One Energy Place
Pensacola, Florida 32520

Tel 850 444 6000

ORIGINAL

IC
SION

1 9 22

M

GULF POWER
A SOUTHERN COMPANY

July 9, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 980002-EG

Enclosed for official filing in the above referenced docket are an original and ten (10) copies of Gulf Power Company's Conservation Cost Recovery True-up Filing.

Sincerely,

Linda G. Malone

Linda G. Malone
Assistant Secretary and Assistant Treasurer

lw

Enclosure

cc: Beggs and Lane
J. A. Stone, Esq.
Gulf Power Company
S. D. Cranmer

ACK ____
AFA Vandiver
APP ____
CAF ____
CMU ____
CTR ____
EAG Ballinger
LEG 1
LIN 3to8
OPC ____
RCH ____
SEC 1
WAS ____
OTH ____

DOCUMENT NUMBER-DATE
07350 JUL 13 98

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery)
_____) Docket No. 980002-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 July 1998 to the following:

Norman Horton, Jr., Esquire
Messer, Vickers, Caparello,
French and Madsen
P. O. Box 1876
Tallahassee FL 32302

Jack Shreve, Esquire
Office of Public Counsel
111 W. Madison St., Suite 812
Tallahassee FL 32399-1400

Stuart L. Shoaf
St. Joe Natural Gas Company
P. O. Box 549
Port St. Joe FL 32456

Charles A. Guyton, Esquire
Steel, Hector & Davis
215 S. Monroe, Suite 601
Tallahassee FL 32301

James D. Beasley, Esquire
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa FL 33601-1531

Vicki Kaufman, Esquire
McWhirter Reeves McGlothlin
Davidson Rief & Bakas
117 S. Gadsden Street
Tallahassee FL 32301

William Keating, Esquire
Staff Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

James McGee, Esquire
Florida Power Corporation
P. O. Box 14042
St. Petersburg FL 33733-4042

Wayne L. Schiefelbein, Esq.
Gatlin, Woods, Carlson & Cowdery
1709-D Mahan Drive
Tallahassee FL 32308

John W. McWhirter, Jr., Esq.
McWhirter, Reeves, McGlothlin,
Davidson Rief & Bakas, P.A.
P. O. Box 3350
Tampa FL 33601-3350

Kenneth A. Hoffman, Esq.
Rutledge, Ecenia, Underwood,
Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee FL 32302-0551

Debra Swim, Esquire
LEAF, Inc.
1114 Thomasville Rd, Suite E
Tallahassee FL 32303-6290

Russell A. Badders

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 0007455
Beggs & Lane
P. O. Box 12950
Pensacola FL 32576
(850) 432-2451
Attorneys for Gulf Power Company

Gulf Power Company

Before the Florida Public Service Commission
Prepared Direct Testimony of
Margaret D. Neyman
Docket No. 980002-EG
July 14, 1998

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

A. My name is Margaret D. Neyman and my business address is One Energy Place, Pensacola, Florida 32520. I am employed by Gulf Power Company as the Marketing Services Manager.

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

A. I am testifying before this Commission on behalf of Gulf Power Company regarding matters related to the Energy Conservation Cost Recovery Clause, specifically the approved programs for October, 1997, through March, 1998.

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

A. Yes, I am.

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

A. Yes, I have.

Counsel: We ask that Ms. Neyman's exhibit consisting of 6 Schedules, CT-1 thorugh CT-6, be marked for identification as:
Exhibit No. ____(MDN-1)

Q. Would you summarize for this Commission the deviations resulting from the actual expenditures for this recovery period and the original estimates of expenses?

A. The budgeted net expenses for the entire recovery period October, 1997, through March, 1998, were $1,392,768, while the actual costs were $1,154,831 resulting in a variance of $237,937 or 17.1% under budget.

Q. Ms. Neyman, would you explain the October, 1997, through March, 1998, variance?

A. Yes, the major reasons for this variance are a decrease in expenses in Research and Development, under $39,259; Geothermal Heat Pump, under $98,774; Residential Energy Audits, under $49,208; and Commercial/Industrial E.A. & T.A.A., under $67,336. A more detailed description of the deviations are contained in Schedule CT-6.

Q. Ms. Neyman, what was Gulf's adjusted net true-up for the period October, 1997, through March, 1998?

A. There was an over-recovery of $167,208 as shown on Schedule CT-1, page 1.

Q. Would you describe the results of your programs during the October, 1997, through March, 1998, recovery period?

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

(A) Home Energy Audits - During this period, we projected to audit 1,500 structures. We actually completed 872.

(B) Residential Mail-In Audits - During this period, 14 audits were completed. This program was approved in August, 1997.

(C) Gulf Express Loan Program - No loans were completed during this period. The program discontinued accepting new loans in June, 1997.

(D) In Concert With The Environment - During this recovery period, no students attended the program compared to a projection of 1,500 students.

(E) Good Cents Environmental Home - During this recovery period, no homes were completed compared to a

projection of 5.

(F) Duct Leakage Program - During this recovery period, 3 homes were completed compared to a projection of 50.

(G) Geothermal Heat Pump - During this recovery period, a total of 84 geothermal heat pumps were installed compared to a projection of 100.

(H) Good Cents Building - During this recovery period a total of 128 buildings were built or improved to Good Cents standards, compared to a budget of 117.

(I) Energy Audits and Technical Assistance Audits - During this recovery period, a total of 60 EA/TAA were completed compared to a projection of 183.

(J) Commercial/Industrial Mail-in Audit - 500 mail-in audits were projected compared to 476 mail-in audits being completed.

(K) Solar for Schools - During this recovery period, the first Solar for Schools project was evaluated as was the mechanism to obtain customer contributions for solar projects.

(L) Conservation Demonstration and Development - Seventeen research or demonstration projects have been identified and are detailed in Schedule CT-6.

(M) Gas Research and Development - Gulf Power has completed research in two of four individual research and demonstration projects. One project was cancelled

and one should be completed during second quarter, 1998. Project details are explained in Schedule CT-6 in accordance with Docket No. 950520-EG, Order No. PSC-95-1146-FOF-EG.

(N) Advanced Energy Management - During this recovery period, no units were installed. Startup of this program has been delayed until fall of 1998 due to equipment delays.

Q. Could you tell us more about the delays in implementing AEM?

A. Initially, startup of the AEM program was delayed pending a final order in Docket No. 941172-EG which caused a delay in Gulf's issuance of an AEM equipment RFP. Once the RFP was issued, the contract negotiation process took longer than expected in order to insure that Gulf received the best possible AEM technological solution and the best price. Gulf Power signed a contract with Scientific Atlanta (SA) in September, 1996, which called for delivery of prototype units for field testing in March, 1997, and full production units in June, 1997. However, the full production units were delayed and Gulf's expects to receive shipment of these units in October, 1998.

Q. Please describe the AEM equipment components.

A. The AEM system is to include field units utilizing a communication gateway, a radio frequency (RF) based Local Area Network (LAN), major appliance load control relays, and a proprietary, programmable thermostat (Superstat), all operating at the consumer's home.

Q. Please tell us about the equipment delays.

A. Early in 1997, SA advised Gulf that the delivery of units would be delayed due to the inability of suppliers to provide some components on the established schedule. Despite Gulf's best efforts to remedy SA's delays and the negotiation of penalties for late delivery, in August, 1997, SA also advised Gulf that no field units utilizing an RF-based LAN would be available earlier than mid to late 1998. Gulf negotiated conditions which allowed for an interim solution, accompanied by a price reduction due to SA's failure to comply with the RF-based requirements and their overall failure to deliver any usable product within the time provisions specified in the contract. As part of these revised provisions, SA was to deliver field units for testing in mid-October, 1997, with the first batch of production units to be delivered during the first quarter of 1998.

As of November, 1997, only two of the expected prototype units had been delivered due to failures of electronic components during testing. SA still contended that production units would be delivered during the first quarter of 1998. However, additional prototype units were not installed until June and July, 1998. Production units will not be installed until the prototype units have been extensively field tested. Assuming successful field testing, Gulf anticipates the installation of production units will begin October, 1998.

Q. How do these equipment delays impact Gulf's AEM program and its rescheduled conservation goals?

A. Despite the unpreventable delays that have occurred, Gulf still believes that the AEM System is a viable program. Gulf is modifying its schedule for market implementation as a result of the delays and plans to increase the number of units deployed during the years 1999 to 2003 to still accomplish the basic program objective of achieving a total of 80,000 kilowatts of peak demand reduction by year end 2004.

Gulf's near term residential conservation goals have been adversely impacted as a result of the delays in

implementing AEM, but the process has produced the most cost-effective solution that is currently possible. In the longer term, Gulf fully expects to catch up on a cumulative basis in subsequent periods.

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

A. Yes, it does.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 980002-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
Marketing Services Manager

Sworn to and subscribed before me this 8th day of July, 1998.

Carolyn W. Workman
Notary Public, State of Florida at Large

CAROLYN W. WORKMAN
MY COMMISSION # CC 692290
EXPIRES: February 24, 2002
Bonded Thru Notary Public Underwriters

3

Florida Public Service Commission
Docket No. 980002-EG
Gulf Power Company
Witness: M. D. Neyman
Exhibit No. ___ (MDN-1)

INDEX

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ADJUSTED NET TRUE-UP
For the Period: October, 1997 Through March, 1998

	Actual		
1.	Principal	952,914.46	
2.	Interest	24,265.51	
	Less Projected True-up		977,179.97
	Estimated Actual Filed In January, 1998		
3.	Principal	787,263.70	
4.	Interest	22,708.34	809,972.04
5.	Adjusted Net True-up		167,207.93

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL Vs ESTIMATED
For the Period: October, 1997 Through March, 1998

	Actual	Projected	Difference
	$	$	$
1. Depreciation & Return	2,419.68	2,365	54.68
2. Payroll & Benefits	827,359.93	839,066	(11,706.07)
3. Materials & Supplies	202,546.87	167,309	35,237.87
4. Outside Services	0.00	96,113	(96,113.00)
5. Advertising	93,785.54	173,941	(80,155.46)
6. Incentives	0.00	66,183	(66,183.00)
7. Vehicles	1,508.33	27,397	(25,888.67)
8. Other	27,210.52	20,394	6,816.52
9. SUBTOTAL	1,154,830.87	1,392,768	(237,937.13)
10. Program Revenues	0.00	0	0.00
11. TOTAL PROGRAM COSTS	1,154,831	1,392,768	(237,937.00)
12. Less: Payroll Adjustment	0.00	0	0.00
13. Amounts Inc. in Base Rate	0.00	0	0.00
14. Conservation Adjustment Revenues	1,314,042.99	1,386,329.36	(72,286.37)
15. Rounding Adjustment	1,314,043	1,386,329	(72,286.00)
16. True-up Before Adjustment	159,212	(6,439)	165 651.00
17. Interest Provision	24,266	22,708	1,557.00
18. Prior Period True-up	793,702	793,702	0.00
19. Deferred True-up Prior Period	0	0	0
20. End of Period True-up	977,180	809,971	167,208.17

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
VARIANCE ACTUAL Vs PROJECTED
For the Period October, 1997 Through March, 1998

	Depre/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Incentives	Outside Services	Vehicles	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Audit	0.00	6,736.92	(20,266.25)	(32,528.68)	0.00	0.00	(3,149.80)	0.00	(49,207.81)	0.00	(49,207.81)
2. Gulf Express	0.00	5,060.89	(8,054.35)	10,841.17	0.00	(611.00)	27.03	0.00	7,263.74	0.00	7,263.74
3. In Concert with the Environment	0.00	5,634.00	(1,631.04)	0.00	0.00	0.00	(474.00)	0.00	3,528.96	0.00	3,528.96
4. Good Cents Environmental	0.00	5,200.70	(1,209.00)	(3,801.00)	0.00	0.00	(87.00)	0.00	103.70	0.00	103.70
5. Duct Leakage	0.00	2,121.95	(766.50)	0.00	(2,320.00)	0.00	(773.00)	0.00	(1,737.55)	0.00	(1,737.55)
6. Geothermal Heat Pump	0.00	(38,142.76)	43,391.29	(37,754.24)	(63,863.00)	0.00	(2,404.90)	0.00	(98,773.61)	0.00	(98,773.61)
7. Advanced Energy Management	0.00	(13,647.49)	34,118.03	0.00	0.00	(18,314.00)	(1,221.00)	0.00	935.54	0.00	935.54
8. Comm/Ind Good Cents Building	0.00	45,468.04	11,471.18	(16,912.71)	0.00	(5,569.00)	(5,569.00)	0.00	28,888.51	0.00	28,888.51
9. Comm/Ind E.A. & T.A.A.	0.00	(43,846.48)	33,614.92	0.00	0.00	(24,473.00)	(12,237.00)	(20,394.00)	(67,335.56)	0.00	(67,335.56)
10. Commercial Mail In Audit	0.00	11,220.26	15,583.87	0.00	0.00	(47,146.00)	0.00	0.00	(20,341.87)	0.00	(20,341.87)
11. Solar for Schools	0.00	(4,145.87)	(2,405.87)	0.00	0.00	0.00	0.00	0.00	(6,551.74)	0.00	(6,551.74)
12. Research & Development	54.68	0.00	(66,524.08)	0.00	0.00	0.00	0.00	27,210.52	(39,258.88)	0.00	(39,258.88)
13. Gas Research & Development	0.00	0.00	(5,023.47)	0.00	0.00	0.00	0.00	0.00	(5,023.47)	0.00	(5,023.47)
14. Residential Mail In Audit	0.00	6,633.77	2,939.14	0.00	0.00	0.00	0.00	0.00	9,572.91	0.00	9,572.91
	54.68	(11,706.07)	35,237.87	(80,155.46)	(66,183.00)	(96,113.00)	(25,888.27)	6,816.52	(237,937.13)	0.00	(237,937.13)

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
ACTUAL EXPENSES
For the Period: October, 1997 Through March, 1998

	Actual	Depre/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Incentives	Outside Services	Vehicles	Other	Sub-Total	Program Revenues	Total
1	Residential Energy Audit	0.00	135,859.92	12,861.75	19,996.32		0.00	1,227.20		169,945.19	0.00	169,945.19
2	Gulf Express	0.00	10,356.89	(110.35)	17,155.17			230.03		27,631.74	0.00	27,631.74
3	In Concert with the Environment	0.00	12,034.00	15,198.96						27,232.96	0.00	27,232.96
4	Good Cents Environmental	0.00	8,742.70							8,742.70	0.00	8,742.70
5	Duct Leakage	0.00	17,585.95	6.50						17,592.45	0.00	17,592.45
6	Geothermal Heat Pump	0.00	47,826.24	45,847.29	53,126.76			51.10		146,851.39	0.00	146,851.39
7	Advanced Energy Management	0.00	87,686.51	35,339.03						123,025.54	0.00	123,025.54
8	Comm/Ind Good Cents Building	0.00	199,834.04	15,184.18	3,507.29					214,525.51	0.00	214,525.51
9	Comm/Ind E.A. & T.A.A.	0.00	290,620.52	49,929.92						340,550.44	0.00	340,550.44
10	Commercial/Industrial Mail In Audit	0.00	11,220.26	15,583.87						26,804.13	0.00	26,804.13
11	Solar for Schools	0.00	2,059.13	91.13						3,050.26	0.00	3,050.26
12	Research & Development											
	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.	0.00								0.00		0.00
	Energy Education	2,316.78		121.15					20,438.09	22,876.02		22,876.02
	Commercial Technology	102.90		1.41					6,772.43	6,914.74		6,914.74
	PJC	0.00								0.00		0.00
	Closed Loop (Dentist)	0.00								0.00		0.00
	Closed Loop (Hotel)	0.00		214.13						214.13		214.13
	Van Norman	0.00		208.25						208.25		208.25
	Shores	0.00								0.00		0.00
	Swilley	0.00								0.00		0.00
	Slinky Loop	0.00		107.17						107.17		107.17
	GCCC	0.00								0.00		0.00
	H2O Pur	0.00		5,000.00						5,000.00		5,000.00
	Joe Ridge	0.00		267.11						267.11		267.11
	Jim Day	0.00								0.00		0.00
	Burger King	0.00								0.00		0.00
	Dr Taylor (Dentist)	0.00								0.00		0.00
	Bay Co. Schools	0.00		285.50						285.50		285.50
	Low Income Multi-Family	0.00		1,460.89						1,460.89		1,460.89
	MIDX	0.00		2,000.00						2,000.00		2,000.00
	Dunes	0.00		236.31						236.31		236.31
	Total	2,419.68	0.00	9,939.92	0.00	0.00	0.00	0.00	27,210.52	39,570.12		39,570.12
13	Gas Research & Development	0.00		35.53						35.53	0.00	35.53
14	Residential Mail In Audit	0.00	6,633.77	2,939.14						9,572.91	0.00	9,572.91
	Total	2,419.68	827,359.93	202,846.87	93,785.54	0.00	0.00	1,508.33	27,210.52	1,154,830.87	0.00	1,154,830.87

GULF POWER COMPANY

CONSERVATION COSTS Per PROGRAM
SUMMARY OF EXPENSES BY PROGRAM MONTH
For the Period: October 1997 Through March 1998

	PROGRAMS	OCTOBER	NOVEMBER	DECEMBER	Audit Adjustment	JANUARY	Residential Mail in Adjust	FEBRUARY	MARCH	TOTAL
1	Residential Energy Audits	37,891.71	32,873.78	29,614.83		24,683.43		20,392.21	24,189.23	169,645.19
2	Gulf Express	10,734.50	4,633.55	7,374.63		1,586.76		1,583.05	1,719.25	27,631.74
3	In Concert with the Environment	16,869.40	1,836.02	2,482.92		1,824.02		2,103.84	2,117.76	27,232.96
4	Good Cents Environmental	1,311.19	1,327.36	1,806.24		1,743.87		1,239.32	1,314.72	8,742.70
5	Duct Leakage	3,109.25	3,220.77	3,378.27		2,724.60		2,305.69	2,853.87	17,592.45
6	Geothermal Heat Pump	36,057.86	19,571.70	35,660.16		11,567.53		25,945.70	18,048.44	[illegible]
7	Advanced Energy Management	19,985.17	18,073.52	22,466.96		19,382.26		20,925.59	27,192.04	123,025.54
8	Comm/Ind Good Cents Bldg	35,940.32	38,846.39	45,811.56	(1,300.00)	26,589.57		32,367.59	36,250.08	214,525.51
9	Comm/Ind E.A. & T.A.A.	61,891.10	65,904.98	64,200.72	(208.85)	51,110.74		45,096.31	52,553.89	340,550.44
10	Commercial Mail In Audit	2,262.58	5,037.25	11,473.39		3,257.77		3,143.35	3,829.79	26,804.13
11	Solar for Schools	309.20	378.40	328.56		797.79		563.17	656.14	3,050.26
12	Research & Development									
	End Use Profiling									0.00
	Geothermal Heat Pump									0.00
	FCG									0.00
	Desiccant Dehum. H. P.									0.00
	Energy Education	3,654.70	3,663.07	4,109.53		3,883.34		3,750.52	3,794.66	22,876.02
	Commercial Technology	1,098.63	1,108.67	1,250.63		1,175.35		1,133.18	1,148.28	6,914.74
	PJC									0.00
	Closed Loop (Dentist)									0.00
	Sleep Inn		83.57	41.53		41.53		47.50		214.13
	Van Norman	29.27		115.99		4.01		58.98		208.25
	Shores									0.00
	Swilley									0.00
	Slinky Loop	65.18	31.50	10.49						107.17
	GCCC									0.00
	H2O Pur	5,000.00								5,000.00
	Joe Ridge		41.42	42.26		89.67		46.88	46.88	267.11
	Jim Day									0.00
	Burger King									0.00
	Dr. Taylor (Dentist)									0.00
	Bay Co. Schools								285.50	285.50
	Low Income Multi-Family	42.27	382.62	429.25		353.67		181.04	72.04	1,460.89
	MICX								2,000.00	2,000.00
	Dunes	5.96	61.68	68.84		59.12			40.71	236.31
		9,896.01	5,392.53	6,068.52	0.00	5,606.69	0.00	5,218.10	7,388.27	39,570.12
13	Gas Research & Development	35.53	0.00	0.00		0.00		0.00	0.00	35.53
14	Residential Mail in Audit						4,210.81	1,897.00	3,465.10	9,572.91
	Recoverable Conservation Expenses	236,310.82	195,095.25	230,666.31	(1,708.85)	150,875.03	4,210.81	163,002.92	176,378.58	1,154,830.87

GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
For the Period: October, 1997 through March, 1998

Conservation Revenues	OCTOBER	NOVEMBER	DECEMBER	Audit Adjustment	JANUARY	Residential Mail In Adjust	FEBRUARY	MARCH	TOTAL
1. a. Residential Conservation Audit Fees	0.00	0.00	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	0.00	0.00
c:	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conservation Adjustment Revenues	235,022.23	215,381.88	245,831.74		229,559.17		205,490.41	182,757.56	1,314,042.99
3. Total Revenues	235,022.23	215,381.88	245,831.74	0.00	229,559.17	0.00	205,490.41	182,757.56	1,314,042.99
4. Adjustment not Applicable to Period - Prior True Up	27,962.42	27,962.42	27,962.42		27,962.42		27,962.42	27,962.38	167,774.48
5. Conservation Revenues Applicable to Period	262,984.65	243,344.30	273,794.16	0.00	257,521.59	0.00	233,452.83	210,719.94	1,481,817.47
6. Conservation Expenses (Form CT-3 Page 8)	236,310.82	195,095.25	230,666.31	(1,708.85)	150,875.03	4,210.81	163,002.92	176,378.58	1,154,830.87
7. True Up this Period (Line 5 minus Line 6)	26,673.83	48,249.05	43,127.85	1,708.85	106,646.56	(4,210.81)	70,449.91	34,341.36	326,986.60
8. Interest Provision this Period (Page 10, Line 10)	3,654.68	3,738.81	3,914.22	57.48	4,120.32	(25.50)	4,323.57	4,475.93	24,265.51
9. True Up & Interest Provision Beginning of Month	793,702.34	796,068.43	820,093.87	839,173.52	840,939.85	923,750.31	919,514.00	966,325.06	793,702.34
10 Prior True Up Collected or Refunded	(27,962.42)	(27,962.42)	(27,962.42)	0.00	(27,962.42)	0.00	(27,962.42)	(27,962.38)	(167,774.48)
End of Period- Net True Up	796,068.43	820,093.87	839,173.52	840,939.85	923,750.31	919,514.00	966,325.06	977,179.97	977,179.97

Florida Public Service Commission
Docket No. 980002-EG
GULF POWER COMPANY
July 14, 1998
CT-3
Page 4 of 5

GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
For the Period: October, 1997 through March, 1998

Interest Provision	OCTOBER	NOVEMBER	DECEMBER	Audit Adjustment	JANUARY	Residential Mail In Adjust	FEBRUARY	MARCH	TOTAL
1. Beginning True up Amount	793,702.34	796,068.43	820,093.87		840,939.85		919,514.00	966,325.06	
2. Ending True up before Interest	792,413.75	816,355.06	835,259.30		919,623.99		962,001.49	972,704.04	
3. Total beginning & ending	1,586,116.09	1,612,423.49	1,655,353.17	0.00	1,760,563.84	0.00	1,881,515.49	1,939,029.10	
4. Average True up Amount	793,058.05	806,211.75	827,676.59	0.00	880,281.92	0.00	940,757.75	969,514.55	
5. Interest Rate First Day Reporting Business Month	5.5300	5.5300	5.6000	0.0000	5.7500	0.0000	5.5000	5.5300	
6. Interest Rate First Day Subsequent Business Month	5.5300	5.6000	5.7500	0.0000	5.5000	0.0000	5.5300	5.5500	
7. Total of Lines 5 and 6	11.0600	11.1300	11.3500	0.0000	11.2500	0.0000	11.0300	11.0800	
8. Average Interest rate (50% of Line 7)	5.5300	5.5650	5.6750	0.0000	5.6250	0.0000	5.5150	5.5400	
9. Monthly Average Interest Rate Line 8 \ 12	0.004608	0.004638	0.004729	0.000000	0.004688	0.000000	0.004596	0.004617	
10 Interest Provision (line 4 X 9)	3,654.68	3,738.81	3,914.22	57.48	4,126.32	(25.50)	4,323.57	4,475.93	24,265.51

Florida Public Service Commission
Docket No. 980002-EG
GULF POWER COMPANY
July 14, 1998
CT-3
Page 5 of 5

GULF POWER COMPANY

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

Line No.	Description	Beginning of Period	October	November	December	January	February	March	Total
1.	Investments (Net of Retirements)								
2.	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	
3.	Amortization Expense (A)		251.65	251.65	251.65	251.65	251.65	251.65	1,509.90
4.	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5.	Less: Accumulated Amortization	5,285	5,537	5,788	6,040	6,292	6,543	6,795	
6.	Net Investment	15,854	15,602	15,351	15,099	14,847	14,596	14,344	
7.	Average Net Investment		15,728	15,477	15,225	14,973	14,722	14,470	
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		140.08	137.84	135.60	133.36	131.12	128.88	806.88
10.	Total Amortization & Return (Line 3 + 9)		391.73	389.49	387.25	385.01	382.77	380.53	2,316.78

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

Florida Public Service Commission
Docket No. 980002-EG
GULF POWER COMPANY
July 14, 1998
CT-4
Page 1 of 2

GULF POWER COMPANY

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

Line No.	Description	Beginning of Period	October	November	December	January	February	March	Total
1.	Investments (Net of Retirements)								
2.	Amortization Base		939	939	939	939	939	939	
3.	Amortization Expense (A)		11.18	11.18	11.18	11.18	11.18	11.18	67.08
4.	Cumulative Investment	939	939	939	939	939	939	939	
5.	Less: Accumulated Amortization	235	246	257	269	280	291	302	
6.	Net Investment	704	693	682	670	659	648	637	
7.	Average Net Investment		698.41	687.23	676.05	664.87	653.69	642.51	
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		6.22	6.12	6.02	5.92	5.82	5.72	35.82
10.	Total Amortization & Return (Line 3 + 9)		17.40	17.30	17.20	17.10	17.00	16.90	102.90

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

Florida Public Service Commission
Docket No. 980002-EG
GULF POWER COMPANY
July 14, 1998
CT-4
Page 2 of 2

GULF POWER COMPANY

Reconciliation and Explanation of
Differences Between Filing and FPSC Audit
Report for Months, October, 1997, through March, 1998

(If no differences exist, please state.)

NO DIFFERENCES

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 Accomplishments: 1,500 residential energy audits were forecasted to be completed compared to 872 actual audits completed for a difference of 628 audits under projection.

Program Fiscal Expenditures: Forecasted expenses were $218,853 compared to actual expenses of $169,645 resulting in a deviation of $49,208 under budget. The deviation is the result of lower than expected demand for the program.

Program Progress Summary: Since the approval of this program Gulf has performed 124,428 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: Residential Mail-In Audits

Program Description: The Residential Mail-In Audit Program is a direct mail energy auditing program. This program will supplement Gulf's existing Residential Energy Audit program and will assist in the evaluation of the specific energy requirements of a residential dwelling. Homeowners 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, and other details regarding their lifestyles. The audit results package will be returned to the customer and will include targeted, timely information about energy conservation opportunities specific to each dwelling.

Program Accomplishments: 14 audits were conducted using this process during the reporting period.

Program Fiscal Expenditures: This program was approved August 5, 1997. The program had not been approved at the last projection filing, therefore, there are no expenses projected for this period. However, actual expenses were $9,573.

Program Progress Summary: This program was approved on August 5, 1997. There have been 25 mail-in audits completed program-to-date.

Program Description and Progress

Program Title: Gulf Express Loan Program

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

Program Accomplishments: New loans were discontinued as of second quarter, 1997.

Program Fiscal Expenditures: Forecasted expenses were $20,368 compared to actual expenses of $27,632 resulting in a deviation of $7,264 over budget. The expenses are over budget due to a delay in advertising billing from first and second quarter, 1997.

Program Progress Summary: Since the approval of the program, Gulf has completed 1,953 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 Accomplishments: In Concert With The Environment was presented to no students during this recovery period compared to a projection of 1,500 students. This deviation is due to a lack of response from the schools primarily because many schools already have environmental units incorporated into the curriculum and scheduling conflicts.

Program Fiscal Expenditures: Expenses for the period ending March, 1998, were projected at $23,704 compared to actual expenses of $27,233 for a deviation of $3,529 over budget. These expenses are over budget due to a program fee occurring at the contract signing in October, 1997.

Program Summary: Since the approval of the program, 4,378 students have completed 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 Accomplishments: During the recovery period, no Good Cents Environmental Homes were constructed compared to a goal of 5 units. Gulf Power has maintained the availability of this program to our builders and customers, however, we have not advertised and promoted this program in an active manner.

Program Fiscal Expenditures: Expenses for the period ending March, 1998, are $8,743. Projected expenses were $8,639 for a deviation of $104 above budget.

Program Description and Progress

Program Title: Duct Leakage Repair

Program Description: The program provides 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 Accomplishments: During the this recovery period, 3 Duct Leakage Repair units were completed compared to a goal of 50 units. Gulf Power will maintain the availability of this program to our builders and customers, however, we will not advertise and promote this program in an active manner.

Program Fiscal Expenditures: Projected expenses were $19,330 compared to actual expenses of $17,592 for a deviation of $1,738 under budget. This program is under budget due to lower than expected participation rate in the program.

Program Progress Summary: Program-to-date, 13 Duct Leakage Repair units have been completed. 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 Accomplishments: During this recovery period, 84 Geothermal Heat Pump units were installed compared to a goal of 100 units. This results in a deviation of 16 units under goal. This program is under projection due to lower than expected participation rate in the program.

Program Fiscal Expenditures: Projected expenses for the period were $245,625 compared to actual expenses of $146,851 for a deviation of $98,774 under budget. This program is under budget due to lower than expected participation rate resulting in fewer incentive payments and other expenses.

Program Progress Summary: Program progress to date has been related primarily to education, training, and program development. 205 units have been installed program-to-date.

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 Accomplishments: During this period, 4,675 customers were projected for the program. However, at this time the 180 customers from the TranstexT pilot and 2 prototype customers are the only participating customers in the program. During this recovery period, no units were installed. Startup of the program was delayed pending a final order in Docket No. 941172-EG which caused a delay in Gulf's issuance of an AEM equipment RFP. Once the RFP was issued, the contract negotiation process took longer than expected in order to insure that Gulf received the best possible AEM technological solution and the best price. The AEM contract was awarded in September, 1996, and AEM equipment was scheduled to be delivered June of 1997. Equipment delays have pushed the equipment delivery and installations to the third quarter, 1998. Gulf is aware that its near term residential conservation goals have been adversely impacted, but the process has produced the most cost-effective AEM solution that is currently possible. In the longer term, Gulf fully expects to catch up on a cumulative basis in subsequent periods.

Program Fiscal Expenditures: Expenses were projected at $122,090 compared to actual expenses of $123,026 for a deviation of $935 over budget. The originally projected expenses were revised in the January, 1998, projection filing to better reflect the program's progress.

Program Progress Summary: The AEM equipment and installation are expected during the third quarter of 1998.

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 Accomplishments: The goal during the current period was 117 installations compared to actual installations of 128 for a difference of 11 or 9% above goal. This increase is attributed to an increase in new construction of commercial buildings. Additionally, more time was required in many instances to educate the builder, developer and/or owner on the newest technologies available to them. This ensures that the customer is aware of all possible energy savings for the future.

Program Fiscal Expenditures: Forecasted expenses were $185,637 compared to actual expenses of $214,526 for a deviation of $28,889. This deviation is in line with the actual increase in installations of new Good Cents buildings as mentioned in the above paragraph. As our customers are becoming more educated on the new technologies available to them (through our efforts or by accessing information electronically) they are also requiring more technical support from us. This in turn causes an increase in our labor dollars spent.

Program Progress Summary: A total of 7,340 commercial/industrial buildings have qualified for the Good Cents designation 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 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 Accomplishments: During the period ending March, 1998, our goal was 183 while actual results were 60. This deviation is primarily due to the development of the commercial mail-in audit program. Customers began receiving audit surveys through the mail at the end of June, 1997. This has reduced the number of on-site audits performed by field representatives. Even though this program is under goal, the combined results of this program and the Commercial Mail-in audit program exceed the audit results from the same six month period last year.

Program Fiscal Expenditures: Forecasted expenses were $407,886 compared to actual expenses of $340,550 for a deviation of $67,336 under budget. This program is under budget due to the development of the mail-in audit. The mail-in audit has reduced the number of on-site audit requests.

Program Progress Summary: A total of 10,807 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 is supplementing Gulf's existing Commercial/Industrial Energy Audit program and is assisting 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 is returned to the customer and includes targeted, timely information about energy conservation opportunities specific to each business type and geographic area.

Program Accomplishments: In this period, 476 mail-in audits have been completed compared to a projection of 500 audits.

Program Fiscal Expenditures: Projected expenses for the period were $47,146 compared to actual expenses of $26,804 resulting in a deviation of $20,342 under budget. This deviation is due to reduced developmental costs. Gulf was able to do some in-house programming cheaper than purchasing parts of the program from an outside vendor.

Program Progress Summary: To-date, 789 mail-in audits have been completed.

Program Description and Progress

Program Title: Solar for Schools Pilot

Program Description: The program combines the installation of solar technologies in participating school facilities with energy conservation education of students. The program is funded in part through funds collected through a "green pricing" mechanism.

Program Accomplishments: During the period, Gulf continued evaluating various implementation options and continued developing the "green pricing" billing mechanism and promotion plan. One middle school is participating in the program and the optional "green pricing" billing mechanism began in Fall, 1996. Through the end of this period, $13,209 has been collected through the "green pricing" mechanism. However, additional funding is necessary to enhance the initial project or begin a new solar project.

Program Fiscal Expenditures: Projected expenses for the period were $9,602 compared to actual expenses of $3,050 for a deviation of $6,552 below budget. This program is below budget in labor and materials due to the delay of a new project pending additional funding.

Program Progress Summary: Gulf Power completed the project with the Florida Energy Extension Service on a prototype Solar for Schools installation at the Ferry Pass Middle School in Pensacola, FL. The installation was completed during the second quarter of 1996. Experience gained at this site will be used to design future Solar for Schools installations.

Gulf began solicitation for the $1.75 monthly voluntary Solar for Schools contribution during September, 1996. As of March, 1998, 379 customers were signed up to contribute to this program. Extensive promotion of this program has been delayed due to the delayed implementation of Gulf's new billing system.

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 project.

The Efficiency Store - Energy Education program is designed to help achieve the conservation goals. The Efficiency Store 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.

The Efficiency Store - Commercial Technology Demonstration is intended to provide 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 commercial 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.

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 Northwest Florida or Florida to our knowledge. The results will reveal if this ground loop performs as well as the most common "vertical loop" in extracting and rejecting heat with the earth.

The system consist of an AT028 (2.3 tons) in a 2000 square feet 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 feet trenches with 600 feet of pipe per trench.

Another purpose is loop cost reduction potential. The projected savings on loop installation cost is $1000 versus a vertical loop for the same unit. If the unit performs, the cost reduction will result in increased geothermal installations.

This project will also result in 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 a underground closed loop piping system. The job 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 & cooling in the office/lobby area and room/laundry hot water needs 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, but Gulf has not received the needed special equipment from the manufacturer at the close of this filing.

The Dunes - Is a project intended to monitor two heat pump water heaters in a hotel. 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.

Jim Day Project - Is a geothermal system which provides heating and cooling in a residential environment. This project also includes a geothermal heat pump water heater. The indoor air temperature, relative humidity, as well as ground loop temperatures are monitored along with the kilowatt hour usage for the geothermal system. Additionally, the geothermal heat pump water heater's water temperature is monitored as well as the kilowatt hour usage, water consumption, and ground loop temperatures.

Joe Ridge Project - Is a residential study which includes a geothermal heat pump with a built in heat recovery unit, a geothermal pool heater and a conventional air to air heat pump. This project was designed to study the efficiency of a geothermal pool heater and the built in heat recovery unit. The indoor air temperature, relative humidity, kilowatt hour consumption, water consumption and ground loop temperatures are monitored. Additionally, the pool temperatures and water heating temperatures are included in the study.

Bay County Schools - Lucille Moore Elementary - Is a comparative study designed to illustrate the efficiency and demand reduction versus the conventional 10 S.E.E.R. air source systems. One six ton geothermal unit and one six ton air to air heat pump was installed in identical instructional areas in an elementary school. This study monitors the demand and kilowatt hour consumption. Also the environmental issues such as temperature and humidity are monitored as well. This study will also determine the reliability and maintenance reductions associated with the geothermal systems.

Low Income Multi-Family Housing Project - This is the first low income CDD project associated with Gulf Power Company. This project was designed to illustrate the efficiency of the geothermal systems compared to the existing heating and cooling systems. The project will demonstrate the reduction in maintenance cost to the facility and improve the quality of life for the tenants. This comparative study includes: three apartments retrofitted with geothermal equipment versus three identical structures with the existing heating and cooling equipment. KWh and water heating consumption is monitored for the comparison. Further, the indoor temperatures and ground loop temperatures are monitored also.

H_2O Purification This project is designed to test the reliability of ozone as an alternative to chlorine as a disinfectant. The ozone alternative is environmentally sensitive and would allow Panama City to reduce the amount of chlorine kept in storage. The ozone project will test the different types of installation schemes as well as the optimum ozone dosages needed to remove hydrogen sulfide gas and tannic acid through ozone injection.

Burger King - Is a comparative study between gas fryers and electric fryers and the effects on the cooking environment and energy consumption. Monitored equipment in the two Burger King's include: air conditioning, indoor temperatures, relative humidity, kWh, kW demand and of course the fryers. This study will determine which fryer reduces heat within the cooking environment and reduces consumption on the total facility.

Dr. Taylor - This commercial project is also a comparative study designed to illustrate the reduction of kW demand between geothermal heat pumps and air to air heat pumps. Dr. Taylor's office is located next to Dr. Schwartz's office (previously mentioned this report). The two offices were constructed to the exact same specification. The general office building includes 10 tons of high efficient air to air heat pumps and hot water heating to be examined.

MIOX - This project is a study to determine the dosage rates for the MIOX process to disinfect the water system for Panama City Beach, Florida. Panama City Beach is considering two proposals, ozonation and MIOX. MIOX is a mixed oxidant technology which electrolytically produces a combination of oxidants for disinfection. The MIOX system uses sodium chloride (coarse solar salt), water and electricity to generate the oxidant solution on-site which is then collected into a tank and injected at rates appropriate to meat the treatment objectives.

Program Fiscal Expenditures: Program expenses were forecasted at $78,829 compared to actual expenses of $39,570 for a deviation of $39,259 under budget. Project expenses were as follows: End-Use Profiling, $0; Geothermal Heat Pump, $0; Efficiency Store - Energy Education, $22,876.02; Efficiency Store - Commercial Technology, $6,914.74; Slinky Loop Mat Heat Pump, $107.17; H_2O Purification - $5,000; Joe Ridge - $267.11; Jim Day - $0; Burger King, $0; Closed Loop - Dentist Office, $0; Closed Loop - Hotel, $214.13; Van Norman Project, $208.25; Doctor Taylor (Dentist) - $0; Bay County Schools - $285.50; Low Income Multi-Family - $1,460.89; The Dunes, $236.31; and MIOX project - $2,000.

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. One of the projects was cancelled, and Gulf has completed two of the three active projects. The remaining project is:

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.

Program Fiscal Expenditures: Expenses were projected to be $5,059 compared to actual expenses of $36 for a deviation of $5,023. All projects, except the Triathlon Gas Heat Pump project, have been completed and reports have been submitted to the FPSC. The Triathlon project is expected to be completed second quarter, 1998.