

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

DOCKET NO. 040002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
ANGELA T. CARTER**

**Projection
JANUARY – DECEMBER 2005**

**Estimated/Actual True-up
JANUARY - DECEMBER 2004**

October 4, 2004



DOCUMENT NUMBER-DATE

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Gulf Power Company

Before the Florida Public Service Commission
Prepared Direct Testimony and Exhibit of
Angela T. Carter
Docket No. 040002-EG
October 4, 2004

Q. Will you please state your name, business address, employer and position?

A. My name is Angela T. Carter and my business address is One Energy Place, Pensacola, Florida 32520. I am employed by Gulf Power Company as the Economic Evaluation and Market Reporting Team Leader.

Q. Have you previously testified before this Commission in connection to the Energy Conservation Cost Recovery Clause?

A. Yes.

Q. Are you familiar with the schedules for the Energy Conservation Cost Recovery Clause?

A. Yes, I am.

Q. Have you verified, that to the best of your knowledge and belief, this information is correct?

A. Yes, I have.

Counsel: We ask that Ms. Carter's exhibit consisting of 5 Schedules be marked for identification as: Exhibit No. ____ (ATC-2).

Q. Ms. Carter, for what purpose are you appearing before this Commission today?

A. I am testifying before this Commission on behalf of Gulf Power Company regarding matters related to the Energy Conservation Cost Recovery Clause and to answer any questions concerning the accounting treatment of recoverable conservation costs in this filing. Specifically, I will address projections for approved programs during the January, 2005, through December, 2005, recovery period and the anticipated results of those programs during the current recovery period, January, 2004, through December, 2004, (8 months actual, 4 months estimated).

Q. Would you summarize for this Commission the deviations resulting from the actual costs for January through August of the current recovery period?

A. Projected expenses for the first eight months of the current period were \$5,081,368 compared to actual expenses of \$5,383,770 for a difference of \$302,402 or 5.95% over budget. A detailed summary of all program

expenses is contained in my Schedule C-3, pages 1 and 2 and my Schedule C-5, pages 1 through 15.

Q. Have you provided a description of the program results achieved during the period, January, 2004, through August, 2004?

A. Yes. A detailed summary of year-to-date results for each program is contained in my Schedule C-5, pages 1 through 15.

Q. Would you summarize the conservation program cost projections for the January, 2005 through December, 2005 recovery period?

A. Program costs for the projection period are estimated to be \$9,077,379. These costs are broken down as follows: depreciation, return on investment and property taxes, \$2,114,929; payroll/benefits, \$2,654,785; materials/expenses, \$4,074,599; and advertising, \$962,138; all of which are partially offset by program revenues of \$729,072. More detail is contained in my Schedule C-2.

Q. Would you describe the expected results for your on-going programs during the January, 2005, through December, 2005, recovery period?

A. The following is a synopsis of each program goal:

- (1) Residential Energy Audits - During the period, 1,500 audits are projected to be completed. These audits encourage customers to make conservation improvements. Three area Weatherization Assistance Providers (WAPs) have chosen not to partner with Gulf on home improvements for qualifying customers based on either lack of weatherization funds, insurance concerns or reimbursement issues.
- (2) Residential Mail-In Audits - This program builds on the success of Gulf's existing Residential Energy Audit program and includes both mail-in and on-line surveys. The program assists in the evaluation of the specific energy requirements of a residential dwelling. During 2005, 1,500 audits are projected to be completed.
- (3) Geothermal Heat Pump - The object of this program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of geothermal systems. During the upcoming projection period, 300 customers are expected to participate in the program.
- (4) GoodCents Select - This program is designed to

provide the customer with a means of conveniently and automatically controlling and monitoring energy purchases in response to prices that vary during the day and by season in relation to Gulf Power Company's cost of producing or purchasing energy. The GoodCents *Select* system includes field units utilizing a communication gateway, a radio frequency based Local Area Network, major appliance load control relays, and a programmable thermostat (Superstat), all operating at the customer's home.

As reported in this docket previously, the startup of the program was delayed because of several issues. As a result of the delays and current participation levels, the schedule for market implementation has been modified from the original projection in the Demand-side Management Plan filed in 1999. Gulf Power reviewed and revised its projection for program participation in 2000. A more detailed summary of the revised participation rates is given in M. J. McCarthy's testimony in Docket No. 000002-EG dated September 27, 2000. The Company projects 3,000 installations in 2005.

- (5) GoodCents Building - This program includes both new and existing commercial customers. For the

projection period, 155 buildings are expected to meet the program standards. Implementation strategies will concentrate on architects, engineers, developers and other decision makers in the construction process.

- (6) Energy Audits and Technical Assistance Audits - Gulf projects 250 audits for 2005. These audits are interactive programs that provide commercial and industrial customers assistance in identifying energy conservation opportunities. **The audits** are a prime tool to introduce customers to conservation measures including low or no cost improvements or new electro-technologies to replace old or inefficient equipment. Further, this program facilitates the load factor improvement process necessary to increase performance for both the customer and the Company.
- (7) Commercial/Industrial Mail-In Audits - This is a direct mail energy auditing program that builds on the success of the Company's existing commercial and industrial Energy Audit program. Gulf expects 50 participants during the projection period.
- (8) Energy Services - The Energy Services program is designed to establish the capability and process to offer advanced energy services and energy

efficient end-use equipment and is customized to meet the individual needs of large customers. Potential projects are evaluated on a case by case basis and must be cost effective to qualify for incentives or rebates. Types of projects covered under this program would be demand reduction or efficiency improvement retrofits, such as lighting (fluorescent and incandescent), motor replacements, HVAC retrofit (including geothermal applications), and new electro-technologies. For 2005, Gulf projects 850 tons of geothermal HVAC retrofits.

- (8) Green Pricing - Costs associated with the Green Pricing program are provided in Schedule C-2. Further description of these activities can be found in Schedule C-5.
- (9) Conservation Demonstration and Development - Costs associated with the Conservation Demonstration and Development program are provided in Schedule C-2. Further description of these activities can be found in Schedule C-5.

Q. Ms. Carter, have there been any developments in any existing program that will have a significant affect on the amount being requested for recovery in 2004 or 2005?

A. Yes. Expenses for the GoodCents *Select* program were increased in 2004 to provide essential maintenance and support and increase customer participation. Additional expenses are necessary in 2005 to continue providing adequate maintenance and support and actively increase participation in the program.

Expenses for the Green Pricing program were reduced in 2004. More time is needed to research renewable energy sources before additional expenses are warranted to further promote a green energy pilot program. Accordingly, advertising expenses are being reduced in 2005.

Expenses for the Conservation Demonstration and Development program were reduced in 2004 since there were less than anticipated research opportunities. No significant change is being made to the 2005 projection.

Q. How does the proposed Energy Conservation Cost Recovery factor for Rate Schedule RS compare with the factor applicable to December, 2004, and how would the change affect the cost of 1,000 kWh on Gulf Power Company's residential rate RS?

A. The current Energy Conservation Cost Recovery factor for Rate Schedule RS applicable through December, 2004,

is 0.076¢/kWh compared with the proposed factor of 0.088¢/kWh. For a residential customer who uses 1,000 kWh in January, 2005, the conservation portion of the bill would increase from \$0.76 to \$0.88.

Q. When does Gulf Power Company propose to collect these Energy Conservation Cost Recovery charges?

A. The factors will be effective beginning with the first bill group for January, 2005, and continuing through the last bill group for December, 2005.

Q. Ms. Carter, does this conclude your testimony?

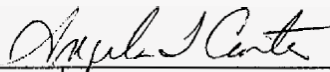
A. Yes, it does.

AFFIDAVIT

STATE OF FLORIDA)
COUNTY OF ESCAMBIA)

Docket No. 040002-EG

Before me the undersigned authority, personally appeared Angela T. Carter, who being first duly sworn, deposes and says that she is the Economic Evaluation and Market Reporting Team Leader 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.



Angela T. Carter
Economic Evaluation and Market
Reporting Team Leader

Sworn to and subscribed before me this 30th day of September, 2004.



Notary Public, State of Florida at Large



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

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY CLAUSE
INDEX OF SCHEDULES

Schedule Number	Title	Pages
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GULF POWER COMPANY

ENERGY CONSERVATION CLAUSE
SUMMARY OF PROJECTED COST RECOVERY CLAUSE CALCULATION

For the Period: January, 2005 Through December, 2005

	<u>\$</u>
1. Net Program Costs: Projected for 2005 (Schedule C-2 Page 1 of 4, Line 17)	9,077,379
2. True Up: Estimated 2004 (Jan-Aug Actual; Sep-Dec Est.) (Schedule C-3, Page 3 of 5)	<u>186,371</u>
3. Total (Line 1 + Line 2)	<u>9,263,750</u>
4. Cost Subject to Revenue Taxes	9,263,750
5. Revenue Tax	<u>1,00072</u>
6. Total Recoverable Cost	<u>9,270,420</u>

Program costs are split in proportion to the current period split of demand-related and energy-related costs, see below. The allocation of projected ECCR costs between demand and energy is shown on schedule C-2, page 2 of 3, and is consistent with the methodology set forth in Order No. PSC-93-1845-FOF-EG.

7. Total Cost	9,270,420
8. Energy Related Costs	6,046,213
9. Demand Related Costs (total)	3,224,207
10. Demand Costs Allocated on 12 CP	2,976,191
11. Demand Costs Allocated on 1/13 th	248,016

	Energy \$	Demand \$	Total	Energy	Demand	Total Recoverable Costs Including Revenue Taxes
	\$	Half of GCS \$	\$	\$	\$	\$
12. Est/Actual 2004	5,337,991	2,968,102	8,306,093	119,867	66,638	186,505
13. Percentage	64.27%	35.73%	100.00%			
14. Projected 2005	5,921,878	3,155,501	9,077,379	5,926,346	3,157,569	9,083,915
15. Percentage	65.24%	34.76%	100.00%			
16. Total				<u>6,046,213</u>	<u>3,224,207</u>	<u>9,270,420</u>

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY FACTORS
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
For January, 2005 Through December, 2005

Rate Class	A	B	C	D	E	F	G	H	I
<u>Rate Class</u>	<u>Average 12 CP Load Factor at Meter</u>	<u>Jan - Dec 2005 Projected KWH Sales at Meter</u>	<u>Projected Avg 12 CP KW at Meter</u>	<u>Demand Loss Expansion Factor</u>	<u>Energy Loss Expansion Factor</u>	<u>Jan - Dec 2005 Projected KWH Sales at Generation</u>	<u>Projected Avg 12 CP KW at Generation</u>	<u>Percentage of KWH Sales at Generation</u>	<u>Percentage of 12 CP KW Demand at Generation</u>
RS, RSVP	61.971315%	5,115,450,000	942,299.64	1.00530100	1.00530097	5,142,566,847	947,294.77	46.61346%	53.35737%
GS	64.200053%	210,439,000	37,418.53	1.00529780	1.00529775	211,553,853	37,616.77	1.91757%	2.11880%
GSD, GSDT, GSTOU	73.167949%	2,554,407,000	398,533.75	1.00516600	1.00516604	2,567,603,169	400,592.58	23.27337%	22.56380%
LP, LPT	84.177808%	1,946,335,000	263,946.48	0.98911990	0.98911989	1,925,158,661	261,074.72	17.45010%	14.70531%
PX, PXT, RTP, CSA, SBS	101.650370%	1,073,614,000	120,568.84	0.98057250	0.98057253	1,052,756,396	118,226.49	9.54244%	6.65923%
OS - I / II	160.732077%	105,411,000	7,486.51	1.00529490	1.00529485	105,969,135	7,526.15	0.96053%	0.42392%
OS-III	100.278526%	26,617,000	3,030.03	1.00526830	1.00526827	26,757,226	3,045.99	0.24253%	0.17157%
TOTAL		<u>11,032,273,000</u>	<u>1,773,283.78</u>			<u>11,032,365,287</u>	<u>1,775,377.47</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

Col A : Average 12 CP load factor based on actual 2003 load research data.
Col C = Col B / (8760 hours x Col A), 8,760 is the number of hours in 12 months.
Col F = Col B x Col E
Col G = Col C x Col D
Col H = Col F / Total Col F
Col I = Col G / Total Col G

Florida Public Service Commission
Docket No. 040002-EG
GULF POWER COMPANY
Witness: Angela T. Carter
Exhibit No. _____ (ATC-2)
Schedule C-1
Page 2 of 3

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY FACTORS
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
For January, 2005 Through December, 2005

Rate Class	A	B	C	D	E	F	G	H
	Jan - Dec 2005 Percentage of KWH Sales at Generation	Percentage of 12 CP KW Demand at Generation	Demand Allocation 12CP	1/13 th	Energy Allocation	Total Conservation Costs	Jan - Dec 2005 Projected KWH Sales at Meter	Conservation Recovery Factor cents per KWH
RS, RSVP	46.61346%	53.35737%	\$1,588,017	\$115,608	\$2,818,349	\$4,521,974	5,115,450,000	0.088
GS	1.91757%	2.11880%	63,060	4,756	115,940	183,756	210,439,000	0.087
GSD, GSDD, GSTOU	23.27337%	22.56380%	671,542	57,722	1,407,158	2,136,422	2,554,407,000	0.084
LP, LPT	17.45010%	14.70531%	437,658	43,279	1,055,070	1,536,007	1,946,335,000	0.079
PX, PXT, RTP, CSA, SBS	9.54244%	6.65923%	198,191	23,667	576,956	798,814	1,073,614,000	0.074
OS - I / II	0.96053%	0.42392%	12,617	2,382	58,076	73,075	105,411,000	0.069
OS-III	0.24253%	0.17157%	5,106	602	14,664	20,372	26,617,000	0.077
TOTAL	100.00000%	100.00000%	\$2,976,191	\$248,016	\$6,046,213	\$9,270,420	11,032,273,000	

Notes:

- A Obtained from Schedule C-1, page 2 of 3, col H
- B Obtained from Schedule C-1, page 2 of 3, col I
- C Total from C-1, page 1, line 10 * col B
- D Total from C-1, page 1, line 11 * col A
- E Total from C-1, page 1, line 8 * col A
- F Total Conservation Costs, columns C + D + E
- G Projected kwh sales for the period January 2005 through December 2005, Schedule C-1, page 2 of 3, col B
- H Col F / G

GULF POWER COMPANY

PROJECTED CONSERVATION PROGRAM NET COSTS
For the Period January, 2005 Through December, 2005

Programs	Depreciation, Return & Property Taxes	Payroll & Benefits	Materials Vehicles & Expenses	Other	Advertising	Incentives	Total Costs	Program Revenues	Net Costs
1. Residential Energy Audits	2,080	330,439	83,079	0	127,270	0	542,868	0	542,868
2. Residential Mail In Audit	0	25,757	1,787	0	76,181	0	103,725	0	103,725
3. Gulf Express	0	0	0	0	0	0	0	0	0
4. In Concert with the Environment	0	0	0	0	0	0	0	0	0
5. Environmental Good Cents Home	0	0	0	0	0	0	0	0	0
6. Duct Leakage Repair	0	0	0	0	0	0	0	0	0
7. Geothermal Heat Pump	0	120,631	188,030	0	114,455	0	423,116	0	423,116
8. Good Cents Select	2,112,849	1,074,291	3,302,933	0	550,000	0	7,040,073	729,072	6,311,001
9. Comm/Ind Good Cents Bldg	0	479,529	70,296	0	15,160	0	564,985	0	564,985
10. E.A. & T.A.A.	0	521,336	104,680	0	4,072	0	630,088	0	630,088
11. Comm/Ind Mail In Audit	0	27,550	10,880	0	0	0	38,430	0	38,430
12. Green Pricing	0	0	0	0	0	0	0	0	0
12a. Solar for Schools	0	2,360	656	0	0	0	3,016	0	3,016
12b. EarthCents Solar	0	19,171	8,754	0	25,000	0	52,925	0	52,925
12c. Green Pricing	0	36,204	57,016	0	50,000	0	143,220	0	143,220
13. Conservation Demonstration and Development	0	17,517	156,488	0	0	0	174,005	0	174,005
14. Energy Services	0	0	90,000	0	0	0	90,000	0	90,000
15. Total All Programs	2,114,929	2,654,785	4,074,599	0	962,138	0	9,806,451	729,072	9,077,379
16. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0
17. Net Program Costs	2,114,929	2,654,785	4,074,599	0	962,138	0	9,806,451	729,072	9,077,379

GULF POWER COMPANY
 PROJECTED CONSERVATION PROGRAM NET COSTS
 For the Period January, 2005 Through December, 2005

Programs

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	12 MONTH TOTAL	DEMAND COSTS	ENERGY COSTS
1. Residential Energy Audits	39,191	40,008	41,530	54,737	43,267	42,853	43,304	45,321	57,351	45,400	44,816	45,090	542,868	0	542,868
2. Residential Mail In Audit	6,461	6,471	10,359	11,363	10,380	6,584	6,594	10,408	11,413	10,430	6,625	6,637	103,725	0	103,725
3. Gulf Express	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4. In Concert with the Environment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Environmental Good Cents Home	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Duct Leakage Repair	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Geothermal Heat Pump	18,392	18,978	20,311	25,906	32,422	50,535	51,477	52,447	40,652	37,176	36,939	37,881	423,116	0	423,116
8. Good Cents Select	495,171	495,181	498,888	542,829	504,415	504,141	505,578	507,215	725,499	511,618	509,837	510,629	6,311,001	3,155,501	3,155,500
9. Comm/Ind Good Cents Bldg	40,601	41,418	43,251	62,100	44,746	44,035	44,333	44,621	63,490	45,950	45,160	45,280	564,985	0	564,985
10. E.A. & T.A.A.	45,602	46,456	48,418	68,787	49,874	49,135	49,401	49,781	70,251	51,372	50,401	50,610	630,088	0	630,088
11. Comm/Ind Mail In Audit	2,420	2,522	2,704	3,871	2,907	3,004	3,104	3,204	4,371	3,407	3,404	3,512	38,430	0	38,430
12. Green Pricing															
12a. Solar for Schools	230	230	238	329	238	238	238	238	329	238	238	232	3,016	0	3,016
12b. EarthCents Solar	4,191	4,201	4,263	5,017	4,283	4,293	4,303	4,313	5,067	4,333	4,333	4,328	52,925	0	52,925
12c. Green Pricing	8,896	9,444	10,057	11,953	11,121	11,545	12,041	12,551	14,449	13,631	13,553	13,979	143,220	0	143,220
13. Conservation Demonstration and Development	6,987	7,635	8,294	9,565	13,205	13,727	14,323	14,932	14,385	16,214	17,958	36,780	174,005	0	174,005
14. Energy Services	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000	0	90,000
15. Total All Programs	675,642	680,044	695,813	803,957	724,358	737,590	742,196	752,531	1,014,757	747,269	740,764	762,458	9,077,379	3,155,501	5,921,878
16. Less: Base Rate Recovery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Recoverable Conservation Expenses	675,642	680,044	695,813	803,957	724,358	737,590	742,196	752,531	1,014,757	747,269	740,764	762,458	9,077,379	3,155,501	5,921,878

GULF POWER COMPANY

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES

Residential Energy Audits: Flow Meter

For the Period January, 2005 Through December, 2005

Line No.	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Total
1.	Additions to Plant In Service (Net of Retirements)		0	0	0	0	0	0	0	0	0	0	0	0	
2.	Depreciation Base	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	
3.	Depreciation Expense (A)		96	96	96	96	96	96	96	96	96	96	96	96	1,152
4.	Cumulative Plant in Service Additions	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	8,103	
5.	Less: Accumulated Depreciation	0	96	192	288	384	480	576	672	768	864	960	1,056	1,152	
6.	Net Plant in Service	8,103	8,007	7,911	7,815	7,719	7,623	7,527	7,431	7,335	7,239	7,143	7,047	6,951	
7.	Net Additions/Reductions to CWIP		0	0	0	0	0	0	0	0	0	0	0	0	
8.	CWIP Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.	Inventory	-	0	0	0	0	0	0	0	0	0	0	0	0	
10.	Net Investment (Line 6 + 8 + 9)	8,103	8,007	7,911	7,815	7,719	7,623	7,527	7,431	7,335	7,239	7,143	7,047	6,951	
11.	Average Net Investment		8,055	7,959	7,863	7,767	7,671	7,575	7,479	7,383	7,287	7,191	7,095	6,999	
12.	Rate of Return / 12 (Including Income Taxes) (B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
13.	Return Requirement on Average Net Investment		76	75	74	73	72	71	71	70	69	68	67	66	852
14.	Property Taxes		6	6	6	6	6	6	6	6	6	6	6	10	76
15.	Total Depreciation, Return and Property Taxes (Line 3+13+14)		178	177	176	175	174	173	173	172	171	170	169	172	2,080

Notes:

- (A) Flow Meter Depreciated at 14.2857% per year
- (B) Revenue Requirement Return is 11.321% annually

Florida Public Service Commission
 Docket No. 040002-EG
 GULF POWER COMPANY
 Witness: Angela T. Carter
 Exhibit No. _____ (ATC-2)
 Schedule C-2
 Page 3 of 4

GULF POWER COMPANY
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
Good Cents Select
For the Period January, 2005 Through December, 2005

Line No.	Description	Beginning of Period	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected Sept	Projected Oct	Projected Nov	Projected Dec	Total
1.	Additions to Plant In Service (Net of Retirements)		273,116	273,116	273,116	274,177	275,204	276,199	277,161	278,093	278,995	279,869	280,714	281,533	
2.	Depreciation Base	7,167,000	7,440,116	7,713,232	7,986,348	8,260,525	8,535,729	8,811,928	9,089,089	9,367,182	9,646,177	9,926,046	10,206,760	10,488,293	
3.	Depreciation Expense (A)		13,877	14,396	14,915	15,435	15,956	16,480	17,006	17,533	18,063	18,594	19,126	19,660	201,041
4.	Cumulative Plant in Service Additions	7,167,000	7,440,116	7,713,232	7,986,348	8,260,525	8,535,729	8,811,928	9,089,089	9,367,182	9,646,177	9,926,046	10,206,760	10,488,293	
5.	Less: Accumulated Depreciation	367,331	381,208	395,604	410,519	425,954	441,910	458,390	475,396	492,929	510,992	529,586	548,712	568,372	
6.	Net Plant in Service	6,799,668	7,058,907	7,317,627	7,575,828	7,834,570	8,093,818	8,353,537	8,613,692	8,874,252	9,135,184	9,396,459	9,658,047	9,919,920	
7.	Net Additions/Reductions to CWIP		0	0	0	0	0	0	0	0	0	0	0	0	
8.	CWIP Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	
9.	Inventory	7,011,250	6,800,727	6,590,205	6,623,423	6,655,580	6,686,710	6,716,845	6,746,018	6,774,259	6,801,597	6,828,063	6,853,682	6,878,484	
10.	Net Investment (Line 6 + 8 + 9)	13,810,918	13,859,634	13,907,832	14,199,251	14,490,150	14,780,528	15,070,382	15,359,710	15,648,511	15,936,781	16,224,522	16,511,729	16,798,404	
11.	Average Net Investment		13,835,276	13,883,733	14,053,542	14,344,701	14,635,339	14,925,455	15,215,046	15,504,111	15,792,646	16,080,652	16,368,126	16,655,067	
12.	Rate of Return / 12 (Including Income Taxes) (B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
13.	Return Requirement on Average Net Investment		130,522	130,979	132,581	135,328	138,070	140,807	143,539	146,266	148,988	151,705	154,417	157,124	1,710,326
14.	Property Taxes		16,790	16,790	16,790	16,790	16,790	16,790	16,790	16,790	16,790	16,790	16,790	16,792	201,482
15.	Total Depreciation, Return and Property Taxes (Line 3+13+14)		161,189	162,165	164,286	167,553	170,816	174,077	177,335	180,589	183,841	187,089	190,333	193,576	2,112,849

Notes:

- (A) Good Cents Select Property Additions Depreciated at 2.3% per year
(B) Revenue Requirement Return is 11.321% annually

GULF POWER COMPANY
 CONSERVATION PROGRAM NET COST
 January, 2004 Through August, 2004, Actual
 September, 2004 Through December, 2004, Estimated

Actual	Capital Return, Property Taxes & Depreciation	Payroll & Benefits	Materials Vehicles & Expenses	Advertising	Total Costs	Program Revenues (Credits)	Net Costs
1. Residential Energy Audits							
a. Actual	0.00	187,524.51	40,559.60	66,807.91	294,892.02	0.00	294,892.02
b. Estimated	0.00	157,227.49	39,789.40	60,462.09	257,478.98	0.00	257,478.98
c. Total	0.00	344,752.00	80,349.00	127,270.00	552,371.00	0.00	552,371.00
2. Residential Mail In Audit							
a. Actual	0.00	14,847.90	1,695.08	33,552.30	50,095.28	0.00	50,095.28
b. Estimated	0.00	7,670.10	51.92	42,628.70	50,350.72	0.00	50,350.72
c. Total	0.00	22,518.00	1,747.00	76,181.00	100,446.00	0.00	100,446.00
3. Gulf Express							
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. In Concert with the Environment							
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Environmental Good Cents Home							
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Duct Leakage Repair							
a. Actual	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. Estimated	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c. Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Geothermal Heat Pump							
a. Actual	0.00	52,057.89	8,816.13	34,967.27	95,841.29	0.00	95,841.29
b. Estimated	0.00	66,721.11	97,552.87	79,487.73	243,761.71	0.00	243,761.71
c. Total	0.00	118,779.00	106,369.00	114,455.00	339,603.00	0.00	339,603.00
B. Good Cents Select							
a. Actual	1,199,547.93	627,948.69	2,012,336.16	418,022.66	4,257,855.44	273,293.36	3,984,562.08
b. Estimated	637,583.57	120,814.31	787,973.84	131,977.34	1,678,349.06	182,544.00	1,495,805.06
c. Total	1,837,131.50	748,763.00	2,800,310.00	550,000.00	5,936,204.50	455,837.36	5,480,367.14
9. Comm/Ind Good Cents Bldg							
a. Actual	0.00	258,699.06	34,001.40	1,235.00	293,935.46	0.00	293,935.46
b. Estimated	0.00	189,051.94	33,096.60	15,425.00	237,573.54	0.00	237,573.54
c. Total	0.00	447,751.00	67,098.00	16,660.00	531,509.00	0.00	531,509.00
10. E.A. & T.A.A.							
a. Actual	0.00	283,247.82	36,890.30	1,040.00	321,178.12	0.00	321,178.12
b. Estimated	0.00	221,272.18	62,725.70	3,032.00	287,029.88	0.00	287,029.88
c. Total	0.00	504,520.00	99,616.00	4,072.00	608,208.00	0.00	608,208.00
11. Comm/Ind Mail In Audit							
a. Actual	0.00	25,419.77	1,836.14	0.00	27,255.91	0.00	27,255.91
b. Estimated	0.00	11,899.23	2,006.86	0.00	13,906.09	0.00	13,906.09
c. Total	0.00	37,319.00	3,843.00	0.00	41,162.00	0.00	41,162.00
12. Green Pricing							
12a. Solar for Schools							
a. Actual	0.00	837.37	4,008.00	0.00	4,845.37	0.00	4,845.37
b. Estimated	0.00	2,457.63	(3,352.00)	0.00	(894.37)	0.00	(894.37)
c. Total	0.00	3,295.00	656.00	0.00	3,951.00	0.00	3,951.00
12b. EarthCents Solar							
a. Actual	0.00	8,448.74	4,863.09	72.50	13,384.33	0.00	13,384.33
b. Estimated	0.00	988.26	2,966.91	(72.50)	3,882.67	0.00	3,882.67
c. Total	0.00	9,437.00	7,830.00	0.00	17,267.00	0.00	17,267.00
12c. Green Pricing							
a. Actual	0.00	20,052.90	13,832.15	0.00	33,885.05	0.00	33,885.05
b. Estimated	0.00	19,954.10	41,506.85	0.00	61,460.95	0.00	61,460.95
c. Total	0.00	40,007.00	55,339.00	0.00	95,346.00	0.00	95,346.00
13. Conservation Demonstration and Development							
a. Aquatic Pool	0.00	(5.67)	(23.33)	0.00	(29.00)	0.00	(29.00)
b. Eglin Geothermal	0.00	1,982.13	3,715.42	0.00	11,697.55	0.00	11,697.55
c. Mary Esther School	0.00	265.09	1,089.45	0.00	1,354.54	0.00	1,354.54
d. Warner Solar	0.00	1,228.07	348.03	0.00	1,576.10	0.00	1,576.10
e. Oak Ridge	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f. Springhill Suites	0.00	1,869.84	2,569.63	0.00	4,439.47	0.00	4,439.47
g. Sealed, Semi-Conditioned Attic	0.00	2,319.01	622.07	0.00	2,941.08	0.00	2,941.08
h. Triggers	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i. Water Furnace	0.00	0.00	0.00	0.00	0.00	0.00	0.00
j. Other	0.00	0.00	(31,377.92)	0.00	(31,377.92)	0.00	(31,377.92)
k. Total Actual	0.00	7,658.47	(17,056.65)	0.00	(9,398.18)	0.00	(9,398.18)
l. Estimated	0.00	8,312.53	81,110.85	0.00	89,423.18	0.00	89,423.18
m. Total	0.00	15,971.00	64,054.00	0.00	80,025.00	0.00	80,025.00
14. a. Actual							
	1,199,547.93	1,486,743.12	2,141,781.40	555,697.64	5,383,770.09	273,293.36	5,110,476.73
b. Estimated							
	637,583.57	806,368.88	1,145,429.60	332,940.36	2,922,322.41	182,544.00	2,739,778.41
15. Total All Programs							
	1,837,131.50	2,293,112.00	3,287,211.00	888,638.00	8,306,092.50	455,837.36	7,850,255.14

GULF POWER COMPANY
 CONSERVATION PROGRAM COSTS (Not Net of Revenues)
 For the Period January, 2004 Through August, 2004, Actual
 September, 2004 Through December, 2004, Estimated

	ESTIMATED												TOTAL ACTUAL & ESTIMATED		
	JAN	FEB	MAR	APR	ACTUAL MAY	JUNE	JULY	AUG	TOTAL ACT	SEP	OCT	NOV		DEC	TOTAL EST
1. Residential Energy Audits	22,869.61	32,841.88	40,445.50	56,735.84	46,714.67	28,627.16	38,592.61	28,064.75	294,892.02	64,370.00	64,370.00	64,370.00	64,368.98	257,478.98	552,371.00
2. Residential Mail In Audit	1,488.52	2,786.97	8,287.88	13,769.56	13,155.70	4,072.39	3,385.62	3,148.64	50,095.28	12,588.00	12,588.00	12,588.00	12,586.72	50,350.72	100,446.00
3. Gulf Express	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. In Concert with the Environment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Environmental Good Cents Home	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Duct Leakage Repair	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Geothermal Heat Pump	8,138.28	8,474.71	9,879.46	9,850.60	9,333.11	9,562.03	18,051.51	22,551.59	95,841.29	60,940.00	60,940.00	60,940.00	60,941.71	243,761.71	339,603.00
8. Good Cents Select	524,419.35	586,213.34	564,336.63	472,391.84	508,001.50	860,939.40	398,484.35	343,069.03	4,257,855.44	419,587.00	419,587.00	419,587.00	419,588.06	1,678,349.06	5,936,204.50
9. Comm/Ind Good Cents Bldg	33,892.63	32,159.18	36,010.70	37,064.58	36,221.60	37,120.35	36,501.13	44,965.29	293,935.46	59,393.00	59,393.00	59,393.00	59,394.54	237,573.54	531,509.00
10. E.A. & T.A.A.	39,948.00	36,540.26	40,130.03	40,524.53	41,955.52	40,451.72	41,452.53	40,175.53	321,178.12	71,757.00	71,757.00	71,757.00	71,758.88	287,029.88	608,208.00
11. Comm/Ind Mail In Audit	3,012.95	3,037.95	4,665.38	3,280.23	6,699.10	(41.04)	3,312.28	3,289.06	27,255.91	3,477.00	3,477.00	3,477.00	3,475.09	13,906.09	41,162.00
12. Green Pricing															
12a. Solar for Schools	379.21	255.29	1,306.06	358.75	309.90	1,942.88	141.80	151.48	4,845.37	40.00	40.00	40.00	(1,014.37)	(694.37)	3,951.00
12b. EarthCents Solar	1,905.43	3,911.67	2,021.06	2,049.67	2,161.98	938.06	(802.68)	1,199.14	13,384.33	971.00	971.00	971.00	969.67	3,882.67	17,267.00
12c. Green Pricing	2,585.64	2,592.44	8,381.60	14,625.98	5,062.75	2,050.96	(3,718.26)	2,303.94	33,885.05	15,365.00	15,365.00	15,365.00	15,365.95	61,460.95	95,346.00
13. Conservation Demonstration and Development															
a. Aquatic Pool (29.00)									(29.00)	14,511.52	14,511.52	14,511.52	45,888.62	89,423.18	80,025.00
b. Eglin Geothermal			10,558.70		1,138.85				11,697.55						
c. Mary Esther School	1,354.54								1,354.54						
d. Warner Solar		638.14		488.71	110.87	75.91	182.96	79.51	1,576.10						
e. Oak Ridge									0.00						
f. Springhill Suites						1,911.07	527.79	2,000.61	4,439.47						
g. Sealed, Semi-Conditioned Attic		1,129.52		956.64	288.90	165.98	400.04		2,941.08						
h. Triggers									0.00						
i. Water Furnace									0.00						
j. Other			(37,353.76)		1,267.08	3,386.96	555.92	765.88	(31,377.92)						
14. Total All Programs	639,965.16	710,581.35	688,669.24	652,096.93	672,421.53	991,203.83	537,067.60	491,764.45	5,383,770.09	722,999.52	722,999.52	722,999.52	753,323.85	2,922,322.41	8,306,092.50
15. Less: Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16. Net Recoverable Expenses	639,965.16	710,581.34	688,669.24	652,096.93	672,421.53	991,203.83	537,067.60	491,764.45	5,383,770.08	722,999.52	722,999.52	722,999.52	753,323.85	2,922,322.41	8,306,092.50

Florida Public Service Commission
 Docket No. 040002-EG
 GULF POWER COMPANY
 Witness: Angela T. Carter
 Exhibit No. _____ (ATC-2)
 Schedule C-3
 Page 2 of 5

GULF POWER COMPANY

ESTIMATED TRUE-UP ENERGY CONSERVATION CLAUSE
For the Period: January, 2004 through December, 2004

	ACTUAL JAN	ACTUAL FEB	FEB ADJ NOTE A	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
<u>Conservation Revenues</u>														
1. Good Cents Select Program Revenues	30,628.79 0.00 0.00	28,488.45 0.00 0.00	0.00 0.00 0.00	29,063.83 0.00 0.00	28,527.52 0.00 0.00	31,655.52 0.00 0.00	37,743.48 0.00 0.00	42,291.88 0.00 0.00	44,893.89 0.00 0.00	43,476.00	44,436.00	46,356.00	48,276.00	455,837.36
2. Conservation Revenues	<u>665,716.34</u>	<u>624,479.23</u>	<u>(28,467.94)</u>	<u>550,458.25</u>	<u>546,013.01</u>	<u>700,321.89</u>	<u>769,632.50</u>	<u>853,305.71</u>	<u>804,689.44</u>	<u>661,683.72</u>	<u>582,160.18</u>	<u>509,136.46</u>	<u>576,233.86</u>	<u>7,815,362.65</u>
3. Total Revenues	696,345.13	652,967.68	(28,467.94)	579,522.08	574,540.53	731,977.41	807,375.98	895,597.59	849,583.33	705,159.72	626,596.18	555,492.46	624,509.86	8,271,200.01
4. Adjustment not Applicable to Period - Prior True Up	<u>17,078.16</u>	<u>17,078.16</u>	<u>0.00</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.16</u>	<u>17,078.24</u>	<u>204,938.00</u>
5. Conservation Revenues Applicable to Period	713,423.29	670,045.84	(28,467.94)	596,600.24	591,618.69	749,055.57	824,454.14	912,675.75	866,661.49	722,237.88	643,674.34	572,570.62	641,588.10	8,476,138.01
6. Conservation Expenses (Form C-3 Page 2 of 5)	<u>639,965.16</u>	<u>710,581.35</u>	<u>0.00</u>	<u>688,669.24</u>	<u>652,096.93</u>	<u>672,421.53</u>	<u>991,203.83</u>	<u>537,067.60</u>	<u>491,764.45</u>	<u>722,999.52</u>	<u>722,999.52</u>	<u>722,999.52</u>	<u>753,323.85</u>	<u>8,306,092.50</u>
7. True Up this Period (Line 5 minus Line 6)	73,458.13	(40,535.51)	(28,467.94)	(92,069.00)	(60,478.24)	76,634.04	(166,749.69)	375,608.15	374,897.04	(761.64)	(79,325.18)	(150,428.90)	(111,735.75)	170,045.51
8. Interest Provision this Period (C-3 Page 4 of 5, Line	(106.22)	(102.76)	(11.92)	(191.64)	(274.87)	(289.67)	(393.24)	(365.11)	54.30	286.54	210.76	35.10	(162.40)	(1,311.13)
9. True Up & Interest Provision Beginning of Month	(150,167.47)	(93,893.72)	(151,610.16)	(180,090.02)	(289,428.82)	(367,260.09)	(307,993.88)	(492,214.97)	(134,050.09)	223,823.09	206,269.83	110,077.25	(57,394.71)	(150,167.47)
10. Prior True Up Collected or Refunded	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>0.00</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.16)</u>	<u>(17,078.24)</u>	<u>(204,938.00)</u>
11. End of Period- Net True Up	<u>(93,893.72)</u>	<u>(151,610.16)</u>	<u>(180,090.02)</u>	<u>(289,428.82)</u>	<u>(367,260.09)</u>	<u>(307,993.88)</u>	<u>(492,214.97)</u>	<u>(134,050.09)</u>	<u>223,823.09</u>	<u>206,269.83</u>	<u>110,077.25</u>	<u>(57,394.71)</u>	<u>(186,371.10)</u>	<u>(186,371.10)</u>

Note A: In February's ECCR revenue calculation, the Good Cents Select Participation Fee was included twice inadvertently and was corrected in March before March's ECCR over/under recovery was calculated.

GULF POWER COMPANY
INTEREST CALCULATION
ENERGY CONSERVATION CLAUSE
For the Period: January, 2004 through December, 2004

Interest Provision	ACTUAL JAN	ACTUAL FEB	FEB ADJ	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
1. Beginning True up Amount	(150,167.47)	(93,893.72)	0.00	(180,090.02)	(289,428.82)	(367,260.09)	(307,993.88)	(492,214.97)	(134,050.09)	223,823.09	206,269.83	110,077.25	(57,394.71)	
2. Ending True up before Interest	(93,787.50)	(151,507.40)	(28,467.94)	(289,237.18)	(366,985.22)	(307,704.21)	(491,821.73)	(133,684.98)	223,768.79	205,983.29	109,866.49	(57,429.81)	(186,208.70)	
3. Total beginning & ending	(243,954.97)	(245,401.12)	(28,467.94)	(469,327.19)	(656,414.03)	(674,964.29)	(799,815.60)	(625,899.94)	89,718.71	429,806.38	316,136.31	52,647.43	(243,603.42)	
4. Average True up Amount	(121,977.49)	(122,700.56)	(14,233.97)	(234,663.60)	(328,207.02)	(337,482.15)	(399,907.80)	(312,949.97)	44,859.35	214,903.18	158,068.15	26,323.71	(121,801.72)	
5. Interest Rate First Day Reporting Business Month	1.06	1.03	1.03	0.98	0.98	1.03	1.03 **	1.33	1.47	1.60	1.60	1.60	1.60	
6. Interest Rate First Day Subsequent Business Month	1.03	0.98	0.98	0.98	1.03	1.03 **	1.33	1.47	1.60	1.60	1.60	1.60	1.60	
7. Total of Lines 5 and 6	2.09	2.01	2.01	1.96	2.01	2.06	2.36	2.80	3.07	3.20	3.20	3.20	3.20	
8. Average Interest rate (50% of Line 7)	1.0450	1.0050	1.0050	0.9800	1.0050	1.0300	1.1800	1.4000	1.5350	1.6000	1.6000	1.6000	1.6000	
9. Monthly Average Interest Rate Line 8 / 12 months	0.000871	0.000838	0.000838	0.000817	0.000838	0.000858	0.000983	0.001167	0.001279	0.001333	0.001333	0.001333	0.001333	
10. Interest Adjustment									(3.08)					
11. Interest Provision (line 4 X 9) + Adjustment	(106.22)	(102.76)	(11.92)	(191.64)	(274.87)	(289.67)	(393.24)	(365.11)	54.30	286.54	210.76	35.10	(162.40)	(1,311.13)

** The correction is for the following reason. May's interest rate was not updated. April's was used in error.	** Corrected Average True-Up	(337,482.15)	(399,909.21)	(312,953.05)	44,856.27
	Interest First Day of Month	1.0300	1.0400	1.3300	1.4700
	Interest Last Day of Month	1.0400	1.3300	1.4700	1.6000
	Total of two rates	2.0700	2.3700	2.8000	3.0700
	Average rate for the month	1.0350	1.1850	1.4000	1.5350
	Monthly average interest rate	0.000863	0.000988	0.001167	0.001279
	Corrected interest amount	(291.08)	(394.91)	(365.11)	57.38
	Change from original interest amt	(1.41)	(1.67)		(3.08)
					Total Adjustment

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GULF POWER COMPANY
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
GOOD CENTS SELECT
For the Period January, 2004 Through December, 2004

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Projected September	Projected October	Projected November	Projected December	Total
1. Additions to Plant in Service (Net of Retirements)		4,475.83	134,264.82	3,286.44	336,853.66	111,646.30	226,249.52	248,846.30	493,476.66	135,068.00	135,068.00	243,122.00	243,122.00	
2. Depreciation Base	4,851,520.06	4,855,995.89	4,990,260.71	4,993,547.15	5,330,400.81	5,442,047.11	5,668,296.63	5,917,142.93	6,410,619.59	6,545,687.59	6,680,755.59	6,923,877.59	7,166,999.59	
3. Depreciation Expense (A)		9,222.14	9,353.94	9,484.62	9,807.75	10,233.83	10,554.83	11,006.17	11,711.37	12,308.49	12,565.12	12,924.40	13,386.33	132,558.99
4. Cumulative Investment	4,851,520.06	4,855,995.89	4,990,260.71	4,993,547.15	5,330,400.81	5,442,047.11	5,668,296.63	5,917,142.93	6,410,619.59	6,545,687.59	6,680,755.59	6,923,877.59	7,166,999.59	
5. Less: Accumulated Depreciation	234,772.21	243,994.35	253,348.30	262,832.92	272,640.67	282,874.50	293,429.33	304,435.50	316,146.87	328,455.36	341,020.48	353,944.88	367,331.21	
6. Net Plant in Service (Line 4 - 5)	4,616,747.85	4,612,001.54	4,736,912.41	4,730,714.23	5,057,760.14	5,159,172.61	5,374,867.30	5,612,707.43	6,094,472.72	6,217,232.23	6,339,735.11	6,569,932.71	6,799,668.38	
7. Net Additions/Reductions to CWIP		130,869.82	(74,939.31)	143,364.86	(199,295.37)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8. CWIP Balance	0.00	130,869.82	55,930.51	199,295.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9. Inventory	8,243,810.25	8,167,722.06	8,089,170.86	7,991,402.10	7,854,091.64	7,718,750.67	7,559,017.44	7,814,119.43	7,600,713.58	7,495,453.00	7,390,191.00	7,200,721.00	7,011,250.00	
10. Net Investment (Line 6 + 8)	12,860,558.10	12,910,593.42	12,882,013.78	12,921,411.70	12,911,851.78	12,877,923.28	12,933,884.74	13,426,826.86	13,695,186.30	13,712,685.23	13,729,926.11	13,770,653.71	13,810,918.38	
11. Average Net Investment		12,885,575.76	12,896,303.60	12,901,712.74	12,916,631.74	12,894,887.53	12,905,904.01	13,180,355.80	13,561,006.58	13,703,935.77	13,721,305.67	13,750,289.91	13,790,786.05	
12. Rate of Return / 12 (Including Income Taxes) (B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
13. Return Requirement on Average Net Investment		121,562.52	121,663.73	121,714.76	121,855.50	121,650.37	121,754.30	124,343.48	127,934.54	129,282.93	129,446.80	129,720.24	130,102.28	1,501,031.45
14. Property Taxes		16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.76	16,961.70	203,541.06
15. Rounding Adjustment														
16. Total Depreciation, Return and Prop Taxes (Line 3 + 13 + 14 + 15)		147,746.42	147,979.43	148,161.14	148,625.01	148,845.96	149,270.89	152,311.41	156,607.67	158,553.18	158,973.68	159,606.40	160,450.31	1,837,131.50

Notes:
(A) Good Cents Select Property Additions Depreciated at 2.3% per year schedule for revision.
(B) Revenue Requirement Return (includes Income Taxes) is 11.3210 annually.

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GULF POWER COMPANY
CALCULATION OF CONSERVATION REVENUES
For the Period: September, 2004 Through December, 2004

	Month	Projected MWH Sales	Rate (Avg Cents/KWH)	Clause Revenue Net of Revenue Taxes (\$)
1.	09/2004	938,676	0.070	661,683.72
2.	10/2004	830,069	0.070	582,160.18
3.	11/2004	726,828	0.070	509,136.46
4.	12/2004	817,219	0.070	576,233.86

Program Description and Progress

Program Title: Residential Energy Audits

Program Description: This program consists of two types of audits: (1) Class A Energy Conservation Audits and (2) centsable Energy checks, a walk-through audit. Both of these audits are performed on-site and involve assisting the customer in upgrading the thermal and equipment efficiencies in their homes as well as lifestyle measures and other low or no cost improvements.

Program Projections: For the period, January, 2005 through December, 2005, the Company expects to conduct 1,500 audits and incur expenses totaling \$542,868.

Program Accomplishments: During the first eight months of 2004, 944 audits have been conducted. The total projection for 2004 is 1,500.

Program Fiscal Expenditures: Actual expenses for January through August, 2004, were \$294,892 compared to a budget of \$356,570 for the same period. This results in a difference of \$61,678 or 17.3% below budget.

Program Progress Summary: Since the approval of this program Gulf Power Company has performed 133,353 residential energy audits. **This is a result of Gulf Power's promotional campaign to solicit energy audits as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.**

Program Description and Progress

Program Title: Residential Mail-In Audits

Program Description: The Residential Mail-In Audit Program includes both mail-in and on-line energy surveys. This program supplements Gulf Power Company's existing Residential Energy Audit program and assists in the evaluation of the specific energy requirements of a residential dwelling. Homeowners complete an audit questionnaire on their own or may request the assistance of a Gulf Power representative. This questionnaire asks customers about their energy consuming equipment or appliances, square footage, and other details regarding their lifestyles. The audit results are returned to the customer and include targeted, timely information about energy conservation opportunities specific to each dwelling.

Program Projections: For the period, January, 2005 through December, 2005, the Company expects to conduct 1,500 audits and incur expenses totaling \$103,725.

Program Accomplishments: During the first eight months of 2004, 846 audits have been conducted. The total projection for 2004 is 600.

Program Fiscal Expenditures: Forecasted expenses were \$66,841 for January through August, 2004, compared to actual expenses of \$50,095 for the same months, resulting in a variance of \$16,746 or 25.1% below budget.

Program Progress Summary: Since this program was approved on August 5, 1997, 3,623 mail-in audits have been conducted.

Program Description and Progress

Program Title: GoodCents Environmental Home

Program Description: GoodCents Environmental Home Program provides residential customers with guidance concerning energy and environmental efficiency in new construction. The program promotes energy-efficient and environmentally sensitive home construction techniques by evaluating over 500 components in six categories of design construction practices.

Program Projections: Gulf Power projects no GoodCents Environmental Homes to be completed in 2005 and is no longer promoting this as a stand alone program.

Program Accomplishments: During 2004, no GoodCents Environmental Homes were constructed. This program was approved in October, 1996, as part of the conservation programs in Gulf's Demand-Side Management Plan, Docket 941172-EI. However, there has been little acceptance with builders because of the added cost of materials, availability problems with materials, and current public attitudes toward environmental issues. The Company will maintain the availability of this program to builders and customers; however, Gulf no longer actively advertises and promotes this program.

Program Fiscal Expenditures: For the period January, 2004, through August, 2004, there were no expenses projected and no expenses incurred for this program.

Program Progress Summary: Ten homes have been certified to meet the GoodCents Environmental Home standards.

Program Description and Progress

Program Title: Duct Leakage Repair

Program Description: This program developed as a result of Gulf Power Company's 1992 HVAC Duct and Infiltration (Blower Door) Pilot Program. The object of the program is to provide the customer with a means to identify house air duct leakage and to recommend repairs that can reduce customer kWh energy usage and kW demand.

Program Projections: Gulf projects no participants in this program for January through December 2005.

Program Accomplishments: The Company has provided demonstrations and training to builders, dealers and homeowners regarding duct leakage and duct testing methods and procedures during this period. No customers participated in the Duct Leakage Repair program during 2004.

Program Fiscal Expenditures: There were no expenses projected and none incurred during this period.

Program Progress Summary: Since the program's beginning, 32 customers have participated.

Program Description and Progress

Program Title: Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of geothermal systems.

Program Projections: Gulf estimates the installation of 300 units during the 2005 period and expenses of \$423,116. Gulf Power Company's program includes promotion, education, training, and estimated heating and cooling savings for new and existing home customers.

Program Accomplishments: During the current recovery period, 36 Geothermal Heat Pump units have been installed thus far.

Program Fiscal Expenditures: For the first eight months of the recovery period, expenses were projected to be \$210,756 compared to actual expenses of \$95,841 for a deviation of \$114,915 or 54.5% below budget.

Program Progress Summary: To date, 1,948 units have been installed.

Program Description and Progress

Program Title: GoodCents Select

Program Description: The program is designed to provide the customer with a means of conveniently and automatically controlling and monitoring his/her energy purchases in response to prices that vary during the day and by season in relation to the Company's cost of producing or purchasing energy.

Program Projections: During the 2005 projection period, Gulf Power plans to have 3,000 installations. The program expenses are projected to be \$2,112,849 in depreciation, return on investment and property taxes; \$1,074,291 payroll; \$3,302,933, materials; and \$550,000, advertising. These expenses will be partially offset by projected program revenues of \$729,072.

Program Accomplishments: A total of 1,663 units have been installed during the first eight months of 2004. It is anticipated that there will be 2,500 systems installed by the end of the year.

Program Fiscal Expenditures: There were projected expenses of \$3,423,512 for the period January through August, 2004 with actual expenses of \$4,257,855. This results in a deviation of \$834,343 or 24.4% over budget. The program is over budget due to the fact that there are expenses associated with the program that have not been offset by planned installations and subsequent revenues from the program.

Program Progress Summary: As of August, 2004, there are 5,536 participating customers.

Program Description and Progress

Program Title: GoodCents Building

Program Description: This program is designed to educate commercial and industrial customers on the most cost-effective methods of designing new and improving existing buildings. The program stresses efficient heating and cooling equipment, improved thermal envelope, operation and maintenance, lighting, cooking and water heating. Field representatives work with architects, engineers, consultants, contractors, equipment suppliers and building owners and occupants to encourage them to make the most efficient use of all energy sources and available technologies.

Program Projections: For the 2005 recovery period, Gulf expects to certify 155 GoodCents Buildings and incur expenses totaling \$564,985.

Program Accomplishments: Certification of 108 buildings has been achieved during January through August, 2004. The annual projection for 2004 is 155 buildings.

Program Fiscal Expenditures: Forecasted expenses for January through August, 2004, were \$342,680 compared to actual expenses of \$293,935 for a deviation of \$48,745 or 14.2% under budget.

Program Progress Summary: A total of 8,523 commercial buildings have qualified for the GoodCents certification since the program was developed in 1977.

Program Description and Progress

Program Title: Energy Audits and Technical Assistance Audits (E.A./T.A.A)

Program Description: This program is designed to provide professional advice to our existing commercial and industrial customers on how to reduce and make the most efficient use of energy. This program covers from the smallest commercial customer, requiring only a walk-through survey, to the use of computer programs which will simulate several design options for very large energy intensive customers. The program is designed to include semi-annual and annual follow-ups with the customer to verify any conservation measures installed and to reinforce the need to continue with more conservation efforts.

Program Projections: For the period, January, 2005 through December, 2005, the Company expects to conduct 250 audits and incur expenses totaling \$630,088.

Program Accomplishments: During the January through August, 2004, period actual results were 102 audits. The total projection for 2004 is 125.

Program Fiscal Expenditures: Forecasted expenses were \$393,568 for the first eight months of 2004 compared to actual expenses of \$321,178 for a deviation of \$72,390 or 18.4% under budget.

Program Progress Summary: A total of 11,673 EA/TAA's have been completed since the program started in January, 1981. These audits have ranged from the basic walk-through type for some commercial customers to sophisticated technical assistance audits for other commercial and industrial customers.

Program Description and Progress

Program Title: Commercial/Industrial Mail-In Audit Program

Program Description: The Commercial Mail-In Audit Program is a direct mail energy auditing program. This program supplements Gulf Power's existing Commercial/Industrial Energy Audit program and assists in the evaluation of the specific energy requirements of a given business type. Businesses complete an audit questionnaire on their own or may request the assistance of a Gulf Power Company representative. This questionnaire asks customers about their energy consuming equipment or appliances, square footage, hours of operation and other details regarding their business operations. The audit results package is returned to the customer and includes targeted, timely information about energy conservation opportunities specific to each business type and geographic area.

Program Projections: For the period, January, 2005 through December, 2005, the Company expects to conduct 50 audits and incur expenses totaling \$38,430.

Program Accomplishments: To date in 2004, 7 mail-in audits have been completed. Although the annual projection for 2004 was to complete 600 mail-in audits, solicitations were suspended in 2004 based on lack of response from customers and their feedback that they had received the survey multiple times in recent years.

Program Fiscal Expenditures: This program incurred actual expenses year-to-date of \$27,256 compared to a budget of \$30,092 for a deviation of \$2,836 or 9.4% under goal.

Program Progress Summary: Since 1997, 5,460 mail-in audits have been completed.

Program Description and Progress

Program Title: Green Pricing

Program Description: The Green Pricing Program is designed to encompass a variety of voluntary renewable and green energy programs under development by Gulf Power Company. The voluntary pricing options for customers will include, but not be limited to EarthCents Solar (Photovoltaic Rate Rider) and the Solar for Schools program. Additionally, this program will include expenses necessary to prepare and implement a green energy pilot program utilizing landfill gas, wind, solar or other renewable energy sources.

Program Accomplishments:

Solar for Schools: The principle objective of the Solar for Schools program is to implement cost-effective solar education and demonstration projects at local educational facilities by means of voluntary contributions. The program also seeks to increase renewable energy and energy awareness among students, parents and contributors. Solar for Schools is a program that uses voluntary contributions to fund materials for energy education, permanent demonstration displays, rewards for science contests, and teacher education. Voluntary contributions are solicited from customers interested in renewable energy and/or helping to improve the quality of schools in the Gulf Power Company service area. Funds are collected through a "check-off" mechanism on the utility bill or through a direct contribution and accumulated in an interest bearing account. When contributions reach an adequate level, they are directed to an educational facility for implementation of various solar educational programs and for the installation of solar equipment. Contributions are not used for administrative costs, program research or for promotion costs.

Gulf Power Company continues to monitor a 4 kW PV solar system installed in 2000 at the Junior Museum of Bay County. This PV system operates computer equipment and other electrical items within the museum itself to demonstrate the capabilities of solar energy to the youth of Bay County and the surrounding areas.

In 2003, Gulf Power Company implemented a 4 kW PV solar system at Meigs Middle School in Shalimar and a 4 kW PV solar system at West Florida High School of Advanced Technology in Pensacola. Both schools received a data acquisition system whose energy output and other data are relayed to the teachers via the internet. The real time data may also be viewed from Gulf Power's external web site.

Gulf Power Company has implemented an additional Solar for Schools project during the 2004 calendar year at Bay County High School in Panama City. Similar to the other schools involved in the program, Bay High School received a 4 kW photovoltaic solar array and a data acquisition system. The system has been incorporated into Bay High School's science curriculum, and teachers and students alike are able to view and analyze the data through the internet. Working in tandem with the Florida Solar Energy Center, Gulf Power has helped further promote training and education in science and engineering at Bay High School through the implementation of the solar facility. Moreover, the energy provided from the solar array has been donated to the school in order to reduce their reliance on energy provided from Gulf Power.

EarthCents Solar (Photovoltaic Optional Rate Rider): The PV Rate Rider is an optional rate rider for Gulf Power Company's customers. Customers may purchase photovoltaic energy in 100-watt blocks. Multiple blocks may be purchased. Power purchased or produced from photovoltaic facilities may not be specifically delivered to the customer, but will displace power that would have otherwise been produced from traditional generating facilities. The construction of the photovoltaic facility or the purchase of power from photovoltaic facilities will begin upon the attainment of sufficient commitments from all participants across the Southern Company electric system where the option is available and, as necessary, after obtaining PSC approval. Customer billing will begin the second month following the date in which power is purchased from photovoltaic generating facilities or in which a photovoltaic generating facility of the Southern Company begins commercial operation. As of August, 2004, 68 customers have signed up for 78 100-watt blocks of energy.

Program Fiscal Expenditures: There were expenses of \$169,584 projected for the period January through August, 2004.

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Actual expenses for this period are: Solar for Schools,
\$4,845; Green Pricing, \$33,885; and EarthCents Solar,
\$13,384.

Program Description and Progress

Program Title: Conservation Demonstration and Development

Program Description: A package of conservation programs was approved by the FPSC in Order No. 23561 for Gulf Power Company to explore and to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program serves as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies.

Program Accomplishments:

Aquatic Pool - The project involves the installation of an air source heat pump water heater/dehumidification system. The system capacity is 22.5 tons. The pool is 75 X 42 square feet, 116,550 gallons and is heated by a 400,000 BTUH natural gas pool heater. A report will be prepared in 2004.

Eglin Geothermal - This project involves the installation of one geothermal system in a family housing unit at Eglin AFB. The system is monitored at various points to determine actual field efficiency. Monitoring equipment is installed on an identical type unit with a conventional A/C system with a gas furnace. The study will be for a one-year period to gather data in both the cooling and heating operations of the systems. Equipment failure has extended the research for an additional year and a half in order to obtain a full year of data. A report will be prepared once the research has been completed.

Groovin'Noovin' - Gulf Power Company monitored two pieces of cooking equipment at two different store locations. Energy usage was monitored and a comparison report will be prepared in 2004.

Hampton Inn - The Hampton Inn was used to study geothermal heat pump water heaters for their laundry and pool heating requirements. The laundry room was cooled and the water heated with geothermal heat pump water heaters. The hotel pool was heated with a geothermal heat pump water heater. The project has been completed and a report will be prepared in 2004.

Mary Esther School - In 2003, Gulf produced and installed a triple-function heat pump unit, along with the necessary hot water storage, pumping, piping and controls at Mary Esther School (Mary Esther, Fl - Okaloosa County School District), to provide a completely operational commercial triple function heat pump application. Gulf also provided appropriate air source, triple function heat pump design for commercial applications demonstrating commercial viability and optimal functionality. Metering and monitoring equipment was installed and a report will be prepared in 2004.

Oak Ridge - This project is an application of a new product to overcome market barriers to heat pump water heaters such as ease of installation, cost, and performance. This new product has a built-in refrigeration system and a plumber can install the system just like any other electric water heater. All parts are standard reliable components that are proven in the refrigeration market. This project has been completed and a report will be prepared in 2004.

Pine Forest High School - Gulf Power Company was monitoring several pieces of equipment at the culinary arts department of a local high school. Energy usage was monitored and a comparison report will be prepared in 2004.

Sealed Semi-Conditioned Attic - The semi-conditioned attic as well as the living space of a home will be conditioned/de-humidified utilizing the enhanced de-humidification capabilities of a closed-loop geothermal heat pump with zone control. The attic will be monitored and sealed using a vapor barrier and spray foam insulation combination that should significantly reduce the infiltration of hot humid air into the attic space. A report will be prepared once the research is complete.

Springhill Suites - This project is monitoring various energy and water flows for the Springhill Suites Hotel. This hotel is the first hybrid geothermal commercial project in Gulf Power Company's service area. Monitoring the energy and water flows will enable Gulf to demonstrate and document the energy savings and conservation benefits of geothermal applications to building owners, architects, and energy managers. The research is scheduled to conclude next year and a report will be prepared at that time.

Triggers - Triggers was a research site designed to study the effectiveness of a heat pump water heater for commercial use. This project has been completed and a report will be prepared in 2004.

Warner Solar - This project is evaluating the electrical output of a 2.4 kW photovoltaic solar array installed at a small business. This was the first small PV interconnection agreement with Gulf Power. The study should be complete in 2005 and a report will be prepared at its conclusion.

Water Furnace - This research project is designed to study the experimental refrigerant R410A. A comparative study is being done between this new refrigerant and present refrigerants that are to be phased out of production due to EPA mandates. A report will be prepared in 2004.

Program Fiscal Expenditures: Program expenses were forecasted at \$87,765 compared to actual expenses of \$21,980 for a deviation of \$65,776 under budget. Expenses are under budget due to less than anticipated project costs. Project expenses were as follows: Aquatic Pool, (\$29); Eglin Geothermal, \$11,698; Mary Esther School, \$1,355; Sealed Semi-Conditioned Attic, \$2,941; Springhill Suites, \$4,439; Warner Solar, \$1,576.