

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Storm protection plan cost recovery : DOCKET NO. 20220010-EI
clause. :
: Filed: October 7, 2022

**PREHEARING STATEMENT OF
WALMART INC.**

Pursuant to Florida Public Service Commission's ("Commission") Order No. PSC-2022-0044-PCO-EI, issued January 28, 2022, and Order No. PSC-2022-0111-PCO-EI, issued March 14, 2022, Walmart Inc. ("Walmart") files its Prehearing Statement.

I. APPEARANCES

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II. WITNESSES

<u>Witness</u>	<u>Subject</u>	<u>Issue No.</u>
Lisa V. Perry	Ms. Perry's testimony addresses: the cost allocation and rate design for Duke Energy Florida, LLC ("DEF"), Florida Power & Light Company's ("FPL"), Tampa Electric Company's ("TECO"), and Florida Public Utilities Company ("FPUC") (collectively, "Utilities") proposed Storm Protection Plan ("SPP") Cost Recovery Clause ("SPPCRC") filings.	7

III. EXHIBITS

<u>Exhibit</u>	<u>Description</u>
LVP-1	Witness Qualifications Statement

IV. WALMART'S STATEMENT OF BASIC POSITION

The Commission should carefully consider the Utilities' respective SPP cost allocation proposals and rate design for this separate charge to their respective customers pursuant to the SPPCRC. *See* § 366.96(7), F.S. As to the specific Issues raised in this Docket, Walmart addresses Issue No. 7 related to cost allocation and rate design. No other party has proposed an alternative allocation, rate design, or other modifications to the Utilities' proposed methodologies.

A. Proposals by DEF, FPL and TECO

As for cost allocation, DEF proposes to allocate the demand component based on each rate classes' contribution to monthly system peaks adjusted for certain losses and allocate the energy component based on each classes' contribution to total kWh sales adjusted for certain losses. *See* Direct Testimony of Christopher A. Menendez (filed May 2, 2022), p. 6, line 20 to p. 7, line 4. FPL proposes to allocate SPP costs consistent with FPL's last rate case by allocating transmission costs to all rate classes based on the 12 monthly Coincident Peak, and "distribution costs are allocated only to the distribution-level rate classes based on a negotiated methodology." Direct Testimony of Ranae B. Deaton (filed May 2, 2022), p. 10, lines 7-15. TECO is proposing to allocate SPP costs consistent with its cost of service study prepared for Docket No. 20130040-EI and as applied for its current base rates. *See* Revised Testimony and Exhibit of Mark R. Roche (filed Aug. 9, 2022), p. 23, line 18 to p. 24, line 2. Walmart is in agreement with the proposed cost allocations as set forth by the DEF, FPL, and TECO. Direct Testimony of Lisa V. Perry, p. 11, lines 9-18.

As to rate design, the DEF, FPL, and TECO, are proposing to recover SPP costs from their demand-metered customers through a demand charge, or \$/kW charge, in each Utility's SPPCRC. Walmart does not oppose DEF's, FPL's, or TECO's proposed methodology for allocating SPP costs and recovering those costs from their demand-metered customers through the demand charge, on a \$/kW basis. *See generally* Direct Testimony of Lisa V. Perry.

B. Proposal by FPUC

In its Direct Testimony, FPUC proposes to allocate SPP-related transmission and distribution costs to its rate classes by (1) determining each class's percentage of total base rate revenues, (2) multiplying each class's percentage of total base rate revenues by the \$1.47 million revenue requirement, and (3) divide each class's portion of the revenue requirement by the 2023 estimated usage, or kWh billing determinants, for that class to calculate the per kWh charge that will be billed to customers. Revised Direct Testimony of Michelle D. Napier (filed Aug. 18, 2022), p. 3, lines 5-16 and SPPCRC Form 1P, p. 1 (revised Aug. 12, 2022). Walmart has concerns regarding FPUC's cost allocation proposal as it "is not cost-based by failing to appropriately reflect the demand-related nature of the underlying SPP transmission and distribution costs included for recovery through the SPPCRC." Direct Testimony of Lisa V. Perry, p. 13, lines 4-6.

In its Direct Testimony, FPUC further proposes to recover demand-related costs through an energy charge. This is also of concern to Walmart. FPUC's proposed rate design will create interclass subsidies within demand-metered customer classes and violates cost causation principles. Additionally, FPUC's shift of demand-related costs from per kW demand charges to per kWh energy charges results in a shift in demand cost responsibility from lower load factor customers to higher load factor customers. Direct Testimony of Lisa V. Perry, p. 14, lines 6-21.

In its Rebuttal Testimony, FPUC agrees that "[i]t is true that FPUC's proposed allocation is a simplified approach that could potentially result in higher load factor customers paying a greater portion of SPP-related costs than lower load factor customers." Rebuttal Testimony of Robert C. Waruszewski, p. 13, lines 4-6. Further, FPUC "recognize[d] Walmart's concern and would be amendable to a revision of its cost allocation methodology in this regard." Rebuttal Testimony of Robert C. Waruszewski, p. 13, lines 6-9. While FPUC's revision of its cost allocation methodology may not be feasible by the time of the Hearing in this Docket, Walmart appreciates FPUC's position in its Rebuttal Testimony and will work with FPUC to address the cost allocation methodology issue and anticipates entering into a Stipulation by the time of the Prehearing Conference.

V. **ISSUES**

GENERIC STORM PROTECTION PLAN COST RECOVERY ISSUES

Issue 1: What are the final Storm Protection Plan Cost Recovery Clause jurisdictional cost recovery true-up amounts for the period January 2021 through December 2021?

Position: Walmart takes no position at this time.

Issue 2: What are the actual/estimated Storm Protection Plan Cost Recovery Clause jurisdictional cost recovery true-up amounts for the period January 2022 through December 2022?

Position: Walmart takes no position at this time.

Issue 3: What are the projected Storm Protection Plan Cost Recovery Clause jurisdictional cost recovery amounts for the period January 2023 through December 2023?

Position: Walmart takes no position at this time.

Issue 4: What are the Storm Protection Plan Cost Recovery Clause total jurisdictional cost recovery amounts, including true-ups, to be included in establishing Storm Protection Plan Cost Recovery factors for the period January 2023 through December 2023?

Position: Walmart takes no position at this time.

Issue 5: What depreciation rates should be used to develop the depreciation expense included in the total Storm Protection Plan Cost Recovery Clause amounts for the period January 2023 through December 2023?

Position: Walmart takes no position at this time.

Issue 6: What are the appropriate jurisdictional separation factors for the projected period January 2023 through December 2023?

Position: Walmart takes no position at this time.

Issue 7: What are the appropriate Storm Protection Plan Cost Recovery Clause factors for the period January 2023 through December 2023 for each rate group?

Position: Walmart does not oppose the proposed cost allocation and rate design for DEF, FPL and TECO, but does oppose the proposed cost allocation and rate design proposed by FPUC in its Direct Testimony. Walmart's Direct Testimony addresses its proposed cost allocation and rate design for FPUC.

Issue 8: What should be the effective date of the new Storm Protection Plan Cost Recovery Clause factors for billing purposes?

Position: Walmart takes no position at this time.

Issue 9: Should the Commission approve revised tariffs reflecting the new Storm Protection Plan Cost Recovery Clause factors determined to be appropriate in this proceeding?

Position: Walmart takes no position at this time.

Issue 10: Should this docket be closed?

Position: Walmart takes no position at this time.

VI. CONTESTED ISSUES

There are currently no contested issues.

VII. STIPULATED ISSUES

There are currently no stipulated issues; however, Walmart and FPUC are working on a Stipulation to address the parties' differences on Issue No. 7.

VIII. PENDING MOTIONS OR OTHER ACTIONABLE MATTERS

Walmart has no pending Motions at this time.

IX. PENDING CONFIDENTIALITY REQUESTS OR CLAIMS

Walmart has no pending confidentiality requests or claims.

X. OBJECTIONS TO WITNESS QUALIFICATIONS AS AN EXPERT

Walmart does not object to any witness's qualifications as an expert.

XI. COMPLIANCE WITH ORDER NO. PSC-2021-0083-PCO-EI

There are no requirements of Order No. PSC-2022-0044-PCO-EI with which Walmart cannot comply.

Respectfully submitted,

By /s/ Stephanie U. Eaton

Stephanie U. Eaton (FL State Bar No. 165610)

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Dated: October 7, 2022

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail to the following parties this 7th day of October, 2022.

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