

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 15, 2025

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

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

RE: Docket No.: 20250001-EI
Company Name: Duke Energy Florida, LLC.
Company Code: EI801
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No.: 2025-003-1-3

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
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2024

Docket No. 20250001-EI
Audit Control No. 2025-003-1-3

July 14, 2025

A handwritten signature in black ink, appearing to read "G. Dearmond".

Gabrielle Dearmond
Audit Manager

A handwritten signature in blue ink, appearing to read "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 Accounting & Finance in its audit service request dated January 11, 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 Fuel and Purchased Power Cost Recovery Clause in Docket No. 20250001-EI.

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The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Duke Energy Florida, LLC.

Fuel Clause refers to the Fuel and Purchased Power 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 whether the Company applied the Commission-approved cost recovery factor to actual kWh sales for the Fuel Clause.

Procedures: We reconciled the 2024 filing to the Company's monthly Fuel Revenue Reports. We traced the factors by rate class to the Company Order No. PSC-2023-0343-FOF-EI. We selected a sample of residential and commercial customers' bills from each rate classes for the months of April and August and recalculated each to verify the use of the correct tariff rate.

Expense

Fuel and Net Power Transactions

Objectives: The objectives were to verify that the total fuel and net power transactions in Schedule A-1 were properly computed and recorded on the books of the Company for the twelve-month period; to determine that any adjustments to fuel costs have been approved by the Commission and are properly computed and to determine the expenses were appropriately recoverable through the Fuel Clause.

Procedures: We reconciled the total fuel and net power transactions to the monthly Schedule A-1 filing. We reconciled total costs of generation for coal, natural gas, #2 oil, and additives from Schedule A-1 to the general ledger for the twelve months ending December 31, 2024. No exceptions were noted.

Order No. 14546

Objectives: The objectives were to review the expenses the Company included in the Fuel Clause and determine whether those expenses were properly recoverable as required in Order No. 14546, issued July 8, 1985.

Procedures: We reviewed and sampled fuel expenses reported on supporting Schedules A-1 and A-2 and other supporting documentation to determine that the fuel expense included in the Fuel

Clause filing complied with the requirements set forth in Order No. 14546. No exceptions were noted.

Generation-Related Gains

Objectives: The objectives were to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the Fuel Clause as set forth in Order No PSC-2000-1744-PAA-EI, issued September 26, 2000.

Procedures: We calculated generation-related gains from Schedule A-6 to ensure the Company complied with Commission Order PSC-2000-1744-PAA-EI. We traced Schedule A-6 fuel purchase for the months of March and September 2024 to invoices and contracts. No exceptions were noted.

Purchased Power Exclusive of Economy Purchases

Objectives: The objectives were to determine whether total power purchased in Schedule A-7 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We summarized fuel purchased power by month for MWHs, Cents/kWh, and total dollars for fuel adjustment. We traced Schedule A-7 fuel purchases for the months of March and September 2024 to invoices and contracts. No exceptions were noted.

Energy Payments to Qualifying Facilities

Objectives: The objectives were to determine whether energy payments to qualifying facilities in Schedule A-8 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We prepared a schedule accumulating total monthly kWh and total monthly fuel purchases for 2024 as reflected on Fuel Clause Schedule A-8 – Energy Payments to Qualifying Facilities. We traced all transactions on Schedule A-8 for the months of March and September to invoices and supporting documentation. No exceptions were noted.

Payments to Qualifying Facilities

Objectives: The objectives were to determine whether payments to qualifying facilities in Schedule A-9 were based on contract or standard offer.

Procedures: Using Schedule A-9, we prepared a monthly schedule for 2024 with MWH purchases, cents/kWh, total dollars for fuel adjustment, and fuel savings for economy purchases. For the months of March and September 2024, we traced invoiced amounts and MWH purchased. No exceptions were noted.

Gas Storage Expense

Objectives: The objectives were to determine whether 2024 gas storage expense recovered through the Fuel Clause was calculated correctly and payments were made in accordance with the applicable contracts.

Procedures: We prepared a schedule for natural gas transportation and storage expense for 2024. We traced a sample of the transportation and storage expenses in the Fuel Clause filing to

supporting invoices and vendor contracts for the months of April and August 2024. No exceptions were noted.

Inventory

Objectives: The objectives were to determine whether adjustments made to coal inventory due to the semi-annual coal inventory survey have been recorded as set forth in Order No. PSC-1997-0359-FOF-EI, issued March 31, 1997, in Docket No. 1997001-EI.

Procedures: We reviewed all documentation that supports the Company's aerial survey calculations and recorded adjustments to coal inventory balances to determine compliance with the requirements of Order No. PSC-1997-0359-FOF-EI. No exceptions were noted.

Other

Waterborne Coal Transportation

Objectives: The objectives were to review and verify payments made under the waterborne and rail transportation contracts.

Procedures: We reviewed the waterborne and rail coal transportation contracts. We traced the contract rates to our sample of the Company's coal fuel expense and reconciled the contract rates to the invoices selected in our sample. No exceptions were noted.

Vendor Rebates and Refunds

Objectives: The objectives were to determine whether vendor rebates and refunds were credited by the Company to its recoverable fuel costs.

Procedures: We obtained a summary of all 2024 refunds and demurrages. We traced all refunds and demurrages to the Company's Ledger for correct disposition. No exceptions were noted.

GPIF

Objectives: The objectives were to reconcile service hours, reserve shutdown hours, and unavailable hours for the Generating Performance Incentive Factor (GPIF) units as shown on the annual GPIF filing with source documents and trace any differences to source documentation.

Procedures: We obtained the actual Unit Performance Data Forms for January – December 2024 from the GPIF filing. We reconciled service hours, reserve shutdown hours and unavailable hours to the GPIF filing using the Generating Data System for Citrus 1 and 2, Crystal River 4, and Hines 1, 2, 3, and 4. No exceptions were noted.

Reconciliation of Coal and Oil Purchases

Objectives: The objectives were to reconcile the monthly coal and oil purchases reflected on Florida Public Service Commission (FPSC) Form 423 with Schedule A-5, the general ledger, the vendor contractual obligations, and source documents.

Procedures: We reconciled FPSC Form 423 for 2024 to the supporting Schedule A-5 of the Company's Fuel Clause filing. We reconciled the volumes, invoice price, and transportation charges reflected on Form 423 to the supporting documentation obtained in conjunction with our samples of coal and oil fuel expense. No exceptions were noted.

Firm Transportation Service

Objectives: The objectives were to verify that Firm Transportation Service (FTS) charges for natural gas transportation agree with the appropriate FTS rate schedules from pipeline company tariffs.

Procedures: We traced FTS rate schedules for natural gas transportation for the months April and August to invoices and determined that the correct rates were used. No exceptions were noted.

Revenue Expansion Factor

Objectives: The objectives were to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel 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 fuel clause for which bad debt is applied. Further follow-up was not needed.

True-up

Objectives: The objectives were to determine if the True-Up and Interest Provision as filed on Schedule A-2 was properly calculated.

Procedures: We recalculated the True-Up and Interest Provision amounts as of December 31, 2024, using the beginning balance as of December 31, 2024, the Commission-approved Financial Commercial Paper rates, and the 2024 Fuel Clause 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 (\$11,890,496). The company calculated the interest provision to be (\$11,868,296). The difference is \$22,200. The effect on the Net True Up is immaterial. No further work was performed.

Analytical Review

Objectives: The objectives were to perform an analytical review of the Company's Fuel Clause 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 significant variances. The explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-up and Interest Provision

Docket No. 20250001-EI
 Witness: Dean
 Exhibit No. (OPD-1T)
 Sheet 2 of 6

Duke Energy Florida, LLC
 Fuel Adjustment Clause
 Calculation of Actual True-up
 January 2024 - December 2024

		JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL	MAY ACTUAL	JUN ACTUAL	6 MONTH SUB- TOTAL
A	1	Fuel Cost of System Generation	\$ 102,526,203	\$ 81,700,884	\$ 70,781,873	\$ 68,832,824	\$ 100,436,043	\$ 587,051,228
	2	Fuel Cost of Power Sold	(4,833,990)	(1,870,374)	(2,602,412)	(2,856,957)	(8,382,377)	(28,251,045)
	3	Fuel Cost of Purchased Power	1,004,285	189,122	1,390,884	2,413,581	5,592,062	16,043,611
	3a	Demand and Non-Fuel Cost of Purchased Power	-	-	-	-	-	-
	3b	Energy Payments to Qualified Facilities	4,063,729	4,648,285	2,085,329	2,405,546	3,635,488	21,949,826
	4	Energy Cost of Economy Purchases	944,715	327,044	168,211	(35,377)	8,408,693	12,752,060
	5	Adjustments to Fuel Cost	958,170	1,906,341	1,037,907	1,003,422	3,884,893	9,783,883
	6	TOTAL FUEL & NET POWER TRANSACTIONS	104,665,112	86,901,312	72,871,802	72,763,148	113,574,803	586,309,762
		(Sum of Lines A1 Through A5)						
B	1	Jurisdictional MWH Sales	2,974,640	2,840,675	2,720,295	2,836,611	3,505,620	18,947,738
	2	Non-Jurisdictional MWH Sales	628	1,118	4,740	9,409	969	18,872
	3	TOTAL SALES (Lines B1 + B2)	2,975,268	2,841,791	2,725,035	2,846,019	3,506,589	18,966,612
	4	Jurisdictional % of Total Sales (Line B1/B3)	99.98%	99.98%	99.83%	99.87%	99.97%	99.91%
C	1	Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	158,115,659	150,686,867	141,898,771	145,441,302	181,853,249	986,127,427
	2	True-Up Provision	(46,240,813)	(46,240,813)	(46,240,813)	(46,240,813)	(46,240,813)	(257,986,840)
	2a	Incentive Provision	(82,213)	(82,213)	(82,213)	(82,213)	(82,213)	(493,275)
	2b	CEC Bill Credit	(2,166,036)	(1,289,423)	(1,796,552)	(3,257,142)	(3,656,126)	(17,514,293)
	2c	Clean Energy Impact (CEI)	(19,549)	(15,002)	(12,187)	(9,253)	(11,740)	(77,249)
	3	FUEL REVENUE APPLICABLE TO PERIOD	109,607,049	103,059,417	93,766,997	95,851,882	131,662,358	692,055,770
		(Sum of Lines C1 Through C2a)						
	4	Fuel & Net Power Transactions (Line A6)	104,665,112	86,901,312	72,871,802	72,763,148	113,574,803	586,309,762
	5	Jurisdictional Total Fuel Costs & Net Power Transactions (Line A6 * Line B4 * Line Loss Multiplier)	104,665,583	86,891,121	72,785,095	72,542,573	113,574,686	588,032,863
	6	Over/(Under) Recovery (Line 3 - Line 5)	4,921,465	16,168,296	21,001,902	23,309,309	18,287,671	94,022,907
	7	Interest Provision	(2,429,903)	(2,184,185)	(1,911,604)	(1,617,076)	(1,324,259)	(10,577,485)
	8	TOTAL ESTIMATED TRUE-UP FOR THE PERIOD	2,491,563	13,984,111	19,090,298	21,692,233	16,963,412	63,445,423
	9	Plus: Prior Period Balance	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)
	10	Plus: Cumulative True-Up Provision	46,240,813	92,481,625	138,722,438	184,963,251	231,204,063	257,986,840
	11	Subtotal Prior Period True-up	(527,851,090)	(481,610,277)	(435,369,464)	(389,128,652)	(342,887,839)	(316,105,062)
	12	Regulatory Accounting Adjustment	-	-	-	-	-	-
	13	TOTAL TRUE-UP BALANCE	(525,359,527)	(468,134,583)	(399,803,472)	(331,870,427)	(268,668,202)	(232,659,640)

Duke Energy Florida, LLC
 Fuel Adjustment Clause
 Calculation of Actual True-up
 January 2024 - December 2024

		JUL	AUG	SEPT	OCT	NOV	DEC	12 MONTH PERIOD	
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL		
A	1	Fuel Cost of System Generation	\$ 142,101,042	\$ 118,241,870	\$ 103,203,063	\$ 101,518,808	\$ 85,074,959	\$ 111,844,534	\$ 1,228,838,503
	2	Fuel Cost of Power Sold	(10,585,209)	(8,182,326)	(6,055,289)	(5,280,713)	(6,880,668)	(2,722,763)	(68,938,014)
	3	Fuel Cost of Purchased Power	4,801,889	3,978,566	3,420,310	3,733,300	3,283,089	1,906,712	38,967,476
	3a	Demand and Non-Fuel Cost of Purchased Power	-	-	-	-	-	-	-
	3b	Energy Payments to Qualified Facilities	4,895,536	3,171,165	2,299,463	1,938,228	1,880,479	2,140,587	38,273,365
	4	Energy Cost of Economy Purchases	627,396	872,147	2,405,491	8,886,490	2,088,426	712,373	28,324,383
	5	Adjustments to Fuel Cost	915,286	457,032	979,468	875,887	5,881,313	984,042	20,057,010
	6	TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Through A5)	<u>142,555,940</u>	<u>118,558,454</u>	<u>106,252,505</u>	<u>111,751,000</u>	<u>91,427,600</u>	<u>114,865,464</u>	<u>1,283,520,723</u>
B	1	Jurisdictional MWH Sales	4,265,463	4,296,828	4,159,896	3,585,883	3,096,461	2,799,438	41,131,708
	2	Non-Jurisdictional MWH Sales	11	10	11	8	6	6	18,826
	3	TOTAL SALES (Lines B1 + B2)	<u>4,265,473</u>	<u>4,296,838</u>	<u>4,159,907</u>	<u>3,585,891</u>	<u>3,096,467</u>	<u>2,799,444</u>	<u>41,148,635</u>
	4	Jurisdictional % of Total Sales (Line B1/B3)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.96%
C	1	Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	189,941,171	201,013,951	183,942,119	164,824,601	141,609,991	128,982,064	1,998,241,324
	2	True-Up Provision	(26,782,777)	(26,782,777)	(26,782,777)	(26,782,777)	(26,782,777)	(26,782,777)	(418,683,500)
	2a	Incentive Provision	(82,213)	(82,213)	(82,213)	(82,213)	(82,213)	(82,213)	(888,550)
	2b	CEC Bill Credit	(4,880,056)	(4,701,317)	(4,628,273)	(2,803,763)	(2,882,331)	(6,032,263)	(43,542,285)
	2c	Clean Energy Impact (CEI)	(10,255)	(12,506)	(6,758)	(6,313)	(6,758)	24,689	(97,148)
	3	FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Through C2a)	<u>168,085,871</u>	<u>169,435,139</u>	<u>162,440,098</u>	<u>134,949,536</u>	<u>111,855,913</u>	<u>96,109,501</u>	<u>1,534,831,828</u>
	4	Fuel & Net Power Transactions (Line A6)	142,555,940	118,558,454	106,252,505	111,751,000	91,427,600	114,865,464	1,283,520,723
	5	Jurisdictional Total Fuel Costs & Net Power Transactions (Line A6 * Line B4 * Line Loss Multiplier)	<u>142,584,845</u>	<u>118,680,829</u>	<u>106,281,488</u>	<u>111,781,529</u>	<u>91,452,602</u>	<u>114,896,724</u>	<u>1,283,430,877</u>
	6	Over/(Under) Recovery (Line 3 - Line 5)	25,481,027	50,844,309	56,158,612	23,168,008	20,403,312	(18,587,223)	251,500,852
	7	Interest Provision	(914,896)	(624,084)	(285,130)	13,518	202,031	297,781	(11,888,296)
	8	TOTAL ESTIMATED TRUE-UP FOR THE PERIOD	<u>24,576,131</u>	<u>50,220,216</u>	<u>55,893,482</u>	<u>23,181,524</u>	<u>20,805,342</u>	<u>(18,289,482)</u>	<u>239,632,655</u>
	9	Plus: Prior Period Balance	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)	(574,091,902)
	10	Plus: Cumulative True-Up Provision	284,789,617	311,552,384	338,335,170	365,117,947	391,900,724	418,683,500	418,683,500
	11	Subtotal Prior Period True-up	(289,322,286)	(262,539,509)	(235,756,732)	(208,973,856)	(182,181,179)	(155,408,402)	(155,408,402)
	12	Regulatory Accounting Adjustment	-	-	-	-	-	-	-
	13	TOTAL TRUE-UP BALANCE	<u>(\$181,300,732)</u>	<u>(\$104,297,740)</u>	<u>(\$21,621,481)</u>	<u>\$28,342,819</u>	<u>\$75,730,838</u>	<u>\$84,224,253</u>	<u>84,224,253</u>