

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 1, 2022
TO: Office of the Commission Clerk
FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 
RE: Docket No.: 20220002-EI
Company Name: Duke Energy Florida, LLC
Company Code: EI801
Audit Purpose: A3b: Energy Conservation Cost Recovery
Audit Control No: 2022-019-1-3

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.

TMB/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
Tallahassee District Office

Auditor's Report

Duke Energy Florida, LLC
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2021

Docket No. 20220002-EG
Audit Control No. 2022-019-1-3

June 28, 2022



Thomas Wolff
Audit Manager

 for MG

Marisa N. Glover
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 18, 2022. We have applied these procedures to the attached summary exhibit and to several related schedules prepared by Duke Energy Florida in support of its 2021 filing for the Energy Conservation Cost Recovery in Docket No. 20220002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Duke Energy Florida.

ECCR refers to the Energy Conservation Cost Recovery Clause.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2021, through December 31, 2021, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the ECCR.

Procedures: We reconciled the 2021 filing to the Utility's monthly Revenue Reports. We computed the factors by rate code and compared them to the last Commission Order No. PSC-2020-0447-FOF-EG. We selected a random sample of residential and commercial customers' bills for the month of July 2021 and recalculated each to verify the use of the correct tariff rate. This work was performed jointly with the revenue portions of the other clause audits of the Utility. The work product is contained in Docket No. 20220001-EI, Audit Control No. 2022-003-1-4. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to verify that operation and maintenance (O&M) expense listed on the Utility's Schedule CT-3 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 (except for payroll) for testing from the months January, May, and September. 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 ECCR. Payroll was audited for electric and gas conservation programs by scheduling conservation payroll, benefits, and payroll taxes for 2021. This work was performed jointly with the revenue portions of the other clause audits of the Utility. The work product is contained in Docket No. 20220001-EI, Audit Control No. 2022-003-1-4. We traced conservation program rebates to allowances approved in Commission Order Nos. PSC-2010-0678-PAA-EG and PSC-2015-0326-PAA-EG, issued November 12, 2010, and August 11, 2015, respectively. Advertising

costs were reviewed in compliance with Rule 25-17.015(5) – Energy Conservation Cost Recovery, Florida Administrative Code (F.A.C.). 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 verified the number of program participants reported in the Utility’s March 1, 2022, FEECA filing for Neighborhood Energy Saver, Low-Income Weatherization Assistance Program, Technology Development, and Interruptible Service by reconciling them with the program participants noted in the Utility’s 2021 ECCR True-Up filing. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision as filed on Schedule CT-3 was properly calculated.

Procedures: We traced the December 31, 2020, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2021, using the Commission-approved beginning balance as of December 31, 2020, the Financial Commercial Paper rates, and the 2021 ECCR revenues and costs. We determined the variance of \$384 in our True Up recalculation and the balances on Schedule CT-3, page 2 of 4, to be less than 1% and deem this immaterial. No further work was performed.

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 2021 to 2020 revenues and expenses. The Utility had no significant variances. No further work was performed.

Audit Findings

None

Exhibit

Exhibit 1: True Up

Duke Energy Florida, LLC
Energy Conservation Cost Recovery
Energy Conservation Adjustment
Calculation of True-Up
January 2021 - December 2021

FPSC Docket No. 20220002-EG
Duke Energy Florida, LLC
Witness Karla Rodriguez
EXHIBIT NO. 1 (KR-1T)
Schedule CT-3
Page 2 of 4
May 2, 2022

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	\$5,883,003	\$8,558,235	\$8,572,747	\$8,857,180	\$9,710,732	\$11,181,056	\$11,365,520	\$11,292,044	\$12,356,864	\$11,109,500	\$7,867,265	\$9,488,738	\$119,601,281
2	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	2,295,039
3	9,074,256	8,749,488	9,064,001	9,148,433	9,901,985	11,352,309	11,556,774	11,453,295	12,548,117	11,301,153	5,058,518	9,857,989	121,598,320
4	9,311,806	8,888,189	8,543,805	8,484,441	7,491,693	8,049,166	8,590,909	8,355,203	9,014,785	8,388,531	1,982,310	14,181,773	102,542,901
5	237,548	118,661	(220,196)	(863,992)	(2,410,262)	(2,303,143)	(2,965,864)	(3,128,094)	(3,533,332)	(2,912,322)	(6,076,199)	4,503,784	(19,353,418)
6	(191)	(150)	(131)	(137)	(145)	(267)	(454)	(532)	(748)	(1,050)	(1,871)	(1,718)	(7,192)
7	0	0	0	0	0	0	0	0	0	0	0	0	0
8	(2,285,039)	(1,866,427)	(1,556,643)	(1,585,717)	(2,058,592)	(4,277,776)	(6,389,933)	(9,164,998)	(12,102,371)	(15,445,195)	(15,187,313)	(24,053,930)	(2,295,039)
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	191,253	2,295,039
11	<u>(\$1,866,427)</u>	<u>(\$1,556,643)</u>	<u>(\$1,585,717)</u>	<u>(\$2,058,592)</u>	<u>(\$4,277,776)</u>	<u>(\$6,389,933)</u>	<u>(\$9,164,998)</u>	<u>(\$12,102,371)</u>	<u>(\$15,445,195)</u>	<u>(\$18,187,313)</u>	<u>(\$24,053,930)</u>	<u>(\$19,360,611)</u>	<u>(\$19,360,611)</u>