



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: May 5, 2022
TO: Office of the Commission Clerk
FROM: Rhonda L. Hicks, Director, Office of Auditing and Performance Analysis *RH*
RE: Docket No.: 20220001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No: 2022-003-4-2

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.

RLH/cm

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
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220001-EI
Audit Control No. 2022-003-4-2
April 25, 2022

Handwritten signature of Gabriela Leon in cursive script.

Gabriela Leon
Audit Manager

Handwritten signature of Marisa N. Glover in cursive script.

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 Accounting and Finance in its audit service request dated December 21, 2021. 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 2021 filing for the Capacity Cost Recovery Clause in Docket No. 20220001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Utility refers to Florida Power & Light Company.

CCRC refers to the Capacity Cost Recovery Clause.

Revenue

Operating Revenue

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2021, through December 31, 2021, and to determine whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the CCRC.

Procedures: We reconciled the 2021 filing to the Utility's monthly Revenue Reports. We computed the factors by rate code and compared them to Commission Order No. PSC-2020-0439-FOF-EI, issued November 16, 2020. We selected a random sample of residential and commercial customers' bills for the month of February 2021 and recalculated each to verify the use of the correct tariff rate. This work was also performed in Docket No.20220001-EI, ACN 2022-003-4-1, with the revenue portions of the other clause audits. No exceptions were noted.

Transmission Revenues

Objective: 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 Order No. PSC-1999-2512-FOF-EI, issued December 22, 1999.

Procedures: We compiled transmission revenues for the twelve-month period ended December 31, 2021, from the utility-provided documentation and reconciled the revenues with the general ledger and the filing. We selected the sample month of August for revenue transactions and traced them to source documentation. We determined that these revenues comply with Order No. PSC-1999-2512-FOF-EI. No exceptions were noted.

Expense

Incremental Security Cost

Objective: The objective was to determine the security costs recovery in the Capacity Clause are incremental to the security costs included in base rates consistent with the method approved by Order No. PSC-2003-1461-FOF-EI in Docket 20030001-EI, issued December 22, 2003, and confirmed by Order No. PSC-2004-1276-FOF-EI in Docket 20040001-EI, issued December 23, 2004.

Procedures: We reviewed the general ledger account detail for vendors charging security costs to the Utility. We sampled all twelve months of security costs included in the Utility filing. We computed total security costs and compared them to corresponding amounts included in base

rates, and verified consistency with the method approved in Order No. PSC-2003-1461-FOF-EI. We also verified the total incremental security cost is within range of the amount allocated to CCRC in the 2016 rate increase schedule. No exceptions were noted.

Purchase Power Contract

Objective: The objective was to determine whether invoices for capacity purchases are in accordance with the terms and conditions of the contracts.

Procedures: We reviewed the purchased power contracts. We traced the purchased power capacity costs from the filing to the general ledger. We sampled the month of April 2021, and reconciled invoices for capacity purchases to the contract to determine whether 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 the amount of NRC fees paid and the recoverable portion of the incremental NRC fee increase amounts are consistent with the percentage approved for recovery in Order No. PSC-03-1461-FOF-EI, Docket 20030001-EI, issued December 22, 2003.

Procedures: We sampled for the twelve-month period, NRC fee invoices paid in 2021, and computed the percentage allocated to CCRC. We concluded that the fees allocated to the CCRC are below the percentage approved for recovery in Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket 20030001-EI.

True-up

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

Procedures: We traced the December 31, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission-approved beginning balance as of December 31, 2020, the Financial Commercial Paper rates, and the 2021 revenues and costs. No exceptions were noted.

Other

Capital Investment

Objectives: The objectives were to determine the accuracy of the balances, depreciation expenses, and amortization for the Nuclear Incremental Security Return on Investment Schedules.

Procedures: We reconciled the Plant-in-Service and Construction-Work-in-Progress balances to the general ledger and traced the beginning balance to the prior audit Docket No. 20210001-EI, Audit Control No. 2021-007-4-1. We sampled capital security costs for the twelve month period. We recalculated the return on investment amounts using the Utility's debt and equity rates. We sampled and recalculated the month of February for the Nuclear Incremental Security

and Fukushima depreciation expenses and traced the depreciation rates to Order No. PSC-2016-0560-AS-EI, issued December 15, 2017, in Docket 20160088-EI. 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 if there were any material changes or inconsistencies from the prior year.

Procedures: We compared calendar year 2020 to 2021 annual revenues and expenses. The Utility had no significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit 1: True-Up

CAPACITY COST RECOVERY CLAUSE
FINAL TRUE-UP FILING
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Line No.		a-Jan - 2021	a-Feb - 2021	a-Mar - 2021	a-Apr - 2021	a-May - 2021	a-Jun - 2021	a-Jul - 2021	a-Aug - 2021	a-Sep - 2021	a-Oct - 2021
1	Base										
2	Payments to Non-generators	\$1,317,600	\$1,317,600	\$1,317,600	\$1,317,600	\$1,317,600	\$1,384,000	\$1,384,000	\$1,384,000	\$1,384,000	\$1,384,000
3	Payments to Co-generators	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325	\$122,325
4	Transmission of Electricity by Others	(\$381,453)	\$383,741	\$5,042	\$8,738	\$19,663	-	\$21,784	\$23,331	\$308	\$308
5	Transmission Revenues from Capacity Sales	(\$1,522,301)	(\$1,527,257)	(\$418,837)	(\$431,660)	(\$883,463)	(\$858,681)	(\$1,107,267)	(\$678,181)	(\$803,645)	(\$803,645)
6	Incremental Plant Security Costs O&M	\$2,444,301	\$2,010,330	\$2,502,708	\$2,122,535	\$2,095,025	\$2,169,543	\$2,001,651	\$2,249,736	\$2,227,684	\$2,227,684
7	Incremental Plant Security Costs Capital	\$378,154	\$377,168	\$378,167	\$375,317	\$374,498	\$373,385	\$373,049	\$371,305	\$372,200	\$372,200
8	Incremental Nuclear NRC Compliance Costs O&M	\$29,908	\$52,468	\$317,253	\$91,678	\$94,054	\$53,021	\$40,402	\$67,878	\$33,482	\$33,482
9	Incremental Nuclear NRC Compliance Costs Capital	\$1,060,214	\$1,059,357	\$1,059,824	\$1,067,599	\$1,073,265	\$1,071,125	\$1,068,278	\$1,059,678	\$1,058,721	\$1,058,721
10	Cedar Bay Transaction - Regulatory Asset - Amortization and Return	\$9,045,914	\$9,014,755	\$8,983,596	\$8,952,436	\$8,921,277	\$8,890,118	\$8,859,958	\$8,817,486	\$8,786,581	\$8,786,581
11	Cedar Bay Transaction - Regulatory Liability - Amortization and Return	(\$80,253)	(\$79,845)	(\$79,437)	(\$79,029)	(\$78,621)	(\$78,213)	(\$77,805)	(\$77,397)	(\$76,989)	(\$76,989)
12	Indiantown Transaction - Regulatory Asset - Amortization and Return	\$5,848,325	\$5,820,295	\$5,792,266	\$5,764,236	\$5,736,206	\$5,708,176	\$5,680,147	\$5,640,091	\$5,612,290	\$5,612,290
13	SJRPP Transaction Revenue Requirements	\$724,281	\$712,549	\$700,818	\$689,083	\$677,350	\$665,618	\$653,885	\$641,913	\$630,276	\$630,276
14	Subtotal Base	\$18,987,018	\$18,253,512	\$20,879,340	\$20,000,855	\$19,470,100	\$19,482,417	\$19,589,408	\$19,602,301	\$19,325,323	\$19,325,323
15											
16	General										
17	Incremental Plant Security Costs Capital	\$1,090	(\$18)	(\$18)	(\$2,408)	\$0	\$0	\$0	\$0	\$0	\$0
18	Subtotal General	\$1,090	(\$18)	(\$18)	(\$2,408)	\$0	\$0	\$0	\$0	\$0	\$0
19											
20	Intermediate										
21	Incremental Plant Security Costs O&M	\$299,599	\$323,444	\$278,094	\$297,528	\$218,322	\$169,544	\$569,121	\$149,293	\$294,047	\$294,047
22	Incremental Plant Security Costs Capital	\$53,734	\$54,276	\$59,558	\$81,637	\$85,207	\$86,623	\$88,033	\$85,573	\$85,435	\$85,435
23	Subtotal Intermediate	\$353,333	\$377,720	\$337,652	\$379,165	\$303,529	\$256,167	\$657,154	\$234,866	\$379,482	\$379,482
24											
25	Peaking										
26	Incremental Plant Security Costs O&M	\$25,376	\$22,743	\$24,770	\$31,327	\$31,649	\$28,811	\$22,688	\$22,916	\$40,946	\$40,946
27	Incremental Plant Security Costs Capital	\$8,450	\$8,543	\$8,635	\$8,614	\$8,593	\$8,572	\$8,552	\$8,503	\$8,482	\$8,482
28	Subtotal Peaking	\$33,826	\$31,286	\$33,405	\$39,941	\$40,242	\$37,383	\$31,240	\$31,419	\$49,428	\$49,428
29											
30	Solar										
31	Incremental Plant Security Costs O&M	\$21,404	\$337	\$8,814	\$8,528	\$9,006	\$1,082	\$830	\$10,045	\$757	\$757
32	Incremental Plant Security Costs Capital	\$8,028	\$8,019	\$8,023	\$5,987	\$5,957	\$5,931	\$5,908	\$5,667	\$5,836	\$5,836
33	Subtotal Solar	\$29,432	\$1,356	\$16,837	\$14,515	\$14,963	\$7,013	\$6,938	\$15,712	\$1,593	\$1,593
34											
35	Total	\$19,400,498	\$18,576,859	\$21,081,207	\$20,408,285	\$19,804,924	\$19,758,980	\$19,870,619	\$19,882,487	\$19,739,828	\$19,739,828
36											
37	Totals may not add due to rounding										

FLORIDA POWER & LIGHT
CAPACITY COST RECOVERY CLAUSE
FINAL TRUE-UP FILING
CALCULATION OF FINAL TRUE-UP AMOUNT
FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Line No.	Line	a-Jan - 2021	a-Feb - 2021	a-Mar - 2021	a-Apr - 2021	a-May - 2021	a-Jun - 2021	a-Jul - 2021	a-Aug - 2021	a-Sep - 2021	a-Oct - 2021
1											
2	Total Capacity Costs	\$19,400,498	\$19,878,859	\$21,061,207	\$20,408,265	\$19,804,824	\$19,756,960	\$19,870,619	\$19,682,497	\$19,738,828	\$19,55
3											
4	Total Base Capacity Costs	\$18,887,018	\$19,263,512	\$20,879,340	\$20,000,855	\$19,470,100	\$19,482,417	\$18,999,408	\$18,602,301	\$18,325,323	\$19,22
5	Base Jurisdictional Factor	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.6
6	Total Base Jurisdictionalized Capacity Costs	\$18,168,504	\$18,433,081	\$19,787,874	\$19,138,638	\$18,830,763	\$18,642,550	\$18,180,362	\$18,757,265	\$18,482,228	\$18,38
7											
8	Total General Capacity Costs	\$1,090	(\$16)	(\$16)	(\$2,408)	\$0	\$0	\$0	\$0	\$0	\$0
9	General Jurisdictional Factor	98.6888%	98.6888%	98.6888%	98.6888%	98.6888%	98.6888%	98.6888%	98.6888%	98.6888%	98.9
10	Total General Jurisdictionalized Capacity Costs	\$1,057	(\$16)	(\$16)	(\$2,335)	\$0	\$0	\$0	\$0	\$0	\$0
11											
12	Total Intermediate Capacity Costs	\$353,133	\$377,720	\$334,842	\$359,382	\$281,819	\$234,166	\$835,154	\$214,866	\$359,482	\$30
13	Intermediate Jurisdictional Factor	95.0081%	95.0081%	95.0081%	95.0081%	95.0081%	95.0081%	95.0081%	95.0081%	95.0081%	95.0
14	Total Intermediate Jurisdictionalized Capacity Cost	\$335,505	\$358,865	\$317,937	\$341,423	\$267,581	\$222,477	\$603,448	\$204,140	\$341,537	\$28
15											
16	Total Peaking Capacity Costs	\$31,828	\$29,268	\$31,405	\$37,941	\$38,243	\$33,384	\$29,220	\$29,418	\$47,428	\$3
17	Peaking Jurisdictional Factor	95.2778%	95.2778%	95.2778%	95.2778%	95.2778%	95.2778%	95.2778%	95.2778%	95.2778%	95.2
18	Total Peaking Jurisdictionalized Capacity Costs	\$30,323	\$27,903	\$29,922	\$36,149	\$36,437	\$31,807	\$27,840	\$28,029	\$45,188	\$2
19											
20	Total Solar Capacity Costs	\$27,433	\$8,357	\$15,837	\$12,514	\$14,983	\$8,993	\$6,838	\$15,812	\$8,593	\$
21	Solar Jurisdictional Factor	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.68891%	95.6
22	Total Solar Jurisdictionalized Capacity Costs	\$26,250	\$8,083	\$15,154	\$11,975	\$14,318	\$8,692	\$6,543	\$15,228	\$8,308	\$
23											
24	Total Transmission Capacity Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Transmission Jurisdictional Factor	90.2300%	90.2300%	90.2300%	90.2300%	90.2300%	90.2300%	90.2300%	90.2300%	90.2300%	90.2
26	Total Transmission Jurisdictionalized Capacity Cos	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27											
28	Jurisdictionalized Capacity Costs	\$18,561,841	\$18,825,918	\$20,150,872	\$19,525,850	\$18,948,079	\$18,903,526	\$18,818,193	\$18,004,660	\$18,885,282	\$18,71
29											
30											
31	Totals may not add due to rounding										

FLORIDA POWER & LIGHT
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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Line No.		a-Jan - 2021	a-Feb - 2021	a-Mar - 2021	a-Apr - 2021	a-May - 2021	a-Jun - 2021	a-Jul - 2021	a-Aug - 2021	a-Sep - 2021	a-Oct - 2021
1	Net Jurisdictional CCR Costs (Page 3, Line 28)	\$18,581,841	\$18,825,916	\$20,150,872	\$19,525,850	\$18,949,079	\$18,903,528	\$18,818,183	\$19,004,660	\$18,885,262	\$18,885,262
2											
3	CCR Revenues (Net of Revenue Taxes)	\$15,065,530	\$14,658,077	\$15,403,401	\$16,312,714	\$16,376,438	\$18,155,420	\$19,873,788	\$21,091,700	\$20,594,227	\$18,885,262
4	Prior Period True-Up Provision	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202	\$1,044,202
5	SoBRA True-Up CCR Revenues Applicable to Current Period (Net of Revenue Taxes)	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490	\$1,033,490
6		\$17,143,222	\$16,935,768	\$17,481,093	\$18,390,406	\$20,454,128	\$21,233,112	\$21,951,478	\$23,169,392	\$22,671,919	\$20,959,954
7											
8	True-Up Provision - Over/(Under) Recovery (Line 6 - Line 1)	(\$1,418,418)	(\$1,890,148)	(\$2,669,779)	(\$1,135,444)	\$1,505,050	\$2,329,588	\$3,133,285	\$4,164,732	\$3,788,657	\$7,925,308
9	Interest Provision	\$1,915	\$1,651	\$1,560	\$1,124	\$600	\$647	\$782	\$790	\$959	\$959
10	True-Up & Interest Provision Beginning of Year - Over/(Under) Recovery	\$24,932,303	\$21,438,108	\$17,471,919	\$12,726,028	\$9,514,018	\$8,941,973	\$8,194,514	\$10,250,899	\$12,974,429	\$18,885,262
11	Deferred True-Up - Over/(Under) Recovery	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612	\$3,883,612
12	Prior Period True-Up Provision - Collected/(Refunded)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)	(\$1,044,202)
13	SoBRA True-Up	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)	(\$1,033,490)
14	Adjustments to Period Total Net True-Up ⁽¹⁾ End of Period True-Up - Over/(Under) Recovery (Lines 8 through 14)	-	-	-	-	-	-	-	\$635,700	-	-
15		\$25,301,720	\$21,335,531	\$16,589,640	\$13,377,628	\$12,805,588	\$13,058,128	\$14,114,511	\$16,838,041	\$18,547,965	\$18,885,262

⁽¹⁾ Adjustment to reflect the change in the Florida state tax rate from 4.458% to 3.535%. The reduction in tax rate impacted 2020 and 2021 and a retroactive adjustment was booked in August 2021.

19 Totals may not add due to rounding