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May 15, 2009

Ms. Ann Cole, Commission Clerk  
Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Dear Ms. Cole:

RE: Docket No. 090169-EI

Enclosed is Gulf Power Company's revised response to Commission Staff's First Data Request, Question No. 19 in the above-referenced docket.

Sincerely,

*Susan D. Ritenour (lw)*

mv

Enclosures

cc w/encl.: Beggs & Lane  
Jeffrey A. Stone, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Approval of Purchased Power )  
Agreement between Gulf Power Company )  
And Shell Energy North America (U.S.) LP )  
Dated March 16, 2009. )

Docket No.: 090169 - EI


**CERTIFICATE OF SERVICE**

15<sup>th</sup> I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this  
of May, 2009, on the following:

Patricia Christensen  
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111 W. Madison St., Suite 812  
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**JEFFREY A. STONE**

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**Attorneys for Gulf Power Company**

19. Paragraph 1.1 of the PPA, page 14, "Energy Point of Delivery" defines the point at which Gulf Power receives the generated energy. In that regard, please respond to the following:

- a. Please discuss line loss amounts and considerations between the Energy Point of Delivery and Gulf's service territory.

Response:

An economic analysis was performed which compares the system energy and capacity loss value of the Central Alabama PPA to a Crist combined cycle alternative during the contract term from 2014 to 2022. The evaluation for each resource alternative includes its associated transmission upgrades necessary to provide firm transmission capability for the facility. The analysis results indicate that the Central Alabama PPA provides a net present value energy loss benefit of approximately \$19.1 million in 2014\$. Analysis at peak loading indicates that a Crist combined cycle provides a net present value capacity benefit of \$10M. The overall result considering both energy and capacity is that the Central Alabama PPA provides a net present value loss benefit of \$9.1M in 2014\$.

- b. What will be the annual retail value of the energy lost in transmission between the Energy Point of Delivery and Gulf's service territory?

Response:

See response to 19 a. above.

20. Please illustrate sensitivity to cost-effectiveness of the PPA by completing the attached worksheets (also available in Excel format) for projections of low, mid, and high priced fuel, with and without the PPA.

Response:

The following notes are important to consider when reviewing the data shown in the attached tables:

**Customer Bill Impacts:**

- (1) Customer bill impact amounts for each of the six scenarios are presented on a separate table because they are presented in \$/month. All of the other values in the tables are presented in \$000s present-valued to 2009 dollars as requested.
- (2) Customer bill impacts for each Scenario are calculated on the revenue requirement amounts (nominal dollars) for each year and are expressed in nominal dollars.

- (3) Costs included in columns D, E, and H of the tables are allocated on 12/13th demand and 1/13<sup>th</sup> energy.
- (4) Costs included in columns B, F, and G of the tables are allocated on energy.
- (5) Customer bill impact assumes retail and rate class level energy and demand loss multipliers from Gulf's 2001 Cost of Service Study Losses Analysis; 12 CP KW load factors and jurisdictional demand allocators are based on 2006 load research data consistent with other cost recovery clauses filed before the Florida Public Service Commission.
- (6) Customer bill impact calculations use projected KWH from Gulf's 2009 Official Budget Forecast. Long term energy projections assume ten year compound average growth rates over the period 2023 to 2033 to escalate the energy forecast beyond 2033.