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COMMISSION
CLERK



October 13, 2008

Ms. Ann Cole, Commission Clerk
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Cole:

Re: Docket No. 080001-EI

Pursuant to Commission Order No. PSC-07-0333-PAA-EI issued April 16, 2007, Gulf Power Company submits this letter, with regard to Gulf's fuel and purchased power (energy) costs, to inform the Commission, its Staff, and the other parties to this docket that a greater than ten percent under-recovery is now projected to occur for the period ending December 31, 2008. Based on actual data through September 2008, the Company projects an under-recovery by period end of 10.33%.

Gulf is not requesting a mid-course adjustment to its fuel cost factors for 2008 because there is not enough time in the current cost recovery cycle to implement a change in fuel cost recovery factors and provide required notice to customers, and any change implemented so late in the cost recovery cycle would not significantly reduce the under-recovery balance.

Gulf's proposed factors for 2009 currently reflect actual data through June 2008 and projected data for July through December 2008. This produces a proposed January 2009 bill of \$124.10 for a residential customer using 1,000 kWh representing a \$10.34 or 9.1% increase over a comparable residential bill for December 2008. Adjusting the 2009 fuel factors for actual results through September 2008 (an additional under-recovery of \$32,449,877) would result in a January 2009 residential bill of \$126.92, an additional increase of \$2.82 or 2.3%. Gulf and its sister operating companies within the Southern electric system are in the process of finalizing their official 2009 energy budget. Preliminary indications are that lower energy prices forecast for 2009 in the resulting budget may

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partially offset the increase in under-recovery Gulf has experienced in 2008 since its estimated/actual filing of August 4, 2008. As a result, Gulf does not believe it is appropriate to revise its proposed fuel cost recovery factors for 2009 at this time.

If any additional information is needed regarding this notice, please call me at 850-444-6231.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

mv

cc: Honorable Katrina McMurrian, Pre-Hearing Officer
Lisa Bennett, Esq.
Cayce Hinton
Peter Lester
Sidney Matlock
Parties of Record

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 13th day of October, 2008, on the following:

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