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REDACTED

July 31, 2012

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

claim of confidentiality
 notice of intent
 request for confidentiality
 filed by OPC

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COMMISSION
CLERK

Dear Ms. Cole:

For DN 05201-12, which
is in locked storage. You must be
authorized to view this DN.-CLK

RE: Docket No. 120001-EI

Enclosed is an original and seven copies of Gulf Power Company's Request for Confidential Classification regarding Gulf's Risk Management Plan dated August 1, 2012.

Regards,

Susan D. Ritenour

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Enclosures

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

DOCUMENT NUMBER-DATE

05200 AUG-1 12

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost
recovery clause and generating performance
incentive factor

Docket No.: 120001-EI
Date filed: August 1, 2012

_____)

REQUEST FOR CONFIDENTIAL CLASSIFICATION

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorneys and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files its request that the Florida Public Service Commission enter an order protecting from public disclosure certain portions of Gulf Power's Risk Management Plan for Fuel Procurement. As grounds for this request, the Company states:

1. Portions of Gulf Power's Risk Management Plan for Fuel Procurement are entitled to confidential classification pursuant to section 366.093(3)(d) and (e), Florida Statutes, as information, the public disclosure of which could cause irreparable harm to the competitive interests of Gulf Power and the ability of Gulf to enter into contracts on terms favorable to it and its ratepayers. The Risk Management Plan for Fuel Procurement contains, in a single resource, detailed information about Gulf's fuel procurement strategy, including technology selection criteria, for the near term and into the future. Gulf Power and the other market participants for fuel, fuel transportation and fuel storage consider this detailed information to be competitively sensitive. The document discusses how Gulf manages its fuel procurement with specific details regarding Gulf's fuel needs, market position, and trends it sees in those markets in which it addresses its fuel needs. In addition, the fuel procurement strategy utilized by Gulf is discussed in detail. Pricing information is also included in this document. Similar information is not made public by other fuel market participants. Making this information public would give these other

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FPSC-COMMISSION CLERK

market participants a competitive advantage over Gulf which would prevent Gulf from procuring its fuel needs in a manner that secures the best price and terms for its customers.

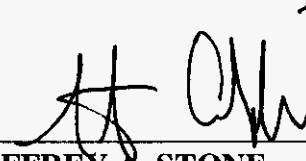
2. The information filed pursuant to this Request is intended to be, and is treated as, confidential by Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

3. The Commission granted confidential classification for previous versions of Gulf Power Company's Risk Management Plan for Fuel Procurement in Florida Public Service Commission Order Nos. PSC-03-0032-CFO-EI, PSC-04-1056-CFO-EI, PSC 05-0700-CFO-EI, PSC-06-0636-CFO-EI, PSC-09-0284-CFO-EI, and PSC-10-0189-CFO-EI.

4. Submitted as Exhibit "A" is a highlighted copy of Gulf Power's Risk Management Plan for Fuel Procurement. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of Gulf Power's Risk Management Plan for Fuel Procurement, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 31st day of July, 2012.

A handwritten signature in black ink, appearing to read "H. Stone", positioned above a horizontal line.

JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

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(850) 432-2451

Attorneys for Gulf Power

BEFORE THE PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost
recovery clause and generating performance
incentive factor

Docket No.: 120001-EI
Date filed: August 1, 2012

_____)

REQUEST FOR CONFIDENTIAL CLASSIFICATION

Exhibit "A"

Provided to the Commission Clerk

under separate cover as confidential information.

Exhibit "B"

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FPSC-COMMISSION CLERK

- 1 • A procurement strategy that identifies and addresses specific risks
- 2 and risk mitigation strategies, and discusses a strategic plan
- 3 • A tactical plan detailing specific actions required to achieve the
- 4 strategy

5
6 **Fuel Program Overview**

7
8 Plants Crist and Smith are barge served and plant Scholz is rail served.
9 The following table is a summary of the Gulf coal suppliers and
10 corresponding tonnages (in 1000's) by plant.

11

12	[REDACTED]
13	[REDACTED]
14	[REDACTED]
15	[REDACTED]
16	[REDACTED]
17	[REDACTED]

18
19 Scholz No suppliers

20
21 [REDACTED]

22 [REDACTED] Because Crist and Smith share a common
23 transportation mode, as well as common coal contracts, these plants will
24 be grouped together in formulating a procurement strategy.

25
26 In the following charts, the projected requirements for years 2013 and
27 2014 are from the July DEPS burn file and the projected requirements for
28 years 2015 and 2016 are from the 2012 Official Budget June Update. The

1 chart below illustrates the projected burn and commitments of coal for Crist
2 and Smith through 2016.



3
4 Plant Scholz will continue to use coal as a generation fuel source beyond
5 2013 as Gulf continues to evaluate the future operation status of Scholz.
6 Because Scholz is a peaking plant, its fuel supply will be based on limited-
7 term, firm commitments and/or spot purchases depending on burn
8 projections. Contract commitment terms will be two years or less. If
9 commitments are made for more than 50 percent of projected burn
10 requirements, the contract will match the maximum annual tonnage
11 purchased to the plant burn requirements.

12
13 The following chart illustrates the projected burn and commitments of coal
14 for Scholz through 2016.

A

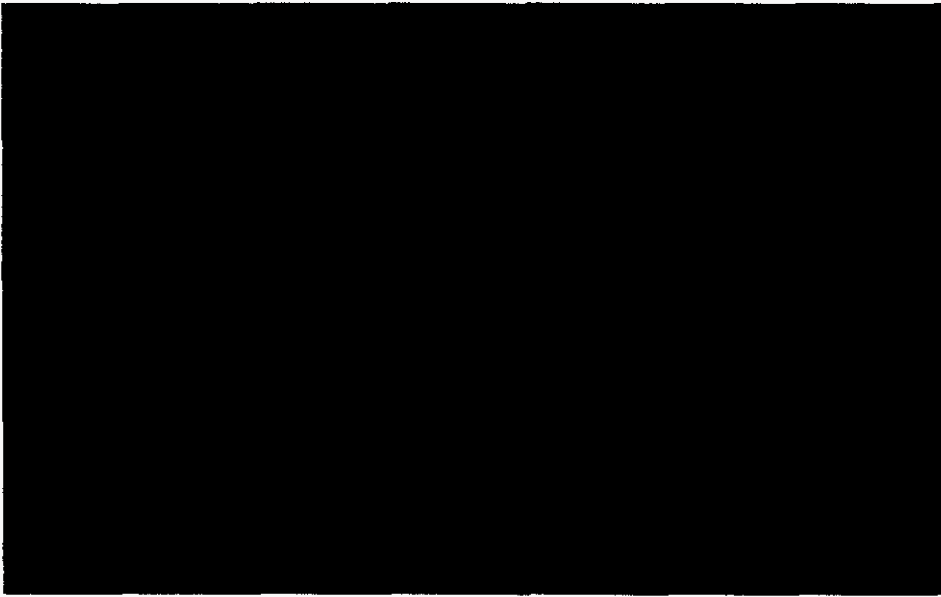
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3 Daniel is classified as a New Source Performance Standard (NSPS) plant
4 requiring the use of 1.2 pounds SO₂/MMBtu or less. Gulf owns 50 percent
5 of units 1 and 2 at Daniel which is rail served. The following table is a
6 summary of the Daniel coal suppliers and corresponding tonnages (in
7 1000's).

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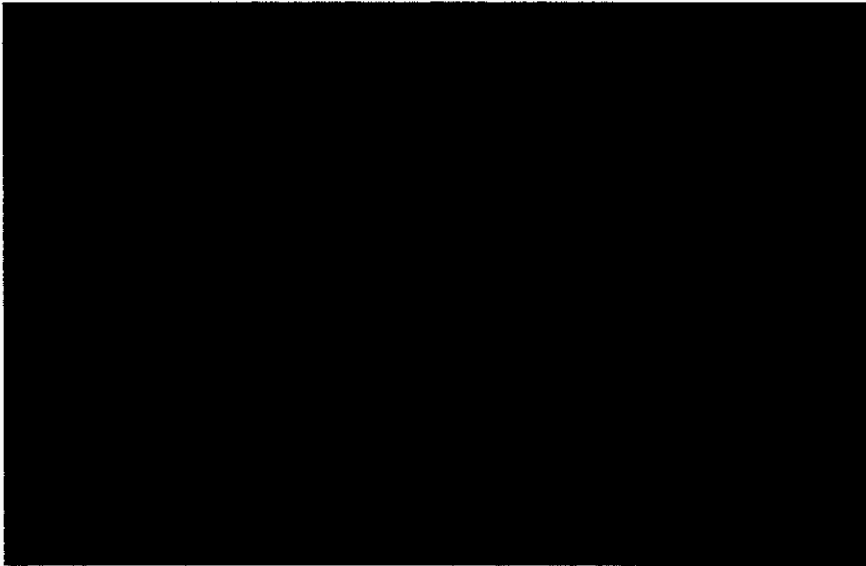


16



The following chart

1 illustrates Gulf's 50 percent ownership in projected burn and commitments
2 of coal for Daniel through 2016.



3

4 **Procurement Strategy**

5

6 The long-term coal procurement goal for Gulf is to provide a reliable, cost-
7 competitive, environmentally acceptable coal supply. The successful coal
8 program provides flexibility in volume and pricing, becomes more diverse
9 by pursuing other supply regions, creates competition for supply, focuses
10 on reliability of supply, and adheres to changing environmental laws and
11 guidelines.

12

13 In recent years, the coal industry has become more susceptible to the
14 influences of the global commodities market. Given the global market
15 dynamics that occurred during this time frame, the coal market has reacted
16 by becoming more volatile from both a pricing and volume availability

1 standpoint. This has, in turn, impacted the dynamics between natural gas
2 and coal, leading to increased uncertainty in coal burn.

3
4 Increased U.S. governmental regulation regarding the potential
5 environmental impact of coal mining will continue to present challenges for
6 coal suppliers seeking permits for new mining activities. This increase in
7 environmental regulation, coupled with the increased regulatory scrutiny of
8 mining safety, has resulted in an increase in production costs and may
9 further lead to a decrease in availability of supply from most domestic
10 regions.

11
12 The following section will address the risks and risk mitigation strategies
13 associated with each of these areas. Also included is a discussion of a
14 strategic plan that incorporates several of these mitigation techniques.

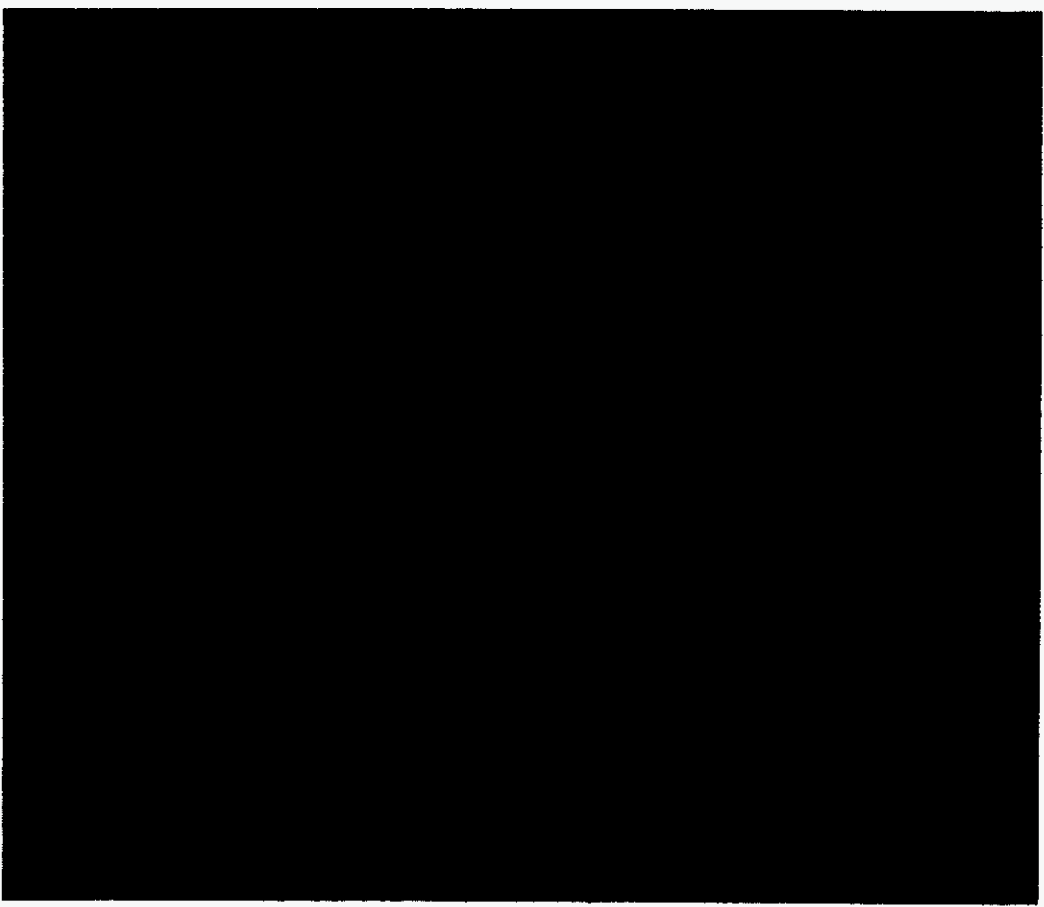
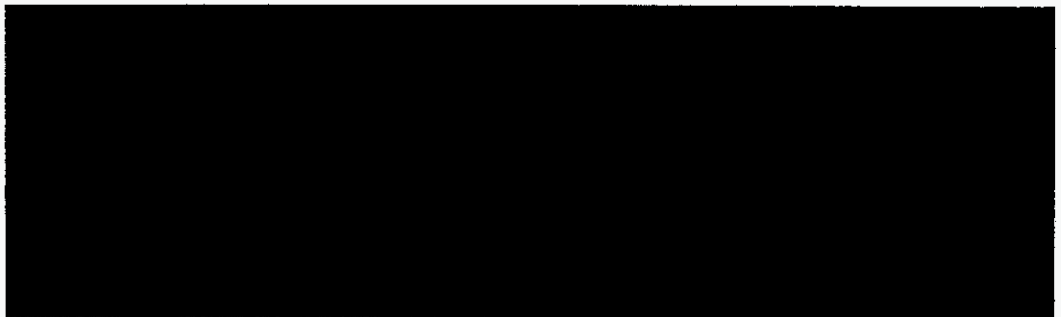
15
16 **Risks and Risk Mitigation Strategies**

17
18 **Volume Risk and Strategy**

19 The uncertainty in the amount of coal generation and therefore coal supply
20 that will be needed in the future remains one of the most critical risks to be
21 addressed in developing a strategy for long-term coal procurement.
22 Weather, economic conditions and natural gas price volatility will continue
23 to impact future coal burn requirements.

24
25 Southern Company currently owns or manages approximately [REDACTED]
26 MWs of natural gas generating capacity and is projected to install an
27 additional [REDACTED] MWs by 2013. This increase in natural gas capacity within
28 the Southern Company system, in conjunction with the recent increased

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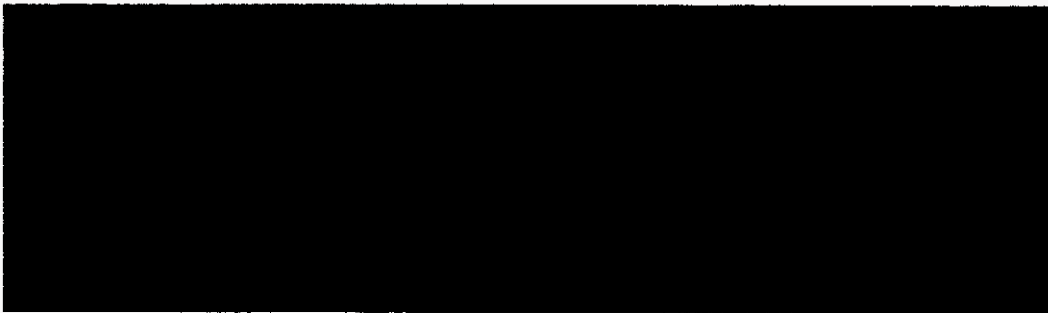


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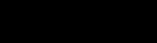
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Pricing Risk and Strategy

Competing for energy market share with other utilities and power marketers requires competitive energy pricing. Because more than 50 percent of the cost for coal-fired generation is fuel, competitively priced coal supplies should be maintained.

The objective is to have a portfolio of long-term agreements and spot coal purchases that provide pricing at or below market at any given point in time.



1 Due to the size of our system, the volume of purchases made at a
2 particular time can impact the market. Ranking bid proposals in order of
3 least cost and cumulative volume produces a price curve similar to the
4 following:

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Fuel Price Curve

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\$/MMBtu

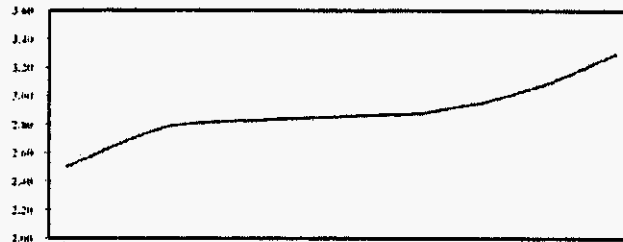
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[Redacted text block]

Diversity of Supply Risk and Strategy

There is a risk in relying on one or two large suppliers from a single region to meet supply needs. Also, having the ability to burn coal from various regions will decrease the availability risk associated with lack of supply in a particular region. Diversifying supply will also keep competition strong among suppliers, which, in turn, will continue to foster competitive market prices.

[Redacted text block]

1 **Reliability Risk and Strategy**

2 While reliability is always a risk, when a supply and demand imbalance
3 occurs in the coal industry, this reliability risk is increased. Continuing
4 business with suppliers who have performed well during times of unreliable
5 supply can help mitigate this risk. In addition to an economic evaluation,
6 technical and financial evaluations of suppliers are also performed as a
7 required part of the coal procurement process.

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26 **Environmental Risk and Strategy**

27 When procuring coal for a term longer than 12 months, the potential impact
28 from future changes in environmental laws and regulations, which may

1 27 states that are covered by CSAPR and is only subject to Seasonal NOx
2 compliance during May through September beginning in 2012. More than
3 45 petitioners filed suit to stop CSAPR and on Dec. 30, 2011, the D.C.
4 Circuit Court of Appeals stayed the Cross State rule and directed the EPA
5 put CAIR back in place for 2012. The CSAPR petitioners sought relief from
6 the court from "certain harm" from CSAPR. The court asked the petitioners
7 and the EPA to prepare for oral arguments to take place in April of 2012.

8

9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
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14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
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18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23

24 **Strategic Plan**

25 As mentioned above, when procuring coal for Gulf, the Crist and Smith
26 plants will be grouped together because of their common supply source
27 and transportation mode. Diversity of supply and flexibility will be important
28 aspects of their fuel supply strategy.

29

1 On the other hand, Scholz can burn similar quality coals, but its
2 transportation mode differs because it is rail served. The co-owned plant,
3 Daniel, will be treated individually.

4

5 Crist – In 2013, Crist will be served by Marquette Transportation Company
6 LLC. Crist is forecasted to burn between 1.1 and 1.7 million tons of coal a
7 year. [REDACTED]

8 [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15

16 Smith – In 2013, Smith will also be served by Marquette Transportation
17 Company LLC. Smith is forecasted to burn between 481,000 and 512,000
18 tons of coal a year and must comply with the state SO₂ emission limit of
19 2.1 lbs SO₂/MMBtu. Smith can burn a variety of coals, including Illinois
20 Basin and import coals such as Colombian, Australian and Venezuelan.
21 Domestic sources such as Colorado, Utah and Central Appalachian coals
22 also have been burned in the past.

23

24 Scholz – Scholz is served by the CSX Railroad. Scholz is projected to burn
25 16,000 tons of coal in 2013 and must comply with a state SO₂ emission
26 limit of 6.17 lbs SO₂/MMBtu. Scholz has burned Central Appalachian coals

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[REDACTED]

[REDACTED]

Because Scholz is considered a peaking plant, its fuel supply will be based on limited-term, firm commitments and/or spot purchases depending on burn projections. Contract commitment terms will be two years or less. If commitments are made for more than 50 percent of projected burn requirements, the contract will match the maximum annual tonnage purchased to the plant burn requirements.

Daniel – Daniel is served by the Mississippi Export Railroad (MSE) which is approximately 40 miles in length and runs between Moss Point and Evanston, Miss. The MSE is served by two large Class 1 railroads: the Canadian National Railroad connecting at Evanston and the CSX Railroad connecting at Moss Point. Classified as an NSPS plant, Daniel must use “compliance” coal with a maximum of 1.2 lbs SO₂/MMBtu (0.6 lbs Sulfur/MMBtu). Daniel can burn import coal in addition to coal from Colorado and the Central Appalachian regions. PRB coal is also burned in Daniel’s units coals at various ratios depending on the season. The current

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

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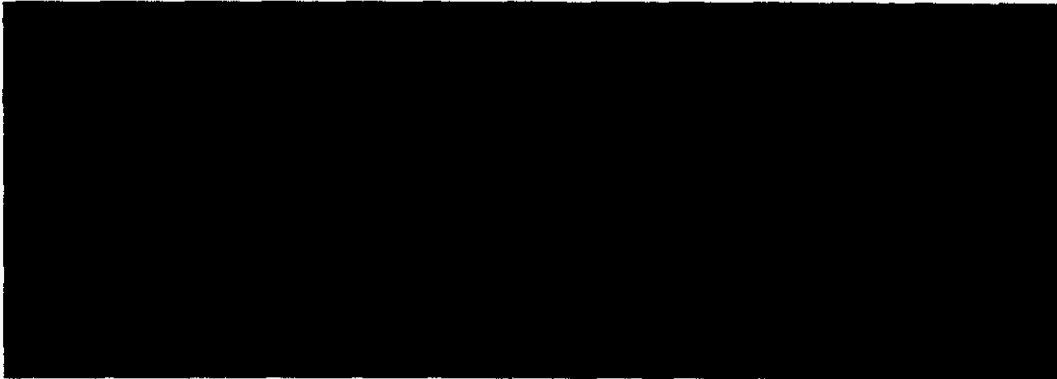
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12 **Tactical Plan**

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14 **Crist and Smith**

15 The chart below shows a breakdown of the current Crist and Smith
16 suppliers and volume commitments, including options, through 2016.



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1 The strategy for the intermediate plants is to have a certain percentage of
2 firm commitments established for the next several years.

3

4 Crist and Smith are projected to burn, on average, approximately 1.7
5 million tons of coal annually between 2013 and 2016.

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11 In recent years, Plant Crist has undertaken a plan to blend Illinois Basin
12 coal with other low sulfur bituminous coals such as Colombian, Central
13 Appalachian and Colorado coals in order to take advantage of an
14 increased Btu content and decreased sulfur content of the blended
15 product. This practice of blending Illinois Basin coal with lower sulfur coals
16 is scheduled to continue.

17

18 Both Crist and Smith's portfolio currently includes coals from other supply
19 regions such as the Central Appalachian region and the western
20 bituminous regions of Colorado and Utah. These coals are being delivered
21 by rail to the Alabama State Docks (ASD) in Mobile, Ala.

22

23 In 2009, the ASD upgraded the rail unloading facility at the Bulk Terminal
24 to allow for an increase in volume of rail coal at this facility. Shipments can
25 also be delivered to various ports along the Mississippi River and
26 transloaded into barges for ultimate delivery to Crist and Smith.

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As mentioned above, Illinois Basin coal and lower sulfur coals such as Central Appalachian and/or Colorado coals must be blended before delivery to Plant Crist. This is currently accomplished by railing both coals to the ASD and blending them for transloading into barges. This blending process could be performed at other off-site locations as economics permit.

1 Western bituminous coals can either be railed directly to ASD and
2 transloaded into barges or railed to the Mississippi River and transloaded
3 into barges for ultimate delivery to Crist and Smith. Currently, no
4 transportation infrastructure improvements will be necessary for the
5 movement of these coals to Gulf's plants.

6

7 **Scholz**

8 The chart below shows a breakdown of the current Scholz suppliers and
9 volume commitment, including options, through 2016.



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11

12 As mentioned previously, Scholz is served by the CSX Railroad and can
13 burn either Central Appalachian or Illinois Basin coals. Scholz's burn is
14 projected to be 16,000 tons in 2013. [REDACTED]

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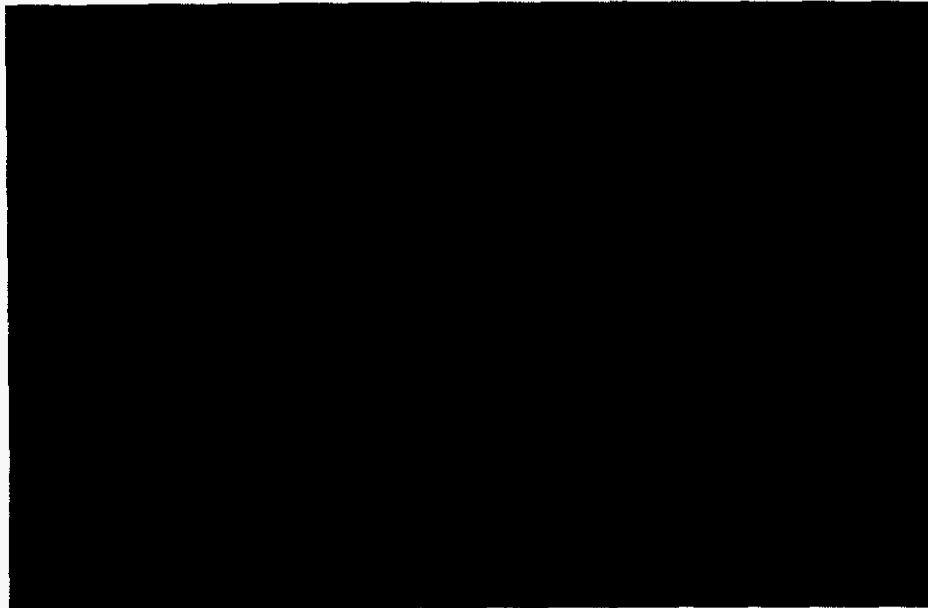
17 [REDACTED] Because
Scholz is a peaking plant, its fuel supply will be based on limited-term, firm

1 commitments and/or spot purchases depending on burn projections.
2 Contract commitment terms will be two years or less. If commitments are
3 made for more than 50 percent of projected burn requirements, the
4 contract will match the maximum annual tonnage purchased to the plant
5 burn requirements.

6

7 **Daniel**

8 The chart below shows a breakdown of the current Daniel suppliers and
9 volume commitments, including options, through 2016.



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12 As mentioned earlier, the strategy for intermediate plants is to have a
13 certain percentage of firm commitments established for the next several
14 years.

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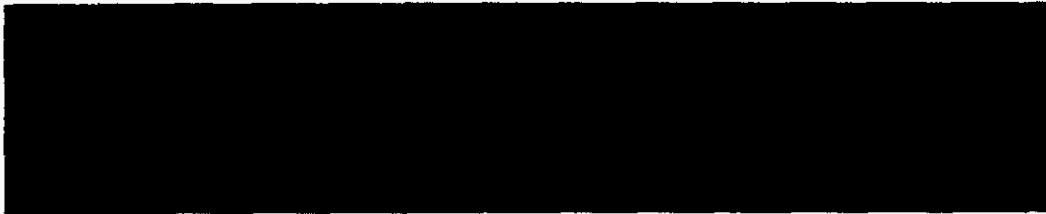
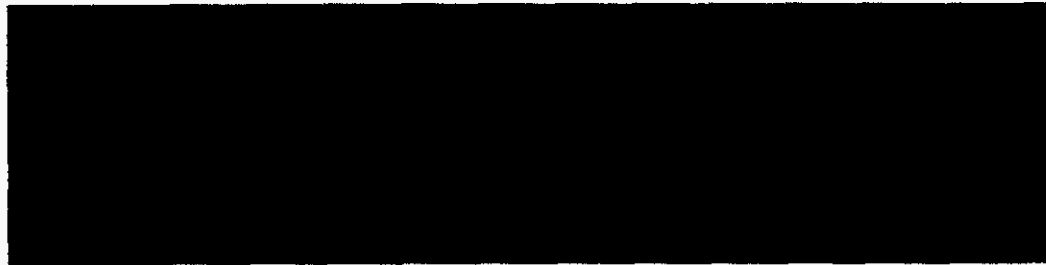
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The goal for future years, if economics warrant, would be to maintain this diversity. Should supply problems occur, this diverse portfolio of suppliers would help ensure that other suppliers could continue seamless deliveries to the plant. Another important element of this diversification philosophy is that Daniel can share most coal supplies with MPC's Watson plant should operational, supply or transportation problems occur at either plant. Gulf will also continue its policy of testing various import as well as domestic coals.

Traditionally, Daniel has used sources such as PRB and Colorado low-sulfur coals. Since 2000-2001, market conditions – including production problems, lack of availability of supply in some domestic regions and environmental awareness – have emphasized the need to diversify with import coals. These other coal sources, transportation arrangements and plant quality limitations will be actively evaluated because of reliability and availability issues in the domestic market and in the existing Colombian market.

1 The strategic objective is to include import, Colorado, and PRB sources in
2 future coal commitments for Daniel. Colorado and/or PRB coal will
3 continue to make up a significant portion of Daniel's committed volumes,
4 provided that economics warrant and that Union Pacific and BN Railroad
5 transportation capacity is available. As part of this objective, Gulf will
6 explore expanding its plant quality parameters through the continuation of
7 an active test burn program.

8

9 In addition to receiving import coal through the ASD, Daniel also has the
10 ability to take imported rail coal through the Convent Marine Terminal in
11 Convent, La. This is a proven facility that Daniel has used in the past.
12 Because it is an inland-river facility capable of unloading Panamax-sized
13 vessels, it provides additional security during hurricane season.

14

15 Both Illinois Basin and Central Appalachian coals can be railed directly to
16 Daniel, although some infrastructure improvements would be necessary.
17 At this time, it is uncertain if the plant will need some time to acquire
18 additional plant equipment necessary for burning Illinois Basin coals. The
19 procurement group will need to be cognizant of the environmental controls
20 placed on the units and ensure that the coals purchased will meet the
21 environmental requirements.

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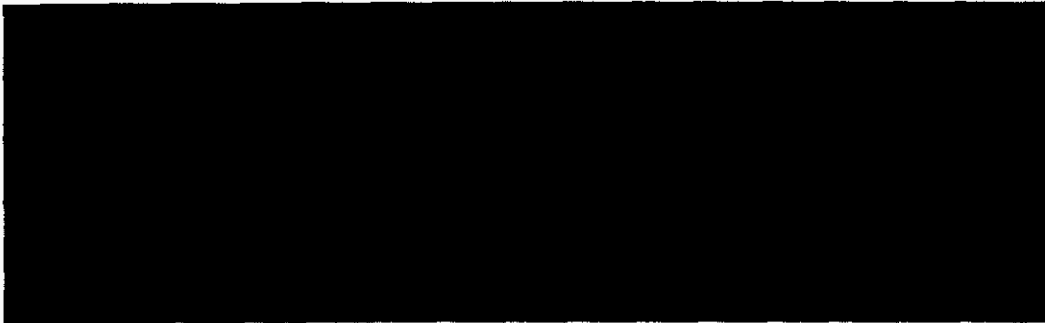
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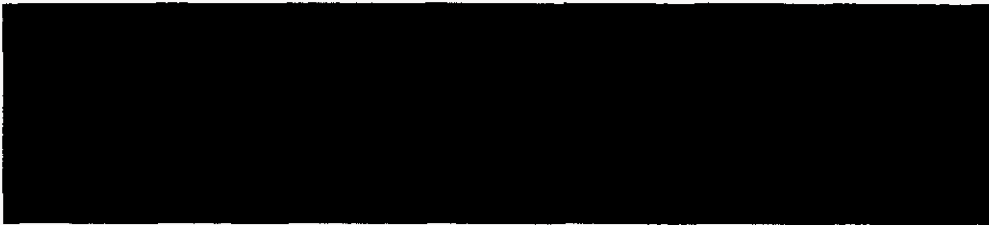
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1 the Alabama State Docks through Dec. 31, 2014. [REDACTED]

2 [REDACTED]

3 [REDACTED]

4

5 CN Agreement CN-517554-AA provides for rail transportation of Illinois
6 Basin coal to the Alabama State Docks through. [REDACTED]

7 [REDACTED]

8 [REDACTED]

9

10 A barge contract is being negotiated with a commercial barge carrier for
11 the barge transportation of 360,000 tons of Central Appalachian coal from
12 Argus Energy loaded on the Big Sandy River for delivery to Mobile for final
13 delivery to Smith in 2013.

14

15 Crist and Smith are served primarily by a single barge carrier for tons
16 delivered by rail or barge to the Port of Mobile, Marquette Transportation
17 Company, LLC (Marquette). Marquette agreement (SC09005-T) provides
18 for transportation of coal to both plants from the Alabama State Docks or
19 Mobile area barge fleets.

20

21 **Plant Scholz**

22 Scholz is rail served by the CSXT railroad. The plant has the ability to
23 receive both domestic and import coal. Import coal could be brought into
24 the Alabama State Docks and then transloaded into railcars for movement
25 to the plant.

26

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1 Scholz has an agreement with the CSXT railroad (CSXT-C-83791). [REDACTED]

2 [REDACTED]

3 [REDACTED]

4

5 **Plant Daniel**

6 Daniel is served by the Mississippi Export Railroad (MSE) that
7 interchanges with the CSXT and the CN. Daniel accesses Powder River
8 Basin (PRB) and Colorado coal sources via multiple line hauls to the MSE
9 from the BNSF, UP and CN railroads.

10

11 Daniel can also take advantage of import coals, when economical, through
12 the Alabama State Docks. Import coal is transloaded from an ocean vessel
13 at the Alabama State Docks facility to railcars for shipment to the plant by
14 the CN and interchanged with the MSE. Daniel can also receive Central
15 Appalachian coal via the CSXT and interchange with the MSE. Another
16 potential source of Central Appalachian coal is via the NS railroad through
17 an interchange agreement with the CN railroad. Currently, Daniel receives
18 Colorado and PRB.

19

20 UP agreement UP-52624 with UP/CN/MSE provides for rail transportation
21 of Colorado coal to Daniel. [REDACTED]

22 [REDACTED]

23 [REDACTED]

24

25 BNSF agreement BNSF-12677 provides for rail transportation of PRB coal
26 to Memphis, TN where BNSF interchanges with CN to deliver the PRB
27 coal to Daniel. [REDACTED]

1 CN/MSE agreement CN-520546-AA provides for rail transportation of PRB
2 coal from Memphis, TN to Daniel. [REDACTED]
3 [REDACTED]

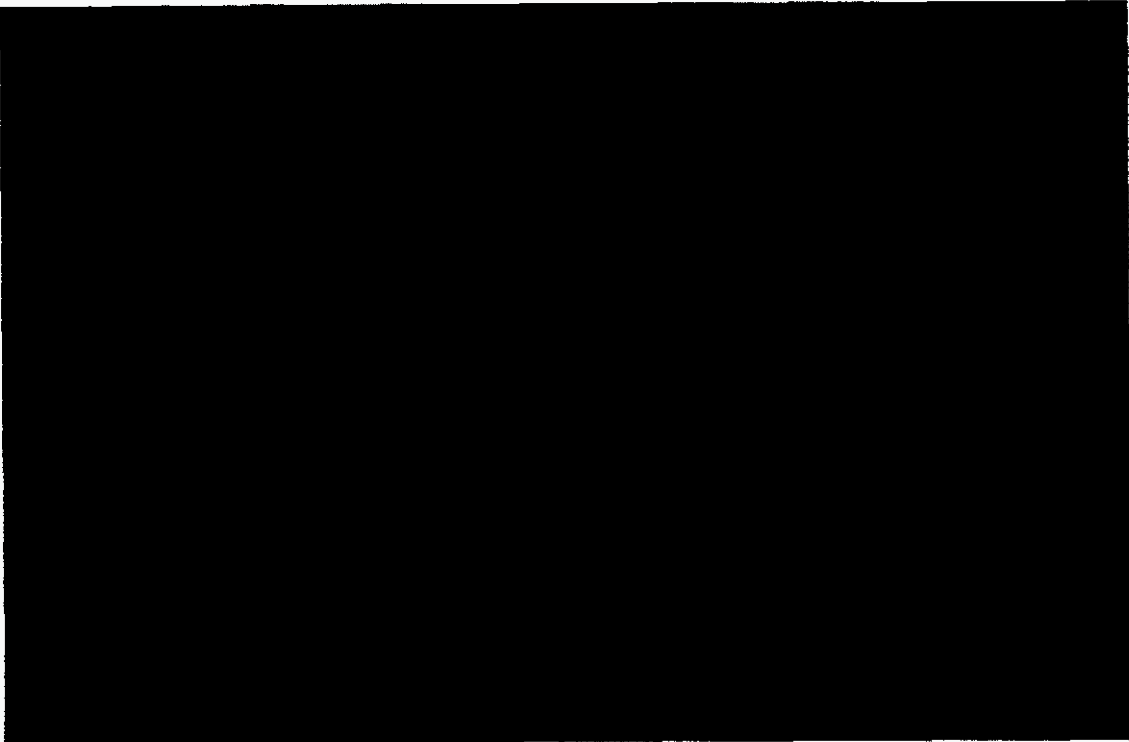
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5 Budget

6 During the next 10 years, Gulf is budgeted to transport approximately 3
7 million tons of coal per year. [REDACTED]
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Coal Transportation Procurement Strategy

A transportation strategy must address reliability, competitive prices, flexibility in volume commitments and the ability to adjust coal movements to changing coal supply sources. The following information addresses the risks associated with each of these areas and identifies strategies to mitigate them.

RISKS AND RISK MITIGATION STRATEGIES

Reliability Risk and Strategy

Reliable delivery of coal ensures that fuel will be available to generate electricity. Term agreements will be negotiated and signed with the transportation carriers to ensure the barge and rail companies will have

1 available infrastructure and resources in place to transport the required
2 coal supply. The terms of the transportation agreements will coincide with
3 the terms of single source coal supply agreements as closely as possible.

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17 Communication between Gulf's coal operating personnel, each plant,
18 Southern Company Generation Fuel Services and the various carriers is
19 vital in maintaining reliable and efficient operations. Effective and timely
20 communication of transportation plans, orders, problems and maintenance
21 is critical.

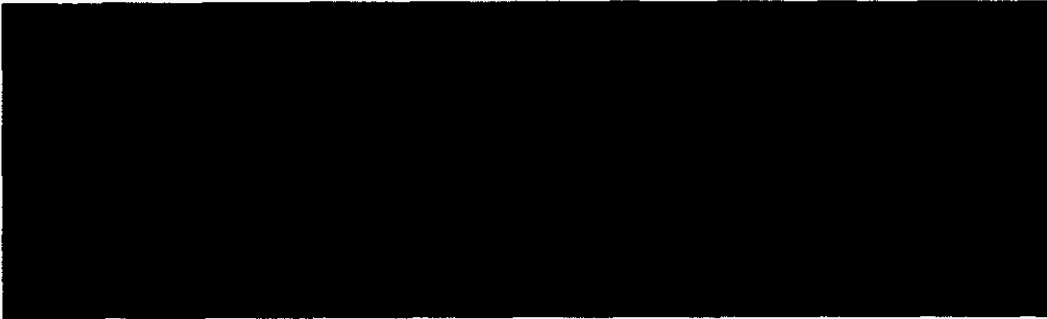
22

23 **Pricing Risk and Strategy**

24 Competition is created with diversity of coal supply sources and alternative
25 transportation modes at each of the plants. Competition is achieved by
26 periodically bidding transportation alternatives and educating carriers on
27 the effects of marginal dispatch changes on plant load requirements.

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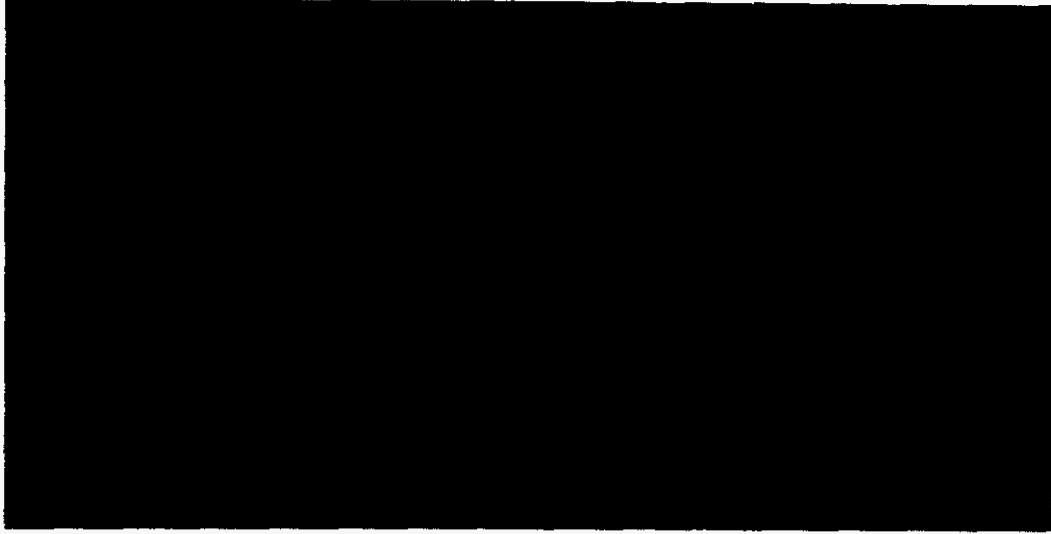


Volume Risk and Strategy

The uncertainty in the amount of coal generation and transportation that will be needed in the future is still one of the most critical risks that must be addressed in developing a strategy for long-term transportation procurement. Weather, natural gas pricing, and economic growth will continue to impact future coal burn requirements, as will the addition of gas-fueled capacity to the Southern Company system. During recent years, the coal industry has become more susceptible to influences of the global commodities market. Given the global market dynamics that occurred during this time frame, the coal market has reacted by becoming more volatile from both a pricing and volume availability standpoint. This has, in turn, impacted the dynamics between natural gas and coal, leading to increased uncertainty in coal burn.



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Supply Risk and Strategy

It is desirable to have multiple transportation modes and carriers in case there is a rail and/or barge accident or other service disruption that might affect the supply chain. Diversity of transportation modes and carriers is also vital because the location of coal supply sources changes as environmental laws and regulations evolve and as coal is depleted in established regions.

It is vital to the success of a coal and transportation program to ensure infrastructure is in place to move the coal from changing locations as this occurs. This may include enhancements to existing facilities or the development of new facilities.

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1 The Alabama State Docks' McDuffie Coal Terminal has the capacity to
2 receive approximately 16 million tons of import coal per year. In addition,
3 the Alabama State Docks recently completed the bulk unloader railcar
4 project at its Bulk Materials Handling Plant (Bulk Plant). Upgrade of railcar
5 handling facilities provides the Bulk Plant with the ability to receive an
6 additional 3 million tons of coal per year by rail.

7

8 **Tactical Plan**

9

10 **Plants Crist and Smith**

11 A rail contract with Norfolk Southern is being negotiated to provide for the
12 rail transportation of Central Appalachian coal from Alpha Coal Sales to
13 the Alabama State Docks through Dec. 31, 2014. [REDACTED]

14 [REDACTED]

15 [REDACTED]

16 [REDACTED]

17

18 CN Agreement CN-517554-AA provides for rail transportation of Illinois
19 Basin coal to the Alabama State Docks. [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23

24 A barge contract is being negotiated with a commercial barge carrier for
25 the barge transportation of 360,000 tons of Central Appalachian coal from
26 Argus Energy loaded on the Big Sandy River for delivery to Mobile for final
27 delivery to Smith in 2013. [REDACTED]

28 [REDACTED]

1 Marquette agreement (SC09005-T) provides primary barge transportation
2 of coal from the Alabama State Docks to Crist and Smith. Marquette
3 agreement (SC09006-T) and Heartland Barge Management agreement
4 (SC09004-T) provide a supply of barges to move coal to Crist and Smith.

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22 **Plant Scholz**

23 Scholz has an agreement with the CSXT railroad (CSXT-C-83791) that
24 expires Dec. 31, 2014.

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26 **Plant Daniel**

27 UP agreement UP-52624 with UP/CN/MSE provides for rail transportation
28 of Colorado coal to Daniel. [REDACTED]

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[REDACTED]

BNSF agreement BNSF-12677 provides for rail transportation of PRB coal to Memphis, TN where BNSF interchanges with CN to deliver the PRB coal to Daniel. The BNSF agreement expires Dec. 31, 2014. No action is needed on this agreement in 2013.

CN/MSE agreement CN-520546-AA provides for rail transportation of PRB coal from Memphis, TN to Daniel. [REDACTED]

[REDACTED]

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1 **PROJECTED NATURAL GAS BURN (MMBTU) INCLUDING PPA TOLLING**
 2 **AGREEMENTS**

	Month	2013	2014
3a	January		
3b	February		
3c	March		
3d	April		
3e	May		
3f	June		
3g	July		
3h	August		
3i	September		
3j	October		
3k	November		
3l	December		
3m	TOTAL		

3

4 **Procurement Strategy**

5 Gulf's strategy for gas procurement is to purchase the commodity using long
 6 term and spot agreements at market prices. Fuel purchased at market over a
 7 long period is a low cost option for customers.

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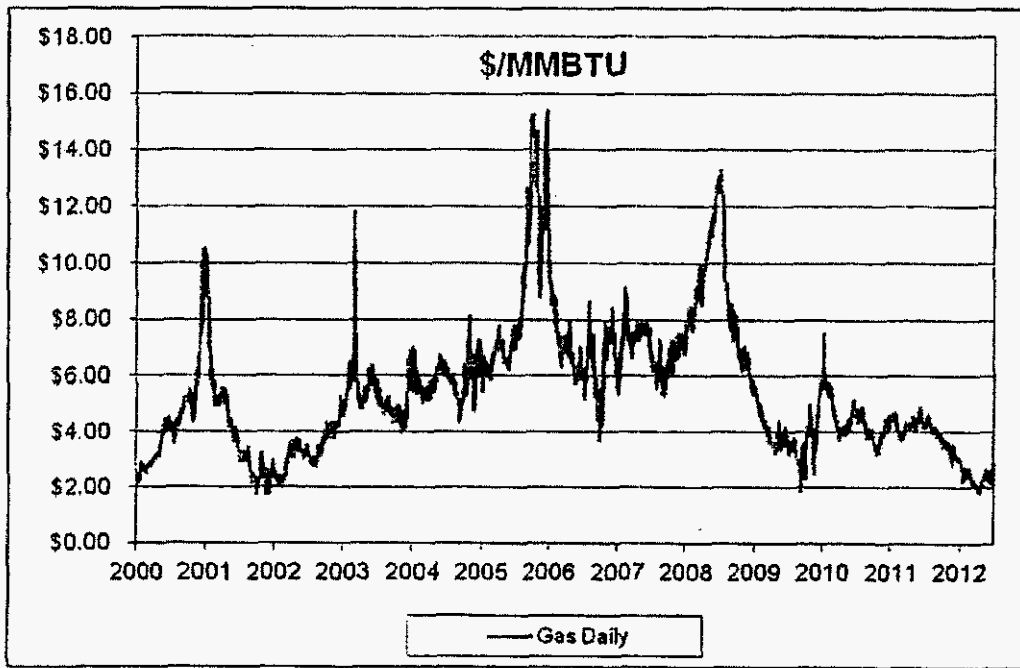


1
2 For Gulf, spot-market contracts have a term of
3 less than one year and long-term contracts have a term of 1 year or longer. All
4 natural gas, regardless of whether it is bought under long-term contracts or spot-
5 market contracts, is purchased at market based prices. While fuel purchased at
6 market over long periods is a low cost option for customers, it does expose the
7 customers to short-term price volatility. Since these price fluctuations can be
8 severe, Gulf Power, at the direction of the Florida Public Service Commission,
9 will attempt to protect its customers against short-term price volatility by utilizing
10 hedging tools. It is understood that the cost of hedging will sometimes lead to
11 fuel costs that are higher than market prices but that this is a reasonable trade-off
12 for reducing the customers' exposure to fuel cost increases that would result if
13 fuel prices actually settle at higher prices than when the hedges were placed.

14

15 The following graph of actual natural gas prices is an indication of price volatility
16 in the gas commodity market:

17 **Historical Natural Gas Prices 1/1/2000 through 6/30/2012 - NYMEX**



18

1 **Pricing Strategy**

2 Gulf Power will continue to purchase gas, both under long-term and spot
 3 contracts at market based prices. However, pursuant to Commission order, Gulf
 4 Power will financially hedge gas prices for some portion, generally between [REDACTED]
 5 [REDACTED] percent of Gulf Power's projected annual gas burn for the current year, in
 6 order to protect against short-term price swings and to provide some level of
 7 price certainty. This [REDACTED] percent hedge range allows Gulf Power to provide
 8 a degree of price certainty and protection against short-term price swings while
 9 still allowing the customers to participate in markets where natural gas prices are
 10 low. Gulf Power will secure natural gas hedges over a time period not to exceed
 11 [REDACTED] months, per the following schedule:

12

	Period	Lower Target Hedge %	Upper Target Hedge %
12a	Prompt Year (2013)	[REDACTED]	[REDACTED]
12b	Year 2 (2014)	[REDACTED]	[REDACTED]
12c	Year 3 (2015)	[REDACTED]	[REDACTED]
12d	Year 4 (2016)	[REDACTED]	[REDACTED]
12e	Year 5 (2017)	[REDACTED]	[REDACTED]

13 Note: The annual hedge percentage is based on the projected annual gas burn

14

15 Although SCS will target the levels shown in the table above, SCS may
 16 accelerate or decelerate the plan accordingly based on market conditions. Gulf's
 17 hedging targets are expressed on an annual basis due to the potential for large
 18 variances in month to month gas consumption. The monthly variance in gas
 19 burn is due to Gulf's ownership of only one firm gas fired generating unit that is
 20 dispatched on an economic basis with the other generating units in the Southern
 21 electric system and the impact of unit outages on Gulf's total gas burn.

22

23 SCS, working in partnership with Gulf Power, develops short-term hedge
 24 strategies based on current and projected market conditions. [REDACTED]

25 [REDACTED]

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[REDACTED]

SCS will employ both technical and fundamental analysis to determine appropriate times to hedge. However, the objective is not to speculate on market price or attempt to outguess or "beat the market". [REDACTED]

[REDACTED]

While the hedging program will protect the customer from short-term price spikes, hedges can also lead to higher costs when natural gas prices fall subsequent to entering hedges. Gulf Power will limit the amount of fixed-price hedges to a maximum of [REDACTED] percent of the projected fuel burn for the upcoming year. In addition, Gulf Power will limit option priced hedges to [REDACTED] percent of its projected burn. Finally, in order to protect its customers from market exposure in subsequent years, Gulf Power will take forward hedge positions for up to [REDACTED] months into the future.

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I. Introduction

In August 1997, the Southern Company Risk Oversight Committee ("SROC") approved a set of risk management guidelines. Also, at various times during 2000 through 2002, the boards of directors for Southern Company, the Operating Companies (Alabama Power Company, Georgia Power Company, Gulf Power Company, and Mississippi Power Company), and Southern Power Company ("SPC") adopted the Southern Company Policy on the Use of Derivatives ("Derivatives Policy"). During 2006, the risk oversight and governance framework for Southern Company continued to evolve to further refine the oversight structure and to reflect organizational changes since the original SROC approved risk management guidelines in August 1997. As part of this evolution, the SROC was reconstituted, and a Generation Risk Oversight Committee was formed. These groups, along with the Risk Advisory and Controls Committee, replaced the Energy Risk Management Board and assumed its responsibilities.

Effective November 19, 2007, as a result of the Separation Protocol, certain functions for SPC were separated from the Operating Companies and certain communications between them was restricted. It was decided that SPC would no longer attend or have representation on the Generation Risk Oversight Committee. This decision prompted the need for a Southern Power Risk Oversight Committee and separate SPC risk monitoring. The Generation Risk Oversight Committee will continue to monitor the consolidated energy trading risks, including SPC positions.

The Southern Company Derivatives Policy requires any business unit engaging in energy trading and marketing activities to develop a risk management policy. This policy must be consistent with the Southern Company Enterprise Risk Management Framework document and must include, but not be limited to, well-defined segregation of duties, limits on capital at risk and established credit policies.

II. Purpose

[REDACTED]

[REDACTED]

[REDACTED]

1 **III. Business Objectives**

2
3 The Approved Business Objectives for the trading activities performed by
4 Authorized Individuals are defined in Appendix A.
5

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7 **IV. Business Strategies**

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9 The business objectives are achieved by entering into transactions involving the approved
10 commodities shown in Appendix B.
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12 [REDACTED]
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16 [REDACTED]
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22 Various contract types or financial instruments will be used to achieve the Approved
23 Business Objectives. The Approved Risk Management Instruments are listed in
24 Appendix C. SCS Risk Control must be consulted before the execution of any
25 Approved Risk Management Instruments that have not been previously used. SCS
26 Risk Control must ensure that the requirements set forth in this RMP can be
27 followed with respect to those instruments.
28

29
30 **V. Authorizations**

31
32 Appendix D contains the individuals, boards, and committees authorized to carry out
33 various activities, reviews, and approvals.
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36 **VI. Segregation of Duties**

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[Redacted]

[Redacted]

Appendix E shows the organizational separation of function required by this RMP. The following is a summary of the responsibilities of the different functions:

Origination and Structuring: The functions of origination and structuring include the following responsibilities:

[Redacted]

Confirmation, Monitoring, and Reporting: The functions of trade confirmation, risk monitoring, and risk reporting include the following responsibilities:

[Redacted]

Settlement: The function of settlement includes the following responsibilities:

[Redacted]

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[REDACTED]

Cash Management: SCS Treasury is responsible for receiving and disbursing all funds from or to counterparties and for the delivery of margin / collateral requirements. SCS Treasury will also be responsible for investment of collateral provided by counterparties.

Accounting: SCS Accounting is responsible for posting transactions to the general ledger and reconciling the subledgers to the general ledger.

VII. Market Risk Identification

[REDACTED]

VIII. Market Risk Measurement and Valuation

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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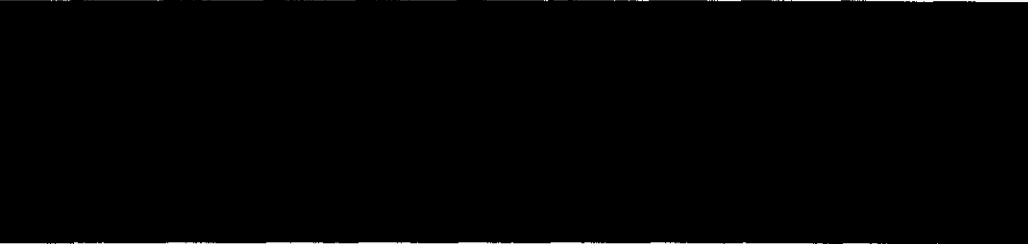
IX. Market Risk Limits

Exposure Limits The maximum exposure limits are shown in Appendix H. The maximum exposure limit for each business objective should not exceed the limits specified in Appendix H.

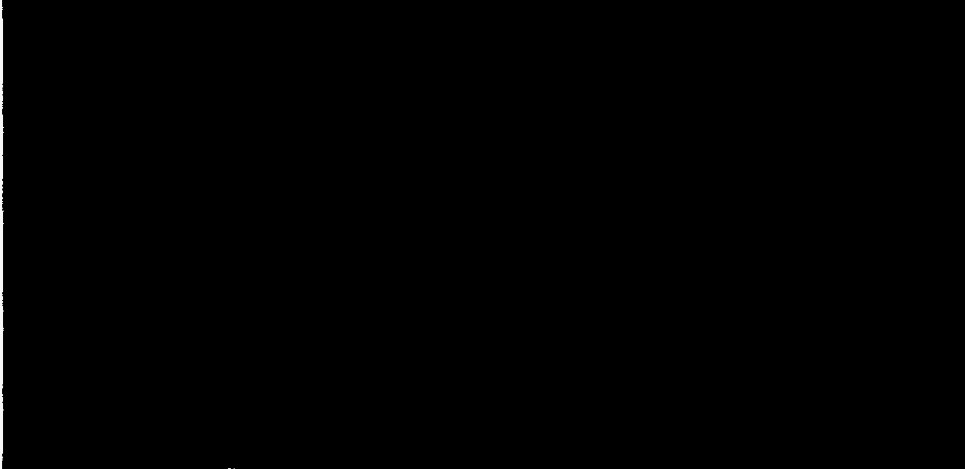
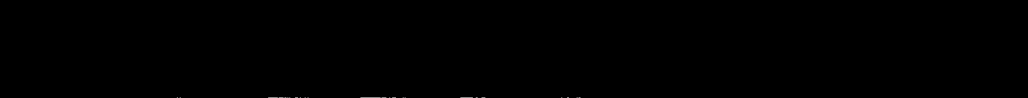
Notifications Certain notifications to management are required as defined in Appendix G.

Limit Excess Reporting Irrespective of other provisions contained in this RMP, limit overages may occur. Each occurrence shall be promptly reported by SCS Risk Control to individuals identified in Appendix G.

X. Credit Risk



XI. New Products



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XII. Funding Liquidity

[Redacted]

XIII. Operating Procedures and Systems

[Redacted]

[Redacted]

[Redacted]

[Redacted]

XIV. Accounting and Tax

[Redacted]

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XV. Legal



XVI. Monitoring and Reporting

SCS Risk Control personnel will calculate and report the following items on a daily basis:



The Portfolio Management group will prepare regular position reports. The back office will report preliminary gross margins or P&L on a daily basis.

XVII. Personal Trading



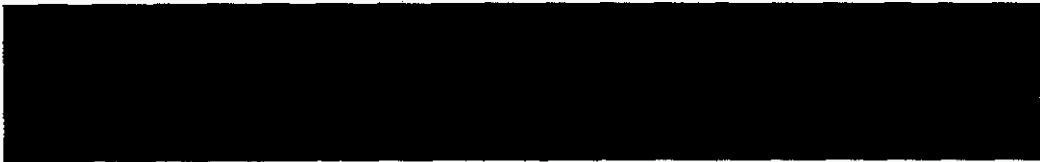
XVIII. Business Recovery



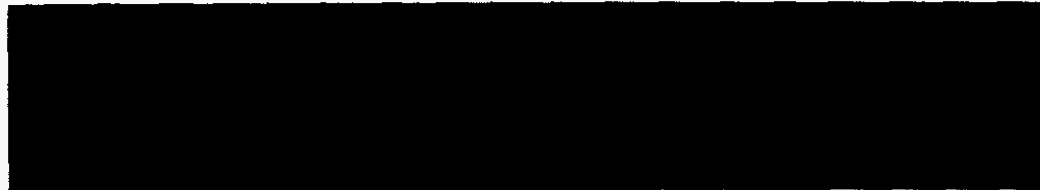
XIX. Compliance



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XX. Independent Review



XXI. Policy Amendments



XXII. Terminology

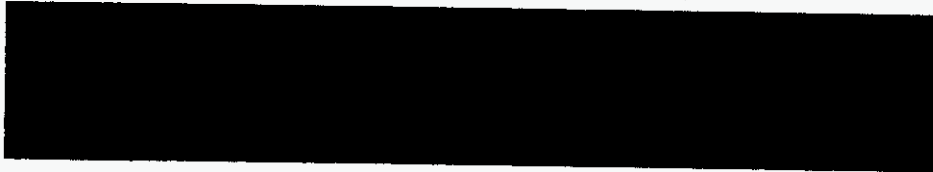
Definitions of terminology used in this RMP are contained in Appendix L.

1
2 APPENDIX A
3 APPROVED BUSINESS OBJECTIVES
4

5 Fleet Operations and Trading
6

7 The primary objectives of Fleet Operations and Trading are to:
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15 In addition to the primary objectives, Fleet Operations and Trading may execute secondary
16 activities as limited by Appendix H to achieve the following secondary objectives to the
17 extent permitted by all applicable policies and regulations:
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24 Southern Power Company Trading & Asset Management
25

26 The primary objectives of the SPC Trading and Asset Management activities are the
27 following:
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33 In addition to the primary objectives, SPC Trading & Asset Management may execute
34 secondary activities as limited by Appendix H to achieve the following secondary objectives
35 to the extent permitted by all applicable policies and regulations (including, but not limited
36 to the IIC and Separation Protocol):
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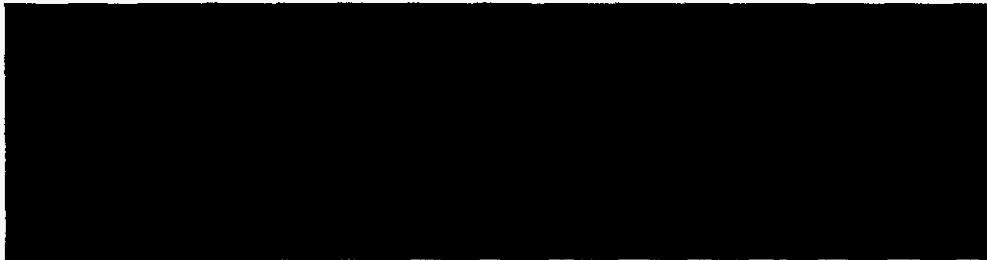


1 All SPC Secondary Strategies must be approved by the SPC Chief Financial Officer and the
2 SPC Chief Commercial Officer.

3
4 Natural Gas Fulfillment Function

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6 The primary objectives of the Natural Gas Fulfillment Function are to:

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17 Secondary activities of the natural gas fulfillment function are restricted to positions
18 intended to hedge secondary power positions, and which have been requested by Fleet
19 Operations and Trading or SPC Trading & Asset Management.

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21 Environmental Products Management Function

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23 The primary objectives of the Environmental Products Management Function are to:

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35 Secondary activities of the Environmental Products Management Function are restricted to
36 positions intended to hedge secondary power positions, and which have been requested by
37 Fleet Operations and Trading or SPC Trading & Asset Management.

38
39 Coal Fulfillment Function

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41 The primary objectives of the Coal Fulfillment Function are to:

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Secondary activities of the Coal Fulfillment Function are restricted to positions intended to hedge secondary power positions, and which have been requested by Fleet Operations and Trading or SPC Trading & Asset Management.

APPENDIX B
APPROVED COMMODITIES

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The approved commodities for this RMP are:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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APPENDIX C
APPROVED INSTRUMENTS

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The approved instruments are:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

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APPENDIX D
AUTHORIZATIONS

	Name	Authority
3a	[Redacted]	[Redacted]
3b	[Redacted]	[Redacted]
3c	[Redacted]	[Redacted]
3d	[Redacted]	[Redacted]
3e	[Redacted]	[Redacted]
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3h	[Redacted]	[Redacted]
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3j	[Redacted]	[Redacted]
3k	[Redacted]	[Redacted]
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3o	[Redacted]	[Redacted]
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APPENDIX D
AUTHORIZATIONS (continued)
Energy Marketing

Name	Authority
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[REDACTED]	[REDACTED]

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APPENDIX D
AUTHORIZATIONS (continued)
SCS Fuel Services

	Name	Authority
5a	[REDACTED]	[REDACTED]
5b	[REDACTED]	[REDACTED]
5c	[REDACTED]	[REDACTED]
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5e	[REDACTED]	[REDACTED]
5f	[REDACTED]	[REDACTED]
5g	[REDACTED]	[REDACTED]
5h	[REDACTED]	[REDACTED]
5i	[REDACTED]	[REDACTED]
5j	[REDACTED]	[REDACTED]
5k	[REDACTED]	[REDACTED]
5l	[REDACTED]	[REDACTED]
5m	[REDACTED]	[REDACTED]
5n	[REDACTED]	[REDACTED]
5p	[REDACTED]	[REDACTED]
5q	[REDACTED]	[REDACTED]
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5y	[REDACTED]	[REDACTED]
5z	[REDACTED]	[REDACTED]
5aa	[REDACTED]	[REDACTED]
5bb	[REDACTED]	[REDACTED]
5cc	[REDACTED]	[REDACTED]
5dd	[REDACTED]	[REDACTED]
5ee	[REDACTED]	[REDACTED]
5ff	[REDACTED]	[REDACTED]
5gg	[REDACTED]	[REDACTED]
5hh	[REDACTED]	[REDACTED]

6

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APPENDIX F
MARKET RISK MEASUREMENT

4a

4b

4c

4d

4e

4f

Approved Commodities	Value at Risk Method
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

5
6
7
8

Parametric VaR Methodology

Formula Components

Component	Symbol	Comments
Value at Risk	VaR	See Equation Below
Position	PSN	Given in Applicable Measurement Units
Daily Standard Deviation of Price Change	ΔP	Given in \$/Applicable Measurement Units
Holding Period – Business Days	HP	Taken From Parameters Table Shown Below
Confidence Interval Multiplier	CI	For Example: CI = 1.65 for 95-% Confidence Interval

9
10
11
12

Equation

$$VaR = PSN * \Delta P * \text{Square Root of } HP * CI$$

12a
12b
12c
12d
12e
12f
13

ParametersCommodity	Holding Period (HP)	Multiplier (CI)
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

A

B

1 APPENDIX F
 2 STRESS TESTING METHODOLOGY
 3

4 The purpose of stress testing is to generate percentage price changes for the forward
 5 curve that answer this question:

6
 7 If an extreme event occurs, what can we expect to happen to prices and the
 8 portfolio value?
 9

10 The stress test is designed to capture the expected value of an extreme event as defined
 11 by an extreme value distribution. To differentiate, there is a downward and an upward
 12 stress test.

13
 14 Specifically, the expected downward stress is calculated as

15 $E[\Delta p/p \mid \Delta p/p < \Theta] = \text{the Integral of } f(x) \cdot x \cdot dx \text{ from negative infinity to } \Theta$
 16 and the expected upward stress is calculated as

17 $E[\Delta p/p \mid \Delta p/p > \Theta] = \text{the Integral of } f(x) \cdot x \cdot dx \text{ from } \Theta \text{ to infinity}$

18
 19 where Θ is the threshold that defines classification as an extreme event, $f(x)$ is an extreme
 20 value distribution fitted to a specific contract, and x is a percentage price change.
 21
 22

22a	[REDACTED]	[REDACTED]
22b	[REDACTED]	[REDACTED]
22c	[REDACTED]	[REDACTED]
22d	[REDACTED]	[REDACTED]
22e	[REDACTED]	[REDACTED]

23
 24
 25 **Ad Hoc Stress Testing**

26
 27 Ad hoc stress testing will be performed as appropriate based on price scenarios
 28 determined using alternative methods including, but not limited to, the following:

- 29 ● specific historical scenarios;
- 30 ● rating agency defined price changes;
- 31 ● analysis of out-of-the money option trading; and
- 32 ● subjectively determined price changes.

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APPENDIX G
NOTIFICATION LEVELS

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Position Classification	Income Change	Notify
Sa	[REDACTED]	[REDACTED]
Sb	[REDACTED]	[REDACTED]
Sc	[REDACTED]	[REDACTED]
Sd	[REDACTED]	[REDACTED]
Se	[REDACTED]	[REDACTED]
Sf	[REDACTED]	[REDACTED]
Sg	[REDACTED]	[REDACTED]
Sh	[REDACTED]	[REDACTED]
Si	[REDACTED]	[REDACTED]
Sj	[REDACTED]	[REDACTED]
Sk	[REDACTED]	[REDACTED]
Sl	[REDACTED]	[REDACTED]
Sm	[REDACTED]	[REDACTED]
Sn	[REDACTED]	[REDACTED]
So	[REDACTED]	[REDACTED]
Sp	[REDACTED]	[REDACTED]
Sq	[REDACTED]	[REDACTED]
Sr	[REDACTED]	[REDACTED]
Ss	[REDACTED]	[REDACTED]
St	[REDACTED]	[REDACTED]
Su	[REDACTED]	[REDACTED]
Sv	[REDACTED]	[REDACTED]
Sw	[REDACTED]	[REDACTED]
Sx	[REDACTED]	[REDACTED]
Sy	[REDACTED]	[REDACTED]
Sz	[REDACTED]	[REDACTED]
Saa	[REDACTED]	[REDACTED]
Sab	[REDACTED]	[REDACTED]
Sac	[REDACTED]	[REDACTED]

6
7

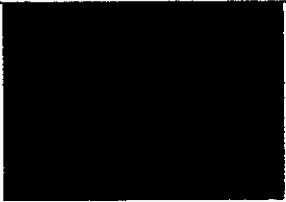





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APPENDIX G
NOTIFICATION LEVELS

	Position Classification	Income Change	Notify
3a			
3b			
3c			
3d			
3e			
3f			
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3h			
3i			
3j			
3k			
3l			
3m			
3n			
3o			
3p			
3q			
3r			
3s			
3t			
3u			
3v			
3w			

4

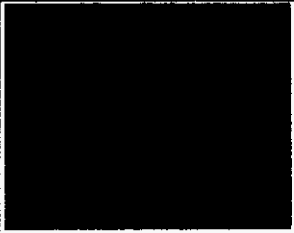

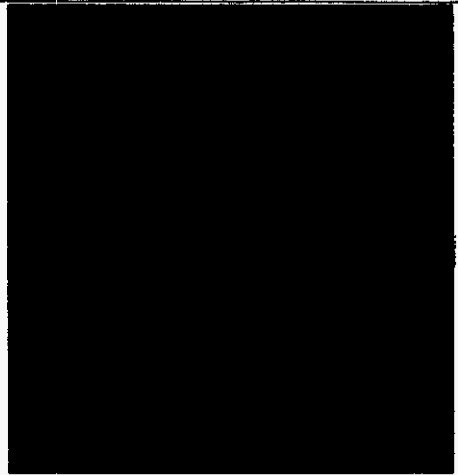
A

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APPENDIX G
NOTIFICATION LEVELS

1
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	Position Classification	Value-at-Risk	Notify
4a			
4b			
4c			
4d			
4e			
4f			
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4h			
4i			
4j			
4k			
4l			
4m			
4n			

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NOTE: Recipients of notification events will only receive detailed information pertinent to their business needs, and any correspondence will be in compliance with the Separation Protocol.

A

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C

APPENDIX G
NOTIFICATION LEVELS

1
2
3

	Position Classification	Income Change	Notify
4a	[Redacted]	[Redacted]	[Redacted]
4b	[Redacted]	[Redacted]	[Redacted]
4c	[Redacted]	[Redacted]	[Redacted]
4d	[Redacted]	[Redacted]	[Redacted]
4e	[Redacted]	[Redacted]	[Redacted]
4f	[Redacted]	[Redacted]	[Redacted]
4g	[Redacted]	[Redacted]	[Redacted]
4h	[Redacted]	[Redacted]	[Redacted]
4i	[Redacted]	[Redacted]	[Redacted]
4j	[Redacted]	[Redacted]	[Redacted]
4k	[Redacted]	[Redacted]	[Redacted]
4l	[Redacted]	[Redacted]	[Redacted]
4m	[Redacted]	[Redacted]	[Redacted]

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7

	Position Classification	Income Change	Notify
7a	[Redacted]	[Redacted]	[Redacted]
7b	[Redacted]	[Redacted]	[Redacted]
7c	[Redacted]	[Redacted]	[Redacted]
7d	[Redacted]	[Redacted]	[Redacted]
7e	[Redacted]	[Redacted]	[Redacted]
7f	[Redacted]	[Redacted]	[Redacted]
7g	[Redacted]	[Redacted]	[Redacted]
7h	[Redacted]	[Redacted]	[Redacted]

8
9

	Position Classification	Value-at-Risk	Notify
9a	[Redacted]	[Redacted]	[Redacted]
9b	[Redacted]	[Redacted]	[Redacted]
9c	[Redacted]	[Redacted]	[Redacted]
9d	[Redacted]	[Redacted]	[Redacted]

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6b
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6d
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APPENDIX H
MARKET RISK LIMITS

Net Open Position Limits

7
8
9
10 NOTE: Although the value-at-risk limit applies to positions marked to market through
11 income, VaR is calculated and monitored for all positions, and there are notification
12 requirements as defined in Appendix G.

13
14 If such open position limits are exceeded, SCS Risk Control will calculate and
15 equitably allocate the responsibilities to bring the positions back into compliance.

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APPENDIX J
ACCOUNTING AND TAX

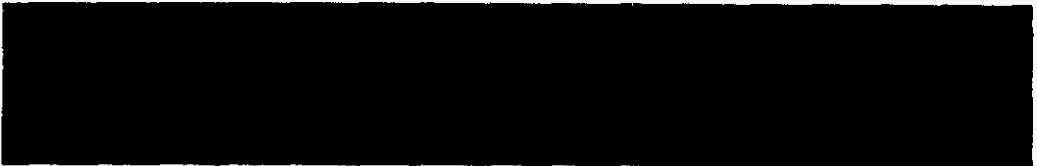
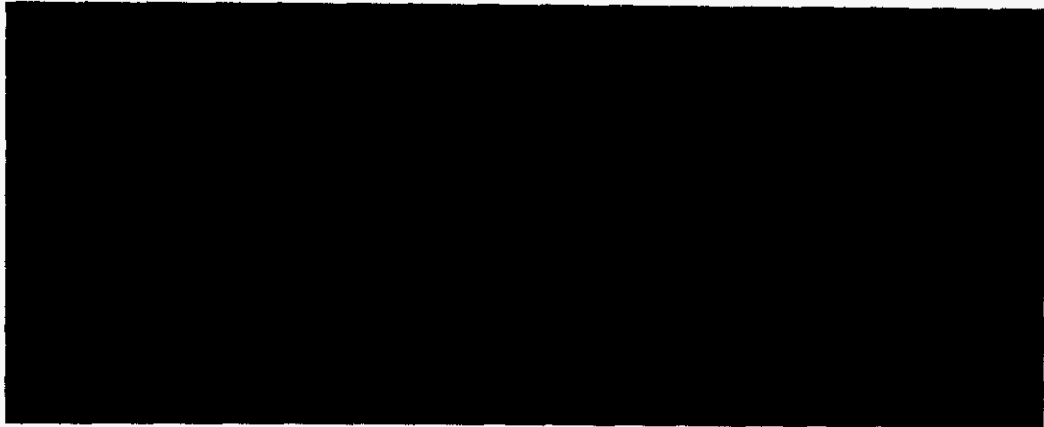


Exhibit "C": Line-by-Line/Field-by-Field Justification

Line(s)/Field(s)¹

Justification

Page 3 of 85
Line 12, Columns A-F
Line 13, Columns A-C
Lines 14-15, Columns A-D
Line 16, Columns A-F
Line 17, Columns B-F
Line 21
Line 22, Columns A-B

The information delineated in Exhibit "C" is entitled to confidential classification pursuant to §366.093(3)(d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 1.

Page 4 of 85
Line 3 (Graph)

Page 5 of 85
Line 1 (Graph)
Line 9, Columns A-F
Line 10, Columns A-C
Line 11, Columns B-C
Lines 13-15
Line 16, Columns A-D

Page 6 of 85
Line 3 (Graph)

Page 7 of 85
Lines 25 & 27

Page 8 of 85
Lines 1-6, 8-10 & 12-28

Page 9 of 85
Lines 1-6
Line 16, Columns B-C
Line 17, Column A
Lines 19-26

Page 10 of 85
Lines 20-24 & 26-27

Page 11 of 85
Lines 1-6 & 16-27

¹ Page number references correspond with the page numbers printed in the bottom center of each page.

Line(s)/Field(s)

Page 12 of 85
Lines 9-18 & 20-24

Justification

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Page 14 of 85
Lines 9-22

Page 15 of 85
Line 7
Lines 8-14
Lines 27

Page 16 of 85
Lines 1-2
Lines 19-27

Page 17 of 85
Lines 1-2 & 4-10
Line 17 (Graph)

Page 18 of 85
Line 5, Column C
Lines 6-9

Page 19 of 85
Lines 1-7, 9-12 & 14-19

Page 20 of 85
Line 10 (Graph)
Line 14, Columns B-C
Line 15
Line 16, Columns A-B

Page 21 of 85
Line 10 (Graph)
Lines 16-17

Line(s)/Field(s)

Justification

Page 22 of 85
Lines 1-5 & 7-10
Line 11, Columns A-B

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Page 23 of 85
Lines 23-28

Page 24 of 85
Lines 1-4, 6-9, 11-19 & 21-28

Page 27 of 85
Line 1, Column C
Line 2
Line 3, Column A
Line 6, Column C
Lines 7-8

Page 28 of 85
Line 1, Column D
Lines 2-3
Line 21, Columns C-D
Lines 22-23
Line 27, Columns B-C

Page 29 of 85
Line 2, Column B
Line 3
Line 7, Column B
Lines 8-13, 15-19 & 21-22

Page 30 of 85
Line 1 (Graph)

Page 31 of 85
Lines 5-15

Page 32 of 85
Lines 1-6 & 22-28

Page 33 of 85
Lines 1-3 & 5-14

Line(s)/Field(s)

Justification

Page 34 of 85
Line 13, Column D
Lines 14-15
Line 16, Column A
Line 19, Column C-D
Lines 20-22
Line 27, Columns B-D
Line 28

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Page 35 of 85
Lines 6-13, 15-20
Line 28

Page 36 of 85
Lines 1-2
Line 10, Column B
Lines 11-12

Page 38 of 85
Lines 3a-3m, Columns B-C
Line 7, Columns C-D
Lines 8-14

Page 39 of 85
Line 1
Line 2, Column A

Page 40 of 85
Line 4, Column E
Line 5, Column A
Line 7, Column B
Line 11, Column A
Lines 12a-12e, Columns C-D
Line 24, Column D
Line 25

Page 41 of 85
Line 1
Line 2, Columns A-B
Line 5, Columns B-C
Lines 6-10
Line 15, Column B
Line 16, Column C
Line 18, Column C

Line(s)/Field(s)

Justification

Page 49 of 85
Lines 35-38, 40-44 & 46-47

The information delineated in Exhibit "C" is entitled to confidential classification pursuant to §366.093(3)(d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 1.

Page 50 of 85
Lines 12-15, 17-20, 38-39, & 41-44

Page 51 of 85
Lines 1, 3-5, 13-21, 27-40, & 44-46

Page 52 of 85
Lines 1-2, 12-16, 21-23, 25-26, 28-30 & 32-35

Page 53 of 85
Lines 7-13, 17-19 & 21-34

Page 54 of 85
Lines 4-8, 13-15, 17-22, 24-34, 36-39 & 44-47

Page 55 of 85
Lines 1-4, 9-15, 21-23, 31-34, 39-40, 45-46

Page 56 of 85
Lines 1-5, 7-11, 16-21, 26-30, 32-35 & 37-41

Page 57 of 85
Lines 9-13, 19-22, 29-31 & 38-45

Page 58 of 85
Lines 8-15, 25-33 & 43-47

Page 59 of 85
Lines 1-2

Page 60 of 85
Lines 7, 9, 11, 13, 15, 17, 19, 21 & 23

Page 61 of 85
Lines 7, 9, 11, 13 & 15

Line(s)/Field(s)

Justification

Page 62 of 85

Lines 3a-3c, Columns A-B

Lines 3d-3g, Column B

Lines 3h-3j, Columns A-B

Lines 3k-3o, Column B

Lines 3p-3r, Columns A-B

Lines 3s-3t, Column B

Lines 3u-3w, Columns A-B

Lines 3x-3y, Column B

Lines 3z-3bb, Columns A-B

Lines 3cc-3ee, Column B

Line 3ff, Columns A-B

Lines 3gg-3jj, Column B

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Page 63 of 85

Lines 6a-6b, Columns A-B

Lines 6c-6i, Column B

Lines 6j-6k, Columns A-B

Lines 6l-6s, Column B

Lines 6t-6u, Columns A-B

Lines 6v-6z, Column B

Page 64 of 85

Lines 1a-1c, Columns A-B

Lines 1d-1k, Column B

Lines 1l-1m, Columns A-B

Lines 1n-1v, Column B

Lines 1w-1x, Columns A-B

Lines 1y-1ee, Column B

Line 1ff, Columns A-B

Lines 1gg-1jj, Column B

Line 1kk, Columns A-B

Lines 1ll-1mm, Column B

Lines 1nn-1pp, Columns A-B

Line(s)/Field(s)

Justification

Page 65 of 85
Lines 5a-5b, Columns A-B
Lines 5c-5j, Column B
Line 5k, Columns A-B
Lines 5l-5m, Column B
Lines 5n-5p, Columns A-B
Lines 5q-5r, Column B
Line 5s, Columns A-B
Lines 5t-5v, Column B
Lines 5w-5x, Columns A-B
Lines 5y, Column B
Lines 5z-5aa, Columns A-B
Line 5bb, Column B
Lines 5cc-5ee, Columns A-B
Lined 5ff-5hh, Column B

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Page 67 of 85
Lines 4a-4e, Columns B-C
Line 4f, Column B
Line 12a, Column A
Lines 12b-12f, Columns A/C-D

Page 68 of 85
Line 22a, Columns A-B
Line 22b, Column B
Lines 22c-22d, Columns A-B
Line 22e, Column B

Page 69 of 85
Line 5a, Columns A-C
Line 5b, Column C
Lines 5c-5e, Columns B-C
Lines 5f-5g, Column C
Line 5h, Columns A-C
Line 5i, Column C
Lines 5j-5l, Columns B-C
Lines 5m-5r, Column C
Line 5s, Columns A-C
Lines 5t-5u, Columns B-C
Line 5v, Column C
Line 5w, Columns B-C
Line 5x, Column C
Line 5y, Columns B-C
Lines 5z-5ac, Column C

Line(s)/Field(s)

Justification

Page 70 of 85

Line 3a, Columns A-C
Lines 3b-3c, Columns A & C
Lines 3d-3f, Columns A-C
Lines 3g-3i, Column C
Line 3j, Columns A-C
Line 3k, Columns A & C
Lines 3l-3o, Columns A-C
Lines 3p-3w, Column C

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Page 71 of 85

Line 4a, Columns A-C
Lines 4b-4g, Columns A & C
Lines 4h-4n, Column C

Page 72 of 85

Lines 4a-4b, Columns A-C
Lines 4c-4d, Columns B-C
Lines 4e-4f, Columns A-C
Lines 4g-4h, Columns B-C
Lines 4i-4j, Columns A-C
Lines 4k-4l, Columns B-C
Line 4m, Column B
Lines 7a-7h, Columns A-C
Line 9a, Columns A-C
Lines 9b-9d, Column C

Page 74 of 85

Lines 6a-6b, Column B
Line 6c, Column A
Line 6d, Columns A-B
Lines 6e-6g, Column A

Page 81 of 85

Lines 5-17, 19-21, 23-28 & 30-34

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: **120001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U.S. mail this 31st day of July, 2012 on the following:

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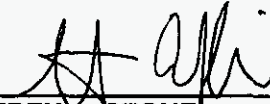
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