

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 21, 2025

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

FROM: Lynn Deamer, Bureau Chief, Office of Auditing & Performance Analysis *LQ*

RE: Docket No.: 20250001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No.: 2025-003-1-1

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, 2024

Docket No. 20250001-EI
Audit Control No. 2025-003-1-1
July 20, 2025



Yen N. Ngo
Audit Manager



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 & Finance in its audit service request dated January 2, 2025. 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 2024 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20250001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

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, 2024 through December 31, 2024, and whether FPL applied the Commission-approved cost recovery factor to actual kWh sales for the Fuel Clause.

Procedures: We reconciled the 2024 filing to the Company's monthly revenue reports and the general ledger. We computed the factors by rate code and compared them to Commission Order No. PSC-2023-0343-FOF-EI, issued November 16, 2023, in Docket No. 20230001-EI. We selected a sample of residential and commercial customers' bills for the month of June 2024. We recalculated each customer bill to verify usage of the correct tariff rate. This work was also performed in Docket No. 20250001-EI, Audit Control No. 2025-003-1-2, with the revenue portion of the other clause audits. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to review the expenses which the Company included in the Fuel Clause and to determine whether those expenses were properly recoverable based on the requirements established in 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 June 2024, 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

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

Procedures: We selected one month (June 2024) 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.

Payments to Qualifying Facilities

Objective: 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 June 2024. The payments were traced to purchase statements, invoices, and billing statements. No exceptions were noted.

Gas Storage Expense

Objective: 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 June 2024, and agreed the quantities and costs to the terms and conditions of the gas storage agreement. No exceptions were noted.

Firm Transportation Service

Objective: 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 sampled the June 2024 FTS payments and traced them to the vendor invoices, FPL purchase statements, and to the pipeline company's posted tariffs. No exceptions were noted.

Purchased Power Exclusive of Economy Purchase

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

Procedures: We obtained and sampled purchased power payments for the month of June 2024. 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 June 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 June 2024 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

Objective: 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 2024. No further work was performed.

Incentive Mechanism Review

Objective: 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 June 2024 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.

Incremental Optimization Costs

Objective: 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 June 2024 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 June 30, 2024. 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

Objective: 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

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

Procedures: We traced the December 31, 2023, True-Up Provision to Commission Order Nos. PSC-2023-0343-FOF-EI issued on November 16, 2023, and the Mid-Course Correction to PSC-2024-0481-FOF-EI, issued November 22, 2024. We also recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the Commission-approved beginning balance as of December 31, 2023, the Financial Commercial Paper rates, and the 2024 Fuel Clause revenues and costs. No exceptions were noted.

Analytical Review

Objective: 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 2024 revenues and expenses to 2021 to 2023. 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

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

FOR THE PERIOD OF JANUARY 2024 THROUGH DECEMBER 2024														
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Line No		a Jan 2024	a Feb 2024	a Mar 2024	a Apr 2024	a May 2024	a Jun 2024	a Jul 2024	a Aug 2024	a Sep 2024	a Oct 2024	a Nov 2024	a Dec 2024	a 2024
1	Fuel Costs & Net Power Transactions													
2	Fuel Cost of System Net Generation (Sch 3)	275,660,810	199,840,328	180,456,117	188,733,956	256,561,059	327,157,605	325,822,506	275,301,361	276,400,662	274,799,110	225,468,737	269,369,490	3,078,569,834
3	Losses Costs	129,612	152,416	131,111	198,027	95,386	163,919	119,616	117,495	101,949	207,920	159,760	1,631,672	
4	Fuel Cost of Stratified Sales	(8,498,127)	(3,270,702)	(2,376,018)	(3,050,543)	(6,349,458)	(9,089,674)	(6,554,653)	(5,500,183)	(5,998,754)	(4,456,856)	(4,047,097)	(5,676,261)	(63,825,947)
5	Fuel Cost of Power Sold (Sch 6)	(13,417,361)	(8,725,275)	(2,278,003)	(3,617,991)	(6,231,311)	(6,210,695)	(4,301,448)	(4,263,090)	(4,942,764)	(6,827,185)	(4,583,521)	(4,275,211)	(71,712,833)
6	Gains from Off-System Sales (Sch 6)	(14,410,816)	(8,021,637)	(1,973,048)	(2,374,797)	(5,952,569)	(3,097,182)	(1,984,758)	(1,374,174)	(1,661,729)	(7,304,741)	(3,962,654)	(3,971,485)	(52,900,632)
7	Fuel Cost of Purchased Power Exclusive of Economy (Sch 7)	11,579,518	5,257,564	7,329,888	7,753,814	7,663,232	6,904,001	8,375,247	8,575,045	9,222,057	8,351,124	9,830,630	6,471,814	96,235,054
8	Energy Payments to Qualifying Facilities (Sch 8)	1,432,268	1,452,816	1,589,750	1,749,980	1,936,227	2,001,283	1,865,701	1,988,692	1,411,104	1,991,961	1,768,381	1,654,351	20,362,325
9	Energy Cost to Economy Purchases (Sch 9)	649,291	7,693	36,775	341,358	2,432,114	354,535	589,183	1,981,465	294,289	102,524	380,822	0	7,090,149
10		253,095,207	188,645,052	186,906,575	189,636,807	250,188,877	319,043,354	324,144,651	274,678,732	273,833,391	265,757,877	224,863,295	261,750,856	3,015,439,633
11	Optimization Activities ⁽¹⁾													
12	Incremental Personnel, Software, and Hardware Costs	48,895	41,685	43,097	51,403	51,877	52,805	60,438	85,766	112,327	128,172	98,396	93,713	854,547
13	Variable O&M Costs Attributable to Off-System Sales (Sch 6)	231,594	157,990	45,335	89,670	140,308	87,652	56,660	57,568	83,352	124,763	95,647	103,946	1,253,172
14	Variable O&M Costs Advanced due to Economy Purchases (Sch 9)	(2,040)	(576)	(503)	(4,152)	(17,833)	(2,666)	(5,679)	(12,238)	(3,137)	(648)	(6,864)	0	(56,356)
15	Optimization Credits	17,169,626	(8,297,366)	(5,829,916)	(3,350,132)	(4,560,499)	(3,667,787)	(4,763,055)	(7,362,733)	(4,983,112)	(5,120,563)	(6,251,254)	19,129,890	(68,270,833)
16		(6,803,273)	(5,835,267)	(5,741,988)	(3,218,511)	(4,376,056)	(3,529,693)	(4,652,807)	(7,221,636)	(4,822,568)	(4,868,877)	(6,068,104)	(8,932,232)	(66,239,574)
17	Adjustments to Fuel Cost													
18	Energy rebates to Fuel Revenue	(17,411)	1,032,277	11,502,420	37,435	(77,149)	(72,820)	(313,631)	(163,726)	(48,926)	(56,267)	49,113	116,919	(1,238,525)
19	Fuel Replacement Cost Credit	0	(5,000,000)	0	0	0	0	0	0	0	0	0	0	(5,000,000)
20	Inventory Adjustments	96,445	329,752	125,423	33,725	0	169,057	10,937	58,919	44,761	(52,529)	(41,615)	49,583	844,581
21	Other O&M Expense	119,828	48,942	47,082	47,819	48,613	50,622	50,804	30,029	30,329	86,226	48,762	48,762	667,306
22		186,962	(3,589,046)	11,329,716	118,952	(28,533)	147,053	(252,112)	174,779	25,965	(52,566)	(1,965)	131,435	(4,736,539)
23														
24	Adjusted Total Fuel Costs & Net Power Transactions	246,400,931	179,167,726	179,834,872	186,536,778	245,744,268	315,665,413	318,239,934	269,383,317	269,385,688	261,836,433	218,565,222	252,950,071	2,944,493,573
25														
26	kWh Sales													
27	Retail kWh Sales	8,866,223,344	8,857,643,532	8,684,261,314	8,967,753,901	11,011,488,153	12,551,318,068	13,100,705,921	12,935,421,098	12,854,428,829	11,607,496,319	10,202,301,771	9,110,172,836	129,374,541,186
28	Sales for Resale	412,132,565	412,233,025	385,124,955	473,399,095	461,675,323	616,337,269	598,298,966	663,114,640	641,300,950	623,650,430	510,363,730	464,278,683	6,247,313,751
29		9,278,355,909	9,269,876,557	9,069,386,269	9,441,153,000	11,473,163,476	13,167,650,337	13,699,004,887	13,598,535,738	13,495,729,779	12,231,145,749	10,712,665,501	9,574,451,519	135,621,854,937
30														
31	Retail % of Total kWh Sales	95.56811%	95.55290%	95.75617%	95.71155%	95.67614%	95.32155%	95.63260%	95.19364%	95.24459%	94.92441%	95.23837%	95.1086%	
32														
33	Revenues Applicable to Period													
34	Jurisdictional Fuel Revenues	327,751,327	324,335,907	317,597,622	351,926,636	429,274,273	517,797,890	595,156,610	590,179,695	592,390,020	547,313,059	501,437,275	566,451,671	4,119,905,957
35	Inter-Period True-Up Collected/Refunded This Period ⁽²⁾	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(897,754,116)
36	Midcourse Correction Collected/Refunded ⁽³⁾	0	0	0	0	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	37,290,272
37	GP ⁽⁴⁾	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(901,525)	(10,818,333)
38	Asset Optimization Company Portion ⁽⁵⁾	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(3,946,133)	(47,365,561)
39	Solar together (ST) Credit	(1,508,077)	(5,303,519)	(13,467,877)	(11,936,029)	(17,918,883)	(18,789,577)	(17,213,672)	(16,513,671)	(17,684,906)	(14,600,956)	(15,716,765)	(12,743,479)	(168,906,122)
40		232,562,749	228,642,244	219,465,244	252,332,716	276,356,122	276,356,122	276,356,122	276,356,122	276,356,122	276,356,122	276,356,122	276,356,122	2,936,364,097
41	True-Up Calculation													
42	Adjusted Total Fuel Costs & Net Power Transactions	246,400,931	179,167,726	179,834,872	186,536,778	245,744,268	315,665,413	318,239,934	269,383,317	269,385,688	261,836,433	218,565,222	252,950,071	2,944,493,573
43	Jurisdictional Sales % of Total kWh Sales	95.56811%	95.55290%	95.75617%	95.71155%	95.67614%	95.32155%	95.63260%	95.19364%	95.24459%	94.92441%	95.23837%	95.1086%	1,144,858,397
44	Retail Total Fuel Costs & Net Power Transactions	235,849,235	171,486,005	172,685,881	178,385,005	236,297,529	301,399,643	305,507,296	254,864,033	256,720,359	245,961,763	226,534,198	241,296,110	2,813,580,420
45	True-Up Provision for the Month Over/Under Recovery	(3,266,695)	57,156,590	46,977,363	74,742,171	(7,941,657)	(25,350,587)	(9,963,578)	34,400,774	31,485,407	742,091	15,812,303	(73,347,136)	127,763,671
46	Interest Provision for the Month	(4,079,273)	(3,592,100)	(3,007,783)	(2,397,683)	(1,899,585)	(1,629,032)	(1,365,223)	(995,930)	(464,304)	(65,248)	230,695	37,170	(18,967,241)
47	True-Up & Interest Prov. Beg of Period Over/Under Recovery	(993,754,116)	(918,287,036)	(761,913,412)	(456,127,089)	(500,470,856)	(427,499,057)	(371,706,113)	(299,925,069)	(183,675,263)	(69,641,376)	13,945,352	8,079,578	(993,754,116)
48	True-Up & Interest Provision Beg of Period Over/Under Recovery - MCC	0	0	0	0	0	0	0	0	0	0	0	0	0
49	Deferred True-Up Beginning of Period Over/Under Recovery	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272	37,290,272
50	Midcourse Correction Collected/Refunded This Period	0	0	0	0	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	4,661,284	(37,290,272)
51	Inter-Period True-Up Collected/Refunded This Period	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	(82,812,843)	993,754,116
52	End of Period Net True-Up Amount Over/Under Recovery	(850,996,763)	(744,620,140)	(617,837,117)	(483,180,396)	(394,870,089)	(343,735,091)	(278,619,849)	(165,030,147)	(55,657,684)	23,170,925	95,740,883	103,916,456	103,916,456
53														
54	⁽¹⁾ Per Order no. PSC 2021 0446 S.E.1													
55	⁽²⁾ Per Order no. PSC 2023 0343 I.G.E.1													
56	⁽³⁾ Per Order no. PSC 2024 0091 H.C.O.1													
57	Note: Totals may not add due to rounding													