BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Duke Energy Florida, LLC.	Docket No. 20200069-EI
In re: Storm Protection Plan Cost Recovery Clause	Docket No. 20200092-EI
	Filed: July 17, 2020

DUKE ENERGY FLORIDA, LLC'S
MOTION TO APPROVE 2020 SPP/SPPCRC AGREEMENT

Duke Energy Florida, LLC ("DEF" or "the Company"), pursuant to Rule 28-106.204, Florida Administrative Code, hereby requests that the Florida Public Service Commission ("FPSC" or "Commission") approve the 2020 SPP/SPPCRC Agreement included with this Motion as Attachment "1" and made a part hereof, and states:

1. DEF filed its 2020-29 Storm Protection Plan ("SPP") in Docket No. 20200069-EI on April 10, 2020. After submitting the SPP, the Company met with the Office of Public Counsel ("OPC") and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate ("PCS Phosphate") via telephone to discuss ways to simplify issues associated with SPP cost recovery for DEF.

2. On July 24, 2020, DEF will file its petition and testimonies in support of its projected 2021 SPP costs for recovery through Storm Protection Plan Cost Recovery Clause ("SPPCRC") in 2021.

3. As part of this Agreement, the signatories have established the reasonable costs DEF should be permitted to recover through the SPPCRC in 2021, subject to Commission review for prudence in the normal course of the clause proceedings, assuming the Company's SPP is approved without modification. Thus, the Agreement is intended to avoid potentially time consuming and contentious issues about which SPP costs are "incremental" and whether the

Company is seeking "double recovery" of certain costs. It is also intended to (1) promote transparency and (2) simplify the review of costs (i.e., O&M expenses and return and depreciation expense on capital projects) the Company will recover through the SPPCRC to avoid duplicative recovery of costs through the utility's existing base rates or any other cost recovery mechanism as required by Rule 25-6.031(6)(b), Florida Administrative Code, in accord with Section 366.96(8), Florida Statutes. The calculation of the agreed-upon amount is described more fully in the 2020 Agreement and Exhibits A and B to the Agreement.

4. If approved by the Commission, the 2020 Agreement will establish a series of stipulations that will reduce the issues to be litigated in Docket Nos. 20200069-EI and 20200092-EI (with regards to DEF). Approving these stipulations should also reduce the volume of discovery in the SPPCRC docket, clarify the issues to be litigated for DEF in both dockets, and promote administrative and regulatory efficiency in those dockets.

5. The Parties entered into the 2020 Agreement, each for their own reasons, but all in recognition that the cumulative total of the regulatory activity before the Commission--now and for the rest of 2020 and through 2021--is anticipated to be greater than normal. To maximize the administrative and regulatory efficiency benefits inherent in the 2020 Agreement for the Parties and the Commission, and given that discovery in the SPPCRC docket is anticipated to begin in earnest with the filing of DEF's petition on July 24, 2020, DEF, with the support of the Parties, requests that the Commission schedule the 2020 Agreement for consideration at an agenda conference as soon as possible.

6. The standard for approving a settlement agreement is whether it is in the public interest. *See Fla. Indus. Power Users Group v. Brown*, 273 So.3d 926 (Fla. 2019). The 2020 Agreement is in the public interest for the reasons specified above and as specified in the agreement

itself. The Parties to the 2020 Agreement agree that the 2020 Agreement is in the public interest and should be approved.

7. The undersigned counsel has consulted with counsel for the parties engaged in DEF's issues in the subject dockets and is authorized to represent that: the Office of Public Counsel and PCS Phosphate support the relief requested in this Motion; Walmart does not object to this Motion; and FIPUG has not provided a position as of the filing of this Motion.

WHEREFORE, DEF respectfully requests the Commission grant this Motion and approve the 2020 SPP/SPPCRC Agreement.

/s/ Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 16th day of July, 2020.

/s/ Matthew R. Bernier
Attorney

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ATTACHMENT 1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Duke Energy Florida, LLC.	Docket No. 20200069-EI
In re: Storm Protection Plan Cost Recovery Clause ______________________________/	Docket No. 20200092-EI

2020 SPP/SPPCRC Agreement

THIS AGREEMENT is dated this 17th day of July, 2020, and is by and between Duke Energy Florida, LLC ("DEF" or the "Company"), the Office of Public Counsel ("OPC" or "Citizens"), and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate ("PCS"). DEF, OPC and PCS, shall be referred to herein as the "Parties" and the term "Party" shall be the singular form of the term "Parties." OPC and PCS will be referred to herein as the "Consumer Parties." This document shall be referred to as the "2020 SPP/SPPCRC Agreement."

Recitals

Storm Protection Plan and Storm Protection Plan Cost Recovery Clause

A. In 2019, the Florida Legislature enacted section 366.96, Florida Statutes, entitled "Storm protection plan cost recovery." Section 366.96(3) requires DEF and the other public electric utilities to file a transmission and distribution storm protection plan ("SPP") at least every three years that covers the immediate 10-year planning period, and explain the systematic approach they will follow to achieve the objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing overall reliability. The Commission must determine whether it is in the public interest to approve, approve with modification, or deny each utility's SPP no later than 180 days after the utility files a plan that contains all of the elements required by Commission Rule. The new statute also creates a storm protection plan cost recovery clause ("SPPCRC") to promote the timely recovery of costs incurred by a utility pursuant to its SPP. Rules 25-6.030 and 25-6.031, Florida Administrative Code, were adopted by the Commission to implement section 366.96, Florida Statutes.

B. Rule 25-6.030 requires each utility to file a SPP at least every three years with the Commission, and specifies the required elements of the utility's SPP. Subsection 25-6.030(3)(h) requires a Plan to include "an estimate of rate impacts for each of the first three years of the Storm Protection Plan for the utility's typical residential, commercial, and industrial customers." Pursuant to the Order Establishing Procedure ("OEP") for Docket No. 20200069-EI, opened by the Commission to review DEF's SPP, DEF filed its 2020-2029 SPP on April 10, 2020.

C. Rule 25-6.031 governs the new SPPCRC created by section 366.93, Florida Statutes. Subsection 6(b) of that rule states: "Storm Protection Plan costs recoverable through the clause shall not include costs recovered through the utility's base rates or any other cost recovery mechanism." The Commission opened Docket No. 20200092-EI to consider issues related to SPP costs through the SPPCRC. DEF anticipates filing its petition for SPP cost recovery in Docket No. 20200092-EI, on or about July 24, 2020, in accordance with that docket's OEP.

<u>Overall Regulatory Activity</u>

D. The cumulative total of the regulatory activity described above, together with the other annual clause proceedings and other dockets and rulemakings pending at the FPSC, is greater than normal and this led the Parties to discuss ways to resolve some or all of the potentially time-consuming issues in the dockets, particularly the SPPCRC as it pertains to DEF, by agreement or stipulation in a manner that promotes regulatory economy and administrative efficiency and that serves the public interest. This SPP/SPPCRC 2020 Agreement is the product of those discussions and is being filed for approval in the above-styled Dockets to resolve some or all of the issues in those dockets as discussed further below.

E. The Parties have entered into this 2020 SPP/SPPCRC Agreement in compromise of positions taken in accord with their rights and interests under chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties to this 2020 SPP/SPPCRC Agreement. Each Party has agreed to concessions to the others with the expectation, intent, and understanding such that all provisions of the 2020 SPP/SPPCRC Agreement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to all Parties.

F. The Parties agree that this 2020 SPP/SPPCRC Agreement is in the public interest and should be approved.

NOW, THEREFORE, in light of the mutual covenants of the Parties and the benefits accruing to all Parties through this 2020 SPP/SPPCRC Agreement, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. <u>Project-level Detail</u>. Except for its Vegetation Management (VM) Programs, DEF has included project-level detail for all Programs for 2020 in its initial Storm Protection Plan (SPP) filed on April 10, 2020, for approval by the FPSC. As of May 27, 2020, DEF has provided project level detail to the Consumer Parties for costs expected to be requested for SPP cost recovery in 2021, included in DEF's current plan, recognizing that planning is on-

going and changes should be expected. As necessary, DEF will update this information when it files for cost recovery in the Storm Protection Plan Cost Recovery Clause ("SPPCRC") later in 2020. The Parties agree that the following three Programs do not have project components: (1) Vegetation Management, (2) Distribution Pole Replacement and Inspection Activity, and (3) Transmission Pole/Tower Inspections; therefore, project-level detail is not needed or required in either discovery or the Company's SPPCRC filing for these three programs for 2020 and 2021.

By the sooner of April 30, 2021 or when DEF files its projected 2022 SPPCRC costs, DEF will provide project-level detail to the Consumer Parties for costs expected to be requested for 2022 SPP cost recovery, included in DEF's current plan at that time, recognizing that planning is on-going and changes should be expected. As necessary, DEF will update this information when it files for cost recovery in the SPPCRC later in 2021.

2. 2020 SPP Cost Recovery. DEF will not seek recovery of any revenue requirements incurred in 2020 through the SPPCRC.

3. Rate Base Items. DEF will be permitted to seek recovery of return on capital expenditures and assets related to the SPP programs, as well as the incremental depreciation expense for the SPP assets, in the following manner:

(a) DEF will not seek recovery of any revenue requirements incurred in 2020 through the SPPCRC. There may be limited capital expenditures incurred in 2020 associated with the activities DEF is requesting recovery for in 2021. For those programs that are approved by the Commission in DEF's proposed SPP in 2020, DEF will include the Construction Work In Progress ("CWIP") balances as of January 1, 2021 as the beginning SPPCRC Rate Base balances and calculate a return on these costs from January 1, 2021 forward for cost recovery in 2021.

(b) DEF is not seeking recovery of any targeted underground costs or Self Optimizing Grid costs through the SPPCRC in 2021. The costs for these programs are being recovered through DEF's current base rates pursuant to the 2017 Second Revised and Restated Settlement Agreement ("2017 Settlement Agreement") and will continue to be recovered through base rates. DEF represents that it has, or will by December 31, 2021 have, materially met its commitments in aggregate under the 2017 Settlement Agreement which included investments such as targeted underground (TUG) and Self Optimizing Grid (SOG). This does not preclude DEF from seeking recovery in the SPPCRC in future years of TUG or SOG costs, nor does it preclude any party from challenging whether, at that time, such costs are or were already being recovered through base rates.

(c) DEF is seeking to increase its investment in the wood pole replacement activities associated with its Transmission Structure Hardening program. DEF has averaged $34.8 million of Transmission wood pole replacement expenditures annually over the 2017-2019 period. See Exhibit A attached hereto. The parties agree this is a reasonable estimate of what is currently included in base rates. For 2021, DEF will include an adjustment in the SPPCRC to remove the revenue requirements associated with $34.8 million of pole replacement costs from recovery in 2021 (i.e., these costs will be recovered through base rates); any amount in excess of $34.8 million will be eligible for recovery through the SPPCRC. For purposes of developing this credit, as shown in Exhibit A, DEF will reflect this expenditure evenly over the 12-month period where the total year-to-date ("YTD") adjustment amount used to develop the credit cannot exceed the YTD total expenditures in the activity in any month. In addition, for ease of accounting, any wood to non-wood pole projects expected to go in service in 2021 will be tracked using SPPCRC accounting. To ensure amounts incurred in 2020 related to these projects are not included for recovery through the SPPCRC in 2021, an adjustment will be made in the SPPCRC filing to zero out the 2021 SPPCRC wood to non-wood beginning balance SPPCRC Rate Base. The two adjustments mentioned above will not be necessary once base rates are reset after expiration of the 2017 Settlement Agreement.

(d) The parties agree that the Distribution Feeder Hardening Program and the transmission cathodic protection and lattice tower replacement activities (incorporated within DEF's Transmission Structure Hardening Program in its proposed SPP) are new activities. For any of these activities approved by the Commission in DEF's SPP in 2020, any dollars prudently spent on these activities are eligible for recovery through the SPPCRC in 2021. The parties acknowledge that some minor start-up/engineering related costs may be incurred in preparation for these activities in 2020. To the extent such Program/activity-related costs are incurred in 2020, DEF will not request recovery of any revenue requirements associated with these costs incurred in 2020. DEF will include the CWIP balances related to these costs as of January 1, 2021 as the beginning SPPCRC Rate Base balances and calculate a return on these costs from January 1, 2021 forward for cost recovery through the SPPCRC.

(e) For 2021, DEF will continue to recover costs associated with its on-going distribution pole inspection and replacement activities through base rates. The Company will also not seek recovery of the Operations and Maintenances ("O&M") expenses from asset transfers related to the on-going distribution pole inspection and replacement activities through the SPPCRC. If the Commission approves DEF's Feeder Hardening Program included in its proposed SPP in 2020, the Parties agree that DEF may recover any pole replacement costs prudently incurred as part of that program through the SPPCRC beginning in 2021.

(f) To ensure that there is no double recovery between base rate revenue and SPPCRC revenue, the Company will employ the following protocols for capital items:

(i) For assets being retired and replaced with new assets as part of a program approved by the Commission in the Company's proposed SPP, the Company will not seek to recover the cost of removal net of salvage associated with the related assets to be retired through the SPPCRC. Rather, such net cost of removal will be debited to the Company's accumulated depreciation reserve according to normal regulatory plant accounting procedures.

(ii) Project records and fixed asset records for SPP capital projects will be maintained in a manner that clearly distinguishes capital and assets in retail rate base from capital and assets being recovered through the SPPCRC.

(iii) For SPP capital projects, any depreciation expense from the SPP asset additions will be reduced by the depreciation expense savings that result from the retirement of assets removed from service during the SPP project. Only the net of the two depreciation amounts will be recoverable through the SPPCRC.

(iv) Whenever the Company petitions for a change to its base rates and charges pursuant to sections 366.06 and/or 366.07, Florida Statutes, the assets being recovered through the SPPCRC that have been determined prudent through a final true-up in the SPPCRC by the Commission as of the end of the historic year presented in the Company's minimum filing requirements may, at the Company's option, be included in the Company's minimum filing requirement schedules and included in retail rate base for the applicable test year. Once recovery begins through base rates, these costs will simultaneously be removed from the SPPCRC. Thereafter, new SPP capital and assets related to SPP programs that were not included in the test year used to set base rates may be submitted for recovery through the SPPCRC petition process.

4. Operations and Maintenance Expenses.

(a) DEF will not request recovery of any O&M costs incurred in 2020 through the SPPCRC. DEF will not seek to recover Vegetation Management costs through the SPPCRC in 2021. In 2021, except as described below, DEF shall only be permitted to seek recovery of O&M costs associated with capital expenditures for SPP programs/projects that are approved by the Commission as part of DEF's proposed SPP in 2020 and that are approved for recovery in 2021 through the SPPCRC (costs associated with the Distribution Feeder Hardening Program or Transmission Structure Hardening Program). An example of this would be O&M activities associated with DEF's new Feeder Hardening program for wire transfer costs (reattaching existing wire to a new pole).

(b) If approved by the Commission as part of DEF's proposed SPP in 2020, DEF shall be permitted to seek recovery of the costs associated with the new drone inspection activities in its 2021 SPPCRC filing.

(c) Additionally, DEF will not include an estimate for implementation and administrative costs associated with items such as incremental Information Technology ("IT"), billing, legal, regulatory, travel and accounting costs in its projection filing for 2021; however, DEF is not prohibited from seeking recovery for costs of this nature in its 2021 estimated actual filing. This does not preclude any party from challenging the prudence of these costs, but acknowledges the Company's right to seek recovery in the future.

(d) DEF expects incremental O&M costs associated with an increase in its expenditures for the Company's wood to non-wood pole activities. DEF will be allowed recovery of prudently incurred O&M amounts associated with this activity in the same ratio that capital expenditures are included in the SPPCRC for 2021. For example, if the Company incurs capital costs of $71 million in 2021 and the amount recovered in base rates is $34.8 million (as agreed to by the Parties in paragraph 3(c)), then DEF would remove O&M costs from the amount it seeks to recover based on a calculation of $34.8 million divided by $71 million. For this example, this would require removal of approximately 49% of the total O&M associated with this activity for recovery in 2021 through the SPPCRC.

(e) The Parties agree that cathodic protection, feeder hardening, and tower upgrade capital work are new activities and incremental to what DEF has previously included in base rates. As such, if the Commission approves these activities as part of DEF's proposed SPP, all O&M expenses that are prudently incurred in connection with these capital activities are appropriately recoverable through the SPPCRC.

5. Distribution Pole Replacements. Distribution Pole Replacement and Inspection Activity is an existing storm hardening activity under the Company's 2019-2021 Storm Hardening Plan ("SHP") that is included in the Company's SPP in Exhibit No. __ (JWO-1), § V. As explained in Exhibit No. __ (JWO-2), the existing Distribution Pole Replacement and Inspection Activity will be incorporated into the SPP Feeder and Lateral Hardening Program beginning in 2022. DEF will not seek recovery of the existing Distribution Pole Replacement and Inspection Activity costs through the SPPCRC prior to the 2021 SPPCRC filing for rates effective with the first billing cycle of 2022.

6. No Bundling. DEF will not, as a means of demonstrating that it has met the threshold for accruing Allowance for Funds Used During Construction ("AFUDC") in Rule 25-6.0141, Florida Administrative Code, aggregate SPP capital projects (a) that are not in the same geographic vicinity or (b) that would otherwise only be aggregated solely because the projects or activities: (i) are part of the same SPP program; (ii) will be performed by the same contractor; (iii)

are part of the same SPP program budget or (iv) are being managed by the same company project manager. If the FPSC amends the AFUDC Rule such that a utility is expressly authorized to aggregate projects as described above, DEF shall be permitted to implement that methodology notwithstanding anything contained herein.

7. Other SPP items.

(a) The Parties agree that the following existing SHP Initiatives are not part of the Company's SPP: Geographic Information System; Post-Storm Data Collection; Outage Data - Overhead and Underground Systems; Increase Coordination with Local Governments; Collaborative Research; and Disaster Preparedness and Recovery Plan.

(b) DEF and PCS agree that the 2017 Settlement Agreement did not contemplate a distinct rate recovery track, including the allocation of costs, for storm protection costs through the clause that is being established in accordance with the SPP statute and Rule. DEF and PCS agree that any allocation of SPP costs for the purposes of the SPPCRC to become effective for 2021 shall not be considered precedential, and that a proper allocation of SPP costs is required and should be implemented with DEF's next rate case.

(c) Nothing in this Agreement shall be construed to prevent any Party from challenging the reasonableness and/or prudency of all or part of any SPP program or project in any future proceeding or the reasonableness and/or prudency of any costs in any SPPCRC proceeding, nor limit the amount of allowed discovery as specified in the Order Establishing Procedure for Docket Nos. 20200069-EJ or 20200092-EI.

8. Accounting and Cost Estimating Methodologies. The parties recognize that the accounting and cost estimating methodologies DEF has employed in the past related to their SHP and other Grid investments were appropriate for those purposes; DEF is currently engaged in

revisiting and updating these processes to meet reporting needs associated with Section 366.96, F.S., and Rules 25-6.030 and 25-6.031, F.A.C. DEF agrees to work to align its presentation of cost estimating and recognition of actuals with the goal of presenting a meaningful comparison to the Commission related to SPP Programs. DEF agrees to address steps taken in this regard in the 2021 SPPCRC proceedings.

9. The parties agree this Settlement Agreement assumes DEF's base rates are reset on or about January 1, 2022. In the event this does not occur, DEF will continue to account for certain SPP costs through base rates in 2022 and DEF will show that any costs included in its 2022 projection filing are not also being recovered through base rates.

Executed, via electronic signature, the 17th day of July, 2020.

*/s Catherine Stempien*______
Duke Energy Florida, LLC
Catherine Stempien
State President

*/s J.R. Kelly*______________
Office of Public Counsel
J.R. Kelly
Public Counsel

*/s James Brew*_____________
White Springs Agricultural Chemicals, Inc.
d/b/a PCS Phosphate
James W. Brew
Stone Mattheis Xenopoulos & Brew

EXHIBIT A

DUKE ENERGY FLORIDA, LLC
Storm Protection Plan Cost Recovery Clause
Calculation of Projected Period Amount
January 2021 - December 2021

Exhibit A

FOR ILLUSTRATIVE/ DISCUSSION PURPOSES ONLY

Return on Capital Investments, Depreciation and Taxes
For Project: Structure Hardening - Wood to Non-Wood Pole Replacements -- Transmission
(in Dollars)

Line	Description		Beginning of Period Amount	Projected Jan-21	Projected Feb-21	Projected Mar-21	Projected Apr-21	Projected May-21	Projected Jun-21	Projected Jul-21	Projected Aug-21	Projected Sep-21	Projected Oct-21	Projected Nov-21	Projected Dec-21	End of Period Total
1	Investments															
	a. Expenditures/Additions		4 000 000	**$2,000,000**	**$5,000,000**	**$9,000,000**	**$6,000,000**	**$5,000,000**	**$5,000,000**	**$6,000,000**	**$7,000,000**	**$7,000,000**	**$5,000,000**	**$7,000,000**	**$7,000,000**	**$71,000,000**
	b. Clearings to Plant		0	2 000 000	5 000 000	9 000 000	6 000 000	5 000 000	5 000 000	6 000 000	7 000 000	7 000 000	5 000 000	7 000 000	7 000 000	71 000 000
	c. Pole Replacement Activity currently recovered through 2021 Base Rates		(4 000 000)	**(2,000,000)**	**(3,800,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(2,900,000)**	**(34,800,000)**
	d. Other			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
2	SPPCRC Plant-in-Service/Depreciation Base		$0	**0**	1 200 000	7 300 000	10 400 000	12 500 000	14 600 000	17 700 000	21 800 000	25 900 000	28 000 000	32 100 000	36 200 000	**36,200,000**
3	Less: Accumulated Depreciation		$0	**0**	(3 300)	(23 375)	(51 975)	(86 350)	(126 500)	(175 175)	(235 125)	(306 350)	(383 350)	(471 625)	(571 175)	
4	CWIP - Non-Interest Bearing		$0	**0**	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 3 4)		-	**$0**	$1 196 700	$7 276 625	$10 348 025	$12 413 650	$14 473 500	$17 524 825	$21 564 875	$25 593 650	$27 616 650	$31 628 375	$35 628 825	
6	Average Net Investment			$0	$598 350	$4 236 663	$8 812 325	$11 380 838	$13 443 575	$15 999 163	$19 544 850	$23 579 263	$26 605 150	$29 622 513	$33 628 600	
7	Return on Average Net Investment (1)	Jan-Dec														
	a. Debt Component	1.83%		$0	$912	$6 461	$13 439	$17 356	$20 501	$24 399	$29 806	$35 958	$40 573	$45 174	$51 284	285 863
	b. Equity Component Grossed Up For Taxes	6.16%		$0	$3 072	$21 748	$45 237	$58 422	$69 010	$82 129	$100 330	$121 040	$136 573	$152 062	$172 627	962 250
	c. Other			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0
8	Investment Expenses															
	a. Depreciation	3.30%		$0	$3 300	$20 075	$28 600	$34 375	$40 150	$48 675	$59 950	$71 225	$77 000	$88 275	$99 550	571 175
	b. Amortization			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0
	c. Dismantlement			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Property Taxes	0.007651		$0	$765	$4 654	$6 631	$7 970	$9 309	$11 285	$13 899	$16 513	$17 852	$20 466	$23 081	132 426
9	Total System Recoverable Expenses (Lines 7 8)			**$0**	**$8,049**	**$52,938**	**$93,906**	**$118,122**	**$138,971**	**$166,488**	**$203,985**	**$244,737**	**$271,998**	**$305,978**	**$346,541**	**$1,951,714**
	a. Recoverable Costs Allocated to Energy			0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Recoverable Costs Allocated to Demand			$0	$8 049	$52 938	$93 906	$118 122	$138 971	$166 488	$203 985	$244 737	$271 998	$305 978	$346 541	$1 951 714
10	Energy Jurisdictional Factor			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Demand Jurisdictional Factor - Distribution			0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	0.70203	
12	Retail Energy-Related Recoverable Costs			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	Retail Demand-Related Recoverable Costs			0	5 651	37 164	65 925	82 925	97 561	116 880	143 204	171 813	190 951	214 806	243 282	1 370 162
14	Total Jurisdictional Recoverable Costs (Lines 12 13)			$0	$5 651	$37 164	$65 925	$82 925	$97 561	$116 880	$143 204	$171 813	$190 951	$214 806	$243 282	$1 370 162

Notes:

Note 1: Assumed WACC wi l be updated as needed in SPPCRC filing to be consistent with Order PSC-2020-0165-PAA-EU in Docket No. 20200118-EU

Note 2: Assumed spend by month is for illustrative purposes only. These numbers will be updated with SPPCRC filings.

Note 3: Assumed beginning balance is for illustrative purposes only; beginning balance will be adjusted out as shown so no revenue requirements associated with it will be recovered through SPPCRC in 2021.

Note 4: Annual spend excludes COR consistent with spend eligible for recovery through SPPCRC.

Monthly Adjustment Basis Calculation
Ann. Spend on Wood to Non-wood Trans Pole Replacement

	$ millions	
2017	40.5	
2018	30.2	
2019	33.6	
Average	**34.8**	Spend excludes COR consistent with spend eligible for recovery through SPPCRC.

O&M Expenses	Projected Jan-21	Projected Feb-21	Projected Mar-21	Projected Apr-21	Projected May-21	Projected Jun-21	Projected Jul-21	Projected Aug-21	Projected Sep-21	Projected Oct-21	Projected Nov-21	Projected Dec-21	TOTAL 2021	
TOTAL O&M	106 056	265 141	477 254	318 169	265 141	265 141	318 169	371 197	371 197	265 141	371 197	371 197	3 765 000	
SPPCRC O&M	**54,089**	**135,222**	**243,399**	**162,266**	**135,222**	**135,222**	**162,266**	**189,311**	**189,311**	**135,222**	**189,311**	**189,311**	**1,920,150**	**51%**
Base O&M	51 968	129 919	233 854	155 903	129 919	129 919	155 903	181 887	181 887	129 919	181 887	181 887	1 844 850	49%

Note 5: Assumed O&M spend by month is for illustrative purposes only. These numbers will be updated with SPPCRC filings.

<u>EXHIBIT B</u>

Recov Mech: Base | CRC

Capital (millions)	Program	Activity	2021	2022	Notes:	Expected Impacted Accounts
Distribution	Feeder Hardening	Structure Strengthening, BIL, Conductor Upgrades, Relocating Difficult to Access Facilities, Replacing Oil-Filled Equipment	60.0	90.0	New program, no costs have been included in base rates.	360, 364, 365, 368
Distribution	Feeder Hardening	Pole Inspection & Replacement	22.1	15.6	Planned inspection and pole replacement included in this line. Poles replaced due to an unplanned event, like a car hitting a pole, will continue to be recovered through base rates.	364, 365, 368
Distribution	Lateral Hardening	Lateral Undergrounding, OH Hardening, Structure Strengthening, Conductor Upgrades, Upgrade Open Wire Secondary, Fusing, Line Relocation, Hazard Tree	83.8	140.0	Contains elements of legacy TUG and Detriorated Conductor.	360, 364, 365, 366, 367, 368
Distribution	Lateral Hardening	Pole Inspection & Replacement	Part of $22M shown above	40.0	Planned inspection and pole replacement included in this line. Poles replaced due to an unplanned event, like a car hitting a pole, will continue to be recovered through base rates.	364, 365, 367, 368
Distribution	SOG	Capacity, Connectivity, Automation	79.7	75.0		362, 364, 365, 366, 367, 368, 369
Distribution	UG Flood Mitigation	Raise pad mount xfmr, waterproof connections, submersible switchgear	N/A	0.5	This is a new program, no costs have been included in base rates.	366, 367, 368
Distribution	VM		1.9	1.9		364, 365, 368
Transmission	Structure Hardening	Wood to non-wood upgrade	34.8		2021 base amount is the 2017-2019 average.	355, 356
Transmission	Structure Hardening	Wood to non-wood upgrade	36.2	119.8		355, 356
Transmission	Structure Hardening	Tower Upgrade	2.0	4.0	New activitiy, no costs have been included in base rates.	354, 356
Transmission	Structure Hardening	Cathodic Protection	1.0	1.5	New activitiy, no costs have been included in base rates.	354, 356
Transmission	Structure Hardening	Gang Operated Air Break, OH Ground Wire	-	7.0	New activitiy, no costs have been included in base rates.	354, 355, 356
Transmission	Substation Flood Mitigation		-	-	New program, no costs have been included in base rates.	352, 353
Transmission	Loop Radially-Fed Substations		-	-	New program, no costs have been included in base rates.	350, 352, 353, 355, 356
Transmission	Substation Hardening	Breaker upgrades, electronic relays	5.5	7.5		352, 353
Transmission	VM		9.0	10.9		356

Note 1: Dollars shown above are consistent with DEF's Storm Protection Plan filed April 10, 2020. These values will change as Programs are engineered and implemented.

Note 2: Accounts shown are DEF's expectation of accounts impacted by the Plan today. Other accounts could be impacted as actual costs are incurred.

O&M (millions)		**Recov Mech**	**Base**	**CRC**		
	Program	**Activity**	**2021**	**2022**	**Notes:**	**Expected Impacted Accounts**
Distribution	Feeder Hardening	Structure Strengthening, BIL, Conductor Upgrades, Relocating Difficult to Access Facilities, Replacing Oil-Fillled Equipment	2.4	3.6	New program, has not been a program to proactively harden feeders.	408, 593, 594, 926
Distribution	Feeder Hardening	Pole Inspection & Replacement	5.5	2.1	Planned inspection and pole replacement included in this line. Poles replaced due to an unplanned event, like a car hitting a pole, will continue to be recovered through base rates.	408, 583, 593, 926
Distribution	Lateral Hardening	Lateral Undergrounding, OH Hardening, Structure Strengthening, Conductor Upgrades, Upgrade Open Wire Secondary, Fusing, Line Relocation, Hazard Tree	1.0	1.6	Contains elements of legacy TUG and Detriorated Conductor.	408, 593, 594, 926
Distribution	Lateral Hardening	Pole Inspection & Replacement	Part of $5.5M shown above	5.5	Planned inspection and pole replacement included in this line. Poles replaced due to an unplanned event, like a car hitting a pole, will continue to be recovered through base rates.	408, 583, 593, 926
Distribution	SOG	Capacity, Connectivity, Automation	1.6	1.5		408, 593, 926
Distribution	UG Flood Mitigation	Raise pad mount xfmr, waterproof connections, submersible switchgear	-	-	This is a new program, no spend has been included in base rates previously.	408, 593, 926
Distribution	VM		42.6	43.9		408, 593, 926
Transmission	Structure Hardening	Wood to non-wood upgrade	0.8			408, 571, 926
Transmission	Structure Hardening	Wood to non-wood upgrade	1.0	3.0		408, 571, 926
Transmission	Structure Hardening	Structure Inspections	0.4	0.4		408, 563, 926
Transmission	Structure Hardening	Drone Inspections	0.1	0.1		408, 563, 926
Transmission	Structure Hardening	Tower Upgrade	0.017	0.033		408, 571, 926
Transmission	Structure Hardening	Cathodic Protection	0.4	0.4		408, 571, 926
Transmission	Structure Hardening	Gang Operated Air Break, OH Ground Wire	-	0.013		408, 571, 926
Transmission	Substation Flood Mitigation		-	-	New program, no costs have been included in base rates.	
Transmission	Loop Radially-Fed Substations		-	-	New program, no costs have been included in base rates.	
Transmission	Substation Hardening	Breaker upgrades, electronic relays	-	-		
Transmission	VM		8.2	8.5		408, 571, 926

Note 1: Dollars shown above are consistent with DEF's Storm Protection Plan filed April 10, 2020. These values will change as Programs are engineered and implemented.

Note 2: Accounts shown are DEF's expectation of accounts impacted by the Plan today. Other accounts could be impacted as actual costs are incurred.

Note 3: In addition to the amounts shown above, DEF may include an estimate of incemental costs more administrative in nature. Examples could include: external legal costs associated with FPSC activities, travel for participation in FPSC proceedings associated with the Plan, potential FTE needed for tracking and reporting.

Capital

Account	Description	Area
362	Station Equipment	Distribution
364	Poles, towers and fixtures	Distribution
365	OH conductors and devices	Distribution
366	UG conduits	Distribution
367	UG conductors and devices	Distribution
368	Line transformers	Distribution
369	Services	Distribution
354	Towers and fixtures	Transmission
355	Poles and fixtures	Transmission
356	OH conductors and devices	Transmission
352	Structures and improvements	Transmission
353	Station Equipment	Transmission
361	Structures and improvements	Distribution
360	Land and land rights	Distribution
350	Land and land rights	Transmission
359	Roads and trails	Transmission

O&M

Account	Description	Area
408	Taxes other than income taxes, utility operating income.	Taxes
583	Overhead line expenses	Distribution
593	Maintenance of overhead lines	Distribution
594	Maintenance of underground lines	Distribution
563	Overhead line expenses	Transmission
571	Maintenance of OH Lines	Transmission
926	Employee pensions and benefits	Operation