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Public Service Commission

May 18, 2006

STAFF DATA REQUEST
Submitted by E-Mail

Jeffrey A. Stone, Esq.,
Russell A. Badders, Esq.
Beggs & Lane Law Firm
P. O. Box 12950
Pensacola, Florida 32591-2950

RE: Docket No. 060154-EI - Petition for issuance of storm recovery financing order pursuant to Section 366.8260, F.S. (2005), by Gulf Power Company.

Dear Mr. Stone and/or Mr. Badders:

To assist us in analyzing the Joint Petition for Approval of Stipulation and Settlement (Stipulation) filed in the above-referenced docket, the Commission staff requests that you provide responses to the following Staff Data Requests:

1. Based on the extension of the current storm cost recovery surcharge, provide a calculation of the additional amount of revenues that will be collected through the surcharge from April 2007 through June 2009.

CMP ______
COM ______
CTR ______
ECR ______
GCL ______
OPC ______
RCA ______
SCR ______
SGA ______
SEC 1
OTH ______

2. If the extension of the surcharge is approved, does Gulf Power Company (GPC) intend to record the net 2005 storm costs of $53,356,000 as a regulatory asset in Account No. 182.1, Extraordinary Property Losses? If not, please explain GPC's proposed accounting treatment.

3. Is it the intent of the parties that the Commission's approval of the Stipulation would authorize GPC to automatically implement the 80% interim surcharge without any further action, review or approval from the Commission?

4. If the implementation of the 80% surcharge is not automatic, is it the intent of the parties that GPC would have to file a formal petition and revised tariffs with the Commission before it could implement the 80% interim surcharge contemplated in Provision 4 of the Stipulation?

5. If the implementation of the 80% surcharge is not automatic, is it the intent of the parties that GPC be required to seek Commission approval before it can issue the 30 days notice to its customers that is contemplated in Provision 4 of the Stipulation?

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6. Is it the intent of the parties that GPC can seek up to 100% recovery of its storm restoration costs, i.e., the additional 20% not included in the 80% interim surcharge?

7. If GPC can seek 100% recovery of its storm restoration costs, how would the interim surcharge ultimately be affected, i.e., be extended, be increased, etc.?

8. Is it the intent of the parties that if GPC incurs $10,000,001 in cumulative costs for storm recovery, it can seek recovery of the entire $10,000,001? In other words, is recovery limited to amounts in excess of the $10 million threshold or is it inclusive of the threshold?

9. Is it the intent of the parties that the $10 million threshold for future storms represents a cumulative amount after any positive amount in the reserve has been depleted?

10. Provision 2 of the Stipulation provides for the calculation of interest on the deficiency in the storm reserve. In what account(s) will this interest be recorded?

11. Provision 5 of the Stipulation provides for the calculation and collection of interest on the claimed costs for storm-recovery activities for future storms. In what account(s) will this interest be recorded?
12. When does the calculation of interest in Provision 5 of the Stipulation commence?

13. Is the interest in Provision 5 of the Stipulation calculated on the after-tax balance of the claimed costs for storm-recovery activities?

14. Assuming that there are no charges against the reserve during the April 2007 to June 2009 extension of the surcharge, what would be the expected balance for the storm reserve at December 31, 2007, December 31, 2008 and June 30, 2009? This would include the annual $3.5 million accrual.

15. Using its discretionary authority, does GPC anticipate making any additional accruals to the storm reserve between June 1, 2006 and June 30, 2009? If so, when and in what amount?

16. As part of the Stipulation for the Hurricane Ivan storm-recovery costs approved in Order No. PSC-05-0250-PAA-EI, GPC made an additional $14 million accrual to the storm reserve as an offset to the $96.5 million total estimated Ivan Deficit. Has GPC included a similar voluntary offset against the amount to be recovered for the 2005 storm-recovery costs?

17. The current stipulation provides for an annual true-up of the surcharge to reflect differences in projected and actual costs and projected and actual revenues collected. Does Gulf propose to continue doing that? If yes, would Gulf file for administrative approval of revised factors effective March 31, 2007 and subsequent years? For the year 2009, would Gulf file revised factors effective March 31, 2009 through June 31, 2009?

18. Would the interim surcharge by rate class contemplated in provision 4 of the stipulation be calculated in the same manner as the current surcharge, i.e., allocated to the rate classes on a 12 CP demand allocator? If not, please explain.

19. Is it the intent of the parties that the Commission or staff approve the notice that is contemplated in Provision 4 of the Stipulation prior to being mailed?

20. What information will be included in the notice to the customers contemplated in Provision 4 of the Stipulation?

21. The surcharge contemplated in Paragraph 4 of the Stipulation does not appear to be tied to any reserve amount. Is it the parties' intent to impose an additional surcharge even if funds are available in the storm reserve account to offset all or part of such incremental costs?

22. If the $10 million threshold is exceeded prior to the expiration of the current surcharge, is it the parties' intent to add a second surcharge on top of the existing one?

23. Is it the parties' intent that there be a true-up of $53.3 million of storm-recovery costs associated with Hurricanes Dennis and Katrina? If so, when would such a true-up be filed?

24. Does GPC fund the full after-tax amount of the positive balance in its storm reserve? If not, please explain the basis for the amount that is funded.

25. Is it the parties' intent that the $3.5 million annual accrual, and any additional discretionary accruals, be credited to the storm reserve on a funded basis and not be netted against any of the outstanding portion of the $53.3 million being recovered through the surcharge?

26. Regarding the funded reserve GPC has referenced in paragraph 3 of the agreement, how would this money be invested by GPC? For purposes of this response, please discuss the type of investments and the rate of return GPC expects to earn on this money.

27. What is the average investment return on the storm fund for the last five years?

If at all possible, please submit your responses to this Staff Data Request by e-mail to me or Jennifer Brubaker (jbrubake@psc.state.fl.us) by close of business on Wednesday, May 24, 2006. If you have any questions, please feel free to contact either one of us.

Sincerely,

s/Rosanne Gervasi, Senior Attorney
rgervasi@psc.state.fl.us