

**Ronnie Labrato**  
Vice President  
Chief Financial Officer  
and Comptroller

One Energy Place  
Pensacola, Florida 32520-0100  
Tel 850.444.6385

**ORIGINAL**



April 22, 2002

Dr. Mary Bane  
Executive Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

020000

RE: Docket Nos. 990250-EI; 990947-EI; 991487-EI  
Commercial in-service status of Smith Unit 3

Dear Dr. Bane:

The purpose of this letter is to advise the Commission that the combined cycle generating plant known as Smith Unit 3 has achieved commercial in-service status effective 12:01 am Central Daylight Savings Time on April 22, 2002. As a result, the Expiration Date as defined in the Stipulation and Settlement ("Stipulation and Settlement") approved by Order No. PSC-99-2131-S-EI issued October 28, 1999 in Docket Nos. 990250-EI and 990947-EI has been established as April 21, 2002. This Expiration Date also establishes the ending date of Gulf's reduction to its authorized return on equity ("ROE") that resulted from action in Docket No. 991487-EI.

The Stipulation and Settlement established a revenue sharing plan for Gulf Power Company. By the terms of the Stipulation and Settlement, the ending date for the revenue sharing plan and other matters set forth in paragraphs 3, 5, 6 and 7 of the Stipulation and Settlement is defined as "... the earlier of (a) the day before the commercial in-service date of Smith Unit 3; or (b) December 31, 2002. Such ending date will be referred to as the "Expiration Date."

Smith Unit 3 is a combined cycle plant designed and constructed to provide electrical power to the transmission grid of Gulf Power Company and its sister operating companies that comprise the Southern electric system. The unit consists of two combustion turbine electric generators and one steam turbine electric generator. The first combustion turbine/generator was initially synchronized to the transmission system on January 12, 2002. The second combustion turbine/generator was initially synchronized to the transmission system four days later on January 16, 2002. The steam turbine/generator was initially synchronized to the transmission system on March 13, 2002. Since these dates, Smith Unit 3 has undergone performance and emissions testing

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
04405 APR 22 8  
FPSC-COMMISSION CLERK

and correction of deficiencies. Smith Unit 3 has demonstrated the capability of base load operation and construction has been completed to the extent necessary to establish a basis for scheduling future operation in accordance with electrical demand. Therefore, beginning at 12:01 am CDT on April 22, 2002 Smith Unit 3 has been considered to be in "commercial operation" and the unit's status has changed from plant under construction to plant in service.

In addition to defining the ending date for Gulf's revenue sharing plan approved by Order No. PSC-99-2131-S-EI, the Expiration Date as defined in the Stipulation and Settlement also defines the ending date for the voluntary reduction to Gulf's authorized return on equity approved by Order No. PSC-99-1970-PAA-EI issued October 8, 1999 in Docket No. 991487-EI. That order was rendered final and effective on November 1, 1999 by Order No. PSC-99-2147-CO-EI. As a result, Gulf Power's authorized ROE range for all regulatory purposes on a prospective basis is once again 11.00% to 13.00% with a midpoint of 12.00%.

Sincerely,



Cc: Blanca S. Bayo, Commission Clerk ✓  
Tim Devlin  
Harold McLean, Esquire  
Jack Shreve, Esquire  
John W. McWhirter, Jr., Esquire  
Ronald C. LaFace, Esquire  
Jeffrey A. Stone, Esquire