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: August 3, 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.: 20260007-EI
Company Name: Florida Power & Light Company
Company Code: EI802
Audit Purpose: A3d: Envrionmental Cost Recovery Clause
Audit Control No.: 2026-030-1-1

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of theis memo and audit report. If the Utility desired 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 Audit & 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, 2025

Docket No. 20260007-EI
Audit Control No. 2026-030-1-1
August 3, 2026

KD for Kathryn Guan

Kathryn Guan
Audit Manager

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 Engineering in its audit service request dated January 30, 2026. We have applied these procedures to the attached summary exhibits and to several related schedules prepared by Florida Power & Light Company in support of its 2025 filing for the Environmental Cost Recovery Clause in Docket No. 20260007-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 1) to verify that the investment amounts are recorded in the correct plant accounts, 2) to reconcile the corresponding Plant-in-service, 3) verify the calculations of the CWIP- Non Interest Bearing for the Company, 4) verify net investments associated with the following capital projects:

1) Project 19 Oil-filed Equipment and Hazardous Substance Remediation
2) Project 23 SPCC – Spill Prevention, Control & Countermeasures
3) Project 24 Manatee Reburn
4) Project 54 Coal Combustion Residuals

Procedures: We recalculated the Plant in Service and Accumulated Depreciation from the general ledger and reconciled to Form 42-8A for each capital project listed below by stratification. We also traced the total capital investments for all projects to Form 42-8A. We judgmentally performed sample testing of the additions, retirements, and transfers/adjustments. We recalculated the Construction-Work-in-Progress (CWIP) Non-Interest Bearing from the general ledger and reconciled to Form 42-8A. No exceptions were noted.

Revenue

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

Procedures: We recalculated the revenues from the general ledger and reconciled to Form 42-2A. 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.

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 recalculated the O&M Expenses from the general ledger and reconciled to Form 42-5A. We obtained the jurisdictional separation factors from the Commission Order No. 2024-0482-FOF-EI and traced to Form 42-5A. We judgmentally selected a sample of 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 judgmentally selected February and October 2025 as sample, recalculated depreciation and amortization expenses for the following projects and traced them to Form 42-8A:

1) Project 19 Oil-filed Equipment and Hazardous Substance Remediation
2) Project 23 SPCC – Spill Prevention, Control & Countermeasures
3) Project 24 Manatee Reburn
4) Project 54 Coal Combustion Residuals

We obtained the depreciation and amortization rates used in ECRC from the Company and traced to the depreciation study and Commission Order. No exceptions were noted.

Other Issues

SO_2 and NO_x Allowances

Objectives: The objectives were to verify the SO_2, 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 2025 consumption for SO_2 Allowances from the Company's detailed Allowances Reports to the Total Emissions Schedule 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, 2024, True-Up Provision to Commission Order No. PSC-2024-0482-FOF-EI. 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 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 2024 to 2025 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

Form 42-2A

For the Period of: January 2025 Through December 2025

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	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	a-2025
1. Clause Revenues (net of Revenue Taxes)	$29,883,372	$30,726,884	$27,206,054	$30,891,473	$35,783,885	$41,293,780	$41,784,068	$45,019,651	$41,392,071	$38,311,603	$30,726,075	$28,992,159	$422,011,074
2. True-Up Provision - Prior Period (a)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($879,453)	($10,553,431)
3. Clause Revenues Applicable to Period (Lines 1 + 2)	29,003,920	29,847,432	26,326,602	30,012,020	34,904,432	40,414,327	40,904,615	44,140,198	40,512,619	37,432,150	29,846,623	28,112,707	411,457,643
4. Jurisdictional Revenue Requirements													
a. O&M Activities (b)	$1,314,026	$2,382,614	$2,348,686	$1,810,139	$3,082,552	$4,936,370	$2,347,278	$4,479,418	$3,633,643	$3,756,950	$3,699,716	$5,378,442	$39,169,832
b. Capital Projects (c)	$30,261,666	$30,219,681	$30,167,338	$30,133,853	$30,094,468	$30,025,527	$29,975,850	$29,930,920	$29,864,378	$29,800,604	$29,735,400	$29,674,074	$359,883,760
c. Total Jurisdictional Revenue Requirements (Lines 4a + 4b)	$31,575,692	$32,602,295	$32,516,024	$31,943,992	$33,177,020	$34,961,897	$32,323,128	$34,410,338	$33,498,021	$33,557,553	$33,435,116	$35,052,515	$399,053,592
5.Over/(Under) Recovery (Lines 3 - 4c)	($2,571,772)	($2,754,864)	($6,189,422)	($1,931,972)	$1,727,412	$5,452,430	$8,581,487	$9,729,860	$7,014,597	$3,874,597	($3,588,493)	($6,939,809)	$12,404,051
6.Interest Provision (d)	$33,461	$27,877	$14,103	$2,640	$5,454	$21,619	$50,016	$85,781	$115,829	$133,236	$133,868	$115,379	$738,464
7.Beginning Balance True-Up & Interest Provision	($10,553,431)	($12,212,290)	($14,060,624)	($19,356,490)	($20,406,369)	($17,794,051)	($11,440,549)	($1,929,594)	$8,765,500	$16,775,379	$21,662,664	$19,067,491	($10,553,431)
a. Deferred True-Up - Beginning of Period (e)	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$20,619,582	$0
8.True-Up Collected/(Refunded) (see Line 2)	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$879,453	$10,553,431
9.End of Period Total True-Up (Lines 5+6+7+7a+8)	$8,407,292	$5,558,958	$1,263,092	$213,213	$2,825,531	$9,179,033	$18,689,988	$29,385,082	$37,394,961	$42,282,246	$39,707,073	$33,762,097	$13,142,515
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)	$8,407,292	$5,558,958	$1,263,092	$213,213	$2,825,531	$9,179,033	$18,689,988	$29,385,082	$37,394,961	$42,282,246	$39,707,073	$33,762,097	$13,142,515

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

Form 42-3A

For the Period of: January 2025 Through December 2025

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	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. Beginning True-Up amount for Interest Provision (a)	$10,066,151	$8,407,292	$6,558,958	$1,263,092	$213,213	$2,825,531	$9,179,033	$18,659,988	$29,385,082	$37,394,961	$42,282,246	$39,707,073	
2. Ending True-Up amount for Interest Provision (b)	$8,373,831	$6,531,881	$1,248,989	$210,572	$2,820,077	$9,157,413	$18,639,972	$29,299,301	$37,279,132	$42,149,010	$39,573,206	$33,646,717	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	$18,439,982	$14,939,173	$7,807,947	$1,473,664	$3,033,290	$11,982,944	$27,819,004	$47,989,289	$66,664,213	$79,543,971	$81,855,452	$73,353,790	
4. Average True-Up Amount (Line 3 x 1/2)	$9,219,991	$7,469,586	$3,903,974	$736,832	$1,516,645	$5,991,472	$13,909,502	$23,994,644	$33,332,107	$39,771,985	$40,927,726	$36,676,895	
5. Interest Rate (First Day of Reporting Month) (c)	4.36000%	4.35000%	4.35000%	4.32000%	4.28000%	4.35000%	4.31000%	4.32000%	4.28000%	4.06000%	3.96000%	3.89000%	
6. Interest Rate (First Day of Subsequent Month) (c)	4.35000%	4.35000%	4.32000%	4.28000%	4.35000%	4.31000%	4.32000%	4.26000%	4.06000%	3.98000%	3.89000%	3.66000%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.71000%	8.70000%	8.67000%	8.60000%	8.63000%	8.66000%	8.63000%	8.58000%	8.34000%	8.04000%	7.85000%	7.55000%	
8. Average Interest Rate (Line 7 x 1/2)	4.35500%	4.35000%	4.33500%	4.30000%	4.31500%	4.33000%	4.31500%	4.29000%	4.17000%	4.02000%	3.92500%	3.77500%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.36292%	0.36250%	0.36125%	0.35833%	0.35958%	0.36083%	0.35958%	0.35750%	0.34750%	0.33500%	0.32708%	0.31458%	
10. Interest Provision for the Month (Lines 4 x 9)	$33,461	$27,077	$14,103	$2,640	$5,454	$21,619	$50,016	$85,781	$115,829	$133,236	$133,868	$115,379	$738,464