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December 18, 2020

-VIA ELECTRONIC FILING-

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 20200242-EI – Gulf Power Company's Responses to Staff's Third Data Request (Nos. 1-10)

Dear Mr. Teitzman:

Please find enclosed for electronic filing Gulf Power Company's responses to Staff's Third Data Request (Nos. 1-10). Please note that attachments to responses for Question Nos. 2, 9, and 10 are Excel files that are too large to covert to Adobe Acrobat PDF format and were therefore not included with the electronic filing. Gulf has provided these attachments via email to Commission Staff.

If there are any questions regarding this filing, please contact me at (561) 304-5662.

Sincerely,

/s/ *William P. Cox*
William P. Cox
Fla. Bar No. 0093531

Enclosure

cc: Shaw Stiller, Sr. Attorney
Russell Badders, Esq., VP & Associate General Counsel, Gulf Power Company

QUESTION:
Please refer to paragraph 1 of the petition. Regarding the decision to convert Crist Units 4-7 to natural gas as the primary fuel type and retire the coal generation assets, please answer the following questions:

a. Please explain the approval process for the conversion, including the final date the decision was made.

b. Has the Commission reviewed or approved the conversion of Crist Units 4-7? If so, please identify the docket(s) included in this review, and any Order(s) approving this conversion.

RESPONSE:
a. A request that outlined cost, scope and customer benefit for the conversion project was reviewed and approved by Gulf's management on February 18, 2019.

b. No, the Commission has not reviewed or approved the conversion of the Crist Units 4-7. See Gulf's response to Staff's Second Data Request No. 1(b).

QUESTION:
Please refer to paragraph 3 of the petition. For Crist Units 4-7 provide, on a monthly basis for the historic period 2018 through 2020, in tons and dollars, the following:

a. The amount of coal Gulf burned by unit.

b. The amount of coal inventory.

c. The amount of coal shipments, if any.

RESPONSE:
a. The amount of coal Gulf burned by unit. – See tabs labeled, "Burn & Cost" in Attachment 1.

b. The amount of coal inventory. – See tabs labeled, "Inventory" in Attachment 1.

c. The amount of coal shipments, if any. – See tabs labeled, "Coal Shipments" in Attachment 1.

QUESTION:
Please refer to paragraph 3 of the petition. For Crist Unit 4-7 provide, on a monthly basis for the projected period 2020 through 2021, in tons and dollars, the following if the coal generation assets had been repaired and returned to service after the damage due to Hurricane Sally and then economically dispatched.

a. The amount of coal Gulf burned by unit.

b. The amount of coal inventory.

c. The amount of coal shipments, if any.

RESPONSE:
The analysis regarding monthly coal burn if the coal generation assets had been repaired and returned to service anticipated that coal-based generation would be possible as of January 1, 2021. The repair and restore scenario anticipated burning the coal inventory over a six-month period beginning on January 1, 2021 following completion of the repair and restoration.

Coal burn for Scenario 1 (240k tons):

Jan 39,850.45
Feb 35,111.86
Mar 44,589.04
Apr 39,850.45
May 39,850.45
June 39,850.45
July to December 0.00

Coal burn for Scenarios 2 & 3 (Coal on site 120k tons):

Jan 18,650.26
Feb 18,650.26
Mar 18,650.26
Apr 18,650.26
May 18,650.26
June 18,650.26
July to December 0.00

QUESTION:
Please refer to paragraph 3 of Gulf's petition. Explain whether the Company is contractually obligated to receive any additional coal shipments for Crist Units 4-7, and if so, please describe the volume and cost of those shipments.

RESPONSE:
No.

QUESTION:
Please refer to Exhibit 1, Attachment MG-1 of the petition in this docket, and Gulf witness Richard L. Hume's projection testimony filed on September 3, 2020 in Docket 20200001-EI. Please reconcile the differences, if any, in the assumptions of coal consumption for Crist Units 4-7.

RESPONSE:
a. The assumptions made prior to Hurricane Sally, which were included in Mr. Hume's testimony filed on September 3, 2020, were that Plant Crist power generation using coal would be completed by the end of 2020, and that all Plant Crist power generation in 2021 would use natural gas, with coal available as a backup. As such, Mr. Hume's testimony assumed that all of the remaining 240 tons of coal owned by Gulf Power would be consumed by the end of 2020.

b. Following Hurricane Sally, Plant Crist was damaged and repairs were required to restore capability for generation with coal. As described further in response to Question 8, the company reviewed 3 scenarios each of which assessed whether repairing Plant Crist's coal assets would be favorable for customers. Each scenario, as summarized on Attachment MG-1, contemplated burning coal during the first 6 months of 2021, as shown in Question 3 above.

c. Scenario #1 contemplated burning all remaining 240 tons of coal; Scenarios #2 and #3 each contemplated selling or disposing 120 tons of coal (which were at that time stored off-site) with no monetary benefit assumed in Scenario 3, and burning the other 120 tons of coal.

QUESTION:
Please refer to Exhibit 1 Attachment MG-1 of Gulf's petition. Explain how the repair costs for the coal generating assets of Crist Unit 4-7 were estimated.

RESPONSE:
This amount is based on a review of previous repairs on the same or similar equipment, which review was developed through information in Gulf's work order management system and the experience of plant personnel.

QUESTION:
Please refer to paragraph 3 of the petition. Specify how the remaining coal, or contractually obligated coal shipments to be received will be disposed of with the retirement of the coal generating assets, and provide the amount of net benefit/cost to the general body of ratepayers.

RESPONSE:
There were two locations of coal as of the time of Hurricane Sally. Approximately one-half of the coal was located at the docks in Alabama being prepared to ship to the plant. The remaining coal was located on site at Plant Crist. For the analysis, we assumed the coal located at the docks in Alabama could be sold for $3.3 MM based on information we received from the market. For the coal located at the site, we assumed $0 in revenue from sale based on the actual blend of coal and the extensive cost to transport the coal from the site. Since that time, we have had discussions with potential buyers that could yield some revenue from a sale. Any benefit derived from that sale would wholly go back to the ratepayers.

QUESTION:
Please refer to paragraph 4 and Exhibit 1, Attachment MG-1 of the petition. Provide a breakdown of how the three scenario's assumptions were selected, specifically the amount of coal burned.

RESPONSE:
Scenario 1 anticipated that all of the 240k tons of coal would be burned on site, at the levels shown in Question 3.

Scenarios 2 and 3 each anticipated that the coal on-site at Plant Crist (approximately one-half the total) would be burned at the levels shown in Gulf's response to Staff's Third Data Request No. 3 and that the coal at the Alabama State Docks would not be transported to Plant Crist but instead would be sold or disposed of. Scenario 2 anticipated the sale of the coal at the Alabama State Docks would yield net cash proceeds. Scenario 3 anticipated that the coal at the Alabama State Docks would not be able to be sold for any proceeds.

QUESTION:
Please refer to Exhibit 1, Attachment MG-1 of the petition. Explain how each row's benefits/costs were determined for the repair and retire scenarios and provide a copy of the work papers used to calculate the values.

RESPONSE:
Repair/Replace Coal Equipment: This amount is based on previous repairs on the same or similar equipment based on a review of Gulf's work order management system and based on the experience of plant personnel. See spreadsheet Crist Coal Repair Estimates and the spreadsheet in Gulf's response to Staff's Third Data Request No. 10 Attachment 1, 2020 Gulf EDM Crist Coal or Gas.

Insurance Proceeds: Gulf presumed that all repairs or replacement of coal equipment would be covered by insurance proceeds thus increasing the chance of favorability of restoring coal operations.

Site operating costs to run on coal: Based on historical cost which consist of ash hauling, chemical cost, fuel handling labor, and minimal maintenance work on equipment until gas lateral line is complete. See Attachment 1, spreadsheet Crist Coal related Cost.

Gas Fuel Costs: Under the Do NOT Repair Coal Unit column, Gas Fuel Costs were calculated by multiplying the projected gas consumption of Units 6 and 7 from Gulf's 2021 Projection Filing for the January 2021 through June 2021 period by updated delivered gas price projections for the same period based on NYMEX prices as of 10/5/2020. The same methodology was used to derive Gas Fuel Costs under the Repair Coal Unit column; however, the gas consumption projections were reduced each month to accommodate burning the remaining coal under the scenario.

Coal Fuel Costs: Coal Fuel Costs were calculated by adjusting actual inventory data with projected barging costs under the scenario and multiplying the updated monthly charge-out costs by the projected monthly consumption of coal during the January 2021 through June 2021 period. The projected monthly consumption of coal was derived by ratably spreading the remaining coal in the scenario out over a six-month period and adjusting any months where the ratable volume exceeded the total projected monthly MMBtu consumption for Units 6 and 7 from Gulf's 2021 Projection Filing. See Attachment 2, spreadsheet Plant Crist Coal Analysis Final (10-8-2020).

Other Cost to Run on Coal: This cost is based on the average monthly Environmental Cost Recovery Clause ("ECRC") cost associated with burning of coal. Cost include limestone for scrubber operations, chemical cost, *i.e.* ammonia, hydrated lime, and sulfuric acid, and plant or contract labor for operations and maintenance of ECRC equipment. See Attachment 3, Crist Coal related Cost.

Transportation: This represents the actual fixed coal barging costs under the Parker Towing Company contract.

Sell Coal Inventory: This is the actual revenue from the Alabama State Docks coal sale to Javelin.

Coal Inventory Costs: This is the actual cost of the existing coal inventory.

QUESTION:
Please provide the Excel file with formulas intact and unlocked for the CPVRR Analysis for scenarios one through three.

RESPONSE:
Please see Attachment 1 to Staff's 3rd DR No. 10, Excel file: 2020 Gulf EDM Crist Coal or Gas.