

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**FUEL COST AND PURCHASED POWER COST  
RECOVERY CLAUSE**

**DOCKET NO. 040001-EI**

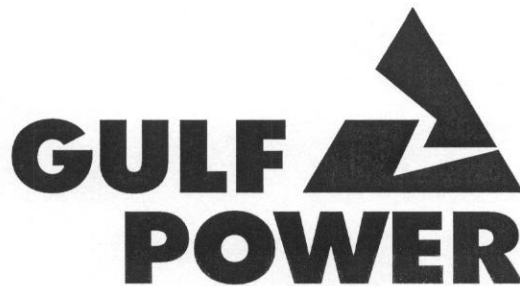
**PREPARED DIRECT TESTIMONY  
AND EXHIBIT OF**

**TERRY A. DAVIS**

**ESTIMATED TRUE-UP  
JANUARY - DECEMBER 2004**

**AUGUST 10, 2004**

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**A SOUTHERN COMPANY**

DOCUMENT NUMBER-DATE:  
**08665 AUG 10 3**

FPSC-COMMISSION CLERK

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**PREPARED DIRECT TESTIMONY  
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**TERRY A. DAVIS**

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COMMISSION CLERK

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission

3 Prepared Direct Testimony and Exhibit of

4 Terry A. Davis

5 Docket No. 040001-EI

6 Fuel and Purchased Power Capacity Cost Recovery

7 Date of Filing: August 10, 2004

8

9 Q. Please state your name, business address and occupation.

10 A. My name is Terry Davis. My business address is One

11 Energy Place, Pensacola, Florida 32520-0780. I am the

12 Supervisor of Treasury and Regulatory Matters at Gulf

13 Power Company.

14

15 Q. Please briefly describe your educational background and  
16 business experience.

17 A. I graduated in 1979 from Mississippi College in Clinton,

18 Mississippi with a Bachelor of Science Degree in

19 Business Administration and a major in Accounting.

20 Prior to joining Gulf Power, I was an accountant for a

21 seismic survey firm, Geophysical Field Surveys in

22 Jackson, Mississippi. In that capacity, I was

23 responsible for accounts receivable, accounts payable,

24 sales, use, and fuel tax returns, and various other

25 accounting activities. In 1986, I joined Gulf Power as

an Associate Accountant in the Plant Accounting

Department. Since then, I have held various positions

of increasing responsibility with Gulf Power in Accounts

1 Payable, Financial Reporting, and Cost Accounting. In  
2 1993, I joined the Rates and Regulatory Matters area,  
3 where I have participated with increasing responsibility  
4 in activities related to the cost recovery clauses, the  
5 rate case, budgeting, and other regulatory functions.  
6 In 2004, I was promoted to my current position.

7 My responsibilities now include supervision of:  
8 tariff administration, cost of service activities,  
9 calculation of cost recovery factors, the regulatory  
10 filing function of the Rates and Regulatory Matters  
11 Department, and various treasury activities.

12  
13 Q. Have you prepared an exhibit that contains information  
14 to which you will refer in your testimony?

15 A. Yes, I have.

16 Counsel: We ask that Ms. Davis' Exhibit  
17 consisting of five schedules be marked as  
18 Exhibit No. \_\_\_\_\_ (TAD-2).

19  
20 Q. Are you familiar with the Fuel and Purchased Power  
21 (Energy) estimated true-up calculations for the period  
22 of January 2004 through December 2004 and the Purchased  
23 Power Capacity Cost estimated true-up calculations for  
24 the period of January 2004 through December 2004 set  
25 forth in your exhibit?

1 A. Yes, these documents were prepared under my supervision.

2

3 Q. Have you verified that to the best of your knowledge and  
4 belief, the information contained in these documents is  
5 correct?

6 A. Yes, I have.

7

8 Q. How were the estimated true-ups for the current period  
9 calculated for both fuel and purchased power capacity?

10 A. In each case the estimated true-up calculations include  
11 six months of actual data and six months of estimated  
12 data.

13

14 Q. Ms. Davis, what has Gulf calculated as the fuel cost  
15 recovery true-up to be applied in the period January  
16 2005 through December 2005?

17 A. The fuel cost recovery true-up for this period is an  
18 increase of .2409¢/kwh. As shown on Schedule E-1A, this  
19 includes an estimated under-recovery for the January  
20 through December 2004 period of \$29,107,969, plus a  
21 final over-recovery for the January through December  
22 2003 period of \$2,535,018 (see Schedule 1 of Exhibit  
23 TAD-1 in this docket filed on April 1, 2004). The  
24 resulting net under-recovery of \$26,572,951 and will be  
25 recovered during 2005.

1 Q. Ms. Davis, you stated earlier that you are responsible  
2 for the Purchased Power Capacity Cost true-up  
3 calculation. Which schedules of your exhibit relate to  
4 the calculation of these factors?

5 A. Schedules CCE-1a and CCE-1b of my exhibit relate to the  
6 Purchased Power Capacity Cost true-up calculation to be  
7 applied in the January 2005 through December 2005  
8 period.

9

10 Q. What has Gulf calculated as the purchased power capacity  
11 factor true-up to be applied in the period January 2005  
12 through December 2005?

13 A. The true-up for this period is a decrease of .0170¢ as  
14 shown on Schedule CCE-1a. This includes an estimated  
15 over-recovery of \$817,151 for January 2004 through  
16 December 2004. It also includes a final true-up over-  
17 recovery of \$1,053,779 for the period of January 2003  
18 through December 2003 (see Schedule CCA-1 filed April 1,  
19 2004). The resulting over-recovery is \$1,870,930.

20

21 Q. Ms. Davis, does this complete your testimony?

22 A. Yes, it does.

23

24

25

AFFIDAVIT

STATE OF FLORIDA     )  
                                  )  
COUNTY OF ESCAMBIA )

Docket No. 040001-EI

Before me the undersigned authority, personally appeared Terry A. Davis, who being first duly sworn, deposes, and says that she is the Supervisor of Treasury and Regulatory Matters at of Gulf Power Company, a Maine corporation, that the foregoing is true and correct to the best of her knowledge, information, and belief. She is personally known to me.

Terry A. Davis  
Terry A. Davis  
Supervisor of Treasury and Regulatory Matters

Sworn to and subscribed before me this 6th day of August,  
2004.

Linda C. Webb  
Notary Public, State of Florida at Large



**LINDA C. WEBB**  
Notary Public-State of FL  
Comm. Exp: May 31, 2006  
Comm. No: DD 110088

**SCHEDULE E-1A**

**FUEL COST RECOVERY CLAUSE  
CALCULATION OF TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD: JANUARY 2005 - DECEMBER 2005**

1.	Estimated over/(under)-recovery, JANUARY - DECEMBER 2004 (Sch. E-1B, page 2, line 9)	(\$29,107,969)
2.	Final over/(under)-recovery JANUARY - DECEMBER 2003 (EXHIBIT No. ____ (TAD-1), filed April 1, 2004)	<u>2,535,018</u>
3.	Total over/(under)-recovery (Lines 1 + 2) To be included in JANUARY 2005 - DECEMBER 2005 (Schedule E1, Line 28)	<u>(\$26,572,951)</u>
4.	Jurisdictional KWH sales FOR THE PERIOD: JANUARY 2005 - DECEMBER 2005	<u>11,032,273,000</u>
5.	True-up Factor (Line 3 / Line 4) x 100 (¢ / KWH)	<u>0.2409</u>



CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2004 - DECEMBER 2004

	JANUARY ACTUAL	FEBRUARY ACTUAL	MARCH ACTUAL	APRIL ACTUAL	MAY ACTUAL	JUNE ACTUAL	TOTAL SIX MONTHS
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>A</b> 1 Fuel Cost of System Generation	28,588,955.96	26,528,981.43	22,286,468.42	26,664,669.64	32,124,877.67	33,132,736.65	\$169,326,689.77
1a Fuel Cost of Hedging Settlement	(997,750.00)	(164,350.00)	541,100.00	(693,600.00)	(744,900.00)	(1,491,210.00)	(3,550,710.00)
1b Fuel Cost of Hedging Support	2,537.49	1,879.56	1,541.14	1,656.50	2,251.24	1,265.75	11,131.68
2 Fuel Cost of Power Sold	(8,291,799.04)	(9,575,999.98)	(9,263,064.53)	(8,992,603.34)	(11,091,183.10)	(8,244,548.81)	(55,459,198.80)
3 Fuel Cost of Purchased Power	2,390,298.72	2,420,900.76	4,004,189.98	4,928,139.04	5,591,431.22	4,436,332.60	23,771,292.32
3a Demand & Non-Fuel Cost Of Purchased Power	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3b Energy Payments to Qualified Facilities	36,721.00	23,625.00	54,159.00	22,333.00	25,724.00	56,281.00	218,843.00
4 Energy Cost of Economy Purchases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 Other Generation	131,338.97	137,774.76	151,479.14	150,528.35	149,955.63	154,795.10	875,871.95
6 Adjustment to Fuel Cost	(99,721.17)	111,683.30	(2,332.30)	7,899.11	19,335.24	26,227.54	63,091.72
7 <b>TOTAL FUEL &amp; NET POWER TRANSACTIONS</b> (Sum of Lines A1 Thru A6)	<b>\$21,760,581.93</b>	<b>\$19,484,494.83</b>	<b>\$17,773,540.85</b>	<b>\$22,089,022.30</b>	<b>\$26,077,491.90</b>	<b>\$28,071,879.83</b>	<b>\$135,257,011.64</b>
<b>B</b> 1 Jurisdictional KWH Sales	900,413,364	829,782,367	774,360,621	769,393,414	980,459,512	1,069,388,710	5,323,797,988
2 Non-Jurisdictional KWH Sales	32,378,859	29,080,350	25,031,604	24,974,940	31,550,354	34,499,450	177,515,557
3 <b>TOTAL SALES (Lines B1 + B2)</b>	<b>932,792,223</b>	<b>858,862,717</b>	<b>799,392,225</b>	<b>794,368,354</b>	<b>1,012,009,866</b>	<b>1,103,888,160</b>	<b>5,501,313,545</b>
4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.5288%</u>	<u>96.6141%</u>	<u>96.8687%</u>	<u>96.8560%</u>	<u>96.8824%</u>	<u>96.8747%</u>	
<b>C</b> 1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	\$22,142,468.41	\$20,235,607.77	\$18,971,959.87	\$18,883,164.05	\$24,058,701.90	\$26,282,204.72	\$130,574,106.72
2 True-Up Provision	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(11,433,291.96)
2a Incentive Provision	(35,967.43)	(35,967.43)	(35,967.43)	(35,967.43)	(35,967.43)	(35,967.43)	(215,804.58)
3 <b>FUEL REVENUE APPLICABLE TO PERIOD</b> (Sum of Lines C1 Thru C2a)	<b>\$20,200,952.32</b>	<b>\$18,294,091.68</b>	<b>\$17,030,443.78</b>	<b>\$16,941,647.96</b>	<b>\$22,117,185.81</b>	<b>\$24,340,688.63</b>	<b>\$118,925,010.18</b>
4 Fuel & Net Power Transactions (Line A7)	\$21,760,581.93	\$19,484,494.83	\$17,773,540.85	\$22,089,022.30	\$26,077,491.90	\$28,071,879.83	\$135,257,011.64
5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A7x Line B4 x 1.0007)	21,019,932.27	18,837,946.66	17,229,049.86	21,409,519.62	25,282,185.16	27,213,585.55	\$130,992,219.12
6 Over/(Under) Recovery (Line C3-C5)	(818,979.95)	(543,854.98)	(198,606.08)	(4,467,871.66)	(3,164,999.35)	(2,872,896.92)	(\$12,067,208.94)
7 Interest Provision	(17,235.59)	(15,571.20)	(13,363.08)	(14,076.17)	(16,157.34)	(19,613.63)	(\$96,017.02)
8 Prior Period Adjustment	0.00	0.00	706,360.01	0.00	0.00	0.00	\$706,360.01
9 <b>TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2004 - JUNE 2004</b>							<u>(\$11,456,865.95)</u>

**CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2004 - DECEMBER 2004**

	JULY ESTIMATED (a)	AUGUST ESTIMATED (b)	SEPTEMBER ESTIMATED (c)	OCTOBER ESTIMATED (d)	NOVEMBER ESTIMATED (e)	DECEMBER ESTIMATED (f)	TOTAL PERIOD (g)	
<b>A</b>								
1 Fuel Cost of System Generation	39,370,000.00	39,635,000.00	36,094,000.00	32,383,000.00	27,021,000.00	29,016,000.00	\$372,845,689.77	
1a Fuel Cost of Hedging Settlement	0.00	0.00	0.00	0.00	0.00	0.00	(\$3,550,710.00)	
1b Fuel Cost of Hedging Support	2,757.00	2,757.00	2,757.00	2,757.00	2,757.00	2,759.00	\$27,675.68	
2 Fuel Cost of Power Sold	(14,209,000.00)	(14,260,000.00)	(13,520,000.00)	(9,400,000.00)	(10,667,000.00)	(10,356,000.00)	(\$127,871,198.80)	
3 Fuel Cost of Purchased Power	3,401,000.00	3,812,000.00	845,000.00	1,581,000.00	1,538,000.00	2,563,000.00	\$37,511,292.32	
3a Demand & Non-Fuel Cost Of Purchased Power	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	
3b Energy Payments to Qualified Facilities	0.00	0.00	0.00	0.00	0.00	0.00	\$218,843.00	
4 Energy Cost of Economy Purchases	0.00	0.00	0.00	0.00	0.00	0.00	\$0.00	
5 Other Generation	257,000.00	257,000.00	249,000.00	257,000.00	249,000.00	257,000.00	\$2,401,871.95	
6 Adjustment to Fuel Cost	0.00	0.00	0.00	0.00	0.00	0.00	\$63,091.72	
7 <b>TOTAL FUEL &amp; NET POWER TRANSACTIONS</b> (Sum of Lines A1 Thru A6)	<b>\$28,821,757.00</b>	<b>\$29,446,757.00</b>	<b>\$23,670,757.00</b>	<b>\$24,823,757.00</b>	<b>\$18,143,757.00</b>	<b>\$21,482,759.00</b>	<b>\$281,646,555.64</b>	
<b>B</b>								
1 Jurisdictional KWH Sales	1,121,280,000	1,121,219,000	928,542,000	820,717,000	711,070,000	814,258,000	10,840,883,988	
2 Non-Jurisdictional KWH Sales	38,218,000	38,147,000	33,249,000	29,300,000	27,425,000	30,672,000	374,526,557	
3 <b>TOTAL SALES (Lines B1 + B2)</b>	<b>1,159,498,000</b>	<b>1,159,366,000</b>	<b>961,791,000</b>	<b>850,017,000</b>	<b>738,495,000</b>	<b>844,930,000</b>	<b>11,215,410,545</b>	
4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.7039%</u>	<u>96.7097%</u>	<u>96.5430%</u>	<u>96.5530%</u>	<u>96.2864%</u>	<u>96.3699%</u>		
<b>C</b>								
1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	(1)	\$27,552,437.45	\$27,550,938.53	\$22,816,419.96	\$20,166,910.85	\$17,472,631.01	\$20,008,198.32	\$266,141,642.84
2 True-Up Provision		(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.66)	(1,905,548.74)	(\$22,866,584.00)
2a Incentive Provision		(35,967.43)	(35,967.43)	(35,967.43)	(35,967.43)	(35,967.43)	(35,967.51)	(\$431,609.24)
3 <b>FUEL REVENUE APPLICABLE TO PERIOD</b> (Sum of Lines C1 Thru C2a)		<b>\$25,610,921.36</b>	<b>\$25,609,422.44</b>	<b>\$20,874,903.87</b>	<b>\$18,225,394.76</b>	<b>\$15,531,114.92</b>	<b>\$18,066,682.07</b>	<b>\$242,843,449.60</b>
4 Fuel & Net Power Transactions (Line A7)		\$28,821,757.00	\$29,446,757.00	\$23,670,757.00	\$24,823,757.00	\$18,143,757.00	\$21,482,759.00	\$281,646,555.64
5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A7 x Line B4 x 1.0007)		27,891,273.30	28,497,804.86	22,868,455.65	23,984,859.75	17,482,199.42	20,717,405.40	\$272,434,217.50
6 Over/(Under) Recovery (Line C3-C5)		(2,280,351.94)	(2,888,382.42)	(1,993,551.78)	(5,759,464.99)	(1,951,084.50)	(2,650,723.33)	(\$29,590,767.90)
7 Interest Provision	(2)	(10,240.59)	(20,976.82)	(21,526.54)	(23,495.12)	(25,444.66)	(25,860.41)	(\$223,561.00)
8 Prior Period Adjustment		0.00	0.00	0.00	0.00	0.00	0.00	\$706,360.01
9 <b>TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2004 - DECEMBER 2004</b>								<u>(\$29,107,968.89)</u>

Note 1: Estimated Revenues based on the 2004 Fuel Factor excluding revenue taxes of  
Note 2: Interest Calculated for July through December at June's rate of

2.4572 ¢/KWH

0.0988

**COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS  
OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2004 - DECEMBER 2004**

	DOLLARS				KWH				\$/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMT.	%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1 Fuel Cost of System Net Generation (A3)	372,845,690	340,226,335	32,619,355	9.59	15,605,983,000	16,251,250,000	(645,267,000)	(3.97)	2.3891	2.0935	0.2956	14.12
1a Fuel Cost of Hedging Settlement	(3,550,710)	0	0		0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
2 Hedging Support Costs	27,676	33,086	(5,410)	(16.35)	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
3 Coal Car Investment	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
4 Other Generation	2,401,872	19,205	2,382,667	12,406.49	78,019,000	790,000	77,229,000	9,775.82	3.0786	2.431	0.6476	26.64
5 Adjustment to Fuel Cost	63,092											
5 TOTAL COST OF GENERATED POWER	371,787,619	340,278,626	31,508,993	9.26	15,684,002,000	16,252,040,000	(568,038,000)	(3.50)	2.3705	2.0938	0.2767	13.22
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A8)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
7 Energy Cost of Schedule C&X Econ. Purchases (Broker) (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
8 Energy Cost of Other Economy Purchases (Nonbroker) (A9)	37,511,292	12,776,000	24,735,292	193.61	1,032,349,249	477,038,000	555,311,249	116.41	3.6336	2.6782	0.9554	36.67
9 Energy Cost of Schedule E Economy Purchases (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
10 Capacity Cost of Schedule E Economy Purchases	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
11 Energy Payments to Qualifying Facilities (A9a)	218,843	0	218,843	#N/A	6,578,895	0	6,578,895	#N/A	3.3264	#N/A	#N/A	#N/A
12 TOTAL COST OF PURCHASED POWER	37,730,135	12,776,000	24,954,135	195.32	1,038,928,144	477,038,000	561,890,144	117.79	3.6316	2.6782	0.9534	35.60
13 Total Available KWH (Lines 5 + Line 12)	409,517,754	353,054,626	56,463,128	15.99	16,722,930,144	16,729,078,000	(6,147,856)	(0.04)				
14 Fuel Cost of Economy Sales (A6)	(61,778,195)	(2,289,000)	(59,489,195)	(2,598.92)	(160,861,993)	(74,677,000)	(86,184,993)	(115.41)	(38,4045)	(3.0652)	(35.3393)	(1,152.92)
15 Gain on Economy Sales (A6)	(15,752,402)	(383,000)	(15,369,402)	(4,012.90)	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
16 Fuel Cost of Unit Power Sales (A6)	(16,568,637)	(26,458,000)	9,889,363	37.38	(1,431,724,048)	(1,561,911,000)	130,186,952	8.34	(1,1573)	(1,6940)	0.5367	31.68
17 Fuel Cost of Other Power Sales (A6)	(33,771,965)	(79,395,000)	45,623,035	57.46	(3,202,473,809)	(3,440,414,000)	237,940,191	6.92	(1,0546)	(2,3077)	1.2531	54.30
18 TOTAL FUEL COST AND GAINS ON POWER SALES (LINES 14+15+16+17)	(127,871,199)	(108,525,000)	(19,346,199)	(17.83)	(4,795,059,850)	(5,077,002,000)	281,942,150	5.55	(2,6667)	(2,1376)	(0,5291)	(24.75)
19 Net Inadvertent Interchange	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINES 5+12+18+19)	281,646,556	244,529,626	37,116,930	15.18	11,927,870,294	11,652,076,000	275,794,294	2.37	2.3612	2.0986	0.2626	12.51
21 Net Unbilled Sales	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
22 Company Use *	560,171	545,195	14,976	2.75	23,723,999	25,979,000	(2,255,001)	(8.68)	2.3612	2.0986	0.2626	12.51
23 T & D Losses *	16,262,429	14,395,200	1,867,229	12.97	688,735,750	685,943,000	2,792,750	0.41	2.3612	2.0986	0.2626	12.51
24 TERRITORIAL (SYSTEM) SALES	281,646,556	244,529,626	37,116,930	15.18	11,215,410,545	10,940,154,000	275,256,545	2.52	2.5112	2.2352	0.2760	12.35
25 Wholesale Sales	9,402,909	8,348,785	1,054,124	12.63	374,526,557	373,514,000	1,012,557	0.27	2.5106	2.2352	0.2754	12.32
26 Jurisdictional Sales	272,243,647	236,180,841	36,062,806	15.27	10,840,883,988	10,566,640,000	274,243,988	2.60	2.5113	2.2352	0.2761	12.35
26a Jurisdictional Loss Multiplier**	1,0007	1,0007										
27 Jurisdictional Sales Adj. for Line Losses (Line 26 x 1.0007)	272,434,218	236,346,168	36,088,050	15.27	10,840,883,988	10,566,640,000	274,243,988	2.60	2.5130	2.2367	0.2763	12.35
28 TRUE-UP **	22,866,584	22,866,584	0	0.00	10,840,883,988	10,566,640,000	274,243,988	2.60	0.2109	0.2164	(0,0055)	(2.54)
29 TOTAL JURISDICTIONAL FUEL COST	295,300,802	259,212,752	36,088,050	13.92	10,840,883,988	10,566,640,000	274,243,988	2.60	2.7239	2.4531	0.2708	11.04
30 Revenue Tax Factor									1.00072	1.00072		
31 Fuel Factor Adjusted for Revenue Taxes									2.7259	2.4549	0.2710	11.04
32 GPIF Reward / (Penalty) **	431,920	431,920	0	0.00	10,840,883,988	10,566,640,000	274,243,988	2.60	0.0040	0.0041	(0,0001)	(2.44)
33 Fuel Factor Adjusted for GPIF Reward / (Penalty)									2.7299	2.459	0.2709	11.02
34 FUEL FACTOR ROUNDED TO NEAREST .001(CENTS/KWH)									2.730	2.459	0.271	11.02

\* Included for Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

Note: Amounts included in the Estimated/Actual Column represent 8 months actual and 4 months estimate.

**Purchased Power Capacity Cost Recovery Clause  
 Calculation of True-up  
 Gulf Power Company  
 January 2005 - December 2005**

1	Estimated over/(under)-recovery, January 2004 - December 2004 (Schedule CCE-1b-1, Line 15)	\$817,151
2	Final True-Up, January 2003 - December 2003 (Exhibit No. ____ (TAD-1), filed April 1, 2004)	<u>1,053,779</u>
3	Total Over/(Under)-Recovery (Line 1 & 2) (To be included in January 2005 - December 2005)	<u>\$1,870,930</u>
4	Jurisdictional KWH sales, January 2005 - December 2005	11,032,273,000
5	True-up Factor (Line 3 / Line 4) x 100 (Cents/KWH)	(0.0170)

**Purchased Power Capacity Cost Recovery Clause  
Calculation of Estimated True-Up Amount  
Gulf Power Company  
For the Period January 2004 - December 2004**

	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Estimated July	Estimated August	Estimated September	Estimated October	Estimated November	Estimated December	Total
1 IIC Payments/(Receipts) (\$)	1,265,929	353,640	484,415	7,329	41,220	1,832,176	6,286,325	5,688,244	2,360,242	199,580	67,649	144,635	18,731,384
2 Projected Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	746,424
3 Transmission Revenue (\$)	(56,915)	(37,118)	(31,779)	(15,372)	(28,687)	(20,062)	(13,000)	(7,000)	(11,000)	(7,000)	(9,000)	(7,000)	(243,933)
4 Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	1,271,216	378,724	514,838	54,159	74,735	1,874,316	6,335,527	5,743,446	2,411,444	254,782	120,851	199,837	19,233,875
5 Jurisdictional %	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	
6 Jurisdictional Capacity Payments/(Receipts) (Line 4 x Line 5) (\$)	1,226,747	365,476	496,828	52,264	72,122	1,808,750	6,113,902	5,542,533	2,327,089	245,869	116,623	192,846	18,561,047
7 Retail KWH Sales							1,121,280,000	1,121,219,000	928,542,000	820,717,000	711,070,000	814,258,000	
8 Purchased Power Capacity Cost Recovery Factor (#/KWH)							0.167	0.167	0.167	0.167	0.167	0.167	
9 Capacity Cost Recovery Revenues (Line 7 x Line 8/100) (\$)	1,605,955	1,384,327	1,255,441	1,242,257	1,612,485	1,794,023	1,872,538	1,872,436	1,550,665	1,370,597	1,187,487	1,359,811	18,108,022
10 Revenue Taxes (Line 9 x .00072) (\$)*	1,156	997	904	894	1,161	1,292	1,348	1,348	1,116	987	855	979	13,037
11 True-Up Provision (\$)	104,381	104,381	104,381	104,381	104,381	104,381	104,381	104,381	104,381	104,381	104,381	104,381	1,252,572
Capacity Cost Recovery Revenues net of Revenue Taxes (Line 9 - Line 10 + Line 11) (\$)	1,709,180	1,487,711	1,358,918	1,345,744	1,715,705	1,897,112	1,975,571	1,975,469	1,653,930	1,473,991	1,291,013	1,463,213	19,347,557
13 Over/(Under) Recovery (Line 12 - Line 6) (\$)	482,433	1,122,235	862,090	1,293,480	1,643,583	88,362	(4,138,331)	(3,567,064)	(673,159)	1,228,122	1,174,390	1,270,367	786,510
14 Interest Provision (\$)	2,173	2,676	3,337	4,240	5,547	7,108	5,015	1,110	(1,086)	(916)	166	1,271	30,641
15 Total Estimated True-Up for the Period January 2003 - December 2003 (Lines 13 + 14) (\$)													817,151

NOTE 1: Interest is Calculated for July - December at June's rate of 0.0988 %  
NOTE 2: Actual IIC Payments for January through June include Market Capacity Payments