

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 100368-EI

REQUEST FOR APPROVAL TO INITIATE  
DEPRECIATION OF A LANDFILL GAS TO  
ENERGY FACILITY IN ESCAMBIA COUNTY  
BY GULF POWER COMPANY.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 9

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER RONALD A. BRISÉ

DATE: Tuesday, October 26, 2010

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6734



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## P R O C E E D I N G S

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**CHAIRMAN GRAHAM:** Item Number 9.

**MS. OLLILA:** Good morning, Commissioners. Sue Ollila for Commission Staff.

Item Number 9 is Gulf Power's request to initiate depreciation of its Perdido Landfill Gas to Energy Facility.

Staff recommends approval of a 5 percent depreciation rate, and Staff also recommends that the depreciation rate be implemented effective with the in-service date of the facility. Staff is available for any questions you may have.

**CHAIRMAN GRAHAM:** Commission board?  
Commissioner Skop.

**COMMISSIONER SKOP:** Thank you. Just a question to Staff. I guess Ms. --

**MS. OLLILA:** Ollila.

**COMMISSIONER SKOP:** Ollila. Okay. I don't have the contacts in this morning, so I'm trying to discern the nametag.

On page 3 of the Staff recommendation it talks about the appropriate date or implementation date for the depreciation rate. And I think the actual in-service date as listed on page 3 of the Staff

1 recommendation for Issue 2 indicates that the facility's  
2 actual in-service date of commercial operation was  
3 October 7, 2010; is that correct?

4 **MS. OLLILA:** That's correct.

5 **COMMISSIONER SKOP:** Okay. And if I understand  
6 it correctly, Gulf proposed a depreciation  
7 implementation date of October 1st; is that correct?

8 **MS. OLLILA:** Yes, it did. But if I may  
9 explain.

10 **COMMISSIONER SKOP:** You may.

11 **MS. OLLILA:** That was when Gulf expected the  
12 facility to go into service at the end of September.

13 **COMMISSIONER SKOP:** Okay. All right. Not a  
14 problem. And based on staff's review and the actual  
15 in-service date, Staff, consistent with past Commission  
16 precedent, adopted the in-service date of October 7th as  
17 the implementation date for the depreciation rate.

18 **MS. OLLILA:** That, that's correct.

19 **COMMISSIONER SKOP:** Okay. A question I have  
20 just as an accounting question, because I was scratching  
21 my head on this one, is when they do that and it's not  
22 at a, you know, clear cutoff point, for instance, the  
23 beginning of the month, the end of the month or at the  
24 beginning, middle of the month, how does the accounting  
25 work in terms of the half month or partial month

1 depreciation convention?

2 **MS. OLLILA:** Well, not, not being an  
3 accountant, but my guess would be that it would be  
4 prorated.

5 **COMMISSIONER SKOP:** Okay. Is there anyone  
6 from ERC that -- that one befuddled me a little bit, so  
7 I just thought I'd ask that question.

8 **MS. OLLILA:** Gulf Power representative Mr.  
9 Russell Badders is here.

10 **COMMISSIONER SKOP:** Thank you, Mr. Badders.

11 **MR. BADDERS:** Good morning, Commissioners.  
12 It's my understanding that you would use the end of the  
13 month balance when you figure. So, I mean, you'd go to  
14 the end of the month. It wouldn't really matter when  
15 you started the rates. I mean, it would just apply the  
16 new rate to that balance.

17 **COMMISSIONER SKOP:** All right. Very well.  
18 And as a follow-up question with respect to the 20-year  
19 average service life, that was based on the gas sales  
20 contract; is that correct?

21 **MR. BADDERS:** That is correct.

22 **COMMISSIONER SKOP:** If the term of that  
23 underlying agreement is extended, will that affect the  
24 depreciation rate?

25 **MR. BADDERS:** I believe it would, but that

1 would be calculated at a later point.

2 **COMMISSIONER SKOP:** And either Staff or Gulf  
3 would come back to the Commission and work out those  
4 numbers.

5 **MR. BADDERS:** That's correct.

6 **COMMISSIONER SKOP:** Very well. Thank you.

7 **CHAIRMAN GRAHAM:** Any further questions from  
8 the Commission? Seeing none, I call for a motion.

9 **COMMISSIONER BRISÉ:** Sure. Move Staff.

10 **COMMISSIONER SKOP:** Second.

11 **CHAIRMAN GRAHAM:** It's been moved and seconded  
12 to move Staff recommendation on Issue Number 9 -- I'm  
13 sorry, Item Number 9. Any further discussion? Seeing  
14 none, all in favor, say aye.

15 (Unanimous vote.)

16 Those opposed. By your action, you approve  
17 Item Number 9.

18 (Agenda item concluded.)

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STATE OF FLORIDA        )  
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COUNTY OF LEON        )

CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 1<sup>st</sup> day of November, 2010.

Linda Boles  
LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
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