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12 JUL -3 AM 8:48



June 29, 2012

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

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12 JUL -3 AM 9:08  
COMMISSION  
CLERK

Dear Ms. Cole:

Attached for electronic filing is Gulf Power Company's biennial report prepared in response to the Federal Energy Regulatory Commission's Rules implementing Section 210 of PURPA (18 CFR Part 292, Subsection 292.302).

Sincerely,

*Susan D. Ritenour*

wb

Attachment

Cc w/o attachment: Federal Energy Regulatory Commission  
Kimberly D. Bose, Secretary

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04426 JUL-3 2012

FPSC-COMMISSION CLERK

SCHEDULE 292.302 (b)

The data submitted below is intended to fulfill the requirements of Section 292.302 of Chapter I, Title 18, Code of Federal Regulations.

NOTE: THE DATA GIVEN BELOW ARE ESTIMATES OF VARIOUS COSTS FOR GULF POWER COMPANY AND ARE NOT INTENDED FOR USE AS RATES FOR PURCHASES BY THE COMPANY. THE RATES FOR PURCHASES CAN BE OBTAINED BY CONTACTING:

Rates and Regulatory Matters Department  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780  
Phone: (850) 444-6253

- (1) The actual and estimated avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases. These costs are stated on a cents per kilowatt-hour basis, using the daily and seasonal on-peak and off-peak periods, as specified by the Florida Public Service Commission, by year, for actual 2011 and estimated 2012 - 2017.

**See Pages 2 – 9**

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Gulf Power Company

Avoided Cost By Costing Period  
For The Year 2011 <sup>(a)</sup>

<u>Pricing Period <sup>(b)</sup></u>	<u>Avoided Costs cents/kWh <sup>(c)</sup></u>
On-Peak	4.522
Off-Peak	3.553
Annual	3.796

- (a) For historical data, avoided costs in 100 MW increments are not available.
- (b) Pricing Period Definitions are included on Pages 4 – 9. The pricing periods are those that are currently specified by the Florida Public Service Commission.
- (c) Calculated as the linear average of all hourly marginal energy cost occurring in the designated costing period and year.

Gulf Power Company

Cogeneration  
PURPA 210 Subpart Section 292.302 (b) (1)  
Comments

System block lambdas are calculated for ten blocks of 100 MW each and are utilized as estimated incremental avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases.

These costs are stated on a cents per kilowatt-hour basis for the overall on-peak and off-peak pricing periods. These pricing periods are those that are currently specified by the Florida Public Service Commission. The hours included in these pricing periods are identified under Pricing Period Definitions at the bottom of Pages 4 – 9.

**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2012**

	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
<b>MW Blocks</b>			
1 - 100	3.26	2.55	2.73
101 - 200	3.24	2.53	2.70
201 - 300	3.22	2.51	2.68
301 - 400	3.20	2.49	2.66
401 - 500	3.17	2.46	2.64
501 - 600	3.15	2.44	2.62
601 - 700	3.12	2.42	2.59
701 - 800	3.09	2.39	2.57
801 - 900	3.06	2.37	2.54
901 - 1000	3.03	2.35	2.52

**PRICING PERIOD DEFINITIONS**

<b>Period</b>	<b>Months</b>	<b>Days</b>	<b>Hours</b>
(1) On Peak Hours	April - October	Monday - Friday	12:00 PM -9:00 PM
	November - March	Monday - Friday	6:00 AM -10:00 AM 6:00 PM -10:00 PM
(2) Off Peak Hours	April - October	Monday - Friday	12:00 AM -12:00 PM 9:00 PM -12:00 AM
	November - March	Monday - Friday	12:00 AM -6:00 AM 10:00 AM -6:00 PM 10:00 PM -12:00 AM
	January - December	Saturday - Sunday Observed Holidays	All Hours All Hours
(3) Annual	January - December	Sunday - Saturday	All Hours

**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.

**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2013**

	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
<b>MW Blocks</b>			
<b>1 - 100</b>	4.09	3.07	3.32
<b>101 - 200</b>	4.05	3.05	3.30
<b>201 - 300</b>	4.02	3.03	3.28
<b>301- 400</b>	3.98	3.01	3.25
<b>401 - 500</b>	3.95	2.98	3.23
<b>501 - 600</b>	3.91	2.96	3.20
<b>601 - 700</b>	3.88	2.94	3.18
<b>701 - 800</b>	3.85	2.92	3.15
<b>801 - 900</b>	3.82	2.90	3.13
<b>901 - 1000</b>	3.78	2.88	3.10

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			6:00 PM -10:00 PM
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			9:00 PM -12:00 AM
	November - March	Monday - Friday	12:00 AM -6:00 AM
			10:00 AM -6:00 PM
January - December	Saturday - Sunday Observed Holidays	All Hours	
		All Hours	
(3) Annual	January - December	Sunday - Saturday	All Hours

**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.

**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2014**

<b>MW Blocks</b>	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
1 - 100	4.45	3.36	3.63
101 - 200	4.42	3.34	3.61
201 - 300	4.38	3.31	3.58
301 - 400	4.35	3.29	3.55
401 - 500	4.31	3.26	3.53
501 - 600	4.28	3.24	3.50
601 - 700	4.24	3.23	3.48
701 - 800	4.20	3.21	3.45
801 - 900	4.17	3.20	3.43
901 - 1000	4.13	3.18	3.40

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**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.

**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2015**

	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
<b>MW Blocks</b>			
1 - 100	5.30	4.31	4.56
101 - 200	5.27	4.28	4.53
201 - 300	5.23	4.25	4.49
301 - 400	5.20	4.22	4.46
401 - 500	5.16	4.19	4.43
501 - 600	5.13	4.16	4.40
601 - 700	5.11	4.14	4.38
701 - 800	5.09	4.11	4.36
801 - 900	5.07	4.09	4.33
901 - 1000	5.05	4.06	4.31

**PRICING PERIOD DEFINITIONS**

<b>Period</b>	<b>Months</b>	<b>Days</b>	<b>Hours</b>
(1) On Peak Hours	April - October	Monday - Friday	12:00 PM -9:00 PM
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(2) Off Peak Hours	April - October	Monday - Friday	12:00 AM -12:00 PM
			9:00 PM -12:00 AM
	November - March	Monday - Friday	12:00 AM -6:00 AM
			10:00 AM -6:00 PM
		10:00 PM -12:00 AM	
(3) Annual	January - December	Saturday - Sunday	All Hours
		Observed Holidays	All Hours

**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.



**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2016**

<b>MW Blocks</b>	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
1 - 100	5.80	4.61	4.91
101 - 200	5.77	4.59	4.88
201 - 300	5.75	4.56	4.86
301 - 400	5.72	4.54	4.83
401 - 500	5.69	4.51	4.81
501 - 600	5.66	4.49	4.78
601 - 700	5.63	4.47	4.75
701 - 800	5.59	4.44	4.72
801 - 900	5.56	4.42	4.69
901 - 1000	5.53	4.40	4.66

**PRICING PERIOD DEFINITIONS**

<b>Period</b>	<b>Months</b>	<b>Days</b>	<b>Hours</b>
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	January - December	Saturday - Sunday Observed Holidays	All Hours All Hours
(3) Annual	January - December	Sunday - Saturday	All Hours

**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.

**GULF POWER COMPANY  
 ESTIMATED AVOIDED COST IN CENTS / KWH  
 2017**

<b>MW Blocks</b>	<b>Period 1 On Peak Hours</b>	<b>Period 2 Off Peak Hours</b>	<b>Period 3 Annual</b>
1 - 100	6.56	5.22	5.56
101 - 200	6.52	5.19	5.53
201 - 300	6.49	5.16	5.49
301 - 400	6.45	5.13	5.46
401 - 500	6.42	5.09	5.43
501 - 600	6.38	5.07	5.39
601 - 700	6.33	5.05	5.36
701 - 800	6.29	5.02	5.33
801 - 900	6.24	5.00	5.29
901 - 1000	6.20	4.98	5.26

**PRICING PERIOD DEFINITIONS**

<b>Period</b>	<b>Months</b>	<b>Days</b>	<b>Hours</b>
(1) On Peak Hours	April - October	Monday - Friday	12:00 PM -9:00 PM
	November - March	Monday - Friday	6:00 AM -10:00 AM 6:00 PM -10:00 PM
(2) Off Peak Hours	April - October	Monday - Friday	12:00 AM -12:00 PM 9:00 PM -12:00 AM
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	January - December	Saturday - Sunday Observed Holidays	All Hours All Hours
(3) Annual	January - December	Sunday - Saturday	All Hours

**Note:**

Projected marginal energy costs for each of the ten 100MW decrements into territorial load and represent avoided cost at the generator buses.

Schedule 292.302 (b) (2)

Gulf Power Company's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding ten years (2012-2021).

***See Pages 11 – 12***

Gulf Power Company

Capacity Additions <sup>(a)</sup>

2012 – 2021

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Commercial In-Service Date</u> <sup>(b)</sup>	<u>Amount (MW)</u>
NONE	N/A	N/A	N/A	N/A	N/A

(a) As contained in Gulf's 2012 Ten Year Site Plan on file with the Florida Public Service Commission.

(b) Capacity additions are planned for commercial operation prior to the summer season.

Capacity Retirements <sup>(a)</sup>

2012 – 2021

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Retirement Date</u>	<u>Amount (MW)</u>
Pea Ridge	1-3	Santa Rosa County	CT	12/2018	12.0

(a) As contained in Gulf's 2012 Ten Year Site Plan on file with the Florida Public Service Commission.

Gulf Power Company

Purchases of Firm Energy and Capacity

2012 – 2021 <sup>(a)</sup>

<u>Year</u>	<u>Firm Purchases</u>	
	<u>Capacity Amount</u> <sup>(b)</sup> <u>MW</u>	<u>Energy Amount</u> <u>mWh</u>
2012	488	No firm long-term energy purchases currently planned for this period.
2013	488	
2014	885	
2015	885	
2016	885	
2017	885	
2018	885	
2019	885	
2020	885	
2021	885	

(a) As contained in Gulf's 2012 Ten Year Site Plan on file with the Florida Public Service Commission.

(b) Cumulative capacity amounts shown.

Schedule 292.302 (b) (3)

The estimated capacity costs at the completion of the planned capacity additions and planned firm capacity purchases in \$/kW and the associated energy costs of each unit in cents/kWh.

<u>Gulf Power Company</u>		
Capacity and Energy Costs Of Planned Capacity <sup>(a)</sup>		
<u>2012 – 2021</u>		
<u>Planned Capacity Additions</u>	<u>Capacity Cost \$/kW <sup>(b)</sup></u>	<u>Energy Cost cents/kWh <sup>(c)</sup></u>
NONE	N/A	N/A

- (a) As contained in Gulf's 2012 Ten Year Site Plan on file with the Florida Public Service Commission.
- (b) Capacity costs are shown as in-service year dollars.
- (c) Average cents/kWh is based on the estimated fuel and variable O&M expenses for the first full calendar year in service.