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August 21, 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:

Re: Docket No. 020001-EI

Pursuant to Commission Order No. 13694 issued September 20, 1984, as reaffirmed by Order No. PSC-98-0691-FOF-PU issued May 19, 1998, Gulf Power Company submits this letter, with regard to Gulf's fuel and purchased power (energy) costs, to inform the Commission, its Staff, and the intervenors that a greater than ten percent under-recovery is now projected to occur for the period ending December 31, 2002. Based on actual data through July 2002 and updated estimates for August through December 2002, the Company projects an under-recovery by period end of 12.0%.

Gulf is not requesting a mid-course correction of its fuel cost recovery factors due to timing and other considerations. Instead, pursuant to the orders cited above, this letter is submitted in lieu of a request for hearing. Without a mid-course adjustment to the fuel cost recovery factors, the under-recovery expected for 2002 will be addressed through the true-up component included in the fuel factors for 2003. Gulf is not requesting a mid-course correction, because the timing is such that only three months of the current cost recovery cycle would remain by the time any change in fuel cost recovery factors could be implemented. In addition, a change in the factors in October 2002 and again in January 2003 would be disruptive to Gulf's customers.

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If any additional information is needed regarding this notice, please call me at
850-444-6231.

Sincerely,

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

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

cc: Honorable Michael Palecki, Prehearing Officer
W. Cochran Keating, Esquire
Parties of Record