

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 *LD*

RE: Docket No.: 20250001-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No.: 2025-003-1-2

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 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, 2024

Docket No. 20250001-EI
Audit Control No. 2025-003-1-2
July 18, 2025

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

Yen Ngo
Audit Manager

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

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 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 Capacity Cost Recovery Clause in Docket No. 20250001-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

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 CCRC.

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 August 2024. We recalculated each customer bill to verify the proper usage of the correct tariff rate. This work was also performed in Docket No. 20250001-EI, Audit Control No. 2025-003-1-1, 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, 2024, from the Company-provided documentation and reconciled the revenues with the general ledger and the filing. We sampled May 2024 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

Incremental Security Cost

Objective: The objective was 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 reviewed the general ledger account detail for vendors charging security costs to the Company. We tested a sample of the security costs included in the Company's filing by computing the total security costs and compared them to corresponding amounts included in base rate for year ended December 31, 2024. 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. We also verified that the total incremental security cost was within the range of the amount allocated to CCRC in the 2021 rate increase schedule. 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 sampled February 2024 invoices 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, 2024, and computed the percentage allocated to CCRC. We concluded that the fees allocated to the CCRC are below the percentage approved for recovery in Order No. PSC-2003-1461-FOF-EI, issued December 22, 2003, in Docket No. 20030001-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, 2023, True-Up Provision to the Commission Order. We 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 revenues and costs. No exceptions were noted.

Other

Capital Investment

Objectives: The objectives were to determine the accuracy of the balances, depreciation expenses, and amortization for the Nuclear Incremental Security Return on Investment Schedules.

Procedures: We reconciled the Plant-in-Service and Construction-Work-in-Progress balances to the general ledger and traced the beginning balance to the prior audit in Docket No. 20240001-EI, Audit Control No. 2024-008-2-2. We sampled capital security costs for the twelve-month period. We recalculated the return on investment amounts using the Company's debt and equity

rates. We sampled and recalculated the month of May 2024 for the Nuclear Incremental Security and Fukushima depreciation expenses and traced the depreciation rates 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.

Revenue Expansion Factor

Objective: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the capacity 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 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. Further follow-up was not needed.

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 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 needed.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

FLORIDA POWER & LIGHT COMPANY CAPACITY COST RECOVERY CLAUSE Final True-Up Calculation of 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	Total
1	Base													
2	Payments to Non-co-Generators	\$3,660,400	\$3,660,400	\$1,480,400	\$1,480,400	\$1,480,400	\$2,952,500	\$2,952,500	\$3,104,900	\$3,003,100	\$3,003,300	\$3,107,400	\$3,568,200	\$33,994,100
3	Payments to Co-Generators	\$120,115	\$136,365	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$132,755	\$1,500,060
4	Transmission of Electricity by Others	\$1,506,780	\$1,518,227	\$27,621	\$37,030	\$35,940	(\$492,376)	\$64,382	\$34,786	\$24,534	\$20,587	\$20,117	\$106,311	\$3,010,663
5	Transmission Revenues from Capacity Sales	(\$2,452,498)	(\$1,580,145)	(\$420,056)	(\$178,793)	(\$211,061)	(\$343,580)	(\$281,353)	(\$173,291)	(\$328,448)	(\$219,772)	(\$142,515)	(\$1,946,013)	(\$5,237,725)
6	Incremental Plant Security Costs O&M	\$2,153,847	\$1,595,050	\$2,234,570	\$1,595,215	\$2,243,684	\$2,400,819	\$2,305,441	\$2,062,282	\$2,250,789	\$1,799,327	\$2,105,654	\$3,429,435	\$27,032,082
7	Incremental Plant Security Costs Capital	\$393,571	\$393,784	\$394,012	\$394,315	\$401,785	\$420,726	\$432,104	\$431,541	\$430,895	\$430,247	\$429,578	\$429,059	\$4,951,619
8	Incremental Nuclear NRC Compliance Costs O&M	\$42,351	\$53,566	\$45,076	\$42,759	\$61,474	\$46,344	\$43,204	\$55,721	\$43,500	\$42,731	\$55,457	\$50,234	\$584,406
9	Incremental Nuclear NRC Compliance Costs Capital	\$548,606	\$847,140	\$845,674	\$844,208	\$842,741	\$841,275	\$836,809	\$838,343	\$836,876	\$835,410	\$833,544	\$832,478	\$10,056,504
10	Cedar Bay Transaction - Regulatory Asset - Amortization and Return	\$7,659,307	\$7,925,093	\$7,690,879	\$7,656,885	\$7,622,451	\$7,768,237	\$7,754,023	\$7,719,810	\$7,685,585	\$7,851,382	\$7,617,168	\$7,569,561	\$93,253,582
11	Cedar Bay Transaction - Regulatory Liability - Amortization and Return	(\$98,021)	(\$65,573)	(\$85,125)	(\$84,671)	(\$84,729)	(\$83,781)	(\$83,333)	(\$82,693)	(\$82,436)	(\$81,605)	(\$81,540)	(\$81,096)	(\$102,085)
12	Indian Point Transaction - Regulatory Asset - Amortization and Return	\$4,903,628	\$4,873,050	\$4,842,273	\$4,811,495	\$4,780,718	\$4,749,940	\$4,719,163	\$4,688,385	\$4,657,608	\$4,626,830	\$4,596,053	\$4,565,275	\$56,614,618
13	COVID-19 Regulatory Asset Revenue Requirements	\$382,540	\$381,150	\$379,779	\$378,399	\$377,019	\$375,638	\$374,258	\$372,878	\$371,498	\$370,117	\$368,737	\$367,357	\$4,499,379
14	Subtotal Base	\$10,653,057	\$20,428,937	\$17,709,148	\$17,103,842	\$17,683,057	\$18,606,536	\$18,124,025	\$18,205,224	\$18,646,477	\$18,630,925	\$18,702,817	\$19,056,844	\$222,750,789
15														
16	General													
17	Incremental Plant Security Costs Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Subtotal General	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19														
20	Intermediate													
21	Incremental Plant Security Costs O&M	\$176,968	\$70,952	\$257,485	\$200,591	\$166,783	\$200,176	\$156,231	\$154,185	\$177,782	\$155,007	\$132,583	\$194,354	\$2,133,644
22	Incremental Plant Security Costs Capital	\$71,368	\$72,505	\$72,643	\$72,721	\$72,622	\$72,727	\$72,784	\$72,668	\$72,626	\$73,685	\$76,176	\$78,586	\$851,131
23	Subtotal Intermediate	\$248,336	\$143,458	\$330,129	\$273,312	\$239,385	\$272,902	\$229,015	\$226,853	\$250,408	\$228,692	\$208,759	\$272,940	\$3,014,775
24														
25	Peaking													
26	Incremental Plant Security Costs O&M	\$26,410	\$21,377	\$27,844	\$28,888	\$29,079	\$24,575	\$26,253	\$21,214	\$37,695	\$23,305	\$44,605	\$50,720	\$352,172
27	Incremental Plant Security Costs Capital	\$5,410	\$5,540	\$5,539	\$5,531	\$5,523	\$5,510	\$5,508	\$5,500	\$5,493	\$5,089	\$7,406	\$8,607	\$71,688
28	Subtotal Peaking	\$31,820	\$26,917	\$33,383	\$34,419	\$34,602	\$30,085	\$31,761	\$26,714	\$43,188	\$28,394	\$52,011	\$59,327	\$423,860
29														
30	Solar													
31	Incremental Plant Security Costs O&M	\$10,293	\$4,015	\$18,269	\$23,910	\$26,143	\$9,747	\$2,896	\$10,581	\$11,351	\$29,823	\$28,478	\$72,788	\$250,878
32	Incremental Plant Security Costs Capital	\$5,232	\$5,203	\$5,175	\$5,146	\$5,117	\$5,069	\$5,059	\$5,030	\$5,001	\$4,972	\$4,943	\$4,915	\$60,881
33	Subtotal Solar	\$15,525	\$9,218	\$23,443	\$29,056	\$31,260	\$14,815	\$7,955	\$15,611	\$16,352	\$34,795	\$33,421	\$77,702	\$311,760
34														
35	Total	\$20,149,715	\$20,605,178	\$18,156,122	\$17,442,815	\$18,183,105	\$19,212,384	\$19,592,695	\$19,474,433	\$19,156,428	\$19,920,689	\$19,687,617	\$19,468,617	\$226,870,660
36														
37	Notes may not add due to rounding													

FLORIDA POWER & LIGHT COMPANY
CAPACITY COST RECOVERY CLAUSE

Final True-Up
Calculation of True-Up Amount

FOR THE PERIOD OF JANUARY 2024 THROUGH DECEMBER 2024

Line No.	2024												Total
	Jan - 2024	Feb - 2024	Mar - 2024	Apr - 2024	May - 2024	Jun - 2024	Jul - 2024	Aug - 2024	Sep - 2024	Oct - 2024	Nov - 2024	Dec - 2024	
1	\$20,469,773												\$20,469,773
2	\$19,803,957												\$19,803,957
3	\$0.0023%												\$0.0023%
4	\$0.0023%												\$0.0023%
5	\$19,803,957												\$19,803,957
6	\$0.0023%												\$0.0023%
7	\$0.0023%												\$0.0023%
8	\$0.0023%												\$0.0023%
9	\$0.0023%												\$0.0023%
10	\$0.0023%												\$0.0023%
11	\$248,396												\$248,396
12	\$0.0023%												\$0.0023%
13	\$237,401												\$237,401
14	\$3,815												\$3,815
15	\$4,263%												\$4,263%
16	\$4,263%												\$4,263%
17	\$30,000												\$30,000
18	\$5,525												\$5,525
19	\$0.0023%												\$0.0023%
20	\$0.0023%												\$0.0023%
21	\$14,000												\$14,000
22	\$0.0023%												\$0.0023%
23	\$0.0023%												\$0.0023%
24	\$0.0023%												\$0.0023%
25	\$0.0023%												\$0.0023%
26	\$0.0023%												\$0.0023%
27	\$0.0023%												\$0.0023%
28	\$0.0023%												\$0.0023%