

MEMORANDUM

June 19, 1996

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 960001-EI -- FLORIDA POWER CORPORATION  
CAPACITY COST AUDIT REPORT - PERIOD ENDED MARCH 31, 1996  
AUDIT CONTROL NO. 95-298-2-2

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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  
3201 Thirty-fourth Street South  
St. Petersburg, FL 33711-3897

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 (Wheeler)  
Tampa District Office (Bouckaert)

Research and Regulatory Review (Harvey)  
Office of Public Counsel

DOCUMENT NUMBER-DATE

06654 JUN 20 96

FPSC-RECORDS/REPORTING

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FINANCIAL ANALYSIS DIV.

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

TWELVE MONTHS ENDED MARCH 31, 1996

Field Work Completed June 11, 1996

FLORIDA POWER CORPORATION

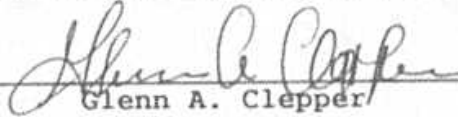
St. Petersburg, Florida

Pinellas County

Capacity Cost Recovery Clause

Docket Number 960001-EI

Audit Control Number 95-298-2-2



Glenn A. Clepper  
Audit Manager

Audit Staff

Thomas E. Stambaugh

Minority Opinion

Yes \_\_\_\_\_ No 6/17/96  
7/9



Ann Bouckaert  
Public Utilities Supervisor

## I Executive Summary

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the appended Capacity Cost Recovery Clause Filing Schedules, DPD-2, filed by Florida Power Corporation in support of Docket 960001-EI for the six month periods ended September 30, 1995 and March 31, 1996 respectively.

**Scope Limitation:** The last day of field work was June 11, 1996. The Exit Conference was held at that date. This report contains no confidential data.

**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 DPD-2, for the periods ended September 30, 1995 and March 31, 1996, 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.

## 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.

CAPACITY COST RECOVERY REVENUES: Recalculated capacity revenues using authorized rates and reconciled to the filing for both six month periods.

CAPACITY COST RECOVERY EXPENSES: Compiled capacity cost recovery expense for each of the two six month periods and traced to journal entries. Agreed reconcilable differences on Company schedules to supporting Company records. Summarized audited costs for both six-month periods and agreed to filing.

CAPACITY COST RECOVERY GENERAL LEDGER: Reconciled recoverable capacity cost expense per the General Ledger to Company filing.

CAPACITY COST RECOVERY TRUE-UP: Recalculated the CCRC true-up using audit-determined revenues and expenses.

P. 2

JUN 13 '96 11:19AM FL POWER REG ACCT'G

	(a) 1985	(b) 1985	(c) 1985	(d) 1985	(e) 1985	(f) 1985
<b>Base Production Level Capacity Charges</b>						
1 UPS Purchase (123 base MW 40% total cost)	\$1,571,029	\$1,508,051	\$1,594,335	\$1,574,309	\$1,407,508	\$1,450,124
2 Schedule E Purchases (2000 MW)	0	0	0	0	0	0
3 Bay County CF	135,410	135,410	135,410	135,410	135,410	135,410
4 Ero Past CF	0	0	0	0	1,838,476	2,451,714
5 General Feed Qualifying Facility	2,752,484	2,752,484	2,752,484	2,752,484	2,752,484	2,752,484
6 LFC Madison CF	272,889	272,889	272,889	272,889	272,889	272,889
7 LFC Masticulo CF	0	0	0	0	0	0
8 Lake County CF	255,785	255,785	255,785	255,785	255,785	255,785
9 Polk County CF	481,389	481,389	481,389	481,389	481,389	481,389
10 Pinellas County CF	1,118,345	1,118,345	1,118,345	1,118,345	1,118,345	1,118,345
11 Timber Energy CF	283,478	277,839	277,839	277,839	282,188	1,886,185
12 Timber Energy 2 CF	88,248	88,248	88,248	88,248	88,248	577,449
13 Mulberry Energy - CF	2,108,509	2,108,509	2,108,509	2,108,509	2,531,888	2,322,504
14 Roystar Phosphates - CF	0	0	0	0	0	0
15 Sauntee Fertilizer Qualifying Facility	385,708	385,708	385,708	385,708	382,773	298,888
16 Schedule F Capacity Sales	0	0	0	0	0	0
17 Orange Cogen Limited	0	0	618,809	683,880	1,784,104	1,343,105
18 Subtotal - Base Level Capacity Charges	8,344,482	8,295,473	10,988,857	10,344,891	13,089,384	11,891,058
19 Base Production Jurisdictional Responsibility	94.581%	94.581%	94.581%	94.581%	94.581%	94.581%
20 Base Level Jurisdictional Capacity Charges	8,638,238	8,788,882	9,415,388	9,782,005	12,288,093	10,970,078
<b>Intermediate Production Level Capacity Charges</b>						
21 UPS Purchase (283 solar MW 40% total cost)	3,819,347	3,472,885	3,982,349	3,824,831	3,238,530	3,336,483
22 Schedule E (p 189)	0	0	0	0	0	0
23 Schedule F Capacity Charges	0	0	0	0	0	0
24 TECO Power Purchase (50 MW)	471,387	471,387	471,387	471,387	471,387	471,387
25 Bay County CF	0	0	0	0	0	0
26 Dele County Qualifying Facility	572,780	572,780	558,723	547,589	544,898	532,094
27 Timber Energy Qualifying Facility	0	0	0	0	0	0
28 Lake Cogen Qualifying Facility	1,588,771	1,588,771	1,588,771	1,588,771	1,588,771	1,588,771
29 Pasco Cogen Qualifying Facility	1,574,328	1,574,328	1,574,328	1,574,328	1,574,328	1,574,328
30 Orlando Cogen Qualifying Facility	241,418	2,138,682	1,178,135	1,178,135	1,178,135	1,178,135
31 El Desado Intermediate Qualifying Facility	1,475,088	1,475,088	1,475,088	1,475,088	1,475,088	1,475,088
32 Fledge Generating Station Qualifying Facility	777,937	787,235	735,288	789,822	767,885	798,894
33 Schedule H Capacity Sales	(2,451)	(7,381)	(2,878)	(5,091)	(7,122)	(4,294)
34 Subtotal - Intermediate Level Capacity Charges	10,218,443	11,895,525	11,187,424	11,233,780	10,825,877	10,888,828
35 Intermediate Production Jurisdictional Responsibility	83.471%	83.471%	83.471%	83.471%	83.471%	83.471%
36 Intermediate Level Jurisdictional Capacity Charges	8,512,588	10,012,784	9,321,583	9,378,949	9,038,488	9,184,017
37 Setting Base Rate Credits	(287,341)	(311,433)	(309,614)	(377,789)	(347,821)	(384,824)
38 Adjustment for Polar Cap Exp (jurisdictionalized)	0	0	0	0	0	0
39 Jurisdictional Capacity Charges (line 20 + 34 + 35 + 36)	17,181,880	18,488,243	18,327,344	18,781,235	20,888,240	19,888,289
40 Capacity Cost Recovery Revenues (net of tax)	18,013,587	17,888,884	21,478,324	21,078,945	21,888,280	23,288,888
41 Capacity Cost Revenues Adjustment (net of tax)	0	0	0	0	0	0
42 Prior Period True-Up Provision	(878,829)	(878,829)	(878,829)	(878,829)	(878,829)	(878,829)
43 Current Period Capacity Cost Recovery Revenues (net of tax) (sum of lines 38 through 42)	15,238,858	17,020,085	20,602,395	20,409,089	21,022,381	22,810,088
44 True-Up Provision - Over/Under Recovery (line 41 - line 37)	(1,825,145)	(1,471,269)	2,425,051	1,821,781	33,021	2,920,749
45 Interest Provision for the Month	(18,042)	(32,870)	(22,841)	(9,101)	(1,822)	8,825
46 Current Cycle Balance (line 42 + line 43) Cumulative	(1,844,187)	(3,348,388)	(848,158)	898,925	897,824	3,827,808
47 True-Up & Interest Provision (beginning)	(4,081,575)	(4,081,575)	(4,081,575)	(4,081,575)	(4,081,575)	(4,081,575)
48 Prior Period True-Up Collection (predecessor) Cumulative	678,871	1,253,858	2,682,787	2,707,718	3,384,845	4,081,575
49 Other	0	0	0	0	0	0
50 End of Period Net True-Up (lines 44 through 47) Over / Under	(55,278,833)	(78,858,833)	(52,878,843)	(58,713,344)	(570,884)	(53,827,808)

(3)

Description	(a) 1995 OCTOBER	(b) 1995 NOVEMBER	(c) 1995 DECEMBER	(d) 1996 JANUARY	(e) 1996 FEBRUARY	(f) 1996 MARCH	(g) 6 Months Cumulative
<b>Base Production Level Capacity Charges:</b>							
1 UPS Purchase (123 base MW 400 total mw)	\$1,245,822	\$1,498,867	\$1,508,081	\$1,459,219	\$1,436,390	\$1,480,173	\$8,628,552
2 Tiger Bay Qualifying Facility (EcoPeat lease credit)	(266,667)	(66,667)	(66,666)	(66,667)	(66,667)	(366,667)	(920,001)
3 Bay County Qualifying Facility	135,820	135,410	135,410	143,840	143,860	143,860	638,260
4 Eco Peat Qualifying Facility	639,044	648,408	714,321	706,392	892,669	847,448	4,448,279
5 General Peat Qualifying Facility	2,752,928	2,752,484	2,752,484	2,927,496	2,927,436	2,927,496	17,040,344
6 Auburndale LFC Qualifying Facility	273,360	272,680	272,680	473,570	473,570	473,570	2,239,430
7 Lake County Qualifying Facility	255,765	255,765	254,530	271,830	271,830	271,830	1,581,550
8 Pasco County Qualifying Facility	481,780	481,380	481,380	490,360	490,360	490,360	2,855,000
9 Pinellas County Qualifying Facility	950,593	1,117,690	1,118,345	1,188,590	377,361	1,187,270	5,919,849
10 Timber Energy Qualifying Facility	277,639	277,639	277,639	277,639	277,639	277,639	1,665,834
11 Timber Energy 2 Qualifying Facility	96,480	96,240	96,240	102,360	102,360	102,360	598,040
12 Mulberry Energy - Qualifying Facility	2,320,999	1,097,005	1,709,002	1,795,741	1,795,741	1,795,741	10,514,229
13 Royster Phosphates - Qualifying Facility	0	1,223,994	611,997	643,058	643,058	643,058	3,765,165
14 Seminole Fertilizer Qualifying Facility	304,517	301,426	289,192	320,844	321,150	319,895	1,850,824
15 Schedule F Capacity Sales	0	0	0	0	0	0	0
16 Orange Cogen Qualifying Facility	1,343,105	1,343,105	1,343,105	1,409,180	1,409,180	1,409,180	8,256,795
17 Subtotal - Base Level Capacity Charges	10,791,165	11,413,406	11,475,720	12,145,472	11,495,994	11,963,013	69,284,770
18 Base Production Jurisdictional Responsibility	94,581%	94,581%	94,581%	94,581%	94,581%	94,581%	94,581%
19 Base Level Jurisdictional Capacity Charges	10,204,234	10,792,631	10,851,656	11,484,800	10,870,727	11,312,345	65,516,373
<b>Intermediate Production Level Capacity Charges:</b>							
20 UPS Purchase (293 inter MW 400 total mw)	2,868,404	3,448,612	3,465,211	3,357,389	3,304,864	\$3,405,802	19,848,082
21 TECO Power Purchase (50 mw)	471,367	471,367	471,367	471,367	471,367	471,367	2,828,202
22 Dale County Qualifying Facility	539,540	533,000	532,094	554,461	559,880	560,835	3,279,790
23 Lake Cogen Qualifying Facility	1,588,771	1,586,542	1,588,771	1,669,880	1,669,880	1,669,880	9,775,724
24 Pasco Cogen Qualifying Facility	1,574,658	1,574,327	1,574,328	1,654,699	1,654,699	1,654,699	9,687,408
25 Orlando Cogen Qualifying Facility	1,176,271	1,176,135	1,148,732	1,210,303	1,208,982	1,195,972	7,114,395
26 El Dorado (Auburndale) Qualifying Facility	1,475,068	1,475,136	1,475,068	1,550,372	1,550,372	1,550,372	9,078,388
27 Ridge Generating Station Qualifying Facility	745,681	752,088	757,695	778,519	796,941	795,483	4,628,407
28 Schedule H Capacity Sales	(2,662)	(3,008)	(11,707)	(13,408)	(12,658)	(14,875)	(58,318)
29 Subtotal - Intermediate Level Capacity Charges	10,435,096	11,016,190	10,999,559	11,233,582	11,204,307	11,269,335	66,178,078
30 Intermediate Production Jurisdictional Responsibility	83,471%	83,471%	83,471%	83,471%	83,471%	83,471%	83,471%
31 Intermediate Level Jurisdictional Capacity Charges	8,710,279	9,195,331	9,181,442	9,376,783	9,352,347	9,423,321	55,239,503
32 Securing Base Rate Credits	(364,366)	(302,121)	(230,076)	(348,265)	(391,101)	(299,258)	(1,995,207)
33 Adjustment for Prior Cap Exp (jurisdictionalized)	0	0	0	0	0	0	0
34 Jurisdictional Capacity Charges (line 19 + 31 + 32 + 33)	18,550,127	19,685,841	19,742,922	20,513,298	19,831,973	20,438,408	118,760,660
35 Capacity Cost Recovery Revenues (net of tax)	23,993,318	20,077,326	18,548,719	22,764,241	22,001,979	20,337,583	127,723,164
36 Capacity Cost Revenues Adjustment (net of tax)	0	0	0	0	0	0	0
37 Prior Period True-Up Provision	604,601	604,601	604,601	604,601	604,601	604,603	3,627,608
38 Current Period Capacity Cost Recovery Revenues (net of tax) (sum of lines 35 through 37)	24,597,917	20,681,927	19,153,320	23,368,842	22,606,580	20,942,186	131,350,772
39 True-Up Provision - Over(Under) Recovery (line 38 - line 34)	6,047,790	996,086	(589,602)	2,855,444	2,774,607	505,778	12,580,103
40 Interest Provision for the Month	31,086	45,001	43,276	44,425	52,902	57,980	274,370
41 Current Cycle Balance (line 39 + line 40) Cumulative	6,078,876	7,119,963	6,573,637	9,473,506	12,300,715	12,864,473	12,864,473
42 True-Up & Interest Provision (beginning)	3,627,608	3,627,608	3,627,608	3,627,608	3,627,608	3,627,608	3,627,608
43 Prior Period True-Up Collected/(Refunded) Cumulative	(804,601)	(1,200,202)	(1,813,803)	(2,418,404)	(3,023,005)	(3,627,608)	(3,627,608)
44 Other	0	0	0	0	0	0	0
45 End of Period Net True-Up (lines 41 through 44) Over / (Under)	\$9,101,863	\$9,538,369	\$8,387,442	\$10,682,710	\$12,905,318	\$12,864,473	\$12,864,473

(4)

COMPANY INFORMATION

AS OF 06/19/1996

Florida Power Corporation (EI801)

Location address

Florida Power Corporation  
3201 Thirty-Fourth Street South  
St. Petersburg, FL 33711-3897

Company liaison(s)

James P. Fama, Deputy General Counsel, (813) 866-5786  
James F. Stanfield, PSC Liaison and Senior Counsel, (904) 222-8738

FAX number(s)

(813) 866-4931

Regulation date

01/09/1985

Corporate type

Corporation

Services provided

ELE

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**

June 21, 1996

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

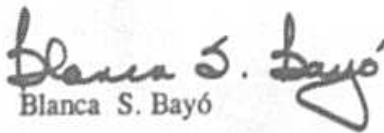
RE: Docket No. 960001-EI -- Florida Power Corporation  
Capacity Cost Audit Report - Period Ended March 31, 1996  
Audit Control #95-298-2-2

Dear Mr. Fama:

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/mas  
Enclosure  
cc: Public Counsel