

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: May 22, 2026

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

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

RE: Docket No.: 20260001-EI
Company Name: Duke Energy Florida, LLC
Company Code: EI801
Audit Purpose: A3a: Fuel Cost Recovery Clause
Audit Control No.: 2026-012-1-3

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.

Attachment: Audit Report

Cc: Office of Auditing & Performance Analysis

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Duke Energy Florida, LLC
Fuel and Purchased Power Cost Recovery Clause

Twelve Months Ended December 31, 2025

Docket No. 20260001-EI
Audit Control No. 2026-012-1-3
May 12, 2026

A handwritten signature in black ink, appearing to read "Jenna Ageeb", written over a horizontal line.

Jenna Ageeb
Audit Manager

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

Lynn M. Deamer
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures 2

Audit Findings

 None..... 6

Exhibit

 1: True-up and Interest Provision..... 7

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 Accounting & Finance in its audit service request dated January 06, 2026. 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 2025 filing for the Fuel and Purchased Power Cost Recovery Clause in Docket No. 20260001-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Company refers to the Duke Energy Florida, LLC.

Fuel Clause refers to the Fuel and Purchased Power Cost Recovery Clause.

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 whether the Company applied the Commission-approved cost recovery factor to actual kWh sales for the Fuel Clause.

Procedures: We reconciled the 2025 filing to the Company's monthly Fuel Revenue Reports. We traced the factors by rate class to the Commission Order No. PSC-2024-0481-FOF-EI. We selected a sample of residential and commercial customers' bills for the months of April and August and recalculated each to verify the use of the correct tariff rate. No exceptions were noted.

Expense

Fuel and Net Power Transactions

Objectives: The objectives were to verify that the total fuel and net power transactions in Schedule A-1 were properly computed and recorded on the books of the Company for the twelve-month period; to determine that any adjustments to fuel costs have been approved by the Commission and are properly computed and to determine the expenses were appropriately recoverable through the Fuel Clause.

Procedures: We reconciled the total fuel and net power transactions to the monthly Schedule A-1 filing. We requested A-3 contracts and invoices for the months of February and October for 2025. We recalculated total costs of generation for coal, natural gas, light oil, heavy oil and additives from Schedule A-1 to the general ledger for the twelve months ended December 31, 2025. No exceptions were noted.

Operation and Maintenance Expenses

Objectives: The objectives were to review the expenses the Company included in the Fuel Clause and determine whether those expenses were properly recoverable as required by Commission Order No. 14546, issued July 8, 1985.

Procedures: We reviewed and sampled fuel expenses reported on supporting Schedules A-1 and A-2 and other supporting documentation to determine that the fuel expense included in the Fuel

Clause filing complied with the requirements set forth in Order No. 14546. No exceptions were noted.

Generation-Related Gains

Objectives: The objectives were to determine whether generation-related gains derived from non-separated wholesale energy sales were credited to the Fuel Clause as required by Commission Order No PSC-2000-1744-PAA-EI, issued September 26, 2000.

Procedures: We traced generation-related gains from Schedule A-6 to ensure the Company complied with Commission Order PSC-2000-1744-PAA-EI. We traced Schedule A-6 fuel purchase for the months of February and October 2025 to invoices and contracts. No exceptions were noted.

Purchased Power Exclusive of Economy Purchases

Objectives: The objectives were to determine whether total power purchased in Schedule A-7 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We summarized purchased power by month for kWh, Fuel Cost/kWh, and total Fuel Cost. We traced Schedule A-7 fuel purchases for the months of February and October 2025 to invoices and contracts. No exceptions were noted.

Energy Payments to Qualifying Facilities

Objectives: The objective was to determine whether energy payments to qualifying facilities in Schedule A-8 were based on the appropriate standard offer or negotiated contract rate.

Procedures: We prepared a schedule accumulating total monthly kWh, energy cost/kWh, and total for Fuel Adjustments for 2025 as reflected on Fuel Clause Schedule A-8 – Energy Payments to Qualifying Facilities. We traced all transactions on Schedule A-8 for the months of February and October 2025 to invoices and supporting documentation. No exceptions were noted.

Payments to Qualifying Facilities

Objectives: The objectives were to determine whether payments to qualifying facilities in Schedule A-9 were based on contract or standard offer.

Procedures: Using Schedule A-9, we prepared a schedule with kWh purchases, total dollars for fuel adjustment, and costs if generated for economy purchases. For the months of February and October 2025, we traced invoiced amounts and kWh purchased. No exceptions were noted.

Gas Storage Expense

Objectives: The objective was to determine whether 2025 gas storage expense recovered through the Fuel Clause was calculated correctly and payments were made in accordance with the applicable contracts.

Procedures: We prepared a schedule for natural gas transportation and storage expense for 2025. We traced a sample of the transportation and storage expenses in the Fuel Clause filing to

supporting invoices and vendor contracts for the months of April and August 2025. No exceptions were noted.

Inventory

Objectives: The objectives were to determine whether adjustments made to coal inventory due to the semi-annual coal inventory survey have been recorded as set forth in Commission Order No. PSC-1997-0359-FOF-EI, issued March 31, 1997.

Procedures: We reviewed all documentation that supports the Company's aerial survey calculations and recorded adjustments to coal inventory balances to determine compliance with the requirements of Commission Order No. PSC-1997-0359-FOF-EI. No exceptions were noted.

Other

Waterborne Coal Transportation

Objectives: The objectives were to review and verify payments made under the waterborne and rail transportation contracts.

Procedures: We reviewed the waterborne and rail coal transportation contracts. We traced the contract rates to our sample of the Company's coal fuel expense and reconciled the contract rates to the invoices selected in our sample. No exceptions were noted.

Vendor Rebates and Refunds

Objectives: The objectives were to determine whether vendor rebates and refunds were credited by the Company to its recoverable fuel costs.

Procedures: We obtained a summary of all 2025 demurrage rebills and confirmed there were no refunds. We traced all demurrages to the Company's Ledger for correct disposition. No exceptions were noted.

GPIF

Objectives: The objectives were to reconcile service hours, reserve shutdown hours, and unavailable hours for the Generating Performance Incentive Factor (GPIF) units as shown on the annual GPIF filing with source documents and trace any differences to source documentation.

Procedures: We obtained the actual Unit Performance Data Forms for January – December 2025 from the GPIF filing. We reconciled service hours, reserve shutdown hours and unavailable hours to the GPIF filing using the Generating Data System for Bartow CC, Citrus 1 & 2, Crystal River 5, Hines 1, 2, 3, & 4, and Osprey CC. No exceptions were noted.

Reconciliation of Coal and Oil Purchases

Objectives: The objectives were to reconcile the monthly coal and oil purchases reflected on Florida Public Service Commission (FPSC) Form 423 with Schedule A-5, contractual obligations, and source documentation.

Procedures: We reconciled FPSC Form 423 for 2025 to the supporting Schedule A-5 of the Company's Fuel Clause filing for the months of April and August. We reconciled Form 423 costs for April and August to the supporting documentation obtained in conjunction with our samples of coal and oil fuel expense for the months. No exceptions were noted.

Firm Transportation Service

Objectives: The objectives were to determine whether the Firm Transportation Service (FTS) charges for transporting natural gas agrees with the appropriate FTS rate schedules from the pipeline company's tariff.

Procedures: We traced FTS rate schedules for natural gas transportation for the months April and August 2025 to invoices and determined that the correct rates were used. No exceptions were noted.

Revenue Expansion Factor

Objectives: The objective was to verify that the revenue expansion factor applied to any capital investment being recovered through the fuel clause does not contain a component for bad debt expense.

Procedures: We requested and received information that the Company does not recover any investments in the fuel clause for which bad debt is applied. Further follow-up was not needed.

True-up

Objectives: The objective was to determine if the True-Up and Interest Provision as filed was properly calculated.

Procedures: We traced the December 31, 2024, True-up Provision to Commission Order No. PSC-2024-0481-FOF-EI issued on November 22, 2024. We recalculated the True-Up and Interest Provision amounts as of December 31, 2025, using the beginning balance as of December 31, 2024, the Financial Commercial Paper rates, and the 2025 Fuel Clause revenues and costs. No exceptions were noted.

Analytical Review

Objectives: The objectives were to perform an analytical review of the Company's Fuel Clause Revenues and Expenses to determine if there were any material changes or inconsistencies from the prior year.

Procedures: We compared 2024 to 2025 revenues and expenses. We requested explanations from the Company for significant variances. The explanations provided were sufficient. Further follow-up was not required.

Audit Findings

None

Exhibit

Exhibit 1: True-up and Interest Provision

Docket No. 20260001-EI
 Witness: Dean
 Exhibit No. (GPD-1T)
 Sheet 2 of 6

Duke Energy Florida, LLC
 Fuel Adjustment Clause
 Calculation of Actual True-up
 January 2025- December 2025

		JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL	MAY ACTUAL	JUN ACTUAL	6 MONTH SUB- TOTAL	
A	1	Fuel Cost of System Generation	\$ 137,263,662	\$ 100,572,317	\$ 111,650,551	\$ 125,843,666	\$ 138,626,602	\$ 150,951,630	\$ 762,908,727
	2	Fuel Cost of Power Sold	(6,925,773)	(11,518,259)	(7,188,543)	(7,024,763)	(8,106,949)	(8,256,444)	(49,020,726)
	3	Fuel Cost of Purchased Power	34,825,019	417,242	1,401,527	8,481,624	5,936,176	5,305,378	56,376,967
	3a	Demand and Non-Fuel Cost of Purchased Power	-	-	-	-	-	-	-
	3b	Energy Payments to Qualified Facilities	3,462,862	1,616,008	2,070,131	2,700,362	2,030,246	1,574,485	13,454,095
	4	Energy Cost of Economy Purchases	659,684	312,707	224,597	252,663	725,613	326,065	2,511,646
	5	Adjustments to Fuel Cost	974,166	1,897,150	1,018,785	962,853	960,403	3,830,517	9,643,870
	6	TOTAL FUEL & NET POWER TRANSACTIONS	170,259,923	93,297,165	109,177,050	131,226,718	138,172,091	153,741,631	765,874,578
		(Sum of Lines A1 Through A5)							
B	1	Jurisdictional MWH Sales	3,218,829	2,934,575	2,857,115	3,003,112	3,360,875	4,079,841	19,254,347
	2	Non-Jurisdictional MWH Sales	12	11	9	6	6	9	54
	3	TOTAL SALES (Lines B1 + B2)	3,218,841	2,934,586	2,857,124	3,003,119	3,360,881	4,079,851	19,254,402
	4	Jurisdictional % of Total Sales (Line B1/B3)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
C	1	Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	126,739,740	114,744,975	102,307,978	116,006,694	131,197,219	161,047,923	752,044,530
	2	True-Up Provision	711,482	711,482	711,482	711,482	711,482	711,482	4,268,995
	2a	Incentive Provision	(133,588)	(133,588)	(133,588)	(133,588)	(133,588)	(133,588)	(601,529)
	2b	CEC Bill Credit	(4,095,428)	(1,082,563)	(6,667,832)	(3,996,465)	(5,770,461)	(6,496,896)	(28,106,641)
	2c	Clean Energy Impact (CEI)	(6,028)	2,329	(6,633)	(10,057)	(7,100)	(5,588)	(33,077)
	2d	Storm Cost Recovery	0	0	0	0	0	6,921,081	6,921,081
	3	FUEL REVENUE APPLICABLE TO PERIOD	123,216,180	114,242,639	96,211,407	112,578,067	125,997,553	162,044,414	734,290,259
		(Sum of Lines C1 Through C2a)							
	4	Fuel & Net Power Transactions (Line A6)	170,259,923	93,297,165	109,177,050	131,226,718	138,172,091	153,741,631	765,874,578
	5	Jurisdictional Total Fuel Costs & Net Power Transactions (Line A6 * Line B4 * Line Loss Multiplier)	170,306,175	93,296,813	109,176,694	131,226,450	138,171,844	153,741,289	765,919,264
	6	Over/(Under) Recovery (Line 3 - Line 5)	(47,089,995)	20,945,825	(12,965,287)	(18,648,383)	(12,174,291)	8,303,126	(61,629,005)
	7	Interest Provision	218,974	189,735	181,249	121,256	64,328	55,183	810,725
	9	TOTAL ESTIMATED TRUE-UP FOR THE PERIOD	(46,871,021)	21,115,560	(12,784,038)	(18,527,127)	(12,109,963)	8,358,308	(60,818,281)
	9	Plus: Prior Period Balance	84,224,253	84,224,253	84,224,253	84,224,253	84,224,253	84,224,253	84,224,253
	10	Plus: Cumulative True-Up Provision	(711,482)	(1,422,965)	(2,134,447)	(2,845,930)	(3,557,412)	(4,268,895)	(4,268,895)
	11	Subtotal Prior Period True-up	83,512,771	82,801,289	82,089,806	81,378,324	80,666,841	79,955,359	79,955,359
	12	Regulatory Accounting Adjustment	-	-	-	-	-	-	-
	13	TOTAL TRUE-UP BALANCE	36,641,750	57,045,828	43,550,307	24,311,698	11,490,252	19,137,078	19,137,078

Duke Energy Florida, LLC
 Fuel Adjustment Clause
 Calculation of Actual True-up
 January 2025- December 2025

		JUL ACTUAL	AUG ACTUAL	SEPT ACTUAL	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	12 MONTH PERIOD
A	1	Fuel Cost of System Generation	\$ 166,507,070	\$ 150,888,184	\$ 125,947,440	\$ 116,881,869	\$ 108,787,843	\$ 1,562,173,395
	2	Fuel Cost of Power Sold	(11,384,867)	(6,436,743)	(4,159,230)	(4,314,338)	(2,829,326)	(81,247,183)
	3	Fuel Cost of Purchased Power	18,313,081	10,190,900	2,469,091	1,238,332	1,258,123	92,090,280
	3a	Demand and Non-Fuel Cost of Purchased Power	-	-	-	-	-	-
	3b	Energy Payments to Qualified Facilities	1,538,484	2,614,632	1,867,504	1,875,913	2,013,044	25,830,958
	4	Energy Cost of Economy Purchases	235,770	394,598	314,175	229,111	134,641	4,008,933
	5	Adjustments to Fuel Cost	952,171	947,173	944,322	941,542	6,224,038	23,044,078
	6	TOTAL FUEL & NET POWER TRANSACTIONS (Sum of Lines A1 Through A5)	<u>178,161,709</u>	<u>158,577,041</u>	<u>127,383,302</u>	<u>116,832,529</u>	<u>115,598,464</u>	<u>1,625,868,361</u>
B	1	Jurisdictional MWH Sales	4,183,954	4,462,332	3,996,837	3,669,135	2,873,719	41,139,891
	2	Non-Jurisdictional MWH Sales	10	11	9	7	6	105
	3	TOTAL SALES (Lines B1 + B2)	<u>4,183,964</u>	<u>4,462,343</u>	<u>3,996,847</u>	<u>3,669,142</u>	<u>2,873,725</u>	<u>41,139,995</u>
	4	Jurisdictional % of Total Sales (Line B1/B3)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
C	1	Jurisdictional Fuel Recovery Revenue (Net of Revenue Taxes)	164,923,780	177,478,145	157,555,196	143,392,836	110,556,880	1,610,752,721
	2	True-Up Provision	711,482	711,482	711,482	711,482	711,482	8,537,789
	2a	Incentive Provision	(133,588)	(133,588)	(133,588)	(133,588)	(133,588)	(1,003,057)
	2b	CEC Bill Credit	(6,066,620)	(2,946,595)	(6,614,894)	(10,172,049)	(6,609,448)	(65,558,741)
	2c	Clean Energy Impact (CEI)	(7,881)	(6,624)	(39,774)	(7,610)	334,605	224,900
	2d	Storm Cost Recovery	0	0	0	0	0	6,921,081
	3	FUEL REVENUE APPLICABLE TO PERIOD (Sum of Lines C1 Through C2a)	<u>159,427,173</u>	<u>175,202,820</u>	<u>151,478,432</u>	<u>133,790,871</u>	<u>104,859,912</u>	<u>1,569,274,693</u>
	4	Fuel & Net Power Transactions (Line A6)	178,161,709	158,577,041	127,383,302	116,832,529	115,598,464	1,625,868,361
	5	Jurisdictional Total Fuel Costs & Net Power Transactions (Line A6 * Line B4 * Line Loss Multiplier)	<u>178,161,305</u>	<u>158,576,864</u>	<u>127,383,012</u>	<u>116,832,302</u>	<u>115,598,231</u>	<u>1,625,941,177</u>
	6	Over/(Under) Recovery (Line 3 - Line 5)	(16,734,132)	16,626,156	24,095,420	16,958,568	(10,738,319)	(66,666,484)
	7	Interest Provision	37,491	34,677	102,209	165,115	169,555	1,438,973
	8	TOTAL ESTIMATED TRUE-UP FOR THE PERIOD	<u>(16,696,641)</u>	<u>16,660,833</u>	<u>24,197,629</u>	<u>17,123,683</u>	<u>(10,568,764)</u>	<u>(65,257,510)</u>
	9	Plus: Prior Period Balance	84,224,253	84,224,253	84,224,253	84,224,253	84,224,253	84,224,253
	10	Plus: Cumulative True-Up Provision	(4,980,377)	(5,691,859)	(6,403,342)	(7,114,824)	(7,826,307)	(8,537,789)
	11	Subtotal Prior Period True-up	79,243,876	78,532,394	77,820,912	77,109,429	76,397,947	75,686,464
	12	Regulatory Accounting Adjustment	-	-	-	-	-	-
	13	TOTAL TRUE-UP BALANCE	<u>\$1,728,955</u>	<u>\$17,678,305</u>	<u>\$41,164,451</u>	<u>\$57,576,851</u>	<u>\$49,296,405</u>	<u>\$10,428,954</u>