

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FUEL COST AND PURCHASED POWER COST  
RECOVERY CLAUSE**

**DOCKET NO. 030001-EI**

**PREPARED DIRECT TESTIMONY AND  
EXHIBIT OF  
TERRY A. DAVIS**

ESTIMATED TRUE-UP FOR THE PERIOD:

JANUARY - DECEMBER 2003 (Fuel)

JANUARY – DECEMBER 2003 (Capacity)

AUGUST 12, 2003



**A SOUTHERN COMPANY**

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GULF POWER COMPANY

Before the Florida Public Service Commission  
Prepared Direct Testimony and Exhibit of  
Terry A. Davis  
Docket No. 030001-EI  
Fuel and Purchased Power Capacity Cost Recovery  
Date of Filing: August 12, 2003

Q. Please state your name, business address and occupation.

A. My name is Terry Davis. My business address is One  
Energy Place, Pensacola, Florida 32520-0780. I am the  
senior Staff Accountant in the Rates and Regulatory  
Matters Department of Gulf Power Company.

Q. Please briefly describe your educational background and  
business experience.

A. I graduated from Mississippi College in Clinton,  
Mississippi in 1979 with a Bachelor of Science Degree in  
Business Administration and a major in Accounting.  
Prior to joining Gulf Power, I was an accountant for a  
seismic survey firm, Geophysical Field Surveys, in  
Jackson, Mississippi. In that capacity, I was  
responsible for accounts receivable, accounts payable,  
sales, use, and fuel tax returns, and various other  
accounting activities. In 1986, I joined Gulf Power as  
an Associate Accountant in the Plant Accounting  
Department. Since then, I have held various positions  
of increasing responsibility with Gulf in Accounts

1 Payable, Financial Reporting, and Cost Accounting. In  
2 1993, I joined the Rates and Regulatory Matters area,  
3 where I have participated in activities related to the  
4 cost recovery clauses, budgeting, a retail rate case,  
5 and other regulatory functions. In 1998, I was promoted  
6 to my current position, which includes preparation  
7 and/or coordination of the Company's Fuel, Capacity and  
8 Environmental Cost Recovery Clause filings,  
9 administration of Gulf's retail tariff, and review of  
10 other regulatory filings submitted by the Company.

11

12 Q. Have you prepared an exhibit that contains information  
13 to which you will refer in your testimony?

14 A. Yes, I have.

15 Counsel: We ask that Ms. Davis' Exhibit  
16 consisting of five schedules be marked as  
17 Exhibit No. \_\_\_\_\_ (TAD-2).

18

19 Q. Are you familiar with the Fuel and Purchased Power  
20 (Energy) estimated true-up calculations for the period  
21 of January 2003 through December 2003 and the Purchased  
22 Power Capacity Cost estimated true-up calculations for  
23 the period of January 2003 through December 2003 set  
24 forth in your exhibit?

25 A. Yes, these documents were prepared under my supervision.

1 Q. Have you verified that to the best of your knowledge and  
2 belief, the information contained in these documents is  
3 correct?

4 A. Yes, I have.  
5

6 Q. How were the estimated true-ups for the current period  
7 calculated for both fuel and purchased power capacity?

8 A. In each case the estimated true-up calculations include  
9 seven months of actual data and five months of estimated  
10 data.  
11

12 Q. Ms. Davis, what has Gulf calculated as the fuel cost  
13 recovery true-up to be applied in the period January  
14 2004 through December 2004?

15 A. The fuel cost recovery true-up for this period is an  
16 increase of .1877¢/kwh. As shown on Schedule E-1A, this  
17 includes an estimated under-recovery for the January  
18 through December 2003 period of \$20,963,299, plus a  
19 final over-recovery for the January through December  
20 2002 period of \$1,056,921 (see Schedule 1 of Exhibit  
21 TAD-1 in this docket filed on April 1, 2003). The  
22 resulting net under-recovery is \$19,906,378.  
23  
24  
25

1 Q. Ms. Davis, you stated earlier that you are responsible  
2 for the Purchased Power Capacity Cost true-up  
3 calculation. Which schedules of your exhibit relate to  
4 the calculation of these factors?

5 A. Schedules CCE-1a and CCE-1b of my exhibit relate to the  
6 Purchased Power Capacity Cost true-up calculation to be  
7 applied in the January 2004 through December 2004  
8 period.

9

10 Q. What has Gulf calculated as the purchased power capacity  
11 factor true-up to be applied in the period January 2004  
12 through December 2004?

13 A. The true-up for this period is a decrease of .0118¢ as  
14 shown on Schedule CCE-1a. This includes an estimated  
15 over-recovery of \$1,058,876 for January 2003 through  
16 December 2003. It also includes a final true-up over-  
17 recovery of \$193,696 for the period of January 2002  
18 through December 2002 (see Schedule CCA-1 filed April 1,  
19 2003). The resulting over-recovery is \$1,252,572.

20

21 Q. Ms. Davis, does this complete your testimony?

22 A. Yes, it does.

23

24

25

AFFIDAVIT

STATE OF FLORIDA     )  
                                      )  
COUNTY OF ESCAMBIA    )

Docket No. 030001-EI

Before me the undersigned authority, personally appeared Terry A. Davis, who being first duly sworn, deposes, and says that she is the senior Staff Accountant in the Rates and Regulatory Matters Department of Gulf Power Company, a Maine corporation, that the foregoing is true and correct to the best of her knowledge, information, and belief. She is personally known to me.

Terry A. Davis  
Terry A. Davis  
Staff Accountant

Sworn to and subscribed before me this 11 day of August,  
2003.

Linda C. Webb  
Notary Public, State of Florida at Large



**LINDA C. WEBB**  
Notary Public-State of FL  
Comm. Exp: May 31, 2006  
Comm. No: DD 110088

## SCHEDULE E-1A

### FUEL COST RECOVERY CLAUSE CALCULATION OF TRUE-UP GULF POWER COMPANY FOR THE PERIOD: JANUARY 2004 - DECEMBER 2004

1.	Estimated over/(under)-recovery, JANUARY - DECEMBER 2003 (Sch. E-1B, page 2, line 11)	(\$20,963,299)
2.	Final over/(under)-recovery JANUARY - DECEMBER 2002 (EXHIBIT No.____(TAD-1), filed April 1, 2003)	<u>1,056,921</u>
3.	Total over/(under)-recovery (Lines 1 + 2) To be included in JANUARY 2004 - DECEMBER 2004 (Schedule E1, Line 28)	<u>(\$19,906,378)</u>
4.	Jurisdictional KWH sales FOR THE PERIOD: JANUARY 2004 - DECEMBER 2004	<u>10,605,379,000</u>
5.	True-up Factor (Line 3 / Line 4) x 100 (¢ / KWH)	<u>0.1877</u>

**CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2003 - DECEMBER 2003**

	<b>JANUARY ACTUAL</b>	<b>FEBRUARY ACTUAL</b>	<b>MARCH ACTUAL</b>	<b>APRIL ACTUAL</b>	<b>MAY ACTUAL</b>	<b>JUNE ACTUAL</b>	<b>TOTAL SIX MONTHS</b>
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
<b>A 1</b> Fuel Cost of System Generation	27,554,223.35	21,410,151.71	12,967,537.34	25,600,518.50	24,815,374.82	29,513,288.56	\$141,861,094.28
1a Fuel Cost of Hedging Settlement	(387,350.00)			(885,000.00)	(1,491,945.00)	(1,510,000.00)	(4,274,295.00)
1b Fuel Cost of Hedging Support	8,562.62	5,428.85	6,115.14	5,036.05	11,685.32	5,883.33	42,711.31
2 Fuel Cost of Power Sold	(6,095,066.95)	(4,875,252.88)	(4,069,348.48)	(7,851,576.21)	(5,112,624.90)	(5,516,962.93)	(33,520,832.35)
3 Fuel Cost of Purchased Power	3,442,760.23	2,345,275.27	7,025,817.70	1,809,525.07	2,649,893.75	2,181,588.98	19,454,861.00
3a Demand & Non-Fuel Cost Of Purchased Power							0.00
3b Energy Payments to Qualified Facilities	455,431.00	82,124.00	11,539.42	3,671.00	34,178.00	30,838.00	617,781.42
4 Energy Cost of Economy Purchases							0.00
5 Other Generation	227,666.38	196,832.03	169,328.66	220,653.14	207,930.07	151,262.56	1,173,672.84
6 Adjustment to Fuel Cost	(110,944.19)	5,770.91	(67,806.81)	63,224.88	(64,651.73)	(69,176.77)	(243,583.71)
7 <b>TOTAL FUEL &amp; NET POWER TRANSACTIONS</b> (Sum of Lines A1 Thru A6)	<u>\$25,095,282.44</u>	<u>\$19,170,329.89</u>	<u>\$16,043,182.97</u>	<u>\$18,966,052.43</u>	<u>\$21,049,840.33</u>	<u>\$24,786,721.73</u>	<u>\$125,111,409.79</u>
<b>B 1</b> Jurisdictional KWH Sales	923,547,083	720,706,809	758,267,158	796,465,421	992,431,467	1,037,729,151	5,229,147,089
2 Non-Jurisdictional KWH Sales	34,735,915	24,952,504	24,712,164	25,039,305	31,781,148	33,463,171	174,684,207
3 <b>TOTAL SALES (Lines B1 + B2)</b>	<u>958,282,998</u>	<u>745,659,313</u>	<u>782,979,322</u>	<u>821,504,726</u>	<u>1,024,212,615</u>	<u>1,071,192,322</u>	<u>5,403,831,296</u>
4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.3752%</u>	<u>96.6536%</u>	<u>96.8438%</u>	<u>96.9520%</u>	<u>96.8970%</u>	<u>96.8761%</u>	
<b>C 1</b> Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	\$21,855,316.40	\$16,843,791.78	\$17,688,692.64	\$18,622,561.45	\$23,204,478.23	\$24,270,197.44	\$122,485,037.94
2 True-Up Provision	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(14,535,598.98)
2a Incentive Provision	30,769.35	30,769.35	30,769.35	30,769.35	30,769.35	30,769.35	184,616.10
3 <b>FUEL REVENUE APPLICABLE TO PERIOD</b> (Sum of Lines C1 Thru C2a)	<u>\$19,463,485.92</u>	<u>\$14,451,961.30</u>	<u>\$15,296,862.16</u>	<u>\$16,230,730.97</u>	<u>\$20,812,647.75</u>	<u>\$21,878,366.96</u>	<u>\$108,134,055.06</u>
4 Fuel & Net Power Transactions (Line A7)	\$25,095,282.44	\$19,170,329.89	\$16,043,182.97	\$18,966,052.43	\$21,049,840.33	\$24,786,721.73	\$125,111,409.79
5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A7x Line B4 x 1.0007)	24,202,558.58	18,541,784.14	15,547,703.81	18,400,838.73	20,410,941.45	24,029,218.02	\$121,133,044.73
6 Over/(Under) Recovery (Line C3-C5)	(4,739,072.66)	(4,089,822.84)	(250,841.65)	(2,170,107.76)	401,706.30	(2,150,851.06)	(\$12,998,989.67)
7 Interest Provision	(31,127.07)	(32,755.26)	(31,378.67)	(29,437.69)	(28,286.27)	(24,651.97)	(\$177,636.93)
8 <b>TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2003 - JUNE 2003</b>							<u>(\$13,176,626.00)</u>



CALCULATION OF ESTIMATED TRUE-UP  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2003 - DECEMBER 2003

	JULY ACTUAL	AUGUST ESTIMATED	SEPTEMBER ESTIMATED	OCTOBER ESTIMATED	NOVEMBER ESTIMATED	DECEMBER ESTIMATED	TOTAL PERIOD
	(a)	(b)	(c)				(d)
<b>A</b> 1 Fuel Cost of System Generation	34,065,059.72	36,790,000.00	33,080,000.00	28,792,000.00	22,869,000.00	24,876,000.00	\$322,333,154.00
1a Fuel Cost of Hedging Settlement	(1,287,710.00)						(\$5,562,005.00)
1b Fuel Cost of Hedging Support	0.00	6,603.00	6,604.00	6,604.00	6,604.00	6,604.00	\$75,730.31
2 Fuel Cost of Power Sold	(7,638,485.98)	(12,153,000.00)	(12,221,000.00)	(12,472,000.00)	(9,049,000.00)	(7,345,000.00)	(\$94,399,318.33)
3 Fuel Cost of Purchased Power	1,474,952.15	536,000.00	387,000.00	622,000.00	708,000.00	759,000.00	\$23,941,813.15
3a Demand & Non-Fuel Cost Of Purchased Power							\$0.00
3b Energy Payments to Qualified Facilities	205,439.85	16,051.00	845.00				\$840,117.27
4 Energy Cost of Economy Purchases							\$0.00
5 Other Generation	152,811.65	6,809.00	939.00				\$1,334,232.49
6 Adjustment to Fuel Cost	(38,523.33)						(\$282,107.04)
7 TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Thru A6)	<u>\$26,933,544.06</u>	<u>\$25,202,463.00</u>	<u>\$21,254,388.00</u>	<u>\$16,948,604.00</u>	<u>\$14,534,604.00</u>	<u>\$18,296,604.00</u>	<u>\$248,281,616.85</u>
<b>B</b> 1 Jurisdictional KWH Sales	1,091,270,631	1,105,129,000	919,954,000	755,145,000	680,394,000	812,109,000	10,593,148,720
2 Non-Jurisdictional KWH Sales	34,375,042	37,217,000	32,570,000	27,658,000	26,104,000	29,950,000	362,558,249
3 TOTAL SALES (Lines B1 + B2)	<u>1,125,645,673</u>	<u>1,142,346,000</u>	<u>952,524,000</u>	<u>782,803,000</u>	<u>706,498,000</u>	<u>842,059,000</u>	<u>10,955,706,969</u>
4 Jurisdictional % Of Total Sales (Line B1/B3)	<u>96.9462%</u>	<u>96.7421%</u>	<u>96.5807%</u>	<u>96.4668%</u>	<u>96.3052%</u>	<u>96.4432%</u>	
<b>C</b> 1 Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	(1) \$25,533,527.25	\$25,929,759.49	\$21,584,978.74	\$17,718,047.61	\$15,964,156.93	\$19,054,600.01	\$248,270,107.97
2 True-Up Provision	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.83)	(2,422,599.87)	(\$29,071,198.00)
2a Incentive Provision	30,769.35	30,769.35	30,769.35	30,769.35	30,769.35	30,769.30	\$369,232.15
3 FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Thru C2a)	<u>\$23,141,696.77</u>	<u>\$23,537,929.01</u>	<u>\$19,193,148.26</u>	<u>\$15,326,217.13</u>	<u>\$13,572,326.45</u>	<u>\$16,662,769.44</u>	<u>\$219,568,142.12</u>
4 Fuel & Net Power Transactions (Line A7)	\$26,933,544.06	\$25,202,463.00	\$21,254,388.00	\$16,948,604.00	\$14,534,604.00	\$18,296,604.00	\$248,281,616.85
5 Jurisdictional Fuel Cost Adj. for Line Losses (Line A7 x Line B4 x 1.0007)	<u>26,129,325.22</u>	<u>24,398,458.93</u>	<u>20,542,006.06</u>	<u>16,361,220.77</u>	<u>14,007,377.76</u>	<u>17,658,182.47</u>	<u>\$240,229,616.94</u>
6 Over/(Under) Recovery (Line C3-C5)	(2,987,628.45)	(860,529.92)	(1,348,857.80)	(1,035,003.64)	(435,051.31)	(995,413.03)	(\$20,661,474.82)
7 Interest Provision	(2) (23,004.90)	(22,598.81)	(21,492.62)	(20,459.98)	(19,036.27)	(17,594.43)	(\$301,823.94)
11 TOTAL ESTIMATED TRUE-UP FOR THE PERIOD JANUARY 2003 - DECEMBER 2003							<u>(\$20,963,298.76)</u>

Note 1: Estimated Revenues based on the 2003 Fuel Factor excluding revenue taxes of

2.3463 ¢/KWH

Note 2: Interest Calculated for August through December at July's rate of

0.0854

SCHEDULE E-1B-1

COMPARISON OF ESTIMATED/ACTUAL VERSUS ORIGINAL PROJECTIONS  
OF THE FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
GULF POWER COMPANY  
FOR THE PERIOD JANUARY 2003 - DECEMBER 2003

	DOLLARS				KWH				¢/KWH			
	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMOUNT	%	ESTIMATED/ ACTUAL	ESTIMATED/ ORIGINAL	DIFFERENCE AMT.	%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1 Fuel Cost of System Net Generation (A3)	322,333,154	312,745,343	9,587,811	3.07	15,450,540,000	15,925,270,000	(474,730,000)	(2.98)	2.0862	1.9638	0.1224	6.23
1a Fuel Cost of Hedging Settlement	(5,562,005)											
2 Hedging Support Costs	75,730	79,240	(3,510)	(4.43)	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
3 Coal Car Investment	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
4 Other Generation	1,334,232	19,253	1,314,979	6,830.00	59,402,000	820,000	58,582,000	7,144.15	2.2461	2.3479	(0.1018)	(4.34)
5 Adjustment to Fuel Cost	(282,107)											
5 TOTAL COST OF GENERATED POWER	317,899,004	312,843,836	5,055,168	1.62	15,509,942,000	15,926,090,000	(416,148,000)	(2.61)	2.0496	1.9643	0.0853	4.34
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A8)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
7 Energy Cost of Schedule C&X Econ Purchases (Broker) (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
8 Energy Cost of Other Economy Purchases (Nonbroker) (A9)	23,941,813	6,877,000	17,064,813	248.14	1,066,949,843	283,895,000	783,054,843	275.83	2.2439	2.4224	(0.1785)	(7.37)
9 Energy Cost of Schedule E Economy Purchases (A9)	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
10 Capacity Cost of Schedule E Economy Purchases	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
11 Energy Payments to Qualifying Facilities (A9a)	840,117	35,775	804,342	2,248.34	23,989,968	1,710,000	22,279,968	1,302.92	3.502	2.0921	1.4099	67.39
12 TOTAL COST OF PURCHASED POWER	24,781,930	6,912,775	17,869,155	258.49	1,090,939,811	285,605,000	805,334,811	281.98	2.2716	2.4204	(0.1488)	(6.15)
13 Total Available KWH (Lines 4 + Line 12)	342,680,934	319,756,611	22,924,323	7.17	16,600,881,811	16,211,695,000	389,186,811	2.40				
14 Fuel Cost of Economy Sales (A6)	(6,005,429)	(2,915,000)	(3,090,429)	(106.02)	(258,141,230)	(84,492,000)	(173,649,230)	(205.52)	(2.3264)	(3.4500)	1.1236	32.57
15 Gain on Economy Sales (A6)	(2,599,343)	(527,000)	(2,072,343)	(393.23)			0	#N/A	#N/A	#N/A	#N/A	#N/A
16 Fuel Cost of Unit Power Sales (A6)	(26,613,044)	(22,465,000)	(4,148,044)	(18.46)	(1,410,733,978)	(1,234,807,000)	(175,926,978)	(14.25)	(1.8865)	(1.8193)	(0.0672)	(3.69)
17 Fuel Cost of Other Power Sales (A6)	(59,181,501)	(72,677,000)	13,495,499	18.57	(3,273,190,586)	(3,503,612,000)	230,421,414	6.58	(1.8081)	(2.0743)	0.2662	12.83
18 TOTAL FUEL COST AND GAINS ON POWER SALES (LINES 14+15+16+17)	(94,399,317)	(98,584,000)	4,184,683	4.24	(4,942,065,794)	(4,822,911,000)	(119,154,794)	(2.47)	(1.9101)	(2.0441)	0.1340	6.56
19 Net Inadvertent Interchange	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINES 5+12+18+19)	248,281,617	221,172,611	27,109,006	12.26	11,658,816,017	11,388,784,000	270,032,017	2.37	2.1296	1.942	0.1876	9.66
21 Net Unbilled Sales	0	0	0	#N/A	0	0	0	#N/A	#N/A	#N/A	#N/A	#N/A
22 Company Use *	507,436	426,483	80,953	18.98	23,827,777	21,961,000	1,866,777	8.50	2.1296	1.942	0.1876	9.66
23 T & D Losses *	14,465,974	12,958,112	1,507,862	11.64	679,281,271	667,256,000	12,025,271	1.80	2.1296	1.942	0.1876	9.66
24 TERRITORIAL (SYSTEM) SALES	248,281,617	221,172,611	27,109,006	12.26	10,955,706,969	10,699,567,000	256,139,969	2.39	2.2662	2.0671	0.1991	9.63
25 Wholesale Sales	8,291,990	7,492,741	799,249	10.67	362,558,249	362,476,000	82,249	0.02	2.2871	2.0671	0.2200	10.64
26 Jurisdictional Sales	239,989,627	213,679,870	26,309,757	12.31	10,593,148,720	10,337,091,000	256,057,720	2.48	2.2655	2.0671	0.1984	9.60
26a Jurisdictional Loss Multiplier***	1.0010	1.0007										
27 Jurisdictional Sales Adj. for Line Losses (Line 26 x 1.0007)	240,229,617	213,829,446	26,400,171	12.35	10,593,148,720	10,337,091,000	256,057,720	2.48	2.2678	2.0686	0.1992	9.63
28 TRUE-UP **	29,071,198	29,071,198	0	0.00	10,593,148,720	10,337,091,000	256,057,720	2.48	0.2744	0.2812	(0.0068)	(2.42)
29 TOTAL JURISDICTIONAL FUEL COST	269,300,815	242,900,644	26,400,171	10.87	10,593,148,720	10,337,091,000	256,057,720	2.48	2.5422	2.3498	0.1924	8.19
30 Revenue Tax Factor									1.00072	1.00072		
31 Fuel Factor Adjusted for Revenue Taxes									2.5440	2.3515	0.1925	8.19
32 GPIF Reward / (Penalty) **	(369,498)	(369,498)	0	0.00	10,593,148,720	10,337,091,000	256,057,720	2.48	(0.0035)	(0.0036)	0.0001	(2.78)
33 Fuel Factor Adjusted for GPIF Reward / (Penalty)									2.5405	2.3479	0.1926	8.20
34 FUEL FACTOR ROUNDED TO NEAREST .001(CENTS/KWH)									2.541	2.348	0.193	8.22

\* Included for Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

Note. Amounts Included in the Estimated/Actual Column represent 7 months actual and 5 months estimate

**Schedule CCE-1a**

**Purchased Power Capacity Cost Recovery Clause  
Calculation of True-up  
Gulf Power Company  
January 2004 - December 2004**

1	Estimated over/(under)-recovery, January 2003 - December 2003 (Schedule CCE-1b-1, Line 18)	\$1,058,876
2	Final True-Up, January 2002 - December 2002 (Exhibit No.____(TAD-1), filed April 1, 2003)	<u>193,696</u>
3	Total Over/(Under)-Recovery (Line 1 & 2) (To be included in January 2004 - December 2004)	<u>\$1,252,572</u>
4	Jurisdictional KWH sales, January 2004 - December 2004	10,605,379,000
5	True-up Factor (Line 3 / Line 4) x 100 (Cents/KWH)	(0.0118)

## Schedule CCE-1b

**Purchased Power Capacity Cost Recovery Clause  
Calculation of Estimated True-Up Amount  
Gulf Power Company  
For the Period January 2003 - December 2003**

	<u>Actual January</u>	<u>Actual February</u>	<u>Actual March</u>	<u>Actual April</u>	<u>Actual May</u>	<u>Actual June</u>	<u>Actual July</u>	<u>Estimated August</u>	<u>Estimated September</u>	<u>Estimated October</u>	<u>Estimated November</u>	<u>Estimated December</u>	<u>Total</u>
1 IIC Payments/(Receipts) (\$)	576,317	4,193	192,099	(9,415)	(102,417)	374,563	1,404,921	2,470,074	1,941,890	52,536	(10,668)	64,888	6,958,981
2 Projected 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 Transmission Revenue (\$)	(51,592)	(78,086)	(31,701)	(44,371)	(39,430)	(22,413)	(31,968)	(9,000)	(13,000)	(8,000)	(10,000)	(9,000)	(348,561)
5 Total Capacity Payments/(Receipts) (Line 1 + 2 + 3 + 4) (\$)	586,927	(11,691)	222,600	8,416	(79,645)	414,352	1,435,155	2,523,276	1,991,092	106,738	41,534	118,090	7,356,844
6 Junsdictional %	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	0.9650187	
7 Junsdictional Capacity Payments/(Receipts) (Line 5 x Line 6) (\$)	566,396	(11,282)	214,813	8,122	(76,858)	399,857	1,384,952	2,435,009	1,921,441	103,004	40,081	113,959	7,099,493
8 Retail KWH Sales								1,105,129,000	919,954,000	755,145,000	680,394,000	812,109,000	
9 Purchased Power Capacity Cost Recovery Factor (¢/KWH)								0.081	0.081	0.081	0.081	0.081	
10 Capacity Cost Recovery Revenues (Line 10 x Line 11/100) (\$)	832,686	588,899	601,144	634,147	805,054	850,861	896,948	895,154	745,163	611,667	551,119	657,808	8,670,650
11 Revenue Taxes (Line 12 x .00072) (\$)*	600	424	433	457	580	613	646	14,072	11,714	9,615	8,664	10,341	58,159
12 True-Up Provision (\$)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(38,848)	(466,176)
Capacity Cost Recovery Revenues net of Revenue Taxes (Line 10 - Line 11 + Line 12) (\$)	793,238	549,627	561,863	594,842	765,626	811,400	857,454	842,234	694,601	563,204	503,607	608,619	8,146,315
14 Over/(Under) Recovery (Line 136 - Line 7) (\$)	226,842	560,909	347,050	586,720	842,484	411,543	(527,498)	(1,592,775)	(1,226,840)	460,200	463,526	494,660	1,046,822
15 Interest Provision (\$)	(121)	308	796	1,277	2,047	2,500	2,305	1,434	265	(29)	399	841	12,022
16 Prior Period Adjustment Including Interest	32												32
17 Total Estimated True-Up for the Period January 2003 - December 2003 (Lines 14 + 15 +16) (\$)													1,058,876

NOTE: Interest is Calculated for Aug - Dec at July's rate of  
Actual IIC Payments for January through July include Market Capacity Payments

0.0854 %