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ORIGINAL



July 2, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

990001-EI

Dear Ms. Bayo:

Enclosed for official filing are an original and ten copies of Gulf Power Company's Filing Advising Commission That Actual Capacity Costs Will Be At Least 10 Percent Greater Than Projected and Request For Midcourse Review and/or Adjustment of Capacity Cost Recovery Factors.

Also enclosed is a 3.5 inch double sided, high density diskette containing the Petition in WordPerfect for Windows 8 format as prepared on a Windows NT based computer.

Sincerely,

Linda G. Malone

Linda G. Malone
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esquire
Gulf Power Company
Susan D. Ritenour

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
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FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE
08056 JUL-6 99
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clauses and Generating) Docket No.: 990001-EI
Performance Incentive Factor.) Filed: July 6, 1999
_____)

**GULF POWER COMPANY'S FILING ADVISING COMMISSION THAT ACTUAL
CAPACITY COSTS WILL BE AT LEAST 10 PERCENT GREATER THAN
PROJECTED AND REQUEST FOR MIDCOURSE REVIEW AND/OR ADJUSTMENT
OF CAPACITY COST RECOVERY FACTORS**

GULF POWER COMPANY ("Gulf Power," "Gulf," or "the Company"), by and through its undersigned counsel, and pursuant to the policy of the Florida Public Service Commission ("Commission") regarding midcourse corrections articulated in Order No. 13694, issued September 20, 1984 and reaffirmed in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998, hereby advises the Commission that Gulf has become aware that its actual purchased power capacity costs for the recovery period ending December 31, 1999 will be at least ten percent greater than the Company's projected purchased power capacity costs for the recovery period. Gulf further requests that the Commission review this matter and allow recovery of the expected variance through the established true-up mechanism or in the alternative, if a midcourse correction or adjustment to the Company's currently authorized purchased power capacity factors is determined to be appropriate and should be approved, to authorize such adjustment effective either September 1, 1999 or August 1, 1999. In support hereof, the Company states:

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

Jeffrey A. Stone
Russell A. Badders
Beggs & Lane
P. O. Box 12950
Pensacola, FL 32576-2950

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

DOCUMENT NUMBER-DATE

08056 JUL-6 99

FPSC-RECORDS/REPORTING

2. Gulf is a corporation with its headquarters located at 500 Bayfront Parkway, Pensacola, Florida 32501. The Company is an investor-owned electric utility operating under the jurisdiction of this Commission. The Company's purchased power capacity costs are recovered from customers through rate factors established after review during the Commission's continuing fuel and purchased power cost recovery proceedings. Gulf's current purchased power cost recovery factors were approved by the Commission in Order No. PSC-98-1715-FOF-EI, issued December 18, 1999. The next scheduled review of the Company's purchased power capacity cost recovery factors will occur in November 1999 with any resulting adjustment to the recovery factors to be effective January 1, 2000.

3. In Order No. 13694, issued September 20, 1984, the Commission placed the responsibility for seeking a mid-course correction on the utility if it became aware that its actual costs are ten percent greater than or less than its projected costs during a recovery period. The Commission reaffirmed this policy in Order No. PSC-98-0691-FOF-PU, issued May 19, 1998. Based on circumstances discussed in Attachment A to this filing, Gulf now projects that the over/under recovery balance related to its Purchased Power Capacity Cost Recovery Clause at the end of the current recovery period (January 1999 through December 1999) will be an under-recovery that is in excess of the 10% threshold.

4. In its October 12, 1998 projection filing, Gulf estimated its committed market capacity purchases, IIC capacity costs, and capacity payments to QFs for the January 1999 - December 1999 recovery period to be \$7,007,984. With actual data for January 1999 through May 1999 and revised data for June 1999 through December 1999, Gulf now estimates the committed market capacity purchase payments, IIC capacity payments, and capacity payments to QFs for

the January 1999 - December 1999 recovery period to be \$9,369,621. A discussion of these changes is set forth in Attachment A to this filing.

5. Attachment B to this filing contains documents showing the projected incremental impact on the Company's purchased power capacity cost recovery factors if recovery of the increased capacity costs described above is made through factors effective during the next 12-month recovery period (January 2000 through December 2000). Attachment C to this filing contains documents showing a possible adjustment to the Company's purchased power capacity cost recovery factors effective September 1, 1999 to recover the increased capacity costs described above over the remainder of the current recovery period ending December 1999. A comparison of these two alternatives is set forth in Attachment D and shows that the lowest rate impact on Gulf's customers is achieved by deferring recovery of the described increase in purchase power capacity costs until the next recovery period.

6. In order to minimize the rate impact on Gulf's customers and in lieu of a midcourse correction to the Company's purchased power capacity cost recovery factors, Gulf requests that the Commission allow recovery of the increased capacity costs described herein through the true-up mechanism already in place with the result to be reflected in new factors beginning in January 2000. This would allow for Commission review of these expenses as part of the regularly scheduled cost recovery hearings to be held in November 1999. In the alternative, Gulf requests that the Commission authorize implementation of new purchased power cost recovery factors set forth in Attachment C, effective September 1, 1999 for the remainder of the current recovery period ending December 31, 1999.

7. Due to the possible need to implement midcourse changes to the Company's purchased power capacity cost recovery factors, Gulf requests that the Commission consider this filing at the Commission Conference scheduled for July 27, 1999.

WHEREFORE, Gulf respectfully requests that the Commission accept this filing as notice of an expected variance between the actual capacity costs and the projection of greater than 10%. The Company further requests that the Commission consider recovery of the increased capacity costs through the true-up mechanism and without a midcourse correction or adjustment to Gulf's purchased power capacity cost recovery factors. In the alternative, Gulf requests that the Commission approve new purchased power capacity recovery factors for the remainder of the current recovery period ending December 31, 1999, effective September 1, 1999, or grant the Company such other relief as the Commission determines to be just and reasonable. Finally, the Company requests that the Commission consider this matter at the Commission Conference to be held on July 27, 1999.

Respectfully submitted the 2nd day of July 1999.



JEFFREY A. STONE

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Attorneys for Gulf Power Company

Attachment "A"

Gulf now projects that the over/under recovery balance related to its Purchased Power Capacity Cost Recovery Clause at the end of the current recovery period (January 1999 through December 1999) will be an under-recovery that is in excess of the 10% threshold. The total variance results primarily from the cost of additional market capacity purchases made by Gulf and the Southern electric system (SES) to meet load requirements for the months of June 1999 through September 1999 and an update to Gulf's projected Intercompany Interchange Contract (IIC) capacity costs for June 1999 through December 1999. The remainder of the total variance is due to the differences between the originally filed IIC and market capacity purchase costs and the actual costs of those power purchases that were incurred during January through May of the current recovery period.

In its October 12, 1998 projection filing, Gulf estimated its committed market capacity purchases, IIC capacity costs, and contracted capacity payments to QFs for the January 1999 - December 1999 recovery period to be \$7,007,984. With actual data for January 1999 through May 1999 and revised data for June 1999 through December 1999, Gulf now estimates the committed market capacity purchase payments, IIC capacity payments, and contracted capacity payments to QFs for the January 1999 - December 1999 recovery period to be \$9,369,621.

The variance related to Gulf's market capacity purchases results from Gulf's need for short-term market capacity for the 1999 summer months, June through September. At the time of its October 12, 1998 projection filing, Gulf projected market capacity purchases for the summer of 1999 to be \$1,593,516. Gulf now projects that the summer 1999 market capacity purchases will be \$3,948,590.

Preliminary projections at the time of our October 1998 filing showed that Gulf would need to make additional market capacity purchases in 1999. At the time of that filing, a commitment for these additional purchases by Gulf Power and the SES had not been made, and the cost of such purchases was not known. As a result, there were no dollars associated with these additional purchases included in the market capacity purchase projection. It was expected that the costs for such short-term summer capacity purchases would be similar to those experienced by Gulf in summer 1998 (the actual costs of June 1998 through September 1998 market capacity purchases were only \$315,290), and therefore Gulf planned to include the resulting market capacity variance in a future true-up filing.

The variance related to Gulf's IIC capacity purchases results from updated SES owned capacity resources, demand-side options (DSO) capacity, load forecasts, and generating unit availability rates that are contained in the latest SES budget for 1999. These capacity, load, and unit availability changes are projected to increase Gulf's IIC capacity purchase costs for the remainder of the current cost recovery period. At the time of the Company's October 1998 projection filing, Gulf projected its net IIC capacity costs for June 1999 through December 1999 of the recovery period to be \$315,406. Gulf now projects that its net IIC capacity costs for June 1999 through December 1999 of the recovery period will be \$485,013.

Subsequent to the Company's October 1998 projection filing for the January 1999-December 1999 recovery period, Gulf's 1999 owned capacity resource projections, as well as those of other system operating companies, have decreased. Gulf's peak demand forecast has also increased. As a result of these changes, Gulf and the SES have been required to make additional summer capacity purchases to ensure adequate reserve margins for the anticipated summer load. In addition, the market price for short-term capacity has increased substantially since the summer of 1998. These three factors explain why our projections have experienced this significant increase.

The primary reason for the decrease in Gulf's 1999 owned capacity resource projections is the lower demonstrated performance of Gulf's generating units during the summer of 1998. Each summer, Gulf's actual generating unit performance is used to predict the generating capacity the company will have to meet its total load for the following year. During the summer of 1998, when hot weather lasted for a number of consecutive days on many occasions, Gulf's units were not able to sustain their 1998 capacity ratings. Also, an expected increased capacity rating at Plant Daniel due to fuel modifications was partially offset by a capacity derating at Plant Crist following a scheduled maintenance inspection this past spring. Therefore, the 1999 capacity ratings for Gulf's owned generating units have decreased by 50 MW since the October 1998 projection filing. In addition to the 1999 rating decreases, planning updates show that Gulf's active DSO capacity projections have decreased by 5 MW, while Gulf's peak demand forecast increased by 36 MW. All of these changes have required Gulf to obtain additional capacity through the short-term market to meet its customers' power requirements through the summer months.

In addition to the changes in capacity resource and load projections at Gulf, there were other changes to projected capacity resources of the SES have occurred since Gulf's October 1998 projection filing. For example, by January 1999, it became evident that new cogeneration capacity in Alabama would not be ready for the summer peak. Also, in March 1999, the SES projected an additional decrease in owned capacity in order to recognize that an older 40 MW oil unit on the SES would not be available for the summer of 1999. These changes have resulted in a greater need for SES market purchases of capacity than was projected at the time of Gulf's October 1998 filing. Because Gulf is temporarily short of capacity in 1999, the Company's capacity need allocation has increased to reflect the capacity and load changes through March 1999. Gulf's current total share of market purchased summer capacity is 119 MW. This increased allocation offsets the changes to Gulf's owned capacity resources and forecasted load discussed in the previous paragraph.

As stated earlier, the SES (including Gulf) has seen a significant increase in the price of short-term market capacity subsequent to preparation of Gulf's October 1998 projection filing. For example, late in 1998, the SES operating companies (including Gulf) made their first capacity purchase commitment for additional June through September 1999 capacity. The price of this capacity (50 MW) was \$15/kW-month. Earlier this year, the SES operating companies (including Gulf) committed to additional short-term purchases for June through September 1999 capacity at prices in the range of \$19-\$22/kW-month. The prices for these purchases were

significantly higher than the \$1-\$2/kW-month price range the system experienced for June through September 1998.

Since April 1996, Gulf's short-term capacity supply strategy, as indicated in its Ten-Year Site Plan process, has been one of acquiring capacity through market purchases. Gulf and the SES are committed to obtaining the best value for capacity purchases that the market can provide. Past efforts made by SES to obtain this type market capacity have been very beneficial to Gulf and its customers, as relatively cheap short-term capacity helped meet the extremely high demands experienced in the summer of 1998. Once again in 1999, Gulf and the SES have pursued the same strategy and have gone to the short-term capacity market to supplement owned capacity resources in order to ensure that territorial customers will have an adequate and reliable supply of electricity. Gulf's current level of purchases is anticipated to continue in 2000 and 2001. When Gulf's Smith Unit 3 is completed in 2002, the need for short-term market capacity purchases will be eliminated based on today's forecast.

Calculation of Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
January - December 2000

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor <u>at Meter</u>	Jan - Dec 2000 Projected KWH Sales <u>at Meter</u>	Projected Avg 12 CP KW <u>at Meter</u> Col B / (8,784 hours x Col A)	Demand Loss Expansion <u>Factor</u>	Energy Loss Expansion <u>Factor</u>	Jan - Dec 2000 Projected KWH Sales <u>at Generation</u> Col B x Col E	Projected Avg 12 CP KW <u>at Generation</u> Col C x Col D	Percentage of KWH Sales <u>at Generation</u> Col F / Total Col F	Percentage of 12 CP KW Demand <u>at Generation</u> Col G / Total Col G
RS, RST, RSVP	57.217702%	4,669,456,000	929,059.54	1.1019333	1.0766175	5,027,218,045	1,023,761.64	47.18085%	56.09219%
GS, GST	57.820776%	263,808,000	51,941.17	1.1019255	1.0766135	284,019,254	57,235.30	2.66554%	3.13594%
GSD, GSdT	72.316857%	2,195,727,000	345,657.89	1.1016647	1.0764011	2,363,482,958	380,799.10	22.18148%	20.86409%
LP, LPT	85.738506%	1,088,382,000	144,515.06	1.0601470	1.0444167	1,136,724,337	153,207.21	10.66825%	8.39427%
PX, PXT, RTP, SBS, CSA	97.623712%	1,680,197,000	195,935.24	1.0313379	1.0235079	1,719,694,903	202,075.44	16.13947%	11.07177%
OS-I, OS-II	299.917227%	87,532,000	3,322.56	1.1020255	1.0766162	94,238,369	3,661.55	0.88443%	0.20062%
OS-III	98.962375%	23,970,000	2,757.44	1.1024447	1.0766529	25,807,370	3,039.93	0.24220%	0.16656%
OS-IV	34.482597%	<u>3,739,000</u>	<u>1,234.42</u>	1.1024447	1.0766529	<u>4,025,605</u>	<u>1,360.88</u>	<u>0.03778%</u>	<u>0.07456%</u>
TOTAL	67.948463%	<u>10,012,811,000</u>	<u>1,677,583.15</u>			<u>10,655,210,841</u>	<u>1,825,141.05</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

Col A - Average 12 CP load factor based on actual 1997 load research data.

Col C - 8,784 is the number of hours in 12 months.

Attachment B
Page 2 of 2

Incremental Impact to Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
January - December 2000

<u>Rate Class</u>	A Jan - Dec 2000 Percentage of KWH Sales <u>at Generation</u> Page 1, Col H	B Percentage of 12 CP KW Demand <u>at Generation</u> Page 1, Col I	C Energy- Related <u>Costs</u> (\$)	D Demand- Related <u>Costs</u> (\$)	E Deferred Capacity <u>Costs</u> (\$) Col C + Col D	F Jan - Dec 2000 Projected KWH Sales <u>at Meter</u> Page 1, Col B	G Incremental Impact To <u>Capacity</u> (¢ / KWH) Col E / Col F x 100
RS, RST, RSVP	47.18085%	56.09219%	106,423	1,518,290	1,624,713	4,669,456,000	0.035
GS, GST	2.66554%	3.13594%	6,013	84,883	90,896	263,808,000	0.034
GSD, GSDT	22.18148%	20.86409%	50,034	564,744	614,778	2,195,727,000	0.028
LP, LPT	10.66825%	8.39427%	24,064	227,214	251,278	1,088,382,000	0.023
PX, PXT, RTP, SBS, CSA	16.13947%	11.07177%	36,405	299,688	336,093	1,680,197,000	0.020
OS-I, OS-II	0.88443%	0.20062%	1,995	5,430	7,425	87,532,000	0.008
OS-III	0.24220%	0.16656%	546	4,508	5,054	23,970,000	0.021
OS-IV	<u>0.03778%</u>	<u>0.07456%</u>	<u>85</u>	<u>2,018</u>	<u>2,103</u>	<u>3,739,000</u>	0.056
TOTAL	<u>100.00000%</u>	<u>100.00000%</u>	<u>\$225,565</u>	<u>\$2,706,775</u>	<u>\$2,932,340</u>	<u>10,012,811,000</u>	<u>0.029</u>

Notes:

Col C - (Recoverable Amount from Schedule CCE-1, line 12) / 13 x Col A

Col D - (Recoverable Amount from Schedule CCE-1, line 12) x 12 / 13 x Col B

Attachment C
Schedule CCE-1
Mid-Course Correction

Projected Purchased Power Capacity Payments/(Receipts)
Gulf Power Company
For the Period September 1999 - December 1999

	Estimated September	Estimated October	Estimated November	Estimated December	Total
1 IIC Payments/(Receipts) (\$)	58,136	27,752	(11,780)	109,269	183,377
2 Projected Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	248,808
3 Projected Market Capacity Payments	<u>674,991</u>	<u>398,379</u>	<u>398,379</u>	<u>390,962</u>	<u>1,862,711</u>
4 Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	795,329	488,333	448,801	562,433	2,294,896
5 Jurisdictional %	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271
6 Jurisdictional Capacity Payments/(Receipts) (Line 4 x Line 5) (\$)	767,355	471,157	433,015	542,651	2,214,178
7 Amount Included in Retail Base Rate Revenues (\$)	<u>(137,667)</u>	<u>(137,667)</u>	<u>(137,667)</u>	<u>(137,666)</u>	<u>(550,667)</u>
8 Total Jurisdictional Recovery Amount (Line 6 - Line 7) (\$)	905,022	608,824	570,682	680,317	2,764,845
9 True-Up (\$)					<u>2,651,419</u>
10 Total Jurisdictional Amount to be Recovered (Line 8 + Line 9) (\$)					5,416,264
11 Revenue Tax Multiplier					<u>1.01597</u>
12 Total Recoverable Capacity Payments/(Receipts) (Line 10 x Line 11) (\$)					<u><u>5,502,762</u></u>

Calculation of Jurisdictional % *

	12 CP KW	%
FPSC	1,637,521.41	96.48271%
FERC	59,696.01	3.51729%
Total	1,697,217.42	100.00000%

* Based on 1997 data

Attachment C
Schedule CCE-1a
Mid-Course Correction

Purchased Power Capacity Cost Recovery Clause
Calculation of True-up
Gulf Power Company
September 1999 - December 1999

1	Estimated over/(under)-recovery, January 1999 - August 1999 (Schedule CCE-1d, Line 17)		(\$2,294,154)
2a	Actual over/(under)-recovery, October 1997 - September 1998 (Schedule CCE-1b, Line 17)	(2,563,148)	
2b	Less amount collected in October 1998-December 1998 for October 1997 through September 1998	(2,389,778)	
2c	Less amount collected in January - August 1999 for October 1997 - September 1998	<u>(51,761)</u>	(121,609)
3a	Actual over/(under)-recovery, October 1998 - December 1998 (Schedule CCE-1c, Line 17)	(1,060,673)	
3b	Less amount being collected in current period, January 1999 - August 1999 for October 1998 - December 1998	<u>(825,017)</u>	<u>(235,656)</u>
4	Total Over/(Under)-Recovery		<u>(2,651,419)</u>
5	Jurisdictional KWH sales, September 1999 - December 1999		2,998,343,000
6	True-up Factor (Line 4 / Line 5) x 100 (Cents/KWH)		0.0884

Attachment C
Schedule CCE-1b
Mid-Course Correction

Purchased Power Capacity Cost Recovery Clause
Calculation of Actual True-Up Amount
Gulf Power Company
For the Period October 1997 - September 1998

	Actual October	Actual November	Actual December	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Total
1 IIC Payments/(Receipts) (\$) *	(33,415)	(442,075)	513,640	657,730	512,188	199,724	152,743	300,330	285,148	608,091	519,945	665,067	3,939,116
2 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 Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	28,787	(379,873)	575,842	719,932	574,390	261,926	214,945	362,532	347,350	670,293	582,147	727,269	4,685,540
4 Jurisdictional %	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	0.9631890	
5 Jurisdictional Capacity Payments/(Receipts) (Line 3 x Line 4) (\$)	27,727	(365,889)	554,644	693,430	553,246	252,284	207,033	349,186	334,564	645,618	560,718	700,498	4,513,059
6 Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(137,667)	(137,667)	(137,666)	(137,667)	(137,667)	(137,666)	(1,652,000)
7 Total Jurisdictional Recovery Amount (Line 5 - Line 6) (\$)	165,394	(228,222)	692,311	831,097	690,912	389,950	344,700	486,853	472,230	783,285	698,385	838,164	6,165,059
8 Capacity Cost Recovery Revenues (\$)	307,488	277,440	324,185	305,683	271,635	298,397	273,983	374,824	441,855	462,617	449,281	384,958	4,172,346
9 Revenue Taxes (Line 8 x .01583) (\$)	4,868	4,392	5,132	4,839	4,300	4,724	4,337	5,933	6,995	7,323	7,112	6,094	66,049
10 True-Up Provision (\$)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,664)	(43,663)	(523,967)
Capacity Cost Recovery Revenues net of Revenue Taxes 11 (Line 8 - Line 9 + Line 10) (\$)	258,956	229,384	275,389	257,180	223,671	250,009	225,982	325,227	391,196	411,630	398,505	335,201	3,582,330
12 Over/(Under) Recovery (Line 11 - Line 7) (\$)	93,562	457,606	(416,922)	(573,917)	(467,241)	(139,941)	(118,718)	(161,626)	(81,034)	(371,655)	(299,880)	(502,963)	(2,582,729)
13 Interest Provision (\$)	4,715	6,247	6,703	4,557	2,297	1,119	728	285	(71)	(922)	(2,268)	(3,809)	19,581
14 Total True-Up for the Period October 1997 - September 1998 (Line 12 + Line 13) (\$)													<u>(2,563,148)</u>

* IIC Payments include Market Capacity Payments

Attachment C
Schedule CCE-1c
Mid-Course Correction

Purchased Power Capacity Cost Recovery Clause
Calculation of Actual True-Up Amount
Gulf Power Company
For the Period October 1998 - December 1998

	Actual October	Actual November	Actual December	Total
1 IIC Payments/(Receipts) (\$) *	184,067	172,724	272,498	629,289
2 Capacity Payments to Solutia (\$)	62,202	62,202	62,202	186,606
3 Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	246,269	234,926	334,700	815,895
4 Jurisdictional %	0.9648271	0.9648271	0.9648271	
5 Jurisdictional Capacity Payments/(Receipts) (Line 3 x Line 4) (\$)	237,607	226,663	322,928	787,198
6 Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,666)	(413,000)
7 Total Jurisdictional Recovery Amount (Line 5 - Line 6) (\$)	375,274	364,330	460,595	1,200,199
8 Capacity Cost Recovery Revenues (\$)	327,081	269,935	486,391	1,083,406
9 Revenue Taxes (Line 8 x .01583) (\$)	5,178	4,273	7,700	17,151
10 True-Up Provision (\$)	(303,774)	(303,774)	(303,775)	(911,323)
Capacity Cost Recovery Revenues net of Revenue Taxes				
11 (Line 8 - Line 9 + Line 10) (\$)	18,129	(38,112)	174,916	154,933
12 Over/(Under) Recovery (Line 11 - Line 7) (\$)	(357,145)	(402,442)	(285,679)	(1,045,266)
13 Interest Provision (\$)	(4,779)	(5,265)	(5,363)	(15,407)
14 Total Estimated True-Up for the Period October 1998 - December 1998 (Line 12 + Line 13) (\$)				<u>(1,060,673)</u>

Purchased Power Capacity Cost Recovery Clause
Calculation of Estimated True-Up Amount
Gulf Power Company
For the Period January 1999 - August 1999

	Actual January	Actual February	Actual March	Actual April	Actual May	Estimated June	Estimated July	Estimated August	Total
1 IIC Payments/(Receipts) (\$)	829,072	696,859	472,257	437,944	565,742	(176,439)	(29,333)	507,408	3,303,510
2 Projected Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	62,202	497,616
3 Projected Market Capacity Payments						951,737	1,160,931	1,160,931	3,273,599
4 Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	891,274	759,061	534,459	500,146	627,944	837,500	1,193,800	1,730,541	7,074,725
5 Jurisdictional %	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	
6 Jurisdictional Capacity Payments/(Receipts) (Line 4 x Line 5) (\$)	859,925	732,363	515,661	482,555	605,858	808,043	1,151,811	1,669,673	6,825,888
7 Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,665)	(137,667)	(1,101,333)
8 Total Jurisdictional Recovery Amount (Line 6 - Line 7) (\$)	997,592	870,030	653,328	620,222	743,525	945,709	1,289,476	1,807,340	7,927,221
9 Retail KWH Sales						995,466,000	1,008,953,000	1,010,174,000	
10 Purchased Power Capacity Cost Recovery Factor (¢/KWH)						0.102	0.102	0.102	
11 Capacity Cost Recovery Revenues (Line 9 x Line 10/100) (\$)	767,136	622,643	646,079	723,608	813,135	1,015,375	1,029,132	1,030,377	6,647,487
12 Revenue Taxes (Line 11 x .01572) (\$)	12,059	9,788	10,156	11,375	12,782	15,962	16,178	16,198	104,498
13 True-Up Provision (\$)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,598)	(109,598)	(876,778)
Capacity Cost Recovery Revenues net of Revenue Taxes (Line 11 - Line 12 + Line 13) (\$)	645,480	503,258	526,326	602,636	690,756	889,817	903,356	904,582	5,666,211
15 Over/(Under) Recovery (Line 14 - Line 8) (\$)	(352,112)	(366,772)	(127,002)	(17,586)	(52,769)	(55,892)	(386,119)	(902,758)	(2,261,010)
16 Interest Provision (\$)	(5,483)	(6,483)	(7,113)	(6,954)	(6,661)	(129)	(138)	(181)	(33,144)
17 Total Estimated True-Up for the Period January 1999 - July 1999 (Line 15 + Line 16) (\$)									(2,294,154)

NOTE: Interest is Calculated for June through Aug. at May's average monthly rate of 0.4021%
Actual IIC Payments for January through May include Market Capacity Payments.
Retail KWH sales are based on the 1999 forecast.

Calculation of Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
September 1999 - December 1999

Rate Class	A	B	C	D	E	F	G	H	I
	Average 12 CP Load Factor <u>at Meter</u>	Sep - Dec 99 Projected KWH Sales <u>at Meter</u>	Projected Avg 12 CP KW <u>at Meter</u> Col B / (2,927 hours x Col A)	Demand Loss Expansion <u>Factor</u>	Energy Loss Expansion <u>Factor</u>	Sep - Dec 99 Projected KWH Sales <u>at Generation</u> Col B x Col E	Projected Avg 12 CP KW <u>at Generation</u> Col C x Col D	Percentage of KWH Sales <u>at Generation</u> Col F / Total Col F	Percentage of 12 CP KW Demand <u>at Generation</u> Col G / Total Col G
RS, RST, RSVP	57.217702%	1,356,666,000	810,064.89	1.1019333	1.0766175	1,460,610,357	892,637.48	45.80133%	54.80299%
GS, GST	57.820776%	76,321,000	45,095.94	1.1019255	1.0766135	82,168,219	49,692.37	2.57660%	3.05084%
GSD, GSDD	72.316857%	664,122,000	313,751.35	1.1016647	1.0764011	714,861,651	345,648.79	22.41638%	21.22092%
LP, LPT	85.738506%	348,918,000	139,035.19	1.0601470	1.0444167	364,415,786	147,397.74	11.42722%	9.04940%
PX, PXT, RTP, SBS, CSA	97.623712%	515,035,000	180,243.12	1.0313379	1.0235079	527,142,391	185,891.56	16.52995%	11.41271%
OS-I, OS-II	299.917227%	28,289,000	3,222.50	1.1020255	1.0766162	30,456,396	3,551.28	0.95504%	0.21803%
OS-III	98.962375%	7,732,000	2,669.31	1.1024447	1.0766529	8,324,680	2,942.77	0.26104%	0.18067%
OS-IV	34.482597%	<u>961,000</u>	<u>952.14</u>	1.1024447	1.0766529	<u>1,034,663</u>	<u>1,049.68</u>	<u>0.03244%</u>	<u>0.06444%</u>
TOTAL	67.948463%	<u>2,998,044,000</u>	<u>1,507,424.75</u>			<u>3,189,014,143</u>	<u>1,628,811.67</u>	<u>100.00000%</u>	<u>100.00000%</u>

Notes:

Col A - Average 12 CP load factor based on actual 1997 load research data.

Calculation of Purchased Power Capacity Cost Recovery Factors
Gulf Power Company
September 1999 - December 1999

Rate Class	A	B	C	D	E	F	G
	Sep - Dec 99 Percentage of KWH Sales at Generation Page 1, Col H	12 CP KW Demand Percentage of at Generation Page 1, Col I	Energy- Related Costs (\$)	Demand- Related Costs (\$)	Total Capacity Costs (\$) Col C + Col D	Sep - Dec 99 Projected KWH Sales at Meter Page 1, Col B	Capacity Cost Recovery Factors (¢ / KWH) Col E / Col F x 100
RS, RST, RSVP	45.80133%	54.80299%	193,872	2,783,702	2,977,574	1,356,666,000	0.219
GS, GST	2.57660%	3.05084%	10,906	154,967	165,873	76,321,000	0.217
GSD, GSDT	22.41638%	21.22092%	94,886	1,077,911	1,172,797	664,122,000	0.177
LP, LPT	11.42722%	9.04940%	48,370	459,662	508,032	348,918,000	0.146
PX, PXT, RTP, SBS, CSA	16.52995%	11.41271%	69,970	579,705	649,675	515,035,000	0.126
OS-I, OS-II	0.95504%	0.21803%	4,043	11,075	15,118	28,289,000	0.053
OS-III	0.26104%	0.18067%	1,105	9,177	10,282	7,732,000	0.133
OS-IV	<u>0.03244%</u>	<u>0.06444%</u>	<u>137</u>	<u>3,273</u>	<u>3,410</u>	<u>961,000</u>	0.355
TOTAL	<u>100.00000%</u>	<u>100.00000%</u>	<u>\$423,289</u>	<u>\$5,079,472</u>	<u>\$5,502,761</u>	<u>2,998,044,000</u>	<u>0.184</u>

Notes:

Col C - (Recoverable Amount from Schedule CCE-1, line 12) / 13 x Col A
Col D - (Recoverable Amount from Schedule CCE-1, line 12) x 12 / 13 x Col B

Gulf Power Company
Comparison of Impact to Customers Due to Increase in Capacity Costs

Rate Class	Jan - Dec 2000 Incremental Impact	Sept - Dec 1999 Incremental Impact
RST, RST, RSVP	0.035	0.097
GS, GST	0.034	0.096
GSD, GSDT	0.028	0.079
LP, LPT	0.023	0.065
PX, PXT, RTP, SBS, CSA	0.020	0.056
OS-I, OS-II	0.008	0.023
OS-III	0.021	0.059
OS-IV	0.056	0.158

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and Purchased Power Cost)
Recovery Clause with Generating)
Performance Incentive Factor)
_____)

Docket No. 990001-EI

Certificate of Service

I HEREBY CERTIFY that a true copy of the foregoing was furnished by hand delivery or the U. S. Mail this 2nd day of July 1999 on the following:

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