

State of Florida



# Public Service Commission

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

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**DATE:** June 8, 2018

**TO:** Office of Commission Clerk

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

**RE:** Docket No.: 20180009-EI  
Company Name: Duke Energy Florida, LLC  
Company Code: EI801  
Audit Purpose: A3f: Nuclear Cost Recovery Clause  
Audit Control No.: 2018-005-2-1

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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 confidential work papers associated with this audit.

LMD/cmm

Attachment: Audit Report

State of Florida



## Public Service Commission

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

### Auditor's Report

Duke Energy Florida, LLC  
Crystal River Unit 3 Uprate

**Twelve Months Ended December 31, 2017**

Docket No. 20180009-EI

Audit Control No. 2018-005-2-1

**May 13, 2018**

A handwritten signature in cursive script that reads "Ronald A. Mavrides".

Ronald A. Mavrides  
Audit Manager

A handwritten signature in cursive script that reads "Linda Hill".

Linda Hill  
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 Office of Industry Development and Market Analysis in its audit service request dated January 3, 2018. We have applied these procedures to the attached schedule prepared by Duke Energy Florida, LLC in support of its 2017 Nuclear Cost Recovery Clause filing for the Crystal River Unit 3 Uprate Project in Docket No. 20180009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to Duke Energy Florida, LLC.

NCRC refers to the Nuclear Cost Recovery Clause.

CR3 refers to the Crystal River Unit 3 Plant.

CCRC refers to the Capacity Cost Recovery Clause.

F.A.C. refers to Florida Administrative Code.

#### Utility Information

On February 5, 2013, the Utility announced its intent to retire the CR3 plant. Recovery of costs will continue until 2019.

**Objectives:** The objectives were to determine whether the Utility's 2017 NCRC filing in Docket No. 20180009-EI is consistent and in compliance with Section 366.93, Florida Statutes and Rule 25-6.0423(6)(c)4, F.A.C. and Rule 25-6.0423(7), F.A.C.

**Procedures:** We performed the following objectives and procedures to satisfy the overall objective identified above.

### **Construction Work In Progress**

**Objectives:** The objectives were to determine whether the 2017 adjustments and additions to the unrecovered Construction Work In Progress (CWIP) jurisdictional balances that are included for recovery and disclose and report the jurisdictional amount of any 2017 adjustments and additions to the unrecovered CWIP balance that are included for recovery pursuant to Section 366.93, Florida Statutes and Rule 25-6.0423(7), F.A.C.

**Procedures:** We determined that there were no adjustments to unrecovered CWIP jurisdictional balances that are included for recovery. All NCRC activity that is now related to capital investment is allocated to the Regulatory Asset Account. Besides the Commission approved amortizations to the Regulatory Asset Account balances, the only capital related activity in 2017 was the return of a 2015 deposit back to the Utility. No exceptions were noted.

### **Recovery**

**Objectives:** The objectives were to determine whether the Utility used the Commission approved CCRC factors to bill customers for the period January 1, 2017, through December 31, 2017, and whether Exhibit TGF-1 reflects amounts in Order No. PSC-2016-0547-FOF-EI.

**Procedures:** We agreed the amount collected in Exhibit TGF-1 to the 2017 NCRC jurisdictional amount approved in Order No. PSC-2016-0547-FOF-EI. We determined that the Utility used the approved CCRC factors. No exceptions were noted.

### **True-Up**

2 **Objective:** The objective was to determine whether the True-Up and Interest Provision as filed on Schedule TGF-1 was properly calculated pursuant to Section 366.93, Florida Statutes and Rule 25-6.0423(6)(c)4, F.A.C.

**Procedures:** We traced the December 31, 2016, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2017, using the Commission approved beginning balance as of December 31, 2016, the approved 2017 jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor, and the 2017 costs. No exceptions were noted.

### **Other Exit/Wind-Down Costs**

23  
63 **Objectives:** The objectives were to determine that Other Exit/Wind-Down Costs reflected in the filing are properly recorded and are using the correct interest rates as outlined in Order No. PSC-2016-0547-FOF-EI.

**Procedures:** We reviewed Other Exit/Wind-Down Costs and verified that the correct interest rates were applied as outlined in Order No. PSC-2016-0547-FOF-EI.. These costs are almost entirely administrative in nature. Prior Period Unrecovered costs are being recovered via straight-line amortization. No exceptions were noted.

Audit Findings

**None**

