

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 110138-EI

SUPPLEMENTAL TESTIMONY AND EXHIBIT
OF
RICHARD J. MCMILLAN



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DOCUMENT NUMBER-DATE

04671 JUL-8 =

FPSC-COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Supplemental Direct Testimony of
4 Richard J. McMillan
5 In Support of Interim Rate Relief
6 Docket No. 110138-EI
7 Date of Filing: July 8, 2011

8 Q. Please state your name, address, and occupation.

9 A. My name is Richard J. McMillan, and my business address is One Energy
10 Place, Pensacola, Florida 32520. I am employed by Gulf Power Company
11 (Gulf or the Company) as Corporate Planning Manager.

12 Q. Are you the same Richard McMillan who has prefiled direct testimony in
13 this docket in connection with Gulf Power Company's request for rate
14 relief?

15 A. Yes.

16 Q. What is the purpose of this supplemental direct testimony?

17 A. The purpose of this supplemental direct testimony is to support the
18 Company's request for interim rate relief.

19 Q. Are you sponsoring any Minimum Filing Requirements (MFRs) related to
20 the request for interim rate relief?

21 A. Yes. These are listed in Schedule 1 of my Exhibit RJM-2. The
22 information contained in these MFRs is true and correct to the best of my
23 knowledge and belief.
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1 Q. What interim relief is Gulf requesting in this case?

2 A. Gulf is requesting an interim rate increase of \$38,549,000 calculated in
3 accordance with Section 366.071(5), Florida Statutes. The calculation of
4 interim relief shown on MFR G-1 was based upon the historic twelve-
5 month period ending March 31, 2011, and represents the additional
6 revenues Gulf needs to achieve a 10.75 percent return on equity (the
7 earnings floor approved in the Company's last rate case in Docket No.
8 010949-EI). Gulf's jurisdictional adjusted return on equity for the twelve
9 months ended March 31, 2011 was 6.82 percent, and is projected to
10 continue to decline without immediate rate relief.

11

12 Q. In calculating the interim rate request, did Gulf apply appropriate
13 adjustments consistent with those used in the last rate case?

14 A. Yes. Those adjustments are shown on MFR Schedules G-3, G-5, and
15 G-9. The adjustments are discussed in more detail in my direct testimony.

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17 Q. Did Gulf annualize any rate changes that occurred during the 12-month
18 period used for calculating the interim rate request?

19 A. No. There were no such base rate changes during that period.

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21 Q. How does Gulf propose to secure any potential refund of interim rates?

22 A. Gulf requests that the Commission authorize Gulf to use a corporate
23 undertaking to secure any potential refund obligation. This is a lower cost
24 option than posting a bond, and Gulf has the financial resources to
25 support such an undertaking.

1 Q. Does this conclude your supplemental direct testimony?

2 A. Yes.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 110138-EI

Before me the undersigned authority, personally appeared Richard J. McMillan, who being first duly sworn, deposes, and says that he is the Corporate Planning Manager of Gulf Power Company, a Florida corporation, and that the foregoing is true and correct to the best of his knowledge, information, and belief. He is personally known to me.



Richard J. McMillan
Corporate Planning Manager

Sworn to and subscribed before me this 1st day of July, 2011.



Notary Public, State of Florida at Large

Commission No. EE091117

My Commission Expires May 8, 2015



Responsibility for Minimum Filing Requirements

<u>Schedule</u>	<u>Title</u>
A-4	Interim Revenue Requirements Increase Requested
G-1	Interim Revenue Requirements Increase Requested
G-2	Interim Adjusted Rate Base
G-3	Interim Rate Base Adjustments
G-4	Interim Jurisdictional Separation Factors – Rate Base
G-5	Interim Working Capital - 13 Month Average
G-6	Interim Fuel Inventory By Plant
G-7	Interim Adjusted Jurisdictional Net Operating Income
G-8	Interim Net Operating Income Adjustments
G-9	Interim Jurisdictional Net Operating Income Adjustments
G-10	Interim Jurisdictional Separation Factors-Net Operating Income
G-11	Interim Operating Income Detail
G-12	Interim State And Federal Income Tax Calculation
G-13	Interim Interest In Tax Expense Calculation
G-14	Interim Parent Debt Information
G-15	Interim Gains And Losses On Disposition Of Plant Or Property
G-16	Interim Pension Cost
G-17	Interim Accounting Policy Changes
G-18	Interim Revenue Expansion Factor
G-19a	Interim Cost Of Capital - 13 Month Average
G-19b	Interim Cost Of Capital - Adjustments