



October 4, 2001

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket No. 010002-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. *12676-01*
- 2. Prepared direct testimony and exhibit of Michael J. McCarthy. *12677-01*

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in WordPerfect for Windows 8 format as prepared on a Windows NT based computer.

Sincerely,

Susan D. Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Enclosures

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

APP _____
 CAF _____
 CMP _____
 COM *5/18* _____
 CTR _____
 ECR _____
 LEG _____
 OPC _____
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 SEC _____
 SER _____
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

DOCKET NO. 010002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
MICHAEL J. MCCARTHY**

**Projection
JANUARY – DECEMBER 2002**

**True-up
JANUARY - AUGUST 2001
Actual
SEPTEMBER - DECEMBER 2001
Estimated**

October 5, 2001



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

12677 OCT-50

FPSC-COMMISSION CLERK

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibits of
4 Michael J. McCarthy
5 Docket No. 010002-EG
6 October 5, 2001

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

9 A. My name is Michael J. McCarthy and my business address
10 is One Energy Place, Pensacola, Florida 32520. I am
11 employed by Gulf Power Company as the Economic
12 Evaluation and Market Reporting Team Leader.

13 Q. Have you testified before this Commission previous to
14 this filing?

15 A. Yes, I have. I have testified in Docket No. 971006-EG
16 pertaining to Gulf Power Company's Demand-Side
17 Management Plan and previously in the Energy
18 Conservation Cost Recovery Docket.

19
20 Q. Are you familiar with the schedules for the Energy
21 Conservation Cost Recovery Clause?

22 A. Yes, I am.
23
24
25

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

3 A. Yes, I have.
4

5 Counsel: We ask that Mr. McCarthy's exhibit
6 consisting of 5 Schedules be marked for
7 identification as: Exhibit No. ____ (MJM-2).
8

9 Q. Mr. McCarthy, for what purpose are you appearing before
10 this Commission today?

11 A. I am testifying before this Commission on behalf of
12 Gulf Power Company regarding matters related to the
13 Energy Conservation Cost Recovery Clause and to answer
14 any questions concerning the accounting treatment of
15 conservation costs in this filing. Specifically, I
16 will address projections for approved programs during
17 the January, 2002, through December, 2002, recovery
18 period and the anticipated results of those programs
19 during the current recovery period, January, 2001,
20 through December, 2001, (8 months actual, 4 months
21 estimated).
22
23
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25

1 Q. Would you summarize for this Commission the deviations
2 resulting from the actual expenditures for January
3 through August of the current recovery period?

4 A. Projected expenses for the first eight months of the
5 period were \$2,736,352 compared to actual expenses of
6 \$3,211,266 for a difference of \$474,914 or 17.4% over
7 budget. A detailed summary of all program expenses is
8 contained in my Schedule C-3, pages 1 and 3 and my
9 Schedule C-5, pages 1 through 15.

10

11 Q. Have you provided a description of the results achieved
12 so far this year by the programs during the period,
13 January, 2001, through August, 2001?

14 A. Yes. A detailed summary of year-to-date results for
15 each program is contained in my Schedule C-5, pages 1
16 through 15.

17

18 Q. Would you summarize the conservation program cost
19 projections for the January, 2002 through December,
20 2002 recovery period?

21 A. Program costs for the recovery period are projected to
22 be \$5,022,328. These costs are broken down as follows:
23 depreciation/amortization and return on investment,
24 \$1,040,240; payroll/benefits, \$1,896,140;
25 materials/expenses, \$1,845,450; and advertising,

1 \$588,325; all of which are partially offset by program
2 revenues of \$347,827. More detail is contained in my
3 Schedule C-2.

4

5 Q. Would you review the expected results for your on-going
6 programs during the January, 2002, through December,
7 2002, recovery period?

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

9 (1) Residential Energy Audits - During the period,
10 1,350 audits are projected to be completed. These
11 audits encourage customers to make conservation
12 improvements. Two hundred of these audits will be
13 targeted toward the low-income customers and will
14 be conducted through contract arrangements with
15 Weatherization Assistance Providers (WAPs).

16 (2) Gulf Express Loan Program - No new loans have been
17 accepted in this program since 1997. No units are
18 projected during this period. The projected costs
19 are for the administration of existing loans.

20 (3) Duct Leakage Repair - The object of the program is
21 to provide the customer with a means to identify
22 house air duct leakage and to recommend repairs
23 that can reduce customer kWh energy usage and kW
24 demand. Gulf Power projects that 40 customers will
25 receive the duct leakage repair evaluation during

1 the projection period.

2 (4) Geothermal Heat Pump - The object of this program
3 is to reduce the demand and energy requirements of
4 new and existing residential customers through the
5 promotion and installation of geothermal systems.
6 During the projection period, 50 customers are
7 expected to participate in the program.

8 (5) GoodCents Select - This program is designed to
9 provide the customer with a means of conveniently and
10 automatically controlling and monitoring energy
11 purchases in response to prices that vary during the
12 day and by season in relation to Gulf Power Company's
13 cost of producing or purchasing energy. The **GoodCents**
14 *Select* system includes field units utilizing a
15 communication gateway, a radio frequency based Local
16 Area Network, major appliance load control relays,
17 and a programmable thermostat (Superstat), all
18 operating at the customer's home.

19 The startup of the program was delayed
20 because of several issues outlined in Ms. Neyman's
21 testimony in Docket No. 980002-EG dated January
22 13, 1998. As a result of the delays and current
23 participation levels, the schedule for market
24 implementation has been modified from the original
25 projection in the Demand-side Management Plan.

1 Gulf Power now projects 3,000 installations
2 annually for 2002 and the remainder of the plan.
3 Gulf Power reviewed and revised its projection for
4 program participation in 2000. A more detailed
5 summary of the revised participation rates is
6 given in M. J. McCarthy's testimony in Docket No.
7 000002-EG dated September 27, 2000.

8 (6) GoodCents Building - This program includes both
9 new and existing commercial customers. For the
10 projection period, 174 installations are expected.
11 Implementation strategies will concentrate on
12 architects, engineers, developers and other
13 decision makers in the construction process.

14 (7) Energy Audits and Technical Assistance Audits -
15 Gulf Power projects 137 audits for 2002. Emphasis
16 will be placed on audits for large, complex
17 commercial customers such as hospitals, hotels and
18 office buildings. These audits will focus on the
19 benefits of alternative technologies such as heat
20 pump water heaters and geothermal technologies.

21 (8) Commercial/Industrial Mail-In Audit - This is a
22 direct mail energy auditing program. This program
23 builds on the success of Gulf Power's existing
24 Commercial/Industrial Energy Audit program and
25 will assist in the evaluation of the specific

1 energy requirements of a given business type.
2 Gulf Power expects 621 participants during the
3 projection period.

4 (9) Conservation Demonstration and Development -
5 For this period, 21 research projects have been
6 identified. A detailed description of each
7 project is in Schedule C-2.

8 (10) Residential Mail-In Audit - This is a direct mail
9 energy auditing program. This program builds on
10 the success of Gulf Power's existing Residential
11 Energy Audit program and will assist in the
12 evaluation of the specific energy requirements of
13 a residential dwelling. Gulf Power expects 200
14 participants during the projection period.

15

16 Q. Mr. McCarthy, have there been any significant deviations
17 in any existing program that will have a significant
18 affect on the amount being requested for recovery?

19 A. Yes. In the **GoodCents** Select program, Gulf Power has
20 incurred more expenses for materials and advertising in
21 the initial roll-out phase of the program than
22 originally anticipated. The additional materials
23 expenses relate to the current contract with the
24 installation vendor. Gulf Power is examining the
25 current terms of the installation contract to realign

1 Q. Mr. McCarthy, does this conclude your testimony?

2 A. Yes, it does.

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AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

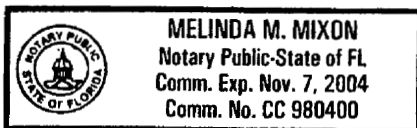
Docket No. 010002-EG

Before me the undersigned authority, personally appeared Michael J. McCarthy, who being first duly sworn, deposes and says that he is the Economic Evaluation and Marketing Reporting Team Leader of Gulf Power Company, a Maine Corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.


Michael J. McCarthy
Economic Evaluation and Marketing
Reporting Team Leader

Sworn to and subscribed before me this 2nd day of October, 2001.


Notary Public, State of Florida at Large



INDEX

Schedule Number	Title	Pages
C-1	Summary of Cost Recovery Clause Calculation	1-3
C-2	Projected Program Costs for January, 2002 - December, 2002	4-6
C-3	Conservation Program Costs for January, 2001 - August, 2001 Actual September, 2001 - December, 2001 Estimated	7-11
C-4	Calculation of Conservation Revenues	12
C-5	Program Descriptions and Progress Reports	13-27

GULF POWER COMPANY

ENERGY CONSERVATION CLAUSE
SUMMARY OF PROJECTED COST RECOVERY CLAUSE CALCULATION

For the Period: January, 2002 Through December, 2002

	<u>\$</u>
1. Net Program Costs: Projected for 2002 (Schedule C-2 Page 1 of 3, Line 18)	5,022,328
2. True Up: Estimated 2001 (Jan-Aug Actual; Sep-Dec Est.) (Schedule C-3, Page 6 of 7)	<u>1,044,914</u>
3. Total (Line 1 + Line 2)	<u><u>6,067,242</u></u>
4. Cost Subject to Revenue Taxes	6,067,242
5. Revenue Tax	<u>1,015,970</u>
6. Total Recoverable Cost	<u><u>6,164,136</u></u>

Program costs are split in proportion to the current period split of demand-related and energy-related costs, see below. The allocation of projected 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.

7. Total Cost	6,164,136
8. Energy Related Costs	4,363,387
9. Demand Related Costs (total)	1,800,749
10. Demand Costs Allocated on 12 CP	1,662,230
11. Demand Costs Allocated on 1/13 th	138,519

	Energy \$	Demand \$	Total	Energy	Demand	Total Recoverable Costs Including Revenue Taxes
	\$	Half of GCS \$	\$	\$	\$	\$
12. Est/Actual 2001	3,505,004	1,820,217	5,325,221	698,746	362,855	1,061,601
13. Percentage	65.82%	34.18%	100.00%			
14. Projected 2002	3,607,045	1,415,283	5,022,328	3,664,641	1,437,894	5,102,535
15. Percentage	71.82%	28.18%	100.00%			
16. Total				<u>4,363,387</u>	<u>1,800,749</u>	<u>6,164,136</u>

GULF POWER COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 January, 2002 Through December, 2002

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor at Meter	Jan 2002 - Dec 2002 Projected KWH Sales at Meter	Projected Avg 12 CP KW at Meter	Demand Loss Expansion Factor	Energy Loss Expansion Factor	Jan 2002 - Dec 2002 Projected KWH Sales at Generation	Projected Avg 12 CP KW at Generation	Percentage of KWH Sales at Generation	Percentage of 12 CP KW Demand at Generation
RS, RST, RSVP	58.269848%	4,769,844,000	934,450.25	1.1019333	1.0766175	5,135,297,523	1,029,701.85	46.93328%	55.92950%
GS, GST	58.862369%	286,366,000	55,536.64	1.1019255	1.0766135	308,305,502	61,197.24	2.81771%	3.32400%
GSD, GSDT	77.395927%	2,261,421,000	333,548.67	1.1016647	1.0764011	2,434,196,052	367,458.80	22.24697%	19.95897%
LP, LPT	85.767459%	1,898,666,000	252,709.71	1.0601470	1.0444167	1,982,998,478	267,909.44	18.12331%	14.55183%
PX, PXT, RTP, SBS	98.930621%	922,324,000	106,426.23	1.0313379	1.0235079	944,005,900	109,761.40	8.62760%	5.96182%
OS-I, OS-II	979.964079%	94,076,000	1,095.88	1.1020255	1.0766162	101,283,746	1,207.69	0.92567%	0.06560%
OS-III	100.678498%	29,100,000	3,299.53	1.1024447	1.0766529	31,330,599	3,637.55	0.28634%	0.19758%
OS-IV	254.007949%	3,976,000	178.69	1.1024447	1.0766529	4,280,772	197.00	0.03912%	0.01070%
TOTAL		<u>10,265,773,000</u>	<u>1,687,245.60</u>			<u>10,941,698,572</u>	<u>1,841,070.97</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

Col A : Average 12 CP load factor based on actual 1999 load research data.
 Col C = Col B / (8760 hours x Col A), 8,760 is the number of hours in 12 months.
 Col F = Col B x Col E
 Col G = Col C x Col D
 Col H = Col F / Total Col F
 Col I = Col G / Total Col G

GULF POWER COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 January, 2002 Through December, 2002

Rate Class	A	B	C	D	E	F	G	H
<u>Rate Class</u>	<u>Percentage of KWH Sales at Generation</u>	<u>Percentage of 12 CP KW Demand at Generation</u>	<u>Demand Allocation 12CP</u>	<u>1/13 th</u>	<u>Energy Allocation</u>	<u>Total Conservation Costs</u>	<u>Projected KWH Sales at Meter</u>	<u>Conservation Recovery Factor cents per KWH</u>
RS, RST, RSVP	46.93328%	55.92950%	\$929,677	\$65,012	\$2,047,880	\$3,042,569	4,769,844,000	0.064
GS, GST	2.81771%	3.32400%	55,253	3,903	122,948	182,104	286,366,000	0.064
GSD, GSdT	22.24697%	19.95897%	331,764	30,816	970,721	1,333,301	2,261,421,000	0.059
LP, LPT	18.12331%	14.55183%	241,885	25,104	790,790	1,057,779	1,898,666,000	0.056
PX, PXT, RTP, SBS	8.62760%	5.96182%	99,099	11,951	376,456	487,506	922,324,000	0.053
OS-I, OS-II	0.92567%	0.06560%	1,090	1,282	40,391	42,763	94,076,000	0.045
OS-III	0.28634%	0.19758%	3,284	397	12,494	16,175	29,100,000	0.056
OS-IV	0.03912%	0.01070%	178	54	1,707	1,939	3,976,000	0.049
TOTAL	100.00000%	100.00000%	\$1,662,230	\$138,519	\$4,363,387	\$6,164,136	10,265,773,000	

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 2002 through December 2002
 H Col F / G

GULF POWER COMPANY

PROJECTED CONSERVATION PROGRAM NET COSTS
For the Period January, 2002 Through December, 2002

Actual	Depreciation, Return & Property Taxes	Payroll & Benefits	Materials Vehicles & Expenses	Other	Advertising	Incentives	Total Costs	Program Revenues	Net Costs
1. Residential Energy Audits	0	264,203	59,553	0	100,200	0	423,956	0	423,956
2. Gulf Express	0	0	4,000	0	0	0	4,000	0	4,000
3. In Concert with the Environment	0	0	0	0	0	0	0	0	0
4. Environmental Good Cents Home	0	0	0	0	0	0	0	0	0
5. Duct Leakage	0	1,200	2,400	0	0	0	3,600	0	3,600
6. Geothermal Heat Pump	0	141,251	104,266	0	112,500	0	358,017	0	358,017
7. Good Cents Select	1,040,240	540,432	1,297,721	0	300,000	0	3,178,393	347,827	2,830,566
8. Comm/Ind Good Cents Bldg	0	384,345	53,179	0	18,625	0	456,149	0	456,149
9. Comm/Ind E.A. & T.A.A.	0	493,212	105,279	0	4,000	0	602,491	0	602,491
10. Commercial Mail In Audit	0	33,193	15,395	0	0	0	48,588	0	48,588
11. Solar for Schools	0	2,962	300	0	0	0	3,262	0	3,262
12. Research & Development	0	0	165,800	0	0	0	165,800	0	165,800
13. Residential Mail In Audit	0	24,498	6,395	0	50,000	0	80,893	0	80,893
14. Earth Cents	0	10,844	6,162	0	3,000	0	20,006	0	20,006
15. Green Pricing	0	0	25,000	0	0	0	25,000	0	25,000
16. Total All Programs	1,040,240	1,896,140	1,845,450	0	588,325	0	5,370,155	347,827	5,022,328
17. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0
18. Net Program Costs	1,040,240	1,896,140	1,845,450	0	588,325	0	5,370,155	347,827	5,022,328

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GULF POWER COMPANY

PROJECTED CONSERVATION PROGRAM NET COSTS
For the Period January, 2002 Through December, 2002

PROGRAMS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	12 MONTH TOTAL	DEMAND COSTS	ENERGY COSTS
1. Residential Energy Audits	24,692	26,039	28,162	29,756	41,805	33,190	34,784	36,391	37,964	39,311	50,031	41,831	423,956	0	423,956
2. Gulf Express	120	160	200	240	280	320	360	400	440	480	480	520	4,000	0	4,000
3. In Concert with the Environment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Good Cents Environmental	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Duct Leakage	300	300	300	300	300	300	300	300	300	300	300	300	3,600	0	3,600
6. Geothermal Heat Pump	17,152	19,218	21,699	23,857	31,563	28,265	30,423	32,590	34,734	36,800	42,451	39,265	358,017	0	358,017
7. Good Cents Select	192,525	197,812	204,370	212,064	242,684	229,843	237,514	245,323	252,758	258,003	285,850	271,615	2,830,566	1,415,283	1,415,283
8. Comm/Ind Good Cents Bldg	31,354	31,749	33,282	33,937	49,717	35,507	36,162	36,825	37,465	37,858	53,257	39,036	456,149	0	456,149
9. Comm/Ind E.A. & T A A.	41,434	41,812	43,637	44,394	65,153	47,038	47,793	48,572	49,293	50,672	70,519	52,174	602,491	0	602,491
10. Commercial Mail In Audit	2,978	3,083	3,269	3,426	4,898	3,791	3,947	4,120	4,249	4,353	5,745	4,729	48,588	0	48,588
11. Solar for Schools	246	246	255	255	369	255	255	255	255	255	369	247	3,262	0	3,262
12. Research & Development	6,170	6,720	7,270	8,908	11,633	13,270	14,908	16,546	18,183	18,733	20,908	22,551	165,800	0	165,800
13. Residential Mail In Audit	3,561	4,076	4,647	5,214	6,759	6,399	6,965	7,548	8,087	8,601	9,656	9,380	80,893	0	80,893
14. Earth Cents	1,099	1,174	1,283	1,375	1,485	1,995	1,669	1,761	1,853	1,928	2,380	2,004	20,006	0	20,006
15. Green Pricing	750	1,000	1,250	1,500	1,750	2,000	2,250	2,500	2,750	3,000	3,000	3,250	25,000	0	25,000
16. Total All Programs	322,381	333,389	349,624	365,226	458,596	402,173	417,330	433,131	448,331	460,294	544,946	486,902	5,022,328	1,415,283	3,607,045
17. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18. Recoverable Conservation Expenses	322,381	333,389	349,624	365,226	458,596	402,173	417,330	433,131	448,331	460,294	544,946	486,902	5,022,328	1,415,283	3,607,045

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GULF POWER COMPANY
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Good Cents Select
 For the Period January, 2002 Through December, 2002

Line No.	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Total
1.	Additions to Plant In Service (Net of Retirements)		211,370	211,370	211,370	211,370	211,370	211,370	211,370	211,370	211,370	211,370	211,370	211,370	
2.	Depreciation Base	2,477,906	2,689,276	2,900,646	3,112,016	3,323,386	3,534,756	3,746,126	3,957,496	4,168,866	4,380,236	4,591,606	4,802,976	5,014,346	
3.	Depreciation Expense (A)		5,931	6,459	6,987	7,516	8,044	8,573	9,101	9,630	10,158	10,686	11,215	11,743	106,043
4.	Cumulative Investment	2,477,906	2,689,276	2,900,646	3,112,016	3,323,386	3,534,756	3,746,126	3,957,496	4,168,866	4,380,236	4,591,606	4,802,976	5,014,346	
5.	Less Accumulated Depreciation	87,305	93,236	99,695	106,662	114,198	122,242	130,815	139,916	149,546	159,704	170,390	181,605	193,348	
6.	Net Plant in Service	2,390,601	2,596,040	2,800,951	3,005,334	3,209,188	3,412,514	3,615,311	3,817,580	4,019,320	4,220,532	4,421,216	4,621,371	4,820,998	
7.	Net Additions/Reductions to CWIP		165,120	165,120	165,120	165,120	165,120	165,120	165,120	165,120	165,120	165,120	165,120	165,120	
8.	CWIP Balance	4,132,888	4,298,008	4,463,128	4,628,248	4,793,368	4,958,488	5,123,608	5,288,728	5,453,848	5,618,968	5,784,088	5,949,208	6,114,328	
9.	Net Investment (Line 6 + 8)	6,523,489	6,894,048	7,264,079	7,633,582	8,002,556	8,371,002	8,738,919	9,106,308	9,473,168	9,839,500	10,205,304	10,570,579	10,935,326	
10.	Average Net Investment		6,708,769	7,079,064	7,448,831	7,818,069	8,186,779	8,554,961	8,922,614	9,289,738	9,656,334	10,022,402	10,387,942	10,752,953	
11.	Rate of Return / 12 (Including Income Taxes) (B)		0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	
12.	Return Requirement on Average Net Investment		58,259	61,475	64,686	67,892	71,094	74,291	77,484	80,672	83,856	87,035	90,209	93,379	910,332
13.	Property Taxes		1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,989	1,986	23,865
14.	Total Depreciation, Return and Property Taxes (Line 3+12+13)		66,179	69,923	73,662	77,397	81,127	84,853	88,574	92,291	96,003	99,710	103,413	107,108	1,040,240

Notes
 (A) Good Cents Select Property Additions Depreciated at 3% per year
 (B) Revenue Requirement Return is 10.4209%

GULF POWER COMPANY

CONSERVATION PROGRAM NET COST
January, 2001 Through August, 2001, Actual
September, 2001 Through December, 2001, Estimated

Actual	Capital Return, Property Taxes & Depreciation	Payroll & Benefits	Materials Vehicles & Expenses	Outside Services	Advertising	Incentives	Total Costs	Program Revenues (Credits)	Net Costs
1. Residential Energy Audits									
a. Actual	0.00	168,790.20	22,012.18	0.00	41,413.64	0.00	232,216.02	0.00	232,216.02
b. Estimated	0.00	108,416.80	15,081.82	0.00	45,000.36	0.00	168,498.98	0.00	168,498.98
c. Total	0.00	277,207.00	37,094.00	0.00	86,414.00	0.00	400,715.00	0.00	400,715.00
2. Gulf Express									
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	2,000.00	0.00	0.00	0.00	2,000.00	0.00	2,000.00
c. Total	0.00	0.00	2,000.00	0.00	0.00	0.00	2,000.00	0.00	2,000.00
3. In Concert with the Environment									
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Environmental Good Cents Home									
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Duct Leakage									
a. Actual	0.00	0.00	1,171.86	0.00	0.00	0.00	1,171.86	0.00	1,171.86
b. Estimated	0.00	300.00	(571.86)	0.00	0.00	0.00	(271.86)	0.00	(271.86)
c. Total	0.00	300.00	600.00	0.00	0.00	0.00	900.00	0.00	900.00
6. Geothermal Heat Pump									
a. Actual	0.00	55,528.44	33,723.84	0.00	13,196.23	0.00	102,448.51	0.00	102,448.51
b. Estimated	0.00	24,999.56	20,000.16	0.00	69,999.77	0.00	114,999.49	0.00	114,999.49
c. Total	0.00	80,528.00	53,724.00	0.00	83,196.00	0.00	217,448.00	0.00	217,448.00
7. Good Cents Select									
a. Actual	323,794.52	303,764.37	1,456,618.76	0.00	185,234.10	0.00	2,269,411.75	71,144.25	2,198,267.50
b. Estimated	206,270.48	254,750.63	750,000.24	0.00	159,999.80	0.00	1,371,021.25	64,743.75	1,306,277.50
c. Total	530,065.00	558,515.00	2,206,619.00	0.00	345,234.00	0.00	3,640,433.00	135,888.00	3,504,545.00
8. Comm/Ind Good Cents Bldg									
a. Actual	0.00	207,748.30	28,562.42	0.00	806.29	0.00	237,117.01	0.00	237,117.01
b. Estimated	0.00	126,722.70	16,392.58	0.00	17,818.71	0.00	160,933.99	0.00	160,933.99
c. Total	0.00	334,471.00	44,955.00	0.00	18,625.00	0.00	398,051.00	0.00	398,051.00
9. Comm/Ind E.A. & T.A.A									
a. Actual	0.00	269,128.05	38,724.15	0.00	156.69	0.00	308,008.89	0.00	308,008.89
b. Estimated	0.00	150,000.95	20,000.85	0.00	4,343.31	0.00	174,345.11	0.00	174,345.11
c. Total	0.00	419,129.00	58,725.00	0.00	4,500.00	0.00	482,354.00	0.00	482,354.00
10. Commercial Mail In Audit									
a. Actual	0.00	20,021.47	5,364.72	0.00	0.00	0.00	25,386.19	0.00	25,386.19
b. Estimated	0.00	10,898.53	2,500.28	0.00	0.00	0.00	13,398.81	0.00	13,398.81
c. Total	0.00	30,920.00	7,865.00	0.00	0.00	0.00	38,785.00	0.00	38,785.00
11. Solar for Schools									
a. Actual	0.00	1,886.37	1,636.51	0.00	0.00	0.00	3,522.88	0.00	3,522.88
b. Estimated	0.00	1,000.63	0.49	0.00	0.00	0.00	1,001.12	0.00	1,001.12
c. Total	0.00	2,887.00	1,637.00	0.00	0.00	0.00	4,524.00	0.00	4,524.00
12. Research & Development									
a. Actual Aquatic Pool	0.00	0.00	63.36	0.00	0.00	0.00	63.36	0.00	63.36
b. Actual Bay Co Schools	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
c. Actual Boardwalk	0.00	0.00	515.02	0.00	0.00	0.00	515.02	0.00	515.02
d. Actual Burger King	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
e. Actual Closed Loop Dentist	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
f. Actual Days Inn	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
g. Actual Dunes	0.00	0.00	6.60	0.00	0.00	0.00	6.60	0.00	6.60
h. Actual Energy Education	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
i. Actual End Use	0.00	0.00	43.30	0.00	0.00	0.00	43.30	0.00	43.30
j. Actual Geothermal	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
k. Actual Groovin' Hwy 29	0.00	0.00	806.00	0.00	0.00	0.00	806.00	0.00	806.00
l. Actual Hampton	0.00	0.00	1,358.70	0.00	0.00	0.00	1,358.70	0.00	1,358.70
m. Actual Jim Day	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
n. Actual Joe Ridge	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
o. Actual Low Income Multi-Fam	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
p. Actual Oak Ridge - Milton	0.00	0.00	338.36	0.00	0.00	0.00	338.36	0.00	338.36
q. Actual Oak Ridge - Pensacola	0.00	0.00	387.13	0.00	0.00	0.00	387.13	0.00	387.13
r. Actual Pine Forest	0.00	0.00	413.07	0.00	0.00	0.00	413.07	0.00	413.07
s. Actual Slinky Loop	0.00	0.00	3.30	0.00	0.00	0.00	3.30	0.00	3.30
t. Actual Triggers	0.00	0.00	3,426.89	0.00	0.00	0.00	3,426.89	0.00	3,426.89
u. Water Furnace	0.00	0.00	358.83	0.00	0.00	0.00	358.83	0.00	358.83
v. Total Actual	0.00	0.00	7,750.26	0.00	0.00	0.00	7,750.26	0.00	7,750.26
w. Estimated	0.00	0.00	59,999.74	0.00	0.00	0.00	59,999.74	0.00	59,999.74
x. Total	0.00	0.00	67,750.00	0.00	0.00	0.00	67,750.00	0.00	67,750.00
13. Residential Mail In Audit									
a. Actual	0.00	14,461.89	5,728.00	0.00	3,759.16	0.00	23,949.05	0.00	23,949.05
b. Estimated	0.00	7,500.11	5,061.00	0.00	4,740.84	0.00	17,301.95	0.00	17,301.95
c. Total	0.00	21,962.00	10,789.00	0.00	8,500.00	0.00	41,251.00	0.00	41,251.00
14. Earth Cents									
a. Actual	0.00	13,646.13	53,695.64	0.00	3,777.15	0.00	71,118.92	0.00	71,118.92
b. Estimated	0.00	6,553.87	(51,695.64)	0.00	3,722.85	0.00	(41,418.92)	0.00	(41,418.92)
c. Total	0.00	20,200.00	2,000.00	0.00	7,500.00	0.00	29,700.00	0.00	29,700.00
15. Green Pricing									
a. Actual	0.00	0.00	309.19	0.00	0.00	0.00	309.19	0.00	309.19
b. Estimated	0.00	0.00	1,000.81	0.00	0.00	0.00	1,000.81	0.00	1,000.81
c. Total	0.00	0.00	1,310.00	0.00	0.00	0.00	1,310.00	0.00	1,310.00
a. Actual	323,794.52	1,054,975.22	1,655,297.53	0.00	248,343.26	0.00	3,282,410.53	71,144.25	3,211,266.28
b. Estimated	206,270.48	691,143.78	839,770.47	0.00	305,625.74	0.00	2,042,810.47	64,743.75	1,978,066.72
16. Total All Programs	530,065.00	1,746,119.00	2,495,068.00	0.00	553,969.00	0.00	5,325,221.00	135,888.00	5,189,333.00

GULF POWER COMPANY

CONSERVATION PROGRAM COSTS (Not Net of Revenues)
For the Period January, 2001 Through August, 2001, Actual
September, 2001 Through December, 2001, Estimated

	ACTUAL										ESTIMATED					TOTAL ACTUAL & ESTIMATED COSTS
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	ADJUSTMENTS	AUG	TOTAL ACT	SEP	OCT	NOV	DEC	TOTAL EST	
1 Residential Energy Audits	24,379.75	27,690.21	26,046.90	22,444.98	28,270.85	28,455.46	50,362.98	(1,249.96)	27,815.87	232,216.02	42,125.00	42,125.00	42,125.00	42,123.98	168,498.98	400,715.00
2 Gulf Express	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	500.00	500.00	500.00	500.00	2,000.00	2,000.00
3 In Concert with the Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4 Good Cents Environmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Duct Leakage	0.00	21.25	35.19	0.00	82.54	132.48	851.13	0.00	69.27	1,171.86	(68.00)	(68.00)	(68.00)	(67.86)	(271.86)	900.00
6 Geothermal Heat Pump	11,880.68	7,242.18	8,801.50	34,884.72	11,053.26	9,402.28	10,164.55	(260.27)	9,279.61	102,449.51	28,750.00	28,750.00	28,750.00	28,749.49	114,999.49	217,448.00
7 Good Cents Select	116,202.85	98,920.32	128,820.57	345,255.12	581,776.96	211,709.62	437,109.94	18,939.64	330,676.53	2,269,411.75	342,755.00	342,755.00	342,755.00	342,758.25	1,371,021.25	3,840,433.00
8 Comm/Ind Good Cents Bldg	27,252.25	25,626.95	29,640.29	28,108.28	33,446.54	33,034.65	31,120.36	(742.79)	29,633.48	237,117.01	40,233.00	40,233.00	40,233.00	40,234.99	160,933.99	398,051.00
9 Comm/Ind E.A. & T.A.A.	36,018.99	39,122.13	39,747.78	40,621.87	40,385.64	37,862.84	39,151.15	0.00	34,998.69	308,008.69	43,586.00	43,586.00	43,586.00	43,587.11	174,345.11	482,354.00
10 Commercial Mail In Audit	2,874.19	2,556.05	3,532.31	2,989.16	3,581.98	3,180.53	3,244.15	0.00	3,427.82	25,386.19	3,350.00	3,350.00	3,350.00	3,348.81	13,398.81	38,785.00
11 Solar for Schools	569.36	1,500.36	242.92	240.23	283.04	197.20	278.90	0.00	210.87	3,522.88	250.00	250.00	250.00	251.12	1,001.12	4,524.00
12 Research & Development											15,000.00	15,000.00	15,000.00	14,999.74	59,999.74	67,750.00
a Aquato Pool	0.00	38.80	4.20	4.37	4.18	4.48	3.70	0.00	3.63	63.36						
b Bay Co. Schools	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
c Boardwalk	0.00	37.50	5.81	4.32	455.68	4.40	3.70	0.00	3.63	515.02						
d Burger King	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
e Closed Loop Dentst	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
f Days Inn	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
g Dunes	0.00	0.00	6.60	0.00	0.00	0.00	0.00	0.00	0.00	6.60						
h Energy Education	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
i End Use	0.00	0.00	43.30	0.00	0.00	0.00	0.00	0.00	0.00	43.30						
j Geothermal	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
k Groves Hwy 29	0.00	75.75	11.62	349.56	56.45	105.20	103.78	0.00	103.64	806.00						
l Hampton	65.62	179.65	76.97	291.21	522.80	111.97	121.66	0.00	(11.38)	1,358.70						
m Jim Day	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
n Joe Ridge	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
o Low Income Multi-Fam	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
p Oak Ridge - Milton	0.00	38.50	5.81	4.32	4.14	192.12	46.77	0.00	46.70	338.26						
q Oak Ridge - Pensacola	0.00	38.50	5.81	4.32	4.14	214.42	47.02	0.00	72.92	387.13						
r Pine Forest	0.00	37.50	5.81	150.57	84.39	52.60	51.89	0.00	50.31	413.07						
s Slinky Loop	0.00	0.00	3.30	0.00	0.00	0.00	0.00	0.00	0.00	3.30						
t Tiggers	0.00	38.50	5.81	262.32	1,053.84	1,963.98	51.89	0.00	60.55	3,426.89						
u Water Furnace	0.00	38.50	5.81	4.32	4.14	4.40	256.04	0.00	45.62	358.83						
13 Residential Mail In Audit	3,264.62	2,742.52	2,894.59	2,892.85	2,684.73	3,176.50	2,835.27	0.00	3,157.97	23,949.05	4,325.00	4,325.00	4,325.00	4,326.95	17,301.95	41,251.00
14 Earth Cents	2,143.01	8,502.33	8,128.85	9,836.96	9,543.54	9,809.43	9,456.10	0.00	13,198.70	71,118.92	(10,355.00)	(10,355.00)	(10,355.00)	(10,353.92)	(41,418.92)	29,700.00
15 Green Pricing	0.00	0.00	0.00	0.00	0.00	0.00	309.19	0.00	0.00	309.19	250.00	250.00	250.00	250.81	1,000.81	1,310.00
16 Total All Programs	224,651.32	214,447.70	249,000.45	487,947.48	711,257.82	339,714.36	595,670.17	16,686.80	453,034.43	3,282,410.53	510,701.00	510,701.00	510,701.00	510,707.47	2,042,810.47	5,325,221.00
17 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	0.00	0.00	0.00	0.00
18 Net Recoverable Expenses	224,651.32	214,447.70	249,000.45	487,947.48	711,257.82	339,714.36	595,670.17	16,686.80	453,034.43	3,282,410.53	510,701.00	510,701.00	510,701.00	510,707.47	2,042,810.47	5,325,221.00

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GULF POWER COMPANY
 ESTIMATED TRUE-UP ENERGY CONSERVATION CLAUSE
 For the Period: January, 2001 through December, 2001

Conservation Revenues	ACTUAL JAN	ACTUAL FEB	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ECCB ADJUSTMENTS	ACTUAL AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
1 Good Cents Select Program Revenues	5,618.53	5,608.69	6,517.50	6,840.67	8,971.65	11,623.15	12,841.50	0.00	13,122.56	13,786.00	15,386.00	16,986.00	19,586.00	135,888.25
2 Conservation Revenues	447,178.16	328,703.71	364,934.86	371,607.86	433,120.16	489,687.18	531,243.00	0.00	511,930.84	446,897.96	367,483.42	344,698.85	402,898.00	5,040,384.81
3 Total Revenues	452,796.69	334,312.40	371,452.16	378,448.53	442,091.81	501,310.33	544,084.50	0.00	525,053.40	460,683.96	382,869.42	361,684.85	421,485.00	5,176,273.06
4 Adjustment not Applicable to Period - Prior True Up	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	0.00	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	(78,837.83)	(946,053.96)
5 Conservation Revenues Applicable to Period	373,958.86	255,474.57	292,614.33	299,610.70	363,253.98	422,472.50	465,246.67	0.00	446,215.57	381,846.13	304,031.59	282,847.02	342,647.17	4,230,219.10
6 Conservation Expenses (Form C-3 Page 3 of 5)	224,651.32	214,447.70	249,000.45	487,947.48	711,257.82	339,714.36	585,670.17	16,686.80	453,034.43	510,701.00	510,701.00	510,701.00	510,707.47	5,325,221.00
7 True Up this Period (Line 5 minus Line 6)	149,307.54	41,026.87	43,613.88	(188,336.78)	(348,003.84)	82,758.14	(120,423.50)	(16,686.80)	(6,818.86)	(128,854.87)	(206,669.41)	(227,853.98)	(168,060.30)	(1,095,001.90)
8 Interest Provision this Period (Page 10, Line 10)	(3,781.44)	(2,598.88)	(1,963.89)	(1,795.35)	(2,264.03)	(2,280.14)	(2,042.58)	(655.08)	(1,965.84)	(1,863.47)	(2,126.00)	(2,532.43)	(2,884.20)	(28,743.33)
9 True Up & Interest Provision Beginning of Month	(867,222.69)	(642,858.76)	(525,592.94)	(405,105.12)	(516,399.42)	(787,819.46)	(628,503.63)	(672,131.88)	(689,473.76)	(619,420.63)	(571,301.13)	(801,258.72)	(952,807.29)	(867,222.69)
10 Prior True Up Collected or Refunded	78,837.83	78,837.83	78,837.83	78,837.83	78,837.83	78,837.83	78,837.83	0.00	78,837.83	78,837.83	78,837.83	78,837.83	78,837.83	946,053.96
11 End of Period- Net True Up	(642,858.76)	(525,592.94)	(405,105.12)	(516,399.42)	(787,819.46)	(628,503.63)	(672,131.88)	(689,473.76)	(619,420.63)	(671,301.13)	(801,258.72)	(952,807.29)	(1,044,913.96)	(1,044,913.96)

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GULF POWER COMPANY
INTEREST CALCULATION
ENERGY CONSERVATION CLAUSE
For the Period January, 2001 through December, 2001

Interest Provision	ACTUAL JAN	ACTUAL FEB	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ECCR ADJUSTMENTS	ACTUAL AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
1. Beginning True up Amount	(867,222.69)	(642,858.76)	(525,592.94)	(405,105.12)	(516,399.42)	(787,819.46)	(628,503.63)		(689,473.76)	(619,420.63)	(671,301.13)	(801,258.72)	(952,807.29)	
2. Ending True up before Interest	(639,077.32)	(522,994.06)	(403,141.23)	(514,604.07)	(785,565.43)	(626,223.49)	(670,089.30)		(617,454.79)	(669,437.66)	(799,132.72)	(950,274.86)	(1,042,029.76)	
3. Total beginning & ending	(1,506,300.01)	(1,165,852.82)	(928,734.17)	(919,709.19)	(1,301,964.85)	(1,414,042.95)	(1,298,592.93)		(1,306,928.55)	(1,288,858.29)	(1,470,433.85)	(1,751,533.58)	(1,994,837.05)	
4. Average True up Amount	(753,150.01)	(582,926.41)	(464,367.09)	(459,854.60)	(650,982.43)	(707,021.48)	(649,296.47)		(653,464.27)	(644,429.15)	(735,216.93)	(875,766.79)	(997,418.53)	
5. Interest Rate First Day Reporting Business Month	6.50	5.55	5.15	5.00	4.37	3.94	3.80		3.75	3.47	3.47	3.47	3.47	
6. Interest Rate First Day Subsequent Business Month	5.55	5.15	5.00	4.37	3.94	3.80	3.75		3.47	3.47	3.47	3.47	3.47	
7. Total of Lines 5 and 6	12.05	10.70	10.15	9.37	8.31	7.74	7.55		7.22	6.94	6.94	6.94	6.94	
8. Average Interest rate (50% of Line 7)	6.0250	5.3500	5.0750	4.6850	4.1550	3.8700	3.7750		3.6100	3.4700	3.4700	3.4700	3.4700	
9. Monthly Average Interest Rate Line 8 \ 12	0.005021	0.004458	0.004229	0.003904	0.003463	0.003225	0.003146		0.003008	0.002892	0.002892	0.002892	0.002892	
10. Interest Provision (line 4 X 9)	(3,781.44)	(2,598.88)	(1,963.89)	(1,795.35)	(2,254.03)	(2,280.14)	(2,042.58)	(655.08)	(1,965.84)	(1,863.47)	(2,126.00)	(2,532.43)	(2,884.20)	(28,743.33)

10

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 Good Cents Select
 For the Period January, 2001 Through December, 2001

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Projected September	Projected October	Projected November	Projected December	Total
1. Additions to Plant In Service (Net of Retirements)		0.00	0.00	0.00	15,192.83	1,216.41	0.00	3,190.75	615.51	211,370.00	211,370.00	211,370.00	211,370.00	
2. Depreciation Base	1,612,210.62	1,612,210.62	1,612,210.62	1,612,210.62	1,627,403.45	1,628,619.86	1,628,619.86	1,631,810.61	1,632,426.12	1,843,796.12	2,055,166.12	2,266,536.12	2,477,906.12	
3. Depreciation Expense (A)		4,029.81	4,030.53	4,030.53	4,030.53	4,049.52	4,070.03	4,071.55	4,075.54	4,080.30	4,345.28	4,673.70	5,402.13	51,089.45
4. Cumulative Investment	1,612,210.62	1,612,210.62	1,612,210.62	1,612,210.62	1,627,403.45	1,628,619.86	1,628,619.86	1,631,810.61	1,632,426.12	1,843,796.12	2,055,166.12	2,266,536.12	2,477,906.12	
5. Less: Accumulated Depreciation	36,215.45	40,245.26	44,275.79	48,306.32	52,336.85	56,386.37	60,456.40	64,527.95	68,603.49	72,683.79	77,029.07	81,902.77	87,304.90	
6. Net Plant in Service (Line 4 - 5)	1,575,995.17	1,571,965.36	1,567,934.83	1,563,904.30	1,575,066.60	1,572,233.49	1,568,163.46	1,567,282.66	1,563,822.63	1,771,112.33	1,978,137.05	2,184,633.35	2,390,601.22	
7. Net Additions/Reductions to CWIP		0.00	252,441.43	169,142.39	306,596.31	14,318.40	321,074.54	113,857.46	633,356.28	165,120.00	165,120.00	165,120.00	165,120.00	
8. CWIP Balance	1,661,621.23	1,661,621.23	1,914,062.66	2,083,205.05	2,389,801.36	2,404,119.76	2,725,194.30	2,839,051.76	3,472,408.04	3,637,528.04	3,802,648.04	3,967,768.04	4,132,888.04	
9. Net Investment (Line 6 + 8)	3,227,623.19	3,233,586.59	3,481,997.49	3,647,109.35	3,964,867.96	3,976,353.25	4,293,357.76	4,406,334.42	5,036,230.67	5,408,640.37	5,780,785.09	6,152,401.39	6,523,489.26	
10. Average Net Investment		3,235,601.50	3,357,792.04	3,564,553.42	3,805,988.66	3,970,610.61	4,134,855.51	4,349,846.09	4,721,282.55	5,222,435.52	5,594,712.73	5,966,593.24	6,337,945.33	
11. Rate of Return / 12 (Including Income Taxes) (B)		0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	0.008684	
12. Return Requirement on Average Net Investment		28,097.96	29,159.07	30,954.58	33,051.22	34,480.78	35,907.09	37,774.06	40,999.62	45,351.63	48,584.49	51,813.90	55,038.72	471,213.10
13. Property Taxes		0.00	0.00	0.00	0.00	0.00	0.00	1,293.80	1,293.80	1,293.80	1,293.80	1,293.80	1,293.80	7,762.80
14. Rounding Adjustment														(0.85)
15. Total Depreciation, Return and Prop Taxes (Line 3 + 12 + 13 + 14)		32,127.77	33,189.60	34,985.11	37,081.75	38,530.80	39,977.12	43,139.41	46,369.96	50,725.73	54,223.56	57,981.39	61,734.65	530,065.00

Notes:
 (A) Good Cents Select Property Additions Depreciated at 3% per year
 (B) Revenue Requirement Return is 10.4209% Jan-Dec 2001
 (C) Property Taxes from January, 2000 through June, 2001 of \$18,394.44 are in the ECCR Adjustment made in August, 2001

11

GULF POWER COMPANY
CALCULATION OF CONSERVATION REVENUES
For the Period: September, 2001 Through December, 2001

	Month	MWH Sales	Revenue (Ave Cents/KWH)	Clause Revenue Net of Revenue Taxes (\$)
1.	9/01	899,251	0.050	446,897.96
2.	10/01	745,368	0.049	367,483.42
3.	11/01	699,749	0.049	344,698.85
4.	12/01	812,522	0.050	402,899.00

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, 2002, through December, 2002, we expect to achieve 1,350 audits and incur expenses totaling \$423,956. This program will also include low-income audits that are completed by Weatherization Assistance Providers (WAPs). Gulf Power is conducting a pilot program that allows the WAPs to conduct audits for the low-income customers on a contracted basis.

Program Accomplishments: 885 audits have been conducted during the first eight months of 2001. The total projection for 2001 is 1,600.

Program Fiscal Expenditures: Actual expenses for January through August, 2001, were \$232,216 compared to a budget of \$286,240 for the same period. This results in a difference of \$54,024 or 18.8% below budget.

Program Progress Summary: Since the approval of this program Gulf Power has performed 129,101 residential energy audits. This is a result of Gulf Power's promotional campaign to solicit energy audits as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Gulf Express Loan Program

Program Description: The objective of this program 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. New loans for this program were discontinued in 1997. However, the program will remain open until approximately second quarter, 2002, when all the loans will have been closed out.

Program Accomplishments: There were no new loans during this period.

Program Fiscal Expenditures: Forecasted expenses for administrative costs were \$2,664. There have been no expenses for this program thus far in 2001.

Program Progress Summary: During the implementation of the permanent loan program, Gulf Power completed 1,953 Gulf Express Loans.

Program Description and Progress

Program Title: GoodCents Environmental Home

Program Description: GoodCents 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 Power projects no GoodCents Environmental Homes to be completed. This program has been evaluated and Gulf Power is no longer promoting this as a stand alone program.

Program Accomplishments: During this recovery period, no GoodCents Environmental Homes were constructed. This program was approved in October, 1996, as part of the conservation programs in Gulf Power'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 January, 2001, through August, 2001, there were no expenses projected and no expenses incurred for this program.

Program Progress Summary: Ten homes have been certified to meet the GoodCents 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 to recommend repairs that can reduce customer kWh energy usage and kW demand.

Program Projections: Gulf Power projects that 40 customers will receive the duct leakage evaluation during 2002. \$3,600 has been projected for January through December, 2002.

Program Accomplishments: Gulf Power 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 2001.

Program Fiscal Expenditures: No dollars were projected for the current period. However, due to customer requests for the program, Gulf Power expects to end the current period with expenses of \$900.

Program Progress Summary: 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 Power estimates the installation of 50 units during the 2002 period and expenses of \$358,017. Gulf Power's program implementation will include promotion, education, training, and guaranteed heating and cooling costs for new and existing home customers.

Program Accomplishments: During the current recovery period, 30 Geothermal Heat Pump units have been installed thus far.

Program Fiscal Expenditures: For the first eight months of the recovery period, expenses were projected to be \$229,544 compared to actual expenses of \$102,449 for a deviation of \$127,095 or 55.4% below budget.

Program Progress Summary: To date, 1,364 units have been installed.

Program Description and Progress

Program Title: **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 the 2002 projection period, Gulf Power expects to have 3,000 installations. The program expenses are projected to be \$1,040,240 in depreciation and return on investment; \$540,432, payroll; \$1,297,721, materials; and \$300,000, advertising. These expenses will be partially offset by projected program revenues of \$347,827.

Program Accomplishments: 713 units have been installed during the first eight months of 2001. It was anticipated that for 2001 net additions would total 2,500 units.

Program Fiscal Expenditures: This program projected expenses of \$1,236,320 for the period January through August, 2001 with actual expenses of \$2,198,268. This results in a deviation of \$961,948 or 77.8% over budget. The program is over budget due to the fact that there are expenses associated with the program that have not been offset by planned installations and subsequent revenues from the program.

Program Progress Summary: Since the beginning of the program, a net total of 1,761 units have been installed.

Program Description and Progress

Program Title: GoodCents 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, 2002, through December, 2002, we expect to certify 174 GoodCents Buildings and incur expenses totaling \$456,149.

Program Accomplishments: Installations of 116 buildings have been achieved during the January through August, 2001. The annual projection for 2001 is 212 buildings.

Program Fiscal Expenditures: Forecasted expenses were \$265,368 compared to actual expenses of \$237,117 for a deviation of \$28,251 or 10.6% under budget.

Program Progress Summary: A total of 8,033 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 from 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 semi-annual 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, 2002 through December, 2002, we expect to conduct 137 audits and incur expenses totaling \$602,491.

Program Accomplishments: During the January through August, 2001, period actual results were 90 audits.

Program Fiscal Expenditures: Forecasted expenses were \$423,864 for the first eight months of 2001 compared to actual expenses of \$308,009 for a deviation of \$115,855 or 27.3% under the budget.

Program Progress Summary: A total of 11,278 EA/TAA's have been completed since the program started in January, 1981. These audits have ranged from the 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/Industrial Mail-In Audit Program

Program Description: The Commercial Mail-In Audit Program is a direct mail energy auditing program. This program will supplement Gulf Power'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 is returned to the customer and includes targeted, timely information about energy conservation opportunities specific to each business type and geographic area.

Program Projections: Gulf Power expects to have 621 customers participate in the Commercial Mail-in Audit during the 2002 projection period and incur expenses of \$48,588.

Program Accomplishments: In 2001 to date, 369 mail-in audits have been completed. The annual projection for 2001 is to complete 1,050 mail-in audits.

Program Fiscal Expenditures: This program incurred actual expenses year-to-date of \$25,386 compared to a budget of \$37,848 for a deviation of \$12,462 or 32.9% under goal.

Program Progress Summary: This program was approved by the FPSC on January 7, 1997, Docket No. 960897-EI. To date, 4,236 mail-in audits have been completed.

Program Description and Progress

Program Title: Green Pricing

Program Description: The Green Pricing Program is designed to encompass a variety of voluntary renewable and green energy programs under development by Gulf Power Company. The voluntary pricing options for customers will include, but not be limited to Photovoltaic Rate Rider Tariff and Solar for Schools. Additionally, this program will include research and administrative costs to study the cost effectiveness of additional green pricing offerings utilizing wind or other renewable energy sources.

Program Accomplishments:

Solar for Schools: The principle objective of the Solar for Schools program is to implement cost-effective solar education and demonstration projects at local educational facilities by means of voluntary contributions. The program also seeks to increase renewable energy and energy awareness among students, parents and contributors. Solar for Schools is a program that uses voluntary contributions to fund materials for energy education, permanent demonstration displays, rewards for science contests, and teacher education. Voluntary contributions are solicited from customers interested in renewable energy and/or helping to improve the quality of schools in the Gulf Power Company service area. Funds are collected through a "check-off" mechanism on the utility bill or through a direct contribution and accumulated in an interest bearing account. When contributions reach an adequate level, they are directed to an educational facility for implementation of various solar educational programs and for the installation of solar equipment. Contributions are not used for administrative costs, program research or for promotion costs.

Photovoltaic Optional Rate Rider (Green Pricing): The PV Rate Rider is an optional rate for Gulf Power Company customers. Customers may purchase photovoltaic energy in 100-watt blocks. Multiple blocks may be purchased. Power purchased or produced from Photovoltaic facilities may not be specifically delivered to the customer, but will displace power that would have otherwise been produced from traditional generating facilities. The construction of the photovoltaic facility or power purchased from photovoltaic facilities will begin upon the attainment of sufficient commitments from all participants across the Southern Company electric system where the option is available and, as necessary, after obtaining PSC approval. Customer billing will begin the second month following the date in which power is purchased from photovoltaic generating facilities or in which a photovoltaic generating facility of the Southern Company begins commercial operation. As of August, 2001, 61 customers have signed up for 84 100-watt blocks of energy.

Photovoltaic Solar Demonstration and Education Project (EarthCents): Gulf Power Company has installed and is monitoring a 4 kW PV solar system at the Junior Museum of Bay County. This PV system operates computer equipment and other electrical items within the museum itself to demonstrate the capabilities of solar energy to the youth of Bay County and the surrounding counties.

Florida Public Service Commission
Docket No. 010002-EG
GULF POWER COMPANY
Witness: Michael J. McCarthy
Exhibit No. _____ (MJM-2)
Schedule C-5
Page 11 of 15

Program Fiscal Expenditures: There were expenses of \$19,920 projected for the period January through August, 2001. Actual expenses for the program are: Solar for Schools, \$3,523; Green Pricing, \$309; and Earth Cents, \$71,119.

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. 23561 for Gulf Power Company to explore and 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:

Aquatic Pool - The project involves the installation of an air source heat pump water heater/dehumidification system. The system capacity is 22.5 tons. The pool is 75 X 42 square feet, 116,550 gallons and heated by a 400,000 btuh natural gas pool heater.

Bay County Schools - Lucille Moore Elementary - Geothermal Heat Pump and Air Source Heat Pump Comparison - This project has been completed and a final report has been submitted.

Boardwalk - The Boardwalk Laundry Room is a research site designed to study the effectiveness of the triple function Nordyne heat pump. The project is complete and a final report has been submitted.

Burger King - Was a comparative study between gas fryers and electric fryers and the effects on the cooking environment and energy consumption. This project has been completed and a final report has been submitted.

Closed Loop - Schwartz Dentist Office - Geothermal Heat Pump and Air Source Heat Pump Comparison - This project has been completed and a final report has been submitted.

Dunes - This project monitored two heat pump water heaters in a hotel. This project has been completed and a final report has been submitted.

The Efficiency Store - Energy Education
This program intended to provide customers with improved interest, awareness, and understanding of energy efficient technologies. This project has been completed and a final report has been submitted.

End-Use Profiling - The purpose of this 3-year project was 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. This project has been completed and a final report has been submitted.

Geothermal Heat Pump - A water furnace geothermal heat pump (AT034) with heat recovery for domestic hot water was 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. This project has been completed and a final report has been submitted.

Groovin'Noovin' - Gulf Power Company will be monitoring two pieces of cooking equipment at two different store locations. Energy usage will be monitored over the next year and a comparison report will be prepared at that time.

Hampton Inn - The Hampton Inn is being used to study geo-thermal heat pump water heaters for their laundry and pool heating requirements. The laundry room is cooled and the water heated with geo-thermal heat pump water heaters. The hotel pool is heated with a geo-thermal heat pump water heater.

Jim Day Project - This project was a geothermal system which provided heating and cooling in a residential environment. This project also included a geothermal heat pump water heater. This project has been completed and a final report has been submitted.

Joe Ridge Project - This project was a residential study which included 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 has been completed and the final report has been submitted.

Low Income Multi-Family Housing Project - This was 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. This project has been completed and a final report has been submitted.

Oak Ridge - This project is a real life application of new product to overcome market barriers to heat pump water heaters such as ease of installations, cost and performance. This new product has the refrigeration system built-in and a plumber can install the system just like any other electric water heater. All parts are standard reliable components that are proven in the refrigeration market.

Pine Forest - Gulf Power Company will be monitoring several pieces of equipment at the culinary arts department of a local high school. Energy usage will be monitored over the next year and a comparison report will be prepared at that time.

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. This project, conducted in Panama City, Florida, has been completed and a final report has been submitted.

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 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.

Triggers - Triggers is a research site designed to study the effectiveness of a heat pump water heater. This project will be monitored for the next year and a report will be prepared at that time.

Van Norman Project - Geothermal Home - This project was 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 were being monitored. Also, monitoring included air temperatures, water temperatures, and gallons of hot water. The monitoring of the end-use equipment has been completed.

Water Furnace - This research project is designed to study the experimental refrigerant R410A. A comparative study will be done between this new refrigerant and present refrigerants that are to be phased out of production due to EPA mandates.

Program Fiscal Expenditures: Program expenses were forecasted at \$146,320 compared to actual expenses of \$7,750.26 for a deviation of \$138,569.74 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. Also, project costs most often occur during the last quarter of the year as the projects are being completed. During this recovery period, several projects have been completed. The reports for those projects have prepared and submitted in a separate transmittal. Project expenses were as follows: Aquatic Pool, \$63.36; Bay County Schools, \$3.30; Boardwalk, \$515.02; Burger King, \$3.30; Closed Loop Dentist, \$3.30; Days Inn, \$3.30; Dunes, \$6.60; Energy Education, \$3.30; End-Use, \$43.30; Geothermal, 3.30; Groovin', \$806.00; Hampton, \$1,358.70; Jim Day, \$3.30; Joe Ridge, \$3.30; Low-Income, \$3.30; Oak Ridge, \$725.49; Pine Forest, \$413.07; Slinky Loop, \$3.30; Triggers, \$3,426.89; Water Furnace, \$358.83.

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 supplements Gulf Power's existing Residential Energy Audit program and assists 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 are returned to the customer and includes targeted, timely information about energy conservation opportunities specific to each dwelling.

Program Projections: For the period January, 2002, through December, 2002, we expect to achieve 200 audits and incur expenses totaling \$80,893.

Program Accomplishments: 135 audits were conducted using this process so far during the reporting period. The total projection for this period is 1,500 mail-in audits.

Program Fiscal Expenditures: Forecasted expenses were \$65,800 for January through August, 2001, compared to actual expenses of \$23,949 for the same months, resulting in a variance of \$41,851 or 63.6% below budget.

Program Progress Summary: This program was approved on August 5, 1997. Since then, 767 mail-in audits have been conducted.