



# 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-**

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**DATE:** May 21, 2010  
**TO:** Kenneth Franklin, Regulatory Analyst II, Division of Economic Regulation  
**FROM:** Dale N. Mailhot, Director, Office of Auditing and Performance Analysis *DM*  
**RE:** Docket No.: 100001-EI  
Company Name: Gulf Power Company  
Company Code: EI804  
Audit Purpose: Capacity Cost Recovery Clause  
Audit Control No: 10-004-1-2

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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 a response to the Office of Commission Clerk. There were no confidential work papers associated with this audit.

DNM/ip

Attachment: Audit Report

cc: (With Attachment)  
Office of Auditing and Performance Analysis (Mailhot, File Folder)  
Office of Commission Clerk  
Office of the General Counsel

(Without Attachment)  
Office of Auditing and Performance Analysis (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

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STATE OF FLORIDA



FLORIDA PUBLIC SERVICE COMMISSION  
OFFICE OF AUDITING AND PERFORMANCE ANALYSIS  
BUREAU OF AUDITING

Tallahassee District Office


GULF POWER COMPANY

CAPACITY COST RECOVERY AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2009

DOCKET NO. 100001-EI

AUDIT CONTROL NO. 10-004-1-2

  
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Donna Brown, Audit Manager

  
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Lynn M. Deamer, District Audit Supervisor

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**OFFICE OF AUDITING AND PERFORMANCE ANALYSIS  
AUDITOR'S REPORT**

**May 20, 2009**

**TO: FLORIDA PUBLIC SERVICE COMMISSION**

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Gulf Power Company in support of its filing for Capacity Cost Recovery Clause (CCR), Docket No. 100001-EI.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

## **OBJECTIVES AND PROCEDURES**

### **REVENUES**

*Objective:* To verify filed Capacity Cost Recovery Clause (CCR) customer revenues and KWH sold were properly recorded in the books of the utility.

*Procedures:* CCR revenues were audited jointly with the revenue portions of the other clause audits of Gulf Power Company. The work product is contained in Docket No. 100001-EI, Audit control number 10-004-1-1.

### **EXPENSES**

*Objective:* To reconcile capacity costs and revenues as reflected in the general ledger and invoices with the final true-up filing.

*Procedures:* The audit staff recalculated filed true-up schedules CCA-2 and CCA-3. In addition, audit staff reconciled the CCA-2 and CCA-3 schedules to the general ledger and appropriate Intercompany Interchange Contract (IIC) invoices. Audit staff also verified twelve months of IIC receipts, IIC purchases, and transmission expenses as per the filing.

*Objective:* To verify that transmission revenues derived from non-separated, non-Energy Broker Network, wholesale energy sales are credited to the clause in compliance with FPSC Order PSC-08-0824-FOF-EI.

*Procedures:* Scheduled transmission revenues for the twelve month period ended December 31, 2009. Recalculated adjustments made to the transmission and ancillary dollars and traced transmission revenues to company filing and general ledger. Audit staff reviewed the filed transmission revenues and confirmed that they comply with FPSC Order PSC-99-2512-FOF-EI, issued December 22, 1999.

### **TRUE-UP**

*Objective:* To determine if the utility true-up calculation and interest provisions for the period ended December 31, 2009 filed with this Commission were calculated correctly.

*Procedures:* Recalculated the 2009 Capacity Cost Recovery Clause true-up and interest schedules using FPSC approved recoverable true-up computations, interest rates, and jurisdictional separation factor.

**GULF POWER COMPANY**  
**PURCHASED POWER CAPACITY COST RECOVERY CLAUSE**  
**CALCULATION OF TRUE-UP AND INTEREST PROVISION**  
**FOR THE PERIOD JANUARY 2009 - DECEMBER 2009**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. IC Payments / (Receipts) (\$)	1,096,062	474,998	259,161	317,225	472,847	579,280	2,109,534	1,163,603	1,309,315	24,574	43,007	(93,572)	7,746,734
2. Other Capacity Payments / (Receipts)						8,322,362	5,431,358	5,344,748	5,369,822	582,131	954,981	654,981	23,981,163
3. Transmission Revenue (\$)	(10,415)	(8,221)	(6,135)	(4,967)	(6,128)	(24,821)	(48,039)	(8,495)	(3,802)	(1,958)	(4,367)	(10,511)	(138,283)
4. Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	1,084,647	466,777	253,026	312,258	466,719	5,956,021	7,492,853	6,499,852	6,665,135	615,947	983,621	650,898	31,599,614
5. Jurisdictional %	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160	0.9642160
6. Total Jurisdictional Recovery Amount (Line 4 * 5) (\$)	1,045,834	451,906	241,050	301,064	450,018	5,638,040	7,224,729	6,267,281	6,456,521	593,906	958,085	620,449	30,468,873
7. Jurisdictional Capacity Cost Recovery Revenue net of Taxes (\$)	2,364,986	2,151,203	2,115,615	2,151,731	2,801,103	3,425,369	3,240,036	3,115,141	2,822,894	2,588,375	1,918,986	3,149,625	31,654,762
8. True-Up Provision (\$)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(30,616)	(367,368)
9. Jurisdictional Capacity Cost Recovery Revenue (Line 7 + 8) (\$)	2,364,370	2,120,587	2,085,999	2,121,115	2,570,487	3,374,753	3,209,419	3,084,525	2,792,278	2,558,759	1,888,369	3,119,013	31,297,374
10. Over/(Under) Recovery (Line 9 - 6) (\$)	1,318,536	1,668,681	1,844,939	1,820,051	2,120,469	(2,233,287)	(4,015,310)	(3,182,736)	(3,664,243)	1,964,853	928,904	2,298,564	816,501
11. Interest Provision (\$)	547	1,813	2,331	2,442	2,386	2,201	1,358	329	(363)	(508)	(227)	58	12,145
12. Beginning Balance True-Up & Interest Provision (\$)	312,771	1,682,470	3,363,340	5,241,266	7,094,356	9,247,828	6,997,356	3,014,018	(137,773)	(3,771,783)	(1,776,822)	(818,429)	312,771
13. True-Up Collected/(Refunded) (\$)	30,616	30,616	30,616	30,616	30,616	30,616	30,616	30,616	30,616	30,616	30,616	30,616	367,368
14. Adjustment													
15. End of Period Total Net True-Up (Lines 12 + 13 + 14) (\$)	1,862,479	3,383,562	5,241,266	7,094,356	9,347,828	6,967,356	3,414,818	(137,773)	(3,771,783)	(1,776,822)	(818,429)	1,318,809	1,510,805
Average Monthly Interest Rate	0.0584%	0.0642%	0.0542%	0.0396%	0.0292%	0.0271%	0.0271%	0.0229%	0.0196%	0.0183%	0.0173%	0.0167%	
Wall Street Annual Rate	0.94%	0.79%	0.75%	0.40%	0.30%	0.35%	0.30%	0.25%	0.22%	0.22%	1.20%	0.20%	
Average Annual Rate	0.865%	0.770%	0.650%	0.476%	0.350%	0.325%	0.325%	0.276%	0.235%	0.220%	0.210%	0.200%	

GULF POWER COMPANY  
 PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
 CALCULATION OF INTEREST PROVISION  
 FOR THE PERIOD JANUARY 2009 - DECEMBER 2009

	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 (\$)	312,771	1,062,470	3,363,360	5,241,298	7,064,956	9,247,826	6,987,356	3,014,018	(137,773)	(3,771,783)	(1,778,822)	(818,429)	
2. Ending True-Up Amount Before Interest (\$)	1,661,923	3,361,787	5,238,836	7,091,913	9,245,440	5,925,156	3,012,652	(728,102)	(3,771,400)	(1,776,314)	(818,282)	(810,747)	1,510,747
3. Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	1,974,694	4,024,257	8,602,315	12,333,379	16,339,796	16,242,981	10,010,018	2,875,916	(3,908,173)	(5,548,087)	(2,595,024)	(1,629,176)	3,021,494
4. Average True-Up Amount (\$)	987,347	2,512,119	4,301,158	6,168,590	8,169,898	8,121,491	5,005,009	1,437,958	(1,954,587)	(2,774,043)	(1,297,512)	(814,588)	1,510,747
5. Interest Rate - First Day of Reporting Business Month	0.54%	0.79%	0.75%	0.65%	0.42%	0.30%	0.35%	0.30%	0.25%	0.22%	0.22%	0.20%	0.20%
6. Interest Rate - First Day of Subsequent Business Month	0.79%	0.75%	0.55%	0.40%	0.30%	0.25%	0.30%	0.25%	0.22%	0.22%	0.20%	0.20%	0.20%
7. Total Interest Rate (Lines 5 + 6)	1.33%	1.54%	1.30%	0.95%	0.70%	0.65%	0.65%	0.55%	0.47%	0.44%	0.42%	0.40%	0.40%
8. Average Interest Rate	0.665%	0.770%	0.650%	0.475%	0.350%	0.325%	0.325%	0.275%	0.238%	0.220%	0.210%	0.200%	0.200%
9. Monthly Average Interest Rate (1/12 of Line 8)	0.0554%	0.0642%	0.0542%	0.0396%	0.0292%	0.0271%	0.0271%	0.0229%	0.0198%	0.0183%	0.0175%	0.0167%	0.0167%
10. Interest Provision For the Month (Line 4 X 9) (\$)	547	1,613	2,331	2,442	2,386	2,201	1,356	329	(383)	(508)	(227)	(58)	12,145