approved <sup>2</sup>		Company Proposal <sup>3</sup>		Staff Recommended	
			Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$
<b>STEAM PRODUCTION PLANT</b>								
TOTAL DEPRECIABLE PLANT CRIST	1,480,442,114	317,605,025	3.5	51,815,474	4.1	60,698,127	4.1	60,698,127
Plant Crist Other Recovery								
Base Coal	141,840	141,840	0.0	0	0.0	0	0.0	0
Amortization Property (5 yr.)	137,572	86,586	20.0	27,514	20.0	32,245	20.0	27,514
Amortization Property (7 yr.)	2,678,299	1,425,704	14.3	382,997	14.3	698,361	14.3	382,997
TOTAL DEPRECIABLE PLANT SCHOLZ	30,818,163	30,736,763	4.1	1,263,545	0.4	123,273	0.4	123,273
Plant Scholz Other Recovery								
Base Coal	71,300	71,300	0.0	0	0.0	0	0.0	0
Amortization Property (5 yr.)	8,730	4,635	20.0	1,746	20.0	1,746	20.0	1,746
Amortization Property (7 yr.)	102,910	61,526	14.3	14,716	14.3	30,562	14.3	14,716
TOTAL DEPRECIABLE PLANT SMITH	176,803,819	89,723,419	3.3	5,834,526	3.2	5,657,722	3.2	5,657,722
Plant Smith Other Recovery								
Base Coal	108,300	108,300	0.0	0	0.0	0	0.0	0
Amortization Property (5 yr.)	29,526	15,715	20.0	5,905	20.0	5,905	20.0	5,905
Amortization Property (7 yr.)	1,174,466	667,192	14.3	167,949	14.3	225,269	14.3	167,949
TOTAL DEPRECIABLE PLANT DANIEL	260,872,215	138,663,112	2.8	7,304,422	2.0	5,217,444	2.0	5,217,444

<sup>2</sup> Gulf Power 2009 Dismantlement Study and Order No. PSC-10-0458-PAA-EI, issued July 19, 2010, in Docket No. 090319-EI, In re: Depreciation and dismantlement study at December 31, 2009, by Gulf Power Company.

<sup>3</sup> Gulf Power 2013 Depreciation Study, Vol. 1, Tab 5.

<sup>4</sup> Gulf Power 2013 Depreciation Study, Vol. 1, Tab 7.

<sup>5</sup> Ibid.

Account Category and Name	Estimated 12/31/2013 Plant Investment Balance <sup>4</sup> \$	Estimated 12/31/2013 Accumulated Depreciation Reserve <sup>5</sup> \$	Current Approved <sup>2</sup>		Company Proposal <sup>3</sup>		Staff Recommended	
			Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$
Plant Daniel Other Depreciable								
Daniel Common 1-2, Easements	77,160	41,511	1.4	1,080	1.4	1,080	1.4	1,080
Daniel, Rail Track System	2,782,273	1,373,795	1.5	41,734	1.6	44,516	1.6	44,516
Plant Daniel Other Recovery								
Cooling Lake	2,621,892	2,621,892	0.0	0	0.0	0	0.0	0
Cooling Lake	6,331,377	6,331,377	0.0	0	0.0	0	0.0	0
Cooling Lake	923	923	0.0	0	0.0	0	0.0	0
<b>TOTAL DEPRECIABLE PLANT SCHERER</b>	<b>369,621,130</b>	<b>117,012,731</b>	<b>2.0</b>	<b>7,392,423</b>	<b>2.2</b>	<b>8,131,665</b>	<b>2.2</b>	<b>8,131,665</b>
Plant Scherer Other Recovery								
Amortization Property (7 yr.)	161,971	91,483	14.3	23,162	14.3	28,254	14.3	23,162
<b>OTHER PRODUCTION PLANT</b>								
Plant Smith CT	7,944,382	3,759,633	3.6	285,998	4.0	317,775	4.0	317,775
Plant Smith CC	218,565,471	5,580,694	2.8	6,119,833	4.4	9,616,881	4.4	9,616,881
Plant Pace CT (Pea Ridge)	10,481,918	8,260,991	5.3	555,542	4.7	492,650	4.7	492,650
Perdido Landfill Plant	9,641,119	810,273	5.0	482,056	5.7	549,544	5.7	549,544
<b>TRANSMISSION PLANT</b>								
Easements	13,166,131	6,919,460	1.6	210,658	1.6	210,658	1.5	197,492
Structures and Improvements	10,584,304	3,345,585	2.0	211,686	1.8	190,517	1.8	190,517
Station Equipment	148,680,261	30,353,808	2.3	3,419,646	2.4	3,568,326	2.4	3,568,326
Towers and Fixtures	40,666,668	21,666,443	2.3	935,333	1.8	732,000	2.1	854,000
Poles and Fixtures	126,998,316	30,131,620	3.6	4,571,939	3.9	4,952,934	3.8	4,825,936
Overhead Conductors and Devices	110,339,741	26,236,529	2.5	2,758,494	2.5	2,758,494	2.5	2,758,494
Underground Conductors and Devices	14,094,502	7,530,398	2.1	295,985	1.8	253,701	1.8	253,701
Roads and Trails	235,919	44,952	2.0	4,718	1.9	4,482	1.8	4,247

Account Category and Name	Estimated 12/31/2013 Plant Investment Balance <sup>4</sup> \$	Estimated 12/31/2013 Accumulated Depreciation Reserve <sup>5</sup> \$	Current Approved <sup>2</sup>		Company Proposal <sup>3</sup>		Staff Recommended	
			Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$
<b>DISTRIBUTION PLANT</b>								
Easements	555,176	33,832	1.8	9,993	1.8	9,993	1.8	9,993
Structures and Improvements	20,429,669	7,593,011	2.2	449,453	1.9	388,164	1.9	388,164
Station Equipment	239,656,818	60,317,168	2.2	5,272,450	2.3	5,512,107	2.3	5,512,107
Poles and Fixtures	131,001,902	59,640,369	5.0	6,550,095	4.7	6,157,089	5.0	6,550,095
Overhead Conductors and Devices	135,820,193	51,420,167	3.1	4,210,426	3.2	4,346,246	3.1	4,210,426
Underground Conduit	1,160,719	793,560	1.3	15,089	1.2	13,929	1.2	13,929
Underground Conductors and Devices	141,302,574	50,241,099	3.3	4,662,985	3.1	4,380,380	3.1	4,380,380
Line Transformers	247,768,588	90,887,756	4.0	9,910,744	3.8	9,415,206	3.8	9,415,206
Overhead Services	53,372,992	33,119,104	3.8	2,028,174	3.4	1,814,682	3.4	1,814,682
Underground Services	45,243,221	16,563,038	2.6	1,176,324	2.2	995,351	2.2	995,351
Meters	20,142,321	5,944,152	2.7	543,843	2.6	523,700	2.6	523,700
Meters - AMI	51,097,347	9,159,199	6.7	3,423,522	7.7	3,934,496	6.7	3,423,522
Meters - FPSC Segregated	1,860,712	1,860,712	0.0	0	0.0	0	0.0	0
Meters - Non FPSC Segregated	3,430,772	3,776,973	0.0	0	0.0	0	0.0	0
Street Lighting and Signal Systems	64,373,931	32,627,557	5.0	3,218,697	4.4	2,832,453	4.4	2,832,453
<b>GENERAL PLANT DEPRECIATION</b>								
Structures and Improvements	77,711,059	28,512,188	2.3	1,787,354	2.4	1,865,065	2.3	1,787,354
Power Operated Equipment	864,641	414,967	4.7	40,638	3.0	25,939	4.7	40,638
Communications Equipment	23,194,669	9,006,829	6.3	1,461,264	4.7	1,090,149	5.9	1,368,485
Light Trucks	7,120,679	4,651,940	9.3	662,223	13.8	982,654	8.6	612,378
Heavy Trucks	22,519,409	12,573,065	7.9	1,779,033	7.4	1,666,436	7.3	1,643,917
Trailers	1,269,865	635,694	4.8	60,954	4.6	58,414	4.6	58,414
<b>GENERAL PLANT AMORITIZATION</b>								
Furniture/Non-Computer	2,463,098	1,433,256	14.3	352,223	14.3	364,394	14.3	352,223

Account Category and Name	Estimated 12/31/2013 Plant Investment Balance <sup>4</sup> \$	Estimated 12/31/2013 Accumulated Depreciation Reserve <sup>5</sup> \$	Current Approved <sup>2</sup>		Company Proposal <sup>3</sup>		Staff Recommended	
			Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$	Remaining Life Rate %	Annual Expense \$
Computer Equipment	2,395,968	1,774,426	20.0	479,194	20.0	791,167	20.0	479,194
Marine Equipment	213,594	88,853	20.0	42,719	20.0	42,719	20.0	42,719
Stores Equipment	1,231,907	152,426	14.3	176,163	14.3	168,067	14.3	176,163
Tools, Shop & Garage Equipment	4,075,782	1,433,369	14.3	582,837	14.3	358,155	14.3	582,837
Laboratory Equipment	3,361,355	1,672,165	14.3	480,674	14.3	346,815	14.3	480,674
Communication Equip	3,620,424	1,173,223	14.3	517,721	14.3	597,510	14.3	517,721
Miscellaneous Equipment	3,572,092	2,199,354	14.3	510,809	14.3	495,316	14.3	510,809
<b>INTANGIBLE PLANT AMORITIZATION</b>								
Software	15,892,775	6,143,727	14.3	2,272,667	14.3	2,272,667	14.3	2,272,667
Dismantlement				9,591,938		7,023,336		7,023,336
<b>TOTAL ALL PLANT</b>	<b>4,373,108,964</b>	<b>1,347,268,394</b>		<b>156,399,284</b>		<b>163,016,732</b>		<b>162,146,915</b>

Dismantlement Base Costs

Table 3

Plant Unit by Site	Total Base Cost Estimate Net of Scrap Metal Credits As of 12/31/09 <sup>6</sup> \$	Total Base Cost Estimate Net of Scrap Metal Credits As of 12/31/13 <sup>7</sup> \$	Cost Difference from 2009 to 2012 %
<b><u>Plant Crist</u></b>			
Unit 4	5,426,000	4,516,000	-16.77%
Unit 5	5,501,000	4,592,000	-16.52%
Unit 6	13,336,000	11,440,000	-14.22%
Unit 7	15,216,000	12,335,000	-18.93%
SCR Unit 6	N/A	7,866,000	N/A
SCR Unit 7	8,477,000	9,400,000	10.89%
FGD Units 4 - 7	74,033,000	80,991,000	9.40%
Common	26,448,000	30,524,000	15.41%
<b>Total Plant Crist</b>	<b>148,437,000</b>	<b>161,664,000</b>	<b>8.91%</b>
<b><u>Plant Smith</u></b>			
Unit 1	5,916,000	4,487,000	-24.15%
Unit 2	6,796,000	5,342,000	-21.39%
Plant Smith CT	166,000	168,000	1.20%
Plant Smith Unit 3 (CC)	6,828,000	7,491,000	9.71%
Common	19,243,000	20,555,000	6.82%
<b>Total Plant Smith</b>	<b>38,949,000</b>	<b>38,043,000</b>	<b>-2.33%</b>
<b><u>Plant Scholz</u></b>			
Unit 1	2,983,000	2,112,000	-29.20%
Unit 2	2,938,000	2,079,000	-29.24%
Total Common	6,886,000	7,241,000	5.16%
<b>Total Plant Scholz</b>	<b>12,807,000</b>	<b>11,432,000</b>	<b>-10.74%</b>
<b><u>Plant Daniel (Gulf Portion)</u></b>			
Total Unit 1	4,101,000	1,453,000	-64.57%
Total Unit 2	4,170,000	1,478,000	-64.56%
Total Common	13,066,000	12,841,000	-1.72%
<b>Total Plant Daniel</b>	<b>21,337,000</b>	<b>15,772,000</b>	<b>-26.08%</b>
<b><u>Plant Scherer (Gulf Portion)</u></b>			
Total Unit 3	1,895,000	8,694,000	358.79%

<sup>6</sup> Gulf Power 2009 Dismantlement Study and Order No. PSC-10-0458-PAA-EI, issued July 19, 2010, in Docket No. 090319-EI, In re: Depreciation and dismantlement study at December 31, 2009, by Gulf Power Company.

<sup>7</sup> Gulf Power 2013 Dismantlement Study, Vol. 1, Section 2.0, Vol. 2, Sections 1.0 and 2.0.

Plant Unit by Site	Total Base Cost Estimate Net of Scrap Metal Credits As of 12/31/09 <sup>6</sup> \$	Total Base Cost Estimate Net of Scrap Metal Credits As of 12/31/13 <sup>7</sup> \$	Cost Difference from 2009 to 2012 %
Total Common	1,710,000	1,770,000	3.51%
Total Plant Scherer	3,605,000	10,464,000	190.26%
<b><u>Pace (Pea Ridge) Plant</u></b>			
Total Unit 1	50,000	50,000	0.00%
Total Unit 2	50,000	50,000	0.00%
Total Unit 3	50,000	51,000	2.00%
Total Pace (Pea Ridge)	150,000	151,000	0.67%
<b><u>Perdido Landfill</u></b>			
Total Perdido Landfill	N/A	1,507,000	N/A
Total Dismantlement Costs*	225,285,000	239,033,000	6.10%

\*Totals rounded to the nearest \$1,000.

Dismantlement Accrual

Table 4

Plant Site	Current Accrual <sup>8</sup> \$	Proposed Accrual* \$	Change \$
Plant Crist	6,458,948	6,172,175	(286,773)
Plant Smith	1,249,287	1,016,173	(233,114)
Plant Scholz	799,767	(1,046,922)	(1,846,689)
Plant Daniel	684,446	174,336	(510,110)
Plant Scherer	98,878	297,594	198,716
<b>Total Steam Production</b>	<b>9,291,326</b>	<b>6,613,356</b>	<b>(2,677,970)</b>
Plant Smith CT	3,258	3,147	(111)
Plant Pea Ridge	17,334	22,532	5,198
Smith Combined Cycle	280,020	274,255	(5,765)
Perdido Landfill	0	110,046	110,046
<b>Total Other Production</b>	<b>300,612</b>	<b>409,980</b>	<b>109,368</b>
<b>Total All Plants</b>	<b>9,591,938</b>	<b>7,023,336</b>	<b>(2,568,602)</b>

\* Source: Derived from based costs as contained in Gulf Power 2013 Depreciation Study, Vol. 1 and Vol. 2, Analysis Results, Steam Production and Other Production Plants. Financial amounts contained in Vol. 1, Tab 9.

<sup>8</sup> See Order No. PSC-10-0458-PAA-EI, issued July 19, 2010, in Docket No. 090319-EI, In re: Depreciation and dismantlement study at December 31, 2009, by Gulf Power Company.



Table 5

Acc. #	Account Category and Name	Estimated 12/31/2013 Plant Investment Balance <sup>9</sup> \$	Estimated 12/31/2013 Accumulated Depreciation Reserve <sup>10</sup> \$	Staff Calculated Theoretical Reserve \$	Difference from Theoretical to Actual \$	Proposed Reserve Transfer \$	Restated Reserve \$
<b>TRANSMISSION PLANT</b>							
350	Easements	13,166,131	6,710,802	6,919,460	(208,658)	208,658	6,919,460
352	Structures and Improvements	10,584,304	3,554,243	3,033,250	520,993	(208,658)	3,345,585
354	Towers and Fixtures	40,666,668	25,694,763	20,868,507	4,826,256	(4,028,320)	21,666,443
355	Poles and Fixtures	126,998,316	26,103,300	30,131,620	(4,028,320)	4,028,320	30,131,620
356	Overhead Conductors and Devices	110,339,741	26,243,685	23,438,368	2,805,317	(7,156)	26,236,529
359	Roads and Trails	235,919	37,796	44,952	(7,156)	7,156	44,952
<b>DISTRIBUTION PLANT</b>							
360.2	Easements	555,176	29,160	33,832	(4,672)	4,672	33,832
364	Poles and Fixtures	131,001,902	68,016,181	49,195,144	18,821,037	(8,375,812)	59,640,369
365	Overhead Conductors and Devices	135,820,193	49,189,082	51,420,167	(2,231,085)	2,231,085	51,420,167
370.1	Meters - AMI	51,097,347	3,019,144	9,159,199	(6,140,055)	6,140,055	9,159,199
<b>GENERAL PLANT DEPRECIATION</b>							
390	Structures and Improvements	77,711,059	27,003,165	28,512,188	(1,509,023)	1,509,023	28,512,188
396	Power Operated Equipment	864,641	513,177	414,967	98,210	(98,210)	414,967
397	Communications Equipment	23,194,669	11,822,212	8,976,105	2,846,107	(2,815,383)	9,006,829
392.2	Light Trucks	7,120,679	3,363,803	4,651,940	(1,288,137)	1,288,137	4,651,940
392.3	Heavy Trucks	22,519,409	12,458,065	12,572,361	(114,296)	115,000	12,573,065
392.4	Trailers	1,269,865	634,261	635,694	(1,433)	1,433	635,694
<b>Totals</b>		<b>753,146,019</b>	<b>264,392,839</b>	<b>250,007,754</b>	<b>14,385,085</b>	<b>0</b>	<b>264,392,839</b>

<sup>9</sup> Gulf Power 2013 Depreciation Study, Vol. 1, Tab 7.

<sup>10</sup> Ibid.

# Attachment A

- 42 In Order No. PSC-12-0300-PAA-EI in Docket No. 120059-EI, the Commission required Gulf Power Company to include a new depreciation classification, Account 392-4110 – Automobiles, with a whole life depreciation rate of 12.1 percent implemented effective with the in-service date of vehicles. This classification does not appear in Gulf's 2013 Depreciation Study filed in Docket No. 130151-EI. Please describe:
- a. The automobiles currently in Gulf Power's rate base (make, model, in-service date, and associated investment amounts),
  - b. How the depreciation expense for such automobiles are being recovered in Gulf Power's rates, and
  - c. Why does Account 392-4110 not appear in Gulf's 2013 Depreciation Study?

**ANSWER:**

- a. Two Ford Fiestas were placed in service in May 2012. The total investment in these automobiles is \$29,848.
- b. These vehicles were inadvertently recorded to 392.2 Light Trucks and are reflected in Gulf's 2013 Depreciation Study under that depreciation group. Gulf will journal the investment amount to Account 392-4110 – Automobiles in September 2013.
- c. Since the investment dollars were recorded to the wrong account, there was no investment associated with account 392-4110 to report in the Study, and the previously approved depreciation rate for automobiles was therefore inappropriately omitted from the Study.

133

**Gulf's responses to  
Staff's follow-up Data Requests  
in Docket #130151-EI  
(Nos. 1-8)**

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 133  
PARTY PSC Staff  
DESCRIPTION Gulf's/Staff's follow-up data requests  
DATE Nos. 1-8, in Docket No. 130151-EI

**Robert L. McGee, Jr.**  
Regulatory & Pricing Manager  
One Energy Place  
Pensacola, Florida 32520 0780  
Tel 850 444 6530  
Fax 850 444 6026  
RLMCGEE@southernco.com



September 11, 2013

Mr. Devlin Higgins  
Division of Economics  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Re: Docket No. 130151-EI

Dear Mr. Higgins:

Enclosed are Gulf Power Company's Responses to Staff's follow-up data request to Staff's Report in the above referenced docket.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.

Follow-up for Data Request No. 7 (August 26 Response):

1. The revised response to Data Request 42 (prior set of Data Requests) shows total investment of automobiles is \$29,848. When did these automobiles go into service, what is the balance, reserve, and depreciation expense for the Account 392-4110?

**ANSWER:**

Currently, the balance, reserve and depreciation expense for Account 392-4110 is \$0. Gulf has 2 Ford Fiestas that went into service in May 2012 and were inadvertently recorded to account 392.2, Light Trucks. Once Gulf makes a correcting entry in the month of September 2013 to move the investment to 392-4110, the balance is expected to be \$29,848. The accumulated reserve will be \$4,816, and the annual depreciation expense is expected to be \$3,612.

Follow-up for Data Request No. 10 (August 26 Response):

2. The response indicates that Enterprise Solutions project includes the installation of Oracle and Maximo in 2010, and these applications will require significant upgrades in 2014 and 2015, respectively, at 4 and 5 years. Also, Gulf's RUC letter to the Commission of January 11, 2012 appears to support a 5 year (median) or 6 year life (mean average). However, in Gulf's response to Data Request 43 (prior set of Data Requests), Gulf states that a 7 year life is appropriate for Enterprise Solutions software applications because the software vendors would support the applications for the foreseeable future, minimizing the risk of the applications needing significant upgrades during the 7 year period. Gulf further supports a 7 year life based on other major software applications the company has used for over 7 years without significant upgrades. Thus, Gulf's response to Data Request No. 10 (August 26) appears to be contradictory to its response to Data Request No. 43 (July 12). Please resolve these apparent contradictory statements in Data Requests Nos. 10 (August 26) and 43 (July 12).

**ANSWER:**

Although the question does not specifically ask Gulf to address or reconcile Gulf's January 11, 2012 RUC letter with either of the subsequent responses to data requests, we feel we need to start with that letter because Staff appears to be drawing from it an unintended conclusion that it supports a 5 or 6 year life instead of the 7 year amortization period requested by Gulf. We have reviewed the RUC letter and do not see the basis for Staff's conclusion. Perhaps Staff is confusing the RUC letter (which consisted of pages 3 and 4 of Gulf's August 26th response) with the survey results Gulf enclosed as page 5 of Gulf's August 26th response. That page of the response was provided in response to subpart c. of Staff's data request, which stated, "Please provide the survey of companies that are members of the Financial Executives Committee on Corporate reporting that show nearly half the companies responding use lives ranging from 7 to 10 years for enterprise-wide projects." The survey results Gulf enclosed as page 5 show that 12 of 25 companies surveyed, nearly half of them, used a life of 7 to 10 years. Given the few number of respondents to the survey, and the particular spread of those responses, the mean and mode as shown in the notes to the survey results are of little value and were not referred to by Gulf. As with other items to which Gulf has referred, this response was intended to support Gulf's choice of a seven year amortization period.

Both Gulf's initial July 12th response (no. 43) and Gulf's August 26 response (No. 10) are also consistent in their support of a seven year amortization period, which Gulf continues to believe is appropriate. We may have been less than clear in the use of our term "significant upgrades." In some instances we may have treated that as an upgrade of one or more of

the modules of an enterprise-wide software solution. In other instances we may have used the term to mean an upgrade that essentially replaces the system because it is no longer supported by vendors. We should have limited the use of the term to the latter instance. Upgrades are contemplated. With the use of upgrades, the risk of requiring the replacement of the entire system is minimized.

In our July 12th response, we mentioned that the Enterprise Solutions software would be supported by vendors for the foreseeable future, minimizing the risk of significant upgrades during the 7 year period. This is an accurate statement; because it can be upgraded periodically, it minimizes the risk of replacement of the entire system. However, Gulf did not mean to suggest there would be no upgrades during the seven year amortization period. Indeed, because Gulf's implementation of the new Enterprise Solution systems took several years, Gulf knew it would be at least one version behind some of the underlying systems by the time the installation was complete in 2010. So, Gulf anticipated that an upgrade to Maximo in 2014 and to Oracle in 2015 would be necessary. However, implementing those upgrades does not mean that the system should have been amortized in four or five years, because the Enterprise Solutions system with those upgrades will continue to be used and supported by the software vendors beyond those upgrade dates. The enterprise-wide option envisions upgrades over time; what it minimizes (in part because of the upgrades) is having to replace the entire system because it is no longer supported by vendors.

Gulf also noted that the system being replaced had been used for over seven years without a significant upgrade (system replacement). That is true and was used to suggest that a seven year amortization period would be more appropriate than a shorter amortization period.

We hope this response is helpful. Gulf does not see the responses as contradictory. They all support Gulf's requested seven year amortization, not some shorter period.



Follow-up to Data Request No. 8 (August 26 Response):

3. Please provide the corrected version of the Cost Study schedule titled "8. Net Removal Cost Study" for Account 392.2 – Light Trucks, including the revised salvage for 2010 and 2011 and revised bands (4 year through 20 year).

ANSWER:

See pages 2 and 3.

**NET REMOVAL COST**

**Account 392.2 - Light Trucks**

Year	Retirements	Cost of Removal \$	Cost of Removal %	Salvage \$	Salvage %	Net Removal \$	Net Removal %
1981	-	-	-	-	-	0	-
1982	-	-	-	-	-	0	-
1983	-	-	-	-	-	0	-
1984	77,903	-	0.00	17,275	22.17	(17,275)	(22.17)
1985	229,981	-	0.00	35,828	15.58	(35,828)	(15.58)
1986	228,104	-	0.00	54,800	24.02	(54,800)	(24.02)
1987	87,840	-	0.00	13,644	15.53	(13,644)	(15.53)
1988	305,428	-	0.00	59,909	19.61	(59,909)	(19.61)
1989	160,752	-	0.00	10,544	6.56	(10,544)	(6.56)
1990	516,101	-	0.00	109,653	21.25	(109,653)	(21.25)
1991	440,223	-	0.00	76,495	17.38	(76,495)	(17.38)
1992	186,796	-	0.00	32,995	17.66	(32,995)	(17.66)
1993	203,508	-	0.00	44,565	21.90	(44,565)	(21.90)
1994	108,196	-	0.00	27,467	25.39	(27,467)	(25.39)
1995	251,529	-	0.00	87,546	34.81	(87,546)	(34.81)
1996	603,822	-	0.00	78,431	12.99	(78,431)	(12.99)
1997	460,888	-	0.00	101,172	21.95	(101,172)	(21.95)
1998	316,061	-	0.00	60,072	19.01	(60,072)	(19.01)
1999	722,153	-	0.00	67,658	9.37	(67,658)	(9.37)
2000	186,606	-	0.00	20,740	11.11	(20,740)	(11.11)
2001	274,993	-	0.00	48,791	17.74	(48,791)	(17.74)
2002	332,535	-	0.00	42,234	12.70	(42,234)	(12.70)
2003	137,514	-	0.00	13,451	9.78	(13,451)	(9.78)
2004	292,104	-	0.00	20,910	7.16	(20,910)	(7.16)
2005	309,599	-	0.00	42,684	13.79	(42,684)	(13.79)
2006	158,573	-	0.00	7,636	4.82	(7,636)	(4.82)
2007	666,102	-	0.00	76,291	11.45	(76,291)	(11.45)
2008	709,273	-	0.00	49,083	6.92	(49,083)	(6.92)
2009	293,362	-	0.00	21,377	7.29	(21,377)	(7.29)
2010	29,037	-	0.00	19,449	66.98	(19,449)	(66.98)
2011	694,883	-	0.00	61,287	8.82	(61,287)	(8.82)
2012	849,085	-	0.00	9,266	1.09	(9,266)	(1.09)
20-Yr Band	7,599,823	0	0.00	900,111	11.84	(900,111)	(11.84)
15-Yr Band	5,971,880	0	0.00	560,930	9.39	(560,930)	(9.39)
10-Yr Band	4,139,532	0	0.00	321,435	7.77	(321,435)	(7.77)
5-Yr Band	2,575,641	0	0.00	160,463	6.23	(160,463)	(6.23)
4-Yr Band	1,866,368	0	0.00	111,380	5.97	(111,380)	(5.97)

**Cost of Removal**  
**Salvage**  
**Proposed Net Removal**

**0%**  
**5%**  
**-5%**

2005 Net Removal of Interim Retirements: -13%  
2009 Net Removal of Interim Retirements: -12%

**Account 392.3 - Heavy Trucks**

Year	Retirements	Cost of Removal \$	Cost of Removal %	Salvage \$	Salvage %	Net Removal \$	Net Removal %
1981	-	-	-	-	-	0	-
1982	-	-	-	-	-	0	-
1983	-	-	-	-	-	0	-
1984	445,650	-	0.00	28,539	6.40	(28,539)	(6.40)
1985	99,782	-	0.00	2,995	3.00	(2,995)	(3.00)
1986	989,593	-	0.00	414,541	41.89	(414,541)	(41.89)
1987	255,345	-	0.00	82,877	32.46	(82,877)	(32.46)
1988	61,215	-	0.00	24,641	40.25	(24,641)	(40.25)
1989	586,652	-	0.00	88,459	15.08	(88,459)	(15.08)
1990	79,400	-	0.00	2,526	3.18	(2,526)	(3.18)
1991	678,965	-	0.00	46,987	6.92	(46,987)	(6.92)
1992	1,043,543	-	0.00	190,387	18.24	(190,387)	(18.24)
1993	637,533	-	0.00	146,546	22.99	(146,546)	(22.99)
1994	1,686,569	-	0.00	395,055	23.42	(395,055)	(23.42)
1995	697,372	-	0.00	164,620	23.61	(164,620)	(23.61)
1996	1,261,198	-	0.00	267,893	21.24	(267,893)	(21.24)
1997	1,499,306	-	0.00	245,574	16.38	(245,574)	(16.38)
1998	917,266	-	0.00	276,228	30.11	(276,228)	(30.11)
1999	1,891,208	-	0.00	352,268	18.63	(352,268)	(18.63)
2000	427,841	-	0.00	123,399	28.84	(123,399)	(28.84)
2001	183,813	-	0.00	101,760	55.36	(101,760)	(55.36)
2002	1,511,132	-	0.00	223,142	14.77	(223,142)	(14.77)
2003	148,316	-	0.00	20,958	14.13	(20,958)	(14.13)
2004	3,455,161	-	0.00	441,424	12.78	(441,424)	(12.78)
2005	409,337	-	0.00	85,677	20.93	(85,677)	(20.93)
2006	3,410,160	-	0.00	391,635	11.48	(391,635)	(11.48)
2007	2,036,871	-	0.00	290,551	14.26	(290,551)	(14.26)
2008	1,638,026	-	0.00	202,040	12.33	(202,040)	(12.33)
2009	453,682	-	0.00	39,642	8.74	(39,642)	(8.74)
2010	1,322,078	-	0.00	98,870	7.48	(98,870)	(7.48)
2011	208,510	-	0.00	4,418	2.12	(4,418)	(2.12)
2012	583,684	-	0.00	110,032	18.85	(110,032)	(18.85)
20-Yr Band	24,379,064	0	0.00	3,981,732	16.33	(3,981,732)	(16.33)
15-Yr Band	18,597,085	0	0.00	2,762,043	14.85	(2,762,043)	(14.85)
10-Yr Band	13,665,825	0	0.00	1,685,246	12.33	(1,685,246)	(12.33)
5-Yr Band	4,205,980	0	0.00	455,001	10.82	(455,001)	(10.82)
4-Yr Band	2,567,954	0	0.00	252,961	9.85	(252,961)	(9.85)

Cost of Removal	0%
Salvage	13%
<b>Proposed Net Removal</b>	<b>-13%</b>

2005 Net Removal of Interim Retirements: -17%  
2009 Net Removal of Interim Retirements: -15%

4. Please explain why Gulf does not want to correct the mistakes, given that Gulf did admit these two mistakes in its response to Staff Report No. 6a and in its response to staff's 1<sup>st</sup> data request No. 23f.

**ANSWER:**

Gulf has discussed the budget error with its depreciation consultant and reached the conclusion that the budget error was immaterial and would not have impacted his conclusion of the remaining life. If the book reserve is adjusted by the amount of the error, \$1,579,973, the proposed rate would increase for AMI Meters from 7.7 percent to 7.9 percent. The 370 Meter account would have a corresponding rate decrease from 2.6 percent to 2.3 percent. Gulf considers the net of these impacts to be immaterial.

Follow-Up Data Request to  
Staff's Report  
Docket No. 130151-EI  
GULF POWER COMPANY  
September 11, 2013  
Item No. 5  
Page 1 of 1

5. Please do correct these two mistakes, and shown the results in Gulf's 2013 Annual Status Report to be filed in 2014.

**ANSWER:**

Gulf's 2013 Annual Status Report will reflect actual dollars recorded to Gulf's books. This error was a budgeting error. The same error was not made in the actuals for 2012 that were provided in Staff's Second Data Request, Item No. 1. In addition, this error will not be made in the 2013 actuals. Therefore, the mistake will be corrected in the actual results.

Follow-up to Gulf's Response to Staff's Report No. 15:

Item accrual amounts listed as "to be recovered in base rates" in Gulf's response to Staff's Report No. 15 appear in Gulf's Environmental Cost Recovery Clause (ECRC) filings. For instance, Commission Document No. 04410-13, filed in Docket No. 130007-EI contains recovery amounts for Christ 7 Precipitator Upgrade.

6. Please list all property to be recovered through the ECRC beginning January 1, 2014.

**ANSWER:**

Gulf's ECRC 2014 Projection Filing (Commission Document No. 05187-13) reflects the dismantlement cost currently approved by the Commission as stated on Page 4, lines 6 through 9 of Witness Dodd's testimony. Therefore, the 2014 ECRC Projection filing does not reflect the changes requested as part of Gulf's 2013 Depreciation and Dismantlement Studies. As indicated in Gulf's response to Staff's Report No. 15, Gulf is requesting that dismantlement costs of certain projects currently recovered in the ECRC be either discontinued, or begin being recovered in base rates. Once the Commission has issued a decision in this docket, Gulf will make the necessary adjustments in the ECRC so that only the appropriate amounts are recovered in the ECRC with the remaining amounts reflected as base rate expense and will ensure that no duplicate recovery occurs.

7. How will Gulf ensure that property being recovered through the ECRC will not be included for recovery through base rate depreciation expense?

**ANSWER:**

The total amount of depreciation and dismantlement expense for Gulf Power will be approved in this docket. Once the Commission issues a decision in this docket, the amount of depreciation and dismantlement expense recovered in the ECRC for 2014 and beyond will be adjusted accordingly.

Follow-up to Gulf's July 12<sup>th</sup> response - item 64, July 25<sup>th</sup> response – item 8, August 26<sup>th</sup> response – item 19 (Focusing on Labor costs)

8. Please help staff further understand the basis of labor costs included in Gulf's 2013 Dismantlement Study. If simply escalating prior labor costs, please detail how Gulf determined the original basis for labor costs and why it believes escalating the basis is an accurate measure of the labor cost to dismantle its fossil generating system.

**ANSWER:**

Labor costs in the dismantlement study have been escalated since the original dismantlement study filed by Gulf in 1987. Despite an extensive search, Gulf no longer has either the labor rates or the hours used to calculate the original 1987 labor costs. So, Gulf cannot provide the requested detail.

Gulf believes that escalation of the original labor costs remains an accurate measure of labor costs because (1) the original labor costs were submitted by Gulf in 1987, reviewed by Staff and approved by the Commission, and (2) in each of the subsequent decommissioning studies submitted since 1987 Gulf followed the approach of escalating those original labor costs, the Staff reviewed that approach and in the Commission orders approving decommissioning rates, there was no criticism of this estimating technique. Simply stated, Gulf is confident that the original labor estimates in the 1987 were fully documented and made in good faith, and twenty-six years of regulatory reliance upon those initial cost estimates suggests that the Staff and the Commission agree.



**134**

**Gulf's responses to  
OPC's First Set of Interrogatories  
in Docket #130151-EI  
(No. 65)**

**FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO.** 130140-EI **EXHIBIT** 134  
**PARTY** PSC Staff  
**DESCRIPTION** Gulf's/OPC's 1<sup>st</sup> ROG, No. 65,  
**DATE** in Docket No. 130151-EI

65. Account 390. Please provide a list of the 10 largest general plant structures and improvements investments from a dollar standpoint along with the corresponding dollar amounts that were included in Account 390. Further, provide a detailed description (not legal description) of the property. The description should include, but not be limited to, the type of construction, year of construction, the size, current use, current property tax appraisals or other appraisals, and any plans for retirement of such structures in the future.

ANSWER:

See page 2. At this time Gulf has no plans to retire any of these structures.

Asset Location	Utility Account	Activity Cost	In Service Year	Tax Appraisal	Sq. Ft.	Type of Construction	Current Use
48220 GPS-Fort Walton District Office	390 - Structures and Improvements	\$1,863,643.77	1974	\$994,309.00	20,034	Stucco & Metal buildings	Office & Customer Service
48215 GPS-Fort Walton Warehouse	390 - Structures and Improvements	\$1,873,174.47	1973	\$543,209.00	25,016	Metal building	warehouse & line service
48224 GPS-Milton District Office	390 - Structures and Improvements	\$1,981,073.24	1986	\$721,013.00	22,940	Stucco & Metal buildings	Office, Customer Service, Warehouse & line service
48297 GPS-Birm, AL Power Control Center (6%)	390 - Structures and Improvements	\$2,231,200.72	2010	\$1,570,000.00	4,530	Precast Concrete and Glass	System Control Center
48201 GPS-Pensacola General Wrhs	390 - Structures and Improvements	\$2,699,100.78	1949	\$906,117.00	61,245	Metal building	warehouse
48291 GPS-Pine Forest Telecommunications	390 - Structures and Improvements	\$3,154,245.62	2008	\$467,877.00	3,700	Stucco over concrete block	Information technology & equipment
48213 GPS-Pine Forest Facility	390 - Structures and Improvements	\$3,551,146.17	1978	\$1,558,524.00	52,929	Metal panels	Office, Warehouse & Line Service
48212 GPS-Panama City District Office	390 - Structures and Improvements	\$4,979,139.42	1982	\$2,513,822.00	46,230	Metal panels	Office, Customer Service & Warehouse
48290 GPS-Vehicle Maintenance Center	390 - Structures and Improvements	\$5,522,048.42	2007	\$1,622,332.00	26,015	Metal building	Vehicle Maint & Repair
48245 GPS-Bayfront Corporate Office	390 - Structures and Improvements	\$25,590,777.49	1987	\$19,346,402.00	318,454	Brick & glass	Corporate Office

**TABLE 1. RESEARCH LITERATURE THAT STUDIES  
THE EFFICACY OF ANALYSTS' EARNINGS FORECASTS**

Abarbanell, J., and Reuven Lehavy (2003). "Biased forecasts or biased earnings? The role of reported earnings in explaining apparent bias and over/underreaction in analysts' earnings forecasts." Journal of Accounting & Economics **36**: 105-146.

Brown, L. D. (1997). "Analyst forecasting errors: additional evidence." Financial Analysts Journal November/December: 81-88.

Ciccone, S. J. (2005). "Trends in analyst earnings forecast properties." International Review of Financial Analysis **14**: 1-22.

Clarke, J., Stephen P. Ferris, Narayanan Jayaraman, and Jinsoo Lee (2006). "Are analyst recommendations biased? Evidence from corporate bankruptcies." Journal of Financial and Quantitative Analysis **41**(1): 169-196.

Crichfield, T., Thomas Dyckman and Josef Lakonishok (1978). "An evaluation of security analysts' forecasts." The Accounting Review **53**(3): 651-668.

Elton, E. J., Martin J. Gruber and Mustafa N. Gultekin (1984). "Professional expectations: accuracy and diagnosis of errors." Journal of Financial and Quantitative Analysis **19**(4): 351-363.

Givoly, D., and Josef Lakonishok (1984). "Properties of analysts' forecasts of earnings: a review and analysis of the research." Journal of Accounting Literature **3**: 119-148.

Keane, M. P., and David E. Runkle (1998). "Are financial analysts' forecasts of corporate profits rational." The Journal of Political Economy **106**(4): 768-805.

Yang, R., and Yaw M. Mensah (2006). "The effect of the SEC's regulation fair disclosure on analyst forecast attributes." Journal of Financial Regulation and Compliance **14**(2): 192-209.

**SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS  
FOR ELECTRIC UTILITIES**

LINE	COMPANY	D <sub>0</sub>	P <sub>0</sub>	GROWTH	MODEL RESULT
1	ALLETE	0.475	49.798	6.00%	10.4%
2	Alliant Energy	0.470	50.925	4.80%	9.0%
3	Amer. Elec. Power	0.490	44.533	4.00%	8.9%
4	Avista Corp.	0.305	27.319	5.00%	10.1%
5	CenterPoint Energy	0.207	23.928	4.50%	8.4%
6	CMS Energy Corp.	0.255	27.155	5.87%	10.1%
7	Dominion Resources	0.563	58.997	7.03%	11.4%
8	DTE Energy	0.655	68.018	4.60%	8.9%
9	Duke Energy	0.780	68.092	3.66%	8.7%
10	FirstEnergy Corp.	0.550	37.590	1.74%	8.2%
11	G't Plains Energy	0.217	22.929	6.43%	10.8%
12	Integrus Energy	0.680	58.342	5.00%	10.3%
13	NextEra Energy	0.660	82.920	6.54%	10.2%
14	Northeast Utilities	0.367	42.273	7.62%	11.7%
15	Pepco Holdings	0.270	19.454	3.82%	10.1%
16	Pinnacle West Capital	0.545	56.057	4.73%	9.2%
17	PNM Resources	0.165	22.665	6.43%	9.6%
18	Portland General	0.275	30.098	6.45%	10.7%
19	SCANA Corp.	0.507	49.316	4.75%	9.4%
20	Southern Co.	0.507	43.010	4.28%	9.6%
21	TECO Energy	0.220	17.010	2.82%	8.6%
22	UIL Holdings	0.432	38.637	7.41%	12.7%
23	Wisconsin Energy	0.383	41.486	5.21%	9.0%
24	Xcel Energy Inc.	0.280	28.502	4.91%	9.3%
25	Average				9.8%

Notes:

- $d_0$  = Most recent quarterly dividend.
- $d_1, d_2, d_3, d_4$  = Next four quarterly dividends, calculated by multiplying the last four quarterly dividends by the factor  $(1 + g)$ .
- $P_0$  = Average of the monthly high and low stock prices during the three months ending September 2013 per Thomson Reuters.
- FC = Flotation cost allowance (five percent) as a percent of stock price.
- $g$  = I/B/E/S forecast of future earnings growth September 2013 from Thomson Reuters.
- $k$  = Cost of equity using the quarterly version of the DCF model.

$$k = \frac{d_1(1+k)^{.75} + d_2(1+k)^{.50} + d_3(1+k)^{.25} + d_4}{P_0(1-FC)} + g$$

**COMPARISON OF DCF EXPECTED RETURN ON AN INVESTMENT IN  
ELECTRIC UTILITIES TO THE INTEREST RATE ON MOODY'S A-RATED  
UTILITY BONDS**

LINE	DATE	DCF	BOND YIELD	RISK PREMIUM
1	Sep-99	0.1157	0.0793	0.0364
2	Oct-99	0.1161	0.0806	0.0355
3	Nov-99	0.1192	0.0794	0.0398
4	Dec-99	0.1236	0.0814	0.0422
5	Jan-00	0.1221	0.0835	0.0386
6	Feb-00	0.1269	0.0825	0.0444
7	Mar-00	0.1313	0.0828	0.0485
8	Apr-00	0.1237	0.0829	0.0408
9	May-00	0.1227	0.0870	0.0357
10	Jun-00	0.1242	0.0836	0.0406
11	Jul-00	0.1247	0.0825	0.0422
12	Aug-00	0.1228	0.0813	0.0415
13	Sep-00	0.1164	0.0823	0.0341
14	Oct-00	0.1170	0.0814	0.0356
15	Nov-00	0.1191	0.0811	0.0380
16	Dec-00	0.1166	0.0784	0.0382
17	Jan-01	0.1194	0.0780	0.0414
18	Feb-01	0.1203	0.0774	0.0429
19	Mar-01	0.1207	0.0768	0.0439
20	Apr-01	0.1233	0.0794	0.0439
21	May-01	0.1279	0.0799	0.0480
22	Jun-01	0.1285	0.0785	0.0500
23	Jul-01	0.1295	0.0778	0.0517
24	Aug-01	0.1302	0.0759	0.0543
25	Sep-01	0.1321	0.0775	0.0546
26	Oct-01	0.1313	0.0763	0.0550
27	Nov-01	0.1296	0.0757	0.0539
28	Dec-01	0.1292	0.0783	0.0509
29	Jan-02	0.1274	0.0766	0.0508
30	Feb-02	0.1285	0.0754	0.0531
31	Mar-02	0.1248	0.0776	0.0472
32	Apr-02	0.1227	0.0757	0.0470
33	May-02	0.1236	0.0752	0.0484
34	Jun-02	0.1254	0.0741	0.0513

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 3  
Page 2 of 6

35	Jul-02	0.1337	0.0731	0.0606
36	Aug-02	0.1300	0.0717	0.0583
37	Sep-02	0.1272	0.0708	0.0564
38	Oct-02	0.1291	0.0723	0.0568
39	Nov-02	0.1242	0.0714	0.0528
40	Dec-02	0.1226	0.0707	0.0519
41	Jan-03	0.1195	0.0706	0.0489
42	Feb-03	0.1233	0.0693	0.0540
43	Mar-03	0.1212	0.0679	0.0533
44	Apr-03	0.1170	0.0664	0.0506
45	May-03	0.1095	0.0636	0.0459
46	Jun-03	0.1047	0.0621	0.0426
47	Jul-03	0.1072	0.0657	0.0415
48	Aug-03	0.1064	0.0678	0.0386
49	Sep-03	0.1029	0.0656	0.0373
50	Oct-03	0.1009	0.0643	0.0366
51	Nov-03	0.0985	0.0637	0.0348
52	Dec-03	0.0946	0.0627	0.0319
53	Jan-04	0.0921	0.0615	0.0306
54	Feb-04	0.0916	0.0615	0.0301
55	Mar-04	0.0912	0.0597	0.0315
56	Apr-04	0.0925	0.0635	0.0290
57	May-04	0.0962	0.0662	0.0300
58	Jun-04	0.0961	0.0646	0.0315
59	Jul-04	0.0953	0.0627	0.0326
60	Aug-04	0.0966	0.0614	0.0352
61	Sep-04	0.0951	0.0598	0.0353
62	Oct-04	0.0953	0.0594	0.0359
63	Nov-04	0.0918	0.0597	0.0321
64	Dec-04	0.0920	0.0592	0.0328
65	Jan-05	0.0925	0.0578	0.0347
66	Feb-05	0.0917	0.0561	0.0356
67	Mar-05	0.0918	0.0583	0.0335
68	Apr-05	0.0924	0.0564	0.0360
69	May-05	0.0910	0.0553	0.0356
70	Jun-05	0.0911	0.0540	0.0371
71	Jul-05	0.0899	0.0551	0.0348
72	Aug-05	0.0900	0.0550	0.0350
73	Sep-05	0.0923	0.0552	0.0371



Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 3  
Page 3 of 6

74	Oct-05	0.0934	0.0579	0.0355
75	Nov-05	0.0981	0.0588	0.0393
76	Dec-05	0.0980	0.0580	0.0400
77	Jan-06	0.0980	0.0575	0.0405
78	Feb-06	0.1071	0.0582	0.0489
79	Mar-06	0.1055	0.0598	0.0457
80	Apr-06	0.1075	0.0629	0.0446
81	May-06	0.1087	0.0642	0.0445
82	Jun-06	0.1117	0.0640	0.0477
83	Jul-06	0.1110	0.0637	0.0473
84	Aug-06	0.1072	0.0620	0.0452
85	Sep-06	0.1111	0.0600	0.0511
86	Oct-06	0.1074	0.0598	0.0476
87	Nov-06	0.1078	0.0580	0.0498
88	Dec-06	0.1071	0.0581	0.0490
89	Jan-07	0.1096	0.0596	0.0500
90	Feb-07	0.1085	0.0590	0.0495
91	Mar-07	0.1094	0.0585	0.0509
92	Apr-07	0.1042	0.0597	0.0445
93	May-07	0.1068	0.0599	0.0469
94	Jun-07	0.1123	0.0630	0.0493
95	Jul-07	0.1130	0.0625	0.0505
96	Aug-07	0.1104	0.0624	0.0480
97	Sep-07	0.1078	0.0618	0.0460
98	Oct-07	0.1084	0.0611	0.0473
99	Nov-07	0.1116	0.0597	0.0519
100	Dec-07	0.1132	0.0616	0.0516
101	Jan-08	0.1193	0.0602	0.0591
102	Feb-08	0.1133	0.0621	0.0512
103	Mar-08	0.1170	0.0621	0.0549
104	Apr-08	0.1159	0.0629	0.0530
105	May-08	0.1162	0.0627	0.0535
106	Jun-08	0.1136	0.0638	0.0499
107	Jul-08	0.1172	0.0640	0.0532
108	Aug-08	0.1191	0.0637	0.0554
109	Sep-08	0.1185	0.0649	0.0536
110	Oct-08	0.1280	0.0756	0.0524
111	Nov-08	0.1312	0.0760	0.0552
112	Dec-08	0.1301	0.0654	0.0647

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 3  
Page 4 of 6

113	Jan-09	0.1241	0.0639	0.0602
114	Feb-09	0.1269	0.0630	0.0639
115	Mar-09	0.1286	0.0642	0.0644
116	Apr-09	0.1266	0.0648	0.0617
117	May-09	0.1242	0.0649	0.0593
118	Jun-09	0.1220	0.0620	0.0600
119	Jul-09	0.1174	0.0597	0.0577
120	Aug-09	0.1158	0.0571	0.0587
121	Sep-09	0.1152	0.0553	0.0599
122	Oct-09	0.1153	0.0555	0.0598
123	Nov-09	0.1196	0.0564	0.0633
124	Dec-09	0.1095	0.0579	0.0516
125	Jan-10	0.1112	0.0577	0.0535
126	Feb-10	0.1091	0.0587	0.0504
127	Mar-10	0.1076	0.0584	0.0492
128	Apr-10	0.1111	0.0582	0.0529
129	May-10	0.1093	0.0552	0.0541
130	Jun-10	0.1088	0.0546	0.0541
131	Jul-10	0.1078	0.0526	0.0552
132	Aug-10	0.1057	0.0501	0.0557
133	Sep-10	0.1059	0.0501	0.0558
134	Oct-10	0.1044	0.0510	0.0534
135	Nov-10	0.1051	0.0536	0.0514
136	Dec-10	0.1053	0.0557	0.0497
137	Jan-11	0.1044	0.0557	0.0487
138	Feb-11	0.1041	0.0568	0.0473
139	Mar-11	0.1044	0.0556	0.0488
140	Apr-11	0.1020	0.0555	0.0465
141	May-11	0.0994	0.0532	0.0462
142	Jun-11	0.1043	0.0526	0.0517
143	Jul-11	0.1019	0.0527	0.0492
144	Aug-11	0.1050	0.0469	0.0581
145	Sep-11	0.1016	0.0448	0.0568
146	Oct-11	0.1032	0.0452	0.0580
147	Nov-11	0.1014	0.0425	0.0589
148	Dec-11	0.1024	0.0435	0.0589
149	Jan-12	0.1016	0.0434	0.0582
150	Feb-12	0.0974	0.0436	0.0538
151	Mar-12	0.0971	0.0448	0.0523

152	Apr-12	0.0994	0.0440	0.0554
153	May-12	0.0981	0.0420	0.0561
154	Jun-12	0.0962	0.0408	0.0554
155	Jul-12	0.0963	0.0393	0.0570
156	Aug-12	0.0972	0.0400	0.0572
157	Sep-12	0.0968	0.0402	0.0566
158	Oct-12	0.0978	0.0391	0.0587
159	Nov-12	0.0935	0.0384	0.0551
160	Dec-12	0.0962	0.0400	0.0562
161	Jan-13	0.0968	0.0415	0.0553
162	Feb-13	0.0956	0.0418	0.0538
163	Mar-13	0.0976	0.0420	0.0556
164	Apr-13	0.0966	0.0400	0.0566
165	May-13	0.0970	0.0417	0.0553
166	Jun-13	0.0990	0.0453	0.0537
167	Jul-13	0.0978	0.0468	0.0510
168	Aug-13	0.0958	0.0473	0.0485
169	Sep-13	0.0950	0.0480	0.0470

Notes: Utility bond yield information from *Mergent Bond Record* (formerly Moody's). See Appendix 4 in my direct testimony for a description of my ex ante risk premium approach. DCF results are calculated using a quarterly DCF model as follows:

- $d_0$  = Latest quarterly dividend per Value Line, Thomson Reuters
- $P_0$  = Average of the monthly high and low stock prices for each month per Thomson Reuters
- $g$  = I/B/E/S forecast of future earnings growth for each month.
- $k$  = Cost of equity using the quarterly version of the DCF model.

$$k = \left[ \frac{d_0(1+g)^{\frac{1}{4}}}{P_0(1-FC)} + (1+g)^{\frac{1}{4}} \right]^4 - 1$$

EX ANTE RISK PREMIUM COST OF EQUITY				
1	intercept coefficient/(1-serial correlation coefficient =			0.0812
2	Bond coefficient			(0.5432)
3	Bond yield =			0.0664
4	Bond coefficient x Bond yield =			(0.0361)
5	Ex Ante Risk Premium			0.0451
6	Bond yield =			0.0664
7	Ex Ante Risk Premium Cost of Equity =			11.2%

Forecast bond yield calculated from Value Line and EIA forecast data. Value Line Selection & Opinion (August 23, 2013) projects an AAA-rated Corporate bond yield equal to 6.0 percent. The August 2013 average spread between A-rated utility bonds and Aaa-rated Corporate bonds is nineteen basis points (A-rated utility, 4.73 percent, less Aaa-rated Corporate, 4.54 percent, equals nineteen basis points). Adding nineteen basis points to the 6.0 percent Value Line AAA Corporate bond forecast equals a forecast yield of 6.19 percent for the A-rated utility bonds. The EIA at April 2013 forecasts an AA-rated utility bond yield equal to 6.88 percent. The average spread between AA-rated utility and A-rated utility bonds at August 2013 is twenty basis points (4.73 percent less 4.53 percent). Adding twenty basis points to EIA's 6.88 percent AA-utility bond yield forecast equals a forecast yield for A-rated utility bonds equal to 7.08 percent. The average of the forecasts (6.19 percent using Value Line data and 7.08 percent using EIA data) is 6.64 percent.

**EX POST RISK PREMIUM COST OF EQUITY**

LINE		
1	Risk Premium S&P 500	4.4%
2	Risk Premium S&P Utilities	3.7%
3	Average Risk Premium	4.1%
4	Forecast Yield A-utility bond	6.6%
5	Flotation	0.23%
6	Risk Premium Cost of Equity	10.9%

See Vander Weide Direct testimony, Exhibit \_\_\_\_ (JWW-1) Schedule 3 and Exhibit \_\_\_\_ (JWW-1) Schedule 4 for ex post risk premium data.

**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY  
USING THE IBBOTSON® SBBI® 6.7 PERCENT RISK PREMIUM**

LINE		VALUE	DESCRIPTION
1	Risk-free Rate	5.17%	Long-term Treasury bond yield forecast
2	Beta	0.73	Average Beta Electric Utilities
3	Risk Premium	6.7%	Long-horizon SBBI risk premium
4	Beta x Risk Premium	4.9%	
5	Flotation	0.23%	
6	Model Result	10.3%	

Ibbotson SBBI risk premium from 2013 Ibbotson® SBBI® Stocks, Bonds, Bills, and Inflation® Valuation Yearbook; Value Line beta for comparable companies. Value Line beta for comparable utilities from Value Line Investment Analyzer. Forecast 20-year Treasury bond yield from Value Line Selection & Opinion, August 2013 and EIA 2013. Value Line forecasts a yield on 10-year Treasury notes equal to 4.0 percent. The current spread between the average August 2013 yield on 10-year Treasury notes (2.74 percent) and 20-year Treasury bonds (3.49 percent) is seventy-five basis points. Adding seventy-five basis points to Value Line's 4.0 percent forecasted yield on 10-year Treasury notes produces a forecasted yield of 4.75 percent for 20-year Treasury bonds (see Value Line Investment Survey, Selection & Opinion, August 23, 2013). EIA forecasts a yield of 4.84 percent on 10-year Treasury notes. Adding the seventy-five basis point spread between 10-year Treasury notes and 20-year Treasury bonds to the EIA forecast of 4.84 percent for 10-year Treasury notes produces an EIA forecast for 20-year Treasury bonds equal to 5.59 percent. The average of the forecasts is 5.17 percent (4.75 percent using Value Line data and 5.59 percent using EIA data).

VALUE LINE BETAS FOR COMPARABLE UTILITIES

LINE	COMPANY	VALUE LINE BETA
1	ALLETE	0.70
2	Alliant Energy	0.75
3	Amer. Elec. Power	0.70
4	Avista Corp.	0.70
5	CenterPoint Energy	0.80
6	CMS Energy Corp.	0.75
7	Dominion Resources	0.70
8	DTE Energy	0.75
9	Duke Energy	0.60
10	FirstEnergy Corp.	0.80
11	G't Plains Energy	0.80
12	Integrys Energy	0.90
13	NextEra Energy	0.70
14	Northeast Utilities	0.75
15	Pepco Holdings	0.75
16	Pinnacle West Capital	0.70
17	PNM Resources	0.90
18	Portland General	0.75
19	SCANA Corp.	0.65
20	Southern Co.	0.55
21	TECO Energy	0.85
22	UIL Holdings	0.75
23	Wisconsin Energy	0.65
24	Xcel Energy Inc.	0.65
25	Average	0.73

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 6  
Page 1 of 5

**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY  
USING DCF ESTIMATE OF THE EXPECTED RATE OF RETURN ON THE  
MARKET PORTFOLIO**

LINE		VALUE	DESCRIPTION
1	Risk-free Rate	5.17%	Long-term Treasury bond yield forecast
2	Beta	0.73	Average Beta Electric Utilities
3	DCF S&P 500	12.4%	DCF Cost of Equity S&P 500 (see following)
4	Risk Premium	7.3%	
5	Beta x Risk Premium	5.3%	
6	Flotation cost	0.23%	
7	Model Result	10.7%	



**CALCULATION OF CAPITAL ASSET PRICING MODEL COST OF EQUITY  
USING DCF ESTIMATE OF THE EXPECTED RATE OF RETURN ON THE  
MARKET PORTFOLIO (continued)**

LINE	COMPANY	P <sub>0</sub>	D <sub>0</sub>	GROWTH	MODEL RESULT
1	3M	113.14	2.54	10.67%	13.2%
2	ABBOTT LABORATORIES	35.59	0.56	11.87%	13.6%
3	ACCENTURE CLASS A	74.30	1.62	10.12%	12.5%
4	AETNA	62.65	0.80	11.57%	13.0%
5	AIR PRDS. & CHEMS.	99.88	2.84	9.15%	12.3%
6	AIRGAS	100.38	1.92	12.57%	14.7%
7	ALLERGAN	90.04	0.20	12.86%	13.1%
8	ALLSTATE	49.10	1.00	9.06%	11.3%
9	ALTERA	34.23	0.60	12.00%	14.0%
10	AMERICAN EXPRESS	75.19	0.92	11.80%	13.2%
11	AMERICAN INTL. GP.	45.88	0.40	11.32%	12.3%
12	AMGEN	103.73	1.88	8.96%	10.9%
13	ANALOG DEVICES	46.83	1.36	11.00%	14.3%
14	AON CLASS A	66.02	0.70	10.20%	11.4%
15	ASSURANT	52.34	1.00	9.67%	11.8%
16	AT&T	35.13	1.80	6.46%	12.0%
17	AUTOMATIC DATA PROC.	70.45	1.74	9.67%	12.4%
18	BALL	43.89	0.52	9.50%	10.8%
19	BAXTER INTL.	71.05	1.96	8.81%	11.8%
20	BB&T	34.49	0.92	8.36%	11.3%
21	BECTON DICKINSON	99.60	1.98	9.29%	11.5%
22	BEST BUY	29.82	0.68	8.05%	10.5%
23	BRISTOL MYERS SQUIBB	44.75	1.40	8.20%	11.6%
24	BROWN-FORMAN 'B'	69.78	1.02	11.63%	13.3%
25	C R BARD	110.96	0.84	10.02%	10.9%
26	CABLEVISION SYS.	17.51	0.60	10.75%	14.6%
27	CARDINAL HEALTH	49.09	1.21	10.50%	13.2%
28	CHUBB	85.71	1.76	9.97%	12.2%
29	CIGNA	74.14	0.04	10.93%	11.0%
30	CINTAS	46.96	0.64	9.97%	11.5%
31	CISCO SYSTEMS	24.82	0.68	9.10%	12.1%
32	COACH	55.16	1.35	9.79%	12.5%
33	COCA COLA	40.00	1.12	7.90%	11.0%
34	COCA COLA ENTS.	36.62	0.80	9.87%	12.3%
35	COLGATE-PALM.	58.60	1.36	9.00%	11.6%

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 6  
Page 3 of 5

36	CONAGRA FOODS	35.21	1.00	10.58%	13.7%
37	COSTCO WHOLESALE	113.30	1.24	13.47%	14.7%
38	COVIDIEN	59.58	1.04	8.69%	10.6%
39	CSX	24.61	0.60	12.10%	14.9%
40	DANAHER	64.93	0.10	11.37%	11.5%
41	DEERE	83.41	2.04	8.00%	10.7%
42	DOMINION RESOURCES	57.40	2.25	6.88%	11.1%
43	DOVER	82.14	1.50	12.53%	14.6%
44	DOW CHEMICAL	34.78	1.28	7.63%	11.6%
45	DR PEPPER SNAPPLE GROUP	46.43	1.52	7.53%	11.1%
46	E I DU PONT DE NEMOURS	56.23	1.80	7.73%	11.2%
47	EASTMAN CHEMICAL	75.12	1.20	9.03%	10.8%
48	EATON	66.08	1.68	11.87%	14.7%
49	EMERSON ELECTRIC	58.49	1.64	9.50%	12.6%
50	EOG RES.	142.48	0.75	12.00%	12.6%
51	ESTEE LAUDER COS.'A'	66.84	0.72	12.57%	13.8%
52	EXPEDIA	54.20	0.60	10.97%	12.2%
53	FAMILY DOLLAR STORES	66.64	1.04	11.32%	13.1%
54	FEDEX	104.08	0.60	13.36%	14.0%
55	FIDELITY NAT.INFO.SVS.	44.39	0.88	12.18%	14.4%
56	FLUOR	61.85	0.64	13.53%	14.7%
57	FMC	64.13	0.54	12.05%	13.0%
58	FRANKLIN RESOURCES	47.86	0.39	13.75%	14.7%
59	GARMIN	37.57	1.80	5.57%	10.7%
60	GENERAL ELECTRIC	23.80	0.76	9.80%	13.3%
61	GENERAL MILLS	49.74	1.52	7.90%	11.2%
62	HONEYWELL INTL.	80.51	1.64	10.40%	12.7%
63	HUMANA	87.17	1.08	9.27%	10.6%
64	ILLINOIS TOOL WORKS	71.28	1.68	11.63%	14.3%
65	INGERSOLL-RAND	58.74	0.84	11.03%	12.6%
66	INTERNATIONAL BUS.MCHS.	194.66	3.80	9.96%	12.1%
67	INTERPUBLIC GP.	15.47	0.30	12.42%	14.6%
68	JOY GLOBAL	51.04	0.70	10.33%	11.9%
69	KROGER	36.44	0.60	9.07%	10.9%
70	L BRANDS	54.04	1.20	11.37%	13.9%
71	LINCOLN NAT.	39.34	0.48	9.37%	10.7%
72	LINEAR TECH.	38.72	1.04	10.49%	13.5%
73	LYONDELLBASELL INDS.CL.A	67.96	2.00	11.10%	14.4%
74	MACY'S	47.75	1.00	12.32%	14.7%
75	MARRIOTT INTL.'A'	40.94	0.68	11.80%	13.7%
76	MARSH & MCLENNAN	40.68	1.00	12.10%	14.9%
77	MCDONALDS	97.82	3.08	8.45%	11.9%

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_\_ (JVW-3)  
Schedule 6  
Page 4 of 5

78	MEAD JOHNSON NUTRITION	76.76	1.36	9.30%	11.2%
79	METLIFE	46.94	1.10	8.53%	11.1%
80	MICROSOFT	33.64	0.92	8.63%	11.6%
81	MONDELEZ INTERNATIONAL CL.A	30.38	0.56	11.16%	13.2%
82	MORGAN STANLEY	26.03	0.20	10.60%	11.5%
83	NASDAQ OMX GROUP	32.19	0.52	12.33%	14.2%
84	NATIONAL OILWELL VARCO	70.95	1.04	10.37%	12.0%
85	NETAPP	39.95	0.60	13.18%	14.9%
86	NEWELL RUBBERMAID	26.53	0.60	9.37%	11.9%
87	NIKE 'B'	63.20	0.84	11.47%	13.0%
88	NORDSTROM	59.75	1.20	11.08%	13.3%
89	NORTHEAST UTILITIES	42.24	1.47	7.62%	11.4%
90	NVIDIA	14.43	0.30	12.00%	14.3%
91	OMNICOM GP.	63.60	1.60	9.54%	12.3%
92	ORACLE	32.09	0.48	10.68%	12.3%
93	PATTERSON COMPANIES	39.53	0.64	11.33%	13.1%
94	PAYCHEX	38.17	1.40	10.00%	14.1%
95	PEOPLES UNITED FINANCIAL	14.78	0.65	7.41%	12.2%
96	PEPSICO	82.13	2.27	8.30%	11.3%
97	PERKINELMER	34.07	0.28	11.43%	12.4%
98	PHILIP MORRIS INTL.	88.33	3.40	10.13%	14.4%
99	PPG INDUSTRIES	155.03	2.44	8.95%	10.7%
100	PRAXAIR	117.60	2.40	11.10%	13.4%
101	PREC.CASTPARTS	226.94	0.12	13.55%	13.6%
102	PROCTER & GAMBLE	78.20	2.41	8.05%	11.4%
103	PROGRESSIVE OHIO	25.47	0.28	9.95%	11.2%
104	PVH	125.42	0.15	11.90%	12.0%
105	QUEST DIAGNOSTICS	59.96	1.20	12.50%	14.8%
106	RALPH LAUREN CL.A	175.82	1.60	11.25%	12.3%
107	REYNOLDS AMERICAN	49.14	2.52	7.70%	13.3%
108	ROCKWELL AUTOMATION	90.73	2.08	12.10%	14.7%
109	ROCKWELL COLLINS	67.82	1.20	9.55%	11.5%
110	ROSS STORES	66.11	0.68	12.37%	13.5%
111	SCRIPPS NETWORKS INTACT. 'A'	70.23	0.60	14.00%	15.0%
112	SHERWIN-WILLIAMS	176.51	2.00	13.00%	14.3%
113	ST.JUDE MEDICAL	48.43	1.00	8.64%	10.9%
114	SUNTRUST BANKS	33.08	0.40	10.03%	11.4%
115	SYMANTEC	24.31	0.60	8.94%	11.7%
116	TARGET	69.70	1.72	10.71%	13.5%
117	THE HERSHEY COMPANY	91.28	1.94	9.85%	12.2%
118	TIFFANY & CO	77.10	1.36	12.09%	14.1%
119	TIME WARNER	60.36	1.15	12.81%	15.0%

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: James H. Vander Weide, Ph.D.  
Exhibit No. \_\_\_\_ (JVW-3)  
Schedule 6  
Page 5 of 5

120	TIME WARNER CABLE	110.02	2.60	11.83%	14.5%
121	TJX COS.	51.27	0.58	11.26%	12.5%
122	TRAVELERS COS.	81.75	2.00	8.57%	11.2%
123	UNITED PARCEL SER.'B'	87.15	2.48	11.07%	14.3%
124	UNITEDHEALTH GP.	68.35	1.12	8.78%	10.6%
125	UNUM GROUP	30.14	0.58	8.47%	10.6%
126	US BANCORP	36.50	0.92	9.25%	12.0%
127	V F	191.70	3.48	11.04%	13.1%
128	VIACOM 'B'	71.52	1.20	12.64%	14.5%
129	WAL MART STORES	75.63	1.88	9.10%	11.8%
130	WALT DISNEY	64.15	0.75	12.32%	13.6%
131	WESTERN UNION	17.45	0.50	8.72%	11.9%
132	WYNN RESORTS	133.66	4.00	10.50%	13.8%
133	XILINX	42.57	1.00	9.80%	12.4%
134	YUM! BRANDS	71.49	1.34	11.32%	13.4%
135	Market-weighted Average				12.4%

Notes: In applying the DCF model to the S&P 500, I included in the DCF analysis only those companies in the S&P 500 group which pay a dividend, have a positive growth rate, and have at least three analysts' long-term growth estimates. I also eliminated those 25% of companies with the highest and lowest DCF results, a decision which had no impact on my CAPM estimate of the cost of equity.

- D<sub>0</sub> = Current dividend per Thomson Reuters.  
P<sub>0</sub> = Average of the monthly high and low stock prices during the three months ending September 2013 per Thomson Reuters.  
g = I/B/E/S forecast of future earnings growth September 2013.  
k = Cost of equity using the quarterly version of the DCF model shown below:

$$k = \left[ \frac{d_0(1+g)^4}{P_0} + (1+g)^{\frac{1}{4}} \right]^4 - 1$$

**STEVEN M. FETTER**

1240 West Sims Way  
Port Townsend, WA 98368  
732-693-2349  
RegUnF@gmail.com  
www.RegUnF.com

**Education** University of Michigan Law School, J.D. 1979  
[Bar Memberships: U.S. Supreme Court, New York, Michigan]  
University of Michigan, A.B. Media (Communications) 1974

April 2002 – Present

**President - REGULATION UnFETTERED- Port Townsend, Washington**

Founder of advisory firm providing regulatory, legislative, financial, legal and strategic planning advisory services for the energy, water and telecommunications sectors, including public utility commissions and consumer advocates; federal and state testimony; credit rating advisory services; negotiation, arbitration and mediation services; skills training in ethics, negotiation, and management efficiency.

Service on Boards of Directors of: Central Hudson (Fortis Inc. subsidiary) (Chairman, Governance and Human Resources Committee); and Previously CH Energy Group (Chairman, Governance and Nominating Committee; Member, Audit Committee; Lead Independent Director; and Chairman, Audit Committee and Compensation Committee), National Regulatory Research Institute, Keystone Energy Board, and Regulatory Information Technology Consortium; Member, Wall Street Utility Group; Participant, Keystone Center Dialogues on RTOs and on Financial Trading and Energy Markets.

October 1993 – April 2002

**Group Head and Managing Director; Senior Director - Global Power Group, Fitch IBCA Duff & Phelps - New York / Chicago**

Manager of 18-employee (\$15 million revenue) group responsible for credit research and rating of fixed income securities of U.S. and foreign electric and natural gas companies and project finance; Member, Fitch Utility Securitization Team.

**FLORIDA PUBLIC SERVICE COMMISSION**

<b>DOCKET NO.</b>	130140-EI	<b>EXHIBIT</b>	136
<b>PARTY</b>	Gulf Power (Rebuttal)/Steven M Fetter (SMF-1)		
<b>DESCRIPTION</b>	Qualifications of S. M. Fetter; "The A Rating		
<b>DATE</b>	by Fetter, Electric Perspectives, EEI. 5/6, 2009		

Led an effort to restructure the global power group that in three years time resulted in 75% new personnel and over 100% increase in revenues, transforming a group operating at a substantial deficit into a team-oriented profit center through a combination of revenue growth and expense reduction.

Achieved national recognition as a speaker and commentator evaluating the effects of regulatory developments on the financial condition of the utility sector and individual companies; Cited by Institutional Investor (9/97) as one of top utility analysts at rating agencies; Frequently quoted in national newspapers and trade publications including The New York Times, The Wall Street Journal, International Herald Tribune, Los Angeles Times, Atlanta Journal-Constitution, Forbes and Energy Daily; Featured speaker at conferences sponsored by Edison Electric Institute, Nuclear Energy Institute, American Gas Assn., Natural Gas Supply Assn., National Assn. of Regulatory Utility Commissioners (NARUC), Canadian Electricity Assn.; Frequent invitations to testify before U.S. Senate (on C-Span) and House of Representatives, and state legislatures and utility commissions.

Participant, Keystone Center Dialogue on Regional Transmission Organizations; Member, International Advisory Council, Eisenhower Fellowships; Author, "A Rating Agency's Perspective on Regulatory Reform," book chapter published by Public Utilities Reports, Summer 1995; Advisory Committee, Public Utilities Fortnightly.

March 1994 – April 2002

**Consultant - NYNEX - New York, Ameritech - Chicago, Weatherwise USA - Pittsburgh**

Provided testimony before the Federal Communications Commission and state public utility commissions; Formulated and taught specialized ethics and negotiation skills training program for employees in positions of a sensitive nature due to responsibilities involving interface with government officials, marketing, sales or purchasing; Developed amendments to NYNEX Code of Business Conduct.

October 1987 - October 1993

**Chairman; Commissioner - Michigan Public Service Commission - Lansing**

Administrator of \$15-million agency responsible for regulating Michigan's public utilities, telecommunications services, and intrastate trucking, and establishing an effective state energy policy; Appointed by Democratic Governor James Blanchard; Promoted to Chairman by Republican Governor John Engler (1991) and reappointed (1993).

Initiated case-handling guideline that eliminated agency backlog for first time in 23 years while reorganizing to downsize agency from 240 employees to 205 and eliminate top tier of management; MPSC received national recognition for fashioning incentive plans in all regulated industries based on performance, service quality, and infrastructure improvement.

Closely involved in formulation and passage of regulatory reform law (Michigan Telecommunications Act of 1991) that has served as a model for other states; Rejuvenated dormant twelve-year effort and successfully lobbied the Michigan Legislature to exempt the Commission from the Open Meetings Act, a controversial step that shifted power from the career staff to the three commissioners.

Elected Chairman of the Board of the National Regulatory Research Institute (at Ohio State University); Adjunct Professor of Legislation, American University's Washington College of Law and Thomas M. Cooley Law School; Member of NARUC Executive, Gas, and International Relations Committees, Steering Committee of U.S. Environmental Protection Agency/State of Michigan Relative Risk Analysis Project, and Federal Energy Regulatory Commission Task Force on Natural Gas Deliverability; Eisenhower Exchange Fellow to Japan and NARUC Fellow to the Kennedy School of Government; Ethics Lecturer for NARUC.

August 1985 - October 1987

**Acting Associate Deputy Under Secretary of Labor; Executive Assistant to the Deputy Under Secretary - U.S. Department of Labor - Washington DC**

Member of three-person management team directing the activities of 60-employee agency responsible for promoting use of labor-management cooperation programs. Supervised a legal team in a study of the effects of U.S. labor laws on labor-management cooperation that has received national recognition and been frequently cited in law reviews (U.S. Labor Law and the Future of Labor-Management Cooperation, w/S. Schlossberg, 1986).

January 1983 - August 1985

**Senate Majority General Counsel; Chief Republican Counsel - Michigan Senate  
- Lansing**

Legal Advisor to the Majority Republican Caucus and Secretary of the Senate; Created and directed 7-employee Office of Majority General Counsel; Counsel, Senate Rules and Ethics Committees; Appointed to the Michigan Criminal Justice Commission, Ann Arbor Human Rights Commission and Washtenaw County Consumer Mediation Committee.

March 1982 - January 1983

**Assistant Legal Counsel - Michigan Governor William Milliken - Lansing**

Legal and Labor Advisor (member of collective bargaining team); Director, Extradition and Clemency; Appointed to Michigan Supreme Court Sentencing Guidelines Committee, Prison Overcrowding Project, Coordination of Law Enforcement Services Task Force.

October 1979 - March 1982

**Appellate Litigation Attorney - National Labor Relations Board - Washington  
DC**

**Other Significant Speeches and Publications**

The "A" Rating (Edison Electric Institute Perspectives, May/June 2009)

Perspective: Don't Fence Me Out (Public Utilities Fortnightly, October 2004)

Climate Change and the Electric Power Sector: What Role for the Global Financial Community (during Fourth Session of UN Framework Convention on Climate Change Conference of Parties, Buenos Aires, Argentina, November 3, 1998)(unpublished)

Regulation UnFettered: The Fray By the Bay, Revisited (National Regulatory Research Institute Quarterly Bulletin, December 1997)



Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: Steven M. Fetter  
Exhibit No. SMF-1  
Schedule 1  
Page 5 of 5

The Feds Can Lead...By Getting Out of the Way (Public Utilities Fortnightly, June 1, 1996)

Ethical Considerations Within Utility Regulation, w/M. Cummins (National Regulatory Research Institute Quarterly Bulletin, December 1993)

Legal Challenges to Employee Participation Programs (American Bar Association, Atlanta, Georgia, August 1991) (unpublished)

Proprietary Information, Confidentiality, and Regulation's Continuing Information Needs: A State Commissioner's Perspective (Washington Legal Foundation, July 1990)

securities—the riskier the debt, the more expensive the financing. Regarding equities, declining stock prices and rising bond yields convey the same message. The impact on debt and equity financing from mounting risk compounds the difficulty and expense to gain access to the public markets.

Because the ratemaking process is intended to help foster capital attraction for utilities, regulators need to consider these new risk levels in their deliberations.

A primary focus should be on debt and credit ratings. In their analysis of utility debt, credit rating agencies place considerable emphasis on the regulatory environment in which companies operate. History suggests that heightened risk levels in the financial markets will bring even greater scrutiny from rating agencies with regard to regulatory support of maintaining utilities' financial strength.

In the wake of the California energy crisis, Enron

## The A Rating

By Steven M. Fetter

**W**hen I came to the Michigan Public Service Commission in 1987, the average regulated electric utility had a relatively solid credit rating—in the A- to BBB+ range, comfortably investment-grade—and utilities borrowed money for capital improvements rather easily. In 1992, close to 65 percent were A- or higher, and around 25 percent were in the BBB rating category. By 1998, 61 percent were A- or higher, with 31 percent in the BBB category.

Today the average rating for the sector is slightly above a BBB rating—still investment-grade, but now just 18 percent of electric companies are A- or higher, and more than 62 percent are in the BBB range.

The downward trend in utility ratings toward BBB seemed acceptable during the past decade—utilities could still borrow, relying on their regulated positions and growing demand; and dividend-paying stocks became more attractive to equity investors. It seemed that cash-flow and liquidity requirements no longer needed to be as high as for A-rated companies.

Today's capital markets, however, are experiencing a worldwide economic crisis, and the country is in severe recession. Indeed, the current economic turmoil has resulted in some utilities within the BBB category experiencing difficulty in accessing the capital markets. Even when capital is available, it is often at significantly higher costs and upon less favorable terms and conditions.

While the financial crisis has led to increases in debt and equity risk premiums for all utilities, these increases have been more consistently applied to utilities on the lower end of the credit rating scale, resulting in significantly higher cost of debt capital for BBB utilities than for A-rated ones. A December 2008 report released by J.P. Morgan, "Conservative Capital Structures: Reclaiming the Throne," opined that "generally, firms' lowest cost of capital is now reached at credit ratings that are about four notches higher than they were 18 months ago.... This trend is driven by a widening gap between the availability and costs of debt for higher and lower-rated firms." And as Garry Brown, chairman of the New York Public Service Commission says, "there is a clear relationship between a utility's bond rating and its ability to borrow at a reasonable cost, particularly in times of economic distress."

Unlike the broader industrial sector, which can delay capital investment in times of duress, electric utilities carry a responsibility to expend capital when needed to ensure safe and reliable service to customers. They do not have the option of substantially cutting back

operations during difficult economic times. As Brown further notes, "Large capital programs... make it very important that electric utilities continue to have access to the financial markets, and regulatory policies should support utilities' ability to raise capital."

### Flexibility in a Crisis

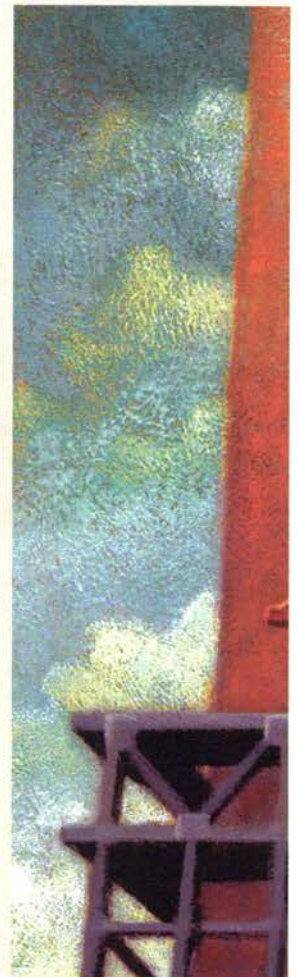
Here are two examples, admittedly extreme, that illustrate differing capabilities of an A-level utility and a BBB-level one. On September 11, 2001, Con Edison held an A+ credit rating. In the face of the terrorist events of that day, the utility was able immediately to initiate one of the largest infrastructure recovery efforts any industry has ever faced, without seeking special treatment from suppliers or lenders. The company's credit rating and outlook never stuttered as it proceeded to bring businesses in lower Manhattan back to full function.

In the other example, Entergy New Orleans had seen its corporate credit rating improve from BBB with a credit watch negative to BBB with a stable outlook. Then, in August 2005, Hurricane Katrina devastated the utility's infrastructure and customer base. Huge impacts, to be sure, but the utility also faced resistance from contractual counterparties to provide supplies and assistance. The utility soon filed for bankruptcy, allowing its parent company, Entergy Corporation, to provide \$200 million in funds to support the long process of reorganization and recovery. (Entergy New Orleans emerged from bankruptcy in June 2007 with a BBB- rating.)

These examples came long before the current financial market crisis, but they demonstrate that a credit profile in the A category provides substantial flexibility for a regulated utility's management to respond to customer needs while respecting investor interests.

### New Era

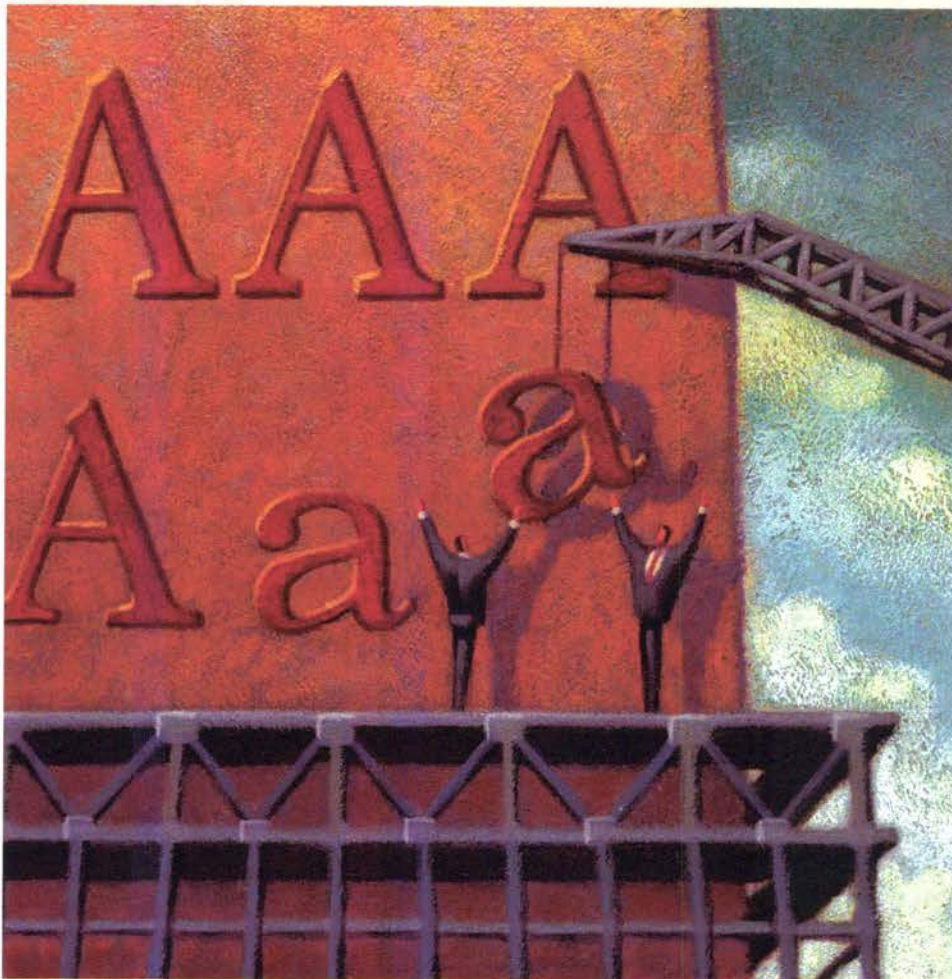
The discussions among executives, regulators, and Wall Street that focused on diversification in the 1980s and 1990s and industry restructuring in the 1990s and 2000s have now shifted to risk management, rate-recovery mechanisms, pre-approval, putting construction work in



bankruptcy, and collapse of the merchant power sector in 2001-2002—and after considerable criticism of their failure to have anticipated the severe problems—rating agencies moved swiftly to alter credit ratings for merchant generation and utility companies. Those events were industry-specific, however, and today's circumstances have an impact on the global economy. Yet, the agencies—which once again are the object of public censure due to insufficient or inaccurate action in relation

to the subprime mortgage situation—are more likely than not to err on the side of caution in their rating activities.

It is important to note that at the onset of the last major utility capex cycle in the 1970s and 1980s, the industry's senior debt was largely rated A and AA. As of December 31, 2008, with companies poised to embark on a significant new construction initiative in the context of a major financial crisis, the average senior debt rating was BBB. (See Figure 3.) The



images.com

progress into rate base, and other means of supporting utility credit profiles during periods of substantial capital investment. That change in focus should be encouraging for state regulators. Perhaps we have returned to a time when it would be in the interest of both companies and regulators to work in concert to support stronger credit profiles for regulated electric utilities (optimally in the A category), for the good of both consumers and investors. Even a strong BBB+ rating provides a measure of downside protection from the serious ills that would accompany a utility falling below investment-grade or even dropping to borderline BBB- status.

The bottom line is that electric utilities must collect sufficient cash flow through rates to maintain strong credit rating metrics. This is especially true for companies needing to proceed with major generation construction, notwithstanding the negative economic environment. S&P has highlighted cash flow as the single most critical aspect of all credit rating decisions. And liquidity is the lifeblood of day-to-day utility management flexibility.

To get the right amount can be rough going. In February 2009, to bolster liquidity and support their credit ratings, Ameren Corporation and Great Plains Energy substantially cut their dividends. The result on the equity side for those companies was a drop in stock price during the subsequent month of 35-45 percent. Certainly other utilities are watching the fallout from those decisions to determine whether internal cost-cutting can serve as more than a stopgap solution to liquidity stresses or whether they will have to follow the same volatile dividend reduction path.

Still, the A rating is positive for all stakeholders within the regulatory process—lower financing costs accrue to the benefit of customers through the ratemaking process; and the lower costs serve to maintain investor support and provide a degree of flexibility to respond to unforeseeable events.

Notwithstanding the current financial crisis, many utilities need to make substantial new capital investment, including a new generation of nuclear construction, to serve forecasted

load growth. As a former state regulator and bond rater, I believe the optimal strategy is for utilities and their regulators to work in concert to ensure strong cash flow. Sustained and constructive regulatory support will be a major factor in how both investors and rating agencies will perceive electric utilities during these uncertain economic times. A shared commitment to financial stability will go a long way toward allowing A-rated companies to remain at that more secure level and provide hope for others that are endeavoring to move up to it.

*Steve Fetter is president of Regulation UnFettered, former chairman of the Michigan PSC, and former head of the global power group at Fitch Ratings.*

Residential Energy Sales Model Impact of Independent Variables on Energy Sales and Base Revenue May-Dec 2014 Compared to May-Dec 2013		
Independent Variables	Change in Energy Sales GWh	Change in Base Revenue \$ in Millions
Real Disposable Income per Household	37.6	\$1.6
Weather	0.0	0.0
Price Decline Index	2.3	0.1
Price Increase Index	(81.8)	(3.5)
Total Change	(41.9)	\$(1.8)

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 137  
PARTY Gulf Power (Rebuttal)/R. Alexander (RJA-2)  
DESCRIPTION Residential Energy Sales Model-Impact of  
DATE IndepVar Energy Sales, Base Revenue Comparison

**Account 343 - Prime Movers Combined Cycle  
(In 000's)**

<u>Year</u>	<u>Actual Additions</u>	<u>Actual Retirements</u>	<u>End of Year Balance</u>
2008	\$ -	\$ 572	\$ 94,123
2009	-	62	94,061
2010	38,812	18,742	114,131
2011	336	769	113,698
2012	483	249	113,932
Sept 2013 YTD	21,795	19,657	116,070
Average	\$ 10,238	\$ 6,675	\$ 107,669

<u>Year</u>	<u>Projected Additions</u>	<u>Projected Retirements</u>	<u>End of Year Balance</u>
2014	\$ 1,700	\$ 950	\$ 116,820
2015	1,750	950	117,620
2016	31,900	19,193	130,327
Average	\$ 11,783	\$ 7,031	\$ 121,589

FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 138  
PARTY Gulf Power (Rebuttal)M. Burroughs (MLB-2)  
DESCRIPTION Acct 343- Prime Movers Combined Cycle  
DATE \_\_\_\_\_

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 139

PARTY Gulf Power (Reb)R W. Grove (RWG-2)

DESCRIPTION Prior base rate case testimony

DATE

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: Raymond W. Grove  
Exhibit No. \_\_\_\_ (RWG-2)  
Schedule 1  
Page 1 of 3

000857

- 1 A. In our prior rate case, Plant Smith Unit 3 was in its first full year of  
2 operation. As discussed later in the benchmark variance justification for  
3 Production Other, the budget for Plant Smith has risen significantly since  
4 the last rate case. Similarly, the average projected cost associated with  
5 Smith 3 in the period 2011-2015 of \$7.3 million is \$1.7 million higher than  
6 the average cost in the historical period 2006 through 2010 of \$5.6 million.  
7 Once again, this increase is being driven by an increase in maintenance  
8 expense that is directly related to repairing equipment that was relatively  
9 new in the historical period.  
10
- 11 Q. The fourth reason you gave for the increase of Production O&M expenses  
12 between the 2006-2010 historical period and the 2011-2015 projected  
13 period was the addition of new generating units (Perdido). Please  
14 address how this affects the relative levels of Production O&M expenses  
15 in those time periods.
- 16 A. Gulf added new generation at Perdido in October 2010. There were no  
17 O&M expenses associated with this facility in the years 2005 through  
18 2009. In addition, there was less than a full year of expenses in 2010;  
19 however, the years 2011 through 2015 fully reflect the annual O&M  
20 expense associated with the Perdido facility.  
21
- 22 Q. The final reason you gave as to why the 2012 level of Production O&M  
23 expenses is more representative of ongoing levels of Production O&M  
24 levels than the levels of Production O&M levels during the period 2006-  
25 2010 relates to Gulf's efforts to control expenses to avoid asking for a

000858

1 base rate increase at a time when Gulf's customers were struggling  
2 through the worst economic downturn since the Great Depression. Please  
3 address that point in more detail.

4 A. This is best explained by looking at the allowed Production O&M  
5 expenses in the 2002/2003 test year, the actual Production O&M  
6 expenses in 2006 through 2010 and the budget levels of Production O&M  
7 expenses for 2011 through 2015. There was a clear trend of an increase  
8 in Production O&M expenses from the 2002/2003 test year level of  
9 \$76,996,000 in Gulf's last rate case through the actual level in 2008 of  
10 \$88,424,000. (Actual Production O&M expense for 2006 through 2010 is  
11 shown on Exhibit RWG-1, Schedule 7). Then, in 2009, Gulf decreased its  
12 Production O&M expenses to \$84,209,000. This \$4,215,000 reduction in  
13 Production O&M expenses was part of the effort that Gulf undertook to  
14 defer its need to ask for base rate relief.

15  
16 This reduction in Production O&M expenses in 2009 was not done without  
17 careful deliberation. We prioritized our maintenance decisions to address  
18 critical issues. We took the approach of trying to perform as much  
19 maintenance as we could on our larger units that are dispatched more  
20 often, and we did not perform selective maintenance on smaller units  
21 which, if they experienced forced outages, would not as severely impact  
22 overall reliability.

23  
24 A similar effort was undertaken in 2010, but in that year we could no  
25 longer drive down Production O&M costs. They had to increase.

000859

1           Although our internal budget process had developed and submitted a  
2           Production budget of \$94,665,000, we were able to hold actual expenses  
3           to \$92,889,000. Once again, we prioritized maintenance, but we did it to  
4           avoid having to ask for a base rate increase during a time of weak  
5           economic recovery and high unemployment. We made calculated risk  
6           assessments of what maintenance had to be performed. Our EFOR  
7           performance indicator shows Gulf was able to make these reductions  
8           while we continued to maintain excellent performance.

9

10    Q.    Does the level of Gulf's actual expenses in 2009 and 2010 indicate that it  
11           is not necessary for Gulf to spend Production O&M at the levels  
12           suggested by its 2011 budget process?

13    A.    Absolutely not. A well maintained system such as Gulf's can forego some  
14           scheduled maintenance for a limited period of time without a severe risk of  
15           adverse consequences. However, it cannot forego scheduled  
16           maintenance over an extended period of time without predictable adverse  
17           consequences in unit performance, system reliability and ultimately  
18           customer satisfaction. Gulf has no prudent choice other than to increase  
19           Production O&M expenses to avoid these adverse consequences.  
20           Continued operation at these levels of Production O&M is simply too risky  
21           for our customers. It is time to increase Gulf's Production O&M expenses  
22           and recognize those levels on a going forward basis.

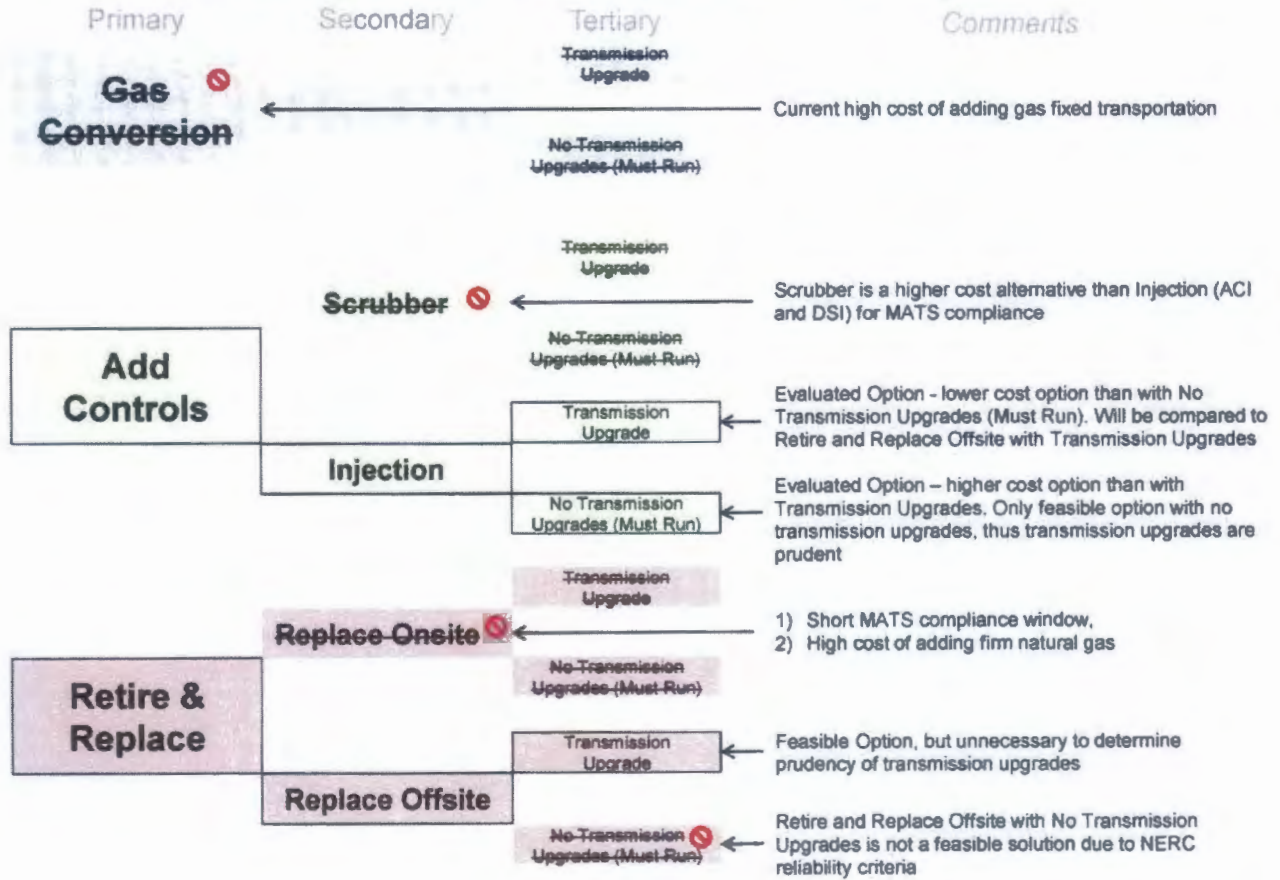
23

24

25



### Plant Smith Units 1 and 2 Evaluation Flow Diagram





**FLORIDA DEPARTMENT OF  
ENVIRONMENTAL PROTECTION**

BOB MARTINEZ CENTER  
2600 BLAIRSTONE ROAD  
TALLAHASSEE, FLORIDA 32399-2400

RICK SCOTT  
GOVERNOR

HERSCHEL T. VINYARD JR.  
SECRETARY

*Sent by Electronic Mail*

June 28, 2013

Mr. Braulio Baez  
Executive Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Florida Public Service Commission  
Docket No. 130140-EI  
GULF POWER COMPANY  
Witness: Jeffrey A. Burlison  
Exhibit No. (JAB-1)  
Schedule 2  
Page 1 of 2

Re: Gulf Power Company  
Compliance Strategy, Mercury and Air Toxics Rule  
Docket No. 130007-EI

Dear Mr. Baez,

The Florida Department of Environmental Protection's Division of Air Resource Management recently met with representatives of Gulf Power Company to discuss Gulf's compliance strategy in relation to the U.S. Environmental Protection Agency's recent Mercury and Air Toxics Rule ("MATS"). Gulf described its evaluation to determine the most reasonable and prudent options to comply with this rule, while ensuring that it continues to meet its reliability obligations. I understand that the Public Service Commission currently is reviewing Gulf's updated environmental compliance plan, which includes the Plant Crist and Plant Smith Transmission Upgrades Projects for MATS compliance. I am sending this letter to confirm that, from the Department's perspective, installing or upgrading transmission lines is a valid option to comply with and meet the regulatory requirements of MATS.

In the preamble to the final MATS rule, EPA discussed the possibility that some companies might need to install or upgrade transmission to allow specific units to comply with the rule. 77 Fed. Reg. 9,409-11 (Feb. 16, 2012). EPA discussed this transmission-compliance option in the context of maintaining system/grid reliability while specific units installed controls or retired, in order to comply with the April 16, 2015 compliance deadline. EPA specifically concluded that transmission upgrades fall within the scope of "installation of controls" for purposes of seeking an extension to this deadline where there are reliability concerns. The Department appropriately will defer to the Commission regarding reliability assessments associated with Gulf's plans, but, as the permit authority, is comfortable with Gulf's plans at this state to achieve compliance with MATS.

Mr. Braulio Baez  
June 28, 2013  
Page 2 of 2

The Department would view an order from the Commission approving Gulf's updated environmental compliance program to be sufficient indication that Gulf's MATS-related plan for transmission system upgrades in regards to Plant Crist and Plant Smith are necessary and appropriate in terms of the continuing functionality of the electric grid. The current timetable for a Commission decision, which I understand is scheduled for July 30, 2013, would meet our needs.

If you have any questions regarding this information, please contact me at (850) 717-9000.

Sincerely,



Brian Accardo, Director  
Division of Air Resource Management  
Department of Environmental Protection

BA/vg

cc: Ann Cole, PSC Clerk  
James O. Vick, Gulf Power Company  
Jeff Littlejohn, FDEP

**EXHIBIT "A"**

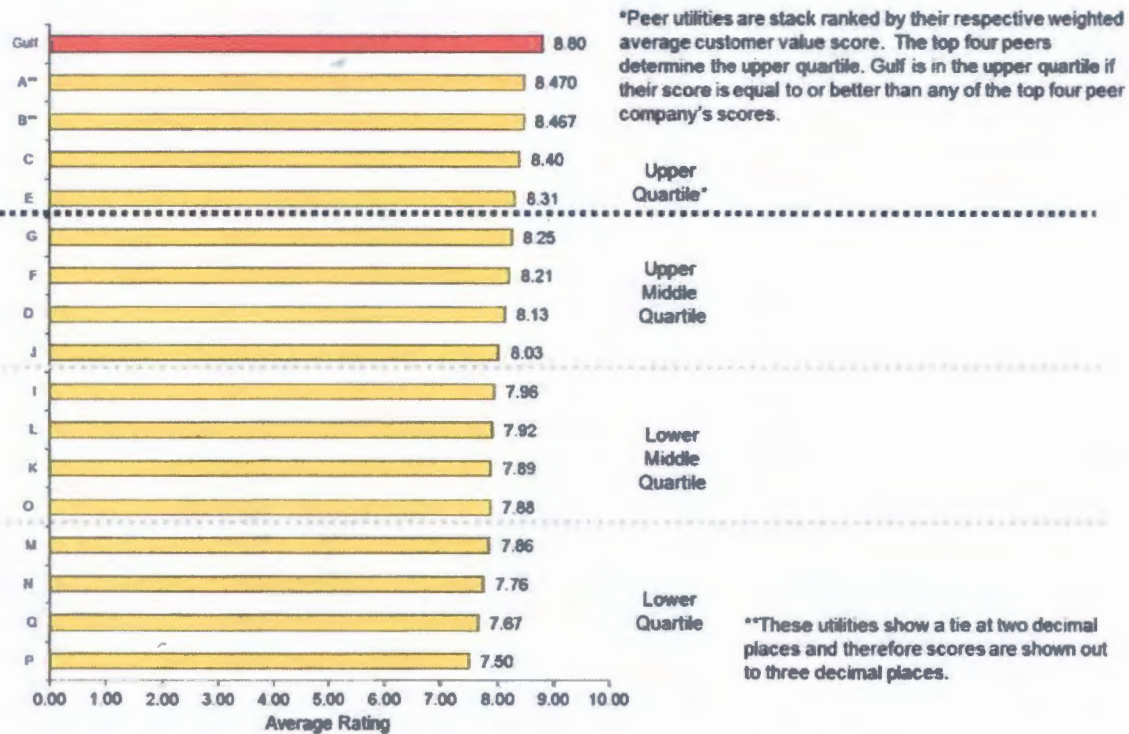
**JUSTIFICATION FOR CONFIDENTIAL TREATMENT OF  
PORTIONS OF TESTIMONY OF OPC WITNESS CALDWELL**

<u>Page and Exhibit Nos.</u>	<u>Detailed Description</u>	<u>Rationale</u>
Schedule 1 of Exhibit PCC-2 "Gulf Power Company Ten Year Transmission Plans."	Confidential in its entirety	(1)

- 
- (1) **Gulf Power's Ten Year Transmission Plan** is a forward looking document which sets forth in great detail potential vulnerabilities in Gulf Power's transmission system along with numerous detailed options for addressing those potential vulnerabilities. The system reliability risks/requirements discussed in this Plan are considered Critical Energy Infrastructure Information as defined by the Federal Energy Regulatory Commission. Disclosure of this non-public information could pose a security risk to Gulf's system and to the bulk electric system as a whole whether through cyber-attack, physical attack or some combination thereof. This information is subject to confidential classification pursuant to section 366.093(3)(c), Florida Statutes. Additionally, premature disclosure of the details surrounding planned equipment purchases and projected capital costs could negatively impact Gulf's ability to obtain favorable pricing with vendors of such equipment. This information is subject to confidential classification pursuant to section 366.093(3)(e), Florida Statutes.

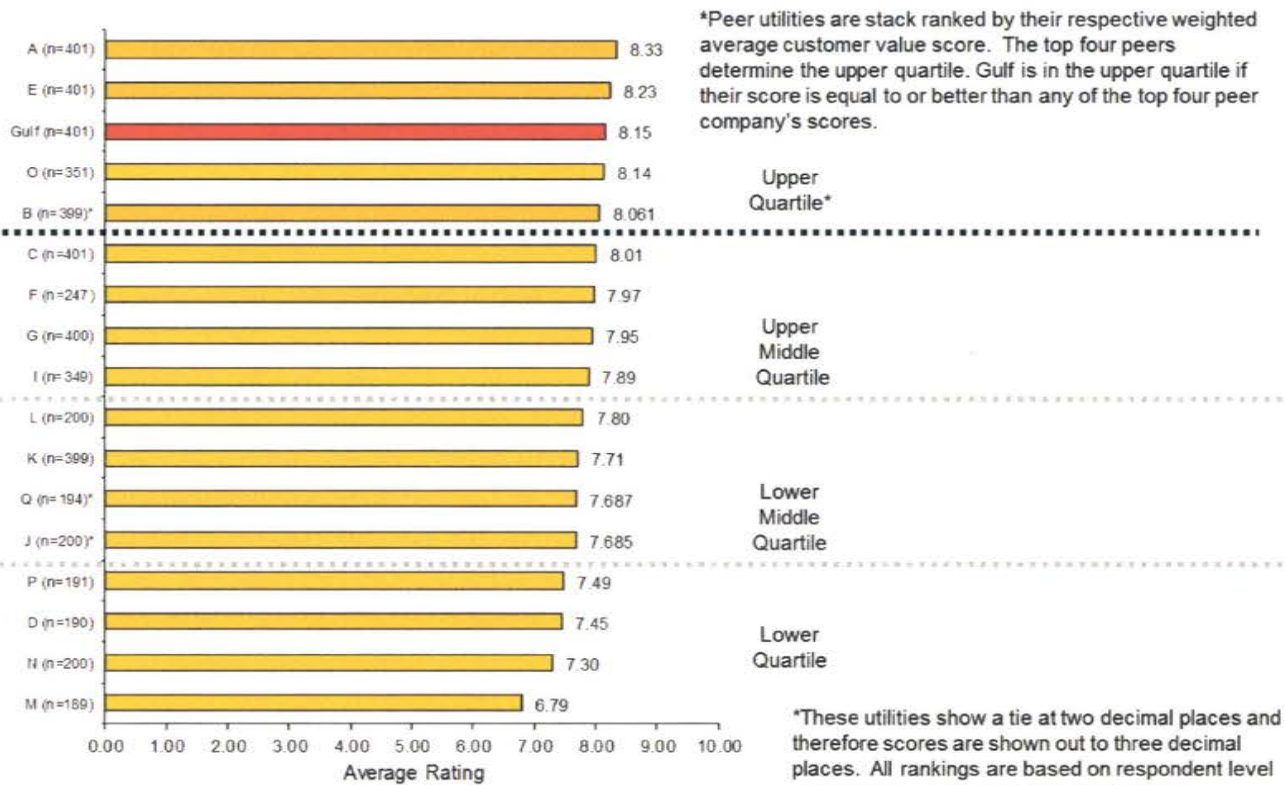
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 130140-EI EXHIBIT 141  
PARTY Gulf Power (Reb)p. Chris Caldwell (PCC-2)  
DESCRIPTION Transmission Ten Year Plan  
DATE CONFIDENTIAL

## 2013 Summary CVB Rank Chart – All Customer Classes

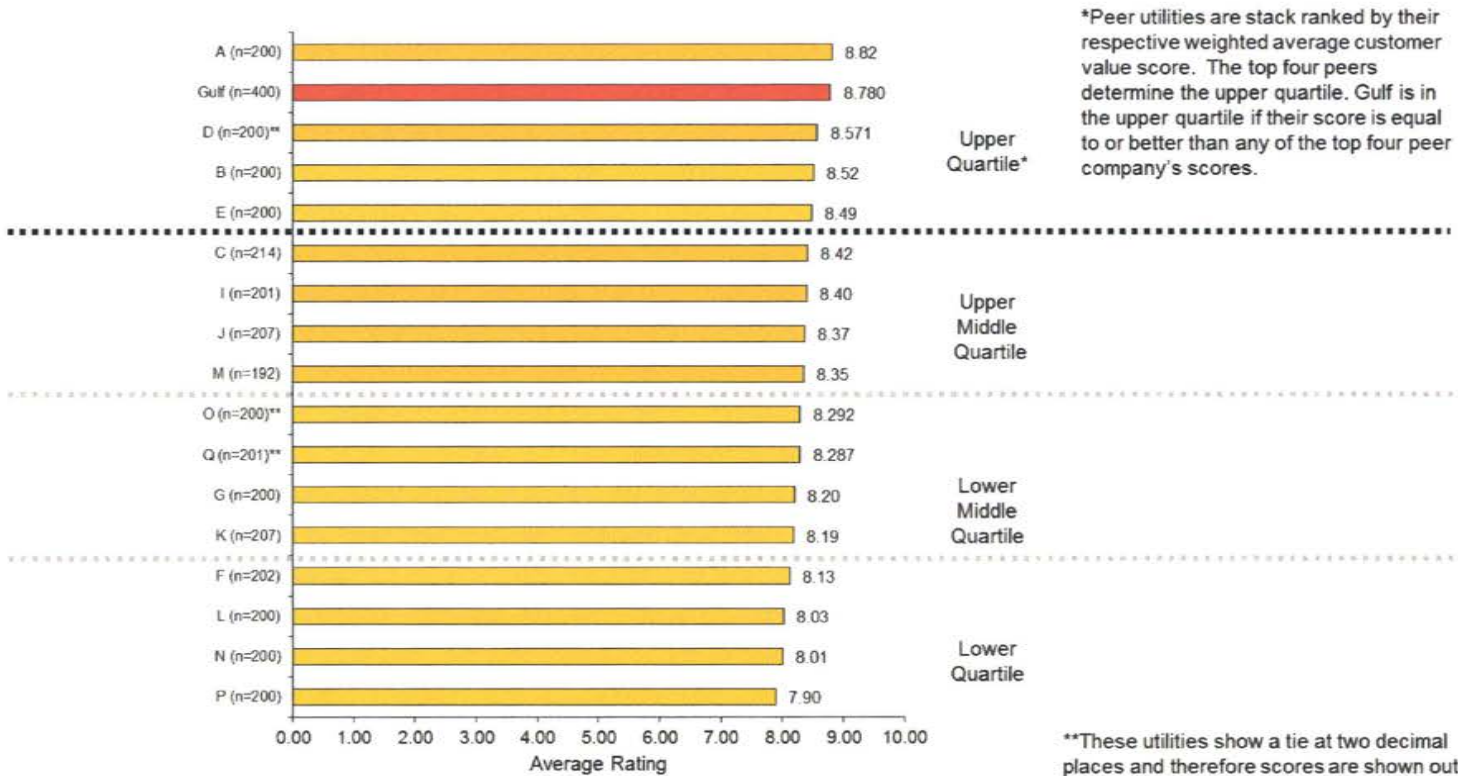


Florida Public Service Commission  
 Docket No. 130140-EI  
**GULF POWER COMPANY**  
 Witness: Angela G. Strickland  
 Exhibit No. \_\_\_\_ (AGS-2)  
 Schedule 1  
 Page 1 of 4

## 2013 Perceived Value Rank Chart – Residential Customers



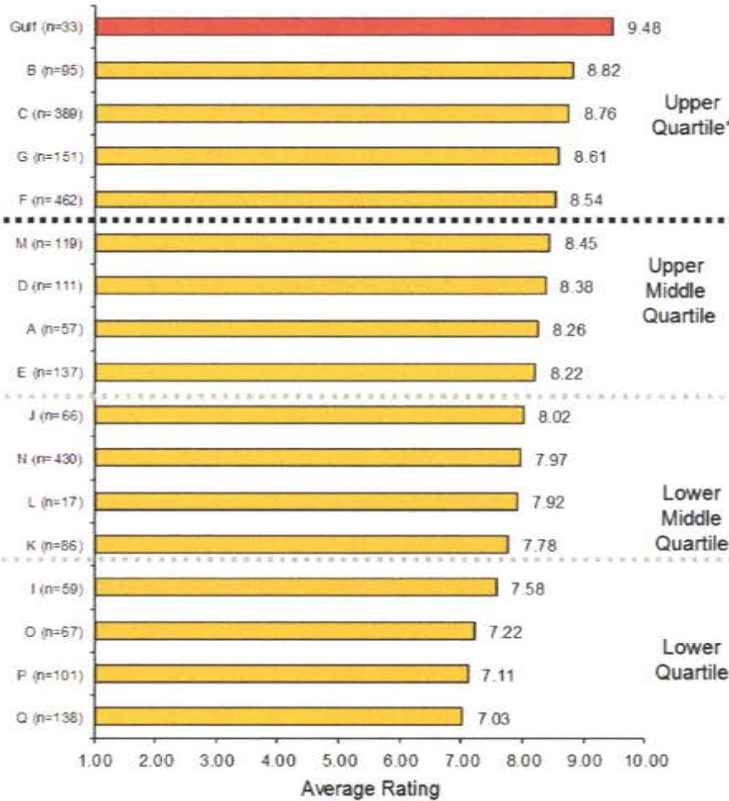
# 2013 Perceived Value Rank Chart – General Business Customers



\*Peer utilities are stack ranked by their respective weighted average customer value score. The top four peers determine the upper quartile. Gulf is in the upper quartile if their score is equal to or better than any of the top four peer company's scores.

\*\*These utilities show a tie at two decimal places and therefore scores are shown out to three decimal places. All rankings are based on respondent level calculations out to several decimal places.

# 2013 Perceived Value Rank Chart – Large Business Customers



\*Peer utilities are stack ranked by their respective weighted average customer value score. The top four peers determine the upper quartile. Gulf is in the upper quartile if their score is equal to or better than any of the top four peer company's scores.



FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 143

PARTY Gulf Power (Reb) Amy D. Whaley (ADW-1)

DESCRIPTION Survey data excerpts from Towers Watson 18th

DATE Employer Survey on Purchasing Value in HC

Florida Public Service Commission

Docket No. 130140-EI

GULF POWER COMPANY

Witness: Amy D. Whaley

Exhibit No. \_\_\_\_ (ADW-1)

Schedule 1

Page 1 of 1

**Towers Watson - Data Excerpts from  
Reshaping Health Care, The 18th Annual Towers Watson/National Business Group  
Health Employer Survey on Purchasing Value in Health Care (2013)**

**Multi-Industry Annual trends**

Year	Trend After Plan and Contribution Changes	Trend Before Plan and Contribution Changes
2013	5.1%	7.0%
2012	5.2%	6.8%
2011	5.4%	8.0%
2010	6.0%	8.0%
2009	7.0%	8.0%
2008	6.0%	9.0%

**Survey Respondent Information**

Region*	Percent
National	25%
Northeast	24%
South	13%
Midwest	23%
West	15%

Respondents	Total Number
Employers	583

Industry Group	Percent**
Energy and Utilities	7%
Financial Services	16%
General services	8%
Health Care	13%
IT and Telecom	11%
Manufacturing	30%
Public Sector and Education	4%
Wholesale and Retail	9%

\*where majority of benefit-eligible workforce is located

\*\*numbers may not add due to rounding differences

For release 10:00 a.m. (EDT) Wednesday, May 29, 2013

USDL-13-1041

Technical Information: (202) 691-5618 • dipsweb@bls.gov • www.bls.gov/lpc  
Media Contact: (202) 691-5902 • PressOffice@bls.gov

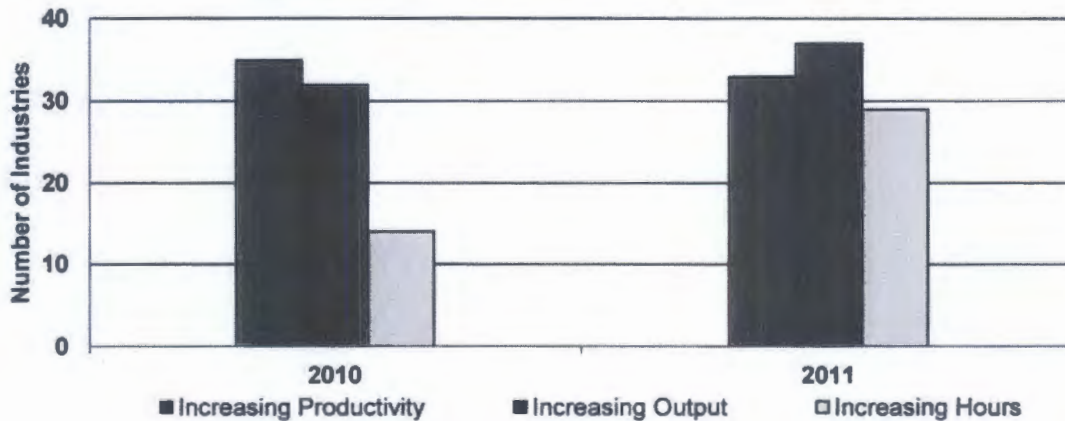
Docket No. 130140-EI  
Witness: Richard J. McMillan  
Exhibit No. \_\_\_\_ (RJM-2)  
Schedule 1  
Page 1 of 8

**PRODUCTIVITY AND COSTS BY INDUSTRY:  
SELECTED SERVICE-PROVIDING AND MINING INDUSTRIES, 2011**

Labor productivity – defined as output per hour – rose in 63 percent of the 52 service-providing and mining industries studied in 2011, the U.S. Bureau of Labor Statistics reported today. This was down from 67 percent in 2010. Unit labor costs, which reflect the total labor costs required to produce a unit of output, declined in 35 percent of the industries in 2011, compared to 44 percent in 2010.

More industries recorded gains in output and in hours in 2011 than in the previous year. (See chart 1 and table 1.) Output rose in 37 of the 52 service-providing and mining industries studied in 2011, an increase from 32 industries in 2010. Hours rose in 29 of the industries in 2011 compared to 14 in 2010. Both output and hours rose in more industries in 2011 than in any year since 2006.

**Chart 1. Number of service-providing and mining industries with increases in productivity, output, and hours, 2010 and 2011**



Unit labor costs fell in 17 of 47 service-providing industries in 2011, down from 23 industries in 2010, but in only 1 of the 5 mining industries. Unit labor costs declined more frequently in industries where productivity rose, as productivity gains offset movements in hourly compensation. Almost 90 percent of the industries with declines in unit labor costs in 2011 posted gains in productivity.

Industry labor productivity measures are updated and revised as data become available. The latest productivity measures for service-providing and mining industries and industries in other sectors are available on the BLS Labor Productivity and Costs web site at <http://www.bls.gov/lpc/iprprodydata.htm>.

FLORIDA PUBLIC SERVICE COMMISSION  
 DOCKET NO. 130140-EI  
 PARTY Gult Power (Reb) Richard J. McMillan (RJM-2)  
 DESCRIPTION Bureau of Labor Statistics Release dated May  
 DATE 2013-“Productivity and Cost by Industry: Selected  
 EXHIBIT 144

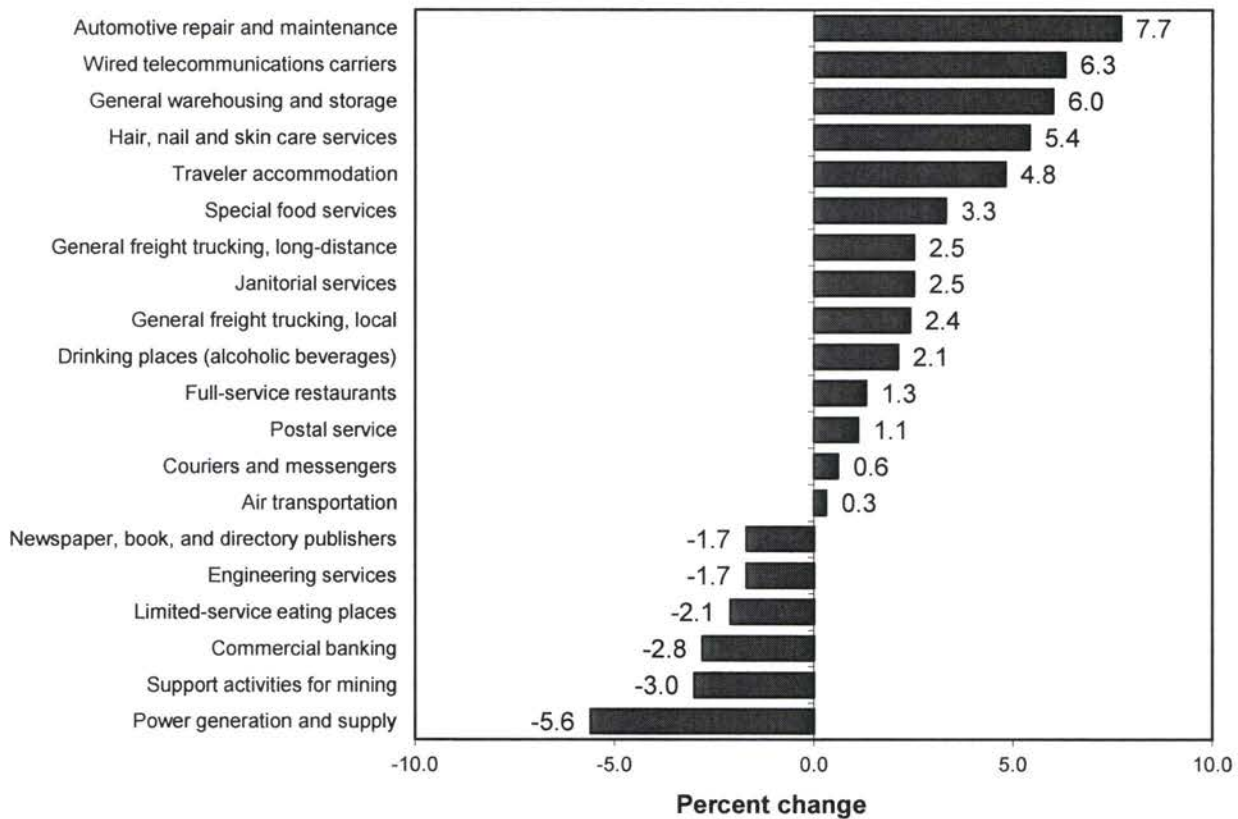
**Service-Providing Industries:** Output per hour increased in 2011 in 32 of the 47 industries studied. In most of these industries, productivity rose as output growth was accompanied by declines or more modest increases in hours. Several industries posted double-digit productivity gains as a result: wireless telecommunications carriers; passenger car rental; photography studios, portrait; and photofinishing.

In a few industries, productivity rose as declining output was met with even greater reductions in hours: postal service; couriers and messengers; video tape and disc rental; tax preparation services; drinking places (alcoholic beverages); reupholstery and furniture repair; and coin-operated laundries and drycleaners.

**Mining Industries:** Output per hour declined in four of the five detailed mining industries studied in 2011, as hours rose while output fell or grew more slowly. Only nonmetallic mineral mining and quarrying posted a productivity increase. The overall mining sector experienced a double-digit decline in productivity, as labor hours increased more than four times as much as output.

Chart 2 shows the 2011 percent change in productivity in the 20 largest service-providing and mining industries. Among these industries, automotive repair and maintenance recorded the largest productivity increase, as output growth was accompanied by a modest decrease in hours. Productivity fell the most in power generation and supply, where hours rose while output declined.

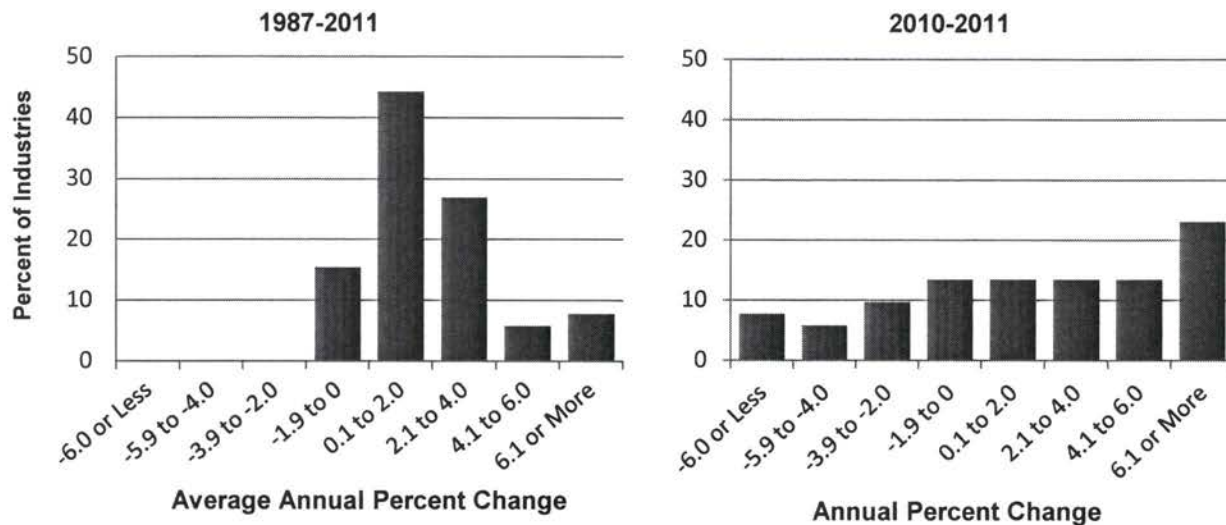
**Chart 2. Percent change in output per hour in the largest (by employment) service-providing and mining industries, 2010-2011**



## Long-Term Trends

More industries posted productivity gains over the 1987-2011 period than in 2011. Chart 3 contrasts the distribution of productivity changes over the long term with those in the most recent year. Between 1987 and 2011, labor productivity increased in 85 percent of the detailed service-providing and mining industries, with over 70 percent of industries recording average annual productivity growth between 0.1 and 4.0 percent per year. In 2011, only 27 percent of industries recorded productivity growth in that range. Industry productivity performance in 2011 was more widely distributed, with 37 percent of industries posting productivity declines and 37 percent posting productivity gains of 4.1 percent or more.

**Chart 3. Distribution of percent change in output per hour, 1987-2011 and 2010-2011**



The measures in this news release incorporate data from the 2011 Service Annual Survey published by the Census Bureau, as well as the March 2013 annual benchmark revision of the BLS Current Employment Statistics (CES) survey. All of the measures for 2011 in this release are preliminary and subject to revision. The industries included in this release are classified according to the 2007 NAICS. While the rates of change reported in this news release are rounded to one decimal place, all industry productivity percent changes are calculated using index numbers rounded to three decimal places.

Year-to-year movements in industry productivity may be erratic, particularly in smaller industries. The annual measures based on sample data may differ from measures generated by a census of establishments in the industry. Annual changes in an industry's output and use of labor may reflect cyclical changes in the economy as well as long-term trends. As a result, long-term productivity trends tend to be more reliable indicators of industry performance than year-to-year changes.

Customers can subscribe to the industry productivity program's news releases on the BLS website at <https://subscriptions.bls.gov/accounts/USDOLBLS/subscriber/new>. More detailed data, including indexes, annual rates of change, and levels are available on the Labor Productivity and Costs web site at [www.bls.gov/lpc](http://www.bls.gov/lpc). Additional information is available by calling the Division of Industry Productivity Studies (202-691-5618) or by sending a request by email to [dipsweb@bls.gov](mailto:dipsweb@bls.gov). Information in this report will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5618; TDD message referral phone number: 1-800-877-8339.

## Technical Note

**Labor Productivity:** The industry labor productivity measures describe the relationship between industry output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although the labor productivity measures relate output to hours of all persons in an industry, they do not measure the specific contribution of labor or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; utilization of capacity, energy, and materials; the use of purchased services inputs, including contract employment services; the organization of production; managerial skill; and the characteristics and effort of the workforce.

**Output:** Industry output is measured as an annual-weighted index of the changes in the various products or services (in real terms) provided for sale outside the industry. Real industry output is usually derived by deflating nominal sales or values of production using BLS price indexes, but for some industries it is measured by physical quantities of output.

Industry output measures are constructed primarily using data from the economic censuses and annual surveys of the U.S. Census Bureau, U.S. Department of Commerce, together with information on price changes primarily from BLS. Other data sources include the Energy Information Administration, U.S. Department of Energy; the Bureau of Transportation Statistics, U.S. Department of Transportation; the U.S. Geological Survey, U.S. Department of the Interior; the U.S. Postal Service; the Postal Rate Commission; and the Federal Deposit Insurance Corporation.

**Labor Hours:** The primary source of industry employment and hours data is the BLS Current Employment Statistics (CES) survey. The CES provides monthly data on the number of total and nonsupervisory worker jobs held by wage and salary workers in nonfarm establishments, as well as data on the average weekly hours of nonsupervisory workers in those establishments. CES data are supplemented with data from the Current Population Survey (CPS) to estimate employment and hours of self-employed and unpaid family workers in each industry. Data from the CPS, together with CES data, are also used to estimate the historical average weekly hours of supervisory workers for each industry. CES and CPS data are supplemented or further disaggregated for some industries using data from the BLS Quarterly Census of Employment and Wages (QCEW), the Census Bureau, or other sources. Other sources of employment and hours data for some service industries include the Association of American Railroads, the U.S. Department of Transportation, and the U.S. Postal Service. Hours of all persons in an industry are treated as homogeneous and are directly aggregated.

**Unit Labor Costs:** Unit labor costs represent the cost of labor required to produce one unit of output. The unit labor cost indexes are computed by dividing an index of industry labor compensation by an index of real industry output. Unit labor costs also describe the relationship between compensation per hour and real output per hour (labor productivity). Increases in hourly compensation increase unit labor costs; increases in labor productivity offset compensation increases and lower unit labor costs.

**Labor Compensation:** Labor compensation, defined as payroll plus supplemental payments, is a measure of the cost to the employer of securing the services of labor. Payroll includes salaries, wages, commissions, dismissal pay, bonuses, vacation and sick leave pay, and compensation in kind. Supplemental payments include legally required expenditures and payments for voluntary programs. The legally required portion consists primarily of Federal old age and survivors' insurance, unemployment compensation, and workers' compensation. Payments for voluntary programs include all programs not specifically required by legislation, such as the employer portion of private health insurance and pension plans.

**Table 1. Percent change in output per hour, unit labor costs, and related data, 2010-2011**

Industry	NAICS code	2011 Employment (thousands)	Percent change, 2010-2011				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
<b>Mining Industries</b>							
Mining.....	21	759.3	-11.3	4.2	17.5	16.6	11.9
Oil and gas extraction.....	211	173.0	-11.0	4.7	17.6	10.3	5.4
Oil and gas extraction.....	2111	173.0	-11.0	4.7	17.6	10.3	5.4
Mining, except oil and gas.....	212	221.2	-5.1	2.7	8.2	10.2	7.3
Coal mining.....	2121	87.5	-4.6	5.0	10.1	12.3	6.9
Metal ore mining.....	2122	42.4	-18.5	-2.0	20.2	19.8	22.3
Nonmetallic mineral mining and quarrying.....	2123	91.3	2.8	4.3	1.4	0.9	-3.3
Support activities for mining.....	213	365.1	-3.0	19.9	23.6	27.3	6.2
Support activities for mining.....	2131	365.1	-3.0	19.9	23.6	27.3	6.2
<b>Utilities</b>							
Power generation and supply.....	2211	398.4	-5.6	-4.5	1.1	3.9	8.8
Natural gas distribution.....	2212	107.9	4.3	0.7	-3.4	3.9	3.2
<b>Transportation and Warehousing</b>							
Air transportation.....	481	425.2	0.3	1.9	1.6	3.7	1.7
Line-haul railroads.....	482111	179.4	-2.7	3.8	6.8	10.5	6.4
Truck transportation.....	484	1,495.8	1.1	5.1	4.0	7.5	2.3
General freight trucking.....	4841	1,078.7	2.3	5.3	2.9	6.5	1.1
General freight trucking, local.....	48411	281.8	2.4	7.7	5.2	7.0	-0.7
General freight trucking, long-distance.....	48412	796.9	2.5	4.8	2.2	6.3	1.4
Used household and office goods moving.....	48421	86.6	-12.1	-3.5	9.8	5.7	9.5
Postal service.....	491	630.9	1.1	-2.7	-3.8	-0.5	2.3
Postal service.....	4911	630.9	1.1	-2.7	-3.8	-0.5	2.3
Couriers and messengers.....	492	561.3	0.6	-0.5	-1.1	5.0	5.6
Warehousing and storage.....	493	659.4	3.3	8.1	4.6	4.1	-3.7
Warehousing and storage.....	4931	659.4	3.3	8.1	4.6	4.1	-3.7
General warehousing and storage.....	49311	552.6	6.0	10.1	3.9	3.8	-5.8
Refrigerated warehousing and storage.....	49312	51.0	-11.8	-1.8	11.3	5.5	7.5
<b>Information</b>							
Publishing.....	511	788.8	1.0	2.4	1.4	6.2	3.7
Newspaper, book, and directory publishers.....	5111	517.2	-1.7	-2.5	-0.8	1.6	4.2
Software publishers.....	5112	271.6	1.0	6.4	5.3	10.3	3.7
Motion picture and video exhibition.....	51213	124.3	-0.1	-2.3	-2.2	-1.4	0.9
Broadcasting, except internet.....	515	291.4	3.5	2.9	-0.6	3.6	0.7
Radio and television broadcasting.....	5151	215.9	0.5	0.8	0.3	2.8	2.1
Cable and other subscription programming.....	5152	75.5	7.5	4.8	-2.5	5.1	0.3
Wired telecommunications carriers.....	5171	590.1	6.3	0.9	-5.2	-2.8	-3.7
Wireless telecommunications carriers.....	5172	169.6	10.0	10.5	0.5	5.6	-4.5
<b>Finance and Insurance</b>							
Commercial banking.....	52211	1,314.5	-2.8	-1.0	1.8	5.2	6.3
<b>Real Estate and Rental and Leasing</b>							
Passenger car rental.....	532111	101.0	15.2	12.9	-2.0	2.7	-9.1
Truck, trailer and RV rental and leasing.....	53212	55.8	5.9	4.1	-1.7	3.9	-0.2
Video tape and disc rental.....	53223	41.2	43.3	-16.0	-41.4	-30.4	-17.1
<b>Professional and Technical Services</b>							
Tax preparation services.....	541213	147.7	1.2	-0.4	-1.6	7.7	8.1
Architectural services.....	54131	177.4	5.3	3.9	-1.4	2.6	-1.2
Engineering services.....	54133	921.9	-1.7	1.9	3.6	3.6	1.7
Advertising agencies.....	54181	194.6	-0.8	5.0	5.9	9.8	4.5
Photography studios, portrait.....	541921	69.0	11.7	1.4	-9.2	-0.4	-1.9
<b>Administrative and Waste Services</b>							
Employment placement agencies.....	561311	237.9	9.0	15.7	6.1	8.0	-6.7
Travel arrangement and reservation services.....	5615	213.9	-2.0	5.4	7.5	6.7	1.3

**Table 1. Percent change in output per hour, unit labor costs, and related data, 2010-2011 — Continued**

Industry	NAICS code	2011 Employment (thousands)	Percent change, 2010-2011				
			Output per hour	Output	Hours	Labor compensation	Unit labor costs
Travel agencies.....	56151	98.2	3.5	6.5	2.9	9.6	2.9
Janitorial services.....	56172	1,262.2	2.5	4.0	1.5	3.5	-0.5
<b>Health Care and Social Assistance</b>							
Medical and diagnostic laboratories.....	6215	243.6	-2.2	3.9	6.3	3.4	-0.5
Medical laboratories.....	621511	168.0	-1.1	7.2	8.4	3.8	-3.2
Diagnostic imaging centers.....	621512	75.7	-2.6	-1.4	1.3	2.8	4.2
<b>Arts, Entertainment, and Recreation</b>							
Amusement and theme parks.....	71311	144.3	-0.9	4.6	5.5	5.0	0.3
Bowling centers.....	71395	68.6	-0.6	4.3	4.9	1.0	-3.1
<b>Accommodation and Food Services</b>							
Accommodation and food services.....	72	11,698.6	0.8	3.6	2.7	4.9	1.3
Accommodation.....	721	1,825.3	4.9	3.6	-1.3	5.1	1.5
Traveler accommodation.....	7211	1,752.2	4.8	3.5	-1.2	5.1	1.5
Food services and drinking places.....	722	9,873.3	-0.1	3.6	3.6	4.9	1.2
Full-service restaurants.....	7221	4,647.7	1.3	5.0	3.7	5.0	0.0
Limited-service eating places.....	7222	4,165.5	-2.1	2.8	5.0	3.7	0.9
Special food services.....	7223	692.4	3.3	2.5	-0.8	8.6	6.0
Drinking places (alcoholic beverages).....	7224	367.7	2.1	-0.3	-2.4	3.3	3.7
<b>Other Services</b>							
Automotive repair and maintenance.....	8111	1,034.9	7.7	3.4	-4.0	-0.9	-4.1
Reupholstery and furniture repair.....	81142	19.7	5.5	-0.3	-5.5	2.7	3.0
Personal care services.....	8121	1,104.3	6.6	3.2	-3.2	-3.0	-6.0
Hair, nail and skin care services.....	81211	923.1	5.4	2.1	-3.2	-2.7	-4.7
Funeral homes and funeral services.....	81221	104.3	-4.5	0.3	5.0	2.8	2.4
Drycleaning and laundry services.....	8123	320.4	9.4	3.6	-5.3	0.7	-2.8
Coin-operated laundries and drycleaners.....	81231	41.9	15.7	-0.3	-13.8	2.0	2.3
Drycleaning and laundry services.....	81232	155.1	9.4	1.9	-6.9	-2.0	-3.8
Linen and uniform supply.....	81233	123.4	7.5	6.5	-0.9	2.4	-3.8
Photofinishing.....	81292	14.4	16.6	10.4	-5.3	13.9	3.2

**Table 2. Average annual percent change in output per hour, unit labor costs, and related data, 1987-2011**

Industry	NAICS code	Average annual percent change, 1987-2011				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
<b>Mining Industries</b>						
Mining.....	21	-0.4	0.1	0.5	5.2	5.1
Oil and gas extraction.....	211	0.5	-0.2	-0.7	5.5	5.7
Oil and gas extraction.....	2111	0.5	-0.2	-0.7	5.5	5.7
Mining, except oil and gas.....	212	1.5	0.4	-1.1	2.3	1.9
Coal mining.....	2121	1.6	-0.1	-1.7	1.3	1.5
Metal ore mining.....	2122	1.5	1.9	0.4	5.0	3.0
Nonmetallic mineral mining and quarrying.....	2123	0.7	-0.3	-1.0	2.5	2.8
Support activities for mining.....	213	1.3	4.1	2.7	8.4	4.1
Support activities for mining.....	2131	1.3	4.1	2.7	8.4	4.1
<b>Utilities</b>						
Power generation and supply.....	2211	1.9	0.7	-1.2	2.9	2.2
Natural gas distribution.....	2212	2.7	1.2	-1.5	3.4	2.1
<b>Transportation and Warehousing</b>						
Air transportation.....	481	3.1	2.7	-0.4	2.8	0.1
Line-haul railroads.....	482111	3.9	2.0	-1.8	1.5	-0.5
Truck transportation <sup>1</sup> .....	484	0.6	1.7	1.1	2.5	0.8
General freight trucking <sup>1</sup> .....	4841	1.4	2.3	0.9	3.0	0.7
General freight trucking, local <sup>1</sup> .....	48411	3.0	3.6	0.6	3.7	0.1
General freight trucking, long-distance.....	48412	1.4	2.3	0.9	2.3	0.0
Used household and office goods moving.....	48421	-1.2	-1.1	0.1	1.9	3.0
Postal service.....	491	0.9	-0.3	-1.2	3.5	3.8
Postal service.....	4911	0.9	-0.3	-1.2	3.5	3.8
Couriers and messengers.....	492	-0.8	1.2	2.0	4.6	3.3
Warehousing and storage <sup>1</sup> .....	493	2.9	5.8	2.8	5.2	-0.5
Warehousing and storage <sup>1</sup> .....	4931	2.9	5.8	2.8	5.2	-0.5
General warehousing and storage <sup>1</sup> .....	49311	5.2	8.0	2.7	5.7	-2.2
Refrigerated warehousing and storage <sup>1</sup> .....	49312	-0.2	3.1	3.3	4.3	1.1
<b>Information</b>						
Publishing.....	511	3.8	3.5	-0.3	5.1	1.5
Newspaper, book, and directory publishers.....	5111	0.0	-1.8	-1.8	2.2	4.1
Software publishers.....	5112	13.0	19.7	6.0	11.6	-6.8
Motion picture and video exhibition.....	51213	1.4	1.6	0.2	3.2	1.6
Broadcasting, except internet.....	515	2.1	2.6	0.5	4.4	1.8
Radio and television broadcasting.....	5151	1.0	0.7	-0.4	3.0	2.3
Cable and other subscription programming.....	5152	3.9	7.5	3.5	10.5	2.8
Wired telecommunications carriers.....	5171	4.3	3.3	-1.0	2.0	-1.2
Wireless telecommunications carriers.....	5172	10.4	20.7	9.3	12.2	-7.1
<b>Finance and Insurance</b>						
Commercial banking.....	52211	3.6	3.6	-0.1	5.5	1.9
<b>Real Estate and Rental and Leasing</b>						
Passenger car rental.....	532111	2.6	2.7	0.1	4.8	2.0
Truck, trailer and RV rental and leasing.....	53212	2.9	2.0	-0.9	2.9	0.9
Video tape and disc rental.....	53223	6.4	1.7	-4.4	-0.7	-2.4
<b>Professional and Technical Services</b>						
Tax preparation services.....	541213	0.6	2.7	2.1	4.3	1.6
Architectural services.....	54131	1.2	2.0	0.8	4.1	2.1
Engineering services.....	54133	0.9	2.7	1.7	6.1	3.4
Advertising agencies.....	54181	2.2	2.5	0.3	4.7	2.1
Photography studios, portrait.....	541921	0.8	1.8	1.0	3.7	1.9
<b>Administrative and Waste Services</b>						
Employment placement agencies <sup>2</sup> .....	561311	6.4	7.2	0.8	5.5	-1.6
Travel arrangement and reservation services <sup>3</sup> .....	5615	7.5	3.5	-3.6	1.2	-2.3

See footnotes at end of table.



**Table 2. Average annual percent change in output per hour, unit labor costs, and related data, 1987-2011 — Continued**

Industry	NAICS code	Average annual percent change, 1987-2011				
		Output per hour	Output	Hours	Labor compensation	Unit labor costs
Travel agencies.....	56151	5.9	4.2	-1.6	3.1	-1.1
Janitorial services.....	56172	2.0	3.7	1.6	5.3	1.5
<b>Health Care and Social Assistance</b>						
Medical and diagnostic laboratories <sup>2</sup> .....	6215	2.9	6.2	3.2	5.9	-0.2
Medical laboratories <sup>2</sup> .....	621511	2.5	5.7	3.1	5.5	-0.3
Diagnostic imaging centers <sup>2</sup> .....	621512	3.3	6.9	3.5	7.0	0.1
<b>Arts, Entertainment, and Recreation</b>						
Amusement and theme parks.....	71311	-0.5	2.3	2.8	6.0	3.6
Bowling centers.....	71395	0.2	-1.6	-1.8	1.0	2.7
<b>Accommodation and Food Services</b>						
Accommodation and food services.....	72	0.8	2.1	1.2	4.9	2.8
Accommodation.....	721	1.7	2.3	0.6	4.6	2.2
Traveler accommodation.....	7211	1.7	2.4	0.6	4.6	2.1
Food services and drinking places.....	722	0.6	2.0	1.4	5.1	3.0
Full-service restaurants.....	7221	0.6	2.1	1.4	5.9	3.7
Limited-service eating places.....	7222	0.6	2.1	1.6	4.9	2.7
Special food services.....	7223	1.4	2.4	0.9	3.7	1.2
Drinking places (alcoholic beverages).....	7224	-0.3	-0.7	-0.4	2.4	3.1
<b>Other Services</b>						
Automotive repair and maintenance.....	8111	1.0	1.2	0.1	3.4	2.2
Reupholstery and furniture repair.....	81142	-0.6	-3.2	-2.6	0.2	3.6
Personal care services.....	8121	2.2	3.3	1.0	4.9	1.6
Hair, nail and skin care services.....	81211	2.2	3.0	0.8	4.7	1.7
Funeral homes and funeral services.....	81221	-0.7	-0.5	0.2	3.8	4.3
Drycleaning and laundry services.....	8123	1.6	0.5	-1.2	2.4	2.0
Coin-operated laundries and drycleaners.....	81231	2.5	0.4	-2.0	2.2	1.8
Drycleaning and laundry services.....	81232	1.1	-1.1	-2.2	1.0	2.1
Linen and uniform supply.....	81233	1.2	1.8	0.6	3.9	2.1
Photofinishing.....	81292	2.8	-4.3	-6.9	-2.5	1.9

1 For NAICS industries 484, 4841, 48411, 493, 4931, 49311, and 49312, average annual percent changes are for 1992-2011.

2 For NAICS industries 561311, 6215, 621511, and 621512, average annual percent changes are for 1994-2011.

3 For NAICS industry 5615, average annual percent changes are for 1997-2011.

Industry Labor Productivity and Costs: Percent Changes - August 29, 2013

Indent Level	Industry and Year	NAICS code	Output per hour	Output per person	Output	Implicit price deflator	Hours	Employment	Unit labor costs	Labor compensation	
0	Electric power generation, transmission and distribution										
1	2007	2211	-1.7	0.7	1.0	2.5	2.8	0.4	1.9	3.0	
1	2008	2211	-4.1	-3.1	-1.6	6.1	2.6	1.5	10.3	8.5	
1	2009	2211	-2.4	-3.7	-3.6	0.9	-1.3	0.1	5.2	1.3	
1	2010	2211	3.3	3.0	1.5	0.1	-1.8	-1.5	-0.5	1.0	
1	2011	2211	-5.6	-4.6	-4.5	1.9	1.1	0.1	8.8	3.9	

Source: Bureau of Labor Statistics, excerpt from file "ipr.airt.xls"

Terry Deason\*



**Special Consultant (Non-Lawyer)\***

Phone: (850) 425-6654

Fax: (850) 425-6694

E-Mail: tdeason@radeylaw.com

**Practice Areas:**

- Energy, Telecommunications, Water and Wastewater and Public Utilities

**Education:**

- United States Military Academy at West Point, 1972
- Florida State University, B.S., 1975, Accounting, summa cum laude
- Florida State University, Master of Accounting, 1989

**Professional Experiences:**

- Radey Thomas Yon & Clark, P.A., Special Consultant, 2007 - Present
- Florida Public Service Commission, Commissioner, 1991 - 2007
- Florida Public Service Commission, Chairman, 1993 - 1995, 2000 - 2001
- Office of the Public Counsel, Chief Regulatory Analyst, 1987 - 1991
- Florida Public Service Commission, Executive Assistant to the Commissioner, 1981 - 1987
- Office of the Public Counsel, Legislative Analyst II and III, 1979 - 1981
- Ben Johnson Associates, Inc., Research Analyst, 1978 - 1979
- Office of the Public Counsel, Legislative Analyst I, 1977 - 1978
- Quincy State Bank Trust Department, Staff Accountant and Trust Assistant, 1976 - 1977

**Professional Associations and Memberships:**

- National Association of Regulatory Utility Commissioners (NARUC), 1993 - 1998,  
*Member, Executive Committee*
- National Association of Regulatory Utility Commissioners (NARUC), 1999 - 2006,  
*Board of Directors*

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130140-EI EXHIBIT 145

PARTY Gulf Power (Reb) J. Terry Deason (JTD-1)

DESCRIPTION Biographical Information for Terry Deason

DATE



## Terry Deason\*

- National Association of Regulatory Utility Commissioners (NARUC), 2005-2006,  
*Member, Committee on Electricity*
- National Association of Regulatory Utility Commissioners (NARUC), 2004 - 2005,  
*Member, Committee on Telecommunications*
- National Association of Regulatory Utility Commissioners (NARUC), 1991 - 2004,  
*Member, Committee on Finance and Technology*
- National Association of Regulatory Utility Commissioners (NARUC), 1995 - 1998,  
*Member, Committee on Utility Association Oversight*
- National Association of Regulatory Utility Commissioners (NARUC) 2002 *Member,*  
*Rights-of-Way Study*
- Nuclear Waste Strategy Coalition, 2000 - 2006, *Board Member*
- Federal Energy Regulatory Commission (FERC) South Joint Board on Security  
*Constrained Economic Dispatch, 2005 - 2006, Member*
- Southeastern Association of Regulatory Utility Commissioners, 1991 - 2006, *Member*
- Florida Energy 20/20 Study Commission, 2000 - 2001, *Member*
- FCC Federal/State Joint Conference on Accounting, 2003 - 2005, *Member*
- Joint NARUC/Department of Energy Study Commission on Tax and Rate  
*Treatment of Renewable Energy Projects, 1993, Member*
- Bonbright Utilities Center at the University of Georgia, 2001, *Bonbright Distinguished Service*  
*Award Recipient*
- Eastern NARUC Utility Rate School - Faculty Member



**Base Retail ROE**

