

State of Florida



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

DATE: August 3, 2009
TO: Devlin Higgins, Regulatory Analyst III, Division of Economic Regulation
FROM: Dale N. Mailhot, Assistant Director, Division of Regulatory Compliance *DM*
RE: Docket No.: 090002-EG
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: Energy Conservation Cost
Audit Control No: 09-028-4-1

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, it should send a response to the Office of the Commission Clerk. There are confidential work papers associated with this audit.

DNM/ch

Attachment: Audit Report

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

Mr. John Butler
Florida Power & Light Company
700 Universe Blvd.
Juno Beach, FL 33408-0420

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

DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

***DIVISION OF REGULATORY COMPLIANCE
BUREAU OF AUDITING***

Miami District Office

FLORIDA POWER & LIGHT

ENERGY CONSERVATION COST RECOVERY CLAUSE

AS OF DECEMBER 31, 2008

**DOCKET NO. 090002-EG
AUDIT CONTROL NO. 09-028-4-1**

Handwritten signature of Bety Maitre in cursive script.

Bety Maitre, Audit Manager

Handwritten signature of Kathy Welch in cursive script.

Kathy Welch, District Audit Supervisor

DOCUMENT NUMBER-DATE

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DIVISION OF REGULATORY COMPLIANCE

AUDITOR'S REPORT

July 28, 2009

TO: FLORIDA PUBLIC SERVICE COMMISSION

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied the procedures to the attached schedules prepared by Florida Power and Light (FPL) in support of its filing for the Energy Conservation Cost Recovery (ECCR) Docket No. 090002-EG.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed upon procedures and the report is intended only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: The objective was to reconcile the company's general ledger with its true-up filing, including costs and revenues.

Procedures: We prepared a trial balance from Florida Power & Light's general ledger. A schedule of monthly revenues was prepared from Florida Power Light's Revenue and Rate Reports. The filing was reconciled to the schedules prepared by staff. No material misstatements were found.

Objective: The objective was to verify that the costs agreed to the general ledger and could be substantiated with source documentation. Also, to verify that only recoverable costs are included for recovery and are consistent with Rule 25-17.015, Florida Administrative Code.

Procedures: We reconciled the expenses from the filing to the general ledger. We sorted all of the expenses in the filing and selected the items over \$75,000 since they represented 38% of the expenses. Samples of lower dollar items were selected at random. We determined that the sample items were conservation expenses and were charged to the correct account. For sample items related to customer incentives, we traced the items to the conservation program standards. Advertising expenses ads were reviewed to determine if they followed the criteria set forth in Rule 25-17.015, Florida Administrative Code. We traced the company adjustments to proper source documentation. No material misstatements were found.

Objective: The objective was to ensure that revenue items recoverable through the Conservation Cost Recovery Clause are included for recovery in the filing.

Procedures: A schedule of monthly revenues was prepared from FPL's Revenue and Rate Reports. For the month of September, we computed the factors for each rate code and compared them to Commission order. We selected some customer bills from various rate classes to verify that the proper conservation rate factors were used. Monthly company adjustments were traced to source documents and program costs. No material misstatements were found.

Objective: The objective was to verify that the true-up and interest provision was correctly calculated.

Procedures: The true-up was recalculated and the interest rates were traced to the approved interest rates established by the Commission. The beginning true-up was traced to the last audit work papers. No material misstatements were found.

Objective: The objective was to verify that none of the costs of the Green Pricing Program have been expensed to the conservation cost recovery clause.

Procedures: We reviewed the expense sample to verify that there were not any Green Pricing Program costs. We verified that the costs for 2007 were removed in 2008. No material misstatements were found.

EXHIBITS