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COMMISSION  
CLERK



April 30, 2008

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

08 MAY 1 10 09

Dear Ms. Cole:

RE: Docket No. 080002-EG, Energy Conservation Cost Recovery Clause

Enclosed for official filing are an original and fifteen copies of the final true-up testimony and exhibit for the period January – December 2007 of John N. Floyd in the above referenced docket.

Sincerely,

*Susan D. Ritenour*  
*Sub*

- CMP \_\_\_\_\_
- COM 5
- CTR 1
- EDR
- GCL 1
- OPC \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

bh

Enclosures

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

DOCUMENT NUMBER-DATE

03547 MAY-1 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Conservation Cost Recovery** )  
\_\_\_\_\_ )

Docket No.: **080002-EG**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 30<sup>TH</sup> day of APRIL, 2008, on the following:

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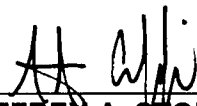
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**Attorneys for Gulf Power Company**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**ENERGY CONSERVATION COST  
RECOVERY CLAUSE**

**DOCKET NO. 080002-EG**

**PREPARED DIRECT TESTIMONY AND  
EXHIBIT OF  
JOHN N. FLOYD**

**Final True-up  
JANUARY - DECEMBER 2007**

**May 1, 2008**



DOCUMENT NUMBER 080002-EG

03547 MAY-18

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Gulf Power Company  
Before the Florida Public Service Commission  
Prepared Direct Testimony and Exhibit of  
John N. Floyd  
Docket No. 080002-EG  
May 2, 2008

Q. Will you please state your name, business address, employer and position?

A. My name is John N. Floyd and my business address is One Energy Place, Pensacola, Florida 32520. I am employed by Gulf Power Company as the Economic Evaluation and Market Reporting Team Leader.

Q. Mr. Floyd, please describe your educational background and business experience.

A. I received a Bachelor Degree in Electrical Engineering from Auburn University in 1985. After serving four years in the US Air Force, I began my career in the electric utility industry at Gulf Power in 1990 and have held various positions within the Company in Power Generation, Metering, Power Delivery Distribution, and Marketing. In my present position, I am responsible for Energy Conservation Cost Recovery (ECCR) filings, economic evaluations, market research, and other marketing services activities.

DOCUMENT NUMBER-DATE  
03547 MAY-18  
FPSC-COMMISSION CLERK

1 Q. Have you previously testified before this Commission in  
2 connection with the Energy Conservation Cost Recovery  
3 Clause?

4 A. No.

5  
6 Q. Mr. Floyd, for what purpose are you appearing before  
7 this Commission today?

8 A. I am testifying before this Commission on behalf of Gulf  
9 Power regarding matters related to the Energy  
10 Conservation Cost Recovery Clause, specifically the  
11 approved programs and related expenses for  
12 January, 2007, through December, 2007.

13  
14 Q. Are you familiar with the documents concerning the  
15 Energy Conservation Cost Recovery Clause and its related  
16 true-up and interest provisions?

17 A. Yes, I am.

18  
19 Q. Have you verified that to the best of your knowledge and  
20 belief, this information is correct?

21 A. Yes, I have.

22 Counsel: We ask that Mr. Floyd's exhibit consisting of  
23 6 Schedules, CT-1 through CT-6, be marked for  
24 identification as:

25 Exhibit No. \_\_\_\_\_ (JNF-1)

1

2 Q. Would you summarize for this Commission the deviations  
3 between the actual expenses for this recovery period and  
4 the estimated/actual estimate of expenses previously  
5 filed with this Commission?

6 A. The estimated/actual true-up net expenses for the entire  
7 recovery period January, 2007, through December, 2007,  
8 were \$10,244,582 while the actual expenses were  
9 \$9,107,192 resulting in a variance of (\$1,137,390) or  
10 11.1% under the estimated/actual true-up. See Schedule  
11 CT-2, Line 9.

12

13 Q. Mr. Floyd, would you explain the January, 2007, through  
14 December, 2007, variance?

15 A. Yes. The reasons for this variance are less expenses  
16 than estimated in the following programs: Residential  
17 Energy Surveys, under \$42,240; Residential Geothermal  
18 Heat Pump Program, under \$234,031; GoodCents *Select*,  
19 under \$566,235; Commercial/ Industrial Energy Analysis,  
20 under \$136,738; GoodCents Commercial Buildings, under  
21 \$41,558; Energy Services, under \$3,900; Renewable  
22 Energy, under \$95,980; and Conservation Demonstration  
23 and Development, under \$23,679. The underages  
24 experienced in these programs are offset by an increase  
25 of expenses in the following program: Commercial

1 Geothermal Heat Pump, over \$6,971. The resulting net  
2 variance is \$1,137,390 under the estimated/actual  
3 program expenses reported in September, 2007. A more  
4 detailed description of the deviations is contained in  
5 Schedule CT-6.

6

7 Q. Mr. Floyd, what was Gulf Power's adjusted net true-up  
8 for the period January, 2007 through December, 2007?

9 A. There was an over-recovery of \$1,341,449 as shown on  
10 Schedule CT-1.

11

12 Q. Would you describe the results of your programs during  
13 the recovery period?

14 A. A more detailed review of each of the programs is  
15 included in my Schedule CT-6. The following is a  
16 synopsis of program results during this recovery period.

17 (A) Residential Energy Surveys - During this period,  
18 the Company completed 5,650 surveys compared to the  
19 projection of 5,862 surveys.

20 (B) Residential Geothermal Heat Pump - During the 2007  
21 recovery period, a total of 180 geothermal heat  
22 pumps were installed compared to a projection of  
23 300.

24 (C) GoodCents Select - During this recovery period, a  
25 net total of 1,074 units were installed with a

1 total of 8,831 units on-line at December 31, 2007.  
2 Gulf had projected a net customer addition of 1,250  
3 units.

4 (D) Commercial/Industrial (C/I) Energy Analysis -  
5 During 2007, a total of 178 C/I Energy Analyses  
6 were completed compared to a projection of 200.

7 (E) GoodCents Commercial Buildings - During this  
8 recovery period, a total of 212 buildings were  
9 built or improved to GoodCents standards, compared  
10 to a projection of 180.

11 (F) Commercial Geothermal Heat Pump - During the 2007  
12 recovery period, there were 4 geothermal heat pump  
13 units installed compared to 8 units projected.

14 (G) Energy Services - For the 2007 recovery period, at  
15 the meter reductions of 653,905 kWh, winter kW of  
16 1,384 and summer kW of 1,834 were achieved. The  
17 projected results for this period were at the  
18 meter energy reductions of 1,178,470 kWh and at  
19 the meter demand reductions of 510 kW winter and  
20 275 kW summer.

21 (H) Renewable Energy - Costs associated with the  
22 Renewable Energy program are provided in Schedule  
23 CT-3, pages 1 through 3. Further description of  
24 these activities can be found in Schedule CT-6,  
25 pages 8 and 9.



1 (I) Conservation Demonstration and Development - Costs  
2 associated with the Conservation Demonstration and  
3 Development program are provided in Schedule CT-3,  
4 pages 1 through 3. Further description of these  
5 activities can be found in Schedule CT-6, page 10.

6

7 Q. Mr. Floyd, does this conclude your testimony?

8 A. Yes, it does.

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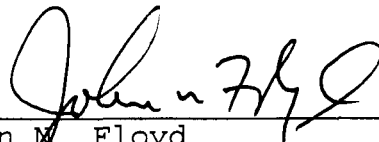
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AFFIDAVIT

STATE OF FLORIDA )  
 )  
COUNTY OF ESCAMBIA )

Docket No. 080002-EG

Before me the undersigned authority, personally appeared John N. Floyd, who being first duly sworn, deposes and says that he is the Economic Evaluation and Market Reporting Team Leader of Gulf Power Company, a Florida Corporation, that the foregoing is true and correct to the best of his knowledge, information and belief. He is personally known to me.



John N. Floyd  
Economic Evaluation and Market  
Reporting Team Leader

Sworn to and subscribed before me this 29<sup>th</sup> day of April, 2008.



Melinda M. Mixon  
Notary Public, State of Florida at Large

DOCUMENT NUMBER  
03547 MAY

FPSC-COMMISSION CLERK

INDEX

Schedule Number	Title	Pages
CT-1	Adjusted net True-Up, January 2007 Through December 2007	1
CT-2	Analysis of Energy Conservation Program Costs	2
CT-3	Energy Conservation Adjustment	3 - 7
CT-4	Schedule of Capital Investments, Depreciation and Return	8 - 9
CT-5	Reconciliation and Explanation of Differences Between Filing and Audit	10
CT-6	Program Descriptions and Progress Reports	11 - 20

DOCUMENT NUMBER DATE

03547 MAY -18

FPSC-COMMISSION CLERK

GULF POWER COMPANY  
ENERGY CONSERVATION COST RECOVERY  
ADJUSTED NET TRUE-UP  
For the Period: January, 2007 Through December, 2007

	\$	\$
Actual		
1. Principal	1,522,872	
2. Interest	74,784	
3. Actual Over/(Under) Recovery Ending Balance		1,597,656
Estimated/Actual as filed September 14, 2007		
4. Principal	198,872	
5. Interest	57,335	
6. Total Estimated/Actual Over/(Under) Recovery		256,207
7. Adjusted Net True-up Over/(Under) Recovery (Line 3 - 6)		1,341,449

DOCUMENT NUMBER DATE  
03547 MAY -18  
FPSC-COMMISSION CLERK

GULF POWER COMPANY  
ENERGY CONSERVATION COST RECOVERY  
ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
ACTUAL compared to ESTIMATED/ACTUAL  
For the Period: January, 2007 Through December, 2007

	Actual	Est/Actual	Difference
	\$	\$	\$
1. Depreciation, Return & Property Tax	1,939,611.15	1,941,565.94	(1,954.79)
2. Payroll & Benefits	3,349,332.36	3,483,853.00	(134,520.64)
3. Materials & Supplies	4,041,287.87	4,865,399.00	(824,111.13)
4. Advertising	481,157.34	687,138.00	(205,980.66)
5. Adjustments	0.00	0.00	0.00
6. Other	0.00	0.00	0.00
7. Subtotal	9,811,388.72	10,977,955.94	(1,166,567.22)
8. Program Revenues	704,196.57	733,373.41	(29,176.84)
9. Total Program Costs	9,107,192.15	10,244,582.53	(1,137,390.38)
10. Less: Payroll Adjustment	0.00	0.00	0.00
11. Amounts Inc. in Base Rate	0.00	0.00	0.00
12. Conservation Adjustment Revenues	9,677,622.47	9,491,013.19	186,609.28
13. Rounding Adjustment	9,677,622.00	9,491,013.00	186,609.00
14. True-up Before Adjustment Over/(Under) Recovery	570,430	(753,570)	1,324,000
15. Interest Provision	74,784	57,335	17,449
16. Prior Period True-up	952,442	952,442	0
17. Other	0	0	0
18. End of Period True-up	1,597,656	256,207	1,341,449

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM  
 VARIANCE ACTUAL Vs ESTIMATED/ACTUAL  
 For the Period: January, 2007 Through December, 2007

Program	Depr/Amort & Return	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	0.00	(31,994.68)	(2,564.49)	(7,680.61)	0.00	(42,239.78)	0.00	(42,239.78)
2. Residential Geothermal Heat Pump	0.00	(20,549.40)	(103,417.02)	(110,064.27)	0.00	(234,030.69)	0.00	(234,030.69)
3. Good Cents <i>Select</i>	(1,954.79)	26,481.44	(619,709.40)	(228.78)	0.00	(595,411.53)	(29,176.84)	(566,234.69)
4. Commercial / Industrial Energy Analysis	0.00	(81,802.99)	(51,758.15)	(3,177.00)	0.00	(136,738.14)	0.00	(136,738.14)
5. GoodCents Commerical Buildings	0.00	(27,437.17)	(541.44)	(13,580.00)	0.00	(41,558.61)	0.00	(41,558.61)
6. Commercial Geothermal Heat Pump	0.00	(2,385.94)	9,357.10	0.00	0.00	6,971.16	0.00	6,971.16
7. Energy Services	0.00	0.00	(3,900.00)	0.00	0.00	(3,900.00)	0.00	(3,900.00)
8. Renewable Energy								
a. Solar for Schools	0.00	(2,397.65)	(209.68)	0.00	0.00	(2,607.33)	0.00	(2,607.33)
b. EarthCents Solar	0.00	7,810.84	(562.77)	(21,250.00)	0.00	(14,001.93)	0.00	(14,001.93)
c. Renewable Energy Initiatives	0.00	1,927.29	(31,298.12)	(50,000.00)	0.00	(79,370.83)	0.00	(79,370.83)
d. Total	0.00	7,340.48	(32,070.57)	(71,250.00)	0.00	(95,980.09)	0.00	(95,980.09)
9. Conservation Demonstration and Development	0.00	(4,172.38)	(19,507.16)	0.00	0.00	(23,679.54)	0.00	(23,679.54)
10. Total	(1,954.79)	(134,520.64)	(824,111.13)	(205,980.66)	0.00	(1,166,567.22)	(29,176.84)	(1,137,390.38)
11. Less Base Rate Recovery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Total	(1,954.79)	(134,520.64)	(824,111.13)	(205,980.66)	0.00	(1,166,567.22)	(29,176.84)	(1,137,390.38)

3

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM  
 ACTUAL EXPENSES  
 For the Period: January, 2007 Through December, 2007

4

Program	Depreciation Property Taxes & Return on Investment	Payroll & Benefits	Materials & Expenses	Advertising	Other	Sub-Total	Program Revenues	Total
1. Residential Energy Surveys	1,812.05	781,711.32	90,149.51	195,770.39	0.00	1,069,443.27	0.00	1,069,443.27
2. Residential Geothermal Heat Pump	0.00	96,640.60	86,630.98	4,390.73	0.00	187,662.31	0.00	187,662.31
3. GoodCents <i>Select</i>	1,937,799.10	1,246,861.44	3,667,616.60	274,771.22	0.00	7,127,048.36	704,196.57	6,422,851.79
4. Commercial / Industrial Energy Analysis	0.00	515,166.01	64,314.85	895.00	0.00	580,375.86	0.00	580,375.86
5. GoodCents Commerical Buildings	0.00	592,414.83	67,351.56	1,580.00	0.00	661,346.39	0.00	661,346.39
6. Commercial Geothermal Heat Pump	0.00	49,274.06	25,857.10	0.00	0.00	75,131.16	0.00	75,131.16
7. Energy Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Renewable Energy								
a. Solar for Schools	0.00	334.35	446.32	0.00	0.00	780.67	0.00	780.67
b. EarthCents Solar	0.00	24,177.84	8,887.23	3,750.00	0.00	36,815.07	0.00	36,815.07
c. Renewable Energy Initiatives	0.00	25,212.29	29,015.88	0.00	0.00	54,228.17	0.00	54,228.17
d. Total	0.00	49,724.48	38,349.43	3,750.00	0.00	91,823.91	0.00	91,823.91
9. Conservation Demonstration and Development								
a. Electrode Boiler	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. McDonald's Geothermal Project	0.00	17,539.62	1,017.84	0.00	0.00	18,557.46	0.00	18,557.46
c. Total	0.00	17,539.62	1,017.84	0.00	0.00	18,557.46	0.00	18,557.46
10. Total	1,939,611.15	3,349,332.36	4,041,287.87	481,157.34	0.00	9,811,388.72	704,196.57	9,107,192.15

Florida Public Service Commission  
 Docket No. 080002-EG  
 GULF POWER COMPANY  
 Witness: John N. Floyd  
 Exhibit No. \_\_\_\_\_ (JNF-1)  
 Schedule CT-3  
 Page 2 of 5

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM  
SUMMARY OF ACTUAL EXPENSES BY PROGRAM BY MONTH  
For the Period: January, 2007 Through December, 2007

PROGRAMS	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Residential Energy Surveys	75,418.95	74,348.72	90,267.35	74,698.50	77,197.79	110,683.77	127,599.83	73,504.30	91,014.72	116,134.68	67,593.86	89,168.75	1,067,631.22
Amortization & Return on Investment	156.00	155.10	154.19	153.28	152.37	151.46	150.55	149.64	148.73	147.82	146.92	145.99	1,812.05
Total	75,574.95	74,503.82	90,421.54	74,851.78	77,350.16	110,835.23	127,750.38	73,653.94	91,163.45	116,282.50	67,740.78	89,314.74	1,069,443.27
2. Residential Geothermal Heat Pump	16,361.44	13,636.48	9,833.90	11,034.43	19,772.15	10,876.70	14,649.94	17,133.66	19,415.98	14,305.26	17,352.10	23,290.27	187,662.31
3. GoodCents Select	296,140.81	360,868.32	396,345.35	383,439.43	460,253.82	399,571.50	483,607.71	427,585.55	374,526.36	365,036.83	743,323.83	498,549.75	5,189,249.26
Amortization & Return on Investment	158,892.39	159,962.96	160,402.21	160,936.22	161,163.47	161,363.71	162,120.49	162,898.72	163,450.48	163,954.98	162,343.42	160,310.05	1,937,799.10
Total	455,033.20	520,831.28	556,747.56	544,375.65	621,417.29	560,935.21	645,728.20	590,484.27	537,976.84	528,991.81	905,667.25	658,859.80	7,127,048.36
4. Commercial / Industrial Energy Analysis	30,667.40	48,696.87	47,748.10	46,906.54	47,466.38	46,383.52	50,259.17	49,970.04	49,558.03	50,090.01	49,539.22	63,090.58	580,375.86
5. GoodCents Commercial Buildings	49,660.11	47,335.93	55,199.74	55,707.24	58,860.57	54,030.91	53,381.73	55,379.60	51,565.69	56,015.70	54,850.51	69,358.66	661,346.39
6. Commercial Geothermal Heat Pump	3,335.62	3,441.85	4,255.97	4,981.94	3,755.64	4,002.40	4,434.09	5,443.92	4,823.23	3,961.59	4,850.02	27,844.89	75,131.16
7. Energy Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Renewable Energy													
a. Solar for Schools	83.46	55.53	(8.60)	112.49	87.67	50.63	46.53	226.73	(149.39)	106.31	232.94	(63.63)	780.67
b. EarthCents Solar	2,654.11	2,862.85	3,024.97	3,081.68	3,104.75	2,962.29	3,725.91	3,107.77	3,124.77	3,034.13	3,113.63	3,018.21	36,815.07
c. Renewable Energy Initiatives	2,049.85	3,142.82	2,039.28	1,994.96	2,563.28	2,379.10	2,311.39	2,277.94	10,452.69	(6,361.67)	24,786.50	6,592.03	54,228.17
d. Total	4,787.42	6,061.20	5,055.65	5,189.13	5,755.70	5,392.02	6,083.83	5,612.44	13,428.07	(3,221.23)	28,133.07	9,546.61	91,823.91
9. Conservation Demonstration and Development													
a. Electrode Boiler	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b. McDonald's Geothermal Project	816.95	2,024.39	1,875.45	1,822.07	1,884.20	1,848.38	1,901.78	1,901.05	706.46	950.90	1,779.78	1,046.05	18,557.46
c. Total	816.95	2,024.39	1,875.45	1,822.07	1,884.20	1,848.38	1,901.78	1,901.05	706.46	950.90	1,779.78	1,046.05	18,557.46
10 Recoverable Conservation Expenses	636,237.09	716,531.82	771,137.91	744,868.78	836,262.09	794,304.37	904,189.12	799,578.92	768,637.75	767,376.54	1,129,912.73	942,351.60	9,811,388.72

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GULF POWER COMPANY  
ENERGY CONSERVATION ADJUSTMENT  
CALCULATION OF OVER/UNDER RECOVERY  
For the Period: January, 2007 through December, 2007

Conservation Revenues	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. GoodCents Select RSVP Fees	50,066.77	52,143.91	49,690.19	48,533.80	54,579.87	64,445.60	68,313.27	70,392.82	68,649.38	67,031.91	56,370.88	53,978.17	704,196.57
2. Over/(Under) Recovery	745,764.60	679,799.62	661,838.12	660,425.10	824,709.64	939,975.26	1,012,741.16	1,111,725.24	879,997.62	798,867.90	651,685.85	710,092.36	9,677,622.47
3. Total Revenues	795,831.37	731,943.53	711,528.31	708,958.90	879,289.51	1,004,420.86	1,081,054.43	1,182,118.06	948,647.00	865,899.81	708,056.73	764,070.53	10,381,819.04
4. Adjustment not Applicable to Period - Prior True Up	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	43,835.00	526,020.00
5. Conservation Revenues Applicable to Period	839,666.37	775,778.53	755,363.31	752,793.90	923,124.51	1,048,255.86	1,124,889.43	1,225,953.06	992,482.00	909,734.81	751,891.73	807,905.53	10,907,839.04
6. Conservation Expenses (CT-3, Page 3, Line 10)	636,237.09	716,531.82	771,137.91	744,868.78	836,262.09	794,304.37	904,189.12	799,578.92	768,637.75	767,376.54	1,129,912.73	942,351.60	9,811,388.72
7. True Up this Period (Line 5 - 6)	203,429.28	59,246.71	(15,774.60)	7,925.12	86,862.42	253,951.49	220,700.31	426,374.14	223,844.25	142,358.27	(378,021.00)	(134,446.07)	1,096,450.32
8. Interest Provision this Period (CT-3, Page 5, Line 11)	4,528.95	4,928.05	4,852.79	4,664.71	4,700.76	5,286.20	6,147.48	7,639.63	8,790.43	8,651.69	7,782.26	6,810.94	74,783.89
9. True Up & Interest Provision Beginning of Month	952,441.70	1,116,564.93	1,136,904.69	1,082,147.88	1,050,902.71	1,098,630.89	1,314,033.58	1,497,046.37	1,887,225.14	2,076,024.82	2,183,199.78	1,769,126.04	952,441.70
10. Prior True Up Collected or Refunded	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(43,835.00)	(526,020.00)
11. End of Period- Net True Up	1,116,564.93	1,136,904.69	1,082,147.88	1,050,902.71	1,098,630.89	1,314,033.58	1,497,046.37	1,887,225.14	2,076,024.82	2,183,199.78	1,769,126.04	1,597,655.91	1,597,655.91

GULF POWER COMPANY  
 COMPUTATION OF INTEREST EXPENSE  
 ENERGY CONSERVATION ADJUSTMENT  
 For the Period: January, 2007 through December, 2007

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	952,441.70	1,116,564.93	1,136,904.69	1,082,147.88	1,050,902.71	1,098,630.89	1,314,033.58	1,497,046.37	1,887,225.14	2,076,024.82	2,183,199.78	1,769,126.04	
2. Ending True up before Interest	1,112,035.98	1,131,976.64	1,077,295.09	1,046,238.00	1,093,930.13	1,308,747.38	1,490,898.89	1,879,585.51	2,067,234.39	2,174,548.09	1,761,343.78	1,590,844.97	
3. Total beginning & ending	2,064,477.68	2,248,541.57	2,214,199.78	2,128,385.88	2,144,832.84	2,407,378.27	2,804,932.47	3,376,631.88	3,954,459.53	4,250,572.91	3,944,543.56	3,359,971.01	
4. Average True up Amount	1,032,238.84	1,124,270.79	1,107,099.89	1,064,192.94	1,072,416.42	1,203,689.14	1,402,466.24	1,688,315.94	1,977,229.77	2,125,286.46	1,972,271.78	1,679,985.51	
5. Interest Rate First Day Reporting Business Month	5.2700	5.2600	5.2600	5.2600	5.2600	5.2600	5.2800	5.2400	5.6200	5.0500	4.7200	4.7500	
6. Interest Rate First Day Subsequent Business Month	5.2600	5.2600	5.2600	5.2600	5.2600	5.2800	5.2400	5.6200	5.0500	4.7200	4.7500	4.9800	
7. Total of Lines 5 and 6	10.5300	10.5200	10.5200	10.5200	10.5200	10.5400	10.5200	10.8600	10.6700	9.7700	9.4700	9.7300	
8. Average Interest rate (50% of Line 7)	5.2650	5.2600	5.2600	5.2600	5.2600	5.2700	5.2600	5.4300	5.3350	4.8850	4.7350	4.8650	
9. Monthly Average Interest Rate Line 8 \ 12	0.004388	0.004383	0.004383	0.004383	0.004383	0.004392	0.004383	0.004525	0.004446	0.004071	0.003946	0.004054	
10. Interest Adjustment													
11. Interest Provision (Line 4 X 9)	4,528.95	4,928.05	4,852.79	4,664.71	4,700.76	5,286.20	6,147.48	7,639.63	8,790.43	8,651.69	7,782.26	6,810.94	74,783.89

GULF POWER COMPANY  
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN  
 GoodCents Select  
 For the Period January, 2007 Through December, 2007

Line No. Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Investments Added to Plant in Service (Net of Retirements)		119,781.09	62,578.02	103,620.11	81,538.82	36,761.42	68,298.06	96,644.16	103,742.06	78,280.08	36,406.08	33,124.66	(14,407.18)	
2 Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	9,429,660.54	9,549,441.63	9,612,019.65	9,715,639.76	9,797,178.58	9,833,940.00	9,902,238.06	9,998,882.22	10,102,624.28	10,180,904.36	10,217,310.44	10,250,435.10	10,236,027.92	
3 Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)/2 * .0023		21,825.97	22,035.68	22,226.81	22,439.74	22,575.79	22,696.60	22,886.29	23,116.73	23,326.06	23,457.95	23,537.91	23,559.43	273,684.96
4 Retirements		(43,141.92)	(21,091.61)	(61,357.40)	(48,894.18)	(32,596.12)	(68,068.36)	(41,433.94)	(69,985.78)	(86,283.84)	(83,407.71)	(92,036.10)	(51,770.31)	
5 Cost of Removal and Salvage		28,608.00	(11,202.78)	0.00	19,641.77	12,004.87	45,568.08	6,987.94	32,770.89	52,498.20	45,067.88	61,148.45	8,789.31	
6 Less: Accum. Depr. COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)	130,005.37	137,297.42	127,038.71	87,908.12	81,095.45	83,079.99	83,276.31	71,716.60	57,618.44	47,158.86	32,276.98	24,927.24	5,505.67	
7 Net Plant in Service (CM Ln 2 - CM Ln 6)	9,299,655.17	9,412,144.21	9,484,980.94	9,627,731.64	9,716,083.13	9,750,860.01	9,818,961.75	9,927,165.62	10,045,005.84	10,133,745.50	10,185,033.46	10,225,507.86	10,230,522.25	
8 Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9 CWIP Balance (PM Ln 9 + CM Ln 8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10 Inventory	3,645,736.63	3,690,561.34	3,642,912.60	3,527,576.48	3,479,878.69	3,423,782.62	3,393,838.94	3,367,698.68	3,283,927.01	3,233,713.97	3,222,892.18	2,783,351.39	2,741,758.20	
11 Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	12,945,391.80	13,102,705.55	13,127,893.54	13,155,308.12	13,195,961.82	13,174,642.63	13,212,800.69	13,294,864.30	13,328,932.85	13,367,459.47	13,407,925.64	13,008,859.25	12,972,280.45	
12 Average Net Investment (PM Ln 11 + CM Ln 11)/2	13,250,281.19	13,024,048.68	13,115,299.55	13,141,600.83	13,175,634.97	13,185,302.23	13,193,721.66	13,253,832.50	13,311,898.58	13,348,196.16	13,387,692.56	13,208,392.45	12,990,569.85	
13 Rate of Return / 12 (Note B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
14 Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		122,868.88	123,729.74	123,977.86	124,298.94	124,390.14	124,469.57	125,036.66	125,584.45	125,926.88	126,299.49	124,607.97	122,553.04	1,493,743.62
15 Property Tax		14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	14,197.54	170,370.52
16 Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		158,892.39	159,962.96	160,402.21	160,936.22	161,163.47	161,363.71	162,120.49	162,898.72	163,450.48	163,954.98	162,343.42	160,310.05	1,937,799.10

Notes:  
 (A) GoodCents Select Property Additions Depreciated at 2.3% per year  
 (B) Return on Average Net Investment (including income taxes) is 11.3210%

GULF POWER COMPANY  
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION AND RETURN  
 Flow Meter  
 For the Period January, 2007 Through December, 2007

Line No. Description	Beginning of Period	January	February	March	April	May	June	July	August	September	October	November	December	Total
1 Investments Added to Plant in Service (Net of Retirements)														
2 Depreciable Base (Cumulative Plant Additions PM Ln 2 + CM Ln 1)	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	8,093.56	
3 Depreciation Expense (Note A) (PM Ln 2 + CM Ln 2)2 * 011905		96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	96.35	1,156.20
4 Retirements														
5 Salvage														
6 Less: Accum. Depr. COR and Sal. (PM Ln 6 + CM Ln 3 + 4 + 5)	2,312.42	2,408.77	2,505.12	2,601.47	2,697.82	2,794.17	2,890.52	2,986.87	3,083.22	3,179.57	3,275.92	3,372.27	3,468.62	
7 Net Plant in Service (CM Ln 2 - CM Ln 6)	5,781.14	5,684.79	5,588.44	5,492.09	5,395.74	5,299.39	5,203.04	5,106.69	5,010.34	4,913.99	4,817.64	4,721.29	4,624.94	
8 Net Additions/Reductions to CWIP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
9 CWIP Balance (PM Ln 9 + CM Ln 8)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10 Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
11 Net Investment (CM Ln 7 + CM Ln 9 + CM Ln 10)	5,781.14	5,684.79	5,588.44	5,492.09	5,395.74	5,299.39	5,203.04	5,106.69	5,010.34	4,913.99	4,817.64	4,721.29	4,624.94	
12 Average Net Investment (PM Ln 11 + CM Ln 11)2	0.00	5,732.97	5,636.62	5,540.27	5,443.92	5,347.57	5,251.22	5,154.87	5,058.52	4,962.17	4,865.82	4,769.47	4,673.12	
13 Rate of Return / 12 (Note B)		0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	0.009434	
14 Return Requirement on Average Net Investment (CM Ln 12 * CM Ln 13)		54.08	53.18	52.27	51.36	50.45	49.54	48.63	47.72	46.81	45.90	45.00	44.09	589.03
15 Property Tax		5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.57	5.55	66.82
16 Total Depreciation, Prop Taxes & Return (CM Ln 3 + CM Ln 14 + CM Ln 15)		156.00	155.10	154.19	153.28	152.37	151.46	150.55	149.64	148.73	147.82	146.92	145.99	1,812.05

Notes:  
 (A) Flow Meter is Seven year Property 14.286% per year  
 (B) Return on Average Net Investment (including income taxes) is 11.3210%

Florida Public Service Commission  
Docket No. 080002-EG  
Gulf Power Company  
Witness: John N. Floyd  
Exhibit No. \_\_\_\_\_ (JNF-1)  
Schedule CT-5  
Page 1 of 1

GULF POWER COMPANY

Reconciliation and Explanation of  
Differences Between Filing and FPSC Audit  
Report for Months, January, 2006 through December, 2006

(If no differences exist, please state.)

NO DIFFERENCES

Program Description and Progress

Program Title: Residential Energy Survey

Program Description: This program offers existing residential customers, and individuals and contractors building new homes, with energy conservation advice that encourages the implementation of efficiency measures resulting in energy savings for the customer. Owners of existing homes may choose to have a Gulf Power representative conduct an on-site survey of their home, or they may opt to participate in either a mail-in or on-line interactive version of the survey known as the "Energy Check Up." Qualifying new home owners and contractors may request a survey of their final construction plans. Regardless of the options chosen, these surveys provide customers with specific whole-house recommendations.

Program Accomplishments: 5,650 residential energy surveys were completed compared to 5,862 projected surveys, a difference of 212 surveys under projection.

Program Fiscal Expenditures: Actual expenses were \$1,069,443 with projected expenses of \$1,111,683 resulting in a deviation of \$42,240 less than the projection. These expenses are under projection primarily due to less labor costs than projected.

Program Progress Summary: Since the approval of this program, Gulf has performed 152,078 residential energy surveys. This is a result of Gulf's promotional campaign to solicit energy surveys as well as the overall rapport established with its customers as the "energy experts" in Northwest Florida.

Program Description and Progress

Program Title: Residential Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing residential customers through the promotion and installation of geothermal systems.

Program Accomplishments: There were 180 units actually installed compared to 300 units projected by year end. An incentive increase was approved for this program June, 2007 in Docket No. 070119-EG in order to increase participation.

Program Fiscal Expenditures: Actual expenses for the period were \$187,662. Projected expenses were \$421,693 resulting in a deviation of \$234,031 under the projection.

Program Progress Summary: Education and training continue as vital components of this program. Since the inception, 2,329 geothermal systems have been installed.

Program Description and Progress

Program Title: GoodCents Select

Program Description: The program is designed to provide the customer with a means of conveniently and automatically controlling and monitoring his/her energy purchases in response to prices that vary during the day and by season in relation to the Company's cost of producing or purchasing energy.

Program Accomplishments: There were 1,074 units actually installed for this program during the reporting period. The GoodCents Select installation goal was 3000 units with Gulf Power projecting 1,250 units by year end in Docket 070002-EG. Customer requests for installation have been fewer than anticipated. In addition, advancements in heating and cooling equipment efficiency and communications technology have somewhat narrowed the eligible customer base. Technology review meetings are taking place on a regular basis with the equipment manufacturer to develop cost-effective solutions that will broaden the eligible customer base.

Program Fiscal Expenditures: There were actual expenses of \$6,422,852 compared to projected net expenses of \$6,989,087. The program is under the projection by \$566,235 due to the fact that there are expenses associated with the program that have not been offset by planned installations and subsequent revenues from the program.

Program Progress Summary: As of December, 2007, there are 8,831 participating customers.



Program Description and Progress

Program Title: Commercial/Industrial Energy Analysis

Program Description: This program is designed to provide professional advice to our existing commercial and industrial customers on how to reduce, and make the most efficient use of, energy. This program covers from the smallest commercial customer, requiring only a walk-through survey, to the use of computer programs which will simulate several design options for very large energy intensive customers. The program is designed to include semi-annual and annual follow-ups with the customer to verify any conservation measures installed and to reinforce the need to continue with more conservation efforts. Customers may participate by requesting a basic Energy Analysis Audit (EAA) provided through either an on-site survey or a direct mail survey. A more comprehensive analysis can be provided by conducting a Technical Assistance Audit (TAA).

Program Accomplishments: There were 178 surveys completed for the period ending December, 2007. The goal was 300 surveys with Gulf Power projecting 200 surveys by year end in Docket 070002-EG.

Program Fiscal Expenditures: Actual expenses were \$580,376 for the period compared to projected expenses of \$717,114. The resulting deviation is \$136,738 under projection.

Program Progress Summary: A total of 18,492 E.A./T.A.A.'s have been completed since the program started in 1981. These audits have ranged from the basic walk-through type for some commercial customers to sophisticated technical assistance audits for other commercial and industrial customers.

Program Description and Progress

Program Title: GoodCents Commercial Buildings

Program Description: This program is designed to educate commercial and industrial customers on the most cost-effective methods of designing new and improving existing buildings. The program stresses efficient heating and cooling equipment, improved thermal envelope, operation and maintenance, lighting, cooking and water heating. Field representatives work with architects, engineers, consultants, contractors, equipment suppliers and building owners and occupants to encourage them to make the most efficient use of all energy sources and available technologies.

Program Accomplishments: There were 212 actual installations during the current period compared to 180 projected installations.

Program Fiscal Expenditures: There were \$661,346 actual expenses for the period. Projected expenses were \$702,904 resulting in a deviation of \$41,558 under the projection.

Program Progress Summary: A total of 9,037 commercial/industrial buildings have qualified for the GoodCents designation since the program was developed in 1977.

Program Description and Progress

Program Title: Commercial Geothermal Heat Pump

Program Description: The objective of this program is to reduce the demand and energy requirements of new and existing commercial/industrial customers through the promotion and installation of advanced and emerging geothermal systems.

Program Accomplishments: There were 4 units actually installed for the year. The installation goal was 15 units with Gulf Power projecting 8 units by year end in Docket 070002-EG. An incentive increase was approved for this program June, 2007 in Docket No. 070119-EG in order to increase participation.

Program Fiscal Expenditures: There were actual expenses of \$75,131 for the recovery period compared to projected expenses of \$68,160 resulting in a deviation of \$6,971 over the projection.

Program Progress Summary: To date, 11 units have been installed.

Program Description and Progress

Program Title: Energy Services

Program Description: The Energy Services program is designed to establish the capability and process to offer advanced energy services, and energy efficient end-use equipment, that is customized to meet the individual needs of large customers. Potential projects are evaluated on a case by case basis and must be cost effective to qualify for incentives or rebates. Types of projects covered under this program would include demand reduction or efficiency improvement retrofits, such as lighting (fluorescent and incandescent), motor replacements, HVAC retrofit (including geothermal applications), and new electro-technologies.

Program Accomplishments: For the 2007 recovery period, at the meter reductions of 653,905 kWh, winter kW of 1,384 and summer kW of 1,834 were achieved. The projected results for this period were at the meter energy reductions of 1,178,470 kWh and at the meter demand reductions of 510 kW winter and 275 kW summer.

Program Fiscal Expenditures: There were no actual expenditures reported for the 2007 recovery period compared to projected expenses of \$3,900. These projects and their costs were undertaken by the customers primarily due to Gulf Power's continued presence in the marketplace and the direct economic benefit of these changes.

Program Progress Summary: Total reductions at the meter of 14,198,259 kWh, winter kW of 3,085 and summer kW of 4,806 have been achieved since this program was initiated.

Program Description and Progress

Program Title: Renewable Energy

Program Description: The Renewable Energy Program is designed to encompass a variety of voluntary renewable and green energy programs under development by Gulf Power Company. The voluntary pricing options for customers will include, but not be limited to, EarthCents Solar (Photovoltaic Rate Rider) and the Solar for Schools program. Additionally, this program will include expenses necessary to prepare and implement a green energy pilot program utilizing landfill gas, wind, solar or other renewable energy sources.

Program Accomplishments:

EarthCents Solar (Photovoltaic Optional Rate Rider): The PV Rate Rider is an optional rate rider for Gulf Power Company's customers. Customers may purchase photovoltaic energy in 100-watt blocks. Multiple blocks may be purchased. Power purchased or produced from photovoltaic facilities may not be specifically delivered to the customer, but will displace power that would have otherwise been produced from traditional generating facilities. The construction of the photovoltaic facility or the purchase of power from photovoltaic facilities will begin upon the attainment of sufficient commitments from all participants across the Southern Company electric system where the option is available and, as necessary, after obtaining PSC approval. Customer billing will begin the second month following the date in which power is purchased from photovoltaic generating facilities or in which a photovoltaic generating facility of the Southern Company begins commercial operation. As of December, 2007, 62 customers have signed up for 82 100-watt blocks of energy.

Solar for Schools: The principle objective of the Solar for Schools program is to implement cost-effective solar education and demonstration projects at local educational facilities by means of voluntary contributions. The program also seeks to increase renewable energy and energy awareness among students, parents and contributors. Solar for Schools is a program that uses voluntary contributions to fund materials for energy education, permanent demonstration displays, rewards for science contests, and teacher education. Voluntary contributions are solicited from customers interested in renewable energy and/or helping to improve the quality of schools in the Gulf Power Company service area. Funds are collected through a "check-off"

mechanism on the utility bill or through a direct contribution and accumulated in an interest bearing account. When contributions reach an adequate level, they are directed to an educational facility for implementation of various solar educational programs and for the installation of solar equipment. Contributions are not used for administrative costs, program research or for promotion costs.

The Solar for Schools program has enabled Gulf Power to install a 4 kW PV solar system at each of the following institutions: the Junior Museum of Bay County in 2000, Meigs Middle School in Shalimar in 2003, West Florida High School of Advanced Technology in Pensacola in 2003, and Bay County High School in Panama City in 2004.

Renewable Energy Pilot: Initial research and investigation into this market has been inconclusive. More time will be needed to research renewable energy sources before additional expenses are warranted to this program.

Program Fiscal Expenditures: Actual expenses for this period were \$91,824 compared to projected expenses of \$187,804 which resulted in a deviation of \$95,980 under projection.

Program Description and Progress

Program Title: Conservation Demonstration and Development

Program Description: A package of conservation programs was approved by the FPSC in Order No. 23561 for Gulf Power Company to explore and to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program serves as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies.

Program Accomplishments:

Electrode Boiler - This project will measure overall energy performance and verify operation of a new 3.4mW Electrode Boiler and two new 200HP natural gas boilers which produce steam for the Escambia County Jail. The Electrode Boiler is an emerging technology that has the potential, coupled with a time varying rate such as RTP, to produce steam very efficiently.

After a number of delays since its inception in 2005, the Electrode Boiler CDD Project was installed and made ready for operation in 2007. For various reasons, including newness of the technology, relative costs of electricity and natural gas, operator proficiency, etc., the County has not yet operated the boiler for any extended period of time. A final report should be available by year-end, 2008.

McDonald's Geothermal Project - This is the first full Geothermal HVAC fast food restaurant to be constructed within Gulf Power Company's service area. The objective of this project is to demonstrate the energy and electrical demand benefits of this geothermal restaurant system as compared to other like restaurants operated by the same owner in the same geographic location. Additional benefits of developing a hot water consumption profile for this restaurant will be obtained within this project. Data collection for one year began January, 2008 and a final report should be available by year-end, 2009.

Program Fiscal Expenditures: Actual expenses were \$18,557 compared to projected expenses of \$42,236 resulting in a variance of \$23,679 under projection.