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June 30, 2016

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

Dear Ms. Stauffer:

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,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr." The signature is written in a cursive, flowing style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

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Attachment

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

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:

Regulatory and Cost Recovery 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 2015 and estimated 2016 - 2021.

See Pages 2 – 9

Gulf Power Company

Avoided Cost By Costing Period
For The Year 2015 ^(a)

<u>Pricing Period ^(b)</u>	<u>Avoided Costs cents/kWh ^(c)</u>
On-Peak	31.67
Off-Peak	23.09
Annual	25.24

- (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
 2016**

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.12	2.41	2.59
101 - 200	3.11	2.40	2.58
201 - 300	3.10	2.39	2.56
301 - 400	3.09	2.37	2.55
401 - 500	3.07	2.36	2.54
501 - 600	3.06	2.35	2.53
601 - 700	3.05	2.34	2.52
701 - 800	3.04	2.33	2.51
801 - 900	3.03	2.32	2.50
901 - 1000	3.01	2.31	2.49

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(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
 2017**

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.19	2.50	2.67
101 - 200	3.18	2.49	2.66
201 - 300	3.17	2.48	2.65
301- 400	3.16	2.47	2.64
401 - 500	3.14	2.46	2.63
501 - 600	3.13	2.45	2.62
601 - 700	3.12	2.43	2.61
701 - 800	3.11	2.42	2.59
801 - 900	3.09	2.41	2.58
901 - 1000	3.08	2.40	2.57

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(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
 2018**

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.83	3.01	3.22
101 - 200	3.81	3.00	3.21
201 - 300	3.80	2.99	3.20
301- 400	3.79	2.98	3.18
401 - 500	3.78	2.97	3.17
501 - 600	3.76	2.96	3.16
601 - 700	3.75	2.95	3.15
701 - 800	3.74	2.93	3.14
801 - 900	3.73	2.92	3.12
901 - 1000	3.72	2.91	3.11

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(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
 2019**

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	4.16	3.32	3.53
101 - 200	4.14	3.31	3.52
201 - 300	4.12	3.29	3.50
301- 400	4.11	3.28	3.48
401 - 500	4.09	3.26	3.47
501 - 600	4.07	3.25	3.45
601 - 700	4.06	3.24	3.44
701 - 800	4.05	3.22	3.43
801 - 900	4.03	3.21	3.42
901 - 1000	4.02	3.20	3.41

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(1) On Peak Hours	April - October	Monday - Friday	12:00 PM -9:00 PM
	November - March	Monday - Friday	6:00 AM -10:00 AM
(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	All Hours	
	Observed Holidays	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
 2020**

	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
MW Blocks			
1 - 100	4.49	3.65	3.87
101 - 200	4.48	3.64	3.85
201 - 300	4.46	3.63	3.84
301- 400	4.44	3.62	3.83
401 - 500	4.42	3.61	3.81
501 - 600	4.40	3.60	3.80
601 - 700	4.38	3.58	3.78
701 - 800	4.36	3.57	3.77
801 - 900	4.34	3.56	3.75
901 - 1000	4.33	3.54	3.74

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(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
 2021**

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	4.78	3.86	4.09
101 - 200	4.75	3.84	4.07
201 - 300	4.71	3.82	4.05
301- 400	4.68	3.80	4.02
401 - 500	4.65	3.78	4.00
501 - 600	4.63	3.77	3.98
601 - 700	4.61	3.76	3.97
701 - 800	4.59	3.74	3.96
801 - 900	4.58	3.73	3.95
901 - 1000	4.56	3.72	3.93

PRICING PERIOD DEFINITIONS

Period	Months	Days	Hours
(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.

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 (2016-2025).

See Pages 11 – 12

Gulf Power Company

Capacity Additions ^(a)

2016 – 2025

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Commercial In-Service Date ^(b)</u>	<u>Amount (MW)</u>
Combustion Turbines	1-3	Not sited	GT	6/2023	654.0

(a) As contained in Gulf's 2016 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 ^(a)

2016 – 2025

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Retirement Date</u>	<u>Amount (MW)</u>
Scholz	1-2	Jackson Co.	FS	4/2015	92.0
Smith	1-2	Bay County Co.	FS	3/2016	357.0 ^(b)
Pea Ridge	1-3	Santa Rosa Co.	CT	12/2018	12.0

(a) As contained in Gulf's 2016 Ten Year Site Plan on file with the Florida Public Service Commission.

(b) Total MWs retired.

Gulf Power Company

Purchases of Firm Energy and Capacity

2016 – 2025 ^(a)

<u>Year</u>	<u>Firm Purchases</u>	
	<u>Capacity Amount</u> ^(b) <u>MW</u>	<u>Energy Amount</u> ^(c) <u>MWh</u>
2016	943	5,794,989
2017	943	6,315,246
2018	943	6,057,996
2019	943	5,665,678
2020	943	3,802,488
2021	943	3,629,785
2022	943	3,741,959
2023	58 ^(d)	1,630,398
2024	58 ^(d)	675,570
2025	58 ^(d)	674,409

- (a) As contained in Gulf's 2016 Ten Year Site Plan on file with the Florida Public Service Commission.
- (b) Cumulative capacity amounts (885 MW+58 MW) shown.
- (c) Estimated annual energy purchase amount shown.
- (d) MWs scheduled during the system seasonal peak hour per contract obligation to deliver fixed amount per hour.

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 ^(a)		
<u>2016 – 2025</u>		
<u>Planned Capacity Additions</u>	Capacity Cost <u>\$/kW ^(b)</u>	Energy Cost <u>cents/kWh ^(c)</u>
Combustion Turbines	598	7.65

- (a) As contained in Gulf's 2016 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.