

MEMORANDUM

June 20, 1994

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 940001-BI -- FLORIDA POWER AND LIGHT COMPANY
OIL BACKOUT AUDIT REPORT - PERIOD ENDED MARCH 31, 1994
AUDIT CONTROL NO. 93-267-4-3

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 confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Florida Power and Light Company
Bill Walker
810 First Florida Bank Building
215 South Monroe Street
Tallahassee, FL 32301-1859

DNV/sp

Attachment

cc: Chairman Deason
Commissioner Clark
Commissioner Johnson
Commissioner Laurodo
Commissioner Kiesling
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Mailhot/Causseaux/
File Folder)
Division of Electric and Gas (Dudley)
Miami District Office (Welch)

Office of Public Counsel

DOCUMENT NUMBER-DATE

06048 JUN 21 8

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
FOR THE 12 MONTHS ENDED MARCH 31, 1994

FIELD WORK COMPLETED

JUNE 6, 1994

FLORIDA POWER AND LIGHT

MIAMI, FLORIDA

DADE COUNTY

OIL BACKOUT COST RECOVERY CLAUSE

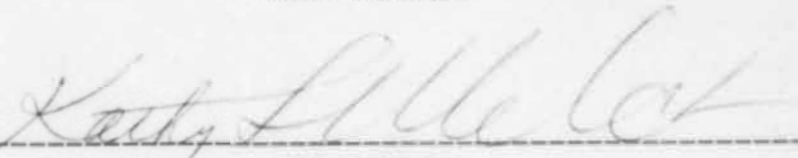
940001

DOCKET NUMBER ~~988891~~ -EI

AUDIT CONTROL NUMBER 93-267-4-3



ILJANA H. PIEDRA
AUDIT MANAGER



KATHY WELCH
REGULATORY ANALYST SUPERVISOR
MIAMI DISTRICT OFFICE

DOCUMENT NUMBER-DATE

06048 JUN 21 8

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 the appended Oil Backout and Cost Recovery Exhibits filed by Florida Power and Light Company in support of Docket 930001 - E1 for the twelve months ended March 31, 1994 to determine that exhibits represent utility books, that those records are maintained in compliance with Commission directives; and that facts which may influence the Commission decision process are disclosed.

SCOPE LIMITATION: The exit conference was held on June 10, 1994.

DISCLAIM PUBLIC USE: This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied on for any purpose except to assist the Commission staff in the performance of their duties and responsibilities. Substantial additional work would have to be performed to satisfy generally accepted auditing standards which must be followed to produce audited financial statements for public use.

OPINION: Subject to the procedures described in Section II, the appended Oil Backout Cost Recovery Schedules for the twelve month period ended March 31, 1994, represent utility books and records maintained in substantial compliance with Commission directives.

II. AUDIT SCOPE

This report is based on the audit work described below. When used in this section of the report COMPILED defines completed audit work as:

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 noted performed no other audit work.

COST RECOVERY REVENUES: Compiled Revenues from the Revenue and Rate Report and reconciled to company's filing. Verified that the company is billing the proper recovery factor per-related Commission Order.

REVENUE REQUIREMENTS: Recomputed Return on Investment, Income Taxes current and Deferred Income Taxes. Compiled Taxes other than Income Taxes. Reconciled Operating and Maintenance Expenses to the General Ledger by use of Audit Analyzer.

JURISDICTIONAL FACTOR:
Recalculated the jurisdictional portion of total KWH sales by using the Revenue and Rate Report.

TOTAL NET TRUE-UP CALCULATION: Recalculated true-up and interest provision; traced interest rate to the Wall Street Journal 30-day commercial rate. Traced Beginning True-up to prior filing and Prior Period True-up Provision to proper Commission Order.

III. EXHIBITS

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
REVENUE REQUIREMENTS
ACTUAL FOR APRIL 1993 - SEPTEMBER 1993

		<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
1.	Straight Line Depreciation (a)	\$ 0	0	0	0	0	0	0
2.	Return on Investment (b)	\$ 485,379	480,311	475,249	462,435	452,570	447,602	2,803,547
3.	Taxes Other Than Income Taxes	\$ 218,750	218,750	218,750	218,750	218,750	218,750	1,312,500
4.	Income Taxes - Current (c)	\$ (347,834)	(348,867)	(349,893)	(359,800)	(479,922)	(382,483)	(2,268,799)
5.	Deferred Income Taxes	\$ 498,561	498,020	497,674	501,131	502,230	502,829	3,000,245
6.	O & M Expenses	\$ 95,436	40,766	47,104	22,911	16,364	75,617	258,258
7.	Total Revenue Requirements (Lines 1+2+3+4+5+6)	\$ 910,292	888,981	888,684	845,427	709,992	862,375	5,105,750

- (a) Straight-line depreciation is zero since the capital investment for the project was fully recovered in October 1999.
- (b) Effective July 13, 1993, the Return on Equity (ROE) was revised from 12.8% to 12.0% per FPSC Order No. PSC-93-1024-FOF-EI, Docket No. 930612-EI. For July 1993, a weighted average ROE of 12.31% was used.
- (c) Current Income Tax Expense for August 1993 has been adjusted by (\$99,626) to reflect the impact of the change in the Income Tax Rate from 34% to 35%, retroactive to January 1, 1993. The adjustment reflects the impact of the change from January through July 1993.

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
CALCULATION OF JURISDICTIONAL kWh SALES
ACTUAL FOR APRIL - SEPTEMBER 1993

		<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
1. Jurisdictional Sales	kWh	5,076,792,107	5,069,206,266	6,130,938,743	6,817,667,980	7,191,007,852	6,968,772,598	37,254,385,546
2. Sales for Resale	kWh	57,449,915	51,805,431	55,860,086	112,697,314	134,899,236	139,199,297	551,911,279
3. Total Sales	kWh	5,134,242,022	5,121,011,697	6,186,798,829	6,930,365,294	7,325,907,088	7,107,971,895	37,806,296,825
4. Jurisdictional Portion of Total kWh Sales (Line 1 / Line 3)		0.98881044	0.98988375	0.99097108	0.98373862	0.98158600	0.98041645	--

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT
ACTUAL FOR APRIL 1993 - SEPTEMBER 1993

		<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
1.	Oil-Backout Cost Recovery Revenue (Net of Revenue Taxes)	\$ 669,252	651,635	806,300	799,447	936,372	910,466	4,773,471
2.	Adjustment not Applicable to this Period (Prior True-up)	\$ 31,494	31,494	31,494	31,494	31,494	31,491	188,961
3.	Oil-Backout Revenue Applicable to this Period	\$ 700,746	683,129	837,794	830,941	967,866	941,955	4,962,432
4.	Oil-Backout Cost Recovery Authorized	\$ 910,292	888,981	888,684	845,427	709,992	862,375	5,105,750
5.	Jurisdictional Portion of Total kWh Sales	0.98881044	0.98988375	0.99097108	0.98373862	0.98158600	0.98041665	--
6.	Jurisdictional Oil-Backout Cost Recovery Authorized (Line 4x5)	\$ 900,106	879,987	880,660	831,679	696,918	845,487	5,034,837
7.	True-up Provision for Month Over/(Under) Collection (Lines 3-6)	\$ (199,360)	(196,858)	(42,866)	(738)	270,948	96,468	(72,405)
8.	Interest Provision for Month	\$ (520)	(1,117)	(1,540)	(1,683)	(1,400)	(1,011)	(7,271)
9.	True-up & Interest Provision Beginning of Month	\$ 188,961	(42,413)	(271,882)	(347,782)	(381,597)	(143,643)	188,961
10.	Deferred True-up Beginning of Period	\$ (272,190)	(272,190)	(272,190)	(272,190)	(272,190)	(272,190)	(272,190)
11.	Prior Period True-up Provision - Collected/(Refunded)	\$ (31,494)	(31,494)	(31,494)	(31,494)	(31,494)	(31,491)	(188,961)
12.	End of period Net True-up - Over/(Under) Recovery (Lines 7+8+9+10+11)	\$ (314,603)	(544,072)	(619,972)	(653,887)	(415,833)	(351,567)	(351,567)

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
ACTUAL FOR APRIL 1993 - SEPTEMBER 1993

		<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Total</u>
1. Beginning True-up Amount	\$	(83,229)	(314,603)	(544,072)	(619,972)	(653,887)	(415,833)	(2,631,596)
2. Ending True-up Amount Before Interest	\$	(314,063)	(542,955)	(618,432)	(652,204)	(414,433)	(350,856)	(2,892,963)
3. Total Beginning & Ending True-up Amount (Lines 1+2)	\$	(397,312)	(857,558)	(1,162,504)	(1,272,176)	(1,068,320)	(766,689)	(5,524,559)
4. Average True-up Amount (50 % of Line 3)	\$	(198,656)	(428,779)	(581,252)	(636,088)	(534,160)	(383,345)	(2,762,280)
5. Interest Rate - First day of Reporting Business Month		0.03190	0.03090	0.03160	0.03200	0.03150	0.03140	--
6. Interest Rate - First day of Subsequent Business Month		0.03090	0.03160	0.03200	0.03150	0.03140	0.03190	--
7. Total Interest Rate (Lines 5+6)		0.0628	0.0625	0.0636	0.0635	0.0629	0.0633	--
8. Average Interest Rate (50 % of Line 7)		0.03140000	0.03125000	0.03180000	0.03175000	0.03145000	0.03165000	--
9. Monthly Average Interest Rate (1/12 of Line 8)		0.00261667	0.00260417	0.00265000	0.00264583	0.00262083	0.00263750	--
10. Interest Provision (Line 4 X Line 9)	\$	(520)	(1,117)	(1,540)	(1,683)	(1,400)	(1,011)	(7,271)
		*****	*****	*****	*****	*****	*****	*****

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
REVENUE REQUIREMENTS
ACTUAL FOR OCTOBER 1993 - MARCH 1994

		<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
1.	Straight Line Depreciation (a)	\$ 0	0	0	0	0	0	0
2.	Return on Investment (b)	\$ 421,891	417,157	412,441	407,733	403,028	398,319	2,460,570
3.	Taxes Other Than Income Taxes	\$ 218,750	218,750	362,750	230,750	230,750	230,750	1,492,500
4.	Income Taxes - Current	\$ (392,424)	(391,873)	(392,507)	(393,629)	(395,518)	(397,224)	(2,363,175)
5.	Deferred Income Taxes	\$ 502,075	500,142	499,354	499,036	499,456	499,699	2,999,762
6.	O & M Expenses	\$ 38,917	4,417	81,953	(576)	56,833	21,261	202,805
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7.	Total Revenue Requirements (Lines 1+2+3+4+5+6)	\$ 789,208	748,593	963,991	743,314	794,550	752,806	4,792,463
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- (a) Straight-line depreciation is zero since the capital investment for the project was fully recovered in October 1989.
(b) Includes return on equity of 12.0%.

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
 OIL BACKOUT COST RECOVERY CLAUSE
 CALCULATION OF JURISDICTIONAL KWH SALES
 ACTUAL FOR OCTOBER 1993 - MARCH 1994

		<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
1.	Jurisdictional Sales	kWh 6,408,442,428	5,804,709,304	5,535,782,543	5,344,100,712	5,172,854,671	5,226,011,456	33,493,901,114
2.	Sales for Resale	kWh 118,260,031	84,311,117	71,549,754	65,653,646	67,933,946	71,206,796	478,855,290
3.	Total Sales	kWh 6,526,642,459	5,889,020,421	5,607,332,297	5,411,754,358	5,240,788,617	5,297,218,252	33,972,756,404
4.	Jurisdictional Portion of Total kWh Sales (Line 1 / Line 3)	0.98188961	0.98568334	0.98723997	0.98786832	0.98703746	0.98655770	--

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
TRUE-UP CALCULATION
ACTUAL FOR OCTOBER 1993 - MARCH 1994

		<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
1.	Oil-Backout Cost Recovery Revenue (Net of Revenue Taxes)	\$ 1,000,284	914,416	874,206	844,413	815,133	829,411	5,277,863
2.	Adjustment not Applicable to this Period (Prior True-up)	\$ (90,561)	(90,561)	(90,561)	(90,561)	(90,561)	(90,538)	(543,243)
3.	Oil-Backout Revenue Applicable to this Period	\$ 909,743	823,875	783,665	753,872	724,592	738,873	4,734,620
4.	Oil-Backout Cost Recovery Authorized	\$ 789,208	748,593	963,991	743,314	794,550	752,806	4,792,463
5.	Jurisdictional Portion of Total kWh Sales	0.98188961	0.98568334	0.98723997	0.98786832	0.98703746	0.98655770	..
6.	Jurisdictional Oil-Backout Cost Recovery Authorized (Line 4X5)	\$ 774,915	737,876	951,691	734,296	784,251	742,686	4,725,715
7.	True-up Provision for Month Over(Under) Collection (Lines 3-6)	\$ 134,828	85,999	(168,026)	19,576	(59,659)	(3,813)	8,905
8.	Interest Provision for Month	\$ (631)	(102)	29	72	269	470	107
9.	True-up & Interest Provision Beginning of Month	\$ (543,243)	(318,505)	(142,067)	(219,523)	(109,334)	(78,183)	(543,243)
10.	Deferred True-up Beginning of Period	\$ 191,376	191,376	191,376	191,376	191,376	191,376	191,376
11.	Prior Period True-up Provision - Collected/(Refunded)	\$ 90,561	90,561	90,561	90,561	90,561	90,538	543,243
12.	End of period Net True-up - Over(Under) Recovery (Lines 7+8+9+10+11)	\$ (127,129)	49,309	(28,147)	82,042	113,193	200,388	200,388

NOTE: Columns and rows may not add due to rounding.

FLORIDA POWER & LIGHT COMPANY
OIL BACKOUT COST RECOVERY CLAUSE
CALCULATION OF INTEREST PROVISION
ACTUAL FOR OCTOBER 1993 - MARCH 1994

		<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>Total</u>
1.	Beginning True-up Amount	\$ (351,867)	(127,129)	49,309	(28,147)	82,042	113,193	(262,599)
2.	Ending True-up Amount Before Interest	\$ (126,498)	49,411	(28,176)	81,970	112,924	199,918	289,549
3.	Total Beginning & Ending True-up Amount (Lines 1+2)	\$ (478,365)	(77,718)	21,133	53,823	194,966	313,111	26,950
4.	Average True-up Amount (50 % of Line 3)	\$ (239,183)	(38,859)	10,567	26,912	97,483	156,556	13,475
5.	Interest Rate - First day of Reporting Business Month	0.03190	0.03140	0.03150	0.03340	0.03100	0.03520	--
6.	Interest Rate - First day of Subsequent Business Month	0.03140	0.03150	0.03340	0.03100	0.03520	0.03690	--
7.	Total Interest Rate (Lines 5+6)	0.0633	0.0629	0.0649	0.0644	0.0662	0.0721	--
8.	Average Interest Rate (50 % of Line 7)	0.03165000	0.03145000	0.03245000	0.03220000	0.03310000	0.03605000	--
9.	Monthly Average Interest Rate (1/12 of Line 8)	0.00263750	0.00262083	0.00270417	0.00268333	0.00275833	0.00300417	--
10.	Interest Provision (Line 4 X Line 9)	\$ (631)	(102)	29	72	269	470	107
		*****	*****	*****	*****	*****	*****	*****

NOTE: Columns and rows may not add due to rounding.

State of Florida

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



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 488-8371

Public Service Commission

June 21, 1994

Mr. Bill Walker
Florida Power and Light Company
810 First Florida Bank Building
215 South Monroe Street
Tallahassee, FL 32301-1859

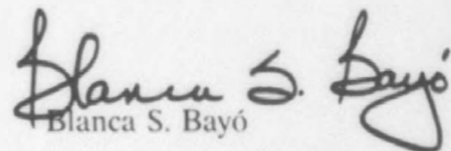
Dear Mr. Walker:

RE: Docket No. 940001-E1 - Florida Power & Light Company
Oil Backout Audit Report - Period Ended March 31, 1994

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,


Blanca S. Bayo

BSB/kes

Enclosure

cc: Public Counsel
Matthew Childs