

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

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In the Matter of)
)
REQUEST FOR RATE INCREASE)
GULF POWER COMPANY)
) **DOCKET NO. 010949-EI**
)
_____)

Proceedings: Pensacola, Florida, Service Hearing

Before: Chairman Lila Jaber
Commissioner Michael Palecki
Commissioner J. Terry Deason
Commissioner Rudolph Bradley

Date: Wednesday, January 16, 2002

Time: Commenced 10:05 a.m.
Concluded at 11:10 a.m.

Place: Pensacola City Council Chambers
180 Governmental Center
Pensacola, Florida 32501

Court Reporter: ANGELA E. SEWELL
Court Reporter and Notary Public
(850) 434-6447

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APPEARANCES:

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EXHIBITS

NUMBER:

ID.

ADMTD.

1. Affidavit of John Hutchinson with attachments.

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MS. JABER: Counsel, go ahead and read the notice.

PSC STAFF: Notice issued by the clerk of the Florida Public Service Commission on November 19, 2001, and published in Florida Administrative Weekly on November 30, 2001, advises that a customer service hearing in this docket beginning at 10:00 a.m. Central Standard Time Wednesday January 16, 2002, at the Pensacola City Hall in Pensacola, Florida.

Another service hearing will be held beginning at 1:00 p.m. Central Standard Time Wednesday January 16, 2002, in the main ballroom of the Holiday Inn Select in Panama City, Florida.

The notice states that the purpose of this hearing is to take testimony from members of the public concerning Gulf Power Company's request for a rate increase. The procedure to be used in this hearing is follows: The company will present brief summary of its case and then members of the public may present testimony. Members of the public who wish to present testimony are urged to appear promptly at each scheduled service hearing since the

1 hearing may be adjourned early since no
2 witnesses are present to testify.

3 **MS. JABER:** Thank you. Mr. Stone,
4 can you go near a microphone where you can make
5 an appearance, please.

6 **MR. STONE:** Thank you, Chairman Jaber.
7 I'm Jeffery A. Stone of the law firm of Beggs
8 and Lane here in Pensacola and I represent Gulf
9 Power Company and after you have finished
10 taking appearances, I do have some preliminary
11 matters before we proceed.

12 **MS. JABER:** Thank you, Mr. Stone.
13 Mr. Burgess?

14 **MR. BURGESS:** My name is Steve
15 Burgess. I'm here for the Office of the Public
16 Counsel. The Office of the Public Counsel is
17 the office that is established by statute to
18 represent the citizens of the State of Florida.

19 **MR. STRINGER:** I'm Michael Stringer
20 and I'm Public Service Commission staff.

21 **MS. STERN:** I'm Marlene Stern and I'm
22 in the Office of General Counsel for the Public
23 Service Commission.

24 **MS. JABER:** Good morning. I am Lila
25 Jaber of the Florida PSC and I would like to

1 take this opportunity to welcome you all for
2 being here this morning and I also would like
3 to introduce my colleagues here that are with
4 us today. To my right we have Commissioner
5 Terry Deason and to his right, Commissioner
6 Michael Palecki. To my left we have our newest
7 commissioner, this is Commissioner Rudy
8 Bradley.

9 You need to know that this item
10 eventually will be decided by a full
11 commission. There are five of us. We are
12 part of a five member panel. We are here today
13 because Gulf Power Company has filed a petition
14 for a rate increase that the Commission will
15 consider real soon. And part of every rate
16 case, there is a quality of service
17 determination and we have these service
18 hearings so that we can hear comments and
19 concerns and questions from customers related
20 to a utility's quality of service and also to
21 hear input with respect to the rate increase
22 overall.

23 We will be here until the last
24 customer finishes his or her testimony. You
25 are very much invited to participate to the

1 degree you feel comfortable today. You need to
2 know that if you testify today it is part of
3 formal proceeding and I will, once the company
4 and public counsel make opening statements, I
5 will ask that anyone who intends to speak stand
6 up and I'll administer an oath and have you
7 sworn in to testify today.

8 We will not leave, though, until the
9 last customer testifies. If you are not
10 comfortable testifying or would rather submit
11 your comments in a more informal fashion, you
12 may do so. When you walked in, you should have
13 received a yellow sheet like this. The last
14 page of the yellow sheet allows you to file
15 customer comments, and you may submit those
16 comments to me, to any of the commissioners or
17 our staff that are here today.

18 Richard Tudor is the staff person
19 that greeted you when you walked in this
20 morning. He is right there (indicating). So
21 you are welcome to give him the yellow sheet as
22 well.

23 When you come up to testify, please
24 spell your last name for the court reporter and
25 I would ask that we make sure that we speak one

1 at a time so that the court reporter can catch
2 all of the comments.

3 And with that, I would like to turn
4 it over to Mr. Stone. Let's do opening
5 statements and go ahead and get started this
6 morning.

7 **MR. STONE:** Thank you, Chairman Jaber.
8 Before we begin with the company's brief
9 presentation, I have a few preliminary matters
10 to take care of. First, I have provided each
11 of the commissioners with a copy and the court
12 reporter with the original of the affidavit
13 regarding the efforts Gulf has undertaken
14 pursuant to the rules and the applicable order
15 regarding both this hearing and the rate case
16 itself. That is a composite exhibit I would
17 like to have marked for identification. It
18 consists of the affidavit and three
19 attachments.

20 **MS. JABER:** Yes, that will be
21 Composite Exhibit Number 1, and without
22 objection, it will be admitted into the record.

23 **MR. STONE:** Next, I would like to
24 advise the Commission and the audience that
25 Gulf has its district matter, Mr. J.to. Young,

1 present and he has a staff of customer service
2 representatives that are present and are
3 available to address any individual customer's
4 specific issue and if they have any of those
5 matters they would like to present to the
6 company, Mr. Young is available and he would
7 get them in touch with his staff of customer
8 service representatives to resolve the issues.

9 I would also like to make note of the
10 fact that although there have been a number of
11 articles in the local newspapers regarding Gulf
12 Power's plans to install additional emissions
13 controls at Plant Krist just outside of
14 Pensacola, those plans have not been finalized
15 and regardless, they are not part of the rate
16 case that is the reason you have come to town
17 today.

18 Given the limited time available for
19 the service hearing and the fact that there is
20 another hearing in Panama City this afternoon,
21 it maybe, and more importantly, there will be a
22 future opportunity for comment once those plans
23 are complete and presented to the Commission.
24 It may be appropriate to hold such comments
25 regarding those articles and those plans for a

1 future date.

2 And then when the Commission is ready
3 pursuant to the notice, the company is required
4 to present a brief summary of the case and Mr.
5 Bowden, company president, will be prepared to
6 make that presentation when you are ready.

7 **MS. JABER:** Thank you. Mr. Burgess,
8 would you prefer that Mr. Bowden make the
9 presentation prior to your opening statement or
10 would you like to go ahead and make your
11 opening statement?

12 **MR. BURGESS:** Perhaps I think I'd
13 prefer, if the Commission approves, of the
14 company going first and then I could simply
15 respond.

16 **MS. JABER:** Mr. Stone, go ahead and
17 have Mr. Bowden come up and make that
18 presentation. And it's my understanding, Mr.
19 Bowden, that we will be able to see it on the
20 screen?

21 **MR. BOWDEN:** That's correct. There
22 will be a presentation that will show up on the
23 screen, and I think for the convenience of the
24 commissioners, I have given you a hard copy as
25 well if you would prefer to use that.

1 But we want to welcome the Commission
2 to Pensacola and Northwest Florida. We're glad
3 you are here to be with us today. I want to
4 just take a few minutes to go over some of the
5 issue involved in this case as well as issues
6 surrounding Gulf Power Company.

7 The last rate case that we filed with
8 this Commission was more than twelve years ago
9 and in that intervening time, we have been able
10 to maintain our low rates. They're lower today
11 than they were in 1989 because of a decrease we
12 had a couple of years ago. They're among the
13 lowest in Florida as well as in the nation.

14 During this intervening time since
15 our last case, a number of things have changed.
16 We have had significant growth in Northwest
17 Florida. As you can see here, we have added
18 over a hundred thousand customers since 1990
19 which is a thirty percent (30%) increase in our
20 number of customers that we serve.

21 Also our energy use by our customers
22 has also increased significantly. It's up some
23 twenty-five percent (25%) when you measure it
24 is on a peak demand basis which is about 450
25 megawatts. Because of these increases, that is

1 why we're here today. We had to do some things
2 to meet this challenges and the main thing
3 that we're doing to meet that is building a new
4 generating unit that we will discuss in a
5 little detail in a moment.

6 The need for this unit was submitted
7 to the Florida Public Service Commission and
8 that need was approved in June of 1999. As a
9 part of the power plant siting process in the
10 state of Florida, it was also submitted to the
11 Governor and the cabinet and that project was
12 approved in July of 2000. This unit is located
13 at our Plant Smith which is near Panama City.
14 We began construction in 2000 and that unit is
15 on schedule to be -- to go into commercial
16 service later on this year.

17 A few particulars about this unit:
18 It's a 574 megawatt unit. It's the largest
19 single generating unit that we have ever
20 installed in Gulf Power Company's history. It
21 is a natural gas-fired unit containing the
22 latest environmental controls. Most of our
23 generators is coal-fired, so this will give us
24 some fuel diversity when we have this unit
25 coming on line since it's natural gas-fired.

1 national survey that is conducted by an
2 independent survey party of sixteen peer
3 utilities around the United States and Gulf
4 Power Company ranks first or second in several
5 categories in that survey.

6 We have also maintained high
7 reliability during this time period. We have
8 had several storms in the Pensacola area in
9 Northwest Florida, particularly in 1995 having
10 two major hurricanes. We restored that service
11 after those hurricanes as well as the normal
12 kind of thing that you have weather and
13 otherwise throughout the year and we're proud
14 of the reliability that we have had with -- and
15 we think this is a major contributor in those
16 satisfaction ratings that I just mentioned.

17 Other things that we have done
18 throughout Gulf Power Company, we have taken
19 advantage of new tax technologies throughout
20 the company with a dual objective there of
21 controlling and lowering our costs as well as
22 improving customers satisfaction. And we have
23 been able to do this by using technology and
24 improving our work processes. In spite of the
25 growth that we have had, we have thirteen

1 percent (13%) fewer employees today than we had
2 twelve years ago.

3 These actions have culminated, I
4 think, in what I mentioned earlier about having
5 the low rates. We have had some of the lowest
6 rates -- we have the lowest rates in Florida
7 and some of the lowest in the nation. And even
8 after this increase, we will still be
9 significantly below the national average. If
10 you measure this increase and the comparison
11 with the national average based on a thousand
12 kilowatt hour, we're over ten percent (10%)
13 below the national average even after this full
14 increase would be implemented.

15 We're proud of the record that we
16 have had in Gulf Power Company and the service
17 that we have rendered to our customers, but we
18 know that we can't be satisfied with that
19 record. We have a number of new challenges in
20 this year and out beyond in the future. Our
21 industry is undergoing changes. We expect a
22 continuation of the technological advances that
23 have occurred where our customers have taken
24 advantage of those technologies and we expect
25 that to continue and we know that that is going

1 to bring some higher reliability issues that we
2 will have to address, some that we don't even
3 know about today, but we're getting geared up
4 for that.

5 Another thing that has changed is
6 financial markets. They're much more volatile
7 today than they were say ten to twelve years
8 ago. People today have many more options to
9 invest in different types of financial
10 instruments and other things, and I think also
11 investors' expectations are much higher than
12 they were a few years ago.

13 Another thing that happened right
14 after the day we filed our case with the PSC is
15 the Terrorist attacks in New York and
16 Washington, and of course, this has heightened
17 significantly the security that we're going to
18 have to obtain in the future and we're already
19 under way with doing that as well.

20 Next thing I will talk about it
21 higher customers expectations and I don't to
22 minimize this because I think that has been
23 something that has been very significant in the
24 last few years. Today our customers, and I
25 don't think we're unique in that, people want

1 service that is reliable. They want quick
2 response to their needs and they insist on that
3 and I think this is brought about because most
4 people today have computers and other highly
5 sensitive electronic equipment in their homes
6 and businesses and they want a reliable source
7 of electric power and we have been providing
8 that and we're geared up and will be geared up
9 to do that in the future.

10 As I mentioned earlier, this has been
11 a high growth area and we expect that to
12 continue in the future, and our plans are
13 focused on meeting those challenges in the
14 future. Gulf Power Company plans well in
15 advance for that and this rate increase request
16 is based on those future plans.

17 We expect to meet the high growth
18 that we expect to continue in this area. I
19 mentioned the reliability of needs have grown
20 in recent years and I think they will continue
21 to grow, and we want to maintain a high
22 customers satisfaction rate that we have
23 achieved in the last few years. We think that
24 is very important.

25 And lastly, we have to meet our

1 investor expectations. If we don't do that, we
2 won't be able to meet or customers growth needs
3 and those needs in the future. So we have to
4 have access to the capital markets to obtain
5 capital to make the investments and do the
6 things that we have to do, and I mentioned it
7 before how those financial markets have changed
8 and we expect that to continue to change as
9 well.

10 Let me just express my appreciation
11 to the Commission and to the members of the
12 audience for the opportunity to present this
13 overview of Gulf Power Company and our rate
14 case. Thank you.

15 **MS. JABER:** Mr. Burgess.

16 **MR. BURGESS:** Thank you, Chairman
17 Jaber. We salute Gulf Power's restraint, its
18 history of rate stability for the last decade
19 and for the cost saving measures that they have
20 implemented to be able to achieve this.
21 Nevertheless, we're looking at a substantial
22 rate increase that Gulf is seeking at this
23 point, 70 million dollars. That has to be
24 examined in depth and each and every aspect of
25 that has to be examined and scrutinized to

1 determine whether, in fact, it does justify the
2 rates that Gulf is seeking to obtain from this
3 hearing.

4 Public Service Commission staff, the
5 PSC's professional staff has examined Gulf
6 Power's books and records in depth. Our staff
7 has examined Gulf Power's records and we have
8 hired consultants that have also examined the
9 books and records of Gulf Power.

10 We have five witnesses, the Public
11 Counsel's office, has five witnesses that will
12 testify in this case and the cumulative result
13 of this is our conclusion is that Gulf Power
14 has substantially overstated its need for rate
15 relief. We'll present this in due course
16 before the Public Service Commission in
17 Tallahassee and the lines are being drawn at
18 this point.

19 We have preliminary have identified
20 over a hundred and twenty specific issues that
21 will be presented to the Public Service
22 Commission for them to arrive at a
23 determination on each one the cumulative
24 effect of which will determine how much the
25 rate increase, if any, will end up being. That

1 will happen, as I say, in Tallahassee in what
2 we call the technical side of the hearing.

3 At this point, though, that is
4 secondary as far as our concern and the reason
5 that the Public Service Commission and our
6 office as well as members of the Gulf Power
7 Company travel to the service areas, Panama
8 City specifically, and here as well, is to
9 determine what the customer input is. That is
10 the point of this hearing and so I will be
11 brief in my comments and look forward to
12 hearing what the customers have to say. Thank
13 you.

14 **MS. JABER:** Thank you, Mr. Burgess.
15 At this time, for those customers or members of
16 the audience that wish to speak, if you will
17 please rise and raise your right hand.

18 (WHEREUPON, all parties were sworn.)

19 **MS. JABER:** Mr. Burgess will call
20 you up in the order that you signed up to speak
21 and if you will come to the podium and remember
22 to spell your last name for us that would be
23 wonderful. Mr. Burgess, go ahead.

24 **MR. BURGESS:** Monty Blews.

25 **MR. BLEWS:** My last name is spelled

1 B-L-E-W-S. Madam Chairman and members of the
2 Commission, my name is Monty Blews. I'm the
3 general manager of the Santa Rosa Island
4 Authority which is an independent special
5 district of Escambia County. In effect, we
6 manage Pensacola Beach which is on the barrier
7 island out here. It's about an eight mile
8 segment and is commonly referred to as
9 Pensacola Beach.

10 This is a barrier island and I'm here
11 to speak today about the quality of service
12 that our entity has received from Gulf Power.
13 I have been in this role for almost ten years
14 now, about eight or nine years. I would like
15 to speak specifically to something that has
16 already been mentioned which was the effects of
17 the major hurricanes after 1995 and 1996. Our
18 island was devastated and essentially we went
19 into essentially twenty-four seven operation
20 essentially every day trying to get this place
21 put back together. Gulf Power had its crews
22 out on the beach. Everyday at 4:30 in the
23 afternoon we had a daily review and ops
24 briefing of what we had accomplished throughout
25 the day. We had arguments between the power

1 people, the water people on however you want to
2 do it. We opened up streets by street. The
3 bottom line is they committed the resources to
4 allow us to get our island back in operation.
5 We could not have done it without them. We
6 were one of the quickest operating to get back
7 in operation. Our businesses became
8 operational quickly. We had residents back out
9 on the beach, and there was a commitment to get
10 us back and going.

11 The significance is that not only are
12 there residents there but there are businesses
13 and this is the core of the tip of the spear,
14 if you will, for our tourism industry and we
15 had to get that back and operational and let
16 the nation know that we were still there.

17 They also went off -- we had
18 Hurricane Georges which came on later on. They
19 have been very cooperative helping us to get
20 our island back in shape.

21 Another item of interest to all of us
22 in the state of Florida is the natural turtle
23 habitat. Those of us that are essentially on
24 our coast have a problem with disorientation
25 and other dangers and threats to species of

1 turtles when they try to lay their eggs and the
2 hatchlings try to swim out to sea. They are
3 disoriented by high and bright lights along the
4 shoreline, they turn around and come back and
5 essentially die. Their navigational system is
6 all turned around. We have had strong
7 corporation with Gulf Power. Like Mr. Sacks
8 (phonetic) some members of the staff, they are
9 here today to work with us on this project and
10 he was the key guy that worked with us on
11 hurricanes also.

12 And what we have done is worked with
13 Gulf Power and at their expenses we have
14 modified and shielded lights along the gulf
15 front area and in addition established and
16 installed new items I think referred to as
17 cobra heads which essentially bring the power
18 down into a cone and it doesn't go out on the
19 beach. And to They have been strong partners
20 with us, if you will, to try to keep our island
21 in good shape and in fine condition.

22 And just on a closing note, we are a
23 very patriot community up three. When 9/11
24 hit, we as a community had to cancel a fifty
25 year tradition which was the Homecoming show

1 for the Blue Angels and we didn't know how we
2 were going to do that. The Navy asked the
3 Island Authority if we would host it, so we
4 did. We normally do a show and do it in the
5 summertime out here, but we did a three week
6 period of time what we normally do in about six
7 months. They were supportive in helping us.
8 They had positioned vehicles out here in case
9 we had big crowds and had some problems with
10 service.

11 And on a real small note, we just
12 installed about a hundred and fifty American
13 flags across our bridge going out there. We
14 couldn't get up on the poles to hang them on
15 the light posts and Gulf Power helped us do
16 this. It's a small thing.

17 I just wanted to share with you today
18 my feelings as the general manager of the
19 Island Authority and the community that the
20 culture of Gulf Power is a strong, good
21 contributing corporate citizen. Madam
22 Chairman.

23 **MS. JABER:** Thank you, Mr. Blews.
24 Commissioners, do you have questions? Thank
25 you, sir. Mr. Burgess.

1 **MR. BURGESS:** Paul Goudy.

2 **MR. GOUDY:** My name is Goudy,
3 G-O-U-D-Y. Madam Chairman and the rest of the
4 commissioners, thank you very much for the
5 opportunity to speak to you. I spoke at the
6 last hearing ten years ago and my objections
7 are the same this year as they were then.

8 But before I get to the objections I
9 would also like to comment on the service. I
10 believe it is excellent. I have absolutely no
11 complaints except for squirrels who knock us
12 out but that is taken care of very rapidly. I
13 have a number of friends -- I am an electrical
14 engineer, I'm retired -- I have a number of
15 friends working for Gulf Power and I can attest
16 to the quality of their personnel. So on that
17 I give them very high grades.

18 My objection is and I have no
19 argument that they probably need a rate
20 increase. How much I am not able to determine.
21 That is your job. My problem is that the rate
22 increase seems to be directed to the individual
23 consumer. If you go through the rates, they're
24 the RS class which I think is residential
25 service as an eighteen point four percent rate

1 increase. The others are substantially less
2 and in the upper bracket, I guess the
3 industrial bracket, there is actually a rate
4 decrease and this is where I come apart.

5 The statement was made that there are
6 a thousand -- hundred thousand more customers
7 and the usage has gone up and I think this is
8 just another case that says that growth does
9 not pay for itself. In my own personal case, I
10 built a new home two years ago, made it energy
11 efficient as possible. My electrical usage,
12 and you all can check this out if you want, has
13 overall gone down somewhere between
14 thirty-three and fifty percent of what it was
15 in my former residence. And this can be done.
16 So I have cut my usage down and yet I'm going
17 to have to pay a substantial increase in the
18 rates.

19 It leads me to question why is there
20 not some sort of an impact fee on new users
21 that would help pay for the investment in
22 capital that would provide the energy required?
23 That is the question number one.

24 And number two, why cannot
25 residential customers have say a sliding rate

1 on the first thousand then a little more on the
2 next two thousand a little more on the next
3 three thousand. I know they have a system in
4 now based on time of day which I do not
5 subscribe to because when I want power I want
6 it. I'm ready to pay for it. So the time of
7 day doesn't bother me, but the usage bit is
8 something that I personally think ought to be
9 explored.

10 I believe last time the rate increase
11 for residential customers was something in the
12 order of seventeen percent. This time it's
13 more.

14 So that's about all I have to say.
15 From a service standpoint, they're excellent
16 and I feel they're entitled to something, but
17 don't take it out of the individual consumer
18 customer's hide. Thank you.

19 **MS. JABER:** Thank you Mr. Goudy.
20 Just so you know, Mr. Goudy, in response to
21 your questions, the actual rate structure will
22 be an issue in the case and with respect to
23 allocations, that is something that our staff
24 will thoroughly review.

25 **MR. BURGESS:** John Marts.

1 **MR. MARTS:** My name is spelled
2 M-A-R-T-S. Thank you for the opportunity to
3 address this group. If I ramble, that is my
4 normal procedure.

5 Speaking of the same rates that he
6 just spoke about, they run from eighteen and
7 half down to one percent and if you would like
8 to write them down, the ones that are on your
9 yellow sheet are eighteen and a half, eight
10 point three, five point two. That is GST. LP
11 four point oh. PX is a wash. So is PXD.

12 Another point that was brought up
13 here about having a sliding scale for low
14 usage. You already have a built-in scale for
15 that. You have an eight dollar fee at least on
16 my thing which I will pay and which becomes a
17 lesser part of the total bill as the usage goes
18 up. So that partly is covered already, good or
19 bad.

20 I will also wonder if this isn't a
21 good time to run a bond issue because they're
22 certainly not paying any interest anywhere
23 else.

24 I would also like to know how much of
25 the total power produced goes to the RS

1 customers. And I have got some other questions
2 of my own mind. For instance, what percent of
3 power is lost in transmission. That is of
4 interest to me. And are large users' rates
5 negotiated. Now, I used to work in a chemical
6 plant and I ran a lot of mechanical and
7 electrical equipment. At the time we installed
8 a fifteen hundred horsepower engine that was
9 capable of direction a power type of say a
10 synchronous motor. We negotiated our power
11 rates very substantially because at that time
12 we elected not to take gas and we were also
13 correcting the power company's power factor
14 without the use of capacitors as such.

15 And I'm also interested in my own
16 mind if someone wants to comment on it, is what
17 area is the new plant going to serve. Is it
18 going to be tied in essentially with Pensacola
19 so that these two plants are feeding together
20 towards a middle so to speak or if there is
21 some other general -- some other distribution.

22 And that is all questions I have got.
23 And I would like to say though, I'll save it to
24 last, that Gulf Power service is excellent. I
25 have absolutely no complaint at all. I'm very

1 pleased with it. I have been other places.

2 It's good. Thank you.

3 **MS. JABER:** Thank you, sir. Mr.
4 Marts, let me address the company and what I
5 believe the answer is, but I want to make sure.
6 Mr. Stone, it's my understanding that the new
7 plant although located in Panama City, it is
8 your intent that the service would be provided,
9 that the plant would be used to provide service
10 throughout the Gulf Power territory.

11 **MR. STONE:** That is correct,
12 Commissioner Jaber. The plant serves our
13 entire grid.

14 **MS. JABER:** And with respect to the
15 percentages of power produced that goes to the
16 residential customers, if you will have one of
17 your folks here today sit down with Mr. Marts
18 and walk him through those percentages, that
19 would be very helpful. Thank you, sir.

20 **MR. DEASON:** Madam Chairman, may I
21 take a moment to answer a few of those
22 questions?

23 **MS. JABER:** Yes. Yes.

24 **MR. DEASON:** Mr. Marts, I appreciate
25 you being here today. I'm the one speaking

1 right here. You make a very good point about
2 the fact that interest rates are low currently
3 and you raised the question about issuing
4 bonds. That is a matter which will be reviewed
5 in the technical hearings which Mr. Burgess
6 eluded to earlier. We will review the entire
7 capital structure of the company, the way they
8 go out and obtain financing and the cost of
9 that financing and it will be the attempt of
10 the commission to determine what is the least
11 cost way to finance the capital improvements
12 which are necessary.

13 You question how much power goes to
14 residential customers. That is a factual
15 question which we can get the answer to you. I
16 don't have that with me right at the moment,
17 but that is probably part of what we refer to
18 as the minimum filing requirements which are
19 required to be filed at the very beginning of a
20 rate proceeding. And you are correct, there is
21 a certain percentage of transmission lossage
22 which do occur. We also can get that number
23 for you as well.

24 You also question as to whether there
25 are rates that are negotiated for large

1 customers. The company has a certain amount of
2 discretion. We have allowed them tariff
3 provisions which allow them to negotiate with
4 certain customers under certain situations. We
5 have given that flexibility, it is something
6 that is reviewed by the commission. They have
7 the burden to demonstrate to the commission
8 that if they enter into such an agreement that
9 it is for the benefit of all customers.

10 What I mean by that, if there are
11 certain loads that would not have occurred that
12 would be lost off the system which is cost
13 effective load which helps spread fixed cost
14 and if that load was not served, then that
15 would be a loss to all customers and they have
16 the obligation to demonstrate that any such
17 arrangements are cost beneficial to the entire
18 body of customers.

19 And Madam Chairman, you already
20 addressed the fact that the new plant is part
21 of an integrated grid and it's designed to
22 serve all customers as need arises. I also
23 would point out that it's my understanding that
24 if and when it's possible for power from that
25 plant to be exported out of system that that

1 can happen, but what that does is that creates
2 revenues which can then offset customer rates
3 within the area and this plant is efficient and
4 it's my understanding that those opportunities
5 may arise.

6 And we have staff here and if there
7 are any other questions you wish us to address,
8 we'll try to give you any information you
9 desire. Thank you for being here.

10 **MS. JABER:** Mr. Burgess.

11 **MR. BURGESS:** Jeff Schembera.

12 **MR. SCHEMBERA:** Schembera,
13 S-C-H-E-M-B-E-R-A. I represent Okaloosa-Walton
14 Junior College. I'm the senior vice president
15 there for administrative services and that
16 encompasses utilities payment and utilization.
17 We have had a long and fruitful relationship
18 with Gulf Power over the last thirty-five plus
19 years and I would like to speak to the issue of
20 quality of service.

21 To use an example of the
22 responsiveness of the community involvement of
23 Gulf Power, back in September, September 8th to
24 be exact, we had seventeen hundred people
25 coming to our Fine and Performing Arts Center

1 and we have a new library going up and the
2 contractor, in spite of the plans and in spite
3 of the engineering markings where the power
4 lines that fed the entire campus happened to
5 be, drilled into those not once but twice
6 knocking out the entire campus, and
7 specifically that evening the Arts Center.

8 So as those seventeen hundred people
9 began arriving, we made an emergency call to
10 numerous people one of which was the local Gulf
11 Power manager, Ms. Sandy Sims, and within
12 minutes we had four crews arrive and they
13 worked at, we didn't, they worked out a
14 solution to run power above ground temporarily
15 to a transformer that would feed the Arts
16 center so that we would be able to provide the
17 performance and satisfy those seventeen hundred
18 paying customers that had made some fifty or
19 sixty thousand dollars worth of ticket
20 purchases.

21 That is an example of the type of
22 responsiveness that we've had and the working
23 relationship we've with Gulf Power over the
24 years, and we think that their involvement in
25 the community and their work with their

1 customers has been outstanding and that the
2 quality of service is outstanding and we would
3 just like to attest to that. Thank you.

4 **MS. JABER:** Thank you.
5 Commissioners, any questions or comments? Mr.
6 Burgess.

7 **MR. BURGESS:** Penny Desimone.

8 **MS. DESIMONE:** Hello, I'm Penny
9 Desimone. That is spelled D-E-S-I-M-O-N-E. I
10 represent Action for the State of Communities
11 and we're about ecotechnology. I am a citizen
12 of Pensacola and been so since '72. Please
13 forgive me. I came unprepared. I wasn't aware
14 this meeting was going to be until late
15 yesterday.

16 What interests me in rate increases
17 is I guess the bigger overall picture. I know
18 economy and finance and marketing is very
19 important. What guides that? What rules that?
20 What are the bigger issues? What is happening
21 in our country in our global transmission. I
22 look at the technology and all I've gotten so
23 far, to my understanding, is that we're going
24 to be paying seventy million dollars in a new
25 energy providing plant that is run on natural

1 gas which is a conversion from the coal. That
2 still leaves issue that are very pertinent
3 here and across the globe.

4 One, and I don't know who it was that
5 was speaking that the emissions controlled
6 plant has not totally been closed or defined or
7 whatever. These are very important when you
8 are talking about rate increase, we're looking
9 at yes, maybe Florida has low rate increase but
10 we also have very high illness here and cancer
11 and pollution from emissions. And we have to
12 start look at the bigger picture. That's very
13 interesting and it might be new and it be old,
14 but I don't know people's own understanding,
15 but I have had the opportunity to research and
16 coordinate with many great people at our own
17 Southern Company.

18 So my question is on the technology,
19 we have now our global transmissions, hydrogen
20 technology that gasification, plasma
21 gasification technology, has been researched
22 and developed for now over fifty years. It's
23 been in the background for good reason, you
24 know. It has to be Texaco, all the big DOE,
25 the Department of Energy, you have to have the

1 background scale research and application
2 before you put it on the wide scale market.

3 For thirty years now that has been
4 going on. It's already been researched. It
5 has large scale application. Our Department of
6 Energy, we don't have to re-invent the wheel.
7 So I began to research. Our own Southern
8 Company has been involved and it's really
9 interesting and so exciting. As part of the
10 DOE fossil energy program, Southern company is
11 working with the National Energy Technology
12 Laboratory, the Electric Power Research
13 Institute, and several industrial partners to
14 improve the technology.

15 They have a huge plant in
16 Wilsonville, Alabama. So I called, I called
17 Gulf Power and I asked them, you know, about
18 the technology because there is so much funding
19 now with -- the Government just released and I
20 knew they would. 9/11 expedited what was going
21 to come.

22 Hydrogen is the most abundant fuel
23 element in the whole universe. We extract it
24 by incineration through our fossil fuels. That
25 is (inaudible) now because of natural gas. Now

1 we're going to go to natural gas. We were
2 doing it in many more ways. You talk about the
3 problems with the emissions and Krist -- I'm
4 sorry. Let me get back on task here.

5 Anyway, after 9/11 it's been well in
6 the making and many, many, many grants and
7 fundings that are available to introduce plasma
8 science into school systems.

9 We just finished a deadline on
10 December 12th that we could have gotten in,
11 Gulf Power, on getting millions of dollars to
12 begin implementing this technology that already
13 their Southern Company has done. They're not
14 aware of that and that is okay. We wonder why.
15 If it's so good, why are we not aware? There
16 is timing in economics. There is timing. 9/11
17 said, Okay, we're putting it forward. No,
18 they're not going to just make it available.
19 So I'm saying, Please, let's look at it, let's
20 contact our Southern Company and find out, now
21 when are you going to release Gulf Power as one
22 of the pilot companies to begin implementing
23 this technology. We're recognized as
24 nationally critical. And he said, Well, we
25 plan to begin implementing the technology

1 surrounding areas within two years, but Gulf
2 Power is not a candidate. And the reason
3 behind it is because it's not solicited because
4 of the knowledge base.

5 So I'm here to say I have done months
6 and months of resources and research and I
7 would be glad to meet with you. I don't have
8 it complied very well right today, but I'm
9 making a resource guide that will give you the
10 resources you need. The Department of Energy,
11 I'm working with them very carefully. The
12 education plans are out there. The community
13 plans, the fundings are out there to
14 implementing the partnership for schools.

15 Fact, we have a pollution problem
16 here. The money that is going toward is
17 outdated technology. To me it's going to just
18 down the road you can look everywhere, it is
19 coming out economically. Two hundred billion
20 dollars a year alone was in this technology in
21 this country.

22 And this is not something I invented
23 and it's very exciting and I know many people
24 aren't aware. And I really want to be able to
25 provide you so that we all can begin to be

1 renewable and reuse the clean energy that is
2 readily available to us. It's not a futuristic
3 thing. It's here, it's available, and we just
4 have to open our eyes and resource and network
5 out so that we can become aware that as a
6 community that is what it takes, community
7 awareness.

8 And so any information, the monies,
9 the Vision 21 program, ISO 14000 programs, all
10 these programs toward bringing the technology
11 that we truly, truly need to remedy our health
12 problems, turn around and be economically
13 powerful here.

14 You can take Gulf Power turn around
15 in their own energy, Krist mill we won't have
16 fly ash because we won't have to worry about
17 disposing of it. It can convert. It's called
18 feed stock and it can do solid, liquid, gas,
19 anything. It goes in a feed stock. Even our
20 hazardous waste sites, it is incredible. This
21 has been done. It converts to a cine
22 (phonetic) gas which is a non-volatile gas and
23 then converts to a slab which is a molten
24 material, almost glass. It is non-toxic, it's
25 reusable and it's a remarkable product. And it

1 is exciting. It is the nomenclature of our
2 children.

3 It is -- the people who are wise
4 will begin to look at investments now. Just in
5 the three months since 9/11, the investment has
6 increased, the energy companies. Tampa
7 Electric gasification, they just got one of the
8 largest grants from the DOE to expend down
9 there because they've got state of the art
10 using the plasma system.

11 There is a lot of going on here that
12 I think our town, that we're not educated on.
13 We're focusing on our immediate needs which is
14 fine. This is not making anybody wrong. Why
15 aren't we there? Why aren't we doing this?
16 Why aren't we talking about new technology?
17 Why aren't we talking about, you know, the
18 economic potential that we have now and to
19 clean up the environment at the same time. It
20 seems too good to be believed, but it's here
21 and we have the opportunity.

22 So I would really like us to look in
23 that direction because those truly are
24 solutions. To me these are temporary
25 diversions because our energy needs are not

1 only going to increase as they have a hundred
2 and thirty percent, they're going to be
3 compelled beyond our imaginable needs.

4 And so all of our country leaders are
5 already implementing it and getting it pretty
6 much -- it's pretty much a hands full to say
7 here it is and I would like to offer that
8 information resources so that you can take off
9 on your own journey of exploration and I think
10 it will be quite interesting what you find.

11 So if I can help you or assist you in
12 any way with my research that I've done to
13 provide that to make it easier for you because
14 I know we're all busy and all have to focus on
15 certain things and that is why we come together
16 as a community. And it's time we look at the
17 bigger picture, look at the bigger picture in
18 the technologies and what we're using, pulling
19 the emissions we pull in and all that we pull
20 in our economy. This is sound solutions and
21 they are our future and they are our now and
22 I'm saying let's hop on board. Let's be the
23 pioneers of Pensacola enterprise. You know,
24 our parent company, Southern, already has had
25 their foot in the door, you know, for fifteen

1 years or more. So let's joint forces, please.

2 I don't mind paying rate increases if
3 it's toward these solutions that are going to
4 be a true solution. You know, seventy million
5 rate increases to continue to pollute it and
6 still having the problems that we have and just
7 taking coal to natural gas is not really a
8 solution. It's a temporary diversion and it
9 will run out. Thank you.

10 **MS. JABER:** Thank you, Ms. Desimone.
11 You probably, because of your research, already
12 know that the Govern's 20/20 Commission has
13 issued it's final report. I think it was
14 issued mid-November, and there was a huge
15 section devoted to the environmental needs and
16 new technologies and encouraging fuel diversity
17 for environmental needs, but also for the long
18 term meeting the needs of Florida for the next
19 twenty years and it is very much on the State
20 radar screen. Everyone is trying to get there.
21 The interesting balance, of course, is to make
22 sure that there is a balance between cost and
23 increases and protecting the environment and
24 I'm sure you are well aware of that.

25 I want you to know that Gulf Power

1 participated thoroughly in that process, and as
2 it relates to the unit that they're proposing
3 now for Panama City, there was a determination
4 several years ago that at the time that was the
5 least cost alternative. It is a combined cycle
6 unit which makes it more efficient than the
7 coal unit. So I wanted to just to offer that
8 to you to let you know that from a statewide
9 prospective, many people have gotten together
10 and Gulf was certainly a partner in that
11 regard.

12 As far as your research, you are
13 welcome to share it with us. If you would like
14 to make sure our staff gets it, you are welcome
15 to that. We're all accessible on the e-mail if
16 you like to e-mail it to us. I encourage you
17 to share it with the Department of
18 Environmental Protection.

19 **MS. DESIMONE:** I have, and being a
20 small, you know, and it's a very new
21 introduction and really you get a lot of
22 resistance which is okay. I keep coming back.
23 But I have been to those and I will continue to
24 go to International Paper because this same
25 technology can be used as we're building

1 International Paper with a brand new ECUA water
2 delivery. I mean, it can be implemented now
3 also. So there are things out there.

4 Interestingly enough, I would like --
5 there is the National Hydrogen Association,
6 okay. This is the kind of thing we began to
7 look at and say on a state level but on a local
8 level, and I truly, and that is what I would
9 like to offer is that we just missed in Orlando
10 this past Monday and Tuesday the Coal Based
11 Energy Hydrogen conference in Orlando, you
12 know. It was very inexpensive. It was a great
13 symposium and introduced our infrastructure
14 and anybody who is really truly interested in
15 what is happening and where it's going with
16 this and it was strictly -- it was focused on
17 our energy producers.

18 Another one is coming up you may be
19 interested in looking at. And this is on a
20 local level, I want to see this, too, yes, on
21 the state we're becoming interested. There are
22 people already understanding where it's going
23 and knowing and already making -- it is
24 economically feasible. The government are
25 giving grants like crazy and matching it with

1 companies that have been well established.

2 The National Hydrogen Association is
3 having a meeting now. This is international.
4 It's going to be in Canada in June and I
5 believe the ninth through the fourteenth. I
6 mean, truly, one representative from every --
7 from Gulf Power, from Southern, from everybody
8 to go to these things and begin to really
9 educate and see what is happening, and get the
10 resources that we need because they're
11 available. It's soliciting. It's getting the
12 time to get the education and the knowledge out
13 there. So we need to say yes, I could go to
14 DEP and DEP knows about it up in certain areas,
15 like Washington and certain areas. They always
16 guide you to the grants and the educational
17 material which is great.

18 Now we need voices and that is why I
19 appreciate having the opportunity to get up
20 here and share this because a lot of people
21 don't. And the ones that think I'm just
22 rattling out my mouth, there is a very
23 interesting -- to begin your search alone and
24 the people in the community, just get on US
25 Department of Energy and their hydrogen program

1 or their gasification technologies and it will
2 take you everywhere from curriculums designed
3 from kindergarten all the way the PhDs into
4 plasma science and into hydrogen. It goes into
5 your gassification emissions that go into the
6 land fills.

7 It shows you and gives you everything
8 you need. It shows the solicitations to bring
9 up on a community level, programs for community
10 awareness or charting out the five year plan.
11 So this is something that has been already
12 done. Thank goodness we don't have to redesign
13 the wheel. Really. Reinvent it because it's
14 there for us. Now we need to tap into it.

15 So those of you out there, the
16 Department of Energy, look under gasification
17 technology as well as www.plasmas.com. They
18 are a coalition trying to get everyone out
19 there more educated and knowledgeable. This is
20 where we're going. This is what we need to
21 leave our kids. So we can't leave them with
22 what we have now. We're using up our resources
23 and on an economic standpoint, this is what
24 they're going to be educated about. Schools
25 will flourish, education will change because we

1 are in the middle of a major, exciting work of
2 transition and we got to pick up on it and so
3 anyway. Thank you.

4 **MS. JABER:** Thank you. Mr. Burgess.

5 **MR. BURGESS:** Tom Roberson.

6 **MR. ROBERSON:** Good morning. My name
7 is Tom Roberson. My last name is spelled
8 R-O-B-E-R-S-O-N. I appreciate -- I have never
9 been to one of these meetings before and I
10 appreciate the opportunity to come and speak.
11 I want to thank you all for what you do. I
12 know it can't be easy trying to balance the
13 needs of a private company and a free
14 enterprise system with the needs of consumers.
15 It's a hard job and I appreciate you doing it.

16 I don't want to sound anti-Gulf Power
17 in any of my remarks. I think Gulf Power is a
18 first class company. Anyone who has seen them
19 respond to the needs of people during the
20 hurricanes or seen them get together and head
21 out of state to help other states, I don't
22 think you can say anything negative about that
23 company. I am not against them making money.
24 On the contrary I want to see them do well.
25 One of the biggest holders of stocks and

1 utilities across our whole nation is public and
2 private-owned pension funds. So we want our
3 utilities to do well because a lot of people
4 benefit in the long run.

5 What concerns me today and why I have
6 come to speak is the amount of the rate
7 increase. I really don't understand exactly
8 how things work between the company and the way
9 that they budget and what they present to you.
10 When I first got the notice in the mail with
11 the power bill, just reading the little notice
12 that they sent to the customers, my first
13 thought was I didn't really understand why
14 there was a need for a rate increase. The
15 company is saying that the customer base has
16 increased, their existing customer base was
17 buying more product from the company and that
18 they were building a new plant which would
19 provide additional products to be sold to
20 additional customers.

21 So my first thought was that initial
22 revenues would be generated and therefore, why
23 would there be a need to have a rate increase.
24 Also in their notice they mentioned that even
25 with the increase their rates would still be

1 among the lowest in the nation. I think that
2 is good. It should be a source of pride for
3 the company to have low rates. On the other
4 hand, I think it's kind of -- we really ought
5 not to be basing rates here on other areas of
6 the country, South Florida, New York and
7 California. They all have different --
8 they're all different areas. They have
9 different costs of living and so forth. So I
10 really don't think that that is something that
11 we need to put a lot of stock in.

12 One of the biggest things that
13 concerned me about the amount of the double
14 digit rate increase, right now the two biggest
15 stories on the new is the state of -- the
16 national state of emergency with the armed
17 forces having been deployed overseas and the
18 resulting recession nationwide. As a result of
19 the terrorist attacks and need for additional
20 security, the airlines are losing revenue
21 because of reduced tourism all across the
22 nation. There is reduced economic activity
23 because of what is happening.

24 In this area, in this region, wages,
25 jobs, those sort of things, are not -- I hear a

1 lot on this about people graduating from
2 college and having to leave the area to find
3 decent paying jobs. If any kind of increase,
4 it's not just how much an individual home pays
5 for their power, it's region-wide and when you
6 add up all the individual homes and customers,
7 business and whatever, that is a huge, huge
8 amount of money to be pulling out of the
9 economy and I just feel like that really is
10 like throwing a pebble in the pond. It's
11 going to have repercussions of not just only
12 local and national.

13 If there is a legitimate need which
14 you are better to judge than I am. If there is
15 a legitimate need for additional revenues and
16 additional money I am not against that. I feel
17 like there is a better way to be able to get
18 them this revenue without such a large increase
19 at one time, and once again, you are better
20 able to judge how it can be done and I'm sure
21 the company has some input. I'm sure there is
22 a better way that could be a win-win, not just
23 the company but the customers as well.

24 I thank you to take the time to
25 listen to me.

1 **MS. JABER:** Mr. Roberson, your
2 initial question was how does it work, how is
3 it that they come in and justify their request
4 and it's a series of requirements that they
5 have to meet and those requirements involve
6 showing us their expenses, their level of
7 revenues, how much growth has occurred in the
8 area and as you can imagine, with growth comes
9 additional expenses.

10 I preface my response to you by tell
11 you we're not done. This is very preliminary
12 in the process. So I don't want you to
13 misunderstand our responses or concerns to be
14 that we have already decided this case. In
15 fact, we have a team of staff that analyzes
16 the information as it was filed. We conduct
17 discovery similar to a jury trial. We do
18 depositions and send out requests for
19 information and we audit the company. So we
20 will look at all of that thoroughly.

21 Just to answer your question, there
22 have been increased cost on utilities company
23 even post September 11th because there is a
24 heightened need for security and those are the
25 kinds of things that a company may ask for a

1 rate increase for. There are environmental
2 requirements that they have to meet and as you
3 can imagine, those environmental requirements
4 have become more stringent over the years.
5 Those are the kinds of things that will show up
6 in the requirements that are filed with the
7 Public Service Commission.

8 **MR. ROBERSON:** Thank you.

9 **MS. JABER:** Thank you. Are there
10 customers that have come in the audience after
11 we swore in the initial round of customers?
12 Are there people that would like to speak now?

13 **MS. JABER:** Come on up to the
14 podium, sir, and I'll swear you in. Have you
15 been sworn?

16 **MR. GRIFFITH:** Yes. My name is
17 Michael Griffith. I'm a newspaper reporter
18 with the Bay Beacon in Niceville. I had a
19 couple of questions, particularly for the Gulf
20 Power representatives and anyone else that
21 cares to address them.

22 The first of these is you mentioned
23 earlier about the increased use of personal
24 computers having an effect on the demand for
25 power. I noticed in the personal computer

1 industry as the number of customers buying
2 personal computers increased, the prices of
3 personal computers have decreased dramatically
4 over the years. Whereas, infrastructure
5 expansion in the companies was usually funded
6 through investors. Why doesn't the power
7 company do it the same way?

8 Also, the Northwest Florida Water
9 Management Authority has implemented
10 conversation rates for water customers
11 throughout northwest Florida. Are similar
12 rates being considered for electrical power?

13 And also how do Gulf Power rates and
14 I know they are favorable compared to the rest
15 of the nation, but how do they compare to other
16 regional power suppliers such as Choctawhatchee
17 Electrical Cooperative or other companies?

18 And, last but not least, is there any
19 possibility of a power crisis similar to the
20 one that California faced last year?

21 **MS. JABER:** And you are asking those
22 questions of the company? Would you like to do
23 this after the hearing or are you trying to get
24 --

25 **MR. GRIFFITH:** I could if that would

1 save time.

2 **MS. JABER:** You may want to do that
3 after the hearing. I'm assuming you are trying
4 to put an article together?

5 **MR. GRIFFITH:** Yes, I am.

6 **MS. JABER:** Because I don't think
7 Mr. Stone is the person that will be able to
8 answer your questions. You need to make sure
9 you are sitting down with a technical person
10 from Gulf Power so that they can give you that
11 rate comparison that you are looking for. Let
12 me verify that.

13 Mr. Stone, who is it that is better
14 able to answer Mr. Griffith's questions?

15 **MR. STONE:** Mr. Hutchinson our
16 manager of corporate communications will get
17 with Mr. Griffith.

18 **MS. JABER:** And Mr. Griffith,
19 certainly if you need to speak to any one of
20 us, to we can do that after the hearing as
21 well.

22 **MR. GRIFFITH:** Thank you.

23 **MS. JABER:** Thank you. Are there
24 customers? The purpose of this hearing is we
25 want to make sure we're hearing from customers

1 today. Are there customers that wish to speak
2 before we adjourn for the day? Okay.

3 Commissioners?

4 We are going to conclude for today.
5 We have a second service hearing in Panama
6 City. Just for the benefit of the consumers, if
7 you are following the development of the case,
8 our staff will prepare a recommendation for us
9 to consider that recommendation. It will be
10 published April 18th tentatively and we are
11 tentatively scheduled to decide this matter on
12 May 7. Thank you for being here.

13 (WHEREUPON, the proceedings were
14 concluded.)

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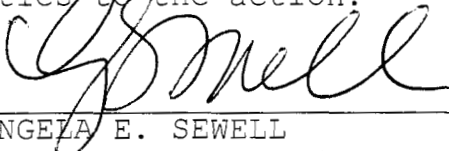
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STATE OF FLORIDA)
COUNTY OF ESCAMBIA)

I, ANGELA E. SEWELL, Professional Court Reporter and Notary Public, do hereby certify that the proceedings were taken by me in machine shorthand and was thereafter reduced to typewritten form by me or under my direction and supervision, that the foregoing transcript is a true and accurate record of the testimony given to the best of my understanding and ability.

I FURTHER CERTIFY that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially interested, or otherwise, in the outcome of this action; and that I have no contract with the parties, attorneys, or persons with an interest in the action that affects or has a substantial tendency to affect impartiality, that requires me to relinquish control of an original deposition transcription or copies of the transcript attorney, or that requires me to provide any service not made available to all parties to the action.



ANGEALA E. SEWELL
Court Reporter and Notary Public

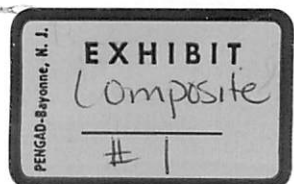
My commission expires: 09/15/04

AFFIDAVIT

The undersigned **JOHN L. HUTCHINSON** ("Affiant"), being first duly sworn, deposes and says that:

1. Affiant is the Manager of Corporate Communications for Gulf Power Corporation ("Gulf Power") and has personal knowledge of the facts stated herein.
2. Gulf Power, in order to provide the public with information regarding its Request For Rate Increase before the Florida Public Service Commission, Docket 010949-EI, has provided information as detailed below in compliance with Rule 25-22.0406 of the Florida Administrative Code, Commission Order No. PSC-01-2035-PCO-EI and the Notice of Customer Service Hearings issued November 19, 2001.
3. On September 10, 2001, Gulf Power mailed a copy of the Petition for Rate Increase to the chief executive officer of each county and municipality in the affected service area in compliance with Section 25-22.0406(2), Florida Administrative Code.
4. On September 18, 2001, Gulf Power placed copies of the Minimum Filing Requirements on file for public access and inspection at its corporate headquarters in Pensacola, Florida, and at its business offices in Pensacola, Ft. Walton Beach and Panama City, Florida, in compliance with Section 25-22.0406(3)(a), Florida Administrative Code.
5. On October 19, 2001, Gulf Power placed a synopsis of its rate request on file for public access and inspection at its corporate headquarters in Pensacola, Florida, and at its business offices and the main public libraries in Pensacola, Ft. Walton Beach and Panama City, Florida, and mailed copies of the synopsis to the chief executive officer of each county and municipality in the affected service area in compliance with Sections 25-22.0406(4)(a) & (b), Florida Administrative Code, a copy of the synopsis is attached hereto and made a part hereof as Exhibit "A".
6. On November 2, 2001, Gulf Power began sending to its customers an approved notice in compliance with Section 25-22.0406(5), Florida Administrative Code. Beginning with billing cycle 3 on December 6, 2001, and ending with billing cycle 2 on January 5, 2002, Gulf Power sent to all of its customers an approved notice in the form of a bill insert in compliance with Section 25-22.0406(5), Florida Administrative Code. Those Gulf Power customers who receive electronic bills were sent a electronic notice via email on January 2, 2001, a copy of the text of the bill insert and email is attached hereto and made a part hereof as Exhibit "B".

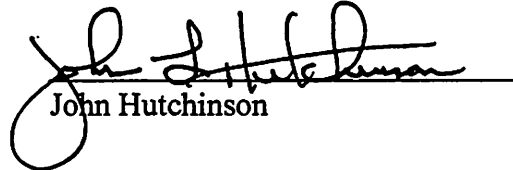
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 010949-EI EXHIBIT NO. 1
COMPANY/
WITNESS: Gulf Power
DATE: 12-16-02



7. On December 29, 2001, Gulf Power published an approved display advertisement in the Pensacola News Journal and the Panama City News Herald which stated the date, time, location and purpose of the service hearings in compliance with Section 25-22.0406(6), Florida Administrative Code, a copy of the display ad is attached hereto and made a part hereof as Exhibit "C".

FURTHER AFFIANT SAYETH NOT.

This the 16th day of January, 2002.


John Hutchinson

Sworn to and subscribed before me this 16th day of January, 2002. Said person is personally known to me and/or produced a current driver's license as identification.

(Notary Seal Must Be Affixed)

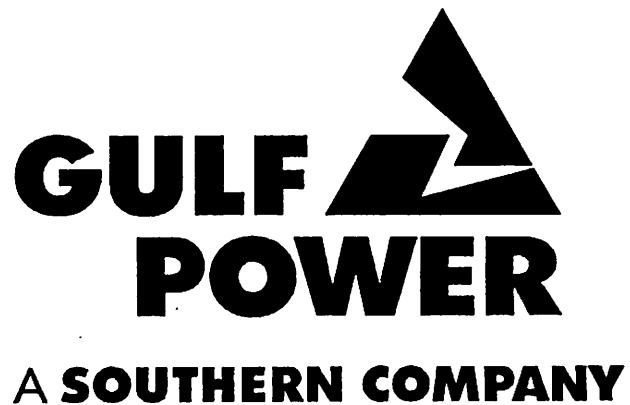
RUSSELL A. BADDERS
Notary Public-State of FL
Comm. Exp. Feb. 23, 2003
Comm. No. SC 798428


NOTARY PUBLIC

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 010949-EI

RATE CASE SYNOPSIS



I. PURPOSE

Pursuant to Rule 25-22.0406(4)(a), Gulf Power Company is providing a synopsis of the rate request.

II. COMPARISON OF THE PRESENT AND PROPOSED RATES FOR MAJOR SERVICES

Attached to the end of this synopsis are pages 112 through 115 of MFR E-17 (Attachment 1) which provides a comparison for all present and proposed rates.

III. MAJOR RATE CASE ISSUES

The issues listed below are anticipated by the Company to be major areas considered; however, it is rather difficult to anticipate all the issues which may develop during a rate case.

1. What is the appropriate test year for setting base rates?
2. What is Gulf's test year rate base?
3. What is Gulf's test year working capital?
4. What is Gulf's test year cost of capital?
5. What is Gulf test year net operating income?
6. What is the proper Return on Equity for the test year?

IV. EXECUTIVE SUMMARY OF THE RATE CASE

Gulf Power Company's Petition, new rate schedules, testimony, and Minimum Filing Requirements (MFRs) are filed under Section 366.06(3), Florida Statutes. Gulf seeks new base rates and charges which, based upon projected operations during the period June 2002 through May 2003 ("the test year"), would provide additional gross annual jurisdictional revenues of \$69.9 million or an 11.9 percent increase in retail revenues. This revenue increase request reflects a return on equity of 13.00 percent and an overall rate of return of 8.64 percent (the midpoint).

The increased revenues sought by the Company are necessary to maintain its financial integrity and permit it to earn a reasonable rate of return. Without rate relief, the overall jurisdictional return earned in the test year would be only 5.12 percent and the jurisdictional return on common equity will fall to 4.43 percent.

The company's test year for this case reflects one major factor and a number of other conditions that have caused the cost of providing electric service to increase in the twelve and one-half years since the Company's last rate filing in 1989 that makes filing this case necessary. The major factor is the completion and placing into service of Smith Unit 3, a 574 megawatt ("mW") combined cycle generating unit with a projected investment of \$220.5 million. Other factors contributing to increased costs are: the cumulative effect of inflation, the addition of over 100,000 new customers, the addition of over 1400 miles of new distribution lines and 90 miles of new

transmission lines, an increase in customer requirements and expectations primarily caused by the widespread use of computers and other technologies, and the replacement and repair of the aging electrical infrastructure associated with the double-digit customer growth that occurred in the mid 1980's.

Section A of the required Minimum Filing Requirements (MFRs) contains an executive summary of the case. A comparison of present and proposed rates for all services is found at pages 6-8 of the attached Section A of the MFRs.

V. DESCRIPTION OF THE RATEMAKING PROCESS AND TIME SCHEUDLE

A. Who is involved in the utility ratemaking process?

Many participants are involved in a utility rate case. Here is a list of some of the main participants:

- 1. FPSC Commissioners - The Florida Public Service Commission (FPSC)** is composed of five Commissioners appointed by the Governor. All five may sit on a rate case, or the case may be assigned by the Chairman of the FPSC to a panel of Commissioners. The Commissioners assigned to the case will make final decisions on all of the issues in the case based on the evidence received.
- 2. FPSC Commission Staff** - The Commissioners are assisted by a Staff of more than 300 people. The Staff members involved in a rate case include: attorneys who advise on legal issues; engineers who inspect utility sites and equipment; accountants who audit the utility's books and records; consumer affairs specialists who review complaints against the utilities; and rate and financial analysts who study the financial and rate issues.
- 3. The Office of Public Counsel (OPC)** - The Public Counsel is appointed by the Legislature to represent the citizens in cases before the Commission. The Office of Public Counsel has a staff of attorneys, accountants, rate analysts and financial analysts, and may employ outside consultants as expert

witnesses. OPC participates in major rate cases, analyzes information filed by the utility, assists members of the public who wish to testify and provides expert witnesses on various issues in the case.

4. **The Utility** - Utility officers and staff, including accountants, rate analysts, engineers and others, testify and provide information about the utility, its operations and its financial revenues and expenses. The utility may also employ outside consultants as expert witnesses.
5. **Intervenors** - Other interested parties representing consumer groups, industrial groups, commercial organizations, government entities and others participate in the ratemaking proceedings. An intervenor is a party who legally intervenes in the rate case through a petition to the Commission to represent a specific interest or point of view. The intervenor has equal opportunity with the other parties to ask questions, present testimony and cross-examine witnesses.

- B. What is involved in the ratemaking process? What information is considered?

The ratemaking process involves months of analysis of volumes of information regarding all aspects of a utility's operations.

1. The rate case process begins when the utility writes a letter to the FPSC notifying the Commission of its proposed "test year"

and filing date. The test year is a 12-month period for which utility operating data will be examined during the rate case. The letter signals that the utility is about to ask for a rate increase. That letter will start a process that will continue over the eight months the Commission investigates the case.

2. Next, the utility files its request for a rate increase. This includes Minimum Filing Requirements (MFRs), which are required by the Commission's Rules. These MFRs contain hundreds of pages of figures and reports regarding the utility's expenses, investment and operations during the test year. The utility also files the testimony of its witnesses in support of the rate increase requested. The law requires that the utility carry the burden of proof and show why the requested increase is needed.
3. The utility files this data and much more - before the ratemaking process is over, the Commission will try to gather all significant information about the utility. The FPSC, the Public Counsel and the intervenors will typically ask for additional information as the case continues. This data provides details about the utility's supplies, expenses, taxes, construction expenditures, depreciation and other operating and financial matters that are crucial to making a decision in the case. The Commission's auditors will review the utility's books and records and file their

report. Additional testimony may be filed by the utility, the Commission Staff, Public Counsel and the other intervenors.

4. Hearings - a utility can't change its prices (up or down) without authority from the Commission, and rate case procedures provide for public hearings. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination. The final decision made by the Commissioners must be based upon information presented during the hearings.

a. The first hearings are scheduled in the local service area to hear from customers. At these "service hearings", customers may tell the Commission about service problems they have had. The customers may also testify about rates and charges they consider improper or unfairly discriminatory. This may lead to issues that the Commission will investigate further.

b. After time for investigation of all information, the Commission will hold additional hearings for detailed review of all technical, legal, and financial issues in the case. These hearings may last for several days. Witnesses from all parties, including the utility, the Commission staff, Public Counsel and the intervenors, present testimony and are cross-examined. Among the

things the Commission looks for are expenditures that could be considered unnecessary or imprudent. Such expenditures would be disallowed for ratemaking purposes, which means ratepayers don't have to pay for those costs.

- c. There are official transcripts of all hearings. Court reporters record the hearings, just like they do in a courtroom. These transcripts may be thousands of pages long. In major cases, a transcript is made daily, with court reports working through the night to have the transcript ready before the start of the next day's session.
5. After the hearings are completed, the parties usually file legal briefs. These briefs summarize each party's position on the issues. The Commission Staff then makes recommendations to the Commissioners on each issue of the case. These recommendations are very detailed, and can cover hundreds of pages. All information filed is open to the public, and is available for review at the Commission offices in Tallahassee. The information filed by the utility (MFRs) is also available at the utility's local offices in cities where service hearings are conducted.
6. When the Commission makes its final decision, there will be a "vote sheet", which is a listing of all the issues requiring a vote

by the Commissioners. There are often hundreds of issues in a major rate case, and it may take the Commissioners two or three days to complete the final review of the case and to vote on each issue.

7. Once the Commission has made its decision, Staff attorneys prepare a formal order containing the background of the case, the Commission decisions and the basis for these decisions, the new rates, and the effective date for the new rates. After the order is issued, any party may ask the Commission to reconsider any decision on the issues. After reconsideration, any party may appeal the decision to the courts.

GULF POWER COMPANY
2001 Retail Rate Case Schedule
(Docket No. 010949-EI)

Filing	September 10, 2001
Service Hearings	Pensacola January 16, 2002 10:00 A.M. – 12:00 Noon Place: to be announced
	Panama City January 16, 2002 4:00 P.M. – 6:00 P.M. Place: to be announced
Pre-hearing Conference	February 8, 2002
Hearing	February 25 – March 1, 2002

VI. LOCATIONS AT WHICH COMPLETE MFRs ARE AVAILABLE FOR INSPECTION

1. Panama City
1230 E. 15th Street
2. Pensacola
75 N. Pace Boulevard
3. Fort Walton Beach
140 Hollywood Boulevard

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Provide proposed tariff sheets highlighting changes in legislative format from existing tariff provisions. For each charge, reference by footnote unit costs as shown on Schedules E-8b and E-10, if applicable. Indicate whether unit costs are calculated at the class or system rate of return. On separate attachment explain any differences between unit costs and proposed charges. Provide the derivation (calculation and assumptions) of all charges and credits other than those for which unit costs are calculated in these MFR schedules, including those charges and credits the company proposes to continue at the present level. Workpapers for street and outdoor lighting rates, T-O-U rates and standard energy charges shall be furnished under separate cover to staff, Commissioners, Commission Clerk, and upon request to other parties to this docket.

Type of Data Shown:

Projected Test Year Ended 5/31/03

Prior Year Ended 5/31/02

Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

		CUSTOMER (\$/CUSTOMER)	DEMAND (\$/KW)	ENERGY (\$/KWH)
RS	PRESENT CHARGE	\$8.07	---	\$0.03413
	PROPOSED CHARGE	\$12.00	---	\$0.04124
	UNIT COST	\$20.90	---	\$0.03545
GS	PRESENT CHARGE	\$10.09	---	\$0.05026
	PROPOSED CHARGE	\$15.00	---	\$0.05257
	UNIT COST	\$27.75	---	\$0.04025
GSD	PRESENT CHARGE	\$40.35	\$4.56	\$0.01195
	PROPOSED CHARGE	\$40.00	\$5.23	\$0.01271
	UNIT COST	\$42.47	\$8.09	\$0.00393
LP	PRESENT CHARGE	\$226.98	\$8.57	\$0.00428
	PROPOSED CHARGE	\$226.00	\$8.66	\$0.00543
	UNIT COST	\$160.39	\$9.59	\$0.00374
PX	PRESENT CHARGE	\$575.01	\$8.32	\$0.00308
	PROPOSED CHARGE	\$566.38	\$8.20	\$0.00303
	UNIT COST	N/A	N/A	N/A

Supporting Schedules:

Recap Schedules: A-4a

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Attachment 1
Page 1 of 4

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

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Type of Data Shown:
xx Projected Test Year Ended 5/31/03
 ___ Prior Year Ended 5/31/02
 ___ Historical Year Ended 12/31/00
 Witness: J. I. Thompson and R. M. Saxon

		CUSTOMER (\$/CUSTOMER)	DEMAND (\$/KW)		ENERGY (\$/KWH)			
			ON-PEAK	MAX	ON-PEAK		OFF-PEAK	
RST	PRESENT CHARGE	\$11.10	--	--	\$0.10203	\$0.00429		
	PROPOSED CHARGE	N/A	--	--	N/A	N/A		
RSVP	PRESENT CHARGE	\$8.07	--	--	\$0.01164	\$0.02301	\$0.07029	\$0.26746
		\$4.53 (b)						
	PROPOSED CHARGE	\$12.00	--	--	\$0.01800	\$0.03021	\$0.07798	\$0.29000
		\$4.95 (b)			(Low Price)	(Medium Price)	(High Price)	(Critical Price)
	UNIT COST	\$20.90	--	--	(a)	(a)	(a)	(a)
GST	PRESENT CHARGE	\$13.11	--	--	\$0.15744	\$0.00410		
	PROPOSED CHARGE	N/A	--	--	N/A	N/A		
GSTOU	PROPOSED CHARGE	\$40.00	--	--	\$0.15963	\$0.05660	\$0.02076	\$0.03086
					(Summer On)	(Summer Inter)	(Summer Off)	(Winter Price)
	UNIT COST	\$42.47	--	--	(a)	(a)	(a)	(a)
GSDT	PRESENT CHARGE	\$45.80	\$2.45	\$2.17	\$0.01195	\$0.01195		
	PROPOSED CHARGE	\$40.00	\$2.81	\$2.49	\$0.01271	\$0.01271		
	UNIT COST	\$42.47	(a)	(a)	(a)	(a)		
LPT	PRESENT CHARGE	\$226.98	\$7.27	\$1.83	\$0.00316	\$0.00316		
	PROPOSED CHARGE	\$226.00	\$6.95	\$1.75	\$0.00543	\$0.00543		
	UNIT COST	\$160.39	(a)	(a)	(a)	(a)		

NOTES: (a) Time differentiated costs were not prepared.
 (b) Program Participation Charge

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Provide proposed tariff sheets highlighting changes in legislative format from existing tariff provisions. For each charge, reference by footnote unit costs as shown on Schedules E-8b and E-10, if applicable. Indicate whether unit costs are calculated at the class or system rate of return. On separate attachment explain any differences between unit costs and proposed charges. Provide the derivation (calculation and assumptions) of all charges and credits other than those for which unit costs are calculated in these MFR schedules, including those charges and credits the company proposes to continue at the present level. Workpapers for street and outdoor lighting rates, T-O-U rates and standard energy charges shall be furnished under separate cover to staff, Commissioners, Commission Clerk, and upon request to other parties to this docket.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

___ Prior Year Ended 5/31/02

___ Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

	CUSTOMER (\$/CUSTOMER)	DEMAND (\$/KW)		ENERGY (\$/KWH)		
		ON-PEAK	MAX	ON-PEAK	OFF-PEAK	
		PXT	PRESENT CHARGE	\$575.01	\$7.73	\$0.69
	PROPOSED CHARGE	\$566.38	\$7.61	\$0.68	\$0.00300	\$0.00300
	UNIT COST	N/A	(a)	(a)	(a)	(a)

NOTE: (a) Time differentiated costs were not prepared.

NOTES: (A) OS I & OS II - All proposed charges are set equal to unit costs.

(B) OS III - Proposed charge is set equal to unit costs.

(C) OS IV - The Customer Charge was set the same as the GS rate, and the Energy Charge was set to recover the remaining revenue requirement.

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Provide proposed tariff sheets highlighting changes in legislative format from existing tariff provisions. For each charge, reference by footnote unit costs as shown on Schedules E-8b and E-10, if applicable. Indicate whether unit costs are calculated at the class or system rate of return. On separate attachment explain any differences between unit costs and proposed charges. Provide the derivation (calculation and assumptions) of all charges and credits the company proposes to continue at the present level. Workpapers for street and outdoor lighting rates, T-O-U rates and standard energy charges shall be furnished under separate cover to staff, Commissioners, Commission Clerk, and upon request to other parties to this docket.

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___ Prior Year Ended 5/31/02

___ Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

SERVICE CHARGES:

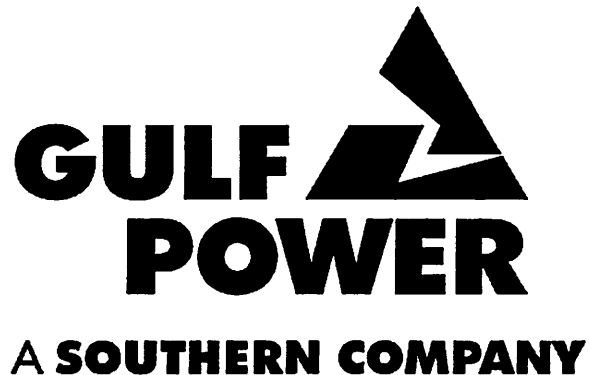
Connection of Initial Service	PRESENT CHARGE	\$20.00	Connection of Temporary Service	PRESENT CHARGE	\$60.00
	PROPOSED CHARGE	\$30.00		PROPOSED CHARGE	\$110.00
	UNIT COST	\$27.52		UNIT COST	\$111.82
Connection of Existing Service	PRESENT CHARGE	\$16.00	Investigation of Unauthorized Use	PRESENT CHARGE	\$55.00
	PROPOSED CHARGE	\$30.00		PROPOSED CHARGE	\$75.00
	UNIT COST	\$26.87		UNIT COST	\$73.34
Restoration of Service (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge < \$50	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$35.00		PROPOSED CHARGE	\$25.00
	UNIT COST	\$36.03		UNIT COST	N/A
Restoration of Service After Hours (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge > \$50, < \$300	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$55.00		PROPOSED CHARGE	\$30.00
	UNIT COST	\$53.28		UNIT COST	N/A
Restoration of Service at Pole (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge > \$300	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$95.00		PROPOSED CHARGE	\$40.00
	UNIT COST	\$95.68		UNIT COST	N/A
Premise Visit	PRESENT CHARGE	\$6.00			
	PROPOSED CHARGE	\$20.00			
	UNIT COST	\$19.32			

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 010949-EI

MINIMUM FILING REQUIREMENTS

SECTION A – EXECUTIVE SUMMARY SCHEDULES



GULF POWER COMPANY

Docket No. 010949-EI
Minimum Filing Requirements

Index

A. Executive Summary Schedules

<u>Schedules</u>	<u>Witness</u>	<u>Title</u>	<u>Page</u>
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A-1b	Labrato	Interim Revenue Requirements Increase Requested	2
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A-3	Labrato	Reasons for Requested Rate Increase	5
A-4a	Thompson	Full Revenue Requirements Bill Comparison – Typical Monthly Bills	6
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A-5	Thompson Saxon	Summary of Tariffs	10
A-6	Thompson	Revenue From Sale of Electricity by Rate Schedule	14
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GULF POWER COMPANY

Docket No. 010949-EI
Minimum Filing Requirements

Index

A. Executive Summary Schedules

<u>Schedules</u>	<u>Witness</u>	<u>Title</u>	<u>Page</u>
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A-13	McMillan	Affiliated Company Relationships	29
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FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Provide the calculation of the requested revenue increase.

COMPANY: GULF POWER COMPANY

DOCKET NO. 010949-EI

Type of Data Shown:

XX Projected Test Year Ended 5/31/03

Prior Year Ended 5/31/02

Historic Test Year Ended 12/31/00

Witness: R.R. Labrato

Line No.	Description	Source	Revenue Increases
			(Thousands of Dollars)
			Amount
			\$
1	Jurisdictional Adjusted Rate Base	Schedule A-9	1,198,502
2	Rate of Return on Rate Base Requested	Schedule D-1	<u>8.64%</u>
3	Jurisdictional Income Requested	Line 1 x Line 2	103,551
4	Jurisdictional Adjusted Net Operating Income	Schedule A-10	<u>61,378</u>
5	Income Deficiency (Excess)	Line 3 - Line 4	42,173
6	Earned Rate of Return	Line 4/Line 1	5.12%
7	Net Operating Income Multiplier	Schedule C-58, Line 12	<u>1.656666</u>
8	Revenue Deficiency (Excess)	Line 5 x Line 7	69,867
9	Attrition Allowance	Schedule C-59	<u>-</u>
10	Revenue Increase Requested	Line 8 + Line 9	<u><u>69,867</u></u>

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the requested interim revenue requirements increase.

Type of Data Shown:

Projected Test Year Ended 5/31/03

Prior Year Ended 5/31/02

Historical Year Ended 12/31/00

COMPANY: GULF POWER COMPANY

Witness: R. R. Labrato

DOCKET NO.: 010949-EI

Not Applicable. Gulf Power is not requesting an interim revenue requirements increase.

2

FLORIDA PUBLIC SERVICE COMMISSION

COMPAN GULF POWER COMPANY

DOCKET NO. 010949-EI

EXPLANATION: Provide a brief summary of the highlights of the case, supplemented by the following schedule. Describe requested rate making approaches that differ from a) those used in the company's last rate case , and b) those used in recent Commission Orders. Itemize issues being raised which have not previously been addressed including new rate design.

Type of Data Shown:

XX Projected Test Year Ended 05/31/03

___ Prior Year Ended 05/31/02

___ Historic Test Year Ended 12/31/00

Witness: R.R. Labrato

Line No.	(A) Item	(\$000)	(B) Last Rate Case		(D) Current Rate Case Requested	(E) Difference (D) - (C)	(F) Percent Change (E) / (C)
			Requested	Authorized			
1	Docket Number		891345-EI	891345-EI	010949-EI	-	-
2	Test Year		1990	1990	05-31-03	-	-
3	Rate Increase - Permanent (Gross Annual Revenues)		26,295	14,131	69,867	55,736	394.42
4	Rate Increase - Interim (Gross Annual Revenues)		22,847	3,699	0	(3,699)	(100.00)
5	Jurisdictional Rate Base Before Rate Increase (Test Year)		923,562	861,159	1,198,502	337,343	39.17
6	Jurisdictional Net Operating Income Before Rate Increase (Test Year)		60,910	61,085	61,378	293	0.48
7	Rate of Return Earned (Test Year)		6.60%	7.09%	5.12%	(1.97)	(27.80)
8	Overall Rate of Return (Weighted Cost of Capital)		8.34%	8.11%	8.64%	0.53	6.54
9	Cost of Long Term Debt		8.72%	8.72%	7.08%	(1.64)	(18.81)
10	Cost of Preferred Stock		7.75%	7.75%	5.01%	(2.74)	(35.35)
11	Cost of Short-Term Debt		8.00%	8.00%	6.02%	(1.98)	(24.75)
12	Cost of Customer Deposits		7.65%	7.65%	5.98%	(1.67)	(21.83)
13	Cost of Common Equity		13.00%	12.55%	13.00%	0.45	3.59
14	Number of Retail Customers - Average (Test Year)		290,213	290,213	385,448	95,235	32.82
15	KWH Sales (000)		7,699,493	7,699,493	10,282,958	2,583,465	33.55
16	Date New Permanent Rates Effective		01/01/90	09/13/90	Commercial In-service date of Smith 3	-	-

FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide a brief summary of the highlights of the case, supplemented by the following schedule. Describe requested rate making approaches that differ from a) those used in the company's last rate case , and b) those used in recent Commission Orders. Itemize issues being raised which have not previously been addressed including new rate design.	Type of Data Shown: <input checked="" type="checkbox"/> Projected Test Year Ended 05/31/03 <input type="checkbox"/> Prior Year Ended 05/31/02 <input type="checkbox"/> Historic Test Year Ended 12/31/00 Witness: R.R. Labrato
COMPANY GULF POWER COMPANY		
DOCKET NO. 010949-EI		

Summary of Case Highlights

As set forth in Gulf's MFR filing and the direct testimony, the calculated revenue deficiency is \$69,867,000.

The Company's proposed revenue increase was calculated using a split test year period ending May, 2003. The test year data is based upon the Company's 2002/2003 financial forecast with specified adjustments and a rate of return on average jurisdictional rate base of 8.64%, which reflects a return on common equity of 13.0%.

Rate Design

As part of the rates/pricing filed in this case, the company proposes the following new or modified rate structures:

- ▲ Gulf Power's Flat Bill Pilot Program, which offers residential and small commercial customers the opportunity to purchase service at fixed, or flat, monthly bill amounts
- ▲ Rate GSTOU, an optional rate for customers from 20 KW to 500 KW.
- ▲ A methodology approach for pricing Outdoor Service - lighting

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For the total amount of increased revenue requested, provide the decomposition into categories for "make whole" midpoint, last allowed rate of return, current capital structure, requested rate base, requested rate of return, attrition and any other.

Type of data shown:
 XX Projected Test Year Ended 05/31/2003
 Prior Year Ended 05/31/2002
 Historical Year Ended 12/31/2000
 Witness: R. R. Labrato

Company: GULF POWER COMPANY

Docket No. 010949-EI

(1) Line No.	(2) Description	(3) Revenue Requirement (\$000)	(4) Jurisdictional Adjusted NOI (\$000)	(5) Incr \$ Over Previous Items (\$000)	(6) Percent of Total %
1	Amount requested to allow utility to earn floor of previously authorized rate of return of 7.60% on previously authorized rate base of \$861,159,000.	6,743	65,448	4,070	9.65%
2	Amount requested to allow utility to earn midpoint of previously authorized rate of return of 7.93% on previously authorized rate base of \$861,159,000.	4,708	68,290	2,842	6.74%
3	Amount requested to allow utility to earn rate of return of 8.23% based on current capital structure and midpoint last allowed equity return of 12.0% on previously authorized rate base of \$861,159,000.	4,279	70,873	2,583	6.12%
4	Amount requested to allow utility to earn rate of return of 8.23% (3 above) on increase in previously authorized rate base of \$861,159,000 to requested rate base of \$1,198,502,000.	45,996	98,637	27,764	65.83%
5	Amount requested to increase equity return to 13.00% and overall rate of return to 8.64%	8,141	103,551	4,914	11.66%
6	NOI Increase Requested			42,173	
7	NOI Multiplier			1.656666	
8	Revenue Increase Requested	<u>69,867</u>		<u>69,867</u>	

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

BILL UNDER PRESENT RATES \$

RATE CLASS	KW (1)	KWH (2)	BASE RATE (3)	FUEL CHARGE (4)	ECCR CHARGE (5)	ECR CHARGE (6)	PPCC CHARGE (7)	ADDITIONAL FL GRT (8)	TOTAL (9)
RS		1,000	\$42.20	\$18.42	\$0.53	\$0.96	\$2.08	\$0.66	\$64.85
GS		1,500	\$85.48	\$27.63	\$0.80	\$1.44	\$3.09	\$1.21	\$119.65
GSD	20	11,000	\$263.00	\$202.62	\$5.50	\$9.57	\$17.60	\$5.11	\$503.40
GSD	25	11,000	\$285.80	\$202.62	\$5.50	\$9.57	\$17.60	\$5.34	\$526.43
GSD	50	11,000	\$399.80	\$202.62	\$5.50	\$9.57	\$17.60	\$6.51	\$641.60
LP	500	288,000	\$5,744.62	\$5,143.68	\$135.36	\$236.16	\$403.20	\$119.62	\$11,782.64
LP	658	288,000	\$7,098.68	\$5,143.68	\$135.36	\$236.16	\$403.20	\$133.50	\$13,150.58
LP	1,315	288,000	\$12,729.17	\$5,143.68	\$135.36	\$236.16	\$403.20	\$191.25	\$18,838.82
LPT	5,000 Max 5,000 On	600,000 On 1,800,000 Off	\$53,310.98	\$42,030.00	\$1,128.00	\$1,968.00	\$3,360.00	\$1,044.03	\$102,841.01
PX	10,000	6,500,000	\$103,795.01	\$113,815.00	\$2,925.00	\$5,005.00	\$7,800.00	\$2,393.14	\$235,733.15
PXT	10,000 Max 10,000 On	1,600,000 On 4,900,000 Off	\$104,600.01	\$111,478.00	\$2,925.00	\$5,005.00	\$7,800.00	\$2,377.42	\$234,185.43

NOTES: (A) Fuel, ECCR, ECR, AND PPCC factors used were effective January, 2001, Bill Group 01.

(B) The Additional FL GRT factor for present rates is 0.010256.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:

COMPANY: GULF POWER COMPANY

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

DOCKET NO.: 010949-EI

Witness: J. I. Thompson

BILL UNDER PROPOSED RATES \$

RATE CLASS	KW (1)	KWH (2)	BASE RATE (10)	FUEL CHARGE (11)	ECCR CHARGE (12)	ECR CHARGE (13)	PPCC CHARGE (14)	TOTAL FL GRT (15)	TOTAL (16)
RS		1,000	\$53.24	\$18.15	\$0.52	\$0.95	\$2.05	\$1.92	\$76.83
GS		1,500	\$93.86	\$27.23	\$0.78	\$1.41	\$3.05	\$3.24	\$129.57
GSD	20	11,000	\$284.41	\$199.65	\$5.39	\$9.46	\$17.38	\$13.24	\$529.53
GSD	25	11,000	\$310.56	\$199.65	\$5.39	\$9.46	\$17.38	\$13.91	\$556.35
GSD	50	11,000	\$441.31	\$199.65	\$5.39	\$9.46	\$17.38	\$17.26	\$690.45
LP	500	288,000	\$6,119.84	\$5,065.92	\$135.36	\$233.28	\$397.44	\$306.46	\$12,258.30
LP	658	288,000	\$7,488.12	\$5,065.92	\$135.36	\$233.28	\$397.44	\$341.54	\$13,661.66
LP	1,315	288,000	\$13,177.74	\$5,065.92	\$135.36	\$233.28	\$397.44	\$487.43	\$19,497.17
LPT	5,000 Max 5,000 On	600,000 On 1,800,000 Off	\$56,758.00	\$41,388.00	\$1,128.00	\$1,944.00	\$3,312.00	\$2,680.25	\$107,210.25
PX	10,000	6,500,000	\$102,261.38	\$112,125.00	\$2,925.00	\$4,940.00	\$7,670.00	\$5,895.41	\$235,816.79
PXT	10,000 Max 10,000 On	1,600,000 On 4,900,000 Off	\$102,966.38	\$109,807.00	\$2,925.00	\$4,940.00	\$7,670.00	\$5,854.06	\$234,162.44

NOTES: (A) Fuel, ECCR, ECR, AND PPCC factors effective January, 2001, Bill Group 01, were adjusted to remove the embedded FL Gross Receipts Tax.

(B) The Total FL GRT factor for proposed rates is 0.025641.

Supporting Schedules: A-5

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed rates.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

RATE CLASS	KW (1)	KWH (2)	INCREASE		CENTS PER KWH	
			\$ (17)=(16)-(9)	% (18)=(17)/(9)	PRESENT (19)=(9)/(2)	PROPOSED (20)=(16)/(2)
RS		1,000	\$11.98	18.47%	6.485	7.683
GS		1,500	\$9.92	8.29%	7.977	8.638
GSD	20	11,000	\$26.13	5.19%	4.576	4.814
GSD	25	11,000	\$29.92	5.68%	4.786	5.058
GSD	50	11,000	\$48.85	7.61%	5.833	6.277
LP	500	288,000	\$475.66	4.04%	4.091	4.256
LP	658	288,000	\$511.08	3.89%	4.566	4.744
LP	1,315	288,000	\$658.35	3.49%	6.541	6.770
LPT	5,000 Max 5,000 On	600,000 On 1,800,000 Off	\$4,369.24	4.25%	4.285	4.467
PX	10,000	6,500,000	\$83.64	0.04%	3.627	3.628
PXT	10,000 Max 10,000 On	1,600,000 On 4,900,000 Off	(\$22.99)	-0.01%	3.603	3.602

8

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For each rate, calculate typical monthly bills for present rates and proposed interim rates.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

NOT APPLICABLE

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Supporting Schedules:

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of all proposed charges in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:

 Projected Test Year Ended 5/31/03 Prior Year Ended 5/31/02 Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

		<u>CUSTOMER</u> <u>(\$/CUSTOMER)</u>	<u>DEMAND</u> <u>(\$/KW)</u>	<u>ENERGY</u> <u>(¢/KWH)</u>
RS	PRESENT CHARGE	\$8.07	---	\$0.03413
	PROPOSED CHARGE	\$12.00	---	\$0.04124
	UNIT COST	\$20.90	---	\$0.03545
GS	PRESENT CHARGE	\$10.09	---	\$0.05026
	PROPOSED CHARGE	\$15.00	---	\$0.05257
	UNIT COST	\$27.75	---	\$0.04025
10 GSD	PRESENT CHARGE	\$40.35	\$4.56	\$0.01195
	PROPOSED CHARGE	\$40.00	\$5.23	\$0.01271
	UNIT COST	\$42.47	\$8.09	\$0.00393
LP	PRESENT CHARGE	\$226.98	\$8.57	\$0.00428
	PROPOSED CHARGE	\$226.00	\$8.66	\$0.00543
	UNIT COST	\$160.39	\$9.59	\$0.00374
PX	PRESENT CHARGE	\$575.01	\$8.32	\$0.00308
	PROPOSED CHARGE	\$566.38	\$8.20	\$0.00303
	UNIT COST	N/A	N/A	N/A

Supporting Schedules:

Recap Schedules: A-4a

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of all proposed charges in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

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	CUSTOMER (\$/CUSTOMER)	DEMAND (\$/KW)		ENERGY (\$/KWH)			
		ON-PEAK	MAX	ON-PEAK	OFF-PEAK		
RST PRESENT CHARGE	\$11.10	---	---	\$0.10203	\$0.00429		
RST PROPOSED CHARGE	N/A	---	---	N/A	N/A		
RSVP PRESENT CHARGE	\$8.07	---	---	\$0.01164	\$0.02301	\$0.07029	\$0.26746
	\$4.53 (b)			(Low Price)	(Medium Price)	(High Price)	(Critical Price)
RSVP PROPOSED CHARGE	\$12.00	---	---	\$0.01800	\$0.03021	\$0.07798	\$0.29000
	\$4.95 (b)						
RSVP UNIT COST	\$20.90	---	---	(a)	(a)	(a)	(a)
GST PRESENT CHARGE	\$13.11	---	---	\$0.15744	\$0.00410		
GST PROPOSED CHARGE	N/A	---	---	N/A	N/A		
GSTOU PROPOSED CHARGE	\$40.00	---	---	\$0.15963	\$0.05660	\$0.02076	\$0.03086
				(Summer On)	(Summer Inter)	(Summer Off)	(Winter Price)
GSTOU UNIT COST	\$42.47	---	---	(a)	(a)	(a)	(a)
GSDT PRESENT CHARGE	\$45.80	\$2.45	\$2.17	\$0.01195	\$0.01195		
GSDT PROPOSED CHARGE	\$40.00	\$2.81	\$2.49	\$0.01271	\$0.01271		
GSDT UNIT COST	\$42.47	(a)	(a)	(a)	(a)		
LPT PRESENT CHARGE	\$226.98	\$7.27	\$1.83	\$0.00316	\$0.00316		
LPT PROPOSED CHARGE	\$226.00	\$6.95	\$1.75	\$0.00543	\$0.00543		
LPT UNIT COST	\$160.39	(a)	(a)	(a)	(a)		

NOTES: (a) Time differentiated costs were not prepared.
(b) Program Participation Charge

Supporting Schedules:

Recap Schedules: A-4a

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of all proposed charges in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

	CUSTOMER (\$/CUSTOMER)	DEMAND (\$/KW)		ENERGY (¢/KWH)	
		ON-PEAK	MAX	ON-PEAK	OFF-PEAK
PXT PRESENT CHARGE	\$575.01	\$7.73	\$0.69	\$0.00305	\$0.00305
PROPOSED CHARGE	\$566.38	\$7.61	\$0.68	\$0.00300	\$0.00300
UNIT COST	N/A	(a)	(a)	(a)	(a)

NOTE: (a) Time differentiated costs were not prepared.

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of all proposed charges in rates and rate classes, detailing current and proposed classes of service, demand, energy, and other service charges.

Type of Data Shown:

 Projected Test Year Ended 5/31/03 Prior Year Ended 5/31/02 Historical Year Ended 12/31/00

Witness: J. I. Thompson and R. M. Saxon

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

SERVICE CHARGES:

Connection of Initial Service	PRESENT CHARGE	\$20.00	Connection of Temporary Service	PRESENT CHARGE	\$60.00
	PROPOSED CHARGE	\$30.00		PROPOSED CHARGE	\$110.00
	UNIT COST	\$27.52		UNIT COST	\$111.82
Connection of Existing Service	PRESENT CHARGE	\$16.00	Investigation of Unauthorized Use	PRESENT CHARGE	\$55.00
	PROPOSED CHARGE	\$30.00		PROPOSED CHARGE	\$75.00
	UNIT COST	\$26.87		UNIT COST	\$73.34
Restoration of Service (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge < \$50	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$35.00		PROPOSED CHARGE	\$25.00
	UNIT COST	\$36.03		UNIT COST	N/A
Restoration of Service After Hours (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge > \$50, < \$300	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$55.00		PROPOSED CHARGE	\$30.00
	UNIT COST	\$53.28		UNIT COST	N/A
Restoration of Service at Pole (After Violation of Rules)	PRESENT CHARGE	\$16.00	Returned Item Charge > \$300	PRESENT CHARGE	\$20.00
	PROPOSED CHARGE	\$95.00		PROPOSED CHARGE	\$40.00
	UNIT COST	\$95.68		UNIT COST	N/A
Premise Visit	PRESENT CHARGE	\$6.00			
	PROPOSED CHARGE	\$20.00			
	UNIT COST	\$19.32			

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Compare jurisdictional revenue excluding service charges by rate schedule under present and proposed rates for the test year. If any customers are to be transferred from one schedule to another, the revenue and billing determinant information shall be shown separately for the transfer group and not be included under either the new or old classification.

Type of Data Shown:

 Projected Test Year Ended 5/31/03 Prior Year Ended 5/31/02 Historical Year Ended 12/31/00

Witness: J. I. Thompson

RATE SCHEDULE	REVENUES UNDER PRESENT RATES								
	(1) TOTAL BASE	(2) TOTAL FUEL	(3) TOTAL ECCR	(4) TOTAL ECR	(5) TOTAL PPCC	(6) TOTAL UNBILLED BASE	(7) TOTAL OVERALL	(8) LESS EMBEDDED FL GRT	(9) = (7) - (8) ADJUSTED TOTAL OVERALL
RS/RST/RSVP	\$193,451,304	\$102,723,756	\$2,646,436	\$5,490,971	\$2,618,066	\$862,630	\$307,793,163	\$4,616,899	\$303,176,264
GS/GST	\$17,547,938	\$6,151,500	\$142,089	\$277,454	\$113,642	\$94,801	\$24,327,424	\$364,911	\$23,962,513
GSD/GSDT	\$66,800,824	\$48,746,171	\$1,126,510	\$2,199,176	\$897,525	\$404,099	\$120,174,305	\$1,802,615	\$118,371,690
LP/LPT	\$41,060,580	\$41,150,536	\$957,957	\$1,863,405	\$720,502	\$156,475	\$85,909,455	\$1,288,642	\$84,620,813
PX/PXT	\$2,014,173	\$2,337,661	\$54,676	\$106,110	\$39,560	\$0	\$4,552,180	\$68,283	\$4,483,897
OS I & II	\$8,072,143	\$2,061,191	\$48,781	\$142,221	\$36,889	\$50,860	\$10,412,085	\$156,181	\$10,255,904
OS III	\$1,082,585	\$635,533	\$14,679	\$28,664	\$11,742	\$8,303	\$1,781,506	\$26,723	\$1,754,783
OS IV	\$177,440	\$89,030	\$2,056	\$4,016	\$1,645	\$2,335	\$276,522	\$4,148	\$272,374
SBS	\$1,393,088	\$953,792	\$22,308	\$43,294	\$16,141	\$0	\$2,428,623	\$36,429	\$2,392,194
RTP	\$7,135,530	\$9,193,425	\$214,705	\$416,984	\$157,300	\$0	\$17,117,944	\$256,769	\$16,861,175
CISR/CSA	\$3,432,727	\$7,858,405	\$183,803	\$356,705	\$132,988	\$0	\$11,964,628	\$179,469	\$11,785,159
	<u>\$342,168,332</u>	<u>\$221,901,000</u>	<u>\$5,414,000</u>	<u>\$10,929,000</u>	<u>\$4,746,000</u>	<u>\$1,579,503</u>	<u>\$586,737,835</u>	<u>\$8,801,069</u>	<u>\$577,936,766</u>

NOTE: This schedule does not include service charge revenue. Fuel, ECCR, ECR, and PPCC include unbilled as well as billed revenue.

Supporting Schedules: E-16c, E-16d

Recap Schedules:

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Compare jurisdictional revenue excluding service charges by rate schedule under present and proposed rates for the test year. If any customers are to be transferred from one schedule to another, the revenue and billing determinant information shall be shown separately for the transfer group and not be included under either the new or old classification.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

RATE SCHEDULE	REVENUES UNDER PROPOSED RATES								
	(10) TOTAL BASE	(11) TOTAL FUEL	(12) TOTAL ECCR	(13) TOTAL ECR	(14) TOTAL PPCC	(15) TOTAL UNBILLED BASE	(16) TOTAL OVERALL	(17) LESS EMBEDDED FL GRT*	(18)=(16)-(17) ADJUSTED TOTAL OVERALL
RS/RSVP	\$242,742,989	\$102,723,756	\$2,646,436	\$5,490,971	\$2,618,066	\$1,098,913	\$357,321,131	\$1,718,673	\$355,602,458
GS	\$19,806,812	\$6,151,500	\$142,089	\$277,454	\$113,642	\$108,634	\$26,600,131	\$101,900	\$26,498,231
GSD/GSDT/GSTOU	\$71,539,042	\$48,746,171	\$1,126,510	\$2,199,176	\$897,525	\$439,352	\$124,947,776	\$801,131	\$124,146,645
LP/LPT	\$43,830,020	\$41,150,536	\$957,957	\$1,863,405	\$720,502	\$169,572	\$88,691,992	\$672,930	\$88,019,062
PX/PXT	\$1,983,960	\$2,337,661	\$54,676	\$106,110	\$39,560	\$0	\$4,521,967	\$38,070	\$4,483,897
OS I & II	\$10,104,493	\$2,061,191	\$48,781	\$142,221	\$36,889	\$64,635	\$12,458,210	\$35,306	\$12,422,904
OS III	\$1,261,847	\$635,533	\$14,679	\$28,664	\$11,742	\$9,825	\$1,962,290	\$10,507	\$1,951,783
OS IV	\$174,778	\$89,030	\$2,056	\$4,016	\$1,645	\$2,335	\$273,860	\$1,486	\$272,374
SBS	\$1,372,192	\$953,792	\$22,308	\$43,294	\$16,141	\$0	\$2,407,727	\$15,533	\$2,392,194
RTP	\$7,028,497	\$9,193,425	\$214,705	\$416,984	\$157,300	\$0	\$17,010,911	\$149,736	\$16,861,175
CISR/CSA	\$3,381,236	\$7,858,405	\$183,803	\$356,705	\$132,988	\$0	\$11,913,137	\$127,979	\$11,785,158
	<u>\$403,225,866</u>	<u>\$221,901,000</u>	<u>\$5,414,000</u>	<u>\$10,929,000</u>	<u>\$4,746,000</u>	<u>\$1,893,266</u>	<u>\$648,109,132</u>	<u>\$3,673,251</u>	<u>\$644,435,881</u>

NOTE: This schedule does not include service charge revenue. Fuel, ECCR, ECR, and PPCC include unbilled as well as billed revenue.

*From columns (11), (12), (13), (14), and (15)

Supporting Schedules: E-16c, E-16d

Recap Schedules:

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Compare jurisdictional revenue excluding service charges by rate schedule under present and proposed rates for the test year. If any customers are to be transferred from one schedule to another, the revenue and billing determinant information shall be shown separately for the transfer group and not be included under either the new or old classification.

Type of Data Shown:

xx Projected Test Year Ended 5/31/03

____ Prior Year Ended 5/31/02

____ Historical Year Ended 12/31/00

Witness: J. I. Thompson

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

RATE SCHEDULE	(19)	(20)	(21)=(19)-(20) ADJUSTED PRESENT TOTAL BASE	(22)=(10)-(21) (23)=(22)/(21)		(24)=(18)-(9) (25)=(24)/(9)	
	PRESENT TOTAL BASE	EMBEDDED FL GRT	TOTAL BASE	\$	%	\$	%
RS/RST/RSVP	\$193,451,304	\$2,901,770	\$190,549,534	\$52,193,455	27.39%	\$52,426,194	17.29%
GS/GST	\$17,547,938	\$263,219	\$17,284,719	\$2,522,093	14.59%	\$2,535,718	10.58%
GSD/GSDT/GSTOU	\$66,800,824	\$1,002,013	\$65,798,811	\$5,740,231	8.72%	\$5,774,955	4.88%
LP/LPT	\$41,060,580	\$615,909	\$40,444,671	\$3,385,349	8.37%	\$3,398,249	4.02%
PX/PXT	\$2,014,173	\$30,213	\$1,983,960	\$0	0.00%	\$0	0.00%
OS I & II	\$8,072,143	\$121,082	\$7,951,061	\$2,153,432	27.08%	\$2,167,000	21.13%
OS III	\$1,082,585	\$16,239	\$1,066,346	\$195,501	18.33%	\$197,000	11.23%
OS IV	\$177,440	\$2,662	\$174,778	\$0	0.00%	\$0	0.00%
SBS	\$1,393,088	\$20,896	\$1,372,192	\$0	0.00%	\$0	0.00%
RTP	\$7,135,530	\$107,033	\$7,028,497	\$0	0.00%	\$0	0.00%
CISR/CSA	\$3,432,727	\$51,491	\$3,381,236	\$0	0.00%	(\$1)	0.00%
	<u>\$342,168,332</u>	<u>\$5,132,527</u>	<u>\$337,035,805</u>	<u>\$66,190,061</u>	<u>19.64%</u>	<u>\$66,499,115</u>	<u>11.51%</u>

NOTE: This schedule does not include service charge revenue. Fuel, ECCR, ECR, and PPCC include unbilled as well as billed revenue.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the following statistical data for
the company, by calendar year for the most recent 5 years.

Type of Data Shown:

___ Projected Test Year Ended 5/31/03

___ Prior Year Ended 5/31/02

XX Historical Year s Ended 1996 - 2000Witness: R. R. Labrato, R. G. Moore,
R. L. McGee

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

Line No.		Year 1996	Year 1997	Year 1998	Year 1999	Year 2000	Average Annual Growth Rate
1	(1) THE LEVEL AND ANNUAL GROWTH RATES FOR:						
2	Peak Load MW	2,136	2,032	2,146	2,161	2,281	1.66
3	Peak Load Per Customer (KW)	6.46	5.96	6.12	6.00	6.20	(1.02)
4	Energy Sales (MWH)	11,038,203	11,317,844	12,502,158	13,633,138	13,734,978	5.62
5	Energy Sales (MWH) Territorial	9,126,266	9,264,649	9,742,516	9,893,213	10,465,755	3.48
6	Energy Sales Per Customer	27,608	27,174	27,800	27,473	28,460	0.76
7	Number of Customers (Average)	330,571	340,944	350,447	360,113	367,740	2.70
8	Installed Generating Capacity (MW)	2,174	2,174	2,187	2,188	2,188	0.16
9	Population of Service Area	817,570	834,300	844,590	851,090	859,230	1.25
10	(2a) DOLLAR AMOUNTS, IN CURRENT DOLLARS AND ANNUAL GROWTH RATES FOR:						
11	Fuel Cost per Kilowatt-Hour Generated	2.02	1.99	1.69	1.60	1.68	(4.49)
12	O & M Expense Less Fuel per KWH Sold	1.71	1.63	1.72	1.68	1.86	2.24
13	Capital Cost per Installed Kilowatt of Capacity	423.78	423.99	429.76	434.35	438.83	0.88
14	Revenue per KWH Sold	5.54	5.32	4.91	4.70	5.07	(2.21)
15	A & G Expense per KWH Sold	0.41	0.37	0.38	0.33	0.31	(6.43)
16	(2b) DOLLAR AMOUNTS, IN REAL TERMS, (CONSTANT 2000 DOLLARS)						
17	AND ANNUAL GROWTH RATES FOR:						
18	Fuel Cost per Kilowatt-Hour Generated	2.21	2.13	1.77	1.65	1.68	(6.70)
19	O & M Expense Less Fuel per KWH Sold	1.87	1.75	1.81	1.74	1.86	(0.13)
20	Capital Cost per Installed Kilowatt of Capacity	465.37	454.60	450.41	448.94	438.83	(1.46)
21	Revenue per KWH Sold	6.09	5.70	5.14	4.86	5.07	(4.47)
22	A & G Expense per KWH Sold	0.45	0.40	0.39	0.34	0.31	(8.60)
23	Consumer Price Index	1.569	1.607	1.644	1.667	1.723	2.37

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the following statistical data for the company, by calendar year for the most recent 5 years.

Type of Data Shown:

___ Projected Test Year Ended 5/31/03

___ Prior Year Ended 5/31/02

XX Historical Year s Ended 1996 - 2000Witness: R. R. Labrato, R. G. Moore,
R. L. McGee

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

Line No.		Year 1996	Year 1997	Year 1998	Year 1999	Year 2000	Average Annual Growth Rate
24	(3) DISTRIBUTION OF TOTAL						
25	Generation Plant by Type of Prime Mover:						
26	Steam	2,135	2,135	2,135	2,135	2,135	
27	Other	39	39	52	53	53	
28	Generated Energy by Type of Fuel:						
29	Nuclear	0.00%	0.00%	0.00%	0.00%	0.00%	
30	Coal	99.41	99.56	97.83	97.38	98.15	
31	Oil	0.03	0.02	0.16	0.08	0.09	
32	Gas	0.56	0.42	2.01	2.54	1.76	
33	Other						
34	Total	100.00	100.00	100.00	100.00	100.00	
35	Customers by Customer Type:						
36	Residential	87.04	86.97	86.86	86.72	86.89	
37	Commercial	12.82	12.89	12.99	13.13	12.94	
38	Industrial	0.09	0.08	0.08	0.07	0.07	
39	Street Lighting	0.05	0.06	0.07	0.08	0.10	
40	Other Sales to Public Authorities	0.00	0.00	0.00	0.00	0.00	
41	Total	100.00	100.00	100.00	100.00	100.00	

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FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: Gulf Power Company
 DOCKET NO.: 010949-EI

EXPLANATION: Provide a schedule showing the change in cost, by functional group, for the last five years.

Type of Data Shown:
x Historical Years Ended 12/31/96 through 12/31/00
 Witness: R. R. Labrato, R. G. Moore,
 F. M. Fisher, R. J. McMillan,
 R. M. Saxon, M. W. Howell,
 M. D. Neyman

Line No.	Description of Functional Group	Type of Cost	Year 1996		Year 1997		Year 1998		Year 1999		Year 2000	
			Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change	Dollars (000)	Percent Change
1	Fuel	Variable	184,501	(0.42)	180,842	(1.98)	195,473	8.09	209,030	6.94	215,743	3.21
2	Interchange	Semi-Variable	43,376	12.49	36,893	(14.95)	43,814	18.76	57,035	30.18	82,490	44.63
3	Production	Semi-Variable	73,044	(1.34)	80,308	9.94	68,678	(14.48)	67,631	(1.52)	67,367	(0.39)
4	Transmission	Semi-Variable	5,171	(5.29)	5,314	2.77	8,046	51.41	6,686	(16.90)	7,306	9.27
5	Distribution	Semi-Variable	23,306	1.63	22,283	(4.39)	26,294	18.00	24,827	(5.58)	26,223	5.62
6	Customer Account	Semi-Variable	10,412	(6.91)	13,390	28.60	16,660	24.42	15,496	(6.99)	15,362	(0.86)
7	Customer Service & Information & Sales	Semi-Variable	9,027	11.65	10,826	19.93	11,583	6.99	12,427	7.29	14,022	12.83
8	Administrative and General	Semi-Variable	45,242	3.73	42,135	(6.87)	47,025	11.61	45,435	(3.38)	43,147	(5.04)
9	Depreciation & Amortization	Fixed	56,645	2.80	57,874	2.17	59,129	2.17	64,588	9.23	66,873	3.54
10	Taxes	Semi-Variable	89,848	7.39	86,809	(3.38)	85,551	(1.45)	83,611	(2.27)	87,552	4.71
11	Interest (without AFUDC)	Semi-Variable	30,731	2.73	29,756	(3.17)	31,590	6.16	33,061	4.66	34,725	5.03
12	TOTAL		571,303	2.42	566,430	(0.85)	593,843	4.84	619,827	4.38	660,810	6.61

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FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of jurisdictional rate base as requested for the test year as compared to jurisdictional rate base as determined by the Commission in the previous full rate case.

Type of Data Shown:

XX Projected Test Year Ended 05/31/03

____ Prior Year Ended 05/31/02

____ Historical Year Ended

Witness: R. R. Labrato

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

Line No.	Rate Base Component	(1)	(2)	(3)	(4)	(5)	(6)
			Jurisdictional Rate Base as Requested by Company in Current Case (000)	Jurisdictional Rate Base as Determined by Commission in Last Case (000)	Dollar Difference (2)-(3) (000)	Percentage Difference (4)/(3) (%)	Compound Annual Growth Rate (%)
1	Plant-In-Service		1,966,492	1,218,287	748,205	0.61	3.93
2	Accumulated Depreciation and Amortization		854,099	448,051	406,048	0.91	5.33
3	Net Plant in Service		<u>1,112,393</u>	<u>770,236</u>	<u>342,157</u>	0.44	3.00
4	CWIP--No AFUDC		15,850	14,949	901	0.06	0.47
5	Plant Held for Future Use		3,065	3,790	(725)	(0.19)	(1.69)
6	Nuclear Fuel		0	0	0	0.00	0.00
7	Accumulated Provision for Amortization of Nuclear Fuel Assemblies		0	0	0	0.00	0.00
8	Total Net Plant		<u>1,131,308</u>	<u>788,975</u>	<u>342,333</u>	0.43	2.94
9	Total Working Capital		67,194	72,184	(4,990)	(0.07)	(0.58)
10	Other Rate Base Adjustments		0	0	0	0.00	0.00
11	Total Rate Base		<u>1,198,502</u>	<u>861,159</u>	<u>337,343</u>	0.39	2.70

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Provide a summary of jurisdictional net operating income requested for the test year as compared to jurisdictional net operating income as determined by the Commission in the previous full rate case.

Type of Data Shown:
 Projected Test Year Ended 05/31/03
 Prior Year Ended 05/31/02
 Historical Year Ended
 Witness: R. R. Labrato

	(1)	(2)	(3)	(4)	(5)	(6)
Net Operating Income Component		Adjusted Jurisdictional Net Operating Income as Requested by Company Net of Recovery Clauses 12 Months Ended 05/31/03 (000)	Adjusted Jurisdictional Net Operating Income as Determined by Commission Net of Recovery Clauses 12 Months Ended 12/31/90 (000)	Dollar Difference (2)-(3) (000)	Percentage Difference (4)/(3) (%)	Compound Annual Growth Rate (%)
1 Operating Revenues		372,714	255,688	117,026	45.77	3.08
2 Operation and Maintenance Expense						
2a. Fuel (non-recoverable)		0	0	0	0.00	0.00
2b. Purchased Power		0	0	0	0.00	0.00
2c. Other		182,419	114,144	68,275	59.81	3.85
2d. Total		182,419	114,144	68,275	59.81	3.85
3 Depreciation and Amortization		77,564	45,808	31,756	69.32	4.33
4 Nuclear Decommissioning		0	0	0	0.00	0.00
5 Taxes Other than Income Taxes		35,507	18,603	16,904	90.87	5.34
6 Income Taxes		15,846	16,048	-202	(1.26)	-0.10
7 (Gain)/Loss on Disposition of Property		0	0	0	0.00	0.00
8 Total Operating Expenses		311,336	194,603	116,733	59.99	3.86
9 Net Operating Income		61,378	61,085	293	0.48	0.04

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO. 010949-EI

EXPLANATION: List all adjustments made to net operating income or rate base in the previous full revenue requirement case that are not included in the current case, with an explanation for not including these adjustments.

Type of Data Shown:
 XX Projected Test Year Ended 5/31/03
 Prior Year Ended 5/31/02
 Historic Test Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Nature of Adjustment	(2) Amount of Adjustment (000's)	(3) Explanation and Supporting Schedule	(4) Increase/(Decrease) in Revenue Requirement (000's)
<u>RATE BASE ADJUSTMENTS:</u>				
1	Net Plant-in-Service - Reduction in Amount of AFUDC Capitalized	0	During the last rate case an adjustment was made to Plant in Service due to the late closing of two work orders and their effect on AFUDC. This was an isolated case and requires no further adjustment.	0
2	PHFU - Sod Farm	0	No adjustment is necessary since there are no non-utility operations at the Caryville site. The last piece of equipment was sold in 1994.	0
3	Net Plant-in-Service - Leisure Lakes	0	The disallowed facilities were transferred for use elsewhere in Gulf's system, and the land classified as non-utility property.	0
4	Net Plant-in-Service - Corporate Headquarters	0	The Business Development center equipment was donated and the space is being used by the Corporate Communications dept.	0
5	Net Plant-in-Service - Navy House	0	Adjustment not made since Gulf sold this property in the early 1990's.	0
6	Net Plant-in-Service - Corporate Headquarters - (3rd Floor)	3,677	Adjustment no longer needed since the floor is used and useful for utility operations.	461
7	Depreciation Reserve - Corporate Investigation	0	This adjustment is no longer made since adjustments were made to properly account for potentially misappropriated property. (Amounts written off to non-utility.)	0
8	Plant Scherer Adjustments	0	Plant Scherer, in the last rate case, had 63MW unsold which were requested to be placed in rate base. In a Commission decision, the rate base items associated with this unsold capacity were disallowed. This separate adjustment is not necessary since 100% of Scherer is removed in the UPS adjustments in this filing.	0
9	Appliance Sales Misallocation	0	In the last rate filing, Gulf misallocated plant investment and depreciation reserve to the appliance division. This adjustment is no longer necessary because the misallocation was corrected.	0
10	Caryville Subsurface Study	0	The deferred subsurface study expenses have been fully amortized, therefore eliminating the need for an adjustment.	0
11	Deferred Rate Case Expenses	1,203	Commission policy has been to exclude deferred Rate Case Expenses, Gulf feels that the Company should be allowed to earn a return as it would any other non-interest-bearing asset which has been financed with a mix of capital.	151

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: GULF POWER COMPANY
 DOCKET NO. 010949-EI

EXPLANATION: List all adjustments made to operating income or rate base in the previous full revenue requirement case that are not included in the current case, with an explanation for not including these adjustments.

Type of Data Shown:
 XX Projected Test Year Ended 5/31/03
 Prior Year Ended 5/31/02
 Historic Test Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Nature of Adjustment	(2) Amount of Adjustment (000's)	(3) Explanation and Supporting Schedule	(4) Increase/(Decrease) in Revenue Requirement (000's)
<u>RATE BASE ADJUSTMENTS (Continued)</u>				
12	Working Capital - Heavy Oil Inventory	0	No adjustment was necessary, since this fuel stock was sold off.	0
13	Working Capital - Lighter Oil Inventory	0	No adjustment was necessary, The Company feels that the inventory level in this filing is necessary and reasonable.	0
14	Working Capital -Coal Inventory	390	No adjustment was necessary, The Company feels that the inventory level in this filing is necessary and reasonable.	49
15	Working Capital -PIP Expense Adjustment	0	The current salaries and benefits package was deemed reasonable by the Commission in the last rate case. The adjustment made in the last rate case was made due to a revised budget amount. No adjustment is necessary.	0
16	Working Capital -Blackwater Cooling Lake	0	This adjustment has been discontinued since the Special Fund set up for the cooling lake at Plant Daniel in Mississippi no longer exists.	0
17	Working Capital -Accounts Receivable - Sod Farm & Vision Design	0	This adjustment no longer is made since these entities no longer exist.	0
18	Working Capital -Leasehold Improvements - Merchandising	0	There are no Leasehold Improvements in the Test Year since the balance has been fully amortized.	0
19	Working Capital -Air Products Bill Credit	0	This adjustment no longer is made, since this program no longer exists.	0
20	Working Capital -Plant Daniel Coal Buyout	0	This adjustment is no longer made, since the balance has been fully amortized.	0
21	Working Capital -Peabody Prepayment	0	This adjustment is no longer made, since the balance has been fully amortized.	0
22	Working Capital -Monsanto Advance	0	This adjustment no longer is made, since this program no longer exists.	0

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: GULF POWER COMPANY
 DOCKET NO. 010949-EI

EXPLANATION: List all adjustments made to operating income or rate base in the previous full revenue requirement case that are not included in the current case, with an explanation for not including these adjustments.

Type of Data Shown:
 XX Projected Test Year Ended 5/31/03
 Prior Year Ended 5/31/02
 Historic Test Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Nature of Adjustment	(2) Amount of Adjustment (000's)	(3) Explanation and Supporting Schedule	(4) Increase/(Decrease) in Revenue Requirement (000's)
NET OPERATING INCOME ADJUSTMENTS:				
23	PXT Misbilling	0	This was an isolated incident in the last case.	0
24	Non Utility Electric Billing	0	The non-utility divisions referred to in the Order are no longer operational.	0
25	Sod Farm Revenues	0	The Sod Farm is no longer in operation .	0
26	Appliance Division - Use of Logo	0	Appliance Sales function is no longer operational.	0
27	Adjustments to OSI-OSIV	0	This was an isolated incident in the last case.	0
28	Institutional Advertising	550	This amount was considered to be necessary, reasonable and prudent; therefore, this adjustment was discontinued.	560
29	Investigation Expenses	0	This was an isolated incident in the last case. No adjustment is necessary in this case.	0
30	Navy House	0	This adjustment is no longer needed, since the sale of the building in the early 1990's.	0
31	Plant Scherer - Net of IIC Offset	0	Since Plant Scherer capacity is 100% sold, there is no Scherer capacity used in the IIC calculation.	0
32	Out of Period, Non-Recurring, or Non-Utility	0	There are none in this Test Year.	0
33	Cogeneration and Industrial Programs	0	These expenses are handled appropriately through the ECCR clause.	0
34	Good Cents Incentive Programs	0	This program has been discontinued, therefore no adjustment is necessary.	0
35	Presentation/Seminar Program	0	This program has been discontinued, therefore no adjustment is necessary.	0
36	Shine Against Crime	0	This program no longer exists.	0

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO. 010949-EI

EXPLANATION: List all adjustments made to operating income or rate base in the previous full revenue requirement case that are not included in the current case, with an explanation for not including these adjustments.

Type of Data Shown:
 XX Projected Test Year Ended 5/31/03
 Prior Year Ended 5/31/02
 Historic Test Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Nature of Adjustment	(2) Amount of Adjustment (000's)	(3) Explanation and Supporting Schedule	(4) Increase/(Decrease) in Revenue Requirement (000's)
<u>NET OPERATING INCOME ADJUSTMENTS:</u>				
37	IRS, Grand Jury Expenses	0	There are no longer any expenses of this nature.	0
38	Research and Development Projects	0	Amounts expended are reasonable and prudent.	0
39	Scherer Transmission Rents	0	There are no Scherer transmission rents in this filing.	0
40	Labor Complement Vacancies	0	There are none in the Test Year.	0
41	Productivity Improvement Plan	0	Gulf's Compensation Plan was considered to be reasonable in the last case The amount in this filing is also considered reasonable and prudent.	0
42	Employee Relocation Program	17	Relocation expenses are considered to be reasonable and prudent .	17
43	Caryville Subsurface Study	0	This amount was fully amortized.	0
44	Pension Expense	0	Pension expenses were adjusted due to an incorrect budget amount. The amount shown in this filing is correct and reasonable.	0
45	Appliance Sales function Depreciation	0	This adjustment relates to a misallocation of square footage used to determine the Appliance Sales usable space. The misallocation was corrected.	0
46	Tallahassee Office Depreciation	0	Currently there is no depreciable property at this location.	0
47	Leisure Lakes	0	The disallowed (depreciable) equipment was transferred and is currently in use at another facility.	0
48	Corporate Headquarters Depreciation (Business Dev Center,3rd Floor Corp. Office)	0	The Business Development Center no longer exists. Gulf considers the third floor to be used and useful.	0

Supporting Schedules:

Recap Schedules:

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO. 010949-EI

EXPLANATION: Provide a summary of jurisdictional capital structure as requested for the test year as compared to the jurisdictional capital structure as determined by the Commission in the previous rate case.

Type of Data Shown:

 Projected Test Year Ended 05/31/03 Prior Year Ended 05/31/02 Historical Year Ended 12/31/00

Witness: R. R. Labrato

LINE NO.	(1) Capital Structure Item	(2) Jurisdictional Capital Structure in Current Case Test Year Ended 5/31/03 (000)	(3) Jurisdictional Capital Structure as Determined by Commission in Last Case - Test Year Ended 12/31/90 (000)	(4) Dollar Difference (000)	(5) Percentage Difference (%)	(6) Compound Annual Growth Rate (%)
1	Long-Term Debt	437,913	311,950	125,963	40.38%	2.77
2	Short-Term Debt	17,801	3,971	13,830	348.27%	12.84
3	Preferred Stock	99,565	51,358	48,207	93.86%	5.47
4	Common Equity	491,919	264,857	227,062	85.73%	5.11
5	Customer Deposits	13,249	14,134	(885)	-6.26%	(0.52)
6	Accumulated Deferred Income Taxes - Zero Cost	121,471	175,796	(54,325)	-30.90%	(2.93)
7	Investment Credit - Zero Cost	0	823	(823)	-100.00%	0.00
8	Investment Credit - Weighted Cost	16,584	38,270	(21,686)	-56.67%	(6.51)
9	Total Capital	<u>1,198,502</u>	<u>861,159</u>	<u>337,343</u>	39.17%	2.70

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO. 010949-EI

EXPLANATION: Provide a summary of jurisdictional capital cost rates as requested for the test year as compared to jurisdictional capital cost rates as determined by the Commission in the previous rate case.

Type of Data Shown:
XX Projected Test Year Ended 05/31/03
 ___ Prior Year Ended 05/31/02
 ___ Historical Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Capital Structure Item	(2) Jurisdictional Cost Rates in Current Rate Case Test Year Ended 05/31/03 (%)	(3) Jurisdictional Cost Rates per Last Rate Case Test Year Ended 12/31/90 (%)	(4) Difference (%)	(5) Percentage Difference (%)	(6) Compound Annual Growth Rate (%)
1	Long-Term Debt	7.08	8.72	(1.64)	-18.81%	(1.66)
2	Short-Term Debt	6.02	8.00	(1.98)	-24.75%	(2.26)
3	Preferred Stock	5.01	7.75	(2.74)	-35.35%	(3.45)
4	Customer Deposits	5.98	7.65	(1.67)	-21.83%	(1.96)
5	Common Equity	13.00	12.55	0.45	3.59%	0.28
6	Investment Credit - Zero Cost					
7	Investment Credit - Weighted Cost	9.70	10.26	(0.56)	-5.46%	(0.45)
8	Accumulated Deferred Income Taxes - Zero Cost					

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FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: GULF POWER COMPANY
 DOCKET NO.: 010949-EI

EXPLANATION: Provide financial indicators for:
 (1) the requested test year, and
 (2) the test year used in the last rate case.

Type of Data Shown:
XX Projected Test Year Ended 05/31/03
 ___ Prior Year Ended 05/31/02
 ___ Historical Year Ended 12/31/00
 Witness: R. R. Labrato

Line No.	(1) Indicator	(2) Test Year This Rate Case 5/31/03	(3) Actual Last Rate Case 12/31/90	(4) Difference (2)-(3)	(5) Percent Difference (4)/(3)
INTEREST COVERAGE RATIOS:					
1.	Including AFUDC in Income Before Interest Charges	2.04	3.28	(1.24)	-37.80%
2.	Excluding AFUDC from Income Before Interest Charges	2.02	3.28	(1.26)	-38.41%
3.	AFUDC as a Percent of Income Available for Common	1.96%	0.01%	0.0195	19500.00%
4.	Percent of all Funds Generated Internally	34.83%	132.83%	(0.9800)	-73.78%
PREFERRED DIVIDEND COVERAGE:					
5.	Including AFUDC	146.86	10.38	136.48	1314.84%
6.	Excluding AFUDC	143.59	10.38	133.21	1283.33%
RATIO OF EARNINGS TO FIXED CHARGES:					
7.	Including AFUDC	2.04	3.18	(1.14)	-35.85%
8.	Excluding AFUDC	2.02	3.18	(1.16)	-36.48%
EARNINGS PER SHARE:					
9.	Including AFUDC	Not Applicable			
10.	Excluding AFUDC	Not Applicable			
11.	Dividends Per Share	Not Applicable			

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FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: GULF POWER COMPANY

DOCKET NO.: 010949-EI

EXPLANATION: Provide a description of all parent, subsidiary and affiliated company relationships, with a discussion of investments, transactions, pricing policies and proposed treatment for ratemaking purposes.

Type of Data Shown:

XX Projected Test Year Ended 05/31/03XX Prior Year Ended 05/31/02XX Historical Year Ended 12/31/00

Witness: R. J. McMillan

29 Gulf Power Company is a wholly owned subsidiary of Southern Company, which is the parent company of five integrated Southeast utilities, Southern Company Services (SCS), Southern Communications Services (Southern LINC), Southern Management Development, Inc. - formerly Southern Company Energy Solutions, Southern Nuclear Operating Company (Southern Nuclear), Southern Telecom, other direct and indirect subsidiaries, effective January 2001 - Southern Power Company (SPC) and until April 2001 - Mirant Corporation (Mirant) - formerly Southern Energy, Inc. The integrated Southeast utilities - Alabama Power, Georgia Power, Gulf Power, Mississippi Power, and Savannah Electric--provide electric service in four states. Gulf Power Company provides electric service to the northwest panhandle of Florida. Contracts among the integrated Southeast utilities--related to jointly owned generating facilities, interconnecting transmission lines, and the exchange of electric power--are regulated by the Federal Energy Regulatory Commission (FERC) and/or the Securities and Exchange Commission (SEC). The system service company provides, at cost, specialized services to Southern Company and subsidiary companies. Southern LINC provides digital wireless communications services to the operating companies and also markets these services to the public within the Southeast. Southern Management Development develops new business opportunities related to energy products and services. Southern Nuclear provides services to Southern Company's nuclear plants. Southern Telecom provides wholesale fiber optic solutions to telecommunication providers in the Southern United States. SPC will be the primary growth engine for Southern Company's market-based energy business. Mirant acquires, develops, builds, owns, and operates power production and delivery facilities and provides a broad range of energy-related services to utilities and industrial companies in selected countries around the world. Mirant businesses include independent power projects, integrated utilities, a distribution company, and energy trading and marketing businesses outside the southeastern United States. In April 2000, Southern Company announced an initial public offering of up to 19.9 percent of Mirant and its intention to spin off the remaining ownership of Mirant within 12 months of the initial public offering. On April 2, 2001, the spin-off of Mirant was completed.

Southern Company is registered as a holding company under the Public Utility Holding Company Act of 1935 (PUHCA). Both Southern Company and its subsidiaries are subject to the regulatory provisions of the PUHCA. The Company is also subject to regulation by the Federal Energy Regulatory Commission (FERC) and the Florida Public Service Commission (FPSC). The Company follows accounting principles generally accepted in the United States and complies with the accounting policies and practices prescribed by the FPSC and the FERC.

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the most recent Financial and Statistical Report furnished as a supplement to the Annual Report to Shareholders (or similar document).

Type of Data Shown:

XX Projected Test Year Ended 5/31/03

XX Prior Year Ended 5/31/02

XX Historical Test Year Ended 12/31/00

Witness: R. R. Labrato

COMPANY: Gulf Power Company

DOCKET NO.: 010949-EI

Gulf Power Company stopped preparing the Financial and Statistical Report for years subsequent to December 31, 1991.

Notice to Customers:

For the first time since 1989, Gulf Power Company has asked the Florida Public Service Commission for an increase in base rates. The increase would pay for the Company's newest and largest generating unit and other increasing operation and maintenance expenses.

If approved by the PSC, the cost of 1,000 kilowatt-hours would increase from \$64.85, based on current rates, to \$76.83 for residential customers. The increase would take effect around June 1, 2002, when the generator comes on line.

The Company is building the generator to meet customer growth across Northwest Florida. Since Gulf Power last filed for an increase to base rates, Gulf Power's customer base has increased 32 percent with the addition of more than 100,000 new customers. In addition, existing individual customers are buying 14 percent more electricity than in 1989. To meet customer growth the Company has had to construct more than 1,400 miles of new distribution lines and has upgraded another 90 miles of transmission lines to carry more power to population centers.

Gulf Power has gone 10 years without a base rate increase. Our rates have remained among the lowest in the nation, and even with this increase we will still be well below the national average of \$85.70.

To keep you informed of our actions regarding this rate request, we are making available to you a variety of information. Minimum Filing Requirements (MFRs) for the rate case, along with copies of the rate petition and rate case synopsis, are available at the following Gulf Power locations:

Panama City
1230 E. 15th Ave.

Pensacola
75 N. Pace Boulevard

Fort Walton Beach
140 Hollywood Boulevard

In addition, the rate case synopsis alone is available at the following libraries:

City of Fort Walton Beach Public Library 105 Miracle Strip Parkway, SW Fort Walton Beach, FL 32547	Northwest Florida Regional Library 25 W. Government St. Panama City, FL 32401
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West Florida Regional Library
220 W. Gregory St.
Pensacola, FL 32501

The estimated time schedule established for the rate case with the key dates, times and locations of public hearings is:

- Filing September 10, 2001
- Service Hearings January 16, 2002 10:00 A.M. Pensacola ¹
January 16, 2002 4:00 P.M. Panama City ²
- Pre-hearing Conference February 8, 2002 Tallahassee
- Hearing February 25 - March 1, 2002 Tallahassee
- Staff Recommendation Filed - Revenue Requirements April 18, 2002
- Agenda Conference - Revenue Requirements April 30, 2002 Tallahassee
- Staff Recommendation Filed - Rates May 6, 2002
- Agenda Conference - Rates May 7, 2002 Tallahassee
- Effective Date of Revised Rates June 6, 2002

1. Pensacola City Hall, 180 Governmental Center.

2. Holiday Inn Select, 2001 North Cove Boulevard.

Persons who wish to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.

The following two charts represent comparisons between current rates and service charges and proposed rates and service charges:

**Comparison of Current Rates and Service Charges
and Proposed Rates and Service Charges**

RATES

Rate Class	kW	kWh	Present Rate	Proposed Rate
RS		1,000	\$64.85	\$76.83
GS		1,500	\$119.65	\$129.57
GSD	20	11,000	\$503.40	\$529.53
GSD	25	11,000	\$526.43	\$556.35
GSD	50	11,000	\$641.60	\$690.45
LP	500	288,000	\$11,782.64	\$12,258.30
LP	658	288,000	\$13,150.58	\$13,661.66
LP	1,315	288,000	\$18,838.82	\$19,497.17
LPT	5,000 Max 5,000 On	600,000 On 1,800,000 Off	\$102,841.01	\$107,210.25
PX	10,000	6,500,000	\$235,733.15	\$235,816.79
PXT	10,000 Max 10,000 On	1,600,000 On 4,900,000 Off	\$234,185.43	\$234,162.44

Service Fees

Name	Present Charge	Proposed Charge
Connection of Initial Service	\$20.00	\$30.00
Connection of Existing Service	\$16.00	\$30.00
Restoration of Service <i>(After Violation of Rules)</i>	\$16.00	\$35.00
Restoration of Service After Hours <i>(After Violation of Rules)</i>	\$16.00	\$55.00
Restoration of Service at Pole <i>(After Violation of Rules)</i>	\$16.00	\$95.00
Premise Visit	\$6.00	\$20.00
Connection of Temporary Service	\$60.00	\$110.00
Investigation of Unauthorized Use	\$55.00	\$75.00
Returned Item Charge < \$50	\$20.00	\$25.00
Returned Item Charge >\$50 and < \$300	\$20.00	\$30.00
Returned Item Charge >\$300	\$20.00	\$40.00

Customer comments regarding electric service or the proposed rate increase should reference Docket Number 010949-E1 and be addressed to:

Director, Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Whether it's providing reliable, low-cost energy, offering several valuable services or operating our business in an environmentally sound manner, Gulf Power Company is at your service.

For additional information or answers to your questions, please contact us at 1-800-225-5797.

Notice

The Florida Public Service Commission announces a customer service hearing to be held in the following docket, to which all interested persons and parties are invited to attend.

Docket No. 010949-EI
Request for rate increase by
Gulf Power Company

DATE AND TIME:
Wednesday, January 16, 2002
4:00 p.m. CST

PLACE:
Holiday Inn Select
Main Ballroom
2001 N. Cove Blvd.
Panama City, FL. 32405

The hearing will begin as scheduled and will continue until all witnesses have been heard. If no witnesses are present, the hearing may be adjourned. All persons desiring to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.

PURPOSE: To permit members of the public to give testimony regarding the rates and service of Gulf Power Company. All witnesses shall be subject to cross-examination at the conclusion of their testimony. Any person requiring accommodations at this hearing because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771.

Exhibit C

Notice

The Florida Public Service Commission announces a customer service hearing to be held in the following docket, to which all interested persons and parties are invited to attend.

Docket No. 010949-EI
Request for rate increase by
Gulf Power Company

DATE AND TIME:
Wednesday, January 16, 2002,
10:00 a.m. CST

PLACE:
Pensacola City Hall
City Council Chambers
(1st Floor)
180 Governmental Center
Pensacola, FL 32521

The hearing will begin as scheduled and will continue until all witnesses have been heard. If no witnesses are present, the hearing may be adjourned. All persons desiring to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.

PURPOSE: To permit members of the public to give testimony regarding the rates and service of Gulf Power Company. All witnesses shall be subject to cross-examination at the conclusion of their testimony. Any person requiring accommodations at this hearing because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771.