

981594-EI

GULF POWER COMPANY

From 10-3 A

(A)

REVIEW OF AFFILIATED BILLINGS  
AUDIT NUMBER FPC1997-011  
SEPTEMBER 8, 1997

DISTRIBUTION

GULF

- T. J. Bowden
- F. M. Fisher, Jr.
- J. E. Hodges, Jr.
- R. G. Moore
- A. E. Scarbrough
- R. R. Labrato
- R. G. Livingston

SoCo

- D. L. Blalock
- W. D. Hudson
- J. T. Scott

*DH 11-6-00*  
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EPSC-RECORDS/REPORTING

*x-ref  
12458-98*

11-1

## GULF POWER COMPANY INTERNAL AUDITING

### REVIEW OF AFFILIATED BILLINGS

September 8, 1997

#### INTRODUCTION

As indicated in the recent issuance of the "Southern Company Policy and Guidelines on Charges for Affiliate Transactions," there is increasing interest in affiliate transactions, especially those that could be construed as financially subsidizing. The potential for cross subsidization is heightened due to severe market pressure to reduce power generation cost, reduce cost through functionalization, leverage subsidiary resources system-wide in the traditional business, channel traditional resources into entrepreneurial activities, and increase earnings in the non-traditional areas. In response to this growing interest and a request from Allen Franklin, Internal Auditing performed a system-wide review of affiliated transactions.

We are defining cross-subsidization as "the allocation of costs for products and services which are not in accordance with applicable laws and regulations." Cross-subsidization grows from regulation and therefore, is ultimately defined by the individual regulating bodies. Negative assessments by any regulatory body could leave Southern Company at risk of declining shareholder value and unwanted publicity. An adverse decision could also damage Southern Company's relationship with the regulating bodies and the public resulting in unfavorable legislation and regulation.

This report presents the Gulf-specific results of the system-wide Affiliated Billings Review. A system report will be issued in the near future, which recaps the major issues identified. These issues will be reported to the System Controller's group to assist them with implementing the Affiliate Transactions policy and to ensure continued compliance with Securities and Exchange Commission, Federal Energy Regulatory Commission, Public Utilities Holding Companies Act and Public Service Commission rules and regulations concerning affiliate transactions.

#### OBJECTIVES AND SCOPE

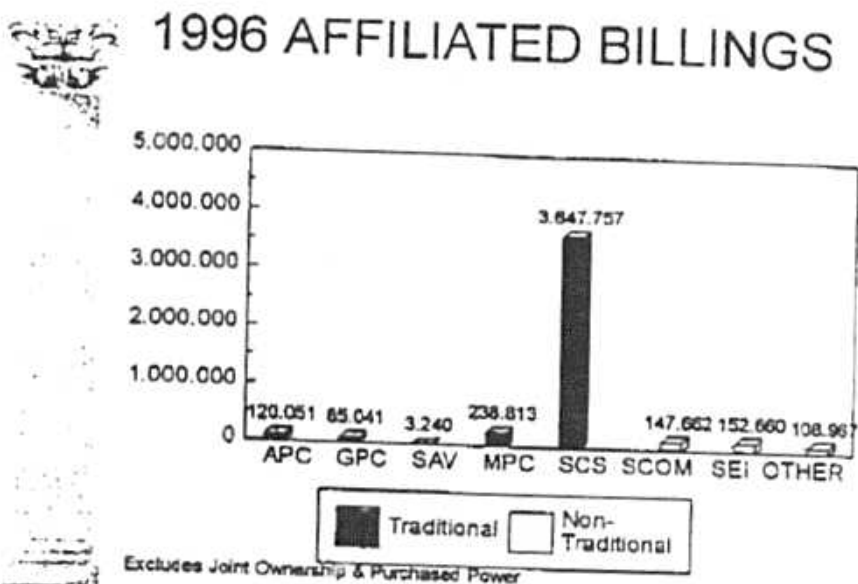
The objectives of the audit were to :

- provide a summary of current or potential cross-subsidy issues that arose during our review;
- provide an assessment on the consistency of the costs included in the service billings between companies, both traditional and non-traditional; and
- determine how the service costs associated with interaffiliate transactions are being billed and the adequacy of those billing systems.

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To accomplish these objectives, we 1) interviewed management and business unit personnel to identify all affiliate transactions; 2) reviewed 1996 affiliate billings relating to services and service-related transactions, between both traditional companies and traditional and non-traditional companies; and 3) reviewed the billing systems used and the methodology utilized to determine costs included within each billing.

Gulf's current level of interaffiliate billings is shown graphically, below.



The listing below summarizes issues that surfaced as a result of our discussions with business unit management.

**Company Policy and Procedures for Billing Inter-Affiliate Transactions**

Gulf is in the process of establishing and documenting detailed guidelines which outline procedures for billing costs between affiliates. Corporate Services is ready to process the draft guidelines for Accounting Management's approval and then company-wide review. These guidelines include procedures regarding when it is appropriate to bill costs for services, steps to take to set up billing, and guidance on the type of costs which should be billed.

**Identifying and Billing Services Performed for an Affiliate**

During our audit fieldwork, we did not identify any specific instances where clearly billable services were performed but costs were not billed. Gulf's management brought several issues to Auditing's attention that need to be addressed on how to handle, i.e., whether to bill or not. Some of these issues were:

- de minimus or incidental costs;
- project costs regarded as developmental;
- no incremental costs were realized; or
- costs are considered part of field personnel's normal sales job.

Since Accounting is reliant upon others to inform them of transactions with affiliates that may need to be billed, it is essential all employees are aware of cross subsidization issues and procedures concerning affiliate transactions. Gulf's Controller has been taking a pro-active step towards greater company awareness by meeting with business unit managers to discuss interaffiliate activities and related concerns. In our opinion, this action and continued communication between Accounting and other areas of the company provide reasonable assurance affiliated transactions are accounted for and billed. However, to ensure continued communication, Auditing recommends Gulf consider establishing a "focus group" similar to the one formed by the Marketing department at Georgia Power Company. This group includes marketing, accounting, and non-traditional business unit personnel who meet periodically to discuss services which require a determination regarding costs to bill.

#### Procedures for Billing Costs to Affiliates

We reviewed a sample of invoices billed to affiliate companies and reviewed the billing methodology and documentation supporting the costs included in each billing. Gulf is consistent in their use of occupancy rates and service rates used for telephones, computers, data access, etc. Auditing verified calculations for occupancy and service rates are appropriately based on historical costs rather than market value and that the calculations for these rates are documented. For billings that included labor, Gulf's annually calculated overhead factors were consistently applied with only a few minor exceptions noted. Based on the audit work performed, it is Auditing's opinion that Gulf's process for billing affiliated companies is adequate and working effectively.

On a system note - as part of the audit we selected several system projects that involved participation from each operating company and compared the methodologies for billing project costs. We noted that cost adders were not consistently applied and/or costs were not billed at all. We also noted billings on system projects did not always conform to the methodology for billing established at the beginning of the project. This could result in project budget variances for the system. Auditing noted Gulf's calculated overhead rate was consistently charged to each of the projects reviewed and Gulf complied with agreed upon billing methodology.

#### Interaffiliate Billing Systems

The billing system in place at Gulf for affiliate transactions is manual and in our opinion is adequate for Gulf's current needs. Although not noted to be a problem at Gulf, manual systems are subject to clerical errors and delays due to an increase in volume, complexity of the bills and the differences in each bill. The current manual process requires spreadsheets and increasing amounts of time to complete. The volume of affiliate billings has increased over the past year and the trend seems to remain upward. As



billings increase. Accounting is aware that decisions to create economy and efficiency may need to be explored.

**CLOSING**

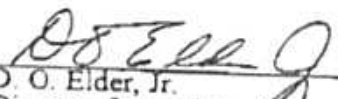
Governance is currently being refined for affiliated transactions throughout the system. There has clearly been a commitment from top management to comply with rules and regulations pertaining to affiliated billings. Bill Dahlberg and Paul DeNicola have both issued policies concerning affiliated transactions. Mr. Dahlberg has charged management and the Comptroller at each operating company to oversee and ensure affiliated transactions are appropriately priced and billed. The Comptrollers' organizations are actively pursuing issues related to affiliated billings. Employees generally are aware of the need to bill for services rendered to affiliated companies and the System Compliance Officers are being charged with ensuring all employees are trained concerning affiliate transactions. In Auditing's opinion, the biggest risk area for affiliated transactions lies in the policies and procedures arena. Employees need guidance and direction concerning which transactions must be billed and at what rate. Some manner of consistency needs to be imposed. As stated in Dahlberg's policy, "system companies should put in place, and adhere to, individual company procedures consistent with the policy."

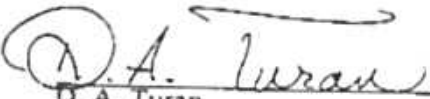
Gulf's Executive management has committed to complying with the affiliate transaction policy and proactive steps are being taken to ensure employee awareness and to establish affiliated transaction guidelines and procedures. Based on the audit work performed, it is Auditing's opinion that, overall, costs associated with interaffiliate transactions are being billed properly.

To address some of management's specific concerns (i.e., Marketing Programs, the Efficiency Store), requested audits have been scheduled for the near future. Additionally, during the performance of all future audits, potential cross subsidization risks will be identified and addressed if applicable.

. . . . .

We appreciate the cooperation and assistance extended to us during this review.

  
D. O. Elder, Jr.  
Director, Internal Auditing

  
D. A. Turan  
Senior Auditor

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## INTERNAL AUDITING

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**Audit Report No.** 95-03      **Report Date:** January 19, 1996

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ⓑ REVIEW OF NON-CORE BILLING

**GULF POWER**  
the southern electric system

INTERNAL AUDITING  
GULF POWER COMPANY  
REVIEW OF NON-CORE BILLING  
REPORT NO. 95-03

**DISTRIBUTION:**

Copy of Audit Report Furnished to:

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G. E. Holland, Jr.	- Vice President, Power Generation/Transmission & Corporate Counsel
A. E. Scarbrough	- Vice President, Finance
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The Southern Company

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J. T. Scott	- Director of Internal Auditing

Arthur Andersen Limited Liability Partnership

S. B. Bell	- Audit Manager
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GULF POWER COMPANY  
INTERNAL AUDITING

REVIEW OF NON-CORE BILLING  
AUDIT NUMBER 95-03  
January 19, 1996

**INTRODUCTION**

This report documents the results of our review of billings for work performed for outside parties. These billings include services provided for affiliated companies, occupancy charges for affiliate company personnel occupying Gulf Power facilities, and work performed for others through Customer Job Orders (CJO).

The purpose of our review was to determine whether controls are adequate to ensure: 1) that the direct costs associated with work performed for others are properly billed and, 2) that the appropriate Company overheads were consistently applied to these billings. These controls are important to provide assurance that the ratepayers of Gulf Power are not subsidizing the Southern Company stockholders or the ratepayers of the affiliated companies.

**RESULTS**

DIRECT COSTS OF WORK PERFORMED FOR OTHERS IS CAPTURED AND BILLED.

Generally the individuals performing work for outside parties understand the importance of appropriately charging time and materials to the proper accounts and work orders. We did not identify any occurrences of work for other companies that was performed but not billed, however, we did note instances where Customer Job Orders were set up and received only minor charges. In these instances, research was required to determine the appropriate amounts to bill.

Opportunities to perform work for others, particularly affiliated companies, are expected to grow in the future. It is difficult to implement specific controls to ensure that time and materials are charged to particular jobs or projects. General controls such as training, increased employee awareness, and supervisory review are the main means of ensuring proper classification of charges. In order to strengthen these general controls, communications from the Accounting organization should emphasize the importance for correctly charging time and expenses to the appropriate work orders and management's role in ensuring that classifications are proper.

Company Response:

The Accounting Department provides communication and training to the field representatives at the time the CJO number is issued. In addition, Accounting has requested the Business Planning department provide assistance in ensuring labor and expenses are charged appropriately to CJOs.

In 1995, work was performed on the ICS Project by Gulf personnel for Southern Development Investment Group (SDIG). Gulf personnel indicate that the work was beneficial to Gulf and, as such, the individual's time should not be billed to SDIG. However, Gulf billed the individual's expenses to SDIG. The 1995 accounting was inconsistent with that of 1994 as the Company billed SDIG for both time and expenses related to this project. The Company should ensure that the labor and expenses for participating in this effort are accounted for appropriately in the future and that any required journal entries, refunds, or billings are prepared.

Company Response:

The Company has met with SDIG personnel on the current projects and billings. Since the prior handling had been agreed to and there were concurrent benefits to the core business, Gulf will not bill SDIG for the labor on the mentioned projects. As a result of this meeting, SDIG agreed to write procedures for all current and future projects, including the appropriate amounts to be billed by the operating companies, with appropriate review and approval by the CFO's or Controllers.

APPROPRIATE OVERHEADS CONSISTENTLY BILLED (OCCUPANCY INCLUDED)

Occupancy rates

Occupancy charges are being billed consistently at this time. As various department personnel are moved to the SCS payroll, personnel within Gulf's accounting organization will participate in the decision making process to determine the appropriate methodology for billing occupancy consistently across the Southern system.

Administrative and General (A&G) Overhead Rates

The A&G Overhead rate is calculated by dividing A&G labor by total company labor. This rate is then, generally, applied on those jobs that the Company performs for outside parties. Some billings to affiliated companies (SCS hangar & rebuild work for Alabama Power) did not include A&G overheads. Some Customer Job Orders (CJO) are billed using the rate for capitalizing A&G overheads (1 - 2%) rather than the billing rate (23%). The Accounting group should develop a policy regarding the billing of overheads to ensure that the appropriate rate is billed on a consistent basis.

Company Response:

The Accounting Department is currently reviewing the various methods for developing A & G billing rates. Upon completion of this review, an appropriate A & G billing rate will be selected and used consistently.

Customer Job Orders

Certain CJO's are billed using the original estimate costs of the job. The estimation process for CJO's does not include the approved overhead rates. Since customers are billed the

estimates for work performed on CJO's the appropriate overhead rates are not being billed. Gulf has undertaken a project (DSO Procedure Task Force) that is addressing the issues of developing estimates for CJO's. The Task Force is developing an estimation program that will make it easier for the engineers and marketing representatives to estimate jobs. In addition, the program will be loaded with the appropriate overhead rates to ensure consistency throughout the Company. At the time of the review the program had not yet been developed. The accounting organization should ensure that the program properly applies the current overhead rates.

Company Response:

The estimation program has been developed & implemented. The Accounting Department has provided the Engineering Department with the current billing overheads to be included in CJO billing estimates. The appropriate billing overheads have been loaded into the program and Accounting has reviewed the CJO program to ensure overhead rates are applied properly. New rates will be developed in March 1996 and will be loaded into the program.

As mentioned above, the amounts billed to customers for work performed on CJO's is the estimated cost. The reasons for billing an estimate are; 1) in some cases payment is expected prior to work being commenced, and 2) it minimizes any difficulty in collecting amounts greater than the original estimate. The Company needs to ensure that there is a periodic analysis of the budget to actual variances on CJO's so that, if indicated, modifications to the estimating methodology can be made.

Company Response:

The Business Planning Department will periodically review the budget to actual CJO charges and recommend changes to the billing estimates when appropriate.

Billing Rates Developed for Line Equipment Service Center (LESC) and Rebuild Facility  
Billing rates have been developed by the LESG and the Rebuild Facility for the purpose of billing out their services to other departments within the Company. As these departments began performing work for outside parties, these internal rates were used to determine the billings to the outside parties. The Accounting Department has indicated that its personnel will review these rates to ensure that they are reasonable, accurately reflect cost, and that the components of those rates are understood so that other overheads (such as A&G, facilities costs, etc.) could be added to the billings to outside parties, as appropriate.

Company Response:

The Accounting Department is currently working with the LESG and Rebuild Facility to ensure accurate billing rates are developed for outside parties.



**OPINION**

Based on the work performed, it is our opinion that management has established adequate controls to ensure that the costs of projects performed for others are captured and billed. The controls over the application of overheads related to work performed on CJO's are being strengthened through the new estimating program. The Company is adequately addressing the other concerns raised in this review. The results of this audit were discussed with Ronnie Labrato, Richard McMillan, and Kathy Majors.

Internal Auditing appreciates the cooperation and support received from all individuals involved with this audit.

*Patrick B. Russell*  
*by Andy Magala*  
Patrick B. Russell (Date) 1-19-96  
Audit Manager

*D. O. Elder, Jr.*  
D. O. Elder, Jr. (Date) 1/19/96  
Manager of Internal Auditing & Security

# INTERNAL AUDITING

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Audit Report No. GU96-16 Report Date: July 12, 1996

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© APPLIANCE SALES WAREHOUSING REVIEW

**GULF POWER**  
the southern electric system

INTERNAL AUDITING  
GULF POWER COMPANY  
REVIEW OF APPLIANCE SALES WAREHOUSING  
REPORT NO. GU96-016

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W. D. Hull	- Chairman
C. W. Ruckel	- Member
J. K. Tannehill	- Member

Southern Company Services

P. J. DeNicola	- President & CEO
R. L. Hammonds	- Assistant to President

The Southern Company

J. T. Scott	- Director of Internal Auditing
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Arthur Andersen Limited Liability Partnership

S. B. Bell	- Audit Manager
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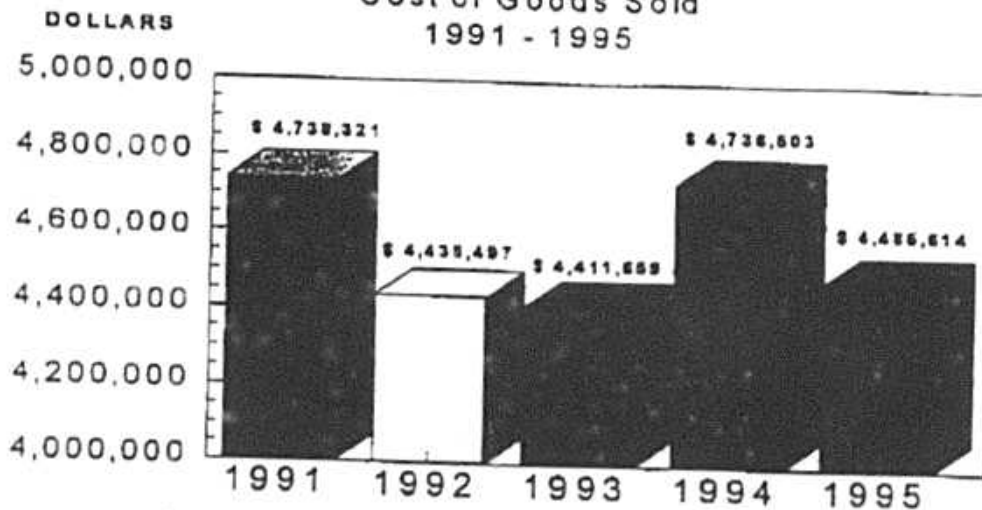
GULF POWER COMPANY  
INTERNAL AUDITING

REVIEW OF APPLIANCE SALES WAREHOUSING  
AUDIT NUMBER GU96-016  
July 12, 1996

INTRODUCTION

At the request of Gulf's Audit Committee, the Internal Audit plan for 1996 included a review of warehousing operations. Given the different organizations involved in the various warehouse operations at Gulf Power Company, the warehousing function was addressed as three separate audit projects, Power Generation Warehousing, Transmission and Distribution Warehousing, and Appliance Sales Warehousing. Each review will be reported under separate cover. This report presents the results of the Appliance Sales Warehousing review. For the five year period ended December 31, 1995 Appliance Sales cost of goods sold was \$22,807,594

Appliance Sales  
Cost of Goods Sold  
1991 - 1995



22,807,594  
4,561,519

OBJECTIVE AND SCOPE

The primary objective of this review was to determine if the Management Control Structure over Appliance Sales Warehousing operations is adequate and operating effectively to ensure the accuracy of inventory records. To accomplish this objective the audit team reviewed the general controls of Appliance Sales Warehousing; (1) organizational structure, (2) policies and procedures, (3) separation of duties, (4) supervision and review, and (5) staff training. We also reviewed the five major warehouse processes; ordering, receiving, transfers, issues, and returns.

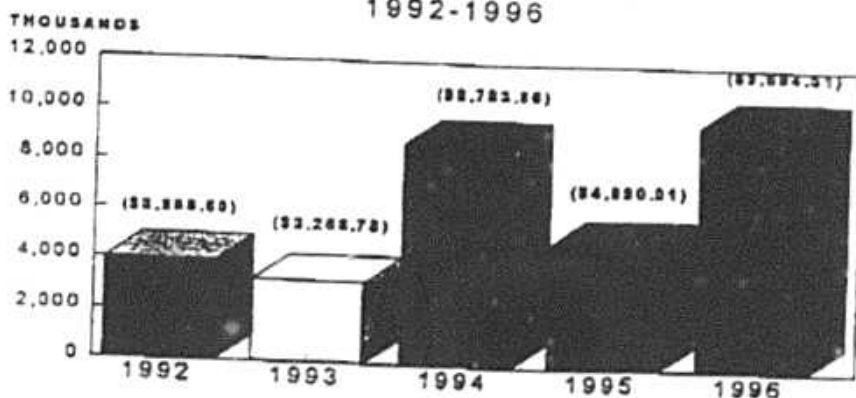
In addition, the audit team performed the following tests:

- Interviewed key operating personnel and management.
- Reviewed documents and reports to support comments made during interviews.
- Performed a walk-through of the General Warehouse where the majority of the appliances are stored.
- Performed a detail review of the 1996 annual company-wide inventory documentation.
- Performed a full inventory of the Fort Walton location.
- Reviewed and analyzed inventory audits for the years 1992 through 1996
- Reviewed corporate office support functions.

### CONCLUSION

In our opinion the Management Control Structure established for Appliance Sales Warehousing operations is adequate, but there are components of the structure that are not operating effectively at some locations. The control weaknesses identified were generally related to inaccurate documentation of inventory transactions, especially exceptions to the normal inventory processes. An analysis of Appliance Sales inventory outages for the past five years indicates a trend of net shortages although the net dollar amount is not significant. Appliance Sales Management has implemented process changes to improve the effectiveness of the control structure. In addition, Management has an effective detective control of performing an annual company-wide inventory to identify inventory variances. A key element of this control is the follow-up research to identify and correct the cause of the variances.

Appliance Sales  
Net Inventory Outages  
Overage/ (Shortage)  
1992-1996



\*Note: Inventory adjustment made to the books and records of the company in 1992 were compared to COGS for 1991. This method of comparison was used for subsequent years.

A draft copy of this audit report was reviewed by John Hodges, Customer Operations Vice President, prior to release.

We extend our appreciation for the assistance and cooperation provided by Appliance Sales personnel during our review.

Glenda Young 7/12/96  
Glenda Young (Date)  
Auditor I

Ray Grove 7-12-96  
Ray Grove (Date)  
Senior Auditor

David O. Elder, Jr. 7/12/96  
David O. Elder, Jr. (Date)  
Internal Auditing Director



1012

FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT

58:21 9661-13-244

TO: D. Echols and R. McMillan  
UTILITY: GULF POWER COMPANY  
FROM: MARK CARUTH (AUDIT MANAGER) Mark Caruth (AUDITOR PREPARING REQUEST)  
REQUEST NUMBER: MC-INTAUD-98-8 DATE OF REQUEST: 3/31/98  
AUDIT PURPOSE: Absolute Transactions

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 4/3/98 (DATE)  
REFERENCE RULE 25-22.006, F.A.C. THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:  
Fax # 850-444-6751  
Enclosed is:  
1 Cover Page { This Document Request }  
1 Memo MC-AT8 1 Page  
3 Pages of Gulf Response  
5 PAGES Total

TO: AUDIT MANAGER MARK CARUTH DATE: 4/2/98

THE REQUESTED RECORD OR DOCUMENTATION

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY 4/3/98
- (3)  AND IN MY OPINION, ITEM(S) (SCARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 36A.183, 36B.050, OR 36D.156, F.S. TO MAINTAIN CONTROLLED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Dominic Echols  
(SIGNATURE AND TITLE OF RESPONDENT)

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Pink: Audit File Copy  
Canary: Utility Retain

P.02

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504 5284

50:21 8661-12-884  
MAR-31-1998

To: Dennis Echols - Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: March 31, 1998

Subject: Listing of SCS Internal Audits

Memo: MC-ATS (1 Page)

Reference: Document Request# MC-INTAUD-98-8

Richard,

During our telephone conversation yesterday, I mentioned that I had been given by FPSC AFAD a photocopy of Susan Cramer's response to AFAD's letter of January 29, 1998 regarding cost allocations.

1. On Pages 10 & 11 of the response, there is a listing of the Internal Audits conducted. Please provide a photocopy of each AUDIT REPORT (Not the Work Papers) for the following internal audits (Star/tag items are High Priority; i.e. needed quickly).

- |      |                      |                                          |
|------|----------------------|------------------------------------------|
| 1.1} | 1997 Plant Scherer:* | Audit of 1996 O&M Billings               |
| 1.2} | 1997 Plant Scherer:* | Audit of 1996 A&G                        |
| 1.3} | 1997 Plant Scherer:* | Audit of Coal Shipped to Scherer in 1996 |
| 1.4} | 1997 Plant Scherer:* | Contract Management Review               |
| 1.5} | 1996 Plant Scherer:  | Audit of Fuel                            |
| 1.6} | 1996 Plant Scherer:  | Audit of Railcar Maintenance             |
| 1.7} | 1996 Plant Scherer:  | Audit of 1995 O&M Billings               |
| 1.8} | 1995 Plant Scherer:  | Audit of 1994 O&M Billings               |
| 1.9} | 1995 Plant Daniel:   | Operating Agreement                      |

2. On Page 10, it is mentioned that Three Reviews were conducted. Please provide a photocopy of:

- |      |                                     |
|------|-------------------------------------|
| 2.1} | Affiliated Billings Review (1997)*  |
| 2.2} | Review of Non-Core Billings (1995)* |
| 2.3} | Appliance Sales Warehousing (1996)  |

Please consider the Star/tag items (1.1, 1.2, 1.3, 1.4, 2.1, & 2.2) to be of high priority in terms of a clear photocopy of the Audit Report being needed "most quickly".

AIC  
9/12/97

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: Internal Audit Report

- (A) Review of Affiliated Billings starts Page 1 ends Page 5
- (B) Review of Non-Core Billing starts Page 6 ends Page 11
- (C) Appliance Sales Watchhousing Review starts Page 12 ends Page 17

11-1 p. 4  
GULF POWER COMPANY  
INTERNAL AUDITING  
NON-CORE BILLING AUDIT #95-03

COMPLIANCE

**PURPOSE:** To determine whether the system of controls in place is adequate and operating effectively to ensure that the cost related to non-core business is properly reported and in compliance with PUCHA.

**SOURCE:** Various interviews conducted.

**SCOPE:** This review focused on the areas presented in the summary on W/P \_\_\_\_\_

**RESULTS:**

**(1) Controls to ensure that work done is billed**

Employees are given an account number (work order, CJO) to charge the work. Once a work order/CJO has been authorized, Accounting monitors to ensure that charges will hit it. It is common knowledge at Gulf Power that an appropriate work order number is required to charge all associated costs.

The Management Procedure Task Force has noted a problem regarding CJO work getting incorrectly charged to DSO. They have decided that education is the key to preventing this type of error. Power Generation/Power Delivery recently provided training by requesting Mickey Gunter from Georgia Power to speak to this area held a 1-day seminar in May to address Accounting, Finance and Treasury issues.

Supervisor approval is required on all timesheets.

All persons interviewed showed an indepth knowledge and awareness of the PUCHA rules governing billing services at cost. They were very much aware of the risks associated with Gulf's ratepayers subsidizing the costs of non-core business.

**(2) Controls to ensure that overheads are applied consistently**

A Management Procedures Task Force had recently observed that Gulf had a problem collecting money from others (not related to the sale of electricity). This is one of the reasons that the Distribution Manager has decided to collect money from customers upfront before the work is done rather than trying to collect afterwards.

Accounting conducted a study regarding the variance between estimates and actuals. Although individual work orders showed some large variances, overall totals were within 10% of each other.

Customer Job Order Management Procedure #700-003 has several misleading items:

- a) III(C)5 Overheads: A reference is made to Engineering and Supervision which is not included in Exhibit B. The rate used on the face of the DSOs from

various individuals about the accounting processes and controls in place to ensure the accuracy of these account balances. Our review of each account is documented below.

FERC ACCT 142-XXX "Customer Accounts Receivables" (8/94 Balance-\$46,407,636)

Dan Smithson, Supervisor of Revenue Processing, stated that reconciliations are performed monthly for each sub-account. Account receivables are matched to revenue and cash received. Any differentials that may occur are researched and corrected. Gulf's IAD performed a Customer Accounting Audit and a Revenue Audit in 1992 and had no significant items concerning A/R.

AA&CO reviews these accounts for reasonableness. They look at historical amounts, compare A/R's to revenue and a confirmation of A/R is performed at SCS.

FERC ACCT 143-XXXX "Other Accounts Receivables" (8/94 Balance-\$2,695,720)

This account includes amounts due Gulf other than amounts due from associated companies and from customers for utility services and merchandising, jobbing and contract work. The account has subsidiary records that are maintained on each open account, assigning numbers for each receivable when appropriate. The amounts recorded in these **receivable accounts are actual amounts billed and due the company (not estimates)**.

The A/R sub-accounts are the assigned responsibility of various locations and departments throughout the company. During the Claims Audit, problems were noted with the recording and collecting of NESBs. Due to this problem and others, a task force has been formed that is looking into the NESB process throughout the company.

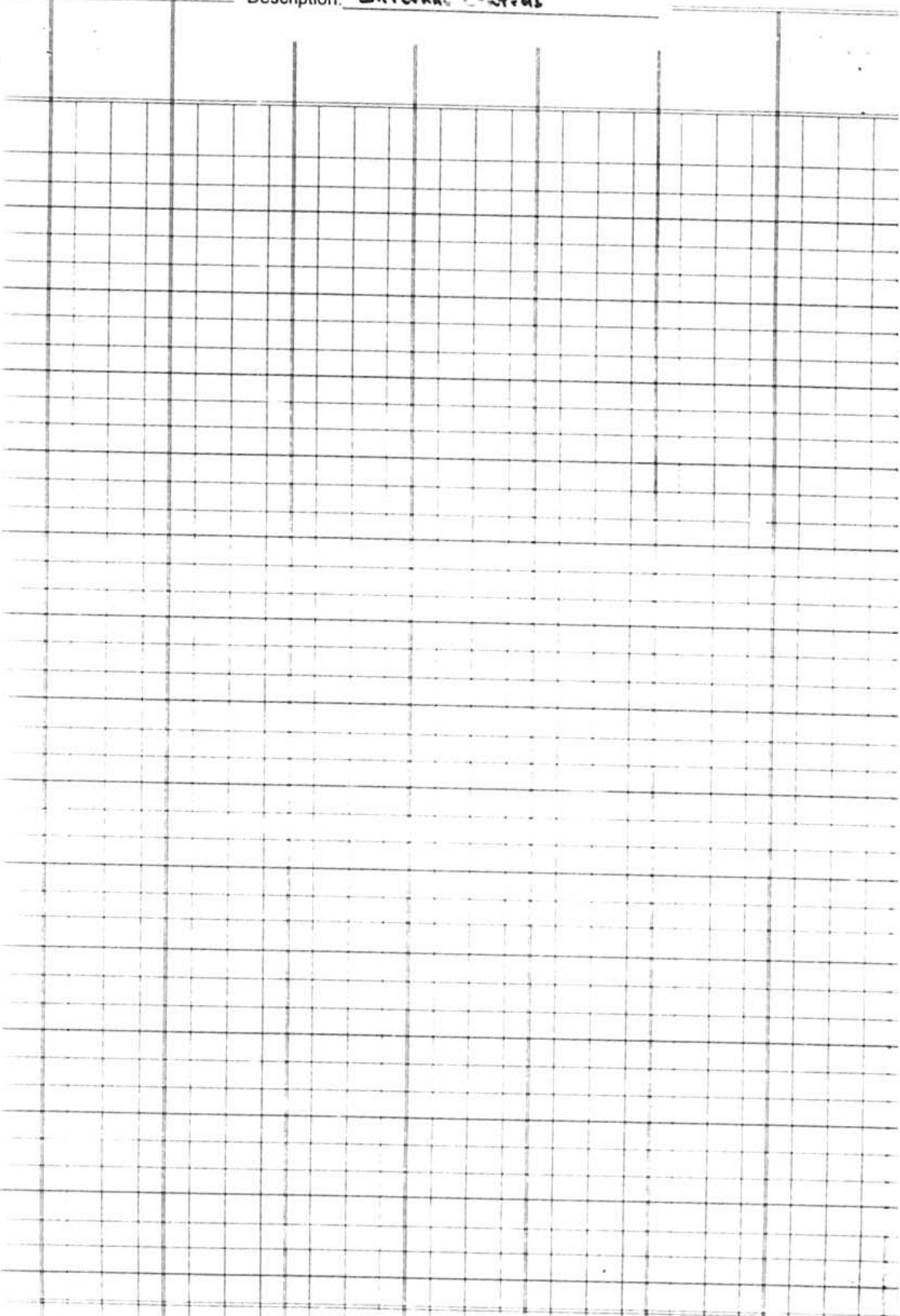
- As of 8/31/94, we noted that the sub-account for NESB's had decreased 2.8 million. Kathy Majors explained that this decrease was due to a FERC refund. After Gulf's review by FERC, FERC ordered Gulf to refund our wholesale customers an amount that increased the wholesale rate due to a fuel buyout. Gulf took the case to the Supreme Court and won. Those wholesale customers were ordered to pay back the refund Gulf had paid them which amounted to \$2,719,964. This amount had been recorded as an A/R, therefore the A/R account decreased this amount when the amounts were paid.

FERC ACCT 144-100 "Accumulated Provision for Uncollectible Accounts - Service" (8/94 Balance-\$552,826)

This account is credited with amounts provided for losses on accounts receivable which may become uncollectible and also with collections on accounts previously charged. Accounts Receivables are aged in arrears (i.e., 3 months, 4 months) and a percentage of those arrears are considered uncollectible. Accounting monitors this account monthly by location for reasonableness. AA&CO stated they review this account annually for reasonableness.

ME  
3/1/97

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: Internal Controls





SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 1 of 7	

**PURPOSE:**

The purpose of this procedure is to establish guidelines for the preparation of Customer Job Orders.

**PROCEDURES:**

**I. GENERAL**

Customer Job Order (C.J.O.) work will be undertaken only upon request of customers when suitable private contractors are not available. This work excludes Electric Plant, Account 300 through 399 except for installing and removing temporary facilities. Such work should be limited to:

- A. Installing and removing temporary facilities (other than an overhead service from an existing line).
- B. Temporarily relocating Company facilities due to house or other large objects being transported.
- C. Other unusual circumstances receiving the approval of the Manager of Distribution or the Supervisor of Transmission.

**II. APPLICATION**

Customer Job Orders (Form OD-27, Exhibit A) will be used to authorize and account for work to be done at the expense of customers when such work does not add to or subtract from the Company's fixed assets.

Examples of use of Customer Job Orders are:

- A. Facilities placed in service for carnivals, fairs, contractors or others where more than an overhead service from an existing line is involved.
- B. Installation of leased transformers.
- C. Relocation of poles at request and expense of customer where no plant unit are added or subtracted.

*Vo DSO work*

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 3 of 7	

3. Transportation - Transportation costs will be included at the current rate per mile or hour, whichever is applicable, for the type of equipment to be used.
  4. Cost of Lodging and Meals - Cost of lodging and meals for employees to be paid by the Company will be included at the prevailing rates for the locality.
  5. Overheads - Add the current percentage in Exhibit B to cover engineering and supervision, and general overheads.
  6. Salvage Credit - When it is known that the construction work covered by Customer Job Orders is temporary and will be removed on termination of service, the estimate will indicate salvage credit to be obtained for material and/or equipment returned to stores or sold for junk, exclusive.
- D. Corporate Accounting will prepare and send billing based on the estimated job cost. Due to unusual circumstances, where credit has been approved, arrangements may be made to bill customers the actual cost. The billing method and all necessary information will be stated on the work order, including name and address of billing.
- E. Corporate Accounting will be responsible for annually updating general overheads (Exhibit B). Plant Accounting will be responsible for annually updating engineering and supervision (Exhibit B).

#### IV. SIGNING OFF CUSTOMER JOB ORDER

Division Engineering will sign off C.J.O. when the job is completed and all changes have been booked. The signed copy is sent to Corporate Accounting with a note to clear balance in the C.J.O. Account to the correct account number.

#### V. APPROVALS

No commitment will be made to customers until Customer Job Orders have been approved in accordance with Management Procedure 001-003.

ME  
3/10/98

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: Internal Controls

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 1 of 7	

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*Vo DSO work*

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 2 of 7	

III. PREPARATION

- A. Customer Job Orders will be prepared in triplicate. Assignment of number will be made by Division Engineering from a group of numbers assigned by Corporate Accounting.
- B. Customer Job Orders must provide clear, accurate and concise descriptions of work to be done; must be supported by an attached sketch when applicable; and must provide an estimated completion date and an expense account to clear any remaining charges upon completion.
- C. Customer Job Order estimates must be detailed, using a supplemental sheet if necessary, and include these items:
  1. Material
    - a. Line transformers, kilowatt hour and demand meters, and current and potential transformers are charged to plant accounts when purchased. Any use made of these items affects the Company's plant accounts and must be handled as follows:
      - (1) Any of the above items to be sold to a customer must be retired from plant accounts through regular General Work Order procedure.
      - (2) Any of the above items utilized as part of a temporary facility will be listed on the Customer Job Order at no cost and will be requisitioned from stores and returned to stores in the same manner as any other material.
    - b. All other material will be listed on Customer Job Orders at "cost from stores" as noted by current issue of "stores balances," which includes stores handling charges. Any items of material purchased are to be included at purchase price.
  2. Labor - Add to direct Company labor costs the applicable and current percentage in Exhibit B to cover pro rata cost of vacations, sick leave, holidays, group insurance, pensions, payroll taxes and employee savings plan. This applies to both labor of installing and labor of removing.

# Management Procedure

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 3 of 7	

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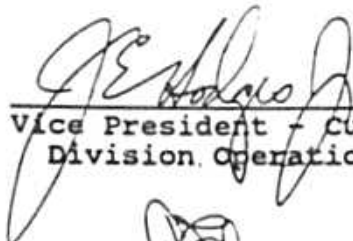
SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 4 of 7	

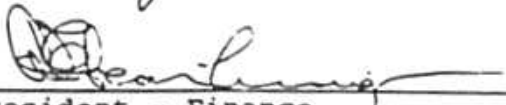
VI. AUTHORIZATIONS

It is essential that the customer's purchase order or a letter from the customer authorizing the work be attached to the original Customer Job Order when submitted for approval.

VII. RESPONSIBILITY

The Controller, the General Manager of Power Delivery, and the Manager of Transmission and System Control are responsible for ensuring that these procedures are followed.

  
 Vice President - Customer Service and  
 Division Operations

  
 Vice President - Finance

  
 Vice President - Power Generation and  
 Transmission

<b>SUBJECT</b>  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 5 of 7	

EXHIBIT A  
Sheet 1 of 2

GC 27 (REV. 8/81)

### CUSTOMER'S JOB ORDER

DEPARTMENT \_\_\_\_\_ DISTRICT \_\_\_\_\_ DISTRIBUTION 186- \_\_\_\_\_  
JOB LOCATION \_\_\_\_\_ DATE ISSUED \_\_\_\_\_  
NAME OF CUSTOMER \_\_\_\_\_ ADDRESS \_\_\_\_\_  
DESCRIPTION OF WORK TO BE DONE \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DETAILS OF ESTIMATE		Amount	Total
MATERIAL COST (SEE BACK FOR DETAILS)			
TRANSFORMERS TEMPORARILY INSTALLED			
METERS TEMPORARILY INSTALLED			
LABOR - INSTALLING			
REMOVING			
TRANSPORTATION - INSTALLING			
REMOVING			
SUNDRY EXPENSE - LOGGING AND WALKS			
SPECIAL SECURITY TAPES			
TOTAL BEFORE OVERHEAD			
ENGINEERING SUPERVISION AND GENERAL OVERHEAD			
<b>TOTAL ESTIMATED COST OF JOB</b>			
MATERIAL AND OTHER CREDITS ALLOWED (SEE BACK FOR DETAILS)			
<b>COST TO CUSTOMER</b>			

REMARKS \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Estimated By: \_\_\_\_\_ Date \_\_\_\_\_  
Approved: \_\_\_\_\_ Date \_\_\_\_\_ County Approval \_\_\_\_\_  
Approved: \_\_\_\_\_ Date \_\_\_\_\_  
Approved: \_\_\_\_\_ Date \_\_\_\_\_  
Completed By: \_\_\_\_\_ Date \_\_\_\_\_ Account Customer \_\_\_\_\_

58

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 6 of 7	

EXHIBIT A  
Sheet 2 of 2

DETAIL BY MATERIAL OR OTHER CREDIT			
MATERIAL REQUIRED			
MATERIAL QUANTITY		AMOUNT	TOTAL
OTHER CREDITS			
TRANSFORMERS PERMANENTLY INSTALLED - SEE SUPERVISION & OVERHEAD CREDITS			
WIRING PERMANENTLY INSTALLED - SEE SUPERVISION & OVERHEAD CREDITS			
TOTAL MATERIAL AND OTHER CREDIT ALLOWED			

SUBJECT  CUSTOMER JOB ORDER	Number 700-003	
	Original Issue Date 11-3-81	Revision Date 11-16-92
	Page 7 of 7	

EXHIBIT B

Gulf Power Company

Rates of Costs to be Applied to 1992 Salaries and Wages for Billing Associated Companies and Others in Order to Recover Costs Related to Direct Labor Charges

Applicable to Field and Office Employees

Direct Payroll Benefits (Vacation, Sick Leave, Holidays, etc.)	13.78
Miscellaneous Benefits (Education, Recreation, Awards, etc.)	1.07
Payroll Taxes	7.38
Pensions	6.95
Group Insurance	7.69
Employee Savings Plan	<u>3.49</u>
Total	<u>40.36</u>
Account: ; A&F (Based on YTD A&F Payroll/ Total YTD Payroll)	<u>18.45</u>
	<u>58.81</u>

7



GULF POWER COMPANY

A

1 Rates of costs to be applied to 1994 Salaries and Wages for billing Associated  
2 Companies and Others in order to recover costs related to direct labor charges.

3 Applicable to Field and Office Employees

4 Direct Payroll Benefits (Vacation, Sick Leave, Holidays, etc.)	14.29
5 Other Benefits (Performance Pay Plans, Education, Recreation, Awards, etc.)	6.39
6 Payroll Taxes	7.27
7 Pensions	5.45
8 Group Insurance	8.06
9 Employee Savings Plan	<u>3.49</u>
10 Total	44.95
11 Accounting A&G	<u>21.73</u>
	<u>66.68</u>

Full Power Company  
Direct Labor Overheads  
1993

1	Direct Payroll Benefits				
2	Worker's Compensation (Medical Expenses Only) Vacation Holidays Sickness Other Extended Absences (incl. Indirect Weather)	} see Benefits Code sheet attached	390557.06		
3					
4					
5				773757.32	
6					0
7				8127264.44	14.29
8			Other Benefits		
9	926-310	Education Assistance	45984.72		
10		Service Awards	49487.31		
11	921-104	Relocation assistance (1 month pay + relocation)	119671.69		
12		Wellness Program - included in 926-200 for 1993	-		
13	231-252 & 259	Performance Pay Plan (Except, Non-Exempt, General)	3421705.00	0	
14		See expense Sales accounts #5,255	3636848.72	6.39	
15	Accounting A & G				
16		see Schedule attached		21.73	
17	0 Based on costs divided by straight Time Payroll				

GULF POWER COMPANY  
 RATES FOR ADMINISTRATIVE AND GENERAL (A&G) EXPENSES  
 FISCAL YEAR ENDED 12/31/93

		<u>A</u>	
1		EXPENSES	
2	<u>ALLOCATION BASE</u>	<u>PER LEDGER</u>	
3	LABOR DISTRIBUTION	\$67,246,487.99	All Gulf Power Payroll
4	LESS A&G SALARIES	(12,003,642.02)	o.m. A&G 920
5	A&G BASE	<u>\$55,242,845.97</u>	
6	A&G EXPENSE	\$12,003,642.02	
7	A&G RATE	<u>21.73%</u>	





GULF POWER COMPANY

Rates of costs to be applied to 1995 Salaries and Wages for billing Associated Companies and Others in order to recover costs related to direct labor charges.

Applicable to Field and Office Employees

A

1	Direct Payroll Benefits (Vacation, Sick Leave, Holidays, etc.)	14.10	
2	Other Benefits (Performance Pay Plans, Education, Recreation, Awards, etc.)	7.80	
3	Payroll Taxes	7.24	
4	Pensions	4.04	
5	Group Insurance	9.11	
6	Employee Savings Plan	3.87	
7	Total	46.16	Payroll Overheads
8	Accounting A&G	21.93	A+G Overheads
9		<u>68.09</u>	

EAS

XXX

24-831

GULF POWER COMPANY  
DIRECT OVERHEAD FACTORS  
FOR THE PERIOD 2/1/95 THRU 1/31/96

Factors:	1992 %	1993 %	1/1/94 Thru 10/31/94 1994 %	11/1/94 Thru 12/31/94 1994 %	1995 %
<b>PIT&amp;ESP</b>					
Payroll Taxes	7.38	7.34	7.27	7.27	7.24
Pensions	6.95	6.04	5.45	5.45	4.04
Group Insurance	7.69	7.95	8.06	8.06	9.11
EmpSavPlan	3.49	3.66	3.49	3.49	3.87
<b>Total PIT&amp;ESP</b>	<b>25.51</b>	<b>24.99</b>	<b>24.27</b>	<b>24.27</b>	<b>24.26</b>
<b>ACCT A&amp;G</b>	<b>18.45</b>	<b>18.21</b>	<b>21.73</b>	<b>21.73</b>	<b>21.93</b>
<b>BENEFITS</b>					
Direct Payroll, Etc.	13.78	14.03	14.29	0.00	14.10
Miscellaneous	1.07	0.78	6.39	6.39	7.80
<b>Total Benefits</b>	<b>14.85</b>	<b>14.81</b>	<b>20.68</b>	<b>6.39</b>	<b>21.90</b>
<b>SEI Straight Time</b>	<b>58.81</b>	<b>58.01</b>	<b>66.68</b>	<b>52.39</b>	<b>68.09</b>
<b>SEI Time &amp; 1/2</b>					
Payroll Taxes	7.38	7.34	7.27	7.27	7.24
Accounting A&G	18.45	18.21	21.73	21.73	21.93
<b>Total Time &amp; 1/2</b>	<b>25.83</b>	<b>25.55</b>	<b>29.00</b>	<b>29.00</b>	<b>29.17</b>

46/16p

Saved by Jim Stewart, Corporate Accounting.  
 STAC > N/A.

MC  
4/1/95

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: 1995 Overhead

The table is a large grid with approximately 15 vertical columns and 50 horizontal rows. It is currently empty, with no data entries.



PLEASE RETURN INVOICE WITH PAYMENT TO:

Treasury Department  
 Gulf Power Company  
 P. O. Box 1151  
 Pensacola, FL 32520

Invoice No. 170  
 Date: May 24, 1995

Tommy Mims  
 Gulf Power  
 Corporate Headquarters  
 P. O. Box 1151  
 Pensacola, FL 32520

Invoice is Due 15 Days From The Date Mailed.

Charge Your Account With:

\$ 16,513.25

Gulf Power Company expenses for work on Unit 1 at  
 Greene County Plant by Crist Plant employees.

Labor	(A) 9,824.05	0 . . *
Payroll Overhead	(B) 4,534.78	1 2 1 . 1 2 +
A&G Overhead	(C) 2,154.42	8 3 . 9 5 -
TOTAL	<u>16,513.25</u>	3 7 . 1 7 *

9,824.05 x  
 11-12 → 0.4616 = ✓  
 (B) 4,534.78148 \*

For Information About These Charges Call:

(A) 9,824.05 x  
 11-12 → 0.2193 = ✓  
 (C) 2,154.414165 \*

NAME: Kim McDaniel DEPARTMENT: Corporate Acc

0-6684

Invoice Distribution:

1. Original Customer
2. Originating Department
3. Treasury
4. File Copy
5. Lisa Gilbert

Debit:  
 Credit Acct. No:  
 146-100

AMOUNT  
 \$16,513.25

GULF POWER COMPANY  
 STANDARD GENERAL LEDGER SYSTEM  
 CONSOLIDATED REGISTER - COMPANY SUMMARY SECTION  
 SUBSIDIARY LEDGER

FE	LOC	PERC	SUB	JOB	REF	TOTAL	1. LABOR	2. TRANSP	3. MAT & SUP	4. PAYABLES	5. JOURNALS
186	927			CM		.00	.00	.00	.00	.00	.00
				YD		.00	.00	.00	.00	641.00	641.00
				EB		.00	.00	.00	.00	.00	.00
186	928			CM		.00	7,056.00	.00	.00	819.00	7,875.00
				YD		.00	12,930.08	.00	.00	819.00	13,749.08
				EB		.00	.00	.00	.00	.00	.00
186	932			CM		.00	.00	.00	.00	1,018.51	1,018.51
				YD		.00	.00	.00	.00	1,043.01	1,043.01
				EB		.00	.00	.00	.00	.00	.00
186	936			CM		1,495.61	.00	.00	.00	1,495.61	.00
				YD		1,495.61	2,419.36	.00	.00	6,918.62	5,862.37
				EB		1,495.61	.00	.00	.00	.00	.00
186	939			CM		.00	.00	.00	.00	.00	.00
				YD		.00	.00	.00	.00	120.75	120.75
				EB		.00	.00	.00	.00	.00	.00
186	940			CM		1,117.86	5,034.61	.00	.00	.00	6,152.25
				YD		5,034.61	15,151.31	.00	.00	653.07	10,769.97
				EB		5,034.61	.00	.00	.00	.00	.00
186	944			CM		625.62	.00	.00	.00	625.42	.00
				YD		625.42	.00	.00	.00	625.42	.00
				EB		625.42	.00	.00	.00	.00	.00
186	947			CM		9,824.05	9,824.05	.00	.00	.00	.00
				YD		9,824.05	9,824.05	.00	.00	.00	.00
				EB		9,824.05	.00	.00	.00	.00	.00
186	956			CM		.00	.00	.00	.00	.00	.00
				YD		.00	.00	.00	.00	.00	.00
				EB		67.00	.00	.00	.00	.00	.00
186	960			CM		.00	.00	.00	.00	.00	.00
				YD		9,007.64	.00	.00	.00	10,233.52	1,224.08
				EB		9,007.64	.00	.00	.00	.00	.00
186	965			CM		1,199.03	.00	.00	.00	153.15	1,046.88
				YD		8,377.95	.00	.00	.00	3,766.04	4,611.91
				EB		348,014.97	.00	.00	.00	.00	.00
186	975			CM		1,260.39	2,250.15	.00	.00	96.17	1,076.13
				YD		2,316.72	3,742.30	95.24	.00	656.79	2,157.61
				EB		2,336.72	.00	.00	.00	.00	.00
186	977			CM		349.78	349.78	.00	.00	.00	.00

*Supv. Reviews  
 David Harris Sr.*

*3/1/95*

Gulf Power Company  
 Southern Communication Services of SC3  
 Billing for Office Rental and Other Expenses from Gulf Power Company  
 Credit, accounts receivable  
 KEM May 5, 1995  
 Lease Costs  
 Occupancy  
 Office Space (5074sf at \$9)  
 Furniture  
 Personal Computer Expense (8 at \$150 per month)  
 Telephones (18 at \$8.46 per month)  
 Long Distance (Estimate Apr. 95)  
 Total

April 1995

Other	Total
3,855.50	3,855.50
439.59	439.59
1,200.00	1,200.00
615.38	615.38
48.55	48.55
6,117.50	6,117.50

Debit	146-90011	990-454-900	Labor	Labor Ovr	A&G Ovrhd	Other	Total	Total Est Overheads
Other Expenses incurred by Gulf Power								
Engineering O&M	146-90010		0.00	0.00	0.00	0.00	0.00	0.00
Site Development	146-90050		1,047.24	483.41	229.66	23,660.07	25,420.38	24,707.31
Land	146-90060		108.64	49.23	23.29		179.28	108.64
Buildings	146-90070			0.00	0.00		0.00	0.00
Electronics	146-90090			0.00	0.00		0.00	0.00
Transport System	146-90095			0.00	0.00		0.00	0.00
Site Development - Bascom	146-90250			0.00	0.00		0.00	0.00
Site Development - Berrydale	146-90350			0.00	0.00		0.00	0.00
Buildings - Berrydale	146-90370			0.00	0.00	571.91	571.91	571.91
Site Development - Blackman	146-90450			0.00	0.00	1,572.04	1,572.04	1,572.04
Buildings - Blackman	146-90470			0.00	0.00	1,125.19	1,125.19	1,125.19
Site Development - Brad	146-90550		170.51	78.71	37.29	457.07	743.68	627.58
Buildings - Brad	146-90570			0.00	0.00		0.00	0.00
Site Development - Caryville	146-90650			0.00	0.00	75.68	75.68	75.68
Site Development - Chipley	146-90750			0.00	0.00	(32.02)	(32.02)	(32.02)
Buildings - Chipley	146-90770			0.00	0.00		0.00	0.00
Tower - Chipley	146-90780			0.00	0.00		0.00	0.00
Transport - Chipley	146-90795			0.00	0.00		0.00	0.00
Site Development - Crestview	146-90850			0.00	0.00	389.80	389.80	389.80
Buildings - Crestview	146-90870		97.43	44.97	21.37	835.90	999.87	933.33
Tower - Crestview	146-90880			0.00	0.00		0.00	0.00
Transport - Crestview	146-90895			0.00	0.00		0.00	0.00
Site Development - DeFurkas	146-90950			0.00	0.00		0.00	0.00
Buildings - DeFurkas	146-90970			0.00	0.00		0.00	0.00
Tower - DeFurkas	146-90980			0.00	0.00		0.00	0.00
Transport - DeFurkas	146-90995			0.00	0.00		0.00	0.00
Site Development - Deaton	146-91050			0.00	0.00		0.00	0.00
Buildings - Deaton	146-91070		219.22	101.19	48.07	818.54	1,185.02	1,035.78
Towers - Deaton	146-91080			0.00	0.00		0.00	0.00
Site Development - Floridale	146-91150			0.00	0.00		0.00	0.00
Site Development - Ft. Walton	146-91250			0.00	0.00	(32.01)	(32.01)	(32.01)
Buildings - Ft. Walton	146-91270			0.00	0.00	326.12	326.12	326.12
Tower - Ft. Walton	146-91280			0.00	0.00	15.04	15.04	15.04
Transport - Ft. Walton	146-91295			0.00	0.00		0.00	0.00
Site Development - Fountain	146-91350			0.00	0.00		0.00	0.00
Building - Fountain	146-91370			0.00	0.00	1,851.10	1,851.10	1,851.10
Site Development - Holly	146-91450			0.00	0.00		0.00	0.00
Buildings - Holly	146-91470			0.00	0.00		0.00	0.00
Towers - Holly	146-91480			0.00	0.00		0.00	0.00
Transport - Holly	146-91495			0.00	0.00		0.00	0.00
Site Development - Mananha	146-91550			0.00	0.00		0.00	0.00
Buildings - Mananha	146-91570			0.00	0.00	2,968.14	2,968.14	2,968.14
Transport - Mananha	146-91595			0.00	0.00		0.00	0.00
Site Development - Millers Ferry	146-91650			0.00	0.00		0.00	0.00
Land - Mananha	146-91660			0.00	0.00		0.00	0.00
Buildings - Millers Ferry	146-91670			0.00	0.00		0.00	0.00
Transport - Millers Ferry	146-91695			0.00	0.00	1,321.68	1,321.68	1,321.68
Site Development - Milton	146-91750			0.00	0.00		0.00	0.00
Buildings - Milton	146-91770			0.00	0.00	127.58	127.58	127.58
Towers - Milton	146-91780			0.00	0.00		0.00	0.00
Transport Sys - Milton	146-91795			0.00	0.00		0.00	0.00
Site Development - Mound	146-91850			0.00	0.00		0.00	0.00
Buildings - Mound	146-91870			0.00	0.00	100.90	100.90	100.90
Site Development - Mossy Head	146-91950			0.00	0.00		0.00	0.00
Buildings - Mossy Head	146-91970			0.00	0.00		0.00	0.00
Site Development - Niceville	146-92050			0.00	0.00		0.00	0.00
Buildings - Niceville	146-92070			0.00	0.00		0.00	0.00
Towers - Niceville	146-92080			0.00	0.00		0.00	0.00
Transport - Niceville	146-92095			0.00	0.00		0.00	0.00
Site Development - Overstreet	146-92150			0.00	0.00		0.00	0.00
Buildings - Overstreet	146-92170			0.00	0.00	2,782.55	2,782.55	2,782.55
Towers - Overstreet	146-92180			0.00	0.00		0.00	0.00
Site Development - PC/Highland	146-92250			0.00	0.00		0.00	0.00
Buildings - PC/Highland	146-92270			0.00	0.00	3,523.59	3,523.59	3,523.59
Transport - PC/Highland	146-92295			0.00	0.00	176.43	176.43	176.43
Site Development - PC Beach	146-92350			0.00	0.00		0.00	0.00
Transport - PC Beach	146-92395			0.00	0.00		0.00	0.00
Site Development - Pensacola	146-92550			0.00	0.00		0.00	0.00
Buildings - Pensacola	146-92570			0.00	0.00		0.00	0.00
Towers - Pensacola	146-92580			0.00	0.00	176.32	176.32	176.32
Transport - Pensacola	146-92595			0.00	0.00		0.00	0.00
Site Development - Ph Intes/W Bay	146-92650			0.00	0.00		0.00	0.00
Buildings - Ph Intes/W Bay	146-92670			0.00	0.00		0.00	0.00
Tower - Philos Intes/West Bay	146-92680			0.00	0.00		0.00	0.00
Site Development - Pine Forest	146-92750			0.00	0.00		0.00	0.00
Land - Pine Forest	146-92760			0.00	0.00		0.00	0.00
Buildings - Pine Forest	146-92770			0.00	0.00		0.00	0.00
Towers - Pine Forest	146-92780			0.00	0.00		0.00	0.00
Transport Sys - Pine Forest	146-92795			0.00	0.00		0.00	0.00
Site - Sneads	146-93050			0.00	0.00		0.00	0.00
Buildings - Sneads	146-93070			0.00	0.00	2,501.12	2,501.12	2,501.12
Site - Youngsblow/Fine	146-93350			0.00	0.00	8,183.72	8,183.72	8,183.72
Land - Youngsblow/Fine	146-93360			0.00	0.00		0.00	0.00
Buildings - Youngsblow/Fine	146-93370			0.00	0.00	1,851.10	1,851.10	1,851.10
				0.00	0.00	114.98	114.98	114.98
				0.00	0.00		0.00	0.00
Total Other			1,641.04	757.51	359.88	55,468.54	58,226.97	57,109.58
Total April 1995			1,641.04	757.51	359.88	61,525.54	64,343.97	

Dr individual Accounts  
 Cr 990-929-010 1,117.39

1995 Rates  
 Payroll  
 1,047.24 x A  
 0.4616 =  
 483.41 = B  
 1,047.24 x A  
 0.2193 =  
 229.66 = C

21.93 A+G





Shimel, Paul D.

From: Shimel, Paul D.  
To: Labrato, Ronnie; McMillan, Richard J.; Majors, Kathy A.  
Cc: Schofield, Don; Henderson, Cindy  
Subject: Southern Communication Services Lease  
Date: Friday, March 17, 1995 3:57PM

John  
Ey!

Gulf Power Company  
Southern Communication Services of SCS  
Billing for Office Rental and Other Expenses from Gulf Power Company  
PDS March, 1995

February, 1995	
Occupancy	Total
Office Space (5074sf at \$9)	3,805.50
Furniture	439.59 ✓
Personal Computer Expense (6)	900.00
Telephones (13)	499.98
Long Distance (Estimate Feb,95)	56.55
Total	5,701.62 ✓
Debit 146-90011	
Credit 990-454-900	

Above is a copy of the portion of the Southern Communications bill for items which are leased from Gulf Power. Don Schofield has just gone through and revised the lease with Southern Communication Services for 1995. We are billing them for 5074 Square Feet at \$9 per square foot. This is the unfurnished market rate. We are billing them for office furniture at \$439.59. This was calculated by Sue Markham. The average of the beginning and ending depreciated value  $(21613 + 18525.43) / 2$  was multiplied by the cost of money 10.9%. This total was 2187.54. Annual Depreciation  $(21613 / 7)$  was 3087.57. The total of these two is the annual furniture cost of 5275.11. They recently made a purchase of Office Furniture of over \$100,000 which we billed directly to them.

Personal Computers (6 now; 8 in March) are billed at the MIRS rate of \$150 per month per Walter Church. Telephones (13) are billed at the MIRS rate of \$38.45 per month per Rita Lay. Until we are able to get actual long distance usage again the estimate of \$56.55 for long distance was derived by adding June through November 1994 and dividing by 6. ( See Below).

Long Distance Estimate	
J 1994	28.52
J	45.76
A	66.95
S	119.34
O	36.27
N	44.46
Total	339.30 ✓
Average	56.55 ✓

We are billing direct costs in addition to those above. We are applying the full payroll overheads and the A&G Adder to Labor.

Leases for Tower Sites owned by Gulf Power are currently under review per Don Schofield.

Page 1

F - Futrol

W - Rec'd 3/17/95

11-1F

1



LEASE AGREEMENT

STATE OF FLORIDA

COUNTY OF ESCAMBIA

THIS AGREEMENT, made and entered into this \_\_\_ day of \_\_\_\_\_, 1995 between GULF POWER COMPANY, a Maine corporation, Party of the First Part, hereinafter sometimes called the Lessor, and SOUTHERN COMPANY SERVICES, INC., an Alabama corporation, Party of the Second Part, hereinafter sometimes called the Lessee,

WITNESSETH: That the Lessee has retroactively to May 25, 1994, rented and leased from said Lessor 1,250 square space to be used for conducting the business affairs of Southern Company Services, Inc. and any related lawful purpose, located in a building known as 75 North Pace Boulevard, Pensacola, Florida, for a primary term beginning May 25, 1994 and ending June 1, 1995. It is understood and agreed that this lease shall be automatically extended for successive terms of one year unless either party shall give notice to the other of termination hereof in writing not less than thirty (30) days prior to desired termination date. The Lessee agrees to pay said Lessor the initial sum of Four Thousand Two Hundred Forty-five Dollars and Nine Cents (\$4,245.09) per month in advance. An itemization of the monthly charges can be found on Exhibit One. The following services/items are included in the monthly cost:

- Use of all common office facilities. This includes but is not limited to Fax machines, Xerox machines, janitorial services or other common use facilities or services
- Included in the personal computer monthly price is the hardware equipment, maintenance support, LAN and WAN connectivity, corporate software and appropriate licenses, printers, paper, dial-in privileges and electronic mail boxes (data and voice). Also included but not specifically listed are any normal services and equipment associated with computer use.
- Included in the telephone monthly price is the telephone equipment, local phone service access, maintenance support and company dial-network access. Also included but not specifically listed are any normal services and equipment associated with telephone use. The monthly charge for this service does not include access to the public switched long distance network (AT&T, MCI, Sprint, etc.)

In the event the Lessee shall default in the payment of said amounts or in the performance of any of its covenants contained in this agreement, and such default shall continue for thirty (30) days after written notice thereof shall have been given by the Lessor to the Lessee, then in such event, at Lessor's option the Lessor may declare this lease canceled and terminated, all payments shall be accounted for as of said date of termination, and Lessor may take possession of said facilities and equipment.

Lessee shall have a non-exclusive right and easement in common with all other tenants of the building, if any, to use all parking areas, entrances, elevators, corridors, restrooms, and other areas provided for the common use of all occupants of the building.

Lessor agrees, at Lessor's own expense, to keep said common areas, the building and all exterior structural or load-bearing portions of the premises, and all concealed water, sewer, electric, gas and other utility lines in first class condition and to make all repairs necessary for the preservation and protection of said premises and building.

This agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto, as well as upon the parties themselves. Prior written approval is required for assignment by Lessee to any party other than a communications subsidiary of the Lessee's Company.

This agreement may be simultaneously executed in several counterparts, and all such counterparts shall constitute but one and the same instrument.

Lessor agrees to pay taxes and fees required for the premises and to pay all real estate taxes and assessments. Lessee shall pay the first cost of any requested building or interior renovation.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seal, the day and year first above written.

"LESSOR"

GULF POWER COMPANY

By \_\_\_\_\_  
G. Edison Holland, Jr.

ATTEST:

By \_\_\_\_\_  
W. E. Tate

"LESSEE"

SOUTHERN COMPANY SERVICES, INC.

By \_\_\_\_\_

ATTEST:

By \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1994, by G. Edison Holland, Jr., as Vice President, and W. E. Tate, as Secretary of GULF POWER COMPANY, a Maine corporation, on behalf of the corporation, who are both personally known to me and who did not take an oath.

NOTARY PUBLIC

\_\_\_\_\_

(Print or type full name)

Commission Expires \_\_\_\_\_

Serial No. \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1994, by \_\_\_\_\_, as \_\_\_\_\_, and \_\_\_\_\_, as \_\_\_\_\_, of SOUTHERN COMPANY SERVICES, INC., an Alabama Corporation, on behalf of the corporation, who are both personally known to me and who did not take an oath.

NOTARY PUBLIC

\_\_\_\_\_

(Print or type full name)

Commission Expires \_\_\_\_\_

Serial No. \_\_\_\_\_

## EXHIBIT ONE

*Continued*

## SOUTHERN COMPANY SERVICES, INC. COST ITEMIZATION

Term - May, June and July, 1994

	Monthly \$	Annually \$
Office Usage		
1250 square feet at \$9.00 per square foot	937.50	11,250.00
Furniture and equipment	772.92	9,275.04
Personal Computers	1,020.00	12,240.00
Telephone Service	<u>239.99</u>	<u>2,879.88</u>
<b>Total</b>	<b>2,970.41</b>	<b>35,644.92</b>

Term - August through December, 1994

Office Usage		
1720 square feet at \$9.00 per square foot	1,290.00	15,480.00
Furniture and equipment	772.92	9,275.04
Personal Computers	1,020.00	12,240.00
Telephone Service	<u>239.99</u>	<u>2,879.88</u>
<b>Total</b>	<b>3,322.91</b>	<b>39,874.92</b>

Term - January 1, 1995 (until revised)

Office Usage		
5074 square feet at \$9.00 per square foot	3,805.50	45,666.00
Furniture and equipment*	<u>439.59</u>	<u>5,275.11</u>
	<b>4,245.09</b>	<b>50,941.11</b>

\*Rate will be adjusted on an annual basis to reflect reduction in net depreciated balance and for the cost of money.

Cross, Joyce T.

From: Dunning, James L.  
 To: Cross, Joyce T.  
 Subject: FW: SCS FURNITURE COST FOR GULF POWER ITEMS  
 Date: Thursday, December 29, 1994 11:03AM

Joyce, please provide this info to Don and Paul.....Jim

From: Markham, Martha S.  
 To: Bankester, Perry M.  
 Cc: Dunning, James L.  
 Subject: SCS FURNITURE COST FOR GULF POWER ITEMS  
 Date: Tuesday, December 20, 1994 4:33PM

LISTED BELOW ARE THE PRICES FOR THE FURNITURE GULF POWER HAS IN THE TWO CONFERENCE ROOMS AND TWO OFFICES THAT SCS WILL BE TAKING OVER. THESE PRICES REFLECT OUR DISCOUNT FROM STEELCASE.

- |                         |                            |
|-------------------------|----------------------------|
| JOHN'S OFFICE - \$6191. | MKTING MGR - \$5351.       |
| 30 X 70 DESK WITH PED   | 35 X 70 DESK WITH PED      |
| 25 X 44 RETURN WITH PED | 25 X 60 CREDENZA           |
| 25 X 60 CREDENZA        | 25 X 60 BACK UNIT WITH PED |
| 42" ROUND TABLE         | 2-38 X 42 BOOKCASES        |
| 2-38 X 42 BOOKCASES     | MGR DESK CHAIR             |
| MGR DESK CHAIR          | 4-MGR SIDE CHAIRS          |
| 4-MGR SIDE CHAIRS       |                            |
- 
- |                           |                                |
|---------------------------|--------------------------------|
| CONFERENCE ROOM - \$3,908 | CONFERENCE ROOM - \$8165.      |
| 35 X 95 CONFERENCE TABLE  | 42 X 96 CONFERENCE TABLE       |
| 12 SIDE CHAIRS            | 8 SIDE CHAIRS WITH WOOD FRAMES |
|                           | EGAN VISUAL BOARD              |
|                           | 30H X 72 BOOKCASE              |

THE TALL WOOD BOOKCASES IN THE CONFERENCE ROOM WILL BE REMOVED SINCE THESE ARE ITEMS THAT WE USE OFTEN AND THESE ARE FAIRLY NEW. ALSO THE ARTWORK WILL BE RELOCATED. PLEASE LET ME KNOW IF YOU HAVE ANY QUESTIONS.

Year 1  
 Beg ending  
 21,613.00 vt  
 18,525.43  
 40,137.43 F  
 ÷ 2  
 20,069.215 vt  
 x 10.99  
 2,187.54 vt

Page 1

21,613.71  
 = 23,087  
 3,017  
 21,613  
 x 10.94  
 = 2,351  
 \$621

5074<sup>d</sup> x 9  
 345,661  
 \$51,871

cost of money

Rate to Remain  
 \$9.00 59 ET

Dragon is to  
 pay some language  
 concerning 12/15.  
 sub leases ETC  
 ? SCS attorney  
 suggestions from

F-Footed  
 W-Recalculated

5  
 5

Gulf Power Company

Audit of Affiliate Transactions

For the Years 1993 through 1997

Docket # Undocketed      Audit Control # 96-025-1-1

Description: Lease Data



SCS INTERNAL AUDITING

REVIEW OF BILLINGS TO AFFILIATE COMPANIES  
NOTES ON SCHEDULE OF OVERHEAD COMPARISONS

GENERAL

- Use of A&G rate
  - APC applies rate to direct labor plus non-productive time (NPT).
  - GPC applies rate to direct labor plus non-productive time plus PPP.
  - Gulf and SAV apply rate to direct labor only.
  - MPC applies rate to direct labor plus labor adders plus all other cost.
- PPP rate is applied to different base amounts among the companies.
- Savannah applies a benefit adder of 31.25% to direct labor. This rate includes, ESP, Pension, Insurance and other Miscellaneous Benefits. The rate is not broken down among the various benefit categories.

Note: Gulf's O/H rates used were consistent with the calculated amounts for that year (with the exception of ESS-500-57)

Researched in Next Heart

Last Revised: May 15, 1997  
5/20/97 11:25 AM

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1 D-2  
107

**SEI - VIRGIN ISLAND STORM RESTORATION**

- APC's billing did not include a Non-productive Time adder because work was performed by bargaining employees.
- APC's A&G rate on SEI projects (9.15%) is different than rate used on other affiliate company projects (9.18%).
- A special arrangement was made by GPC's Assistant Comptroller to not bill NPT. Belief was that there would be no NPT since crews would work long hours consistently with no time off.
- GPC's bill included an extra 8.1% material handling charge for materials sent to the Virgin Islands. This is above the normal material handling charge.
- Savannah could not locate the schedule to support the calculation of overheads on project billing. It does not appear that A&G was included in the billing.

PROJECT	APC		GPC		GULF		MPC		SAV	
	2/96		1/96		12/95		1/96		3/96	
SEI - Virgin Island Storm Restoration										
Direct labor	X		X		X		X		X	
Labor adders:										
Non-productive time ( sick, vacation)	N/A	0.00%	N/A	0.00%	X	14.10%			X	Se Not
Payroll taxes	X	7.52%	X	7.25%	X	7.24%	X	7.09%	X	7.5
Pensions	X	-3.13%	X	0.20%	X	4.04%	X	-0.56%	X	31.2
Group Insurance	X	8.71%	X	15.00%	X	9.11%	X	11.74%	X	Se Not
Employee Savings Plan	X	3.14%	X	3.20%	X	3.87%	X	1.00%	X	Se Not
Performance Pay Plan	X	10.00%	X	10.00%	X	7.8%		0.00%	X	11.8
Tools Subsidy & Foul Weather Gear		0.00%		0.00%		0.00%		0.00%		0.0
Building Services Cost		0.00%		0.00%		0.00%		0.00%		0.0
Administrative & General	X	9.15%	X	24.92%	X	21.93%	X	1.400%		0.00
Total Adder %'s		35.39%		60.57%		68.09%		20.67%		50.6
Other Directs:										
Transportation	X								X	
Payables	X		X		X					
Journals	X		X							
Materials			X		X					

95.15  
Rate

C-12

Last Revised: May 15, 1997  
5/20/97 11:25 AM

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2 D-2  
2007

**SCS- CUSTOMER INFORMATION SYSTEM**

- A letter from Mike Robertson dated 3/20/95 outlines the billing methodology to be used on this project. Specifically, only labor charges for those employees assigned to the project should be billed to SCS. Labor cost for those employees serving in an advisory capacity should not be billed. Additionally, a rate of 10% should be applied to direct labor as the adder for PPP. A&G costs should not be billed to the project. Items of note:  
 APC, GPC and MPC billed A&G cost to the project.  
 MPC did not bill for PPP.  
 SAV's rate for PPP was 11.86%.
- GULF used 1995 overhead rates for 1996 and 1997 billings. Began using 1997 rates starting with March 1997 billing.
- APC billed a labor adder for Tools Subsidy and Foul Weather Gear at a rate of 5.65%. This rate is applied to labor for employees who are coded as receiving this subsidy.

PROJECT	APC		GPC		GULF		MPC		SAV	
		11/96		1/96		11/95		10/96		12/96
SCS - Customer Information System										
Direct labor	X		X		X		X		X	
Labor adders:										
Non-productive time ( sick, vacation)	X	15.89%	X	20.74%		0.00%		0.00%	X	No
Payroll taxes	X	7.52%	X	7.25%	X	7.24%	X	7.09%	X	7.5
Pensions	X	-3.13%	X	0.20%	X	4.04%	X	-0.56%	X	31.2
Group Insurance	X	8.71%	X	15.00%	X	9.11%	X	11.74%	X	
Employee Savings Plan	X	3.14%	X	3.20%	X	3.87%	X	4.20%	X	No
Performance Pay Plan	X	10.00%	X	10.00%	X	10.00%		0.00%	X	No
Tools Subsidy & Foul Weather Gear	X	5.65%		0.00%		0.00%		0.00%		0.0
Building Services Cost		0.00%		0.00%		0.00%		0.00%		0.0
Administrative & General	X	9.18%	X	24.92%		0.00%	X	1.40%		0.0
Total Adder %'s		56.96%		81.31%		34.26%		23.87%		50.6
Other Directs:										
Transportation										
Payables	X		X							
Per Diems					X		X		X	
Journals	X		X							
Materials										

C-4

Last Revised: May 15, 1997  
5/20/97 11:25 AM

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**GEORGIA POWER - OLYMPIC SECURITY**

- MPC did not bill A&G cost on this project. Probable reason for omission of A&G was that bill was prepared by the Security department without assistance from Accounting.

PROJECT	APC		GPC		GULF		MPC		SAV
Georgia Power - Olympic Security	7/96		APC Outage Asst.		8/96		7-8/96		N/A
Direct labor	X		X		X		X		
Labor adders:									
Non-productive time (sick, vacation)	X	15.89%	X	20.74%	X	14.97%		0.00%	0.0
Payroll taxes	X	7.52%	X	7.25%	X	7.37%	X	7.09%	0.0
Pensions	X	-3.13%	X	0.20%	X	3.34%	X	-0.56%	0.0
Group Insurance	X	8.71%	X	15.00%	X	6.25%	X	11.74%	0.0
Employee Savings Plan	X	3.14%	X	3.00%	X	3.95%	X	3.73%	0.0
Performance Pay Plan	X	10.00%	X	10.00%	X	9.42%		0.00%	0.0
Tools Subsidy & Foul Weather Gear		0.00%		0.00%		0.00%		0.00%	0.0
Building Services Cost		0.00%		0.00%		0.00%		0.00%	0.0
Administrative & General	X	9.18%	X	24.92%	X	17.5%		0.00%	0.0
Total Adder %'s		51.31%		81.11%		62.80%		22.00%	0.0
Other Directs:							X		
Transportation					X				
Payables	X								
Per Diems					X				
Journals	X		X						
Materials									

C-7

Last Revised: May 15, 1997  
5/29/97 11:25 AM

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D-2  
487

**SDIG - MISCELLANEOUS PROJECTS**

- APC did not bill for NPT as labor was primarily provided by bargaining employees and NPT is included in the direct labor amount.
- APC bill included an adder of 33.07% for Buildings Services Cost. This adder is usually included in all of APC's bills to SDIG but not to other affiliate companies.
- SAV is billing occupancy cost on PowerCall at \$16.72 a square foot.

PROJECT	APC	GPC	GULF	MPC	SAV
SDIG - Miscellaneous Projects	7/96 Troy Utilities	12/96	3/96 City of Tallahassee	NONE	12/96 PowerCa
Direct labor	X	X	X		X
Labor adders:					
Non-productive time (sick, vacation)	0.00%	X 20.74%	X 14.97%	0.00%	X
Payroll taxes	X 7.52%	X 7.25%	X 7.37%	0.00%	X 7.5
Pensions	X -3.13%	X 0.20%	X 3.34%	0.00%	X 31.2
Group Insurance	X 8.71%	X 15.00%	X 6.25%	0.00%	X
Employee Savings Plan	X 3.14%	X 3.20%	X 3.95%	0.00%	X
Performance Pay Plan	X 10.00%	X 10.00%	X 9.42%	0.00%	X 11.8
Tools Subsidy & Foul Weather Gear	0.00%	0.00%	0.00%	0.00%	0.0
Building Services Cost	X 33.07%	0.00%	0.00%	0.00%	0.0
Administrative & General	X 9.18%	X 24.92%	X 17.5%	0.00%	X 16.3
Total Adder %'s	68.49%	81.31%	62.80%	0.00%	67.0
Occupancy					X \$16.72
Other Directs:					X
Transportation	X				
Payables	X	X			
Per Diems					
Journals	X	X			
Materials					

C-9

Last Revised: May 15, 1997  
5/20/97 11:25 AM

CONFIDENTIAL: ATTORNEY/CLIENT PRIVILEGED

5 D-2  
5/20

**SCS - GREAT PLACE TO WORK**

- APC and GPC did not have billings on this project.
- SAV did not bill for A&G.

PROJECT	APC	GPC	GULF	MPC	SAV
SCS - Great Place To Work	N/A	N/A	9/96	9/96	12/96
Direct labor			X	X	X
Labor adders:					
Non-productive time (sick, vacation)	0.00%	0.00%	X 14.97%	0.00%	X No
Pavroll taxes	0.00%	0.00%	X 7.37%	X 7.09%	X 7.5
Pensions	0.00%	0.00%	X 3.34%	X -0.56%	X 31.2
Group Insurance	0.00%	0.00%	X 6.25%	X 11.74%	X No
Employee Savings Plan	0.00%	0.00%	X 3.95%	X 4.88%	X No
Performance Pay Plan	0.00%	0.00%	X 9.42%	0.00%	X 11.8
Tools Subsidy & Foul Weather Gear	0.00%	0.00%	0.00%	0.00%	0.0
Building Services Cost	0.00%	0.00%	0.00%	0.00%	0.0
Administrative & General	0.00%	0.00%	X 17.5%	X 1.40%	0.0
Total Adder %'s	0.00%	0.00%	62.80%	24.55%	50.6
Other Directs:			X	X	X
Transportation					
Payables					
Per Diems					
Journals					
Materials					

C-8

Last Revised: May 15, 1997  
5/20/97 11:25 AM

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6 D-2  
6/27/97



**SEI - MISCELLANEOUS PROJECTS**

- SAV's A&G rate used was 32.8% and the PPP rate was 20%. Both rates are significantly greater than what was used for its other affiliate company billings.

PROJECT	APC		GPC		GULF		MPC		SAV
	10/96				7/11/96		11/96		5/96
SEI - Miscellaneous Projects	Mejillones				Calcutta Electric P'ship		Birchwood		Termicas Besos
Direct labor	X				X		X		X
Labor adders:									
Non-productive time (sick, vacation)	X	15.89%			X	14.97%		0.00%	X
Payroll taxes	X	7.52%			X	7.37%	X	7.09%	No 7.5
Pensions	X	-3.13%			X	3.34%	X	-0.56%	X 31.2
Group Insurance	X	8.71%			X	6.25%	X	11.74%	X
Employee Savings Plan	X	3.14%			X	3.95%	X	4.44%	No X
Performance Pay Plan	X	10.00%			X	9.42%		0.00%	No X
Tools Subsidy & Foul Weather Gear		0.00%				0.00%		0.00%	0.0
Building Services Cost		0.00%				0.00%		0.00%	0.0
Administrative & General	X	9.15%			X	17.5%	X	1.40%	X 32.8
Total Adder %'s		51.28%		0.00%		62.80%		24.11%	91.6
Other Directs:					X				X
Transportation									
Payables	X								
Per Diems									
Journals									
Materials									

A - Included in Pension Overhead Adder Rate; Calculated Together.

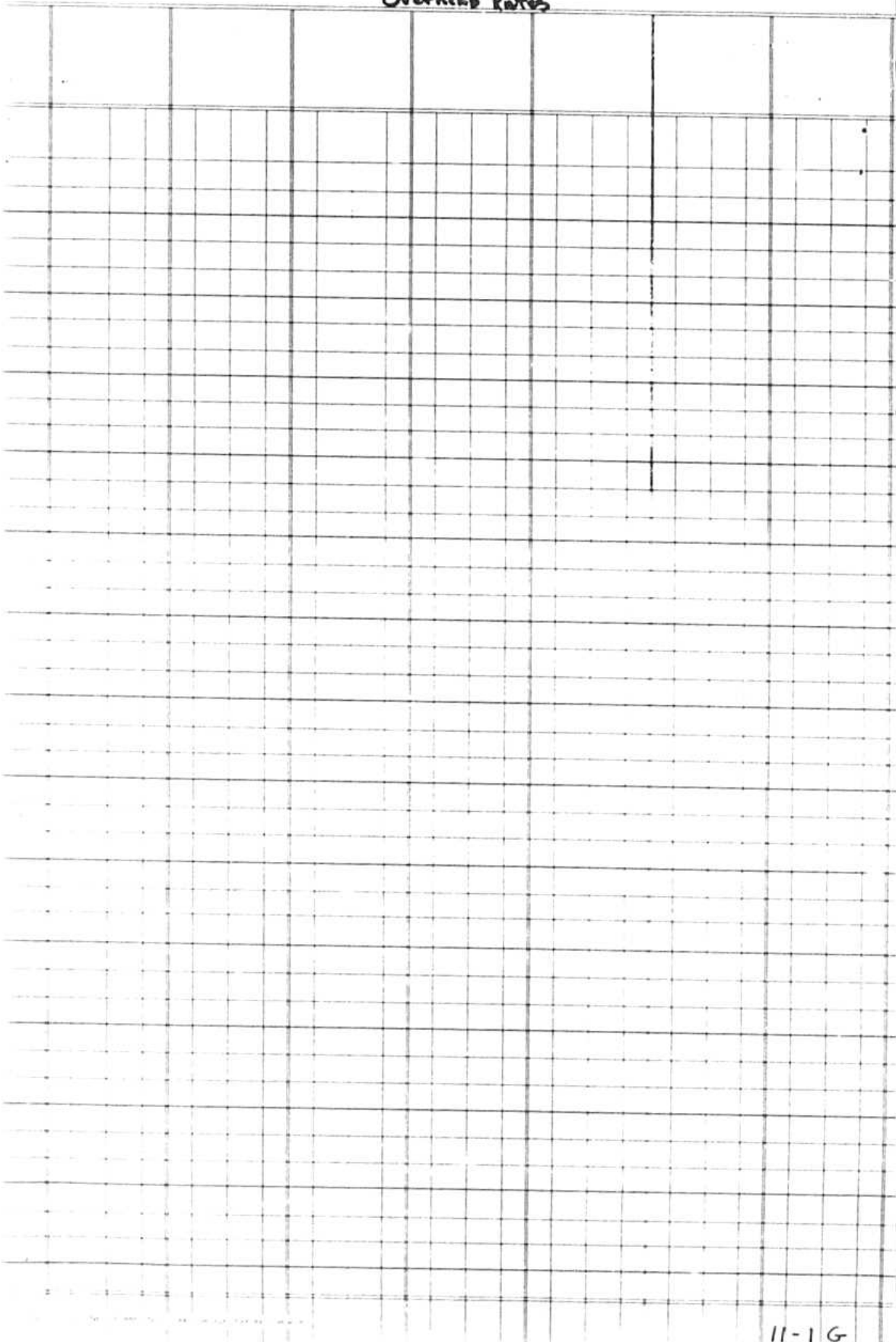
C-10

7 D-2  
7/27



Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1

*Overhead Rates*



The table area is a large grid of graph paper. It features a header section with approximately 7 columns and a footer section with approximately 7 columns. The main body of the grid is empty.

ISSUED December 29, 1995

GAP 58-i

GEORGIA POWER COMPANY

GENERAL ACCOUNTING PROCEDURE 58

ACCOUNTING FOR WORK PERFORMED ON  
BEHALF OF OTHER COMPANIES

TABLE OF CONTENTS

COVER LETTER..... 1

I. INTRODUCTION..... 1

A. PURPOSE..... 1

B. SCOPE..... 1

C. POLICY..... 1

D. REFERENCES..... 2

II. GENERAL OVERVIEW..... 3

A. GENERAL..... 3

B. BUDGETING FOR PROJECTS..... 3

III. DEFINITION OF RESPONSIBILITIES..... 4

A. COST ACCOUNTING RESEARCH..... 4

B. DEPARTMENT COORDINATOR..... 4

C. CORPORATE ACCOUNTS RECEIVABLE..... 5

IV. REQUESTING SERVICES..... 6

A. SEI AND SDIG REQUESTS..... 6

B. SERVICES AVAILABLE..... 6

C. NON-AVAILABLE SERVICES..... 7

D. ESTIMATES..... 8

V. RECORDING EXPENSES..... 9

A. JOB ORDER..... 9

B. LABOR EXPENSES..... 9

C. MATERIAL EXPENSES..... 9

D. TRANSPORTATION EXPENSES..... 10

E. MEALS, LODGING AND MISCELLANEOUS EXPENSES..... 10

VI. BILLING PROCESS..... 11

A. BILLING OF EXPENSES..... 11

B. FOREIGN SERVICE DIFFERENTIAL PAY..... 12

C. INVOICE..... 12

VII. JOINT OWNERSHIP..... 13

A. GENERATING PLANTS..... 13

B. INTEGRATED TRANSMISSION SYSTEM..... 13

Note: This information was provided to Ronnie Labrato & Kim McDaniel to aid them in the preparation of Subj's procedure on affiliated transactions that is needed.

ISSUED December 29, 1995

GAP 58-ii

VIII. SPECIAL PROCESSING.....15

A. FEDERAL GOVERNMENT BILLING.....15

B. CLIENT ON THE JOB TRAINING.....15

.2 2

ISSUED December 29, 1995

770 821 3647

GAP 58-iii

REC-12-1995 10:05

LIST OF ILLUSTRATIONS.....I

COVER LETTER

December 29, 1995

TO: All Holders of General Accounting Procedures

FROM: Mike F. Pannullo  
Supervisor, Corporate Accounting Procedures and Training

RE: GAP 58, Accounting For Work Performed On Behalf Of Other Companies

Attached is the new General Accounting Procedure (GAP) 58, Accounting For Work Performed On Behalf Of Other Companies. This procedure documents the Company's policies, guidelines and general instructions for reporting and billing expenses to associated operating companies, non-associated utility companies and other business concerns. This new procedure is effective immediately and includes the following:

- Guidelines on budgeting for projects; 58-3
- Responsibilities of Cost Accounting Research, Department Coordinator and Corporate Accounts Receivable; 58-4 and 58-5
- Guidelines for requesting services; 58-6
- Types of services provided; 58-6 and 58-7
- Instructions for recording and billing expenses; 58-9; 58-11

Please review this procedure carefully before placing in your GAP binder. Should you have any questions, please call Linda Holmes at 8-526-6479.

APPROVALS:

\_\_\_\_\_  
J. N. Stewart, Supervisor,  
Power Generation Accounting

\_\_\_\_\_  
R. B. Wood, Manager,  
Customer Operations Support

\_\_\_\_\_  
Cliff S. Thrasher, Vice President,  
Comptroller and Chief Accounting Officer

ISSUED December 29, 1995

GEORGIA POWER COMPANY

GENERAL ACCOUNTING PROCEDURE 58

ACCOUNTING FOR WORK PERFORMED ON  
BEHALF OF OTHER COMPANIES

I. INTRODUCTION

A. Purpose

The purpose of this procedure is to provide Company policies, guidelines and general instructions for reporting and billing expenses to associated operating companies, non-associated utility companies and other business concerns.

B. Scope

This procedure includes guidelines on requesting services and instructions on billing and recording expenses for work performed on behalf of other companies. This procedure defines the responsibility of Cost Accounting Research, Department Coordinator and Corporate Accounts Receivable. This procedure also documents joint ownership requests and guidelines on processing federal government and on the job training services.

C. Policy

The Company may provide available employees and other resources to associated operating companies, non-associated utility companies and other businesses, and will recover all appropriate costs associated with providing these resources. Employees that receive requests for services should contact his/her appropriate supervisor or Department Coordinator prior to providing the service. Under no circumstances will requests received from other companies take priority over Company work.

It is the responsibility of the region, plant or department management where the services are initiated to ensure that all reimbursable expenses are charged to an assigned job order number. Failure to capture these expenses could result in financial loss to the Company.

55

ISSUED December 29, 1995

770 821 3647

SO:01  
10:05  
GAP 58-1

DEC-12-1995

D. References

The following procedures contain information related to the subject matter and are referenced where applicable: GAP 60, Accounting for Fleet Vehicle Expenses; GAP 62, Business Expense Reporting; GAP 52, Job Orders; Southern Time and Attendance Reporting System (STARS) Training Manual.

ISSUED December 29, 1995

II. GENERAL OVERVIEW

A. General

Upon request, the Company may provide services to associated operating companies within the Southern Company. Reference Section IV, Requesting Services, for the types of services provided. The associated companies are Southern Development and Investment Group (SDIG), Southern Company Services, Alabama, Gulf and Mississippi Power Companies, Savannah Electric and Power Company and Southern Electric International (SEI). NOTE: SEI and SDIG utilize the employees and other resources of the Company to provide services to utility companies not associated with the Southern Company.

The Company may also provide resources and employees to companies not associated with the Southern Company. This includes any government agencies, other utilities, industrial businesses, etc.

Company policies and guidelines documented in this procedure apply to associated operating companies and non-associated companies. When a particular process varies between the companies, the procedure will define the difference.

B. Budgeting for Projects

Managers are responsible for costs incurred in their departments and for operating within budget. Therefore, responsibility center budgets should include all anticipated costs of performing work for associated operating companies, non-associated utility companies and other business concerns. The departments providing resources should budget the anticipated expenses to job order FERC accounts and not the department's functional account number. For responsibility centers that anticipate having an employee assigned to a project, the functional account number should only be budgeted for those months the employee works at the Company.



ISSUED December 29, 1995

III. DEFINITION OF RESPONSIBILITIESA. Cost Accounting Research

To evaluate new requests and monitor existing projects, it is necessary to utilize a focal point within the Company. This focal point is Cost Accounting Research with the following responsibilities:

1. Cost Accounting Research is responsible for working with Department Coordinators in various areas to respond to requests and represent the interest of the Company.
2. Cost Accounting Research is responsible for protecting the interest of the Company and ensuring that signed contracts are in accordance with all policies and procedures.
3. Cost Accounting Research is responsible for assessing proposed new ventures or changes to existing contracts.
4. Cost Accounting Research is responsible for reviewing projects in progress and costs reported prior to billing.

B. Department Coordinator

The primary contact for requests is the Department Coordinator. The Department Coordinator is the region, plant or department manager or appropriate management designee.

1. The Department Coordinator is responsible for determining employee availability and ensuring all expenses charged to job orders are appropriate reimbursable expenses.
2. The Department Coordinator is responsible for ensuring that an approved job order is established for each project.
3. The Department Coordinator is responsible for ensuring that Company employees, assigned to projects, are notified of the appropriate job order number for allocating expenses.
4. The Department Coordinator is responsible for notifying Corporate Accounts Receivable of completed projects.

ISSUED December 29, 1995

- 5. The Department Coordinator is responsible for providing recommendations and input to Cost Accounting Research regarding improvements in the reporting and billing of services provided.

C. Corporate Accounts Receivable

- 1. Corporate Accounts Receivable is responsible for establishing job order numbers for recording expenses
- 2. Corporate Accounts Receivable is responsible for preparing and submitting estimates of the expenses to be billed to SEI and SDIG.
- 3. Corporate Accounts Receivable is responsible for reviewing, verifying, billing and collecting all expenses on a monthly basis.
- 4. Corporate Accounts Receivable is responsible for working closely with Cost Accounting Research to monitor charges and ensure accounting accuracy.
- 5. Corporate Accounts Receivable is responsible for coordinating the collection of past due accounts.

ISSUED December 29, 1995

IV. REQUESTING SERVICES

The Company will furnish available employees and other resources to companies requesting services, provided the loss of these resources does not have a negative impact on the quality of Company performance. All companies requesting services should contact the appropriate Department Coordinator for resource requirements and approval. Employees that receive requests for services should contact his/her supervisor or Department Coordinator prior to providing the service.

A. SEI and SDIG Requests

Normally, SEI and SDIG clients will contact SEI or SDIG for the required services. SEI or SDIG will contact the appropriate Department Coordinator for resource requirements and development of a proposal for the client. However, under certain circumstances, clients may contact the Department Coordinator for cost estimates and available services and the Department Coordinator will contact SEI or SDIG. When a contract is approved and signed by the client, SEI and SDIG will complete the appropriate forms and establish an SEI or SDIG work order/sub number. Department Coordinators will be provided with the SEI or SDIG work order/sub number, job order number, and all pertinent information relating to the project.

B. Services Available

In accordance to Rule 90 under the Public Utility Holding Company Act of 1935 (PUHCA), the Company may provide services, properties and resources to companies on a cost plus basis (which includes a provision for applicable overheads). The following types of services may be provided by the Company.

- . General Engineering
- . Design Engineering
- . Accounting and Statistical
- . Rates
- . Budgeting
- . Business Promotion and Public Relations
- . Systems and Procedures
- . Access to, use of, and rights to facilities
- . Training and other general services
- . Equipment, material testing, evaluation and research
- . Testing of Utility System Components

ISSUED December 29, 1995

Instrument and Transformer Repair

When specifically requested, the Company may also loan employees to other companies. These employees will be under the sole supervision and control of that company until the assigned work is completed. Employees may be withdrawn from SEI projects only with approval from SEI. Reference Section V, B, "Labor Expenses" for instructions on recording labor expenses.

NOTE: While this section lists services normally requested by other companies, it may not be inclusive. Contact Corporate Accounts Receivable regarding services which may not be documented in this procedure.

C. Non-Available Services

The determination of whether employees and resources are available is entirely within the discretion of the Department Coordinator. The Company may elect not to perform the requested project. However, once an agreement has been made the Company cannot withdraw from the project without approval from the Department Coordinator. For SEI projects, the Company cannot withdraw from the project without approval from SEI.

If resources are not available for the projects, resources may be added to accomplish the work under the following conditions:

- The requesting company assumes all associated start-up costs and financial risks associated with the work.
- The work does not present any undue risk for the Company's customers, employees, stockholders, or the general public.
- The costs are recovered consistent with those outlined in this procedure.
- The potential venture, risks, returns, and resources are reviewed and approved by management based on the current strategies of the Company.
- The work to be performed passes the 50-50 test of the Security Exchange Commission (SEC)/PUHCA.

NOTE: This rule only applies for special activities requiring specific SEC approval. The SEC

may require the 50% test when more than half of the activity is for the benefit of the system. This rule does not apply for the general sale of consulting services.

D. Estimates

It is the responsibility of the department where the services were requested to provide a written or verbal cost estimate to the requesting company. All estimates should be on a cost plus basis. However, the requesting company may be billed on either a contract price or cost plus basis. Associated companies must be billed on a cost plus basis. Under cost plus billing, the requesting company pays the amount based on actual charges to the job, which may be more or less than the original estimate. Under contract price billing, the requesting company pays the estimated amount, regardless of the actual cost.

12

.12

ISSUED December 29, 1995

V. RECORDING EXPENSES

A. Job Order

Services and other resources provided by the Company are normally accounted for and billed on a job order. The department, region or plant where the service is requested is responsible for ensuring that an approved job order number is established and appropriate amount is billed. Certain services or projects provided to companies (this does not include associated operating companies and non-associated utility companies) may require expenses be recorded to capital account numbers. It is the responsibility of individual employees assigned to projects to record all appropriate reimbursable expenses to the job order number(s) or, if applicable, capital account number. Reference GAP 52, Job Orders, for additional information on account numbers to be used with job order accounts.

For SEI and SDIG projects, Corporate Accounts Receivable will be contacted for the appropriate job order number to record expenses. A separate job order number is established for each project. SEI or SDIG work order/sub number must be established by SEI or SDIG prior to recording expenses to a job order.

B. Labor Expenses

Labor hours incurred by Company employees assigned to work on projects are charged to an assigned job order number through STARS. Reference the STARS Training Manual for additional information on time reporting.

Company employees assigned to projects will continue to receive benefits (i.e., Employee Savings Plan (ESP), pension, insurance benefits, etc.). These costs are billed to the requesting company and are included in the calculation of the labor overhead rates. If the employee is out of state for a period exceeding three (3) months he/she must contact SCS Centralized Payroll for the proper income tax treatment.

C. Material Expenses

Material withdrawn from Company inventories to support projects is charged to the appropriate job order number through the Accounting, Materials and Procurement System (AMPS). Material

13

17

ISSUED December 29, 1995

purchased directly from vendors is charged to the job order number and indicated on the vendor invoice.

D. Transportation Expenses

All operation and maintenance expenses incurred for work performed on vehicles are charged to the job order number. Job orders should also be used for fuel charges. Employees that use rental vehicles should charge the total rental cost to the appropriate job order number using cost type TL.

For estimating cost on projects, regions should contact the appropriate region comptroller for rates regarding transportation expenses. Non-regions should contact Financial Accounting and Reporting.

E. Meals, Lodging and Miscellaneous Expenses

Meals, lodging and miscellaneous expenses incurred by employees assigned to projects are charged to the appropriate job order number(s) through the Business Expense Statement. Reference GAP 62, Business Expense Reporting, for additional information concerning reporting employee related business expenses.

Company employees completing a Business Expense Statement for SEI projects must submit a copy with receipts to the SEI Accounting Department. The copy is used by SEI for billing clients prior to receiving a bill from the Company

14

ISSUED December 29, 1995

VI. BILLING PROCESS

On a monthly basis Corporate Accounts Receivable will bill associated operating companies, non-associated utility companies and other businesses for all costs charged to job orders plus the applicable overheads as defined in this section. Corporate Accounts Receivable will also bill for services if costs are charged to capital accounts. NOTE: For accounting purposes, Corporate Accounts Receivable submits an estimated bill to SEI and SDIG prior to the actual invoice.

A. Billing of Expenses1. Labor Expenses

Labor cost is calculated and billed based on the actual wage rate of assigned employees and the actual number of hours reported to the job order number. Overhead rates are also applied to all labor costs. The overhead rates are applied to variable and fixed direct labor cost. The overhead amount actually billed will be calculated by the Standard General Ledger System. All labor costs and overhead charges are documented on the monthly Job Order Billing System Detail Analysis Register (Figure 58-A).

Reference GAP 52, Job Orders, Appendix I "Rates for Estimating Jobs Performed For Customers" for the overhead rates applied to labor costs. These rates should also be used when providing cost estimates.

2. Material Expenses

Materials withdrawn from the Company inventory are billed at average unit price plus a Stores Handling adder calculated by the Accounting, Materials and Procurement System (AMPS). Material purchased directly from vendors for use on projects are billed at invoice cost.

3. Transportation Expenses

Vehicle and equipment expenses will be billed based on the labor hours charged to the projects. Therefore, accurate labor hours for each project must be charged to the appropriate job order number. Reference GAP 60, Accounting For Fleet Vehicle Expenses for additional



ISSUED December 29, 1995

information. Rental vehicle expenses are billed at actual cost.

4. Meals, Lodging and Miscellaneous Expenses

Meals, lodging and miscellaneous expenses are billed at actual cost.

B. Foreign Service Differential Pay

The requesting company may authorize, under certain conditions and for certain projects, payment of foreign service differential pay. Companies will evaluate each circumstance and determine if foreign service differential pay is warranted, and if so, authorize the appropriate amount.

The Department Coordinator will ensure a Payroll Change Authorization is completed. The foreign service differential pay is subject to the appropriate deductions and is included on the employee's W-2 form. To ensure reimbursement, the foreign service differential pay is allocated to the appropriate job order number(s) and billed with all other project expenses.

C. Invoice

Corporate Accounts Receivable is responsible for preparing monthly invoices for all services provided to requesting companies. Invoices provided to associated operating companies, as illustrated in Figure 58-B, includes a cover letter detailing the total amount due. The Job Order Billing System Detail Analysis Register (Figure 58-A) is attached to these invoices as supporting documentation.

For SEI and SDIG projects, a separate invoice is issued for each approved job order number. The Summary of Labor Costs Report (Figure 58-C) and System Detail Analysis Register are attached to the invoices. Payments are wire transferred to the Company through the Treasury Department.

76

11/12

ISSUED December 29, 1995

VII. JOINT OWNERSHIP

The Company jointly owns its transmission system and certain generating plants with eight (8) utility companies. The joint owners are Oglethorpe Power Corporation (OPC), Municipal Electric Authority of Georgia (MEAG), City of Dalton, Gulf Power Company, Florida Power Corporation, Florida Power & Light, Jacksonville Electric Authority and Savannah Electric and Power Company.

Joint ownership requests and billings are different in that requests and billings are done through Joint Ownership Accounting. Joint Ownership Accounting is responsible for ensuring that all joint ownership contracts are executed and expenses are properly reported.

A. Generating Plants

The Company is the operator of the joint owned plants, excluding Rocky Mountain, McIntosh Combustion Turbine, and Intercession City Combustion Turbine. As operator, the Company incurs capital improvement and operation and maintenance (O&M) costs and can bill the joint owners in accordance to the contracts for these costs.

O&M expenses include direct, on-site costs as well as certain allocated costs. Capital improvement billings include normal capital overheads, except AFUDC. All capital improvements and most O&M costs are billed to the co-owners pro rata with their ownership. Employee benefit costs and other administrative and general (A&G) expenses that support the operation of these plants are also billed to the co-owners.

B. Integrated Transmission System (ITS)

The Company sold interests in its transmission system to Oglethorpe Power Company (OPC), Municipal Electric Authority of Georgia (MEAG), and the City of Dalton. This created the Integrated Transmission System (ITS). ITS allows each company to own individual lines, substations, and other facilities rather than individual interests in the entire system. Also, the companies have the right to use any ITS facilities.

Joint Ownership Accounting will bill all ITS participants for system operator expenses on a pro rata ownership basis. This billing does not require employees to charge costs to a job order number. Most maintenance expenses for MEAG and Dalton are also billed on pro rata ownership basis. ITS maintenance performed for OPC is

17

17

ISSUED December 29, 1995

charged and billed on a job order, as well as some maintenance work requested by MEAG that are beyond the level or type of maintenance normally performed by the Company on its own facilities. Reference GAP 52, Job Orders for additional information on the processing and preparation of Job Orders for OPC, MEAG and Dalton.

ISSUED December 29, 1995

VIII. SPECIAL PROCESSING

Certain situations warrant special recording or billing of expenses to companies. This section documents services that require special processing. NOTE: Reference GAP 52, Job Orders for information on billing and processing MARTA relocation and highway projects.

A. Federal Government Billing

Contracting with the federal government to share resources for research programs or to provide services obligates the Company to perform in accordance with specific federal government contracting rules and regulations relative to cost, time keeping, administration, materials handling, etc. Therefore, prior to providing services or resources to the federal government, contact SCS Government Contract Compliance for assistance with the proper format and guidelines for approving government contracts. SCS Government Contract Compliance will also assist with contract close-out activities, contract termination, resolution of claims and interface with government representatives.

All new government contracts should be forwarded to Cost Accounting Research for review. Cost Accounting Research will work with SCS Government Contract Compliance to ensure that the Company complies with the rules and regulations on government contracting.

B. Client On The Job Training

On occasion, clients participate in on the job training at Company facilities. The clients' employees are allowed to observe on-going Company activities of a varied and technical nature through this program.

The cost for this training is a fixed contractual amount negotiated between the requesting company and the Company's Skills Development department. The billing does not require the departments involved to charge costs to a job order number, as is necessary for other projects. For this type of training, Skills Development advises Corporate Accounts Receivable to bill the requesting company and to credit the appropriate functional account numbers which are involved in the training activity. For SEI Plant Scherer Simulator training, the cost for training is negotiated between Plant Scherer and SEI.

ISSUED December 29, 1995

### LIST OF ILLUSTRATIONS

(Illustrations are not available for viewing on-line.)

26

Review of Georgia Power's Accounting Procedures  
for Work Performed  
on Behalf of Other Companies.

From  
10-47

ACTIONS:

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a purchase by Gulf Power Company from the Vendor designated "Baskerville" or "Donovan" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice# PurchOrder VendorName Description

RESULTS:

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the item "D1" has been selected for research.

REQUESTS:

- 1) Please provide a brief statement of purpose for the payment made in Year 1996 for item D1.

**RESPONSE:** The amount paid as indicated by item D1 is for professional surveying services provided to Gulf Power Company.

- 2) Please provide invoice/documentation to support the paid amount for item D1 in Year 1996.

**RESPONSE:** See attached photocopy of invoice.

- 3) Was this payment (item D1) made as a result of a "contract" by Baskerville-Donovan with Gulf Power Company?

**RESPONSE:** Yes.

- 3.1) If so, then please provide a photocopy of the contract.

**RESPONSE:** See attached photocopy of "contract."

- 4) Were any payments by Gulf Power Company during 1996 made to the firm of Baskerville-Donovan the result of any contractual requirement existing between Gulf Power Company and the firm of vendor Baskerville-Donovan?

**RESPONSE:** Yes.

- 4.1) If so, then please provide a photocopy of the contract.

**RESPONSE:** See response to item 3.1.



.....**TRANSMITTAL / INVOICE**.....

DATE: JUNE 11, 1996

INVOICE NO.: 48104  
 PROJECT NO.: 38503.01  
 RE: SUBAQUEOUS CROSSING  
 SANTA ROSA SOUND  
 GULF BREEZE, FLORIDA

GULF POWER COMPANY  
 9220 PINE FOREST ROAD  
 P. O. BOX 1151  
 PENSACOLA, FL 32520-0047

RECEIVED

JUL 8 1996

PLEASE RETURN THIS INVOICE WITH YOUR PAYMENT ACCOUNTS PAYABLE

PURCHASE ORDER NUMBER C-96-412079

PROFESSIONAL SURVEYING SERVICES PERFORMED ON THE ABOVE REFERENCED PROJECT, AS FOLLOWS:

100% COMPLETION OF DRAWINGS AND SUBMITTAL OF SUBCONTRACTORS REPORTS ..... \$1,819.00

DIRECT EXPENSES ..... \$75.00

TOTAL AMOUNT DUE THIS INVOICE ..... \$1,894.00

WE APPRECIATE YOUR BUSINESS AND WE LOOK FORWARD TO ASSISTING YOUR SURVEYING NEEDS AGAIN IN THE NEAR FUTURE.

SHOULD YOU HAVE ANY QUESTIONS, PLEASE CALL OUR OFFICE.

308-02600-990055

Alan H. Stebbins

Alan S. McDaniel 7-8-96

THANK YOU 082950  
 Vdr # 082950 Sort Name BASKER 01  
 Pay Date \_\_\_\_\_ ISC \_\_\_\_\_  
 Date Rec 07-08 Terms Net 30  
 Disc % \_\_\_\_\_ Disc Amt \_\_\_\_\_  
 CK# \_\_\_\_\_ HC Amt \_\_\_\_\_  
 VBSL Amt \_\_\_\_\_ Desc \_\_\_\_\_

Comm # \_\_\_\_\_  
 St Tx Cd 00 Loc Tx Cd \_\_\_\_\_  
 Sys Rec \_\_\_\_\_ NPO \_\_\_\_\_ PO

L#1 LT 3



**CONTRACT**

**PROFESSIONAL SERVICES**

Baskerville-Donovan, Inc.  
(HEREAFTER KNOWN AS CONSULTANT)

Date May 15, 1995

116 South Baylen Street, Suite 300  
(Street Address)

Contract No. C94-402242

Pensacola, FL 32591  
(City & State)

Contracting Department See Purchase Order

Gulf Power Company, hereafter known as Corporation, hereby employs Consultant to perform the following professional services when authorized by one or more separate Corporation purchase orders which incorporate this Contract by reference.

**Provide engineering services and other related services when requested by the Corporation.**

**WARRANTY** - Consultant hereby warrants that all Services performed hereunder will be performed in a good, professional, workmanlike and competent manner, in conformity with all applicable professional standards.

**TERM** - This contract is effective, 7/01/94 and shall, except as provided below, expire on 12/31/97. The terms and conditions of this contract shall apply to work performed by the Consultant during this time period.

**TERMINATION** - This contract may be terminated by either party by giving the other a five (5) day written notice.

**RIGHTS ON ORDERLY TERMINATION** - Upon termination or other expiration of this contract, each shall return to the other all papers, materials and other properties of the other held by each for purposes of performance of this contract. In addition, each will assist the other in orderly termination and the transfer of all aspects, tangible and intangible, as may be necessary for orderly, business continuation.

**TECHNICAL SUPERVISION** - All services shall be performed strictly in accordance with requests for Corporation's representative designated as Technical Supervisor for this contract.

The Consignee identified on the individual Corporation Purchase Order is hereby designated as Technical Supervisor and is responsible for its technical administration, coordinating requests for Services and giving and receiving notices hereunder. Corporation may change such designated representative by notice to Consultant at any time.

**COMPENSATION** - For all Services provided by Consultant hereunder, as sole compensation therefore, Corporation shall pay Consultant per the terms set forth in the purchase order. Total billing under this contract shall not exceed the dollar limits set forth in the individual purchase orders which incorporate this contract by reference.

**INVOICING** - Consultant agrees to invoice Corporation on a monthly basis.  
Send original invoices to:

Gulf Power Company  
Accounts Payable Department  
P.O. Box 1151  
Pensacola, Florida 32520-0731

With a copy to the Technical Supervisor for the obtaining of necessary approvals, complete with all supporting data. Payment will be made within 30 days after the approved invoice is received in Accounts Payable.

(GULF POWER IS AN EQUAL OPPORTUNITY EMPLOYER AND DOES NOT DISCRIMINATE AGAINST ANY EMPLOYEE APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, CREED, COLOR, SEX, AGE, OR NATIONAL ORIGIN)

**FORCE MAJEURE** - Neither party shall be responsible for delays or failures in performance resulting from acts beyond its reasonable control. Such acts shall include, but not be limited to, acts of God, strikes, lockouts, riots, acts of war, governmental regulations superimposed after the fact, earthquakes or other causes beyond the reasonable control of either party of a similar nature.

**ASSIGNMENT AND SUBCONTRACTING** - This contract may not be assigned nor the Services hereunder subcontracted without Corporation's prior consent.

**GOVERNING LAW** - This contract is subject to all state and federal laws pertaining thereto and shall be governed by the laws of the State of Florida.

**FEDERAL LAWS AND REGULATIONS** - Consultant agrees to be in full compliance with all applicable provisions of the following statutes, executive orders, and regulations: E. O. 11246, 41 CFR Section 60-1.4; the Rehabilitation Act of 1973, 41 CFR Section 60-741.4; the Vietnam Era Veterans Readjustment Act of 1974, 41 CFR Section 250.4; Public Law 95-507, 5 U.S.C. Section 637(d), as amended; and E.O. 11141 and the Age Discrimination Act, as amended.

**EMPLOYMENT** - Neither Corporation or Consultant shall employ nor solicit for employment each other's employees during the Term of this contract and for a period of one (1) year after its conclusion.

**INDEMNITY** - Consultant hereby agrees to indemnify and hold harmless the Corporation, its representatives, agents, and employees from and against any and all losses, liabilities, demands, claims, suits, costs and expenses (including attorney's fees and court costs), or actions of any character presented or brought on account of any injuries, losses or damages sustained by any person or property in consequence of (a) any and all defects or deficiencies in the Services or any part thereof, latent or otherwise due to the negligent acts of the Consultant; and (b) any violation of or non-conformity of the Services with any laws, ordinances, rules and regulations of federal, state, county and municipal governments applicable, whether now in force or hereafter enacted whether or not resulting from the joint, concurrent, or contributory negligence of Corporation. Such indemnification shall survive the term of termination of this contract.

**SUBSEQUENT CHANGES** - This contract may not be changed orally but only by a memorandum of change issued by Corporation.

**OWNERSHIP OF PRODUCTS OF EMPLOYMENT** - Consultant agrees that all products of employment, including but not limited to all materials, data, information, programs, techniques, procedures, inventions, discoveries, devices, patents and copyrights arising out of or resulting from or in connection with the Services provided hereunder, shall be Corporation's sole and exclusive property; and Consultant further agrees to enter into any and all necessary arrangements with its employees and to take any and all necessary measures to effect such an assignment to Corporation.

**DISCLOSURE OF INFORMATION** - Consultant agrees that it will not during or after the term of this contract disclose any of our proprietary information or confidential business information, its costs, charges, operating procedures, and methods of doing business, to any person, firm, corporation, association, or other entity or to the general public for any reason or purpose whatsoever without Corporation's written consent. Such confidential or proprietary information received by Consultant shall be used exclusively in connection with the performance of Consultant's responsibilities relating to and under the Services called for hereunder. In the event of a breach or threatened breach by Consultant of the provisions of this paragraph, Corporation shall be entitled to an injunction restraining Consultant from disclosing, in whole or part, any of the above or from rendering any service to any person, firm, corporation, association, or other entity to whom such information in whole or in part has been disclosed or is threatened to be disclosed. Nothing herein shall be construed as prohibiting Corporation from pursuing any other remedies available for such breach or threatened breach, including the recovery of damages.

**TIME OF THE ESSENCE** - For all requests Corporation makes pursuant to this contract, time is of the essence. The acceptance on Corporation's part of a late performance, with or without objections or reservations, shall not waive the right to claim damages for such breach nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed on Consultant's part.

**ENFORCEABILITY** - If any of the provisions of this contract shall be deemed invalid or unenforceable by any tribunal with competent jurisdiction, the same shall not affect the remaining provisions of this contract.

**WAIVER OF BREACH** - Corporation's waiver of a breach of any provision of this contract by Consultant shall not operate or be construed as a waiver of any subsequent breach by Consultant.

**TERMINATION FOR CAUSE** - This contract may be terminated immediately by Corporation if the Corporation determines that Consultant has submitted any false billings or any billings for work not covered by this Contract or that Consultant has engaged or appears to have engaged in any unethical business practices or other improprieties. Corporation may terminate Contract upon 7 days prior written notice if Consultant fails to substantially perform its material obligations under this Contract or takes any material return prohibited under this Contract.

**RIGHT TO AUDIT** - Consultant shall maintain books, records, documents, and other evidence and accounting procedures and practices sufficient to reflect properly all costs of whatever nature claimed to have been incurred and anticipated to be incurred for the performance of this contract. Consultant shall preserve these records and make them available to us upon our request at any time during performance and for a period of three years from date of expiration. Consultant is responsible for any audit discrepancies involving any deviation from the terms of this Contract and for any commitments or expenditures in excess of amounts authorized by Corporation.

**BENEFITED PARTIES** - It is understood and agreed that Corporation is entering into this Agreement not only for its own benefit but also and equally for the direct benefit of its parent and affiliates, present and future, and that each and every right, benefit, remedy and warranty accruing to Corporation hereunder likewise accrue to its parent and affiliates, including but not limited to the right to enforce this Agreement in their respective names; provided, however, that in no event shall any provision of this Agreement be construed as making the parent or any affiliate of Corporation liable for any charges or other accounts due hereunder incurred by any other affiliate. The Southern Company is the parent Corporation and Corporation's present affiliates consists of Alabama Power Company, Georgia Power Company, Mississippi Power Company, Savannah Electric and Power Company, Southern Company Services, Inc., Southern Electric Generating Company, Southern Nuclear Operating Company, Southern Investment Group, Inc., Southern Electric Railroad Company, Inc., and Southern Electric International, Inc.

**CONTRACT DATA AND AFFIDAVIT**

I hereby undertake to perform the work outlined in the foregoing in accordance with the terms thereof as of the date above stated. My Employer's Account Number under Federal Social Security is 59-0857184 and under the State Unemployment Compensation is 00790604

Witness the acceptance hereof by the fixing of my hand and seal this 21<sup>st</sup> day of July, 1995

Signed and sealed for

Baskerville-Duncan, Inc.  
(NAME OF FIRM)

ATTESTED

Matthew Short  
(Secretary)

By

[Signature]  
(Officer)

[Signature]  
(Witness)

Title

Exec VP

[Signature]  
(Witness)

Signed and sealed for GULF POWER COMPANY

ATTESTED (Gulf Power)

[Signature]  
ASST. (Secretary)

By


[Signature]

Title

[Signature]  
(Officer)

**Purchase Order**

PURCHASING RECORD

Gulf Power 

300851 (10-92)

SHIP TO

Gulf Power Company

10000 SOUND  
3100 BAYVIEW PARKWAY  
PENSACOLA FL 32511-3312  
(904) 462-1791

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE

NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

Purchase Order Number 904-462-1791	Revision No 003	Order Date 03/02/96	Page No 1
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**VENDOR INSTRUCTIONS:**

Please sign & return Acceptance Copy to:

Purchasing and Contracts  
Gulf Power Company  
Post Office Box 13670  
Pensacola FL 32591-3670

Submit all invoices in duplicate to:

Accounts Payable Department  
Gulf Power Company  
Post Office Box 1151  
Pensacola FL 32520-0731

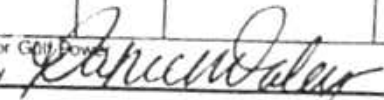
TO: BAKERVILLE DORRIVAN ENGINEER  
ATTN: FRED TOTH  
310 SOUTH BAYLEN STREET  
SUITE 31  
PENSACOLA FL 32511

Ship Via WINDYBIRD, CHICAGO	FOB DESTINATION	Freight Message ALLOWED	Terms	Buyer's Name H.S. POOLEY, Co. P.O. 444-0031
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LINE	COMMODITY NO	DESCRIPTION	QUANTITY	U/M	UNIT PRICE	TOTAL
1		<p>TRHO COPY: J. A. TUCKER PROJECT MANAGER: STEEL, A. TO BE USED FOR SUBAQUEOUS CROSSING, SANTA ROSA SOUND. CONTRACT C-94-402242 IS INCORPORATED HEREIN BY REFERENCE. THE WORK WILL COMMENCE ON 3/1/96 AND WILL BE COMPLETED NO LATER THAN 12/31/96 UNLESS SOONER CANCELLED, EXTENDED OR TERMINATED. THE RATES IN ATTACHMENT "A" WHICH IS INCORPORATED HEREIN BY REFERENCE SHALL APPLY TO THIS ORDER. PROVIDE RESOURCES NECESSARY FOR SURVEYING AND PREPARING SKETCHES FOR PERMITS TO INSTALL SUBMARINE CABLE TO PENSACOLA BEACH. 1ST-NOT TAXABLE "GULF POWER'S INTERNAL USE ONLY" MR. NO. 312 BYELEY 51706 7LINE 1 CHARGE TO: 304 1000 51 178 DATE REQUIRED: 03/17/96 VENDOR PROMISE DATE: 12/31/96 CONTINUED ON NEXT PAGE</p>	1	LT	29989.00	29989.00

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

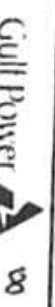
VENDOR'S SIGNATURE

By 



Purchase Order

PURCHASING RECORD



Gulf Power Company

SHIP TO

WASHVILLE, GEORGIA  
 30186  
 404-525-1031

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE

NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

Vendor Order Number: 364275  
 Invoice No: 02/12/94  
 Page No: 2

**VENDOR INSTRUCTIONS:**

Please sign & return Acceptance Copy to:  
 Purchasing and Contracts  
 Gulf Power Company  
 Post Office Box 13670  
 Pensacola FL 32591-3670

Submit all invoices in duplicate to:  
 Accounts Payable Department  
 Gulf Power Company  
 Post Office Box 1151  
 Pensacola FL 32520-0731

TO:

WASHVILLE, GEORGIA  
 30186  
 404-525-1031

LINE	COMMODITY NO.	DESCRIPTION	QUANTITY	U/UNIT	UNIT PRICE	TOTAL
		FRIGHT MESSAGE				
		ALL BALD				
		RECEIPT OF GOLF PURCH. COMPANY OF VENDOR'S SHIPMENT ACCEPTABLE COPY IS REQUIRED. FAILURE TO SEND AND RETURN WITHIN 30 DAYS WILL RESULT IN DELAYED PAYMENT OF VENDOR'S INVOICES.				
		DEBIT PAY PERMIT:				
		CERTIFICATE OF DIRECT PAYMENT AUTHORITY FOR PURCHASES OF TANGIBLE PERSONAL PROPERTY				
		THE FLORIDA DEPARTMENT OF REVENUE HAS AUTHORIZED GOLF PURCH. COMPANY TO SELF-ACCURE AND REBATE THE SPECIALTY TAX DIRECTLY TO THE DEPARTMENT.				
		SPECIALTY TAX NUMBER: 199-375				
		EFFECTIVE DATE: 05-14-00				
		JANUARY 30, 1995				
		JANUARY 31, 2000				

YOU WILL BE FULLY RESPONSIBLE FOR YOUR PERMANENT RETURN AND ALL LIABILITY AND HOLD GOLF PURCH. COMPANY FROM ANY CLAIMS, DAMAGES OR OTHER COSTS INCLUDING LEGAL COSTS AS A RESULT OF SUCH PERFORMANCE WHETHER OR NOT RESULTING FROM THE JOINT CONTRIBUTION OR NEGLIGENCE OF GOLF PURCH. COMPANY.

REMARK SHALL BE RESPONSIBLE FOR CANCELLING ALL ALL FEDERAL STATE AND LOCAL LIABILITIES AND REDEMPTIONS FACILITY TO THE WORK TO CONTINUED ON NEXT PAGE

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

VENOR'S SIGNATURE

By or Gulf Power



**Purchase Order**

PURCHASING RECORD



**S H I P T O**  
 Gulf Power Company  
 1000 GULF BAY PARKWAY  
 PENSACOLA FL 32501-1512  
 (904) 412-3371

**PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE**  
 NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

Purchase Order Number: 76-412077-  
 Vendor No: 003  
 Order Date: 03/02/70  
 Page No: 4

**VENDOR INSTRUCTIONS:**  
 Please sign & return Acceptance Copy to:  
 Purchasing and Contracts  
 Gulf Power Company  
 Post Office Box 13670  
 Pensacola FL 32591-3670

Submit all invoices in duplicate to:  
 Accounts Payable Department  
 Gulf Power Company  
 Post Office Box 1151  
 Pensacola FL 32520-0731

**TO:**  
 BRADLEYVILLE DUNOVAN CHESTNUT  
 1000 GULF BAY PARKWAY  
 PENSACOLA FL 32501-1512  
 (904) 412-3371

LINE	COMMODITY NO.	DESCRIPTION	QUANTITY	U/M	UNIT PRICE	TOTAL
		Decommissioned	152	POUNDS	1.44	0.61

IN STATE PRICE RISK. THIS DATA IS NECESSARY FOR GULF POWER COMPANY INTERNAL RECORDS AND INTERESTED PARTIES CONCERNING THE EXACT NATURE OF THIS RETAILING SHOULD BE DIRECTED TO THE CONTRACTOR.

SMALL & DISADVANTAGED BUSINESSES UTILIZATION OF SMALL BUSINESS CONCERNS AND SOCIALLY BUSINESS CONCERNS OWNED AND CONTROLLED BY INDIVIDUALS AND ECONOMICALLY DISADVANTAGED INDIVIDUALS SHALL AS THE POLICY OF THE UNITED STATES THAT SMALL BUSINESS CONCERNS AND SOCIALLY BUSINESS CONCERNS OWNED AND CONTROLLED BY INDIVIDUALS AND ECONOMICALLY DISADVANTAGED INDIVIDUALS SHALL HAVE THE MAXIMUM PRACTICABLE OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF CONTRACTS LET BY ANY FEDERAL AGENCY.

THE CONTRACTOR HEREBY AGREES TO CARRY OUT THIS POLICY SET FORTH ABOVE IN THE AWARDING OF SUBCONTRACTS TO THE FULLEST EXTENT CONSISTENT WITH THE EFFICIENT PERFORMANCE OF THIS CONTRACT. THE CONTRACTOR FURTHER AGREES TO COOPERATE IN ANY STUDIES OR SURVEYS THAT MAY BE CONDUCTED BY THE SMALL BUSINESS ADMINISTRATION OR THE CONTRACTING AGENCY IN CONNECTION WITH THE CONTRACT. THE CONTRACTOR'S COMPLIANCE WITH SAID CLAUSES, INCLUDING, BUT NOT LIMITED TO, SUBCONTRACTING STANDARDS FOR FEDERAL AGENCIES AND/OR STATE, FEDERAL, COUNTY AND/OR MUNICIPAL CONTRACTS, IS CONTINUED ON REVERSE PAGE.

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

VENDOR'S SIGNATURE

For Gulf Power  
 By



Purchase Order

Gulf Power Company

PURCHASING RECORD



S H I P T O

RAY GULF PARKWAY  
PENSACOLA FL 32501-0312  
Tel: 904-412-1771

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE  
NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

TO:

DAYTONVILLE DUNWOODY CHRISTIAN  
ATTN: JIM TIDWELL  
3100 SOUTH BAYLEN STREET  
SUITE 301  
DAYTONVILLE GA 32522

Purchase Order Number 30-412-1771	Vendor No 000	Order Date 11/12/90	Page No 3
<b>VENDOR INSTRUCTIONS:</b>			
Please sign & return Acceptance Copy to:			
Purchasing and Contracts Gulf Power Company Post Office Box 13670 Pensacola FL 32591-3670			
Submit all invoices in duplicate to:			
Accounts Payable Department Gulf Power Company Post Office Box 1151 Pensacola FL 32520-0731			

LINE	COMMODITY NO	DESCRIPTION	UNIT	QUANTITY	U/M	UNIT PRICE	TOTAL
10		PERCENTAGE CAPITAL				444-0031	

IN ACCORDANCE WITH THE PROVISIONS OF THE FUNDS DIRECTLY TO THE CONTRACTING AGENCY.

(1) AS USED IN THIS CONTRACT, THE TERM "SMALL BUSINESS CONCERN" SHALL MEAN A SMALL BUSINESS AS DEFINED PURSUANT TO SECTION 3 OF THE SMALL BUSINESS ACT AND RELEVANT REGULATIONS PROMULGATED PURSUANT HERETO.

(2) THE TERM "SMALL BUSINESS CONCERN" UNITED AND CONTROLLED BY INDIVIDUALS SHALL MEAN A SMALL BUSINESS CONCERN:

(1) WHICH IS AT LEAST 51 PER CENTUM OWNED BY ONE OR MORE INDIVIDUALS AND ECONOMICALLY DISADVANTAGED INDIVIDUALS OR IN THE CASE OF ANY POLLELY OWNED BUSINESS AT LEAST 51 PER CENTUM OF THE STOCK OF WHICH IS OWNED BY ONE OR MORE INDIVIDUALS AND ECONOMICALLY DISADVANTAGED INDIVIDUALS; AND  
(2) WHOSE MANAGEMENT AND ALLY BUSINESS OPERATIONS ARE CONTROLLED BY ONE OR MORE SUCH INDIVIDUALS.

THE CONTRACTOR SHALL PRESUME THAT SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS INCLUDE BLACK AMERICANS, HISPANIC AMERICANS, NATIVE AMERICANS, ASIAN-PACIFIC AMERICANS, AND OTHER MINORITY GROUPS. OTHER INDIVIDUALS WHOSE BUSINESS OPERATIONS ARE CONTROLLED BY ONE OR MORE SUCH INDIVIDUALS SHALL BE DEEMED TO BE ECONOMICALLY DISADVANTAGED INDIVIDUALS.

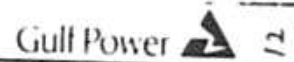
Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

VENDOR'S SIGNATURE

For Gulf Power  
By

**Purchase Order**

PURCHASING RECORD



300851 110-92

**S  
H  
I  
P  
T  
O**

Gulf Power Company

315 SOUTH BAYLEN STREET  
PENSACOLA FL 32501-1312  
(813) 412-0771

PURCHASE ORDER NO. MUST APPEAR ON INVOICES, PACKAGES, TRANSPORTATION RECEIPTS & CORRESPONDENCE

NOTICE: Vendor will be bound by all terms and conditions on the face and reverse side of this purchase order.

Purchase Order Number - 15-412371-	Division No 111	Order Date 3/12/90	Page No 1
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**VENDOR INSTRUCTIONS:**

Please sign & return Acceptance Copy to:

Purchasing and Contracts  
Gulf Power Company  
Post Office Box 13670  
Pensacola FL 32591-3670

Submit all invoices in duplicate to:

Accounts Payable Department  
Gulf Power Company  
Post Office Box 1151  
Pensacola FL 32520-0731

**TO:** BAKERVILLE DUNOVAN ENGINEER  
ATTN: TIM BUSH  
315 SOUTH BAYLEN STREET  
SUITE 311  
PENSACOLA FL 32511

Ship Via	FOB	Freight Message	Terms	Buyer's Name
VEHICLE'S SERVICE	DESTINATION	ALLOWED		NO. P.04LET, C.P.M. 444-0031

LINE	COMMODITY NO	DESCRIPTION	QUANTITY	U/M	UNIT PRICE	TOTAL
		(C) OF THE SMALL BUSINESS ACT. D. CONTRACTORS ACTING IN GOOD FAITH MAY RELY ON WRITTEN REPRESENTATIONS BY THE IF SUBCONTRACTORS REGARDING THEIR STATUS AS A SMALL BUSINESS CONCERN OR SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SOCIALLY AND ECONOMICALLY DISADVANTAGED INDIVIDUALS. E. EACH INVOICE SUBMITTED UNDER THIS CONTRACT SHALL LIST THE DOLLAR AMOUNT WORKED BY ANY SUBCONTRACTORS DESCRIBED IN THE ABOVE STATED SECTION C.				

END OF PURCHASE ORDER

45989.01

Sales Tax Information: If you are registered to collect and remit sales taxes in Florida, you must include tax on invoices where appropriate.

VENDOR'S SIGNATURE

For Gulf Power  
By

January 12, 1996

## Attachment "A"

Mr. Alan Steele  
Gulf Power Company  
P. O. Box 1151  
Pensacola, FL 32520

RE: Subaqueous Crossing, Santa Rosa Sound,  
Gulf Breeze, Florida

Dear Alan:

It was a real pleasure to meet with you and Ms. Terry to discuss your upcoming project. As discussed we have reviewed the costs and prepared the following services and fees.

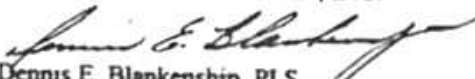
1. Upland Surveys: Establish and tie Gulf Island National Seashore Boundary, U.S. Hwy 98 (S.R. 30) Right-of-Way (R/W), traverse of route along existing fire trail, tie survey lines to the GPS based high-precision Santa Rosa County Control Network (required to establish State Plane Coordinates) for hydrographic survey. Fee: \$2,170.00
2. Offshore Surveys: We propose to provide, through the use of a subcontractor, profiles and topographic mapping of a 50.00 foot wide route along the bottom of Santa Rosa Sound. Fee: \$3,838.00
3. Permitting: We propose to perform those surveys required to complete the survey portion of the Florida Department of Environmental Protection (FDEP) submerged land lease application. Also we will provide documentation from an environmental consultant as to the locations of grassbeds and shellfish, if applicable. Fee: \$3,535.00
4. Direct Expenses: Fee: \$446.00

The total fee for Items 1-4 is \$9,989.00. The attached "survey estimate worksheet" details the proposed tasks and estimated manhours.

We look forward to beginning this project and will begin promptly upon receipt of your "notice-to-proceed". Please call if you have any questions or need additional information.

Very truly yours,

BASKERVILLE-DONOVAN, INC.

  
Dennis E. Blankenship, PLS  
Vice President and Survey Manager

Attachment

Date: January 12, 1996  
 Job No.: Intersecting crossing Santa Rosa Sound  
 Draw: Out Islands 1) P.O. Beach Arch  
Barra Rosa, County, FL

**SURVEY ESTIMATE WORKSHEET**

Req. By: Alan Steinhilber  
 Prep. By: ALB  
 Est. Date: 1/9/96  
 Accepted By: \_\_\_\_\_

Item	Survey Crew	CadTech	Project Surveyor	Clerical	PLM Dept Mgr.	Description/Notes	Item Total
<b>DETAILED SURVEY ELEMENTS:</b>							
Baseline Control	12		4		2	Use to verify Survey Coordinate System for use in permitting and for routing of Hydrographic Survey Boat. Re: Item 2 of letter.	\$1,700
Alignment							\$0
Target Placement (Material)							\$0
Reference Points							\$0
Section Line Test							\$0
Subdivision and Property Test							\$0
Side Street Surveys							\$0
Topography							\$0
Bench Levels							\$0
Cross-sections	3		2		1.5	Set benchmarks for Hydro Sound to correlate bathymetry. Re: Item 2 of letter.	\$600
Underground Utilities							\$0
Special Surveys (fathos, canopy, etc.)							\$0
Geotechnical Sitework							\$0
Under Water Areas							\$0
Supplemental Surveys							\$0
<b>ROUGH-OF-WAY SURVEY ELEMENTS:</b>							\$0
Property/Easement Description							\$0
Property/Easement Drawings		24	9	3	4	Prepares descriptions and sketches for FDEP subrogated and lease application. Re: Item 3 of letter.	\$1,725
Property/Easement Sitework							\$0
Construction Sitework							\$0
Data Reduction/Compilation							\$0
Field Research							\$0
Project Administration/Travel							\$0
Boundary Survey	18	8	6	2	4	Survey of upland Route and includes descriptions of easements requested through the West Seaside's Property. Re: Item 1.	\$2,170
Hydrographic Survey						Re: Kenneth, J.L. Provide documentation of sea-bottom features along proposed route. Re: Item 2 of letter.	\$2,000
Geotechnical Survey						Re: Kenneth, J.L. Provide documentation of sea-bottom features along proposed route. Re: Item 2 of letter.	\$2,000
Environmental Report							\$1,800
Total Hours	33	32	20	6	11.5		\$8,545
Hourly Rates	\$76	\$40	\$90	\$25	\$75		\$8,545
Total Labor and Overhead	\$2,415	\$1,280	\$1,800	\$175	\$863		\$7,433
Direct Expenses	\$368	\$240	\$1,000	\$125	\$483	Direct Expenses	\$446
Grand Total	\$2,783	\$1,520	\$1,800	\$300	\$1,346	\$2,100	\$11,888

FLORIDA PUBLIC SERVICE COMMISSION  
DOCUMENT / RECORD REQUEST

TO: D. Echols and R. McMillan  
UTILITY: GULF POWER COMPANY  
FROM: Mark Caruth  
(AUDIT MANAGER)

Mark Caruth  
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: MC-BDI DATE OF REQUEST: 6/26/98  
AUDIT PURPOSE: Associate Transactions - Related Parties  
REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY 7/10/98  
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

ITEM DESCRIPTION: Fax # 850-444-6751

- INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

Enclosed:

1 Cover Page	< This Document Request >	1 Page
1 Memo	< AT-BDI >	2 Pages
1 Photocopy of Page from	AFAD/EDP	1 Page
Total		FOUR PAGES

TO: AUDIT MANAGER MARK CARUTH DATE 7/22/98

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION THIS MATERIAL IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. I UNDERSTAND THAT TO OBTAIN TEMPORARY CONFIDENTIAL HANDLING A NOTICE OF INTENT MUST BE FILED WITH THE DIVISION OF RECORDS AND REPORTING. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE COMMISSION STAFF HAS OBTAINED THE MATERIAL (OR IN THE CASE OF MATERIAL OBTAINED DURING THE COURSE OF AN AUDIT, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE) FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006 F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

D. Echols  
SIGNATURE AND TITLE OF RESPONDER

SIGNATURE AND TITLE OF RESPONDER

To: Dennis Echols --- Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: June 26, 1998

Subject: A/P File data {Baskerville-Donovan vendor data}

Memo: AT-BD1

Reference: Document Request# MC-BD1

Dennis,

**OVERVIEW:**

As part of the affiliate transactions audit, the topic of related party transactions in the Year 1996 is being explored also. This subject includes transactions involving individuals at Gulf Power Company who have satisfied three standards:

- 1) They are an Officer/Director/Manager at Gulf Power Company.  
AND
- 2) They also hold a position of influence within a firm or within a proprietorship which serves as a potential/actual Vendor providing goods/services to Gulf Power Company.  
AND
- 3) They hold a position of influence within Gulf Power Company in which it would be possible to obtain the selection/use of their firm/proprietorship as a Vendor providing goods or services to Gulf Power Company.

**RESEARCH:**

Research per Form 10-K indicated that Fred C. Donovan has met the three potential requirements defined above:

- 1) Director of Gulf Power  
AND
- 2) President, Baskerville-Donovan (Architectural & Engineering)  
AND
- 3) Director, Gulf Power Company  
Baskerville-Donovan selected to provide services to Gulf

**ACTIONS:**

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a purchase by Gulf Power Company from the Vendor designated "Baskerville" or "Donovan" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice#    PurchOrder    VendorName    Description

**RESULTS:**

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the item "D1" has been selected for research.

**REQUESTS:**

- 1) Please provide a brief statement of purpose for the payment made in Year 1996 for item D1.
- 2) Please provide invoice/documentation to support the paid amount for item D1 in Year 1996.
- 3) Was this payment (item D1) made as a result of a "contract" by Baskerville-Donovan with Gulf Power Company?
  - 3.1) If so, then please provide a photocopy of the contract.
- 4) Were any payments by Gulf Power Company during 1996 made to the firm of Baskerville-Donovan the result of any contractual requirement existing between Gulf Power Company and the firm of vendor Baskerville-Donovan?
  - 4.1) If so, then please provide a photocopy of the contract.



FIELD COPY  
 STATE OF OHIO  
 DEPARTMENT OF PUBLIC SAFETY  
 DIVISION OF INVESTIGATION  
 CREDIT ENTRIES

REP: NONE  
 DATE: 06/24/98

ORDER NUMBER: 96191119 48104  
 ORDER DATE: 06/24/98  
 ORDER TYPE: CREDIT ENTRIES

ORDER NUMBER	AMOUNT	REF NUMBER	INVOICE NO	PURCH ORDER	VENDOR NAME	DESCRIPTION
00 131 10801 000000	750.00	543987	543987		FRED C DOMOVAN SR	01/19/96
00 131 10801 000000	750.00	544291	544291		FRED C DOMOVAN SR	02/15/96
00 131 10801 000000	4,000.00	546864	546864		FRED C DOMOVAN SR	02/21/96
00 131 10801 000000	750.00	551520	551520		FRED C DOMOVAN SR	04/11/96
00 131 10801 000000	3,250.00	552876	552876		FRED C DOMOVAN SR	04/23/96
00 131 10801 000000	5,070.00	553567	553567		BASERVILLE DOMOVAN ENGINEERS INC	05/03/96
00 131 10801 000000	3,025.00	554228	554228		BASERVILLE DOMOVAN ENGINEERS INC	05/31/96
00 131 10801 000000	750.00	558129	558129		FRED C DOMOVAN SR	06/21/96
00 131 10801 000000	1,894.00	559796	559796		BASERVILLE DOMOVAN ENGINEERS INC	07/10/96
00 131 10801 000000	4,000.00	560681	560681		FRED C DOMOVAN SR	07/19/96
00 131 10801 000000	4,037.20	568267	568267		FRED C DOMOVAN SR	10/16/96
00 131 10801 000000	750.00	570284	570284		FRED C DOMOVAN SR	11/08/96

29,026.20

LOCATION	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
00 181 00029 000000	750.00	96018068	011796-750	FRED C DOMOVAN SR	BOARD MEETING 1-17-96

LOCATION	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
00 181 00039 000000	750.00	96312026	110696-750	FRED C DOMOVAN SR	ATTEND FEE SPECIAL BOD MTG

LOCATION	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
00 181 00432 000000	750.00	96101219	040596-750	FRED C DOMOVAN SR	ATTEND FEE SPECIAL BOD MTG 04-09-96

LOCATION	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
00 181 00435 000000	750.00	96045093	021396-750	FRED C DOMOVAN SR	ATTENDANCE FEE FOR SPECIAL BOD MTG 02-13-96

LOCATION	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
20 306 02600 990055	1,894.00	96191119	48104	BASERVILLE DOMOVAN ENGINEERS INC	PROVIDE RESOURCES NECESSARY FOR SURVE

D1





# Related Party Transactions MC 10/12/98

From  
10-48

From  
10-48

GULF POWER COMPANY  
AUDIT OF AFFILIATE TRANSACTIONS -  
RELATED PARTIES  
REQUEST NO. MC-SB1  
PAGE 1 OF 2

## ACTIONS:

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a payment by Gulf Power Company made to the Vendor designated "SUNTRUST" or "SUN TRUST" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice#    PurchOrder    VendorName    Description

## RESULTS:

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the items "D1", "D2", and "D3" have been selected for research.

## REQUESTS:

- 1) Please provide a brief statement of purpose for each of the payments made in Year 1996 for items D1, D2, and D3.

### RESPONSE:

From  
Page .3

Item D1 is a payment of the interest subsidy due SunTrust Bank of West Florida as a result of its participation as a lender to eligible customers under Gulf Power Company's FPSC approved Gulf Express Loan conservation program. Each loan is initiated directly between the customer and a participating lender.

From  
Page .4

Item D2 is a payment of SunTrust Bank of West Florida for a defaulted loan pursuant to the loan guarantee feature of Gulf Power Company's FPSC approved Gulf Express Loan conservation program.

Data  
per pages .5  
page .14

Item D3 is a payment of fees to SunTrust Bank of West Florida for bank services provided to Gulf Power Company associated with the Company's banking accounts at SunTrust Bank of West Florida.

- 2) Please provide invoices/documentation to support the paid amounts for items D1, D2, & D3 in Year 1996.

**RESPONSE:** See attached photocopies of invoices for items D1, D2, and D3.

3} Were these payments (items D1, D2, and D3) made as a result of a "contract" by SunTrust with Gulf Power Company?

**RESPONSE:** No. There is no written "contract."

3.1} If so, then please provide a photocopy of the contract.

**RESPONSE:** N/A.

D1

1996  
3rd QUARTER  
GULF EXPRESS RESULTS  
NO. OF LOANS, AMOUNTS AND SUBSIDY

	LOANS CLOSED	LOAN AMOUNT	SUBSIDY
<b>PENSACOLA DISTRICT</b>			
AMSOUTH (1)	84	\$336,502.68	\$29,771.06
BANK OF PENSACOLA	0	\$0.00	\$0.00
SUNTRUST BANK (2)	25	\$116,886.12	\$10,762.05
BARNETT BANK	1	\$3,512.60	\$209.33
TOTAL	110	\$456,901.40	\$40,742.44
<b>FORT WALTON DISTRICT</b>			
FIRST CITY BANK	7	\$25,418.80	\$1,812.04
FIRST BANK CRESTVIEW	0	\$0.00	\$0.00
FIRST NATIONAL BANK & TRUST	33	\$125,295.48	\$9,463.10
TOTAL	40	\$150,714.28	\$11,275.14
<b>JACKSONVILLE DISTRICT</b>			
PEOPLES BANK OF GRACEVILLE	1	\$3,669.45	\$217.76
PEOPLES FIRST FINANCIAL S & L	0	\$0.00	\$0.00
BANK OF JACKSON COUNTY	1	\$3,796.54	\$371.81
TOTAL	2	\$7,465.99	\$589.57
COMPANY TOTALS	152	\$615,081.67	\$52,607.15

EACH LINE ITEM REPRESENTS A SEPARATE PAYMENT TO EACH OF THE BANKS

- (1) INCLUDES: 37 LOANS PANAMA CITY  
18 LOANS FORT WALTON
- (2) INCLUDES: 8 LOANS PANAMA CITY

**RECEIVED**  
 Acct. Distribution B-94-402110  
233-908-1147  
 DEC 11 1996 Date Received 12-4-96  
 Rec'd By Jacilia F. Ray  
 Approved David S. Smith  
 Approved [Signature]

Barnett Bank of West Florida  
 Attention: Deborah Nunnally  
 9000 Southside Blvd, Building 600  
 P O Box 2759, M/C 576-640  
 Jacksonville, FL 32203-2759

660512  
 GULF



Date: July 24, 1996

Re: Defaulted SunTrust Bank, West Florida  
Gulf Express Loan of Michelle A. and  
Mazen A. Hendawi

From: David Shell *David*

To: J. T. Kilgore, Jr.  
 General Manager of Marketing  
 and Load Management

RECEIVED

AUG 8 1996

ACCOUNTS PAYABLE

I have received the above referenced defaulted Gulf Express Loan and recommend reimbursement of \$3,695.80.

\$3,991.08	Outstanding Principal
<u>77.00</u>	Reasonable Attorney Fees and Court Costs
\$4,068.08	Total Reimbursable Amount
<u>- 372.28</u>	Minus Unearned 4% Subsidy
\$3,695.80	Recommended Reimbursable Amount

Approved: *J. Thomas Kilgore Jr.*  
 General Manager of Marketing  
 and Load Management

**Payee is:**  
 SunTrust Bank, West Florida ✓  
 P. O. Box 510  
 Pensacola, FL 32593-0510  
 Attention: Mr. Ron Rennspies

Cc: W. E. Tate  
 Ronnie E. Yaden  
 Jarvis VanNorman

FO No. B-94-402112

Acc. Distribution <sup>From</sup> \_\_\_\_\_

Date Received 8/5/96

Rec'd By *Jolicea Flay*

Approved *David Shell*

Approved *Ronnie E. Yaden*

660 795  
SunTrust BK

X  
①-②

GULF POWER COMPANY  
GENERAL FUND ACCOUNT - B  
PO BOX 1151  
PENSACOLA

MAY 1996

FL 325201151

INVOICE

SUNTRUST BANK, WEST FLORIDA  
COMMUNITY BRANCH BANKING  
PENSACOLA MAIN OFFICE

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- INVOICE -----

PLEASE REMIT THE "TOTAL DUE" FOR SERVICES RECORDED UNDER THE  
ACCOUNT ANALYSIS MONTHLY BILLING PLAN.

SETTLEMENT PERIOD - MAY 96 THRU MAY 96

BALANCE BASED SERVICES .....	\$	8.67
TOTAL DUE .....	\$	8.67

PAYMENT DUE UPON RECEIPT

----- REMITTANCE -----

SEND PAYMENT TO:

SUNTRUST BANK, WEST FLORIDA  
ATTN: CORP. CASH MGMT, JEANNE FORD  
P.O. BOX 510  
PENSACOLA, FL. 32593

RETAIN ONE COPY OF  
THIS INVOICE FOR  
YOUR RECORDS AND  
RETURN THE SECOND  
COPY WITH PAYMENT.

CUSTOMER COPY

5

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

PAGE 1

GULF POWER COMPANY  
GENERAL FUND ACCOUNT - B  
PO BOX 1151  
PENSACOLA

FL 325201151

ANALYSIS PERIOD  
MAY 1996

0609 DIV 53 OFF W0018  
COMMUNITY BRANCH BANKING

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	1,003.00
LESS: FLOAT	0.00
AVERAGE COLLECTED BALANCE	1,003.00
AVERAGE NEGATIVE COLLECTED BALANCE	0.00
AVERAGE POSITIVE COLLECTED BALANCE	1,003.00
LESS: RESERVES @ 10.00 %	100.30
AVERAGE NET POSITIVE COLLECTED BALANCE	902.70
EARNINGS CREDIT @ 5.020 %	3.83
LESS: ACTIVITY CHARGE	12.50
NET ANALYSIS POSITION	8.67-
ADDITIONAL BALANCES REQUIRED	2,264.00

----- ANALYSIS OF CHARGES -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
ACCOUNT MAINTENANCE	12.500	1	12.50	3,266.51
TOTAL FOR BALANCE BASED SERVICES			12.50	3,266.51

\*-----LAST PAGE OF STATEMENT-----\*

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

PAGE 1

GULF POWER CO  
GENERAL ACCOUNT  
P O BOX 1151  
PENSACOLA FL 325200001

ANALYSIS PERIOD  
MAY 1996

COMMUNITY BRANCH BANKING

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	43,226.10
LESS: FLOAT	33,805.20
AVERAGE COLLECTED BALANCE	9,420.90
AVERAGE NEGATIVE COLLECTED BALANCE	2,632.39-
AVERAGE POSITIVE COLLECTED BALANCE	12,053.29
LESS: RESERVES @ 10.00 %	1,205.33
AVERAGE NET POSITIVE COLLECTED BALANCE	10,847.96
EARNINGS CREDIT @ 5.020 %	46.12
LESS: ACTIVITY CHARGE	721.77
NET ANALYSIS POSITION	675.65-
ADDITIONAL BALANCES REQUIRED	176,560.00

----- ANALYSIS OF CHARGES -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
OD/UNC INTEREST CHG @ 11.250%		2,632	25.08	6,553.92
ACCOUNT MAINTENANCE	12.500	1	12.50	3,266.51
DEPOSITS CREDITED	0.300	5	1.50	391.98
ITEMS DEPOSITED				
ON US	0.038	444	16.87	4,408.48
CLEARINGHOUSE	0.054	2,149	116.69	30,493.49
JACKSONVILLE FED	0.078	2,560	200.70	52,447.02
MIAMI FED	0.078	5	0.39	101.92
OUT-OF-STATE	0.111	416	46.01	12,023.36
TRAVELERS CHECKS	0.060	1	0.06	15.68



# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

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PAGE 2

GULF POWER CO  
GENERAL ACCOUNT  
P O BOX 1151  
PENSACOLA FL 325200001

ANALYSIS PERIOD  
MAY 1996

COMMUNITY BRANCH BANKING

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- ANALYSIS OF CHARGES -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
ITEMS DEPOSITED - REJECTS	0.250	29	7.25	1,894.57
REPRESENTED ITEMS	3.000	77	231.00	60,365.03
ACH ITEMS REC'D-DEBITS/CREDITS	0.080	19	1.52	397.21
NSF ITEM HANDLING	25.000	1	25.00	6,533.01
CASH VAULT DEPOSIT	0.300	124	37.20	9,721.12
TOTAL FOR BALANCE BASED SERVICES			721.77	188,613.30

\*-----LAST PAGE OF STATEMENT-----\*

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

I

PAGE 1

GULF POWER CO  
AGENCY ACCOUNT A  
PO BOX 1151  
PENSACOLA

FL 325201151

ANALYSIS PERIOD  
MAY 1996

COMMUNITY BRANCH BANKING

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	9,277.61
LESS: FLOAT	2,719.45
AVERAGE COLLECTED BALANCE	6,558.16
AVERAGE NEGATIVE COLLECTED BALANCE	376.39-
AVERAGE POSITIVE COLLECTED BALANCE	6,934.55
LESS: RESERVES @ 10.00 %	693.46
AVERAGE NET POSITIVE COLLECTED BALANCE	6,241.09
EARNINGS CREDIT @ 5.020 %	26.53
LESS: ACTIVITY CHARGE	30.26
NET ANALYSIS POSITION	3.73-
ADDITIONAL BALANCES REQUIRED	973.00

----- ANALYSIS OF CHARGES -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALENT
OD/UNC INTEREST CHG @ 11.250%		376	3.59	938.14
ACCOUNT MAINTENANCE	12.500	1	12.50	3,266.51
CHECKS PAID	0.130	93	12.09	3,159.36
DEPOSITS CREDITED	0.300	5	1.50	391.98
ITEMS DEPOSITED				
CLEARINGHOUSE	0.055	4	0.22	57.49
OUT-OF-STATE	0.110	1	0.11	28.75
ITEMS DEPOSITED - REJECTS	0.250	1	0.25	65.33
TOTAL FOR BALANCE BASED SERVICES			30.26	7,907.56

\*-----LAST PAGE OF STATEMENT-----\*

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

PAGE 1

GULF POWER CO AGENCY ACCOUNT  
INTERNAL AUDIT SECTION AGENCY ACCT A  
ACCOUNTING SERVICES BIN 0732  
PO BOX 1151  
PENSACOLA

ANALYSIS PERIOD  
MAY 1996

FL 325201151

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	1,610.61
LESS: FLOAT	256.00
AVERAGE COLLECTED BALANCE	1,354.61
AVERAGE NEGATIVE COLLECTED BALANCE	0.00
AVERAGE POSITIVE COLLECTED BALANCE	1,354.61
LESS: RESERVES @ 10.00 %	135.47
AVERAGE NET POSITIVE COLLECTED BALANCE	1,219.14
EARNINGS CREDIT @ 5.020 %	5.18
LESS: ACTIVITY CHARGE	18.09
NET ANALYSIS POSITION	12.91-
ADDITIONAL BALANCES REQUIRED	3,373.00

----- ANALYSIS OF CHARGES -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
ACCOUNT MAINTENANCE	12.500	1	12.50	3,266.51
CHECKS PA'D	0.130	17	2.21	577.52
DEPOSITS CREDITED	0.300	7	2.10	548.77
ITEMS DEPOSITED				
ON US	0.040	1	0.04	10.45
CLEARINGHOUSE	0.055	4	0.22	57.49
JACKSONVILLE FED	0.078	13	1.02	266.55
TOTAL FOR BALANCE BASED SERVICES			18.09	4,727.29

\*-----LAST PAGE OF STATEMENT-----\*

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

I

GULF POWER COMPANY  
TREASURY DEPT BIN 781  
P O BOX 1151  
PENSACOLA FL 32520

ANALYSIS PERIOD  
MAY 1996

RELATIONSHIP  
SUMMARY

COMMUNITY BRANCH BANKING

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- ACCOUNTS INCLUDED IN ANALYSIS -----

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	54,114.32
LESS: FLOAT	36,780.65
AVERAGE COLLECTED BALANCE	17,333.67
AVERAGE NEGATIVE COLLECTED BALANCE	3,008.78-
AVERAGE POSITIVE COLLECTED BALANCE	20,342.45
LESS: RESERVES @ 10.00 %	2,034.26
AVERAGE NET POSITIVE COLLECTED BALANCE	18,308.19
EARNINGS CREDIT @ 5.020 %	77.84
LESS: ACTIVITY CHARGE	770.12
NET ANALYSIS POSITION	692.28-
ADDITIONAL BALANCES REQUIRED	180,906.00
AMOUNT DUE UNDER PLAN - PLEASE REMIT	692.28

----- ANALYSIS OF CHARGES UNDER MONTHLY BILLING PLAN -----

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

I

GULF POWER COMPANY  
TREASURY DEPT BIN 781  
P O BOX 1151  
PENSACOLA FL 32520

ANALYSIS PERIOD  
MAY 1996

RELATIONSHIP  
SUMMARY

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- ANALYSIS OF CHARGES UNDER MONTHLY BILLING PLAN -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
OD/UNC INTEREST CHG @ 11.250%		3,008	28.67	7,492.06
ACCOUNT MAINTENANCE	12.500	3	37.50	9,799.52
CHECKS PAID	0.130	110	14.30	3,736.88
DEPOSITS CREDITED	0.300	17	5.10	1,332.73
ITEMS DEPOSITED ON US	0.038	445	16.91	4,418.93
CLEARINGHOUSE	0.054	2,157	117.13	30,608.47
JACKSONVILLE FED	0.078	2,573	201.72	52,713.57
MIAMI FED	0.078	5	0.39	101.92
OUT-OF-STATE	0.111	417	46.12	12,052.10
TRAVELERS CHECKS	0.060	1	0.06	15.68
ITEMS DEPOSITED - REJECTS	0.250	30	7.50	1,959.90
REPRESENTED ITEMS	3.000	77	231.00	60,365.03
ACH ITEMS REC'D-DEBITS/CREDITS	0.080	19	1.52	397.21
NSF ITEM HANDLING	25.000	1	25.00	6,533.01
CASH VAULT DEPOSIT	0.300	124	37.20	9,721.12
TOTAL FOR BALANCE BASED SERVICES			770.12	201,248.13

\*-----LAST PAGE OF STATEMENT-----\*

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

PAGE 1

GULF POWER COMPANY  
GENERAL FUND ACCOUNT - B  
PO BOX 1151  
PENSACOLA

FL 325201151

ANALYSIS PERIOD  
MAY 1996

RELATIONSHIP  
SUMMARY

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- ACCOUNTS INCLUDED IN ANALYSIS -----

00609 0160-600018279

----- SUMMARY DATA -----

AVERAGE LEDGER BALANCE	1,003.00
LESS: FLOAT	0.00
AVERAGE COLLECTED BALANCE	1,003.00
AVERAGE NEGATIVE COLLECTED BALANCE	0.00
AVERAGE POSITIVE COLLECTED BALANCE	1,003.00
LESS: RESERVES @ 10.00 %	100.30
AVERAGE NET POSITIVE COLLECTED BALANCE	902.70
EARNINGS CREDIT @ 5.020 %	3.83
LESS: ACTIVITY CHARGE	12.50
NET ANALYSIS POSITION	8.67-
ADDITIONAL BALANCES REQUIRED	2,264.00
AMOUNT DUE UNDER PLAN - PLEASE REMIT	8.67

----- ANALYSIS OF CHARGES UNDER MONTHLY BILLING PLAN -----

# SUNTRUST

SUNTRUST BANK, WEST FLORIDA  
P.O. BOX 510, MAIL CODE A-1029  
PENSACOLA, FLORIDA 32593-0510

PAGE 2

GULF POWER COMPANY  
GENERAL FUND ACCOUNT - B  
PO BOX 1151  
PENSACOLA

FL 325201151

ANALYSIS PERIOD  
MAY 1996

RELATIONSHIP  
SUMMARY

ACCT OFFICER: RICHARD BOLIN  
TELEPHONE NUMBER: (904) 435-1305

----- ANALYSIS OF CHARGES UNDER MONTHLY BILLING PLAN -----

BALANCE BASED SERVICES	UNIT CHARGE	ACTIVITY	ACTIVITY CHARGE	BALANCE EQUIVALEN
ACCOUNT MAINTENANCE	12.500	1	12.50	3,266.51
TOTAL FOR BALANCE BASED SERVICES			12.50	3,266.51

\*-----LAST PAGE OF STATEMENT-----\*

FLORIDA PUBLIC SERVICE COMMISSION  
DOCUMENT / RECORD REQUEST

TO: D. Echols and R. McMillan  
UTILITY: GULF POWER COMPANY  
FROM: Mark Caruth  
(AUDIT MANAGER)

Mark Caruth  
(AUDITOR PREPARING REQUEST)

REQUEST NUMBER: MC - SBI DATE OF REQUEST: 6/26/98  
AUDIT PURPOSE: Associate Transactions - Related Parties  
REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY 7/10/98 (DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

ITEM DESCRIPTION: Fax # 850-444-6751

- INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

Enclosed:

1 Cover Page	< This Document Request >	1 Page
1 Memo	< AT-SBI >	2 Pages
1 Photocopy of Page from AFAD/EDP		1 Page

Total: FOUR PAGES

TO: AUDIT MANAGER MARK CARUTH DATE 7/22/98

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION THIS MATERIAL IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. I UNDERSTAND THAT TO OBTAIN TEMPORARY CONFIDENTIAL HANDLING A NOTICE OF INTENT MUST BE FILED WITH THE DIVISION OF RECORDS AND REPORTING. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE COMMISSION STAFF HAS OBTAINED THE MATERIAL (OR IN THE CASE OF MATERIAL OBTAINED DURING THE COURSE OF AN AUDIT, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE) FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006 F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

D. Echols  
SIGNATURE AND TITLE OF RESPONDENT

DISTRIBUTION:  
Original: Utility Complete and Return to Auditor    Pink: To FPSC Analyst    Goldenrod: Audit File Copy    Canary: Utility Retain



To: Dennis Echols --- Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: June 26, 1998

Subject: A/P File data {SunTrust Bank}

Memo: AT-SB1

Reference: Document Request# MC-SB1

Dennis,

**OVERVIEW:**

As part of the affiliate transactions audit, the topic of related party transactions in the Year 1996 is being explored also. This subject includes transactions involving individuals at Gulf Power Company who have satisfied three standards:

- 1) They are an Officer/Director/Manager at Gulf Power Company.  
AND
- 2) They also hold a position of influence within a firm or within a proprietorship which serves as a potential/actual Vendor providing goods/services to Gulf Power Company.  
AND
- 3) They hold a position of influence within Gulf Power Company in which it would be possible to obtain the selection/use of their firm/proprietorship as a Vendor providing goods or services to Gulf Power Company.

**RESEARCH:**

Research per Form 10-K indicated that W. Deck Hull, Jr. has met the three potential requirements defined above:

- 1) Director of Gulf Power  
AND
- 2) Vice Chairman, SunTrust Bank  
AND
- 3) Director, Gulf Power Company  
SunTrust selected to provide services to Gulf

**ACTIONS:**

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a payment by Gulf Power Company made to the Vendor designated "SUNTRUST" or "SUN TRUST" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice#    PurchOrder    VendorName    Description

**RESULTS:**

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the items "D1", "D2", and "D3" have been selected for research.

**REQUESTS:**

- 1) Please provide a brief statement of **purpose** for each of the payments made in Year 1996 for items D1, D2, & D3.
- 2) Please provide **invoices/documentation** to support the paid amounts for items D1, D2, & D3 in Year 1996.
- 3) Were **these** payments (items D1, D2, & D3) made as a result of a "contract" by SunTrust with Gulf Power Company?
  - 3.1) If so, then please provide a photocopy of the contract.

QTR COMPANT  
 OF DETAIL DISTRIBUTION FROM ACCOUNTS PAYABLE FILE, 1996  
 LOCATION AND ACCOUNT FOR ALL TRANSACTIONS FOR VENDOR NAMES  
 LED BY AUDITOR. (THIS RUN FOR R6)  
 CREDIT ENTRIES

EDP PGM: PRTGLABR  
 CRT: NONE  
 RUN DATE: 06/23/98

ORDER NUMBER	AMOUNT	REF NUMBER	INVOICE NO	VENDOR NAME	DESCRIPTION
2233 908 01147 000000	3,699.08	96243070	082996-3699	SMTRUST/VEST FLORIDA	GULF EXPRESS IS THE NAME GIVEN TO THE
0233 908 01147 000000	10,762.05	96347138	120496-10762	SMTRUST/VEST FLORIDA	GULF EXPRESS IS THE NAME GIVEN TO THE
TOTAL LOCATION 000233					17,706.63

00233 908 01148 000000	3,695.80	96226828	072496-3695	SMTRUST/VEST FLORIDA	GULF EXPRESS IS THE NAME GIVEN TO THE
00233 908 01148 000000	1,969.31	96276011	091896-7969	SMTRUST/VEST FLORIDA	GULF EXPRESS IS THE NAME GIVEN TO THE
100233 908 01148 000000	678.77	96276012	091896-678	SMTRUST/VEST FLORIDA	GULF EXPRESS IS THE NAME GIVEN TO THE
TOTAL LOCATION 000233					6,343.88

000781 921 00213 000000	338.79	96032010	013096-347	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PC FOR DEC95
000781 921 00213 000000	8.58	96032010	013096-347	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PENSACOLA FOR DEC 95
000781 921 00213 000000	692.28	96212008	072996-700	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PC AND PENSACOLA OR NO
000781 921 00213 000000	8.67	96212008	072996-700	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PC AND PENSACOLA OR NO
000781 921 00213 000000	642.30	96271041	092796-670	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PC FOR JUL 1996
000781 921 00213 000000	8.55	96271041	092796-670	SMTRUST/VEST FLORIDA	ANALYSIS FEES FOR PENSACOLA
000781 921 00213 000000	588.78	96323043	111296-600	SMTRUST/VEST FLORIDA	ANALYSIS FEES PC AND PENSACOLA FOR SEPT
000781 921 00213 000000	11.22	96323043	111296-600	SMTRUST/VEST FLORIDA	ANALYSIS FEES PC AND PENSACOLA FOR SEPT
TOTAL LOCATION 000781					2,319.17

1074  
 2,332.17



# Related Party Transactions MC 10/12/98

From  
10-51

GULF POWER COMPANY  
AUDIT OF AFFILIATE TRANSACTIONS -  
RELATED PARTIES  
REQUEST NO. MC-BB1  
PAGE 1 OF 2

## ACTIONS:

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a payment by Gulf Power Company made to the Vendor designated "BARNETT" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice#    PurchOrder    VendorName    Description

## RESULTS:

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the items "D1", "D2", "D3", & "D4" have been selected for research.

## REQUESTS:

- 1) Please provide a brief statement of purpose for each of the payments made in Year 1996 for items D1-D4.

*PAID 10/20/96*    *PAID 2/20/97*

**RESPONSE:** Items D1 and D2 are payments of the interest subsidy due Barnett Bank as a result of its participation as a lender to eligible customers under Gulf Power Company's FPSC approved Gulf Express Loan conservation program. Each loan is initiated directly between the customer and a participating lender.

*PAID 2/20/97*    *PAID 2/20/97*

items D3 and D4 are payments of fees to Barnett Bank for bank services provided to Gulf Power Company associated with the Company's banking accounts at Barnett Bank.

- 2) Please provide invoices/documentation to support the paid amounts for items D1-D4 in Year 1996.

**RESPONSE:** See attached photocopies of invoices for items D1-D4.

- 3) Were these payments (items D1-D4) made as a result of a "contract" by Barnett Bank with Gulf Power Company?

**RESPONSE:** No. There is not a written "contract."

3.1} If so, then please provide a photocopy of the contract.

**RESPONSE:** N/A.

D1

REF # 96136073

RECEIVED

1996  
1st QUARTER  
GULF EXPRESS RESULTS  
MAY 19 1996 NO. OF LOANS, AMOUNTS AND SUBSIDY

ACCOUNTS PAYABLE

LOANS CLOSED    LOAN AMOUNT    SUBSIDY

AMSOUTH (1)	49	\$177,720.97	\$14,814.09
BANK OF PENSACOLA	1	\$2,995.00	\$175.72
SUNTRUST BANK (2)	5	\$22,976.53	\$1,933.28
<b>BARNETT BANK</b>		\$4,952.50	\$487.32
TOTAL		\$208,645.00	\$17,410.51
<b>FIRST CITY BANK</b>		\$18,224.00	\$1,176.59
FIRST BANK CRESTVIEW	0	\$0.00	\$0.00
FIRST NATIONAL BANK & TRUST	7	\$26,714.33	\$2,053.66
TOTAL	13	\$44,938.33	\$3,230.25
<b>PEOPLES BANK OF GRACEVILLE</b>		\$0.00	\$0.00
PEOPLES FIRST FINANCIAL S & L (3)	6	\$21,538.49	\$1,857.62
BANK OF JACKSON COUNTY	0	\$0.00	\$0.00
TOTAL	6	\$21,538.49	\$1,857.62
COM: ANY TOTALS	75	\$275,121.82	\$22,498.38

EACH LINE ITEM REPRESENTS A SEPARATE PAYMENT TO EACH OF THE BANKS

- (1) INCLUDES: 24 LOANS FORT WALTON  
13 LOANS PANAMA CITY
- (2) INCLUDES: 4 LOANS PANAMA CITY
- (3) INCLUDES: 1 LOAN PENSACOLA  
1 LOAN FORT WALTON

IO No. ✓ 844-402110  
 Fed. Distribution ✓ 233-908-1147  
 Date Received 5-8-96  
 Rec'd By Shelvia Pickney  
 Approved Ramon [Signature]  
 Approved \_\_\_\_\_

3

(D2)

REF. # 96347136

1996  
3rd QUARTER  
GULF EXPRESS RESULTS  
NO. OF LOANS, AMOUNTS AND SUBSIDY

	LOANS CLOSED	LOAN AMOUNT	SUBSIDY
<b>PENSACOLA DISTRICT</b>			
AMSOUTH (1)	84	\$338,502.68	\$29,771.06
BANK OF PENSACOLA	0	\$0.00	\$0.00
SUNTRUST BANK (2)	25	\$116,886.12	\$10,762.05
BARNETT BANK	1	\$3,512.60	\$209.33
TOTAL	110	\$456,901.40	\$40,742.44
<b>FORT WALTON DISTRICT</b>			
FIRST CITY BANK	7	\$25,418.80	\$1,812.04
FIRST BANK CRESTVIEW	0	\$0.00	\$0.00
FIRST NATIONAL BANK & TRUST	33	\$125,295.48	\$9,463.10
TOTAL	40	\$150,714.28	\$11,275.14
<b>JACKSON COUNTY DISTRICT</b>			
PEOPLES BANK OF GRACEVILLE	1	\$3,669.45	\$217.76
PEOPLES FIRST FINANCIAL S & L	0	\$0.00	\$0.00
BANK OF JACKSON COUNTY	1	\$3,796.54	\$371.81
TOTAL	2	\$7,465.99	\$589.57
COMPANY TOTALS	152	\$615,081.67	\$52,607.15

EACH LINE ITEM REPRESENTS A SEPARATE PAYMENT TO EACH OF THE BANKS

- (1) INCLUDES: 37 LOANS PANAMA CITY  
18 LOANS FORT WALTON
- (2) INCLUDES: 8 LOANS PANAMA CITY

RECEIVED

B-94-402110  
 233-908-1147  
 Date Received: 12-4-96  
 Rec'd By: Jessica F. Ray  
 David A. [Signature]  
 Approved: [Signature]

Barnett Bank of West Florida  
 Attention: Deborah Nunnally  
 9000 Southside Blvd, Building 600  
 P O Box 2759, MC 576-640  
 Jacksonville, FL 32203-2759

ACCOUNTS PAYABLE



D3

REF # 96179045

Treasury Department  
 May 1985  
 Consolidated Account # 4401882604  
 Depository

Description	Volume	Per Item (\$)	Barnett	Gulf Power	Variance
DEPOSITS CREDITED	1,348	0.1800	202.20	202.20	0.00
ACH DEPOSITED CREDITED	148	0.1800	21.00	21.00	0.00
ITEMS PAID	6,964	0.1000	696.40	696.40	0.00
ACH ITEMS PAID	111	0.1000	11.10	11.10	0.00
ITEMS DEPOSITED SVCS:					
Encoded - On-us	22,823	0.0081	182.44	182.44	0.00
Encoded - Clearinghouse	41,033	0.0160	656.53	656.53	0.00
Encoded - Other FL	100,187	0.0260	2,604.88	2,604.88	0.00
Encoded - Non FL	42,407	0.0410	1,738.69	1,738.69	0.00
ITEMS DEPOSITED Not encoded					
On-us	2,307	0.0600	118.10	118.10	0.00
Clearinghouse	3,023	0.0600	181.18	181.18	0.00
Other FL	10,863	0.0600	627.68	627.68	0.00
Non FL	1,829	0.0600	79.40	79.40	0.00
UNCOLL BAL. CHARGE	0		0.00	0.00	0.00
FOIC INSURANCE CHARGE	0		0.00	0.00	0.00
ACCOUNT MAINTENANCE FEES:					
Depository Account Maintenance	1	1.3000	10.00	10.00	0.00
Draft Account Maintenance	1	10.0000	10.00	10.00	0.00
Agency Accounts Maintenance	13	10.0000	130.00	130.00	0.00
Central Disb Acct. Maintenance	6	0.0000	120.00	0.00	120.00
Central Acct. Maintenance	1	10.0000	60.00	10.00	40.00
General Fund Acct. Maintenance	7	10.0000	70.00	70.00	0.00
TRANSFER SERVICES:					
TBA SYSTEM	1	20.0000	20.00	20.00	0.00
STOP PAYMENT	18	10.0000	180.00	180.00	0.00
PARTIAL RECON MAINTENANCE	2	25.0000	60.00	60.00	0.00
Firm Sort - per item	6,978	0.0160	89.64	89.64	0.00
Partial Recon per item	1,862	0.0350	64.67	64.67	0.00
Recon Rejects	22	0.1600	3.30	3.30	0.00
Magnetic Tape Output-ARP	1	16.0000	16.00	16.00	0.00
DEPOSIT ITEM RETURN	481	1.8000	721.80	721.80	0.00
PRE-ENCODED ITEM REJECTS	0	0.2800	0.00	0.00	0.00
CASH SERVICES:					
Cash Deposits Per \$1,000	1,003	0.0000	0.00	0.00	0.00
Deposit Corrections	4	1.0000	4.00	4.00	0.00
Telephone Notifications	0	3.0000	0.00	0.00	0.00
Cash Deposits Per \$1,000 -Branch	378	0.0000	0.00	0.00	0.00
BARNETT ACCESS:					
Maintenance	0	0.0000	0.00	0.00	0.00
Statement Reports	64	0.0000	0.00	0.00	0.00
Detail Items Stored	1,307	0.1000	130.70	130.70	0.00
WIRE TRANSFER SERVICE:					
PC Wire/Maint	1	25.0000	25.00	25.00	0.00
PC Wire/Domestic Outgoing	19	7.0000	133.00	133.00	0.00
PC Wire/Trans RPTS >25	0	0.0000	0.00	0.00	0.00
Domestic Wire -Incoming	19	7.0000	133.00	133.00	0.00
Domestic Wire -Outgoing	0	7.0000	0.00	0.00	0.00
Internal Transfer	1	1.0000	1.00	1.00	0.00
International Wires	0	10.0000	0.00	0.00	0.00
OTHER SERVICES - Miscellaneous	1		2.00	2.00	0.00
ACH SERVICES:					
Monthly Maintenance Fee	2	0.0000	0.00	0.00	0.00
Per Item Charge	12,163	0.0350	426.38	426.38	0.00
PC-ACH Transmission	26	0.0000	0.00	0.00	0.00
ACH Item Returns	14	1.5000	21.00	21.00	0.00
TOTAL ANALYZED CHARGES			8,182.61	8,992.61	180.00
LESS EARNINGS CREDIT at 4.489%					
GENERAL FUND ACCOUNT - NO. 4461882604			4,129.26	4,129.26	0.00
INVOICE AMOUNT			6,023.26	4,863.26	180.00
Less Authorized Deductions and Additions			(160.00)		
AMOUNT OF PAYMENT (Credit Balance)			4,983.26		

1/1/85

5

D4

REF # 9633004E

Treasury Department  
 October 1988  
 Consolidated Account # 448188884  
 Depository

Description	Volume	Per Item (\$)	Barnett	Gulf Power	Variance
DEPOSITS CREDITED					
ACH DEPOSITED CREDITED	1,216	0.1600	197.28	197.28	0.00
ITEMS PAID	125	0.1600	18.78	18.78	0.00
ACH ITEMS PAID	6,630	0.1600	603.00	603.00	0.00
ITEMS DEPOSITED BVCS:	137	0.1600	13.70	13.70	0.00
Encoded - On-us					
Encoded - Clearinghouse	22,808	0.0001	108.02	108.02	0.00
Encoded - Other FL	42,303	0.0100	678.21	678.21	0.00
Encoded - Non FL	168,129	0.0300	2,628.23	2,628.23	0.00
ITEMS DEPOSITED Not encoded	46,848	0.0410	1,893.64	1,893.64	0.00
On-us					
Clearinghouse	2,489	0.0000	124.85	124.85	0.00
Other FL	3,319	0.0000	165.95	165.95	0.00
Non FL	11,268	0.0000	692.78	692.78	0.00
UNCOLL. BAL. CHARGE	1,673	0.0000	83.85	83.85	0.00
FDIC INSURANCE CHARGE	0		0.00	0.00	0.00
ACCOUNT MAINTENANCE FEES:	0		0.00	0.00	0.00
Depository Account Maintenance	1	10.0000	10.00	10.00	0.00
Draft Account Maintenance	1	10.0000	10.00	10.00	0.00
Agency Accounts Maintenance	13	10.0000	130.00	130.00	0.00
Control Club Accts. Maintenance	0	0.0000	0.00	0.00	0.00
Control Acct. Maintenance	0	10.0000	00.00	00.00	0.00
General Fund Acct. Maintenance	0	10.0000	00.00	00.00	0.00
TRANSFER SERVICES:					
TSA SYSTEM	1	20.0000	20.00	20.00	0.00
STOP PAYMENT	2	10.0000	20.00	20.00	0.00
PARTIAL RECON MAINTENANCE	2	20.0000	60.00	60.00	0.00
File Sort - per Item	4,489	0.0100	68.87	68.87	0.00
Partial Recon per Item	790	0.0300	27.90	27.90	0.00
Recon Rejects	0	0.1000	0.00	0.00	0.00
Magnetic Tape Output-ARP	1	10.0000	10.00	10.00	0.00
DEPOSIT ITEM RETURN	622	1.0000	673.00	673.00	0.00
PRE-ENCODED ITEM REJECTS	0	0.2000	0.00	0.00	0.00
CASH SERVICES:					
Cash Deposits Per \$1,000	1,474	0.0000	0.00	0.00	0.00
Deposit Corrections	0	1.0000	0.00	0.00	0.00
Telephone Notifications	0	2.0000	0.00	0.00	0.00
Cash Deposits Per \$1,000 -Branch	638	0.0000	0.00	0.00	0.00
Change orders	21	0.0000	39.00	0.00	39.00
BARNETT ACCESS:					
Maintenance	0	0.0000	0.00	0.00	0.00
Statement Reports	01	0.0000	0.00	0.00	0.00
Detail Items Stored	1,276	0.1000	127.60	127.60	0.00
WIRE TRANSFER SERVICE:					
PC Wire/Local	1	20.0000	20.00	20.00	0.00
PC Wire/Domestic Outgoing	22	7.0000	154.00	154.00	0.00
PC Wire/Trans RPTS >25	0	0.0000	0.00	0.00	0.00
Domestic Wire -Incoming	16	7.0000	112.00	112.00	0.00
Domestic Wire - Outgoing	0	7.0000	0.00	0.00	0.00
Internal Transfer	1	1.0000	1.00	1.00	0.00
International Wire	0	10.0000	0.00	0.00	0.00
OTHER SERVICES - Miscellaneous	2		2.00	2.00	0.00
ACH SERVICES:					
Monthly Statement Fee	2	0.0000	0.00	0.00	0.00
Per Item Charge	13,403	0.0200	488.11	488.11	0.00
PC-ACH Transmission	30	0.0000	0.00	0.00	0.00
Data Transmission	30	0.0000	0.00	0.00	0.00
ACH Item Returns	27	1.0000	40.50	40.50	0.00
<b>TOTAL ANALYZED CHARGES</b>			<b>9,488.91</b>	<b>9,438.91</b>	<b>20.00</b>
LESS EARNINGS CREDIT AT 4.875%					
GENERAL FUND ACCOUNT - NO. 448188884			<b>3,804.01</b>	<b>3,804.01</b>	<b>0.00</b>
<b>SERVICE AMOUNT</b>			<b>5,684.90</b>	<b>5,634.90</b>	<b>20.00</b>
Less Authorized Deductions and Additions			(20.00)		
<b>AMOUNT OF PAYMENT (Credit Balance)</b>			<b>5,634.90</b>		

PAID

6

(Please Use Ball Point Pen - Press Hard)

FLORIDA PUBLIC SERVICE COMMISSION  
DOCUMENT / RECORD REQUEST

TO: D. Echols and R. McMillan  
UTILITY: GULF POWER COMPANY  
FROM: Mark Caruth  
(AUDIT MANAGER)

Mark Caruth  
(ALLOTOR PREPARING REQUEST)

REQUEST NUMBER: MC-BBI DATE OF REQUEST: 7/9/98

AUDIT PURPOSE: Associate Transactions - Related Parties

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY 7/16/98  
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

- INCIDENT TO AN INQUIRY
- OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: Fax # 850-444-6751

Enclosed:

<u>1 Cover Page &lt; This Document Request &gt;</u>	<u>1 Page</u>
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<u>1 Photocopy of Page from AFAD/EDP</u>	<u>1 Page</u>
<u>Total:</u>	<u>4 Pages</u>

TO: AUDIT MANAGER MARK CARUTH DATE 7/22/98

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION THIS MATERIAL IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. I UNDERSTAND THAT TO OBTAIN TEMPORARY CONFIDENTIAL HANDLING A NOTICE OF INTENT MUST BE FILED WITH THE DIVISION OF RECORDS AND REPORTING. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE COMMISSION STAFF HAS OBTAINED THE MATERIAL (OR IN THE CASE OF MATERIAL OBTAINED DURING THE COURSE OF AN AUDIT, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE) FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006 F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

[Signature]  
SIGNATURE AND TITLE OF RESPONDENT

To: Dennis Echols --- Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: July 9, 1998

Subject: A/P File data {Barnett Bank}

Memo: AT-BB1

Reference: Document Request# MC-BB1

Dennis,

**OVERVIEW:**

As part of the affiliate transactions audit, the topic of related party transactions in the Year 1996 is being explored also. This subject includes transactions involving individuals at Gulf Power Company who have satisfied three standards:

- 1) They are an Officer/Director/Manager at Gulf Power Company.  
AND
- 2) They also hold a position of influence within a firm or within a proprietorship which serves as a potential/actual Vendor providing goods/services to Gulf Power Company.  
AND
- 3) They hold a position of influence within Gulf Power Company in which it would be possible to obtain the selection/use of their firm/proprietorship as a Vendor providing goods or services to Gulf Power Company.

**RESEARCH:**

Research per Form 10-K indicated that John E. Hodges, Jr. has met the three potential requirements defined above:

- 1) Vice President a)Customer Ops b)Marketing at Gulf Power  
AND
- 2) Director, Barnett Bank  
AND
- 3) Vice President, Gulf Power Company  
Barnett Bank utilized to provide goods/services related to (or for the benefit of) Gulf Power operations or marketing efforts.

**ACTIONS:**

A request was made to AFAD EDP to implement a computer run/printout of all transactions (in the Accounts Payables computer file sent by Gulf Power Company to the FPSC) involving a payment by Gulf Power Company made to the Vendor designated "BARNETT" during Year 1996. As part of the computer run, a number of fields were printed for each of the transactions. These fields included:

..... Invoice#    PurchOrder    VendorName    Description

**RESULTS:**

AFAD EDP made the computer run as mentioned above. One of the pages of that output is enclosed. On the following page, the items "D1", "D2", "D3", & "D4" have been selected for research.

**REQUESTS:**

- 1) Please provide a brief statement of purpose for each of the payments made in Year 1996 for items D1-D4.
- 2) Please provide invoices/documentation to support the paid amounts for items D1-D4 in Year 1996.
- 3) Were these payments (items D1-D4) made as a result of a "contract" by Barnett Bank with Gulf Power Company?
  - 3.1) If so, then please provide a photocopy of the contract.

USER COMPANY  
 OF DETAIL DISTRIBUTION FROM ACCOUNTS PAYABLE FILE, 1996  
 ATTOR AND ACCOUNT FOR ALL TRANSACTIONS FOR VENDOR NAMES  
 ED BY ADDITION (THIS RUN FOR 80)  
 ( ) = CREDIT ENTRIES

TOP PGM: PR14MAX  
 DET: MORE  
 RUN DATE: 06/25/98

2 . . . . .

FEED SUMMARY NUMBER	ORDER	AMOUNT REF NUMBER	INVOICE NO	PURCH ORDER NUMBER	VENDOR NAME	DESCRIPTION
808 01147 000008		487 12	94154873 018896-487	894402110	BARRETT BANK OF WEST FLORIDA	CALF EXPRESS IS THE NAME GIVEN TO THE
908 01147 000008		582 10	98243088 082996-592	951602110	BARRETT BANK OF WEST FLORIDA	CALF EXPRESS IS THE NAME GIVEN TO THE
		299 33	94547154 120496-20	894402110	BARRETT BANK OF WEST FLORIDA	CALF EXPRESS IS THE NAME GIVEN TO THE

1,764.91

921 08211 800000		5,484.89	94059009 822096-5484		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR JAN 1996
921 08211 800000		4,863.28	94179043 082896-4863		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR MAY 1996
921 08211 800000		5,062.24	94211873 071596-5062		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR JUNE 1996
921 08211 800000		5,116.43	94268818 092396-5116		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR AUG 1996
921 08211 800000		5,415.88	94330845 112296-5415		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR OCTOBER 1996
921 08211 800000		9,812.64	94365873 122896-9812		BARRETT BANK OF WEST FLORIDA	ANNUAL FEES FOR NOV & DEC 1996

35,973.66

34,274.70





Echols, Dennis J.

From: Reeves, Anthony C.  
Sent: Monday, June 22, 1998 4:38 PM  
To: Echols, Dennis J.  
Cc: Hodges, John E.  
Subject: FPSC Inquiry MC-B&LI

From 10-44

Dennis:

From 8-23-98

1 The FPSC inquiry you gave me today asked about five invoices from Beggs & Lane. S1-3 all relate to the Ann Gordon  
2 discrimination lawsuit. S4-5 are "monthly retainer" fees. I cannot tell you anything about the latter. Information about the  
3 former is provided below. Please let me know if you need additional information.

4 S1-3

5 The Gordon case was a civil action filed in 1994. The case was tried before a jury on April 8-11, 1996. The jury found in  
6 favor of Gulf Power Company on one issue but could not reach a verdict on another issue. On June 14, 1996, the judge  
7 ruled in favor of Gulf Power Company on all counts. Ms. Gordon then threatened an appeal and asked for a settlement  
8 which we declined. On July 11, 1996 the case was settled when we agreed not to seek a judgement for our court costs.

9 The three invoices the FPSC asked about were dated April 16, 1996 (\$21,051.50), April 26, 1996 (\$1,870.91) and May  
10 20, 1996 (\$39,026.50). Thus, all the expenses were related to in<sup>2</sup> of the case.

ext. 6718

Utility Requests  
Confidential  
Received 7/23/98



TYP PMT: DISB CD: 0640 ST TAX CD: 00 LOC1:  
ST TAX AMT: .00 LOC1 AMT: .00  
FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC |-----ACCOUNT NUMBER-----| PISA SUB ANLY  
NO. PE LOC FERC SUB MO CISA STA CODE PIC BASE AMOUNT  
001 0000 0001 000 0000 00000 0001 0012 54.00

L/I LONG ITEM DESCRIPTION

0001 GORDON, ANN (DISCRIMINATION)

CPR VENDOR: CPR DESC: CPR LOC:  
QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:  
TYP PMT: DISB CD: 0640 ST TAX CD: 00 LOC1:  
ST TAX AMT: .00 LOC1 AMT: .00  
FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC |-----ACCOUNT NUMBER-----| PISA SUB ANLY  
NO. PE LOC FERC SUB MO CISA STA CODE RUC BASE AMOUNT  
427.00

L/I LONG ITEM DESCRIPTION

0041 GORDON, ANN (DISCRIMINATION)

CPR VENDOR: CPR DESC: CPR LOC:  
QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:  
TYP PMT: DISB CD: 0640 ST TAX CD: 00 LOC1:  
ST TAX AMT: .00 LOC1 AMT: .00  
FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC |-----ACCOUNT NUMBER-----| PISA SUB ANLY  
NO. PE LOC FERC SUB MO CISA STA CODE PIC BASE AMOUNT  
0012 21,051.50

↓  
PAY  
2

DATE: 02-12-96

FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	RUC	BASE AMOUNT
001	0000	0000	15	228	02100	000000		0013		7.18

0011 GORDON, DISCRIMINATION

CPR VENDOR: CPR DESC: CPR LOC:

QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:

TYP PMT: DISB CD: 0440 ST TAX CD: 00 LOC1:

ST TAX AMT: .00 LOC1 AMT: .00

FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	RUC	BASE AMOUNT
										1,070.91

L/I LONG ITEM DESCRIPTION

0012 HOYER, LUCINDA

CPR VENDOR: CPR DESC: CPR LOC:

QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:

TYP PMT: DISB CD: 0440 ST TAX CD: 00 LOC1:

ST TAX AMT: .00 LOC1 AMT: .00

FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	RUC	BASE AMOUNT
										57.00

L/I LONG ITEM DESCRIPTION

0013 WILSON, PAUL & THERESA

**BEGGS & LANE**

ATTORNEYS AND COUNSELLORS AT LAW  
PENSACOLA, FLORIDA 32576-2950

IN ACCOUNT WITH

May 1, 1996

SEVENTH FLOOR BLOUNT BUILDING  
POST OFFICE BOX 2950  
TELEPHONE (904) 438-2950  
TELEFAX (904) 438-1111

Accounts Payable  
Gulf Power Company  
Bin #0731

346-48

OUR REFERENCE NUMBER \_\_\_\_\_

Purchase Order No.:  
B-95-402058

Monthly retainer for May, 1996

TOTAL \$8,000.00

GEH/pg

Ver#	677000	Sort Name	BEGGS
Pay Date		ISC	
Date Rec	05-01	Terms	0/1130
Bisc Date		Disc Amt	
IKHC		HC	0
HC Amt		HC Amt	
VE '1) Amt		Pymt Desc	
Comp #			
St Tx Cd	00	Loc Tx Cd	
Wt Rec		HPO	PO

RECEIVED

MAY 8 1996

ACCOUNTS PAYABLE

5

5

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	FUC	BASE AMOUNT
001		0000	0001	00	01321	000000	00000	0000	0012	817.00

L/I  
0026 PYXIM

LONG ITEM DESCRIPTION

CPR VENDOR:                      CPR DESC:                      CPR LOC:

QTY:                      0 U/I:                      UNIT PRICE:                      0.00000                      COMM NO:

TYP PMT:                      DISB CD: 0435                      ST TAX CD: 00                      LOC1:

ST TAX AMT:                      .00                      LOC1 AMT:                      .00

FRT/MISC AMT:                      .00                      DISC AMT:                      .00                      H/C AMT:                      .00

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	RUC	BASE AMOUNT
										1,485.00

L/I  
0025 EMPLOYEE MATTERS

LONG ITEM DESCRIPTION

CPR VENDOR:                      CPR DESC:                      CPR LOC:

QTY:                      0 U/I:                      UNIT PRICE:                      0.00000                      COMM NO:

TYP PMT:                      DISB CD: 0440                      ST TAX CD: 00                      LOC1:

ST TAX AMT:                      .00                      LOC1 AMT:                      .00

FRT/MISC AMT:                      .00                      DISC AMT:                      .00                      H/C AMT:                      .00

OCC NO.	PE	LOC	FERC	SUB	WO	PISA CISA	SUB STA	ONLY CODE	RUC	BASE AMOUNT
										901.50

L/I  
0026 GORDIN, ANN (DISCRIMINATION)

LONG ITEM DESCRIPTION

CPR VENDOR:                      CPR DESC:                      CPF LOC:

FORM NO. 1027001  
DATE OF DATE 01-10-96

GULF POWER  
ACCOUNTS PAYABLE VOUCHER

NON DETAIL

QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:  
 TYP PMT: DISB CD: 0440 ST TAX CD: 00 LOC1:  
 ST TAX AMT: .00 LOC1 AMT: .00  
 FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

000 |-----ACCOUNT NUMBER-----| PISA SUB ONLY

*27,026.50*

37,026.50

*↓  
Pmt*

L/I LONG ITEM DESCRIPTION

CPR VENDOR: CPR DESC: CPR LOC:  
 QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:  
 TYP PMT: DISB CD: 0440 ST TAX CD: 00 LOC1:  
 ST TAX AMT: .00 LOC1 AMT: .00  
 FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

000 |-----ACCOUNT NUMBER-----| PISA SUB ONLY  
 NO. PE LOC FERC SUB MO CISA STA CODE RUC BASE AMOUNT  
 27.00

L/I LONG ITEM DESCRIPTION

0028 WILLIAMS, EDDIE

CPR VENDOR: CPR DESC: CPR LOC:  
 QTY: 0 U/I: UNIT PRICE: 0.00000 COMM NO:  
 TYP PMT: DISB CD: 0440 ST TAX CD: 00 LOC1:  
 ST TAX AMT: .00 LOC1 AMT: .00  
 FRT/MISC AMT: .00 DISC AMT: .00 H/C AMT: .00

000 |-----ACCOUNT NUMBER-----| PISA SUB ONLY  
 NO. PE LOC FERC SUB MO CISA STA CODE RUC BASE AMOUNT  
 001 0000 000101 023 00-02 000000 90864 0012 689.00

7  
7

REPORT NO.: AP275R11  
AS OF DATE 01-18-96

GULF POWER  
ACCOUNTS PAYABLE VOUCHER

RUN DATE/TIME 06-05-96/2041  
PAGE 44

BATCH # 1000

PREPARED BY: F30  
APPROVED BY:

REFERENCE NUMBER: 0615777

INV TYPE: 1    P. NO: 705402050    VENDOR NO: 000007330    SORT NAME: BEGS  
INV NO: M 1205-1103    INV DATE: 06-13-96    PAY DATE: 06-29-96    ISC: 01  
INV AMT: 8,100.00    DATE REC'D: 06-07-96    FRT/MISC: .00  
DISC AMT: .00    DISC DATE: - -    TERMS: N30    ATC: 1  
MAN CK NO:    MAN CK DATE: - -    BANK NO: 10001 CK HAND CD:  
MAN CK HLD CD: 1    HAND CKS AMT: .00    V/B S/J TAX: .00  
PAYMENT MISC:

L/I    LONG ITEM DESCRIPTION:  
0001 MONTHLY RETAINER FOR JUNE 1996

CPR VENDOR:    CPR DESC:    CPR LOC:  
QTY: 1    U/I:    UNIT PRICE: 8,100.00    COMM %:  
TYP # 1:    DISC CD: 0440    ST TAX CD: 00    L101:  
ST TAX AMT: .00    L101 AMT: .00  
FRT/MISC AMT: .00    DISC AMT: .00    H/C AMT: .00

LOC |-----ACCOUNT NUMBER-----| PISA SUP ONLY  
NO.    CD    L101    F100    010    WC    PISA STA CODE P10  
001    000    00001    000    00000    000000    00061    0011

BASE AMOUNT  
PAY 6.18  
8,100.00

AMOUNT

**BEGGS & LANE**

ATTORNEYS AND COUNSELLORS AT LAW  
PENSACOLA, FLORIDA 32576-2950

SEVENTH FLOOR BLOOMINGDALE HOTEL  
PENSACOLA, FLORIDA 32504  
TELEPHONE 904-433-1111  
FAX 904-433-1112

June 3, 1996

ACCOUNT # 72

Accounts Payable  
Gulf Power Company  
Bldg #1731

346-43  
OUR REFERENCE NUMBER

Purchase Order No.:  
B-95-402058

Monthly retainer for June, 1996

TOTAL \$8,000.00

GEH/pg

↓  
Page 8

RECEIVED

JUN 8 1996

ACC

Handwritten notes and signatures at the bottom of the page, including a checkmark and some illegible scribbles.

**Echols, Dennis J.**

**From:** McMillan, Richard J.  
**Sent:** Monday, July 06, 1998 10:10 AM  
**To:** Stone, Jeff A.; Echols, Dennis J.  
**Subject:** RE: Privileged Attorney Work Product-- Audit Responses involving contractual terms, etc.

Where do we stand on these items. Are we going to meet?

*Richard*

8-420-6589

-----Original Message-----

**From:** Stone, Jeff A.  
**Sent:** Monday, July 06, 1998 9:56 AM  
**To:** Echols, Dennis J.  
**Cc:** McMillan, Richard J.; Rector, Dean; Tate, Warren E.; Malone, Linda G.; Cranmer, Susan D.; Sheffield, Angela V.; Badders, Russell A.  
**Subject:** RE: Privileged Attorney Work Product-- Audit Responses involving contractual terms, etc.  
**Importance:** High

Dennis,

Given the increasingly competitive environment the Company is operating within, we need to be especially sensitive to the need for confidentiality of contract terms when they become part of an audit response. For example, in the case of the audit responses involving invoices from SunTrust, Baskerville Donovan and Beggs & Lane, to the extent that contractual terms such as rates, etc. are referenced on the invoices or other supporting documentation, we need to request confidential treatment of the response. As you know, we have to be vigilant on the front end to avoid losing the right to protect the confidentiality of this data.

It is also my understanding that we need to be sure to allow Linda Malone, Susan Cranmer and/or Warren Tate the opportunity to review any audit responses that make reference to or are otherwise related to the officers and directors of Gulf Power Company before that are released to the FPSC.

--Jeff--

-----Original Message-----

**From:** Stone, Jeff A.  
**Sent:** Thursday, July 02, 1998 5:51 PM  
**To:** Echols, Dennis J.  
**Cc:** McMillan, Richard J.; Rector, Dean; Malone, Linda G.; Cranmer, Susan D.  
**Subject:** Privileged Attorney Work Product-- Draft Audit Response; Document Request # MC B&L 1  
**Importance:** High

As a result of conversations related to my previous e-mail message (concerning Document Request #MC B&L 2), I learned about and subsequently received a copy of Document Request #MC B&L 1 as well as a copy of Tony Reeves e-mail message related to several of the invoices identified in that request. Without knowing whether a formal response has already been sent, I have drafted my recommendation for a response. This draft response should be treated as a confidential document.

<< File: FPSC AT-BL1 draft response.doc >>

Dean Rector has tagged pages from the relevant invoices on the copies retained in her files containing the entries for items S1, S2, and S3. I understand that you have copies of the invoices related to items S4 and S5. I believe that Linda Malone has a copy of the letter from Beggs & Lane dated 5/6/92 outlining the retainer arrangement that was in effect in 1996. This last item would be partially responsive to 1.B). The specific contractual arrangements between the law firm and Gulf Power, both as to the monthly retainer and the otherwise applicable hourly rates, should be kept confidential when provided to the FPSC auditor.

I would like to discuss this matter with you before a formal response is made to the FPSC.

-----Original Message-----

**From:** Stone, Jeff A.  
**Sent:** Wednesday, July 01, 1998 12:29 PM  
**To:** Rector, Dean

10



1) Enclosed is a photocopy of the AFAD EDP computer run page #21 regarding a preliminary selection set per string search (\*.LANE) in the VendorName field. That page identifies 5 items (S1-S5) for which invoices/documentation (to support each Amount charged) are being requested. The 5 items are divided into two groups. The first group (Group A) consists of S1, S2, and S3. The other group (Group B) consists of S4 and S5.

1.A) Research upon the Description field seems to suggest that a claim/suit involving a charge of discrimination occurred for items S1, S2, and S3.

1.A.1) Please provide a brief general statement regarding the purpose of the financial payments (S1, S2, and S3).

Question 1) Was the single/complete purpose of the dollar amounts (for S1, S2, and S3) to receive ONLY outside Legal Advice from Beggs & Lane for the benefit of Gulf Power Company?

Question 2) Were the payments made as part of a Court Awarded Judgement (or Arbitration Decision) against Gulf Power Company (or against any of its employees, management, officers, directors, vendors, or representatives) resulting from any violations of laws, regulations, statutes, codes, etc.?

Question 3) Were the payments made to Beggs & Lane (serving as legal agent for Gulf Power Company and/or representing Gulf Power Company) as a result of an out-of-court settlement of a Discrimination claim (with Beggs & Lane then making payment to Gordon, or to Gordon's designated representative)?

Question 4) Did Gulf Power Company admit any wrongdoing regarding items S1, S2, and S3?

1.B) Please provide a general statement of purpose for the monthly payments of items S4 & S5 AND please provide invoices/documentation to support those amounts paid.

RESPONSE:

1.A.1) The amounts paid as indicated by items S1, S2, and S3 are for legal services provided to Gulf Power Company.

Question 1: Yes. Question 2: No. Question 3: No. Question 4: No.

1.A.2) The documentation requested contains information that falls within the scope of the privileged and confidential attorney/client relationship. An opportunity for confidential inspection of the requested documentation will be provided.

1.B) The amounts paid as indicated by items S4 & S5 are for legal services provided to Gulf Power Company. The documentation requested contains confidential contractual information that falls within the scope of the privileged and confidential attorney/client

relationship. An opportunity for confidential inspection of the requested documentation will be provided.

1} Enclosed is a photocopy of the AFAD EDP com-  
selection set per string search (\*LANE) in the Vendo  
(S1-S5) for which invoices/documentation (to support  
requested. The 5 items are divided into two groups, 1  
S2, and S3. The other group (Group B) consists of S4

*Group A - 2 items*  
*Group B - 3 items*

I.A} Research upon the Description field see  
charge of discrimination occurred for items S1

I.A.1} Please provide a brief general  
financial payments (S1, S2, and S3).

**RESPONSE:** The amounts paid as indicated by items S1, S2, and S3 are  
for legal services provided to Gulf Power Company.

Question 1} Was the single complete purpose of the dollar amounts (for  
S1, S2, and S3) to receive ONLY outside Legal Advice from Beggs &  
Lane for the benefit of Gulf Power Company?

**RESPONSE:** Yes.

Question 2} Were the payments made as part of a Court Awarded  
Judgement (or Arbitration Decision) against Gulf Power Company (or  
against any of its employees, management, officers, directors, vendors,  
or representatives) resulting from any violations of laws, regulations,  
statutes, codes, etc.?

**RESPONSE:** No.

Question 3} Were the payments made to Beggs & Lane (serving as legal  
agent for Gulf Power Company and/or representing Gulf Power  
Company) as a result of an out-of-court settlement of a Discrimination  
claim (with Beggs & Lane then making payment to Gordon, or to  
Gordon's designated representative)?

**RESPONSE:** No.

Question 4} Did Gulf Power Company admit any wrongdoing regarding  
items S1, S2, and S3?

**RESPONSE:** No.

1.A.2) Please provide invoices/documentation to support the amounts paid in S1, S2, and S3.

**RESPONSE:** The documentation requested contains information that falls within the scope of the privileged and confidential attorney/client relationship. Pursuant to discussions with the FPSC Audit Manager, the Company will provide the Audit Manager an opportunity for confidential inspection of the requested documentation in Pensacola during a subsequent field visit.

1.B) Please provide a general statement of purpose for the monthly payments of items S4 & S5 AND please provide invoices/documentation to support those amounts paid.

**RESPONSE:** The amounts paid as indicated by items S4 & S5 are for legal services provided to Gulf Power Company. The documentation requested contains confidential contractual information that falls within the scope of the privileged and confidential attorney/client relationship. Pursuant to discussions with the FPSC Audit Manager, the Company will provide the Audit Manager an opportunity for confidential inspection of the requested documentation in Pensacola during a subsequent field visit.

(Please Use Ball Point Pen - Press Hard)

FLORIDA PUBLIC SERVICE COMMISSION  
DOCUMENT / RECORD REQUEST

TO: D. Echols and R. McMillan  
UTILITY: GULF POWER COMPANY  
FROM: Mark Caruth  
(AUDIT MANAGER)

Mark Caruth  
(AUDITOR FULFILLING REQUEST)

REQUEST NUMBER: MC-B&L1 DATE OF REQUEST: 6/19/98  
AUDIT PURPOSE: Associate Transactions - Related Parties  
REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY 6/30/98  
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

- INCIDENT TO AN INQUIRY  
 OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION: Fax # 850-444-6751

Enclosed:

1 Cover Page < This Document Request > 1 Page  
1 Memo < AT-B&L1 > 2 Pages  
1 Computer Run page per AFAD EDP 1 Page

TOTAL: FOUR PAGES

TO: AUDIT MANAGER MARK CARUTH DATE 7/22/98

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY  
(2)  CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_  
(3)  AND IN MY OPINION THIS MATERIAL IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. I UNDERSTAND THAT TO OBTAIN TEMPORARY CONFIDENTIAL HANDLING A NOTICE OF INTENT MUST BE FILED WITH THE DIVISION OF RECORDS AND REPORTING. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE COMMISSION STAFF HAS OBTAINED THE MATERIAL (OR IN THE CASE OF MATERIAL OBTAINED DURING THE COURSE OF AN AUDIT, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE) FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006 F.A.C.  
(4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

D. Echols  
SIGNATURE AND TITLE OF RESPONDER

To: Dennis Echols --- Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: June 19, 1998

Subject: Supporting Documentation/Invoices {in Year 1996}

Memo: AT-B&L1 {2 Pages}

Reference: Document Request# MC-B&L1

Dennis,

1) Enclosed is a photocopy of the AFAD EDP computer run page #21 regarding a preliminary selection set per string search (\*.LANE) in the VendorName field. That page (#21) identifies 5 items (S1-S5) for which invoices/documentation (to support each Amount charged) are being requested. The 5 items are divided into two groups. The first group (Group A) consists of S1, S2, and S3. The other group (Group B) consists of S4 and S5.

1.A) Research upon the Description field seems to suggest that a claim/suit involving a charge of discrimination occurred for items S1, S2, and S3.

1.A.1) Please provide a brief general statement regarding the purpose of the financial payments (S1, S2, and S3).

Question 1) Was the single/complete purpose of the dollar amounts (for S1, S2, and S3) to receive ONLY outside Legal Advice from Beggs & Lane for the benefit of Gulf Power Company?

Question 2) Were the payments made as part of a Court Awarded Judgement (or Arbitration Decision) against Gulf Power Company (or against any of its employees, management, officers, directors, vendors, or representatives) resulting from any violations of laws, regulations, statutes, codes, etc.?

Question 3) Were the payments made to Beggs & Lane (serving as legal agent for Gulf Power Company and/or representing Gulf Power Company) as a result of an out-of-court settlement of a Discrimination claim (with Beggs & Lane then making payment to Gordon, or to Gordon's designated representative)?

Question 4) Did Gulf Power Company **admit** any wrongdoing regarding items S1, S2, and S3?

1.A.2) Please provide **invoices/documentation** to support the amounts paid in S1, S2, and S3.

1.B) Please provide a **general statement of purpose** for the monthly payments of items S4 & S5 AND please provide **invoices/documentation** to support those amounts paid.

**RELATED ISSUES:**

Gulf Power Company may decide to request Confidential status for any invoices/documents/etc. to be provided in response to this Document Request. If Gulf Power Company decides to exercise that option, then please inform this Audit Manager.

# YEAR 1996

REPORT OF DETAILED DISTRIBUTION FROM ACCOUNTS PAYABLE FILE, 1996  
 BY LOCATION AND ACCOUNT FOR ALL TRANSACTIONS WHERE VENDOR NAME  
 CONTAINS REFERENCE TO

1996  
 PAGE 21

LOC ..... FISC SUBJECT NUMBER ..... AMOUNT REF NUMBER INVOICE NO ..... PURCH ORDER VENDOR NAME ..... DESCRIPTION

LOC	FISC	SUBJECT	NUMBER	AMOUNT	REF NUMBER	INVOICE NO	PURCH ORDER	VENDOR NAME	DESCRIPTION
000101	923	00020	800000	10.20	96187232	040596-10	895402005	MACFARLANE AUSLEY FERGUSON & MCNALLER	PROVIDE LEGAL COUNSEL-TAX MATTERS
000101	923	00020	800000	297.00	96121039	041696-79644	895402058	BECCS & LAKE	MISCELLANEOUS OUTDOOR LIGHTING
000101	923	00020	800000	300.00	96121039	041696-79644	895402058	BECCS & LAKE	DOT STANDARDS REVIEW
000101	923	00020	800000	350.00	96121039	041696-79644	895402058	BECCS & LAKE	PANAMA CITY FRANCHISE
000101	923	00020	800000	135.00	96121039	041696-79644	895402058	BECCS & LAKE	CRESTVIEW/FWB FIBEROPTIC CABLE CONTRACT
000101	923	00020	800000	94.50	96121039	041696-79644	895402058	BECCS & LAKE	FFU
000101	923	00020	800000	30.00	96121039	041696-79644	895402058	BECCS & LAKE	GOOD CEATS PREMIER HOME
000101	923	00020	800000	304.50	96121039	041696-79644	895402058	BECCS & LAKE	FOLE ATTACHMENT AGREEMENT
000101	923	00020	800000	204.50	96121039	041696-79644	895402058	BECCS & LAKE	LANDSCAPING SERVICE CONTRACT
000101	923	00020	800000	54.00	96121039	041696-79644	895402058	BECCS & LAKE	TELECOMMUNICATIONS REGULATORY ISSUES
000101	923	00020	800000	427.00	96121039	041696-79644	895402058	BECCS & LAKE	EMPLOYEE MATTERS
000101	923	00020	800000	21,051.50	96121039	041696-79644	895402058	BECCS & LAKE	GOODSON, ANN (DISCRIMINATION)
000101	923	00020	800000	282.50	96121039	041696-79644	895402058	BECCS & LAKE	CHAMOND, WILLIE JR
000101	923	00020	800000	121.50	96121039	041696-79644	895402058	BECCS & LAKE	VILLIAMS, EDDIE
000101	923	00020	800000	54.00	96121039	041696-79644	895402058	BECCS & LAKE	SMITH, NATALIE
000101	923	00020	800000	81.00	96121039	041696-79644	895402058	BECCS & LAKE	FERGUSON, ANNA
000101	923	00020	800000	754.00	96121039	041696-79644	895402058	BECCS & LAKE	NOTER, LUCINDA
000101	923	00020	800000	67.50	96121039	041696-79644	895402058	BECCS & LAKE	MOPE, FOREST
000101	923	00020	800000	7,536.25	96121039	041696-79644	895402058	BECCS & LAKE	CARLTON, FIELDS, WARD, EMMANUEL, SMITH, CACTI
000101	923	00020	800000	525.00	96121039	041696-79644	895402058	BECCS & LAKE	PROVIDE LEGAL COUNSEL AS REQUESTED B
000101	923	00020	800000	1,878.91	96121039	041696-79644	895402058	BECCS & LAKE	GOODSON, ANN (DISCRIMINATION)
000101	923	00020	800000	57.00	96121039	041696-79644	895402058	BECCS & LAKE	NOTER, LUCINDA
000101	923	00020	800000	15.25	96121039	041696-79644	895402058	BECCS & LAKE	VILLIAMS, EDDIE
000101	923	00020	800000	1,542.00	96121039	041696-79644	895402058	BECCS & LAKE	SMITH, NATALIE
000101	923	00020	800000	106.32	96121039	041696-79644	895402058	BECCS & LAKE	EMPLOYEE MATTERS
000101	923	00020	800000	1.75	96121039	041696-79644	895402058	BECCS & LAKE	FERGUSON, ANNA
000101	923	00020	800000	41.25	96121039	041696-79644	895402058	BECCS & LAKE	CHAMOND, WILLIE JR
000101	923	00020	800000	8,088.00	96121039	041696-79644	895402058	BECCS & LAKE	MONTHLY RETAINER FOR MAY 1996
000101	923	00020	800000	1,259.00	96121039	041696-79644	895402058	BECCS & LAKE	PROVIDE LEGAL COUNSEL AS REQUESTED BY
000101	923	00020	800000	390.00	96151044	052096-94071	895402058	BECCS & LAKE	DOT STANDARDS REVIEW
000101	923	00020	800000	358.00	96151044	052096-94071	895402058	BECCS & LAKE	FT WALTON BEACH FRANCHISE
000101	923	00020	800000	135.00	96151044	052096-94071	895402058	BECCS & LAKE	ANNUAL REPORT/FORM 10-K
000101	923	00020	800000	901.50	96151044	052096-94071	895402058	BECCS & LAKE	EMPLOYEE MATTERS
000101	923	00020	800000	39,026.50	96151044	052096-94071	895402058	BECCS & LAKE	GOODSON, ANN (DISCRIMINATION)
000101	923	00020	800000	689.00	96151044	052096-94071	895402058	BECCS & LAKE	VILLIAMS, EDDIE
000101	923	00020	800000	58.50	96151044	052096-94071	895402058	BECCS & LAKE	SMITH, NATALIE
000101	923	00020	800000	94.50	96151044	052096-94071	895402058	BECCS & LAKE	NINSON
000101	923	00020	800000	204.50	96151044	052096-94071	895402058	BECCS & LAKE	NOTER, LUCINDA
000101	923	00020	800000	162.00	96151044	052096-94071	895402058	BECCS & LAKE	HOPE, FOREST
000101	923	00020	800000	2,337.50	96151044	052096-94071	895402058	BECCS & LAKE	CARLTON, FIELDS, WARD, EMMANUEL, SMITH, CACTI
000101	923	00020	800000	8,000.00	96151044	052096-94071	895402058	BECCS & LAKE	MONTHLY RETAINER FOR JUNE 1996
000101	923	00020	800000	61.90	96170317	052296-13362	895402058	BECCS & LAKE	SPECIAL PROJECTS

For Project

(S1) → GOODSON, ANN (DISCRIMINATION)  
 CHAMOND, WILLIE JR  
 VILLIAMS, EDDIE  
 SMITH, NATALIE  
 FERGUSON, ANNA  
 NOTER, LUCINDA  
 MOPE, FOREST  
 CARLTON, FIELDS, WARD, EMMANUEL, SMITH, CACTI  
 PROVIDE LEGAL COUNSEL AS REQUESTED B  
 GOODSON, ANN (DISCRIMINATION)  
 NOTER, LUCINDA  
 VILLIAMS, EDDIE  
 SMITH, NATALIE  
 EMPLOYEE MATTERS  
 FERGUSON, ANNA  
 CHAMOND, WILLIE JR  
 MONTHLY RETAINER FOR MAY 1996  
 PROVIDE LEGAL COUNSEL AS REQUESTED BY  
 DOT STANDARDS REVIEW  
 FT WALTON BEACH FRANCHISE  
 ANNUAL REPORT/FORM 10-K  
 EMPLOYEE MATTERS  
 GOODSON, ANN (DISCRIMINATION)  
 VILLIAMS, EDDIE  
 SMITH, NATALIE  
 NINSON  
 NOTER, LUCINDA  
 HOPE, FOREST  
 CARLTON, FIELDS, WARD, EMMANUEL, SMITH, CACTI  
 MONTHLY RETAINER FOR JUNE 1996  
 SPECIAL PROJECTS

(S3) → MACFARLANE AUSLEY FERGUSON & MCNALLER

(S4) → MACFARLANE AUSLEY FERGUSON & MCNALLER

(S5) → BECCS & LAKE





1) Enclosed is a photocopy of the AFAD EDP computer run for 3 pages [page# 12, 15, 18] regarding a preliminary selection set per string search (\*.LANE) in the VendorName field. Those three pages identify items (S6-S21) for which invoices/documentation (to support each Amount charged) are being requested.

1.A) Please provide a general statement of purpose for the payments of items S6-S21.

**RESPONSE:** Without breaching the Attorney/Client Privilege that is inherent in an invoice submitted to the Company by its lawyers, Gulf Power is able to supply the following general information about the services provided by Beggs & Lane (including specifically the identified items S6-S21). The law firm now known as Beggs & Lane serves as General Counsel to Gulf Power Company as it has since 1926 when the Company was founded. In this role, Beggs & Lane provides legal counsel to Gulf Power on a variety of matters including civil litigation, acquisitions, contracts, replevins, regulatory matters, corporate financing, and other corporate matters as requested by the Company. Beggs & Lane routinely handles docketed and undocketed matters before the FPSC; general corporate related advice; assistance with contractual matters (with customers, vendors or other parties); labor and employment litigation and related matters; bankruptcy matters; real estate transactions and related matters; civil claims litigation; and workers' compensation matters. The specific items identified fall within the following areas: labor and employment litigation; real estate; customer contracts; contracts with vendors or other parties; potential public liability claims. Beggs & Lane routinely provides legal assistance to Gulf Power that is related to the Company's administration of contracts with its customers, vendors and other parties. Beggs & Lane does not actually administer any contracts between the Company and its customers, vendors and other parties. More specific information cannot be revealed without breaching the privileged and confidential attorney/client relationship.

1.B) Please provide invoices/documentation to support those amounts paid [S6-S21].

**RESPONSE:** The documentation requested contains information that falls within the scope of the privileged and confidential attorney/client relationship. Pursuant to discussions with the FPSC Audit Manager, the Company will provide the Audit Manager an opportunity for confidential inspection of the requested documentation in Pensacola during a subsequent field visit.

57

ATTORNEY GENERAL'S OFFICE

STATE OF FLORIDA

1.C) Regarding items S8, S9, S10, S11, S12, S13, S15, and S21; are those items  
Contract Administration fees?

**RESPONSE:** No. See response to item 1.A above.

(Please Use Ball Point Pen - Press Hard)

FLORIDA PUBLIC SERVICE COMMISSION  
DOCUMENT / RECORD REQUEST

TO: D. Echols and R. McMillan

UTILITY: GULF POWER COMPANY

FROM: Mark Caruth  
(AUDIT MANAGER)

Mark Caruth  
(AUDIT MANAGER)

REQUEST NUMBER: MC - BBL2

DATE OF REQUEST: 6/23/98

AUDIT PURPOSE: Affiliate Transactions - Related Parties

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY 6/30/98  
(DATE)

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:

ITEM DESCRIPTION:

Fax # 850-444-6751

- INCIDENT TO AN INQUIRY
- OUTSIDE OF AN INQUIRY

Enclosed:

1 Cover Page { This Document Request }  
1 Memo { AT-BBL2 }  
3 Pages AFAD EDP Computer Run

FIVE PAGES TOTAL

TO: AUDIT MANAGER MARK CARUTH

DATE 7/22/98

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED IN THREE (3) WORK DAYS BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION THIS MATERIAL IS PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156, F.S. I UNDERSTAND THAT TO OBTAIN TEMPORARY CONFIDENTIAL HANDLING A NOTICE OF INTENT MUST BE FILED WITH THE DIVISION OF RECORDS AND REPORTING. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE COMMISSION STAFF HAS OBTAINED THE MATERIAL (OR IN THE CASE OF MATERIAL OBTAINED DURING THE COURSE OF AN AUDIT, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE) FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF RECORDS AND REPORTING, REFER TO RULE 25-22.006 F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

Dani Echols  
SIGNATURE AND TITLE OF RESPONDENT

To: Dennis Echols --- Internal Audit Coordinator  
Richard McMillan --- Accounting Manager  
Gulf Power Company

From: Mark Caruth --- Audit Manager F.P.S.C.  
Affiliate Transactions  
Audit of Gulf Power Company

Date: June 23, 1998

Subject: Supporting Documentation/Invoices

Memo: AT-B&L2 {1 Page}

Reference: Document Request# MC-B&L2

Dennis,

1) Enclosed is a photocopy of the APAD EDP computer run for 3 pages [page# 12, 15, 18] regarding a preliminary selection set per string search (\*.LANE) in the VendorName field. Those three pages identify items (S6-S21) for which invoices/documentation (to support each Amount charged) are being requested.

1.A) Please provide a general statement of purpose for the payments of items S6-S21.

1.B) Please provide invoices/documentation to support those amounts paid [S6-S21].

1.C) Regarding items S8, S9, S10, S11, S12, S13, S15, and S21; are those items Contract Administration fees?

**RELATED ISSUES:**

Gulf Power Company may decide to request Confidential status for any invoices/documents/etc. to be provided in response to this Document Request. If Gulf Power Company decides to exercise that option, then please inform this Audit Manager.

GULF POWER COMPANY  
 REPORT OF DETAIL DISTRIBUTION FROM ACCOUNTS PAYABLE FILE, 1990  
 BY LOCATION AND ACCOUNT FOR ALL TRANSACTIONS WHERE VENDOR NAME  
 CONTAINS REFERENCE TO  
 NOTE: ( ) = CREDIT ENTRIES

PAGE 12  
 EMP PGM: G  
 DXT: NONE  
 RUN DATE: 02

WORK  
 ORDER  
 FERC SUBACT NUMBER  
 LOCATION 000350  
 AMOUNT REF NUMBER INVOICE NO  
 PURCH ORDER VENDOR NAME  
 2,441.03

DESCRIPTION

18 228 02108 000000	8.16	96003164 121895-3402	895402058	REGGS & LAWE	HENRY MARINE SERVICE
18 228 02108 000000	81.80	96038140 811996	895402058	REGGS & LAWE	HENRY MARINE SERVICE
18 228 02108 000000	170.73	96038140 811996	895402058	REGGS & LAWE	REARMS PHILLIPS BROOKS ETC
18 228 02108 000000	175.50	96038141 812296-69472	895402058	REGGS & LAWE	HENRY MARINE SERVICE
18 228 02108 000000	745.48	96038141 812296-69472	895402058	REGGS & LAWE	REARMS PHILLIPS BROOKS
18 228 02108 000000	9.44	96058030 820796-4268	895402058	REGGS & LAWE	HENRY MARINE SERVICE
18 228 02108 000000	121.20	96066049 822696-33782	895402058	REGGS & LAWE	HENRY MARINE SERVICE
18 228 02108 000000	831.10	96066049 822696-33789	895402058	REGGS & LAWE	REARMS, PHILLIPS, BROOKS, SCHELL, GASTON & MADSON

2,142.81

11 228 02111 000000	49.50	96271067 091896-53034	895402058	REGGS & LAWE	MISC. CHAPTER 13/MALE REPLEVIN
LOCATION 000031	49.50				MISC. CHAPTER 13/MALE REPLEVIN

14 416 00653 000000	90.00	96269078 083196-64575	895402058	REGGS & LAWE	MISC. CHAPTER 13/MALE REPLEVIN
14 416 00653 000000	348.50	96271067 091896-53834	895402058	REGGS & LAWE	MISC. CHAPTER 13/MALE REPLEVIN
LOCATION 000034	438.50				

01 417 01001 000000	500.00	96285057 071596-72017	895402058	REGGS & LAWE	POWER CAL/SECURITY SERVICES MARKETING ISSUES
LOCATION 000101	500.00				

14 417 01801 000000	845.50	96030141 012296-49472	895402058	REGGS & LAWE	GFC/VALUE ADDED PROGRAM
14 417 01801 000000	54.00	96030141 012296-49472	895402058	REGGS & LAWE	CP/PNS EASTGATE LTD
LOCATION 000234	899.50				



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JUN-23-1998 14:53

NOTE: ( ) = CREDIT ENTRIES

REPORT OF DETAIL DISTRIBUTION FROM ACCOUNT'S PAYABLE FILE, 1996  
BY LOCATION AND ACCOUNT FOR ALL TRANSACTIONS WHERE VENDOR NAME  
CONTAINS REFERENCE TO

LDP PGM: CI  
DT1: MORE  
RUN DATE: 02.

LOC#	ORDER	FERC SUBJECT NUMBER	AMOUNT REF NUMBER	INVOICE NO	PURCH ORDER	VENDOR NAME		
01	908	01321	000000	150.00	96310073	102396-52324	895402058	BECCS & LAKE
- LOCATION 000101								
150.00								

DESCRIPTION  
ROSENMARY BEACH UBO CONTRACT

01	908	01321	000000	1,080.00	96050160	011996	895402058	BECCS & LAKE	5.8	I	MUNISMAN CONTRACT ADMIN
01	908	01321	000000	648.00	96050160	011996	895402058	BECCS & LAKE	5.8	I	ARIZONA CHEMICALS
01	908	01321	000000	202.50	96050160	011996	895402058	BECCS & LAKE	5.8	I	BAY CO DEER POINT PUMPING STA
01	908	01321	000000	891.00	96050161	012296-49472	895402058	BECCS & LAKE	3.10	I	ARIZONA CHEMICALS
01	908	01321	000000	432.00	96050161	012296-49472	895402058	BECCS & LAKE	3.10	I	BAY CITY DEER POINT PUMPING STATION
01	908	01321	000000	5,302.50	96050161	012296-49472	895402058	BECCS & LAKE	3.11	I	MUNISMAN
01	908	01321	000000	602.50	96050161	012296-49472	895402058	BECCS & LAKE	3.11	I	EXXON
01	908	01321	000000	67.50	96060049	022696-33789	895402058	BECCS & LAKE	3.11	I	ARIZONA CHEMICALS
01	908	01321	000000	270.00	96060049	022696-33789	895402058	BECCS & LAKE	3.11	I	BAY COUNTY DEERPOINT PUMPING STATION
01	908	01321	000000	135.00	96060049	022696-33789	895402058	BECCS & LAKE	3.11	I	EXXON
01	908	01321	000000	324.00	96060049	022696-33789	895402058	BECCS & LAKE	3.11	I	MONSANTO/MUNISMAN CONTRACT ADMINISTRATION
01	908	01321	000000	472.50	96060049	022696-33789	895402058	BECCS & LAKE	3.11	I	ARIZONA CHEMICALS
01	908	01321	000000	94.50	96060021	022796-43149	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	282.50	96060021	022796-43149	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMINISTRATION
01	908	01321	000000	13.50	96060048	031396-45508	895402058	BECCS & LAKE	3.13	I	ARIZONA CHEMICALS
01	908	01321	000000	661.50	96060048	031396-45508	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMINISTRATION
01	908	01321	000000	391.50	96060048	031396-45508	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	27.00	96121039	041696-79444	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMIN.
01	908	01321	000000	533.00	96121039	041696-79444	895402058	BECCS & LAKE	3.13	I	PERDUE FARMS
01	908	01321	000000	875.00	96121039	041696-79444	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	1,202.50	96121039	041696-79444	895402058	BECCS & LAKE	3.13	I	SPECIAL BUSINESS OPPORTUNITY INVESTOR RELIANT
01	908	01321	000000	67.50	96151046	052096-94071	895402058	BECCS & LAKE	3.13	I	PERDUE FARMS
01	908	01321	000000	810.00	96151046	052096-94071	895402058	BECCS & LAKE	3.13	I	FCI/EMRON COMPRESSION SVCS
01	908	01321	000000	1,485.00	96151046	052096-94071	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	1,604.00	96179082	062496-56591	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	499.50	96179082	062496-56591	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMIN
01	908	01321	000000	67.50	96179082	062496-56591	895402058	BECCS & LAKE	3.13	I	PERDUE FARMS
01	908	01321	000000	310.50	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	310.50	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	FLA. GAS TRANS/EMRON COMPRESSION SVC
01	908	01321	000000	179.50	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	SEA AREA WIDE CONTRACT
01	908	01321	000000	351.00	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMIN
01	908	01321	000000	13.50	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	PERDUE FARMS
01	908	01321	000000	823.50	96205057	071596-72017	895402058	BECCS & LAKE	3.13	I	SALES TAX EXEMPTION
01	908	01321	000000	1,399.50	96249078	083196-64575	895402058	BECCS & LAKE	3.13	I	EXXON
01	908	01321	000000	81.00	96249078	083196-64575	895402058	BECCS & LAKE	3.13	I	MONSANTO/MUNISMAN CONTRACT ADMIN.





NOTE: ( ) = CREDIT ENTRIES

SQL POWER COMPANY  
REPORT OF DETAIL DISTRIBUTION FROM ACCOUNTS PAYABLE FILE, 1996  
BY LOCATION AND ACCOUNT FOR ALL TRANSACTIONS WHERE VENDOR NAME  
CONTAINS REFERENCE TO

PAGE 18

FOR PGM: CP  
DRT: NONE  
RUM DATE: 02/

WCRK ORDER	PERC SUBJECT NUMBER	AMOUNT	REF NUMBER	INVOICE NO	PURCH ORDER	VENDOR NAME	DESCRIPTION
1 923	00020	000000	96029085	011696-2807	895402058	BECCS & LAKE	EMPLOYEE MATTERS
1 923	00020	800000	96029085	011696-2807	895402058	BECCS & LAKE	BRAY R
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	GORDON
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	MOTER
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	MORE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	WILLIAMS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	SMITH MARJALIE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	KING JOEL
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	CHOWATIE BEG
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	CATY POLE ATTACHMENTS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	DOT STANBARD REVIEW
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	INTEREST CONVERSION
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	GENERAL CONTRACTING
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	DESTIN POLE LEASE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	ENC POLE ATTACHMENT
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	UNDERGROUND SERVICE CONTRACT
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	STREET LIGHTING SCHEDULE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	PERRUE FARMS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	ASBESTOS ABATEMENT CONTRACTOR/ITC
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	TELECOMMUNICATIONS REGULATORY ISSUES
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	WEST FLA DEVELOPERS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	GENERAL BARRICUTY MATTERS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	EMPLOYEE MATTERS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	DISCRIMINATION
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	WILLIAMS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	ENVIRONMENTAL MATTERS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	ROGERS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	SMITH
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	MISC LIABILITY AND W C
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	CANTON FIELDS WARD ETC
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	BAKER CTV FRANCHISE FEE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	DOT STANBARD REVIEW
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	ENC CONTRACT
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	POLE ATTACHMENT AGREEMENT
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	POWER CALL SECURITY S.O.I.G.
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	TELECOMMUNICATIONS REGULATORY ISSUES
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	MISC OUTDOOR LIGHTING
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	PURC
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	FERRIS FARMS
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	GORDON
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	WILLIAMS EDDIE
1 923	00020	000000	96029085	011696-2007	895402058	BECCS & LAKE	CONTRACTS ABILITATION

1.75 96029085 011696-2807 895402058 BECCS & LAKE  
 .50 96029085 011696-2807 895402058 BECCS & LAKE  
 3.25 96029085 011696-2007 895402058 BECCS & LAKE  
 31.75 96029085 011696-2007 895402058 BECCS & LAKE  
 3.58 96029085 011696-2007 895402058 BECCS & LAKE  
 5.25 96029085 011696-2007 895402058 BECCS & LAKE  
 17.25 96029085 011696-2007 895402058 BECCS & LAKE  
 1.00 96029085 011696-2007 895402058 BECCS & LAKE  
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 320.00 96029085 011696-2007 895402058 BECCS & LAKE  
 430.00 96029085 011696-2007 895402058 BECCS & LAKE  
 230.80 96029085 011696-2007 895402058 BECCS & LAKE  
 800.00 96029085 011696-2007 895402058 BECCS & LAKE  
 120.08 96029085 011696-2007 895402058 BECCS & LAKE  
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 680.00 96029085 011696-2007 895402058 BECCS & LAKE  
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 120.00 96029085 011696-2007 895402058 BECCS & LAKE  
 3,334.50 96029085 011696-2007 895402058 BECCS & LAKE  
 282.50 96029085 011696-2007 895402058 BECCS & LAKE  
 135.00 96029085 011696-2007 895402058 BECCS & LAKE  
 278.00 96029085 011696-2007 895402058 BECCS & LAKE  
 2,240.80 96029085 011696-2007 895402058 BECCS & LAKE  
 23,908.58 96029085 011696-2007 895402058 BECCS & LAKE  
 13.58 96029085 011696-2007 895402058 BECCS & LAKE  
 27.00 96029085 011696-2007 895402058 BECCS & LAKE  
 1,710.00 96029085 011696-2007 895402058 BECCS & LAKE  
 94.50 96029085 011696-2007 895402058 BECCS & LAKE  
 410.40 96029085 011696-2007 895402058 BECCS & LAKE  
 339.00 96029085 011696-2007 895402058 BECCS & LAKE  
 30.00 96029085 011696-2007 895402058 BECCS & LAKE  
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 200.00 96029085 011696-2007 895402058 BECCS & LAKE  
 661.50 96029085 011696-2007 895402058 BECCS & LAKE  
 297.00 96029085 011696-2007 895402058 BECCS & LAKE  
 27.00 96029085 011696-2007 895402058 BECCS & LAKE  
 67.50 96029085 011696-2007 895402058 BECCS & LAKE  
 121.50 96029085 011696-2007 895402058 BECCS & LAKE  
 64.00 96029085 011696-2007 895402058 BECCS & LAKE  
 3,071.00 96029085 011696-2007 895402058 BECCS & LAKE  
 2,533.58 96029085 011696-2007 895402058 BECCS & LAKE

(518) (I)  
 (519) (I)  
 (517) (I)





# Management Procedure

SUBJECT  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>12-20-96</b>
	Page <b>1 of 4</b>	

## PURPOSE:

The purpose of this procedure is to provide guidelines for the identification of actual or potential conflicts of interest and related ethical and compliance concerns.

## PROCEDURE:

**SUPERSEDED  
COPY**

7/7/??

### I. FINANCIAL INTEREST

No Officer or employee of Gulf shall have any financial interest in any outside concern, including contractors, vendors, suppliers, etc., where such interest would appear to influence their actions.

### II. USE OF INFORMATION

No Officer or employee shall misuse information to which they may have access by reason of their position which might result in adverse consequences for the Company (Examples: (1) disclosure of confidential information of any kind whether relating directly to Company operations or to conditions affecting utility operations in general; (2) acquisition by purchase or lease of real estate in which it is known the Company is interested.)

### III. USE OF ASSETS/RESOURCES

Use of the Company's assets or other resources (funds, equipment, supplies or personnel) should be for conducting Company business. Any other use must be authorized by the appropriate executives and managers and must follow Company policies and procedures.

### IV. GIFTS

The Company does not encourage an employee, nor any member of that person's immediate family, to accept gifts in the form of cash or securities under any condition from any concern having a business relationship with the Company. However, an employee or agent of the Company or any member of that person's immediate family may accept those gifts of a token nature not exceeding \$200 in value annually, each item or the total of items from a single source, which are commonly accepted courtesies usually associated with ethical business practices and which would not influence sound business judgment.

- A. Reasonable business meals and/or entertainment are not considered gifts.
- B. Trips that are paid for fully or partially by a vendor or other third party are acceptable, if such a trip is beneficial to the Company and prior approval is obtained by the functional Vice President and/or President and Chief Executive Officer. These trips should be reported on the annual Compliance Questionnaire.

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>12-20-96</b>
	Page <b>2 of 4</b>	

V. RELATED COMPLIANCE AREAS

Conflicts of Interest and other ethical and/or compliance concerns which could result in violations of laws, regulations, or Company Policies and Procedures are equally important. A list of significant Company Policies and Management Procedures governing these areas is included in Exhibit A.

VI. DOCUMENTATION AND ENFORCEMENT REVIEW

- A. An annual Compliance Questionnaire shall be sent to all employees for the purpose of documenting any actual or potential conflicts of interest, ethical or other compliance concerns.
- B. Completed Questionnaires indicating potential or actual conflicts of interest, ethical or compliance concerns are subject to further review.
  - 1. Questionnaires having such a response, together with any explanation of the response, are submitted to and reviewed by the President, who may make further inquiry, including where appropriate, consultation with the functional Vice President and Manager of Internal Auditing and Security.
  - 2. The President's conclusions are reported in writing to the President of Southern Company.
  - 3. The President, or his designee, also reports the results to the Audit Committee of the Company's Board of Directors.
  - 4. In any case where it appears to the Audit Committee of the Company's Board of Directors or to the President that a possible conflict of interest, ethical or compliance concern may exist, they will make such recommendations or take such actions as appropriate to resolve the matter.

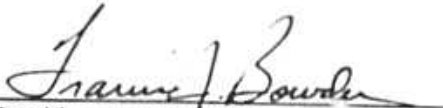
VII. RESPONSIBILITY

The Secretary and Treasurer is responsible for obtaining annual responses to the Compliance Questionnaire.

The President retains responsibility for reviewing the responses to the Compliance Questionnaire and counseling with any Officer or employee whose response indicates a potential conflict of interest.

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>12-20-96</b>
	Page <b>3 of 4</b>	

Other ethical and/or compliance concerns shall be handled in accordance with the Company's Concerns Program.

  
President and Chief Executive Officer

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>12-20-96</b>
	Page <b>4 of 4</b>	

EXHIBIT A

COMPANY DOCUMENTATION OF CONFLICT OF INTEREST AND RELATED COMPLIANCE AREAS

COMPANY POLICY STATEMENT

- 100 Compliance Policy
- 114 Charitable Contributions and Donations
- 116 Internal Controls
- 124 Code of Ethics
- 126 Environmental Auditing
- 302 Affirmative Action
- 309 Discrimination/Harassment
- 402 Accounting Records
- 503 Environmental Policy
- 601 Procurement Authority
- 704 Security

MANAGEMENT PROCEDURE

- 001-008 Community Involvement/Club or Association Memberships
- 001-009 Charitable Contributions and Donations
- 001-013 Employee Concerns Program
- 001-017 Political Activity
- 001-018 Internal Controls
- 050-006 Conflict of Interest Guidelines and Compliance Questionnaire
- 051-003 Security of Company Funds
- 070-001 Internal Auditing/Environmental Auditing
- 080-010 Actions To Be Taken After a Burglary or Robbery
- 080-012 Security
- 091-001 Copyright Compliance
- 100-005 Statement of Personal Expenses
- 140-002 Personal Computer Software and Manuals
- 140-003 Electronic Communication
- 140-004 Internet Access
- 220-001 Release of Customer Billing History of Third Parties
- 310-001 Purchasing Material, Equipment and Supplies
- 310-008 System Aircraft Use By Public Officials or their Staff Personnel
- 500-001 Personnel Policies and Procedures Manual
- 520-013 Substance and Alcohol Abuse
- 800-011 Environmental Compliance Management





# Management Procedure

<b>SUBJECT</b>  <b><u>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</u></b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
	Page <b>1 of 4</b>	

## **PURPOSE:**

The purpose of this procedure is to provide guidelines for the identification of actual or potential conflicts of interest and related ethical and compliance concerns.

## **PROCEDURE:**

### **I. FINANCIAL INTEREST**

No Officer or employee of Gulf shall have any financial interest in any outside concern, including contractors, vendors, suppliers, etc., where such interest would appear to influence their actions

### **II. USE OF INFORMATION**

No Officer or employee shall misuse information to which they may have access by reason of their position which might result in adverse consequences for the Company. (Examples: (1) disclosure of confidential information of any kind whether relating directly to Company operations or to conditions affecting utility operations in general; (2) acquisition by purchase or lease of real estate in which it is known the Company is interested.)

### **III. USE OF ASSETS/RESOURCES**

Use of the Company's assets or other resources (funds, equipment, supplies or personnel) should be for conducting Company business. Any other use must be authorized by the appropriate executives and managers and must follow Company policies and procedures.

### **IV. GIFTS**

An employee or agent of the Company or any member of that person's immediate family may accept those gifts of a token nature not exceeding \$200 in value annually, each item or the total of items from a single source, which are commonly accepted courtesies usually associated with ethical business practices and which would not influence sound business judgment. An employee should never accept gifts that might influence or might be perceived to influence his/her professional decisions.

- A. Reasonable business meals and/or entertainment are not considered gifts.
- B. Trips that are paid for fully or partially by a vendor or other third party are acceptable, if such a trip is beneficial to the Company and prior approval is obtained by the functional Vice President and/or President and Chief Executive Officer. These trips should be reported on the annual Compliance Questionnaire.

# Management Procedure

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
	Page <b>3 of 4</b>	

Other ethical and/or compliance concerns shall be handled in accordance with the Company's Ethics and Concerns Program.

*Frank J. Bowler*  
President and Chief Executive Officer

*Listing of Documents  
on other side of this page  
MC  
10/12/98*

*3 RW*

# Management Procedure

<b>SUBJECT</b>  <b><u>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</u></b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
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# Management Procedure

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
	Page <b>2 of 4</b>	

## V. RELATED COMPLIANCE AREAS

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  1. Questionnaires having such a response, together with any explanation of the response, are submitted to and reviewed by the President, who may make further inquiry, including where appropriate, consultation with the functional Vice President and Manager of Internal Auditing and Security
  2. The President's conclusions are reported in writing to the President of Southern Company.
  3. The President, or his designee, also reports the results to the Audit Committee of the Company's Board of Directors.
  4. In any case where it appears to the Audit Committee of the Company's Board of Directors or to the President that a possible conflict of interest, ethical or compliance concern may exist, they will make such recommendations or take such actions as appropriate to resolve the matter.

## VII. RESPONSIBILITY

The Secretary/Treasurer and Regional Chief Information Officer is responsible for obtaining annual responses to the Compliance Questionnaire.

The President and Chief Executive Officer retains responsibility for reviewing the responses to the Compliance Questionnaire and counseling with any Officer or employee whose response indicates a potential conflict of interest.

# Management Procedure

<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
	Page <b>3 of 4</b>	

Other ethical and/or compliance concerns shall be handled in accordance with the Company's Ethics and Concerns Program.

*Frank J. Bowler*  
President and Chief Executive Officer

*Listing of Documents  
on other side of this page  
MC  
10/12/98*

*3*

# Management Procedure



<b>SUBJECT</b>  <b>CONFLICT OF INTEREST GUIDELINES AND COMPLIANCE QUESTIONNAIRE</b>	Number <b>050-006</b>	
	Original Issue Date <b>01-10-83</b>	Revision Date <b>07-07-97</b>
	Page <b>4 of 4</b>	

## EXHIBIT A

### COMPANY DOCUMENTATION OF CONFLICT OF INTEREST AND RELATED COMPLIANCE AREAS

#### COMPANY POLICY STATEMENT

100	Compliance Policy
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116	Internal Controls
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302	Affirmative Action
309	Discrimination/Harassment
402	Accounting Records
503	Environmental Policy
601	Procurement Authority
704	Security

#### MANAGEMENT PROCEDURE

001-008	Community Involvement/Club or Association Memberships
001-009	Charitable Contributions and Donations
001-017	Political Activity
001-018	Internal Controls
050-006	Conflict of Interest Guidelines and Compliance Questionnaire
051-003	Security of Company Funds
070-001	Internal Auditing/Environmental Auditing
080-010	Actions To Be Taken After a Burglary or Robbery
080-012	Security
091-001	Copyright Compliance
091-002	Antitrust Laws
091-003	Ethics and Concerns Program
100-005	Statement of Personal Expenses
140-001	Computer Hardware and Software
140-003	Electronic Information
140-004	Internet Access
220-001	Release of Customer Billing History of Third Parties
310-001	Purchasing Material, Equipment and Supplies
500-001	Personnel Policies and Procedures Manual
520-013	Substance and Alcohol Abuse
800-011	Environmental Compliance Management

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1

**CONFLICT OF INTEREST GUIDELINES** 1997



11-15.1 through 11-15.15

Review of 1996 Arthur Anderson Work Papers

Pages 6, 14 and 15 are confidential in their entirety.

Location in NA W/P

**ALLOCATED WORK ORDER CHARGES**

1. Obtain Fixed % listing" **[Audit Manager has copy placed in 44 series]** Gulf
2. Verify that any new Allocation basis were properly Approved by SEC. D/memo
3. Select TWO from 1 version under each ALLOC. basis in FY 1995. D/SEC

**AIA Test procedure**

For each work order selected for testing select 3 receiving w/o that receive charges

D-1  
14

4. For each ALLOCATION version selected obtain schedule detailing the statistical calculation used to determine Allocation % for ALL ALLOCATION versions in year.

Gulf Power Company  
 Audit of Affiliate Transactions  
 For the Years 1993 through 1997  
 Docket # Undocketed Audit Control # 96-025-1-1  
 Description:

- (A) Trace ALL stats to supporting Doc. D (legend)
- (B) Test
- (C) % to Fixed % List

- (5) Calc/Re-compute D-1 - D-1  
1 14

Tie-in Direct Charges into W/O.

- (6) For each W/O selected for review Noting Properly approved by SCS



**F.P.S.C. Audit Manager Researcher**  
 100% of Gulf's Work Orders in Workpapers 10-19A  
 by Client company  
 Also researched "Appropriate" of Account to "Above The Line" & "Below The Line"

Report of Mark Caruth  
8/26/98

Program SA 7755SS

RPT: I17

From SCS

WO 8388  
Version 285

"version" refers  
to the  
Allocation Rate used

From SCS

WO 8462  
Version 350

WO 873A  
Version 604

WO 8842  
Version 491

WO 9661  
WO 8661  
Version 50A

WO 9863  
Version Variable Costs

Western Company Services Inc  
Year-to-Date Costs by Work Order  
Jan - Aug 1998

Allocation Percentages

WO 3388 GPC

To  
WO 4388 GULF

WO 5388 MPC

Gulf Power Work Orders Analyzed

Allocations  
to Gulf

D-1  
2

D-1  
3

D-1  
7

D-1  
10

D-1  
13

D-1

Variable Costs

W/P

Prepared by: Mark Caruth 8/26/98  
Testing

A/A  
E-1  
1

Direct WO Cost Center Changes

E-1  
8

① Trace/Recompute

E-2  
1

Dept# Direct Labor Hours and Dollars  
to Labor Detail/Source  
Billing Register\*  
or  
Billing Register\*

E-2  
8

A/A  
State in Audit  
that this  
was done

Registers tested in 1996  
by SCS IAD  
during Payroll testing

In Next Audit  
Research 100% of ALL Test Procedures

② Trace expenses to A/P Source Register  
~~Register~~ or  
to Journal Source Register

for

• Amt charged  
WO #

A/A  
State in Audit  
that this  
was done

Source documents tested by  
SCS IAD in 1996 during  
A/P testing

In next audit  
Research 100%  
of ALL  
Test Procedures

Trace WO #, Description, &  
client company to original  
WO request for Approvals etc.

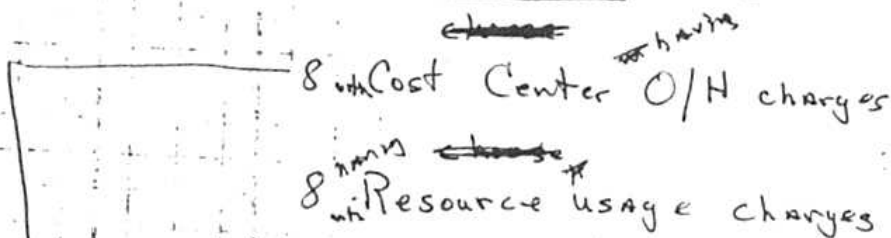
Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1

Prepared by: Mark Caruth  
Testing (continued)

From

# Arthur Anderson Test Procedure

16 Direct Work Orders selected



8 Cost Center O/H

## F.P.S. Audit Manager's Research of A/A Audit

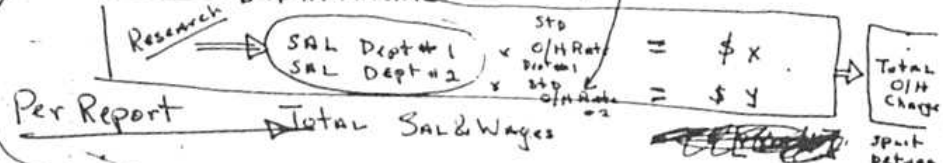
From ~~XXXX~~ Southern Company Services Inc  
Over head Report by Cost Center  
Cost Center  
Depts

to

Program SA 7755 SS  
RPT IO5

Date  
Client

Work Order #  
Departments



Tie-in of Cost Center to WO 2024

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: \_\_\_\_\_

Prepared  
by  
Mark Caruth  
8/26/98

## Cost Center Work Orders

### Test of Cost Center O/H Allocations

- WO Accumulations  
(Charges from Depts)
- Allocations of O/H  
based on standard O/H rate
- std O/H being utilized

(SCS has several categories  
of employees

~~O/H rates~~ ~~vary~~

O/H rates applied to these  
different types of  
Non-Full-time employees  
will vary.

Whether O/H rates are  
applied at all

(i.e. the non-full-time  
employee charged time  
to a non-overhead bearing  
SEC account #)

and at what rate

depends on the SEC subaccount  
the labor is charged to.

Prepared by  
Mark Caruth  
8/26/98

March 1996  
Tie - In of Cost Center  
to WO 4685  
Gulf Power Co.

A/A

Program SA7755 35  
RPT I05

E-1  
3

SAL & Wages #

Dept # 463 Hours  
Dept # 486 Hours  
\$ 826.19

Report	Std O/H rate	
583.12	.64	\$ 373.71
242.27	.67	\$ 162.22
<u>826.19</u>		<u>536.03</u>

per  
the  
O/H Report by  
Cost Center

for  
O/H Rate = (.64) Cost Center 96T3 Dpt 463  
for  
O/H Rate = (.67) Cost Center 9612 Dpt 486

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description:

Compare calculates 536.03  
to

Report Page 2

Fringe 148.50  
A & G 387.56  
536.06

Δ .03

F.P.S.C. Aud. & Manager reviewed:

- calculations
- supporting schedule pages
- etc.

6

11-15.6

Prepared by  
Mark Caruth  
8/26/98

Cost Center Work Orders

Test

- W O Accumulation Dept
- Allocation
  - Direct Salaries & wages
  - Respective std O/H rates
  - Review std O/H rate
  - Compare to actual O/H rate

Gulf Power Company  
Audit of Affiliate Transactions  
For the Years 1993 through 1997  
Docket # Undocketed Audit Control # 96-025-1-1  
Description: \_\_\_\_\_



Prepared by  
Mark Casata  
8/26/96

Direct WO / Resource Pools Testing

A/A  
E-2  
4

Program : SA 7755 55  
RPT : IO5

Southern Company Services Inc  
Current Month Costs by Work Order  
August 1996

Work Order: 4309

SUB-Total SAL & Expenses

SUB-Total Non-IRD Resource Usage

Gulf Power Company  
Audit of Affiliate Transactions  
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Description:



Match From

SCS Resource Usage Reporting & Evaluation  
Resource Usage / Cost Summary  
08/96 thru 08/96  
Recap by Resource Type

A/A  
Pool #

Not Resubmitted  
Listed 9433  
Listed 9515

Total Units      Total Cost      cost/unit

Total

Prepared by  
Mark Cornish  
8/26/98

Direct w/o

Resource Pool Testing

Southern Company Services Inc  
Current Month Costs by Work Order  
March 1996

Program  
RPT

SA7755 SS  
IO5

Date:

Client:

Work Order:

Dept

Subtotal Salary & Expenses

→ Total

↳ IRO Resource Usage \$  
↳ Non-IRO Resource Usage #

match to SCS Resource Usage Reporting & Evaluation  
Resource Usage / Cost Summary  
for WO# ~~03/96~~ thru ~~03/96~~  
i.e. March 1996

Resource Type	Total Units	Total Cost
Q1	C1	
Q2	C2	

A/A  
Calculates  
cost/  
unit

Gulf Power Company  
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Description:

→

Prepared by  
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8/26/98

Gulf Power Company  
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Description: \_\_\_\_\_

2  
A/A

Direct Work Orders

list of 1st Digit [Client Co i.e. 4 = GULF]  
WO SUB CLIENT Co  
(X) YY YY YY

list of 2 } 3 } Digits [Division] set  
Engineering  
Inso  
Gen  
Air  
Ops.

Test Direct Resource Use

$\frac{E-2}{1} - \frac{E-2}{8}$

Test Direct Cost Center Charges.

$\frac{E-1}{1} - \frac{E-1}{8}$

O/H costs are allocated monthly  
to WO that have Labor charges

Two Spread Programs within the General  
Accounting System. [SA 7025SS & SA 7035SS]

Allocate the overhead costs to  
cost center overhead workers

These programs use statistics associated  
with each cost center such as  
salaries, employees, sq ft building space  
occupancy, etc  
for the allocations.

The statistics are updated monthly

10

11-15 .10

Prepared  
by  
Mark Casella

Cost Center Work Orders

General O/H Costs

- 900 Group J's
- Corp Svcs / Pgms
- Tel
- Payroll taxes
- Pensions
- Interest
- Employer Savings
- Building Occup - Birin
- 991 Build Occup - Atlanta

2 Spread Pgms  
SA7025SS & SA7035SS

Allocate O/H costs to Cost Center  
O/H  
Work Orders

Gulf Power Company  
Audit of Affiliate Transactions  
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Prepared by  
Mark Caruth  
8/26/98

~~Direct~~ Cost Center ~~Work Orders~~

Details

SCS Allocates each O/H costcenter work order to Billable WO on basis of a standard O/H rate (%) for that cost center

(X) (times)

the direct labor charge dollars to each related billable work order

Standard O/H rate calculated as

Std O/H rate

Cost Center Budgeted O/H dollars  
divided by  
Projected Current Year Labor Dollars

Adjust for Prior Year  
Update

SCS GOAL VARIANCE  $\leq 3\%$

Gulf Power Company  
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Description: \_\_\_\_\_

Presented by  
March 10, 1993

# Resource Pools

## Resource Pool Structure

Computer Mainframes EDP resource pools

• Non-EDP [Copiers] into Non-IRO resource pools

## Resource Pool Accumulation

• Salaries Depreciation Rent Interest

Are charged per resource pool

• Monthly units of usage are accumulated by pool per user work order

## Resource Pool Charges

• To charge these resource pool costs to users

• Standard Rate is Derived Annually

Total Projected Costs

Divided by

Total Projected Units

• This rate is applied monthly

to the actual units accumulated per pool

to calculate each user's work order costs

• Update annually ~~the~~ all standard rates

• Certain IRO resource pool rates defined per time of pay & job processes

Gulf Power Company  
Audit of Affiliate Transactions  
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Description: \_\_\_\_\_

11-15-13

Prepared by  
Mark Smith  
8/26/96

## Direct Accumulative Work Orders

Direct Accumulative Work Orders are utilized by SCS  
to spread costs to other work orders

Employee time benefiting various work orders

Note: These differ from Allocated Work Orders  
in that the spread is Not based on  
a computer basis [such as net fixed assets]

Rather, the spread is based on an  
analysis of work performed.

Accordingly these spreads do Not require  
SBC Approval.

Data  
per A/A

As of 9/30/96

there were 108 DAWO:  
Total \$ 25,450,102

from

Southern Company Services  
Source Charges to Direct Accumulative  
WOC's

January through December 1996  
M40421 RC

Total

Gulf Power Company  
Audit of Affiliate Transactions  
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Prepared by  
Mark Caruth  
8/26/98

Direct Accumulative WC Testing

A/A

Program SA 7755SS

RPT I05

Southern Company Services Int

Current Month Costs by Work Order

March 1996

Date:

Client:

Work Order: 86 PE

Dept: 421

Direct  
Hours

60 Hours

Gulf Power Company  
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Test Rate per  
Distribution  
for  
86 PE

i.e. Distribution  
WO

86 PE 2602 01

.05

if yes then Calculate! Decide Does Total % Distrib = 100%?

60 hrs x .05 = 3 Hours into

Direct W/O Resource Pools Total

C-3

Program: SA 7755SS  
RPT: I05

Southern Company Services  
Current Month Cost by Work Order  
March 1996

Work Order 2602

Alabama Power Co  
Dept # 421 = 3 Hours

A/A claim to have

- Traced to SV2 Report for March 1996
- Traced to Source Charge Listing for March 1996