

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

August 8, 2024

FILED 8/8/2024
DOCUMENT NO. 08316-2024
FPSC - COMMISSION CLERK

Item 1

Docket No. 20230020-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC.

Docket No. 20230116-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Idalia, by Duke Energy Florida, LLC.

Issue 1: Should the incremental cost and capitalization approach (ICAA) found in Rule 25-6.0143, F.A.C., be used to determine the reasonable and prudent amounts to be included in the restoration costs?

Approved Type 2 Stipulation: The ICCA approach in Rule 25-6.0143, F.A.C. and the terms of the 2019 Irma Settlement Agreement approved by Order No. PSC-2019-0232-AS-EI should be used to determine the reasonable and prudent amounts included in the restoration costs.

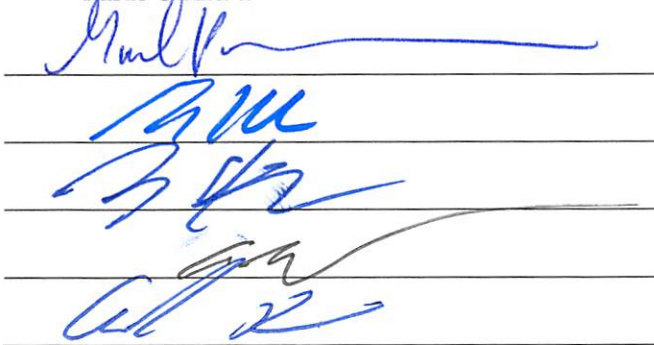
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS: *Oral Modification, assigned DN 08196-2024, is attached.*

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Issue 2: Have the terms of DEF's 2019 Settlement Agreement, approved by Order No. PSC-2019-0232-AS-EI, issued June 13, 2019, been complied with? If not, why not?

Approved Type 2 Stipulation: Yes.

APPROVED

Issue 3: What is the reasonable and prudent amount of regular payroll expense to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below is the reasonable and prudent regular payroll expense for each storm.

Table 3-1
Regular Payroll Expense

Storm	Amount
Nicole	\$1,370,120
Ian	\$4,674,377
Fred	\$167,704
Elsa	\$492,800
Isaias	\$66,191
Eta	\$347,959

The reasonable and prudent amount of regular payroll expense to be included in Total Storm Related Restoration Costs is \$7,119,151.

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Issue 4: What is the reasonable and prudent amount of overtime payroll expense to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below is the reasonable and prudent overtime payroll expense for each storm.

Table 4-1
Overtime Payroll Expense

Storm	Amount
Nicole	\$3,377,663
Ian	\$9,965,271
Fred	\$258,537
Elsa	\$807,888
Isaias	\$366,526
Eta	\$962,313

The reasonable and prudent amount of overtime payroll expense to be included in Total Storm Related Restoration Costs is \$15,738,198.

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Issue 5: What is the reasonable and prudent amount of contractor costs, including vegetation and line clearing, to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below are the reasonable and prudent contractor costs for each storm.

**Table 5-1
Contractor Costs**

Storm	Amount
Nicole	\$29,149,136
Ian	\$267,394,755
Fred	\$108,304
Elsa	\$8,257,533
Isaias	\$279,861
Eta	\$13,084,650

The reasonable and prudent amount of contractor costs, including vegetation and line clearing, to be included in Total Storm Related Restoration Costs is \$318,274,239.

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Issue 6: What is the reasonable and prudent amount of vehicle and fuel expense to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below is the reasonable and prudent vehicle and fuel expense for each storm.

**Table 6-1
Vehicle and Fuel Expense**

Storm	Amount
Nicole	\$1,526,358
Ian	\$9,397,616
Fred	\$40,969
Elsa	\$426,169
Isaias	\$37,817
Eta	\$747,426

The reasonable and prudent amount of vehicle and fuel expense to be included in Total Storm Related Restoration Costs is \$12,176,355.

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Issue 7: What is the reasonable and prudent amount of employee expenses to be included in Total Storm Related Restoration Costs?

Approved type 2 Stipulation: Below are the reasonable and prudent employee expenses for each storm.

Table 7-1

Employee Expenses

Storm	Amount
Nicole	\$3,453,759
Ian	\$16,510,677
Fred	\$24,606
Elsa	\$836,059
Isaias	\$16,232
Eta	\$800,782

The reasonable and prudent amount of employee expenses to be included in Total Storm Related Restoration Costs is \$21,642,115.

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Issue 8: What is the reasonable and prudent amount of materials and supplies expense to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below is the reasonable and prudent materials and supplies expense for each storm.

**Table 8-1
Materials and Supplies Expense**

Storm	Amount
Nicole	\$3,245,543
Ian	\$18,603,008
Fred	\$34,668
Elsa	\$1,002,905
Isaias	\$37,432
Eta	\$1,003,640

The reasonable and prudent amount of materials and supplies expense to be included in Total Storm Related Restoration Costs is \$23,927,196.

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Issue 9: What is the reasonable and prudent amount of logistics costs to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below are the reasonable and prudent logistics costs for each storm.

Table 9-1
Logistics Costs

Storm	Amount
Nicole	\$4,917,493
Ian	\$44,649,681
Fred	\$59,127
Elsa	\$3,403,957
Isaias	\$12,301
Eta	\$2,768,223

The reasonable and prudent amount of logistics costs to be included in Total Storm Related Restoration Costs is \$55,810,782.

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Issue 10: What is the reasonable and prudent amount of other costs to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below are the reasonable and prudent other costs for each storm. These amounts include labor burdens/incentives, overhead allocations, external audit, insurance deductible and Irma settlement implementation costs.

**Table 10-1
Other Costs**

Storm	Amount
Nicole	\$1,470,546
Ian	\$10,083,533
Fred	\$192,958
Elsa	\$914,981
Isaias	\$225,532
Eta	\$1,357,418

The reasonable and prudent amount of other costs to be included in Total Storm Related Restoration Costs is \$14,244,968.

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Issue 11: What is the reasonable and prudent total amount of costs to be included in Total Storm Related Restoration Costs?

Approved Type 2 Stipulation: Below are the reasonable and prudent Total Storm Related Restoration Costs for each storm.

Table 11-1
Total Storm Related Restoration Costs

Storm	Amount
Nicole	\$48,510,617
Ian	\$381,278,918
Fred	\$886,874
Elsa	\$16,142,291
Isaias	\$1,041,892
Eta	\$21,072,410

The reasonable and prudent total amount of costs to be included in Total Storm Related Restoration Costs is \$468,933,002.

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Issue 12: What is the reasonable and prudent amount of storm-related costs that should be capitalized?

Approved Type 2 Stipulation: Below are the reasonable and prudent storm-related costs that should be capitalized.

**Table 12-1
Capitalized Costs**

Storm	Amount
Nicole	\$3,992,784
Ian	\$13,714,654
Fred	\$31,017
Elsa	\$171,265
Isaias	\$0
Eta	\$395,117

The reasonable and prudent amount of storm-related costs that should be capitalized is \$18,304,837.

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Issue 13: What is the reasonable and prudent amount of storm-related costs that should be ICCA non-incremental O&M adjustment?

Approved Type 2 Stipulation: Below are the reasonable and prudent storm-related costs that should be ICCA non-incremental O&M adjustment.

Table 13-1
ICCA Non-Incremental O&M Adjustment

Storm	Amount
Nicole	\$1,274,876
Ian	\$4,096,655
Fred	\$690,427
Elsa	\$688,770
Isaias	\$760,300
Eta	\$376,694

The reasonable and prudent amount of storm-related costs that should be ICCA non-incremental O&M adjustments is \$7,887,722.

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Issue 14: What is the reasonable and prudent total amount of retail Recoverable Storm Costs?

Approved Type 2 Stipulation: Below are the reasonable and prudent Recoverable Storm Costs including any true-up to prior storm recovery and estimated interest on the unamortized reserve deficiency balance, subject to true-up as stated in Issue 16.

**Table 14-1
Retail Recoverable Storm Costs**

Storm	Amount
Nicole	\$42,928,330 retail
Ian	\$359,576,056 retail
Fred	\$155,094 retail
Elsa	\$14,608,576 retail
Isaias	\$258,952 retail
Eta	\$20,160,165 retail
Previous Partial Recovery of Storm Costs	\$10,976,144

The prudent and reasonable retail Total Recoverable Storm Costs plus estimated interest of \$4,669,608 is \$431,380,637.

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Issue 15: What is the appropriate accounting treatment associated with any storm costs found to have been imprudently incurred?

Approved Type 2 Stipulation: Imprudently incurred storm costs should not be charged to the storm reserve or recovered through a storm restoration charge on customer bills. No storm restoration costs were imprudently incurred; therefore, no such adjustment is necessary.

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Issue 16: Should any cost recovery in this docket be recovered from demand-metered customers through the demand charge?

Recommendation: No. Staff recommends that the recovery of storm restoration costs from demand-metered customers through an energy charge is more appropriate than through a demand charge because the costs recovered through a storm restoration surcharge are highly variable and are largely associated with non-recurring contractor costs. Therefore, staff recommends that no change be made to the collection of DEF’s storm restoration surcharge and that it continue to be collected from demand-metered customers on an energy (\$/kWh) basis.

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Issue 17: If applicable, how should any under-recovery or over-recovery be handled?

Recommendation: In order to avoid mismatching the method used to collect storm restoration costs with that used to refund those costs, and consistent with our recommendation on Issue 16, staff recommends that DEF be required to use the fuel energy charge to either refund or collect true-up storm restoration costs.

APPROVED

Issue 18: What additional storm restoration process improvements, if any, should DEF follow in future storms?

Approved Type 2 Stipulation: DEF has fully implemented the Process Improvements approved in Order No. PSC-2019-0232-AS-EI. As part of DEF’s process of continuous improvements, to the extent practicable without hindering safe and efficient storm restoration, DEF has agreed to work to implement the additional process refinements included in Attachment A of staff’s memorandum dated July 25, 2024.

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Issue 19: Should this docket be closed?

Approved Type 2 Stipulation: No. This docket should remain open so that DEF can file supplemental schedules that compare the final storm recovery amount approved by the Commission to actual revenues from the storm restoration charge and calculate the resulting excess or shortfall for recovery.

APPROVED

Hiep Nguyen

From: Asha Maharaj-Lucas
Sent: Friday, August 2, 2024 12:12 PM
To: Braulio Baez; Mark Futrell; Apryl Lynn; Keith Hetrick; Mary Anne Helton; Mark Cicchetti; Elisabeth Draper; Tom Ballinger; Cindy Muir; CLK - Agenda Staff; Adam Teitzman; Commissioners & Staffs; Amber Norris; Dale Buys; Corey Hampson; Marissa Ramos; Laura King; Suzanne Brownless
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: FW: Request for Approval to Make an Oral Modification - Item 1 - August 6, 2024 Commission Conference - Docket Nos. 20230020-EI and 20230116-EI
Attachments: DEF Prehearing Statement.pdf

Hello:

Please see the [approval of the oral modification to Item 1, on the August 6, 2024, Agenda Conference - for docket no. 20230020-EI, below.](#)

Thanks

Asha

From: Braulio Baez <BBaez@PSC.STATE.FL.US>
Sent: Friday, August 02, 2024 12:03 PM
To: Andrew Maurey <AMaurey@PSC.STATE.FL.US>; Mark Futrell <MFutrell@PSC.STATE.FL.US>
Cc: Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Mary Anne Helton <MHelton@PSC.STATE.FL.US>; Mark Cicchetti <MCICCHET@PSC.STATE.FL.US>; Elisabeth Draper <EDraper@PSC.STATE.FL.US>; Tom Ballinger <TBalling@PSC.STATE.FL.US>
Subject: Re: Request for Approval to Make an Oral Modification - Item 1 - August 6, 2024 Commission Conference - Docket Nos. 20230020-EI and 20230116-EI

Approved. Thanks!

From: Andrew Maurey
Sent: Friday, August 2, 2024 11:54:56 AM
To: Braulio Baez; Mark Futrell
Cc: Asha Maharaj-Lucas; Kate Hamrick; Mary Anne Helton; Mark Cicchetti; Elisabeth Draper; Tom Ballinger
Subject: Request for Approval to Make an Oral Modification - Item 1 - August 6, 2024 Commission Conference - Docket Nos. 20230020-EI and 20230116-EI

Staff requests approval to make an oral modification to staff's recommendation in Docket Nos. 20230020-EI - Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy, Florida, LLC, and 20230116-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Idalia, by Duke Energy Florida, LLC currently scheduled as Item 1 on the August 6, 2024 Commission Conference. Subsequent to filing the recommendation, staff became aware that the wrong Attachment A had been submitted with the recommendation. Attachment A is associated

with Issue 18 and contains the additional process refinements Duke Energy Florida commits to applying. The correct Attachment A is attached to this email.

Andrew L. Maurey
Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
(850) 413-6465
amaurey@psc.state.fl.us

**Duke Energy Florida's Prehearing Statement
Ongoing, Continuous Storm Restoration Process Improvements**

Duke Energy Florida ("DEF" or the "company") 2019 Storm Cost Settlement Agreement includes several "Future Process Improvements" covering a broad range of storm cost recovery issues, including: (1) contracting and vendor engagement; (2) travel and work policies; (3) cost documentation; (4) auditing and regulatory recovery processes; and (5) a methodology for determining incremental costs. *See* Order No. PSC-2019-0232-AS-EI, issued June 13, 2019, in Docket No. 20170172-EI.

Since that time, DEF has continued to document lessons learned from storm restoration efforts and has as a part of the ongoing, continuous improvement process implemented several additional process improvements.

DEF commits that it will continue to apply the 2019 storm process improvements, as well as the additional new process improvements listed below, whenever such implementation does not interfere with safe, timely, and prudent restoration of service following a storm, and that they will remain in effect until modified by an order of the Florida Public Service Commission. The company will meet with OPC to discuss the company's storm restoration processes in the first quarter of 2025 and every two years thereafter.

In addition to these process improvements that are already in place, DEF has also identified other additional, ongoing improvements that the company commits to work towards implementing in future storms, when practical to do so:

1. DEF has adopted digital platforms to assist with: 1) crew rostering and tracking during mobilization and on-boarding; and 2) time sheet review and approval, tracking expenses, and documenting exceptions from the 2019 process improvements, respectively. DEF will continue monitoring alternative platforms available in the market, as well as internally developed solutions, to streamline or improve this process, including but not limited to, potentially combining the two applications.
2. DEF will also continue evaluating the functionality and utility of adding lodging management functions to the suite of services offered by the existing digital platforms or as part of any potential transition to alternative platform(s).
3. DEF has instituted a formal process for documenting all exceptions to the 2019 Storm Process Improvements in real time, or as close thereto as practical without impeding restoration efforts.
4. DEF will continue to work with vendor partners to identify, address, and mitigate performance issues, including any issues complying with the process improvements adopted in 2019 or herein.

5. **Standardized Rate Schedules.** To the extent possible given existing contracts and willingness of contractual partners, recognizing that resource acquisition is of paramount importance, DEF will continue working to implement a standardized rate schedule for contracts with line restoration crews. The company also commits to continue to negotiate for and implement standardized rate schedules for contracts with vegetation management crews in future storms, where possible. In addition to current contractual provisions intended to manage mobilization time and expense, DEF will focus increased emphasis on standardized terms for all vendors with the goal of minimizing the usage of “sit-down” meals, especially for large traveling convoys.
5. **Logistics Support.** DEF commits to continuing to enhance its process of logistical support for large vendor crews in the form of providing accessible staging and lodging locations as well as continuity in liaison support between the crews and DEF.