

Robert L. McGee, Jr.  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, Florida 32520-0780

Tel 850.444.6530  
Fax 850.444.6026  
RLMCGEE@southernco.com



May 22, 2013

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

RECEIVED-FPSC  
13 MAY 24 AM 9:25  
COMMISSION  
CLERK

Dear Ms. Cole:

130151-EI

Re: Depreciation Study 2013

Enclosed are 6 copies of Gulf Power's 2013 Depreciation Study filed in compliance with Rule 25-6.0436 of the Florida Administrative Code. Gulf Power last filed a Depreciation Study on May 27, 2009. The depreciation rates and amortization schedules currently in effect were approved by the Commission by Order PSC-10-0458-PAA-EI in Docket No. 090319-EI, implemented effective January 1, 2010. Subsequently, the depreciation rate for the Perdido Landfill Facility was approved by Order PSC-10-0674-PAA-EI in Docket No. 100368-EI effective October 7, 2010. A 15 year depreciation rate was granted for Advanced Metering Infrastructure (AMI) meters by Order PSC-12-0179-FOF-EI in Docket No. 110138-EI effective April 11, 2012.

Gulf's depreciation and dismantlement studies are contained in four binders. Included in the binder labeled Gulf Power Company Depreciation Study Volume 1 of 2 are the Table of Contents, a Report Organization Narrative, Dismantlement Accrual Schedules, and the various detail schedules and data required by Rule 25-6.0436(6). Included in the binder labeled Gulf Power Company Depreciation Study, Volume 2 of 2 is supporting documentation for Volume 1 of the Depreciation Study.

The two other binders relate to dismantlement which completes the set for the 2013 Depreciation Study. One binder is labeled "Dismantling Study, Volume 1" and contains the site-specific final dismantling study for Plants Crist, Scholz, Smith, Perdido and Pea Ridge. The other binder is labeled "Dismantling Study, Volume 2" and contains the site specific dismantling study for Plants Daniel and Scherer.

- COM \_\_\_\_\_
- AFD \_\_\_\_\_
- APA \_\_\_\_\_
- ECO \_\_\_\_\_
- ENG 4
- GCL 1
- IDM \_\_\_\_\_
- TEL \_\_\_\_\_
- CLK \_\_\_\_\_

DOCUMENT NUMBER DATE

02866 MAY 24 13

FPSC-COMMISSION CLERK

Ms. Ann Cole  
May 22, 2013  
Page 2

The effect of the proposed depreciation rates and dismantlement accruals is an annual net increase of \$6,197,289 in expense over the current approved rates and accruals. The primary reason for the increase is an increase in the steam production rates. The following is a summary of existing and proposed dismantlement accruals and depreciation and amortization expense:

	<u>Current</u>	<u>Proposed</u>	<u>Inc/(Dec)</u>
	\$	\$	\$
Dismantlement Accrual	9,591,938	7,023,336	(2,568,602)
Depreciation & Amortization	<u>147,052,300</u>	<u>155,818,191</u>	<u>8,765,891</u>
TOTAL	156,644,238	162,841,527	6,197,289

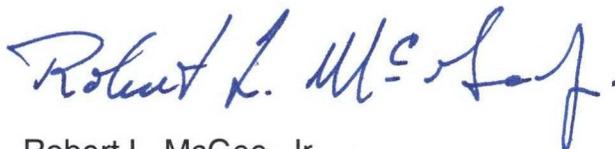
These amounts are detailed in the binder labeled Gulf Power Company Depreciation Study Volume 1 of 2, Tab 5, Proforma Expense Comparison. The schedules reflect depreciation and amortization accruals by categories and dismantlement accrual at December 31, 2013.

With the filing of this 2013 Depreciation Study, Gulf Power Company requests approval of new depreciation rates, as proposed under Tab 4, and new accrual amounts for dismantlement costs, as reflected under Tab 9. We also request Commission approval to apply these proposed rates for depreciation and accruals for dismantlement with an effective date of January 1, 2014.

Gulf Power Company requests that, for all depreciable categories, final approved rates and accruals be accompanied by separate numerical values for Whole Life Equivalent Lives and Rates, Plant Dismantlement Accrual, Removal Rate for Interim Retirements, Gross Salvage Rate and Theoretical Reserves.

All staff requests for clarification and additional information will be given prompt attention. Should there be any questions regarding this submittal, please contact Connie Erickson at (850) 444-6384 or Ricky Brock at (850) 444-6467.

Sincerely,



Robert L. McGee, Jr.  
Regulatory and Pricing Manager

cc: C.J. Erickson  
R.E. Brock