

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 30, 2024

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis 

RE: Docket No.: 20240007-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3d: Environmental Cost Recovery Clause (ECRC)
Audit Control No.: 2024-031-2-1

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 a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Power & Light Company
Environmental Cost Recovery Clause

Twelve Months Ended December 31, 2023

Docket No. 20240007-EI

Audit Control No. 2024-031-2-1

August 27, 2024

Ronald A. Mavrides *by* *DF*

Ronald A. Mavrides
Audit Manager

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Accounting & Finance in its audit service request dated January 19, 2024. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Florida Power & Light Company in support of its filing for the Environmental Cost Recovery Clause in Docket No. 20240007-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Florida Power & Light Company.
ECRC refers to the Environmental Cost Recovery Clause.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECRC Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2022 to 2023 revenues and expenses. We requested explanations from the Utility for any significant variances. The explanations provided by the Utility were sufficient. Further follow-up was not required.

Capital Investments

Utility Plant in Service

Objectives: The objective was to verify all ECRC project-related plant additions, retirements and adjustments for the period January 1, 2023, through December 31, 2023

Procedure: We reconciled Plant in Service and Accumulated Depreciation to the general ledger for each capital project listed on the 2023 Form 42-8A. No exceptions were noted.

Construction Work in Progress

Objective: The objectives were to verify net investments associated with the following capital projects, and to verify that any project involving the replacement or retirement of an existing plant asset is retired at the book cost in accordance with Rule 25-6.0142(4)(b), Florida Administrative Code (F.A.C.):

- 1) Project 2 Low NOX Burner Technology
- 2) Project 11 Air Quality Compliance
- 3) Project 37 DeSoto Next Generation Solar Energy Center
- 4) Project 416 Daniel Ash Management

Procedures: We reconciled Construction-Work-in-Progress (CWIP) Non-Interest Bearing amounts to the general ledger for each capital project listed on Form 42-8A. We statistically selected a sample of capital project additions and determined whether the additions were

recorded to the correct project and account. We also determined whether items that were replaced had a corresponding retirement, which was recorded in accordance with Rule 25-6.0142(4)(b), Florida Administrative Code (F.A.C.). No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2023, through December 31, 2023, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the ECRC.

Procedures: We reviewed and verified the Company's tariff containing electric service rates and clause billing factors. We obtained twelve months of customer bills, and verified that the appropriate factors were used in billing. We statistically selected customer bills and recalculated revenues using KWH and related information from the bills. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Utility's Form 42-5A filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECRC.

Procedures: We traced expenses in the filing to the general ledger. We statistically selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense were for the current period, charged to the correct accounts, and appropriately recoverable through the ECRC. No exceptions were noted.

Depreciation and Amortization

Objective: The objective was to verify that the most recent Commission approved depreciation rates or amortization periods were used in calculating Depreciation Expense.

Procedures: We recalculated depreciation expense and traced them to the Utility's Depreciation Schedule and reconciled them to the filing. We traced total year depreciation expense for each capital project listed on Form 42-8A to the general ledger detail and traced the depreciation rates from the last Commission Order to Order No. PSC 2021-0446 to the Utility's Depreciation and Amortization Schedule. No exceptions were noted.

Other Issues

SO₂ and NO_x Allowances

Objectives: The objectives were to verify the SO₂, and NO_x emission allowance investments, inventory, expensed amounts, allowance auction proceeds and to verify amounts included in Working Capital, Form 42-8A.

Procedures: We traced the 2023 consumption for NOx allowances, net of gains on sales of emission allowances, from the Utility's detailed Allowances Reports to the Total Emissions Schedule on Form 42-8A. We reconciled the inventory amounts in the general ledger to the working capital amounts noted on Form 42-8A. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Form 42-2A was properly calculated.

Procedures: We traced the December 31, 2022, True-Up Provision to Commission Order No. PSC-2022-0424-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2023, using the Commission-approved beginning balance as of December 31, 2022, the Financial Commercial Paper rates, and the 2023 ECRC revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibit I: True Up

Exhibit

11 LORIDA FRONT & LIGHT COMPANY
 Environmental Lead Remediation (LEL) 1231
 7001 17th Avenue
 Jacksonville, Florida 32216
 Subsidiary of The First Trust Realty Trust for the Period

Form 923A

For the Period of January 2023 through December 2023

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1. Clean Revenue Total of Revenue Items	\$27,223,271	\$2,268,942	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271	\$27,223,271
2. Fee-in-Kind Revenue - Prior Period (1)	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424
3. Clean Revenue Adjustment to Period (Lines 1 + 2)	\$29,387,695	\$4,433,366	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695	\$29,387,695
A. Jurisdiction Revenue Requirements														
a. O&M Adjustment (4)	\$2,223,000	\$3,427,781	\$2,223,000	\$2,700,227	\$1,704,000	\$2,223,000	\$2,246,911	\$1,290,312	\$2,440,582	\$2,722,414	\$3,000,000	\$3,282,219	\$3,564,438	\$3,846,657
b. Capital Projects (5)	\$22,261,114	\$23,423,000	\$22,261,114	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428	\$22,820,428
c. Total Jurisdictional Revenue Requirements (Lines 4 + 5)	\$24,484,114	\$26,850,781	\$24,484,114	\$25,520,655	\$24,524,428	\$25,043,428	\$25,043,339	\$25,043,339	\$25,060,950	\$25,540,842	\$25,840,428	\$26,120,647	\$26,404,867	\$26,667,085
B. Other Revenue Recovery (Lines 3 - 4)	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
C. Federal Provisions (6)	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
D. Reporting Location Fee-in-Kind & Revenue Provisions														
a. Deferred Fee-in-Kind - Reporting of Period (1) (7)	\$1,420,540	\$3,276,646	\$1,420,540	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024	\$2,326,024
b. Fee-in-Kind of (Reversed) (Over Line 2)	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424	\$2,164,424
c. Total of Period Fee-in-Kind (Lines 7 + 8) (8)	\$3,584,964	\$5,441,070	\$3,584,964	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448
E. Adjustment to Period Fee-in-Kind (Reporting of Period)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
F. Total of Period Total Fee-in-Kind (Lines 8 + 9)	\$3,584,964	\$5,441,070	\$3,584,964	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448	\$4,490,448
G. Total of Period Total Revenue (Lines 3 - 9)	\$32,972,659	\$8,874,436	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659	\$32,972,659

Notes:
 (1) From 42042 Line 7
 (2) From 3A Line 10
 (3) From 42042 Line 7
 (4) From 1A Line 7
 (5) Approved in Order No. 175C-2023-00244 (7-21)
 (6) Approved in Order No. 175C-2023-00244 (7-21)