



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 and Exhibit SSM-1 of Sharif Mitchell.

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

Attachments

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 2nd 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
JCrawfor@psc.state.fl.us
MThomps@psc.state.fl.us
SStiller@psc.state.fl.us

Walt Trierweiler / Charles J. Rehwinkel /
Mary Wessling / Austin Watrous
Office of Public Counsel
111 W. Madison St., Rm 812
Tallahassee, FL 32399
rehwinkel.charles@leg.state.fl.us
trierweiler.walt@leg.state.fl.us
watrous.austin@leg.state.fl.us
wessling.mary@leg.state.fl.us

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
jbrew@smxblaw.com
lwb@smxblaw.com
sbn@smxblaw.com

Jon C. Moyle, Jr. / Karen A. Putnal
Moyle Law Firm, P.A.
FIPUG
118 North Gadsden Street
Tallahassee, Florida 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com

Bradley Marshall / Jordan Luebkekmann /
Hema Lochan
Earthjustice
LULAC & FL Rising
111 S. Martin Luther King Jr. Blvd.
Tallahassee, Florida 32301
bmarshall@earthjustice.org
jluebkekmann@earthjustice.org
hlochan@earthjustice.org
flcaseupdates@earthjustice.org

William C. Garner
Law Office of William C. Garner, PLLC
SACE
3425 Bannerman Road
Unit 105, No. 414
Tallahassee, FL 32312
wgarner@wgcglawoffice.com

Tony Mendoza / Patrick Woolsey
Sierra Club
2101 Webster Street Suite 1300
Oakland, CA 94612
tony.mendoza@sierraclub.org
patrick.woolsey@sierraclub.org

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
schef@gbwlegal.com
jlavia@gbwlegal.com

Nikhil Vijaykar
Keyes & Fox LLP
EVgo Services, LLC
580 California St., 12th Floor
San Francisco, CA 94104
nvijaykar@keyesfox.com

Sari Amiel
Sierra Club
50 F St. NW, Eighth Floor
Washington, DC 20001
sari.amiel@sierraclub.org

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
pjm@smxblaw.com
mkl@smxblaw.com
jrb@smxblaw.com

Lindsey Stegall
EVgo Services, LLC
11835 W. Olympic Blvd., Ste. 900E
Los Angeles, CA 90064
Lindsey.Stegall@evgo.com
Frederick L. Aschauer, Jr., Esq.
Allan J. Charles, Esq.
Lori Killinger, Esq.
Lewis, Longman & Walker P.A.
AAE / Circle K / RaceTrac / Wawa
106 East College Avenue, Suite 1500
Tallahassee, Florida 32301
fAschauer@llw-law.com
acharles@llw-law.com
killinger@llw-law.com
jmelchior@llw-law.com

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

SHARIF S. MITCHELL

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 Sharif Mitchell. My business address is 525 South Tryon Street,
4 Charlotte, North Carolina 28202.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Business Services, LLC (“DEBS”) as Manager of
8 Plant Accounting and Reporting for Duke Energy Florida, LLC (“DEF” or the
9 “Company”) and Duke Energy Corporation’s (“Duke Energy”) operating utilities
10 in the Midwest. DEBS provides various administrative and other services to DEF
11 and other affiliated companies of Duke Energy.

12
13 **Q. Please describe your educational and professional qualifications.**

14 A. I graduated from the University of South Carolina with a Bachelor of Science in
15 Accounting and earned my Master’s Degree in Business Administration and
16 Management from Webster University. I have 19 years of professional experience
17 in various accounting roles, including jobs with BlueCross BlueShield of South
18 Carolina, Time Warner Cable, and Charter Communications. I began my
19 employment at Duke Energy in 2016 and was named to my current position of
20 Manager of Plant Accounting and Reporting in June 2022.

21
22 **Q. Please briefly describe your duties as Manager of Plant Accounting and**

1 **Reporting.**

2 A. As Manager of Plant Accounting and Reporting, I am responsible for accounting
3 and reporting activities within Duke Energy’s electric and natural gas utilities
4 related to fixed assets, including electric plant in-service, construction work in
5 progress, and depreciation.

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

8 A. No.

9
10 **Q. What is the purpose of your rebuttal testimony?**

11 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Office
12 of Public Counsel (“OPC”) witness William W. Dunkel alleging that DEF’s
13 recovery of dismantlement costs related to the Twin River Solar facility amounts
14 to a double recovery of costs relating to the same future activity.

15
16 **Q. Do you have any exhibits to your rebuttal testimony?**

17 A. Yes. Exhibit SSM-1 is an example of asset retirement obligation (“ARO”)
18 accounting.

19
20 **II. DEF’S DISMANTLEMENT STUDY DOES NOT AMOUNT TO A DOUBLE**
21 **RECOVERY OF COSTS**

22 **Q. What does OPC witness Dunkel allege with respect to DEF’s solar production**
23 **facilities?**

1 A. On page 21, line 3, through page 25, line 14, OPC witness Dunkel discusses what
2 he alleges is a double recovery of costs associated with retirement or dismantlement
3 of certain DEF solar farms that are located on leased property. Specifically, he notes
4 that DEF has recorded certain costs, which are associated with DEF's obligation to
5 restore the leased property upon the retirement of the solar facilities, to an asset
6 retirement obligation ("ARO"). He alleges that the Company is seeking recovery
7 of costs associated with the ARO from customers in this case. He also notes that
8 the Dismantlement Study sponsored by DEF witness Jeffrey Kopp contains a
9 provision for dismantlement costs, which are costs also sought for recovery in this
10 case. He alleges that this is a proposed double recovery of the same future activity.
11 As a result, Witness Dunkel excludes the future dismantlement costs from his
12 corrected Dismantlement Study but does not object to the recovery of the costs
13 associated with the ARO.

14
15 **Q. Do you agree that DEF is recovering the same costs twice – once through the**
16 **ARO and again through the dismantlement study?**

17 A. No. DEF is not recovering these costs twice. Pursuant to Generally Accepted
18 Accounting Principles, companies are required to record an ARO and associated
19 asset retirement costs for the legally required costs to retire a long-lived asset.
20 Further, Florida Administrative Code Rule 25-14.014(1), states: "For utilities
21 required to implement SFAS 143, it shall be implemented in a manner such that the
22 assets, liabilities and expenses created by SFAS 143 and the application of SFAS

1 143 shall be revenue neutral in the rate making process.” Therefore, DEF defers the
2 accretion and depreciation expense to a regulatory asset, resulting in no impacts
3 from ARO accounting on the Income Statement, and the Balance Sheet accounts
4 net to zero as well, as illustrated by the example provided in Exhibit SSM-1. The
5 recovery of these future final costs occurs through the final dismantlement accrual
6 according to Florida Administrative Code Rule 25-6.04364 Electric Utilities
7 Dismantlement Studies. As such, they are appropriately reflected in the
8 Dismantlement Study.

9
10 **III. CONCLUSION**

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

12 **A.** Yes, it does.

Duke Energy Florida, LLC
ARO Accounting Example

Assumptions:

- Estimated cost to settle ARO in the future is \$1,050.
- Present Value of estimated spend (Asset Retirement Cost or "ASC") is \$1,000 at date ARO established.
- For this simplified example, actual spend equals estimated spend. In reality, liability estimates would be re-measured periodically throughout the life of the asset.
- Amounts collected from customers over life of asset via dismantlement accrual total \$950.
- For ease of illustration, this example does not show the effect of income taxes.

	Debit (Credit)								
	Balance Sheet					Income Statement			
	Cash	101 Electric Plant in Service	108 Accum. Deprec.	182.3 Regulatory Assets	230 Asset Retirement Obligation	400 Revenue	403.1 Deprec. Expense	411.10 Accretion Expense	407 Amort. Expense
Period 1: Legal obligation imposed									
Recognize creation of the ARO liability and corresponding ARC asset at present value of expected future spend		1,000			(1,000)				
Period 2: Remaining life of the related asset									
Accretion of the ARO liability over remaining life of related asset					(50)			50	
Depreciation of the ARC asset over remaining life of related asset (straight line)			(1,000)				1,000		
Regulatory deferral of accretion and depreciation expense per 25-14.014, F.A.C.				1,050			(1,000)	(50)	
Cumulative cash received from customers via approved Dismantlement Study accrual	950		(950)			(950)	950		
Balance prior to settlement of ARO liability	950	1,000	(1,950)	1,050	(1,050)	(950)	950	0	0
Period 3: Settlement of ARO liability (cash expenditure)									
Settlement of ARO Liability		(1,000)	1,000	(1,050)	1,050				
Cash spent on dismantlement activities	(1,050)		1,050						
Reclass unrecovered balance to reg asset			(100)	100					
Balance for recovery	(100)	0	0	100	0	(950)	950	0	0
Period 4: Recovery period									
Recover regulatory asset over approved amortization period	100			(100)		(100)			100
Final Balance	0	0	0	0	0	(1,050)	950	0	100