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Public Service Commission

May 17, 2019

Dianne M. Triplett
Deputy General Counsel
Duke Energy Florida, LLC
299 First Avenue North
St. Petersburg, FL 33701
Dianne.Triplett@duke-energy.com

STAFF'S FIRST DATA REQUEST

Re: Docket No. 20190076-EI Request for approval of revised Underground Residential Distribution Tariff Sheets

Dear Ms. Triplett:

By this letter, Commission staff requests the following information from Duke Energy Florida (Duke). Some of the following questions pertain to the current filing (or 2019) while others ask about differences between the current filing and Duke's 2017 underground differential filing in Docket No. 20170069-EI (2017 filing or 2017).

1. Please refer to the last URD filing, Docket No. 20170069-EI, that shows the spreadsheet for Overhead and Underground Distribution Including Storm Costs and Pole Attachment Revenues for the Summary of NPV Life Cycle Costs per mile for the Actual 5 year Period. See Attachment A for reference.
 - a. Please provide the same information for the 2019 filing.
 - b. Please provide an excel spreadsheet, with formulas intact, of the NPV Life Cycle calculations.
2. Please confirm whether Duke used the same methodology for calculating the NPV of operational costs as the methodology approved in Order No. PSC-12-0348-TRF-EI, issued July 5, 2012, in Docket No. 110293-EI. If not, Please provide a detailed description of any changes in the methodology and the impact on the differential calculations.
3. The following questions refer to the loading factors (reference Duke's response to staff's first data request in Docket No. 170069-EI, No. 2).
 - a. Does the Management & Supervision loading factor still include additional non-direct field personnel? If not, please explain.
 - b. Please explain the reason that the Management and Supervision loading factor increased from 28.86 % in 2017 to 36.87 % in 2019.

- c. Please explain if the items included in footnote 3 have changed from the 2017 filing.
 - d. Please explain the reasons that caused the Fleet loading factor to decrease from 21.41 % in 2017, to 16.40 % in 2019.
 - e. Please explain the reasons that caused the Design and Project Management loading factor to increase from 13.90 % in 2017, to 21.08 % in 2019.
 - f. Both footnote 1 & 3 include a state sales tax, Please explain if the sales tax is added twice.
4. Please refer to section 11.03 of the Company's filing. Summary of cost changes for residential subdivision designs (last page of the filing) for the following questions.
- a. The first paragraph states that there were minor modifications to overhead design please provide and explanation of those modifications.
 - b. Please provide the reasons for the redesign of the three underground designs and the impact to the "per lot" differentials caused by the design changes.
 - c. Please provide a detailed discussion on the impact of recent storms in the modeling. Also please list the storms.
 - d. What factors contributed to the increase for labor costs in both overhead and underground subdivisions?
 - e. Does Duke use employees or contractors for overhead and underground labor in the residential subdivision cost analysis? Is this a change from 2017?
 - f. What costs decreased or remained flat with the new per unit contract with your contractors that became effective in 2018?
 - g. The Company states that "there were considerable increases in costs associated with trenching and new underground service laterals" (third paragraph), Please explain.
5. Please provide a discussion on any changes in the non-storm operational cost changes.

Please file all responses electronically no later than Friday, May 31, 2019 from 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) 413-6858 or Riley Doherty (850) 413-6858 if you have any questions.

Sincerely,

/s/ Walt Trierweiler

Walt Trierweiler
Senior Attorney

WLT/lms

cc: Office of Commission Clerk
Matthew R. Bernier- Duke Energy

Duke Energy Florida
Actuals for 5 Year Period of 2012-2016
Summary of NPV Life Cycle Costs per mile for Overhead and Underground Distribution
Including Storm Costs and Pole Attachment Revenues

	Including Storm	Excluding Storm	Storm
5 year average OH Unit Costs in 2016 Dollars - Annual	\$ 5,750	\$ 5,098	\$ 652
5 year average UG Unit Costs in 2016 Dollars - Annual	\$ 5,502	\$ 5,320	\$ 182
Differential in 2016 Dollars - OH more (less) than UG	\$ 248	\$ (222)	\$ 470

NPV of 34 Year Life Cycle

Overhead	\$ 104,020	\$92,225	\$11,795
Underground	\$ 99,534	\$96,241	\$3,292
Differential - OH more (less) than UG	\$ 4,486	\$ (4,016)	\$ 8,503

NPV Life Cycle Costs - Per Lot Differentials

	OHD	UG			
Low Density					
Feet of Line	9,625	13,250			
Miles of Line	1.82	2.51			
Number of Lots	210	210			
Per Lot - OHD			\$ 903	\$ 801	\$ 102
Per Lot - UG			\$ 1,189	\$ 1,150	\$ 39
Per Lot - Differential			\$ 286	\$ 350	\$ (63)
High Density-IND					
Feet of Line	4,621	5,645			
Miles of Line	0.88	1.07			
Number of Lots	176	176			
Per Lot - OHD			\$ 517	\$ 459	\$ 59
Per Lot - UG			\$ 605	\$ 585	\$ 20
Per Lot - Differential			\$ 87	\$ 126	\$ (39)
High Density-GNG					
Feet of Line	3,435	4,347			
Miles of Line	0.65	0.82			
Number of Lots	176	176			
Per Lot - OHD			\$ 385	\$ 341	\$ 44
Per Lot - UG			\$ 466	\$ 450	\$ 15
Per Lot - Differential			\$ 81	\$ 109	\$ (28)