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Pensacola, Florida 32520

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March 31, 1998

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0870

960789-EI

Dear Ms. Bayo:

Re: Gulf Power Company Commercial/Industrial Service Rider ("CISR") Audit
Report, Audit Control #97-253-1-1

Enclosed are an original and fifteen copies of Gulf Power Company's Amended
Request for Confidential Classification.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Cranmer".

Susan D. Cranmer
Assistant Secretary and Assistant Treasurer

lw

Enclosures

cc: Beggs and Lane
Jeffrey A. Stone, Esquire

See Also 02445-98
DOCUMENT NUMBER-DATE
03759 APR-1 88
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company
Commercial/Industrial Service Rider
("CISR") Audit Report

Docket No.:
Date: March 31, 1998

AMENDED REQUEST FOR CONFIDENTIAL CLASSIFICATION

GULF POWER COMPANY ["Gulf Power", "Gulf", or "the Company"], by and through its undersigned attorney and pursuant to Rule 25-22.006, Florida Administrative Code, hereby amends its request that the Florida Public Service Commission enter an order protecting from public disclosure portions of the Commission Staff's work papers associated with Gulf Power Company's Commercial/Industrial Service Rider Audit Report, hereafter also referred to as the CIS Rider Audit Report, to include portions of the CIS Rider Audit Report. As grounds for this request, Gulf Power Company states:

1. On February 20, 1998, Gulf submitted a Request for Confidential Classification to protect from public disclosure portions of the Commission Staff's work papers associated with Gulf Power Company's Commercial/Industrial Service Rider Audit Report. This amended request supplements and does not replace the initial request.

2. The Florida Public Service Commission Staff audited Gulf Power Company's activities with regard to Gulf Power Company's Commercial/Industrial Service Rider. During this audit, Gulf Power Company provided detailed information to the Commission audit staff about the contracts entered into by Gulf Power pursuant to the Commercial/Industrial Service Rider. A report, the CIS Rider Audit Report, based on portions of this information was generated by the Commission audit staff. The CIS Rider Audit Report contains information that

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REGULATORY REPORTING

is entitled to confidential classification pursuant to §366.093(3)(e), Florida Statutes, as information, the public disclosure of which would cause irreparable harm to the competitive interests of Gulf Power and the entity with whom it has negotiated a CSA contract under the CIS rider approved in Order No. PSC-96-1219-FOF-EI. The CIS Rider Audit Report contains proprietary and commercially sensitive information that is not otherwise publicly available. The information for which Gulf Power is requesting confidential treatment is contained in the Commission Staff's work papers.

3. The public disclosure of certain portions of the CIS Rider Audit Report would cause irreparable harm to Gulf Power Company and the entity with whom it has entered a CSA contract. The CIS Rider Audit Report contains proprietary confidential business information regarding contractual terms and pricing. Public disclosure of this information would impair the ability of Gulf Power Company to negotiate terms and conditions in future CSAs that are the most favorable to Gulf and its general body of customers. Moreover, the public disclosure of this information may prevent Gulf from successfully negotiating CSAs with customers. The information is regarded as sensitive and confidential by the CIS rider customer because its public disclosure would impact the customers' ability to compete in their native markets. In the event such information is made public, future potential CIS rider customers may avoid the risk of public disclosure of their confidential information by refusing to negotiate with Gulf Power. This may lead to uneconomic bypass of Gulf's facilities. Thus, the Company requests that this information be granted confidential classification pursuant to Section 366.093(3)(e), Florida Statutes.

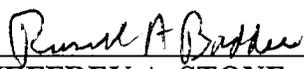
4. Submitted as Exhibit "A" is a copy of the CIS Rider Audit Report, on which is highlighted the information for which confidential classification is requested. Exhibit "A"

should be treated as confidential pending a ruling on this request. Attached as Exhibit "B" are two (2) edited copies of the CIS Rider Audit Report, which may be made available for public review and inspection. Attached as Exhibit "C" to this request is a line-by-line justification for the request for confidential classification.

5. The material for which confidential classification is requested is intended to be, and is treated as, confidential by Gulf Power Company and the entity with whom it has entered a CSA contract and has not been otherwise publicly disclosed.

WHEREFORE, Gulf Power Company respectfully requests that the Commission enter an order protecting the information highlighted on Exhibit "A" from public disclosure as proprietary confidential business information.

Respectfully submitted this 30 th day of March 1998,



JEFFREY A. STONE
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(850) 432-2451
Attorneys for Gulf Power Company

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Gulf Power Company
Commercial/Industrial Service Rider
("CISR") Audit Report
_____)

Docket No.:
Date: March 31, 1998

AMENDED REQUEST FOR CONFIDENTIAL CLASSIFICATION

EXHIBIT "A"

The information provided herein should be maintained as proprietary confidential business information pursuant to Section 366.093 and Rule 25-22.006, F.A.C.

EXHIBIT "A"

Provided to the Division of Records and Reporting
under separate cover as confidential information

EXHIBIT "C"

**Field/Document
Identification**

Justification

Page 3
Lines 8 - 9, 12 - 13

This information is entitled to confidential classification pursuant to Section 366.093(3)(e). This information is proprietary confidential business information regarding contractual terms. Public disclosure of this information would impair the ability of Gulf Power Company to negotiate terms and conditions in future CSAs that are the most favorable to Gulf and its general body of customers. Moreover, the public disclosure of this information may prevent Gulf from successfully negotiating CSAs with customers. The information is regarded as sensitive and confidential by the CIS rider customer because its public disclosure would impact the customers' ability to compete in their native markets. In the event such information is made public, future potential CIS rider customers may avoid the risk of public disclosure of their confidential information by refusing to negotiate with Gulf Power. This may lead to uneconomic bypass of Gulf's facilities.

Page 4
Lines 5 - 19, 21 - 28
31 - 34

This information is entitled to confidential classification pursuant to Section 366.093(3)(e). This information is proprietary confidential business information regarding contractual terms. Public disclosure of this information would impair the ability of Gulf Power Company to negotiate terms and conditions in future CSAs that are the most favorable to Gulf and its general body of customers. Moreover, the public disclosure of this information may prevent Gulf from successfully negotiating CSAs with customers. The information is regarded as sensitive and confidential by the CIS rider customer because its public disclosure would impact the customers' ability to compete in their native markets. In the event such information is made public, future potential CIS rider customers may avoid the risk of public disclosure of their confidential information by refusing to negotiate with Gulf Power. This may lead to uneconomic bypass of Gulf's facilities.

Page 5
Lines 1 - 4, 6- 10

The information reflecting dollar amounts and the calculation thereof is the subject of a Florida Public Service Commission Order granting to it confidential classification. This information should be handled pursuant to those Commission orders. This information is entitled to confidential classification pursuant to Section 366.093(3)(e). A portion of the information is proprietary confidential business information regarding contractual terms. Public disclosure of this information would impair the ability of Gulf Power Company to negotiate terms and conditions in future CSAs that are the most favorable to Gulf and its general body of customers. Moreover, the public disclosure of this information may prevent Gulf from successfully negotiating CSAs with customers. The information is regarded as sensitive and confidential by the CIS rider customer because its public disclosure would impact the customers' ability to compete in their native markets. In the event such information is made public, future potential CIS rider customers may avoid the risk of public disclosure of their confidential information by refusing to negotiate with Gulf Power. This may lead to uneconomic bypass of Gulf's facilities.

Page 6
Columns A - P
Rows 1 - 17, Notes
1-4 on Lines 18 -21

This information is the subject of a Florida Public Service Commission Order granting to it confidential classification. The information should be handled pursuant to those Commission orders. This information is entitled to confidential classification pursuant to Section 366.093(3)(e). Additionally, portions of the information is proprietary confidential business information regarding contractual terms. Specifically, the rate schedules utilized and the calculation of the dollar amounts are contractual terms. Public disclosure of this information would impair the ability of Gulf Power Company to negotiate terms and conditions in future CSAs that are the most favorable to Gulf and its general body of customers. Moreover, the public disclosure of this information may prevent Gulf from successfully negotiating CSAs with customers. The information is regarded as sensitive and confidential by the CIS rider customer because its public disclosure would impact the customers' ability to compete in their native markets. In the event such information is made public, future potential CIS rider customers may avoid the risk of public disclosure of their confidential information by refusing to negotiate with Gulf Power. This may lead to uneconomic bypass of Gulf's facilities.

EXHIBIT "B"



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING

Tallahassee District Office

GULF POWER COMPANY

ESCAMBLA COUNTY

COMMERCIAL INDUSTRIAL SERVICE RIDER (CISR) AUDIT

FIVE MONTHS PERIOD ENDED OCTOBER 31, 1997

UNDOCKETED
AUDIT CONTROL NO. 97-253-1-1

A handwritten signature in cursive script, appearing to read "Christopher Holman".

Christopher Holman, Audit Manager

A handwritten signature in cursive script, appearing to read "Rhonda Hicks".

Rhonda Hicks, Audit Supervisor

DOCUMENT NUMBER-DATE

01785 FEB-4 88

FPSCH-PUBLICORS/REPORTING

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT**

JANUARY 30, 1998

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

We have applied the procedures described later in this report to audit Gulf Power Company's executed Contract Service Agreements (C.S.A.) for compliance with the terms and conditions of the Commercial Industrial Service Rider (CISR) tariff, the Surveillance Report Supplements, and the Pilot Study Implementation Plan as approved in Commission Order PSC-96-1219-FOF-EI. The Contract Agreements and the Surveillance Report Supplements were prepared by the utility. The audit period is June, 1997 through October, 1997. This audit contains confidential information. The audit exit conference was held on January 30, 1998.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this document should 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.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission. The attached findings discuss all differences and other matters which were noted during our examination.

SUMMARY OF SIGNIFICANT FINDING

The estimated load calculations used to determine "net revenues" were reviewed; however, no opinion is given on the validity of the estimate. Two types of adjustments are made to the "net revenue" amounts. The first class of adjustments is based on the interruptible nature of the contract. The second is year-end adjustments, which are not done until the end of the calendar year, and are not reflected in this report.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the Company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

Scanned - The documents or accounts were read quickly looking for dates and obvious errors.

Compiled - The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

Reviewed - The exhibit amounts were reconciled with the general ledger. Selective analytical review procedures were applied.

Examined - The exhibit amounts were reconciled with the general ledger. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

Verify - The item was tested for accuracy, and substantiating documentation was examined.

REVENUE: | Recomputed CISR revenues. Reconciled & compiled the CISR amounts on the
2 Surveillance Report to the General Ledger. Determined the standard Rate Schedule
3 used if the CISR rates were not in effect. Determined the starting and ending date
4 of the two CISR contracts. Scanned both contracts. Identified the monthly Kilowatt
5 demand and usage of the CISR customer. Determined the customer charge for
6 standard and CISR rates. Determined the difference between the CISR and the
7 estimated standard rates (which the Company refers to as BASE rates) and the
8 revenue generated by each. [REDACTED]
9 [REDACTED] Provided a schedule showing the
10 components of the calculation of the "net revenue" amount filed as part of the
11 Surveillance Report. Read orders, and tariffs to determine compliance by the
12 Company. [REDACTED]
13 [REDACTED]

DISCLOSURES:

Disclosure No. 1

1 SUBJECT: Net CISR Revenue

2 Statement of Fact: Gulf Power Company files its surveillance report service rider in accordance
3 with the rules and guidelines established in FPSC Order PSC-96-1219-FOF-EI.

4 The surveillance report provides per book amounts for the Service Rider "net revenues".

5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]

20 There are two classes of Company adjustments to the unadjusted "net revenue".

21 [REDACTED]
22 [REDACTED]
23 [REDACTED]
24 [REDACTED]
25 [REDACTED]
26 [REDACTED]
27 [REDACTED]
28 [REDACTED]

29 The second class of adjustments are, according to the Company, year-end adjustments. These
30 adjustments are not known or quantified at this time.

31 The disclosure addresses the

32 [REDACTED]
33 [REDACTED]

34 **Recommendation:**

[REDACTED]

1 [REDACTED] If this adjustment is proper, the auditor
2 [REDACTED]
3 [REDACTED]
4 [REDACTED] The CISR contract
5 provides for year-end adjustments that are not reflected in the monthly surveillance report or this
6 audit. These year-end adjustments must be considered. [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED] This allocation should be reviewed.

NET REVENUE CALCULATION
 WP 41-1
 FIVE MONTH PERIOD ENDING 10/31/1987
 AUDITOR CURRIS HOLMAN

A B C D E F G H I J K L M N O P

DESCRIPTION	MAY		JULY		AUGUST		SEPTEMBER		OCTOBER	
	AMOUNT	DIFFERENCE								
1	[REDACTED]									
2	[REDACTED]									
3	[REDACTED]									
4	[REDACTED]									
5	[REDACTED]									
6	[REDACTED]									
7	[REDACTED]									
8	[REDACTED]									
9	[REDACTED]									
10	[REDACTED]									
11	[REDACTED]									
12	[REDACTED]									
13	[REDACTED]									
14	[REDACTED]									
15	[REDACTED]									
16	[REDACTED]									
17	[REDACTED]									
18	[REDACTED]									
19	[REDACTED]									
20	[REDACTED]									
21	[REDACTED]									

NOTE 1:
 NOTE 2:
 NOTE 3:
 NOTE 4: