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June 27, 2008

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

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COMMISSION
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Dear Ms. Cole:

Re: Docket No. 080001-EI

Enclosed are an original and five copies of Gulf Power Company's response to Staff's Mid-Course Petition Data Request dated June 25, 2008, and per Staff's request at the mid-course meeting held on June 26, 2008, Gulf's mid-course analysis of a residential bill for 1,000 kWh in E-10 Schedule format to be filed in the above referenced docket.

Sincerely,

Susan D. Ritenour
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Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished by U. S mail this 27th day of June, 2008, on the following:

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Staff Introductory data supporting Item No.'s 1 through 6:

Please refer to Gulf's Mid-Course Schedules E-1B, E-1B-1, E-1, E-2, and E-3, Gulf's original 2008 Schedules E-1, E-2 and E-3, and Gulf's 2008 monthly Schedules A-1, A-2, and A-3.

The following dollar amounts and mWh's are from those sources.

	<u>Estimated</u>	<u>Estimated/Actual</u>
Jurisdictional Fuel Revenue ("Revenue")	\$462,011,862	\$458,584,771
Jurisdictional Total Fuel & Net Power Transactions Adjusted for Line Losses ("Expenses")	\$418,890,011	\$476,965,048
True-up and GPIF	\$43,121,851	--
mWh	11,692,537	11,611,976

\$/mWh calculations based on the above numbers of dollars and mWh's follow.

	<u>Estimated</u>	<u>Estimated/Actual</u>
Jurisdictional Fuel Revenue	\$39.51339748	\$39.49239742
Jurisdictional Total Fuel & Net Power Transactions Adjusted for Line Losses	\$35.82541676	\$41.07526988
True-up and GPIF	\$3.68798072	

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Staff Introductory data supporting Item No.'s 1 through 6 (cont.):

Staff has calculated Gulf's 2008 Estimated/Actual True-up Provision for the Period and expressed the provision as follows, based on estimated/actual mWh's and \$/mWh's. Staff's expression consists of three parts:

- 1) $(\text{Estimated/Actual Revenue per mWh} - \text{Estimated Revenue per mWh}) * \text{Estimated/Actual mWh} = (\$39.49239742 - \$39.51339748) * 11,611,976 = -\$243,852$
- 2) $(\text{Estimated Expenses per mWh} - \text{Estimated/Actual Expenses per mWh}) * \text{Estimated/Actual mWh} = (35.82541676 - 41.07526988) * 106,076,562 = -\$60,961,168$
- 3) $(\text{Estimated/Actual mWh} - \text{Estimated mWh}) * \text{True-up and GPIF } \$/\text{mWh} = (11,611,976 - 11,692,537) * \$3.68798072 = -\$297,107$

Based on these calculations, Gulf's estimated 2008 under recovery is

$$-\$243,852 - \$60,961,168 - \$297,107 = -\$61,502,127 \cong -\$61,502,126$$

(rounding difference)

1. Does Gulf agree that the estimated Jurisdictional Sales Adjusted for Line Losses per mWh plus the estimated True-up and GPIF dollars per mWh, or $\$35.82541676 + \$3.68798072 = \$39.51339748$ is a fair \$/mWh representation of Gulf's cost recovery factor excluding revenue taxes? If not, please explain why not.

ANSWER:

Yes.

2. Does Gulf agree that -\$243,852 is a fair estimate of the lost revenues that will result from variation in the proportions by which the rate classes use energy? If not, please explain why not.

ANSWER:

No. The difference of \$(243,852) results from variations between the retail jurisdiction and wholesale customers, not variations among the rate classes. The \$/mWh above for Gulf's original 2008 projection utilized an annual estimated percentage for the jurisdictional and wholesale split, whereas the \$/mWh for Gulf's estimated/actual midcourse filing utilizes a monthly percentage for the jurisdictional and wholesale split.

Staff Midcourse Petition Data Request
Docket No. 080001-EI
GULF POWER COMPANY
June 27, 2008
Item No. 3
Page 1 of 1

3. Does Gulf agree that -\$297,107 is a fair estimate of the unrecovered True-up and GPIF dollars for 2008? If not, please explain why not.

ANSWER:

Yes.

Staff Midcourse Petition Data Request
Docket No. 080001-EI
GULF POWER COMPANY
June 27, 2008
Item No. 4
Page 1 of 1

4. Does Gulf agree that the two above dollar amounts, -\$243,852 and -\$297,107 are small compared to Gulf's 2008 estimated/actual Jurisdictional Fuel Revenue Applicable to Period (\$415,462,922)? If not, please explain why not.

ANSWER:

Yes.

Staff Midcourse Petition Data Request
Docket No. 080001-EI
GULF POWER COMPANY
June 27, 2008
Item No. 5
Page 1 of 1

5. Does Gulf agree that the remaining under recovery dollars, -\$60,961,168, account for nearly all of Gulf's estimated/actual 2008 under recovery? If not, please explain why not.

ANSWER:

Yes, before consideration of the interest provision for the period.

6. Does Gulf agree that the above expression of Gulf's estimated/actual 2008 under recovery shows the correct contributions of revenues and expenses to the estimated/actual 2008 under recovery? If not, please explain why not.

ANSWER:

Yes, however, it does not reflect the interest provision for the period.

Please refer to Gulf's filings listed atop Page 1 and to the attached double-entry business statistics Tables 1 through 3. Staff has tabulated Gulf's 2008 estimates and "estimated/actuals" consistently with the monthly A-Schedule tabulations (i.e., Hedging Settlements are in Non-Fuel Generation, Gulf's Other Generation mWh estimates are not in Non-Fuel Generation) and calculated the sources' of Jurisdictional kWh Sale's over recoveries. Staff uses two fuel types for Fuel, 1) Natural Gas for Generation, labeled "Natural Gas," and 2) Other, labeled "Coal."

7. Annually, what percent of Gulf's Territorial KWH Sales does coal (from Gulf's mid-course E-3 Schedules, or "real coal") represent?

ANSWER:

Total Coal System Net Gen. (kWh) <i>Schedule E-3, line 9 + line 10</i>	13,967,632,000
Total Territorial Sales (kWh) <i>Schedule E-1B-1, line 25</i>	12,024,388,416
Coal as a % of Territorial Sales	116%

It is important to note that territorial sales represents total generated mWh's, plus purchased mWh's, less power sales, company use, and transmission and distribution losses.

8. Annually, what percent of Gulf's Fuel Generation excluding Natural Gas Generation does coal (from Gulf's mid-course E-3 Schedules, or "real coal") represent?

ANSWER:

Total Coal System Net Gen. (kWh) <i>Schedule E-3, line 9 + line 10</i>	13,967,632,000
Total System Net Gen Less Gas (kWh) <i>Schedule E3, Line 13 - 11</i>	13,967,908,000
Coal as a % of Total Generation Excluding Gas	100%

9. Does Gulf agree that "Coal" is a practical label for staff's "Other" category?

ANSWER:

Yes.

10. Does Gulf agree that the calculations in Column (e) of Table 3 accurately portray Gulf's estimated 2008 under recovery by source of Jurisdictional kWh Sales? If not, please explain why not.

ANSWER:

Yes.

11. Does Gulf agree that considering 1) that staff includes additional dollars and mWh's with coal, 2) that staff separates Hedging Settlements from natural gas, and 3) that staff's calculations are annual calculations not weighted by monthly mWh's, the calculations I in Column (e) of Table 3 approximately equal Gulf's assessment of its mid-course over recovery estimate in the petition? If not, please explain why not.

ANSWER:

Yes. The amounts in Table 3 approximate Gulf's projected end-of-period under-recovery balance for 2008 before consideration of the interest provision for 2008 and the final true-up for 2007.

GULF POWER COMPANY
 RESIDENTIAL BILL COMPARISON
 FOR MONTHLY USAGE OF 1000 KWH
 PROPOSED FOR THE PERIOD OF: SEPTEMBER 2008 - DECEMBER 2008
 AND ESTIMATED FOR: JANUARY 2009
 2008 MIDCOURSE ANALYSIS

	2008 Current Approved	Scenario All Collect \$76 in Sep. - Dec. '08				Scenario \$0 in 2008 & \$76M in 2009				As Filed in Petition 6/20/08 Scenario Level Fuel Factor Collect \$41M in Sep. - Dec. '08 & \$35M in 2009				Scenario 16 Month Even Spread Collect \$76M evenly over 16 months			
		<u>Sep. - Dec.</u>	<u>%</u>	<u>Jan.</u>	<u>%</u>	<u>Sep. - Dec.</u>	<u>%</u>	<u>Jan.</u>	<u>%</u>	<u>Sep. - Dec.</u>	<u>%</u>	<u>Jan.</u>	<u>%</u>	<u>Sep. - Dec.</u>	<u>%</u>	<u>Jan.</u>	<u>%</u>
		<u>2008</u>	<u>change</u>	<u>2009</u>	<u>change</u>	<u>2008</u>	<u>change</u>	<u>2009</u>	<u>change</u>	<u>2008</u>	<u>change</u>	<u>2009</u>	<u>change</u>	<u>2008</u>	<u>change</u>	<u>2009</u>	<u>change</u>
Base Rate	\$49.30	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%	\$49.30	0.0%
Fuel Cost Recovery	39.75	61.53	54.8%	48.09	-21.8%	39.75	0.0%	54.53	37.2%	51.00	28.3%	51.08	0.2%	45.74	15.1%	52.93	15.7%
Capacity Cost Recovery	2.71	2.71	0.0%	3.00	10.7%	2.71	0.0%	3.00	10.7%	2.71	0.0%	3.00	10.7%	2.71	0.0%	3.00	10.7%
Energy Conservation Cost Recovery	0.97	0.97	0.0%	0.97	0.0%	0.97	0.0%	0.97	0.0%	0.97	0.0%	0.97	0.0%	0.97	0.0%	0.97	0.0%
Environmental Cost Recovery	4.36	4.36	0.0%	6.75	54.8%	4.36	0.0%	6.75	54.8%	4.36	0.0%	6.75	54.8%	4.36	0.0%	6.75	54.8%
Storm Surcharge	2.57	2.57	0.0%	2.57	0.0%	2.57	0.0%	2.57	0.0%	2.57	0.0%	2.57	0.0%	2.57	0.0%	2.57	0.0%
Subtotal	\$99.66	\$121.44	21.9%	\$110.68	-8.9%	\$99.66	0.0%	\$117.12	17.5%	\$110.91	11.3%	\$113.67	2.5%	\$105.65	6.0%	\$115.52	9.3%
Gross Receipts Tax	2.56	3.12	21.9%	2.84	-9.0%	2.56	0.0%	3.01	17.6%	2.85	11.3%	2.92	2.5%	2.71	5.9%	2.96	9.2%
Total	\$102.22	\$124.56	21.9%	\$113.52	-8.9%	\$102.22	0.0%	\$120.13	17.5%	\$113.76	11.3%	\$116.59	2.5%	\$108.36	6.0%	\$118.48	9.3%