

MEMORANDUM

July 20, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. ~~950001-EI~~ - FLORIDA POWER CORPORATION
FUEL AUDIT REPORT - PERIOD ENDED 03/31/95
AUDIT CONTROL NO. 94-279-2-1

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 confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Florida Power Corporation
James P. Fama
P. O. 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)

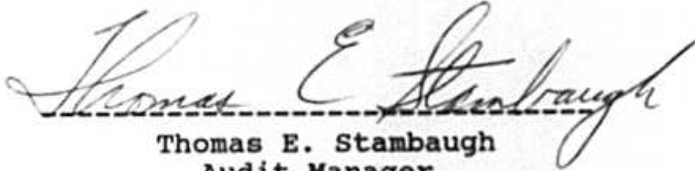
Office of Public Counsel

DOCUMENT NUMBER-DATE

07005 JUL 21 85

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION
AUDIT REPORT
FOR THE TWELVE MONTHS ENDED MARCH 31, 1995
Field Work Completed
June 16, 1995
FLORIDA POWER CORPORATION
St. Petersburg, Florida
Pinellas County
Fuel Audit
Docket Number 950001-EI
Audit Control Number 94-279-2-1



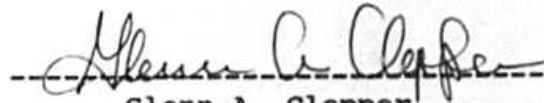
Thomas E. Stambaugh
Audit Manager

Audit Staff

Joseph W. Rohrbacher

Minority Opinion

Yes No *for*



Glenn A. Clepper
Regulatory Analyst Supervisor

DOCUMENT NUMBER-DATE

07005 JUL 21 95

FPSC-RECORDS/REPORTING

INDEX

	Page
I. Executive Summary	
Audit Purpose.....	1
Scope Limitation.....	1
Disclaim Public Use.....	1
Opinion.....	1
Summary of Findings.....	1
II Audit Scope	
Scope of Work Performed.....	2-3
III Audit Disclosures	
1. Adjustments to True-up.....	4
2. Capacity Costs Recovered Through fuel Filing.....	4A
IV Exhibits	
FAC Schedule A-1: Six months ended 9/30/94.....	5
FAC Schedule A-1: Six months ended 3/31/95.....	6

I Executive Summary

Audit Purpose: We have applied the procedures described in Section II of this report to audit the appended Fuel and Purchased Power Cost Recovery Filings, Schedule A-1, filed by Florida Power Corporation for the six month periods ended September 30, 1994 and March 31, 1995.

Scope Limitation: The audit exit conference was held on June 16, 1995. The audit is based partially on confidential information which is separately filed with the Commission Clerk.

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 A1, for the two six month periods ended September 30, 1994 and 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 of Findings: The utility overstated its recoverable true-up amount by \$95,888.00 for the twelve month period ended March 31, 1995.

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.

NUCLEAR FUEL:

Compiled nuclear fuel expense and ending inventory amounts for each of the two six month audited periods and traced amounts to journal entries.

Recomputed amortization of nuclear fuel.

Compiled sources of additional fuel expense dollars flowing into recoverable nuclear fuel expense.

NATURAL GAS:

Compiled natural gas expense and traced to journal entries.

Reconciled accruals, reversal, cash payments and adjustments to gas cost.

Reconciled on a judgemental basis Company working papers for computation of recoverable natural gas expense to journal entries.

II Audit Scope (continued):

COAL AND OIL:

Compiled recoverable fuel expense from journal entry detail. On a judgemental basis, agreed units burned to production reports.

Reconciled total recoverable fuel expense to general ledger.

Noted and explained any errors, irregularities and inconsistencies in fuel inventory activity.

Determined that Company procedures to validate BTU billing adjustments for fuel purchased complies with contractual agreements and have not changed from previous audit period.

Verified that the inclusion of a coal inventory adjustment in the calculation of recoverable fuel expense was proper.

Analyzed additive expenses.

INTERCHANGE POWER:

Traced Economy Energy purchases to FPC Energy Control Purchases and Sales Report and agreed to invoices.

Traced Economy Energy sales to FPC Energy Control Purchases and Sales report and agreed to billings.

FUEL EXPENSE TRUE-UP:

Compiled fuel true-up accounts and recomputed true-up.

OTHER:

Performed analytical review of cost of generated power (oil, coal, gas and nuclear) and cost of purchases (oil and coal).

Determined that procedures to measure units of fossil fuel burned and fuel inventory measurements are consistent with prior periods.

Ascertained that accounts and amounts not previously included in the reconciliation of the FPC fuel filing to the general ledger were properly included in recoverable costs.

Analyzed utility method of contract award.

AUDIT DISCLOSURE NO. 1

SUBJECT: ADJUSTMENTS TO TRUE-UP

STATEMENT OF FACT:

FPSC Order No. 94-0390-FOF-EI approved a Generating Performance Incentive Factor (GPIF) reward of \$1,100,739 earned by Florida Power Corporation (FPC) during the period April thru September, 1993. This reward was to be recovered through the Fuel Adjustment Clause for the six months ended September 30, 1994 @ \$183,304 per month.

In May of 1994 the company included a "phosphate" adjustment in base revenues in the amount of \$86,712.

FPC prepared a revised Calculation of Estimated True-up, (Sch E1B) for the period April through September 1994 on July 15, 1994. This schedule shows the "jurisdictional loss multiplier" to be 1.0014 for April and May and 1.0013 for June - Sept. On the June Sch. A2 the company used 1.0014 as the loss multiplier. (59,965,201 X .9546 X 1.0013 = 57,317,196)

OPINION:

Utility overstated the GPIF amount, included the "phosphate" adjustment and used a different line loss multiplier for June. These factors caused mis-statement of the true-up amount and the associated interest provision for the audited period.

The Fuel Adjustment Clause filing for the period April - September, 1994 is overstated by \$95,888 as follows:

	<u>Per Audit</u>	<u>Per Filing</u>	<u>Diff.</u>
1) Overstatement of GPIF(May)	\$(183,304)	\$(185,132)	\$ 1,828
2) Juris. Sales Revenue (May)*	43,809,904	43,723,193	86,712
3) Fuel/Net Power Trans (May)	57,317,196	57,322,920	5,724
4) Interest Provision (May-Sep)	----	----	<u>1,624</u>
* \$1 ROUNDING DIFFERENCE.			<u>95,888</u>

CONCLUSION:

Florida Power Corporation should adjust its next FAC filing for these discrepancies.

COMPANY COMMENT: Company may respond at a later date.

AUDIT DISCLOSURE NO. 2

SUBJECT: Capacity Costs recovered through Fuel filing.

STATEMENT OF FACT: In the Capacity Cost audit for the twelve months ended March 31, 1995, auditor reported that \$64,342 of capacity costs were included in the Fuel Cost Recovery Filing for the same time period.

AUDITOR OPINION: Schedule F Capacity Sales and Charges were documented by utility and FPSC auditor as indicated:

Month	Amounts by:			Not Recovd	Fuel Recovd
	Auditor	Utility	Difference		
April	\$30,330	0	\$30,330	\$30,330	0
May	22,775	0	22,775	0	\$22,775
June	1,700	0	1,700	0	1,700
July	9,537	0	9,357	0	9,537
August	0	0	0	0	0
Sept	0	(1,700)	(1,700)	(1,700)	0
Total	\$64,342	\$(1,700)	\$62,642	\$28,630	\$34,012
Sch F Error	1,700				
Juris Total	\$66,042				

AUDIT CONCLUSION:

1. According to audit disclosure #1 in the Capacity Cost audit for the twelve months ended March 31, 1995, \$30,330.00 incurred in April was not recovered through the capacity cost mechanism. No evidence exists that these costs were recovered through the fuel cost recovery filing.

2. The capacity cost amounts for May, June and July total \$34,012.00. It cannot be determined whether the \$34,012.00 applicable to May, June and July or the Schedule F error for \$1,700 in September was recovered through the fuel cost recovery filing.

3. The \$66,042.00 jurisdictional total will not make a material difference in the calculation of the fuel cost recovery factor for the audited period.

Juris. Amount	Juris. Total	Factor
\$66,042.00	\$317,611,521.00	= .0002079

COMPANY COMMENT:

FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION
PERIOD TO DATE - SEPTEMBER 1984

	MWH			CENTS/MWH		
	ACTUAL	ESTIMATED	DIFFERENC AMOUNT	ACTUAL	ESTIMATED	DIFFERENC AMOUNT
1 FUEL COST OF SYSTEM NET GENERATION (SCH A3)	251,039,403	233,151,871	17,887,532	7.7	13,498,514	13,498,514
2 SPENT NUCLEAR FUEL DISPOSAL COST	1,940,048	1,904,280	35,768	4.0	1,568,453	2,036,664
3 COAL CAR INVESTMENT	(14,884)	0	(14,884)	0.0	0	0
4 ADJUSTMENTS TO FUEL COST - MISCELLANEOUS	(90,295)	0	(90,295)	0.0	0	0
4a ADJUSTMENTS TO FUEL COST - DISPOSAL COST REFUND	0	0	0	0.0	0	0
5 TOTAL COST OF GENERATED POWER	252,914,315	235,056,151	17,858,164	7.5	15,498,514	15,498,514
6 ENERGY COST OF PURCHASED POWER - FRM (SCH A8)	11,300,833	4,825,150	6,475,683	129.6	518,391	248,707
7 ENERGY COST OF SCH C X ECONOMY PURCHASES - BROKER (SCH A9)	20,774,468	18,070,200	2,704,268	28.0	743,848	790,000
8 ENERGY COST OF ECONOMY PURCHASES - NON-BROKER (SCH A9)	840,883	483,178	357,705	90.7	40,182	23,560
9 ENERGY COST OF SCH E PURCHASES (SCH A9)	4,837,398	2,881,424	1,955,974	88.1	188,378	138,820
10 CAPACITY COST OF SCH E PURCHASES (SCH A9)	0	0	0	0.0	0	0
11 PAYMENTS TO QUALIFYING FACILITIES (SCH A9)	58,713,208	53,827,490	4,885,718	8.0	2,321,053	2,354,268
12 TOTAL COST OF PURCHASED POWER	94,218,658	77,867,420	16,351,238	21.0	3,819,848	3,560,393
13 TOTAL AVAILABLE MWH	(2,881,727)	(3,038,700)	156,973	(5.1)	17,318,363	17,338,777
14 FUEL COST OF ECONOMY SALES (BROKER) (SCH A7a)	(424,895)	(468,640)	43,745	(9.0)	(181,884)	(180,000)
14a GAIN ON ECONOMY SALES (BROKER) - 80% (SCH A7a)	(211,722)	0	(211,722)	0.0	(7,428)	0
15 FUEL COST OF OTHER POWER SALES (SCH A7)	0	0	0	0.0	0	0
15a GAIN ON OTHER POWER SALES - 100% (SCH A7)	(8,888,275)	(8,484,700)	(403,575)	(3.5)	(295,952)	(272,101)
16 FUEL COST OF SEAMOLE BACK-UP SALES (SCH A7)	0	0	0	0.0	0	0
17 FUEL COST OF SUPPLEMENTAL SALES	(10,398,825)	(9,968,040)	(430,785)	(2.6)	(485,264)	(482,101)
18 TOTAL FUEL COST AND GAINS ON POWER SALES	338,730,844	305,128,499	33,602,345	11.1	16,845,481	16,878,676
19 NET INADVERTENT INTERCHANGE (SCH A10)	0	0	0	0.0	0	0
20 TOTAL FUEL AND NET POWER TRANSACTIONS	338,730,844	305,128,499	33,602,345	11.1	16,845,481	16,878,676
21 NET UNBILLED (SCH A4)	5,538,189	7,769,216	(2,231,027)	(28.7)	(278,965)	(432,551)
22 COMPANY USE (SCH A4)	2,100,248	1,897,351	202,897	23.7	(105,048)	(84,600)
23 T & D LOSSES (SCH A4)	17,848,918	20,020,983	(2,172,065)	(11.9)	(882,750)	(1,114,665)
24 ADJUSTED SYSTEM MWH SALES (SCH A2 PG 2 OF 4)	338,730,844	305,128,499	33,602,345	11.1	15,580,870	16,254,957
25 WHOLESALE MWH SALES (EXCLUDING SUPPLEMENTAL SALES)	(14,587,417)	(10,538,360)	(4,049,057)	(36.4)	(878,880)	(528,657)
26 JURISDICTIONAL MWH SALES (SCH A2 PG 2 OF 4)	322,143,427	292,590,139	29,553,288	10.1	14,900,790	14,705,300
27 JURISDICTIONAL MWH SALES ADJUSTED FOR LINE LOSS - 1.00140	322,678,029	292,999,765	29,678,264	10.1	14,900,790	14,705,300
28 PRIOR PERIOD TRUE-UP	0	0	0	0.0	0	0
28a MARKET PRICE TRUE-UP	0	0	0	0.0	0	0
29 TOTAL JURISDICTIONAL FUEL COST	317,811,521	288,032,257	29,779,264	10.3	14,900,790	14,705,300
30 REVENUE TAX FACTOR	0	0	0	0.0	0	0
31 FUEL COST ADJUSTED FOR TAXES	1,102,548	1,100,737	1,811	0.0	0	0
32 GPF	0	0	0	0.0	0	0
33 TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS/MWH	318,914,069	289,133,000	29,781,069	10.3	14,902,601	14,705,300

FUEL AND PURCHASED POWER
COST RECOVERY CLAUSE CALCULATION
SIX MONTH PERIOD ENDING MARCH 1985

CENTS/KWH

MWH

	ACTUAL	ESTIMATED	DIFFERENCE	ACTUAL	ESTIMATED	DIFFERENCE	ACTUAL	ESTIMATED	DIFFERENCE
			AMOUNT			AMOUNT			AMOUNT
			%			%			%
1 FUEL COST OF SYSTEM NET GENERATION (SCH A3)	134,486,095	172,200,853	(12,714,818)	10,860,101	11,130,354	(470,253)	1,4981	1,8471	(0.3510)
2 SPENT NUCLEAR FUEL DISPOSAL COST	2,902,782	2,972,964	(70,202)	3,281,878	3,179,862	102,014	0.0655	0.0953	(0.0298)
3 COAL CAR INVESTMENT	0	0	0	0	0	0	0.0000	0.0000	0.0000
4 ADJUSTMENTS TO FUEL COST - MISCELLANEOUS	(187,447)	(1,200,000)	1,042,553	0	0	0	0.0000	0.0000	0.0000
4a ADJUSTMENTS TO FUEL COST - PRIOR PERIOD	0	0	0	0	0	0	0.0000	0.0000	0.0000
5 TOTAL COST OF GENERATED POWER	132,291,370	178,973,837	(11,742,467)	10,860,101	11,130,354	(470,253)	1,8219	1,8681	(0.0412)
6 ENERGY COST OF PURCHASED POWER - FIRM (SCH AB)	6,103,378	11,781,150	(5,677,774)	408,284	662,878	(153,294)	1,8799	2,0941	(0.1142)
7 ENERGY COST OF SCH C X ECONOMY PURCH - BROKER (SCH AB)	6,335,201	7,178,500	(1,841,299)	215,524	220,000	(4,476)	2,4756	3,2620	(0.7864)
8 ENERGY COST OF ECONOMY PURCHASES - NON-BROKER (SCH AB)	383,383	423,360	(39,977)	29,368	18,000	11,368	1,3081	2,3522	(1.0481)
9 ENERGY COST OF SCH E PURCHASES (SCH AB)	1,118,473	2,308,162	(1,182,689)	50,482	118,080	(67,598)	2,2098	1,8647	0.3548
10 CAPACITY COST OF SCH E PURCHASES (SCH AB)	0	0	0	0	0	0	0.0000	0.0000	0.0000
11 PAYMENTS TO QUALIFYING FACILITIES (SCH AB)	62,031,823	71,413,980	(9,382,157)	3,187,878	3,077,480	110,398	1,8458	2,3208	(0.4757)
12 TOTAL COST OF PURCHASED POWER	74,898,428	85,103,152	(10,133,728)	3,862,832	3,996,118	(103,486)	1,8773	2,3298	(0.4525)
13 TOTAL AVAILABLE MWH	14,832,733	16,128,472	(873,739)						
14 FUEL COST OF ECONOMY SALES (BROKER) (SCH A7a)	(4,478,434)	(6,782,000)	2,303,566	(294,496)	(360,000)	66,504	1,8207	1,8783	(0.0576)
14a GAIN ON ECONOMY SALES (BROKER) - 60% (SCH A7a)	(508,979)	(688,360)	179,381	(294,496)	(360,000)	66,504	0.2027	0.2407	(0.0380)
15 FUEL COST OF OTHER POWER SALES (SCH A7)	(438,114)	0	(438,114)	(21,800)	0	(21,800)	1,8878	0.0000	1.8878
15a GAIN ON OTHER POWER SALES - 100% (SCH A7)	(178,868)	0	(178,868)	(21,800)	0	(21,800)	0.8081	0.0000	0.8081
16 FUEL COST OF SEMI-HOLE BACK-UP SALES (SCH A7)	0	0	0	0	0	0	0.0000	0.0000	0.0000
17 FUEL COST OF SUPPLEMENTAL SALES	(4,343,634)	(7,788,300)	3,422,666	(229,229)	(319,817)	81,524	1,8948	2,6000	(0.6081)
18 TOTAL FUEL COST AND GAINS ON POWER SALES	(10,033,811)	(18,384,860)	8,351,049	(143,849)	(870,817)	724,968	1,8388	2,2666	(0.4277)
19 NET INADVERTENT INTERCHANGE (SCH A10)	28,117	28,117	0	28,117	28,117	0			
20 TOTAL FUEL AND NET POWER TRANSACTIONS	79,867,288	251,882,329	(22,815,041)	14,038,201	14,458,828	(419,624)	1,8327	1,7410	(0.0923)
21 NET UNBILLED (SCH A4)	(7,401,312)	(6,780,420)	(640,892)	447,008	362,881	84,117	(0.0660)	(0.0468)	(0.0208)
22 COMPANY USE (SCH A4)	1,473,869	1,844,072	(168,359)	(90,581)	3,919	3,919	0.0110	0.0118	(0.0008)
23 T & D LOSSES (SCH A4)	15,378,868	14,079,908	1,298,760	(843,007)	(608,736)	(234,271)	0.1143	0.1010	0.0133
24 ADJUSTED SYSTEM KWH SALES (SCH A2 PG 2 OF 4)	228,167,286	281,882,329	(22,815,041)	13,448,821	13,943,430	(494,609)	1,7098	1,8048	(0.1009)
25 WHOLESAL KWH SALES (EXCLUDING SUPPLEMENTAL SALES)	(8,402,894)	(8,894,081)	291,087	(498,733)	(484,819)	(14,187)	1,8647	1,7944	(0.1009)
26 JURISDICTIONAL KWH SALES (SCH A2 PG 2 OF 4)	220,764,291	243,888,278	(22,223,987)	12,950,088	13,458,614	(508,526)	1,7048	1,8081	(0.1009)
27 JURISDICTIONAL KWH SALES ADJUSTED FOR LINE LOSS - 1.0018	221,081,294	243,504,174	(22,282,880)	12,950,088	13,458,614	(508,526)	1,7068	1,8078	(0.1007)
28 PRIOR PERIOD TRUE-UP	31,568,482	31,868,482	0	0	0	0	0.2438	0.2347	0.0092
28a MARKET PRICE TRUE-UP	0	16,384	(16,384)	12,860,838	13,480,864	(620,026)	0.0003	0.0001	(0.0001)
29 TOTAL JURISDICTIONAL FUEL COST	252,857,736	274,008,900	(22,290,254)	12,950,838	13,480,864	(530,026)	1,8607	2,0473	(0.2819)
30 REVENUE TAX FACTOR				1,00083	1,00043	0.00040			
31 FUEL COST ADJUSTED FOR TAXES				1,9623	2,0440	(0.0817)			
32 GPF	1,009,345	1,009,345	0	0.0078	0.0078	0.0000			
33 TOTAL FUEL COST FACTOR ROUNDED TO THE NEAREST .001 CENTS/KWH				1,960	2,062	(0.101)			

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 24, 1995

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

Dear Mr. Fama:

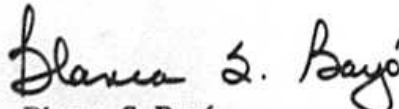
RE: Docket No. 950001-EI -- Florida Power Corporation
Fuel Audit Report - Period Ended 03/31/95
Audit Control # 94-279-2-1

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.

The Division of Records and Reporting is holding the workpapers for which you requested confidential treatment. If you plan to request confidential classification, please address the fact that the 21 days has expired.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel