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Public Service Commission

May 1, 2017

STAFF'S FIRST DATA REQUEST via email

Dianne M. Triplett
299 1st Avenue North
St. Petersburg, FL 33701
Dianne.triplett@duke-energy.com

Matthew R. Bernier
106 East College Avenue, Suite 800
Tallahassee, FL 32301
Matthew.Bernier@duke-energy.com

Re: Docket No. 170069-EI – Petition for approval of revised underground residential distribution tariffs, by Duke Energy Florida, Inc.

Dear Ms. Triplett and Mr. Bernier:

By this letter, Commission staff requests the following information from Duke Energy Florida (Duke).

1. Please refer to section 11.03 – Summary of cost changes for residential subdivision designs (last page of the filing) for the following questions.
 - a. The first paragraph states that some 50 kva padmounted transformers were upgraded to 75 kva in the underground design. The sentence continues with “based the lower loading capacities of the newer energy efficient transformers.” Please explain what that means.
 - b. The second paragraph states that overhead hourly rates remained relatively flat, while associated burdens decreased. Please describe the burdens that decreased (e.g., benefits, pension, etc.) and explain why they decreased.
 - c. According to the second paragraph, underground labor costs have decreased due to the transition from hourly pricing to unit based pricing for contractors. Please describe the differences between unit based pricing and hourly pricing and explain why unit based pricing is less costly (second paragraph).

- d. Does Duke use employees or contractors for overhead and underground labor in the residential subdivision cost analysis? Is this a change from 2014?
 - e. Please explain why material costs have “fluctuated marginally” (third paragraph).
2. The following questions refer to the loading factors (please also see Duke’s response to staff’s first data request in Docket No. 140067-EI, No. 3).
 - a. Does the 2017 filing use historical data provided by the work management system to determine current loading factors? If yes, what time period is used?
 - b. Has the list of material items classified as benchstock changed since the 2014 filing? If so, please explain any effect on the Stores loading factor.
 - c. Does the Management & Supervision loading factor still include additional non-direct field personnel? If no, please explain.
 - d. Please explain why the Management and Supervision loading factor decreased from 35.67 percent in 2014 to 28.86 percent in 2017.
 - e. Please explain why the Stores loading factor decreased from 21.25 percent in 2014 to 19.71 percent in 2017.
 - f. Please explain why the Fleet loading factor decreased from 22.49 percent in 2014 to 21.41 percent in 2017.
 - g. Please explain why the Design and Project Management loading factor decreased from 17.9 percent in 2014 to 13.9 percent in 2017.
3. Please refer to WR #1449870 (rev 2), WR #1449872 (rev 3), WR #1451310 (rev 1), WR #145308 (rev 1), WR #1452463 (rev 1), and WR #1452464 (rev 1) in the filing. It appears as if the 2017 Stores loading factor used is about 18.5 percent (19.71 percent Stores loading factor less 6.5 percent sales tax rate). Is this correct? If yes, please explain why sales tax is not included. If not correct, please explain why the factor used is described as the Stores loading factor but does not equal to 19.71 percent.
4. Referring to proposed Tariff Sheet No. 4.113, legislative version, please explain why the rate for 2 inch conduit has increased while the rates for 4 and 6 inch conduit have decreased.
5. Referring to proposed Tariff Sheet No. 4.122, legislative version, please explain why the phrase was deleted at the end of (2).
6. Please refer to the page immediately following Schedule No. 10; this page is titled “Summary of NPV Life Cycle Costs per mile for Overhead and Underground Distribution Including Storm Costs and Pole Attachment Revenues.” Please see the table below which summarizes the changes in Duke’s NPV Life Cycle Costs between 2014

Dianne M. Triplett

Page 3

May 1, 2017

and the present. (Also see Duke's response to staff's first data request in Docket No. 140067-EI, No. 4)

NPV Parameter Description	Docket No. 140067-EI	Docket No. 170069-EI
5 yr avg ann OH cost w/o storm	\$3,812	\$5,098
5 yr avg ann OH cost – storm	\$674	\$652
5 yr avg ann UG cost w/o storm	\$4,310	\$5,320
5 yr avg ann UG cost – storm	\$189	\$182
OH 34 yr life cycle w/o storm	\$72,499	\$92,225
OH 34 yr life cycle – storm	\$12,819	\$11,795
UG 34 yr life cycle w/o storm	\$81,970	\$96,241
UG 34 yr life cycle – storm	\$3,595	\$3,292

- a. For each of the 2017 amounts listed above, please explain in detail how the amounts were developed. Please discuss the discount rate(s) used and provide the rationale regarding why the discount rates are appropriate.
- b. Please compare the 2014 and 2017 amounts in the table above and describe the reasons why costs have increased or decreased between 2014 and the present. In particular please discuss why the values for overhead are increasing at a greater rate than the values for underground for costs without storm and why the reverse is occurring, to a lesser extent, for the storm values.

Please file all responses electronically no later than Tuesday, May 16, 2017 via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at 850-413-6540 if you have any questions.

Sincerely,

/s/ Sue Ollila

Economic Analyst

sollila@psc.state.fl.us

cc: Office of Commission Clerk