

ORIGINAL

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June 29, 2004

(040000)

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Attached for official filing are an original and fifteen copies of the biennial report of Gulf Power Company prepared in response to the Federal Energy Regulatory Commission's Rules implementing Section 210 of PURPA (18 CFR Part 292, Subsection 292.302).

Sincerely,

CMP _____ lw

COM _____ Attachment

CTR _____

ECR _____ cc w/o attachment: Federal Energy Regulatory Commission
Magalie R. Salas

GCL _____

OPC _____

MMS _____

RCA _____

SCR _____

SEC 1

OTH _____

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FPSC-COMMISSION CLERK

SCHEDULE 292.302 (b)

The data submitted below is intended to fulfill the requirements of Section 292.302 of Chapter I, Title 18, Code of Federal Regulations.

NOTE: THE DATA GIVEN BELOW ARE ESTIMATES OF VARIOUS COSTS FOR GULF POWER COMPANY AND ARE NOT INTENDED FOR USE AS RATES FOR PURCHASES BY THE COMPANY. THE RATES FOR PURCHASES CAN BE OBTAINED BY CONTACTING:

Rates and Regulatory Matters Department
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780
Phone: (850) 444-6253

- (1) The estimated avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases. These costs are stated on a cents per kilowatt-hour basis, using the daily and seasonal on-peak and off-peak periods, as specified by the Florida Public Service Commission, by year, for 2004 and each of the next five years.

See Pages 2 - 9

Gulf Power Company

Avoided Cost By Costing Period
For The Year 2003 ^(a)

<u>Pricing Period ^(b)</u>	<u>Avoided Costs Cts/Kwh ^(c)</u>
On-Peak	2.867
Off-Peak	2.166
Annual	2.371

- (a) For historical data, avoided costs in 100 MW increments are not available.
- (b) Pricing Period Definitions are included on Pages 4 – 9. The pricing periods are those that are currently specified by the Florida Public Service Commission.
- (c) Calculated as the linear average of all hourly marginal energy cost occurring in the designated costing period and year.

Gulf Power Company

Cogeneration
PURPA 210 Subpart Section 292.302 (b) (1)
Comments

System block lambdas are calculated for ten blocks of 100 MW each and are utilized as estimated incremental avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases.

These costs are stated on a cents per kilowatt-hour basis for the overall on-peak and off-peak pricing periods. These pricing periods are those that are currently specified by the Florida Public Service Commission. The hours included in these pricing periods are identified under Pricing Period Definitions at the bottom of Pages 4 – 9.

GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2004

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.74	2.71	3.01
101 - 200	3.63	2.66	2.95
201 - 300	3.61	2.65	2.93
301 - 400	3.58	2.63	2.91
401 - 500	3.56	2.61	2.89
501 - 600	3.54	2.60	2.87
601 - 700	3.52	2.59	2.86
701 - 800	3.49	2.57	2.84
801 - 900	3.47	2.56	2.83
901 - 1000	3.45	2.55	2.81

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am 6:00 pm-10:00 pm
(2) Off Peak Hours	April-October	Monday - Friday	12:00 am-12:00 pm 9:00 pm-12:00 am
	November-March	Monday - Friday	12:00 am-6:00 am 10:00 am-6:00 pm 10:00 pm-12:00am
	January-December	Saturday - Sunday	All Hours
		Observed Holidays	All Hours
(3) Annual	January-December	Sunday-Saturday	All Hours

Note:
 Projected marginal energy costs for each of the ten 100 MW decrements into territorial load. These costs are based on a marginal dispatch of system units, and priced at marginal spot fuel rates. All costs include variable O&M and CAA compliance costs, if any, and represent avoided costs at the generator busses.

GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2005

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	3.78	2.74	3.04
101 - 200	3.68	2.71	2.99
201 - 300	3.65	2.70	2.97
301 - 400	3.62	2.68	2.96
401 - 500	3.60	2.67	2.94
501 - 600	3.58	2.66	2.92
601 - 700	3.56	2.64	2.91
701 - 800	3.54	2.63	2.90
801 - 900	3.52	2.62	2.88
901 - 1000	3.50	2.61	2.87

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am
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			9:00 pm-12:00 am
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			10:00 am-6:00 pm
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(3) Annual	January-December	Saturday - Sunday	All Hours
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	January-December	Sunday-Saturday	All Hours

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GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2006

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	3.61	2.73	2.98
101 - 200	3.59	2.71	2.96
201 - 300	3.54	2.68	2.93
301 - 400	3.49	2.64	2.89
401 - 500	3.44	2.61	2.86
501 - 600	3.41	2.59	2.83
601 - 700	3.38	2.57	2.81
701 - 800	3.36	2.55	2.78
801 - 900	3.33	2.53	2.76
901 - 1000	3.31	2.51	2.74

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
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	November-March	Monday - Friday	12:00 am-6:00 am 10:00 am-6:00 pm 10:00 pm-12:00am
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Note:
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GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2007

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.55	2.77	3.00
101 - 200	3.51	2.73	2.96
201 - 300	3.46	2.70	2.92
301 - 400	3.41	2.66	2.88
401 - 500	3.36	2.62	2.84
501 - 600	3.32	2.60	2.81
601 - 700	3.29	2.57	2.78
701 - 800	3.27	2.55	2.76
801 - 900	3.24	2.53	2.74
901 - 1000	3.21	2.51	2.72

PRICING PERIOD DEFINITIONS

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	November-March	Monday - Friday	12:00 am-6:00 am 10:00 am-6:00 pm 10:00 pm-12:00am
	January-December	Saturday - Sunday Observed Holidays	All Hours All Hours
	(3) Annual	January-December	Sunday-Saturday

Note:
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GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2008

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	3.65	2.78	3.03
101 - 200	3.61	2.75	3.00
201 - 300	3.55	2.71	2.95
301 - 400	3.49	2.66	2.90
401 - 500	3.43	2.62	2.85
501 - 600	3.38	2.58	2.82
601 - 700	3.36	2.56	2.80
701 - 800	3.33	2.54	2.77
801 - 900	3.30	2.52	2.75
901 - 1000	3.28	2.50	2.73

PRICING PERIOD DEFINITIONS

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			10:00 am-6:00 pm
			10:00 pm-12:00am
January-December	Saturday - Sunday Observed Holidays	All Hours	
		All Hours	
(3) Annual	January-December	Sunday-Saturday	All Hours

<p>Note: Projected marginal energy costs for each of the ten 100 MW decrements into territorial load. These costs are based on a marginal dispatch of system units, and priced at marginal spot fuel rates. All costs include variable O&M and CAA compliance costs, if any, and represent avoided costs at the generator busses.</p>
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GULF POWER COMPANY
PURPA FILING FOR THE 2004 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2009

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	3.69	2.84	3.09
101 - 200	3.63	2.79	3.03
201 - 300	3.59	2.76	3.00
301 - 400	3.54	2.73	2.97
401 - 500	3.49	2.70	2.93
501 - 600	3.46	2.68	2.91
601 - 700	3.43	2.66	2.89
701 - 800	3.41	2.64	2.86
801 - 900	3.38	2.62	2.84
901 - 1000	3.35	2.60	2.82

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
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January-December	Saturday - Sunday Observed Holidays	All Hours	
		All Hours	
(3) Annual	January-December	Sunday-Saturday	All Hours

Note:
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Schedule 292.302 (b) (2)

⌘
Gulf Power Company's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding ten years (2004-2013).

See Pages 11 – 12



Gulf Power Company

Capacity Additions

2004 – 2013

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Commercial In-Service Date ^(a)</u>	<u>Amount (MW)</u>
Unlocated	A	Unknown	CT	06/09	157.0
Unlocated	B	Unknown	CT	06/09	157.0

(a) Capacity additions are planned for commercial operation prior to the summer season.

Capacity Retirements

2004 – 2013

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Retirement Date ^(a)</u>	<u>Amount (MW)</u>
Crist	2	Pensacola	FS	05/06	24.0
Crist	3	Pensacola	FS	05/06	35.0
Scholz	1	Sneads	FS	12/11	46.0
Scholz	2	Sneads	FS	12/11	46.0

Gulf Power Company

Purchases of Firm Energy and Capacity

2004 – 2013

<u>Year</u>	<u>Firm Purchases</u>	
	<u>Capacity Amount MW</u>	<u>Energy Amount Mwh</u>
2004	19	No firm long-term energy purchases currently planned for this period.
2005	0	
2006	0	
2007	0	
2008	180	
2009	0	
2010	60	
2011	120	
2012	240	
2013	300	

Schedule 292.302 (b) (3)

The estimated capacity costs at the completion of the planned capacity additions and planned capacity firm purchases in \$/KW and the associated energy costs of each unit in cents/Kwh.

Gulf Power Company

Capacity and Energy Costs
 Of Planned Capacity

2004 – 2013

<u>Planned Capacity Additions</u>	<u>Capacity Cost</u> <u>\$/KW ^(a)</u>	<u>Energy Cost</u> <u>Cts/Kwh ^(b)</u>
Peaking purchase (2008)	425	6.90
Peaking (2009)	433	6.80
Peaking purchase (2010)	441	6.70
Base purchase (2011)	600	3.60
Peaking purchase (2012)	457	6.80
Peaking purchase (2013)	465	6.90

(a) Capacity costs are shown in nominal dollars.

(b) Average cents/Kwh is based on the estimated fuel and variable O&M expenses for the first full calendar year in service.