

MEMORANDUM

June 21, 1995

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 950001-EI - GULF POWER COMPANY
FUEL AUDIT REPOPT - PERIOD ENDED MARCH 1995
AUDIT CONTROL NO. 94-279-1-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Gulf Power Company
Warren E. Tate
Post Office Box 13470
Pensacola, FL 32591-3470

DNV/sp

Attachment

cc: Chairman Clark
Commissioner Deason
Commissioner Johnson
Commissioner Kiesling
Commissioner Garcia
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Electric and Gas (Dudley)
Tallahassee District Office (Grayson)

Office of Public Counsel

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

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I. Executive Summary

Audit Purpose: We have applied the procedures described in Section II of this report to audit the appended Fuel Cost Recovery Filing, Schedule 1, filed by Gulf Power Company in support of Docket 940001-EI for the six months ended September 30, 1994 and the six months ended March 31, 1995.

Scope Limitation: The audit exit conference was held June 16, 1995. This report is not based on any confidential information.

Disclaim Public Use: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must 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.

Opinion: The appended exhibits, Schedules 1, A-2, page 3, and A-2, page 4 for the six months ended September 30, 1994 and the six months ended March 31, 1995, represent utility books and records maintained in substantial compliance with Commission Directives; the expressed opinions extend only to the scope of work described in section II of this report.

II. Audit Scope

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED means that audit work includes:

COMPILED - reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

FUEL REVENUE: Compiled Utility revenues; traced Company exhibit amounts to the consolidated general ledger; recalculated Fuel Clause Adjustment (FCA) revenue; recalculated KWH and dollar amount of sales to associated and non associated companies in the power pool.

FUEL EXPENSES: Compiled fuel expenses; compiled and recalculated 100% of the fuel purchase and transportation invoices; agreed the prices of selected transportation invoices to contracts or other appropriate supporting documentation; traced the fuel purchases to subsidiary ledgers and to the general ledger; verified all invoices; recalculated KWH and dollar amount purchases from associated and non associated companies in the power pool; compiled and reviewed supporting documents regarding purchases from qualifying facilities; obtained fuel contracting process and legal settlement detail.

OTHER: Recalculated true-up and interest provision for the six months ended September 30, 1994 and the six months ended March 31, 1995, traced the Beginning true-up to the prior filing; traced interest rates used in the calculation of the interest provision to the 30 Day Commercial Paper Rate.

**GULF POWER COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
APRIL 1994 - SEPTEMBER 1994**

- | | |
|--|-----------------------------|
| 1. Estimated over/(under) -recovery for the period
April 1994 - September 1994
(Schedule E1-A approved in Order No.
PSC-94-1092-FOF-EI dated September 6, 1994) | (1,969,504) |
| 2. Actual over/(under) -recovery for the period
April 1994 - September 1994
(September 1994 Schedule A-2, page 3 of 4,
"Period-to-Date", Lines 7,8, and 12) | (4,363,886) |
| 3. Amount to be refunded/(recovered) in the
April 1995 - September 1995 projection
period (Line 2 - Line 1) | <u><u>(\$2,394,382)</u></u> |

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
SEPTEMBER 1994

D. True-Up Calculation	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)	%
1 Jurisdictional Fuel Revenue (B1c)	15,869,130.46	15,896,664	(27,533.54)	(0.17)	94,489,898.67	96,240,414	(1,750,515.33)	1.82
2 Special Contract Recovery Cost	(20,267.60)	(61,822)	41,554.40	(67.22)	(329,377.60)	(370,932)	41,554.40	(11.20)
2a True-Up Provision	(788,354.00)	(788,354)	0.00	0.00	(4,730,114.00)	(4,730,114)	0.00	0.00
2b Incentive Provision	(21,427.00)	(21,427)	0.00	0.00	(128,552.00)	(128,552)	0.00	0.00
3 Jurisdictional Fuel Revenue	15,039,081.86	15,025,081	14,020.86	0.09	89,301,855.07	91,010,816	(1,708,960.93)	(1.88)
4 Adjusted Total Fuel & Net Power Transactions (A7)	16,171,815.60	16,141,565	30,250.60	0.19	96,841,743.67	94,217,843	2,623,900.67	2.78
5 % Jurisdictional Sales (C4)	96.4761	96.4275	0.0486	0.05	96.4609	96.4606	0.0003	0.00
6 Jurisdictional Total Fuel & Net Power Transactions Adjusted for Line Losses (D4 *D5*1.0014)	15,623,779.70	15,586,698	37,081.70	0.24	93,545,213.99	91,010,296	2,534,917.99	2.79
7 True-Up Provision Over/(Under) Collection (D3-D6)	(584,697.84)	(561,637)	(23,060.84)	4.11	(4,243,358.92)	520	(4,243,878.92)	(816.1)
8 Interest Provision	(21,587.11)	(641)	(20,946.11)	3,267.72	(119,940.42)	(43,943)	(75,997.42)	172.95
9 Beginning True-Up & Interest Provision	(5,356,723.75)	(269,499)	(5,087,224.75)	1,887.66	(5,540,883.06)	(4,730,114)	(810,769.06)	17.14
10 True-Up Collected / (Refunded)	788,354.00	788,354	0.00	0.00	4,730,114.00	4,730,114	0.00	0.00
11 End of Period-Total Net True-Up (D7+D8+D9+D10)	(5,174,654.70)	(43,423)	(5,131,231.70)	11,816.85	(5,174,068.40)	(43,423)	(5,130,645.40)	11,815.50
12 Interest Impact of Correction to Recov. Exp.	0.00				(586.30)			
13 Adjusted End of Period-Total Net True-Up	(5,174,654.70)	(43,423)	(5,131,231.70)	11,816.85	(5,174,654.70)	(43,423)	(5,131,231.70)	11,816.85

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
SEPTEMBER 1994

CURRENT MONTH

E. Interest Provision	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)
1 Beginning True-Up Amount	(5,358,723.75)	(269,499)	(5,087,224.75)
2 Ending True-Up Amount Before Interest (D7+D9+D10)	(5,153,067.59)	(42,782)	(5,110,285.59)
3 Total of Beginning & Ending True-Up Amts.	(10,509,791.34)	(312,281)	(10,197,510.34)
4 Average True-Up Amount	(5,254,895.67)	(156,141)	(5,098,754.67)
Interest Rate -			
5 1st Day of Reporting Business Month	4.8200 %	4.8200 %	0.0000
6 1st Day of Subsequent Business Month	5.0400 %	5.0400 %	0.0000
7 Total (E5+E6)	9.8600 %	9.8600 %	0.0000
8 Annual Average Interest Rate	4.9300 %	4.9300 %	0.0000
9 Monthly Average Interest Rate (E8/12)	0.4108 %	0.4108 %	0.0000
10 Interest Provision (E4*E9)	(21,567.11)	(641)	(20,946.11)

**GULF POWER COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
OCTOBER, 1994 - MARCH, 1995**

1. Estimated over/(under) -recovery for the period
October, 1994 - March, 1995
(Schedule E1-A approved in Order No.
PSC-95-0450-FOF-EI dated April 6, 1995) (577,273)

2. Actual over/(under) -recovery for the period
October, 1994 - March, 1995
(March, 1995 Schedule A-2, page 3 of 4,
"Period-to-Date", lines 7 and 8) (2,314,849)

3. Amount to be refunded (recovered) in the
October 1995 - March 1996 projection
period (Line 2 - Line 1) (1,737,576)

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CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
MARCH 1995

D. True-Up Calculation	CURRENT MONTH				PERIOD - TO - DATE			
	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE		ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE	
			AMOUNT (\$)	%			AMOUNT (\$)	%
1 Jurisdictional Fuel Revenue (B1c)	13,193,579.45	13,334,262	(140,682.55)	(1.06)	80,161,552.10	81,440,811	(1,279,258.90)	(1.57)
2 Special Contract Recovery Cost	(19,925.00)	(19,925)	0.00	0.00	(119,549.00)	(119,549)	0.00	0.00
2a True-Up Provision	(463,379.00)	(463,379)	0.00	0.00	(2,780,272.00)	(2,780,272)	0.00	0.00
2b Incentive Provision	14,157.00	14,157	0.00	0.00	84,941.00	84,941	0.00	0.00
3 Jurisdictional Fuel Revenue	12,724,432.45	12,865,115	(140,682.55)	(1.09)	77,346,672.10	78,625,931	(1,279,258.90)	(1.63)
4 Adjusted Total Fuel & Net Power Transactions (A7)	14,518,391.39	13,322,731	1,195,610.39	8.97	82,307,009.52	80,183,480	2,213,529.52	2.76
5 % Jurisdictional Sales (C4)	96.4764	96.2919	0.1845	0.19	96.5374	96.3096	0.2278	0.24
6 Jurisdictional Total Fuel & Net Power Transactions Adjusted for Line Losses (D4 *D5*1.0014)	14,026,430.90	12,846,719	1,179,711.90	9.18	79,543,932.79	77,332,500	2,211,432.79	2.86
7 True-Up Provision Over/(Under) Collection (D3-D6)	(1,301,998.45)	18,396	(1,320,394.45)	(7,177.62)	(2,197,260.69)	1,293,431	(3,490,691.69)	(269.88)
8 Interest Provision	(21,644.43)	5,222	(26,866.43)	(514.49)	(117,588.06)	(17,465)	(100,123.06)	573.28
9 Beginning True-Up & Interest Provision	(3,848,967.57)	788,969	(4,637,936.57)	(587.85)	(5,174,654.70)	(2,780,272)	(2,394,382.70)	86.12
10 True-Up Collected / (Refunded)	463,379.00	463,379	0.00	0.00	2,780,272.00	2,780,272	0.00	0.00
11 End of Period-Total Net True-Up (D7+D8+D9+D10)	(4,709,231.45)	1,275,966	(5,985,197.45)	(469.07)	(4,709,231.45)	1,275,966	(5,985,197.45)	(469.07)

CALCULATION OF TRUE-UP AND INTEREST PROVISION

FOR THE MONTH OF:
MARCH 1995

CURRENT MONTH

E. Interest Provision	ACTUAL (\$)	ESTIMATED (\$)	DIFFERENCE AMOUNT (\$)
1 Beginning True-Up Amount	(3,848,967.57)	788,969	(4,637,936.57)
2 Ending True-Up Amount Before Interest (D7+D9+D10)	(4,687,587.02)	1,270,744	(5,958,331.02)
3 Total of Beginning & Ending True-Up Amts.	(8,536,554.59)	2,059,713	(10,596,267.59)
4 Average True-Up Amount	(4,268,277.30)	1,029,857	(5,298,134.30)
Interest Rate -			
5 1st Day of Reporting Business Month	6.0500 %	6.0500 %	0.0000
6 1st Day of Subsequent Business Month	6.1200 %	6.1200 %	0.0000
7 Total (E5+E6)	12.1700 %	12.1700 %	0.0000
8 Annual Average Interest Rate	6.0850 %	6.0850 %	0.0000
9 Monthly Average Interest Rate (E8/12)	0.5071 %	0.5071 %	0.0000
10 Interest Provision (E4*E9)	(21,644.43)	5,222	(26,866.43)

State of Florida

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



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Public Service Commission

June 22, 1995

Gulf Power Company
Attn: Mr. Warren E. Tate
Post Office Box 13470
Pensacola, Florida 32591-3470

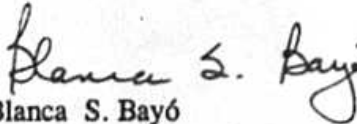
Dear Mr. Tate:

RE: Docket No. 950001-EI - Gulf Power Company
Fuel Audit Report - Period Ending March 31, 1995
Audit Control # 94-279-1-1

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel
Beggs & Lane Law Firm