

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

WITNESS: Direct Testimony of Donna D. Brown 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 DONNA D. BROWN**

4 **DOCKET NO. 20230010-EI**

5 **JULY 12, 2023**

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

8 A. My name is Donna D. Brown. 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 February
13 2008.

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

16 A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree
17 in Accounting. In 2018, I received my Masters in Business Administration from Troy
18 University. I have worked for the FPSC for 15 years, and I have varied experience in the
19 electric, gas, and water and wastewater industries. My work experience includes various types
20 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 Financial Review Section within the
23 FPSC's Office of Auditing & Performance Analysis. My responsibilities consist of
24 performing audits, as well as supervising staff during audits, to ensure utility compliance with
25 FPSC rules, policies and procedures.

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

2 A. Yes. I have presented testimony in numerous dockets before this Commission. Those
3 dockets include Dockets 20110001-EI; 20160186-EI; 20160001-EI; 20160251-EI; 20180001-
4 EI, and 20230023-GU.

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

6 A. The purpose of my testimony is to sponsor the Auditor's Report of Florida Power &
7 Light Company (FPL or Utility), which addresses the Utility's filing in Docket No. 20230010-
8 EI. An Auditor's Report was issued in the docket on July 12, 2023. This report is filed with
9 my testimony and is identified as Exhibit DDB-1.

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

11 A. Yes. It was prepared under my direction.

12 **Q. Please describe the objectives of the audit and the procedures performed during**
13 **the audit?**

14 A. The objectives and procedures are listed in the Objectives and Procedures section of
15 the attached Exhibit DDB-1, pages 4 and 5.

16 **Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-1) which**
17 **address the schedules prepared by the Utility in support of its filing in Docket No.**
18 **20230010-EI?**

19 A. No.

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

21 A. Yes.

22

23

24

25

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Power & Light Company
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2022

Docket No. 20230010-EI
Audit Control No. 2023-011-1-1

July 10, 2023

A handwritten signature in cursive script, reading "Donna D. Brown".

Donna D. Brown
Audit Manager

A handwritten signature in cursive script, reading "Todd M. Brown".

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 Florida Power & Light Company 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 Florida Power & Light Company.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to Storm Protection Plan.

Background

On April 3, 2023, Florida Power & Light Company filed support for its actual Storm Protection Plan Cost Recovery factor (true-up) for the period 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 statistically sampled Implementation SPPCRC Overhead Hardening expenses. No exceptions were noted.

Objectives: The objectives were to audit the following capital investments: Feeder Hardening Program, Distribution Lateral Undergrounding Program, and Transmission Wooden Structure Hardening. 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 calculations 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.

Procedure: We reconciled the capital investments to the Utility's general ledger. We verified the calculations of the non-interest bearing CWIP. We verified that the most recent Commission-approved depreciation and amortization periods were used in calculating the depreciation expenses. We requested support for depreciation savings for retired assets that have depreciation recovered through base rates. We statistically sampled the Feeder Hardening Program, the Distribution Lateral Undergrounding Program, the Transmission Wooden Structure Hardening capital investments. 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.

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

Objectives: The objectives were to reconcile operation and maintenance expenses to the general ledger and review a statistical sample or judgmental sample of the projects listed on Form 5A.

Procedures: We reconciled the operation and maintenance expenses to the general ledger. We statistically sampled projects from each of the O&M programs listed on Form 5A. 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. Audit staff determined that the Utility has not made changes to its allocation method. 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

FLORIDA POWER & LIGHT COMPANY
Storm Protection Plan Recovery Clause (SPPCRC)
Final True-Up
Calculation of True-Up Amount

For the Period of: January 2022 Through December 2022													
Line	a-Jan - 2022	a-Feb - 2022	a-Mar - 2022	a-Apr - 2022	a-May - 2022	a-Jun - 2022	a-Jul - 2022	a-Aug - 2022	a-Sep - 2022	a-Oct - 2022	a-Nov - 2022	a-Dec - 2022	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	\$16,667,563	\$17,093,534	\$17,510,604	\$16,890,288	\$19,581,546	\$22,087,485	\$23,981,899	\$24,353,435	\$23,811,484	\$29,236,771	\$18,988,204	\$17,889,525	\$243,236,484
2. True-Up Provision - Prior Period (a)	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$143,099	\$1,717,183
3. Clause Revenues Applicable to Period (Lines 1 + 2)	\$16,610,679	\$17,236,633	\$17,653,703	\$16,833,386	\$19,704,645	\$22,213,583	\$24,125,098	\$24,496,533	\$23,954,583	\$29,381,870	\$18,712,303	\$18,032,623	\$241,952,647
4. Jurisdictional Rev. Req.													
a. Overhead Handing	\$7,058,897	\$7,618,879	\$8,816,343	\$9,048,644	\$9,633,459	\$10,705,963	\$10,884,585	\$10,867,377	\$12,274,526	\$12,413,574	\$13,216,066	\$14,100,194	\$129,679,297
b. Undergrounding	\$1,948,440	\$2,142,125	\$2,412,253	\$2,701,531	\$2,826,214	\$3,173,846	\$3,468,803	\$3,711,786	\$3,845,838	\$4,201,485	\$4,298,127	\$4,628,124	\$39,561,445
c. Vegetation Management	\$6,563,991	\$7,039,569	\$7,695,636	\$7,632,545	\$8,495,725	\$7,313,253	\$7,163,383	\$8,740,446	\$7,677,684	\$3,074,398	\$5,726,842	\$8,080,831	\$85,203,006
d. Implementation Costs	\$32,388	\$33,561	\$89,170	\$31,534	\$33,930	\$27,458	\$27,022	\$34,113	\$43,325	\$36,625	\$33,572	\$33,659	\$436,486
e. Total Jurisdictional Revenue Requirements (b)	\$15,607,726	\$16,834,923	\$18,993,401	\$19,414,373	\$21,969,368	\$21,220,518	\$21,541,798	\$23,389,732	\$23,940,983	\$19,726,082	\$23,274,701	\$26,842,968	\$251,680,232
5. Over(Under) Recovery (Line 3 - Line 4e)	\$1,002,852	\$401,709	(\$1,339,699)	(\$260,988)	(\$1,384,743)	\$960,075	\$2,583,332	\$1,102,801	\$13,600	\$656,788	(\$4,662,369)	(\$8,600,984)	(\$9,827,586)
6. Interest Provision (SPPCRC Form 3A, Line 10)	\$511	\$972	\$1,681	\$2,304	\$2,585	\$3,555	\$7,888	\$12,582	\$16,682	\$19,031	\$14,980	(\$8,772)	\$75,109
7. Beginning Balance True-Up & Interest Provision	\$1,717,183	\$2,577,547	\$2,837,130	\$1,356,013	\$634,230	(\$831,027)	(\$40,496)	\$2,407,098	\$3,379,982	\$3,285,185	\$3,787,688	(\$882,622)	\$1,717,183
a. Deferred True-Up - Beginning of Period (c)	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634	\$3,429,634
8. True-Up Collected/(Refunded) (see Line 2)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$143,099)	(\$1,717,183)
9. End of Period Total True-Up (Lines 5+6+7+a+8)	\$6,007,181	\$9,288,764	\$4,785,647	\$4,063,864	\$2,538,697	\$3,389,136	\$5,837,331	\$6,809,615	\$8,692,799	\$7,227,519	\$2,537,012	(\$6,422,843)	(\$9,852,477)
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)	\$6,007,181	\$9,288,764	\$4,785,647	\$4,063,864	\$2,538,697	\$3,389,136	\$5,837,331	\$6,809,615	\$8,692,799	\$7,227,519	\$2,537,012	(\$6,422,843)	(\$9,852,477)

Exhibit 2: Interest Provision for True-Up

FLORIDA POWER & LIGHT COMPANY
Storm Protection Plan Recovery Clause (SPPCRC)
First True-Up
Calculation of Interest Provision for True-Up Amount

For the Period of: January 2022 Through December 2022												
Line	a-Jan - 2022	a-Feb - 2022	a-Mar - 2022	a-Apr - 2022	a-May - 2022	a-Jun - 2022	a-Jul - 2022	a-Aug - 2022	a-Sep - 2022	a-Oct - 2022	a-Nov - 2022	a-Dec - 2022
1. Beginning True-Up Amount (SPPCRC Form 2A, Line 7+7a+10)	\$5,146,817	\$6,007,101	\$6,266,764	\$4,785,647	\$4,063,864	\$2,536,607	\$3,389,136	\$5,637,331	\$6,609,015	\$6,695,799	\$7,227,519	\$2,537,012
2. Ending True-Up Amount Before Interest	\$6,006,670	\$6,265,792	\$4,783,316	\$4,061,580	\$2,536,022	\$3,385,584	\$5,628,342	\$6,797,034	\$6,693,917	\$7,224,489	\$2,522,022	(\$6,416,071)
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	\$11,153,487	\$12,772,973	\$11,190,130	\$8,847,207	\$6,599,886	\$5,924,191	\$8,210,480	\$12,634,365	\$13,489,733	\$13,414,247	\$9,749,542	(\$3,879,059)
4. Average True-Up Amount (Line 3 x 1/2)	\$5,576,743	\$6,136,487	\$5,525,265	\$4,423,603	\$3,299,943	\$2,962,095	\$4,009,240	\$6,317,183	\$6,744,966	\$6,952,143	\$4,874,771	(\$1,939,529)
5. Interest Rate (First Day of Reporting Business Month)	0.08%	0.14%	0.24%	0.49%	0.76%	1.12%	1.76%	2.40%	2.36%	3.20%	3.37%	4.01%
6. Interest Rate (First Day of Subsequent Business Month)	0.14%	0.24%	0.49%	0.76%	1.12%	1.76%	2.40%	2.36%	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%	4.76%	5.56%	6.57%	7.38%	8.38%
8. Average Interest Rate (Line 7 x 1/2) - Annual	0.110%	0.190%	0.365%	0.625%	0.940%	1.440%	2.080%	2.380%	2.780%	3.285%	3.690%	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%	0.198%	0.232%	0.274%	0.308%	0.349%
10. Interest Provision for the Month (Line 4 x Line 9)	\$511	\$972	\$1,661	\$2,304	\$2,595	\$3,555	\$7,969	\$12,582	\$15,682	\$19,031	\$14,950	(\$8,772)

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 Donna D. Brown 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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