

**Eric Fryson**

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**From:** Williams, Monica A. [MOWILLIA@SOUTHERNCO.COM]  
**Sent:** Tuesday, September 18, 2012 2:47 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Gulf Power Company's Preliminary List of Issues and Positions - Docket No. 120007-EI  
**Attachments:** Gulf Power 120007-EI Preliminary List of Issues and Positions filed 9-18-12.pdf

- A. s/Robert L. McGee, Jr.  
Gulf Power Company  
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- B. Docket No. 120007-EI
- C. Gulf Power Company
- D. Document consists of 5 pages
- E. The attached document is Gulf Power Company's Preliminary List of Issues and Positions

**Monica Williams**

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Stay connected with Gulf Power



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FPSC-COMMISSION CLERK

9/18/2012

One Energy Place  
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September 18, 2012

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

Re: Docket No. 120007-EI

Dear Ms. Cole:

Enclosed is Gulf Power Company's Preliminary List of Issues and Positions, to be filed in the above referenced Environmental Cost Recovery Clause docket.

Sincerely,

A handwritten signature in cursive script that reads "Robert L. McGee, Jr." The signature is written in dark ink and is positioned above the printed name.

Robert L. McGee, Jr.  
mw

Enclosures

cc w/encl.: Beggs & Lane  
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER - DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost )  
Recovery Clause. )  
\_\_\_\_\_ )

Docket No. 120007 - EI  
Filed: September 18, 2012

**PRELIMINARY STATEMENT OF GULF POWER COMPANY**  
**REGARDING ISSUES AND POSITIONS**

Gulf Power Company, ("Gulf Power", "Gulf", or "the "Company"), by and through its undersigned attorneys, hereby files this preliminary statement of issues and positions, saying:

**Generic Environmental Cost Recovery Issues**

**ISSUE 1:** What are the final environmental cost recovery true-up amounts for the period ending December 31, 2011?

**GULF:** Under recovery of \$5,275,632. (Vick, Dodd)

**ISSUE 2:** What are the actual/estimated environmental cost recovery true-up amounts for the period January 2012 through December 2012?

**GULF:** Over recovery of \$7,453,359. (Vick, Dodd)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2013 through December 2013?

**GULF:** \$141,081,963. (Vick, Dodd)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts and revenue taxes for the period January 2013 through December 2013?

**GULF:** Recovery of \$139,004,247. (Dodd)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2013 through December 2013?

**GULF:** The depreciation rates used to calculate the depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Dodd)

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**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2013 through December 2013?

**GULF:** The demand jurisdictional separation factor is 96.57346%. Energy jurisdictional separation factors are calculated each month based on retail KWH sales as a percentage of projected total territorial KWH sales. (Dodd)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2013 through December 2013 for each rate group?

**GULF:** See table below: (Dodd)

<b>RATE CLASS</b>	<b>ENVIRONMENTAL COST RECOVERY FACTORS ¢/KWH</b>
RS, RSVP	1.253
GS	1.245
GSD, GSDT, GSTOU	1.233
LP, LPT	1.195
PX, PXT, RTP, SBS	1.168
OS-I/II	1.193
OSIII	1.215

**ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

**GULF:** The new environmental cost recovery factors should be effective beginning with the first billing cycle for January 2013 and thereafter through the last billing cycle for December 2013. The first billing cycle may start before January 1, 2013, and the last cycle may be read after December 31, 2013, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. (Dodd)

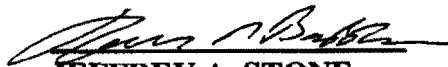
**ISSUE 11A:** Should the Commission approve Gulf's Environmental Compliance Program Update as reasonable?

**GULF:** Yes. On April 2, 2012, Gulf Power filed its annual Environmental Compliance Program Update with the Commission. This document is an update of Gulf's original Compliance Plan set forth in the Stipulation between OPC, FIPUG and Gulf which was approved by the Commission in Order No. PSC-07-0721-S-EI.

The Update reflects all of the changes to Gulf's Compliance Plan since the initial plan was approved. In the Update, Gulf outlines its ongoing compliance projects and the reasons Gulf plans to continue these projects. The remaining components of the Company's Plan are in the planning stage for possible future implementation.

Gulf Power is currently evaluating potential options to comply with the Mercury Air Toxics Standards (MATS) rule. Compliance with this rule is likely to require substantial capital expenditures and compliance costs at the Company's facilities. These costs may arise from unit retirements, installation of additional emission controls, changing fuel sources for certain existing units, the addition of new generating resources, and/or upgrades to the transmission system. The MATS rule also requires installation of additional continuous emission monitors and/or additional emissions testing. Once the Company determines the most cost-effective compliance options, Gulf will submit revisions to the Environmental Compliance Program for the Commission's review. (Vick)

Respectfully submitted this 18<sup>th</sup> day of September, 2012.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Environmental Cost )  
Recovery Clause )

Docket No.: 120007-EI

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 18<sup>th</sup> day of September, 2012 on the following:

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