

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a plant account and depreciation rate for electric vehicle DC fast charge stations by Duke Energy Florida, LLC.

DOCKET NO. 20220029-EI  
ORDER NO. PSC-2022-0183-PAA-EI  
ISSUED: May 20, 2022

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman  
ART GRAHAM  
GARY F. CLARK  
MIKE LA ROSA  
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING PLANT ACCOUNT AND  
DEPRECIATION RATE FOR ELECTRIC VEHICLE  
DIRECT CHARGE FAST CHARGE STATIONS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BACKGROUND

On February 4, 2022, Duke Energy Florida, LLC (DEF or Company) filed a request for approval of a plant account and depreciation rate for electric vehicle direct current fast charge (DCFC) stations (Petition). The Company's request is in accordance with Rule 25-6.0436(3)(b), F.A.C., which provides that "[u]pon establishing a new account or subaccount classification, each utility shall request Commission approval of a depreciation rate for the new plant category."

Pursuant to Rule 25-6.0436(3)(a), F.A.C., electric utilities are required to maintain depreciation rates and accumulated depreciation reserves in accounts or subaccounts in accordance with the Uniform System of Accounts (USOA) for Public Utilities and Licensees, as found in the Code of Federal Regulations,<sup>1</sup> which is incorporated by reference in Rule 25-6.014(1), F.A.C.

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<sup>1</sup>Code of Federal Regulations, Title 18, Subchapter C, Part 101, for Major Utilities, as revised April 1, 2013.

In June 2021, pursuant to the terms of the Company's 2021 Settlement Agreement (2021 Settlement), DEF received our authorization to implement three new Electric Vehicle Programs (EV Programs),<sup>2</sup> which effectively discontinued DEF's existing 2017 EV Charging Station Pilot Program (2017 EV Pilot).

The 2017 EV Pilot was established and approved as a five-year program and recorded on DEF's books as a regulatory asset.<sup>3</sup> While the 2017 EV Pilot has been discontinued, in accordance with the 2021 Settlement, DEF is allowed to continue operation of the DCFC stations that were installed during the 2017 EV Pilot period and to continue to recover associated costs.<sup>4</sup>

As part of the three new EV Programs, DEF will install Company-owned DCFC stations similar to those that were first introduced to DEF's system under the 2017 EV Pilot. In order to properly account for the depreciation that is related to the new DCFC stations, DEF is requesting approval to record the costs of these charging stations and all related equipment in a subaccount of Federal Energy Regulatory Commission (FERC) Account 370 – Meters. DEF is also requesting approval of a depreciation rate of 10 percent for equipment so recorded.

The Company reports that no depreciation expense related to the new EV programs has been recorded,<sup>5</sup> as no associated DCFC stations have been placed into service. Therefore, DEF is not requesting any accounting adjustments, such as transfers of plant investments and associated book reserves, be performed as part of this docket.

We are not aware of any public comments or concerns regarding this matter. We have jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

### DECISION

The Company reports that no DCFC stations or related depreciation expense associated with the new EV Programs approved under the 2021 Settlement have been recorded. The Company is requesting authorization to record and depreciate DCFC stations and related equipment in proposed Account 370.7 – EV Charging Stations which would be a newly created sub-account of FERC Account 370 – Meters.

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<sup>2</sup>Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*

<sup>3</sup>Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*

<sup>4</sup>Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*

<sup>5</sup>DCFC stations placed into service as part of the Company's 2017 EV Pilot were recorded on DEF's books as a regulatory asset, and therefore, do not have any associated depreciation expense.

### Account Classification

Regulatory guidance regarding account classification of electric vehicle charging stations and related equipment is not clearly defined, as there is currently no listing of electric vehicle charging stations under any plant account within the USOA. However, DEF references two utilities that currently record depreciation of DCFC stations. These two referenced utilities are San Diego Gas and Electric (SDG&E) and Florida Power and Light Company (FPL).

With regard to the appropriate FERC account or sub-account for recording DCFC stations, DEF references FERC's Audit Report of SDG&E, which was included in FERC Docket No. FA19-3-000. In that report, FERC audit staff concluded that EV charging stations are more appropriately recorded to either Account 370 – Meters, or Account 371 – Installations on Customer Premises, than any other FERC account, given the nature of the assets and their control and monitoring capabilities.

In addition to FERC's Audit Report of SDG&E, DEF references FPL and its current utilization of FERC Account 371.40 with a depreciable life of 15 years for its EV charging stations and equipment. This account and depreciation rate are reflected in FPL's 2021 Depreciation Study, which was included as part of the 2021 Settlement to FPL's rate case.<sup>6</sup>

Commission staff asked DEF to explain its choice of Account 370 – Meters as the better option over other accounts, including Account 371 – Installations on Customer Premises. The Company responded that recording depreciation of DCFC stations and related equipment in Account 370 – Meters or Account 371 – Installation on Customer Premises is consistent with guidance from the aforementioned FERC audit report of SDG&E. DEF further stated, "although the DCFC stations are on the customers' premises, the Company will utilize the meter for its own use, versus utilization by the customer on whose premises the meter is installed."<sup>7</sup> Based on this information, the Company believes that Account 370 – Meters is the most appropriate account to record the DCFC stations and related equipment. We agree that Account 370 – Meters is the appropriate account for DEF's DCFC stations and related equipment.

DEF also states that, in the event the USOA is modified to designate a specific account or subaccount for electric vehicle chargers and related equipment, it would make any required adjustments necessary to align with USOA instructions.

### Requested Depreciation Parameters

The Company has requested our approval of a 10-year average service life (ASL) and a zero percent net salvage level (NS) for depreciating its DCFC stations and related equipment. An annual depreciation rate of 10 percent is computed by using these parameters.<sup>8</sup>

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<sup>6</sup>Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increases, by Florida Power & Light Company*.

<sup>7</sup>Document No. 01660-2022, DEF Response to Staff's First Data Request, No. 1.(f).

<sup>8</sup>Rules 25-6.0436(1)(e) and 25-6.0436(1)(m), F.A.C., specify the depreciation rate formulae and methodologies we are to apply.

In support of the proposed ten-year ASL, DEF relied on guidance from the manufacturer of the DCFC stations, ABB, which indicated that the minimum design life is ten years. DEF also received confirmation from the Company's third-party depreciation consultant that a 10-year ASL is typical for DCFC stations.

Given that utility-scale energy storage equipment/technology is a relatively new technology, we believe the Company's proposal of an ASL at the bottom-end of a 10- to 15-year ASL range represents a measured and reasonable approach in life estimation. Further, we will have future opportunities based on existing rules to evaluate DEF's depreciation data associated with useful lives and net salvage levels of this equipment and to order modifications as may be appropriate.<sup>9</sup>

We find that the appropriate sub-account for Company-owned DCFC stations and related equipment is Account 370.7 – EV Charging Stations. We also find an annual depreciation rate of 10 percent, applicable to DEF's newly-established Account 370.7 – EV Charging Stations, to be appropriate.

#### Effective Date

In its Petition, DEF requested an implementation date of January 1, 2022 for the proposed Account 370.7 – EV Charging Stations and accompanying depreciation rate. As stated earlier, this new sub-account relates to DEF's DCFC station investments associated with the Company's EV Programs, which were approved by the Commission pursuant to the Company's 2021 Settlement. The depreciation rates included as part of the 2021 Settlement have an effective date of January 1, 2022. Since DEF's requested implementation date matches that in the 2021 Settlement, and it is consistent with past Commission Orders,<sup>10</sup> we agree with the request and find the implementation date of January 1, 2022, appropriate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Duke Energy Florida, LLC's Petition for Approval of a Plant Account and Depreciation Rate for Electric Vehicle DC Fast Charge Stations is hereby approved as stated in the body of this Order. It is further

ORDERED that the depreciation subaccount and corresponding parameters and rate approved herein are effective January 1, 2022. It is further

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<sup>9</sup>See Rule 25-6.0436(4)(a), F.A.C. (investor-owned electric companies must file a depreciation study for Commission review at least once every four years from submission of the previous study and/or pursuant to Commission order) and Rule 25-6.0436(6), F.A.C. (investor-owned electric companies must file an annual depreciation status report as part of the filing of the annual report pursuant to Rule 25-6.135, F.A.C.).

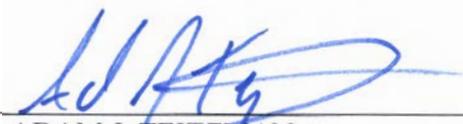
<sup>10</sup>Order No. PSC-08-0623-PAA-GU, issued September 24, 2008, in Docket No. 20080163-GU, *In re: Petition for approval to create regulatory subaccount of meter installations to capitalize all incurred and future costs associated with installation of encoder receiver transmitters (ERTs) under provisions of Statement of Financial Accounting Standard No. 71, Accounting for the Effects of Certain Types of Regulations (SFAS 71); and requesting depreciation of installation costs of ERTs over 15-year period beginning January 1, 2008, by Florida City Gas.*

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 20th day of May, 2022.



ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SPS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 10, 2022.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.