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July 1, 2008

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

Dear Ms. Cole:

Enclosed 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,

Susan D. Ritenour
bnh

CMP _____

COM _____

CTE _____

BOF _____

CTI _____

CTC _____

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FLA _____

FOR _____

Attachment

FOA _____

cc w/o attachment: Federal Energy Regulatory Commission
Magalie R. Salas, Secretary

SEO _____

OTI _____

DOCUMENT NUMBER-DATE

05766 JUL-3 8

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 actual and 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 actual 2007 and estimated 2008 - 2013.

See Pages 2 – 9

DOCUMENT NUMBER-DATE
05766 JUL-3 8
FPSC-COMMISSION CLERK

Gulf Power Company

Avoided Cost By Costing Period
For The Year 2007 ^(a)

<u>Pricing Period ^(b)</u>	<u>Avoided Costs cents/kWh ^(c)</u>
On-Peak	5.169
Off-Peak	3.756
Annual	4.178

- (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 2008 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2008

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	8.07	5.90	6.45
101 - 200	8.02	5.86	6.41
201 - 300	7.97	5.83	6.38
301 - 400	7.92	5.80	6.35
401 - 500	7.87	5.78	6.32
501 - 600	7.82	5.75	6.29
601 - 700	7.78	5.72	6.26
701 - 800	7.73	5.69	6.24
801 - 900	7.69	5.66	6.21
901 - 1000	7.64	5.64	6.18

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am
(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
(3) Annual	January-December	Saturday - Sunday	All Hours
		Observed Holidays	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 2008 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	7.77	6.17	6.58
101 - 200	7.74	6.15	6.55
201 - 300	7.70	6.12	6.53
301 - 400	7.66	6.10	6.50
401 - 500	7.62	6.07	6.48
501 - 600	7.58	6.05	6.45
601 - 700	7.55	6.02	6.43
701 - 800	7.51	5.99	6.40
801 - 900	7.47	5.97	6.38
901 - 1000	7.43	5.94	6.35

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am
(2) Off Peak Hours	April-October	Monday - Friday	12:00 am-12:00 pm
			9:00 pm-12:00 am
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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 2008 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2010

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	6.66	4.91	5.35
101 - 200	6.63	4.89	5.33
201 - 300	6.61	4.87	5.32
301 - 400	6.58	4.85	5.30
401 - 500	6.55	4.83	5.28
501 - 600	6.52	4.82	5.26
601 - 700	6.50	4.80	5.24
701 - 800	6.47	4.78	5.22
801 - 900	6.44	4.76	5.20
901 - 1000	6.41	4.74	5.19

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am
(2) Off Peak Hours	April-October	Monday - Friday	12:00 am-12:00 pm
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 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 2008 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2011

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	6.75	5.07	5.49
101 - 200	6.72	5.05	5.47
201 - 300	6.69	5.02	5.45
301 - 400	6.65	5.00	5.43
401 - 500	6.62	4.98	5.41
501 - 600	6.59	4.96	5.39
601 - 700	6.55	4.94	5.36
701 - 800	6.52	4.92	5.34
801 - 900	6.49	4.90	5.32
901 - 1000	6.45	4.88	5.30

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
	November-March	Monday - Friday	6:00 am-10:00 am
(2) Off Peak Hours	April-October	Monday - Friday	12:00 am-12:00 pm
			9:00 pm-12:00 am
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			10:00 pm-12:00am
(3) Annual	January-December	Saturday - Sunday	All Hours
		Observed Holidays	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 2008 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2012

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	6.88	5.16	5.60
101 - 200	6.84	5.14	5.58
201 - 300	6.81	5.12	5.55
301 - 400	6.77	5.10	5.53
401 - 500	6.74	5.08	5.51
501 - 600	6.71	5.05	5.49
601 - 700	6.67	5.03	5.46
701 - 800	6.64	5.01	5.44
801 - 900	6.61	4.99	5.42
901 - 1000	6.57	4.97	5.40

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
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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 2008 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2013

MW Blocks	Period 1	Period 2	Period 3
	On Peak Hours	Off Peak Hours	Annual
1 - 100	7.12	5.29	5.75
101 - 200	7.09	5.26	5.73
201 - 300	7.05	5.24	5.70
301 - 400	7.01	5.22	5.68
401 - 500	6.98	5.20	5.66
501 - 600	6.94	5.17	5.64
601 - 700	6.91	5.15	5.61
701 - 800	6.87	5.13	5.59
801 - 900	6.84	5.11	5.57
901 - 1000	6.80	5.09	5.55

PRICING PERIOD DEFINITIONS

Period No.	Months	Days	Hours
(1) On Peak Hours	April-October	Monday - Friday	12:00 pm-9:00 pm
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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.

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 (2008-2017).

See Pages 11 – 12

Gulf Power Company

Capacity Additions ^(a)

2008 – 2017

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Commercial In-Service Date ^(b)</u>	<u>Amount (MW)</u>
Unlocated	A	Unknown	CC	06/14	840.0

- (a) As contained in Gulf's 2008 Ten Year Site Plan on file with the Florida Public Service Commission.
- (b) Capacity additions are planned for commercial operation prior to the summer season.

Capacity Retirements ^(a)

2008 – 2017

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Retirement Date</u>	<u>Amount (MW)</u>
Scholz	1	Sneads	FS	12/11	46.0
Scholz	2	Sneads	FS	12/11	46.0

- (a) As contained in Gulf's 2008 Ten Year Site Plan on file with the Florida Public Service Commission.

Gulf Power Company

Purchases of Firm Energy and Capacity

2008 – 2017 ^(a)

<u>Year</u>	<u>Firm Purchases</u>	
	<u>Capacity Amount</u> ^(b) <u>MW</u>	<u>Energy Amount</u> <u>mWh</u>
2008	0	No firm long-term energy purchases currently planned for this period.
2009	487	
2010	0	
2011	0	
2012	0	
2013	0	
2014	(487)	
2015	0	
2016	0	
2017	0	

- (a) As contained in Gulf's 2008 Ten Year Site Plan on file with the Florida Public Service Commission.
- (b) Incremental capacity amounts shown.

Schedule 292.302 (b) (3)

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

<u>Gulf Power Company</u>		
Capacity and Energy Costs Of Planned Capacity ^(a)		
<u>2008 – 2017</u>		
<u>Planned Capacity Additions</u>	<u>Capacity Cost \$/KW ^(b)</u>	<u>Energy Cost cents/kWh ^(c)</u>
Peaking purchase (2009) ^(d)	n/a	n/a
Intermediate (2014)	806	6.33

- (a) As contained in Gulf's 2008 Ten Year Site Plan on file with the Florida Public Service Commission.
- (b) Capacity costs are shown as in-service year dollars.
- (c) Average cents/kWh is based on the estimated fuel and variable O&M expenses for the first full calendar year in service.
- (d) Costs are confidential.

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
July 1, 2008
Page 2

bc w/attachment: Shane Boyett
Homer Bell
Rich Dodd
Ray Grove
Rhonda Martin
Susan Ritenour
