

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: September 9, 2025

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

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

RE: Docket No.: 20250007-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3d: Environmental Cost Recovery Clause (ECRC)
Audit Control No.: 2025-037-1-1

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
Environmental Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250007-EI
Audit Control No. 2025-037-1-1
September 4, 2025

A blue ink signature of Yen Ngo, written in a cursive style, positioned above a horizontal line.

Yen Ngo
Audit Manager

A blue ink signature of Lynn Deamer, written in a cursive style, positioned above 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 31, 2025. We have applied these procedures to the attached summary exhibits prepared by Florida Power & Light Company in support of its filing for the Environmental Cost Recovery Clause in Docket No. 20250007-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Florida Power & Light Company.
ECRC refers to the Environmental Cost Recovery Clause.

Capital Investments

Utility Plant in Service

Objectives: The objective was to verify all Environmental Cost Recovery Clause project-related plant additions, retirements and adjustments for the period January 1, 2024 through December 31, 2024.

Procedure: We reconciled Plant in Service and Accumulated Depreciation to the general ledger for each capital project listed on Form 42-8A. We performed sample testing of the additions, retirements, and cost of removal for the following projects:

- 1) Project 5 Maintenance of Stationary Above Ground Fuel Tanks
- 2) Project 11 Air Quality Compliance
- 3) Project 16 St. Lucie Turtle Nets
- 4) Project 23 SPCC - Spill Prevention, Control & Countermeasures
- 5) Project 34 Cooling Water System Inspection & Maintenance
- 6) Project 54 Coal Combustion Residuals
- 7) Project 124 FPL Miami-Dade Clean Water Recovery Center

No exceptions were noted.

Construction Work in Progress

Objectives: The objectives were to verify net investments associated with the following capital projects, and to verify that any project involving the replacement or retirement of an existing plant asset is retired at the book cost in accordance with Rule 25-6.0142(4)(b), Florida Administrative Code (F.A.C.):

- 1) Project 3 Continuous Emission Monitoring System
- 2) Project 16 St. Lucie Turtle Nets
- 3) Project 28 CWA 316(b) Phase II Rule
- 4) Project 34 St. Lucie Cooling Water System Inspection & Maintenance

Procedures: We reconciled Construction-Work-in-Progress (CWIP) Non-Interest Bearing amounts to the general ledger for each capital project listed on Form 42-8A. Projects 3, 16, and

28 did not have any CWIP Non-Interest Bearing amounts. Many of these CWIP projects were completed and transferred to the Plant-in-Services in 2024, which were tested in Plant in Service. We reconciled the CWIP projects from the general ledger to the filing. No exceptions were noted.

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 the Company applied the Commission-approved cost recovery factor to actual kWh sales for the ECRC.

Procedures: We reviewed and verified the Company's tariff containing electric service rates and clause billing factors. We recalculated the revenues for the twelve months ended December 31, 2024 and judgementally sampled August 2024 customer bills and recalculated verified that the appropriate factors using kWh and related information from the bills. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expense listed on the Company's Form 42-5A filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECRC.

Procedures: We traced expenses in the filing to the general ledger. We sampled O&M Expenses for testing. The source documentation for selected items was reviewed to ensure the expense were for the current period, charged to the correct accounts, and appropriately recoverable through the ECRC. No exceptions were noted.

Depreciation and Amortization

Objective: The objective was to verify that the most recent Commission approved depreciation rates or amortization periods were used in calculating Depreciation Expense.

Procedures: We recalculated depreciation expense and traced them to the Company's Depreciation Schedule and reconciled them to the filing. We traced total year depreciation expense for each capital project listed on Form 42-8A to the general ledger detail and traced the depreciation rates from the applicable Commission Order to the Company's Depreciation and Amortization Schedule. No exceptions were noted.

Other Issues

SO₂ and NO_x Allowances

Objectives: The objectives were to verify the SO₂, and NO_x emission allowance investments, inventory, expensed amounts, allowance auction proceeds and to verify amounts included in Working Capital, Form 42-8A.

Procedures: We traced the 2024 consumption for NO_x allowances, net of gains on sales of emission allowances, from the Company's detailed Allowances Reports to the Total Emissions Schedule on Form 42-8A. We reconciled the inventory amounts in the general ledger to the working capital amounts noted on Form 42-8A. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Form 42-2A was properly calculated.

Procedures: We traced the December 31, 2023, True-Up Provision to Commission Order No. PSC-2022-0424-FOF-EI. 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 ECRC revenues and costs. No exceptions were noted.

Analytical Review

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

Procedures: We compared 2023 to 2024 revenues and expenses. We requested explanations from the Company for any significant variances. The explanations provided by the Company were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibits

Exhibit 1: True-Up

FLORIDA POWER & LIGHT COMPANY
Environmental Cost Recovery Clause (ECRC)
Final True-Up
Calculation of the Final True-Up Amount for the Period

For the Period of January 2024 Through December 2024													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	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 Clause Revenues (net of Revenue Taxes)	\$26 708 230	\$26 647 681	\$26 122 686	\$28 836 497	\$33 485 481	\$38 307 945	\$40 067 843	\$39 552 023	\$39 305 972	\$35 311 910	\$30 861 622	\$27 418 155	\$392 626 044
2 True Up Provision - Prior Period (e)	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$111 535	\$1 338 415
3 Clause Revenues Applicable to Period (Lines 1 + 2)	26 819 764	26 759 215	26 234 221	28 948 031	33 597 015	38 419 480	40 179 378	39 663 557	39 417 506	35 423 445	30 973 156	27 529 690	393 964 459
4 Jurisdictional Revenue Requirements													
a O&M Activities (a)	\$2 054 709	\$2 054 768	\$2 494 398	\$3 222 912	\$2 602 646	\$2 641 954	\$2 836 396	\$3 462 121	\$2 742 834	\$5 169 856	\$2 691 369	\$6 897 019	\$37 870 984
b Capital Projects (b)	\$29 636 369	\$28 874 920	\$29 307 187	\$29 363 673	\$29 436 014	\$29 501 113	\$29 522 359	\$29 527 653	\$29 589 806	\$29 631 500	\$29 607 762	\$29 894 242	\$353 892 599
c Total Jurisdictional Revenue Requirements (Lines 4a + 4b)	\$31 691 078	\$30 929 688	\$31 801 586	\$32 586 586	\$32 038 659	\$32 143 067	\$32 358 755	\$32 989 774	\$32 332 640	\$34 801 357	\$32 299 131	\$35 791 261	\$391 763 583
5 Over (Under) Recovery (Lines 3 - 4c)	(\$4 871 314)	(\$4 170 473)	(\$5 567 365)	(\$3 638 554)	\$1 558 356	\$6 276 413	\$7 820 623	\$6 673 783	\$7 084 866	\$622 088	(\$1 325 975)	(\$8 261 572)	\$2 200 876
6 Interest Provision (c)	\$28 793	\$8 268	(\$13 742)	(\$34 828)	(\$40 027)	(\$23 229)	\$7 336	\$38 584	\$65 817	\$78 151	\$73 984	\$52 894	\$241 999
7 Beginning Balance True-Up & Interest Provision	\$1 338 415	(\$3 615 641)	(\$7 889 381)	(\$13 582 023)	(\$17 366 939)	(\$15 960 145)	(\$9 818 498)	(\$2 102 072)	\$4 498 760	\$11 537 908	\$12 126 613	\$10 763 087	\$1 338 415
a Deferred True-Up - Beginning of Period (d)	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$7 623 276	\$0
8 True-Up Collected (Refunded) (see Line 2)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$111 535)	(\$1 338 415)
9 End of Period Total True-Up (Lines 5+6+7+8+9)	\$4 007 635	(\$266 105)	(\$5 958 747)	(\$9 743 683)	(\$8 336 870)	(\$2 195 220)	\$5 521 203	\$12 122 036	\$19 161 184	\$19 749 888	\$18 386 363	\$10 066 151	\$2 442 875
10 Adjustment to Period True-Up Including Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 End of Period Total True-Up (Lines 9 + 10)	\$4 007 635	(\$266 105)	(\$5 958 747)	(\$9 743 683)	(\$8 336 870)	(\$2 195 220)	\$5 521 203	\$12 122 036	\$19 161 184	\$19 749 888	\$18 386 363	\$10 066 151	\$2 442 875

Notes

(a) Form 42-SA-2, Line 7

(b) Form 42-7A-2, Line 7

(c) Form 3A, Line 10

(d) As approved in Order No. PSC-2024-0482-FOF-EI

(e) FPL's 2022 Final True-up approved in Order NO. PSC-2023-0344-FOF-EI

Exhibit 2: Interest Provision

FLORIDA POWER & LIGHT COMPANY
Environmental Cost Recovery Clause (ECRC)
Final True-Up
Calculation of the Final True-Up Amount for the Period

For the Period of January 2024 Through December 2024													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	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 Beginning True-Up amount for Interest Provision (a)	\$8,961,691	\$4,007,635	(\$266,105)	(\$5,058,747)	(\$9,743,663)	(\$8,336,870)	(\$2,195,220)	\$5,521,203	\$12,122,036	\$19,161,184	\$19,749,888	\$18,388,303	
2 Ending True-Up amount for Interest Provision (b)	\$3,978,842	(\$274,373)	(\$5,945,005)	(\$9,708,836)	(\$8,290,842)	(\$2,171,991)	\$5,513,868	\$12,083,452	\$19,095,367	\$19,671,737	\$18,312,379	\$10,013,256	
3 Total of Beginning & Ending True-Up (Lines 1 + 2)	\$12,940,533	\$3,733,262	(\$6,211,110)	(\$15,667,583)	(\$18,040,506)	(\$10,508,861)	\$3,318,648	\$17,604,656	\$31,217,403	\$38,832,921	\$38,062,268	\$28,399,619	
4 Average True-Up Amount (Line 3 x 1/2)	\$6,470,267	\$1,866,631	(\$3,105,555)	(\$7,833,791)	(\$9,020,253)	(\$5,254,430)	\$1,659,324	\$8,802,328	\$15,608,701	\$19,416,461	\$19,031,134	\$14,198,810	
5 Interest Rate (First Day of Reporting Month) (c)	5.34000%	5.34000%	5.29000%	5.33000%	5.34000%	5.31000%	5.30000%	5.31000%	5.21000%	4.91000%	4.75000%	4.58000%	
6 Interest Rate (First Day of Subsequent Month) (c)	5.34000%	5.29000%	5.33000%	5.34000%	5.31000%	5.30000%	5.31000%	5.21000%	4.91000%	4.75000%	4.58000%	4.38000%	
7 Total of Beginning & Ending Interest Rates (Lines 5 + 6)	10.68000%	10.63000%	10.62000%	10.67000%	10.65000%	10.61000%	10.61000%	10.52000%	10.12000%	9.66000%	9.33000%	8.94000%	
8 Average Interest Rate (Line 7 x 1/2)	5.34000%	5.31500%	5.31000%	5.33500%	5.32500%	5.30500%	5.30500%	5.26000%	5.06000%	4.83000%	4.66500%	4.47000%	
9 Monthly Average Interest Rate (Line 8 x 1/12)	0.44500%	0.44282%	0.44250%	0.44458%	0.44375%	0.44208%	0.44208%	0.43833%	0.42167%	0.40250%	0.38875%	0.37250%	
10 Interest Provision for the Month (Lines 4 x 9)	\$28,793	\$8,268	(\$13,742)	(\$34,828)	(\$40,027)	(\$23,229)	\$7,336	\$38,584	\$65,817	\$78,151	\$73,984	\$52,894	\$241,999

Notes:

(a) Form 2A, Lines 7 + 7a + 10

(b) Line 1 + Form 2A, Lines 5 + 8

(c) Actual interest rates are developed using the AA financial 30-day rates as published by the Federal Reserve