

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

One Energy Place
Pensacola, Florida 32520-0781

Tel 850.444.6231
Fax 850.444.6026
SDRITENO@southernco.com

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COMMISSION
CLERK



August 31, 2011

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

Dear Ms. Cole:

Enclosed for official filing in Docket No. 110001-EI are an original and fifteen copies of the following:

1. The Petition of Gulf Power Company. 06304-11
2. Prepared direct testimony and exhibit of H. R. Ball. 06305-11
3. Prepared direct testimony and exhibits of R. W. Dodd. 06306-11
4. Prepared direct testimony and exhibit of M. A. Young. 06307-11

Also enclosed is a compact disc containing the Petition in Microsoft Word as prepared on a Windows XP operating system.

Sincerely,

Susan D. Ritenour

nm

Enclosures

cc w/encl.: Beggs & Lane
Jeffrey A. Stone, Esq.
containing petition also forwarded.

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DOCUMENT NUMBER-DATE
06304 SEP-1 =
FPSC-COMMISSION CLERK

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating) Docket No.: 110001-EI
Performance Incentive Factor.) Filed: September 1, 2011
_____)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL FUEL COST TRUE-UP AMOUNTS
FOR JANUARY 2010 THROUGH DECEMBER 2010;
FINAL GPIF ADJUSTMENT
FOR JANUARY 2010 THROUGH DECEMBER 2010;
ESTIMATED FUEL COST TRUE-UP AMOUNTS
FOR JANUARY 2011 THROUGH DECEMBER 2011;
PROJECTED FUEL COST RECOVERY AMOUNTS
FOR JANUARY 2012 THROUGH DECEMBER 2012;
FINAL PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR JANUARY 2010 THROUGH DECEMBER 2010;
ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR JANUARY 2011 THROUGH DECEMBER 2011;
PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS
FOR JANUARY 2012 THROUGH DECEMBER 2012;
ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS;
GPIF TARGETS AND RANGES FOR JANUARY 2012 THROUGH DECEMBER 2012;
FINANCIAL HEDGING ACTIVITIES AND SETTLEMENTS
FOR AUGUST 2010 THROUGH JULY 2011;
GULF POWER COMPANY'S RISK MANAGEMENT PLAN FOR FUEL PROCUREMENT;
FUEL COST RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE
PERIOD JANUARY 2012 THROUGH DECEMBER 2012; AND
CAPACITY COST RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE
PERIOD JANUARY 2012 THROUGH DECEMBER 2012**

Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Steven R. Griffin
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32591

Susan D. Ritenour
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

DOCUMENT NUMBER-DATE

06304 SEP-1 =

FPSC-COMMISSION CLERK

GULF POWER COMPANY (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned counsel, hereby petitions this Commission for approval of the Company's (a) final fuel adjustment true-up amounts for the period January 2010 through December 2010; (b) final GPIF adjustment; (c) estimated fuel cost true-up amounts for the period January 2011 through December 2011; (d) projected fuel cost recovery amounts for the period January 2012 through December 2012; (e) final purchased power capacity cost true-up amounts for the period January 2010 through December 2010; (f) estimated purchased power capacity cost true-up amounts for the period January 2011 through December 2011; (g) projected purchased power capacity cost recovery amounts for the period January 2012 through December 2012; (h) estimated as-available avoided energy costs for qualifying facilities (QF's); (i) GPIF targets and ranges for January 2012 through December 2012; (j) financial hedging activities and settlements for August 2010 through July 2011; (k) Gulf Power Company's Risk Management Plan; (l) fuel cost recovery factors to be applied beginning with the period January 2012 through December 2012; and (m) capacity cost recovery factors to be applied beginning with the period January 2012 through December 2012.

As grounds for the relief requested by this petition, the Company would respectfully show:

FINAL FUEL ADJUSTMENT TRUE-UP

(1) By vote of the Commission at the November 2010 hearings, estimated fuel true-up amounts were approved by the Commission, subject to establishing the final fuel true-up amounts. According to the data filed by Gulf for the period ending December 31, 2010, the actual fuel true-up amount for the subject twelve months should be an under recovery of

\$27,395,935 instead of the estimated under recovery of \$23,786,207 as approved previously by this Commission. The difference between these two amounts, \$3,609,728, is submitted for approval by the Commission to be collected in the next period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost procedures and fairly presents the Company's fuel and purchased energy expenses for the period. Amounts spent by the Company for fuel and purchased energy are reasonable and prudent, and the Company makes every effort to secure the most favorable price for all of the fuel it purchases and for its energy purchases.

GPIF ADJUSTMENT

(2) On March 15, 2011, Gulf filed the testimony and exhibit of M. A. Young containing the Company's actual operating results for the period January 2010 through December 2010. Based on the actual operating results for the period January 2010 through December 2010, Gulf should receive a reward in the amount of \$645,511. The methodology used by Gulf in determining the various factors required to compute the GPIF is in accordance with the requirements of the Commission.

ESTIMATED FUEL COST TRUE-UP

(3) Gulf has calculated its estimated fuel cost true-up amount for the period January 2011 through December 2011. Based on six months actual experience and six months projected data, the Company's estimated fuel cost true-up amount for the current period (January 2011 through December 2011) is an under recovery of \$8,441,457. The supporting data is provided in the testimony and schedules of R. W. Dodd filed herewith. The estimated fuel cost true-up for

the current period is combined with the net final fuel adjustment true-up for the period ending December 2010 to reach the total fuel cost true-up to be addressed in the factors for the next fuel cost recovery period. The proposed fuel cost recovery factors reflect the collection of this total true-up amount, \$12,051,185, during the period of January 2012 through December 2012.

PROJECTED FUEL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected fuel cost recovery amounts for the months January 2012 through December 2012 for fuel and purchased energy in accordance with the procedures set out in this Commission's Orders Nos. 6357, 7890, 7501, and 9273 of Docket No. 74680-EI and with the orders entered in this ongoing cost recovery docket. The computations thereof are attached as Schedule E-1 of the exhibit to the testimony of R. W. Dodd filed herewith. The supporting data prepared in accordance with the Commission Staff's suggested procedures and format is attached as Schedules E-1 through E-11, and H-1 of the exhibit to the testimony of R.W. Dodd filed herewith. Said schedules are by reference made a part hereof. The proposed amounts and supporting data have been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost projection procedures and fairly present the Company's best estimate of fuel and purchased energy expense for the projected period. Amounts projected by the Company for fuel and purchased energy are reasonable and prudent, and the Company continues to make every effort to secure the most favorable price for all of the fuel it purchases and for its purchased energy.

FINAL PURCHASED POWER CAPACITY COST TRUE-UP

(5) By vote of the Commission at the November 2010 hearings, estimated purchased power capacity cost true-up amounts were approved by the Commission, subject to establishing the final purchased power capacity cost true-up amounts. According to the data filed by Gulf for the twelve-month period ending December 2010, the final purchased power capacity cost true-up amount for the subject twelve months should be an actual over recovery of \$1,762,484 instead of the estimated over recovery of \$545,466 as approved previously by this Commission. The difference between these two amounts, \$1,217,382, is submitted for approval by the Commission to be refunded in the next period. The supporting data has been prepared in accordance with the uniform system of accounts and fairly presents the Company's purchased power capacity expenses for the period. Amounts spent by the Company for purchased power capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP

(6) Gulf has calculated its estimated purchased power capacity cost true-up amount for the period January 2011 through December 2011. As communicated in the letter dated August 19, 2011 to Mr. Marshall Willis, Director of the Division of Economic Regulation, Gulf projects that a greater than 10 percent over-recovery of purchased power capacity costs is expected to occur for the period ending December 31, 2011. In that letter, Gulf proposed that the 2011 Estimated True-up component of the 2012 PPCC factor be revised so that this updated projected over-recovery balance could be refunded to customers in 2012. In this filing, Gulf has revised a number of schedules to reflect actual data for the month of July 2011 and a revised projection of purchased power capacity costs for the month of August 2011. This results in a

revised true-up amount based on seven months actual and five months projected data. The Company's revised estimated capacity cost true-up amount for the current period is an over recovery of \$7,179,724. The net estimated capacity cost true-up for the current period is combined with the net final capacity cost true-up for the period ending December 2010 to reach the total capacity cost true-up to be addressed in the factors for the next cost recovery period. The proposed capacity cost recovery factors reflect the refund of this total capacity cost true-up amount, \$8,397,106, during the period of January 2012 through December 2012.

PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS

(7) Gulf has calculated its projected purchased power capacity cost recovery amounts for the months January 2012 through December 2012 in accordance with the procedures set out in Order No. 25773, Order No. PSC-93-0047-FOF-EI and Order No. PSC-99-2512-FOF-EI. The proposed factors reflect the recovery of the net capacity cost recovery amount of \$38,027,046 projected for the period January 2012 through December 2012.

The computations and supporting data for the Company's purchased power capacity cost recovery factors are set forth on Schedules CCE-1 (including revised CCE-1A and CCE-1B), CCE-2 and CCE-4 attached as part of the exhibit to the testimony of R. W. Dodd filed herewith. A revised Schedule CCE-4 for the year 2011 is also attached as Exhibit___RWD-4 to the testimony of R. W. Dodd. Additional supporting data for the purchased power capacity cost recovery factors is provided in the testimony and exhibit of H. R. Ball also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes, based 12/13th on demand and 1/13th on energy, is in accordance with the requirements of the Commission as set forth in Order No. 25773. The amounts included in

the factors for this projection period are based on reasonable projections of the capacity transactions that are expected to occur during the period January 2012 through December 2012. The proposed factors and supporting data have been prepared in accordance with the uniform system of accounts and fairly present the Company's best estimate of purchased power capacity costs for the projected period. Amounts projected by the Company for purchased power capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS

(8) Pursuant to Order 13247 (entered May 1, 1984) in Docket No. 830377-EI and Order No. 19548 (entered June 21, 1988) in Docket No. 880001-EI, Gulf has calculated estimates of as-available avoided energy costs for QF's in accordance with the procedures required in said orders. The resultant costs are attached to the testimony of R. W. Dodd as Schedule E-11 and by reference made a part hereof. Gulf Power requests that the Commission approve the estimates for these costs set forth on Schedule E-11.

GPIF TARGETS AND RANGES

(9) Gulf also seeks approval of the GPIF targets and ranges for the period January 2012 through December 2012 set forth below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	97.7	0.0	2.7	11,479
Crist 5	97.9	0.0	2.1	11,471
Crist 6	74.8	19.7	5.6	11,457
Crist 7	72.6	21.6	5.9	10,683
Smith 1	93.6	0.0	6.4	10,628
Smith 2	87.7	6.3	6.0	10,533
Daniel 1	84.1	10.1	5.8	10,703
Daniel 2	93.4	0.0	6.6	10,630
EAF = Equivalent Availability Factor (%) POF = Planned Outage Factor (%) EUOF = Equivalent Unplanned Outage Factor (%)				

HEDGING ACTIVITIES AND SETTLEMENTS

(10) As demonstrated in Schedule 4 filed as part of Exhibit HRB-1 to the testimony of H.R. Ball on March 1, 2011 and the Hedging Information Report filed on August 15, 2011 and incorporated by reference as Exhibit HRB-3 to the testimony of H.R. Ball filed September 1, 2011, Gulf experienced a net loss of \$16,301,982 associated with its natural gas hedging transactions effected between August 1, 2010 and July 31, 2011. Pursuant to Order No. PSC-08-0316-PAA-EI, Gulf Power requests that the Commission find that its hedging transactions for the period August 1, 2010 through July 31, 2011 are prudent.

GULF POWER COMPANY'S RISK MANAGEMENT PLAN FOR FUEL

PROCUREMENT

(11) Gulf Power hereby requests that the Commission approve its Risk Management Plan for Fuel Procurement dated August 1, 2011.

FUEL COST RECOVERY FACTORS

(12) The proposed levelized fuel and purchased energy cost recovery factor, including GPIF and True-Up, herein requested is 4.944 ¢/kWh. The proposed factors by rate schedule are:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP, GS, GSD, GSDT, GSTOU, SBS, OSIII	1.00525921	4.969	5.828	4.612
B	LP, LPT, SBS	0.98890061	4.888	5.733	4.537
C	PX, PXT, RTP, SBS	0.98062822	4.847	5.685	4.499
D	OSI/II	1.00529485	4.917	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

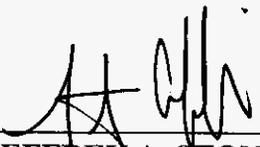
CAPACITY COST RECOVERY FACTORS

(13) The proposed purchased power capacity cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.378
GS	0.345
GSD, GSDT, GSTOU	0.298
LP, LPT	0.260
PX, PXT, RTP, SBS	0.232
OS-I/II	0.138
OSIII	0.224

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final fuel adjustment true-up for the period January 2010 through December 2010; the GPIF adjustment for the period January 2010 through December 2010; the estimated fuel cost true-up for the period January 2011 through December 2011; the projected fuel cost recovery amount for the period January 2012 through December 2012; the final purchased power capacity cost true-up amount for the period January 2010 through December 2010; the estimated purchased power capacity cost recovery true-up amount for the period January 2011 through December 2011; the projected purchased power capacity cost recovery amount for the period January 2012 through December 2012; the estimated as-available avoided energy costs for QF's; the GPIF targets and ranges for the period January 2012 through December 2012; the financial hedging activities and settlements for the period August 2010 through July 2011; Gulf Power Company's Risk Management Plan for Fuel Procurement; the fuel cost recovery factors to be applied beginning with the period January 2012 through December 2012; and the capacity cost recovery factors to be applied beginning with the period January 2012 through December 2012.

Dated the 30th day of August, 2011.



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

Beggs & Lane

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

Attorneys for Gulf Power Company