

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** June 18, 2024  
**TO:** All Parties of Record & Interested Persons  
**FROM:** Shaw Stiller, Special Counsel, Office of the General Counsel *SPS*  
Major Thompson, Senior Attorney, Office of the General Counsel *MRT*  
**RE:** Docket No. 20240025-EI - Petition for rate increase by Duke Energy Florida, LLC

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Please note that an informal meeting between Commission staff, parties of record, and interested persons in the above captioned docket has been scheduled for:

Monday, June 24, 2024 at 2:00 p.m.  
Florida Public Service Commission  
Gerald L. Gunter Building, Room 105  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

The purpose of the meeting is to discuss the issues in the above-referenced docket. A draft preliminary issues list prepared by Public Service Commission staff is appended to this Notice as Attachment A.

Attendance is not required; however, all parties are encouraged to attend. Parties may participate telephonically in this meeting by dialing 888-585-9008, Conference Code 617-088-868, then #. If you have any questions about the meeting, please call Shaw Stiller at (850) 413-6187.

If settlement of the case or a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of cancellation will also be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Office of the General Counsel at (850) 413-6199.

SPS/crv

Petition for rate increase by Duke Energy Florida, LLC  
DOCKET NO. 20240025-EI  
PRELIMINARY ISSUES LIST  
June 18, 2024

**LEGAL ISSUE**

**ISSUE A:** Does the Commission have the legal authority to approve comprehensive base rate adjustments that are based on multiple test years?

**TEST PERIOD AND FORECASTING**

**ISSUE 1:** Are DEF's projected test periods appropriate:  
a. For the 12 months ending December 31, 2025?  
b. For the 12 months ending December 31, 2026?  
c. For the 12 months ending December 31, 2027?

**ISSUE 2:** Are DEF's forecasts of customers, kWh, and kW by revenue and rate class appropriate:  
a. For the 2025 projected test year?  
b. For the 2026 projected test year?  
c. For the 2027 projected test year?

**ISSUE 3:** Are DEF's forecasts for sales of electricity by rate class at present rates appropriate:  
a. For the 2024 prior year, and the 2025 projected test year?  
b. For the 2026 projected test year?  
c. For the 2027 projected test year?

**ISSUE 4:** What are the appropriate inflation, customer growth, and other trend factors for use in forecasting the test year(s) budget(s):  
a. For the 2025 projected test year?  
b. For the 2026 projected test year?  
c. For the 2027 projected test year?

**QUALITY OF SERVICE**

**ISSUE 5:** Is the quality of electric service provided by DEF adequate?

**DEPRECIATION AND DISMANTLEMENT STUDY**

- ISSUE 6:** Should currently prescribed depreciation rates and provision for dismantlement of DEF be revised?
- ISSUE 7:** What should be the implementation date for new depreciation rates and the provision for dismantlement?
- ISSUE 8:** What are the appropriate depreciation parameters and resulting depreciation rates for each depreciable plant account?
- ISSUE 9:** Based on the application of the depreciation parameters and resulting depreciation rates that the Commission deems appropriate, and a comparison of the theoretical reserves to the book reserves, what are the resulting imbalances?
- ISSUE 10:** What, if any, corrective reserve measures should be taken with respect to the imbalances identified in Issue 9?
- ISSUE 11:** Should the current amortization of investment tax credits and flow back of excess deferred income taxes be revised to reflect the approved depreciation rates?
- ISSUE 12:** Should the Commission approve DEF's requested capital recovery schedules and amortization schedules, if any?
- ISSUE 13:** What is the appropriate annual accrual and reserve for dismantlement?
- ISSUE 14:** What, if any, corrective dismantlement reserve measures should be approved?

**RATE BASE**

- ISSUE 15:** Has DEF made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 16:** Has DEF appropriately accounted for the base rate impact of its electric vehicle charging program?
- ISSUE 17:** Should DEF's Future Solar projects be included in rate base, and what adjustments, if any, should be made:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 18:** What is the appropriate amount of plant in service for the Vision Florida Program for the 2025 projected test year?
- ISSUE 19:** Should DEF's Powerline Battery Energy Storage System Project be included in rate base and what adjustments, if any, should be made for the 2027 projected test year?
- ISSUE 20:** Should DEF's combined cycle efficiency improvement and flexibility projects be included in rate base and what adjustments, if any, should be made:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 21:** What is the appropriate amount of plant in service for the DEF's major generation maintenance projects:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 22:** What is the appropriate level of Plant in Service:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 23:** What is the appropriate level of Accumulated Depreciation for the following years:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 24:** What is the appropriate level of Construction Work in Progress to be included in rate base for the following years:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 25:** What is the appropriate level of Property Held for Future Use for the following years:
- For the 2025 projected test year?
  - For the 2026 projected test year?
  - For the 2027 projected test year?
- ISSUE 26:** Should an adjustment be made to DEF's requested storm damage reserve?

**ISSUE 27:** Has DEF properly reflected the net over recoveries or net under recoveries of fuel and conservation expenses in its calculation of Working Capital?

**ISSUE 28:** What is the appropriate level of Working Capital for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 29:** What is the appropriate level of rate base for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

### **COST OF CAPITAL**

**ISSUE 30:** What is the appropriate amount of accumulated deferred taxes to include in the capital structure:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 31:** What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 32:** What is the appropriate amount and cost rate for customer deposits to include in the capital structure:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 33:** What is the appropriate amount and cost rate for short-term debt to include in the capital structure:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 34:** What is the appropriate amount and cost rate for long-term debt to include in the capital structure:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

- ISSUE 35:** What is the appropriate equity ratio to use in the capital structure for ratemaking purposes:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 36:** What is the appropriate authorized return on equity to use in establishing DEF's revenue requirement for the projected test years ending 2025, 2026, and 2027?

- ISSUE 37:** What is the appropriate capital structure and weighted average cost of capital to use in establishing DEF's revenue requirement:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

### **NET OPERATING INCOME**

- ISSUE 38:** Has DEF correctly calculated the revenues at current rates:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 39:** What is the appropriate level of Total Operating Revenues:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 40:** Has DEF made the appropriate test year adjustments to remove fuel revenues and fuel expenses recoverable through the Fuel Adjustment Clause for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 41:** Has DEF made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause for the 2025 projected test year?

- ISSUE 42:** Has DEF made the appropriate test year adjustments to remove capacity revenues and capacity expenses recoverable through the Capacity Cost Recovery Clause:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

**ISSUE 43:** Has DEF made the appropriate test year adjustments to remove environmental revenues and environmental expenses recoverable through the Environmental Cost Recovery Clause for the 2025 projected test year?

**ISSUE 44:** Has DEF made the appropriate adjustments to remove all storm hardening revenues and expenses recoverable through the Storm Protection Plan Cost Recovery Clause for the 2025 projected test year?

**ISSUE 45:** Has DEF made the appropriate adjustments to remove all non-utility activities from operating revenues and operating expenses for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 46:** Should adjustments be made to the allocated costs and charges with affiliated companies for DEF for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 47:** What is the appropriate amount of DEF's generation O&M expense for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 48:** What is the appropriate amount of DEF's transmission O&M expense for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 49:** What is the appropriate amount of DEF's distribution O&M expense for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

**ISSUE 50:** What amount of projected test year salaries and benefits, including incentive compensation, should be approved for the following years:

- a. For the 2025 projected test year?
- b. For the 2026 projected test year?
- c. For the 2027 projected test year?

- ISSUE 51:** Should an adjustment be made to the accrual for the Injuries & Damages reserve for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 52:** Should any adjustments be made to Directors and Officers Liability Insurance for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 53:** What is the appropriate amount of Economic Development for DEF's rate case expense for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 54:** What is the appropriate amount and amortization period for DEF's rate case expense for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 55:** What is the appropriate level of O&M expense for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 56:** What is the appropriate amount of depreciation, amortization, and fossil dismantlement expense for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 57:** What is the appropriate level of Taxes Other Than Income Taxes for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?



- ISSUE 58:** What is the appropriate amount of Parent Debt Adjustment as required by Rule 25-14.004, Florida Administrative Code, for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 59:** What is the appropriate amount of Production Tax Credits to include in the projected test year and what is the proper accounting treatment for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 60:** What is the appropriate level of Income Taxes for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 61:** What is the appropriate level of Total Operating Expenses for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 62:** What is the appropriate level of Net Operating Income for the following year:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

### **REVENUE REQUIREMENTS**

- ISSUE 63:** What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates, for DEF for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 64:** What is the appropriate annual operating revenue increase or decrease for the following years:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

**COST OF SERVICE AND RATES**

- ISSUE 65:** Is DEF's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 66:** What is the appropriate methodology to allocate production costs to the rate classes:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 67:** What is the appropriate methodology to allocate transmission costs to the rate classes:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 68:** What is the appropriate methodology to allocate distribution costs to the rate classes:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 69:** How should any change in the revenue requirement approved by the Commission be allocated among the customer classes:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 70:** What are the appropriate customer charges:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 71:** What are the appropriate demand charges:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

- ISSUE 72:** What are the appropriate energy charges:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 73:** What are the appropriate charges for the Standby Services (SS-1, SS-2, SS-3) rate schedules:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 74:** What are the appropriate Lighting Service rate schedule charges:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 75:** Should the modification to the Service Charges to remove the reconnection after disconnect for nonpayment charges be approved?
- ISSUE 76:** Should the proposed modifications to the Discount Periods for Time-of-Use customer classes be approved?
- ISSUE 77:** Should the proposed new Residential Load Management Rider (LMR-1) rate schedule be approved and RSL-1 and RSL-2 rate schedules be closed to new customers?
- ISSUE 78:** Are the proposed modifications to the Delivery Voltage Credit for GSD-1 and GSDT-1 appropriate?
- ISSUE 79:** Should the proposed modifications to the Off-Peak Charging Program (Tariff Sheet No. 6.120) be approved?
- ISSUE 80:** Should the proposed Electric Vehicle Make Ready Program (Tariff Sheet Nos. 4.088 and 4.089) be approved?
- ISSUE 81:** Should the non-rate related tariff modifications be approved?
- ISSUE 82:** Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?

**OTHER**

- ISSUE 83:** Should DEF's proposed Corporate Income Tax Change Provision be approved?
- ISSUE 84:** Should DEF's proposed Production Tax Credit true-up mechanism be approved?
- ISSUE 85:** Should the Commission approve DEF's requested implementation of an Asset Optimization Mechanism and what modifications, if any, should be made?
- ISSUE 86:** Should the Commission approve DEF's requested expansion of the Clean Energy Connection program and what modifications, if any, should be made?
- ISSUE 87:** What is the appropriate effective date for DEF's revised tariffs:
- a. For the 2025 projected test year?
  - b. For the 2026 projected test year?
  - c. For the 2027 projected test year?
- ISSUE 88:** Should DEF be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?
- ISSUE 89:** Should this docket be closed?