

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for rate increase by Gulf Power Company)	DOCKET NO. 160186-EI
)	
In Re: Petition for approval of 2016 depreciation and dismantlement studies, approval of proposed depreciation rates and annual dismantlement accruals and Plant Smith Units 1 and 2 regulatory asset amortization, by Gulf Power Company.)	DOCKET NO. 160170-EI
)	FILED: January 13, 2017
)	
)	

DIRECT TESTIMONY AND EXHIBITS

OF

ROXIE MCCULLAR

ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

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1 University of Illinois in Springfield. I received my Bachelor of Science degree in
2 Mathematics from Illinois State University in Normal. Over the past 19 years I have filed
3 testimony in over 50 state regulatory proceedings on cost allocation, universal service, and
4 depreciation issues.

5

6 **Q. HAVE YOU PREPARED AN APPENDIX THAT DESCRIBES YOUR**
7 **QUALIFICATIONS?**

8 A. Yes. My qualifications and previous experiences are shown on the attached Appendix A.

9

10 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

11 A. I am testifying on behalf of Florida's Office of Public Counsel ("OPC").

12

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to address certain depreciation related issues presented in
15 Gulf Power Company's ("Gulf" or "Company") testimony and filings in this proceeding.

16

17 SUMMARY

18 **Q. CAN YOU SUMMARIZE YOUR RECOMMENDATIONS?**

19 A. Yes. I recommend that:

- 20 (1) The depreciation rates shown on Exhibit RMM-1 be approved for Gulf Power;
- 21 (2) The Company should keep the Commission and other parties informed regarding
- 22 the status of the negotiations of any possible contract extension for the Pace Plant.

1 DEFINITION OF DEPRECIATION

2 **Q. COULD YOU PLEASE PROVIDE THE DEFINITION OF DEPRECIATION?**

3 A. Yes. The Federal Energy Regulatory Commission (“FERC”) definitions contained in
4 FERC Uniform System of Accounts (18 CFR part 101 (“FERC USOA”)) state:

5 12. *Depreciation*, as applied to depreciable electric plant, means the loss in
6 service value not restored by current maintenance, incurred in connection
7 with the consumption or prospective retirement of electric plant in the
8 course of service from causes which are known to be in current operation
9 and against which the utility is not protected by insurance. Among the
10 causes to be given consideration are wear and tear, decay, action of the
11 elements, inadequacy, obsolescence, changes in the art, changes in demand
12 and requirements of public authorities.¹

13 The FERC USOA definition of “depreciation” specifically states depreciation is a “loss in
14 service value.” FERC defines service value as “the difference between original cost and
15 net salvage value of electric plant.”²

16
17 Exhibit RMM-12 includes the FERC USOA sections referenced in this testimony.

18
19 **Q. IS THIS THE SAME DEFINITION USED BY MR. WATSON AS STATED IN HIS**
20 **TESTIMONY?**

21 A. No. Contrary to the FERC USOA definition, Mr. Watson stated that under his definition
22 depreciation is not a loss in value. He stated: “Depreciation is a process of allocation, not
23 valuation.”³ Mr. Watson further explained: “the amount allocated to any one accounting

¹ FERC Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act. (18 CFR part 101).

² FERC USOA Definition 37 (18 CFR part 101).

³ Page 5, line 20 of Watson Direct Testimony.

1 period does not necessarily represent an actual loss or decrease in value that will occur
2 during that particular period.”⁴

3
4 **Q. IS MR. WATSON’S DEFINITION OF DEPRECIATION APPROPRIATE FOR**
5 **THIS PROCEEDING?**

6 A. No. Mr. Watson used the definition of “depreciation accounting,” not “depreciation.” In
7 fact, he stated: “The term ‘depreciation,’ as used herein, is considered in the accounting
8 sense...”⁵

9
10 **Q. WHAT IS THE SIGNIFICANCE OF THE DIFFERENCE BETWEEN**
11 **“DEPRECIATION” AND “DEPRECIATION ACCOUNTING”?**

12 A. “Depreciation accounting,” as defined by the American Institute of Certified Public
13 Accountants (“AICPA”) is used for purposes such as filings made under the jurisdiction of
14 the Security Exchange Commission (“SEC”). “Allocation, not valuation” is part of the
15 “depreciation accounting” definition used for those purposes.

16
17 However, in a utility regulatory proceeding such as this, where the depreciation expense
18 impacts the rates charged to ratepayers, it is appropriate to calculate “depreciation” that is
19 related to the service value consumed by the ratepayers in the course of service, as
20 discussed in the FERC USOA definition.

⁴ Page 5, line 24 - page 6, line 1 of Watson Direct Testimony.

⁵ Page 5, lines 17-18 of Watson Direct Testimony.

1 **Q. DOES A STANDARD DEPRECIATION TEXT DISCUSS THE DIFFERENCE**
2 **BETWEEN “DEPRECIATION” AND “DEPRECIATION ACCOUNTING”?**

3 A. Yes. Page 14 of the text Public Utilities Depreciation Practices, when discussing the AICPA
4 definition of depreciation accounting, states:

5 This definition of depreciation accounting brings the ‘allocation of cost’
6 concept into much clearer focus. It de-emphasizes the concept of
7 depreciation expense as a ‘loss in service value’ or an ‘allowance’ and
8 emphasizes the concept of depreciation expense as the cost of an asset
9 which is allocable to a particular accounting period.⁶

10 Exhibit RMM-11 includes the relevant pages from Public Utilities Depreciation Practices
11 published by National Association of Regulatory Utility Commissioners (“NARUC”) in 1996.

12
13 **Q. WHAT DEFINITION OF DEPRECIATION DO YOU RELY ON IN THIS**
14 **TESTIMONY?**

15 A. Since this is a utility regulation proceeding, I rely on the FERC USOA definition of
16 “depreciation” which focuses on the “loss of service value,” unlike the definition of
17 “depreciation accounting” relied on by Mr. Watson, which “is a process of allocation, not
18 valuation.”

19
20 In other words, depreciation, as discussed in this testimony, conforms to the FERC USOA
21 definition.

⁶ Page 14 of Public Utilities Depreciation Practices, published by National Association of Regulatory Utility Commissioners (NARUC), 1996.

1 CORRECTED SMITH CC RESERVE IN DEPRECIATION RATE STUDY

2 **Q. DID YOU REVIEW THE COMPANY'S DEPRECIATION RATE STUDY AT**
3 **DECEMBER 31, 2016?**

4 A. Yes, I first began with a review of the Depreciation Rate Study at December 31, 2016, filed
5 as Appendix A on July 14, 2016 in Docket No. 160170-EI. That study showed an increase
6 of \$23.4 million in annual depreciation accrual, based on December 31, 2016 plant in
7 service amounts.⁷ OPC's first round of discovery regarding the July 14, 2016 Depreciation
8 Rate Study asked about an "overall negative book reserve for Smith CC" that was included
9 in the Depreciation Rate Study. The Company's response stated:

10 An error was made in the calculation of the book reserve for the Plant Smith
11 Combined Cycle (Smith CC) in the Depreciation Study filed with the
12 Florida Public Service Commission (FPSC) on July 14, 2016. A corrected
13 Study was filed with the FPSC on September 20, 2016. The correction
14 changed the book reserve for the Smith CC from a negative amount to a
15 positive \$31,407,661.⁸
16

17 **Q. WHAT IMPACT DID THIS CORRECTION TO SMITH CC BOOK RESERVE**
18 **HAVE ON THE PROPOSED ACCRUAL INCREASE?**

19 A. The correction to the Smith CC book reserve decreased the proposed depreciation annual
20 accrual by \$2.9 million, based on December 31, 2016 plant in service amounts.⁹ The
21 corrected Depreciation Rate Study filed on September 20, 2016 showed an increase of
22 \$20.4 million in annual depreciation accrual, based on December 31, 2016 plant in service
23 amounts.¹⁰

⁷ Page 123 of Appendix B of Company's July 14, 2016 filing in Docket No. 160170-EI.

⁸ Gulf response to OPC ROG-10 in Docket No. 160170-EI.

⁹ \$20,414,266 from page 124 of corrected Appendix A of Company's July 14, 2016 filing in Docket No. 160170-EI less \$23,387,345 from page 123 of Appendix A of Company's July 14, 2016 filing in Docket No. 160170-EI. (\$20,414,266 - \$23,387,345 = -\$2,973,079).

¹⁰ Page 124 of Appendix B of Company's September 20, 2016 filing in Docket No. 160170-EI.

1 The adjustments to the Depreciation Rate Study discussed in this testimony are to the
2 Company's corrected Depreciation Rate Study filed on September 20, 2016 in Docket No.
3 160170-EI, and filed as Exhibit DAW-1 in Docket No. 160186-EI.

4
5 ACCOUNT 365 AVERAGE SERVICE LIFE

6 **Q. DO YOU HAVE A RECOMMENDATION REGARDING THE PROJECTION**
7 **LIFE FOR ACCOUNT 365, OVERHEAD CONDUCTORS & DEVICES?**

8 A. Yes, I recommend a 50-year life with a R0.5 curve for Account 365, Overhead Conductors
9 & Devices.

10
11 **Q. WHAT LIFE DID THE COMPANY PROPOSE FOR ACCOUNT 365, OVERHEAD**
12 **CONDUCTORS & DEVICES?**

13 A. The Company proposed a 45-year life with a R1 curve. Page 80 of the Depreciation Rate
14 Study states:

15 A longer life would not be unreasonable but should be stabilized going
16 forward. The SPR-B analysis indicates a life as long as 50 in the top three
17 ranked life and dispersion curve combinations. The 45 year life and an R1
18 dispersion curve is ranked in the top three across the bands and has fair CIs
19 with excellent REIs.¹¹
20

21 **Q. WHAT IS MEANT BY "SPR-B" ANALYSIS IN THE ABOVE QUOTE?**

22 A. The term Simulated Plant-Record Balances ("SPR-B") is defined by NARUC as follows:

23 A trial-and-error model used to estimate the average service life of a
24 depreciable group. The SPR model simulates retirements and the resultant
25 plant balances for combinations of standardized survivor curves and

¹¹ Page 80, Exhibit DAW-1 (Depreciation Rate Study).

1 average service lives and compares the results to the historical data until a
2 good match is found.¹²

3 The “closeness of fit between calculated and actual balances in the Simulated Plant-Record
4 Model” is measured by the conformance index (“CI”).¹³ The higher the CI the better the
5 fit of the curve.

6
7 The retirement experience index (“REI”) “is the percentage of installations from the oldest
8 vintage that would have retired by the end of the most recent year in the chosen band of
9 years if the installations retired according to the specified survivor curve. The higher the
10 REI the more assurance that a unique retirement pattern was used in the SPR simulation.”¹⁴

11
12 **Q. HOW ARE THE CI AND REI INTERPRETED IN CONSIDERING THE**
13 **CLOSENESS OF FIT FOR THE RESULTS OF THE SPR-B ANALYSIS?**

14 **A.** Mr. Alex E. Bauhan, the author of the SPR-Balances method proposed the following
15 rankings of CIs.¹⁵

CI	Value
over 75	excellent
50 to 75	good
25 to 50	fair
under 25	poor

16
17 In the discussion of the SPR method, NARUC points out that:

¹² Page 325, Public Utilities Depreciation Practices, published by NARUC, 1996.
¹³ Page 317, Public Utilities Depreciation Practices, published by NARUC, 1996.
¹⁴ Page 324, Public Utilities Depreciation Practices, published by NARUC, 1996.
¹⁵ Page 96, Public Utilities Depreciation Practices, published by NARUC, 1996.

1 Bauhan states that the CI should be 'good' or better (i.e., at least 50) in
2 order for a life determination to be considered entirely satisfactory.¹⁶

3 and

4 According to Bauhan, results with an REI less than 'fair' (i.e., less than
5 33%) should be discarded regardless of the CI.¹⁷

6
7 **Q. PAGE 80 OF THE DEPRECIATION RATE STUDY QUOTED ABOVE**
8 **REFERENCES THE TOP THREE FITS ACROSS THE BANDS. IS YOUR**
9 **RECOMMENDED 50-YEAR R0.5 CURVE IN THE TOP THREE FITS?**

10 A. Yes, my recommended 50-year R0.5 curve is in the top three fits.

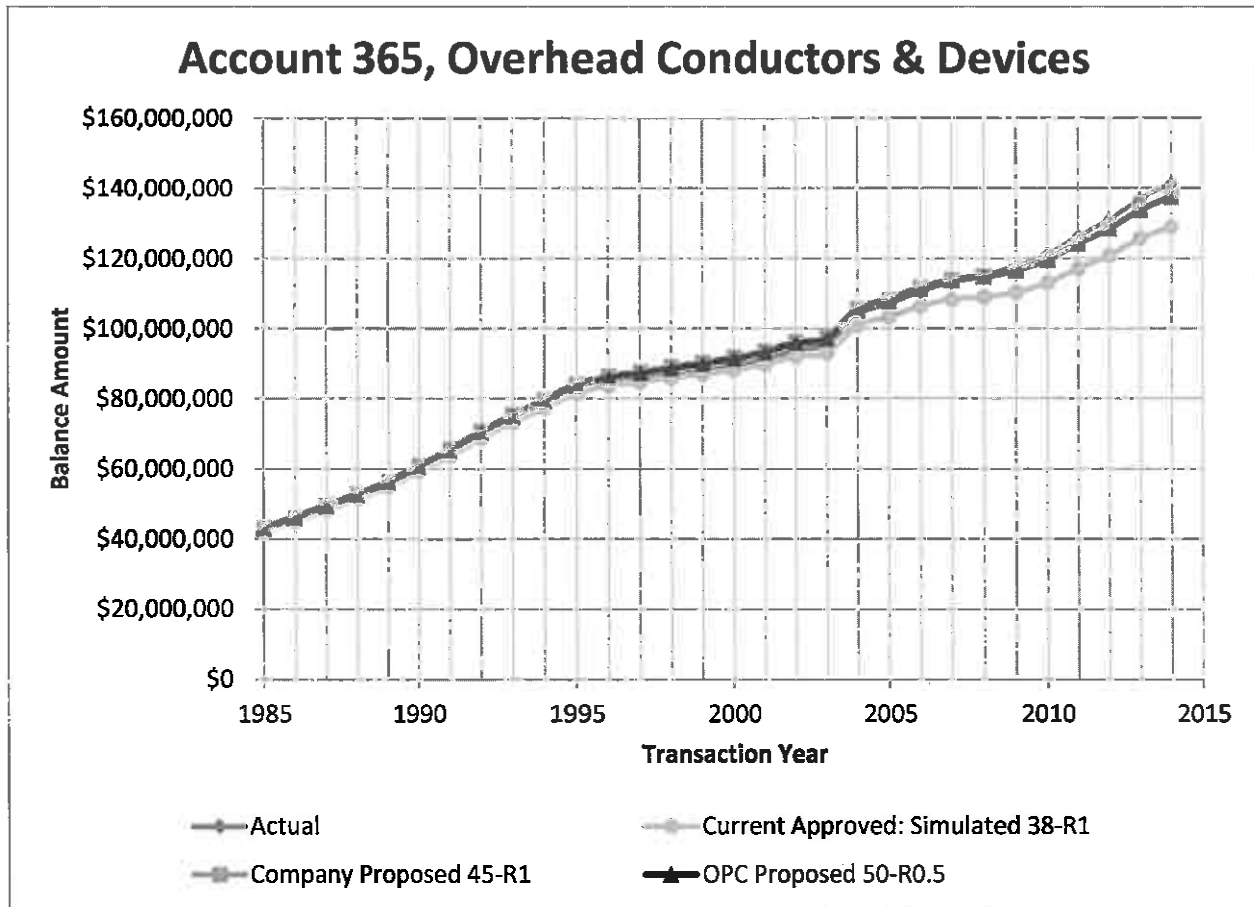
11
12 The average service life of the top three fits are 45-years, 50-year, and 55-years. The
13 Company's proposed 45-year is at the bottom of the range. My recommended 50-year life
14 is in the middle of the range.

15
16 Based on the analysis and review of the information provided in this proceeding, I
17 recommend a 50-year R0.5 curve for Account 365. Exhibit RMM-3 shows the calculation
18 of the average remaining life using the 50-year R0.5 curve

¹⁶ Page 99, Public Utilities Depreciation Practices, published by NARUC, 1996.

¹⁷ Page 99, Public Utilities Depreciation Practices, published by NARUC, 1996.

1 Below is a graph of the actual balances and the simulated balances produced by the
2 Company's proposed and my recommended life and curves.



3 ACCOUNT 369.1 AVERAGE SERVICE LIFE

4 **Q. DO YOU HAVE A RECOMMENDATION REGARDING THE PROJECTION**
5 **LIFE FOR ACCOUNT 369.1, OVERHEAD SERVICES?**

6 **A. Yes, I recommend a 46-year life with a R0.5 curve for Account 369.1, Overhead Services.**

1 **Q. WHAT LIFE DID THE COMPANY PROPOSE FOR ACCOUNT 369.1,**
2 **OVERHEAD SERVICES?**

3 A. The Company proposed a 42-year life with a R1 curve. Page 87 of the Depreciation Rate
4 Study states:

5 Discussions with Company personnel indicate load and relocations are the
6 primary drivers of retirement for overhead services. The SPR-B analysis
7 shows the top ranked curves have poor to fair CIs but excellent REIs across
8 the bands analyzed. The 42-year life expectancy and an R1 dispersion curve
9 is in the top three ranked curves¹⁸

10
11 **Q. PAGE 87 OF THE DEPRECIATION RATE STUDY QUOTED ABOVE**
12 **REFERENCES THE TOP THREE FITS ACROSS THE BANDS. IS YOUR**
13 **RECOMMENDED 46-YEAR R0.5 CURVE IN THE TOP THREE FITS?**

14 A. Yes, my recommended 46-year R0.5 curve is in the top three fits.

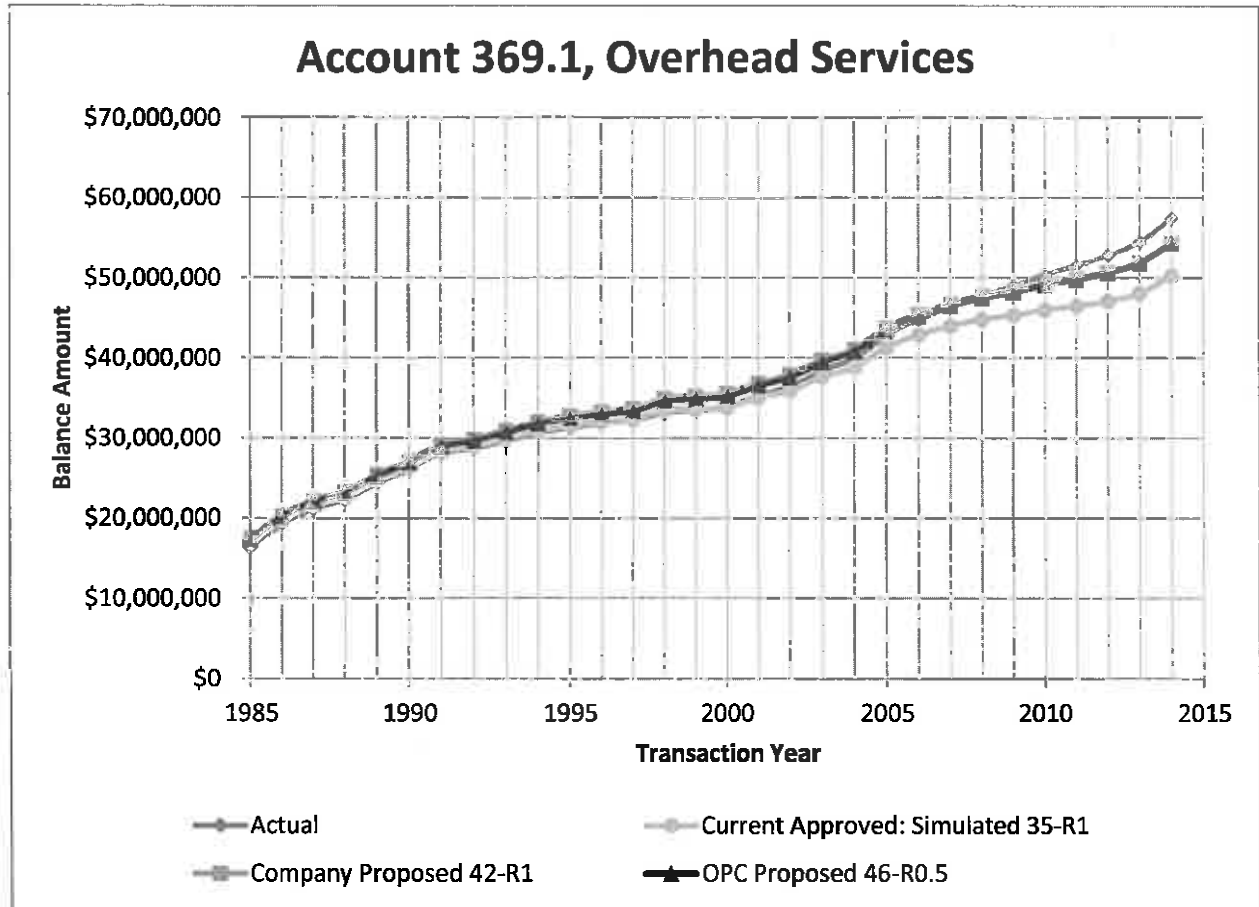
15
16 The average service life of the top three fits are 42-years, 46-years, and 51-years. The
17 Company's proposed 42-year is at the bottom of the range. My recommended 46-year life
18 is in the middle of the range.

19
20 Based on the analysis and review of the information provided in this proceeding, I
21 recommend a 46-year R0.5 curve for Account 369.1.

22
23 Exhibit RMM-4 shows the calculation of the average remaining life using the 46-year R0.5
24 curve.

¹⁸ Page 87, Exhibit DAW-1 (Depreciation Rate Study).

1 Below is a graph of the actual balances and the simulated balances produced by the
2 Company's proposed and my recommended life and curves.



3
4 PRODUCTION PLANT INTERIM RETIREMENT RATIOS
5 **Q. DO YOU HAVE ANY RECOMMENDATION REGARDING THE COMPANY'S**
6 **PROPOSED INTERIM RETIREMENT RATIOS?**
7 **A. Yes. The Company's calculation of the interim retirement ratios ("IRR") for Account**
8 **312, Boiler Plant Equipment, Account 314, Turbogenerator Equipment, and Account**
9 **315, Accessory Electric Equipment included final retirement amounts.**

1 I recommend a 0.73% IRR for Account 312, Boiler Plant Equipment, a 0.93% IRR for
2 Account 314, Turbogenerator Equipment, and a 0.50% IRR for Account 315, Accessory
3 Electric Equipment.

4
5 **Q. PLEASE EXPLAIN WHAT IS MEANT BY AN IRR ESTIMATE.**

6 **A.** The IRR is “the ratio of the interim dollars retired from a group during a period divided
7 by the total dollars in service at the beginning of the period.”¹⁹ An interim retirement is
8 defined as follows:

9 As used in life span analysis, retirements of component parts of a major
10 structure prior to the complete removal of the retirement unit from service.²⁰
11

12 The IRR estimates the retirement pattern of the components of the structure before the final
13 retirement of the structure. For example, a roof often does not last the entire life of a
14 building, so the retirement of the roof when a new roof is installed and the building will
15 continue to be in service would be considered an interim retirement. However, the final
16 retirement of the building, and any roof on the building at the time, is considered a final
17 retirement. In the life span analysis, the final retirement is the date when the entire structure
18 and components will retire at once.

19
20 The inclusion of a final retirement in the calculation of the IRR is incorrect. The final
21 retirements are separately included in the depreciation rate calculation in addition to the
22 IRR.

¹⁹ Page 321, Public Utilities Depreciation Practices, published by NARUC, 1996.

²⁰ Page 321, Public Utilities Depreciation Practices, published by NARUC, 1996.

1 NARUC states:
2 the interim retirement life table ... may be developed by subtracting final
3 retirements from total booked retirements²¹

4 NARUC also states:
5 When developing the survivor curve for the life span group properties,
6 however, final retirements are not included.²²

7
8 **Q. WHAT FINAL RETIREMENTS DID THE COMPANY INCLUDE IN THE**
9 **CALCULATION OF THE IRR FOR ACCOUNT 312, BOILER PLANT**
10 **EQUIPMENT, ACCOUNT 314, TURBOGENERATOR EQUIPMENT, AND**
11 **ACCOUNT 315, ACCESSORY ELECTRIC EQUIPMENT?**

12 **A. In discovery, the Company stated that the final retirement amounts for Plant Crist Units 1-**
13 **3 were included in the IRR calculations for Account 312, 314, and 315.²³ The following is**
14 **the table of final retirements included in the IRR calculations.²⁴**

Units	Year	Account 312 (\$)	Account 314 (\$)	Account 315 (\$)	Total (\$)
Plant Crist Unit 1	2003	975,843	919,271	286,398	2,181,512
Plant Crist Unit 2	2006	1,171,365	1,363,687	222,550	2,757,602
Plant Crist Unit 3	2006	2,036,536	3,349,254	345,675	5,731,465
Total Plant Crist		4,183,744	5,632,212	854,623	10,670,579

15 Since the Company analyzes the interim retirements from 2005-2014 to estimate the IRR,
16 the amounts of final retirements for Plant Crist Unit 1 in 2003 do not impact the

²¹ Page 148, Public Utilities Depreciation Practices, published by NARUC, 1996.
²² Page 146, Public Utilities Depreciation Practices, published by NARUC, 1996.
²³ Gulf response to OPC ROG-141 (Docket No. 160186) and OPC ROG-17 (Docket No. 160170).
²⁴ Gulf response to OPC ROG-141 (Docket No. 160186).

1 Company's recommended IRR.²⁵ However, the final retirements in 2006 of Plant Crist
2 Units 2 and 3 are improperly included in the Company's IRR calculations.

3

4 **Q. PLEASE EXPLAIN HOW THE COMPANY CALCULATED THE IRR.**

5 A. Attached as Exhibit RMM-5 are pages 136-138 of Exhibit DAW-1, which show the
6 calculation of the IRR for Accounts 312, 314, and 315

7

8 Looking at Account 314 on page 137 of Exhibit DAW-1, in the middle of the page, the
9 "IRR" is shown as 1.0791%. This is calculated by dividing the "Average Retirement" of
10 \$3,356,509 by the "PIS" of \$311,048,014. The PIS is the Plant in Service balance in
11 account 314 at December 31, 2014. The Average Retirement is the average of the
12 retirements shown for the 10-year period 2005-2014, as shown below.

Year	Retirement
2005	218,391
2006	6,909,778
2007	4,410,652
2008	1,141,101
2009	838,520
2010	6,249,585
2011	2,304,259
2012	8,935,933
2013	1,158,638
2014	1,398,230
Total Retirement	33,565,086
Average Retirement	3,356,509
2014 PIS	311,048,014
IRR	1.0791%

²⁵ Pages 41-42, Exhibit DAW-1 (Depreciation Rate Study).

1 Based on this calculation, the Company proposes a 1.08% IRR for Account 314.²⁶

2

3 **Q. WHAT IRR RESULTS FROM THE PROPER EXCLUSION OF FINAL**
4 **RETIREMENT AMOUNTS IN THE CALCULATION OF THE INTERIM**
5 **RETIREMENT PATTERN?**

6 A. As shown in the response quoted above for Account 314, the Company's IRR calculation
7 includes the final retirement amount of \$1,363,687 for Crist Unit 2 in 2006 and \$3,349,254
8 for Crist unit 3 in 2006.²⁷ This is a total of \$4,712,941 final retirements included in 2006.

9 Below is the calculation of the IRR that excludes the final retirement amounts in 2006.

Year	Retirement	Final Retirement	Adjusted
2005	218,391		218,391
2006	6,909,778	4,712,941	2,196,837
2007	4,410,652		4,410,652
2008	1,141,101		1,141,101
2009	838,520		838,520
2010	6,249,585		6,249,585
2011	2,304,259		2,304,259
2012	8,935,933		8,935,933
2013	1,158,638		1,158,638
2014	1,398,230		1,398,230
Total Retirement	33,565,086		28,852,145
Average Retirement	3,356,509		2,885,214
2014 PIS	311,048,014		311,048,014
IRR	1.0791%		0.9276%

10 As shown in the above table, the corrected IRR is 0.93% for Account 314.

²⁶ Page 42, Exhibit DAW-1 (Depreciation Rate Study).

²⁷ Gulf response to OPC ROG-141 (Docket No. 160186).

1 Q. WHAT IS EXHIBIT RMM-6?

2 A. Attached as Exhibit RMM-6 is the corrected IRR calculation for Accounts 312, 314, and
3 315.

4
5 I recommend a 0.73% IRR for Account 312, Boiler Plant Equipment, a 0.93% IRR for
6 Account 314, Turbogenerator Equipment, and a 0.50% IRR for Account 315, Accessory
7 Electric Equipment.

8

9 Account 390 Future Net Salvage

10 Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE COMPANY'S
11 PROPOSED FUTURE NET SALVAGE PERCENT FOR ACCOUNT 390,
12 STRUCTURES AND IMPROVEMENTS?

13 A. Yes. I am recommending a 0% future net salvage percent for Account 390, compared to
14 the Company's proposed -5% future net salvage percent for this account.

15

16 Q. PLEASE EXPLAIN WHAT IS MEANT BY NET SALVAGE.

17 A. Net salvage is defined as "the salvage value of property retired, less the cost of removal."²⁸
18 Salvage value is defined as "the amount received for property retired, less any expenses
19 incurred in connection with the sale or in preparing the property for sale; ..." ²⁹ Cost of
20 removal is defined as "the cost of demolishing, dismantling, tearing down or otherwise

²⁸ Definition 19 of FERC USOA (18 CFR part 101).

²⁹ Definition 35 of FERC USOA (18 CFR part 101).

1 removing electric plant, including the cost of transportation and handling incidental
2 thereto.”³⁰

3
4 **Q. WHAT IMPACT DOES NET SALVAGE HAVE ON DEPRECIATION RATES?**

5 A. Positive net salvage results in a lower depreciation rate, everything else equal. Negative
6 net salvage results in a higher depreciation rate, everything else equal.

7
8 As stated in NARUC’s Public Utilities Depreciation Practices:

9 Positive net salvage occurs when gross salvage exceeds cost of retirement,
10 and negative net salvage occurs when cost of retirement exceeds gross
11 salvage.³¹

12
13 In calculating the depreciation rates, it is necessary to estimate future net salvage, which is
14 an estimate of what the net salvage will be when the investment now in service retires in
15 the future.

16
17 **Q. PLEASE EXPLAIN THE COMPANY’S SUPPORT FOR THE PROPOSED -5%
18 FUTURE NET SALVAGE FOR ACCOUNT 390.**

19 A. According to the Company, the Depreciation Rate Study “conservatively recommends
20 retention of negative 5 percent net salvage for this account.”³² The Depreciation Rate Study
21 indicates that the -5% is a “conservative” recommendation because “[i]n the most recent

³⁰ Definition 10 of FERC USOA (18 CFR part 101).

³¹ Page 18, Public Utilities Depreciation Practices, published by NARUC, 1996.

³² Pages 98-99, Exhibit DAW-1 (Depreciation Rate Study).

1 bands, the five-year and 10-year averages show negative 17.99 and negative 7.74 percent
2 net salvage, respectively.”³³

3
4 The -17.99% and -7.74% historical net salvage amounts referenced in the Depreciation
5 Rate Study can be found in the net salvage analysis included on page 157 of Exhibit DAW-
6 1. The relevant page is attached as page 4, Exhibit RMM-7 to this testimony

7
8 **Q. DO YOU AGREE WITH THE HISTORIC NET SALVAGE AVERAGE RELIED**
9 **ON BY THE COMPANY IN THE DEPRECIATION RATE STUDY?**

10 A. No. The historic net salvage analysis for Account 390 excludes gross salvage received
11 from the retirement of one of the assets included in the account.

12
13 Page 4 of Exhibit RMM-7 shows a retirement in 2008 of \$5,822,914 in account 390. In
14 discovery, the Company stated that \$5,641,104 of this \$5,822,914 retirement in 2008 was
15 “related to the sale of the Pace Boulevard office building in Pensacola.”³⁴ Additionally in
16 discovery, the Company stated that it received \$4,297,789 for the sale of the Pace
17 Boulevard office building.³⁵ The Company credited \$1,445,879 of this \$4,297,789 amount
18 received to Account 108, Accumulated Provision for Depreciation and the remaining
19 \$2,851,910 to account 421.1, Gain on Disposition of Property.³⁶

³³ Page 98, Exhibit DAW-1 (Depreciation Rate Study).

³⁴ Gulf response to OPC ROG-23 (Docket No. 160170-EI).

³⁵ Gulf response to OPC ROG-24 (Docket No. 160170-EI).

³⁶ Gulf responses to OPC ROG-162 and 166.

1 **Q. WHAT IS YOUR UNDERSTANDING OF THE FLORIDA PUBLIC SERVICE**
2 **COMMISSION'S PREVIOUS RULINGS REGARDING THE GAIN ON A SALE**
3 **OF UTILITY PROPERTY?**

4 **A.** It is my understanding that the Commission's policy is to amortize the gain over a five-
5 year period. The Commission stated in Order No. 13537:

6 We have addressed the issue of the actual sale of Utility property in FPL's
7 last full rate case and in a number of other rate cases. In those cases, we
8 determined that gains or losses on the disposition of property devoted to, or
9 formerly devoted to, public service should be recognized above the line and
10 that those gains or losses, if prudent, should be amortized over a five-year
11 period. We reaffirm our existing policy on this issue.³⁷

12

13 **Q. HAVE YOU BEEN ABLE TO CONFIRM THAT THE \$2,851,910 BOOKED TO**
14 **ACCOUNT 421.1, GAIN ON DISPOSITION OF PROPERTY WAS AMORTIZED**
15 **ABOVE THE LINE OVER A FIVE YEAR PERIOD?**

16 **A.** No. Regarding the \$2,851,910 gain, the Company stated in response to discovery:

17 Since the asset that was sold was being recovered in retail rates, the gain
18 on the sale of the building was credited back to Gulf's retail customers in
19 October 2008.³⁸

20

21 I reviewed the Company's filing in a previous case, Docket No. 110138-EI. The
22 Company's Schedule C-29 in that previous case shows the \$2,852,000 gain in 2008, but I
23 was unable to confirm that any amortization of that gain was included in the Company's

³⁷ Order No. 13537, issued July 24, 1984, in Docket No. 830465-EI. Also, see Order No. PSC-07-0913-PAA-GU, issued November 13, 2007, in Docket No. 060657-GU.

³⁸ Gulf response to OPC ROG-163(c).

1 requested revenue requirement for the projected 2012 test year. The Company's Schedule
2 C-29 from Docket No. 110138-EI is attached as Exhibit RMM-8.

3
4 I also reviewed the Company's FERC Form 1 for the year 2008. Page 117, line 40 shows
5 \$0 in Account 421.1 in the year 2008. However, Page 450.1 does indicate that \$1,445,879
6 was credited to Account 108 in 2008. Exhibit RMM-9 includes the referenced pages from
7 the Company's 2008 FERC Form 1

8
9 Since the \$2,851,910 gain should have been returned to the Company's ratepayers, OPC
10 has issued discovery regarding how "the gain on the sale of the building was credited back
11 to Gulf's retail customers."³⁹ As of the filing of this testimony, OPC has not received
12 responses to those discovery requests. I reserve the right to supplement or modify my
13 testimony based on my review of the outstanding discovery on this issue.

14
15 **Q. WHAT AMOUNTS ARE PROPERLY INCLUDED IN ACCOUNT 108,**
16 **ACCUMULATED PROVISION FOR DEPRECIATION?**

17 **A. FERC's USOA states:**

18 108 Accumulated provision for depreciation of electric utility plant.

19 A. This account shall be credited with the following:

20 (1) Amounts charged to account 403, Depreciation Expense, or to clearing
21 accounts for current depreciation expense for electric plant in service.

22 ...

23 B. At the time of retirement of depreciable electric utility plant, this account
24 shall be charged with the book cost of the property retired and the cost of

³⁹ OPC ROG-189 and 190.

1 removal and shall be credited with the salvage value and any other amounts
2 recovered, such as insurance.⁴⁰

3
4 In other words, the depreciation expense and the gross salvage go into the depreciation
5 reserve (“credit”) while the cost of removal and an amount equal to the investment that
6 retires are taken out of the depreciation reserve (“debit”).⁴¹

7
8 **Q. DID THE COMPANY INCLUDE THE \$1,445,879 CREDITED TO ACCOUNT 108,**
9 **ACCUMULATED PROVISION FOR DEPRECIATION AS SALVAGE IN ITS**
10 **HISTORIC SALVAGE ANALYSIS?**

11 **A. No. As stated in the FERC USOA, Account 108 “shall be credited with the salvage value**
12 **and any other amounts recovered.” The \$1,445,879 credited to Account 108 was part of**
13 **the amount recovered from the retirement and sale of the Pace Boulevard office building,**
14 **which is salvage. As stated above, FERC USOA states that salvage is “the amount received**
15 **for property retired ...”⁴²**

16
17 **Q. Please explain how the Company’s exclusion of the \$1,445,879 as salvage impacts the**
18 **depreciation rate calculation for Account 390.**

19 **A. Understating the historic salvage can result in the understatement of the future salvage**
20 **because the historic past salvage is reviewed when estimating the future salvage.**

⁴⁰ FERC USOA (18 CFR part 101).

⁴¹ See description of account 108 parts (A) and (B) in 18 CFR 201-Uniform System of Accounts (USOA).

⁴² Definition 35, FERC USOA (18 CFR part 101).

1 The receipts from the sale of the building the Company credited to Account 108 is
2 properly recognized as salvage in Account 108, as stated in FERC USOA.

3
4 The Company estimated the future net salvage amount partially based on the historic net
5 salvage analysis that excluded the recognition of the salvage received for the sale of the
6 Pace Boulevard office building.⁴³

7
8 **Q. WHAT WERE THE HISTORIC NET SALVAGE PERCENTS AS DETERMINED**
9 **BY THE COMPANY, EXCLUDING THE \$1,445,879 SALVAGE?**

10 A. Excluding the \$1,445,879 salvage from the historical net salvage analysis results in a 10-
11 year average of a -7.74% and an overall 34-year average of -8.76%.⁴⁴

12
13 **Q. WHAT ARE THE HISTORIC NET SALVAGE PERCENTS WHEN THE GROSS**
14 **SALVAGE RECEIVED FROM THE SALE OF THE PACE BOULEVARD OFFICE**
15 **BUILDING ARE INCLUDED IN THE ANALYSIS?**

16 A. Attached as Exhibit RMM-10 is the historic net salvage analysis for Account 390,
17 including the salvage of \$1,445,879 received in 2008 for the sale of the Pace Boulevard
18 office building and credited to Account 108.

19
20 As is shown on this Exhibit RMM-10 the 10-year average is a +9.87% and the overall 34-
21 year average is +2.13%.⁴⁵

⁴³ Page 98, Exhibit DAW-1 (Depreciation Rate Study).

⁴⁴ Page 156, Exhibit DAW-1, Appendix E-2 (Depreciation Rate Study) and Depreciation Rate Study work papers provided in response to OPC POD-4 in Docket No. 160170.

⁴⁵ The 5-year average still shows a -17.99% since the 2008 year would not be included in that average.

1 The historic net salvage averages that include more years of data are more representative
2 of the future expectations since the Company is proposing an average service life of 46
3 years for this account.

4
5 Based on the expected life of this account, the trend of the historic net salvage with the
6 inclusion of the proceeds from the sale of an asset in 2008, and review of the information
7 provided in this proceeding, I recommend a 0% future net salvage ratio for Account 390.

8
9 **Q. IS THE FUTURE NET SALVAGE PERCENT THE ONLY DIFFERENCE**
10 **BETWEEN YOUR RECOMMENDED DEPRECIATION RATE AND THE**
11 **COMPANY'S PROPOSED DEPRECIATION RATE FOR ACCOUNT 390?**

12 A. No. I also correct what appears to be a typographical error. The Company's depreciation
13 rate was calculated using a 30.7 average remaining life, which appears to be calculated
14 using a 45-year average service life, instead of the Company-proposed 46-year average
15 service life. Based on the Company's recommended average service life of 46 years and
16 the R1.5 curve shape, the average remaining life is 31.66 years. I used the 31.66 years
17 remaining life in the calculation of my recommended depreciation rate for this account.⁴⁶

⁴⁶ I am not recommending a change in the Company's proposed average service life or survivor curve.

1 **RETIREMENT YEAR OF PACE PLANT**

2 **Q. DO YOU HAVE A RECOMMENDATION REGARDING THE COMPANY'S**
3 **PROPOSED RETIREMENT YEAR OF 2018 FOR THE PACE PLANT (PEA**
4 **RIDGE)?**

5 **A. Yes. The Company is recommending a 2018 retirement year for Pace Plant, due to the end**
6 **of the current contract. In response to discovery, the Company indicated that it is still in**
7 **negotiations regarding the possible extension of the contract for the Pace (Pea Ridge) site.⁴⁷**

8
9 I recommend that the Company inform the Commission regarding the status of the
10 negotiations, and review the Company's proposed retirement year based on any possible
11 contract extension. I further recommend that the Company adjust the depreciation rate to
12 recognize any change in the retirement date.

13
14 **DISMANTLEMENT STUDY**

15 **Q. DID YOU REVIEW THE COMPANY'S TESTIMONY REGARDING THE 2016**
16 **DISMANTLEMENT STUDY?**

17 **A. Yes, I did review the 2016 Dismantlement Study filed as Appendix B on July 14, 2016 in**
18 **Docket No. 160170-EI and as Exhibit JJH-1, Schedule 6 in Docket No. 160186-EI.**

19
20 It is my understanding that since the Dismantlement Study shows a "surplus in the
21 accumulated dismantlement reserves," the Company is proposing to offset that surplus

⁴⁷ Gulf response to OPC ROG-9 and ROG-20 (Docket No. 160170).

1 with the \$62.5 million Other Cost of Removal regulatory asset established in the
2 Settlement Agreement in Docket No. 130140-EI.⁴⁸

3
4 Therefore, the Company is not including any recovery of its estimated future
5 dismantlement costs in this proceeding.

6
7 I am not recommending any adjustments to the Company's Dismantlement Study.

8
9 IMPACT ON THE COMPANY'S FILED REVENUE REQUIREMENT

10 **Q. What adjustment did the Company make to depreciation expense based on its**
11 **proposed change to the depreciation rates?**

12 **A.** Adjustment 43 in the Company's calculated revenue requirement shows a \$7,291,000
13 increase in expense due to the Depreciation Rate Study and Dismantlement Study based
14 on the Company's projected December 31, 2017 test year.⁴⁹

15
16 The adjustments I made to the proposed depreciation rates, as discussed in this testimony,
17 reduce the Company's adjustment 43 by \$1,556,000. This reduction is shown on Exhibit
18 RMM-2, and was provided to OPC Witness Donna Ramas.

⁴⁸ Pages 18-19 of Hodnett Direct Testimony.

⁴⁹ The depreciation rates and accrual amounts shown in Exhibit RMM-1 are based on December 31, 2016 plant in service amounts.

1 Q. **WHAT IS EXHIBIT RMM-13?**

2 A. Exhibit RMM-13 consists of copies of discovery responses referenced in my testimony and
3 exhibits.

4 CONCLUSION

5 Q. **WHAT ARE YOUR RECOMMENDATIONS?**

6 A. For the reasons stated above, I recommend that:

- 7 (1) The depreciation rates shown on Exhibits RMM-1 be approved for Gulf Power;
8 (2) The Company keep the Commission and other parties informed regarding the status
9 of the negotiations of any possible contract extension for the Pace Plant.

10

11 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony and Exhibits of Roxie McCullar has been furnished by electronic mail to the following parties on this 13th day of January, 2017:

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Roxie McCullar is a regulatory consultant. She is a licensed Certified Public Accountant in the state of Illinois. She is a member of the Society of Depreciation Professionals, the American Institute of Certified Public Accountants, and the Illinois CPA Society. She received her Master of Arts degree in Accounting from the University of Illinois-Springfield. She received her Bachelor of Science degree in Mathematics from Illinois State University. Over the past 19 years Ms. McCullar has filed testimony in over 50 state regulatory proceedings on cost allocation, universal service, and depreciation issues. In addition, Ms. McCullar has assisted Mr. Dunkel in numerous other proceedings.

PRESENT POSITION

William Dunkel and Associates
Position: Consultant

- Prefiled testimony on behalf Arizona Corporation Commission Utilities Division Staff a general rate proceeding involving Tucson Electric Power Company, Arizona Docket No. E-01933A-1-0322 in which I addressed electric depreciation issues.
- Testified on behalf Public Interest Advocacy Staff of the Georgia Public Service Commission in Georgia Power Company's 2016 Integrated Resource Plan, Georgia Docket No. 40161 in which I addressed depreciation issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding involving Atmos Energy, Docket No. 16-ATMG-079-RTS in which I addressed natural gas depreciation rate issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving Twin Valley Telephone, Inc., Docket No. 15-TWVT-213-AUD in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Testified on behalf of the Kansas Corporation Commission Staff in a general rate proceeding involving Kansas City Power Light Company, Docket No. 15-KCPE-116-RTS in which I addressed electric depreciation rate issues.
- Testified on behalf of the Kansas Corporation Commission Staff in an audit involving Moundridge Telephone Company, Inc., Docket No. 15-MRGT-097-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving S&T Telephone Cooperative, Inc., Docket No. 14-S&TT-525-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Co-Sponsored Bench Report on Depreciation in Maine Docket No. 2013-00443

regarding Bangor Hydro Electric Company and Maine Public Service Company (Emera-Maine) depreciation rates in a general rate proceeding.

- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving Wamego Telecommunications Company, Inc., Docket No. 14-WTCT-142-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving People Telecommunication LLC, Docket No. 13-PLTT-678-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving J.B.N. Telephone Company, Inc., Docket No. 13-JBNT-437-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving Zenda Telephone Company, Inc., Docket No. 13-ZENT-065-AUD in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving Craw-Kan Telephone Cooperative, Inc., Docket No. 13-CRKT-268-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving LaHarpe Telephone Company, Inc., Docket No. 12-LHPT-875-AUD in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving Gorham Telephone Company, Docket No. 12-GRHT-633-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in an audit involving S&T Telephone Cooperative Association, Inc., Docket No. 12-S&TT-234-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Cunningham Telephone Company, Inc., Docket No. 11-CNHT-659-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Rainbow Telephone Association, Docket No. 11-RNBT-608-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.

- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Pioneer Telephone Association, Docket No. 11-PNRT-315-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Assisted Kansas Corporation Staff in audit involving Golden Belt Telephone Association, Docket No. 10-GNBT-526-KSF in which I addressed cost study issues and support fund adjustments.
- Assisted Kansas Corporation Staff in audit involving United Telephone Association, Docket No. 10-UTAT-525-KSF in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Haviland Telephone Company, Inc., Docket No. 10-HVDT-288-KSF in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Blue Valley Tele-Communications, Inc., Docket No. 09-BLVT-913-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Assisted Kansas Corporation Staff in audit involving Twin Valley Telephone Company, Docket No. 09-TVWT-069-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Mutual Telephone Company, Docket No. 09-MLTL-091-KSF in which I addressed cost study issues and support fund adjustments.
- Assisted Kansas Corporation Staff in audit involving Columbus Telephone Company, Docket No. 08-CBST-400-KSF in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Moundridge Telephone Company, Docket No. 08-MRGT-221-KSF in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Peoples Telecommunications, LLC, Docket No. 07-PLTT-1289-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Madison Telephone, LLC, Docket No. 07-MDTT-195-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Rainbow Telecommunications Association, Inc., Docket No. 06-RNBT-1322-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Wamego Telecommunications Company, Inc., Docket No. 06-WCTC-1020-AUD in which I addressed cost study issues, allocation of FTTH

equipment, and support fund adjustments.

- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving H&B Communications, Inc., Docket No. 06-H&BT-1007-AUD in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Elkhart Telephone Company, Inc., Docket No. 06-ELKT-365-AUD in which I addressed cost study issues, allocation of FTTH equipment, and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving South Central Telephone Association, Inc., Docket No. 05-SCNT-1048-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Utah Committee of Consumer Services in general rate case involving Carbon/Emery Telecom, Inc., Docket No. 05-2302-01 in which I addressed cost study issues and depreciation rates.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Totah Communications, Inc., Docket No. 05-TTHT-895-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Maine Office of Public Advocate in Docket No. 2005-155, an investigation of Verizon's alternative form of regulation in which I addressed depreciation calculations.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Tri-County Telephone Association, Docket No. 05-TRCT-607-KSF in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving KanOkla Telephone Association, Inc, Docket No. 05-KOKT-060-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Cunningham Telephone, Inc, Docket No. 05-CNHT-020-AUD in which I addressed cost study issues and support fund adjustments.
- Testified on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving United Telephone Association, Inc, Docket No. 04-UTAT-690-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Council Grove Telephone Company, Docket No. 04-CGTT-679-KSF in which I addressed cost study issues and support fund adjustments.
- Testified on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Golden Belt Telephone Association, Docket No. 04-GNBT-130-AUD in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Twin Valley Telephone, Inc., Docket No. 03-TWVT-

1031-AUD in which I addressed cost study issues.

- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Haviland Telephone Company, Docket No. 03-HVDT-664-RTS in which I addressed cost study issues and support fund adjustments.
- Testified on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving Wheat State Telephone Company, Docket No. 03-WHST-503-AUD, in which I addressed cost study issues and support fund adjustments.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in general rate proceeding and audit involving S&A Telephone Company, Docket No. 03-S&AT-160-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving JBN Telephone Company, Docket No. 02-JBNT-846-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Blue Valley Telephone Company, Inc., Docket No. 02-BLVT-377-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving S&T Telephone Cooperative Association, Inc., Docket No. 02-S&TT-390-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Craw-Kan Telephone Cooperative, Docket No. 01-CRKT-713-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Sunflower Telephone Company, Inc., Docket No. 01-SFLT-879-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Bluestem Telephone Company, Inc., Docket No. 01-BSST-878-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Pioneer Telephone Company, Docket No. 01-PNRT-929-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Southern Kansas Telephone Company, Docket No. 01-SNKT-544-AUD, in which I addressed cost study issues.
- Prefiled testimony on behalf of the Kansas Corporation Commission Staff in a general rate proceeding and audit involving Rural Telephone Company, Docket No. 01-RRLT-518-KSF, in which I addressed cost study issues.
- Testified on behalf of the Government and Consumers Intervenors (GCI) before the Illinois Commerce Commission in an Alternative Regulation case involving Ameritech Illinois, Docket No. 98-0252, in which I addressed cost study issues.

Participated in, but did not testify in, the following proceedings:

- New Jersey BPU Docket No. ER16050428 (Rockland Electric Company General Rate Proceeding)
- DC Formal Case No. 1139 (Potomac Electric Company General Rate Proceeding)
- DC Formal Case No. 1137 (Washington Gas Light General Rate Proceeding)
- New Jersey BPU Docket No. GR15111304 (New Jersey Natural Gas General Rate Proceeding)
- Massachusetts Case No. D.P.U. 15-155 (National Grid (Massachusetts Electric Company/Nantucket Electric Company) Depreciation Issues)
- New Mexico Case No. 15-00261-UT (Public Service Company of New Mexico General Rate Proceeding)
- Alaska Docket No. U-15-089 (College Utilities Corporation and Golden Heart Utilities, Inc. Water and Wastewater Depreciation Issues)
- Maryland Case No. 9355 (Baltimore Gas Electric Depreciation Rate Proceeding)
- Nebraska Application NG-0079 (SourceGas Depreciation Rate Proceeding)
- Maine Docket No. 2013-00168 (Central Maine Power Company General Rate Proceeding)
- New Jersey BPU Docket No. GR13111137 (South Jersey Gas Company General Rate Proceeding)
- Utah Docket No. 13-057-19 (Questar Gas Company Depreciation Rate Proceeding)
- DC Formal Case No. 1103 (Potomac Electric Company General Rate Proceeding)
- New Jersey BPU Docket No. ER12121071 and OAL Docket No. PUC00617-13 (Atlantic City Electric Company General Rate Proceeding)
- Utah Docket No. 13-035-02 (Rocky Mountain Power Depreciation Rate Proceeding)
- Alaska Docket No. U-12-149 (ML&P Depreciation Rate Proceeding)
- DC Formal Case No. 1093 (Washington Gas Light General Rate Proceeding)
- Kansas Docket No. 12-KGSG-835-RTS (Kansas Gas Rate Proceeding)
- Kansas Docket No. 12-KCPE-764-RTS (Kansas City Power & Light General Rate Proceeding)
- Indiana Cause No. 44075 (Indiana Michigan Power Company General Rate Proceeding)
- Kansas Docket No. 12-ATMG-564-RTS (Atmos Energy General Rate Proceeding)
- Maryland Case No. 9286 (Potomac Electric Power Company General Rate Proceeding)
- Maryland Case No. 9285 (Delmarva Power & Light Company General Rate Proceeding)
- Kansas Docket No. 12-WSEE-112-RTS (Westar Energy, Inc. General Rate Proceeding)
- Kansas Docket No. 11-MDWE-609-RTS (Midwest Energy General Rate Proceeding)
- Kansas Docket No. 08-GIMX-1142-GIV (Generic Depreciation Docket)
- New Mexico Case No. 10-00086-UT (Public Service Company of New Mexico General Rate Proceeding)
- Georgia Public Service Commission Docket No. 31647 (Atlanta Gas Light Company Rate Proceeding)

- Kansas Docket No. 10-KCPE-415-RTS (Kansas City Power & Light General Rate Proceeding)
- DC Formal Case No. 1076 (PEPCO General Rate Proceeding)
- Missouri Case No. ER-2010-0036 (AmerenUE Electric Rate Proceeding)
- Michigan Case No. U-15981 (Wisconsin Electric Power Company Depreciation Rate Proceeding)
- Alaska Docket No. U-09-097 (Chugach Electric Association, Inc. Depreciation Rate Proceeding)
- Alaska Docket No. U-09-077 (Homer Electric Association, Inc. Depreciation Rate Proceeding)
- Alaska Docket No. U-09-029 (TDX Sand Point Generating, Inc. Depreciation Rate Proceeding)
- Michigan Case No. U-15778 (SEMCO Energy Gas Company Depreciation Rate Proceeding)
- Michigan Case No. U-15699 (Michigan Consolidated Gas Company Depreciation Rate Proceeding)
- Michigan Case No. U-15629 (Consumers Energy Company Depreciation Rate Proceeding)
- New Mexico Case No. 08-00273-UT (Public Service Company of New Mexico General Rate Proceeding)
- Missouri Case No. ER-2008-0318 (AmerenUE Electric Rate Proceeding)
- Missouri Case No. ER-2008-0093 (Empire District Electric Company General Rate Proceeding)
- Kansas Docket No. 08-MDWE-594-RTS (Midwest Energy General Rate Proceeding)
- Alaska Docket No. U-07-174 (Enstar Natural Gas Company and Alaska Pipeline Company Depreciation Rate Proceeding)
- Alaska Docket No. U-08-004 (Anchorage Water and Wastewater Utility Depreciation Rate Proceeding)
- Kansas Case No. 08-ATMG-280-RTS (Atmos Energy General Rate Proceeding)
- Kansas Case No. 08-SEPE-257-DRS (Sunflower Electric Depreciation Rate Proceeding)
- Maryland Case No. 9103 (WGL Depreciation Rate Proceeding)
- Maryland Case No. 9096 (BGE Depreciation Rate Proceeding)
- Maryland Case No. 9092 (PEPCO General Rate Proceeding)
- Missouri Case No. ER-2007-0002 (AmerenUE Electric Rate Proceeding)
- Maryland Case No. 9062 (Chesapeake Utility Corporation General Rate Proceeding)
- Indiana Cause No. 42959 (Indiana Michigan Power Company Depreciation Rate Case)
- Arizona Docket No. T-0151B-03-0454 (Qwest Renewed Price Regulation Plan)
- Illinois Docket No. 04-0461 (SBC Imputation Requirements)
- Utah Docket No. 04-049-62 (Qwest Price Cap Compliance Filing)
- Utah Docket No. 03-049-49 (Qwest Price Flexibility-Residential)
- Utah Docket No. 03-049-50 (Qwest Price Flexibility-Business)

- Alaska Docket Nos. U-1-83, U-01-85, U-01-87 (General Rate Proceeding)
- Maryland Case No. 8960 (Washington Gas Light Company Depreciation Rate Proceeding)
- Pennsylvania Docket Nos. C-200271905 (Access Charge Complaint Proceeding)
- Illinois Docket No. 03-0323 (IL UNE Law Proceeding)
- Illinois Docket No. 02-0864 (SBC UNE Rate Proceeding)
- Pennsylvania Docket Nos. A-310200F0002, A-311350F0002, A-310222F0002, A-310291F0003 (Verizon for Approval of Agreement and Plan of Merger)
- California Docket A.02-01-004 (Kerman General Rate Case)
- Pennsylvania Docket Nos. P-00991649, P-00991648, M-00021596 (Joint Petition for Global Resolution of Telecommunications Proceedings)
- Illinois Docket No. 02-0560 (Verizon Advanced Services Waiver)
- Utah Docket No. 01-2383-01 (Qwest Price Flexibility-Residential)
- Utah Docket No. 02-049-82 (Qwest Price Flexibility-Business)
- Missouri Docket No. TR-2001-65 (Cost of Access Proceeding)
- Kansas Docket No. 02-WLST-210-AUD (Audit and General Rate Proceeding)
- Kansas Docket No. 02-HOMT-209-AUD (Audit and General Rate Proceeding)
- New Mexico Case No. 3223 (Universal service fund proceeding)
- Arizona Docket No. T-00000A-00-0194 (Wholesale cost/UNE proceeding of Qwest)
- Arizona TX 98-00716 (Tax Case of Citizens Telecommunications Company of White Mountain, et. al.)
- Maryland Case No. 8862 (PIC change charge case of Verizon Maryland)
- Maryland Case No. 8745 (Universal Service Proceeding of Verizon-Maryland)
- Arizona Docket No. T-01051B-99-0105 (General rate case of Qwest)
- New Mexico Case No. 3300 (Subsidy case of VALOR)
- New Mexico Case No. 3325 (Subsidy case of Qwest)
- New Mexico Case No. 3008 (General Rate/Depreciation case of USWest)
- Arizona Docket No. T-02724A-00-0595 (Earnings Review of Table Top Telephone Co.)
- Arizona Docket No. T-01051B-97-0689 (Depreciation case of US West)
- Illinois Docket No. 99-0412 (EAS case involving Geneseo Telephone Company)
- Kansas Docket No. 00-UTDT-455-GIT (Universal Service Fund case involving Sprint)
- Kansas Docket No. 98-SWBT-677-GIT (Universal Service Fund case involving SWBT)
- Illinois Docket Nos. 98-0200/98-0537 (Consolidated) (Usage sensitive service of GTE)
- Kansas Docket No.98-SWBT-431-DRS (Depreciation case of SWBT)
- Florida Undocketed Special Project (Fair and Reasonable Rates of GTE, BellSouth, and Sprint)
- Pennsylvania Docket No. A-310125F002 (GTE North Interconnection Proceeding)
- Oklahoma Cause No. PUD 96-0000214 (Public Service of Oklahoma Depreciation Case)
- Hawaii Docket No. 7702 (GTE Hawaiian Tel Interconnection/avoided cost proceeding)
- Washington Docket No. UT-960369 (US West avoided cost proceeding)

Participation in the above proceeding included some or all of the following:

Developing analyses, preparing data requests, analyzing issues, writing draft testimony, preparing data responses, preparing draft questions for cross examination, drafting briefs, and developed various quantitative models.

EDUCATION

Master of Arts in Accounting from the University of Illinois-Springfield, Springfield, Illinois.

12 hours of Business and Management classes at Benedictine University-Springfield College in Illinois, Springfield, Illinois.

27 hours of Graduate Studies in Mathematics at Illinois State University, Normal, Illinois.

Bachelor of Science in Mathematics from Illinois State University, Normal, Illinois.

Completed the Depreciation Fundamentals training course offered by the Society of Depreciation Professionals.

Relevant Coursework:

- | | |
|--------------------------------------|--|
| -Calculus | -Discrete Mathematics |
| -Number Theory | -Mathematical Statistics |
| -Linear Programming | -Differential Equations |
| -Finite Sampling | -Statistics for Business and Economics |
| -Introduction to Micro Economics | -Introduction to Macro Economics |
| -Principles of MIS | -Introduction to Financial Accounting |
| -Intermediate Managerial Accounting | -Introduction to Managerial Accounting |
| -Intermediate Financial Accounting I | -Intermediate Financial Accounting II |
| -Advanced Financial Accounting | -Auditing Concepts/Responsibilities |
| -Accounting Information Systems | -Federal Income Tax |
| -Fraud Forensic Accounting | -Accounting for Government & Non-Profit |
| -Commercial Law | -Advanced Utilities Regulation |
| -Advanced Auditing | -Advanced Corporation & Partnership Taxation |

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Account	Description	12/31/16 Investment	Current Approved		Company Proposed			WDA Proposed			Difference from Company
			Accrual Rate	Accrual Amount	Accrual Rate	Accrual Amount	Difference from Current	Accrual Rate	Accrual Amount	Difference from Current	
STEAM PRODUCTION											
	Crist Plant	1,551,930,888	3.5%	54,317,581	4.0%	62,077,236	7,759,654	4.0%	62,077,236	7,759,654	0
	Daniel RR Track	2,828,013	1.5%	42,420	1.6%	45,248	2,828	1.6%	45,248	2,828	0
	Daniel Easement	77,160	1.4%	1,080	1.4%	1,080	0	1.4%	1,080	0	0
	Daniel Plant	645,441,969	2.8%	18,072,375	3.0%	19,363,259	1,290,884	3.0%	19,363,259	1,290,884	0
	Scherer Plant	381,199,620	2.0%	7,623,992	2.2%	8,386,392	762,399	2.2%	8,386,392	762,399	0
	Scholz Plant	8,895,204	4.1%	364,703	0.0%	0	(364,703)	0.0%	0	(364,703)	0
	Total Steam Production Plant	2,590,372,854	3.1%	80,422,152	3.5%	89,873,215	9,451,062	3.5%	89,873,215	9,451,062	0
OTHER PRODUCTION											
	Pace Plant	11,496,153	5.3%	609,296	11.5%	1,322,058	712,761	11.5%	1,322,058	712,761	0
	Perdido Landfill	8,239,086	5.0%	411,954	7.3%	601,453	189,499	7.3%	601,453	189,499	0
	Smith CT	12,136,671	3.6%	436,920	6.3%	764,610	327,690	6.3%	764,610	327,690	0
	Smith CC	292,429,663	2.8%	8,188,031	4.7%	13,744,194	5,556,164	4.7%	13,744,194	5,556,164	0
	Total Other Production Plant	324,301,572	3.0%	9,646,201	5.1%	16,432,315	6,786,114	5.1%	16,432,315	6,786,114	0
	Total Production Plant	2,914,674,427	3.1%	90,068,354	3.6%	106,305,530	16,237,176	3.6%	106,305,530	16,237,176	0
Transmission Plant											
	350.10 Easements	12,654,559	1.6%	202,473	1.5%	189,818	(12,655)	1.5%	189,818	(12,655)	0
	352.00 Structures and Improvements	24,391,124	2.0%	487,822	1.7%	414,649	(73,173)	1.7%	414,649	(73,173)	0
	353.00 Station Equipment	250,073,126	2.3%	5,751,682	2.9%	7,252,121	1,500,439	2.9%	7,252,121	1,500,439	0
	354.00 Towers and Fixtures	42,290,155	2.3%	972,674	2.1%	888,093	(84,580)	2.1%	888,093	(84,580)	0
	355.00 Poles and Fixtures	230,339,009	3.6%	8,292,204	4.6%	10,595,594	2,303,390	4.6%	10,595,594	2,303,390	0
	356.00 Overhead Conductors and Devices	123,801,393	2.5%	3,095,035	2.6%	3,218,836	123,801	2.6%	3,218,836	123,801	0
	358.00 Underground Conductors	14,402,363	2.1%	302,450	1.7%	244,840	(57,609)	1.7%	244,840	(57,609)	0
	359.00 Roads and Trails	235,918	2.0%	4,718	1.9%	4,482	(236)	1.9%	4,482	(236)	0
	Total Transmission Plant	698,187,647	2.7%	19,109,058	3.3%	22,808,435	3,699,377	3.3%	22,808,435	3,699,377	0
Distribution Plant											
	360.10 Easements	204,176	1.8%	3,675	1.8%	3,675	0	1.8%	3,675	0	0
	361.00 Structures and Improvements	26,412,569	2.2%	581,077	2.0%	528,251	(52,825)	2.0%	528,251	(52,825)	0
	362.00 Station Equipment	213,071,996	2.2%	4,687,584	3.1%	6,605,232	1,917,648	3.1%	6,605,232	1,917,648	0
	364.00 Poles, Towers, and Fixtures	140,464,604	5.0%	7,023,230	4.9%	6,882,766	(140,465)	4.9%	6,882,766	(140,465)	0
	365.00 Overhead Conductors and Devices	153,061,774	3.1%	4,744,915	3.6%	5,510,224	765,309	3.0%	4,591,853	(153,062)	(918,371)
	366.00 Underground Conduit	1,159,696	1.3%	15,076	1.1%	12,757	(2,319)	1.1%	12,757	(2,319)	0
	367.00 Underground Conductors	158,145,619	3.3%	5,218,805	2.4%	3,795,495	(1,423,311)	2.4%	3,795,495	(1,423,311)	0
	368.00 Line Transformers	282,436,706	4.0%	11,297,468	3.4%	9,602,848	(1,694,620)	3.4%	9,602,848	(1,694,620)	0
	369.10 Overhead Services	61,968,191	3.8%	2,354,791	3.9%	2,416,759	61,968	3.2%	1,982,982	(371,809)	(433,777)
	369.20 Underground Services	57,120,322	2.6%	1,485,128	2.6%	1,485,128	0	2.6%	1,485,128	0	0
	370.00 Meters	36,567,578	2.7%	987,325	7.9%	2,888,839	1,901,514	7.9%	2,888,839	1,901,514	0
	370 AMI Meters - AMI Equipment	41,794,941	6.7%	2,800,261	4.8%	2,006,157	(794,104)	4.8%	2,006,157	(794,104)	0
	373.00 Street Lighting	75,546,351	5.0%	3,777,318	4.1%	3,097,400	(679,917)	4.1%	3,097,400	(679,917)	0
	Total Distribution Plant	1,247,954,522	3.6%	44,976,653	3.6%	44,835,531	(141,122)	3.5%	43,483,383	(1,493,270)	(1,352,148)
General Plant											
	390.00 Structures and Improvements	84,247,313	2.3%	1,937,688	2.2%	1,853,441	(84,247)	2.0%	1,684,946	(252,742)	(168,495)
	396.00 Power Operated Equipment	931,916	4.7%	43,800	1.7%	15,843	(27,957)	1.7%	15,843	(27,957)	0
	397.00 Communications Equipment	24,528,470	6.3%	1,545,294	5.7%	1,398,123	(147,171)	5.7%	1,398,123	(147,171)	0
	Total General Plant	109,707,699	3.2%	3,526,782	3.0%	3,267,406	(259,376)	2.8%	3,098,912	(427,870)	(168,495)
Transportation											
	392.10 Automobiles	29,848	12.1%	3,612	8.2%	2,448	(1,164)	8.2%	2,448	(1,164)	0
	392.20 Light Trucks	7,519,254	9.3%	699,291	17.6%	1,323,389	624,098	17.6%	1,323,389	624,098	0

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Account	Description	12/31/16 Investment	Current Approved		Company Proposed			WDA Proposed			Difference from Company
			Accrual Rate	Accrual Amount	Accrual Rate	Accrual Amount	Difference from Current	Accrual Rate	Accrual Amount	Difference from Current	
392.30	Heavy Trucks	24,527,733	7.9%	1,937,691	9.0%	2,207,496	269,805	9.0%	2,207,496	269,805	0
392.40	Trailers	1,320,796	4.8%	63,398	3.7%	48,869	(14,529)	3.7%	48,869	(14,529)	0
	Total Transportation	33,397,631	8.1%	2,703,991	10.7%	3,582,202	878,210	10.7%	3,582,202	878,210	0
	Total Transmission, Distribution, General, & Transportation	2,089,247,499	3.4%	70,316,485	3.6%	74,493,574	4,177,089	3.5%	72,972,931	2,656,447	(1,520,643)
	TOTAL UTILITY	5,003,921,925	3.2%	160,384,838	3.6%	180,799,104	20,414,266	3.6%	179,278,461	18,893,623	(1,520,643)
STEAM PRODUCTION (by Unit)											
Crist Plant											
310.00	Rights-of-Way	0			0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	127,423,259			2.0%	2,525,163	2,525,163	2.0%	2,525,163	2,525,163	0
312.00	Boiler Plant Equipment	1,044,025,637			4.3%	44,682,843	44,682,843	4.3%	44,544,792	44,544,792	(138,051)
314.00	Turbogenerator Units	199,126,823			4.6%	9,110,514	9,110,514	4.5%	8,918,115	8,918,115	(192,399)
315.00	Accessory Electric Equipment	170,568,203			3.5%	6,046,412	6,046,412	3.5%	6,024,332	6,024,332	(22,080)
316.00	Miscellaneous Power Plant Equipment	10,786,966			4.0%	426,452	426,452	4.0%	426,452	426,452	0
	Total Crist plant	1,551,930,888			4.0%	62,791,383	62,791,383	4.0%	62,438,853	62,438,853	(352,530)
Crist Plant Unit 4											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements				0.0%	0	0	0.0%	0	0	0
312.00	Boiler Plant Equipment	34,765,256			5.2%	1,817,974	1,817,974	5.2%	1,815,063	1,815,063	(2,911)
314.00	Turbogenerator Units	10,894,270			6.7%	726,335	726,335	6.6%	718,645	718,645	(7,690)
315.00	Accessory Electric Equipment	3,808,075			6.7%	254,238	254,238	6.7%	253,867	253,867	(371)
316.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
	Total Crist Plant Unit 4	49,467,600			5.7%	2,798,548	2,798,548	5.6%	2,787,576	2,787,576	(10,972)
Crist Plant Unit 5											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements				0.0%	0	0	0.0%	0	0	0
312.00	Boiler Plant Equipment	35,572,540			4.7%	1,665,758	1,665,758	4.7%	1,662,487	1,662,487	(3,272)
314.00	Turbogenerator Units	13,297,373			9.2%	1,224,180	1,224,180	9.1%	1,210,775	1,210,775	(13,405)
315.00	Accessory Electric Equipment	4,147,091			5.3%	220,333	220,333	5.3%	219,918	219,918	(415)
316.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
	Total Crist Plant Unit 5	53,017,003			5.9%	3,110,271	3,110,271	5.8%	3,093,180	3,093,180	(17,091)
Crist Plant Unit 6											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements				0.0%	0	0	0.0%	0	0	0
312.00	Boiler Plant Equipment	265,342,980			5.1%	13,531,196	13,531,196	5.1%	13,492,644	13,492,644	(38,552)
314.00	Turbogenerator Units	47,744,495			4.5%	2,155,216	2,155,216	4.4%	2,107,849	2,107,849	(47,367)
315.00	Accessory Electric Equipment	34,168,446			4.2%	1,422,447	1,422,447	4.1%	1,417,601	1,417,601	(4,846)
316.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
	Total Crist Plant Unit 6	347,255,921			4.9%	17,108,860	17,108,860	4.9%	17,018,094	17,018,094	(90,766)
Crist Plant Unit 7											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements				0.0%	0	0	0.0%	0	0	0
312.00	Boiler Plant Equipment	218,187,178			4.1%	8,939,425	8,939,425	4.1%	8,909,799	8,909,799	(29,627)
314.00	Turbogenerator Units	100,410,669			4.3%	4,299,572	4,299,572	4.2%	4,196,269	4,196,269	(103,303)
315.00	Accessory Electric Equipment	27,095,838			2.4%	637,519	637,519	2.3%	634,808	634,808	(2,711)
316.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
	Total Crist Plant Unit 7	345,693,684			4.0%	13,876,516	13,876,516	4.0%	13,740,876	13,740,876	(135,641)
Crist Plant Common											

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			Current Approved		Difference		Difference		Difference from Company		
			Accrual Rate	Accrual Amount	Accrual Rate	Accrual Amount	Accrual Rate	Accrual Amount		from Current	
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	127,423,259			2.0%	2,525,163	2,525,163	2.0%	2,525,163	2,525,163	0
312.00	Boiler Plant Equipment	490,157,683			3.8%	18,728,489	18,728,489	3.8%	18,664,800	18,664,800	(63,689)
314.00	Turbogenerator Units	26,780,017			2.6%	705,210	705,210	2.6%	684,576	684,576	(20,633)
315.00	Accessory Electric Equipment	101,348,754			3.5%	3,511,875	3,511,875	3.5%	3,498,137	3,498,137	(13,738)
316.00	Miscellaneous Power Plant Equipment	10,786,966			4.0%	426,452	426,452	4.0%	426,452	426,452	0
Total Crist Plant Common		756,496,680			3.4%	25,897,188	25,897,188	3.4%	25,799,128	25,799,128	(98,060)
Daniel Plant											
310.00	Rights-of-Way	0			0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	56,830,529			1.6%	885,113	885,113	1.6%	885,113	885,113	0
312.00	Boiler Plant Equipment	481,210,205			3.4%	16,188,559	16,188,559	3.3%	16,120,020	16,120,020	(68,539)
314.00	Turbogenerator Units	57,889,914			2.6%	1,477,983	1,477,983	2.5%	1,428,218	1,428,218	(49,765)
315.00	Accessory Electric Equipment	44,502,533			2.2%	976,639	976,639	2.2%	971,390	971,390	(5,248)
316.00	Miscellaneous Power Plant Equipment	5,008,787			2.5%	125,329	125,329	2.5%	125,329	125,329	0
Total Daniel Plant		645,441,969			3.0%	19,653,622	19,653,622	3.0%	19,530,070	19,530,070	(123,552)
Daniel Plant Unit 1											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	8,887,842			0.4%	33,855	33,855	0.4%	33,855	33,855	0
312.00	Boiler Plant Equipment	146,254,617			3.5%	5,091,639	5,091,639	3.5%	5,071,666	5,071,666	(19,973)
314.00	Turbogenerator Units	27,888,825			3.0%	822,592	822,592	2.9%	797,483	797,483	(25,109)
315.00	Accessory Electric Equipment	13,972,309			1.7%	234,582	234,582	1.7%	233,343	233,343	(1,239)
316.00	Miscellaneous Power Plant Equipment	133,722			4.3%	5,695	5,695	4.3%	5,695	5,695	0
Total Daniel Plant Unit 1		196,937,315			3.1%	6,188,363	6,188,363	3.1%	6,142,042	6,142,042	(46,321)
Daniel Plant Unit 2											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	9,337,214			0.3%	27,749	27,749	0.3%	27,749	27,749	0
312.00	Boiler Plant Equipment	152,274,745			3.2%	4,867,163	4,867,163	3.2%	4,845,596	4,845,596	(21,567)
314.00	Turbogenerator Units	26,717,999			2.3%	606,184	606,184	2.2%	583,813	583,813	(22,371)
315.00	Accessory Electric Equipment	12,977,551			1.2%	150,064	150,064	1.1%	149,080	149,080	(984)
316.00	Miscellaneous Power Plant Equipment	190,580			2.9%	5,593	5,593	2.9%	5,593	5,593	0
Total Daniel Plant Unit 2		201,498,088			2.8%	5,656,753	5,656,753	2.8%	5,611,831	5,611,831	(44,922)
Daniel Plant Common											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	38,605,472			2.1%	823,510	823,510	2.1%	823,510	823,510	0
312.00	Boiler Plant Equipment	182,680,844			3.4%	6,229,757	6,229,757	3.4%	6,202,758	6,202,758	(26,999)
314.00	Turbogenerator Units	3,483,091			1.4%	49,207	49,207	1.3%	46,922	46,922	(2,285)
315.00	Accessory Electric Equipment	17,552,673			3.4%	591,993	591,993	3.4%	588,967	588,967	(3,026)
316.00	Miscellaneous Power Plant Equipment	4,684,486			2.4%	114,041	114,041	2.4%	114,041	114,041	0
Total Daniel Plant Common		247,006,565			3.2%	7,808,507	7,808,507	3.1%	7,776,197	7,776,197	(32,310)
Daniel Plant Other											
310.00	Rights-of-Way (Easements)	77,160			1.4%	1,080	1,080	1.4%	1,080	1,080	0
311.00	Structures and Improvements (Rail Car)	2,828,013			1.6%	45,248	45,248	1.6%	45,248	45,248	0
312.00	Boiler Plant Equipment				0.0%	0	0	0.0%	0	0	0
314.00	Turbogenerator Units				0.0%	0	0	0.0%	0	0	0
315.00	Accessory Electric Equipment				0.0%	0	0	0.0%	0	0	0
316.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
Total Daniel Plant Other		2,905,173			1.6%	46,328	46,328	1.6%	46,328	46,328	0
Scherer Plant											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0

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Gulf Power - Florida
Summary of Depreciation Rates and Annual Accrual Amounts
As of December 31, 2016

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Account	Description	12/31/16 Investment	Current Approved		Company Proposed			WDA Proposed			
			Accrual Rate	Accrual Amount	Accrual Rate	Accrual Amount	Difference from Current	Accrual Rate	Accrual Amount	Difference from Current	Difference from Company
311.00	Structures and Improvements	37,765,761			1.2%	472,031	472,031	1.2%	472,031	472,031	0
312.00	Boiler Plant Equipment	282,887,490			2.5%	7,029,543	7,029,543	2.5%	6,991,418	6,991,418	(38,125)
314.00	Turbogenerator Units	38,601,240			1.6%	630,638	630,638	1.6%	601,207	601,207	(29,431)
315.00	Accessory Electric Equipment	16,036,614			1.9%	310,298	310,298	1.9%	308,272	308,272	(2,026)
316.00	Miscellaneous Power Plant Equipment	5,908,516			1.3%	75,817	75,817	1.3%	75,817	75,817	0
Total Scherer Plant		381,199,620			2.2%	8,518,327	8,518,327	2.2%	8,448,745	8,448,745	(69,583)
Scholz Plant											
310.00	Rights-of-Way				0.0%	0	0	0.0%	0	0	0
311.00	Structures and Improvements	4,386,828			0.0%	0	0	0.0%	0	0	0
312.00	Boiler Plant Equipment	1,033,193			0.0%	0	0	0.0%	0	0	0
314.00	Turbogenerator Units	1,377,880			0.0%	0	0	0.0%	0	0	0
315.00	Accessory Electric Equipment	1,682,895			0.0%	0	0	0.0%	0	0	0
316.00	Miscellaneous Power Plant Equipment	414,408			0.0%	0	0	0.0%	0	0	0
Total Scholtz Plant		8,895,204			0.0%	0	0	0.0%	0	0	0
OTHER PRODUCTION (by Unit)											
Pea Plant (Pea Ridge)											
341.00	Structures and Improvements				0.0%	0	0	0.0%	0	0	0
342.00	Fuel Holders, Products and Accessories				0.0%	0	0	0.0%	0	0	0
343.00	Prime Movers	7,332,158			10.1%	740,548	740,548	10.1%	740,548	740,548	0
344.00	Generators and Devices	3,484,216			13.4%	466,885	466,885	13.4%	466,885	466,885	0
345.00	Accessory Electric Equipment	679,779			16.7%	113,523	113,523	16.7%	113,523	113,523	0
346.00	Miscellaneous Power Plant Equipment				0.0%	0	0	0.0%	0	0	0
Total Pea Plant (Pea Ridge)		11,496,153			11.5%	1,320,956	1,320,956	11.5%	1,320,956	1,320,956	0
Perdido Landfill											
341.00	Structures and Improvements	2,221,640			7.8%	173,288	173,288	7.8%	173,288	173,288	0
342.00	Fuel Holders, Products and Accessories	797,165			6.7%	53,410	53,410	6.7%	53,410	53,410	0
343.00	Prime Movers	3,993,649			7.6%	303,517	303,517	7.6%	303,517	303,517	0
344.00	Generators and Devices				0.0%	0	0	0.0%	0	0	0
345.00	Accessory Electric Equipment	1,056,282			6.7%	70,771	70,771	6.7%	70,771	70,771	0
346.00	Miscellaneous Power Plant Equipment	170,350			0.0%	0	0	0.0%	0	0	0
Total Perdido Landfill		8,239,086			7.3%	600,986	600,986	7.3%	600,986	600,986	0
Smith CT											
341.00	Structures and Improvements	1,369,495			8.6%	117,777	117,777	8.6%	117,777	117,777	0
342.00	Fuel Holders, Products and Accessories	946,035			9.5%	89,873	89,873	9.5%	89,873	89,873	0
343.00	Prime Movers	2,608,493			9.5%	247,807	247,807	9.5%	247,807	247,807	0
344.00	Generators and Devices	3,856,145			2.0%	77,123	77,123	2.0%	77,123	77,123	0
345.00	Accessory Electric Equipment	3,305,588			7.0%	231,391	231,391	7.0%	231,391	231,391	0
346.00	Miscellaneous Power Plant Equipment	50,915			12.2%	6,212	6,212	12.2%	6,212	6,212	0
Total Smith CT		12,136,671			6.3%	770,182	770,182	6.3%	770,182	770,182	0
Smith CC											
341.00	Structures and Improvements	28,036,877			4.7%	1,317,733	1,317,733	4.7%	1,317,733	1,317,733	0
342.00	Fuel Holders, Products and Accessories	4,698,022			5.1%	239,599	239,599	5.1%	239,599	239,599	0
343.00	Prime Movers	158,457,670			5.7%	9,032,087	9,032,087	5.7%	9,032,087	9,032,087	0
344.00	Generators and Devices	84,589,044			2.7%	2,283,904	2,283,904	2.7%	2,283,904	2,283,904	0
345.00	Accessory Electric Equipment	14,007,856			4.2%	588,330	588,330	4.2%	588,330	588,330	0
346.00	Miscellaneous Power Plant Equipment	2,640,194			6.6%	174,253	174,253	6.6%	174,253	174,253	0
Total Smith CC		292,429,663			4.7%	13,635,906	13,635,906	4.7%	13,635,906	13,635,906	0

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Gulf Power - Florida
Company Calculation of Annual Depreciation Rate
As of December 31, 2016

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Account	Description	12/31/16 Investment	12/31/16 Book Reserve	Percent Reserve	Future Net Salvage Percent	Net Plant to be Recovered	Remaining Life	Total Annual Rate	Annual Accrual
STEAM PRODUCTION									
	Crist Plant	1,551,930,888	439,733,184	28.33%	-3%	1,160,994,579	18.59	4.02%	62,438,853
	Daniel RR Track	2,828,013	1,508,465	53.34%	0%	1,315,931	29.08	0.00%	0
	Daniel Easement	77,160	44,753	58.00%	0%	32,408	30.00	0.00%	0
	Daniel Plant	645,441,969	166,455,162	25.79%	-5%	508,333,814	26.03	0.00%	0
	Scherer Plant	881,199,620	184,232,210	35.21%	-6%	268,814,679	31.82	0.19%	718,645
	Scholz Plant	8,895,204	10,675,914	120.02%	0%	0	0.00	2.85%	253,867
	Total Steam Production Plant	2,590,372,854	752,649,688	29.06%	-4%	1,939,491,411	30.59	2.45%	63,411,366
OTHER PRODUCTION									
	Pace Plant	11,496,153	8,855,731	77.03%	0%	0	2.00	0.00%	0
	Pardido Landfill	8,239,086	1,629,185	19.77%	-2%	0	11.21	0.00%	0
	Smith CT	12,136,671	4,489,946	36.99%	0%	0	9.98	0.00%	0
	Smith CC	292,429,663	31,407,661	10.74%	-2%	16,053,359	19.49	0.57%	1,662,487
	Total Other Production Plant	324,301,572	46,382,523	14.30%	81%	16,053,359	9.66	0.51%	1,662,487
	Total Production Plant	2,914,674,427	799,032,211	27.41%	5%	1,955,544,769	30.05	2.23%	65,073,853
Transmission Plant									
350.10	Easements	12,654,559	7,310,897	57.77%	0%	5,343,662	27.66	1.53%	193,211
352.00	Structures and Improvements	24,391,124	6,029,828	24.72%	-5%	19,580,852	46.65	1.72%	419,779
353.00	Station Equipment	250,073,126	33,409,988	13.36%	-10%	241,670,450	33.49	2.89%	7,215,956
354.00	Towers and Fixtures	42,290,155	24,879,312	58.83%	-25%	27,983,382	30.79	2.15%	908,837
355.00	Poles and Fixtures	230,339,009	28,946,820	12.57%	-75%	374,146,445	35.30	4.60%	10,597,785
356.00	Overhead Conductors and Devices	123,801,393	27,851,093	22.50%	-30%	133,090,718	42.14	2.55%	3,158,157
358.00	Underground Conductors	14,402,363	8,392,435	58.27%	0%	6,009,928	24.16	1.73%	248,729
359.00	Roads and Trails	285,918	51,951	22.02%	0%	183,967	42.00	1.86%	4,381
	Total Transmission Plant	698,187,647	136,872,324	19.60%	-35%	808,009,404	35.52	3.26%	22,746,835
Distribution Plant									
360.10	Easements	204,176	38,383	18.80%	0%	165,792	44.50	1.82%	3,726
361.00	Structures and Improvements	26,412,569	8,307,855	31.45%	-5%	19,425,342	37.06	1.98%	524,225
362.00	Station Equipment	213,071,996	48,190,373	22.62%	-10%	186,188,823	28.03	3.12%	6,641,352
364.00	Poles, Towers, and Fixtures	140,464,604	79,425,237	56.54%	-75%	166,387,819	23.94	4.95%	6,948,834
365.00	Overhead Conductors and Devices	153,061,774	52,068,507	34.02%	-50%	177,524,154	39.02	2.97%	4,549,568
366.00	Underground Conduit	1,159,696	802,585	69.21%	0%	357,110	27.34	1.13%	13,060
367.00	Underground Conductors	158,145,619	63,904,565	40.41%	-15%	117,962,897	30.52	2.44%	3,864,802
368.00	Line Transformers	282,436,706	104,889,760	37.14%	-22%	239,683,021	24.96	3.40%	9,600,819
369.10	Overhead Services	61,968,191	38,141,620	61.55%	-75%	70,302,715	34.94	3.25%	2,012,098
369.20	Underground Services	57,120,322	20,106,639	35.20%	-20%	48,437,747	32.87	2.58%	1,473,483
370.00	Meters	36,567,578	(288,419)	-0.79%	-10%	33,199,239	11.46	7.82%	2,897,120
370 AMI	Meters - AMI Equipment	41,794,941	18,329,633	43.86%	0%	23,465,308	11.82	4.75%	1,985,437
373.00	Street Lighting	75,546,351	41,162,451	54.49%	-20%	49,493,171	15.85	4.13%	3,122,730
	Total Distribution Plant	1,247,954,522	475,079,189	38.07%	-29%	1,132,593,139	25.95	3.50%	43,637,254
General Plant									
390.00	Structures and Improvements	84,247,313	31,641,511	37.56%	0%	52,605,802	31.66	1.97%	1,661,586
396.00	Power Operated Equipment	931,916	671,383	72.04%	20%	74,150	4.56	1.74%	16,247
397.00	Communications Equipment	24,528,470	9,823,909	40.05%	0%	14,704,561	10.61	5.65%	1,386,219
	Total General Plant	109,707,699	42,136,803	38.41%	0%	67,384,513	21.99	2.79%	3,064,052
Transportation									
392.10	Automobiles	29,848	16,553	55.46%	15%	8,818	3.59	8.23%	2,456
392.20	Light Trucks	7,519,254	4,220,267	56.13%	5%	2,923,023	2.21	17.57%	1,321,436
392.30	Heavy Trucks	24,527,733	13,863,301	56.52%	15%	6,985,272	3.18	8.95%	2,195,336
392.40	Trailers	1,320,796	709,817	53.74%	8%	505,316	10.26	3.73%	49,255
	Total Transportation	33,397,631	18,809,939	56.32%	12%	10,422,429	2.92	10.68%	3,568,483
	Total Transmission, Distribution, General, & Transportation	2,089,247,499	672,898,255	32.21%	-29%	2,018,409,485	27.64	3.49%	73,016,624
	TOTAL UTILITY	5,003,921,925	1,471,930,466	29.42%	-9%	3,973,954,254	28.78	2.76%	138,090,477
STEAM PRODUCTION (by Unit)									
Crist Plant									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	127,423,259	73,610,728	57.77%	0%	54,311,454	21.51	1.98%	2,525,163
312.00	Boiler Plant Equipment	1,044,025,637	251,285,643	24.07%	-4%	830,734,011	18.65	4.27%	44,544,792
314.00	Turbogenerator Units	199,126,823	56,808,876	28.53%	-4%	151,093,776	16.94	4.48%	8,918,115
315.00	Accessory Electric Equipment	170,568,203	56,021,574	32.84%	-1%	116,020,151	19.26	3.53%	6,024,332
316.00	Miscellaneous Power Plant Equipment	10,786,966	2,006,363	18.60%	-1%	8,835,187	20.72	3.95%	426,452
	Total Crist plant	1,551,930,888	439,733,184	28.33%	-3%	1,160,994,579	18.59	4.02%	62,438,853
Crist Plant Unit 4									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	0	0	0.00%	0%	0	0.00	0.00%	0
312.00	Boiler Plant Equipment	34,765,256	21,085,292	60.65%	-1%	14,128,522	7.78	5.22%	1,815,063

Gulf Power - Florida
Company Calculation of Annual Depreciation Rate
As of December 31, 2016

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Account	Description	12/31/16 Investment	12/31/16 Book Reserve	Percent Reserve	Future Net Salvage Percent	Net Plant to be Recovered	Remaining Life	Total Annual	
								Rate	Accrual
314.00	Turbogenerator Units	10,894,270	5,520,254	50.67%	-2%	5,552,197	7.73	6.60%	718,645
315.00	Accessory Electric Equipment	3,808,075	1,826,136	47.95%	0%	1,993,221	7.85	6.67%	253,867
316.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Crist Plant Unit 4		48,467,600	28,431,683	57.48%	-1%	21,673,941	7.78	5.64%	2,787,576
Crist Plant Unit 5									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	0	0	0.00%	0%	0	0.00	0.00%	0
312.00	Boiler Plant Equipment	35,572,540	20,126,719	56.58%	-2%	16,053,359	9.66	4.67%	1,662,487
314.00	Turbogenerator Units	13,297,373	2,004,435	15.07%	-2%	11,580,252	9.56	9.11%	1,210,775
315.00	Accessory Electric Equipment	4,147,091	2,016,901	48.62%	0%	2,147,090	9.76	5.30%	219,918
316.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Crist Plant Unit 5		53,017,003	24,147,455	45.55%	-2%	29,780,701	9.63	5.83%	3,093,180
Crist Plant Unit 6									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	0	0	0.00%	0%	0	0.00	0.00%	0
312.00	Boiler Plant Equipment	265,342,980	95,174,223	33.26%	-4%	239,491,088	17.75	5.08%	13,492,644
314.00	Turbogenerator Units	47,744,495	13,118,901	27.48%	-4%	36,729,221	17.42	4.41%	2,107,849
315.00	Accessory Electric Equipment	34,168,446	8,742,892	25.59%	-1%	25,704,653	18.13	4.15%	1,417,601
316.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Crist Plant Unit 6		347,255,921	57,036,017	16.42%	-3%	301,924,962	17.74	4.90%	17,018,094
Crist Plant Unit 7									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	0	0	0.00%	0%	0	0.00	0.00%	0
312.00	Boiler Plant Equipment	218,187,178	45,405,542	20.81%	-4%	181,287,898	20.35	4.08%	8,909,799
314.00	Turbogenerator Units	100,410,669	21,716,000	21.63%	-5%	83,594,551	19.92	4.18%	4,196,269
315.00	Accessory Electric Equipment	27,095,838	14,105,733	52.06%	-1%	13,236,254	20.85	2.34%	634,808
316.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Crist Plant Unit 7		345,693,684	81,227,276	23.50%	-4%	278,118,703	20.24	3.97%	13,740,876
Crist Plant Common									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	127,423,259	73,610,728	57.77%	0%	54,311,454	21.51	1.98%	2,525,163
312.00	Boiler Plant Equipment	490,157,683	129,493,866	26.42%	-4%	379,773,143	20.35	3.81%	18,664,800
314.00	Turbogenerator Units	26,780,017	14,449,285	53.96%	-5%	13,637,555	19.92	2.56%	684,576
315.00	Accessory Electric Equipment	101,348,754	29,330,511	28.94%	-1%	72,938,933	20.85	3.45%	3,498,137
316.00	Miscellaneous Power Plant Equipment	10,786,966	2,006,363	18.60%	-1%	8,835,187	20.72	3.95%	426,452
Total Crist Plant Common		756,496,680	248,890,754	32.90%	-3%	529,496,272	20.52	3.41%	25,799,128
Daniel Plant									
310.00	Rights-of-Way	0	44,753	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	56,830,529	33,031,842	58.12%	-3%	25,613,645	28.94	1.56%	885,113
312.00	Boiler Plant Equipment	481,210,205	87,995,168	18.29%	-5%	418,055,318	25.93	3.35%	16,120,020
314.00	Turbogenerator Units	57,889,914	26,559,389	45.88%	-6%	34,957,025	24.48	2.47%	1,428,218
315.00	Accessory Electric Equipment	44,502,533	18,776,694	42.19%	-1%	26,264,436	27.04	2.18%	971,390
316.00	Miscellaneous Power Plant Equipment	5,008,787	1,600,535	31.95%	-1%	3,443,389	27.47	2.50%	125,329
Total Daniel Plant		645,441,969	168,008,380	26.03%	-5%	508,333,814	26.03	3.03%	19,530,070
Daniel Plant Unit 1									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	8,887,842	8,072,879	90.83%	0%	856,915	25.31	0.38%	33,855
312.00	Boiler Plant Equipment	146,254,617	32,853,792	22.46%	-5%	120,205,267	23.70	3.47%	5,071,666
314.00	Turbogenerator Units	27,688,825	10,860,080	39.22%	-6%	18,435,073	23.12	2.88%	797,483
315.00	Accessory Electric Equipment	13,972,309	8,431,568	60.34%	-1%	5,692,887	24.40	1.67%	233,343
316.00	Miscellaneous Power Plant Equipment	133,722	(3,252)	-2.43%	-1%	137,817	24.20	4.26%	5,695
Total Daniel Plant Unit 1		196,937,315	60,215,067	30.58%	-4%	145,327,959	23.66	3.12%	6,142,042
Daniel Plant Unit 2									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	9,337,214	8,581,737	91.91%	-1%	806,998	29.08	0.30%	27,749
312.00	Boiler Plant Equipment	152,274,745	29,842,725	19.60%	-5%	130,631,324	26.96	3.18%	4,845,596
314.00	Turbogenerator Units	26,717,999	13,212,346	49.45%	-7%	15,292,838	26.19	2.19%	583,813
315.00	Accessory Electric Equipment	12,977,551	8,986,521	69.25%	-1%	4,155,300	27.87	1.15%	149,080
316.00	Miscellaneous Power Plant Equipment	190,580	37,369	19.61%	-1%	154,551	27.63	2.93%	5,593
Total Daniel Plant Unit 2		201,498,088	60,660,698	30.10%	-5%	151,041,011	26.91	2.79%	5,611,831
Daniel Plant Common									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	38,605,472	14,868,760	38.51%	-1%	23,949,732	29.08	2.18%	828,510
312.00	Boiler Plant Equipment	182,680,844	25,298,652	13.85%	-5%	167,218,727	26.96	3.40%	6,202,758
314.00	Turbogenerator Units	3,483,091	2,486,963	71.40%	-7%	1,229,114	26.19	1.35%	46,922
315.00	Accessory Electric Equipment	17,552,673	1,358,605	7.74%	-1%	16,416,250	27.87	3.36%	588,967
316.00	Miscellaneous Power Plant Equipment	4,684,486	1,566,417	33.44%	-1%	3,151,021	27.63	2.43%	114,041
Total Daniel Plant Common		247,006,565	45,579,397	18.45%	-4%	211,964,844	27.26	3.15%	7,776,197
Daniel Plant Other									

Gulf Power - Florida
Company Calculation of Annual Depreciation Rate
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Statement B
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Account	Description	12/31/16 Investment	12/31/16 Book Reserve	Percent Reserve	Future Net Salvage Percent	Net Plant to be Recovered	Remaining Life	Total Annual Rate	Annual Accrual
310.00	Rights-of-Way (Easements)	77,160	44,753	58.00%	0%	32,408	30.00	1.40%	1,080
311.00	Structures and Improvements (Rail Car)	2,828,013	1,508,465	53.34%	0%	1,315,931	29.08	1.60%	45,248
312.00	Boiler Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
314.00	Turbogenerator Units	0	0	0.00%	0%	0	0.00	0.00%	0
315.00	Accessory Electric Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
316.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Daniel Plant Other		2,905,173	1,553,218	53.46%	0%	1,348,339	29.10	1.59%	46,328
Scherer Plant									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	37,765,761	21,648,703	57.32%	-1%	16,370,168	34.68	1.25%	472,031
312.00	Boiler Plant Equipment	282,887,490	79,700,704	28.17%	-6%	221,413,841	31.67	2.47%	6,991,418
314.00	Turbogenerator Units	38,601,240	23,275,983	60.30%	-8%	18,397,895	30.60	1.56%	601,207
315.00	Accessory Electric Equipment	16,036,614	6,121,133	38.17%	-2%	10,159,971	32.96	1.92%	308,272
316.00	Miscellaneous Power Plant Equipment	5,908,516	3,485,687	58.99%	-1%	2,472,804	32.62	1.28%	75,817
Total Scherer Plant		381,199,620	134,232,210	35.21%	-6%	268,814,679	31.82	2.22%	8,448,745
Schoitz Plant									
310.00	Rights-of-Way	0	0	0.00%	0%	0	0.00	0.00%	0
311.00	Structures and Improvements	4,386,828	4,792,336	109.24%	0%	0	3.99	0.00%	0
312.00	Boiler Plant Equipment	1,033,193	1,415,336	136.99%	0%	0	3.96	0.00%	0
314.00	Turbogenerator Units	1,377,880	2,082,312	151.12%	0%	0	3.94	0.00%	0
315.00	Accessory Electric Equipment	1,682,895	2,116,319	125.75%	0%	0	3.97	0.00%	0
316.00	Miscellaneous Power Plant Equipment	414,408	269,610	65.06%	0%	0	3.97	0.00%	0
Total Schoitz Plant		8,895,204	10,675,914	120.02%	0%	0	0.00	0.00%	0
OTHER PRODUCTION (by Unit)									
Paca Plant (Paa Ridge)									
341.00	Structures and Improvements	0	0	0.00%	0%	0	0.00	0.00%	0
342.00	Fuel Holders, Products and Accessories	0	0	0.00%	0%	0	0.00	0.00%	0
343.00	Prime Movers	7,332,158	5,851,056	79.80%	0%	1,481,096	2.00	10.10%	740,548
344.00	Generators and Devices	3,484,216	2,551,490	73.23%	0%	933,770	2.00	13.40%	466,885
345.00	Accessory Electric Equipment	679,779	453,186	66.67%	0%	227,046	2.00	16.70%	113,523
346.00	Miscellaneous Power Plant Equipment	0	0	0.00%	0%	0	0.00	0.00%	0
Total Paca Plant (Paa Ridge)		11,496,153	8,855,731	77.03%	0%	2,641,912	2.00	11.49%	1,320,956
Perdido Landfill									
341.00	Structures and Improvements	2,221,640	280,795	12.64%	-1%	1,969,907	11.37	7.80%	173,288
342.00	Fuel Holders, Products and Accessories	797,165	162,851	20.43%	-1%	641,217	12.01	6.70%	53,410
343.00	Prime Movers	3,993,649	776,143	19.43%	-2%	3,288,159	10.83	7.60%	303,517
344.00	Generators and Devices	0	0	0.00%	0%	0	0.00	0.00%	0
345.00	Accessory Electric Equipment	1,056,282	224,856	21.29%	-1%	839,368	11.86	6.70%	70,771
346.00	Miscellaneous Power Plant Equipment	170,350	184,540	108.33%	0%	0	11.65	0.00%	0
Total Perdido Landfill		8,239,086	1,629,185	19.77%	-2%	6,738,651	11.21	7.29%	600,986
Smith CT									
341.00	Structures and Improvements	1,369,495	228,002	16.65%	-1%	1,158,895	9.84	8.60%	117,777
342.00	Fuel Holders, Products and Accessories	948,085	20,635	2.18%	0%	925,466	10.30	9.50%	89,873
343.00	Prime Movers	2,608,493	294,983	11.31%	-1%	2,342,185	9.45	9.50%	247,807
344.00	Generators and Devices	3,856,145	3,001,457	77.84%	0%	837,629	10.86	2.00%	77,123
345.00	Accessory Electric Equipment	3,305,588	955,780	28.91%	0%	2,358,748	10.19	7.00%	231,391
346.00	Miscellaneous Power Plant Equipment	50,915	(10,911)	-21.43%	-1%	62,367	10.04	12.20%	6,212
Total Smith CT		12,136,671	4,489,946	36.99%	0%	7,685,289	9.98	6.35%	770,182
Smith CC									
341.00	Structures and Improvements	28,036,877	2,730,556	9.74%	-3%	26,094,460	19.80	4.70%	1,317,733
342.00	Fuel Holders, Products and Accessories	4,698,022	(569,072)	-12.11%	-1%	5,290,862	22.08	5.10%	239,599
343.00	Prime Movers	158,457,670	2,430,265	1.53%	-3%	160,578,817	17.78	5.70%	9,032,087
344.00	Generators and Devices	84,589,044	26,301,332	31.09%	1%	57,514,692	25.18	2.70%	2,283,904
345.00	Accessory Electric Equipment	14,007,856	1,449,565	10.35%	-1%	12,677,051	21.55	4.20%	588,330
346.00	Miscellaneous Power Plant Equipment	2,640,194	(934,984)	-35.41%	-2%	3,620,330	20.78	6.80%	174,253
Total Smith CC		292,429,663	31,407,661	10.74%	-2%	265,776,213	19.49	4.66%	13,635,906

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Account	Description	Current			Company Proposed					WDA Proposed					Statement C Page 1 of 3
		Proj Life	lowa Curve	Future Net	Proj Life	lowa Curve	Avg Svc	Avg Rem	Future Net	Proj Life	lowa Curve	Avg Svc	Avg Rem	Future Net	
Transmission Plant															
350.10	Easements	60	SQ	0%	65	R5		27.66	0%	65	R5		27.66	0%	
352.00	Structures and Improvements	50	R4	-5%	55	R3		46.65	-5%	55	R3		46.65	-5%	
353.00	Station Equipment	45	S0	-5%	40	S0		33.49	-10%	40	S0		33.49	-10%	
354.00	Towers and Fixtures	50	R5	-20%	55	R4		30.79	-25%	55	R4		30.79	-25%	
355.00	Poles and Fixtures	38	S0	-40%	40	L0.5		35.30	-75%	40	L0.5		35.30	-75%	
356.00	Overhead Conductors and Devices	50	R2	-30%	50	R1		42.14	-30%	50	R1		42.14	-30%	
358.00	Underground Conductors	45	R3	0%	50	R4		24.16	0%	50	R4		24.16	0%	
359.00	Roads and Trails	50	SQ	0%	55	SQ		42.00	0%	55	SQ		42.00	0%	
	Total Transmission Plant														
Distribution Plant															
360.10	Easements	50	SQ	0%	55	SQ		44.50	0%	55	SQ		44.50	0%	
361.00	Structures and Improvements	48	R3	-5%	50	R2.5		37.06	-5%	50	R2.5		37.06	-5%	
362.00	Station Equipment	45	R1.5	-5%	38	R1		28.03	-10%	38	R1		28.03	-10%	
364.00	Poles, Towers, and Fixtures	34	R1	-75%	33	R0.5		23.94	-75%	33	R0.5		23.94	-75%	
365.00	Overhead Conductors and Devices	38	R1	-20%	45	R1		32.53	-50%	50	R0.5		39.02	-50%	
366.00	Underground Conduit	60	R3	0%	67	R5		27.34	0%	67	R5		27.34	0%	
367.00	Underground Conductors	32	S3	-8%	41	R2		30.52	-15%	41	R2		30.52	-15%	
368.00	Line Transformers	30	S0	-20%	33	R0.5		24.96	-22%	33	R0.5		24.96	-22%	
369.10	Overhead Services	35	R1	-45%	42	R1		29.46	-75%	46	R0.5		34.94	-75%	
369.20	Underground Services	40	R1	-10%	45	R2.5		32.87	-20%	45	R2.5		32.87	-20%	
370.00	Meters	33	R1	10%	16	R1		11.46	10%	16	R1		11.46	10%	
370 AMI	Meters - AMI Equipment	15	R1	0%	15	R1		11.82	0%	15	R1		11.82	0%	
373.00	Street Lighting	20	L1	-10%	23	R0.5		15.85	-20%	23	R0.5		15.85	-20%	
	Total Distribution Plant														
General Plant															
390.00	Structures and Improvements	45	S1.5	-5%	46	R1.5		30.71	-5%	46	R1.5		31.66	0%	
396.00	Power Operated Equipment	15	R5	20%	16	R4		4.56	20%	16	R4		4.56	20%	
397.00	Communications Equipment	16	S1	0%	16	L1.5		10.61	0%	16	L1.5		10.61	0%	
	Total General Plant														
Transportation															
392.10	Automobiles	7	N/A	15%	7	R4		3.59	15%	7	R4		3.59	15%	
392.20	Light Trucks	10	L3	12%	12	R4		2.21	5%	12	R4		2.21	5%	
392.30	Heavy Trucks	11	L4	15%	13	L4		3.18	15%	13	L4		3.18	15%	
392.40	Trailers	18	S1.5	12%	22	L2.5		10.26	8%	22	L2.5		10.26	8%	
	Total Transportation														
Total Transmission, Distribution, General, & Transportation															
TOTAL UTILITY															
STEAM PRODUCTION (by Unit)															
Crist Plant															
310.00	Rights-of-Way														
311.00	Structures and Improvements		0.25%	-20%		0.21%			-10%		0.21%	0.00	0.00	-10%	
312.00	Boiler Plant Equipment		1.00%	-20%		0.75%			-30%		0.73%	0.00	0.00	-30%	
314.00	Turbogenerator Units		0.85%	-20%		1.08%			-30%		0.93%	0.00	0.00	-30%	
315.00	Accessory Electric Equipment		0.50%	-20%		0.53%			-10%		0.50%	0.00	0.00	-10%	
316.00	Miscellaneous Power Plant Equipment		1.25%	-20%		0.56%			-5%		0.56%	0.00	0.00	-5%	
	Total Crist plant														
Crist Plant Unit 4															
310.00	Rights-of-Way														
311.00	Structures and improvements	2024	0.25%	-20%	2024	0.21%			-10%	2024	0.21%	0.00	0.00	-10%	
312.00	Boiler Plant Equipment	2024	1.00%	-20%	2024	0.75%	29.18	7.78	-30%	2024	0.73%	29.18	7.78	-30%	
314.00	Turbogenerator Units	2024	0.85%	-20%	2024	1.08%	26.43	7.68	-30%	2024	0.93%	26.47	7.73	-30%	
315.00	Accessory Electric Equipment	2024	0.50%	-20%	2024	0.53%	29.52	7.84	-10%	2024	0.50%	29.53	7.85	-10%	
316.00	Miscellaneous Power Plant Equipment	2024	1.25%	-20%	2024	0.56%			-5%	2024	0.56%	0.00	0.00	-5%	
	Total Crist Plant Unit 4														
Crist Plant Unit 5															
310.00	Rights-of-Way														
311.00	Structures and Improvements	2026	0.25%	-20%	2026	0.21%			-10%	2026	0.21%	0.00	0.00	-10%	
312.00	Boiler Plant Equipment	2026	1.00%	-20%	2026	0.75%	30.42	9.65	-30%	2026	0.73%	30.43	9.66	-30%	
314.00	Turbogenerator Units	2026	0.85%	-20%	2026	1.08%	19.24	9.50	-30%	2026	0.93%	19.30	9.56	-30%	

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Account	Description	Current			Company Proposed					WDA Proposed					Statement C Page 3 of 3
		Proj Life AYFR	lowa Curve Shape	Future Net Salvage	Proj Life AYFR	lowa Curve Shape	Avg Svc Life	Avg Rem Life	Future Net Salvage	Proj Life AYFR	lowa Curve Shape	Avg Svc Life	Avg Rem Life	Future Net Salvage	
Daniel Plant Other															
310.00	Rights-of-Way (Easements)	2046			2046		69.50	30.00		2046		69.50	30.00		
311.00	Structures and Improvements (Rail Car)	2046	0.25%	-20%	2046	0.21%	66.01	29.08	-10%	2046	0.21%	66.01	29.08	-10%	
312.00	Boiler Plant Equipment		1.00%	-20%		0.75%			-30%	0	0.73%	0.00	0.00	-30%	
314.00	Turbogenerator Units		0.85%	-20%		1.08%			-30%	0	0.93%	0.00	0.00	-30%	
315.00	Accessory Electric Equipment		0.50%	-20%		0.53%			-10%	0	0.50%	0.00	0.00	-10%	
316.00	Miscellaneous Power Plant Equipment		1.25%	-20%		0.56%			-5%	0	0.56%	0.00	0.00	-5%	
Total Daniel Plant Other															
Scherer Plant															
310.00	Rights-of-Way														
311.00	Structures and Improvements	2052	0.25%	-5.5%	2052	0.21%	59.59	34.68	-10%	2052	0.21%	59.59	34.68	-10%	
312.00	Boiler Plant Equipment	2052	1.00%	-5.5%	2052	0.75%	45.14	31.56	-30%	2052	0.73%	45.24	31.67	-30%	
314.00	Turbogenerator Units	2052	0.85%	-5.5%	2052	1.08%	56.98	29.83	-30%	2052	0.93%	57.75	30.60	-30%	
315.00	Accessory Electric Equipment	2052	0.50%	-5.5%	2052	0.53%	50.87	32.79	-10%	2052	0.50%	51.04	32.96	-10%	
316.00	Miscellaneous Power Plant Equipment	2052	1.25%	-5.5%	2052	0.56%	59.49	32.62	-5%	2052	0.56%	59.49	32.62	-5%	
Total Scherer Plant															
Scholtz Plant															
310.00	Rights-of-Way														
311.00	Structures and Improvements	2011	0.25%	-20%	2020	0.21%	40.09	3.99	-10%	2020	0.21%	40.09	3.99	-10%	
312.00	Boiler Plant Equipment	2011	1.00%	-20%	2020	0.75%	15.84	3.48	-30%	2020	0.73%	16.32	3.96	-30%	
314.00	Turbogenerator Units	2011	0.85%	-20%	2020	1.08%	44.81	3.94	-30%	2020	0.93%	44.82	3.94	-30%	
315.00	Accessory Electric Equipment	2011	0.50%	-20%	2020	0.53%	33.75	3.97	-10%	2020	0.50%	33.75	3.97	-10%	
316.00	Miscellaneous Power Plant Equipment	2011	1.25%	-20%	2020	0.56%	21.15	3.97	-5%	2020	0.56%	21.15	3.97	-5%	
Total Scholtz Plant															
OTHER PRODUCTION (by Unit)															
Pace Plant (Pea Ridge)															
341.00	Structures and Improvements	2018	0.15%	-5%	2018	2.20%			-5%	2018	2.20%	0.00	0.00	-5%	
342.00	Fuel Holders, Products and Accessories	2018	0.30%	-5%	2018	1.30%			-5%	2018	1.30%	0.00	0.00	-5%	
343.00	Prime Movers	2018	0.30%	-5%	2018	3.00%	17.78	2.00	-5%	2018	3.00%	17.78	2.00	-5%	
344.00	Generators and Devices	2018	0.25%	-5%	2018	0.25%	16.52	2.00	-5%	2018	0.25%	16.52	2.00	-5%	
345.00	Accessory Electric Equipment	2018	0.25%	-5%	2018	1.50%	15.32	2.00	-5%	2018	1.50%	15.32	2.00	-5%	
346.00	Miscellaneous Power Plant Equipment	2018	0.30%	-5%	2018	1.80%			-5%	2018	1.80%	0.00	0.00	-5%	
Total Pace Plant (Pea Ridge)															
Perdido Landfill															
341.00	Structures and Improvements	2030	0.15%	-5%	2029	2.20%	14.41	11.37	-5%	2029	2.20%	14.41	11.37	-5%	
342.00	Fuel Holders, Products and Accessories	2030	0.30%	-5%	2029	1.30%	16.86	12.01	-5%	2029	1.30%	16.86	12.01	-5%	
343.00	Prime Movers	2030	0.30%	-5%	2029	3.00%	15.46	10.83	-5%	2029	3.00%	15.46	10.83	-5%	
344.00	Generators and Devices	2030	0.25%	-5%	2029	0.25%			-5%	2029	0.25%	0.00	0.00	-5%	
345.00	Accessory Electric Equipment	2030	0.25%	-5%	2029	1.50%	16.91	11.86	-5%	2029	1.50%	16.91	11.86	-5%	
346.00	Miscellaneous Power Plant Equipment	2030	0.30%	-5%	2029	1.80%	13.75	11.65	-5%	2029	1.80%	13.75	11.65	-5%	
Total Perdido Landfill															
Smith CT															
341.00	Structures and Improvements	2017	0.15%	-5%	2027	2.20%	15.61	9.84	-5%	2027	2.20%	15.61	9.84	-5%	
342.00	Fuel Holders, Products and Accessories	2017	0.30%	-5%	2027	1.30%	13.84	10.30	-5%	2027	1.30%	13.84	10.30	-5%	
343.00	Prime Movers	2017	0.30%	-5%	2027	3.00%	15.30	9.45	-5%	2027	3.00%	15.30	9.45	-5%	
344.00	Generators and Devices	2017	0.25%	-5%	2027	0.25%	41.24	10.86	-5%	2027	0.25%	41.24	10.86	-5%	
345.00	Accessory Electric Equipment	2017	0.25%	-5%	2027	1.50%	24.13	10.19	-5%	2027	1.50%	24.13	10.19	-5%	
346.00	Miscellaneous Power Plant Equipment	2017	0.30%	-5%	2027	1.80%	13.98	10.04	-5%	2027	1.80%	13.98	10.04	-5%	
Total Smith CT															
Smith CC															
341.00	Structures and Improvements	2042	0.15%	-5%	2042	2.20%	27.71	19.80	-5%	2042	2.20%	27.71	19.80	-5%	
342.00	Fuel Holders, Products and Accessories	2042	0.30%	-5%	2042	1.30%	25.88	22.08	-5%	2042	1.30%	25.88	22.08	-5%	
343.00	Prime Movers	2042	0.30%	-5%	2042	3.00%	26.25	17.78	-5%	2042	3.00%	26.25	17.78	-5%	
344.00	Generators and Devices	2042	0.25%	-5%	2042	0.25%	36.60	25.18	-5%	2042	0.25%	36.60	25.18	-5%	
345.00	Accessory Electric Equipment	2042	0.25%	-5%	2042	1.50%	29.54	21.55	-5%	2042	1.50%	29.54	21.55	-5%	
346.00	Miscellaneous Power Plant Equipment	2042	0.30%	-5%	2042	1.80%	22.35	20.78	-5%	2042	1.80%	22.35	20.78	-5%	

OPC Proposed Reduction to Gulf Power's Depreciation and Dismantlement Adjustment 43
Based on Gulf Power's Projected Test Year Ended December 31, 2017
 (\$000s)

Function	Gulf Power Base Rate Expense Net OF UPS	Gulf Power Proposed Base Rates Expense Net of UPS	Gulf Power 2017 NOI Adjustment	OPC Proposed Base Rates Expense Net of UPS	OPC 2017 NOI Adjustment	OPC Difference from Gulf Power
<u>Depreciation</u>						
Steam	\$ 29,719	\$ 34,643	\$ 4,924	\$ 34,643	\$ 4,924	\$ -
Other Production	10,542	15,557	5,015	15,557	5,015	-
Transmission	19,289	23,146	3,857	23,146	3,857	-
Distribution	45,512	44,496	(1,016)	43,115	(2,397)	(1,381)
General	7,663	7,362	(301)	7,187	(476)	(175)
Intangible	2,528	2,528	-	2,528	-	-
Total Depreciation	\$ 115,253	\$ 127,732	\$ 12,479	\$ 126,176	\$ 10,923	\$ (1,556)
<u>Dismantlement</u>						
Steam	\$ 4,887	\$ -	\$ (4,887)	\$ -	\$ (4,887)	\$ -
Other Production	301	-	(301)	-	(301)	-
Total Dismantlement	\$ 5,188	\$ -	\$ (5,188)	\$ -	\$ (5,188)	\$ -
Total Depreciation and Dismantlement	\$ 120,441	\$ 127,732	\$ 7,291	\$ 126,176	\$ 5,735	\$ (1,556)

Source:

Gulf Power Exhibit No. JJH-1 Schedule 5
 Gulf Power Response to OPC POD-3

Company: Gulf Power
 Account: 365.00
 Iowa Curve R0.5
 Avg Life: 50
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		153,061,774	39.02	50.00	3,061,235	119,460,199		40,993,921
2016	0.5	9,099,716	49.69	50.00	181,994	9,043,395	0.0062	68,712
2015	1.5	4,122,715	49.07	50.00	82,454	4,046,070	0.0186	93,506
2014	2.5	5,291,655	48.45	50.00	105,833	5,127,842	0.0310	199,852
2013	3.5	6,900,047	47.84	50.00	138,001	6,601,357	0.0433	364,402
2012	4.5	5,658,021	47.22	50.00	113,160	5,343,518	0.0556	383,693
2011	5.5	5,969,190	46.61	50.00	119,384	5,564,188	0.0678	494,102
2010	6.5	4,420,630	46.00	50.00	88,413	4,066,629	0.0801	431,881
2009	7.5	3,053,055	45.39	50.00	61,061	2,771,327	0.0923	343,709
2008	8.5	2,382,971	44.78	50.00	47,659	2,134,083	0.1044	303,644
2007	9.5	3,440,643	44.17	50.00	68,813	3,039,529	0.1166	489,358
2006	10.5	4,546,279	43.57	50.00	90,926	3,961,229	0.1287	713,761
2005	11.5	3,657,787	42.96	50.00	73,156	3,142,897	0.1408	628,166
2004	12.5	8,868,887	42.36	50.00	177,378	7,513,580	0.1528	1,653,475
2003	13.5	2,210,734	41.76	50.00	44,215	1,846,318	0.1648	444,588
2002	14.5	3,401,081	41.16	50.00	68,022	2,799,641	0.1768	733,757
2001	15.5	2,593,805	40.56	50.00	51,876	2,104,065	0.1888	597,483
2000	16.5	2,222,676	39.96	50.00	44,454	1,776,452	0.2008	544,393
1999	17.5	1,972,533	39.37	50.00	39,451	1,553,011	0.2127	511,816
1998	18.5	2,094,128	38.77	50.00	41,883	1,623,839	0.2246	573,752
1997	19.5	1,915,503	38.18	50.00	38,310	1,462,605	0.2364	552,535
1996	20.5	2,729,038	37.59	50.00	54,581	2,051,508	0.2483	826,587
1995	21.5	4,605,031	37.00	50.00	92,101	3,407,448	0.2601	1,461,052
1994	22.5	4,283,419	36.41	50.00	85,668	3,119,131	0.2718	1,420,431
1993	23.5	4,502,036	35.82	50.00	90,041	3,225,607	0.2835	1,557,244
1992	24.5	4,935,770	35.24	50.00	98,715	3,478,799	0.2952	1,777,505
1991	25.5	4,360,725	34.66	50.00	87,214	3,022,856	0.3068	1,632,200
1990	26.5	4,141,564	34.08	50.00	82,831	2,823,056	0.3184	1,608,580
1989	27.5	3,295,124	33.51	50.00	65,902	2,208,183	0.3299	1,326,067
1988	28.5	3,001,421	32.93	50.00	60,028	1,977,016	0.3413	1,249,774
1987	29.5	2,963,165	32.37	50.00	59,263	1,918,096	0.3527	1,274,984
1986	30.5	2,702,478	31.80	50.00	54,050	1,718,776	0.3640	1,200,117
1985	31.5	3,636,648	31.24	50.00	72,733	2,272,017	0.3752	1,664,851
1984	32.5	2,788,808	30.68	50.00	55,776	1,711,167	0.3864	1,314,722
1983	33.5	1,803,977	30.12	50.00	36,080	1,086,873	0.3975	874,867
1982	34.5	2,410,779	29.57	50.00	48,216	1,425,897	0.4085	1,201,555
1981	35.5	1,865,937	29.03	50.00	37,319	1,083,229	0.4195	954,904

Company: Gulf Power
 Account: 365.00
 Iowa Curve R0.5
 Avg Life: 50
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		153,061,774	39.02	50.00	3,061,235	119,460,199		40,993,921
1980	36.5	1,558,738	28.48	50.00	31,175	887,967	0.4303	818,341
1979	37.5	1,690,553	27.94	50.00	33,811	944,844	0.4411	909,764
1978	38.5	1,289,493	27.41	50.00	25,790	706,911	0.4518	710,750
1977	39.5	1,146,453	26.88	50.00	22,929	616,342	0.4624	646,736
1976	40.5	92,468	26.35	50.00	1,849	48,740	0.4729	53,349
1975	41.5	894,999	25.83	50.00	17,900	462,422	0.4833	527,744
1974	42.5	1,201,634	25.32	50.00	24,033	608,437	0.4937	723,699
1973	43.5	986,790	24.81	50.00	19,736	489,548	0.5039	606,634
1972	44.5	850,429	24.30	50.00	17,009	413,270	0.5140	533,334
1971	45.5	714,491	23.79	50.00	14,290	340,026	0.5241	456,847
1970	46.5	536,458	23.30	50.00	10,729	249,956	0.5341	349,533
1969	47.5	383,906	22.80	50.00	7,678	175,088	0.5439	254,759
1968	48.5	334,190	22.31	50.00	6,684	149,147	0.5537	225,753
1967	49.5	402,389	21.83	50.00	8,048	175,687	0.5634	276,576
1966	50.5	243,960	21.35	50.00	4,879	104,175	0.5730	170,537
1965	51.5	269,591	20.88	50.00	5,392	112,559	0.5825	191,578
1964	52.5	287,589	20.41	50.00	5,752	117,368	0.5919	207,669
1963	53.5	241,815	19.94	50.00	4,836	96,434	0.6012	177,365
1962	54.5	173,578	19.48	50.00	3,472	67,620	0.6104	129,269
1961	55.5	226,564	19.02	50.00	4,531	86,190	0.6196	171,256
1960	56.5	216,138	18.57	50.00	4,323	80,267	0.6286	165,763
1959	57.5	202,611	18.12	50.00	4,052	73,426	0.6376	157,606
1958	58.5	174,433	17.68	50.00	3,489	61,664	0.6465	137,578
1957	59.5	189,189	17.24	50.00	3,784	65,214	0.6553	151,249
1956	60.5	191,138	16.80	50.00	3,823	64,218	0.6640	154,842
1955	61.5	138,387	16.37	50.00	2,768	45,298	0.6727	113,569
1954	62.5	111,423	15.94	50.00	2,228	35,516	0.6812	92,606
1953	63.5	97,524	15.51	50.00	1,950	30,257	0.6898	82,066
1952	64.5	61,888	15.09	50.00	1,238	18,679	0.6982	52,716
1951	65.5	50,287	14.67	50.00	1,006	14,757	0.7066	43,347
1950	66.5	54,814	14.26	50.00	1,096	15,630	0.7149	47,805
1949	67.5	56,405	13.84	50.00	1,128	15,618	0.7231	49,760
1948	68.5	43,988	13.44	50.00	880	11,820	0.7313	39,246
1947	69.5	31,745	13.03	50.00	635	8,272	0.7394	28,637
1946	70.5	24,234	12.62	50.00	485	6,118	0.7475	22,101
1945	71.5	14,020	12.22	50.00	280	3,427	0.7556	12,924

Company: Gulf Power
 Account: 365.00
 Iowa Curve R0.5
 Avg Life: 50
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		153,061,774	39.02	50.00	3,061,235	119,460,199		40,993,921
1944	72.5	4,225	11.82	50.00	85	999	0.7636	3,936
1943	73.5	2,245	11.42	50.00	45	513	0.7716	2,113
1942	74.5	5,249	11.02	50.00	105	1,157	0.7795	4,992
1941	75.5	3,155	10.63	50.00	63	671	0.7874	3,031
1940	76.5	2,859	10.23	50.00	57	585	0.7954	2,774
1939	77.5	2,389	9.84	50.00	48	470	0.8033	2,341
1938	78.5	4,130	9.44	50.00	83	780	0.8112	4,087
1937	79.5	2,293	9.04	50.00	46	415	0.8191	2,292
1936	80.5	1,379	8.65	50.00	28	238	0.8271	1,391
1935	81.5	537	8.25	50.00	11	89	0.8350	547
1934	82.5	199	7.85	50.00	4	31	0.8430	205
1933	83.5	107	7.45	50.00	2	16	0.8511	112
1932	84.5	159	7.04	50.00	3	22	0.8592	166
1931	85.5	166	6.63	50.00	3	22	0.8674	175
1930	86.5	229	6.22	50.00	5	29	0.8757	245
1929	87.5	83	5.80	50.00	2	10	0.8841	89
1928	88.5	86	5.37	50.00	2	9	0.8926	93

Company: Gulf Power
 Account: 369.10
 Iowa Curve R0.5
 Avg Life: 46
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		61,968,191	34.94	46.00	1,347,135	47,069,810		18,176,025
2016	0.5	1,747,201	45.69	46.00	37,983	1,735,452	0.0067	14,334
2015	1.5	3,033,064	45.07	46.00	65,936	2,971,797	0.0202	74,746
2014	2.5	3,148,052	44.45	46.00	68,436	3,042,170	0.0336	129,175
2013	3.5	1,906,931	43.84	46.00	41,455	1,817,252	0.0470	109,408
2012	4.5	1,479,152	43.22	46.00	32,155	1,389,838	0.0604	108,963
2011	5.5	1,318,785	42.61	46.00	28,669	1,221,594	0.0737	118,573
2010	6.5	1,524,163	42.00	46.00	33,134	1,391,603	0.0870	161,723
2009	7.5	1,284,128	41.39	46.00	27,916	1,155,446	0.1002	156,992
2008	8.5	1,573,953	40.78	46.00	34,216	1,395,449	0.1134	217,774
2007	9.5	1,860,512	40.18	46.00	40,446	1,625,013	0.1266	287,308
2006	10.5	2,295,267	39.57	46.00	49,897	1,974,595	0.1397	391,220
2005	11.5	3,098,082	38.97	46.00	67,350	2,624,662	0.1528	577,572
2004	12.5	1,868,013	38.37	46.00	40,609	1,558,152	0.1659	378,031
2003	13.5	2,274,914	37.77	46.00	49,455	1,867,898	0.1789	496,559
2002	14.5	1,475,169	37.17	46.00	32,069	1,192,050	0.1919	345,405
2001	15.5	1,656,118	36.57	46.00	36,003	1,316,776	0.2049	413,997
2000	16.5	721,746	35.98	46.00	15,690	564,514	0.2178	191,823
1999	17.5	649,440	35.38	46.00	14,118	499,574	0.2308	182,837
1998	18.5	1,525,291	34.79	46.00	33,158	1,153,677	0.2436	453,369
1997	19.5	681,186	34.20	46.00	14,808	506,485	0.2565	213,135
1996	20.5	822,589	33.61	46.00	17,882	601,105	0.2693	270,210
1995	21.5	964,377	33.03	46.00	20,965	692,433	0.2820	331,771
1994	22.5	1,232,839	32.45	46.00	26,801	869,555	0.2947	443,206
1993	23.5	1,197,409	31.86	46.00	26,031	829,450	0.3073	448,909
1992	24.5	910,537	31.29	46.00	19,794	619,298	0.3199	355,311
1991	25.5	1,927,487	30.71	46.00	41,902	1,286,895	0.3323	781,523
1990	26.5	1,668,749	30.14	46.00	36,277	1,093,420	0.3448	701,901
1989	27.5	1,900,181	29.57	46.00	41,308	1,221,604	0.3571	827,864
1988	28.5	1,114,941	29.01	46.00	24,238	703,106	0.3694	502,438
1987	29.5	1,660,185	28.45	46.00	36,091	1,026,728	0.3816	772,817
1986	30.5	2,349,912	27.89	46.00	51,085	1,424,868	0.3937	1,128,554
1985	31.5	1,541,342	27.34	46.00	33,507	916,092	0.4057	762,805
1984	32.5	1,364,513	26.79	46.00	29,663	794,743	0.4176	695,120
1983	33.5	237,751	26.25	46.00	5,168	135,666	0.4294	124,543
1982	34.5	925,080	25.71	46.00	20,110	517,033	0.4411	497,817
1981	35.5	1,068,586	25.18	46.00	23,230	584,832	0.4527	590,180

Company: Gulf Power
 Account: 369.10
 Iowa Curve R0.5
 Avg Life: 46
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		61,968,191	34.94	46.00	1,347,135	47,069,810		18,176,025
1980	36.5	761,566	24.65	46.00	16,556	408,037	0.4642	431,305
1979	37.5	612,373	24.12	46.00	13,312	321,118	0.4756	355,332
1978	38.5	766,865	23.60	46.00	16,671	393,466	0.4869	455,547
1977	39.5	448,142	23.09	46.00	9,742	224,919	0.4981	272,332
1976	40.5	12,126	22.58	46.00	264	5,952	0.5092	7,533
1975	41.5	324,975	22.07	46.00	7,065	155,935	0.5202	206,228
1974	42.5	406,855	21.57	46.00	8,845	190,805	0.5310	263,581
1973	43.5	368,225	21.08	46.00	8,005	168,729	0.5418	243,385
1972	44.5	420,356	20.59	46.00	9,138	188,143	0.5524	283,301
1971	45.5	276,669	20.10	46.00	6,015	120,917	0.5630	190,018
1970	46.5	211,356	19.62	46.00	4,595	90,169	0.5734	147,849
1969	47.5	185,332	19.15	46.00	4,029	77,155	0.5837	131,976
1968	48.5	143,840	18.68	46.00	3,127	58,413	0.5939	104,221
1967	49.5	123,893	18.22	46.00	2,693	49,061	0.6040	91,295
1966	50.5	105,238	17.76	46.00	2,288	40,622	0.6140	78,833
1965	51.5	94,051	17.30	46.00	2,045	35,373	0.6239	71,588
1964	52.5	69,302	16.85	46.00	1,507	25,386	0.6337	53,578
1963	53.5	63,745	16.40	46.00	1,386	22,732	0.6434	50,036
1962	54.5	66,060	15.96	46.00	1,436	22,924	0.6530	52,626
1961	55.5	71,275	15.53	46.00	1,549	24,056	0.6625	57,607
1960	56.5	67,634	15.09	46.00	1,470	22,191	0.6719	55,441
1959	57.5	70,645	14.66	46.00	1,536	22,520	0.6812	58,712
1958	58.5	52,279	14.24	46.00	1,136	16,182	0.6905	44,038
1957	59.5	48,796	13.82	46.00	1,061	14,657	0.6996	41,650
1956	60.5	42,644	13.40	46.00	927	12,422	0.7087	36,871
1955	61.5	31,792	12.99	46.00	691	8,974	0.7177	27,837
1954	62.5	23,923	12.57	46.00	520	6,539	0.7266	21,208
1953	63.5	20,450	12.17	46.00	445	5,409	0.7355	18,351
1952	64.5	14,132	11.76	46.00	307	3,613	0.7443	12,833
1951	65.5	12,132	11.36	46.00	264	2,995	0.7531	11,147
1950	66.5	10,393	10.96	46.00	226	2,475	0.7618	9,660
1949	67.5	10,212	10.56	46.00	222	2,344	0.7705	9,600
1948	68.5	7,418	10.16	46.00	161	1,638	0.7791	7,051
1947	69.5	6,296	9.76	46.00	137	1,336	0.7878	6,051
1946	70.5	4,070	9.37	46.00	88	829	0.7964	3,954
1945	71.5	2,044	8.97	46.00	44	399	0.8050	2,007

Company: Gulf Power
 Account: 369.10
 Iowa Curve R0.5
 Avg Life: 46
 FNS: -22%

Generation Arrangement

Vintage Year	Age	12/31/16 Amount Surviving	Average Remaining Life	Average Service Life	Average Service Life Weights	Average Remaining Life Weights	Theoretical Reserve Ratio	Theoretical Reserve Amount
A	B	C	F	G=E+D*F	H=C/G	I=F*H	J=1-(F/G)	H=C*(1-FNS)*J
Total		61,968,191	34.94	46.00	1,347,135	47,069,810		18,176,025
1944	72.5	955	8.58	46.00	21	178	0.8136	948
1943	73.5	275	8.18	46.00	6	49	0.8222	276
1942	74.5	426	7.78	46.00	9	72	0.8308	432
1941	75.5	483	7.38	46.00	10	77	0.8395	494
1940	76.5	363	6.98	46.00	8	55	0.8482	376
1939	77.5	294	6.58	46.00	6	42	0.8570	308
1938	78.5	260	6.17	46.00	6	35	0.8659	274
1937	79.5	216	5.75	46.00	5	27	0.8749	230
1936	80.5	129	5.34	46.00	3	15	0.8840	139
1935	81.5	39	4.91	46.00	1	4	0.8932	42
1934	82.5	11	4.48	46.00	0	1	0.9026	12

Gulf Power's 2016 Depreciation Study filed on September 20, 2016 in Docket No. 160170-EI is incorporated by reference.

GULF POWER COMPANY
ELECTRIC UTILITY PLANT
DEPRECIATION RATE STUDY
AT DECEMBER 31, 2016



<http://www.utilityalliance.com>

GULF POWER
Production Interim Retirement and Interim Net Salvage Analysis
As Adjusted December 31, 2014

Transaction Year	Description	Retirements	Gross Salvage	Cost of Removal	Net Salvage	Net Salv. %	r Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
2001	Steam Production Plant	4,028,491	50,996	2,704,922	(2,653,926)	-65.91%	-41.91%	-29.39%	-33.52%	-32.30%	-26.54%	-25.02%	-25.80%	-26.84%	-26.74%
2002	Steam Production Plant	14,582,749	310,474	4,225,754	(3,915,281)	-26.85%	-35.30%	-33.13%	-28.35%	-31.00%	-30.32%	-26.63%	-25.47%	-26.02%	-26.84%
2003	Steam Production Plant	9,741,206	308,678	3,957,644	(3,648,966)	-37.46%	-31.10%	-36.04%	-34.35%	-30.31%	-32.30%	-31.72%	-28.39%	-27.18%	-27.42%
2004	Steam Production Plant	7,336,958	88,832	1,632,363	(1,543,531)	-21.04%	-30.40%	-28.77%	-32.96%	-32.03%	-29.02%	-30.81%	-30.35%	-27.59%	-26.58%
2005	Steam Production Plant	17,590,812	346,984	4,847,003	(4,500,019)	-25.58%	-24.24%	-27.96%	-27.63%	-30.52%	-30.13%	-28.16%	-29.56%	-29.23%	-27.17%
2006	Steam Production Plant	16,269,755	798,621	2,980,102	(2,181,481)	-13.41%	-19.73%	-19.96%	-23.31%	-24.10%	-26.52%	-26.55%	-25.39%	-26.62%	-26.40%
2007	Steam Production Plant	18,349,337	286,297	6,259,978	(5,973,681)	-32.56%	-23.56%	-24.24%	-23.84%	-25.76%	-25.95%	-27.78%	-27.72%	-26.64%	-27.63%
2008	Steam Production Plant	12,620,134	1,329,574	7,901,935	(6,572,361)	-52.08%	-40.51%	-31.18%	-29.66%	-28.78%	-29.81%	-29.37%	-30.83%	-30.59%	-29.37%
2009	Steam Production Plant	19,897,978	216,339	5,547,820	(5,331,481)	-26.79%	-36.61%	-35.15%	-29.88%	-28.99%	-28.35%	-29.22%	-28.93%	-30.16%	-30.00%
2010	Steam Production Plant	13,035,707	299,685	2,229,989	(1,930,304)	-14.81%	-22.05%	-30.37%	-31.00%	-27.43%	-27.10%	-26.67%	-27.59%	-27.50%	-28.66%
2011	Steam Production Plant	21,815,120	1,513,427	9,673,053	(8,159,627)	-37.40%	-28.95%	-28.17%	-32.63%	-32.63%	-29.58%	-28.98%	-28.52%	-28.15%	-28.93%
2012	Steam Production Plant	21,637,090	841,703	17,780,003	(16,948,301)	-78.33%	-57.78%	-47.87%	-42.38%	-43.75%	-41.84%	-38.10%	-36.54%	-35.77%	-35.88%
2013	Steam Production Plant	19,355,436	381,065	3,978,453	(3,597,389)	-18.59%	-50.12%	-45.70%	-40.39%	-37.57%	-39.28%	-38.29%	-35.46%	-34.37%	-33.79%
2014	Steam Production Plant	10,664,171	981,400	3,834,703	(2,853,302)	-26.76%	-21.49%	-45.30%	-42.95%	-38.71%	-36.48%	-38.14%	-37.39%	-34.85%	-33.90%
1994	311 - Structure & Improvements	787,308	13,023	1,919,867	(1,906,844)	-242.20%									
1995	311 - Structure & Improvements	143,694	1,407	137,109	(135,703)	-94.44%	-219.39%								
1996	311 - Structure & Improvements	733,828	70,732	79,535	(8,803)	-1.20%	-16.47%	-123.22%							
1997	311 - Structure & Improvements	285,810	-	8,615	(8,615)	-3.01%	-1.71%	-13.16%	-105.60%						
1998	311 - Structure & Improvements	108,743	990	11,826	(10,836)	-9.96%	-4.93%	-2.50%	-12.89%	-100.55%					
1999	311 - Structure & Improvements	499,433	-	88,644	(86,644)	-17.35%	-16.03%	-11.87%	-7.06%	-14.15%	-84.31%				
2000	311 - Structure & Improvements	246,555	813	28,781	(27,969)	-11.34%	-15.36%	-14.68%	-11.75%	-7.62%	-13.80%	-77.90%			
2001	311 - Structure & Improvements	51,903	-	311,975	(311,975)	-601.08%	-113.90%	-53.46%	-48.25%	-37.41%	-23.61%	-28.53%	-87.40%		
2002	311 - Structure & Improvements	563,694	-	121,282	(121,282)	-21.52%	-70.38%	-53.50%	-40.24%	-38.00%	-32.30%	-23.14%	-27.03%	-76.55%	
2003	311 - Structure & Improvements	125,341	-	1,106,427	(1,106,427)	-882.73%	-178.18%	-207.80%	-158.75%	-111.26%	-104.35%	-88.96%	-64.33%	-65.90%	-105.04%
2004	311 - Structure & Improvements	2,038,837	-	67,145	(67,145)	-3.29%	-54.23%	-47.47%	-57.80%	-54.02%	-48.82%	-47.66%	-44.41%	-37.59%	-39.30%
2005	311 - Structure & Improvements	637,726	-	654,727	(654,727)	-102.67%	-26.97%	-65.25%	-57.93%	-66.18%	-62.49%	-57.07%	-55.87%	-52.56%	-45.44%
2006	311 - Structure & Improvements	77,333	-	(20,043)	20,043	25.92%	-88.76%	-25.48%	-62.80%	-56.04%	-64.14%	-60.66%	-55.56%	-54.42%	-51.25%
2007	311 - Structure & Improvements	776,592	-	221,221	(221,221)	-28.48%	-23.58%	-57.38%	-26.15%	-55.51%	-50.97%	-57.66%	-55.13%	-51.37%	-50.49%
2008	311 - Structure & Improvements	526,445	-	42,782	(42,782)	-8.12%	-20.26%	-17.67%	-44.53%	-23.81%	-49.55%	-46.22%	-52.22%	-50.22%	-47.26%
2009	311 - Structure & Improvements	430,229	-	1,957,946	(1,957,946)	-455.09%	-209.13%	-128.19%	-121.61%	-116.68%	-65.16%	-87.38%	-80.20%	-85.37%	-82.04%
2010	311 - Structure & Improvements	855,259	-	(1,101,233)	1,101,233	128.76%	-66.64%	-49.64%	-43.29%	-41.28%	-34.11%	-53.57%	-50.57%	-55.27%	
2011	311 - Structure & Improvements	1,516,986	-	(30,043)	30,043	1.98%	47.69%	-29.50%	-26.12%	-26.57%	-25.60%	-35.79%	-26.13%	-41.50%	-40.01%
2012	311 - Structure & Improvements	299,316	-	44,560	(44,560)	-14.89%	-0.80%	40.68%	-28.09%	-25.19%	-25.77%	-24.88%	-34.57%	-25.66%	-40.41%
2013	311 - Structure & Improvements	106,209	-	20,301	(20,301)	-19.11%	-15.99%	-1.81%	38.39%	-27.79%	-25.02%	-25.62%	-24.75%	-34.26%	-25.57%
2014	311 - Structure & Improvements	235,179	(782)	12,311	(13,093)	-5.57%	-9.78%	-12.17%	-2.22%	34.96%	-26.27%	-23.87%	-24.62%	-23.81%	-33.02%
	Average Retirement	546,127													
	PIS	248,629,180													
	IRR	0.2197%													
1994	312 - Boiler Plant Equipment	9,158,586	95,874	1,126,642	(1,030,968)	-11.26%									
1995	312 - Boiler Plant Equipment	7,297,326	34,419	1,192,484	(1,158,065)	-15.87%	-13.30%								
1996	312 - Boiler Plant Equipment	7,091,155	144,859	996,210	(851,351)	-12.01%	-13.97%	-12.91%							
1997	312 - Boiler Plant Equipment	980,908	10,500	195,657	(185,157)	-18.88%	-12.84%	-14.28%	-13.15%						
1998	312 - Boiler Plant Equipment	1,496,005	6,175	1,490,570	(1,484,395)	-99.22%	-67.40%	-26.35%	-21.81%	-18.10%					
1999	312 - Boiler Plant Equipment	9,273,992	48,573	1,607,446	(1,558,873)	-16.81%	-28.26%	-27.47%	-21.65%	-20.04%	-17.76%				
2000	312 - Boiler Plant Equipment	5,370,359	417,924	2,052,761	(1,634,837)	-30.44%	-21.81%	-28.98%	-28.40%	-23.60%	-21.81%	-19.43%			
2001	312 - Boiler Plant Equipment	3,486,889	18,996	2,294,544	(2,275,548)	-65.26%	-44.15%	-30.16%	-35.43%	-34.64%	-28.85%	-26.14%	-23.05%		
2002	312 - Boiler Plant Equipment	11,316,705	155,338	3,296,300	(3,140,963)	-27.76%	-36.59%	-34.95%	-29.24%	-32.62%	-28.53%	-28.53%	-24.01%		
2003	312 - Boiler Plant Equipment	7,424,173	255,114	2,724,480	(2,468,376)	-33.26%	-29.94%	-35.48%	-34.50%	-30.05%	-32.75%	-32.40%	-29.29%	-27.46%	-25.10%
2004	312 - Boiler Plant Equipment	(6,327)	88,832	52,221	38,611	-578.67%	-32.80%	-29.75%	-35.32%	-34.37%	-29.95%	-32.66%	-32.31%	-29.21%	-27.40%
2005	312 - Boiler Plant Equipment	14,293,704	258,712	4,592,485	(4,333,772)	-30.32%	-30.08%	-31.17%	-30.00%	-33.36%	-32.99%	-30.06%	-32.02%	-31.78%	-29.47%
2006	312 - Boiler Plant Equipment	6,766,226	371,034	2,072,154	(1,701,120)	-25.14%	-28.66%	-28.49%	-29.73%	-29.17%	-32.08%	-31.90%	-29.48%	-31.24%	-31.04%
2007	312 - Boiler Plant Equipment	11,764,370	166,954	4,564,569	(4,397,614)	-37.38%	-32.91%	-31.78%	-31.68%	-31.97%	-31.04%	-33.21%	-32.97%	-30.82%	-32.25%

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Transaction Year	Description	Retirements	Gross Salvage	Cost of Removal	Net Salvage	Net Salv. %	r Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
2008	312 - Boiler Plant Equipment	7,681,069	618,122	5,940,565	(5,322,442)	-69.28%	-49.99%	-43.57%	-38.90%	-38.81%	-37.95%	-36.00%	-37.63%	-37.06%	-34.84%
2009	312 - Boiler Plant Equipment	18,055,310	171,827	2,317,096	(2,145,168)	-11.88%	-29.02%	-31.64%	-30.85%	-30.57%	-30.51%	-30.82%	-30.37%	-31.88%	-31.79%
2010	312 - Boiler Plant Equipment	4,073,597	289,470	1,743,494	(1,454,024)	-35.69%	-16.26%	-29.93%	-32.04%	-31.07%	-30.90%	-30.84%	-31.10%	-30.64%	-32.06%
2011	312 - Boiler Plant Equipment	16,605,451	1,340,397	7,147,791	(5,807,394)	-34.97%	-35.11%	-24.28%	-31.73%	-32.88%	-32.07%	-31.75%	-31.71%	-31.84%	-31.37%
2012	312 - Boiler Plant Equipment	12,306,073	526,599	12,357,219	(11,830,620)	-96.14%	-61.01%	-57.88%	-41.61%	-45.23%	-43.92%	-42.28%	-40.71%	-40.37%	-39.84%
2013	312 - Boiler Plant Equipment	17,318,694	395,218	3,502,099	(3,106,881)	-17.94%	-50.42%	-44.87%	-44.13%	-35.61%	-39.01%	-38.80%	-37.82%	-36.83%	-36.80%
2014	312 - Boiler Plant Equipment	8,214,661	951,911	3,491,553	(2,539,641)	-30.92%	-22.11%	-46.19%	-42.77%	-42.27%	-35.11%	-38.22%	-38.12%	-37.27%	-36.42%
	Average Retirement	11,707,915													
	PIS	1,558,536,473													
	IRR	0.7512%													
1994	314 - Turbogenerator Units	723,398	1,902	218,096	(216,194)	-29.89%									
1995	314 - Turbogenerator Units	657,091	-	260,480	(260,480)	-39.64%	-34.53%								
1996	314 - Turbogenerator Units	1,739,556	-	126,437	(126,437)	-7.27%	-16.14%	-19.33%							
1997	314 - Turbogenerator Units	146,000	-	10,680	(10,680)	-7.31%	-7.27%	-15.64%	-18.79%						
1998	314 - Turbogenerator Units	1,045,045	-	268,813	(268,813)	-25.72%	-23.47%	-13.85%	-18.57%	-20.47%					
1999	314 - Turbogenerator Units	660,155	27,542	187,372	(159,830)	-24.21%	-25.14%	-23.73%	-15.76%	-19.45%	-20.97%				
2000	314 - Turbogenerator Units	404,288	189,572	232,690	(43,118)	-10.67%	-19.07%	-22.36%	-21.39%	-15.24%	-18.69%	-20.19%			
2001	314 - Turbogenerator Units	167,999	32,000	74,945	(42,945)	-25.56%	-15.04%	-19.95%	-22.60%	-21.68%	-15.66%	-18.93%	-20.36%		
2002	314 - Turbogenerator Units	1,996,989	155,136	793,382	(638,246)	-31.96%	-31.46%	-28.19%	-27.38%	-26.97%	-26.32%	-20.94%	-22.74%	-23.43%	
2003	314 - Turbogenerator Units	1,716,783	53,564	72,781	(19,217)	-1.12%	-17.70%	-18.04%	-17.35%	-18.26%	-19.56%	-19.27%	-16.62%	-18.38%	-19.29%
2004	314 - Turbogenerator Units	4,790,385	-	1,353,020	(1,353,020)	-28.24%	-21.09%	-23.64%	-23.68%	-23.10%	-23.17%	-23.42%	-23.21%	-21.02%	-21.94%
2005	314 - Turbogenerator Units	218,391	68,733	(402,154)	470,887	215.62%	-17.61%	-13.40%	-17.65%	-17.80%	-17.49%	-17.94%	-18.68%	-18.53%	-17.01%
2006	314 - Turbogenerator Units	6,909,778	418,449	873,446	(454,998)	-6.58%	0.22%	-11.22%	-9.95%	-12.76%	-12.90%	-12.84%	-13.29%	-14.01%	-13.96%
2007	314 - Turbogenerator Units	4,410,652	118,926	1,345,525	(1,226,599)	-27.81%	-14.85%	-10.49%	-15.70%	-14.31%	-16.07%	-16.15%	-16.04%	-16.30%	-16.74%
2008	314 - Turbogenerator Units	1,141,101	709,908	1,855,080	(1,145,173)	-100.36%	-42.72%	-22.68%	-18.58%	-21.23%	-19.43%	-20.61%	-20.65%	-20.46%	-20.58%
2009	314 - Turbogenerator Units	838,520	44,412	1,141,819	(1,097,408)	-130.87%	-113.28%	-64.29%	-29.50%	-25.55%	-26.25%	-24.10%	-24.81%	-24.82%	-24.56%
2010	314 - Turbogenerator Units	6,249,585	10,215	1,539,471	(1,529,255)	-24.47%	-37.06%	-45.83%	-39.55%	-27.90%	-25.21%	-25.80%	-24.19%	-24.73%	-24.74%
2011	314 - Turbogenerator Units	2,304,259	130,908	2,422,102	(2,291,194)	-99.43%	-44.66%	-52.36%	-57.58%	-48.78%	-35.44%	-32.95%	-32.11%	-30.25%	-30.36%
2012	314 - Turbogenerator Units	8,935,933	315,103	5,304,437	(4,989,334)	-55.83%	-64.77%	-50.37%	-54.05%	-56.77%	-51.42%	-41.36%	-39.55%	-38.04%	-36.35%
2013	314 - Turbogenerator Units	1,158,638	2,775	192,916	(190,141)	-16.41%	-51.31%	-60.25%	-48.26%	-51.82%	-54.50%	-49.80%	-40.45%	-38.71%	-37.36%
2014	314 - Turbogenerator Units	1,398,230	6,771	196,432	(189,661)	-13.56%	-14.85%	-46.72%	-55.52%	-45.84%	-49.26%	-51.90%	-47.88%	-39.33%	-37.67%
	Average Retirement	3,356,509													
	PIS	311,048,014													
	IRR	1.0791%													
1994	315 - Accessory Electric Equipment	79,955	-	283	(283)	-0.35%									
1995	315 - Accessory Electric Equipment	114,270	-	5,850	(5,850)	-5.12%	-3.16%								
1996	315 - Accessory Electric Equipment	564,112	-	239,339	(239,339)	-42.43%	-36.14%	-32.37%							
1997	315 - Accessory Electric Equipment	159,848	-	33,619	(33,619)	-21.03%	-37.70%	-33.26%	-30.40%						
1998	315 - Accessory Electric Equipment	164,139	4,000	61,422	(57,422)	-34.98%	-28.10%	-37.20%	-33.54%	-31.09%					
1999	315 - Accessory Electric Equipment	85,734	-	33,707	(33,707)	-39.32%	-36.47%	-30.45%	-37.39%	-34.00%	-31.70%				
2000	315 - Accessory Electric Equipment	292,477	-	3,275	(3,275)	-1.12%	-9.78%	-17.41%	-18.23%	-29.01%	-27.03%	-25.57%			
2001	315 - Accessory Electric Equipment	17,822	-	2,936	(2,936)	-16.47%	-2.00%	-10.08%	-17.38%	-18.19%	-28.84%	-26.90%	-25.46%		
2002	315 - Accessory Electric Equipment	136,803	-	14,711	(14,711)	-10.75%	-11.41%	-4.68%	-10.25%	-16.08%	-17.00%	-27.10%	-25.46%	-24.22%	
2003	315 - Accessory Electric Equipment	407,103	-	27,667	(27,667)	-6.80%	-7.79%	-8.07%	-5.69%	-8.76%	-12.65%	-13.71%	-12.57%	-21.55%	-20.71%
2004	315 - Accessory Electric Equipment	375,020	-	153,983	(153,983)	-41.06%	-23.23%	-21.37%	-21.28%	-16.48%	-17.97%	-19.86%	-19.97%	-25.72%	-24.71%
2005	315 - Accessory Electric Equipment	2,417,945	17,644	25,210	(7,566)	-0.31%	-5.78%	-5.91%	-6.11%	-6.17%	-5.76%	-6.53%	-7.73%	-8.25%	-12.43%
2006	315 - Accessory Electric Equipment	2,445,073	-	54,336	(54,336)	-2.22%	-1.27%	-4.12%	-4.31%	-4.47%	-4.34%	-4.34%	-4.83%	-5.61%	-5.99%
2007	315 - Accessory Electric Equipment	1,050,657	-	127,916	(127,916)	-12.17%	-5.21%	-3.21%	-5.47%	-5.55%	-5.65%	-5.68%	-5.49%	-5.89%	-6.54%
2008	315 - Accessory Electric Equipment	3,138,935	-	46,533	(46,533)	-1.48%	-4.17%	-3.45%	-2.61%	-4.14%	-4.25%	-4.34%	-4.36%	-4.27%	-4.56%
2009	315 - Accessory Electric Equipment	418,477	-	108,254	(108,254)	-25.87%	-4.35%	-6.14%	-4.78%	-3.64%	-5.06%	-5.13%	-5.21%	-5.23%	-5.11%
2010	315 - Accessory Electric Equipment	622,478	-	51,324	(51,324)	-8.25%	-15.33%	-4.93%	-6.39%	-5.06%	-3.92%	-5.25%	-5.31%	-5.38%	-5.40%
2011	315 - Accessory Electric Equipment	776,929	16,928	103,795	(86,866)	-11.18%	-9.87%	-13.56%	-5.91%	-7.01%	-5.62%	-4.44%	-5.66%	-5.70%	-5.76%

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2012	315 - Accessory Electric Equipment	36,292	-	81,184	(81,184)	-223.70%	-20.86%	-15.28%	-17.67%	-7.50%	-8.31%	-8.56%	-5.17%	-6.37%	-6.38%
2013	315 - Accessory Electric Equipment	69,579	(18,928)	259,651	(276,579)	-397.50%	-337.92%	-50.37%	-32.95%	-31.41%	-12.86%	-12.74%	-9.74%	-7.66%	-8.76%
2014	315 - Accessory Electric Equipment	284,989	23,500	99,509	(76,009)	-26.67%	-99.44%	-110.98%	-44.58%	-31.95%	-30.80%	-13.60%	-13.36%	-10.28%	-8.14%
	Average Retirement	1,125,935													
	PIS	214,053,764													
	IRR	0.5260%													
1994	316 - Misc Power Plant Equipment	135,856	2,750	3,810	(1,060)	-0.78%									
1995	316 - Misc Power Plant Equipment	208,186	-	82	(82)	-0.04%	-0.33%								
1996	316 - Misc Power Plant Equipment	33,701	1,079	(5)	1,085	3.22%	0.41%	-0.01%							
1997	316 - Misc Power Plant Equipment	53,553	4,660	-	4,660	8.70%	6.58%	1.92%	1.07%						
1998	316 - Misc Power Plant Equipment	17,997	370	252	118	0.66%	6.68%	5.57%	1.84%	1.05%					
1999	316 - Misc Power Plant Equipment	153,867	10,000	1,079	8,921	5.80%	5.26%	6.08%	5.71%	3.15%	2.26%				
2000	316 - Misc Power Plant Equipment	102,684	1,968	15,490	(13,523)	-13.17%	-1.79%	-1.63%	0.05%	0.35%	0.21%	0.02%			
2001	316 - Misc Power Plant Equipment	401,130	-	20,522	(20,522)	-5.12%	-6.76%	-3.82%	-3.70%	-2.79%	-2.52%	-1.99%	-1.84%		
2002	316 - Misc Power Plant Equipment	568,557	-	79	(79)	-0.01%	-2.12%	-3.18%	-2.06%	-2.02%	-1.45%	-1.26%	-1.26%	-1.22%	
2003	316 - Misc Power Plant Equipment	67,827	-	26,279	(26,279)	-38.74%	-4.14%	-4.52%	-5.30%	-3.98%	-3.91%	-3.42%	-3.26%	-2.84%	-2.68%
2004	316 - Misc Power Plant Equipment	139,043	-	5,995	(5,995)	-4.31%	-15.60%	-4.17%	-4.49%	-5.19%	-4.01%	-3.95%	-3.50%	-3.36%	-2.96%
2005	316 - Misc Power Plant Equipment	23,047	1,895	(23,264)	25,160	109.17%	11.82%	-3.09%	-0.90%	-2.31%	-3.17%	-2.22%	-2.18%	-1.80%	-1.69%
2006	316 - Misc Power Plant Equipment	71,345	9,138	208	8,930	12.52%	36.11%	12.03%	0.60%	0.20%	-1.48%	-2.35%	-1.53%	-1.51%	-1.16%
2007	316 - Misc Power Plant Equipment	95,321	417	540	(123)	-0.13%	5.28%	17.90%	8.51%	0.43%	0.17%	-1.38%	-2.21%	-1.45%	-1.43%
2008	316 - Misc Power Plant Equipment	15,459	1,543	17,187	(15,644)	-101.20%	-14.23%	-3.75%	8.93%	3.58%	-3.39%	-1.43%	-2.50%	-3.24%	-2.39%
2009	316 - Misc Power Plant Equipment	51,648	-	22,930	(22,930)	-44.40%	-57.48%	-23.82%	-12.73%	-1.79%	-2.68%	-7.95%	-3.58%	-4.01%	-4.62%
2010	316 - Misc Power Plant Equipment	203,797	-	(3,066)	3,066	1.50%	-7.78%	-13.11%	-9.73%	-6.10%	-0.33%	-1.26%	-5.07%	-2.74%	-3.32%
2011	316 - Misc Power Plant Equipment	7,279	25,193	29,409	(4,215)	-57.91%	-0.54%	-9.16%	-14.28%	-10.67%	-6.95%	-1.23%	-1.94%	-5.64%	-3.07%
2012	316 - Misc Power Plant Equipment	46,441	-	2,604	(2,604)	-5.61%	-12.69%	-1.46%	-8.63%	-13.04%	-10.11%	-6.82%	-1.63%	-2.20%	-5.63%
2013	316 - Misc Power Plant Equipment	63,900	-	3,487	(3,487)	-5.46%	-5.52%	-8.76%	-2.25%	-8.09%	-11.79%	-9.49%	-6.67%	-2.05%	-2.49%
2014	316 - Misc Power Plant Equipment	270,034	-	34,898	(34,898)	-12.92%	-11.49%	-10.78%	-11.66%	-7.12%	-10.12%	-12.26%	-10.72%	-8.71%	-5.51%
	Average Retirement	84,827													
	PIS	15,059,895													
	IRR	0.5633%													
1981	Other Production	-	-	-	-	NA									
1982	Other Production	222,500	1,000	22,345	(21,345)	-9.59%	-9.59%								
1983	Other Production	-	-	-	-	NA	-9.59%	-9.59%							
1984	Other Production	-	-	-	-	NA	NA	-9.59%	-9.59%						
1985	Other Production	633	-	-	-	0.00%	0.00%	0.00%	0.00%	-9.57%					
1986	Other Production	42,200	-	-	-	0.00%	0.00%	0.00%	0.00%	-8.04%	-8.04%				
1987	Other Production	-	-	-	-	NA	0.00%	0.00%	0.00%	-8.04%	-8.04%				
1988	Other Production	-	-	-	-	NA	NA	0.00%	0.00%	0.00%	0.00%	-8.04%	-8.04%		
1989	Other Production	-	-	-	-	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	-8.04%	-8.04%	
1990	Other Production	10,228	-	200	(200)	-1.96%	-1.96%	-1.96%	-1.96%	-0.38%	-0.38%	-0.38%	-0.38%	-7.82%	-7.82%
1991	Other Production	7,923	-	-	-	0.00%	-1.10%	-1.10%	-1.10%	-0.33%	-0.33%	-0.33%	-0.33%	-7.60%	-7.60%
1992	Other Production	(7,923)	-	-	-	0.00%	NA	-1.96%	-1.96%	-1.96%	-1.96%	-0.38%	-0.38%	-0.38%	-0.38%
1993	Other Production	13,446	-	2,981	(2,981)	-22.17%	-53.97%	-22.17%	-13.44%	-13.44%	-13.44%	-13.44%	-4.83%	-4.78%	-4.78%
1994	Other Production	683	-	96	(96)	-14.02%	-21.78%	-49.58%	-21.78%	-13.45%	-13.45%	-13.45%	-13.45%	-4.92%	-4.88%
1995	Other Production	2,074	-	(1)	1	0.03%	-3.45%	-18.99%	-37.15%	-18.99%	-12.40%	-12.40%	-12.40%	-12.40%	-4.77%
1996	Other Production	-	-	-	-	NA	0.03%	-3.45%	-18.99%	-37.15%	-18.99%	-12.40%	-12.40%	-12.40%	-12.40%
1997	Other Production	-	-	-	-	NA	NA	0.03%	-3.45%	-18.99%	-37.15%	-18.99%	-12.40%	-12.40%	-12.40%
1998	Other Production	16,574	-	-	-	0.00%	0.00%	0.00%	0.00%	-0.49%	-9.39%	-12.38%	-9.39%	-7.62%	-7.62%
1999	Other Production	-	-	-	-	NA	0.00%	0.00%	0.00%	0.00%	-0.49%	-9.39%	-12.38%	-9.39%	-7.62%
2000	Other Production	-	-	-	-	NA	NA	0.00%	0.00%	0.00%	0.00%	-0.49%	-9.39%	-12.38%	-9.39%
2001	Other Production	-	-	-	-	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	-0.49%	-9.39%	-12.38%
2002	Other Production	-	-	-	-	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	-0.49%	-9.39%

Gulf Power
Retirements, Gross Salvage, and Cost of Removal
As Adjusted

Transaction Year	Description	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Final Ret of Crst 1-3	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %	15-yr Net Salv. %	20-yr Net Salv. %
1998	314 - Turbogenerator Units		1,045,045			268,813	(268,813)	-25.72%	-23.47%	-13.85%	-18.57%	-20.47%							
1999	314 - Turbogenerator Units		680,155		27,542	187,372	(169,830)	-24.21%	-25.14%	-23.73%	-15.76%	-19.46%	-20.87%						
2000	314 - Turbogenerator Units		404,288		189,572	232,690	(43,118)	-10.67%	-19.07%	-22.36%	-21.39%	-15.24%	-18.69%	-20.19%					
2001	314 - Turbogenerator Units		167,999		32,000	74,945	(42,945)	-25.56%	-15.04%	-19.85%	-22.60%	-21.68%	-15.66%	-18.93%	-20.36%				
2002	314 - Turbogenerator Units		1,996,989		155,136	793,382	(638,246)	-31.95%	-31.46%	-28.10%	-27.38%	-26.97%	-26.32%	-20.94%	-22.74%	-23.43%			
2003	314 - Turbogenerator Units	919,271	797,432		53,564	72,781	(19,217)	-2.41%	-23.53%	-23.64%	-22.08%	-22.43%	-23.11%	-22.67%	-18.82%	-20.62%	-21.42%		
2004	314 - Turbogenerator Units		4,790,385		--	1,353,020	(1,353,020)	-28.24%	-24.56%	-26.51%	-26.49%	-25.70%	-25.59%	-25.60%	-25.34%	-22.66%	-23.56%		
2005	314 - Turbogenerator Units		218,391		68,733	(402,154)	470,887	215.62%	-17.61%	-15.52%	-19.73%	-19.85%	-19.41%	-19.76%	-20.36%	-20.19%	-18.31%		
2006	314 - Turbogenerator Units	4,712,941	2,196,837		416,449	873,446	(454,998)	-20.71%	0.66%	-18.56%	-16.95%	-19.95%	-20.04%	-19.68%	-19.95%	-20.44%	-20.28%		
2007	314 - Turbogenerator Units		4,410,852		118,928	1,345,525	(1,228,599)	-27.81%	-25.45%	-17.74%	-22.07%	-20.81%	-22.35%	-22.39%	-22.07%	-22.16%	-22.99%		
2008	314 - Turbogenerator Units		1,141,101	55,000	654,906	494,317	(705,856)	-61.86%	-34.81%	-30.81%	-24.05%	-25.63%	-24.26%	-25.25%	-24.89%	-24.86%	-23.97%		
2009	314 - Turbogenerator Units		838,520		44,412	81,438	(1,015,972)	-121.16%	-88.98%	-48.14%	-38.63%	-33.30%	-31.52%	-29.81%	-30.16%	-30.11%	-29.85%	-27.61%	
2010	314 - Turbogenerator Units		6,249,585		10,215	1,538,471	(1,529,255)	-24.47%	-35.91%	-39.51%	-35.43%	-33.25%	-29.84%	-29.30%	-29.20%	-28.59%	-28.57%	-26.58%	
2011	314 - Turbogenerator Units		2,304,259		130,908	2,422,102	(2,291,194)	-99.43%	-44.89%	-51.49%	-52.62%	-45.29%	-42.14%	-38.80%	-36.80%	-35.41%	-35.13%	-33.94%	
2012	314 - Turbogenerator Units		8,935,933		315,103	5,304,437	(4,989,334)	-55.83%	-84.77%	-50.37%	-53.61%	-54.09%	-49.24%	-48.84%	-44.98%	-42.13%	-41.13%	-39.46%	
2013	314 - Turbogenerator Units		1,158,838		2,775	192,915	(180,141)	-16.41%	-51.31%	-60.25%	-48.26%	-51.40%	-47.72%	-45.54%	-43.66%	-41.20%	-39.12%	-37.14%	
2014	314 - Turbogenerator Units		1,398,230		6,771	196,432	(189,661)	-13.56%	-14.85%	-46.72%	-55.52%	-45.84%	-48.67%	-49.54%	-45.91%	-43.98%	-42.01%	-38.42%	-36.47%
	Average Retirement		2,885,214																
	PIB		311,048,014																
	IRR		0.9276%																
1994	315 - Accessory Electric Equipment		79,955		--	283	(283)	-0.36%											
1995	315 - Accessory Electric Equipment		114,270		--	5,850	(5,850)	-5.12%	-3.16%										
1996	315 - Accessory Electric Equipment		564,112		--	239,339	(239,339)	-42.43%	-36.14%	-32.37%									
1997	315 - Accessory Electric Equipment		159,848		--	33,619	(33,619)	-21.03%	-37.70%	-33.26%	-30.40%								
1998	315 - Accessory Electric Equipment		164,139		4,000	61,422	(57,422)	-34.98%	-28.10%	-37.20%	-33.54%	-31.09%							
1999	315 - Accessory Electric Equipment		85,734		--	33,707	(33,707)	-39.32%	-36.47%	-30.45%	-37.39%	-34.00%	-31.70%						
2000	315 - Accessory Electric Equipment		292,477		--	3,275	(3,275)	-1.12%	-0.78%	-17.41%	-18.23%	-20.01%	-27.03%	-25.57%					
2001	315 - Accessory Electric Equipment		17,822		--	2,936	(2,936)	-16.47%	-2.00%	-10.08%	-17.38%	-18.19%	-28.84%	-26.90%	-25.46%				
2002	315 - Accessory Electric Equipment		136,803		--	14,711	(14,711)	-10.75%	-11.41%	-4.68%	-10.25%	-16.08%	-17.00%	-27.10%	-25.46%	-24.22%			
2003	315 - Accessory Electric Equipment	286,398	120,705		--	27,687	(27,687)	-22.92%	-16.46%	-16.46%	-8.56%	-12.59%	-17.09%	-17.73%	-26.77%	-25.27%	-24.13%		
2004	315 - Accessory Electric Equipment		375,020		--	159,983	(153,983)	-41.06%	-38.64%	-31.04%	-30.64%	-21.48%	-22.07%	-24.62%	-24.20%	-29.56%	-28.19%		
2005	315 - Accessory Electric Equipment		2,417,946		17,844	25,210	(7,566)	-0.31%	-5.78%	-6.49%	-6.69%	-6.74%	-8.25%	-7.08%	-8.34%	-8.88%	-13.25%		
2006	315 - Accessory Electric Equipment		2,445,073		--	54,336	(54,336)	-2.22%	-1.27%	-4.12%	-4.54%	-4.70%	-4.74%	-4.59%	-5.06%	-5.87%	-8.26%		
2007	315 - Accessory Electric Equipment		1,050,657		--	127,918	(127,918)	-12.17%	-5.21%	-3.21%	-5.47%	-5.80%	-5.80%	-5.93%	-5.72%	-6.14%	-6.80%		
2008	315 - Accessory Electric Equipment	568,225	2,598,710		--	40,219	(40,219)	-1.57%	-4.85%	-3.67%	-2.71%	-4.34%	-4.59%	-4.69%	-4.70%	-4.59%	-4.90%	-7.58%	
2009	315 - Accessory Electric Equipment		418,477		--	108,254	(108,254)	-25.87%	-4.97%	-6.84%	-5.10%	-3.80%	-5.31%	-5.53%	-5.61%	-5.63%	-5.49%	-8.33%	
2010	315 - Accessory Electric Equipment		622,478		--	51,324	(51,324)	-8.25%	-15.33%	-5.54%	-7.03%	-5.36%	-4.09%	-5.49%	-5.70%	-5.77%	-5.79%	-8.36%	
2011	315 - Accessory Electric Equipment		776,929		16,928	103,795	(86,866)	-11.16%	-9.67%	-13.56%	-6.53%	-7.82%	-5.95%	-4.63%	-5.91%	-6.10%	-6.15%	-6.90%	
2012	315 - Accessory Electric Equipment		36,292		1,587	79,567	(79,567)	-219.33%	-20.47%	-15.17%	-17.58%	-8.26%	-9.03%	-5.38%	-6.83%	-5.83%	-6.81%	-7.37%	
2013	315 - Accessory Electric Equipment		89,579		(16,928)	259,651	(278,579)	-397.50%	-336.42%	-50.19%	-42.84%	-31.33%	-14.31%	-13.90%	-10.33%	-8.00%	-9.15%	-9.35%	-11.23%
2014	315 - Accessory Electric Equipment		284,989		23,500	99,509	(76,009)	-26.67%	-99.44%	-110.57%	-44.45%	-31.86%	-30.72%	-15.05%	-14.53%	-10.89%	-8.50%	-9.55%	-11.64%
	Average Retirement		1,069,113																
	PIB		214,053,764																
	IRR		0.4998%																
1994	316 - Misc Power Plant Equipment		135,856		2,750	3,810	(1,060)	-0.78%											
1995	316 - Misc Power Plant Equipment		208,186		--	82	(82)	-0.04%	-0.33%										
1996	316 - Misc Power Plant Equipment		33,701		1,079	(5)	1,085	3.22%	0.41%	-0.01%									
1997	316 - Misc Power Plant Equipment		53,553		4,650	--	4,650	8.70%	6.58%	1.92%	1.07%								
1998	316 - Misc Power Plant Equipment		17,997		370	252	118	0.66%	6.68%	5.57%	1.84%	1.05%							
1999	316 - Misc Power Plant Equipment		153,867		10,000	1,079	8,921	5.80%	5.26%	6.08%	5.71%	3.15%	2.26%						
2000	316 - Misc Power Plant Equipment		102,684		1,968	15,490	(13,523)	-13.17%	-1.78%	-1.63%	0.05%	0.35%	0.21%	0.02%					
2001	316 - Misc Power Plant Equipment		401,130		--	20,522	(20,522)	-5.12%	-8.78%	-3.82%	-3.70%	-2.78%	-2.52%	-1.99%	-1.64%				
2002	316 - Misc Power Plant Equipment		568,557		--	79	(79)	-0.01%	-2.12%	-3.16%	-2.06%	-2.02%	-1.57%	-1.45%	-1.26%	-1.22%			
2003	316 - Misc Power Plant Equipment		87,827		--	26,279	(26,279)	-4.14%	-4.52%	-4.52%	-3.88%	-3.91%	-3.42%	-2.84%					
2004	316 - Misc Power Plant Equipment		189,043		--	5,985	(5,985)	-4.31%	-15.60%	-4.17%	-4.48%	-5.19%	-4.01%	-3.95%	-3.50%	-3.36%	-2.86%		

Gulf Power
 Retirements, Gross Salvage, and Cost of Removal
 As Adjusted

Transaction Year	Description	Final Ret of Crst 1-3	Final Ret of Crst 1-3	Gross Salvage	Final Ret of Crst 1-3	Cost of Removal	Final Ret of Crst 1-3	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %	15-yr Net Salv. %	20-yr Net Salv. %	
2005	316 - Misc Power Plant Equipment		23,047	1,895		(23,264)	25,160	109.17%	11.82%	-3.09%	-0.90%	-2.31%	-3.17%	-2.22%	-2.18%	-1.80%	-1.89%				
2006	316 - Misc Power Plant Equipment		71,345	8,138		208	8,930	12.62%	38.11%	12.03%	0.80%	0.20%	-1.48%	-2.35%	-1.53%	-1.51%	-1.16%				
2007	316 - Misc Power Plant Equipment		95,321	417		540	(123)	-0.13%	5.28%	17.90%	8.51%	0.43%	0.17%	-1.38%	-2.21%	-1.45%	-1.43%				
2008	316 - Misc Power Plant Equipment		15,459	1,543		17,187	(15,644)	-101.20%	-14.23%	-3.75%	8.93%	3.58%	-3.39%	-1.43%	-2.50%	-3.24%	-2.38%	-1.65%			
2009	316 - Misc Power Plant Equipment		51,648			22,930	(22,930)	-44.40%	-57.48%	-23.82%	-12.73%	-1.79%	-2.68%	-7.95%	-3.58%	-4.01%	-4.62%	-2.81%			
2010	316 - Misc Power Plant Equipment		203,797			(3,066)	3,066	1.50%	-7.78%	-13.11%	-9.73%	-8.10%	-0.33%	-1.26%	-5.07%	-2.74%	-3.32%	-2.66%			
2011	316 - Misc Power Plant Equipment		7,279	25,193		29,408	(4,216)	-57.81%	-0.54%	-9.16%	-14.28%	-10.67%	-6.95%	-1.23%	-1.94%	-5.64%	-3.07%	-2.96%			
2012	316 - Misc Power Plant Equipment		46,441			2,604	(2,604)	-5.61%	-12.69%	-1.46%	-8.63%	-13.04%	-10.11%	-6.82%	-1.83%	-2.20%	-5.63%	-3.34%			
2013	316 - Misc Power Plant Equipment		63,900			3,487	(3,487)	-5.46%	-5.52%	-8.76%	-2.25%	-8.09%	-11.79%	-9.49%	-6.67%	-2.05%	-2.49%	-3.45%	-2.63%		
2014	316 - Misc Power Plant Equipment		270,034			34,898	(34,898)	-12.92%	-11.48%	-10.78%	-11.06%	-7.12%	-10.12%	-12.26%	-10.72%	-8.71%	-5.51%	-5.32%	-3.79%		
	Average Retirement		84,827																		
	PIS		15,059,895																		
	IRR		0.5633%																		

Source:
 Exhibit DAW-1 at 136-138 (Appendix E-1, pages 2-4)
 Gulf Power Response to OPC ROG-17 in Docket No. 160170
 Gulf Power Response to OPC ROG-141, 142, and 143 in Docket No. 160186

Gulf Power's 2016 Depreciation Study filed on September 20, 2016 in Docket No. 160170-EI is incorporated by reference.

GULF POWER COMPANY
ELECTRIC UTILITY PLANT
DEPRECIATION RATE STUDY
AT DECEMBER 31, 2016



<http://www.utilityalliance.com>

GULF POWER
Retirements, Gross Salvage, and Cost of Removal Net Salvage Analysis
As Adjusted December 31, 2014

Docket No. 160186-EI
 Exhibit RMM-7
 Pages 11 and 12 of Appendix E-2 to Depreciation Rate Study
 Page 3 of 4
 Appendix E-2
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Transaction Year	Description	Retirements	Gross Salvage	Cost of Removal	Net Salvage	Net Salv. %	r Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
2011	370 - Meters	2,615,250	764,637	247,080	517,557	19.79%	27.29%	30.22%	28.57%	27.17%	27.81%	27.03%	25.42%	24.09%	22.83%
2012	370 - Meters	1,381,328	225,485	(374,836)	800,321	43.48%	27.97%	31.24%	32.88%	31.11%	29.54%	29.84%	28.99%	27.47%	26.20%
2013	370 - Meters	2,066,580	280,402	201,527	78,875	3.82%	19.70%	19.74%	23.90%	26.18%	25.57%	24.94%	25.82%	25.17%	24.04%
2014	370 - Meters	1,674,214	400,188	254,233	145,955	8.72%	6.01%	16.11%	17.35%	21.20%	23.40%	23.19%	22.88%	23.65%	23.37%
2010	370.2 AMI Meters	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2011	370.2 AMI Meters	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2012	370.2 AMI Meters	83,475	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2013	370.2 AMI Meters	205,764	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2014	370.2 AMI Meters	215,328	-	-	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1981	373 - Street Lighting	179,742	74,096	93,155	(19,059)	-10.60%	-6.51%	-2.26%	8.68%	7.25%	3.29%	2.65%	0.47%	-2.40%	-5.35%
1982	373 - Street Lighting	173,132	97,615	101,524	(3,909)	-2.26%	-8.34%	-10.49%	-11.04%	-10.55%	-10.05%	-8.64%	-6.36%	-6.63%	-6.71%
1983	373 - Street Lighting	170,076	95,067	26,732	68,335	40.18%	18.77%	8.68%	7.25%	3.29%	2.65%	0.47%	-2.40%	-5.35%	-6.63%
1984	373 - Street Lighting	286,958	18,635	37,392	(18,756)	-6.54%	10.85%	7.25%	3.29%	2.65%	0.47%	-2.40%	-5.35%	-6.63%	-6.71%
1985	373 - Street Lighting	286,126	20,371	41,802	(21,431)	-7.49%	-7.49%	-13.04%	-12.07%	-11.24%	-7.05%	-6.68%	-6.97%	-6.63%	-6.71%
1986	373 - Street Lighting	268,770	14,410	52,316	(37,906)	-14.10%	-10.69%	-9.28%	-0.96%	-1.15%	-2.40%	-5.35%	-6.63%	-6.63%	-6.71%
1987	373 - Street Lighting	275,197	10,690	65,752	(55,062)	-20.01%	-17.09%	-13.78%	-11.92%	-5.04%	-4.71%	-5.35%	-6.63%	-6.63%	-6.71%
1988	373 - Street Lighting	799,988	23,051	105,366	(82,315)	-10.29%	-12.78%	-13.04%	-12.07%	-11.24%	-7.05%	-6.68%	-6.97%	-6.63%	-6.71%
1989	373 - Street Lighting	417,541	14,214	33,443	(19,229)	-4.61%	-8.34%	-10.49%	-11.04%	-10.55%	-10.05%	-8.64%	-6.36%	-6.63%	-6.71%
1990	373 - Street Lighting	443,090	51,928	84,120	(32,192)	-7.27%	-5.97%	-8.05%	-9.75%	-10.28%	-9.86%	-9.61%	-8.74%	-8.49%	-8.49%
1991	373 - Street Lighting	964,016	41,727	249,126	(207,399)	-21.51%	-17.03%	-14.18%	-13.00%	-13.66%	-13.70%	-13.19%	-12.66%	-10.38%	-10.03%
1992	373 - Street Lighting	716,279	36,569	141,875	(105,307)	-14.70%	-18.61%	-16.24%	-14.33%	-13.36%	-13.87%	-13.88%	-13.45%	-13.00%	-11.05%
1993	373 - Street Lighting	770,698	27,647	111,391	(83,744)	-10.87%	-12.71%	-16.18%	-14.81%	-13.52%	-12.89%	-13.34%	-13.39%	-13.04%	-12.69%
1994	373 - Street Lighting	715,564	26,462	85,116	(58,654)	-8.20%	-9.58%	-11.25%	-14.37%	-13.50%	-12.58%	-12.20%	-12.62%	-12.69%	-12.43%
1995	373 - Street Lighting	620,344	51,509	157,282	(105,773)	-17.05%	-12.31%	-11.78%	-12.52%	-14.81%	-14.02%	-13.17%	-12.75%	-13.10%	-13.15%
1996	373 - Street Lighting	604,115	90,955	95,613	(4,657)	-0.77%	-9.02%	-8.72%	-9.33%	-10.45%	-12.88%	-12.36%	-11.75%	-11.56%	-11.92%
1997	373 - Street Lighting	987,581	20,905	58,016	(37,111)	-3.76%	-2.62%	-6.67%	-7.04%	-7.84%	-8.95%	-11.20%	-10.90%	-10.48%	-10.46%
1998	373 - Street Lighting	778,799	107,221	227,567	(120,346)	-15.45%	-8.91%	-8.84%	-8.96%	-8.81%	-9.16%	-9.93%	-11.74%	-11.44%	-11.03%
1999	373 - Street Lighting	838,788	94,950	23,153	71,797	8.58%	-3.00%	-3.29%	-2.81%	-5.12%	-5.80%	-6.37%	-7.36%	-9.31%	-9.19%
2000	373 - Street Lighting	707,899	157,722	100,979	56,743	8.02%	8.31%	0.35%	-0.87%	-0.86%	-3.07%	-3.77%	-4.88%	-5.74%	-7.72%
2001	373 - Street Lighting	796,837	127,517	127,659	(142)	-0.02%	3.76%	5.48%	0.26%	-0.71%	-0.72%	-2.61%	-3.28%	-4.13%	-5.14%
2002	373 - Street Lighting	675,994	139,388	144,957	(5,568)	-0.82%	-0.39%	2.34%	4.07%	0.07%	-0.72%	-0.73%	-2.41%	-3.03%	-3.83%
2003	373 - Street Lighting	1,221,177	48,140	237,254	(189,113)	-15.49%	-10.26%	-7.23%	-4.06%	-1.56%	-3.72%	-3.72%	-3.45%	-4.62%	-4.94%
2004	373 - Street Lighting	1,556,805	53,975	164,751	(110,776)	-7.12%	-10.80%	-8.84%	-7.19%	-5.02%	-3.05%	-4.52%	-4.42%	-4.15%	-5.06%
2005	373 - Street Lighting	1,126,827	46,296	205,474	(159,178)	-14.13%	-10.06%	-11.76%	-10.14%	-8.64%	-6.70%	-4.88%	-5.93%	-5.68%	-5.36%
2006	373 - Street Lighting	1,308,239	111,772	660,963	(549,191)	-41.98%	-29.09%	-20.52%	-19.34%	-17.22%	-15.17%	-12.95%	-10.76%	-11.16%	-10.43%
2007	373 - Street Lighting	1,175,176	35,337	255,195	(219,858)	-18.71%	-30.97%	-25.71%	-20.11%	-19.22%	-17.46%	-15.70%	-13.74%	-11.75%	-12.03%
2008	373 - Street Lighting	1,497,785	10,828	378,414	(367,786)	-24.56%	-21.98%	-28.56%	-25.37%	-21.11%	-20.24%	-18.70%	-17.11%	-15.35%	-13.51%
2009	373 - Street Lighting	1,054,208	13,010	331,272	(318,262)	-30.19%	-26.88%	-24.31%	-28.90%	-26.20%	-22.35%	-21.41%	-19.96%	-18.44%	-16.75%
2010	373 - Street Lighting	410,414	75,467	161,837	(86,370)	-21.04%	-27.83%	-26.07%	-23.98%	-28.31%	-25.87%	-22.28%	-21.39%	-20.01%	-18.54%
2011	373 - Street Lighting	207,303	111,878	76,663	35,215	16.99%	-8.28%	-22.10%	-23.26%	-22.03%	-26.64%	-24.56%	-21.31%	-20.58%	-19.26%
2012	373 - Street Lighting	247,799	107,004	64,618	42,386	17.10%	17.05%	-1.01%	-17.04%	-20.33%	-19.92%	-24.81%	-23.09%	-20.20%	-19.61%
2013	373 - Street Lighting	247,823	73,582	83,341	10,241	4.13%	10.62%	12.50%	0.13%	-14.62%	-18.68%	-23.64%	-22.17%	-19.51%	-19.51%
2014	373 - Street Lighting	373,855	71,663	140,232	(68,569)	-18.34%	-9.38%	-1.83%	1.79%	-4.51%	-15.16%	-18.65%	-18.66%	-23.34%	-21.98%
1981	Account 390 - Structures & Improvements	147,286	200	31,113	(30,913)	-20.99%	-20.99%	-20.99%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%
1982	Account 390 - Structures & Improvements	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1983	Account 390 - Structures & Improvements	19,580	100	300	(200)	-1.02%	-1.02%	-1.02%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%	-18.65%
1984	Account 390 - Structures & Improvements	66,964	290	15,008	(14,718)	-21.98%	-17.24%	-17.24%	-19.60%	-19.60%	-19.60%	-19.60%	-19.60%	-19.60%	-19.60%
1985	Account 390 - Structures & Improvements	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1986	Account 390 - Structures & Improvements	138,600	195	25,305	(25,110)	-18.38%	-18.38%	-19.56%	-17.94%	-17.94%	-19.15%	-19.15%	-19.15%	-19.15%	-19.15%
1987	Account 390 - Structures & Improvements	830,914	22,365	96,123	(73,758)	-8.88%	-10.22%	-10.22%	-10.98%	-10.79%	-10.79%	-12.04%	-12.04%	-12.04%	-12.04%
1988	Account 390 - Structures & Improvements	36,365	-	1,327	(1,327)	-3.65%	-8.66%	-9.98%	-9.98%	-10.73%	-10.56%	-10.56%	-11.80%	-11.80%	-11.80%

GULF POWER
Retirements, Gross Salvage, and Cost of Removal Net Salvage Analysis
As Adjusted December 31, 2014

Transaction Year	Description	Retirements	Gross Salvage	Cost of Removal	Net Salvage	Net Salv. %	r Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
1989	Account 390 - Structures & Improvements	241,423	5,735	8,506	(2,771)	-1.15%	-1.48%	-7.02%	-8.27%	-8.27%	-8.97%	-8.85%	-8.85%	-10.06%	
1990	Account 390 - Structures & Improvements	83,793	6,900	233	6,667	7.96%	1.20%	0.71%	-5.97%	-7.25%	-7.25%	-7.95%	-7.86%	-7.86%	-9.09%
1991	Account 390 - Structures & Improvements	277,474	23	2,165	(2,142)	-0.77%	1.25%	0.29%	0.07%	-4.99%	-8.13%	-8.13%	-8.76%	-8.70%	-6.70%
1992	Account 390 - Structures & Improvements	234,464	73,332	15,109	58,223	24.83%	10.95%	10.53%	7.18%	6.71%	-0.89%	-2.18%	-2.18%	-2.88%	-2.86%
1993	Account 390 - Structures & Improvements	16,974	-	4,283	(4,283)	-25.23%	21.45%	9.79%	9.54%	6.52%	6.11%	-1.13%	-2.40%	-2.40%	-3.08%
1994	Account 390 - Structures & Improvements	1,690	-	5,397	(5,397)	-319.27%	-51.86%	19.18%	8.74%	8.64%	5.88%	5.49%	-1.44%	-2.68%	-2.68%
1995	Account 390 - Structures & Improvements	168,287	39,838	11,121	28,717	17.06%	13.72%	10.18%	18.33%	10.75%	10.45%	7.72%	7.33%	0.21%	-1.04%
1996	Account 390 - Structures & Improvements	310,396	54,469	2,462	52,007	16.75%	16.86%	15.68%	14.28%	17.66%	12.60%	12.24%	9.82%	9.46%	2.54%
1997	Account 390 - Structures & Improvements	236,660	-	48,595	(48,595)	-20.53%	0.62%	4.49%	3.73%	3.06%	8.33%	6.30%	6.41%	5.25%	5.04%
1998	Account 390 - Structures & Improvements	265,895	-	142,491	(142,491)	-53.59%	-38.02%	-17.11%	-11.25%	-11.78%	-12.01%	-5.01%	-4.23%	-3.59%	-3.27%
1999	Account 390 - Structures & Improvements	810,967	-	22,579	(22,579)	-3.70%	-18.83%	-19.19%	-11.35%	-8.35%	-8.88%	-8.85%	-4.57%	-4.08%	-3.62%
2000	Account 390 - Structures & Improvements	126,909	-	4,598	(4,598)	-3.82%	-3.88%	-16.90%	-17.60%	-10.72%	-8.00%	-8.31%	-8.47%	-4.51%	-4.05%
2001	Account 390 - Structures & Improvements	183,538	-	14,035	(14,035)	-7.65%	-6.00%	-4.47%	-15.47%	-16.31%	-10.40%	-7.97%	-8.24%	-8.39%	-4.78%
2002	Account 390 - Structures & Improvements	554,790	1,864	101,208	(99,345)	-17.91%	-15.36%	-13.64%	-9.52%	-16.25%	-16.76%	-12.22%	-10.21%	-10.42%	-10.52%
2003	Account 390 - Structures & Improvements	301,326	1,000	72,194	(71,194)	-23.63%	-19.92%	-17.75%	-16.22%	-11.91%	-17.34%	-17.67%	-13.54%	-11.68%	-11.86%
2004	Account 390 - Structures & Improvements	209,263	-	109,233	(109,233)	-52.20%	-35.34%	-28.26%	-23.52%	-21.69%	-16.16%	-20.57%	-20.57%	-16.43%	-14.53%
2005	Account 390 - Structures & Improvements	74,931	-	54,578	(54,578)	-72.84%	-57.64%	-40.14%	-29.32%	-26.32%	-24.33%	-18.22%	-22.26%	-22.10%	-17.90%
2006	Account 390 - Structures & Improvements	263,031	76,862	42,439	34,423	13.09%	-5.96%	-23.64%	-23.64%	-21.37%	-19.78%	-18.59%	-14.67%	-18.67%	-18.82%
2007	Account 390 - Structures & Improvements	225,781	-	169,141	(169,141)	-74.91%	-27.56%	-33.58%	-38.62%	-34.41%	-28.79%	-26.65%	-25.14%	-20.01%	-23.18%
2008	Account 390 - Structures & Improvements	5,822,914	-	115,609	(115,609)	-1.99%	-4.71%	-3.97%	-4.77%	-6.28%	-7.04%	-7.85%	-7.84%	-7.77%	-7.47%
2009	Account 390 - Structures & Improvements	324,975	-	80,719	(80,719)	-18.68%	-2.87%	-5.42%	-4.69%	-5.45%	-6.86%	-7.56%	-8.30%	-8.28%	-8.21%
2010	Account 390 - Structures & Improvements	83,198	-	15,561	(15,561)	-18.70%	-18.89%	-3.08%	-5.59%	-4.86%	-5.61%	-7.00%	-7.69%	-8.41%	-8.39%
2011	Account 390 - Structures & Improvements	78,277	5,580	143,043	(137,463)	-175.61%	-94.77%	-43.94%	-5.22%	-7.63%	-6.83%	-7.55%	-8.87%	-9.47%	-10.06%
2012	Account 390 - Structures & Improvements	852,561	-	46,745	(46,745)	-5.48%	-19.79%	-19.70%	-19.45%	-5.25%	-7.38%	-8.68%	-7.32%	-8.50%	-9.06%
2013	Account 390 - Structures & Improvements	236,169	-	13,408	(13,408)	-5.68%	-5.53%	-16.93%	-17.05%	-17.39%	-5.26%	-7.33%	-6.65%	-7.27%	-8.42%
2014	Account 390 - Structures & Improvements	250,129	-	56,770	(56,770)	-22.70%	-14.43%	-8.73%	-17.95%	-17.99%	-18.12%	-5.84%	-7.82%	-7.14%	-7.74%
1981	392.2 - Light Trucks	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1982	392.2 - Light Trucks	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1983	392.2 - Light Trucks	-	-	-	-	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
1984	392.2 - Light Trucks	77,903	17,275	-	17,275	22.17%	22.17%	22.17%	22.17%	17.25%	17.25%	17.25%	17.25%	17.25%	17.25%
1985	392.2 - Light Trucks	229,981	35,828	-	35,828	15.58%	17.25%	17.25%	20.13%	20.13%	20.13%	20.13%	20.13%	20.13%	20.13%
1986	392.2 - Light Trucks	228,104	54,800	-	54,800	24.02%	19.78%	20.13%	20.13%	20.13%	20.13%	20.13%	20.13%	20.13%	20.13%
1987	392.2 - Light Trucks	87,840	13,644	-	13,644	15.53%	21.66%	19.10%	19.48%	19.48%	19.48%	19.48%	19.48%	19.48%	19.48%
1988	392.2 - Light Trucks	305,428	59,909	-	59,909	19.61%	18.70%	20.66%	19.28%	19.53%	19.53%	19.53%	19.53%	19.53%	19.53%
1989	392.2 - Light Trucks	160,752	10,544	-	10,544	6.56%	15.11%	15.18%	17.76%	17.26%	17.61%	17.61%	17.61%	17.61%	17.61%
1990	392.2 - Light Trucks	516,101	109,653	-	109,653	21.25%	17.76%	18.34%	18.11%	19.15%	18.61%	18.78%	18.78%	18.78%	18.78%
1991	392.2 - Light Trucks	440,223	76,495	-	76,495	17.38%	19.46%	17.61%	18.04%	17.89%	18.70%	18.33%	18.48%	18.48%	18.48%
1992	392.2 - Light Trucks	186,796	32,995	-	32,995	17.66%	17.46%	19.17%	17.62%	18.00%	17.87%	18.60%	18.28%	18.41%	18.41%
1993	392.2 - Light Trucks	203,508	44,565	-	44,565	21.90%	19.87%	18.55%	19.58%	18.19%	18.43%	18.30%	18.81%	18.59%	18.70%
1994	392.2 - Light Trucks	108,196	27,467	-	27,467	25.39%	23.11%	21.07%	19.34%	20.01%	18.68%	18.82%	18.68%	19.23%	18.89%
1995	392.2 - Light Trucks	251,529	87,546	-	87,546	34.81%	31.97%	28.33%	25.88%	22.61%	22.19%	20.85%	20.68%	20.80%	20.80%
1996	392.2 - Light Trucks	603,822	78,431	-	78,431	12.99%	19.40%	20.08%	20.39%	20.02%	19.37%	19.79%	18.93%	19.00%	18.90%
1997	392.2 - Light Trucks	460,888	101,172	-	101,172	21.95%	16.87%	20.30%	20.68%	20.83%	20.51%	19.90%	20.15%	19.40%	19.42%
1998	392.2 - Light Trucks	316,061	60,072	-	60,072	19.01%	20.75%	17.36%	20.05%	20.38%	20.54%	20.29%	19.79%	20.03%	19.36%
1999	392.2 - Light Trucks	722,153	67,658	-	67,658	9.37%	12.30%	15.27%	14.61%	16.77%	17.15%	17.51%	17.52%	17.50%	18.01%
2000	392.2 - Light Trucks	186,606	20,740	-	20,740	11.11%	9.73%	12.12%	14.81%	14.33%	16.36%	16.72%	17.09%	17.13%	17.16%
2001	392.2 - Light Trucks	274,993	48,791	-	48,791	17.74%	15.06%	11.59%	13.15%	15.22%	14.70%	16.49%	16.82%	17.15%	17.18%
2002	392.2 - Light Trucks	332,535	42,234	-	42,234	12.70%	14.98%	14.07%	11.83%	13.07%	14.86%	14.47%	16.09%	16.40%	16.72%
2003	392.2 - Light Trucks	137,514	13,451	-	13,451	9.78%	11.85%	14.02%	13.44%	11.66%	12.84%	14.57%	14.25%	15.83%	16.13%
2004	392.2 - Light Trucks	292,104	20,910	-	20,910	7.16%	8.00%	10.05%	12.09%	11.94%	10.99%	12.11%	13.77%	13.83%	15.12%
2005	392.2 - Light Trucks	309,599	42,884	-	42,884	13.79%	10.57%	10.42%	11.13%	12.48%	12.31%	11.37%	12.31%	13.77%	13.84%
2006	392.2 - Light Trucks	158,573	7,636	-	7,636	4.82%	10.75%	9.37%	9.43%	10.32%	11.87%	11.61%	10.94%	11.87%	13.33%
2007	392.2 - Light Trucks	666,102	76,291	-	76,291	11.45%	10.18%	11.16%	10.34%	10.29%	10.72%	11.61%	11.57%	11.05%	11.79%
2008	392.2 - Light Trucks	709,273	49,083	-	49,083	6.92%	9.12%	8.67%	9.53%	9.21%	9.24%	9.68%	10.45%	10.49%	10.28%
2009	392.2 - Light Trucks	293,362	21,377	-	21,377	7.29%	7.03%	8.79%	8.45%	9.22%	8.97%	9.02%	9.44%	10.16%	10.21%

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 110138-EI

MINIMUM FILING REQUIREMENTS

**SECTION C – NET OPERATING INCOME
SCHEDULES**

COM _____
APA _____
ECR _____
GCL _____
RAD _____
SSC _____
ADM _____
OPC _____
CLK _____



DOCUMENT NUMBER-DATE

04686 JUL-8=

FPSC-COMMISSION CLERK

Schedule C-29

GAINS AND LOSSES ON DISPOSITION OF PLANT OR PROPERTY

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 110138-EI

EXPLANATION: Provide a schedule of gains and losses on disposition of plant and property previously used in providing electric service for the test year and the four prior years. List each item with a gain or loss of \$1 million or more, or more than .1% of total plant. List amounts allowed in prior cases, and the test year of such prior cases.

Type of Data Shown:

- Projected Test Year Ended 12/31/12
 - Prior Year Ended 12/31/11
 - Historical Year Ended 12/31/08-12/31/10
- Witness: C.J. Erickson, R. J. McMillan

(\$000's)

(1) Line No	(2) Description of Property	(3) Date Acquired	(4) Date Disposed	(5) Original Classification Account	(6) Reclass-ification Account(s)	(7) Reclass-ification Date(s)	(8) Original Amount Recorded	(9) Additions or (Retirements)	(10) Depreciation and Amortization	(11) Net Book Value on Disposal Date	(12) Gain or (Loss)	(13) Amounts Allowed Prior Cases	(14) Prior Cases Test Year Ended 12/31/12
1			2012				No gains or losses, in excess of \$1 million, on dispositions of property are forecasted.					N/A	N/A
2			2011				No gains or losses, in excess of \$1 million, on dispositions of property are forecasted.					N/A	N/A
3			2010				No gains or losses, in excess of \$1 million, on dispositions of property.					N/A	N/A
4			2009				No gains or losses, in excess of \$1 million, on dispositions of property.					N/A	N/A
5	Sale of Pace Blvd Office and Surrounding Land												
6	Office Building	1957	2008	101	N/A	N/A	5,641	N/A	4,195	1,446	2,852	0	N/A
7	Utility Land	Various	2008	101	N/A	N/A	101	N/A	N/A	101	199	0	N/A
8	Future Use Land	Various	2008	105	N/A	N/A	371	N/A	N/A	371	732	0	N/A
9	Non-Utility Land	Various	2008	121	N/A	N/A	14	N/A	N/A	14	28	0	N/A
10	Total						6,127		4,195	1,932	3,811		

22

Supporting Schedules:

Recap Schedules:

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____Form 1 Approved
OMB No. 1902-0021
(Expires 2/29/2009)
Form 1-F Approved
OMB No. 1902-0029
(Expires 2/28/2009)
Form 3-Q Approved
OMB No. 1902-0205
(Expires 2/28/2009)

**FERC FINANCIAL REPORT
FERC FORM No. 1: Annual Report of
Major Electric Utilities, Licensees
and Others and Supplemental
Form 3-Q: Quarterly Financial Report**

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)

Gulf Power Company

Year/Period of Report

End of 2008/Q4

Name of Respondent Gulf Power Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of 2008/Q4	
STATEMENT OF INCOME FOR THE YEAR (continued)							
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)	
			Current Year (c)	Previous Year (d)			
27	Net Utility Operating Income (Carried forward from page 114)		135,359,692	128,287,626			
28	Other Income and Deductions						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues From Merchandising, Jobbing and Contract Work (415)		1,170,137	1,070,118			
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)		522,519	483,571			
33	Revenues From Nonutility Operations (417)						
34	(Less) Expenses of Nonutility Operations (417.1)						
35	Nonoperating Rental Income (418)		136,189	-64,326			
36	Equity in Earnings of Subsidiary Companies (418.1)	119		119,434			
37	Interest and Dividend Income (419)		3,155,499	5,475,301			
38	Allowance for Other Funds Used During Construction (419.1)		9,969,120	2,374,189			
39	Miscellaneous Nonoperating Income (421)		-2,925	2,925			
40	Gain on Disposition of Property (421.1)			24,772			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		13,905,501	8,518,842			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)		10,626				
44	Miscellaneous Amortization (425)	340	255,312	255,312			
45	Donations (426.1)	340	2,289,863	2,408,517			
46	Life Insurance (426.2)						
47	Penalties (426.3)		69,117	-153,852			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		1,571,611	1,528,144			
49	Other Deductions (426.5)		557,755	624,382			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		4,754,084	4,660,503			
51	Taxes Applic. to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263	66,917	12,733			
53	Income Taxes-Federal (409.2)	262-263	1,504,436	1,188,743			
54	Income Taxes-Other (409.2)	262-263	-1,733,210	-1,727,861			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-2,945,071	1,283			
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	27,212	7,794			
57	Investment Tax Credit Adj.-Net (411.5)						
58	(Less) Investment Tax Credits (423)						
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		-3,134,140	-532,916			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		12,285,557	4,391,255			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		41,173,575	38,467,640			
63	Amort. of Debt Disc. and Expense (428)		1,031,619	1,095,140			
64	Amortization of Loss on Required Debt (428.1)		1,723,830	1,742,054			
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)						
67	Interest on Debt to Assoc. Companies (430)	340					
68	Other Interest Expense (431)	340	3,141,887	4,422,988			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		3,972,924	1,047,567			
70	Net Interest Charges (Total of lines 62 thru 69)		43,097,987	44,680,255			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		104,547,262	87,998,626			
72	Extraordinary Items						
73	Extraordinary Income (434)						
74	(Less) Extraordinary Deductions (435)						
75	Net Extraordinary Items (Total of line 73 less line 74)						
76	Income Taxes-Federal and Other (409.3)	262-263					
77	Extraordinary Items After Taxes (line 75 less line 76)						

Name of Respondent Gulf Power Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2008/Q4
ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year.					
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.					
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.					
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.					
Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	1,087,432,097	1,087,432,097		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	86,964,538	86,964,538		
4	(403.1) Depreciation Expense for Asset Retirement Costs	235,559	235,559		
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing	1,909,101	1,909,101		
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):	27,416	27,416		
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	89,136,614	89,136,614		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	35,954,553	35,954,553		
13	Cost of Removal	12,215,996	12,215,996		
14	Salvage (Credit)	2,830,058	2,830,058		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	45,340,491	45,340,491		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17	Plant Adjustments	1,932,801	1,932,801		
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	1,133,161,021	1,133,161,021		
Section B. Balances at End of Year According to Functional Classification					
20	Steam Production	620,492,036	620,492,036		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	23,994,858	23,994,858		
25	Transmission	105,851,687	105,851,687		
26	Distribution	341,527,684	341,527,684		
27	Regional Transmission and Market Operation				
28	General	41,294,756	41,294,756		
29	TOTAL (Enter Total of lines 20 thru 28)				

Name of Respondent Gulf Power Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) //	Year/Period of Report 2008/Q4
FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: b

Balance for Rail Road Track

Schedule Page: 219 Line No.: 17 Column: b

Plant Adjustments:	(1)	603,498	Power Plant reserve adjustment for the sale of assets associated with Smith Unit 3 combined cycle (one time only).
	(2)	1,445,879	Power Plant reserve adjustment related to the sale of Gulf Power's Pace Boulevard general plant asset (one time only).
	(3)	(116,576)	Power Plant transfer of assets from depreciable to amortizable property (one time only).
		1,932,801	Total Reserve Adjustments
		=====	

Gulf Power
 Retirements, Gross Salvage, and Cost of Removal
 As Adjusted

Transaction Year	Description	Retirements	Gross Salvage	Gross Sal %	Cost of Removal	Cost of Rem %	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %	15-yr Net Salv. %	20-yr Net Salv. %	25-yr Net Salv. %	30-yr Net Salv. %	34-yr Net Salv. %	
1981	Account 390 - Structures & Improvements	147,286	200	0.14%	31,113	21.12%	(30,913)	-20.99%															
1982	Account 390 - Structures & Improvements			0.00%	-	0.00%		NA	-20.99%														
1983	Account 390 - Structures & Improvements	19,580	100	0.51%	300	1.53%	(200)	-1.02%	-1.02%	-18.65%													
1984	Account 390 - Structures & Improvements	66,964	290	0.43%	15,008	22.41%	(14,718)	-21.98%	-17.24%	-17.24%	-19.60%												
1985	Account 390 - Structures & Improvements			0.00%	-	0.00%		NA	-21.98%	-17.24%	-17.24%	-19.60%											
1986	Account 390 - Structures & Improvements	136,600	195	0.14%	25,305	18.52%	(25,110)	-18.38%	-18.38%	-19.56%	-17.94%	-17.94%	-19.15%										
1987	Account 390 - Structures & Improvements	830,914	22,365	2.69%	96,123	11.57%	(73,758)	-8.88%	-10.22%	-10.22%	-10.88%	-10.79%	-10.79%	-12.04%									
1988	Account 390 - Structures & Improvements	36,365	-	0.00%	1,327	3.65%	(1,327)	-3.65%	-3.65%	-9.98%	-9.98%	-10.73%	-10.56%	-10.56%	-11.80%								
1989	Account 390 - Structures & Improvements	241,423	5,735	2.38%	8,506	3.52%	(2,771)	-1.15%	-1.48%	-7.02%	-8.27%	-8.27%	-8.97%	-8.85%	-8.85%	-10.06%							
1990	Account 390 - Structures & Improvements	83,793	6,900	8.23%	233	0.28%	6,667	7.96%	1.20%	0.71%	-5.97%	-7.25%	-7.25%	-7.95%	-7.86%	-7.86%	-9.09%						
1991	Account 390 - Structures & Improvements	277,474	23	0.01%	2,165	0.78%	(2,142)	-0.77%	1.25%	0.29%	0.07%	-4.99%	-6.13%	-6.13%	-6.76%	-6.70%	-6.70%						
1992	Account 390 - Structures & Improvements	234,464	79,332	31.28%	15,109	6.44%	58,223	24.83%	10.95%	10.53%	7.16%	6.71%	-0.89%	-2.18%	-2.18%	-2.88%	-2.86%						
1993	Account 390 - Structures & Improvements	16,974	-	0.00%	4,283	25.23%	(4,283)	-25.23%	21.45%	9.79%	9.54%	6.52%	6.11%	-1.13%	-2.40%	-2.40%	-3.08%						
1994	Account 390 - Structures & Improvements	1,690	-	0.00%	5,397	319.27%	(5,397)	-319.27%	-51.86%	19.18%	8.74%	8.64%	5.88%	5.49%	-1.44%	-2.68%	-2.68%						
1995	Account 390 - Structures & Improvements	168,287	39,838	23.67%	11,121	6.61%	28,717	17.06%	13.72%	10.18%	18.33%	10.75%	10.43%	7.72%	7.33%	0.21%	-1.04%	-2.96%					
1996	Account 390 - Structures & Improvements	310,396	54,469	17.55%	2,462	0.79%	52,007	16.75%	16.86%	15.68%	14.78%	17.66%	12.60%	12.24%	9.87%	9.46%	2.54%	0.66%					
1997	Account 390 - Structures & Improvements	236,660	-	0.00%	46,595	20.53%	(46,595)	-20.53%	0.62%	4.49%	3.73%	3.06%	8.33%	6.30%	6.41%	5.23%	5.04%	-1.23%					
1998	Account 390 - Structures & Improvements	265,895	-	0.00%	142,491	53.59%	(142,491)	-53.59%	-38.02%	-17.11%	-11.25%	-11.78%	-17.01%	-5.01%	-4.23%	-3.59%	-3.77%	-6.02%					
1999	Account 390 - Structures & Improvements	610,967	-	0.00%	27,579	3.70%	(27,579)	-3.70%	-18.83%	-19.19%	-11.35%	-8.35%	-8.68%	-8.59%	-4.57%	-4.08%	-3.62%	-5.30%					
2000	Account 390 - Structures & Improvements	126,909	-	0.00%	4,598	3.62%	(4,598)	-3.62%	-3.68%	-16.90%	-17.60%	-10.72%	-8.00%	-8.31%	-8.47%	-4.51%	-4.05%	-5.24%	-6.12%				
2001	Account 390 - Structures & Improvements	183,538	-	0.00%	14,035	7.65%	(14,035)	-7.65%	-5.00%	-4.47%	-15.47%	-16.31%	-10.40%	-7.97%	-8.24%	-8.39%	-4.78%	-4.86%	-5.62%				
2002	Account 390 - Structures & Improvements	554,790	1,864	0.34%	101,208	18.24%	(99,345)	-17.91%	-15.36%	-13.64%	-9.52%	-16.25%	-16.76%	-12.27%	-10.21%	-10.42%	-10.52%	-6.03%	-7.17%				
2003	Account 390 - Structures & Improvements	301,326	1,000	0.33%	77,194	23.96%	(71,194)	-23.63%	-19.92%	-17.75%	-16.22%	-11.91%	-17.34%	-17.67%	-13.54%	-11.68%	-11.86%	-7.52%	-8.25%				
2004	Account 390 - Structures & Improvements	209,263	-	0.00%	109,233	52.20%	(109,233)	-52.20%	-35.34%	-26.26%	-23.52%	-21.69%	-16.18%	-20.57%	-20.57%	-16.43%	-14.53%	-10.59%	-9.97%				
2005	Account 390 - Structures & Improvements	74,931	-	0.00%	54,578	72.84%	(54,578)	-72.84%	-57.64%	-40.14%	-29.32%	-26.32%	-24.33%	-18.22%	-22.26%	-22.10%	-17.90%	-12.90%	-10.93%	-11.32%			
2006	Account 390 - Structures & Improvements	263,031	76,862	29.22%	42,439	16.13%	34,423	13.09%	-5.96%	-23.64%	-23.64%	-21.37%	-19.78%	-18.39%	-14.67%	-18.67%	-18.82%	-11.92%	-9.47%	-9.83%			
2007	Account 390 - Structures & Improvements	225,781	-	0.00%	169,141	74.91%	(169,141)	-74.91%	-27.56%	-35.58%	-38.62%	-34.41%	-28.79%	-26.69%	-25.14%	-20.01%	-23.18%	-17.75%	-12.92%	-12.51%			
2008	Account 390 - Structures & Improvements	5,822,914	# 1,445,879	24.83%	115,609	1.99%	1,330,270	22.85%	19.20%	18.94%	17.86%	15.64%	13.93%	11.56%	11.09%	10.85%	9.79%	7.53%	7.44%	5.72%			
2009	Account 390 - Structures & Improvements	324,975	-	0.00%	60,719	18.68%	(60,719)	-18.68%	20.65%	17.26%	17.10%	16.10%	14.03%	12.46%	10.29%	9.88%	9.67%	6.70%	6.82%	5.19%			
2010	Account 390 - Structures & Improvements	83,198	-	0.00%	15,561	18.70%	(15,561)	-18.70%	-18.69%	20.12%	16.80%	16.66%	15.67%	13.64%	12.10%	9.99%	9.58%	6.30%	6.00%	5.02%	4.53%		
2011	Account 390 - Structures & Improvements	78,277	5,580	7.13%	143,043	182.74%	(137,463)	-175.61%	-94.77%	-43.94%	17.70%	14.50%	14.44%	13.49%	11.55%	10.11%	8.16%	4.43%	5.39%	4.07%	3.66%		
2012	Account 390 - Structures & Improvements	852,561	-	0.00%	46,745	5.48%	(46,745)	-5.48%	-19.79%	-19.70%	-19.45%	14.94%	12.19%	12.22%	11.40%	9.72%	8.50%	4.18%	4.10%	4.30%	3.04%		
2013	Account 390 - Structures & Improvements	236,169	-	0.00%	13,408	5.68%	(13,408)	-5.68%	-5.53%	-16.93%	-17.05%	-17.39%	14.28%	11.64%	11.69%	10.89%	9.27%	5.49%	3.94%	4.12%	2.89%		
2014	Account 390 - Structures & Improvements	250,129	-	0.00%	56,770	22.70%	(56,770)	-22.70%	-14.43%	-8.73%	-17.95%	-17.99%	-18.12%	13.07%	10.55%	10.63%	9.87%	5.34%	3.39%	3.66%	2.52%	2.13%	
TOTAL		13,273,526	1,734,631	13.07%	1,451,398	10.93%	283,233	2.13%															

Source:
 Exhibit DAW-1 at 155-156 (Appendix E-2, pages 11-12)
 Gulf Power Responses to OPC ROG-23 and ROG-24 in Docket No. 160170.

Public Utility Depreciation Practices

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strictly to original cost terms. In all cases, some measure of depreciation occurring between estimates can be determined. The customary method is for a competent appraiser to study the effect of factors such as obsolescence, inadequacy, and public requirements, as well as to conduct a physical inspection of the property, or a scientific sample of it, to determine its loss in value since it was first constructed. Regardless of the method employed, in order to achieve consistency, the successive estimates must be made in the same way.

It would, however, be a staggering undertaking to attempt such estimates on an annual basis for complex and extensive utility plant. Therefore, the practice of conducting annual estimates has found little application in the utility industry. It is particularly cumbersome and inadequate because utilities need to record depreciation on a monthly basis for earnings and expense reports. A further complication, of course, is that major technological improvements tend to make questionable any year-to-year measure of depreciation that is determined by this process.

Cost Allocation Concept

This concept recognizes the original cost of the asset as a prepaid expense. As such, it must be allocated to specific accounting periods and realized on income statements during the time the asset is providing service. The unallocated amount, often called net plant or net book (gross plant less accumulated depreciation), is recorded on the asset side of the balance sheet. The cost allocation concept satisfies the accounting principle of matching expense and revenues.

On the income statement, the inflow of resources is revenue. The outflow is expense. Using up the productive capacity of assets in an accounting period is recorded in accounting records as depreciation expense.

As used above, "cost" is based on the cost valuation principle of accounting, with cost being a surrogate for value. The amount of money used to purchase the asset is the basis for the entry in accounting records. This amount is regarded as being definite and immediately determinable. The accounting objectives of verifiability and neutrality are also satisfied.

Equally important to the proper estimation of current net income is the recovery of the investment over its useful life. Depreciation accounting cannot, automatically and of itself, result in the recovery of investment in property. However, if revenues are adequate to cover depreciation expense in addition to other current expense, the investment will be recovered. On the other hand, if revenues are not sufficient to cover the depreciation expense, the investment will not be fully recovered. Recognition of depreciation merely records the fact that costs are being incurred.

Definitions

Before proceeding into an investigation of some of the associated procedures and problems, let us examine some important definitions of depreciation.

According to the Supreme Court of the United States:

CURRENT CONCEPTS OF DEPRECIATION

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Broadly speaking, depreciation is the loss; not restored by current maintenance, which is due to all the factors causing the ultimate retirement of the property. These factors embrace wear and tear, decay, inadequacy and obsolescence. Annual depreciation is the loss which takes place in a year.¹

The Interstate Commerce Commission defines depreciation as:

Depreciation is the loss in service value not restored by current maintenance and incurred in connection with the consumption or prospective retirement of property in the course of service from causes against which the carrier is not protected by insurance, which are known to be in current operation, and whose effect can be forecast with a reasonable approach to accuracy.²

The National Association of Railroad and Utilities Commissioners in 1958 sanctioned the following definition:

'Depreciation,' as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities.³

The Federal Communications Commission uses a definition in Part 32 of its rules that is almost identical to NARUC's, except that it applies to "telephone plant" instead of "utility plant," and it requires that the causes of depreciation "can be forecast with a reasonable approach to accuracy."

The definitions used by the Federal Energy Regulatory Commission for electric (Part 101 of the Code of Federal Regulations) and gas (Part 201 of the Code of Federal Regulations) companies are essentially the same as that used by NARUC. The only difference is that the definition for gas companies recognizes the exhaustion of natural resources as a cause of depreciation for natural gas companies.

Sec. 167 of the Internal Revenue Code states:

¹ *Lindheimer v. Illinois Bell Telephone Company*, 292 U.S. 151, 167 (1934).

² 177 ICC 351, 422 (1931), 14700 Depreciation Charges of Telephone Companies, 15100 Depreciation Charges of Steam Railroad Companies.

³ *Uniform System of Accounts for Class A and Class B Electric Utilities*, 1958, rev., 1962.

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There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—(1) of property used in the trade or business, or (2) the property held for the production of income.

Some of the definitions refer to depreciation as a loss in service value. "Service value" is used in a special sense, meaning the cost of plant less net salvage (net salvage is gross salvage less the cost of removal). The Uniform System of Accounts for electric utilities recommended by NARUC defines "service value" as follows:

The difference between the original cost and the net salvage value of the utility plant.

"Loss in service value," therefore, must be understood and construed in light of its specially defined meaning.

The American Institute of Certified Public Accountants in Accounting Research and Terminology Bulletin #1 defines depreciation accounting as follows:

Depreciation accounting is a system of accounting which aims to distribute cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation. Depreciation for the year is the portion of the total charge under such a system that is allocated to the year. Although the allocation may properly take into account occurrences during the year, it is not intended to be a measurement of the effect of all such occurrences.

This definition of depreciation accounting brings the "allocation of cost" concept into much clearer focus. It de-emphasizes the concept of depreciation expense as a "loss in service value" or an "allowance" and emphasizes the concept of depreciation expense as the cost of an asset which is allocable to a particular accounting period. This definition also clearly illustrates that the goal is recognizing cost, not providing funds for replacement of the asset.

Factors Which Affect the Retirement of Property

The sole reason for concern about depreciation is that all plant devoted to the pursuit of a business enterprise will ultimately reach the end of its useful life. Several factors cause property to be retired. They include:

1. Physical Factors
 - a. Wear and tear
 - b. Decay or deterioration
 - c. Action of the elements and accidents

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Costs may also be distributed over production rather than over service life. This method, the unit of production method, distributes the costs as units are produced using a rate per unit developed from the total estimated units to be produced. It is similar to the straight-line method but is a function of production rather than a function of time.

Salvage Considerations

Under presently accepted concepts, the amount of depreciation to be accrued over the life of an asset is its original cost less net salvage. Net salvage is the difference between the gross salvage that will be realized when the asset is disposed of and the cost of retiring it. Positive net salvage occurs when gross salvage exceeds cost of retirement, and negative net salvage occurs when cost of retirement exceeds gross salvage. Net salvage is expressed as a percentage of plant retired by dividing the dollars of net salvage by the dollars of original cost of plant retired. The goal of accounting for net salvage is to allocate the net cost of an asset to accounting periods, making due allowance for the net salvage, positive or negative, that will be obtained when the asset is retired. This concept carries with it the premise that property ownership includes the responsibility for the property's ultimate abandonment or removal. Hence, if current users benefit from its use, they should pay their pro rata share of the costs involved in the abandonment or removal of the property and also receive their pro rata share of the benefits of the proceeds realized.

This treatment of net salvage is in harmony with generally accepted accounting principles and tends to remove from the income statement any fluctuations caused by erratic, although necessary, abandonment and removal operations. It also has the advantage that current consumers pay or receive a fair share of costs associated with the property devoted to their service, even though the costs may be estimated.

The practical difficulties of estimating, reporting, and accounting for salvage and cost of retirement have raised questions as to whether more satisfactory results might be obtained if net salvage were credited or charged, as appropriate, to current operations at the time of retirement instead of being provided for over the life of the asset. The advocates of such a procedure contend that salvage is not only more difficult to estimate than service life but, for capital intensive public utilities, it is typically a minor factor in the entire depreciation picture. The obvious exception, of course, is the huge retirement cost of decommissioning nuclear power plants. The advocates of recording salvage at the time of retirement further contend that salvage could properly be accounted for on the basis of known happenings at the date of retirement rather than on speculative estimates of factors, such as junk material prices, future labor costs, and environmental remediation costs in effect at the time of retirement.

One of the practical difficulties of estimating net salvage is that reported salvage is a mixture of salvage on items retired and reused internally, salvage on items sold externally as functional equipment, and salvage on items junked and sold as scrap. Because the likelihood of reuse is greater for items that are retired at early ages, the historical salvage is usually higher than the future salvage to be realized when the account begins to decline and there is little opportunity for reuse. Therefore, under these circumstances, book salvage may overstate the average salvage realized over the entire life of the account. This has led to the proposal to

Limitations

A major drawback to all of the turnover methods is that they do not provide an indication as to the retirement dispersion pattern. This limitation is most pronounced with the Turnover-Period method, which requires a dispersion estimate if the account balance has been changing. As noted above, some indication as to dispersion may be gained from simultaneous application of the Turnover-Period and Half-Cycle methods.

All the methods assume uniformity for the growth ratio and the dispersion of retirements for each vintage. A more reliable estimate may be made if the property has experienced at least one life cycle (roughly twice average life) since, under the constancy assumptions above, the property will be at stability.

Since utility property typically does not meet the above constancy assumptions, the methods may produce considerable variation in life indications. This is especially true for the Geometric Mean method. Therefore, modifications involving smoothing or the use of cumulative data have been proposed.

A drawback of the above modifications is that they may mask trends. Trends are most readily revealed by the Half-Cycle method and most concealed by the Turnover-Period method.

The use of turnover methods has decreased considerably with the increased experience in applying and interpreting the results of improved life analysis methods. These improved methods used with unaged data are discussed in the following sections.

Simulated Plant Record Method

Overview

The Simulated Plant Record (SPR) method is used by utilities and commissions to indicate generalized survivor curves that best represent the life characteristics of property when the property records do not contain the age of the property upon retirement. The selection of curves is based upon the closeness of the match between actual and simulated annual amounts.

The closeness of the match between annual amounts is measured by the Conformance Index (CI) or its reciprocal, the Index of Variation (IV). These measures are based upon the sum of squared differences between simulated and actual annual amounts. The highest ranked curves are those with the highest CIs (or lowest IVs).

The maturity of the account is measured by the Retirement Experience Index (REI). The higher the REI, the more assurance that a unique retirement pattern was used in the simulation. In 1947, Bauhan proposed a scale to rank the REI and the CI from poor to excellent.

The amounts that are compared may be balances or retirements depending upon which model is used: SPR Balances, SPR Period Retirements, or SPR Cumulative Retirements. The SPR Balances model is discussed in detail below, followed by a brief look at the retirements models. The CI, IV, and REI measures are explained and illustrated.

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Development of SPR Method

The development of the SPR method began with the simulations performed by Cyrus Hill and described in *Telephony* in 1922. In his work with telephone data, Hill simulated vintage survivors by multiplying the vintage additions by the percents surviving from a survivor curve. He varied either the curve shape or average life in order to calculate survivors that summed to within 1% of the book balance. Because the matching criterion can be met by multiple curve types if the average life is varied to the required precision, the method cannot be used to indicate both curve type and average life; i.e., either the curve type or average life must be specified.

This method was termed the Indicated Survivors method in the 1943 *NARUC Report*. In an effort to indicate both curve shape and average life, the method was then expanded to simulate balances not just for the current year but for several test years. The simulated and actual annual balances were compared graphically.

In a presentation at an AGA-EEI conference in 1947, Alex Bauhan replaced the visual comparison of balances with the least squares criterion and called the resulting model the SPR method.⁹ With the development of variations of the method focusing on retirements, Bauhan's version became known as the SPR Balances model. The mathematics of SPR are explained in the following section.

Methodology of SPR Balances Model

The SPR Balances model assumes that all vintages' additions retire in accordance with the same retirement dispersion pattern and average life. The SPR Balances model seeks to discover the type curve and average life that represent the property's retirement characteristics by retiring the vintages' additions over time according to the retirement characteristics of successive Iowa curves and noting the simulated survivors. The curves are ranked according to their ability to simulate annual survivors for the account that are close to the actual survivors for selected test years.

The simulated annual survivors for the account are calculated by simulating and summing *vintage*-balances. In Table 7-8, vintage additions are multiplied by the percents surviving from an S3-10 Iowa curve to produce the portion of additions that would still be in service if the additions had retired in accordance with the specified curve.

⁹ Bauhan, A. E., "Life Analysis of Utility Plant for Depreciation Accounting Purposes by the Simulated Plant Record Method," 1947, Appendix of the EEI, 1952.

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TABLE 7-8

SIMULATION OF SURVIVORS BY SPR METHOD

Vintage	Additions	Percent Surviving S3-10	Simulated Survivors 12/31/95
1979	82	0.19	0
1980	160	0.94	2
1981	212	3.13	7
1982	108	7.86	8
1983	307	16.01	49
1984	237	27.75	66
1985	146	42.24	62
1986	80	57.76	46
1987	120	72.25	87
1988	222	83.99	186
1989	364	92.14	335
1990	382	96.87	370
1991	100	99.06	99
1992	207	99.81	207
1993	710	99.98	710
1994	368	100.00	368
1995	392	100.00	392
Total			2,994

The goal of the above calculation is to simulate a balance that approximates the actual balance for 1995. In actuality, survivors would be simulated for several test years using the same Iowa curve in an effort to simultaneously match the actual balance of each test year.

In order to minimize the difference between simulated and actual balances, different average lives are considered for each curve type. The selection of average lives is based upon an empirically derived relationship between the trial average lives and the sum of squared differences (SSD) between simulated and actual balances. Bauhan concluded that the SSD, calculated and graphed at various average lives for a single curve type, is parabolic (concave upwards), as shown in the sample graphs below for the R4, R3, and R2 type curves.

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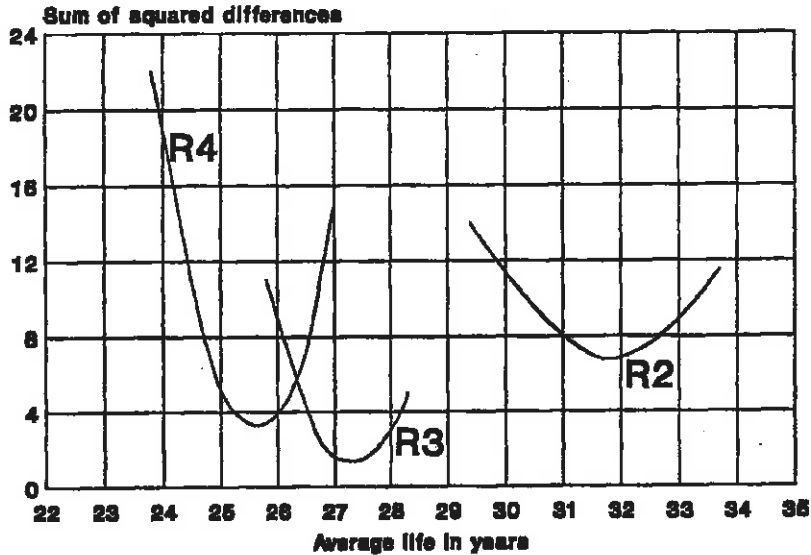


Figure 7-1. Sum of Squared Deviations Between Actual Balances and Simulated Balances for Iowa Type R Dispersions.¹⁰

This observation was useful in minimizing the trials required to arrive at the life which minimizes the SSD. Computer programs typically steadily increase or decrease the average life until the SSD begins to increase. This increase in SSD denotes that further variations of average life in the same direction would continue to increase the SSD. The computer programs will generally reverse direction and continue to test average lives until an average life close to the life associated with the minimum of the parabola is located.

Another conclusion by Bauhan concerns the relationship among curve types. After finding the optimal average life for each curve type, he graphed the resulting SSDs for each curve type. He concluded that the graphs were concave upwards within each R, S, and L Iowa family. Although this conclusion has been incorporated into some computer programs, exceptions have been found in many cases. That is, even though the S2 curve may result in an SSD lower than either the S1 or S3 curves, use of the S5 curve may result in a still lower SSD.

¹⁰ EEI, 1952, 41.

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Measurements of Fit for SPR Balances Model

As mentioned earlier, Bauhan proposed the Conformance Index (CI) to rank the optimal curves.¹¹ The CI relates the sum of squared differences (SSD) between simulated and actual balances to the size of the account:

$$CI = \frac{\text{average actual balance}}{MSD} \quad (4)$$

where *MSD* (mean squared deviation) = $\sqrt{\text{Average SSD}}$

Since an SSD of zero indicates a perfect match between simulated and actual balances, a low SSD indicates that the curve has generated annual balances that are close to the actual balances. It follows that the highest ranking curves are those with the highest CIs. This relationship is shown in the arbitrary scale for the CI proposed by Bauhan:

<u>CI</u>	<u>Value</u>
over 75	excellent
50 to 75	good
25 to 50	fair
under 25	poor

The IV was developed by Ronald White and Harold Cowles.¹² It is the factored reciprocal of the CI, as shown below:

¹¹ Bauhan, 1947.

¹² White, R.E. and H. A. Cowles, "A Test Procedure for the Simulated Plant Record Method of Life Analysis," *Journal of the American Statistical Association*, vol. 70 (1970): 1204-1212.

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$$IV = \frac{1000}{CI} \quad (5)$$

Although the IV presently has no scale, it follows that the highest ranking curves are those with the lowest IVs. The IV, when divided by ten, approximates the average difference between simulated and actual balances expressed as a percent of the average actual balance.

The maturity of the account is measured by the REI. The REI for a specified curve is the percent of additions from the oldest vintage that would have retired by the end of the most recent test year if the additions had retired according to the retirement characteristics of the specified curve.

An REI of 100% indicates that a complete curve was used in the simulation. An REI less than 100%, say x%, indicates that a survivor curve truncated at (100-x)% surviving was used. The higher the REI, the longer the curve and, since Iowa curves become more differentiated with age, the more assurance that a unique curve pattern was used in the simulation. Bauhan proposed the following scale for the REI:

<u>REI</u>	<u>Value</u>
over 75	excellent
50 to 75	good
33 to 50	fair
17 to 33	poor
under 17	valueless

Because additions of early vintages may be insignificant with respect to their effect on test year balances, consideration has been given to modifying the REI to use the earliest *significant* vintage. Caunt proposed using the earliest vintage that had additions at least as large as 0.01% of the total gross additions for all vintages.¹³

¹³ Caunt, W. H., "Simulated Plant Record Analysis Model 1974," Paper presented at the AGA-EEI National Conference of Electric and Gas Utility Accountants, Hollywood, Florida, 1974.

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Data for SPR Model

The SPR model requires a history of annual gross additions and either the annual retirements or annual balances over an extensive period of years. The history required is not as extensive for short-lived accounts since the records must extend back to include only those vintages that could have survivors at the earliest selected test year according to any trial curve.

If early additions are not available, their omission should be considered in using the SPR method. Early missing additions may be backed into using a known or estimated initial age distribution of survivors and an assumed survivor curve.

Alternatively, the survivors from the missing additions may be estimated for the selected test years using an assumed survivor curve and a known or estimated initial age distribution. These simulated survivors would be subtracted from the actual account balances to produce a series of adjusted actual balances that would be comparable to the balances simulated by SPR from the known additions. Equivalently, the estimated survivors from the missing additions could be added to the survivors simulated by SPR using the known additions to produce balances comparable to the total actual balances.

Adjustments to compensate for missing early additions may be avoided by choosing the earliest test year so that it would not include survivors from the vintages with missing additions.

Application of SPR Balances Model

When the SPR model was first developed, the simulation of balances was performed manually. In order to minimize the work effort, survivors were simulated for selected test years, e.g., every third year over a 20-year to 30-year period. The use of computers has eliminated the need to restrict the number of test years.

The selection of test periods may be likened to satisfying the objectives which are considered in actuarial analyses using experience bands. More recent bands may be chosen in order to understand the influence of recent changes. A series of successive test years may be used to reveal trends. Trends may also be detected by using "shrinking" bands, i.e., start with a large band and shrink successive bands by eliminating the earliest year of the previous band. Some analysts use "rolling" bands. For these bands, successive bands do not shrink because the year following the band is appended as the earliest year in the previous band is eliminated.

To avoid indeterminate results, the test period should be chosen so that the included vintages have experienced sufficient retirements. Test periods beginning with the inception of the account should be at least as wide as the age of the first retirements.

The results will also be indeterminate if the test years lie in a static period, i.e., one in which there is zero growth. Too few test years will result in inconclusive results. When a single test year is chosen, it is theoretically possible to find an average life that succeeds in duplicating the account balance for each curve type.

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Interpreting Results of SPR Balances Model

The results of the SPR model include the CI and/or IV, which measure the fit between simulated and actual balances, and the REI, which indicates the maturity of the account. A high CI, or equivalently a low IV, indicates that the simulated balances are, on the whole, "close" to the actual balances. This is not necessarily a guarantee that the pattern used to simulate the balances matches that of the underlying data.

Bauhan states that the CI should be "good" or better (i.e., at least 50) in order for a life determination to be considered entirely satisfactory. It is not uncommon, however, for the model to produce results with low CIs for all curves over several test periods. A low CI indicates either that the account has no stable life and dispersion pattern or that the actual mortality dispersion is so unusual that it is not included in the generalized patterns that were used to simulate data. In either case, Bauhan cautions that one should be forewarned in using the results.

In some cases, the CI could be high and the result could be questionable due to insufficient experience with the account. For example, if the R3-40 curve has a high CI but the oldest vintage is only 20 years old at the end of the test period, then the simulated survivors from this earliest vintage will have been calculated using a curve truncated at 94%. As with the actuarial models, one would not want to base a conclusion on such a short curve stub. Had the earliest vintage attained an age of 50 years, the survivor curve would have extended to 18% surviving and a conclusion based on the results would be warranted.

The REI is the index that is produced to indicate the maturity of the account. The REI in the above example is 6% and 82%, respectively. According to Bauhan, results with an REI less than "fair" (i.e., less than 33%) should be discarded regardless of the CI.

In cases where early vintages have little impact on the test years' simulated balances, Bauhan advised that the REI be adjusted to use the year of the first *substantial* additions rather than the first year of additions. The effect is to produce an REI which reflects the significant portion of the curve used in the simulation.

Most SPR computer programs do not consider the significance of the installations. Some programs reflect the extent of data available for analysis by truncating the curves with the highest CI in each curve family at the age of the oldest vintage as of the end of the most recent test year. The "envelope" of curves thus created is a depiction of history. Similar to the procedure followed in matching Iowa curves to survivor curves produced by actuarial models, the analyst seeks a curve which provides a suitable extension of the truncated curves in consideration of the various factors affecting property life.

This process may result in a curve being developed which is not one of those presented on the SPR output. Bauhan anticipated this result when he advised that a curve type shown on the SPR output be coupled with an average life determined by judgment if exogenous information dictates an average life different from those presented. He also stated that it may be desirable to use a curve with a CI less than the highest if judgment does not permit the acceptance of the best fitting pattern as an estimate of the future.

Some problems may arise if the IV is calculated first and then the CI imputed. That is, in some computer programs the calculated IV is truncated to an integer and then inverted to compute the CI, as shown in Table 7-9.

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TABLE 7-9

SENSITIVITY OF CONFORMANCE INDEX

Curve	IV	Truncated IV	CI
R1-11.8	2.1	2	500
L0-15.1	1.9	1	1,000

The CIs which result imply a qualitative difference in results that is not warranted. In the example above, the calculated IVs of 2.1 and 1.9 are close, demonstrating that the two curves have equivalent fits. However, the CIs of 1,000 and 500 give a specious implication that there is a qualitative difference between the fits of the curves.

Another source of problems is the failure of some SPR computer programs to consider all the curve types in a family. These programs display the first curve within a family that produces better matching balances than its "neighbors", and then the programs move on to the next family without trying to locate another curve with equally good or better balances within the family. This procedure is based upon a pattern noticed by Bauhan.¹⁴ More recent experience indicates that the best fitting curves may fall at the beginning and end of a family, so the results from all curve types should be considered in locating the best matching curves (see Table 7-10).¹⁵

¹⁴ Bauhan, 1947.

¹⁵ Jensen, S. D., "Examining Results of the Simulated Plant Record (Balances) Model." Paper presented at the Iowa State Regulatory Conference, Iowa State University, Ames, Iowa, 1989.

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TABLE 7-10

"BEST" CURVES FALLING AT BEGINNING AND END OF A FAMILY

Curve	IV	CI	REI
S0-21.2	15	66	41
S1-16.6	17	58	60
S2-14.7	17	58	78
S3-14.1	17	58	90
S4-13.7	16	62	98
S5-13.6	15	66	100
S6-13.6	15	66	100
L0-31.2	15	66	31
L1-21.2	16	62	46
L2-16.9	17	58	64
L3-15.1	17	58	77
L4-14.1	17	58	90
L5-13.7	15	66	97
R1-26.3	14	71	28
R2-17.7	15	66	51
R3-14.7	16	62	83
R4-13.8	16	62	98
R5-13.6	15	66	100

Limitations of SPR Balances Model

As Alex E. Bauhan stated when he developed the model, the SPR model will discover the life characteristics of property when they are fairly constant or only moderately fluctuating. He assured us that "[t]he method is entirely independent of irregularities in the amount or rate of growth, and functions equally well on declining plant balances as on increasing balances." He also gave us the following warning:

If the life and mortality dispersion characteristics have fluctuated wildly, or if the plant is immature in relation to the best fitting pattern, neither this method nor any other statistical procedure will give an answer of any prophetic merit.¹⁶

The model is also ineffective when applied to a test period consisting of a single year. In such case, all curves are theoretically capable of producing equally excellent results. Additionally, the model is indeterminate with respect to curve type, although not as to average life, when applied to an account that is perfectly static.

¹⁶ Bauhan, 1947.

Although the SPR model ages annual balances in an effort to discover the property's life characteristics, the aged data are not retained after the model has completed its calculations. Therefore, the data lack an age distribution of survivors for use in calculating accumulated depreciation guideline levels (i.e., theoretical reserve) and annual accruals using the ELG procedure or the remaining life technique.

The SPR model assumes that vintage additions are available from the inception of the account. As discussed herein, missing early additions may be estimated or successive data may be adjusted to compensate for their omission.

The SPR model has been faulted for not being readily responsive to trends. This lack of responsiveness may be due to the balances being the result of both additions and retirements, and additions may mask the changing retirements. One may avoid this "masking" by simulating retirements, as is done in the following two models.

SPR Retirements Models

The SPR Retirements models match retirements instead of balances. Like the SPR Balances model, the retirements models assume that all vintages' additions retire in accordance with the same retirement dispersion pattern and average life. The SPR Retirements models seek to discover this type curve and average life by comparing actual retirements to those simulated using different Iowa curves. The curves are ranked according to their ability to simulate retirements that are close to the actual retirements of the account for selected test years.

Several SPR Retirements models have been developed. Most notably are the Cumulative Retirements and Period Retirements variations. These models are discussed below.

A variation developed by J. F. Brennan of Pacific Gas and Electric Co. forms an equation for the survivor curve from a retirement frequency curve that is in the shape of a parabola.¹⁷ The original model assumes that retirements begin at the early ages, although the model was later modified to include applications in which retirements begin at a later, specified age. Unlike the SPR methods, the Brennan model is not a trial and error procedure.

SPR Period Retirements Model

The SPR Period Retirements model was developed by William D. Garland while at New England Power Service Co. This model incorporates a two-step procedure.

First, for each type of retirement dispersion pattern (e.g., Iowa curve type) an average life is sought that succeeds in producing total retirements over a period of consecutive years equal to the actual retirements for the period. Retirements over a period may be computed by calculating the difference between the balances at the beginning and end of the period and adding the additions that occurred during the period.

¹⁷ NARUC Committee on Depreciation, 1968.

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In the second step, the candidate Iowa curve types and their respective average lives developed in step one are ranked by comparing the annual simulated balances produced by each candidate curve to the actual balances for the account. The highest ranked curves are those that produce the least sum of squared differences between simulated balances and actual balances.

SPR Cumulative Retirements Model

This variation of the SPR method was developed by Henry R. Whiton of Gulf States Utilities Company. It compares the total retirements experienced by the account from inception to a given date to those simulated by the model. The cumulative retirements are calculated by subtracting the plant balance from the sum of the gross additions preceding the date of the balance. The Cumulative Retirements model produces the same results as the SPR Balances model for a given year.

Aging Property Records

Overview

When the property records do not contain the ages at which units were retired, these ages may be simulated. The Statistical Aging (STAGE) and Computed Mortality (CM) models may be used to simulate aged retirements.

The models age annual retirements (or balances) using retirement (or survival) ratios from a generalized curve (e.g., Iowa curve, Gompertz-Makeham). The aging process is performed on each year's activity in order to build an account of simulated aged data. The simulated data may then be analyzed using actuarial methods

Relationship between STAGE and CM Models

The term *statistical aging* was coined by the Interstate Commerce Commission to describe a model that would age property records using the retirement statistics of the Iowa curves. The aging of property records may also be performed using the Computed Mortality (CM) model, which permits the use of Gompertz-Makeham curves to describe retirement dispersion.

In the telecommunications industry, CM computer programs often combine the aging of property records with the *Generation Arrangement* (see Chapter IX) to produce a life indication for the account. For this reason, CM is often misinterpreted to be a life indication model rather than a data aging method. Therefore, to avoid confusion, the aging of property records is described in this chapter by referencing the STAGE model.

Multiple (Group) Properties with Interim Retirements

The survivor curves discussed above show a single unit with and without interim retirements and three units without interim retirements. In each case, the final retirement date is considered in the development of the survivor curve. When developing the survivor curve for the life span group properties, however, final retirements are not included. If final retirements were included in the calculation of the interim life table, there would be large fluctuations in the observed data, making it difficult to graduate, or smooth, and extend the observed data.

The process used to determine interim life tables and to estimate average service lives and average remaining lives using the generation arrangement is discussed in later sections of this chapter.

Selecting Retirement Dates

As indicated in the above discussion, the final retirement date is the most important factor in the determination of a depreciation rate for life span properties. Therefore, an informed estimate of the final retirement date is essential to ensure adequate recognition of depreciation over the life of the property. Several factors are considered in selecting retirement dates, e.g., economic studies, retirement plans, forecasts, technological obsolescence, adequacy of capacity and competitive pressure.

Economic Studies and Retirement Plans

Retirement plans for utility properties are supported by various kinds of studies, including economic analyses. It is critical that vital information be considered; otherwise the study is analogous to a building which is structurally well built from the ground up but lacking a sound and proper foundation. Retirement decisions should be based on sound engineering and economic principles and practices so that management may be confident that the planned retirement of existing plant and approval of new investment are the most economical actions.

Forecasting

The first step in forecasting interim retirements, and the final retirement date, and thus the resulting service life, is to perform a statistical analysis of past experience. Statistical techniques used in life determinations are described in Chapters VII and VIII. The weight to be given past experience depends upon the extent to which conditions affecting service life in the future are expected to be similar to or different from those in the past.

The second step in forecasting is to consider the relevant forces of retirement such as wear and tear, decay, action of the elements, inadequacy, obsolescence, and public requirements.

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Other factors such as an anticipated changeover to new or improved plant technology, or specific plans of management must be given consideration. These factors should be supported by proper economic analyses.

Average Year (or Date) of Final Retirement (AYFR)

AYFR is the direct weighted average of the individual estimated final retirement years for existing units in a major structure category. It is generally used in conjunction with an interim retirement life table to develop vintage group remaining lives. An example of the development of the AYFR is shown in Table 10-1.

TABLE 10-1

AVERAGE YEAR OF FINAL RETIREMENT (AYFR)

Retirement Period A	Estimated Retirements 1-1-94 (\$000) B	Retirement Date C	Weighting D = B*(C-1900)
1994	10,364.6	1994	974,272.4
1995	11,788.2	1995	1,119,879.0
1996	12,786.9	1996	1,227,542.4
1997-1999	18,904.3	1998	1,852,621.4
2000-2002	33,378.6	2001	3,371,238.6
2003-2005	43,245.7	2004	4,497,552.8
TOTAL	130,468.3		13,043,106.6

Average Year of Final Retirement = $1900 + \text{Total Column D} / \text{Total Column B} = 2000.0$

PUBLIC UTILITY DEPRECIATION PRACTICES

Allowing for Interim Retirements

Having calculated the AYFR, the remaining life from the study date is obtained by subtracting the study date from the AYFR. If no interim retirements were experienced before the date of final retirement, then the result is the average remaining life of the property in service. To calculate the average remaining life, the interim retirement life table is created using historical retirement rates.

Data Preparation

Interim retirement data needed to develop the interim retirement life table are not always readily available, but they may be developed by subtracting final retirements from total booked retirements. Table 10-2 shows the development of interim retirements and the computation of the interim retirement rate of 0.0075.

In order to calculate the average service life and average remaining life, it is necessary to have a distribution of the surviving investment, which should be available from the property records.

The Interim Retirement Curve

As shown in Figure 10-4, a survivor curve based on an interim retirement rate is linear or somewhat concave. The straight line curve assumes a constant retirement amount each year, whereas the Decreasing Exponential Curve assumes a constant retirement rate each year. An interim retirement curve is not expected to reach zero percent surviving because final retirements are excluded. The retirement ratios for each age are small, reflecting the fact that interim retirements are small when compared to the amount exposed to retirement.

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Conformance Index (CI)

A measure of closeness of fit between calculated and actual balances in the Simulated Plant-Record Model. The best fits are those with the highest CIs. The CI equals 1,000 divided by the index of variation (IV). See **Simulated Plant-Record Model (SPR)**.

Continuing Property Record (CPR)

A perpetual collection of essential records showing the detailed original costs, quantities, and locations of plant in service. These records vary in detail depending upon the kind of plant. CPRs are required by most systems of accounts. Generally, a CPR should contain 1) an inventory of property record units which can be readily checked for proof of physical existence, 2) the association of costs with such property record units to ensure accurate accounting for retirements, and 3) the dates of installation and removal of plant to provide data for use in connection with depreciation studies.

Converted Life Table

A life table with the same basic shape as the Graduated Life Table from which it was developed but having whatever average life was specified by the analyst.

Cost of Removal

The costs incurred in connection with the retirement from service and the disposition of depreciable plant. Cost of removal may be incurred for plant that is retired in place. See **Net Salvage**.

Cradle-to-Grave

An accounting method which treats a unit of plant as being in service from the time it is first purchased until it is finally junked or disposed of. Periods in shop for refurbishing, and in stock awaiting reinstallation are included in the service life. See, in contrast, **Location Life**.

Depletion

The loss of service value incurred in connection with the exhaustion of a natural resource in the course of service.

Depreciable Base

The cost of plant in service which is allocable to expense during the service life of the property through the depreciation process.

Depreciable Plant

Plant in service for which it is proper to allocate the original cost to annual expense through the depreciation process. Items such as land and plant under construction are not considered depreciable.

Depreciation

As applied to the depreciable plant of utilities, the term depreciation means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that are known to be in current operation, against which the company is not protected by insurance, and the effect of which can be forecast with reasonable accuracy. Among the causes to be considered are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and the requirement of public authorities.

Depreciation Accounting

The process of charging the book cost of depreciable property, adjusted for net salvage, to operations over its useful life. See Depreciable Base, Service Value.

Depreciation Accruals

The amount of depreciation expense during each period of an asset's life. The amount is developed by applying a depreciation rate to the appropriate depreciation base. Depreciation accruals are charged to depreciation expense accounts or clearing accounts and credited to the accumulated depreciation account.

Depreciation Base

The cost of depreciable plant to which the depreciation rate is applied to compute the amount of depreciation expense. Under a cost basis method the depreciation base is the original cost of the depreciable plant.

Depreciation Expense

The periodic charge to expense to allocate the cost of depreciable plant over the expected service life of the plant. See Depreciation Accruals, Accumulated Depreciation Account.

Depreciation Rate

The rate applied to the depreciation base to determine the amount of depreciation expense for an accounting period.

Depreciation Reserve

See Accumulated Depreciation Account.

Direct Weighting

The process of computing the weighted average of a set of numbers by multiplying each by its corresponding weight, and then dividing the sum of the products by the sum of the weights.

Economic Depreciation

The change in economic value of an asset from one time period to the next.

Economic Life

The total revenue producing life of an asset.

Gross Additions

Plant additions made during an accounting period. These additions do not include adjustments, transfers, and reclassifications applicable to plant placed in a previous year.

Gross Salvage

The amount recorded for the property retired due to the sale, reimbursement, or reuse of the property.

Group Depreciation

In depreciation accounting, a procedure under which depreciation charges are accrued on the basis of the original cost of all property included in each depreciable group.

h Curves

A system of mathematically-developed, generalized survivor curves based on the truncated normal distribution (curve). The h curves are used by the New York Department of Public Service and most New York utilities.

Half-Year Convention

For calculation purposes, the units installed during an age interval are assumed to have been installed simultaneously at the middle of the interval and thus to have an age dating from the middle of the interval during which they were placed in service. See Age Interval.

Harmonic Weighting

See Reciprocal Weighting.

Historical Cost

See Book Cost.

Index of Variation (IV)

The conformance index divided by 1,000. See Conformance Index (CI).

Indirect Weighting

See Reciprocal Weighting.

Installations

See Gross Additions.

Installed Cost

The cost of labor, material, engineering and overhead associated with transporting and delivering, attaching, testing, and preparing a piece of equipment for the purpose for which acquired. These outlays are capitalized as part of the cost of the asset. This is also referred to as in-place cost.

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Interim Additions

As used in life span analysis, additions made subsequent to the year in which the unit was placed in service. Interim additions are not considered in the depreciation computation until they occur.

Interim Retirements

As used in life span analysis, retirements of component parts of a major structure prior to the complete removal of the retirement unit from service. See **Final Retirement, Retirement Unit.**

Interim Retirement Ratio

The ratio of the interim dollars retired from a group during a period divided by the total dollars in service at the beginning of the period.

Interim Salvage

Salvage received from the disposition of plant as a result of interim retirements.

Iowa Curves

Several families of curve shapes derived empirically from analysis of the mortality data for many different types of industrial property.

Life

A general term, used broadly to refer to the period of time during which depreciable plant is in service. See **Average Life, Average Remaining Life, Average Service Life (ASL), Economic Life, Life Characteristics, Life Cycle, Life Indication, Location Life, Probable Life, Realized Life, Service Life, Unrealized Life.**

Life Characteristics

A general term to refer to the average life and shape of a survivor curve.

Life Cycle

The state of an asset at every point in time from its inception to termination with the asset passing through identifiable and predictable stages.

Life Indication

A life indicated by analysis of historical property records.

Life Span

The number of years between the year of installation of a major structure unit and its year of final retirement.

Life Table

A tabulation showing the proportion of the original additions surviving at successive ages after placement. See **Survivor Curve.**

Location Life

The period of time during which depreciable plant is in service at one location. See, in contrast, **Cradle-to-Grave Accounting**.

Major Structure

A large, identifiable unit of plant or any assembly of plant, most of which will continue in service until final retirement. See **Interim Retirements**, **Final Retirement**, **Average Year of Final Retirement**.

Mass Property Group or Account

An account consisting of large numbers of similar units, the life of any one of which is not, in general, dependent upon the life of any of the other units. For such classes of plant, the retirement of a group of units occurs gradually until the last unit is retired. The retirements and additions to the account occur more or less continually and systematically.

Mortality Data

See **Aged Data**.

Mortality Rate

See **Retirement Ratio (Rate)**.

Net Book Cost

The recorded cost of an asset or group of assets minus the accumulated depreciation of those assets.

Net Salvage

The gross salvage for the property retired less its cost of removal.

Observed Life Table

A series of percents surviving, by age, reflecting the actual experience recorded in a band of mortality data.

Original Cost

The cost of property when first placed in service. See **Book Cost**.

Placement Year

See **Vintage Year**.

Probable Life

The total expected service life for survivors at a given age. It is the sum of the age of the survivors and their remaining life.

Projection Life

The average life expectancy of new additions to plant. See **Projection Life Table**.

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Projection Life Table

A series of percents surviving, by age, selected to reflect the appropriate retirement pattern and used to develop the remaining life at any age. The projection life table is described by specifying a curve shape (e.g., Gompertz-Makeham or Iowa curve) and the projection life.

Property Group

A collection of units having similar mortality characteristics for depreciation study purposes.

Property Units

See **Units of Property.**

Proportion Surviving

The ratio of units or dollars surviving in a vintage at a given point in time to the gross additions to the vintage. This should not be confused with the **Survival Ratio**, which is the complement of the **Retirement Ratio**. See **Survival Ratio.**

Realized Life

A vintage's average realized life is the average years of service experienced to date from the vintage's original installation.

Reciprocal Weighting

The process of computing the weighted average of a set of numbers by dividing each by its corresponding weights, and then dividing the sum of the weights by the sum of the quotients. See **Accrual Weighting, Direct Weighting.**

Remaining Life

See **Average Remaining Life.**

Remaining Life Span

See **Life Span.**

Remaining Life Technique

A technique used to determine the annual depreciation accruals required to recover the undepreciated service value over its remaining life. The annual depreciation accruals amount is the original cost less accumulated depreciation and future net salvage divided by the remaining service life.

Reserve

See **Accumulated Depreciation Account.**

Reserve Imbalance

Difference between the accumulated depreciation account and the theoretical reserve at a point in time. See **Theoretical Depreciation Reserve.**

Reserve Ratio

The accumulated depreciation divided by its associated plant balance, expressed as a percentage.

Reserve Requirement

See Theoretical Depreciation Reserve.

Retirement

The sale, abandonment, destruction, or withdrawal of assets from service.

Retirement Dispersion

The distribution of retirements by age. See Retirement Frequency Curve.

Retirement Experience Index (REI)

The REI associated with a retirement dispersion pattern is the percentage of installations from the oldest vintage that would have retired by the end of the most recent year in the chosen band of years if the installations retired according to the specified survivor curve. The higher the REI the more assurance that a unique retirement pattern was used in the SPR simulation.

Retirement Frequency Curve

The retirement frequency curve shows the distribution of the percentage (or number) retired at each age.

Retirement Ratio (Rate)

The ratio of the number of units (or dollars) retired from a group during a period divided by the units (or dollars) in service at the beginning of the period.

Retirement Unit

The largest unit of plant for which addition and retirement records are maintained as defined by the relevant accounting system. See Average Retirement Unit Cost.

Reuse Salvage

The material (as opposed to labor) portion of a retirement, reported as salvage and placed in materials and supplies in anticipation of putting it back into service.

Salvage

See Gross Salvage, Net Salvage.

Service Life

See Life.

Service Value

The original cost of an asset less its estimated net salvage. See Depreciable Base.

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Simulated Plant-Record Model (SPR)

A trial-and-error model used to estimate the average service life of a depreciable group. The SPR model simulates retirements and the resultant plant balances for combinations of standardized survivor curves and average service lives and compares the results to the historical data until a good match is found.

Sinking Fund Method

Under this method the depreciation accrual is comprised of two parts: an annuity and interest on the accumulated depreciation. As compared with the straight-line method, the sinking fund method produces lower early accruals and higher accruals in the latter part of the service life.

Statistical Aging

See Computed Mortality.

Straight-Line Method

A depreciation method by which the service value of plant is charged to depreciation expense (or a clearing account) and credited to the accumulated depreciation account through equal annual charges over its service life. See Depreciation Rate.

Survivor Curve

A plot representing the percent surviving at each age.

Survival Ratio

The ratio of the number of units (or dollars) surviving in a group at the end of a period to the number of units (or dollars) in the group at the beginning of that period. The ratio is equal to one minus the retirement ratio. See Proportion Surviving.

T-cut

A truncation of the observed life table values which is generally used in a mathematical fitting of a curve to the observed values.

Theoretical Depreciation Reserve

The calculated balance that would be in the accumulated depreciation account at a point in time using current depreciation parameters, such as average service and net salvage. Also known as "reserve requirement" or "calculated accumulated depreciation (CAD)." See Accumulated Depreciation Account.

Turnover Methods

Methods of estimating service life based on the time it takes the plant to "turn over," that is, the time it takes for the actual retirements to exhaust a previous plant balance. See Computed Mortality.

SUBCHAPTER C—ACCOUNTS, FEDERAL POWER ACT

PART 101—UNIFORM SYSTEM OF ACCOUNTS PRESCRIBED FOR PUBLIC UTILITIES AND LICENSEES SUBJECT TO THE PROVISIONS OF THE FEDERAL POWER ACT

AUTHORITY: 16 U.S.C. 791a-825f, 2601-2645; 31 U.S.C. 9701; 42 U.S.C. 7101-7352, 7651-7651c.

SOURCE: Order 218, 25 FR 5014, June 7, 1960.

EDITORIAL NOTE: For FEDERAL REGISTER citations affecting part 101, see the List of CFR Sections Affected, which appears in the Finding Aids section of the printed volume and at www.fdsys.gov.

EFFECTIVE DATE NOTE: At 58 FR 18004-18006, Apr. 7, 1993, part 101 was amended by redesignating Definitions 30 through 38 as 31 through 39 and adding new Definition 30; adding paragraph 21 under the General Instructions; adding Accounts 158.1, 158.2, 182.3, and 254 under Balance Sheet Accounts; adding Accounts 407.3, 407.4, 411.8, and 411.9 under Income Accounts; and adding Account 539 under Operation and Maintenance Expense Accounts. The added text contains information collection and recordkeeping requirements and will not become effective until approval has been given by the Office of Management and Budget.

NOTE: Order 141, 12 FR 8508, Dec. 19, 1947, provides in part as follows:

Prescribing a system of accounts for public utilities and licensees under the Federal Power Act. The Federal Power Commission acting pursuant to authority granted by the Federal Power Act, particularly sections 301(a), 304(a), and 309, and paragraph (13) of section 3, section 4(b) thereof, and finding such action necessary and appropriate for carrying out the provisions of said act, hereby adopts the accompanying system of accounts entitled "Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act," and the rules and regulations contained therein; and *it is hereby ordered:*

(a) That said system of accounts and said rules and regulations contained therein be and the same are hereby prescribed and promulgated as the system of accounts and rules and regulations of the Commission to be kept and observed by public utilities subject to the jurisdiction of the Commission and by licensees holding licenses issued by the Commission, to the extent and in the manner set forth therein;

(b) That said system of accounts and rules and regulations therein contained shall, as to all public utilities now subject to the ju-

isdiction of the Commission and as to all present licensees, become effective on January 1, 1937, and as to public utilities and licensees which may hereafter become subject to the jurisdiction of the Commission, they shall become effective as of the date when such public utility becomes subject to the jurisdiction of the Commission or on the effective date of the license;

(c) That a copy of said system of accounts and rules and regulation contained therein be forthwith served upon each public utility subject to the jurisdiction of the Commission, and each licensee or permittee holding a license or permit from the Commission.

This system of accounts supersedes the system of accounts prescribed for licensees under the Federal Water Power Act; and Order No. 13, entered November 20, 1922, prescribing said system of accounts, was rescinded effective January 1, 1937.

Applicability of system of accounts. This system of accounts is applicable in principle to all licensees subject to the Commission's accounting requirements under the Federal Power Act, and to all public utilities subject to the provisions of the Federal Power Act. The Commission reserves the right, however, under the provisions of section 301(a) of the Federal Power Act to classify such licensees and public utilities and to prescribe a system of classification of accounts to be kept by and which will be convenient for and meet the requirements of each class.

This system of accounts is applicable to public utilities, as defined in this part, and to licensees engaged in the generation and sale of electric energy for ultimate distribution to the public.

This system of accounts shall also apply to agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public, so far as may be practicable, in accordance with applicable statutes.

In accordance with the requirements of section 8 of the Act (49 Stat. 839; 16 U.S.C. 796(13)), the "classification of investment in road and equipment of steam roads, issue of 1914, Interstate Commerce Commission", is published and promulgated as a part of the accounting rules and regulations of the Commission, and a copy thereof appears as part 108 of this chapter. Irrespective of any rules and regulations contained in this system of accounts, the cost of original projects licensed under the Act, and also the cost of additions thereto and betterments thereof, shall be determined under the rules and principles as defined and interpreted in said classification of the Interstate Commerce Commission so far as applicable.

Federal Energy Regulatory Commission

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CROSS REFERENCES: For application of uniform system of accounts to Class C and D public utilities and licensees, see part 104 of this chapter. For statements and reports, see part 141 of this chapter.

Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act

Definitions

When used in this system of accounts:

1. *Accounts* means the accounts prescribed in this system of accounts.

2. *Actually issued*, as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

3. *Actually outstanding*, as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.

4. *Amortization* means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. A. *Associated (affiliated) companies* means companies or persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

B. *Control* (including the terms *controlling*, *controlled by*, and *under common control with*) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority owner-

ship or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.

6. *Book cost* means the amount at which property is recorded in these accounts without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

7. *Commission*, means the Federal Energy Regulatory Commission.

8. *Continuing Plant Inventory Record* means company plant records for retirement units and mass property that provide, as either a single record, or in separate records readily obtainable by references made in a single record, the following information:

A. For each retirement unit:

(1) The name or description of the unit, or both;

(2) The location of the unit;

(3) The date the unit was placed in service;

(4) The cost of the unit as set forth in Plant Instructions 2 and 3 of this part; and

(5) The plant control account to which the cost of the unit is charged; and

B. For each category of mass property:

(1) A general description of the property and quantity;

(2) The quantity placed in service by vintage year;

(3) The average cost as set forth in Plant Instructions 2 and 3 of this part; and

(4) The plant control account to which the costs are charged.

9. *Cost* means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

10. *Cost of removal* means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto. It does not include the cost of removal

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activities associated with asset retirement obligations that are capitalized as part of the tangible long-lived assets that give rise to the obligation. (See General Instruction 26).

11. *Debt expense* means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

12. *Depreciation*, as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

13. *Discount*, as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

14. *Investment advances* means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

15. *Lease, capital* means a lease of property used in utility or nonutility operations, which meets one or more of the criteria stated in General Instruction 19.

16. *Lease, operating* means a lease of property used in utility or nonutility operations, which does not meet any of

the criteria stated in General Instruction 19.

17. *Licensee* means any person, or State, licensed under the provisions of the Federal Power Act and subject to the Commission's accounting requirements under the terms of the license.

18. *Minor items of property* means the associated parts or items of which retirement units are composed.

19. *Net salvage value* means the salvage value of property retired less the cost of removal.

20. *Nominally issued*, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

21. *Nominally outstanding*, as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

22. *Nonproject property* means the electric plant of a licensee which is not a part of the project property subject to a license issued by the Commission.

23. *Original cost*, as applied to electric plant, means the cost of such property to the person first devoting it to public service.

24. *Person* means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

25. *Premium*, as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

26. *Project* means complete unit of improvement or development, consisting of a power house, all water conduits,

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all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights of way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit.

27. *Project property* means the property described in and subject to a license issued by the Commission.

28. *Property retired*, as applied to electric plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

28. *Public utility* means any person who owns or operates facilities subject to the jurisdiction of the Commission under the Federal Power Act. (See section 201(e) of said act.)

30. *Regional market* means an organized energy market operated by a public utility, whether directly or through a contractual relationship with another entity.

31. *Regulatory Assets and Liabilities* are assets and liabilities that result from rate actions of regulatory agencies. Regulatory assets and liabilities arise from specific revenues, expenses, gains, or losses that would have been included in net income determination in one period under the general requirements of the Uniform System of Accounts but for it being probable:

A. that such items will be included in a different period(s) for purposes of developing the rates the utility is authorized to charge for its utility services; or

B. in the case of regulatory liabilities, that refunds to customers, not provided for in other accounts, will be required.

32. A. *Replacing* or *replacement*, when not otherwise indicated in the context, means the construction or installation of electric plant in place of property

retired, together with the removal of the property retired.

B. *Research, Development, and Demonstration* (RD&D) in the case of Major utilities means expenditures incurred by public utilities and licensees either directly or through another person or organization (such as research institute, industry association, foundation, university, engineering company or similar contractor) in pursuing research, development, and demonstration activities including experiment, design, installation, construction, or operation. This definition includes expenditures for the implementation or development of new and/or existing concepts until technically feasible and commercially feasible operations are verified. Such research, development, and demonstration costs should be reasonably related to the existing or future utility business, broadly defined, of the public utility or licensee or in the environment in which it operates or expects to operate. The term includes, but is not limited to: All such costs incidental to the design, development or implementation of an experimental facility, a plant process, a product, a formula, an invention, a system or similar items, and the improvement of already existing items of a like nature; amounts expended in connection with the proposed development and/or proposed delivery of alternate sources of electricity; and the costs of obtaining its own patent, such as attorney's fees expended in making and perfecting a patent application. The term includes preliminary investigations and detailed planning of specific projects for securing for customers non-conventional electric power supplies that rely on technology that has not been verified previously to be feasible. The term does not include expenditures for efficiency surveys; studies of management, management techniques and organization; consumer surveys, advertising, promotions, or items of a like nature.

33. *Retained Earnings* (formerly earned surplus) means the accumulated net income of the utility less distribution to stockholders and transfers to other capital accounts.

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34. *Retirement units* means those items of electric plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the electric plant account in which included.

35. *Salvage value* means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

36. *Service life* means the time between the date electric plant is includible in electric plant in service, or electric plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

37. *Service value* means the difference between original cost and net salvage value of electric plant.

38. *State* means a State admitted to the Union, the District of Columbia, and any organized Territory of the United States.

39. *Subsidiary Company* in the case of Major utilities means a company which is controlled by the utility through ownership of voting stock. (See *Definitions* item 5B, *Control*). A corporate joint venture in which a corporation is owned by a small group of businesses as a separate and specific business or project for the mutual benefit of the members of the group is a subsidiary company for the purposes of this system of accounts.

40. *Utility*, as used herein and when not otherwise indicated in the context, means any public utility or licensee to which this system of accounts is applicable.

General Instructions

1. Classification of utilities.

A. For purpose of applying the system of accounts prescribed by the Commission, electric utilities and licensees are divided into classes, as follows:

(1) *Major*. Utilities and licensees that had, in each of the last three consecutive years, sales or transmission serv-

ice that exceeded any one or more of the following:

(a) One million megawatt-hours of total sales;

(b) 100 megawatt-hours of sales for resale;

(c) 500 megawatt-hours of power exchanges delivered; or

(d) 500 megawatt-hours of wheeling for others (deliveries plus losses).

(2) *Nonmajor*. Utilities and licensees that are not classified as *Major* (as defined above), and had total sales in each of the last three consecutive years of 10,000 megawatt-hours or more.

(3) *Nonoperating*. Utilities and licensees formerly designated as *Major* or *Nonmajor* that have ceased operation but continue to collect amounts pursuant to a Commission-accepted tariff or rate schedule, or a Commission order.

B. This system applies to *Major*, *Nonmajor*, and *Nonoperating* utilities and licensees. Provisions have been incorporated into this system for those entities which, prior to January 1, 1984, were applying the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees subject to the Provisions of the Federal Power Act (Class C and Class D) [part 104 of this chapter, now revoked]. The notations (*Nonmajor*) and (*Major*) have been used to indicate those instructions and accounts from previous systems and classifications, which by definition, are not interchangeable without causing a loss of detail for the *Major* (previously Class A and Class B) or an increase in detail burden on the *Nonmajor* (previously Class C and Class D).

C. The class to which any utility or licensee belongs will originally be determined by its annual megawatt hours in each of the last three consecutive years, or in the case of a newly established entity, the projected data shall be the basis. Subsequent changes in classification shall be made as necessary when the megawatt-hours for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit of the classification previously applicable to the utility.

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106 Completed construction not classified—Electric (Major only).

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for electric plant which has been completed and placed in service but which work orders have not been classified for transfer to the detailed electric plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of electric plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this provision is to avoid any significant omissions in reported amounts of electric plant in service.

107 Construction work in progress—Electric.

A. This account shall include the total of the balances of work orders for electric plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

C. Expenditures on research, development, and demonstration projects for construction of utility facilities are to be included in a separate subdivision in this account. Records must be maintained to show separately each project along with complete detail of the nature and purpose of the research, development, and demonstration project together with the related costs.

108 Accumulated provision for depreciation of electric utility plant (Major only).

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for electric plant in service.

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, for current depreciation expense related to asset retirement costs in electric plant in service in a separate subaccount.

(3) Amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 106, Electric Plant Held for Future Use. Include, also, the balance of accumulated provision for depreciation on property when transferred to account 106, Electric Plant Held for Future Use, from other property accounts. Normally account 108 will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in electric plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

(4) Amounts charged to account 418, Expenses of Electric Plant Leased to Others, for electric plant included in account 104, Electric Plant Leased to Others.

(5) Amounts charged to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for current depreciation expense.

(6) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 5.)

(7) Amounts charged to account 182, Extraordinary Property Losses, when authorized by the Commission.

(8) Amounts of depreciation applicable to electric plant donated to the utility.

(The utility shall maintain separate subaccounts for depreciation applicable to electric plant in service, electric

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plant leased to others and electric plant held for future use.)

B. At the time of retirement of depreciable electric utility plant, this account shall be charged with the book cost of the property retired and the cost of removal and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirement, costs of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for electric plant:

- (1) Steam production,
- (2) Nuclear production,
- (3) Hydraulic production,
- (4) Other production,
- (5) Transmission,
- (6) Distribution,
- (7) Regional Transmission and Market Operation, and
- (8) General.

These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification:

- (a) The amount of accrual for depreciation,
- (b) The book cost of property retired,
- (c) Cost of removal,
- (d) Salvage, and
- (e) Other items, including recoveries from insurance.

Separate subsidiary records shall be maintained for the amount of accrued cost of removal other than legal obligations for the retirement of plant recorded in Account 108, Accumulated provision for depreciation of electric utility plant (Major only).

D. When transfers of plant are made from one electric plant account to another, or from or to another utility de-

partment, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in electric plant instruction 12.

E. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to retained earnings or make any other use thereof without authorization by the Commission.

109 [Reserved]

110 Accumulated provision for depreciation and amortization of electric utility plant (Nonmajor only).

A. This account shall be credited with the following:

(1) Amounts charged to account 408 Depreciation Expense, to account 404 Amortization of Limited-Term Electric Plant, to account 405, Amortization of Other Electric Plant, to account 413, Expenses of Electric Plant Leased to Others, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or to clearing accounts for currently accruing depreciation and amortization.

(2) Amounts charged to account 403.1, Depreciation expense for asset retirement costs, in electric utility plant in service in a separate subaccount.

(3) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 4.)

(4) Amounts chargeable to account 182, Extraordinary Property Losses, when authorized by the Commission.

(5) Amounts of depreciation applicable to electric plant donated to the utility.

B. At the time of retirement of electric plant, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirements, cost of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be

EXHIBIT RMM-13
OF
ROXIE MCCULLAR
ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA

COMPOSITE EXHIBIT: DISCOVERY RESPONSES

Citizens' First Set of Interrogatories
GULF POWER COMPANY
Docket No. 160170-EI
September 23, 2016
Item No. 9
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9. Appendix D-1 of the "Gulf Power Company's 2016 Depreciation Study" indicates that the Company plans to retire Pace (Pea Ridge) in December 2018.
- a. What plans does the Company have for the plant site after December 2018?
 - b. Has the Company starting a bidding process for the demolition or dismantlement of the plant site? If not, when does the Company plan on starting the bidding process?
 - c. What are the Company's plans to replace the capacity currently being provided by this generating unit?

ANSWER:

- a. Gulf does not own this plant site.
- b. No. Gulf is currently involved in contract extension negotiations with the site host. If the contract is not extended, Gulf expects to initiate a Request For Proposals (RFP) for dismantlement of the facility upon expiration of the contract.
- c. The retirement of the Pea Ridge facility is incorporated in Gulf's generation expansion plans to meet its 2023 capacity need.

Citizens' First Set of Interrogatories
GULF POWER COMPANY
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10. Page 2 of the Appendix A-2 to the "Gulf Power Company's 2016 Depreciation Study" shows an overall negative book reserve for Smith CC. Please explain how this generating plant has a negative book reserve amount.

ANSWER:

An error was made in the calculation of the book reserve for the Plant Smith Combined Cycle (Smith CC) in the Depreciation Study filed with the Florida Public Service Commission (FPSC) on July 14, 2016. A corrected Study was filed with the FPSC on September 20, 2016. The correction changed the book reserve for the Smith CC from a negative amount to a positive \$31,407,661.

Citizens' First Set of Interrogatories
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17. Regarding retirement of Steam Production Units, please provide the following information:
- a. List each steam production unit that the Company has retired since 1970. Please include the fuel type (e.g. coal, gas, oil) of the steam production unit.
 - b. For each unit listed in response to part (a) please provide the original in service date and the retirement date.
 - c. For each unit listed in response to part (a) is the building or structure which housed the boiler still standing?
 - d. For each unit listed in response to part (a) provide the MW capacity (prior to retirement).
 - e. Provide the street address and the city and state of each unit listed in response to part (a).
 - f. For each unit listed in response to part (a) provide the dollar amount retired from Plant in Service in the final retirement, the total final (terminal) Cost of Removal recorded for that unit at the time of, or since, final (terminal) retirement and the total final (terminal) Gross Salvage recorded for that unit at the time of, or since, final (terminal) retirement. If any requested information is not available by unit then provide it by plant.
 - g. Provide the information requested in part (f) by year booked and by account (separately for each unit, or separately for each plant if the unit information is not available).

ANSWER:

a.

Units	Fuel type (a)	In-Service Date (b)	Retirement Date (b)	MW Capacity (d)
Plant Crist Unit 1	Coal	1945	2003	22.5
Plant Crist Unit 2	Coal	1949	2006	22.5
Plant Crist Unit 3	Coal	1952	2006	30
Plant Scholz Unit 1	Coal	1953	2015	40
Plant Schoiz Unit 2	Coal	1953	2015	40
Plant Smith Unit 1	Coal	1965	2016	125
Plant Smith Unit 2	Coal	1967	2016	180

- b. See Gulf's response to Citizens' First Set of Interrogatories Item No.17 (a).

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c.

Units	
Plant Crist Unit 1	Yes
Plant Crist Unit 2	Yes
Plant Crist Unit 3	Yes
Plant Scholz Unit 1	Yes
Plant Scholz Unit 2	Yes
Plant Smith Unit 1	Yes
Plant Smith Unit 2	Yes

d. See Gulf's response to Citizens' First Set of Interrogatories Item No.17(a).

e.

Units	Address
Plant Crist	1999 Pate Street Pensacola, FL 32514
Plant Scholz	460 Gulf Power Road Sneads, FL 32460
Plant Smith	4300 Highway 2300 Southport, FL 32409

f.

Units	Retirement	Cost of Removal	Salvage
Plant Crist Unit 1	2,181,512.00		
Plant Crist Unit 2	2,757,601.00		
Plant Crist Unit 3	5,731,465.00		
Total Plant Crist	10,670,578.00	4,374,580.00	55,000.00
Plant Scholz Unit 1	7,073,219.00		
Plant Scholz Unit 2	6,288,023.00		
Plant Scholz Common	8,671,989.00		
Total Plant Scholz	22,033,231.00	-	-
Plant Smith Unit 1	47,416,802.00		
Plant Smith Unit 2	55,676,551.00		
Plant Smith Common	25,117,945.00		
Total Plant Smith	128,211,298.00	-	-

Citizens' First Set of Interrogatories
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g. Retirements from Plant-In-Service

Units	Date	Account 311	Account 312	Account 314	Account 315	Account 316	Total
Plant Crist Unit 1	April 2003		975,843	919,271	286,398		2,181,512
Plant Crist Unit 2	May 2006		1,171,365	1,363,687	222,550		2,757,602
Plant Crist Unit 3	May 2006		2,036,536	3,349,254	345,675		5,731,465
Total Plant Crist		-	4,183,744	5,632,212	854,623	-	10,670,579
Plant Scholz Unit 1	April 2015		4,724,726	2,295,063	53,430		7,073,219
Plant Scholz Unit 2	April 2015		4,337,721	1,816,835	133,467		6,288,023
Plant Scholz Common	April 2015	1,939,875	4,990,533	44,288	1,604,921	92,371	8,671,988
Total Plant Scholz		1,939,875	14,052,980	4,156,186	1,791,818	92,371	22,033,230
Plant Smith Unit 1	April 2015		32,807,686	13,515,193	1,093,923		47,416,802
Plant Smith Unit 2	April 2015		42,301,602	12,536,935	838,014		55,676,551
Plant Smith Common	April 2015	5,692,923	17,629,135	265,498	726,132	804,257	25,117,945
Total Plant Smith		5,692,923	92,738,423	26,317,626	2,658,069	804,257	128,211,298

Cost of Removal

Plant Crist Units 1-3:					
Date	Account 311	Account 312	Account 314	Account 315	Total
2007		78,843			78,843
2008	4,081	157,195	494,317	6,314	661,907
2009		4,110	81,436		85,546
2012		570,118		1,587	571,705
2013		2,525,201			2,525,201
2014		451,376			451,376
Total	4,081	3,786,843	575,753	7,901	4,374,578

Salvage

Plant Crist Units 1-3:					
Date	Account 311	Account 312	Account 314	Account 315	Total
2008			55,000		55,000

Citizens' Second Set of Interrogatories
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October 31, 2016
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20. Regarding the proposed retirement date of December 2018 for the Pace (Pea Ridge) generation plant, the response to OPC Interrogatory No. 9(b) states that "Gulf is currently involved in contract extension negotiations with the site host."
- d. To what date would the contract be extended?
 - e. Please provide updates about the status of the contract extension negotiations.
 - f. When was the first contract regarding the Pace (Pea Ridge) generation plant first entered into?
 - g. How many contract extensions has the Company entered into with the site host?
 - h. For each contract extension, please provide the time period included in each extension.

ANSWER:

- d. The date for contract extension is still unknown at this time.
- e. Both parties continue to perform internal analyses to determine the viability of a contract extension. At this time, it is not possible to determine if, or when, an extension will ultimately occur.
- f. September 30, 1997.
- g. None.
- h. Not applicable.

Citizens' Third Set of Interrogatories
GULF POWER COMPANY
Docket No. 160170-EI
November 23, 2016
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23. Page 12 of Appendix E-2 of Exhibit No. DAW-1 shows a retirement of \$5,822,914 in 2008 in Account 390 – Structures & Improvements.
- a. Does any of this \$5,822,914 include the sale of a building? If yes, please provide the amount of the \$5,822,914 retirement that is the result of a sale of a building.
 - b. If the response to part (a) is yes, were there any receipts from the sale of the building? If so, how much did the Company receive for the sale of the building?
 - c. If the response to part (a) is yes and there were any receipts from the sale of the building, please identify where those receipts are included in the salvage analysis shown for Account 390 on Page 12 of Appendix E-2.
 - d. If the response to part (a) is yes, were there any costs associated with the sale of the building? If so, how much please provide the costs associated with the sale of the building and a description of those costs?
 - e. If the response to part (a) is yes and there were any costs associated with the sale of the building, please identify where those costs are included in the salvage analysis shown for Account 390 on Page 12 of Appendix E-2.

ANSWER:

- a. Yes. Of the \$5,822,914 retired in 2008, approximately \$5,641,104 was related to the sale of the Pace Boulevard office building in Pensacola.
- b. Yes. Approximately \$4,297,789 was received for the sale of the building.
- c. The receipts are not reflected on Page 12 of Appendix E-2. There is no salvage recorded. The gain on the sale of the Pace Boulevard building was recorded in Account 421.1, Gain on Disposition of Property.
- d. No.
- e. Not applicable.

Citizens' Second Set of Interrogatories
 GULF POWER COMPANY
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 November 23, 2016
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24. Page 12 of Appendix E-2 of Exhibit No. DAW-1 shows a retirement of \$5,822,914 in 2008 in Account 390 – Structures & Improvements.
- Please provide the largest three retirements included in the \$5,822,914 retirement amount shown in 2008 for Account 390.
 - For each retirement listed in response to part (a) please provide any salvage or receipts from the sale of the asset the Company received.
 - Please identify where the amounts listed in part (b) are included in the salvage analysis shown for Account 390 on Page 12 of Appendix E-2.
 - For each retirement listed in response to part (a) please provide any costs the Company incurred due the retirement or sale of the asset.
 - Please identify where the amounts listed in part (d) are included in the salvage analysis shown for Account 390 on Page 12 of Appendix E-2.

ANSWER:

a.

Location	Asset	Retirement (a)	Receipts (b)	Costs of Retirement/Sale (d)
Pace Boulevard	Building	\$5,641,104	\$4,297,789.00	\$0.00
Corporate Office	Ventilating Fans	\$67,205.00	\$0.00	\$7,975.00
Gulf Breeze Line Facility	Roof	\$49,010.00	\$0.00	\$60,000.00

- See response to part (a).
- The receipts are not reflecting on Page 12 of Appendix E-2. There is no salvage recorded. The gain on the sale of the Pace Boulevard building was recorded in Account 421.1, Gain on Disposition of Property.
- See response to part (a).
- The costs due to the retirements listed in response to part (a) are included in the \$115,609 found in the "Cost of Removal" column on Page 12 of Appendix E-2.

Citizens' Fourth Set of Interrogatories
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 GULF POWER COMPANY
 December 22, 2016
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141. Depreciation. Please refer to Gulfs responses to OPC Interrogatory No. 17 and OPC Request to Produce Documents No. 11, in Docket No. 160170-EI. The response to OPC Interrogatory No. 17(g) shows \$3,207,901 (\$1,171,365 + \$2,036,536) retiring from account 312 in May 2006 for Crist Unit 2 and Unit 3.
- Is this \$3,207,901 included in the \$6,766,226 retirement amount shown for Account 312-Boiler Plant Equipment for the year 2006 on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11?
 - Is this \$3,207,901 included in any of the retirement amounts shown for Account 312-Boiler Plant Equipment on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11? If yes, please provide the "Transaction Year" in which this \$3,207,901 retirement amount is included.
 - Are any of the retirement amounts shown in response to OPC Interrogatory No. 17(g) included in the retirement amounts shown on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11? If yes, please provide the "Transaction Year", account number, and amount included.

ANSWER:

- Yes.
- Yes. The transaction year is 2006.
- The retirements for Plant Crist are included. The retirements for Plants Scholz and Smith are not included as the net salvage analysis, provided in response to Citizens' First Request to Produce Documents Item No. 11 in Docket No. 160170-EI, is through 2014.

Units	Year	Account 312 (\$)	Account 314 (\$)	Account 315 (\$)	Total (\$)
Plant Crist Unit 1	2003	975,843	919,271	286,398	2,181,512
Plant Crist Unit 2	2006	1,171,365	1,363,687	222,550	2,757,602
Plant Crist Unit 3	2006	2,036,536	3,349,254	345,675	5,731,465
Total Plant Crist		4,183,744	5,632,212	854,623	10,670,579

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 GULF POWER COMPANY
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142. Depreciation. Please refer to Gulfs responses to OPC Interrogatory No. 17 and OPC Request to Produce Documents No. 11, in Docket No. 160170-EI. The response to OPC Interrogatory No. 17(g) shows \$2,525,201 cost of removal in account 312 related to the retirement of Crist Units 1-3 in 2013.
- Is this \$2,525,201 included in the \$3,502,099 cost of removal amount shown for Account 312-Boiler Plant Equipment for the year 2013 on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11?
 - Is this \$2,525,201 included in any of the cost of removal amounts shown for Account 312-Boiler Plant Equipment on the "As Adjusted" tab of the Excel file 11Production and Other Production Net Salvage by Account-IRR" provided in response to OPC Request to Produce Documents No. 11? If yes, please provide the "Transaction Year" in which this \$2,525,201 cost of removal amount is included.
 - Are any of the cost of removal amounts shown in response to OPC Interrogatory No. 17(g) included in the cost of removal amounts shown on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11? If yes, please provide the "Transaction Year", account number, and amount included.

ANSWER:

- Yes.
- Yes. The transaction year is 2013.
- Yes. All cost of removal amounts are included.

Year	Account 311 (\$)	Account 312 (\$)	Account 314 (\$)	Account 315 (\$)	Total (\$)
2007		78,843			78,843
2008	4,081	157,195	494,317	6,314	661,907
2009		4,110	81,436		85,546
2012		570,118		1,587	571,705
2013		2,525,201			2,525,201
2014		451,376			451,376
Total	4,081	3,786,843	575,753	7,901	4,374,578

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143. Depreciation. Please refer to Gulf's responses to OPC Interrogatory No. 17 and OPC Request to Produce Documents No. 11, in Docket No. 160170-EI. The response to OPC Interrogatory No. 17(g) shows \$55,000 gross salvage in account 314 related to the retirement of Crist Units 1-3 in 2008. Is this \$55,000 included in any of the gross salvage amounts shown for Account 314-Turbogenerator Units on the "As Adjusted" tab of the Excel file "Production and Other Production Net Salvage by Account- IRR" provided in response to OPC Request to Produce Documents No. 11? If yes, please provide the "Transaction Year" in which this \$55,000 gross salvage amount is included.

ANSWER:

Yes. The \$55,000 is included in transaction year 2008.

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162. Depreciation. Please refer to Gulf's response to Citizens' Interrogatory No. 23 in Docket No. 160170. The response indicates that the Company retired \$5,641,104 in 2008 due to the sale of the Pace Boulevard office building in Pensacola in which the Company received \$4,297,789 for the sale.
- a. Did the Company recover any of the \$5,641,104 amount related to the Pace Boulevard office building in Pensacola through depreciation expense included in ratepayers rates? If not, please explain how the \$5,641,104 amount related to the Pace Boulevard office building in Pensacola was excluded from the depreciation expense amounts used in the Company's revenue requirements.
 - b. Just prior to the retirement, what was the cumulative depreciation expense amount that had been credited to Account 108, Accumulated Provision for Depreciation related to the Pace Boulevard office building in Pensacola?
 - c. At the time of the retirement was Account 390, Structures and Improvements credited \$5,641,104, and was Account 108, Accumulated Provision for Depreciation debited \$5,641,104? If not, how was the retirement amount of \$5,641,104 recorded? Please provide the final accounts in which the \$5,641,104 amount was credited or debited.
 - d. How much of the \$4,297,789 the Company received for the sale of the Pace Boulevard office building in Pensacola was credited to Account 108, Accumulated Provision for Depreciation?

ANSWER:

- a. Yes.
- b. \$4,195,226
- c. Yes.
- d. The net book value of \$1,445,879 was credited to Account 108.

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163. Depreciation. Please refer to Gulfs response to Citizens' Interrogatory No. 23 in Docket No. 160170. The response indicates that the Company retired \$5,641,104 in 2008 due to the sale of the Pace Boulevard office building in Pensacola in which the Company received \$4,297,789 for the sale.
- a. Was the \$5,641, 104 amount related to the Pace Boulevard office building in Pensacola considered to be depreciable electric utility plant prior to its retirement? If not, please explain why not.
 - b. What year did the majority of the \$5,641, 104 amount related to the Pace Boulevard office building in Pensacola first go into service as depreciable electric utility plant?
 - c. Please explain why the \$4,297,789 amount received from the sale of the Pace Boulevard office building in Pensacola was recorded in Account 421.1, Gain on Disposition of Property and not recorded in Account 108, Accumulated Provision for Depreciation as salvage related to the retirement of depreciable electric utility plant.
 - d. Has the Commission approved the Company's accounting policy of recording the gain from the sale of depreciable electric utility plant in Account 421.1, Gain on Disposition of Property instead of Account 108, Accumulated Provision for Depreciation as defined in the FERC USOA? If yes, please provide the reference to the Docket, Order Number, or specific Commission document.

ANSWER:

- a. Yes.
- b. The majority went into service in 1957, with a major renovation in 1987.
- c. Gulf follows Generally Accepted Accounting Principles (GAAP) and Federal Energy Regulatory Commission (FERC) guidance. The gain on the sale of the real estate (Pace Blvd) was recorded as a gain to Account 421 in accordance with Accounting Standard Codification (ASC) 360, Property, Plant, and Equipment. ASC 360-20-40-3 states the following regarding sales of real estate:

Profit shall be recognized in full when real estate is sold, provided that both of the following conditions are met:
 - (a) The profit is determinable, that is, the collectability of the sales price is reasonably assured or the amount that will not be collectible can be estimated.
 - (b) The earnings process is virtually complete, that is, the seller is not obliged to perform significant activities after the sale to earn the profit.

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The Pace Boulevard office was still in service and operating when it was sold to another party. FERC guidance states the following related to the sale of operating units:

Electric Plant Instruction, Part 101, Paragraph 5F

"When electric plant constituting an operating unit or system is sold, conveyed, or transferred to another by sale, merger, consolidation, or otherwise, the book cost of the property sold or transferred to another shall be credited to the appropriate utility plant accounts, including amounts carried in account 114, Electric Plant Acquisition Adjustments. The amounts (estimated if not known) carried with respect thereto in the accounts for accumulated provision for depreciation and amortization and in account 252, Customer Advances for Construction, shall be charged to such accounts and contra entries made to account 102, Electric Plant Purchased or Sold. Unless otherwise ordered by the Commission, the difference, if any, between (1) the net amount of debits and credits and (2) the consideration received for the property (less commissions and other expenses of making the sale) shall be included in account 421.1, Gain on Disposition of Property, or account 421.2, Loss on Disposition of Property. (See account 102, Electric Plant Purchased or Sold.)"

Since the asset that was sold was being recovered in retail rates, the gain on the sale of the building was credited back to Gulf's retail customers in October 2008.

- d. See response to part (c). Also, PSC Rule 25-6.014, Records and Reports in General, mandates conformity with the Code of Federal Regulations, Title 18, Subchapter C, Part 101.

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166. Depreciation. Please refer to Gulf's response to Citizens' Interrogatory No. 23 in Docket No. 160170. The response indicates that the Company sold the Pace Boulevard office building in Pensacola and recorded the receipts from the sale in Account 421.1, Gain on Disposition of Property.
- a. Separately for each year for the past 20 years please provide the amount recorded in Account 421.1, Gain on Disposition of Property related to the receipts from the sale or scrap of depreciable electric utility plant.
 - b. For each amount provided in response to part (a) please provide the account in which the investment was originally booked, the year the majority of the investment went in to service, the year the depreciable electric utility plant was retired, the total amount of the retirement, the amount received, and any related cost of retirement or removal.
 - c. Please indicate the final account into which each amount provided in response to part (a) was booked. Please show the final accounts impacted by the sale, for example how much was retired from any plant in service accounts, accumulated depreciation reserve, gain on disposition of property account, loss on disposition of property account, depreciation expense accounts, operating and maintenance expense accounts, etc.

ANSWER:

- a. 2008, \$2,851,910 for the sale of the Pace Boulevard building.
- b. The Pace Boulevard building was recorded to Account 390. The majority of the investment went into service in 1957, with a major renovation in 1987. The building was removed from the books in 2008 when it was sold. The amount removed was \$5,641,105. The amount received for the building was \$4,297,789. There was no cost of removal related to the sale.
- c. See page 2 for accounts and amounts including the amount that was removed from the books as a result of the sale.

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	Dr.	Cr.
Account 101 - Plant in Service		
Beginning Balance	\$ 5,641,105	
Remove from Books for Sale		\$ (5,641,105)
Ending Balance	-	-
Account 108 - Depreciation Reserve		
Beginning Balance		\$ (4,195,226)
Remove from Books for Sale	\$ 5,641,105	
Adjustment to Offset Gain		\$ (1,445,879)
Ending Balance	-	-
Account 421.1 - Gain-Depreciable Property		
Record Sale Proceeds		\$ (4,297,789)
Adjustment to Clear 108 Residual	\$ 1,445,879	
Ending Balance	-	\$ (2,851,910)
Account 131 - Cash		
Record Sale Proceeds	\$ 4,297,789	
Ending Balance	\$ 4,297,789	-