

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Michael and Tropical Storm Alberto.

Docket No. 20190110-EI

Filed: August 20, 2020

**DUKE ENERGY FLORIDA, LLC'S
PREHEARING STATEMENT**

Duke Energy Florida, LLC, (“DEF”), by and through its undersigned counsel, and pursuant to Order No. PSC-2020-0039-PCO-EI, hereby submits its Prehearing Statement in this matter.

1. **Known Witnesses** - DEF intends to offer the testimony of:

Witness	Subject Matter	Issue #
Direct		
Tom Morris	Explanation of DEF’s actual storm restoration costs calculated in accordance with ICCA methodology, Rule 25-6.0143, F.A.C., and the Storm Cost Settlement Agreement	1-10, 12
Jason Cutliffe	General overview of DEF’s storm plan, DEF’s total distribution storm-related costs and DEF’s successful implementation of its storm plan	1-6, 12
Jason S. Williams	General overview of DEF’s total transmission storm plan and an explanation of the damage to DEF’s transmission system	1-6, 12
Rebuttal		
Tom Morris	Rebut the testimony of OPC Witness Schultz	1-6, 12
Jason Cutliffe	Rebut the testimony of OPC	1-6, 12

	Witness Schultz	
Thomas G. Foster	Rebut the testimony of OPC Witness Schultz	11, 12

2. **Known Exhibits** - DEF intends to offer the following exhibits:

Witness	Proffered By	Exhibit #	Description	Issue #
Direct				
Tom Morris	DEF	Exhibit No.__(TM-1)	Storm Costs Recovery Total	1-10, 12
Tom Morris	DEF	Exhibit No.__(TM-2)	Storm Costs by Storm	1-10, 12
Tom Morris	DEF	Exhibit No.__(TM-3)	Storm Costs Amortization	1-10, 12
Jason Cutliffe	DEF	Exhibit No.__(JC-1)	Forensic Analysis of Storm Damage to DEF's Distribution System	1-6, 12
Jason Cutliffe	DEF	Exhibit No.__(JC-2)	Path of Hurricane Michael	1-6, 12
Jason Cutliffe	DEF	Exhibit No.__(JC-3)	Path of Tropical Storm Alberto	1-6, 12
Rebuttal				
Tom Morris	DEF	Composite Exhibit No.__(TM-1)	Excerpts from OPC's Responses to DEF's First Set of Interrogatories to OPC and OPC's Responses to DEF's Second Set of Interrogatories to OPC	1-10, 12
Jason Cutliffe	DEF	Exhibit No.__(JC-1)	Case Studies of Utility Storm Responses Involving the Pre-positioning of Restoration Personnel	1-6, 12
Jason Cutliffe	DEF	Exhibit No.__(JC-2)	Excerpts from OPC's Responses to DEF's First Set of	1-6, 12

			Interrogatories	
Thomas G. Foster	DEF	Exhibit No.__(TGF-1)	Excerpts from OPC's Responses to DEF's First Set of Interrogatories to OPC	11, 12

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** – The Commission should: (1) find that DEF’s actual Recoverable Storm Costs amount of \$192,474,000, which includes recoverable storm restoration costs of \$188,798,000 plus interest of \$3,676,000, were prudently incurred; (2) authorize DEF to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the 2017 Tax Cuts and Jobs Act determined in Docket No. 20180047-EI until the actual Recoverable Storm Costs have been fully recovered and DEF’s storm reserve has been replenished; and (3) find that DEF calculated its storm recovery costs in accordance with the Incremental Cost and Capitalization Approach (“ICCA”) methodology, Rule 25-6.0143, F.A.C., and, where appropriate, in accordance with the Storm Cost Settlement Agreement approved in Order No. PSC-2019-0232-AS-EI (the “Agreement”).

4. **Statement of Facts**

ISSUE 1: In undertaking storm-recovery activities, was the payroll expense Duke Energy Florida (“DEF”) has requested to include for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In undertaking storm-recovery activities, the payroll expense DEF has requested to include for storm recovery was reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutliffe, Jason Williams)

ISSUE 2: In undertaking storm-recovery activities, were the benefit costs requested by DEF for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In undertaking storm-recovery activities, the benefit costs requested by DEF for storm recovery were reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutliffe, Jason Williams)

ISSUE 3: In undertaking storm-recovery activities, were the overhead costs requested by DEF for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In undertaking storm-recovery activities, the overhead costs requested by DEF for storm recovery were reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutcliffe, Jason Williams)

ISSUE 4: In undertaking storm-recovery activities, were the contractor costs DEF has included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In undertaking storm-recovery activities, the contractor costs DEF has included for storm recovery were reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutcliffe, Jason Williams)

ISSUE 5: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the vehicle and fuel costs DEF included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In connection with the restoration of service associated with storm-related electric power outages affecting customers, the vehicle and fuel costs DEF included for storm recovery were reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutcliffe, Jason Williams)

ISSUE 6: In connection with restoration of service associated with storm-related electric power outages affecting customers, were the material and supply costs DEF included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: In connection with restoration of service associated with storm-related electric power outages affecting customers, the material and supply costs DEF included for storm recovery were reasonable and prudent, in incurrence and amount.

(Witness(es): Tom Morris, Jason Cutcliffe, Jason Williams)

ISSUE 7: Were the uncollectible account expenses DEF included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

DEF: The uncollectible account expenses DEF included for storm recovery are reasonable and prudent. Although authorized to do so by Commission Rule, DEF did not include uncollectible account expenses as part of its storm cost recovery.

(Witness(es): Tom Morris)

ISSUE 8: Was the methodology DEF utilized to capitalize costs reasonable and prudent, and was the amount of costs DEF capitalized reasonable and prudent, and consistent with Rule 25-6.0143, F.A.C.?

DEF: The methodology DEF utilized to capitalize costs was reasonable and prudent, and the amount of costs DEF capitalized was reasonable and prudent, and consistent with Rule 25-60143, F.A.C.

(Witness(es): Tom Morris)

ISSUE 9: What is the correct amount to be included in storm recovery to replenish the level of DEF's storm reserve?

DEF: The correct amount to be included in storm recovery to replenish the level of DEF's storm reserve is \$131,847,365.

(Witness(es): Tom Morris)

ISSUE 10: What is the total amount of storm-related costs and storm reserve replenishment DEF is entitled to recover?

DEF: The total amount of storm-related costs DEF is entitled to recover is \$192,474,000. The total amount of storm reserve replenishment DEF is entitled to recover is \$131,847,365.

(Witness(es): Tom Morris)

ISSUE 11: If applicable, how should any under-recovery or over-recovery be handled?

DEF: Due to the Second Implementation Stipulation approved in Order No. PSC-2019-0268-PCO-EI, there will be no over or under recovery associated with DEF's

Hurricane Michael and Tropical Storm Alberto costs. DEF is using the tax savings associated with the Tax Cuts and Jobs Act of 2017 toward the recovery of Hurricane Michael and Tropical Storm Alberto. These savings will be applied until such time as the final Michael and Alberto costs are fully recovered. After the Michael and Alberto costs are fully recovered, future tax savings will be applied to replenish the storm reserve.

(Witness(es): Geoff Foster).

ISSUE 12: Should the docket be closed?

DEF: Yes.

(Witness(es): Tom Morris, Jason Cutliffe, Jason Williams, Geoff Foster)

5. **Stipulated Issues** - None at this time.

6. **Pending Motions** - None at this time.

7. **Pending Requests for Confidentiality** -

The following requests for confidential classification are pending:

- July 10, 2020, DEF's Fifth Request for Confidential Classification for certain information contained within the direct testimony and exhibits of the Office of Public Counsel's ("OPC") witness, Helmuth Schultz III (DN 03746-2020); and
- July 30, 2020, DEF's Amended Second Request for Confidential Classification for certain information contained within: DEF's Response to OPC's First Request for Production of Documents (Nos. 1-16); DEF's First, Second, Third, Fourth, and Fifth Supplements to DEF's Response to OPC's First Request for Production of Documents; and DEF's Response to OPC's First Set of Interrogatories (Nos. 1-39) (DN 02144-2020 and DN 04174-2020).

8. **Objections to Qualifications** - None at this time.

9. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.

10. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure with which it will be unable to comply.

RESPECTFULLY SUBMITTED this 20th day of August, 2020.

/s/ Daniel Hernandez
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CERTIFICATE OF SERVICE (DOCKET. NO. 20190110-EI)

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 20th day of August, 2020, to all parties of record as indicated below.

/s/ Daniel Hernandez
Attorney

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