

One Energy Place
Pensacola, Florida 32520

850 444 6111



March 6, 2001

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

010300-EI

Dear Ms. Bayo:

The Commission authorized Gulf Power Company to modify its Allowance for Funds Used During Construction (AFUDC) rate to 7.27 percent effective July 1, 1993 in Order No. PSC-93-1789-FOF-EI, in Docket No. 930833-EI.

Enclosed are an original and fifteen copies of Gulf's request for approval to increase this AFUDC rate to 7.35 percent effective January 1, 2001. The request is based on calculations shown on attached Schedules A through Schedule C that were made in accordance with the present Commission approved methodology as prescribed in Rule 25-6.0141, Florida Administrative Code, and based on the Company's thirteen-month average capital structure on December 31, 2000.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

DOCUMENT NUMBER-DATE
03002 MAR-8 01
FPSC-RECORDS/REPORTING

Gulf Power Company
Calculation of AFUDC Rate
Based On December 2000 Earning Surveillance Report and 11.5% ROE

Schedule A

<u>Class of Capital</u>	<u>Jurisdictional Capital Structure</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long Term Debt	276,468,703	30.86%	6.64	2.05
Short-Term Debt	29,035,067	3.24%	6.49	0.21
Preferred Stock	69,353,996	7.74%	5.28	0.41
Customer Deposits	11,826,887	1.32%	5.91	0.08
Common Equity	358,727,433	40.04%	11.50	4.60
Investment Tax Credits	19,545,500	2.18%		
FASB 109 Deferred Taxes	15,376,087	1.72%		
Deferred Taxes	115,481,887	12.90%		
Total	<u>895,815,560</u>	<u>100.00%</u>		<u>7.35</u>

AFUDC Rate Currently Authorized by Order:PSC-93-1789-FOF-EI

7.27%

Gulf Power Company
13 MONTH AVERAGE CAPITAL STRUCTURE
Based On December 2000 Earning Surveillance Report

SCHEDULE B

	<u>Balance Per Books</u>	<u>Non Utility Adjustment</u>	<u>UPS Adjustment</u>	<u>Dividends Declared</u>	<u>Rate Base Adjustments</u>	<u>Adjusted Capital Structure</u>	<u>Jurisdictional Factor</u>	<u>Jurisdictional Capital Structure</u>
LONG TERM DEBT	350,565,336	0	(42,874,447)	0	(24,394,596)	283,296,293	0.9758995	276,468,703
SHORT-TERM DEBT	39,846,154	0	0	0	(10,094,045)	29,752,109	0.9758995	29,035,067
PREFERRED STOCK	83,549,235	0	(6,362,948)	0	(6,119,545)	71,066,742	0.9758995	69,353,996
CUSTOMER DEPOSITS	13,162,521	0	0	0	(1,043,561)	12,118,960	0.9758995	11,826,887
COMMON EQUITY	419,709,227	(455,014)	(27,968,789)	7,953,846	(31,652,808)	367,586,462	0.9758995	358,727,433
ITC - ZERO COST	0	0	0	0	0	0	0.9758995	0
ITC - WEIGHTED COST	26,752,135	0	(4,999,321)	0	(1,724,624)	20,028,190	0.9758995	19,545,500
FASB 109 DIT	21,405,206	0	(4,292,665)	0	(1,356,730)	15,755,811	0.9758995	15,376,087
DEFERRED TAXES	160,763,500	0	(32,240,003)	0	(10,189,703)	118,333,794	0.9758995	115,481,887
TOTAL	1,115,753,314	(455,014)	(118,738,173)	7,953,846	(86,575,612)	917,938,361		895,815,560

Gulf Power Company
Calculation of Monthly AFUDC Rate
Based on October 2000 Earnings Surveillance Report and 11.5% ROE

Schedule C

The formula used to discount the annual AFUDC rate to reflect monthly compounding is as follows:

$$M = \left\{ \left(1 + \frac{A}{100} \right)^{1/12} - 1 \right\} \times 100$$

Where:

M= Discounted monthly AFUDC rate.

A= Annual AFUDC rate.

Using the requested rate of 7.35%

$$M = \left\{ \left(1 + \frac{7.35}{100} \right)^{1/12} - 1 \right\} \times 100$$

$$M = \left\{ \left(1 + .073500 \right)^{1/12} - 1 \right\} \times 100$$

$$M = \left\{ \left(1.073500 \right)^{1/12} - 1 \right\} \times 100$$

$$M = \left\{ 1.00592786 - 1 \right\} \times 100$$

$$M = \left\{ 0.00592786 \right\} \times 100$$

$$M = \quad \underline{\underline{0.592786}}$$