



Public Service Commission

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**DATE:** June 9, 2004

**TO:** Todd Bohrmann, Division of Economic Regulation

**FROM:** Denise N. Vandiver, Chief, Bureau of Auditing *DNV*  
Division of Regulatory Compliance and Consumer Assistance

**RE:** **Docket No.** 040001-EI ; **Company Name:** Florida Power and Light Co. ;  
**Audit Purpose:** Fuel Cost Recovery Clause – Medium Priority Items; **Audit Control No.** 04-096-4-1

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 the Commission Clerk and Administrative Services. There are confidential work papers associated with this audit.

DNV/jcp  
Attachment

cc: Division of Regulatory Compliance and Consumer Assistance (Hoppe, District Offices, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
Division of Competitive Markets and Enforcement (Harvey)  
General Counsel  
Office of Public Counsel

Mr. Bill Walker, Vice President,  
Florida Power & Light Company  
215 South Monroe Street, Suite 810  
Tallahassee, FL 32301-1859

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**FLORIDA PUBLIC SERVICE COMMISSION**

*REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE DIVISION*

*Miami District Office*

**FLORIDA POWER AND LIGHT  
FUEL COST RECOVERY CLAUSE**

YEAR ENDED DECEMBER 31, 2003

DOCKET NO. 040001-EI

AUDIT CONTROL NO. 04-096-4-1

Handwritten signature of Gabriela Leon in cursive script.

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*Gabriela Leon, Audit Manager*

Handwritten signature of Kathy L. Welch in cursive script.

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*Kathy L. Welch  
Public Utilities Supervisor*

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**REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE DIVISION**

**AUDITOR'S REPORT**

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**June 3, 2003**

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

We **have applied** the procedures described later in this report *to the attached Fuel Recovery schedules for the period ended December 31, 2003* for Florida Power and Light Company. These schedules were prepared as part of the petition for fuel **recovery in Docket 040001-EI**.

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 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:

**Scanned-** The documents **or** accounts 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..

**Reviewed-** The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**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.

**Confirmed-** Evidential matter supporting an account balance, transaction or other information **was** obtained directly from an independent third party.

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

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**TRUE-UP CALCULATION-** Recalculated the true up for the twelve months ending December 31, 2003 and verified the interest **rates**. Traced the beginning true-up to the prior audit. Traced the prior period to the Commission order.

**EXPENSES-** Verified **selected** hedging transactions and traced to the Commission order and to source documentation.

Verified that the coal inventory adjustments were recorded in accordance with Commission order and traced to source documentation.

Verified payments to Qualifying Facilities by selecting one payment and tracing to the proper source documentation.

Verified purchased power and traced to invoice.

Reconciled Company Schedule **A5** to **Form** 423 and traced to source documentation.

Verified that FPL **does** not charge expenses to the fuel clause until the fuel **is** burned or consumed in **one** of FPL's generating units.

Verified Economy Purchases and traced to source documentation.

Verified Power **Safes** on Schedule A6 **and** traced **to** source documentation.

**OTHER-** <sup>\*</sup> Reconciled heat rates for **Generating** Performance Incentive Factor (GPIF) units from Schedule A4 **to** the GPIF filing. Traced GPIF factors to Commission Order.

Read internal auditor's reports related to the Fuel Clause.

**EXHIBITS**

**TRUE UP CALCULATION SCHEDULE**

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