

Susan D. Ritenour
Secretary and Treasurer
and Regulatory Manager

One Energy Place
Pensacola, Florida 32520-0781

Tel 850.444.6231
Fax 850.444.6026
SDRITENO@southernco.com



August 29, 2008

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Cole:

Enclosed for official filing in Docket No. 080001-EI are an original and fifteen copies of the following:

1. The Petition of Gulf Power Company 07999-08
2. Prepared direct testimony and exhibit of H. R. Ball. 08000-08
3. Prepared direct testimony and exhibit of R. W. Dodd. 080001-08
4. Prepared direct testimony and exhibit of L. S. Noack. 080002-08

Also enclosed is CD containing the Petition in Microsoft Word for Windows format as prepared on an NT computer.

Sincerely,

Susan D. Ritenour (lw)

COM 5+1
ECR
GCL 1
OPC
RCP 2
SSC
SGA 1
ADM
CLK

mv
CD forwarded to GCL
Enclosures
cc: Beggs & Lane
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE

07999 SEP-28

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 ____ day of August, 2008, on the following:

John T. Burnett, Esq.
Progress Energy Service Co.
P. O. Box 14042
St. Petersburg FL 33733-4042

Mehrdad Khojasteh
Florida Public Utilities Company
P. O. Box 3395
West Palm Beach FL 33402-3395

Lisa Bennett, Esq.
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0863

John T. Butler, Esq.
Senior Attorney for Florida
Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408-0420

R. Wade Litchfield, Esq.
Associate General Counsel for
Florida Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408-0420

Jeffrey S. Bartel
Vice President
Florida Power & Light Co.
215 S. Monroe Street, Ste. 810
Tallahassee FL 32301-1859

John W. McWhirter, Jr., Esq.
Attorney for Florida Industrial
Power Users Group
McWhirter Reeves & Davidson
P.O. Box 3350
Tampa, FL 33601-3350

Lee L. Willis, Esq.
James D. Beasley, Esq.
Attorneys for Tampa Electric Co.
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302

Paula K. Brown, Administrator
Regulatory Coordination
Tampa Electric Company
P. O. Box 111
Tampa FL 33601

Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 E. College Ave., Ste. 800
Tallahassee FL 32301-7740

Patricia Ann Christensen, Esq.
Office of Public Counsel
111 W. Madison St., Room 812
Tallahassee FL 32399-1400

Norman H. Horton, Jr., Esq.
Messer, Caparello & Self, P.A.
P. O. Box 15579
Tallahassee FL 32317

Michael B. Twomey
Attorney for AARP
P. O. Box 5256
Tallahassee FL 32314-5256

Cecilia Bradley
Senior Assistant Attorney General
Office of the Attorney General
The Capitol-PL01
Tallahassee FL 32399-1050

James W. Brew
Brickfield, Burchette, et al., P.C.
1025 Thomas Jefferson St., NW
Eighth, West Tower
Washington DC 20007-5201

Karin S. Torain
PCS Administration (USA), Inc.
Skokie Boulevard, Ste. 400
Northbrook IL 60062

Florida Retail Federation
100 East Jefferson Street
Tallahassee FL 32301

Robert Scheffel Wright
John T. LaVia, III
Young van Assenderp, P.A.
225 S. Adams Street, Suite 200
Tallahassee FL 32301



JEFFREY A. STONE

Florida Bar No. 325953

RUSSELL A. BADDERS

Florida Bar No. 007455

STEVEN R. GRIFFIN

Florida Bar No. 0627569

BEGGS & LANE

P. O. Box 12950

Pensacola FL 32591-2950

(850) 432-2451

Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating Performance) Docket No.: 080001-EI
Incentive Factor.) Filed: August 29, 2008
_____)

**PETITION OF GULF POWER COMPANY FOR APPROVAL OF
FINAL FUEL COST TRUE-UP AMOUNTS
FOR JANUARY 2007 THROUGH DECEMBER 2007;
FINAL GPIF ADJUSTMENT
FOR JANUARY 2007 THROUGH DECEMBER 2007
ESTIMATED FUEL COST TRUE-UP AMOUNTS
FOR JANUARY 2008 THROUGH DECEMBER 2008;
PROJECTED FUEL COST RECOVERY AMOUNTS
FOR JANUARY 2009 THROUGH DECEMBER 2009;
FINAL PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR JANUARY 2007 THROUGH DECEMBER 2007;
ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP AMOUNTS
FOR JANUARY 2008 THROUGH DECEMBER 2008;
PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS
FOR JANUARY 2009 THROUGH DECEMBER 2009;
ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS;
GPIF TARGETS AND RANGES FOR JANUARY 2009 THROUGH DECEMBER 2009;
FINANCIAL HEDGING ACTIVITIES AND SETTLEMENTS
FOR JANUARY 2008 THROUGH JULY 2008;
GULF POWER COMPANY'S RISK MANAGEMENT PLAN FOR FUEL
PROCUREMENT;
FUEL COST RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE
PERIOD JANUARY 2009 THROUGH DECEMBER 2009; AND
CAPACITY COST RECOVERY FACTORS TO BE APPLIED BEGINNING WITH THE
PERIOD JANUARY 2009 THROUGH DECEMBER 2009**

Notices and communications with respect to this petition and docket should be addressed to:

Jeffrey A. Stone
Russell A. Badders
Steven R. Griffin
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32591

Susan D. Ritenour
Secretary and Treasurer
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

DOCUMENT NUMBER-DATE

07999 SEP-28

FPSC-COMMISSION CLERK

GULF POWER COMPANY (“Gulf Power”, “Gulf”, or “the Company”), by and through its undersigned counsel, hereby petitions this Commission for approval of the Company's (a) final fuel adjustment true-up amounts for the period January 2007 through December 2007; (b) final GPIF adjustment; (c) estimated fuel cost true-up amounts for the period January 2008 through December 2008; (d) projected fuel cost recovery amounts for the period January 2009 through December 2009; (e) final purchased power capacity cost true-up amounts for the period January 2007 through December 2007; (f) estimated purchased power capacity cost true-up amounts for the period January 2008 through December 2008; (g) projected purchased power capacity cost recovery amounts for the period January 2009 through December 2009; (h) estimated as-available avoided energy costs for qualifying facilities (QF's); (i) GPIF targets and ranges for January 2009 through December 2009; (j) financial hedging activities and settlements for January 2008 through July 2008; (k) Gulf Power Company's Risk Management Plan for Fuel Procurement; (l) fuel cost recovery factors to be applied beginning with the period January 2009 through December 2009; and (m) capacity cost recovery factors to be applied beginning with the period January 2009 through December 2009.

As grounds for the relief requested by this petition, the Company would respectfully show:

FINAL FUEL ADJUSTMENT TRUE-UP

(1) By vote of the Commission at the November 2007 hearings, estimated fuel true-up amounts were approved by the Commission, subject to establishing the final fuel true-up amounts. According to the data filed by Gulf for the period ending December 31, 2007, the actual fuel true-up amount for the subject twelve months should be an under recovery of

\$25,826,884 instead of the estimated under recovery of \$12,525,950 as approved previously by this Commission. The difference between these two amounts, \$13,300,934, is submitted for approval by the Commission to be collected in the next period. The supporting data has been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost procedures and fairly presents the Company's fuel and purchased energy expenses for the period. Amounts spent by the Company for fuel and purchased energy are reasonable and prudent, and the Company makes every effort to secure the most favorable price for all of the fuel it purchases and for its energy purchases.

GPIF ADJUSTMENT

(2) On April 3, 2008, Gulf filed the testimony and exhibit of L. S. Noack containing the Company's actual operating results for the period January 2007 through December 2007. Based on the actual operating results for the period January 2007 through December 2007, Gulf should receive a penalty in the amount of \$433,685. The methodology used by Gulf in determining the various factors required to compute the GPIF is in accordance with the requirements of the Commission.

ESTIMATED FUEL COST TRUE-UP

(3) Gulf has calculated its estimated fuel cost true-up amount for the period January 2008 through December 2008. Based on six months actual experience and six months projected data, the Company's estimated fuel cost true-up amount for the current period (January 2008 through December 2008) is an under recovery of \$58,380,329 less \$23,707,734 additional true-up to be collected September through December 2008 in accordance with Commission Order No. PSC-08-0541-PCO-EI. The supporting data is provided in the testimony and schedules of R. W.

Dodd filed herewith. The estimated fuel cost true-up for the current period is combined with the net final fuel adjustment true-up for the period ending December 2007 to reach the total fuel cost true-up to be addressed in the factors for the next fuel cost recovery period. The proposed fuel cost recovery factors reflect the collection of this total true-up amount, \$47,973,529, during the period of January 2009 through December 2009.

PROJECTED FUEL COST RECOVERY AMOUNTS

(4) Gulf has calculated its projected fuel cost recovery amounts for the months January 2009 through December 2009 for fuel and purchased energy in accordance with the procedures set out in this Commission's Orders Nos. 6357, 7890, 7501, and 9273 of Docket No. 74680-EI and with the orders entered in this ongoing cost recovery docket. The computations thereof are attached as Schedule E-1 of the exhibit to the testimony of R. W. Dodd filed herewith. The supporting data prepared in accordance with the Commission Staff's suggested procedures and format is attached as Schedules E-1 through E-11 and H-1 of the exhibit to the testimony of R.W. Dodd filed herewith. Said schedules are by reference made a part hereof. The proposed amounts and supporting data have been prepared in accordance with the uniform system of accounts as applicable to the Company's fuel cost projection procedures and fairly present the Company's best estimate of fuel and purchased energy expense for the projected period. Amounts projected by the Company for fuel and purchased energy are reasonable and prudent, and the Company continues to make every effort to secure the most favorable price for all of the fuel it purchases and for its purchased energy.

FINAL PURCHASED POWER CAPACITY COST TRUE-UP

(5) By vote of the Commission at the November 2007 hearings, estimated purchased power capacity cost true-up amounts were approved by the Commission, subject to establishing the final purchased power capacity cost true-up amounts. According to the data filed by Gulf for the twelve-month period ending December 2007, the final purchased power capacity cost true-up amount for the subject twelve months should be an actual over recovery of \$1,542,917 instead of the estimated over recovery of \$1,635,509 as approved previously by this Commission. The difference between these two amounts, \$92,592, is submitted for approval by the Commission to be collected in the next period. The supporting data has been prepared in accordance with the uniform system of accounts and fairly presents the Company's purchased power capacity expenses for the period. Amounts spent by the Company for purchased power capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED PURCHASED POWER CAPACITY COST TRUE-UP

(6) Gulf has calculated its estimated purchased power capacity cost true-up amount for the period January 2008 through December 2008. Based on six months actual and six months projected data, the Company's estimated capacity cost true-up amount for the current period is an under recovery of \$274,796. The net estimated capacity cost true-up for the current period is combined with the net final capacity cost true-up for the period ending December 2007 to reach the total capacity cost true-up to be addressed in the factors for the next cost recovery period. The proposed capacity cost recovery factors reflect the collection of this total capacity cost true-up amount, \$367,388, during the period of January 2009 through December 2009.

PROJECTED PURCHASED POWER CAPACITY COST RECOVERY AMOUNTS

(7) Gulf has calculated its projected purchased power capacity cost recovery amounts for the months January 2009 through December 2009 in accordance with the procedures set out in Order No. 25773, Order No. PSC-93-0047-FOF-EI and Order No. PSC-99-2512-FOF-EI. The proposed factors reflect the recovery of the net capacity cost recovery amount of \$34,063,542 projected for the period January 2009 through December 2009.

The computations and supporting data for the Company's purchased power capacity cost recovery factors are set forth on Schedules CCE-1 (including CCE-1a and CCE-1b), CCE-2 and CCE-4 attached as part of the exhibit to the testimony of R. W. Dodd filed herewith. Additional supporting data for the purchased power capacity cost recovery factors is provided in the testimony and exhibit of H. R. Ball also filed herewith. The methodology used by Gulf in determining the amounts to include in these factors and the allocation to rate classes, based 12/13th on demand and 1/13th on energy, is in accordance with the requirements of the Commission as set forth in Order No. 25773. The amounts included in the factors for this projection period are based on reasonable projections of the capacity transactions that are expected to occur during the period January 2009 through December 2009. The proposed factors and supporting data have been prepared in accordance with the uniform system of accounts and fairly present the Company's best estimate of purchased power capacity costs for the projected period. Amounts projected by the Company for purchased power capacity are reasonable and prudent, and in the best long-term interests of Gulf's general body of ratepayers.

ESTIMATED AS-AVAILABLE AVOIDED ENERGY COSTS

(8) Pursuant to Order 13247 (entered May 1, 1984) in Docket No. 830377-EI and

Order No. 19548 (entered June 21, 1988) in Docket No. 880001-EI, Gulf has calculated estimates of as-available avoided energy costs for QF's in accordance with the procedures required in said orders. The resultant costs are attached to the testimony of R. W. Dodd as Schedule E-11 and by reference made a part hereof. Gulf Power requests that the Commission approve the estimates for these costs set forth on Schedule E-11.

GPIF TARGETS AND RANGES

(9) Gulf also seeks approval of the GPIF targets and ranges for the period January 2009 through December 2009 set forth below:

Unit	EAF	POF	EUOF	Heat Rate
Crist 4	98.0	0.0	2.0	10,810
Crist 5	96.4	0.0	3.6	10,594
Crist 6	81.8	10.7	7.5	10,530
Crist 7	68.7	22.2	9.2	10,496
Smith 1	89.7	6.3	4.0	10,310
Smith 2	95.9	0.0	4.1	10,349
Daniel 1	81.2	15.3	3.5	10,096
Daniel 2	89.7	5.8	4.6	9,870
EAF = Equivalent Availability Factor (%) POF = Planned Outage Factor (%) EUOF = Equivalent Unplanned Outage Factor (%)				

HEDGING ACTIVITIES AND SETTLEMENTS

(10) As demonstrated in the Hedging Information Report filed on August 14, 2008 and

incorporated by reference as Exhibit HRB-3 to the testimony of H.R. Ball filed September 2, 2008, Gulf experienced a net gain of \$7,464,115 associated with its natural gas hedging transactions effected between January 1, 2008 and July 31, 2008. Pursuant to Order No. PSC-08-0316-PAA-EI, Gulf Power requests that the Commission find that its current-year hedging transactions are prudent.

GULF POWER COMPANY’S RISK MANAGEMENT PLAN FOR FUEL

PROCUREMENT

(11) Gulf Power hereby requests that the Commission approve its Risk Management Plan for Fuel Procurement dated September 2, 2008.

FUEL COST RECOVERY FACTORS

(12) The proposed levelized fuel and purchased energy cost recovery factor, including GPIF and True-Up, herein requested is 5.728 ¢/KWH. The proposed factors by rate schedule are:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP, GS, GSD, GSDT, GSTOU, SBS, OSIII	1.00526	5.758	6.737	5.351
B	LP, LPT, SBS	0.98890	5.664	6.627	5.264
C	PX, PXT, RTP, SBS	0.98063	5.617	6.572	5.220
D	OSI/II	1.00529	5.699	N/A	N/A

*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: customers with a Contract Demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; customers with a Contract Demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and customers with a Contract Demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

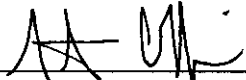
CAPACITY COST RECOVERY FACTORS

(13) The proposed purchased power capacity cost recovery factors by rate class herein requested, including true-up, are:

RATE CLASS	CAPACITY COST RECOVERY FACTORS ¢/KWH
RS, RSVP	0.335
GS	0.307
GSD, GSDT, GSTOU	0.262
LP, LPT	0.227
PX, PXT, RTP, SBS	0.190
OS-I/II	0.079
OSIII	0.204

WHEREFORE, Gulf Power Company respectfully requests the Commission to approve the final fuel adjustment true-up for the period January 2007 through December 2007; the GPIF adjustment for the period January 2007 through December 2007; the estimated fuel cost true-up for the period January 2008 through December 2008; the projected fuel cost recovery amount for the period January 2009 through December 2009; the final purchased power capacity cost true-up amount for the period January 2007 through December 2007; the estimated purchased power capacity cost recovery true-up amount for the period January 2008 through December 2008; the projected purchased power capacity cost recovery amount for the period January 2009 through December 2009; the estimated as-available avoided energy costs for QF's; the GPIF targets and ranges for the period January 2009 through December 2009; the financial hedging activities and settlements for the period January 2008 through July 2008; Gulf Power Company's Risk Management Plan for Fuel Procurement ; the fuel cost recovery factors to be applied beginning with the period January 2009 through December 2009; and the capacity cost recovery factors to be applied beginning with the period January 2009 through December 2009.

Dated the 29th day of August, 2008.



JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
STEVEN R. GRIFFIN
Florida Bar No. 0627569
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32591
(850) 432-2451
Attorneys for Gulf Power Company