

Staff's Sixth Set of Interrogatories  
Docket No. 080001-EI  
GULF POWER COMPANY  
October 17, 2008  
Item No. 74  
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|             | A                | B                | C                           | D          | E        |  |
|-------------|------------------|------------------|-----------------------------|------------|----------|--|
| Deal Number | Transaction Date | Settlement Date  | Average Price Close - NYMEX | Deal Price | Note     |  |
| 1           | 2005.34475       | 1/3/2005 19:17   | 9/26/2007                   | \$ 5.4129  |          |  |
| 2           | 2005.36141       | 10/6/2005 22:23  | 9/26/2007                   | \$ 8.6027  |          |  |
| 3           | 2005.36145       | 10/6/2005 22:33  | 3/27/2008                   | \$ 7.8250  |          |  |
| 4           | 2005.36146       | 10/6/2005 22:39  | 9/26/2008                   | \$ 7.6220  |          |  |
| 5           | 2005.36151       | 10/6/2005 22:49  | 9/26/2007                   | \$ 8.6106  |          |  |
| 6           | 2005.36155       | 10/6/2005 22:55  | 9/26/2008                   | \$ 7.6405  |          |  |
| 7           | 2005.36175       | 10/10/2005 18:50 | 8/27/2008                   | \$ 7.5970  |          |  |
| 8           | 2005.36179       | 10/10/2005 19:00 | 8/29/2007                   | \$ 8.5218  |          |  |
| 9           | 2005.36198       | 10/12/2005 15:16 | 9/26/2007                   | \$ 8.6582  |          |  |
| 10          | 2005.36203       | 10/12/2005 15:25 | 7/29/2008                   | \$ 7.6400  |          |  |
| 11          | 2005.36352       | 11/2/2005 17:55  | 8/29/2007                   | \$ 8.6173  |          |  |
| 12          | 2005.36357       | 11/2/2005 18:02  | 8/27/2008                   | \$ 7.6235  |          |  |
| 13          | 2005.36376       | 11/4/2005 20:34  | 9/26/2007                   | \$ 8.4676  |          |  |
| 14          | 2005.3638        | 11/4/2005 20:41  | 9/26/2008                   | \$ 7.4535  |          |  |
| 15          | 2005.3659        | 12/27/2005 16:03 | 2/26/2007                   | \$ 11.1920 |          |  |
| 16          | 2005.36614       | 12/27/2005 20:58 | 2/26/2007                   | \$ 11.1920 |          |  |
| 17          | 2006.36643       | 1/4/2006 17:35   | 2/26/2007                   | \$ 11.2060 |          |  |
| 18          | 2006.36663       | 1/5/2006 19:08   | 2/26/2007                   | \$ 10.8500 |          |  |
| 19          | 2006.36675       | 1/9/2006 16:36   | 2/26/2007                   | \$ 10.9190 |          |  |
| 20          | 2006.36692       | 1/12/2006 20:40  | 7/27/2006                   | \$ 10.1141 |          |  |
| 21          | 2006.36782       | 2/8/2006 19:44   | 2/26/2007                   | \$ 10.6500 |          |  |
| 22          | 2006.36812       | 2/14/2006 17:04  | 2/27/2008                   | \$ 9.8615  |          |  |
| 23          | 2006.36823       | 2/15/2006 19:10  | 2/27/2008                   | \$ 9.7723  |          |  |
| 24          | 2006.36896       | 3/8/2006 17:29   | 2/26/2007                   | \$ 9.9570  |          |  |
| 25          | 2006.36905       | 3/9/2006 16:50   | 8/27/2008                   | \$ 8.0624  |          |  |
| 26          | 2006.37092       | 4/25/2006 15:00  | 2/27/2008                   | \$ 11.5067 |          |  |
| 27          | 2006.37134       | 5/3/2006 13:52   | 2/27/2008                   | \$ 11.2203 |          |  |
| 28          | 2006.37165       | 5/10/2006 18:45  | 2/27/2008                   | \$ 11.3790 |          |  |
| 29          | 2006.37189       | 5/17/2006 21:15  | 10/29/2007                  | \$ 10.4290 | See #74C |  |
| 30          | 2006.37190       | 5/17/2006 21:20  | 2/27/2008                   | \$ 11.5120 |          |  |
| 31          | 2006.37253       | 5/24/2006 14:44  | 2/26/2007                   | \$ 9.7810  | See #74C |  |
| 32          | 2006.37273       | 5/24/2006 20:13  | 2/27/2008                   | \$ 11.1608 |          |  |
| 33          | 2006.37285       | 5/25/2006 16:44  | 2/26/2007                   | \$ 9.6900  |          |  |
| 34          | 2006.37293       | 5/25/2006 18:25  | 9/26/2007                   | \$ 8.6507  |          |  |
| 35          | 2006.37298       | 5/25/2006 18:50  | 9/26/2008                   | \$ 8.3341  |          |  |

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ECR     
GCL \_\_\_  
OPC \_\_\_  
RCP \_\_\_  
SSC \_\_\_  
SGA \_\_\_  
ADM \_\_\_  
CLK \_\_\_

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| Deal Number | Transaction Date | Settlement Date  | Average Price Close - NYMEX | Deal Price | Note |
| 1           | 2006.37312       | 5/26/2006 18:00  | 9/26/2008 \$ 8.1372         |            |      |
| 2           | 2006.37319       | 5/30/2006 18:52  | 8/29/2007 \$ 8.2430         |            |      |
| 3           | 2006.37325       | 5/31/2006 15:56  | 8/27/2008 \$ 7.7710         |            |      |
| 4           | 2006.37366       | 6/7/2006 14:29   | 8/29/2007 \$ 8.2067         |            |      |
| 5           | 2006.37376       | 6/8/2006 14:45   | 2/27/2008 \$ 10.0977        |            |      |
| 6           | 2006.3738        | 6/8/2006 16:25   | 8/27/2008 \$ 7.5843         |            |      |
| 7           | 2006.37528       | 7/5/2006 15:28   | 8/29/2007 \$ 8.2883         |            |      |
| 8           | 2006.37536       | 7/6/2006 16:29   | 2/26/2007 \$ 9.4490         |            |      |
| 9           | 2006.37569       | 7/13/2006 15:41  | 9/26/2007 \$ 8.5819         |            |      |
| 10          | 2006.37584       | 7/17/2006 17:42  | 2/26/2007 \$ 9.4040         |            |      |
| 11          | 2006.37596       | 7/18/2006 20:04  | 2/26/2007 \$ 9.1950         |            |      |
| 12          | 2006.37599       | 7/18/2006 20:17  | 9/26/2007 \$ 8.1716         |            |      |
| 13          | 2006.37697       | 8/1/2006 14:59   | 9/26/2007 \$ 8.7804         |            |      |
| 14          | 2006.37701       | 8/1/2006 16:41   | 2/26/2007 \$ 10.8240        |            |      |
| 15          | 2006.37726       | 8/4/2006 18:47   | 2/26/2007 \$ 10.4930        |            |      |
| 16          | 2006.37758       | 8/11/2006 17:45  | 2/26/2007 \$ 10.5870        |            |      |
| 17          | 2006.3777        | 8/14/2006 16:02  | 9/26/2007 \$ 8.6033         |            |      |
| 18          | 2006.37785       | 8/15/2006 20:53  | 2/26/2007 \$ 11.1287        |            |      |
| 19          | 2006.37812       | 8/18/2006 18:56  | 8/27/2008 \$ 7.8634         |            |      |
| 20          | 2006.37936       | 9/8/2006 15:56   | 7/27/2007 \$ 8.2270         |            |      |
| 21          | 2006.3794        | 9/8/2006 16:09   | 2/27/2008 \$ 10.5325        |            |      |
| 22          | 2006.37955       | 9/11/2006 18:56  | 3/28/2007 \$ 9.8033         |            |      |
| 23          | 2006.37964       | 9/12/2006 15:54  | 7/27/2007 \$ 7.9040         |            |      |
| 24          | 2006.37967       | 9/12/2006 16:00  | 2/27/2008 \$ 10.1973        |            |      |
| 25          | 2006.37976       | 9/13/2006 13:55  | 3/28/2007 \$ 9.3840         |            |      |
| 26          | 2006.37983       | 9/13/2006 15:34  | 9/26/2007 \$ 7.7471         |            |      |
| 27          | 2006.37987       | 9/13/2006 15:52  | 2/27/2008 \$ 10.0132        |            |      |
| 28          | 2006.37999       | 9/14/2006 15:48  | 3/28/2007 \$ 8.7687         |            |      |
| 29          | 2006.38002       | 9/14/2006 15:58  | 9/26/2008 \$ 7.2205         |            |      |
| 30          | 2006.38006       | 9/14/2006 16:54  | 8/29/2007 \$ 7.3583         |            |      |
| 31          | 2006.38016       | 9/18/2006 15:17  | 3/28/2007 \$ 8.3293         |            |      |
| 32          | 2006.3802        | 9/18/2006 15:24  | 2/27/2008 \$ 9.3927         |            |      |
| 33          | 2006.3804        | 9/20/2006 16:24  | 3/28/2007 \$ 8.1687         |            |      |
| 34          | 2006.38045       | 9/21/2006 13:30  | 2/27/2008 \$ 8.6077         |            |      |
| 35          | 2006.38159       | 10/30/2006 15:36 | 7/27/2007 \$ 7.4780         |            |      |
| 36          | 2006.38205       | 12/4/2006 16:42  | 3/28/2007 \$ 7.8337         |            |      |

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|-------------|------------------|------------------|-----------------------------|------------|------|
| Deal Number | Transaction Date | Settlement Date  | Average Price Close - NYMEX | Deal Price | Note |
| 1           | 2006.38209       | 12/4/2006 19:53  | 9/26/2007                   | \$ 7.8270  |      |
| 2           | 2006.38213       | 12/5/2006 15:38  | 2/27/2008                   | \$ 9.0195  |      |
| 3           | 2006.38223       | 12/8/2006 19:16  | 3/28/2007                   | \$ 7.6430  |      |
| 4           | 2006.38226       | 12/11/2006 16:06 | 9/26/2007                   | \$ 7.7296  |      |
| 5           | 2006.38261       | 12/20/2006 16:39 | 7/27/2007                   | \$ 7.3160  |      |
| 6           | 2006.38268       | 12/14/2006 21:21 | 2/28/2007                   | \$ 7.6090  |      |
| 7           | 2006.38278       | 12/22/2006 15:16 | 7/27/2007                   | \$ 7.2248  |      |
| 8           | 2006.38281       | 12/22/2006 17:06 | 2/27/2008                   | \$ 8.7817  |      |
| 9           | 2006.38299       | 12/27/2006 21:46 | 2/27/2008                   | \$ 8.3870  |      |
| 10          | 2006.38305       | 12/27/2006 22:20 | 7/27/2007                   | \$ 6.7222  |      |
| 11          | 2007.38595       | 3/12/2007 15:53  | 9/26/2007                   | \$ 7.3083  |      |
| 12          | 2007.38617       | 3/19/2007 14:30  | 9/26/2007                   | \$ 7.2482  |      |
| 13          | 2007.39198       | 6/26/2007 20:30  | 2/27/2008                   | \$ 8.7634  |      |
| 14          | 2007.39202       | 6/26/2007 20:48  | 9/26/2008                   | \$ 8.1194  |      |
| 15          | 2007.39212       | 6/28/2007 21:26  | 2/27/2008                   | \$ 8.5460  |      |
| 16          | 2007.39219       | 6/29/2007 17:21  | 2/27/2008                   | \$ 8.6350  |      |
| 17          | 2007.39236       | 7/6/2007 13:42   | 9/26/2008                   | \$ 7.8084  |      |
| 18          | 2007.39244       | 7/6/2007 18:55   | 2/27/2008                   | \$ 8.3660  |      |
| 19          | 2007.39266       | 7/12/2007 16:01  | 9/26/2008                   | \$ 7.9386  |      |
| 20          | 2007.39268       | 7/12/2007 16:04  | 2/27/2008                   | \$ 8.3714  |      |
| 21          | 2007.39345       | 7/25/2007 17:26  | 2/27/2008                   | \$ 8.2590  |      |
| 22          | 2007.39478       | 8/20/2007 16:21  | 2/27/2008                   | \$ 7.9748  |      |
| 23          | 2007.3948        | 8/20/2007 18:29  | 9/26/2008                   | \$ 7.8273  |      |
| 24          | 2007.39488       | 8/21/2007 14:11  | 2/27/2008                   | \$ 7.9016  |      |
| 25          | 2007.3949        | 8/21/2007 14:19  | 9/26/2008                   | \$ 7.7650  |      |
| 26          | 2007.39563       | 8/27/2007 17:55  | 2/27/2008                   | \$ 7.5786  |      |
| 27          | 2007.3957        | 8/27/2007 20:55  | 9/26/2008                   | \$ 7.5062  |      |
| 28          | 2007.39608       | 9/7/2007 14:57   | 9/26/2008                   | \$ 7.4785  |      |
| 29          | 2007.39642       | 9/18/2007 18:26  | 2/27/2008                   | \$ 7.9340  |      |
| 30          | 2007.39652       | 9/18/2007 18:59  | 2/27/2008                   | \$ 7.9340  |      |
| 31          | 2007.39661       | 9/19/2007 17:03  | 2/27/2008                   | \$ 7.6840  |      |
| 32          | 2007.39663       | 9/19/2007 17:55  | 9/26/2008                   | \$ 7.6196  |      |
| 33          | 2007.39666       | 9/20/2007 16:08  | 2/27/2008                   | \$ 7.8444  |      |
| 34          | 2007.39672       | 9/20/2007 16:20  | 2/27/2008                   | \$ 8.1503  |      |
| 35          | 2007.3973        | 9/27/2007 14:57  | 9/26/2008                   | \$ 7.7702  |      |
| 36          | 2007.39738       | 10/1/2007 14:26  | 7/29/2008                   | \$ 7.8140  |      |

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| A           | B                | C                | D                           | E          | Note |
|-------------|------------------|------------------|-----------------------------|------------|------|
| Deal Number | Transaction Date | Settlement Date  | Average Price Close - NYMEX | Deal Price |      |
| 1           | 2007.39766       | 10/8/2007 13:58  | 12/31/2007                  | \$ 7.6610  |      |
| 2           | 2007.39784       | 10/11/2007 14:58 | 12/31/2007                  | \$ 7.6410  |      |
| 3           | 2007.39796       | 10/12/2007 15:44 | 9/26/2008                   | \$ 7.7779  |      |
| 4           | 2007.39824       | 10/19/2007 18:18 | 9/26/2008                   | \$ 7.8448  |      |
| 5           | 2007.39832       | 10/22/2007 15:28 | 9/26/2008                   | \$ 7.7203  |      |
| 6           | 2007.39899       | 11/5/2007 15:57  | 2/29/2008                   | \$ 8.4276  |      |
| 7           | 2007.3991        | 11/8/2007 17:44  | 9/26/2008                   | \$ 7.9695  |      |
| 8           | 2007.39915       | 11/9/2007 17:26  | 2/29/2008                   | \$ 8.3156  |      |
| 9           | 2007.39923       | 11/13/2007 20:03 | 2/29/2008                   | \$ 8.3422  |      |
| 10          | 2007.39927       | 11/14/2007 17:17 | 2/29/2008                   | \$ 8.1130  |      |
| 11          | 2007.39947       | 11/20/2007 16:48 | 12/31/2007                  | \$ 7.4770  |      |
| 12          | 2007.39952       | 11/20/2007 17:51 | 9/26/2008                   | \$ 7.7562  |      |
| 13          | 2007.39954       | 11/20/2007 17:55 | 9/26/2008                   | \$ 7.7605  |      |
| 14          | 2007.39997       | 11/28/2007 21:37 | 9/26/2008                   | \$ 7.5933  |      |
| 15          | 2007.40001       | 11/28/2007 22:02 | 9/26/2008                   | \$ 7.5941  |      |
| 16          | 2007.40011       | 11/29/2007 20:46 | 7/29/2008                   | \$ 7.6117  |      |
| 17          | 2007.40121       | 12/27/2007 16:56 | 9/26/2008                   | \$ 7.5047  |      |
| 18          | 2008.40819       | 6/19/2008 20:13  | 9/26/2008                   | \$ 13.0577 |      |
| 19          | 2008.40867       | 6/24/2008 18:53  | 9/26/2008                   | \$ 13.2231 |      |
| 20          | 2008.4093        | 7/2/2008 18:59   | 9/26/2008                   | \$ 13.1782 |      |
| 21          | 2008.40944       | 7/7/2008 15:46   | 9/26/2008                   | \$ 13.0952 |      |
| 22          | 2008.40954       | 7/7/2008 16:29   | 9/26/2008                   | \$ 13.0834 |      |
| 23          | 2008.40967       | 7/8/2008 17:56   | 9/26/2008                   | \$ 12.4804 |      |
| 24          | 2008.40975       | 7/9/2008 15:52   | 9/26/2008                   | \$ 12.1180 |      |
| 25          | 2008.40976       | 7/9/2008 15:53   | 9/26/2008                   | \$ 12.1553 |      |
| 26          | 2008.41022       | 7/17/2008 16:49  | 9/26/2008                   | \$ 10.6302 |      |
| 27          | 2008.41038       | 7/17/2008 19:39  | 9/26/2008                   | \$ 10.6302 |      |
| 28          | 2008.41102       | 7/24/2008 16:03  | 9/26/2008                   | \$ 9.4270  |      |

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- c. Daily volatility within the natural gas market has continued to increase bringing with it wider and wider daily price swings. Additionally, Southern Company sometimes initiates hedge transactions outside of traditional NYMEX trading hours and therefore prices may not correspond directly with daily NYMEX settled prices. With the advent of electronic trading, such a practice has become common throughout the industry over the past several years. Therefore, considering the increasing daily volatility and the market that exists outside of the historical trading hours, this test could potentially provide incomplete or inaccurate results.

**Deal #2006.37189** – This deal shows up on the report as exceeding the 5% tolerance, but in reality the difference is a result of a system problem at deal entry time. Deal 2006.37189 and Deal 2006.37190 taken together reflect one deal transacted for 11/1/2007 – 3/31/2008. The system issue at the time of deal entry forced the user to enter the transaction as two deals instead of one. Therefore, when applying the corresponding NYMEX futures price for the entire deal period, this deal was transacted well within the 5% tolerance. The weighted average NYMEX settle price was \$11.265 and the deal price was [REDACTED]. The resulting difference is less than 1%.

**Deal #2006.37253** – This deal shows up as exceeding the NYMEX close price by 6%. As mentioned above, the reason for this higher price could be that the deal was transacted on a day with higher volatility, or transacted during a time outside of NYMEX trading hours. It could also be possible that the deal price was priced higher because of the low number of contracts. Given that this is the only deal transacted in the 18 month test period that exceed the 5% tolerance, and the efforts our team exerts on price discovery, it is reasonable to assume that this deal was consummated prudently. This deal was transacted at a price level that is in accordance with the pre-approved hedging strategy in effect at the time.

- d. There were no option deals during the 2007 time period.
- e. There was one option deal during the 2008 time period. This option was settled and a net gain of \$5,248.27 was realized by Gulf.

| A<br>Deal<br>Number | B<br>Option<br>Type | C<br>Transaction<br>Date | D<br>Settlement<br>Date | E<br>NYMEX<br>Reference<br>Price | F<br>Strike Price | G<br>Premium | H<br>Settle<br>Price |
|---------------------|---------------------|--------------------------|-------------------------|----------------------------------|-------------------|--------------|----------------------|
| 1<br>2008.40456     | Call                | 3/27/2008 16:01          | 4/1/2008                | \$ 9.535                         | [REDACTED]        | [REDACTED]   | \$ 10.2903           |
| 2<br>2008.40456     | Call                | 3/27/2008 16:01          | 5/1/2008                | \$ 9.625                         | [REDACTED]        | [REDACTED]   | \$ 11.3854           |

- f. Gulf is unable to provide a comparable market price for the premium paid for this option. The strike price for the call option is \$0.50 higher than the NYMEX reference price shown in the table above. The NYMEX reference price is the market price for the future period being hedged.