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GULF POWER
A SOUTHERN COMPANY

July 7, 2008

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

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 30, 2008, to be filed in the above referenced docket.

Sincerely,

Susan D. Ritenour
bnh

bh

Enclosures

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

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor**

Docket No.: **080001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 7th day of July, 2008, on the following:

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Please refer to Gulf's Mid-Course 2008 E-1 and E1-B Schedules and the attached Tables 1 through 6. Tables 1 through 6 are Schedule E1-B-type tables, with column totals rather than row totals, that show Gulf's December 2008 estimated End-of-Period Total Net True-up under various assumptions.

1) Table 1 – Gulf's estimated December 2008 End-of-Period Total Net True-up assuming no mid-course correction (Same as Gulf's mid-course E1-B Schedule)

2) Table 2 - Gulf's post-mid-course E1-B Schedule assuming a mid-course correction to reduce the estimated December 2008 End-of-Period Total Net True-up to $0, excluding interest (interest excluded to show that the December balance is $0)

3) Table 3 - Gulf's post-mid-course E1-B Schedule assuming a mid-course correction to reduce the estimated December 2008 End-of-Period Total Net True-up to 50 percent of the estimated August balance, excluding interest (interest excluded to show that the December balance is 50 percent of the estimated August balance)

4) Table 4 - Gulf's post-mid-course E1-B Schedule assuming a mid-course correction to reduce the estimated December 2008 End-of-Period Total Net True-up to 75 percent of the estimated August balance, excluding interest during the mid-course period (interest excluded to show that the December balance is 75 percent of the estimated August balance)

5) Table 5 - Gulf's post-mid-course E1-B Schedule assuming a mid-course correction with the cost recovery factor excluding Revenue Taxes, calculated from the 2008 E-1 Schedule, excluding interest calculations in the mid-course period

6) Table 6 - Gulf's post-mid-course E1-B Schedule assuming a mid-course correction with the cost recovery factor excluding Revenue Taxes, calculated from the 2008 E-1 Schedule, including interest calculations in the mid-course period

The purpose of the tables is to determine the proper amount of the deferral in the mid-course period. Staff's tables 1) show calculations rounded to the nearest dollar, 2) but do not separate fractions from whole numbers, 3) include interest ($283) with March's Prior-Period Adjustment, 4) force the sum of the monthly provisions to sum to the original true-up and GPIF reward, and 5) Tables 1 through 4 use $204,949 as the

2008 GPIF provision. As a result, staff's and Gulf's dollar amounts in Table 1 do not agree to the dollar. Further, 6) Tables 2 through 6 have four-month totals rather than annual totals, and 7) Tables 5 and 6 use Gulf's revenue estimates for June through December.

1. Does Gulf agree that Table 1's balances are calculated correctly, considering the methods listed above? If not, please explain why not. (Table 1)?

GULF'S RESPONSE:

Yes.

2. Does Gulf agree that, if Gulf were recovering all of the estimated true-up dollars in 2008, the recovery factor would be equal to the sum of a) September's through December's Jurisdictional Total Fuel and Net Power Transactions, b) August's balance, and c) August's through December's incentive dollars, divided by September's through December's Jurisdictional mWh's? If not, please explain why not. (Table 2)

GULF'S RESPONSE:

No. Gulf would apply the revenue tax factor of 1.00072 to the sum of items a) and b). Item c) would include incentive dollars for the months of September through December. While the assumptions for Table 2 explicitly exclude the interest provision dollars, Gulf believes the calculation of the recovery factor should include the interest provision dollars.

3. Does Gulf agree that, if Gulf were recovering 50 percent of the estimated true-up dollars in 2008, the recovery factor would be equal to the sum of a) September's through December's Jurisdictional Total Fuel and Net Power Transactions, b) 50 percent of August's balance, and c) September's through December's incentive dollars, divided by September's through December's Jurisdictional mWh's? If not, please explain why not. (Table 3)

GULF'S RESPONSE:

No. Gulf would apply the revenue tax factor of 1.00072 to the sum of items a) and b). While the assumptions for Table 2 explicitly exclude the interest provision dollars, Gulf believes the calculation of the recovery factor should include the interest provision dollars.

4. Does Gulf agree that, if Gulf were recovering 25 percent of the estimated true-up dollars in 2008, the recovery factor would be equal to the sum of a) September's through December's Jurisdictional Total Fuel and Net Power Transactions, b) 25 percent of August's balance, and c) September's through December's incentive dollars, divided by September's through December's Jurisdictional mWh's? If not, please explain why not. (Table 4)

GULF'S RESPONSE:

No. See response to item number 3.

5. Does Gulf agree that the monthly true-up provision of -$9,537,500 would cause the recovery of $35,048,851 to be deferred to 2009, whether or not we consider interest for September through December 2008? If not, please explain why not. If yes, is negative $35,048,851 the amount that Gulf would exclude from its "mid-course percent" calculations for September through December 2008? (Tables 5 and 6)

GULF'S RESPONSE:

Gulf agrees that the monthly true-up provision of -$9,537,500 would, in part, cause the recovery of $35,048,851 to be deferred to 2009 if interest is excluded (as depicted in Table 5). The recovery deferral amount results from the proposed fuel factor of 5.073 cents per kwh being used to calculate the jurisdictional revenue for September through December, which includes the -$9,537,500 true-up provision.

As depicted in Table 6, Gulf believes that the appropriate recovery amount to be deferred into 2009 should be $35,401,477 which includes the applicable interest provision estimate.

Please refer to the following dollars and mWh's from Gulf's 2008 Mid-Course E1-B Schedule. The Jurisdictional Dollars are the ratios of Gulf's Jurisdictional Fuel Cost Adjusted for Line Losses to 1.0007.

Month	Territorial Dollars	Territorial mWh's	Jurisdictional Percentage For mWh's	(Calculated) Jurisdictional Dollars	Jurisdictional mWh's
Sep	$37,851,362	1,074,923	96.5702	$36,553,136	1,038,055
Oct	35,604,010	956,084	96.5318	34,369,192	922,925
Nov	33,624,234	812,455	96.1525	32,330,542	781,196
Dec	45,258,388	943,345	96.2622	43,566,720	908,085
Total	$152,337,994	3,786,807	96.3942	$146,819,590	3,650,261

The next four questions refer to the September through December 2008 estimated total Dollar Jurisdictional Percentage and total mWh Jurisdictional Percentage.

6. Does Gulf agree that the sum of the Jurisdictional Dollar amounts from the E1-B Schedule would be $146,819,590? If not, please explain why not.

GULF'S RESPONSE:

No, the calculated jurisdictional dollars in the table above should be multiplied by the jurisdictional line loss factor of 1.0007 to derive the total jurisdictional fuel cost adjusted for line losses of $146,922,363, as shown on Gulf's 2008 Midcourse Schedule E-1B.

7. Does Gulf agree that the total Jurisdictional Percentage for Dollars in the above table is roughly $146,819,590 divided by $152,337,994, or 96.3775 percent? If not, please explain why not.

GULF'S RESPONSE:

Yes.

8. Does Gulf agree that when the Jurisdictional Percentage varies by month, a four-month aggregate for dollars, such as the above aggregate percentage (Question 7), will not necessarily be the same as the corresponding aggregate Jurisdictional Percentage for mWh's? If not, please explain why not.

GULF'S RESPONSE:

Yes.

9. Does GULF agree that on the 2008 Mid-Course E-1, Gulf calculated Jurisdictional Dollars using the four-month Jurisdictional Percentage for mWh's? If not, please explain why not.

GULF'S RESPONSE:

Yes.

10. In its mid-course E1-B Schedules, Gulf lists estimated Fuel Cost of Hedging Settlement expenses (negative dollar amounts) for June through December 2008. Are these Gulf's "marked-to-market" hedging "gains" for those months?

GULF'S RESPONSE:

Yes.

11. Has Gulf previously listed estimated Fuel Cost of Hedging Settlement expenses in its E-1, E1-B, or E-2 Schedules?

GULF'S RESPONSE:

No.

12. If estimated 2008 Fuel Cost of Hedging Settlement expenses were not included in Gulf's 2008 E-1 Schedule, then are Gulf's 2008 Estimated/Actual expenses strictly comparable with its 2008 Estimated/Actual revenues?

GULF'S RESPONSE:

Gulf's original 2008 E-1 schedule, which did not include an estimate of hedging settlement expenses, shows the calculation of Gulf's 2008 current approved fuel factor of 3.954 cents per kwh. This factor is used to calculate revenues, estimated and actual, which can be compared to 2008 estimated/actual expenses.

13. In its petition, Gulf discusses $3 million of the 2008 estimated under recovery that is attributable to decreased jurisdictional energy sales. Is the 3 million calculated as follows?

Estimated/Original Dollars, Line 28 (Schedule E-1B-1)	$462,216,810
GPIF reward	- 205,097
Difference	462,011,713
Estimate/Actual 2008 Revenue (Schedule E-1B, Line C1)	-458,584,771
Estimated Revenue Less Actual/Actual Revenue	$3,426,942

GULF'S RESPONSE:

No. Gulf calculated the $3 million estimated under recovery attributable to decreased jurisdictional energy sales by using the following methodology:

Estimated/Original KWH, Line 28 (Schedule E-1B-1)	11,692,537,000
Multiplied by current approved fuel factor	3.954
Divide by revenue tax factor	1.00072
Estimated/Original Jurisdictional Dollars (calculated)	$461,990,280
Estimated/Actual 2008 Revenue (Schedule E-1B, Line C1)	-458,584,771
Estimated/Original Revenue Less Estimated/Actual Revenue	$3,405,509