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July 18, 2014

Ms. Carlotta S. Stauffer, Director
Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Ms. Stauffer:

Re: Docket No. 140001-EI

Pursuant to Commission Rule 25-6.0424, Gulf Power Company submits this letter, with regard to Gulf's fuel and purchased power (energy) costs, to inform the Commission, its Staff, and the other parties to this docket that a greater than ten percent under-recovery is now projected to occur for the period ending December 31, 2014. Based on actual data through June 2014 and updated estimates for July through December 2014, the Company projects an under-recovery by period end of 10.7 percent.

Gulf is not requesting a mid-course correction of its fuel cost recovery factors. Pursuant to the rule cited above, the following explanation is provided as to why a mid-course correction is not requested at this time. The amount of the under-recovery now projected for the period ending December 31, 2014 only slightly exceeds the 10 percent threshold set by Rule 25-6.0424. Because the timing is such that only three months of the current cost recovery cycle would likely remain by the time a change in fuel cost recovery factors could be implemented and that a mid-course change in the factors in October 2014 and again in January 2015 under the current circumstances would be unnecessarily disruptive to Gulf's customers, the best course of action for our customers is to address the 2014 under-recovery through the true-up component included in the fuel factors for 2015.

If any additional information is needed regarding this notice, please call me at 850-444-6530.

Sincerely,

A handwritten signature in black ink that reads "Robert L. McGee, Jr." in a cursive style.

Robert L. McGee, Jr.
Regulatory and Pricing Manager

md

cc: Beggs & Lane
Jeffrey A. Stone, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: **140001-EI**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by electronic mail this 18th day of July, 2014 to the following:

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