

2009 Marketing Goals

1. Safety:

- A – Target Zero the entire year
- B – Proactive and involved Safety Committee
- C – Engaged and committed workforce

2. Customer Satisfaction:

- A – Achieve Top Quartile CVB results in the Large Business Account Class
- B – Support efforts to achieve Top Quartile CVB results in the General Business Account Class
- C – Support efforts to achieve Top Quartile results in Residential Business Account Class
- D – Continue to provide leadership and support for processes that collect Customer Satisfaction data.

3. Lighting:

- A – Continue implementation and refinement of new Lighting Business Unit
- B – Meet Service Level Goals for installation and maintenance of lights
- C – Meet expectations of providing P/L statement
- D – Establish and monitor Lighting Sales Goals

4. Gulf Power Energy Services:

- A – Exceed established Net Income Goal
- B – Maximize acquisition of new projects generated by ARRA funding for military installations

5. Products and Services:

- A – Exceed established Net Income Goal
- B – Generate business case for doubling Net Income over next 2 years from products and services line
- C – Investigate new products and services that could be offered

6. Budget:

- A – Manage O&M & Capital Budgets such that Marketing is \$1 under at the end of the year
- B – Manage ECCR Budget with the same level of prudence that is given to Non-ECCR Budget.

7. Sales:

- A – Maximize the Touch!
- B – Meet or exceed the established sales goals for Residential, Commercial and Industrial Sectors

8. Energy Select

- A – Meet ES Penetration Goals
- B – Renegotiate Converge Contract
- C – Establish timeline for implementation of ES/AMI (Sensus) technology

Marketing 2009 Business Plan

0. Safety

Objective:

To prepare for and do all things possible to ensure the safety and well-being of all employees which should result in no personal injuries and no preventable vehicular accidents in Marketing.

Actions:

- Employees attend all required safety meetings
- Employees complete all required OSHA training on time
- Marketing Safety Committee robust, supportive and engaged
- All employees sign 2009 Safety Commitment
- Support the 2009 Customer Operations Safety Action Plan
- All high risk employees complete the Smith Defensive Driving school
- Continue reminders of the importance of taking Target Zero seriously
- Conduct Safety driving observations to ensure compliance
- Ensure all Marketing employees are familiar, accept responsibility and practice personal vehicle "walk around" to inspect for any safety hazards
- Review and enforce safety in all team meetings to work each job safely each day

Marketing 2009 Business Plan

1. Conservation Goals Docket

Objective:

Updated conservation goals and programs that achieve the most benefit for and least harm to Gulf Power and our customers.

Actions:

- Influence strategic decisions made in the Goals Docket including cost-effectiveness test and utility incentive mechanism
- Develop new conservation programs and obtain FPSC approval
- Ensure new conservation goals are set at reasonable levels

Discussion:

This year, all IOUs in Florida will file DSM goals for the next ten years. This is a periodic filing, done once every five years. Programs filed in this year will be implemented in 2010. Costs for approved programs will be recovered through the ECCR clause. Unique to this year's proceeding are

- a significant challenge to the cost-effectiveness tests utilized by the FPSC,
- an in-depth state-wide energy efficiency potential study from which goals will likely be set,
- IOU attempt to develop an incentive for utilities to do more energy efficiency,
- Increased emphasis on demand-side renewable energy programs (these are not cost-effective programs, but FPSC may require us to subsidize them anyway and set goals for us to achieve),
- Incorporation of HB7135 elements, some of which are not very clear.

Hearings and testimony will occur in August, FPSC decisions will be made by year end and programs will be implemented in 2010.

Marketing 2009 Business Plan

2. Installation and Customer Service Agreement with Comverge.

Objective

Successful renegotiation of current contract with Comverge.

Discussion

With the exception of the pricing structure, the agreement has been reviewed, suggestions incorporated, discussed with Gulf's attorneys and has been forwarded to Comverge for their legal review. We anticipate suggested changes by their company with additional negotiations to follow.

The pricing structure is far from being finalized, with several proposals being made and counter proposals offered with no agreement anticipated without a change in methodology being proposed. Due to the non-competitive nature of their business unit, we may experience less cost if we agree to the original cost plus pricing structure. Negotiations are continuing on a weekly basis. Time frame for completion is early second quarter 2009.

Situation

This contract defines the services required and costs associated with the installation and maintenance of the Energy Select equipment in customer's homes.

Specific items being reviewed include:

- Transferring from a cost plus pricing structure to a fixed cost pricing agreement.
- Length of Contract time period.
- Background checks and drug testing policy of Comverge employees.
- Control activities over Comverge employees with regard to ID badges, access to company facilities, and approval of new Comverge employees.
- Further strengthening of the Indemnification Clause to lessen risk to the Company.

Marketing 2009 Business Plan

3. Energy Select

Objective:

Ensure successful launch of Energy Select under its new name and with new equipment.

Discussion

The promotional plan calls for the initiating of the direct mail campaign to begin in April and continuing throughout the year. New product brochures have been developed and received. Print ads and TV promotion have been finalized and ready to begin once the scheduled time to promote has arrived. Planning of training of all the CSRs and marketing reps has begun and will be completed prior to full promotion of the new equipment. Success should be achieved through the new advertising campaign and in partnership with the CSRs and marketing reps, provided the customers are accepting of the new technology.

Situation

This activity provides for the reinstatement of a fully operational marketing effort to offer, promote and install MG2, our latest version of Energy Select thermostat and gateway.

Specific activities needing to take place include:

- Acceptance test of the White/Rogers thermostat finalized.
- Acceptance of all “head-end” software modifications.
- Initiate direct mail campaign.
- Ensure that all web-based promotions are active and fully functional.
- Ensure all district marketing representatives are adequately trained and knowledgeable of all aspects of the program.
- Instill a sense of high priority of the program with marketing representatives.
- Provide training and information to the CSRs to ensure procedures and processes are fully understood.

Marketing 2009 Business Plan

4. EarthCents Home Program

Objective:

Adoption and acceptance of the transition from the GoodCents home program to the new EarthCents home program by key residential home builders and existing home owners.

Situation

This issue involves ensuring the success associated with the adoption of the new EarthCents home program by new home builders and existing home owners. For nearly 35 years, Gulf has promoted the GoodCents home with substantial success and for various valid reasons has decided to switch brand names to promote our energy efficient home program.

This brand change will bring about many challenging issues:

- Building brand recognition with long time builders and home owners.
- Acceptance of increased performance criteria.
- Increased initial cost of energy efficient features.
- Ability of existing home owners to physically incorporate some features into existing building construction.
- Extensive cost of building brand recognition through adverting and print media.
- Building extensive support and program acceptance with residential representatives and other key employees with direct customer contact.
- Developing adequate training for key home builders to ensure quality construction and adherence to program standards.
- Providing ongoing training and support for district residential marketing representative to intelligently discuss new program features with new home builders and existing home owners.

Marketing 2009 Business Plan

Discussion

Significant progress is already under way to meet these challenges, however, until home builders start building and home owners start incorporating qualifying features for certification, success can't be determined. Full adoption of the program by the mass market will take considerable time. An advertising program, site signs, program description brochures, and other communications initiatives have been completed and will be distributed at appropriate times. Contractor training has been completed with wide scale interest shown. Adoption of the program by these builders and district marketing representative's continued sales effort is critical to program success. Overall program success will be determined by market share gained in the new market and number of existing homes being certified.

District Marketing Action Plan

- Follow-up with builders that participated in the EarthCents training March, 2009
 - Personal contact with builders
 - Re-enforce and educate as needed
 - Record/track responses toward construction practice conversions
- Promote EarthCents program to all trade allies by 1) scheduling group and individual presentations to the following and 2) track the number of contacts and presentations:
 - All Custom Builders
 - HVAC Contractors
 - Architects/Home Designers
 - Realtors
 - Banking/Financing Institutions
 - Insulation Contractors
 - Public – Civic Groups/Public Forums
 - Walk-in Customer interface from New Construction Audits
- Mail information packages to all customers that move into new construction homes to build EarthCents brand awareness for future home purchases.

3/13/2009

Marketing 2009 Business Plan

- Insure all marketing programs are offered
- Develop standard letter and content information

Marketing 2009 Business Plan

5. Forecast

Objective: An unbiased, technically sound, defensible B2010 forecast and well-grounded monthly budget variation explanations for B2009.

Discussion:

The economy is struggling in the areas of employment, household income, production, retail sales, housing starts, etc. Customer counts are flat or declining. Near term growth in electricity sales and corresponding revenues are not likely. Hence historical data will be somewhat less useful in predicting the future than has been the case in the previous 15 years or more. Weather continues to be a significant driver of sales. Focus on the forecast and budget deviations increases during hard economic times. The potential for a needs determination and/or a rate case filing further increases focus on the forecast, especially in the long term.

Actions:

- Meet all deadlines for forecast production
- Ensure local economic data and anecdotes inform the forecast and get to upper management
- Investigate and report on “Customer Exit” activity

Marketing 2009 Business Plan

6. Advanced Energy Management Agreement with Comverge

Objective: To identify and consolidate items in the original contract that needs to be eliminated or restated to reflect the current status of Gulf's arrangement with Comverge.

Situation

This agreement governs the ongoing equipment development, purchase of equipment, and warranty provisions to support the Energy Select program.

A contract review process has begun to identify and consolidate items in the original contract that needs to be eliminated or restated to reflect the current status of Gulf's arrangement with Comverge.

Specific items to be reviewed include:

- Consolidation of the original Scientific Atlanta contract purchased by Comverge and all seven Comverge amendments into one Amended and Restated Agreement.
- Final enhanced equipment development, testing and acceptance of the gateway and thermostat.
- Delivery schedule of the customer premise equipment.
- Warranty provisions for the new equipment.
- Web-based thermostat programming for both the Honeywell and White-Rogers units.
- Pricing structure for the new equipment.
- Pricing structure for non-warranty equipment testing and repairs.
- Provisions for immediate development of AMI compatible equipment.

Discussion

Currently, work has begun with the attorney to combine into one document all of the affected components of the contract and amendments. Testing of the new equipment is near completion with potential delivery dates and quantity of units for delivery being discussed. Extended warranty

Marketing 2009 Business Plan

provisions are being discussed internal to provide better coverage for defective equipment. A primary enhancement to the contract will provide for immediate attention to be placed on the development of AMI compatible equipment. This version of hardware will dramatically improve the number of eligible customers since no land-line will be necessary plus many more additional enhancements that a fully integrated AMI system provides. Time frame for completion is third quarter 2009.

Marketing 2009 Business Plan

7. Renewables

Discussion:

With the election and installation of a new federal administration, the focus on renewables has accelerated. Potential for a federal RPS is high. The FPSC's draft RPS rule for Florida is being considered by the state legislature now. The most objectionable element of the state plan is the PV Carve-out. The PV Lobby is working hard in the state Legislature to implement a Feed-in-tariff. The FPSC will likely require us to implement several demand-side renewable energy programs and achieve goals prescribed through the Conservation Goals Docket.

Actions:

- Stand up STWH pilot completely – max benefit, min harm
- Work within Goals Docket to ensure practical solutions for small renewables
- Transition Solar for Schools to new model
- Stand up Wind for Schools under new model
- Green training – employee and contractor using grant money from FGNW
- Begin Lamar CDD report (file with PSC in 1Q or 2Q 2010)
- Begin collecting wind data from met tower
- Investigate need for voluntary green energy rate

Expected outcomes:

Minimize harm to Gulf Power and our customers while maximizing the benefit. Turn lemons into lemonade.

Marketing 2009 Business Plan

8. On-Line Customer Energy Survey

Objective: Ensure the successful implementation of an improved, enhanced on-line customer energy survey for residential and commercial customers that is informative, timely, and user friendly.

Situation

This issue is centered around the successful implementation of an improved, enhanced on-line customer energy survey for residential and commercial customers that is informative, timely, and user friendly.

This easy to use system is needed to enhance our renewed emphasis on energy efficiency and conservation. This would be a useful tool for marketing representatives and customer service representatives to handle customer inquiries to describe and recommend meaningful information.

A description of features include:

- Web-based system available from any internet connection.
- Effects of conservation efforts is measured and quantified.
- Various end-use equipment efficiencies are described and compared.
- Customized usage data for Northwest Florida is incorporated rather than national averages.
- User friendly operation.
- Availability of links to other energy conservation sites.
- Home and Business Energy Calculators allow customers to view and compare usage, compare systems and estimate pay-backs.
- Special Purpose Calculator – Provides calculations for HVAC, Lighting, Appliances, Water Heating, etc.
- Billing Insight – enables customer service representatives (Call Center) to assist a customer in analyzing their bills

Marketing 2009 Business Plan

Discussion

Southern Co's eBusiness group, made up of OpCo representatives, was charged with developing a business case to evaluate various Online Energy Evaluation Software Suites. The recommendation, provided here, <http://marketing.southernco.com/scs/ebiz-occ/bizcase.html>, describes the process followed to evaluate several vendors of choice. The recommendation was to select the APOGEE product which contains all the features necessary for a successful program which also provides an "interactive house" feature. This feature is a strong desire by Gulf's leadership team to compliment our strong emphasis on energy conservation and our recently approved Energy Education program. Moving forward with this decision has been delayed for a variety of reasons and may require discussions by members of the leadership team to get this system operational.

Marketing 2009 Business Plan

9. Products and Services

Objective: Hold net income gains from prior years and attempt to increase net income in the coming year, possibly through new product offerings.

Discussion:

Three products are offered in this grouping: Premium Surge (residential whole-house, phone and cable surge protection coupled with an insurance product), Commercial Surge (commercial whole-building, phone and cable surge protection coupled with an insurance product), and AllConnect (a one-stop referral service for new customers moving into our area). Income and expenses are recorded below the line.

After Tax basis:

- Annual net income has grown from \$61,000 in 2003 to \$400,000 in 2008. Total net income over the life of the programs has been \$1,455,000. Net income growth from 2007 to 2008 was \$40,000.

Before Tax basis:

- Annual net income has grown from \$90,000 in 2003 to \$645,000 in 2008. Total net income over the life of the programs has been \$2,353,000. Net income growth from 2007 to 2008 was \$66,000.

Revenue basis:

- Annual revenue has grown from \$495,000 in 2003 to \$1,170,000 in 2008. Total revenue over the life of the programs has been \$5,304,000. Revenue growth from 2007 to 2008 was \$100,000.

Income growth from AllConnect will drop off because customer growth has dropped off. Income growth from Premium Surge and Commercial Surge may also drop off because disposable income and consumer confidence in the economy continue to decline. Billing for the surge products appear as separate line items on customers' bills and may become easy targets for household budget cuts.

Actions:

- Improve net income to the extent practicable.

Marketing 2009 Business Plan

10. Legislation

Objective: Minimize harm to Gulf Power and our customers while maximizing the benefit. Turn lemons into lemonade.

Discussion:

Draft legislation abounds, requiring analysis and commentary. On the federal level, several bills have been filed on an RPS, one on an EEPS, and more is pending on appliance standards. On the state level, an RPS is being considered, as well as a CPS (Clean Portfolio Standard) and a Feed-in-tariff. The most aggressive legislation typically doesn't appear until very near the end of the session, so there will likely be more to come.

Actions:

- Provide analysis and input as requested
- Interpret impacts on Gulf – RPS, EEPS, FIT, Stimulus (state and Fed)
- Look for opportunities to leverage stimulus dollars for energy efficiency programs