

State of Florida



Public Service Commission

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

DATE: October 17, 2000
TO: Division of Safety and Electric Reliability (Lee)
FROM: Division of Regulatory Oversight (Vandiver) *W*
RE: Docket No. 000001-EI; Gulf Power Company
 Capacity Audit Report; Historical Year Ended December 31, 1999
 Audit Control No. 00-026-1-1

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
 Division of Legal Services

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

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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

Capacity Audit

HISTORICAL YEAR ENDED December 31, 1999

DOCKET NO. 000001-EI
AUDIT CONTROL NO. 00-026-1-1

Mark Caruth
Mark Caruth, Audit Manager

Rhonda L. Hicks
Rhonda Hicks, Audit Supervisor

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

October 4, 2000

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Capacity 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. 000001-EI. 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.

REVENUES: The audit staff researched the revenue data from the utility filing back to the supporting documentation of the utility. This research included the purchased power capacity cost revenue calculation sheet, the monthly revenue sheets (including analysis of FPSC allowed capacity factors), the operating report (for December 1999), the financial audit trail report (for December 1999), and other documentation (such as a selection of customer billings for detailed review of the energy charge composition to determine whether proper FPSC allowed capacity factors had been used by the utility in its billings).

COSTS/PAYMENTS: The audit staff researched the cost/payment data from the utility filing back to the supporting documentation of the utility. This research included the intercompany interexchange contracts payments/receipts (IIC) data per general ledger query reports, the IIC invoice summary of transactions, IIC journal entry data, and Monsanto/Solutia data.

TRUE-UP: The audit staff researched the true-up data from the utility filing back to the general ledger query report and to the journal summary detailed report.

OTHER: The audit staff researched the interest rate data from the utility filing back to the general ledger query report and to the FPSC allowed commercial paper rate.

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
JANUARY 1999 - DECEMBER 1999**

1. Estimated over/(under)-recovery for the period JANUARY 1999 - DECEMBER 1999 (Schedule CCE-1a approved in Order No. PSC-99-2512-FOF-EI dated December 22, 1999)	(12,942)
2. Actual over/(under)-recovery for the period JANUARY 1999 - DECEMBER 1999 (Schedule CCA-2 Line 11+12 in the Total column)	<u>871,680</u>
3. Amount to be refunded/(recovered) in the JANUARY 2001 - DECEMBER 2001 projection period (Line 2 - Line 1)	<u>884,622</u>

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD JANUARY 1999 - DECEMBER 1999**

	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	ACTUAL TOTAL
1. IC Payments / (Receipts) (\$)	829,072	698,859	472,257	437,944	585,742	602,516	(828,894)	1,130,814	318,487	336,817	298,220	408,015	5,467,953
2. Capacity Payments to Solids (\$)	82,202	82,202	82,202	82,202	82,202	82,202	82,202	82,202	82,202	82,202	82,202	82,202	746,424
3. Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	891,274	781,061	554,459	520,146	667,944	684,720	(746,692)	1,213,016	400,689	419,019	380,422	490,217	6,214,377
4. Jurisdictional %	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271	0.9848271
5. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	859,825	732,363	515,881	482,555	658,858	641,340	(748,760)	1,198,738	362,475	385,081	345,818	451,749	5,995,801
6. Amount Included in Retail Base Rate Revenue (\$)	(137,687)	(137,687)	(137,687)	(137,687)	(137,688)	(137,688)	(137,687)	(137,687)	(137,687)	(137,687)	(137,688)	(137,688)	(1,652,000)
7. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	997,512	870,030	653,568	620,222	743,524	779,028	(611,073)	1,336,405	500,162	522,768	483,482	589,415	7,847,801
8. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	755,077	612,858	535,823	712,233	800,353	840,578	1,090,369	1,104,782	948,178	758,412	845,056	898,888	9,860,494
9. True-Up Provision (\$)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,597)	(109,598)	(109,598)	(109,598)	(1,315,187)
10. Jurisdictional Capacity Cost Recovery Revenue (Line 8 + 9) (\$)	645,480	503,261	426,226	602,636	690,756	730,981	980,772	995,185	838,581	648,814	735,458	789,290	8,545,307
11. Over/(Under) Recovery (Line 10 - 7) (\$)	(352,112)	(368,772)	(127,002)	(17,588)	(52,769)	51,974	1,358,885	(302,220)	338,440	124,067	51,866	107,655	206,528
12. Interest Provision (\$)	(5,463)	(6,463)	(7,113)	(9,954)	(8,861)	(6,411)	(3,151)	(477)	79	1,887	2,325	3,898	(34,845)
13. Beginning Balance True-Up & Interest Provision (\$)	(1,234,043)	(1,482,041)	(1,745,898)	(1,770,217)	(1,695,160)	(1,634,998)	(1,479,833)	(13,522)	(208,822)	242,494	477,748	841,865	(1,234,043)
14. True-Up Collected/(Refunded) (\$)	109,597	109,597	109,597	109,597	109,597	109,597	109,597	109,597	109,597	109,598	109,598	109,598	1,315,187
15. End Of Period Total Net True-Up (Lines 11 + 12 + 13 + 14) (\$)	(1,482,041)	(1,745,899)	(1,770,217)	(1,685,180)	(1,634,993)	(1,479,833)	(13,522)	(208,822)	242,494	477,748	841,865	842,904	

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD JANUARY 1989 - DECEMBER 1989**

	ACTUAL JANUARY	ACTUAL FEBRUARY	ACTUAL MARCH	ACTUAL APRIL	ACTUAL MAY	ACTUAL JUNE	ACTUAL JULY	ACTUAL AUGUST	ACTUAL SEPTEMBER	ACTUAL OCTOBER	ACTUAL NOVEMBER	ACTUAL DECEMBER	TOTAL
1. Beginning True-Up Amount (\$)	(1,234,043)	(1,482,041)	(1,746,999)	(1,770,217)	(1,885,150)	(1,834,893)	(1,478,833)	(13,522)	(208,822)	242,404	477,748	641,855	
2. Ending True-Up Amount Before Interest (\$)	(1,478,558)	(1,739,216)	(1,763,104)	(1,678,208)	(1,628,332)	(1,473,422)	(10,371)	(208,145)	242,415	478,159	889,236	849,109	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	(2,710,601)	(3,221,257)	(3,508,803)	(3,448,425)	(3,513,482)	(3,108,415)	(1,490,204)	(219,667)	38,793	718,853	1,117,878	1,690,863	
4. Average True-Up Amount (\$)	(1,855,301)	(1,810,829)	(1,784,402)	(1,724,212)	(1,656,748)	(1,654,208)	(745,102)	(108,834)	17,897	359,327	656,338	795,482	
5. Interest Rate - First Day of Reporting Business Month	0.048000	0.048100	0.048500	0.048800	0.048900	0.048900	0.050600	0.051000	0.052000	0.053000	0.052000	0.056500	
6. Interest Rate - First Day of Subsequent Business Month	0.048100	0.048500	0.048800	0.048000	0.048500	0.050500	0.051000	0.053200	0.053000	0.053000	0.053500	0.058000	
7. Total Interest Rate (Lines 5 + 6)	0.097100	0.098600	0.097300	0.096800	0.099400	0.099400	0.101600	0.104200	0.105200	0.106000	0.106500	0.114500	
8. Average Interest Rate	0.048650	0.048900	0.048650	0.048400	0.048250	0.048600	0.050750	0.052100	0.053100	0.053000	0.054250	0.055750	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004054	0.004075	0.004054	0.004033	0.004021	0.004050	0.004225	0.004342	0.004425	0.004417	0.004521	0.004648	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	(5,483)	(8,483)	(7,113)	(6,954)	(6,881)	(8,411)	(3,151)	(477)	79	1,587	2,525	3,896	(34,846)