

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



October 1, 2004

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:

RE: Docket No. 040002-EG

Enclosed for official filing in the above referenced docket are an original and ten (10) copies of the following:

1. Petition of Gulf Power Company.
2. Prepared direct testimony and exhibit of Angela T. Carter.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in Microsoft Word format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour (lw)

lw

Enclosures

cc: Beggs and Lane
J. A. Stone, Esq.

DOCUMENT NUMBER-DATE

10617 OCT-4 2004

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 18th day of October 2004 to the following:

Norman Horton, Jr., Esquire
Messer, Caparello, & Self, P.A.
P. O. Box 1876
Tallahassee FL 32302-1876

Robert Vandiver, Esquire
Office of Public Counsel
111 W. Madison St., Suite 812
Tallahassee FL 32399-1400

R. Wade Litchfield, Esquire
Natalie F. Smith, Esquire
Florida Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408

Lee L. Willis, Esquire
James D. Beasley, Esquire
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa FL 33601-1531

Vicki Gordon Kaufman, Esquire
McWhirter Reeves
117 S. Gadsden Street
Tallahassee FL 32301

Martha Brown, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

James McGee, Esquire
Progress Energy Service Co., LLC
P. O. Box 14042
St. Petersburg FL 33733-4042

John W. McWhirter, Jr., Esq.
McWhirter Reeves
400 N Tampa St Suite 2450
Tampa FL 33602

Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee FL 32302-0551



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 0007455
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: Conservation Cost Recovery)
) Docket No.: 040002-EG
) Filed: October 4, 2004
)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
THE FINAL CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2003 THROUGH DECEMBER 2003;
ESTIMATED CONSERVATION COST RECOVERY TRUE-UP AMOUNTS
FOR JANUARY 2004 THROUGH DECEMBER 2004;
PROJECTED CONSERVATION COST RECOVERY AMOUNTS
FOR JANUARY 2005 THROUGH DECEMBER 2005;
AND THE CONSERVATION COST RECOVERY FACTORS TO BE APPLIED
BEGINNING WITH THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005**

Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32591

Susan D. Ritenour
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

GULF POWER COMPANY ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to Section 366.82(5) of the Florida Statutes and Rule 25-17.015 of the Florida Administrative Code, hereby petitions the Florida Public Service Commission for recovery of the final conservation cost recovery true-up amounts for January 2003 through December 2003; for approval of its estimated energy conservation true-up amount for the period January 2004 through December 2004; for approval of the projected energy conservation amounts for the period January 2005 through December 2005; and for approval of the proposed energy conservation cost recovery factors to be applied beginning with the period

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January 2005 through December 2005. In support thereof the Company would respectfully show:

1. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32520. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission.

2. Pursuant to Section 366.82 of the Florida Statutes, Gulf's energy conservation programs and goals have been approved and adopted by order of this Commission. The implementation of these programs has resulted in certain reasonable and prudent unreimbursed costs incurred or to be incurred which the Company hereby petitions to be recovered through its rates and charges pursuant to Rule 25-17.015, F.A.C., and the orders and procedures of this Commission.

3. Incorporated by reference into this petition are the testimony and exhibit of Angela T. Carter, submitted in May 2004 and the testimony and exhibit of Angela T. Carter submitted with this petition.¹ The two composite exhibits present reports of Gulf's various programs and incorporate the appropriate and necessary data and information to show the energy conservation cost calculations projected for the period January 2005 through December 2005 and the appropriate true-up adjustment to be applied based on actual data through August 2004 and estimated data for the remainder of the period through December 2004.

¹The composite exhibit attached to the May testimony contains the Company's CT schedules for the twelve month period ending December 2003. The composite exhibit attached to this testimony contains the Company's C schedules for the twelve month period ending December 2004 and includes data related to the current period January through August 2004 actual and September through December 2004 estimated.

4. The "final conservation cost recovery true-up amounts" were filed with the Commission in May 2004 as shown on Schedule CT-1. The final true-up amount for the period January 2003 through December 2003, as presented in the testimony and exhibit of Angela T. Carter filed in May 2004, is \$355,105 under recovery which amount is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors to be collected in the next period.

5. Gulf has calculated its estimated true-up amount for the period ending December 2004 to be an under recovery of \$186,371. This amount is hereby submitted for approval by the Commission to be included in the calculation of the conservation cost recovery factors to be collected during the projection period.

6. Gulf projects recoverable expenditures of \$9,077,379 for its approved conservation programs during the twelve month period beginning January 2005 and ending December 2005.

7. Gulf projects its retail energy sales during the period January 2005 through December 2005 will be 11,032,273,000 kilowatt-hours (kWh).

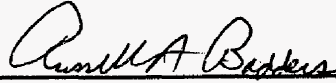
8. On the basis of the final true-up for the period January 2003 through December 2003, the estimated true-up for the period January 2004 through December 2004, the cost projections for the period January 2005 through December 2005, and proper consideration of both projected kilowatt-hour sales and the adjustment for revenue taxes, the Company's proposed conservation cost recovery factors by customer class for the period January 2005 through December 2005 are as follows:

RATE CLASS	CONSERVATION COST RECOVERY FACTORS ¢/kWh
RS, RSVP	0.088
GS	0.087
GSD, GSDT, GSTOU	0.084
LP, LPT	0.079
PX, PXT, RTP, CSA, SBS	0.074
OSI, OSII	0.069
OSIII	0.077

WHEREFORE, Gulf Power Company respectfully requests the Commission to authorize the Company to recover its unreimbursed costs reasonably and prudently incurred in accordance with this petition and thereby approve the final conservation cost recovery true-up amounts for the period January 2003 through December 2003, the estimated conservation cost recovery true-up amount for January 2004 through December 2004, the projected conservation

cost recovery amounts for January 2005 through December 2005, and the conservation cost recovery factors to be applied beginning with the period January 2005 through December 2005.

Dated this 1st day of October 2004



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32591
(850) 432-2451
Attorneys for Gulf Power Company