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April 30, 2009

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COMMISSION
CLERK

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

Dear Ms. Cole:

RE: Docket No. 090002-EG, Energy Conservation Cost Recovery Clause

Enclosed for official filing are an original and fifteen copies of the final true-up testimony and exhibit for the period January – December 2008 of John N. Floyd in the above referenced docket.

Sincerely,

Susan D. Ritenour (lv)

mv

COM 5 Enclosures

ECR 1

GCL 1

OPC 1

REP 1

SEC _____

SGA _____

ADM _____

CLK Ch. Reporter

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

DOCUMENT NUMBER-DATE

04085 MAY-1 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Conservation Cost Recovery**)
_____)

Docket No.: **090002-EG**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this
30th of April, 2009, on the following:

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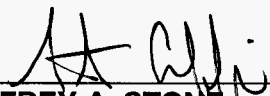
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**ENERGY CONSERVATION COST
RECOVERY CLAUSE**

DOCKET NO. 090002-EG

**PREPARED DIRECT TESTIMONY AND
EXHIBIT OF
JOHN N. FLOYD**

**Final True-up
JANUARY - DECEMBER 2008**

May 1, 2009



DOCUMENT NUMBER-DATE

04085 MAY-18

FPSC-COMMISSION CLERK

1 Gulf Power Company

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 John N. Floyd
5 Docket No. 090002-EG
6 Energy Conservation Cost Recovery Clause
7 May 1, 2009

8

9 Q. Will you please state your name, business address,
10 employer and position?

11 A. My name is John N. Floyd and my business address is One
12 Energy Place, Pensacola, Florida 32520. I am employed
13 by Gulf Power Company as the Economic Evaluation and
14 Market Reporting Team Leader.

15

16 Q. Mr. Floyd, please describe your educational background
17 and business experience.

18 A. I received a Bachelor Degree in Electrical Engineering
19 from Auburn University in 1985. After serving four
20 years in the U.S. Air Force, I began my career in the
21 electric utility industry at Gulf Power in 1990 and have
22 held various positions within the Company in Power
23 Generation, Metering, Power Delivery Distribution, and
24 Marketing. In my present position, I am responsible for
25 Energy Conservation Cost Recovery (ECCR) filings,
economic evaluations, market research, and other
marketing services activities.

DOCUMENT NUMBER-DATE

04085 MAY-18

FPSC-COMMISSION CLERK

1 Q. Have you previously testified before this Commission in
2 connection with the Energy Conservation Cost Recovery
3 Clause?

4 A. Yes.

5

6 Q. Mr. Floyd, for what purpose are you appearing before
7 this Commission today?

8 A. I am testifying before this Commission on behalf of Gulf
9 Power regarding matters related to the Energy
10 Conservation Cost Recovery Clause, specifically the
11 approved programs and related expenses for
12 January, 2008, through December, 2008.

13

14 Q. Are you familiar with the documents concerning the
15 Energy Conservation Cost Recovery Clause and its related
16 true-up and interest provisions?

17 A. Yes, I am.

18

19 Q. Have you verified that to the best of your knowledge and
20 belief, this information is correct?

21 A. Yes, I have.

22 Counsel: We ask that Mr. Floyd's exhibit consisting of
23 6 Schedules, CT-1 through CT-6, be marked for
24 identification as:

25 Exhibit No. ____ (JNF-1)

1 Q. Would you summarize for this Commission the deviations
2 between the actual expenses for this recovery period and
3 the estimated/actual estimate of expenses previously
4 filed with this Commission?

5 A. The estimated/actual true-up net expenses for the entire
6 recovery period January, 2008, through December, 2008,
7 were \$9,741,270 while the actual expenses were
8 \$9,257,740 resulting in a variance of (\$483,530) or 5.0%
9 under the estimated/actual true-up. See Schedule CT-2,
10 Line 9.

11

12 Q. Mr. Floyd, would you explain the January, 2008, through
13 December, 2008, variance?

14 A. Yes. The reasons for this variance are less expenses
15 than estimated in the following programs: Residential
16 Geothermal Heat Pump Program, under \$106,109; GoodCents
17 *Select*, under \$81,235; Commercial/ Industrial Energy
18 Analysis, under \$99,805; GoodCents Commercial Buildings,
19 under \$80,154; Commercial Geothermal Heat Pump, under
20 \$78,990; Energy Services, under \$13,712; Renewable
21 Energy, under \$5,547; and Conservation Demonstration and
22 Development, under \$72,516. The underages experienced
23 in these programs are offset by an increase of expenses
24 in the following program: Residential Energy Surveys,
25 over \$54,538. The resulting net variance is \$483,530

1 under the estimated/actual program expenses reported in
2 September, 2008. A more detailed description of the
3 deviations is contained in Schedule CT-6.

4

5 Q. Mr. Floyd, what was Gulf Power's adjusted net true-up
6 for the period January, 2008 through December, 2008?

7 A. There was an over-recovery of \$322,171 as shown on
8 Schedule CT-1.

9

10 Q. Would you describe the results of your programs during
11 the recovery period?

12 A. A more detailed review of each of the programs is
13 included in my Schedule CT-6. The following is a
14 synopsis of program results during this recovery period.

15 (A) Residential Energy Surveys - During this period,
16 the Company completed 4,714 surveys compared to the
17 projection of 6,261 surveys.

18 (B) Residential Geothermal Heat Pump - During the 2008
19 recovery period, a total of 97 geothermal heat
20 pumps were installed compared to a projection of
21 300.

22 (C) GoodCents Select - During this recovery period,
23 there was a net reduction of 115 units with a total
24 of 8,716 units on-line at December 31, 2008. Gulf
25 had projected a net customer addition of 100 units.

- 1 (D) Commercial/Industrial (C/I) Energy Analysis -
2 During 2008, a total of 317 C/I Energy Analyses
3 were completed compared to a projection of 300.
- 4 (E) GoodCents Commercial Buildings - During this
5 recovery period, a total of 151 buildings were
6 built or improved to GoodCents standards, compared
7 to a projection of 180.
- 8 (F) Commercial Geothermal Heat Pump - During the 2008
9 recovery period, there were 3 geothermal heat pump
10 units installed compared to 20 units projected.
- 11 (G) Energy Services - For the 2008 recovery period, at
12 the meter reductions of 93,432 kWh, winter kW of
13 41 and summer kW of 23 were achieved. The
14 projected results for this period were at the
15 meter energy reductions of 1,178,470 kWh and at
16 the meter demand reductions of 510 kW winter and
17 275 kW summer.
- 18 (H) Renewable Energy - Costs associated with the
19 Renewable Energy program are provided in Schedule
20 CT-3, pages 1 through 3. Further description of
21 these activities can be found in Schedule CT-6,
22 pages 8 and 9.
- 23 (I) Conservation Demonstration and Development - Costs
24 associated with the Conservation Demonstration and
25 Development program are provided in Schedule CT-3,

1 pages 1 through 3. Further description of these
2 activities can be found in Schedule CT-6, pages 10
3 and 11.

4

5 Q. Mr. Floyd, does this conclude your testimony?

6 A. Yes, it does.

7

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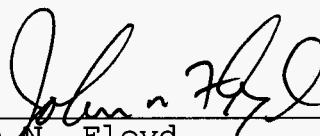
25

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF ESCAMBIA)

Docket No. 090002-EG

Before me the undersigned authority, personally appeared John N. Floyd, who being first duly sworn, deposes and says that he is the Economic Evaluation and Market Reporting Team Leader of Gulf Power Company, a Florida Corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



John N. Floyd
Economic Evaluation and Market
Reporting Team Leader

Sworn to and subscribed before me this 28th day of April, 2009.



Melinda M. Mixon
Notary Public, State of Florida at Large

INDEX

Schedule Number	Title	Pages
CT-1	Adjusted net True-Up, January 2008 Through December 2008	1
CT-2	Analysis of Energy Conservation Program Costs	2
CT-3	Energy Conservation Adjustment	3 - 7
CT-4	Schedule of Capital Investments, Depreciation and Return	8 - 9
CT-5	Reconciliation and Explanation of Differences Between Filing and Audit	10
CT-6	Program Descriptions and Progress Reports	11 - 21

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ADJUSTED NET TRUE-UP
For the Period: January, 2008 Through December, 2008

	<u> \$ </u>	<u> \$ </u>
Actual		
1. Principal	2,838,576	
2. Interest	<u>73,090</u>	
3. Actual Over/(Under) Recovery Ending Balance		2,911,666
Estimated/Actual as filed September 12, 2008		
4. Principal	2,525,690	
5. Interest	<u>63,805</u>	
6. Total Estimated/Actual Over/(Under) Recovery		<u>2,589,496</u>
7. Adjusted Net True-up Over/(Under) Recovery (Line 3 - 6)		<u><u>322,171</u></u>

GULF POWER COMPANY
ENERGY CONSERVATION COST RECOVERY
ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
ACTUAL compared to ESTIMATED/ACTUAL
For the Period: January, 2008 Through December, 2008

	<u>Actual</u>	<u>Est/Actual</u>	<u>Difference</u>
	\$	\$	\$
1. Depreciation, Return & Property Tax	1,895,466.19	1,892,077.50	3,388.69
2. Payroll & Benefits	3,299,052.70	3,648,218.00	(349,165.30)
3. Materials & Supplies	4,307,157.37	4,450,924.00	(143,766.63)
4. Advertising	494,392.92	507,148.00	(12,755.08)
5. Adjustments	0.00	0.00	0.00
6. Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
7. Subtotal	9,996,069.18	10,498,367.50	(502,298.32)
8. Program Revenues	<u>738,329.04</u>	<u>757,097.25</u>	<u>(18,768.21)</u>
9. Total Program Costs	<u>9,257,740.14</u>	<u>9,741,270.25</u>	<u>(483,530.11)</u>
10. Less: Payroll Adjustment	0.00	0.00	0.00
11. Amounts Inc. in Base Rate	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
12. Conservation Adjustment Revenues	<u>10,498,660.25</u>	<u>10,669,304.55</u>	<u>(170,644.30)</u>
13. Rounding Adjustment	<u>10,498,660.00</u>	<u>10,669,305.00</u>	<u>(170,645.00)</u>
14. True-up Before Adjustment Over/(Under) Recovery	1,240,920	928,035	312,885
15. Interest Provision	73,090	63,805	9,285
16. Prior Period True-up	1,597,656	1,597,656	0
17. Other	<u>0</u>	<u>0</u>	<u>0</u>
18. End of Period True-up	<u>2,911,666</u>	<u>2,589,496</u>	<u>322,170</u>

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
 VARIANCE ACTUAL Vs ESTIMATED/ACTUAL
 For the Period: January, 2008 Through December, 2008

Program	Depr/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	(0.01)	40,325.54	11,768.76	2,444.27	0.00	54,538.56	0.00	54,538.56
2. Residential Geothermal Heat Pump	0.00	(27,411.01)	(78,316.73)	(381.12)	0.00	(106,108.86)	0.00	(106,108.86)
3. Good Cents <i>Select</i>	3,388.70	(114,934.75)	7,770.06	3,772.95	0.00	(100,003.04)	(18,768.21)	(81,234.83)
4. Commercial / Industrial Energy Analysis	0.00	(110,018.92)	14,285.44	(4,072.00)	0.00	(99,805.48)	0.00	(99,805.48)
5. GoodCents Commerical Buildings	0.00	(71,415.44)	5,670.16	(14,409.00)	0.00	(80,154.28)	0.00	(80,154.28)
6. Commercial Geothermal Heat Pump	0.00	(5,619.36)	(73,370.89)	0.00	0.00	(78,990.25)	0.00	(78,990.25)
7. Energy Services	0.00	0.00	(13,712.16)	0.00	0.00	(13,712.16)	0.00	(13,712.16)
8. Renewable Energy								
a. Solar for Schools	0.00	(2,477.60)	(600.01)	0.00	0.00	(3,077.61)	0.00	(3,077.61)
b. EarthCents Solar	0.00	(3,332.12)	(817.92)	(110.18)	0.00	(4,260.22)	0.00	(4,260.22)
c. Renewable Energy Initiatives	0.00	(46,707.94)	48,498.73	0.00	0.00	1,790.79	0.00	1,790.79
d. Total	0.00	(52,517.66)	47,080.80	(110.18)	0.00	(5,547.04)	0.00	(5,547.04)
9. Conservation Demonstration and Development	0.00	(7,573.70)	(64,942.07)	0.00	0.00	(72,515.77)	0.00	(72,515.77)
10. Total	3,388.69	(349,165.30)	(143,766.63)	(12,755.08)	0.00	(502,298.32)	(18,768.21)	(483,530.11)
11. Less Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Total	3,388.69	(349,165.30)	(143,766.63)	(12,755.08)	0.00	(502,298.32)	(18,768.21)	(483,530.11)

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CONSERVATION COSTS BY PROGRAM
ACTUAL EXPENSES
For the Period: January, 2008 Through December, 2008

Program	Depreciation Property Taxes & Return on Investment	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	1,677.80	827,935.54	110,888.76	205,895.27	0.00	1,146,397.37	0.00	1,146,397.37
2. Residential Geothermal Heat Pump	0.00	87,226.99	104,020.27	2,118.88	0.00	193,366.14	0.00	193,366.14
3. GoodCents <i>Select</i>	1,893,788.39	1,266,851.25	3,595,005.06	278,772.95	0.00	7,034,417.65	738,329.04	6,296,088.61
4. Commercial / Industrial Energy Analysis	0.00	431,388.08	161,274.44	0.00	0.00	592,662.52	0.00	592,662.52
5. GoodCents Commerical Buildings	0.00	575,285.56	74,103.16	2,716.00	0.00	652,104.72	0.00	652,104.72
6. Commercial Geothermal Heat Pump	0.00	56,836.64	17,629.11	0.00	0.00	74,465.75	0.00	74,465.75
7. Energy Services	0.00	0.00	41,287.84	0.00	0.00	41,287.84	0.00	41,287.84
8. Renewable Energy								
a. Solar for Schools	0.00	345.40	55.99	0.00	0.00	401.39	0.00	401.39
b. EarthCents Solar	0.00	3,256.88	9,833.08	4,889.82	0.00	17,979.78	0.00	17,979.78
c. Renewable Energy Initiatives	0.00	28,170.06	163,822.73	0.00	0.00	191,992.79	0.00	191,992.79
d. Total	0.00	31,772.34	173,711.80	4,889.82	0.00	210,373.96	0.00	210,373.96
9. Conservation Demonstration and Development								
a. Electrode Boiler	0.00	7,252.11	3,113.42	0.00	0.00	10,365.53	0.00	10,365.53
b. McDonald's Geothermal Project	0.00	7,252.11	48.59	0.00	0.00	7,300.70	0.00	7,300.70
c. UWF BEST House	0.00	7,252.08	26,074.92	0.00	0.00	33,327.00	0.00	33,327.00
d. Total	0.00	21,756.30	29,236.93	0.00	0.00	50,993.23	0.00	50,993.23
10. Total	1,895,466.19	3,299,052.70	4,307,157.37	494,392.92	0.00	9,996,069.18	738,329.04	9,257,740.14

4

Florida Public Service Commission
Docket No. 090002-EG
GULF POWER COMPANY
Witness: John N. Floyd
Exhibit No. _____ (JNF-1)
Schedule CT-3
Page 2 of 5

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
SUMMARY OF ACTUAL EXPENSES BY PROGRAM BY MONTH
For the Period: January, 2008 Through December, 2008

PROGRAMS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Residential Energy Surveys	67,668.66	132,224.02	98,769.15	76,582.44	77,055.97	86,329.67	90,411.18	90,612.25	83,488.81	84,073.89	86,585.92	170,917.61	1,144,719.57
Amortization & Return on Investment	144.82	143.91	143.00	142.09	141.18	140.27	139.36	138.45	137.55	136.64	135.73	134.80	1,677.80
Total	67,813.48	132,367.93	98,912.15	76,724.53	77,197.15	86,469.94	90,550.54	90,750.70	83,626.36	84,210.53	86,721.65	171,052.41	1,146,397.37
2. Residential Geothermal Heat Pump	12,305.79	17,986.16	17,560.76	15,794.85	23,159.23	21,356.78	9,520.53	15,238.15	15,672.71	10,365.85	19,190.66	15,214.67	193,366.14
3. GoodCents Select	378,151.26	366,637.12	336,832.72	390,533.52	330,375.58	365,202.45	346,870.71	386,170.66	357,488.08	444,001.86	241,493.87	1,196,871.43	5,140,629.26
Amortization & Return on Investment	158,110.06	158,020.54	158,018.32	157,996.45	158,037.98	157,803.51	157,846.02	158,108.90	158,040.61	158,093.22	158,075.43	155,637.35	1,893,788.39
Total	536,261.32	524,657.66	494,851.04	548,529.97	488,413.56	523,005.96	504,716.73	544,279.56	515,528.69	602,095.08	399,569.30	1,352,508.78	7,034,417.65
4. Commercial / Industrial Energy Analysis	64,270.74	43,486.62	49,668.64	45,093.26	38,857.24	71,096.29	43,097.06	47,804.98	40,687.27	43,591.40	52,653.27	52,355.75	592,662.52
5. GoodCents Commercial Buildings	45,564.24	50,862.47	61,309.35	52,795.92	53,160.20	47,867.80	58,025.76	56,801.49	52,999.50	58,508.07	53,572.89	60,637.03	652,104.72
6. Commercial Geothermal Heat Pump	3,636.40	5,454.44	5,908.68	5,693.93	7,688.58	4,955.62	4,229.23	6,001.60	5,020.53	16,527.24	4,338.67	5,010.83	74,465.75
7. Energy Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40,000.00	1,287.94	41,287.94
8. Renewable Energy													
a. Solar for Schools	39.49	33.16	(0.75)	44.37	194.97	(163.34)	51.64	9.05	111.30	(63.70)	4.82	140.38	401.39
b. EarthCents Solar	803.85	1,632.25	1,308.00	1,971.74	1,261.82	1,524.85	1,548.73	1,693.45	1,483.49	1,160.66	1,550.11	2,040.83	17,979.78
c. Renewable Energy Initiatives	2,037.02	5,325.91	9,766.51	9,873.29	16,819.22	11,959.69	24,242.55	24,692.70	20,533.65	16,013.05	22,256.31	28,472.89	191,992.79
d. Total	2,880.36	6,991.32	11,073.76	11,889.40	18,276.01	13,321.20	25,842.92	26,395.20	22,128.44	17,110.01	23,811.24	30,654.10	210,373.96
9. Conservation Demonstration and Development													
a. Electrode Boiler	465.26	679.30	600.95	582.77	3,559.66	593.41	609.89	616.76	803.36	388.07	721.55	744.55	10,365.53
b. McDonald's Geothermal Project	465.26	679.30	600.95	582.77	612.42	593.41	609.89	616.76	803.36	388.07	721.55	626.96	7,300.70
c. UWF BEST House	465.27	679.32	600.95	582.78	612.42	593.42	25,609.90	616.76	803.37	388.05	721.53	1,653.23	33,327.00
d. Total	1,395.79	2,037.92	1,802.85	1,748.32	4,784.50	1,780.24	26,829.68	1,850.28	2,410.09	1,164.19	2,164.63	3,024.74	50,993.23
10. Recoverable Conservation Expenses	734,128.12	783,844.52	741,087.23	758,270.18	711,536.47	769,853.83	762,812.45 #	789,121.96	738,073.59	833,572.37	682,022.31	1,691,746.15	9,996,069.18

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GULF POWER COMPANY
ENERGY CONSERVATION ADJUSTMENT
CALCULATION OF OVER/UNDER RECOVERY
For the Period: January, 2008 Through December, 2008

Conservation Revenues	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. GoodCents Select RSVP Fees	56,692.33	54,486.25	56,221.82	53,353.99	57,512.63	68,130.39	70,705.84	73,914.86	70,101.79	66,454.48	55,104.72	55,649.94	738,329.04
2. Over/(Under) Recovery	876,512.03	736,302.66	718,077.49	744,687.91	930,117.91	1,041,818.46	1,144,449.26	1,048,786.85	1,002,837.75	874,287.39	677,851.82	702,930.72	10,498,660.25
3. Total Revenues	933,204.36	790,788.91	774,299.31	798,041.90	987,630.54	1,109,948.85	1,215,155.10	1,122,701.71	1,072,939.54	940,741.87	732,956.54	758,580.66	11,236,989.29
4. Adjustment not Applicable to Period - Prior True Up	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	21,350.58	256,206.96
5. Conservation Revenues Applicable to Period	954,554.94	812,139.49	795,649.89	819,392.48	1,008,981.12	1,131,299.43	1,236,505.68	1,144,052.29	1,094,290.12	962,092.45	754,307.12	779,931.24	11,493,196.25
6. Conservation Expenses (CT-3, Page 3, Line 10)	734,128.12	783,844.52	741,087.23	758,270.18	711,536.48	769,853.83	762,812.45	789,121.96	738,073.59	833,572.36	682,022.31	1,691,746.15	9,996,069.18
7. True Up this Period (Line 5 - 6)	220,426.82	28,294.97	54,562.66	61,122.30	297,444.64	361,445.60	473,693.23	354,930.33	356,216.53	128,520.09	72,284.81	(911,814.91)	1,497,127.07
8. Interest Provision this Period (CT-3, Page 5, Line 11)	5,699.74	4,635.15	4,355.34	4,265.38	4,465.58	4,770.65	5,597.45	6,409.51	10,749.74	12,238.98	7,047.50	2,855.02	73,090.04
9. True Up & Interest Provision Beginning of Month	1,597,655.91	1,802,431.89	1,814,011.43	1,851,578.85	1,895,615.95	2,176,175.59	2,521,041.26	2,978,981.36	3,318,970.62	3,664,586.31	3,783,994.80	3,841,976.53	1,597,655.91
10. Prior True Up Collected or Refunded	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(21,350.58)	(256,206.96)
11. End of Period- Net True Up	1,802,431.89	1,814,011.43	1,851,578.85	1,895,615.95	2,176,175.59	2,521,041.26	2,978,981.36	3,318,970.62	3,664,586.31	3,783,994.80	3,841,976.53	2,911,666.06	2,911,666.06

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GULF POWER COMPANY
 COMPUTATION OF INTEREST EXPENSE
 ENERGY CONSERVATION ADJUSTMENT
 For the Period: January, 2008 Through December, 2008

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	1,597,655.91	1,802,431.89	1,814,011.43	1,851,578.85	1,895,615.95	2,176,175.59	2,521,041.26	2,978,981.36	3,318,970.62	3,664,586.31	3,783,994.80	3,841,976.53	
2. Ending True up before Interest	1,796,732.15	1,809,376.28	1,847,223.51	1,891,350.57	2,171,710.01	2,516,270.61	2,973,383.91	3,312,561.11	3,653,836.57	3,771,755.82	3,834,929.03	2,908,811.04	
3. Total beginning & ending	3,394,388.06	3,611,808.17	3,661,234.94	3,742,929.42	4,067,325.96	4,692,446.20	5,494,425.17	6,291,542.47	6,972,807.19	7,436,342.13	7,618,923.83	6,750,787.57	
4. Average True up Amount	1,697,194.03	1,805,904.09	1,830,617.47	1,871,464.71	2,033,662.98	2,346,223.10	2,747,212.59	3,145,771.24	3,486,403.60	3,718,171.07	3,809,461.92	3,375,393.79	
5. Interest Rate First Day Reporting Business Month	4.9800	3.0800	3.0800	2.6300	2.8400	2.4300	2.4500	2.4400	2.4500	4.9500	2.9500	1.4900	
6. Interest Rate First Day Subsequent Business Month	3.0800	3.0800	2.6300	2.8400	2.4300	2.4500	2.4400	2.4500	4.9500	2.9500	1.4900	0.5400	
7. Total of Lines 5 and 6	8.0600	6.1600	5.7100	5.4700	5.2700	4.8800	4.8900	4.8900	7.4000	7.9000	4.4400	2.0300	
8. Average Interest rate (50% of Line 7)	4.0300	3.0800	2.8550	2.7350	2.6350	2.4400	2.4450	2.4450	3.7000	3.9500	2.2200	1.0150	
9. Monthly Average Interest Rate Line 8 \ 12	0.003358	0.002567	0.002379	0.002279	0.002196	0.002033	0.002038	0.002038	0.003083	0.003292	0.001850	0.000846	
10. Interest Adjustment													
11. Interest Provision (Line 4 X 9)	5,699.74	4,635.15	4,355.34	4,265.38	4,465.58	4,770.65	5,597.45	6,409.51	10,749.74	12,238.98	7,047.50	2,855.02	73,090.04

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GULF POWER COMPANY
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
 GoodCents Select
 For the Period: January, 2008 Through December, 2008

Line No.	Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	Investments Added to Plant In Service (Net of Retirements)		11,309.43	(26,772.03)	8,529.79	(5,525.95)	(10,153.42)	(52,504.75)	24,862.31	(9,590.24)	44,706.60	(52,284.27)	(35,123.33)	(34,101.53)	
2	Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	10,236,027.92	10,247,337.35	10,220,565.32	10,229,095.11	10,223,569.16	10,213,415.74	10,160,910.99	10,185,773.30	10,176,183.06	10,220,889.66	10,168,605.39	10,133,482.06	10,099,380.53	
3	Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)/2 * .0023		23,555.87	23,538.09	23,517.11	23,520.56	23,502.53	23,430.48	23,398.69	23,416.25	23,456.63	23,447.92	23,347.40	23,267.79	281,399.32
4	Retirements		(54,646.43)	(82,449.01)	(69,677.18)	(59,439.98)	(91,039.23)	(58,051.34)	(89,140.15)	(98,355.91)	(40,623.66)	(114,814.51)	(88,912.14)	(95,499.82)	
5	Cost of Removal and Salvage		35,317.43	55,350.49	38,693.27	38,330.48	34,465.60	39,373.74	44,456.53	60,705.46	18,157.17	69,217.59	49,906.01	40,182.47	
6	Less: Accum. Depr, COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)		5,505.67	9,732.54	6,172.11	(1,294.69)	1,116.37	(31,954.73)	(27,201.85)	(48,486.78)	(62,720.98)	(61,730.84)	(83,879.84)	(99,538.57)	(131,588.13)
7	Net Plant In Service (CM Ln 2 - CM Ln 6)	10,230,522.25	10,237,604.81	10,214,393.21	10,230,389.80	10,222,452.79	10,245,370.47	10,188,112.84	10,234,260.08	10,238,904.04	10,282,620.50	10,252,485.23	10,233,020.63	10,230,968.66	
8	Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	CWIP Balance (PM Ln 9 + CM Ln 8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	Inventory	2,741,758.20	2,720,730.89	2,742,680.23	2,731,922.93	2,729,252.64	2,729,569.13	2,729,158.48	2,756,432.30	2,730,373.08	2,685,034.95	2,729,791.11	2,752,173.91	2,251,305.76	
11	Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	12,972,280.45	12,958,335.70	12,957,073.44	12,962,312.73	12,951,705.43	12,974,939.60	12,917,271.32	12,990,692.38	12,969,277.12	12,967,655.45	12,982,276.34	12,985,194.54	12,482,274.42	
12	Average Net Investment (PM Ln 11 + CM Ln 11)/2	12,990,569.85	12,965,308.08	12,957,704.57	12,959,693.09	12,957,009.08	12,963,322.52	12,946,105.46	12,953,981.85	12,979,984.75	12,968,466.29	12,974,965.90	12,983,735.44	12,733,734.48	
13	Rate of Return / 12 (Note B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
14	Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		122,314.72	122,242.98	122,261.74	122,236.42	122,295.98	122,133.56	122,207.86	122,453.18	122,344.51	122,405.83	122,488.56	120,130.05	1,465,515.39
15	Property Tax		12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.47	12,239.51	146,873.68
16	Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		158,110.06	158,020.54	158,018.32	157,996.45	158,037.98	157,803.51	157,846.02	158,108.90	158,040.61	158,093.22	158,075.43	155,637.35	1,893,788.39

Notes:
 (A) GoodCents Select Property Additions Depreciated at 2.8% per year
 (B) Return on Average Net Investment (including income taxes) is 11.3210%

GULF POWER COMPANY
SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN
Flow Meter
For the Period: January, 2008 Through December, 2008

Line No.	Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1	Investments Added to Plant in Service (Net of Retirements)														
2	Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	
3	Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)/2 * .011905		96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	1,156.20
4	Retirements														
5	Salvage														
6	Less: Accum. Depr, COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)	3,468.62	3,564.97	3,661.32	3,757.67	3,854.02	3,950.37	4,046.72	4,143.07	4,239.42	4,335.77	4,432.12	4,528.47	4,624.82	
7	Net Plant In Service (CM Ln 2 - CM Ln 6)	4,624.94	4,528.59	4,432.24	4,335.89	4,239.54	4,143.19	4,046.84	3,950.49	3,854.14	3,757.79	3,661.44	3,565.09	3,468.74	
8	Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9	CWIP Balance (PM Ln 9 + CM Ln 8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10	Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11	Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	4,624.94	4,528.59	4,432.24	4,335.89	4,239.54	4,143.19	4,046.84	3,950.49	3,854.14	3,757.79	3,661.44	3,565.09	3,468.74	
12	Average Net Investment (PM Ln 11 + CM Ln 11)/2	0.00	4,576.77	4,480.42	4,384.07	4,287.72	4,191.37	4,095.02	3,998.67	3,902.32	3,805.97	3,709.62	3,613.27	3,516.92	
13	Rate of Return / 12 (Note B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
14	Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		43.18	42.27	41.36	40.45	39.54	38.63	37.72	36.81	35.91	35.00	34.09	33.18	458.14
15	Property Tax		5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.29	5.27	63.46
16	Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		144.82	143.91	143.00	142.09	141.18	140.27	139.36	138.45	137.55	136.64	135.73	134.80	1,677.80

Notes:
(A) Flow Meter is Seven year Property 14.286% per year
(B) Return on Average Net Investment (including income taxes) is 11.3210%

Florida Public Service Commission
Docket No. 090002-EG
Gulf Power Company
Witness: John N. Floyd
Exhibit No. _____ (JNF-1)
Schedule CT-5
Page 1 of 1

GULF POWER COMPANY

Reconciliation and Explanation of
Differences Between Filing and FPSC Audit
Report for Months, January, 2007 through December, 2007

(If no differences exist, please state.)

NO DIFFERENCES

Program Description and Progress

Program Title: Residential Energy Survey

Program Description: This program offers existing residential customers, and individuals and contractors building new homes, with energy conservation advice that encourages the implementation of efficiency measures resulting in energy savings for the customer. Owners of existing homes may choose to have a Gulf Power representative conduct an on-site survey of their home, or they may opt to participate in either a mail-in or on-line interactive version of the survey known as the "Energy Check Up." Qualifying new home owners and contractors may request a survey of their final construction plans. Regardless of the options chosen, these surveys provide customers with specific whole-house recommendations.

Program Accomplishments: Overall, 4,714 residential energy surveys were completed compared to 6,261 projected surveys, a difference of 1,547 surveys under projection. There were 823 more Walk-Through surveys and 25 more Mail-in surveys than projected offset by 2,395 less Pre-construction surveys than expected during this recovery period.

Program Fiscal Expenditures: Actual expenses were \$1,146,397 with projected expenses of \$1,091,859 resulting in a deviation of \$54,538 more than the projection. These expenses are an over projection primarily due to more labor and mileage costs than projected for the Walk-Through surveys.

Program Progress Summary: Since the approval of this program, Gulf has performed 156,792 residential energy surveys. This is a result of Gulf's promotional campaign to solicit energy surveys as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Residential Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of geothermal systems.

Program Accomplishments: There were 97 units actually installed compared to 300 units projected by year end, a difference of 203 units under projection.

Program Fiscal Expenditures: Actual expenses for the period were \$193,366. Projected expenses were \$299,475 resulting in a deviation of \$106,109 under the projection.

Program Progress Summary: Education and training of HVAC dealers and building contractors continue as vital components of this program. Since the inception, 2,426 geothermal systems have been installed.

Program Description and Progress

Program Title: GoodCents *Select*

Program Description: The program is designed to provide the customer with a means of conveniently and automatically controlling and monitoring his/her energy purchases in response to prices that vary during the day and by season in relation to the Company's cost of producing or purchasing energy.

Program Accomplishments: There was a net reduction of 115 units during the reporting period compared to 100 net additions projected by year end for a difference of 215 units under projection. As noted in Docket 080002-EG, equipment availability for new installations in the GoodCents *Select* program had been delayed as the equipment manufacturer experienced developmental issues in its attempt to deliver new and upgraded components. Gulf temporarily suspended active promotion of the program in order to conserve the existing inventory of equipment. The promotion suspension and program participation turnover had a greater than anticipated impact on net installations for the reporting period.

Program Fiscal Expenditures: There were actual expenses of \$6,296,088 compared to projected net expenses of \$6,377,323. The program is under projection by \$81,235 primarily due to less labor expenses incurred during the program promotion suspension.

Program Progress Summary: As of December, 2008, there are 8,716 participating customers.

Program Description and Progress

Program Title: Commercial/Industrial Energy Analysis

Program Description: This program is designed to provide professional advice to our existing commercial and industrial customers on how to reduce, and make the most efficient use of, energy. This program covers from the smallest commercial customer, requiring only a walk-through survey, to the use of computer programs which will simulate several design options for very large energy intensive customers. The program is designed to include semi-annual and annual follow-ups with the customer to verify any conservation measures installed and to reinforce the need to continue with more conservation efforts. Customers may participate by requesting a basic Energy Analysis Audit (EAA) provided through either an on-site survey or a direct mail survey. A more comprehensive analysis can be provided by conducting a Technical Assistance Audit (TAA).

Program Accomplishments: 317 commercial energy surveys were completed compared to 300 projected surveys, a difference of 17 surveys over projection.

Program Fiscal Expenditures: Actual expenses were \$592,663 for the period compared to projected expenses of \$692,468. The resulting deviation is \$99,805 under projection.

Program Progress Summary: A total of 18,809 E.A./T.A.A.'s have been completed since the program started in 1981. These audits have ranged from the basic walk-through type for some commercial customers to sophisticated technical assistance audits for other commercial and industrial customers.

Program Description and Progress

Program Title: GoodCents Commercial Buildings

Program Description: This program is designed to achieve energy efficient buildings by educating commercial and industrial customers on the most cost-effective methods of designing new and improving existing buildings. The program stresses efficient heating and cooling equipment, improved thermal envelope, operation and maintenance, lighting, cooking and water heating. Field representatives work with architects, engineers, consultants, contractors, equipment suppliers and building owners and occupants to encourage them to make the most efficient use of all energy sources and available technologies.

Program Accomplishments: There were 151 actual buildings certified during the current period compared to 180 projected for a difference of 29 under projection.

Program Fiscal Expenditures: There were \$652,105 actual expenses for the period. Projected expenses were \$732,259 resulting in a deviation of \$80,154 under the projection.

Program Progress Summary: A total of 9,188 commercial/industrial buildings have qualified for the GoodCents designation since the program was developed in 1977.

Program Description and Progress

Program Title: Commercial Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing commercial/industrial customers through the promotion and installation of advanced and emerging geothermal systems.

Program Accomplishments: There were 3 units actually installed compared to 20 units projected by year end, a difference of 17 units under projection.

Program Fiscal Expenditures: There were actual expenses of \$74,466 for the recovery period compared to projected expenses of \$153,456 resulting in a deviation of \$78,990 under the projection.

Program Progress Summary: To date, 14 units have been installed under this program.

Program Description and Progress

Program Title: Energy Services

Program Description: The Energy Services program is designed to establish the capability and process to offer advanced energy services, and energy efficient end-use equipment, that is customized to meet the individual needs of large customers. Potential projects are evaluated on a case by case basis and must be cost effective to qualify for incentives or rebates. Types of projects covered under this program would include demand reduction or efficiency improvement retrofits, such as lighting (fluorescent and incandescent), motor replacements, HVAC retrofit (including geothermal applications), and new electro-technologies.

Program Accomplishments: For the 2008 recovery period, at the meter reductions of 93,432 kWh, winter kW of 41 and summer kW of 23 were achieved. The projected results for this period were at the meter energy reductions of 1,178,470 kWh and at the meter demand reductions of 510 kW winter and 275 kW summer.

Program Fiscal Expenditures: There were actual expenditures of \$41,288 for the 2008 recovery period compared to projected expenses of \$55,000 resulting in a deviation of \$13,712 under the projection.

Program Progress Summary: Total reductions at the meter of 14,291,691 kWh, winter kW of 3,126 and summer kW of 4,829 have been achieved since this program was initiated.

Program Description and Progress

Program Title: Renewable Energy

Program Description: The Renewable Energy Program is designed to encompass a variety of voluntary renewable and green energy programs under development by Gulf Power Company. The voluntary pricing options for customers will include, but not be limited to, EarthCents Solar (Photovoltaic Rate Rider) and the Solar for Schools program. Additionally, this program will include expenses necessary to prepare and implement renewable energy initiatives utilizing landfill gas, wind, solar or other renewable energy sources.

Program Accomplishments:

EarthCents Solar (Photovoltaic (PV) Optional Rate Rider):

The PV Rate Rider is an optional rate rider in which customers may purchase photovoltaic energy in 100-watt blocks. The construction of the photovoltaic facility or the purchase of power from photovoltaic facilities will begin upon the attainment of sufficient commitments from all participants across the Southern Company electric system where the option is available and, as necessary, after obtaining PSC approval. As of December, 2008, 57 customers have signed up for 73 100-watt blocks of energy.

Solar for Schools: The principle objective of the Solar for Schools program is to implement solar education and demonstration projects, in conjunction with the Florida Solar Energy Center, at local educational facilities by means of voluntary contributions. The program also seeks to increase renewable energy and energy awareness among students, parents and contributors. Solar for Schools is a program that uses voluntary contributions to fund materials for energy education, permanent demonstration displays, rewards for science contests, and teacher education. Voluntary contributions are solicited from customers interested in renewable energy and/or helping to improve the quality of schools in the Gulf Power Company

service area. Funds are collected through a "check-off" mechanism on the utility bill or through a direct contribution and accumulated in an interest bearing account. When contributions reach an adequate level, they are directed to an educational facility for implementation of various solar educational programs and for the installation of solar equipment. Contributions are not used for administrative costs, program research or for promotion costs.

The Solar for Schools program has enabled Gulf Power to install a 4 kW PV solar system at each of the following institutions: the Junior Museum of Bay County in 2000, Meigs Middle School in Shalimar in 2003, West Florida High School of Advanced Technology in Pensacola in 2003, and Bay County High School in Panama City in 2004.

Renewable Energy Initiative: Gulf continues to evaluate and develop renewable energy sources and offerings. During 2008, Gulf added resources to further evaluate several renewable energy generation options including landfill gas, biomass, municipal solid waste, and solar PV projects. Gulf also continues to evaluate opportunities for demand-side renewable energy programs as part of our renewable initiative.

Program Fiscal Expenditures: Actual expenses for this period were \$210,374 compared to projected expenses of \$215,921 which resulted in a deviation of \$5,547 under projection. Actual expenses were as follows: Solar for Schools, \$401; EarthCents Solar, \$17,980; and Renewable Energy initiatives, \$191,993.

Program Description and Progress

Program Title: Conservation Demonstration and Development

Program Description: A package of conservation programs was approved by the FPSC in Order No. 23561 for Gulf Power Company to explore and to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program serves as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies.

Program Accomplishments:

McDonald's Geothermal Project - This is the first full Geothermal HVAC fast food restaurant to be constructed within Gulf Power Company's service area. The objective of this project is to demonstrate the energy and electrical demand benefits of this geothermal restaurant system as compared to other like restaurants operated by the same owner in the same geographic location. Additional benefits of developing a hot water consumption profile for this restaurant will be obtained within this project. Data collection for one year began January, 2008 and a final report should be available by year-end, 2009.

UWF BEST House - Gulf Power has entered into a partnership, along with a number of other donors, with the University of West Florida, located in Pensacola, Florida, to help build The BEST (Build Educate Sustain Technology) House. This is a demonstration house that will be used as an educational tool and resource for Northwest Florida.

The BEST House program's intent is to provide a home featuring energy-efficient, sustainable design techniques available to the median homebuilder and buyer of today. The 3,300 square foot, three-bedroom home is a study model featuring passive solar collectors, grey-water and rainwater collection systems, advanced insulation systems, a geothermal heat pump, whole-house ventilation, energy-efficient appliances and lighting, day-lighting, and sustainable building products. The most ambitious goal, however, is to make this an *off-grid* project with photovoltaic panels and a battery array substantial enough to supply all of the electrical power needed on site with an excess that can be sold.

Gulf Power is acting as the primary Energy Consultant to all end uses and new technologies that will continue to be donated to this project. Gulf Power will pay for the purchase, installation and monitoring of equipment that will provide data on a wide variety of energy and water end uses.

General economic conditions affecting sponsor support and permitting problems have delayed construction of the BEST House. Construction of the garage/exposition center has been rescheduled to precede the main house to better track the national economic recovery projection. Despite the delays, all participants remain optimistic and enthusiastic about the completion and potential contributions of the BEST House.

Electrode Boiler - This project will measure overall energy performance and verify operation of a new 3.4MW Electrode Boiler and two new 200HP natural gas boilers which produce steam for the Escambia County Jail. The Electrode Boiler is an emerging technology that has the potential, coupled with a time varying rate such as RTP, to produce steam very efficiently.

After a number of delays since its inception in 2005, the Electrode Boiler CDD Project was installed and made ready for operation in 2007. For various reasons, including newness of the technology, relative costs of electricity and natural gas, operator proficiency, etc., the County has not yet operated the boiler for any extended period of time. After additional consultation with Gulf Power personnel the County began operating the boiler at the end of 2008. If the boiler is continuously operated allowing data to be collected for a full 12 months, a final report should be available shortly thereafter.

Program Fiscal Expenditures: Actual expenses for this period were \$50,993 compared to projected expenses of \$123,509 which resulted in a deviation of \$72,516 under projection. Project expenses were as follows: Electrode Boiler, \$10,365; McDonald's Geothermal, \$7,301; UWF BEST House, \$33,327.