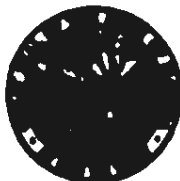


State of Florida

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



TIMOTHY DEVLIN, Director
Auditing & Financial Analysis
(904) 413-6480

Public Service Commission

August 20, 1996

Gulf Utility Company
Carolyn B. Andrews
P. O. Box 350
Estero, FL 33928-0350

Dear Mr. Andrews:

Docket No. 960329-WS -- Gulf Utility Company
Rate Case Audit Request - Projected Test Year Ending December 31, 1996
and the Historical Base Year Ended December 31, 1995

The Florida Public Service Commission will review the rate base, capital structure and net operating income for the projected test year ending December 31, 1996 and the historical base year ended December 31, 1995 in accordance with Commission audit procedures. Auditors may select one or more accounts for detailed examination. Access may be requested to documents and records supporting affiliate company transactions that affect regulated operations. Staff auditors may also request to review the firm's external audit working papers for the most recent independent audit. Kathy Welch, the district office supervisor, (305) 470-5602, will coordinate this audit.

Rule 25-30.110(b), F.A.C., states that, "Unless otherwise authorized by the Commission, each utility shall maintain its records at the office or offices of the utility within this state and shall keep those records open for inspection during business hours by Commission staff".

Rule 25-22.006, F.A.C., promulgates the procedure to exempt confidential and proprietary business information from Public Records Law 119.07(1), Florida Statutes. Excerpts from this rule are attached to this letter however, the rule should be read in its entirety when an exemption is claimed. Write or call the Florida Public Service Commission's Office of the General Counsel for additional information, (904) 413-6248.

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Gulf Utility Company

August 20, 1996

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A formal audit report will be issued for internal official use only by the Commission on or about November 15, 1996. A copy of the final report will be mailed to the company liaison officer listed in the Commission Mailing Directory. Comments should be mailed to the Director of Records and Reporting within ten days after receipt.

Please complete the Pre-audit Questionnaire and use the pre-stamped envelope to return the completed form to me by September 4, 1996.

Questions regarding the audit or staff conduct should be directed to Kathy Welch or myself at (904) 413-6487.

Sincerely,



Denise N. Vandiver

DNV/sp

- Enclosures: (1) Excerpts from Rule 25-22.006, F.A.C.
and 366.093, F.S.
(2) Pre-audit Questionnaire
(3) Pre-stamped, Addressed Envelope
(4) Data Processing Questionnaire

cc: Mary Andrews Bane, Deputy Executive Director/Tech. (w/o enclosures)
Field Audit Supervisor
Legal Services (w/o enclosures)
Division of Records and Reporting (w/o enclosure)
Public Counsel