

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: June 10, 2013
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 130009-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3f Nuclear Cost Recovery Clause
Audit Control No.: 13-010-4-2

Attached is the final audit report for the Utility stated above. I am sending the Utility a copy of the audit report. If the Utility desires to file a response to the audit report, it should send a response to the Office of Commission Clerk. There are confidential work papers associated with this audit.

LD/ld
Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE
03183 JUN 10 2013
FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Florida Power & Light Company
Nuclear Cost Recovery Clause
Turkey Point Units 6 & 7

Twelve Months Ended December 31, 2012

Docket No. 130009-EI
Audit Control No. 13-010-4-2
June 5, 2013

Iliana H. Piedra
Audit Manager

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Kathy L. Welch
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 10, 2013. We have applied these procedures to the attached schedules prepared by Florida Power & Light Company, and to several of its related schedules, in support of its 2012 Nuclear Cost Recovery Clause filing for Turkey Point 6 & 7 in Docket No. 130009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Site Selection Costs are costs that are expended prior to the selection of a site.

Pre-construction Costs are costs that are expended after a site has been selected in preparation for the construction of a nuclear power plant, incurred up to and including the date the utility completes site clearing work.

Utility refers to Florida Power & Light Company.

NCRC refers to Nuclear Cost Recovery Clause.

CCRC refers to Capacity Cost Recovery Clause.

Objective: The objective was to determine whether the Utility's 2012 NCRC filings in Docket No. 130009-EI are consistent and in compliance with Section 366.93, Florida Statutes (F.S.), and Rule 25-6.0423, Florida Administrative Code (F.A.C.).

Procedure: We performed the following specific objectives and procedures to satisfy the overall objective identified above.

Specific

Objective: The objective was to determine whether the Utility's filing is properly recorded on its books and records according to the Uniform System of Accounts (USoA).

Procedure: We reconciled the Utility's filing to its general ledger and determined that the costs incurred were posted to the proper accounts. No exceptions were noted.

Objectives: The objectives were to determine whether Schedules T-1 - Summary of Retail Revenue Requirements for Site Selection and Pre-Construction Costs include the correct balances from the supporting schedules of the filing and the Final True-Up Amount is accurately calculated.

Procedures: We traced the projected and estimated True-Up amounts included in the schedule to prior NCRC Orders. We reconciled the monthly Site Selection Costs and Pre-Construction Costs to the supporting schedules in the filing. We recalculated Schedule T-1 and verified the Final True-Up Amount. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-2 – Pre-construction True – Up includes the correct balances from the supporting schedules of the filing and that the Total Costs to be Recovered and the Final True-up for the 2012 period are accurately calculated.

Procedures: We traced the projected and estimated True-Up amounts to prior NCRC Orders. We traced the beginning balances included in the schedule to the prior audit. We reconciled the monthly Pre-Construction costs to the supporting schedules in the filing. We traced the Allowance for Funds Used During Construction (AFUDC) rate applied by the Utility to the rate approved in Commission Order No. PSC-10-0470-PAA-EI, issued July 23, 2010. We recalculated Schedule T-2 and verified the Final True-up. We traced the adjustments to proper source documentation. No exceptions were noted.

Objectives: The objectives were to determine whether Schedules T-3A – Site Selection and Pre-construction Deferred Tax Carrying Costs include the correct balances from the supporting schedules of the filing and that the Return Requirement amounts for Site Selection and Pre-Construction and the Final True-Up for the period are accurately calculated.

Procedures: We traced the projected and estimated True-Up amount to prior NCRC Orders. We traced the beginning balances included in the schedule to the prior audit. We reconciled the monthly recovered costs to the supporting schedules in the filing. We traced the AFUDC rate applied to the rate approved in Commission Order No. PSC-10-0470-PAA-EI. We recalculated Schedule T-3A and verified the Final True-up. No exceptions were noted.

Objectives: The objective was to determine whether jurisdictional Pre-Construction expenditures on Schedule T-6 are accurately calculated and capital additions are supported by adequate source documentation.

Procedures: We sampled and verified the monthly pre-construction expenditures and traced to invoices and other supporting documentation including contracts. We verified various sample items to purchase orders for contracts over \$250,000. We verified a sample of salary expenses and agreed to time sheets. We recalculated the respective overheads. We also verified affiliate charges by comparing the cost rate to a market rate to determine that the lower rate was used. We also performed an overall calculation of the affiliate rate per hour, including overheads, multiplied by total hours charged to determine the reasonableness of the amount in the filing. We agreed the calculation of the jurisdictional factor to the Utility's documentation. We recalculated Schedule T-6. No exceptions were noted.

Objective: The objective was to determine if any adjustments were made based on the Internal Audits.

Procedure: We reviewed all internal audits related to the Nuclear Turkey Point 6&7 Project to determine if any adjustments made were included in the NCRC filing. No exceptions were noted.

Objective: The objectives were to determine whether the Utility used the Commission approved Capacity Cost Recovery Clause (CCRC) factors to bill customers for the period January 1, 2012 through December 31, 2012 and whether Schedule T-1 reflects the ordered amount in Commission Order No. PSC-11-0547-FOF-EI.

Procedure: We agreed the amount collected on the Schedules T-1 to the 2012 NCRC jurisdictional amount approved in Commission Order No. PSC-11-0547-FOF-EI and to the CCRC in Docket 130001-EI. In that audit, we reconciled revenues to the ledger and “Revenue and Rate” reports. We also selected a random sample of bills and recalculated each bill to verify use of the approved rate. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: Schedule T-1 Site Selection

Schedule T-1 (True-up)		Turkey Point Units 6&7 Site Selection Costs and Carrying Costs on Site Selection Cost Balance True-up Filing: Retail Revenue Requirements Summary					[Section (5)(c)1.b.]	
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.					For the Year Ended 12/31/2012	
COMPANY: FLORIDA POWER & LIGHT COMPANY							Witness: Winde Powers	
DOCKET NO.: 130009-EI								
Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA(DTL) Carrying Cost (Schedule T-3A, line 6)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$90,442
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$90,442</u>
7.	Projected Revenue Requirements for the period (Order No. PSC 11-0547-POF-EI)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$90,442</u>
8.	Difference (True-up to Projections) (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
9.	Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-0650-FOF-EI)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$90,442</u>
10.	Final True-up Amount for the Period (Line 6 - Line 9)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Totals may not add due to rounding

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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule T-1 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

For the Year Ended 12/31/2012

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 130000-EI

Witness: Winnie Powers

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA(DTL) Carrying Cost (Schedule T-3A, line 8)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$180,883</u>
7. Projected Revenue Requirements for the period (Order No. PSC 11-0547-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
8. Difference (True-up to Projections) (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
9. Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-0850-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
10. Final True-up Amount for the Period (Line 6 - Line 9)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Totals may not add due to rounding

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Exhibit 2: Schedule T-1 Pre-Construction

Schedule T-1 (True-up)		Turkey Point Units 667 Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Retail Revenue Requirements Summary					[Section 5)(c)1.b.]	
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.					For the Year Ended 12/31/2012	
COMPANY: FLORIDA POWER & LIGHT COMPANY							Witness: Whole Powers	
DOCKET NO.: 130098-EI								
Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Pre-Construction Revenue Requirements (Schedule T-2, line 7)	\$910,272	\$1,142,526	\$1,602,094	\$1,684,636	\$353,467	\$1,224,232	\$6,867,217
2.	Construction Carrying Cost Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA(DTL) Carrying Cost (Schedule T-3A, line 8)	\$408,460	\$415,743	\$424,167	\$433,438	\$440,543	\$448,901	\$2,569,251
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$1,318,732</u>	<u>\$1,558,272</u>	<u>\$2,026,261</u>	<u>\$2,098,054</u>	<u>\$794,015</u>	<u>\$1,673,134</u>	<u>\$9,436,468</u>
7.	Projected Revenue Requirements for the period (Order No. PSC 11-0547-POF-EI)	\$2,503,139	\$2,091,680	\$4,624,624	\$2,380,657	\$2,161,554	\$1,135,689	\$14,888,914
8.	Difference (Line 6 - Line 7)	<u>(\$1,184,407)</u>	<u>(\$533,378)</u>	<u>(\$2,598,363)</u>	<u>(\$292,603)</u>	<u>(\$1,367,539)</u>	<u>\$538,244</u>	<u>(\$5,452,446)</u>
9.	Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-0650-POF-EI)	\$1,323,889	\$1,559,337	\$3,219,837	\$1,800,130	\$2,838,630	\$1,804,718	\$12,886,820
10.	Final True-up Amount for the Period (Line 8 - Line 9)	<u>(\$5,117)</u>	<u>(\$29)</u>	<u>(\$1,378,536)</u>	<u>\$107,474</u>	<u>(\$524,919)</u>	<u>(\$293,984)</u>	<u>(\$3,430,362)</u>

* Totals may not add due to rounding

Turkey Point Units 667
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section 69(c)(1.b.)]

Schedule T-1 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 19000-EB

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

For the Year Ended 12/31/2012

Witness: Whole Power

Line No.	(7) Actual July	(8) Actual August	(9) Actual September	(10) Actual October	(11) Actual November	(12) Actual December	(13) 12 Month Total
Jurisdictional Dollars							
1.	\$1,394,402	\$1,455,871	\$981,803	\$734,820	\$227,538	\$2,328,348	\$13,787,868
2.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	\$454,788	\$483,805	\$478,576	\$478,888	\$482,805	\$488,889	\$5,408,453
5.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	<u>\$1,718,171</u>	<u>\$1,818,876</u>	<u>\$1,329,229</u>	<u>\$1,211,718</u>	<u>\$708,859</u>	<u>\$2,816,634</u>	<u>\$18,204,389</u>
7.	\$1,572,285	\$1,578,826	\$1,520,182	\$1,281,888	\$1,105,181	\$1,848,838	\$24,072,810
8.	<u>(\$193,884)</u>	<u>\$242,149</u>	<u>(\$187,852)</u>	<u>(\$68,978)</u>	<u>(\$396,285)</u>	<u>\$1,167,395</u>	<u>(\$4,868,392)</u>
9.	\$1,578,428	\$1,888,381	\$2,272,888	\$1,888,328	\$2,083,487	\$2,858,885	\$24,887,188
10.	<u>\$138,743</u>	<u>(\$77,728)</u>	<u>(\$888,817)</u>	<u>(\$738,882)</u>	<u>(\$1,343,884)</u>	<u>\$187,395</u>	<u>(\$5,882,888)</u>

* Totals may not add due to rounding