

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 14, 2025

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

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

RE: Docket No.: 20250001-EI
Company Name: Duke Energy Florida, LLC.
Company Code: EI801
Audit Purpose: A3a: Capacity Cost Recovery Clause
Audit Control No.: 2025-003-1-4

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 no 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

Duke Energy Florida, LLC
Capacity Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250001-EI
Audit Control No. 2025-003-1-4

July 10, 2025

A handwritten signature in black ink, appearing to read "G. Dearmond", is positioned above a horizontal line.

Gabrielle Dearmond
Audit Manager

A handwritten signature in blue ink, appearing to read "Lynn Deamer", is positioned above a horizontal line.

Lynn Deamer
Audit 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 3, 2025. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Duke Energy Florida, LLC 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

Definition

Company refers to Duke Energy Florida, LLC.
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 to determine whether the Company 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 Capacity Revenue Reports. We computed the factors by rate code and compared them to the last Commission Order No. PSC-2023-0026-FOF-EI. We selected a sample of residential and commercial customers' bills for the months February and July. We recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Transmission Revenues

Objectives: The objective was to determine whether Transmission Revenues derived from the non-separated, non-energy broker network, wholesale energy sales were credited to the CCRC per Commission Order No. PSC 1999-2512-FOF-EI, issued December 22, 1999.

Procedures: We verified that Transmission Revenues were a net component of capacity costs recorded in the CCRC by reconciling the Company's Capacity Purchases and Capacity Sales Detail Schedules to the invoices and other supporting documentation to Schedule A12. No exceptions were noted.

Expense

Objectives: The objectives were to determine whether Capacity costs listed on the Company's filing was supported by adequate documentation and that the expenses were appropriately recoverable through the Capacity Cost Recovery Clause.

Procedures: We traced capacity costs in the filing to the general ledger. We reviewed selected items to ensure the costs were related to the Capacity Cost Recovery Clause and that the costs were charged to the correct accounts. No exceptions were noted.

Incremental and Cyber Security Cost

Objectives: The objective was to verify that there were no incremental security or cyber security costs recovered through the Capacity Clause.

Procedures: We reviewed the general ledger account detail for vendors charging security costs to the Company. No exceptions were noted.

Purchased Power Contracts

Objectives: The objective was to determine whether invoices for the capacity purchase were in accordance with the terms and conditions of the contract.

Procedures: We reviewed the three largest purchased power contracts. We traced these purchased power capacity costs from the filing to the general ledger. We reconciled invoices for capacity purchases to the contract to determine whether they were recorded according to the terms and conditions of the contract. No exceptions were noted.

Other

Objective: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the capacity clause did not contain a component for bad debt expense.

Procedures: We requested and received information that the Company does not recover any investments in the capacity clause for which bad debt is applied. Further follow-up was not needed.

True-up

Objective: The objective was to determine whether the True-Up and Interest Provision, as filed, was properly calculated.

Procedures: We recalculated the True-Up as of December 31, 2024, using the beginning balance as of December 31 2023, the Commission-approved Financial Commercial Paper rates, and the 2024 CCRC revenues and costs. The Company used different interest rates to calculate the interest provision for January to July 2025. Audit staff calculated the interest provision to be (\$1,638,289). The Company calculated the interest provision to be (\$1,645,622). The difference is \$7,333. The effect on the Net True Up is immaterial. No further work was performed.

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 to 2023 revenues and expenses. 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 required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Docket No. 20250001-EL
Witness: Dean
Exhibit No. (OPD-27)
Sheet 2 of 3

Duke Energy Florida, LLC Capacity Cost Recovery Clause Calculation of Actual True-Up January 2024 - December 2024

	ACT Jan-24	ACT Feb-24	ACT Mar-24	ACT Apr-24	ACT May-24	ACT Jun-24	ACT Jul-24	ACT Aug-24	ACT Sep-24	ACT Oct-24	ACT Nov-24	ACT Dec-24	Total
1 Base Production Level Capacity Costs													
2 Orange Cogen (ORANGE CO)	6,636,499	7,184,623	7,184,623	7,581,621	7,184,623	7,184,623	7,184,623	7,184,623	7,184,623	7,184,623	7,184,623	7,184,623	86,264,352
3 Orlando Cogen (ORLADCOGL)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Pasco County Resource Recovery (PASCOULT)	2,584,740	2,749,420	2,749,420	2,914,100	2,749,420	2,749,420	2,749,420	2,749,420	2,749,420	2,749,420	2,749,420	2,749,420	32,993,040
5 Pinellas County Resource Recovery (PINCOUNT)	6,152,805	6,544,815	6,544,815	6,936,825	6,544,815	6,544,815	6,544,815	6,544,815	6,544,815	6,544,815	6,544,815	6,544,815	78,537,780
6 Polk Power Partners, L.P. (MULBERRY/ROYSTER)	9,367,325	9,886,189	9,886,189	10,345,012	9,886,189	9,886,189	9,886,189	9,886,189	2,548,108	(637)	0	0	71,806,653
7 Subtotal - Base Level Capacity Costs	24,061,369	26,345,027	26,345,027	27,777,550	26,345,027	26,345,027	26,345,027	26,345,027	19,034,966	16,476,222	16,476,858	16,476,858	204,403,625
8 Base Production Jurisdictional Responsibility	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	97.403%	
9 Base Level Jurisdictional Capacity Costs	24,313,122	25,660,847	25,660,847	27,050,175	25,660,847	25,660,847	25,660,847	25,660,847	18,530,888	16,050,282	16,050,902	16,050,902	262,407,408
10 Intermediate Production Level Capacity Costs													
11 Southern Franklin	0	0	0	0	0	0	0	0	0	0	0	0	-
12 Schedule H Capacity Sales	0	0	0	0	0	0	0	0	0	0	0	0	-
13 Subtotal - Intermediate Level Capacity Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Intermediate Production Jurisdictional Responsibility	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	92.637%	
15 Intermediate Level Jurisdictional Capacity Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Peaking Production Level Capacity Costs													
17 Shady Hills	1,990,720	1,990,720	1,414,800	1,371,800	0	(92,477)	92,477	0	0	0	0	0	6,747,840
18 Vendolan	3,015,140	2,976,907	2,013,457	2,002,829	2,768,781	6,028,515	6,018,526	5,922,135	2,604,028	1,960,193	2,069,113	3,054,283	40,734,006
19 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Subtotal - Peaking Level Capacity Costs	4,995,860	4,967,627	3,428,257	3,374,629	2,768,781	5,936,038	6,111,003	5,922,135	2,604,028	1,960,193	2,069,113	3,054,283	47,481,846
21 Peaking Production Jurisdictional Responsibility	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	95.110%	
22 Peaking Level Jurisdictional Capacity Costs	4,751,562	4,715,199	3,260,815	3,209,319	2,632,410	5,674,259	5,812,175	5,632,542	2,469,909	1,862,872	1,966,956	2,904,929	45,159,933
23 Other Capacity Costs													
24 Retail Wheeling	(58,194)	(2,759)	(33,314)	(20,877)	(1,653)	(16,973)	(74,902)	(33,519)	(35,116)	(129,022)	(18,066)	(30,875)	(633,666)
25 Reserved for future use	-	-	-	-	-	-	-	-	-	-	-	-	-
26 SoBRA True-Up - Sandy Creek *	(953,358)	-	-	-	-	-	-	-	-	-	-	-	(953,358)
27 SoBRA True-Up - Sandy Creek (Base Rate Adjmt) *	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(48,401)	(586,807)
28 SoBRA True-Up - Santa Fe (Base Rate Adjmt) *	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(32,191)	(386,291)
29 SoBRA True-Up - Twin Rivers (Base Rate Adjmt) *	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(44,454)	(533,447)
30 SoBRA True-Up - Charlie Creek (Base Rate Adjmt) *	(38,410)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(5,037)	(143,812)
31 Total Other Capacity Costs	(1,227,007)	(132,637)	(93,366)	(130,759)	(131,738)	(147,033)	(204,964)	(183,001)	(215,198)	(259,104)	(149,061)	(188,957)	(3,133,713)
32 Total Capacity Costs (line 9+19+22+31)	27,837,677	30,243,209	28,750,066	30,114,931	28,181,521	31,188,064	31,208,038	23,979,829	18,501,983	17,664,870	17,668,777	19,796,874	304,433,678
33 ISPSI Revenue Requirement *	573,320	573,320	573,320	573,320	573,320	573,320	573,320	573,320	573,320	573,320	573,320	573,320	6,879,837
34 Total Recoverable Capacity & ISPSI Costs (line 32+33)	28,410,997	30,816,529	29,323,386	30,688,250	28,754,841	31,761,413	31,841,358	24,553,149	19,075,313	18,238,190	18,462,098	19,380,194	311,313,515
35 Capacity Revenues:													
36 Capacity Cost Recovery Revenues (net of tax)	23,868,904	22,907,152	21,506,463	22,548,425	27,704,841	32,348,477	33,948,459	33,826,382	32,067,822	28,834,201	24,798,509	22,852,201	326,451,814
37 Prior Period True-Up Provision Over/(Under) Recovery	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(879,319)	(10,561,626)
38 Current Period OCR Revenues (net of tax)	23,000,585	22,027,833	21,627,144	21,669,106	26,825,522	31,469,158	33,069,140	33,049,063	31,818,503	27,954,882	23,919,191	21,972,882	317,890,188
39 True-Up Provision													
40 True-Up Provision - Over/(Under) Recov (Line 40-36)	(3,401,412)	(8,788,096)	(8,304,342)	(9,019,145)	(1,839,319)	(259,255)	1,227,782	8,495,894	12,743,190	9,986,892	5,457,094	2,812,688	6,586,472
41 Interest Provision for the Month	(94,178)	(121,781)	(150,572)	(191,741)	(191,741)	(215,002)	(209,507)	(182,914)	(126,479)	(74,451)	(39,200)	(19,461)	(1,845,022)
42 Current Cycle Balance - Over/(Under)	(3,495,590)	(14,406,076)	(22,655,696)	(32,017,778)	(34,128,362)	(34,630,616)	(33,620,343)	(25,307,353)	(12,682,852)	(3,070,211)	2,347,623	4,940,650	4,940,650
43 Prior Period Balance - Over/(Under) Recovered	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)	(18,983,818)
44 Prior Period Outstanding True-Up Collection/(Refunded)	879,319	1,768,636	2,637,957	3,517,275	4,390,594	5,275,913	6,155,232	7,034,551	7,913,869	8,793,188	9,672,507	10,551,826	10,551,826
45 Prior Period True-Up Balance - Over/(Under)	(18,104,297)	(17,224,978)	(16,345,696)	(15,466,340)	(14,587,022)	(13,707,703)	(12,828,364)	(11,949,000)	(11,069,748)	(10,190,427)	(9,311,108)	(8,431,780)	(8,431,780)
46 Net Capacity True-Up Over/(Under) (Line 42+45)	(23,599,895)	(31,631,054)	(32,212,550)	(47,544,117)	(48,716,364)	(48,348,321)	(45,448,727)	(37,259,428)	(23,782,308)	(13,250,830)	(6,903,485)	(3,480,940)	(3,480,940)

* True-up of solar base rate adjustments consistent with the Rate Mitigation Plan approved in Order No. PSC-2021-0425-FOF-EL
* As set forth in DEP's 2021 Settlement Agreement approved in Order No. PSC-2021-0202-AS-EL