


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: July 28, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20220002-EG
Company Name: Florida Power & Light
Company Code: EI802
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2022-019-1-4

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.

TMB/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 Clause

Twelve Month Ended December 31, 2021

Docket No. 20220002-EG
Audit Control No. 2022-019-1-4
July 19, 2022

M. Glover for G. Leon

Gabriela M. Leon
Audit Manager

Marisa N. Glover

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 18, 2022. 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 Energy Conservation Cost Recovery Clause in Docket No. 20220002-EG.

This report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to 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, 2021, through December 31, 2021.

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 sampled the Business Energy Evaluation Program for the month of May 2021, the Residential Air Conditioning Program for the month of August 2021, and the Residential On Call Program for the month of April 2021. 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, 2021, through December 31, 2021, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales.

Procedures: We computed revenues using the factors in Order No. PSC-2020-0447-FOF-EG, issued November 19, 2020, and actual KWH usage and reconciled them to the general ledger and the ECCR filing. 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 rates for each of the clause audits of this Utility in Docket 20220001-EI, Audit Control Number 2022-003-4-1. 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 are 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 for the year 2021. 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 approved 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 2021 depreciation expense and traced total depreciation expense to the general ledger. No exceptions were noted.

Other

Objective: 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 1, 2022, FEECA filing for Residential Home Energy Survey, Residential Load Management, Business Energy Evaluation, and Commercial/Industrial Demand Reduction. We traced the program participants to source documentation. No exceptions were noted.

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, 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 ECCR revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2021 to 2020 expenses. There were not significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

FLORIDA POWER & LIGHT COMPANY
ENERGY CONSERVATION COST RECOVERY (ECCR)
CONSERVATION TRUE-UP CALCULATION

SCHEDULE CT-3

January 2021 through December 2021													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	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	a-Nov - 2021	a-Dec - 2021	Total
1. Conservation Clause Revenues (Net of Revenue Taxes)	\$11,280,864	\$11,133,080	\$11,539,440	\$12,214,866	\$13,745,187	\$14,320,317	\$14,852,389	\$15,756,208	\$15,388,631	\$13,997,703	\$12,395,847	\$11,303,412	\$157,917,923
2. Adjustment Not Applicable to Period - Prior True-Up	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$356,376	\$4,276,517
3. Conservation Revenues Applicable to Period (Line 1+2)	\$11,637,241	\$11,489,456	\$11,895,816	\$12,571,242	\$14,101,564	\$14,676,693	\$15,208,766	\$16,112,583	\$15,745,008	\$14,354,079	\$12,752,224	\$11,659,789	\$162,194,440
4. Conservation Expenses	\$8,985,163	\$10,113,558	\$10,345,191	\$11,475,008	\$12,618,547	\$14,892,116	\$13,731,593	\$16,270,162	\$14,835,534	\$12,853,812	\$10,490,075	\$11,664,509	\$140,275,934
5. True-Up This Period (Line 3-4)	\$2,652,078	\$1,375,898	\$1,550,625	\$1,096,234	\$1,482,997	(\$215,423)	\$1,477,168	(\$157,579)	\$909,474	\$300,267	\$2,252,149	(\$4,780)	\$12,918,505
6. Interest Provision for the Month	\$563	\$681	\$893	\$877	\$578	\$645	\$768	\$674	\$732	\$667	\$1,179	\$1,240	\$9,698
7. True-Up & Interest Provison Beginning of Month	\$4,276,517	\$6,572,781	\$7,592,954	\$8,788,126	\$9,528,260	\$10,655,450	\$10,084,303	\$11,205,863	\$10,714,058	\$11,267,888	\$11,412,645	\$13,309,507	4,276,517
7a. Deferred True-Up Beginning of Period	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	\$2,529,096	2,529,096
8. True-Up Collected (Refunded) (see Line 2)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$356,376)	(\$4,276,517)
9. End of Period Total True-Up (Lines 5+6+7a+8)	\$9,101,878	\$10,122,080	\$11,317,222	\$12,057,356	\$13,184,565	\$12,613,400	\$13,734,950	\$13,221,677	\$13,796,084	\$13,941,742	\$15,038,693	\$15,478,776	\$15,457,300
10. Adjustment to Period True-Up Including Interest ⁽¹⁾	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,477	\$0	\$0	\$0	\$0	\$21,477
11. End of Period Total True-Up (Lines 9 + 10)	\$9,101,878	\$10,122,080	\$11,317,222	\$12,057,356	\$13,184,565	\$12,613,400	\$13,734,950	\$13,243,154	\$13,796,084	\$13,941,741	\$15,038,693	\$15,478,776	\$15,478,776

Note () Reflects Underrecovery

Totals may not add due to rounding

⁽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

Exhibit 1 continued

**FLORIDA POWER & LIGHT COMPANY
ENERGY CONSERVATION COST RECOVERY (ECCR)
CONSERVATION TRUE-UP CALCULATION**

SCHEDULE CT-3

January 2021 through December 2021													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Interest Provision	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	a-Nov - 2021	a-Dec - 2021	Total
1 Beginning True-Up Amount	\$6,805,613	\$9,101,877	\$10,122,080	\$11,317,222	\$12,057,356	\$13,184,565	\$12,613,390	\$13,734,950	\$13,243,154	\$13,796,984	\$13,941,741	\$15,838,693	\$145,757,632
2 Ending True-Up Amount Before Interest	\$9,101,314	\$10,121,309	\$11,316,328	\$12,056,479	\$13,183,977	\$12,612,755	\$13,734,191	\$13,221,003	\$13,706,252	\$13,040,875	\$15,837,514	\$15,477,534	\$154,390,621
3 Total of Beginning & Ending True-Up (Line 1 + 2)	\$15,906,927	\$19,223,377	\$21,438,408	\$23,373,701	\$25,241,333	\$25,797,309	\$26,347,590	\$26,955,961	\$27,039,405	\$27,737,850	\$29,779,256	\$31,316,226	\$300,157,253
4 Average True-Up Amount (50% of Line 3)	\$7,953,464	\$9,611,638	\$10,719,204	\$11,686,851	\$12,620,666	\$12,898,655	\$13,173,795	\$13,477,981	\$13,519,703	\$13,868,930	\$14,889,628	\$15,658,113	\$150,078,627
5 Interest Rate - First Day of Reporting Business Month	0.09000%	0.08500%	0.09000%	0.11000%	0.07000%	0.04000%	0.08000%	0.06000%	0.06000%	0.07000%	0.08000%	0.11000%	0.04000%
6 Interest Rate - First Day of Subsequent Business Month	0.08000%	0.09000%	0.11000%	0.07000%	0.04000%	0.08000%	0.06000%	0.06000%	0.07000%	0.08000%	0.11000%	0.08000%	0.03000%
7 Total (Line 5 + 6)	0.17000%	0.17000%	0.20000%	0.18000%	0.11000%	0.12000%	0.14000%	0.12000%	0.13000%	0.15000%	0.19000%	0.19000%	1.87000%
8 Average Interest Rate (50% of Line 7)	0.08500%	0.08500%	0.10000%	0.09000%	0.05500%	0.06000%	0.07000%	0.06000%	0.06500%	0.07500%	0.09500%	0.09500%	0.93500%
9 Monthly Average Interest Rate (Line 8 / 12)	0.00708%	0.00708%	0.00833%	0.00750%	0.00458%	0.00500%	0.00583%	0.00500%	0.00542%	0.00625%	0.00792%	0.00792%	0.07782%
10 Interest Provision for the Month (Line 4 x 9)	\$563	\$681	\$893	\$877	\$578	\$645	\$768	\$874	\$732	\$667	\$1,179	\$1,240	\$9,697

Note: Totals may not add due to rounding