

MEMORANDUM

June 28, 1996

TO: DIVISION OF RECORDS AND REPORTING

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

RE: DOCKET NO. 960007-E1 -- FLORIDA POWER & LIGHT COMPANY
ENVIRONMENTAL COST RECOVERY AUDIT REPORT - PERIOD ENDED MARCH 30, 1996
AUDIT CONTROL NO. 95-283-4-1

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 was prepared using a micro computer and has been recorded on two diskettes. The diskettes may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Florida Power & Light Company
Bill Walker
215 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 (Tew)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE
07010 JUL-1 96
FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

THE PERIOD OF APRIL 1995 THROUGH MARCH 1996

JUNE 13, 1996

FLORIDA POWER AND LIGHT INC.

MIAMI, FL

DADE COUNTY

ENVIRONMENTAL COST RECOVERY CLAUSE

DOCKET NUMBER 960007-EI

AUDIT CONTROL NUMBER 95-283-4-1

Gabriela Leon

**GABRIELA LEON
AUDIT MANAGER**

**AUDIT STAFF
RAYMOND GRANT
YEN NGO**

**MINORITY OPINION
YES__ NO RG
YES__ NO H**

Kathy L Welch

**KATHY WELCH
REGULATORY ANALYST SUPERVISOR
MIAMI**

DOCUMENT NUMBER-DATE

07010 JUL-18

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 the Company's prepared schedules of the Environmental Cost Recovery Clause from April 1995 through March 1996 for the Florida Power and Light Company. FPSC Docket 960007-EI.

Scope Limitation: The exit conference was held on June 26, 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 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 schedules of Environmental Recovery Clause for the period April 1995 through March 1996 represent Florida Power and Light Company books and records which have been 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 staff reconciled exhibit amounts with the general ledger; visually scanned account for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and, except as otherwise noted performed no other audit work.

Revenues, ECRC Costs, the prior period true-up provision, and the interest provision for Form 42-2A were compiled.

Revenues: Compiled revenues. Revenues were traced to the revenue and rate report and computed net of tax. Rates billed were traced to the last rate order.

True-up Provision: The true-up provisions were traced to the applicable orders.

ECRC Costs: Compiled costs. For O&M activities, performed an analytical review. Selected a sample and traced to source documentation to determine that costs related to the approved environmental programs. For Capital Investment Projects, traced the plant investment to the general ledger. Sampled costs for the continuous emissions monitoring program. Recalculated one month of depreciation expense. Traced depreciation rates to order. Recalculated return on investment and traced rates used to Commission orders.



Public Service Commission

July 2, 1996

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

RE: Docket No. 960007-EI -- Florida Power & Light Company
Environmental Cost Recovery Audit Report - Period Ended March 30, 1996
Audit Control #95-283-4-1

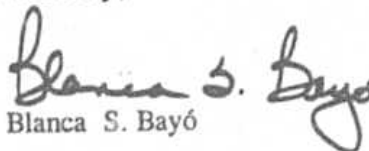
Dear Mr. Walker:

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 17, 1996, to file a formal request for Confidential Classification with the Division of Records and Reporting.

Thank you for your cooperation.

Sincerely,


Blanca S. Bayó

BSB/mas
Enclosure
cc: Public Counsel
Steel Law Firm