

ORIGINAL

State of Florida



Public Service Commission

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REC'D AND REPORTING
01 APR 26 PM 2:16
MEDLINE FPSC

DATE: April 25, 2001
TO: Division of Safety and Electric Reliability (Lee)
FROM: Division of Regulatory Oversight (Vandiver)
RE: Docket No. 010001-EI; Florida Power Corporation; Capacity Cost Audit For Period Ended December 31, 2000; Audit Control No. 01-037-2-1

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 the response to the Division of Records and Reporting. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
 Division of Records and Reporting
 Division of Legal Services

Mr. Paul Lewis, Jr.
 Florida Power Corporation
 106 East College Avenue, Suite 800
 Tallahassee, FL 32301-7740

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*


TAMPA DISTRICT OFFICE


FLORIDA POWER CORPORATION

CAPACITY COST RECOVERY AUDIT

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000

**DOCKET NO. 010001-EI
AUDIT CONTROL NO. 01-037-2-1**


Thomas E. Stambaugh, Audit Manager


Simon O. Ojada, Staff Auditor

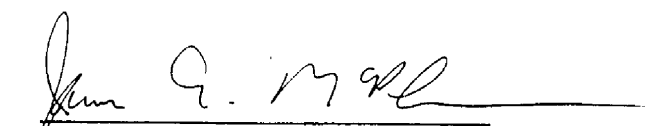

James A. McPherson, Audit Supervisor

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

MARCH 14, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Capacity Cost Recovery True-up schedules for the historical twelve month period ended December 31, 2000 for Florida Power Corporation (FPC). These schedules were prepared by the Utility as part of its petition for cost recovery in Docket 010001-EL. 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.

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:

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

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

REVENUE: Compiled CCRC revenue and agreed to the filing. Recomputed CCRC revenues using approved FPSC rate factors and company-provided KWH sales. Reconciled Utility "revenue recap" report to the general ledger on a test basis.

EXPENSES: Compiled capacity costs. Agreed capacity costs to FPC billing statements. Identified costs by vendor. Performed audit test work of capacity cost payments to verify that Qualifying Facilities were paid according to contract for electric power supplied to the utility.

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

OTHER: Reviewed notes from reading Board of Directors' Minutes and internal auditors' work papers as an aid in determining the scope and level of risk of the audit.

Description	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	(9)
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	12 Months Cumulative
Base Production Level Capacity Charges:													
1 Auburndale Power Partners, L.P. (AUBRDLAS)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
2 Auburndale Power Partners, L.P. (AUBRDLFC)	532,220	554,320	554,320	554,320	554,320	554,320	554,320	554,320	554,320	554,320	554,319	554,320	\$6,629,739
3 Auburndale Power Partners, L.P. (AUBSET)	1,799,539	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	1,891,454	\$22,605,528
4 Bay County (BAYCOUNT)	172,480	183,260	183,260	183,260	183,260	183,260	183,260	183,260	183,260	183,260	183,260	183,260	\$2,188,340
5 Cargill Fertilizer, Inc. (CARGILLF)	372,900	391,950	391,950	391,950	391,950	391,950	391,950	391,950	391,950	391,950	391,950	391,950	\$4,684,350
6 Central Power & Lime (FLACRUSH)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
7 Citrus World	0	0	0	0	0	0	0	0	0	0	0	0	\$0
8 Jefferson Power LC (JEFFPOWER)	0	0	0	0	0	(13,592)	0	0	0	0	0	0	(\$13,592)
9 Lake County (LAKCOUNT)	326,910	347,565	347,565	347,565	347,565	347,565	347,565	347,565	347,565	347,565	347,565	347,565	\$4,150,125
10 Lake Cogen Limited (LAKCOGL)	3,800,169	2,093,313	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	1,996,699	\$23,960,386
11 Metro-Dade County (METRODADE)	661,535	681,237	658,786	695,167	682,087	702,330	684,371	626,878	624,422	624,348	627,951	632,571	\$7,901,682
12 Metro-Dade County (METRODDAS)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
13 Orange Cogen (ORANGEAS)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
14 Orange Cogen (ORANGECO)	1,626,195	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	1,709,550	\$20,431,243
15 Orlando Cogen Limited (ORLACOGL)	1,434,850	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	1,508,138	\$18,024,364
16 Orlando Cogen Limited (ORLACOGAS)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
17 Pasco Cogen Limited (PASCOGL)	2,511,928	3,388,303	3,401,493	2,855,607	2,189,229	2,893,028	2,893,028	2,893,028	2,893,028	2,893,028	2,893,028	2,890,587	\$34,595,316
18 Pasco County Resource Recovery (PASCOUNT)	589,490	626,980	626,980	626,980	626,980	626,980	626,980	626,980	626,980	626,980	626,980	626,980	\$7,486,270
19 PCS Phosphate (OCSWFCRK)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
20 PCS Phosphate (OCSWHSPRS)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
21 Perpetual Energy (PRPETUAL)	0	0	0	0	0	0	0	0	0	0	0	0	\$0
22 Pinellas County Resource Recovery (PINCOUNT)	1,403,243	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	1,492,485	\$17,820,578
23 Polk Power Partners, L.P. (MULBERY)	2,065,402	2,149,564	2,149,564	2,149,564	2,149,564	2,149,564	2,149,564	2,149,564	2,149,564	2,149,564	2,009,515	2,009,515	\$24,736,348
24 Polk Power Partners, L.P. (ROYSTER)	746,390	784,832	784,832	784,832	784,832	784,832	784,832	784,832	784,832	784,832	784,832	784,832	\$10,744,072
25 St. Joe Forest Products (ST JOEFOR)	0	0	0	0	0	0	0	0	0	0	0	0	\$784,832
26 Tiger Bay Limited Partnership (ECOPEAT)	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	1,051,000	\$12,612,000
27 Tiger Bay Limited Partnership (GENPEAT)	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	3,743,000	\$44,916,000
28 Tiger Bay Limited Partnership (TIMBER2)	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	131,000	\$1,572,000
29 Timber Energy Resources, Inc. (TIMBER)	342,740	342,740	342,740	342,740	361,250	361,250	361,250	361,250	311,948	361,250	361,250	361,250	\$4,211,656
30 U.S. Agri-Chemicals (AGRICHEM)	35,848	37,699	37,699	37,699	37,699	37,699	37,699	37,699	46,742	37,699	37,699	37,699	\$459,542
31 Wheelabrator Ridge Energy, Inc. (RIDGEGEN)	800,946	800,946	800,946	800,946	800,946	800,946	800,946	760,684	745,671	772,042	775,646	788,451	\$9,449,113
32 Tiger Bay (EcoPeat lease credit)	(66,667)	(66,667)	(66,667)	(416,667)	(66,667)	(66,667)	(66,667)	(66,667)	(66,667)	(66,667)	(66,667)	(66,667)	(\$1,150,004)
33 UPS Purchase (409 total mw)	2,961,829	4,220,527	4,143,387	4,094,281	4,014,158	4,082,607	3,377,480	4,033,470	4,474,493	3,971,328	3,914,582	3,876,890	\$47,165,032
34 Other Power Sales	0	0	0	0	(4,000)	0	0	0	0	0	0	0	(4,000)
35 Subtotal - Base Level Capacity Charges	27,042,946	28,063,196	27,880,181	26,971,570	26,576,499	25,459,313	26,649,903	27,208,138	27,591,433	27,154,824	26,927,945	26,942,528	325,960,961
36 Base Production Jurisdictional Responsibility	96,543%	96,543%	97,232%	97,232%	97,232%	97,232%	97,232%	97,232%	97,232%	97,232%	97,232%	97,232%	97,094%
37 Base Level Jurisdictional Capacity Charges	26,108,072	27,093,052	27,108,458	26,224,996	25,840,861	24,754,599	25,912,233	26,455,017	26,827,703	26,403,179	26,182,579	26,196,759	315,107,508
Intermediate Production Level Capacity Charges:													
38 TECO Power Purchase (60 mw)	565,567	565,567	565,567	565,567	565,567	565,567	565,567	565,567	565,567	565,567	565,567	565,567	\$6,786,804
39 Schedule H Capacity Sales	(2,385)	(2,231)	(2,385)	(2,308)	(2,385)	(2,308)	(2,385)	(2,385)	(2,308)	(2,385)	(2,308)	(2,385)	(\$28,155)
40 FP&L & Morgan Stanley Capital Group, Reedy Crk	223,861	0	0	0	0	0	0	38,295	76,590	0	0	407,097	745,843
41 Subtotal - Intermediate Level Capacity Charges	787,043	563,336	563,182	563,259	563,182	563,259	563,182	601,477	639,849	563,182	563,259	970,279	7,504,492
42 Intermediate Production Jurisdictional Responsibility	69,682%	69,682%	70,241%	70,241%	70,241%	70,241%	70,241%	70,241%	70,241%	70,241%	70,241%	70,241%	70,129%
43 Intermediate Level Jurisdictional Capacity Charges	548,427	392,544	395,585	395,639	395,585	395,639	395,585	422,484	449,436	395,585	395,639	681,534	5,263,681
44 Sebring Base Rate Credits	(305,966)	(411,549)	(280,546)	(302,252)	(320,185)	(399,053)	(409,398)	(369,363)	(406,628)	(353,126)	(272,751)	(299,249)	(4,130,066)
45 Adjustments-Premium/Liquidating Damages						898,616	898,616	928,629	(734,884)	0	0	0	1,990,977
46 Retail Wheeling	(254,711)	(179,582)	(254,637)	(77,477)	(382,519)	(444,328)	(383,575)	(405,696)	(446,298)	(250,960)	(154,669)	(180,658)	(3,415,109)
47 Jurisdictional Capacity Charges	26,095,822	26,894,465	26,968,860	26,240,906	25,533,742	25,205,473	26,413,461	27,031,070	25,689,329	26,194,678	26,150,798	26,398,386	314,816,992
48 Capacity Cost Recovery Revenues (net of tax)	19,523,062	23,631,263	18,890,195	20,173,947	21,514,590	27,767,751	29,119,806	27,879,449	29,696,608	24,304,057	20,271,361	21,079,798	283,851,888
49 Capacity Cost Revenues Adjustment (Net of Tax)													0
50 Prior Period True-Up Provision	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	2,776,221	(1,703,547)	28,834,881
51 Current Period Capacity Cost Recovery Revenues (net of tax) (sum of lines 48 through 49)	22,299,283	26,407,484	21,666,416	22,950,168	24,290,810	30,543,971	31,896,027	30,655,670	32,472,829	27,080,278	23,047,582	19,376,250	312,686,769
52 True-Up Provision - Over/(Under) Recovery (line 49 - line 45)	(3,796,539)	(486,981)	(5,302,445)	(3,290,738)	(1,242,932)	5,338,499	5,482,566	3,624,600	6,783,500	885,600	(3,103,216)	(7,022,136)	(2,130,223)
53 Interest Provision for the Month	121,355	100,232	75,147	41,736	16,897	13,539	27,896	37,458	50,795	56,795	36,551	6,069	584,470
54 Current Cycle Balance (line 50 + line 51) Cumulative	(3,675,184)	(4,061,934)	(9,289,232)	(12,538,234)	(13,764,268)	(8,412,230)	(2,901,769)	760,289	7,594,583	8,536,978	5,470,313	(1,545,754)	28,834,883
55 True-Up & Interest Provision (beginning)	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883	28,834,883
56 Prior Period True-Up Collected/(Refunded) Cumulative	(2,776,222)	(5,552,443)	(8,328,664)	(11,104,885)	(13,881,106)	(16,657,326)	(19,433,547)	(22,209,768)	(24,985,989)	(27,762,209)	(30,538,430)	(28,834,883)	0
57 Other	0	0	0	0	0	0	0	0	0	0	0	0	0
58 End of Period Net True-Up (lines 50 through 55) Over/(Under)	\$22,383,477	\$19,220,506	\$11,216,987	\$5,191,764	\$1,189,509	\$3,765,327	\$6,499,567	\$7,385,404	\$11,443,478	\$9,609,652	\$3,766,766	(\$1,545,753)	(\$1,545,753)

FLORIDA POWER CORPORATION
CAPACITY COST RECOVERY CLAUSE
TRUE-UP CALCULATION
FOR THE PERIOD JANUARY 2000 THROUGH DECEMBER 2000

Description	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	1 2000 JANUARY	2 2000 FEBRUARY	3 2000 MARCH	4 2000 APRIL	5 2000 MAY	6 2000 JUNE	7 2000 JULY	8 2000 AUGUST	9 2000 SEPTEMBER	10 2000 OCTOBER	11 2000 NOVEMBER	12 2000 DECEMBER
Interest Provision:												
1 Beginning True-Up	\$28,834,883	\$22,383,477	\$19,220,506	\$11,216,987	\$5,191,764	\$1,189,509	\$3,765,327	\$6,499,567	\$7,385,404	\$11,443,478	\$9,609,652	\$3,766,766
2 Ending True-Up	\$22,262,122	\$19,120,275	\$11,141,840	\$5,150,028	\$1,172,612	\$3,751,787	\$6,471,671	\$7,347,946	\$11,392,683	\$9,552,857	\$3,730,215	(\$1,551,822)
3 Total True-Up (line 1 + line 2)	\$51,097,005	\$41,503,752	\$30,362,347	\$16,367,015	\$6,364,376	\$4,941,297	\$10,236,998	\$13,847,513	\$18,778,087	\$20,996,335	\$13,339,867	\$2,214,944
4 Average True-Up (50% of line 3)	\$25,548,502	\$20,751,876	\$15,181,173	\$8,183,508	\$3,182,188	\$2,470,648	\$5,118,499	\$6,923,757	\$9,389,043	\$10,498,167	\$6,669,933	\$1,107,472
5 Interest Rate - First Day of Reporting Month	5.600%	5.800%	5.800%	6.070%	6.180%	6.570%	6.580%	6.500%	6.480%	6.500%	6.490%	6.650%
6 Interest Rate - First Day of Subsequent Month	5.800%	5.800%	6.070%	6.180%	6.570%	6.580%	6.500%	6.480%	6.500%	6.490%	6.650%	6.500%
7 Total Interest (line 5 + line 6)	11.400%	11.600%	11.870%	12.250%	12.750%	13.150%	13.080%	12.980%	12.980%	12.990%	13.140%	13.150%
8 Average Interest Rate (50% of line 7)	5.700%	5.800%	5.935%	6.125%	6.375%	6.575%	6.540%	6.490%	6.490%	6.495%	6.570%	6.575%
9 Monthly Average Interest Rate (line 8 / 12)	0.4750%	0.483%	0.495%	0.510%	0.531%	0.548%	0.545%	0.541%	0.541%	0.541%	0.548%	0.548%
10 Interest Provision (line 4 x line 9)	\$121,355	\$100,232	\$75,147	\$41,736	\$16,897	\$13,539	\$27,896	\$37,458	\$50,795	\$56,795	\$36,551	\$6,069
11 Cumulative Interest for the Period Ending	\$121,355	\$221,587	\$296,734	\$338,470	\$355,367	\$368,906	\$396,802	\$434,260	\$485,054	\$541,849	\$578,401	\$584,470