

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: April 29, 2013
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 130001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a Capacity Cost Recovery Clause
Audit Control No.: 13-016-4-3

RECEIVED-FPSC
13 APR 30 AM 10:00
COMMISSION CLERK

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 were confidential work papers associated with this audit.

LD/th

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File

DOCUMENT NUMBER-DATE

02300 APR 30 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
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2012

Docket No. 130001-EI
Audit Control No. 13-016-4-3
April 24, 2013

A handwritten signature in cursive script, appearing to read "Bety Maitre".

Bety Maitre
Audit Manager

A handwritten signature in cursive script, appearing to read "Kathy Welch".

Kathy 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 Division of Accounting and Finance in its audit service request dated January 16, 2013. 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 2012 filing for the Capacity Cost Recovery Clause in Docket No. 130001-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

Definition

Utility refers to the Florida Power & Light Company.
CCRC refers to the Capacity Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine actual Kilowatt Hours (KWH) and actual Kilowatts (KW) sold for the period January 1, 2012, through December 31, 2012, and whether the Utility applied the Commission approved cost recovery factor to KWH and KW sales for the CCRC.

Procedures: We reconciled the 2012 filing to the Utility's monthly Capacity Revenue Reports. We computed the factors by rate code and compared them to the tariff. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

The revenues reported are net of the West County Energy Center Unit 3 (WCEC-3) recovery. Commission Order No. PSC-11-0579-FOF-EI, approved a cost recovery rate change for the WCEC-3 non-fuel revenue requirements based on projected fuel savings. We verified that the Utility's WCEC-3 recovery factors agreed to the Order. No exceptions were noted.

Transmission Revenues

Objectives: The objective was to determine whether transmission revenues derived from non-separated, non-Energy Broker Network, wholesale energy sales were credited to the CCRC per Commission Order PSC-99-2512-FOF-EI.

Procedures: We traced the wholesale transmission revenues that are derived from the non-separated, non-Energy Broker Network, from the Utility's books to the CCRC filing. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expense listed on the Utility's filing was supported by adequate documentation and that the expenses are appropriately recoverable through the CCRC.

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense was related to the CCRC and that the expense was charged to the correct accounts. No exceptions were noted.

Purchase Power Contracts

Objectives: The objective was to determine whether capacity purchases were recorded according to the terms and conditions of the contracts.

Procedures: We reconciled invoices for capacity purchases to the contracts to determine if they were recorded according to the terms and conditions of the contract. No exceptions were noted.

Nuclear Regulatory Commission (NRC) Fee

Objectives: The objective was to determine whether the amounts included for the NRC fee and the recoverable portion of the fee increase are consistent with the percentage approved for recovery through the clause.

Procedures: We obtained the NRC invoices paid in 2012 and computed the percentage allocated to the capacity clause. We concluded that the fees allocated to the capacity clause are below the percentage approved for recovery in Commission Order No. PSC-03-1461-FOF-EI and this percentage is subject to true-up. No exceptions were noted.

Incremental Security Cost

Objective: The objective was to determine whether the security costs recovered are incremental to the security costs included in base rates.

Procedures: We traced the expenses in the filing to the general ledger. We tested a sample of security cost included in the filing. Consistent with the method approved by Commission Order No. PSC-03-1461-FOF-EI, we computed total security costs and made comparison to security cost included in base rates. No exceptions were noted.

True-up

Objective: The objective was to determine whether the True-Up and Interest Provision as filed was properly calculated.

Procedures: We traced the December 31, 2011, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2012, using the Commission approved beginning balance as of December 31, 2011, the Financial Commercial Paper rates, and the 2012 CCRC revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2012 to 2011 revenues and expenses and used the information to aid in our sample selection. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

FLORIDA POWER & LIGHT COMPANY
CAPACITY COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP
FOR THE PERIOD JANUARY 2012 THROUGH DECEMBER 2012

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Line No.	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Total	
1	\$18,212,280	\$18,735,487	\$17,280,731	\$18,897,470	\$17,840,882	\$18,338,941	\$18,371,831	\$18,198,389	\$18,163,301	\$18,789,946	\$17,450,102	\$18,951,866	\$214,331,099	
2	\$23,047,746	\$24,589,834	\$24,964,256	\$25,107,774	\$24,636,250	\$25,841,540	\$25,184,871	\$25,144,812	\$25,095,059	\$25,403,540	\$25,368,502	\$25,182,701	\$301,447,014	
3	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$77,987	\$935,844	
4	(\$444,100)	(\$444,804)	(\$445,428)	(\$446,033)	(\$446,637)	(\$447,241)	(\$447,845)	(\$448,449)	(\$449,053)	(\$449,657)	(\$450,261)	(\$450,865)	(\$5,371,351)	
5	\$3,185,284	\$2,826,275	\$2,979,798	\$3,089,584	\$3,232,072	\$3,030,391	\$3,018,723	\$2,726,382	\$3,531,375	\$2,853,223	\$3,049,180	\$4,372,180	\$37,844,499	
6	\$2,202,085	\$2,539,787	\$2,793,846	\$2,714,714	\$1,382,821	(\$894,480)	\$804,439	\$497,832	\$1,248,011	\$1,690,885	\$2,199,119	\$2,320,901	\$17,196,760	
7	(\$183,418)	(\$189,249)	\$25,782	(\$65,281)	(\$24,007)	(\$63,793)	(\$43,543)	(\$5,041)	(\$14,295)	(\$63,962)	(\$148,965)	(\$191,835)	(\$987,837)	
8	\$48,067,768	\$48,135,319	\$47,846,846	\$47,856,204	\$48,408,099	\$48,053,285	\$48,038,304	\$48,492,037	\$47,840,355	\$48,301,798	\$47,545,480	\$48,262,545	\$568,308,143	
9	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	98.01395%	N/A	
10	\$48,162,888	\$47,179,328	\$48,710,455	\$48,804,778	\$48,488,411	\$48,148,448	\$48,004,204	\$48,880,550	\$48,703,985	\$48,382,221	\$48,801,203	\$47,323,020	\$454,167,093	
11	\$12,722,828	\$12,860,348	\$18,437,588	\$15,018,050	\$15,273,871	\$19,744,593	\$16,837,502	\$16,838,383	\$17,111,442	\$17,427,238	\$17,834,384	\$18,855,608	\$190,089,812	
12	\$57,875,694	\$60,089,676	\$63,148,043	\$61,919,826	\$60,799,282	\$64,893,039	\$62,541,706	\$62,207,922	\$63,815,436	\$62,808,459	\$64,235,587	\$66,979,235	\$750,256,004	
13	\$63,321,438	\$48,321,333	\$51,351,805	\$54,044,454	\$58,137,491	\$64,510,362	\$67,627,808	\$69,862,847	\$67,142,762	\$63,377,288	\$52,079,034	\$48,230,793	\$697,907,097	
14	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$2,384,023	\$28,608,272	
16	\$55,705,461	\$50,705,356	\$53,735,828	\$57,328,477	\$58,521,614	\$66,894,373	\$70,011,861	\$72,248,466	\$69,538,814	\$65,781,311	\$64,463,056	\$51,614,816	\$720,515,369	
18	(\$2,170,233)	(\$6,384,326)	(\$9,412,215)	(\$4,991,349)	(\$2,228,788)	\$2,001,538	\$7,870,185	\$10,036,547	\$5,711,378	\$2,851,852	(\$9,772,530)	(\$14,384,417)	(\$25,740,535)	
17	(\$1,148)	(\$2,941)	(\$3,190)	(\$4,173)	(\$5,574)	(\$3,366)	(\$3,581)	(\$8,713)	(\$3,688)	(\$3,488)	(\$5,707)	(\$8,280)	(\$51,409)	
18	\$28,608,272	\$24,852,868	\$12,301,934	\$502,556	(\$8,478,969)	(\$11,106,353)	(\$11,493,408)	(\$8,412,834)	\$1,238,978	\$4,839,875	\$8,124,917	(\$7,038,249)	\$28,608,272	
19	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	(\$44,704,575)	
20	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$2,384,023)	(\$28,608,272)	
21	(\$20,851,707)	(\$32,402,581)	(\$44,202,018)	(\$51,181,864)	(\$55,509,828)	(\$58,197,880)	(\$51,117,409)	(\$43,468,887)	(\$40,144,900)	(\$39,580,556)	(\$51,742,816)	(\$68,498,819)	(\$68,498,819)	

23 SM As approved in Order No PSC-11-0579-FCF-EL