

ORIGINAL

RFR

State of Florida



Public Service Commission

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

DATE: January 31, 2000
 TO: Division of Electric and Gas (Lee)
 FROM: Division of Auditing and Financial Analysis (Vandiver) *W*
 RE: 990007-EI; Florida Power & Light Company
 Audit Report; Investigation
 Audit Control No. 99-197-4-1

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, they should send it to me for distribution. There are no confidential work papers associated with this audit.

DNV/sp

Attachment

cc: Division of Auditing and Financial Analysis (Devlin/Causseaux/Harvey/File Folder)
 Miami District Office (Welch)
 Division of Legal Services

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FPSC-RECORDS/REPORTING



FLORIDA PUBLIC SERVICE COMMISSION

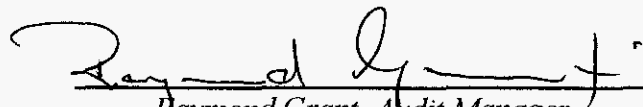
*DIVISION OF AUDITING AND FINANCIAL ANALYSIS
BUREAU OF AUDITING*

Miami District Office

FLORIDA POWER & LIGHT COMPANY

CONSTRUCTION EQUIPMENT YARD CHARGES RECORDED
IN ENVIRONMENTAL COST RECOVERY CLAUSE PROJECTS
15 MONTH PERIOD ENDED DECEMBER 31, 1998

DOCKET NO. 990007-EI
AUDIT CONTROL NO. 99-197-4-1


Raymond Grant, Audit Manager


Kathy L. Welch, Audit Supervisor

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**DIVISION OF AUDITING AND FINANCIAL ANALYSIS
AUDITOR'S REPORT
January 21, 2000**

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described in this report to audit the Construction Equipment Yard (CEY) charges recorded to Environmental Cost Recovery Clause projects from October 1997 through December 31, 1998 for Florida Power and Light Company. 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 must 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 substantiating documentation was examined.

EXPENSES: Compiled Construction Equipment Yard (CEY) charges recorded to Environmental Cost Recovery Clause (ECRC) from October 1997 through December 1998. Agreed October 1997 through December 31, 1998 billings for CEY support services to the CEY Transaction Report.

Reconciled the Construction Equipment Yard costs to the ECRC audit of expenses.

For the month of August 1998, 41 CEY charges were selected for testing. The sample items selected were traced to invoices, time sheets, daily job cost reports and requisition of stores documents to determine applicability to the Environment Clause.

OTHER: Read Environmental Cost recovery Clause (ECRC) Guidelines, Order No. PSC -93-1580-FOF-EI, and Petition for Approval of Environmental Cost Recovery Substation Remediation Project July 1997 through September 1997.

Audit Disclosure No. 1

Subject: Construction Equipment Yard Charges Posted to Environmental Cost Recovery Clause

Statement of Facts: FPL used to accumulate Central Equipment Yard (CEY) costs through the Timberlake Accounting System. Each job was assigned a work order number. The CEY charges were accumulated and transferred monthly to FPL books through a journal entry. The journal entry showed the work order number, ER, and location code for each job. When the journal entry was posted to FPL books, the work order numbers, ER's and location codes translated into FPL accounts. The amounts in those accounts were then posted to the Environmental Cost Recovery Clause (ECRC).

Work Order Translation

W/O	Loc/Code	Acc. No.
1166	876	592.199 Dist. Substation Pollution Prevention
1168	407	592.199 Dist. Substation Pollution Prevention
1167	407	570.199 Trans. Substation Pollution Prevention
1169	384	570.199 Trans. Substation Pollution Prevention

The CEY charges booked to the ECRC and agreed to Timberlake Transaction and Billing Reports from October 1997 through December 1998 are as follows:

Month Yr.	Work Order 1167/1168 Act.592.199	Work Order 1167/1168 Act.592.199	Total
October 1997	\$18,271.00	\$ 206.00	\$18,477.00
November 1997	\$12,389.00	\$ 1,223.00	\$13,612.00
December 1997	\$9,432.00	\$ 856.00	\$10,288.00
January 1998	\$35,393.00	\$ 1,155.00	\$36,548.00
February 1998	\$95,126.00	\$ 14,801.00	\$109,927.00
March 1998	\$97,414.00	\$ 23,118.00	\$120,532.00
April 1998	\$141,949.00	\$ 29,454.00	\$171,403.00
May 1998	\$159,779.00	\$ 26,627.00	\$186,406.00
June 1998	\$98,972.00	\$ 78,159.00	\$177,131.00
July 1998	\$158,360.00	\$ 69,522.00	\$227,882.00
August 1998	\$229,026.00	\$ 60,303.00	\$289,329.00
September 1998	\$222,900.00	\$ 33,455.00	\$256,355.00
October 1998	\$187,458.00	\$ 26,618.00	\$214,076.00
November 1998	\$124,770.00	\$ 4,512.00	\$129,282.00
December 1998	\$71,128.00	\$ 11,898.00	83026.00
	<u>\$1,662,367.00</u>	<u>\$381,907.00</u>	<u>\$ 2,044,274.00</u>