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Susan D. Cranmer
Assistant Secretary and
Assistant Treasurer

the southern electric system

January 10, 1997

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee FL 32399-0870

Original
FILE COPY

Dear Ms. Bayo:

RE: Docket No. 970002-EG

Enclosed for official filing in the above referenced docket are an original and fifteen (15) copies of the following:

1. Petition of Gulf Power Company for Approval of the Final Conservation Cost Recovery True-up Amounts" for October 1995 through September 1996; Estimated Conservation Cost Recovery True-up Amounts for October 1996 through March 1997; and Projected Conservation Cost Recovery Amounts for April 1997 through March 1998; and the Conservation Cost Recovery Factor to be Applied Beginning with the Period April 1997 through March 1998. - 00403-97
2. Prepared direct testimony and exhibit of -00404-97 M. D. Neyman.

ACK _____
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RCH _____
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WAS _____
OTH _____

Also enclosed is a 3.5 inch double sided, double density diskette containing the Petition in WordPerfect for Windows 6.1 format as prepared on a MS-DOS based computer.

Sincerely,

Susan D. Cranmer

lw
Enclosures

cc: Beggs and Lane
J. A. Stone, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re. Conservation Cost Recovery)

Docket No. 960002-EG

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 10th day of January 1997 to the following:

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1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Margaret D. Neyman
5 Docket No. 970002-EG
6 January 13, 1997

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

9 A. My name is Margaret D. Neyman and my business address
10 is 500 Bayfront Parkway, Pensacola, Florida 32520. I
11 am employed by Gulf Power Company as the Marketing
12 Services Manager.

13 Q. Are you familiar with the documents concerning the
14 Energy Conservation Cost Recovery?

15 A. Yes, I am.

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

18 A. Yes, I have.

19 Counsel: We ask that Ms. Neyman's exhibit consisting
20 of 5 Schedules be marked for identification as:
21 Exhibit No. ____ (MDN-2).
22
23
24
25

1 Q. Ms. Neyman, for what purpose are you appearing before
2 this Commission today?

3 A. I am testifying before this Commission on behalf of
4 Gulf Power Company regarding matters related to the
5 Energy Conservation Cost Recovery Clause and to answer
6 any questions concerning the accounting treatment of
7 conservation costs in this filing. Specifically, I
8 address projections for approved programs during the
9 April, 1997, through March, 1998, recovery period and
10 the results of those programs during the recovery
11 period, October, 1996, through March, 1997, (2 months
12 actual, 4 months estimated).

13

14 Q. Would you summarize for this Commission the deviations
15 resulting from the actual expenditures from October
16 through November of the current recovery period?

17 A. Projected expenses for the period were \$569,572
18 compared to actual expenses of \$366,198 for a
19 difference of \$203,374 or 35.7% below budget. A
20 detailed summary of these expenses is contained in my
21 Schedule C-3, pages 1 and 3 and my Schedule C-5, pages
22 1 through 18.

23

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1 Q. Would you describe the results achieved by the programs
2 during the current period, October, 1996, through
3 November, 1996?

4 A. A detailed summary of results for each program is
5 contained in my Schedule C-5, pages 1 through 18. We
6 expect to achieve all goals, with the exception of the
7 Advanced Energy Management goal, over the full six
8 month period.

9
10 Q. Has Gulf Power Company established any new conservation
11 programs since the beginning of the current recovery
12 period?

13 A. No. Gulf has not implemented any new programs during
14 this period that are being recovered through ECCR.
15 However, this filing includes projections for the
16 Commercial/Industrial Mail-In Audit program which was
17 approved by the commission on January 7, 1997.

18
19 Q. Is there any change in Gulf's cost allocation method
20 for this new program?

21 A. No. The cost of this program is allocated to the rate
22 classes based upon an energy allocation.

23
24
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1

2 Q. Would you summarize the conservation program cost
3 projections for the April, 1997 through March, 1998
4 recovery period?

5 A. Program costs for the recovery period are projected to
6 be \$3,309,350. These costs are broken down as follows:
7 depreciation/amortization and return, \$215,138;
8 payroll/benefits, \$2,031,961; materials/expenses,
9 \$517,665; outside services, \$246,444; advertising,
10 \$456,223; incentives, \$134,553; vehicles, \$64,453;
11 and other, \$35,613; all of which are offset by program
12 revenues, \$392,700. More detail is contained in my
13 Schedule C-2.

14

15 Q. Would you review the expected results for your programs
16 during the April, 1997, through March, 1998, recovery
17 period?

18 A. The following is a synopsis of each program goal.

19 (1) Residential Energy Audits - 3,000 audits are
20 projected to be completed during the period.

21 These audits emphasize selling customers on making
22 conservation improvements and making them aware of
23 the financing options available through the Gulf
24 Express Loan Program.

- 1 (2) Gulf Express Loan Program - This program provides
2 below market interest rates to customers as an
3 incentive to install energy conservation features
4 in their homes. 300 loans are projected for the
5 period.
- 6 (3) In Concert With The Environment - This energy
7 awareness program is being presented to 8th and
8 9th grade students as a supplement to the
9 residential audit program. 3,000 students are
10 projected to receive the presentation this period.
- 11 (4) Good Cents Environmental Home - This program
12 provides residential customers with guidance
13 concerning energy and environmental efficiency in
14 new construction. 10 homes are expected to be
15 completed during the projected period.
- 16 (5) Duct Leakage Repair - The object of the program is
17 to provide the customer with a means to identify
18 house air duct leakage and recommend repairs that
19 can reduce customer kWh energy usage and kW
20 demand. 100 homes are projected to participate in
21 this program during the period.
- 22 (6) Geothermal Heat Pump - The objective of this
23 program is to reduce the demand and energy
24 requirements of new and existing residential
25 customers through the promotion and installation

1 of advanced geothermal systems. 200 customers are
2 expected to participate in the program during the
3 projection period.

4 (7) Residential Advanced Energy Management - This
5 program was field tested through the Transtext
6 Advanced Energy Management Pilot Program in Gulf
7 Breeze, Florida. The program is designed to
8 provide the customer with a means of conveniently
9 and automatically controlling and monitoring
10 his/her energy purchases in response to prices
11 that vary during the day and by season in relation
12 to the Company's cost of producing or purchasing
13 energy.

14
15 We expect 4,675 customers to participate in this
16 program by the end of this projection period. The
17 startup of the program has been delayed because of
18 several factors. Initially, the final order in
19 Docket No. 941172-EG was delayed which caused a
20 delay in Gulf's issuance of an AEM equipment RFP.
21 Once the RFP was issued, the contract negotiation
22 process took longer than expected in order to
23 insure that Gulf received the best possible AEM
24 technological solution and the best price. The
25 AEM contract was awarded in September, 1996 and

1 AEM equipment will be delivered beginning in
2 August of 1997. Gulf is aware that its near term
3 residential conservation goals have been adversely
4 impacted but the process has produced the most
5 cost-effective AEM solution that is currently
6 possible. In the longer term, Gulf fully expects
7 to catch up on a cumulative basis in subsequent
8 periods.

9 (8) Good Cents Building - This program includes both
10 new and existing commercial customers. 233
11 installations are projected for the period.
12 Implementation strategies will concentrate on
13 architects, engineers, developers and other
14 decision makers in the construction process.

15 (9) Energy Audits and Technical Assistance Audits -
16 365 audits are projected for the period. Emphasis
17 will be placed on audits for large, complex
18 commercial customers such as hospitals, hotels and
19 office buildings. These audits will focus on the
20 benefits of alternative technologies such as heat
21 pump water heaters and geothermal technologies.

22 (10) Commercial/Industrial Mail-In Audit - This is a
23 direct mail energy auditing program. This program
24 builds on the success of Gulf's existing
25 Commercial/Industrial Energy Audit program and

1 will assist in the evaluation of the specific
2 energy requirements of a given business type.
3 Gulf expects 1,000 participants during the
4 projection period.

5 (11) Solar for Schools Pilot - This program uses "green
6 pricing" to fund solar technologies in public
7 schools. It also incorporates a school-based
8 energy education component as well as enhanced
9 security lighting for schools. During the
10 projection period, Gulf will continue evaluating
11 various implementation options and developing the
12 "green pricing" promotion plan. One additional
13 school is expected to begin participating in the
14 program during this projection period.

15 (12) Conservation Demonstration and Development -
16 13 research projects have been identified. A
17 detailed description of each project is in
18 Schedule C-5.

19 (13) Gas Research and Development - Gulf Power is
20 conducting research in four individual research
21 and demonstration projects. Project details are
22 explained in Schedule C-5 in accordance with
23 Docket No. 950520-EG, Order No. PSC-95-1146-FOF-
24 EG.
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Q. Ms. Neyman, what amount does Gulf propose to bill for the months April, 1997, through March, 1998, as Energy Conservation Cost Recovery factors?

A. The factors for these months and how they were derived are detailed on Schedule C-1, page 3 of 3.

Q. Ms. Neyman, does this conclude your testimony?

A. Yes, it does.

INDEX

Schedule Number	Title	Pages
C-1	Summary of Cost Recovery Clause Calculation	1-3
C-2	Estimated Program Costs for April, 1997 - March, 1998	4-11
C-3	Conservation Program Costs for October, 1996 - November, 1996 Actual December, 1996 - March, 1997 Estimated	12-18
C-4	Calculation of Conservation Revenues	19
C-5	Program Descriptions and Progress Reports	20-37

DOCUMENT IDENTIFICATION DATE

00404 JAN 13 5

FPSC-RECORDS/REPORTING

GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION

For the Period: April, 1997 Through March, 1998

	\$
1. Total Program Costs (Schedule C-2, Page 1 of 8, Line 16)	3,309,350
2. True Up (Schedule C-3, Page 6 of 7)	<u>(335,549)</u>
3. Total (Line 1 + Line 2)	<u>2,973,801</u>
4. Cost Subject to Revenue Taxes	2,973,801
5. Revenue Tax	1,016,09
6. Total Recoverable Cost	<u>3,021,650</u>
<p>Program costs are split in proportion to the current period split of demand-related (4.82%) and energy-related (95.18%) costs. The allocation of ECCR costs between demand and energy is shown on schedule C-2, page 2 of 8, and is consistent with the methodology set forth in Order No. PSC-93-1845-FOF-EG. Costs related to the True Up are allocated 100% to energy.</p>	
7. Total Cost	3,021,650
8. Energy Related Costs	2,859,573
9. Demand Related Costs (total)	162,077
10. Demand Costs Allocated on 12 CP	149,610
11. Demand Costs Allocated on 1/13 th	12,467

GULF POWER COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 APRIL 1997 THROUGH MARCH 1998

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor at Meter	Apr 97 - Mar 98, Projected KWH Sales at Meter	Projected Avg 12 CP KW at Meter Col B / (8760 hours x Col A)	Demand Loss Expansion Factor	Energy Loss Expansion Factor	Apr 97 - Mar 98 Projected KWH Sales at Generation Col B x Col E	Projected Avg 12 CP KW at Generation Col C x Col D	Percentage of KWH Sales at Generation Col F / Total Col F	Percentage of 12 CP KW Demand at Generation Col G / Total Col G
RS, RST	55.052614%	4,145,944,502	859,689.13	1.1019333	1.0766175	4,463,596,405	947,320.08	46.90234%	57.13627%
GS, GST	57.194949%	238,310,025	47,564.24	1.1019255	1.0766135	256,567,790	52,412.25	2.69595%	3.16117%
GSD, GSDT	77.730883%	1,883,461,657	276,604.39	1.1016647	1.0764011	2,027,360,199	304,725.29	21.30298%	18.37907%
LP, LPT	83.217644%	1,562,261,533	214,305.94	1.0601470	1.0444167	1,631,652,035	227,195.80	17.14498%	13.70299%
PX, PXT, RTP	99.981695%	994,161,408	113,509.52	1.0313379	1.0235079	1,017,532,055	117,066.67	10.69197%	7.06071%
OS-I, OS-II	296.003708%	69,707,749	2,688.31	1.1020255	1.0766162	75,048,492	2,962.59	0.78858%	0.17868%
OS-III	101.017736%	20,756,979	2,345.65	1.1024447	1.0766529	22,348,062	2,585.95	0.23483%	0.15597%
OS-IV	44.803099%	3,004,291	765.47	1.1024447	1.0766529	3,234,579	843.89	0.03399%	0.05090%
SBS	77.434327%	18,950,000	2,793.65	1.0341119	1.0263949	19,450,183	2,888.95	0.20438%	0.17424%
TOTAL	66.579943%	8,936,558,144	1,520,266.30			9,516,788,800	1,658,001.47	100.00000%	100.00000%

Notes:

Col A - Average 12 CP load factor based on actual 1995 load research data.
 Col C - 8,760 is the number of hours in 12 months.

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. _____ (MDN-2)
 Schedule C-1
 Page 2 of 3

GULF POWER COMPANY
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
APRIL 1997 THROUGH MARCH 1998

Rate Class	A Percentage of KWH Sales at Generation	B Percentage of 12 CP KW Demand at Generation	C Demand Allocation 12CP	D 1/13 th	E Energy Allocation	F Total Conservation Costs	G Projected KWH Sales at Meter	H Conservation Recovery Factor cents per KWH
RS, RST	46.90234%	57.13627%	\$85,482	\$5,849	\$1,341,207	\$1,432,538	4,145,944.502	0.035
GS, GST	2.69595%	3.16117%	4,729	336	77,093	82,158	238,310.025	0.034
GSD, GSDT	21.30298%	18.37907%	27,497	2,656	609,174	639,327	1,883,461.657	0.034
LP, LPT	17.14498%	13.70299%	20,501	2,137	490,273	512,911	1,562,201.533	0.033
PX, PXT, RTP	10.69197%	7.06071%	10,564	1,333	305,745	317,642	994,161.408	0.032
OS-I, OS-II	0.78858%	0.17868%	267	98	27,550	22,915	69,707.749	0.033
OS-III	0.23483%	0.15597%	233	29	6,715	6,977	20,756.979	0.034
OS-IV	0.03399%	0.05090%	76	4	972	1,052	3,004.291	0.035
SBS	0.20438%	0.17424%	261	25	5,844	6,130	18,950,000	0.032
TOTAL			\$149,610	\$12,467	\$2,859,573	\$3,021,650	8,936,558,144	

A Obtained from Schedule C-1, page 2 of 3, col H
B Obtained from Schedule C-1, page 2 of 3, col I
C Total from C-1, page 1, line 10 * col B
D Total from C-1, page 1, line 11 * col A
E Total from C-1, page 1, line 8 * col A
F Total Conservation Costs
G Projected kwh sales for the period April 1997 through March 1998
H Col F / G
Note: Totals may not add due to rounding

GULF POWER COMPANY
ESTIMATED CONSERVATION PROGRAM COSTS
For the Period April, 1997 Through March 1998

Actual	Depre/Amort & Return	Payroll & Benefits	Materials & Expenses	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues	TOTAL
1 Residential Energy Audits	0	255,314	63,586	0	106,133	0	9,678	403	0	435,114
2 Gulf Express	0	63,969	94,744	6,942	76,456	0	1,500	0	0	243,611
3 In Concert with The Environment	0	35,455	95,570	0	0	0	2,111	0	0	133,136
4 Good Cents Environmental	0	49,319	16,454	0	53,168	0	2,059	0	0	121,000
5 Duct Leakage	0	60,408	3,018	0	0	8,803	3,462	0	0	75,691
6 Geothermal Heat Pump	0	170,341	7,042	0	179,220	125,750	5,985	0	0	488,338
7 Advanced Energy Management	209,876	413,693	5,030	75,450	0	0	7,640	0	392,700	318,989
8 Comm/Ind Good Cents Bldg	0	300,668	5,721	12,057	41,246	0	9,383	0	0	369,075
9 Comm/Ind E.A. & T.A.A.	0	668,733	32,847	51,515	0	0	22,635	35,210	0	810,940
10 Commercial Mail in Audit	0	0	0	100,480	0	0	0	0	0	100,480
11 Solar for Schools	0	14,061	5,030	0	0	0	0	0	0	19,091
12 Research & Development	5,262		178,563	0	0	0	0	0	0	183,825
13 Gas Research	0	0	10,060	0	0	0	0	0	0	10,060
14. Total All Programs	215,138	2,031,981	517,665	246,444	456,223	134,553	64,453	35,613	392,700	3,309,350
15. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0	0
16. Net Program Costs	215,138	2,031,981	517,665	246,444	456,223	134,553	64,453	35,613	392,700	3,309,350

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. _____ (FDN-2)
 Schedule C-2
 Page 1 of 8

GULF POWER COMPANY

ESTIMATED CONSERVATION PROGRAM COSTS
For the Period April, 1997 Through March, 1998

PROGRAMS

	APR	MAY	JUN	JUL	AUG	SEP	6 MONTH TOTAL	OCT	NOV	DEC	JAN	FEB	MAR	6 MONTH TOTAL	12 MONTH TOTAL	DEMAND COSTS	ENERGY COSTS
1. Residential Energy Audits	36,044	36,044	36,044	36,043	36,043	36,043	216,261	36,043	36,043	36,043	36,908	36,908	36,908	218,853	435,114		435,114
2. Gulf Express	20,180	20,180	20,180	20,180	20,180	20,179	121,079	20,179	20,179	20,179	20,665	20,665	20,665	122,532	243,611		243,611
3. In Concert with the Environment	11,028	11,028	11,028	11,028	11,028	11,029	66,169	11,029	11,029	11,028	11,294	11,294	11,293	66,967	133,136		133,136
4. Good Cents Environmental	10,024	10,024	10,023	10,023	10,023	10,023	60,140	10,023	10,023	10,023	10,264	10,264	10,263	60,880	121,000		121,000
5. Duct Leakage	6,270	6,270	6,270	6,269	6,269	6,270	37,618	6,270	6,270	6,270	6,421	6,421	6,421	38,073	75,691		75,691
6. Geothermal Heat Pump	40,453	40,452	40,452	40,452	40,452	40,452	242,713	40,452	40,452	40,452	41,423	41,423	41,423	245,625	488,338		488,338
7. Advanced Energy Management	8,844	11,663	13,552	17,286	21,011	24,728	97,104	21,341	32,139	35,833	40,516	44,194	47,862	221,885	318,989	159,494	159,495
8. Comm/Ind Good Cents Bidg	30,573	30,573	30,573	30,573	30,573	30,573	183,438	30,573	30,573	30,572	31,307	31,306	31,306	185,637	369,075		369,075
9. Comm/Ind E.A. & T.A.A	67,177	67,177	67,175	67,175	67,175	67,175	403,054	67,175	67,175	67,174	68,787	68,788	68,787	407,886	810,940		810,940
10. Commercial Mail In Audit	8,889	8,889	8,889	8,889	8,889	8,889	53,334	8,889	8,889	8,887	8,827	8,827	8,827	47,146	100,480		100,480
11. Solar for Schools	1,582	1,582	1,582	1,581	1,581	1,581	9,489	1,581	1,581	1,581	1,620	1,620	1,619	9,602	19,091		19,091
12. Research & Development	17,505	17,503	17,501	17,489	17,485	17,483	104,988	17,490	17,488	17,485	8,791	8,789	8,786	78,829	183,825		183,825
13. Gas Research	834	834	834	833	833	833	5,001	833	833	833	854	853	853	5,059	10,060		10,060
14. Total All Programs	259,403	262,239	264,103	267,831	271,552	275,268	1,600,396	271,878	282,674	286,360	285,677	289,352	293,013	1,708,954	3,309,350	159,494	3,149,856
15. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16. Recoverable Conservation Expenses	259,403	262,239	264,103	267,831	271,552	275,268	1,600,396	271,878	282,674	286,360	285,677	289,352	293,013	1,708,954	3,309,350	159,494	3,149,856

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. _____ (MDN-2)
 Schedule C-2
 Page 2 of 8

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Advanced Energy Management
 For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1.	Investments (Net of Retirements)		0	318,750	318,750	318,750	318,750	318,750	1,593,750
2.	Depreciation Base		0	318,750	637,500	956,250	1,275,000	1,593,750	
3.	Depreciation Expense (A)			0.00	452.00	1,355.00	2,258.00	3,161.00	7,226
4.	Cumulative Investment	0	0	318,750	637,500	956,250	1,275,000	1,593,750	
5.	Less: Accumulated Depreciation	0	0	0.00	452.00	1,807.00	4,065.00	7,226.00	
6.	Net Investment	0	0	318,750	637,048	954,443	1,270,935	1,586,524	
7.	Average Net Investment		0	318,750	477,899	795,746	1,112,689	1,428,730	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		0	2,839	4,256	7,087	9,910	12,724	36,816
10.	Total Depreciation & Return (Line 3 + 9)		0	2,839	4,708	8,442	12,168	15,885	44,042

Notes:

- (A) Depreciation Rate of 3.4% Annually
- (B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Advanced Energy Management
 For the Period October, 1996 Through March, 1997

Line No.	Beginning of Period	Actual October	Actual November	Projected December	Projected January	Projected February	Projected March	Total
1.	Investments (Net of Retirements)	0	0	0	0	0	0	0
2.	Depreciation Base	0	0	0	0	0	0	
3.	Depreciation Expense (A)	0	0	0	0	0	0	0
4.	Cumulative Investment	0	0	0	0	0	0	
5.	Less: Accumulated Depreciation	0	0	0	0	0	0	
6.	Net Investment	0	0	0	0	0	0	
7.	Average Net Investment	0	0	0	0	0	0	
8.	Rate of Return / 12 (Including Income Taxes) (B)	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment	0	0	0	0	0	0	0
10.	Total Depreciation & Return (Line 3 + 9)	0	0	0	0	0	0	0

Notes:

- (A) Depreciation Rate of 3.4% Annually
- (B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Energy Education
 For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1.	Investments (Net of Retirements)				0	0	0	0	
2.	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	
3.	Amortization Expense (A)		252	252	252	252	252	252	1,512
4.	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5.	Less: Accumulated Amortization	755	1,007	1,259	1,511	1,763	2,015	2,267	
6.	Net Investment	20,384	20,132	19,880	19,628	19,376	19,124	18,872	
7.	Average Net Investment		20,258	20,006	19,754	19,502	19,250	18,998	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		180	178	176	174	171	169	1,048
10.	Total Amortization & Return (Line 3 + 9)		432	430	428	426	423	421	2,560

Notes:

- (A) 1995 Additions Amortized over 7 Year Period
- (B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Energy Education
 For the Period October, 1996 Through March, 1997

Line No.	Description	Beginning of Period	Actual October	Actual November	Projected December	Projected January	Projected February	Projected March	Total
1.	Investments (Net of Retirements)		0	0	0	0	0	0	
2.	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	
3.	Amortization Expense (A)		252	252	252	252	252	252	1,512
4.	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5.	Less: Accumulated Amortization	2,267	2,519	2,771	3,023	3,275	3,527	3,779	
6.	Net Investment	18,872	18,620	18,368	18,116	17,864	17,612	17,360	
7.	Average Net Investment		18,746	18,494	18,242	17,990	17,738	17,486	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		167	165	162	160	158	156	968
10.	Total Amortization & Return (Line 3 + 9)		419	417	414	412	410	408	2,480

Notes:

(A) 1995 Additions Amortized over 7 Year Period; No additions in 1996

(B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Commercial Technology
 For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1.	Investments (Net of Retirements)				0	0	0	0	
2.	Amortization Base		939	939	939	939	939	939	
3.	Amortization Expense (A)		11	11	11	11	11	11	66
4.	Cumulative Investment	939	939	939	939	939	939	939	
5.	Less: Accumulated Amortization	34	45	56	67	78	89	100	
6.	Net Investment	905	894	883	872	861	850	839	
7.	Average Net Investment		900.00	889.00	878.00	867.00	856.00	845.00	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		8	8	8	8	8	8	48
10.	Total Amortization & Return (Line 3 + 9)		19	19	19	19	19	19	114

Notes:

- (A) 1995 Additions Amortized over 7 Year Period
- (B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 970002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Commercial Technology
 For the Period October, 1996 Through March 1997

Line No.	Description	Beginning of Period	Actual October	Actual November	Projected December	Projected January	Projected February	Projected March	Total
1.	Investments (Net of Retirements)		0	0	0	0	0	0	
2.	Amortization Base		939	939	939	939	939	939	
3.	Amortization Expense (A)		11	11	11	11	11	11	66
4.	Cumulative Investment	939	939	939	939	939	939	939	
5.	Less: Accumulated Amortization	100	11	22	33	44	55	66	
6.	Net Investment	839	928	917	906	895	884	873	
7.	Average Net Investment		884	923	912	901	890	879	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		8	8	8	8	8	8	48
10.	Total Amortization & Return (Line 3 + 9)		19	19	19	19	19	19	114

Notes:

- (A) 1995 Additions Amortized over 7 Year Period; No additions in 1996
- (B) Revenue Requirement Return is 10.6872%

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 GULF POWER COMPANY
 Witness: Margaret D. Neyman
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GULF POWER COMPANY

CONSERVATION PROGRAM COST
October, 1996 Through November, 1996, Actual
December, 1996 Through March, 1997, Estimated

Actual	Capital Return & Depreciation	Payroll & Benefits	Materials & Expenses	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues (Credits)	TOTAL
1 Residential Energy Audits										
a Actual	0	56,725	3,354	0	6,289	0	3,460	0	0	69,829
b Estimated	0	63,138	9,009	0	84,443	0	1,403	202	0	158,194
c Total	0	119,863	12,363	0	90,732	0	4,863	202	0	228,023
2 Gulf Express										
a Actual	0	8,789	8,650	0	0	0	154	0	0	17,593
b Estimated	0	20,697	39,058	3,488	38,418	0	599	0	0	102,260
c Total	0	29,486	47,708	3,488	38,418	0	753	0	0	119,853
3 In Concert with the Environment										
a Actual	0	3,192	481	0	0	0	0	0	0	3,673
b Estimated	0	26,950	48,804	0	0	0	1,061	0	0	76,715
c Total	0	30,042	49,285	0	0	0	1,061	0	0	80,388
4 Environmental Good Cents Home										
a Actual	0	4,342	2,438	0	7,967	0	14	0	0	14,760
b Estimated	0	28,012	7,729	0	19,103	0	1,021	0	0	55,866
c Total	0	32,354	10,167	0	27,070	0	1,035	0	0	70,649
5 Duct Leakage										
a Actual	0	19,307	(11,426)	0	0	0	0	0	0	7,880
b Estimated	0	29,773	15,723	0	0	1,896	1,739	0	0	49,132
c Total	0	49,080	4,297	0	0	1,896	1,739	0	0	57,012
6 Geothermal Heat Pump										
a Actual	0	12,182	9,677	0	1,443	0	27	0	0	23,329
b Estimated	0	73,197	(5,633)	0	(179)	56,870	2,981	0	0	127,236
c Total	0	85,379	4,044	0	1,264	56,870	3,008	0	0	150,565
7 Advanced Energy Management										
a Actual	0	16,146	4,133	0	0	0	887	0	0	21,166
b Estimated	0	102,363	(1,353)	37,913	0	0	2,952	0	0	141,875
c Total	0	118,509	2,780	37,913	0	0	3,839	0	0	163,041
8 Comm/Ind Good Cents Bldg										
a Actual	0	61,153	3,154	0	6,546	0	2,477	0	0	73,331
b Estimated	0	94,343	(279)	5,326	38,926	0	2,238	0	0	138,553
c Total	0	155,496	2,875	5,326	43,472	0	4,715	0	0	211,884
9 Comm/Ind E.A. & T.A.A.										
a Actual	0	95,731	14,309	0	2,560	0	3,105	0	0	115,705
b Estimated	0	296,719	26,667	36,177	(2,560)	0	8,268	21,737	0	357,029
c Total	0	392,450	40,976	36,177	0	0	11,373	21,737	0	472,733
10 Commercial Mail In Audit										
a Actual	0	0	0	0	0	0	0	0	0	0
b Estimated	0	0	0	0	0	0	0	0	0	0
c Total	0	0	0	0	0	0	0	0	0	0
11 Solar for Schools										
a Actual	0	607	0	0	0	0	0	0	0	607
b Estimated	0	1,748	0	0	0	5,145	0	0	0	6,893
c Total	0	2,355	0	0	0	5,145	0	0	0	7,500
12 Research & Development										
a Actual End of Use	0	0	0	0	0	0	0	0	0	0
b Actual Geothermal Heat Pump	0	0	0	0	0	0	0	0	0	0
c Actual FCG	0	0	0	0	0	0	0	0	0	0
d Actual Desiccant	0	0	69	0	0	0	0	208	0	277
e Actual Energy Education	836	0	60	0	0	0	0	5,867	0	6,763
f Actual Commercial Technology	38	0	0	0	0	0	0	2,184	0	2,222
g Actual PJC	0	0	0	0	0	0	0	0	0	0
h Actual Sinky Loop	0	0	168	0	0	0	0	0	0	168
i Actual Dunes	0	0	89	0	0	0	0	0	0	89
j Actual Van Norman	0	0	97	0	0	0	0	0	0	97
k Actual Shores	0	0	0	0	0	0	0	0	0	0
l Actual Sleep Inn	0	0	8,700	0	0	0	0	0	0	8,700
m Estimated	1,720	0	63,461	0	758	0	262	(8,259)	0	57,943
n Total	2,594	0	72,644	0	758	0	262	0	0	76,258
13 Gas Research										
a Actual	0	0	8	0	0	0	0	0	0	8
b Estimated	0	0	5,049	0	0	0	0	0	0	5,049
c Total	0	0	5,057	0	0	0	0	0	0	5,057
14 Total All Programs										
	2,594	985,014	252,216	82,904	201,714	63,911	32,648	21,839	0	1,642,940

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Advanced Energy Management
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1	Investments (Net of Retirements)		0	318,750	318,750	318,750	318,750	318,750	1,593,750
2	Depreciation Base		0	318,750	637,500	956,250	1,275,000	1,593,750	
3	Depreciation Expense (A)			0.00	452.00	1,355.00	2,258.00	3,161.00	7,226
4	Cumulative Investment	0	0	318,750	637,500	956,250	1,275,000	1,593,750	
5	Less: Accumulated Depreciation	0	0	0.00	452.00	1,807.00	4,065.00	7,226.00	
6	Net Investment	0	0	318,750	637,048	954,443	1,270,935	1,586,524	
7	Average Net Investment		0	318,750	477,899	795,746	1,112,689	1,428,730	
8	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9	Return Requirement on Average Net Investment		0	2,839	4,256	7,087	9,910	12,724	36,816
10	Total Depreciation & Return (Line 3 + 9)		0	2,839	4,708	8,442	12,168	15,885	44,042

Notes

- (A) Depreciation Rate of 3.4% Annually
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Advanced Energy Management
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected October	Projected November	Projected December	Projected January	Projected February	Projected March	Total
1	Investments (Net of Retirements)		318,750	318,750	318,750	318,750	318,750	318,750	1,912,500
2	Depreciation Base		1,912,500	2,231,250	2,550,000	2,868,750	3,187,500	3,506,250	
3	Depreciation Expense (A)		4,064	4,967	5,870	6,773	7,676	8,579	37,929
4	Cumulative Investment	0	1,912,500	2,231,250	2,550,000	2,868,750	3,187,500	3,506,250	
5	Less: Accumulated Depreciation	7,226	11,290	16,257	22,127	28,900	36,576	45,155	
6	Net Investment	(7,226)	1,901,210	2,214,993	2,527,873	2,839,850	3,150,924	3,461,095	
7	Average Net Investment		946,992	2,058,102	2,371,433	2,683,862	2,995,387	3,306,010	
8	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9	Return Requirement on Average Net Investment		8,434	18,329	21,120	23,902	26,677	29,443	119,471
10	Total Depreciation & Return (Line 3 + 9)		12,498	23,296	26,990	30,675	34,353	38,022	165,834

Notes

- (A) Depreciation Rate of 3.4% Annually
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Energy Education
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1.	Investments (Net of Retirements)				0	0	0	0	
2.	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	
3.	Amortization Expense (A)		252	252	252	252	252	252	1,512
4.	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5.	Less: Accumulated Amortization	755	1,007	1,259	1,511	1,763	2,015	2,267	
6.	Net Investment	20,384	20,132	19,880	19,628	19,376	19,124	18,872	
7.	Average Net Investment		20,258	20,006	19,754	19,502	19,250	18,998	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		180	178	176	174	171	169	1,048
10.	Total Amortization & Return (Line 3 + 9)		432	430	428	426	423	421	2,560

Notes:
(A) 1995 Additions Amortized over 7 Year Period
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Energy Education
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected October	Projected November	Projected December	Projected January	Projected February	Projected March	Total
1.	Investments (Net of Retirements)		0	0	0	0	0	0	
2.	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	
3.	Amortization Expense (A)		252	252	252	252	252	252	1,512
4.	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5.	Less: Accumulated Amortization	2,267	2,519	2,771	3,023	3,275	3,527	3,779	
6.	Net Investment	18,872	18,620	18,368	18,116	17,864	17,612	17,360	
7.	Average Net Investment		18,746	18,494	18,242	17,990	17,738	17,486	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		167	165	162	160	158	156	968
10.	Total Amortization & Return (Line 3 + 9)		419	417	414	412	410	408	2,460

Notes:
(A) 1995 Additions Amortized over 7 Year Period
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Commercial Technology
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Total
1.	Investments (Net of Retirements)				0	0	0	0	
2.	Amortization Base		939	939	939	939	939	939	
3.	Amortization Expense (A)		11	11	11	11	11	11	66
4.	Cumulative Investment	939	939	939	939	939	939	939	
5.	Less: Accumulated Amortization	34	45	56	67	78	89	100	
6.	Net Investment	905	894	883	872	861	850	839	
7.	Average Net Investment		900.00	889.00	878.00	867.00	856.00	845.00	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		8	8	8	8	8	8	48
10.	Total Amortization & Return (Line 3 + 9)		19	19	19	19	19	19	114

Notes:
(A) 1995 Additions Amortized over 7 Year Period
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Commercial Technology
For the Period April, 1997 Through March, 1998

Line No.	Description	Beginning of Period	Projected October	Projected November	Projected December	Projected January	Projected February	Projected March	Total
1.	Investments (Net of Retirements)		0	0	0	0	0	0	
2.	Amortization Base		939	939	939	939	939	939	
3.	Amortization Expense (A)		11	11	11	11	11	11	66
4.	Cumulative Investment	939	939	939	939	939	939	939	
5.	Less: Accumulated Amortization	100	111	122	133	144	155	166	
6.	Net Investment	839	828	817	806	795	784	773	
7.	Average Net Investment		834	823	812	801	790	779	
8.	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9.	Return Requirement on Average Net Investment		7	7	7	7	7	7	42
10.	Total Amortization & Return (Line 3 + 9)		18	18	18	18	18	18	108

Notes:
(A) 1995 Additions Amortized over 7 Year Period
(B) Revenue Requirement Return is 10.6872%

GULF POWER COMPANY

CONSERVATION PROGRAM COSTS FOR
October, 1996 Through November, 1996 Actual
December, 1996 through March, 1997 Estimated

	ACTUAL			ESTIMATED				TOTAL	TOTAL ACTUAL & ESTIMATED
	OCT	NOV	TOTAL	DEC	JAN	FEB	MAR		
1 Residential Energy Audits	31,668.43	38,160.23	69,828.66	39,549.00	39,549.00	39,549.00	39,547.34	158,194.34	228,023.00
2 Gulf Express	11,081.96	6,510.85	17,592.81	25,565.00	25,565.00	25,565.00	25,565.19	102,260.19	119,853.00
3 In Concert with the Environment	1,916.66	1,756.75	3,673.41	19,179.00	19,179.00	19,179.00	19,177.59	76,714.59	80,388.00
4 Good Cents Environmental	6,183.66	8,576.55	14,760.21	13,966.00	13,966.00	13,965.00	13,967.79	55,865.79	70,626.00
5 Duct Leakage	11,266.08	(3,385.97)	7,880.11	12,283.00	12,283.00	12,283.00	12,282.89	49,131.89	57,012.00
6 Geothermal Heat Pump	8,739.65	14,589.23	23,328.88	31,809.00	31,809.00	31,809.00	31,809.12	127,236.12	150,565.00
7 Advanced Energy Management	10,076.14	11,089.54	21,165.68	35,469.00	35,469.00	35,469.00	35,468.32	141,875.32	163,041.00
8 Comm/Ind Good Cents Bldg	30,363.74	42,967.29	73,331.03	34,638.00	34,638.00	34,638.00	34,638.97	138,552.97	211,884.00
9 Comm/Ind E.A. & T.A.A.	50,490.87	65,213.63	115,704.50	89,257.00	89,257.00	89,257.00	89,257.50	357,028.50	472,733.00
10 Commercial Mail In Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
11 Solar for Schools	308.47	298.51	606.98	1,723.00	1,723.00	1,723.00	1,724.02	6,893.02	7,500.00
12 Research & Development				14,485.00	14,485.00	14,485.00	14,486.00	57,941.00	76,258.00
End Use Profiling	0.00	0.00	0.00						
Geothermal Heat Pump	0.00	0.00	0.00						
FCG	0.00	0.00	0.00						
Desiccant Dehum. H. P.	168.22	108.35	276.57						
Energy Education	3,533.00	3,231.97	6,764.97						
Commercial Technology	1,150.93	1,070.94	2,221.87						
PJC	0.00	0.00	0.00						
Slinky Loop Mat H. P.	168.00	0.00	168.00						
Dunes	61.00	28.11	89.11						
Van Norman	40.00	56.80	96.80						
Shores	0.00	0.00	0.00						
Sleep Inn	8,113.00	586.68	8,699.68						
13 Gas Research	8.27	0.00	8.27	1,262.00	1,262.00	1,262.00	1,262.73	5,048.73	5,057.00
14 Total All Programs	175,338.08	190,859.46	366,197.54	319,185.00	319,185.00	319,185.00	319,187.46	1,276,742.46	1,642,940.00
15 Less: Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16 Net Recoverable Expenses	175,338.08	190,859.46	366,197.54	319,185.00	319,185.00	319,185.00	319,187.46	1,276,742.46	1,642,940.00

GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
For the Period: October, 1996 through March, 1997

Conservation Revenues	ACTUAL OCTOBER	ACTUAL NOVEMBER	ESTIMATED DECEMBER	ESTIMATED JANUARY	ESTIMATED FEBRUARY	ESTIMATED MARCH	TOTAL
1 a. Residential Conservation Audit Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. (Other Fees)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conservation Adjustment Revenues	254,492.79	239,406.21	275,593.34	297,977.93	240,758.58	260,911.12	1,569,139.97
3. Total Revenues	254,492.79	239,406.21	275,593.34	297,977.93	240,758.58	260,911.12	1,569,139.97
4. Adjustment not Applicable to Period - Prior True Up	(12,785.50)	(12,785.50)	(12,785.50)	(12,785.50)	(12,785.50)	(12,785.50)	(76,713.00)
5. Conservation Revenues Applicable to Period	241,707.29	226,620.71	262,807.84	285,192.43	227,973.08	248,125.62	1,492,426.97
6. Conservation Expenses (Form C-3 Page 3 of 5)	175,775.30	191,294.34	318,967.59	318,967.59	318,967.59	318,967.59	1,642,940.00
7. True Up this Period (Line 5 minus Line 6)	65,931.99	35,326.37	(56,159.75)	(33,775.16)	(90,994.51)	(70,841.97)	(150,513.03)
8. Interest Provision this Period (Page 10, Line 10)	1,967.73	2,264.59	2,285.49	2,150.59	1,936.47	1,637.76	12,242.63
9. True Up & Interest Provision Beginning of Month	397,105.94	477,791.16	528,167.62	487,078.86	468,239.78	391,967.24	397,105.94
10. Prior True Up Collected or Refunded	12,785.50	12,785.50	12,785.50	12,785.50	12,785.50	12,785.50	76,713.00
End of Period- Net True Up	477,791.16	528,167.62	487,078.86	468,239.78	391,967.24	335,548.54	335,548.54

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GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
For the Period: October, 1996 through March, 1997

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ESTIMATED DECEMBER	ESTIMATED JANUARY	ESTIMATED FEBRUARY	ESTIMATED MARCH	TOTAL
Interest Provision							
1. Beginning True up Amount	397,105.94	477,791.16	528,167.62	487,078.86	468,239.78	391,967.24	
2. Ending True up before Interest	475,823.43	525,903.03	484,793.37	466,089.19	390,030.77	333,910.78	
3. Total beginning & ending	872,929.37	1,003,694.19	1,012,960.99	953,168.05	858,270.56	725,878.02	
4. Average True up Amount	436,464.69	501,847.10	506,480.49	476,584.03	429,135.28	362,939.01	
5. Interest Rate First Day Reporting Business Month	5.4400	5.3800	5.3800	5.3800	5.3800	5.3800	
6. Interest Rate First Day Subsequent Business Month	5.3800	5.4500	5.4500	5.4500	5.4500	5.4500	
7. Total of Lines 5 and 6	10.8200	10.8300	10.8300	10.8300	10.8300	10.8300	
8. Average Interest rate (50% of Line 7)	5.4100	5.4150	5.4150	5.4150	5.4150	5.4150	
9. Monthly Average Interest Rate Line 8 \ 12	0.004508	0.004513	0.004513	0.004513	0.004513	0.004513	
10. Interest Provision (line 4 X 9)	1,967.73	2,264.59	2,285.49	2,150.59	1,936.47	1,637.76	12,242.63

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CALCULATION OF CONSERVATION REVENUES
For the Period: October, 1996 Through March, 1997

	Month	MWH Sales (Net of 3rd Party)	Base Revenue (\$/KWH)	Clause Revenue Net of Revenue Taxes (\$)
*	1. 10/96	642,482	-	254,492.79
*	2. 11/96	603,881	-	239,406.21
	3. 12/96	694,291	-	275,593.34
	4. 01/97	749,652	-	297,977.93
	5. 02/97	607,153	-	240,758.58
*	6. 03/97 Actual Data	659,862	-	260,911.12

Program Description and Progress

Program Title: Residential Energy Audits

Program Description: This program consists of two types of audits: (1) Class A Energy Conservation Audits and (2) Centsable Energy Checks, a walk-through audit. Both of these audits are performed on-site and involve assisting the customer in upgrading the thermal and equipment efficiencies in their homes as well as lifestyle measures and low or no cost improvements.

Program Projections: For the period April, 1997, through March, 1998, we expect to achieve 3,000 audits and incur expenses totaling \$435,114.

Program Accomplishments: 470 audits were conducted during the period compared to a budget of 567 for a deviation of 97 audits. This program will be evaluated in 1997 to determine the feasibility and potential success of a "mail-in" type audit.

Program Fiscal Expenditures: Actual expenses were \$69,829 compared to a budget of \$75,182 for a difference of \$5,353 or 7.1% below budget. Expenses are below budget due to a greater request of low-cost/no-cost information.

Program Progress Summary: Since the approval of this program Gulf has performed 121,690 residential energy audits. This is a result of Gulf's promotional campaign to solicit energy audits as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Gulf Express Loan Program

Program Description: The objective of this program is to encourage and achieve energy conservation. The program provides below market interest rates from participating banks to customers as an incentive to install energy conservation features in their homes.

Program Projections: For the period April, 1997, through March, 1998, we expect to complete 300 loans and incur \$243,611 in total expenses.

Program Accomplishments: There were 50 loans forecasted to be completed, however, there were no loans completed. The deviation is a result of a lag between loan closings and quarterly reporting requirements for the banks. Loans for October and November are reported at the end of the fourth quarter.

Program Fiscal Expenditures: Forecasted expenses were \$26,506 compared to actual expenses of \$ 17,593 resulting in a deviation of \$8,913 under budget. This program will be re-evaluated in the near future to determine if there are alternate ways to provide this type of financing at a reduced cost to the Company.

Program Progress Summary: Since the approval of the permanent program, Gulf has completed 1,692 Gulf Express Loans.

Program Description and Progress

Program Title: In Concert With The Environment

Program Description: In Concert With The Environment is an environmental and energy awareness program that is being implemented in the 8th and 9th grade science classes. The program shows students how everyday energy use impacts the environment and how using energy wisely increases environmental quality.

Program Projections: In Concert With The Environment is projected to be presented to 3,000 students during the period. We expect to incur \$133,136 in total expenses.

Program Accomplishments: In Concert With The Environment was not presented to any students during the months of October and November, 1996. During these months, Gulf has been working on ways to improve the process of students entering their audit information into the computers.

Program Fiscal Expenditures: Expenses for the 2 months ending November, 1996, are \$3,673 compared to a budget of \$26,506. This results in a deviation of \$22,833 or 86% under budget. The program is under budget because it was not presented to students during the two months, October and November, 1996. The program is being revised to improve the data entry portion of the program and will be re-evaluated at the end of the current school term based on the receptivity of the participating schools.

Program Progress Summary: Since the beginning of the program, 2,761 students have participated in the program.

Program Description and Progress

Program Title: Good Cents Environmental Home

Program Description: Good Cents Environmental Home Program provides residential customers with guidance concerning energy and environmental efficiency in new construction. The program promotes energy-efficient and environmentally sensitive home construction techniques by evaluating over 500 components in six categories of design construction practices.

Program Projections: Gulf projects 10 Good Cents Environmental Homes to be completed during the April, 1997, to March, 1998, projection period and the program to incur \$121,000 in expenses. During this period, Gulf will continue education and training efforts for our own personnel and our trade allies. We will initiate promotional and educational activities.

Program Accomplishments: During this recovery period, no Good Cents Environmental Homes were constructed. Several builders have expressed an interest in the program and have indicated that they will be constructing Good Cents Environmental Homes in the future. Additional training will continue for employees, builders and trade allies.

Program Fiscal Expenditures: Expenses for the 2 months ending November, 1996, are \$14,760 compared to a budget of 23,286. This results in a deviation of \$8,526 or 36.6% below budget.

Program Progress Summary: Ten homes have been certified to meet the Good Cents Environmental Home standards.

Program Description and Progress

Program Title: Duct Leakage Repair

Program Description: The objective of this program is to provide the customer with a means to identify house air duct leakage and recommend repairs that can reduce customer kWh energy usage and kW demand.

Program Projections: Gulf estimates that 100 customers will participate in the Duct Leakage Repair program during the April, 1997, to March, 1998, time period and that it will incur \$75,691 in expenses. Gulf's program activities will include promotion, education, training and testing for HVAC dealers and builders as well as customers in new and existing homes.

Program Accomplishments: Gulf has provided demonstrations and training to builders, dealers and homeowners regarding duct leakage and duct testing methods and procedures during this period.

Program Fiscal Expenditures: Projected expenses were \$18,796 compared to actual expenses of \$7,880 for a deviation of \$10,916 below goal. This program is below goal for October and November, 1996, due to current demonstrations and training provided to builders, dealers and homeowners regarding the testing methods and procedures.

Program Progress Summary: Program activities have related to education, training, and program development.

Program Description and Progress

Program Title: 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 advanced and emerging geothermal systems.

Program Projections: Gulf estimates the installation of 200 units during this projection period and expenses of \$488,338. Gulf's program implementation will include promotion, education, training, low interest loans for existing home customers, and guaranteed heating and cooling costs for new and existing home customers.

Program Accomplishments: During this recovery period, 148 Geothermal Heat Pump units were installed compared to a budget of 18 units. This program is over goal due to units coming on line at a faster rate than expected when the program began.

Program Fiscal Expenditures: Expenses were projected to be \$49,640 compared to actual expenses of \$23,329 for a deviation of \$26,311 or 53% below budget.

Program Progress Summary: To date, 253 units have been completed.

Program Description and Progress

Program Title: Advanced Energy Management

Program Description: This program was field tested through the Transtext Advanced Energy Management Pilot Program in Gulf Breeze, Florida. 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 Projections: During this projection period, 4,675 customers are expected to participate in this program. The program expenses are projected to be \$209,876 in depreciation and amortization; \$413,693, payroll; \$5,030, materials; \$75,450, outside services; and \$7,640, vehicles. These expenses will be offset by projected program revenues of \$392,700.

Program Accomplishments: Extensive progress was made regarding development of the AEM equipment. Additional evaluation of the approximately 180 customers remaining on the Transtext AEM Pilot was also conducted.

Program Fiscal Expenditures: This program has projected expenses of \$60,756 for the period October through November, 1996 with actual expenses of \$21,166. This results in a deviation of \$39,590 or 65.1% below budget. The program is below budget due to the delay in obtaining final approval. This initial delay caused further delays in the planning/purchasing processes. However, Gulf expects to catch-up on a cumulative basis as the program progresses.

Program Progress Summary: The AEM RFP responses were analyzed and a vendor was selected. Equipment and installation is expected to commence late in the second quarter of 1997.

Program Description and Progress

Program Title: Good Cents Building

Program Description: This program is designed to educate non-residential 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 Projections: For the period April, 1997, through March, 1998, we expect to achieve 233 Good Cents Building and incur expenses totaling \$369,075.

Program Accomplishments: Our goal during the current period was 43 installations compared to actual installations of 28 for a difference of 15 below goal. This program is below goal due to a slow down in building during the last quarter of the year.

Program Fiscal Expenditures: Forecasted expenses were \$69,860 compared to actual expenses of \$73,331 for a deviation of \$3,471 over budget. This program is over budget on expenses due to customers requesting additional information regarding the Good Cents Building Program.

Program Progress Summary: A total of 7,024 commercial buildings have qualified for the Good Cents certification since the program was developed in 1977.

Program Description and Progress

Program Title: Energy Audits and Technical Assistance Audits

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 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 six month and annual follow-ups with the customer to verify any conservation measures installed and to reinforce the need to continue with more conservation efforts.

Program Projections: For the period, April, 1997 through March, 1998, we expect to achieve 365 audits and incur expenses totaling \$810,940.

Program Accomplishments: During this period the goal was 61 while actual results were 22 for a difference of 39 below goal. This difference is attributed to fewer customer requests for Energy Audits.

Program Fiscal Expenditures: Forecasted expenses were \$155,862 compared to actual expenses of \$115,705 for a deviation of \$40,157 under budget. This program is under budget due to fewer customer requests for Energy Audits.

Program Progress Summary: A total of 10,562 EA/TAA's have been completed since the program started in January, 1981. These audits have ranged from 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: Commercial Mail-In Audit Program

Program Description: The Commercial Mail-In Audit Program is a direct mail energy auditing program. This program will supplement Gulf's existing Commercial/Industrial Energy Audit program and will assist in the evaluation of the specific energy requirements of a given business type. Businesses complete an audit questionnaire on their own or may request the assistance of a Gulf Power representative. This questionnaire asks customers about their energy consuming equipment or appliances, square footage, hours of operation and other details regarding their business operations. The audit results package will be returned to the customer and will include targeted, timely information about energy conservation opportunities specific to each business type and geographic area.

Program Projections: Gulf expects to have 1,000 customers participate in the Commercial Mail-in Audit during the period and incur expenses of \$100,480.

Program Accomplishments: To date, the program is being developed and prepared for implementation.

Program Fiscal Expenditures: No expenditures have been incurred at this time.

Program Progress Summary: This is a new program approved by the FPSC on January 7, 1997, Docket No. 960897-EI.

Program Description and Progress

Program Title: Solar for Schools Pilot

Program Description: This program utilizes "green pricing" to fund the installation of solar technologies in participating school facilities combined with energy conservation education of students.

Program Projections: During the projection period, Gulf will be evaluating various implementation options and developing the "green pricing" promotion plan. One additional school is expected to begin participating during this projection period.

Program Accomplishments: During the period, Gulf continued evaluating various implementation options and developed the "green pricing" billing mechanism. The initial "green pricing" solicitation began during September, 1996. One middle school is participating in the program and the optional "green pricing" billing mechanism has resulted in 514 customers participating with \$1,764 being received for October and November, 1996.

Program Fiscal Expenditures: Projected expenses for the period were \$2,500 compared to actual expenses of \$607 for a deviation of \$1,893 below goal. This program is below goal due to the various implementation options being evaluated

Program Progress Summary: Gulf Power worked with the Florida Energy Extension Service on a prototype Solar for Schools installation at the Ferry Pass Middle School in Pensacola, FL. The installation is completed. Experience gained at this site will be used to design future Solar for Schools installations.

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. 23461 for Gulf Power Company to explore the development of a program 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:

Geothermal Heat Pump - A Water Furnace geothermal heat pump (AT034) with heat recovery for domestic hot water is being monitored on a 2333 sq. ft. Good Cents home. In addition, the builder installed a heat pump swimming pool heater using the same loop system as the house heat pump. The electric water heater, with heat recovery, is currently monitored for energy/demand consumption.

This project will produce actual detailed data on the energy and demand requirements for heating and cooling a Good Cents home with a geothermal heat pump. This data will provide energy and demand comparisons to computerized estimates and other fuels and or to air-to-air heat pumps. Monitoring the heat pump pool heater will provide data showing the impact of this type equipment on energy and demand requirements when it is installed on the same closed-loop system.

End-Use Profiling - The purpose of this 3-year project is to develop and provide detailed end use data for the major customer classes (Residential, Commercial and Industrial) as a baseline database for use in forecasting models and for analyzing the effectiveness of demand side management (DSM) programs.

The first year plan called for the sites to be selected from the following Commercial sectors: Churches, Grocery Stores, Health Care, Restaurants and Schools.

The second year plan called for metering multi-family residential dwellings and the remaining Commercial sectors:

Hotels/Motels, Miscellaneous, Offices, Retail and Warehouses.

The third year plan, called for metering Industrial sites and Residential Mobile Homes. Residential Single Family homes are currently being end use metered as part of a separate study at Georgia Power Company. The Residential Single Family sample will be augmented with sites from the other operating companies. Gulf will have one industrial site in this phase of the project.

Florida Coordinating Group Research and Development - Gulf Power Company is actively participating in a research initiative commissioned by the Florida Coordinating Group Conservation Steering Committee, formed to evaluate and research demand side management measures. The Research and Development (R & D) Task Team has been given the charge of investigating and reviewing several demand side management measures and reporting back to the Conservation Steering Committee with its findings and recommendations. Reflective roof coatings, light colored roofs, ceiling fans, occupancy sensors, dual path air conditioning systems, heat pipe enhanced direct exchange air conditioning and variable air volume are the measures currently being reviewed.

Included in the variable air volume research are the Delchamps Supermarket Test and the Bay County Library Test, both tailored collaboration projects between EPRI and Gulf Power Company.

Projects that are currently being tested and monitored are Moisture and Refrigerant Lab Test, Desiccant Enhanced Air Conditioning, and Moisture and Refrigerants Field Test.

Desiccant Dehumidification Project - This is a research project involving an air conditioning/dehumidification unit in the commercial market segment. The project is expected to last three years and concluding data will include equipment costs, installation and monitoring.

The Efficiency Store - Energy Education - This project is intended to provide customers with improved interest, awareness, and understanding of energy efficient technologies. The objective is to display and demonstrate those technologies that are designed to promote energy

efficiency. Customer research will be conducted the last quarter of 1996 and the first quarter of 1997.

The Efficiency Store - Commercial Technology Demonstration is intended to provide commercial customers with an avenue to energy efficient technologies. The objective of the store is to actually display and demonstrate those technologies that yield energy savings and benefits to customers. The customer will benefit through the convenience of one location for these demonstration needs and the ability to view new technologies in full use. Customer research will be conducted the last quarter of 1996 and first quarter of 1997.

Pensacola Junior College (PJC) - This is a project which will allow for full testing of commercial cooking equipment in the new culinary arts and test kitchen at Pensacola Junior College. Final construction and inspections have been completed. Customer demonstrations and student training are scheduled to begin the first quarter of 1997.

Slinky Mat Loop Heat Pump - This type of ground loop design, "slinky loop" or sometimes referred to as a "slinky mat loop", has not been installed in Florida to our knowledge. The system consists of a 2.3 ton Water Furnace geothermal heat pump (AT028) a 2000 square foot home tied to 1800 feet of 3/4 inch polyethylene pipe 5 to 6 feet below grade. The mat loop is designed as 3 - 100 foot trenches with 600 feet of pipe per trench.

One objective of this project will be to determine if this ground loop performs as well as the most common "vertical loop" in extracting and rejecting heat from the earth. Another objective of this project is to determine the cost reduction potential of this type of loop. The projected savings on a "slinky loop" installation versus a vertical loop installation for the same unit type is \$1,000. If the unit performs, the cost reduction should encourage increased geothermal installations.

This project will also provide performance results associated with kwh, kW demand, ground source efficiency, supply/return water temperatures and hot water recovery kwh/kW reduction, with indoor/outdoor temperature monitoring (wet bulb, dry bulb, relative humidity).

Closed Loop - Dentist Office - Schwartz Dentist Office

This commercial project is to introduce and demonstrate geothermal technology benefits. This is a new construction general office building application to be monitored in conjunction with the Geothermal Heat Pump Consortium. It consists of 10 tons of geothermal equipment connected to an underground closed loop piping system. The site also includes a hot water recovery unit to provide hot water needs.

Closed Loop - Hotel - Sleep Inn, hospitality/hotel

This application is for monitoring heating, cooling, and water heating costs. This includes 10 tons for heating and cooling in the office/lobby area and room/laundry hot water need provided by a geothermal heat pump water heater with an efficiency rating of 10.

Van Norman Project - Is a triple function Nordyne heat pump providing heating, cooling, and water heating on demand. The heat pump compressor has a water heating mode. The total house, water heater, air handler and compressor are being monitored. Also, monitoring includes air temperatures, water temperatures, and gallons of hot water. Additional monitoring of various modes of operation is planned when Gulf receives the needed special equipment from the manufacturer.

The Shores - The Shores is a Gulf-front condominium complex consisting of 52 units. The existing structure was damaged during the storm surge caused by Hurricane Opal. The damage offered the opportunity to install geothermal equipment and avoid the frequent replacement of outdoor air cooled equipment every four to six years. This replacement is necessitated by the salt spray/corrosion effects of the coastal environment.

The group common loop is installed consisting of one pump continuously circulating water avoiding the need for individual (pump) flow centers. The common loop option, combined with a volume purchase of all associated equipment, materials and labor, results in a substantial reduction in installation costs. The shared common loop (pipe/bore feet) has been designed at 13.5 percent less than that which would be required for individual unit installations. Gulf Power will be evaluating the common loop design as its application benefits versus individual demand pumping.

Funding in the amount of \$15,000 has been received from the Geothermal Heat Pump Consortium to cover engineering costs for this unique residential project. Gulf Power completed heat gain/loss calculations and has coordinated manufacturer/contractor support.

The Dunes - This project monitors two heat pump water heaters in a hotel. The installation is now complete and operational data is being collected. Preliminary results will be available during the 3rd quarter, 1997. In this project, the Heat Pump Water Heaters are expected to offset the KW demand of existing water heaters and to provide air conditioning to the laundry area.

Program Fiscal Expenditures: Program expenses were forecasted at \$25,162 compared to actual expenses of \$18,316 for a deviation of \$6,846 under budget. Expenses are under budget due to over-estimating project costs and having projects that required start-up costs but have no expenses on a regular monthly basis. Project expenses were as follows: End-Use Profiling, no expenses this period; Geothermal Heat Pump, no expenses this period; FCG, no expenses this period; Desiccant Dehumidification Heat Pump, \$277; Efficiency Store - Energy Education, \$6,763; Efficiency Store - Commercial Technology, \$2,222; PJC, no expenses this period; Slinky Loop Mat Heat Pump, \$168; Van Norman project, \$97; The Shores Condominium, no expenses this period; The Sleep Inn project, \$8,700; The Dunes, \$89.

Program Description and Progress

Program Title: Gas Research and Development

Program Description: Gulf Power's Gas Research and Development plan contains four individual research and demonstration projects. These are:

Triathlon Gas Heat Pump - a residential research project intended to determine long-term system performance, technical feasibility, and cost-effectiveness of engine driven gas heat pumps. Anticipated project duration is 48 months. This project is being conducted as part of an Electric Power research Institute (EPRI) Tailored Collaboration Project with the Southern Electric System. although transferability is not within the scope of the EPRI project, Gulf believes that the combination of field and lab tests under various conditions should provide sufficient information to characterize the unit performance for various ambient condition. Gulf's cost of the project is \$6,000 or an 8.8% share.

Gas Engine Driven Chiller - a commercial/industrial project intended to determine the actual operating characteristics and cost-effectiveness of engine driven chillers. The project is being conducted by the Southern Electric System in cooperation with the U.S. Department of Energy and the ambient summer conditions in Atlanta, Georgia are transferable to Gulf's territory. Gulf's 8.8% share of the cost is \$500.

Dual Fuel Heat Pump Evaluation - a commercial/industrial project intended to determine the gas and electric energy consumption and cost effectiveness. The project is being conducted by the Southern Electric System in a climate area adjacent to Gulf's service area. Gulf's 8.8% share of the cost is \$1,000.

Gas Fired Cogeneration Plant - Tyndall Air Force Base (AFB), located in Panama City, Florida, is in the process of constructing a 500 kW gas fired cogeneration plant. Gulf proposes to fund a monitoring study of the AFB's operational plant to determine cost-effectiveness of utilizing gas technology for cooling, hot water and electric production. The plant will be instrumented and data will be collected to determine the efficiency of the overall process. Gulf

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estimates that the cost of this study will not exceed \$15,000.

Program Fiscal Expenditures: Program expenses were projected to be \$1,666 compared to actual expenses of \$8. Program expenses are expected during the first quarter of 1997.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 970002-EG

Before me the undersigned authority, personally appeared Margaret D. Neyman, who being first duly sworn, deposes and says that she is the Marketing Services Manager of Gulf Power Company, a Maine Corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. She is personally known to me.

Margaret D. Neyman
Margaret D. Neyman
Marketing Services Manager

Sworn to and subscribed before me this 10th day of January, 1997.

Linda C. Webb
Notary Public, State of Florida at Large



LINDA C. WEBB
Notary Public-State of FL
Comm. Exp: May 31, 1998
Comm. No: CC 382783