

MEMORANDUM

June 18, 1998

ORIGINAL

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 980001-EI -- FLORIDA POWER & LIGHT COMPANY
AUDIT REPORT - FUEL - PERIOD ENDED MARCH 31, 1998
AUDIT CONTROL NO. ~~98-022-4-1~~

98-057-4-1

The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit was prepared using a micro computer and has been recorded on two diskettes. The diskettes may be reviewed using IBM compatible equipment and LOTUS 1-2-3 software. There are confidential working papers associated with this audit.

Please forward a complete copy of this audit report to:

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

DNV/sp

Attachment

cc: Chairman Johnson
Commissioner Clark
Commissioner Deason
Commissioner Garcia
Commissioner Jacobs
Mary Andrews Bane, Deputy Executive Director/Technical
Legal Services
Division of Auditing and Financial Analysis (Devlin/Causseaux/
File Folder)
Division of Electric and Gas (Bohrman)
Miami District Office (Welch)

Research and Regulatory Review (Harvey)
Office of Public Counsel

DOCUMENT NUMBER-DATE

06538 JUN 19 98

FPSC-RECORDS/REPORTING



ORIGINAL

FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

Miami District Office

FLORIDA POWER AND LIGHT COMPANY

FUEL CLAUSE AUDIT

HISTORICAL YEAR END MARCH 31, 1998

DOCKETED NO. 980001-EI
AUDIT CONTROL NO. ~~98-022-4-1~~ 98-057-4-1



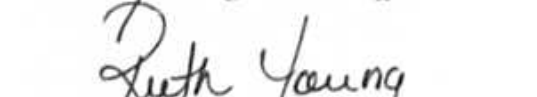
Iliana Piedra, Audit Manager




Raymond Grant, Audit Staff



Yen Ngo, Audit Staff



Ruth Young, Audit Staff



Kathy L. Welch, Audit Supervisor

DOCUMENT NUMBER-DATE

06538 JUN 19 98

FPSC-RECORDS/REPORTING

| I. AUDITOR'S REPORT | PAGE |
|--------------------------------------|-------------|
| PURPOSE | 1 |
| SCOPE LIMITATION | 1 |
| DISCLAIM PUBLIC USE | 1 |
| OPINION | 1 |
| SUMMARY OF SIGNIFICANT PROCEDURES | 2 |
| | |
| II. DISCLOSURES | |
| 1. TRANSMISSION REVENUES - ECONOMY C | 4 |
| | |
| III. EXHIBITS | |
| SCHEDULE A-2 - SEPTEMBER 1997 | 7 |
| SCHEDULE A-2 - MARCH 1998 | 9 |

**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT
JUNE 15, 1998**

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

We have applied the procedures described later in this report to audit the accompanying schedules calculating the fuel adjustment true up and interest provision for the twelve months ended March 31, 1998 prepared by Florida Power and Light Company in support of Docket No. 980001-EI. This report is based on confidential information which is separately filed with the Commission Clerk. The audit exit conference was held June 15, 1998.

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.

In our opinion, the schedules referred to above present fairly, in all material respects, the utility's books and records, maintained in conformity with the accounting practices prescribed by the Florida Public Service Commission. The attached findings discuss all differences and other matters which were noted during our examination.

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.

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.

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

REVENUES -

Compiled a schedule of fuel clause revenues from the Revenue and Rate Report and reconciled to revenues per Schedule A2. Verified the fuel recovery factor for selected months.

EXPENSES -

Compiled a trial balance and an analytical review for all fuel related expense accounts. Reconciled a summary of expense accounts per an audit analyzer program to the trial balance. Examined a sample of the fuel inventory account. Examined a sample of generation expenses, nuclear fuel disposal costs, cost of power sold, cost of power purchased, qualifying facilities purchases and economy purchases.

Examined Account 511.880 - Modification to burn low gravity oil.

Verified the coal inventory adjustments made semi-annually.

Verified the depreciation and return requirements for the capital investment schedules.
Examined the additions to the coal cars at St. John River Power Plant.

TRUE UP CALCULATION -

Recalculated the true up provision for the twelve months ended March 31, 1998 and verified the interest rates. Traced the beginning true up to the prior audit. Traced the prior period true up to the approved FPSC Order.

OTHER -

Read various internal audits.

II. DISCLOSURES

AUDIT DISCLOSURE

SUBJECT: TRANSMISSION REVENUES DERIVED FROM ECONOMY SCHEDULE C SALES.

STATEMENT OF FACT:

In PSC Order 98-0073-FOF-EI, the Commission addressed the effects of the Federal Energy Regulatory Commission's Order 888, issued April 24, 1996 which required investor-owned electric utilities to unbundle transmission and ancillary charges from economy energy sales. The order addressed how the transmission costs effect the **pricing** of economy, Schedule C, broker sales between two directly interconnected utilities and also addressed the **recovery** of the transmission costs for an economy, Schedule C broker transaction between two interconnected utilities.

Pricing:

The order stated the ..."transaction price of a broker sale between two directly interconnected utilities shall be based on the incremental system production cost, just as before FERC Order 888. Any transmission charge required by FERC Order 888 should not influence the gain on a broker sale. Any FERC required transmission costs shall be added after the broker has matched a buyer and seller."

FPL pricing methods included in the order resulted in the transaction price being affected by the transmission charge, and influenced the gain on a broker sale. For the fuel adjustment clause, FPL calculated their pricing of economy, Schedule C broker sales by including the transmission charge, which influences the gain. FPL states they are following Federal Energy Regulatory tariffs.

The Order disagreed with FPL's pricing methods.

FPL brought a motion for reconsideration and clarification of the pricing methods before the Commission on April 28, 1998. No decision has been reached yet.

Cost Recovery:

The recovery of economy, Schedule C broker sales transmission revenues was previously run through the capacity clause. According to the order stated above, the transmission revenues for economy, Schedule C broker sales should now be a credit to the fuel clause .

The order approved FPL's cost recovery schedule as submitted to the Commission. This schedule included transmission charges in the calculation of the gain, along with

the transmission revenue to be credited to the fuel adjustment.

FPL Accounting:

In response to FERC Order 888 FPL set up six sub- accounts in January, 1997 to record the Transmission Service and Ancillary Service Charges. These are listed below:

| | |
|-----------------|---|
| Account 447.122 | To record estimated bundled Transmission and Ancillary Services |
| Account 447.123 | Contra Account - offset to Accounts 447.124 through 447.127 |
| Account 447.124 | Transmission Service component |
| Account 447.125 | Ancillary Service, Scheduling, System Control |
| Account 447.126 | Ancillary Service, Reactive Service Non Fuel |
| Account 447.127 | Ancillary Service, Reactive Service Fuel |

Accounts 447.122, 123, 124, 125, and 126 in the year 1997 were considered credits to the capacity clause and Account 447.127 was a credit to the fuel clause.

In January, 1998 FPL made an adjustment to the fuel clause A2 schedule under Fuel Cost of Power Sold to include the Schedule C transmission revenues in accounts 447.122, 123, 124, 125 and 126. This had the effect of increasing economy sales by \$1,300,969.30 to reflect 1997 transmission revenues in accordance with the above order. At the same time they made an adjustment to the capacity clause removing these revenues from that clause.

The company stated that beginning January 1998, transmission charges associated with Schedule C sales will be captured in revenue Account 447.111 for all components other than Reactive Service-Fuel.

OPINION:

Pricing:

FPL is not pricing according to the Commission order. FPL filed a motion for reconsideration with the Commission on pricing because they believe the Commission does not have jurisdiction over pricing. No decision has been made yet.

Recovery:

FPL is recovering the costs in the correct accounts according to the order. FPL is using the formula shown in the order which includes transmission revenue. According to our audit, account 447.111 is included in the fuel clause in January, February and March 1998. According to the company trial balance the amounts are 24,112; 29,941; 60,116 for January, February and March respectively. The total on A6, Power Sold, includes 447.110, Interchange power, 447.111, transmission schedule C sales, 447.115, revenues-80% gain on C sales and 447.127, Reactive and voltage control.

III. COMPANY PREPARED EXHIBITS

| | | CALCULATED | | OF TRUE-UP AND INTEREST PROVISION | | | | | |
|--|---|----------------|-----------------------|-----------------------------------|----------|-----------------|-----------------------|----------------|----------|
| | | Company | | Florida Power & Light Company | | | | | |
| | | Month of: | | September 1997 | | | | | |
| | | CURRENT MONTH | | | | PERIOD TO DATE | | | |
| LINE NO. | | ACTUAL | UPDATED ESTIMATES (a) | DIFFERENCE | | ACTUAL | UPDATED ESTIMATES (a) | DIFFERENCE | |
| | | | | AMOUNT | % | | | AMOUNT | % |
| A Fuel Costs & Net Power Transactions | | | | | | | | | |
| 1 | a Fuel Cost of System Net Generation | \$ 138,893,133 | \$ 108,356,910 | \$ 30,536,223 | 28.2 % | \$ 741,629,964 | \$ 636,628,172 | \$ 105,001,792 | 16.5 % |
| | b Nuclear Fuel Disposal Costs | 1,696,662 | 1,617,260 | 79,402 | 4.9 % | 10,521,939 | 10,197,161 | 324,778 | 3.2 % |
| | c Coal Cars Depreciation & Return | 439,567 | 434,633 | 4,934 | 1.1 % | 2,695,620 | 2,672,764 | 22,856 | 0.9 % |
| | d Nuclear Thermal Uprate Amortization & Return | 399,277 | 399,277 | 0 | 0.0 % | 2,448,945 | 2,448,947 | (2) | 0.0 % |
| | e Gas Pipelines Depreciation & Return | 283,197 | 283,197 | 0 | 0.0 % | 1,722,715 | 1,722,717 | (2) | 0.0 % |
| | f DOE D&D Fund Payment | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| 2 | Fuel Cost of Power Sold & Transmission Reactive Fuel (Per A6) | (6,591,230) | (2,031,326) | (4,559,904) | 224.5 % | (31,434,743) | (12,270,505) | (19,164,238) | 156.2 % |
| 3 | a Fuel Cost of Purchased Power (Per A7) | 10,509,911 | 10,744,890 | (234,979) | (2.2) % | 75,350,317 | 74,209,565 | 1,140,752 | 1.5 % |
| | b Energy Payments to Qualifying Facilities (Per A8) | 11,827,080 | 11,692,699 | 134,381 | 1.1 % | 71,144,985 | 69,215,175 | 1,929,810 | 2.8 % |
| 4 | Energy Cost of Economy Purchases (Per A9) | 3,183,358 | 10,981,130 | (7,797,772) | (71.0) % | 20,150,806 | 43,617,047 | (23,466,241) | (53.8) % |
| 5 | Total Fuel Costs & Net Power Transactions | \$ 160,640,955 | \$ 142,478,670 | \$ 18,162,285 | 12.7 % | \$ 894,230,549 | \$ 828,441,042 | \$ 65,789,506 | 7.9 % |
| 6 Adjustments to Fuel Cost | | | | | | | | | |
| a | Sales to Fl. Keys Elect Coop (FKEC) & City of Key West (CKW) | \$ (2,242,738) | \$ (2,117,063) | \$ (125,675) | 3.9 % | \$ (11,720,848) | \$ (11,276,498) | \$ (444,350) | 3.9 % |
| b | Reactive and Voltage Control Fuel Revenue | 15 | 0 | 15 | N/A | (195,098) | (80,439) | (114,659) | 142.5 % |
| c | Inventory Adjustments | 15,255 | 0 | 15,255 | N/A | 117,443 | 42,181 | 75,262 | 178.4 % |
| d | Non Recoverable Oil/Tank Bottoms | (115,976) | 0 | (115,976) | N/A | (171,262) | (199,366) | 28,104 | (14.1) % |
| e | Modifications to Burn Low Gravity Oil | 2,561 | 0 | 2,561 | N/A | 146,055 | 38,611 | 107,444 | 278.3 % |
| 7 | Adjusted Total Fuel Costs & Net Power Transactions | \$ 158,300,070 | \$ 140,361,607 | \$ 17,938,463 | 12.8 % | \$ 882,406,839 | \$ 816,965,531 | \$ 65,441,307 | 8.0 % |
| B kWh Sales | | | | | | | | | |
| 1 | Jurisdictional kWh Sales (RTP @ CBL) | 7,796,471,083 | 7,793,974,000 | 2,497,083 | 0.0 % | 42,082,176,989 | 42,046,312,530 | 35,864,459 | 0.1 % |
| 2 | Sale for Resale (excluding FKEC & CKW) | 53,252,142 | 46,932,000 | 6,320,142 | 13.5 % | 182,923,078 | 165,304,596 | 17,618,482 | 10.7 % |
| 3 | Sub-Total Sales (excluding FKEC & CKW) | 7,849,723,225 | 7,840,906,000 | 8,817,225 | 0.1 % | 42,265,100,067 | 42,211,617,126 | 53,482,941 | 0.1 % |
| 4 | Sales to Fl. Keys Elect Coop (FKEC) & City of Key West (CKW) | 95,228,198 | 94,589,000 | 639,198 | 0.7 % | 508,509,675 | 508,775,000 | (265,325) | (0.1) % |
| 5 | Total Sales (Excluding RTP Incremental) | 7,944,951,423 | 7,935,495,000 | 9,456,423 | 0.1 % | 42,773,609,742 | 42,720,392,126 | 53,217,616 | 0.1 % |
| 6 | Jurisdictional % of Total kWh Sales (lines B1/B3) | 99.32160 % | 99.40145 % | (0.07985) % | (0.1) % | 99.56720 % | 99.60839 % | (0.04119) % | 0.0 % |
| SEE FOOTNOTES ON PAGE 2 | | | | | | | | | |

| | | CALCULATED | | OF TRUE-UP AND INTEREST PROVISION | | | | | | |
|------------------------------|--|-----------------|-----------------------|-----------------------------------|-----------|-----------------|-----------------------|-----------------|-----------|--|
| | | Company | | Florida Power & Light Company | | | | | | |
| | | Month of: | | September 1997 | | | | | | |
| | | CURRENT MONTH | | | | PERIOD TO DATE | | | | |
| LINE NO. | | ACTUAL | UPDATED ESTIMATES (a) | DIFFERENCE | | ACTUAL | UPDATED ESTIMATES (a) | DIFFERENCE | | |
| | | | | AMOUNT | % | | | AMOUNT | % | |
| C True-up Calculation | | | | | | | | | | |
| 1 | Jurisdictional Fuel Revenues (Incl. RTP @ CBL) Net of Revenue Taxes | \$ 168,208,442 | \$ 168,138,938 | \$ 69,504 | 0.0 % | \$ 908,013,519 | \$ 907,086,389 | \$ 927,130 | 0.1 % | |
| 2 | Fuel Adjustment Revenues Not Applicable to Period | | | | | | | | | |
| a | Prior Period True-up Provision | (12,850,832) | (12,850,832) | 0 | 0.0 % | (77,104,991) | (77,104,991) | 0 | 0.0 % | |
| b | GPIF, Net of Revenue Taxes (b) | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A | |
| c | Oil Backout Revenues, Net of revenue taxes | 37 | 0 | 37 | N/A | 2,139 | 1,237 | 902 | 72.9 % | |
| 3 | Jurisdictional Fuel Revenues Applicable to Period | \$ 155,357,647 | \$ 155,288,107 | \$ 69,540 | 0.0 % | \$ 830,910,667 | \$ 829,982,635 | \$ 927,130 | 0.1 % | |
| 4 | a Adjusted Total Fuel Costs & Net Power Transactions (Line A-7) | \$ 158,300,070 | \$ 140,361,607 | \$ 17,938,463 | 12.8 % | \$ 882,406,839 | \$ 816,965,531 | \$ 65,441,308 | 8.0 % | |
| b | Nuclear Fuel Expense - 100% Retail | 0 | 0 | 0 | N/A | 11,859 | 11,859 | (0) | 0.0 % | |
| c | RTP Incremental Fuel -100% Retail | 64,333 | 0 | 64,333 | N/A | 451,916 | 138,627 | 313,289 | 226.0 % | |
| d | D&D Fund Payments -100% Retail | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A | |
| e | Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4a-C4b-C4c-C4d) | 158,235,737 | 140,361,607 | 17,874,130 | 12.7 % | 881,943,064 | 816,815,045 | 65,128,019 | 8.0 % | |
| 5 | Jurisdictional Sales % of Total kWh Sales (Line B-6) | 99.32160 % | 99.40145 % | (0.07985) % | (0.1) % | N/A | N/A | N/A | N/A | |
| 6 | Jurisdictional Total Fuel Costs & Net Power Transactions (Line C4e x C5 x 1.00071(c)) +(Lines C4b,c,d) | \$ 157,338,184 | \$ 139,620,533 | \$ 17,717,651 | 12.7 % | \$ 879,226,929 | \$ 814,430,256 | \$ 64,796,673 | 8.0 % | |
| 7 | True-up Provision for the Month - Over/(Under) Recovery (Line C3 - Line C6) | \$ (1,980,537) | \$ 15,667,374 | \$ (17,648,111) | (112.6) % | \$ (48,316,262) | \$ 15,552,379 | \$ (63,868,641) | (410.7) % | |
| 8 | Interest Provision for the Month (Line D10) | (193,444) | 62,711 | (256,155) | (408.5) % | (1,446,875) | (933,731) | (513,144) | 55.0 % | |
| 9 | True-up & Interest Provision Beg of Period-Over/(Under) Recovery | (60,439,989) | (13,962,470) | (46,477,519) | 332.9 % | (77,104,991) | (77,104,991) | 0 | 0.0 % | |
| a | Deferred True-up Beginning of Period - Over/(Under) Recovery | 13,141,163 | 13,141,163 | 0 | 0.0 % | 13,141,163 | 13,141,163 | 0 | 0.0 % | |
| 10 | Prior Period True-up Collected/(Refunded) This Period | 12,850,832 | 12,850,832 | 0 | 0.0 % | 77,104,991 | 77,104,991 | 0 | 0.0 % | |
| 11 | End of Period Net True-up Amount Over/(Under) Recovery (Lines C7 through C10) | \$ (36,621,975) | \$ 27,759,811 | \$ (64,381,786) | (231.9) % | \$ (36,621,975) | \$ 27,759,811 | \$ (64,381,785) | (231.9) % | |
| D Interest Provision | | | | | | | | | | |
| 1 | Beginning True-up Amount (Lines C9 + C9a) | \$ (47,298,826) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 2 | Ending True-up Amount Before Interest (C7+C9+C9a+C10) | \$ (36,428,531) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 3 | Total of Beginning & Ending True-up Amount | \$ (83,727,357) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 4 | Average True-up Amount (50% of Line D3) | \$ (41,863,679) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 5 | Interest Rate - First Day Reporting Business Month | 5.56000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 6 | Interest Rate - First Day Subsequent Business Month | 5.53000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 7 | Total (Line D5 + Line D6) | 11.09000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 8 | Average Interest Rate (50% of Line D7) | 5.54500 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 9 | Monthly Average Interest Rate (Line D8 / 12) | 0.46200 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| 10 | Interest Provision (Line D4 x Line D9) | \$ (193,444) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| NOTES | | | | | | | | | | |
| (a) | Per Schedule E-1b, filed June 23, 1997. | | | | | | | | | |
| (b) | Generation Performance Incentive Factor per Order No. PSC-97-0359-FOF-EI is zero. | | | | | | | | | |
| (c) | Jurisdictional Loss Multiplier per Schedule E2 filed June 24, 1996. | | | | | | | | | |

CALCULATION OF RUE-UP AND INTEREST PROVISION

Company: Florida Power & Light Company
 Month of: March 1998

| LINE NO | DESCRIPTION | CURRENT MONTH | | PERIOD TO DATE | | | | | |
|--|--|---------------|-----------------------|-----------------|------------|----------------|-----------------------|-----------------|------------|
| | | ACTUAL | UPDATED ESTIMATES (e) | AMOUNT | DIFFERENCE | ACTUAL | UPDATED ESTIMATES (e) | AMOUNT | DIFFERENCE |
| | | | | | | | | | |
| A Fuel Costs & Net Power Transactions | | | | | | | | | |
| 1 | a Fuel Cost of System Net Generation | \$ 85,026,741 | \$ 84,978,030 | \$ 48,711 | 0.1 % | \$ 545,956,285 | \$ 541,532,033 | \$ 4,423,852 | 0.8 % |
| 1 | b Nuclear Fuel Disposal Costs | 2,072,330 | 1,972,833 | 99,497 | 5.0 % | 10,038,713 | 10,174,868 | (136,155) | (1.3) % |
| 1 | c Coal Cars Depreciation & Return | 427,058 | 431,233 | (4,175) | (1.0) % | 2,593,620 | 2,610,321 | (16,701) | (0.6) % |
| 1 | d Nuclear Thermal Uprate Amortization & Return | 377,965 | 377,965 | 0 | 0.0 % | 2,321,072 | 2,321,070 | 2 | 0.0 % |
| 1 | e Gas Pipelines Depreciation & Return | 273,782 | 273,782 | 0 | 0.0 % | 1,666,228 | 1,666,227 | 1 | 0.0 % |
| 1 | f DOE D&D Fund Payment | 0 | 0 | 0 | N/A | 5,358,998 | 5,358,998 | 0 | 0.0 % |
| 2 | Fuel Cost of Power Sold & Transmission Reactive Fuel (Per A6) | (7,512,623) | (793,706) | (6,718,917) | 86.5 % | (17,220,416) | (12,850,611) | (4,369,805) | 34.0 % |
| 3 | a Fuel Cost of Purchased Power (Per A7) | 8,410,563 | 13,178,140 | (4,767,577) | (56.2) % | 75,725,631 | 83,215,015 | (7,489,384) | (9.0) % |
| 3 | b Energy Payments to Qualifying Facilities (Per A8) | 8,657,173 | 12,829,047 | (4,171,874) | (32.5) % | 55,349,317 | 72,680,031 | (17,330,714) | (23.8) % |
| 4 | Energy Cost of Economy Purchases (Per A9) | 891,288 | 6,503,000 | (5,611,712) | (86.3) % | 24,153,353 | 37,354,307 | (13,200,954) | (35.3) % |
| 5 | Total Fuel Costs & Net Power Transactions | \$ 98,624,277 | \$ 119,730,324 | \$ (21,106,047) | (17.6) % | \$ 705,942,802 | \$ 744,062,659 | \$ (38,119,858) | (5.1) % |
| B Adjustments to Fuel Cost | | | | | | | | | |
| 6 | a Sales to Ft. Keys Elect Coop (FKEC) & City of Key West (CKW) | (1,339,517) | (1,523,807) | \$ 184,290 | (12.1) % | (10,299,423) | (10,303,683) | \$ 4,260 | 0.0 % |
| 6 | b Reactive and Voltages Control Fuel Revenue | (42,999) | 0 | (42,999) | N/A | (247,270) | (82,871) | (164,399) | 198.4 % |
| 6 | c Inventory Adjustments | 187,000 | 0 | 187,000 | N/A | 190,826 | (4,174) | 195,000 | (4671.8) % |
| 6 | d Non Recoverable Oil/Tank Bottoms | 13,131 | 0 | 13,131 | N/A | (283,920) | (100,176) | (183,744) | 185.4 % |
| 6 | e Modifications to Burn Low Gravity Oil | 185,074 | 2,087,140 | (1,902,066) | (91.1) % | 1,429,914 | 2,456,126 | (1,026,212) | (41.8) % |
| 7 | Adjusted Total Fuel Costs & Net Power Transactions | \$ 97,626,965 | \$ 120,313,657 | \$ (22,686,691) | (18.9) % | \$ 696,730,929 | \$ 736,027,881 | \$ (39,296,953) | (5.3) % |
| kJWh Sales | | | | | | | | | |
| 1 | Jurisdictional kJWh Sales (RTP @ CBL) | 5,793,575,928 | 6,410,607,000 | (617,031,072) | (9.6) % | 37,757,201,638 | 39,370,598,895 | (1,613,397,257) | (4.1) % |
| 2 | Sale for Resale (excluding FKEC & CKW) | 10,459,915 | 12,886,000 | (2,426,085) | (18.8) % | 98,706,742 | 105,833,064 | (7,146,322) | (6.8) % |
| 3 | Sub-Total Sales (excluding FKEC & CKW) | 5,804,035,843 | 6,423,493,000 | (619,457,157) | (9.6) % | 37,855,908,380 | 39,476,431,959 | (1,620,543,579) | (4.1) % |
| 4 | Sales to Ft. Keys Elect Coop (FKEC) & City of Key West (CKW) | 62,382,905 | 72,034,000 | (9,651,095) | (13.4) % | 425,312,692 | 510,387,000 | (85,074,308) | (16.7) % |
| 5 | Total Sales (Excluding RTP Incremental) | 5,866,418,748 | 6,495,527,000 | (629,108,252) | (9.7) % | 38,281,221,072 | 39,986,818,959 | (1,705,617,887) | (4.3) % |
| 6 | Jurisdictional % of Total kJWh Sales (lines B1/B3) | 99.81978 % | 99.79939 % | 0.02039 % | 0.0 % | 99.73926 % | 99.73186 % | 0.00740 % | 0.0 % |

SEE FOOTNOTES ON PAGE 2

| LINE NO. | DESCRIPTION | CALCULATING COMPANY | | PERIOD TO DATE | | | | | |
|------------------------------|---|-------------------------------|-----------------------|-----------------|-----------------------|-------------------|------------------|-----------------|------------|
| | | Florida Power & Light Company | | March 1998 | | | | | |
| | | ACTUAL | UPDATED ESTIMATES (a) | ACTUAL | UPDATED ESTIMATES (a) | DIFFERENCE AMOUNT | DIFFERENCE % | | |
| C True-up Calculation | | | | | | | | | |
| 1 | Jurisdictional Fuel Revenues (incl. RTP @ CBL) Net of Revenue Taxes | \$ 93,701,999 | \$ 103,658,642 | \$ (9,956,643) | (9.6) % | \$ 615,578,046 | \$ 641,359,499 | \$ (25,781,453) | (4.0) % |
| 2 | Fuel Adjustment Revenues Not Applicable to Period | 4,626,635 | 4,626,635 | 0 | 0.0 % | 27,759,811 | 27,759,811 | 0 | 0.0 % |
| a | Prior Period True-up Provision | (475,840) | (475,840) | 0 | 0.0 % | (2,855,040) | (2,855,040) | 0 | 0.0 % |
| b | GIPIE, Net of Revenue Taxes (b) | (1,841) | 0 | (1,841) | N/A | (2,825) | 237 | (3,062) | (1292.0) % |
| c | Oil Backout Revenues, Net of revenue taxes | \$ 97,850,953 | \$ 107,809,437 | \$ (9,958,484) | (9.2) % | \$ 640,479,992 | \$ 666,264,507 | \$ (25,784,515) | (3.9) % |
| 3 | Jurisdictional Fuel Revenues Applicable to Period | \$ 97,626,965 | \$ 120,313,657 | \$ (22,686,691) | (18.9) % | \$ 696,730,929 | \$ 736,027,881 | \$ (39,296,952) | (5.3) % |
| 4 | Adjusted Total Fuel Costs & Net Power Transactions (Line A-7) | 0 | 0 | 0 | N/A | 0 | 0 | 0 | N/A |
| a | Nuclear Fuel Expense - 100% Retail | 48,446 | 0 | 48,446 | N/A | 380,638 | 135,244 | 245,394 | 181.4 % |
| b | RTP Incremental Fuel - 100% Retail | 0 | 0 | 0 | N/A | 5,358,998 | 5,358,998 | (0) | 0.0 % |
| c | D&D Fund Payments - 100% Retail | 97,578,519 | 120,313,657 | (22,735,138) | (18.9) % | 690,991,293 | 730,533,638 | (39,542,345) | (5.4) % |
| d | Adj. Total Fuel Costs & Net Power Transactions - Excluding 100% Retail Items (C4e-C4b-C4c-C4d) | 99,81978 % | 99,79939 % | 0.02039 % | 0.0 % | N/A | N/A | N/A | N/A |
| e | Jurisdictional Sales % of Total kWh Sales (Line B-6) | \$ 97,523,187 | \$ 120,161,149 | \$ (22,637,962) | (18.8) % | \$ 695,355,559 | \$ 734,541,498 | \$ (39,185,939) | (5.3) % |
| 5 | C4e x C5 x 1.00074(e) + (Lines C4b,c,d) | \$ 327,766 | \$ (12,351,712) | \$ 12,679,478 | (102.7) % | \$ (54,875,567) | \$ (68,276,991) | \$ 13,401,424 | (19.6) % |
| 6 | True-up Provision for the Month - Over(Under) Recovery (Line C3 - Line C6) | (550,854) | (590,001) | 39,147 | (6.6) % | (2,760,610) | (2,848,261) | 87,651 | (3.1) % |
| 7 | Interest Provision for the Month (Line D10) | (52,786,455) | (53,556,906) | 770,451 | (1.4) % | 27,759,811 | 27,759,811 | 0 | 0.0 % |
| 8 | True-up & Interest Provision Beg of Period-Over(Under) Recovery | (64,381,785) | (64,381,785) | 0 | 0.0 % | (64,381,785) | (64,381,785) | 0 | 0.0 % |
| 9 | Defered True-up Beginning of Period - Over(Under) Recovery | (4,626,635) | (4,626,635) | 0 | 0.0 % | (27,759,811) | (27,759,811) | 0 | 0.0 % |
| 10 | Prior Period True-up Collected(Refunded) This Period | \$ (122,017,963) | \$ (135,507,039) | \$ 13,489,076 | (10.0) % | \$ (122,017,963) | \$ (135,507,039) | \$ 13,489,076 | (10.0) % |
| 11 | End of Period Net True-up Amount Over(Under) Recovery (Lines C7 through C10) | \$ (117,168,240) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| D Interest Provision | | \$ (121,467,109) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1 | Beginning True-up Amount (Lines C9 + C9a) | \$ (238,635,349) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2 | Ending True-up Amount Before Interest (C7+C9+C9a+C10) | \$ (119,317,675) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3 | Total of Beginning & Ending True-up Amount | 5,53000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 4 | Average True-up Amount (50% of Line D3) | 5,50000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 5 | Interest Rate - First Day Reporting Business Month | 11,08000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 6 | Interest Rate - First Day Subsequent Business Month | 5,46000 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 7 | Total (Line D5 + Line D6) | 0,46167 % | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 8 | Average Interest Rate (50% of Line D7) | \$ (550,854) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 9 | Monthly Average Interest Rate (Line D8 / 12) | | | | | | | | |
| 10 | Interest Provision (Line D4 x Line D9) | | | | | | | | |
| NOTES | | | | | | | | | |
| (a) | Per Schedule E-1b, filed January 13, 1998. | | | | | | | | |
| (b) | Generation Performance Incentive Factor is $(\$5,881,946/13) \times 98.4167\%$ - See Order No. PSC-97-1845-POP-EL | | | | | | | | |
| (c) | Jurisdictional Loss Multiplier per Schedule E1 filed June 23, 1997 | | | | | | | | |

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYO
DIRECTOR
(850) 413-6770

Public Service Commission

June 19, 1998

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

Re: Docket No. 980001 - EI - Florida Power & Light Company
Aud't Report - Fuel - Period Ended March 31, 1998
Audit Control # 98-022-4-1

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 case 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 6, 1998 to file a formal request for Confidential Classification with the Division of Records and Reporting.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads 'Kay Flynn'.

Kay Flynn

KF/ABF

Enclosure

cc: Public Counsel
Division of Audit and Financial Analysis
Matt Childs