

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 

RE: Docket No.: 20260001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No.: 2026-012-1-2

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 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
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260001-EI
Audit Control No. 2025-012-1-2
May 13, 2026

A handwritten signature in blue ink, appearing to read "K Guan".

Kathryn Guan
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn M Deamer".

Lynn M. 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 and 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 Capacity 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 and Light Company.
CCRC refers to the Capacity Cost Recovery Clause.

Revenue

Capacity 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 CCRC.

Procedures: We recalculated the Capacity Revenues from the general ledger and reconciled to the Company's filing. The recalculation of customer bills was performed in Docket No. 20260001-EI, Audit Control No. 2026-012-1-1, 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 as required in Commission Order No. PSC-1999-2512-FOF-EI, issued December 22, 1999.

Procedures: We compiled transmission revenues for the twelve-month period ended December 31, 2025, from the Company-provided documentation and reconciled the revenues with the general ledger and the filing. We judgmentally selected the sample of revenue transactions and traced them to source documentation. We determined that these revenues comply with Commission Order No. PSC-1999-2512-FOF-EI. No exceptions were noted.

Expense

Capacity Cost

Objective: The objectives were 1) to determine that the costs filed by the Company for Capacity Cost Recovery Clause (CCRC) agree to the general ledger and supporting documentation, and 2) to determine whether the security costs recovered in the Capacity Clause were incremental to the security costs included in base rates, consistent with the method approved by Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket No. 20030001-EI.

Procedures: We recalculated the Capacity Costs by category and by stratification, and we reconciled to the Company's filing. We also reviewed the general ledger account detail for

vendors charging security costs to the Company. We judgmentally selected a sample of the capacity costs by program and traced to the supporting documentation. We verified the consistency with the method approved in Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket No. 20030001-EI. No exceptions were noted.

Purchased Power Contract

Objective: The objective was to determine whether invoices for capacity purchases were 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 judgmentally selected the sample for capacity purchases and reconciled them 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

Objective: The objective was to determine whether the amount of NRC fees paid and the recoverable portion of the Incremental NRC fee increase amounts were consistent with the percentage approved for recovery in Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket No. 20030001-EI.

Procedures: We selected a sample for the twelve-month period ended December 31, 2025, and computed the percentage allocated to CCRC. We concluded that the fees allocated to the CCRC are consistent with the percentage approved for recovery in Commission Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket No. 20030001-EI. No exceptions were noted.

Depreciation and Amortization Expenses

Objective: The objectives were to determine whether the depreciation expenses of the Company were properly recorded and the depreciation rates were used appropriately.

Procedures: We obtained the depreciation expenses by program from the Company, and traced them to the Company's filing. We obtained the deprecation rates and amortization rates that the Company used by Account Numbers and programs, and traced them to Order No. PSC-2021-0446-S-EI, issued on December 2, 2021, in Docket No. 20210015-EI, and Order No. PSC-2010-0153-FOF-EI, issued on August 17, 2010, in Docket Nos. 20080677-EI and 20091130-EI. 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 traced the December 31, 2024, True-Up Provision to the Commission Order. We 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 2025 revenues and costs. No exceptions were noted.

Other

Capital Investment

Objectives: The objectives were: 1) to recalculate the Return on Investment amounts using appropriate debt and equity rates, 2) to trace Regulatory Asset and Liability payments to supporting documentation, and 3) to verify that the revenues expansion factor applied to any capital investment being recovered through the capacity clause does not contain a component for bad expense.

Procedures: We recalculated the capital investment by program, and reconciled to the Company's filing. We also recalculated the return on investment amounts using the Company's debt and equity rates. We judgmentally sampled the capital investment for each program and traced to the supporting documentation. We requested support for whether the revenue expansion factor applied to any capital investments being recovered through the Capacity Clause contained a component of bad debt expense. Per the Company response, the revenue expansion factor used for clause calculations does not contain any component for bad debt expense. No exceptions were noted.

Analytical Review

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

Procedures: We compared the revenues and expenses from 2023 to 2025. 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 needed.

Audit Findings

None

Exhibit

Exhibit 1: True-Up and Interest Provision

FLORIDA POWER & LIGHT COMPANY
CAPACITY COST RECOVERY CLAUSE
Final True-Up
Calculation of True-Up Amount

FOR THE PERIOD OF: JANUARY 2025 THROUGH DECEMBER 2025

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Line No.		a-Jan - 2025	a-Feb - 2025	a-Mar - 2025	a-Apr - 2025	a-May - 2025	a-Jun - 2025	a-Jul - 2025	a-Aug - 2025	a-Sep - 2025	a-Oct - 2025	a-Nov - 2025	a-Dec - 2025	Total
1	Net Jurisdictional CCR Costs (Page 3, Line 27)	\$10,624,652	\$12,435,540	\$9,873,610	\$9,668,786	\$9,652,838	\$11,001,983	\$9,985,215	\$10,771,426	\$10,395,961	\$9,863,730	\$10,283,075	\$10,198,629	\$124,755,444
2														
3	CCR Revenues (Net of Revenue Taxes)	\$6,625,024	\$6,990,733	\$8,135,156	\$9,046,450	\$10,222,695	\$11,568,032	\$11,715,664	\$12,546,026	\$11,612,179	\$10,812,624	\$9,047,704	\$6,526,655	\$121,073,253
4	Prior Period True-Up Provision	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$78,278	\$939,335
5	SoBRA True-Up	-	-	-	-	-	-	-	-	-	-	-	-	-
6	GBRA True-Up	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IRA Refund	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$3,911,284
8	CCR Revenues Applicable to Current Period (Net of Revenue Taxes)	\$6,229,243	\$6,394,951	\$8,539,284	\$9,452,668	\$10,626,913	\$11,992,250	\$12,120,883	\$12,852,244	\$12,015,397	\$11,217,043	\$9,461,922	\$6,930,673	\$125,923,672
9														
10	True-Up Provision - Over/(Under) Recovery (Line 6 - Line 3)	(\$1,395,409)	(\$3,040,599)	(\$1,334,325)	(\$216,118)	\$974,076	\$990,267	\$2,134,668	\$2,180,819	\$1,620,436	\$1,353,313	(\$831,154)	(\$1,267,755)	\$1,168,427
11	Interest Provision	\$33,283	\$30,949	\$21,592	\$17,268	\$20,438	\$26,406	\$31,746	\$39,111	\$44,485	\$47,753	\$47,378	\$42,169	\$402,578
12	True-Up & Interest Provision Beginning of Year - Over/(Under) Recovery	\$939,335	(\$827,005)	(\$4,240,668)	(\$5,957,820)	(\$6,560,887)	(\$4,225,053)	(\$3,286,558)	(\$1,198,322)	\$943,329	\$2,629,973	\$3,862,760	\$2,990,767	\$939,335
13	Deferred True-Up - Over/(Under) Recovery	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053	\$11,087,053
14	Prior Period True-Up Provision - Collected/(Re)unded	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$78,278)	(\$939,335)
15	SoBRA True-Up	-	-	-	-	-	-	-	-	-	-	-	-	-
16	GBRA True-Up	-	-	-	-	-	-	-	-	-	-	-	-	-
17	IRA Refund	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$325,940)	(\$3,911,284)
18	Adjustments to Period Total Net True-Up	-	-	-	-	\$1,745,539	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$325,940	\$4,027,121
19	End of Period True-Up - Over/(Under) Recovery (Lines 10 through 18)	\$12,260,044	\$6,846,185	\$5,129,233	\$4,526,166	\$6,662,000	\$7,800,395	\$9,885,731	\$12,830,363	\$13,617,025	\$14,939,513	\$14,077,760	\$12,773,895	\$12,773,895
20														
21	Totals may not add due to rounding													