

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 9, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Devlin Higgins, Public Utility Analyst III, Division of Economics
RE: 130151-EI - Petition for approval of 2013 Depreciation Study and Dismantlement Studies by Gulf Power Company.

Would you be so kind as to add the attached data request responses, titled Gulf Power Company's Second Clarification on Gulf's Previous Responses, in the above docket file. Thank you very much.

COMMISSION
CLERK

13 AUG - 9 AM 8:16

RECEIVED

Robert L. McGee, Jr.
Regulatory & Pricing Manager

One Energy Place
Pensacola, Florida 32520-0780

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July 29, 2013

Mr. Devlin Higgins
Division of Economics
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

RE: Docket No: 130151-EI – Second clarification on Responses to Staff's data request

Dear Mr. Higgins:

Enclosed is Gulf Power Company's response to Staff's second request for Clarification on Gulf's previous responses to Staff's data request in the above referenced docket.

Sincerely,

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

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

Enclosures

Cc: Beggs & Lane
Jeffrey A. Stone

1. In Gulf's response to Item No. 9 of Staff's 1st & 2nd Data Request-Clarifications Gulf stated "2012 FERC Form 1 Balance for Accumulated Depreciation and Amortization \$1,381,468,910." However, in its FERC Form 1, filed with the Commission in May of 2013, Gulf stated the balance is \$1,385,444,524.
 - a. Please explain why there is \$3,975,614 difference between these two statements.
 - b. Please provide reconciliation for the discrepancy.
 - c. Please provide updated schedule of Gulf's "Accumulated Provisions for Depreciation and Amortization Actual: December, 2012" based on your responses to the questions above.

ANSWER:

- a. The Report of Depreciation Data for year 2012, which was mailed with Gulf's FERC Form One, reflects a balance of \$1,385,444,524. This balance, as noted on the report, reflects reclassified ARO dismantlement costs that are recorded to regulatory accounts related to FAS 143 and FIN 47. The \$1,381,468,910 is the Total Accumulated Reserve reflected on page 200 of Gulf's FERC Form One.

b.			
	Actual 2012 Accumulated Provision for Depreciation and Amort.	\$	1,381,468,910
	ARO Dismantlement in Regulatory Accounts		5,487,353
	Two Adjustments Reflected in Gulf's Response Item No. 9		(1,515,589)
			<u>3,850</u>
	Total Reflected on Report of Depreciation Data	\$	<u>1,385,444,524</u>

- c. See Attachment A.

2. Referring to Gulf's response to Item No. 9 of Staff's 1st & 2nd Data Request-Clarifications. Gulf stated "2012 Actual Accumulated Provision from Depreciation Balance (Tab 11) \$1,379,957,166" ties with the Total Electric Plant-In-Service stated in the Attachment C, Item No 2b, of Gulf's response to Staff's 2nd Data Request. When comparing the Attachment C and FERC Form 1 Gulf filed May of 2013, however, staff notes that there exist differences between the two for the following line items: Total Daniel Plant, Total Crist Plant, Total Scholz Plant, Total Smith Plant, Total Scherer Plant, Total Pace Plant and the resulting Total Production.
- a. Please reconcile the affected schedules in these two filings.
 - b. Please specify which schedule is the correct one, and support your response with detailed explanation.

ANSWER:

- a. The difference between the two schedules is the reclassification of ARO dismantlement costs that are recorded in regulatory accounts.

<u>Production Locations</u>	<u>Actual 2012 Tab 11</u>	<u>ARO Dismantlement In Regulatory Accounts</u>	<u>Depreciation Data filed with FERC Form One</u>
Daniel	162,408,348	\$ 204,878	162,613,226
Crist	350,575,740	2,467,315	353,043,055
Scholz	42,882,206	494,872	43,377,078
Smith	106,699,599	1,951,460	108,651,059
Scherer	114,935,699	195,107	115,130,806
Pace CT	7,962,184	173,721	8,135,905
Total ARO Dismantlement		\$ 5,487,353	

- b. Both schedules are correct.

Attachment A

**GULF POWER COMPANY
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION
ACTUAL: DECEMBER, 2012**

Sheet 1 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
INTANGIBLE:							
Intangible Software	1,836,550.00	2,097,192.12	0.00	0.00	0.00	0.00	3,932,742.12
TOTAL INTANGIBLE:	<u>1,835,550.00</u>	<u>2,097,192.12</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,932,742.12</u>
STEAM PRODUCTION:							
DANIEL PLANT:							
Plant	126,208,949.55	7,115,895.96	(373,427.74)	(255,689.76)	55,694.00	0.00	132,751,422.01
Easements	39,351.48	1,080.24	0.00	0.00	0.00	0.00	40,431.72
Cooling Lake, 23 Year	8,954,191.92	0.00	0.00	0.00	0.00	0.00	8,954,191.92
Rail Track System	1,302,298.04	41,124.24	0.00	0.00	0.00	0.00	1,343,392.28
Dismantlement - Fixed	18,724,298.02	684,446.04	0.00	0.00	0.00	0.00	19,408,744.06
Asset Retirement Obligation	95,322.09	19,721.83	0.00	0.00	0.00	0.00	115,043.92
TOTAL DANIEL PLANT:	<u>155,324,381.10</u>	<u>7,862,268.31</u>	<u>(373,427.74)</u>	<u>(255,689.76)</u>	<u>55,694.00</u>	<u>0.00</u>	<u>162,613,225.91</u>
CRIST PLANT:							
Plant-Units 4 Through 7	265,302,538.31	47,176,066.35	(20,188,801.78)	(17,481,396.98)	674,720.42	54,000.48	275,537,126.80
Easements	347.04	72.10	0.00	0.00	0.00	0.00	419.14
Base Coal, 5 Year	141,840.00	0.00	0.00	0.00	0.00	0.00	141,840.00
- 5 Year	50,481.38	32,245.19	(23,653.79)	0.00	0.00	0.00	59,072.78
- 7 Year	2,409,985.90	698,630.76	0.00	0.00	0.00	(0.03)	3,108,616.63
Dismantlement - Fixed	67,006,289.91	6,458,948.04	0.00	0.00	0.00	0.00	73,465,237.95
Asset Retirement Obligation	692,262.18	38,479.08	0.00	0.00	0.00	0.00	730,741.26
TOTAL CRIST PLANT:	<u>335,603,744.72</u>	<u>54,404,441.52</u>	<u>(20,212,455.57)</u>	<u>(17,481,396.98)</u>	<u>674,720.42</u>	<u>54,000.45</u>	<u>353,043,054.56</u>
SCHOLZ PLANT:							
Plant	28,681,055.28	1,260,917.74	(469,319.35)	21,740.21	0.00	(54,000.45)	29,440,393.43
Base Coal, 5 Year	71,300.00	0.00	0.00	0.00	0.00	0.00	71,300.00
- 5 Year	1,143.36	1,746.12	0.00	0.00	0.00	0.00	2,889.48
- 7 Year	126,843.60	30,561.72	(110,583.13)	0.00	0.00	0.00	46,822.19
Dismantlement - Fixed	12,734,151.23	799,767.00	0.00	0.00	0.00	0.00	13,533,918.23
Asset Retirement Obligation	315,697.36	(20,929.08)	(13,014.08)	0.00	0.00	0.00	281,754.22
TOTAL SCHOLZ PLANT:	<u>41,930,190.83</u>	<u>2,072,063.50</u>	<u>(592,916.54)</u>	<u>21,740.21</u>	<u>0.00</u>	<u>(54,000.45)</u>	<u>43,377,077.55</u>
SMITH PLANT:							
Plant	79,007,344.78	5,779,341.13	(103,740.47)	(64,309.36)	0.00	0.00	84,618,636.08
Base Coal, 5 Year	108,300.00	0.00	0.00	0.00	0.00	0.00	108,300.00
- 5 Year	3,905.76	5,905.20	0.00	0.00	0.00	0.00	9,810.96
- 7 Year	678,119.65	225,269.16	0.00	0.00	0.00	0.00	903,388.81
Dismantlement - Fixed	21,409,588.51	1,249,287.00	0.00	0.00	0.00	0.00	22,658,875.51
Asset Retirement Obligation	347,273.98	4,795.49	(22.00)	0.00	0.00	0.00	352,047.47
TOTAL SMITH PLANT:	<u>101,554,532.68</u>	<u>7,264,597.98</u>	<u>(103,762.47)</u>	<u>(64,309.36)</u>	<u>0.00</u>	<u>0.00</u>	<u>108,651,058.83</u>
SCHERER PLANT:							
Plant	102,942,268.74	7,158,144.03	(488,765.04)	(10,347.58)	111,288.11	0.00	109,712,588.26
- 7 Year	77,802.64	28,254.38	(9,023.78)	0.00	0.00	0.00	97,033.24
Dismantlement - Fixed	5,140,992.15	98,877.96	0.00	0.00	0.00	0.00	5,239,870.11
Asset Retirement Obligation	62,839.32	18,475.17	(0.28)	0.00	0.00	0.00	81,314.21
TOTAL SCHERER PLANT:	<u>108,223,902.85</u>	<u>7,303,751.54</u>	<u>(497,789.10)</u>	<u>(10,347.58)</u>	<u>111,288.11</u>	<u>0.00</u>	<u>115,130,805.82</u>
TOTAL STEAM PRODUCTION:	<u>742,636,752.18</u>	<u>78,907,122.85</u>	<u>(21,780,351.42)</u>	<u>(17,790,003.47)</u>	<u>841,702.53</u>	<u>0.00</u>	<u>782,815,222.67</u>

**GULF POWER COMPANY
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION
ACTUAL: DECEMBER, 2012**

Sheet 2 of 3

		Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
OTHER PRODUCTION:								
SMITH PLANT CT:								
Structures and Improvements	341	54,862.43	47,066.37	0.00	0.00	0.00	0.00	101,948.80
Fuel Holders and Accessories	342	180,576.40	25,276.95	(23,443.59)	0.00	0.00	0.00	182,409.76
Prime Movers	343	65,832.05	86,608.89	0.00	65,437.41	0.00	0.00	217,878.35
Generators	344	2,823,372.33	123,801.12	0.00	0.00	0.00	0.00	2,947,173.45
Accessory Electric Equipment	345	25,434.82	1,745.16	0.00	(65,437.41)	0.00	0.00	(38,257.43)
Miscellaneous Equipment	346	(10,533.49)	1,617.94	0.00	0.00	0.00	0.00	(8,915.55)
Dismantlement - Fixed		170,263.57	3,258.00	0.00	0.00	0.00	0.00	173,521.57
TOTAL SMITH PLANT CT:		<u>3,309,808.11</u>	<u>289,394.43</u>	<u>(23,443.59)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,575,758.95</u>
SMITH PLANT UNIT 3 COMBINED CYCLE:								
Structures and Improvements	341	2,197,841.22	373,385.22	(1,022,062.77)	(151,020.96)	0.00	0.00	1,398,142.71
Fuel Holders and Accessories	342	870,404.45	85,215.48	0.00	0.00	0.00	0.00	955,619.93
Prime Movers	343	(5,725,171.56)	3,186,135.65	(249,093.88)	(21,973.77)	0.00	0.00	(2,810,103.56)
Generators	344	17,895,277.20	1,882,930.32	(7,462.48)	0.00	0.00	0.00	19,770,745.04
Accessory Electric Equipment	345	2,493,437.49	338,240.36	0.00	0.00	0.00	0.00	2,831,677.85
Miscellaneous Equipment	346	19,066.89	31,275.39	(35,796.91)	0.00	0.00	0.00	14,545.37
Dismantlement - Fixed		2,466,993.00	280,020.00	0.00	0.00	0.00	0.00	2,747,013.00
TOTAL SMITH PLANT UNIT 3 COMBINED CYCLE:		<u>20,217,848.69</u>	<u>6,177,202.42</u>	<u>(1,314,416.04)</u>	<u>(172,994.73)</u>	<u>0.00</u>	<u>0.00</u>	<u>24,907,640.34</u>
PACE PLANT:								
Prime Movers	343	4,617,635.90	359,901.60	0.00	0.00	0.00	0.00	4,977,537.50
Generators	344	2,122,127.76	164,683.32	0.00	0.00	0.00	0.00	2,286,811.08
Accessory Electric Equipment	345	398,423.80	30,956.76	0.00	0.00	0.00	0.00	429,380.56
Asset Retirement Obligation	347	269,761.28	19,859.68	0.00	0.00	0.00	0.00	289,620.96
Dismantlement - Fixed		135,221.00	17,334.00	0.00	0.00	0.00	0.00	152,555.00
TOTAL PACE PLANT:		<u>7,543,169.74</u>	<u>592,735.36</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,135,905.10</u>
PERDIDO LANDFILL PLANT:								
Structures and Improvements	341	23,557.23	47,121.96	0.00	0.00	0.00	0.00	70,679.19
Fuel Holders and Accessories	342	14,466.81	28,938.24	0.00	0.00	0.00	0.00	43,405.05
Prime Movers	343	68,630.28	137,282.52	0.00	0.00	0.00	0.00	205,912.80
Accessory Electric Equipment	345	19,714.71	39,585.44	0.00	0.00	0.00	0.00	59,300.15
Miscellaneous Equipment	346	171,042.97	2,277.48	0.00	0.00	0.00	0.00	173,320.45
TOTAL PERDIDO LANDFILL PLANT:		<u>297,412.00</u>	<u>255,205.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>552,617.64</u>
TOTAL OTHER PRODUCTION:		<u>31,368,238.54</u>	<u>7,314,537.85</u>	<u>(1,337,859.63)</u>	<u>(172,994.73)</u>	<u>0.00</u>	<u>0.00</u>	<u>37,171,922.03</u>
TOTAL PRODUCTION:		<u>774,004,990.72</u>	<u>86,221,660.70</u>	<u>(23,118,211.05)</u>	<u>(17,962,998.20)</u>	<u>841,702.53</u>	<u>0.00</u>	<u>819,987,144.70</u>
TRANSMISSION:								
Easements	350.2	6,298,410.12	202,400.75	0.00	0.00	0.00	0.00	6,500,810.87
Structures and Improvements	352	3,145,327.06	215,259.30	(17,056.83)	0.00	0.00	0.00	3,343,529.53
Station Equipment	353	27,841,962.18	3,054,547.90	(2,574,916.75)	(670,021.83)	22,700.76	(1,848.05)	27,672,424.21
Towers and Fixtures	354	24,344,171.97	950,674.95	(1,174,358.80)	(5,517.69)	7,932.00	2,680.26	24,125,582.69
Poles and Fixtures	355	25,459,041.28	3,340,249.04	(3,579,967.29)	(5,970,882.29)	262,657.80	153.29	19,511,251.83
Overhead Conductors & Devices	356	24,120,642.93	1,870,348.51	(2,447,789.62)	(473,803.79)	7,022.50	7,379.99	23,083,800.52
Underground Conductors & Devices	358	6,941,023.77	295,984.56	0.00	(2,632.68)	0.00	0.00	7,234,375.65
Roads and Trails	359	31,225.48	1,852.06	0.00	0.00	0.00	0.00	33,077.54
Asset Retirement Obligation	359.1	4,412.28	143.04	0.00	0.00	0.00	0.00	4,555.32
TOTAL TRANSMISSION:		<u>118,186,217.07</u>	<u>9,931,460.11</u>	<u>(9,794,089.29)</u>	<u>(7,122,858.28)</u>	<u>300,313.06</u>	<u>8,365.49</u>	<u>111,509,408.16</u>

**GULF POWER COMPANY
ACCUMULATED PROVISIONS FOR DEPRECIATION AND AMORTIZATION
ACTUAL: DECEMBER, 2012**

Sheet 3 of 3

	Balance First of Year	Provisions	Retirements	Cost of Removal	Salvage and Other Credits	Transfers and Adjustments	Balance End of Year
DISTRIBUTION:							
Easements	360.2	20,007.78	3,875.12	0.00	0.00	0.00	23,682.90
Structures and Improvements	361	6,748,108.02	442,517.38	(80,557.95)	(827.33)	20,284.65	7,129,504.77
Station Equipment	362	53,879,860.78	3,889,921.85	(2,093,738.56)	(288,397.97)	(7,190.16)	55,490,516.76
Poles, Towers & Fixtures	364	71,605,798.14	6,642,565.44	(12,625,534.06)	(3,540,740.22)	(91,433.79)	61,990,339.52
Overhead Conductors & Devices	365	43,974,414.52	3,945,385.40	(1,926,631.73)	(970,500.84)	(479,161.35)	44,523,731.90
Underground Conduit	366	819,380.38	15,826.88	(56,769.27)	(40.20)	0.00	778,397.79
Underground Conductors & Devices	367	43,830,983.59	4,209,019.99	(755,577.66)	(146,012.30)	130,090.45	47,928,087.42
Line Transformers	368	83,877,310.98	9,370,879.43	(8,488,740.84)	(1,255,533.42)	(640,831.29)	83,014,390.15
Services:							
- Overhead	369.1	29,540,037.40	1,986,788.54	(215,073.57)	(309,067.87)	57,191.88	31,059,876.36
- Underground	369.2	14,367,970.17	1,157,377.85	(95,268.81)	(100,020.49)	0.00	15,330,058.72
Meters	370	6,550,482.84	997,597.33	(1,381,325.55)	374,836.20	225,484.63	735,472.13
Meters - AMI Equipment	370	0.00	1,745,536.22	(83,475.38)	0.00	0.00	7,693,664.16
Meters - FPSC Segregated	370	5,826,982.70	0.00	(4,057,393.04)	0.00	0.00	1,769,589.66
Meters - Non FPSC Segregated	370	993,576.79	48,695.41	(4,580,574.85)	(248,728.69)	271,524.90	3,572,493.56
Street Lighting & Signal Systems	373	28,419,861.89	3,063,085.32	(247,799.21)	(64,618.47)	107,004.13	31,277,533.66
Asset Retirement Obligation	374	24,367.02	1,005.18	0.00	0.00	0.00	25,372.20
TOTAL DISTRIBUTION:	390,479,143.00	37,519,877.34	(36,688,460.48)	(6,549,651.60)	502,331.59	7,079,471.81	392,342,711.66
GENERAL PLANT:							
Structures and Improvements	390	25,264,509.09	1,597,356.07	(852,560.92)	(46,745.24)	0.00	25,962,559.00
Office Furniture & Equipment:							
- Computer, 5 Year	391	2,878,568.00	787,369.05	(1,052,186.63)	0.00	0.00	2,613,750.42
- Non-Computer, 7 Year	391	968,116.40	364,394.12	(234,269.12)	0.00	0.00	1,098,241.40
Transportation Equipment:							
- Automobiles	392.1	0.00	0.00	0.00	0.00	0.00	0.00
- Light Trucks	392.2	3,257,104.57	652,206.46	(696,122.27)	0.00	0.00	3,213,188.76
- Heavy Trucks	392.3	10,553,315.02	1,598,927.62	(294,039.25)	0.00	103,723.29	11,961,926.68
- Trailers	392.4	687,599.36	56,956.52	(85,899.62)	0.00	0.00	658,656.26
- Marine, 5 Year	392	4,416.16	42,718.80	0.00	0.00	0.00	47,134.96
Stores Equipment - 7 Year	393	447,079.11	168,066.72	0.00	0.00	0.00	615,145.83
Tools, Shop & Garage Equip. - 7 Year	394	732,684.18	358,154.99	(151,121.63)	0.00	0.00	939,717.54
Laboratory Equipment - 7 Year	395	1,160,925.53	346,814.96	(479,501.29)	0.00	0.00	1,028,239.20
Power Operated Equipment	396	432,879.08	39,660.37	0.00	0.00	0.00	472,539.45
Communication Equipment:							
- Other	397	9,628,528.27	1,261,470.14	(5,076,185.34)	(24,895.99)	(956.54)	5,788,123.24
- 7 Year	397	1,646,443.59	597,510.20	(808,454.50)	0.00	0.00	1,435,499.29
Miscellaneous Equipment - 7 Year	398	1,359,819.27	495,315.55	(135,770.47)	0.00	0.00	1,719,364.35
Asset Retirement Obligation	399.1	114,378.66	4,052.52	0.00	0.00	0.00	118,431.18
TOTAL GENERAL:	59,136,366.29	8,370,974.09	(9,866,111.04)	(71,641.23)	102,766.75	162.70	57,672,517.56
TOTAL ALL DEPRECIATION AND AMORTIZATION:	1,343,642,267.08	144,141,164.36	(79,466,871.86)	(31,707,149.31)	1,747,113.93	7,088,000.00	1,385,444,524.20

* DISMANTLEMENT COSTS INCLUDE AMOUNTS RECLASSIFIED TO REGULATORY ACCOUNTS RELATED TO FAS143 / FIN47.