

State of Florida



Public Service Commission

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

DATE: July 26, 2001
TO: Division of Safety and Electric Reliability (D. Lee)
FROM: Division of Regulatory Oversight (Vandiver) *OV*
RE: Docket No. 010001-EI; Gulf Power Company; Capacity Cost audit; Audit Control No. 01-037-1-1

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, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of Commission Clerk and Administrative Services (2)
Division of Legal Services

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

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DOCUMENT NUMBER-DATE

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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, 2000

DOCKET NO. 010001-EI
AUDIT CONTROL NO. 01-037-1-1

A handwritten signature in cursive script that reads "Bob Moore".

Bob Moore, Audit Manager

A handwritten signature in cursive script that reads "Lynn M. Deamer".

Lynn M. Deamer, Audit Supervisor

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

July 10, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying schedules of True-Up and Interest Provision for the historical 12-month period ended December 31, 2000 for Gulf Power Company. These schedules were prepared by the utility as part of its petition for rate relief in Docket No. 010001-El.

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:

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.

TRUE-UP PROVISION: Recomputed and Compiled True-Up. Determined the total capacity cost recovery true-up from Commission Order PSC-99-2512-FOF-EI. Verified capacity revenue calculations. Recomputed the Retail Base Rate Revenues included in the capacity filing per Order PSC-93-0047-FOF-EI. Verified the Jurisdictional percent. Judgementally tested selected invoices with capacity charges to lines 1 thru 3 on the True-Up schedule. Verified the capacity charges for the Solutia, Inc. (formerly Monsanto). Reconciled the refund from Solutia, Inc. and verified its impact on capacity charges charged to the True-Up Filing. Compiled the activity to account 55500202 to ascertain the capacity charges from Solutia, Inc. were properly recorded in the general ledger. Listed all accounts used to record capacity costs. Obtained the beginning True-Up from the prior audit workpapers.

TRUE-UP INTEREST: Recomputed True-Up Interest Provision. Obtained the approved interest rates based on the Wall Street Journal.

SCHEDULE CCA-2

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000**

	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. IIC Payments / (Receipts) (\$)	731,508	455,483	188,112	228,081	487,184	1,266,921	2,973,922	3,830,155	1,801,298	377,076	325,240	464,838	13,129,778
2. Transmission Revenue (\$)	(5,211)	(4,281)	(7,733)	(8,882)	(9,417)	(22,848)	(11,804)	(25,900)	(26,710)	(21,202)	(31,377)	(18,324)	(193,488)
3. Capacity Payments to Solutia (\$)	62,202	62,202	62,202	62,202	62,202	62,202	62,202	568,892	(118,489)	61,237	62,202	62,202	(62,326)
4. Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	788,500	613,404	242,581	281,401	539,949	1,306,275	3,024,520	3,237,363	1,658,099	417,110	356,065	508,714	12,873,981
5. Jurisdictional %	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271	0.9648271
6. Jurisdictional Capacity Payments / (Receipts) (Line 3 x 4) (\$)	760,768	495,348	234,049	271,503	520,958	1,280,330	2,918,139	3,123,495	1,599,779	402,439	343,541	490,821	12,421,168
7. Amount Included in Retail Base Rate Revenues (\$)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,667)	(137,666)	(137,666)	(137,666)	(137,666)	(1,652,000)
8. Total Jurisdictional Recovery Amount (Line 5 - 6) (\$)	898,433	633,013	371,716	409,170	658,625	1,397,997	3,055,806	3,261,162	1,737,445	540,105	481,207	628,487	14,073,168
9. Jurisdictional Capacity Cost Recovery Revenue Net of Taxes (\$)	1,016,053	918,265	899,408	884,800	1,227,379	1,336,303	1,525,248	1,474,279	1,230,668	1,070,223	1,003,672	1,358,372	13,944,667
10. True-Up Provision (\$)	5,882	5,882	5,882	5,882	5,882	5,882	5,882	5,882	5,882	5,882	5,681	5,681	68,182
11. Jurisdictional Capacity Cost Recovery Revenue (Line 9 + 10) (\$)	1,021,735	923,947	905,088	890,482	1,233,061	1,341,985	1,530,930	1,479,961	1,236,348	1,076,905	1,009,353	1,364,053	14,012,849
12. Over/(Under) Recovery (Line 11 - 8) (\$)	123,302	290,934	633,372	481,312	674,436	(56,012)	(1,624,876)	(1,781,201)	(501,097)	635,800	628,146	735,566	(80,318)
13. Interest Provision (\$)	4,805	5,886	8,083	10,823	14,201	18,113	11,778	2,779	(3,408)	(3,368)	(542)	2,885	70,115
14. Beginning Balance True-Up & Interest Provision (\$)	952,804	1,075,229	1,368,367	1,902,120	2,388,673	2,971,629	2,926,048	1,407,268	(378,838)	(887,025)	(380,273)	181,650	952,804
15. True-Up Collected/(Refunded) (\$)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,882)	(5,681)	(5,681)	(88,182)
16. End Of Period Total Net True-Up (Lines 12 + 13 + 14 + 15) (\$)	1,075,229	1,368,367	1,902,120	2,388,673	2,971,629	2,926,048	1,407,268	(378,838)	(887,025)	(380,273)	181,650	894,420	

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GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
FOR THE PERIOD JANUARY 2000 - DECEMBER 2000

	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 (\$)	952,804	1,075,229	1,366,367	1,902,120	2,388,873	2,971,629	2,928,048	1,407,268	(378,838)	(887,025)	(360,273)	181,650	
2. Ending True-Up Amount Before Interest (\$)	1,070,424	1,360,481	1,894,057	2,377,750	2,957,428	2,909,835	1,395,490	(379,617)	(863,617)	(358,907)	182,192	891,535	
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	2,023,228	2,435,710	3,280,424	4,279,870	5,346,101	5,881,564	4,321,538	1,027,649	(1,260,455)	(1,243,632)	(198,081)	1,053,185	
4. Average True-Up Amount (\$)	1,011,614	1,217,855	1,630,212	2,139,935	2,673,051	2,940,782	2,160,769	513,825	(630,228)	(621,966)	(99,041)	526,583	
5. Interest Rate - First Day of Reporting Business Month	0.058000	0.058000	0.058000	0.060700	0.061800	0.065700	0.065800	0.065000	0.064800	0.065000	0.064900	0.066500	
6. Interest Rate - First Day of Subsequent Business Month	0.058000	0.058000	0.060700	0.061800	0.065700	0.065800	0.065000	0.064800	0.065000	0.064900	0.066500	0.065000	
7. Total Interest Rate (Lines 5 + 6)	0.114000	0.116000	0.118700	0.122500	0.127500	0.131500	0.130800	0.129800	0.129800	0.128900	0.131400	0.131500	
8. Average Interest Rate	0.057000	0.058000	0.059350	0.061250	0.063750	0.065750	0.065400	0.064900	0.064900	0.064950	0.065700	0.065750	
9. Monthly Average Interest Rate (1/12 Of Line 8)	0.004750	0.004833	0.004946	0.005104	0.005313	0.005479	0.005450	0.005408	0.005408	0.005413	0.005475	0.005479	
10. Interest Provision For the Month (Lines 4 X 9) (\$)	4,805	5,886	8,063	10,823	14,201	16,113	11,776	2,779	(3,408)	(3,366)	(542)	2,885	70,115