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Pensacola, Florida 32520

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ORIGINAL



October 9, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
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 the following:

1. Petition of Gulf Power Company for Approval of the Final Conservation Cost Recovery True-up Amounts* for October 1997 through March 1998; Estimated Conservation Cost Recovery True-up Amounts for April 1998 through December 1998; Projected Conservation Cost Recovery Amounts for January 1999 through December 1999; and the Conservation Cost Recovery Factor to be Applied Beginning with the Period January 1999 through December 1999.
2. Prepared direct testimony and exhibit of M. D. Neyman. *11374-98*

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 NT based computer.

ACK _____
 AFA *Handwritten*
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 SEC *1*
 WAS _____
 DTH _____

Sincerely,
Susan D. Cranmer
 Susan D. Cranmer
 Assistant Secretary and Assistant Treasurer

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

Petition
 DOCUMENT NUMBER - DATE
11373 OCT 12 98
 FPSC-RECORDS/REPORTING

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 9th day of October 1998 to the following:

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ORIGINAL

GULF POWER COMPANY

DIRECT TESTIMONY AND
EXHIBIT OF
MARGARET D. NEYMAN

DOCKET 980002-EG
October 12, 1998

DOCUMENT NUMBER-DATE

11371 OCT 12 88

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony of
4 Margaret D. Neyman
5 Docket No. 980002-EG
6 October 12, 1998

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 One Energy Place, Pensacola, Florida 32520. I am
11 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
17 Q. Have you verified, that to the best of your knowledge
18 and belief, this information is correct?

19 A. Yes, I have.

20
21 Counsel: We ask that Ms. Neyman's exhibit consisting
22 of 5 Schedules be marked for identification as:
23 Exhibit No. ____ (MDN-2).
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 will address projections for approved programs during
9 the January, 1999, through December, 1999, recovery
10 period and the results of those programs during the
11 recovery period, April, 1998, through December, 1998,
12 (4 months actual, 5 months estimated).

13
14 Q. Would you summarize for this Commission the deviations
15 resulting from the actual expenditures from April
16 through July of the current recovery period?

17 A. Projected expenses for the period were \$829,468
18 compared to actual expenses of \$801,894 for a
19 difference of \$27,574 or 3.32% 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
24
25

1 Q. Would you describe the results achieved by the programs
2 during the current period, April, 1998, through July,
3 1998?

4 A. A detailed summary of results for each program is
5 contained in my Schedule C-5, pages 1 through 18.

6

7 Q. Would you summarize the conservation program cost
8 projections for the January, 1999 through December,
9 1999 recovery period?

10 A. Program costs for the recovery period are projected to
11 be \$2,288,183. These costs are broken down as follows:
12 depreciation/amortization and return, \$480,565;
13 payroll/benefits, \$1,541,532; materials/expenses,
14 \$608,450; advertising, \$347,313; and vehicles, \$55,818;
15 all of which are offset by program revenues, \$366,930.
16 More detail is contained in my Schedule C-2.

17

18 Q. Would you review the expected results for your programs
19 during the January, 1999, through December, 1999,
20 recovery period?

21 A. The following is a synopsis of each program goal:

22 (1) Residential Energy Audits - During the period,
23 2,000 audits are projected to be completed. These
24 audits emphasize selling customers on making
25 conservation improvements.

- 1 (2) Residential Mail-In Audit - This is a direct mail
2 energy auditing program. This program builds on
3 the success of Gulf's existing Residential Energy
4 Audit program and will assist in the evaluation of
5 the specific energy requirements of a residential
6 dwelling. Gulf expects 1,000 participants during
7 the projection period.
- 8 (3) Gulf Express Loan Program - This program is no
9 longer accepting new loans. No units are
10 projected during this period. The projected costs
11 are for the administration of existing loans.
- 12 (4) In Concert With The Environment - This energy
13 awareness program is being presented to 8th and
14 9th grade students as a supplement to the
15 residential audit program. During the period,
16 1,000 students are projected to receive the
17 presentation.
- 18 (5) Duct Leakage Repair - The object of the program is
19 to provide the customer with a means to identify
20 house air duct leakage and recommend repairs that
21 can reduce customer kWh energy usage and kW
22 demand. During the period, 20 homes are projected
23 to participate in this program.
- 24 (6) Geothermal Heat Pump - The objective of this
25 program is to reduce the demand and energy

1 requirements of new and existing residential
2 customers through the promotion and installation
3 of geothermal systems. During the projection
4 period, 400 customers are expected to participate
5 in the program.

6 (8) Residential Advanced Energy Management - The
7 program is designed to provide the customer with a
8 means of conveniently and automatically
9 controlling and monitoring his/her energy
10 purchases in response to prices that vary during
11 the day and by season in relation to the Company's
12 cost of producing or purchasing energy. The AEM
13 system includes field units utilizing a
14 communication gateway, a radio frequency (RF)
15 based Local Area Network (LAN), major appliance
16 load control relays, and a proprietary,
17 programmable thermostat (Superstat), all operating
18 at the customer's home. This program will be
19 marketed under the name "GoodCents Select."

20
21 Gulf expects 6,750 customers to participate in
22 this program by the end of this projection period.
23 The startup of the program has been delayed
24 because of several factors. Please refer to M.D.
25 Neyman testimony, Docket No. 980002-EG, January

1 13, 1998, for a detailed explanation of the
2 factors contributing to the delay in full
3 implementation.

4
5 The expected prototype units have been delivered,
6 but the production units have been delayed due to
7 failures of electronic components during testing.
8 Gulf now estimates production units will not
9 arrive until late 1998.

10
11 Despite the unpreventable delays that have
12 occurred, Gulf still believes that the AEM System
13 is a viable program. Gulf's near term residential
14 conservation goals have been adversely impacted as
15 a result of the delays in implementing AEM, but
16 the process has produced the most cost-effective
17 solution that is currently possible.

18
19 Gulf is modifying its schedule for market
20 implementation as a result of the delays, and
21 plans to increase the number of units deployed
22 during the years 1999 to 2003 to still accomplish
23 the basic program objective of achieving a total
24 of 80,000 kilowatts of peak demand reduction by
25 year end 2004.

- 1 (9) GoodCents Building - This program includes both
2 new and existing commercial customers. For the
3 period, 215 installations are projected.
4 Implementation strategies will concentrate on
5 architects, engineers, developers and other
6 decision makers in the construction process.
- 7 (10) Energy Audits and Technical Assistance Audits -
8 Gulf projects 156 audits for the period. Emphasis
9 will be placed on audits for large, complex
10 commercial customers such as hospitals, hotels and
11 office buildings. These audits will focus on the
12 benefits of alternative technologies such as heat
13 pump water heaters and geothermal technologies.
- 14 (11) Commercial/Industrial Mail-In Audit - This is a
15 direct mail energy auditing program. This program
16 builds on the success of Gulf's existing
17 Commercial/Industrial Energy Audit program and
18 will assist in the evaluation of the specific
19 energy requirements of a given business type.
20 Gulf expects 950 participants during the
21 projection period.
- 22 (12) Solar for Schools Pilot - This program uses "green
23 pricing" to fund solar technologies in public
24 schools. It also incorporates a school-based
25 energy education component as well as enhanced

1 security lighting for schools. During the
2 projection period, Gulf will continue evaluating
3 various implementation options for Solar for
4 School. In addition, Gulf will develop and
5 implement a "green pricing" promotion plan.

6 (13) Conservation Demonstration and Development -

7 For this period, 16 research projects have been
8 identified. A detailed description of each
9 project is in Schedule C-2.

10

11 Q. Ms. Neyman, what amount does Gulf propose to bill for
12 the months January, 1999, through December, 1999, as
13 Energy Conservation Cost Recovery factors?

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

16

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

18 A. Yes, it does.

19

20

21

22

23

24

25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

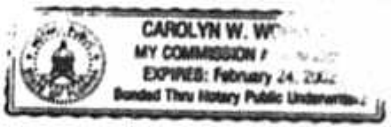
Docket No. 980002-EG

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
Margaret D. Neyman
Marketing Services Manager

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

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



INDEX

Schedule Number	Title	Pages
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GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
SUMMARY OF COST RECOVERY CLAUSE CALCULATION

For the Period: January, 1999 Through December, 1999

	\$
1. Total Program Costs (Schedule C-2, Page 1 of 8, Line 16)	2,666,748
2. True Up (Schedule C-3, Page 6 of 7)	(786,723)
3. Total (Line 1 + Line 2)	1,880,025
4. Cost Subject to Revenue Taxes	1,880,025
5. Revenue Tax	1,015,97
6. Total Recoverable Cost	1,910,049
<p>Program costs are split in proportion to the current period split of demand-related (14.20%) and energy-related (85.80%) 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	1,910,049
8. Energy Related Costs	1,638,822
9. Demand Related Costs (total)	271,227
10. Demand Costs Allocated on 12 CP	250,364
11. Demand Costs Allocated on 1/13 th	20,863

GULF POWER COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 January, 1999 Through December, 1999

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor at Meter	Jan 99 - Dec 99 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	Jan 99 - Dec 99 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	57.217702%	4,459,450,000	889,706.54	1.1019333	1.0766175	4,801,121,910	980,397.26	46.70811%	55.63020%
GS, GST	57.820776%	244,417,000	48,255.12	1.1019255	1.0766135	263,142,642	53,173.55	2.56001%	3.01720%
GSD, GSDT	72.316857%	2,165,465,000	341,827.91	1.1016647	1.0764011	2,330,908,908	376,579.74	22.67645%	21.36808%
LP, LPT	85.738506%	1,027,179,000	136,762.21	1.0601470	1.0444167	1,072,802,901	144,988.05	10.43686%	8.22699%
PX, PXT, RTP, SBS	97.623712%	1,652,635,000	193,249.12	1.0313379	1.0235079	1,691,484,978	199,305.14	16.45576%	11.30907%
OS-I, OS-II	299.917227%	82,331,000	3,133.70	1.1020255	1.0766162	88,638,888	3,453.42	0.86233%	0.19596%
OS-III	98.962375%	25,315,000	2,920.14	1.1024447	1.0766529	27,255,468	3,219.29	0.26516%	0.18267%
OS-IV	34.482597%	3,372,000	1,116.31	1.1024447	1.0766529	3,630,474	1,230.67	0.03532%	0.06983%
TOTAL	67.948463%	9,660,164,000	1,616,971.05			10,278,986,169	1,762,347.12	100.00000%	100.00000%

Notes:

Col A - Average 12 CP load factor based on actual 1997 load research data.
 Col C - 8,760 is the number of hours in 12 months

Florida Public Service Commission
 Docket No. 980002-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
January, 1999 Through December, 1999

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	46.70811%	55.63020%	\$139,278	\$9,746	\$765,462	\$914,486	4,459,450,000	0.021
GS, GST	2.56001%	3.01720%	7,554	534	41,954	50,042	244,417,000	0.020
GSD, GSDT	22.67645%	21.36808%	53,498	4,731	371,628	429,857	2,165,465,000	0.020
LP, LPT	10.43686%	8.22699%	20,597	2,177	171,042	193,816	1,027,179,000	0.019
PX, PXT, RTP, SBS	16.45576%	11.30907%	28,314	3,433	269,681	301,428	1,652,635,000	0.018
OS-I, OS-II	0.86233%	0.19596%	491	180	14,132	14,803	82,331,000	0.018
OS-III	0.26516%	0.18267%	457	55	4,346	4,858	25,315,000	0.019
OS-IV	0.03532%	0.06983%	175	7	579	761	3,372,000	0.023
TOTAL			\$250,364	\$20,863	\$1,638,824	\$1,910,051	9,660,164,000	

- 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 January 1999 through December 1999
- H Col F / G

Note: Totals may not add due to rounding

GULF POWER COMPANY

ESTIMATED CONSERVATION PROGRAM COSTS
For the Period January, 1999 Through December, 1999

Actual	Depre/Amort & Return	Payroll & Benefits	Materials & Expenses	Outside Services	Advertising	Incentives	Vehicles	Other	Program Revenues	TOTAL
1 Residential Energy Audits	0	253,319	13,400		100,500		8,183			375,402
2 Gulf Express	0	3,492	6,900							10,382
3 In Concert with The Environment	0	20,619	1,000							21,619
4 Good Cents Environmental	0	0								0
5 Duct Leakage	0	0	500							500
6 Geothermal Heat Pump	0	144,755	71,800		111,688		5,877			334,120
7 Advanced Energy Management	476,229	362,083	220,080		50,000		15,569		366,930	757,131
8 Comm/Ind Good Cents Bldg	0	147,868	9,170		25,125		12,686			194,827
9 Comm/Ind E A & T A A	0	531,654	64,400		10,000		13,413			619,477
10 Commercial Mail In Audit	0	25,375	65,000							90,375
11 Solar for Schools	0	6,088	500							6,588
12 Research & Development	4,336	0	154,700							159,036
13 Gas Research	0	0								0
14 Residential Mail In Audit	0	48,281	1,000		50,000					97,281
15 Total All Programs	480,565	1,541,532	608,450	0	347,313	0	55,818	0	366,930	2,666,748
16 Less Base Rate Recovery	0	0	0	0	0	0	0	0	0	0
17 Net Program Costs	480,565	1,541,532	608,450	0	347,313	0	55,818	0	366,930	2,666,748

Florida Public Service Commission
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GULF POWER COMPANY
Witness: Margaret D. Neyman
Exhibit No. _____ (MDN-2)
Schedule C-2
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GULF POWER COMPANY

ESTIMATED CONSERVATION PROGRAM COSTS
For the Period January 1999 Through December 1999

PROGRAMS	JAN	FEB	MAR	APR	MAY	JUN	6 MONTH TOTAL					12 MONTH TOTAL	DEMAND COSTS	ENERGY COSTS	
							JAN	FEB	MAR	APR	MAY				JUN
1 Res Serial Energy Audits	31,284	31,284	31,284	31,284	31,284	31,284	187,704	31,284	31,284	31,284	31,284	31,284	187,698	375,402	375,402
2 Gulf Express	866	866	866	866	866	866	5,196	866	866	866	866	866	5,196	10,392	10,392
3 In Concert with the Environment	1,802	1,802	1,802	1,802	1,802	1,802	10,812	1,802	1,802	1,802	1,802	1,797	10,807	21,619	21,619
4 Good Cents Environmental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Duct Leakage	42	42	42	42	42	42	252	42	42	42	42	38	248	500	500
6 Geothermal Heat Pump	27,843	27,843	27,843	27,843	27,843	27,843	167,058	27,843	27,843	27,843	27,843	27,847	167,062	334,120	334,120
7 Advanced Energy Management	63,094	63,094	63,094	63,094	63,094	63,094	378,564	63,094	63,094	63,094	63,094	63,097	378,567	757,131	378,566
8 Comm/Ind Good Cents Bldg	16,236	16,236	16,236	16,236	16,236	16,236	97,416	16,236	16,236	16,236	16,236	16,231	97,411	194,827	194,827
9 Comm/Ind E.A. & T.A.	51,623	51,623	51,623	51,623	51,623	51,623	309,738	51,623	51,623	51,623	51,623	51,624	309,739	619,477	619,477
10 Commercial Mail In Audit	7,531	7,531	7,531	7,531	7,531	7,531	45,186	7,531	7,531	7,531	7,531	7,534	45,189	90,375	90,375
11 Solar for Schools	549	549	549	549	549	549	3,294	549	549	549	549	549	3,294	6,588	6,588
12 Research & Development	13,253	13,253	13,253	13,253	13,253	13,253	79,518	13,253	13,253	13,253	13,253	13,253	79,518	159,036	159,036
13 Gas Research	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Residential Mail In Audit	8,107	8,107	8,107	8,107	8,107	8,107	48,642	8,107	8,107	8,107	8,107	8,104	48,639	97,281	97,281
15 Total All Programs	222,230	222,230	222,230	222,230	222,230	222,230	1,333,380	222,230	222,230	222,230	222,230	222,218	1,333,368	2,666,748	2,288,183
16 Less Base Rate Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Recoverable Conservation Expenses	222,230	222,230	222,230	222,230	222,230	222,230	1,333,380	222,230	222,230	222,230	222,230	222,218	1,333,368	2,666,748	2,288,183

Florida Public Service Commission
Docket No. 980002-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 January, 1999 Through December, 1999

Line No	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Total
1	Investments (Net of Retirements)		421,875	421,875	421,875	421,875	421,875	421,875	2,531,250
2	Depreciation Base		1,375,050	1,796,925	2,218,800	2,640,675	3,062,550	3,484,425	
3	Depreciation Expense (A)		2,148	3,379	4,493	5,688	6,883	8,079	30,670
4	Cumulative Investment	1,010,550	1,375,050	1,796,925	2,218,800	2,640,675	3,062,550	3,484,425	
5	Less Accumulated Depreciation	716	2,864	6,243	10,736	16,424	23,307	31,386	
6	Net Investment	1,009,834	1,372,186	1,790,682	2,208,064	2,624,251	3,039,243	3,453,039	
7	Average Net Investment		2,382,020	3,162,868	1,999,373	2,416,158	2,831,747	3,246,141	
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		21,214	28,169	17,806	21,518	25,220	28,910	142,837
10	Total Depreciation & Return (Line 3 + 9)		2,148	31,548	22,299	27,206	32,103	36,989	152,293

Line No	Description	Beginning of Period	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments (Net of Retirements)		421,875	421,875	421,875	421,875	421,875	421,875	2,531,250
2	Depreciation Base		3,906,300	4,328,175	4,750,050	5,171,925	5,593,800	6,015,675	
3	Depreciation Expense (A)		9,274	10,469	11,664	12,859	14,054	15,250	73,570
4	Cumulative Investment	3,484,425	3,906,300	4,328,175	4,750,050	5,171,925	5,593,800	6,015,675	
5	Less Accumulated Depreciation	31,386	10,660	51,129	62,793	75,652	89,706	104,956	
6	Net Investment	3,453,039	3,865,640	4,277,046	4,687,257	5,096,273	5,504,094	5,910,719	
7	Average Net Investment		3,659,340	4,071,343	4,482,152	4,891,765	5,300,184	5,707,407	
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		32,590	36,259	39,918	43,566	47,203	50,830	250,366
10	Total Depreciation & Return (Line 3 + 9)		41,864	46,728	51,587	56,425	61,257	66,080	371,936

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
January, 1999 Through December, 1999

Line No.	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	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	9,059	9,311	9,563	9,815	10,067	10,319	10,571	
6	Net Investment	12,080	11,828	11,576	11,324	11,072	10,820	10,568	
7	Average Net Investment		11,954	11,702	11,450	11,198	10,946	10,694	
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		106	104	102	100	97	95	604
10	Total Amortization & Return (Line 3 + 9)		358	356	354	352	349	347	2,116

Line No.	Description	Beginning of Period	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	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	10,571	10,823	11,075	11,327	11,579	11,831	12,083	
6	Net Investment	10,568	10,316	10,064	9,812	9,560	9,308	9,056	
7	Average Net Investment		10,442	10,190	9,938	9,686	9,434	9,182	
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		93	91	89	86	84	82	525
10	Total Amortization & Return (Line 3 + 9)		345	343	341	338	336	334	2,037

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 January, 1999 Through December, 1999

Line No	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	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	402	413	424	435	446	457	468	
6	Net Investment	537	526	515	504	493	482	471	
7	Average Net Investment		532.00	521.00	510.00	499.00	488.00	477.00	
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		5	5	5	4	4	4	27
10	Total Amortization & Return (Line 3 + 9)		16	16	16	15	15	15	93

Line No	Description	Beginning of Period	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	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	468	479	490	501	512	523	534	
6	Net Investment	471	460	449	438	427	416	405	
7	Average Net Investment		466	455	444	433	422	411	
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		4	4	4	4	4	4	24
10	Total Amortization & Return (Line 3 + 9)		15	15	15	15	15	15	90

Notes

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

GULF POWER COMPANY

CONSERVATION PROGRAM LIST
 April 1998 Through July 1998 Actual
 August 1998 Through December 1998 Estimated

Actual	Capital Return & Depreciation	Payroll & Benefits	Materials & Expenses	(Subsidiary Services	Advertising	Incentives	Vehicles	Other	Program Revenues (Credits)	TOTAL
1 Residential Energy Audits										
a Actual	0	97,770	7,325	0	95,258	0	429	0	0	200,782
b Estimated	0	88,657	5,629	0	42,218	0	4,222	0	0	140,726
c Total	0	186,427	12,954	0	137,476	0	4,651	0	0	341,508
2 Gulf Express										
a Actual	0	(96)	(3,460)	0	0	0	80	0	0	(3,475)
b Estimated	0	3,009	2,891	0	0	0	(0)	0	0	5,899
c Total	0	2,913	(569)	0	0	0	80	0	0	2,424
3 In Concert with the Environment										
a Actual	0	7,907	0	0	0	0	0	0	0	7,907
b Estimated	0	6,732	2,537	0	0	0	488	0	0	9,757
c Total	0	14,639	2,537	0	0	0	488	0	0	17,664
4 Environmental Good Cents Home										
a Actual	0	0	0	0	0	0	0	0	0	0
b Estimated	0	7,573	242	0	0	0	242	0	0	8,057
c Total	0	7,573	242	0	0	0	242	0	0	8,057
5 Duct Leakage										
a Actual	0	5,802	0	0	0	0	0	0	0	5,802
b Estimated	0	13,443	1,107	0	0	474	791	0	0	15,815
c Total	0	19,245	1,107	0	0	474	791	0	0	21,617
6 Geothermal Heat Pump										
a Actual	0	20,954	15,470	0	15,043	0	18	0	0	51,484
b Estimated	0	42,454	3,266	0	63,661	52,251	1,633	0	0	163,286
c Total	0	63,408	18,736	0	78,724	52,251	1,651	0	0	214,770
7 Advanced Energy Management										
a Actual	0	62,273	46,603	0	0	0	0	0	0	108,877
b Estimated	116,931	116,930	108,579	0	2,088	0	6,264	0	141,967	208,804
c Total	116,931	179,203	155,182	0	2,088	0	6,264	0	141,967	317,681
8 Comm/Ind Good Cents Bldg										
a Actual	0	125,511	7,575	0	2,225	0	0	0	0	135,311
b Estimated	0	93,733	3,388	0	11,293	0	4,517	0	0	112,931
c Total	0	219,244	10,963	0	13,518	0	4,517	0	0	248,242
9 Comm/Ind E.A. & T.A.A										
a Actual	0	202,144	28,426	0	50	0	0	0	0	230,620
b Estimated	0	212,204	9,757	0	2,439	0	4,878	14,635	0	243,913
c Total	0	414,348	38,183	0	2,489	0	4,878	14,635	0	474,533
10 Commercial Mail in Audit										
a Actual	0	10,273	7,620	0	0	0	0	0	0	17,893
b Estimated	0	5,933	31,147	0	0	0	0	0	0	37,080
c Total	0	16,206	38,767	0	0	0	0	0	0	54,973
11 Solar for Schools										
a Actual	0	2,499	5,195	0	0	0	0	0	0	7,694
b Estimated	0	2,442	212	0	0	0	0	0	0	2,654
c Total	0	4,941	5,407	0	0	0	0	0	0	10,348
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 FCCG	0	0	0	0	0	0	0	0	0	0
d Actual Desiccant	0	0	0	0	0	0	0	0	0	0
e Actual Energy Education	1,500	0	0	0	0	0	0	13,034	0	14,534
f Actual Commercial Technology	67	0	0	0	0	0	0	4,319	0	4,386
g Actual PJC	0	0	0	0	0	0	0	0	0	0
h Actual Sinky Loop	0	0	0	0	0	0	0	0	0	0
i Actual Dunes	0	0	105	0	0	0	0	0	0	105
j Actual Van Norman	0	0	60	0	0	0	0	0	0	60
k Actual Shores	0	0	0	0	0	0	0	0	0	0
l Actual Sleep Inn	0	0	283	0	0	0	0	0	0	283
m Actual Closed Loop Dentist	0	0	0	0	0	0	0	0	0	0
n Actual GCCC	0	0	0	0	0	0	0	0	0	0
o Actual HQD Pur	0	0	0	0	0	0	0	0	0	0
p Actual Joe Ridge	0	0	148	0	0	0	0	0	0	148
q Actual Jim Day	0	0	0	0	0	0	0	0	0	0
r Actual Burger King	0	0	0	0	0	0	0	0	0	0
s Actual MIOX	0	0	78	0	0	0	0	0	0	78
t Actual Solar Light	0	0	2,717	0	0	0	0	0	0	2,717
u Actual Low Income Multi-Fam	0	0	890	0	0	0	0	0	0	890
v Estimated	1,890	0	16,942	0	0	0	0	67,770	0	86,602
w Total	3,456	0	21,222	0	0	0	0	85,124	0	109,802
13 Gas Research										
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
14 Residential Mail in Audit										
a Actual	0	11,565	4,234	0	0	0	0	0	0	15,800
b Estimated	0	7,223	21,668	0	0	0	0	0	0	28,893
c Total	0	18,788	25,902	0	0	0	0	0	0	44,693
15 Total All Programs	120,387	1,146,935	330,633	0	234,295	52,725	23,562	99,759	141,967	1,866,309

Florida Public Service Commission
 Docket No. 98002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. _____ (NON-2)
 Schedule C-3
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GULF POWER COMPANY

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

Line No	Beginning of Period	Actual April	Actual May	Actual June	Actual July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments (Net of Retirements)	0	0	0	0	0	0	0	505,275	505,275	
2	Depreciation Base	0	0	0	0	0	0	0	505,275	1,010,550	
3	Depreciation Expense (A)	0	0	0	0	0	0	0	0	716	716
4	Cumulative Investment	0	0	0	0	0	0	0	505,275	1,010,550	
5	Less: Accumulated Depreciation	0	0	0	0	0	0	0	0	716	
6	Net Investment	0	0	0	0	0	0	0	505,275	1,009,834	
7	Average Net Investment		0	0	0	0	0	0	252,638	757,555	
8	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	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	2,250	6,747	8,997
10	Total Depreciation & Return (Line 3 + 9)		0	0	0	0	0	0	2,250	7,463	9,713

Notes:

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

Florida Public Service Commission
 Docket No. 980002-BG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. ICMN-21
 Schedule C-1
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GULF POWER COMPANY

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

Line No	Description	Beginning of Period	Actual April	Actual May	Actual June	Actual July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments (Net of Retirements)		0	0	0	0	0	0	0	0	0	
2	Amortization Base		21,139	21,139	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
3	Amortization Expense (A)		252	252	252	252	252	252	252	252	252	2,268
4	Cumulative Investment	21,139	21,139	21,139	21,139	21,139	21,139	21,139	21,139	21,139	21,139	
5	Less: Accumulated Amortization	6,795	7,047	7,299	7,551	7,803	8,055	8,307	8,559	8,811	9,063	
6	Net Investment	14,344	14,092	13,840	13,588	13,336	13,084	12,832	12,580	12,328	12,076	
7	Average Net Investment		14,218	13,966	13,714	13,462	13,210	12,958	12,706	12,454	12,202	
8	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9	Return Requirement on Average Net Investment		127	124	122	120	118	115	113	111	109	1,059
10	Total Amortization & Return (Line 3 + 9)		379	376	374	372	370	367	365	363	361	3,327

Notes:

(A) 1995 Additions Amortized over 7 Year Period, No additions in 1996 and 1997

(B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 980002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. (MCN-2)
 Schedule C-3
 Page 3 of 7

GULF POWER COMPANY

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

Line No	Description	Beginning of Period	Actual April	Actual May	Actual June	Actual July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments (Net of Retirements)		0	0	0	0	0	0	0	0	0	
2	Amortization Base		939	939	939	939	939	939	939	939	939	
3	Amortization Expense (A)		11	11	11	11	11	11	11	11	11	99
4	Cumulative Investment	939	939	939	939	939	939	939	939	939	939	
5	Less: Accumulated Amortization	302	313	324	335	346	357	368	379	390	401	
6	Net Investment	637	626	615	604	593	582	571	560	549	538	
7	Average Net Investment		632	621	610	599	588	577	566	555	544	
8	Rate of Return / 12 (Including Income Taxes) (B)		0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	0.8906%	
9	Return Requirement on Average Net Investment		6	6	5	5	5	5	5	5	5	47
10	Total Amortization & Return (Line 3 + 9)		17	17	16	16	16	16	16	16	16	146

Notes:

(A) 1995 Additions Amortized over 7 Year Period; No additions in 1996 and 1997

(B) Revenue Requirement Return is 10.6872%

Florida Public Service Commission
 Docket No. 980002-EG
 GULF POWER COMPANY
 Witness: Margaret D. Neyman
 Exhibit No. (MIN-2)
 Schedule C-3
 Page 4 of 7

GULF POWER COMPANY
CONSERVATION PROGRAM COSTS FOR
April 1998 Through July 1998 Actual
August 1998 Through December 1998 Estimated

	APR	MAY	ACTUAL JUNE	JULY	TOTAL	AUG	SEP	ESTIMATED			TOTAL	TOTAL ACTUAL & ESTIMATED
								OCT	NOV	DEC		
1 Residential Energy Audits	30,501.77	68,001.02	57,580.33	44,698.72	200,781.84	28,145.00	28,145.00	28,145.00	28,145.00	28,145.00	140,725.00	341,506.84
2 Gulf Express	(7,008.27)	888.37	205.71	2,438.67	(3,475.32)	1,180.00	1,180.00	1,180.00	1,180.00	1,180.00	5,900.00	2,424.68
3 In Concert with the Environment	1,815.25	1,959.58	1,783.13	2,348.93	7,906.89	1,951.00	1,951.00	1,951.00	1,951.00	1,952.00	9,756.00	17,662.89
4 Good Cents Environmental					0.00	1,611.00	1,611.00	1,611.00	1,611.00	1,612.00	8,056.00	8,056.00
5 Duct Leakage	2,560.68	2,714.73	851.73	(324.67)	5,802.47	3,163.00	3,163.00	3,163.00	3,163.00	3,163.00	15,815.00	21,617.47
6 Geothermal Heat Pump	10,689.91	15,577.46	13,776.12	11,440.92	51,484.41	32,657.00	32,657.00	32,657.00	32,657.00	32,657.00	163,285.00	214,769.41
7 Advanced Energy Management	21,161.05	27,294.95	25,479.88	34,937.75	108,876.63	32,062.00	36,922.00	41,772.00	46,610.00	51,439.00	208,805.00	317,681.63
8 Comm/Ind Good Cents Bldg	40,485.51	25,412.49	36,964.99	32,448.17	135,311.16	22,586.00	22,586.00	22,586.00	22,586.00	22,587.00	112,931.00	248,242.16
9 Comm/Ind E A & T A A	58,014.40	56,488.54	53,711.42	62,405.43	230,619.79	48,783.00	48,783.00	48,783.00	48,783.00	48,781.00	243,913.00	474,532.79
10 Commercial Mail In Audit	3,036.14	2,579.25	6,890.74	5,386.59	17,892.72	7,416.00	7,416.00	7,416.00	7,416.00	7,416.00	37,080.00	54,972.72
11 Solar for Schools	637.71	657.20	3,360.29	3,038.61	7,693.81	531.00	531.00	531.00	531.00	530.00	2,654.00	10,347.81
12 Research & Development					0.00	17,320.00	17,320.00	17,320.00	17,320.00	17,321.00	86,601.00	109,801.01
End Use Profing					0.00							
Geothermal Heat Pump					0.00							
FCG					0.00							
Desiccant Denum. H. P.					0.00							
Energy Education	3,655.20	3,646.34	3,655.20	3,577.34	14,534.08							
Commercial Technology	1,102.66	1,100.37	1,103.95	1,078.79	4,385.77							
PJC					0.00							
Sinky Loop Mat H. P.					0.00							
Dunes	33.75	38.45	32.98		105.18							
Van Norman			32.47	27.24	59.71							
Shores					0.00							
Sleep Inn	94.46	45.19	91.06	51.91	282.62							
Closed Loop Dental					0.00							
GCCC					0.00							
H2O Pur					0.00							
Joe Ridge	47.03	47.03	7.18	47.03	148.27							
Jim Day					0.00							
Burger King					0.00							
MORA			78.09		78.09							
Solar Light			2,716.53		2,716.53							
Low Income Multi-Fam	110.92	496.79	230.94	51.11	889.76							
13 Gas Research					0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14 Residential Mail In Audit	6,059.68	2,901.12	4,367.26	2,471.54	15,799.60	5,778.00	5,778.00	5,778.00	5,778.00	5,778.00	28,890.00	44,689.60
15 Total All Programs	173,000.85	209,848.88	212,920.00	206,124.28	801,894.01	203,183.00	208,043.00	212,893.00	217,731.00	222,561.00	1,064,411.00	1,866,305.01
16 Less Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
17 Net Recoverable Expenses	173,000.85	209,848.88	212,920.00	206,124.28	801,894.01	203,183.00	208,043.00	212,893.00	217,731.00	222,561.00	1,064,411.00	1,866,305.01

GULF POWER COMPANY

ENERGY CONSERVATION ADJUSTMENT
For the Period April 1998 through December, 1998

	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ESTIMATED AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
Conservation Revenues										
1 a Residential Conservation Audit Fees	0.00	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	0.00
c	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2 Conservation Adjustment Revenues	120,223.73	161,536.85	185,441.44	194,070.01	182,861.79	154,319.14	127,724.74	119,155.09	141,065.24	998,452.95
3 Total Revenues	120,223.73	161,536.85	185,441.44	194,070.01	182,861.79	154,319.14	127,724.74	119,155.09	141,065.24	998,452.95
4 Adjustment not Applicable to Period - Prior True Up	67,646.58	67,646.58	67,646.58	67,646.58	67,646.58	67,646.58	135,293.16	135,293.16	135,293.20	811,759.00
5 Conservation Revenues Applicable to Period	187,870.31	229,183.43	253,088.02	261,716.59	250,508.37	221,965.72	263,017.90	254,448.25	276,358.44	1,404,332.43
6 Conservation Expenses (Form C-3 Page 3 of 5)	173,000.85	209,848.88	212,920.00	206,124.28	203,183.00	208,043.00	212,893.00	217,731.00	222,561.00	1,866,305.01
7 True Up this Period (Line 5 minus Line 6)	14,869.46	19,334.55	40,168.02	55,592.31	47,325.37	13,922.72	50,124.90	36,717.25	53,797.44	191,212.42
8 Interest Provision this Period (Page 10, Line 10)	4,389.49	4,157.56	4,027.91	3,976.49	3,905.66	3,752.22	3,447.84	3,038.14	2,635.05	24,209.33
9 True Up & Interest Provision Beginning of Month	977,179.97	928,792.34	884,637.87	861,187.22	853,109.44	836,893.89	796,722.24	705,001.82	609,464.05	977,179.97
10 Prior True Up Collected or Refunded	(67,646.58)	(67,646.58)	(67,646.58)	(67,646.58)	(67,646.58)	(67,646.58)	(135,293.16)	(135,293.16)	(135,293.20)	(405,879.48)
End of Period- Net True Up	928,792.34	884,637.87	861,187.22	853,109.44	836,893.89	796,722.24	705,001.82	609,464.05	530,603.33	786,722.24

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ENERGY CONSERVATION ADJUSTMENT
For the Period April, 1998 through December, 1998

Interest Provision	APRIL	MAY	ACTUAL JUNE	ACTUAL JULY	ESTIMATED AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
1 Beginning True up Amount	977,179.97	928,792.34	884,637.87	861,187.22	853,109.44	836,693.89	786,722.24	705,001.82	609,464.05	
2 Ending True up before interest	924,402.85	880,480.31	857,159.31	849,132.55	832,788.23	782,970.02	701,553.98	606,425.91	527,968.28	
3 Total beginning & ending	1,901,582.82	1,809,272.65	1,741,797.18	1,710,320.17	1,685,897.67	1,619,663.91	1,488,276.22	1,311,427.72	1,137,432.33	
4 Average True up Amount	950,791.41	904,636.33	870,898.59	855,160.09	842,948.83	809,031.96	744,138.11	655,713.86	568,716.16	
5 Interest Rate First Day Reporting Business Month	5.5500	5.5300	5.5000	5.6000	5.5600	5.5600	5.5600	5.5600	5.5600	
6 Interest Rate First Day Subsequent Business Month	5.5300	5.5000	5.6000	5.5600	5.5600	5.5600	5.5600	5.5600	5.5600	
7 Total of Lines 5 and 6	11.0800	11.0300	11.1000	11.1600	11.1200	11.1200	11.1200	11.1200	11.1200	
8 Average Interest rate (50% of Line 7)	5.5400	5.5150	5.5500	5.5800	5.5600	5.5600	5.5600	5.5600	5.5600	
9 Monthly Average Interest Rate Line 8 X 12	0.004617	0.004596	0.004625	0.004650	0.004633	0.004633	0.004633	0.004633	0.004633	
10 Interest Provision (line 4 X 9)	4,389.49	4,157.56	4,027.91	3,976.49	3,905.66	3,752.22	3,447.84	3,038.14	2,635.05	24,209.33

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CALCULATION OF CONSERVATION REVENUES
For the Period: October, 1998 Through December, 1999

	Month	MWH Sales (Net of 3rd Party)	Base Revenue (\$/KWH)	Clause Revenue Net of Revenue Taxes (\$)
1.	8/98	965,184	-	182,862.85
2.	9/98	818,092	-	154,319.14
3.	10/98	680,660	-	127,738.20
4.	11/98	634,082	-	119,155.62
5.	12/98	746,341	-	141,065.24
6.	01/99	815,528	-	161,303.34
7.	02/99	652,575	-	128,241.53
8.	03/99	699,401	-	137,217.26
9.	04/99	660,431	-	127,131.82
10.	05/99	839,901	-	164,621.01
11.	06/99	961,815	-	190,196.19
12.	07/99	998,604	-	197,447.27
13.	08/99	1,002,758	-	198,383.29
14.	09/99	876,757	-	172,658.84
15.	10/99	702,363	-	137,244.44
16.	11/99	659,098	-	129,020.54
17.	12/99	790,933	-	156,053.24

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 January, 1999, through December, 1999, we expect to achieve 2,000 audits and incur expenses totaling \$375,402.

Program Accomplishments: 613 audits were conducted during the period compared to a budget of 889 for a deviation of 276 audits.

Program Fiscal Expenditures: Actual expenses were \$200,782 compared to a budget of \$151,780 for a difference of \$49,002 or 32.3% above budget.

Program Progress Summary: Since the approval of this program Gulf has performed 125,041 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 Projections: For the period January, 1999, through December, 1999, we expect to achieve 1,000 audits and incur expenses totaling \$69,336.

Program Accomplishments: 240 audits were conducted using this process during the reporting period compared to a goal of 445 for a deviation of 205 mail-in audits.

Program Fiscal Expenditures: Forecasted expenses were \$19,862 compared to actual expenses of \$15,800, resulting in \$4,062 or 20.5% below budget.

Program Progress Summary: This program was approved on August 5, 1997. Since then, there have been 265 mail-in audits conducted.

Program Description and Progress

Program Title: Gulf Express Loan Program

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

Program Projections: This program is no longer accepting new loans. Program projections will no longer be made for this program.

Program Accomplishments: There were no new loans during this period. New loans in this program were discontinued as of second quarter, 1997.

Program Fiscal Expenditures: Forecasted expenses for administrative costs were \$1,078 compared to actual expenses of (\$3,475). Actual expenses are negative due to some previous charges being journaled out of the program during this period. All future expenses will be for the administration of existing loans.

Program Progress Summary: During the implementation of the permanent loan program, Gulf 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 Projections: In Concert With The Environment is projected to be presented to 1,000 students during the period. We expect to incur \$21,619 in total expenses.

Program Accomplishments: In Concert With The Environment was not presented to any students during the months of April through July, 1998.

Program Fiscal Expenditures: Expenses for the 4 months ending July, 1998, are \$7,907 compared to a budget of \$7,850. This results in a deviation of \$57 over budget.

Program Progress Summary: Since the beginning of the program, 4,378 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 no Good Cents Environmental Homes to be completed. This program has been evaluated and Gulf is no longer promoting this as a stand alone program.

Program Accomplishments: During this recovery period, no Good Cents Environmental Homes were constructed. This program was approved in October, 1996, as part of the conservation programs in Gulf's Demand-Side Management Plan, Docket 941172-EI. However, it has experienced very little acceptance with builders because of added cost of materials, availability problems with materials, and current public attitudes toward environmental issues. Gulf Power will maintain the availability of this program to our builders and customers, however, we no longer actively advertise and promote this program.

Program Fiscal Expenditures: For the period April, 1998, through December, 1998, \$8,056 was forecasted. However, due to the program status, no expenses have been incurred and none are expected during the remaining portion of the period.

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: This program design results from Gulf Power's 1992 HVAC Duct and Infiltration (Blower Door) Pilot Program. The object of the 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 20 customers will participate in the Duct Leakage Repair program during the January, 1999, through December, 1999, time period and that it will incur \$500 in expenses.

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. No customers participated in the Duct Leakage Repair program during this period.

Program Fiscal Expenditures: Projected expenses were \$9,608 compared to actual expenses of \$5,802 for a deviation of \$3,806 below goal.

Program Progress Summary: Program activities have related to education, training, and program development. Since the program's beginning, 13 customers have participated in the program.

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 geothermal systems.

Program Projections: Gulf estimates the installation of 400 units during this projection period and expenses of \$334,120. Gulf's program implementation will include promotion, education, training, and guaranteed heating and cooling costs for new and existing home customers. Gulf's program also offers a \$250 incentive to multi-family customers.

Program Accomplishments: During this recovery period, 37 Geothermal Heat Pump units were installed.

Program Fiscal Expenditures: Expenses were projected to be \$95,453 compared to actual expenses of \$51,484 for a deviation of \$43,969 or 45.7 below budget.

Program Progress Summary: To date, 581 units have been completed.

Program Description and Progress

Program Title: Advanced Energy Management (Marketed under the name GoodCents Select.)

Program Description: 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, 6,750 customers are expected to participate in this program. The program expenses are projected to be \$476,229 in depreciation and amortization; \$362,083, payroll; \$220,080, materials; \$50,000, advertising; and \$15,669, vehicles. These expenses will be offset by projected program revenues of \$366,930.

Program Accomplishments: Gulf has experienced delays in receiving working prototypes and production equipment from the vendor. To date, no production units have been installed.

Program Fiscal Expenditures: This program has projected expenses of \$141,192 for the period April through July, 1998 with actual expenses of \$108,877. This results in a deviation of \$32,315 or 22.8% below budget. The program is below budget due to the delay in receiving the prototype and production units from the vendor. However, Gulf expects to catch-up on a cumulative basis as the program progresses.

Program Progress Summary: Equipment and installation is expected to commence late in the fourth 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 Projections: For the period January, 1999, through December, 1999, we expect to achieve 215 GoodCents Buildings and incur expenses totaling \$194,827.

Program Accomplishments: Our goal during the current period was 73 installations compared to actual installations of 78 for a difference of 5 above goal.

Program Fiscal Expenditures: Forecasted expenses were \$110,330 compared to actual expenses of \$135,311 for a deviation of \$24,981 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 7,418 commercial buildings have qualified for the GoodCents 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, January, 1999 through December, 1999, we expect to achieve 156 audits and incur expenses totaling \$619,477.

Program Accomplishments: During this period the goal was 79 while actual results were 57 for a difference of 22 below goal.

Program Fiscal Expenditures: Forecasted expenses were \$210,904 compared to actual expenses of \$230,620 for a deviation of \$19,716 over budget. This program is over budget due to more time being spent on each audit than anticipated.

Program Progress Summary: A total of 10,864 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 950 customers participate in the Commercial Mail-in Audit during the period and incur expenses of \$90,375.

Program Accomplishments: In this period, 409 mail-in audits have been completed compared. This program has had a high degree of acceptance and continues to be a successful supplement to Gulf's Energy Audit/Technical Assistance Audit.

Program Fiscal Expenditures: This program incurred actual expenses of \$17,893 compared to a budget of 24,432 for a deviation of 6,539 or 26.8% under goal.

Program Progress Summary: This program was approved by the FPSC on January 7, 1997, Docket No. 960897-EI. To date, 1198 mail-in audits have been completed.

Program Description and Progress

Program Title: Solar for Schools Pilot

Program Description: Gulf Power is working with the Florida Energy Extension Service on the Solar for Schools Program design and implementation. The program combines the installation of solar technologies in participating school facilities with energy conservation education of students.

Program Projections: During the projection period, Gulf will be evaluating various implementation options and will develop and implement a "green pricing" promotion plan.

Program Accomplishments: During the period, Gulf continued evaluating various implementation options and developed and implemented the "green pricing" billing mechanism. The initial "green pricing" solicitation began during September, 1996. One middle school is participating in the program and a solar light is currently being installed at an additional school. The optional "green pricing" billing mechanism has resulted in 365 customers participating with \$15,803 being received program-to-date.

Program Fiscal Expenditures: Projected expenses for the period were \$4,560 compared to actual expenses of \$7,694 for a deviation of \$3,134 over goal.

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:

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. While this is an on-going research project, there were no expenses or activities for this project during this period.

The Efficiency Store - Energy Education - 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.

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 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.

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.

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 meet the treatment objectives.

Solar Light - Gulf Power Company is presently testing a solar Photovoltaic light at our Pine Forest facility. The solar light will be monitored for energy consumption and peak demand savings as well as the actual lumen for the security light. A successful test would result in using this light in our Solar for Schools program. This particular light did not use funding from the Solar for Schools Program, however we did use funds from the Conservation Demonstration and Development program.

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Program Fiscal Expenditures: Program expenses were forecasted at \$48,800 compared to actual expenses of \$23,200 for a deviation of \$25,600 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: Efficiency Store - Energy Education, \$14,534.08; Efficiency Store - Commercial Technology, \$4,385.77; Van Norman, \$59.71; The Sleep In, \$282.62; The Dunes, \$105.18; Joe Ridge, \$148.27; Low Income Multi-family, \$889.76; Solar Light, \$2,716.53; MIOX, \$78.09.