



Robert L. McGee, Jr.  
Regulatory & Pricing Manager

One Energy Place  
Pensacola, FL 32520-0780  
850 444 6530 tel  
850 444 6026 fax  
rlmgee@southernco.com

March 20, 2017

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

Re: Docket No. 160186-EI

Dear Ms. Stauffer:

Attached is the Errata Sheet to the Direct Testimony of Gulf Witness Dane A. Watson filed on October 12, 2016 in the above-referenced docket.

Sincerely,

A handwritten signature in blue ink that reads "Robert L. McGee, Jr.".

Robert L. McGee, Jr.  
Regulatory and Pricing Manager

md

Attachments

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.  
Gunster Law Firm  
Charles A. Guyton, Esq.  
Richard A. Melson, Esq.

ERRATA SHEET

Direct Testimony of: Dane A. Watson  
 Exhibit DAW-1, p. 47  
 Exhibit DAW-1, Appendix F, p. 164  
 Date: October 12, 2016  
 Docket No. 160186-EI

PAGE	LINE	ERROR OR AMENDMENT	REASON FOR CHANGE
Exhibit DAW-1, p. 47	N/A	2016 Theoretical Reserve should be changed from \$6,538,949 to \$91,786,846	Correction
Exhibit DAW-1, p. 47	N/A	Theoretical Reserve Change should be changed from (\$22,716,499) to (\$62,531,398)	Correction
Exhibit DAW-1, p. 47	N/A	2016 Reserve Variance should be changed from \$24,868,712 to (\$60,379,185)	Correction
Exhibit DAW-1, p. 47	N/A	Reserve Variance Change should be changed from \$32,740,043 to (\$52,507,854)	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 341 Theoretical Reserve should be changed from \$510,086 to \$8,163,606	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 342 Theoretical Reserve should be changed from \$243,113 to \$698,795	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 343 Theoretical Reserve should be changed from \$1,008,112 to \$52,435,413	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 344 Theoretical Reserve should be changed from \$2,843,378 to \$26,455,291	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 345 Theoretical Reserve should be changed from \$1,919,810 to \$3,844,852	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account 346 Theoretical Reserve should be changed from \$14,451 to \$188,889	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Change description under Unit Smith CC from "Total Smith CT" to "Total Smith CC"	Correction
Exhibit DAW-1, Appendix F, p. 164	N/A	Smith CC Account Total Theoretical Reserve should be changed from \$6,538,949 to \$91,786,846	Correction

Plant Smith Combined Cycle				
Item		2009 FPSC	2016	Change
Total Investment		187,471,268	292,429,663	104,958,395
Retirement Dates:				
<u>Unit</u>	<u>MW</u>	<u>Fuel Type</u>	<u>In-Serv.</u>	
3		Gas	2002	2042 2042
Life Span (Years):				
Unit 3		40	40	
Study Method/Dispersion		Forecast	Forecast	
Average Service Life		37.1	28.9	
Theoretical Reserve		29,255,448	91,786,846	(62,531,398)
Book/Allocated Reserve (excl dismantlement)		21,384,117	31,407,661	10,023,544
Reserve Variance		(7,871,331)	(60,379,185)	(52,507,854)
Book Reserve Ratio		11.41%	10.74%	
Gross Salvage		0.0%	0.0%	
Removal Cost excl Dismantlement		0.1%	1.7%	
Net Removal Cost		-0.1%	-1.7%	
		<u>Current</u>	<u>2016</u>	
Annual Dismantlement		280,020	N/A	N/A
Avg Whole Life Rate		2.7%	3.5%	
AWL 2016 Expense excl Dismantlement		7,895,601	10,235,038	2,339,437
Average Remaining Life		32.0	19.3	
ARL Rate		2.8%	4.7%	
ARL 2016 Expense excl Dismantlement		8,188,031	13,744,194	5,556,163

**GULF POWER**  
**Comparison of Book vs Theoretical Reserve and Accrual Rate RL vs WL**  
**Total Company Summary**  
**As of December 31, 2016**

Unit	Acct	Description	Plant Balance	Book Reserve	Theoretical Reserve	Proposed	
						Remaining Life Accrual Rate	Whole Life Accrual Rate
<b>PERDIDO LANDFILL</b>							
	341	Structures and Improvements	2,221,640	280,795	474,078	7.8%	7.0%
	342	Fuel Holders	797,165	162,851	230,991	6.7%	6.0%
	343	Prime Movers	3,993,649	776,143	1,210,543	7.6%	6.6%
	345	Accessory Electric Equipment	1,056,282	224,856	317,573	6.7%	6.0%
	346	Misc Power Plant Equipment	170,350	184,540	26,286	0.0%	7.3%
		<b>Total Perdido Landfill</b>	<b>8,239,086</b>	<b>1,629,185</b>	<b>2,259,471</b>	<b>7.3%</b>	<b>6.6%</b>
<b>SMITH CT</b>							
	341	Structures and Improvements	1,369,495	228,002	510,086	8.6%	6.5%
	342	Fuel Holders	946,035	20,635	243,113	9.5%	7.3%
	343	Prime Movers	2,608,493	294,983	1,008,112	9.5%	6.6%
	344	Generators	3,856,145	3,001,457	2,843,378	2.0%	2.4%
	345	Accessory Electric Equipment	3,305,588	955,780	1,919,810	7.0%	4.2%
	346	Misc Power Plant Equipment	50,915	(10,911)	14,451	12.2%	7.2%
		<b>Total Smith CT</b>	<b>12,136,671</b>	<b>4,489,946</b>	<b>6,538,949</b>	<b>6.3%</b>	<b>4.7%</b>
<b>SMITH CC</b>							
	341	Structures and Improvements	28,036,877	2,730,556	8,163,606	4.7%	3.7%
	342	Fuel Holders	4,698,022	(569,072)	698,795	5.1%	3.9%
	343	Prime Movers	158,457,670	2,430,265	52,435,413	5.7%	3.9%
	344	Generators	84,589,044	26,301,332	26,455,291	2.7%	2.7%
	345	Accessory Electric Equipment	14,007,856	1,449,565	3,844,852	4.3%	3.4%
	346	Misc Power Plant Equipment	2,640,194	(934,984)	188,889	6.6%	4.6%
		<b>Total Smith CC</b>	<b>292,429,663</b>	<b>31,407,661</b>	<b>91,786,846</b>	<b>4.7%</b>	<b>3.5%</b>

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates )  
By Gulf Power Company )  
)

Docket No.: 160186-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by electronic mail this 20th day of March, 2017 to the following:

Office of Public Counsel  
J. R. Kelly/Stephanie A. Morse  
Public Counsel  
c/o The Florida Legislature  
111 W. Madison Street, Room 812  
Tallahassee, FL 32399-1400  
[kelly\\_jr@leg.state.fl.us](mailto:kelly_jr@leg.state.fl.us)  
[morse.stephanie@leg.state.fl.us](mailto:morse.stephanie@leg.state.fl.us)

Office of the General Counsel  
Theresa Tan  
Kelley Corbari  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850  
[ltan@psc.state.fl.us](mailto:ltan@psc.state.fl.us)  
[kcbari@psc.state.fl.us](mailto:kcbari@psc.state.fl.us)  
[blheriss@psc.state.fl.us](mailto:blheriss@psc.state.fl.us)  
[scuello@psc.state.fl.us](mailto:scuello@psc.state.fl.us)  
[kyoung@psc.state.fl.us](mailto:kyoung@psc.state.fl.us)

Federal Executive Agencies  
c/o Thomas A. Jernigan  
AFCEC/JA-UJFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
[Thomas.Jernigan.3@us.af.mil](mailto:Thomas.Jernigan.3@us.af.mil)  
[Andrew.Unsicker@us.af.mil](mailto:Andrew.Unsicker@us.af.mil)  
[Lanny.Zieman.1@us.af.mil](mailto:Lanny.Zieman.1@us.af.mil)  
[Natalie.Cepak.2@us.af.mil](mailto:Natalie.Cepak.2@us.af.mil)  
[Ebony.Payton.ctr@us.af.mil](mailto:Ebony.Payton.ctr@us.af.mil)

Southern Alliance for Clean Energy  
Bradley Marshall, Esq.  
Alisa Coe, Esq.  
Earthjustice  
111 S. Martin Luther King Jr. Blvd.  
Tallahassee, FL 32301  
[bmarshall@earthjustice.org](mailto:bmarshall@earthjustice.org)  
[acoe@earthjustice.org](mailto:acoe@earthjustice.org)

Florida Industrial Power Users Group  
Jon C. Moyle, Jr.  
Karen Putnal  
c/o Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylslaw.com](mailto:jmoyle@moylslaw.com)  
[kputnal@moylslaw.com](mailto:kputnal@moylslaw.com)

Bradley Marshall, Esq.  
Alisa Coe, Esq.  
c/o The League of Women Voters  
of Florida, Inc.  
Earthjustice  
111 S. Martin Luther King Jr. Blvd  
Tallahassee, FL 32301  
[bmarshall@earthjustice.org](mailto:bmarshall@earthjustice.org)  
[acoe@earthjustice.org](mailto:acoe@earthjustice.org)

Robert Scheffel Wright  
John T. LaVia, III  
c/o Gardner, Bist, Bowden, Bush, Dee,  
LaVia & Wright, P.A.  
1300 Thomaswood Drive  
Tallahassee, FL 32308  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

Diana Csank  
Lane Johnson  
Sierra Club  
50 F St. NW, 8<sup>th</sup> Floor  
Washington, DC 20001  
[Diana.Csank@sierraclub.org](mailto:Diana.Csank@sierraclub.org)  
[ljohnsonlawoffice@gmail.com](mailto:ljohnsonlawoffice@gmail.com)



**JEFFREY A. STONE**  
Florida Bar No. 325953  
[jas@beggsllane.com](mailto:jas@beggsllane.com)  
**RUSSELL A. BADDERS**  
Florida Bar No. 007455  
[rab@beggsllane.com](mailto:rab@beggsllane.com)  
**STEVEN R. GRIFFIN**  
Florida Bar No. 0627569  
[srg@beggsllane.com](mailto:srg@beggsllane.com)  
**BEGGS & LANE**  
P. O. Box 12950  
Pensacola FL 32591-2950  
(850) 432-2451  
**Attorneys for Gulf Power**