**Susan D. Ritenour** Secretary and Treasurer and Regulatory Manager One Energy Place Pensacola, Florida 32520-0781

Tel 850.444.6231 Fax 850.444.6026 SDRITENO@southernco.com



March 19, 2010

CLERK CLERK THE CEIVED-FPSC

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

Dear Ms. Cole:

RE: Docket No. 100001-EI

Enclosed are an original and fifteen copies of Gulf Power Company's Request for Confidential Classification regarding interrogatories 3, 4, 8, and 11 submitted by Gulf Power in response to Commission Staff's First Set of Interrogatories to Gulf Power Company (Nos. 1-18).

Sincerely,

Susan D. Riterau (lw)

lb

**Enclosures** 

CC:

Beggs & Lane Jeffrey A. Stone, Esq. COM \_\_\_

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FPSC-COMMISSION CLERK

IN RE: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

**CERTIFICATE OF SERVICE** 

Docket No.: 100001-El

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this \_\_\_\_\_\_day of March, 2010, on the following:

John T. Burnett, Esq. Progress Energy Service Co. P. O. Box 14042 St. Petersburg FL 33733-4042

John T. Butler, Esq. Senior Attorney for Florida Power & Light Company 700 Universe Boulevard Juno Beach FL 33408-0420

John W. McWhirter, Jr., Esq. Attorney for FIPUG McWhirter Reeves & Davidson P.O. Box 3350 Tampa FL 33601-3350

Paul Lewis, Jr. Progress Energy Florida, Inc. 106 E. College Ave., Ste. 800 Tallahassee FL 32301-7740

Vicki Kaufman Jon Moyle Keefe Anchors Gordon & Moyle PA 118 N. Gadsden St. Tallahassee FL 32301

Shayla L. McNeill, Capt. USAF Karen S. White AFLSA/JACL-ULT 139 Barnes Drive, Suite 1 Tyndall AFB FL 32403

Randy B. Miller White Springs Agricultural Chemicals PO Box 300 15483 Southeast 78<sup>th</sup> Street White Springs FL 32096 Mehrdad Khojasteh Florida Public Utilities Company P. O. Box 3395 West Palm Beach FL 33402-3395

Patricia Ann Christensen Associate Public Counsel Office of Public Counsel 111 West Madison Street, Rm. 812 Tallahassee FL 32399-1400

James D. Beasley, Esq. J. Jeffry Wahlen Attorneys for Tampa Electric Co. Ausley & McMullen P. O. Box 391 Tallahassee FL 32302

Curtis D. Young Florida Public Utilities Company PO Box 3395 West Palm Beach FL 33402-3395

Cecilia Bradley Senior Assistant Attorney General Office of the Attorney General The Capitol-PL01 Tallahassee FL 32399-1050

John Rogers, General Counsel Florida Retail Federation 100 East Jefferson Street Tallahassee FL 32301

Ms, Cheryl Martin Florida Public Utilities Company PO Box 3395 West Palm Beach FL 33402-3395 Lisa Bennett, Esq. FL Public Service Commission 2540 Shumard Oak Boulevard Tallahassee FL 32399-0863

Wade LitchfieldI Vice President Florida Power & Light Co. 215 S. Monroe Street, Ste. 810 Tallahassee FL 32301-1859

Paula K. Brown, Administrator Regulatory Coordination Tampa Electric Company P. O. Box 111 Tampa FL 33601

Norman H. Horton, Jr., Esq. Messer, Caparello & Self, P.A. P. O. Box 15579 Tallahassee FL 32317

James W. Brew F. Alvin Taylor Brickfield, Burchette, et al., P.C. 1025 Thomas Jefferson St., NW Eighth Floor, West Tower Washington DC 20007-5201

Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee FL 32301

JEFFREY ALSTONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
STEVEN R. GRIFFIN
Florida Bar No. 0627569
BEGGS & LANE
P. O. Box 12950
Pensacola FL 32591-2950
(850) 432-2451

**Attorneys for Gulf Power Company** 

#### BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost recovery clause and generating performance incentive factor

OMMISSION

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NAR 22

Docket No.: 100001-EI

Date: March 19, 2010 OM CLERK ON

# REQUEST FOR CONFIDENTIAL CLASSIFICATION

GULF POWER COMPANY ["Gulf Power", "Gulf", or the "Company"], by and through its undersigned attorneys and pursuant to Rule 25-22.006, Florida Administrative Code, hereby files a request that the Florida Public Service Commission enter an order protecting from public disclosure certain information submitted by Gulf Power in response to Commission Staff's First Set of Interrogatories to Gulf Power Company (Nos. 1-18). As grounds for this request, the Company states:

- 1. A portion of the information submitted by Gulf Power in response to interrogatories numbered 3, 4, 8 and 11 of Commission Staff's First Set of Interrogatories constitutes proprietary confidential business information concerning bids or other contractual data the disclosure of which would impair the efforts of Gulf Power to contract for goods and/or services on favorable terms. The information is entitled to confidential classification pursuant to section 366.093(3)(d) and (e), Florida Statutes. Specifically, the confidential information consists of pricing and contract terms for coal, natural gas and light oil offered to and/or purchased by Gulf Power in connection with Requests for Proposal issued by Gulf Power in 2009. Disclosure of this information would negatively impact Gulf's ability to negotiate pricing favorable to its customers in the future. In addition, potential counterparties may refuse to enter into future contracts with Gulf, or may charge higher prices, if these terms were made public.
- 2. The information filed pursuant to this Request is intended to be, and is treated as, confidential by the Gulf Power and, to this attorney's knowledge, has not been otherwise publicly disclosed.

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FPSC-COMMISSION CLELIC

3. Submitted as Exhibit "A" are copies of the subject documents, on which is highlighted the information for which confidential classification is requested. Exhibit "A" should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the subject documents, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line/field-by-field justification for the request for confidential classification.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 19th day of March, 2010.

JEFFREVA. STONE

Florida Bar No. 325953 RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

Beggs & Lane

P. O. Box 12950

Pensacola, FL 32591

(850) 432-2451

**Attorneys for Gulf Power Company** 

# BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power cost		
recovery clause and generating performance	Docket No.:	100001-EI
incentive factor	Date:	March 19, 2010
)		

# REQUEST FOR CONFIDENTIAL CLASSIFICATION

# EXHIBIT "A"

Provided to the Commission Clerk under separate cover as confidential information.

# EXHIBIT "B"

Staff's First Set of Interrogatories Docket No. 100001-El GULF POWER COMPANY March 19, 2010 Item No. 3 Page 1 of 5

3. For each RFP for coal issued in 2009 by Gulf excluding Plant Scherer, list the bids received. Include the supplier, tonnage bid, coal quality, and delivered price information, as well as the method and route of delivery.

## ANSWER:

Supplier and Quantity: Foresight Pond Creek #1 - 3,000,000 tons per year Quality Specifications: 11,700 BTU/LB; 2.34% sulfur

I Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: Delta Coals Midway- 200,000 tons per year Quality Specifications: 11,000 BTU/LB; 2.80% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Truck delivery from the mine to the Armstrong Coal Terminal on
the Green River where the coal is transferred to open hopper barge for delivery
to Plant Crist.

Supplier and Quantity: Foresight Pond Creek #2- 3,000,000 tons per year Quality Specifications: 11,700 BTU/LB; 2.34% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal
Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: The American Coal Company, Galatia - 1,500,000 tons per year

Quality Specifications: 11,850 BTU/LB; 2.67% sulfur

4 Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal
Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 3 Page 2 of 5

Supplier and Quantity: Patriot Coal, Highland - 360,000 tons per year Quality Specifications: 11,300 BTU/LB; 2.94% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine to the Camp Coal Terminal on the Ohio River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Patriot Coal, Dodge Hill - 360,000 tons per year Quality Specifications: 12,500 BTU/LB; 2.50% sulfur Delivered Price: per MMBTU delivered to Plant Crist 2 Transportation: Truck delivery from the mine in Kentucky to the Dekoven Coal Terminal on the Ohio River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Global Coal, Signal Peak - 2,000,000 tons per year Quality Specifications: 10,300 BTU/LB; 0.57% sulfur 3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Montana to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Traxys, Various mining operations - 500,000 tons per vear Quality Specifications: 12,000 BTU/LB; 1.20% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine(s) in West Virginia to a Coal Terminal on the Big Sandy River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Patriot Coal, Kanawha Eagle - 500,000 tons per year Quality Specifications: 12,000 BTU/LB; 0.90% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-El GULF POWER COMPANY March 19, 2010 Item No. 3 Page 3 of 5

Supplier and Quantity: Massey Coal, Republic – 1,000,000 tons per year Quality Specifications: 12,000 BTU/LB; 1.20% sulfur Delivered Price: per MMBTU delivered to Plant Crist 1 Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Pevler Coal, Argus Energy - 600,000 tons per year Quality Specifications: 12,000 BTU/LB; 1.20% sulfur 2 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Big Sandy River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Patriot Coal, Fanco - 500,000 tons per year Quality Specifications: 12,000 BTU/LB; 0.81% sulfur 3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Coal Marketing Corp., Cerrejon – 1,100,000 tons per year Quality Specifications: 11,600 BTU/LB; 0.56% sulfur 4 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Colombia to the Ship Coal Terminal at Puerto Bolivar, Colombia where the coal is transferred to Panamax bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The ship is unloaded at McDuffie and the coal is transferred to open hopper barge for delivery to Plant Crist.

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Supplier and Quantity: Glencore LTD, LaJagua/Calenturitas - 1,120,000 tons per year

Quality Specifications: 11,600 BTU/LB; 0.64% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colombia to the Ship Coal
Terminal at Puerto Prodeco, Colombia where the coal is transferred to Panamax
bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The
ship is unloaded at McDuffie and the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: Glencore LTD, LaJagua- 1,120,000 tons per year Quality Specifications: 12,400 BTU/LB; 0.74% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colombia to the Ship Coal
Terminal at Puerto Prodeco, Colombia where the coal is transferred to Panamax
bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The
ship is unloaded at McDuffie and the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: Oxbow, Elk Creek – 700,000 tons per year

Quality Specifications: 11,900 BTU/LB; 0.71% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colorado to the McDuffie Coal
Terminal in Mobile, AL where the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: The American Coal Company, West Ridge – 100,000 tons per year

Quality Specifications: 11,800 BTU/LB; 1.30% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 3 Page 5 of 5

Supplier, Mine, and Quantity: Massey, Republic – 1,000,000 tons per year Quality Specifications: 12,000 BTU/LB; 1.20% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in West Virginia to the McDuffie Coal Terminal in Mobile. AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: American West Resources, Horizon – 300,000 tons per year Quality Specifications: 11.500 BTU/LB: 0.70% sulfur 2 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Consolidated Coal Company, Emery – 1,000,000 tons per Quality Specifications: 12,000 BTU/LB; 1.15% sulfur 3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to

Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 4 Page 1 of 2

4. For each RFP for coal issued in 2009 by Gulf excluding Plant Scherer, what action was taken? Include in your response an explanation of the evaluation process and how successful proposals were selected. If no evaluation sheets or equivalent documents were prepared (see Production of Document Request 3) please explain why it wasn't prepared.

### ANSWER:

An RFP was issued on October 8, 2009, soliciting bids from all approved suppliers listed on the Gulf Power Company Bid List. The solicitation requested bids for the purchase of coal for a term of up to four (4) years beginning January 1, 2011 and ending on December 31, 2014. The bid close date was October 27, 2009. In response to the solicitation, twenty-one (21) offers were received from fourteen (14) different coal suppliers. Offers were received from the Central Appalachian, Illinois Basin, Colorado/Utah and Colombian coal supply regions. Due to the uncertainty surrounding Gulf Power's coal burn as well as the lack of fixed price offers beyond 2012, the twenty-one proposals that were received were evaluated over two years to Plant Crist on a fully delivered present value basis, including the value of SO2 and NOx. In support of the evaluation process, transportation rates and lease and maintenance costs were provided by Stephen Burns, Transportation Agent and SO2 allowance values were provided by Richard Taylor, Emissions Trader.

Gulf experienced excess inventory, resulting from decreased coal burn, throughout 2009 and this is expected to continue throughout 2010. In an effort to reduce 2010 delivery volumes, Gulf entered into negotiations with . The parties could not come to an agreement on volume or price and therefore, no additional business was secured. Based on the delivered economics of all offers, Foresight Coal Sales, LLC's offer from their Pond Creek #1 mine was the most competitive Illinois Basin offer with 4 a starting price of mmBtu, including SO2 and NOx. Their offer consisted of supplying 3 million tons per year for 2011-2020 with a fixed price for the first two years and market price redetermination every two years for the remaining eight 5 years. Their proposal also included utilizing . Due to their competitive fixed pricing for the first two years, Gulf entered into negotiations with Foresight to purchase 800,000 tons in 2011 at a fixed price 7 ton and 1.2M tons in 2012 at a fixed price of ton. Gulf and Foresight

Staff's First Set of Interrogatories Docket No. 100001-El GULF POWER COMPANY March 19, 2010 Item No. 4 Page 2 of 2

1	carried out extensive negotiations over a period of three months			
2	. However, the parties ultimately			
3	could not agree and			
	the negotiations ceased on February 1, 2010. During this period of negotiation,			
	the other offers under the solicitation expired; thus no purchases were made.			

Staff's First Set of Interrogatories Docket No. 100001-EI **GULF POWER COMPANY** March 19, 2010 Item No. 8 Page 1 of 5

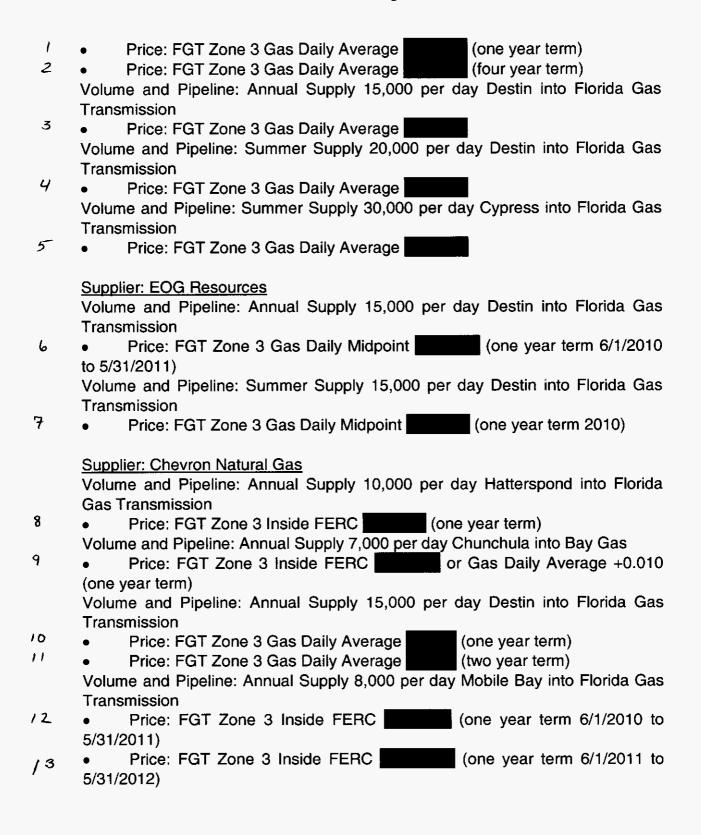
8. For each RFP for natural gas issued in 2009 by Gulf, list the bids received. Include the supplier, volume bid, and delivered price information, as well as the primary pipeline delivered by.

ANSWER: Supplier: Noble Energy Marketing, Inc. Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission I Price: FGT Z3 IF Volume and Pipeline: Annual Supply 5,000 per day Mobile Bay into Florida Gas Transmission Q Price: FGT Zone 3 Gas Daily Average Supplier: Shell Energy North America Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission 3 Price: FGT Zone 3 Gas Daily Average Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission 4 Price: FGT Z3 Inside FERC Volume and Pipeline: Annual Supply 15,000 per day Mobile Bay into Florida Gas Transmission 5 Price: FGT Zone 3 Gas Daily Average Volume and Pipeline: Summer 20,000 per day Destin into Florida Gas **Transmission** Price: FGT Zone 3 Gas Daily Average Volume and Pipeline: Summer 20,000 per day Mobile Bay into Florida Gas Transmission 7 Price: FGT Zone 3 Gas Daily Average Supplier: British Gas Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas

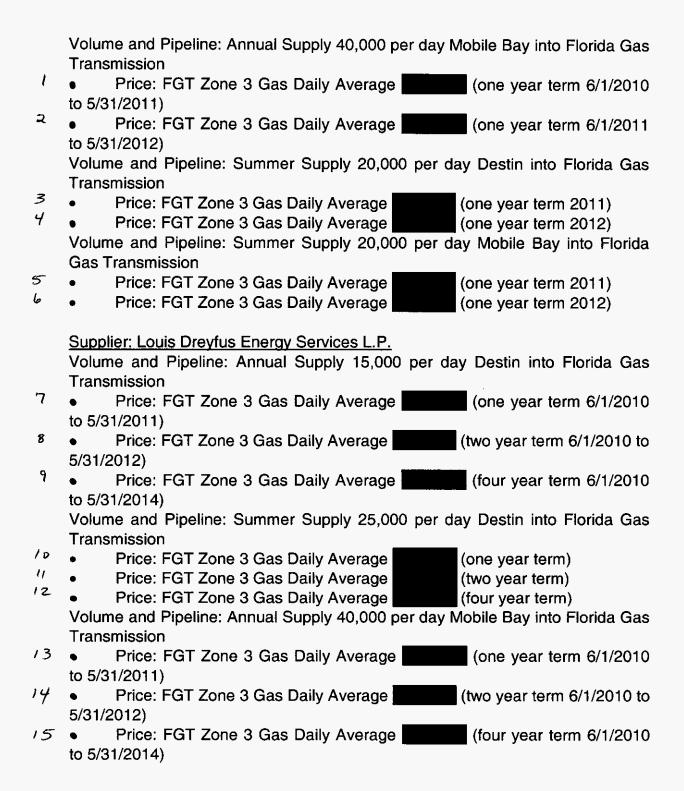
Transmission

Price: FGT Zone 3 Gas Daily Average (one year term) 8 Volume and Pipeline: Summer Supply 20,000 per day Destin into Florida Gas Transmission

Staff's First Set of Interrogatories Docket No. 100001-El GULF POWER COMPANY March 19, 2010 Item No. 8 Page 2 of 5



Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 8 Page 3 of 5



Staff's First Set of Interrogatories Docket No. 100001-El GULF POWER COMPANY March 19, 2010 Item No. 8 Page 4 of 5

Volume and Pipeline: Summer Supply 20,000 per day MobileBay into Florida Gas Transmission Price: FGT Zone 3 Gas Daily Average (one year term) 2 Price: FGT Zone 3 Gas Daily Average (two year term) 3 Price: FGT Zone 3 Gas Daily Average (four year term) Supplier: ExxonMobil Gas & Power Marketing Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission 4 Price: FGT Zone 3 Inside FERC (one year term 6/1/2010 to 5/31/2011) Supplier: J. P. Morgan Ventures Volume and Pipeline: Annual Supply 10,000 per day Destin into Florida Gas Transmission Price: FGT Zone 3 Gas Daily Average (two year term 6/1/2010 to • 5/31/2012) Supplier: Macquarie Cook Energy, LLC Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission 6 Price: FGT Zone 3 Gas Daily Average (four year term 6/1/2010) to 5/31/2014) Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission 7 Price: FGT Zone 3 Inside FERC (four year term 6/1/2010 to 5/31/2014) Volume and Pipeline: Annual Supply 40,000 per day Mobile Bay into Florida Gas Transmission 8 Price: FGT Zone 3 Gas Daily Average (four year term 6/1/2010) to 5/31/2014) Volume and Pipeline: Summer Supply 20,000 per day Destin into Florida Gas Transmission 9 Price: FGT Zone 3 Gas Daily Average (four year term) Volume and Pipeline: Summer Supply 20,000 per day Mobile Bay into Florida Gas Transmission 1 D Price: FGT Zone 3 Gas Daily Average (four year term)

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 8 Page 5 of 5

## Supplier: National Fuel Marketing

Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission

Price: FGT Zone 3 Gas Daily Average (one year term 6/1/2010 to 5/31/2011)

Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission

• Price: FGT Zone 3 Inside FERC (one year term 6/1/2010 to 5/31/2011)

Volume and Pipeline: Annual Supply 15,000 per day Mobile Bay into Florida Gas Transmission

Price: FGT Zone 3 Gas Daily Average (one year term 6/1/2010 to 5/31/2011)

Volume and Pipeline: Summer Supply 15,000 per day Destin into Florida Gas Transmission

- Price: FGT Zone 3 Gas Daily Average (one year term 2010)
   Volume and Pipeline: Summer Supply 15,000 per day Mobile Bay into Florida
   Gas Transmission
- Price: FGT Zone 3 Gas Daily Average (one year term 2010)

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 11 Page 1 of 1

11. For each RFP for light oil issued in 2009 by Gulf, list the bids received.

# ANSWER:

l	Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
2	Supplier: Petroleum Traders Company Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
3	Supplier: PS Energy Group Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz) NOTE: The bid price was revised upward to account for Florida Pollution Tax (\$0.0207 per gallon) which was not included in the bid price by the supplier.
4	Supplier: Midstream Fuel Services LLC dba PEPCO Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
5	Supplier: Mansfield Oil Company Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
Ь	Supplier: Truman Arnold Companies  Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)

Staff's First Set of Interrogatories Docket No. 100001-EI **GULF POWER COMPANY** March 19, 2010 Item No. 3 Page 1 of 5

3. For each RFP for coal issued in 2009 by Gulf excluding Plant Scherer, list the bids received. Include the supplier, tonnage bid, coal quality, and delivered price information. as well as the method and route of delivery.

### ANSWER:

Supplier and Quantity: Foresight Pond Creek #1 - 3,000,000 tons per year Quality Specifications: 11,700 BTU/LB; 2.34% sulfur 1 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Delta Coals Midway- 200,000 tons per year Quality Specifications: 11,000 BTU/LB; 2.80% sulfur 2 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine to the Armstrong Coal Terminal on the Green River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Foresight Pond Creek #2- 3,000,000 tons per year Quality Specifications: 11,700 BTU/LB; 2.34% sulfur 3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal Terminal in Mobile. AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: The American Coal Company, Galatia - 1,500,000 tons per year Quality Specifications: 11,850 BTU/LB; 2.67% sulfur per MMBTU delivered to Plant Crist 4 Delivered Price: Transportation: Rail delivery from the mine in Illinois to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 3 Page 2 of 5

Supplier and Quantity: Patriot Coal, Highland - 360,000 tons per year Quality Specifications: 11,300 BTU/LB; 2.94% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine to the Camp Coal Terminal on the Ohio River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Patriot Coal, Dodge Hill - 360,000 tons per year Quality Specifications: 12,500 BTU/LB; 2.50% sulfur 2 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine in Kentucky to the Dekoven Coal Terminal on the Ohio River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Global Coal, Signal Peak - 2,000,000 tons per year Quality Specifications: 10.300 BTU/LB; 0.57% sulfur 3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Montana to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Traxys, Various mining operations - 500,000 tons per Quality Specifications: 12,000 BTU/LB; 1.20% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine(s) in West Virginia to a Coal Terminal on the Big Sandy River where the coal is transferred to open hopper barge for delivery to Plant Crist. Supplier and Quantity: Patriot Coal, Kanawha Eagle - 500,000 tons per year Quality Specifications: 12,000 BTU/LB; 0.90% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 3 Page 3 of 5

Supplier and Quantity: Massey Coal, Republic - 1,000,000 tons per year

Quality Specifications: 12,000 BTU/LB; 1.20% sulfur

1 Delivered Price: per MMBTU delivered to Plant Crist

Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: Pevler Coal, Argus Energy - 600,000 tons per year

Quality Specifications: 12,000 BTU/LB; 1.20% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal
on the Big Sandy River where the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: Patriot Coal, Fanco - 500,000 tons per year

Quality Specifications: 12,000 BTU/LB; 0.81% sulfur

Delivered Price: per MMBTU delivered to Plant Crist

Transportation: Truck delivery from the mine in West Virginia to a Coal Terminal on the Kanawha River where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: Coal Marketing Corp., Cerrejon – 1,100,000 tons per year

Quality Specifications: 11,600 BTU/LB; 0.56% sulfur

9 Delivered Price: per MMBTU delivered to Plant Crist

Transportation: Rail delivery from the mine in Colombia to the Ship Coal Terminal at Puerto Bolivar, Colombia where the coal is transferred to Panamax bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The ship is unloaded at McDuffie and the coal is transferred to open hopper barge for delivery to Plant Crist.

Staff's First Set of Interrogatories Docket No. 100001-EI GULF POWER COMPANY March 19, 2010 Item No. 3 Page 4 of 5

Supplier and Quantity: Glencore LTD, LaJagua/Calenturitas – 1,120,000 tons per year

Quality Specifications: 11,600 BTU/LB; 0.64% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colombia to the Ship Coal
Terminal at Puerto Prodeco, Colombia where the coal is transferred to Panamax
bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The
ship is unloaded at McDuffie and the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: Glencore LTD, LaJagua— 1,120,000 tons per year Quality Specifications: 12,400 BTU/LB; 0.74% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colombia to the Ship Coal
Terminal at Puerto Prodeco, Colombia where the coal is transferred to Panamax
bulk cargo ship for delivery to the McDuffie Coal Terminal in Mobile, AL. The
ship is unloaded at McDuffie and the coal is transferred to open hopper barge for
delivery to Plant Crist.

Supplier and Quantity: Oxbow, Elk Creek - 700,000 tons per year

Quality Specifications: 11,900 BTU/LB; 0.71% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Colorado to the McDuffie Coal
Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: The American Coal Company, West Ridge – 100,000 tons per year

Quality Specifications: 11,800 BTU/LB; 1.30% sulfur

Delivered Price: per MMBTU delivered to Plant Crist
Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

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Supplier, Mine, and Quantity: Massey, Republic – 1,000,000 tons per year Quality Specifications: 12,000 BTU/LB; 1.20% sulfur Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in West Virginia to the McDuffie Coal

Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: American West Resources, Horizon – 300,000 tons per

Quality Specifications: 11,500 BTU/LB; 0.70% sulfur

2 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

Supplier and Quantity: Consolidated Coal Company, Emery – 1,000,000 tons per vear

Quality Specifications: 12,000 BTU/LB; 1.15% sulfur

3 Delivered Price: per MMBTU delivered to Plant Crist Transportation: Rail delivery from the mine in Utah to the McDuffie Coal Terminal in Mobile, AL where the coal is transferred to open hopper barge for delivery to Plant Crist.

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4. For each RFP for coal issued in 2009 by Gulf excluding Plant Scherer, what action was taken? Include in your response an explanation of the evaluation process and how successful proposals were selected. If no evaluation sheets or equivalent documents were prepared (see Production of Document Request 3) please explain why it wasn't prepared.

#### ANSWER:

An RFP was issued on October 8, 2009, soliciting bids from all approved suppliers listed on the Gulf Power Company Bid List. The solicitation requested bids for the purchase of coal for a term of up to four (4) years beginning January 1, 2011 and ending on December 31, 2014. The bid close date was October 27, 2009. In response to the solicitation, twenty-one (21) offers were received from fourteen (14) different coal suppliers. Offers were received from the Central Appalachian, Illinois Basin, Colorado/Utah and Colombian coal supply regions. Due to the uncertainty surrounding Gulf Power's coal burn as well as the lack of fixed price offers beyond 2012, the twenty-one proposals that were received were evaluated over two years to Plant Crist on a fully delivered present value basis, including the value of SO2 and NOx. In support of the evaluation process, transportation rates and lease and maintenance costs were provided by Stephen Burns, Transportation Agent and SO2 allowance values were provided by Richard Taylor, Emissions Trader.

throughout 2009 and this is expected to continue throughout 2010. In an effort to reduce 2010 delivery volumes, Gulf entered into negotiations with 123 . The parties could not come to an agreement on volume or price and therefore, no additional business was secured. Based on the delivered economics of all offers, Foresight Coal Sales, LLC's offer from their Pond Creek #1 mine was the most competitive Illinois Basin offer with 4 a starting price of mmBtu, including SO2 and NOx. Their offer consisted of supplying 3 million tons per year for 2011-2020 with a fixed price for the first two years and market price redetermination every two years for the remaining eight years. Their proposal also included utilizing 5 . Due to their competitive fixed pricing for the first two years, Gulf entered into negotiations with Foresight to purchase 800,000 tons in 2011 at a fixed price 7 of ton and 1.2M tons in 2012 at a fixed price of ton. Gulf and Foresight

Gulf experienced excess inventory, resulting from decreased coal burn,

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1	carried out extensive negotiations over a period of three months		
Z	. However, the parties ultimately		
3	could not agree and		
	the negotiations ceased on February 1, 2010. During this period of negotiation,		
	the other offers under the solicitation expired; thus no purchases were made.		

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8. For each RFP for natural gas issued in 2009 by Gulf, list the bids received. Include the supplier, volume bid, and delivered price information, as well as the primary pipeline delivered by.

#### ANSWER:

## Supplier: Noble Energy Marketing, Inc.

Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission

/ • Price: FGT Z3 IF

Volume and Pipeline: Annual Supply 5,000 per day Mobile Bay into Florida Gas Transmission

Price: FGT Zone 3 Gas Daily Average

## Supplier: Shell Energy North America

Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission

- Price: FGT Zone 3 Gas Daily Average
   Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission
- ✓ Price: FGT Z3 Inside FERC

  Volume and Pipeline: Annual Supply 15,000 per day Mobile Bay into Florida Gas

  Transmission

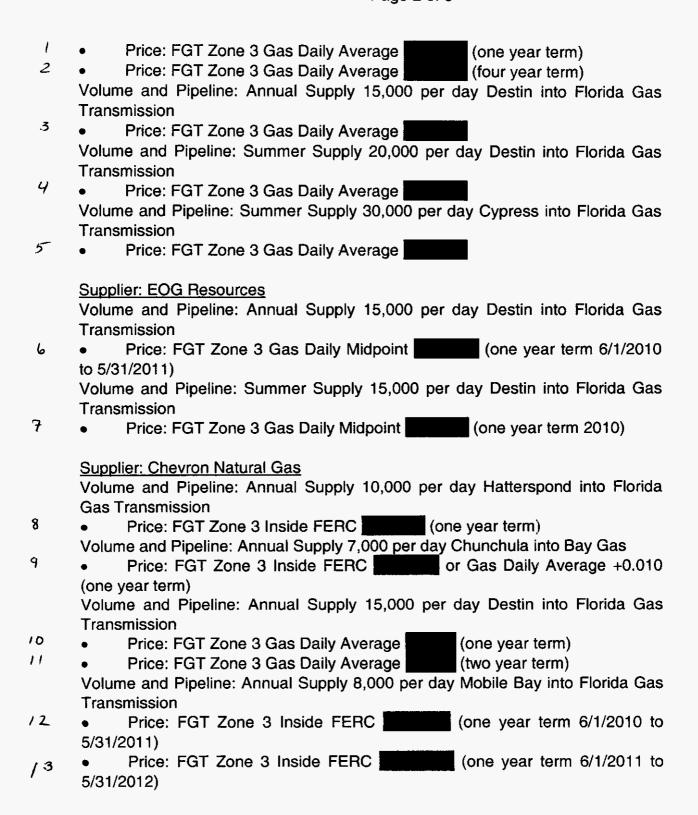
  T
- Price: FGT Zone 3 Gas Daily Average Volume and Pipeline: Summer 20,000 per day Destin into Florida Gas Transmission
- Volume and Pipeline: Summer 20,000 per day Mobile Bay into Florida Gas
  Transmission
- → Price: FGT Zone 3 Gas Daily Average

#### Supplier: British Gas

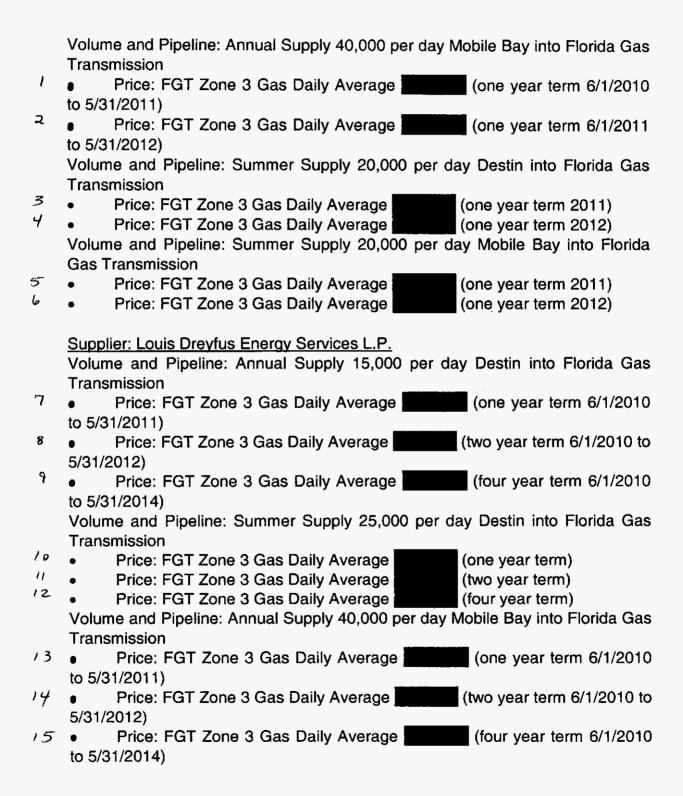
Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission

Price: FGT Zone 3 Gas Daily Average (one year term)
 Volume and Pipeline: Summer Supply 20,000 per day Destin into Florida Gas Transmission

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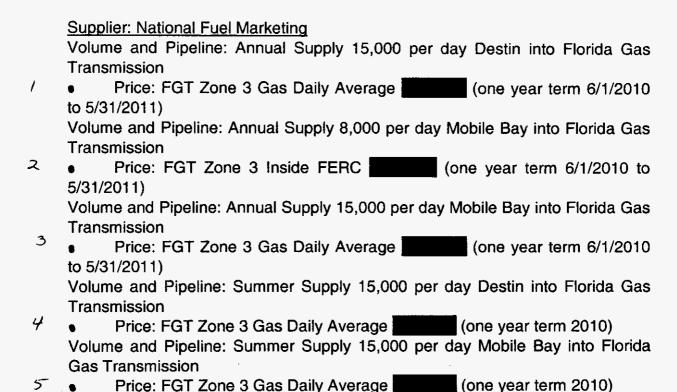
Volume and Pipeline: Summer Supply 20,000 per day MobileBay into Florida Gas Transmission Price: FGT Zone 3 Gas Daily Average 1 (one year term) 2 Price: FGT Zone 3 Gas Daily Average (two year term) 3 Price: FGT Zone 3 Gas Daily Average (four year term) Supplier: ExxonMobil Gas & Power Marketing Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission 4 Price: FGT Zone 3 Inside FERC (one year term 6/1/2010 to 5/31/2011) Supplier: J. P. Morgan Ventures Volume and Pipeline: Annual Supply 10,000 per day Destin into Florida Gas Transmission 5 Price: FGT Zone 3 Gas Daily Average (two year term 6/1/2010 to 5/31/2012) Supplier: Macquarie Cook Energy, LLC Volume and Pipeline: Annual Supply 15,000 per day Destin into Florida Gas Transmission 6 Price: FGT Zone 3 Gas Daily Average (four year term 6/1/2010) to 5/31/2014) Volume and Pipeline: Annual Supply 8,000 per day Mobile Bay into Florida Gas Transmission 7 Price: FGT Zone 3 Inside FERC (four year term 6/1/2010 to 5/31/2014) Volume and Pipeline: Annual Supply 40,000 per day Mobile Bay into Florida Gas Transmission 8 Price: FGT Zone 3 Gas Daily Average (four year term 6/1/2010) to 5/31/2014) Volume and Pipeline: Summer Supply 20,000 per day Destin into Florida Gas Transmission 9 Price: FGT Zone 3 Gas Daily Average (four year term) Volume and Pipeline: Summer Supply 20,000 per day Mobile Bay into Florida

Price: FGT Zone 3 Gas Daily Average (four year term)

Gas Transmission

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11. For each RFP for light oil issued in 2009 by Gulf, list the bids received.

# ANSWER:

l	Supplier: RKA Petroleum  Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
2	Supplier: Petroleum Traders Company Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
3	Supplier: PS Energy Group Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz) NOTE: The bid price was revised upward to account for Florida Pollution Tax (\$0.0207 per gallon) which was not included in the bid price by the supplier.
4	Supplier: Midstream Fuel Services LLC dba PEPCO Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
5	Supplier: Mansfield Oil Company Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)
6	Supplier: Truman Arnold Companies  Delivered Price = OPIS Rack Avg (Crist); (Smith); (Scholz)

#### EXHIBIT "C"

## <u>Line-by-Line/Field-by-Field Justification</u> <u>Line(s)/Field(s)</u>

## Response to Interrogatory #3

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## Response to Interrogatory # 4

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## Response to Interrogatory #8

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## Response to Interrogatory # 11

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## Justification

This information is entitled to confidential classification pursuant to §366.093(3) (d) and (e), Florida Statutes. The basis for this information being designated as confidential is more fully set forth in paragraph 1.

### STATE OF FLORIDA

COMMISSIONERS:
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# **Hublic Service Commission**

#### **ACKNOWLEDGEMENT**

	<b>DATE:</b> March 22, 2010	
TO:	Susan D. Ritenour, Gulf Power Company	
FROM:	Ruth Nettles, Office of Commission Clerk	
RE:	Acknowledgement of Receipt of Confidential Filing	

This will acknowledge receipt of a CONFIDENTIAL DOCUMENT filed in Docket Number 100001 or, if filed in an undocketed matter, concerning response to Interrogatories, Nos. 3, 4, 8, and 11 of staff's 1<sup>st</sup> set of Interrogatories, Nos. 1-18, and filed on behalf of Gulf Power Company. The document will be maintained in locked storage.

If you have any questions regarding this document, please contact Kim Peña, Records Management Assistant, at (850) 413-6393.

000UMENT NUMBER DEFT 0 1992 HAR 22 9

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