FILED 7/2/2024
DOCUMENT NO. 07243-2024
FPSC - COMMISSION CLERK

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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 Exhibits MTO-2 through MTO-5 of Michael T. O'Hara.

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,

<u>/s/Dianne M. Triplett</u>

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

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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

MICHAEL T. O'HARA

On behalf of Duke Energy Florida, LLC

I. INTRODUCTION AND SUMMARY

Q. Please state your name and business address.

A. My name is Michael T. O'Hara. My business address is 525 South Tryon Street, Charlotte, North Carolina 28202.

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

A. I am the Regional Forecasting Director for Duke Energy Florida, LLC ("DEF" or the "Company").

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

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

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to the incorrect assertions from numerous intervenor witnesses regarding:

- The reliability and propriety of DEF's five-year financial plan and forecasting process
- The propriety of three test years
- O&M and A&G expense levels
- Appropriateness of a 3% inflation adder
- Amount of capitalized payroll
- Contractor costs

- Headcount budget
- Forecasted plant balances

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

A. Yes. I have four exhibits to my testimony:

- Exhibit MTO-2, O&M – A&G;
- Exhibit MTO-3, Capitalization of Payroll Expense;
- Exhibit MTO-4, Unredacted Regulated O&M and Capital Reports; and
- Exhibit MTO-5, Capital In-Service.

These exhibits are true and accurate, subject to being updated throughout the course of this proceeding.

Q. Please summarize your rebuttal testimony.

A. Intervenor witnesses attempt to cast doubt over DEF's use of three projected test years, and DEF's forecasting process in general, but make no genuine effort to provide a valid basis for their assertions. The Minimum Filing Requirements ("MFRs") developed to support the 2023 historic year, 2024 prior year, and 2025-2027 test years were based on the results of DEF's 2022 five-year financial plan, which was subject to the same rigorous forecasting process used by the Company in its normal course of business. DEF believes the resulting revenue requirements are reasonable and reliable for setting base rates in this proceeding and has provided evidence to support these claims.

In addition to defending the propriety of our financial plan and three test years, my rebuttal testimony responds to criticisms related to DEF's operation and maintenance ("O&M") expense and Administrative and General ("A&G") levels, explains why the use of a 3% inflation adder is appropriate, defends the methodology used to calculate items such as capitalized payroll and contractor costs included in DEF's forecast, explains how DEF uses headcount in its forecasting procedures, and defends the Company's projected capital additions.

II. <u>RELIABILITY AND PROPRIETY OF DEF'S FIVE-YEAR FINANCIAL PLAN AND FORECASTING PROCESS</u>

Q. At a high-level, please describe Duke Energy's five-year financial planning process.

A. My direct testimony goes into greater detail, but at a high-level, Duke Energy's five-year financial planning process involves a review and examination of historical spending levels, energy and sales forecasts, resource needs, operational constraints, and cost control measures to ensure that additional outlays for capital projects and O&M expenditures are necessary and cost-effective. The process, which has been developed and refined over a number of years, is designed to provide pertinent financial information to various internal stakeholders such as the Board of Directors, senior management, Treasury, investor relations, as well as external parties including shareholders, financial institutions, and regulatory bodies.

Q. What is the process employed by the Company when developing its five-year financial plan?

A. DEF produces a five-year financial plan on an annual basis. Each five-year financial plan includes: i) a one-year budget that is used for financial analysis and reporting purposes; ii) two years of detailed O&M and capital expenditures; and iii) three years of forecasted data. Individual business units develop their own resource plans and detailed O&M and capital budgets based on parameters provided by Duke Energy's Budgeting and Business Support Organization and the forecasting team integrates those budgets into Duke Energy's overall corporate financial plan. The corporate financial plan is reviewed and approved by senior management and the Board of Directors.

Q. Are the Company's forecasts for 2025-2027 reasonable and reliable for setting rates in this proceeding?

A. Yes. For this rate proceeding, DEF's five-year financial plan consists of years 2023 through 2027. The historic year for this proceeding is 2023 and is based on data from the Company's books and records. The "prior year" (2024), as well as forecasted test years 2025 through 2027 are based on the results of the 2022 Financial Plan.

By combining the detailed knowledge and expertise from our operational teams, Financial Planning & Analysis, other corporate support groups (Treasury, Load

Forecasting, etc.) and the overall goals of senior management, Duke Energy's five-year financial planning process produces forecasts that achieve the short- and long-term business goals and needs of its operating subsidiaries, including DEF. The DEF forecasts are the product of a rigorous process involving a multi-year planning horizon and serve as a reliable basis for setting rates in this proceeding.

III. PROPRIETY OF MULTIPLE TEST YEARS

Q. How do you respond to OPC witness Dismukes' criticisms of multi-year rate ("MYR") increases?

A. OPC witness David E. Dismukes, PH.D. criticizes DEF's proposal to include three forecasted test year periods and incorrectly contends that the Company has not provided evidence or analysis to support its decision to request a MYR increase over a traditional regulatory process. As described above, DEF follows a robust process in compiling and producing the five-year financial plan. I can attest that the data used to build the five-year plan has been reviewed for reasonableness and is in line with historical forecasting procedures.

In order to continue to provide safe and reliable power to our customers, DEF relies on a multiyear planning process which allows our business to determine short- and long-term resource needs. OPC witness Dismukes is incorrect in his assertion that MYR cases would lead to a lack of discipline regarding our capital spending and management of that portfolio. The Financial Planning and Analysis group regularly analyzes and reviews each five-year run for key financial metrics such as return on equity, net income, funds from operation/outstanding debt, etc. Each metric is a result of individual data inputs from our business units, each having their own quality control procedures. Further, DEF has responded to multiple rounds of discovery and the Company's responses support the requested revenue requirements in each test year. The generalized assertion made by OPC witness Dismukes that because he has seen volatility in MYR cases from other utilities disregards how the Commission previously approved a MYR plan under which DEF is currently operating.

Q. Has the economic outlook already changed from the time you prepared the forecasts for 2025, 2026 and 2027?

A. As part of the financial planning process, the Company continuously evaluates current economic conditions and the impact to the overall financial plan. It is true that the economic outlook as of today (July 2024) has changed as compared to when DEF compiled the 2022 Financial Plan used to support its rate case filing. DEF manages these changes in the cost of doing business in the five-year financial plan and recognizes that forecasts and budgets reflect moments in time. However, the Company is agile and flexible and employs time-proven processes for responding to changing economic dynamics and pressures. As a result, DEF is confident in its ability to manage the business in a manner that allows it to provide safe and reliable power to our customers, as it has done for many years. DEF's filed rate case reflects the Company's best assumptions given the information available at the time of filing. After filing its rate case, DEF completed its 2023 Financial Planning process, and the results reflected in the 2023 Financial Plan are not materially different than those used as the basis for the filed case.

IV. <u>O&M AND A&G EXPENSES</u>

Q. How do you respond to OPC witness Dismukes' criticism of DEF's O&M expenses in comparison to its peer utilities?

A. OPC witness Dismukes contends that since 2013, DEF has had O&M expenses greater than its regional peers. Although the Company was not able to verify the figures used as part of Witness Dismukes' testimony (Exhibit DED-7, pages 75-80), the Company created its own analysis, utilizing O&M and A&G numbers reported on amended MFR C-6 and total sales of electricity as presented in FERC Form page 300-301, line 12. Please see Exhibit MTO-2, O&M – A&G, Lines 2-15 for details on the Company's calculation of O&M expenses. This exhibit demonstrates that contrary to Witness Dismukes' contention, DEF's O&M expenses are in line with those of its regional peers.

In order to make a more accurate comparison of O&M expenses amongst DEF's regional peers, we made the following adjustments to remove certain costs from O&M accounts:

- Removed deferred storm costs because they are collected from customers and amortized to Account 924. These costs fluctuate from year to year based on storm occurrences and should not be included for comparison purposes.

- Removed fuel costs since they are recoverable and fluctuate from year to year depending on fuel prices and generation mix, and thus, should not be included when performing an analysis of base O&M.
- Removed uncollectible accounts expenses since these expenditures fluctuate year to year based on factors outside of DEF's control. For example, uncollectible accounts spiked for DEF in 2022, primarily due to impacts related to COVID and remained higher than historical averages in 2023.

Taking these adjustments into account demonstrates that DEF's O&M expense has remained relatively flat over the years, and in fact, decreased in 2023. The Company created a similar analysis for A&G. For the same reasons that adjustments to O&M were appropriate, it was necessary to make adjustments to A&G expenses for recoverable storm costs. With this adjustment (and similar to the Company's overall O&M expenses), DEF's A&G levels have remained relatively flat, and like O&M, decreased in 2023. Please see Exhibit MTO-2, O&M – A&G, lines 18-30 for additional details.

V. APPROPRIATENESS OF A 3% INFLATION ADDER

Q. How do you respond to OPC witness Schultz's recommendation to apply a two percent inflationary adder, rather than three percent as proposed by the Company?

A. As I explained in my direct testimony, the Company's overall O&M expenditures for the three projected test years include adjustments for non-levelized or non-recurring items, and the remaining levelized and recurring items include a three percent inflation factor each year. An inflation adder was included in the forecast to partially offset inflationary pressure on internal and external labor as well as materials and supplies. The inflation factor utilized by the Company for the rate case filing is based on the following three data points: 1) historical Consumer Price Index ("CPI") (as discussed in the Company's response to Staff's Eighth Set of Interrogatories, No. 114; 2) average historical merit increases; and 3) the Commission's O&M benchmarking test in MFR Schedule C-37.

It is important to point out that the 3% inflation factor is below the historical CPI average, approximates historical merit increases, and is within the allowed range of the Commission's O&M benchmarking test. As such, the 3% adder applied to base O&M (excluding recoverable, non-levelized, special items, etc.) is justified as it partially offsets the inflationary pressures on a portion of our business. In sum, using an average 3% escalation factor for certain levelized base-recoverable O&M costs that is based on average annual merit increases for payroll dollars and reflects a conservative average of inflation given historically high CPI increases in recent years is reasonable and should be allowed by the Commission.

VI. CAPITALIZED PAYROLL

Q. Do you agree with OPC witness Schultz's recommendation related to the capitalization of payroll expense?

A. No. Witness Schultz contends that DEF has understated capitalized payroll in the test periods (2025 through 2027) and references figures listed in the Company's responses to certain OPC interrogatory ("ROG") requests (OPC ROG 1-15 and OPC ROG 1-16). Below I address several assumptions made in the Company's responses to these ROGs.

First, OPC ROG 1-15 requested total actual payroll costs for 2018 to 2023, split into several categories.[1] OPC ROG 1-16 requested the same information for the forecasted periods (2025-2027). In his testimony, Witness Schultz provides the total O&M portion of payroll for each test year. Then, using the same methodology, he calculated payroll charged to O&M for each category for the test years by summing base payroll and overtime payroll from the "O&M" column.

When preparing its responses to OPC ROG 1-15 and OPC ROG 1-16, DEF assumed, consistent with the instructions accompanying the ROGs, as well as

[1] OPC ROG 1-15: Payroll. Provide for each year 2018-2023 a summary of actual payroll that identifies total payroll, then separate that total to base payroll, overtime payroll and other payroll, the amount charged by type to cost recovery clauses, the amount capitalized, amounts charged to other, and the amount included in base rates.

previously reported information on the Company's FERC Form 1 (pages 354-355), that the OPC was specifically asking the Company to identify different types of payroll charging activity and categorize them according to the same methodology by including the "Other" category as presented on the FERC Form 1.

The "Other" category as presented in Witness Schultz's testimony includes costs that should have been included in the "Capital" column. Although the "Other" category is generally used to capture costs that do not directly fall into a Plant or O&M account on the FERC chart of accounts, it also contains costs that should be allocated to capital. For example, in all historical and test years presented, the "Other" category includes costs related to Stores and Materials Inventory that should be included in the capital category, as a majority of those costs relate to capital projects. Please refer to Exhibit MTO-3, which presents a recategorization of payroll costs.

Note that because the Company has simply re-categorized payroll costs, the total O&M and total payroll costs remain the same. Utilizing these restated figures for the additional capital costs previously captured in the "Other" category, DEF shows a five-year historical average of capitalized payroll to total payroll net of recoverable of 45%. As discussed in my direct testimony, DEF does not include detailed cost types in capital project estimates beyond the first two (2) years of the five-year financial plan. Therefore, it is clear from DEF's response to OPC ROG

1-16 that while payroll in O&M increases from year to year, DEF presented the capitalized portion of payroll as constant from 2024 through 2027.

Again, while DEF's construction projects in 2025-2027 can be estimated with a high degree of confidence based on historical construction costs and estimates of future construction costs, DEF's consolidated forecasting process does not aggregate components of costs, like payroll, in the outer three years of the five-year plans. Therefore, DEF did not speculate as to the amount of overall capitalized payroll in its response to OPC ROG 1-16. On Exhibit MTO-3, pages 3 and 4, for all periods (2018-2027), after moving the Stores and Materials Inventory amounts to "capital," the items remaining in the "Other" category include certain deferrals held on the balance sheet. Largely, the balances are made up of decommissioning costs and deferred storm costs.

Exhibit MTO-3 shows the adjusted amounts related to the "Other" category attributable to capital. As this exhibit reflects, the forecasted test years (2025-2027) have a capital payroll allocation of 48%, 47%, and 47%, respectively. Also, over the five forecasted years presented, DEF maintains a 48% average. Since the historical average of capitalized payroll is less than the forecasted assumptions, as reflected in Exhibit MTO-3, the Company contends that the O&M and capital payroll amounts are reasonable.

VII. <u>CONTRACTOR COSTS</u>

Q. Do you agree with OPC witness Schultz's recommendation to decrease O&M associated with contractor costs by approximately $4 million?

A. No. DEF disagrees with Witness Schultz's proposed adjustment to contractor costs. Contractor costs can be incurred by DEF through capital spend as well as O&M and these two cost categories are forecasted and included in the rate case filing differently. It is true that for test years 2025-2027, DEF would not have detailed cost categorization information for capital projects. As previously stated, the DEF five-year financial plan includes two years of detailed capital project data, and three years of forecasted data. This does not mean that the forecasted data for 2025-2027 lacks credibility.

DEF has processes and procedures for project estimation. Although DEF does not identify the specific labor mix it will deploy to complete each project years in advance, project teams provide estimates of a project's cost drawing upon their specific knowledge and these estimates are used in long range planning.

Regarding O&M expenditures for contractor costs, contractor costs were included in the cost pool that was escalated at a rate of 3% to account for inflationary pressures, which I previously discussed. Given the amount of work nationwide to transform the grid, DEF anticipates a greater demand for labor, which will increase prices to procure that labor whether it comes from internal or external crews.

Regardless, if DEF specifically provided detailed cost categorization in the test years to support the 3% inflation adjustment, it is not unreasonable to assert that the requested O&M is necessary and prudent.

VIII. <u>HEADCOUNT BUDGET</u>

Q. How do you respond to OPC witness Schultz's criticism that the Company does not budget headcount?

A. OPC witness Schultz contends that "absent a budget headcount, the budgeting for payroll dollars exhibits a lack of control and allows for budgeting haphazardly for the different departments."[2] As discussed above, DEF's five-year financial plan includes two years of forecasted O&M details. A portion of O&M expenditures is overall labor costs (payroll). When DEF asserts that headcount is not budgeted, the underlying implication is that DEF does not provide forecasted headcount as part of the five-year planning process. This statement should not be construed to mean that headcount numbers are not used by some business units as a tool to assist with their overall labor forecasting. For example, some functional business units find it more efficient to take actual headcount levels for their organization at a point in time and evaluate their resource needs for the upcoming years based on attrition, new hires, etc., whereas others may use an average headcount combined with average internal labor costs to calculate their budgets. It is unreasonable to require functions to provide an official "headcount" budget as the assumptions are not

[2] Direct Testimony of Office of Public Counsel Witness Helmuth W. Schultz, III, page 28.

consistent across functions based on their operational needs, attrition rates, etc. Headcount is not the singular metric by which to evaluate the reasonableness of labor dollars and DEF relies on the functional business unit subject matter experts to budget for labor based on the metric that is most appropriate for their line of business.

IX. FORECASTED CAPITAL ADDITIONS IN TEST PERIODS

Q. How do you respond to the concerns raised by OPC witness Schultz regarding the Company's projected capital additions?

A. Witness Schultz raises several concerns with the Company's projected capital additions. He expresses concern with respect to the Company's ability to properly oversee capital projects in light of the projected volume, the manner in which DEF develops project costs, and whether DEF is able to track cost savings initiatives and programs. I respond to each of these critiques below.

Ability to Monitor Capital Project Costs Commensurate with the Volume of Projected Additions

First, Witness Schultz questions whether the Company can monitor its projects commensurate with the volume of projected additions.[3] The Company is confident in its ability to monitor and control the capital projects currently in our portfolio as well as all forecasted additions presented in this case. The Company analyzes its financial performance as compared to budgeted expectations on a monthly basis through reporting mechanisms such as the Regulated O&M and Capital Reports

[3] Direct Testimony of Office of Public Counsel Witness Helmuth W. Schultz, III, page 18, lines 3-4.

("ROCRs") and Financial Review Summary (all of which were provided in response to discovery requests), as well as *ad hoc* reporting provided at the functional levels. Witness Schultz references the Company's response to OPC Production of Documents ("POD") 1-14, wherein the Company provided a substantial amount of documentation to support its ongoing analysis of capital and O&M spend in a given year. Witness Schultz takes issue that *three* documents (out of hundreds) were inadvertently redacted.[4] To address Mr. Schultz's unfounded concern with the Company's ability to oversee capital projects based on a small sampling of documents being inadvertently redacted, I am including as Exhibit MTO-4 non-redacted versions of these documents. Not only were these reports inadvertently redacted, but they do not cover capital analysis and are a portion of our O&M ROCR support. These reports demonstrate that the Company has appropriate procedures in place for monitoring projected capital additions as well as other expenditures such as O&M.

Development of Projected Costs

Witness Schultz's second concern is with the development of projected costs. He incorrectly asserts that the Company did not respond to OPC POD 3-32, which requested a high-level summary of DEF's software used to generate plant costs.[5] Contrary to Witness Schultz's assertion, DEF did in fact respond to OPC POD 3-32 and provided a high-level summary of the software systems used to generate

[4] *See id.*, page 18, lines 4-8.
[5] *See id.*, page 18, lines 11-13.

plant balances as requested. In fact, Witness Schultz later directly quotes from this summary and even addresses several facts included in the summary provided by DEF.[6]

For instance, Witness Schultz states his concern that DEF's "CWIP data is developed separately and manually input into the model."[7] CWIP balances are calculated in UI Planner's B2 model as a result of capital expenditure data and closing assumptions provided by the functional business units, which are added to model projects in UI Planner. Based on those two data points, UI Planner calculates the monthly CWIP balances.

The OPC's discovery request specifically instructed DEF to provide information as it relates to Power Plant and UI Planner, which is exactly what DEF did when responding to this request. The processes by which business leaders estimate their projects and any specific tools used by those functions are more fully discussed in the direct and rebuttal testimony provided by those functional business leaders.

Witness Schultz also expresses concern about DEF's ability to properly maintain project documentation such as invoices and quotes to support the capital expenditures.[8] The Company does not require business units to submit supporting

[6] *See id.*, page 53, lines 5-7, page 54, lines 12-15.
[7] *See id.*, page 18, lines 15-16.
[8] *Id.*, page 18, lines 19-21.

documents with their capital templates that populate the UI Planner model. Such documentation is maintained within the functional business units, and procedures for project approvals are executed prior to the data input in the UI Planner model. In sum, I am confident in the Company's ability and procedures as they relate to maintaining appropriate project documentation.

Cost Savings Initiatives and Programs

Witness Schultz also finds fault in the fact that DEF does not explicitly track O&M cost savings, but rather builds O&M reductions into the annual budgeting process. He contends that a "feedback loop was triggered" due to the manner in which the Company responded to OPC ROG 1-34 and 1-35.[9]

While the Company's response to OPC ROG 1-35 does in fact refer back to ROG 1-34, Witness Schultz neglects to address the more-detailed responses provided by individual business units and the fact that DEF explicitly stated that the programs and initiatives outlined in response to OPC ROG 1-34 would be continuing into the forecasted years of 2025-2027.

Witness Schultz also opines that because DEF does not explicitly track O&M cost savings and instead builds the reductions into the annual budgeting process, that this somehow correlates to the capital project approval process.[10] O&M savings

[9] *See id.*, page 19, line 8.
[10] *See id.*, page 19, line 18 through page 20, line 2.

initiatives are not the same as benefits recognized from capital deployment. As I previously stated, the approval process for capital projects is executed at the functional business unit level and the Company engages in varying processes to ensure that capital projects are deployed appropriately in order to provide safe and reliable power to our customers. As such, the assertions made by Witness Schultz in this context are incorrect.

Q. Do you agree with OPC witness Schultz's analysis of the level of plant additions and perceived inconsistencies in the construction work in progress ("CWIP") /plant additions relationship over the course of the test periods?

A. No, I do not. OPC witness Schultz contends that the level of projected plant additions over the test period is inconsistent with the five-year average of historical actuals. Comparing projected future capital additions to average historical levels is one method of analyzing the reasonableness. However, Witness Schultz's analysis does not take into consideration the following key factors:

- Solar additions will vary based on the number of plants being placed into service in any given year.
- Large-scale projects placed into service in any year will distort the results of the analysis. Accordingly, the Powerline Energy Storage project with estimated spend of $164 million is forecasted to be placed in service in 2027 should be removed from the calculation.
- Storm Protection Plan ("SPP") assets are recovered under the SPP clause and

therefore should be excluded from the analysis.

The Company has created a supplemental analysis which accounts for the changes outlined above. This analysis shows that the capital additions for the test period are in line with historical averages. If the Company were to take into consideration inflationary pressures on materials, supplies, and labor, the level of additions is reasonable. Please see Exhibit MTO-5, Capital In-Service.

Q. Does OPC witness Schultz make incorrect assertions as it pertains to CWIP in his testimony?

A. Yes. Witness Schultz compares CWIP to plant additions to assert that he is unable to roll forward the Company's beginning and ending CWIP balances.[11] He states that "The CWIP balance on December 31, 2023, was $998 million"[12] utilizing data found on MFR B-1, column (5) but neglects to acknowledge that MFR B-1 provides the 13-month average for all balances presented—a fact that is clearly displayed on the MFR explanation at the top of the submission. Witness Schultz then asserts that:

> The projected expenditures for 2024 added to CWIP are $2,545 million and the forecasted plant additions removed from CWIP and transferred to plant are $2,805 million. The expected result should be a projected CWIP balance of $708 million on December 31, 2024; instead, Company Schedule B-1 shows a projected CWIP balance of $951 million on

[11] *Id.*, page 17, lines 10-20.
[12] *Id.*, page17, lines 13-14.

December 31, 2024.[13]

While the numbers stated in Witness Schultz's testimony related to CWIP additions and plant additions are accurate, they represent the annual amounts added and removed from CWIP, whereas his starting point of $998 million as of December 31, 2023, and ending point of $951 million as of December 31, 2024, reflects 13-month averages. Therefore, the very example he cites as evidence supporting his contention that capital additions should be excluded in the forecasted periods is simply incorrect. It is inherently flawed to comingle data that represents a 13-month average with annualized data to complete a roll forward of CWIP balances.

Furthermore, the underlying calculation in his example does not compute appropriately: $998M + $2,545M - $2,805M = $738M—not $708M as calculated by Witness Schultz. Given the above discrepancies, OPC witness Schultz's proposed "evidence" of "significant" differences in CWIP balances in relation to plant additions is flawed and should be disregarded.

X. CONCLUSION

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

[13] *Id.,* page 17, lines 14-18.

O&M and A&G

Lines	($000)	2019	2020	2021	2022	2023
1		**2019**	**2020**	**2021**	**2022**	**2023**
2	Total O&M per C-6	$ 2,985,635	$ 2,795,362	$ 2,770,101	$ 3,495,647	$ 3,971,660
3	MWH from FF1 page 300-301, line 12	42,257,341	42,249,536	43,384,229	45,646,972	43,432,687
4	O&M dollars per MWH	$ 70.65	$ 66.16	$ 63.85	$ 76.58	$ 91.44
5	O&M dollars per MWH - Dismukes testimony	72.22	70.07	80.76	108.99	77.15
6	**Variance**	**$ (1.57)**	**$ (3.91)**	**$ (16.91)**	**$ (32.41)**	**$ 14.29**
7						
8		**2019**	**2020**	**2021**	**2022**	**2023**
9	Total O&M per C-6	$ 2,985,635	$ 2,795,362	$ 2,770,101	$ 3,495,647	$ 3,971,660
10	Remove amortization of recoverable storm cost deferral	157,057	307,950	170,218	67,867	365,936
11	Remove recoverable fuel costs	2,012,156	1,736,670	1,806,083	2,589,928	2,844,837
12	Remove uncollectible expense	11,340	18,779	13,521	54,421	33,607
13	Adjusted O&M	805,082	731,963	780,279	783,431	727,281
14	MWH from FF1 page 300-301, line 12	42,257,341	42,249,536	43,384,229	45,646,972	43,432,687
15	**Adjusted O&M dollars per MWH**	**$ 19.05**	**$ 17.32**	**$ 17.99**	**$ 17.16**	**$ 16.75**
16						
17						
18		**2019**	**2020**	**2021**	**2022**	**2023**
19	Total A&G per C-6	$ 392,095	$ 502,799	$ 409,685	$ 301,654	$ 576,557
20	MWH from FF1 page 300-301, line 12	42,257,341	42,249,536	43,384,229	45,646,972	43,432,687
21	A&G dollars per MWH	$ 9.28	$ 11.90	$ 9.44	$ 6.61	$ 13.27
22	A&G dollars per MWH - Dismukes testimony	10.01	12.82	10.33	7.46	14.13
23	**Variance**	**$ (0.73)**	**$ (0.92)**	**$ (0.89)**	**$ (0.85)**	**$ (0.86)**
24						
25		**2019**	**2020**	**2021**	**2022**	**2023**
26	Total A&G per C-6	$ 392,095	$ 502,799	$ 409,685	$ 301,654	$ 576,557
27	Remove amortization of recoverable storm cost deferral	157,057	307,950	170,218	67,867	365,936
28	Adjusted A&G	235,038	194,849	239,467	233,788	210,621
29	MWH from FF1 page 300-301, line 12	42,257,341	42,249,536	43,384,229	45,646,972	43,432,687
30	**Adjusted A&G dollars per MWH**	**$ 5.56**	**$ 4.61**	**$ 5.52**	**$ 5.12**	**$ 4.85**

Duke Energy Florida
Excerpt from table provided in DEF's response to OPC ROG 1-16

	Note	Year	O&M	Capital	Other	Recoverable	Total Payroll
Base Payroll	(B)	2023	200,440,431	182,741,421	8,147,726	22,504,019	413,833,597
Base Payroll	(B)	2024	211,194,373	194,171,343	9,506,635	22,414,737	437,287,089
Base Payroll	(B)	2025	215,931,516	194,171,343	10,457,460	22,495,520	443,055,840
Base Payroll	(B)	2026	220,668,659	194,171,343	11,408,285	22,576,304	448,824,591
Base Payroll	(B)	2027	225,405,801	194,171,343	12,359,110	22,657,087	454,593,341
OT Payroll		2023	22,928,126	13,564,186	1,244,186	0	37,736,498
OT Payroll		2024	23,732,329	15,285,833	1,281,658	0	40,299,820
OT Payroll		2025	24,423,005	15,285,833	1,318,988	0	41,027,826
OT Payroll		2026	25,113,682	15,285,833	1,356,318	0	41,755,832
OT Payroll		2027	25,804,358	15,285,833	1,393,647	0	42,483,838

(B) Includes base pay, premium pay, unproductive time, and other pay.

Duke Energy Florida
Excerpt from table provided in DEF's response to OPC ROG 1-15

	Note	Year	O&M	Capital	Other	Recoverable	Total Payroll
Base Payroll	(B)	2018	214,540,995	144,521,396	23,144,229	16,221,029	398,427,650
Base Payroll	(B)	2019	198,959,847	154,856,282	29,226,809	15,636,917	398,679,855
Base Payroll	(B)	2020	195,245,960	168,501,479	13,441,604	13,885,633	391,074,676
Base Payroll	(B)	2021	200,580,910	165,843,058	8,183,654	18,937,530	393,545,153
Base Payroll	(B)	2022	199,657,360	173,609,764	16,484,309	17,768,177	407,519,610
Base Payroll	(B)	2023	195,859,208	195,604,255	11,711,447	20,176,326	423,351,236
OT Payroll		2018	26,363,795	15,169,411	10,081,229	1,765,744	53,380,178
OT Payroll		2019	24,803,189	14,197,534	5,430,556	1,312,746	45,744,025
OT Payroll		2020	23,718,154	13,758,970	3,455,651	867,619	41,800,394
OT Payroll		2021	23,810,955	13,301,006	3,572,983	1,681,336	42,366,280
OT Payroll		2022	26,581,228	15,806,486	13,593,806	1,029,391	57,010,910
OT Payroll		2023	25,898,987	22,555,890	7,317,408	1,087,080	56,859,364

(B) Includes base pay, premium pay, unproductive time, and other pay.

Duke Energy Florida
OPC ROG 1-16 - Re-Categorized

	Year	O&M (A)	Capital (B)	Other (C)	Total Payroll (net of recoverable) (D)	% Capital (B)/(D)	Recoverable (E)	Total Base and OT Payroll (D) + (E)
Base Payroll and OT Payroll	2023	223,368,556	204,683,956	1,013,563	429,066,075	48%	22,504,019	451,570,094
Base Payroll and OT Payroll	2024	234,926,702	219,196,433	1,049,035	455,172,171	48%	22,414,737	477,586,908
Base Payroll and OT Payroll	2025	240,354,522	221,233,623		461,588,145	48%	22,495,520	484,083,665
Base Payroll and OT Payroll	2026	245,782,341	222,221,778		468,004,119	47%	22,576,304	490,580,423
Base Payroll and OT Payroll	2027	251,210,160	223,209,933		474,420,093	47%	22,657,087	497,077,180
					Five year average 2023-2027	48%		

Duke Energy Florida
OPC ROG 1-15 - Re-Categorized

	Year	O&M (A)	Capital (B)	Other (C)	Total Payroll (net of recoverable) (D)	% Capital (B)/(D)	Recoverable (E)	Total Base and OT Payroll (D) + (E)
Base Payroll and OT Payroll	2018	240,904,790	167,323,277	25,592,988	433,821,055	39%	17,986,773	451,807,828
Base Payroll and OT Payroll	2019	223,763,036	180,006,331	23,704,849	427,474,217	42%	16,949,663	444,423,880
Base Payroll and OT Payroll	2020	218,964,114	190,860,704	8,297,000	418,121,818	46%	14,753,252	432,875,069
Base Payroll and OT Payroll	2021	224,391,865	186,055,501	4,845,201	415,292,567	45%	20,618,867	435,911,434
Base Payroll and OT Payroll	2022	226,238,587	196,215,786	23,278,579	445,732,952	44%	18,797,568	464,530,521
Base Payroll and OT Payroll	2023	221,758,195	226,544,375	10,644,625	458,947,195	49%	21,263,406	480,210,600
					Five year average 2019-2023	45%		

Corporate ROCR Support
12/31/2022

Juriscition	Month-to-Date Actual	Month-to-Date Budget	MTD Variance F(U)	Key MTD Variances	Year-to-Date Actual	Year-to-Date Budget	YTD Variance F (U)	Key YTD Variances
DE Florida	17	11	(6)		119	105	(14)	
Recoverable	0	0	(0)		0	0	(0)	
Net of Recoverable	17	11	(6)	($1) - Enterprise Technology & Security: ($1) - Spend Governance; $1 - Labor and Contract Labor; ($1) - Contract Services and Purchases ($1) - External Affairs & Communications: ($1) - Jurisdictional Strategic Initiatives ($5) - Finance: ($5) - Tax Consulting Work $1 - Misc	118	105	(14)	($6) - Enterprise Technology & Security: ($5) - Spend Governance; ($1) - Contract Services and Purchases; $1 - Labor and Contract Labor ($1) - Admin Services: ($1) - Facilities (Repairs, etc.); ($1) - Aviation expenses (fuel, charters, utility patrol); $1 - Leases and Land Services $1 - Chairman and CEO - $1 Offset with External Affairs & State Presidents and Other ($1) - General Counsel Outside Services ($5) - Finance: ($6) - Tax Consulting Work; $1 - FPO Project Work $1 - HR-EB: $1 - Vacation Carryover ($1) - Misc ($2) - Other: ($2) - Indirect Allocations

Corporate ROCR Support
12/31/2023

Juriscition	Month-to-Date				Year-to-Date			
	Actual	Budget	MTD Variance F(U)	Key MTD Variances	Actual	Budget	YTD Variance F (U)	Key YTD Variances
DE Florida	16	10	(5)		115	106	(9)	
Recoverable	(0)	0	0		1	0	(0)	
Net of Recoverable	16	10	(6)	($7) -Finance: ($7) - Permanent: ($6) Tax Optimization; ($1) Other $2 - HR-EB: $2 - Vacation Carryover ($1) - Misc	114	105	(9)	($3) - Enterprise Technology & Security: ($4) Permanent (Offsetting) - IT Spend Governance; $1 - Budget/Jurisdictional geography $1 - Chairman and CEO: $1 - Permanent: Contract Services $1 - EA: $1 - Permanent: Advertising and Contract Svcs ($10) - Finance: ($7) - Permanent: ($7) Tax Optimization; ($2) Budget Gap/WRI; ($1) Other $2 - HR-EB: Permanent $2 - Vacation Carryover $1 - HR: $1 Permanent: - $1- Labor and Contracts ($2) - Other Corp Group: ($2) Permanent - Indirect Allocations

Corporate ROCR Support
2/29/2024

Juriscition	Month-to-Date				Year-to-Date			
	Actual	Budget	MTD Variance F(U)	Key MTD Variances	Actual	Budget	YTD Variance F (U)	Key YTD Variances
DE Florida	7	7	(0)		16	16	(1)	
Recoverable	0	0	(0)		0	0	(0)	
Net of Recoverable	7	7	0		16	16	(0)	($1) - Corp IT Spend Gov ($1) - Finance: Timing: ($1) - Labor $1 - Misc

Docket No. 20240025
Duke Energy Florida
Witness: Michael O'Hara
Exhibit MTO-5

TOTAL PLANT IN SERVICE EXCLUDING SPP, SOLAR, and 2027 POWERLINE ENERGY STORAGE:

	act	act	act	act	act	est	est	est	est	est	5 year 2019-23	5 year 2023-27	
	2019	**2020**	**2021**	**2022**	**2023**	**2023**	**2024**	**2025**	**2026**	**2027**	**Avg**	**Avg**	**Difference**
Production Base	$ 247,093	$ 137,985	$ 181,008	$ 219,351	$ 102,201	$ 129,511	$ 158,005	$ 167,029	$ 184,235	$ 163,931	$ 177,528	$ 160,542	$ (16,985)
Production Intermediate	10,348	3,251	8,138	10,515	5,623	5,573	9,009	42,941	14,080	33,044	7,575	20,929	13,354
Production Peaking	24,456	16,781	15,590	19,956	38,692	30,372	9,821	11,670	16,996	9,328	23,095	15,637	(7,458)
Production Solar													
Production Subtotal	$ 281,897	$ 158,017	$ 204,736	$ 249,822	$ 146,516	$ 165,456	$ 176,835	$ 221,640	$ 215,311	$ 206,303	$ 208,198	$ 197,109	$ (11,089)
Transmission Plant	455,808	482,294	793,517	293,568	391,379	536,510	698,377	481,459	393,750	400,967	483,313	502,213	18,899
Distribution Plant	743,168	697,291	633,416	675,895	639,637	839,353	754,943	752,718	675,712	702,001	677,881	744,946	67,064
General Plant	80,961	103,691	73,698	112,774	114,510	97,940	69,995	47,245	29,747	27,206	97,127	54,427	(42,700)
Intangible Plant	35,648	29,076	97,827	32,960	85,486	83,123	40,343	27,042	24,931	19,273	56,199	38,942	(17,257)
Transportation	(2,622)	1,427	79	3,156	2,709	5,725	5,732	3,848	2,616	3,551	950	4,294	3,345
Energy Storage	0	0	0	24,056	7,037	8,500	0	0	0		6,219	1,700	(4,519)
Grand Total	**$ 1,594,860**	**$ 1,471,796**	**$ 1,803,273**	**$ 1,392,231**	**$ 1,387,273**	**$ 1,736,607**	**$ 1,746,225**	**$ 1,533,952**	**$ 1,342,067**	**$ 1,359,301**	**$ 1,529,887**	**$ 1,543,630**	**$ 13,744**