

ORIGINAL

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: June 25, 2001
 TO: Division of Safety and Electric Reliability
 FROM: Division of Regulatory Oversight (Vandiver) *ov*
 RE: Docket No. 010002-EG; Gulf Power Company; Conservation-Period Ended
 December 31, 2000; Audit Control No. 01-058-1-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
 Division of Commission Clerk and Administrative Services
 Division of Legal Services

Ms. Susan D. Ritenour
 Gulf Power Company
 One Energy Place
 Pensacola, Florida 32520-0780

Beggs and Lane Law Firm
 Jeffery Stone/Russell Badders
 P.O. Box 12950
 Pensacola, Fl. 32501-2950

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FPSC-RECORDS/REPORTING

MEMORANDUM

Date: June 20, 2001

TO: DENISE VANDIVER, CHIEF
BUREAU OF AUDITING

FROM: LYNN M. DEAMER
FIELD AUDIT SUPERVISOR

RE: COMPLETED AUDIT SUMMARY REPORT

Originator: Division of Regulatory Oversight , Florida Public Service Commission

Company: Gulf Power Company

Audit Control No.: 01-058-1-1 Docket No.: 010002-EG

Purpose of Audit: Energy Conservation Cost Recovery

		<u>Actual Hours</u>
Audit Manager	<u>Mike Buckley</u>	<u>276</u>
Field Audit Supervisor	<u>Lynn M. Deamer</u>	<u>5</u>
	Total Hours	<u>281</u>

Date Field Work Began: May 9, 2001

Field Work Ended: June 20, 2001

Total dollars audited: INVESTMENT: \$1,612,211 REVENUE: \$3,732,399
EXPENSE: \$3,872,004



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES

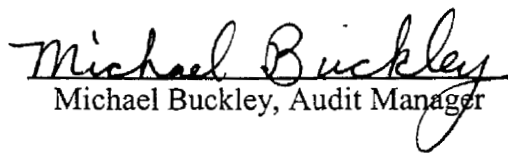
Tallahassee District Office

Gulf Power Company

Energy Conservation Cost Recovery Audit

HISTORICAL YEAR ENDED DECEMBER 31, 2000

DOCKET NO. 010002-EG
AUDIT CONTROL NO. 01-058-1-1


Michael Buckley, Audit Manager



Lynn M. Deamer, Audit Supervisor

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

June 20, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Energy Conservation Cost Recovery (ECCR) True Up Filing for the historical 12-month period ended December 31, 2000 for Gulf Power Company. These schedules were prepared by the utility as part of its petition filed in Docket No. 010002-EG. There is no confidential information associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should 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.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the Company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

CONSERVATION EXPENSES: The audit staff examined the exhibit amounts. Visually scanned the supporting accounts for error or inconsistency. Staff determined what advertising costs were charged to conservation. Staff reviewed all invoices associated with the programs and determined if advertising costs were directly related to conservation. Staff verified that none of the programs filed for recoveries were based on a comparison of Electric vs. Gas Technologies. Staff verified accounts payable vouchers in support of the actual program expenses for material and supplies for all those programs exceeding the budgeted amounts. Staff compiled Salary & Benefits amounts for Demand Side Management programs and determined allocation methodology. Staff sampled all investments and accounts payable.

CONSERVATION REVENUES: Audit procedures related to Revenues were performed in the Operating Revenue Sharing Refund audit, an undocketed audit, Audit Control Number 01-073-1-1.

OTHER: Recomputed the true-up and interest provision for the twelve month period ending December 31, 2000 from the filing and traced to the beginning true-up in the prior filing. Traced the interest rates used in the calculation to the 30 Day Commercial Paper Rate. Compiled the interest provision.

DISCLOSURES

Disclosure No. 1

Subject: **Energy Education and Commercial Technology**

Statement of Fact: A portion of the Eastgate Office Leasehold Improvement amortization was being recovered in the Investment of ECCR (Energy Education \$21,139 and Commercial Technology \$939). Gulf Power closed the Eastgate Office and stopped amortizing any leasehold improvement to ECCR. The unamortized leasehold improvement (Energy Education \$7,298 and Commercial Technology \$324) was written off to non-ECCR accounts.

Recommendation: This information is included for the analyst's review.

GULF POWER COMPANY
ENERGY CONSERVATION ADJUSTMENT
For the Period: January, 2000 through December, 2000

Conservation Revenues	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. a Residential Conservation Audit Fees	520.00	593.09	735.10	898.21	1,680.75	2,504.43	3,318.62	3,828.78	4,856.49	4,644.10	4,552.48	4,738.83	32,870.88
b (Other Fees)	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
c:	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
2. Conservation Adjustment Revenues	266,083.65	243,396.25	242,271.37	237,702.67	325,754.95	348,979.72	395,816.30	385,791.48	323,524.13	266,339.65	269,378.98	374,691.38	3,699,628.53
3. Total Revenues	266,083.65	243,989.34	243,005.47	238,800.88	327,435.70	351,484.15	398,934.92	389,620.26	328,380.62	280,983.75	273,929.48	379,430.21	3,732,399.41
4. Adjustment not Applicable to Period - Prior True Up	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(75,304.83)	(903,658.00)
5. Conservation Revenues Applicable to Period	191,298.82	168,684.51	167,701.64	163,296.05	252,130.87	276,179.32	323,630.09	314,315.43	253,075.79	215,678.92	198,624.63	304,125.34	2,828,741.41
6. Conservation Expenses (Form CT-3 Page 8)	153,475.31	353,693.04	284,344.02	199,185.70	381,868.10	336,662.40	283,481.90	419,355.42	310,028.67	205,721.03	320,765.94	643,322.62	3,872,004.05
7. True Up this Period (Line 5 minus Line 6)	37,823.51	(185,008.53)	(116,642.38)	(35,889.65)	(109,837.23)	(60,483.08)	40,148.19	(105,039.99)	(56,952.78)	9,957.89	(122,141.31)	(339,197.28)	(1,043,262.64)
8. Interest Provision this Period (Page 10, Line 10)	(2,969.04)	(3,043.24)	(3,507.16)	(3,643.67)	(3,797.29)	(3,991.23)	(3,836.74)	(3,396.80)	(3,445.96)	(3,186.88)	(3,135.91)	(4,006.75)	(41,780.65)
9. True Up & Interest Provision Beginning of Month	(686,837.40)	(575,698.10)	(688,445.04)	(733,289.75)	(697,518.24)	(735,847.93)	(725,017.41)	(613,201.13)	(646,333.09)	(631,427.00)	(548,351.14)	(599,323.53)	(685,837.40)
10. Prior True-Up Collected or Refunded	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	75,304.83	903,658.00
11. End of Period- Net True Up	(575,698.10)	(688,445.04)	(733,289.75)	(697,518.24)	(735,847.93)	(725,017.41)	(613,201.13)	(646,333.09)	(631,427.00)	(548,351.14)	(599,323.53)	(687,222.69)	(687,222.69)

GULF POWER COMPANY
 COMPUTATION OF INTEREST EXPENSE
 ENERGY CONSERVATION ADJUSTMENT
 For the Period, January, 2000 through December, 2000

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	(685,837.40)	(575,098.10)	(608,445.04)	(733,289.75)	(697,519.24)	(735,847.93)	(725,017.41)	(613,201.13)	(648,333.09)	(631,427.00)	(649,351.14)	(589,323.53)	
2. Ending True up before Interest	(572,709.06)	(685,401.80)	(729,782.69)	(693,874.67)	(732,050.64)	(721,026.18)	(609,564.39)	(642,936.29)	(627,981.04)	(646,164.28)	(686,187.62)	(863,215.94)	
3. Total beginning & ending	(1,258,546.46)	(1,261,009.90)	(1,418,227.63)	(1,427,164.32)	(1,429,568.88)	(1,456,874.11)	(1,334,581.80)	(1,256,137.42)	(1,274,314.13)	(1,177,591.28)	(1,145,638.76)	(1,462,639.47)	
4. Average True up Amount	(625,273.23)	(630,549.95)	(709,113.82)	(713,582.18)	(714,784.44)	(728,437.06)	(667,290.90)	(628,068.71)	(637,157.07)	(588,795.64)	(572,769.38)	(731,269.74)	
5. Interest Rate First Day Reporting Business Month	5.6000	5.8000	5.8000	6.0700	6.1800	6.5700	6.6800	6.6000	6.4800	6.5000	6.4900	6.6500	
6. Interest Rate First Day Subsequent Business Month	5.8000	5.8000	6.0700	6.1800	6.5700	6.6800	6.6000	6.4800	6.5000	6.4900	6.6500	6.5000	
7. Total of Lines 5 and 6	11.4000	11.6000	11.8700	12.2500	12.7500	13.1500	13.0800	12.9800	12.9800	12.9900	13.1400	13.1500	
8. Average Interest rate (50% of Line 7)	5.7000	5.8000	5.9350	6.1250	6.3750	6.5750	6.5400	6.4900	6.4900	6.4950	6.5700	6.5750	
9. Monthly Average Interest Rate Line 8 \ 12	0.004750	0.004833	0.004948	0.005104	0.005313	0.005479	0.005460	0.005408	0.005408	0.005413	0.005475	0.005479	
10. Interest Provision (line 4 X 9)	(2,989.04)	(3,043.24)	(3,507.16)	(3,843.67)	(3,797.29)	(3,991.23)	(3,636.74)	(3,396.80)	(3,445.86)	(3,186.66)	(3,135.91)	(4,006.75)	(41,780.65)