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**GULF
POWER**

A SOUTHERN COMPANY

July 21, 2006

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

Dear Ms. Bayo:

Re: Docket No. 060001-EI

Pursuant to Commission Order No. 13694 issued September 20, 1984, as reaffirmed by Order No. PSC-98-0691-FOF-PU issued May 19, 1998, 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, 2006. Based on actual data through June 2006 and updated estimates for July through December 2006, the Company projects an under-recovery by period end of 11.0%.

CMP _____
COM _____ Gulf is not requesting a mid-course correction of its fuel cost recovery factors due to
CTR _____ timing and other considerations. Instead, pursuant to the orders cited above, this letter
is submitted in lieu of a request for hearing. Without a mid-course adjustment to the fuel
ECR _____ cost recovery factors, the under-recovery expected for 2006 will be addressed through
GCL _____ the true-up component included in the fuel factors for 2007. Gulf is not requesting a
mid-course correction, because the timing is such that only three months of the current
OPC _____ cost recovery cycle would likely remain by the time a change in fuel cost recovery
RCA _____ factors could be implemented with normal notice to customers. In addition, a change in
the factors in October 2006 and again in January 2007 would be disruptive to Gulf's
SCR _____ customers.

SGA _____

SEC 1

OTH _____

DOCUMENT NUMBER-DATE

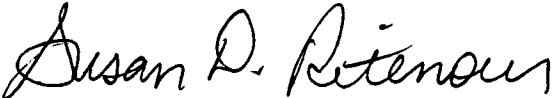
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FPSC-COMMISSION CLERK

Ms. Blanca S. Bayo, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
July 21, 2006
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If any additional information is needed regarding this notice, please call me at 850-444-6231.

Sincerely,

A handwritten signature in cursive script, reading "Susan D. Pitman".

bh

cc: Honorable Matthew Carter, Pre-Hearing Officer
Lisa Bennett, Esq.
William McNulty
Peter Lester
Parties of Record