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July 1, 2005

VIA ELECTRONIC FILING

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

RE: Docket No. 050093-EI; Gulf Power Company's report submitted  
in compliance with paragraph 6 of the Stipulation and Settlement

Dear Ms. Bayo:

This letter and the attached exhibits B and C, along with the attached certificate of service, constitutes Gulf Power Company's report in compliance with the terms of paragraph 6 of the Stipulation and Settlement approved by the Commission in Order No. PSC-05-0250-PAA-EI issued March 4, 2005 (see also Consummating Order No. PSC-05-0341-CO-EI issued March 29, 2005). Paragraph 6 of the Stipulation and Settlement contains the following provision:

In a report to be filed with the Commission and served on the parties not later than July 1, 2005, Gulf shall compare the actual amounts incurred for storm restoration costs included in the Recoverable Ivan Deficit (before interest and revenue taxes) to the estimate set forth on line 10 of Exhibit C [of the Stipulation and Settlement] in order to determine the amount necessary to true-up the estimate forming the basis for this Stipulation and Settlement.

In order to meet the foregoing requirements, Gulf has prepared the attached exhibits B and C (corresponding to exhibits B and C attached to the Stipulation and Settlement) containing the required comparison. As shown on line 10 of exhibit C, the amount necessary to true-up the estimate for actual amounts incurred is a increase to the recoverable amount of \$63,790 before interest and revenue taxes. As shown on lines 14 and 16, this amount is more than offset by an estimated decrease in the applicable interest.

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Pursuant to the Stipulation and Settlement, an adjustment for this true-up amount will be reflected in revised factors which will be effective for the final 12 months of the 24 month recovery period agreed to in the Stipulation and Settlement. Such revised factors will be submitted by Gulf at a later date in accordance with the schedule set forth in the Stipulation and Settlement.

Sincerely,



lw

Attachment

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire, [jas@beggslane.com](mailto:jas@beggslane.com)  
Florida Public Service Commission  
John Slemkewicz, [jslemkew@psc.state.fl.us](mailto:jslemkew@psc.state.fl.us)  
David Wheeler, [dwheeler@psc.state.fl.us](mailto:dwheeler@psc.state.fl.us)

Exhibit B

Gulf Power Company  
True Up Calculation of Total Ivan Deficit  
July 1, 2005

	Actual <sup>(A)</sup>	As Filed	Difference
<b>Estimated Transmission and Distribution Costs</b>			
1 External Costs including Contractors and Equipment	\$ 86,508,453	\$ 90,000,000	\$ (1,491,547)
2 Food, Lodging, Transportation, & Other	14,978,025	14,200,000	778,025
3 Materials	11,156,297	9,900,000	1,256,297
4 Company - Straight Time Labor, Payroll Taxes and Benefits	4,539,484	3,400,000	1,139,484
5 Company - Overtime & Payroll Taxes	3,112,661	3,300,000	(187,339)
6 Fuel	1,619,185	1,600,000	19,185
<b>7 Total Estimated Transmission and Distribution Costs (Lines 1-6)</b>	<b>\$ 123,914,105</b>	<b>\$ 122,400,000</b>	<b>\$ 1,514,105</b>
<b>Estimated Generating Plants and Office Facilities</b>			
8 Crst Plant Cooling Tower	\$ 9,381,827	\$ 9,300,000	\$ 81,827
9 Other Damages to Plants	3,670,666	4,700,000	(1,029,334)
10 Damaged Vehicles	88,189	220,000	(131,811)
11 Security Equipment	15,129	40,000	(24,871)
12 Office Buildings	4,095,225	4,850,000	(754,775)
<b>13 Total Estimated Generating Plants and Office Facilities (Lines 8-12)</b>	<b>\$ 17,251,036</b>	<b>\$ 19,110,000</b>	<b>\$ (1,858,964)</b>
<b>14 Total Estimated Hurricane Ivan Costs (Line 7 + Line 13)</b>	<b>\$ 141,165,141</b>	<b>\$ 141,510,000</b>	<b>\$ (344,859)</b>
<b>15 Less: Estimated Insurance Reimbursement (net of \$1.9 million deductible)</b>	<b>15,351,036</b>	<b>17,210,000</b>	<b>(1,858,964)</b>
16 Estimated Ivan Costs net of Insurance Reimbursement (Line 14 - Line 15)	\$ 125,814,105	\$ 124,300,000	\$ 1,514,105
<b>17 Less: Balance in Property Insurance Reserve as of 8/31/04</b>	<b>27,800,000</b>	<b>27,800,000</b>	<b>0</b>
<b>18 Total Estimated Ivan Deficit (Line 16 - Line 17)</b>	<b>\$ 98,014,105</b>	<b>\$ 96,500,000</b>	<b>\$ 1,514,105</b>

<sup>(A)</sup> This report is submitted prior to the official close of the Company's books for June. The figures include future projections of on-going activities at barrier islands, etc. that impact only the total amount incurred, not the recoverable amount.

Exhibit C

Gulf Power Company  
Ivan Deficit Cost Recovery True Up Amount Computation  
July 1, 2005

	Actual <sup>(A)</sup>	As Filed	Difference
1 Total Estimated Ivan Deficit (Exhibit B)	\$ 98,014,105	\$ 96,500,000	\$ 1,514,105
2 Less: Company Voluntary Exclusions from Ivan Deficit Cost Recovery Surcharge			
3 Estimated Capital Costs Under Normal Operating Conditions	\$ 23,207,377	\$ 23,100,000	\$ 107,377
4 Estimated Cost of Removal Under Normal Operating Conditions	3,503,454	3,300,000	203,454
5 Straight Time Labor Costs	4,539,484	3,400,000	1,139,484
6 Company-Owned Vehicle Costs	400,000 *	400,000 *	-
7 Other Normal Operating Costs	600,000 *	600,000 *	-
8 Additional Accrual to Property Reserve in 2004	14,000,000 *	14,000,000 *	-
9 Total Exclusions from Ivan Deficit Cost Recovery Surcharge (Lines 3 thru 8)	\$ 46,250,315	\$ 44,800,000	\$ 1,450,315
10 Recoverable Ivan Deficit Before Interest & Revenue Taxes (Line 1 - Line 9)	\$ 51,763,790	\$ 51,700,000	\$ 63,790
11 Retail Jurisdictional Factor	x 0.9939036	x 0.9939036	
12 Jurisdictional Recoverable Ivan Deficit Before Interest & Revenue Taxes (Line 10 x Line 11)	\$ 51,448,217	\$ 51,384,816	\$ -
13 Interest on Jurisdictional Recoverable Ivan Deficit Over 2 Years	1,788,013 <sup>(B)</sup>	1,866,963	(78,950)
14 Jurisdictional Recoverable Ivan Deficit Including Interest (Line 12 + Line 13)	\$ 53,236,230	\$ 53,251,779	\$ (15,549)
15 Revenue Tax Factor	x 1.00072	x 1.00072	
16 Ivan Deficit Cost Recovery Amount (Line 14 x Line 15)	<u>\$ 53,274,560</u>	<u>\$ 53,290,120</u>	<u>\$ (15,560)</u>

\* Fixed Amounts As Agreed Between Parties to Stipulation and Settlement

<sup>(A)</sup> This report is submitted prior to the official close of the Company's books for June. The figures include future projections of on-going activities at barrier islands, etc. that impact only the total amount incurred, not the recoverable amount.

<sup>(B)</sup> Includes actual interest through May 2005 and an estimate for the period June 2005 through March 2007.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for approval of stipulation and )  
settlement for special accounting treatment and )  
recovery of costs associated with Hurricane Ivan's )  
impact on Gulf Power Company )  
\_\_\_\_\_ )

Docket No. 050093-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery, the U. S. Mail, or electronic filing this 1<sup>st</sup> day of July 2005 on the following:

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