

**ORIGINAL**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FUEL COST AND PURCHASED POWER COST  
RECOVERY CLAUSE**

**DOCKET NO. 020001-EI**

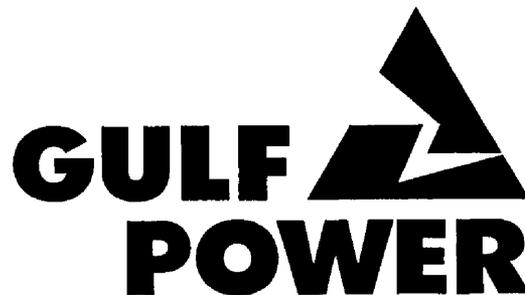
**PREPARED DIRECT TESTIMONY AND  
EXHIBIT OF  
TERRY A. DAVIS**

**ESTIMATED TRUE-UP FOR THE PERIOD:**

**JANUARY - DECEMBER 2002 (Fuel)**

**JANUARY – DECEMBER 2002 (Capacity)**

**AUGUST 20, 2002**



**A SOUTHERN COMPANY**

DOCUMENT NUMBER-DATE

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ORIGINAL

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony of  
4 Terry A. Davis  
5 Docket No. 020001-EI  
6 Fuel and Purchased Power Capacity Cost Recovery  
7 Date of Filing: August 20, 2002

8 Q. Please state your name, business address and occupation.

9 A. My name is Terry Davis. My business address is One  
10 Energy Place, Pensacola, Florida 32520-0780. I am the  
11 senior Staff Accountant in the Rates and Regulatory  
12 Matters Department of Gulf Power Company.

13 Q. Please briefly describe your educational background and  
14 business experience.

15 A. I graduated from Mississippi College in Clinton,  
16 Mississippi in 1979 with a Bachelor of Science Degree in  
17 Business Administration and a major in Accounting.  
18 Prior to joining Gulf Power, I was an accountant for a  
19 seismic survey firm, Geophysical Field Surveys, in  
20 Jackson, Mississippi. In that capacity, I was  
21 responsible for accounts receivable, accounts payable,  
22 sales, use, and fuel tax returns, and various other  
23 accounting activities. In 1986, I joined Gulf Power as  
24 an Associate Accountant in the Plant Accounting  
25 Department. Since then, I have held various positions  
of increasing responsibility with Gulf in Accounts

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1 Payable, Financial Reporting, and Cost Accounting. In  
2 1993, I joined the Rates and Regulatory Matters area,  
3 where I have participated in activities related to the  
4 cost recovery clauses, budgeting, a retail rate case,  
5 and other regulatory functions. In 1998, I was promoted  
6 to my current position, which includes preparation  
7 and/or coordination of the Company's Fuel, Capacity and  
8 Environmental Cost Recovery Clause filings,  
9 administration of Gulf's retail tariff, and review of  
10 other regulatory filings submitted by the Company.

11

12 Q. Have you prepared an exhibit that contains information  
13 to which you will refer in your testimony?

14 A. Yes, I have.

15 Counsel: We ask that Ms. Davis' Exhibit  
16 consisting of five schedules be marked as  
17 Exhibit No. \_\_\_\_\_ (TAD-2).

18

19 Q. Are you familiar with the Fuel and Purchased Power  
20 (Energy) estimated true-up calculations for the period  
21 of January 2002 through December 2002 and the Purchased  
22 Power Capacity Cost estimated true-up calculations for  
23 the period of January 2002 through December 2002 set  
24 forth in your exhibit?

25 A. Yes, these documents were prepared under my supervision.

1 Q. Have you verified that to the best of your knowledge and  
2 belief, the information contained in these documents is  
3 correct?

4 A. Yes, I have.

5

6 Q. How were the estimated true-ups for the current period  
7 calculated for both fuel and purchased power capacity?

8 A. In each case for the estimated true-up calculations  
9 includes seven months of actual data and five months of  
10 estimated data.

11

12 Q. Ms. Davis, what has Gulf calculated as the fuel cost  
13 recovery true-up to be applied in the period January  
14 2003 through December 2003?

15 A. The fuel cost recovery true-up for this period is an  
16 increase of .2812¢/kwh. As shown on Schedule E-1A, this  
17 includes an estimated under-recovery for the January  
18 through December 2002 period of \$16,703,076, plus a  
19 final under-recovery for the January through December  
20 2001 period of \$12,368,122 (see Schedule 1 of Exhibit  
21 TAD-1 in this docket revised on August 20, 2002). The  
22 resulting under-recovery is \$29,071,198.

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1 Q. Has an adjustment related to revenue sharing been made  
2 to the fuel cost recovery clause in the schedules to  
3 your exhibit?

4 A. Yes. In accordance with Order No. PSC-99-2131-S-EI  
5 concerning Gulf's revenue sharing plan, a one-time  
6 adjustment of \$73,471 was made in the fuel clause in May  
7 2002. (See Schedule A-2) The adjustment is shown on  
8 Schedule E-1B of my exhibit to this testimony. It  
9 represents the difference between the amount calculated  
10 to be refunded and the actual refunds made.

11  
12 Q. Ms. Davis, you stated earlier that you are responsible  
13 for the Purchased Power Capacity Cost true-up  
14 calculation. Which schedules of your exhibit relate to  
15 the calculation of these factors?

16 A. Schedules CCE-1a and CCE-1b of my exhibit relate to the  
17 Purchased Power Capacity Cost true-up calculation to be  
18 applied in the January 2003 through December 2003  
19 period.

20  
21 Q. What has Gulf calculated as the purchased power capacity  
22 factor true-up to be applied in the period January 2003  
23 through December 2003?

24 A. The true-up for this period is an increase of .0045¢ as  
25 shown on Schedule CCE-1a. This includes an estimated

1 over-recovery of \$353,333 for January 2002 through  
2 December 2002. It also includes a final true-up under-  
3 recovery of \$819,509 for the period of January 2001  
4 through December 2001 (see Schedule CCA-1 filed April 2,  
5 2002). The resulting under-recovery is \$466,176.

6

7 Q. Ms. Davis, does this complete your testimony?

8 A. Yes, it does.

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AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 020001-EI

Before me the undersigned authority, personally appeared Terry A. Davis, who being first duly sworn, deposes, and says that she is the senior Staff Accountant in the Rates and Regulatory Matters Department of Gulf Power Company, a Maine corporation, that the foregoing is true and correct to the best of her knowledge, information, and belief. She is personally known to me.

Terry A. Davis  
Terry A. Davis  
Staff Accountant

Sworn to and subscribed before me this 19th day of August,  
2002.

Linda C. Webb  
Notary Public, State of Florida at Large



**LINDA C. WEBB**  
Notary Public-State of FL  
Comm. Exp: May 31, 2006  
Comm. No: DD 110088

**SCHEDULE E-1A**

**FUEL COST RECOVERY CLAUSE  
CALCULATION OF TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD: JANUARY 2003 - DECEMBER 2003**

1.	Estimated over/(under)-recovery, JANUARY - DECEMBER 2002 (Sch. E-1B, page 2, line 11)	(\$16,703,076)
2.	Final over/(under)-recovery JANUARY - DECEMBER 2001 (EXHIBIT No.____(TAD-1), revised August 20, 2002)	<u>(12,368,122)</u>
3.	Total over/(under)-recovery (Lines 1 + 2) To be included in JANUARY 2003 - DECEMBER 2003 (Schedule E1, Line 28)	<u>(\$29,071,198)</u>
4.	Jurisdictional KWH sales FOR THE PERIOD: JANUARY 2003 - DECEMBER 2003	<u>10,337,091,000</u>
5.	True-up Factor (Line 3 / Line 4) x 100 (¢ / KWH)	<u>0.2812</u>

SCHEDULE E-1B-1

COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS  
OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2002 - DECEMBER 2002

	DOLLARS				KWH				¢/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	DIFFERENCE %	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	DIFFERENCE %	ACTUAL	EST.	DIFFERENCE AMT.	DIFFERENCE %
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1 Fuel Cost of System Net Generation (A3)	272,979,491	303,530,586	(30,551,095)	(10.07)	13,387,529,000	14,995,670,000	(1,608,141,000)	(10.72)	2.0391	2.0241	0.0150	0.74
2 Nuclear Fuel Disposal Costs	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
3 Coal Car Investment	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
4 Other Generation	1,344,557	217,158	1,127,399	519.16	64,543,000	10,200,000	54,343,000	532.77	2.0832	2.129	(0.0458)	(2.15)
5 Adjustment to Fuel Cost (219,327)												
5 TOTAL COST OF GENERATED POWER	274,104,721	303,747,744	(29,643,023)	(9.76)	13,452,072,000	15,005,870,000	(1,553,798,000)	(10.35)	2.0376	2.0242	0.0134	0.66
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A8)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
7 Energy Cost of Schedule C&X Econ. Purchases (Broker) (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
8 Energy Cost of Other Economy Purchases (Nonbroker) (A9)	35,809,566	21,398,000	14,411,566	67.35	1,908,174,650	740,869,000	1,167,305,650	157.56	1.8766	2.8882	(1.0116)	(35.03)
9 Energy Cost of Schedule E Economy Purchases (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
10 Capacity Cost of Schedule E Economy Purchases	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
11 Energy Payments to Qualifying Facilities (A9a)	3,561,643	312,832	3,248,811	1,038.52	116,570,663	14,780,000	101,790,663	688.71	3.0554	2.1166	0.9388	44.35
12 TOTAL COST OF PURCHASED POWER	39,371,209	21,710,832	17,660,377	81.34	2,024,745,313	755,649,000	1,269,096,313	167.95	1.9445	2.8731	(0.9286)	(32.32)
13 Total Available KWH (Lines 4 + Line 12)	313,475,930	325,458,576	(11,982,646)	(3.68)	15,476,817,313	15,761,519,000	(284,701,687)	(1.81)				
14 Fuel Cost of Economy Sales (A6)	(3,547,275)	(2,414,000)	(1,133,275)	(46.95)	(157,173,706)	(38,134,000)	(119,039,706)	(312.16)	(2.2569)	(6.3303)	4.0734	64.35
15 Gain on Economy Sales (A6)	(803,854)	(449,000)	(354,854)	(79.03)	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
16 Fuel Cost of Unit Power Sales (A6)	(24,223,975)	(27,262,000)	3,038,025	11.14	(1,235,303,098)	(1,324,756,000)	89,452,902	6.75	(1.9610)	(2.0579)	0.0969	4.71
17 Fuel Cost of Other Power Sales (A6)	(41,753,224)	(75,793,000)	34,039,776	44.91	(2,494,848,580)	(3,093,280,000)	598,431,420	19.35	(1.6736)	(2.4502)	0.7766	31.70
18 TOTAL FUEL COST AND GAINS ON POWER SALES (LINES 14+15+16+17)	(70,328,326)	(105,918,000)	35,589,672	33.60	(3,887,325,384)	(4,456,170,000)	568,844,616	12.77	(1.8092)	(2.3769)	0.5677	23.88
19 Net Inadvertent Interchange	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINES 5+12+18+19)	243,147,602	219,540,576	23,607,026	10.75	11,589,491,929	11,305,349,000	284,142,929	2.51	2.098	1.9419	0.1561	8.04
21 Net Unbilled Sales	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
22 Company Use *	478,042	419,276	58,767	14.02	22,785,622	21,591,000	1,194,622	5.53	2.098	1.9419	0.1561	8.04
23 T & D Losses *	14,102,906	12,838,483	1,266,423	9.87	672,207,158	661,027,000	11,180,158	1.69	2.098	1.9419	0.1561	8.04
24 TERRITORIAL (SYSTEM) SALES	243,147,602	219,540,576	23,607,026	10.75	10,894,499,149	10,622,731,000	271,768,149	2.56	2.2318	2.0667	0.1651	7.99
25 Wholesale Sales	8,049,989	7,374,916	675,073	9.15	360,970,847	356,845,000	4,125,847	1.16	2.2301	2.0667	0.1634	7.91
26 Jurisdictional Sales	235,097,613	212,165,660	22,931,953	10.81	10,533,528,302	10,265,886,000	267,642,302	2.61	2.2319	2.0667	0.1652	7.99
26a Jurisdictional Loss Multiplier***	1.0010	1.0014										
27 Jurisdictional Sales Adj. for Line Losses (Line 26 x 1.0014)	235,332,711	212,462,892	22,870,019	10.76	10,533,528,302	10,265,886,000	267,642,302	2.61	2.2341	2.0696	0.1645	7.95
28 TRUE-UP **	10,701,691	10,701,691	0	0.00	10,533,528,302	10,265,886,000	267,642,302	2.61	0.1016	0.1042	(0.0026)	(2.50)
29 TOTAL JURISDICTIONAL FUEL COST	246,034,402	223,164,383	22,870,019	10.25	10,533,528,302	10,265,886,000	267,642,302	2.61	2.3357	2.1738	0.1619	7.45
30 Revenue Tax Factor									1.00730	1.01597		
31 Fuel Factor Adjusted for Revenue Taxes									2.3528	2.2085	0.1442	6.53
32 GPIF Reward / (Penalty) **	379,732	379,732	0	0.00	10,533,528,302	10,265,886,000	267,642,302	2.61	0.0036	0.0037	(0.0001)	(2.70)
33 Fuel Factor Adjusted for GPIF Reward / (Penalty)									2.3564	2.2122	0.1442	6.52
34 FUEL FACTOR ROUNDED TO NEAREST .001(CENTS/KWH)									2.356	2.212	0.144	6.51

\* Included for Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

\*\*\*Line Loss Multiplier changed from 1.0014 to 1.00084 in June and to 1.0007 for July through December

\*\*\*\*Revenue Tax Factor changed from 1.01597 to 1.00072 on June 7, 2002

Note: Amounts Included in the Estimated/Actual Column represent 7 months actual and 5 months estimate. Amounts Included in the Estimated Original Column represent amounts originally projected.

CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2002 - DECEMBER 2002

	JANUARY ACTUAL	FEBRUARY ACTUAL	MARCH ACTUAL	APRIL ACTUAL	MAY ACTUAL	JUNE ACTUAL	TOTAL SIX MONTHS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>A</b> 1 Fuel Cost of System Generation	13,194,864.53	11,663,431.86	10,347,366.85	15,645,442.97	25,972,612.14	25,895,311.23	\$102,719,029.58
2 Fuel Cost of Power Sold	(3,018,550.14)	(2,279,872.30)	(2,887,098.51)	(3,352,770.09)	(4,321,824.40)	(5,148,974.25)	(\$21,009,089.69)
3 Fuel Cost of Purchased Power	4,424,362.16	5,570,969.39	6,116,282.75	8,065,581.92	4,539,958.40	1,074,668.06	29,791,822.68
3a Demand & Non-Fuel Cost Of Purchased Power							0.00
3b Energy Payments to Qualified Facilities	386,056.00	468,263.00	328,889.00	177,653.46	125,224.00	1,668,544.00	3,154,629.46
4 Energy Cost of Economy Purchases							0.00
5 Other Generation	206,753.99	221,132.47	185,616.40	176,614.62	193,065.38	176,267.67	1,159,450.53
6 Adjustment to Fuel Cost				(35,934.43)			(35,934.43)
<b>7 TOTAL FUEL &amp; NET POWER TRANSACTIONS</b> (Sum of Lines A1 Thru A6)	<b>\$15,193,486.54</b>	<b>\$15,643,924.42</b>	<b>\$14,091,056.49</b>	<b>\$20,676,588.45</b>	<b>\$26,509,035.52</b>	<b>\$23,665,816.71</b>	<b>\$115,779,908.13</b>
<b>B</b> 1 Jurisdictional KWH Sales	832,391,373	742,578,514	782,579,232	807,512,397	950,328,724	1,018,031,740	5,133,421,980
2 Non-Jurisdictional KWH Sales	29,327,869	26,570,110	26,836,470	27,119,449	31,718,967	33,464,553	175,037,418
<b>3 TOTAL SALES (Lines B1 + B2)</b>	<b>861,719,242</b>	<b>769,148,624</b>	<b>809,415,702</b>	<b>834,631,846</b>	<b>982,047,691</b>	<b>1,051,496,293</b>	<b>5,308,459,398</b>
4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.5966%</u>	<u>96.5455%</u>	<u>96.6845%</u>	<u>96.7507%</u>	<u>96.7701%</u>	<u>96.8174%</u>	
<b>C</b> 1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	\$18,622,366.28	\$16,168,730.57	\$17,027,311.28	\$17,590,644.48	\$20,608,263.11	\$22,160,569.10	\$112,177,884.82
2 True-Up Provision	(891,807.58)	(891,807.58)	(891,807.58)	(891,807.58)	(891,807.58)	(891,807.58)	(5,350,845.48)
2a Incentive Provision	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.92)	(186,881.52)
<b>3 FUEL REVENUE APPLICABLE TO PERIOD</b> (Sum of Lines C1 Thru C2a)	<b>\$17,699,411.78</b>	<b>\$15,245,776.07</b>	<b>\$16,104,356.78</b>	<b>\$16,667,689.98</b>	<b>\$19,685,308.61</b>	<b>\$21,237,614.60</b>	<b>\$106,640,157.82</b>
4 Fuel & Net Power Transactions (Line A7)	\$15,193,486.54	\$15,643,924.42	\$14,091,056.49	\$20,676,588.45	\$26,509,035.52	\$23,665,816.71	\$115,779,908.13
5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A6 x Line B4 x 1.0014)	14,696,938.37	15,124,649.96	13,642,940.93	20,032,750.70	25,688,734.13	22,931,875.04	\$112,117,889.13
6 Over/(Under) Recovery (Line C3-C5)	3,002,473.41	121,126.11	2,461,415.85	(3,365,060.72)	(6,003,425.52)	(1,694,260.44)	(\$5,477,731.31)
7 Interest Provision	(31,240.44)	(27,433.35)	(24,469.56)	(23,855.01)	(29,259.96)	(33,533.07)	(\$169,791.39)
8 2001 Revenue sharing Refund True-Up					73,470.98		\$73,470.98
9 Prior Period Adjustment						184,405.57	\$184,405.57
10 Adjustment to Railcar Depreciation							
<b>11 TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2002 - JUNE 2002</b>							<b>(\$5,389,646.15)</b>

CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2002 - DECEMBER 2002

	JULY ACTUAL (a)	AUGUST ESTIMATED (b)	SEPTEMBER ESTIMATED (c)	OCTOBER ESTIMATED	NOVEMBER ESTIMATED	DECEMBER ESTIMATED	TOTAL PERIOD (d)
<b>A 1</b> Fuel Cost of System Generation	27,428,461.35	36,090,000.00	32,896,000.00	26,591,000.00	23,182,000.00	24,073,000.00	\$272,979,490.93
<b>2</b> Fuel Cost of Power Sold	(4,722,238.58)	(11,168,000.00)	(11,609,000.00)	(8,977,000.00)	(6,790,000.00)	(6,053,000.00)	(\$70,328,328.27)
<b>3</b> Fuel Cost of Purchased Power	3,695,573.32	370,000.00	661,000.00	346,000.00	260,000.00	767,000.00	\$35,891,396.00
<b>3a</b> Demand & Non-Fuel Cost Of Purchased Power							\$0.00
<b>3b</b> Energy Payments to Qualified Facilities	325,184.00						\$3,479,813.46
<b>4</b> Energy Cost of Economy Purchases							\$0.00
<b>5</b> Other Generation	185,106.09						\$1,344,556.62
<b>6</b> Adjustment to Fuel Cost	(183,392.30)						(\$219,326.73)
<b>7</b> TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Thru A6)	<u>\$26,728,693.88</u>	<u>\$25,292,000.00</u>	<u>\$21,948,000.00</u>	<u>\$17,960,000.00</u>	<u>\$16,652,000.00</u>	<u>\$18,787,000.00</u>	<u>\$243,147,602.01</u>
<b>B 1</b> Jurisdictional KWH Sales	1,116,850,322	1,084,422,000	915,174,000	748,369,000	698,804,000	836,487,000	10,533,528,302
<b>2</b> Non-Jurisdictional KWH Sales	36,605,429	36,483,000	31,724,000	26,605,000	25,207,000	29,309,000	360,970,847
<b>3</b> TOTAL SALES (Lines B1 + B2)	<u>1,153,455,751</u>	<u>1,120,905,000</u>	<u>946,898,000</u>	<u>774,974,000</u>	<u>724,011,000</u>	<u>865,796,000</u>	<u>10,894,499,149</u>
<b>4</b> Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.8265%</u>	<u>96.7452%</u>	<u>96.6497%</u>	<u>96.5670%</u>	<u>96.5184%</u>	<u>96.6148%</u>	
<b>C 1</b> Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	(1) \$24,393,869.17	\$23,613,289.05	\$19,927,913.85	\$16,295,734.98	\$15,216,457.10	\$18,214,504.43	\$229,839,653.39
<b>2</b> True-Up Provision	(891,807.58)	(891,807.58)	(891,807.59)	(891,807.59)	(891,807.59)	(891,807.59)	(\$10,701,691.00)
<b>2a</b> Incentive Provision	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.92)	(31,146.88)	(\$373,763.00)
<b>3</b> FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Thru C2a)	<u>\$23,470,914.67</u>	<u>\$22,690,334.55</u>	<u>\$19,004,959.34</u>	<u>\$15,372,780.47</u>	<u>\$14,293,502.59</u>	<u>\$17,291,549.96</u>	<u>\$218,764,199.39</u>
<b>4</b> Fuel & Net Power Transactions (Line A7)	\$26,728,693.88	\$25,292,000.00	\$21,948,000.00	\$17,960,000.00	\$16,652,000.00	\$18,787,000.00	\$243,147,602.01
<b>5</b> Jurisdictional Fuel Cost Adj. for Line Losses (Line A6 x Line B4 x 1.0007)	<u>25,898,575.10</u>	<u>24,485,924.14</u>	<u>21,227,525.03</u>	<u>17,355,573.60</u>	<u>16,083,494.54</u>	<u>18,163,728.19</u>	<u>\$235,332,710.73</u>
<b>6</b> Over/(Under) Recovery (Line C3-C5)	(2,427,660.43)	(1,795,589.59)	(2,222,565.69)	(1,982,793.13)	(1,789,991.95)	(872,178.23)	(\$16,568,511.33)
<b>7</b> Interest Provision	(2) (34,606.62)	(36,425.54)	(38,098.40)	(39,909.40)	(41,409.42)	(42,106.42)	(\$402,347.19)
<b>8</b> 2001 Revenue Sharing Refund True-Up							\$73,470.98
<b>9</b> Prior Period Adjustment							\$184,405.57
<b>10</b> Adjustment to Railcar Depreciation		9,905.89					\$9,905.89
<b>11</b> TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2002 - DECEMBER 2002							<u>(\$16,703,076.08)</u>

Note 1: Estimated Revenues based on the 2001 Fuel Factor excluding revenue taxes of

2.1775 ¢/KWH

Note 2: Interest Calculated for August through December at July's rate of

0.1450

**Purchased Power Capacity Cost Recovery Clause  
Calculation of True-up  
Gulf Power Company  
January 2003 - December 2003**

1	Estimated over/(under)-recovery, January 2002 - December 2002 (Schedule CCE-1b-1, Line 18)	\$353,333
2	Final True-Up, January 2001 - December 2001 (Exhibit No.____(TAD-1), filed April 2, 2002)	<u>(819,509)</u>
3	Total Over/(Under)-Recovery (Line 1 & 2) (To be included in January 2002 - December 2002)	<u>(\$466,176)</u>
4	Jurisdictional KWH sales, January 2003 - December 2003	10,337,091,000
5	True-up Factor (Line 3 / Line 4) x 100 (Cents/KWH)	0.0045

## Schedule CCE-1b

**Purchased Power Capacity Cost Recovery Clause  
Calculation of Estimated True-Up Amount  
Gulf Power Company  
For the Period January 2002 - December 2002**

	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	Total
1 IIC Payments/(Receipts) (\$)	1,779,853	589,191	562,056	206,628	(222,830)	(288,616)	(53,638)	151,478	(116,004)	22,412	(99,498)	13,214	2,544,246
2 Projected Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	746,424
3 Transmission Revenue (\$)	(7,179)	(5,957)	(8,590)	(22,368)	(14,271)	(20,840)	(31,540)	(8,000)	(9,000)	(6,000)	(3,000)	(6,000)	(142,745)
4 Projected Market Capacity Payments													0
5 Total Capacity Payments/(Receipts) (Line 1 + 2 + 3 + 4) (\$)	1,834,876	645,436	615,668	246,462	(174,899)	(247,254)	(22,976)	205,680	(62,802)	78,614	(40,296)	69,416	3,147,925
6 Jurisdictional %	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747	0.9650747
7 Jurisdictional Capacity Payments/(Receipts) (Line 5 x Line 6) (\$)	1,770,792	622,894	594,166	237,854	(168,790)	(238,619)	(22,173)	198,497	(60,609)	75,868	(38,889)	66,992	3,037,983
8 Amount Included in Retail Base Rate Revenues (\$)	(137,666)	(137,666)	(137,666)	(137,667)	(137,667)	(17,728)							(706,060)
9 Total Jurisdictional Recovery Amount (Line 7 - Line 8) (\$)	1,908,458	760,560	731,832	375,521	(31,123)	(220,891)	(22,173)	198,497	(60,609)	75,868	(38,889)	66,992	3,744,043
10 Retail KWH Sales								1,084,422,000	915,174,000	748,369,000	698,804,000	836,487,000	
11 Purchased Power Capacity Cost Recovery Factor (#/KWH)								0.023	0.023	0.023	0.023	0.023	0.023
12 Capacity Cost Recovery Revenues (Line 10 x Line 11/100) (\$)	54,511	168,265	177,953	179,417	215,693	235,587	262,340	249,417	210,490	172,125	160,725	192,392	2,278,916
13 Revenue Taxes (Line 12 x .01572) (\$)*	857	2,645	2,797	2,820	3,391	3,703	189	180	152	124	116	139	17,113
14 True-Up Provision (\$)	154,687	154,687	154,687	154,687	154,687	154,687	154,687	154,687	154,687	154,688	154,688	154,688	1,856,247
Capacity Cost Recovery Revenues net of Revenue Taxes (Line 12 - Line 13 + Line 14) (\$)	208,341	320,307	329,843	331,284	366,989	386,571	416,838	403,924	365,025	326,689	315,297	346,941	4,118,050
16 Over/(Under) Recovery (Line 15 - Line 9) (\$)	(1,700,117)	(440,253)	(401,989)	(44,237)	398,112	607,462	439,011	205,427	425,634	250,821	354,186	279,949	374,006
17 Interest Provision (\$)	162	(1,636)	(2,504)	(3,066)	(3,012)	(2,506)	(1,950)	(1,707)	(1,476)	(1,212)	(1,000)	(766)	(20,673)
18 Total Estimated True-Up for the Period January 2002 - December 2002 (Line 16 + Line 17) (\$)													353,333

NOTE: Interest is Calculated for Aug - Dec at July's rate of 0.1450 %  
Actual IIC Payments for January through July include Market Capacity Payments

18. Beginning Balance TRUE-UP & Interest Provision (\$)	1,036,740	(817,902)	(1,414,478)	(1,973,658)	(2,175,648)	(1,935,235)	(1,484,966)	(1,202,592)	(1,153,559)	(884,089)	(789,168)	(590,670)	
19. TRUE-UP Collected/(Refunded) (\$)	(154,687)	(154,687)	(154,687)	(154,687)	(154,687)	(154,687)	(154,687)	(154,687)	(154,687)	(154,688)	(154,688)	(154,688)	(1,856,247)
20. End of Period TOTAL Net TRUE-UP (Lines 16 + 17 + 18 + 19) (\$)	(817,902)	(1,414,478)	(1,973,658)	(2,175,648)	(1,935,235)	(1,484,966)	(1,202,592)	(1,153,559)	(884,089)	(789,168)	(590,670)	(466,176)	

\*Revenue Tax Factor changed from .01572 to .00072 on June 6, 2002.