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Public Service Commission

February 27, 2015

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Mr. Steven R. Griffin, Esq  
Beggs & Lane, R.L.L.P.  
P.O. Box 12950  
Pensacola, Florida 32591

STAFF SECOND DATA REQUEST

**Re: Docket No. 150035-EI- Petition for approval of energy purchase agreements between Gulf Power Company and Gulf Coast Solar Center I, LLC, Gulf Coast Solar Center II, LLC, and Gulf Coast Solar Center III, LLC.**

Dear Mr. Griffin:

By this letter, the Commission staff requests that Gulf Power Company (Gulf) provide responses to the following data requests.

1. What are the strategic benefits, if any, for Gulf Power Company having renewable energy credits? Please explain your response.
2. What are the strategic benefits, if any, for the Southern Company having renewable energy credits? Please explain your response.
3. In its Petition at page 8, Gulf states that it will receive all environmental attributes, including renewable energy credits, carbon offsets, allowances, and any other transferrable environmental interests. Please answer the following:
  - a. Define or describe "renewable energy credits." Include in your response an explanation of how the value of "renewable energy credits" is determined, and how these interests are bought and sold.
  - b. Define or describe "carbon offsets." Include in your response an explanation of how the value of "carbon offsets" is determined, and how these interests are bought and sold.

- c. Define or describe "allowances or any other transferable environmental interest." Include in your response an explanation of how a value is determined, and how these interests are bought and sold.
  4. In its Petition at page 9, Gulf asserts that if it sells renewable attributes, the proceeds from such sales would be credited to the Company's retail customers in the form of credits to the Fuel Clause. Identify the specific A and E schedule(s) where such adjustments would be recorded.
  5. Please explain why Gulf did not include the value of renewable energy credits in its economic evaluations.
  6. How will Gulf report and record the purchased power from these solar projects for fuel cost recovery? Please explain how this will be reported on the A and E schedules including A1, A2, A3, A7, A8, A9 and corresponding E schedules.
  7. Will any of the costs of this purchased power and associated costs from these projects be recovered through any cost recovery clauses besides the fuel clause? Please explain your response.
  8. Will any of the costs of this purchased power and associated costs from these projects be recovered through base rates? Please explain your response.
  9. How will Gulf project the cost to be recovered in the fuel clause? Please explain your response, and state all assumptions and inputs.
  10. For each of these solar projects, how has Gulf assessed the financial creditworthiness of the counterparty?
-

11. In Gulf's response to staff data request No. 39, the Company states the following: The energy budget provides a unique avoided cost for each hour of a calendar year which is used to determine the annual solar weighted avoided cost. The annual solar weighted avoided cost is simply the annual average avoided cost during daylight hours.

- a. Please identify the hours that are considered "daylight hours."
- b. Please complete the table below summarizing the annual solar weighted avoided cost over the life of the proposed agreements. Please provide this information assuming Gulf's 2014 budget and 2015 budget.

Year	Annual Average Avoided Cost (\$/MWh)
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	
2040	
2041	

12. Please complete the table below assuming the proposed agreements are not approved.

Energy Generation by Fuel Type (%)					
	Natural Gas	Oil	Coal	Renewable	Other
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					

13. Please complete the table below assuming approval of all three agreements.

Net Present Value Savings (\$millions, 2015 \$)		
Annual Delivery Percentage for Every Year of the Contract Life for Each Solar Facility	2014 Budget	2015 Budget
110%		
90%		
85%		
75%		

14. Please complete the table below assuming approval of all three agreements. Please include savings associated with the sale of RECs.

Net Present Value Savings (\$millions, 2015 \$)	
2014 Budget	2015 Budget

15. Please refer to Gulf's response to Staff's First Data Request, Item No. 27. Please provide the range of natural gas and coal price scenario forecasts developed for the 2014 and 2015 SES planning process and, for each such forecast, the related views of market drivers, environmental regulations, and other factors used to develop the forecasts.

16. Refer to Gulf's response to Staff's First Set of Data Requests, Item No. 27 and Staff's Second Set of Data Requests, Item No. 15. Please complete the table below assuming approval of all three agreements, but exclusive of REC sales.

Net Present Value of Savings (\$ millions, 2015 \$)		
Fuel Forecast Scenario	2014 Budget	2015 Budget
Low (per DR 2 <sup>nd</sup> Set, Item 15)		
Base		
High (per DR 2 <sup>nd</sup> Set, Item 15)		

17. Refer to Gulf's response to Staff's First Data Request, Item No. 27.
    - a. Do the possible outcomes of each of factor which produces the range of forecasts have equal likelihood? Please explain, and quantify any differences in the likelihood of the outcomes of each factor to the extent such differences exist.
    - b. In consideration of 17a above, please explain why each of the scenario forecasts produced using Gulf's process has an equal likelihood.
    - c. Are the likelihood estimates of Gulf's factors used to produce the forecasts and the likelihood of the forecasts provided in part or in whole by Charles Rivers and Associates? Please explain.
  18. Refer to Gulf's response to Staff's First Data Request, Item Nos. 11 and 23. In Gulf's cost analysis for the solar projects, why is the avoided fuel coal?
  19. Refer to Gulf's response to Staff's First Data Request, Item No. 23.e. In its response, why did Gulf not include an alternative coal price forecast (commodity) sourced from third party forecasting entities, not specifically prepared by SES or CRA, to compare to the Company's 2014 and 2015 coal price forecasts as a test for reasonableness?
  20. Refer to Gulf's response to Staff's First Data Request, Item No. 23.a. Please provide the Company's 2014 fuel price forecast (system wide and in nominal \$/Mmbtu) for the years 2014-2043, shown as commodity, transportation, and delivered fuel prices.
  21. Refer to Gulf's Petition, Paragraph 19, Page 10. Why did coal and natural gas prices used in the 2015 energy budget decrease relative to coal and natural gas prices in the 2014 energy budget?
  22. Refer to Gulf's response to Staff's First Data Request, Item Nos. 23.c-d. Please provide the interpretation of the information provided. For example, what does column 1 stand for, and what is the unit of the numbers presented in range b2:k50?
  23. Refer to Gulf's response to Staff's First Data Request, Item No. 23.e. Please provide the same information but show all price in nominal \$/MMBtu.
  24. Did Gulf include CO2 costs in its analysis of the proposed agreements?
    - a. If no, please explain why not.
    - b. If yes, please explain the basis for the CO2 costs assumed.
-

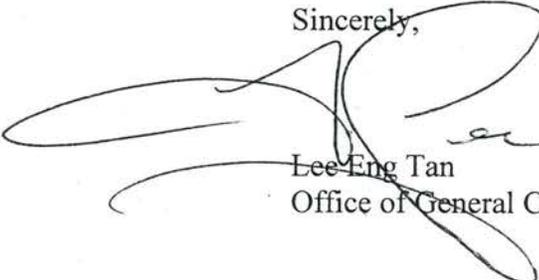
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- c. If yes, please complete the table below summarizing the Net Present Value savings of the proposed agreements assuming no CO2 costs. For the purposes of this question please assume approval of all three agreements.

Net Present Value Savings (\$millions, 2015 \$) w/o CO2 Costs	
2014 Budget	2015 Budget

Please file the original and five copies of the requested information by Tuesday, March 10, 2015, with Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6185 if you have any questions.

Sincerely,

  
Lee Eng Tan  
Office of General Counsel

TLT/dml

cc: Office of Commission Clerk (Docket No. 150035-EI)  
Division of Engineering (Graves)  
Division of Economics (McNulty, Wu)  
Division of Accounting & Finance (Fletcher, Barrett, Lester)