

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: July 6, 2020
TO: Office of Commission Clerk
FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE: Docket No.: 20200002-EI
Company Name: Florida Power & Light
Company Code: EI802
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2020-028-4-1

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 Commission Clerk. There are no confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

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
Energy Conservation Cost Recovery

Twelve Month Ended December 31, 2019

Docket No. 20200002-EG
Audit Control No. 2020-028-4-1
June 29, 2020

Gabriela M. Leon
Audit Manager

Yen N. Ngo
Audit Staff

Marisa N. Glover
Reviewer

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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 Economics in its audit service request dated January 28, 2020. 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 2019 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20200002-EG.

This report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Florida Power & Light Company.

ECCR refers to the Energy Conservation Cost Recovery Clause.

Capital Investments

Objectives: The objectives were to verify the accuracy of the balances for ECCR project-related plant additions, retirements and adjustments for the period January 1, 2019, through December 31, 2019,

Procedure: We reconciled Plant in Service and Accumulated Depreciation for selected capital projects on Schedule CT-4 of the Utility's filing to the Plant and Reserve Balances by Production Site reports. We selected specific months and obtained detail from an Activity Cost Report. We traced selected items to source documentation. We recalculated the return on investment amounts using the Utility's debt and equity rates. No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2019, through December 31, 2019, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales for the ECCR.

Procedures: We reconciled the 2019 filing to the Utility's monthly Conservation Revenue Reports. We selected a random sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rate. The work product is contained in Docket 20200001-EI. Audit Control No. 2020-007-4-1. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on the Utility's Schedule CT-3 of the Utility's ECCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR.

Procedures: We traced O&M expenses in the filing to the general ledger. We selected a sample of O&M expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, charged to the correct account and

appropriately recoverable through the ECCR clause. We reconciled incentives to the corresponding program standards. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. We recalculated a sample of 2019 depreciation expense and traced total depreciation expense to the general ledger. No exceptions were noted.

Other

Objectives: The objective was to verify the number of program participants reported in the Utility's Florida Efficiency and Conservation Act (FEECA) filing.

Procedures: We verified the number of participants reported in the Utility's March 2, 2020 FEECA filing for the Residential Home Energy Survey, Residential Load Management, Residential New Construction, Business Energy Evaluation and Commercial/Industrial Demand Reduction.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2018, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2019, using the Commission approved beginning balance as of December 31, 2018, the Financial Commercial Paper rates, and the 2019 ECCR revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2019 to 2018 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

None