

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: December 1, 2005
TO: John Slemkewicz, Economic Analyst, Division of Economic Regulation
FROM: Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance & Consumer Assistance
RE: **Undocketed; Company Name:** Gulf Power Company
Audit Purpose: Audit Financial Entries Regarding Sale of "Trouble Vision" Software; **Audit Control No:** 03-099-1-1

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 me for distribution. There are confidential work papers associated with this audit.

DNV:bj
Attachment

Cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)
Division of Competitive Markets and Enforcement (Harvey)
Division of Commission Clerk and Administrative Services (2)
General Counsel
Office of Public Counsel

Ms. Susan D. Ritenour, Secretary & Treasurer
Regulatory Affairs
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780

Beggs & Lane Law Firm
Jeffery Stone/Russell Badders
P.O. Box 12950
Pensacola, FL 32591-2950

DOCUMENT NUMBER-DATE

11352 DEC-1 05

FPSC-COMMISSION CLERK



FLORIDA PUBLIC SERVICE COMMISSION

***DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
BUREAU OF AUDITING***

Tallahassee District Office

GULF POWER COMPANY

INVESTIGATION OF "TROUBLEVISION" SOFTWARE

AS OF DECEMBER 31, 2003

**UNDOCKETED
AUDIT CONTROL NO. 03-099-1-1**



Lynn M. Deamer, Audit Supervisor

TABLE OF CONTENTS

I.	AUDITOR'S REPORT	PAGE
	PURPOSE.....	1
	DISCLAIM PUBLIC USE.....	1
	SUMMARY OF SIGNIFICANT PROCEDURES.....	2
II.	DISCLOSURES	
	1. Description of TroubleVision Software.....	3
	2. Distribution of Hours.....	4
	3. PowerPlant Computer Based Accounting System	5

**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

November 28, 2005

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the records supporting the development, sale and continued support of Troublevision Software by Gulf Power Company as of December 31, 2003. There is confidential information associated with this report.

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 Utility. Our more important audit procedures are summarized below.

Obtained a brief description of the "Trouble Vision" software from the company.

Verified the costs incurred related to the development of the software.

Verified the revenues and/or benefits received related to the sale of the software to CES, International.

Verified the costs incurred related to the continued support and modification after the software was sold.

Time sheets of employees involved in this development were reviewed from March 1999 to March 2002 although the development phase of this software ended in early 2000. Selected time sheets of Dominic R. Orlando were reviewed and hours tabulated and compared to the company's fixed distribution of hours.

Documentation regarding the Property Accounting Software system called PowerPlant was obtained and reviewed.

DISCLOSURE NO. 1

Subject: Description of TroubleVision Software

Statement of Fact:

Audit staff obtained the following description of Troublevision from Gulf Power Company.

“TroubleVision (developed at Gulf Power Company) is the Southern Company name for an internally developed, independent software reporting application module that extracts data from Gulf’s outage management system and reports the data in a web-based format. TroubleVision provides managers, supervisors, and engineering personnel with a high-level summary of customer reported power outages within a specific service area (i.e., number of customers out of service for a specific feeder). The initial development effort for this application occurred over an 8 month period. At the end of the initial development effort, the application was demonstrated to Georgia Power Company, Mississippi Power Company, and Savannah Electric. They decided to also use the application and over the next 4-month, “user acceptance” period, additional functionality changes were made based on Gulf Power Company user input and also from Georgia Power Company, Mississippi Power Company and Savannah Electric. TroubleVision was considered to be in a “production” mode in March 2000 at Gulf Power Company, Georgia Power Company, Mississippi Power Company and Savannah Electric.”

TroubleVision was sold to CES, International on August 28, 2000.

Recommendation: For informational purposes.

DISCLOSURE NO. 2

Subject: Distribution of Hours

Statement of Fact:

Time sheets of employees involved in the development of TroubleVision were reviewed from March 1999 to March 2002 although the development phase of this software ended in early 2000.

Selected time sheets of Dominic R. Orlando were reviewed and hours tabulated and compared to the company's fixed distribution of hours. Much of Mr. Orlando's time was coded to Workorder 990120-Relay Dept.-E&S (Engineering and Supervision) Debit Overheads. This work order includes the labor costs of the development of TroubleVision in addition to other daily charges incurred in the normal work of an engineer.

Recommendation: For informational purposes.

DISCLOSURE NO. 3

Subject: PowerPlant Computer Based Accounting System

Statement of Fact:

In October, 2001, Gulf Power implemented a property accounting software system called Power Plant System. This software processes capital work orders. It replaced the prior system known as Standard Plant Accounting System which was based on mainframe technology. This old system was unable to handle depreciation or unitization. Unitization was a manual system.

According to the company, this new system has the capability of supporting all required functions of plant accounting including the capability of tracking charges per work order, and by asset location.

Audit staff reviewed an example of documentation showing costs of a work order by location and to verify that there was sufficient detail to determine such transactions as A&G (Administrative & General) overhead, labor or materials used.

Recommendation: For informational purposes.