FILED 5/3/2021 DOCUMENT NO. 03825-2021 FPSC - COMMISSION CLERK



# 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 3, 2021
TO:	Office of Commission Clerk
FROM:	Lynn M. Deamer, Chief of Auditing, Office of Auditing and Performance Analysis
RE:	Docket No.: 20210001-EI Company Name: Duke Energy Florida, LLC Company Code: EI801 Audit Purpose: A3a: Capacity Cost Recovery Clause Audit Control No: 2021-007-2-2

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.

LMD/cmm

Attachment: Audit Report

cc: Office of Auditing and Performance Analysis File.



# **Public Service Commission**

Office of Auditing and Performance Analysis Bureau of Auditing Tampa District Office

## **Auditor's Report**

Duke Energy Florida, LLC Capacity Cost Recovery Clause

### **Twelve Months Ended December 31, 2020**



Lynn Deamer Reviewer

# Table of Contents

.

Purpose	1
Objectives and Procedures	2
Audit Findings None	4
Exhibit 1: True-Up	5

.

#### 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 and Finance in its audit service request dated January 7, 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 Capacity Cost Recovery Clause in Docket No. 20210001-EI.

The report is intended only for internal Commission use.

### **Objectives and Procedures**

### General

#### **Definitions**

Utility refers to Duke Energy Florida, LLC. CCRC refers to the Capacity Cost Recovery Clause.

### Revenues

#### **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 CCRC.

**Procedures:** We reconciled the Capacity revenues reported in the 2020 CCR Filing to the Utility's monthly revenue reports and the general ledger. We recalculated 2020 Capacity revenues using the KWH sold in the Utility's monthly revenue reports and the Capacity factors authorized in the Utility's last CCR 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.

#### Transmission Revenues

**Objective:** The objective was to determine whether Transmission Revenues derived from the non-separated, non-energy broker network, wholesale energy sales were credited to the CCRC per Commission Order No. PSC-1999-2512-FOF-EI.

**Procedure:** We traced the wholesale Transmission Revenues that are derived from the non-separated, non-energy broker network, from the Utility's books to the CCRC filing. No exceptions were noted.

#### Expenses

#### **Operation and Maintenance Expense**

**Objectives:** The objectives were to determine whether Operation and Maintenance (O&M) Expense listed on the Utility's filing was supported by adequate documentation and that the expenses are appropriately recoverable through the CCRC.

**Procedures:** We traced expenses in the filing to the general ledger. We judgmentally selected a sample of O&M Expense invoices for testing for the months of March, July, September, and November 2020. The source documentation for the selected items was reviewed to ensure the expense was related to the CCRC and that the expense was charged to the correct accounts. No exceptions were noted.

#### Purchase Power Contracts

**Objective:** The objective was to determine whether the invoices for the capacity purchase amounts are in accordance with the terms and conditions of the contract.

**Procedures:** We reviewed Orange Cogen Limited, Pasco County Resource Recovery, Pinellas County Resource Recovery, Polk Power Partners, and Orlando Cogen Limited purchased power contracts that were in effect during 2020. We traced the purchase power contract rates and terms between the Utility and the qualifying facilities to the capacity payment calculations for March, July, September, and November 2020. No exceptions were noted.

#### Incremental Security Cost

**Objective:** The objective was to determine whether the security costs recovered are incremental to the security costs recovered in base rates.

**Procedure:** We reviewed the general ledger account detail for vendors charging security costs to the Utility. No security costs were included in the CCRC. No exceptions were noted.

#### True-Up

**Objective:** The objective was to determine if the True-Up and Interest Provision as filed 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 CCRC revenues and costs. No exceptions were noted.

#### **Analytical Procedures**

**Objective:** The objective was to perform an analytical review of the Utility's CCRC revenues and expenses to determine if there were any material changes or inconsistencies from prior years.

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

# Audit Findings

None

# <u>Exhibits</u>

# Exhibit 1: True-Up

Name         Name         All         All<			Date Energy Fords, LLC Capacity Could Recovery Cauce Calculation of Actual Turu-Up								Dachel Na. Wilwest Exhibit No.		20210001-EI Deen (GPD-27) Sheet 2 of 3	
Hardbarg Land Control Control         ACTUL         ACTUL <t< th=""><th></th><th colspan="12"></th><th></th></t<>														
Hardbarg Land Control Control         ACTUL         ACTUL <t< th=""><th></th><th></th><th><b>55</b></th><th></th><th>488</th><th></th><th></th><th></th><th>4110</th><th></th><th>077</th><th></th><th>DEC</th><th></th></t<>			<b>55</b>		488				4110		077		DEC	
image: Projection (Low Council)             control (Low Council)             contro (Low Council)             control (Low Council)														Total
0         0														
Preschwyfaware Newery PACCART)         2147760														
Production Source Researce Res														
et product         Light (Light)         Light (Light) <thlight (light)<="" th=""> <thlight (light)<="" td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></thlight></thlight>														
Image: Interpretend registion:         0        0         0														
b         b	7 Wheelsbrator Ridge Energy, Inc. (RDGEGEN)	•	0	0		0	0	0		0	0	0		0
Die Bester Production Justeinsbericht Production Lander Genety Costs         Die Leard Markhamer Genety Costs		0	0	0	0	0	<u> </u>	0	<u> </u>	•	0	0	<u> </u>	0
11         11         12<														325,890,433
1         1														372 703 230
Source         Control         Control <thcontrol< th=""> <thcontrol< th=""> <thco< td=""><td></td><td>20,210,300</td><td>00,00 1000</td><td>43.444,41 f</td><td>encenter f</td><td>anacoar /</td><td></td><td>*******</td><td>20,014,004</td><td>**************************************</td><td>4-14-0-14 f</td><td></td><td>er,center (</td><td></td></thco<></thcontrol<></thcontrol<>		20,210,300	00,00 1000	43.444,41 f	encenter f	anacoar /		*******	20,014,004	**************************************	4-14-0-14 f		er,center (	
is         School Homeway Status         Direct Status         Control International Control Status         Contro International Control Status														
15         5		4,018,449	5,550,765		2,818,679	1,738,090	4,096,953	5,413,642					3,689,787	
Is         Total Standbard         T2,7075         T2,7076		4.016.449	A 000 205		2.610.679	1756000	4008.000	3/1334					3,669,267	
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $														
1         1	17 Intermediate Level Associational Capacity Costs	2,920,079	4,035,587	2,023,034	2,047,810	1,203,044	2,978,608	3,936,025	4,745,820	5,308,442	2,028,289	2,059,740	2,662,208	36,027,265
1         1	10 Reality Deviced on Lauri Character Costs													
D         Version         2,002,00         2,2		1 073 160	1 073 190	1 073 180	802 440	1 912 530	3,011,780	3 904 200	3 904 200	1.621.960	1 371.600	1.371.600	1.978.940	26,895,860
2         Subsets - Practing Lend Cognetify Costs         4 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,37)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#4,67)*         3 (#12,66)*         4 (#12,66)* <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>														
D         Description         State Production Associated Responsibility	21 Other	•	•		•				•	· · ·	· · ·	•		1
4         Peaking Leval Assistance Copyondy Control         4_372,227         4,451,177         3,175,307         2,445,100         4_372,227         4,451,177         3,175,307         4,475,178         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,475,179         4,477,179         4				3,931,641										00,740,342
15       Other Capacity Costs       (10,712)       (1,712)       (1,212)       (1,712)       (1,213)       (1,712)       (1,213)       (1,1,512)         17       Roging Camacity Station L.P. Termination 1       70,004       70,014       891,705       601,715       601,721       601,717       676,440       673,131       601,117       676,440       673,131       601,117       676,440       673,131       601,117       676,440       673,131       602,174       L22,7781       (123,778)       1														
B       Read Wheely       (U,722)       (U,477)       0       (1,152)       (L,47)       (I,152)       (L,47)       (I,152)       (L,47)       (I,151)       (I	24 Peaking Level Jurisdictional Capacity Costs	4,712,227	4,851,717	3,771,387	2,634,310	4,627,940	9,354,175	9,408,330	9,341,700	4,306,8//	3,180,572	3,275,004	4,771,748	04,025,761
17       Regis Generating Status L.P. Terminatin's       TOR.004       TOR.004       TOR.004       TOR.004       TOR.004       TOR.004       TOR.004       TOR.004       Exercises         18       Status Comps <sup>1</sup> -       -       (L.401.401)       (232.778)       (2														
12         Size Corporate Yourse Test Change <sup>1</sup> -         (2,42,783)         (222,778) <td></td> <td></td> <td></td> <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td> <td></td> <td></td>				•								-		
19       86/04 Thu-10Columbia*       (133,560)       (133,560)         19       86/04 Thu-10Columbia*       (133,560)       (133,560)         19       86/04 Thu-10Theodon*       (133,560)       (131,560)       (131,560)         19       86/04 Thu-10Theodon*       (131,560)       (131,560)       (131,560)         19       86/04 Thu-10Theodon*       (131,560)       (111,550)       (111,550)         10       86/04 Thu-10Theodon*       (131,560)       (111,550)       (111,550)         10       86/04 Thu-10Theodon*       (111,550)       441,550       (111,550)       441,550         10       70/14/00       100,15,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       30,015,502       513,320       513,520		708,094	704,621											
10       10 <td< td=""><td></td><td>· ·</td><td>•</td><td>(3,491,633)</td><td>(232,776)</td><td>(232,776)</td><td>(232,770)</td><td>(232,776)</td><td>(230,776)</td><td></td><td>(232,776)</td><td>(202,170)</td><td>(232,776)</td><td></td></td<>		· ·	•	(3,491,633)	(232,776)	(232,776)	(232,770)	(232,776)	(230,776)		(232,776)	(202,170)	(232,776)	
1       9 cdDA Towly-Lab Placid*       p1:1000       10:000 <td< td=""><td></td><td>•</td><td>•</td><td>•</td><td>•</td><td>•</td><td></td><td>•</td><td>•</td><td></td><td></td><td>•</td><td>•</td><td></td></td<>		•	•	•	•	•		•	•			•	•	
12       Stellink True-Lip - Trueton*       - <t< td=""><td></td><td></td><td>•</td><td></td><td>•</td><td>•</td><td>•</td><td>•</td><td>•</td><td></td><td>•</td><td></td><td></td><td></td></t<>			•		•	•	•	•	•		•			
33       Total Offer Capacity Costs       007,300       001,674       (2,700,467)       247,148       253,201       457,118       445,863       414,532       (555,315)       440,465       416,621       (2,41,311)         34       Total Offer Capacity Costs       33,562,233       34,613,004       22,222,214       30,353,285       31,473,001       36,015,602       34,533,000       30,873,497       31,000,407       33,007,854       404,357,707         35       158/93 Revenues Requirement <sup>3</sup> 573,320       57			•		_		-						-	
34       Toeld Capacity Costs (Lim: 11+17-24+33)       33,542,203       34,013,004       22,220,214       30,353,285       31,473,001       36,015,160       30,015,502       30,510,624       34,553,000       30,875,497       31,000,407       33,007,854       404,397,707         25       158783 Revenue Requirement <sup>3</sup> 573,320       573		897,369	094.674	(2.790.424)	47.45	459,301	457.118	445,003	414.532		441.359	440,405	418.621	
25       152 152-55       152 220       572,220				• • • •								-		
20       Tetal Recoverable Capacity & 13781 Costs #me 34+25)       34,122,523       35,128,224       29,002,534       30,070,055       32,040,150       38,588,499       30,588,421       40,009,044       35,127,315       31,448,817       31,573,807       33,671,174       411,177,543         27       Capacity Revenues (wt of tax)       27,694,435       28,081,105       29,872,850       34,141,020       32,024,050       32,024,050       32,024,105       31,573,807       33,671,174       411,177,543         26       Capacity Revenues (wt of tax)       27,694,435       28,001,105       29,872,802       32,042,176       32,024,100       32,024,003       41,022,830       40,009,044       35,127,315       31,448,817       31,573,807       33,671,174       411,177,543         30       Pace Pasico Time-Up Provision Deer/Under/ Recovery       134,042       154,042 <td>34 Total Capacity Costs (Line 11+17+24+33)</td> <td>33,548,203</td> <td>34,613,004</td> <td>28,229,214</td> <td>30,355,285</td> <td>31,475,801</td> <td>36,015,180</td> <td>39,015,502</td> <td>39,510,024</td> <td>34,553,990</td> <td>30,875,497</td> <td>31,000,487</td> <td>33.007,854</td> <td>404,297,707</td>	34 Total Capacity Costs (Line 11+17+24+33)	33,548,203	34,613,004	28,229,214	30,355,285	31,475,801	36,015,180	39,015,502	39,510,024	34,553,990	30,875,497	31,000,487	33.007,854	404,297,707
20       Tetal Recoverable Capacity & 13781 Costs #me 34+25)       34,122,523       35,128,224       29,002,534       30,070,055       32,040,150       38,588,499       30,588,421       40,009,044       35,127,315       31,448,817       31,573,807       33,671,174       411,177,543         27       Capacity Revenues (wt of tax)       27,694,435       28,081,105       29,872,850       34,141,020       32,024,050       32,024,050       32,024,105       31,573,807       33,671,174       411,177,543         26       Capacity Revenues (wt of tax)       27,694,435       28,001,105       29,872,802       32,042,176       32,024,100       32,024,003       41,022,830       40,009,044       35,127,315       31,448,817       31,573,807       33,671,174       411,177,543         30       Pace Pasico Time-Up Provision Deer/Under/ Recovery       134,042       154,042 <td>•</td> <td></td>	•													
37       Capacity Revenues: 13       Capacity Revenues: Capacity Revenues: 14       27/64,455       28,611,105       29,875,820       34,141,020       32,023,716       30,912,727       42,073,331       41,023,530       40,841,915       30,543,710       35,044,527       31,375,002       416,228,40         39       Pater Period Time-Up Penistion Owe(Under) Recovery 0       Under Period       154,042<	25 19751 Revenue Requirement*	573,320	673,320	573,520	573,320	673,320	673,320	673,820	573,320	573,330	573,320	573,320	573,320	6,670,637
37       Capacity Revenues: 13       Capacity Revenues: Capacity Revenues: 14       27/64,455       28,611,105       29,875,820       34,141,020       32,023,716       30,912,727       42,073,331       41,023,530       40,841,915       30,543,710       35,044,527       31,375,002       416,228,40         39       Pater Period Time-Up Penistion Owe(Under) Recovery 0       Under Period       154,042<	26 Total Bassimuchia Consulty & 19581 Conte Star S4420	84 177 677	36 (36 334	10 000 514	30 838 805	12.040 (20	28 533 490	10 510 624	40.080.044	15 197 915	11 448 817	31 573 607	93 A71 174	411 177 541
33       Conservery Cost Renovay Reamans (we of tax)       27,084,405       28,061,105       29,075,650       34,914(20       32,022,176       32,072,171       32,072,131       41,022,330       40,041,915       35,044,377       31,075,002       416,028,240         30       Pair Paciol Tam-Up Panishon Owe(Under) Recovery       154,002       152,010       154,002<		or, 122, 343	الإشرعان وردى	20,002,034	30,820,000	34,000,100	40.000, 4 <b>7</b> 0	ao, ava, a 2 1		واحراءه يبح	2 a,a,a 17	······································		
39       Prior Paind Time Up Pendix One-effUnder) Recovery       154,042														
40       Oursert Pariod COR Reananse frait of tax)       27,248,477       25,515,151       30,020,002       34,315,003       32,174,760       37,004,760       42,232,373       41,177,573       40,002,007       30,702,152       35,108,000       31,528,645       416,007,744         41       The-Up Provision       10,007,020       10,002,070       10,007,020 <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>														
41         Tom-Up Providing           42         Tom-Up Providing           43         Tom-Up Providing           44         Tom-Up Providing           45         Tom-Up Providing           46         The-Up Providing           47         Tom-Up Providing           48         Tom-Up Providing           49         Tom-Up Providing           40         The-Up Providing           41         Tom-Up Providing           42         The-Up Providing           43         Tom-Up Providing           44         The-Up Providing           45         Current Cycle Balance - Ower(Under)           46         Price Providing           47         Price Provid Providing           48         Price Provid Providing           49         Price Provid Providing           41         The-Up Calescale           42         Current Cycle Providing           43         Tom-Up Calescale           44         The-Up Calescale Construct           45         Current Cycle Providing           46         Price Prival Providing           47         Price Prival Providing           48         Price Prival Providing     <				130,042				42 200 929						
42         Three-Up Provided           43         Three-Up Provided           44         Three-Up Provided           45         Three-Up Provided           46         Three-Up Provided           47         Three-Up Provided           48         Three-Up Provided           49         Three-Up Provided           49         Three-Up Provided           49         Three-Up Provided           41         three-Up Provided           42         Three-Up Provided           43         Three-Up Provided           44         three-Up Provided           45         Current Cycle Balance - Ower(Uncler)           (52,724,955)         (12,658,152)           (11,450,152)         (11,450,350)           (11,450,352)         (11,450,350)           (11,450,352)         (11,450,350)           (11,450,352)         (11,450,350)           (11,450,352)         (11,450,350)           40         Phanol Balance - Ower(Uncler)           4150,0421         (154,042)           (154,042)         (154,042)           (154,042)         (154,042)           (154,042)         (154,042)           (154,042)         (154,042)				~~~~~										
40         Thusk by Prinsision - Omer(Under) Record Line 40-305)         (0,274,046)         (0,371,173)         1,227,128         3,338,457         125,078         (1,021,1720)         2,445,551         1,067,629         5,000,442         5,224,035         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,524,435         3,522,241         3,333,445         0,501,204         4,510,204         4,510,205         (1,1,720)         1,1,720)         1,1,720)         1,1,720)         1,1,720)         (1,1,720)         (1,1,720)         (1,1,720)         (1,1,720)         (1,2,1,720)         (2,443,561)         (1,650)         (3,10)         124,144         653         722         (4,24,242)           45         Ourset Cycle Balance - Ower(Under)         (0,2,72,655)         (11,650,252)         (11,650,252)         (11,650,252)         (11,650,252)         (12,641,202)         (13,611)         (13,611)         (13,611)         (13,611)         (13,611)         (13,611)         (13,611)         (13,611)         (13,611)         (13,612)         (14,642)         (154,042)         (154,042)         (154,042)         (154,042)         (154,042)         (154,042)         (154,042)         (154,042) </td <td></td> <td>J</td> <td></td>		J												
45         Current Cycle B Jalance - Ower(Uncler)         (9,278,655)         (12,058,020)         (11,450,350)         (0,072,661)         (7,647,673)         (0,406,662)         (5,122,241)         (12,146)         5,353,245         0,000,077         6,607,604         0,007,004           46         Place Plance - Ower(Uncler)         1,050,722         606,682         742,643         828,001         434,359         220,510         122,146         5,353,245         0,000,077         6,607,604         0,007,004           47         Place Plance - Ower(Uncler)         1,050,722         606,088         742,643         828,001         434,359         220,510         122,444         (27,008)         (431,011)         (233,053)         (489,006)         (94,732)         1,560,021         1154,0421         (154,0421)         (154,04	43 True-Up Provision - Over/(Under) Recov (Line 40-36)						(1,521,729)							6,910,206
46         Pátor Pasical Balance - Over(Linder)         1,050,723         808,058         742,643         639,001         434,359         230,516         123,474         (27,008)         (131,011)         (333,653)         (458,060)         (043,732)         1,050,728           47         Peter Pesical Balance - Over(Linder)         1154,042)         (154,0							(680)							
47         Peter Pendod Cumuladine Thur-Up Collectual(Plantunded)         1154,0421         (154,042)	43 Current Cycle Balance - Over/(Under)	(8,276,958)	(12,059,026)	(11,430,365)	(8,072,091)	(7,947,573)	(9,409,982)	(0,827,241)	(3,740,251)	123, 148	5,363,245	9,006,670	6,807,864	0,007,004
47 Peior Paelod Curnulatile True-Up Calentad(Platundad) (154,042)	46 Price Period Balance - Over/(Under) Recovered													
	47 Prior Period Cumulative True-Up Collected (Relunded)	1154,0421			(154,042)									
49 Wet Capacity Tays an Overfündent \$1,000 (\$4443) (\$3,580,272) (11,010,002) (10,001,704] (7,053,153) (7,057,056] (0,343,500) (0,353,500) (0,353,500] (3,253,500) (0,353,500)	48 Prior Period True-up Estence - Over(Under)	800,638	742,643	688,001	434,659	290,516	128,474	(27,500)	(131,611)	(335,663)	(489,000)	(843,738)	(797,781)	(797,781)
	49 Net Capacity True-up Over/(Under) (Line 45+45)	(5,380,272)	(11,918,962)	(10,861,764)	17,638,1831	(7,667,056)	(9,343,606)	(8,854,800)	(5,921,882)	(207,507)	4,893,540	8,364,932	6,070,083	6,070,063