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August 22, 2008

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

Dear Ms. Cole:

Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive
Factor; FPSC Docket No. 080001-EI

This letter will serve as Gulf Power's response to Staff's Sixth Data Request dated Monday, August 18, 2008 in this docket. Staff's data requests incorrectly identify Florida Power and Light's (FPL) proposed hedging order guidelines as Gulf Power's proposed guidelines. Gulf Power did review the proposed clarification guidelines prepared by FPL and agreed, as stated in the petition filed by FPL, that the proposed guidelines provide clarification to the hedging order. However, the guidelines in question are the subject of a petition filed by FPL, not Gulf Power.

Gulf Power restates its agreement with and support of FPL's proposed guidelines. Gulf Power has had an opportunity to review FPL's responses to the data requests that Staff submitted to Gulf Power, Progress Energy Florida, and Tampa Electric Company. Gulf Power expresses no opinion on the FPL specific portions of FPL's responses. However, Gulf Power does believe FPL's proposed hedging guidelines are flexible enough to accommodate different approaches to hedging that may be taken by Gulf Power and the other investor-owned electric utilities. Gulf will file with the Commission in its projection testimony a "Risk Management Plan for Fuel Procurement". This plan will provide details regarding Gulf's gas hedging strategy which is subject to the review and approval of the Commission.

With respect to the non-FPL specific portions of FPL's responses, Gulf Power is in general agreement with the answers provided by FPL. Gulf provided internal and external documents used to support and monitor its hedging program to the Florida Public Service Commission during the course of the Commission's 2008 hedging audit. Specific differences in Gulf's approach to financial hedging of natural gas were fully examined by the Commission's Division of Competitive Markets and Enforcement Staff in its report titled "Review of Fuel Procurement Hedging Practices of Florida Investor-Owned Utilities". Gulf does not believe that adoption of the Proposed Hedging Order Guidelines will substantially modify its gas hedging program as reviewed by the Commission Staff.

Thank you for your assistance in connection with this matter.

Sincerely,

Susan D. Ritenour

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost**)
Recovery Clause with Generating)
Performance Incentive Factor)

Docket No.: **080001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 22nd day of August, 2008, on the following:

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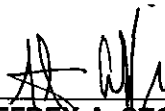
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