

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

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**GULF
POWER**
A SOUTHERN COMPANY

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August 19, 2011

Mr. Marshall Willis, Director
Division of Economic Regulation
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 110001-EI

Dear Mr. Willis:

Pursuant to Rule 25-6.0424, Florida Administrative Code, Gulf submits this letter, with regard to Gulf's purchased power capacity costs, to inform the Commission, its Staff, and the other parties to this docket that a greater than ten percent over-recovery is projected to occur for the period ending December 2011. Based on actual data through July 2011 and updated estimates for August 2011, the Company projects an over-recovery balance by period end of \$8.4 million or 17% of capacity clause revenues projected for the year ending December 31, 2011. The increase in the over-recovery balance is due to greater than forecasted loading of Gulf's PPA unit at the Tenaska Central Alabama facility this summer. This facility was not budgeted to operate due to uncertainty about the availability of electric transmission to serve this PPA unit. However, electric transmission has been available on a month to month basis, and as a result the Central Alabama PPA unit has actually run during most hours of the summer peak period.

Gulf is requesting that it be allowed to refund this projected over-recovery balance by revising its 2011 Estimated True-up component. The revised true-up component, along with the relevant supporting schedules, will be incorporated into Gulf's 2012 Capacity Cost Projection filing submitted to the Commission on September 1, 2011 and reflected in the 2012 purchased capacity cost recovery factors. The effect of submitting this revised true-up component will be to

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refund the projected over-recovery balance to Gulf's customers a year earlier than would otherwise occur in the purchased power capacity recovery clause.

If any additional information is needed regarding this notice, please call me at 850-444-6231.

Sincerely,

Susan D. Pitman

nbn

Enclosures

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

Office of the Commission Clerk
Ms. Ann Cole

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No.: 110001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing was furnished by overnight delivery this 19th day of August, 2011, on the following:

John T. Burnett
Dianne M. Triplett
Progress Energy Service Co.
P. O. Box 14042
St. Petersburg FL 33733-4042
john.burnett@pgnmail.com

John T. Butler, Esq.
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408-0420
john.butler@fpl.com

Jennifer Crawford, Sr. Attorney
Office of General Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850
jcrawfor@psc.state.fl.us

Patrick K. Wiggins
Post Office Drawer 1657
Tallahassee, FL 32302
wigglaw@gmail.com

Paula K. Brown
Tampa Electric Company
P. O. Box 111
Tampa FL 33601
Regdept@tecoenergy.com

Kenneth Hoffman
Florida Power & Light Co.
215 S. Monroe Street, Ste. 810
Tallahassee FL 32301-1859
Ken.Hoffman@fpl.com

Randy B. Miller
White Springs Agricultural Chemicals
PO Box 300
15483 Southeast 78th Street
White Springs, FL 32096
RMiller@pcsphosphate.com

James D. Beasley, Esq.
J. Jeffry Wahlen
Attorneys for Tampa Electric Co.
Ausley & McMullen
P. O. Box 391
Tallahassee FL 32302
jbeasley@ausley.com

Mr. Thomas A. Geoffroy
Florida Public Utilities Company
PO Box 3395
West Palm Beach, FL 33402-3395
tgeoffroy@fpuc.com

Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 E. College Ave., Ste. 800
Tallahassee FL 32301
paul.lewisjr@pgnmail.com

Robert Scheffel Wright
John T. LaVia, III
Young Law Firm
225 S. Adams Street, Suite 200
Tallahassee FL 32301
swright@yvlaw.net

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 618
Tallahassee, Florida 32301
bkeating@gunster.com

Vicki Kaufman
Jon Moyle
Keefe Anchors Gordon & Moyle PA
118 N. Gadsden St.
Tallahassee, FL 32301
vkaufman@kagmlaw.com
jmoyle@kagmlaw.com

JR. Kelly
P. Christensen
C. Rehwinkel
Associate Public Counsel
Office of Public Counsel
111 West Madison Street, Rm. 812
Tallahassee, FL 32399- 1400
christensen.patty@leg.state.fl.us
Rehwinkel.Charles@leg.state.fl.us
Kelly.jr@leg.state.fl.us

James W. Brew
F. Alvin Taylor
Brickfield, Burchette, et al., P.C.
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007-5201
jbrew@bbrslaw.com
ataylor@bbrslaw.com

Karen S. White, Staff Attorney
AFLSA/JACL-ULGSC
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319
karen.white@tyndall.af.mil

Michael C. Barrett
Div Of Economic Regulation
FL Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
mbarrett@psc.state.fl.us

Lisa Bennett
Office of General Counsel
FL Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850
lbennett@psc.state.fl.us

City of Marianna
City Hall
2898 Green Street
Marianna, FL 32446
deani@cityofmarianna.com


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