



Matthew R. Bernier
Associate General Counsel

September 29, 2023

VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole and Tropical Storm Fred by Duke Energy Florida, LLC; Docket No. 20230020-EI

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find attached for electronic filing in the above reference docket:

- DEF's Petition for Approval of Actual Incremental Storm Restoration Costs Related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred;
- Direct Testimony of Christopher A. Menendez and Exhibit No. ____ (CAM-1) and Exhibit No. ____ (CAM-2);
- Direct Testimony of Shelly Ross and Exhibit No. ____ (SR-1), Exhibit No. ____ (SR-2), Exhibit No. ____ (SR-3), Exhibit No. ____ (SR-4), Exhibit No. ____ (SR-5), Exhibit No. ____ (SR-6), Exhibit No. ____ (SR-7) and Exhibit No. ____ (SR-8); and
- Direct Testimony of William Todd Fountain.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

s/ Matthew R. Bernier
Matthew R. Bernier

MRB/mw
Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC,
for limited proceeding for recovery of
incremental storm restoration costs related
to Hurricanes Elsa, Eta, Isaias, Ian, Nicole
and Tropical Storm Fred

Docket No. 20230020-EI

Dated: September 29, 2023

**PETITION BY DUKE ENERGY FLORIDA, LLC, FOR APPROVAL
OF ACTUAL INCREMENTAL STORM RESTORATION COSTS RELATED TO
HURRICANES ELSA, ETA, ISAIAS, IAN, NICOLE, AND TROPICAL STORM FRED**

Duke Energy Florida, LLC (“DEF” or the “Company”), pursuant to Section 366.076(1), Florida Statutes, Rules 25-6.0143 and 25-6.0431, Florida Administrative Code, the 2021 Settlement Agreement approved by the Florida Public Service Commission (the “Commission”) in Order No. PSC-2021-0202A-AS-EI, and Order No. PSC-2023-0111-PCO-EI (authorizing recovery of an interim storm restoration recovery charge), hereby files this petition requesting approval of (a) DEF’s actual recoverable storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole and Tropical Storm Fred (the “Storms”), including replenishment of DEF’s storm reserve as contemplated by the 2021 Settlement Agreement and financing costs (the “Recoverable Storm Costs”), in the amount of \$431.4 million; and (b) the process for refunding or collecting any overcollection or shortfall in Recoverable Storm Costs at the conclusion of the interim charge previously authorized by this Commission. In support of this Petition, DEF states as follows:

INTRODUCTION

1. DEF is an investor-owned utility operating under the jurisdiction of the Commission pursuant to the provisions of Chapter 366, F.S. The Company's principal place of business is located at 299 1st Avenue North, St. Petersburg, Florida 33701.

2. This Petition is being filed in accordance with the requirements of Rule 28-106.201, F.A.C.¹

3. The Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399, is the agency affected by this Petition. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06 and 366.076, F.S., and Rules 25-6.0143 and 25-6.0431, F.A.C.

4. For purposes of this Petition and the resulting proceeding, Petitioner's address shall be that of its undersigned counsel. Any pleading, motion, notice, order or other document required to be served upon DEF or filed by any party to this proceeding should be served upon DEF's undersigned counsel.

5. DEF does not know which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting testimony and exhibits, may be disputed by any others who may plan to participate in this proceeding.

BACKGROUND AND OVERVIEW

6. DEF serves more than 1.9 million retail customers in Florida. Its service area comprises approximately 20,000 square miles, including the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola and Seminole

¹ Portions of subsections (2)(b)(c) and (f) of Rule 28-106.201, F.A.C., do not apply to this proceeding and are, therefore, not being addressed in this Petition.

Counties. DEF supplies electricity at retail to approximately 350 communities and at wholesale to municipalities, utilities, and power agencies in Florida.

7. On January 23, 2023, DEF filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover estimated Recoverable Storm Costs that DEF incurred in the amount of \$442.1 million in connection with the Storms (the “Interim Storm Charge”). The Commission approved the Interim Storm Charge for collection over the April 2023 through March 2024 timeframe. *See* Order No. PSC-2023-0111-PCO-EI. The Commission further ordered DEF to “file documentation of the total storm costs for our review and true-up of any excess or shortfall” after actual storm costs are known. *See id.* at p. 4.

8. In accordance with that Order, DEF is contemporaneously filing documentation demonstrating the actual storm costs DEF incurred in connection with the Storms. This documentation consists of the pre-filed testimony, with accompanying exhibits, of DEF witnesses William Todd Fountain, Shelly Ross, and Christopher Menendez which (a) document DEF’s actual Recoverable Storm Cost amount of \$431.4 million; (b) demonstrate that those costs were prudently incurred; (c) demonstrate that DEF accounted for those costs in accordance with the Incremental Cost and Capitalization Approach (“ICCA”) contained in Rule 25-6.0143, F.A.C. and the Irma Settlement Agreement²; and (d) propose a process for refunding or collecting any overcollection or shortfall in Recoverable Storm Costs at the conclusion of the Interim Storm Charge previously authorized by this Commission.

9. In his pre-filed testimony, Mr. Fountain describes the operation of the Company’s storm plan, including the storm-related preparedness plans and processes that DEF utilized during

² *See* Order No. PSC-2019-0232A-AS-EI, Docket No. 20170272-EI.

the Storms. Mr. Fountain provides a storm-by-storm discussion of the timeline DEF followed for onboarding resources (both native and non-native resources, including mutual assistance), mobilizing and demobilizing of resources, and completing restoration efforts. Mr. Fountain also discusses the number of resources brought to bear in response to each storm. Finally, he also provides an overview of the storm-related costs incurred in responding to each of storms.

10. As detailed in Ms. Ross' pre-filed testimony, DEF's actual Recoverable Storm Cost amount of \$431.4 million was calculated in accordance with the ICCA methodology required by Rule 25-6.0143, F.A.C., and following the Storm Restoration Cost Process Improvements included in the Irma Settlement. Ms. Ross describes how DEF tracked, recorded, and accounted storm costs during and after the storms, and explains the processes DEF has in place to ensure costs assigned to storms are in fact attributable to those storms. DEF's accounting records thoroughly track all storm restoration costs charged to DEF and the Company's payment of those charges.

11. In Mr. Menendez's testimony, he describes the process for recovering the Recoverable Storm Costs as well as the Company's proposal for handling any true-up after the cessation of the Interim Storm Charge.

12. Mr. Menendez's testimony also includes PWC's Opinion and Examination Report as Exhibit No. __ (CAM-2). This Report was prepared and submitted as required by Paragraph II.B. of the Irma Settlement.

CONCLUSION

Wherefore, DEF respectfully requests that the Commission (a) determine that DEF's actual Recoverable Storm Cost amount of \$431.4 million was prudently incurred; (b) determine that DEF's actual Recoverable Storm Costs were appropriately calculated in compliance with Rule 25-6.0143 and the Irma Settlement; (c) enter an order permitting DEF to collect or refund any under

or overcollection of Storm Costs through the capacity recovery clause as described in Mr. Menendez's pre-filed direct testimony; and (d) grant other such relief as the Commission determines appropriate.

Respectfully submitted,

/s/ Matthew R. Bernier

DIANNE TRIPLETT

Deputy General Counsel
299 1st Avenue North
St. Petersburg, Florida 33701
T: (727) 820-4692
F: (727) 820-5041
E: dianne.triplett@duke-energy.com

MATTHEW R. BERNIER

Associate General Counsel
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
T: (850) 521-1428
F: (727) 820-5041
E: matthew.bernier@duke-energy.com

STEPHANIE A. CUELLO

Senior Counsel
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
T: (850) 521-1425
F: (727) 820-5041
E: stephanie.cuello@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Attorneys for Duke Energy Florida, LLC

CERTIFICATE OF SERVICE

Docket No. 20230020-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 29th day of September, 2023, to the following:

/s/ Matthew R. Bernier
Matthew R. Bernier

<p>Austin Watrous Suzanne Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 awatrous@psc.state.fl.us sbrownle@psc.state.fl.us</p>	<p>Charles J. Rehwinkel Office of Public Counsel 111 W. Madison St., Rm 812 Tallahassee, FL 32399 rehwinkel.charles@leg.state.fl.us</p>
<p>Stephanie U. Eaton Spilman Thomas & Battle, PLLC 110 Oakwood Drive, Suite 500 Winston-Salem, NC 27103 seaton@spilmanlaw.com</p>	<p>Derrick Price Williamson Steven W. Lee Spilman Thomas & Battle, PLLC 1100 Bent Creek Boulevard, Suite 101 Mechanicsburg, PA 17050 dwilliamson@spilmanlaw.com slee@spilmanlaw.com</p>

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED
PROCEEDING FOR RECOVERY OF INCREMENTAL STORM
RESTORATION COSTS RELATED TO HURRICANES ELSA, ETA, ISAIAS,
IAN, NICOLE, AND TROPICAL STORM FRED**

FPSC DOCKET NO. 20230020-EI

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

SEPTEMBER 29, 2023

1 **Q. Please state your name and business address.**

2 **A.** My name is Christopher A, Menendez. My business address is Duke Energy
3 Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

4
5 **Q. By whom are you employed and what is your position?**

6 **A.** I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as
7 Director of Rates and Regulatory Planning.

8
9 **Q. Please describe your duties and responsibilities in that position.**

10 **A.** I am responsible for the Company’s regulatory planning and cost recovery,
11 including the Company’s Storm Cost Recovery Filings.

12
13 **Q. Please describe your educational background and professional experience.**

14 **A.** I joined the Company on April 7, 2008. Since joining the company, I have held
15 various positions in the Florida Planning & Strategy group, DEF Fossil Hydro
16 Operations Finance and DEF Rates and Regulatory Strategy. I was promoted to my

1 current position in April 2021. Prior to working at DEF, I was the Manager of
2 Inventory Accounting and Control for North American Operations at Cott
3 Beverages. I received a Bachelor of Science degree in Accounting from the
4 University of South Florida, and I am a Certified Public Accountant in the State of
5 Florida.

6

7 **Q. What is the purpose of your direct testimony?**

8 **A.** The purpose of my testimony is to explain DEF’s proposed true-up of any final
9 over or under recovery amount related to the Interim Storm Restoration Recovery
10 Charge effective the first billing cycle of April 2023 and ending the earlier of full
11 recovery or with the last billing cycle of March 2024. This charge was approved
12 by the Commission in Order No. PSC-2023-0111-PCO-EI (“the Order”).

13

14 **Q. Do you have any exhibits to your testimony?**

15 **A.** Yes, I am sponsoring the following:

- 16 • Exhibit No. __ (CAM-1) “Recovery of Storm Restoration Costs.” This Exhibit
17 shows the total recoverable restoration costs, along with monthly revenues and
18 interest collected through July 2023. An update to this Exhibit will be filed
19 with the Commission on or before June 1, 2024.
- 20 • Exhibit No. __ (CAM-2) “PWC Opinion and Examination Report”.

21

22 **Q. Please describe the Interim Storm Restoration Recovery Charge.**

1 A. The Interim Storm Restoration Recovery Charge (“Interim Charge”) was designed
2 to recover estimated incremental storm restoration costs of approximately \$442.1M
3 associated with Hurricanes Elsa, Eta, Ian, Isaias, Nicole, and Tropical Storm (“TS”)
4 Fred (the “Storms”) over a 12-month period from April 2023 through March 2024,
5 or until fully recovered. The Order states “once the total actual storm costs are
6 known, DEF shall file documentation of the storm costs for our review and true-up
7 of any excess or shortfall. The disposition of any over/under recovery and
8 associated interest, will be considered by this Commission at a later date.”
9

10 **Q. How will DEF determine the final over or under recovery true-up amount**
11 **related to the Interim Charge, and what is DEF’s proposal to refund or charge**
12 **customers for any excess or shortfall?**

13 A. DEF will compare the final Storm Recovery Amount approved for recovery by the
14 Commission to actual revenues from the Interim Charge to determine any excess
15 or shortfall. Interest will be applied to this amount at the 30-day commercial paper
16 rate. Thereafter, DEF proposes to collect or refund the excess or shortfall through
17 the capacity clause in the normal true-up process.
18

19 **Q. How will DEF notify the Commission of the actual revenues received from the**
20 **Interim Charge?**

21 A. DEF will file a supplement to my direct testimony in the form of Exhibit No. ___
22 (CAM-1), on or before June 1, 2024, that will show actual recoverable restoration
23 costs along with monthly revenues and interest collected through the earlier of
24 March 2024 or full recovery of the total recoverable storm restoration costs.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Q. Are you familiar with the Settlement Agreement approved by the Commission in Docket No. 20170272?

A. Yes. That docket was opened for the Commission to review DEF’s incremental storm restoration costs incurred in responding to Hurricane Irma and six other named storms. The docket concluded with the Commission’s approval of a Settlement Agreement between DEF, the OPC, FIPUG, FRF, and PCS Phosphate (the “Irma Settlement”). The Commission’s approval was memorialized in Order No. PSC-2019-0232-AS-EI.

Q. Did the Irma Settlement include a requirement that DEF engage an independent outside firm to evaluate DEF’s compliance with the Storm Restoration Cost Process Improvements?

A. Yes. Paragraph II.B. of the Irma Settlement required DEF to engage an independent audit firm to evaluate DEF’s compliance with the terms of the Irma Settlement after the first named storm that caused recoverable costs in excess of the lower of \$40M or one-half of DEF’s authorized storm reserve amount. For DEF, Hurricane Ian triggered the requirement of Paragraph II.B.

Q. Has DEF complied with the requirements of Paragraph II.B.?

A. Yes. DEF engaged PWC to conduct the review required by the Irma Settlement. PWC’s Opinion and Examination Report is attached as Exhibit No. __ (CAM-2).

Q. Does this conclude your testimony?

1 A. Yes.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

Duke Energy Florida, LLC
Hurricanes Elsa, Eta, Ian, Isaias, Nicole/Tropical Storm Fred
Recovery of Storm Restoration Costs
(\$000's)

Docket No. 20230020
Exhibit CAM-1
Page 1 of 1

(A) (B) (C) (D) (E)=C+D (F)=B+E

Year	Month	Total Recoverable Restoration Costs	Revenues	Interest	Net Monthly Activity	Ending Balance
2023	April	(426,711)	34,579	(1,141)	33,438	(393,273)
2023	May	(393,273)	35,843	(1,030)	34,813	(358,460)
2023	June	(358,460)	43,406	(875)	42,531	(315,929)
2023	July	(315,929)	47,206	(700)	46,506	(269,422)



Report of Independent Accountants

To the Management of Duke Energy Florida, LLC

We have examined the accompanying management assertion of Duke Energy Florida, LLC (DEF) that (i) the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs recognized as of July 31, 2023 for costs incurred for the period from September 24, 2022 through March 10, 2023 based on the criteria described in Notes 1 and 2 and (ii) that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3. DEF's management is responsible for the assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. In performing our examination, consistent with the Duke Energy Florida, LLC storm cost settlement agreement filed on April 9, 2019 (Docket No. 20170272-EI), our examination procedures included the following activities:

- a) Interviewed key personnel
- b) Reviewed operating policies and procedures
- c) Reviewed relevant documents, such as executed contracts, labor and equipment rates, established work day hours, over time and double time criteria, and vendor employee rosters
- d) Compared vendor employee rosters to approved timesheets, and expense receipts (hotel, fuel or meal)
- e) Inspected and compared paid invoices to submitted expense receipts, submitted timesheets
- f) Recalculated and reconciled paid invoices
- g) Reconciled paid invoices with overall vendor invoice summaries or utility expense recap documents

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Management's assertion and our examination procedures were limited to evaluating the accuracy of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs and did not consider the completeness of the information presented in the Summary of Hurricane Ian Incremental Storm Restoration Costs.

The supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs, included on page 8, has been presented by DEF for additional analysis. DEF's filing on Document No. 00418-2023 was not part of our examination engagement, and accordingly, we do not express an opinion or provide any assurance on DEF's filing on Document No. 00418-2023 or the supplemental information.

In our opinion, management's assertion is fairly stated in all material respects.

PricewaterhouseCoopers LLP

Columbus, Ohio
September 15, 2023

Management Assertion on the Summary of Hurricane Ian Incremental Storm Restoration Costs

Management of Duke Energy Florida (“DEF” or the “Company”) asserts that the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs is an accurate presentation of the incremental storm restoration costs recognized as of July 31, 2023 for costs incurred for the period from September 24, 2022 through March 10, 2023 based on the criteria described in Notes 1 and 2.

Management also asserts that appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared, as well as that internal controls over the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained, based on the criteria described in Note 3.

Duke Energy Florida
 Summary of Hurricane Ian Incremental Storm Restoration Costs
 As of July 31, 2023 for Costs Incurred for the period from September 24, 2022 through March 10, 2023

	Type	Settled in Cash Net of Non- Incremental Costs	Imputed	Accrued for Future Payment	Total Incremental Storm Restoration Costs
A	Regular Payroll	\$ 4,312,733	\$ -	\$ -	\$ 4,312,733
B	Overtime Payroll	9,874,448	-	-	9,874,448
C	Labor Burdens/Incentives	5,075,949	-	-	5,075,949
D	Overhead Allocations	1,194,985	-	-	1,194,985
E	Employee Expenses	16,457,252	-	-	16,457,252
F	Contractor Costs	317,562,371	-	1,666,265	319,228,636
G	Materials & Supplies	19,036,828	-	-	19,036,828
H	Internal Fleet Costs	451,432	-	-	451,432
I	Other	-	-	-	-
J	Insurance Deductible	1,000,000	-	-	1,000,000
K	Interest	-	4,669,608	-	4,669,608
	Subtotal	374,965,998	4,669,608	1,666,265	381,301,871
L	Less Capitalizable Costs	(12,390,855)	-	(1,323,799)	(13,714,654)
	Total Incremental Storm Restoration Costs	\$ 362,575,143	\$ 4,669,608	\$ 342,466	\$ 367,587,217

The accompanying notes are an integral part of this Summary of Hurricane Ian Incremental Storm Restoration Costs.

Duke Energy Florida

Notes to the Summary of Hurricane Ian Incremental Storm Restoration Costs

As of July 31, 2023 for Costs Incurred for the period from September 24, 2022 through March 10, 2023

1. Background

Duke Energy Florida (“DEF” or the “Company”) is a public utility providing electric service to approximately 1.9 million customers. DEF is a wholly owned subsidiary of Duke Energy Corporation.

In September 2022, Hurricane Ian struck the Company’s service territory, severely damaging parts of the electrical system and causing power outages. Customer interruptions peaked at approximately 1,169,102 during September 30, 2022. The accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs includes the total incremental storm restoration costs recognized as of July 31, 2023 for costs incurred for the period from September 24, 2022 through March 10, 2023 to repair DEF’s electrical system as a direct result of the effects of Hurricane Ian.

For purposes of this assertion, incurred costs are those for which (A-D) employees have delivered a service for which base pay, overtime, and labor burdens have been paid, (E) employees and contractor crews were reimbursed for lodging, meals and mileage, (F) vendors delivered a service for which an amount has been paid or is owed, (G) inventoried material, fuel tankers (at staging sites) and other supplies, (H) fuel for company owned vehicles, (J) certain storm damages are applied to an insurance deductible, (K) carrying charges for amounts recognized for A through J, calculated using the monthly average of the 30-day commercial paper rate or (L) capitalized costs that were excluded from incremental storm costs.

Accounting Policies & Regulation

The Company’s accounting policies conform to generally accepted accounting principles in the United States of America (US GAAP), including the accounting principles for rate-regulated entities and are in accordance with the accounting requirements and ratemaking practices of the applicable regulatory authorities of the Florida Public Service Commission (FPSC) including the Duke Energy Florida Storm Cost Settlement Agreement filed on April 9, 2019 (Docket No. 20170272-EI) (hereinafter referred to as the “2019 Storm Cost Settlement Agreement”) and the Florida Administrative Code (FAC) rule 25-6.0143. DEF’s operations are subject to regulation by the Federal Energy Regulatory Commission (FERC) and DEF’s retail operations are also subject to regulation by the FPSC.

2. Cost Identification and Basis of Preparation

On June 13, 2019, the FPSC issued an order approving the settlement agreement for the recovery of storm restoration costs associated with Hurricanes Irma and Nate and ordering an “incremental cost methodology” and “process improvements” designed to reduce the number of disputes regarding storm restoration costs in the future (the 2019 Storm Cost Settlement Agreement). The cost methodology and process improvements related to incremental storm restoration costs recognized as of July 31, 2023 for costs incurred for the period from September 24, 2022 through March 10, 2023 include the following:

- A. **Regular Payroll** represents regular labor payroll costs incurred by employees of DEF or employees of affiliate entities of DEF for time spent related to storm restoration activities. Regular payroll costs were evaluated on a monthly basis and only those actual labor costs charged to storm reserve project work orders (i.e., charge codes) that were (a) comprised of base pay for employees of DEF and employees of affiliate entities of DEF and (b) greater than the applicable operation and maintenance expense three-year average for the same months, were deemed recoverable under the Incremental Cost and Capitalization Approach (ICCA) methodology set forth in FAC 25-6.0143*.
- B. **Overtime Payroll** represents overtime labor costs incurred by employees of DEF or employees of affiliate entities of DEF for time spent related to storm restoration activities. Overtime payroll costs were evaluated on a monthly basis and only those actual labor costs charged to storm reserve project work orders (i.e.,

- charge codes) that were (a) comprised of overtime pay for employees of DEF and employees of affiliate entities of DEF and (b) greater than the applicable operation and maintenance expense three-year average for the same months, were deemed recoverable under the Incremental Cost and Capitalization Approach (ICCA) methodology set forth in FAC 25-6.0143*.
- C. **Labor Burdens/Incentives** represents costs such as medical, payroll tax, and other non-incentive benefits incurred by employees of DEF or employees of affiliate entities of DEF for time spent related to storm restoration activities. Labor burden costs were evaluated on a monthly basis and only those actual labor costs charged to storm reserve project work orders (i.e., charge codes) that were (a) comprised of labor burdens for employees of DF and employees of affiliate entities of DEF and (b) greater than the applicable operation and maintenance expense three-year average for the same months, were deemed recoverable under the Incremental Cost and Capitalization Approach (ICCA) methodology set forth in FAC 25-6.0143*.
- D. **Overhead Allocations** includes costs, such as employee labor from support organizations, related to employees of DEF or employees of affiliate entities of DEF that are allocated to this storm project based on payroll and overtime charges. Overhead Allocations were evaluated on a monthly basis and only those actual overhead costs charged to storm reserve project work orders (i.e., charge codes) that were (a) incurred for employees of affiliate entities of DEF and (b) greater than the applicable operation and maintenance expense three-year average for the same months, were deemed recoverable under the Incremental Cost and Capitalization Approach (ICCA) methodology set forth in FAC 25-6.0143*.
- E. **Employee Expenses** include the cost of lodging for employee and contractor crews and expenses such as meals and mileage reimbursement for employees using their personal vehicles during storm restoration.
- F. **Contractor Costs** represents the time and equipment costs incurred by third party contractors hired for storm restoration activities. Contractor costs were evaluated on a monthly basis and only those actual contractor costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*. Contractors are third party vendors providing contract services in the utility industry.
- G. **Materials and Supplies** include the materials and supplies used to repair and restore service and facilities to pre-storm condition. Fuel costs associated with fueling services utilized during restoration to re-fuel contractor vehicles are also included as part of materials and supplies.
- H. **Internal Fleet Costs** includes the fuel and maintenance costs for DEF fleet vehicles. Fleet costs were evaluated on a monthly basis and only those actual fleet costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month, were deemed recoverable under the ICCA methodology set forth in FAC 25-6.0143*.
- I. **Other** costs not assigned to other categories.
- J. **Insurance Deductible** applied to certain storm damages. These costs were incurred by DEF to restore certain generation sites damaged by the storm. The insurance policy carries a \$1M deductible before the policy reimburses the company for any claim above the \$1M deductible.
- K. **Interest** represents the carrying charges for amounts recognized that is calculated by the Company when the storm reserve balance is in an asset position. The Interest is aggregated for Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred.
- L. **Capitalizable Costs** includes the aggregate adjustment for incurred storm restoration costs that are charged to capital, in accordance with DEF's 2019 Storm Cost Settlement Agreement.

**Under the ICCA methodology set forth in FAC 25-6.0143, additional internal and contract labor hired (or related costs) and fuel costs for storm restoration activities (i.e., transmission and distribution (T&D) utility field activities) (including vegetation management) were only charged to the storm reserve project work orders when greater than the actual monthly average of internal and contract labor (or related) costs and fuel costs, respectively, charged to operation and maintenance expense for the same month in the three previous calendar years. The three-year average was based on calendar years 2019-2021. As permitted by FAC 25-6.0143, and as applicable, management adjusted the historical monthly internal and contract labor (or related) costs and fuel*

costs charged to operation and maintenance expense from calculated monthly averages. Each adjustment was properly documented, including a detailed explanation of the nature and derivation of the adjustment.

3. Documentation and Internal Controls

Storm Cost Documentation

For purposes of this assertion, “appropriate documentation to support the accompanying Summary of Hurricane Ian Incremental Storm Restoration Costs has been prepared” means the following:

- i. For types A-C in Note 2, a labor analysis workpaper, which summarized the payroll costs presented in the Summary, including the inputs used to calculate the actual labor costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- ii. For type D in Note 2, an overhead allocations analysis workpaper, which summarized the overhead allocation costs presented in the Summary, including the inputs used to calculate the actual overhead allocations charged to storm reserve project work orders (i.e. charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- iii. For type E in Note 2, a journal transactions report of all employee expenses, which is used to summarize all employee expenses as presented in the Summary.
- iv. For type F in Note 2, reconciliation files by third party vendor or internal storm audit support, which included validation of time, equipment and expenses billed, along with associated contract rates, billing and point of origin location, distance to travel, assumed travel days, dates secured, date started travel, date arrived, date released, time released, released to whom and, if vendor travels home, the date arrived at home.
- v. For type G in Note 2, a journal transactions report of all materials and supplies issued from the inventory system, invoiced by the vendor, or processed in the expense reporting system.
- vi. For type H in Note 2, a fleet analysis workpaper, which summarized the fleet costs presented in the Summary, including the inputs used to calculate the actual fleet costs charged to storm reserve project work orders (i.e., charge codes) that were greater than the operation and maintenance expense three-year average for the same month.
- vii. For Type J in Note 2, costs are totaled and compared to what the insurance policy will reimburse above the deductible. For example, if insurable claim costs are \$2M, insurance will make a net payment of \$1M after applying the \$1M claim deductible.
- viii. For type K in Note 2, an electronic file with the calculation of interest using the monthly average 30-day commercial paper rate.

Internal Controls

For purposes of this assertion, “internal controls over the Summary of Hurricane Ian Incremental Storm Restoration Costs have been established and maintained” means the following:

Control objective

To ensure that storm restoration costs incurred and included in the Company’s Summary of Hurricane Ian Incremental Storm Restoration Costs are accurate and meet the criteria necessary for recovery under the 2019 Storm Cost Settlement Agreement.

Control activities

- 1) For the analysis workpapers and journal transactions reports described in i., ii., iii., v. and vi. in Note 3, an individual other than the preparer of the analysis reviewed the analysis and documented their approval of the analysis.
- 2) For each contractor cost vendor (type F in Note 2), described in iv. in Note 3, the Company verifies invoice rates for labor, equipment, and mileage to ensure they match vendor contracts.
- 3) For each third-party vendor invoice described in iv. and v. in Note 3, an individual other than the

preparer of the storm restoration costs approval documentation reviewed the invoice and supporting documentation.

- 4) For carrying charges calculated based on the amount deferred as an asset, described in viii. in Note 3, an individual other than the preparer of the calculation reviewed the calculation and documented their approval of the calculation each month.
- 5) For the Summary of Hurricane Ian Incremental Storm Restoration Costs, the numerical schedules and accompanying notes have been reviewed and approved by the DEF Finance Manager for each respective business unit.
- 6) For capitalized storm costs, the materials used in the capital calculation are based on average DEF unit rates; these rates are reviewed and updated periodically in DEF's work management systems. This ensures consistency across DEF's projects. Labor costs in the capital calculation are based on average "blue sky" labor rates and hours. The capital calculation is reviewed by Finance management who is not the preparer.

Duke Energy Florida

Supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs (unaudited – not part of the examination engagement)

As of July 31, 2023 for Costs Incurred for the period from September 24, 2022 through March 10, 2023

The supplemental information to the Summary of Hurricane Ian Incremental Storm Restoration Costs is a rollforward of the incremental storm restoration costs recognized as of December 31, 2022 (the date of the Company's original filing with the FPSC) to July 31, 2023 for costs incurred for the period from September 24, 2022 through March 10, 2023 plus recoverable costs recognized for costs incurred subsequent to March 10, 2023 related to the third party examination of the Summary of Hurricane Ian Incremental Storm Restoration Costs.

	Incremental Storm Restoration Costs	Settled in Cash	Accrued for Future Payment or Imputed
Recognized as of December 31, 2022 (presented in Document No. 00418-2023)	\$ 376,873,500	\$ 254,551,095	\$ 122,322,405
<u>Adjustments Subsequent to</u>			
Accrual/Payment Changes:			
Payment of Contractor Invoices	1,098,375	122,575,948	(121,477,573)
Employee Expenses/Labor Loaders/Allocations/Other	860,877	860,877	-
Accrual for Tri-City Substation Capital Project	821,433	-	821,433
Adjustments to Various Costs Categories	(46,716)	(46,716)	-
Imputed Storm Interest	4,669,608	-	4,669,608
	7,403,577	123,390,109	(115,986,532)
Management Adjustments:			
Remove Materials Allocations Charged to Working Stock	(2,183,595)	(2,183,595)	-
Reclass costs from Incremental to Non-Incremental	(1,090,514)	(1,090,514)	-
Reclass costs from Hurricane Nicole to Hurricane Ian	619,334	619,334	-
Correct 3-Year Analysis Formula	320,445	320,445	-
Remove Non-DEF Projects	(640,876)	(640,876)	-
	(2,975,206)	(2,975,206)	-
Less Capitalizable Costs	(13,714,654)	(12,390,855)	(1,323,799)
Recognized as of July 31, 2023 (Presented in Management's Assertion)	367,587,217	362,575,143	5,012,074
Third Party Examination of Hurricane Ian Incremental Storm Restoration Costs Summary	550,000	-	550,000
Recognized as of July 31, 2023 for Hurricane Ian Incremental Storm Restoration	\$ 368,137,217	\$ 362,575,143	\$ 5,562,074

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED
PROCEEDING FOR RECOVERY OF INCREMENTAL STORM
RESTORATION COSTS RELATED TO HURRICANES ELSA, ETA, ISAIAS,
IAN, NICOLE AND TROPICAL STORM FRED**

FPSC DOCKET NO. 20230020-EI

DIRECT TESTIMONY OF SHELLY ROSS

SEPTEMBER 29, 2023

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 **A.** My name is Shelly Ross. My current business address is 4359 SE Maricamp Rd
4 Ocala, Florida 34480.

5
6 **Q. By whom are you employed and what are your responsibilities?**

7 **A.** I am employed by Duke Energy Business Services, LLC, a Service Company
8 affiliate of Duke Energy Florida, LLC (“Duke Energy Florida,” “DEF,” or the
9 “Company”) and a subsidiary of Duke Energy Corporation (“DE”). My current
10 position is Manager Finance II of Customer Delivery Florida. I oversee a group
11 that has responsibility for the budgeting and forecasting, O&M and capital
12 accounting for Distribution Operations among other responsibilities. I also
13 collaborate with other finance personnel with similar responsibilities for
14 Transmission Operations, Customer Operations and Fossil/Hydro Generation
15 Operations, and thus I am representing the finance and accounting organizations

1 that provide support to the functional groups of DEF that incur expenses during
2 major storm events.

3
4 **Q. Please summarize your educational background and professional experience.**

5 **A.** I have a Bachelor of Science Degree in Business Administration from the
6 University of North Carolina in 1990 and a Master of Accounting Degree from The
7 University of North Carolina at Chapel Hill in 1991. I began my career at Ernst &
8 Young in their Tax Consulting and Compliance area, followed by a Tax Manager
9 role in for an Equipment Leasing Company. In 1997, I joined Duke Energy's Tax
10 Department in Raleigh, followed by a consolidation accounting role in the
11 nonregulated business, followed by a role in capital planning and then in 2007
12 joined the finance support group for Distribution Operations as Lead Financial
13 Analyst. I moved to Florida in 2012. I was promoted to Manager II of Customer
14 Delivery Finance in September of 2021. I was a licensed CPA in North Carolina
15 from 1993 until I went inactive in 2018.

16
17 **II. PURPOSE OF TESTIMONY.**

18 **Q. What is the purpose of your direct testimony?**

19 **A.** On January 23, 2023, DEF filed estimated storm costs in the instant docket
20 associated with Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm (“TS”)
21 Fred (collectively referred to herein as the “Storms”). The purpose of my testimony
22 is to explain and support the actual incremental costs for these Storms and to discuss
23 the methods used to comply with Rule 25-6.0143, F.A.C., and the Storm Cost
24 Settlement Agreement approved in Order No. PSC-2019-0232-AS-EI

1 (“Agreement”) to identify and remove non-incremental O&M and capitalized costs
2 from total storm restoration costs.

3

4 **Q. Do you have any exhibits to your testimony?**

5 **A.** Yes, I am sponsoring the following exhibits to my testimony:

- 6 • Exhibit No. __ (SR-1) – Storm Costs Recovery Total
- 7 • Exhibit No. __ (SR-2) – Hurricane Nicole Cost Summary
- 8 • Exhibit No. __ (SR-3) – Hurricane Ian Cost Summary
- 9 • Exhibit No. __ (SR-4) – TS Fred Cost Summary
- 10 • Exhibit No. __ (SR-5) – Hurricane Elsa Cost Summary
- 11 • Exhibit No. __ (SR-6) – Hurricane Isaias Cost Summary
- 12 • Exhibit No. __ (SR-7) – Hurricane Eta Cost Summary
- 13 • Exhibit No. __ (SR-8) – Storm Cost Recovery Interest Calculation

14 These exhibits were prepared based on information kept in the normal course of
15 business in the books and records of the Company and are true and accurate to the
16 best of my knowledge.

17

18 **Q. Please describe the net costs for which recovery is sought in this proceeding.**

19 **A.** DEF is seeking recovery of incremental costs incurred in responding to the named
20 Storms as defined under the Incremental Cost and Capitalization Approach
21 (“ICCA”) methodology required under Rule 25-6.0143, F.A.C. The Company has
22 prudently incurred \$431.4 million (retail) of incremental restoration costs for
23 Hurricanes Elsa, Eta, Ian, Isaias and Nicole and TS Fred as shown in Exhibit No.
24 __ (SR-1). These costs exclude all non-incremental costs and capital costs, as

1 defined under the ICCA methodology and adopted under the Agreement. Recovery
2 of the total storm restoration cost will also allow DEF to replenish the storm reserve
3 (\$131.8 million) which was completely depleted by the Storms, and also includes
4 interest expense (\$4.7 million) as shown in Exhibit No. __ (SR-8) calculated at the
5 commercial paper rate from April 2023 to March 2024.

6
7 **Q. Please explain how storm-related costs are tracked and accounted for during**
8 **and after each storm, and the process that the Company uses to verify that**
9 **costs assigned to the Storms were in fact related to the Storms and were**
10 **incremental.**

11 **A.** When a potential major storm event is approaching its service territory, DEF creates
12 separate project codes for each function (Transmission, Distribution, Generation,
13 and Customer Service) to process and aggregate the total amount of storm
14 restoration costs incurred for financial reporting and regulatory recovery purposes.
15 DEF uses these codes to account for all costs directly related to storm restoration,
16 including costs that will not be recoverable from DEF's storm reserve, based on the
17 ICCA methodology and as further clarified in the Agreement. All storm restoration
18 costs charged to these storm projects are initially recorded in FERC Account 186,
19 Miscellaneous Deferred Debits except for Transmission capital projects. All costs
20 charged to FERC Account 186 are subsequently reviewed, and based on the
21 outcome of that review, are cleared and charged to either the storm reserve (FERC
22 Account 228.1), normal O&M expense or capital. I will further discuss the
23 Company's process to review incurred costs and ensure only allowable costs as

1 defined in the ICCA methodology and Agreement are included for recovery later
2 in my testimony.

3
4 **Q. Please further explain the process for accumulating accounting data related to**
5 **storm costs.**

6 **A.** For Distribution, major storm costs are initially accumulated in FERC Account 186,
7 including charges that are considered non-incremental or capital. Using the ICCA
8 methodology and Agreement, non-incremental amounts are identified and
9 subsequently credited from FERC Account 186 and debited to base rate O&M
10 expense. Capital costs are also identified and subsequently credited from FERC
11 Account 186 and debited to FERC Account 107, Construction Work in Progress.
12 After non-incremental and capital costs are removed from FERC Account 186, the
13 remaining balance is then credited, and FERC Account 228.1 is debited to bring
14 FERC Account 186 to zero leaving only allowable costs for recovery in Account
15 228.1. Transmission follows the same process except that any capital work that is
16 done during the major storm is charged directly to specific projects that are mapped
17 to FERC Account 107.

18
19 **Q. Please explain the recoverable incremental costs incurred by DEF for**
20 **Hurricanes Elsa, Eta, Ian, Isaias, Nicole and TS Fred.**

21 **A.** Exhibit No. __ (SR-1) summarizes total recoverable storm costs for all storms:
22

- Hurricane Eta (2020): \$9.2 million
- Hurricane Isaias (2020): \$0.3 million
- Hurricane Elsa (2021): \$14.6 million

- 1 • TS Fred (2021): \$0.2 million
- 2 • Hurricane Ian (2022): \$359.6 million
- 3 • Hurricane Nicole (2022): \$42.9 million

4 Exhibit No.__(SR-2) through Exhibit No. __(SR-7) break out recoverable storm
5 costs by function for each storm.

6
7 As shown on Exhibit No.__(SR-2) through Exhibit No. __(SR-7), DEF's incurred
8 costs for the Storms are broken into the categories below, and, when netted with
9 non-incremental and capitalizable costs, are consistent with the ICCA methodology
10 and the Agreement. Although my testimony focuses on Hurricane Ian, cost
11 accumulation and review processes were similar for the other storms.

12
13 1. Regular Payroll – Amounts in this category represent regular labor payroll
14 costs incurred by DEF employees or employees of affiliate entities of DEF
15 for time spent related to storm restoration activities. For Transmission and
16 Distribution (“T&D”), the difference between the actual (September and
17 October 2022) and 3-year historical average (September and October 2019-
18 2021) O&M base payroll for the month(s) of the activities directly related to
19 the storm in the absence of a storm was excluded from recoverable storm
20 costs as the non-incremental amount.

21
22 2. Overtime Payroll – Amounts in this category represent overtime labor costs
23 incurred by DEF employees or employees of affiliate entities of DEF for time

1 spent related to storm restoration activities. For T&D, the difference
2 between the actual (September and October 2022) and the 3-year historical
3 average (September and October 2019-2021) O&M overtime for the
4 month(s) of the activities directly related to the storm in the absence of a
5 storm was excluded from recoverable storm costs as the non-incremental
6 amount.

- 7
- 8 3. Labor Burdens/Incentives – Amounts in this category include employee
9 bonuses and costs such as medical, payroll tax and other non-incentive benefits
10 incurred by DEF employees or affiliate entities of DEF for time spent related to
11 storm restoration activities. For T&D, the difference between the actual
12 (September and October 2022) and the three-year historical average (September
13 and October of 2019-2021) O&M labor burdens/incentives for the months(s) of
14 the activities directly related to the storm in the absence of a storm was excluded
15 from recoverable storm costs as the non-incremental amount.

16 Bonuses paid to employees for their extraordinary efforts and dedication to
17 DEF's customers were removed from this Storm cost recovery request. Note,
18 while the Company believes the bonuses paid to employees are properly
19 recoverable, DEF is not seeking recovery of those costs.

- 20
- 21
- 22 4. Overhead Allocations – Amounts in this category include costs, such as
23 employee labor from support organizations, related to employees of DEF or
24 employees of affiliate entities of DEF that are allocated to the storm project

1 based on payroll and overtime charges. For T&D, the difference between the
2 actual (September and October 2022) and the three-year historical average
3 (September and October 2019-2021) overhead allocations for the month(s) of
4 the activities directly related to the storm in the absence of a storm was excluded
5 from recoverable storm costs as the non-incremental amount.

6
7 5. Employee Expenses – Amounts in this category include costs of lodging for
8 employee and contractor crews and expenses such as meals and mileage
9 reimbursement for employees using their personal vehicles during storm
10 restoration.

11
12 6. Contractor Costs – Amounts in this category include time and equipment costs
13 incurred by third party contractors hired for storm restoration activities. For
14 T&D, the difference between the actual (September and October 2022) and the
15 three-year historical average (September and October 2019-2021) contractor
16 costs for the month(s) of the activities directly related to the storm in the
17 absence of a storm was excluded from recoverable storm costs as the non-
18 incremental amount.

19
20 7. Materials and Supplies – Amounts in this category include materials and
21 supplies used to repair and restore service and facilities to pre-storm condition
22 and exclude the portion of materials and supplies used in restoration activities
23 that are included in capitalized cost. Fuel costs associated with fueling services

1 utilized during restoration to re-fuel contractor vehicles are also included as part
2 of materials and supplies costs.

3
4 8. Internal Fleet Costs – Amounts in this category include fuel and maintenance
5 costs for DEF fleet vehicles. For T&D, the difference between the actual
6 (September and October 2022) and the three-year historical average (September
7 and October 2019-2021) variable fleet costs for the month(s) of the activities
8 directly related to the storm in the absence of a storm was excluded from
9 recoverable storm costs as the non-incremental amount.

10
11 9. Uncollectible Account Expenses – DEF is not seeking recovery of uncollectible
12 account expenses.

13
14 10. Other Expenses – Amounts in this category include other minor amounts of
15 storm-related expenses not included in one of the categories above.

16
17 The Company has support for all storm costs on Exhibit No. ___(SR-1) available
18 for Commission review.

19
20 **Q. Is the Company including for recovery in this filing any costs prohibited from**
21 **recovery under the ICCA methodology and the Agreement?**

22 **A.** No. DEF is not including any costs prohibited from recovery under the ICCA
23 methodology (that is, the types of costs identified in paragraph (1)(f) of the Rule)
24 or the Agreement. In the preceding section of my testimony, I discussed allowable

1 costs as well as amounts DEF excluded from this recovery request based on DEF's
2 determination that certain of the costs were non-incremental or capitalizable.

3
4 **Q. Please explain the amounts capitalized to property, plant and equipment by**
5 **the Company.**

6 **A.** The ICCA methodology states, "... capital expenditures for the removal, retirement
7 and replacement of damaged facilities charged to cover storm-related damages
8 must exclude the normal cost for the removal, retirement and replacement of those
9 facilities in the absence of a storm." Rule 25-6.0143(1)(d), F.A.C.

10
11 DEF has a process to ensure all units of property ("UOP") installed during storm
12 restoration are capitalized at reasonable material and labor amounts (i.e., resulting
13 in capital amounts at the normal cost for the removal, retirement, and replacement
14 of those facilities), to ensure a storm cost recovery request that is incremental under
15 the ICCA methodology.

16
17 For Transmission, specific projects were issued for capital work allowing real-time
18 tracking of those projects for material and equipment costs. As capital work was
19 performed, associated labor costs were moved to the capital projects per the ICCA
20 methodology.

21
22 For Distribution, the Company's tracking of materials allows for accounting of all
23 units of property used during storm restoration resulting in the proper capitalization
24 of those units of property. DEF's Supply Chain organization issues materials

1 directly to the storm project when shipped from the distribution center to the various
2 base camps, and Supply Chain personnel at Operating Centers issue materials used
3 during the storm to the storm project. Once the restoration effort was completed,
4 all unused materials from the base camps were picked up and brought back to the
5 distribution center where they were placed in a specific area for return processing.
6 All returned materials were segregated and tagged to be identified as materials
7 initially charged to the storm restoration. The materials were then returned by
8 applying the same accounting that was used during the restoration effort. As a
9 result, only the actual units installed during storm restoration were capitalized.

10
11 Once the number of UOPs were confirmed, the Company's Finance organization
12 determined a normal, reasonable total dollar amount to capitalize those UOPs.

- 13
- 14 • Materials Costs – the number of each UOP was identified and grouped (e.g.,
15 poles, transformers, wire, etc.). The material costs associated with the UOP and
16 the number of UOP then became the basis of the calculation to determine the
17 estimated total capital amount. A material burden was applied to all materials
18 which represents the cost associated with warehousing, handling, and shipping,
19 and was reflected in the capital calculation. Working stock, which is generally
20 accounted for as a burden of chargeable materials, was directly charged to the
21 storm project.
 - 22 • Contract Labor - For each grouping of UOP, DEF's Resource Optimization
23 group estimated the average number of hours to install under normal conditions
24 for that type of UOP and number of line resources needed. The average number

1 of hours was multiplied by the number of resources to derive the total hours to
2 install that UOP. Then a simple average was calculated of internal labor and
3 native contractor rates and that rate was multiplied by the number of hours for
4 each UOP to determine the estimated capital labor to install.

- 5 • Other costs – As part of the normal amount of capital cost for a UOP, an
6 overhead allocation rate was applied based on the total number of estimated
7 hours to install the UOP. This overhead rate is consistent with the rate used in
8 DEF’s work management system – Maximo.

9
10 For each storm, the amount of storm costs capitalized is outlined in Exhibit No. ___
11 (SR-2) through Exhibit No. ___(SR-7).

12
13 **Q. In addition to T&D, please describe the other functional areas that incurred**
14 **costs related to the storms.**

15 **A.** Customer Service incurred incremental, non-budgeted costs for some of the same
16 categories of costs as T&D. Customer Service used a non-incremental cost
17 approach consistent with the ICCA methodology and Agreement. Generation
18 incurred incremental insurance deductible amounts that were included in
19 recoverable storm costs as well.

20
21 **Q. Please explain why there could be further adjustments to the costs for which**
22 **DEF is seeking recovery in this filing.**

23 **A.** As of the date of this filing, the Company has not yet finalized payment of all
24 contractor services related to Hurricanes Ian and Nicole. The Company reserves

1 the right to file supplemental schedules with any necessary adjustments with the
2 Commission as appropriate.

3

4 **Q. Does this conclude your testimony?**

5 **A. Yes.**

6

7

8

9

10

11

12

13

14

15

16

17

Line No.	Description	Reference	Incremental Storm Cost	Storm Reserve Balance
1	Reserve Balance - Retail			\$ 131,848
2	Storm Costs (2020)			
3	Eta	SR-7 Line 30	-20,160	
4	Isaias	SR-6 Line 30	-259	
5	Sub-Total		<u>-20,419</u>	
6	Plus: Over-Recovery from Hurricane Dorian		3,397	
7	Plus: Amount Recovered through Storm Surcharge August 2021-December 2021		<u>7,579</u>	
8	Total Recoverable Restoration Costs 2020 - Retail (a)		10,976	122,405
9	Storm Costs (2021)			
10	Elsa	SR-5 Line 30	-14,609	
11	Fred	SR-4 Line 30	-155	
12	Total Recoverable Restoration Costs 2021 - Retail	Line 10 + Line 11	<u>-14,764</u>	107,641
13	Storm Costs (2022)			
14	Ian	SR-3 Line 30	-359,576	
15	Nicole	SR-2 Line 30	-42,928	
16	Total Recoverable Restoration Costs 2022 - Retail		<u>-402,504</u>	(294,863)
17	Amount Required to Restore Storm Reserve to \$131.8M (b)		<u>426,711</u>	131,848
18	Interest on Unamortized Reserve Deficiency Balance	SR-8 Line 7	<u>-4,670</u>	
19	Total Storm Recovery Amount - Retail			\$ 431,381

Notes:

(a) An interim storm restoration recovery charge for Hurricanes Eta & Isaias was approved to begin August 2021 in Order PSC-2021-0271-PCO-EI. This Order also approved Eta & Isaias costs to be offset by the over-recovery of storm restoration costs collected for Hurricane Dorian and Tropical Storm Nestor. The interim storm restoration recovery charge for Eta & Isaias was suspended at the end of 2021, and the uncollected balance moved to the Storm Reserve per the Rate Mitigation Agreement approved in Order No. PSC-2021-0425-FOF-EI.

(b) Amount of Storm Reserve approved per 2021 Settlement Order PSC-2021-0202-AS-EI.

Line No.	Description	Estimated Storm Costs By Function							Total	Storm Reserve Balance
		Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Solar	Customer Service		
1	Pre-Storm Reserve Balance								0	(\$251,935)
2	Storm Related Restoration Costs - Nicole									
3	Regular Payroll	131	1,238	-	-	-	-	1	1,370	
4	Overtime Payroll	317	3,048	-	-	-	-	13	3,378	
5	Labor Burdens/Incentives	14	619	-	-	-	-	3	636	
6	Overhead Allocations	180	650	-	-	-	-	5	835	
7	Employee Expenses	14	3,436	-	-	-	-	4	3,454	
8	Contractor Costs	1,698	33,636	-	-	-	-	59	35,394	
9	Materials & Supplies	184	3,061	-	-	-	-	0	3,246	
10	Internal Fleet Costs	25	141	-	-	-	-	-	166	
11	Uncollectible Account Expenses	-	-	-	-	-	-	-	-	
12	Other	33	-	-	-	-	-	-	33	
13										
14	Subtotal - Storm Related Restoration Costs	2,596	45,829	-	-	-	-	86	48,511	
15	Less: Estimated Non-Incremental Costs - Nicole									
16	Regular Payroll	-	(183)	-	-	-	-	(1)	(184)	
17	Overtime Payroll	-	-	-	-	-	-	(13)	(13)	
18	Labor Burdens/Incentives	(4)	(671)	-	-	-	-	(3)	(678)	
19	Overhead Allocations	(30)	(271)	-	-	-	-	(5)	(306)	
20	Employee Expenses	(0)	(4)	-	-	-	-	-	(4)	
21	Contractor Costs	(76)	(2)	-	-	-	-	-	(77)	
22	Materials & Supplies	(2)	(10)	-	-	-	-	-	(13)	
23	Internal Fleet Costs	-	-	-	-	-	-	-	-	
24	Uncollectible Account Expenses	-	-	-	-	-	-	-	-	
25	Other	-	-	-	-	-	-	-	-	
26	Subtotal - Estimated Non-Incremental Costs	(112)	(1,140)	-	-	-	-	(23)	(1,275)	
27	Less: Capitalizable Costs	(1,361)	(2,632)	-	-	-	-	-	(3,993)	
28	Total Recoverable Restoration Costs - Nicole - System	1,123	42,057	-	-	-	-	63	43,243	
29	Jurisdictional Factor (Order PSC-2021-0202-AS-EI)	71.994%	100.000%	92.865%	88.321%	90.678%	92.865%	100%		
30	Total Recoverable Restoration Costs - Nicole - Retail	\$809	\$42,057	\$0	\$0	\$0	\$0	\$63	42,928	\$42,928
31	Post-Storm Reserve Balance									(\$294,863)

Line No.	Description	Estimated Storm Costs By Function							Total	Storm Reserve Balance
		Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Solar	Customer Service		
1	Pre-Storm Reserve Balance								0	\$107,641
2	Storm Related Restoration Costs - Ian									
3	Regular Payroll	1,488	3,065	-	-	-	-	122	-	4,674
4	Overtime Payroll	2,276	7,321	-	-	-	-	368	-	9,965
5	Labor Burdens/Incentives	1,636	5,215	-	-	-	-	247	-	7,099
6	Overhead Allocations	744	547	-	-	-	-	144	-	1,434
7	Employee Expenses	388	16,090	-	-	-	-	51	-	16,529
8	Contractor Costs	11,697	307,418	-	-	-	-	400	-	319,516
9	Materials & Supplies	2,408	16,766	-	-	-	-	29	-	19,203
10	Internal Fleet Costs	256	231	-	-	-	-	-	-	487
11	Uncollectible Account Expenses	-	-	-	-	-	-	-	-	-
12	Other	822	0	-	-	-	-	-	550	1,372
13	Insurance Deductible	-	-	-	-	-	1,000	-	-	1,000
14	Subtotal - Storm Related Restoration Costs	21,715	356,653	-	-	-	1,000	1,361	550	381,279
15	Less: Estimated Non-Incremental Costs - Ian									
16	Regular Payroll	(101)	(139)	-	-	-	-	(122)	-	(362)
17	Overtime Payroll	-	-	-	-	-	-	(91)	-	(91)
18	Labor Burdens/Incentives	(319)	(1,555)	-	-	-	-	(149)	-	(2,023)
19	Overhead Allocations	(96)	-	-	-	-	-	(144)	-	(239)
20	Employee Expenses	(44)	(28)	-	-	-	-	-	-	(71)
21	Contractor Costs	(590)	(519)	-	-	-	-	-	-	(1,109)
22	Materials & Supplies	(107)	(59)	-	-	-	-	-	-	(166)
23	Internal Fleet Costs	-	(36)	-	-	-	-	-	-	(36)
24	Uncollectible Account Expenses	-	-	-	-	-	-	-	-	-
25	Other	-	-	-	-	-	-	-	-	-
26	Subtotal - Estimated Non-Incremental Costs	(1,256)	(2,336)	-	-	-	-	(505)	-	(4,097)
27	Less: Capitalizable Costs	(6,818)	(6,896)	-	-	-	-	-	-	(13,715)
28	Total Recoverable Restoration Costs - Ian - System	13,641	347,421	-	-	-	1,000	856	550	363,468
29	Jurisdictional Factor (Order PSC-2021-0202-AS-EI)	71.994%	100.000%	92.865%	88.321%	90.678%	92.865%	100%	100%	
30	Total Recoverable Restoration Costs - Ian - Retail	\$9,821	\$347,421	\$0	\$0	\$0	\$929	\$856	\$550	359,576
31	Post-Storm Reserve Balance									(\$251,935)

Line No.	Description	Estimated Storm Costs By Function						Total	Storm Reserve Balance
		Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Customer Service		
1	Pre-Storm Reserve Balance							0	\$107,796
2	Storm Related Restoration Costs - Fred								
3	Regular Payroll	18	149	-	-	-	1	168	
4	Overtime Payroll	2	240	-	-	-	17	259	
5	Labor Burdens/Incentives	2	174	-	-	-	13	189	
6	Overhead Allocations	2	1	-	-	-	1	4	
7	Employee Expenses	0	25	-	-	-	0	25	
8	Contractor Costs	26	159	-	-	-	-	184	
9	Materials & Supplies	0	35	-	-	-	-	35	
10	Internal Fleet Costs	4	20	-	-	-	-	24	
11	Uncollectible Account Expenses	-	-	-	-	-	-	-	
12	Other	-	-	-	-	-	-	-	
13									
14	Subtotal - Storm Related Restoration Costs	53	801	-	-	-	33	887	
15	Less: Estimated Non-Incremental Costs - Fred								
16	Regular Payroll	(18)	(142)	-	-	-	(1)	(161)	
17	Overtime Payroll	(0)	(240)	-	-	-	(17)	(257)	
18	Labor Burdens/Incentives	(0)	(174)	-	-	-	(13)	(187)	
19	Overhead Allocations	(2)	-	-	-	-	(1)	(3)	
20	Employee Expenses	-	-	-	-	-	-	-	
21	Contractor Costs	-	(62)	-	-	-	-	(62)	
22	Materials & Supplies	-	-	-	-	-	-	-	
23	Internal Fleet Costs	-	(20)	-	-	-	-	(20)	
24	Uncollectible Account Expenses	-	-	-	-	-	-	-	
25	Other	-	-	-	-	-	-	-	
26	Subtotal - Estimated Non-Incremental Costs	(20)	(637)	-	-	-	(33)	(690)	
27	Less: Capitalizable Costs	-	(31)	-	-	-	-	(31)	
28	Total Recoverable Restoration Costs - Fred - System	33	133	-	-	-	0	165	
29	Jurisdictional Factor (Order PSC-2017-0451-AS-EU)	70.203%	99.561%	92.885%	72.703%	95.924%	100%		
30	Total Recoverable Restoration Costs - Fred - Retail	\$23	\$132	\$0	\$0	\$0	\$0	\$155	\$155
31	Post-Storm Reserve Balance								\$107,641

Line No.	Description	Estimated Storm Costs By Function						Total	Storm Reserve Balance
		Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Customer Service		
1	Pre-Storm Reserve Balance							0	\$122,405
2	Storm Related Restoration Costs - Elsa								
3	Regular Payroll	183	308	-	-	-	2	493	
4	Overtime Payroll	176	620	-	-	-	12	808	
5	Labor Burdens/Incentives	189	503	-	-	-	7	700	
6	Overhead Allocations	185	28	-	-	-	2	215	
7	Employee Expenses	15	821	-	-	-	-	836	
8	Contractor Costs	1,489	10,542	-	-	-	-	12,031	
9	Materials & Supplies	9	994	-	-	-	-	1,003	
10	Internal Fleet Costs	30	26	-	-	-	-	56	
11	Uncollectible Account Expenses	-	-	-	-	-	-	-	
12	Other	-	-	-	-	-	-	-	
13									
14	Subtotal - Storm Related Restoration Costs	2,277	13,842	-	-	-	23	16,142	
15	Less: Estimated Non-Incremental Costs - Elsa								
16	Regular Payroll	-	-	-	-	-	(2)	(2)	
17	Overtime Payroll	-	-	-	-	-	-	-	
18	Labor Burdens/Incentives	(27)	(125)	-	-	-	(7)	(159)	
19	Overhead Allocations	(183)	(11)	-	-	-	(2)	(197)	
20	Employee Expenses	-	-	-	-	-	-	-	
21	Contractor Costs	-	(324)	-	-	-	-	(324)	
22	Materials & Supplies	-	-	-	-	-	-	-	
23	Internal Fleet Costs	-	(6)	-	-	-	-	(6)	
24	Uncollectible Account Expenses	-	-	-	-	-	-	-	
25	Other	-	-	-	-	-	-	-	
26	Subtotal - Estimated Non-Incremental Costs	(211)	(467)	-	-	-	(11)	(689)	
27	Less: Capitalizable Costs	-	(171)	-	-	-	-	(171)	
28	Total Recoverable Restoration Costs - Elsa - System	2,066	13,204	-	-	-	12	15,282	
29	Jurisdictional Factor (Order PSC-2017-0451-AS-EU)	70.203%	99.561%	92.885%	72.703%	95.924%	100%		
30	Total Recoverable Restoration Costs - Elsa - Retail	\$1,451	\$13,146	\$0	\$0	\$0	\$12	\$14,609	\$14,609
31	Post-Storm Reserve Balance								\$107,796

Line No.	Description	Estimated Storm Costs By Function						Total	Storm Reserve Balance
		Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Customer Service		
1	Pre-Storm Reserve Balance								\$131,848
2	Storm Related Restoration Costs - Eta								
3	Regular Payroll	40	304	-	-	-	4	-	348
4	Overtime Payroll	112	820	-	-	-	31	-	962
5	Labor Burdens/Incentives	17	212	-	-	-	10	-	239
6	Overhead Allocations	13	57	-	-	-	4	-	74
7	Employee Expenses	2	798	-	-	-	0	-	801
8	Contractor Costs	83	16,435	-	-	-	-	-	16,518
9	Materials & Supplies	0	1,004	-	-	-	-	-	1,004
10	Internal Fleet Costs	37	45	-	-	-	-	-	82
11	Uncollectible Account Expenses	-	-	-	-	-	-	-	-
12	Other	-	-	-	-	-	0	-	0
13	Irma Settlement Process Implementation Costs (a)	-	-	-	-	-	-	1,044	1,044
14	Subtotal - Storm Related Restoration Costs	305	19,675	-	-	-	49	1,044	21,072
15	Less: Estimated Non-Incremental Costs - Eta								
16	Regular Payroll	-	-	-	-	-	(4)	-	(4)
17	Overtime Payroll	-	-	-	-	-	-	-	-
18	Labor Burdens/Incentives	(17)	(211)	-	-	-	(10)	-	(239)
19	Overhead Allocations	(13)	-	-	-	-	(4)	-	(17)
20	Employee Expenses	-	-	-	-	-	-	-	-
21	Contractor Costs	(83)	-	-	-	-	-	-	(83)
22	Materials & Supplies	-	-	-	-	-	-	-	-
23	Internal Fleet Costs	-	(34)	-	-	-	-	-	(34)
24	Uncollectible Account Expenses	-	-	-	-	-	-	-	-
25	Other	-	-	-	-	-	-	-	-
26	Subtotal - Estimated Non-Incremental Costs	(114)	(245)	-	-	-	(18)	-	(377)
27	Less: Capitalizable Costs	-	(395)	-	-	-	-	-	(395)
28	Total Recoverable Restoration Costs - Eta - System	191	19,035	-	-	-	31	1,044	20,301
29	Jurisdictional Factor (Order PSC-2017-0451-AS-EU)	70.203%	99.561%	92.885%	72.703%	95.924%	100%	100%	
30	Total Recoverable Restoration Costs - Eta - Retail	\$134	\$18,951	\$0	\$0	\$0	\$31	\$1,044	\$20,160
31	Dorian Over-Recovery (b)								3,397
32	Recovered through Storm Surcharge (b)								7,579
33	Post-Storm Reserve Balance								\$122,664

Notes:

(a) - Per Storm Restoration Cost Process Improvements section II.D. of the Corrected Storm Cost Settlement Agreement approved in Order No. PSC-2019-0232-AS-EI.

(b) - An interim storm restoration recovery charge for Hurricanes Eta & Isaias was approved to begin August 2021 in Order PSC-2021-0271-PCO-EI. This Order also approved Eta & Isaias costs to be offset by the over-recovery of storm restoration costs collected for Hurricane Dorian and Tropical Storm Nestor. The interim storm restoration recovery charge for Eta & Isaias was suspended at the end of 2021, and the uncollected balance moved to the Storm Reserve per the Rate Mitigation Agreement approved in Order No. PSC-2021-0425-FOF-EI.

Line No.	Description	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
1	Unrecovered Eligible Costs - Beg Balance	426,711	393,273	358,460	315,929	269,422	224,098	179,650	138,996	105,209	73,947	41,079	9,070	
2	Less: Estimated Current Month Surcharge Revenue (a)	(34,579)	(35,843)	(43,406)	(47,206)	(45,824)	(44,753)	(40,774)	(33,786)	(31,262)	(32,868)	(32,009)	(30,404)	(452,714)
3	Unrecovered Eligible Costs Before Interest	392,132	357,430	315,054	268,723	223,598	179,345	138,876	105,209	73,947	41,079	9,070	(21,334)	
4	Monthly Average Eligible Costs	409,422	375,351	336,757	292,326	246,510	201,721	159,263	122,102	89,578	57,513	25,075	(6,132)	
5	Annual Interest Rate (b)	4.93%	5.08%	5.12%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	5.23%	
6	Monthly Interest Rate	0.41%	0.42%	0.43%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	
7	Monthly Interest on Unrecovered Storm Costs ©	1,140.8	1,030.0	875.0	699.7	499.9	304.7	119.5	-	-	-	-	-	4,669.6
8	Unrecovered Storm Costs	261,425	226,612	184,081	137,575	92,250	47,802	7,148	-	-	-	-	-	
9	Approved Storm Reserve Balance	131,848	131,848	131,848	131,848	131,848	131,848	131,848	105,209	73,947	41,079	9,070	(21,334)	
10	Unrecovered Costs - Ending Balance	393,273	358,460	315,929	269,422	224,098	179,650	138,996	105,209	73,947	41,079	9,070	(21,334)	

Notes:

(a) Based on actual revenues April 2023 - July 2023 & estimated kWh sales August 2023 - March 2024. Storm charge revenues are allocated to the amortization of unrecovered eligible restoration costs.

(b) Calculated using commercial paper rate as of July 2023.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED
PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION
COSTS RELATED TO HURRICANES ELSA, ETA, ISAIAS, IAN, NICOLE, AND
TROPICAL STORM FRED**

DOCKET NO. 20230020-EI

DIRECT TESTIMONY OF WILLIAM TODD FOUNTAIN

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 **A.** My name is William Todd Fountain. I am employed by Duke Energy Florida, LLC ("DEF"
4 or the "Company"). My business address is [6571 38th Ave. N., St Petersburg, FL 33710].

5

6 **Q. Please tell us your position with DEF and describe your duties and responsibilities in
7 that position.**

8 **A.** I am the General Manager of Emergency Preparedness for Customer Delivery responsible
9 for DEF's annual hurricane season readiness, and when hurricanes strike, I serve as the
10 Incident Commander for restoration.

11

12 **Q. Please summarize your educational background and employment experience.**

13 **A.** I have over 32 years of experience in the utility industry. I began my career in 1991 with
14 then Florida Power Corporation and have worked my way up from my apprenticeship to
15 making Journeyman Lineman. After spending time as a lineman, I moved into the Control
16 Room as a dispatcher and later became the Director of the Dispatch Control Room. After

1 spending a number of years in the Control Room, I became the Director of DEF's
2 Distribution Vegetation Management program. After approximately four-and-a-half (4 ½)
3 years as the Director of Vegetation Management, in June 2021, I assumed my current role
4 as GM, Emergency Preparedness.
5

6 **II. PURPOSE AND SUMMARY OF TESTIMONY**

7 **Q. What is the purpose of your testimony in this proceeding?**

8 **A.** I am testifying on behalf of the Company in support of recovery of DEF's incremental
9 storm-related costs incurred responding to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and
10 Tropical Storm Fred (herein, the "Storms"). I will begin by providing an overview of the
11 total distribution storm-related costs and cost categories. I will discuss the operation of the
12 Company's storm plan, including the Company's goals and priorities as it prepares for,
13 responds to, and recovers from a storm's impact on its system. I will conclude my
14 testimony by describing DEF's successful efforts at implementing its plan in response to
15 the Storms and, ultimately, to restore electric service safely and efficiently to its customers.
16

17 **Q. Are you sponsoring any exhibits to your testimony?**

18 **A.** No, I am not sponsoring any exhibits.
19

20 **Q. Please summarize your testimony.**

21 **A.** My testimony explains the Company's Storm Response Plan (the "Plan") as well as
22 implementation of the Plan in response to the Storms. My testimony demonstrates that
23 the Company's preparations in advance of the Storms, actions in response to the Storms,
24 and ultimately costs incurred responding to the Storms were prudently taken and

1 prudently incurred, and therefore the Company should be permitted to fully recover its
2 Incremental Storm Restoration Costs.

3
4 **Q. Will you please provide a summary of the six Storms at issue?**

5 **A.** Yes.

6 Hurricane Eta

7 On October 31, 2020, a tropical storm that would ultimately become Hurricane Eta
8 originated from a vigorous tropical wave in the eastern Caribbean Sea. The tropical storm
9 strengthened to a Category 4 hurricane on November 2, 2020, with a peak intensity of 150
10 mph, as it moved through Central America causing devastating flooding and landslides.
11 Over the next five days, Hurricane Eta traveled to South Florida, the central part of the
12 Florida Keys, where it caused intense flooding and extreme rainfall ranging from 10-25
13 inches.

14 Hurricane Eta was the third most intense November Atlantic hurricane on record. Eta
15 weakened to a tropical depression as it hovered over Central America for two days before
16 moving north over water, where it later reorganized. Over the next five days, the system
17 moved erratically, making its third landfall in the Florida Keys. It eventually made a fourth
18 landfall about 100 miles north of St. Petersburg just after midnight Thursday, November
19 12, 2020, with maximum sustained winds of 50 mph, and then moved across Florida and
20 finally back out into the Atlantic near Jacksonville later that day.

1 On November 7, 2020, as Tropical Storm Eta churned in the Caribbean Sea and was
2 expected to head closer to Florida, Governor DeSantis declared a state of emergency for
3 the southern counties of Florida, which he expanded on November 11, 2020, after the storm
4 strengthened to a Category 1 hurricane, to encompass Alachua, Citrus, Dixie, Gilchrist,
5 Hernando, Hillsborough, Levy, Manatee, Marion, Pasco, Pinellas, Sarasota, and Sumter
6 counties. DEF remained ready to respond to the storm.

7 DEF activated its Incident Command organization on November 10, 2020. A total of 2,689
8 restoration resources were utilized and pre-staged to support restoration from a possible
9 Category 1 hurricane direct impact to South and Central Florida. Over the following days,
10 resource plans were adjusted in response to changing National Hurricane Center (“NHC”)
11 forecasts. While Florida was spared the worst of Hurricane Eta, sustained wind gusts
12 associated with the storm are estimated to have reached upwards of 70 mph along Florida’s
13 coastline. Tropical storm-force gusts in excess of 50 mph reached far inland into central
14 Florida. Hurricane Eta’s winds caused 2,400 outage and non-outage events affecting
15 140,000 customers

16 Hurricane Isaias

17 On July 29, 2020, Tropical Storm Isaias formed over the eastern Caribbean Sea and
18 continued a northwest track to become a hurricane on July 31, 2020. The hurricane was
19 downgraded to a tropical storm over the Andros Island with maximum sustained winds of
20 70 mph, then made a gradual north-northwest turn as the center passed 30-40 miles east of
21 the Palm Beach County coast on August 2, 2020. A Tropical Storm Warning was issued
22 for southeast Florida on Friday, July 31, and a Hurricane Watch was also issued for
23 Broward and Palm Beach Counties. Later that day, the Hurricane Watch was upgraded to

1 a Hurricane Warning for the Palm Beach County coast and northward to the
2 Volusia/Brevard County line. The storm was forecasted to travel just east of Florida.
3 Expected impacts to the state included heavy rain and heavy winds as a Category 1
4 hurricane with 85 mph winds. Governor DeSantis declared a state of emergency for all east
5 coast counties from Miami-Dade to Nassau.

6 Downgraded to a Tropical Storm just 55 miles east-southeast of Cape Canaveral, Isaias
7 had maximum sustained winds of 70 mph, capable of damaging roofs and buildings, and
8 destroying mobile homes along Florida's east coast. Isaias' main legacy, however, was the
9 large tornado outbreak that generated the strongest tropical-cyclone spawned tornado
10 across the east coast of the United States since Hurricane Rita. At one time, tropical storm
11 watches and warnings extended over 1,000 miles, from Florida to Maine. Hurricane Isaias
12 caused 354 outage and non-outage events in DEF's service territory and impacted 11,700
13 DEF customers. DEF's restoration work related to Isaias occurred between August 2 – 3,
14 2020, utilizing on-system native resources.

15 Hurricane Elsa

16 Elsa developed near the Lesser Antilles where it was named Tropical Depression Five on
17 June 20, 2021. Elsa briefly became a hurricane on July 2, 2021, while moving across the
18 northern Caribbean. The center of Tropical Storm Elsa moved between Jamaica and
19 Hispaniola, then cut across central Cuba at a decreased forward speed on July 5, 2021. The
20 first Tropical Storm watches were issued for the southwest Big Bend and Apalachee Bay.
21 Elsa emerged into the Florida Straits on July 6, 2021, passing near the Lower Keys,
22 followed by a northward turn paralleling the west coast of Florida. Elsa regained short-
23 lived hurricane status prior to landfall around Taylor and Dixie counties as a strong tropical

1 storm on July 7, 2021. Elsa then turned northeast with 30-mph gusts and heavy rainfall for
2 several hours moving into north Florida and South Georgia before accelerating along the
3 eastern seaboard where it later became a post-tropical depression on July 9, 2021.

4 Restoration work began on July 7, 2021, as Elsa’s bands reached the Gulf coast. Over a
5 48-hour period, crews restored service to 30,799 customers and closed 1,322 outage events.
6 A total of 2,171-line, service, vegetation management, and damage assessors were involved
7 in DEF’s restoration efforts for Elsa. Crews were released by July 8, 2021.

8 Tropical Storm Fred

9 On August 9, 2021, the National Hurricane Center (“NHC”) began tracking a disturbance
10 east of the Virgin Islands and designated the system as Potential Tropical Cyclone 6. The
11 initial forecast was for a west-northwest track across the Caribbean Islands. The system
12 was upgraded to TS Fred on August 10, 2021. The combination of land interaction with
13 the rugged terrain of Hispaniola and wind shear from an upper low over Florida resulted in
14 TS Fred weakening to a tropical depression the following day. Further interaction with the
15 Greater Antilles caused TS Fred to become a system with no closed circulation as it
16 emerged into the extreme southeast Gulf on August 14, 2021. On August 15, 2021, a
17 Tropical Storm Watch was issued for the Florida Panhandle and coastal Franklin County
18 as the forecast called for a north-northwest motion around the western edge of the ridge.
19 Fred then regained strength later August 15, 2021, and watches along the northern Gulf
20 coast were upgraded to a Tropical Storm warning. TS Fred steadily strengthened over the
21 warm Gulf waters until landfall near the Eastern Florida Panhandle, with maximum
22 sustained winds of 65 mph. TS Fred produced life-threatening storm surges of 3 to 5 feet
23 in Apalachee Bay.

1 Restoration work began on August 16, 2021. Over a 48-hour period, crews restored service
2 to 21,077 customers and closed 767 outage events. A total of 124 DEF resources,
3 consisting of line, service, vegetation management, and damage assessors, were identified
4 in 3 waves to assist in the restoration efforts for TS Fred. Crews were released by August
5 17, 2021.

6 Hurricane Ian

7 Hurricane Ian is tied for the fifth strongest U.S. Mainland hurricane landfall on record with
8 150 mph winds. Ian made a series of landfalls across Cuba and the United States and will
9 be regarded as one of the costliest tropical cyclones on record. On October 11, 2022,
10 NOAA stated total losses would be more than \$50 billion, likely making Ian the costliest
11 hurricane in Florida's history.

12 The NHC began tracking a tropical disturbance on September 19, 2022, located several
13 hundred miles east of the Windward Islands. This disturbance gradually became more
14 organized as it moved westward, crossing the southwest Caribbean, and became Tropical
15 Depression Nine while over the central Caribbean Sea. TS Ian formed on September 23,
16 2022, but only slowly strengthened over the following days. On September 26, 2022, Ian
17 attained hurricane strength while located a little more than 300 miles south of Cuba. Ian
18 rapidly strengthened prior to striking western Cuba early on September 27, 2022. Ian only
19 briefly weakened crossing Cuba, then strengthened to a monstrous Category 4 hurricane
20 once it reemerged in the southeastern Gulf of Mexico after completing an eyewall-
21 replacement cycle ("ERC"). An ERC is a standard occurrence for strong hurricanes as the
22 center is replaced by a new one. This process aids in the expansion of the wind field as the

1 radius of maximum winds expands away from the old center prior to the full development
2 of the new one.

3 Once the ERC was complete, Ian once again started to intensify as it started to track to the
4 north-northeast. This was a notable and earlier shift toward the east than many Numerical
5 Weather Prediction (“NWP”) Models had suggested, including both global American
6 (“GFS”) and European (“ECWMF”) models. The NHC forecast had originally showed the
7 “cone of uncertainty” including an area from Fort Myers to the Florida Panhandle. The
8 forecast cone was generally near the Tampa Bay metropolitan area just 36-48 hours prior
9 to landfall, then subsequent track updates continued trending farther south, or “right” of
10 the prior track. A frontal boundary in the US strengthened and dug farther south toward
11 the Southeast US than most of the model guidance had originally projected, which was
12 largely the reason for track shift. This resulted in a landfall farther south.

13 Ian made its second landfall on Cayo Costa, FL on September 28, 2022, with near peak
14 intensity of 150 mph. The storm devastated central and south Florida, leaving widespread
15 and catastrophic damage near the landfall point in the Fort Myers/Naples/Port Charlotte
16 region. Ian inched its way across central Florida moving at approximately 8 to 9 mph,
17 which compounded the damage seen at immediate landfall and led to a sustained period of
18 wind and rainfall across central/southern Florida. Ian officially made landfall around
19 3:10PM EDT and did not exit the state until approximately 10:30AM EDT the following
20 day near Cape Canaveral, spending more than 19 hours over Florida while slowly
21 weakening.

22 Despite exiting Cape Canaveral around 10:30 AM EDT Thursday, September 28, 2022,
23 Ian lifted northward just offshore of the Florida Atlantic Coastline heading toward the

1 Carolinas. This allowed western rainbands to impact eastern locations such as Orlando,
2 Apopka, and Deland with torrential, flooding rain, and tropical storm force gusts through
3 3 to 4PM EDT that afternoon. Hurricane Ian's impacts lasted nearly 24 hours from the
4 start of impacts from Saint Petersburg to Orlando, to Gainesville and then on to Apopka,
5 respectively. The heavy rain on Thursday exacerbated record-breaking rainfall and river
6 flooding across the I-95 corridor. Ian officially made a third landfall near Georgetown, SC,
7 with 85 mph winds. Following landfall in South Carolina, rapid dissipation began over
8 land. The remnants fully dissipated on October 2, 2022, near the western North
9 Carolina/Virginia border.

10 In total, more than 10,000 resources helped support massive restoration in DEF's territory
11 between September 29, 2022, and October 2, 2022. By end of day October 2, 2022, DEF
12 restored outages to meet established ETRs in all counties. Approximately 23,000 outages
13 were restored impacting 1,159,000 customers. Crews were released by zone as restoration
14 was completed between October 2nd and October 6th, as the last remaining outages were
15 restored.

16 Hurricane Nicole

17 Hurricane Nicole was only the third November hurricane on record to make landfall in
18 Florida. Prior to Nicole, a November hurricane had not made landfall in Florida since
19 1985. Nicole had a wide wind field with impacts far away from its core. Strong swells in
20 combination with high tide caused devastating storm surge and coastal flooding along the
21 east central Florida coast.

1 On November 7, 2022, Nicole formed as a Subtropical Storm northeast of the Bahamas.
2 Nicole strengthened to a Tropical Storm and on November 9, 2022, made landfall on Great
3 Abaco Island in the northwestern Bahamas. Later that day Nicole became a hurricane
4 while making landfall on Grand Bahama Island. On November 10, 2022, Nicole made
5 landfall on the east coast of Florida just south of Vero Beach as a Category 1 hurricane.
6 Nicole downgraded to a tropical storm with sustained winds of 70 mph at 25 miles
7 northwest of Vero Beach. Later on November 10, 2022, Nicole weakened to a tropical
8 depression with sustained winds of 35 mph located about 20 miles north of Tallahassee.

9 Nicole brought wind gusts of 70 mph or more to three major weather stations: Melbourne
10 Airport, Cocoa Beach, and Orlando Sanford Airport. A wind gust of 100 mph was recorded
11 at the 600-foot tower at the Kennedy Space Center. While the storm surge could be
12 Nicole's biggest hazard, especially for coastal areas, inland flooding from heavy rain and
13 power outages from strong winds were also forecast. After sweeping ashore between West
14 Palm Beach and Melbourne, the storm was forecast to quickly head toward Tampa early
15 November 10, 2022, enter the Gulf of Mexico, make a second landfall on Florida's Big
16 Bend then work its way up the east coast.

17 Governor DeSantis issued a State of Emergency for 34 counties in the potential path of
18 Nicole to encourage emergency preparations and later expanded the State of Emergency to
19 all 67 Florida counties due to potential impacts as the storm moved across the state. Nicole
20 was a large and well-organized storm that brought heavy rains to central and northern
21 Florida. A widespread 2 to 5 inches of rain with localized 6-inch totals was forecast for
22 much of the Florida peninsula and Big Bend. Ordinarily this would be unremarkable for
23 Florida, but many locations were still reeling from flooding left over from Hurricane Ian's

1 assault on the state in late September. The St. Johns River, already at flood stage, was
2 expected to rise further. Tropical Storm forced winds extended about 345 miles to the
3 northeast of the center and 12-foot seas extended out 690 miles to the northeast of the
4 center.

5 While Florida was spared the worst of Hurricane Nicole, sustained winds associated with
6 the storm are estimated to have reached upwards of sixty-five miles per hour along central
7 and northern Florida. Tropical storm-force winds greater than thirty-nine miles per hour
8 reached far inland into central Florida. Hurricane Nicole's winds ultimately caused
9 approximately 600,000 customers in the Florida region to lose power.

10 3,431 resources worked on DEF's restoration efforts between November 10, 2022, and
11 November 11, 2022. DEF made rapid progress and restored 98% of its impacted customers
12 within 12 hours after Nicole exited the state. 6,412 outages were restored impacting
13 303,917 customers. Crews were released on November 11, 2022.

14
15 **III. THE COMPANY'S DISTRIBUTION STORM PLAN**

16 **Q. Please describe DEF's distribution system storm plan.**

17 **A.** DEF prepares for major storms year-round. Hurricane season readiness begins several
18 months before the start of the season and includes training, drills, and implementation of
19 lessons learned from the prior year. DEF's comprehensive storm plan is modeled on
20 Homeland Security's Incident Command Structure ("ICS") and incorporates the best
21 practices the Company has developed from experiences with past storms. The ICS affords
22 rapid scalability in response to a specific threat.

1 The scalability of ICS is reflected in DEF's three distinct levels of restoration response.
2 Level 1 is for restoration events lasting 6-12 hours, Level 2 is for 12-24-hour events, and
3 level 3 is for major events exceeding 24 hours and is designed for restoration on the scale
4 of a hurricane. The same basic functions are performed at all storm levels, but as resources
5 increase to match the storm's anticipated threat, the organization expands to ensure
6 efficient restoration of the Company's system. While it is appropriate for an individual in
7 a lower-level event to perform parts of several storm roles, those same roles are broken out
8 and staffed by an increasing number of dedicated resources as the scope of restoration work
9 increases. The decision to activate at a particular response level is made by the storm
10 management team, and is guided by weather forecasts, resource modeling, and expected
11 restoration duration. The flexibility of the storm plan is such that, for any given restoration
12 event, DEF may have an area operating at Level 2 while another area is activated at Level
13 3. This allows areas within the Company operating at a lower restoration level to finish
14 sooner and release resources to work in regions operating at higher restoration levels.

15 The ICS plan is built upon three phases of storm restoration: (1) pre-storm activation, (2)
16 outage repair and restoration, and (3) returning the distribution grid to normal. Pre-storm
17 activation begins as early as 120 hours prior to landfall, and includes detailed weather
18 forecasting, modeling of potential damage and resource requirements, and preparation for
19 support of logistics needs. The outage repair and restoration phase include operational
20 activities after storm impact to restore service to all customers capable of receiving it.
21 Returning the grid to normal is necessary to restore DEF's electrical infrastructure to its
22 pre-hurricane condition.

1 **Q. Can you please describe the different roles within DEF's storm plan?**

2 **A.** Yes. Within the storm plan there are a multitude of roles that facilitate an efficient
3 restoration process. These roles are organized along five functional lines:

4 (1) Operations (restoration of service);

5 (2) Planning (forecasts, modeling, damage assessment, and situational awareness);

6 (3) Logistics (staging, material, and supplies);

7 (4) Governmental Liaison (coordination with state and county Governmental Agencies);

8 and

9 (5) External Communication (outreach and communication to customers, community
10 leaders and media).

11 Personnel are assigned roles under the storm plan that may differ from their regular daily
12 responsibilities and, as a result, it is imperative that they are effectively trained. This
13 training is normally completed in the second quarter of each year throughout the Company
14 and within each of the functional areas of responsibility. To further ensure storm
15 preparedness, DEF conducts storm readiness drills to test the effectiveness of the training
16 program and employees' ability to execute their assigned storm roles. DEF's storm
17 restoration plan is coordinated with the state-wide storm preparedness efforts through
18 participation in the state Emergency Operations Center ("EOC") coordinated storm drill
19 conducted each May.

20

21 **Q. When and how do you activate your ICS major storm organization?**

22 **A.** DEF's formal ICS activation process kicks off as soon as a threat is identified, which is
23 typically 72 to 96 hours prior to forecasted landfall. DEF's initial focus is to ascertain the

1 most detailed weather information available including date, time, and strength of the storm,
2 path, size and wind fields, precipitation, and exact time when wind is anticipated to
3 diminish and fall below 39 mph (DEF's limit for safe travel).

4 At 48 to 72 hours, DEF uses storm modeling tools to predict the amount of damage to
5 DEF's system, where that damage will likely occur, and the quantity of resources required
6 to quickly restore outages. Also considered are potential forecast variables including track
7 and intensity changes, early hurricane arrival, and when travel conditions will deteriorate
8 effecting travel to the DEF mustering locations. More specifically, the modeling tools
9 estimate the number of personnel required, such as linemen, tree trimmers and damage
10 assessors, providing the Company an estimate of the necessary scale of restoration
11 response. At this point, efforts are focused on notifying DEF customers and employees of
12 potential impact and beginning storm readiness activities and initial efforts to acquire
13 resources. A progression of pre-landfall checklists is followed to ensure orderly
14 preparation each day thereafter.

15
16 **Q. How does DEF use the information from predictive hurricane damage models?**

17 **A.** Once DEF has estimated the number of resources required and where and to what extent
18 each region within DEF's territory will be impacted, several processes begin in unison.
19 DEF's Resource Management function secures commitments for restoration manpower
20 and Staging and Logistics prepares to open mustering and base camp sites to receive them.

21 Resource Management

1 Resource Management first secures internal line and tree resource commitments from other
2 Duke Energy jurisdictions. Internal Duke Energy personnel are available immediately and
3 can be moved into forward positions to expedite restoration. Next, DEF contacts the
4 Southeastern Electric Exchange ("SEE") Mutual Assistance Group to secure commitments
5 from the participating companies for remaining resource needs. SEE Mutual Assistance is
6 governed by an existing agreement between all participating utilities. Most Mutual
7 Assistance utilities assess the impact of the storm on their systems and hold resources until
8 their utility is in the clear. Utilities not in the storm's projected path typically must travel
9 from significant distances and must be activated several days prior to landfall.

10 Staging

11 Depending on the time, path, and confidence in the storm's expected impact, decisions
12 concerning when committed crews are activated, paid to be mobilized, and sent to an off-
13 site mustering location are made prior to landfall. To expedite the restoration process, DEF
14 mobilizes crews to mustering sites located along Interstates 75, 4, and 95. Safety is the
15 highest priority, so the sites ultimately used depend upon the path of the storm; DEF seeks
16 sites as close as possible to expected damage without unnecessarily placing crews in harm's
17 way. The number of crews mobilized and where they are mustered depends greatly on
18 confidence in the weather forecast. Restoration is fastest when resources are pre-staged
19 before driving conditions deteriorate.

20 Logistics

21 Concurrent with the acquisition of resources, DEF's Logistics function establishes a
22 coordinated schedule to open mustering sites and base camps, and to secure anticipated

1 lodging needs. The use of mustering sites allows the Company to validate rosters and crew
2 compliments for billing; orient non-native crews to DEF's safety policies, switching
3 practices, and technical specifications; and prepare crews for reassignment to a restoration
4 base camp that accommodates truck parking, inventory storage, refueling, meals, and
5 lodging.

6
7 **Q. Is pre-staging restoration crews part of DEF's hurricane plan, and is the practice**
8 **supported by industry experience and regulatory guidance?**

9 **A.** Yes. About 24 hours before impact DEF focuses on pre-staging, which is an integral part
10 of DEF's hurricane plan, a well-established industry best practice, and a hedge against
11 uncertain hurricane forecasts (timing and location). When combined with strong logistics
12 and operational procedures, acquiring resources prior to landfall reduces restoration time.

13 Rebuilding and repairing the electric grid after a hurricane requires more resources than
14 native staffing. Not only must the area of impact and extent of direct damage be
15 considered, but also the hurricane's subsequent path that could affect travel to the state,
16 access to damage, and availability of remaining resources. Securing, mobilizing, on-
17 boarding, and strategically locating Mutual Assistance crews takes several days and must
18 be initiated before weather impact is certain. Pre-staging decisions are based on detailed
19 forecast data and advanced modeling tools developed and continuously improved through
20 years of experience.

21 Pre-staging reduces overall restoration days and total customer outage hours. During a
22 hurricane state of emergency, communities suffer economic loss and deal with threats to

1 public health and safety. For these reasons, DEF's primary objective in storm response is
2 the safest, fastest, most transparent restoration managed responsibly from a cost
3 perspective.

4 Pre-staging greatly improves the accuracy of Estimated Times of Restoration ("ETRs").
5 Accurate and early ETRs are vital to community first responders who are managing threats
6 to public health and safety, and to customers who evacuated and are seeking to return home.
7 ETRs are a combination of estimated repair man-hours and resources available to do the
8 work. When available resources are in place and engaged in work, the resulting ETRs can
9 be provided sooner and are far more accurate than when acquisition and mobilization
10 uncertainties must be included.

11 **Q. How does the Company on-board crews and what steps does the Company take to**
12 **ensure that they are effectively utilized?**

13 **A.** The Company on-boards newly arriving crews at staging and logistics sites where rosters
14 are verified, and arrival times documented. Crews go through a detailed overview of
15 Company safety rules and protocols, as well as information on construction standards.
16 Once restoration begins, crews are assigned to Restoration Coordinators ("RC"). The RC
17 is a key oversight role for managing work. RCs assign their crews daily work packages
18 that are prepared in advance and monitor progress of restoration. RC's also review time
19 sheets and provide feedback to the storm center about crew effectiveness. This information
20 is used by Operations and Logistics during demobilization to sequence crew releases so
21 that the more productive and lower cost crews are among the last to be released.

22
23 **Q. How is DEF's resource plan developed?**

1 A. Resource plan commitments must be made far enough in advance to allow mobilization to
2 strategically place mustering sites. The timing of crew mobilization is based on getting
3 resources into position before driving conditions deteriorate and crew safety is endangered.
4 The resource plan is continuously checked and adjusted as information becomes more
5 certain. Adjustments can include both additions and releases of resources.

6
7 Predictive damage modeling provides a target number of resources and is the basis for
8 Mutual Assistance requests. The resource plan covers many risks including early hurricane
9 arrival and increased strength (as Hurricane Michael quickly did in 2018, attaining
10 Category 5 status at landfall), shifting of storm track, widening of wind field, tornados, and
11 flooding. These risks are mitigated by the number of resources secured, skill type (e.g.,
12 line, tree, damage assessment), pre-position location, and if not pre-positioned, the
13 influence of the hurricane on post-landfall highway travel. While these decisions are made,
14 by necessity, with imperfect forecast information, the consequences of inaction are
15 enormous and well-documented.

16
17 **Q. What occurs as the storm begins to impact DEF's service territory?**

18 A. When the storm-force winds commence in DEF's service territory, the Distribution Control
19 Center ("DCC") is in constant communication with the Energy Control Center ("ECC")
20 and the Transmission storm center. The ECC gives both storm centers a thorough
21 description of what transmission lines and substations are dropping out of service as the
22 storm passes, giving the Company a real-time assessment of the location of the storm
23 damage. Crews in the storm's direct path shelter in place where safe to do so, while crews

1 on the boundaries respond to emergency calls. The ECC and storm centers jointly establish
2 restoration priorities and coordinate restoration strategies to maintain grid stability.

3
4 **Q. What happens after the storm passes?**

5 **A.** DEF’s storm response has three main components: (1) governmental and EOC support and
6 response; (2) statistical damage assessment; and (3) Assess, Isolate, and Restore (“AIR”)
7 feeder backbone restoration. These three components enable local and state governments
8 to respond to the storm's impact and allows DEF to both estimate the amount of storm
9 damage actually incurred by the distribution system and begin restoration of the highest
10 priority feeders.

11
12 DEF can promptly respond as local governments and county EOCs encounter issues that
13 require immediate attention. These issues may involve, for example, support for road
14 clearing teams, or removing a downed power line with police personnel standing by at the
15 site. By having DEF personnel assigned to county EOCs, DEF can facilitate
16 communication with various governmental agencies also at the EOCs, such as fire
17 departments, to quickly respond to the site, take care of the downed line, and allow the
18 government agency staff to pursue other critical assignments.

19
20 Concurrent with these activities, DEF rapidly assesses a statistically valid sample of its
21 total facilities to validate the damage and associated resources that were predicted by the
22 model, and to provide operations management more information for determining the best
23 restoration strategy. As part of pre-storm season preparation, DEF identifies segments of

1 feeders and associated branch lines in each area served by an operations center that are
2 representative of the overall network of feeders and branch lines for the local area. As soon
3 as the storm winds drop below 39 miles per hour, damage assessment teams are activated
4 to get a better understanding of the damage to the distribution system. The previously
5 identified representative distribution line segments are assigned to damage assessment
6 teams who are responsible for a pole-by-pole survey of those segments, to inventory the
7 extent of damage incurred, and return damage information to be compiled and analyzed.
8 Based upon the storm damage found in this representative sample, DEF extrapolates the
9 amount of storm damage for the rest of the local distribution network and aggregates these
10 assessments to get a system-wide storm damage estimate. These estimates are used to
11 adjust the pre-landfall resource mobilization plan as needed.

12
13 The AIR feeder backbone restoration process is a method by which DEF restores core
14 infrastructure and catalogues storm damage for further repair. This process is intended to
15 quickly restore the feeder backbone through the operation of switches only, inventory
16 sections of the feeder that DEF is not able to immediately restore and identify devices off
17 the feeder that are not in service. DEF begins planning for the AIR effort prior to the storm
18 season when each of the local management teams prioritize the order of restoration for
19 critical feeders within their jurisdiction. Highest priority is assigned to feeders that are
20 crucial to the health, safety, and welfare of the public.

21
22 **Q. How is the restoration phase of the storm plan carried out?**

1 A. At this juncture of the restoration efforts, DEF deploys resources to the local operating
2 areas. To efficiently use this first wave of resources, DEF assigns them to the storm
3 damage that was identified through the feeder AIR process. This allows the Company to
4 assign the first wave to the highest priority work on the most critical components of the
5 distribution infrastructure. Based upon the information collected from the statistical
6 assessment, including aerial storm damage assessments using drones and helicopters,
7 information reported to DEF's outage management system, and the knowledge of local
8 management, the management team has the information it needs to determine what feeders
9 require detailed damage assessment. When the detailed assessment of a feeder segment is
10 complete, the results of that effort are compiled into an associated work package. This
11 work package allows DEF to effectively communicate the scope of the work to be done
12 and further assists the Company in managing productivity expectations of line and tree
13 crew resources. Additionally, the work package information assists local management in
14 allocating resources and determining Estimated Time of Restoration ("ETRs").
15

16 **Q. How does the Company communicate information to its customers prior to, during
17 and after a storm?**

18 A. Before a storm, the Company issues news releases, posts social media information related
19 to storm and safety tips, issues public service announcements, sends customers emails
20 focused on preparedness, and proactively shares stories with the media focused on DEF's
21 preparedness efforts to inform customers. To address the needs of customers with medical
22 or special needs, DEF conducts outbound call campaigns to ensure these customers are
23 aware of pending severe weather and to prepare for potentially extended outages.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

The Company also launches a dedicated webpage focused on the specific storm event where the public can find news releases, safety tips, videos, restoration information and links to other valuable resources. Banners on the Company’s main page direct customers to the storm and safety information and eventually to the dedicated storm webpage once it is launched. All pre-storm communications include storm and safety tips, and instructions on how to report outages. DEF’s proactive outreach to the media often results in interviews and stories focused on storm preparedness.

During a storm, the Company develops daily messages for the media, customers, and field personnel. The Company publishes daily updates via news releases and social media on various topics, including storm damage, ETRs, and out of town resources. DEF secures TV, print, and radio advertising to provide restoration updates. Customers participating in DEF outage communication programs receive updates via email, phone, and text on restoration progress and ETRs. Ongoing updates regarding storm restoration are also provided on the Company’s dedicated storm page which includes updated outage maps. Furthermore, during a storm event, updates are continuously provided to elected officials, community leaders and other stakeholders to ensure that they have the information needed to share with the public and to plan accordingly.

After a storm, the Company prepares wrap-up messages to share with customers, community leaders, and other stakeholders. News releases are published to provide final

1 outage-related numbers, thank customers for their patience, thank local first responders,
2 and thank the companies that provided off-system resources.

3
4 **Q. Does the Company update ETRs during the restoration process?**

5 **A.** Yes. DEF has three levels of ETRs: (1) an initial system level ETR; (2) a view of ETRs
6 by city and county; and (3) device level ETRs. As the storm restoration progresses, DEF
7 moves from higher level ETRs to increasing levels of detail, providing customers with
8 immediate information. ETRs are continuously updated and expanded to greater levels of
9 detail during restoration. Factors that influence ETR updates include integrating any new
10 information the Company has collected; the extent and severity of the storm damage; the
11 critical and priority restoration needs DEF may receive from ECC, state and local
12 governments, and EOCs; and the availability of resources. Additionally, ETR's can be
13 impacted by timing of resource arrival due to a number of external factors such as road and
14 bridge closures, crews that have to travel through the path of the storm (after it has cleared),
15 evacuee traffic, and lodging and fuel availability along major routes into the state. As
16 required, DEF shifts line and tree crews, equipment, and material to address new priorities
17 or to increase productivity. During restoration, DEF is constantly striving to improve ETRs
18 and meet or exceed ETR goals.

19
20 **Q. How does the Company wind down its restoration process?**

21 **A.** As the Company nears the completion of storm restoration work within any part of the
22 service territory, DEF begins demobilization efforts. DEF makes a best faith effort to use
23 the most productive and cost-effective resources during restoration. As a part of the

1 demobilization plan, DEF surveys local management and RCs to assess productivity of the
2 non-native line and tree personnel. Combining this information with the daily cost of the
3 personnel, DEF builds a restoration plan that retains the safest, most productive, cost-
4 effective resources until no longer needed.

5
6 **Q. Is there anything else that must be done after storm restoration is complete?**

7 **A.** Yes. The final phase of hurricane response is restoration of the system to its pre-storm
8 status. When in the storm outage restoration phase, DEF performs the essential work
9 necessary to restore the fundamental operating characteristics of the distribution
10 infrastructure. The initial primary focus is getting “lights on” and safety considerations
11 rather than correcting all damaged facilities that are still capable of functioning. For
12 example, during the storm outage restoration phase, DEF may leave in place poles that are
13 damaged and in need of repair but are able to safely provide service to customers in the
14 short term, capacitor banks and reclosers are returned to service only if immediately
15 required, and animal mitigation hardware is not installed pursuant to DEF’s day-to-day
16 standards. After the restoration efforts are concluded, DEF conducts electrical and physical
17 condition sweeps of the feeder backbone and identifies the issues that require mitigation to
18 return the distribution system to its pre-storm state.

19
20 The Company also conducts a “tree sweep” which is a detailed vegetation patrol of the
21 feeder backbones to identify any storm damage to trees that were not mitigated during the
22 storm restoration phase. The tree sweep is focused on cracked or broken limbs that are
23 tenuously hanging over-top of facilities and will eventually come down. Trained

1 vegetation management personnel are responsible for identifying trees or branches
2 damaged by the storm and immediately mitigating any such damage. This process requires
3 considerable subject matter expertise because these issues can be camouflaged when the
4 leaves are still green, meaning that only the most obvious can be easily identified.

5
6 **Q. How do you measure the effectiveness of your storm planning and restoration**
7 **process?**

8 **A.** Beginning with restoration effectiveness, one of the main measures that the Company uses
9 is the cumulative percentage of customers restored versus the projection of where DEF
10 should be at the end of each day. Moving backward from DEF's final ETR goals, the
11 Company sets milestones that must be achieved each day to achieve the overall goal. DEF
12 generates these milestones down to the operations center level based on the amount of
13 storm damage on DEF's system, the level of resources at the Company's disposal, and
14 DEF's restoration history. This analysis tells DEF whether it is being as effective as it
15 needs to be and, if not, helps to highlight or correct any issues that may be impacting the
16 Company's performance.

17
18 Effective planning comes down to ensuring that the Company has the processes in place to
19 provide maximum flexibility. Due to the nature of these storms, DEF will never be able to
20 precisely predict the location and timing of the storms or the extent of damage they will
21 create. It is more important that DEF's planning process ensures it has the flexibility to adapt
22 to inevitable changes in the location, timing, and intensity of storms as they arise. In DEF's

1 judgment, the planning process does in fact provide DEF with the needed flexibility to cope
2 effectively with the hurricane season.

3
4 Finally, safety of the restoration workforce is another critically important measure of
5 effectiveness. There were no serious or OSHA recordable injuries responding to the
6 Storms.

7
8 **IV. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE**
9 **ETA**

10
11 **Q. Please identify what incremental costs the Company incurred in connection with**
12 **Hurricane Eta.**

13 **A.** Incremental storm-related costs incurred by the Company attributable to Hurricane Eta are
14 \$9.2 million, as shown on Exhibit No. __ (SR-1) to the direct testimony of Shelly Ross.

15
16 **Q. Please describe Hurricane Eta and how you implemented the plan you described**
17 **above.**

18 **A.** Eta's timeline and DEF's response was as follows:

19 Tuesday, November 10, 2020: The 6am NHC forecast showed Tropical Storm Eta making
20 landfall as a Tropical Depression near Pensacola 5 days later on Sunday, November 15.

21 DEF activated its ICS storm organization, consulted with in-house Meteorologists, and
22 began modeling potential damage. DEF's tropical storm preparation must consider what
23 is possible as well as what is likely to happen. As a result, DEF began resource acquisition
24 and ultimately secured 2,689 crew members consisting of:

- 1 ○ 507 Duke Energy Florida employee Line crews;
- 2 ○ 338 DEF Native Line contractors;
- 3 ○ 448 Duke Energy Carolinas and Midwest Line contractors;
- 4 ○ 269 SEE Mutual Assistance Line crews;
- 5 ○ 555 non-MA line contractors;
- 6 ○ 76 Damage Assessment contractors; and
- 7 ○ 496 DEF Vegetation Management contractors.

8 Demonstrating how unpredictable tropical systems can be, by the 10pm NHC forecast
9 (shown below) things had changed dramatically:

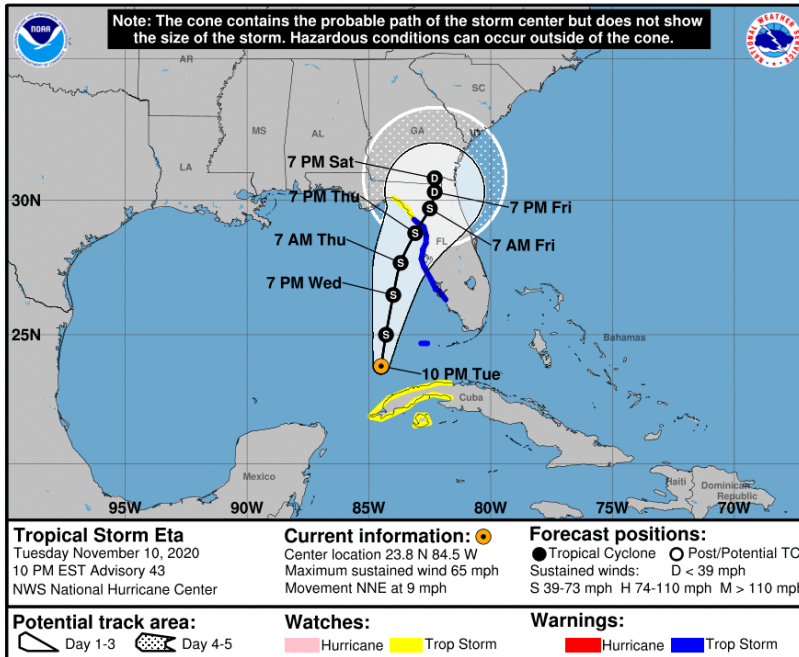
- 10 ○ Eta’s track shifted 300 miles east to Cedar Key;
- 11 ○ Landfall moved up from Sunday afternoon (November 15) to Thursday
12 afternoon (November 12); and
- 13 ○ Landfall intensity increased to Tropical Storm force.

14 Wednesday, November 11, 2020: The 7am NHC forecast intensified Tropical Storm
15 Eta to a category 1 hurricane in the Gulf of Mexico and increased forward speed,
16 making landfall as a Tropical Storm around midnight on Thursday, November 12.
17 Crews began restoration overnight as outer bands entered DEF’s service territory.

18 Thursday, November 12, 2020: Restoration crews began work as soon as it was safe to
19 do so and continued throughout the day. By midnight all customers who could receive
20 power had been restored.

21 November 13, 2020: All crews were released to travel home.

22



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15

Q. Please describe the Company’s process for seeking Mutual Assistance from outside sources and identify the date on which the Company communicated with Mutual Assistance organizations with respect to Hurricane Eta.

A. Once a tropical system is identified that threatens DEF’s service territory, the process to acquire off system restoration personnel is activated. There are primarily two avenues for acquiring off system support. The first is through non-Investor-Owned Utility (“IOU”) vendors using pre-negotiated agreements. DEF had over 90 vendor agreements in place prior to Hurricane Eta. The second avenue for off system support is through the SEE Mutual Assistance process. Mutual Assistance calls are set up to assess resource availability from outside the projected impact area. Resources typically include linemen, vegetation management, damage assessment, support, and logistics personnel for both distribution and transmission restoration work. Depending on the projected event timing and intensity, the objective is to have resources mobilized and pre-positioned ahead of

1 impact. Due to the time it takes for crews outside Florida to mobilize, this requires the
2 Company to incur costs for off-system resources based on NHC tropical weather forecasts,
3 which are subject to change. The Company's communications with Mutual Assistance
4 organizations for Eta began Monday, November 9. Mobilization was based on travel
5 distance and arrival at pre-stage locations south of the track before deterioration of safe
6 driving conditions.

7
8 **Q. When did the Company's Mutual Assistance costs for Hurricane Eta begin to**
9 **accrue?**

10 **A.** Costs for Hurricane Eta began to substantially accrue on November 11, 2020, as crews
11 were mobilized. Mobilization was based on travel distance and arrival at DEF mustering
12 locations before driving conditions deteriorated to the point of being unsafe. As is industry
13 standard, Mutual Assistance charging begins when the responding entities prepare to travel
14 and work on DEF's system (examples include stocking material and preparing trucks and
15 equipment for highway travel).

16
17 **Q. Did the Company issue public announcements in connection with Hurricane Eta?**

18 **A.** Yes. To keep customers and the public updated on preparation and restoration efforts,
19 DEF issued news releases in English and Spanish and responded to 20 inquiries from TV,
20 radio, and print media outlets. More than 87,000 users visited Duke Energy's outage
21 map. In addition, DEF published social media posts which covered several topics
22 including safety, storm damage, resources, updated outage information and restoration

1 progress. More than 640 messages were received on social media and over 270 responses
2 sent.

3
4 **Q. When was the Company fully restored from Hurricane Eta?**

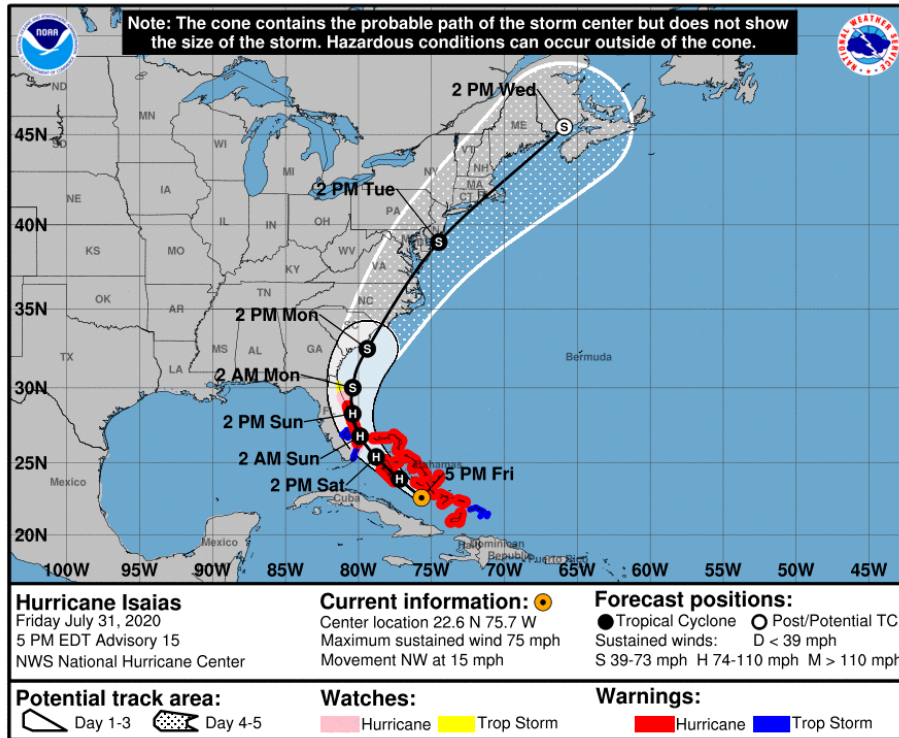
5 **A.** DEF was fully restored by midnight on November 12, 2020. Over the preceding 36 hours
6 over 101,000 customers were restored from 1,493 outage and non-outage events.

7
8 **V. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE**
9 **ISAIAS.**

10
11 **Q. Please describe your planning and response to Hurricane Isaias and its impact on**
12 **your system?**

13 **A.** Friday, July 31, 2020: The NHC 5pm forecast shown below indicated a category 1 or 2
14 hurricane moving north along Florida's Atlantic coast. With impact less than 48 hours
15 away, DEF's Central Florida territory was well within the cone of uncertainty. DEF
16 activated its ICS storm organization, consulted with in-house Meteorologists, and began
17 modeling potential damage. DEF's tropical storm preparation must consider what is
18 possible as well as what is likely to happen. As a result, DEF began activation of
19 employees and native line and vegetation contractors.

20 Saturday and Sunday, August 1 and 2, 2020: As Hurricane Isaias moved north, DEF
21 restored service to 11,700 customers by responding to 354 outage and non-outage events.



1
2
3
4
5
6
7
8
9
10
11
12
13

Q. Please identify what incremental costs DEF incurred in connection with Hurricane Isaias.

A. The incremental costs incurred by the Company in connection with Hurricane Isaias are \$0.3 million, as shown on Exhibit No. __ (SR-1).

Q. When did the Company’s Mutual Assistance costs for Hurricane Isaias begin to accrue?

A. Costs for Hurricane Isaias began to substantially accrue on Saturday, August 1st.

Q. Did the Company issue public announcements in connection with Hurricane Isaias?

A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF issued news releases in English and Spanish. In addition, DEF published daily social media

1 posts which covered several topics including safety, storm damage, resources, updated
2 outage information and restoration progress.

3
4 **Q. When was the Company fully restored from Hurricane Isaias?**

5 **A.** Hurricane Isaias's outer bands began to directly impact DEF's service territory on
6 Saturday, August 1, 2020, and DEF was fully restored on Sunday, August 2.

7
8 **VI. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE**
9 **ELSA.**

10 **Q. Please describe your planning and response to Hurricane Elsa and its impact on your**
11 **system?**

12 **A.** July 1, 2021: The NHC 5pm forecast shown below indicated a tropical storm rapidly
13 moving westward toward the Windward Islands. The storm was to reach the southern
14 Caribbean over the next couple of days and strengthening was anticipated. DEF activated
15 its ICS storm organization, consulted with in-house Meteorologists, and began modeling
16 potential damage. DEF's tropical storm preparation must consider what is possible as well
17 as what is likely to happen. As a result, DEF began activation of employees and native
18 line and vegetation contractors.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

Q. Please identify what incremental costs DEF incurred in connection with Hurricane Elsa.

A. The incremental costs incurred by the Company in connection with Hurricane Elsa are \$14.6 million, as shown on Exhibit No. __ (SR-1).

Q. When did the Company’s Mutual Assistance costs for Hurricane Elsa begin to accrue?

A. Costs for Hurricane Elsa began to substantially accrue on Monday July 5th as crews from the Duke Carolinas and Duke Midwest were mobilized.

Q. Did the Company issue public announcements in connection with Hurricane Elsa?

A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF issued news releases in English and Spanish. In addition, DEF published daily social media posts which covered several topics including safety, storm damage, resources, updated outage information and restoration progress.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

Q. When was the Company fully restored from Hurricane Elsa?

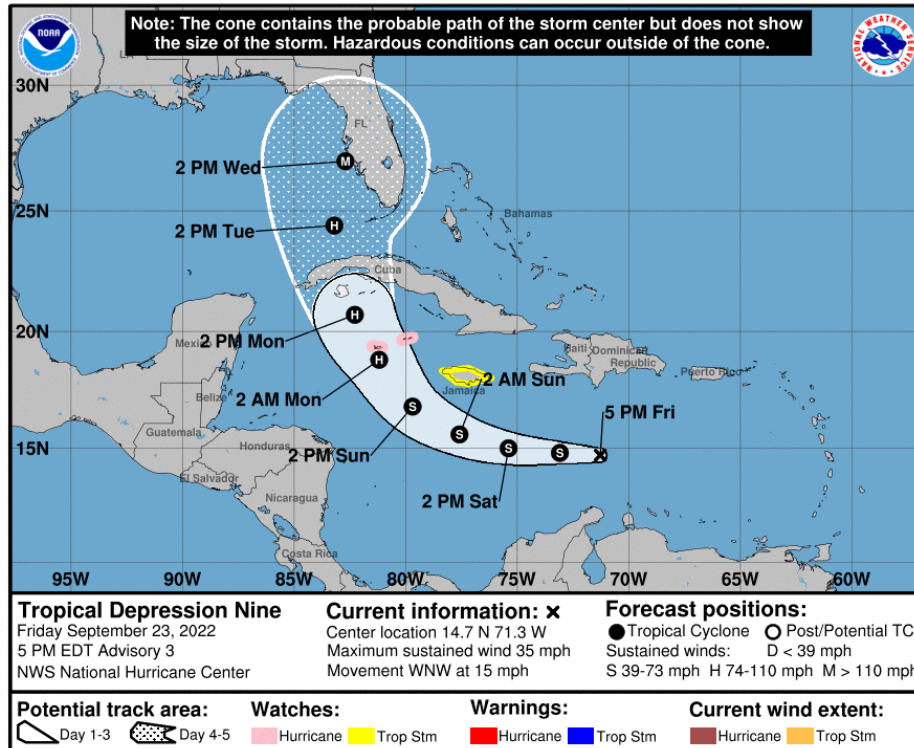
A. Hurricane Elsa’s outer bands began to directly impact DEF’s service territory late Tuesday July 6th and DEF was fully restored on Thursday July 8th.

VII. DEF’S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE IAN.

Q. Please describe your planning and response to Hurricane Ian and its impact on your system?

A. The NHC’s Friday, September 23rd 5pm forecast shown below indicated a tropical depression located in the Lesser Antilles and expected to become a tropical storm that evening. Significant intensification was forecast on to take place over Sunday and Monday (September 25-26), and the system is forecast to become a hurricane by early Monday (September 26).

DEF activated its ICS storm organization, consulted with in-house Meteorologists, and began modeling potential damage. DEF’s storm preparation must consider what is possible as well as what is likely to happen. As a result, DEF began activation of employees, native and non-native line, and vegetation contractors.



1
2
3
4
5
6
7
8
9
10
11
12
13

Q. Please identify what incremental costs DEF incurred in connection with Hurricane Ian.

A. The incremental costs incurred by the Company in connection with Hurricane Ian are \$359.6 million, as shown on Exhibit No. __ (SR-1).

Q. When did the Company’s Mutual Assistance costs for Hurricane Ian begin to accrue?

A. DEF began to incur costs for Hurricane Ian on September 24th and began to substantially accrue on Monday September 26th as crews from the Duke Carolinas, Duke Midwest, and off-system resources were mobilized.

Q. Did the Company issue public announcements in connection with Hurricane Ian?

1 A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF
2 issued news releases in English and Spanish. In addition, DEF published daily social media
3 posts which covered several topics including safety, storm damage, resources, updated
4 outage information and restoration progress.

5
6 **Q. When was the Company fully restored from Hurricane Ian?**

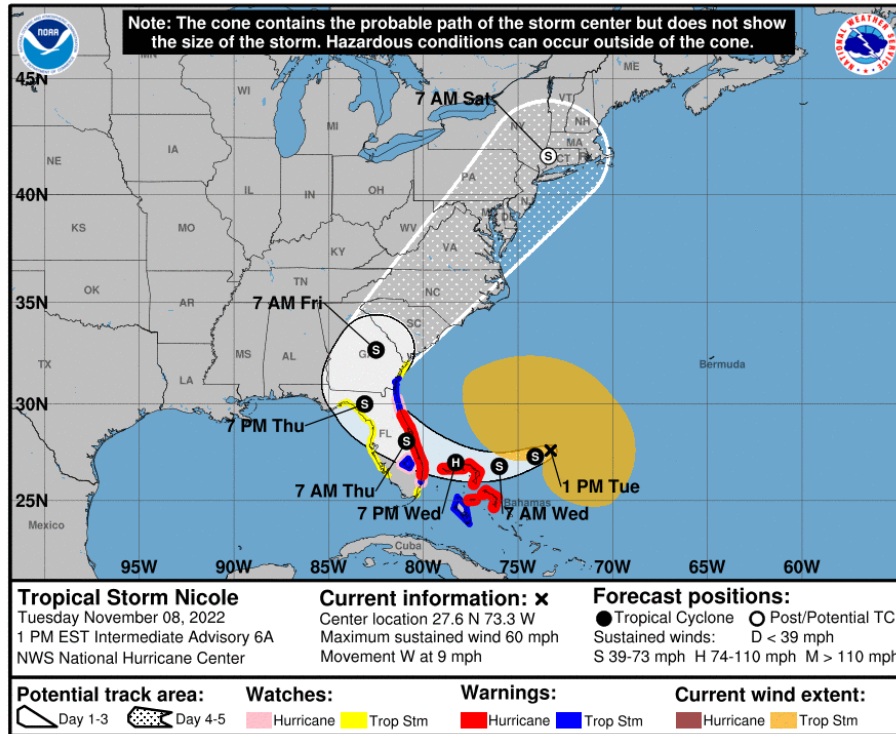
7 A. Hurricane Ian made landfall at approximately 3:10pm, Wednesday, September 28 and
8 exited our service territory late afternoon on Thursday, September 29th. By the end of the
9 day Sunday, October 2nd we were fully restored.

10
11 **VIII. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE**
12 **NICOLE.**

13 **Q. Please describe your planning and response to Hurricane Nicole and its impact on**
14 **your system?**

15 A. The NHC 1pm forecast for November 7th shown below indicated Tropical Storm Nicole
16 located off the east coast of Florida and expected to become a hurricane prior to its
17 projected landfall.

18
19 DEF activated its ICS storm organization, consulted with in-house Meteorologists, and
20 began modeling potential damage. DEF's storm preparation must consider what is possible
21 as well as what is likely to happen. As a result, DEF began activation of employees, native
22 and non-native line, and vegetation contractors.



1
2
3
4
5
6
7
8
9
10
11
12
13
14

Q. Please identify what incremental costs DEF incurred in connection with Hurricane Nicole.

A. The incremental costs incurred by the Company in connection with Hurricane Nicole are \$42.9 million, as shown on Exhibit No. __ (SR-1).

Q. When did the Company’s Mutual Assistance costs for Hurricane Nicole begin to accrue?

A. Costs for Hurricane Nicole began to substantially accrue on Monday November 7th as crews from the Duke Carolinas, Duke Midwest, and off-system resources were mobilized.

Q. Did the Company issue public announcements in connection with Hurricane Nicole?

A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF issued news releases in English and Spanish. In addition, DEF published daily social media

1 posts which covered several topics including safety, storm damage, resources, updated
2 outage information and restoration progress.

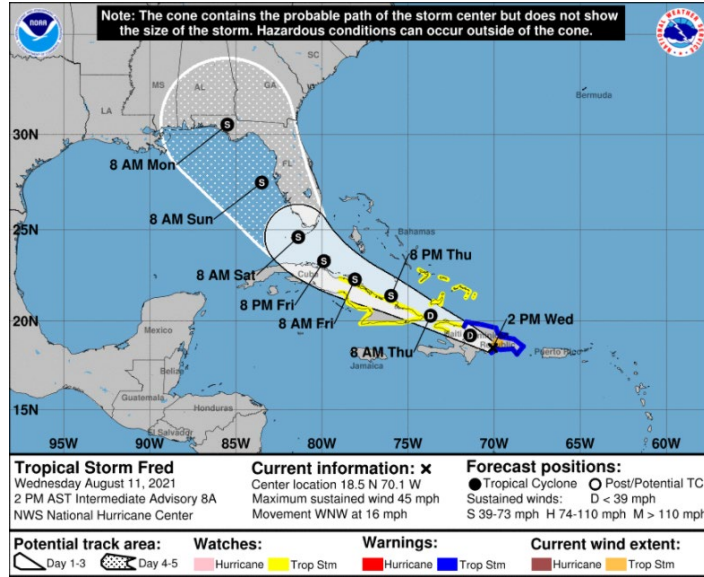
3
4 **Q. When was the Company fully restored from Hurricane Nicole?**

5 **A.** Hurricane Nicole made landfall on Thursday, November 10th. By the end of the day Friday,
6 November 11, we were fully restored

7
8 **IX. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF TROPICAL**
9 **STORM FRED.**

10 **Q. Please describe your planning and response to Tropical Storm Fred and its impact on**
11 **your system?**

12 **A.** The NHC's 2 pm forecast for August 11, 2021, shown below, indicated a tropical storm
13 located just north of central Cuba moving northwest towards the Florida peninsula. DEF
14 activated its ICS storm organization, consulted with in-house Meteorologists, and began
15 modeling potential damage. DEF's tropical storm preparation must consider what is
16 possible as well as what is likely to happen. As a result, DEF began activation of
17 employees and native line and vegetation contractors.



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

Q. Please identify what incremental costs DEF incurred in connection with Tropical Storm Fred.

A. The incremental costs incurred by the Company in connection with Tropical Storm Fred are \$.02 million, as shown on Exhibit No. __ (SR-1).

Q. When did the Company’s Mutual Assistance costs for Tropical Storm Fred begin to accrue?

A. Costs for Tropical Storm Fred began to substantially accrue on Sunday, August 15, as crews within the state were mobilized to the panhandle region.

Q. Did the Company issue public announcements in connection with Tropical Storm Fred?

A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF issued news releases in English and Spanish. In addition, DEF published daily social media

1 posts which covered several topics including safety, storm damage, resources, updated
2 outage information and restoration progress.

3
4 **Q. When was the Company fully restored from Tropical Storm Fred?**

5 **A.** Tropical Storm Fred moved onshore Monday, August 16th, and DEF was completely
6 restored by 5:00pm Tuesday, August 17th.

7
8 **X. COMPLIANCE WITH THE HURRICANE IRMA SETTLEMENT'S PROCESS**
9 **IMPROVEMENTS**

10
11 **Q. Did DEF comply with the Storm Restoration Cost Process Improvements included**
12 **as part of the Hurricane Irma Settlement when responding to these storms and**
13 **calculating the incremental costs?**

14 **A.** Yes. Since entering the Agreement, DEF has developed detailed practices and policies to
15 ensure compliance with the Process Improvements during a restoration event. DEF has
16 also entered into service agreements with many vendors that include acknowledgment of
17 and compliance with the vendor-specific Process Improvements. That said, as was noted
18 in that order, "all parties are in agreement regarding DEF's primary objective following a
19 storm, which is power restoration to its customers, and that 'the company will not allow
20 the policies and procedures to impede speedy power restoration for its customers.'"¹ In
21 recognition of the primary importance of safe and speedy restoration, if a situation occurs
22 during a restoration event that would result in Process Improvement compliance

¹ Order No. PSC-2019-0232-AS-EI, pg. 4.

1 hampering, rather than aiding, restoration efforts, the Company would document why
2 compliance is causing unwarranted delays, and then implement a work-around.

3

4 **Q. Does this conclude your testimony?**

5 **A. Yes**