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Public Service Commission

April 30, 2015

Mr. Robert L. McGee, Jr.
Regulatory and Pricing Manager
Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
Email: RLMCGEE@southernco.com

STAFF'S FIRST DATA REQUEST
via email

Re: Docket No. 150112-EI - Request by Gulf Power Company to modify its underground residential differential tariffs

Dear Mr. McGee:

By this letter, Commission staff requests the following information from Gulf Power Company. Some of the following questions pertain to the current filing (or 2015) while others ask about differences between the current filing and Gulf's 2012 underground differential filing in Docket No. 120075-EI (2012 filing or 2012).

1. Referring to Revised Tariff Sheet No. 4.28, legislative format, Section 6.5.3, please explain why the binding cost estimates increased from 2012 to 2015 for each listed category.
2. Please identify and explain any design changes to the low and high density subdivisions since 2012 and describe their impact on the differential charges.
3. Are the 2015 charges for labor based on calendar year 2014 values? If not, what is the basis?
4. Do Gulf's labor rates continue to be based on the actual labor costs negotiated in bargaining unit contracts? If yes, what is the effective beginning and end date of the current contract? If no, please explain the basis.
5. Are the 2015 charges for material based on calendar year 2014 values? If not, what is the basis?
6. Please explain why the Engineering & Staff adder increased from 42% in 2012 to 48% in 2015 (pages 5,6,11, and 12).

7. Does Gulf continue to use contractor labor to perform trenching activities and install duct work for underground facilities as it did in 2012? If not, please explain.
8. Do Gulf employees continue to perform all overhead activities as in 2012? If not, please explain.
9. What is the basis for the O&M Annual Escalation Percent of 2.92% used on pages 15a – 15c of the current filing?
10. What is the basis for Discount Rate of 6.72% used on pages 15a – 15c of the current filing?
11. The following questions refer to the 210 low density lot summary sheets (page 4) of the current filing and the 2012 filing.
 - a. Please explain why the increase of about 12% in the cost of underground labor is greater than the overhead labor increase of about 3% (\$1,480 for 2015 vs. \$1,323 for 2012 for underground and \$1,121 for 2015 vs. \$1,086 for 2012 for overhead).
 - b. Please explain why the decrease of about 12% in the cost of underground material is greater than the overhead material decrease of about 3%.
 - c. Please explain why the operating cost for overhead is increasing at a faster rate (about 23%) than underground's operating cost (about 15%).
12. The following questions refer to the 176 high density lot summary sheets (page 10) of the current filing and the 2012 filing.
 - a. Please explain why the increase of about 11% in the cost of underground labor is greater than the overhead labor increase of about 3%.
 - b. Please explain why the operating cost for overhead is increasing at a faster rate (about 23%) than underground's operating cost (about 15%).
13. Please refer to Revised Tariff Sheets Nos. 4.25 – 4.26.2, legislative format, beginning with Section 6.3.2(b).
 - a. Please explain the basis for the increases.
 - b. Please explain why there is no charge per foot for certain two phases and all three phases.

14. Please refer to Revised Tariff Sheet No. 4.25, legislative format, Section 6.3.2(a). To the extent not already answered in Gulf's responses to previous questions, please explain why, for each of the three options, the cost for the low density subdivision has decreased while the cost for the high density subdivision has increased.

Please file all responses electronically no later than Friday, May 15, 2015 from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6540 if you have any questions.

Thank you,

/s/ Sue Ollila

Sue Ollila
Economic Analyst
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SMO

cc: Office of Commission Clerk