

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-**

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**DATE:** July 1, 2024

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

**FROM:** Donna Brown, Bureau Chief, Office of Auditing & Performance Analysis *DB*

**RE:** Docket No.: 20240010-EI  
Company Name: Florida Power & Light Company  
Company Code: EI802  
Audit Purpose: A3g: Storm Protection Plan Cost Recovery Clause  
Audit Control No.: 2024-004-2-1

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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 & Performance Analysis

State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing

### Auditor's Report

Florida Power & Light Company  
Storm Protection Plan Cost Recovery Clause

**Twelve Months Ended December 31, 2023**

Docket No. 20240010-EI  
Audit Control No. 2024-004-2-1

**June 28, 2024**

A handwritten signature in black ink, appearing to read "Tomer", written over a horizontal line.

Tomer Kopelovich  
Audit Manager

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

    None..... 4

Exhibits

    1: True-Up Calculation ..... 5

    2: Interest Provision ..... 6

## Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Office of Industry Development & Market Analysis in its audit service request dated December 20, 2023. We have applied these procedures to the attached schedules prepared by Florida Power & Light Company in support of its filing for the Storm Protection Plan Cost Recovery Clause in Docket No. 20240010-EI.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to Florida Power & Light Company.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to Storm Protection Plan.

### **Capital Investments**

**Objectives:** The objectives were to audit the following capital investments: Feeder Hardening Program, Distribution Lateral Undergrounding Program, Transmission Wooden Structure Hardening: (i) Verify that the investment amounts are recorded in the correct plant accounts; (ii) Reconcile the corresponding Plant-in-Service/Depreciation Base; (iii) verify the calculations of the CWIP-Non Interest Bearing; (iv) Verify that the most recent Commission-approved depreciation and amortization periods are used in calculating the depreciation expenses; (v) Reconcile the depreciation savings for retired assets that have depreciation recovered through base rates.

**Procedures:** We reconciled the capital investments to the Utility's general ledger. We verified the calculations of the non-interest bearing CWIP. We verified that the most recent Commission-approved depreciation and amortization periods were used in calculating the depreciation expenses. We requested support for depreciation savings for retired assets that have depreciation recovered through base rates. We statistically sampled the Feeder Hardening Program, the Distribution Lateral Undergrounding Program, and the Transmission Wooden Structure Hardening capital investments. No exceptions were noted.

**Objectives:** The objective was to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1 through December 31, 2023.

**Procedures:** We reconciled the program-related additions, retirements, and adjustments to the general ledger. No exceptions were noted.

### **Expense**

**Objectives:** The objectives were to reconcile operation and maintenance expenses to the general ledger and review a statistical sample or judgmental sample of the projects listed on Form 5A.

**Procedures:** We reconciled the operation and maintenance expenses to the general ledger. We statistically sampled projects from the O&M programs listed on Form 5A. No exceptions were noted.

**Objectives:** The objectives were to reconcile the Implementation SPPCRC Overhead Hardening Operation and Maintenance Expenses to the general ledger, and to review a statistical or judgmental sample of expenses.

**Procedures:** We reconciled the operation and maintenance (O&M) expenses to the general ledger. We statistically sampled Implementation SPPCRC Overhead Hardening expenses. No exceptions were noted.

## **Other**

**Objectives:** The objectives were to: 1) Substantiate if the Utility changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Verify if the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

**Procedures:** We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We reviewed whether the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We determined that the Utility has not made changes to its allocation method. No exceptions were noted.

## **True-up**

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

**Procedures:** We verified the True-Up and Interest Provision amounts as of December 31, 2023, using the Financial Commercial Paper rates and 2023 revenues and costs. No exceptions were noted.

Audit Findings

**None**

# Exhibits

## Exhibit 1: True-Up Calculation

	Jan - 2023	Feb - 2023	Mar - 2023	Apr - 2023	May - 2023	Jun - 2023	Jul - 2023	Aug - 2023	Sep - 2023	Oct - 2023	Nov - 2023	Dec - 2023	Total
Line No.													
1. Revenues (net of Revenue Taxes)	\$27,439,731.19	\$25,430,771.93	\$27,600,693.47	\$29,832,972.72	\$30,562,166.15	\$33,577,977.64	\$36,246,859.80	\$39,657,320.15	\$36,563,497.73	\$33,336,601.34	\$28,251,921.02	\$25,834,168.58	\$378,356,703.72
2. True-up Provision	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$104,299.86)	(\$1,251,598.26)
<b>3. Revenues Applicable to Period (Lines 1 + 2)</b>	<b>\$27,335,431.34</b>	<b>\$25,326,472.08</b>	<b>\$27,496,393.62</b>	<b>\$29,728,672.87</b>	<b>\$30,477,886.30</b>	<b>\$33,473,677.79</b>	<b>\$36,144,559.95</b>	<b>\$39,553,020.30</b>	<b>\$36,459,197.88</b>	<b>\$33,232,301.49</b>	<b>\$28,147,621.17</b>	<b>\$25,729,868.73</b>	<b>\$377,105,105.46</b>
4. Jurisdictional Costs													
a - O&M Activities	\$8,177,634.41	\$8,795,346.95	\$10,385,828.91	\$8,174,789.15	\$10,237,711.93	\$9,800,349.09	\$7,640,724.58	\$9,752,559.66	\$8,119,135.86	\$6,419,451.67	\$4,149,716.81	\$4,937,780.15	\$96,591,029.77
b - Capital Investment Projects	\$19,534,318.98	\$20,589,241.05	\$21,674,820.83	\$22,770,833.72	\$23,804,855.52	\$24,829,393.77	\$25,736,601.86	\$26,565,558.86	\$27,426,481.84	\$28,360,429.01	\$29,240,472.26	\$29,909,179.12	\$300,441,866.44
c - Total Jurisdictional Costs	\$27,711,953.39	\$29,384,588.00	\$32,060,649.74	\$30,945,622.86	\$34,042,567.45	\$34,629,743.46	\$33,377,326.25	\$36,318,118.52	\$35,545,617.50	\$34,779,880.68	\$33,390,189.07	\$34,846,959.27	\$397,033,016.21
5. Over/(Under) Recovery (Line 3 - Line 4c)	(\$376,522.06)	(\$4,058,115.93)	(\$4,564,256.13)	(\$1,216,950.00)	(\$3,564,479.16)	(\$1,156,065.68)	\$4,767,233.70	\$3,234,901.78	\$2,913,560.37	(\$1,547,579.20)	(\$5,242,567.90)	(\$9,117,090.55)	(\$19,927,910.75)
6. Interest Provision	(\$24,541.42)	(\$33,590.29)	(\$51,424.54)	(\$64,150.52)	(\$75,673.06)	(\$87,538.61)	(\$81,526.31)	(\$65,383.08)	(\$51,260.07)	(\$46,113.07)	(\$63,099.43)	(\$94,513.82)	(\$740,814.22)
7. Prior Periods True-Up to be (Collected)/Refunded	(\$1,251,598.26)	(\$1,548,361.88)	(\$5,535,768.25)	(\$10,047,149.06)	(\$11,223,949.73)	(\$14,759,802.09)	(\$15,899,106.52)	(\$11,109,099.28)	(\$7,835,280.72)	(\$4,888,660.56)	(\$6,360,052.98)	(\$11,561,420.46)	(\$102,000,249.78)
a - Deferred True-Up	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$5,171,244.82)	(\$62,054,937.86)
8. True-Up Collected /(Refunded) (See Line 2)	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$104,299.86	\$1,251,598.26
<b>9. End of Period True-Up (Lines 5+6+7+a+8)</b>	<b>(\$6,719,806.70)</b>	<b>(\$10,707,013.07)</b>	<b>(\$15,218,393.88)</b>	<b>(\$16,395,194.55)</b>	<b>(\$19,931,048.91)</b>	<b>(\$21,070,351.34)</b>	<b>(\$18,280,344.10)</b>	<b>(\$13,008,525.54)</b>	<b>(\$10,039,905.38)</b>	<b>(\$11,531,297.80)</b>	<b>(\$16,732,665.28)</b>	<b>(\$25,839,969.79)</b>	<b>(\$163,472,314.35)</b>
10. Adjustments to Period Total True-Up Including Interest:													
<b>11. End of Period Total Net True-Up (Lines 9+10)</b>	<b>(\$6,719,806.70)</b>	<b>(\$10,707,013.07)</b>	<b>(\$15,218,393.88)</b>	<b>(\$16,395,194.55)</b>	<b>(\$19,931,048.91)</b>	<b>(\$21,070,351.34)</b>	<b>(\$18,280,344.10)</b>	<b>(\$13,008,525.54)</b>	<b>(\$10,039,905.38)</b>	<b>(\$11,531,297.80)</b>	<b>(\$16,732,665.28)</b>	<b>(\$25,839,969.79)</b>	<b>(\$163,472,314.35)</b>
Monthly Over/(Under)	(\$296,763.62)	(\$3,987,406.36)	(\$4,511,380.81)	(\$1,176,800.67)	(\$3,535,852.36)	(\$1,139,304.43)	\$4,790,007.25	\$3,273,818.56	\$2,966,620.16	(\$1,491,392.42)	(\$5,201,367.48)	(\$9,107,304.51)	(\$19,417,128.71)



## Exhibit 2: Interest Provision

	Jan - 2023	Feb - 2023	Mar - 2023	Apr - 2023	May - 2023	Jun - 2023	Jul - 2023	Aug - 2023	Sep - 2023	Oct - 2023	Nov - 2023	Dec - 2023
1. Beginning True-Up Amount	(\$6,422,843.08)	(\$6,719,606.70)	(\$10,707,013.07)	(\$15,218,393.88)	(\$16,395,194.55)	(\$19,931,046.91)	(\$21,070,351.34)	(\$16,280,344.10)	(\$13,006,525.54)	(\$10,039,905.38)	(\$11,531,297.80)	(\$16,732,665.28)
2. Ending True-Up Amount before Interest	(\$6,695,065.28)	(\$10,673,422.78)	(\$15,166,969.34)	(\$16,331,044.02)	(\$19,855,373.85)	(\$20,982,812.73)	(\$16,198,817.79)	(\$12,941,142.47)	(\$9,988,645.31)	(\$11,483,184.72)	(\$16,669,565.85)	(\$25,745,455.97)
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	(\$13,117,908.37)	(\$17,393,029.48)	(\$25,873,982.41)	(\$31,549,437.90)	(\$36,250,568.40)	(\$40,913,859.64)	(\$37,269,169.13)	(\$29,221,486.56)	(\$22,995,170.86)	(\$21,523,090.11)	(\$28,200,863.65)	(\$42,478,121.25)
4. Average True-Up Amount (Line 3 x 1/2)	(\$6,558,954.18)	(\$8,696,514.74)	(\$12,936,991.20)	(\$15,774,718.95)	(\$18,125,284.20)	(\$20,456,929.82)	(\$18,634,584.57)	(\$14,610,743.28)	(\$11,497,585.43)	(\$10,761,545.05)	(\$14,100,431.82)	(\$21,239,060.63)
5. Interest Rate (First Day of Reporting Month)	4.3700%	4.6100%	4.6600%	4.8800%	4.8800%	5.1400%	5.1300%	5.3700%	5.3700%	5.3300%	5.4000%	5.3400%
6. Interest Rate (First Day of Subsequent Month)	4.6100%	4.6600%	4.8800%	4.8800%	5.1400%	5.1300%	5.3700%	5.3700%	5.3300%	5.4000%	5.3400%	5.3400%
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.9800%	9.2700%	9.5400%	9.7600%	10.0200%	10.2700%	10.5000%	10.7400%	10.7000%	10.7300%	10.7400%	10.6800%
8. Average Interest Rate (Line 7 x 1/2)	4.4900%	4.6350%	4.7700%	4.8800%	5.0100%	5.1350%	5.2500%	5.3700%	5.3500%	5.3650%	5.3700%	5.3400%
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.3742%	0.3863%	0.3975%	0.4067%	0.4175%	0.4279%	0.4375%	0.4475%	0.4458%	0.4471%	0.4475%	0.4450%
10. Interest Provision for the Month (Line 4 x Line 9)	(\$24,541.42)	(\$33,590.29)	(\$51,424.54)	(\$64,150.52)	(\$75,673.06)	(\$87,538.61)	(\$81,526.31)	(\$65,383.08)	(\$51,260.07)	(\$48,113.07)	(\$63,099.43)	(\$94,513.82)