

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: May 13, 2026

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

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis *LD*

RE: Docket No.: 20260001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No.: 2026-012-1-1

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 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
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260001-EI
Audit Control No. 2026-012-1-1
May 12, 2026

A handwritten signature in blue ink, appearing to read "Yen N. Ngo", written over a horizontal line.

Yen N. Ngo
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn Deamer", written over a horizontal line.

Lynn Deamer
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 & Finance in its audit service request dated January 6, 2026. 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 2025 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20260001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Company refers to Florida Power & Light Company.

Fuel Clause refers to the Fuel and Purchased Power Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (kWh) sold for the period January 1, 2025 through December 31, 2025, and whether FPL applied the Commission-approved cost recovery factor to actual kWh sales for the Fuel Clause.

Procedures: We reconciled the 2025 filing to the Company's monthly revenue reports and the general ledger. The following work was also performed in the revenue portion of the other clause audits: 1. Conservation Recovery Clause, 2. Capacity Cost Recovery Clause, 3. Environmental Cost Recovery Clause and 4. Storm Protection Plan Cost Recovery Clause. We computed the factors by rate code and compared them to Commission Order No. PSC-2024-0481-FOF-EI, issued November 22, 2024, PSC-2024-0484-FOF-EI issued November 24, 2024, and Orders PSC-2024-0482-FOF-EI issued November 22, 2024. We selected a sample of residential and commercial customers' bills for the month of October 2025. We recalculated each customer bill to verify usage of the correct tariff rate. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to review the expenses the Company included in the Fuel Clause and to determine whether those expenses were properly recoverable as required by Commission Order No. 14546, issued July 8, 1985.

Procedures: We reconciled fuel expenses in the Fuel Clause to the general ledger. We reviewed and sampled fuel expenses reported on Schedules A-1 and A-2 for the month of August 2025, and other supporting documentation to determine that fuel expense included in the Fuel Clause complied with the requirements of Commission Order No. 14546. No exceptions were noted.

Generation-Related Gains

Objectives: The objectives were to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the Fuel Clause as required by Commission Order No. PSC-2000-1744-PAA-EI, issued September 26, 2000.

Procedures: We selected one month (August 2025) of Energy Marketing energy sales transactions to sample for the period. The transactions were traced to invoices and Energy

Marketing reports. The gains were recalculated and the credit was traced to the Fuel Clause. No exceptions were noted.

Energy Payment to Qualifying Facilities

Objectives: The objective was to determine whether energy payments to qualifying facilities on Schedule A-8 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We selected a sample of energy payment transactions for the period ending August 2025. The payments were traced to purchase statements, invoices, and billing statements. No exceptions were noted.

Gas Storage Expense

Objectives: The objective was to determine whether the payments for firm natural gas storage were recorded according to the terms and conditions of the Storage Service Agreements between FPL and two parties

Procedures: We tested the vendor invoices for the month of August 2025, and agreed the quantities and costs to the terms and conditions of the gas storage agreement. No exceptions were noted.

Firm Transportation Services

Objectives: The objective was to determine whether the firm transportation service (FTS) charge for transporting natural gas agrees with the FTS rate schedules from the pipeline company's tariff.

Procedures: We sample the August 2025 FTS payments and traced them to the vendor invoices, FPL purchase statements, and to the pipeline company's posted tariffs. No exceptions were noted.

Purchase Power Exclusive of Economy Purchase

Objectives: The objective was to determine whether purchased power payments on Schedule A-7 were supported by proper source documentation.

Procedures: We sampled purchased power payments for the month of August 2025. We recalculated and traced the amounts to the true-up schedules. The true-up schedules were verified and the prior months fuel costs were reconciled to actual invoices. No exceptions were noted.

Inventory

Coal Inventory Analysis

Objectives: The objectives were to determine whether semi-annual coal inventory surveys were completed and that inventory adjustments to coal supplies were made as required in Commission Order No. PSC-1997-0359-FOF-EI, issued March 31, 1997

Procedures: We obtained FPL’s coal inventory analysis, inventory adjustment, and survey reports. We recalculated the adjustments and reconciled them to the survey reports and inventory analysis. We verified that the inventory adjustment calculations were consistent with the requirements of Commission Order No. PSC-1997-0359-FOF-EI. The inventory adjustments were traced to the filing and the general ledger. No exceptions were noted.

Other

Oil and Gas Purchases

Objectives: The objectives were to determine whether the coal and oil purchases on Form 423 reconcile with the monthly Schedule A-5; contractual obligations, and source documentation.

Procedures: We reconciled the August 2025 coal and oil purchases on Form 423 with the filing and the Fossil Fuel Inventory Report for the period. We also traced Schedule A-5 to the Fuel Used in the Electric Generating Plants Reports, which were tested in our sampling of Fuel Costs of System Net Generation. No exceptions were noted.

Unit Power Sales

Objectives: The objective was to examine FPL’s analysis and audit of its Unit Power Sales contracts with the Southern Companies and the Jacksonville Electric Authority.

Procedures: There was no audit report issued during 2025. No further work was performed

Incentive Mechanism Review

Objectives: The objective was to determine whether the incremental gains included in the Fuel Clause were consistent with FPL’s Incentive Mechanism that was approved in Commission Order No. PSC-2016-0560-AS-EI, issued December 15, 2016, in Docket No. 20160088-EI.

Procedures: We obtained a schedule for the month of August 2025 of all incremental gains by asset optimization measure as defined in Commission Order No. PSC-2013-0023-S-EI that were included in the Fuel Clause. We reviewed a sample of the transactions for each asset optimization measure for the period and traced each transaction to supporting invoices, purchase statements, and pipeline reports. We verified that the transactions were “arm’s length” and not associated with FPL’s parent, NextEra Energy, Inc., or its subsidiaries. We recalculated the incremental gains and reviewed the market price and index inputs used by FPL to calculate the gains. We also selected a sample of incremental costs and traced them to the invoices to verify these costs were related to the Incremental Optimization program. No exceptions were noted.

Asset Optimization Costs

Objectives: The objective was to determine whether the incremental optimization costs included in the Fuel Clause were consistent with FPL’s Incentive Mechanism that was approved in Commission Order No. PSC-2016-0560-AS-EI.

Procedures: We obtained a schedule of all incremental optimization costs for the month of August 2025 as defined in Commission Order No. PSC-2016-0560-AS-EI that were included in

the Fuel Clause. We reviewed a sample of the incremental costs incurred by FPL to manage the Incentive Mechanism and its related purchase and sales programs. No exceptions were noted.

Power Sold

Objectives: The objectives were to determine whether the gains on short-term power sales and the savings on short-term power purchases were included in the Fuel Clause and that they were consistent with FPL's Incentive Mechanism that was approved in Commission Order No. PSC 2016-0560-AS-EI.

Procedures: We obtained a schedule of short-term power sales and purchases included in the Fuel Clause for the month ended August 31, 2025. We reviewed a sample of power transactions to check for gains or savings on short-term purchases that should be included as part of the Incentive Mechanism. We verified that FPL's application of the phrase "short-term" for these transactions is consistent with the intentions defined in Commission Order No. PSC 2016-0560-AS-EI. No exceptions were noted.

Revenue Expansion Factor

Objectives: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel clause does not contain a component for bad debt expense.

Procedures: We requested support for whether the revenue expansion factor applied to any capital investments being recovered through the Fuel Clause contained a component for bad debt expense. Per the Company response, the revenue expansion factor does not contain any component for bad debt expense. Further follow-up was not needed.

True-up

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

Procedures: We traced the December 31, 2024, True-Up Provision to Commission Order No. PSC-2024-0481-FOF-EI issued on November 22, 2024. We also recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Financial Commercial Paper rates, and the 2024 Fuel Clause revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2025 revenues and expenses to 2021 to 2024. We requested explanations from the Company for any significant changes to revenues and expenses. The Company-provided explanations were sufficient and further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up and Interest Provision

FLORIDA POWER & LIGHT COMPANY
FUEL COST RECOVERY CLAUSE
CALCULATION OF FINAL TRUE-UP AMOUNT

FOR THE PERIOD OF JANUARY 2005 THROUGH DECEMBER 2005														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Line No.		a-Jan - 2005	a-Feb - 2005	a-Mar - 2005	a-Apr - 2005	a-May - 2005	a-Jun - 2005	a-Jul - 2005	a-Aug - 2005	a-Sep - 2005	a-Oct - 2005	a-Nov - 2005	a-Dec - 2005	a-2005
1	Fuel Costs & Net Power Transactions													
2	Fuel Costs of System Net Generation (Sch. 3)	373,413,628	265,256,458	295,688,507	294,444,490	320,600,140	355,803,062	394,720,487	356,125,978	300,227,357	205,165,735	257,454,294	300,619,859	2,744,433,663
3	Lease Costs	84,248	88,623	100,373	117,528	82,822	117,528	101,609	101,609	89,659	62,464	267,947	10,237,870	11,682,674
4	Fuel Costs of Standby Sales	(19,773,971)	(7,502,364)	(6,721,836)	(7,375,514)	(7,247,782)	(7,043,208)	(9,306,076)	(8,384,007)	(7,725,300)	(5,977,505)	(6,239,198)	(7,293,850)	(87,444,653)
5	Fuel Costs of Power Sold (Sch. 6) ¹	(12,348,574)	(8,003,738)	(8,946,337)	(8,249,821)	(7,418,598)	(8,478,803)	(9,152,674)	(8,304,274)	(4,309,924)	(7,076,839)	(4,658,413)	(11,626,217)	(86,686,833)
6	Gains from Oil System Sales (Sch. 4) ¹	(17,144,424)	(4,232,571)	(4,373,268)	(3,373,763)	(2,448,238)	(4,346,723)	(6,701,004)	(8,952,649)	(2,795,699)	(1,865,332)	(4,343,042)	(2,478,464)	(66,476,869)
7	Fuel Cost of Purchased Power - Excesses of Economy (Sch. 7)	19,890,116	8,652,891	10,284,861	11,457,377	9,293,602	12,452,608	7,883,212	8,266,262	9,655,080	8,027,115	10,043,302	6,701,113	119,865,711
8	Energy Payments to Qualifying Facilities (Sch. 8)	2,545,631	4,629,779	2,350,950	2,349,227	2,383,484	2,322,912	3,174,097	3,174,097	2,232,494	1,894,729	1,905,470	1,790,068	29,406,518
9	Energy Cost to Economy Purchases (Sch. 9)	7,701,899	1,607,895	1,467,229	33,410	1,433,855	1,812,623	4,222,604	1,206,116	1,020	613,645	49,125	21,814	20,445,13
10		342,791,236	258,266,424	266,411,612	277,252,242	314,422,242	349,422,242	383,222,242	353,802,242	297,422,242	205,779,433	249,944,214	290,844,214	3,673,230,643
11	Optimization Activities¹													
12	Incremental Personnel, Software and Hardware Costs	106,747	118,252	119,905	125,480	138,910	132,522	128,920	92,164	117,624	125,451	162,730	231,875	1,523,230
13	Variable O&M Costs Attributable to Oil System Sales (Sch. 6)	266,210	116,396	141,709	147,473	113,265	133,273	124,452	64,263	87,252	89,378	110,372	145,738	1,477,085
14	Variable O&M Costs Attributable to Economy Purchases (Sch. 9)	(22,276)	(12,600)	(17,428)	(254)	(8,651)	(7,206)	(15,268)	(15,268)	0	0	(702)	(1,282)	(96,208)
15	Optimization Credits (Gains from Netex Gas and RECs) (Sch. 2)	(12,217,373)	(8,210,583)	(5,863,212)	(7,405,643)	(6,558,472)	(8,113,424)	(11,608,326)	(8,424,126)	(7,475,586)	(6,262,093)	(8,764,826)	(14,378,254)	(84,516,792)
16		(1,941,692)	(8,102,735)	(6,819,729)	(7,263,968)	(6,444,227)	(8,243,726)	(11,671,266)	(12,275,426)	(13,270,288)	(6,121,787)	(7,904,622)	(14,232,866)	(21,329,712)
17	Adjustments to Fuel Cost													
18	Energy-Related Fuel Revenues	(230,796)	(183,636)	(132,499)	(130,082)	(83,251)	(262,287)	(226,219)	(257,456)	(26,751)	(271,983)	(161,565)	(780,585)	(2,008,297)
19	Inventory Adjustments	(161,269)	5,461	57,236	85,892	88,753	38,753	34,727	(24,282)	350,661	(67,444)	34,488	(14,952)	661,428
20	Other O&M Expenses	42,762	42,762	48,762	48,762	78,217	53,242	34,282	50,263	50,263	50,263	50,263	61,843	661,511
21		(253,423)	(144,352)	(26,501)	6,079	129,510	(113,667)	(87,073)	(231,425)	245,436	(69,687)	(16,733)	(483,269)	(705,941)
22	Adjusted Total Fuel Costs & Net Power Transactions	289,568,423	248,738,465	242,336,238	269,253,682	308,139,991	342,255,237	375,429,647	347,421,923	280,596,421	214,330,520	241,925,711	286,513,248	3,560,633,504
23	MWh Sales													
24	Retail MWh Sales	8,214,644,379	9,469,369,774	8,434,958,882	8,533,758,659	10,994,556,797	12,584,911,852	12,779,290,365	12,882,662,237	12,623,807,883	11,742,941,528	9,463,443,837	8,969,944,445	126,442,240,176
25	Gas Re-Resale	426,713,300	457,973,133	414,481,502	465,210,420	555,618,030	609,547,470	683,748,990	646,254,870	656,007,379	579,882,112	542,487,643	459,227,820	5,207,339,733
26		8,641,357,679	9,927,342,907	8,849,440,384	8,998,969,079	11,550,174,827	13,194,459,322	13,463,040,355	13,528,917,107	13,279,815,262	12,322,823,640	10,015,931,479	9,429,172,265	131,649,579,909
27	Ratio % of Total MWh Sales	95.6285%	95.3865%	95.3162%	95.6423%	95.5810%	95.3822%	95.8713%	95.4892%	95.0762%	95.2945%	94.5993%	95.4291%	
28	Revenue Applicable to Period													
29	Jurisdictional Fuel Revenues	262,915,600	253,738,049	233,509,287	255,571,738	268,244,616	345,800,070	351,229,257	380,436,318	347,661,780	326,425,477	256,110,543	239,939,215	3,321,462,649
30	Pre-Period True-Up/Collection/Refunded "In Period" GP ¹	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(19,306,441)
31	GP ¹	608,827	608,827	608,827	608,827	608,827	608,827	608,827	608,827	608,827	608,827	608,827	608,827	(11,145,613)
32	Atrial Depreciation ¹	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(3,667,546)	(43,950,523)
33	Sea-Together (ST) Credit	(13,625,126)	(14,030,479)	(15,946,848)	(21,027,247)	(24,021,535)	(24,485,528)	(22,682,302)	(23,791,654)	(21,787,532)	(21,763,456)	(20,377,705)	(19,338,565)	(282,476,241)
34		222,712,226	222,522,222	222,847,249	227,847,249	267,878,125	312,117,249	322,389,421	350,486,793	326,486,725	290,494,775	227,125,504	213,333,846	3,263,838,830
35	True-Up Calculated													
36	Adjusted Total Fuel Costs & Net Power Transactions	300,568,423	248,738,465	242,336,238	269,253,682	308,139,991	342,255,237	375,429,647	347,421,923	280,596,421	214,330,520	241,925,711	286,513,248	3,560,633,504
37	Jurisdictional Sales % of Total MWh Sales	95.6285%	95.3865%	95.3162%	95.6423%	95.5810%	95.3822%	95.8713%	95.4892%	95.0762%	95.2945%	94.5993%	95.4291%	
38	Retail Total Fuel Costs & Net Power Transactions	287,961,866	238,651,112	246,911,274	269,253,735	298,672,222	327,170,659	351,229,460	325,265,197	278,535,123	261,266,633	221,438,767	271,297,227	3,421,317,642
39	True-Up Provisions for the Month-Over-12-Month Recovery	17,248,771	(5,126,984)	(67,864,858)	(40,533,453)	(29,021,194)	(173,652,387)	(128,663,628)	(18,110,266)	43,101,723	30,590,297	(663,745)	(56,663,798)	(217,376,123)
40	Interest Provisions for the Month-Over-12-Month Recovery	278,126	(60,566)	274,233	(144,821)	(263,153)	(329,445)	(415,137)	(447,268)	(324,756)	(127,046)	(127,681)	(211,878)	(1,671,354)
41	True-Up & Interest Prov. Beg. of Period - Over/Under Recovery	(19,030,441)	(74,617,177)	(77,728,801)	(94,794,685)	(12,908,790)	(229,615,466)	(129,212,427)	(257,805,336)	(29,746,131)	(191,303,215)	(162,739,796)	(161,239,796)	(169,026,441)
42	Deferred True-Up Depreciation of Period - Over/Under Recovery	120,616,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897	122,946,897
43	Pre-Period True-Up Collection/Refunded "In Period"	(815,670)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(1,585,870)	(19,306,441)
44	End of Period Net True-Up Amount Over/Under Recovery	48,523,610	45,166,926	(25,947,789)	(23,928,122)	(86,663,343)	(90,249,236)	(133,948,126)	(112,793,253)	(71,456,418)	(21,211,237)	(38,722,803)	(96,122,610)	(66,102,812)
45														
46	Pre-Order No. PSC-2005-0446-G-C													
47	Pre-Order No. PSC-2004-0414-F-CF-C1													
48														
49														
50	A \$1 MM credit was reconciled between the two files referenced above and identified after year-end close with no net impact on the 2005 true-up calculation. It is reflected in the corrected class below. The GL reconciliation was posted in February 2006, creating a slight difference between the files corrected and the general ledger.													
51	Note: Totals may not add due to rounding.													