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100001-EI

From: Marchman, Vickie L. [VLMARCHM@southernco.com]
Sent: Monday, October 11, 2010 1:32 PM
To: Filings@psc.state.fl.us
Attachments: 10-11-10 Prehearing Statement 100001-EI docket.pdf; Docket 100001-EI Gulf Power Company Prehearing Statement.doc

- A. s/Susan D. Ritenour
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- B. Docket No. 100001-EI.
- C. Gulf Power Company
- D. Document consists of 12 pages.
- E. The attached document is Gulf Power Company's Prehearing Statement in the 100001-EI docket.

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October 11, 2010

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

Dear Ms. Cole:

RE: Docket No. 100001-EI

Enclosed is the Prehearing Statement of Gulf Power Company to be filed in the above docket. A copy of this Prehearing Statement as prepared in Microsoft Word was included as an attachment to Gulf's electronic filing.

Sincerely,

Susan D. Ritenour (slw)

vm

Enclosures

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

DOCUMENT NUMBER DATE

08460 OCT 11 0

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost**)
Recovery Clause with Generating)
Performance Incentive Factor)

Docket No.: 100001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 11th day of October, 2010, on the following:

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating) Docket No. 100001-EI
Performance Incentive Factor) Date Filed: October 11, 2010
)
)

PREHEARING STATEMENT OF GULF POWER COMPANY

Gulf Power Company, ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to Order No. PSC-10-0154-PCO-EI establishing the prehearing procedure in this docket, files this prehearing statement, saying:

A. APPEARANCES:

JEFFREY A. STONE, Esquire, RUSSELL A. BADDERS, Esquire, and STEVEN R. GRIFFIN, Esquire, of Beggs & Lane, P.O. Box 12950, Pensacola, FL 32591-2950
On behalf of Gulf Power Company.

B. WITNESSES: All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness' testimony, are as follows:

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
	<u>(Direct)</u>		
1.	H. R. Ball (Gulf)	Fuel Adjustment, true-up and projections; Purchased Power -- energy and capacity purchases and sales, true-up and projections	4A, 4B, 4C, 6, 7, 8, 9, 27, 28, 31
2.	R. W. Dodd (Gulf)	Fuel Adjustment, true-up and projections; Capacity, true-up and projections	6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 27, 28, 30, 31, 32, 33
3.	M.A. Young (Gulf)	GPIF reward/penalty and targets and ranges	21, 22

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
(HRB-1)	Ball	Coal Suppliers, Natural Gas Price Variance, Hedging Effectiveness, and Hedging Transactions August 2009 - December 2009
(HRB-2)	Ball	Projected vs. Actual Fuel Cost of Net Generation December 2000 - December 2009
(HRB-3)	Ball	Hedging Information Report January 2010 - July 2010
(HRB-4)	Ball	Risk Management Plan for Fuel Procurement for 2011
(RWD-1)	Dodd	Calculation of Final True-Up and A-Schedules January 2009 - December 2009
(RWD-2)	Dodd	Estimated True-Up January 2010 - December 2010
(RWD-3)	Dodd	Projection January 2011 - December 2011
(MAY-1)	Young	Gulf Power Company GPIF Results January 2009 - December 2009
(MAY-2)	Young	Gulf Power Company GPIF Targets and Ranges January 2011 - December 2011

D. STATEMENT OF BASIC POSITION:

Gulf Power Company's Statement of Basic Position:

It is the basic position of Gulf Power Company that the fuel and capacity cost recovery factors proposed by the Company present the best estimate of Gulf's fuel and capacity expense for the period January 2011 through December 2011 including the true-up calculations, GPIF and other adjustments allowed by the Commission.

E. STATEMENT OF ISSUES AND POSITIONS:

COMPANY-SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 4A: Should the Commission approve as prudent, GULF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in GULF's April 2010 and August 2010 hedging reports?

GULF: Yes. (Ball)

ISSUE 4B: Should the Commission approve Gulf's 2011 Risk Management Plan?

GULF: Yes. (Ball)

ISSUE 4C: Should the Commission approve Gulf Power Company's fuel clause recovery of the projected costs of landfill gas associated with the Perdido Landfill Gas to Energy Facility for the years 2010 and 2011?

GULF: Yes. Gulf is seeking cost recovery of the fuel cost for Perdido Units 1 and 2. The Perdido units are expected to be the lowest cost generation resource available to Gulf's customers through 2011 and Gulf anticipates the Perdido facility will provide fuel savings to Gulf's customers each year over the life of the project. (Ball)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

GULF: \$1,603,413. (Dodd, Ball)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

GULF: \$1,017,585. (Dodd, Ball)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

GULF: Over recovery \$9,959,388. (Ball, Dodd)

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

GULF: Under recovery \$23,786,207. (Ball, Dodd)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2011 to December 2011?

GULF: Collection of \$13,826,819. (Dodd)

ISSUE 11: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2011 through December 2011?

GULF: 1.00072. (Dodd)

ISSUE 12: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2011 through December 2011?

GULF: \$570,992,471 including prior period true-up amounts and revenue taxes. (Dodd)

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2011 through December 2011?

GULF: 5.104 cents/kWh. (Dodd)

ISSUE 14: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

GULF: See table below: (Dodd)

Group	Rate Schedules	Line Loss Multipliers
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00525921
B	LP, LPT, SBS(2)	0.98890061
C	PX, PXT, RTP, SBS(3)	0.98062822
D	OSI/II	1.00529485

(1) Includes SBS customers with a contract demand in the range of 100 to 499 KW
(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW
(3) Includes SBS customers with a contract demand over 7,499 KW

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

GULF: See table below: (Dodd)

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00525921	5.131	6.013	4.762
B	LP, LPT, SBS(2)	0.98890061	5.047	5.916	4.684
C	PX, PXT, RTP, SBS(3)	0.98062822	5.005	5.866	4.645
D	OSI/II	1.00529485	5.081	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

GULF: The new fuel and capacity factors should be effective beginning with the first billing cycle for January 2011 and thereafter through the last billing cycle for December 2011. The first billing cycle may start before January 1, 2011, and the last cycle may be read after December 31, 2011, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Dodd)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

NONE RAISED BY GULF POWER COMPANY

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 21: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

GULF: \$82,250 reward. (Young)

ISSUE 22: What should the GPIF targets/ranges be for the period January 2011 through December 2011 for each investor-owned electric utility subject to the GPIF?

GULF: See table below: (Young)

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	97.5	0.0	2.5	11,038
Crist 5	81.2	15.9	2.9	11,135
Crist 6	71.8	23.6	4.7	11,121
Crist 7	82.5	8.2	9.3	10,650
Smith 1	88.5	6.3	5.2	10,457
Smith 2	95.4	0.0	4.7	10,426
Daniel 1	94.0	0.0	6.0	10,518
Daniel 2	77.0	17.3	5.8	10,417

EAF = Equivalent Availability Factor (%)
POF = Planned Outage Factor (%)
EUOF = Equivalent Unplanned Outage Factor (%)

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

NONE RAISED BY GULF POWER COMPANY

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2009 through December 2009?

GULF: Over recovery of \$2,618,214. (Ball, Dodd)

ISSUE 28: What are the appropriate capacity cost recovery true-up amounts for the period January 2010 through December 2010?

GULF: Over recovery of \$545,466. (Ball, Dodd)

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2011 through December 2011?

GULF: Refund of \$3,163,680. (Dodd)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2011 through December 2011?

GULF: \$45,129,549 including prior period true-up amounts and revenue taxes. (Ball, Dodd)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2011 through December 2011?

GULF: 96.44582%. (Dodd)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2011 through December 2011?

GULF: See table below: (Dodd)

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.476
GS	0.434
GSD, GSDT, GSTOU	0.376
LP, LPT	0.328
PX, PXT, RTP, SBS	0.292
OS-I/II	0.174
OSIII	0.282

COMPANY-SPECIFIC CAPACITY COST RECOVERY ISSUES

NONE RAISED BY GULF POWER COMPANY

F. STIPULATED ISSUES

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

G. PENDING MOTIONS:

None

H. PENDING CONFIDENTIALITY REQUESTS

1. Renewed request for confidentiality filed May 14, 2010, relating to items 9 and 10 of Staff's Second Request for Production (DN 06641-08).
2. Requests for confidentiality filed October 23, 2009, relating to documents and workpapers in connection with the Hedging Information Report audit (DN 10320-09 and 10847-09).
3. Request for confidentiality filed October 15, 2009, relating to No. 7B of Gulf's responses to Staff's Second Request for Production of Documents (DN 10625-09).

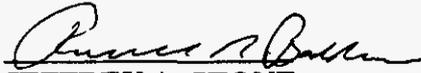
4. Request for confidentiality filed March 22, 2010, relating to Gulf's responses to Staff's First Request for Production of Documents (DN 01984-10).
5. Request for confidentiality filed March 22, 2010, relating to Gulf's responses to Staff's First Set of Interrogatories (DN 01992-10).
6. Request for confidentiality filed August 2, 2010, relating to Schedule CCE-4 of Exhibit RWD-2 to the direct testimony of R. W. Dodd (DN 06264-10).
7. Request for confidentiality filed August 2, 2010, relating to Gulf Power's Risk Management Plan for Fuel Procurement for 2011 (DN 06265-10).
8. Request for confidentiality filed August 5, 2010, relating to Gulf's Form 423 for May, 2010 (DN 06446-10).
9. Request for confidentiality filed August 17, 2010, relating to Gulf's Hedging Information Report (DN 06782-10).
10. Request for confidentiality filed August 23, 2010, relating to Gulf's Form 423 for June, 2010 (DN 06961-10).
11. Request for confidentiality filed September 1, 2010, relating to Schedule CCE-4 of Exhibit RWD-3 to the direct testimony of R. W. Dodd (DN 07345-10).
12. Request for confidentiality filed September 30, 2010, relating to Gulf's responses to Staff's Fourth Set of Interrogatories (DN 08181-10).
13. Request for confidentiality filed September 28, 2010, relating to Gulf's Form 423 for July, 2010 (DN 08112-10).

I. OTHER MATTERS:

GULF: To the best knowledge of counsel, Gulf has complied with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for November 1-3, 2010, Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 11th day of October, 2010.

Respectfully submitted,



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