

990001

DECLASSIFIED

ATTACHMENT A

DOCUMENT NUMBER-DATE

06405 JUL-68

FPSC-RECORDS/REPORTING

TABLE OF CONTENTS
1994 AUDIT REPORTS

UNBILLED REVENUE AND NET ENERGY FOR LOAD AUDIT	APR. 11, 1994
CENTRAL CUSTOMER SERVICE LAN REVIEW	APR. 21, 1994
NUCLEAR FUEL PROCUREMENT AND INVENTORY AUDIT	APR. 25, 1994
HURRICANE ANDREW RESTORATION COST PROCESS REVIEW TURKEY POINT FOSSIL AND CUTLER PLANTS	APR. 27, 1994
LOCAL DISBURSEMENT SYSTEM (LDS) CORPORATE AUDIT	APR. 29, 1994
EMPLOYEE INFORMATION SYSTEMS (EIS) AUDIT	MAY 9, 1994
FINANCE DEPARTMENT AUDIT	MAY 9, 1994
COST OF CONTRACT GAS REVIEW	MAY 27, 1994
CUSTOMER INFORMATION SYSTEM (CIS II) EMPLOYEE SPECIAL AUDIT	MAY 27, 1994
VOLUNTARY RETIREMENT PLAN (VRP) AND SPECIAL SEVERANCE PLAN (SSP) AUDIT	JUNE 9, 1994
TURKEY POINT / CUTLER PLANTS - FOSSIL REVIEW	JUNE 22, 1994
LAND MANAGEMENT CONTRACT ADMINISTRATION AUDIT	JUNE 28, 1994
RIVIERA PLANT ADMINISTRATIVE AUDIT	JUNE 30, 1994
AUTOMATED PAYSTATION NETWORK (APN) AUDIT	JUNE 30, 1994
POWER DELIVERY STOREROOMS AUDIT	JUNE 30, 1994
GENERAL CONTROLS REVIEW - COMPUTER OPERATIONS (CPO)	JULY 13, 1994
MARTIN PLANT ADMINISTRATION AUDIT	JULY 13, 1994
TERMINAL AND PIPELINE OPERATIONS AUDIT	JULY 15, 1994
TURKEY PT. NUCLEAR (PTN) REVIEW	AUG. 2, 1994
INVESTMENT RECOVERY SALVAGE PROCESS AUDIT DISTRIBUTION RESOURCES	AUG. 3, 1994
REVIEW OF SECURITY BUREAU INC'S. (SBI'S) PROPOSED PAYROLL TAX CREDITS	JUNE 23, 1994

LAND UTILIZATION - MARTIN SITE AUDIT	AUG. 17, 1994
BANK RECONCILIATIONS AUDIT	AUG. 19, 1994
FAST DUMP & RESTORE (FDR) AUDIT	SEPT. 21, 1994
POWER DELIVERY LAN/UNIX AUDIT	SEPT. 30, 1994
PT. EVERGLADES PLANT, LAUDERDALE PLANT, AND GAS TURBINE POWER PARK AUDIT	SEPT. 30, 1994
LOCAL DISBURSEMENT SYSTEM (LDS) FIELD AUDIT	SEPT. 30, 1994
REIMBURSABLE SYSTEM POST IMPLEMENTATION REVIEW	SEPT. 30, 1994
AUTOMATIC FUNDS TRANSFER (AFT) AUDIT	SEPT. 30, 1994
REVIEW OF MULTITRADE PROJECT COSTS	OCT. 5, 1994
SPECIAL AUDIT-ANONYMOUS COMPLAINT PERTAINING TO MR. J. J. KARETSKI	OCT. 6, 1994
EXTERNAL AFFAIRS SOUTH AREA - SPECIAL AUDIT	OCT. 7, 1994
END-USER COMPUTING - NUCLEAR INFORMATION SERVICES FOLLOW-UP AUDIT	OCT. 11, 1994
LIBERTY CITY OFFICE REVIEW OF EMPLOYEE CHECK CASHING	OCT. 24, 1994
DEPOSIT REFUND ACCOUNT SPECIAL	OCT. 24, 1994
MEDICAL PLAN AUDIT	NOV. 16, 1994
AFFIRMATIVE ACTION PROGRAM AUDIT	NOV. 30, 1994
AUTOMOTIVE MAINTENANCE CENTER SPECIAL	DEC. 5, 1994
NUCLEAR PROPERTY	DEC. 19, 1994
ST. LUCIE PLANT PROCUREMENT AUDIT	DEC. 19, 1994
COGENERATION BILLING AUDIT	DEC. 19, 1994
ST. LUCIE PLANT PROCUREMENT	DEC. 19, 1994
LAUDERDALE REPOWERING 1994 WESTINGHOUSE EXPENDITURES	DEC. 22, 1994
PROCUREMENT MANAGEMENT SYSTEMS	DEC. 22, 1994

FPC

list to Federal Audit

TYE 3/31/95

PBC

KW 5/17/95

RC

3/26/95

PAGE 3 OF 3

MARTIN PLANT FUEL OIL INVENTORY

DEC. 22, 1994 ✓

DEPOSITS

DEC. 30, 1994

FIELD COLLECTIONS REVIEW

JAN. 6, 1995

1995 AUDIT REPORTS

NUCLEAR DECOMMISSIONING COST PROCESS AUDIT

JAN. 19, 1995 ✓

LITIGATION CREDITS AUDIT

FEB. 1, 1995

PAYMENT PROCESSING CENTER FOLLOW-UP REVIEW

FEB. 9, 1995

FIELD REPRESENTATIVE MANAGEMENT SYSTEM AUDIT

FEB. 15, 1995 ⊕

41

42

Source Result No 1 W/P 10

43

9-1

Rev 5/11/95
RG

2-9-95
RG

Review I/A Nuclear Procurement + Inventory Audit Audit Period 1/93 - 1/94

Audit Objective

Evaluate the effectiveness of the controls for the nuclear fuel procurement and inventory activities and

Determine if the nuclear fuel transactions were properly authorized; in compliance with contract terms; accurately recorded and classified; and, periodically substantiated and evaluated.

The audit scope included the confirmation of nuclear fuel inventory balances maintained at vendor facilities at 10-28-93. Samples of purchases of nuclear fuel materials and services during the audit period of 1/93 - 1/94 were reviewed.

Audit Results

- I/A reviewed the following and found no exceptions:
 - Nuclear Fuel Material Accountability Report
 - Payments to Westinghouse Electric Corporation for energy charges related to the Westinghouse-owned fuel assembly settlement agreement
 - Payments to the US Department of Energy for specific
 - Payments to the following vendors for nuclear materials (308) and services (conversions, enrichment, fabrication and engineering):
 - ABB Combustion Engineers
 - Bruw Fuel Fuel Co.
 - Comer Dyn (Allied - Signal and Sequoyia) and Act
 - Energy Resources of Australia.
 - Nuexco Trading Corporation.

Continued from P 1

Review of F/A Nuclear Procurement - ITHU Audit
Audit Period 1/93 - 1/94

Nuexco Trading Corporation.

Siemens Power Corporation.

United States Enrichment Corporation.

Urenco Exploration and Mining Limited

Westinghouse Electric Corporation.

FPL engineering costs charged to Fuel Recovery
Class.

Review of Merbin Power Plant - Fuel Oil Inventory Audit Period

Objective:

To assess the soundness and adequacy of internal controls associated with fossil fuel inventories at the plant and the terminal.

Scope

Review of records and transactions related to the acquisition and maintenance of fossil fuel inventories.

1. Inventory Substantiation

Fuel inventory should be substantiated with any discrepancies investigated by plant management. Adjustments should be made if significant discrepancies are noted. Audit measurements of Buckler C and Distillate # 2 fuel oil taken on Nov 29, 1994 were agreed to 11/94 G/L balance. No exceptions noted.

2. Physical Safeguard of Inventory

Access to fuel inventory should be restricted to authorized personnel in accordance with management criteria.

No exceptions were noted.

3. Authorization

The use of fuel should be approved by the appropriate level of management. A review of fuel requests determined that requests are properly approved and authorized by management.

Review of Martin County Plant Fuel Oil Invo Audit
Audit Period 11-28-94 - 12-22-94.

Transaction Processing

The consumption of fuel should be reported accurately and on a timely basis. Fuel consumption should also be properly reflected in the fuel accounting records. The I/A reviewed the recordings of fuel transactions as posted in the Corporate Fuel Information System (CFIS).

No exceptions noted.

During the inventory readings performed during the audit, it was noted that one tank measurement reported a difference of $3/16$ " between the installed dip tape (top) readings and the automatic tank gauge (side) readings. The top reading was $33' 6 12/16$ ". The side reading was $33' 6 9/16$ ". The difference converts to approximately 167 barrels of fuel are calibrated by the CFIS system. Plant personnel were made aware of the discrepancy and established a work order to re-calibrate the tank's side gauges.

Terminal + Pipeline Operations Unit

Scope + Objective =

The scope of our work included contract PO against review of the Terminating and Pipeline O+M Contract + Transition. Industrial Pipeline Systems Inc. (IPI) selected fuel tank inspection and cleaning purchase orders POs and a review of the disbursement processes related to the requirements.

Terminating and Pipeline O+M Contract

The contract is a five year (11/1/93-12/31/97) hybrid fixed plus contract with TWI (the contractor). The contractor provides for the operation and maintenance of the company's owned terminals (five) and fuel pipelines (four).

Invoice Processing Review:

Based on a review performed on the monthly invoices to ensure that amounts are in compliance with compensation provisions per the contract, the following were noted.

1995. Payroll cost of \$ 3.4M represents 73% of the contract total cost of 4.7M exclusive of incentive pay of \$ 46K. Payroll is the primary contract cost. Straight time and overtime hours listed are not being supported by time sheets and a sample of payroll need to be selected monthly for review (Terminal reviews 3-5 emp time sheets monthly).

(PLC)
Termination Management advised that their interpretation
and understanding of the intent of the provision may
allow the contractor to collect more monies for these
BEC Salary Related Cost (SRC) legal benefits that he
actually pays out. It is unclear whether SRC's
were to be reimbursed on a cost plus basis
and whether the audit of actual costs was intended.

Workers Compensation

The contractor declined Audit's request to provide
documentation supporting his 1993 WC I premium
paid even though he is required to provide such
documentation as prescribed in the contract provision.

* Based on the audit interpretation of the related provision
it appears that the contractor has been paid \$20K to
40K in excess of his actual WC I cost incurred.

Termination Management advised that their interpretation
and understanding of the intent of the provision may
allow the contractor to collect more monies for these
BEC Salary Related Cost (SRC) legal benefits that he
actually pays out. It is unclear whether SRC's
were to be reimbursed on a cost plus basis
and whether the audit of actual costs was intended.
Termination Management is currently working with the
contractor to negotiate a settlement of this issue.

Review of Nuclear Decommissioning Costs

1/1/92 - 7/31/94

1/1/92 - 7/31/94

An audit of the nuclear decommissioning cost process revealed that the annual decommissioning accrual was not meeting requirements.

In 1982, FERC required that electric utilities which operate nuclear units in the state establish funded decommissioning reserves (separate from depreciation) for accumulating the estimated cost of decommissioning each nuclear unit. The company's current annual decommissioning reserve requirement (1994) is the reserve accrual of \$8.1M per unit which was effective 1/1/89 and is required to be reviewed in 1995. Current funding of the reserve is \$5.8M.

I Nuclear Regulatory Requirements

A review of the company's compliance with US Nuclear Regulatory Commission (NRC) regulatory requirements related to decommissioning was done. The results were good.

II Nuclear Decommissioning Cost Process

Internal Auditor reviewed current processes to coordinate, quote and prepare the decommissioning costs data for filing with FERC. I/A noted that various contacts with the FERC to ensure accurate and timely filing.

1 Trust Funds Investment Function

The audit of the Trust Funds Investment Department (TFI) responsibilities relating to the Non-Qualified and Qualified Pension Accumulation Fund (NNQTF and SQQTF) included a review of the activities and processes for 1993/94.

- During the 1993-1994 period TFI could not provide disclosure to support the investment company's review - audit conclusions prepared in 1993, and its documentation, including a comparison, report could be provided for 1994. Most of the 1993-1994 period's records were being received by TFI. Some of the records were being received by TFI, but some were not.

Investment Manager Service Contracts + Related Fees

Investment Management Service Contract

Neither the service contract nor the investment guidelines prohibit any actions of self dealing on the part of the investment manager. Acts of self dealing are prohibited by TRS code 408 A, which is contained in FPL on the contract. The contract does not prohibit investment manager from acting as self dealing on the part of Investment Manager.

Management Comments: TFI is working with an outside law firm to develop an Investment Manager Agreement and it is expected that a letter is prepared to be sent to the Board for review.

In a prior I/A review of the performance fee structure, the performance fee structure should be \$2500 per year. However, the Trustee and Investment Manager (UNDTF) paid an annual amount of \$200,000. No support for the fee structure was provided. The condition still exists. The Director of the Trust Fund Investment (TFI) Department, Mr. Lisa Peacock, stated that fees were agreed to, but never formally documented. Mr. Peacock stated he agreed upon performance fee structure.

Accounting For Nuclear Decommissioning Costs

Decommissioning Account Funding

I/A verified the total contribution to both the UNDTF and UNDTF for the 92-94 audit period were in agreement with regulatory amounts allowed as determined by Finance and Regulatory Accounting and provided to Financial Accounting. No exceptions were noted.

Trustee and Investment Manager Fees

No verification is performed by Accounting to ensure the amount of Trustee and Investment Management fees debited to the funds by the Trustee and reflected in the Trustee's reports, agreed with the amounts authorized by the TFI Director.

Management concurred with recommendation and has implemented the verification process.

Under Review

Review the current disclosure as well as procedures in place
to ensure compliance with SEC rules and regulations
and to ensure the accuracy and integrity of the financial
statements and related disclosures.

Review the most recent SEC Order to 2/1/20 issued 9/21/19
and the guidance supplied by TCG's decommissioning
and financial analysis. Verify that the quantitative
analysis incorporated any relevant recommendations related to such
order and the order to 2/1/20.

Verify the company's current annual disclosures accurately
and fully comply with requirements are based on approved 1989
SEC Order.

Review Regulatory Accounting decommissioning account
and ensure end of year requirements are based on approved
SEC Order.

Review Regulatory Accounting decommissioning account
and ensure end of year requirements are based on approved
SEC Order. Verify the accuracy of the
periodic disclosures and ensure they are recorded in the company's books
and are adequate.

J P Y
Terminal & Pipeline Operations
For Years Ending 1/93 - 3/94

Salary Related Costs (SPC)

- Contractor has been paid \$200k less in excess of his actual WCT costs incurred.
- Unable to confirm the excessment due to contractor's declaration to provide supporting documentation.

Invoice Processing Review

- The processing of documentation for compensation provisions of the contract is not cost effective.

Payroll - 73% of Contract's cost

Labor hours - 62% are related to terminal operations
No verification of straight time and over time hours or employee time sheets.

Materials and Expenses (M&E)

- Poor copy quality
- Did not state where purchase was made
- Did not reflect that Interstate was the purchaser of M&E items
- Receipts with voluminous small dollar, "non-FPL chargeable items" is time consuming & not cost beneficial to vouch.

TMWT Authorization

- No date of authorization
- Authorization ranging from not authorized to entirely authorized two months after the work commenced.

Utilities & Vehicle Use / Maintenance Costs

Budget performance incentive vs. operating costs non-budgeted.

Out-of-Scope Work Cost Estimates vs. Actual

- Reimburse Contractor, even when actual cost exceeded the estimator cost.