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July 13, 2006

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. 060007-EI

Enclosed are an original and fifteen copies of Gulf Power Company's "Preliminary List of New Projects for Cost Recovery" for the period January – December 2007. These projects will be discussed in more detail in the pre-filed projection testimony in the Environmental Cost Recovery Clause.

Sincerely,

Susan D. Ritenour (lwr)

bh

Enclosure

cc: Beggs & Lane
J. A. Stone, Esq.
Florida Public Service Commission
James Breman

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

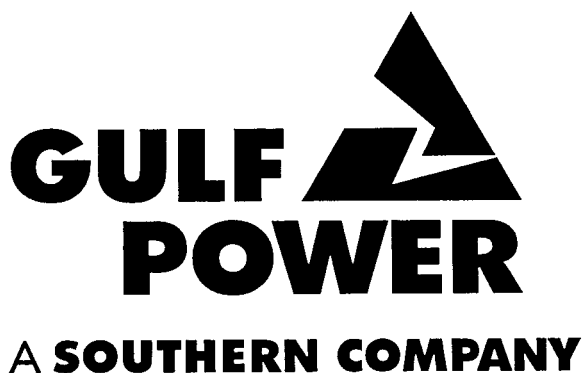
**ENVIRONMENTAL COST RECOVERY
CLAUSE**

DOCKET NO. 060007-EI

**PRELIMINARY LIST-
NEW PROJECTS FOR COST RECOVERY**

**FOR THE PERIOD
JANUARY 2007 – DECEMBER 2007**

July 13, 2006



**PRELIMINARY LIST OF NEW PROJECTS TO BE SUBMITTED FOR
ENVIRONMENTAL COST RECOVERY**

Project: CAIR/CAMR Compliance

Law/Regulation Requiring Project:

- Clean Air Interstate Rule (CAIR) (Chapter 40 Code of Federal Regulations (CFR) Parts 51, 72, 73, 74, 77, 78, and 96) was adopted by the Environmental Protection Agency (EPA) on March 10, 2005 and was subsequently adopted by the Florida Department of Environmental Protection (FDEP) on June 29, 2006.
- Clean Air Mercury Rule (CAMR) (Chapter 40 CFR Parts 60, 72, and 75) was adopted by EPA on March 15, 2005 and was subsequently adopted by FDEP on June 29, 2006.

Description: CAIR in conjunction with CAMR restricts sulfur dioxide (“SO₂”), nitrogen oxide (“NO_x”), and mercury air emissions. These programs will be implemented using a two phase approach to reduce emissions from electric generating units beginning in 2009 through 2018. Gulf has begun engineering, design, and other planning activities to determine the most cost effective control strategy for compliance with CAIR and CAMR. This strategy will require the installation of a scrubber at Plant Crist. Some portions of the Plant Crist scrubber project are expected to be placed in-service during 2007. Additional controls may be needed at other facilities including new emission monitoring equipment for mercury compliance verification.

Estimated Capital Expenditures: Not Available at this time

Estimated O&M Expenses: Not Available at this time

Project: Precipitator Upgrades

Law/Regulation Requiring Project: Compliance Assurance Monitoring (CAM) requirements are regulated under Title V of the 1990 Clean Air Act Amendments (CAAA).

Description: CAM requirements are regulated under Title V of the 1990 CAAA which require a method of continuously monitoring particulate emissions. Opacity can be used as a surrogate parameter if the precipitator demonstrates a correlation between opacity and particulate matter. Gulf demonstrated this correlation by stack testing in 2003 and 2004, and submitted the results to the FDEP as part of the CAM plan included in Gulf's Title V Air Permit renewal applications in June 2004.

The precipitator upgrades are necessary to meet the more stringent surrogate opacity standards under CAM. The first phase of this project, the Smith Unit 2 precipitator project was placed in service in April 2005. The second phase, the Smith Unit 1 precipitator upgrade, was initiated in 2006 with an estimated completion date of second quarter 2007. We also anticipate the need for similar precipitator upgrade projects related to the new CAM regulations at Plant Scholz in 2007.

Estimated 2007 Capital Expenditures: \$5,200,000 \pm 30%

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: **Environmental Cost**)
Recovery Clause)
_____)

Docket No.: **060007-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished this 13th day of July, 2006, by U. S. mail or hand delivery to the following:

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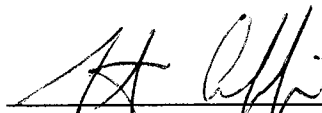
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