

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 (Colson)
FROM: Division of Regulatory Oversight (Vandiver)
RE: Docket No. 000002-EG; Gulf Power Company
 Audit Report; Conservation - Historical Year Ended December 31, 1999
 Audit Control No. 00-047-1-1

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

Beggs & Lane Law Firm
 P. O. Box 12950
 Pensacola, FL 32501-2950

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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES

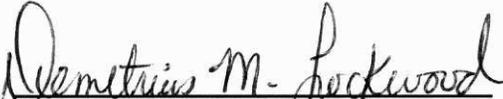
Tallahassee District Office

Gulf Power Company

Energy Conservation Cost Recovery Audit

HISTORICAL YEAR ENDED DECEMBER 31, 1999

DOCKET NO. 000002-EG
AUDIT CONTROL NO. 00-047-1-1


Demetrius M. Lockwood, Audit Manager


Rhonda Hicks, Audit Supervisor

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

June 21, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Energy Conservation Cost Recovery True Up Filing for the historical 12-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. 000002-EG. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

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.

Reviewed - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

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

PROGRAM COSTS: The audit staff examined the exhibit amounts. Visually scanned the supporting accounts for error or inconsistency. Staff determined what advertising costs were charged to conservation. Staff reviewed all invoices associated with the programs and determined if advertising costs were directly related to conservation. Staff verified that none of the programs filed for recoveries were based on a comparison of Electric vs. Gas Technologies. Staff verified accounts payable vouchers in support of the actual program expenses for material and supplies for all those programs exceeding the budgeted amounts. Staff compiled Salary & Benefits amounts for Demand Side Management programs and determined allocation methodology.

CONSERVATION REVENUES: The audit staff examined the exhibit amounts. Staff traced the Conservation Cost Recovery Revenues to a company prepared spreadsheets which removed revenue taxes and interdepartmental use. Staff recomputed the total kilowatt hours (KWH) sales, gross revenues, and net revenues to operating reports. Using judgmental review, staff selected the month of September to examine the manual billing for KWHs. Staff reconciled conservation cost factors to Commission order.

OTHER: Recomputed the true-up and interest provision for the twelve month period ending December 31, 1999 from the filing and traced to the beginning true-up in the prior filing. Traced the interest rates used in the calculation were to the 30 Day Commercial Paper Rate. Compiled the interest provision.

GULF POWER COMPANY

CONSERVATION COSTS BY PROGRAM
SUMMARY - GULF COMPANY
For the Period January, 1989 Through December, 1989

PROGRAMS	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL	In Concert w/	
														Environ. & Adv. Energy Mgmt	Geothermal Release Adj
1 Residential Energy Audits	29,290.91	18,016.80	22,814.16	22,886.37	22,841.18	22,818.72	24,487.48	28,184.37	22,311.88	29,729.35	50,817.06	121,848.72	415,227.02		
2 Gulf Express	284.68	281.84	(4,248.17)	298.67	307.84	297.91	307.85	307.84	297.91	337.19	268.56	313.83	(963.25)		
3 In Concert with the Environment	1,243.03	1,068.64	1,363.18	1,291.48	1,328.48	1,216.00	704.30	(33.96)	0.00	0.00	0.00	0.00	0.01		
4 Good Cens. Environmental	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(43.22)	0.00	0.00	0.00	0.00	(42.23)		
5 Duct Leakage	293.97	(40.83)	(40.96)	10.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	222.41		
6 Geothermal Heat Pump	8,290.27	13,702.80	11,977.03	8,180.45	8,895.22	19,787.77	30,898.00	(2,520.00)	69,538.97	8,120.17	8,207.20	31,468.69	210,072.15		
7 Advanced Energy Management Amortization and Return on Investment	31,929.51	84,077.89	96,255.55	96,173.82	47,253.50	86,218.96	116,906.83	178,187.86	117,047.10	117,848.20	113,081.63	115,814.79	1,190,801.76		
8 Commercial Good Cens. Bldg	29,897.23	20,099.92	22,880.04	23,883.27	20,697.73	24,866.87	20,848.30	(228.00)	22,118.60	22,873.98	19,724.91	24,739.34	118,059.02		
9 Commercial E. A. & T. A.	48,130.74	53,268.27	60,905.45	26,599.85	44,110.42	47,800.16	41,832.87	(808.00)	43,987.97	45,859.81	39,282.20	44,331.88	546,568.55		
10 Commercial Mail in Audit	2,073.39	4,895.99	3,784.89	2,378.33	4,498.24	2,884.77	2,481.70	3,323.37	2,538.83	4,819.67	7,229.41	39,766.31	80,652.00		
11. Solar for Schools	238.65	427.48	383.87	430.01	837.23	838.54	456.87	360.58	359.88	(10,053.03)	338.42	477.78	(4,908.90)		
12. Research & Development End Use Profiling Geothermal Heat Pump FCO Desiccant Dehum. H. P. Energy Education Commercial Technology J.C. Cooling Loop (Domek) Sleep Inn Van Norman Shores Swaley Sentry Loop GCCC H2O Pur. Jan High Jan High Burger King Dr. Taylor (Dentist) Bay Co. Schools Low Income Multi-Family MIDX Dunes Boar Light Hays in Hickson Beechbank	5,989.68 1,072.38 281.86	1,087.71 281.86	3,833.51 1,102.84	3,894.77 1,680.38	1,240.48 310.87	4,111.44 1,282.84	871.69 2,780.22	1,877.18 424.37	3,704.90 1,130.72	3,838.13 1,267.98	6,465.31 2,048.98	1,843.83 849.05	45,969.88 14,039.84		
13 Gas Research & Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
14 Residential Mail in Audit	4,268.99	3,898.80	4,398.80	4,299.53	4,472.70	4,409.82	8,007.50	4,484.37	5,108.82	4,848.39	4,886.24	5,384.01	56,227.37		
15 Renewable Conservation Expenses	162,912.09	201,073.92	225,020.22	193,387.83	184,748.17	817,032.66	284,788.84	(3,713.22)	289,438.72	238,787.28	286,860.63	385,319.36	2,383,868.19		

GULF POWER COMPANY
ENERGY CONSERVATION ADJUSTMENT
For the Period: January, 1999 through December, 1999

Conservation Revenue	In Concert w												TOTAL		
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER			
1. a. Residential Conservation Audit Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,991.90
b. (Other Fees)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Conservation Adjustment Revenues	142,183.18	118,382.74	123,556.32	136,795.07	153,212.73	178,330.09	197,779.92	205,229.09	177,653.12	145,436.62	124,290.99	207,432.41	1,906,253.18		
3. Total Revenues	142,183.18	118,382.74	123,556.32	136,795.07	153,212.73	178,330.09	197,779.92	205,229.09	177,653.12	145,436.62	124,290.99	207,432.41	1,906,253.18		
4. Adjustment not Applicable to Period - Prior True Up	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	65,560.25	786,723.00		
5. Conservation Revenues Applicable to Period	207,753.43	181,912.99	198,116.57	202,356.22	218,772.98	241,890.34	263,340.17	270,789.34	244,287.85	211,282.92	190,102.37	273,382.90	2,694,968.08		
6. Conservation Expenses (From CT-3 Page 8)	182,512.08	201,073.92	225,020.22	193,327.93	186,745.17	217,032.65	254,789.94	(3,713.22)	296,435.72	87,870.34	289,047.78	(8,000.00)	2,387,672.28		
7. True Up this Period (Line 5 minus Line 6)	46,241.35	(19,160.93)	(26,903.65)	9,028.29	62,027.81	24,857.69	8,550.23	3,713.22	(27,646.38)	(87,879.34)	(44,779.81)	8,000.00	(27,484.36)		
8. Interest Provision this Period (Page 10, Line 10)	1,459.60	1,246.66	882.23	582.83	442.39	364.44	169.66	274.65	(136.00)	279.34	(887.67)	448.06	(1,301.75)		
9. True Up & Interest Provision Beginning of Month	370,877.64	351,817.34	266,341.72	167,760.05	111,790.72	108,700.87	68,382.55	11,521.09	15,508.96	(77,832.67)	(145,432.67)	(256,660.50)	(248,212.44)		
10. Prior True Up Collected or Refunded	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)	(65,560.25)		
11. End of Period - Net True Up	351,817.34	266,341.72	167,760.05	111,790.72	108,700.87	68,382.55	11,521.09	15,508.96	(77,832.67)	(145,432.67)	(256,660.50)	(248,212.44)	(342,558.80)		

Florida Public Service Commission
Docket No. 000002-EG
GULF POWER COMPANY
Witness: Margaret D. Neyman
Exhibit No. (MDN-1)
Schedule CT-3
Page 4 of 5

GULF POWER COMPANY
 COMPUTATION OF INTEREST EXPENSE
 ENERGY CONSERVATION ADJUSTMENT
 For the Period: January, 1999 through December, 1999

Interest Provision	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
1. Beginning True up Amount	370,077.64	351,017.34	268,341.72	107,750.05	111,790.72	108,700.07	60,362.55	15,508.96	(145,432.07)	(248,212.44)	(342,558.80)	(505,579.53)	
2. Ending True up before Interest	350,558.74	267,096.16	166,077.02	111,228.09	100,250.20	67,996.11	11,352.53	(77,697.07)	(255,772.03)	(341,257.05)	(503,666.71)	(683,076.25)	
3. Total beginning & ending	721,036.38	618,113.50	435,219.54	279,986.14	220,049.00	176,696.78	79,715.08	(62,188.71)	(401,205.50)	(589,469.49)	(846,225.51)	(1,188,655.78)	
4. Average True up Amount	360,518.19	309,456.75	217,609.77	139,494.07	110,024.50	88,349.39	39,657.54	(31,094.35)	(200,802.75)	(294,734.75)	(423,112.76)	(594,327.89)	
5. Interest Rate First Day Reporting Business Month	4.9000	4.8100	4.8500	4.8800	4.8000	4.8500	5.0500	5.1000	5.3200	5.3000	5.3000	5.5500	
6. Interest Rate First Day Subsequent Business Month	4.8100	4.8500	4.8800	4.8000	4.8500	5.0500	5.1000	5.3200	5.3000	5.3000	5.5500	5.6000	
7. Total of Lines 5 and 6	9.7100	9.6600	9.7300	9.6800	9.6500	9.9000	10.1500	10.4200	10.6200	10.6000	10.8500	11.1500	
8. Average Interest rate (50% of Line 7)	4.8550	4.8300	4.8650	4.8400	4.8250	4.9500	5.0750	5.2100	5.3100	5.3000	5.4250	5.5750	
9. Monthly Average Interest Rate Line 8 x 12	0.004046	0.004025	0.004054	0.004033	0.004021	0.004125	0.004229	0.004342	0.004425	0.004417	0.004521	0.004646	
10. Interest Provision (line 4 X 9)	1,458.60	1,245.56	682.23	562.63	442.39	364.44	168.56	274.65	(135.00)	279.34	(687.07)	448.06	(871.93)

AUDIT
 Env. & Adv
 Energy Mgmt
 In Concert w
 Geothermal
 Rebas