

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: July 18, 2000
TO: Division of Safety & Electric Reliability (Bohrman)
FROM: Division of Regulatory Oversight (Vandiver) *W*
RE: Docket No. 000001-EI; Gulf Power Company
 Audit Report; Fuel - 12-Month Period Ended December 31, 1999
 Audit Control No. 00-021-1-2

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, they should send it to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)
 Tallahassee District Office (Hicks)
 Division of Records and Reporting (2)
 Division of Legal Services

Susan D. Ritenour
 Gulf Power Company
 One Energy Place
 Pensacola, FL 32520-0780

Begg & Lane Law Firm
 P. O. Box 12950
 Pensacola, FL 32576-2950

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES

Tallahassee District Office


GULF POWER COMPANY

FUEL ADJUSTMENT AUDIT

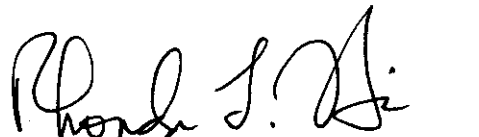
TWELVE MONTH PERIOD ENDED DECEMBER 31, 1999

DOCKET NO. 000001-EI

AUDIT CONTROL NO. 00-021-1-2



Chrissy Vendetti, Audit Manager



Rhonda Hicks, Audit Supervisor

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**DIVISION OF AUDITING REGULATORY OVERSIGHT
AUDITOR'S REPORT**

July 7, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying fuel adjustment schedules for the twelve month period ended December 31 1999, for Gulf Power Company. These schedules were prepared by the utility as part of its petition filed in Docket No. 000001-EI. There is no confidential information associated with this audit.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

FUEL REVENUE: Verified all rate classes established in Florida Public Service Commission Order No. PSC-98-1715-FOF-EI. Recalculated jurisdictional fuel clause revenues. Judgmentally sampled customer bills for correct fuel clause factor. Verified revenues received from Commercial/Industrial Service Rider-Contract Service Agreement (CISR/CSA) customers were recovered in the fuel clause per Commission Order No. PSC-96-1219-FOF-EI.

FUEL EXPENSE: Compiled the fuel cost of system net generation. Scanned and recomputed energy payments and fuel cost purchased power. Recomputed net purchases/sales. Verified transmission revenues were properly credited to the fuel clause per Commission Order No. PSC-98-0073-FOF-EI. Judgmentally sampled inventory Account 151 - Fuel Stock-Coal. Verified the adjustments to coal inventory due to differences between the per book inventory quantities and the semi-annual coal inventory survey quantities were performed per Commission Order No. PSC-97-0359-FOF-EI.

OTHER: Recalculated true-up and interest provision.

Disclosure No. 1

Subject: Coal Inventory

Statement of Fact: Gulf Power included \$144,532 related to coal shipments in its 1999 fuel expenses. The inventory was shipped on December 30, 1998, and the utility's contract requires them to pay 90% of the invoice upon shipment. The invoice was not received until after the books were closed for the 1998 year. Gulf Power Company recorded the expense in 1999.

Recommendation: This disclosure is for information purposes only.

**CALCULATION OF TRUE-UP AND INTEREST PROVISION
GULF POWER COMPANY**

FOR THE MONTH OF: DECEMBER 1999

	CURRENT MONTH				PERIOD - TO - DATE				
	ACTUAL	ESTIMATED	AMOUNT (\$)	DIFFERENCE %	ACTUAL	ESTIMATED	AMOUNT (\$)	DIFFERENCE %	
A. Fuel Cost & Net Power Transactions									
1 Fuel Cost of System Net Generation	16,428,943.42	13,824,090	2,604,853.42	18.84	203,788,532.30	190,141,031	13,647,501.30	7.18	
1a Other Generation	181,311.60	173,971	7,340.60	4.22	1,744,285.41	1,981,161	(236,875.59)	(11.96)	
2 Fuel Cost of Power Sold	(7,500,286.98)	(2,359,400)	(5,140,886.98)	217.89	(84,458,831.12)	(43,762,600)	(40,696,231.12)	92.99	
3 Fuel Cost - Purchased Power	1,648,558.38	1,289,000	359,558.38	27.89	38,962,361.05	10,269,000	28,693,361.05	279.42	
3a Demand & Non-Fuel Cost Purchased Power	0.00	0	0.00	#N/A	0.00	0	0.00	#N/A	
4 Energy Payments to Qualifying Facilities	439,673.17	0	439,673.17	#N/A	4,965,077.28	194,260	4,770,817.28	2,455.89	
5 Energy Cost-Economy Purchases	0.00	0	0.00	#N/A	0.00	0	0.00	#N/A	
5 Total Fuel & Net Power Transactions	11,198,199.59	12,927,661	(1,729,461.41)	(13.38)	165,001,424.92	158,822,852	6,178,572.92	3.89	
6 Adjustments To Fuel Cost *	0.00	0	0.00	#N/A	(30,878.28)	0	(30,878.28)	#N/A	
7 Adj. Total Fuel & Net Power Transactions	11,198,199.59	12,927,661	(1,729,461.41)	(13.38)	164,970,546.64	158,822,852	6,147,694.64	3.87	
B. kWh Sales									
1 Jurisdictional Sales	757,344,780	791,003,000	(33,658,220)	(4.26)	9,559,182,883	9,661,029,000	(101,846,117)	(1.05)	
2 Non-Jurisdictional Sales	27,990,119	29,043,000	(1,052,881)	(3.63)	334,029,827	351,538,000	(17,508,173)	(4.98)	
3 Total Territorial Sales	785,334,899	820,046,000	(34,711,101)	(4.23)	9,893,212,710	10,012,567,000	(119,354,290)	(1.19)	
4 Juris. Sales as % of Total Terr. Sales	96.4359	96.4584	(0.0225)	(0.02)	96.6236	96.4890	0.1346	0.14	-4-

*Gain on sale of natural gas surplus

**CALCULATION OF TRUE-UP AND INTEREST PROVISION
GULF POWER COMPANY
FOR THE MONTH OF: DECEMBER 1999**

	CURRENT MONTH				PERIOD - TO - DATE			
	\$ ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%	\$ ACTUAL	ESTIMATED	DIFFERENCE AMOUNT (\$)	%
<i>C. True-up Calculation</i>								
1 Jurisdictional Fuel Revenue	13,413,448.07	12,938,264	475,184.07	3.67	157,460,578.46	158,023,364	(562,785.54)	(0.36)
2 Fuel Adj. Revs. Not Applicable to Period:								
2a True-Up Provision	(365,381.25)	(365,382)	0.75	0.00	(4,384,575.00)	(4,384,575)	0.00	0.00
2b Incentive Provision	(5,137.25)	(5,137)	0.00	0.00	(61,647.00)	(61,636)	(11.00)	0.02
Special Contract Recovery Cost	(10,144.83)	(10,145)	0.00	0.00	(121,737.96)	(121,738)	0.00	0.00
Juris. Fuel Revenue Applicable to Period	<u>13,032,784.74</u>	<u>12,557,600</u>	<u>475,184.74</u>	3.78	<u>152,892,618.50</u>	<u>153,455,414</u>	<u>(562,795.50)</u>	(0.37)
4 Adjusted Total Fuel & Net Power Transactions (Line A7)	11,198,199.59	12,927,661	(1,729,461.41)	(13.38)	164,970,546.64	158,822,852	6,147,694.64	3.87
5 Juris. Sales % of Total KWH Sales (Line B4)	<u>96.4359</u>	<u>96.4584</u>	<u>(0.0225)</u>	(0.02)	<u>96.6236</u>	<u>96.4890</u>	<u>0.1346</u>	0.14
6 Juris. Total Fuel & Net Power Transactions Adj for Line Losses (C4 *C5*1.0014)	<u>10,814,203.28</u>	<u>12,487,273</u>	<u>(1,673,069.72)</u>	(13.40)	<u>159,631,909.23</u>	<u>153,461,124</u>	<u>6,170,785.23</u>	4.02
7 True-Up Provision for the Month Over/(Under) Collection (C3-C6)	2,218,581.46	70,327	2,148,254.46	3,054.67	(6,739,290.73)	(5,710)	(6,733,580.73)	117,926.11
8 Interest Provision for the Month	(51,002.76)	(1,615)	(49,387.76)	3,058.07	(547,307.45)	(125,690)	(421,617.45)	335.44
9 Beginning True-Up & Interest Provision	(12,269,759.62)	(565,493)	(11,704,266.62)	2,069.75	(6,834,776.49)	(4,384,575)	(2,450,201.49)	55.88
10 True-Up Collected / (Refunded)	<u>365,381.25</u>	<u>365,381</u>	<u>0.00</u>	0.00	<u>4,384,575.00</u>	<u>4,384,575</u>	<u>0.00</u>	0.00
11 End of Period - Total Net True-Up, Before Adjustment (C7+C8+C9+C10)	<u>(9,736,799.67)</u>	<u>(131,400)</u>	<u>(9,605,399.67)</u>	7,310.05	<u>(9,736,799.67)</u>	<u>(131,400)</u>	<u>(9,605,399.67)</u>	7,310.05