ORIGINAL

MEMORANDUM

June 17, 1998

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) DV

RE: DOCKET NO. 980001-EI -- FLORIDA POWER COMPANY
AUDIT REPORT - FUEL - 12 MONTHS ENDED MARCH 31, 1998
AUDIT CONTROL NO. 98-057-2-1

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 was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

Florida Power Corporation
James A. McGee
P. O. Box 14042 (A5A)
St. Petersburg, FL 33733-4042

DNV/sp
Attachment
cc: Chairman Johnson
Commissioner Clark
Commissioner Deason
Commissioner Garcia
Commissioner Jacobs
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Electric and Gas (Bohrmann)
Tampa District Office (McPherson)

Research and Regulatory Review (Harvey)
Office of Public Counsel

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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING

TAMPA DISTRICT OFFICE

FLORIDA POWER CORPORATION

FUEL ADJUSTMENT CLAUSE AUDIT

FOR THE TWELVE MONTHS ENDED MARCH 31, 1998

Docket Number 980001-EI
Audit Control No. 98-057-2-1

Thomas E. Stambaugh, Audit Manager

Simon O. Ojada, Audit Staff

James A. McPherson, Audit Supervisor

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DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT

JUNE 5, 1998

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Fuel Adjustment Clause schedules for the two historical six month periods ended September 30, 1997 and March 31, 1998 for Florida Power Corporation (FPC). These schedules were prepared by FPC as part of its petition for cost recovery in Docket 980001-EI. There is no confidential information associated with this audit, and there are no audit staff minority opinions.

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

The Utility has complied with FPSC Order PSC-97-0359-FOF-EI, dated March 31, 1997, in which FPC was permitted to recover the gas conversion costs of various peaking units. The Utility has also excluded replacement fuel costs at CR3 from fuel cost recovery and determined the value of the CR3 replacement cost regulatory asset. The Company has suspended accruals to its reserve for dismantlement of fossil-fueled generating stations. Finally, FPC has adjusted its reported capital structure, verified and adjusted its coal inventory as required and properly valued the Tiger Bay regulatory asset.

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 were read quickly looking for obvious errors.

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

Examined - The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. 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: Compiled Fuel Adjustment Clause (FAC) revenue and agreed to the filing. Recomputed FAC revenues using approved FPSC rate factors and company-provided KWH sales. Reconciled Utility FAC revenue recap to the FPC billing register (CURST011M report) on a test basis. Reconciled FPC total revenues from the FAC filing to the general ledger. Judgementally selected and tested certain customer bills to ensure the proper FAC revenue rate was being charged.

EXPENSES: Compiled FAC expenses. Agreed expenses to FPC journal entries. Tested fuel payments by tracing selected purchases to supporting invoices for proper time period, vendor name, amount, type of fuel and account classification.

TRUE-UP: Recomputed FAC true-up and interest using FPSC approved amounts and interest rates.

OTHER: Performed analytical review on FAC generation and purchase costs to further define the scope and level of risk of the audit.

DISCLOSURE NO. 1

SUBJECT: Recoverable Crystal River 3 Costs.

STATEMENT OF FACT: The Crystal River 3 nuclear generating plant was shut down in September, 1996 for a planned outage. Other problems which were identified during the outage prompted an extended shutdown until February 15, 1998.

During the long outage period, the Utility had to meet its megawatt demand load without the services of the Crystal River 3 nuclear generating plant. This situation required the use of other generating facilities which consumed more expensive fuels. FPC calculated that its nuclear replacement fuel costs were $170,962,000 on a system basis and $165,224,060 on a retail basis. The FPSC auditor performed a reasonableness test of the replacement fuel costs and determined that the FPC calculation fit within the upper and lower limits of the audit test.

The FPSC, in its Order PSC-97-0359-FOF-EI, dated March 31, 1997, authorized FPC to recover replacement fuel costs associated with its extended outage at Crystal River No. 3 nuclear unit. In Order PSC-97-0840-S-EI, dated July 14, 1997, the FPSC approved a stipulation and ordered FPC to cease collection of the replacement fuel costs, and to refund the cost of replacement fuel previously collected. The estimated collection of replacement fuel during April-June 1997 totaled $16.4 million. FPC refunded a total of $16,519,446.28 including interest in July and August, 1997.

Pursuant to the July order, FPC is allowed to recover part of replacement fuel costs plus interest over a twelve month period which begins after the Crystal River 3 nuclear generating plant re-enters commercial service for a period of fourteen consecutive days. The total costs are $32,321,458 plus interest. The fourteen day period was met on March 1, 1998. Therefore, the recovery period will extend from April 1, 1998 to March 31, 1999.

FPSC Order PSC-97-0840-S-EI also allowed FPC to establish a regulatory asset for the unrecovered replacement fuel costs and to amortize the regulatory asset on its books over four years. Further, FPC was allowed to suspend its fossil dismantlement accruals for four years and apply the amount of such suspended accruals toward the amortization of the regulatory asset. The expense account to which the amortization is charged is general ledger account 40757, Amortization Expense-Fuel-Retail.

The Utility calculated $62,875,680 would be the retail fossil fuel dismantlement accrual amount for the 48 month period July 1997 through June 2001. This same amount was then recorded as a regulatory asset in general ledger account 18233, Other Regulatory Assets, in August 1997. The $62,875,680 regulatory asset is to be amortized over 48 months at $1,309,910 per month. The expense account to which the amortization is charged is general ledger account 40757, Amortization Expense-Fuel-Retail.

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DISCLOSURE NO. 1 (Continued).

The following schedule of fuel replacement costs remaining shows that after the above adjustments were made there was $70,026,922 charged to account 40757, Amortization Expense-Fuel-Retail. This account is not recovered through the fuel clause but is included in operating expenses.

The following is a schedule of the reductions and uses of the FPC calculated replacement fuel costs:

Total Estimated Replacement Fuel Costs-Retail	$165,224,060
Less:	
Amount To Be Recovered in FAC	(32,321,458)
Amount Included in Base Rates-Fossil Fuel Dismantlement Accrual	(62,875,680)
Balance Included in Current Operating Expense	$70,026,922

OPINION: FPC has complied with FPSC orders directing the disposition and control of operating expense increases and true-up reductions caused by the shutdown of the Crystal River 3 nuclear generating plant from September, 1996 through March, 1998. The accrual of retail fossil fuel dismantlement costs has been discontinued and in its place FPC is now amortizing $62,875,680 of replacement fuel costs.

DISCLOSURE NO. 2

SUBJECT: Adjustment Of Reported Capital Structure.

STATEMENT OF FACT: According to FPSC Order PSC-97-0840-S-EI, "the effect of the amortization of the CR3 Regulatory Asset, as well as the write-off of the additional operating and maintenance expenses associated with the current extended outage of CR3, on FPC's capital structure shall be excluded in calculating its common equity capitalization ratios used for purposes of surveillance reporting pursuant to Rule 25-6.1352, F.A.C."

The Utility has deducted $73,359,131 from the common equity component and has deducted $106,447,443 from the variable long-term debt component of the capital structure before pro-rata adjustments to reach a"FPSC Adjusted Retail" calculation of the capital structure.

RECOMMENDATION: The Utility has calculated these capital structure adjustment amounts correctly. Accept the Utility calculations as evidence of compliance with the FPSC requirement to exclude the CR3 regulatory asset from the capital structure for purposes of surveillance reporting.

DISCLOSURE NO. 3

SUBJECT: Peaking Unit Coversion Costs.

STATEMENT OF FACT: The Utility has invested in plant assets to convert the following generation "peaking" units to burn natural gas as a fuel. The units and associated dollars are:

Plant and Unit Number	Plant Investment
Suwanee Plant No.1	$1,663,304
DeBary Peaker No.7	$2,653,806
Bartow Plant No.2	$1,222,462
Bartow Plant No.4	$1,222,462
DeBary Peaker No.9	$675,736
Total	$7,437,770

A sample of plant additions was tested and found to be accurately stated and supported by documentation. The amortization was also accurately calculated using FPSC approved rates. The total amount of non-gas plant removed was valued at $130,072. The retirements were closed to retirement work in progress and do not affect the dollars of invested gas plant which will be recovered through the fuel clause.

RECOMMENDATION: Include the amortization expense and return on investment, associated with these plant additions, as recoverable costs in the Fuel Adjustment Clause.

DISCLOSURE NO. 4

SUBJECT: Coal Inventory

STATEMENT OF FACT: The Utility performed two coal inventories, April 8, 1997 and October 7, 1997, which pertained to the current audit. The first inventory difference fell within the +/- 3% parameter and no book adjustment was made. The second inventory had a difference greater than +/-3%. An adjustment to book inventory for an amount which equaled the difference between the actual adjustment and +/- 3% was posted to the general ledger.

The amount of fuel expense decrease for Crystal River 1&2 was (8,922) tons and ($372,262.42). The amount of fuel expense increase for Crystal River 4&5 was 2,708 tons and $133,594.31. These amounts were taken into consideration by FPC and the auditor in the calculation of total recoverable fuel expense for Fuel Adjustment Clause purposes.

RECOMMENDATION: FPC states that it has complied with all nine procedures required for coal fuel inventory according to FPSC Order PSC-97-0359-FOF-EI. The analysis of the FPC inventory adjustment workpapers indicates that this statement is true. Accept the FPC calculation of the coal inventory adjustment as accurate for FAC purposes.

DISCLOSURE NO. 5

SUBJECT: Tiger Bay Regulatory Asset.

STATEMENT OF FACT: In FPSC Order PSC-97-0652-S-EQ, the purchase of the Tiger Bay cogeneration facility was outlined, with agreement on various stipulations by all parties as follows:

FPC will buy the Tiger Bay cogeneration facility and will terminate the five purchased power agreements (PPAs) which Tiger Bay had negotiated with various fuel suppliers. Three of these contracts were signed with General Peat Co., one with Ecopeat and one with Timber2.

The dollar value of the original agreement totaled $445 million. Of this total, parties involved stipulated, and the FPSC approved, that $75 million would be placed in rate base. The remainder, $370 million, a "system" number, would be classified in a regulatory asset account (Acct 1823X, Other Regulatory Assets).

FPC will continue to recover costs from its ratepayers through the Fuel Adjustment Clause (FAC) and Capacity Cost Recovery Clause (CCRC) as if the PPAs were still in effect and the full capacity payments and appropriate energy payments were being made.

In its response to an audit request, FPC states that "According to the stipulation approved in Order No. PSC-97-0652-S-EQ the Tiger Bay regulatory asset would be amortized through the recovery of PPA revenues less fuel expenses and debt costs. FPC has in fact been amortizing the regulatory asset in account 18237 according to these guidelines and has reduced the regulatory asset from a beginning balance of $352,554,054 in July of 1997 to a February ending balance of $345,923,991."

The beginning general ledger balance, $352,554,054, is the "retail" amount compared to the "system" amount of $370,000,000 previously stipulated. The account, 18237, is an Other Regulatory Asset account.

Examination of the general ledger by FPSC auditor reveals that the statement by FPC of the account number, beginning balance in July 1997, and balance as of February, 1998 are accurate. The balance as of March 31, 1998 is $344,609,616.

OPINION: Review of journal entries support the amortization amounts stated in the general ledger. Worksheets supplied by FPC show that these documents are based on the stipulations in Order No. PSC-97-0652-S-EQ.

FLORIDA POWER CORPORATION

SCHEDULE
PAGE 2 OF 2

FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION
SIX MONTH PERIOD ENDING - SEPTEMBER, 1997

	$ ACTUAL	$ ESTIMATED	$ DIFFERENCE AMOUNT	$ DIFFERENCE %	MWH ACTUAL	MWH ESTIMATED	MWH DIFFERENCE AMOUNT	MWH DIFFERENCE %	CENTS/KWH ACTUAL	CENTS/KWH ESTIMATED	CENTS/KWH DIFFERENCE AMOUNT	CENTS/KWH DIFFERENCE %
1 FUEL COST OF SYSTEM NET GENERATION (SCH A3)	304,087,711	248,186,433	55,901,278	22.5	13,675,312	14,195,910	(520,598)	(3.7)	2.2237	1.7484	0.4753	27.2
2 SPENT NUCLEAR FUEL DISPOSAL COST	0	2,826,190	(2,826,190)	(100.0)	0	3,022,663	(3,022,663)	(100.0)	0.0000	0.0835	(0.0835)	(100.0)
3 COAL CAR INVESTMENT	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
3a NUCLEAR DECOMMISSIONING AND DECONTAMINATION	47,847	0	47,847	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
4 ADJUSTMENTS TO FUEL COST - MISCELLANEOUS	(9,138,465)	1,403,322	(10,541,787)	(751.2)	(367,559)	0	(367,559)	0.0	2.4863	0.0000	2.4863	0.0
4a ADJUSTMENTS TO FUEL COST - DISPOSAL COST REFUND	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
5 TOTAL COST OF GENERATED POWER	295,006,893	252,425,945	42,580,948	16.9	13,307,753	14,195,910	(888,157)	(6.3)	2.2168	1.7782	0.4386	24.7
6 ENERGY COST OF PURCHASED POWER - FIRM (SCH A7)	25,660,472	23,994,990	1,665,482	6.9	1,391,473	1,248,361	143,112	11.5	1.8434	1.9221	(0.0787)	(4.1)
7 ENERGY COST OF SCH C,X ECONOMY PURCHASES - BROKER (SCH A9)	14,548,288	18,582,810	(4,033,522)	(21.7)	448,606	630,000	(181,394)	(28.8)	3.2432	2.9497	0.2935	10.0
8 ENERGY COST OF ECONOMY PURCHASES - NON-BROKER (SCH A9)	16,607,617	1,708,387	14,899,230	872.1	640,562	85,551	555,011	648.8	2.5927	1.9969	0.5958	29.8
9 ENERGY COST OF SCH E PURCHASES (SCH A9)	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
10 CAPACITY COST OF ECONOMY PURCHASES (SCH A9)	681,600	685,336	(3,736)	(0.6)	0	61,871	(61,871)	(100.0)	0.0000	1.1059	(1.1059)	(100.0)
11 PAYMENTS TO QUALIFYING FACILITIES (SCH A8)	71,438,801	79,049,660	(7,609,859)	(9.6)	3,471,373	3,883,407	(412,034)	(10.6)	2.0580	2.0303	0.0277	1.4
12 TOTAL COST OF PURCHASED POWER	128,928,778	124,021,173	4,907,605	4.0	5,952,014	5,857,319	94,695	1.6	2.1661	2.1174	0.0487	2.3
13 TOTAL AVAILABLE MWH					19,259,767	20,053,229	(793,462)	(4.0)				
14 FUEL COST OF ECONOMY SALES (BROKER) (SCH A6)	(1,074,606)	(9,378,410)	8,303,804	(88.5)	(60,111)	(470,000)	409,889	(87.2)	1.7877	1.9954	(0.2077)	(10.4)
14a GAIN ON ECONOMY SALES (BROKER) - 80% (SCH A6)	(157,372)	(1,848,720)	1,691,348	(91.5)	(60,111)	(470,000)	409,889	(87.2)	0.2618	0.3933	(0.1315)	(33.4)
15 FUEL COST OF OTHER POWER SALES (SCH A6)	(4,044,034)	0	(4,044,034)	0.0	(133,297)	0	(133,297)	0.0	3.0339	0.0000	3.0339	0.0
15a GAIN ON OTHER POWER SALES - 100% (SCH A6)	(1,655,134)	0	(1,655,134)	0.0	(133,297)	0	(133,297)	0.0	1.2417	0.0000	1.2417	0.0
16 FUEL COST OF SEMINOLE BACK-UP SALES (SCH A6)	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
17 FUEL COST OF SUPPLEMENTAL SALES	(8,687,687)	(9,016,247)	328,560	(3.6)	(274,321)	(332,765)	58,444	(17.6)	3.1670	2.7095	0.4575	16.9
18 TOTAL FUEL COST AND GAINS ON POWER SALES	(15,618,823)	(20,243,377)	4,624,554	(22.8)	(467,729)	(802,765)	335,036	(41.7)	3.3393	2.5217	0.8176	32.4
19 NET INADVERTENT AND WHEELED INTERCHANGE					11,058	0	11,058					
20 TOTAL FUEL AND NET POWER TRANSACTIONS	408,316,848	356,203,741	52,113,107	14.6	18,803,095	19,250,464	(447,369)	(2.3)	2.1715	1.8504	0.3211	17.4
21 NET UNBILLED	18,378,859	11,377,715	7,001,144	61.5	(846,367)	(623,012)	(223,355)	35.9	0.1089	0.0652	0.0437	67.0
22 COMPANY USE	1,460,864	1,675,548	(214,684)	(12.8)	(67,274)	(90,900)	23,626	(26.0)	0.0087	0.0096	(0.0009)	(9.4)
23 T & D LOSSES	21,847,636	19,933,027	1,914,609	9.6	(1,006,108)	(1,077,191)	71,083	(6.6)	0.1294	0.1142	0.0152	13.3
24 ADJUSTED SYSTEM KWH SALES (SCH A2 PG 1 OF 4)	408,316,848	356,203,741	52,113,107	14.6	16,883,346	17,459,361	(576,015)	(3.3)	2.4185	2.0402	0.3783	18.5
25 WHOLESALE KWH SALES (EXCLUDING SUPPLEMENTAL SALES)	(11,913,764)	(12,809,353)	895,589	(7.0)	(498,758)	(627,876)	129,118	(20.6)	2.3887	2.0401	0.3486	17.1
26 JURISDICTIONAL KWH SALES	396,403,084	343,394,388	53,008,696	15.4	16,384,588	16,831,485	(446,897)	(2.7)	2.4194	2.0402	0.3792	18.6
27 JURISDICTIONAL KWH SALES ADJUSTED FOR LINE LOSS - 1.0016	396,918,407	343,840,801	53,077,606	15.4	16,384,588	16,831,485	(446,897)	(2.7)	2.4225	2.0428	0.3797	18.6
28 PRIOR PERIOD TRUE-UP	28,197,558	47,121,204	(18,923,646)	(40.2)	16,384,588	16,831,485	(446,897)	(2.7)	0.1721	0.2800	(0.1079)	(38.5)
28a MARKET PRICE TRUE-UP	0	0	0	0.0	16,384,588	16,831,485	(446,897)	(2.7)	0.0000	0.0000	0.0000	0.0
29 TOTAL JURISDICTIONAL FUEL COST	425,115,965	390,962,005	34,153,960	8.7	16,384,588	16,831,485	(446,897)	(2.7)	2.5946	2.3228	0.2718	11.7
30 REVENUE TAX FACTOR									1.00083	1.00083	0.0000	0.0
31 FUEL COST ADJUSTED FOR TAXES									2.5968	2.3247	0.2720	11.7
32 GPIF	431,675	431,676			16,384,588	16,831,485			0.0026	0.0026	0.0000	0.0
33 TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS/KWH									2.599	2.327	0.272	11.7

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FLORIDA POWER CORPORATION

SCHEDULE A1
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FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION
SIX MONTH PERIOD ENDING - MARCH, 1998

	$				MWH				CENTS/KWH			
	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%	ACTUAL	ESTIMATED	DIFFERENCE AMOUNT	%
1 FUEL COST OF SYSTEM NET GENERATION (SCH A3)	240,482,122	211,168,795	29,313,327	13.9	12,267,928	11,744,226	523,702	4.5	1.9603	1.7981	0.1622	9.0
2 SPENT NUCLEAR FUEL DISPOSAL COST	848,278	1,456,091	(608,813)	(41.8)	884,042	1,557,317	(683,275)	(44.8)	0.0679	0.0638	0.0044	4.7
3 COAL CAR INVESTMENT	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
3a NUCLEAR DECOMMISSIONING AND DECONTAMINATION	1,491,675	1,438,000	53,675	3.7	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
4 ADJUSTMENTS TO FUEL COST - MISCELLANEOUS	(18,167,120)	1,782,000	(20,949,120)	(1,175.6)	(798,438)	0	(798,438)	0.0	2.4310	0.0000	2.4310	0.0
4a ADJUSTMENTS TO FUEL COST - DISPOSAL COST REFUND	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
5 TOTAL COST OF GENERATED POWER	223,452,998	215,844,888	7,608,070	3.5	11,479,490	11,744,226	(264,736)	(2.3)	1.9483	1.8379	0.1104	6.0
6 ENERGY COST OF PURCHASED POWER - FIRM (SCH A7)	17,888,231	12,766,320	5,228,911	41.1	896,229	578,836	317,294	46.7	1.8066	1.8782	(0.0726)	(3.9)
7 ENERGY COST OF SCH C,X ECONOMY PURCHASES - BROKER (SCH A9)	4,578,632	10,117,800	(5,538,168)	(54.7)	177,194	380,000	(202,806)	(53.4)	2.5848	2.6626	(0.0781)	(2.9)
8 ENERGY COST OF ECONOMY PURCHASES - NON-BROKER (SCH A9)	3,422,380	759,930	2,662,450	350.4	151,563	33,162	118,391	356.9	2.2581	2.2902	(0.0321)	(1.4)
9 ENERGY COST OF SCH E PURCHASES (SCH A9)	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
10 CAPACITY COST OF ECONOMY PURCHASES (SCH A9)	568,000	344,640	223,400	64.8	0	15,162	(15,162)	(100.0)	0.0000	2.2694	(2.2694)	(100.0)
11 PAYMENTS TO QUALIFYING FACILITIES (SCH A8)	70,296,394	75,139,623	(4,843,229)	(6.5)	3,667,906	3,631,591	56,315	1.6	1.9081	2.0680	(0.1629)	(7.9)
12 TOTAL COST OF PURCHASED POWER	96,853,647	99,119,213	(2,265,566)	(2.3)	5,012,862	4,723,708	289,154	6.1	1.9323	2.0983	(0.1660)	(7.9)
13 TOTAL AVAILABLE MWH					16,492,282	16,467,834	24,448	0.2				
14 FUEL COST OF ECONOMY SALES (BROKER) (SCH A6)	(1,886,408)	(6,590,300)	4,703,892	(70.3)	(123,348)	(377,000)	253,656	(67.3)	1.5104	1.7746	(0.1642)	(9.3)
14a GAIN ON ECONOMY SALES (BROKER) - 80% (SCH A6)	(368,218)	(1,873,180)	1,503,941	(81.3)	(123,348)	(377,000)	253,656	(67.3)	0.2983	0.5234	(0.2241)	(42.8)
15 FUEL COST OF OTHER POWER SALES (SCH A6)	(9,730,086)	0	(9,730,086)	0.0	(508,796)	0	(508,796)	0.0	1.9067	0.0000	1.9067	0.0
15a GAIN ON OTHER POWER SALES - 100% (SCH A6)	(2,571,723)	0	(2,571,723)	0.0	(508,796)	0	(508,796)	0.0	0.5045	0.0000	0.5045	0.0
16 FUEL COST OF SEMINOLE BACK-UP SALES (SCH A6)	0	0	0	0.0	0	0	0	0.0	0.0000	0.0000	0.0000	0.0
17 FUEL COST OF SUPPLEMENTAL SALES	(9,684,671)	(8,536,000)	(1,148,671)	13.5	(400,127)	(387,294)	(12,843)	3.3	2.4204	2.2038	0.2166	9.8
18 TOTAL FUEL COST AND GAINS ON POWER SALES	(24,332,100)	(17,198,460)	(7,133,640)	41.5	(1,033,298)	(764,294)	(268,994)	35.2	2.3049	2.2503	0.1046	4.7
19 NET INADVERTENT AND WHEELED INTERCHANGE					7,266	0	7,266					
20 TOTAL FUEL AND NET POWER TRANSACTIONS	286,184,405	287,765,638	(1,581,144)	(0.5)	15,466,389	15,703,650	(237,261)	(1.5)	1.9150	1.8862	0.0188	1.0
21 NET UNBILLED	(13,032,073)	(9,631,662)	(3,400,411)	35.3	680,626	576,001	104,625	18.2	(0.0884)	(0.0629)	(0.0225)	35.8
22 COMPANY USE	2,779,854	1,559,516	1,220,338	78.3	(145,162)	(80,800)	(64,362)	80.7	0.0182	0.0102	0.0080	78.4
23 T & D LOSSES	14,299,057	14,929,838	(630,781)	(4.2)	(746,677)	(869,523)	122,846	(14.1)	0.0937	0.0975	(0.0038)	(3.9)
24 ADJUSTED SYSTEM KWH SALES (SCH A2 PG 1 OF 4)	286,184,405	287,765,638	(1,581,144)	(0.5)	15,255,086	15,319,228	(64,142)	(0.4)	1.9415	1.9437	(0.0022)	(0.1)
25 WHOLESALE KWH SALES (EXCLUDING SUPPLEMENTAL SALES)	(9,864,438)	(8,271,425)	(1,593,013)	19.1	(511,150)	(473,107)	(38,043)	8.0	1.9279	1.7483	0.1796	10.3
26 JURISDICTIONAL KWH SALES	288,330,057	289,494,214	(3,164,157)	(1.1)	14,743,936	14,846,121	(102,185)	(0.7)	1.9420	1.9500	(0.0080)	(0.4)
27 JURISDICTIONAL KWH SALES ADJUSTED FOR LINE LOSS - 1.0016	288,788,180	289,957,400	(3,169,219)	(1.1)	14,743,936	14,846,121	(102,185)	(0.7)	1.9451	1.9531	(0.0080)	(0.4)
28 PRIOR PERIOD TRUE-UP	8,062,288	8,062,288	0	0.0	14,743,936	14,846,121	(102,185)	(0.7)	0.0615	0.0610	0.0005	0.8
28a MARKET PRICE TRUE-UP	0	(606,000)	606,000	(100.0)	14,743,936	14,846,121	(102,185)	(0.7)	0.0000	(0.0034)	0.0034	(100.0)
29 TOTAL JURISDICTIONAL FUEL COST	296,850,476	298,514,684	(2,664,210)	(0.9)	14,743,936	14,846,121	(102,185)	(0.7)	2.0066	2.0107	(0.0041)	(0.2)
30 REVENUE TAX FACTOR									1.00083	1.00083	0.0000	0.0
31 FUEL COST ADJUSTED FOR TAXES									2.0083	2.0124	(0.0041)	(0.2)
32 GPIF	(254,694)	(256,622)			14,743,936	14,846,121			(0.0017)	(0.0017)	0.0000	0.0
33 TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS/KWH									2.007	2.011	(0.004)	(0.2)

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STATE OF FLORIDA

DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

June 17, 1998

Mr. James A. McGee
Florida Power Corporation
P. O. Box 14042
St. Petersburg, Florida 33733-4042

Re: Docket No. 980001 - EI - Florida Power Corporation
Audit Report - Fuel - 12 Months Ended March 31, 1998
Audit Control # 98-057-2-1

Dear Mr. McGee:

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

Thank you for your cooperation.

Sincerely,

Kay Flynn

Kay Flynn

KF/ABF
Enclosure
cc: Public Counsel
Division of Audit and Financial Analysis