

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

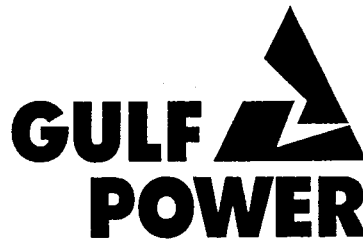
DOCKET NO. 060002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
WILLIAM D. EGGART**

**Projection
JANUARY – DECEMBER 2007**

**Estimated/Actual True-up
JANUARY - DECEMBER 2006**

September 15, 2006



A SOUTHERN COMPANY

DOCUMENT NUMBER-DATE

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COMMISSION CLERK

1 2005.

2

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

6 A. Yes.

7

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

10 A. Yes, I am.

11

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

14 A. Yes, I have.

15

16 Counsel: We ask that Mr. Eggart's exhibit
17 consisting of 5 Schedules be marked for
18 identification as: Exhibit No. ____ (WDE-2).

19

20 Q. Mr. Eggart, for what purpose are you appearing before
21 this Commission today?

22 A. I am testifying before this Commission on behalf of
23 Gulf Power Company regarding matters related to the
24 Energy Conservation Cost Recovery Clause and to answer
25 any questions concerning the accounting treatment of

1 recoverable conservation costs in this filing.
2 Specifically, I will address projections for approved
3 programs during the January 2007 through December 2007
4 recovery period and the anticipated results of those
5 programs during the current recovery period, January
6 2006 through December 2006 (7 months actual, 5 months
7 estimated).

8

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

12 A. Projected expenses for the first seven months of the
13 current period were \$5,690,851 compared to actual
14 expenses of \$5,092,216 for a difference of \$598,635 or
15 10.5% under budget. A detailed summary of all program
16 expenses is contained in my Schedule C-3, pages 1 and 2
17 and my Schedule C-5, pages 1 through 11.

18

19 Q. Have you provided a description of the program results
20 achieved during the period, January 2006 through July
21 2006?

22 A. Yes. A detailed summary of year-to-date results for
23 each program is contained in my Schedule C-5, pages 1
24 through 11.

25

1 Q. Would you summarize the conservation program cost
2 projections for the January 2007 through December 2007
3 recovery period?

4 A. Program costs for the projection period are estimated
5 to be \$10,206,567. These costs are broken down as
6 follows: depreciation, return on investment and
7 property taxes, \$2,127,166; payroll/benefits,
8 \$3,308,853; materials/expenses, \$5,040,399; and
9 advertising, \$687,138; all of which are partially
10 offset by program revenues of \$956,989. More detail is
11 contained in my Schedule C-2.

12

13 Q. Would you describe the expected results for your on-
14 going programs during the January 2007 through December
15 2007 recovery period?

16 A. The following is a synopsis of each program goal:
17 (1) Residential Energy Surveys - During the recovery
18 period, 5,862 surveys are projected to be
19 completed. The objective of this program is to
20 provide Gulf Power Company's existing residential
21 customers, and individuals building new homes,
22 with energy conservation advice that encourages
23 the implementation of efficiency measures. These
24 measures result in energy savings for the customer
25 as well as energy and peak demand reductions on

1 Gulf's system.

2 (2) Residential Geothermal Heat Pump - The objective
3 of this program is to reduce the demand and energy
4 requirements of new and existing residential
5 customers through the promotion and installation
6 of advanced and emerging geothermal systems.
7 During the upcoming projection period, 300
8 customers are expected to participate in the
9 program.

10 (3) GoodCents Select - This program is designed to
11 provide the customer with a means of conveniently and
12 automatically controlling and monitoring energy
13 purchases in response to prices that vary during the
14 day and by season in relation to Gulf Power Company's
15 cost of producing or purchasing energy. The GoodCents
16 Select system includes field units utilizing a
17 communication gateway, major appliance load control
18 relays, and a programmable thermostat (Superstat),
19 all operating at the customer's home.

20 The Company projects 3,000 installations in
21 2007.

22 (4) Commercial/Industrial Energy Analysis -
23 This is an interactive program that provides
24 commercial/industrial customers assistance in
25 identifying energy conservation opportunities.

1 The program is a prime tool for the Gulf Power
2 Company C/I Energy Specialists to personally
3 introduce customers to conservation measures,
4 including low or no-cost improvements, or new
5 electro-technologies to replace old or inefficient
6 equipment. Further, this program facilitates the
7 load factor improvement process necessary to
8 increase performance for both the customer and the
9 Company. Gulf Power projects 300 participants in
10 2007.

11 (5) GoodCents Commercial Buildings - The GoodCents
12 Building program objective is to reduce peak
13 electrical demand and annual energy consumption in
14 commercial/industrial buildings. This program
15 provides guidelines and assistance to ensure that
16 buildings are constructed with energy efficiency
17 levels above the Florida Energy Efficiency Code
18 for Building Construction. For the projection
19 period, 180 buildings are expected to meet program
20 standards.

21 (6) Commercial Geothermal Heat Pump - The objective of
22 this program is to reduce the demand and energy
23 requirements of new and existing commercial/
24 industrial customers through the promotion and
25 installation of advanced and emerging geothermal

1 systems. During the upcoming projection period,
2 15 customers are expected to participate in the
3 program.

4 (7) Energy Services - The Energy Services program is
5 designed to establish the capability and process
6 to offer advanced energy services and energy
7 efficient end-use equipment that is customized to
8 meet the individual needs of large customers.
9 Potential projects are evaluated on a case by case
10 basis and must be cost effective to qualify for
11 incentives or rebates. Types of projects covered
12 under this program would include demand reduction
13 or efficiency improvement retrofits, such as
14 lighting (fluorescent and incandescent), motor
15 replacements, HVAC retrofit (including geothermal
16 applications), and new electro-technologies. For
17 2007, Gulf projects at the meter energy reductions
18 of 1,178,470 kWh, and at the meter demand
19 reductions of 510 kW winter, and 275 kW summer.

20 (8) Green Pricing - Costs associated with the Green
21 Pricing program are provided in Schedule C-2.
22 Further description of these activities can be
23 found in Schedule C-5.

24 (9) Conservation Demonstration and Development -
25 Costs associated with the Conservation

1 Demonstration and Development program are provided
2 in Schedule C-2. Further description of these
3 activities can be found in Schedule C-5.

4
5 Q. Mr. Eggart, have there been any developments in any
6 existing program that will have a significant effect on
7 the amount being requested for recovery in 2006 or 2007?

8 A. Yes. A net reduction in recoverable expenses is
9 projected for the remainder of 2006. Expenses for the
10 Conservation Demonstration and Development program are
11 being reduced in 2006 since there are less than
12 anticipated research opportunities.

13 Additional expenses are projected in 2007
14 primarily due to salary escalation.

15 Q. How does the proposed 2007 Energy Conservation Cost
16 Recovery factor for Rate Schedule RS compare with the
17 factor applicable to December 2006 and how would the
18 change affect the cost of 1,000 kWh on Gulf Power
19 Company's residential rate RS?

20 A. The current Energy Conservation Cost Recovery factor
21 for Rate Schedule RS applicable through December 2006
22 is 0.088¢/kWh compared with the proposed factor of
23 0.088¢/kWh. For a residential customer who uses 1,000
24 kWh in January 2007 the conservation portion of the
25 bill will not change.

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

3 A. The factors will be effective beginning with the first
4 bill group for January 2007 and continue through the
5 last bill group for December 2007.

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7 Q. Mr. Eggart, does this conclude your testimony?

8 A. Yes, it does.

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GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
ESTIMATED TRUE-UP
For the Period: January, 2006 through December, 2006

<u>Conservation Revenues</u>	ACTUAL JAN	ACTUAL FEB	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ESTIMATED AUGUST	ESTIMATED SEPTEMBER	ESTIMATED OCTOBER	ESTIMATED NOVEMBER	ESTIMATED DECEMBER	TOTAL
1. GoodCents Select Program Revenues	45,458.89 0.00 0.00	46,118.05 0.00 0.00	45,472.93 0.00 0.00	44,221.30 0.00 0.00	50,412.47 0.00 0.00	60,683.43 0.00 0.00	62,322.24 0.00 0.00	60,319.00	62,961.00	65,510.00	66,739.00	67,845.00	678,063.31
2. Conservation Revenues	<u>669,120.82</u>	<u>661,873.95</u>	<u>632,361.80</u>	<u>705,771.06</u>	<u>856,012.08</u>	<u>997,329.63</u>	<u>1,024,487.41</u>	<u>994,655.03</u>	<u>810,175.22</u>	<u>706,875.83</u>	<u>650,274.27</u>	<u>727,154.65</u>	<u>9,436,091.74</u>
3. Total Revenues	714,579.71	707,992.00	677,834.73	749,992.36	906,424.55	1,058,013.06	1,086,809.65	1,054,974.03	873,136.22	772,385.83	717,013.27	794,999.65	10,114,155.05
4. Adjustment not Applicable to Period - Prior True Up	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.92</u>	<u>40,540.96</u>	<u>486,491.08</u>
5. Conservation Revenues Applicable to Period	755,120.63	748,532.92	718,375.65	790,533.28	946,965.47	1,098,553.98	1,127,350.57	1,095,514.95	913,677.14	812,926.75	757,554.19	835,540.61	10,600,646.13
6. Conservation Expenses (Form C-3 Page 2 of 6)	<u>932,874.40</u>	<u>615,567.21</u>	<u>845,232.13</u>	<u>737,736.52</u>	<u>781,551.62</u>	<u>779,332.13</u>	<u>754,611.73</u>	<u>1,010,094.20</u>	<u>1,010,094.20</u>	<u>1,010,094.20</u>	<u>1,010,094.20</u>	<u>1,010,093.23</u>	<u>10,497,375.77</u>
7. True Up this Period (Line 5 minus Line 6)	(177,753.77)	132,965.71	(126,856.48)	52,796.76	165,413.85	319,221.85	372,738.84	85,420.75	(96,417.06)	(197,167.45)	(252,540.01)	(174,552.62)	103,270.36
8. Interest Provision this Period (C-3 Page 4 of 6, Line 10)	2,769.05	2,614.72	2,557.54	2,371.24	2,721.91	3,689.64	5,186.78	6,086.18	5,907.72	5,097.36	3,934.70	2,817.35	45,754.19
9. True Up & Interest Provision Beginning of Month	863,486.54	647,960.90	743,000.41	578,160.55	592,787.63	720,382.47	1,002,753.04	1,340,137.74	1,391,103.75	1,260,053.49	1,027,442.48	738,296.25	863,486.54
10. Prior True Up Collected or Refunded	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.92)</u>	<u>(40,540.96)</u>	<u>(486,491.08)</u>
11. End of Period- Net True Up	<u>647,960.90</u>	<u>743,000.41</u>	<u>578,160.55</u>	<u>592,787.63</u>	<u>720,382.47</u>	<u>1,002,753.04</u>	<u>1,340,137.74</u>	<u>1,391,103.75</u>	<u>1,260,053.49</u>	<u>1,027,442.48</u>	<u>738,296.25</u>	<u>526,020.01</u>	<u>526,020.01</u>

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
INTEREST CALCULATION
For the Period: January, 2006 through December, 2006

<u>Interest Provision</u>	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	ESTIMATED	<u>TOTAL</u>
	<u>JAN</u>	<u>FEB</u>	<u>MARCH</u>	<u>APRIL</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUGUST</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	
1. Beginning True up Amount	863,486.54	647,960.90	743,000.41	578,160.55	592,787.63	720,382.47	1,002,753.04	1,340,137.74	1,391,103.75	1,260,053.49	1,027,442.48	738,296.25	
2. Ending True up before Interest	645,191.85	740,385.68	575,603.01	590,416.39	717,660.56	999,063.40	1,334,950.96	1,385,017.57	1,254,145.77	1,022,345.12	734,361.55	523,202.66	
3. Total Beginning & Ending Balances	1,508,678.39	1,388,346.58	1,318,603.43	1,168,576.95	1,310,448.20	1,719,445.88	2,337,704.01	2,725,155.32	2,645,249.52	2,282,398.61	1,761,804.02	1,261,498.91	
4. Average True up Amount	754,339.20	694,173.29	659,301.72	584,288.47	655,224.09	859,722.94	1,168,852.01	1,362,577.65	1,322,624.75	1,141,199.29	880,902.00	630,749.44	
5. Interest Rate First Day Reporting Business Month	4.30	4.51	4.53	4.78	4.96	5.01	5.29	5.36	5.36	5.36	5.36	5.36	
6. Interest Rate First Day Subsequent Business Month	4.51	4.53	4.78	4.96	5.01	5.29	5.36	5.36	5.36	5.36	5.36	5.36	
7. Total of Lines 5 and 6	8.81	9.04	9.31	9.74	9.97	10.30	10.65	10.72	10.72	10.72	10.72	10.72	
8. Average Interest rate (50% of Line 7)	4.4050	4.5200	4.6550	4.8700	4.9850	5.1500	5.3250	5.3600	5.3600	5.3600	5.3600	5.3600	
9. Monthly Average Interest Rate Line 8 / 12 months	0.003671	0.003767	0.003879	0.004058	0.004154	0.004292	0.004438	0.004467	0.004467	0.004467	0.004467	0.004467	
10. Interest Provision (line 4 X 9)	2,769.05	2,614.72	2,557.54	2,371.24	2,721.91	3,689.64	5,186.78	6,086.18	5,907.72	5,097.36	3,934.70	2,817.35	45,754.19

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
RESIDENTIAL ENERGY SURVEYS - FLOW METER
For the Period January, 2006 Through December, 2006

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments Added to Plant in Service (Net of Retirements)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
2	Depreciable Base	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	
3	Depreciation Expense (A)	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	1,156.20
4	Cumulative Plant in Service Additions	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	
5	Salvage, Cost of Removal and Retirement	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	Less: Accumulated Depreciation	1,156.20	1,252.55	1,348.90	1,445.25	1,541.60	1,637.95	1,734.30	1,830.65	1,927.00	2,023.35	2,119.70	2,216.05	2,312.40
7	Net Plant In Service	6,937.36	6,841.01	6,744.66	6,648.31	6,551.96	6,455.61	6,359.26	6,262.91	6,166.56	6,070.21	5,973.86	5,877.51	5,781.16
8	Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	CWIP Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11	Net Investment	6,937.36	6,841.01	6,744.66	6,648.31	6,551.96	6,455.61	6,359.26	6,262.91	6,166.56	6,070.21	5,973.86	5,877.51	5,781.16
12	Average Net Investment	6,889.19	6,792.84	6,696.49	6,600.14	6,503.79	6,407.44	6,311.09	6,214.74	6,118.39	6,022.04	5,925.69	5,829.34	
13	Rate of Return / 12 (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	
14	Return Requirement on Average Net Investment	64.99	64.08	63.17	62.27	61.36	60.45	59.54	58.63	57.72	56.81	55.90	54.99	719.91
15	Property Tax	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.64	5.58	67.62
16	Total Depreciation, Prop Taxes & Return (Line 3 + 14 + 15)	166.98	166.07	165.16	164.26	163.35	162.44	161.53	160.62	159.71	158.80	157.89	156.92	1,943.73

Notes:
(A) Flow Meter is Seven year Property 1.1905% per month
(B) Revenue Requirement Return (includes Income Taxes) is 11.3210

GULF POWER COMPANY
ENERGY CONSERVATION CLAUSE
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION, RETURN AND PROPERTY TAXES
GOOD CENTS SELECT
For the Period January, 2006 Through December, 2006

Line No.	Beginning of Period	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
1	Investments Added to Plant In Service (Net of Retirements)	1,952.61	327,076.16	178,784.75	101,895.28	(88,759.73)	208,131.39	68,136.27	377,326.85	338,021.97	326,230.50	157,219.52	141,497.57	
2	Depreciable Base	8,394,804.96	8,396,757.57	8,723,833.73	8,902,618.48	9,004,513.76	8,915,754.03	9,123,885.42	9,192,021.69	9,569,348.54	9,907,370.51	10,233,601.01	10,390,820.53	10,532,318.10
3	Depreciation Expense (A) Starting May (A.1)	15,951.98	16,264.56	16,745.13	17,011.78	34,497.46	20,745.59	21,063.29	21,575.58	22,398.23	23,162.12	23,718.08	24,061.61	257,195.41
4	Cumulative Plant In Service Additions	8,394,804.96	8,396,757.57	8,723,833.73	8,902,618.48	9,004,513.76	8,915,754.03	9,123,885.42	9,192,021.69	9,569,348.54	9,907,370.51	10,233,601.01	10,390,820.53	10,532,318.10
5	Salvage, Cost of Removal and Retirement	19,346.66	48,486.45	20,729.61	24,329.91	(196,222.70)	51,551.71	(25,404.77)						
6	Less: Accumulated Depreciation	188,471.35	223,769.99	268,521.00	325,995.74	367,337.43	205,612.19	277,909.49	273,568.01	295,143.59	317,541.82	340,703.94	364,422.02	388,483.63
7	Net Plant In Service	8,206,333.61	8,172,987.58	8,435,312.73	8,576,622.74	8,637,176.33	8,710,141.84	8,845,975.93	8,918,453.68	9,274,204.95	9,589,828.69	9,892,897.07	10,026,398.51	10,143,834.47
8	Net Additions/Reductions to CWIP	0.00	(144,245.92)	(17,302.88)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	CWIP Balance	0.00	161,548.80	17,302.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10	Inventory	5,097,154.53	5,016,304.16	4,945,177.31	4,800,959.54	4,733,364.63	4,679,641.94	4,607,431.75	4,532,709.41	4,509,096.00	4,227,281.00	3,972,527.00	3,725,890.00	3,595,615.00
11	Net Investment	13,303,488.14	13,350,840.54	13,397,792.92	13,377,582.28	13,370,540.96	13,389,783.78	13,453,407.68	13,451,163.09	13,783,300.95	13,817,109.69	13,865,424.07	13,752,288.51	13,739,449.47
12	Average Net Investment	13,327,164.34	13,374,316.73	13,387,687.60	13,374,061.62	13,380,162.37	13,421,595.73	13,452,285.39	13,617,232.02	13,800,205.32	13,841,266.88	13,808,856.29	13,745,868.99	
13	Rate of Return / 12 (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	0.009434
14	Return Requirement on Average Net Investment	125,728.47	126,173.30	126,299.44	126,170.90	126,228.45	126,619.33	126,908.86	128,464.97	130,191.14	130,578.51	130,272.75	129,678.53	1,533,314.65
15	Property Tax	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	13,200.34	158,404.08
16	Total Depreciation, Prop Taxes & Return (Line 3 + 14 + 15)	154,880.79	155,638.20	156,244.91	156,383.02	173,926.25	160,565.26	161,172.49	163,240.89	165,789.71	166,940.97	167,191.17	166,940.48	1,948,914.14

Notes:
(A) AEM Property Additions Depreciated at 2.3% per year
(A.1) AEM New Depreciation rate 2.8% per year. Adjustment for Jan-Apr made in May
(B) Revenue Requirement Return (includes Income Taxes) is 11.3210

Florida Public Service Commission
Docket No. 060002-EG
GULF POWER COMPANY
Witness: William D. Eggart
Exhibit No. _____
(WDE-2)
Schedule C-3
Page 6 of 6

GULF POWER COMPANY
CALCULATION OF CONSERVATION REVENUES
For the Period: August, 2006 Through December, 2006

	<u>Month</u>	<u>Projected MWH Sales</u>	<u>Rate (Avg Cents/KWH)</u>	<u>Clause Revenue Net of Revenue Taxes (\$)</u>
1.	08/2006	1,196,704	0.08311621	994,655.03
2.	09/2006	975,672	0.08303766	810,175.22
3.	10/2006	857,426	0.08244152	706,875.83
4.	11/2006	790,412	0.08227019	650,274.27
5.	12/2006	878,432	0.08277871	727,154.65

Program Description and Progress

Program Title: Residential Energy Survey

Program Description: This program offers existing residential customers, and individuals and contractors building new homes, energy conservation advice that encourages the implementation of efficiency measures resulting in energy savings for the customer. Owners of existing homes may choose to have a Gulf Power representative conduct an on-site survey of their home, or they may opt to participate in either a mail-in or on-line interactive version of the survey known as the "Energy Check Up." Qualifying new home owners and contractors may request a survey of their final construction plans. Regardless of the options chosen, these surveys provide customers with specific whole-house recommendations.

Program Projections: For the period January 2007 through December 2007, the Company expects to conduct 5,862 surveys and incur expenses totaling \$946,679.

Program Accomplishments: During the first seven months of 2006, 2,749 surveys have been conducted. The total projection for 2006 is 5,572.

Program Fiscal Expenditures: Actual expenses for January through July 2006 were \$505,698 compared to a budget of \$488,060 for the same period. This results in a difference of \$17,638 or 3.6% over budget.

Program Progress Summary: Since the approval of this program, Gulf Power Company has performed 144,342 residential energy surveys. This is a result of Gulf Power's promotional campaign to solicit energy surveys as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Residential 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 2007 period and expenses of \$421,693. Gulf Power Company's program includes promotion, rebates, education, training, and estimated heating and cooling savings for new and existing home customers.

Program Accomplishments: During the current recovery period, 42 Geothermal Heat Pump units have been installed thus far. The total projection for 2006 is 300 units.

Program Fiscal Expenditures: For the first seven months of the 2006 recovery period, expenses were projected to be \$205,362 compared to actual expenses of \$138,471 for a deviation of \$66,891 or 32.6% below budget.

Program Progress Summary: To date, 2,105 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 2007 projection period, Gulf Power plans to have 3,000 installations. The program expenses are projected to be \$2,125,358 in depreciation, return on investment and property taxes; \$1,220,380 payroll; \$4,287,326, materials; and \$275,000, advertising. These expenses will be partially offset by projected program revenues of \$956,989.

Program Accomplishments: A total of 592 units have been installed during the first seven months of 2006. It is anticipated that there will be 3,000 systems installed by the end of the year.

Program Fiscal Expenditures: There were projected expenses of \$3,995,933 for the period January through July 2006 with actual expenses of \$3,690,924. This results in a deviation of \$305,009 or 7.6% under budget.

Program Progress Summary: As of July 2006, there are 7,470 participating customers.

Program Description and Progress

Program Title: Commercial/Industrial Energy Analysis

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. Customers may participate by requesting a basic Energy Analysis Audit (EAA) provided through either an on-site survey or a direct mail survey. A more comprehensive analysis can be provided by conducting a Technical Assistance Audit (TAA).

Program Projections: For the period January 2007 through December 2007 the Company expects to conduct 300 audits and incur expenses totaling \$717,114.

Program Accomplishments: During the January through July 2006 period, actual results were 57 audits. The total projection for 2006 is 300.

Program Fiscal Expenditures: Forecasted expenses were \$391,649 for the first seven months of 2006 compared to actual expenses of \$333,511 for a deviation of \$58,138 or 14.8% under budget.

Program Progress Summary: A total of 18,240 audits have been completed since the program's inception.

Program Description and Progress

Program Title: GoodCents Commercial Buildings

Program Description: This program is designed to educate commercial and industrial customers on the most cost-effective methods of designing new buildings 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 2007 recovery period, Gulf expects to certify 180 GoodCents Buildings and incur expenses totaling \$702,905.

Program Accomplishments: Certification of 74 buildings has been achieved during January through July 2006. The annual projection for 2006 is 155 buildings.

Program Fiscal Expenditures: Forecasted expenses for January through July, 2006 were \$339,986 compared to actual expenses of \$343,756 for a deviation of \$3,770 or 1.1% over budget.

Program Progress Summary: A total of 8,761 commercial buildings have qualified for the GoodCents certification since the program was developed in 1977.

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY CLAUSE
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Program Description and Progress

Program Title: Commercial Geothermal Heat Pump

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

Program Projections: Gulf estimates the installation of 15 units during the 2007 period and expenses of \$58,160. Gulf Power Company will promote these systems by providing: estimates of heating and cooling operating costs to commercial customers installing geothermal heat pumps in commercial facilities; \$150/ton incentive for commercial, full closed loop projects or \$75/ton for hybrid closed loop projects.

Program Accomplishments: During the January through July 2006 period, there were 3 units installed. The total projection for 2006 is 10 installations.

Program Fiscal Expenditures: Forecasted expenses for January through July, 2006 were \$30,036 compared to actual expenses of \$28,794 for a deviation of \$1,242 or 4.1% under budget.

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

Program Description and Progress

Program Title: Energy Services

Program Description: The Energy Services program is designed to establish the capability and process to offer advanced energy services, and energy efficient end-use equipment, that 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 include demand reduction or efficiency improvement retrofits, such as lighting (fluorescent and incandescent), motor replacements, HVAC retrofit (including geothermal applications), and new electro-technologies.

Program Projections: For the 2007 recovery period, Gulf projects at the meter energy reductions of 1,178,470 kWh, and at the meter demand reductions of 510 kW winter and 275 kW summer. Expenses are expected to total \$53,900.

Program Accomplishments: For the period January through July 2006, there have been no reported Energy Services.

Program Fiscal Expenditures: Forecasted expenses for January through July 2006 were \$49,434 with no expenses incurred during this period.

Program Progress Summary: Total reductions at the meter of 12,916,524 kWh, 1,547 kW winter and 2,698 kW summer reductions have been achieved since this program was initiated.

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:

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 July, 2006, 72 customers have signed up for 91 100-watt blocks of energy.

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 support 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.

Gulf Power Company 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.

Green Energy Pilot: Initial research and investigation into this market has been inconclusive. More time will be needed to research renewable energy sources before additional expenses are warranted to promote a green energy pilot program.

Florida Public Service Commission
Docket No. 060002-EG
GULF POWER COMPANY
Witness: William D. Eggart
Exhibit No. _____ (WDE-2)
Schedule C-5
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Program Fiscal Expenditures: There were expenses of \$98,678 projected for the period January through July 2006. Actual expenses for this period are: Solar for Schools, \$598; EarthCents Solar, \$26,113; and Green Pricing, \$12,853.

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:

Electrode Boiler - This project will measure overall energy performance and verify operation of a new 3.4mW Electrode Boiler and two new 200HP natural gas boilers which produce steam for the Escambia County Jail. The Electrode Boiler is an emerging technology that has the potential, coupled with a time varying rate such as RTP, to produce steam very efficiently. Monitoring was delayed until August 2006, due to equipment problems and negotiations with the County to assume maintenance responsibilities. Monitoring is scheduled to be completed in August, 2007 and a report to be issued January, 2008.

Program Fiscal Expenditures: Program expenses were forecasted at \$91,713 for the period January through July 2006 compared to actual expenses of \$11,499 for a deviation of \$80,214 under budget. Expenses are under budget due to less than anticipated project costs. Project expenses were as follows: Electrode Boiler, \$11,499.

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 William D. Eggart
5 Docket No. 060002-EG
6 Energy Conservation Cost Recovery Clause
7 September 15, 2006

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

10 A. My name is William D. Eggart and my business address is
11 One Energy Place, Pensacola, Florida 32520. I am
12 employed by Gulf Power Company as the Economic
13 Evaluation and Market Reporting Team Leader.

14 Q. Mr. Eggart, please describe your educational background
15 and business experience.

16 A. My employment at Gulf Power Company began in 1983. I
17 graduated from The University of West Florida in
18 Pensacola, Florida in 1984 with a Bachelor of Science
19 Degree in Management and from Troy State University in
20 Pensacola, Florida in 1988 with a Master of Science
21 Degree in Management. I have held various positions
22 of increasing responsibility with Gulf Power in both
23 District and Corporate Marketing. For 8 ½ years, I
24 supervised the GoodCents Select group as Team Leader.
25 I assumed my current position as the Economic
Evaluation and Market Reporting Team Leader in April