

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 24, 2021
TO: Office of Commission Clerk
FROM: Dale Mailhot, Director, Office of Auditing and Performance Analysis
RE: Docket No.: 20210002-EI
Company Name: Duke Energy Florida, LLC
Company Code: EI801
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2021-026-2-1

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.

DM/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
Tampa District Office

Auditor's Report

Duke Energy Florida, LLC
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2020

Docket No. 20210002-EG
Audit Control No. 2021-026-2-1
June 22, 2021

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

Tomer Kopelovich
Audit Manager

A handwritten signature in black ink, appearing to read "Simon Ojada".

Simon Ojada
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 26, 2021. 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 2020 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20210002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Duke Energy Florida, LLC.

ECCR refers to the Energy Conservation Cost Recovery Clause.

Capital Investments

Utility Plant in Service

Objectives: The objectives were to verify the Utility's ECCR project-related additions, retirements and adjustments for the period January 1, 2020, through December 31, 2020.

Procedures: We obtained the Utility's subsidiary ledger and obtained a sample of ECCR plant balances as of December 31, 2020. We reconciled each to the ECCR 2020 filing. We randomly selected transactions for Load Management Switches. We traced each transaction to its supporting documentation. 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 for the ECCR.

Procedures: We reconciled the fuel revenues reported in the 2020 ECCR Filing to the Utility's monthly revenue reports and the general ledger. We recalculated 2020 ECCR revenues using the KWH sold in the Utility's monthly revenue reports and the ECCR factors authorized in the Utility's last ECCR proceeding. A random sampling of residential and commercial customers' bills were recalculated to verify the use of the correct tariff rates. No exceptions were noted.

Expense

Operation and Maintenance Expense

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

Procedures: We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expenses for each program. The source documentation for selected items was reviewed to ensure the expense was for the correct period, charged to the correct accounts, and appropriately recoverable through the ECCR. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Energy Conservation Cost Recovery, Florida Administrative Code. 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 verified and recalculated Depreciation Expense for the program assets using the approved depreciation rates. No exceptions were noted.

Other

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

Procedures: We requested and verified the number of program participants reported in the Utility's FEECA Filing for the following programs: Home Energy Check, Low Income Weatherization Assistance Program, Interruptible Service Program, Energy Management Program. No exceptions were noted.

True-Up

Objective: The objective was to determine whether 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 revenues and expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2020 to 2019 and 2018 revenues and expenses. There were no significant variances. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

Duke Energy Florida, LLC
 Energy Conservation Cost Recovery
 Energy Conservation Adjustment
 Calculation of True-Up
 January 2020 - December 2020

FPC Docket No. 20210003-03
 Duke Energy Florida, LLC
 Witness: Lori J. Cross
 Exhibit No. (LJC-17)
 Schedule CT-3
 Page 2 of 4
 May 3, 2021

Line No.	Act January	Act February	Act March	Act April	Act May	Act June	Act July	Act August	Act September	Act October	Act November	Act December	Total
1 EDCR Revenues	\$8,082,864	\$8,358,652	\$8,718,363	\$9,028,051	\$9,308,754	\$10,092,020	\$12,180,547	\$11,863,081	\$11,630,621	\$10,008,767	\$10,192,822	\$8,978,606	\$120,767,348
2 Prior Period True-Up Over/(Under) Recovery	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(3,747,510)
3 EDCR Revenues Applicable to Period	7,770,591	8,056,559	8,403,071	9,010,759	8,996,461	10,380,527	11,868,255	11,570,788	11,318,329	10,297,475	9,880,530	8,666,303	117,019,838
4 EDCR Expenses	8,316,061	10,269,895	9,204,020	9,031,839	9,734,330	8,335,493	9,508,409	9,782,414	9,616,297	9,577,788	10,345,508	9,849,447	114,692,900
5 True-Up This Period (Over)/Under Recovery	1,645,969	2,233,330	800,949	(579,119)	737,899	(2,043,094)	(2,368,845)	(1,708,374)	(1,802,032)	(719,668)	404,978	1,283,854	(2,328,836)
6 Current Period Interest	6,091	7,930	11,248	6,593	393	457	313	64	(95)	(205)	(334)	(276)	32,196
7 Adjustments	(286)	0	0	0	0	0	0	0	0	0	0	0	(286)
8 True-Up & Interest Provision Beginning of Period	3,747,510	4,066,982	6,915,965	7,415,000	6,531,041	6,957,010	4,800,141	1,828,318	(171,288)	(2,386,686)	(3,417,874)	(3,285,522)	3,747,510
9 GRT Refunded	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Prior Period True-Up Over/(Under) Recovery	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(312,293)	(3,747,510)
11 End of Period Net True-Up	\$4,985,992	\$6,915,955	\$7,415,960	\$6,531,041	\$6,957,010	\$4,800,141	\$1,828,318	\$(171,288)	\$(2,386,686)	\$(3,417,874)	\$(3,285,522)	\$(2,285,039)	\$(2,285,039)