

State of Florida



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# Public Service Commission

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**DATE:** April 13, 2009  
**TO:** Kaley Giles, Regulatory Analyst II, Division of Economic Regulation  
**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance  
**RE:** Docket No: 090001-EI; Company Name: Gulf Power Company;  
Audit Purpose: Capacity Cost Recovery Clause; Company Code: EI804;  
Audit Control No: 09-041-1-3;

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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 the Commission Clerk. There are no confidential work papers associated with this audit.

DNV/tbm

Attachment: Audit Report

CC: Division of Regulatory Compliance (Salak, Mailhot, Harvey,  
District Offices, File Folder)  
Office of Commission Clerk (2)  
General Counsel  
Office of Public Counsel

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

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Post Office Box 12950  
Pensacola, FL 32591

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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE  
BUREAU OF AUDITING

*Tallahassee District Office*

GULF POWER COMPANY

CAPACITY COST RECOVERY AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2008

DOCKET NO. 090001-EI

AUDIT CONTROL NO. 09-041-1-3

Handwritten signature of Hymavathi Vedula in black ink.

*Hymavathi Vedula, Audit Manager*

Handwritten signature of Lynn M. Deamer in black ink.

*Lynn M. Deamer, Audit Supervisor*

DOCUMENT NUMBER-DATE

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

**March 27, 2009**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

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, Docket No. 0900001-EI.

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

## **OBJECTIVES and PROCEDURES**

### **REVENUES**

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

**Procedures:** - Agreed CCRC revenues on utility source documents to the filing and general ledger. Recalculated capacity charges on selected customer bills and rate classes. Determined the utility used the correct rates approved by the Florida Public Service Commission (PSC).

### **EXPENSES**

**Objective:** - To verify the capacity costs agree to the general ledger and reconcile to the books and records of the utility.

**Procedures:** - Scanned utility filed schedules and IIC invoices from the 12 months ended December 31, 2008. Verified IIC payments/receipts filed on Line 1 of Schedule CCA-2 to IIC invoices and to the general ledger. Traced selected IIC capacity 2008 invoices to utility source documents.

**Objective:** - To verify transmission revenues derived from “non-separated, non-Energy Broker Network, Wholesale Energy Sales” are credited to the clause.

**Procedures:** - Scheduled “Summary of Transmission Revenues and Billing” details of monthly refunds for the year ended December 31, 2008. Determined transmission revenues comply with Order PSC-99-2512-FOF-EI, Docket 990001-EI, issued December 22, 1999. Agreed transmission revenues to the general ledger.

### **TRUE-UP**

**Objective:** - To determine if the utility true-up and interest provisions filed with the FPSC were computed correctly.

**Procedures:** - Recalculated the 2008 CCRC 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 2008 - DECEMBER 2008

	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. IC Payments / (Receipts) (\$)	696,809	403,204	421,229	249,845	606,267	4,429,763	9,966,666	7,712,623	4,348,244	383,548	176,763	188,245	29,583,004
2. Transmission Revenue (\$)	(30,285)	(26,038)	(23,343)	(27,638)	(18,537)	(57,432)	(36,078)	(23,879)	(50,456)	(14,586)	(13,739)	(21,650)	(343,647)
3. Total Capacity Payments/(Receipts) (Line 1 + 2) (\$)	866,344	377,166	397,880	222,207	587,730	4,372,331	9,930,588	7,688,744	4,297,788	368,960	183,024	166,595	29,239,357
4. 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
5. Total Jurisdictional Recovery Amount (Line 3 * 4) (\$)	842,500	363,869	383,642	214,256	566,699	4,216,872	9,575,232	7,413,610	4,143,996	355,757	157,190	160,834	28,193,067
6. Jurisdictional Capacity Cost Recovery Revenues Net of Taxes (\$)	2,214,048	1,834,811	1,770,782	1,816,806	2,303,878	2,616,182	2,876,995	2,826,848	2,508,683	1,984,116	1,828,505	2,019,094	26,438,551
7. True-Up Provision (\$)	174,466	174,466	174,466	174,466	174,466	174,466	174,466	174,466	174,466	174,466	174,466	174,467	2,093,990
8. Jurisdictional Capacity Cost Recovery Revenue (Line 6 + 7) (\$)	2,388,514	2,009,277	1,945,248	1,991,275	2,478,344	2,790,648	3,051,461	2,801,314	2,681,149	2,158,582	2,002,971	2,233,561	28,512,144
9. Over/(Under) Recovery (Line 8 - 5) (\$)	1,746,014	1,645,408	1,561,606	1,777,019	1,911,645	(1,425,224)	(6,523,771)	(4,612,296)	(1,462,847)	1,802,825	1,845,781	2,072,967	339,087
10. Interest Provision (\$)	9,358	11,083	13,997	16,559	19,660	18,380	10,007	(1,676)	(12,443)	(13,342)	(4,470)	(538)	66,275
11. Beginning Balance True-Up & Interest Provision (\$)	2,001,002	3,581,908	5,063,933	6,464,770	8,083,882	9,840,721	8,259,411	1,571,181	(3,217,257)	(4,867,013)	(3,251,996)	(1,585,151)	2,001,002
12. True-Up Collected/(Refunds) (\$)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,466)	(174,467)	(2,093,990)
13. End of Period Total Net True-Up (Lines 9 + 10 + 11 + 12) (\$)	3,581,908	5,063,933	6,464,770	8,083,882	9,840,721	8,258,411	1,571,181	(3,217,257)	(4,867,013)	(3,251,996)	(1,585,151)	312,771	312,771

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 2008 Final True-Up Filing  
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GULF POWER COMPANY  
 PURCHASED POWER CAPACITY COST RECOVERY CLAUSE  
 CALCULATION OF INTEREST PROVISION  
 FOR THE PERIOD JANUARY 2008 - DECEMBER 2008

	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 (\$)	2,001,002	3,581,808	5,083,378	6,464,778	8,083,082	9,840,721	8,258,411	1,571,181	(3,217,267)	(4,887,813)	(3,251,958)	(1,585,151)	
2 Ending True-Up Amount Before Interest (\$)	3,572,550	5,052,858	6,451,073	8,067,323	9,821,061	8,241,031	1,561,174	(3,215,581)	(4,854,670)	(3,238,864)	(1,580,881)	(1,585,151)	313,389
3 Total Beginning & Ending True-Up Amount (\$) (Lines 1 + 2)	5,573,552	8,634,718	11,534,451	14,532,103	17,904,143	18,081,752	9,819,585	(1,644,400)	(8,071,827)	(8,105,867)	(4,832,877)	(3,170,302)	(1,271,762)
4 Average True-Up Amount (\$)	2,786,776	4,317,359	5,767,225	7,266,051	8,952,071	9,040,876	4,909,792	(822,200)	(4,035,914)	(4,052,933)	(2,416,438)	(1,585,151)	(635,871)
5 Interest Rate - First Day of Reporting Business Month	0.046000	0.030800	0.030800	0.028300	0.029400	0.024300	0.024500	0.024400	0.014600	0.046500	0.029500	0.014800	0.014800
6 Interest Rate - First Day of Subsequent Business Month	0.030800	0.030800	0.028300	0.028400	0.024300	0.024500	0.024400	0.024500	0.014600	0.046500	0.014900	0.029500	0.029500
7 Total Interest Rate (Lines 5 + 6)	0.080000	0.061600	0.059100	0.056700	0.053700	0.048800	0.048900	0.048900	0.029200	0.093000	0.044400	0.044300	0.044300
8 Average Interest Rate	0.040300	0.030800	0.028600	0.027300	0.028200	0.024400	0.024400	0.024400	0.014600	0.046500	0.022200	0.014800	0.014100
9 Monthly Average Interest Rate (1/12 Of Line 8)	0.003358	0.002567	0.002383	0.002275	0.002350	0.002033	0.002033	0.002033	0.001217	0.003875	0.001850	0.001233	0.001175
10 Interest Provision For the Month (Lines 4 X 9) (\$)	8,258	14,283	15,817	18,538	18,880	18,280	18,207	(1,878)	(12,443)	(13,943)	(4,478)	(5,388)	66,275