

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: August 3, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 

RE: Docket No.: 20230002-EG
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3b: Energy Conservation Cost Recovery Clause
Audit Control No.: 2023-018-1-1

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 no confidential work papers associated with this audit.

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

Auditor's Report

Florida Power & Light Company
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230002-EG
Audit Control No. 2023-018-1-1
July 31, 2023

A handwritten signature in cursive script that reads "Donna D. Brown".

Donna D. Brown
Audit Manager

A handwritten signature in cursive script that reads "Todd M. Brown".

Todd M. Brown
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, 2023. 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 2022 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20230002-EG.

The 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.

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 2022 to 2021 revenues and expenses. We requested explanations from the Utility for any significant variances. The explanations provided were sufficient. Further follow-up was not required.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2022, through December 31, 2022, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the ECCR clause.

Procedures: We reconciled the 2022 filing to the Utility's monthly revenue reports and the general ledger. We computed the factors by rate code and compared them to Commission Order No. PSC-2021-0427-FOF-EI, issued November 17, 2021, in Docket No. 20220002-EG. We selected a sample of residential and commercial customers' bills for the month of March 2022. We recalculated each customer bill to verify usage of the correct tariff rate. This work was also performed in Docket No. 20230001-EI, Audit Control No. 2023-010-4-1, with the revenue portion of the other clause audits. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that 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 reconciled O&M expenses in the filing to the general ledger. We performed a statistical sample of O&M expenses for 2022. The source documentation for selected items were

reviewed to ensure that they were in the correct period, for the correct amount, 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. 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, 2023, 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 and determined the method by which participants joined the program. 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, 2021, True-up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2022, using the Commission approved beginning balance as of December 31, 2021, the Financial Commercial Paper rates, and the 2022 ECCR revenues and costs. No exceptions were noted.

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 2022 through December 2022													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	a-Jan - 2022	a-Feb - 2022	a-Mar - 2022	a-Apr - 2022	a-May - 2022	a-Jun - 2022	a-Jul - 2022	a-Aug - 2022	a-Sep - 2022	a-Oct - 2022	a-Nov - 2022	a-Dec - 2022	Total
1. Conservation Clause Revenues (Net of Revenue Taxes)	\$11,122,229	\$11,513,325	\$11,818,794	\$12,580,822	\$13,195,114	\$14,711,139	\$15,932,112	\$18,211,748	\$19,850,528	\$13,995,588	\$12,508,531	\$12,044,431	\$181,005,358
2. Adjustment Not Applicable to Period - Prior True-Up	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$1,143,838	\$13,723,855
3. Conservation Revenues Applicable to Period (Line 1+2)	\$12,266,067	\$12,656,963	\$12,962,432	\$13,734,450	\$14,248,752	\$15,854,777	\$17,075,749	\$17,355,386	\$18,994,164	\$14,739,226	\$13,653,169	\$13,188,069	\$174,729,013
4. Conservation Expenses	\$9,014,821	\$10,537,743	\$9,211,415	\$12,657,491	\$12,587,522	\$14,819,348	\$13,067,426	\$14,513,111	\$16,188,774	\$13,054,243	\$10,519,337	\$19,256,452	\$153,282,683
5. True-Up This Period (Line 3-4)	\$3,251,047	\$2,119,220	\$3,751,017	\$1,076,966	\$1,668,230	\$1,035,429	\$3,108,324	\$2,842,275	\$2,805,390	\$1,684,983	\$3,133,832	\$3,988,382	\$21,448,330
6. Interest Provision for the Month	\$1,739	\$3,248	\$6,785	\$12,284	\$18,671	\$28,865	\$43,382	\$53,582	\$64,279	\$76,185	\$89,682	\$98,268	\$496,970
7. True-Up & Interest Provision Beginning of Month	\$13,723,855	\$15,832,803	\$18,811,832	\$19,425,797	\$19,371,411	\$19,932,673	\$19,853,349	\$21,861,417	\$23,613,636	\$23,359,867	\$23,877,177	\$26,057,053	\$13,723,855
7a. Deferred True-Up Beginning of Period	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496	\$4,192,496
8. True-Up Collected/(Refunded) (see Line 2)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$1,143,838)	(\$13,723,855)
9. End of Period Total True-Up (Lines 5+6+7+7a+8)	\$20,025,299	\$21,004,128	\$23,618,293	\$23,563,907	\$24,125,169	\$24,045,845	\$26,053,913	\$27,808,132	\$27,552,164	\$26,169,673	\$30,249,549	\$26,135,796	\$21,943,300
10. Adjustment to Period True-Up Including Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11. End of Period Total True-Up (Lines 9 + 10)	\$20,025,299	\$21,004,128	\$23,618,293	\$23,563,907	\$24,125,169	\$24,045,845	\$26,053,913	\$27,808,132	\$27,552,164	\$26,169,673	\$30,249,549	\$26,135,796	21,943,300

Note: (.) Reflects Underrecovery

Totals may not add due to rounding.