

One Energy Place
Pensacola, Florida 32520

Tel 850.444.6111



July 2, 2002

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

Dear Ms. Bayo:

Attached for official filing are an original and fifteen copies of the biennial report of Gulf Power Company prepared in response to the Federal Energy Regulatory Commission's Rules implementing Section 210 of PURPA (18 CFR Part 292, Subsection 292.302).

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

Attachment

cc w/o attachment: Federal Energy Regulatory Commission
David P. Boergers

DOCUMENT NUMBER-DATE

05877 JUL-38

FPSC-COMMISSION CLERK

SCHEDULE 292.302 (b)

The data submitted below is intended to fulfill the requirements of Section 292.302 of Chapter I, Title 18, Code of Federal Regulations.

NOTE: THE DATA GIVEN BELOW ARE ESTIMATES OF VARIOUS COSTS FOR GULF POWER COMPANY AND ARE NOT INTENDED FOR USE AS RATES FOR PURCHASES BY THE COMPANY. THE RATES FOR PURCHASES CAN BE OBTAINED BY CONTACTING:

Rates and Regulatory Matters Department
Gulf Power Company
One Energy Place
Pensacola, Florida 32520-0780
Phone: (850) 444-6231

- (1) The estimated avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases. These costs are stated on a cents per kilowatt-hour basis, using the daily and seasonal on-peak and off-peak periods, as specified by the Florida Public Service Commission, by year, for 2002 and each of the next five years.

See Pages 2 - 9

Gulf Power Company
Avoided Cost By Costing Period
For The Year 2001 (a)

<u>Pricing Period (b)</u>	<u>Avoided Costs Cents/KWH (c)</u>
On-Peak	32.85
Off-Peak	23.84
Annual	26.87

- (a) For historical data, avoided costs in 100 MW increments are not available.
- (b) Pricing Period Definitions are included on Pages 4 - 9. The pricing periods are those that are currently specified by the Florida Public Service Commission.
- (c) Calculated as the linear average of all hourly marginal energy cost occurring in the designated costing period and year.

Gulf Power Company

Cogeneration

PURPA 210 Subpart A Section 292.302 (b) (1)
Comments

System block lambdas are calculated for ten blocks of 100 MW each and are utilized as estimated incremental avoided costs for Gulf Power Company, solely with respect to the energy component for various levels of purchases.

These costs are stated on a cents per kilowatt-hour basis for the overall on-peak and off-peak pricing periods. These pricing periods are those that are currently specified by the Florida Public Service Commission. The hours included in these pricing periods are identified under Pricing Period Definitions at the bottom of Pages 4 - 9.

GULF POWER COMPANY
PURPA FILING FOR THE 2002 PURPA REQUIREMENTS
ESTIMATED AVOIDED COSTS (CENTS/KWH)
2002

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	4.72	2.38	2.91
101 - 200	4.57	2.36	2.89
201 - 300	4.44	2.35	2.87
301 - 400	4.32	2.34	2.85
401 - 500	4.22	2.33	2.84
501 - 600	4.12	2.32	2.82
601 - 700	4.04	2.31	2.80
701 - 800	3.96	2.30	2.79
801 - 900	3.89	2.28	2.77
901 - 1000	3.83	2.27	2.76

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
(1) On Peak Hours	April - October	Mon - Fri	12:00p.m. - 9:00 p.m.
	November - March	Mon - Fri	6:00 a.m. - 10:00 a.m. 6:00 p.m. - 10:00 p.m.
(2) Off Peak Hours	April - October	Mon - Fri	12:00a.m. - 12:00 p.m.
			9:00 p.m. - 12:00 a.m.
	November - March		12:00a.m. - 6:00 a.m.
			10:00a.m. - 6:00 p.m. 10:00 p.m. - 12:00 a.m.
(3) Annual	January - December	Sat - Sun	All Hours
		Observed Holidays	All Hours
	January - December	Sunday - Saturday	All Hours

<p>Note: Projected marginal energy costs for each of the ten 100 MW decrements into territorial load. These costs are based on a marginal dispatch of system units, and priced at marginal spot fuel rates. All costs include variable O&M and CAA compliance costs, if any, and represent avoided costs at the generator busses.</p>

GULF POWER COMPANY

PURPA FILING FOR THE 2002 PURPA REQUIREMENTS

ESTIMATED AVOIDED COSTS
 (CENTS/KWH)

2003

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	4.43	2.29	2.80
101 - 200	4.31	2.28	2.78
201 - 300	4.20	2.27	2.77
301 - 400	4.09	2.26	2.75
401 - 500	4.00	2.24	2.73
501 - 600	3.92	2.23	2.72
601 - 700	3.85	2.22	2.70
701 - 800	3.78	2.21	2.69
801 - 900	3.72	2.20	2.67
901 - 1000	3.66	2.19	2.66

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
(1) On Peak Hours	April - October	Mon - Fri	12:00p.m. - 9:00 p.m.
	November - March	Mon - Fri	6:00 a.m. - 10:00 a.m. 6:00 p.m. - 10:00 p.m.
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GULF POWER COMPANY

PURPA FILING FOR THE 2002 PURPA REQUIREMENTS

ESTIMATED AVOIDED COSTS
 (CENTS/KWH)

2004

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	4.56	2.39	2.93
101 - 200	4.43	2.38	2.91
201 - 300	4.33	2.37	2.89
301 - 400	4.23	2.35	2.87
401 - 500	4.14	2.34	2.85
501 - 600	4.06	2.33	2.83
601 - 700	3.99	2.32	2.82
701 - 800	3.92	2.31	2.80
801 - 900	3.86	2.30	2.79
901 - 1000	3.80	2.29	2.77

PRICING PERIOD DEFINITIONS

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GULF POWER COMPANY

PURPA FILING FOR THE 2002 PURPA REQUIREMENTS

ESTIMATED AVOIDED COSTS
 (CENTS/KWH)

2005

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	5.35	2.51	3.08
101 - 200	5.14	2.50	3.05
201 - 300	4.95	2.49	3.03
301 - 400	4.79	2.47	3.01
401 - 500	4.64	2.46	3.00
501 - 600	4.52	2.45	2.98
601 - 700	4.40	2.44	2.96
701 - 800	4.30	2.43	2.94
801 - 900	4.21	2.41	2.93
901 - 1000	4.13	2.40	2.91

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
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GULF POWER COMPANY

PURPA FILING FOR THE 2002 PURPA REQUIREMENTS

ESTIMATED AVOIDED COSTS
 (CENTS/KWH)

2006

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	5.37	2.44	2.98
101 - 200	5.14	2.42	2.96
201 - 300	4.94	2.41	2.94
301 - 400	4.76	2.40	2.92
401 - 500	4.60	2.39	2.91
501 - 600	4.46	2.38	2.89
601 - 700	4.34	2.36	2.87
701 - 800	4.23	2.35	2.86
801 - 900	4.13	2.34	2.84
901 - 1000	4.04	2.33	2.83

PRICING PERIOD DEFINITIONS

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GULF POWER COMPANY

PURPA FILING FOR THE 2002 PURPA REQUIREMENTS

ESTIMATED AVOIDED COSTS
 (CENTS/KWH)

2007

MW Blocks	Period 1 On Peak Hours	Period 2 Off Peak Hours	Period 3 Annual
1 - 100	5.93	2.53	3.10
101 - 200	5.63	2.52	3.08
201 - 300	5.38	2.50	3.06
301 - 400	5.15	2.49	3.04
401 - 500	4.96	2.48	3.02
501 - 600	4.79	2.47	3.00
601 - 700	4.64	2.45	2.98
701 - 800	4.50	2.44	2.97
801 - 900	4.38	2.43	2.95
901 - 1000	4.28	2.42	2.93

PRICING PERIOD DEFINITIONS

<u>Period No.</u>	<u>Months</u>	<u>Days</u>	<u>Hours</u>
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Schedule 292.302 (b) (2)

Gulf Power's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding ten years (2002-2011).

See Pages 11 - 12

Gulf Power Company

Capacity Additions

2002 - 2011

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Commercial Date In Service (a)</u>	<u>Amount MW</u>
Smith	4	Panama City	Peaking	2008	157.0

(a) Capacity additions are planned for commercial operation prior to the summer season.

Capacity Retirements

2002 - 2011

<u>Plant Name</u>	<u>Unit No.</u>	<u>Location</u>	<u>Type</u>	<u>Retirement Date</u>	<u>Amount MW</u>
Smith	A	Panama City	CT	2007	32.0
Crist	1	Pensacola	FS	2011	24.0
Crist	2	Pensacola	FS	2011	24.0
Crist	3	Pensacola	FS	2011	35.0
Scholz	1	Sneads	FS	2011	46.0
Scholz	2	Sneads	FS	2011	46.0

Gulf Power Company

Purchases of Firm Energy and Capacity

2002 - 2011

<u>Year</u>	<u>Firm Purchases</u>	
	<u>Amount of Capacity</u> <u>MW</u>	<u>Amount of Energy</u> <u>MWH</u>
2002	169	No firm long-term energy purchases during this period
2003	19	
2004	19	
2005	0	
2006	30	
2007	60	
2008	0	
2009	0	
2010	0	
2011	0	

Gulf Power Company
Capacity and Energy Costs
Of Planned Capacity

2002 - 2011

<u>Planned Capacity Additions</u>	<u>Capacity Cost Dollars/KW(a)</u>	<u>Energy Cost Cents/KWH(b)</u>
Base (2002)	384.14	2.59
Peaking purchase (2006)	469.00	4.37
Peaking purchase (2007)	480.00	4.76
Peaking (2008)	486.00	5.06

- (a) Capacity are shown in nominal dollars.
- (b) Average cents/KWH is based on the estimated fuel and variable O&M expenses for the first full calendar year in service.