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ORIGINAL

TIMOTHY DEVLIN, Director
Auditing & Financial Analysis
(850) 413-6480

Public Service Commission

January 22, 1998

Gulf Power Company
Warren E. Tate
One Energy Place
Pensacola, FL 32520-0780

Dear Mr. Tate:

Docket No. ~~980007-01~~ -- Gulf Power Company
Environmental Cost Recovery Clause Audit Request

The Florida Public Service Commission will conduct an Environmental Cost Recovery Clause Adjustment audit in accordance with Commission audit procedures. Auditors may select one or more accounts for detailed examination. Access may be requested to documents and records supporting affiliate company transactions that affect regulated operations. Staff auditors may also request to review the firm's external audit working papers for the most recent independent audit. Rhonda Hicks, the district office supervisor, (904) 413-6449, will coordinate this audit.

Rule 25-6.014(5), F.A.C., states that, "Upon direction of the Commission, or in the performance of delegated staff duties, any member of the Commission may make at any reasonable time a personal visit to the utility's offices or other places of business, and may inspect any facility, records, accounts, books, reports, and papers of the utility which may appear necessary in the discharge of Commission duties. During such visits the utility shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with prevailing conditions and climate and comparable with the accommodations provided the company's outside auditors".

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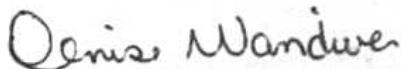
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A formal audit report will be issued for internal official use only by the Commission on or about April 3, 1998. A copy of the final report will be mailed to the company liaison officer listed in the Commission Mailing Directory. Comments should be mailed to the Director of Records and Reporting within ten days after receipt.

Questions regarding the audit or staff conduct should be directed to Rhonda Hicks or myself at (904) 413-6487.

Sincerely,



Denise N. Vandiver

DNV/sp

Enclosure: (1) Excerpts from Rule 25-22.006, F.A.C.
and 366.093, F.S.

cc: Mary Bane Andrews, Deputy Executive Director/Tech. (w/o enclosure)
Field Audit Supervisor
Legal Services (w/o enclosure)
Division of Records and Reporting (w/o enclosure)
Public Counsel