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Matthew R. Bernier
Associate General Counsel

April 15, 2024

VIA ELECTRONIC FILING

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

Re: *Re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole and Tropical Storm Fred by Duke Energy Florida, LLC; Docket No. 202300220-EI*

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find enclosed for electronic filing in the above-referenced docket:

- DEF's Rebuttal Testimony of Christopher A. Menendez

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

/s/ Matthew R. Bernier
Matthew R. Bernier

MRB/clg
Enclosures

CERTIFICATE OF SERVICE

Docket No. 20230020-EI

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail this 15th day of April, 2024, to the following:

/s/ Matthew R. Bernier
Matthew R. Bernier

<p>Suzanne Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us</p>	<p>Charles J. Rehwinkel / Patty Christensen / Marshall Willis Office of Public Counsel 111 W. Madison St., Rm 812 Tallahassee, FL 32399 rehwinkel.charles@leg.state.fl.us christensen.patty@leg.state.fl.us Willis.Marshall@leg.state.fl.us</p>
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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 HURRICANES ELSA, ETA, ISAIAS,
IAN, NICOLE, AND TROPICAL STORM FRED**

FPSC DOCKET NO. 20230020-EI

REBUTTAL TESTIMONY OF CHRISTOPHER A. MENENDEZ

APRIL 15, 2024

1 **I. Introduction and Qualifications**

2 **Q. Please state your name and business address.**

3 A. My name is Christopher A. Menendez. My business address is Duke Energy
4 Florida, LLC, 299 1st Avenue North, St. Petersburg, Florida 33701.

5

6 **Q. Have you previously filed direct testimony in this docket?**

7 A. Yes. I filed direct testimony supporting Duke Energy Florida’s (“DEF” or the
8 “Company”) recovery of actual storm restoration costs associated with Hurricanes
9 Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred (the “Storms”) on September
10 29, 2023.

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12 **Q. Has your employment status and job responsibilities remained the same since**
13 **discussed in your previous testimony?**

14 A. Yes.

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16 **II. Purpose of Testimony**

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Q. What is the purpose of your rebuttal testimony?

A. The purpose of my testimony is to provide the Company’s rebuttal to assertions and conclusions contained in the direct testimony of Walmart Inc. (“Walmart”) Witness Lisa V. Perry. I have not attempted to rebut each and every factual error or misconception contained in this testimony. With regard to Ms. Perry’s testimony, I address why DEF continues to support collecting storm costs on a per kWh (energy) basis from customers.

III. Walmart Witness Perry

Q. What is your understanding of purpose of Walmart Witness Perry’s direct testimony?

A. The crux of Ms. Perry’s testimony is that Walmart believes that recovery of costs for the Storms approved in the instant docket should be collected from demand-metered customers on a \$/kW (demand) basis versus an c/kWh (energy) basis.

Q. Do you agree with Walmart Witness Perry’s recommendation on page 3, lines 20-23 that cost recovery approved in this docket should be recovered from demand-metered customers through a demand charge?

A. No, for several reasons:
1) In the instant docket, the Commission in Order No. PSC-2023-0111-PCO-EI has already approved DEF’s interim storm restoration recovery charge for the Storms on an energy basis for all rate classes. Additionally, the Commission subsequently approved recovery of the interim storm surcharge, on an energy basis,

1 in Order No. PSC-2023-0375-PCO-EI. These orders approving recovery of the
2 storm surcharge on an energy basis are consistent with storm surcharges approved
3 by the Commission since 2004. Recent examples are FPL’s recovery of costs
4 related to Hurricanes Ian and Nicole, TECO’s recovery of costs associated with
5 named tropical systems during the 2019 – 2022 hurricane seasons, and DEF’s
6 recovery of Hurricane Dorian costs.

7
8 In Docket 20230017-EI, Order No. PSC-2023-0110-PCO-EI, the Commission
9 approved FPL’s request to implement an interim storm restoration recovery charge
10 related to Hurricanes Ian and Nicole and replenish its storm reserve. Attachment
11 A to that Order shows that those costs are being billed on an c/kWh (energy) basis
12 for all rate classes.

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14 In Docket No. 20230019-EI, Order No. PSC-2023-0116-PCO-EI, the Commission
15 approved TECO’s request to implement an interim storm restoration recovery
16 charge for its 2019 – 2020 storms and replenish its storm reserve. Attachment A to
17 that Order shows that those costs are being billed on a c/kWh (energy) basis for all
18 rate classes.

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20 In Docket No. 20190222-EI, Order No. PSC-2020-0058-PCO-EI, the Commission
21 authorized DEF to implement a storm restoration recovery charge related to
22 Hurricane Dorian and Tropical Storm Nestor. Attachment A to that Order shows
23 that costs were billed on a c/kWh (energy) basis for all rate classes.

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1 The above Orders illustrate that the Commission has recently found it appropriate
2 to bill all customers for storm restoration costs on a kWh (energy) basis.

3
4 2) It is impractical to make a change to the storm surcharge rates in the middle of
5 a storm cost recovery cycle. The current surcharge has been in place since April
6 2023 and was subsequently modified in December 2023 to incorporate Hurricane
7 Idalia. As noted above, both of these orders approved recovery on the current
8 c/kWh or energy basis. The switch to a demand-based charge would very likely
9 lead to customer confusion and frustration at a rate change this late in the game.

10
11 3) It is not possible to retroactively change or adjust any funds already collected
12 from customers.

13
14 **Q. On page 5, lines 10–12, Walmart Witness Perry states that the Company**
15 **depleted its SPP reserve funding the restoration efforts from these hurricanes**
16 **and tropical storm, and as such, is also requesting to replenish its SPP reserve.**
17 **Do you agree?**

18 A. Ms. Perry is confusing the Storm Protection Plan (“SPP”) and Storm Cost
19 Recovery Surcharge (“SCRS”). The storm reserve is not an SPP reserve nor does
20 it have anything to do with DEF’s SPP or the Storm Protection Plan Cost
21 Recovery Clause (“SPPCRC”); the costs recovered through each mechanism are
22 mutually exclusive. Therefore, the recovery methodology approved by the
23 Commission in an SPPCRC proceeding has no bearing or impact on the
24 recoveries sought for or approved in an SCRS proceeding. Further, the storm

1 reserve is collected via the SCRS, not the SPPCRC, and exists to cover restoration
2 costs resulting from storm events; it does not cover or include any SPP or
3 SPPCRC costs or cost recovery. As a result, Ms. Perry's argument highlighting
4 the demand-based recovery in the SPPCRC has no bearing on the current SCRS
5 proceeding.

6

7 **Q. On page 7, lines 5-12, Walmart Witness Perry states that SPP costs are**
8 **recovered from demand metered customers on a \$/kW basis. Thus, if the**
9 **Company covered the total recoverable storm amount from its SPP reserve,**
10 **then such funds would have been collected from demand-metered customers**
11 **through a demand charge. Do you agree?**

12 A. No. As I explain above, they are completely different mechanisms which recover
13 completely different costs. The collection and establishment of the storm reserve
14 has nothing to do with the DEF's SPP or SPPCRC; therefore the demand rates in
15 the SPPCRC are irrelevant for storm restoration recovery. The storm reserve is
16 collected via the SCRS, which is an energy-based rate (c/kWh); therefore, it is
17 appropriate that the collection of incremental restoration costs and the rebuilding
18 of the storm reserve, through the SCRS, be collected via the already approved
19 SCRS energy rates.

20

21 **IV. Conclusion**

22 **Q. Mr. Menendez, have you responded to every contention regarding the**
23 **Company's proposed plan in your rebuttal?**

1 A. No. My decision not to refute each and every individual characterization of fact or
2 opinion in Walmart Witness Perry's testimony should not be understood as
3 agreement with those points.

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5 **Q. Does this conclude your testimony?**

6 A. Yes.

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