



Matthew R. Bernier
Associate General Counsel

June 25, 2025

VIA ELECTRONIC FILING

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

Re: Response to Staff's Storm Protection Plan Cost Recovery Clause Audit Control
No.: 2025-007-1-2; Docket No. 20250010-EI

Dear Mr. Teitzman:

DEF disagrees with the interest expense finding in Staff's audit of DEF's 2024 SPPCRC in Docket 20250010-EI. See doc. no. 04153-2025, p. 5. DEF's calculation is both a correct and reasonable calculation of interest expense on the clause balance, is consistent with prior year's interest calculations for which no audit finding was made, and runs contrary to an understanding DEF and Commission Staff reached on the calculation of interest expense in the 2024 Fuel Audit in Docket 20240001-EI. In this response, DEF will specifically address the interest calculation for January 2024 through July 2024, which is the time period identified in Staff's audit finding. DEF will also address the reason no finding was made for August 2024 through December 2024.

First, DEF's calculation of interest is both reasonable and appropriate. Neither DEF nor Staff are calculating interest incorrectly. The difference between DEF and Staff is simply the date upon which the AA Financial Commercial Paper ("CP") rate is selected from the Federal Reserve website. DEF typically selects the First Day of the Reporting Month and the First day of the Subsequent Month. If the first day of the month is not a business day or does not have a CP rate available, DEF will select either the next available business day or an earlier business day. The alternative selection depends on availability of data and the timing of DEF's month-end close process. In any event, DEF always seeks to use an appropriate and reasonable rate in the monthly interest calculation. Based on an initial examination of the CP rates provided in Staff's monthly memo, it appears that Staff will typically select the last day of the preceding month and the last day of the current reporting month. DEF maintains that both approaches are reasonable and appropriate calculations for interest expense on monthly clause balances.

Second, the interest calculation used by DEF is consistent with the interest calculation used in each cost recovery clause in recent history. Each of the prior years were reviewed in a financial audit performed by Commission Staff; no findings on interest expense were made, except for the 2024 Fuel Audit in Docket 20240001-EI, which is addressed below.

Finally, DEF and Commission Staff addressed this exact calculation issue in the 2024 Fuel Audit in Docket 20240001-EI. In that audit, Staff issued a finding, similar to that in Docket 20250010-EI, which stated that DEF had used incorrect interest rates in the monthly calculation. Then, like now, DEF disagreed with this finding. DEF held informal discussions with Staff to discuss the interest expense calculation and explain DEF's process. It was during these discussions that Staff identified to DEF the monthly memorandum, prepared and distributed by Commission Staff, which contains the interest rates used by Staff in the audit process. Notably, no one from DEF was on the distribution list for this memorandum, and consequently, DEF did not know of its existence nor Staff's position that it was to be used in performing the interest calculation. DEF and Staff agreed that the Company would begin using the rates in the monthly memorandum prospectively, and DEF provided email addresses for multiple Company personnel. Staff's original audit (doc. no. 08278-2024) was removed from the docket to permit errors to be corrected, see doc. no. 08305-2024, and the 2024 Fuel Audit report was re-issued on August 29, 2024 without the interest provision finding. See doc. no. 08743-2024. By that time, DEF had closed business for January 2024 through July 2024. DEF and Staff agreed to usage of the interest rates in the Staff memo beginning with August 2024 business. Staff has provided DEF with the interest expense memo every month beginning August 2024, and DEF has utilized those rates in the interest expense calculation, which is why there is no finding from August 2024 through December 2024 in the current audit. DEF disagrees that a finding should be issued in any 2025 clause docket on this issue, because DEF and Staff specifically resolved the issue when it was discovered in 2024 and determined a prospective course of action beginning in August of 2024, a course of action that DEF has followed.

DEF respectfully requests that Staff reissue the 2025 SPPCRC audit report without the interest expense finding and further requests that no similar finding is included in any other 2025 clause audits as the issue has been resolved as discussed above.

Thank you for your assistance in this matter and if you have any questions, please feel free to contact me at (850) 521-1428.

Respectfully,

s/Matthew R. Bernier

Matthew R. Bernier

MRB/vr

CERTIFICATE OF SERVICE

Docket No. 20250010-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 25th day of June, 2025.

s/ Matthew R. Bernier

Attorney

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