

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: June 29, 2021
TO: Office of Commission Clerk *DM by AA*
FROM: Dale Mailhot, Director, Office of Auditing and Performance Analysis
RE: Docket No.: 20210002-EI
Company Name: Florida Power & Light
Company Code: EI802
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2021-026-4-1

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 Commission Clerk. There are no confidential work papers associated with this audit.

/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.

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
Energy Conservation Cost Recovery Clause

Twelve Month Ended December 31, 2020

Docket No. 20210002-EG
Audit Control No. 2021-026-4-1
June 25, 2021

Handwritten signature of Gabriela M. Leon in cursive script.

Gabriela M. Leon
Audit Manager

Handwritten signature of Marisa N. Glover in cursive script.

Marisa N. Glover
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 Economics in its audit service request dated January 24, 2019. 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 2020 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20210002-EG.

This report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Florida Power & Light Company.

ECCR refers to the Energy Conservation Cost Recovery Clause.

Capital Investments

Objectives: The objectives were to verify the accuracy of the balances for ECCR project-related plant additions, retirements and adjustments for the period January 1, 2020, through December 31, 2020.

Procedure: We reconciled Plant in Service and Accumulated Depreciation for selected capital projects on Schedule CT-4 of the Utility's filing to the Plant and Reserve Balances by Production Site reports. We selected specific months and obtained detail from an Activity Cost Report. We traced selected items to source documentation. We recalculated the return on investment amounts using the Utility's debt and equity rates. No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2020, through December 31, 2020, and whether the Utility applied the Commission approved cost recovery factor to actual KWH sales.

Procedures: We computed revenues using the factors in Order PSC-2019-0504-FOF-EI, issued November 25, 2019 and actual KWH usage and reconciled them to the general ledger and the ECCR filing. We selected one month sample of residential and commercial customers' bills and recalculated each to verify the use of the correct tariff rates for each of the clause audits of this Utility in Docket 20210001-EI, Audit Control Number 2021-007-4-1. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expenses listed on the Utility's Schedule CT-3 of the Utility's ECCR filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR.

Procedures: We traced O&M expenses in the filing to the general ledger. We selected a sample of O&M expenses for testing. The source documentation for selected items was reviewed to ensure the expense was for the current period, charged to the correct account and appropriately recoverable through the ECCR clause. We reconciled incentives to the corresponding program standards. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. We recalculated a sample of 2020 depreciation expense and traced total depreciation expense to the general ledger. No exceptions were noted.

Other

Objectives: The objective was to verify the number of program participants reported in the Utility's Florida Efficiency and Conservation Act (FEECA) filing.

Procedures: We verified the number of participants reported in the Utility's March 1, 2021 FEECA filing for Residential Home Energy Survey, Residential Load Management, Residential Low Income, Commercial/Industrial Load Control and Commercial/Industrial Demand Reduction. We traced the program participants to source documentation. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2019, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2020, using the Commission approved beginning balance as of December 31, 2019, the Financial Commercial Paper rates, and the 2020 ECCR revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Utility's ECCR expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2020 to 2019 to expenses. There were not significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True Up

JANUARY 2020 THROUGH DECEMBER 2020

Line No.		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Twelve Month Amount
1	Conservation Clause Revenues (Net of Revenue Taxes)	\$10,720,508	\$10,153,296	\$10,023,715	\$12,156,115	\$12,156,715	\$13,278,230	\$14,577,180	\$14,637,801	\$14,548,743	\$13,198,882	\$12,344,230	\$10,507,570	\$149,000,503
2	Total Revenues	\$10,720,508	\$10,153,296	\$10,023,715	\$12,156,115	\$12,156,715	\$13,278,230	\$14,577,180	\$14,637,801	\$14,548,743	\$13,198,882	\$12,344,230	\$10,507,570	\$149,000,503
3	Adjustment Not Applicable To Period - Prior True-up	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$1,130,823	\$13,569,877
4	Conservation Revenues Applicable To Period (Line 2 + 3)	\$11,851,329	\$11,284,120	\$11,154,538	\$13,286,938	\$13,287,538	\$14,409,053	\$15,708,003	\$15,768,624	\$15,679,566	\$14,329,705	\$13,475,053	\$11,738,393	\$162,570,440
5	Conservation Expenses (CT-3 Page 8, Line 16)	\$10,387,859	\$9,812,502	\$11,212,773	\$12,578,755	\$12,268,232	\$16,200,414	\$13,335,134	\$13,633,545	\$15,309,130	\$14,831,474	\$11,003,061	\$14,333,709	\$157,822,907
6	True-up This Period (Line 4 - Line 5)	\$1,463,473	\$1,471,618	\$541,765	\$710,180	\$1,026,166	(\$1,791,361)	\$2,372,869	(\$85,121)	\$371,436	(\$501,689)	\$1,871,062	(\$2,595,316)	\$4,877,533
7	Interest Provision	\$21,220	\$21,508	\$25,177	\$14,700	\$983	\$1,207	\$1,285	\$1,278	\$1,190	\$828	\$1,058	\$907	\$91,314
8	True-up & Interest Provision Beginning of Month	\$13,559,877	\$13,823,755	\$14,285,757	\$13,721,877	\$13,315,940	\$13,215,195	\$10,294,218	\$11,537,549	\$10,142,883	\$9,384,876	\$7,782,782	\$8,494,119	\$13,559,877
9	Deferred True-up Beginning of Period	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766	\$2,036,766
10	Prior True-up Collected/Refunded	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$1,130,823)	(\$13,569,877)
11	End of Period True-up - Over/(Under) Recovery (Line 6+7+8+9+10)	\$15,980,521	\$18,322,523	\$15,758,043	\$15,352,705	\$15,281,862	\$12,330,865	\$13,374,315	\$12,178,948	\$11,421,442	\$8,789,558	\$10,530,865	\$8,825,613	\$8,805,613

Note () Reflects Underrecovery
Totals may not add due to rounding.

JANUARY 2020 THROUGH DECEMBER 2020

Line No.		January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	Twelve Month Amount
1	Beginning True-Up Amount (Page 9, Line 8 + 8a)	15,605,643	15,060,521	16,322,523	15,768,643	15,352,700	15,261,982	12,330,965	13,374,318	12,178,649	11,421,442	9,789,658	10,530,655	163,876,632
2	Ending True-Up Amount Before Interest (Page 9, Line 8 + 8 + 8a + 9)	15,939,280	16,301,018	15,733,495	15,338,000	15,251,059	12,329,778	13,373,030	12,178,371	11,420,282	9,788,630	10,529,827	9,804,745	154,987,488
3	Total of Beginning & Ending True-Up (Line 1 + 2)	31,544,923	32,261,537	32,055,969	31,086,643	30,603,770	27,651,740	26,704,018	25,552,687	23,590,911	21,210,072	20,319,385	17,335,631	318,867,320
4	Average True-Up Amount (50% of Line 3)	15,772,461	16,130,768	16,027,984	15,543,321	15,301,885	13,785,870	12,852,007	12,776,343	11,795,455	10,605,036	10,159,692	8,667,815	159,433,660
5	Interest Rate - First Day of Reporting Business Month	0.015900	0.019400	0.015900	0.022100	0.009800	0.009800	0.001300	0.001100	0.001300	0.001100	0.001000	0.001000	0.001500
6	Interest Rate - First Day of Subsequent Business Month	0.016400	0.015900	0.022100	0.009800	0.009800	0.001300	0.001100	0.001300	0.001100	0.001000	0.001000	0.001500	0.000900
7	Total (Line 5 + 6)	0.032300	0.035300	0.037700	0.022700	0.014600	0.002100	0.002400	0.002400	0.002400	0.002100	0.002000	0.002500	0.002400
8	Average Interest Rate (50% of Line 7)	0.016150	0.017650	0.018850	0.011350	0.007300	0.001050	0.001200	0.001200	0.001200	0.001050	0.001250	0.001200	0.001200
9	Monthly Average Interest Rate (Line 6 / 12)	0.001346	0.001333	0.001671	0.000948	0.000058	0.000058	0.000100	0.000100	0.000100	0.000088	0.000104	0.000100	0.000100
10	Interest Provision for the Month (Line 4 x 9)	\$21,228	\$21,508	\$25,177	\$14,705	\$853	\$1,207	\$1,265	\$1,278	\$1,150	\$828	\$1,256	\$867	\$91,314