

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in rates by Gulf Power Company. DOCKET NO. 110138-EI

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DEPOSITION OF: MICHAEL BURROUGHS

TAKEN AT THE INSTANCE OF: Florida Public Service Commission

DATE: Thursday, November 17, 2011

TIME: Commencing at 1:00 p.m.
Concluding at 3:56 p.m.

PLACE: Room 362, Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida

REPORTED BY: Laura MOUNTAIN, RPR
Court Reporter
Notary Public in and for
the State of Florida at
Large

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ORIGINAL

1 APPEARANCES:

2 REPRESENTING THE FLORIDA PUBLIC SERVICE COMMISSION:

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8 REPRESENTING THE OFFICE OF PUBLIC COUNSEL:

9 ERIK L. SAYLER, ASSOCIATE PUBLIC COUNSEL

10 - and -

11 TRISHA MERCHANT
12 (Telephonically)
13 The Florida Legislature
14 111 W. Madison Street, Room 812
15 Tallahassee, Florida 32393-1400

16 REPRESENTING GULF POWER COMPANY:

17 CHARLES A. GUYTON, ESQUIRE
18 Gunter, Yoakley & Stewart, P.A.
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21 - and -

22 RUSSELL A. BADDERS, ESQUIRE
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26 REPRESENTING THE FLORIDA RETAIL FEDERATION:
27 (Telephonically)

28 JOHN T. LaVIA, III, ESQUIRE
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32 Tallahassee, Florida 32308

1 APPEARANCES (CONTINUED):

2

Also Present for Gulf Power:

3

Susan Ritenour

4

Charles Howton

5

Raymond Grove

Richard Dodd (Telephonically)

6

Also Present for Florida Public Service Commission:

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Michael Barrett

8

Melinda Watts

9

Kenneth Franklin

Jim Breman

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I N D E X

14

WITNESS

PAGE

15

MICHAEL BURROUGHS

16

Direct Examination by Ms. Barrera

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Cross Examination by Mr. Saylor

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17

EXHIBIT

18

Deposition Exhibit No. 1 for identification

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Deposition Exhibit No. 2 for identification

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Deposition Exhibit No. 3 for identification

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Deposition Exhibit No. 4 for identification

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Deposition Exhibit No. 5 for identification

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Deposition Exhibit No. 6 for identification

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Deposition Exhibit No. 7 for identification

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Deposition Exhibit No. 8 for identification

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CERTIFICATE OF OATH

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CERTIFICATE OF REPORTER

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1 MS. BARRERA: Okay. On the phone can you identify
2 yourselves, please?

3 MR. LaVIA: Jay LaVia on behalf of the Florida
4 Retail Federation.

5 MS. MERCHANT: Trisha Merchant with the Office of
6 Public Counsel.

7 MR. DODD: Richard Dodd with Gulf Power Company.
8 Thereupon,

9 MICHAEL BURROUGHS
10 was called as a witness, having been first duly sworn, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MS. BARRERA:

14 Q Mr. Burroughs, for the record can you please state
15 your name.

16 A Michael Burroughs.

17 Q And your business address?

18 A It's -- I don't remember the exact address. It's
19 Energy Drive or Energy Place. Oh, One Energy Place,
20 Pensacola, Florida, 32520.

21 Q And where are you employed?

22 A Gulf Power Company.

23 Q And what duties -- I mean, what is your job title?

24 A I'm the Vice-President of Power Generation and
25 Senior Production Officer.

1 Q And what are your duties in that position?

2 A I'm responsible for power generation, for fuels,
3 for resource planning, for renewables, those things.

4 Q Okay. And what is your involvement in this
5 matter?

6 A I am responsible for presenting to you all our
7 issues related to production, all the production issues,
8 fuels, land held for future use, renewables.

9 MS. BARRERA: We have a late entry. Can you
10 identify yourself for the record?

11 MR. BREMAN: Sure. My name is Jim Breman with
12 Public Service Commission staff.

13 MS. BARRERA: Can you mark this exhibit as Exhibit
14 1, Deposition Exhibit 1? Okay, that will be Gulf's
15 response to Staff's Seventh Set of Interrogatories.
16 (Whereupon, Deposition Exhibit No. 1 was marked for
17 identification.)

18 MS. BARRERA: And Mr. Burroughs, I'm going to -- do
19 you have a copy, or --

20 MR. GUYTON: We do.

21 BY MS. BARRERA:

22 Q Can you please refer to this interrogatory, but
23 also to page 20 of your testimony?

24 A Page 20 of my testimony?

25 Q Yes.

1 A And did you mention an interrogatory?

2 Q Interrogatory number 99.

3 MR. GUYTON: Ms. Barrera, while we're turning to
4 that, just so the record is clear, I don't intend to
5 object except as to the form of the question or if we
6 happen to move into an area of confidentiality or
7 privilege. I'll raise a heads-up on confidentiality.

8 MS. BARRERA: Sure.

9 MR. GUYTON: But I do want the record to clearly
10 reflect that we reserve our right to raise our
11 objections at hearing should the deposition transcript
12 be used at hearing.

13 MS. BARRERA: Okay.

14 MR. GUYTON: Thank you.

15 THE WITNESS: Again, you said page 20?

16 BY MS. BARRERA:

17 Q Yeah, page 20 of your testimony, lines 18 through
18 21, and interrogatory number 99.

19 A Okay.

20 Q Okay, do you know the volume of natural gas that
21 was in the fuel inventory for the last rate case?

22 A I want to make sure I give you the exact right
23 number.

24 Q Yes, take your time.

25 A In our previous rate case our inventory in tons

1 was 695,829.

2 Q Did Gulf have firm gas storage contracts for the
3 inventory in the last rate case?

4 A I'm going to say yes.

5 Q Do you know what storage facilities at that time?

6 A I can't speak to storage facilities at that time,
7 but I can for the present case.

8 Q Okay. Can you tell us in the present case?

9 A We're using Bay Gas and Southern Pines Energy
10 Center.

11 Q And what were the firm capacity volumes?

12 A For -- that's for present?

13 Q For present.

14 A Our present case we're requesting 835,702 MCLs.

15 Q Okay. And when did Gulf obtain firm gas storage
16 with Bay Gas and Southern Pines?

17 A I'm not sure about that.

18 Q And do you know what is the term length of each
19 firm's storage contract?

20 A I do not.

21 Q Who would know?

22 A I could get that information for you later, but I
23 would refer that to my field manager.

24 Q And currently Gulf has firm gas storage at Bay Gas
25 and Southern Pines totaling about 1.3 billion cubic feet; is

1 that correct?

2 MR. GUYTON: Martha, do you have a reference for
3 that? The number sounds familiar, but I'm just trying
4 to put it in context.

5 MS. BARRERA: No. Let's go off the record for a
6 minute.

7 (Off the record)

8 THE WITNESS: Yes, that is correct, it's in ROG
9 99-C.

10 BY MS. BARRERA:

11 Q Okay, and I've been reminded, can we have a Late
12 Filed Exhibit to the deposition on the term length of each
13 firm's storage contract?

14 A Yes. You want start and ending date?

15 Q Yes.

16 MR. BARRETT: Sure.

17 BY MS. BARRERA:

18 Q Is the 1.3 billion cubic feet gas storage for
19 Smith Unit 3 only, or for any others?

20 A It's for -- the gas storage?

21 Q Yes.

22 A Yes, that's correct.

23 Q And is that amount of firm storage based on an
24 allocation among Southern operating companies?

25 A Could you clarify that question?

1 Q Hold on. Excuse me. What we're trying to get
2 from that question is whether the storage of gas is for Smith
3 Unit 3 only or is there involvement by Southern operating
4 companies? Is there -- do they -- do they have storage in
5 that facility?

6 A That is for us. We have a policy maintaining
7 about 15 days of -- capacity for 15 days. We don't generally
8 have a full 15 days, but we'll have somewhere around ten days
9 so that we have opportunity, if needed, because of pipeline
10 issues, where we can flow gas into the storage facility. But
11 our policy, we would have a capacity of 15 days.

12 Q Okay. And if you turn to -- on Gulf's response to
13 staff interrogatory 99-C, which is Exhibit 1, and that's page
14 two of five in exhibit -- well, in interrogatory 99.

15 A Interrogatory 99.

16 Q C.

17 A Interrogatory 99-C. I'm there.

18 Q Okay. And has Gulf --

19 A Excuse me, what are you referring to as exhibit?

20 Q Not exhibit, it's the interrogatory, I'm sorry.

21 A Okay.

22 Q Which is Deposition Exhibit 1.

23 A Okay.

24 Q Has Gulf ever used all of its 1.3 BCF of storage?

25 A I'll assume you're asking me have we ever had full

1 capacity in those storage facilities.

2 Q Full capacity and whether you've had to use it,
3 whether you've had to go into your -- and do the 15 days, for
4 example.

5 A I am not specifically aware of any time that we
6 had to use the 15 days. However, we feel like it's necessary
7 in order to maintain stability of our units. And generally,
8 as I said before, we're probably going to have it around ten
9 days and then have that room to flow gas into the rest of the
10 storage facility, if needed.

11 Q So the 1.3 is not really ten days, it's less --
12 it's more than ten days?

13 A Well, that would be probably -- that would look
14 like it would be about the ten days because our stated level
15 that we try to maintain is 835,702 MCF.

16 MS. BARRERA: We'll mark this as Exhibit 2 and it's
17 page 94 of 100 of MFR B-19. And I have a copy if you
18 need it.

19 (Whereupon, Deposition Exhibit No. 2 was marked for
20 identification.)

21 MR. GUYTON: I'm sorry, MFR B --

22 BY MS. BARRERA:

23 Q MFR B-18, page 94 of 100. The June, 2010
24 inventory seems to be the highest monthly volume of gas
25 storage that Gulf has had since the beginning of 2010; is

1 that correct?

2 A Per this document that is -- looks like that's
3 correct.

4 Q And what is the highest volume of the 1.3 BCF of
5 storage capacity that Gulf has implemented, specifically the
6 highest one-day utilization ever, if you know?

7 A A normal full load day, which is what we say the
8 maximum full load output of the unit without any kind of
9 special operating changes, overpressuring or anything of that
10 sort, is 87,000 MMBTUs per day. So that is our stated normal
11 full load.

12 If we've gone a little over, I can't tell you at
13 this point, but that's a normal full load day for us.

14 Q Is that for Smith Plant 3?

15 A That is correct.

16 Q Do you know what would cause the gas storage level
17 to be low?

18 MR. GUYTON: I'm looking for context here. Low in
19 regard to what?

20 MS. BARRERA: Excuse me.

21 MR. GUYTON: Sure.

22 (Brief pause)

23 BY MS. BARRERA:

24 Q Okay, we're looking -- staff is looking at column
25 11 under units and -- which is inventory, and there are

1 variations in those numbers, and what we're looking for is in
2 the lower numbers what would cause the storage levels to
3 lower. Is that better?

4 MR. GUYTON: Yes, I just wanted to make sure we
5 knew what you were inquiring about.

6 THE WITNESS: Well, in general, during the months
7 that are extremely cold or extremely hot, when those
8 units are probably going to be running wide open, rather
9 than having down time, then if there are concerns -- it
10 just depends on what's going on in the market, what's
11 going on with the weather conditions. And without doing
12 some detailed, I guess, investigation, it's hard for me
13 to explain why in March it was 698,000. That seems like
14 it's the lowest month that was shown for that period of
15 time compared to June.

16 BY MS. BARRERA:

17 Q Does Gulf Power ever release any of its gas
18 storage capacity that it doesn't need?

19 A You mean release it as in sell it?

20 Q Sell it, give it to someone else?

21 A No, we don't give it away, no.

22 Q And you don't sell it, either?

23 A I'm trying to understand a condition where we
24 would get in the business of selling fuel that we've bought
25 for our purposes. So there's really no good reason that I

1 can think of for us to do that or have done that.

2 Q So you don't have any -- Gulf doesn't have any
3 revenue that it can state from that capacity of sharing or
4 selling, wouldn't have any --

5 A I would assume you're asking do we look for
6 opportunities from our gas storage to make profit, so to
7 speak?

8 Q Uh-huh.

9 A No, that is not something that we get involved
10 with, no.

11 Q Okay. And if you'd turn back to interrogatory
12 99-C.

13 A Okay.

14 Q In staff's -- excuse me. This response states
15 that Gulf's level of natural gas storage is dictated by the
16 requirements of the Southern Company Intercompany Exchange
17 Contract; is that correct?

18 A Could you refer me to where you're getting that?

19 Q It would be page two of five, and it would be
20 answer C.

21 A Okay.

22 Q And the question is, your response states that
23 Gulf's level of natural gas storage is dictated by the
24 requirements of the Southern Company Intercompany Interchange
25 Contract, and is that correct?

1 MR. GUYTON: I'm going to object to the form of the
2 question. I think the answer as stated there is much
3 more involved than what you're recharacterizing, Martha.

4 THE WITNESS: Okay, let me read this so I can make
5 sure I understand what you're asking.

6 Okay, Gulf Power is part of the Southern Company
7 and as such we're part of the Southern Company
8 Interchange Contract, which means that all of our units
9 are pooled as a resource in order to provide the energy
10 necessary in our area.

11 As part of the Southern IIC, in order for our gas
12 fired unit to be part of it there are certain rules that
13 are in place in order for us to be part of it. And as
14 such we have certain requirements, how much gas storage
15 we have to have available, and so forth and so on. And
16 if you're talking about it in that respect, yes.

17 In order for Smith 3 to be part of the Southern
18 IIC, we have to meet these conditions as laid out by the
19 Southern Company natural gas policy. We have the
20 Southern Gas Group that kind of acts as our agent in
21 helping us with gas procurement and other issues related
22 to gas, fuel issues. And being part of that is a
23 benefit to us, it's a benefit to our customers, because
24 these folks are experts at what they do and they help us
25 to get the best prices and help us to operate our gas

1 fleet at the best possible level.

2 BY MS. BARRERA:

3 Q And as one of those conditions is it a certain
4 amount of gas that you're supposed to keep in storage?

5 A We have a requirement of how much gas storage we
6 need to maintain.

7 Q Did the Federal Energy Regulatory Commission,
8 FERC, review and approve the -- sorry -- the Intercompany
9 Interchange Contract?

10 A The question is has FERC approved the
11 establishment and functionality of the Southern Electric
12 System IIC?

13 Q Yes.

14 A I don't want to say specifically it was FERC, but
15 we are sanctioned, we are authorized to operate as a pool, as
16 our own, quote, independent system operator, so to speak, and
17 to provide for the needs within our territory in Alabama,
18 Georgia, Florida, Mississippi.

19 Q And FERC doesn't review the specific terms, then,
20 of the contract?

21 A Again, you're asking me to speak to something that
22 I can't specifically respond to.

23 MR. GUYTON: We can find that out for you or I
24 think Mr. Grove is probably the witness among the Gulf
25 witnesses who would best be able to address whether or

1 not the IIC is approved by FERC.

2 BY MS. BARRERA:

3 Q All right. Also, can you turn to the
4 interrogatory 99-D?

5 A Okay.

6 Q Has Gulf's natural gas supply to Smith Unit 3 been
7 affected by hurricanes, tropical storms, freeze-offs,
8 compressor stage failures or pipeline breaks such that it has
9 had to use its natural gas in storage?

10 A I'm not aware of any specific days that we've had
11 to use our natural gas storage. However, it is important for
12 us to have it because if things happen -- as a matter of
13 fact, evidenced by issues in Texas, with ERCOT, where the
14 majority of their issues have resulted in blackouts are
15 because of compressor station failures and pipeline issues
16 and so forth.

17 So it is important to have that storage in order
18 to be able to back up our facility if we could not get gas
19 supplies.

20 Q And how did Gulf's customer benefit from Gulf
21 having firm gas storage?

22 A Again, I'll refer you to the issues that they had
23 in Texas just a few months ago with compressor station
24 failures, gas pipelines getting frozen, and they were not
25 able to get gas to their CTs and combined cycles and as such

1 were not able to provide for the system load in that area.
2 And as a result they ended up having a lot of blackouts.

3 So the main benefit to our customer is that we are
4 in a position to maintain the high level of reliability that
5 we have been able to provide in the past and continue to
6 provide in the future.

7 Q Please turn to page 20 of your testimony, lines
8 six through 16.

9 A Okay.

10 Q Okay, can you explain how Gulf uses its natural
11 gas storage for pipeline balancing?

12 A The issue of pipeline balancing comes into play
13 when you're -- for example, Smith 3 is running at full load,
14 and it could be on a winter day, summer day, any day during
15 the year, and for whatever reason we have some kind of
16 equipment failure, and we had to bring the unit offline.

17 We've already procured gas for that day. We
18 procure enough gas for each day. Once we've procured that
19 gas, it's ours. If we have to bring the unit offline
20 suddenly, we can't sell that gas, just give it back to them
21 and say we don't want that gas.

22 What we would do in that case is to take that gas
23 and flow it to storage so that we don't end up taking a loss.
24 Because if we were trying to sell it then a buyer would know
25 that we're in a difficult position and as such we would have

1 to sell it at probably a tremendous loss.

2 In this case we're able to maintain the value of
3 that fuel for our customers by flowing it into storage and
4 then we bring the unit back up and then we're able to take
5 that gas and use it. So that's how the issue of pipeline
6 balancing comes into play and how it benefits our customers.

7 Q And has Gulf avoided penalties by using its
8 natural gas storage?

9 A Yes. As a matter of fact, if we did not have the
10 storage and we were to tell one of the gas companies we
11 cannot use that fuel, we'll have to pay a tremendous penalty.
12 So, again, this keeps us from having to pay a penalty by
13 taking that gas and flowing it into storage. So, yes.

14 And we've had instances since Smith 3 has been in
15 place, of course, where you have equipment problems, you have
16 to bring the unit down suddenly, and we've already procured
17 gas. And if we did not have storage, we'd have to pay some
18 sort of penalty to the gas company. So that's how it
19 benefits our customer.

20 Q Just for my own edification, the gas company would
21 be the seller to you of the gas?

22 A It would be probably more accurate that it would
23 be the transportation company that's responsible for
24 transporting the gas, Florida Gas Transmission.

25 Q In determining the target inventory level for

1 natural gas storage and the firm capacity level did Gulf look
2 at what other electric utilities have for firm gas storage
3 capacity?

4 A I think your question was in determining the level
5 of our gas storage did we look at other utilities and
6 determine what levels and what percentages of gas that they
7 use?

8 Q Uh-huh.

9 A Again, I can't tell you specifically that we have.
10 However, we're confident, the way we manage our gas,
11 procurement, storage, operating our gas fleet, is some of the
12 best in the industry and we feel like we're doing what's best
13 for our customers.

14 Q You wouldn't know how much firm gas storage, for
15 example, Tampa Electric or Progress Energy have?

16 A No, I do not.

17 MS. BARRERA: I'm going to have this marked as
18 Exhibit 3, and that's Gulf's response to Staff's
19 Seventeenth Set of Interrogatories.

20 (Whereupon, Deposition Exhibit No. 3 was marked for
21 identification.)

22 BY MS. BARRERA:

23 Q And please turn to response to interrogatory,
24 response to interrogatory number 216. And if you can also
25 turn to, in Exhibit 1, the response to interrogatory number

1 99-I.

2 A Okay, 216.

3 Q To value the natural gas inventory for the 2012
4 test year Gulf used natural gas future prices from June 26th,
5 2010 to August 20th, 2010; is that correct?

6 A Would you repeat those dates again, please.

7 Q I show June 26th, 2010 to August 20th, 2010.

8 A It was actually July 26th through August 20th,
9 2010.

10 Q Okay. In interrogatory number 216 you show that
11 inventory value based on future prices from May 26th, 2011 to
12 June 20th, 2011, is that right?

13 A Yes, that's correct.

14 Q Now, Gulf filed its MFRs in July, 2011. In your
15 opinion would it be reasonable to use the most current prices
16 available in valuing the 2012 gas inventory?

17 A No, I would not agree that it would be more
18 reasonable. And I say this because it was just five years
19 ago when we had gas prices up in the 14 MMBTU range. And now
20 prices have dropped some. And so you see over time gas
21 prices are going to go up and they're going to go down. Gas
22 prices are very, very volatile.

23 And when we do our projection, and we look out,
24 our projection shows that gas prices are going to be
25 generally higher than where we are now. And so really it's

1 not accurate or really fair to say let's look at this
2 instantaneous point in time and look at what the gas prices
3 are looking like and assume that's what they're going to be
4 six months, 12 months, or 24 months from now.

5 But as a whole, looking at all the projections,
6 based on our intelligence and reading what's happening in the
7 industry, the prices are going to be more in the range that
8 we actually projected.

9 Q And how is older prices more reasonable to use
10 than more recent prices, in your opinion?

11 A Well, I wouldn't say that older prices are more
12 reasonable or less reasonable. When you take in totality
13 what gas prices we think are projected to do, we think what
14 we've presented is what the prices are likely to be into the
15 future.

16 I guess you could -- again, we talk about the
17 volatility of gas prices. Again, we can look back about five
18 years ago and we can see that the prices were, you know, five
19 times what they are right now. And it's reasonable that
20 prices are going to be higher than they are right now into
21 the future.

22 I mean, there's a lot of things that's going on
23 with -- issues that folks are concerned about, fracking
24 process, and environmental regulations are subject to come
25 down in the future on those, and you're going to see

1 volatility, most likely upward.

2 And so we think, taken in totality, the numbers we
3 presented is about where they're going to be in the future.

4 MS. BARRERA: Okay, would you mark this as Exhibit
5 4, and that is MFR B-18, page one of 100.

6 (Whereupon, Deposition Exhibit No. 4 was marked for
7 identification.)

8 BY MS. BARRERA:

9 Q I'm going to show you that. We'd like you to look
10 at, specifically, columns nine and ten. And is that the coal
11 that Gulf is forecasting to buy for Plant Crist for 2012?

12 A Okay, will you repeat the question again, please?

13 Q Yes. Looking at columns nine and ten, do they
14 represent the coal that Gulf is forecasting to buy for Plant
15 Crist for 2012?

16 A That is correct.

17 Q And do the amounts in column nine also reflect
18 Gulf's transportation contracts?

19 A This appears to be the delivered price, and thus
20 it would include transportation costs.

21 Q And generally can you describe how Gulf ships
22 coal?

23 A Is that it?

24 Q Yeah.

25 A Okay.

1 Q Thank you.

2 A We get -- I guess you're asking how do we get coal
3 to the plant?

4 Q Yes.

5 A We get coal to the plant by rail, by barge, we
6 have had coal delivered to our intermediate collection
7 location at Alabama State Dock by ship. So generally you've
8 got barge, you've got ship, you're got rail.

9 Q And can you turn to Exhibit 1, which is the
10 Seventh Set of ROGs, interrogatory number 97, and it would be
11 97-D.

12 MR. GUYTON: Can we go off the record just a
13 minute?

14 MS. BARRERA: Yes.

15 (Off the record)

16 MR. SAYLER: For the record this is Erik Sayler
17 appearing on behalf of the Office of Public Counsel.

18 BY MS. BARRERA:

19 Q Do you have the response to interrogatory 97-D?

20 A I do.

21 Q Okay. Here Gulf states that the amount reported
22 on Schedule F-8, page 20 of 25, item 22, includes \$350,000 in
23 transit coal for Plant Scherer. Based on this response,
24 should Gulf Power's fuel inventory in this case be reduced by
25 350,000?

1 A That is correct.

2 Q And Plant Scherer is not part of Gulf's rate base
3 in this case, is it?

4 A That is correct.

5 Q And Plant Scherer doesn't serve Gulf's retained
6 load?

7 A I didn't understand your question.

8 Q Is it correct to say that Plant Scherer does not
9 serve Gulf's retained load? Oh, retail load. Sorry.

10 A I understand. No, it does not. As a matter of
11 fact, we have a couple of corrections that we -- I guess we
12 should have made at the beginning.

13 MR. GUYTON: We have corrections for that issue as
14 well as a couple of others to his testimony that we're
15 prepared to hand out. If now would be appropriate, we'd
16 be glad to do that.

17 MS. BARRERA: Sure, let's do it.

18 (Whereupon, Deposition Exhibit No. 5 was marked for
19 identification.)

20 BY MS. BARRERA:

21 Q Okay, Mr. Burroughs, can you explain, looking at
22 Exhibit 5, can you explain the changes that you'd be making?

23 A Yes. On page eight, line five of my testimony, we
24 inadvertently used the word "improvement," generating
25 improvement factor, instead of generating incentive factor,

1 and we want to make that change from "improvement" to
2 "incentive." That's page eight, line five.

3 Q This is all in your testimony?

4 A Yes, in my direct testimony, yes.

5 MR. GUYTON: The next four changes have to do with
6 this particular question that you were asking about in
7 terms of the transit of coal to Scherer.

8 THE WITNESS: Continue?

9 BY MS. BARRERA:

10 Q Yes, please. The second change?

11 A The second change, on page 15, line one, you see
12 where we indicated that Gulf's total fuel inventory was
13 \$86,804,000?

14 A Right.

15 Q That's incorrect because it included Scherer. If
16 you subtract out Scherer, that number should be \$86,454,000.

17 Q And pardon my math, but that would be \$350,000
18 less?

19 A Yes, ma'am. That would be 86,804,000 minus
20 \$350,000, which would get us to \$86,454,000.

21 Q Can you go through the next change, please?

22 A Yes, page 15, line five, we have the same issue.
23 Again, you take \$86,804,000 and subtract \$350,000 and that
24 gets us to the correct number of \$86,454,000.

25 Q Okay. And the next change?

1 A On page 15, line two, we need to change the
2 \$10,718,000 for in-transit fuel to \$10,368,000, and that's
3 the number you get when you subtract the \$350,000 that was
4 inadvertently put in for Scherer.

5 Q And the next change?

6 A Page 20, line two, again, you take the \$10,718,000
7 for in-transit and subtract \$350,000 that was inadvertently
8 put in for Scherer, and that gets us to the correct number of
9 \$10,386,000.

10 THE COURT REPORTER: Eighty-six?

11 THE WITNESS: I'm sorry, 368,000, I apologize.

12 (Off the record)

13 BY MS. BARRERA:

14 Q Okay, and the next change?

15 A The next one is on page 21, line two. You see
16 where we have the "\$2.21 per MCF," million cubic feet there?

17 Q Uh-huh.

18 A We used really the incorrect units there. That
19 should be \$2.27 MCF. Basically we had a conversion error
20 that we used and needed to take that number and multiply
21 times 1.027, I believe, to get to the correct number.

22 That number, 2.21, is actually for MMBTU. So in
23 order to make sure we got the comparison correct between what
24 we're asking now and what we had asked for in 2002, we needed
25 to put the correct units there.

1 Q Was that the last change?

2 A Yes.

3 Q And do you know when the exhibit will be revised?

4 I mean, when we'll be receiving --

5 MR. GUYTON: It should be sometime next week. We
6 had hoped to have it today, but weren't entirely sure
7 that we had it all corrected. It's just -- it's hardly
8 going to be noticeable because it's a graph and taking
9 that \$350,000 out is not materially going to change the
10 line on the graph, but we will make that change.

11 MS. BARRERA: We'll mark this as -- can you please
12 mark this as Exhibit 6? That would be the response to
13 Staff's Tenth Set of Interrogatories.

14 (Whereupon, Deposition Exhibit No. 6 was marked for
15 identification.)

16 BY MS. BARRERA:

17 Q Okay, at a high level staff represents that these
18 questions addressed how certain fuel inventory data in the
19 MFRs matched up or didn't match up with actual data reported
20 in A-Schedules. Can you tell us a little bit about making
21 such a comparison of data in the MFR compared to data in
22 current year A-Schedules?

23 A Did you refer me to any particular thing?

24 Q No, the whole set is very similar.

25 A I was busy trying to figure out what page you were

1 referring to, so could you repeat the question for me? I
2 apologize.

3 Q At a high level staff represents to you that these
4 questions addressed -- in the interrogatory -- addressed how
5 certain fuel inventory data in the MFRs matched up or didn't
6 match up with actual data reported in A-Schedules. And can
7 you please tell us a little bit about making such a
8 comparison of data in the MFR compared to data in the current
9 year A-Schedules?

10 A Unfortunately, I don't under the question. I
11 apologize.

12 MS. BARRERA: Let's go off the record.

13 (Off the record)

14 BY MS. BARRERA:

15 Q Can you tell us why data in the 2010 MFR compared
16 to data in the 2011 MFR doesn't match up?

17 A The A-Schedules?

18 Q The A-Schedules. Do you want me to restate?

19 A I've got it.

20 Q You've got it? Okay.

21 A The actual fuel data in the historical test year
22 ending in December 31st, 2010 should reconcile to the
23 corresponding actual monthly fuel filing data. The fuel data
24 shown in the prior year ending December 31st, 2011 and the
25 projected test year ending in December 31st, 2012 does not

1 reconcile.

2 There is no actual data included in the Schedule
3 B-18 for these years, no actual data. Projections included
4 in Gulf's fuel projections are from July, 2010 energy fuel
5 budget run developed exclusively for the fuel projection
6 filing.

7 The fuel projections used to develop Schedule B-18
8 are from October, 2010 energy fuel budget run. So these are
9 -- this is projected data. We don't have actual data. So
10 when you're looking at projected data versus where we
11 actually are, those numbers are never going to really match
12 up exactly.

13 So I think you're thinking that the numbers from
14 July of this year, they're not matching up because it was a
15 projected. Did that sort of answer the question?

16 Q Thank you. Okay, our next set of questions were
17 questions deferred to you from yesterday's deposition of
18 Mr. McMillian.

19 A Okay.

20 Q He said you would answer.

21 A Okay.

22 Q Are there any public documents that describe or
23 show the timeline for generation development at the North
24 Escambia site?

25 A Is there a timeline --

1 Q A public document that shows a timeline?

2 A There are no public documents showing a timeline.
3 That piece of land is to reserve an option for multiple
4 generation technologies in the future. But we do not have a
5 timeline for the development of any type of facility at this
6 point.

7 Q Okay. And are there any documents, confidential
8 or otherwise, that describe or show a timeline for generation
9 development at North Escambia?

10 A Again, we don't have any public documents but we
11 do have some internal documents that we have developed to
12 look at scenarios and timelines and so forth. And for
13 specifics related to that, I will refer you to Ms. Rhonda
14 Alexander.

15 Q And is the Caryville site certified for 500 MW
16 coal facility or 1,000 MW coal facility?

17 A My understanding is it's actually certified for
18 two 500 megawatt units.

19 Q And is it your understanding that given the
20 current clean generation focus development of coal generation
21 is a reasonable planning option?

22 A If you refer back to just a few years ago, there
23 were mandates, encouragement, by the state of Florida, to
24 pursue coal fired generation. Just recently in the past
25 three to four years there were mandates and encouragement to

1 pursue nuclear options.

2 And it all depends on what's happening with gas
3 prices, what's happening with the environmental regulatory
4 arena, and so with all of that in mind we feel like it's our
5 responsibility at Gulf Power to maintain all of these options
6 for the citizens.

7 We need to have a nuclear option. That's why
8 we're pursuing the North Escambia site. We need to have the
9 coal fired option. That's why we have Caryville. We need to
10 have a combined cycle option, which, again, the North
11 Escambia site can support multiple options. We need to have
12 options for CTs. That's why we have the Mossy Head site.

13 So, again, in order for us to be in a position to
14 make the best possible decision for the customer, we need to
15 have all these options available to us. So, you know, I
16 couldn't tell you what the future is going to hold, but we
17 know there's going to be changes and we need to be in a
18 position to move in whichever direction is best for our
19 customers.

20 Q Is it your understanding that over the years
21 restrictions have developed that tend to make getting coal
22 delivered to the Caryville site problematic, or at least more
23 costly?

24 A Am I aware of transportation issues with getting
25 coal to Caryville that has developed in recent years?

1 Q Right.

2 A I'm not aware of any change in ability to get coal
3 to Caryville.

4 Q Does Gulf currently have any projections or plans
5 with respect to building a 500 megawatt coal facility at
6 Caryville within the next ten years, 20, or 30 years?

7 A Again, at this time we don't have plans to build
8 any specific facility. We know that we're going to start to
9 develop a need in 2022 and we know we're going to start to
10 get a bigger need in 2023 when our current power purchase
11 agreement with Central Alabama goes away. And so we feel
12 like we need to maintain optionality for every type of
13 generation type for our customers.

14 So, again, there is no specific plan at this time
15 to build a 500 megawatt facility or a thousand megawatt
16 facility, or any type, at Caryville.

17 Q Okay. And is the Caryville site a viable site for
18 combined cycle natural gas generation?

19 A It is a site that could be used as an option for
20 combined cycle, coal fired, CTs.

21 Q And are you aware of any long-term forecast that
22 shows that Gulf will likely need two base load generation
23 sites within the next ten to 20 years?

24 A We don't have anything that shows specifically
25 that we're going to need two base load facilities in the next

1 few years. However, what we do know is that there are
2 Federal environmental regulations that are being debated
3 right now. And in fact we're expecting some regulations to
4 roll out on December the 16th.

5 We know we have load increase that's showing --
6 that's going to start developing in 2022. We know a power
7 purchase agreement with Central Alabama for 885 megawatts is
8 going to expire in May of 2023.

9 If you stack on top of that regulations that may
10 come down that would impact our coal fleet such that we'll
11 have to shut down half of our coal fired units, then again,
12 we start to stack on top of what we know is going to develop
13 in the 2023 time frame, and there may be the possibility that
14 we would have to do that.

15 But again, there's a lot of things at play that is
16 going to impact our decision between now and then, what we
17 need to do. And so, again, that's why it's important that we
18 maintain optionality for every type of generation option that
19 could benefit our customers.

20 Q Would you agree that if Gulf becomes involved in a
21 future nuclear power project it will not likely develop
22 non-nuclear base load generation at the Caryville site?

23 A I'll say this. We did test the Caryville site to
24 see if the site was suitable to be accepted for a nuclear
25 facility, and it did not pass. There's some other things

1 that you may want to know related to that and I'll have to
2 refer you, again, to Ms. Rhonda Alexander.

3 Q Is it your testimony that Gulf needs both the
4 Caryville and North Escambia sites for developments within
5 the next 20 years?

6 A That is absolutely correct. Again, the Caryville
7 site has been tested and proven not to be able to support a
8 nuclear facility. North Escambia County has been tested and
9 has been shown that it will support nuclear. It can also
10 support combined cycle, coal fired, all options.

11 So it is imperative in our opinion that we
12 maintain both sites. The North Escambia site is on the
13 western most end of our service area. The Caryville site is
14 more to our eastern end of our service area. And so you have
15 a load center in the eastern part of our service area and
16 we've got a load center in the western part of our service
17 area.

18 And we feel like we need both of them in order to
19 be in a position to serve our customers. One, because of
20 location and being able to get energy to our customers, and,
21 two, because of the optionality that North Escambia provides
22 that Caryville does not. So it's our opinion that we need
23 both facilities for our customers.

24 Q In your opinion would it be likely that if Gulf
25 was involved in the building of a large nuclear power plant,

1 say 2,000 megawatts, that Gulf would not be the majority
2 owner in such a project?

3 A I'm not in a position to say that we would not be
4 the majority owner. And I'll refer details regarding that
5 particular statement, again, to Ms. Rhonda Alexander.

6 Q If Gulf ultimately acquires partners in a future
7 nuclear power project would those partners benefit from
8 Gulf's actions in procuring the North Escambia site?

9 A I apologize, but can you repeat that one more
10 time, to make sure I'm clear?

11 Q Sure. If Gulf ultimately acquires partners in a
12 future nuclear power project would those partners benefit
13 from Gulf's actions in procuring the North Escambia?

14 A The partners?

15 Q The partners, yeah.

16 A I think I understand what you're asking. We make
17 decisions based on what's going to benefit the customers in
18 our service area. And if the decision is made to move
19 forward with a nuclear facility in the future, based on what
20 happens, again, when our power purchase agreements in 2023
21 expire, what happens with Federal regulations regarding
22 emissions standards and so forth, the decision we make will
23 be based on what's good for our customers.

24 If it so be that we will want to partner with
25 affiliated companies, part of the Southern Company, or

1 someone that's not affiliated with us, the customers in our
2 service area in the state of Florida would not subsidize any
3 other partner, that they would be responsible for whatever
4 their cost is.

5 Again, all the decisions we make is going to be
6 made to benefit the customers in our service area, never to
7 benefit anybody else.

8 Q Is your testimony that a company the size of Gulf
9 Power needs more than one base load generation site capable
10 of at least a 500 megawatt power plant?

11 A Do we need more than one site for at least 500
12 megawatts?

13 Q Right.

14 A And I think what you're asking me, do we need a
15 site for 500 megawatts and another site for 500 megawatts.
16 Again, the focus, I think, should be on the optionality that
17 we feel like we have to maintain.

18 Again, keep in mind that Caryville will only
19 support combined cycle, coal fired, CT, et cetera. It cannot
20 support a nuclear facility. The North Escambia site can
21 support nuclear, coal, combined cycle, CTs, multiple types --
22 the renewables -- multiple types of generation technologies.

23 As such, it's imperative that we have both sites
24 available, because one of the sites cannot support nuclear;
25 the other can support all. One is on one end of our service

1 territory area that has a significant load center, and the
2 other one is on another end of our service area that has a
3 load center.

4 And strategically, it's the right thing to do for
5 us to have those two sites; one, from an optionality
6 standpoint, and another because of location.

7 Q Gulf's position statement in issue 24 presents a
8 1,000 megawatt future capacity need. The 1,000 megawatt
9 amount is also referenced by Gulf with Ms. Alexander on page
10 20. It's our understanding that you support the acquisition
11 of the North Escambia site due in part to possible nuclear
12 generation additions. Is that correct?

13 A Without having Rhonda Alexander's testimony in
14 front of me, I really shouldn't be responding to it. But she
15 said -- would you refer, I guess, specifically to what I may
16 have said in testimony?

17 MS. BARRERA: Off the record a minute.

18 MR. SAYLER: I would lodge an objection. Is it
19 appropriate for the witness to be commenting on someone
20 else's testimony? That's my only concern. I'm assuming
21 Ms. Alexander will either be deposed or cross examined
22 at the hearing.

23 MR. GUYTON: We're perfectly fine for Ms. Alexander
24 to answer questions about her testimony. We would
25 prefer that she answer that rather than Mr. Burroughs.

1 MS. BARRERA: All right, we're going to withdraw
2 the question.

3 BY MS. BARRERA:

4 Q Okay, as far as the North Escambia site, the
5 approximate ultimate acreage will be 4,000 acres?

6 A That is correct. It's approximately 4,000 acres
7 that we are purchasing.

8 Q And do you know how many megawatts Gulf is
9 envisioning for the North Escambia site once it finishes
10 acquiring all the sites, all the acreage?

11 A Again, we don't have a specific size facility in
12 mind. We don't have specific megawatt loading in mind. We
13 are purchasing the North Escambia site to maintain an option
14 for our customers for a nuclear facility if needed.

15 And again, we have options at other sites but we
16 don't have a nuclear option and we need the Escambia site for
17 that. We don't have plans at this point in time for a
18 specific size unit.

19 We don't have plans at this time for a time frame
20 which during our due diligence to prepare ourselves for
21 decisions that are going to have to be made sometime into the
22 near future regarding changes in our ability to provide
23 energy to our customers in the 2022 and 2023 time frame,
24 and also depending on what happens with regulations regarding
25 environmental issues that's going to come down sometime in

1 the near future.

2 Q And do you know how many acres are needed for a
3 1,000 megawatt nuclear facility?

4 A Again, specifics related to nuclear development,
5 I need to refer that to Ms. Rhonda Alexander.

6 MS. BARRERA: Okay, that's all the questions I
7 have. Does anybody have questions? Erik?

8 MR. SAYLER: The Office of Public Counsel does.

9 MR. GUYTON: Do you have any idea how long you'll
10 be? If you're going to be a while --

11 MR. SAYLER: Why don't we take a break.

12 (Brief recess)

13 CROSS EXAMINATION

14 BY MR. SAYLER:

15 Q Back on the record. Good afternoon,
16 Mr. Burroughs, my name is Erik Sayler. I am appearing on
17 behalf of the Office of Public Counsel and also the citizens
18 of the state of Florida, including your customers in the Gulf
19 service territory.

20 And this is kind of what I call my mean lawyer
21 disclaimer. You're aware that Gulf has requested
22 approximately a \$93 million rate increase; is that correct?

23 A That is correct.

24 Q And you're aware that the economy in the Gulf
25 service territory is still suffering the lingering effects of

1 both the, quote, great recession and the Gulf oil spill; is
2 that correct?

3 A Yes.

4 Q And as an attorney for your customers I must be an
5 advocate. I am to represent them. My job is to be skeptical
6 of Gulf's rate request, to test the evidence, to ask
7 questions, tough questions, maybe pointed questions. And my
8 intent is not to ask a personal question or for you to take
9 any of my questions personally.

10 But I just apologize in advance. I don't think
11 I'm going to cross the line, and if I do, your counsel will
12 properly defend you and object. But, really, that's it. I
13 hope that doesn't sound too ominous.

14 A I think I can take it.

15 Q And if you need a break at any time to consult
16 with your counsel or if you need me to repeat a question or
17 speak up or anything, just let me know.

18 A Okay.

19 Q And I've always been asked how long my deposition
20 questions last, and I have never an idea. It kind of depends
21 on the responses you give me.

22 A So you're not volunteering a time frame this time,
23 either.

24 Q I've got six pages, but that's about as close as
25 I can give you. You've been the VP of Power Generation and

1 Senior Production Officer of Gulf Power since approximately
2 August, 2010, is that right?

3 A That's correct.

4 Q And who was the Senior Production Officer before
5 you?

6 A Mr. Ted McCullough.

7 Q Is he still with Southern Company?

8 A Yes, he is.

9 Q And where is he now?

10 A Alabama Power Company.

11 Q And before becoming Gulf's senior production
12 officer, you were with Georgia Power; is that correct?

13 A That's correct.

14 Q As a plant manager, if I recall; is that correct?

15 A That's correct.

16 Q And as the Senior Production Officer for Gulf, you
17 were Mr. Grove's direct supervisor, is that right?

18 A That is correct.

19 Q Since Mr. Grove is here, and I had advised him
20 ahead of time I was going to ask these questions, would you
21 classify Mr. Grove as a veteran at Gulf Power?

22 A By most standards Mr. Grove would be considered a
23 veteran.

24 Q And would you agree that he has valuable
25 institutional knowledge of Gulf Power's production system, is

1 that right?

2 A That is correct.

3 Q And if he made a recommendation to you, you'd
4 listen to his advice?

5 A I would definitely take his advice under
6 advisement.

7 Q And when it comes to the five-year budget cycle or
8 budget request development process, what role do you play in
9 developing that?

10 A My role is to -- essentially to approve the level
11 of budget for production, and as such, to ensure that the
12 budget levels are, one, appropriate and reasonable, two, that
13 they are at the levels needed in order for us to continue to
14 maintain our reliability to provide service to our customers
15 as needed.

16 Q Okay. Now, in this process, do you get deep into
17 the weeds?

18 A I don't generally get into the weeds on the
19 development of the budget. That is left to system owners at
20 the plant, engineering, the plant manager, and then it pops
21 up to Ray Grove, and then I will review and look at projects
22 and allocations of dollars, in particular, and systems and
23 areas, and determine if it looks like it's not appropriate,
24 too high, not enough, do we need to allocate funds more in
25 the other areas, and so forth.

1 But I don't actually get into the weeds, so to
2 speak, the development of the budget on a day-to-day,
3 week-by-week basis.

4 Q Okay. Would it be fair to say that Mr. Grove and
5 the other plant managers kind of develop the budget and then
6 they bring it to you for review?

7 A That's probably an accurate assessment.

8 Q And when you came to Gulf Power in August of 2010
9 where was that budget cycle for that year? Where was it in
10 the process?

11 A August, 2010, in the development for the budget
12 for 2011?

13 Q Yes, sir.

14 A Which we're in now. It was being developed and
15 being reviewed and ultimately I had the final say-so over
16 whether we were going to approve the levels that we're
17 requesting or not. So we start our budget process a lot of
18 times in June or whenever, so we start looking at what's
19 needed, what areas we need to focus on, and so forth.

20 Q So that budget process, you said, started in June
21 and --

22 A Well, I didn't say specifically, but we start our
23 budget process at different times of the year.

24 Q Was it underway when you came to Gulf Power in
25 2010?

1 A Yes.

2 Q How far along in the process?

3 A I couldn't tell you exactly how far along. I came
4 in August and I was back and forth between my other job for a
5 little time, so I can't tell you exactly where we were in the
6 process. If you need to know specifically, I would refer you
7 to Mr. Grove.

8 Q Thank you. I'm trying to find an exhibit from
9 Mr. Grove's testimony that I copied, and I may have left it.
10 No, here it is. Do you have a copy of Mr. Grove's testimony,
11 by the way?

12 A I do not.

13 Q Subject to check -- are you familiar with that
14 terminology?

15 A I've heard it.

16 Q The 2011 actual budget amount, according to
17 Mr. Grove's Exhibit Number RWG-1, Schedule 7, was
18 110,435,000; does that sound about right?

19 A 435,000?

20 Q Yes, sir, about 110 million.

21 A 110 million I can vouch for, but that other number
22 doesn't quite sound right.

23 Q I believe that Mr. Grove gave you a copy of
24 exhibit -- or Schedule 7?

25 A For what year did you say?

1 Q 2009, bottom left-hand corner.

2 A This is the wrong year. Okay, that is correct.

3 Q And when you came to Gulf Power was that -- let me
4 back up. In Mr. Grove's deposition the other day he
5 mentioned that when he and the plant managers meet to develop
6 the next five-year budget request he said that they are
7 already provided and allocated, for lack of a better word, a
8 pot of money with which to budget for that next year.

9 He said, if I recall correctly, that it was kind
10 of a starting point in the process. And I asked him if he
11 knew how that pot of money was developed or allocated, and he
12 indicated that he did not know, that it was above his pay
13 grade, essentially.

14 So my question to you is, you know, how is that
15 budget pot of money allocated to power generation for
16 division among the plants, for your oversight?

17 MR. GUYTON: Object to the form of the question. I
18 don't think it accurately characterizes Mr. Grove's
19 testimony. I think he just simply said that they were
20 given a guideline, not a pot of money.

21 MR. SAYLER: Okay, guideline. Without the benefit
22 of the transcript, I was going with what I recall. So,
23 a budget guideline.

24 BY MR. SAYLER:

25 Q Is the budget guideline a dollar figure?

1 A Are you essentially asking how the dollars are
2 divvied up?

3 Q No, not divvied up amongst your plants but --

4 A Or across Gulf?

5 Q Yes, across Gulf.

6 A Okay. I have a peer who is over the customer
7 service organization, the transmission and distribution, and
8 there's a peer of mine that's over external affairs, and
9 there's a peer that's the CFO. The primary folks that spend
10 the money to maintain our brick and mortar and equipment and
11 all is myself and my peer that's over customer operations.

12 So what you'll find is that yearly there's going
13 to be a discussion: Where is the highest priority for
14 dollars to be spent. Is it on the turbine at Crist plant or
15 is it on substation maintenance? Is it more important to
16 spend money on the boiler at Smith or is it more important to
17 spend money on transformers and wires on the eastern end of
18 our service area?

19 And so looking at what we think our highest
20 concerns are, where we are likely to have more reliability
21 issues, then that's where we focus our dollars. So there's a
22 give and take generally every year between the executives, us
23 who are making the final decision kind of on where we spend
24 our dollars, as to where is the most appropriate place to
25 focus our resources.

1 So from that standpoint, you know, Ray and the
2 plant managers don't get to make that final decision. They
3 feed information up to us. They tell us what they see is the
4 highest level priorities, and then, when we get to our level,
5 we determine across Gulf where we need to spend the dollars.

6 Q And when you came to Gulf in August of 2010 was
7 the potential budgetary number for production O&M that \$110
8 million number? Was it higher or lower?

9 A My recollection is that is about the approximate
10 number that we had when I got here, and I don't recall any
11 significant changes up or down.

12 Q Okay, thank you. And when you meet with your
13 peers to have these discussions about developing the budget
14 guidelines for your unit, do you have a start date for those
15 meetings, or are those ongoing?

16 A We don't have a, quote, start date. That's kind
17 of an ongoing discussion. Because generally your concerns
18 don't just pop up right at the budget time, they're the
19 concerns that you have all year long, and you wait until you
20 have the opportunity to focus the attention on what needs to
21 be done.

22 Q Okay. So would it be fair to say that between you
23 and your peers you come up with a number or a dollar number
24 or a budget guideline for your area within Gulf, and that
25 also flows out to the areas of -- the other areas of Gulf; is

1 that correct?

2 A The CFO will have a kind of a --

3 Q Overall number?

4 A -- overall number for all of Gulf. And this is
5 what we've got to work within. And so between myself and my
6 peers we determine where is the highest level of attention
7 that we need to focus our resources.

8 It's the same thing, even on a micro level, what
9 our plant managers do all throughout the year. They're
10 making decisions all the time. They budget dollars and get
11 silos and they have to move money out of those silos all year
12 long, depending on what's going on.

13 Q Okay. With regard to the budget for power
14 generation, is your compensation related to the budget, if it
15 exceeds it or if you're below it? Do you get a bonus if you
16 go below, not a bonus if you --

17 A Do I have incentive pay tied directly to our
18 budget?

19 Q Yes, sir.

20 A Not directly to our budget, per se. We have
21 earnings targets, we have financial performance that budget
22 numbers feed into, and if you want to infer from that, then
23 you could say yes. But we all are committed to meet whatever
24 budget target numbers that we have in every department.

25 Q So, for lack of a better word, minding the budget

1 is a small part of your overall compensation? You said it
2 feeds into performance, which is one aspect, financial
3 performance, along with earnings per share, but you say it's
4 a small part?

5 A Yes.

6 Q It's not like 90 percent of your compensation is
7 based upon how well you --

8 A Yeah, that would be an accurate statement.

9 Q And once Mr. Grove and his peers have developed a
10 budget request and you have signed off on it, where does it
11 go from there? I mean, how is it eventually approved?

12 A Our CFO has the overall -- that's what I talked
13 about earlier -- the overall responsibility for ensuring that
14 our budget fits within the proper guidelines.

15 Q Okay. And then after the CFO signs off on it,
16 what happens next? Does the President sign off on it? Does
17 it go to the Board of Directors? I'm trying to understand
18 the process.

19 A The Board of Directors are aware of our budgetary
20 needs and what we're spending money on, but I am not aware of
21 the Board of Directors having veto authority up or down on
22 our budget, okay?

23 The CEO is aware of our budgetary requests,
24 expenditures, and basically it's the CFO's job to ensure that
25 we're in the range where we need to be.

1 Q Now, is there a meeting between you and the CFO
2 and the other -- your other peers to approve the budget or do
3 you present it, it gets approved or not approved, and it
4 comes back down?

5 A We have regular staff and management council
6 meetings where we discuss a host of issues, budget being one
7 of them. But also the CFO's office is right next to mine and
8 he and I have many budgetary discussions. We talk all year
9 long about budget issues and the need for maybe a few
10 additional funds for this area or the fact that someone else
11 needs more funds and there's somewhere that we can maybe pull
12 some funds out of a part of our area to use in another area.
13 So it's an ongoing discussion all the time.

14 Q And moving to this year, where are you at in the
15 budget process for 2012 and beyond? I mean, has the 2012
16 budget been approved? Is it still under development?

17 A The 2012 budget has not -- in other words, if
18 you're looking into next year, does plant managers know
19 exactly how much they have available for each system or
20 whatever to spend?

21 Q Right.

22 A That has not been approved for 2012 yet.

23 Q When do you expect that?

24 A They have targets they kind of know, but we all
25 understand that it could be less, it could be a little more,

1 but this is what we're working toward. And the budget gets
2 approved at various, various times. Sometimes it's early in
3 the year, sometimes it's a couple of months into the year.

4 Q A couple of months into the next year?

5 A Yeah, just depending on what's going on. We have
6 an idea where our budget is set, but, again, those things
7 could change depending on a number of conditions.

8 Q Such as?

9 A Revenue, weather impacts. For instance, if you
10 start out in January, February, normally they're going to be
11 cooler months, and they turn out to be very, very mild and
12 the revenues are down, then the plants may understand that
13 certain portions of their budget will have to be held back
14 until we see what's going on for the rest of the year,
15 because, again, we're always having to adjust based on a
16 number of conditions, what's going on economically, what's
17 going on with the weather, lots of things.

18 Q Just so I understand, so the budget request for
19 power generation may not be approved until sometime late this
20 year, early 2012, is that right?

21 A Let me make sure I understand what you're asking
22 me. Does the plant manager -- does my plant managers know
23 before the end of this year what their budget is going to be
24 next year?

25 Q Okay.

1 A Is that a fair question that you're asking me?

2 MR. SAYLER: Let's go off the record for a second.

3 (Off the record)

4 BY MR. SAYLER:

5 Q Mr. Burroughs, has Mr. Buck or witness Buck
6 actually communicated to you that your 2012 budget request
7 has been approved yet?

8 A I have not had that conversation with Mr. Buck.

9 Q Do you expect to have that any time soon?

10 A Soon this year? Is that what you're asking me?

11 Q Right. Between now and the end of the year do you
12 expect to have it approved?

13 A I don't have any expectations around that.

14 Q When it comes time for preparing for a rate case,
15 this rate case, what is your role when it comes to the
16 groundwork that takes place before the rate case is filed?

17 A My role is to ensure that the issues related to
18 production is going to be addressed appropriately.

19 Q Now, in addition to your other duties, your
20 day-to-day duties for Gulf Power in your position, about how
21 much of your time is taken up with preparing for the rate
22 case?

23 A I couldn't begin to tell you.

24 Q An enormous amount? A little bit?

25 A It takes a fair amount of time. I can't give you

1 a percentage.

2 Q And when did you first learn that Gulf Power was
3 planning to file a rate case?

4 A We actually made a decision to file a rate case
5 around July the 7th.

6 Q Of --

7 A This year, 2011.

8 Q When did you first start making your preparation
9 for filing that rate case?

10 A I don't understand. Preparation? You mean what?

11 Q For instance, back in August, 2010, did you know
12 or had you heard that Gulf Power may be developing MFRs for
13 the purpose of filing a rate case?

14 A No.

15 Q What about December of 2010?

16 A Sometime in the fall, whether that was October,
17 November, December, I heard about some discussions about the
18 fact that we potentially would start to look at potentially
19 doing a rate case. And it was just discussions, and very
20 little discussion that I was actually involved with.

21 Sometime over into 2011 is when the discussions
22 became more prevalent about is it time for us to do a rate
23 case.

24 Q Okay. Now, since the rate case was filed, since
25 Gulf filed its MFR and testimony on or about July 8th of this

1 year, since that filing time, about how much time a week do
2 you spend, on average, on the rate case?

3 A I can't give you a percentage of time. I am a
4 Southern Company employee and a Gulf employee, so I have
5 responsibilities across generation and I have
6 responsibilities here at Gulf Power.

7 So every week I have to divvy up my time based on
8 what's the priority with my job vertically in generation
9 across Southern Company, and my responsibilities across Gulf.

10 And so sometimes it's rate case stuff, sometimes
11 it's employee development here, sometimes it's goals, and
12 those types of things. It depends on what is priority each
13 week, and it changes.

14 This week a fair amount of my time was spent
15 getting ready to come over here for this deposition. More
16 maybe this week than I've spent any time this year. But then
17 next week my time will be split differently.

18 Q As far as your time on the rate case, what are the
19 -- other than preparing the -- preparing to be deposed, what
20 are the biggest things that have involved your time since the
21 filing of our testimony?

22 A Since the filing of my testimony?

23 Q How about from mid July until mid October, when it
24 came to dealing with the rate case, what were the things that
25 you dealt with?

1 A We had to answer lots of interrogatories, requests
2 for production of documents, ensuring that our answers to
3 questions were as accurate as possible, preparing for the
4 potential to be deposed or to testify at rate hearings later
5 in the year, and those kinds of things. And there's a host
6 of things that one has to spend their time on related to a
7 rate case.

8 Q When it came to discovery or interrogatory
9 responses, did you or members of your staff prepare those?
10 Did you personally prepare those?

11 A Some I was involved in directly preparing and some
12 were -- some helped answer questions on my behalf, and then
13 others would come to me and then we would talk about them.
14 But it was a team effort.

15 Q All right. Who would answer discovery questions
16 on your behalf?

17 A Who? Some of the questions could be Charles right
18 here.

19 Q Which Charles?

20 A Howton. Sorry. Some could be Charles Howton.

21 Q A Gulf employee?

22 A A Gulf employee, yeah. I always refer to him as
23 Charlie. Some may be Ray Grove. We have people all across
24 Gulf that could be involved in helping us to answer certain
25 questions. It could be some folks in the financial

1 accounting department, it could be folks that's in our
2 resource planning, environmental folks, fuel folks -- there's
3 a whole host of people who help, again, to contribute to our
4 response to ensure that we're giving you all the best
5 possible accurate information.

6 MR. GUYTON: We're walking a real fine line here in
7 terms of case preparation. I don't really want to be
8 called upon to object about revealing strategies in
9 terms of preparation, so we're close.

10 BY MR. SAYLER:

11 Q All right. Mr. Burroughs, did you sign any
12 affidavits regarding discovery?

13 A I don't quite understand your question.

14 Q Every time an interrogatory response is served
15 there's usually a sample affidavit attached to that. And
16 then when a company or a party responds to that interrogatory
17 request there's an affidavit that swears or affirms that they
18 have developed that interrogatory request. It's a notarized
19 document.

20 Your counsel, who has much more experience in the
21 law than I have, can probably tell you the legal import of an
22 affidavit better than I can. But essentially it's something
23 you could take to the court and if you weren't there they can
24 rely upon it to be true.

25 A I have signed some documents.

1 Q Do you know if you signed any affidavits as it
2 relates to your discovery responses?

3 A I can't -- I can't tell you right offhand.

4 Q All right. When you were interviewing with Gulf
5 Power -- excuse me, strike that. While you were with Georgia
6 Power Company as the manager of the generating plant how much
7 interaction -- inter-reaction -- no, interaction did you have
8 with your peers in Gulf Power?

9 A While I was at Gulf?

10 Q No, while you will were at Georgia Power.

11 A I mean, at Georgia Power.

12 Q Right.

13 A Did I interact, did I communicate with --

14 Q Right, socially, professionally --

15 A I live in Peachtree City, Georgia, and so regular
16 interaction, no, but I previously worked at Gulf at Plant
17 Smith from 1999 to 2006. So I've got a host of friends all
18 across Gulf Power Company whom I have maintained friendship
19 with since the time I left and went to Alabama and Birmingham
20 and Mobile and then to Georgia and then to Atlanta.

21 So, you know, interaction, socializing -- I don't
22 know, you know, what level you mean by that, but, yeah, I
23 maintained contact with friends of mine in this company for
24 the past five -- four or five years since I've been gone.

25 Q It would be safe to characterize that you would

1 have a good network within the Southern Company; is that
2 correct?

3 MR. GUYTON: I'm going to object to --

4 THE WITNESS: I don't understand the question.

5 MR. GUYTON: -- the relevance. Where are we
6 headed?

7 BY MR. SAYLER:

8 Q Well, I just wanted to find out how much the
9 witness had heard via official channels or scuttlebutt that
10 Gulf was planning to file a rate case.

11 A I had not heard about any plans at Gulf Power to
12 file a rate case prior to my actually coming back here to
13 Gulf Power.

14 Q While with Georgia Power had you heard any rumors,
15 scuttlebutt, or official communication that Gulf Power was
16 seeking to develop a nuclear generation site or investigate a
17 possibility of nuclear generation?

18 A I heard that Gulf was in the process of looking at
19 purchasing some land, which turns out to be North Escambia
20 County, for a potential nuclear plant.

21 Q And when was that?

22 A I cannot tell you when I heard that.

23 Q Were you working for Gulf Power in your present
24 capacity or were you working for Georgia Power at the time,
25 to the best of your recollection?

1 A Oh, to the best of my recollection, it had to be
2 when I was at Georgia.

3 Q Do you still have a copy of Mr. Grove's RWG-1,
4 Schedule 6 or 7?

5 MR. GROVE: That's it.

6 THE WITNESS: Schedule 7? Yes.

7 BY MR. SAYLER:

8 Q And if you look at kind of the top right actual
9 2010 it shows the total actual budget for -- O&M budget for
10 Gulf Power being \$92.889 million. Do you see that?

11 A I do.

12 Q All right. And subject to check, during
13 Mr. Grove's deposition he said that the actual budget amount,
14 not the amount that was spent, but the amount that was
15 budgeted, was in the neighborhood of \$94.6 million. Does
16 that sound accurate?

17 A I don't recall.

18 Q Subject to check, it was \$94.6 million. Now, when
19 you refer down to that budget number for 2011, that is now
20 approximately \$110.4 million. Do you see that?

21 A I do.

22 Q Now, when you came to Gulf Power in August of 2010
23 or -- yeah, 2010 -- were you aware that the O&M generation
24 budget had increased by nearly \$15 million?

25 A You're asking me if I was aware?

1 Q Yes, sir.

2 A Did I realize that our budget for 2011 was going
3 to be -- use whatever word you are want to use --
4 substantially higher than the previous year?

5 Q Correct.

6 A Yes.

7 Q You knew it was substantially higher?

8 A I don't know if substantially is the right word,
9 but it was higher.

10 Q Do you know why the budget was approximately \$15
11 million higher for 2011 over 2010?

12 A There were specific reasons why our budget was
13 higher in 2011, and budgets go up and down each year,
14 depending on what projects are being implemented, depending
15 on outage schedule, it depends on the cost of materials and
16 supplies and labor. Budgets go up and down every year.

17 Q Would you agree that that \$15 million or nearly 15
18 percent increase from one year to the next is quite
19 substantial?

20 A I wouldn't say it was quite substantial. I've
21 seen deltas between one year's budget and the next like that
22 for quite often, and it all depends on what work is being
23 done. It depends on how they're scheduled. It depends on
24 what projects you're doing. It depends on a number of
25 things.

1 Q So the increase in your budget -- would it be fair
2 to say that the increase in your budget from 2010 to 2011 was
3 not tied to the potential filing of a rate case?

4 A That would be absolutely accurate.

5 Q Those are some of the tough questions I need to
6 ask.

7 A I understand.

8 Q Earlier you agreed that the great recession and
9 also the Gulf oil spill is still impacting Gulf's customers.
10 Earlier you agreed that there's some lingering economic
11 impact from those two events.

12 A I don't know if I exactly commented that I agreed
13 with the oil spill issue, but I do know that the great
14 recession is still impacting the customers in our service
15 area, just like it's still impacting citizens all across our
16 great country.

17 The oil spill impact, I cannot really speak to
18 that. I know that we've had a significant -- a great
19 resurgence this past summer on the beach with our vendors out
20 there, our hotels, our restaurants, a great year, a booming
21 year.

22 So it's hard for me to speak to what's the
23 lingering impact. I know it has been an impact, but I don't
24 know what the impact is at this point going forward.

25 Q With that in mind -- and I'm representing your

1 customers -- can you understand why we can just look at the
2 numbers, \$94 million to \$110 million, and balk at that
3 seemingly large jump?

4 MR. GUYTON: Objection, I think you're asking him
5 to speculate as to your mental operation. I'm not sure
6 he's qualified to do that nor am I -- nor is it an
7 appropriate question.

8 BY MR. SAYLER:

9 Q Well, my question was can you understand why the
10 intervenors are skeptical about such a large increase.

11 Withdrawn.

12 Here are some more of those hard questions. When
13 you were preparing for the rate case were you or your plant
14 managers told to increase their O&M budgets above the 2010
15 level?

16 A No, sir, our plant managers or no one in our
17 production organization were told to increase their budgets.
18 That's not the way we operate. We always budget for what we
19 feel is necessary in order to maintain reliability at our
20 plants. And if you go back and look historically at our
21 performance, our performance has been in the top quartile for
22 peak season performance and it's been even in the top decile
23 on annual E4 performance.

24 So our performance is some of the best in the
25 industry. I think historically the data would show that we

1 have been one of the best in the industry, that we've been
2 prudent, that we've been reasonable in our expenditures, and
3 all of our expenditures show that we've been spending our
4 money in the right places.

5 So we think we've done the right thing and we did
6 not do anything in this particular budget season that we
7 wouldn't have done any other time.

8 Q Thank you. Based upon that answer I assume the
9 answers to the following questions will be no, but I still
10 need to ask. Did you or anyone else instruct them to
11 increase budgets, even incrementally?

12 A The answer to that, again, is no.

13 Q When it comes -- earlier in the deposition
14 Ms. Barrera asked you a few questions about new plants, and
15 about the year 2022, 2023, some power leases are expiring.

16 I have a couple questions about essentially the
17 building of a new plant. And really the question is, how
18 much lead time does Gulf need to prepare to build a new
19 bricks and mortar plant?

20 A Do you have a particular technology that you're
21 referring to?

22 Q Combined cycle, similar to Smith 3.

23 A Well, combined cycle has a shorter project
24 development construction time than other technologies, i.e.
25 coal fired or nuclear, et cetera. You know, you could --

1 somewhere in a four-year time frame you can potentially get a
2 combined cycle stood up and running.

3 Q And that's beginning with the preparation for
4 doing all the paperwork and all the regulatory filings that
5 you must do, the PSC need determination, and things of that
6 nature?

7 A There's just a lot of things that have to go into
8 play, you know. A lot depends on the time frame, the
9 response time for getting permits, mortar permits, all kinds
10 of things that we have to get done. But, you know, that's a
11 good time frame to use, four years.

12 Q And were you with Gulf Power when they started
13 investigating the North Escambia County site?

14 A I was not.

15 Q And were you with Gulf Power when they decided not
16 to go forward and attempt to build a nuclear plant?

17 A I was not.

18 Q And were you with Gulf Power at the time when the
19 Caryville site was tested for its ability to house a nuclear
20 plant?

21 A Not that I'm aware of. Specifics related to all
22 of this, Ms. Alexander could answer those.

23 Q And when it relates to the North Escambia County
24 site, were you privy to any of those discussions or
25 development of any of those studies?

1 A Was I privy to any studies, any discussions
2 regarding the purchase in North Escambia County?

3 Q Correct.

4 A No, I was not.

5 Q Are you familiar with the term personal knowledge?

6 A Personal knowledge? I assume it's the average
7 person's understanding of what it means.

8 Q A definition -- and perhaps your counsel has a
9 refinement -- personal knowledge is cognizance of a
10 circumstance or fact gained directly from either through
11 firsthand experience or observation.

12 And when it comes to any of those discussions,
13 studies, et cetera, it would be your testimony that you don't
14 have any personal knowledge of those; is that correct?

15 MR. GUYTON: What studies, Erik?

16 BY MR. SAYLER:

17 Q Say the studies or things attached to
18 Ms. Alexander's testimony.

19 A Let me make sure, again. Are you asking me if I
20 had knowledge, was involved in, aware of, discussions that
21 was taking place regarding Escambia County prior to my
22 arrival here at Gulf Power?

23 Q Correct.

24 A No, I was not.

25 Q And it is your testimony that Gulf needs to

1 acquire the North Escambia County site in order to preserve a
2 nuclear option for Gulf; is that correct?

3 A That is correct.

4 Q And were any studies showing that North Escambia
5 was appropriate for a nuclear site attached to your direct
6 testimony?

7 A Give me a moment, please.

8 Q Sure.

9 A Okay, ask the question again, please.

10 Q Were any studies showing that North Escambia was
11 appropriate for a nuclear site attached to your direct
12 testimony?

13 A There is no studies in my testimony or attached to
14 my testimony that shows the appropriateness or not of North
15 Escambia County being suitable for a nuclear facility.

16 Q And you did not file rebuttal testimony in this
17 case; is that correct?

18 A I did not.

19 Q Earlier in discussions with Ms. Barrera you
20 testified that Gulf already has the Caryville site in rate
21 base; is that correct?

22 A That is correct.

23 Q And it's my understanding that Caryville -- the
24 Caryville site has been in rate base approximately from the
25 early to mid sixties, 1960s; is that your understanding?

1 A Are you asking me when was it put into rate base?

2 Q Yes, if you know.

3 A I don't know. I can tell you when it was
4 purchased, but any specific information about when it was put
5 in the rate base, I'll refer you to Richard McMillian.

6 Q And regarding the Caryville site you would agree
7 that it's in Northwest Florida; is that correct?

8 A I would agree.

9 Q And in relation to the Escambia County site, with
10 the Escambia County site being the far western part of Gulf's
11 territory, would you characterize Caryville in the center or
12 the eastern side?

13 A I personally would say it's more to the eastern
14 side.

15 Q Have you ever visited the Caryville site?

16 A I've been by.

17 Q Been by?

18 A I haven't actually walked it, no.

19 Q Do you know what structures are currently on the
20 Caryville site?

21 A I do not.

22 Q Do you know presently how Gulf Power is using the
23 Caryville site?

24 A It is being held as an option for our customers
25 for a potential future generating resource in the future. It

1 is certified for two 500 megawatt coal fired units and it
2 also can be used for CTs and some other things. But it has
3 been certified as a coal fired facility.

4 So it's being held as an option for our customers
5 in the future. And we know that we're going to have a need
6 develop in 2022-2023 time frame, and as such, we're holding
7 all these options available so that we can make the best
8 possible decision for our customers.

9 Q Do you know if Gulf Power leases or does hunting
10 leases, recreational leases, timber leases, or anything of
11 that nature on the Caryville site?

12 A I understand that there was a hunting camp, a
13 hunting lease, whatever is the appropriate terminology, at
14 one time there. The status of it right now, I do not know.
15 As far as -- what was the other one?

16 Q Timber.

17 A Timber? I don't have any specific knowledge of
18 that, and I would refer you again to Richard McMillian.

19 Q Do you know if Gulf Power permits its employees or
20 Southern employees to access the Caryville site for purposes
21 of hunting, fishing, camping, recreation?

22 A I personally don't know. I don't hunt or fish,
23 and I don't know. That's not one of the things I do.

24 Q And are you familiar with the Mossy Head site?

25 A I am.

1 Q And that, too, is in rate base currently; is that
2 correct?

3 A Again, I can't tell you if it's in rate base. I
4 could speculate and give you an answer, but if you want to
5 know specifically, I'd refer you again to Richard McMillian.

6 Q If I can point you to page 26 of your testimony,
7 lines nine through 15.

8 A Okay. Was there a question?

9 Q Yes. If you'll turn to page 27, line nine and
10 ten. You'd agree with testimony that the Mossy Head site is
11 included as plant held for future use in a prior rate case;
12 is that correct?

13 A That's correct.

14 Q And that means that it is currently in Gulf's rate
15 base?

16 A I would assume so, but again, any questions
17 related to that, I'm referring you to Richard McMillian.

18 Q Have you ever visited the Mossy Head site?

19 A I have not.

20 Q Do you know if Gulf uses it for any of the
21 purposes I asked you about related to the Caryville site?

22 A I'm not aware if it is.

23 Q Okay. Now, the North Escambia County site, have
24 you visited that site?

25 A I have.

1 Q Do you know for what purposes it is being used for
2 currently?

3 A Yes. It's serving its purpose and hopefully as we
4 finish purchasing the sites by the end of next year it serves
5 its purpose as an option for our customers for a potential
6 nuclear facility, combined cycle, coal fired, renewals,
7 depending on what is the best option as we start to develop a
8 need in the 2022-2023 time frame.

9 Q And are you familiar with the Commission
10 regulatory terminology used and useful in the public service?

11 A I don't recognize that terminology.

12 Q Then I won't ask you questions about it.

13 MR. GUYTON: Good. I'd object, anyway, since he's
14 not a lawyer.

15 BY MR. SAYLER:

16 Q Okay, I am heading into the home stretch. Are you
17 aware that counsel for Gulf has provided staff and the
18 intervenors a matrix identifying which witnesses, both direct
19 and rebuttal, can respond to interrogatories should there be
20 questions related to those? Are you aware of that matrix?

21 A Repeat that again.

22 Q Are you aware that Gulf Power Company developed
23 what I would call a matrix, witness assignments for
24 interrogatory responses, filed through November 9, 2011? Are
25 you familiar with this document?

1 A I haven't recalled seeing it, but let me see.

2 Q If you'll flip through there, you'll see your name
3 in there.

4 A I recall -- I've looked through so many documents,
5 but I vaguely remember seeing this one, sir.

6 Q Okay, thank you. Do you have your interrogatory
7 response 96 and 97 handy? I'm sorry, Staff's Seventh Set of
8 Interrogatories.

9 MR. GUYTON: That's Deposition Exhibit 1.

10 MR. SAYLER: I can hand you my copy if that would
11 be easier.

12 MS. BARRERA: He's got one.

13 THE WITNESS: I'll stick with my copy. Thank you
14 very much.

15 MR. SAYLER: Mine has got yellow highlighting and
16 is printed on recycled copy paper.

17 MR. GUYTON: Ask for his, maybe we'll get some
18 secrets.

19 THE WITNESS: I already turned him down. I missed
20 my opportunity. All right, that was --

21 BY MR. SAYLER:

22 Q It's 96 and 97. Take a moment just to review
23 those briefly. My question is this: Earlier in your
24 testimony and earlier in your deposition you testified that
25 you helped prepare responses, interrogatory responses. Do

1 you remember preparing responses to interrogatories 96 and
2 97?

3 A I'm familiar with these interrogatories, but I'm
4 trying to understand the question. Do I remember
5 specifically preparing and working on these? I can't give
6 you a recollection of the day and the time, no, sir. I can't
7 give you that.

8 Q Here is Citizens' Second Set of Interrogatories,
9 number 109. Excuse me -- yeah, number 109. It doesn't need
10 to be identified as an exhibit, it's just for cross
11 examination purposes. Are you familiar with that
12 interrogatory response?

13 A I am.

14 Q All right. On that matrix I discussed earlier,
15 the witness assignments, it showed Mr. Grove, Ms. Alexander,
16 and Mr. Burroughs, yourself, being the three Gulf witnesses
17 who can answer questions about that.

18 Do you know which of these responses you answered
19 for purposes of me being able to ask you questions?

20 A Are you referring to 109?

21 Q 109, there's answers A, B, C, D and E.

22 A I'm familiar, somewhat familiar, with each one of
23 these. I will be willing to answer any questions you'd like
24 to ask regarding these.

25 Q All right.

1 A As long as it's related to my testimony.

2 Q Okay, if you'll look at response E, the latter
3 half, the response states, depending on the actual type
4 and timing of an eventual generating resource addition
5 constructed on the site, Gulf may seek participation of
6 potential co-owners in order to facilitate the addition.
7 Such co-owners may potentially be other companies within the
8 Southern electric system or unaffiliated companies. And it
9 also refers to ten-year cycling.

10 Now, is this something that if I asked you a
11 question about it, you could answer, or would that be best
12 directed to Ms. Alexander?

13 A I testified at a high level related to land held
14 for future use in North Escambia County, and as such, I can
15 answer questions related to that. But if you start to get
16 into the development timelines and a lot of other scenarios
17 that we ran and how -- what they produced, and so forth, then
18 I'll have to refer you to Ms. Alexander.

19 MR. SAYLER: All right, maybe we should go ahead
20 and identify this interrogatory as an exhibit. Exhibit
21 7, I believe?

22 (Whereupon, Deposition Exhibit No. 7 was marked for
23 identification.)

24 MR. GUYTON: Citizens' interrogatory 109?

25 MR. SAYLER: Yes. I don't have an extra copy, but

1 maybe we can use Mr. Burroughs' after I finish asking
2 the question.

3 BY MR. SAYLER:

4 Q Really, my last question is this: If you look at
5 the top right-hand corner of both pages, do you see the date
6 there? What date is that?

7 A September 1st, 2011.

8 Q All right. And at the date this response was
9 submitted to Citizens, was Ms. Alexander a witness in the
10 case?

11 A Probably not.

12 MR. SAYLER: I have another question related to
13 Staff's Fifth Set of Interrogatories, number 48. I
14 don't know if it's been identified. It has not? Okay,
15 we'll make this Exhibit 8.

16 (Whereupon, Deposition Exhibit No. 8 was marked for
17 identification.)

18 THE WITNESS: Can you hold on just a minute?

19 MR. SAYLER: Sure.

20 THE WITNESS: Okay.

21 BY MR. SAYLER:

22 Q I will hand you my one and only copy, and I will
23 assert to you that the orange highlighting is my
24 highlighting. And would you read the question -- once you've
25 had a chance to look it over, would you read the question for

1 the record? Not the answer, just the question.

2 MR. SAYLER: Off the record.

3 (Off the record)

4 BY MR. SAYLER:

5 Q Would you read the question for me?

6 A Question, item number 48. For the purpose of this
7 interrogatory please refer to Michael L. Burroughs' direct
8 testimony, page 25, lines 21 through 25, and page 26, lines
9 one through three. On page 25, line 21 and 22, witness
10 Burroughs states that Gulf made the decision to begin the
11 process of procuring this site, and, at the end of 2012, we
12 will have procured 100 percent.

13 Q Is that the end of the question?

14 A And then you have A, B, and C. Read those, also?

15 Q No, that's good enough. Would you agree that that
16 interrogatory refers to your testimony?

17 A It refers to my testimony, yes.

18 Q All right. And are you familiar with the response
19 that is contained therein?

20 A I am.

21 Q All right. Do you recall preparing that response?

22 A I recall being in discussion with and working with
23 folks in my department and at Gulf regarding this response.

24 Q And do you know if you are the witness that Gulf
25 proffered to be deposed or testify to this interrogatory

1 response?

2 A Is that a trick question?

3 MR. GUYTON: Let's be clear about what the matrix
4 is or isn't.

5 MR. SAYLER: All right, please.

6 MR. GUYTON: The matrix is not a matrix of the
7 people or persons that prepared the interrogatory
8 responses.

9 MR. SAYLER: Correct.

10 MR. GUYTON: It is --

11 MR. SAYLER: The responsible witness, according to
12 the matrix.

13 MR. GUYTON: The witness who can or the witnesses
14 who can address questions about it. It's not the
15 affiant, you're not going to find an affidavit for it.
16 The company doesn't prepare its responses that way. It
17 prepares them consistent with the Rules of Civil
18 Procedure, which allows it to use the corporate
19 secretary to do it. That's the way they did it.

20 I just want to make sure the record is clear,
21 because you've gone back and forth about preparing and
22 inquiring, and I just want to make sure that we're clear
23 about the appropriate roles.

24 Having said that, I apologize for the interruption.
25 If you need to restate your question or have it read

1 back, please do.

2 BY MR. SAYLER:

3 Q Mr. Burroughs, as your counsel clearly elucidated,
4 this matrix describes a set of interrogatories, the number of
5 interrogatories -- or the interrogatory number and the
6 responsible witness. My understanding is an attorney for
7 Citizens means that either Ms. Alexander prepared or has
8 personal knowledge of and/or is the one who signed the
9 affidavit, which is how things have taken place in most of
10 the cases that I have participated in. Mr. Guyton has
11 provided a different explanation to that.

12 But my question is this: Would you agree, if
13 you'll look down interrogatory number 47, which I've handed
14 to you, are you the responsible witness for this
15 interrogatory?

16 A This is actually interrogatory number 48.

17 Q Yes, sorry, interrogatory number 48. Are you the
18 responsible witness for interrogatory number 48?

19 A For this document?

20 Q Yes.

21 A No.

22 Q Would you read the date of that interrogatory
23 response number 48?

24 A The date on here is September 6th, 2011.

25 Q And earlier you testified that as of September 1st

1 Ms. Alexander was not a witness in that case -- in this case;
2 is that correct?

3 A As far as I can recall, that's true.

4 Q And was she a witness in this case as of September
5 6th, 2011?

6 A I can't tell you that. I don't remember when
7 Ms. Alexander was selected as a witness in this case.

8 MR. SAYLER: Thank you, Mr. Burroughs, for your
9 time and candor. Thank you for answering my tough
10 questions.

11 THE WITNESS: Yes, sir.

12 MR. SAYLER: I hope they weren't too tough for you.
13 But I appreciate you coming over here and I do hope you
14 have a good weekend, and we do look forward to seeing
15 you in December at the hearing. Thank you.

16 For the record, I believe the court reporter needs
17 those two exhibits, Exhibits 7 and 8. Do you have them?

18 Does anybody else on the phone have questions, new
19 questions?

20 MR. LaVIA: None from Retail Federation.

21 MS. BARRERA: You have questions?

22 MR. LaVIA: I do not.

23 MR. SAYLER: Hey, Jay, it's Erik.

24 MR. LaVIA: Hey, Erik. How are you doing?

25 MR. SAYLER: I'm good.

1 MS. BARRERA: At this time -- do you want to ask
2 anything?

3 MR. GUYTON: We don't have any redirect.

4 MS. BARRERA: Okay, at this time we will terminate
5 the deposition. Are you going to read and sign?

6 MR. GUYTON: Yes, we're not going to waive reading
7 and signing.

8 (Whereupon, the deposition was concluded at 3:56 p.m.)

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CERTIFICATE OF OATH

STATE OF FLORIDA)
COUNTY OF LEON)

I, the undersigned authority, certify that the witness
in this matter personally appeared before me and was duly
sworn.

WITNESS my hand and official seal this 22nd day of
November, 2011.

Laura Mountain
LAURA MOUNTAIN, RPR
Notary Public - State of Florida
My Commission No. EE021779
Expires: September 23, 2014



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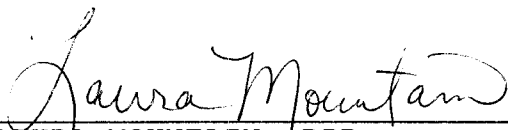
CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, LAURA MOUNTAIN, Court Reporter, do hereby certify that I was authorized to and did stenographically report the foregoing deposition; and that the transcript is a true record of the testimony given by the witness.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

Dated this 22nd day of November, 2011.



LAURA MOUNTAIN, RPR
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September 16, 2011

Martha F. Barrera, Attorney
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Barrera:

RE: Docket No. 110138-EI

Enclosed is Gulf Power Company's response to the Staff's Seventh Set of Interrogatories (Nos. 91-108) in the above referenced docket. A portion of Gulf's response to these interrogatories contains confidential information which is being filed pursuant to a separate request for confidential classification.

Sincerely,

Susan D. Ritenour

mw

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

EXHIBIT

#1 11-17-11
Depo. of Burroughs

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in)
rates by Gulf Power Company)
_____)

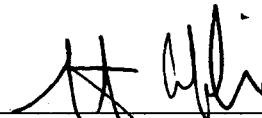
Docket No. 110138-EI

Date Filed: September 16, 2011

GULF POWER COMPANY'S RESPONSES TO
STAFF'S SEVENTH SET OF INTERROGATORIES (NOS. 91-108)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and
through its undersigned counsel, hereby submits the Company's responses to
Staff's Seventh Set of Interrogatories (Nos. 91-108) on the following pages.

Respectfully submitted the 16th day of September, 2011,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

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(850) 432-2451

Attorneys for Gulf Power Company

91. Please refer to page 15 of the testimony of witness Michael Burroughs, lines 5 through 10. In reference to schedule 8 of exhibit MLB-1, please explain why GPC's actual fuel inventory levels exceeded the level allowed in most years since GPC's last rate case 60. Please state GPC's basis for determining the specific rate of returns for each rate class as shown in Column 10 of MFR Schedule E-8.

ANSWER:

Gulf's actual investment in fuel inventory increased above the allowed dollar amount from Gulf's last rate case primarily due to an increase in the unit cost of coal. The 13-month average per unit cost of coal in inventory for the projected test year ended 5/31/03 in Gulf's last rate case was \$38.46 per ton. This has increased by 155% to \$98.04 in the 2012 test year projections. In recent years, a significant reduction in coal burn due to a combination of reduced demand brought on by the economic downturn and shift in generation to lower cost natural gas fired resources has resulted in a temporary increase in inventory quantity. The combination of increased per unit cost and increased quantity actually placed into coal inventory resulted in the actual inventory value exceeding the allowed inventory value.

92. Please refer to page 16 of the testimony of witness Michael Burroughs, line 14, and continuing on to page 17, line 2, and explain why the NFL burn days for barge-served plants are greater than the NFL burn days for rail-served plants.

ANSWER:

Page 17, line 2 of Michael Burroughs testimony basically states Gulf maintains more coal inventory (in terms of NFL burn days) for barge supplied plants than rail supplied plants. Barge served plants have greater risks of supply disruptions than rail served plants due to several factors. Weather events on the waterway can have a significant impact on transporting coal by barge. There is also an increase in risk associated with additional handling requirements of coal received from offshore at ports and transferring these shipments into barges. Barge unloading equipment at the generating plants is subject to maintenance issues that could have an impact on plants maintaining a sufficient inventory in the event of a forced outage event. Overall, the risks associated with equipment failures or weather related events suggest that larger fuel inventories at barge supplied plants are a prudent policy.

93. Please refer to page 17, line 5, where the witness states in part that a NFL burn day is the "maximum consumption of fuel . . . over a 24 hour period," and at line 12 begins to describe how the NFL burn is calculated. Is the "total daily energy output" of a plant an average or a maximum? Please explain your answer.

ANSWER:

For the Normal Full Load (NFL) burn day calculation, the "total daily energy output" is the normal maximum output of the generating units. This excludes extreme operating conditions such as over pressurizing boilers for greater steam production which can be performed for short durations. This represents the coal burn of a generating plant operating at normal full load for a 24 hour period.

94. Please refer to page 18, lines 5-6 and 17-19, where the witness states that GPC's test year inventory level of 34 NFL burn days is equivalent to 64 "projected burn days." Please compare and contrast how NFL burn days and "projected burn days" are calculated.

ANSWER:

An NFL burn day is the maximum coal burn in tons of a generating unit operating under normal fully loaded conditions for a 24 hour period. (Example: The two coal fired units at Plant Smith will burn 3698 tons of coal in a 24 hour period under normal full load conditions.)

Projected burn day is the average daily forecasted burn in tons of a generating unit over a period of time. (Example: The forecast burn over the next 30 day period for the two coal fired units at Plant Smith is 90,000 tons; a projected burn day is 3000 tons.)

Simply divide inventory by either the NFL burn day tons or projected burn day tons to calculate the respective days of burn the inventory will cover. Therefore, using the information above and a coal inventory at Plant Smith of 120,000 tons, this inventory amount equates to 32.45 NFL burn days (120,000 tons divided by 3698 NFL tons per day) or 40 projected burn days (120,000 tons divided by 3000 projected tons per day).

Neither this methodology for expressing coal inventory in either NFL burn days or projected burn days or the inventory targets for barge served plants or rail served plants as stated in testimony has changed since the last rate case.

95. Please refer to page 18 of the testimony of witness Michael Burroughs, lines 1 through 9. Does the 695,829 tons allowed in the last rate case include coal inventory quantities for Plant Scherer? If the answer to the above is yes, please state the quantity excluding Scherer.

ANSWER:

No.

96. Please refer to page 20 of the testimony of witness Michael Burroughs, lines 1 through 4 and explain how the \$10,718,000 and \$13,000,000 are calculated. Please show tons in-transit by plant and unit costs and tons by vendor. Separate this by rail and barge and show transportation costs.

ANSWER:

In Gulf's previous rate case, the in-transit inventory amount of \$13,000,000 was calculated by determining an in-transit factor that was multiplied by the total proposed fuel stock dollars. The in-transit factor was a three year actual/historical average monthly percent of in-transit to inventory.

The in-transit inventory amount requested in this proceeding, \$10,718,000, is a 13-month average of Gulf's projected coal inventory in storage at the Alabama State Docks using a projected average dollar per ton, as well as a historical review of in-transit tons for the rail coal to Plants Daniel and Scherer. In-transit coal is not identified by vendor; therefore, transportation cost by vendor purchase order cannot be identified. The details of the in-transit coal amount calculation are provided in the following table:

In Transit Coal Inventory

Calculation of In-Transit Inventory at the Barge Served Plants

Coal Inventory at the Plant

	TONS 13 mo avg (B18)	\$/TON 13 mo avg (B18)	TOTAL \$ 13 mo avg (B18)
Crist	264,264	\$96.68	\$25,549,044
Smith	115,000	\$108.69	\$12,499,350
Weighted Average	379,264	\$100.32	\$38,048,394

In-transit Inventory at the Alabama State Docks

	In-transit tons	\$/ton	in-transit dollars
	91,004	\$91.95	\$8,368,000

Note: the unit price of coal at ASD is reduced by \$8.37 per ton to remove the cost of loading coal into barges and transportation from ASD to the Plants.

Calculation of In-Transit Inventory for the Rail Served Plants

	In-transit tons	\$/ton	in-transit dollars
Scholz			\$ -
Daniel	21,153	\$94.55	\$2,000,000
Scherer	8,243	\$42.46	\$350,000

Total In-Transit Inventory

	120,400	\$86.18	\$10,718,000
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97. Please refer to MFR Schedule F-8, page 20 of 25, item 22 and answer the following:
- a. How was the "historical ratio of in-transit coal to generation for each plant" calculated? Over what period of time was this ratio calculated?
 - b. Given that in-transit coal is based on a historical ratio, is this ratio appropriate for the test year?
 - c. Have there been changes in plant inventory levels and transportation of coal that affect this ratio?
 - d. Why is the quantity of coal in-transit projected for 2012 a reduced quantity?
 - e. What was the average quantity of coal in-transit for 2009 and 2010?
 - f. What is the actual/projected quantity of coal in-transit for 2011?
 - g. Does the in-transit quantity of coal for the projected test year include quantities of in-transit coal associated with Plant Scherer? Please explain.
 - h. For the quantities of in-transit coal in the 2012 test year, is any portion of it stored off-site? If so, please state the quantity and location(s).

ANSWER:

- a. The assumption statement for In-Transit Coal, item 22, on page 20 of MFR F-8 misstates the assumptions used to calculate in-transit coal in this filing. For the projected test year ending December 31, 2012, in-transit coal for Gulf Power Company's rail-served coal plants was determined by adopting the historical actual amounts for 2009. For the projected test year ending December 31, 2012, the in-transit coal for Gulf's barge-served plants represents inventory projected to be in storage at the Alabama State Docks. The calculation of in-transit coal for the projected test year ending December 31, 2012 is as follows:

Calculation of In-Transit Inventory at the Barge-Served Plants

Coal Inventory at the Plant:

	<u>TONS</u>	<u>\$/TON</u>	<u>TOTAL \$</u>
	13 mo avg	13 mo avg	13 mo avg
Crist	264,264	\$ 96.68	\$ 25,549,044
Smith	115,000	\$ 108.69	\$ 12,499,350
Weighted Average	379,264	\$ 100.32	\$ 38,048,394

In-transit Inventory at the Alabama State

Docks:

<u>In-transit tons</u>	<u>\$/ton</u>	<u>in-transit dollars</u>
91,004	\$ 91.95	\$ 8,368,000

Note: the unit price of coal at ASD is reduced by \$8.37 per ton to remove the cost of loading coal into barges and transportation from ASD to the Plants.

Calculation of In-Transit Inventory for the Rail-Served Plants

Scholz		\$ -	\$ -
Daniel	21,153	\$ 94.55	\$ 2,000,000
Scherer	8,243	\$ 42.46	\$ 350,000
Total In-Transit Inventory	120,400	\$ 86.18	\$ 10,718,000

- b. As stated in the response to (a), a calculated ratio of in-transit coal to plant inventory was not used to calculate in-transit coal inventory in the current rate case. For the rail-served plants, Gulf used historical data to determine the projected in-transit coal for the test year. The transportation modes and delivery times for rail coal to transit from the loading point to the plants remain the same as from the previous base case. The in-transit coal projection also includes coal that will be held in offsite inventory at the Alabama State Docks in Mobile, AL for ultimate delivery to Plants Crist and Smith. This offsite inventory quantity is based on targeted inventory levels of working stock to facilitate the unloading of railcars, blending of coal to meet quality specifications of the generating plants, and loading of barges for ultimate delivery to Plants Crist and Smith. The target inventory at the Alabama State Docks is consistent with Gulf's allocated amount of coal inventory space at this facility of 100,000 tons. This method of determining in-transit coal inventory is appropriate for the projected test year ending 12/31/2012.

- c. See Gulf's response to (a) and (b) above.
- d. Gulf projects a change in transportation mode for its coal shipments into the Alabama State Docks from primarily import vessel shipments of coal to domestic coal shipments by rail. This change in coal supply source and transportation mode is projected to reduce the amount of inventory being held at the Alabama State Docks. In addition, Gulf currently projects that no shipments by barge from origin points off the Ohio River directly to Plants Crist and Smith will occur in the test year. Direct shipments by barge have longer transit times from origin to destination and increase the amount of in-transit coal.
- e. 2009 actual 12 month average in-transit tons = 195,537
2010 actual 12 month average in-transit tons = 392,605
- f. 2011 actual/projected 12 month average in-transit tons = 305,110 Quo
- g. The amount reported on Schedule F-8, page 20 of 25, item 22, \$10,718,000, includes \$350,000 of in-transit coal for Plant Scherer, as noted in the response to (a). The Scherer in-transit coal was inadvertently omitted from the rate base adjustments made to remove the investment associated with Plant Scherer.
- h. Yes. Approximately 91,000 tons of coal is stored offsite at the Alabama State Docks located in Mobile, AL.

98. Please refer to page 18 of the testimony of witness Michael Burroughs, lines 21 through 25 and continuing on to page 19, lines 1 through 6.
- a. How did GPC calculate the \$98.04 per ton cost for coal in inventory for the test year? Include the weighted average calculation showing for each plant the component transportation mode, price per ton of the coal, price per ton of the transportation, and 2012 tonnage weights. Reference MFR Schedule B-18 as necessary.
 - b. Did GPC include all its coal supply agreements in effect for 2012 in calculating the \$98.04 per ton cost for coal? Please explain and, as part of the answer to this interrogatory, please state for each coal supply agreement in effect for 2012 the vendor, supply basin, price per ton, Btu per pound, SO₂ (sulfur) content, and the quantity of coal in tons that GPC expects to buy in 2012.

ANSWER:

- a. Gulf calculated \$98.04 per ton of coal in the test year by summing the ending inventories for Plants Crist, Smith, Scholz and Daniel for December 2011 through December 2012, taking the dollar value total and dividing the tonnage value in to the dollar amount. See MFR Schedule B-18 Line 14 pages 2, 4, 6, and 8 for plant totals.

	Coal tonnage summary 2012			
	units	(\$000)	\$/Unit	
Crist	3,435,435	332,147		Page 2 Line 14
Smith	1,495,000	162,492		Page 4 Line 14
Scholz	266,000	28,098		Page 6 Line 14
Daniel	3,815,116	360,713		Page 8 Line 14
Total	<u>9,011,551</u>	<u>883,450</u>	98.04	Per ton cost for coal inventory 2012

Gulf forecasts its coal inventory budget based on purchases. The following is a weighted average of the purchased coals for each plant, the price per ton of coal and the price per ton transportation. The tonnage is the total inventory:

2012 Purchased coal cost and transportation cost				
	Coal			
	Mode	Cost	Transportation	Tonnage
Crist	Rail/Barge	58.62	35.91	3,435,435
Smith	Rail/Barge	74.67	26.92	1,495,000
Scholz	Rail	73.18	35.93	266,000
Daniel	Rail	39.15	61.56	3,815,116

- b. Gulf included all of its coal supply agreements in effect for 2012 to calculate the \$98.04 per ton cost. The following table contains the requested information for each of Gulf's 2012 coal supply agreements.

In the previous rate case the in-transit amount of \$13,000,000 was calculated by determining an in-transit factor that was multiplied by the total proposed fuel stock dollars. The in-transit amount requested is a 13-month average of Gulf Power Company's projected Alabama State Dock inventory coal in storage using a projected average dollar per ton, as well as a historical review of in-transit tons for the rail coal to Plants Daniel and Scherer. In-transit coal is not identified by vendor. The details of the calculation are provided in Gulf's response to Staff's Seventh POD No. 27.

	Vendor	Supply Basin	Price per ton (\$/ton)	Heating Value (BTU/lb)	Sulfur Content (%)	Quantity (tons)
1	Oxbow-Daniel	Central Rockies	██████	11,780	0.48	46,000
2	Twenty Mile 11	Central Rockies	██████	11,166	0.46	12,000
3	Twenty Mile 12	Central Rockies	██████	11,166	0.46	2,095,154
4	Tinto	Southern PRB	██████	8,801	0.27	145,582
5	Consol	Central Rockies	██████	12,130	1.15	351,000
6	American	Illinois Basin	██████	11,800	2.66	1,867,677
7	Oxbow-Crist	Central Rockies	██████	12,207	0.55	1,986,677
8	Patriot - Crist	Central Appalachia	██████	12,000	0.96	2,015,677
9	Foresight	Illinois Basin	██████	11,600	2.32	1,991,677
10	Patriot - Scholz	Central Appalachia	██████	11,890	0.78	11,000
11	Oxbow - Smith	Central Rockies	██████	12,207	0.55	55,000
12	Interocean	Columbia	██████	11,550	0.38	16,000

99. Please refer to page 20 of the testimony of Michael Burroughs, lines 6 through 25 and on to page 21, lines 1 through 5.
- a. Please describe GPC's firm gas storage including a description of each gas storage facility, the quantity of GPC's firm gas storage capacity currently and for the test year by storage facility, the quantity of GPC's gas in storage currently and for the test year by storage facility, etc.
 - b. Please refer to lines 7 through 10 of page 20, where witness Burroughs states "Gulf's policy is to maintain a certain portion of its natural gas requirements in storage to provide for pipeline balancing and natural gas supply interruptions caused by pipeline and compressor station failures, hurricanes, well freezes, etc." What is the certain portion of its natural gas requirements currently and for the test year? As part of answering this interrogatory, please show the calculation of the "certain portion" and state the quantity of GPC's "natural gas requirements" currently and for the test year.
 - c. Please refer to line 14 of page 20. How did GPC develop the target inventory level of 835,702 MCF, and why is that level appropriate for natural gas inventory for the test year? Include in your response all calculations to support your response.
 - d. In reference to lines 9 through 10 of page 20, please describe any pipeline and compressor station failures, hurricanes, well freezes, etc. that have affected GPC's natural gas supply since 2003.
 - e. Do other Southern Company operating companies use any of GPC's firm gas storage capacity or benefit in other ways from GPC having firm gas storage? Please explain your response.
 - f. Is GPC's firm gas storage capacity solely for Smith Unit 3? Please explain.
 - g. In reference to lines 1 through 5 of page 21, please state whether the gas inventory level was included in the fuel inventory amount allowed in the last rate case.
 - h. How did GPC determine \$5.69 per MCF as the appropriate average unit cost for natural gas in storage? Please show calculations. As part of the response to this question, please explain the derivation of the unit prices

on MFR Schedule B-18, page 78 of 100, and explain whether these unit prices are appropriate.

- i. What is the date(s) of the forward curve of futures prices associated with the commodity portion of the \$5.69 per MCF?

ANSWER:

- a. Gulf Power has natural gas storage capacity in the Bay Gas Storage Company and Southern Pines Energy Center facilities. Bay Gas and Southern Pines are salt dome storage facilities. For current year 2011 and test year 2012, Gulf's storage capacity at Bay Gas is 940,220 MCF and at Southern Pines is 364,780 MCF. At July 31, 2011 Gulf's gas inventory at Bay Gas was 613,603 MCF and at Southern Pines was 280,665 MCF, for a total of 894,268 MCF. For test year 2012 the average daily inventory is estimated to be 621,673 MCF in Bay Gas storage and 279,097 MCF in Southern Pines.
- b. For the current year 2011, and test year 2012, Gulf's policy is to maintain storage capacity equal to 15 days of the Smith 3 combined cycle potential utilization, as measured by the amount of firm pipeline capacity that can be used to serve the plant. The firm quantity that can be delivered to Plant Smith is 87,000 MCF per day. Accordingly, a 15-day capacity is equal to 1,305,000 MCF. Gulf estimates that on average, the amount of gas held in inventory during current year 2011 and test year 2012 will be 835,702 MCF or approximately nine Normal Full Load Burn Days.
- c. For the current year 2011, and test year 2012, Gulf's inventory is based on its capacity of 1,305,000 MCF, multiplied by the average of the minimum inventory level for each month (set by the Southern Company Natural Gas and Fuel Oil Policy, see Gulf's response to Staff's POD No. 30) and the maximum inventory level for each month based on operational experience. Based on those parameters Gulf expects to carry gas inventory equal to approximately 64% of its storage capacity through the current year and test year.

Calculation of Gas Storage Target

	<u>Minimum</u>		<u>Operational Maximum</u>		<u>Midpoint</u>
Jan	50%	652,500	90%	1,174,500	913,500
Feb	35%	456,750	90%	1,174,500	815,625
Mar	20%	261,000	90%	1,174,500	717,750
Apr	20%	261,000	90%	1,174,500	717,750
May	20%	261,000	90%	1,174,500	717,750
Jun	65%	848,250	90%	1,174,500	1,011,375
Jul	60%	783,000	90%	1,174,500	978,750
Aug	55%	717,750	90%	1,174,500	946,125
Sep	45%	587,250	90%	1,174,500	880,875
Oct	32%	416,556	90%	1,174,500	795,528
Nov	20%	261,000	90%	1,174,500	717,750
Dec	35%	456,750	90%	1,174,500	815,625
Average		496,901		1,174,500	835,700

1,305,000 MCF of Gulf's total storage capacity x 64% = 835,702 MCF

Southern Company Natural Gas Policy requires that base load combined cycle units have firm gas storage and gas transportation for system reliability purposes. The gas storage requirement must be met before a gas fired combined cycle unit will be accepted as electric generating capacity for purposes of meeting an operating company's reserve capacity margin obligation under the terms of Southern Company's Intercompany Interchange Contract (IIC).

The requested level of gas inventory for Gulf's Smith 3 gas fired combined cycle unit is appropriate to meet system reliability needs and Gulf's generating capacity margins as required by the IIC.

- d. Because Gulf had adequate natural gas storage capacity available, there have not been any pipeline and compressor station failures, hurricanes, well freezes, etc. that have interrupted Gulf's natural gas supply since 2003. On the days these factors would have affected natural gas supply, Gulf used stored gas to fuel its electric generating facilities.

In general, Hurricanes Katrina and Rita (2005) and Ivan (2004) had the most significant effect on gas supply since 2003. In addition to the major storms that struck the U.S. Gulf Coast, many tropical storms with Gulf of Mexico tracks cause an evacuation of U.S. offshore gas production which can impact Gulf's natural gas supply. Since 2003 the following tropical storms have made landfall along the US Gulf Coast.

2003: TS Bill, Hurricane Claudette, TS Grace, and TS Henri
2004: TS Bonnie, Hurricane Charley, Hurricane Ivan, and TS Matthew
2005: TS Arlene, TS Cindy, Hurricanes Dennis, Katrina, Rita, and Wilma
2006: TS Alberto
2007: TS Barry, TS Erin, Hurricane Humberto, and TS Olga
2008: Hurricane Dolly, TS Edouard, TS Fay, Hurricanes Gustav and Ike
2009: TS Claudette and TS Ida

While Gulf has not been affected recently by pipeline or compressor failures or well freezes, such events do occur and have affected other gas users, notably a Florida Gas Transmission compressor station damaged by fire (1998), a Columbia Gulf compressor station damaged by tornado (2008), and well freeze-offs that impacted production in Oklahoma, Texas and New Mexico (2011).

- e. No.
- f. Yes, the Southern Company Natural Gas and Fuel Oil policy requires firm gas storage for combined cycle or base load gas fired generating units.
- g. Yes.
- h. The cost of \$5.69 per MCF is the 13 month average of the total dollars divided by the total units of the Ending Inventory on MFR B-18, page 78.

Calculation:

$$(\$61,864,000) / 10,864,125 \text{ MCF} = \$5.69 \text{ per MCF}$$

This price of \$5.69 per MCF is the sum of the gas commodity cost, variable gas transportation costs, and variable gas storage costs for the Smith 3 combined cycle unit and represents the average unit cost for natural gas in storage for the projected 2012 test year. The monthly commodity price is based on a 20-day moving average of the Henry Hub NYMEX futures settlements for the period of 7/26/10 through 8/20/10. The variable gas transportation and storage cost (basis

differential to transport the gas from Henry Hub to Florida Gas Transmission Zone 3 and 1% fuel retention charge) is added to the commodity cost to determine the total delivered price of gas in storage. The projected gas commodity price is based on published NYMEX market pricing and the transportation and storage costs are defined by Gulf's agreements with Florida Gas Transmission, Bay Gas Storage, and Southern Pines Energy Center. This is a reasonable and appropriate method of determining the projected delivered price of natural gas in storage for the projected test year. The breakdown of this price by component piece is as follows:

2012 Projected Unit Cost of Natural Gas in Storage

	20 Day NYMEX Commodity	FGT Basis Differential	1% Fuel Retention Cost	Total
Jan	\$ 5.892	\$ 0.052	\$ 0.062	\$ 6.008
Feb	\$ 5.840	\$ 0.052	\$ 0.062	\$ 5.950
Mar	\$ 5.675	\$ 0.052	\$ 0.062	\$ 5.788
Apr	\$ 5.325	\$ 0.052	\$ 0.052	\$ 5.432
May	\$ 5.325	\$ 0.052	\$ 0.052	\$ 5.433
Jun	\$ 5.356	\$ 0.052	\$ 0.052	\$ 5.464
Jul	\$ 5.408	\$ 0.052	\$ 0.052	\$ 5.513
Aug	\$ 5.541	\$ 0.052	\$ 0.052	\$ 5.549
Sep	\$ 5.469	\$ 0.052	\$ 0.052	\$ 5.576
Oct	\$ 5.552	\$ 0.052	\$ 0.052	\$ 5.658
Nov	\$ 5.747	\$ 0.052	\$ 0.062	\$ 5.860
Dec	\$ 5.974	\$ 0.052	\$ 0.062	\$ 6.090
Average				\$ 5.693

- i. The monthly commodity price is based on a 20-day moving average of the Henry Hub NYMEX futures settlements for the period of 7/26/10 through 8/20/10.

100. Will Plant Scholz be in-service through the end of 2012? As part of your response, please state when GPC intends to retire Plant Scholz.

ANSWER:

Yes, Gulf expects Plant Scholz to be in-service through the end of 2012. As stated in Gulf's 2011 Ten Year Site Plan, "Gulf continues to study the effects of pending environmental regulations on the future operation of its small coal-fired units at Plant Scholz in Jackson County, Florida. Therefore, these units will continue to operate on coal until a decision is made to retire and replace the capacity or convert the units to burn biomass."

101. The following question refers to fuel inventory quantities and amounts for Plant Daniel.
- a. For test year inventory quantities and dollar amounts of coal, coal in-transit, and distillate oil associated with Plant Daniel, are the quantities and amounts adjusted to reflect only Gulf's ownership interest in Plant Daniel? Please explain.
 - b. If the answer to part a is yes, how are the test year inventory quantities and dollar amounts of coal, coal in-transit, and distillate oil associated with Plant Daniel adjusted to reflect only Gulf Power's ownership interest? Please show all calculations.

ANSWER:

- a. Yes
- b. The calculation of Gulf's inventory quantities and dollar amounts of coal, coal in-transit and distillate oil are based on Gulf's 50 percent ownership of Daniel Units 1 and 2. Fifty percent of the total coal, coal in-transit and distillate oil associated with Daniel 1 and 2 reflects Gulf's ownership.

102. Please refer to MFR Schedule B-18, page 1 of 100, line 1 of columns 10 and 13, and answer the following:
- a. Is the \$113.83 unit cost based on coal supply agreements that are no longer in effect or that will not be in effect for the test year? Please explain.
 - b. Please explain why is this an appropriate unit cost.

ANSWER:

- a. The unit price of \$113.83 is based on coal supply agreements that will be in place in 2012. Three out of the four coal suppliers used to supply coal for December 2011 have agreements to supply coal in 2012.
- b. This is an appropriate unit price because it represents the purchases for December 2011 based on coal supply agreements that are in place for that month and for 2012.

103. Please refer to MFR Schedule B-18, page 3 of 100, line 1 of columns 10 and 13 and answer the following:
- a. Is the \$144.52 unit cost based on coal supply agreements that are no longer in effect or that will not be in effect for the test year? Please explain.
 - b. Please explain why is this an appropriate unit cost?

ANSWER:

- a. The unit price \$144.52 is based on coal supply agreements that will be in place through December of 2011. The agreements will not be in place in 2012.
- b. This is an appropriate unit price because it represents the purchases for December 2011 based on coal supply agreements that are in place for that month.

104. Please refer to MFR Schedule B-18, columns 5 through 7 on pages 22, 28, 52, and 56 and answer the following:
- a. Please explain in detail what caused the quantities and amounts noted in the Fuel Issue (Other) on line 5 of page 22 of 100.
 - b. Please explain in detail what caused the quantities and amounts noted in the Fuel Issue (Other) on line 4 of page 28 of 100.
 - c. Please explain in detail what caused the quantities and amounts noted in the Fuel Issue (Other) on line 10 of page 28 of 100.
 - d. Please explain in detail what caused the quantities and amounts noted in the Fuel Issue (Other) on line 10 of page 52 of 100.
 - e. Please explain in detail what caused the quantities and amounts noted in the Fuel Issue (Other) on line 10 of page 56 of 100.

ANSWER:

- a. In the February and March time frame, an error occurred in the end of the month coal bunker level adjustment for the plant which caused an error in the burn calculated for the plant. The error was discovered in March and was corrected in April.
- b. This line reflects an adjustment to inventory to account for the results of the Spring coal pile aerial survey.
- c. This line reflects an adjustment to inventory to account for the results of the Fall coal pile aerial survey.
- d. This adjustment was made due to a physical measurement of oil tank inventory which compensates for temperature changes and inaccuracies of the staff gauge readings.
- e. This adjustment was made due to a physical measurement of oil tank inventory which compensates for temperature changes and inaccuracies of the staff gauge readings.

105. Please refer to MFR Schedule B-18, columns 8 through 10 on pages 86 and 94 and answer the following:
- a. Please explain in detail what caused the Adjustment on line 1 of page 86 of 100.
 - b. Please explain in detail what caused the Adjustment on line 2 of page 94 of 100.
 - c. Please explain in detail what caused the Adjustment on line 3 of page 94 of 100.
 - d. Please explain in detail what caused the Adjustment on line 4 of page 94 of 100.
 - e. Please explain in detail what caused the Adjustment on line 9 of page 94 of 100.
 - f. Please explain in detail what caused the Adjustment on line 13 of page 94 of 100.

ANSWER:

- a. This adjustment was due to a third party sale of gas. After the actual burn was determined, Gulf sold the excess natural gas that was purchased for generation needs to a third party and credited the sale proceeds back to the customer.
- b. This adjustment was due to a third party sale of gas.
- c. This adjustment was due to a third party sale of gas.
- d. This adjustment was due to a third party sale of gas.
- e. This adjustment was due to a third party sale of gas.
- f. This adjustment was due to a third party sale of gas.

106. Please refer to page 19 of the testimony of witness Michael Burroughs, lines 2 through 6, and answer the following:
- a. What has caused the "general decline in coal supply"?
 - b. What coal supply basins have (or have not) experienced this decline?
 - c. How does the general decline in coal supply specifically affect GPC's coal procurement?
 - d. Please explain why production costs have increased for domestic mining. As part of the response to this interrogatory, please state the significance in dollars per ton of this increase.
 - e. Please describe in detail GPC's rail and barge transportation agreements. Please include when the agreements were signed, how the RFPs and bids associated with the agreements were analyzed, when the current transportation agreements were signed, etc.
 - f. Please explain the reason(s) why rail and barge transportation costs for coal have increased.
 - g. What efforts does GPC make to minimize its coal transportations costs? When did GPC issue an RFP for its current waterborne transportation agreement(s) for coal?

ANSWER:

- a. The general decline in coal supply can be attributed primarily to declining economic conditions in the U.S. that began in mid to late 2008 and the sustained low cost of natural gas generation. These two factors have combined to have an adverse impact on the domestic demand for steam coal. As a result, coal suppliers in the domestic coal basins have reduced their production in an attempt to match supply and demand and mitigate the potential for an oversupply of steam coal into the markets. At the same time, increased worldwide demand for metallurgical coal has increased the potential for domestic coal with metallurgical qualities to be exported to those world markets and has led to coal companies placing an increased emphasis on the production of metallurgical quality coal, to the detriment of steam coal production.

- b. Since 2008, all domestic coal supply basins have experienced a decline in production of steam coal, with the exception of the Illinois Basin supply region. The Illinois Basin coal supplies have lower production costs and this coal is the low cost option in the bituminous coal market. This region has benefited from increased demand as a result of fuel switching at various utilities as scrubbers have been installed to meet environmental requirements along with an increase in coal exports.
- c. Other than the resulting increase in market price for steam coal, the decline in domestic coal supply does not directly impact Gulf's coal procurement. This is mainly due to the fact that Gulf has a diverse portfolio of supply regions from which it has the capability to purchase coal. Gulf's coal units have the ability to burn various domestic and international coals. Because of this diversity, the market supply and pricing risk is mitigated as Gulf is not overly reliant on any one region for its coal supply.
- d. Coal producers have experienced production cost increases over the last few years as a result of tougher geological mining conditions as older, more productive coal reserves have been depleted. In addition, increased regulations imposed by the Mine Safety and Health Administration, mine permitting delays due to regulatory actions by the Environmental Protection Agency, and an overall increase in production cost components such as, mining equipment, labor, explosives, and diesel fuel have resulted in total production costs for coal.

While production costs of all coal suppliers is not known, there is information available for the publicly held coal companies. The average production costs for publicly-held Central Appalachian companies' operations have increased approximately 21% or \$11/ton over the last two years. The average production costs of the publicly held Illinois Basin companies' operations have increased approximately 5% or \$1.50/ton. Production cost increases in the Illinois Basin have been minimal as a result of new, efficient long-wall mining operations that have been placed into operation to meet demand increases. Production costs are projected to continue to rise as the cost pressures mentioned in the preceding paragraph are expected to continue.

- e. Gulf Power has three barge transportation contracts and five rail transportation contracts.

Barge Transportation Agreements

1. Time Charter and Fleet and Barge Maintenance Agreement (SC09006-T) with Marquette Transportation Company, LLC:
This agreement was executed on September 8, 2009 and provided for the lease of five (5) fully crewed and supplied towboats that would move Gulf's coal barges primarily from the Alabama State Docks at Mobile, AL to Plants Crist and Smith.
2. Barge Bareboat Charter (SC09004-T) with Marquette Transportation Company, LLC:
This agreement was executed on August 17, 2009 and provided for the lease of thirty-one (31) barges to transport coal from the Alabama State Docks to the plants.
3. Barge Bareboat Charter (SC09005-T) with Heartland barge Management, LLC:
This agreement was executed on September 14, 2009 and provided for the lease of nineteen (19) additional barges to transport coal from the Alabama State Docks to the plants.

Southern Company Services (SCS) issued an RFP on September 16, 2008 to develop the basis for the final agreements above, and of thirty-five packages sent out to the barging industry, ten responses were received. Of the ten respondents, three bid on providing all services to Gulf, including towboats and barges; however, one of those three (AEP) bid only on a three year term with a price reopener for services beginning in year four. The balance of the respondents bid on varying portions of the services requested by Gulf. The evaluation was based on tonnages delivered to the Alabama State Docks at Mobile, AL and then transported to Gulf's plants.

Based on the evaluation, SCS recommended that of the ten respondents, three finalists be selected based on their conformity to the requirements of the RFP and their overall competitive pricing. Those finalists were requested to make best and final offers based on providing the services requested.

Based on the evaluation of the final offers, SCS recommended that a combination of Marquette Transportation Company (MTC), five (5) boats and thirty-one (31) barges, and Heartland Barge Management (HBM), nineteen (19) barges, be awarded the business for the five (5) year term of the contract.

By selecting these finalists, the business awarded was based on fully-found charters (leases) of fully crewed and supplied boats and bareboat charters (leases) of barges.

Rail Transportation Agreements

Due to circumstances related to a specific destination or a specific origin of coal, the following rail transportation agreements were negotiated with the respective carrier.

1. CSXT Agreement CSXT-C-83791 provides for rail transportation of domestic and import coal to Plant Scholz through December 31, 2011. This agreement was effective January 1, 2007. This agreement specifies that 95 percent of all deliveries must move on the CSXT railroad.
2. UP Agreement UP-53281 provides for rail transportation of Colorado and Utah coal to the Cora Dock terminal on the Mississippi River through December 31, 2011. This agreement was effective January 1, 2009. There is no annual minimum volume requirement in this agreement; however, the agreement includes a maximum of 300,000 tons of coal that can be shipped.
3. UP Agreement UP-53286 with UP/CN provides for rail transportation of Colorado and Utah coal to the Alabama State Docks through December 31, 2011. This agreement was effective January 1, 2009. The agreement has an annual minimum volume requirement of 813,078 tons and a maximum of 1.2 million tons of coal that can be shipped in 2011.
4. CSXT Agreement CSXT-84986 provides for rail transportation of Central Appalachian coal from Patriot Coal Sales to the Alabama State Docks through December 31, 2012. This agreement was effective January 1, 2011. The agreement has a minimum volume requirement of 300,000 tons and a maximum of 600,000 tons of coal that can be shipped annually.
5. CN Agreement CN- 517554-AA provides for rail transportation of Illinois Basin coal to the Alabama State Docks through December 31, 2012. This agreement was effective October 1, 2010. There are no annual minimum or maximum volume requirements in this rail agreement.

- f. Railroad companies are attempting to raise funds needed to maintain operating equipment in this higher cost environment and expand rail capacity to meet growing demand. A significant portion of this funding is coming from the railroad's efforts to increase base transportation rates, particularly for captive shippers. In addition, fuel surcharges are being added to base transportation rates in order to pass the fuel price risk on to shippers. Given the recent price increases of diesel fuel, the fuel surcharge has increased the overall cost of rail transportation to shippers.

Barge rates have increased due to ongoing consolidation of the barging industry and higher operating costs. Consolidation has resulted in fewer barge companies with more market power. Reduced competition among these barge lines and the increased demand in the coal export market has led to increased rates for domestic shippers such as Gulf. In addition, higher operating costs such as the cost of diesel fuel for tow boats and the price of steel used in the construction of barges are being passed on to shippers.

- g. Gulf utilizes competitive bidding to minimize coal transportation costs. Competition is created with diversity of coal supply sources and alternative transportation modes at each of the plants. Competition is achieved by periodically bidding transportation alternatives and educating carriers on the effects of marginal dispatch changes on unit load requirements. The current barge agreements as mentioned earlier that serve the movement of coals to plants Crist and Smith were awarded based on the least cost or most competitive offer. Gulf seeks to obtain the most competitive pricing possible and to limit the escalation of prices as much as possible. Other cost optimization practices include mitigation of demurrage charges that occur when there are delays in the loading and/or unloading process, minimizing liquidated damages and seeking guaranteed cycle time provisions. Note the date for issuance of the RFP for Gulf Power Company's current waterborne transportation agreements is in (e) above.

107. GPC is in litigation with Peabody Energy Corporation's COALSALES II subsidiary regarding a coal supply agreement. GPC may receive an award of damages based on this litigation. Please answer the following:
- a. Is any replacement coal associated with this litigation currently in fuel inventory? Will it be in inventory for the 2012 test year? If yes, please explain.
 - b. If GPC is awarded monetary damages based on this litigation, what will be the regulatory accounting treatment of the damages?

ANSWER:

- a. No. There is no replacement coal associated with this litigation in inventory currently or projected for the 2012 test year.
- b. The retail portion of monetary damages will be returned to the customer through the fuel cost recovery clause.

108. Please refer to the Direct testimony of Michael L. Burroughs beginning at page 21, line 7 and continuing through page 22, line 8, where the witness discusses the average unit cost of distillate oil in inventory from the last rate case to the instant case. Please answer the following:
- a. The witness asserts that for Docket No. 010949-EI (the last Gulf rate case), the average cost of distillate oil in inventory was \$30.23 per barrel. Please describe how that value was calculated.
 - b. The witness asserts that for the instant case, the average cost of distillate oil in inventory for the 2012 test year is \$67.60 per barrel. Please describe how that value was calculated.
 - c. Please explain why \$3,370,000 for distillate oil in fuel inventory in the 2012 rate base is appropriate.

ANSWER:

- a. In the last rate case a distillate oil target inventory as a percent of tank capacity was established at each plant. The target inventory was converted into barrels of oil and the quantity was multiplied by a forecasted per unit value of distillate oil delivered to each plant to determine the total value of oil inventory at each plant. The calculations are shown in the following table:

• Crist	90% of capacity	4,286 BBLS	\$131,409
• Smith	80% of capacity	476 BBLS	\$ 14,000
• Smith CT	90% of capacity	8,571 BBLS	\$258,000
• Scholz	100% of capacity	357 BBLS	\$ 11,000
• Daniel	67% of capacity	<u>2,415 BBLS</u>	<u>\$ 73,000</u>
		16,105 BBLS	\$487,409

The sum of plant distillate oil inventory values is divided by the sum of the barrels of oil in inventory to get a per unit value of \$30.26/BBL for the previous test year.

- b. In establishing the proper oil inventories for the 2012 test year in this case, Smith lighter oil and Smith CT oil were combined since this oil is contained in common tanks. In addition, the Central Alabama and Baconton plants were added to Gulf's generation mix since the last rate case. The amount of target fuel oil for the gas fired plants to be used as emergency back up fuel supply was equivalent to 3 days normal full load burn when operating on distillate oil only. The amount of target lighter oil inventory established for the coal fired plants is 85% of tank capacity.

• Central Alabama	28,571 BBLs	\$1,652,000
• Baconton	6,970 BBLs	\$ 403,000
• Crist	4,286 BBLs	\$ 411,000
• Smith	7,619 BBLs	\$ 666,000
• Scholz		\$ 3,000
• Daniel	<u>2,404 BBLs</u>	<u>\$ 235,000</u>
	49,850 BBLs	\$3,370,000

Note: Scholz oil quantity was inadvertently omitted.

The sum of value of oil is divided by the sum of the barrels of oil to get a value of \$67.60/BBL for the 2012 test year.

- c. The distillate oil inventory targets were set to allow three days normal full load burn at the gas-fired units where oil is used as backup fuel. This amount of oil in inventory and ready to burn allows the gas fired units that have no gas storage capacity under contract to be available for load during times when natural gas supply is interrupted. The lighter oil tanks are kept at approximately 85% of capacity to support startup at the coal fired units. The lighter oil inventory targets are set to allow for delays associated with scheduling deliveries of distillate oil by truck to refill oil tanks after the normal startup of the coal fired generating units. This is reflected in the value of distillate oil inventory included in the rate base in the 2012 test year and is reasonable and appropriate for the reasons described above.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 110138-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Secretary and Treasurer and Regulatory Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

Susan D. Ritenour
Susan D. Ritenour
Secretary and Treasurer
Regulatory Manager

Sworn to and subscribed before me this 16th day of September, 2011.

Natalie Milstead
Notary Public, State of Florida at Large



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 110138-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail and overnight delivery the 16th day of September, 2011, on the following:

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Florida Bar No. 0627569

BEGGS & LANE

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Pensacola FL 32591-2950

(850) 432-2451

Attorneys for Gulf Power Company

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide conventional fuel account balances in dollars and quantities for each fuel type for the test year and the two preceding years. Include Natural Gas even though no inventory is carried. (Give units in Barrels, Tons, or MCF)

Type of Data Shown:

Projected Test Year Ended 12/31/2012

Prior Year Ended 12/31/2011

X Historical Year Ended 12/31/2010

COMPANY: GULF POWER COMPANY

Witness: M. L. Burroughs, R. J. McMillan

DOCKET NO.: 110138-EI

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
				Fuel Issues (Other)			Adjustments			Ending Inventory		
Line No.	Plant	Fuel Type	Month	Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit
1	Smith	Nat. Gas	Dec-09	0	0	0.00	0	0	0.00	910,571	4,885	5.36
2	Smith	Nat. Gas	Jan-10	0	0	0.00	-298,163	-1,783	5.98	857,091	5,539	6.46
3	Smith	Nat. Gas	Feb-10	0	0	0.00	-162,070	-895	5.52	756,447	5,667	7.49
4	Smith	Nat. Gas	Mar-10	0	0	0.00	-89,986	-455	5.06	698,017	3,959	5.67
5	Smith	Nat. Gas	Apr-10	0	0	0.00	0	0	0.00	859,657	4,533	5.27
6	Smith	Nat. Gas	May-10	0	0	0.00	0	0	0.00	936,215	5,165	5.52
7	Smith	Nat. Gas	Jun-10	0	0	0.00	0	0	0.00	1,016,864	6,015	5.92
8	Smith	Nat. Gas	Jul-10	0	0	0.00	0	0	0.00	899,336	5,353	5.95
9	Smith	Nat. Gas	Aug-10	0	0	0.00	-135,000	-518	3.84	926,281	5,525	5.96
10	Smith	Nat. Gas	Sep-10	0	0	0.00	0	0	0.00	926,281	4,976	5.37
11	Smith	Nat. Gas	Oct-10	0	0	0.00	0	0	0.00	984,674	4,689	4.76
12	Smith	Nat. Gas	Nov-10	0	0	0.00	0	0	0.00	984,672	4,509	4.58
13	Smith	Nat. Gas	Dec-10	0	0	0.00	-20,000	-82	4.10	932,826	4,474	4.80
14	Total									11,688,932	65,289	
15	Smith	Nat. Gas	13 mth avg							899,149	5,022	5.59

185



2 11-17-11
Depo. of Burroughs

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

One Energy Place
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November 9, 2011

Martha F. Barrera, Attorney
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket No. 110138-EI

Dear Ms. Barrera:

Attached is Gulf Power Company's response to Staff's Seventeenth Set of Interrogatories (Nos. 214-216) in the above referenced docket.

Sincerely,

Susan D. Ritenour

nm

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

EXHIBIT

#3 11-17-11
Depo. of Burroughs

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in)
rates by Gulf Power Company)
_____)

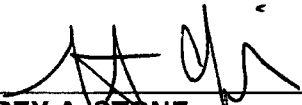
Docket No. 110138-EI

Date Filed: November 9, 2011

GULF POWER COMPANY'S RESPONSES TO
STAFF'S SEVENTEENTH SET OF INTERROGATORIES (NOS. 214-216)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and
through its undersigned counsel, hereby submits the Company's response to
Staff's Seventeenth Set of Interrogatories (Nos. 214-216) on the following pages.

Respectfully submitted the 9th day of November, 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
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(850) 432-2451
Attorneys for Gulf Power Company

214. Please state the expected in-service dates for the Plant Crist Units 6 and 7 turbine upgrades.

ANSWER:

Component Activities	Description	In Service Date
Plant Crist U7 HP/IP	Upgraded inner and outer High Pressure and Intermediate Pressure cylinder and rotor.	Jan-2010
Plant Crist U6 HP/IP	Upgraded inner and outer High Pressure and Intermediate Pressure cylinder and rotor.	May-2012
Plant Crist U7 LP's	Upgraded both LP turbine sets with inner Low Pressure cylinder and rotor.	Dec-2012
TOTAL		

215. For December 2011 through December 2012, please provide the following information on a system and jurisdictional basis by month, 13-month average, and account number individually for the Plant Crist Units 6 and 7 turbine upgrades, assuming nothing is included in the ECRC and not annualizing any costs:

- a. CWIP – AFUDC eligible
- b. CWIP – not AFUDC eligible
- c. Plant in Service
- d. Accumulated Depreciation
- e. Working Capital
- f. Total Rate Base (excluding CWIP – AFUDC eligible)
- g. O&M Expenses
- h. Other Expenses (specify)
- i. Depreciation Expense
- j. Income Taxes
- k. Total Net Operating Income

ANSWER:

a.

	CWIP - AFUDC eligbile		
	<u>System Amount</u>	<u>Jurisdictional Amount</u>	<u>FERC Account</u>
Dec-11	32,630,586	0	314
Jan-12	36,963,591	0	314
Feb-12	39,503,456	0	314
Mar-12	41,601,065	0	314
Apr-12	42,459,252	0	314
May-12	24,384,473	0	314
Jun-12	24,549,773	0	314
Jul-12	24,706,060	0	314
Aug-12	24,863,309	0	314
Sep-12	25,021,528	0	314
Oct-12	25,180,722	0	314
Nov-12	25,340,897	0	314
Dec-12	0	0	314
13MA	28,246,516	0	

b. None

c.

Plant - In - Service				
	<u>System</u>	<u>Jurisdictional</u>	<u>Jurisdictional</u>	<u>FERC</u>
	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Account</u>
Dec-11	15,292,517	0.9662124	14,775,820	314
Jan-12	15,292,517	0.9662124	14,775,820	314
Feb-12	15,292,517	0.9662124	14,775,820	314
Mar-12	15,292,517	0.9662124	14,775,820	314
Apr-12	15,292,517	0.9662124	14,775,820	314
May-12	35,645,926	0.9662124	34,441,536	314
Jun-12	35,650,926	0.9662124	34,446,367	314
Jul-12	37,505,926	0.9662124	36,238,691	314
Aug-12	37,505,926	0.9662124	36,238,691	314
Sep-12	37,505,926	0.9662124	36,238,691	314
Oct-12	37,505,926	0.9662124	36,238,691	314
Nov-12	37,505,926	0.9662124	36,238,691	314
Dec-12	64,308,812	0.9662124	62,135,972	314
13MA	30,738,299		29,699,725	

d.

Accumulated Depreciation				
	<u>System Amount</u>	<u>Jurisdictional</u>	<u>Jurisdictional</u>	<u>FERC</u>
		<u>Factor</u>	<u>Amount</u>	<u>Account</u>
Dec-11	1,025,337	0.9662118	990,693	314
Jan-12	1,069,941	0.9662118	1,033,789	314
Feb-12	1,114,544	0.9662118	1,076,886	314
Mar-12	1,159,148	0.9662118	1,119,982	314
Apr-12	1,203,752	0.9662118	1,163,079	314
May-12	1,248,355	0.9662118	1,206,176	314
Jun-12	1,352,323	0.9662118	1,306,631	314
Jul-12	1,456,305	0.9662118	1,407,100	314
Aug-12	1,565,698	0.9662118	1,512,796	314
Sep-12	1,675,091	0.9662118	1,618,493	314
Oct-12	1,784,484	0.9662118	1,724,189	314
Nov-12	1,893,877	0.9662118	1,829,886	314
Dec-12	2,003,269	0.9662118	1,935,583	314
13MA	1,427,086		1,378,868	

e. None

f.

	Total Rate Base	
	<u>System</u>	<u>Jurisdictional</u>
	<u>Amount</u>	<u>Amount</u>
Dec-11	46,897,767	13,785,127
Jan-12	51,186,168	13,742,031
Feb-12	53,681,429	13,698,934
Mar-12	55,734,434	13,655,838
Apr-12	56,548,018	13,612,741
May-12	58,782,045	33,235,360
Jun-12	58,848,376	33,139,736
Jul-12	60,755,680	34,831,591
Aug-12	60,803,538	34,725,895
Sep-12	60,852,364	34,620,198
Oct-12	60,902,165	34,514,502
Nov-12	60,952,947	34,408,805
Dec-12	62,305,543	60,200,389
13MA	57,557,729	28,320,857

g. None

h. None

i.

	Depreciation Expense			
	<u>System</u>	<u>Jurisdictional</u>	<u>Jurisdictional</u>	<u>FERC</u>
	<u>Amount</u>	<u>Factor</u>	<u>Amount</u>	<u>Account</u>
Jan-12	44,604	0.9662214	43,097	314
Feb-12	44,604	0.9662214	43,097	314
Mar-12	44,604	0.9662214	43,097	314
Apr-12	44,604	0.9662214	43,097	314
May-12	44,604	0.9662214	43,097	314
Jun-12	103,968	0.9662214	100,456	314
Jul-12	103,982	0.9662214	100,470	314
Aug-12	109,393	0.9662214	105,698	314
Sep-12	109,393	0.9662214	105,698	314
Oct-12	109,393	0.9662214	105,698	314
Nov-12	109,393	0.9662214	105,698	314
Dec-12	109,393	0.9662214	105,698	314
12MTD	977,933		944,901	

j.

	Income Tax Expense			
	<u>System Amount</u>	<u>Jurisdictional Factor</u>	<u>Jurisdictional Amount</u>	<u>FERC Account</u>
Jan-12	17,206	0.9662214	16,625	409
Feb-12	17,206	0.9662214	16,625	409
Mar-12	17,206	0.9662214	16,625	409
Apr-12	17,206	0.9662214	16,625	409
May-12	17,206	0.9662214	16,625	409
Jun-12	40,106	0.9662214	38,751	409
Jul-12	40,111	0.9662214	38,756	409
Aug-12	42,198	0.9662214	40,773	409
Sep-12	42,198	0.9662214	40,773	409
Oct-12	42,198	0.9662214	40,773	409
Nov-12	42,198	0.9662214	40,773	409
Dec-12	42,198	0.9662214	40,773	409
12MTD	377,237		364,497	

k.

	Total NOI	
	<u>System Amount</u>	<u>Jurisdictional Amount</u>
Jan-12	27,398	26,472
Feb-12	27,398	26,472
Mar-12	27,398	26,472
Apr-12	27,398	26,472
May-12	27,398	26,472
Jun-12	63,862	61,705
Jul-12	63,871	61,714
Aug-12	67,195	64,925
Sep-12	67,195	64,925
Oct-12	67,195	64,925
Nov-12	67,195	64,925
Dec-12	67,195	64,925
12MTD	600,695	580,404

216. Please refer to page 20 of the testimony of Michael Burroughs, lines 6 through 25 and to lines 1 through 5 of page 21. Also, refer to Gulf's responses to Staff's Seventh Set of Interrogatories, Nos. 99(h) and 99(i) and to MFR B-18, pages 77 and 78 of 100.
- a. Please update the chart in the response to 99(h) using the natural gas commodity prices based on Henry Hub NYMEX futures settlements for the period May 26, 2011 through June 20, 2011.
 - b. Please update MFR B-18, pages 77 and 78 of 100, using gas commodity prices based on Henry Hub NYMEX futures settlements for the period May 26, 2011 through June 20, 2011 and all other cost inputs (transportation, storage) remaining the same.

ANSWER:

a.

2012 Projected Unit Cost of Natural Gas in Storage

	20 Day NYMEX Commodity	FGT Basis Differential	1% Fuel Retention Cost	Total
Jan	\$5.059	\$0.052	\$0.062	\$5.173
Feb	\$5.045	\$0.052	\$0.062	\$5.159
Mar	\$4.982	\$0.052	\$0.062	\$5.096
Apr	\$4.829	\$0.052	\$0.052	\$4.943
May	\$4.843	\$0.052	\$0.052	\$4.957
Jun	\$4.871	\$0.052	\$0.052	\$4.985
Jul	\$4.914	\$0.052	\$0.052	\$5.028
Aug	\$4.942	\$0.052	\$0.052	\$5.056
Sep	\$4.952	\$0.052	\$0.052	\$5.066
Oct	\$4.997	\$0.052	\$0.052	\$5.111
Nov	\$5.125	\$0.052	\$0.062	\$5.239
Dec	\$5.336	\$0.052	\$0.062	\$5.450
Average				\$5.105

Staff's Seventeenth Set of
 Interrogatories
 Docket No. 110138-EI
 GULF POWER COMPANY
 November 9, 2011
 Item No. 216
 Page 2 of 3

b.

Plant	Fuel Type	Month	Beginning Inventory			Receipts		
			Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit
Smith	Nat Gas	Dec-11	913,500	5,088	5.57	2,020,265	11,596	5.74
Smith	Nat Gas	Jan-12	750,375	4,267	5.69	2,298,435	13,308	5.79
Smith	Nat Gas	Feb-12	750,375	3,879	5.17	2,124,469	12,131	5.71
Smith	Nat Gas	Mar-12	750,375	3,872	5.16	2,151,345	11,854	5.51
Smith	Nat Gas	Apr-12	750,375	3,827	5.10	1,300,560	7,920	6.09
Smith	Nat Gas	May-12	685,125	3,385	4.94	1,638,889	9,850	6.01
Smith	Nat Gas	Jun-12	685,125	3,398	4.96	2,126,325	12,545	5.90
Smith	Nat Gas	Jul-12	978,750	4,884	4.99	2,109,120	12,444	5.90
Smith	Nat Gas	Aug-12	978,750	4,923	5.03	2,178,099	12,894	5.92
Smith	Nat Gas	Sep-12	978,750	4,952	5.06	1,815,874	10,823	5.96
Smith	Nat Gas	Oct-12	978,750	4,962	5.07	2,113,853	12,514	5.92
Smith	Nat Gas	Nov-12	913,500	4,668	5.11	2,040,465	11,467	5.62
Smith	Nat Gas	Dec-12	913,500	4,787	5.24	1,960,680	11,548	5.89

Staff's Seventeenth Set of
 Interrogatories
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 Page 3 of 3

Plant	Fuel Type	Month	Fuel Issued to Generation			Ending Inventory			
			Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit	
Smith	Nat Gas	Dec-11	2,183,390	12,417	5.69	750,375	4,267	5.69	
Smith	Nat Gas	Jan-12	2,298,435	13,250	5.76	750,375	3,879	5.17	
Smith	Nat Gas	Feb-12	2,124,469	11,831	5.57	750,375	3,872	5.16	
Smith	Nat Gas	Mar-12	2,151,345	11,659	5.42	750,375	3,827	5.10	
Smith	Nat Gas	Apr-12	1,365,810	7,823	5.73	685,125	3,385	4.94	
Smith	Nat Gas	May-12	1,638,889	9,333	5.69	685,125	3,398	4.96	
Smith	Nat Gas	Jun-12	1,832,700	10,393	5.67	978,750	4,884	4.99	
Smith	Nat Gas	Jul-12	2,109,120	11,835	5.61	978,750	4,923	5.03	
Smith	Nat Gas	Aug-12	2,178,099	12,293	5.64	978,750	4,952	5.06	
Smith	Nat Gas	Sep-12	1,815,874	10,250	5.64	978,750	4,962	5.07	
Smith	Nat Gas	Oct-12	2,179,103	12,314	5.65	913,500	4,668	5.11	
Smith	Nat Gas	Nov-12	2,040,465	11,146	5.46	913,500	4,787	5.24	
Smith	Nat Gas	Dec-12	2,123,805	12,070	5.68	750,375	4,090	5.45	
TOTAL							10,864,125	55,895	
Smith	Nat Gas	13 mth avg				835,702	4,300	5.14	

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

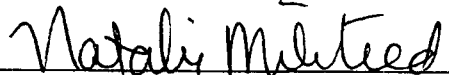
Docket No. 110138-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Secretary and Treasurer and Regulatory Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.

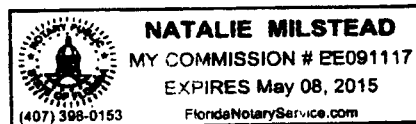


Susan D. Ritenour
Secretary and Treasurer
Regulatory Manager

Sworn to and subscribed before me this 9th day of November, 2011.



Notary Public, State of Florida at Large



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 110138-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail the 9th day of November, 2011, on the following:

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Attorneys for Gulf Power Company

FUEL INVENTORY BY PLANT

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide conventional fuel account balances in dollars and quantities for each fuel type for the test year and the two preceeding years. Include Natural Gas even though no inventory is carried. (Give units in Barrels, Tons, or MCF)

Type of Data Shown:

 X Projected Test Year Ended 12/31/2012
 Prior Year Ended 12/31/2011
 Historical Year Ended 12/31/2010

COMPANY: GULF POWER COMPANY

Witness: M. L. Burroughs, R. J. McMillan

DOCKET NO.: 110138-EI

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13)

Beginning Inventory

Receipts

Fuel Issued to Generation

Line No.	Plant	Fuel Type	Month	Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit	Units	(\$000)	\$/Unit
1	Crist	Coal (tons)	Dec-11	254,544	28,970	113.81	166,564	18,960	113.83	161,108	18,337	113.82
2	Crist	Coal (tons)	Jan-12	260,000	29,593	113.82	189,593	18,958	99.99	185,593	20,042	107.99
3	Crist	Coal (tons)	Feb-12	264,000	28,509	107.99	156,000	14,364	92.08	155,537	15,877	102.08
4	Crist	Coal (tons)	Mar-12	264,463	26,996	102.08	154,999	15,306	98.75	154,290	15,560	100.85
5	Crist	Coal (tons)	Apr-12	265,172	26,742	100.85	154,000	14,084	91.45	154,811	15,078	97.40
6	Crist	Coal (tons)	May-12	264,361	25,748	97.40	199,000	18,616	93.55	197,450	18,905	95.75
7	Crist	Coal (tons)	Jun-12	265,911	25,459	95.74	208,600	18,578	89.06	210,513	19,537	92.81
8	Crist	Coal (tons)	Jul-12	263,998	24,500	92.80	221,066	19,831	89.71	221,066	20,204	91.39
9	Crist	Coal (tons)	Aug-12	263,998	24,127	91.39	226,532	20,350	89.83	226,533	20,540	90.67
10	Crist	Coal (tons)	Sep-12	263,997	23,937	90.67	172,187	16,195	94.05	172,183	15,842	92.01
11	Crist	Coal (tons)	Oct-12	264,001	24,290	92.01	91,000	7,996	87.87	90,207	8,204	90.95
12	Crist	Coal (tons)	Nov-12	264,794	24,082	90.95	77,999	6,896	88.41	77,869	7,037	90.37
13	Crist	Coal (tons)	Dec-12	264,924	23,941	90.37	112,001	10,407	92.92	111,109	10,125	91.13

92

EXHIBIT

#4 11-17-11
 Depo of Burroughs

**DOCKET NO. 110138-EI
GULF POWER COMPANY
DEPOSITION ERRATA SHEET FOR
THE DIRECT TESTIMONY OF
MICHAEL L. BURROUGHS**

TESTIMONY

Page Line Change

8 5 Change "Improvement" to "Incentive"

Several changes are needed to remove in-transit coal associated with the Scherer Unit from the in-transit coal reflected in coal inventory included in the Working Capital calculation.

15 1 Change "\$86,804,000" to "\$86,454,000"

15 5 Change "\$86,804,000" to "\$86,454,000"

15 2 Change "\$10,718,000" to "\$10,368,000"

20 2 Change "\$10,718,000" to "\$10,368,000"

21 2 Change "\$2.21 per MCF" to "\$2.27 per MCF"

EXHIBIT

Gulf will be revising Exhibit No. __ (MLB-1), Schedule 8 to remove the in-transit coal associated with the Scherer Unit from the inventory levels shown on this schedule.

EXHIBIT

#5 11-17-11
Depo. of Burroughs

132. Please refer to page 10 of 25 in MFR Schedule F-8. For each unit listed on lines 1 through 12 (the coal units), please provide the MWH of generation for each month of the projected test year consistent with the test year load forecast. Please show the total MWH of generation by unit.

ANSWER:

Test Year Ended December 31, 2012

	Generation in Megawatt Hours					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
<u>COAL UNITS</u>						
CRIST 4	36,726	32,089	39,959	38,640	39,996	40,538
CRIST 5	19,921	13,094	22,660	33,504	32,873	36,353
CRIST 6	82,748	49,663	0	0	86,213	120,617
CRIST 7	271,725	248,200	283,171	272,896	272,624	261,414
SCHOLZ 1	2,592	1,350	1,296	4,014	6,390	11,376
SCHOLZ 2	2,592	1,296	1,296	1,296	3,888	8,460
SMITH 1	78,177	67,451	86,556	88,051	81,760	85,849
SMITH 2	77,645	25,019	86,862	98,654	92,204	96,933
DANIEL 1	11,361	0	98,570	121,056	117,549	122,212
DANIEL 2	66,225	72,164	99,433	71,139	125,496	122,524
SCHERER 3	108,519	99,585	107,400	101,756	103,980	101,886
TOTAL	758,231	609,911	827,203	831,006	962,973	1,008,162

	Generation in Megawatt Hours						12 Month TOTAL
	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	
<u>COAL UNITS</u>							
CRIST 4	42,843	43,138	5,921	31,251	32,224	32,158	415,483
CRIST 5	25,784	34,691	15,573	35,912	30,919	15,998	317,282
CRIST 6	140,422	144,285	111,483	119,520	94,830	72,135	1,021,916
CRIST 7	273,030	271,785	243,258	0	0	114,314	2,512,417
SCHOLZ 1	6,920	12,342	10,152	5,346	2,844	1,296	65,918
SCHOLZ 2	12,336	11,699	1,296	2,592	1,296	0	48,047
SMITH 1	85,747	91,498	81,779	88,824	79,327	77,946	992,965
SMITH 2	104,040	104,177	92,879	91,616	79,308	71,900	1,021,237
DANIEL 1	129,320	127,774	118,004	126,081	106,030	103,823	1,181,780
DANIEL 2	127,829	129,001	109,911	111,051	110,192	98,100	1,243,065
SCHERER 3	104,704	105,259	101,897	87,104	0	76,177	1,098,267
TOTAL	1,052,975	1,075,649	892,153	699,297	536,970	663,847	9,918,377

133. Please refer to pages 1, 3, 5, and 7 of 100 in MFR Schedule B-18. On each page, please refer to lines 2 through 13 of column 10. For each month of the projected test year, please provide the calculation of the unit cost. Include for this calculation each vendor, contract or spot, tonnage weights, price, Btu per pound, sulfur content, and contract expiration date.

ANSWER

The calculation for column (10) on MFR B-18 is to take column (9) and divide by column (8).

The monthly vendor data shown below on pages 4 through 7 contains the monthly purchase quantity forecasted for the coal contract. However, the sum of those monthly purchase quantities on pages 4 through 7 is not the exact number in column (8) on MFR B-18 due to intermediate storage facility at the Alabama State Docks. The value in column (8) is derived using the ending inventories and the burn for the month. The burn value is what our forecast modeling program calculates based on the projected load forecast, unit availability, unit heat rate, and composite quality of coal for that specific time period. The burn quantity and ending inventory forecast are the most accurate variables to calculate fuel receipts for the month. Consequently the following calculation on MFR Schedule B-18 holds true for Plant Crist Coal:

Receipts (Page 1 of 100, Column 8) = Ending Inventory (Page 2 of 100, Column 11) + Fuel issued (Page 1 of 100, Column 11) – Beginning Inventory (Page 1 of 100, Column 5)

(Column (9) *1000)/Column (8) = Column (10)

Plant	Fuel Type	Month	(8)	(9)	(10)
			Units	Receipts (\$000)	\$/Unit
Crist	Coal (tons)	Jan-12	189,593	18,958	99.99
Crist	Coal (tons)	Feb-12	156,000	14,364	92.08
Crist	Coal (tons)	Mar-12	154,999	15,306	98.75
Crist	Coal (tons)	Apr-12	154,000	14,084	91.45
Crist	Coal (tons)	May-12	199,000	18,616	93.55
Crist	Coal (tons)	Jun-12	208,600	18,578	89.06
Crist	Coal (tons)	Jul-12	221,066	19,831	89.71
Crist	Coal (tons)	Aug-12	226,532	20,350	89.83
Crist	Coal (tons)	Sep-12	172,187	16,195	94.05
Crist	Coal (tons)	Oct-12	91,000	7,996	87.87
Crist	Coal (tons)	Nov-12	77,999	6,896	88.41
Crist	Coal (tons)	Dec-12	112,001	10,407	92.92

(Column (9) *1000)/Column (8) = Column (10)

Plant	Fuel Type	Month	(8)	(9)	(10)
			Units	Receipts (\$000)	\$/Unit
Smith	Coal (tons)	Jan-12	68,896	6,797	98.66
Smith	Coal (tons)	Feb-12	41,034	4,049	98.67
Smith	Coal (tons)	Mar-12	76,294	7,526	98.64
Smith	Coal (tons)	Apr-12	81,120	8,003	98.66
Smith	Coal (tons)	May-12	76,709	7,569	98.67
Smith	Coal (tons)	Jun-12	80,456	7,938	98.66
Smith	Coal (tons)	Jul-12	83,453	8,234	98.67
Smith	Coal (tons)	Aug-12	86,050	8,489	98.65
Smith	Coal (tons)	Sep-12	76,913	7,589	98.67
Smith	Coal (tons)	Oct-12	79,185	7,812	98.66
Smith	Coal (tons)	Nov-12	69,738	6,881	98.67
Smith	Coal (tons)	Dec-12	65,942	6,505	98.65

(Column (9) *1000)/Column (8) = Column (10)

Plant	Fuel Type	Month	(8)	(9)	(10)
			Units	Receipts (\$000)	\$/Unit
Scholz	Coal (tons)	Jan-12	768	85	110.68
Scholz	Coal (tons)	Feb-12	1,411	156	110.56
Scholz	Coal (tons)	Mar-12	1,382	154	111.43
Scholz	Coal (tons)	Apr-12	2,803	310	110.60
Scholz	Coal (tons)	May-12	5,445	603	110.74
Scholz	Coal (tons)	Jun-12	10,508	1,162	110.58
Scholz	Coal (tons)	Jul-12	10,264	1,137	110.78
Scholz	Coal (tons)	Aug-12	12,732	1,409	110.67
Scholz	Coal (tons)	Sep-12	5,982	663	110.83
Scholz	Coal (tons)	Oct-12	4,180	462	110.53
Scholz	Coal (tons)	Nov-12	2,179	241	110.60
Scholz	Coal (tons)	Dec-12	4,674	517	110.61

(Column (9) *1000)/Column (8) = Column (10)

Plant	Fuel Type	Month	(8)	(9)	(10)
			Units	Receipts (\$000)	\$/Unit
Daniel	Coal (tons)	Jan-12	81,458	7,987	98.05
Daniel	Coal (tons)	Feb-12	41,667	4,814	115.54
Daniel	Coal (tons)	Mar-12	41,666	4,780	114.72
Daniel	Coal (tons)	Apr-12	41,666	4,802	115.25
Daniel	Coal (tons)	May-12	43,769	5,012	114.51
Daniel	Coal (tons)	Jun-12	117,461	11,587	98.65
Daniel	Coal (tons)	Jul-12	123,290	12,117	98.28
Daniel	Coal (tons)	Aug-12	122,631	12,081	98.52
Daniel	Coal (tons)	Sep-12	109,023	10,888	99.87
Daniel	Coal (tons)	Oct-12	113,002	11,287	99.88
Daniel	Coal (tons)	Nov-12	103,275	10,397	100.67
Daniel	Coal (tons)	Dec-12	101,340	10,226	100.91

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Plant	Period	Vendor	QTY (tonsl)	Total Cost w/ Adders (\$/ton)	AVG Heating Value (Btu/lb)	Sulfur Content (%)	Contract Expiration	
1	Crist	2012/01	FP06014 - American - Crist	26,000	█	11,800	2.66	12/31/2012
2	Crist	2012/01	FP09002 - Oxbow - Crist	19,000	█	12,207	0.55	12/31/2012
3	Crist	2012/01	FP09003- Consol Coal - Crist	48,000	█	12,130	1.15	1/31/2012
4	Crist	2012/01	FP0900X - Patriot Coal- Crist	37,000	█	12,000	0.96	12/31/2012
5	Crist	2012/01	FP0900Z - Foresight Coal - Crist	56,000	█	11,600	2.32	12/31/2012
6	Crist	2012/02	FP06014 - American - Crist	23,000	█	11,800	2.66	12/31/2012
7	Crist	2012/02	FP09002 - Oxbow - Crist	8,000	█	12,207	0.55	12/31/2012
8	Crist	2012/02	FP09003- Consol Coal - Crist	16,000	█	12,130	1.15	1/31/2012
9	Crist	2012/02	FP0900X - Patriot Coal- Crist	47,000	█	12,000	0.96	12/31/2012
10	Crist	2012/02	FP0900Z - Foresight Coal - Crist	62,000	█	11,600	2.32	12/31/2012
11	Crist	2012/03	FP06014 - American - Crist	12,000	█	11,800	2.66	12/31/2012
12	Crist	2012/03	FP09002 - Oxbow - Crist	28,000	█	12,207	0.55	12/31/2012
13	Crist	2012/03	FP09003- Consol Coal - Crist	14,000	█	12,130	1.15	1/31/2012
14	Crist	2012/03	FP0900X - Patriot Coal- Crist	39,000	█	12,000	0.96	12/31/2012
15	Crist	2012/03	FP0900Z - Foresight Coal - Crist	62,000	█	11,600	2.32	12/31/2012
16	Crist	2012/04	FP06014 - American - Crist	23,000	█	11,800	2.66	12/31/2012
17	Crist	2012/04	FP09002 - Oxbow - Crist	23,000	█	12,207	0.55	12/31/2012
18	Crist	2012/04	FP0900X - Patriot Coal- Crist	43,000	█	12,000	0.96	12/31/2012
19	Crist	2012/04	FP0900Z - Foresight Coal - Crist	65,000	█	11,600	2.32	12/31/2012
20	Crist	2012/05	FP06014 - American - Crist	30,000	█	11,800	2.66	12/31/2012
21	Crist	2012/05	FP09002 - Oxbow - Crist	40,000	█	12,207	0.55	12/31/2012
22	Crist	2012/05	FP0900X - Patriot Coal- Crist	50,000	█	12,000	0.96	12/31/2012
23	Crist	2012/05	FP0900Z - Foresight Coal - Crist	79,000	█	11,600	2.32	12/31/2012
24	Crist	2012/06	FP06014 - American - Crist	32,000	█	11,800	2.66	12/31/2012
25	Crist	2012/06	FP09002 - Oxbow - Crist	19,000	█	12,207	0.55	12/31/2012
26	Crist	2012/06	FP0900X - Patriot Coal- Crist	53,000	█	12,000	0.96	12/31/2012
27	Crist	2012/06	FP0900Z - Foresight Coal - Crist	74,000	█	11,600	2.32	12/31/2012
28	Crist	2012/06	Marginal Spot Coal	26,856	█	12,000	1.66	N/A
29	Crist	2012/07	FP06014 - American - Crist	31,000	█	11,800	2.66	12/31/2012
30	Crist	2012/07	FP09002 - Oxbow - Crist	20,000	█	12,207	0.55	12/31/2012
31	Crist	2012/07	FP0900X - Patriot Coal- Crist	56,000	█	12,000	0.96	12/31/2012

Staff's Tenth Set of Interrogatories
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GULF POWER COMPANY
September 28, 2011
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Page 5 of 7

Plant	Period	Vendor	QTY (tonsl)	A		Sulfur Content (%)	Contract Expiration	
				Total Cost w/ Adders (\$/ton)	AVG Heating Value (Btu/lb)			
1	Crist	2012/07	FP0900Z - Foresight Coal - Crist	78,000	████████	11,600	2.32	12/31/2012
2	Crist	2012/07	Marginal Spot Coal	36,088	████████	12,000	1.66	N/A
3	Crist	2012/08	FP06014 - American - Crist	25,000	████████	11,800	2.66	12/31/2012
4	Crist	2012/08	FP09002 - Oxbow - Crist	16,000	████████	12,207	0.55	12/31/2012
5	Crist	2012/08	FP0900X - Patriot Coal- Crist	57,000	████████	12,000	0.96	12/31/2012
6	Crist	2012/08	FP0900Z - Foresight Coal - Crist	79,000	████████	11,600	2.32	12/31/2012
7	Crist	2012/08	Marginal Spot Coal	49,544	████████	12,000	1.66	N/A
8	Crist	2012/09	FP06014 - American - Crist	26,000	████████	11,800	2.66	12/31/2012
9	Crist	2012/09	FP09002 - Oxbow - Crist	33,000	████████	12,207	0.55	12/31/2012
10	Crist	2012/09	FP0900X - Patriot Coal- Crist	43,000	████████	12,000	0.96	12/31/2012
11	Crist	2012/09	FP0900Z - Foresight Coal - Crist	61,000	████████	11,600	2.32	12/31/2012
12	Crist	2012/09	Marginal Spot Coal	9,189	████████	12,000	1.66	N/A
13	Crist	2012/10	FP06014 - American - Crist	24,000	████████	11,800	2.66	12/31/2012
14	Crist	2012/10	FP09002 - Oxbow - Crist	12,000	████████	12,207	0.55	12/31/2012
15	Crist	2012/10	FP0900X - Patriot Coal- Crist	23,000	████████	12,000	0.96	12/31/2012
16	Crist	2012/10	FP0900Z - Foresight Coal - Crist	32,000	████████	11,600	2.32	12/31/2012
17	Crist	2012/11	FP06014 - American - Crist	26,000	████████	11,800	2.66	12/31/2012
18	Crist	2012/11	FP09002 - Oxbow - Crist	12,000	████████	12,207	0.55	12/31/2012
19	Crist	2012/11	FP0900X - Patriot Coal- Crist	20,000	████████	12,000	0.96	12/31/2012
20	Crist	2012/11	FP0900Z - Foresight Coal - Crist	20,000	████████	11,600	2.32	12/31/2012
21	Crist	2012/12	FP06014 - American - Crist	24,000	████████	11,800	2.66	12/31/2012
22	Crist	2012/12	FP09002 - Oxbow - Crist	16,000	████████	12,207	0.55	12/31/2012
23	Crist	2012/12	FP0900X - Patriot Coal- Crist	36,000	████████	12,000	0.96	12/31/2012
24	Crist	2012/12	FP0900Z - Foresight Coal - Crist	36,000	████████	11,600	2.32	12/31/2012

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Plant	Period	Vendor	QTY (tonsl)	Total Cost w/ Adders (\$/ton)	AVG Heating Value (Btu/lb)	Sulfur Content (%)	Contract Expiration	
1	Smith	2012/01	Marginal Spot Coal	73,760	█	12,000	1.02	N/A
2	Smith	2012/02	Marginal Spot Coal	41,028	█	12,000	1.02	N/A
3	Smith	2012/03	Marginal Spot Coal	76,286	█	12,000	1.02	N/A
4	Smith	2012/04	Marginal Spot Coal	81,114	█	12,000	1.02	N/A
5	Smith	2012/05	Marginal Spot Coal	76,707	█	12,000	1.02	N/A
6	Smith	2012/06	Marginal Spot Coal	80,454	█	12,000	1.02	N/A
7	Smith	2012/07	Marginal Spot Coal	83,452	█	12,000	1.02	N/A
8	Smith	2012/08	Marginal Spot Coal	86,049	█	12,000	1.02	N/A
9	Smith	2012/09	Marginal Spot Coal	76,913	█	12,000	1.02	N/A
10	Smith	2012/10	Marginal Spot Coal	79,184	█	12,000	1.02	N/A
11	Smith	2012/11	Marginal Spot Coal	69,738	█	12,000	1.02	N/A
12	Smith	2012/12	Marginal Spot Coal	195,939	█	12,000	1.02	N/A

Plant	Period	Vendor	QTY (tonsl)	Total Cost w/ Adders (\$/ton)	AVG Heating Value (Btu/lb)	Sulfur Content (%)	Contract Expiration	
13	Scholz	2012/01	Marginal Spot Coal	4,071	█	12,000	1.00	N/A
14	Scholz	2012/02	Marginal Spot Coal	1,410	█	12,000	1.00	N/A
15	Scholz	2012/03	Marginal Spot Coal	1,381	█	12,000	1.00	N/A
16	Scholz	2012/04	Marginal Spot Coal	2,801	█	12,000	1.00	N/A
17	Scholz	2012/05	Marginal Spot Coal	5,442	█	12,000	1.00	N/A
18	Scholz	2012/06	Marginal Spot Coal	10,507	█	12,000	1.00	N/A
19	Scholz	2012/07	Marginal Spot Coal	10,264	█	12,000	1.00	N/A
20	Scholz	2012/08	Marginal Spot Coal	12,732	█	12,000	1.00	N/A
21	Scholz	2012/09	Marginal Spot Coal	5,982	█	12,000	1.00	N/A
22	Scholz	2012/10	Marginal Spot Coal	4,180	█	12,000	1.00	N/A
23	Scholz	2012/12	Marginal Spot Coal	2,853	█	12,000	1.00	N/A

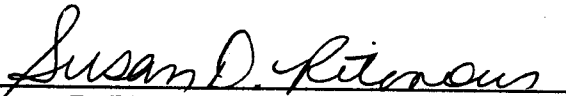
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Plant	Period	Vendor	QTY (tonsl)	Total Cost w/ Adders (\$/ton)	AVG Heating Value (Btu/lb)	Sulfur Conte nt (%)	Contract Expiration	
1	Daniel	2012/01	MP2009-01-Twenty Mile Daniel	83,333	████████	11,166	0.46	12/31/2012
2	Daniel	2012/01	MP2009-01-Twenty Mile-Daniel	12,000	████████	11,166	0.46	12/31/2012
3	Daniel	2012/01	MP2009-04- R Tinto- PRB-Daniel	67,582	████████	8,801	0.27	12/31/2011
4	Daniel	2012/02	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
5	Daniel	2012/03	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
6	Daniel	2012/04	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
7	Daniel	2012/05	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
8	Daniel	2012/05	Marginal Spot Coal	4,204	████████	10,540	0.50	N/A
9	Daniel	2012/06	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
10	Daniel	2012/06	Marginal Spot Coal	151,591	████████	10,540	0.50	N/A
11	Daniel	2012/07	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
12	Daniel	2012/07	Marginal Spot Coal	163,245	████████	10,540	0.50	N/A
13	Daniel	2012/08	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
14	Daniel	2012/08	Marginal Spot Coal	161,931	████████	10,540	0.50	N/A
15	Daniel	2012/09	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
16	Daniel	2012/09	Marginal Spot Coal	134,711	████████	10,540	0.50	N/A
17	Daniel	2012/10	MP2009-01-Twenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
18	Daniel	2012/10	Marginal Spot Coal	142,672	████████	10,540	0.50	N/A
19	Daniel	2012/11	MP2009-01-wenty Mile-Daniel	83,333	████████	11,166	0.46	12/31/2012
20	Daniel	2012/11	Marginal Spot Coal	123,219	████████	10,540	0.50	N/A
21	Daniel	2012/12	MP2009-01-Twenty Mile-Daniel	83,337	████████	11,166	0.46	12/31/2012
22	Daniel	2012/12	Marginal Spot Coal	119,343	████████	10,540	0.50	N/A

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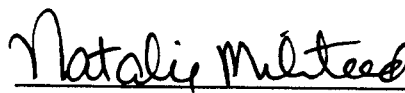
STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 110138-EI

Before me the undersigned authority, personally appeared Susan D. Ritenour, Secretary and Treasurer and Regulatory Manager of Gulf Power Company, and who on behalf of said corporation, being first duly sworn, deposes, and says that pursuant to Rule 1.340(a), Florida Rules of Civil Procedure, she verifies that the foregoing answers to the interrogatories are submitted on behalf of said corporation, and that the foregoing constitute true and correct answers to the best of her knowledge, information, and belief based on the information provided by others in the course of business. She is personally known to me.


Susan D. Ritenour
Secretary and Treasurer
Regulatory Manager

Sworn to and subscribed before me this 28th day of September, 2011.


Notary Public, State of Florida at Large



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates
by Gulf Power Company

)
)
)
)
Docket No. 110138-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail the 28th day of September, 2011, on the following:

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ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

130. Dollar Value of Fuel Burned compared to A-4

According to data in Column L of Schedule A-4 in the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the dollar value of Fuel Burned for each period is listed.⁸ In Docket No. 110138-EI, the dollar value of the "Fuel Issued to Generation" for the Historical Test Year ending December 2010 is presented on a plant-by-plant basis. When the plant-specific data⁹ in a given month is summed up, the resulting total reconciles to the total figures by summing up the corresponding data from the coal-burning units of Column L in the monthly A-4 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-4 to the combined plant-specific data as reported in the MFR Schedules), the sum does not reconcile. Please explain why the Dollar Value of Fuel Burned information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the Dollar Value of Fuel Burned information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the Dollar Value of Fuel Burned information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the Dollar Value of Fuel Burned information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the Dollar Value of Fuel Burned information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

⁸ For the purpose of this Interrogatory and its sub-parts, staff is examining the fuel cost for the tons of coal burned at Gulf's coal burning units, data that is shown on Schedule A-4, Column L, Lines 1, 5, 9, 13, 17, 19, 21, 23, 29, and 31.

⁹ Using January, 2010 data as an example, Staff calculated the dollar value of Fuel Burned (or Issued to Generation) by adding Plant-specific data from the Schedule B-18. For Plants Crist, the data came from Schedule B-18, Line 2, Column 12 on Page 21 of 100. Similarly, the Plant-specific data for Plants Smith, Scholz, and Daniel came from Line 2, Column 12 of pages 23, 25, and 27 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

Unit Cost of Fuel Burned compared to A-4

131. According to data in Column N of Schedule A-4 in the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Fuel Cost per Unit of Fuel Burned for each period is listed.¹⁰ In Docket No. 110138-EI, the Fuel Cost per Unit for "Fuel Issued to Generation" for the Historical Test Year ending December 2010 is presented on a plant-by-plant basis. When plant-specific data¹¹ in a given month is compared to the figures that are shown in the corresponding data from the coal-burning units of Column N in the monthly A-4 Schedules for 2010, the values reconcile. Please answer the following:
- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-4 to the combined plant-specific data as reported in the MFR Schedules), the values do not reconcile. Please explain why the values for Fuel Cost per Unit Burned for January 2011, as reported in the MFR Schedules, do not reconcile to the January 2011 A-Schedule.
 - b. A similar analysis (described in sub-part "a" above) was performed for February 2011 data. Please explain why the Fuel Cost per Unit Burned information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
 - c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the Fuel Cost per Unit Burned information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
 - d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the Fuel Cost per Unit Burned information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
 - e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the Fuel Cost per Unit Burned information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

¹⁰ For the purpose of this Interrogatory and its sub-parts, staff is examining the fuel cost per unit for the tons of coal burned at Gulf's coal burning units, data that is shown on Schedule A-4, Column N. The value for plant Crist is shown on Lines 1, 5, 9, and 13. For Plant Scholz, the value is shown on Lines 17 and 19. For Plant Smith, the value is shown on Lines 21 and 23, and for Plant Daniel, Lines 29, and 31.

¹¹ Using January, 2010 data as an example, the Unit Cost of Fuel Issued to Generation for plant Crist came from Schedule B-18, Line 2, Column 13 on Page 21 of 100. Similarly, the Plant-specific data for Plants Smith, Scholz, and Daniel came from Line 2, Column 13 of pages 23, 25, and 27 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

Susan D. Ritenour
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and Regulatory Manager

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September 28, 2011

Martha F. Barrera, Attorney
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket No. 110138-EI

Dear Ms. Barrera:

Enclosed is Gulf Power Company's response to Staff's Tenth Set of Interrogatories (Nos. 120-133) in the above referenced docket. A portion of Gulf's response to this request contains confidential information which is being filed pursuant to a separate request for confidential classification.

Sincerely,

Susan D. Ritenour

nm

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

EXHIBIT

#6 11-17-11
Depo. of Burroughs

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in)
rates by Gulf Power Company)
_____)

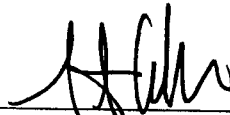
Docket No. 110138-EI

Date Filed: September 28, 2011

GULF POWER COMPANY'S RESPONSES TO
STAFF'S TENTH SET OF INTERROGATORIES (NOS. 120-133)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and
through its undersigned counsel, hereby submits the Company's responses to
Staff's Tenth Set of Interrogatories (Nos. 120-133) on the following pages.

Respectfully submitted the 28th day of September, 2011,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

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Attorneys for Gulf Power Company

120. Please state whether, on a general basis, data in the "Fuel Issued To Generation," reported as Units, Dollars, and Cost/Units, shown on a monthly basis in columns 11, 12 and 13 of the odd numbered pages of Schedule B-18, should reconcile to data in the corresponding monthly Fuel Filings. If so, please explain how such data is reconciled. If not, please explain why such data is not reconciled.

ANSWER:

The actual fuel data shown in the Historical test Year Ending December 31, 2010 should reconcile to the corresponding actual Monthly Fuel Filing data.

The fuel data shown in the Prior Year Ending December 31, 2011 and the Projected Test Year Ending December 31, 2012 does not reconcile with the Monthly Fuel Filing data. There is no actual data included in Schedule B-18 for these years. Projections included in Gulf's Fuel Projection Filing are from a July, 2010 Energy/Fuel Budget run developed exclusively for the Fuel Projection Filing. The fuel projections used to develop Schedule B-18 are from an October, 2010 Energy/Fuel Budget run prepared for Gulf's annual financial plan.

121. Please state whether, on a general basis, data in the "Ending Inventory," reported as Units, Dollars, and Cost/Units shown on a monthly basis in columns 11, 12, and 13 of the even numbered pages of Schedule B-18, should reconcile to data in the corresponding monthly Fuel Filings. If so, please explain how such data is reconciled. If not, please explain why such data is not reconciled.

ANSWER:

See Gulf's response to Staff's Interrogatory No. 120.

122. Please identify the date(s) Gulf developed its forecast for coal tonnage and dollar amounts that are contained in Schedule B-18 for the Projected Test Year ended 12/31/2012. If specific forecasts were developed for different plants or for different fuel types, please explain.

ANSWER:

The fuel forecast used to develop Schedule B-18 was prepared on October 21, 2010. All plant and fuel type forecasts are taken from this Energy/Fuel Budget run.

123. Gulf filed its MFR Schedules on July 8, 2011. Please state what portion, if any, of the monthly data reported in Schedule B-18 for the Prior Year Ended 12/31/2011, reports actual data.

ANSWER:

None.

124. Ending Inventory Units compared to A-5

According to the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Ending Inventory information (in tons) for all of Gulf's coal is listed on line 23 of each monthly Schedule A-5. In Docket No. 110138-EI, the Ending Inventory (units) data is presented on various pages of Schedule B-18 for the Historical Test Year ending December 2010. This data is presented on a plant-by-plant basis, and when the plant-specific data¹ is combined in a given month, the sum reconciles to the total figures that are shown in the corresponding monthly A-5 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done using the January 2011 Fuel Filing (comparing information from the January 2011 Schedule A-5 to the combined plant-specific data (in units) as reported in the MFR Schedules), the sum does not reconcile. Please explain why the "Ending Inventory" information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A- Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the "Ending Inventory" information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the "Ending Inventory" information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the "Ending Inventory" information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A- Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the "Ending Inventory" information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

¹ Using January, 2010 data as an example, the plant-specific Ending Inventory data (units) from the Schedule B-18 for Plant Crist is shown on line 2, column 11 on page 22 of 100. Similarly, plant-specific data for plants Smith, Scholz, and Daniel is shown on line 2, column 11 on pages 24, 26, and 28 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

125. Ending Inventory Dollars compared to A-5

According to the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Ending Inventory information (in dollars) for all of Gulf's coal is listed on line 25 of each monthly Schedule A-5. In Docket No. 110138-EI, the dollar value of Ending Inventory data is presented on various pages of Schedule B-18 for the Historical Test Year ending December 2010. This data is presented on a plant-by-plant basis, although when the plant-specific data² is combined in a given month, the sum reconciles to the total figures that are shown in the corresponding monthly A-5 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-5 to the combined plant-specific data (in dollars) as reported in the MFR Schedules), the sum does not reconcile. Please explain why the "Dollar Value of Ending Inventory" information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the "Dollar Value of Ending Inventory" information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the "Dollar Value of Ending Inventory" information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the "Dollar Value of Ending Inventory" information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the "Dollar Value of Ending Inventory" information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

² Using January, 2010 data as an example, the plant-specific Ending Inventory data (in dollars) from the Schedule B-18 for Plants Crist is shown on (Line 2, Column 12 on Page 22 of 100. Similarly, the plant-specific data for Plants Smith, Scholz, and Daniel is shown on Line 2, Column 12 of pages 24, 26, and 28 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

126. Purchased Inventory Units compared to A-5

According to the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Units of Inventory Purchased (tons) for all of Gulf's coal is listed on line 15 of each monthly Schedule A-5. In Docket No. 110138-EI, the "Receipts of Inventory" (units) data is presented on various pages of Schedule B-18 for the Historical Test Year ending December 2010. This data is presented on a plant-by-plant basis, although when the plant-specific data³ is combined in a given month, the sum reconciles to the total figures that are shown in the corresponding monthly A-5 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-5 to the combined plant-specific data (in units) as reported in the MFR Schedules), the sum does not reconcile. Please explain why the "Receipts" of Inventory information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the Units of Inventory Purchased ("Receipts") information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the Units of Inventory Purchased ("Receipts") information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the Units of Inventory Purchased ("Receipts") information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the Units of Inventory Purchased ("Receipts") information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

³ Using January, 2010 data as an example, the plant-specific Receipts of Inventory data (in units) from the Schedule B-18 for Plants Crist is shown on (Line 2, Column 8 on Page 21 of 100. Similarly, the plant-specific data for Plants Smith, Scholz, and Daniel is shown on Line 2, Column 8 of pages 23, 25, and 27 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

127. Purchased Inventory Unit Cost compared to A-5

According to the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Unit Cost per ton of Inventory Purchased for all of Gulf's coal is listed on line 16 of each monthly Schedule A-5. In Docket No. 110138-EI, the unit cost data of purchased inventory for the Historical Test Year ending December 2010 is presented on a plant-by-plant basis. When a weighted average unit cost is calculated using plant-specific data⁴ in a given month, the weighted sum reconciles to the total figures that are shown in the corresponding monthly A-5 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-5 to the combined plant-specific data (in unit cost per ton) as reported in the MFR Schedules), the sum does not reconcile. Please explain why the Unit Cost/ton of Purchased Inventory ("Receipts") information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the Unit Cost/ton of Purchased Inventory ("Receipts") information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the Unit Cost/ton of Purchased Inventory ("Receipts") information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the Unit Cost/ton of Purchased Inventory ("Receipts") information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the Unit Cost/ton of Purchased Inventory ("Receipts") information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

⁴ Using January, 2010 data as an example, Staff calculated the weighted average unit cost of Purchased Inventory using Plant-specific data from the Schedule B-18. For Plants Crist, the data came from Schedule B-18, Line 2, Column 10 on Page 21 of 100. Similarly, the plant-specific data for Plants Smith, Scholz, and Daniel came from Line 2, Column 10 of pages 23, 25, and 27 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

128. Purchased Inventory Dollars compared to A-5

According to the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the dollar value of Inventory Purchased for all of Gulf's coal is listed on line 17 of each monthly Schedule A-5. In Docket No. 110138-EI, the dollar value of purchased inventory (listed as "Receipts") for the Historical Test Year ending December 2010 is presented on a plant-by-plant basis. When the plant-specific data⁵ in a given month is summed up, the resulting total reconciles to the total figures that are shown in the corresponding monthly A-5 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-5 to the combined plant-specific data ("Receipts" in dollars) as reported in the MFR Schedules), the sum does not reconcile. Please explain why the Dollar Value of Purchased Inventory ("Receipts") information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the Dollar Value of Purchase Inventory ("Receipts") information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the Dollar Value of Purchase Inventory ("Receipts") information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the Dollar Value of Purchase Inventory ("Receipts") information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the Dollar Value of Purchase Inventory ("Receipts") information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

⁵ Using January, 2010 data as an example, Staff calculated the total dollar value of Purchased Inventory ("Receipts") by adding Plant-specific data from the Schedule B-18. For Plants Crist, the data came from Schedule B-18, Line 2, Column 9 on Page 21 of 100. Similarly, the Plant-specific data for Plants Smith, Scholz, and Daniel came from Line 2, Column 9 of pages 23, 25, and 27 of 100, respectively.

ANSWER:

- a. The January – December 2011 data reported on Schedule B-18 is projected information taken from the Energy/Fuel Budget run produced on October 21, 2010. There is no actual fuel data for 2011 reported on B-18. The information reported in the A-Schedules in Gulf's Monthly Fuel Filings for 2011 contain actual fuel data and projected fuel data taken from the Energy/Fuel Budget run produced for Gulf's 2011 Fuel Projection Filing dated July 28, 2010.
- b. See response to (a).
- c. See response to (a).
- d. See response to (a).
- e. See response to (a).

129. Units of Fuel Burned compared to A-4

According to data in Column I of Schedule A-4 in the January - December 2010 Fuel Filings, which were filed on various dates in Docket No. 100001-EI, the Fuel Burned (units) information for each period is listed.⁶ In Docket No. 110138-EI, the "Fuel Issued to Generation" (units) for the Historical Test Year ending December 2010 is presented on a plant-by-plant basis. When the plant-specific data⁷ in a given month is summed up, the resulting total reconciles to the total figures by summing up the corresponding data from the coal-burning units of Column i in the monthly A-4 Schedules for 2010, which were filed in Docket 100001-EI. Please answer the following:

- a. When a similar analysis is done for the January 2011 Fuel Filing (comparing information in the January 2011 Schedule A-4 to the combined plant-specific data as reported in the MFR Schedules), the sum does not reconcile. Please explain why the "Fuel Issued to Generation/Units" information for January 2011, as reported in the MFR Schedules, does not reconcile to the January 2011 A-Schedule.
- b. A similar analysis (described in sub-part "a" above) was performed for the February 2011 data. Please explain why the "Fuel Issued to Generation/Units" information for February 2011, as reported in the MFR Schedules, does not reconcile to the February 2011 A-Schedule.
- c. A similar analysis (described in sub-part "a" above) was performed for the March 2011 data. Please explain why the "Fuel Issued to Generation/Units" information for March 2011, as reported in the MFR Schedules, does not reconcile to the March 2011 A-Schedule.
- d. A similar analysis (described in sub-part "a" above) was performed for the April 2011 data. Please explain why the "Fuel Issued to Generation/Units" information for April 2011, as reported in the MFR Schedules, does not reconcile to the April 2011 A-Schedule.
- e. A similar analysis (described in sub-part "a" above) was performed for the May 2011 data. Please explain why the "Fuel Issued to Generation/Units" information for May 2011, as reported in the MFR Schedules, does not reconcile to the May 2011 A-Schedule.

⁶ For the purpose of this Interrogatory and its sub-parts, staff is examining tons of coal burned at Gulf's coal burning units, data that is shown on Schedule A-4, Column I, Lines 1, 5, 9, 13, 17, 19, 21, 23, 29, and 31.

⁷ Using January, 2010 data as an example, Staff calculated the Units of Fuel Burned (or Issued to Generation) by adding Plant-specific data from the Schedule B-18. For Plants Crist, the data came from Schedule B-18, Line 2, Column 11 on Page 21 of 100. Similarly, the Plant-specific data for Plants Smith, Scholz, and Daniel came from Line 2, Column 11 of pages 23, 25, and 27 of 100, respectively.

109. Production Capacity. Please state whether Gulf is aware of any company with less than 500,000 customers that has constructed a nuclear plant for its own use.
- a. State the capacity that Gulf would anticipate building on the proposed \$28 million parcel which it requested be included in plant held for future use and included in rate base.
 - b. If Gulf were to build a nuclear generating facility on this site which it proposes to include in rate base, state whether the Company would have a need for 1,200 megawatts of capacity in the year 2022.
 - c. Please state the amount of capacity that will be owned and purchased as of July 31, 2012.
 - d. Please state what the Company's most recent system peak was in 2010 and year-to-date 2011.
 - e. If the Company were to build a 1,200 megawatt plant on the proposed site to be included in plant held for future use, please state whether any of the capacity would be sold to any other Southern Company.

ANSWER:

Gulf does not know whether any company with less than 500,000 customers has constructed a nuclear plant for its own exclusive use.

- a. Gulf anticipates that this site will accommodate a wide range of future capacity additions from conventionally fueled baseload or intermediate generation facilities to facilities that utilize renewable fuels.
- b. The question assumes a hypothetical nuclear generating facility on the site. As noted in the response to sub-part "a" of this interrogatory, the site will accommodate a wide range of future capacity additions. The type and timing of any capacity addition on the site will be the subject of future review and approval by the Commission through both the Ten Year Site Plan process and need determination proceedings under the applicable Florida Statutes. Gulf does not currently have specific plans for the type of generating capacity addition it might add to meet its capacity needs beginning in 2022 and beyond. Following expiration of its current power purchase agreement with Shell Energy North America in May 2023, Gulf anticipates needing to replace this 885 MW resource

EXHIBIT

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Depo. of Burroughs

and also needing to meet any additional capacity needs that result from customer load growth.

- c. As shown on Schedule 2, page 2, of Witness Grove's Exhibit (RWG-1), Gulf will have a total of 3,852 MW of generating resources through either its owned generation resources or purchases of capacity via power purchase agreements with owners of other generation resources.
- d. As shown on MFR C-34, Gulf's peak load in 2010 was 2,553 MW. Gulf's current peak load as of July 31, 2011 is 2,495 MW.
- e. As stated in the response to sub-parts "a" and "b" to this interrogatory, the site will accommodate a wide range of future capacity additions. The type and timing of any capacity addition on the site will be the subject of future review and approval by the Commission through both the Ten Year Site Plan process and need determination proceedings under the applicable Florida Statutes. Depending on the actual type and timing of an eventual generating resource addition constructed on the site, Gulf may seek the participation of potential co-owners in order to facilitate the addition. Such co-owners may potentially be other companies within the Southern electric system or unaffiliated companies.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in)
rates by Gulf Power Company)
_____)

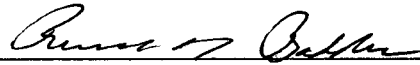
Docket No. 110138-EI

Date Filed: September 1, 2011

GULF POWER COMPANY'S RESPONSES TO
CITIZENS' SECOND SET OF INTERROGATORIES (NOS. 88-153)

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned counsel, hereby submits the Company's responses to Citizens' Citizens' Second Set of Interrogatories (Nos. 88-153) on the following pages.

Respectfully submitted the 1st day of September, 2011,



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

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(850) 432-2451

Attorneys for Gulf Power Company

48. For purposes of this Interrogatory, please refer to Michael L. Burroughs' Direct Testimony, page 25, lines 21 through 25 and page 26, lines 1 through 3. On page 25, line 21 and 22, Witness Burroughs states that, "Gulf made the decision to begin the process of procuring this site, and, at the end of 2012, we will have procured 100 percent."
- a. State the date Gulf decided to begin the process of procuring the North Escambia County site.
 - b. Of the 4000 acres of land purchased by Gulf, state how many acres have been set aside for the nuclear site. State how many acres have been set aside for future non-nuclear generating sites.
 - c. For each parcel of land purchased by Gulf during the period from January 1, 2000 through the present, state the location of the parcel, the date acquired, the amount of acreage, the name of the seller, the actual or projected cost, and the proposed purpose for use.

ANSWER:

- a. Gulf decided to begin the process of procuring the North Escambia County site on August 26, 2008.
- b. As discussed in Mr. Burroughs' testimony, in order to preserve the option of meeting future capacity needs with nuclear generation, Gulf began the process of evaluating over two dozen locations and made the prudent decision to purchase the 4000 acre site known as North Escambia County based primarily on the determination that this is the only viable site for nuclear generation in the area that Gulf Power serves retail customers. A key consideration in this decision related to the uncertainty regarding potential carbon legislation and the effect that might have on future generation decisions. In addition to preserving the option to at some point consider development of nuclear generation to serve Gulf's customers when and if that becomes the prudent choice for Gulf, the North Escambia County site is also suitable for a wide variety of other forms of generation, from combustion turbines to coal to renewable energy producers. The flexibility of this site makes it a key asset to be held by Gulf for the long term best interests of its customers. Whenever the site is considered for actual generation development, an evaluation will be performed regarding the highest and best use. This may include continued preservation of a nuclear option or dedication of the site to other forms of generation.

EXHIBIT

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Depo. of Burroughs

c.

North Escambia County Site
11-Aug-11

Parcel	Owner	Location of Parcel	Date Acquired	Acreege	Cost	Proposed purpose for use
1	RMS Timberlands LLC	5N-31W-18,20,28,29,30	02/28/11	1578.71	5,539,199.22	Future generation
2	RMS Timberlands LLC (tower)	5N-31W-9	07/07/09	48.78	249,967.97	Future generation
	Donnie Payne, Sue Nelson, Scott Carson, Margo Allen, Jody Jaye, Lawrence Morrow, Amelia Stephens, J.L. Newsom, and Don Pendleton, as Trustees of First United Methodist Church of Bay Minette, Al.	5N-31W-20	06/05/09	40.34	142,502.01	Future generation
4	Michael W. Eady and Patsy A. Eady	5N-31W-20	02/23/11	19.19	607,901.51	Future generation
5	Alex L. Davis	5N-31W-20	05/19/11	59.00	249,351.15	Future generation
6	O.D. Morgan and Christine M. Morgan.	5N-31W-20	10/21/10	39.11	273,335.16	Future generation
9	Roxane P. Hale F/K/A Roxane P. Weaver	5N-31W-20	08/31/09	7.90	40,440.54	Future generation
10	Mae G. Sanders Hidreth	5N-31W-20	10/15/09	5.85	155,941.00	Future generation
13	John David Camalander and Christopher L. Camalander	5N-31W-20	08/28/09	4.15	102,080.78	Future generation
14	Mary J. Wiggins	5N-31W-20	08/05/10	1.94	151,907.52	Future generation
15	James S. Matteson and Mary F Matteson	5N-31W-29	02/24/11	19.02	136,711.85	Future generation
16	James Laurits Spann and Noy A. Spann	5N-31W-29	02/24/11	19.38	138,701.73	Future generation
17	Wesley M. Henderson and Victoria M. Henderson	5N-31W-29	04/30/09	18.62	90,418.91	Future generation
18	Rachiel S. Phillips	5N-31W-29	02/28/10	19.36	121,513.14	Future generation
19	Anne W. Headley	5N-31W-30	05/18/10	78.47	506,638.97	Future generation
21	Ronald E. Smith and Ray A. Smith	5N-31W-20	09/30/10	32.74	212,748.77	Future generation
22	D&E Property Solutions L.L.C.	5N-31W-20	07/12/10	4.79	75,749.45	Future generation
23	Glenn Wiggins and Todd Wiggins	5N-31W-20	12/21/09	59.45	334,135.70	Future generation
24	James Edward Camalander and Elizabeth Camalander	5N-31W-21	11/11/09	2.02	177,245.49	Future generation
27	Jean McCurdy Rouse	5N-31W-28	04/13/09	33.28	117,789.81	Future generation
28	Everett S. Havard and Frances Dianne Havard	5N-31W-21	09/17/09	68.01	301,464.20	Future generation
29	Rebecca Faye Estates, John B. Barnett, III and John E. Estes Jr. as Trustee	5N-31W-28	04/28/09	308.63	1,005,027.81	Future generation
30	Jonathan D. Cabral and Aimee H. Cabral	5N-31W-21	05/27/09	1.94	146,745.25	Future generation
35	JOHNSON, DOROTHY F. SUTTON	5N-31W-17	06/21/10	62.37	414,779.02	Future generation
	Intake - CAMPBELL, PARTNERS	5N-31W-25	05/20/09	59.27	207,196.84	Intake site
	CAMPBELL, PARTNERS	5N-31W-27	9/9/2008	100.07	404,232.82	Future generation