

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 3, 2026

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

FROM: Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis 20

RE: Docket No.: 20260007-EI
Company Name: Duke Energy Florida, LLC
Company Code: EI801
Audit Purpose: A3d: Environmental Cost Recovery Clause
Audit Control No.: 2026-030-1-2

Attached is the final audit report for the Utility stated above, I am sending the Utility a copy of this memo and audit report. If the Utility desired to file a response to the audit report, it should send a response to the Office of the Commission Clerk. There are no confidential work papers associated with this audit.

Attachment: Audit Report

Cc: Office of Audit & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Duke Energy Florida, LLC
Environmental Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260007-EI
Audit Control No. 2026-030-1-2
August 3, 2026

A handwritten signature in black ink, appearing to be "G. Abes", written over a horizontal line.

Gabrielle Abes
Audit Manager

A handwritten signature in blue ink, appearing to be "Lynn M. Deamer", written over a horizontal line.

Lynn M. Deamer
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Division of Engineering in its audit service request dated January 30, 2026. We have applied these procedures to the attached summary exhibits and to several related schedules prepared by Duke Energy Florida, LLC in support of its 2025 filing for the Environmental Cost Recovery Clause in Docket No. 20260007-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company/Duke refers to the Duke Energy Florida, LLC.
ECRC refers to the Environmental Cost Recovery Clause.

Capital Investments

Utility Plant in Service

Objective: The objectives were to 1) to verify that the investment amounts are recorded in the correct plant accounts, 2) to reconcile the corresponding Plant-in-service, 3) verify the calculations of the CWIP- Non Interest Bearing for the Company, 4) verify net investments associated with the following capital projects:

- 1) Project 5 – SO₂ and NO_x Emissions Allowances – Energy
- 2) Project 6.1 – Phase II Cooling Water Intake 316(b) – Base – Bartow
- 3) Project 6.2 – Phase II Cooling Water Intake 316(b) – Intermediate - Anclote
- 4) Project 7.4 – CAIR/CARM Crystal River – Energy
- 5) Project 16 – National Pollutant Discharge
- 6) Project 19 – Reclaimed Water Interconnection – Peaking
- 7) Project 21 – CCC Water Treatment System - Base

Procedures: We obtained the general ledger of capital investment transactions from the Company. We recalculated capital investment transactions for 2025 and reconciled to Form 42-8A. Projects 5 and 7.4 are inventory projects. Projects 6.2 and 16 did not have any capital investment activity for 2025 and were not included sample work. Audit staff judgmentally sampled Projects 6.1, 19, and 21. Audit staff did not recalculate CWIP-Non Interest Bearing because Projects 5, 6.2, 7.4, and 16 had no CWIP for 2025. No exceptions were noted.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (kWh) sold for the period January 1, 2025, through December 31, 2025, and determine whether the Company applied the Commission-approved cost recovery factor to actual kWh sales for the ECRC.

Procedures: We recalculated the ECRC revenues from the general ledger and reconciled to Form 42-2A. We computed the factors by rate code and compared them to Commission Order No. PSC-2025-0437-FOF-EI. The customer bills have been tested and recalculated in the Fuel and Purchased Power Cost Recovery Clause audit, Docket No. 20260001-EI, Audit Control No. 2026-012-1-3. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that Operation and Maintenance (O&M) Expenses listed on Form 42-5A filing are supported by adequate documentation and that the expenses were appropriately recoverable through the ECRC.

Procedures: We recalculated the O&M expenses from the general ledger and traced to the Form 42-5A. We judgmentally selected the sample of O&M expenses for testing. The source documentation for selected items was reviewed to ensure the expenses were for the current period, charged to the correct accounts, and appropriately recoverable through the ECRC. No exceptions were noted.

Depreciation and Amortization

Objective: The objective was to verify that the most recent Commission-approved depreciation rates or amortization periods were used in calculating depreciation expense.

Procedures: We reconciled the depreciation expense and traced it to the Company's Depreciation Schedule. We traced total year depreciation expense for each capital project listed on Form 42-8A to the depreciation rates from the Commission Order No. PSC-2024-0472-AS-EI, to the Company's Depreciation and Amortization Schedule. The Company does not provide project-level break outs of depreciation and amortization to the general ledger or the filing. No exceptions were noted.

Other Issues

SO₂ and NO_x Emissions

Objectives: The objectives were to verify investments, inventory, expensed amounts, allowance auction proceeds and to verify amounts included in Working Capital, Form 42-8A.

Procedures: We traced 2025 consumption for SO₂ Allowances from the Company's detailed Allowances Reports to the Total Emissions Schedule on Form 42-8A. We traced the jurisdictional factors to Commission Order No. PSC-2024-0482-FOF-EI. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Form 42-2A was properly calculated.

Procedures: We traced the December 31, 2025, True-Up Provision to Commission Order No. PSC-2025-0437-FOF-EI. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the Commission-approved beginning balance as of December 31, 2024, the Financial Commercial Paper rates, and the 2025 ECRC revenues and costs. No exceptions were noted.

Analytical Review

Objective: The objective was to perform an analytical review of the Company's ECRC Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2025 revenues and expenses to 2024 revenues and expenses. We obtained the explanation from the Company for the substantial changes, and the explanation was sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

DUKE ENERGY FLORIDA, LLC Environmental Cost Recovery Clause Final True-Up January 2025 - December 2025 End-of-Period True-Up Amount (in Dollars)														Form 42-2A Docket No. 20240007-21 Duke Energy Florida Witness: G. P. Dean Exhibit No. GPO 1 Page 3 of 30	
Line	Description	Actual Jan-25	Actual Feb-25	Actual Mar-25	Actual Apr-25	Actual May-25	Actual Jun-25	Actual Jul-25	Actual Aug-25	Actual Sep-25	Actual Oct-25	Actual Nov-25	Actual Dec-25	End of Period Total	
1	ECRC Revenues (net of Revenue Taxes)														
2	True-Up Provision (Order No. PSC-2023-0437-FGF-E)	3,484,622													
3	ECRC Revenues Applicable to Period (Lines 1 + 2)														
4	Jurisdictional ECRC Costs a. O & M Activities (Form 42-3A, Line 9) b. Capital Investment Projects (Form 42-3A, Line 5) c. Other (A) d. Total Jurisdictional ECRC Costs														
5	Over/(Under) Recovery (Line 3 - Line 4d)														
6	Interest Provision (Form 42-3A, Line 10)														
7	Beginning Balance True-Up & Interest Provision a. Deferred True-Up - January 2024 - December 2024 (2024 TU filing dated March 31, 2025)														
8	True-Up Collected/(Refunded) (see Line 2)														
9	End of Period Total True-Up (Lines 3+6+7+8+9)														
10	Adjustments to Period Total True-Up including Interest														
11	End of Period Total True-Up Over/(Under) (Lines 9 + 10)														

Notes:
[A] N/A

Exhibit 2: Interest Provision

DUKE ENERGY FLORIDA, LLC
Environmental Cost Recovery Clause
Final True-Up
January 2025 - December 2025

Interest Provision
(in Dollars)

Form 42-3A

Docket No. 20260007-E1
Duke Energy Florida
Witness: G. P. Dean
Exhibit No. GPC-1
Page 4 of 20

Line	Description	Actual Jan-25	Actual Feb-25	Actual Mar-25	Actual Apr-25	Actual May-25	Actual Jun-25	Actual Jul-25	Actual Aug-25	Actual Sep-25	Actual Oct-25	Actual Nov-25	Actual Dec-25	End of Period Total
1	Beginning True-Up Amount (Form 42-2A, Line 7 + 7a + 10)	\$6,428,276	\$6,120,269	\$6,652,661	\$6,873,917	\$6,449,511	\$5,630,448	\$5,392,837	\$5,690,785	\$5,700,387	\$4,860,575	\$4,392,098	\$3,882,131	
2	Ending True-Up Amount Before Interest (Line 1 + Form 42-2A, Lines 5 + 8)	6,097,535	6,629,520	6,849,546	6,425,705	5,608,743	5,372,996	5,670,670	5,680,033	4,842,231	4,376,626	3,668,625	3,662,547	
3	Total of Beginning & Ending True-Up (Lines 1 + 2)	12,525,811	12,749,789	13,502,207	13,299,621	12,058,254	11,003,444	11,063,727	11,370,818	10,542,618	9,237,201	8,260,723	7,544,678	
4	Average True-Up Amount (Line 3 x 1/2)	6,262,906	6,374,895	6,751,104	6,649,811	6,029,127	5,501,722	5,531,864	5,685,409	5,271,309	4,618,601	4,130,362	3,772,339	
5	Interest Rate (First Business Day of Current Month)	4.36%	4.35%	4.35%	4.32%	4.28%	4.35%	4.31%	4.32%	4.26%	4.08%	3.96%	3.89%	
6	Interest Rate (First Business Day of Subsequent Month)	4.35%	4.35%	4.32%	4.28%	4.35%	4.31%	4.32%	4.26%	4.08%	3.96%	3.89%	3.66%	
7	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.71%	8.70%	8.67%	8.60%	8.63%	8.66%	8.63%	8.58%	8.34%	8.04%	7.85%	7.55%	
8	Average Interest Rate (Line 7 x 1/2)	4.355%	4.350%	4.335%	4.300%	4.315%	4.330%	4.315%	4.290%	4.170%	4.020%	3.925%	3.775%	
9	Monthly Average Interest Rate (Line 8 x 1/12)	0.363%	0.363%	0.361%	0.358%	0.360%	0.361%	0.360%	0.358%	0.348%	0.335%	0.327%	0.315%	
10	Interest Provision for the Month (Line 4 x Line 9)	\$22,734	\$23,141	\$24,371	\$23,806	\$21,705	\$19,861	\$19,915	\$20,354	\$18,344	\$15,472	\$13,506	\$11,683	\$235,092