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ASSOCIATE GENERAL COUNSEL

December 17, 2018

VIA ELECTRONIC DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition to initiate rulemaking to revise and amend portions of Rule 25-6.0426,*
F.A.C.: Docket 20180143-EI

Dear Ms. Stauffer:

Please find enclosed for electronic filing, Duke Energy Florida, LLC's Response to Staff's Second Data Request (Nos. 1-5).

Thank you for your assistance in this matter. If you have any questions concerning this filing, please feel free to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB/cmkn
Enclosure

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 17th day of December, 2018.

/s/ Matthew R. Bernier

Attorney

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**DUKE ENERGY FLORIDA, LLC'S, RESPONSE TO STAFF'S SECOND DATA
REQUEST (NOS. 1-5) REGARDING THE PETITION TO INITIATE RULEMAKING
TO REVISE AND AMEND PORTIONS OF RULE 25-6.0426, F.A.C.,
BY FLORIDA POWER & LIGHT COMPANY, et al.**

DOCKET NO. 20180143-EI

1. Please confirm that DEF's 2018 Forecasted December Earnings Surveillance report shows jurisdictional operating revenues of \$4,634,310,885 and that 0.15% would be \$6,951,916; however, for 2018, \$3 million is the limit of DEF's economic development expenses pursuant to Rule 25-6.0426(2)(b), F.A.C. If not, please explain.

RESPONSE:

DEF confirms that its 2018 Forecasted December Earnings Surveillance report shows jurisdictional operating revenues of \$4,634,310,885. 0.15% of this would be \$6,951,446, which is slightly different from the amount in the request. For 2018, the limit of DEF's economic development expenses, pursuant to the rule, is \$3 million.

2. Rule 25-6.0426(5) states that each utility shall report its total economic development expenses as a separate line item on its income statement schedules filed with the earnings surveillance report. Please clarify where in the earnings surveillance report this number is found.

RESPONSE:

DEF has interpreted Section (5) of the rule to require each utility to remove the appropriate amount of economic development expense as a separate FPSC adjustment line item in its income statement schedules in surveillance. FPSC adjustments to remove a portion of economic development expense were not reported in DEF's 2016-2018 surveillance reports, because, as originally calculated, these amounts fell below the minimum thresholds per Section (3)(a) of the rule.

Upon a thorough review of actual economic development expenses from 2016-2018, DEF provided updated amounts in response to Staff's First Data Request #3. Those revised amounts for 2016 and 2017 were slightly higher than had been originally calculated, and they were large enough that they just crossed the minimum thresholds, as shown in the table below. As of August, YTD economic development expense was below the threshold, but it is expected to exceed that threshold by the end of 2018, and DEF will reflect an FPSC adjustment to remove the appropriate amount in its December surveillance report. That adjustment will be carried forward and updated annually.

Threshold is greater of:

Year	# Retail Customers	Escalation rate from 2010	2010 ED Escalated	95% of Actual ED	Actual ED	ED Adjustment for Surveillance
2010 (Rate Case)	1,640,833		\$720,000			
2016	1,743,136	6.23%	\$764,891	\$732,084	\$770,615	\$5,724
2017	1,775,000	8.18%	\$778,873	\$777,579	\$818,504	\$39,631
YTD Aug 2018	1,796,503	9.49%	\$788,308	\$632,166	\$665,438	\$0

- Please state the dollar amounts of shareholder portion of economic development expenses for 2016, 2017, and 2018.

RESPONSE:

The shareholder portions of economic development expenses that were reflected in O&M expense in 2016-2018 are provided in the last column of the table in response to #2 above. The “2010 ED Escalated” column represents the amount approved in DEF’s last rate case escalated for customer growth. In calculating the shareholder portion (aka the amount to adjust from surveillance reports), DEF first compares the “Actual ED” column to the “2010 ED Escalated” column, and if “Actual ED” is lower than “2010 ED Escalated”, then no adjustment is necessary. If “Actual ED” is greater than “2010 Escalated ED”, then DEF removes 5% of actual ED from surveillance, but no more than the amount that results in ED expense that is equal to the “2010 ED Escalated” amount. For example, 2016 ED expense was \$770,615. The threshold was \$764,891. Rather than removing 5% of \$770,615, or \$38,531, DEF would have removed the difference between “Actual ED” and “2010 ED Escalated”, or \$5,724. As explained in response to #2, DEF did not make any surveillance adjustments, because the amounts originally calculated did not exceed the “2010 ED Escalated” amounts. The amounts in the table are revised amounts based on a more thorough analysis.

- Referring to number 6 of DEF’s response to staff’s first data request, please explain why the shareholder portion of economic development expenses is 0% for 2016.

RESPONSE:

Please see DEF’s responses to #2 and #3. The shareholder portion should have been .74%, calculated by dividing \$5,724 by \$770,615. DEF rounded to zero in its original response.

- Please state DEF’s projected total 2018 economic development expenses.

RESPONSE:

DEF’s projected 2018 economic development expenses are \$1,113,521. Actual spend

through November is \$1,020,728. Dividing by 11 establishes a monthly run rate of \$92,793. $\$1,020,728 + \$92,793 = \$1,113,521$.