

FLORIDA PUBLIC SERVICE COMMISSION


AUDIT REPORT

THE PERIOD OF APRIL 1996 THROUGH SEPTEMBER 1996

**FIELD WORK COMPLETED
JUNE 10, 1997**

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

**ENVIRONMENTAL COST RECOVERY CLAUSE
DOCKET NUMBER 970007-EI
AUDIT CONTROL NUMBER 97-064-4-1**



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AUDIT MANAGER**



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MIAMI**

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FLORIDA PUBLIC SERVICE COMMISSION

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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 to September 1996 for Docket 970007-EI. The audit exit conference was held on June 10, 1997. This report is based on confidential information which is separately filed with the Division of Records and Reporting.

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 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 1996 to September 1996 represent Florida Power and Light Company's 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 the following definitions shall apply

COMPILED: The audit 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 noted, performed no other audit work

EXAMINED: 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 revenue and rate report, reconciled to the filing. Recalculated the Environmental Factor and traced to PSC order

COSTS- For Operating and Maintenance expenses, compiled a trial balance and an analytical review. Selected a sample using account stratifications from audit analyzer to determine if costs related to the approved Environmental program

For Capital Projects, recalculated the return on investment for selected projects, recomputed equity and debt ratios and traced to source documentation

Recalculated depreciation expense for selected projects and months, traced rates to approved PSC Order. Selected specific additions to projects for a month, tested additions to ascertain relation to Environmental program

TRUE UP PROVISION : Recalculated the total net true up. Traced true up and interest beginning to PSC Order, traced Deferred true up beginning to prior filing

OTHER: Read selected internal audits.

III. EXHIBITS

Florida Power & Light Company
 Environmental Cost Recovery Clause
 Calculation of the Final True-up for the Six Month Period
 April through September 1996

Line
 No.

1	End of Period Actual True-Up for the six month period April through September 1996 (Form 42-2A, Lines 5 + 6)	\$61,308
2	Estimated/Actual True-up Amounts Approved for the Period April through September 1996 - (Order No. PSC-96-1172-FOF-EI)	(8,298)
3	Final True-Up to be refunded/(recovered) in October 1997 through September 1998 Period	<hr style="width: 100%;"/> <u>\$69,606</u>

() Reflects Underrecovery

Florida Power & Light Company
Environmental Cost Recovery Clause
Calculation of the Final True-Up Amount for the Period
April 1986 to September 1986

Line No.	April	May	June	July	August	September	End of Period Amount
1	\$786,537	\$822,520	\$946,337	\$1,005,703	\$1,081,194	\$1,052,599	\$5,714,800
2	(239,672)	(239,672)	(239,672)	(239,672)	(239,672)	(239,672)	(1,438,033)
3	558,865	582,848	708,665	768,031	851,522	812,887	4,278,827
4	111,644	182,450	259,380	287,240	235,808	380,020	1,418,822
a - O&M Activities (Form 42-5A, Line 9)	481,120	484,717	483,038	480,868	482,678	484,722	2,777,259
b - Capital Investment Projects (Form 42-7A, Line 9)	57,764	627,187	722,418	728,228	698,588	644,742	4,193,881
c - Total Jurisdictional ECRC Costs	(15,889)	(44,319)	(15,751)	37,805	152,856	(31,846)	82,948
5	(8,287)	(5,314)	(4,444)	(3,336)	(1,802)	(453)	(21,836)
6	(1,438,033)	(1,220,548)	(1,030,507)	(811,030)	(536,891)	(146,065)	(1,438,033)
7	(58,047)	(58,047)	(58,047)	(58,047)	(58,047)	(58,047)	(58,047)
8	239,672	239,672	239,672	239,672	239,672	239,672	1,438,033
9	(1,278,583)	(1,088,554)	(889,077)	(594,836)	(204,112)	3,282	3,282
10	(31,278,583)	(31,088,554)	(3,689,077)	(5,594,836)	(3,204,112)	33,282	\$3,282
11							

Florida Power & Light Company
 Environmental Cost Recovery Clause
 Calculation of the Final True-up Amount for the Period
 April 1996 to September 1998

Interest Provision (in Dollars)

Line No.	April	May	June	July	August	September	End of Period Amount
1							
2	(31,486,080)	(31,278,583)	(31,068,554)	(3089,077)	(3,594,936)	(3,204,112)	(85,531,354)
3	(1,272,306)	(1,083,240)	(864,633)	(591,600)	(202,310)	3,715	(4,010,374)
4	(32,758,386)	(32,361,823)	(31,953,187)	(31,480,677)	(3,797,246)	(3,200,397)	(99,541,728)
5	(31,334,193)	(31,180,917)	(30,78,594)	(3,730,339)	(3,398,624)	(3,100,189)	(34,770,864)
6	5.50000%	5.40000%	5.40000%	5.52000%	5.45000%	5.40000%	N/A
7	5.40000%	5.40000%	5.52000%	5.45000%	5.40000%	5.44000%	N/A
8	10.80000%	10.80000%	10.92000%	10.97000%	10.85000%	10.94000%	N/A
9	5.45000%	5.40000%	5.48000%	5.46500%	5.42500%	5.42000%	N/A
10	0.45417%	0.45000%	0.45500%	0.45708%	0.45208%	0.45167%	N/A
	(36,287)	(35,314)	(34,444)	(33,339)	(31,802)	(3,453)	(321,838)

Florida Power & Light Company
Environmental Cost Recovery Clause
Calculation of the Final True-Up Amount for the Period
April 1996 - September 1996

Variance Report of O&M Activities
(in Dollars)

Line	(1)	(2)	(3)	(4)
	Actual	Estimated Actual	Variance Amount	Percent
1 Description of O&M Activities				
1 Air Operating Permit Fees-O&M	\$ 27,358	\$ 28,260	\$ (902)	-3.2%
3a Continuous Emission Monitoring Systems-O&M	185,905	293,361	(107,456)	-36.6%
4a Clean Closure Equivalency-O&M	(10,719)	(9,719)	(1,000)	10.3%
5a Maintenance of Stationary Above Ground Fuel Storage Tanks-O&M	503,137	636,154	(133,017)	-20.9%
5c Maintenance of Stationary Above Ground Fuel Storage Tanks-Spill Abatement	3,545	2,908	637	21.9%
8a Oil Spill Cleanup/Response Equipment-O&M	33,924	40,360	(6,436)	-15.9%
8c Oil Spill Cleanup/Response Equipment-Revenue	0	0	0	0.0%
9 Low-Level Radioactive Waste Access Fees-O&M	0	0	0	0.0%
13 RCRA Corrective Action-O&M	699,895	405,160	294,735	72.7%
14 NPDES Permit Fees-O&M	<u>11,059</u>	<u>4,159</u>	<u>6,900</u>	<u>165.9%</u>
2 Total O&M Activities	<u>\$ 1,454,104</u>	<u>\$ 1,400,643</u>	<u>\$ 53,461</u>	<u>3.8%</u>
3 Recoverable Costs Allocated to Energy	\$ 247,187	\$ 361,981	\$ (114,794)	-31.7%
4 Recoverable Costs Allocated to Demand	\$ 1,206,917	\$ 1,038,662	\$ 168,255	16.2%

Notes:

Column(1) is the End of Period Totals on Form 42-5A

Column(2) is the approved Estimated/Actual amount in accordance with
FPSC Order No. PSC-96-1172-FOF-EI

Column(3) = Column(1) - Column(2)

Column(4) = Column(3) / Column(2)

Florida Power & Light Company
 Environmental Cost Recovery Clause
 Calculation of the Final True-Up Amount for the Period
 Apr 1 1998 through September 1998

O&M Activities
 (in Dollars)

Line	Description of O&M Activities	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	End of Period Total	Method of Classification	
									Demand	Energy
1	Description of O&M Activities									
	1 Air Operating Permit Fees-O&M	\$ 4,773	\$ 3,645	\$ 4,773	\$ 4,579	\$ 4,773	\$ 4,817	\$ 27,358	\$	\$ 27,358
	3a Continuous Emission Monitoring Systems-O&M	13,441	37,320	15,981	28,442	48,207	44,535	185,805		185,805
	4a Clean Closure Equivalency-O&M	(11,014)	1,285	(1,000)	0	0	0	(10,719)	(10,719)	
	5a Maintenance of Stationary Above Ground Fuel Storage Tanks-O&M	68,558	17,598	178,648	158,700	2,883	78,953	503,137	503,137	
	5c Maintenance of Stationary Above Ground Fuel Storage Tanks-Spill Abatement	2,808	0	0	637	0	0	3,545	3,545	
	6a Oil Spill Cleanup/Response Equipment-O&M	1,322	6,380	11,864	1,268	9,048	4,023	33,824	33,824	
	6c Oil Spill Cleanup/Response Equipment-Revenue	0	0	0	0	0	0	0	0	
	9 Low-Level Radioactive Waste Access Fees-O&M	0	0	0	0	0	0	0	0	
	13 RCRA Corrective Action-O&M	34,813	100,779	44,608	82,811	177,208	259,878	689,895	689,895	0
	14 NPDES Permit Fees-O&M	0	(441)	11,500	0	0	0	11,059	11,059	
2	Total of O&M Activities	\$ 114,597	\$ 168,558	\$ 286,371	\$ 274,458	\$ 241,918	\$ 380,205	\$ 1,454,104	\$ 1,208,917	\$ 247,187
3	Recoverable Costs Allocated to Energy	\$ 19,535	\$ 47,324	\$ 32,817	\$ 32,308	\$ 62,026	\$ 53,375	\$ 247,187		
4	Recoverable Costs Allocated to Demand	\$ 85,082	\$ 119,232	\$ 233,754	\$ 242,148	\$ 179,891	\$ 336,830	\$ 1,208,917		
5	Retail Energy Jurisdictional Factor	98.23871%	98.23871%	98.23871%	98.23871%	98.23871%	98.23871%	98.23871%		
6	Retail Demand Jurisdictional Factor	97.25530%	97.25530%	97.25530%	97.25530%	97.25530%	97.25530%	97.25530%		
7	Jurisdictional Energy Recoverable Costs (A)	\$ 19,181	\$ 46,491	\$ 32,042	\$ 31,739	\$ 60,935	\$ 52,435	\$ 242,833		
8	Jurisdictional Demand Recoverable Costs (B)	\$ 82,453	\$ 115,898	\$ 227,338	\$ 235,501	\$ 174,953	\$ 327,595	\$ 1,173,789		
9	Total Jurisdictional Recoverable Costs for O&M Activities	\$ 111,644	\$ 162,450	\$ 259,380	\$ 267,240	\$ 235,888	\$ 380,020	\$ 1,416,622		

Notes:

- (A) Line 3 x Line 5
- (B) Line 4 x Line 6

Florida Power & Light Company
Environmental Cost Recovery Clause
Calculation of the Final True-Up Amount for the Period
April 1996 - September 1996

Variance Report of Capital Investment Projects-Recoverable Costs
(in Dollars)

Line	(1)	(2)	(3) Variance	
	Actual	Estimated Actual	Amount	Percent
1 Description of Investment Projects				
2 Low NOx Burner Technology-Capital	\$ 1,377,267	\$ 1,379,184	\$ (1,917)	-0.1%
3b Continuous Emission Monitoring Systems-Capital	999,645	999,646	(1)	0.0%
4b Clean Closure Equivalency-Capital	4,170	4,171	(1)	0.0%
5b Maintenance of Stationary Above Ground Fuel Storage Tanks-Capital	367,373	375,986	(8,613)	-2.3%
7 Relocate Turbine Lube Oil Underground Piping to Above Ground-Capital	2,102	2,102	0	0.0%
8b Oil Spill Cleanup/Response Equipment-Capital	61,260	61,262	(2)	0.0%
10 Relocate Storm Water Runoff-Capital	7,860	7,859	1	0.0%
NA SO2 Allowances-Negative Return on Investment	(46,722)	(44,767)	(1,955)	4.4%
12 Scherer Discharge Pipeline-Capital	<u>58,731</u>	<u>58,732</u>	<u>(1)</u>	<u>0.0%</u>
2 Total Investment Projects-Recoverable Costs	<u>\$ 2,831,686</u>	<u>\$ 2,844,175</u>	<u>\$ (12,489)</u>	<u>-0.4%</u>
3 Recoverable Costs Allocated to Energy	\$ 2,368,767	\$ 2,373,303	\$ (4,536)	-0.2%
4 Recoverable Costs Allocated to Demand	\$ 462,919	\$ 470,872	\$ (7,953)	-1.7%

Notes:

Column(1) is the End of Period Totals on Form 42-7A

Column(2) is the approved Estimated/Actual amount in accordance with
FPSC Order No. PSC-96-1172-FOF-EI

Column(3) = Column(1) - Column(2)

Column(4) = Column(3) / Column(2)

Florida Power & Light Company
Environmental C-2 Recovery Clause
Calculation of the Final True-Up Amount for the Period
April 1998 through September 1998
Capital Investment Projects-Recoverable Costs
(in Dollars)

Line	Description of Investment Projects (A)	Month						End of Period Total	Method of Classification	
		APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER		Demand	Energy
1	2 Low NOx Burner Technology-Capital	\$229,855	\$221,166	\$220,601	\$220,004	\$228,546	\$227,093	\$1,377,267	-	\$1,377,267
	3D Continuous Emission Monitoring Systems-Capital	86,583	167,515	167,065	168,818	168,167	165,717	\$688,645	-	\$688,645
	4b Clean Closure Equivalency-Capital	694	699	697	695	694	692	\$4,170	3,849	\$321
	5a Maintenance of Stationary/Above Ground Fuel Storage Tanks-Capital	58,318	59,480	59,392	59,285	63,389	67,488	\$387,373	339,114	\$28,259
	7 Rubicon Turbine Lubr Oil Underground Piping to Above Ground-Capital	360	362	351	351	349	349	\$2,102	1,940	\$162
	8a Oil Spill Cleanup/Response Equipment-Capital	10,189	10,345	10,280	10,215	10,149	10,064	\$61,280	56,548	\$4,712
	10 Rubicon Steam Water Runoff-Capital	1,308	1,316	1,313	1,310	1,308	1,306	\$7,880	7,255	\$605
	NA SO2 Allowance-Negative Return on Investment	(6,912)	(6,912)	(7,417)	(8,265)	(8,608)	(8,608)	(\$46,722)	-	(\$46,722)
	12 Scherer Discharge Ponds-Capital	9,768	9,835	9,813	9,793	9,772	9,752	\$58,731	54,213	\$4,518
2	Total Investment Projects - Recoverable Costs	\$ 470,132	\$ 473,607	\$ 472,065	\$ 470,004	\$ 471,765	\$ 473,683	\$2,831,668	\$482,918	\$2,388,767
3	Recoverable Costs Allocated to Energy	\$ 305,708	\$ 306,082	\$ 306,545	\$ 304,637	\$ 302,694	\$ 301,101	\$ 2,388,767	-	-
4	Recoverable Costs Allocated to Demand	\$ 74,424	\$ 75,725	\$ 75,549	\$ 75,368	\$ 76,071	\$ 82,782	\$ 482,910	-	-
5	Final Energy Adjusted Factor	88.23671%	88.23671%	88.23671%	88.23671%	88.23671%	88.23671%	-	-	-
6	Final Demand Adjusted Factor	97.25530%	97.25530%	97.25530%	97.25530%	97.25530%	97.25530%	-	-	-
7	Adjustional Energy Recoverable Costs (B)	\$ 308,738	\$ 301,071	\$ 308,561	\$ 307,698	\$ 305,778	\$ 304,213	\$ 2,327,046	-	-
8	Adjustional Demand Recoverable Costs (C)	\$ 72,361	\$ 73,647	\$ 73,475	\$ 73,299	\$ 76,901	\$ 80,510	\$ 480,213	-	-
9	Total Adjustional Recoverable Costs for Investment Projects	\$ 481,120	\$ 464,717	\$ 483,036	\$ 480,988	\$ 482,679	\$ 484,722	\$ 2,777,259	-	-

Notes:
 (A) Each project's Total System Recoverable Expenses on Form 42-8A, Line 9
 (B) Line 3 x Line 5
 (C) Line 4 x Line 6

Florida Power & Light Company
Environmental Cost Recovery Clause
For the Period April through September 1996

Return on Capital Investments, Depreciation and Taxes
For Project: Continuous Emissions Monitoring (Project No. 3b)
(in Dollars)

Line	Investments	April	May	June	July	August	September	End of Period Amount
2	Plant-In-Service/Depreciation Base	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Less: Accumulated Depreciation (B)	13,519,504	13,519,504	13,519,504	13,519,504	13,519,504	13,519,504	n/a
4	CWIP - Non Interest Bearing	770,973	818,742	866,510	914,279	962,047	1,009,815	n/a
		0	0	0	0	0	0	0
5	Net Investment (Lines 2 - 3 + 4)	12,748,531	12,700,762	12,652,994	12,605,225	12,557,457	12,509,689	n/a
6	Average Net Investment	12,772,414	12,724,646	12,676,878	12,629,110	12,581,341	12,533,573	
7	Return on Average Net Investment							
	a. Equity Component grossed up for taxes (C)	83,325	84,289	83,972	83,656	83,340	83,023	501,605
	b. Debt Component (Line 6 x 3.3439% x 1/12)	35,470	36,458	35,325	35,192	35,059	34,926	211,400
8	Investment Expenses							
	a. Depreciation (D)	47,768	47,768	47,768	47,768	47,768	47,768	286,610
	b. Amortization							
	c. Disarmament							
	d. Property Expenses							
	e. Other (E)							
9	Total System Recoverable Expenses (Lines 7 & 8)	\$166,563	\$167,515	\$167,065	\$166,616	\$166,167	\$165,717	\$999,645

Notes:
 (A) N/A
 (B) N/A
 (C) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%, the monthly Equity Component of 4.8626% reflects a 12% return on equity
 (D) Depreciation expense is calculated using the appropriate rate and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month
 (E) N/A

Florida Power & Light Company
Environmental Cost Recovery Clause
For Project Clean Closure Equivalency (Provised No. 4b)
For the Period April through September 1996
Return on Capital Investments, Depreciation and Taxes
For Project Clean Closure Equivalency (Provised No. 4b)
(in Dollars)

Line	Beginning of Period Amount	April	May	June	July	August	September	End of Period Amount
1								
Investments								
a. Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Clearings to Plant								
c. Retirements								
d. Other (A)								
2. Plant-In-Service/Depreciation Base	\$58,863	58,863	58,866	58,866	58,866	58,866	58,866	n/a
3. Less: Accumulated Depreciation (B)	4,287	4,475	4,663	4,851	5,038	5,226	5,414	n/a
4. CWIP - Non Interest Bearing	0	0	0	0	0	0	0	0
5. Net Investment (Lines 2 - 3 + 4)	\$54,579	\$54,381	\$54,203	\$54,015	\$53,828	\$53,640	\$53,452	n/a
6. Average Net Investment		54,485	54,297	54,109	53,922	53,734	53,546	
7. Return on Average Net Investment								
a. Equity Component grossed up for taxes (C)		355	360	358	357	356	355	2,141
b. Debt Component (Lines 6 x 3.3439% x 1/12)		151	151	151	150	150	149	903
8. Investment Expenses								
a. Depreciation (D)		188	188	188	188	188	188	1,127
b. Amortization								
c. Dismantlement								
d. Property Expenses								
e. Other (E)								
9. Total System Recoverable Expenses (Lines 7 & 8)		\$694	\$699	\$697	\$695	\$694	\$692	\$4,170

Notes:
 (A) N/A
 (B) N/A
 (C) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%, the monthly Equity Component of 4.8826%, reflects a 12% return on equity
 (D) Depreciation expense is calculated using the appropriate rate and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month
 (E) N/A

Florida Power & Light Company
Environmental Cost Recovery Clause
For the Period April through September 1995

Return on Capital Investments, Depreciation and Taxes
For Project: Reboatac Turbine Oil Units around Plant (Project No. 7)
(in Dollars)

Line	Investments	April	May	June	July	August	September	End of Period Amount
1	Investments							
	a. Expenditures/Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Clearings to Plant							
	c. Retirements							
	d. Other (A)							
2	Plant-in-Service/Depreciation Base	\$31,030	31,030	31,030	31,030	31,030	31,030	n/a
3	Less: Accumulated Depreciation (B)	2,830	3,006	3,094	3,182	3,270	3,358	n/a
4	CWIP - Non Interest Bearing	0	0	0	0	0	0	0
5	Net Investment (Lines 2 - 3 + 4)	\$28,200	\$28,024	\$27,936	\$27,848	\$27,760	\$27,672	n/a
6	Average Net Investment	28,156	28,068	27,980	27,892	27,804	27,716	
7	Return on Average Net Investment							
	a. Equity Component grossed up for taxes (C)	184	185	185	185	184	184	1,107
	b. Debt Component (Line 6 x 3.439% x 1/12)	78	78	78	78	77	77	467
8	Investment Expenses							
	a. Depreciation (D)	88	88	88	88	88	88	528
	b. Amortization							
	c. Disarmament							
	d. Property Expenses							
	e. Other (E)							
9	Total System Recoverable Expenses (Lines 7 & 8)	\$350	\$352	\$351	\$351	\$349	\$349	\$2,102

Notes:

- (A) N/A
- (B) N/A
- (C) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%, the monthly Equity Component of 4.8626% reflects a 12% return on equity
- (D) Depreciation expense is calculated using the appropriate rate and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month
- (E) Depreciation and return are calculated and recorded on a one month lag due to the timing of the month end closing. Amounts recorded and shown above apply to prior month activity

Florida Power & Light Company
Environmental Cost Recovery Clause
For the Period April through September 1996

Return on Capital Investments, Depreciation and Taxes
For Project: Oil Spill Cleanup/Response Equipment (Project No. 8b)
(in Dollars)

Line	Investments	Beginning of Period Amount	April	May	June	July	August	September	End of Period Amount
a	Expenditures/Additions		\$38,829	\$13	(\$14)	\$0	\$0	\$0	\$38,828
b	Clearings to Plant								
c	Retirements								
d	Other (A)								
2	Plant-In-Service/Depreciation Base	\$536,899	575,728	575,741	575,727	575,727	575,727	575,727	n/a
3	Less: Accumulated Depreciation (B)	202,112	209,039	215,966	222,892	229,819	236,746	243,673	n/a
4	CWIP - Non Interest Bearing	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 - 3 + 4)	\$334,787	\$366,690	\$359,776	\$352,835	\$345,908	\$338,981	\$332,054	n/a
6	Average Net Investment		350,737	363,233	356,305	349,371	342,445	335,518	
7	Return on Average Net Investment								
a	Equity Component grossed up for taxes (C)		2,288	2,406	2,360	2,314	2,268	2,222	13,860
b	Debt Component (Line 6 x 3.3439% x 1/12)		974	1,012	993	974	954	935	5,842
8	Investment Expenses								
a	Depreciation (D)		6,927	6,927	6,927	6,927	6,927	6,927	41,561
b	Amortization								
c	Disamortization								
d	Property Expenses								
e	Other (E)								
9	Total System Recoverable Expenses (Lines 7 & 8)		\$10,189	\$10,345	\$10,280	\$10,215	\$10,149	\$10,054	\$61,260

Notes:

- (A) N/A
- (B) N/A
- (C) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%. The monthly Equity Component of 4.8826% reflects a 12% return on equity
- (D) Depreciation expense is calculated using the appropriate rates and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month. Depreciation and return are calculated and recorded on a one month lag due to the timing of the month end closing. Amounts recorded and shown above apply to prior month activity
- (E) N/A

Florida Power & Light Company
Environmental Cost Recovery Clause
Calculation of the Projected Period Amount
For the Period April through September 1996
Return on Capital Investments, Depreciation and Taxes
For Project: Relocate Storm Water Runoff (Project No. 10)
 (in Dollars)

Line	Beginning of Period Amount	April	May	June	July	August	September	End of Period Amount
1. Investments								
a. Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Closings to Plant								
c. Retirements								
d. Other (A)								
2. Plant-in-Service/Depreciation Base	\$117,794	117,794	117,794	117,794	117,794	117,794	117,794	n/a
3. Less: Accumulated Depreciation (B)	6,292	6,832	7,102	7,372	7,642	7,913	7,913	n/a
4. CWIP - Non Interest Bearing	0	0	0	0	0	0	0	0
5. Net Investment (Lines 2 - 3 + 4)	\$111,502	\$111,232	\$110,962	\$110,692	\$110,422	\$110,152	\$109,881	n/a
6. Average Net Investment		111,367	111,097	110,827	110,557	110,287	110,017	
7. Return on Average Net Investment								
a. Equity Component grossed up for taxes (C)		727	736	734	732	731	729	4,368
b. Debt Component (Line 6 x 3.3439% x 1/12)		309	310	309	308	307	307	1,850
8. Investment Expenses								
a. Depreciation (D)		270	270	270	270	270	270	1,621
b. Amortization								
c. Disallowment								
d. Property Expenses								
e. Other (E)								
9. Total System Recoverable Expenses (Lines 7 & 8)		\$1,306	\$1,316	\$1,313	\$1,310	\$1,308	\$1,306	\$7,860

Notes:
 (A) N/A
 (B) N/A
 (C) This gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%, the monthly Equity Component of 4.8826% reflects a 12% return on equity
 Depreciation expense is calculated using the appropriate rate and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month
 Depreciation and return are calculated and recorded on a one month lag due to the timing of the month end closing. Amounts recorded and shown above apply to prior month activity
 (E) N/A

Florida Power & Light Company
 Schedule of Negative Return on
 Deferred Gain on Sales of Emission Allowances
 For the Period April through September 1998

Line No.	Description	Beginning of Period	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Total	Line No.
1	Additions			\$0	(\$107,321)	(\$72,842)				
2	Net Investment	(\$734,501)	(\$734,501)	(\$734,501)	(\$841,822)	(\$914,665)	(\$914,665)	(\$914,665)	(\$914,665)	1
3	Average Net Investment		(\$734,501)	(\$734,501)	(\$788,162)	(\$878,243)	(\$914,665)	(\$914,665)	n/a	2
4	Return on Average Net Investment									3
	a. Equity Component grossed up for taxes (A)		(4,865)	(4,865)	(5,221)	(5,818)	(6,059)	(6,059)	(32,887)	4
	b. Debt Component (Line 3 x 3.3439% /12)		(2,047)	(2,047)	(2,196)	(2,447)	(2,549)	(2,549)	(13,835)	
5	Total Return Requirements (Line 4a + 4b)		(\$6,912)	(\$6,912)	(\$7,417)	(\$8,265)	(\$8,608)	(\$8,608)	(\$48,722)	5

Notes:

(A) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%, the monthly Equity Component of 4.8826% reflects a 12% return on equity.

In accordance with FPSC Order No. PSC-94-0393-FOF-EI, FPL has recorded the sale of emissions allowances as a regulatory liability. This schedule reflects the return on that regulatory liability.

Florida Power & Light Company
Environmental Cost Recovery Clause
For the Period April through September 1996

Return on Capital Investments, Depreciation and Taxes
For Project - Scherer Discharge Pipeline (Project No. 12)
(In Dollars)

Line	Investments	April	May	June	July	August	September	End of Period Amount
1	Expenditures/Additions							
	b. Cleanings to Plant							
	c. Retirements							
	d. Other (A)							
2	Plant-In-Service/Depreciation Base							
3	Less: Accumulated Depreciation (B)							n/a
4	CWIP - Non Interest Bearing							n/a
5	Net Investment (Lines 2 - 3 + 4)							0
6	Average Net Investment							n/a
7	Return on Average Net Investment							
	a. Equity Component grossed up for taxes (C)							
	b. Debt Component (Line 6 x 3.3439% x 1/12)							
8	Investment Expenses							
	a. Depreciation (D)							
	b. Amortization							
	c. Dismantlement							
	d. Property Expenses							
	e. Other (E)							
9	Total System Recoverable Expenses (Lines 7 & 8)							
		\$9,768	\$9,835	\$9,813	\$9,793	\$9,772	\$9,752	\$58,731

Notes:

- (A) N/A
- (B) N/A
- (C) The gross-up factor for taxes uses 0.61425, which reflects the Federal Income Tax Rate of 35%. The monthly Equity Component of 4.8826% reflects a 12% return on equity.
- (D) Depreciation expense is calculated using the appropriate rate and account rates. Half month depreciation is calculated on additions closing to Plant in Service during the month.
- (E) N/A

Depreciation and return are calculated and recorded on a one month lag due to the timing of the month end closing. Amounts recorded and shown above apply to prior month activity.

State of Florida

Commissioners
JULIA L. JOHNSON, CHAIRMAN
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J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYÓ
DIRECTOR
(904) 413-6770

Public Service Commission

June 18, 1997

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

Re: Docket No. 970007-EI -- Florida Power & Light Company
Environmental Compliance Cost Adjustment Audit Report
Audit Control # 97-064-4-1

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 1, 1997 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/DNV/cis

Enclosure

cc: Public Counsel
Steel Law Firm