

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 25, 2023

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

FROM: Todd M. Brown, Chief of Auditing, Office of Auditing and Performance Analysis 

RE: Docket No.: 20230002-EG
Company Name: Duke Energy Florida, LLC
Company Code: EI801
Audit Purpose: A3b: Energy Conservation Cost Recovery Clause
Audit Control No.: 2023-018-2-1

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 the Commission Clerk. There are no confidential work papers associated with this audit.

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

Auditor's Report

Duke Energy Florida, LLC
Energy Conservation Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230002-EG
Audit Control No. 2023-018-2-1

July 24, 2023

A handwritten signature in cursive script, appearing to read "Lily Sampson", written over a horizontal line.

Lily Sampson
Audit Manager

A handwritten signature in cursive script, appearing to read "V. Hymavathi", written over a horizontal line.

Hymavathi Vedula
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, 2023. 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 2022 filing for the Energy Conservation Cost Recovery Clause in Docket No. 20230002-EG.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to Duke Energy Florida, LLC.

ECCR refers to the Energy Conservation Cost Recovery Clause.

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 2022 to 2021 revenues and expenses. We requested explanations from the Utility for any significant variances. The Utility-provided explanations were sufficient. Further follow-up was not required.

Revenue

Operating Revenues

Objectives: The objectives were to determine the actual Kilowatt Hours (KWH) sold for the period January 1, 2022, through December 31, 2022, and whether the Utility applied the Commission-approved cost recovery factor to actual KWH sales for the ECCR.

Procedures: We reconciled the 2022 filing to the Utility's monthly ECCR Revenue Reports. We computed the factors by rate code and compared them to Commission Order No. PSC-2021-0427-FOF-EG. A sample of residential and commercial customer bill tests were performed by rate class in Docket No. 20230001-EI, Audit Control Number 2023-010-2-1, to verify that the correct tariff rate was used. 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 Form CT-2 filing was supported by adequate documentation and that the expenses are appropriately recoverable through the ECCR.

Procedures: We traced expenses in the filing to the general ledger detail. We statistically selected a sample of expenses for testing. The source documentation for selected items was reviewed to ensure that the expenses were for the current period, charged to the correct accounts, and appropriately recoverable through the ECCR. Advertising expenses were reviewed for compliance with Rule 25-17.015(5), Florida Administrative Code. No exceptions were noted.

True-up

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

Procedures: We traced the December 31, 2022, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2022, using the Commission-approved beginning balance as of December 31, 2021, the Financial Commercial Paper rates, and the 2022 ECCR revenues and costs. No exceptions were noted.

Other Issues

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: Neighborhood Energy Saver, Low-Income Weatherization Assistance Program, Technology Development, and Interruptible Service. We verified the type of the above-mentioned program participants, and whether the participants had access to the programs through walk-through, computer-assisted, online, phone, or other means. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True Up

Duke Energy Florida, LLC
Energy Conservation Cost Recovery
Energy Conservation Adjustment
Calculation of True-Up
January 2022 - December 2022

Docket No. 20230002-EG
Duke Energy Florida
Witness: Karla Rodriguez
Exhibit No. (KR-1T)
Schedule CT-3
Page 2 of 4
May 2, 2023

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	\$6,699,779	\$7,277,344	\$7,393,676	\$7,011,927	\$8,024,691	\$9,391,697	\$9,789,802	\$10,252,395	\$9,588,434	\$7,897,607	\$6,786,535	\$7,263,778	\$97,377,666
2	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	19,360,611
3	8,313,164	8,890,729	9,007,060	8,625,312	9,638,075	11,005,081	11,403,186	11,865,779	11,201,819	9,510,992	8,399,919	8,877,163	116,738,277
4	7,861,296	8,766,094	11,263,334	9,282,936	8,971,357	8,042,905	9,092,780	10,121,146	9,227,342	9,716,521	7,424,037	10,402,405	110,172,154
5	(451,867)	(124,635)	2,256,274	657,624	(666,718)	(2,962,176)	(2,310,406)	(1,744,633)	(1,974,477)	205,529	(975,882)	1,525,243	(6,566,123)
6	(1,721)	(2,764)	(4,496)	(6,101)	(8,639)	(13,486)	(21,276)	(25,314)	(30,182)	(33,650)	(34,126)	(32,277)	(214,032)
7	0	0	0	0	(917,137)	0	0	0	0	(9,576)	0	0	(926,713)
8	(19,360,611)	(18,200,815)	(16,714,830)	(12,849,667)	(10,584,760)	(10,563,869)	(11,926,147)	(12,644,444)	(12,801,007)	(13,192,282)	(11,416,594)	(10,813,218)	(19,360,611)
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	1,613,384	19,360,611
11	(\$18,200,815)	(\$16,714,830)	(\$12,849,667)	(\$10,584,760)	(\$10,563,869)	(\$11,926,147)	(\$12,644,444)	(\$12,801,007)	(\$13,192,282)	(\$11,416,594)	(\$10,813,218)	(\$7,706,868)	(\$7,706,868)