



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

March 26, 2021

VIA ELECTRONIC FILING

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

Re: *Duke Energy Florida, LLC's Petition for Limited Proceeding to Approve
2021 Settlement Agreement, Including General Base Rate Increases;*
Docket No. 20210016-EI

Dear Mr. Teitzman:

Enclosed for filing on behalf of Duke Energy Florida, LLC ("DEF") is DEF's Response to Staff's Second Data Request.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Sincerely,

s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Enclosure

CERTIFICATE OF SERVICE

Docket No. 20210016-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 26th day of March, 2021.

s/ Dianne M. Triplett

Attorney

Ashley Weisenfeld / Walter Trierweiler
Office of General Counsel
FL Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
aweisenf@psc.state.fl.us
wtrierwe@psc.state.fl.us

Corey Allain
22 Nucor Dr.
Frostproof, FL 33843
corey.allain@nucor.com

Jon C. Moyle, Jr.
118 North Gadsden St.
Tallahassee, FL 32301
jmoyle@moylelaw.com
mqualls@moylelaw.com

Charles J. Rehwinkel
c/o The Florida Legislature
111 W. Madison St., Rm. 812
Tallahassee, FL 32399
rehwinkel.charles@leg.state.fl.us

J. Brew / L. Baker / M. Lavanga
1025 Thomas Jefferson St., N.W., Ste. 800 W
Washington, DC 20007
jbrew@smxblaw.com
lwb@smxblaw.com
mkl@smxblaw.com

**Duke Energy Florida, LLC's (DEF) Response to
Staff's Second Data Request regarding
DEF's Petition to Approve 2021 Settlement Agreement**

Docket No. 20210016-EI

1. Please refer to Paragraph 3 of the proposed Settlement Agreement.
 - a. According to DEF's response to Staff's Informal Meeting Question No. 2, the full amount of the DCS regulatory asset reimbursement (\$71 M), as a portion of the expected \$173 M DOE award, will be credited to accrued earnings by DEF during the term of the settlement. Does allowance of such accruals constitute full recovery of the asset? Please explain.

Response:

Allowance of the accrual of \$71 million to earnings provides that this amount will not serve to reduce the \$96 million DCS regulatory asset balance. The settlement provides for full recovery of the \$96 million DCS regulatory asset over a 20-year period beginning in January 2025.

- b. In light of DEF's response to DR 1.a., above, is it correct that the cost of the DCS regulatory asset in the amount of \$71 M will be recovered a second time by DEF, in conjunction with AFUDC (\$25 M) associated with the asset, beginning in 2025 via the CCR over a 20-year period? If not, please explain. Also, please explain any related accounting considerations not otherwise referenced in this question.

Response:

The \$71 million expected award from the DOE will serve to offset the base rate increases that would have otherwise been required for a full three-year stay-out at the agreed revenue requirement levels. Accordingly, DEF will not reduce the DCS regulatory asset by the \$71 million in expected DOE proceeds. The \$71 million (non-AFUDC portion of the DCS regulatory asset has yet to be recovered a first time and thus will not be subject to recovery a second time. Rather, the impact is timing-related, as the recovery of the \$96 million DCS regulatory asset (including the \$71 million non-AFUDC portion) will move to 2025 and beyond and will be recovered in that period for the first time. Revenue requirements (as reflected in the annual base rate increases in Paragraph 3) have been reduced from 2022 through 2024 by the future \$71 million DOE award.

2. Please refer to Paragraph 5 of the proposed Settlement Agreement.

- a. Please provide an example of a 1,000 kWh residential bill for June 2020 (as received by a customer), before the 2021 Settlement, and an example of the same residential bill which includes the 2021 Settlement considerations as indicated in Paragraph 5 of the 2021 Settlement.

Response:

Example of June 2020 Residential Bill (1,000 kWh) – Current

RS-1 001 Residential Service				
BILLING PERIOD..06-01-20 TO 06-30-20		30 Days		
CUSTOMER CHARGE			\$	10.58
ENERGY CHARGE				
	F RST 1000 KWH	1000 KWH @	8.290	82.90
	ABOVE 1000 KWH	0 KWH @	9.971	0.00
FUEL CHARGE				
	F RST 1000 KWH	1000 KWH @	3.067	30.67
	ABOVE 1000 KWH	0 KWH @	4.067	0.00
ASSET SECURITIZATION CHARGE		1000 KWH @	0.235	2.35
TOTAL ELECTRIC COST				124.15
GROSS RECEPTS TAX				3.18
TOTAL CURRENT BILL				127.33
TOTAL DUE THIS STATEMENT			\$	127.33

Example of June 2020 Residential Bill (1,000 kWh) – Post-Settlement

RS-1 001 Residential Service				
BILLING PERIOD..06-01-20 TO 06-30-20		30 Days		
CUSTOMER CHARGE			\$	10.58
ENERGY CHARGE				
	F RST 1000 KWH	1000 KWH @	8.284	82.84
	ABOVE 1000 KWH	0 KWH @	9.964	0.00
FUEL CHARGE				
	F RST 1000 KWH	1000 KWH @	3.064	30.64
	ABOVE 1000 KWH	0 KWH @	4.064	0.00
ASSET SECURITIZATION CHARGE		1000 KWH @	0.235	2.35
TOTAL ELECTRIC COST				124.06
GROSS RECEPTS TAX & REGULATORY ASSESSMENT FEE				3.27
TOTAL CURRENT BILL				127.33
TOTAL DUE THIS STATEMENT			\$	127.33

- b. Which charge(s) appearing on a 1,000 kWh residential customer bill for June 2020 includes the recovery of RAF?

Response:

The energy charge, the fuel charge, and the asset securitization charge currently include the RAF. In addition to excluding the RAF from base rate revenue requirements beginning in 2022, the RAF will be removed from all pass-through rate calculations (Fuel, CCR, ECRC, ECCR, ASC, etc.) beginning with the 2022 projection filings since the entire RAF will be included in the “Gross Receipts Tax and Regulatory Assessment Fee” line on the bill.

- c. Using the same customer bill example as above, what is the present amount of the Regulatory Assessment Fee charge on a 1,000 kWh residential bill, June 2020?

Response:

9 cents.

- d. Please explain DEF’s purpose(s) for removing the Regulatory Assessment Fee from the base rate and including it as a line item on the customer’s bill with the Gross Receipts Tax.

Response:

The purpose is to ensure that the RAF collected in rates ties to the amount actually remitted to the Commission. This eliminates any over or under recoveries due to sales fluctuations or potential changes in the rate, as it will be directly tied to actual revenues collected.

- e. Does DEF know of any other electric utilities currently recovering state regulatory assessment fees separately from base rates, using a method similar to that proposed in Paragraph 5 of the 2021 Settlement? If so, please provide a list of those utilities.

Response:

DEF is not aware of any other electric utility that currently recovers the regulatory assessment fee separately from base rates.

- f. Regarding the proposed new tax line on customer bills named “Gross Receipts Tax and Regulatory Assessment Fee”, how would customers know the breakdown between Gross Receipts Tax and Regulatory Assessment Fee (if both are included in the amount shown)?

Response:

These will be shown separately on Rate Schedule BA-1 as provided in Exhibit 4. The gross receipts tax rate is 2.5641% on the bill. The regulatory assessment fee will be .072%. The total rate will be 2.6361%.

- g. What training will DEF provide its customer service representatives to explain to customers who inquire about the RAF billing change?

Response:

DEF will provide talking points to the customer service representatives.

- h. What specific information regarding the changes proposed in Paragraph 5 of the 2021 DEF Settlement Agreement (i.e. billing change) will be presented to customers in each of the Company’s various communications channels?

Response:

DEF has not worked through all the different communications and channels expected to take place between the date of the Commission’s approval of the Settlement Agreement and the January 2022 implementation of the rate impacts, but DEF anticipates limited communications related to this change due to its minimal impact.

3. Please refer to Paragraph 7 of the proposed Settlement Agreement.
- a. In addition to residential classes, please list any additional rate classes that can pay by credit card. For these classes, please describe how these fees are currently collected.

Response:

Duke Energy Florida (DEF) is broken into two classes for payment processing (Residential and Non-residential).

Non-residential fees are found in the FAQ section on DEF's website (<https://www.duke-energy.com/business/billing/credit-debit-card-e-check>).

DEF works with its vendor, Speedpay to provide non-residential customers with the option of using a credit card, debit card or electronic check (eCheck) to make one-time payments. The convenience fee for a business account is \$8.50 per payment. For payments in excess of \$10,000, the convenience fee will be 2.75% of the amount paid. These fees cover the processing costs associated with handling the one-time credit card, debit card and electronic check payments. No part of the convenience fee goes to DEF.

- b. According to the Company's website (<https://www.dukeenergy.com/home/billing/credit-card-debit-card-or-electronic-check-payments>), a service fee is charged for credit card, debit card and eCheck payments. Under the proposed Settlement Agreement, how will debit card fees, eCheck fees and non-residential credit card fees be assessed and collected? Please explain.

Response:

Under the proposed Settlement Agreement, one-time debit card and eCheck payment fees are bundled with credit cards fees and will be free to residential customers. The program is residential only and covers payments up to \$1,000 per transaction. Non-residential customers will continue to be able to use the service but with the existing fee structure, explained above.

- c. Please provide the number of residential customers that paid by credit card for the years 2019, 2020, and the projected number for 2021.

Response:

The number of Residential customers making a one-time payment (credit card, debit card, eCheck) via Speedpay:

- 2019 – 4,900,149
- 2020 – 4,793,689
 - Volumes across all payment types were depressed due to macro COVID impacts as well as DEF's customer support policy changes including the March – October disconnection moratorium
- 2021 – 5,519,500 (projected)

- d. Please provide the number of non-residential customers that paid by credit card for the years 2019, 2020 and the projected number for 2021.

Response:

The number of Non-residential customers making a one-time payment (credit card, debit card, eCheck) via Speedpay:

- 2019 – 145,091
- 2020 – 128,258
 - Volumes across all payment types were depressed due to macro COVID impacts as well as DEF’s customer support policy changes including the March – October disconnection moratorium
- 2021 – 170,706 (projected)

- e. Please discuss how the COVID-19 pandemic has impacted the number of residential and non-residential customers paying by credit card.

Response:

The payment volume of residential customers using the one-time credit card, debit card, and eCheck payment option via Speedpay started declining in March 2020 and reached the lowest point in May 2020. The volume started to increase after May and finally returned to pre-March levels in September 2020.

Non-residential volume shows a similar trend to residential in 2020. Volumes reached its minimum in May and returned to pre-March levels in September.

- f. Please provide the number of Duke-owned, in-person payment centers and the types of payments accepted (e.g. cash, credit card, check, etc.) at these locations.

Response:

DEF no longer owns or operates in-person payment centers.

- g. Please provide the number of in-person payment stations operated by third-party vendors and discuss the fees, if any, collected by the third-party vendor for accepting and remitting to Duke bill payments made. Provide examples of the third-party vendors and what type of payments they accept (cash, check, etc.).

Response:

DEF contracts with two vendors that manage a vast in-person payment network. DEF provides a mix of fee and free locations throughout the network. DEF fee locations charge a \$1.50 convenience fee. CheckfreePay and Western Union combined have 1,243 locations (CheckfreePay 885, Western Union 358) throughout the DEF service area. CheckfreePay accepts Cash, Check and Money Order. Western Union accepts

cash payments only. The vendor network includes Wal-Mart, Amスコット, Ace Cash Express, Walgreens, Publix and various smaller retailers.

- h. Under the Settlement Agreement, would the inclusion of the residential credit card fees into rate base be recovered from the general body of ratepayers or only the residential classes? Please explain.

Response:

These costs would only be recovered from residential customers as they are only applicable to residential customers. The amounts and allocations can be seen in the Cost of Service Studies, Schedule 1A, Page 8 of 13, Line 352. These amounts originate in Schedule 10 “Operations and Maintenance Expense”, Page 9 of 9, Line 103, Column 28.

- 4. Please refer to Paragraph 23 of the proposed Settlement Agreement.

- a. Please provide the total amount of storm damage restoration costs that will be capitalized for each docket.

Response:

The total amount to be capitalized for both dockets combined is \$29 million. The Settlement Agreement does not specify an amount to be separately capitalized for each docket.

- b. Please provide the total amount of storm damage restoration costs that will be deemed recovered for each docket.

Response:

Total recoverable costs for Hurricane Michael/Tropical Storm Alberto (Docket No. 20190110) are \$188.798 million plus interest per DEF’s updated actual storm restoration cost filing on May 19, 2020. DEF has been applying \$12.892 million tax savings monthly toward the recovery of the storm restoration costs (a continuation after full recovery of Hurricanes Irma and Nate – Order No. PSC-2019-0232-AS-EI). These costs plus interest will be fully recovered in July 2021 as shown in the table below.

Prior to the provision in Paragraph 23.a. of the 2021 Settlement Agreement, DEF had expected to apply \$12.892 million of tax savings toward replenishment of the storm reserve up to the approved \$132 million (2017 Settlement Agreement - Order No. PSC-2017-0451-AS-EU) from July 2021 through May 2022. Paragraph 23.a. provides that \$29 million will be credited to the storm reserve and debited to a regulatory asset. DEF will make this journal entry in January 2022, resulting in replenishment of the storm reserve by the end of March 2022, approximately two months earlier than the May 2022 original date. The \$29 million is not specific to Michael/Alberto and is shown for illustrative purposes only. The 2021 Settlement Agreement does not specify an amount to be separately capitalized for each docket.

The table below is the amortization associated with Michael/Alberto as filed in Docket Nos. 20170272-EI and 20190110-EI on January 15, 2021, but it has been modified to add column (E) which includes the \$29 million reclassification to the regulatory asset resulting in replenishment of the storm reserve by the end of March 2022. It is important to note that the balances in column (G) do not represent the actual storm reserve balance in DEF's books and records. The actual balances have been reduced by the impacts of Hurricanes Eta and Isaias and any final true-up amounts associated with Hurricane Dorian/Tropical Storm Nestor and are not shown below as they are being handled in a different manner than by applying tax savings.

The total recoverable costs for Dorian/Nestor (Docket No. 20190222) are \$144.567 million plus interest and regulatory assessment fees per the actual storm restoration cost filing on September 30, 2020.

(\$000's)

Beginning Storm Reserve Balance	(5188,798)
Bond Issuance Costs	-
Adjusted Beginning Storm Reserve Balance	(188,798)
Interest (@ Estimated Commercial Paper Rate)	(3,286)
Amortization	294,931
Moved to Regulatory Asset (Note 1)	29,000
Ending Storm Reserve Balance	<u>131,847</u>

Hurricane Michael & Tropical Storm Alberto							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Beginning Storm Reserve Balance	Amortization	Interest	2021 Settlement Adjustment (Paragraph 23)	Net Monthly Activity col. (C)+(D)+(E)	Ending Storm Reserve Balance (B) + (F)
14	Jan-19						
15	Feb-19						
16	Mar-19						
17	Apr-19						
18	May-19						
19	Jun-19	(188,798)	-	(370)		(370)	(189,168)
20	Jul-19	(189,168)	-	(348)		(348)	(189,516)
21	Aug-19	(189,516)	-	(328)		(328)	(189,844)
22	Sep-19	(189,844)	-	(319)		(319)	(190,163)
23	Oct-19	(190,163)	-	(287)		(287)	(190,450)
24	Nov-19	(190,450)	-	(265)		(265)	(190,715)
25	Dec-19	(190,715)	-	(269)		(269)	(190,984)
26	Annual Total		-	(2,186)		(2,186)	
27	Jan-20	(190,984)	-	(258)		(258)	(191,242)
28	Feb-20	(191,242)	-	(254)		(254)	(191,496)
29	Mar-20	(191,496)	-	(301)		(301)	(191,797)
30	Apr-20	(191,797)	8,696	(178)		8,518	(183,278)
31	May-20	(183,278)	12,892	(11)		12,882	(170,397)
32	Jun-20	(170,397)	12,892	(13)		12,879	(157,518)
33	Jul-20	(157,518)	12,892	(15)		12,877	(144,640)
34	Aug-20	(144,640)	12,892	(14)		12,878	(131,762)
35	Sep-20	(131,762)	12,892	(10)		12,882	(118,880)
36	Oct-20	(118,880)	12,892	(8)		12,884	(105,995)
37	Nov-20	(105,995)	12,892	(10)		12,882	(93,113)
38	Dec-20	(93,113)	12,892	(9)		12,884	(80,230)
39	Annual Total		111,834	(1,080)		110,754	
40	Jan-21	(80,230)	12,892	(6)		12,886	(67,344)
41	Feb-21	(67,344)	12,892	(5)		12,887	(54,457)
42	Mar-21	(54,457)	12,892	(4)		12,888	(41,567)
43	Apr-21	(41,567)	12,892	(3)		12,889	(28,678)
44	May-21	(28,678)	12,892	(2)		12,890	(15,788)
45	Jun-21	(15,788)	12,892	(1)		12,891	(2,896)
46	Jul-21	(2,896)	12,892	-		12,892	9,996
47	Aug-21	9,996	12,892	-		12,892	22,888
48	Sep-21	22,888	12,892	-		12,892	35,780
49	Oct-21	35,780	12,892	-		12,892	48,672
50	Nov-21	48,672	12,892	-		12,892	61,565
51	Dec-21	61,565	12,892	-		12,892	74,457
52	Annual Total		154,707	(20)		154,687	
53	Jan-22	74,457	12,892	-	29,000	41,892	116,349
54	Feb-22	116,349	12,892	-		12,892	129,241
55	Mar-22	129,241	2,606	-		2,606	131,847
56	Apr-22	131,847	-	-		-	131,847
57	May-22	131,847	-	-		-	131,847
58	Jun-22	131,847	-	-		-	131,847
59	Jul-22	131,847	-	-		-	131,847
60	Aug-22	131,847	-	-		-	131,847
61	Sep-22	131,847	-	-		-	131,847
62	Oct-22	131,847	-	-		-	131,847
63	Nov-22	131,847	-	-		-	131,847
64	Dec-22	131,847	-	-		-	131,847
65	Annual Total		28,390	-	29,000	57,390	
66	Totals		294,931	(3,286)	29,000	320,645	

Note 1: January 2022 includes a \$29M credit. This is an adjustment per the terms of the 2021 Settlement Agreement filed January 14, 2021, in Docket No. PSC-20210016-EI. This credit is not specific to Hurricane Michael, and is shown for illustrative purpose only.

AFFIDAVIT

STATE OF FLORIDA

COUNTY OF PINELLAS

I hereby certify that on this _____ day of _____, 2021, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **MARCIA OLIVIER**, who is personally known to me, and she acknowledged before me that she provided the answers to data request numbers 1a through 1, 2, 3h, and 4, from STAFF'S SECOND DATA REQUEST FOR DUKE ENERGY FLORIDA, LLC dba DUKE ENERGY in Docket No. 20210016-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this _____ day of _____, 2021.

Marcia Olivier

Notary Public
State of Florida, at Large

My Commission Expires:

AFFIDAVIT

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I hereby certify that on this _____ day of _____, 2021, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared **LESLEY GREER QUICK**, who is personally known to me, and she acknowledged before me that she provided the answers to data request numbers 3a through 3g, from STAFF'S SECOND DATA REQUEST FOR DUKE ENERGY FLORIDA, LLC dba DUKE ENERGY in Docket No. 20210016-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this _____ day of _____, 2021.

Lesley Greer Quick

Notary Public
State of North Carolina

My Commission Expires:
