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July 26, 2002

Harold McLean, General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

RE: Docket No. 010949-EI

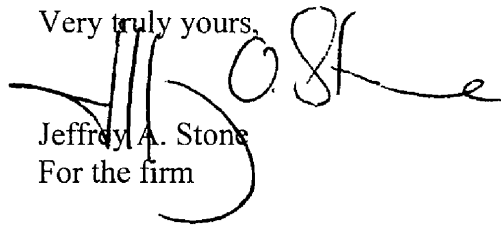
Dear Mr. McLean:

RECEIVED FPSC  
JUL 29 AM 10:43  
COMMISSION  
CLERK

As you know, this firm represents Gulf Power Company in matters before the Florida Public Service Commission. Pursuant to one of the provisions in the order that concluded the Company's recent rate case, Order No. PSC-02-0787-FOF-EI, Gulf has participated in settlement discussions directed towards establishing a comprehensive incentive-based regulatory program for Gulf Power Company. That order advised Gulf that if it wished to file an Earnings Sharing Plan or other type of incentive plan, it should do so by July 26, 2002. Despite efforts to negotiate a settlement along these lines, it has become apparent to the Company that an agreement on such a plan cannot be reached at this time.

The purpose of this letter is to advise the Commission and the parties to Docket No. 010949-EI that Gulf has decided not to file an Earnings Sharing Plan or other type of incentive plan pursuant to the invitation extended in the order. If there are any questions concerning this letter, please do not hesitate to contact me.

Very truly yours,

  
Jeffrey A. Stone  
For the firm

AUS \_\_\_\_\_  
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COM Cc: \_\_\_\_\_  
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SEC L \_\_\_\_\_  
OTH \_\_\_\_\_

Honorable Lila A Jaber  
Honorable J. Terry Deason  
Honorable Braulio L. Baez  
Honorable Michael A. Palecki  
Honorable Rudolph "Rudy" Bradley  
Blanca S. Bayo, Clerk  
Counsel of Record

DOCUMENT NUMBER-DATE

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