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May 1, 2007

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Ms. Cole:

RE: Docket No. 070002-EG, Energy Conservation Cost Recovery Clause

Enclosed for official filing are an original and fifteen copies of the final true-up testimony and exhibits for the period January – December 2006 of William D. Eggart in the above referenced docket.

Sincerely,

Susan D. Ritenour
bh

CMP _____
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OPC _____
RCA 1
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SGA _____
SEC _____
OTH _____

bh

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE

03706 MAY-25

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Conservation Cost Recovery**)
_____)

Docket No.: **070002-EG**

CERTIFICATE OF SERVICE

1 I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this day of May, 2007, on the following:

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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

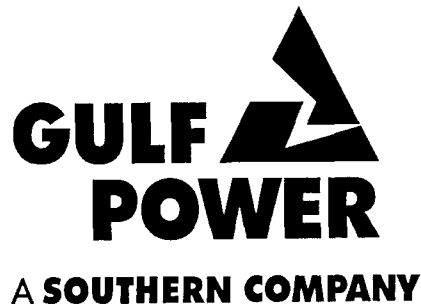
**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

DOCKET NO. 070002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
WILLIAM D. EGGART**

**Final True-up
JANUARY - DECEMBER 2006**

May 2, 2007



DOCUMENT NUMBER-DATE

03706 MAY-25

FPSC-COMMISSION CLERK

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 William D. Eggart
5 Docket No. 070002-EG
6 May 2, 2007

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

9 A. My name is William D. Eggart 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. Mr. Eggart, please describe your educational background
14 and business experience.

15 A. My employment at Gulf Power Company began in 1983. I
16 graduated from The University of West Florida in
17 Pensacola, Florida in 1984 with a Bachelor of Science
18 Degree in Management and from Troy State University in
19 Pensacola, Florida in 1988 with a Master of Science
20 Degree in Management. I have held various positions
21 of increasing responsibility with Gulf Power in both
22 District and Corporate Marketing. For 8 ½ years, I
23 supervised the GoodCents Select group as Team Leader
24 and Project Manager before assuming my current position
25 as the Economic Evaluation and Market Reporting Team

1 Leader in April 2005.

2

3 Q. Mr. Eggart, for what purpose are you appearing before
4 this Commission today?

5 A. I am testifying before this Commission on behalf of Gulf
6 Power Company regarding matters related to the Energy
7 Conservation Cost Recovery Clause, specifically the
8 approved programs and related expenses for
9 January, 2006, through December, 2006.

10

11 Q. Are you familiar with the documents concerning the
12 Energy Conservation Cost Recovery Clause and its related
13 true-up and interest provisions?

14 A. Yes, I am.

15

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

18 A. Yes, I have.

19 Counsel: We ask that Mr. Eggart's exhibit consisting of
20 6 Schedules, CT-1 through CT-6, be marked for
21 identification as:

22 Exhibit No. ____ (WDE-1)

23

24 Q. Would you summarize for this Commission the deviations
25 between the actual expenses for this recovery period and

1 the estimated/actual estimate of expenses previously
2 filed with this Commission?

3 A. The estimated/actual true-up net expenses for the entire
4 recovery period January, 2006, through December, 2006,
5 were \$9,819,313 while the actual expenses were
6 \$9,562,098 resulting in a variance of (\$257,215) or 2.6%
7 under the estimated/actual true-up. See Schedule CT-2,
8 Line 9.

9
10 Q. Mr. Eggart, would you explain the January, 2006, through
11 December, 2006, variance?

12 A. Yes. The reasons for this variance are less expenses
13 than estimated in the following programs: Residential
14 Geothermal Heat Pump Program, under \$159,537; Energy
15 Services, under \$84,750; Renewable Energy, under
16 \$116,441; and Conservation Demonstration and
17 Development, under \$81,960. The underages experienced
18 in these programs are offset by an increase of expenses
19 in the following programs: Residential Energy Surveys,
20 over \$69,359; GoodCents *Select*, over \$59,827;
21 Commercial/ Industrial Energy Analysis, over \$17,138;
22 GoodCents Commercial Buildings, over \$38,330; and
23 Commercial Geothermal Heat Pump, over \$819. The
24 resulting net variance is \$257,215 under the
25 estimated/actual program expenses reported in September,

1 2006. A more detailed description of the deviations is
2 contained in Schedule CT-6.

3

4 Q. Mr. Eggart, what was Gulf's adjusted net true-up for the
5 period January, 2006 through December, 2006?

6 A. There was an over-recovery of \$426,422 as shown on
7 Schedule CT-1.

8

9 Q. Would you describe the results of your programs during
10 the recovery period?

11 A. A more detailed review of each of the programs is
12 included in my Schedule CT-6. The following is a
13 synopsis of program results during this recovery period.

14 (A) Residential Energy Surveys - During this period,
15 the Company projected to perform 5,572 surveys.
16 The Company completed 5,465 surveys.

17 (B) Residential Geothermal Heat Pump - During the 2006
18 recovery period, a total of 86 geothermal heat
19 pumps were installed compared to a projection of
20 300.

21 (C) GoodCents Select - During this recovery period, a
22 net total of 879 units were installed with a total
23 of 7,757 units on-line at December 31, 2006. Gulf
24 had projected a net customer addition of 3,000
25 units.

- 1 (D) Commercial/Industrial (C/I) Energy Analysis -
2 During 2006, a total of 109 C/I Energy Analyses
3 were completed compared to a projection of 300.
- 4 (E) GoodCents Commercial Buildings - During this
5 recovery period, a total of 138 buildings were
6 built or improved to GoodCents standards, compared
7 to a projection of 155.
- 8 (F) Commercial Geothermal Heat Pump - During the 2006
9 recovery period, there were 10 geothermal heat pump
10 installations projected compared to 4 units
11 actually installed.
- 12 (G) Energy Services - For the 2006 recovery period, at
13 the meter reductions of 627,830 kWh, winter kW of
14 154 and summer kW of 274 were achieved. The
15 projected results for this period were at the
16 meter energy reductions of 1,178,470 kWh and at
17 the meter demand reductions of 510 kW winter and
18 275 kW summer.
- 19 (H) Renewable Energy - Costs associated with the
20 Renewable Energy program are provided in Schedule
21 CT-3, pages 1 through 3. Further description of
22 these activities can be found in Schedule CT-6,
23 pages 8 and 9. Please note the program name was
24 changed from Green Pricing to Renewable Energy to
25 properly reflect the 2005 Demand-Side Management

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Plan approved in Docket No. 040032-EG.

(I) Conservation Demonstration and Development - Costs associated with the Conservation Demonstration and Development program are provided in Schedule CT-3, pages 1 through 3. Further description of these activities can be found in Schedule CT-6, page 10.

Q. Mr. Eggart, does this conclude your testimony?

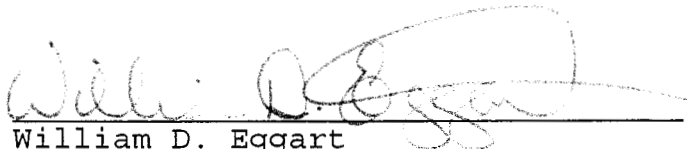
A. Yes, it does.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

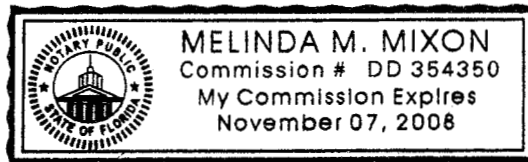
Docket No. 070002-EG

Before me the undersigned authority, personally appeared William D. Eggart, who being first duly sworn, deposes and says that he is the Economic Evaluation and Market Reporting Team Leader of Gulf Power Company, a Florida Corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



William D. Eggart
Economic Evaluation and Market
Reporting Team Leader

Sworn to and subscribed before me this 30th day of April, 2007.



Melinda M. Mixon
Notary Public, State of Florida at Large

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Schedule Number	Title	Pages
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GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ADJUSTED NET TRUE-UP
For the Period: January, 2006 Through December, 2006

	<u> \$ </u>	<u> \$ </u>
Actual		
1. Principal	895,172	
2. Interest	<u>57,270</u>	
3. Actual Over/(Under) Recovery Ending Balance		952,442
Estimated/Actual as filed September 15, 2006		
4. Principal	480,266	
5. Interest	<u>45,754</u>	
6. Total Estimated/Actual Over/(Under) Recovery		<u>526,020</u>
7. Adjusted Net True-up Over/(Under) Recovery (Line 3 - 6)		<u><u>426,422</u></u>

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL compared to ESTIMATED/ACTUAL
For the Period: January, 2006 Through December, 2006

	Actual	Est/Actual	Difference
	\$	\$	\$
1. Depreciation, Return & Property Tax	1,929,109.85	1,950,857.87	(21,748.02)
2. Payroll & Benefits	3,224,900.93	2,971,270.00	253,630.93
3. Materials & Supplies	4,496,383.91	4,888,109.90	(391,725.99)
4. Advertising	555,172.38	687,138.00	(131,965.62)
5. Adjustments	0.00	0.00	0.00
6. Other	0.00	0.00	0.00
7. Subtotal	10,205,567.07	10,497,375.77	(291,808.70)
8. Program Revenues	643,469.16	678,063.31	(34,594.15)
9. Total Program Costs	9,562,097.91	9,819,312.46	(257,214.55)
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	9,593,783.18	9,436,091.74	157,691.44
13. Rounding Adjustment	9,593,783.00	9,436,091.00	157,692.00
14. True-up Before Adjustment Over/(Under) Recovery	31,685	(383,221)	414,906
15. Interest Provision	57,270	45,754	11,516
16. Prior Period True-up	863,487	863,487	0
17. Other	0	0	0
18. End of Period True-up	952,442	526,020	426,422

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
 VARIANCE ACTUAL Vs ESTIMATED/ACTUAL
 For the Period: January, 2006 Through December, 2006

Program	Depr/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	0.01	76,955.00	19,179.76	(26,775.91)	0.00	69,358.86	0.00	69,358.86
2. Residential Geothermal Heat Pump	0.00	(2,375.39)	(143,060.74)	(14,100.77)	0.00	(159,536.90)	0.00	(159,536.90)
3. Good Cents <i>Select</i>	(21,748.03)	132,448.44	(76,647.56)	(8,819.69)	0.00	25,233.16	(34,594.15)	59,827.31
4. Commercial / Industrial Energy Analysis	0.00	(21,660.51)	41,134.03	(2,336.00)	0.00	17,137.52	0.00	17,137.52
5. GoodCents Commerical Buildings	0.00	51,788.03	387.13	(13,845.00)	0.00	38,330.16	0.00	38,330.16
6. Commercial Geothermal Heat Pump	0.00	7,780.57	(6,961.30)	0.00	0.00	819.27	0.00	819.27
7. Energy Services	0.00	0.00	(84,750.00)	0.00	0.00	(84,750.00)	0.00	(84,750.00)
8. Renewable Energy								
a. Solar for Schools	0.00	(2,133.54)	(169.16)	0.00	0.00	(2,302.70)	0.00	(2,302.70)
b. EarthCents Solar	0.00	8,047.24	(59.93)	(16,088.25)	0.00	(8,100.94)	0.00	(8,100.94)
c. Renewable Energy Initiatives	0.00	2,401.63	(58,439.01)	(50,000.00)	0.00	(106,037.38)	0.00	(106,037.38)
d. Total	0.00	8,315.33	(58,668.10)	(66,088.25)	0.00	(116,441.02)	0.00	(116,441.02)
9. Conservation Demonstration and Development	0.00	379.46	(82,339.21)	0.00	0.00	(81,959.75)	0.00	(81,959.75)
10. Total	(21,748.02)	253,630.93	(391,725.99)	(131,965.62)	0.00	(291,808.70)	(34,594.15)	(257,214.55)
11. Less Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Total	(21,748.02)	253,630.93	(391,725.99)	(131,965.62)	0.00	(291,808.70)	(34,594.15)	(257,214.55)

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GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
ACTUAL EXPENSES
For the Period: January, 2006 Through December, 2006

Program	Depreciation Property Taxes & Return on Equity	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	1,943.74	661,607.00	105,365.76	176,675.09	0.00	945,591.59	0.00	945,591.59
2. Residential Geothermal Heat Pump	0.00	96,681.61	44,053.26	100,354.23	0.00	241,089.10	0.00	241,089.10
3. GoodCents <i>Select</i>	1,927,166.11	1,237,938.44	4,108,124.44	266,180.31	0.00	7,539,409.30	643,469.16	6,895,940.14
4. Commercial / Industrial Energy Analysis	0.00	551,079.49	152,651.03	1,736.00	0.00	705,466.52	0.00	705,466.52
5. GoodCents Commerical Buildings	0.00	568,246.03	67,083.13	1,315.00	0.00	636,644.16	0.00	636,644.16
6. Commercial Geothermal Heat Pump	0.00	46,321.57	6,538.70	0.00	0.00	52,860.27	0.00	52,860.27
7. Energy Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Renewable Energy								
a. Solar for Schools	0.00	409.46	486.84	0.00	0.00	896.30	0.00	896.30
b. EarthCents Solar	0.00	23,312.24	10,038.07	8,911.75	0.00	42,262.06	0.00	42,262.06
c. Renewable Energy Initiatives	0.00	18,814.63	1,872.99	0.00	0.00	20,687.62	0.00	20,687.62
d. Total	0.00	42,536.33	12,397.90	8,911.75	0.00	63,845.98	0.00	63,845.98
9. Conservation Demonstration and Development								
a. Electrode Boiler	0.00	20,490.46	169.69	0.00	0.00	20,660.15	0.00	20,660.15
b. Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	20,490.46	169.69	0.00	0.00	20,660.15	0.00	20,660.15
10. Total	1,929,109.85	3,224,900.93	4,496,383.91	555,172.38	0.00	10,205,567.07	643,469.16	9,562,097.91

4

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
SUMMARY OF ACTUAL EXPENSES BY PROGRAM BY MONTH
For the Period: January, 2006 Through December, 2006

PROGRAMS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Residential Energy Surveys	46,140.40	59,016.39	66,182.90	51,798.15	132,275.58	60,130.66	89,004.37	84,604.47	132,382.07	80,232.36	73,017.21	68,863.29	943,647.85
Amortization & Return on Investment	166.98	166.07	165.16	164.26	163.35	162.44	161.53	160.62	159.71	158.80	157.89	156.93	1,943.74
Total	46,307.38	59,182.46	66,348.06	51,962.41	132,438.93	60,293.10	89,165.90	84,765.09	132,541.78	80,391.16	73,175.10	69,020.22	945,591.59
2. Residential Geothermal Heat Pump	10,912.86	10,632.58	19,838.29	8,473.92	32,407.39	33,234.65	22,971.56	28,802.08	23,864.64	20,002.25	14,353.31	15,595.57	241,089.10
3. GoodCents <i>Select</i>	617,611.63	296,747.07	487,801.20	410,770.00	329,277.59	414,041.60	370,553.07	418,906.73	398,993.45	349,470.86	371,915.52	1,146,154.47	5,612,243.19
Amortization & Return on Investment	154,880.79	155,638.20	156,244.91	156,383.02	173,926.25	160,565.26	161,172.49	161,465.30	161,782.25	162,407.14	162,831.42	159,869.08	1,927,166.11
Total	772,492.42	452,385.27	644,046.11	567,153.02	503,203.84	574,606.86	531,725.56	580,372.03	560,775.70	511,878.00	534,746.94	1,306,023.55	7,539,409.30
4. Commercial / Industrial Energy Analysis	52,071.00	41,647.32	49,247.27	45,062.68	49,070.59	48,492.00	47,920.12	48,273.78	73,076.28	82,922.09	67,812.54	99,870.85	705,466.52
5. GoodCents Commercial Buildings	42,024.43	42,275.91	53,144.12	54,217.53	48,005.00	51,939.45	52,149.23	58,397.80	60,435.64	55,931.06	59,757.84	58,366.15	636,644.16
6. Commercial Geothermal Heat Pump	2,490.22	3,251.73	6,188.51	4,060.48	4,558.98	4,103.34	4,140.57	4,181.52	4,794.64	6,974.19	4,011.77	4,104.32	52,860.27
7. Energy Services	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. Renewable Energy													
a. Solar for Schools	94.70	121.11	0.32	48.12	92.30	188.10	53.49	103.92	(13.10)	89.81	41.70	75.83	896.30
b. EarthCents Solar	2,484.60	2,690.27	3,688.31	2,677.83	8,344.27	3,125.21	3,102.30	2,980.00	3,218.96	4,236.59	2,630.33	3,083.39	42,262.06
c. Renewable Energy Initiatives	3,134.18	1,596.36	887.99	2,319.70	1,890.97	1,513.61	1,509.96	1,757.16	1,453.28	1,506.96	1,464.66	1,652.79	20,687.62
d. Total	5,713.48	4,407.74	4,576.62	5,045.65	10,327.54	4,826.92	4,665.75	4,841.08	4,659.14	5,833.36	4,136.69	4,812.01	63,845.98
9. Conservation Demonstration and Development													
a. Electrode Boiler	862.61	1,784.20	1,843.15	1,760.83	1,539.35	1,835.81	1,873.04	1,672.66	1,890.71	1,788.60	1,794.90	2,014.29	20,660.15
b. Other	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
c. Total	862.61	1,784.20	1,843.15	1,760.83	1,539.35	1,835.81	1,873.04	1,672.66	1,890.71	1,788.60	1,794.90	2,014.29	20,660.15
10. Recoverable Conservation Expenses	932,874.40	615,567.21	845,232.13	737,736.52	781,551.62	779,332.13	754,611.73	811,306.04	862,038.53	765,720.71	759,789.09	1,559,806.96	10,205,567.07

CT

GULF POWER COMPANY
ENERGY CONSERVATION ADJUSTMENT
CALCULATION OF OVER/UNDER RECOVERY
For the Period: January, 2006 through December, 2006

Conservation Revenues	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. GoodCents Select RSVP Fees	45,458.89	46,118.05	45,472.93	44,221.30	50,412.47	60,683.43	62,322.24	64,721.68	64,715.34	58,978.60	50,768.40	49,595.83	643,469.16
2. Conservation Adjustment Revenues	669,120.82	661,873.95	632,361.80	705,771.06	856,012.08	997,329.63	1,024,487.41	1,054,046.18	875,994.64	734,280.97	674,859.62	707,645.02	9,593,783.18
3. Total Revenues	714,579.71	707,992.00	677,834.73	749,992.36	906,424.55	1,058,013.06	1,086,809.65	1,118,767.86	940,709.98	793,259.57	725,628.02	757,240.85	10,237,252.34
4. Adjustment not Applicable to Period - Prior True Up	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.92	40,540.88	486,491.00
5. Conservation Revenues Applicable to Period	755,120.63	748,532.92	718,375.65	790,533.28	946,965.47	1,098,553.98	1,127,350.57	1,159,308.78	981,250.90	833,800.49	766,168.94	797,781.73	10,723,743.34
6. Conservation Expenses (CT-3, Page 3, Line 12)	932,874.40	615,567.21	845,232.13	737,736.52	781,551.62	779,332.13	754,611.73	811,306.04	862,038.53	765,720.71	759,789.09	1,559,806.96	10,205,567.07
7. True Up this Period (Line 5 - 6)	(177,753.77)	132,965.71	(126,856.48)	52,796.76	165,413.85	319,221.85	372,738.84	348,002.74	119,212.37	68,079.78	6,379.85	(762,025.23)	518,176.27
8. Interest Provision this Period (CT-3, Page 5, Line 10)	2,769.05	2,614.72	2,557.54	2,371.24	2,721.91	3,689.64	5,186.78	6,616.59	7,430.46	7,696.06	7,707.97	5,907.93	57,269.89
9. True Up & Interest Provision Beginning of Month	863,486.54	647,960.90	743,000.41	578,160.55	592,787.63	720,382.47	1,002,753.04	1,340,137.74	1,654,216.15	1,740,318.06	1,775,552.98	1,749,099.88	863,486.54
10. Prior True Up Collected or Refunded	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.92)	(40,540.88)	(486,491.00)
11. End of Period- Net True Up	647,960.90	743,000.41	578,160.55	592,787.63	720,382.47	1,002,753.04	1,340,137.74	1,654,216.15	1,740,318.06	1,775,552.98	1,749,099.88	952,441.70	952,441.70

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GULF POWER COMPANY
 COMPUTATION OF INTEREST EXPENSE
 ENERGY CONSERVATION ADJUSTMENT
 For the Period: January, 2006 through December, 2006

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	863,486.54	647,960.90	743,000.41	578,160.55	592,787.63	720,382.47	1,002,753.04	1,340,137.74	1,654,216.15	1,740,318.06	1,775,552.98	1,749,099.88	
2. Ending True up before Interest	645,191.85	740,385.68	575,603.00	590,416.38	717,660.57	999,063.39	1,334,950.97	1,647,599.56	1,732,887.60	1,767,856.92	1,741,391.91	946,533.77	
3. Total beginning & ending	1,508,678.38	1,388,346.58	1,318,603.41	1,168,576.93	1,310,448.20	1,719,445.86	2,337,704.01	2,987,737.29	3,387,103.74	3,508,174.97	3,516,944.88	2,695,633.65	
4. Average True up Amount	754,339.19	694,173.29	659,301.71	584,288.47	655,224.10	859,722.93	1,168,852.01	1,493,868.65	1,693,551.87	1,754,087.49	1,758,472.44	1,347,816.83	
5. Interest Rate First Day Reporting Business Month	4.3000	4.5100	4.5300	4.7800	4.9600	5.0100	5.2900	5.3600	5.2700	5.2600	5.2700	5.2500	
6. Interest Rate First Day Subsequent Business Month	4.5100	4.5300	4.7800	4.9600	5.0100	5.2900	5.3600	5.2700	5.2600	5.2700	5.2500	5.2700	
7. Total of Lines 5 and 6	8.8100	9.0400	9.3100	9.7400	9.9700	10.3000	10.6500	10.6300	10.5300	10.5300	10.5200	10.5200	
8. Average Interest rate (50% of Line 7)	4.4050	4.5200	4.6550	4.8700	4.9850	5.1500	5.3250	5.3150	5.2650	5.2650	5.2600	5.2600	
9. Monthly Average Interest Rate Line 8 \ 12	0.003671	0.003767	0.003879	0.004058	0.004154	0.004292	0.004438	0.004429	0.004388	0.004388	0.004383	0.004383	
10. Interest Adjustment													
11. Interest Provision (Line 4 X 9)	2,769.05	2,614.72	2,557.54	2,371.24	2,721.91	3,689.64	5,186.78	6,616.59	7,430.46	7,696.06	7,707.97	5,907.93	57,269.89

7

GULF POWER COMPANY
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 GoodCents Select
 For the Period January, 2006 Through December, 2006

Line No. Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Investments Added to Plant in Service (Net of Retirements)		1,952.61	327,076.16	178,784.75	101,895.28	(88,759.73)	208,131.39	68,136.27	69,589.97	98,142.95	51,780.02	(1,569.95)	19,695.86	
2 Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	8,394,804.96	8,396,757.57	8,723,833.73	8,902,618.48	9,004,513.76	8,915,754.03	9,123,885.42	9,192,021.69	9,261,611.66	9,359,754.61	9,411,534.63	9,409,964.68	9,429,660.54	
3 Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)/2 * .0019 Starting May (Note A.1)		15,951.98	16,264.56	16,745.13	17,011.78	34,497.46	20,745.59	21,063.29	21,221.68	21,414.57	21,586.98	21,644.72	21,665.57	249,813.31
4 Retirements						(186,948.33)		(43,141.92)	(49,852.89)	(55,605.14)	(130,384.47)	(86,283.84)	(80,531.59)	
5 Cost of Removal and Salvage		19,346.66	48,486.45	20,729.61	24,329.91	(9,274.37)	51,551.71	17,737.15	25,846.47	34,858.33	16,575.48	33,583.57	40,697.92	
6 Less: Accum. Depr, COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)	188,471.95	223,769.99	288,521.00	325,995.74	367,337.43	205,612.19	277,909.49	273,568.01	270,783.27	271,451.03	179,229.02	148,173.47	130,005.37	
7 Net Plant in Service (CM Ln 2 - CM Ln 6)	8,206,333.61	8,172,987.58	8,435,312.73	8,576,622.74	8,637,176.33	8,710,141.84	8,845,975.93	8,918,453.68	8,990,828.39	9,088,303.58	9,232,305.61	9,261,791.21	9,299,655.17	
8 Net Additions/Reductions to CWIP	0.00	0.00	(144,245.92)	(17,302.88)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9 CWIP Balance (PM Ln 9 + CM Ln 8)	0.00	161,548.80	17,302.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10 Inventory	5,097,154.53	5,016,304.16	4,945,177.31	4,800,959.54	4,733,364.63	4,679,641.94	4,607,431.75	4,532,709.41	4,491,075.89	4,389,161.24	4,345,522.85	4,293,379.36	3,645,736.63	
11 Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	13,303,488.14	13,350,840.54	13,397,792.92	13,377,582.28	13,370,540.96	13,389,783.78	13,453,407.68	13,451,163.09	13,481,904.28	13,477,464.82	13,577,828.46	13,555,170.57	12,945,391.80	
12 Average Net Investment (PM Ln 11 + CM Ln 11)/2	13,303,488.14	13,327,164.34	13,374,316.73	13,387,687.60	13,374,061.62	13,380,162.37	13,421,595.73	13,452,285.39	13,466,533.69	13,479,684.55	13,527,646.64	13,566,499.52	13,250,281.19	
13 Rate of Return / 12 (Note 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	
14 Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		125,728.47	126,173.30	126,299.44	126,170.90	126,228.45	126,619.33	126,908.86	127,043.28	127,167.34	127,619.82	127,986.36	125,003.15	1,518,948.70
15 Property Tax		13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.36	158,404.10
16 Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		154,880.79	155,638.20	156,244.91	156,383.02	173,926.25	160,565.26	161,172.49	161,465.30	161,782.25	162,407.14	162,831.42	159,869.08	1,927,166.11

Notes:
 (A) GoodCents Select Property Additions Depreciated at 2.3% per year
 (A.1) AEM New Depreciation rate 2.8% per year. Adjustment for Jan-Apr made in May
 (B) Revenue Requirement Return (including income taxes) is 11.3210%

GULF POWER COMPANY
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Flow Meter
 For the Period January, 2006 Through December, 2006

Line No.	Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	Investments Added to Plant In Service (Net of Retirements)														
2	Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	
3	Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)/2 * .0019		96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	
4	Retirements														1,156.21
5	Salvage														
6	Less: Accum. Depr. COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)	1,156.20	1,252.55	1,348.90	1,445.25	1,541.60	1,637.95	1,734.30	1,830.65	1,927.00	2,023.36	2,119.71	2,216.06	2,312.42	
7	Net Plant In Service (CM Ln 2 - CM Ln 6)	6,937.36	6,841.01	6,744.66	6,648.31	6,551.96	6,455.61	6,359.26	6,262.91	6,166.56	6,070.20	5,973.85	5,877.50	5,781.14	
8	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	
9	CWIP Balance (PM Ln 9 + CM Ln 8)	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	
10	Inventory	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	
11	Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	6,937.36	6,841.01	6,744.66	6,648.31	6,551.96	6,455.61	6,359.26	6,262.91	6,166.56	6,070.20	5,973.85	5,877.50	5,781.14	
12	Average Net Investment (PM Ln 11 + CM Ln 11)/2	0.00	6,889.19	6,792.84	6,696.49	6,600.14	6,503.79	6,407.44	6,311.09	6,214.74	6,118.38	6,022.03	5,925.68	5,829.32	
13	Rate of Return / 12 (Note 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	
14	Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		64.99	64.08	63.17	62.27	61.36	60.45	59.54	58.63	57.72	56.81	55.90	54.99	719.91
15	Property Tax		5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	67.62
16	Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		166.98	166.07	165.16	164.26	163.35	162.44	161.53	160.62	159.71	158.80	157.89	156.93	1,943.74

Notes:
 (A) Flow Meter is Seven year Property 1.1905% per month
 (B) Revenue Requirement Return (includes Income Taxes) is 11.3210%

Florida Public Service Commission
Docket No. 070002-EG
Gulf Power Company
Witness: William D. Eggart
Exhibit No. _____ (WDE-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, 2005 through December, 2005

(If no differences exist, please state.)

NO DIFFERENCES

Program Description and Progress

Program Title: Residential Energy Survey

Program Description: This program offers existing residential customers, and individuals and contractors building new homes, with energy conservation advice that encourages the implementation of efficiency measures resulting in energy savings for the customer. Owners of existing homes may choose to have a Gulf Power representative conduct an on-site survey of their home, or they may opt to participate in either a mail-in or on-line interactive version of the survey known as the "Energy Check Up." Qualifying new home owners and contractors may request a survey of their final construction plans. Regardless of the options chosen, these surveys provide customers with specific whole-house recommendations.

Program Accomplishments: 5,572 residential energy surveys were forecasted to be completed compared to 5,465 actual surveys, a difference of 107 surveys under projection. There was less participation in the New Home Audit program than expected but this newly-introduced program will gain in customer recognition as it matures.

Program Fiscal Expenditures: Forecasted expenses were \$876,233 with actual expenses of \$945,592 resulting in a deviation of \$69,359 more than the projection. These expenses are over projection primarily due to more labor costs than projected.

Program Progress Summary: Since the approval of this program, Gulf has performed 147,058 residential energy surveys. This is a result of Gulf's promotional campaign to solicit energy surveys as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Residential 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 geothermal systems.

Program Accomplishments: The installation goal was 300 units compared to 86 units actually installed by year end. Given the escalating cost of home ownership, the existing incentive structure has not been sufficient to garner the projected customer participation. An incentive increase has been proposed for this program in Docket No. 070119-EG.

Program Fiscal Expenditures: Projected expenses for the period were \$400,626. Actual expenses were \$241,089 resulting in a deviation of \$159,537 under the projection.

Program Progress Summary: Education and training continue as vital components of this program. Since the inception, 2,149 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: The GoodCents *Select* installation goal was 3000 units compared to 879 units actually installed by year end. Customer requests for installation have been fewer than anticipated. In addition, advancements in heating and cooling equipment efficiency and communications technology have somewhat narrowed the eligible customer base. Technology review meetings are taking place on a regular basis with the equipment manufacturer to develop cost-effective solutions that will broaden the eligible customer base.

Program Fiscal Expenditures: This program projected net expenses of \$6,836,113 with actual expenses of \$6,895,940. The program is over the projection by \$59,827 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, 2006, there are 7,757 participating customers.

Program Description and Progress

Program Title: Commercial/Industrial Energy Analysis

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. Customers may participate by requesting a basic Energy Analysis Audit (EAA) provided through either an on-site survey or a direct mail survey. A more comprehensive analysis can be provided by conducting a Technical Assistance Audit (TAA).

Program Accomplishments: For the period ending December, 2006, the goal was 300 surveys. There were 109 surveys completed during this period.

Program Fiscal Expenditures: Forecasted expenses for the period were \$688,329. Actual expenses were \$705,467 resulting in a deviation of \$17,138 over projection due to the development of the Commercial Energy Analysis Tool (CEAT). The CEAT is a web-based tool for Commercial customers to evaluate the impact of common energy saving measures.

Program Progress Summary: A total of 18,292 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: GoodCents Commercial Buildings

Program Description: This program is designed to educate commercial and industrial 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 155 installations compared to actual installations of 138.

Program Fiscal Expenditures: Forecasted expenses for the period were \$598,314. Actual expenses were \$636,644 resulting in a deviation of \$38,330 over the projection. These expenses are over projection primarily due to more labor costs than projected.

Program Progress Summary: A total of 8,825 commercial/industrial buildings have qualified for the GoodCents designation since the program was developed in 1977.

Program Description and Progress

Program Title: Commercial Geothermal Heat Pump

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

Program Accomplishments: The installation goal was 10 units compared to 4 units actually installed by year end. Given the rising business costs faced by our Commercial customers, the existing incentive structure has not been sufficient to garner the projected customer participation. An incentive increase has been proposed for this program in Docket No. 070119-EG.

Program Fiscal Expenditures: There was \$52,041 in expenses projected for the recovery period compared to actual expenses of \$52,860 resulting in a deviation of \$819 over the projection.

Program Progress Summary: To date, seven units have been installed.

Program Description and Progress

Program Title: Energy Services

Program Description: The Energy Services program is designed to establish the capability and process to offer advanced energy services, and energy efficient end-use equipment, that is customized to meet the individual needs of large customers. Potential projects are evaluated on a case by case basis and must be cost effective to qualify for incentives or rebates. Types of projects covered under this program would include demand reduction or efficiency improvement retrofits, such as lighting (fluorescent and incandescent), motor replacements, HVAC retrofit (including geothermal applications), and new electro-technologies.

Program Accomplishments: For the 2006 recovery period, at the meter reductions of 627,830 kWh, winter kW of 154 and summer kW of 274 were achieved. The projected results for this period were at the meter energy reductions of 1,178,470 kWh and at the meter demand reductions of 510 kW winter and 275 kW summer.

Program Fiscal Expenditures: There were \$84,750 in expenses projected and no actual expenditures reported for the 2006 recovery period. These projects and their costs were undertaken by the customers primarily due to Gulf Power's continued presence in the marketplace and the direct economic benefit of these changes.

Program Progress Summary: Total reductions at the meter of 13,544,354 kWh, winter kW of 1,701 and summer kW of 2,972 have been achieved since this program was initiated.

Program Description and Progress

Program Title: Renewable Energy

Program Description: The Renewable Energy 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:

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, 2006, 71 customers have signed up for 89 100-watt blocks of energy.

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 a "check-off"

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.

The Solar for Schools program has enabled Gulf Power to install a 4 kW PV solar system at each of the following institutions: the Junior Museum of Bay County in 2000, Meigs Middle School in Shalimar in 2003, West Florida High School of Advanced Technology in Pensacola in 2003, and Bay County High School in Panama City in 2004.

Renewable Energy Pilot: Initial research and investigation into this market has been inconclusive. More time will be needed to research renewable energy sources before additional expenses are warranted to this program.

Program Fiscal Expenditures: For 2006, expenses of \$180,287 were originally forecasted. Actual expenses for this period total \$63,846 resulting in a deviation of \$116,441 under projection. Actual expenses by program were as follows: Solar for Schools, \$896; EarthCents Solar, \$42,262; and Renewable Energy Initiatives, \$20,688.

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:

Electrode Boiler - This project will measure overall energy performance and verify operation of a new 3.4mW Electrode Boiler and two new 200HP natural gas boilers which produce steam for the Escambia County Jail. The Electrode Boiler is an emerging technology that has the potential, coupled with a time varying rate such as RTP, to produce steam very efficiently.

The Electrode Boiler CDD Project has experienced a number of delays since its inception in 2005. It was originally anticipated that the equipment would be installed and data collection completed by the end of 2006; however, a problem securing the appropriate meters, construction delays, and issues ensuring accuracy of data and equipment calibration caused the collection of correct data to be delayed until the spring of 2007.

Data will be collected for a full 12 month period and a final report should be available by September, 2008.

Program Fiscal Expenditures: Program expenses were originally forecast at \$162,518 and revised in Docket No. 060002-EG to \$102,620. Actual expenses were \$20,660 resulting in a deviation of \$81,960 under projection. Project expenses were as follows: Electrode Boiler, \$20,660.