

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI - Storm protection plan cost recovery clause

WITNESS: Direct Testimony of Hymavathi Vedula appearing on behalf of the Staff of the Florida Public Service Commission

DATE FILED: July 12, 2023

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF HYMAVATHI VEDULA**

4 **DOCKET NO. 20230010-EI**

5 **JULY 12, 2023**

6
7 **Q. Please state your name and business address.**

8 A. My name is Hymavathi Vedula. My business address is 2540 Shumard Oak Blvd.;
9 Tallahassee, FL 32399.

10 **Q. By whom are you presently employed and in what capacity?**

11 A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a
12 Regulatory Analyst Supervisor. I have been employed by the Commission since January
13 2008.

14 **Q. Please give a brief description of your educational background and professional**
15 **experience.**

16 A. I graduated from Andhra University in India in 1995 with a Bachelor of Commerce
17 (Accounting). In 1998, I received my Masters in Commerce (Accounting) from Andhra
18 University in India. I have worked for the FPSC for 15 years, and I have varied experience in
19 the electric, gas, and water and wastewater industries. My work experience includes various
20 types of rate cases, cost recovery clauses, and utility audits.

21 **Q. Please describe your current responsibilities.**

22 A. I currently manage the Bureau of Auditing's Compliance Section within the FPSC's
23 Office of Auditing & Performance Analysis. My responsibilities consist of performing audits,
24 as well as supervising staff during audits. I also supervise, manage and track audit staff's
25 handling of confidential utility documents obtained during audits.

1 **Q. Have you previously presented testimony before this Commission?**

2 A. No.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to sponsor staff's Auditor Report of Duke Energy
5 Florida, LLC, which addresses the Utility's filing in Docket No. 20230010-EI. An Auditor's
6 Report was issued in the docket on June 26, 2023. This report is filed with my testimony and
7 is identified as Exhibit HV-1.

8 **Q. Was this audit prepared by you or under your direction?**

9 A. Yes. It was prepared by me.

10 **Q. Please describe the objectives of the audit and the procedures performed during**
11 **the audit?**

12 A. The objectives and procedures are listed in the Objectives and Procedures section of
13 the attached Exhibit HV-1, pages 4 through 5

14 **Q. Were there any audit findings in this audit report.**

15 A. There were no audit findings.

16 **Q. Does that conclude your testimony?**

17 A. Yes.

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State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Duke Energy Florida, LLC
Storm Protection Plan Cost Recovery Clause

As of December 31, 2022

Docket No. 20230010-EI
Audit Control No. 2023-011-2-1
May 31, 2023

Handwritten signature of Hymavathi Vedula in black ink.

Hymavathi Vedula
Audit Manager

Handwritten signature of Todd M. Brown in black ink.

Todd M. Brown
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Office of Industry Development & Market Analysis in its audit service request dated January 9, 2023. We have applied these procedures to the attached schedules prepared by Duke Energy Florida, LLC in support of its filing for Storm Protection Plan Cost Recovery in Docket No. 20230010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Duke Energy Florida, LLC.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to the Storm Protection Plan.

Background

On April 3, 2023, Duke Energy Florida, LLC filed support for its actual Storm Protection Cost Recovery factor for the period of January 2022 through December 2022.

Objectives: The objectives were to reconcile the Implementation SPPCRC Overhead Hardening Operation and Maintenance Expenses to the general ledger, and to review a statistical or judgmental sample of expenses.

Procedures: We reconciled the operation and maintenance (O&M) expenses to the general ledger. We initially selected the 20 largest invoices for SPP Operation and Maintenance expenses for testing, and performed statistical sampling for the remaining O&M expenses. We tested for proper account, proper amount, proper period, and proper project. No exceptions were noted.

Objectives: The objectives were to audit the following capital investments: Feeder Hardening Program, Distribution Lateral Undergrounding Program, and Transmission Pole Replacement. In addition, our objectives were to: 1) Verify the investment amounts are recorded in the correct plant accounts; 2) Reconcile the corresponding plant-in-service/depreciation base; 3) Verify the calculation of non-interest bearing construction-work-in-progress (CWIP); 4) Verify the most recent Commission-approved depreciation and amortization periods are used in calculating depreciation expense; and 5) Reconcile depreciation savings for retired assets that have depreciation recovered through base rates.

Procedures: Audit staff reconciled the capital investments to the Utility's general ledger. We verified that the most recent Commission-approved depreciation and amortization periods were used in calculating depreciation expense. We audited a statistical sample of SPPCRC program-related additions, retirements, and adjustments for the period January 1, 2022, through December 31, 2022, by reviewing documentation for the Feeder Hardening Program, the Distribution Lateral Undergrounding Program, and Transmission Pole Replacement. In addition, there were no depreciation savings for retired assets recovered through base rates. No exceptions were noted.

Objective: The objective was to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1, 2022, through December 31, 2022.

Procedure: We reconciled the SPPCRC program-related plant additions, retirements, and adjustments to the general ledger. No exceptions were noted.

Objective: The objective was to reconcile the operation and maintenance expenses of the projects listed on Form 5A of the filing, to the general ledger.

Procedures: We reconciled the operation and maintenance expenses to the general ledger. We initially selected the five largest invoices/vouchers of the four largest projects listed on Form 5A for review, and performed statistical sampling for the remaining operation and maintenance expenses. No exceptions were noted.

Other

Objectives: The objectives were to: 1) Substantiate if the Utility changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Verify if the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We reviewed whether the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision, as filed, was properly calculated.

Procedures: We verified the True-Up and Interest Provision amounts as of December 31, 2022, using the Financial Commercial Paper rates and 2022 revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: True-Up Calculation

Duke Energy Florida
Horm Protection Plan Cost Recovery Clause
True-Up Filing
Actual Period: January through December 2022
Calculation of True-Up Amount
(in Dollars)

Docket No. 20230010-EI
 Duke Energy Florida, LLC
 Witness: C.A. Mendez
 Ex. No. ___ (CAM-1)
 Form 2A
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Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	\$ 6,198,123	\$ 7,018,257	\$ 6,919,630	\$ 6,550,976	\$ 7,572,044	\$ 9,138,104	\$ 9,359,070	\$ 10,003,891	\$ 9,327,574	\$ 7,584,789	\$ 6,534,018	\$ 8,874,268	\$ 93,630,723
2. True-Up Provisions	80,554	80,554	80,554	80,554	80,554	80,554	80,554	80,554	80,554	80,554	80,554	80,554	966,652
3. Clause Revenues Applicable to Period (Lines 1 + 2)	6,278,677	7,098,811	7,000,184	6,731,530	7,752,599	9,218,659	9,439,624	10,084,445	9,408,128	7,665,343	6,614,573	8,954,822	94,497,375
4. Jurisdictional Rev. Req. (Form SA and Form 7A)													
a. Overhead Hardening Distribution	1,119,577	1,125,339	1,184,882	1,025,414	1,419,410	1,250,845	1,493,515	2,158,284	3,294,443	3,904,457	1,031,930	(1,507,565)	16,603,871
b. Overhead Hardening Transmission	258,644	532,275	437,441	492,899	641,065	736,705	756,349	1,013,757	692,847	649,407	557,273	972,307	6,437,401
c. Undergrounding	18,965	15,390	23,919	33,990	50,764	72,166	109,080	106,384	212,779	2,100,971	1,122,065	(2,456,492)	1,400,909
d. Vegetation Management	3,221,209	4,434,741	5,243,191	3,763,910	3,781,661	4,892,290	3,333,406	4,317,842	3,326,355	4,621,413	6,815,882	4,819,445	52,481,488
e. Legal, Accounting, and Administrative (O&M only)	0	0	0	0	0	0	0	0	0	0	0	0	0
f. Total Jurisdictional Revenue Requirements	4,615,725	6,111,744	6,829,422	3,315,852	5,892,901	6,862,937	5,692,450	7,593,377	7,726,126	10,586,280	9,625,339	1,027,775	78,930,944
5. Over(Under) Recovery (Line 3 - Line 4f)	1,662,952	957,067	110,718	1,416,678	1,859,698	2,335,721	3,977,171	2,491,068	1,682,004	(2,890,946)	(3,191,767)	5,127,067	15,565,430
6. Interest Provision (Form SA Line 15)	393	886	1,789	3,457	6,403	12,270	23,045	32,630	43,190	49,031	48,550	54,983	273,935
7. Beginning Balance True-Up & Interest Provision	956,652	2,549,443	3,459,842	3,488,793	4,627,375	6,619,922	8,880,368	12,800,030	15,243,374	16,888,014	13,965,845	10,735,874	966,652
a. Deferred True-Up from January to December 2021	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172	2,492,172
8. True-Up Collected/(Refunded) (see Line 2)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(80,554)	(966,648)
9. End of Period Total True-Up (Lines 5+6+7+8+9)	5,041,615	5,949,914	5,980,965	7,319,547	9,105,094	11,372,540	15,292,202	17,735,545	19,380,185	16,457,717	13,231,046	18,332,542	18,332,542
10. Adjustment to Period True-Up including interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11. End of Period Total True-Up (Lines 9 + 10)	\$ 5,041,615	\$ 5,949,914	\$ 5,980,965	\$ 7,319,547	\$ 9,105,094	\$ 11,372,540	\$ 15,292,202	\$ 17,735,545	\$ 19,380,185	\$ 16,457,717	\$ 13,231,046	\$ 18,332,542	\$ 18,332,542

Ocala Energy Florida
 Storm Protection Plan Cost Recovery Clause
 True-Up Filing
 Actual Period: January through December 2022
 Calculation of Interest Provision for True-Up Amount
 (in Dollars)

Docket No. 20230010-EI
 Ocala Energy Florida, LLC
 Witness: C.A. Meenan@e2
 Enr. No. _____ (CAM-1)
 Form JA
 Page 3 of 121

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (Form 2A, Line 7+7a+10)	\$ 3,458,823	\$ 5,041,514	\$ 5,943,013	\$ 5,980,955	\$ 7,319,546	\$ 8,105,893	\$ 11,372,540	\$ 15,292,202	\$ 17,738,548	\$ 19,300,195	\$ 16,457,716	\$ 13,231,046	
2. Ending True-Up Amount Before Interest	5,041,221	5,940,127	5,978,175	7,318,009	8,090,690	11,360,261	15,269,157	17,702,718	19,308,955	18,408,655	13,185,396	18,277,620	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	8,500,044	10,981,641	11,921,188	13,297,034	15,410,236	20,466,154	26,641,696	32,994,919	37,072,541	35,788,871	29,643,112	31,558,664	
4. Average True-Up Amount (Line 3 x 12)	4,287,287	5,697,215	5,964,095	6,643,527	8,209,110	10,232,577	13,320,848	16,497,459	18,536,271	17,894,436	14,821,556	15,754,302	
5. Interest Rate (First Day of Reporting Business Month)	0.08%	0.14%	0.34%	0.49%	0.76%	1.12%	1.76%	2.40%	2.39%	3.20%	3.37%	4.01%	
6. Interest Rate (First Day of Subsequent Business Month)	0.14%	0.26%	0.49%	0.76%	1.12%	1.76%	2.40%	2.39%	3.20%	3.37%	4.01%	4.37%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.22%	0.38%	0.73%	1.25%	1.88%	2.88%	4.16%	4.78%	6.58%	6.57%	7.38%	8.38%	
8. Average Interest Rate (Line 7 x 1/12)	0.119%	0.190%	0.365%	0.625%	0.940%	1.440%	2.080%	2.390%	2.790%	3.255%	3.590%	4.190%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.009%	0.016%	0.030%	0.052%	0.078%	0.120%	0.173%	0.199%	0.233%	0.271%	0.300%	0.349%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$ 393	\$ 296	\$ 1,789	\$ 3,457	\$ 6,403	\$ 12,279	\$ 23,045	\$ 32,830	\$ 43,190	\$ 49,031	\$ 45,650	\$ 54,963	\$ 278,036

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Storm protection plan cost recovery
clause

DOCKET NO. 20230010-EI

DATED: July 12, 2023

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the testimony of Hymavathi Vedula on behalf of the staff of the Florida Public Service Commission was electronically filed with the Office of Commission Clerk, Florida Public Service Commission, and copies were furnished by electronic mail to the following on this 12th day of July, 2023.

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DOCKET NO. 20230010-EI
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