Matthew R. Bernier
Associate General Counsel

September 23, 2024

VIA ELECTRONIC FILING

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

Re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricane Idalia by Duke Energy Florida, LLC; Docket No. 20230116-EI

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find attached for electronic filing in the above reference docket:

- DEF's Petition for Approval of Actual Incremental Storm Restoration Costs Related to Hurricane Idalia;
- Direct Testimony of Christopher A. Menendez and Exhibit No. (CAM-1);
- Direct Testimony of Jimmy New and Exhibit No. (JN-1), Exhibit No. (JN-2), Exhibit No. (JN-3), Exhibit No. (JN-4; and
- Direct Testimony of William Todd Fountain.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

/s/ Matthew R. Bernier
Matthew R. Bernier

MRB/mh
Attachments

106 East College Avenue, Suite 800 ▪ Tallahassee, Florida 32301
Phone: 850.521.1428 ▪ Email: matt.bernier@duke-energy.com

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC, for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Idalia	Docket No. 20230116-EI Dated: September 23, 2024

PETITION BY DUKE ENERGY FLORIDA, LLC, FOR APPROVAL OF ACTUAL INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANE IDALIA

Duke Energy Florida, LLC ("DEF" or the "Company"), pursuant to Section 366.076(1), Florida Statutes, Rules 25-6.0143 and 25-6.0431, Florida Administrative Code, the 2021 Settlement Agreement approved by the Florida Public Service Commission (the "Commission") in Order No. PSC-2021-0202A-AS-EI, and Order No. PSC-2023-0375-PCO-EI (authorizing recovery of an interim storm restoration recovery charge), hereby files this petition requesting approval of DEF's actual recoverable storm restoration costs related to Hurricane Idalia, including replenishment of DEF's storm reserve as contemplated by the 2021 Settlement Agreement and financing costs (the "Recoverable Storm Costs"), in the amount of $166.5 million; and (b) the process for refunding or collecting any overcollection or shortfall in Recoverable Storm Costs at the conclusion of the interim charge previously authorized by this Commission. In support of this Petition, DEF states as follows:

INTRODUCTION

1. DEF is an investor-owned utility operating under the jurisdiction of the Commission pursuant to the provisions of Chapter 366, F.S. The Company's principal place of business is located at 299 1st Avenue North, St. Petersburg, Florida 33701.

2. This Petition is being filed in accordance with the requirements of Rule 28-106.201, F.A.C.[1]

3. The Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399, is the agency affected by this Petition. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06 and 366.076, F.S., and Rules 25-6.0143 and 25-6.0431, F.A.C.

4. For purposes of this Petition and the resulting proceeding, Petitioner's address shall be that of its undersigned counsel. Any pleading, motion, notice, order, or other document required to be served upon DEF or filed by any party to this proceeding should be served upon DEF's undersigned counsel.

5. DEF does not know which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting testimony and exhibits, may be disputed by any others who may plan to participate in this proceeding.

BACKGROUND AND OVERVIEW

6. DEF serves more than 2.0 million retail customers in Florida. Its service area comprises approximately 20,000 square miles, including the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola, and Seminole Counties. DEF supplies electricity at retail to approximately 350 communities and at wholesale to municipalities, utilities, and power agencies in Florida.

7. On October 16, 2023, DEF filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery surcharge to recover $166.1 million

[1] Portions of subsections (2)(b)(c) and (f) of Rule 28-106.201, F.A.C., do not apply to this proceeding and are, therefore, not being addressed in this Petition.

in incremental storm restoration costs, replenishment of the storm reserve and interest related to Hurricane Idalia restoration and recovery efforts (the "Interim Storm Charge"). DEF also requested approval to include and spread the recovery of the remaining interim incremental storm restoration costs for Hurricanes Elsa, Eta, Ian, Isaias and Nicole and Tropical Storm Fred (the "Storms") with the surcharge for Hurricane Idalia, thereby amending the then currently approved surcharge. The Commission approved the Interim Storm Charge for collection over the January 2024 through December 2024 timeframe. *See* Order No. PSC-2023-0375-PCO-EI. The Commission further ordered that "the interim storm restoration surcharge shall be subject to final true-up once the final total actual storm-related costs are known and filed." *See id.* at p. 4.

8. In accordance with that Order, DEF is contemporaneously filing documentation demonstrating the actual storm costs DEF incurred in connection with Hurricane Idalia. This documentation consists of the pre-filed testimony, with accompanying exhibits, of DEF witnesses William Todd Fountain, Jimmy New, and Christopher Menendez which (a) document DEF's actual Recoverable Storm Cost amount of $166.5 million; (b) demonstrate that those costs were prudently incurred; (c) demonstrate that DEF accounted for those costs in accordance with the Incremental Cost and Capitalization Approach ("ICCA") contained in Rule 25-6.0143, F.A.C. and the Irma Settlement Agreement[2]; and (d) propose a process for refunding or collecting any overcollection or shortfall in Recoverable Storm Costs at the conclusion of the Interim Storm Charge previously authorized by this Commission.

9. In his pre-filed testimony, Mr. Fountain describes the operation of the Company's storm plan, including the storm-related preparedness plans and processes that DEF utilized during Hurricane Idalia. Mr. Fountain provides a discussion of the number of resources brought to bear

[2] *See* Order No. PSC-2019-0232A-AS-EI, Docket No. 20170272-EI.

in response to the storm, the timeline DEF followed for onboarding resources (both native and non-native resources, including mutual assistance), mobilizing and demobilizing of resources, and completing restoration efforts. Mr. Fountain also provides an overview of the storm-related costs incurred in responding to the storm.

10. As detailed in Mr. New's pre-filed testimony, DEF's actual Recoverable Storm Cost amount of $166.5 million was calculated in accordance with the ICCA methodology required by Rule 25-6.0143, F.A.C., and following the Storm Restoration Cost Process Improvements included in the Irma Settlement. Mr. New describes how DEF tracked, recorded, and accounted for storm costs during and after the storm, and explains the processes DEF has in place to ensure costs assigned to storms are in fact attributable to those storms. DEF's accounting records thoroughly track all storm restoration costs charged to DEF and its payment of those charges.

11. Mr. Menendez's testimony describes the process for recovering the Recoverable Storm Costs as well as the Company's proposal for handling any true-up after the cessation of the Interim Storm Charge.

CONCLUSION

Wherefore, DEF respectfully requests that the Commission (a) determine that DEF's actual Recoverable Storm Cost amount of $166.5 million was prudently incurred; (b) determine that DEF's actual Recoverable Storm Costs were appropriately calculated in compliance with Rule 25-6.0143 and the Irma Settlement; (c) enter an order permitting DEF to collect or refund any under or overcollection of Storm Costs through the fuel clause as described in Mr. Menendez's pre-filed

direct testimony; and (d) grant other such relief as the Commission determines appropriate.

Respectfully submitted,

/s/ Matthew R. Bernier
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CERTIFICATE OF SERVICE
Docket No. 20230116-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 23rd day of September, 2024, to the following:

/s/ Matthew R. Bernier
Attorney

S. Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us	W. Trierweiler / C. Rehwinkel Office of Public Counsel 111 W. Madison St., Rm 812 Tallahassee, FL 32399 trierweiler.walt@leg.state.fl.us rehwinkel.charles@leg.state.fl.us

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANE IDALIA

FPSC DOCKET NO. 20230116-EI

DIRECT TESTIMONY OF CHRISTOPHER A. MENENDEZ

SEPTEMBER 23, 2024

Q. Please state your name and business address.

A. My name is Christopher A, Menendez. My business address is Duke Energy Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

Q. By whom are you employed and what is your position?

A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director of Rates and Regulatory Planning.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for the Company's regulatory planning and cost recovery, including the Company's Storm Cost Recovery Filings.

Q. Please describe your educational background and professional experience.

A. I joined the Company on April 7, 2008. Since joining the company, I have held various positions in the Florida Planning & Strategy group, DEF Fossil

Hydro Operations Finance, and DEF Rates and Regulatory Strategy. I was promoted to my current position in April 2021. Prior to working at DEF, I was the Manager of Inventory Accounting and Control for North American Operations at Cott Beverages. I received a Bachelor of Science degree in Accounting from the University of South Florida, and I am a Certified Public Accountant in the State of Florida.

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to explain DEF's proposed true-up of any final over or under recovery amount related to the Interim Storm Restoration Recovery Charge effective the first billing cycle of January 2024 and ending the earlier of full recovery or with the last billing cycle of December 2024. This charge was approved by the Commission in Order No. PSC-2023-0375-PCO-EI ("the Order").

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following:

- Exhibit No. (CAM-1) "Recovery of Storm Restoration Costs." This Exhibit shows the total recoverable restoration costs, along with monthly revenues and interest collected through July 2024. An update to this Exhibit will be filed with the Commission on the date that the Fuel Cost Recovery Actual True-Up Filing for the Period of January 2024 through December 2024 is made in in Docket No. 20250001-EI.

Q. Please describe the Interim Storm Restoration Recovery Charge.

A. The Interim Storm Restoration Recovery Charge ("Interim Charge") was designed to recover estimated incremental storm restoration costs of approximately $166.1M in incremental storm restoration costs remaining from the Hurricanes Elsa, Eta, Ian, Isaias, Nicole, and Tropical Storm Fred (the "Storms") and Hurricane Idalia, including interest and replenishment of the storm reserve, over a 12-month period from January 2024 through December 2024, or until fully recovered. The Order states "after the actual costs are reviewed for prudence and reasonableness and are compared to the actual amount recovered through the interim storm restoration charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over/under recovery and associated interest, will be considered by us at a later date."

Q. How will DEF determine the final over or under recovery true-up amount related to the Interim Charge, and what is DEF's proposal to refund or charge customers for any excess or shortfall?

A. DEF will compare the final Storm Recovery Amount approved for recovery by the Commission to actual revenues from the Interim Charge to determine any excess or shortfall. Interest will be applied to this amount at the 30-day commercial paper rate. Thereafter, DEF proposes to collect or refund the excess or shortfall through the fuel clause in the normal true-up process, as stated in Order No. PSC-2024-0377-FOF-EI issued August 27, 2024.

Q. How will DEF notify the Commission of the actual revenues received from the Interim Charge?

A. DEF will file a supplement to my direct testimony in the form of Exhibit No. (CAM-1), on the date that the Fuel Cost Recovery True-up Filing for the Period January 2024 through December 2024 is made with the Commission, that will show actual approved recoverable restoration costs along with monthly revenues and interest collected through the earlier of December 2024 or full recovery of the total recoverable storm restoration costs.

Q. Does this conclude your testimony?

A. Yes.

	(A)	(B)	(C)	(D)	(E)=C+D	(F)=B+E
Year	Month	Total Recoverable Restoration Costs	Revenues	Interest	Net Monthly Activity	Ending Balance
2024	January	(166,294)	12,619	(125)	12,495	(153,800)
2024	February	(153,800)	11,735	(71)	11,664	(142,135)
2024	March	(142,135)	11,143	(21)	11,122	(131,013)
2024	April	(131,013)	11,644	-	11,644	(119,369)
2024	May	(119,369)	14,667	-	14,667	(104,702)
2024	June	(104,702)	17,246	-	17,246	(87,456)
2024	July	(87,456)	18,297	-	18,297	(69,159)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANE IDALIA

FPSC DOCKET NO. 20230116-EI

DIRECT TESTIMONY OF JIMMY NEW

SEPTEMBER 23, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Jimmy New. My current business address is 525 South Tryon Street, Charlotte, NC 28202.

Q. By whom are you employed and what are your responsibilities?

A. I am employed by Duke Energy Business Services, LLC, a Service Company affiliate of Duke Energy Florida, LLC ("Duke Energy Florida," "DEF," or the "Company") and a subsidiary of Duke Energy Corporation ("DE"). My current position is Manager Finance II of Power Grid Operations Regulatory Support. I oversee a group that has responsibility for supporting regulatory filings for Power Grid Operations. I collaborate with other finance personnel with responsibilities for Power Grid Operations, Customer Operations and Fossil/Hydro Generation Operations, and thus I am representing the finance and accounting organizations that provide support to the functional groups of DEF that incur expenses during major storm events.

Q. Please summarize your educational background and professional experience.

A. I have a Bachelor of Science Degree in Business Administration – Accounting from Appalachian State University in 2007. I began my career at Deloitte & Touche LLP in their Audit and Enterprise Risk Services area. In 2013, I joined Duke Energy's Internal Audit Department in Charlotte. In 2016 I joined the Financial Planning and analysis group as a Senior Financial Analyst supporting the Information Technology group and was later promoted to Lead Financial Analyst in 2018. I moved to the Customer Delivery Finance team in 2021 and was promoted to Manager I in 2022 and later to Manager II in 2024. During my time in the Customer Delivery Finance organization my roles have largely been related to process development for capital investment as well as overview of some regulatory reporting including the Florida Storm Protection Plan. In February 2024, the Customer Delivery function and the Transmission function merged within Duke Energy to become the Power Grid Operations organization. I am a licensed CPA in North Carolina.

II. PURPOSE OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. On October 16, 2023, DEF filed estimated storm costs in the instant docket associated with Hurricane Idalia (referred to herein as the "Storm"). The purpose of my testimony is to explain and support the actual incremental cost of the Storm and to discuss the methods used to comply with Rule 25-6.0143, F.A.C., and the Storm Cost Settlement Agreement approved in Order No. PSC-2019-0232-AS-EI

("Agreement"), to identify and remove non-incremental O&M and capitalized costs from total storm restoration costs.

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following exhibits to my testimony:

- Exhibit No. (JN-1) – Cost Summary – Storm Reserve
- Exhibit No. (JN-2) – Cost Summary – Hurricane Idalia
- Exhibit No. (JN-3) – Remaining Recovery from Docket No. 20230020-EI at 12/31/2023
- Exhibit No. (JN-4) – Interest & Unrecovered Costs Calculation

These exhibits were prepared based on information kept in the normal course of business in the books and records of the Company and are true and accurate to the best of my knowledge.

Q. Please describe the net costs for which recovery is sought in this proceeding.

A. DEF is seeking recovery of incremental costs incurred in responding to the named Storm as defined under the Incremental Cost and Capitalization Approach ("ICCA") methodology required under Rule 25-6.0143, F.A.C. The Company has prudently incurred $166.5 million (retail) of incremental restoration costs which includes Hurricane Idalia ($97.7 million) as shown in Exhibit No. (JN-1). These costs exclude all non-incremental costs and capital costs, as defined under the ICCA methodology and adopted under the Agreement. Recovery of the total storm restoration cost will also allow DEF to replenish the storm reserve ($131.8 million) which was depleted by the Storm and includes interest expense ($0.2 million) as

shown in Exhibit No. (JN-4) calculated at the commercial paper rate from January 2024 to March 2024.

Q. Please explain how storm-related costs are tracked and accounted for during and after each storm, and the process that the Company uses to verify that costs assigned to the Storm were in fact related to the Storm and were incremental.

A. When a potential major storm event is approaching its service territory, DEF creates separate project codes for each function (Transmission, Distribution, Generation, and Customer Service) to process and aggregate the total amount of storm restoration costs incurred for financial reporting and regulatory recovery purposes. DEF uses these codes to account for all costs directly related to storm restoration, including costs that will not be recoverable from DEF's storm reserve, based on the ICCA methodology and as further clarified in the Agreement. All storm restoration costs charged to these storm projects are initially recorded in FERC Account 186, Miscellaneous Deferred Debits except for Transmission capital projects. All costs charged to FERC Account 186 are subsequently reviewed, and based on the outcome of that review, are cleared, and charged to either the storm reserve (FERC Account 228.1), normal O&M expense or capital. I will further discuss the Company's process to review incurred costs and ensure only allowable costs as defined in the ICCA methodology and Agreement are included for recovery later in my testimony.

Q. Please further explain the process for accumulating accounting data related to storm costs.

A. For Distribution, major storm costs are initially accumulated in FERC Account 186, including charges that are considered non-incremental or capital. Using the ICCA methodology and Agreement, non-incremental amounts are identified and subsequently credited from FERC Account 186 and debited to base rate O&M expense. Capital costs are also identified and subsequently credited from FERC Account 186 and debited to FERC Account 107, Construction Work in Progress. After non-incremental and capital costs are removed from FERC Account 186, the remaining balance is then credited, and FERC Account 228.1 is debited to bring FERC Account 186 to zero leaving only allowable costs for recovery in Account 228.1. Transmission follows the same process except that any capital work that is done during the major storm is charged directly to specific projects that are mapped to FERC Account 107.

Q. Please explain the recoverable incremental costs incurred by DEF for Hurricane Idalia.

A. Exhibit No. (JN-2) summarizes total recoverable storm costs for Hurricane Idalia ($97.7 million) by each function.

As shown on Exhibit No. (JN-2), DEF's incurred costs for the Storm is broken into the categories below, and, when netted with non-incremental and capitalizable costs, are consistent with the ICCA methodology and the Agreement.

1. Regular Payroll – Amounts in this category represent regular labor payroll costs incurred by DEF employees or employees of affiliate entities of DEF for time spent related to storm restoration activities. For Transmission and Distribution ("T&D"), the difference between the actual (August and September 2023) and 3-year historical average (August and September 2020-2022) O&M base payroll for the month(s) of the activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

2. Overtime Payroll – Amounts in this category represent overtime labor costs incurred by DEF employees or employees of affiliate entities of DEF for time spent related to storm restoration activities. For T&D, the difference between the actual (August and September 2023) and the 3-year historical average (August and September 2020-2022) O&M overtime for the month(s) of the activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

3. Labor Burdens/Incentives – Amounts in this category include employee bonuses and costs such as medical, payroll tax and other non-incentive benefits incurred by DEF employees or affiliate entities of DEF for time spent related to storm restoration activities. For T&D, the difference between the actual (August and September 2023) and the three-year historical average (August and September 2020-2022) O&M labor burdens/incentives for the months(s) of the

activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

Bonuses paid to employees for their extraordinary efforts and dedication to DEF's customers were removed from this Storm cost recovery request. Note, while the Company believes the bonuses paid to employees are properly recoverable, DEF is not seeking recovery of those costs.

4. Overhead Allocations – Amounts in this category include costs, such as employee labor from support organizations, related to employees of DEF or employees of affiliate entities of DEF that are allocated to the storm project based on payroll and overtime charges. For T&D, the difference between the actual (August and September 2023) and the three-year historical average (August and September 2020-2022) overhead allocations for the month(s) of the activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

5. Employee Expenses – Amounts in this category include costs of lodging for employee and contractor crews and expenses such as meals and mileage reimbursement for employees using their personal vehicles during storm restoration.

6. Contractor Costs – Amounts in this category include time and equipment costs incurred by third party contractors hired for storm restoration activities. For

T&D, the difference between the actual (August and September 2023) and the three-year historical average (August and September 2020-2022) contractor costs for the month(s) of the activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

7. Materials and Supplies – Amounts in this category include materials and supplies used to repair and restore service and facilities to pre-storm condition and exclude the portion of materials and supplies used in restoration activities that are included in capitalized cost. Fuel costs associated with fueling services utilized during restoration to re-fuel contractor vehicles are also included as part of materials and supplies costs.

8. Internal Fleet Costs – Amounts in this category include fuel and maintenance costs for DEF fleet vehicles. For T&D, the difference between the actual (August and September 2023) and the three-year historical average (August and September 2020-2022) variable fleet costs for the month(s) of the activities directly related to the storm in the absence of a storm was excluded from recoverable storm costs as the non-incremental amount.

9. Uncollectible Account Expenses – DEF is not seeking recovery of uncollectible account expenses.

10. Other Expenses – Amounts in this category include other minor amounts of storm-related expenses not included in one of the categories above.

The Company has support for the Storm costs on Exhibit No. (JN-1) available for Commission review.

Q. Is the Company including for recovery in this filing any costs prohibited from recovery under the ICCA methodology and the Agreement?

A. No. DEF is not including any costs prohibited from recovery under the ICCA methodology (that is, the types of costs identified in paragraph (1)(f) of the Rule) or the Agreement. In the preceding section of my testimony, I discussed allowable costs as well as amounts DEF excluded from this recovery request based on DEF's determination that certain of the costs were non-incremental or capitalizable.

Q. Please explain the amounts capitalized to property, plant, and equipment by the Company.

A. The ICCA methodology states, ". . . capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages must exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm." Rule 25-6.0143(1)(d), F.A.C.

DEF has a process to ensure all units of property ("UOP") installed during storm restoration are capitalized at reasonable material and labor amounts (i.e., resulting in capital amounts at the normal cost for the removal, retirement, and replacement

of those facilities), to ensure a storm cost recovery request that is incremental under the ICCA methodology.

For Transmission, specific projects were issued for capital work allowing real-time tracking of those projects for material and equipment costs. As capital work was performed, associated labor costs were moved to the capital projects per the ICCA methodology.

For Distribution, the Company's tracking of materials allows for accounting of all units of property used during storm restoration resulting in the proper capitalization of those units of property. DEF's Supply Chain organization issues materials directly to the storm project when shipped from the distribution center to the various base camps, and Supply Chain personnel at Operating Centers issue materials used during the storm to the storm project. Once the restoration effort was completed, all unused materials from the base camps were picked up and brought back to the distribution center where they were placed in a specific area for return processing. All returned materials were segregated and tagged to be identified as materials initially charged to the storm restoration. The materials were then returned by applying the same accounting that was used during the restoration effort. As a result, only the actual units installed during storm restoration were capitalized.

Once the number of UOPs were confirmed, the Company's Finance organization determined a normal, reasonable total dollar amount to capitalize those UOPs.

- Materials Costs – the number of each UOP was identified and grouped (e.g., poles, transformers, wire, etc.). The material costs associated with the UOP and the number of UOP then became the basis of the calculation to determine the estimated total capital amount. A material burden was applied to all materials which represents the cost associated with warehousing, handling, and shipping, and was reflected in the capital calculation. Working stock, which is generally accounted for as a burden of chargeable materials, was directly charged to the storm project.
- Contract Labor - For each grouping of UOP, DEF's Resource Optimization group estimated the average number of hours to install under normal conditions for that type of UOP and number of line resources needed. The average number of hours was multiplied by the number of resources to derive the total hours to install that UOP. Then a simple average was calculated of internal labor and native contractor rates and that rate was multiplied by the number of hours for each UOP to determine the estimated capital labor to install.
- Other costs – As part of the normal amount of capital cost for a UOP, an overhead allocation rate was applied based on the total number of estimated hours to install the UOP. This overhead rate is consistent with the rate used in DEF's work management system – Maximo.

The amount of storm costs capitalized is outlined in Exhibit No. (JN-2).

Q. In addition to T&D, please describe the other functional areas that incurred costs related to the Storm.

A. Customer Service incurred incremental, non-budgeted costs for some of the same categories of costs as T&D. Generation including solar sites and Customer Service used a non-incremental cost approach consistent with the ICCA methodology and Agreement.

Q. Please explain why there could be further adjustments to the costs for which DEF is seeking recovery in this filing.

A. As of the date of this filing, the Company has not yet finalized payment of all contractor services related to Hurricanes Idalia. The Company reserves the right to file supplemental schedules with any necessary adjustments with the Commission as appropriate.

Q. Does this conclude your testimony?

A. Yes.

Line No.	Description	Reference	Incremental Storm Cost	Storm Reserve Balance
1	**Approved Reserve Balance - Retail (a)**			**$ 131,848**
2	Actual Collected Reserve Balance as of December 31, 2023	JN-2 Line 1		63,206
3	**Uncollected Reserve Balance (b)**	JN-3 Line 11		**68,641**
	Storm Costs (2023)			
4	Idalia	JN-2 Line 30	-97,653	
5	**Total Recoverable Restoration Costs 2024 - Retail**	JN-2 Line 31		**-34,447**
6	**Amount Required to Restore Storm Reserve to $131.8M**	JN-4 Line 1	166,294	131,848
7	Interest on Unamortized Reserve Deficiency Balance	JN-4 Line 7	217	
8	**Total Storm Recovery Amount - Retail**			**$ 166,511**
9	**Estimated Surcharge Revenue Collected - Retail through December 2024 (c)**	JN-4 Line 2		**169,497**
10	**Estimated Over-Recovered Retail Amount at 12/31/24 (c)**	JN-4 Line 10		**2,986**

Notes:

(a) Amount of Storm Reserve approved per 2021 Settlement Order PSC-2021-0202-AS-EI.

(b) Uncollected Storm Reserve balance as of December 31, 2023.

(c) Over-recovery was calculated using DEF's 2024 Spring Sales Forecast to estimate revenues for months August 2024 - December 2024.

Line No.	Description		Estimated Storm Costs By Function								Total	Storm Reserve Balance
			Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Solar	Customer Service	Other		
1	**Pre-Storm Reserve Balance**											**63,206**
2	**Storm Related Restoration Costs - Idalia**											
3	Regular Payroll		672	2,035	-	-	-	-	21	-	2,727	
4	Overtime Payroll		1,301	4,701	125	36	14	5	59	-	6,240	
5	Labor Burdens/Incentives		840	3,347	51	(14)	4	8	35	-	4,272	
6	Overhead Allocations		298	436	-	-	-	-	28	-	762	
7	Employee Expenses		360	4,535	-	-	-	-	14	-	4,909	
8	Contractor Costs		10,916	79,507	73	-	630	64	117	-	91,307	
9	Materials & Supplies		832	12,068	27	0	9	11	0	-	12,948	
10	Internal Fleet Costs		176	302	-	-	-	-	-	-	477	
11	Uncollectible Account Expenses		-	-	-	-	-	-	-	-	-	
12	Other		-	-	-	-	-	-	-	-	-	
13												
14	**Subtotal - Storm Related Restoration Costs**	Lines 3-13	**15,395**	**106,931**	**277**	**22**	**657**	**88**	**274**	**-**	**123,642**	
15	**Less: Estimated Non-Incremental Costs - Idalia**											
16	Regular Payroll		(274)	(1,044)	-	-	-	-	(21)	-	(1,338)	
17	Overtime Payroll		-	(435)	-	-	-	-	(39)	-	(474)	
18	Labor Burdens/Incentives		(353)	(1,535)	-	-	-	-	(32)	-	(1,920)	
19	Overhead Allocations		(65)	-	-	-	-	-	(28)	-	(93)	
20	Employee Expenses		(16)	(8)	-	-	-	-	-	-	(24)	
21	Contractor Costs		(31)	(396)	-	-	-	-	-	-	(427)	
22	Materials & Supplies		(16)	(83)	-	-	-	-	-	-	(99)	
23	Internal Fleet Costs		-	(135)	-	-	-	-	-	-	(135)	
24	Uncollectible Account Expenses		-	-	-	-	-	-	-	-	-	
25	Other		-	-	-	-	-	-	-	-	-	
26	**Subtotal - Estimated Non-Incremental Costs**	Lines 16-25	**(755)**	**(3,636)**	**-**	**-**	**-**	**-**	**(120)**	**-**	**(4,511)**	
27	Less: Capitalizable Costs		(2,749)	(15,361)	-	-	-	-	-	-	(18,110)	
28	**Total Recoverable Restoration Costs - Idalia - System**	Lines (14 + 26 + 27)	**11,890**	**87,934**	**277**	**22**	**657**	**88**	**154**	**-**	**101,020**	
29	Jurisdictional Factor (Order PSC-2021-0202-AS-EI)		72.042%	100.000%	97.403%	92.637%	95.110%	97.403%	100%	100%		
30	**Total Recoverable Restoration Costs - Idalia - Retail**	Lines (28 x 29)	**$8,566**	**$87,934**	**$269**	**$20**	**$625**	**$85**	**$154**	**$0**	**97,653**	**$97,653**
31	**Post-Storm Reserve Balance**											**($34,447)**

Duke Energy Florida, LLC
Storm Cost Recovery
Cost Summary - Storm Reserve
($000's)

Docket No. 20230116-EI
Witness: New
Exhibit JN-3

Line No.	Description	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
1	Unrecovered Eligible Costs - Beg Balance (a)	426,711	393,273	358,460	315,929	269,422	219,999	171,102	131,384	99,728
2	Less: Current Month Surcharge Revenue (b)	(34,579)	(35,843)	(43,406)	(47,206)	(49,925)	(49,181)	(39,717)	(31,656)	(31,087)
3	Unrecovered Eligible Costs Before Interest	392,132	357,430	315,054	268,723	219,497	170,818	131,384	99,728	68,641
4	Monthly Average Eligible Costs	409,422	375,351	336,757	292,326	244,460	195,409	151,243	115,556	84,185
5	Annual Interest Rate	4.93%	5.08%	5.12%	5.23%	5.35%	5.35%	5.34%	5.33%	5.33%
6	Monthly Interest Rate	0.41%	0.42%	0.43%	0.44%	0.45%	0.45%	0.45%	0.44%	0.44%
7	Monthly Interest on Unrecovered Storm Costs	1,140.8	1,030.0	875.0	699.7	502.3	283.5	86.3	-	-
8	Unrecovered Storm Costs	261,425	226,612	184,081	137,575	88,152	39,254	-	-	-
9	Unrecovered Storm Reserve Replenishment	131,848	131,848	131,848	131,848	131,848	131,848	131,848	99,728	68,641
10	Reserve Replenishment							463	31,656	31,087
11	Unrecovered Costs - Ending Balance	393,273	358,460	315,929	269,422	219,999	171,102	131,384	99,728	68,641

Notes:
(a) Docket No. 20230020-EI balances do not include any Hurricane Idalia costs.
(b) Actual revenues April 2023 - December 2023.

Duke Energy Florida, LLC
Storm Cost Recovery
Cost Summary - Storm Reserve
($000's)

Witness: New

Docket No. 20230116-EI
Witness: New
Exhibit JN-4

Line No.	Description	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Total
1	Unrecovered Eligible Costs - Beg Balance	166,294	153,800	142,135	131,013	119,369	104,702	87,456	69,159	51,122	35,391	21,479	9,610	
2	Less: Estimated Current Month Surcharge Revenue (a)	(12,619)	(11,735)	(11,143)	(11,644)	(14,667)	(17,246)	(18,297)	(18,038)	(15,731)	(13,912)	(11,869)	(12,595)	(169,497)
3	Unrecovered Eligible Costs Before Interest	153,675	142,064	130,992	119,369	104,702	87,456	69,159	51,122	35,391	21,479	9,610	(2,986)	
4	Monthly Average Eligible Costs	159,985	147,932	136,564	125,191	112,035	96,079	78,308	60,141	43,256	28,435	15,544	3,312	
5	Annual Interest Rate	5.32%	5.29%	5.33%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
6	Monthly Interest Rate	0.44%	0.44%	0.44%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
7	Monthly Interest on Unrecovered Storm Costs (b)	124.7	70.9	20.9	-	-	-	-	-	-	-	-	-	217
8	Unrecovered Storm Costs	21,952	10,288	-	-	-	-	-	-	-	-	-	-	
9	Approved Storm Reserve Balance	131,848	131,848	131,013	119,369	104,702	87,456	69,159	51,122	35,391	21,479	9,610	(2,986)	
10	Unrecovered Costs - Ending Balance	153,800	142,135	131,013	119,369	104,702	87,456	69,159	51,122	35,391	21,479	9,610	(2,986)	

Notes:

(a) Based on actual revenues January 2024 - July 2024 & estimated kWh sales August 2024 - December 2024. Storm charge revenues are allocated to the amortization of unrecovered eligible restoration costs.

(b) Calculated using commercial paper rate.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC, FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANE IDALIA

DOCKET NO. 20230116-EI

DIRECT TESTIMONY OF WILLIAM TODD FOUNTAIN

SEPTEMBER 23, 2024

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is William Todd Fountain. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company"). My business address is 6571 38th Avenue North, St. Petersburg, FL 33710.

Q. Please tell us about your position with DEF and describe your duties and responsibilities in that position.

A. I am the General Manager of Emergency Preparedness for Customer Delivery responsible for DEF's annual hurricane season readiness, and when hurricanes strike, I serve as the Incident Commander for restoration.

Q. Please summarize your educational background and employment experience.

A. I have over 32 years of experience in the utility industry. I began my career in 1991 with then Florida Power Corporation and have worked my way up from my

apprenticeship to making Journeyman Lineman. After spending time as a lineman, I moved into the Control Room as a dispatcher and later became the Director of the Dispatch Control Room. After spending a number of years in the Control Room, I became the Director of DEF's Distribution Vegetation Management program. After approximately four-and-a-half years as the Director of Vegetation Management, in June 2021, I assumed my current role as GM, Emergency Preparedness.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. I am testifying on behalf of the Company in support of recovery of DEF's incremental storm-related costs incurred responding to Hurricane Idalia. I will begin by providing an overview of the total distribution storm-related costs and cost categories. I will discuss the operation of the Company's storm plan, including the Company's goals and priorities as it prepares for, responds to, and recovers from a storm's impact on its system. I will conclude my testimony by describing DEF's successful efforts at implementing its plan in response to the storm and, ultimately, to restore electric service safely and efficiently to its customers.

Q. Are you sponsoring any exhibits to your testimony?

A. No, I am not sponsoring any exhibits.

Q. Please summarize your testimony.

A. My testimony explains the Company's Storm Response Plan (the "Plan") as well as implementation of the Plan in response to Hurricane Idalia. My testimony demonstrates that the Company's preparations in advance of the storm, actions in response to the storm, and ultimately costs incurred responding to the storm were prudently taken and prudently incurred, and therefore the Company should be permitted to fully recover its Incremental Storm Restoration Costs.

Q. Will you please provide a summary of Hurricane Idalia?

A. Yes.

Hurricane Idalia made landfall on Wednesday, August 30th near Keaton Beach quickly moving ashore between Perry and Salem, with maximum sustained winds of 125 mph. In addition to major hurricane force winds, Idalia produced a devastating storm surge along coastal communities from Deckle Beach in Taylor County southeastward to Horseshoe Beach in Dixie County. Surge heights along the immediate coast were 7-12 feet above normally dry ground. Lower values of up to 6 feet above normally dry ground were noted south of Horseshoe Beach. Hurricane Idalia caused severe flooding and widespread destruction.

DEF began mobilizing resources and incurring costs on August 27th. The Company was able to begin releasing resources on August 31st and continued a measured drawdown of resources through September 7th, with 100 native contractor resources staying in the North Coastal region to support sweep and

rebuild activities. By September 4th, DEF had restored all customers able to receive power, though work continued to sweep and complete necessary rebuilds.

Hurricane Idalia impacted more than 200,000 customers in DEF's service territory. More than 5,000-line workers, tree professionals, damage assessors, and support personnel were staged strategically throughout the state of Florida.

III. THE COMPANY'S DISTRIBUTION STORM PLAN

Q. Please describe DEF's distribution system storm plan.

A. DEF prepares for major storms year-round. Hurricane season readiness begins several months before the start of the season and includes training, drills, and implementation of lessons learned from the prior year. DEF's comprehensive storm plan is modeled on Homeland Security's Incident Command Structure ("ICS") and incorporates the best practices the Company has developed from experiences with past storms. The ICS affords rapid scalability in response to a specific threat.

The scalability of ICS is reflected in DEF's three distinct levels of restoration response. Level 1 is for restoration events lasting 6-12 hours, Level 2 is for 12-24-hour events, and level 3 is for major events exceeding 24 hours and is designed for restoration on the scale of a hurricane. The same basic functions are performed at all storm levels, but as resources increase to match the storm's anticipated threat, the organization expands to ensure efficient restoration of the Company's system. While it is appropriate for an individual in a lower-level event to perform

parts of several storm roles, those same roles are broken out and staffed by an increasing number of dedicated resources as the scope of restoration work increases. The decision to activate at a particular response level is made by the storm management team, and is guided by weather forecasts, resource modeling, and expected restoration duration. The flexibility of the storm plan is such that, for any given restoration event, DEF may have an area operating at Level 2 while another area is activated at Level 3. This allows areas within the Company operating at a lower restoration level to finish sooner and release resources to work in regions operating at higher restoration levels.

The ICS plan is built upon three phases of storm restoration: (1) pre-storm activation, (2) outage repair and restoration, and (3) returning the distribution grid to normal. Pre-storm activation begins as early as 120 hours prior to landfall, and includes detailed weather forecasting, modeling of potential damage and resource requirements, and preparation for support of logistics needs. The outage repair and restoration phase include operational activities after storm impact to restore service to all customers capable of receiving it. Returning the grid to normal is necessary to restore DEF's electrical infrastructure to its pre-hurricane condition.

Q. Can you please describe the different roles within DEF's storm plan?

A. Yes. Within the storm plan there are a multitude of roles that facilitate an efficient restoration process. These roles are organized along the following functional lines: (1) Operations (restoration of service);

(2) Planning (forecasts, modeling, damage assessment, and situational awareness);

(3) Logistics (resource management, mustering sites and base camps, material, and supplies);

(4) Governmental Liaison (coordination with state and county Governmental Agencies);

(5) External Communication (outreach and communication to customers, community leaders and media);

(6) Distribution Grid Officer (oversees the distribution grid and the restoration of the distribution customers);

(7) Transmission Grid Officer (oversees the transmission grid and coordinates restoration of substation and transmission);

(7) Finance Section Chief (oversees storm charging and provides necessary guidelines); and

(8) Safety Officer (oversees safe restoration, provides safety messages that are relevant to storm response).

Personnel are assigned roles under the storm plan that may differ from their regular daily responsibilities and, as a result, it is imperative that they are effectively trained. This training is normally completed in the second quarter of each year throughout the Company and within each of the functional areas of responsibility. To further ensure storm preparedness, DEF conducts storm readiness drills to test the effectiveness of the training program and employees' ability to execute their assigned storm roles. DEF's Plan is coordinated with the

state-wide storm preparedness efforts through participation in the state Emergency Operations Center ("EOC") coordinated storm drill conducted each May.

Q. When and how do you activate your ICS major storm organization?

A. DEF's formal ICS activation process kicks off as soon as a threat is identified, which is typically 72 to 96 hours prior to forecasted landfall. DEF's initial focus is to ascertain the most detailed weather information available including date, time, and strength of the storm, path, size and wind fields, precipitation, and exact time when wind is anticipated to diminish and fall below 39 mph (OSHA's limit for safe travel).

At 48 to 72 hours prior to projected landfall, DEF uses storm modeling tools to predict the amount of damage to DEF's system, where that damage will likely occur, and the quantity of resources required to quickly restore outages. Also considered are potential forecast variables including track and intensity changes, early hurricane arrival, and when travel conditions will deteriorate affecting travel to the DEF mustering locations. More specifically, the modeling tools estimate the number of personnel required, such as linemen, tree trimmers and damage assessors, providing the Company an estimate of the necessary scale of restoration response. At this point, efforts are focused on notifying DEF customers and employees of potential impact and beginning storm readiness activities and initial efforts to acquire resources. A progression of pre-landfall checklists is followed to ensure orderly preparation each day thereafter.

Q. How does DEF use the information from predictive hurricane damage models?

A. Once DEF has estimated the number of resources required and where and to what extent each region within DEF's territory will be impacted, several processes begin in unison. DEF's Resource Management function secures commitments for restoration support and Staging and Logistics prepares to open mustering and base camp sites to receive them.

Resource Management

Resource Management first secures internal line and tree resource commitments from other Duke Energy jurisdictions. Internal Duke Energy personnel are available immediately and can be moved into forward positions to expedite restoration. Next, DEF contacts the Southeastern Electric Exchange ("SEE") Mutual Assistance Group to secure commitments from the participating companies for remaining resource needs. SEE Mutual Assistance is governed by an existing agreement between all participating utilities. Most Mutual Assistance utilities assess the impact of the storm on their systems and hold resources until their utility is in the clear. Utilities not in the storm's projected path typically must travel from significant distances and must be activated several days prior to landfall.

Staging

Depending on the time, path, and confidence in the storm's expected impact, decisions concerning when committed crews are activated, paid to be mobilized,

and sent to an off-site mustering location are made prior to landfall. To expedite the restoration process, DEF mobilizes crews to mustering sites located along Interstates 75, 4, and 95. Safety is the highest priority, so the sites ultimately used depend upon the path of the storm; DEF seeks sites as close as possible to expected damage without unnecessarily placing crews in harm's way. The number of crews mobilized and where they are mustered depends greatly on confidence in the weather forecast. Restoration is fastest when resources are pre-staged before driving conditions deteriorate.

Logistics

Concurrent with the acquisition of resources, DEF's Logistics function establishes a coordinated schedule to open mustering sites and base camps and to secure anticipated lodging needs. The use of mustering sites allows the Company to validate rosters and crew compliments for billing; orient non-native crews to DEF's safety policies, switching practices, and technical specifications; and prepare crews for reassignment to a restoration base camp that accommodates truck parking, inventory storage, refueling, meals, and lodging.

Q. Is pre-staging restoration crews part of DEF's hurricane plan, and is the practice supported by industry experience and regulatory guidance?

A. Yes. About 24 hours before impact DEF focuses on pre-staging, which is an integral part of DEF's hurricane plan, a well-established industry best practice, and a hedge against uncertain hurricane forecasts (timing and location). When

combined with strong logistics and operational procedures, acquiring resources prior to landfall reduces restoration time.

Rebuilding and repairing the electric grid after a hurricane requires more resources than native staffing. Not only must the area of impact and extent of direct damage be considered, but also the hurricane's subsequent path that could affect travel to the state, access to damage, and availability of remaining resources. Securing, mobilizing, on-boarding, and strategically locating Mutual Assistance crews takes several days and must be initiated before weather impact is certain. Pre-staging decisions are based on detailed forecast data and advanced modeling tools developed and continuously improved through years of experience.

Pre-staging reduces overall restoration days and total customer outage hours. During a hurricane state of emergency, communities suffer economic loss and deal with threats to public health and safety. For these reasons, DEF's primary objective in storm response is the safest, fastest, most transparent restoration managed responsibly from a cost perspective.

Pre-staging greatly improves the accuracy of Estimated Times of Restoration ("ETRs"). Accurate and early ETRs are vital to community first responders who are managing threats to public health and safety, and to customers who evacuated and are seeking to return home. ETRs are a combination of estimated repair hours and resources available to do the work. When available resources are in place and engaged in work, the resulting ETRs can be provided sooner and are far more accurate than when acquisition and mobilization uncertainties must be included.

Q. How does the Company on-board crews and what steps does the Company take to ensure that they are effectively utilized?

A. The Company on-boards newly arriving crews at staging and logistics sites where rosters are verified, and arrival times documented. Crews go through a detailed overview of Company safety rules and protocols, as well as information on construction standards. Once restoration begins, crews are assigned to Restoration Coordinators ("RC"). The RC is a key oversight role for managing work. RCs assign their crews daily work packages that are prepared in advance and monitor progress of restoration. RCs also review time sheets and provide feedback to the storm center about crew effectiveness. This information is used by Operations and Logistics during demobilization to sequence crew releases so that the more productive and lower cost crews are among the last to be released.

Q. How is DEF's resource plan developed?

A. Resource plan commitments must be made far enough in advance to allow mobilization to strategically placed mustering sites. The timing of crew mobilization is based on getting resources into position before driving conditions deteriorate and crew safety is endangered. The resource plan is continuously checked and adjusted as information becomes more certain. Adjustments can include both additions and releases of resources.

Predictive damage modeling provides a target number of resources and is the basis for Mutual Assistance requests. The resource plan covers many risks

including early hurricane arrival and increased strength (as Hurricane Michael quickly did in 2018, attaining Category 5 status at landfall), shifting of storm track, widening of wind field, tornados, and flooding. These risks are mitigated by the number of resources secured, skill type (e.g., line, tree, damage assessment), pre-position location, and if not pre-positioned, the influence of the hurricane on post-landfall highway travel. While these decisions are made, by necessity, with imperfect forecast information, the consequences of inaction are enormous and well-documented.

Q. What occurs as the storm begins to impact DEF's service territory?

A. When the storm-force winds commence in DEF's service territory, the Distribution Control Center (“DCC”) is in constant communication with the Energy Control Center ("ECC") and the Transmission storm center. The ECC gives both storm centers a thorough description of what transmission lines and substations are dropping out of service as the storm passes, giving the Company a real-time assessment of the location of the storm damage. Crews in the storm’s direct path shelter in place where safe to do so, while crews on the boundaries respond to emergency calls. The ECC and storm centers jointly establish restoration priorities and coordinate restoration strategies to maintain grid stability.

Q. What happens after the storm passes?

A. DEF’s storm response has three main components: (1) governmental and EOC support and response; (2) statistical damage assessment; and (3) Assess, Isolate,

and Restore ("AIR") feeder backbone restoration. These three components enable local and state governments to respond to the storm's impact and allows DEF to both estimate the amount of storm damage actually incurred by the distribution system and begin restoration of the highest priority feeders.

DEF can promptly respond as local governments and county EOCs encounter issues that require immediate attention. These issues may involve, for example, support for road clearing teams, or removing a downed power line with police personnel standing by at the site. By having DEF personnel assigned to county EOCs, DEF can facilitate communication with various governmental agencies also at the EOCs, such as fire departments, to quickly respond to the site, take care of the downed line, and allow the government agency staff to pursue other critical assignments.

Concurrent with these activities, DEF rapidly assesses a statistically valid sample of its total facilities to validate the damage and associated resources that were predicted by the model, and to provide operations management more information for determining the best restoration strategy. As part of pre-storm season preparation, DEF identifies segments of feeders and associated branch lines in each area served by an operations center that are representative of the overall network of feeders and branch lines for the local area. As soon as the storm winds drop below 39 miles per hour, damage assessment teams are activated to get a better understanding of the damage to the distribution system. The previously

identified representative distribution line segments are assigned to damage assessment teams who are responsible for a pole-by-pole survey of those segments, to inventory the extent of damage incurred, and return damage information to be compiled and analyzed. Based upon the storm damage found in this representative sample, DEF extrapolates the amount of storm damage for the rest of the local distribution network and aggregates these assessments to get a system-wide storm damage estimate. These estimates are used to adjust the pre-landfall resource mobilization plan as needed.

The AIR feeder backbone restoration process is a method by which DEF restores core infrastructure and catalogues storm damage for further repair. This process is intended to quickly restore the feeder backbone through the operation of switches only, inventory sections of the feeder that DEF is not able to immediately restore and identify devices off the feeder that are not in service. DEF begins planning for the AIR effort prior to the storm season when each of the local management teams prioritize the order of restoration for critical feeders within their jurisdiction. Highest priority is assigned to feeders that are crucial to the health, safety, and welfare of the public.

Q. How is the restoration phase of the storm plan carried out?

A. At this juncture of the restoration efforts, DEF deploys resources to the local operating areas. To efficiently use this first wave of resources, DEF assigns them to the storm damage that was identified through the feeder AIR process. This

allows the Company to assign the first wave to the highest priority work on the most critical components of the distribution infrastructure. Based upon the information collected from the statistical assessment, including aerial storm damage assessments using drones and helicopters, information reported to DEF's outage management system, and the knowledge of local management, the management team has the information it needs to determine what feeders require detailed damage assessment. When the detailed assessment of a feeder segment is complete, the results of that effort are compiled into an associated work package. This work package allows DEF to effectively communicate the scope of the work to be done and further assists the Company in managing productivity expectations of line and tree crew resources. Additionally, the work package information assists local management in allocating resources and determining ETRs.

Q. How does the Company communicate information to its customers prior to, during and after a storm?

A. Before a storm, the Company issues news releases, posts social media information related to storm and safety tips, issues public service announcements, sends customers emails focused on preparedness, and proactively shares stories with the media focused on DEF's preparedness efforts to inform customers. To address the needs of customers with medical or special needs, DEF conducts outbound call campaigns to ensure these customers are aware of pending severe weather and to prepare for potentially extended outages.

The Company also launches a dedicated webpage focused on the specific storm event where the public can find news releases, safety tips, videos, restoration information and links to other valuable resources. Banners on the Company's main page direct customers to the storm and safety information and eventually to the dedicated storm webpage once it is launched. All pre-storm communications include storm and safety tips, and instructions on how to report outages. DEF's proactive outreach to the media often results in interviews and stories focused on storm preparedness.

During a storm, the Company develops daily messages for the media, customers, and field personnel. The Company publishes daily updates via news releases and social media on various topics, including storm damage, ETRs, and out of town resources. DEF secures TV, print, and radio advertising to provide restoration updates. Customers participating in DEF outage communication programs receive updates via email, phone, and text on restoration progress and ETRs. Ongoing updates regarding storm restoration are also provided on the Company's dedicated storm page which includes updated outage maps. Furthermore, during a storm event, updates are continuously provided to elected officials, community leaders and other stakeholders to ensure that they have the information needed to share with the public and to plan accordingly.

After a storm, the Company prepares wrap-up messages to share with customers, community leaders, and other stakeholders. News releases are published to provide final outage-related numbers, thank customers for their patience, thank local first responders, and thank the companies that provided off-system resources.

Q. Does the Company update ETRs during the restoration process?

A. Yes. DEF has three levels of ETRs: (1) an initial system level ETR; (2) a view of ETRs by city and county; and (3) device level ETRs. As the storm restoration progresses, DEF moves from higher level ETRs to increasing levels of detail, providing customers with immediate information. ETRs are continuously updated and expanded to greater levels of detail during restoration. Factors that influence ETR updates include integrating any new information the Company has collected; the extent and severity of the storm damage; the critical and priority restoration needs DEF may receive from ECC, state and local governments, and EOCs; and the availability of resources. Additionally, ETR's can be impacted by timing of resource arrival due to a number of external factors such as road and bridge closures, crews that have to travel through the path of the storm (after it has cleared), evacuee traffic, and lodging and fuel availability along major routes into the state. As required, DEF shifts line and tree crews, equipment, and material to address new priorities or to increase productivity. During restoration, DEF is constantly striving to improve ETRs and meet or exceed ETR goals.

Q. How does the Company wind down its restoration process?

A. As the Company nears the completion of storm restoration work within any part of the service territory, DEF begins demobilization efforts. DEF makes a best faith effort to use the most productive and cost-effective resources during restoration. As a part of the demobilization plan, DEF surveys local management and RCs to assess productivity of the non-native line and tree personnel. Combining this information with the daily cost of the personnel, DEF builds a restoration plan that retains the safest, most productive, cost-effective resources until no longer needed.

Q. Is there anything else that must be done after storm restoration is complete?

A. Yes. The final phase of hurricane response is restoration of the system to its pre-storm status. When in the storm outage restoration phase, DEF performs the essential work necessary to restore the fundamental operating characteristics of the distribution infrastructure. The initial primary focus is getting "lights on" and safety considerations rather than correcting all damaged facilities that are still capable of functioning. For example, during the storm outage restoration phase, DEF may leave in place poles that are damaged and in need of repair but are able to safely provide service to customers in the short term, capacitor banks and reclosers are returned to service only if immediately required, and animal mitigation hardware is not installed pursuant to DEF's day-to-day standards. After the restoration efforts are concluded, DEF conducts electrical and physical

condition sweeps of the feeder backbone and identifies the issues that require mitigation to return the distribution system to its pre-storm state.

The Company also conducts a "tree sweep" which is a detailed vegetation patrol of the feeder backbones to identify any storm damage to trees that were not mitigated during the storm restoration phase. The tree sweep is focused on cracked or broken limbs that are tenuously hanging over-top of facilities and will eventually come down. Trained vegetation management personnel are responsible for identifying trees or branches damaged by the storm and immediately mitigating any such damage. This process requires considerable subject matter expertise because these issues can be camouflaged when the leaves are still green, meaning that only the most obvious can be easily identified. However, even after the initial tree sweep is concluded, we would still expect additional vegetation mitigation to be required in the year or so following a storm as vegetation damaged during the storm succumbs to that damage – even though these types of costs would not be at issue in this proceeding.

Q. How do you measure the effectiveness of your storm planning and restoration process?

A. Beginning with restoration effectiveness, one of the main measures that the Company uses is the cumulative percentage of customers restored versus the projection of where DEF would be at the end of each day. Moving backward from DEF's final ETR goals, the Company sets milestones that must be achieved each

day to achieve the overall goal. DEF generates these milestones down to the operations center level based on the amount of storm damage on DEF's system, the level of resources at the Company's disposal, and DEF's restoration history. This analysis tells DEF whether it is being as effective as it needs to be and, if not, helps to highlight or correct any issues that may be impacting the Company's performance.

Effective planning comes down to ensuring that the Company has the processes in place to provide maximum flexibility. Due to the nature of these storms, DEF will never be able to precisely predict the location and timing of the storms or the extent of damage they will create. It is more important that DEF's planning process ensures it has the flexibly to adapt to inevitable changes in the location, timing, and intensity of storms as they arise. In DEF's judgment, the planning process does in fact provide DEF with the needed flexibility to cope effectively with the hurricane season.

Finally, safety of the restoration workforce is another critically important measure of effectiveness. There were no serious or OSHA recordable injuries responding to Hurricane Idalia.

IV. DEF'S INCREMENTAL COSTS INCURRED AS A RESULT OF HURRICANE IDALIA

Q. Please identify what incremental costs the Company incurred in connection with Hurricane Idalia.

A. Incremental storm-related costs incurred by the Company attributable to Hurricane Idalia are $97.7 million, as shown on Exhibit No.__(JN-2) to the direct testimony of DEF Witness Mr. Jimmy New.

Q. Please describe Hurricane Idalia and how you implemented the Plan you described above.

A. Idalia's timeline and DEF's response was as follows:

Saturday, August 26th: The NHC forecast indicated that the depression was forecasted to strengthen during the next few days and could become a hurricane over the eastern Gulf of Mexico, bringing a potential of dangerous storm surge, heavy rainfall, and strong winds to portions of the west coast of Florida and the Florida Panhandle by the middle of next week. Heavy rainfall was also likely to spread into portions of the Southeast U.S. by mid to late next week. As a result, DEF began resource acquisition and ultimately secured 5,274 crew members consisting of:

- 526 DEF employee Line crews;
- 895 DEF Native Line contractors;
- 210 Duke Energy Midwest Line contractors;
- 1,285 Transmission Resources
- 1,334 non-MA line contractors;
- 232 Damage Assessment contractors; and

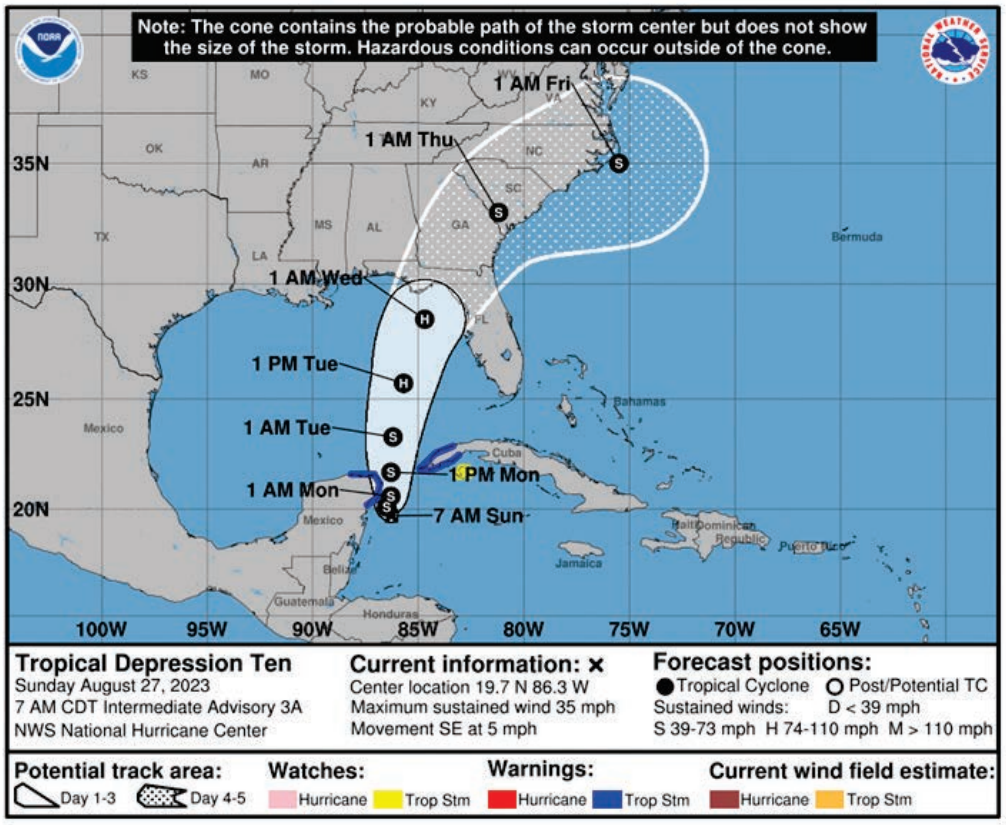
- 792 DEF Vegetation Management contractors.

Sunday, August 27th: The NHC forecast indicated that the depression was forecast to become a hurricane over the eastern Gulf of Mexico, and there was an increasing risk of life-threatening storm surge, flooding from heavy rainfall, and hurricane-force winds along portions of the west coast of Florida and the Florida Panhandle beginning as early as Tuesday, August 29th.

Hurricane Idalia made landfall at 7:45 am EDT on Wednesday, August 30th near Keaton Beach, Florida with maximum sustained winds of 125 mph. Idalia produced a devastating surge along coastal communities in Taylor and Dixie Counties within our service territory. The peak surge values observed were from Dekle Beach in Taylor County southeastward to Horseshoe Beach in Dixie County. Surge heights in this area along the immediate coast were within the range of 7 to 12 feet above normally dry ground. Lower values of up to 6 feet above normally dry ground were noted south of Horseshoe Beach near the community of Suwannee.

Restoration crews began work as soon as it was safe to do so and continued throughout the next four days. By Thursday, August 31st, crews began to be released including a small contingency released to assist Tri-County Electric Cooperative and Suwanee Valley Electric Cooperative. Demobilization continued over the next seven days as impacted areas were restored and sweeps were completed.

Below is the NOAA storm tracker projected storm path as of the Saturday, August 26, 5:00 PM EDT report.



Q. Please describe the Company's process for seeking Mutual Assistance from outside sources and identify the date on which the Company communicated with Mutual Assistance organizations with respect to Hurricane Idalia.

A. Once a tropical system is identified that threatens DEF's service territory, the process to acquire off system restoration personnel is activated. There are primarily two avenues for acquiring off system support. The first is through non-Investor-Owned Utility ("IOU") vendors using pre-negotiated agreements. DEF had over 90 vendor agreements in place prior to Hurricane Idalia. The second

avenue for off system support is through the SEE Mutual Assistance process. Mutual Assistance calls are set up to assess resource availability from outside the projected impact area. Resources typically include linemen, vegetation management, damage assessment, support, and logistics personnel for both distribution and transmission restoration work. Depending on the projected event timing and intensity, the objective is to have resources mobilized and pre-positioned ahead of impact. Due to the time it takes for crews outside Florida to mobilize, this requires the Company to incur costs for off-system resources based on NHC tropical weather forecasts, which are subject to change. The Company's communications with Mutual Assistance organizations for Idalia began Saturday August 26th. Mobilization was based on travel distance and arrival at pre-stage locations south of the track before deterioration of safe driving conditions.

Q. When did the Company's Mutual Assistance costs for Hurricane Idalia begin to accrue?

A. Costs for Hurricane Idalia began to substantially accrue on Sunday, August 27th, as crews were mobilized. Mobilization was based on travel distance and arrival at DEF mustering locations before driving conditions deteriorated to the point of being unsafe. As is industry standard, Mutual Assistance charging begins when the responding entities prepare to travel and work on DEF's system (examples include stocking material and preparing trucks and equipment for highway travel).

Q. Did the Company issue public announcements in connection with Hurricane Idalia?

A. Yes. To keep customers and the public updated on preparation and restoration efforts, DEF issued news releases in English and Spanish and responded to multiple inquiries from TV, radio, and print media outlets. More than 87,000 users visited Duke Energy's outage map. In addition, DEF published social media posts which covered several topics including safety, storm damage, resources, updated outage information and restoration progress.

Q. When was the Company fully restored from Hurricane Idalia?

A. DEF was fully restored by midnight on September 4, 2023. Over the preceding 120 hours, more than 215,000 customers were restored from 5,963 outage and non-outage events.

V. COMPLIANCE WITH THE HURRICANE IRMA SETTLEMENT'S PROCESS IMPROVEMENTS.

Q. Did DEF comply with the Storm Restoration Cost Process Improvements included as part of the Hurricane Irma Settlement when responding to Hurricane Idalia and calculating the incremental costs?

A. Yes. Since entering the Agreement, DEF has developed detailed practices and policies to ensure compliance with the Process Improvements during a restoration event. Indeed, DEF's compliance with the terms of the Irma Settlement Agreement

has been confirmed by an independent audit as well as by this Commission in the wake of Hurricane Ian"[1]. DEF has also entered into service agreements with many vendors that include acknowledgment of and compliance with the vendor-specific Process Improvements. That said, as was noted in that order, "all parties are in agreement regarding DEF's primary objective following a storm, which is power restoration to its customers, and that 'the company will not allow the policies and procedures to impede speedy power restoration for its customers.'"[2] In recognition of the primary importance of safe and speedy restoration, if a situation occurs during a restoration event that would result in Process Improvement compliance hampering, rather than aiding, restoration efforts, the Company would document why compliance is causing unwarranted delays, and then implement a work-around.

Q. Does this conclude your testimony?

A. Yes.

[1] Order No. PSC-2024-0377-FOF-EI
[2] Order No. PSC-2019-0232-AS-EI, pg. 4.