

State of Florida



Public Service Commission

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

DATE: June 22, 2001
TO: Division of Safety and Electric Reliability
FROM: Division of Regulatory Oversight (Vandiver)
RE: Docket No. 010002-EG; Florida Power Corporation; Conservation-Period Ended December 31, 2000; Audit Control No. 01-058-2-1

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, it should send the response to the Division of Commission Clerk and Administrative Services. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of Commission Clerk and Administrative Services
Division of Legal Services

Mr. Paul Lewis, Jr.
Florida Power Corporation
106 East College Avenue, Suite 800
Tallahassee, Florida 32301-7740

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MEMORANDUM

Date: 6/8/01

TO: DENISE VANDIVER, CHIEF OF AUDITING, DIV OF AUDITING & FINANCIAL ANALYSIS
FROM: JAMES MCPHERSON, TAMPA DISTRICT AUDIT SUPERVISOR
RE: COMPLETED AUDIT SUMMARY REPORT

Originator LEE COLSON

Company FLORIDA POWER CORPORATION

AFA Control No. 01-058-2-1 Docket No. 010002-EG

Purpose of Audit ENERGY CONSERVATION COST RECOVERY
CLAUSE (ECCR)

Auditors Assigned J. Y. STEPHENS ^{Audit} Hrs 325; ^{Audit} Hrs _____

Auditors Assigned _____ ^{Audit} Hrs _____; ^{Audit} Hrs _____

Audit Manager S. O. OJADA Hrs 400 District Audit Supervisor Hrs 43

Date Field Work Began 3/26/01 Field Work Ended 6/1/01

Estimated Hours 650 Total Hours Charged (including travel & supervisor) 768

FOR THE FOLLOWING ITEMS USE ADDITIONAL PAPER AS NECESSARY - BE SPECIFIC

RECOMMENDATIONS FOR NEXT AUDIT: _____



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

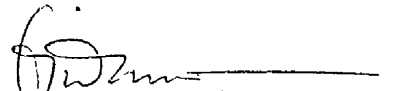
TAMPA DISTRICT OFFICE

FLORIDA POWER CORPORATION

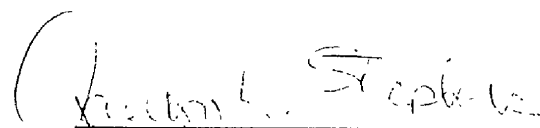
ENERGY CONSERVATION COST RECOVERY AUDIT

TWELVE MONTH PERIOD ENDED DECEMBER 31, 2000

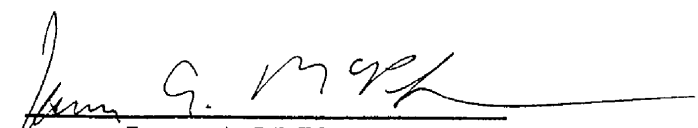
**Docket No. 010002-EG
Audit Control Number 01-058-2-1**



**Simon O. Ojada
Audit Manager**



**Jocelyn Y. Stephens
Audit Staff**



**James A. McPherson
Tampa District Supervisor**

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

JUNE 1, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the Energy Conservation Cost Recovery (ECCR) schedules for the twelve month period ended December 31, 2000 prepared by Florida Power Corporation in support of Docket No. 010002-EG. There is no confidential information associated with this audit and there are no audit staff minority opinions.

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:

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

Verify - The item was tested for accuracy, and substantiating documentation was examined.

REVENUES: Compiled Energy Conservation Cost Recovery (ECCR) revenue and agreed to the filing. Recompute revenues using approved FPSC rate factors and company provided KWH sales.

EXPENSES: Compiled ECCR expenses and agreed to the filing. Scheduled expenses by program and by categories of expense. Judgmentally tested advertising charges to verify that they were properly recoverable through the ECCR and that they did not compare electric vs. gas technologies. Verified that expenditures associated with the Better Business, Home Energy Check, and Residential Load Management programs were in compliance with program requirements.

TRUE-UP: Recompute ECCR true-up and interest calculation using FPSC approved amounts and interest rates.

Other: Ascertained that the utility is in compliance with Rule 25-17.015, F.A.C., pertaining to Energy Conservation Cost Recovery. Identified conservation programs that exceeded the budgeted amount and analyzed expenditures for compliance with program requirements.

Disclosure No. 1

SUBJECT: NON-RECOVERABLE ECCR EXPENSE

STATEMENT OF FACT: An invoice to Fahlgren company in the amount of \$13,014 for printing a Power Quality Brochure was included as a Home Energy Check expense. Also, a balloon sculpture provided for the Southern Women's show in Orlando costing \$2,067 was allocated 50 percent to the Home Energy Check program.

RECOMMENDATION: The Home Energy Check program costs should be reduced by \$14,047 (\$13,014+\$1,033) for the Power Quality Brochure and the Southern Women's show as these expenses do not pertain to any ECCR program.

FLORIDA POWER CORPORATION

ACTUAL ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM
 FOR THE PERIOD JANUARY 2000 THROUGH DECEMBER 2000

LINE NO	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	18,116	0	0	0	255,956	974	100	275,146	0	275,146
2	RESIDENTIAL NEW CONSTRUCTION	0	348,861	6,057	6,136	115,668	176,669	27,134	50,041	730,566	0	730,566
3	HOME ENERGY IMPROVEMENT	0	372,540	2,938	77,389	224,152	2,382,968	22,314	65,519	3,147,820	(1,300)	3,146,520
4	COMM / IND NEW CONSTRUCTION	0	0	0	0	0	43,279	0	0	43,279	0	43,279
5	HOME ENERGY CHECK	5,870	1,514,583	30,783	410,521	952,869	0	102,426	92,404	3,109,456	(186)	3,109,270
6	LOW INCOME	0	5,138	0	0	0	10,865	167	2,849	19,019	0	19,019
7	BUSINESS ENERGY CHECK	0	147,818	1,434	1,274	0	0	11,238	69,281	231,045	0	231,045
8	QUALIFYING FACILITY	2,992	264,746	5,127	18,076	0	0	645	35,984	327,570	0	327,570
9	INNOVATION INCENTIVE	0	0	0	0	0	0	0	0	0	0	0
10	TECHNOLOGY DEVELOPMENT	0	18,452	203	72,973	0	1,130	2,023	583	95,364	0	95,364
11	STANDBY GENERATION	0	18,926	48,995	18,942	0	420,258	820	42	507,983	0	507,983
12	INTERRUPT LOAD MANAGEMENT	0	18,695	13,168	5,574	0	19,398,920	1,318	45,148	19,482,823	0	19,482,823
13	CURTAIL LOAD MANAGEMENT	0	0	0	0	0	644,790	0	0	644,790	0	644,790
14	RESIDENTIAL LOAD MANAGEMENT	2,583,071	1,304,875	69,162	1,298,206	90,476	28,177,682	78,986	762,754	34,365,212	0	34,365,212
15	COMMERCIAL LOAD MANAGEMENT	0	16,312	25	3,023	0	686,298	511	45	706,214	0	706,214
16	CONSERVATION PROGRAM ADMIN	16,679	1,028,300	56,111	449,784	0	700	23,995	790,421	2,365,990	0	2,365,990
17	TOTAL ALL PROGRAMS	2,608,612	5,077,362	234,003	2,361,898	1,383,165	52,199,515	272,551	1,915,171	66,052,277	(1,486)	66,050,791

FLORIDA POWER CORPORATION
 ENERGY CONSERVATION ADJUSTMENT
 CALCULATION OF TRUE-UP
 FOR THE PERIOD JANUARY 2000 THROUGH DECEMBER 2000

LINE NO	JAN 00	FEB 00	MAR 00	APR 00	MAY 00	JUN 00	JUL 00	AUG 00	SEP 00	OCT 00	NOV 00	DEC 00	TOTAL FOR THE PERIOD
1A BETTER BUSINESS	0	0	0	0	0	0	0	0	0	0	0	0	0
1B HOME ENERGY IMPROVEMENT	25	0	0	0	0	445	100	25	25	0	0	680	1,300
1C HOME ENERGY CHECK	89	(470)	55	(451)	(428)	(162)	1,474	79	0	0	0	0	186
10 SUBTOTAL - FEES	114	(470)	55	(451)	(428)	283	1,574	104	25	0	0	680	1,486
2 CONSERVATION CLAUSE REVENUES	4,486,927	5,453,014	4,323,167	4,610,961	4,929,765	6,391,452	6,707,479	6,423,561	6,840,724	5,582,348	4,634,285	4,824,730	65,210,413
2A CURRENT PERIOD GRT REFUND	0.00	0	0	0	0	0	0	0	0	0	0	0	0
3 TOTAL REVENUES	4,489,041	5,452,544	4,323,222	4,610,510	4,929,337	6,391,735	6,709,053	6,423,665	6,840,749	5,582,348	4,634,285	4,825,410	65,211,899
4 PRIOR PERIOD TRUE-UP OVER/(UNDER) 13,607,931	78,500	78,500	78,500	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	9,889,654
5 CONSERVATION REVENUES APPLICABLE TO PERIOD	4,567,541	5,531,044	4,401,722	5,683,194	6,002,021	7,464,419	7,781,737	7,496,349	7,913,433	6,655,032	5,706,969	5,898,092	75,101,553
6 CONSERVATION EXPENSES (CT-3, PAGE 1, LINE 73)	5,640,638	5,979,312	5,326,654	4,647,220	4,870,454	5,680,572	5,787,988	5,909,651	5,751,452	5,756,356	4,910,125	5,791,855	66,052,277
7 TRUE-UP THIS PERIOD (O)U	1,073,097	448,268	924,932	(1,035,974)	(1,131,567)	(1,783,847)	(1,993,749)	(1,586,698)	(2,161,981)	(898,676)	(796,844)	(106,237)	(9,049,276)
8 CURRENT PERIOD INTEREST	(44,241)	(41,175)	(38,553)	(37,329)	(39,110)	(42,661)	(47,114)	(50,889)	(55,500)	(58,320)	(58,082)	(55,041)	(568,015)
9 ADJUSTMENTS PER AUDIT \ RDC Order	3,718,277	0	0	0	0	0	0	0	0	0	0	0	3,718,277
10 TRUE-UP & INTEREST PROVISIONS BEGINNING OF PERIOD (O)U	(13,607,931)	(8,782,298)	(8,296,705)	(7,331,826)	(7,332,445)	(7,430,438)	(8,184,262)	(9,152,441)	(9,717,344)	(10,862,141)	(10,746,453)	(10,528,695)	(13,607,931)
10 A CURRENT PERIOD GRT REFUNDED	0	0	0	0	0	0	0	0	0	0	0	0	0
11 PRIOR TRUE-UP REFUNDED/ (COLLECTED)	78,500	78,500	78,500	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	1,072,684	9,889,654
12 END OF PERIOD NET TRUE-UP	(8,782,298)	(8,296,705)	(7,331,826)	(7,332,445)	(7,430,438)	(8,184,262)	(9,152,441)	(9,717,344)	(10,862,141)	(10,746,453)	(10,528,695)	(9,617,291)	(9,617,291)