

MEMORANDUM

August 17, 1995

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 950001-EI -- FLORIDA POWER CORPORATION
AUDIT REPORT OF NATURAL GAS UNIT AT UNIVERSITY OF FLORIDA
AUDIT CONTROL NO. 95-177-2-2

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 no 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 (Windham)
Tampa District Office (Bouckaert)

Office of Public Counsel

DOCUMENT NUMBER-DATE

08011 AUG 18 95

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

FOR THE PERIOD APRIL 1993 THROUGH OCTOBER 1994

Field Work Completed

August 7, 1995

FLORIDA POWER CORPORATION

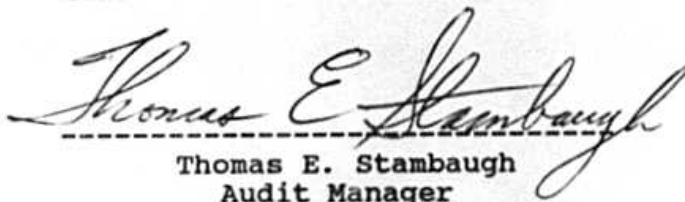
St. Petersburg, Florida

Pinellas County

Audit of Natural Gas Unit at University of Florida

Docket Number 950001-EI

Audit Control Number 95-177-2-2



Thomas E. Stambaugh
Audit Manager



Ann Bouckaert
Public Utility Supervisor

DOCUMENT NUMBER-DATE

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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 audit the appended schedule of fuel costs prepared by an FPSC engineer. The subject of the investigation is the "addition of Natural Gas Unit at University of Florida" by Florida Power Corporation. In particular, the audit work is directed toward determining the causes of unusually high generating costs per KWH for January and September, 1994 and to address whether the utility accounts for the "fair value" of energy produced while testing electric generating units in accordance with Rule 25-6.0144 FAC. The applicable time period is April 1993 through October 1994.

Scope Limitation: Utility waived the need for an audit exit conference. The audit is not based on any confidential information. The last day of field work was August 7, 1995.

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 unusually high generating cost per KWH for January was partially resolved by a revised generation figure. A factor in the unusual generation total was an inconsistent allocation of costs between the capital addition work order and the fuel adjustment clause. This matter should be re-visited in the next fuel audit. The unusual cost per KWH in September was based on incorrect generation figures. Correction of the generation amounts results in a more typical per-KWH generation figure for September. The utility did account for the fair value of energy produced while testing electric generating units according to Rule 255-6.0144 FAC. The expressed opinions extend only to the scope of work described in section II of this report.

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.

Performed analytical review for January through October 1994. Determined a cost per KWH for each. Analyzed "outliers" which fell beyond +/- 1.65 standard deviations from the mean of the per-KWH costs. Obtained utility explanation for the differences.

Read the capital addition work order governing the University of Florida Co-generation project. Determined that testing costs were properly accounted in the work order.

Compiled expenses for January through October 1994. Selectively read unusual journal entries and determined whether they were properly included in the recoverable fuel costs.

Analyzed costs in detail by month. Selected and analyzed journal entries to ascertain that they were properly included in recoverable fuel costs for the indicated months.

Analyzed the utility method of calculation of, and accounting for, "fair value" of energy produced while testing electric generating units. Verified that utility method conformed to Rule 25-6.0144 F.A.C.

Schedule A-4 Monthly Report
 FLORIDA POWER CORPORATION
 - January 1993 through April 1995 -

06/23/1995

Generating Unit Fuel Year Month	(1) NET CAPABILITY (MW)	(2) NET GENERATION (MWH)	(3) CAP FACTOR (%)	(4) EQUIV AVAIL FACTOR (%)	(5) NET OUTPUT FACTOR (%)	(6) AVG. NET HEAT RATE (BTU/KWH)	(7) FUEL BURNED (UNITS)	(8) FUEL HEAT VALUE (BTU/UNIT)	(9) FUEL BURNED (MMBTU)	(10) AS BURNED FUEL COST (\$)	(11) FUEL COST PER KWH (¢/KWH)	(12) FUEL COST PER UNIT (\$/UNIT)
U-OF-FLA UNIT 1												
Natural Gas 1993												
April	0	0.00	0	0	0	0	0	0	0	530,476	0.000	0.000
Natural Gas 1993												
September	0	0.00	0	0	0	0	0	0	0	-29,993	0.000	0.000
Natural Gas 1993												
November	0	0.00	0	0	0	0	0	0	0	113,124	0.000	0.000
Natural Gas 1993												
December	0	0.00	0	0	0	0	0	0	0	116,895	0.000	0.000
Natural Gas 1994												
January	36	72.50	0	0	0	101,959	7,060	1,047	7,392	144,421	199.201	20.456
Natural Gas 1994												
February	39	12,150.00	46	0	0	15,626	182,558	1,040	189,860	540,046	4.445	2.958
Natural Gas 1994												
March	39	22,654.80	78	0	0	11,197	242,279	1,047	253,666	663,776	2.930	2.740
Natural Gas 1994												
April	39	18,233.00	65	0	0	11,720	205,273	1,041	213,689	473,468	2.597	2.307
Natural Gas 1994												
May	0	12,772.20	0	0	0	14,120	174,077	1,036	180,344	390,346	3.056	2.242
Natural Gas 1994												
June	39	13,120.40	47	0	0	14,717	187,288	1,031	193,093	476,906	3.635	2.546
Natural Gas 1994												
July	0	14,881.00	0	0	0	12,943	184,844	1,042	192,608	353,493	2.375	1.912
Natural Gas 1994												
August	39	5,684.00	20	0	0	23,545	129,055	1,037	133,830	237,735	4.183	1.842
Natural Gas 1994												
September	38	4,367.00	16	0	0	49,160	207,621	1,034	214,680	500,281	11.456	2.410
Natural Gas 1994												
October	0	16,751.20	0	0	0	12,708	206,474	1,031	212,874	340,509	2.033	1.547

Notes :

Source: "AS FILED" data reported from O:\SCHA_SYS\A4FPCSAV.DBF
 Unit quantity by fueltype : Natural Gas-CF

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

August 18, 1995

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

Dear Mr. Fama:

RE: Docket No. 950001-EI -- Florida Power Corporation
Audit Report of Natural Gas Unit at University of Florida
Audit Control #95-177-2-2

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,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn
Chief, Bureau of Records

KF/mas
Enclosure
cc: Public Counsel