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April 30, 2004

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 040002-EG

Enclosed for official filing in the above docket are an original and ten (10) copies of Angela T. Carter's testimony.

Sincerely,

Susan D. Ritenour (llw)

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GCL 1 cc: Beggs and Lane
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery)
_____)

Docket No. 040002-EG

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 30th day of April 2004 to the following:

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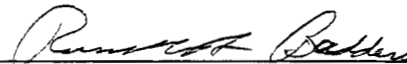
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

DOCKET NO. 040002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
ANGELA T. CARTER**

**Final True-up
JANUARY - DECEMBER 2003**

May 3, 2004



DOCUMENT NUMBER-DATE

05051 MAY-03

FPSC-COMMISSION CLERK

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of

4 Angela T. Carter
5 Docket No. 040002-EG
6 May 3, 2004

7 Q. Will you please state your name, business address,
8 employer and position?

9 A. My name is Angela T. Carter and my business address is
10 One Energy Place, Pensacola, Florida 32520. I am
11 employed by Gulf Power Company as the Economic
12 Evaluation and Market Reporting Team Leader.

13 Q. Are you the same Angela T. Carter who has previously
14 testified before this Commission on various conservation
15 issues?

16 A. Yes.

17
18 Q. Ms. Carter, for what purpose are you appearing before
19 this Commission today?

20 A. I am testifying before this Commission on behalf of Gulf
21 Power Company regarding matters related to the Energy
22 Conservation Cost Recovery Clause, specifically the
23 approved programs and related expenses for
24 January, 2003, through December, 2003.

25

1 Q. Are you familiar with the documents concerning the
2 Energy Conservation Cost Recovery Clause and its related
3 true-up and interest provisions?

4 A. Yes, I am.

5

6 Q. Have you verified, that to the best of your knowledge
7 and belief, this information is correct?

8 A. Yes, I have.

9 Counsel: We ask that Ms. Carter's exhibit consisting of
10 6 Schedules, CT-1 through CT-6, be marked for
11 identification as:

12 Exhibit No. ____ (ATC-1)

13

14 Q. Would you summarize for this Commission the deviations
15 resulting from the actual expenses for this recovery
16 period and the original estimates of expenses?

17 A. The estimated/actual true-up net expenses for the entire
18 recovery period January, 2003, through December, 2003,
19 were \$6,407,021 while the actual costs were \$7,013,733
20 resulting in a variance of \$606,712 or 9.5% over the
21 estimated/actual true-up.

22

23 Q. Ms. Carter, would you explain the January, 2003, through
24 December, 2003, variance?

25 A. Yes, the reasons for this variance are an increase in

1 expenses in GoodCents *Select* of \$1,248,089 and
2 Conservation Demonstration and Development being over by
3 \$5,946. These programs are off-set by Residential
4 Energy Audits being under \$168,434; Geothermal Heat Pump
5 Program being under \$164,037; GoodCents Commercial
6 Buildings being under \$95,985; Commercial/ Industrial
7 Energy Audits and Technical Assistance Audits being
8 under \$126,938; Green Pricing being under \$42,973;
9 Commercial Mail-in Audit being under \$2,810; and
10 Residential Mail-in Audit being under \$46,146. The
11 resulting net variance is \$606,712 over the
12 estimated/actual program expenses reported in September,
13 2003. A more detailed description of the deviations is
14 contained in Schedule CT-6.

15

16 Q. Ms. Carter, what was Gulf's adjusted net true-up for the
17 period January, 2003 through December, 2003?

18 A. There was an under-recovery of \$355,105 as shown on
19 Schedule CT-1, page 1.

20

21 Q. Would you describe the results of your programs during
22 the recovery period?

23 A. A more detailed review of each of the programs is
24 included in my Schedule CT-6. The following is a
25 synopsis of the accomplishments during this recovery

1 period.

2 (A) Residential Energy Audits - During this period, the
3 Company projected to audit 1,350 structures. The
4 Company completed 1,749 audits.

5 (B) Residential Mail-In Audits - During this period,
6 250 audits were projected and 1,677 audits were
7 completed.

8 (C) GoodCents Environmental Home Program - This program
9 was available in 2003 to any customer desiring it,
10 but the company no longer promotes it as a stand
11 alone program. No units were completed during this
12 recovery period.

13 (D) Duct Leakage Program - This program was available in
14 2003 to any customer desiring it, but the company no
15 longer promotes it as a stand alone program. No units
16 were completed during 2003.

17 (E) Geothermal Heat Pump - During this recovery period, a
18 total of 68 geothermal heat pumps were installed
19 compared to a projection of 200.

20 (F) GoodCents Select (Advanced Energy Management) - During
21 this recovery period, 1,052 units were installed for a
22 net total of 4,244 units for the period ending
23 December, 2003.

24 As reported in previous dockets, the startup of
25 this program was delayed because of several issues.

1 As a result of the delays and participation levels,
2 the schedule for market implementation was modified
3 from the original projection in the Demand-side
4 Management (DSM) Plan. Gulf Power reviewed and
5 revised its projection for program participation in
6 2000. A more detailed summary of the revised
7 participation rates is given in M. J. McCarthy's
8 testimony in Docket No. 000002-EG dated September
9 27, 2000. The Company projects 3,000 installations
10 annually beginning in 2004 for the remainder of the
11 DSM plan.

12 (G) GoodCents Commercial Buildings - During this recovery
13 period a total of 197 buildings were built or improved
14 to GoodCents standards, compared to a projection of
15 117.

16 (H) Commercial/Industrial Energy Audits and Technical
17 Assistance Audits (E.A./T.A.A) - During this recovery
18 period, a total of 157 E.A./T.A.A. were completed
19 compared to a projection of 123.

20 (I) Commercial Mail-in Audit - 624 mail-in audits were
21 projected compared to 897 mail-in audits completed.

22 (J) Green Pricing - Costs associated with the Green
23 Pricing program are provided in Schedule CT-3.
24 Further description of these activities can be
25 found in Schedule CT-6.

1 (K) Conservation Demonstration and Development - Costs
2 associated with the Conservation Demonstration and
3 Development program are provided in Schedule CT-3.
4 Further description of these activities can be found
5 in Schedule CT-6.

6

7 Q. Ms. Carter, does this conclude your testimony?

8 A. Yes, it does.

INDEX

Schedule Number	Title	Pages
CT-1	Adjusted net True-Up, January, 2003, through December, 2003	1
CT-2	Analysis of Energy Conservation Program Costs	2
CT-3	Energy Conservation Adjustment	3 - 7
CT-4	Schedule of Capital Investments, Depreciation and Return	8
CT-5	Reconciliation and Explanation of Differences Between Filing and Audit	9
CT-6	Program Descriptions and Progress Reports	10 - 23

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ADJUSTED NET TRUE-UP
For the Period: January, 2003 Through December, 2003

	\$	\$
Actual		
1. Principal	(156,832)	
2. Interest	6,665	
3. Actual Over/(Under) Recovery Ending Balance		(150,167)
Estimated/Actual as filed September 26, 2003		
4. Principal	197,745	
5. Interest	7,193	
6. Total Estimated/Actual Over/(Under) Recovery		204,938
7. Adjusted Net True-up Over/(Under) Recovery (Line 3 - 6)		(355,105)

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL compared to ESTIMATED/ACTUAL
For the Period: January, 2003 Through December, 2003

	Actual	Est/Actual	Difference
	\$	\$	\$
1. Depreciation, Return & Property Tax	1,644,735.79	1,658,442.38	(13,706.59)
2. Payroll & Benefits	1,943,214.88	2,201,295.00	(258,080.12)
3. Materials & Supplies	2,907,734.42	1,971,920.00	935,814.42
4. Advertising	817,348.28	899,739.00	(82,390.72)
5. Adjustments	0.00	0.00	0.00
6. Other	0.00	0.00	0.00
7. Subtotal	7,313,033.37	6,731,396.38	581,636.99
8. Program Revenues	299,299.95	324,375.41	(25,075.46)
9. Total Program Costs	7,013,733.42	6,407,020.97	606,712.45
10. Less: Payroll Adjustment	0.00	0.00	0.00
11. Amounts Inc. in Base Rate	0.00	0.00	0.00
12. Conservation Adjustment Revenues	6,363,320.31	6,111,185.11	252,135.20
13. Rounding Adjustment	6,363,320.00	6,111,185.00	252,135.00
14. True-up Before Adjustment Over/(Under) Recovery	(650,413)	(295,836)	(354,577)
15. Interest Provision	6,665	7,193	(528)
16. Prior Period True-up	493,581	493,581	0
17. End of Period True-up	(150,167)	204,938	(355,105)

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
 VARIANCE ACTUAL Vs ESTIMATED/ACTUAL
 For the Period: January, 2003 Through December, 2003

Program	Depr/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Audit	0.00	(57,288.22)	(28,447.17)	(82,698.63)	0.00	(168,434.02)	0.00	(168,434.02)
2. Gulf Express	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Green Pricing								
a. Good Cents Environmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Solar for Schools	0.00	(2,152.04)	1,903.90	0.00	0.00	(248.14)	0.00	(248.14)
c. Earth Cents	0.00	(2,310.40)	(5,422.51)	(1,113.52)	0.00	(8,846.43)	0.00	(8,846.43)
d. Green Pricing	0.00	443.31	(34,322.07)	0.00	0.00	(33,878.76)	0.00	(33,878.76)
Total	0.00	(4,019.13)	(37,840.68)	(1,113.52)	0.00	(42,973.33)	0.00	(42,973.33)
ω 4. Duct Leakage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Geothermal Heat Pump	0.00	(39,215.43)	(90,520.13)	(34,301.28)	0.00	(164,036.84)	0.00	(164,036.84)
6. Good Cents Select	(13,706.59)	22,530.74	1,118,664.79	95,524.94	0.00	1,223,013.88	(25,075.46)	1,248,089.34
7. Comm/Ind Good Cents Building	0.00	(86,537.24)	6,097.60	(15,545.74)	0.00	(95,985.38)	0.00	(95,985.38)
8. Comm/Ind E.A. & T.A.A.	0.00	(97,855.54)	(26,196.31)	(2,885.67)	0.00	(126,937.52)	0.00	(126,937.52)
9. Commercial Mail In Audit	0.00	4,083.81	(6,894.05)	0.00	0.00	(2,810.24)	0.00	(2,810.24)
10. Research & Development	0.00	(577.37)	6,523.81	0.00	0.00	5,946.44	0.00	5,946.44
11. Residential Mail In Audit	0.00	798.26	(5,573.44)	(41,370.82)	0.00	(46,146.00)	0.00	(46,146.00)
12. Total	(13,706.59)	(258,080.12)	935,814.42	(82,390.72)	0.00	581,636.99	(25,075.46)	606,712.45

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
ACTUAL EXPENSES

For the Period: January, 2003 Through December, 2003

Program	Depreciation Property Taxes & Return on Equity	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Audit	0.00	285,027.78	39,598.83	118,101.37	0.00	442,727.98	0.00	442,727.98
2. Gulf Express	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Green Pricing								
a. Good Cents Environmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Solar for Schools	0.00	998.96	2,559.90	0.00	0.00	3,558.86	0.00	3,558.86
c. Earth Cents	0.00	14,242.60	332.49	11,904.48	0.00	26,479.57	0.00	26,479.57
d. Green Pricing	0.00	32,416.31	17,677.93	0.00	0.00	50,094.24	0.00	50,094.24
Total	0.00	47,657.87	20,570.32	11,904.48	0.00	80,132.67	0.00	80,132.67
4. Duct Leakage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Geothermal Heat Pump	0.00	83,120.57	13,224.87	78,858.72	0.00	175,204.16	0.00	175,204.16
6. Good Cents Select	1,644,735.79	692,965.74	2,642,154.79	547,324.94	0.00	5,527,181.26	299,299.95	5,227,881.31
7. Comm/Ind Good Cents Building	0.00	352,597.76	53,012.60	1,090.26	0.00	406,700.62	0.00	406,700.62
8. Comm/Ind E.A. & T.A.A.	0.00	398,448.46	61,904.69	1,139.33	0.00	461,492.48	0.00	461,492.48
9. Commercial/Industrial Mail In Audit	0.00	40,222.81	7,961.95	0.00	0.00	48,184.76	0.00	48,184.76
10. Research & Development								
a. Aquatic Pools	0.00	1,328.01	557.29	0.00	0.00	1,885.30	0.00	1,885.30
b. Mary Esther School (Baker School)	0.00	4,801.17	28,167.68	0.00	0.00	32,968.85	0.00	32,968.85
c. Geothermal	0.00	222.72	535.63	0.00	0.00	758.35	0.00	758.35
d. Groovin Hwy 29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. Hampton	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f. OakRidge	0.00	198.43	494.04	0.00	0.00	692.47	0.00	692.47
g. Pine Forest	0.00	411.04	218.36	0.00	0.00	629.40	0.00	629.40
h. Sealed, SemiConditioned Attic	0.00	1,128.88	24,022.80	0.00	0.00	25,151.68	0.00	25,151.68
i. Springhill Suites	0.00	600.50	13,709.82	0.00	0.00	14,310.32	0.00	14,310.32
j. Triggers	0.00	411.04	218.36	0.00	0.00	629.40	0.00	629.40
k. Water Furnace	0.00	1,350.34	567.65	0.00	0.00	1,917.99	0.00	1,917.99
l. Warner Solar	0.00	1,444.50	532.18	0.00	0.00	1,976.68	0.00	1,976.68
Total	0.00	11,896.63	69,023.81	0.00	0.00	80,920.44	0.00	80,920.44
11. Residential Mail In Audit	0.00	31,277.26	282.56	58,929.18	0.00	90,489.00	0.00	90,489.00
12. Total	1,644,735.79	1,943,214.88	2,907,734.42	817,348.28	0.00	7,313,033.37	299,299.95	7,013,733.42

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
SUMMARY OF ACTUAL EXPENSES BY PROGRAM BY MONTH
For the Period: January, 2003 Through December, 2003

PROGRAMS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Residential Energy Audits	26,627.42	34,262.95	33,743.64	41,639.70	43,989.00	43,423.94	29,830.81	43,241.58	26,035.81	54,410.25	26,977.68	38,545.20	442,727.98
2. Gulf Express	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Green Pricing													
a. Good Cents Environmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Solar for Schools	5,346.37	126.31	85.61	(1,528.17)	(2,845.92)	135.78	205.84	507.62	347.41	506.41	392.41	279.19	3,558.86
c. Earth Cents	910.52	692.54	2,289.40	1,542.37	3,487.57	2,289.57	2,178.61	2,177.33	1,396.91	2,923.32	2,131.11	4,460.32	26,479.57
d. Green Pricing	10,499.30	3,550.36	(14,722.13)	3,120.67	(17,315.07)	6,306.58	37,856.20	5,021.36	3,610.70	4,840.31	2,764.17	4,561.79	50,094.24
Total	16,756.19	4,369.21	(12,347.12)	3,134.87	(16,673.42)	8,731.93	40,240.65	7,706.31	5,355.02	8,270.04	5,287.69	9,301.30	80,132.67
4. Duct Leakage	0.00	0.00	13.32	125.00	0.00	0.00	0.00	492.76	(631.08)	0.00	0.00	0.00	(0.00)
5. Geothermal Heat Pump	9,144.01	5,759.76	11,263.43	10,905.39	12,441.72	9,497.26	22,026.21	19,946.13	22,068.83	12,800.33	26,611.30	12,739.79	175,204.16
6. Good Cents Select	165,201.19	101,972.03	340,359.35	206,076.90	257,730.07	288,907.96	205,383.56	346,370.80	236,418.52	792,156.14	495,077.12	446,791.83	3,882,445.47
Amortization & Return on Investment	115,368.72	118,273.91	123,481.81	128,689.67	134,981.87	141,648.04	145,931.23	148,177.34	148,666.84	148,951.48	146,540.73	144,024.15	1,644,735.79
Total	280,569.91	220,245.94	463,841.16	334,766.57	392,711.94	430,556.00	351,314.79	494,548.14	385,085.36	941,107.62	641,617.85	590,815.98	5,527,181.26
7. Comm/Ind Good Cents Bldg	33,738.42	31,055.60	34,759.42	41,929.04	36,221.33	34,900.44	34,197.29	29,301.51	31,784.77	33,453.00	31,489.18	33,870.62	406,700.62
8. Comm/Ind E.A. & T.A.A.	38,804.27	32,592.92	38,877.84	40,768.30	38,997.84	44,326.48	37,317.43	37,102.82	35,705.50	39,319.90	34,753.77	42,925.41	461,492.48
9. Commercial Mail In Audit	2,601.45	2,966.13	3,800.49	3,239.22	3,208.27	3,528.07	3,896.50	3,603.16	7,312.66	3,625.36	6,650.84	3,752.61	48,184.76
10. Research & Development													
a. Aquatic Pools	111.86	54.82	0.00	647.06	60.08	59.56	122.34	62.18	287.45	388.06	0.00	91.89	1,885.30
b. Mary Esther School (Baker School)	0.00	6,195.30	13,799.62	0.00	4,216.80	4,226.05	122.34	4,408.74	0.00	0.00	0.00	0.00	32,968.85
c. Geothermal	0.00	55.11	215.86	0.00	257.78	107.26	122.34	0.00	0.00	0.00	0.00	0.00	758.35
d. Groovin Hwy 29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e. Hampton	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f. OakRidge	0.00	417.91	152.22	0.00	0.00	0.00	122.34	0.00	0.00	0.00	0.00	0.00	692.47
g. Pine Forest	507.06	0.00	0.00	0.00	0.00	0.00	122.34	0.00	0.00	0.00	0.00	0.00	629.40
h. Sealed SemiConditioned Attic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25,151.68	25,151.68
i. Springhill Suites	0.00	0.00	14,187.98	0.00	0.00	0.00	122.34	0.00	0.00	0.00	0.00	0.00	14,310.32
j. Triggers	507.06	0.00	0.00	0.00	0.00	0.00	122.34	0.00	0.00	0.00	0.00	0.00	629.40
k. Water Furnace	116.24	56.92	48.55	274.80	61.32	62.04	123.99	64.58	288.18	402.73	370.94	47.70	1,917.99
l. Warner Solar	0.00	59.34	50.78	354.41	61.63	64.74	122.36	0.00	402.43	422.11	388.88	50.00	1,976.68
Total	1,242.22	6,839.40	28,455.01	1,276.27	4,657.61	4,519.65	1,102.73	4,535.50	978.06	1,212.90	759.82	25,341.27	80,920.44
11. Residential Mail In Audit	1,725.34	1,819.65	4,075.09	13,381.77	8,744.52	12,400.26	3,724.17	11,528.50	2,498.54	14,262.59	7,403.64	8,924.93	90,489.00
12. Recoverable Conservation Expenses	411,209.23	339,911.56	606,482.28	491,166.13	524,298.81	591,884.03	523,650.58	652,006.41	516,193.47	1,108,461.99	781,551.77	766,217.11	7,313,033.37

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Florida Public Service Commission
Docket No. 040002-EG
GULF POWER COMPANY
Witness: Angela T. Carter
Exhibit No. _____ (ATC-1)
Schedule CT-3
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GULF POWER COMPANY
ENERGY CONSERVATION ADJUSTMENT
CALCULATION OF OVER/UNDER RECOVERY
For the Period: January, 2003 through December, 2003

Conservation Revenues	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Good Cents Select RSVP Fees	21,934.80	21,150.30	19,599.90	19,432.76	22,469.91	26,521.02	28,950.78	29,224.94	30,089.83	28,542.20	25,903.41	25,480.10	299,299.95
2. Conservation Adjustment Revenues	540,204.23	418,349.09	435,941.96	458,470.02	574,711.16	602,998.99	634,597.38	640,768.19	566,785.57	472,075.88	444,173.71	574,244.13	6,363,320.31
3. Total Revenues	562,139.03	439,499.39	455,541.86	477,902.78	597,181.07	629,520.01	663,548.16	669,993.13	596,875.40	500,618.08	470,077.12	599,724.23	6,662,620.26
4. Adjustment not Applicable to Period - Prior True Up	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.83	11,800.87	141,610.00
5. Conservation Revenues Applicable to Period	573,939.86	451,300.22	467,342.69	489,703.61	608,981.90	641,320.84	675,348.99	681,793.96	608,676.23	512,418.91	481,877.95	611,525.10	6,804,230.26
6. Conservation Expenses (CT-3, Page 3, Line 12)	411,209.23	339,911.56	606,482.28	491,166.13	524,298.81	591,884.03	523,650.58	652,006.41	516,193.47	1,108,461.99	781,551.77	766,217.11	7,313,033.37
7. True Up this Period (Line 5 - 6)	162,730.63	111,388.66	(139,139.59)	(1,462.52)	84,683.09	49,436.81	151,698.41	29,787.55	92,482.76	(596,043.08)	(299,673.82)	(154,692.01)	(508,803.11)
8. Interest Provision this Period (CT-3, Page 5, Line 10)	606.98	729.66	678.34	581.18	618.93	621.39	652.75	741.83	789.58	554.82	146.89	(57.39)	6,664.96
9. True Up & Interest Provision Beginning of Month	493,580.68	645,117.46	745,434.94	595,172.87	582,490.69	655,991.89	694,249.25	834,799.59	853,528.14	934,999.65	327,710.56	16,382.80	493,580.68
10. Prior True Up Collected or Refunded	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.83)	(11,800.87)	(141,610.00)
11. End of Period- Net True Up	645,117.46	745,434.94	595,172.87	582,490.69	655,991.89	694,249.25	834,799.59	853,528.14	934,999.65	327,710.56	16,382.80	(150,167.47)	(150,167.47)

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GULF POWER COMPANY
 COMPUTATION OF INTEREST EXPENSE
 ENERGY CONSERVATION ADJUSTMENT
 For the Period: January, 2003 through December, 2003

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	493,580.68	645,117.46	745,434.94	595,172.87	582,490.69	655,991.89	694,249.25	834,799.59	853,528.14	934,999.65	327,710.56	16,382.80	
2. Ending True up before Interest	644,510.48	744,705.28	594,494.53	581,909.51	655,372.96	693,627.86	834,146.84	852,786.31	934,210.07	327,155.74	16,235.91	(150,110.08)	
3. Total beginning & ending	1,138,091.15	1,389,822.74	1,339,929.47	1,177,082.38	1,237,863.65	1,349,619.75	1,528,396.09	1,687,585.89	1,787,738.20	1,262,155.38	343,946.46	(133,727.28)	
4. Average True up Amount	569,045.58	694,911.37	669,964.74	588,541.19	618,931.83	674,809.88	764,198.05	843,792.95	893,869.10	631,077.69	171,973.23	(66,863.64)	
5. Interest Rate First Day Reporting Business Month	1.2900	1.2700	1.2500	1.1800	1.1900	1.2100	1.0000	1.0500	1.0600	1.0600	1.0500	1.0000	
6. Interest Rate First Day Subsequent Business Month	1.2700	1.2500	1.1800	1.1900	1.2100	1.0000	1.0500	1.0600	1.0600	1.0500	1.0000	1.0600	
7. Total of Lines 5 and 6	2.5600	2.5200	2.4300	2.3700	2.4000	2.2100	2.0500	2.1100	2.1200	2.1100	2.0500	2.0600	
8. Average Interest rate (50% of Line 7)	1.2800	1.2600	1.2150	1.1850	1.2000	1.1050	1.0250	1.0550	1.0600	1.0550	1.0250	1.0300	
9. Monthly Average Interest Rate	0.001067	0.001050	0.001013	0.000988	0.001000	0.000921	0.000854	0.000879	0.000883	0.000879	0.000854	0.000858	
Line 8 \ 12													
10. Interest Provision (Line 4 X 9)	606.98	729.66	678.34	581.18	618.93	621.39	652.75	741.83	789.58	554.82	146.89	(57.39)	6,664.96

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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Good Cents Select
 For the Period January, 2003 Through December, 2003

Line No. Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	Dec	Total
1. Investments (Net of Retirements)	3,681,501.94	164,049.88	(164,886.58)	9,799.42	152,773.84	80,511.66	62,536.39	82,562.15	67,558.02	31,874.51	36,902.21	552,486.19	93,850.43	
2. Depreciable Base		3,845,551.82	3,680,665.24	3,690,464.66	3,843,238.50	3,923,750.16	3,986,286.55	4,068,848.70	4,136,406.72	4,168,281.23	4,205,183.44	4,757,669.63	4,851,520.06	
3. Depreciation Expense (A)		7,150.70	7,149.91	7,002.57	7,157.02	7,378.64	7,514.53	7,652.38	7,794.99	7,889.45	7,954.79	8,514.71	9,128.73	92,288.42
4. Cumulative Investment	3,681,501.94	3,845,551.82	3,680,665.24	3,690,464.66	3,843,238.50	3,923,750.16	3,986,286.55	4,068,848.70	4,136,406.72	4,168,281.23	4,205,183.44	4,757,669.63	4,851,520.06	
5. Less: Accumulated Depreciation	142,483.75	149,634.45	156,784.36	163,786.93	170,943.95	178,322.59	185,837.12	193,489.50	201,284.49	209,173.94	217,128.73	225,643.44	234,772.17	
6. Net Investment	3,539,018.19	3,695,917.37	3,523,880.88	3,526,677.73	3,672,294.55	3,745,427.57	3,800,449.43	3,875,359.20	3,935,122.23	3,959,107.29	3,988,054.71	4,532,026.19	4,616,747.89	
7. Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8. CWIP Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9. Inventory Balance	6,420,996.05	6,420,996.05	7,052,196.24	7,725,542.39	7,975,102.25	8,793,750.06	9,231,360.17	9,542,627.65	9,542,627.65	9,542,627.65	9,536,187.60	8,339,927.63	8,243,810.25	
10. Net Investment (Line 6 + 8 + 9)	9,960,014.24	10,116,913.42	10,576,077.12	11,252,220.12	11,647,396.80	12,539,177.63	13,031,809.60	13,417,986.85	13,477,749.88	13,501,734.94	13,524,242.31	12,871,953.82	12,860,558.14	
11. Average Net Investment	9,857,300.47	10,038,463.83	10,346,495.27	10,914,148.62	11,449,808.46	12,093,287.22	12,785,493.62	13,224,898.23	13,447,868.37	13,489,742.41	13,512,988.63	13,198,098.07	12,866,255.98	
12. Rate of Return / 12 (B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
13. Return Requirement on Average Net Investment		94,702.87	97,608.84	102,964.08	108,017.49	114,088.07	120,618.35	124,763.69	126,867.19	127,262.23	127,481.53	124,510.86	121,380.26	1,390,265.46
14. Property Tax		13,515.15	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	13,515.16	162,181.91
15. Total Recoverable Capital Related Costs (Line 3 + 13 + 14)		115,368.72	118,273.91	123,481.81	128,689.67	134,981.87	141,648.04	145,931.23	148,177.34	148,666.84	148,951.48	146,540.73	144,024.15	1,644,735.79

Notes:
 (A) GoodCents Select Property Additions Depreciated at 2.3% per year
 (B) Revenue Requirement Return (including income taxes) is 11.3204

Florida Public Service Commission
 Docket No. 040002-EG
 GULF POWER COMPANY
 Witness: Angela T. Carter
 Exhibit No. _____ (ATC-1)
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Florida Public Service Commission
Docket No. 040002-EG
Gulf Power Company
Witness: Angela T. Carter
Exhibit No. _____ (ATC-1)
Schedule CT-5
Page 1 of 1

GULF POWER COMPANY

Reconciliation and Explanation of
Differences Between Filing and FPSC Audit
Report for Months, January, 2002 through December, 2002

(If no differences exist, please state.)

NO DIFFERENCES

Program Description and Progress

Program Title: Residential Energy Audits

Program Description: This program consists of two types of audits: (1) Class A Energy Conservation Audits and (2) Centsable Energy Checks, a walk-through audit. Both of these audits are performed on-site and involve assisting the customer in upgrading the thermal and equipment efficiencies in their homes as well as lifestyle measures and low or no cost improvements.

Program Accomplishments: 1,350 residential energy audits were forecasted to be completed compared to 1,749 actual audits completed for a difference of 399 audits over projection. The program is over projection due to more than anticipated audits of multi-family dwellings.

Program Fiscal Expenditures: Forecasted expenses were \$611,162 compared to actual expenses of \$442,728 resulting in a deviation of \$168,434 under budget. These expenses are under budget due to the economies of scale utilized in performing audits for multi-family units.

Program Progress Summary: Since the approval of this program, Gulf has performed 132,409 residential energy audits. This is a result of Gulf's promotional campaign to solicit energy audits as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Residential Mail-In Audits

Program Description: The Residential Mail-In Audit Program is a direct mail energy auditing program. This program supplements Gulf Power Company's existing Residential Energy Audit program and assists in the evaluation of the specific energy requirements of a residential dwelling. Homeowners complete an audit questionnaire on their own or may request the assistance of a Gulf Power representative. This questionnaire asks customers about their energy consuming equipment or appliances, square footage, and other details regarding their lifestyles. The audit results are returned to the customer and include targeted, timely information about energy conservation opportunities specific to each dwelling.

Program Accomplishments: 1,677 audits were conducted using this process during the reporting period compared to a projection of 250. This program is over projection due to an increased request for the on-line audits and more than anticipated audits of multi-family dwellings.

Program Fiscal Expenditures: The program had actual expenses of \$90,489 compared to a projection of \$136,635 for a difference of \$46,146 under budget. These expenses are under budget due to the efficiency of on-line audits and the economies of scale utilized in performing audits for multi-family units.

Program Progress Summary: This program was approved on August 5, 1997. There have been 2,777 mail-in audits completed program-to-date.

Program Description and Progress

Program Title: GoodCents Environmental Home

Program Description: GoodCents Environmental Home Program provides residential customers with guidance concerning energy and environmental efficiency in new construction. The program promotes energy-efficient and environmentally sensitive home construction techniques by evaluating over 500 components in six categories of design construction practices.

Program Accomplishments: During 2003, no GoodCents Environmental Homes were constructed. This program was approved in October, 1996, as part of the conservation programs in Gulf's Demand-Side Management Plan, Docket 941172-EI. However, there has been little acceptance with builders because of the added cost of materials, availability problems with materials, and current public attitudes toward environmental issues. The Company will maintain the availability of this program to builders and customers; however, Gulf no longer actively advertises and promotes this program.

Program Fiscal Expenditures: For this period there were no expenses projected and no expenses incurred for this program.

Program Progress Summary: Ten homes have been certified to meet the GoodCents Environmental Home standards.

Program Description and Progress

Program Title: Duct Leakage Repair

Program Description: This program was developed as a result of Gulf Power Company's 1992 HVAC Duct and Infiltration (Blower Door) Pilot Program. The object of the program is to provide the customer with a means to identify house air duct leakage and to recommend repairs that can reduce customer kWh energy usage and kW demand.

Program Accomplishments: The Company has provided demonstrations and training to builders, dealers and homeowners regarding duct leakage and duct testing methods and procedures during this period. No customers participated in the Duct Leakage Repair program during 2003.

Program Fiscal Expenditures: There were no expenses projected and none incurred during this period.

Program Progress Summary: Since the program's beginning, 32 customers have participated.

Program Description and Progress

Program Title: Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of advanced and emerging geothermal systems.

Program Accomplishments: During this recovery period, 68 Geothermal Heat Pump units were installed compared to a goal of 200 units.

Program Fiscal Expenditures: Projected expenses for the period were \$339,241 compared to actual expenses of \$175,204 for a deviation of \$164,037 under budget. These expenses are under budget due to less customer participation in this recovery period.

Program Progress Summary: Education and training continue as vital components of this program. Since the inception, 1,912 geothermal systems have been installed.

Program Description and Progress

Program Title: GoodCents Select

Program Description: The program is designed to provide the customer with a means of conveniently and automatically controlling and monitoring his/her energy purchases in response to prices that vary during the day and by season in relation to the Company's cost of producing or purchasing energy.

Program Accomplishments: A total of 1,052 units have been installed during 2003. It was anticipated that the total systems installed for the year would be approximately 1,750.

Program Fiscal Expenditures: This program projected expenses of \$3,979,792 for 2003 with actual expenses of \$5,227,881. The program is over budget \$1,248,089 due to the fact that there are expenses associated with the program that have not been offset by planned installations and subsequent revenues from the program.

Program Progress Summary: As of December, 2003, there are 4,244 participating customers.

Program Description and Progress

Program Title: GoodCents Commercial Buildings

Program Description: This program is designed to educate non-residential customers on the most cost-effective methods of designing new and improving existing buildings. The program stresses efficient heating and cooling equipment, improved thermal envelope, operation and maintenance, lighting, cooking and water heating. Field representatives work with architects, engineers, consultants, contractors, equipment suppliers and building owners and occupants to encourage them to make the most efficient use of all energy sources and available technologies.

Program Accomplishments: The goal during the current period was 117 installations compared to actual installations of 197. The installations are over projection due to increased construction and growth within this segment which allowed for additional opportunity to promote and experience success with the program.

Program Fiscal Expenditures: Forecasted expenses were \$502,686 compared to actual expenses of \$406,701 for a deviation of \$95,985 under budget. The expenses are under budget due to the maturity and greater understanding of the program allowing for greater success with less cost. Education and adoption of GoodCents standards for many of the decision makers for commercial building construction has evolved such that less time is required to promote the program; however, continuously working with the decision makers and staying abreast of new technology is required to maintain a high level of success within this program.

Program Progress Summary: A total of 8,415 commercial/industrial buildings have qualified for the GoodCents designation since the program was developed in 1977.

Program Description and Progress

Program Title: Energy Audits and Technical Assistance
Audits (E.A./T.A.A)

Program Description: This program is designed to provide professional advice to our existing commercial and industrial customers on how to reduce and make the most efficient use of energy. This program covers from the smallest commercial customer, requiring only a walk-through survey, to the use of computer programs which will simulate several design options for very large energy intensive customers. The program is designed to include semi-annual and annual follow-ups with the customer to verify any conservation measures installed and to reinforce the need to continue with more conservation efforts.

Program Accomplishments: During the period ending December, 2003, our goal was 123 audits with actual results of 157 audits.

Program Fiscal Expenditures: Forecasted expenses were \$588,430 compared to actual expenses of \$461,492 for a deviation of \$126,938 under budget due to personnel changes.

Program Progress Summary: A total of 11,571 E.A./T.A.A.'s have been completed since the program started in 1981. These audits have ranged from the basic walk-through type for some commercial customers to sophisticated technical assistance audits for other commercial and industrial customers.

Program Description and Progress

Program Title: Commercial Mail-In Audit Program

Program Description: The Commercial Mail-In Audit Program is a direct mail energy auditing program. This program supplements Gulf Power's existing Commercial/Industrial Energy Audit program and assists in the evaluation of the specific energy requirements of a given business type. Businesses complete an audit questionnaire on their own or may request the assistance of a Gulf Power Company representative. This questionnaire asks customers about their energy consuming equipment or appliances, square footage, hours of operation and other details regarding their business operations. The audit results package is returned to the customer and includes targeted, timely information about energy conservation opportunities specific to each business type and geographic area.

Program Accomplishments: In 2003, 897 mail-in audits have been completed compared to a projection of 624 audits.

Program Fiscal Expenditures: This program incurred actual expenses of \$48,185 compared to a budget of \$50,995 for a deviation of \$2,810 under budget.

Program Progress Summary: Since 1997, 6,379 mail-in audits have been completed.

Program Description and Progress

Program Title: Green Pricing

Program Description: The Green Pricing Program is designed to encompass a variety of voluntary renewable and green energy programs under development by Gulf Power Company. The voluntary pricing options for customers will include, but not be limited to EarthCents Solar (Photovoltaic Rate Rider) and the Solar for Schools program. Additionally, this program will include expenses necessary to prepare and implement a green energy pilot program utilizing landfill gas, wind, solar or other renewable energy sources.

Program Accomplishments:

Solar for Schools: The principle objective of the Solar for Schools program is to implement cost-effective solar education and demonstration projects at local educational facilities by means of voluntary contributions. The program also seeks to increase renewable energy and energy awareness among students, parents and contributors. Solar for Schools is a program that uses voluntary contributions to fund materials for energy education, permanent demonstration displays, rewards for science contests, and teacher education. Voluntary contributions are solicited from customers interested in renewable energy and/or helping to improve the quality of schools in the Gulf Power Company service area. Funds are collected through an annual bill promotion mechanism on the utility bill or through a direct contribution and accumulated in an interest bearing account. When contributions reach an adequate level, they are directed to an educational facility for implementation of various solar educational programs and for the installation of solar equipment. Contributions are not used for administrative costs, program research or for promotion costs.

Gulf Power Company installed a 4 kW PV solar system in 2000 at the Junior Museum of Bay County. This PV system operates computer equipment and other electrical items within the museum itself to demonstrate the capabilities of solar energy to the youth of Bay County and the surrounding areas.

Gulf Power Company has implemented two Solar for Schools projects during the 2003 calendar year; Meigs Middle School in Shalimar and West Florida High School of Advanced Technology in Pensacola.

A workshop was conducted to increase each teacher's content knowledge of solar energy (photovoltaics), energy efficiency, and renewable energy and to enhance their ability to provide relevant hands-on learning experiences to their students. At the workshop, teachers performed various experiments using equipment provided by the Florida Solar Energy Center. Additionally, each school received a curriculum for their class. A total of nine teachers participated in the workshop from both schools.

Meigs Middle School and West Florida High School of Advanced Technology also each received a 4 kW photovoltaic solar array and data acquisition system whose energy output and other data are relayed to the teachers via the internet. The real time data can also be viewed from Gulf Power's external web site. The solar arrays were purchased in part through a grant from the Florida Solar Energy Center and funds from the Solar for Schools contribution program. Moreover, the energy provided from the solar array has been donated to the schools in order to reduce their reliance on energy provided from Gulf Power.

EarthCents Solar (Photovoltaic Optional Rate Rider): The PV Rate Rider is an optional rate rider for Gulf Power Company's customers. Customers may purchase photovoltaic energy in 100-watt blocks. Multiple blocks may be purchased. Power purchased or produced from photovoltaic facilities may not be specifically delivered to the customer, but will displace power that would have otherwise been produced from traditional generating facilities. The construction of the photovoltaic facility or the purchase of power from photovoltaic facilities will begin upon the attainment of sufficient commitments from all participants across the Southern Company electric system where the option is available and, as necessary, after obtaining PSC approval. Customer billing will begin the second month following the date in which power is purchased from photovoltaic generating facilities or in which a photovoltaic generating facility of the Southern Company begins commercial operation. As of December, 2003, 77 customers have signed up for 99 100-watt blocks of energy.

Program Fiscal Expenditures: There were expenses of \$123,106 projected for this period. Actual expenses were: Solar for Schools, \$3,559; Green Pricing, \$50,094; and EarthCents Solar, \$26,480 for a deviation of \$42,973 under budget.

Program Description and Progress

Program Title: Conservation Demonstration and Development

Program Description: A package of conservation programs was approved by the FPSC in Order No. 23561 for Gulf Power Company to explore and to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program serves as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies.

Program Accomplishments:

Aquatic Pool - The project involves the installation of an air source heat pump water heater/dehumidification system. The system capacity is 22.5 tons. The pool is 75 X 42 square feet, 116,550 gallons and heated by a 400,000 btuh natural gas pool heater.

Eglin Geothermal - This project involves the installation of one geothermal system in a family housing unit at Eglin AFB. The system is monitored at various points to determine actual field efficiency. Monitoring equipment is installed on an identical type unit with a conventional A/C system with a gas furnace. The study will be for a one-year period to gather data in both cooling and heating operation of systems. Equipment failure has extended the research for an additional year and a half to obtain a full year of data. A report will be submitted once the research has been completed.

Groovin'Noovin' - Gulf Power Company monitored two pieces of cooking equipment at two different store locations. Energy usage was monitored and a comparison report will be prepared in 2004.

Hampton Inn - The Hampton Inn was used to study geothermal heat pump water heaters for their laundry and pool heating requirements. The laundry room was cooled and the water heated with geothermal heat pump water heaters. The hotel pool was heated with a geothermal heat pump water heater. The project has been completed and a report will be prepared in 2004.

Mary Esther School - In 2003, Gulf produced and installed a triple-function heat pump unit, along with the necessary hot water storage, pumping, piping and controls at Mary Esther School (Mary Esther, Fl - Okaloosa County School District), to provide a completely operational commercial triple-

function heat pump application. Gulf also provided appropriate air source, triple function heat pump design for commercial applications demonstrating commercial viability and optimal functionality. Metering and monitoring equipment was installed and a report will be prepared in 2004.

Oak Ridge - This project is an application of a new product to overcome market barriers to heat pump water heaters such as ease of installation, cost and performance. This new product has the refrigeration system built-in and a plumber can install the system just like any other electric water heater. All parts are standard reliable components that are proven in the refrigeration market. This project has been completed and a report will be prepared in 2004.

Pine Forest High School - Gulf Power Company was monitoring several pieces of equipment at the culinary arts department of a local high school. Energy usage was monitored and a comparison report will be prepared in 2004.

Sealed Semi-Conditioned Attic - The semi-conditioned attic as well as the living space of a home will be conditioned/de-humidified utilizing the enhanced de-humidification capabilities of a closed-loop geothermal heat pump with zone control. The attic will be monitored and sealed using a vapor barrier and spray foam insulation combination that should significantly reduce the infiltration of hot humid air into the attic space. A report will be submitted once the research is complete.

Springhill Suites - This project was monitoring various energy and water flows for the Springhill Suites Hotel. This hotel is the first hybrid geothermal commercial project in Gulf Power Company's service area. Monitoring the energy and water flows will enable Gulf to demonstrate and document the energy savings and conservation benefits of geothermal applications to building owners, architects, and energy managers. The research is scheduled to conclude this year and a report will be prepared when the project is complete.

Triggers - Triggers was a research site designed to study the effectiveness of a heat pump water heater for commercial use. This project has been completed and a report will be prepared in 2004.

Warner Solar - This project was studying the electrical output of a 2.4 kW photovoltaic solar array installed at a small business. This was the first small pv interconnection agreement with Gulf Power. A report will be prepared in 2004.

Water Furnace - This research project is designed to study the experimental refrigerant R410A. A comparative study is being done between this new refrigerant and present refrigerants that are to be phased out of production due to EPA mandates.

Program Fiscal Expenditures: Program expenses were forecasted at \$74,974 compared to actual expenses of \$80,920 for a deviation of \$5,946 over budget. Expenses are over budget due to under-estimating project costs. Project expenses were as follows: Aquatic Pool, \$1,885; Eglin Geothermal, \$758; Mary Esther School, \$32,969; Oak Ridge, \$692; Springhill Suites, \$14,310; Pine Forest High School, \$630; Triggers, \$630 Warner Solar, \$1,977; Water Furnace, \$1,918; Sealed, Semi-conditioned Attic, \$25,151.