

M E M O R A N D U M

July 19, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 950001-EI -- FLORIDA POWER CORPORATION
CAPACITY COST RECOVERY CLAUSE AUDIT REPORT - PERIOD ENDED 03/31/95
AUDIT CONTROL NO. 94-283-2-1

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 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:

Florida Power Corporation
James P. Fama
Post Office Box 14042
St. Petersburg, FL 33733-4042

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)
Tampa District Office (Bouckaert)

Office of Public Counsel

DOCUMENT NUMBER-DATE

06855 JUL 19 95

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
TWELVE MONTHS ENDED MARCH 31, 1995

Field Work Completed

June 15, 1995

FLORIDA POWER CORPORATION

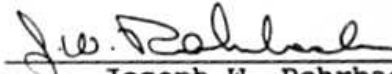
St. Petersburg, Florida

Pinellas County

Capacity Cost Recovery Clause

Docket Number 950001-EI

Audit Control Number 94-283-2-1



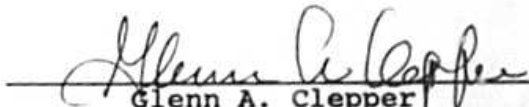
Joseph W. Rohrbacher
Audit Manager

Audit Staff

Anne Lawler

Minority Opinion

Yes _____ No ^{by AL}



Glenn A. Clepper
Regulatory Analyst Supervisor
Tampa

DOCUMENT NUMBER-DATE

06855 JUL 1995

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 Capacity Cost Recovery Clause Filing, Schedules KHW-2 and DPD-2, filed by Florida Power Corporation in support of Docket 950001-EI for the six months ended September 30, 1994, and the six months ended March 31, 1995 respectively.

Scope Limitation: The audit exit conference was waived by the Company. The 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 KHW-2 and DPD-2, 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.

Summary Findings: Florida Power Corporation understated capacity cost revenues during the six months ended September 30, 1994 for a total of \$55,858.

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 - Means that the audit staff 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.

CAPACITY COST RECOVERY REVENUES: Recalculated capacity revenues using authorized rates and reconciled to the filing for both six month periods.

CAPACITY COST RECOVERY EXPENSES: Compiled capacity cost recovery expense for each of the two six month audited periods and traced to journal entries. Agreed reconcilable differences on Company schedules to supporting Company records. Vouched Purchase Capacity and Unit Power Capacity invoices and Billing Statements to Company filing for first six months. Judgementally selected one month from each six month filing period and reconciled Company filing to books and records of Company using Cogeneration Purchase Power Report for second six months. Summarized audited costs for both six-month periods and agreed to Filing.

CAPACITY COST RECOVERY GENERAL LEDGER: Reconciled recoverable capacity cost expense per the general ledger to Company filing.

CAPACITY COST RECOVERY TRUE-UP: Recalculated the CCRC true-up using audit-determined revenues and expenses.

AUDIT DISCLOSURE NO. 1

Subject: Adjustment to Capacity Costs

Statement of Fact:

Florida Power Corporation reported Jurisdictional Capacity Costs of \$60,390,870 in its filing. These costs do not include Schedule F purchases totaling \$64,342. The Company stated that these costs were included in the Fuel Clause filing. The Company agrees that the Schedule F capacity costs should be included in the Capacity Clause filing and will begin doing so effective April 1, 1995.

Additionally, there was \$1,700 reported erroneously as a sale on the filing.

Audit Opinion and Conclusion:

Capacity costs were understated on the Company's Capacity Cost Recovery Clause Schedule KHW-2 by \$55,858 for the six months ended September 31, 1994.

Schedule F purchases for May, June and July, totaling \$34,012 were included in and recovered under the Fuel Clause Filing, Schedule A9. The auditor was unable to trace the April capacity charge of \$30,330 to either the Capacity Clause or Fuel Clause filings and believes that this cost has not been recovered.

The \$1,700 Schedule F capacity sale shown by the Company for June was reported as a sale in error and should not be included in the filing on Schedule KHW-2.

Schedule F costs - recovered under fuel clause	\$34,012
Schedule F costs - not recovered	30,330

Sub-total Schedule F purchases	64,342
Schedule F capacity sale - included in error	1,700

Sub-Total	66,042
Less Jurisdictional Factor	10,184

Total Increase to Jurisdictional Capacity Costs	\$55,858
	=====

Company Comment:

(Verbatim) Company has no comment.

FLORIDA POWER CORPORATION
CAPACITY COST RECOVERY CLAUSE
TRUE-UP CALCULATION
FOR THE PERIOD APRIL 1994 THROUGH SEPTEMBER 1994

Florida Power Corporation
Docket
Witness K H Wieland
Exhibit No _____ (KHW-7)
Sheet 2 of 3

Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	April	May	June	July	August	September	6 Months Cumulative
Base Production Level Capacity Charges:							
1. UPS Purchase (200 MW)	\$2,402,476	\$2,325,707	\$2,563,465	\$2,402,148	\$2,462,052	\$2,454,112	\$14,609,960
2. Schedule E Purchase (100%)	1,597,303	1,597,303	1,597,303	1,370,753	1,544,060	1,597,303	9,304,025
3. Mulberry Energy - QF	0	0	0	0	1,261,500	1,424,429	2,685,929
4. Royster Phosphates - QF	0	0	0	0	0	0	0
5. Seminole Fertilizer Qualifying Facility	290,850	290,850	290,850	290,850	290,850	297,858	1,752,108
6. Schedule F Capacity Sales	0	0	(1,700)	0	0	0	(1,700)
7. Subtotal - Base Level Capacity Charges	\$4,290,629	\$4,213,860	\$4,449,918	\$4,063,751	\$5,558,462	\$5,773,702	\$28,350,322
8. Base Production Jurisdictional Responsibility	93.547%	93.547%	93.547%	93.547%	93.547%	93.547%	93.547%
9. Base Level Jurisdictional Capacity Charges	\$4,013,755	\$3,941,940	\$4,162,765	\$3,801,517	\$5,199,774	\$5,401,125	\$26,520,876
Intermediate Production Level Capacity Charges:							
10. UPS Purchase (0 MW)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11. Schedule E (0 MW)	0	0	0	0	0	0	0
12. Schedule F Capacity Charges	0	0	0	0	0	0	0
13. TECO Power Purchase	471,367	471,367	471,367	471,367	471,367	471,367	2,828,202
14. Bay County Qualifying Facility	81,290	81,580	81,290	81,290	81,290	81,290	488,030
15. Dade County Qualifying Facility	525,240	525,240	544,606	544,606	544,606	546,509	3,230,807
16. Timber Energy Qualifying Facility	262,939	249,939	249,939	263,470	290,531	263,470	1,580,288
17. Lake Cogen Qualifying Facility	1,402,439	1,402,438	1,402,439	1,402,439	1,559,861	1,512,434	8,682,050
18. Pasco Cogen Qualifying Facility	1,402,439	1,402,438	1,402,439	1,402,439	1,540,369	1,498,684	8,648,808
19. Orlando Cogen Qualifying Facility	774,000	749,000	749,000	749,000	749,000	1,028,702	5,312,029
20. Auburndale Qualifying Facility	0	0	0	1,404,000	1,404,388	1,404,194	4,212,582
21. Ridge Generating Station Qualifying Facility	0	802,569	588,648	585,498	563,758	431,710	2,972,183
22. Schedule H Capacity Sales	(4,449)	(41,260)	(28,783)	(48,048)	(6,617)	(3,885)	(133,042)
23. Subtotal - Intermediate Level Capacity Charges	\$4,915,265	\$5,643,311	\$5,474,476	\$6,842,530	\$7,478,255	\$7,468,100	\$37,821,937
24. Intermediate Production Jurisdictional Responsibility	84.348%	84.348%	84.348%	84.348%	84.348%	84.348%	84.348%
25. Intermediate Level Jurisdictional Capacity Charges	\$4,145,928	\$4,760,020	\$4,617,611	\$5,771,537	\$6,307,759	\$6,299,193	\$31,902,046
26. Sebring Base Rate Credits	(\$307,170)	(\$294,968)	(\$332,917)	(\$350,630)	(\$321,729)	(\$360,533)	(\$1,967,947)
26a. Adjustment for Prior Cap Exp (jurisdictionalized)				0			\$0
27. Jurisdictional Capacity Charges (line 9. + 25. + 26. + 26a.)	\$7,852,513	\$8,406,992	\$8,447,459	\$9,222,424	\$11,185,804	\$11,339,785	\$56,454,977
28. Capacity Cost Recovery Revenues (net of tax)	\$8,658,552	\$9,056,193	\$10,124,216	\$11,233,606	\$10,706,401	\$11,187,501	\$60,966,469
28a. Capacity Cost Revenues Adjustment (net of tax)	0	0	0	0	0	0	0
29. Prior Period True-Up Provision	397,159	397,159	397,159	397,159	397,159	397,160	2,382,955
30. Current Period Capacity Cost Recovery Revenues (net of tax) (sum of lines 28 through 29)	\$9,055,711	\$9,453,352	\$10,521,375	\$11,630,765	\$11,103,560	\$11,584,661	\$63,349,424
31. True-Up Provision - Over/(Under) Recovery (line 30 - line 27)	\$1,203,198	\$1,046,360	\$2,073,916	\$2,408,341	(\$82,244)	\$244,876	\$6,894,447
32. Interest Provision for the Month	8,591	11,876	17,074	24,201	28,167	28,731	118,640
33. Current Cycle Balance (line 31 + line 32) Cumulative	1,211,789	2,270,025	4,361,015	6,793,557	6,739,490	7,013,087	7,013,087
34. Plus: True-Up & Interest Provision (beginning)	2,313,050	2,313,050	2,313,050	2,313,050	2,313,050	2,313,050	2,313,050
35. Plus: Prior Period True-Up Collected/(Refunded) Cumulative	(397,159)	(794,318)	(1,191,477)	(1,588,636)	(1,985,795)	(2,382,955)	(2,382,955)
36. Plus: Other	0	0	0	0	0	0	0
37. End of Period Net True-Up (lines 33 through 36)	\$3,127,680	\$3,788,757	\$5,482,588	\$7,517,971	\$7,066,735	\$6,943,182	\$6,943,182

CAPACITY COST RECOVERY CLAUSE
TRUE UP CALCULATION
FOR THE PERIOD OCTOBER 1994 THROUGH MARCH 1995

Florida Power Corporation
Docket #20001-EL
Western Division
Contract No. (DPD-2)
Sheet 2 of 3

Description	1994		1994		1994		1995		1995		1995		Cumulative
	October	November	December	January	February	March	April	May	June	July	August		
Base Production Level Capacity Charges:													
1 UPS Purchase (123 Base MW @26 total mw)	\$2,491,205	2,460,184	\$2,718,928	\$1,544,771	\$1,505,433	\$1,488,667	\$12,009,198						
2 Schedule E Purchase (2000 mw)	1,544,060	1,597,303	1,859,055	(261,752)	0	0	4,738,666						
3 Bay County OF	0	135,000	0	135,000	0	135,410	405,820						
4 Eco Fuel OF	0	0	0	0	0	0	0						
5 General Fuel Qualifying Facility	0	0	0	0	0	0	0						
6 LFC Madison OF	0	0	0	0	0	0	0						
7 LFC Morocello OF	0	0	0	0	0	0	0						
8 Lata County OF	0	0	0	0	0	0	0						
9 Pinal County OF	0	0	0	0	0	0	0						
10 Pinal County OF	0	0	0	0	0	0	0						
11 Timber Energy 2 OF	0	0	0	0	0	0	0						
12 Timber Energy 2 OF	0	0	0	0	0	0	0						
13 Madrona Energy - OF	2,007,150	2,753,577	2,007,150	2,109,612	2,019,074	2,109,299	13,008,562						
14 Royalstar Photovoltaic - OF	0	0	0	0	0	0	0						
15 Semacoma Fuelcell Qualifying Facility	283,842	290,850	289,687	307,013	305,700	305,700	1,782,791						
16 Schedule F Capacity Sales	0	0	0	0	0	0	0						
Intermediate Production Level Capacity Charges:													
17 Schedule - Base Level Capacity Charges	6,328,256	7,101,514	6,674,830	9,055,644	9,281,061	9,182,509	47,803,513						
18 Base Production Jurisdictional Responsibility	93,547%	93,547%	93,547%	94,561%	94,561%	94,561%	44,810,514						
19 Base Level Jurisdictional Capacity Charges	5,918,023	6,643,627	6,244,103	8,563,108	8,777,515	8,664,538	44,810,514						
Intermediate Production Level Capacity Charges:													
20 UPS Purchase (203 Base MW @26 total mw)	0	0	0	3,584,224	3,483,714	3,425,143	50,443,061						
21 Schedule E (0 MW)	0	0	0	0	0	0	0						
22 Schedule F Capacity Charges	0	0	0	0	0	0	0						
23 TECO Power Purchase (50 mw)	471,367	471,367	471,367	471,367	471,367	471,367	2,828,202						
24 Bay County OF	81,290	77,684	84,896	81,290	81,290	81,290	2,443,837						
25 Delta County Qualifying Facility	545,240	545,217	545,400	573,000	572,760	572,760	789,879						
26 Timber Energy Qualifying Facility	283,470	283,470	283,470	283,470	283,470	283,470	9,303,843						
27 Lata County Qualifying Facility	1,512,434	1,512,434	1,512,434	1,589,000	1,588,771	1,588,771	9,218,709						
28 Pinal County Qualifying Facility	1,498,684	1,498,684	1,498,684	1,574,000	1,574,320	1,574,320	8,322,928						
29 El Dorado (Abundantia) Qualifying Facility	2,230,624	1,119,624	1,124,922	1,176,135	1,020,135	1,651,488	8,638,407						
30 Ridge Generating Station Qualifying Facility	1,404,194	1,404,203	1,404,194	1,475,000	1,475,008	1,475,748	3,599,429						
31 Schedule H Capacity Sales	689,120	357,475	665,090	535,177	535,177	637,553	(25,501)						
32 Schedule H Capacity Sales	(2,533)	(2,807)	(7,842)	(2,533)	(4,253)	(4,533)	(25,501)						
Subtotal - Intermediate Level Capacity Charges	6,693,869	7,246,351	7,562,164	10,945,370	10,866,903	11,302,625	47,540,269						
33 Intermediate Production Jurisdictional Responsibility	84,348%	84,348%	84,348%	83,471%	83,471%	83,471%	47,540,269						
34 Intermediate Level Jurisdictional Capacity Charges	7,333,122	6,112,152	6,378,534	9,136,210	9,070,713	9,509,538	47,540,269						
Subtotal - Base Rate Credits	(305,476)	(293,602)	(282,875)	(311,243)	(309,061)	(278,549)	(1,830,806)						
35 Adjustment for Prior Cap Exp (jurisdictionalized)	0	0	0	0	0	0	0						
36 Jurisdictional Capacity Charges (line 19 + 33 + 34 + 35a)	12,945,669	12,462,117	12,339,762	17,388,075	17,468,767	17,805,527	90,519,977						
37 Capacity Cost Recovery Revenues (net of tax)	14,503,311	12,817,391	12,485,262	13,211,268	14,169,496	12,167,420	79,354,138						
38 Capacity Cost Revenue Adjustment (Net of Tax)	0	0	0	0	0	0	0						
39 Prior Period True Up Provision	1,157,197	1,157,197	1,157,197	1,157,197	1,157,197	1,157,197	6,943,182						
40 Current Period Capacity Cost Recovery Revenues (net of tax) (sum of lines 28 through 39)	15,660,528	13,974,608	13,642,479	14,368,465	15,326,693	13,324,617	86,297,370						
True Up Provision - Over(Under) Recovery (line 30 - line 27)	2,714,859	1,512,411	1,302,717	(3,019,610)	(2,162,074)	(4,570,910)	(4,222,607)						
41 Interest Provision for the Month	32,301	38,676	43,820	35,491	16,776	(6,041)	161,022						
42 Current Cycle Balance (line 31 + line 32) Cumulative	2,747,160	4,286,247	5,644,793	2,660,674	515,276	(4,061,525)	(4,061,525)						
43 True Up & Interest Provision (beginning)	6,943,182	6,943,182	6,943,182	6,943,182	6,943,182	6,943,182	6,943,182						
44 Prior Period True Up Collected (Refunded) Cumulative	(1,157,197)	(2,314,394)	(3,471,591)	(4,628,788)	(5,785,985)	(6,943,182)	(6,943,182)						
45 End of Period Net True Up (lines 33 through 36) Over / (Under)	\$8,533,145	\$9,977,035	\$9,116,364	\$4,975,068	\$1,672,573	\$(4,061,525)	\$4,061,525						

Note: Jurisdictional factors for January - March 1995 are from Company's most recent Wholesale base rate proceeding

State of Florida

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



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 413-6770

Public Service Commission

July 20, 1995

Florida Power Corporation
Attn: Mr. James P. Fama
Post Office Box 14042
St. Petersburg, Florida 33733-4042

Dear Mr. Fama:

RE: Docket No. 950001-EI -- Florida Power Corporation
Capacity Cost Recovery Clause Audit Report - Period Ended 03/31/95
Audit Control # 94-283-2-1

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,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn
Chief, Bureau of Records

KF/mas
Enclosure
cc: Public Counsel