



Public Service Commission

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

RECEIVED-FPSC
11 JUN 8 AM 10:00

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

COMMISSION
CLERK

DATE: June 8, 2011

TO: Office of Commission Clerk

FROM: Clarence J. Prestwood, Chief of Auditing, Office of Auditing and Performance *CJP*
Analysis

RE: Docket No.: 110001-EI
Company Name: Gulf Power Company
Company Code: EI804
Audit Purpose: Capacity Cost Recovery Clause
Audit Control No: 11-006-1-1

Attached is the final audit report for the Utility stated above. Volume 2 of the audit working papers is forwarded for confidential treatment pursuant to Rule 25-22.006, Florida Administrative Code. The audit report and volume 1 of the work papers are public and held by the Bureau of Auditing. An attached index lists all confidential material.

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.

CJP/ir

Attachments: Confidential Document Index
Confidential Binder Listed Above

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

03956 JUN-8 =

FPSC-COMMISSION CLERK

5/11
DB

INDEX OF CONFIDENTIAL WORKPAPERS
Gulf Power Company
DKT 110001-EI; ACN 11-006-1-1
Capacity Cost Recovery Clause

Item	Description	Page	Number of Pages
1	Capacity Invoices	40-2.1 to 40-2.3.12	44
2	Southern Company's Intercompany Contract - Exhibit K	44-5 to 44-5.7	8
3	IIC Contract - report 79000 - explanation	44.2 to 44.5	4

56 Total Pages

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tallahassee District Office

Auditor's Report

Gulf Power Company
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2010

Docket No. 110001-EI
Audit Control No. 11-006-1-1
May 27, 2011

Handwritten signature of Donna D. Brown in cursive script.

Donna D. Brown
Audit Manager

Handwritten signature of Andrew Von Euw in cursive script.

Andrew Von Euw
Audit Staff

Handwritten signature of Lynn M. Deamer in cursive script.

Lynn M. Deamer
Reviewer

DOCUMENT NUMBER-DATE

03956 JUN-8 =

FPSC-COMMISSION CLERK

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

 None..... 3

Exhibits

 1: Schedule CCA-2 – True-Up..... 4

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 6, 2011. We have applied these procedures to the attached summary exhibit prepared by Gulf Power Company and to several of its related schedules in support of its filing for Capacity Cost Recovery Clause (CCRC), Docket No. 110001-EI.

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

Objectives and Procedures

Revenues

Customer Revenues

Objectives: The objective was to verify that Capacity Cost Recovery Clause (CCRC) customer revenues and KWH sold as filed reconciled with the amounts that were recorded on the books of the Utility, and that these amounts were completely and properly recorded.

Procedures: We compiled total CCRC revenues for the twelve-month period ended December 31, 2010. We recalculated revenue using KWH and related information from bills. We also traced CCRC revenues to the general ledger. There are no exceptions.

Transmission Revenues

Objectives: The objective was to determine 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-99-2512-FOF-EI¹.

Procedures: We compiled transmission revenues for the twelve-month period ended December 31, 2010. We recalculated adjustments made to the transmission and ancillary dollars and traced transmission revenues to utility filings and the general ledger. We reviewed the filed transmission revenues and confirmed that they comply with FPSC Order PSC-99-2512-FOF-EI. There are no exceptions.

Expenses

Objectives: The objective was to reconcile capacity costs as reflected in the general ledger and invoices with the final true-up filing.

Procedures: We reconciled the Utility filed CCA-2 and CCA-3 schedules to the general ledger and appropriate Intercompany Interchange Contract (IIC) invoices. We also verified twelve months of IIC receipts, IIC purchases, and transmission expenses as per the filing. There are no exceptions.

True Up

Objectives: The objective was to verify that the true-up and interest provision amount at December 31, 2010 was properly calculated.

Procedures: We recalculated the true up and interest provision amount as of December 31, 2010 using the Commission approved beginning balance as of December 31, 2009, the Commercial paper rates, and the 2010 CCRC Revenues and Costs. There are no exceptions.

¹ See Order No. PSC-99-2512-FOF-EI, issued December 22, 1999, Docket No. 990001-EI, In Re: Fuel and purchased power cost recovery clause and generating performance incentive factor.

Audit Findings

Findings: None

SCHEDULE CCA-2

**GULF POWER COMPANY
PURCHASED POWER CAPACITY COST RECOVERY CLAUSE
CALCULATION OF TRUE-UP AND INTEREST PROVISION
FOR THE PERIOD JANUARY 2010 - DECEMBER 2010**

	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. RC Payments / (Receipts) (\$)	(40,921)	119,800	(263,892)	41,791	100,025	1,294,688	3,410,583	1,400,611	232,728	268,679	(178,218)	(16,734)	6,369,176
2. Other Capacity Payments / (Receipts)	1,222,069	1,222,068	954,981	954,981	2,141,559	6,293,022	9,628,046	7,352,899	6,414,965	1,790,867	1,823,680	1,415,992	41,205,638
3. Transmission Revenue (\$)	(12,639)	(3,612)	(2,000)	(2,749)	(6,767)	(6,495)	(11,971)	(13,558)	(5,484)	(31,800)	(7,394)	(11,880)	(117,912)
4. Total Capacity Payments/(Receipts) (Line 1 + 2 + 3) (\$)	1,168,509	1,338,256	689,089	994,023	2,234,817	7,568,216	13,026,658	8,739,952	6,642,129	2,027,846	1,638,073	1,387,588	47,456,902
5. Jurisdictional %	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180	0.9642180
6. Total Jurisdictional Recovery Amount (Line 4 * 5) (\$)	1,126,895	1,290,401	664,428	956,453	2,154,846	7,298,359	12,580,512	8,427,202	6,404,447	1,955,378	1,578,462	1,307,944	45,758,127
7. Jurisdictional Capacity Cost Recovery Revenues Net of Taxes (\$)	4,289,570	3,800,980	3,263,588	3,034,841	4,174,157	4,827,778	5,217,972	4,959,779	4,573,188	3,378,001	2,984,326	4,056,937	46,560,759
8. True-Up Provision (\$)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(92,284)	(1,107,410)
9. Jurisdictional Capacity Cost Recovery Revenue (Line 7 + 8) (\$)	4,177,286	3,708,778	3,171,286	2,942,557	4,081,873	4,706,494	5,125,688	4,867,495	4,480,904	3,285,717	2,872,642	4,004,651	47,453,248
10. Over/(Under) Recovery (Line 9 - 6) (\$)	3,850,591	2,417,975	2,506,857	1,984,104	1,927,027	(2,562,865)	(7,434,824)	(3,559,707)	(1,923,563)	1,330,339	1,292,580	2,686,707	1,695,221
11. Interest Provisions (\$)	515	1,010	1,491	1,987	3,072	3,653	2,048	554	(80)	(99)	163	924	14,886
12. Beginning Balance True-Up & Interest Provision (\$)	1,510,805	4,854,195	7,185,464	9,818,736	11,897,111	13,919,494	11,452,566	4,112,072	645,203	(1,186,130)	236,288	1,621,445	1,510,805
13. True-Up Collected/(Refunded) (\$)	92,284	92,284	92,284	92,284	92,284	92,284	92,284	92,284	92,284	92,284	92,284	92,284	1,107,410
14. Adjustment ⁽¹⁾			52,640										52,640
15. End of Period Total Net True-Up (Lines 10 + 11 + 12 + 13 + 14) (\$)	4,654,195	7,185,464	9,818,736	11,897,111	13,919,494	11,452,566	4,112,072	645,203	(1,186,136)	236,288	1,621,445	4,381,062	4,381,062
Average Monthly Interest Rate	0.0167%	0.0171%	0.0175%	0.0183%	0.0238%	0.0288%	0.0263%	0.0231%	0.0221%	0.0208%	0.0200%	0.0208%	0.0208%
Wall Street Annual Rate	0.20%	0.20%	0.21%	0.21%	0.23%	0.34%	0.36%	0.28%	0.28%	0.25%	0.25%	0.25%	0.25%
Average Annual Rate	0.200%	0.205%	0.210%	0.220%	0.285%	0.345%	0.315%	0.280%	0.285%	0.250%	0.250%	0.250%	0.250%

(1) Adjustment for January 2010 capacity clause revenue revision.