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September 10, 2019

**VIA ELECTRONIC FILING**

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

Re: *Proposed Adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and  
Rule 25-30.031, F.A.C., Storm Protection Plan Cost Recovery Clause;*  
Docket No. 20190131-EU

Dear Mr. Teitzman:

Please find enclosed for filing on behalf of Duke Energy Florida, LLC, its response to Staff's First Data Request (Nos. 1-4) in the above-subject Docket.

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 matter.

Respectfully,

*/s/ Matthew R. Bernier*

Matthew R. Bernier

MRB/cmkn  
Enclosure

Cc: Adria Harper, FPSC, Office of General Counsel  
Andrew King, FPSC, Office of General Counsel

**Duke Energy Florida, LLC's Response to Staff's First Data Request (Nos. 1-4)  
re. Proposed Adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and  
Rule 25-30.031, F.A.C., Storm Protection Plan Cost Recovery Clause;  
Docket No. 20190131-EU**

1. Commission Rule 25-6.030, Storm Protection Plan, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the attached staff draft rule, utilities are required to file an updated Storm Protection Plan at least every three years.
  - a) Please explain whether or not you anticipate that the new statutory and Commission rule requirement will result in a need by your company to perform additional analyses, system reprogramming, or to make other business process changes to prepare for submission with the Commission the first Storm Protection Plan.
  - b) If the answer to 1a is affirmative, please describe the additional work that will be conducted.
  - c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 1b.

**Response:**

- a) Yes, the new Statute and Rule as drafted will likely result in a need for DEF to perform additional analysis and make business process changes to prepare the first Storm Protection Plan for submission to the Commission. At this time, DEF does not expect any system reprogramming required to submit the Plan.
- b) Most of the costs to develop the initial SPP are driven by the specific language in the Statute. The current draft of the new Rule provides additional implementation details and requires a level of detailed reporting that DEF is not currently required to perform. Most of the new work is more a matter of tracking and reporting. For instance, DEF currently has a Targeted Undergrounding Program. DEF already has a method of identifying and prioritizing what sites to do work on. As part of the new Rule requirements, DEF will have to describe these processes and identify what sites have been selected for the early years of the SPP and identify target miles and costs in the later years. DEF also currently has vegetation management practices and does not envision changing how this work is planned and selected. These processes are currently described in DEF's Storm Hardening Plan. The new Rule may require more detail but that would not be expected to drive significant additional work. However, (3)(d)1 of the Rule would also require DEF to "estimate [] the resulting reduction in outage times and restoration costs due to extreme weather events." Currently, DEF does not have a process in place to provide this level of detail, so a process would have to be developed. However, the statute itself requires this analysis and process development. *See* § 366.96(4)(a), Fla. Stat. (" . . . the commission shall consider: The extent to which the plan is expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability, including whether the

plan prioritizes areas of lower reliability performance.”). Therefore, the costs to comply with these requirements are “statutory” costs rather than “regulatory” costs as that term is used in Chapter 120.

- c) It is hard to estimate the incremental costs for developing and submitting the SPP at this time. Much of what will be included in the SPP will be similar to what has historically been included in the Storm Hardening Plan. There will clearly be certain administrative costs that would not be incurred absent the SPP such as preparing the filing, responding to discovery, and Hearing support costs – but these are not readily ascertainable at this time. However, if the Storm Hardening Rule is repealed after the Storm Protection Plan rule is final, some of these costs may be offset by the removal of the requirements to file SHP’s.

2. Commission Rule 25-6.031, Storm Protection Plan Cost Recovery Clause, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the staff draft rule, utilities may petition for recovery of Commission-approved transmission and distribution storm protection plan costs through the Storm Protection Plan Cost Recovery Clause.

- a) Please explain whether or not you anticipate participating in the annual Storm Protection Plan Cost Recovery Clause hearings.
- b) If the answer to 2a is affirmative, please describe the additional work that will be conducted to file annual petitions for recovery of storm protection plan costs and associated cost recovery factors.
- c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 2b.

**Response:**

- a) Yes, DEF anticipates participating in the annual Storm Protection Plan Cost Recovery Clause Hearings.
- b) The Statute requires annual filings and for the FPSC to establish a Storm Protection Cost Recovery clause. This requires annual reporting of costs to implement the plan. Additionally, there will be travel required to support the annual hearings. The Rule gives more detail about what the Commission requires be included in the annual filings. The rule as drafted requires a significant amount of project level reporting and variance analysis.
- c) The additional work and attendant costs to prepare and support the filings (e.g., discovery, hearings) is not readily ascertainable at this time, as it is unknown what level of discovery will be involved in each proceeding.

3. Please explain whether or not you anticipate that the billing of new storm protection cost recovery factors will result in the need by your company to perform any system reprogramming and provide an estimate of the additional cost to your company to bill a

new factor per year for the next five years if the storm protection cost recovery clause is incorporated on customers' bills in the non-fuel energy charge.

**Response:**

DEF does not expect the billing of the Storm Protection Cost Recovery factors will require system reprogramming so long as the factors are incorporated into the non-fuel energy charge on customer bills as is contemplated in the current draft of the Rule.

4. Please discuss any economic impacts to the utility and its customers that may occur as a result of Section 366.96, F.S. and attached draft rules 25-6.030 and 25-6.031, F.A.C.

**Response:**

Section 366.96, F.S. generally finds that it is in the State's interest to reduce damage from extreme weather and enhance reliability. The Commission has recognized that the utilities' storm hardening activities have been effective at reducing outage costs and time and improving reliability. The enactment of Section 366.96, Fla. Stat. will likely lead to additional hardening projects being undertaken. This will likely lead to more jobs in Florida and a positive economic impact. Additionally, having a more resilient grid increases reliability which is attractive to businesses considering moving to Florida. Moreover, a potential continued reduction in outage times would also have a positive economic impact.