

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

TWELVE MONTHS ENDED SEPTEMBER 30, 1996

FIELD WORK COMPLETED

JUNE 11, 1997

GULF POWER COMPANY

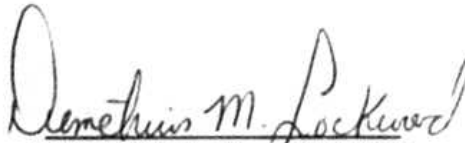
PENSACOLA, FLORIDA

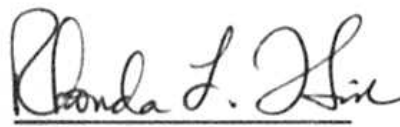
ESCAMBIA COUNTY

CAPACITY COST AUDIT

DOCKET NUMBER 970001-EI

AUDIT CONTROL NUMBER 97-076-1-1

  
DEMETRIUS M. LOCKWOOD  
AUDIT MANAGER

  
RHONDA HICKS  
REGULATORY SUPERVISOR  
TALLAHASSEE DISTRICT OFFICE

07143-97  
07/17/97

## INDEX

I.	<b>EXECUTIVE SUMMARY</b>	Page
	AUDIT PURPOSE.....	3
	DISCLAIM PUBLIC USE.....	3
	OPINION.....	3
II.	<b>AUDIT SCOPE</b>	
	SCOPE OF WORK PERFORMED.....	4
III.	<b>EXHIBITS</b>	
	Company Schedule CCA-1.....	5
	Company Schedule CCA-2.....	6
	Company Schedule CCA-3.....	7

## I. EXECUTIVE SUMMARY

**AUDIT PURPOSE:** We have applied the procedures described in Section II of this report to audit the appended Capacity Cost Recovery True-Up filing by Gulf Power Company in support of Docket 970001-EI for the twelve months ended September 30, 1996, to determine that the exhibit represents the utility's books and records and that those books and records are maintained in compliance with Commission directives and that facts which may influence the Commission's decision process are disclosed.

**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 for the twelve months ended September 30, 1996, represent Gulf Power Company's books and records maintained in substantial compliance with Florida Public Service Commission prescribed rules, directives, and procedures. 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 noted, performed no other audit work.

**INTERCOMPANY INTERCHANGE CONTRACT (IIC) PAYMENTS/RECEIPTS:** Traced the reported IIC Payments/Receipts to the Southern Company Services (SCS) Power Pool Transaction and Billing Summary; Compiled the total net settlement amount, which capacity payments/receipts are a component, presented on the SCS Power Pool Transaction and Billing Summary.

**CAPACITY COST RECOVERY REVENUES:** Traced the reported capacity cost recovery revenues to a company prepared spreadsheet, which omitted taxes and interdepartmental use (Purchased Power Capacity Cost Revenue Net of Taxes); Traced Purchased Power Capacity Cost Revenue (Gross) to monthly billing summaries; Reconciled total kilowatt hours (KWH) presented on monthly billing summaries (Capacity Clause Recovery Worksheet) to a billing register summary; Traced the capacity factors used to determine capacity clause revenues to Company schedules and Commission order to ensure that the correct factors were being applied to KWH usage.

**CAPACITY PAYMENTS TO MONSANTO:** Traced the reported payments to invoices; Compiled the total amount due on invoice, which capacity payments are a component.

**OTHER:** Traced the reported Capacity Included in Retail Base Rate Revenue to Commission order; Randomly selected four Intercompany Interchange Contracts to analyze; Recalculated the true-up and interest provision for the six months ended September 1996; traced the beginning true-up to the prior filing; traced the interest rates used in the calculation of the interest provisions to the 30 day Commercial Paper Rate.

Relied on the previous audit of Capacity Cost Recovery True-up filing by Gulf Power Company for the six months ended March 31, 1996.

**GULF POWER COMPANY  
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
CALCULATION OF FINAL TRUE-UP AMOUNT  
OCTOBER 1995 - SEPTEMBER 1996**

- |   |                         |
|---|-------------------------|
| 1. Estimated over/(under) -recovery for the period<br>OCTOBER 1995 - SEPTEMBER 1996<br>(Schedule CCE-1b approved in Order No.<br>PSC-96-1172-FOF-EI dated September 19, 1996) | 374,156                 |
| 2. Actual over/(under)-recovery for the period<br>OCTOBER 1995 - SEPTEMBER 1996<br>(Schedule CCA-2 Line 11+12 in the Total column)  | <u>172,788</u>          |
| 3. Amount to be refunded/(recovered) in the<br>October, 1997 - September, 1998 projection period<br>(Line 2 - Line 1)   | <u><u>(201,368)</u></u> |

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF TRUE-UP AND INTEREST PROVISION**  
**FOR THE PERIOD OCTOBER 1995 - SEPTEMBER 1996**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL TOTAL
1	352,489	999,893	1,209,535	1,169,842	1,892,302	2,007,884	(735,204)	80,434	993,922	1,107,848	961,866	100,171	10,483,119
2	0	0	0	0	0	0	0	0	62,292	62,292	62,292	62,292	249,508
3	362,489	999,893	1,209,535	1,169,842	1,892,302	2,007,884	(735,204)	80,434	1,056,214	1,169,848	642,787	612,373	10,741,687
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	239,794	962,880	1,165,974	1,142,962	1,831,265	1,925,266	(726,734)	77,537	988,291	1,127,717	819,838	599,319	10,265,163
6	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(137,687)	(1,652,000)
7	477,461	1,100,557	1,202,641	1,280,619	1,789,071	2,073,029	(80,887)	215,204	1,125,929	1,265,264	717,204	777,565	12,007,103
8	828,122	787,906	971,461	1,003,638	919,256	919,934	778,810	1,066,707	1,163,867	1,203,613	1,233,094	1,079,963	12,074,411
9	12,898	12,898	12,898	12,898	12,898	12,898	12,898	12,898	12,898	12,898	12,898	12,898	154,779
10	641,029	800,804	984,209	1,016,536	922,154	922,832	789,708	1,099,626	1,178,796	1,206,512	1,246,593	1,092,862	12,169,190
11	383,559	(299,753)	(219,292)	(264,093)	(836,867)	(1,140,194)	878,775	854,491	50,817	41,128	498,689	364,897	162,097
12	3,027	3,694	2,152	665	(1,890)	(8,429)	(7,148)	(3,272)	(1,329)	(1,184)	(37)	1,632	(9,299)
13	565,483	919,771	819,914	280,786	4,479	(847,178)	(2,008,892)	(1,147,963)	(209,732)	(273,139)	(246,091)	229,662	965,483
14	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(12,898)	(154,779)
15	919,771	819,914	280,786	4,479	(847,178)	(2,008,892)	(1,147,963)	(209,732)	(273,139)	(246,091)	229,662	965,482	593,492

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF INTEREST PROVISION**  
**FOR THE PERIOD OCTOBER 1995 - SEPTEMBER 1996**

	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	TOTAL
1 Beginning True-Up Amount (1)	565,483	919,771	610,614	280,766	4,470	(847,179)	(2,008,662)	(1,147,963)	(308,732)	(273,136)	(246,091)	279,662	
2 Ending True-Up Amount Before Interest (2)	918,144	607,170	278,634	3,806	(845,299)	(2,000,267)	(1,140,815)	(306,460)	(271,813)	(244,907)	(229,689)	581,660	
3 Total Beginning & Ending True-Up Amount (3) (Lines 1 + 2)	1,481,627	1,526,941	889,248	284,591	(840,829)	(2,847,442)	(3,147,507)	(1,454,423)	(581,545)	(518,043)	(475,780)	811,322	
4 Average True-Up Amount (4)	740,814	763,449	444,724	142,295	(420,413)	(1,423,721)	(1,573,754)	(722,212)	(290,773)	(259,022)	(238,890)	405,661	
5 Interest Rate - First Day of Reporting Business Month	0.068400	0.068100	0.068200	0.068100	0.064000	0.063300	0.065000	0.064700	0.064000	0.063200	0.064500	0.064000	
6 Interest Rate - First Day of Subsequent Business Month	0.068100	0.068000	0.068100	0.064000	0.063200	0.065000	0.064000	0.064000	0.065200	0.064500	0.064000	0.064600	
7 Total Interest Rate (Lines 5 + 6)	0.117200	0.118100	0.118100	0.112100	0.107200	0.108300	0.109500	0.108700	0.109200	0.107700	0.108500	0.109400	
8 Average Interest Rate	0.068730	0.068050	0.068060	0.068050	0.063650	0.064150	0.064630	0.064000	0.064800	0.064000	0.064250	0.064200	
9 Monthly Average Interest Rate (1/12 Of Line 8)	0.004898	0.004838	0.004838	0.004871	0.004471	0.004513	0.004542	0.004500	0.004550	0.004571	0.004571	0.004517	
10 Interest Provision For the Month (Lines 4 X 9) (3)	3,637	3,694	2,152	695	(1,803)	(8,479)	(7,148)	(3,278)	(1,323)	(1,164)	(1,532)	1,832	(9,209)

State of Florida

Commissioners:  
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J. TERRY DEASON  
SUSAN F. CLARK  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYÓ  
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## Public Service Commission

July 21, 1997

Ms. Susan D. Cranmer  
Gulf Power Company  
Post Office Box 14370  
Pensacola, Florida 32591-3470

Re: Docket No. 970001-EI -- Gulf Power Company  
Capacity Cost Audit Report - Period Ended March 31, 1997  
Audit Control # 97-076-1-1

Dear Ms. Cranmer.

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,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief  
Records and Reporting

KF/DNV/cls  
Enclosure  
cc: Public Counsel  
Beggs and Lane Law Firm