

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 110009-EI

DATED: JULY 14, 2011

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Direct Testimony of KATHY L. WELCH with attached Exhibits KLW-1, KLW-2, KLW-3 and KLW-4 have been served by electronic and U.S. Mail, on this 14th day of July, 2011, to the following:

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Docket No. 110009-EI: Nuclear cost recovery clause. Florida Power & Light Company's Proposed Turkey Point Units 6 and 7

Witness: **Direct Testimony of KATHY L. WELCH**, Appearing on Behalf of the staff of the Florida Public Service Commission

Date Filed: July 14, 2011

DOCUMENT NUMBER-DATE

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DIRECT TESTIMONY OF KATHY L. WELCH

1
2 **Q. Please state your name and business address.**

3 A. My name is Kathy L. Welch, and my business address is 3625 N.W. 82nd Ave.,
4 Suite 400, Miami, Florida, 33166.

5 **Q. By whom are you presently employed and in what capacity?**

6 A. I am employed by the Florida Public Service Commission as a Public Utilities
7 Supervisor in the Office of Auditing and Performance Analysis.

8 **Q. How long have you been employed by the Commission?**

9 A. I have been employed by the Florida Public Service Commission since June, 1979.

10 **Q. Briefly review your educational and professional background.**

11 A. I have a Bachelor of Business Administration degree with a major in accounting
12 from Florida Atlantic University and a Masters of Adult Education and Human Resource
13 Development from Florida International University. I have a Certified Public Manager
14 certificate from Florida State University. I am also a Certified Public Accountant licensed
15 in the State of Florida, and I am a member of the American and Florida Institutes of
16 Certified Public Accountants. I was hired as a Public Utilities Analyst I by the Florida
17 Public Service Commission in June of 1979. I was promoted to Public Utilities
18 Supervisor on June 1, 2001.

19 **Q. Please describe your current responsibilities.**

20 A. Currently, I am a Public Utilities Supervisor with the responsibilities of
21 administering the District Office and reviewing work load and allocating resources to
22 complete field work and issue audit reports when due. I also supervise, plan, and conduct
23 utility audits of manual and automated accounting systems for historical and forecasted
24 data.

25 **Q. Have you presented testimony before this Commission or any other**

1 **regulatory agency?**

2 A. Yes. I have testified in several cases before the Florida Public Service
3 Commission. Exhibit KLW-1 lists these cases.

4 **Q. What is the purpose of your testimony today?**

5 A. The purpose of my testimony is to sponsor the staff audit report of Florida Power
6 & Light Company (FPL or Utility) which addresses the Utility's filing in Docket No.
7 110009-EI Nuclear Cost Recovery Clause for costs associated with its proposed nuclear
8 units called Turkey Point 6 and 7. We issued an audit report in this docket for the
9 proposed nuclear units on May 23, 2011. This audit report is filed with my testimony and
10 is identified as Exhibit KLW-2.

11 **Q. Was this audit prepared by you or under your direction?**

12 A. Yes, it was prepared under my direction.

13 **Q. Please describe the work you performed in these audits.**

14 A. We reconciled the filing to the general ledger and verified that the costs incurred
15 were proper and capitalized to the appropriate account.

16 **Construction Work in Progress**

17 We sampled and verified the Company's pre-construction cost for the year ending
18 December 31, 2010. We included an assortment of vendors and high dollar amounts in
19 the sample. Each transaction was traced to supporting documentation, examined to
20 determine if the cost was appropriately capitalized, and recalculated as needed. Affiliate
21 transactions were traced to support and compared to market rates. Payroll entries were
22 traced to timesheets and payroll details and examined to ensure proper payroll
23 distribution. Cash Vouchers were traced to invoices and contracts. Support for accruals
24 and other journal vouchers were examined, determined to be reasonable, and recomputed.

25

1 **True-up**

2 We obtained Account 107, Construction Work In Progress (CWIP) cumulative
3 balance at December 31, 2010, the CWIP balance breakdown by project, and the general
4 ledger excerpt for this period's project cost. We reconciled the projects total cost to the
5 CWIP balance. We reconciled the cumulative project balance at year end to this period's
6 project cost and reconciled the amount to the general ledger excerpt balance. From the
7 ledger balance, we subtracted all non-incremental and carrying charges for both
8 preconstruction and site selection to arrive at the pre-construction cost reflected on the
9 Utility's schedule T-6.

10 We reconciled the Utility's Schedule T-1 – Revenue Requirement Summary
11 schedule to the Pre-construction/Site Selection and Deferred Tax Carrying Cost schedules
12 on Schedules T-2 and T-3A, respectively. We verified the Company's jurisdictional cost
13 and recomputed all schedules for mathematical accuracy. Supporting documents for all
14 adjustments were examined and the amounts were recomputed. We reconciled the
15 beginning balances and carrying cost rates on the schedules to Commission Orders PSC-
16 08-0749-FOF-EI, PSC-09-0783-FOF-EI, the Proposed Stipulation of Issues in PSC-11-
17 0095-FOF-EI, and the revised prior year NCRC filings in Docket No. 100009-EI.

18 **Q. Please review the audit findings in this audit report, Exhibit K LW-2.**

19 **A.** There was one finding in this audit related to lobbying expense. It has been
20 Commission practice to disallow cost for direct lobbying or in support of direct lobbying
21 activities. This Commission has maintained that costs of such activities should be borne
22 by the stockholder since there is no evidence that the ratepayers receive any benefits from
23 these expenditures.

24 During the testing of Pre-Construction expenditures, we found two entries for
25 lobbyist registration fees for seven Company employees totaling \$3,430 (\$490 per

1 lobbyist x 7 Company employees). The invoices are titled "Miami-Dade County 2010
2 Lobbyist Registration." If the Commission disallows the cost stated above, Pre-
3 Construction cost, Carrying Cost on Pre-Construction Cost, and Deferred Carrying Cost
4 would be reduced by \$3,389, \$292, and \$126, respectively.

5 **Q. Does that conclude your testimony?**

6 **A.** Yes.

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**History of Testimony
Provided by Kathy L. Welch**

- In re: Application for approval of rate increase in Lee County by Tamiami Village Utility, Inc., Docket No. 910560-WS
- In re: Application for transfer of territory served by Tamiami Village Utility, Inc. in Lee County to North Fort Myers Utility, Inc., cancellation of Certificate No. 332-S and amendment of Certificate 247-S; and for a limited proceeding to impose current rates, charges, classifications, rules and regulations, and service availability policies, Docket No. 940963-SU
- In re: Application for a rate increase by General Development Utilities, Inc. (Port Malabar Division) in Brevard County, Docket No. 911030-WS
- In re: Dade County Circuit Court referral of certain issues in Case No. 92-11654 (Transcall America, Inc. d/b/a ATC Long Distance vs. Telecommunications Services, Inc., and Telecommunications Services, Inc. vs. Transcall America, Inc. d/b/a ATC Long Distance) that are within the Commission's jurisdiction, Docket No. 951232-TI
- In re: Application for transfer of Certificates Nos. 404-W and 341-S in Orange County from Econ Utilities Corporation to Wedgefield Utilities, Inc., Docket No. 960235-WS
- In re: Application for increase in rates and service availability charges in Lee County by Gulf Utility Company, Docket No. 960329-WS
- In re: Fuel and purchased power cost recovery clause and generating performance incentive factor, Docket No. 010001-EI
- In re: Application for staff-assisted rate case in Highlands County by The Woodlands of Lake Placid, L.P., Docket No. 020010-WS
- In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida, Docket No. 020071-WS
- In re: Petition for rate increase by Florida Power & Light Company, Docket No. 050045-EI
- In re: Petition for issuance of a storm recovery financing order, by Florida Power & Light Company, Docket No. 060038-EI
- In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp., Docket No. 070293-SU

- In re: Petition for rate increase by Florida Public Utilities Company, Docket No. 070304-EI
- In re: Natural gas conservation cost recovery, Docket No. 080004-GU
- In re: Nuclear cost recovery clause, Docket No. 080009-EI
- In re: Petition for rate increase by Florida Public Utilities Company, Docket No. 080366-GU
- In re: Petition for increase in rates by Florida Power & Light Company, Docket No. 080677-EI
- In re: FPL rate case, Docket No. 080677-EI
- In re: Natural Gas Conservation Cost Recovery Clause for Florida City Gas, Docket No. 090004-GU
- In re: Nuclear cost recovery clause, Docket No.090009-EI, Florida Power & Light Company, Nuclear Uprate
- In re: Fuel and purchased power cost recovery clause with generating performance incentive factor, Docket No. 100001-EI, Florida Power & Light Company, Hedging
- In re: In re: Fuel and purchased power cost recovery clause with generating performance incentive factor, Docket No. 100001-EI, Florida Public Utilities Company, Fuel

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Florida Power & Light Company
Turkey Point Units 6 & 7 Nuclear Recovery

Year Ended December 31, 2010

Docket No. 110009-EI
Audit Control No. 11-024-4-1
May 23, 2011

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 24, 2011. We have applied these procedures to the attached schedules prepared by Florida Power & Light Company in support of its filing for 2010 Nuclear Cost Recovery Clause relief for Turkey Point Units 6 and 7 in Docket No. 110009-EI.

This audit was performed following general standards and fieldwork standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

The term "Company" refers to Florida Power & Light Company.

The term "Pre-Construction cost" refers to costs that are expended after a site has been selected in preparation for the construction of a nuclear or integrated gasification combined cycle power plant, incurred up to and including the date the utility completes site clearing work.¹

Utility Books and Records

Objectives: Our objectives were to verify that the Company's filing agreed to the general ledger and that the Company maintains its accounts and records in conformity with the Code of Federal Regulations (C.F.R.).

Procedures: We reconciled the filing to the general ledger and verified that the costs incurred were proper and capitalized to the appropriate account.

Construction Work in Progress

Site Selection Cost

Objective: Our objective was to verify that the Company's Site Selection costs are consistent and in compliance with Section 366.93, F.S., and Rule 25-6.0423, F.A.C.

Procedures: There were no Site Selection costs in this period.

Pre-Construction Cost

Objective: Our objective was to verify that the Company's Pre-Construction costs are consistent and in compliance with Section 366.93, F.S., and Rule 25-6.0423, F.A.C.

Procedures: We sampled and verified the Company's pre-construction cost for the year ending December 31, 2010. We included an assortment of vendors and high dollar amounts in the sample. Each transaction was traced to supporting documentation, examined to determine if the cost was appropriately capitalized, and recalculated as needed. Affiliate transactions were traced to support and compared to market rates. Payroll entries were traced to timesheets and payroll details and examined to ensure proper payroll distribution. Cash Vouchers were traced to invoices and contracts. Support for accruals and other journal vouchers were examined, determined to be reasonable, and recomputed.

¹ Rule 25-6.0423(2)(g), F.A.C.

Construction Cost

Objective: Our objective was to verify that the Company's Construction cost are consistent and in compliance with Section 366.93, F.S., and Rule 25-6.0423, F.A.C.

Procedures: There were no Construction costs in this period.

True-up

Objective: Our objective was to reconcile the costs reflected on Schedule T-6 to the general ledger.

Procedures: We obtained Account 107, Construction Work In Progress (CWIP) cumulative balance at December 31, 2010, the CWIP balance breakdown by project, and the general ledger excerpt for this period's project cost. We agreed the projects total cost to the CWIP balance. We reconciled the cumulative project balance at year end to this period's project cost and agreed the amount to the general ledger excerpt balance. From the ledger balance, we subtracted all non-incremental and carrying charges for both preconstruction and site selection to arrive at the pre-construction cost reflected on schedule T-6.

Objectives: Our objectives were to verify that Schedule T-1 – Revenue Requirement Summary was accurately calculated and that it included the proper balances from supporting schedules in the Nuclear Cost Recovery Clause (NCRC) filing.

Procedures: We reconciled Schedule T-1 – Revenue Requirement Summary schedule to the Pre-construction/Site Selection and Deferred Tax Carrying Cost schedules on Schedules T-2 and T-3A, respectively. We verified the Company's jurisdictional cost and recomputed all schedules for mathematical accuracy. Supporting documents for all adjustments were examined and the amounts were recomputed. We reconciled the beginning balances and carrying cost rates on the schedules to Commission Orders PSC-08-0749-FOF-EI², PSC-09-0783-FOF-EI³, the Proposed Stipulation of Issues in PSC-11-0095-FOF-EI⁴, and the revised prior year NCRC filings in Docket No. 100009-EI.

Expense

Operation and Maintenance Expense

Objective: Our objective was to verify that the Company's Operation and Maintenance (O&M) expenses are consistent and in compliance with Company's policies.

Procedures: There were no O&M costs recorded in this period.

² See Order No. PSC-08-0749-FOF-EI, issued November 12, 2008, Docket No. 080009-EI, In Re: Nuclear Cost Recovery Clause

³ See Order No. PSC-09-0783-FOF-EI, issued November 19, 2009, Docket No. 090009-EI, In Re: Nuclear Cost Recovery Clause

⁴ See Order No. PSC-11-0095-FOF-EI, issued February 2, 2011, Docket No. 100009-EI, In Re: Nuclear Cost Recovery Clause

Audit Findings

Finding 1: Lobbyist Cost

Audit Analysis: It has been Commission practice to disallow cost for direct lobbying or in support of direct lobbying activities. This Commission has maintained that costs of such activities should be borne by the stockholder since there is no evidence that the ratepayers receive any benefits from these expenditures.⁵

During the testing of Pre-Construction expenditures, we found two entries for lobbyist registration fees for seven Company employees totaling \$3,430 (\$490 per lobbyist x 7 Company employees). The invoices are titled "Miami-Dade County 2010 Lobbyist Registration"; but, the Company disputes these costs as lobbying costs. The Company stated the following:

"This fee is a requirement to attend Miami Dade County Agency meetings. As part of the permitting and licensing effort FPL New Nuclear Team employees are required to attend Agency meetings."

The schedule on the next page calculates the jurisdictional Pre-Construction cost and associated Carrying cost adjustments should the Commission choose to disallow the charges.

| Date | Source Code | SA | BA | EAC | ER | WO | LOC | GL Account | AMT | DESCRIPTION |
|--------|-------------|--------|-----|-----|----|------|-----|------------|-------------|-------------------------------------|
| 201002 | 52450 | BLUPRJ | 402 | 682 | 70 | 5643 | 941 | 107100 | \$ 2,450.00 | Miami-Dade Co Lobbyist Registration |
| 201002 | 52450 | BLUPRJ | 402 | 682 | 70 | 5643 | 941 | 107100 | \$ 980.00 | Miami-Dade Co Lobbyist Registration |
| | | | | | | | | Total | \$ 3,430.00 | |

Effect on the Filing: If the Commission disallows the cost stated above, Pre-Construction cost, Carrying Cost on Pre-Construction Cost, and Deferred Carrying Cost would be reduced by \$3,389, \$292, and \$126, respectively.

⁵ See Order No. PSC-92-0708-FOF-TL, issued July 24, 1992, Docket No. 910980-TL, In Re: Application for a Rate Increase by United Telephone Company of Florida

Lobbying Cost Adjustment Calculation

| Florida Light & Power Company | | | | | | | | | | | | | | | |
|--|---|------------------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| Lobbying Cost Adjustment | | | | | | | | | | | | | | | |
| Pro-Construction Cost | | | | | | | | | | | | | | | |
| Line | Schedule T-6 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Total | |
| 1 | Preconstruction | | | | | | | | | | | | | | |
| 8 | Total Generation Cost | \$ - | \$ (3,430) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (3,430) | |
| 9 | Jurisdictional Factor | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | 0.98818187 | | |
| 10 | Total Jurisdictional | \$ - | \$ (3,389) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (3,389) | |
| Carrying Cost on Pre-Construction | | | | | | | | | | | | | | | |
| Line | Schedule T-2 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Total | |
| 1a | CWIP Additions | \$ - | \$ (3,389) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (3,389) | |
| 1b | Prior Period Recovery Eligible for Return | \$ - | \$ - | \$ (3,389) | \$ (3,404) | \$ (3,434) | \$ (3,464) | \$ (3,494) | \$ (3,525) | \$ (3,556) | \$ (3,587) | \$ (3,618) | \$ (3,649) | \$ (3,680) | |
| 2 | Unamortized CWIP Base Eligible for Return | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 3 | Amortization of CWIP Base Eligible for Return | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 4 | Avg Net UnAmrtz CWIP Base Eligible for Return | \$ - | \$ - | \$ (1,895) | \$ (3,397) | \$ (3,419) | \$ (3,449) | \$ (3,479) | \$ (3,510) | \$ (3,540) | \$ (3,571) | \$ (3,602) | \$ (3,634) | \$ (3,654) | |
| 5a | Equity Component (using 1-.38575) | \$ - | \$ - | \$ (8) | \$ (16) | \$ (16) | \$ (16) | \$ (16) | \$ (16) | \$ (16) | \$ (16) | \$ (16) | \$ (17) | \$ (152) | |
| 5b | Equity Component (gross tax) (Using Rate A) | \$ - | \$ - | \$ (13) | \$ (25) | \$ (25) | \$ (26) | \$ (26) | \$ (26) | \$ (26) | \$ (27) | \$ (27) | \$ (27) | \$ (248) | |
| 5c | Debt Component (Using Rate B) | \$ - | \$ - | \$ (2) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (5) | \$ (44) | |
| 6 | Total Return Requirement | \$ - | \$ - | \$ (15) | \$ (30) | \$ (30) | \$ (30) | \$ (30) | \$ (31) | \$ (31) | \$ (31) | \$ (31) | \$ (32) | \$ (292) | |
| Deferred Carrying Cost | | | | | | | | | | | | | | | |
| Line | Schedule T-3A | Jan-10 | Feb-10 | Mar-10 | Apr-10 | May-10 | Jun-10 | Jul-10 | Aug-10 | Sep-10 | Oct-10 | Nov-10 | Dec-10 | Total | |
| 1 | Construction Period Interest | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 2 | Recovered Cost (Ex AFUDC) | \$ - | \$ (3,389) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (3,389) | |
| 3 | Other Adjustments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 4 | Tax Basis less Book Basis | \$ - | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | \$ (3,389) | |
| 5 | Deferred Tax Asset on Tax Basis in Excess of Book | \$ - | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | |
| 6a | Average Acc Deferred Tax Asset | \$ - | \$ (654) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | \$ (1,307) | |
| 6b | Pt Mo Return on Deferred Tax Asset | \$ - | \$ - | \$ (6) | \$ (17) | \$ (29) | \$ (41) | \$ (52) | \$ (64) | \$ (76) | \$ (88) | \$ (101) | \$ (113) | \$ (113) | |
| 6c | Average Deferred Tax Asset | \$ - | \$ (654) | \$ (1,313) | \$ (1,325) | \$ (1,336) | \$ (1,348) | \$ (1,360) | \$ (1,372) | \$ (1,384) | \$ (1,396) | \$ (1,408) | \$ (1,421) | \$ (1,421) | |
| 7a | Equity Component | \$ - | \$ (3) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (6) | \$ (65) | |
| 7b | Equity Component (gross tax) | \$ - | \$ (5) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (10) | \$ (106) | |
| 7c | Debt Component | \$ - | \$ (1) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (2) | \$ (19) | |
| 8 | Total Return Requirement | \$ - | \$ (6) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (12) | \$ (126) | |
| Debt and equity rates applied to the Line 4 - Average Net Unamortized CWIP Base are as follow: | | | | | | | | | | | | | | | |
| A | | Equity + Tax @ 38.575% | | 0.007439034 | | | | | | | | | | | |
| B | | Debt | | 0.001325847 | | | | | | | | | | | |

Exhibits

Exhibit 1: Site Selection Revenue Requirement Summary

| Schedule T-1 (True-up) | | Turkey Point Units 657 Site Selection Costs and Carrying Costs on Site Selection Cost Balance True-up Filing: Retail Revenue Requirements Summary | | | | | [Section (5)(c)1.b.] | |
|--|--|--|---------------------------|------------------------|------------------------|----------------------|-------------------------------|-------------------------|
| FLORIDA PUBLIC SERVICE COMMISSION | | EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures. | | | | | For the Year Ended 12/31/2010 | |
| COMPANY: FLORIDA POWER & LIGHT COMPANY | | | | | | | Witness: Wincle Powers | |
| DOCKET NO.: 110009-EI | | | | | | | | |
| Line No. | | (A) Actual January | (B) Actual February | (C) Actual March | (D) Actual April | (E) Actual May | (F) Actual June | (G) 6 Month Total |
| <i>Jurisdictional Dollars</i> | | | | | | | | |
| 1. | Site Selection Revenue Requirements (Schedule T-2, line 7) | (\$38,176) | (\$35,888) | (\$35,826) | (\$35,351) | (\$35,078) | (\$34,805) | (\$212,933) |
| 2. | Construction Carrying Cost Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3. | Recoverable O&M Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4. | DTA(DTL) Carrying Cost (Schedule T-3A, line 8) | \$15,074 | \$15,017 | \$14,960 | \$14,903 | \$14,847 | \$14,791 | \$89,590 |
| 5. | Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6. | Total Period Revenue Requirements (Lines 1 through 5) | <u>(\$21,102)</u> | <u>(\$20,882)</u> | <u>(\$20,866)</u> | <u>(\$20,448)</u> | <u>(\$20,231)</u> | <u>(\$20,014)</u> | <u>(\$123,343)</u> |
| 7. | Projected Revenue Requirements for the period (Order No. PSC 09-0783-FOF-EI) | (\$13,714) | (\$13,519) | (\$13,324) | (\$13,129) | (\$12,933) | (\$12,738) | (\$79,357) |
| 8. | Difference (True-up to Projections) (Line 6 - Line 7) | <u>(\$7,388)</u> | <u>(\$7,363)</u> | <u>(\$7,541)</u> | <u>(\$7,320)</u> | <u>(\$7,298)</u> | <u>(\$7,276)</u> | <u>(\$43,986)</u> |
| 9. | Actual / Estimated Revenue Requirements for the period | (\$21,102) | (\$20,882) | (\$20,866) | (\$20,448) | (\$20,231) | (\$20,014) | (\$123,343) |
| 10. | Final True-up Amount for the Period (Line 6 - Line 9) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Totals may not add due to rounding

Schedule T-1 (True-up)

Turkey Point Units 6&7
 Site Selection Costs and Carrying Costs on Site Selection Cost Balance
 True-up Filing: Retail Revenue Requirements Summary

[Section (8)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

For the Year Ended 12/31/2010

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Winnie Powers

DOCKET NO.: 110009-EI

| Line No. | (H) Actual July | (I) Actual August | (J) Actual September | (K) Actual October | (L) Actual November | (M) Actual December | (N) 12 Month Total |
|----------|---|-------------------------|----------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | Jurisdictional Dollars | | | | | | |
| 1. | Site Selection Revenue Requirements (Schedule T-2, Line 7) | (\$34,532) | (\$34,269) | (\$33,986) | (\$33,713) | (\$33,440) | (\$333,167) |
| 2. | Construction Carrying Cost Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3. | Recoverable O&M Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4. | DTA(DTL) Carrying Cost (Schedule T-3A, Line 8) | \$14,735 | \$14,679 | \$14,624 | \$14,589 | \$14,514 | \$177,172 |
| 5. | Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6. | Total Period Revenue Requirements (Lines 1 through 5) | <u>(\$18,797)</u> | <u>(\$18,579)</u> | <u>(\$18,362)</u> | <u>(\$18,144)</u> | <u>(\$18,926)</u> | <u>(\$18,707)</u> |
| 7. | Projected Return Requirements for the period (Order No. PSC 09-0783-FOF-EI) | (\$12,543) | (\$12,348) | (\$12,152) | (\$11,957) | (\$11,792) | (\$11,567) |
| 8. | Difference (True-up to Projections) (Line 6 - Line 7) | <u>(\$7,254)</u> | <u>(\$7,232)</u> | <u>(\$7,209)</u> | <u>(\$7,186)</u> | <u>(\$7,134)</u> | <u>(\$7,140)</u> |
| 9. | Actual / Estimated Revenue Requirements for the period | (\$18,797) | (\$18,579) | (\$18,362) | (\$18,144) | (\$18,926) | (\$18,707) |
| 10. | Final True-up Amount for the Period (Line 6 - Line 9) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Totals may not add due to rounding

Exhibit 2: Pre-Construction Revenue Requirement Summary

| | | Turkey Point Units 667 | | | | | | |
|--|--|--|---------------------------|------------------------|------------------------|----------------------|-----------------------|-------------------------------|
| | | Pre-Construction Costs and Carrying Costs on Construction Cost Balance | | | | | | |
| Schedule T-1 (True-up) | | True-up Filing: Retail Revenue Requirements Summary | | | | | | [Section (5)(c)1.b.] |
| FLORIDA PUBLIC SERVICE COMMISSION | | EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures. | | | | | | For the Year Ended 12/31/2010 |
| COMPANY: FLORIDA POWER & LIGHT COMPANY | | | | | | | | |
| DOCKET NO.: 110009-EI | | | | | | | | |
| Line No. | | (A) Actual January | (B) Actual February | (C) Actual March | (D) Actual April | (E) Actual May | (F) Actual June | (G) 8 Month Total |
| Jurisdictional Dollars | | | | | | | | |
| 1. | Pre-Construction Revenue Requirements (Schedule T-2, line 7) | (\$7,583,320) | (\$7,116,784) | (\$5,238,280) | (\$7,252,148) | (\$9,898,708) | (\$8,444,297) | (\$40,542,536) |
| 2. | Construction Carrying Cost Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3. | Recoverable O&M Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4. | DTA(DTL) Carrying Cost (Schedule T-3A, line 8) | \$268,163 | \$268,295 | \$274,124 | \$279,520 | \$282,554 | \$285,440 | \$1,656,067 |
| 5. | Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6. | Total Period Revenue Requirements (Lines 1 through 5) | <u>(\$7,327,157)</u> | <u>(\$6,848,489)</u> | <u>(\$4,964,156)</u> | <u>(\$6,972,628)</u> | <u>(\$9,616,154)</u> | <u>(\$8,158,857)</u> | <u>(\$38,658,441)</u> |
| 7. | Projected Revenue Requirements for the period (Order No. PSC 09-0783-FOF-EI) | \$2,127,361 | (\$687,146) | (\$77,014) | \$386,088 | (\$383,742) | (\$853,483) | \$902,050 |
| 8. | Difference (Line 6 - Line 7) | <u>(\$9,454,517)</u> | <u>(\$6,161,343)</u> | <u>(\$4,883,142)</u> | <u>(\$7,358,714)</u> | <u>(\$9,220,412)</u> | <u>(\$5,203,363)</u> | <u>(\$39,358,482)</u> |
| 9. | Actual / Estimated Revenue Requirements for the period | (\$7,328,623) | (\$6,848,881) | (\$1,648,618) | (\$5,224,081) | (\$5,150,775) | (\$2,482,560) | (\$28,690,519) |
| 10. | Final True-up Amount for the Period (Line 8 - Line 9) | <u>(1634)</u> | <u>(\$1,807)</u> | <u>(\$3,315,638)</u> | <u>(\$1,748,588)</u> | <u>(\$1,483,379)</u> | <u>(\$3,698,297)</u> | <u>(\$10,226,923)</u> |

Totals may not add due to rounding

Page 1 of 2

Turkey Point Units 667
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule T-1 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 110009-EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

For the Year Ended 12/31/2010

Witness: Winnie Powers

| Line No. | (H) Actual July | (I) Actual August | (J) Actual September | (K) Actual October | (L) Actual November | (M) Actual December | (N) 12 Month Total | |
|----------|--|-------------------------|----------------------------|--------------------------|---------------------------|---------------------------|--------------------------|----------------|
| | Jurisdictional Dollars | | | | | | | |
| 1. | Pre-Construction Revenue Requirements (Schedule T-2, line 7) | (\$6,734,680) | (\$5,306,657) | (\$5,842,303) | (\$6,196,473) | (\$6,436,607) | (\$5,652,453) | (\$73,713,712) |
| 2. | Construction Carrying Cost Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 3. | Recoverable O&M Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 4. | DTA(DTL) Carrying Cost (Schedule T-3A, line 8) | \$290,541 | \$297,427 | \$303,402 | \$307,647 | \$311,114 | \$316,261 | \$3,481,468 |
| 5. | Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 6. | Total Period Revenue Requirements (Lines 1 through 5) | (\$6,444,038) | (\$5,009,230) | (\$5,538,901) | (\$5,888,826) | (\$6,127,493) | (\$5,337,193) | (\$72,232,244) |
| 7. | Projected Revenue Requirements for the period (Order No. PSC 09-0763-POF-EI) | \$1,543,175 | (\$614,766) | (\$886,616) | \$1,736,988 | (\$1,267,523) | (\$1,160,898) | (\$45,574) |
| 8. | Difference (Line 6 - Line 7) | (\$8,007,213) | (\$4,394,464) | (\$4,652,287) | (\$7,621,814) | (\$4,859,970) | (\$4,176,491) | (\$27,687,818) |
| 9. | Actual / Estimated Revenue Requirements for the period | (\$4,781,382) | (\$5,023,318) | (\$3,295,783) | (\$5,169,840) | (\$4,395,826) | (\$2,955,890) | (\$54,282,366) |
| 10. | Final True-up Amount for the Period (Line 6 - Line 9) | (\$1,222,836) | \$13,687 | (\$2,243,118) | (\$719,179) | (\$1,731,867) | (\$2,381,302) | (\$17,948,858) |

Totals may not add due to rounding

Docket No. 110009-EI: Nuclear cost recovery clause. Florida Power & Light Company's Nuclear Extended Power Uprate

Witness: **Direct Testimony of KATHY L. WELCH**, Appearing on Behalf of the staff of the Florida Public Service Commission

Date Filed: July 14, 2011

DOCUMENT NUMBER-DATE
04847 JUL 14 =
FPSC-COMMISSION CLERK

DIRECT TESTIMONY OF KATHY L. WELCH

1
2 **Q. Please state your name and business address.**

3 A. My name is Kathy L. Welch, and my business address is 3625 N.W. 82nd Ave.,
4 Suite 400, Miami, Florida, 33166.

5 **Q. By whom are you presently employed and in what capacity?**

6 A. I am employed by the Florida Public Service Commission as a Public Utilities
7 Supervisor in the Office of Auditing and Performance Analysis.

8 **Q. How long have you been employed by the Commission?**

9 A. I have been employed by the Florida Public Service Commission since June, 1979.

10 **Q. Briefly review your educational and professional background.**

11 A. I have a Bachelor of Business Administration degree with a major in accounting
12 from Florida Atlantic University and a Masters of Adult Education and Human Resource
13 Development from Florida International University. I have a Certified Public Manager
14 certificate from Florida State University. I am also a Certified Public Accountant licensed
15 in the State of Florida, and I am a member of the American and Florida Institutes of
16 Certified Public Accountants. I was hired as a Public Utilities Analyst I by the Florida
17 Public Service Commission in June of 1979. I was promoted to Public Utilities
18 Supervisor on June 1, 2001.

19 **Q. Please describe your current responsibilities.**

20 A. Currently, I am a Public Utilities Supervisor with the responsibilities of
21 administering the District Office and reviewing work load and allocating resources to
22 complete field work and issue audit reports when due. I also supervise, plan, and conduct
23 utility audits of manual and automated accounting systems for historical and forecasted
24 data.

25 **Q. Have you presented testimony before this Commission or any other**

1 **regulatory agency?**

2 **A.** Yes. I have testified in several cases before the Florida Public Service
3 Commission. Exhibit KLW-3 lists these cases.

4 **Q. What is the purpose of your testimony today?**

5 **A.** The purpose of my testimony is to sponsor the staff audit report of Florida Power
6 & Light Company (FPL or Utility) which addresses the Utility's filing in Docket No.
7 110009-EI Nuclear Cost Recovery Clause for costs associated with its nuclear extended
8 power uprate. We issued an audit report in this docket for the proposed nuclear units on
9 May 31, 2011. This audit report is filed with my testimony and is identified as Exhibit
10 KLW-4.

11 **Q. Was this audit prepared by you or under your direction?**

12 **A.** Yes, it was prepared under my direction.

13 **Q. Please describe the work you performed in these audits.**

14 **A. General**

15 We verified the components of the T-3 schedule, recalculated the schedule and
16 traced FPL's debt and equity rates to source documentation. We also reconciled the
17 adjustments to source documentation. We verified the components of the T-3A schedule,
18 recalculated the schedule and traced FPL's debt and equity rates to source documentation.
19 We also reconciled the adjustments to source documentation.

20 We read FPL's internal audit for the nuclear uprate project. We determined what
21 testing was done and reviewed any findings.

22 **Construction Work in Progress & Plant in Service**

23 We obtained Excel files of all the charges made to the filing. We reconciled the
24 filing to these files. We sorted the files by both dollar amounts and vendors and selected
25 a sample that included high dollar amounts and an assortment of the various vendors. We

1 selected cash vouchers, journal vouchers, material and supplies, and payroll source codes.

2 We traced the sample to source documentation.

3 We compared the amounts paid to the contractors to the invoices and purchase
4 orders and also compared the rates paid to the contracts when applicable. We also traced
5 various sample items to a listing of open contracts provided by FPL.

6 For payroll we obtained a list of all employees charged to the uprate. The hours
7 and amounts in this report were reconciled to FPL's payroll reports.

8 For the affiliate charges we obtained invoices and journal vouchers. We
9 recalculated the payroll dollars and compared them to a market rate from an outside
10 source. We also traced travel expenses to source documentation and determined the
11 relationship to the project.

12 We recalculated adjustments made to Schedule T-6 and traced them to supporting
13 documentation.

14 We read FPL's testimony related to the separate and apart procedures. We
15 reviewed the Recoverable Cost Justification Forms prepared by FPL and reconciled to
16 sample items, when applicable.

17 We reconciled the amounts for plant in service and depreciation from the Orders
18 to FPL's books. We also reconciled the plant in service amounts from the Orders to
19 FPL's filing Appendix A.

20 The total capital costs were reconciled to the general ledger.

21 **Operating and Maintenance Expenses**

22 We obtained Excel files of all the charges made to the filing. We reconciled the
23 filing to these files. We sorted the files to select a sample that included an assortment of
24 all source codes. We reconciled the sample items to the proper source documentation.

25 We recalculated adjustments made to Schedule T-4 and traced them to supporting

1 documentation.

2 The total operating and maintenance costs were reconciled to the general ledger.

3 **Q. Please review the audit findings in this audit report, Exhibit KLW-2.**

4 **A.** There were no findings is this audit.

5 **Q. Does that conclude your testimony?**

6 **A.** Yes.

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**History of Testimony
Provided by Kathy L. Welch**

- In re: Application for approval of rate increase in Lee County by Tamiami Village Utility, Inc., Docket No. 910560-WS
 - In re: Application for transfer of territory served by Tamiami Village Utility, Inc. in Lee County to North Fort Myers Utility, Inc., cancellation of Certificate No. 332-S and amendment of Certificate 247-S; and for a limited proceeding to impose current rates, charges, classifications, rules and regulations, and service availability policies, Docket No. 940963-SU
 - In re: Application for a rate increase by General Development Utilities, Inc. (Port Malabar Division) in Brevard County, Docket No. 911030-WS
 - In re: Dade County Circuit Court referral of certain issues in Case No. 92-11654 (Transcall America, Inc. d/b/a ATC Long Distance vs. Telecommunications Services, Inc., and Telecommunications Services, Inc. vs. Transcall America, Inc. d/b/a ATC Long Distance) that are within the Commission's jurisdiction, Docket No. 951232-TI
 - In re: Application for transfer of Certificates Nos. 404-W and 341-S in Orange County from Econ Utilities Corporation to Wedgfield Utilities, Inc., Docket No. 960235-WS
 - In re: Application for increase in rates and service availability charges in Lee County by Gulf Utility Company, Docket No. 960329-WS
 - In re: Fuel and purchased power cost recovery clause and generating performance incentive factor, Docket No. 010001-EI
 - In re: Application for staff-assisted rate case in Highlands County by The Woodlands of Lake Placid, L.P., Docket No. 020010-WS
 - In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida, Docket No. 020071-WS
 - In re: Petition for rate increase by Florida Power & Light Company, Docket No. 050045-EI
 - In re: Petition for issuance of a storm recovery financing order, by Florida Power & Light Company, Docket No. 060038-EI
 - In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp., Docket No. 070293-SU
-

- In re: Petition for rate increase by Florida Public Utilities Company, Docket No. 070304-EI
- In re: Natural gas conservation cost recovery, Docket No. 080004-GU
- In re: Nuclear cost recovery clause, Docket No. 080009-EI
- In re: Petition for rate increase by Florida Public Utilities Company, Docket No. 080366-GU
- In re: Petition for increase in rates by Florida Power & Light Company, Docket No. 080677-EI
- In re: FPL rate case, Docket No. 080677-EI
- In re: Natural Gas Conservation Cost Recovery Clause for Florida City Gas, Docket No. 090004-GU
- In re: Nuclear cost recovery clause, Docket No. 090009-EI, Florida Power & Light Company, Nuclear Uprate
- In re: Fuel and purchased power cost recovery clause with generating performance incentive factor, Docket No. 100001-EI, Florida Power & Light Company, Hedging
- In re: In re: Fuel and purchased power cost recovery clause with generating performance incentive factor, Docket No. 100001-EI, Florida Public Utilities Company, Fuel

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Florida Power & Light Company
Nuclear Extended Power Uprate

Twelve months ended December 31, 2010

Docket No. 110009-EI
Audit Control No. 11-024-4-2
May 31, 2011

Handwritten signature of Iliana H. Piedra in cursive.

Iliana H. Piedra
Audit Manager

Handwritten signature of Yen N. Ngo in cursive.

Yen N. Ngo
Audit Staff

Handwritten signature of Kathy Welch in cursive.

Kathy Welch
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Division of Economic Regulation in its audit service request dated January 24, 2011. We have applied these procedures to the attached summary exhibit prepared by Florida Power & Light Company (FPL) and to several of its related schedules in support of its filing for the Nuclear Extended Power Uprate in Docket No. 110009-EI.

This audit was performed following general standards and fieldwork standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Objectives: Our overall objective was to verify FPL's T-1 schedule—Revenue Requirements Summary, which includes the construction carrying cost revenue requirement, the operating and maintenance revenue requirement and the deferred tax asset/liability carrying cost. Also that it is consistent with Section 366.93, F.S., and Rule 25-6.0423, F.A.C.¹

Procedures: We performed the following specific objectives and procedures to satisfy the overall objectives mentioned above.

Objective: The objective of the audit was to verify the 2010 Carrying Costs on Construction Cost Balance as shown on Schedule T-3.

Procedures: We verified the components of the T-3 schedule, recalculated the schedule and traced FPL's debt and equity rates to source documentation. We also agreed the adjustments to source documentation.

Objective: The objective of the audit was to verify the 2010 carrying costs on Deferred Tax Asset/Liability as shown on T-3A.

Procedures: We verified the components of the T-3A schedule, recalculated the schedule and traced FPL's debt and equity rates to source documentation. We also agreed the adjustments to source documentation.

Objective: The objective of the audit was to review any internal audits to determine if any adjustments affect the audit.

Procedures: We read FPL's internal audit for the nuclear uprate project. We determined what testing was done and reviewed any findings.

Construction Work in Progress

Objective: The objective of the audit was to verify the 2010 Construction Costs as shown on Schedule T-6 – Monthly Expenditures.

Procedures: We obtained Excel files of all the charges made to the filing. We reconciled the filing to these files. We sorted the files by both dollar amounts and vendors, and selected a sample that included high dollar amounts and an assortment of the various vendors. We selected cash vouchers, journal vouchers, material and supplies, and payroll source codes. We traced the sample to source documentation.

We compared the amounts paid to the contractors to the invoices and purchase orders and also compared the rates paid to the contracts when applicable. We also traced various sample items to a listing of open contracts provided by FPL.

For payroll we obtained a list of all employees charged to the uprate. The hours and amounts in this report were reconciled to FPL's payroll reports.

¹ Rule 25-6.0423, Nuclear or Integrated Gasification Combined Cycle Power Plant Cost Recovery.

For the affiliate charges we obtained invoices and journal vouchers. We recalculated the payroll dollars and compared them to a market rate from an outside source. We also traced travel expenses to source documentation and determined the relationship to the project.

We recalculated adjustments made to Schedule T-6 and traced them to supporting documentation.

Objective: The objective of the audit was to review and document FPL's separate and apart process for identifying and applying adjustments necessary to ensure the nuclear uprate amounts are limited to those costs that are separate and apart from nuclear costs that would have been necessary had there been no uprate project.

Procedures: We read FPL's testimony related to the separate and apart procedures. We reviewed the Recoverable Cost Justification Forms prepared by FPL and reconciled to sample items, when applicable.

Objectives: The objective of the audit was to review and reconcile clearings to plant in service and depreciation for years ending 2009 and 2010, pursuant to Orders PSC-10-0207-PAA-EI² and PSC-11-0078-PAA-EI³, respectively.

Procedures: We reconciled the amounts for plant in service and depreciation from the Orders to FPL's books. We also reconciled the plant in service amounts from the Orders to FPL's filing Appendix A.

Objective: The objective of the audit was to reconcile Schedule T-6 to the general ledger.

Procedure: The total capital costs were reconciled to the general ledger.

Operating and Maintenance Expenses

Objective: The objective of the audit was to verify the 2010 Operating and Maintenance costs as shown on Schedule T-4—O&M Monthly Expenditures.

Procedures: We obtained Excel files of all the charges made to the filing. We reconciled the filing to these files. We sorted the files to select a sample that included an assortment of all source codes. We reconciled the sample items to the proper source documentation.

We recalculated adjustments made to Schedule T-4 and traced them to supporting documentation.

Objective: The objective of the audit was to reconcile Schedule T-4 to the general ledger.

Procedure: The total operating and maintenance costs were reconciled to the general ledger.

² See Order PSC-10-0207-PAA-EI issued April 5, 2010 in Docket No. 090529-EI, Re: Extended Power Uprate project.

³ See Order PSC-11-0078-PAA-EI issued January 31, 2011 in Docket No. 100419-EI, Re: Extended Power Uprate system..

Audit Findings

None

Exhibits

Exhibit 1: Schedule T-1 – True Up Filing: Retail Revenue Requirements Summary

| Schedule T-1 (True-up) | | St. Louis and Turkey Point License Project Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing Retail Revenue Requirements Summary | | | | | | Section 54(c)(1), (2) |
|--|---|--|---------------------------|------------------------|------------------------|----------------------|-----------------------|---|
| FLORIDA PUBLIC SERVICE COMMISSION | | EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures. | | | | | | For the Year Ended 12/31/2010 Witness: Xcel Energy |
| COMPANY: FLORIDA POWER & LIGHT COMPANY | | | | | | | | |
| DOCKET NO.: 10000-01 | | | | | | | | |
| Line No. | | (A) Actual January | (B) Actual February | (C) Actual March | (D) Actual April | (E) Actual May | (F) Actual June | (G) 6 Month Total |
| Jurisdictional Dollars | | | | | | | | |
| 1. | Pre-Construction Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2. | Construction Carrying Cost Revenue Requirements (Schedule T-3, Line 8) | \$2,725,234 | \$2,857,184 | \$2,986,907 | \$3,123,176 | \$3,261,913 | \$3,403,281 | \$18,407,785 |
| 3. | Recoverable O&M Revenue Requirements (Schedule T-4, Line 2B) | \$26,047 | \$43,904 | \$74,807 | \$12,507 | \$20,782 | \$1,752,183 | \$1,930,230 |
| 4. | DTA/DFLI Carrying Cost (Schedule T-5A, Line 8) | \$3154,022 | \$3180,806 | \$3184,581 | \$3185,885 | \$3179,881 | \$3177,820 | \$18,601,150 |
| 5. | Other Adjustments (a) | \$0 | \$0 | \$0 | (\$75) | \$227 | \$2,182 | \$2,382 |
| 6. | Total Period Revenue Requirements (Lines 1 through 5) | \$7,805,303 | \$7,742,200 | \$7,247,292 | \$7,139,665 | \$7,177,793 | \$7,035,667 | \$35,218,592 |
| 7. | Proposed Revenue Requirements for the period (Order No. PSC 09-0783-FDF-00) | \$2,932,018 | \$3,229,787 | \$3,616,286 | \$3,636,462 | \$3,168,819 | \$4,740,781 | \$23,471,406 |
| 8. | Difference (Line 6 - Line 7) | (4,873,285) | (4,512,413) | (3,628,986) | (3,506,897) | (4,008,974) | (2,314,886) | (11,746,186) |
| 9. | Actual/ Estimated Revenue Requirements for the period | \$2,496,089 | \$2,703,184 | \$2,867,007 | \$3,239,000 | \$3,347,382 | \$3,533,207 | \$18,241,867 |
| 10. | Final True-Up Amount for the Period (Line 6 - Line 9) | (2,377,196) | (1,809,228) | (861,979) | (367,897) | (761,592) | (1,281,679) | (6,489,719) |

(a) Other Adjustments Line 5 represents the true-up of the Base Rate Revenue Requirements for 2010 and carrying costs on (over)/under recoveries. Refer to Appendix C Line 8. Totals may not add due to rounding.

**St. Lucia and Turkey Point Update Project
Construction Costs and Carrying Costs Construction Cost Estimate
True-up Filing: Retail Revenue Requirements Schedule**

[Section (5)(1)(b)]

Schedule T-1 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of
retail revenue requirements based on actual
expenditures for the prior year and the previously filed
expenditures.

For the Year Ended 12/31/2010

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 110009-EI

Revised: 01/16/2011

| Line No. | | (A) Actual July | (B) Actual August | (C) Actual September | (D) Actual October | (E) Actual November | (F) Actual December | (G) 12 Month Total |
|----------|--|--------------------|--------------------|----------------------|--------------------|---------------------|---------------------|---------------------|
| | Transmission System | | | | | | | |
| 1 | Pre-Construction Revenue Requirements | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2 | Construction Carrying Cost Revenue Requirements (Schedule T-3, Line 3) | \$3,814,325 | \$3,804,979 | \$4,119,739 | \$4,419,770 | \$4,641,375 | \$5,055,087 | \$24,835,275 |
| 3 | Recoverable O&M Revenue Requirements (Schedule T-4, Line 3) | \$117,085 | \$109,041 | \$2,141,287 | \$716,228 | \$887,780 | (\$294,832) | \$7,067,402 |
| 4 | DTA/PTL Carrying Cost (Schedule T-3A, Line 3) | (\$182,344) | (\$498,820) | (\$245,010) | (\$201,437) | (\$309,842) | (\$514,848) | (\$2,698,223) |
| 5 | Other Adjustments (a) | (\$8,089) | (\$96,288) | (\$27,124) | (\$12,376) | \$8,856 | (\$4,284) | (\$120,109) |
| 6 | Total Pooled Revenue Requirements (Lines 1 through 5) | \$3,532,945 | \$3,211,107 | \$6,066,647 | \$4,615,225 | \$4,827,629 | \$4,242,727 | \$26,285,381 |
| 7 | Projected Revenue Requirements for the period (Order No. PSC 07-0703-PCF-21) | \$4,105,578 | \$5,122,518 | \$5,899,188 | \$5,708,289 | \$7,100,069 | \$7,748,800 | \$35,893,642 |
| 8 | Difference (Line 6 - Line 7) | (\$572,633) | (\$1,911,411) | (\$2,832,541) | (\$1,089,964) | (\$2,272,440) | (\$3,506,073) | (\$11,608,261) |
| 9 | Actual / Estimated Revenue Requirements for the period | \$3,719,215 | \$1,661,681 | \$4,991,064 | \$5,096,226 | \$5,428,021 | \$3,437,448 | \$17,835,681 |
| 10 | True-up Amount for the Period (Line 8 - Line 9) | (\$153,418) | (\$2,273,162) | (\$1,840,977) | (\$583,738) | (\$744,419) | (\$968,625) | (\$5,272,580) |

(a) Other Adjustments Line 5 represents the true-up of the Base Rate Revenue Requirements for 2010 and carrying costs on (a) under construction. Refer to Appendix C Line 8. Totals may not add due to rounding.