



FILED 7/2/2024  
DOCUMENT NO. 07233-2024  
FPSC - COMMISSION CLERK

Dianne M. Triplett  
DEPUTY GENERAL COUNSEL

July 2, 2024

**VIA ELECTRONIC MAIL**

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

*Re: Docket 20240025-EI, Petition for Rate Increase by Duke Energy Florida, LLC*

Dear Mr. Teitzman,

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC (“DEF”), DEF’s Rebuttal Testimony of Matthew Chatelain.

Thank you for your assistance in connection with this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully submitted,

*/s/Dianne M. Triplett*

Dianne Triplett

DMT/mh  
Attachment

**CERTIFICATE OF SERVICE**

*Docket No. 20240025-EI*

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished  
by electronic mail this 2<sup>nd</sup> day of July, 2024, to the following:

*/s/ Dianne M. Triplett*  
**Dianne M. Triplett**

Jennifer Crawford / Major Thompson / Shaw Stiller Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 <a href="mailto:JCrawfor@psc.state.fl.us">JCrawfor@psc.state.fl.us</a> <a href="mailto:MThompso@psc.state.fl.us">MThompso@psc.state.fl.us</a> <a href="mailto:SStiller@psc.state.fl.us">SStiller@psc.state.fl.us</a>	Walt Trierweiler / Charles J. Rehwinkel / Mary Wessling / Austin Watrous Office of Public Counsel 111 W. Madison St., Rm 812 Tallahassee, FL 32399 <a href="mailto:rehwinkel.charles@leg.state.fl.us">rehwinkel.charles@leg.state.fl.us</a> <a href="mailto:trierweiler.walt@leg.state.fl.us">trierweiler.walt@leg.state.fl.us</a> <a href="mailto:watrous.austin@leg.state.fl.us">watrous.austin@leg.state.fl.us</a> <a href="mailto:wessling.mary@leg.state.fl.us">wessling.mary@leg.state.fl.us</a>	James W. Brew / Laura Wynn Baker / Sarah B. Newman Stone Mattheis Xenopoulos & Brew, PC PCS Phosphate-White Springs 1025 Thomas Jefferson Street, NW Suite 800 West Washington, DC 20007-5201 <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a> <a href="mailto:lwb@smxblaw.com">lwb@smxblaw.com</a> <a href="mailto:sbn@smxblaw.com">sbn@smxblaw.com</a>
Jon C. Moyle, Jr. / Karen A. Putnal Moyle Law Firm, P.A. FIPUG 118 North Gadsden Street Tallahassee, Florida 32301 <a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a> <a href="mailto:kputnal@moylelaw.com">kputnal@moylelaw.com</a>	Bradley Marshall / Jordan Luebkekmann / Hema Lochan Earthjustice LULAC & FL Rising 111 S. Martin Luther King Jr. Blvd. Tallahassee, Florida 32301 <a href="mailto:bmarshall@earthjustice.org">bmarshall@earthjustice.org</a> <a href="mailto:jluebkekmann@earthjustice.org">jluebkekmann@earthjustice.org</a> <a href="mailto:hlochan@earthjustice.org">hlochan@earthjustice.org</a> <a href="mailto:flcaseupdates@earthjustice.org">flcaseupdates@earthjustice.org</a>	William C. Garner Law Office of William C. Garner, PLLC SACE 3425 Bannerman Road Unit 105, No. 414 Tallahassee, FL 32312 <a href="mailto:bgarner@wcglawoffice.com">bgarner@wcglawoffice.com</a>
Tony Mendoza / Patrick Woolsey Sierra Club 2101 Webster Street Suite 1300 Oakland, CA 94612 <a href="mailto:tony.mendoza@sierraclub.org">tony.mendoza@sierraclub.org</a> <a href="mailto:patrick.woolsey@sierraclub.org">patrick.woolsey@sierraclub.org</a>	Robert Scheffel Wright / John T. LaVia, III Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry & Harper, P.A. Florida Retail Federation 1300 Thomaswood Drive Tallahassee, Florida 32308 <a href="mailto:schef@gbwlegal.com">schef@gbwlegal.com</a> <a href="mailto:jlavia@gbwlegal.com">jlavia@gbwlegal.com</a>	Nikhil Vijaykar Keyes & Fox LLP EVgo Services, LLC 580 California St., 12th Floor San Francisco, CA 94104 <a href="mailto:nvijaykar@keyesfox.com">nvijaykar@keyesfox.com</a>
Sari Amiel Sierra Club 50 F St. NW, Eighth Floor Washington, DC 20001 <a href="mailto:sari.amiel@sierraclub.org">sari.amiel@sierraclub.org</a>	Peter J. Mattheis / Michael K. Lavanga / Joseph R. Briscar Stone Mattheis Xenopoulos & Brew, PC NUCOR 1025 Thomas Jefferson Street, NW Suite 800 West Washington, DC 20007-5201 <a href="mailto:pjm@smxblaw.com">pjm@smxblaw.com</a> <a href="mailto:mkl@smxblaw.com">mkl@smxblaw.com</a> <a href="mailto:jrb@smxblaw.com">jrb@smxblaw.com</a>	Lindsey Stegall EVgo Services, LLC 11835 W. Olympic Blvd., Ste. 900E Los Angeles, CA 90064 <a href="mailto:Lindsey.Stegall@evgo.com">Lindsey.Stegall@evgo.com</a>  Frederick L. Aschauer, Jr., Esq. Allan J. Charles, Esq. Lori Killinger, Esq. Lewis, Longman & Walker P.A. AACE / Circle K / RaceTrac / Wawa 106 East College Avenue, Suite 1500 Tallahassee, Florida 32301 <a href="mailto:fAschauer@llw-law.com">fAschauer@llw-law.com</a> <a href="mailto:acharles@llw-law.com">acharles@llw-law.com</a> <a href="mailto:killinger@llw-law.com">killinger@llw-law.com</a> <a href="mailto:jmelchior@llw-law.com">jmelchior@llw-law.com</a>

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

---

**In re: Petition for rate increase by  
Duke Energy Florida, LLC**

---

**Docket No. 20240025-EI  
Submitted for filing: July 2, 2024**

**REBUTTAL TESTIMONY**

**OF**

**MATTHEW CHATELAIN**

**On behalf of Duke Energy Florida, LLC**

---

1 **I. INTRODUCTION AND SUMMARY**

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

3 A. My name is Matthew Chatelain. My business address is 525 South Tryon Street,  
4 Charlotte, North Carolina 28202.

5  
6 **Q. Did you previously file direct testimony in this proceeding?**

7 A. Yes. I submitted pre-filed direct testimony in this docket on April 2, 2024.  
8

9 **Q. By whom are you employed and in what capacity?**

10 A. I am Manager of Rates and Regulatory Strategy for Duke Energy Business  
11 Services, LLC (“DEBS”). DEBS is a service company subsidiary of Duke Energy  
12 Corporation (“Duke Energy”) that provides services to Duke Energy and its  
13 subsidiaries, including Duke Energy Florida, LLC (“DEF” or the “Company”) and  
14 its affiliated utility operating companies.  
15

16 **Q. What is the purpose of your rebuttal testimony?**

17 A. The purpose of my rebuttal testimony is to respond to direct testimony provided by  
18 League of United Latin American Citizens of Florida and Florida Rising  
19 (“LULAC/FL Rising”) witnesses Karl Rábago and Mackenzie Marcelin, Florida  
20 Industrial Power Users Group (“FIPUG”) witness Jeffry Pollock, Office of Public  
21 Counsel (“OPC”) witness David Dismukes, and PCS Phosphate – White Springs  
22 and Nucor Steel Florida, Inc. (“PCS Phosphate”) witness Tony Georgis.

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

**Q. Please summarize your rebuttal testimony.**

A. My rebuttal testimony explains that Witness Rábago’s criticisms of minimum bill are misplaced, as the minimum bill almost never applies to low-income customers. In response to Witness Pollock’s testimony, I explain why the Company’s time-of-use (“TOU”) periods are reasonable. In response to Witnesses Rábago and Marcelin, I explain why the average bill calculation they cite is not a useful comparison. I also dispute the rate comparison offered by Witness Dismukes. Finally, I explain why various recommendations relating to the credits associated with non-firm service are more appropriately considered in the demand-side management (“DSM”) goals docket.

**II. CUSTOMER CHARGE AND MINIMUM BILL**

**Q. LULAC/FL Rising witness Rábago claims that the minimum bill harms low-income customers. How do you respond?**

A. The maximum monthly usage that a residential customer can have to trigger the \$30 minimum bill under the Company’s current rates is 124 kWh. In other words, the minimum bill does not apply to residential customers who use more than 124 kWh per month. According to 2020 Energy Information Administration (“EIA”) consumption data, the average Florida household uses 13,990 kWh per year per household,<sup>1</sup> which equates to approximately 1,165 kWh per month – nearly ten

---

<sup>1</sup> “CE4.6.EL.ST Annual household site end-use electricity consumption in the United States by state—

1 times the ceiling for usage that would qualify a customer for the minimum bill. The  
2 underlying data<sup>2</sup> from Witness Rábago’s own testimony shows even higher  
3 monthly usage – his figure KRR-1 shows that customers in the South with less than  
4 \$5,000 of income use an average of 49.8 million Btu per year, which is the  
5 equivalent of 1,216 kWh per month. In addition, the Company analyzed a list of  
6 customer accounts that had requested bill assistance through various agency  
7 programs from June 2023 through May 2024, including the Low-Income Home  
8 Energy Assistance Program (“LIHEAP”), Crisis Management, Share the Light, and  
9 Non-LIHEAP program, and noted that none of the approximately 28,000 accounts  
10 on this list appeared on the list of accounts impacted by minimum bill in any month  
11 during that time period.

12  
13 2020 EIA consumption data also shows that the average Florida household uses  
14 4,379 kWh per year on air conditioning alone,<sup>3</sup> which equates to approximately 365  
15 kWh per month. EIA Housing Characteristic data shows 96% of occupied Florida  
16 households use air conditioning equipment.<sup>4</sup> As such, if a customer used an air  
17 conditioner and nothing else, they would still exceed the maximum usage for

---

*averages, 2020,”* <https://www.eia.gov/consumption/residential/data/2020/state/pdf/ce4.6.el.st.pdf> (last accessed June 24, 2024).

<sup>2</sup> “*Table CE3.4 Annual household site end-use consumption in the South—totals and averages, 2020,”* <https://www.eia.gov/consumption/residential/data/2020/c&e/pdf/ce3.4.pdf> (last accessed June 24, 2024).

<sup>3</sup> “*CE5.3.ST Detailed household site electricity end-use consumption in the United States by state—averages, 2020,”* <https://www.eia.gov/consumption/residential/data/2020/state/pdf/ce5.3.st.pdf> (last accessed June 24, 2024).

<sup>4</sup> “*Highlights for air conditioning in U.S. homes by state, 2020,”* <https://www.eia.gov/consumption/residential/data/2020/state/pdf/State%20Air%20Conditioning.pdf> (last accessed June 24, 2024).

1 minimum bill.

2  
3 It is simply unreasonable to assume that Florida customers of any income  
4 classification who use air conditioners in addition to other typical electrical end  
5 uses (e.g., lighting, refrigeration, water heating, space heating, etc.) would be  
6 impacted by the minimum bill. Minimum bill most often impacts customers with  
7 seasonal homes or installed residential solar. Importantly, by ensuring seasonal  
8 usage properties and solar owners with oversized systems support cost recovery for  
9 fixed assets through the minimum bill, revenue requirements for all other customers  
10 (including low-income customers) are reduced.

11  
12 In short, it is my opinion that Witness Rábago's recommendation that the minimum  
13 bill be replaced by a fixed customer charge would lead to exactly the opposite of  
14 Witness Rábago's desired outcome. Witness Rábago's suggestion that extremely  
15 low users of electricity (in particular at the levels that would qualify for minimum  
16 bill) are more likely to be low-income customers is unrealistic and imposing a new  
17 charge for all residential customers (including low-income customers) in lieu of a  
18 minimum bill designed for the benefit of average electricity users (including low-  
19 income customers) hurts the very individuals Witness Rábago purports to help.

20  
21 **Q. How do you respond to Witness Rábago's claim that the use of the minimum**  
22 **bill is economically regressive?**

1 A. The minimum bill is not regressive and aligns much more closely with cost  
2 causation than using the basic customer method to establish a fixed customer  
3 charge. With respect to net energy metering customers, residential solar generation  
4 benefits the grid primarily by reducing production and transmission costs.  
5 Residential solar does little to reduce distribution costs because it generally does  
6 not reduce a customer's maximum demand. The Company collects a material  
7 portion of these distribution costs through energy charges as well as through the  
8 minimum bill for seasonal and net metering customers with large systems in months  
9 where net usage is below approximately 124 kWh. MFR Schedule E-6b shows the  
10 total customer-related costs on line 44 for each test year. I would note that the total  
11 customer-related costs, including the distribution costs for each year, exceed the  
12 \$30 minimum bill and still provides some economic benefit to seasonal and net  
13 metering customers. In short, low-income customers who live in their homes year-  
14 round and consume electricity for normal residential purposes such as lighting,  
15 cooking, and space conditioning would never be impacted by the minimum bill.  
16 Rather, such customers receive lower bills as a result of net energy metering and  
17 seasonal usage customers paying the minimum bill for some of the basic costs of  
18 service to their homes in months when their premise is unoccupied or net energy  
19 usage is near zero.

20  
21 I recommend the Commission reject Witness Rábago's rate design  
22 recommendation as it is contrary to cost of service principles and directly harmful



1 to low-income Floridians.

2  
3 **III. TOU TIME PERIODS AND RATE DESIGN**

4 **Q. FIPUG witness Pollock states that the Company’s TOU rates are time-varying**  
5 **in name only and send inappropriate pricing signals. Do you agree?**

6 A. No. The proposed TOU periods are a continuation of the 2021 Settlement, which  
7 was based on analysis through the cost duration model (“CDM”) that validates the  
8 reasonableness of the proposed time periods. The CDM is separate and must be kept  
9 separate from the cost of service study. The CDM is used to set the TOU time periods  
10 based on the incremental demand from the next highest hour.

11  
12 Witness Pollock correctly identifies that the CDM determines the allocation of costs  
13 to be collected through the energy charge to on-peak, off-peak, and discount time  
14 periods for each hour. However, he incorrectly explains how the capacity costs are  
15 reflected in the demand charges. As stated in my direct testimony on page 15,  
16 beginning on line 20, “. . . the proposed TOU demand prices were set based on the  
17 specifically applicable forecasted billing determinants, balanced with both the  
18 respective class revenue requirements and the results of the CDM calculations.” For  
19 clarity, let me further explain the process for setting each of the TOU demand rates:

- 20           • The Base Demand Charge takes the class distribution capacity costs to be  
21 collected through demand charges, as allocated by the cost of service  
22 study (MFR E-6b), divided by the forecasted Base Demand class kW

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

billing determinants (MFR E-13c).

- The Mid-Peak Demand Charge takes the class generation and transmission costs to be collected through demand charges, as allocated by the cost of service study (MFR E-6b) and allocated per the net load allocation factors for the off-peak and discount periods determined by the CDM, divided by the forecasted Mid-Peak Demand class kW billing determinants.
- The On-Peak Demand Charge takes the class generation and transmission costs to be collected through demand charges, as allocated by the cost of service study (MFR E-6b) and allocated per the net load allocation factor for the on-peak period determined by the CDM, divided by the forecasted On-Peak Demand class kW billing determinants.

The Company believes that this methodology provides appropriate price signals and both energy rates and demand rates are based on the revenue requirements that correspond with the cost of service.

Finally, as noted above, the TOU periods were established as a result of the 2021 Settlement, and it is important that TOU rate designs remain stable over time. Frequent changes to TOU periods are inadvisable and potentially burdensome as customers use price periods to evaluate energy investments and program load management devices (e.g., thermostats, electric vehicle chargers). The Company

1 considered this in its TOU period proposal in this case and in the 2021 Settlement by  
2 relying upon net peak forecasts beyond the test periods.

3  
4 **IV. AVERAGE RESIDENTIAL CUSTOMER BILL**

5 **Q. Is the average residential bill from the EIA report referenced in Witnesses**  
6 **Marcelin and Rábago's testimony an accurate comparison across electric**  
7 **utilities?**

8 A. No. The EIA average residential customer bill is calculated by taking the  
9 Company's total billed revenue by residential class and dividing by the Company's  
10 total customer count for the residential class for each month in 2023, and then  
11 taking the average of the 12 months. This calculation does not provide any  
12 meaningful comparison, as it uses historical revenue data but does not reflect  
13 current or proposed rates and does not take into account that the Company and some  
14 of the other utilities have multiple residential rate schedules. The EIA average  
15 residential bill ranking presents only one perspective in that it does not compare  
16 utilities based on electricity usage per customer, it does not compare specific  
17 electricity rates, and it does not reflect that customers in areas of the country with  
18 significantly more heating degree days may use natural gas for heating, which is  
19 billed separately and is not accounted for in the comparison.

20  
21 **Q. How do you respond to Witness Rábago's testimony that the Company's**  
22 **proposed rate increases are applied regressively with more of the increase going**

1           **to low users of electricity?**

2   A.     Witness Rábago mischaracterizes the data shown in Table KRR-4: DEF Proposed  
3           Residential Energy and Demand Charge Increases. The increases to the first 1,000  
4           kWh would apply to every DEF residential customer bill and collects the bulk of  
5           the costs for the residential class. The Company’s proposal aligns rate increases  
6           with the class cost causation reflected in the billing determinants.

7  
8   **Q.     OPC witness Dismukes claims that the Company’s retail rates have not**  
9           **improved as a result of its past multi-year increases. How do you respond?**

10   A.     Witness Dismukes’ argument that the Company’s retail rates have deteriorated over  
11           time relative to other Southeastern peer utilities is contradicted by his data on pages  
12           64 to 73 of Exhibit DED-7. While it is true that non-fuel revenues relative to total  
13           sales (\$/kWh) increased sharply in 2023 to \$0.109, Witness Dismukes conveniently  
14           excludes that the Company had a decrease to \$0.061 in 2021 (ranking 5<sup>th</sup> best  
15           among regional peer utilities) and another decrease to \$0.047 in 2022 (ranking 3<sup>rd</sup>  
16           best among regional peer utilities), which is the lowest rate across all years,  
17           including 2013 through 2017, which did not have multi-year rate increases.

18  
19           Furthermore, the sharp increase in 2023 non-fuel rates is attributed to an increase  
20           in the Storm Cost Recovery Surcharge clause rate, which is not included in the  
21           Company’s base rates. The data that Witness Dismukes is using in his comparison  
22           is misleading, as it includes non-fuel related clause rates that differ from the other

1 peer utility jurisdictions and are not included in the Company's base rates.

2  
3 **V. INTERRUPTIBLE AND CURTAILABLE CREDIT CHANGES**

4 **Q. How do you respond to Witnesses Pollock and Georgis's contentions that CS**  
5 **and IS program credits should be considered in the base rate proceeding?**

6 A. In the DSM goals docket No. 20240013-EG, the Company has proposed to reduce  
7 the value of curtailment and interruption requirements in the CS and IS rate  
8 schedules. Witness Georgis opposes the decrease in these CS and IS credits and  
9 maintains that they should be increased instead, whereas Witness Pollock argues  
10 that DEF's class revenue allocation and gradual move toward parity in this case  
11 should factor in the reduction in demand credits for curtailable/interruptible  
12 customers. It should also be noted that LULAC/FL Rising witness Marcelin  
13 supports the Company's proposed non-firm credit values and would support even  
14 deeper cuts.

15  
16 The Company maintains that the Company's proposed non-firm credit values are  
17 not a relevant factor in setting base rates and therefore should not be considered in  
18 this proceeding. These credit levels are established in the Company's DSM goals  
19 proceeding and are more appropriately considered in that docket.

20  
21 With respect to Witness Pollock's argument that the proposed reduction in credits  
22 for non-firm service should be taken into account in evaluating interclass subsidies

1 and moving toward parity, class revenue allocation is for base rates and, as such,  
2 appropriately does not factor in revenue under any of the various clauses and riders.  
3 The non-firm CS and IS credits are included in the applicable legislative and clean  
4 tariff sheets, where there is a credit value listed and in the MFR Schedule E-14A to  
5 reflect the request the Company's filing in FPSC Docket No. 20240013-EG. The  
6 credits are appropriately excluded in the detailed base rate calculations in MFR  
7 Schedule E-13c.

8  
9 In any event, the proposed non-firm credit values are appropriate because they are  
10 cost-effective and beneficial to the general body of customers.

11  
12 **VI. CONCLUSION**

13 **Q. Does this conclude your rebuttal testimony?**

14 **A.** Yes, it does.