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COMMISSION
CLERK



October 17, 2008

Mr. Keino Young, Senior Attorney
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Mr. Young:

Re: Docket No. 080612-EI

Enclosed are Gulf Power Company's responses to the Data Request dated October 13, 2008 in the above reference docket.

Sincerely,

Susan D. Ritenour

mv

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

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1. Paragraph 6 of the petition says, “. . . the Company began making payments for energy delivered from the Facility as of July 23, 2008.” Have these payments been included in Gulf’s 2008 Fuel Clause filing?

RESPONSE:

Yes. The cost and quantity of the energy purchased under terms of this contract are shown on Line 2 of Gulf’s monthly fuel filing Schedule A-8.

2. In regard to paragraph 7, second bullet, how many BTUs of gas and oil are avoided each year over the 6 year length of the contract?

RESPONSE:

During the period 2000 through 2007, the Bay County facility operated at an annual average capacity factor of 77% (average annual energy delivered - 73,900 Mwh; facility capacity – 11 MW). Assuming this level of energy is delivered (purchases by Gulf) throughout the contract term, and that 73,900 Mwh of Gulf’s gas-fired generation is displaced annually, then using information from its 2009 fuel and purchased power projection filing, Gulf estimates that 505,500 MMBTUs of gas could potentially be avoided on an annual basis.

Because Gulf is not projecting any oil-fired CT generation in its 2009 fuel filing, no avoided BTUs of oil are estimated at this time.

Note: Gulf does not have a detailed fuel projection for years 2010 through 2014.

3. Please provide a projection of the Company’s “As-Available Energy Cost” for each year of the 6 year length of the contract.

RESPONSE:

Please see Attachment A for a monthly projection of the As-Available Energy cost for each annual period of the contract term.

4. What is the difference between the Company’s “As-Available Energy Cost,” as it is used in paragraph 7 of the Petition, and “Territorial Energy,” as it is used in Exhibit B?

RESPONSE:

There is no difference in this case. “As-Available Energy Cost”, which is referenced in paragraph 6 of the petition, and “Territorial Energy” price are one in the same.

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5. Please explain how the "Territorial Energy" data in Exhibit B is calculated.

RESPONSE:

The Southern electric system (SES) production cost model is used to determine the projected Territorial Energy cost (price) for each hour of the six year contract term. Those values are then averaged to obtain the projected annual Territorial Energy prices shown on Exhibit B of the petition.

The Territorial Energy cost, or As-Available Energy cost, for each hour is based on the marginal replacement fuel cost, variable O&M cost, in-plant fuel handling cost, and emission allowance replacement cost of the incremental SES generating resource that is dispatched in each hour to serve the territorial load obligations of the SES operating companies.

6. Please provide a chart similar to Exhibit B that shows an energy price comparison for the 6 years prior to execution of the current contract.

RESPONSE:

Please see Attachment B.

7. Please provide a chart showing the projected change to customer's monthly electric bill, in cents per kilowatt hour and dollars for monthly usage of 1,000 kWh, resulting from the contract with Bay County vs. the previous rate and the rate if the "As-Available Energy Cost" applied.

RESPONSE:

Based on projected fuel and purchased power information from its 2009 fuel filing, and assuming that Gulf purchases 73,900 Mwh from the Bay County facility annually, Gulf estimates that the fuel portion of its residential customers' monthly bill will change as shown below due to the contracted purchases of energy from the Bay County facility. No other component of the customers' monthly bill will change.

GULF POWER COMPANY
PROJECTED CHANGE IN FUEL PORTION OF
RESIDENTIAL CUSTOMERS' MONTHLY BILL

YEAR	As-Available		Contract		Change	
	¢/kwh	\$/1000 kwh	¢/kwh	\$/1000 kwh	¢/kwh	\$/1000 kwh
2008/09	5.7576	57.58	5.7533	57.53	(0.0043)	(0.043)
2009/10	5.7583	57.58	5.7533	57.53	(0.0051)	(0.051)
2010/11	5.7555	57.56	5.7533	57.53	(0.0023)	(0.023)
2011/12	5.7553	57.55	5.7533	57.53	(0.0020)	(0.020)
2012/13	5.7559	57.56	5.7548	57.55	(0.0012)	(0.012)
2013/14	5.7600	57.60	5.7548	57.55	(0.0052)	(0.052)

Note: There is no "previous rate" applicable since no prior contract existed.

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ATTACHMENT A

GULF POWER COMPANY
Average Territorial Lambdas Adjusted for Losses
\$/MWh

	2008	2009	2010	2011	2012	2013	2014
Jan		76.66	71.62	68.79	68.88	68.68	73.70
Feb		74.31	69.87	68.03	64.99	66.30	71.50
Mar		72.90	66.63	64.07	62.80	65.93	73.09
Apr		71.47	64.49	62.63	62.49	63.65	67.38
May		74.60	68.96	65.30	64.13	66.43	75.48
Jun		91.36	85.61	82.21	84.74	92.78	99.70
Jul	100.80	109.43	105.21	101.25	105.81	114.51	130.18
Aug	94.87	111.85	109.58	107.52	108.08	119.98	
Sep	74.04	82.54	77.21	75.05	75.76	80.26	
Oct	66.44	77.19	66.86	65.39	61.23	70.07	
Nov	66.29	72.97	63.51	65.11	60.66	64.57	
Dec	68.92	75.54	67.16	67.42	64.20	65.63	

Annual Contract Period	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Average Lambdas	78.23	79.47	74.81	74.42	75.47	82.25

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ATTACHMENT B

GULF POWER COMPANY
Energy Price Comparison
\$/MWh

	2003	2004	2005	2006	2007	2008 ⁽²⁾
Actual Territorial Energy ⁽¹⁾	23.68	32.90	46.54	41.28	41.78	62.53
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Projected Territorial Energy	78.23	79.47	74.81	74.42	75.47	82.25

(1) Gulf's Actual Average Hourly Territorial Energy Prices

(2) Actual Territorial Energy Prices, January-July