

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** July 26, 2005  
**TO:** Lee Colson, Division of Economic Regulation  
**FROM:** Denise N. Vandiver, Chief, Bureau of Auditing *DNV*  
Division of Regulatory Compliance and Consumer Assistance  
**RE:** **Docket No.** 050002-EG; **Company Name:** Gulf Power Company; **Audit Purpose:** Energy Conservation Cost Recovery Clause audit for the period January 1, 2004 through December 31, 2004; **Audit Control No.:** 05-042-1-1

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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 the Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

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Ms. Susan D. Ritenour, Secretary & Treasurer,  
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Pensacola, FL 32520-0780

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
BUREAU OF AUDITING*

*Tallahassee District Office*

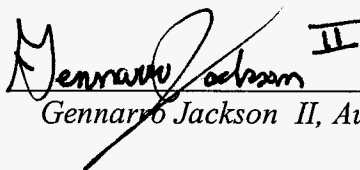
GULF POWER COMPANY

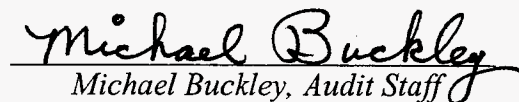
ENERGY CONSERVATION COST RECOVERY AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2004

DOCKET NO. 050002-EG

AUDIT CONTROL NO. 05-042-1-1

  
Gennaro Jackson II, Audit Staff

  
Michael Buckley, Audit Staff

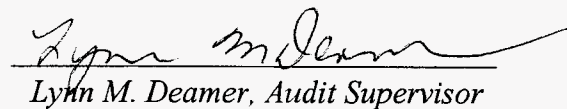
  
Lynn M. Deamer, Audit Supervisor

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
AUDITOR'S REPORT**

**July 12, 2005**

**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 12-month period ending December 31, 2004. These schedules were prepared by the Company as part of its petition filed in Docket 050002-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.

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

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**CONSERVATION EXPENSES:** Audit staff examined the exhibit amounts and visually scanned the accounts for error or inconsistency. Audit staff agreed a listing of FERC Accounts 908 and 909 with all FERCsubs that apply to the conservation clause filed by Company.

**CONSERVATION REVENUES:** Audit procedures related to Revenues were performed in Docket 050001-EI Audit Control No. 05-028-1-1.

**OTHER:** Recomputed the true-up and interest provision for the twelve month period ending December 31, 2004 from the filing and traced to the beginning true-up in prior filing. Traced the interest rates used in the calculation to the 30 Day Commercial Paper Rate. Compiled the interest provision.

GULF POWER COMPANY  
ENERGY CONSERVATION ADJUSTMENT  
CALCULATION OF OVER/UNDER RECOVERY  
For the Period: January, 2004 through December, 2004

1. Good Cents Select RSVP Fees	30,628.79	28,488.45		29,063.83	28,527.52	31,655.52	37,743.48	42,291.88	44,893.89	34,766.71	47,037.30	40,211.47	35,840.11	430,946.95
2. Conservation Adjustment Revenues	665,716.34	624,479.23	(28,467.94)	550,458.25	546,013.01	700,321.89	769,632.50	853,306.71	804,689.44	672,063.66	657,181.85	541,775.39	723,672.55	7,980,841.88
3. Total Revenues	696,345.13	652,967.68	(28,467.94)	579,522.08	574,540.53	731,977.41	807,375.98	896,597.59	849,583.33	606,830.37	704,219.15	581,886.86	759,312.66	8,411,790.83
4. Adjustment not Applicable to Period - Prior True Up	17,078.16	17,078.16	0.00	17,078.16	17,078.16	17,078.16	17,078.16	17,078.16	17,078.16	17,078.16	17,078.16	17,078.16	17,078.24	204,938.00
5. Conservation Revenues Applicable to Period	713,423.29	670,045.84	(28,467.94)	596,600.24	591,618.69	749,055.57	824,454.14	912,675.75	866,661.49	623,908.53	721,297.31	599,065.02	776,390.90	8,616,728.83
6. Conservation Expenses (CT-3, Page 3, Line 12)	639,965.16	710,581.35	0.00	688,869.24	652,096.93	672,421.53	991,203.83	537,087.80	491,725.17	663,312.94	634,202.78	676,388.33	692,950.62	8,050,585.48
7. True Up this Period (Line 5 - 6)	73,458.13	(40,535.51)	(28,467.94)	(92,069.00)	(60,478.24)	76,634.04	(166,749.69)	375,608.15	374,936.32	(39,404.41)	87,094.53	(77,323.31)	83,440.28	566,143.35
8. Interest Provision this Period (CT-3, Page 5, Line 10)	(106.22)	(102.76)	(11.92)	(191.64)	(274.87)	(289.67)	(383.24)	(365.11)	54.33	274.68	313.28	330.69	336.48	(425.87)
9. True Up & Interest Provision Beginning of Month	(150,167.47)	(93,893.72)	(151,610.16)	(180,090.02)	(289,428.82)	(367,260.09)	(307,993.88)	(492,214.97)	(134,050.09)	223,862.40	167,854.51	237,884.16	143,913.36	(150,167.47)
10. Prior True Up Collected or Refunded	(17,078.16)	(17,078.16)	0.00	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.16)	(17,078.24)	(204,938.00)
11. End of Period- Net True Up														

GULF POWER COMPANY  
COMPUTATION OF INTEREST EXPENSE  
ENERGY CONSERVATION ADJUSTMENT  
For the Period: January, 2004 through December, 2004

Interest Provision	JANUARY	FEBRUARY	FEBRUARY * ADJUSTMENT	MARCH	APRIL	MAY	JUNE	JULY	AUGUST**	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	(150,167.47)	(93,893.72)	0.00	(180,090.02)	(269,428.82)	(367,280.09)	(307,993.88)	(492,214.97)	(134,050.09)	223,862.40	167,854.51	237,984.16	143,913.38	
2. Ending True up before Interest	(93,787.50)	(151,507.40)	(28,467.94)	(289,237.19)	(366,985.23)	(307,704.20)	(491,821.74)	(133,684.97)	223,808.07	167,379.83	237,670.88	143,582.69	210,276.42	
3. Total beginning & ending	(243,964.98)	(245,401.12)	(28,467.94)	(469,327.21)	(856,414.05)	(674,984.29)	(799,815.62)	(625,899.94)	69,757.97	391,242.22	405,325.38	381,566.84	354,188.80	
4. Average True up Amount	(121,977.49)	(122,700.56)	(14,233.97)	(234,663.61)	(328,207.03)	(337,482.15)	(399,907.81)	(312,949.97)	44,878.99	195,621.11	202,662.69	190,783.42	177,094.40	
5. Interest Rate First Day Reporting Business Month	1.0600	1.0300	1.0300	0.9800	0.9800	1.0300	1.0300	1.3300	1.4700	1.6000	1.7700	1.9400	2.2200	
6. Interest Rate First Day Subsequent Business Month	1.0300	0.9800	0.9800	0.9800	1.0300	1.0300	1.3300	1.4700	1.6000	1.7700	1.9400	2.2200	2.3400	
7. Total of Lines 5 and 6	2.0900	2.0100	2.0100	1.9800	2.0100	2.0600	2.3600	2.8000	3.0700	3.3700	3.7100	4.1600	4.5600	
8. Average Interest rate (50% of Line 7)	1.0450	1.0050	1.0050	0.9800	1.0050	1.0300	1.1800	1.4000	1.5350	1.6850	1.8550	2.0800	2.2800	
9. Monthly Average Interest Rate Line 8 \ 12	0.000871	0.000838	0.000838	0.000817	0.000838	0.000858	0.000983	0.001167	0.001279	0.001404	0.001546	0.001733	0.001900	
10. Interest Adjustment **									(3.08)					
11. Interest Provision (Line 4 X 9)	(106.22)	(102.76)	(11.92)	(191.64)	(274.87)	(289.67)	(393.24)	(365.11)	54.33	274.68	313.28	330.69	336.48	(426.91)

\* In February's ECCR revenue calculation, the Good Cents Select Participation Fee was inadvertently included twice and was corrected in March before March's ECCR Over/Under recovery was calculated.  
\*\* Interest adjustment represents the correction of a small error that resulted from using an incorrect rate in May.