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CLERK



May 26, 2009

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

090319

Dear Ms. Cole:

Re: Depreciation Study 2009

Enclosed are 6 copies of Gulf Power's 2009 Depreciation Study filed in compliance with Rule 25-6.0436 of the Florida Administrative Code. Gulf Power last filed a Depreciation Study on May 27, 2005 and an amended study on October 9, 2006. The depreciation rates and amortization schedules currently in effect were approved by the Commission in Docket No. 050381-EI, effective January 1, 2006.

Gulf's depreciation and dismantlement studies are contained in four binders. Included in the binder labeled Gulf Power Company Depreciation Study Volume 1 of 2 are the Table of Contents, a Report Organization Narrative, Dismantlement Accrual Schedules, and the various detail schedules and data required by Rule 25-6.0436(6). Included in the binder labeled Gulf Power Company Depreciation Study, Volume 2 of 2 is supporting documentation for Volume 1 of the Depreciation Study.

The two other binders relate to dismantlement which completes the set for the 2009 Depreciation Study. One binder is labeled "Dismantling Study, Volume 1" and contains the site-specific final dismantling study for Plants Crist, Scholz, Smith and Pea Ridge. The other binder is labeled "Dismantling Study, Volume 2" and contains the site specific dismantling study for Plants Daniel and Scherer.

The effect of the proposed depreciation rates and dismantlement accruals amounts to a net increase of \$7,340,347 over the current approved rates. The primary reason for the increase is an increase in the steam production rates. The following is a summary of existing and proposed dismantlement accruals and depreciation and amortization expense:

- COM \_\_\_\_\_
- ECR   /
- CCF \_\_\_\_\_
- SEC \_\_\_\_\_
- PCP \_\_\_\_\_
- SSC \_\_\_\_\_
- SSA \_\_\_\_\_
- ADM \_\_\_\_\_
- CLK \_\_\_\_\_

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	<u>Current</u>	<u>Proposed</u>	<u>Inc/(Dec)</u>
	\$	\$	\$
Dismantlement Costs	5,239,243	9,323,439	4,084,196
Depreciation & Amortization	<u>110,875,699</u>	<u>114,131,850</u>	<u>3,256,151</u>
TOTAL	116,114,942	123,455,289	7,340,347

These amounts are detailed in the binder labeled Gulf Power Company Depreciation Study Volume 1 of 2, Tab 5, Proforma Expense Comparison. The schedules reflect depreciation and amortization accruals by categories and dismantlement accrual at December 31, 2009.

The study reflects changes in the lives for Plant Smith Unit 3, Plant Daniel Units 1 and 2, and Plant Scherer Unit 3 as follows:

- Daniel Unit 1 – from 55 to 65 years – New retirement date 2042
- Daniel Unit 2 – from 55 to 65 years – New retirement date 2046
- Scherer Unit 3 – from 55 to 65 years – New retirement date 2052
- Smith Unit 3 CC – from 35 to 40 years – New retirement date 2042

With the filing of this 2009 Depreciation Study, Gulf Power Company requests approval of new depreciation rates, as proposed under Tab 4, and new accrual amounts for dismantlement costs, as reflected under Tab 9. We also request Commission approval to apply these proposed rates for depreciation and accruals for dismantlement with an effective date of January 1, 2010.

Gulf Power Company requests that, for all depreciable categories, final approved accrual rates be accompanied by separate statistics for Whole Life Equivalent Lives and Rates, Plant Dismantlement Accrual, Removal Rate for Interim Retirements, Gross Salvage Rate and Theoretical Reserves.

All staff requests for clarification and additional information will be given prompt attention. Should there be any questions regarding this submittal, please contact Connie Erickson at (850) 444-6384 or Ricky Brock at (850) 444-6467.

Sincerely,



Cc: C. J. Erickson  
R.E. Brock