

MEMORANDUM

June 20, 1996

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 960001-EI -- FLORIDA POWER & LIGHT COMPANY
FUEL AUDIT REPORT - PERIOD ENDED MARCH 31, 1996
AUDIT CONTROL NO. 95-298-4-1

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 & Light Company
Bill Walker
South Monroe Street, Suite 810
Tallahassee, Florida 32301-1859

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)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE

06688 JUN 21 86

FPSC-RECORDS/REPORTING

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FINANCIAL SERVICES

FLORIDA PUBLIC SERVICE COMMISSION

**AUDIT REPORT
TWELVE MONTHS ENDED MARCH 31, 1996**

**FIELD WORK COMPLETED
JUNE 14, 1996**

**FLORIDA POWER AND LIGHT
MIAMI, FLORIDA
DADE COUNTY**

**FUEL COST RECOVERY CLAUSE
DOCKET NUMBER 960001-EI
AUDIT CONTROL NUMBER 95-298-4-1**

Iliana H. Piedra

**ILIANA H. PIEDRA
AUDIT MANAGER**

**AUDIT STAFF
YEN NGO *YN***

**MINORITY OPINION
YES__ NO_✓**

Kathy Welch

**KATHY WELCH
REGULATORY AUDIT SUPERVISOR
MIAMI DISTRICT OFFICE**

DOCUMENT NUMBER-DATE
06688 JUN 21 96
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I. EXECUTIVE SUMMARY

AUDIT PURPOSE: We have applied the procedures described in Section II of this report to audit the schedules calculating the fuel adjustment true-up and interest provision for the twelve months ended March 31, 1996 prepared by Florida Power & Light Company in support of Docket 960001-EI.

SCOPE LIMITATION: The audit exit conference was held on June 14, 1996. This report is based 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 on 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 fuel adjustment true-up schedules for the twelve months ended March 31, 1996 represent Florida Power & Light's books and records maintained in substantial compliance with Commission Directives; The expressed opinions extend only to the scope of work as 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** and **EXAMINED** 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.

EXAMINED: Means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity or inconsistency observed.

REVENUES: Compiled revenues from the general ledger and reconciled to the revenue and rate report. Traced the revenue and rate report to filed schedules.

EXPENSES: Compiled expenses from the general ledger and reconciled to the filing. Reconciled fuel expenses per the audit analyzer tape to the filing. Examined system generation expenses and fuel inventory account by selecting a sample using audit analyzer.

Recalculated the depreciation and return requirements for the coal car investments at both St. John River Power Plant and Scherer Unit No. 4. Examined the investment at Scherer Unit No. 4.

Recalculated the depreciation and return requirements for the gas pipelines at Ft. Lauderdale Plant and Martin Plant.

Reconciled Sales to Fl. Keys Coop (FKEC) and City of Key West (CKW) adjustment to company schedules.

Reviewed selected fuel contracts or amendments. Tested selected billings to determine compliance with contract terms.

Reviewed selected internal audits.

TRUE-UP CALCULATION: Recalculated the true up calculation for the twelve months ended March 1996. Traced beginning true-up and deferred true-up to prior period. Traced interest rates to Wall Street Journal - 30 day Commercial rate.

III. FILED EXHIBITS

CALCULATION OF TRUE-UP AND INTEREST PROVISION

SCHEDULE E A2

Company: Florida Power & Light Company

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Month of: September 1995

LINE NO.	DESCRIPTION	CURRENT MONTH				PERIOD TO DATE			
		ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE AMOUNT	DIFFERENCE %	ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE AMOUNT	DIFFERENCE %
C	True-up Calculation								
1	Jurisdictional Fuel Revenues (Incl RTP @ CBL) Net of Revenue Taxes	\$ 127,289,933	\$ 121,274,757	\$ 6,015,196	5.0 %	\$ 697,495,406	\$ 676,022,271	\$ 21,473,135	3.2 %
2	Fuel Adjustment Revenues Not Applicable to Period								
a	Prior Period True-up Provision	2,435,759	2,435,759	0	0.0 %	14,614,552	14,614,552	0	0.0 %
b	Generation Performance Incentive Factor (GPIF), Net of Revenue Taxes (b)	(502,771)	(502,771)	0	0.0 %	(3,016,625)	(3,016,625)	0	0.0 %
3	Jurisdictional Fuel Revenues Applicable to Period	\$ 129,222,941	\$ 123,207,745	\$ 6,015,196	4.9 %	\$ 709,093,333	\$ 687,620,198	\$ 21,473,135	3.1 %
4 a	Adjusted Total Fuel Costs & Net Power Transactions (Line A-7)	\$ 153,002,978	\$ 132,874,894	\$ 20,128,084	15.1 %	\$ 797,999,204	\$ 741,981,965	\$ 56,017,239	7.5 %
b	Nuclear Fuel Expense - 100% Retail	129,653	0	129,653	N/A	1,049,372	371,652	677,720	182.4 %
c	RTP Incremental Fuel -100% Retail	6,039	0	6,039	N/A	18,196	0	18,196	N/A
d	D&D Fund Payments -100% Retail	0	0	0	N/A	0	0	0	N/A
e	Adj Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d)	152,867,286	132,874,894	19,992,392	15.0 %	796,931,636	741,610,312	55,321,323	7.5 %
5	Jurisdictional Sales % of Total kWh Sales (Line B-6)	99.08664 %	99.15546 %	(6.88200) %	(6.9) %	N/A	N/A	N/A	N/A
6	Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00033(c)) +(Lines C4b,c,d)	\$ 151,687,029	\$ 131,822,541	\$ 19,864,488	15.1 %	\$ 792,694,159	\$ 738,196,309	\$ 54,497,850	7.4 %
7	True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6)	\$ (22,464,083)	\$ (8,614,796)	\$ (13,849,292)	160.8 %	\$ (83,600,826)	\$ (50,576,111)	\$ (33,024,715)	65.3 %
8	Interest Provision for the Month (Line D10)	(288,814)	(165,856)	(122,958)	74.1 %	(445,154)	(288,303)	(156,851)	54.4 %
9	True-up & Interest Provision Beg. of Period - Over/(Under) Recovery	(38,857,321)	(39,648,003)	(19,209,318)	48.4 %	14,614,552	14,614,552	0	0.0 %
a	Deferred True-up Beginning of Period - Over/(Under) Recovery	12,465,206	12,465,206	0	0.0 %	12,465,206	12,465,206	0	0.0 %
10	Prior Period True-up Collected/(Refunded) This Period	(2,435,759)	(2,435,759)	0	0.0 %	(14,614,552)	(14,614,552)	0	0.0 %
11	End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10)	\$ (71,580,776)	\$ (38,399,208)	\$ (33,181,568)	86.4 %	\$ (71,580,774)	\$ (38,399,208)	\$ (33,181,566)	86.4 %
D	Interest Provision								
1	Beginning True-up Amount (Lines C9 + C9a)	\$ (46,392,115)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Ending True-up Amount Before Interest (C7+C9+C9a+C10)	\$ (71,291,962)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	Total of Beginning & Ending True-up Amount	\$ (117,684,077)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Average True-up Amount (50% of Line D3)	\$ (58,842,039)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5	Interest Rate - First Day Reporting Business Month	5.84000 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Interest Rate - First Day Subsequent Business Month	5.94000 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	Total (Line D5 + Line D6)	11.78000 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	Average Interest Rate (50% of Line D7)	5.89000 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
9	Monthly Average Interest Rate (Line D8 / 12)	0.49083 %	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10	Interest Provision (Line D4 x Line D9)	\$ (288,814)	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(a) Per Estimated/Actual Schedule E-1b, filed June 20, 1995

(b) GPIF Reward OF \$3,065,156 / 6 Mos x 98.4167% Revenue Tax Factor = \$502,770.90

(c) Jurisdictional Loss Multiplier per Schedule E2 filed January 17, 1995

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 24, 1996

Bill Walker
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, Florida 32301-1859

RE: Docket No. 960001-EI -- Florida Power & Light Company
Fuel Audit Report - Period Ended March 31, 1996
Audit Control #95-298-4-1

Dear Mr. Walker:

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. You have 21 days from the audit exit conference, or July 2, 1996 to file a formal request for Confidential Classification with the Division of Records and Reporting.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayo

BSB/mas
Enclosure
cc: Public Counsel
Steel Law Firm