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April 12, 2010

100007-EI

RECEIVED-FPSC  
10 APR 13 AM 10:43  
COMMISSION  
CLERK

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

Dear Ms. Cole:

Attached please find the RWD-2 supplemental exhibit and fifteen copies that were inadvertently excluded from Gulf's 2009 Final True-up in Docket No. 100007-EI filed March 31, 2010. This document shows the capital structure, components, and cost rates relied upon to calculate the revenue requirement rate of return.

Sincerely,

*Susan D. Ritenour (lw)*

COM	<u>5</u>	vm
APA	<u>1</u>	
ECR	<u>6</u>	Enclosures
GCL	<u>1</u>	cc w/encl.: Squire, Sanders, & Dempsey, L.L.P.
RAD	<u>1</u>	Charles A. Guyton, Esq.
SSC	—	Beggs & Lane
ADM	—	Jeffrey A. Stone, Esq.
OPC	—	
CLK	<u>1-Cl. Rpr.</u>	

DOCUMENT NUMBER-DATE  
02770 APR 13 2010

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: **Environmental Cost** )  
**Recovery Clause** )  
\_\_\_\_\_ )

Docket No.: **100007-EI**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a copy of the foregoing has been furnished this  
12th day of April, 2010, by regular U. S. Mail to the following:

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**Attorneys for Gulf Power Company**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENVIRONMENTAL COST RECOVERY CLAUSE**

**DOCKET NO. 100007-EI**

PREPARED SUPPLEMENTAL TESTIMONY  
AND EXHIBIT OF  
RICHARD W. DODD

FINAL TRUE-UP FILING  
FOR THE PERIOD

JANUARY 2009 - DECEMBER 2009

April 13, 2010



DOCUMENT NUMBER-DATE

02770 APR 13 2010

FPSC-COMMISSION CLERK

1 GULF POWER COMPANY  
2 Before the Florida Public Service Commission  
3 Supplemental Testimony and Exhibit of  
4 Richard W. Dodd  
5 Docket No. 100007-EI  
6 Date of Filing: April 13, 2010

7 Q. Please state your name, business address and occupation.

8 A. My name is Richard Dodd. My business address is One Energy Place,  
9 Pensacola, Florida 32520-0780. I am the Supervisor of Rates and  
10 Regulatory Matters at Gulf Power Company.

11 Q. Please briefly describe your educational background and business  
12 experience.

13 A. I graduated from the University of West Florida in Pensacola, Florida in  
14 1991 with a Bachelor of Arts Degree in Accounting. I also received a  
15 Bachelor of Science Degree in Finance in 1998 from the University of West  
16 Florida. I joined Gulf Power in 1987 as a Co-op Accountant and worked in  
17 various areas until I joined the Rates and Regulatory Matters area in 1990.  
18 After spending one year in the Financial Planning area, I transferred to  
19 Georgia Power Company in 1994 where I worked in the Regulatory  
20 Accounting department and in 1997 I transferred to Mississippi Power  
21 Company where I worked in the Rate and Regulation Planning department  
22 for six years followed by one year in Financial Planning. In 2004, I returned  
23 to Gulf Power Company working in the General Accounting area as Internal  
24 Controls Coordinator.

25 DOCUMENT NUMBER: DA19

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1           In 2007 I was promoted to Internal Controls Supervisor and in July  
2           2008, I assumed my current position in the Rates and Regulatory Matters  
3           area. My responsibilities include supervision of: tariff administration, cost of  
4           service activities, calculation of cost recovery factors, and the regulatory filing  
5           function of the Rates and Regulatory Matters Department.  
6

7           Q.    What is the purpose of your supplemental testimony?

8           A.    The purpose of my supplemental testimony is to present the capital structure,  
9           components and cost rates Gulf used to calculate the revenue requirement  
10          rate of return applied to capital investment and working capital amounts  
11          included for recovery in the Environmental Cost Recovery Clause for the  
12          period January 2009 through December 2009.  
13

14          Q.    Have you prepared an exhibit that contains information to which you will refer  
15          in your testimony?

16          A.    Yes, I have.

17                    Counsel:    We ask that Mr. Dodd's exhibit  
18                    consisting of one schedule be marked as  
19                    Exhibit No. \_\_\_\_\_(RWD-2).  
20

21          Q.    Mr. Dodd, what capital structure, components and cost rates did Gulf use to  
22          calculate the revenue requirement rate of return? A. In accordance with  
23          FPSC Order No. PSC-94-0044-FOF-EI, the rate of return used to develop the  
24          revenue requirements associated with ECRC investment is based on the  
25          capital structure and cost rates approved in Gulf's last rate case, Docket No.

1 010949-EI, FPSC Order No. PSC-02-0787-FOF-EI, dated June 10, 2002.  
2 Please see Schedule 1 of my exhibit for the derivation of debt and equity  
3 components.

4

5 Q. Mr. Dodd, does this conclude your testimony?

6 A. Yes.

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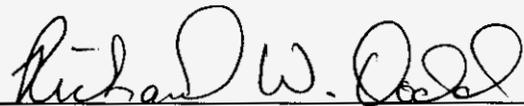
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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 100007-EI

Before me, the undersigned authority, personally appeared Richard W. Dodd, who being first duly sworn, deposes and says that he is the Supervisor of Rates and Regulatory Matters of Gulf Power Company, a Florida corporation, that the foregoing is true and correct to the best of her knowledge and belief. He is personally known to me.



Richard W. Dodd  
Supervisor of Rates and Regulatory Matters

Sworn to and subscribed before me this 12<sup>th</sup> day of April, 2010.



Notary Public, State of Florida at Large



Vickie L. Marchman  
COMMISSION # DD866249  
EXPIRES: JUN. 26, 2013  
WWW.AARONNOTARY.com

DOCUMENT NUMBER-DATE  
02770 APR 13 2010  
CSC-COMMISSION CLERK

**Schedule 1**

**Gulf Power Company**

Environmental Cost Recovery Clause

Calculation of Revenue Requirement Rate of Return

Line	Capital Component	(1) Jurisdictional Rate Base Test Year (\$000's)	(2) Ratio %	(3) Cost Rate %	(4) Weighted Cost Rate %	(5) Revenue Requirement Rate %	(6) Monthly Revenue Requirement Rate %
1	Bonds	423,185	35.2733	6.44	2.2716	2.2716	
2	Short-Term Debt	33,714	2.8101	4.61	0.1295	0.1295	
3	Preferred Stock	98,680	8.2252	4.93	0.4055	0.6602	
4	Common Stock	492,186	41.0247	12.00	4.9230	8.0147	
5	Customer Deposits	13,249	1.1043	5.98	0.0660	0.0660	
6	Deferred Taxes	122,133	10.1801				
7	Investment Tax Credit	<u>16,584</u>	<u>1.3823</u>	8.99	<u>0.1243</u>	<u>0.1790</u>	
8	Total	<u>1,199,731</u>	<u>100.0000</u>		<u>7.9199</u>	<u>11.3210</u>	<u>0.9434</u>
<u>ITC Component:</u>							
9	Debt	423,185	41.7321	6.44	2.6875	0.0371	
10	Equity-Preferred	98,680	9.7313	4.93	0.4798	0.0108	
11	-Common	<u>492,186</u>	<u>48.5366</u>	12.00	<u>5.8244</u>	<u>0.1311</u>	
12		<u>1,014,051</u>	<u>100.0000</u>		<u>8.9917</u>	<u>0.1790</u>	
<u>Breakdown of Revenue Requirement Rate of Return between Debt and Equity:</u>							
13	Total Debt Component (Lines 1, 2, 5, and 9)					2.5042	0.2087
14	Total Equity Component (Lines 3, 4, 10, and 11)					<u>8.8168</u>	<u>0.7347</u>
15	Total Revenue Requirement Rate of Return					<u>11.3210</u>	<u>0.9434</u>

Column:

- (1) Capital Structure Approved by FPSC on June 10, 2002 in Docket No. 010949-EI
- (2) Column (1) / Total Column (1)
- (3) Cost Rates Approved by FPSC on June 10, 2002 in Docket No. 010949-EI
- (4) Column (2) x Column (3)
- (5) For equity components: Column (4) / (1-.38575); 38.575% = effective income tax rate  
For debt components: Column (4)
- (6) Column (5) / 12

DOCUMENT NUMBER-DATE

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