

MEMORANDUM

July 19, 1994

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER)
RE: DOCKET NO. 940001-EI .. GULF POWER COMPANY
FUEL AUDIT REPORT - PERIOD ENDED 03/31/94
AUDIT CONTROL NO. 93-267-1-1

*YMD
to DV*

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
Jack L. Haskins
Post Office Box 13470
Pensacola, FL 32591-3470

DNV/sp
Attachment

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

Office of Public Counsel

DOCUMENT NUMBER-DATE

07258 JUL 19 94

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

12 MONTHS ENDED MARCH 31, 1994

FIELD WORK COMPLETED

JUNE 23, 1994

GULF POWER COMPANY

PENSACOLA, FLORIDA

ESCAMBIA COUNTY

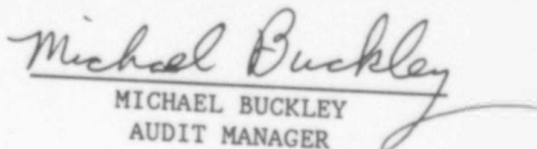
FUEL AUDIT

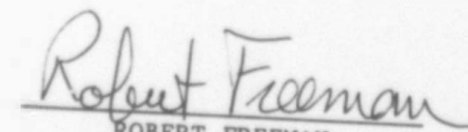
DOCKET NUMBER 940001-EI

AUDIT CONTROL NUMBER 93-267-1-1

and

AUDIT CONTROL NUMBER 93-270-1-1


MICHAEL BUCKLEY
AUDIT MANAGER


ROBERT FREEMAN
REGULATORY SUPERVISOR
TALLAHASSEE DISTRICT OFFICE

DOCUMENT NUMBER-DATE

07258 JUL 19 84

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 calculation of the actual fuel true up for the period April 1, 1993 to March 31, 1994 in Docket 940001-EI

Scope Limitation: The audit exit conference was held June 23, 1994. 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: Except for Disclosures 1, 2 and 3, the calculation of the actual fuel true up for the 12 month period ended March 31, 1994, represent Company 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. Pending resolution of disclosures, the actual fuel true up at September 30, 1993 is an over recovery of \$4,559,979.75 and the actual fuel true up at March 31, 1994 is an under recovery of \$5,540,883.06.

SUMMARY FINDINGS:

The Fuel Stock Ledger does not agree with the reported inventory adjustments and burn on other reports (Disclosure No. 1).

A calorific adjustment is made on freight (Disclosure No. 2).

Audit fieldwork is continuing (Disclosure No. 3).

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 Company's 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.

WORK PERFORMED

FUEL REVENUE:

Compiled Utility revenues; traced Company exhibit amounts to the consolidated general ledger; recalculated Fuel Clause Adjustment (FCA) revenue; recalculated KWH and dollar amount of sales to associated and non associated companies in the power pool.

FUEL EXPENSES:

Compiled fuel expenses; compiled and recalculated 100% of the fuel purchase and transportation invoices; agreed the prices of selected fuel and transportation invoices to contracts or other appropriate supporting documentation; traced the fuel purchases to subsidiary ledgers and to the general ledger; verified all associated companies in the power pool; compiled and reviewed documents describing special contract recovery cost; compiled and reviewed supporting documents regarding purchases from qualifying facilities.

AUDIT DISCLOSURE NO. 1

SUBJECT: FUEL STOCK LEDGER

STATEMENT OF FACT: In addition to its General Ledger entries, Culf prepares three reports describing monthly coal costs; the Generation Fuel Costs, the Fuel Summary and the Fuel Stock Ledger. The Generation Fuel Costs and the Fuel Summary do not always agree to the Fuel Stock Ledger. Copies of the Utility's Generation Fuel Cost Report, its Fuel Summary and its Fuel Stock Ledger for August 1993 are provided on the following attached pages. These schedules were presented to report accounting transactions. Areas of audit concern on these schedules are circled: invoice corrections and fly over measurements.

AUDIT OPINION: When necessary, the coal inventory should be adjusted for actual invoice corrections and fly over measurements.

Adjustments for invoice corrections should be reported in the receipts column of the Fuel Stock Ledger, reported as a clearly labeled item in the Fuel Summary, and not reported as Generation Fuel Cost.

Adjustments for the fly over inventory adjustment should be reported as issues in the Fuel Stock Ledger, reported as a clearly labeled item in the Fuel Summary, and reported separately as a Generation Fuel Cost.

The chart below summarizes this concern:

	<u>Fuel Stock Ledger</u>	<u>Fuel Summary</u>	<u>Generation Fuel Costs</u>
Invoice Adjustment:	Receipts	Clearly labeled Adjustment	Not Reported
Fly Over Adjustment:	Issues	Clearly Labeled Adjustment	Reported Separately

Failure to properly recognize the nature of the inventory adjustment could lead to an error in the reported fuel cost. Currently, the Utility commingles invoice and inventory adjustments in its Fuel Summary.

COMPANY COMMENTS: The Company response follows.

GULF POWER COMPANY

Response to Audit Disclosure No. 1

Audit Disclosure No. 1 states, "The Generation Fuel Costs and the Fuel Summary do not always agree to the Fuel Stock Ledger." This is true; however, it is important to distinguish the role of each of these reports. The Fuel Stock Ledger shows every transaction which affects the inventory account i.e., Account 151. This would include purchases, fly-over adjustments, burn, and ANY other adjustment which affects the balance of the inventory. The Generation Fuel Cost Schedule specifically shows the costs of generation for the month. This includes any amount which affects the expense accounts 501 and 547 and the buy-out accounts. The majority of these expenses will flow through the Fuel Stock Ledger; however, not every item shown on the Generation Fuel Cost Schedule will appear in the Fuel Stock Ledger. The Fuel Summary is simply a summary of the Fuel Stock Ledger with one exception, the Fuel Stock Ledger shows the consumption of ALL #2 Fuel Oil, the Fuel Summary shows ONLY the #2 Fuel Oil used in actual generation; some of this oil is used in tractors and equipment outside the boiler.

In regard to the circled "areas of audit concern" the total circled ADJUSTMENTS in the Fuel Stock Ledger DO match the total Adjustments shown on the Fuel Summary. The amount circled which relates to burn - (\$9,893,741.61), is identical on all three reports. The Inventory Adjustment of (\$328,519.66) on the Generation Fuel Cost Schedule matches the Fly-over Adjustment in the Fuel Stock Ledger. The other two adjustments in the Fuel Stock Ledger, totaling (\$3,307.38), are not reflected in the Generation Fuel Cost Schedule because they did NOT affect generation burn; these adjustments were between 151 accounts (stock and in-transit) and did not impact consumption or burn.

The Audit Opinion states "Coal inventory should be adjusted only for actual invoice corrections and fly over measurements." In most cases these are the reasons that inventory is adjusted; however, on occasion, the consumption reports from the plants may be revised. If this happens after the books have been closed for the month, or if the amount is immaterial, the adjustment will be made in the following month. In the future, the Company agrees to categorize and label the various types of adjustments in the fashion indicated in the disclosure to assist the audit staff.

GULF POWER COMPANY
FUEL STOCK LEDGER - CRIST STEAM PLANT
FUEL - COAL (TONS) ACCT NO 340-151-100

Date	Source	Vendor	Receipts		Issues/Transfers		Balance		Unit Cost
			Quantity	Amount	Quantity	Amount	Quantity	Amount	
01/93	PDR			910.10			175,818.19	6,756,126.85	38.427
01/93	JV-2053	Peabody	91,863.00	4,507,725.44			267,681.19	11,263,852.29	42.079
01/93	JV-2053	Franklin	53,367.30	1,507,745.04			321,048.49	12,771,597.33	39.781
01/93	JV-2053	Kerr-McGee	48,580.00	1,374,456.38			369,628.49	14,146,053.71	38.271
01/93	JV-2053	Costain	7,922.00	297,932.69			377,550.49	14,443,986.40	38.257
01/93	JV-2053	Western	18,862.30	576,267.87			396,412.79	15,020,254.27	37.890
01/93	JV-2053	Freeman	4,872.00	106,683.41			401,284.79	15,126,937.68	37.696
01/93	JV-2053	Peabody Test	30,671.00	1,473,128.13			431,955.79	16,600,065.81	38.430
01/93	JV-2006				(242,153.18)	(9,305,946.71)	189,802.61	7,294,119.10	38.430
02/93	PDR			304.00			189,802.61	7,294,423.10	38.432
02/93	JV-2053	Peabody	81,211.00	3,957,447.11			271,013.61	11,251,870.21	41.518
02/93	JV-2053	Franklin	27,413.80	546,167.28			298,427.41	11,798,037.49	39.534
02/93	JV-2053	Kerr-McGee	41,706.00	1,155,281.21			340,133.41	12,953,318.70	38.083
02/93	JV-2053	Costain	1,680.00	16,634.15			341,813.41	12,969,952.85	37.945
02/93	JV-2053	CSV/Western	35,142.80	1,038,995.81			376,956.21	14,008,948.66	37.163
02/93	JV-2053	Freeman		46,371.43			376,956.21	14,055,320.09	37.286
02/93	JV-2053	Peabody Test	35,313.85	1,878,176.54			412,270.06	15,933,496.63	38.648
02/93	JV-2053	Centran	17,228.60	519,953.93			429,498.66	16,453,450.56	38.309
02/93	JV-2006				(183,601.87)	(7,033,604.04)	245,896.79	9,419,846.52	38.308
03/93	JV-2053	Peabody	103,564.21	4,992,353.02			349,461.00	14,412,199.54	41.241
03/93	JV-2053	Franklin	3,209.40	85,085.59			352,670.40	14,497,285.13	41.107
03/93	JV-2053	Kerr-McGee	49,448.00	1,430,118.64			402,118.40	15,927,403.77	39.609
03/93	JV-2053	CSV	27,201.40	833,846.47			429,319.80	16,761,250.24	39.041
03/93	JV-2053	Freeman	11,048.00	321,754.89			440,367.80	17,083,005.13	38.793
03/93	JV-2053	Centran	15,056.70	466,779.55			455,424.50	17,549,784.68	38.535
03/93	JV-2006				(162,512.32)	(6,262,412.25)	292,912.18	11,287,372.43	38.535
04/93	PDR			120.00			292,912.18	11,287,492.43	38.535
04/93	JV-2053	Peabody	83,807.40	4,242,198.02			376,719.58	15,529,690.45	41.223
04/93	JV-2053	Franklin	41,360.15	1,174,317.89			418,079.73	16,704,008.34	39.954
04/93	JV-2053	Kerr-McGee	45,398.00	1,234,086.10			463,477.73	17,938,094.44	38.703
04/93	JV-2053	CSV	22,591.20	650,784.75			486,068.93	18,588,879.19	38.243
04/93	JV-2053	Centran	13,257.10	389,111.98			499,326.03	18,977,991.17	38.007
04/93	JV-2006				(109,429.95)	(4,159,104.11)	389,896.08	14,818,887.06	38.007
05/93	PDR			6,080.00			389,896.08	14,824,967.06	38.023
05/93	JV-2053	Peabody	120,110.43	5,901,067.11			510,006.51	20,726,034.17	40.639
05/93	JV-2053	Franklin	35,598.80	1,020,262.05			545,605.31	21,746,296.22	39.857
05/93	JV-2053	Kerr-McGee	30,984.00	854,880.94			576,589.31	22,601,177.16	39.198
05/93	JV-2053	CSV	6,613.40	187,378.14			583,202.71	22,788,555.30	39.075
05/93	JV-2053	Arclair	32,276.99	1,046,737.57			615,479.70	23,835,292.87	38.726
05/93	JV-2053	ADJ Franklin		(1,217.52)			615,479.70	23,834,075.35	38.724
05/93	JV-2006				(112,644.41)	(4,362,042.13)	502,835.29	19,472,033.22	38.724
06/93	PDR			280.00			502,835.29	19,472,313.22	38.725
06/93	JV-2053	Peabody	92,220.45	4,465,723.00			595,055.74	23,938,036.22	40.228
06/93	JV-2053	Franklin	4,976.15	104,428.54			600,031.89	24,042,464.76	40.069
06/93	JV-2053	Kerr-McGee	42,756.00	1,163,078.64			642,787.89	25,205,543.40	39.213
06/93	JV-2053	Arclair	18,582.04	570,351.71			661,369.93	25,775,895.11	38.973
06/93	JV-2006				(200,388.53)	(7,809,742.18)	460,981.40	17,966,152.93	38.974
7/93	PDR			240.00			460,981.40	17,966,392.93	38.974
7/93	JV-2053	Peabody	82,143.00	4,114,156.19			543,124.40	22,080,549.12	40.655
7/93	JV-2053	Agip	70,392.00	2,525,536.36			613,516.40	24,606,085.48	40.107
7/93	JV-2053	Kerr-McGee	9,568.00	245,446.85			623,084.40	24,851,532.33	39.885
7/93	JV-2053	Arclair	1,801.21	60,478.03			624,885.61	24,912,010.36	39.867
7/93	JV-2006				(258,462.12)	(10,304,109.34)	366,423.49	14,607,901.02	39.866
8/93	JV-2053	Peabody	24,709.00	1,521,033.75			391,132.49	16,128,934.77	41.236
8/93	JV-2053	Agip	35,631.19	1,207,115.76			426,763.68	17,336,050.53	40.622
8/93	JV-2053	Kerr-McGee	29,334.00	635,678.42			456,097.68	17,971,728.95	39.403
8/93	JV-2053	Arclair	8,536.16	266,250.23			464,633.84	18,237,979.18	39.252
8/93	JV-2053	Adjustment		(3,980.81)			464,633.84	18,233,998.37	39.244
8/93	JV-2053	Adjustment		673.43			464,633.84	18,234,671.80	39.245
8/93	JV-2006	Fly-over Adj			(8,004.50)	(328,519.66)	456,629.34	17,906,152.14	39.214
8/93	JV-2006				(252,301.26)	(9,893,741.61)	204,328.08	8,012,410.53	39.213



GULF POWER COMPANY
FUEL SUMMARY
AUGUST, 1993

LOCATION	PURCHASES		INVENTORY ADJUSTMENT		COAL (FERC 151)		BURN		ENDING INVENTORY	
	UNITS	\$	UNITS	\$	UNITS	\$	UNITS	\$	UNITS	\$
CRIST	96,210.35	3,630,078.16	(8,004.50)	(331,827.04)	252,301.26	9,893,741.61			204,328.08	8,012,410.53
SMITH	60,088.83	2,036,998.51	11,383.72	445,421.43	100,384.85	3,913,503.38			117,835.44	4,500,784.00
SCHOLZ	22,226.89	1,179,375.46	(1,514.19)	(58,564.54)	19,880.06	990,106.51			9,784.28	487,305.10
DANIEL	39,871.00	1,881,024.31	0.00	0.00	93,007.00	4,148,856.26			49,073.65	2,189,002.60
SCHERER COM STKPLE ADJ	23,178.88 566.31	1,104,497.35 28,572.18	(133.38)	(6,784.32)	37,618.75	1,833,236.93			42,824.15	2,086,881.36
TOTAL	243,952.26	9,660,545.97	1,731.65	48,245.53	503,191.92	20,779,444.69			423,845.60	17,369,384.45

LOCATION	PURCHASES		INVENTORY ADJUSTMENT		LIGHTER & CT OIL		GENERATION BURN ONLY		ENDING INVENTORY	
	BBL	\$	UNITS	\$	BBL	\$	BBL	\$	BBL	\$
CRIST	1,400.63	31,565.40	309.90	7,268.85	682.76	15,571.06			1,297.29	29,791.91
SMITH	2,835.14	64,829.64	0.00	0.00	325.24	7,581.30			1,589.07	34,577.36
SCHOLZ	0.00	0.00	0.00	0.00	75.96	2,003.95			85.14	2,245.00
DANIEL	265.87	5,727.07	0.00	0.00	54.95	1,297.10			2,596.73	60,552.55
SCHERER COM STKPLE ADJ	214.50 (6.48)	5,285.26 (185.11)	0.00 N/A	0.00 N/A	263.19 N/A	6,705.02 N/A			915.33 N/A	23,320.54 N/A
SUBTOTAL	4,709.66	107,243.32	309.90	7,268.85	1,402.12	33,158.43			6,453.56	150,488.04
SMITH A	0.00	0.00	0.00	0.00	2,437.96	68,296.80			(705.67)	(19,765.18)
TOTAL ALL	4,709.66	107,243.32	309.90	7,268.85	3,840.08	101,455.23			5,747.89	130,722.86

LOCATION	PURCHASES		INVENTORY ADJUSTMENT		HEAVY OIL		GENERATION BURN ONLY		ENDING INVENTORY	
	BBL	\$	UNITS	\$	BBL	\$	BBL	\$	BBL	\$
CRIST	0.00	0.00	0.00	0.00	0.00	0.00			31,042.87	422,301.07

LOCATION	PURCHASES		INVENTORY ADJUSTMENT		BUY-OUT (FERC 174)		GENERATION BURN ONLY		ENDING INVENTORY	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
CRIST - Regular Peabody	140,885.78						712,518.97			577,045.31
CRIST - Peabody Suspension	672,839.00						371,775.00			301,064.00
SMITH - Regular Peabody	213,832.93						363,938.78			427,208.15
SMITH - Peabody Suspension	207,077.00						95,257.00			111,820.00
DANIEL	708,148.00									925,590.51
INT EARNED	0.00			(0.80)						
TOTAL	2,002,583.70			(0.80)			1,754,112.02			3,297,601.77
							3,297,601.77			2,342,727.97



GULF POWER COMPANY
GENERATION FUEL COSTS
AUGUST, 1993

PLANT	DESCRIPTION	FERC 501	RETAIL FUEL COSTS	WHOLESALE FUEL COSTS
CRIST	COAL CONSUMPTION	9,893,741.81	9,893,741.61	9,893,741.61
	LIGHTER OIL CONSUMPTION	15,477.43	15,477.43	15,477.43
	PEABODY BUY-OUT COSTS	0.00	712,518.97	712,518.97
	PEABODY SUSPENSION AGREEMENT COSTS	0.00	371,775.00	371,775.00
	NATURAL GAS EXPENSE	462,412.62	462,412.62	462,412.62
	MAXINE MINE CLOSING COSTS	0.00	0.00	0.00
	INVENTORY ADJUSTMENT - COAL	328,519.66	328,519.66	328,519.66
		0.00	0.00	0.00
	<u>10,700,151.32</u>	<u>11,784,445.29</u>	<u>11,784,445.29</u>	
SMITH	COAL CONSUMPTION	3,913,503.38	3,913,503.38	3,913,503.38
	LIGHTER OIL CONSUMPTION	7,581.30	7,581.30	7,581.30
	PEABODY BUY-OUT COSTS	0.00	363,938.78	363,938.78
	PEABODY SUSPENSION AGREEMENT COSTS	0.00	95,257.00	95,257.00
	MISC. ADJUSTMENT - JULY ERROR	0.00	8,966.38	8,966.38
	INVENTORY ADJUSTMENT - COAL	(446,668.58)	(446,668.58)	(446,668.58)
		<u>3,474,418.10</u>	<u>3,942,578.26</u>	<u>3,942,578.26</u>
SCHOLZ	COAL CONSUMPTION	995,581.91	995,581.91	995,581.91
	LIGHTER OIL CONSUMPTION	2,003.95	2,003.95	2,003.95
	INVENTORY ADJUSTMENT - COAL	53,109.14	53,109.14	53,109.14
		<u>1,050,675.00</u>	<u>1,050,675.00</u>	<u>1,050,675.00</u>
DANIEL	COAL CONSUMPTION	4,148,856.26	4,148,866.26	4,148,856.26
	LIGHTER OIL CONSUMPTION	1,297.10	1,297.10	1,297.10
	FUELCO BUY-OUT COSTS	0.00	1,754,112.02	1,754,112.02
	RAILCAR TRACK DEPRECIATION	0.00	(8,910.50)	0.00
	RAILCAR LEASE PREMIUM	(8,349.64)	(8,349.64)	(8,349.64)
	RAILCAR - NONRECOVERABLE COSTS	0.00	0.00	0.00
	INVENTORY ADJUSTMENT - COAL	0.00	0.00	0.00
	FUELCO - INTEREST EARNED	0.00	0.00	0.00
	FUELCO - ADJUSTMENT	0.00	0.00	0.00
	LIGHTER OIL ADJUSTMENT	0.00	0.00	0.00
		<u>4,141,803.72</u>	<u>5,889,005.24</u>	<u>5,895,915.74</u>
SCHERER	COAL CONSUMPTION	1,833,236.23	1,833,236.23	1,833,236.23
	LIGHTER OIL CONSUMPTION	5,525.01	5,525.01	5,525.01
	WESTMORELAND BUY-OUT COSTS	0.00	0.00	0.00
	BLUE DIAMOND BUY-OUT COSTS	0.00	0.00	0.00
	CLEARING ACCOUNT - COAL	455.86	455.86	455.86
	CLEARING ACCOUNT - OIL	108.82	108.82	108.82
	INVENTORY ADJUSTMENT - COAL	0.00	0.00	0.00
	INVENTORY ADJUSTMENT - OIL	0.00	0.00	0.00
	<u>1,839,326.82</u>	<u>1,839,326.82</u>	<u>1,839,326.82</u>	
TOTAL ALL PLANTS - STEAM GENERATION		21,206,372.78	24,506,030.41	24,512,940.91
GENERATION - KWH			1,190,888,000	
CENTS / KWH			0.020578	
SMITH CT	OIL CONSUMPTION (Inc. M&S Error)	68,296.80	68,296.80	68,296.80
TOTAL ALL GENERATION		<u>21,274,669.58</u>	<u>24,574,327.21</u>	<u>24,581,237.71</u>
GENERATION - KWH			1,191,788,000	
CENTS / KWH			0.020520	



AUDIT DISCLOSURE NO. 2

SUBJECT: CALORIFIC ADJUSTMENT

STATEMENT OF FACT: Transportation is included in the calorific value adjustment allowed by the Peabody Contract.

AUDIT OPINION: Calorific adjustment is based on the BTU's of the coal in a shipment. Transportation should not be included since it is not a factor of BTU's.

COMPANY COMMENTS: The Company response follows.

GULF POWER COMPANY

Response to Audit Disclosure No. 2

The Peabody Contract dated 2/1/88, does include a transportation cost in the calculation of the BTU or Calorific adjustment. This transportation is an integral part of the overall billing price of the coal purchased from Peabody. It is NOT the freight incurred in bringing the coal from the shipping point to Gulf's plants. It is the transportation cost of Peabody moving the coal from the mine to the shipping point where title passes to Gulf Power Company.

While price and other terms of the contract are expressed in tons of coal, Gulf Power Company is actually purchasing heat value, i.e. BTU's. Under the 2/1/88 contract Gulf is guaranteed a heat rate of 11,900 BTU's per pound of coal. The attached excerpt from the contract details the calorific adjustment formula and clearly includes both the billing price per ton and the seller's transportation cost. This same information can be found on Page 58 of the 2/1/88 Peabody contract. Please note that this adjustment works both ways, i.e. in favor of the vendor and in favor of Gulf.

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P.4/6
Attachment to Response to
Audit Disclosure No. 2

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The Calorific Value Adjustment amount shall be calculated based on:

D = Weights of all coal shipped from each Outbound Loading Point during the month as determined pursuant to Section 13.

E = The actual weighted average calorific value in "as received" Btu's per pound for coal shipped from each Outbound Loading Point during the month as determined pursuant to Section 12.

F = The Billing Price per Ton

G = Seller's Transportation Cost

The calculation of the Calorific Value Adjustment shall be determined as follows:

$$D \times \frac{E}{11,900} \times (F + G) \text{ less Semi-Monthly Billing payments}$$

AUDIT DISCLOSURE NO. 3

SUBJECT: Pending Items

Fieldwork continues in several areas. As necessary a supplemental audit report will be issued. Otherwise, follow up fieldwork will be incorporated into the next fuel audit.

COMPANY COMMENTS: The Company response follows.

GULF POWER COMPANY

Response to Audit Disclosure No. 3

No response necessary.

CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE MONTH OF:
SEPTEMBER 1993

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
A. FUEL COST & NET POWER TRANSACTIONS								
1 FUEL COST OF SYSTEM NET GENERATION	20,804,376.87	20,658,761	147,615.87	0.71	113,441,833.07	112,212,493	1,229,422.07	1.10
2 FUEL COST OF POWER SOLD	(6,109,660.54)	(4,561,600)	(1,548,060.54)	33.94	(34,146,297.51)	(20,121,600)	(14,024,697.51)	NA
3 FUEL COST-PURCHASED POWER	0.00	0	0.00	NA	0.00	0	0.00	NA
3a DEMAND & NON-FUEL COST PURCH. POWER	383,668.50	108,000	383,668.50	1,352.58	1,286,874.51	0	1,286,874.51	NA
3b ENERGY PAYMENTS TO QUAL FACILITIES	2,847,089.08	0	2,847,089.08	NA	0.00	0	0.00	NA
4 ENERGY COST-ECONOMY PURCHASES	17,925,445.00	16,291,161	1,634,284.00	10.03	21,478,983.34	8,157,900	12,321,083.34	134.56
5 TOTAL FUEL & NET POWER TRANSACTIONS	0.00	0	0.00	0.00	102,061,485.41	101,247,893	813,592.41	0.80
6 ADJUSTMENTS TO FUEL COST	17,925,445.00	16,291,161	1,634,284.00	10.03	0.00	0	0.00	NA
7 ADJUSTED TOTAL FUEL & NET TRANSACTION	17,925,445.00	16,291,161	1,634,284.00	10.03	102,061,485.41	101,247,893	813,592.41	0.80

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CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE MONTH OF:
SEPTEMBER 1993

GULF POWER COMPANY

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
B SALES REVENUES (EXCLUDING REVENUE TAX AND FRANCHISE FEE)								
1 JURISDICTIONAL SALES REVENUE	0.00	0	0.00	NA	0.00	0	0.00	NA
1a BASE FUEL REVENUE	15,459,788.59	15,892,890	(433,110.41)	(2.73)	98,240,745.21	98,246,636	(5,890.79)	(0.01)
1b FUEL ADJUSTMENT REVENUE	15,459,788.59	15,892,890	(433,110.41)	(2.73)	98,240,745.21	98,246,636	(5,890.79)	(0.01)
1c JURISDICTIONAL FUEL REVENUE	26,427,986.29	25,500,000	927,986.29	3.64	159,683,886.26	155,361,000	4,322,886.26	2.78
1d NON-FUEL REVENUE	41,887,774.88	41,392,890	494,875.88	1.20	257,924,343.49	253,607,636	4,317,007.49	1.70
1e TOTAL JURISDICTIONAL SALES REVENUE	1,314,490.07	1,149,000	165,490.07	14.40	7,123,457.13	6,811,000	312,457.13	4.59
2 NON-JURISDICTIONAL SALES REVENUE	43,202,284.95	42,541,890	660,385.95	1.55	265,046,110.62	260,415,636	4,629,464.62	1.78
3 TOTAL TERRITORIAL SALES REVENUE	741,803,206	728,831,000	13,172,206	1.81	4,537,714,038	4,504,247,000	33,467,038	0.74
C KWH SALES	28,531,800	28,974,000	1,557,800	5.78	166,572,800	160,298,000	6,274,800	3.91
1 JURISDICTIONAL SALES	770,335,008	755,605,000	14,730,008	1.95	4,704,286,838	4,664,545,000	39,741,838	0.85
2 NON-JURISDICTIONAL SALES	98,2962	96,4301	(0.1339)	(0.14)	95,4591	96,5635	(0.1044)	(0.11)
3 TOTAL TERRITORIAL SALES								
4 JURIS. SALES AS % OF TOTAL TERR. SALES								

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
SEPTEMBER 1993

D. TRUE-UP CALCULATION	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
1 JURISDICTIONAL FUEL REVENUE (B1c)	15,459,788.59	15,892,899	(433,110.41)	(2.73)	98,240,745.21	98,246,636	(5,890.79)	(0.01)
2 SPECIAL CONTRACT RECOVERY COST	485,125.00	485,125	0.00	0.00	2,910,746.00	2,910,746	0.00	0.00
2a TRUE-UP PROVISION	(488,680.00)	(488,680)	0.00	0.00	(2,932,081.00)	(2,932,081)	0.00	0.00
2b INCENTIVE PROVISION	(53,749.00)	(53,749)	0.00	0.00	(322,504.00)	(322,504)	0.00	0.00
3 JURISDICTIONAL FUEL REVENUE	15,402,464.59	15,835,595	(433,110.41)	(2.74)	97,896,908.21	97,902,797	(5,890.79)	(0.01)
4 ADJUSTED TOTAL FUEL & NET POWER TRANSACTIONS (A7)	17,925,445.00	16,291,161	1,634,284.00	10.03	102,061,485.41	101,247,893	813,592.41	0.80
5 % JURISDICTIONAL SALES (C4)	96.2982	96.4301	(0.1339)	(0.14)	96.4515	96.5621	(0.1106)	(0.11)
6 JURISDICTIONAL TOTAL FUEL & NET POWER TRANSACTIONS ADJUSTED FOR LINE LOSSES (LINES D4 * D5 * 1.0014)	17,285,688.50	15,731,576	1,554,112.50	9.88	98,577,873.18	97,903,970	673,703.18	0.69
7 TRUE-UP PROVISION OVER(UUNDER) COLLECTION (D3-D6)	(1,883,203.91)	104,019	(1,987,222.91)	(1,910.44)	(680,796.87)	(1,173)	(679,583.97)	57,936.40
8 INTEREST PROVISION	13,832.11	(881)	14,693.11	(1,706.52)	68,774.57	(29,660)	98,434.57	(331.86)
9 BEGINNING TRUE-UP & INTEREST PROVISION	5,940,871.55	(622,871)	6,563,342.55	(1,054.06)	2,235,381.54	(2,932,081)	5,171,062.54	(176.38)
10 TRUE-UP COLLECTED (REFUNDED)	488,680.00	488,680	0.00	0.00	2,932,081.00	2,932,081	0.00	0.00
11 END PERIOD-TOTAL NET TRUE-UP (D7+D8+D9+D10)	4,559,979.75	(30,833)	4,590,812.75	(14,889.28)	4,559,970.14	(30,833)	4,590,803.14	(14,889.25)
12 Startly Revenue Adjustment	0.00				9.61			
13 END PERIOD-TOTAL NET TRUE-UP	4,559,979.75				4,559,979.75			

CALCULATION OF TRUE-UP AND INTEREST PROVISION

GULF POWER COMPANY

AUGUST 1993
SEPTEMBER 1993

CURRENT MONTH

E. INTEREST PROVISION		ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)
1	BEGINNING TRUE-UP AMOUNT	5,940,871.55	(622,671)	6,563,342.55
2	ENDING TRUE-UP AMOUNT BEFORE INTEREST (D7+D9+D10)	4,546,147.64	(29,972)	4,576,119.64
3	TOTAL OF BEGINNING AND ENDING TRUE-UP AMOUNT	10,486,819.19	(652,643)	11,139,462.19
4	AVERAGE TRUE-UP AMOUNT	5,243,409.60	(326,322)	5,569,731.60
5	INTEREST RATE - FIRST DAY REPORTING BUSINESS MONTH	3.1400 %	3.1400 %	0.0000
6	INTEREST RATE - FIRST DAY SUBSEQUENT BUSINESS MONTH	3.1900 %	3.1900 %	0.0000
7	TOTAL (E5+E6)	6.3300 %	6.3300 %	0.0000
8	AVERAGE INTEREST RATE	3.1850 %	3.1850 %	0.0000
9	MONTHLY AVERAGE INTEREST RATE (E8/12)	0.2838 %	0.2838 %	0.0000
10	INTEREST PROVISION (E4*E9)	13,832.11	(861)	14,693.11

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
MARCH 1994

PERIOD - TO - DATE

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
A. FUEL COST & NET POWER TRANSACTIONS								
1 FUEL COST OF SYSTEM NET GENERATION	11,832,766.80	13,392,696	(1,559,899.10)	(11.85)	83,166,254.83	89,286,559	(6,120,304.17)	(6.85)
2 FUEL COST OF POWER SOLD	(3,270,121.04)	(2,213,600)	(1,056,521.04)	47.73	(27,147,476.91)	(16,550,000)	(10,597,476.91)	64.03
3 FUEL COST-PURCHASED POWER	0.00	0	0.00	NA	0.00	0	0.00	NA
3a DEMAND & NON-FUEL COST PURCH. POWER	0.00	0	0.00	NA	0.00	0	0.00	NA
3b ENERGY PAYMENTS TO QUAL. FACILITIES	253,887.02	0	253,887.02	NA	2,014,789.19	0	2,014,789.19	NA
4 ENERGY COST-ECONOMY PURCHASES	3,927,787.14	1,743,000	2,184,787.14	125.35	25,118,096.87	5,557,000	20,561,096.87	370.00
5 TOTAL FUEL & NET POWER TRANSACTIONS	12,744,350.02	12,922,096	(177,745.98)	(1.38)	64,151,665.98	78,293,559	5,858,106.98	7.48
6 ADJUSTMENTS TO FUEL COST	0.00	0	0.00	NA	0.00	0	0.00	NA
7 ADJUSTED TOTAL FUEL & NET TRANSACTIONS	12,744,350.02	12,922,096	(177,745.98)	(1.38)	64,151,665.98	78,293,559	5,858,106.98	7.48

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
MARCH 1994

PERIOD - TO - DATE

B SALES REVENUES (EXCLUDING REVENUE TAX AND FRANCHISE FEE)	CURRENT MONTH				PERIOD - TO - DATE				
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	
1 JURISDICTIONAL SALES REVENUE									
1a BASE FUEL REVENUE	0.00	0	0.00	NA	0.00	0	0.00	NA	
1b FUEL ADJUSTMENT REVENUE	11,698,406.86	11,441,760	256,646.86	2.24	72,002,384.70	70,137,168	1,865,216.70	2.66	
1c JURISDICTIONAL FUEL REVENUE	11,698,406.86	11,441,760	256,646.86	2.24	72,002,384.70	70,137,168	1,865,216.70	2.66	
1d NON-FUEL REVENUE	23,328,478.12	23,609,000	(480,521.88)	(2.02)	141,788,947.01	137,590,000	4,208,947.01	3.06	
1e TOTAL JURISDICTIONAL SALES REVENUE	35,026,884.98	35,250,760	(223,875.02)	(0.64)	213,791,331.71	207,727,168	6,072,163.71	2.92	
2 NON-JURISDICTIONAL SALES REVENUE	886,061.42	941,000	25,061.42	2.66	8,284,685.53	5,824,000	2,460,685.53	42.25	
3 TOTAL TERRITORIAL SALES REVENUE	35,992,946.40	36,191,760	(198,813.60)	(0.55)	222,076,017.24	213,551,168	8,532,849.24	4.90	
C KWH SALES									
1 JURISDICTIONAL SALES	556,234,364	591,550,000	(5,315,618)	(0.90)	3,697,158,588	3,628,159,000	70,999,588	1.96	
2 NON-JURISDICTIONAL SALES	21,099,800	22,628,000	(1,528,200)	(6.75)	140,591,600	138,416,000	2,175,600	1.57	
3 TOTAL TERRITORIAL SALES	607,334,164	614,178,000	(6,841,818)	(1.11)	3,837,750,188	3,764,575,000	73,175,188	1.94	
4 JURIS SALES AS % OF TOTAL TERR SALES	96.5258	98.3160	0.2098	0.22	96.3366	96.3232	0.0134	0.01	

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CALCULATION OF TRUE-UP AND INTEREST PROMISION

FOR THE MONTH OF:
MARCH 1994

CURRENT MONTH

PERIOD - 10 - DATE

D TRUE-UP CALCULATION	CURRENT MONTH				PERIOD - 10 - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
1 JURISDICTIONAL FUEL REVENUE (B1c)	11,898,406.86	11,441,780	256,646.86	2.24	72,002,384.70	70,137,168	1,865,216.70	2.66
2 SPECIAL CONTRACT RECOVERY COST	(89,915.00)	(89,915)	0.00	0.00	(539,487.00)	(539,487)	0.00	0.00
2a TRUE-UP PROVISION	1,049,035.00	1,049,035	0.00	0.00	8,294,210.00	8,294,210	0.00	0.00
2b INCENTIVE PROVISION	(82,144.00)	(82,144)	0.00	0.00	(372,865.00)	(372,865)	0.00	0.00
3 JURISDICTIONAL FUEL REVENUE	<u>12,595,382.86</u>	<u>12,338,738</u>	<u>256,646.86</u>	<u>2.08</u>	<u>77,384,242.70</u>	<u>75,518,626</u>	<u>1,865,216.70</u>	<u>2.47</u>
4 ADJUSTED TOTAL FUEL & NET POWER TRANSACTIONS (A7)	12,744,350.02	12,922,096	(177,745.96)	(1.38)	84,151,665.98	78,293,559	5,858,106.98	7.48
5 % JURISDICTIONAL SALES (C4)	<u>96.5258</u>	<u>96.3160</u>	<u>0.2098</u>	<u>0.22</u>	<u>26.3329</u>	<u>96.3254</u>	<u>0.0075</u>	<u>0.01</u>
6 JURISDICTIONAL TOTAL FUEL & NET POWER TRANSACTIONS ADJUSTED FOR LINE LOSSES (LINES D4 * D5 * 1.0014)	<u>12,318,608.03</u>	<u>12,483,470</u>	<u>(144,661.97)</u>	<u>(1.18)</u>	<u>81,178,286.06</u>	<u>75,522,198</u>	<u>5,657,070.06</u>	<u>7.49</u>
7 TRUE-UP PROVISION OVER(UNDER) COLLECTION (D3-D6)	276,574.83	(124,734)	401,308.83	(321.73)	(378,081.27)	(3,172)	(374,889.27)
8 INTEREST PROVISION	(15,438.20)	3,838	(19,278.20)	(502.25)	(8,485.17)	67,805	(74,300.17)	(109.58)
9 BEGINNING TRUE-UP & INTEREST PROVISION	(4,752,984.89)	1,864,564	(6,617,548.89)	(354.91)	4,589,978.75	8,924,210	(2,364,230.25)	(34.14)
10 TRUE-UP COLLECTED (REFUNDED)	<u>(1,049,035.00)</u>	<u>(1,049,035)</u>	<u>0.00</u>	<u>0.00</u>	<u>(8,294,210.00)</u>	<u>(8,294,210)</u>	<u>0.00</u>	<u>0.00</u>
11 END PERIOD-TOTAL NET TRUE-UP (D7+D8+D9+D10)	<u>(5,540,883.06)</u>	<u>694,633</u>	<u>(6,235,518.06)</u>	<u>(897.67)</u>	<u>(2,118,786.69)</u>	<u>694,633</u>	<u>(2,813,419.69)</u>	<u>(405.02)</u>

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
MARCH 1994

CURRENT MONTH

E INTEREST PROVISION		ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)
1	BEGINNING TRUE-UP AMOUNT	(4,752,884.89)	1,884,584	(6,617,548.89)
2	ENDING TRUE-UP AMOUNT BEFORE INTEREST (D7+D9+D10)	(5,525,444.86)	690,795	(6,216,239.86)
3	TOTAL OF BEGINNING AND ENDING TRUE-UP AMOUNT	(10,278,429.55)	2,555,359	(12,833,788.55)
4	AVERAGE TRUE-UP AMOUNT	(5,139,214.78)	1,277,680	(6,416,894.78)
5	INTEREST RATE - FIRST DAY REPORTING BUSINESS MONTH	3.5200 %	3.5200 %	0.0000
6	INTEREST RATE - FIRST DAY SUBSEQUENT BUSINESS MONTH	3.6900 %	3.6900 %	0.0000
7	TOTAL (E5+E6)	7.2100 %	7.2100 %	0.0000
8	AVERAGE INTEREST RATE	3.6050 %	3.6050 %	0.0000
9	MONTHLY AVERAGE INTEREST RATE (E8/12)	0.3004 %	0.3004 %	0.0000
10	INTEREST PROVISION (E4*E9)	(15,438.20)	3,838	(19,276.20)

State of Florida

Commissioners:

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



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 488-8371

Public Service Commission

July 20, 1994

Mr. Jack L. Haskins
Gulf Power Company
Post Office Box 13470
Pensacola, FL 32591-3470

Dear Mr. Haskins:

RE: Docket No. 940001-EI - Gulf Power Company
Fuel Audit Report - Period Ended 03/31/94

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
Blanca S. Bayo

BSB/kes

Enclosure

cc: Public Counsel
David Erwin