

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

**DATE:** August 10, 2000  
**TO:** Division of Safety & Electric Reliability (Bohrmann)  
**FROM:** Division of Regulatory Oversight (Vandiver) *W*  
**RE:** Docket No. 000001-EI; Florida Power & Light Company  
 Audit Report; Fuel - Historical Year Ended December 31, 1999  
 Audit Control No. 00-021-4-3

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, they should send it to the Division of Records and Reporting. There are confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Regulatory Oversight (Hoppe/Harvey/File Folder)  
 Miami District Office (Welch)  
 Division of Records and Reporting  
 Division of Legal Services

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

Matt Childs  
 Steel Law Firm  
 215 S. Monroe St., #601  
 Tallahassee, FL 32301-1804

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
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FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY OVERSIGHT  
BUREAU OF AUDITING SERVICES

*Miami District Office*


FLORIDA POWER AND LIGHT COMPANY

FUEL COST RECOVERY CLAUSE

HISTORICAL YEAR ENDED DECEMBER 31, 1999

DOCKET NO. 000001-EI  
AUDIT CONTROL NO. 00-021-4-3

  
Gabby Leon, Audit Manager

  
Yen Ngo, Audit Staff

  
Raymond Grant, Audit Staff

  
Kathy Welch, Audit Supervisor

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**DIVISION OF REGULATORY OVERSIGHT  
AUDITOR'S REPORT**

**JULY 28, 2000**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED  
PARTIES**

We have applied the procedures described in this report to audit the Fuel Cost Recovery schedules for the historical 12 month period ended December 31, 1999 for Florida Power and Light Company.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should 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.

## SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining, on a test basis, certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the company. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned-** The documents or accounts were read quickly looking for obvious errors.

**Compiled-** The exhibit amounts were reconciled with the general ledger, and accounts were scanned for error or inconsistency.

**Reviewed-** The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers, and selective analytical review procedures were applied.

**Examined-** The exhibit amounts were reconciled with the general ledger. The general ledger account balances were traced to subsidiary ledgers. Selective analytical review procedures were applied, and account balances were tested to the extent further described.

**Confirmed-** Evidential matter supporting an account balance, transaction, or other information was obtained directly from an independent third party.

**Verify-** The item was tested for accuracy and compared to the substantiating documentation.

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**REVENUES:** Recalculated the revenues and traced the billing factor to the appropriate order. Reconciled revenues and KWH from the Revenue and Rate Report to Schedule A2. Traced KWH from the exhibit to the billing summary.

**EXPENSES:** Reviewed the expenses. Performed an analytical review to determine which accounts had the highest change since the last 1998 audit. Examined these accounts by using audit analyzer to select a sample. Examined the fuel inventory account by selecting a sample using audit analyzer.

**TRUE-UP CALCULATION:** Recalculated the true-up provision for the twelve months ended December 31, 1999 to determine the accuracy of the current true-up amount for the period under audit.

Traced the interest rates to the Wall Street Journal 30-day Commercial Paper Rate. Traced the prior true-up to the prior audit.

**EXHIBITS**

COMPARISON OF ESTIMATED AND ACTUAL  
FUEL AND PURCHASED POWER COST RECOVERY FACTOR  
MONTH OF: JANUARY 1999 THRU DECEMBER 1999

	DOLLARS				MWH				\$/KWH			
	ACTUAL	ESTIMATED	DIFFERENCE		ACTUAL	ESTIMATED	DIFFERENCE		ACTUAL	ESTIMATED	DIFFERENCE	
			AMOUNT	%			AMOUNT	%			AMOUNT	%
1 Fuel Cost of System Net Generation (A3)	1,341,855,624	1,241,785,065	100,180,559	8.1	77,019,777	75,708,907	1,310,870	1.7	1.7424	1.6402	0.1022	6.2
2 Nuclear Fuel Disposal Costs	22,734,025	22,527,680	206,345	0.9	24,706,110	24,339,957	366,153	1.5	0.0920	0.0926	(0.0006)	(0.6)
3 Coal Car Investment	4,516,155	4,516,155	0	NA	0	0	0	NA	0.0000	0.0000	0.0000	NA
3a Nuclear Thermal Uprate	0	0	0	NA	0	0	0	NA	0.0000	0.0000	0.0000	NA
3b DOE Decontamination and Decommissioning Cost	5,585,966	5,753,000	(167,034)	(2.9)	0	0	0	NA	0.0000	0.0000	0.0000	NA
3c Gas Pipeline Enhancements	2,864,415	2,864,415	0	NA	0	0	0	NA	0.0000	0.0000	0.0000	NA
4 Adjustments to Fuel Cost (A2, page 1)	(22,512,467)	(15,384,181)	(7,128,286)	46.3	0	0	0	NA	0.0000	0.0000	0.0000	NA
5 TOTAL COST OF GENERATED POWER	1,355,143,718	1,262,042,134	93,101,584	7.4	77,019,777	75,708,907	1,310,870	1.7	1.7595	1.6670	0.0925	5.5
6 Fuel Cost of Purchased Power (Exclusive of Economy) (A7)	134,390,657	140,826,489	(6,435,832)	(4.6)	9,193,444	9,769,041	(575,597)	(5.9)	1.4618	1.4416	0.0202	1.4
7 Energy Cost of Sched C & X Econ Purch (Broker) (A8)	10,137,815	16,576,211	(6,438,396)	(38.8)	379,542	721,350	(341,808)	(47.4)	2.6711	2.2979	0.3732	16.2
8 Energy Cost of Other Econ Purch (Non-Broker) (A9)	37,809,881	29,298,721	8,511,160	29.0	1,102,248	846,291	255,957	30.2	3.4303	3.4620	(0.0317)	(0.9)
9 Energy Cost of Sched E Economy Purch (A9)	0	0	0	NA	0	0	0	NA	0.0000	0.0000	0.0000	NA
10 Capacity Cost of Sched E Economy Purches	0	0	0	NA	0	0	0	NA	0.0000	0.0000	0.0000	NA
11 Energy Payments to Qualifying Facilities (A8)	123,512,021	112,122,785	11,389,236	10.2	6,349,403	6,307,564	41,839	0.7	1.9453	1.7776	0.1677	9.4
12 TOTAL COST OF PURCHASED POWER	305,950,373	298,824,206	7,026,168	2.4	17,024,637	17,644,246	(619,609)	(3.5)	1.7865	1.6936	0.1029	6.1
13 TOTAL AVAILABLE (LINE 5 + LINE 12)	1,660,994,091	1,560,866,339	100,127,752	6.4	94,044,414	83,353,153	10,691,261	12.5	1.7862	1.6720	0.0942	5.6
14 Fuel Cost of Economy and Other Power Sales (A6)	(52,116,198)	(48,246,630)	(3,869,568)	8.0	(2,179,728)	(2,015,770)	(163,958)	8.1	2.3909	2.3935	(0.0026)	(0.1)
15 Gain on Economy Sales (A6a)	(33,329)	(314,260)	280,931	(89.4)	(10,603)	(330,726)	320,123	(96.8)	0.3143	0.0950	0.2193	230.6
16 Fuel Cost of Unit Power Sales (SL2 Parpts) (A6)	(2,236,117)	(2,007,747)	(228,370)	11.4	(489,072)	(496,953)	7,881	(1.6)	0.4572	0.4040	0.0532	13.2
17 TOTAL FUEL COST AND GAINS OF POWER SALES	(54,385,644)	(50,568,637)	(3,817,007)	7.5	(2,668,800)	(2,512,723)	(156,077)	6.2	2.0378	2.0125	0.0253	1.3
18 Net Inadvertent Interchange	0	0	0	NA	0	0	0	NA	1.7582	1.6626	0.0956	5.8
19 ADJUSTED TOTAL FUEL & NET POWER	1,606,606,452	1,510,297,702	96,310,750	6.4	91,375,614	90,840,430	535,184	0.6	(0.0054)	(0.0070)	0.0016	NA
20 TRANSACTIONS (LINE 5 + 12 + 18 + 19)									0.0032	0.0033	(0.0001)	NA
21 Net Unbilled Sales	(4,529,950)	(5,904,892)	1,374,942	NA	(257,647)	(355,160)	97,513	NA	0.1410	0.1252	0.0158	NA
22 Company Use	2,697,008	2,774,680	(77,672)	NA	153,396	166,888	(13,492)	NA	1.8994	1.7863	0.1131	6.3
23 T & D Losses	119,230,865	105,831,794	13,399,071	NA	6,781,417	6,365,439	415,977	NA	1.8994	1.7863	0.1131	6.3
24 SYSTEM KWH SALES (EXCL FKEC & CKW A2,p1)	1,606,606,452	1,510,297,702	96,310,749	6.4	84,585,493,043	84,549,581,908	35,911,135	0.0	1.8994	1.7863	0.1131	6.3
25 Wholesale KWH Sales (EXCL FKEC & CKW A2,p1)	243,023	243,808	(785)	(0.3)	14,794,394	15,218,212	(423,818)	(2.8)	1.8994	1.7863	0.1131	6.3
26 Jurisdictional KWH Sales	1,606,365,429	1,510,053,895	96,311,534	6.4	84,570,698,649	84,534,363,696	36,334,953	0.0	1.8994	1.7863	0.1131	6.3
26a Jurisdictional Loss Multiplier									1.00064	1.00064	0.0000	-
27 Jurisdictional KWH Sales Adjusted for Line Losses	1,607,385,306	1,511,012,132	96,373,174	6.4	84,570,698,649	84,534,363,696	36,334,953	0.0	1.9006	1.7875	0.1132	6.3
28 TRUE-UP **	115,678,184	115,678,184	0	NA	84,570,698,649	84,534,363,696	36,334,953	0.0	0.1368	0.1368	(0.0001)	(0.0)
29 TOTAL JURISDICTIONAL FUEL COST	1,723,064,490	1,626,691,316	96,373,174	5.9	84,570,698,649	84,534,363,696	36,334,953	0.0	2.0374	1.9243	0.1131	5.9
30 Revenue Tax Factor									1.01597	1.01597	0.0000	NA
31 Fuel Factor Adjusted for Taxes									2.0700	1.9550	0.1150	5.9
32 GPIF **	9,353,960	9,353,960	0	NA	84,570,698,649	84,534,363,696	36,334,953	0.0	0.0111	0.0111	0.0000	NA
33 Fuel Factor Including GPIF									2.081	1.966	0.1150	5.8
34 FUEL FAC ROUNDED TO NEAREST .001 CENTS/KWH									2.081	1.966	0.115	5.8

\* For Informational Purposes Only  
\*\* Calculation Based on Jurisdictional KWH Sales

**CALCULATION OF TRUE-UP AND INTEREST PROVISION**

Company: Florida Power & Light Company  
 Month of: December 1999

LINE NO.		CURRENT MONTH				PERIOD TO DATE			
		ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE AMOUNT	%	ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE AMOUNT	%
<b>Fuel Costs &amp; Net Power Transactions</b>									
1	a Fuel Cost of System Net Generation	\$ 85,724,162	\$ 80,067,320	\$ 5,656,842	7.1 %	\$ 1,341,955,625	\$ 1,241,765,065	\$ 100,190,560	8.1 %
	b Nuclear Fuel Disposal Costs	2,022,707	1,984,719	37,988	1.9 %	22,734,025	22,527,680	206,345	0.9 %
	c Coal Cars Depreciation & Return	367,559	367,559	0	0.0 %	4,516,155	4,516,155	0	0.0 %
	d Gas Pipelines Depreciation & Return	233,516	233,516	0	0.0 %	2,864,415	2,864,415	0	0.0 %
	e DOE D&D Fund Payment	0	0	0	N/A	5,585,966	5,753,000	(167,034)	(2.9) %
2	Fuel Cost of Power Sold & Transmission Reactive Fuel (Per A6)	(1,523,159)	(1,459,531)	(63,628)	4.4 %	(54,385,644)	(50,568,637)	(3,817,007)	7.5 %
3	a Fuel Cost of Purchased Power (Per A7)	11,242,788	15,960,640	(4,717,852)	(29.6) %	134,390,657	140,826,489	(6,435,832)	(4.6) %
	b Energy Payments to Qualifying Facilities (Per A8)	16,514,697	9,405,418	7,109,279	75.6 %	123,512,021	112,122,785	11,389,236	10.1 %
4	Energy Cost of Economy Purchases (Per A9)	1,367,808	3,264,790	(1,896,982)	(58.1) %	47,947,696	45,874,932	2,072,764	4.3 %
5	Total Fuel Costs & Net Power Transactions	\$ 115,950,078	\$ 109,824,431	\$ 6,125,647	5.6 %	\$ 1,629,120,916	\$ 1,525,681,884	\$ 103,439,032	6.8 %
<b>Adjustments to Fuel Cost</b>									
	a Sales to Fl. Keys Elect Coop (FKEC) & City of Key West (CKW)	\$ (1,834,209)	\$ (1,651,958)	\$ (182,251)	11.0 %	\$ (21,365,707)	(20,640,846)	\$ (724,861)	3.5 %
	b Reactive and Voltage Control / Energy Imbalance Fuel Revenues	25,410	0	25,410	N/A	(773,206)	(34,993)	(738,213)	2109.6 %
	c Inventory Adjustments	(63,685)	0	(63,685)	N/A	24,989	217,570	(192,581)	(88.5) %
	d Non Recoverable Oil/Tank Bottoms	(7,379)	0	(7,379)	N/A	(508,483)	(95,673)	(412,810)	431.5 %
	e Modifications to Burn Low Gravity Oil	(212)	0	(212)	N/A	109,943	104,202	5,741	5.5 %
	f Cedar Bay Payments	0	0	0	N/A	0	5,065,558	(5,065,558)	N/A
7	Adjusted Total Fuel Costs & Net Power Transactions	\$ 114,070,003	\$ 108,172,473	\$ 5,897,530	5.5 %	\$ 1,606,608,452	\$ 1,510,297,702	\$ 96,310,750	6.4 %
<b>kWh Sales</b>									
1	Jurisdictional kWh Sales (RTP @ CBL)	6,398,100,403	6,646,364,000	(248,263,597)	(3.7) %	84,570,698,649	84,534,363,696	36,334,953	0.0 %
2	Sale for Resale (excluding FKEC & CKW)	506,648	641,000	(134,352)	(21.0) %	14,794,394	15,218,212	(423,818)	(2.8) %
3	Sub-Total Sales (excluding FKEC & CKW)	6,398,607,051	6,647,005,000	(248,397,949)	(3.7) %	84,585,493,043	84,549,581,908	35,911,135	0.0 %
4	Sales to Fl. Keys Elect Coop (FKEC) & City of Key West (CKW)	84,792,803	79,958,000	4,834,803	6.0 %	850,008,564	1,012,987,000	(162,978,436)	(16.1) %
5	Total Sales (Excluding RTP Incremental)	6,483,399,854	6,726,963,000	(243,563,146)	(3.6) %	85,435,501,607	85,562,568,908	(127,067,301)	(0.1) %
6	Jurisdictional % of Total kWh Sales (lines B1/B3)	99.99208 %	99.99036 %	0.00172 %	0.0 %	99.98251 %	99.98200 %	0.00051 %	0.0 %
<b>SEE FOOTNOTES ON PAGE 2</b>									



CALCULATION OF TRUE-UP AND INTEREST PROVISION										
Company: Florida Power & Light Company										
Month of: December 1999										
LINE NO.	CURRENT MONTH				PERIOD TO DATE					
	ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE		ACTUAL	UPDATED ESTIMATES (a)	DIFFERENCE			
			AMOUNT	%			AMOUNT	%		
<b>Fuel Costs &amp; Net Power Transactions</b>										
1	a	Fuel Cost of System Net Generation	\$ 85,724,162	\$ 80,067,320	\$ 5,656,842	7.1 %	\$ 1,341,955,625	\$ 1,241,765,065	\$ 100,190,560	8.1 %
	b	Nuclear Fuel Disposal Costs	2,022,707	1,984,719	37,988	1.9 %	22,734,025	22,527,680	206,345	0.9 %
	c	Coal Cars Depreciation & Return	367,559	367,559	0	0.0 %	4,516,153	4,516,153	0	0.0 %
	d	Gas Pipelines Depreciation & Return	233,516	233,516	0	0.0 %	2,864,415	2,864,415	0	0.0 %
	e	DOE D&D Fund Payment	0	0	0	N/A	5,585,966	5,753,000	(167,034)	(2.9) %
2		Fuel Cost of Power Sold & Transmission Reactive Fuel (Per A6)	(1,523,159)	(1,459,531)	(63,628)	4.4 %	(54,385,644)	(50,568,637)	(3,817,007)	7.5 %
3	a	Fuel Cost of Purchased Power (Per A7)	11,242,788	15,960,640	(4,717,852)	(29.6) %	134,390,657	140,826,489	(6,435,832)	(4.6) %
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4		Energy Cost of Economy Purchases (Per A9)	1,367,808	3,264,790	(1,896,982)	(58.1) %	47,947,696	45,874,932	2,072,764	4.3 %
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	b	Reactive and Voltage Control / Energy Imbalance Fuel Revenues	25,410	0	25,410	N/A	(773,206)	(34,993)	(738,213)	2109.6 %
	c	Inventory Adjustments	(63,685)	0	(63,685)	N/A	24,989	217,570	(192,581)	(88.5) %
	d	Non Recoverable Oil/Tank Bottoms	(7,379)	0	(7,379)	N/A	(508,483)	(95,673)	(412,810)	431.5 %
	e	Modifications to Burn Low Gravity Oil	(212)	0	(212)	N/A	109,943	104,202	5,741	5.5 %
	f	Cedar Bay Payments	0	0	0	N/A	0	5,065,558	(5,065,558)	N/A
7		Adjusted Total Fuel Costs & Net Power Transactions	\$ 114,070,003	\$ 108,172,473	\$ 5,897,530	5.5 %	\$ 1,606,608,452	\$ 1,510,297,702	\$ 96,310,750	6.4 %
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1		Jurisdictional kWh Sales (RTP @ CBL)	6,398,100,403	6,646,364,000	(248,263,597)	(3.7) %	84,570,698,649	84,534,363,696	36,334,953	0.0 %
2		Sale for Resale (excluding FKEC & CKW)	506,648	641,000	(134,352)	(21.0) %	14,794,394	15,218,212	(423,818)	(2.8) %
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6		Jurisdictional % of Total kWh Sales (lines B1/B3)	99.99208 %	99.99036 %	0.00172 %	0.0 %	99.98251 %	99.98200 %	0.00051 %	0.1 %
SEE FOOTNOTES ON PAGE 2										