

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: August 24, 2009
TO: Mr. John Slemkewicz, Public Utilities Supervisor, Economic Regulation
FROM: Dale N. Mailhot, Assistant Director, Division of Regulatory Compliance *DM*
RE: Docket No.: 090079-EI
 Company Name: Progress Energy Florida, Inc.
 Company Code: EI801
 Audit Purpose: Rate Case
 Audit Control No: 09-110-2-1

COMMISSION
CLERK

09 AUG 24 AM 10:15

RECEIVED-FPSC

Attached is revised Audit Finding No. 3, page 11 to the audit report for the utility stated above. I am sending the utility a copy of this memo and the revised page. If the utility desires to file a response to Audit Finding No. 3, it should send a response to the Office of the Commission Clerk.

DNM/ch

Attachment: Revised page to audit report

cc: (With Attachment)
 Division of Regulatory Compliance (Salak, Mailhot, File Folder)
 Office of Commission Clerk
 Office of the General Counsel

(Without Attachment)
 Division of Regulatory Compliance (Harvey, Tampa District Office, Miami District Office, Tallahassee District Office)

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

AUDIT FINDING NO. 3 *Revised August 24, 2009*

SUBJECT: NET OPERATING INCOME ADJUSTMENTS (NOI)

AUDIT ANALYSIS:

In the analysis of NOI, we determined that NOI expense adjustments, per the filing, totaled (\$2,969,893,000). Staff calculation of NOI expense adjustments totaled (\$2,968,598,000). This variance results in net operating expenses being understated by \$1,295,000.

A utility representative stated that this variance was due to a correction being made to the income tax interest synchronization amount recorded in the surveillance report. The Minimum Filing Requirement (MFR) used the original amount that was recorded in the Surveillance Report prior to correction.

Table amounts are in Thousands (000's)

	Per Utility	Per Audit	Difference
Recoverable Fuel	\$ (2,607,629)	\$ (2,607,629)	-
Recoverable ECCR	(69,071)	(69,071)	-
Recoverable ECRC	(35,088)	(35,088)	-
Recoverable ARO	(4)	(4)	-
Recoverable SCRS	(65,766)	(65,766)	-
Recoverable Capacity-Nuclear	1,705	1,705	-
Corporate Aircraft	(1,821)	(1,821)	-
Franchise & Gross Receipts	(193,108)	(193,108)	-
Gain/Loss on Sale of Plant Assets	(1,303)	(1,303)	-
Promotional Advertising	(2,137)	(2,137)	-
Interest on Tax Deficiency	(2,737)	(2,737)	-
Miscellaneous Interest Expense	74	74	-
Industry Association Dues	(13)	(13)	-
Economic Development	(20)	(20)	-
Sebring Revenue and Depreciation	(738)	(738)	-
Income Tax Interest Synchronization	7,788	9,083	(1,295)
	(25)	(25)	-
Total	<u>\$ (2,969,893)</u>	<u>\$ (2,968,598)</u>	<u>\$ (1,295)</u>

EFFECT ON GENERAL LEDGER

None

EFFECT ON FILING

If this finding is accepted, income tax expense will increase by \$1,295,000 and NOI will decrease by \$1,295,000 for 2008.

DOCUMENT NUMBER - DATE

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