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MEMORANDUM

October 4, 1996

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*
RE: DOCKET NO. 960001-EI -- FLORIDA POWER CORPORATION
FUEL AUDIT/CAPACITY COST AUDIT SUPPLEMENTAL REPORT
AUDIT CONTROL NO. 96-157-2-1/96-157-2-2

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 was prepared using a micro computer and has been recorded on one diskette. The diskette may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

X
Florida Power Corporation
James P. Fama
3201 Thirty-fourth South *PO*
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 (McPherson)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE
10626 OCT-4 96
FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

AUDIT REPORT

MARCH, 1994 TO PRESENT

FIELD WORK COMPLETED

SEPTEMBER 30, 1996

FLORIDA POWER CORPORATION

ST PETERSBURG, FLORIDA

PINELLAS COUNTY

CAPACITY COST RECOVERY AUDIT - SUPPLEMENTAL

FUEL COST RECOVERY AUDIT - SUPPLEMENTAL

DOCKET NUMBER 960001-EI

AUDIT CONTROL NUMBER 96-157-2-2

AUDIT CONTROL NUMBER 96-157-2-1

Ann Bouckaert

ANN BOUCKAERT
AUDIT MANAGER

by ll

Denise N. Vandiver

DENISE N. VANDIVER
BUREAU CHIEF

DOCUMENT NUMBER-DATE
10626 OCT-4 88
FPSC-RECORDS/REPORTING

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Audit Purpose

We have performed the procedures described below, which were discussed with the Commission analyst, solely to assist with respect to verify capacity payments made to Orlando CoGen Limited, L.P since March, 1994 and Ridge Generating Station, L.P. since May, 1994. The last day of field work was September 12, 1996. No exit conference was held. This report contains no confidential data. The assigned staff auditors were Glenn Clepper and Ron Mayes.

Procedures and Findings

I. The Company provided a revised reconciliation of capacity expenses recorded and payments made to Orlando CoGen Limited, L.P since March, 1994 and Ridge Generating Station, L.P. since May, 1994 and recovered through the Capacity Cost Recovery Clause. We randomly agreed certain amounts listed in the reconciliation, on a judgmental sample basis, to the Company books and records. We traced the revised amounts to the journal entries and the paid and withheld amounts to the company records. We obtained an explanation from the Company why the variances occurred between the company's books and the testimony.

The Company's testimony, as filed in Docket No. 950001-EI is in error. For the period March, 1994 through March, 1996, the Company over-recovered an amount of \$59,080 for the Orlando CoGen contract.

II. We reviewed the invoices and verified the amounts paid for Orlando CoGen for the period May, 1994 through May, 1995 where the Company showed differences between the actual invoice and the amounts paid due to withholding partial payments.

For the period reviewed, the total payments equal the total invoices. There are differences of \$59,080 between the amounts paid and the amounts recovered through the clause.

III. We reviewed the invoices and verified the amounts paid for Ridge Generating for the period September, 1994 through June, 1996 that relates to the period under dispute between FPC and Ridge.

For the period reviewed, the total payments equal the total invoices. There are differences of \$3,947 between the amounts paid and the amounts recovered through the clause. The utility reports that this was corrected through a subsequent journal entry.

Disclaim Public Use

This is an internal accounting report prepared after performing agreed upon procedures; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of its duties. We did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

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

October 7, 1996

James P. Fama, Esquire
Florida Power Corporation
Post Office Box 41042
St. Petersburg, Florida 33733-4042

RE: Docket No. 960001-EI -- Florida Power Corporation
Fuel Audit/Capacity Cost Audit Supplemental Report
Audit Control # 96-157-2-1/96-157-2-2

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
Blanca S. Bayo

BSB/cls
Enclosure
cc: Public Counsel