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 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

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

Ronald A. Mavrides

Audit Manager

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

63

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



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

Exhibit

Exhibit 1: True-Up

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Over/Under Recovery For the Period	Period Costs Recovered (Order No. PSC 2016-0447-FOF-EI)	Revenue Requirements for the Period	Over/Under Recovery for the Period	Recovered (Order No. PSC 2016-0447-F0F-EI)	Carrying Costs for the Period a Balance (Egible for Interest) b Moothly Commercial Paper State c Interest Provision d Total Costs and Interest (June 11 - Line 16c)	From Month Feriod (Over)/Under Recovery Unamonized Balance	Prior Period Unrecovered Balance (a) Prior Period Costs Recovered (a)	Jurisdictional factor (A&G) Jurisdictional Amount	Other bit / Wind-Dawn a Accounting b Corporal Faining (Legal c Legal c Legal c Legal c Legal c Legal	Ower/Under Recovery For the Period	Projected Revenue Requirements for the Period (Order No. PSC 2016-0447-FOF-EI)	Revenue Requirements for the Period (Lines 3a \times 5d)	Return on Average Net Investment a Equility Component drops ed Up For Taxes b Equility Component drops ed Up For Taxes c Data (component drops ed Up For Taxes) d Total Beturn	Average Net investment	Comply data in University Investment bitted. 1 bit in place in the second of the second in the bit in place in the second in th	The statement was considered to the statement of the stat	Adjustments A SNO-CESTA RECORNS bonn Convert Credit c Other (b) d Adjusted System Generation Constructis	a EFU Construction & Wind-Down Costs 6 Sale or Salvege of Assets c Disposition d Total	Description Unscribed investment	
													0.00387 1.62890 0.00151		Ū.	91.681W		ı		
1 1		EI	П		ET	(122,994)	(122,994)		Ē	1.1			T.		160,516,279 19,995,096 0 0 (2,161,991) (2,163,991) (2,163,991)	279,911,057 12,170,084 (131,564,861) 160,516,279	0 (79,982,935) (28,108,647) 316,243,034	177,163,975 (3,029,354) 0 174,314,617	Beginning of Reriod Amount	
[17,603]	1,008,300	990,697	(2,865)	4,555	(117,683) 0.06% (73)	(114,135)	(114,115) (8,859)	0.93221 1,763	1.742 319 0 (169) 1,892	(\$24,739)	1,003,745	989,006	490,048 797,799 191,707 985,006	\$126,627,317 \$123,152,826	186,254,279 10 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	0000	0000	0000	Actual January 2017	201
(14,582)	980,877	966,295	(329)	4,556	(110,127) 0,05% (59) 4,427	(108.141)	(105,276) (8,859)	0.93221	1,776 3,473 0 (431)	(\$14,453)	976,321	961,868	476,601 775,907 185,963			00000	9000	0000	Actual February 2017	2017 Detail - Cakulation of the Revenue Requirements January 2017 through December 2017
[16,647]	953,454	936,807	(2,484)	4,557	(102,764) 0.08% (80) 2,073	(129)	(8,859)	0.93221 2,154	2,148 329 0 (207) 2,310	[514,163]	948,897	914 734	463,156 754,019 180,715	\$319,678,622	0 (1,640,084) (1,622,993) (160,333) (14,453) \$317,948,747	0000	0000	0000	Actual March 2017	Sanuary 2017 through December 2017
(15,939)	926,028	910,088	(2,070)	4,557	(96,187) 0.07% (69) 7,488	(2,484) (93,035)	(87,558) (8,859)	0.93221 2,556	2,087 903 0 (246) 2,742	(\$13,669)	921,470	907,601	449,712 732,132 175,469 907,601	\$116,204,708	0 0 0 0,640,044) (1,441,661) (180,133) (14,163)	00000	0000	0000	Actual April 2017	mber 2017
[16,672]	898,504	881,933	(2,400)	4,558	89,561) 880,0 ([7])	(2,070)	(8,859)	0.93221 2,229	2,200 3 8 8 8	[514,271]	894,046	479,775	436,268 710,245 170,223 880,468	\$112,730,740	(693) 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	(693)	67 67 0	(613)	Actual May 2017	e
(16,014)	872,181	855,167	(2,729)	4,559	(83,264) 0.09% (75) 1,630	(2,400)	(69,840)	1,905	2,119 107 0 (183) 2,043	(\$85,513)	366,622	#53,33#	422,825 688,360 164,978 853,338	\$109,257,064		0000	0000	0000	Actual June 2017	
[15,257]	843,757	\$28,500	(2.271)	4,559	(76,907) 0.09% (72) 2,288	(2,729) (73,657)	(60,981)	2,360	2,167 591 0 0227)	(\$12,986)	839,197	826,212	429,384 666,478 159,734 826,232	\$105,784,028	(1,640,084) (901,663) (180,333) (180,333) (13,285)	00000	0000	0000	Actual 144 2017	
[15,317]	816,333	901,016	(1.633)	4,560	(70,504) 0,09% (62) 1,927	(67,069)	(52,122) (8,859)	0.93221	2,146 180 0 (191) 2,114	(\$12,684)	811,773	799,089	195,945 644,599 154,490 799,089	\$102,311,291	(17,540,044) (771,530) (160,531) (12,946) (10,541,434)	0000	9000	0000	Actual August 2017 1	
[15,256]	788,909	773,651	12.877)	4,561	(64,411) 0.06% (158)	(2,633) (60,843)	(43,263) (8,859)	0.93221 1,722	2,011 0 0 (165)	(\$12,381)	764,348	771,967	382,506 622,720 149,247 771,967	\$96,818,855	0 (3,640,044) (540,999) (180,333) (12,644) \$97,158,940	00000	0000	0000	Actual September 2017	
[15,198]	761,484	746,286	(3,124)	4,561	(58,544) 0.10% (56) 1,4)?	(54,861)	(34,404) (8,859)	0.93221	1,744	(\$12,074)	756,923	744,849	369,069 600,845 144,004 744,849	\$95,366,724	(1,640,084) (360,665) (180,113) (12,381)	0000	0000	0000	Actual October 2017 N	
(14,684)	734,061	719,377	0.917	4,562	(52,706) 0.10% (55)	(3,124) (49,127)	(25,545) (8,859)	1,700	1,98) 0 0 (163)	(\$11,767)	729,499	717,732	355,633 578,971 338,763 713,732	\$91,894,898	(1,640,044) (1,80,333) (1,80,333) (1,80,333) (1,80,333)	00000	0000	0000	Actual November 2017 I	
(14,836)	706,638	691,802	(3,376)	4,563	(46,991) 0.13% (63) 1,144	(43,185)	(658/8) (989'91)	1,246	1,456 0 0 0 1,337	(513,457)	702,075	690,618	142,196 557,099 113,519 690,618	\$88,423,380	(13,640,084) (13,767) (13,767) (13,767)	00000	0000	0000	Acrual December 2017	
(300,881)	10,289,625	619'101'01	(19,877)	54,708	[777 <u>]</u>			25,603	23,628 6,296 0 (2,469) 27,465	(\$158,129)	10,234,917	10,076,789	4,993,345 8,129,174 1,948,308 10,077,482		160,515,586 29,995,096 (693) (41,681,007) 0 (158,139) \$86,682,047	(5693) 279,911,057 12,170,084 (131,564,861) 160,515,586	\$0 67 6	(54.13)	Period Total	Ehibit: (TSF-1)