



Arnold Garcia
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February 13, 2024

Via Next Day Courier

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-850

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COMMISSION CLERK

Dear Mr. Teitzman:

By Rule 25-6.0143(1)(m) F.A.C, issued June 11, 2007, Duke Energy Florida, LLC is required to file an annual report providing information on four specific items related to its self-insured program for transmission and distribution line ("T&D") property damage.

The following are changes since our last report for the required items:

1. **Update on Efforts to Obtain Traditional T&D Insurance** – The property insurance markets continue to be restrictive. Traditional insurance coverage for storm-related damages to T&D facilities at reasonable costs and deductibles on a standalone basis remains unavailable.
2. **Status of the proposed Industry-Wide T&D Program** – An industry-wide program covering catastrophic storm damage to aboveground distribution assets remains economically unfeasible.

At least once per year, Duke surveys the marketplace through its insurance brokers and partners for an economical means of insuring T&D assets. There continues to be no economical insurance coverage available.

Duke Energy Florida continues to monitor activity in this area.

3. **Update on the Evaluation of Duke Energy Florida's Exposure and the Adequacy of the Storm Damage Reserve** – As a result of Order No. PSC-2010-0131-FOF-EI, Duke Energy Florida (DEF) is not collecting in base rates any funds to replenish or increase its storm damage reserve. However, pursuant to Duke Energy Florida's 2021 Settlement Agreement, approved in Order No. PSC-2021-0202-AS-EI, effective January 2022 through December 2024, Duke Energy Florida is not

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precluded from petitioning for recovery of storm damage costs and replenishment of its storm damage reserve up to \$132 million.

On January 23, 2023, Duke Energy Florida filed a petition in Docket No. 20230020 to implement a storm surcharge from April 2023 through March 2024 to recover estimated incremental storm restoration costs related to Hurricanes Ian, Nicole, Eta, Isaias, Elsa, and Tropical Storm Fred, and to replenish the storm reserve.

On October 16, 2023, Duke Energy Florida filed a petition in Docket No. 20230116 to reduce and extend the storm surcharge from January through December 2024 to 1) recover estimated storm restoration costs for Hurricane Idalia and replenish the storm reserve, and 2) include the remaining restoration costs for Hurricanes Ian, Nicole, Etat, Isaias, Elsa, and Tropical Storm Fred over the January-December 2024 recovery period.

4. **Feasibility and Cost-Effectiveness of a Risk-Sharing Plan among Investor-Owned Electric Utilities in Florida** – See Item 2 above.

Also enclosed for filing as Attachment 1 to this report is a summary schedule of the amounts recorded in Account 228.1 as of December 31, 2023.

Duke Energy Florida respectfully requests that this letter serve as its annual report. Updated information will be provided to the Commission if a significant change should occur in the Company's exposure, the adequacy of the storm reserve, or the cost and availability of traditional insurance.

Please call me with any questions regarding this annual report.

Sincerely,



Arnold Garcia
Director, Insurance
Duke Energy Corporation

Attachment 1

**Summary Schedule of the Amounts Recorded in Account 228.1
as of December 31, 2023**

Duke Energy Florida, LLC
Net Storm Balances (In Thousands)
Dr/(Cr)

| | *Account | | | Total Net Balance |
|---|--|--|--|----------------------|
| | 186.295/182.370 Deferred Storm Reserve | Account 228.100 Retail Storm Reserve | Account 228.101 Non-Retail Storm Reserve | |
| December 2022 GL Balance | \$ 408,101 | \$ (107,890) | \$ (4,998) | \$ 295,213 |
| <u>Storm costs for PY storms - with 2023 charges</u> | | | | |
| Hurricane Irma | \$ - | \$ - | \$ - | \$ - |
| Hurricane Elsa | \$ (3) | \$ (57) | \$ - | \$ (61) |
| Tropical Storm Fred | \$ (42) | \$ 9 | \$ - | \$ (33) |
| Hurricane Eta | \$ (176) | \$ 171 | \$ - | \$ (5) |
| Hurricane Isaias | \$ 72 | \$ (46) | \$ 3 | \$ 29 |
| Storm Cost Amortization ¹ | \$ - | \$ - | \$ (3,335) | \$ (3,335) |
| Move \$29M Storm Cost to Reg Asset ¹ | \$ - | \$ - | \$ - | \$ - |
| Hurricane Ian ² | \$ 7,602 | \$ - | \$ - | \$ 7,602 |
| Hurricane Nicole ² | \$ (10,510) | \$ - | \$ - | \$ (10,510) |
| Miscellaneous Charges** | \$ (17) | \$ - | \$ (1) | \$ (18) |
| Subtotal | \$ (3,075) | \$ 77 | \$ (3,333) | \$ (6,331) |
| <u>2023 Storm Costs :</u> | | | | |
| Hurricane Idalia ³ | \$ 102,178 | \$ - | \$ - | \$ 102,178 |
| Net Storm Reserve JE | \$ (107,814) | \$ 107,814 | \$ - | \$ - |
| OATT Overcollection | \$ - | \$ - | \$ 4,831 | \$ - |
| Customer Collection Storm Amortization | \$ (362,601) | \$ - | \$ - | \$ (362,601) |
| Interest Collected on Unrecoverable Balance - related to Storm Amortization | \$ 4,951 | \$ - | \$ - | \$ 4,951 |
| Subtotal | \$ (363,285) | \$ 107,814 | \$ 4,831 | \$ (250,640) |
| December 2023 Balance | \$ 41,742 | \$ 0 | \$ (3,500) | \$ 38,242 |

* Duke Energy Florida, LLC uses Account No. 186, Miscellaneous Deferred Debits to defer recoverable storm costs. The balances are held in this account until filed for recovery, at which time they are reclassified to the proper 228.1 Storm Reserve accounts.

- 1) per Order No. PSC-2021-0202-AS-EI
- 2) per Docket No. 20230020
- 3) per Docket No. 20230116