## FLORIDA PUBLIC SERVICE COMMISSION

## AUDIT REPORT TWELVE MONTHS ENDED MARCH 31, 1997

FIELD WORK COMPLETED JUNE 12, 1997

FLORIDA POWER AND LIGHT MIAMI, FLORIDA DADE COUNTY

FUEL COST RECOVERY CLAUSE DOCKET NUMBER 970001-EI AUDIT CONTROL NUMBER 97-055-4-2

> GABRIELA LEON AUDIT MANAGER

AUDIT STAFF

MINORITY OPINION

RUTH YOUNG ILIANA PIEDRA

YES \_ NO The

KATHY WELCH

REGULATORY AUDIT SUPERVISOR MIAMI DISTRICT OFFICE

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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, 1997 prepared by Florida Power and Light Company in support of Docket 970001-EI. The audit exit conference was held June 12, 1997. 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 to 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, 1997 represent Florida Power and Light Company 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 opinion 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 accounts 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 general ledger and reconciled to the revenue and rate report. Traced revenue and rate report the filed schedules.

EXPENSES: Compiled expenses.

INVESTMENT: Examined 40% of the Nuclear Thermal Uprate Investment by tracing to invoices, purchase orders and reference letters. Recalculated the depreciation and return requirements.

TRUE-UP CALCULATION: Recalculated the true-up calculation for the twelve months ended March 1997. Traced beginning true-up and deferred true-up to prior period. Traced interest rates to Wall Street Journal-30 day Commercial rate.

# III EXHIBITS

			CALCU	TRUE-UP AN	DINTERES	T PROVISION		50115	
		Company: . ionus Power & Light Company				TROVISION	-	SCHE 2	-
T			Month of:	March	1997		1	Page -	-
10	INE		CURRENT M	ONTU					+
_	WO.	UPDATED DIFFERENCE			PERIOD TO DATE				
1		ACTUAL.	ESTIMATES (a)	AMOUNT			UPDATED	DIFFE	RENCE
+	Fuel Costs & Net Power Transactions			AMOUNT	%	ACTUAL	ESTIMATES (a)	AMOUNT	96
+	I a Fuel Cost of System Net Generation	\$ 93,471,918	\$ 94,134,870	¢ ///2.042	1 10 70 01		+		
+	b Nuclear Fuel Disposal Costs	1,573,592	1,582,175	(002,772	4		\$ 520,802,819	(3,569,451)	(0.
+	c Coal Cars Depreciation & Return	394,628	428,719	(8,583	4	11,434,878	11,320,186	114,692	
+	d Nuclear Thermal Uprate Amortization & Return	420,590	500,556	(34,091	4	2,401,267	2,442,419	(41,152)	
-	e Gas Pipelines Depreciation & Return	292,611	292,611	(79,966	-	1,229,801	1,463,621	(233,820)	
١.	f DOE D&D Fund Paymont	0	272,511	0	0.0 /4	1,779,212	1,779,202	0	
1	2 Fuel Cost of Power Sold & Transmission Reactive Fuel (Per A6)	(405,710)	(6,837,854)	0	1	5,247,223	5,247,223	0	-
_ 3	3] a Puer Cost of Purchased Power (Per A7)	10,551,143	11,873,700	6,432,144	-	(18,267,940)	(31,507,600)	13,239,660	(42.0
_	b Energy Payments to Qualifying Facilities (Per A8)	8,509,799	11,882,524	(1,322,557)		72,059,536	73,999,751	(1,940,215)	
_	4 Energy Cost of Economy Purchases (Per A9)	2,850,636	6,738,480	(3,372,725)		59,742,574	68,144,484	(8,401,910)	
_5	I Total Fuel Costs & Med Down T	117,659,207		(3,887,844)	-	39,368,870	45,133,059	(5,764,189)	
_		117,039,201	\$ 120,595,781	(2,936,574)	(2.4) % 5	692,228,778	\$ 698,825,164 \$		
6	6 Adjustments to Fuel Cost							(0,570,503)	(0.5
	a Sales to Fl. Keys Elect Coop (FKEC) & City of Key Wart (CVU)	(1,680,816)							
	o Rescuve and Voltage Control Fuel Revenue		7.1	1000001		(10,407,770)	(9,991,131) \$	(416,639)	4.2
	c lieventory Adjustments	(40,082)	0	(40,082)		(286,243)	(150,350)	(135,893)	
1	d Non Recoverable Oil/Tank Bottoms	(44,699)	0	(44,699)	N/A	(27,744)	24,402	(52,146)	
	e Modifications to Burn Low Gravity Oil	(93,786)	0	(93,786)	N/A	(357,307)	(403,791)	46,484	
7	Administrator to the	21,433	0	21,433	N/A	21,433	0	21,433	(11.5
	S Telegraph Court of the Lower Limitactions 2	115,821,257	118,951,292  \$	(3,130,035)	(2.6) % \$	681,171,147		The second second second	N/A
	kWh Sales					THE RESERVE OF THE PARTY OF		(7,133,146)	(1.0
1	Invisdictional LUD C.L. CONT. C. CO.L.		on and the second						
2	Sale for Resale (excluding FKEC & CKW)	6,007,634,221	5,801,533,000	206,101,221	3.6 %	36,862,029,18	24 404 000 040		
3	Sub Total Salar ( L. L. S. STEER	5,011,836	17,998,000	(12,986,164)	(72.2) %	119,855,150	36,605,028,259	257,001,059	0.7
4		6,012,646,057	5,819,531,000	193,115,057	33 %		120,844,791	(989,641)	(0.8)
3	Table 1 Cop (FREC) & City of Key West (CKW)	66,366,188	70,154,000	(3,787,812)		36,981,884,468		256,011,418	0.7
6	the cases (Excluding K11 incremental)	6,079,012,245	5,889,685,000	189,327,245	3.2 %	418,043,722	464,409,000	(46,365,278)	(10.0)
0	Jurisdictional % of Total kWh Sales (lines B1/B3)	99.91665 %	99.69073 %	0.22592 %	-	37,399,928,190	37,190,282,050	209,646,140	0.6
-			77.070.3	0.22392 %	0.2 %	99.67591 %	99.67095 %	0.00496 %	0.0
	SEE FOOTNOTES ON PAGE 2							-	

## State of Florida

Commissioners: JULIA L. JOHNSON, CHAIRMAN SUSAN F. CLARK J. TERRY DEASON JOE GARCIA DIANE K. KIESLING



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

# Public Service Commission

June 19, 1997

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

> Re: Docket No. 970001-EI -- Florida Power & Light Company Fuel Audit Report - Period Ended March 31, 1997 Audit Control # 97-055-4-2

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.

Thank you for your cooperation.

Sincerely,

Blanca S. Bayó

BSB/DNV/cls

Enclosure cc: Pul

Public Counsel

Steel Law Firm