

M E M O R A N D U M

June 28, 1996

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *av*

RE: DOCKET NO. 95-298-1-1 - GULF POWER COMPANY  
FUEL AUDIT REPORT - PERIOD ENDED MARCH 31, 1996  
AUDIT CONTROL NO. 95-298-1-1 *960001 ai*

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The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Gulf Power Company  
Warren Tate  
500 Bayfront Parkway  
Pensacola, FL 32501-6157

DNV/sp  
Attachment

cc: Chairman Clark  
Commissioner Deason  
Commissioner Johnson  
Commissioner Kiesling  
Commissioner Garcia  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)  
Division of Electric and Gas (Dudley)  
Tallahassee District Office (Grayson)

Research and Regulatory Review (Harvey)  
Office of Public Counsel

DOCUMENT NUMBER - DATE

07006 JUL-1 96

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED MARCH 31, 1996

FIELD WORK COMPLETED

JUNE 14, 1996

GULF POWER COMPANY

PENSACOLA, FLORIDA

ESCAMBIA COUNTY

FUEL AUDIT

DOCKET NUMBER 960001-EI

AUDIT CONTROL NUMBER 95-298-1-1

Mark Caruth

MARK CARUTH  
AUDIT MANAGER

John M. Grayson

JOHN M. GRAYSON  
REGULATORY ANALYST SUPERVISOR  
TALLAHASSEE DISTRICT OFFICE

DOCUMENT NUMBER-DATE

07006 JUL-1 86

FPSC-RECORDS/REPORTING

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I. Executive Summary

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the appended Fuel Cost Recovery Filing, Schedule 1, filed by Gulf Power Company in support of Docket 960001-EI for the six months ended September 30, 1995 and the six months ended March 31, 1996.

**Scope Limitation:** This report is not based on any confidential information.

**Disclaim Public Use:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

**Opinion:** The appended exhibits, Schedules 1, A-2 page 2, and A-2 page 3 for the six months ended September 30, 1995 and the six months ended March 31, 1996, represent utility books and records maintained in substantial compliance with Commission Directives; the expressed opinions extend only to the scope of work described in section II of this report.

## II. Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED means that audit work includes:

COMPILED - reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

FUEL REVENUE: Compiled the Total Electric Sales Revenues for each of the primary categories (residential, commercial, industrial, public/highway, muni's, fpu, other, interdep, prov.) back to the consolidated general ledger; traced the Fuel Adjustment Clause Revenues through adjustments (revenue taxes, etc) to yield the current month finalized FCA (Fuel Adjustment Clause) Revenues; compared this data to the Company Fuel Filings data; compared the FCA factor rates to those of the PSC orders; compared the total of KWH x FCA rates (for all categories) to the total Fuel Adjustment Clause Revenue amount (before adjustments); traced Fuel Adjustment Clause Revenues (after adjustments) to the revenue component of the True-up calculations to support the utility Fuel Filings.

FUEL EXPENSES: Compiled Generation Fuel Direct Costs and traced these amounts back to the consolidated general ledger and forward to the Fuel Filings; traced Generation Fuel Direct Costs back to the Fuel Summary Reports and/or to the appropriate journal vouchers; compared Coal consumption from the decrease in Inventory per Fuel Stock Ledgers to the increase in the Fuel Consumption/Activity Reports; compiled the Buyout amortization categories into the Generation Fuel costs and traced these amounts back to the consolidated general ledger and forward to the Fuel Filings; reconciled the debt principal attributable to buyouts from the consolidated general ledger back to the fuel stock ledger; reviewed Interchange Costs associated with Power Purchases, Power Sales, the net balance, and traced the net balance impacts back to the general ledger and forward to the Fuel Filings; and recalculated Economy Sales & Gains from the Report 07 per IIC Billing in order to verify amounts listed within Fuel Filings.

OTHER: Recalculated True-up and interest provision for the six months ended September 30, 1995 and the six months ended March 31, 1996; traced the Beginning True-up to the prior filing; traced interest rates used in the calculation of the interest provision to the 30 Day Commercial Paper Rate; calculated the actual over/(under) recovery for the period April 1995 - September 1995 and for the period October 1995 - March 1996.

Florida Public Service Commission  
Docket No. 950001-EI  
GULF POWER COMPANY  
Witness: S. D. Cranmer  
Exhibit No. \_\_\_\_\_ (SDC-1)  
Schedule 1

**GULF POWER COMPANY  
FUEL COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP  
APRIL, 1995 - SEPTEMBER 1995**

- |  |                    |
|--|--------------------|
| 1. Estimated over/(under) - recovery for the period<br>APRIL, 1995 - SEPTEMBER 1995<br>(Schedule E1-A approved in Order No.<br>PSC-95-1089-FOF-EI dated September 5, 1995)             | (875,443)          |
| 2. Actual over/(under)-recovery for the period<br>APRIL, 1995 - SEPTEMBER 1995<br>(September, 1995 Schedule A-2, Revised 11/3/95, Page 2 of 3,<br>"Period-to-Date", Lines 7, 8 and 12) | <u>885,397</u>     |
| 3. Amount to be refunded/(recovered) in the<br>APRIL, 1996 - SEPTEMBER 1996<br>projection period (Line 2 - Line 1)   | <u>\$1,760,840</u> |

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CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: SEPTEMBER 1995

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL	\$ ESTIMATED	DIFFERENCE		ACTUAL	\$ ESTIMATED	DIFFERENCE	
			AMOUNT (\$)	%			AMOUNT (\$)	%
<i>C. True-up Calculation</i>								
1 Jurisdictional Fuel Revenue	17,864,764.09	16,907,935	956,829.09	5.66	109,175,303.45	105,218,988	3,956,315.45	3.76
2 Fuel Adj. Revs. Not Applicable to Period:								
2a True-Up Provision	(495,275.00)	(495,275)	0.00	0.00	(2,971,655.00)	(2,971,655)	0.00	0.00
2b Incentive Provision	(3,821.00)	(3,821)	0.00	0.00	(22,931.00)	(22,931)	0.00	0.00
2c Special Contract Recovery Cost	(19,925.00)	(19,925)	0.00	0.00	(119,550.00)	(119,550)	0.00	0.00
3 Juris. Fuel Revenue Applicable to Period	17,345,743.09	16,388,914	956,829.09	5.84	106,061,167.45	102,104,852	3,956,315.45	3.87
4 Adjusted Total Fuel & Net Power Transactions (Line A7)	17,677,473.10	17,140,888	536,585.10	3.13	108,805,964.88	105,535,685	3,270,279.88	3.10
5 Juris. Sales % of Total KWH Sales (Line B4)	96.4922	96.3011	0.1911	0.20	96.4541	96.4259	0.0282	0.03
6 Juris. Total Fuel & Net Power Transactions Adj. for Line Losses (C4 *C5*1.0014)	17,081,263.03	16,529,973	551,290.03	3.34	105,094,736.34	101,906,200	3,188,536.34	3.13
7 True-Up Provision for the Month Over/(Under) Collection (C3-C6)	264,480.06	(141,059)	405,539.06	(287.50)	966,431.11	198,652	767,779.11	386.49
8 Interest Provision for the Month	(6,019.20)	(61)	(5,958.20)	9,767.54	(82,018.56)	(34,089)	(47,929.56)	140.60
9 Beginning True-Up & Interest Provision	(1,606,283.89)	(189,592)	(1,416,691.89)	747.23	(4,709,231.45)	(2,971,655)	(1,737,576.45)	58.47
10 True-Up Collected / (Refunded)	495,275.00	495,275.00	0.00	0.00	2,971,655.00	2,971,655	0.00	0.00
11 End of Period - Total Net True-Up, Before Adjustment (C7+C8+C9+C10)	(852,548.03)	164,563	(1,017,111.03)	(618.07)	(853,163.90)	164,563	(1,017,726.90)	(618.44)
12a Interest & Juris. Impact of adjustment to April's System Net Generation made in May.	615.87	0	615.87	100.00	615.87	0	615.87	100.00
12b Revenue Taxes & Interest on GPIF for the Period April, 1995 - September, 1995	368.55	0	368.55	100.00	368.55	0	368.55	100.00
13 End of Period Balance	(852,179.48)	164,563	(1,016,742.48)	(617.84)	(852,179.48)	164,563	(1,016,742.48)	(617.84)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: SEPTEMBER 1995

	CURRENT MONTH		DIFFERENCE	
	ACTUAL	ESTIMATED	AMOUNT (\$)	%
D Interest Provision				
1 Beginning True-Up Amount (C9)	(1,606,283.89)	(189,592)	(1,416,691.89)	747.23
2 Ending True-Up Amount Before Interest (C7+C9+C10)	(846,528.83)	164,624	(1,011,152.83)	(614.22)
3 Total of Beginning & Ending True-Up Amts.	(2,452,812.72)	(24,968)	(2,427,844.72)	9,723.83
4 Average True-Up Amount	(1,226,406.36)	(12,484)	(1,213,922.36)	9,723.83
5 Interest Rate -				
1st Day of Reporting Business Month	5.8400	5.8400	0.0000	
6 Interest Rate -				
1st Day of Subsequent Business Month	5.9400	5.9400	0.0000	
7 Total (D5+D6)	11.7800	11.7800	0.0000	
8 Annual Average Interest Rate	5.8900	5.8900	0.0000	
9 Monthly Average Interest Rate (D8/12)	0.4908	0.4908	0.0000	
10 Interest Provision (D4*D9)	(6,019.20)	(61)	(5,958.20)	9,767.54



Florida Public Service Commission  
Docket No. 960001-EI  
GULF POWER COMPANY  
Witness: S. D. Cranmer  
Exhibit No. \_\_\_\_\_ (SDC-1)  
Schedule 1

**GULF POWER COMPANY  
FUEL COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP  
OCTOBER 1995 - MARCH 1996**

1. Estimated over/(under) - recovery for the period  
OCTOBER 1995 - MARCH 1996  
(Schedule E1-A approved in Order No.  
PSC-96-0353-FOF-EI dated March 13, 1996) (496,180)
  
2. Actual over/(under)-recovery for the period  
OCTOBER 1995 - MARCH 1996  
(March, 1996 Schedule A-2, Page 2 of 3,  
"Period-to-Date", Lines 7 and 8) (7,787,770)
  
3. Amount to be refunded/(recovered) in the  
OCTOBER, 1996 - MARCH 1997  
projection period (Line 2 - Line 1) (\$7,291,590)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: MARCH 1996

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%
C. True-up Calculation								
1 Jurisdictional Fuel Revenue	14,826,716.11	13,440,761	1,185,955.11	8.82	85,729,099.09	82,479,229	3,249,870.09	3.94
2 Fuel Adj. Revs. Not Applicable to Period:								
2a True-Up Provision	(435,504.00)	(435,504)	0.00	0.00	(2,613,019.00)	(2,613,019)	0.00	0.00
2b Incentive Provision	0.00	0	0.00	NA	0.00	0	0.00	NA
2c Special Contract Recovery Cost	(28,775.00)	(28,775)	0.00	0.00	(172,654.00)	(172,654)	0.00	0.00
3 Juris. Fuel Revenue Applicable to Period	14,162,437.11	12,976,482	1,185,955.11	9.14	82,943,426.09	79,693,556	3,249,870.09	4.08
4 Adjusted Total Fuel & Net Power Transactions (Line A7)	16,315,940.60	13,160,811	3,155,129.60	23.97	94,050,945.91	82,651,464	11,399,481.91	13.79
5 Juris. Sales % of Total KWH Sales (Line B4)	96.6696	96.2910	0.3786	0.39	96.2645	96.2841	(0.0196)	(0.02)
6 Juris. Total Fuel & Net Power Transactions Adj. for Line Losses (C4 *C5*1.0014)	15,794,636.09	12,690,418	3,104,218.09	24.46	90,664,415.07	79,691,622	10,972,793.07	13.77
7 True-Up Provision for the Month Over/(Under) Collection (C3-C6)	(1,632,198.98)	286,064	(1,918,262.98)	(670.57)	(7,720,988.98)	1,934	(7,722,922.98)	(399,323.84)
8 Interest Provision for the Month	(24,389.13)	(1,822)	(22,567.13)	1,238.59	(66,781.17)	(46,725)	(20,056.17)	42.92
9 Beginning True-Up & Interest Provision	(4,805,846.52)	(764,537)	(4,041,309.52)	528.60	(852,179.48)	(2,613,019)	1,760,839.52	(67.39)
10 True-Up Collected / (Refunded)	435,504.00	435,504	0.00	0.00	2,613,019.00	2,613,019	0.00	0.00
11 End of Period - Total Net True-Up, (C7+C8+C9+C10)	(6,026,930.63)	(44,791)	(5,982,139.63)	13,355.67	(6,026,930.63)	(44,791)	(5,982,139.63)	13,355.67

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CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: MARCH 1996

	CURRENT MONTH		DIFFERENCE	
	ACTUAL	ESTIMATED	AMOUNT (\$)	%
D Interest Provision				
1 Beginning True-Up Amount (C9)	(4,805,846.52)	(764,537)	(4,041,309.52)	528.60
2 Ending True-Up Amount				
Before Interest (C7+C9+C10)	(6,002,541.50)	(42,969)	(5,959,572.50)	13,869.47
3 Total of Beginning & Ending True-Up Amts.	(10,808,388.02)	(807,506)	(10,000,882.02)	1,238.49
4 Average True-Up Amount	(5,404,194.01)	(403,753)	(5,000,441.01)	1,238.49
5 Interest Rate -				
1st Day of Reporting Business Month	5.3300	5.3300	0.0000	
6 Interest Rate -				
1st Day of Subsequent Business Month	5.5000	5.5000	0.0000	
7 Total (D5+D6)	10.8300	10.8300	0.0000	
8 Annual Average Interest Rate	5.4150	5.4150	0.0000	
9 Monthly Average Interest Rate (D8/12)	0.4513	0.4513	0.0000	
10 Interest Provision (D4*D9)	(24,389.13)	(1,822)	(22,567.13)	1,238.59

10

State of Florida

Commissioners:

SUSAN F. CLARK, CHAIRMAN  
J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYO  
DIRECTOR  
(904) 413-6770

## Public Service Commission

July 2, 1996

Warren E. Tate  
Gulf Power Company  
500 Bayfront Parkway  
Pensacola, Florida 32501-6157

RE: Docket No. 960001-EI -- Gulf Power Company  
Fuel Audit Report - Period Ended March 31, 1996  
Audit Control #95-298-1-1

Dear Mr. Tate:

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

  
Blanca S. Bayo

BSB/mas  
Enclosure  
cc: Public Counsel  
Beggs & Lane Law Firm