

**FLORIDA PUBLIC SERVICE COMMISSION**  
**AUDIT REPORT**  
**FOR THE 12 MONTHS ENDED MARCH 31, 1997**

**Field Work Completed**

**June 6, 1997**

**GULF POWER COMPANY**


**Pensacola, Florida**

**Escambia County**

**FUEL AUDIT**

**Docket Number 970001-EI**

**Audit Control Number 97-055-1-1**



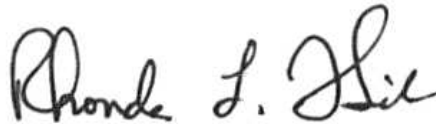
**Robert T. Moore**  
**Audit Manager**

**Audit Staff**

**Mike Buckley**

**Minority Opinion**

**initial**  
**Yes**  **No**  **MB**



**Rhonda Hicks**  
**Regulatory Analyst Supervisor**  
**Tallahassee District Office**

**DOCUMENT NUMBER-DATE**

**06139 JUN 18 97**

**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 Adjustment Cost Recovery Filings, Schedule A-2, filed by Gulf Power Company. These schedules were filed in support of FPSC Dockets 960001-EI and 970001-EI for the six months ended September 30, 1996 and March 31, 1997.

**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, Schedule A-2 page 1 and 2, for the six months ended September 30, 1996 and March 31, 1997 represent Gulf Power 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.

## II. Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report, the following definition shall apply:

**COMPILED:** The audit staff 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.

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### **FUEL REVENUE:**

Recalculated fuel clause revenues. Agreed fuel clause factors to Commission orders. Judgementally sampled customer bills for correct billed fuel clause factor.

### **FUEL EXPENSES:**

Compiled coal generation fuel costs.

### **OTHER:**

Recalculated True-up and interest provision.

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: SEPTEMBER 1988

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%
<b>A Fuel Cost &amp; Net Power Transactions</b>								
1 Fuel Cost of System Net Generation	18,722,526 60	19,431,118	(708,591 40)	(3 65)	110,872,521 80	114,725,542	(3,853,020 20)	(3 36)
2 Fuel Cost of Power Sold	(2,842,102 58)	(3,308,800)	466,697 42	(14 10)	(18,303,631 58)	(19,181,800)	878,168 44	(4 58)
3 Fuel Cost - Purchased Power	0 00	0	0 00	NA	0 00	0	0 00	NA
3a Demand & Non-Fuel Cost Purchased Power	0 00	0	0 00	NA	0 00	0	0 00	NA
3b Energy Payments to Qualifying Facilities	184,000 74	3,338	180,662 74	5,412 30	1,081,915 77	81,118	1,020,797 77	1,670 21
4 Energy Cost-Economy Purchases	2,228,891 11	1,399,000	827,891 11	59 18	12,403,830 34	11,178,000	1,227,830 34	10 99
5 Total Fuel & Net Power Transactions	18,291,115 87	17,524,656	766,459 87	4 37	108,054,636 35	108,780,880	(726,223 65)	(0 68)
6 Adjustments To Fuel Cost	0 00	0	0 00	NA	0 00	0	0 00	NA
7 Adj Total Fuel & Net Power Transactions	18,291,115 87	17,524,656	766,459 87	4 37	108,054,636 35	108,780,880	(726,223 65)	(0 68)
<b>B KWH Sales</b>								
1 Jurisdictional Sales	785,005,666	785,135,000	(129,334)	(0 02)	4,765,989,890	4,764,305,000	1,684,890	0 04
2 Non-Jurisdictional Sales	29,885,400	29,086,000	899,400	3 09	179,477,000	175,300,000	4,087,000	2 33
3 Total Territorial Sales	814,891,066	814,221,000	770,066	0 09	4,945,466,890	4,939,605,000	5,771,890	0 12
4 Juris. Sales as % of Total Terr Sales	96 3208	96 4278	(0 1070)	(0 11)	96 3709	96 4494	(0 0785)	(0 08)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: SEPTEMBER 1998

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL	\$ ESTIMATED	DIFFERENCE		ACTUAL	\$ ESTIMATED	DIFFERENCE	
			AMOUNT (\$)	%			AMOUNT (\$)	%
C True-up Calculation								
1 Jurisdictional Fuel Revenue	17,182,619.33	16,736,723	445,896.33	2.66	102,118,498.00	101,560,695	557,803.00	0.55
2 Fuel Adj Revs. Not Applicable to Period								
2a True-Up Provision	210,776.00	210,776	0.00	0.00	1,264,660.00	1,264,660	0.00	0.00
2b Incentive Provision	79,237.00	79,237	0.00	0.00	475,427.00	475,427	0.00	0.00
2c Special Contract Recovery Cost	(28,775.00)	(28,775)	0.00	0.00	(172,653.00)	(172,653)	0.00	0.00
3 Jurs Fuel Revenue Applicable to Period	17,443,857.33	16,997,961	445,896.33	2.62	103,685,932.00	103,128,129	557,803.00	0.54
4 Adjusted Total Fuel & Net Power Transactions (Line A7)	18,291,115.87	17,524,656	766,459.87	4.37	106,054,636.35	106,780,860	(726,223.65)	(0.68)
5 Jurs Sales % of Total KWH Sales (Line B4)	96.3208	96.4278	(0.1070)	(0.11)	96.3683	96.4548	(0.0863)	(0.09)
6 Jurs Total Fuel & Net Power Transactions Adj. for Line Losses (C4 *C5*1.0014)	17,642,814.54	18,022,298	720,516.54	4.26	102,346,111.60	103,139,290	(793,178.40)	(0.77)
7 True-Up Provision for the Month Over/(Under) Collection (C3-C6)	(198,957.21)	75,963	(274,620.21)	(362.95)	1,339,820.40	(11,161)	1,350,981.40	(12,104.48)
8 Interest Provision for the Month	(26,626.59)	437	(27,065.59)	(6,193.50)	(174,919.08)	40,730	(215,649.08)	(529.46)
9 Beginning True-Up & Interest Provision	(5,690,327.51)	164,245	(5,854,572.51)	(3,564.54)	(6,026,930.63)	1,264,660	(7,291,590.63)	(576.57)
10 True-Up Collected / (Refunded)	(210,776.00)	(210,776.00)	0.00	0.00	(1,264,660.00)	(1,264,660)	0.00	0.00
11 End of Period - Total Net True-Up, Before Adjustment (C7+C8+C9+C10)	(6,126,689.31)	29,569	(6,156,258.31)	(20,819.97)	(3,126,689.31)	29,569	(6,156,258.31)	(20,819.97)

CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: MARCH 1997

	CURRENT MONTH				PERIOD - TO - DATE				
	ACTUAL	ESTIMATED	DIFFERENCE		ACTUAL	ESTIMATED	DIFFERENCE		
	\$	\$	AMOUNT (\$)	%	\$	\$	AMOUNT (\$)	%	
<b>A. Fuel Cost &amp; Net Power Transactions</b>									
1 Fuel Cost of System Net Generation	13,193,122.49	15,511,831	(2,318,708.51)	(14.95)	94,997,793.29	97,740,994	(2,743,200.71)	(2.81)	
2 Fuel Cost of Power Sold	(1,795,965.20)	(2,667,800)	871,834.80	(32.68)	(16,219,535.86)	(21,122,000)	4,902,464.14	(23.21)	
3 Fuel Cost - Purchased Power	1,024,231.84	904,000	120,231.84	13.30	8,129,486.56	5,494,000	2,635,486.56	47.67	
3a Demand & Non-Fuel Cost Purchased Power	0.00	0	0.00	NA	0.00	0	0.00	NA	
3b Energy Payments to Qualifying Facilities	156,832.25	527	156,305.25	29,659.44	812,873.66	5,969	806,904.66	13,518.26	
4 Energy Cost-Economy Purchases	0.00	0	0.00	NA	0.00	0	0.00	NA	
5 Total Fuel & Net Power Transactions	12,578,221.38	13,748,558	(1,170,336.62)	(8.51)	87,720,617.65	82,118,963	5,601,654.65	6.82	
6 Adjustments To Fuel Cost	0.00	0	0.00	NA	0.00	0	0.00	NA	
7 Adj. Total Fuel & Net Power Transactions	12,578,221.38	13,748,558	(1,170,336.62)	(8.51)	87,720,617.65	82,118,963	5,601,654.65	6.82	
<b>B. KWH Sales</b>									
1 Jurisdictional Sales	618,281,462	640,465,000	(22,183,538)	(3.46)	3,917,519,994	3,913,567,000	3,952,994	0.10	
2 Non-Jurisdictional Sales	23,072,492	25,043,000	(1,970,508)	(7.87)	146,825,754	153,179,000	(6,353,246)	(4.15)	
3 Total Territorial Sales	641,353,954	665,508,000	(24,154,046)	(3.63)	4,064,345,748	4,066,746,000	(2,400,252)	(0.06)	
4 Juris. Sales as % of Total Terr. Sales	96.4025	96.2370	0.1655	0.17	96.3875	96.2334	0.1541	0.16	



CALCULATION OF TRUE-UP AND INTEREST PROVISION  
GULF POWER COMPANY  
FOR THE MONTH OF: MARCH 1997

	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%
<b>C. True-up Calculation</b>								
1 Jurisdictional Fuel Revenue	13,695,045.58	14,604,523	(909,477.42)	(6.23)	89,011,310.23	89,241,068	(229,757.77)	(0.26)
2 Fuel Adj. Rvs. Not Applicable to Period:								
2a True-Up Provision	(1,669,797.00)	(1,669,797)	0.00	0.00	(10,018,778.00)	(10,018,778)	0.00	0.00
2b Incentive Provision	7,255.00	7,255	0.00	0.00	43,534.00	43,534	0.00	0.00
2c Special Contract Recovery Cost	(20,195.00)	(20,195)	0.00	0.00	(121,175.00)	(121,175)	0.00	0.00
3 Juris. Fuel Revenue Applicable to Period	12,012,308.58	12,921,788	(909,477.42)	(7.04)	78,914,891.23	79,144,649	(229,757.77)	(0.29)
4 Adjusted Total Fuel & Net Power Transactions (Line A7)	12,578,221.38	13,748,558	(1,170,336.62)	(8.51)	87,720,617.65	82,118,963	5,601,654.65	6.82
5 Juris. Sales % of Total KWH Sales (Line B4)	96.4025	96.2370	0.1655	0.17	96.3875	96.2334	0.1541	0.16
6 Juris. Total Fuel & Net Power Transactions Adj. for Line Losses (C4 *C5*1.0014)	12,142,895.87	13,249,723	(1,107,027.13)	(8.36)	84,672,062.15	79,137,757	5,534,305.15	6.99
7 True-Up Provision for the Month Over/(Under) Collection (C3-C6)	(130,387.29)	(327,937)	197,549.71	(60.24)	(5,757,170.92)	6,892	(5,764,062.92)	(83,634.11)
8 Interest Provision for the Month	(12,698.82)	44,180	(56,878.82)	(128.74)	(106,494.09)	152,843	(259,337.09)	(169.68)
9 Beginning True-Up & Interest Provision	(3,498,287.21)	8,822,042	(12,320,329.21)	(139.65)	(6,126,689.31)	29,569	(6,156,258.31)	(20,819.97)
10 True-Up Collected / (Refunded)	1,669,797.00	1,669,797	0.00	0.00	10,018,778.00	10,018,778	0.00	0.00
11 End of Period - Total Net True-Up, Before Adjustment (C7+C8+C9+C10)	(1,971,576.32)	10,208,082	(12,179,658.32)	(119.31)	(1,971,576.32)	10,208,082	(12,179,658.32)	(119.31)

State of Florida

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



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

## Public Service Commission

June 19, 1997

Mr. Warren E. Tate  
Gulf Power Company  
Post Office Box 13470  
Pensacola, Florida 32591-3470

Re: Docket No. 970001-EI -- Gulf Power Company  
Fuel Audit Report - Period Ended March 31, 1997  
Audit Control # 97-055-1-1

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. Bayó

BSB/DNV/cls

Enclosure

cc: Public Counsel  
Susan D. Cranmer