FILED 4/17/2024
DOCUMENT NO. 01999-2024
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase by Duke Energy Florida, LLC

Docket No. 20240025-EI

Filed: April 17, 2024

DUKE ENERGY FLORIDA'S RESPONSE IN OPPOSITION TO OFFICE OF PUBLIC COUNSEL'S LETTER "IDENTIFICATION OF DEFICIENCIES IN THE MINIMUM FILING REQUIREMENTS"

Pursuant to Rule 28-106.204(1), F.A.C., Duke Energy Florida, LLC ("DEF" or the "Company") hereby files this Response in Opposition to the Office of Public Counsel's ("OPC") Letter "Identification of Deficiencies in the Minimum Filing Requirements ("MFRs") submitted by DEF" ("Letter"). DEF submits this response, because while OPC indicates that it provides "observations" and "circumstances and facts for…consideration," they suggest that DEF's MFRs are deficient and that therefore the schedule should be delayed/changed. As demonstrated below, DEF has fully complied with all rules. The alleged deficiency is a red herring to bolster OPC's continued attempts to change the case schedule.

DEF has complied with Rule 25-6.014, based on its plain reading. Specifically, Rule 25-6.014(4), F.A.C. states "[f]or each utility providing data to the Commission, all data shall be <u>consistent with and reconcilable with</u> the utility's Annual Report to the Commission." (Emphasis supplied). OPC reads this language to require that DEF submit a <u>reconciliation</u> with its MFRs and that its failure to do so renders the MFRs deficient. Reconcilable and reconciliation are two different words. Reconcilable means that it is capable of being reconciled with the Annual Report.

A reconciliation is the evidence or proof that the information is reconciled with the Annual Report. This is not mere semantics, in particular where the intended outcome is a determination that DEF has failed to meet rule requirements that will restart a statutory clock to implement rates.[1]

In addition, the alleged inconsistencies noted on page 2 of the Letter are not accurate, as noted in Attachment A to this Response. The information in DEF's Annual Report is consistent with and reconcilable with the MFRs. DEF has therefore fully complied with the requirements of Rules 25-6.014, F.A.C. and 25-6.043, F.A.C. There is no basis to find the MFRs deficient.

Respectfully submitted,

/s/ Dianne M. Triplett

DIANNE M. TRIPLETT
Deputy General Counsel
299 First Avenue North
St. Petersburg, FL 33701
T: 727. 820.4692
F: 727.820.5041
E: Dianne.Triplett@Duke-Energy.com

MATTHEW R. BERNIER
Associate General Counsel
106 E. College Avenue, Suite 800
Tallahassee, FL 32301
T: 850.521.1428
F: 727.820.5041
E: Matt.Bernier@Duke-Energy.com

STEPHANIE A. CUELLO
Senior Counsel
106 East College Avenue
Suite 800
Tallahassee, Florida 32301
T: (850) 521-1425

[1] OPC cites to DEF's last rate case (Docket 20090079-EI) in which the Commission deemed DEF's MFRs to be deficient, as though the fact that a utility one time (albeit over a decade ago) submitted deficient MFRs is relevant to whether the current MFRs are deficient. Of note, the deficiency from that last rate case was not at all related to non-compliance with Rule 25-6.014, F.A.C.

F: (727) 820-5041
E: Stephanie.Cuello@duke-energy.com
FLRegulatoryLegal@duke-energy.com

MOLLY JAGANNATHAN
molly.jagannathan@troutman.com
MELISSA O. NEW
melissa.butler@troutman.com
Troutman Pepper, LLC
600 Peachtree Street NE, Ste. 3000
Atlanta, GA 30308
T: (404) 885-3939

Attorneys for Duke Energy Florida, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 17th day of April, 2024

/s/ Dianne M. Triplett
Attorney

Jennifer Crawford / Major Thompson / Shaw Stiller Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 JCrawfor@psc.state.fl.us MThompso@psc.state.fl.us SStiller@psc.state.fl.us	Walt Trierweiler / Charles J. Rehwinkel / Mary Wessling / Austin Watrous Office of Public Counsel 111 W. Madison St., Rm 812 Tallahassee, FL 32399 rehwinkel.charles@leg.state.fl.us trierweiler.walt@leg.state.fl.us watrous.austin@leg.state.fl.us wessling.mary@leg.state.fl.us
Jon C. Moyle, Jr. / Karen A. Putnal Moyle Law Firm, P.A. FIPUG 118 North Gadsden Street Tallahassee, Florida 32301 jmoyle@moylelaw.com kputnal@moylelaw.com	Bradley Marshall / Jordan Luebkemann Earthjustice LULAC & FL Rising 111 S. Martin Luther King Jr. Blvd. Tallahassee, Florida 32301 bmarshall@earthjustice.org jluebkemann@earthjustice.org
Tony Mendoza / Patrick Woolsey Sierra Club 2101 Webster Street Suite 1300 Oakland, CA 94612 tony.mendoza@sierraclub.org patrick.woolsey@sierraclub.org	Robert Scheffel Wright / John T. LaVia, III Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry & Harper, P.A. Florida Retail Federation 1300 Thomaswood Drive Tallahassee, Florida 32308 schef@gbwlegal.com jlavia@gbwlegal.com
Sari Amiel Sierra Club 50 F St. NW, Eighth Floor Washington, DC 20001 sari.amiel@sierraclub.org James W. Brew / Laura Wynn Baker / Sarah B. Newman Stone Mattheis Xenopoulos & Brew, PC PCS Phosphate-White Springs 1025 Thomas Jefferson Street, NW Suite 800 West Washington, DC 20007-5201 jbrew@smxblaw.com lwb@smxblaw.com sbn@smxblaw.com	Peter J. Mattheis / Michael K. Lavanga / Joseph R. Briscar Stone Mattheis Xenopoulos & Brew, PC NUCOR 1025 Thomas Jefferson Street, NW Suite 800 West Washington, DC 20007-5201 pjm@smxblaw.com mkl@smxblaw.com jrb@smxblaw.com

RE: Docket No. 20240025-EI Response to Public Counsel's Identification of Deficiencies in the MFRs submitted by Duke Energy Florida, LLC

General Response: *See below for reconciliations of the MFR amounts to DEF's FERC Form 1. The amounts in the MFR schedules are correct as stated and require no adjustments. However, for clarity, DEF will file revised MFR schedules to reflect minor changes in 2019 and 2021, as discussed further below.*

1. On MFR Schedule B-3, Pages 13 through 15 of 15, there are seven amounts that do not match the Company's 2022 Annual Report.

   Response: DEF has identified the following nine amounts that are reflected in different sections within DEF's 2022 FERC Form 1 and MFR Schedule B-3 ($000s):

Item #	Source	Page	Line	Description	Amount
1	FERC Form 1	110 -111	4	Total Utility Plant	$26,180,630
	MFR B-3	13 of 15	8	Total Electric Plant	26,496,914
					($316,284)
2	FERC Form 1	110 -111	6	Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	($6,339,700)
	MFR B-3	13 of 15	9-12	Accum Prov Depr and Amort (108, 111, 115, 119)	(6,655,984)
					$316,284
	Explanation:				
	The following two items were reflected as credits to Total Utility Plant in the FERC Form 1 but as Accumulated Depreciation in MFR B-3:				
	Accumulated Lease Amortization - Capital Lease (acct 108)				($152,133)
	Accumulated Amortization of Right of Use Assets (acct 108)				(164,151)
	Total				($316,284)
3	FERC Form 1	110 -111	21	Investment in Subsidiary Companies (123.1)	$16,172
	MFR B-3	13 of 15	19	Investment in Associated Companies (123)	6,553
					$9,619
4	FERC Form 1	110 -111	44	Accounts Receivable from Assoc. Companies (146)	$2,099
	MFR B-3	13 of 15	30	Accounts Receivable from Associated Co (146)	11,717
					($9,619)
	Explanation:				
	An Intercompany amount of $9,619K was reflected in Accounts Receivable (acct 146) in MFR B-3 and Investment in Subsidary Company (acct 123.1) in the FERC Form 1.				
5	FERC Form 1	110 -111	70	Extraordinary Property Losses (182.1)	$1,373
	MFR B-3	n/a	n/a	n/a	0
					$1,373
6	FERC Form 1	110 -111	72	Other Regulatory Assets (182.3)	$2,572,314
	MFR B-3	14 of 15	3	Other Regulatory Asset (182)	2,573,688
					($1,373)
	Explanation:				
	FERC Account 182.1- Extraordinary Property Loss was included in Other Regulatory Assets in MFR B-3.				
7	FERC Form 1	110 -111	76	Clearing Accounts (184)	$9.7
	MFR B-3	14 of 15	5	Clearing Accounts (184)	$8.5
					$1.2
8	FERC Form 1	110 -111	57	Prepayments (165)	$67,179.6
	MFR B-3	13 of 15	36	Prepayments (165)	$67,179.8
					($0.3)
9	FERC Form 1	110 -111	78	Miscellaneous Deferred Debits (186)	$602,419.2
	MFR B-3	14 of 15	7	Miscellaneous Deferred Debits (186)	$602,420.1
					($0.9)
	Explanation:				
	Clearing Account costs of $1.2K were classified as $.3K in Prepayments and $.9K Misc Deferred Debits in MFR B-3.				

RE: Docket No. 20240025-EI Response to Public Counsel's Identification of Deficiencies in the MFRs submitted by Duke Energy Florida, LLC

2. On MFR Schedule B-7, Page 39 of 39, the total plant balance for 2022 does not match the Company's 2022 Annual Report balance.

   Response: MFR Schedule B-7, Page 39 of 39, Line 606, Column (4) of $24,274,816k does in fact tie to the 2022 FERC Form 1, Page 200-201, Line 8, Column (b) of $24,274,814k, with the exception of a minor $2k rounding difference.

3. On MFR Schedule B-8, Page 39 of 39, the total plant balance for 2022 does not match the Company's 2022 Annual Report balance.

   Response: MFR Schedule B-8, Page 37 of 37, Line 494, Column (2) of $24,274,811k does in fact tie to the 2022 FERC Form 1, Page 200-201, Line 8, Column (b) of $24,274,814k, with the exception of a minor $3k rounding difference.

4. On MFR Schedule B-10, Page 45 of 45, the 2022 balance for accounts 108, 111, 115, and 119 do not match the Company's 2022 Annual Report balance.

   Response: MFR Schedule B-10, Page 45 of 45, Line 644, Column (3) of $6,339,700k does in fact tie to the 2022 FERC Form 1, Page 110-111, Line 5, Column (c) of $6,339,700k.

5. On MFR Schedule C-6, Page 4 of 5, the actual O&M expenses for 2019, 2020, 2021, and 2022 do not match DEF's respective annual reports filed with the Commission.

   Response: The differences in each year 2019-2022 between MFR C-6, Page 4 of 5, Line 46 and DEF's FERC Form 1, Page 320-323, are due to FERC account 557-Other Power Supply Expenses which are the deferred fuel and purchased power costs on MFR C-6, Page 1 of 5, Line 23. The FERC Form 1 reflects these amounts on Page 114-117 in Regulatory Debits (FERC Account 407.3).

   In 2019, there is an additional minor difference of $29k due to an amount reflected in the FERC Form 1, Page 320-323, in FERC Account 570 Maintenance of Station Equipment, but not in MFR C-6. This amount represents charges to FERC Account 402 – Maintenance Expense in DEF's general ledger. These costs were omitted from MFR C-6 because they weren't recorded in the general ledger in accounts within the Operations and Maintenance Chart of Accounts per the Code of Federal Regulations, Title 18, Chapter I, Subchapter C, Part 101. DEF intends to submit a revised MFR Schedule C-6 to include this $29k in account 570 in 2019. DEF will also submit a revised MFR Schedule C-9 to include this $29k in the Transmission amount on Line 7, Column (3). No other MFRs are impacted by this change.

RE: Docket No. 20240025-EI Response to Public Counsel's Identification of Deficiencies in the MFRs submitted by Duke Energy Florida, LLC

Please see the following reconciliation ($000s):

	2019	2020	2021	2022
MFR C-6, Page 4 of 5, Line 46	$2,985,606	$2,795,362	$2,770,101	$3,495,647
FERC Form 1, Page 320-323	2,830,069	2,748,792	3,204,615	4,415,332
Difference	$155,537	$46,570	($434,514)	($919,685)
Reconciling Items:				
1. Other Power Supply Expenses, MFR C-6, Page 1 of 5, Line 23	$155,568	$46,570	($434,514)	($919,685)
2. Maintenance of Station Equipment (acct 570), FF1, Page 321, Line 107	(29)			
3. Rounding	(3)	(0)	0	(0)
Total	$155,539	$46,570	($434,514)	($919,685)

Further, while not required to do so on MFR Schedule C-6, for transparency into the O&M expense dollars, DEF has reflected clause-recoverable dollars in a separate section, broken out by each cost recovery clause, with the total clause-recoverable O&M on MFR Schedule C-6, Page 2 of 5, Line 15. Base-recoverable O&M dollars are reported below Line 15. DEF has found that while total O&M is correct, the SPP-recoverable amounts in 2021 (refer to Page 1 of 5, Lines 26-36, Column 7) are zero, because they were inadvertently reported in the base-recoverable section. Therefore, DEF will revise the O&M expense in 2021 to move dollars from the base-recoverable section to the SPP-recoverable section. Again, total O&M will not change, and there is no impact on the other MFRs.

6. On MFR Schedule D-2, the long-term amounts for 2021 and 2022 do not match the Company's respective annual reports filed with the Commission.

   <u>Response:</u> MFR Schedule D-2 presents DEF's long-term debt (LTD) on a GAAP basis. MFR Schedule D-2 includes four items that are not included in DEF's FERC Form 1, Page 112-113, Line 24, as shown below ($000s):

	2021	2022
Total LTD per MFR D-2, Page 1 of 1, Line 3	$8,482,742	$9,709,430
Total LTD per FERC Form 1, Page 112-113, Line 24	7,461,396	8,759,087
Difference	$1,021,346	$950,343
Reconciling Items:		
1. GE Construction Loan	$14,230	$21,359
2. Finance Leases	61,539	41,040
3. Unamortized Debt Issuance Costs	(56,470)	(58,205)
4. DEF Project Finance Subsidiary LTD	1,002,046	946,151
Total	$1,021,346	$950,344

RE: Docket No. 20240025-EI Response to Public Counsel's Identification of Deficiencies in the MFRs submitted by Duke Energy Florida, LLC

7. On MFR Schedule D-6, Page 5 of 5, the 2022 customer deposits balance does not match DEF's 2022 Annual Report.

   Response: MFR Schedule D-6 has two adjustments to: 1) include the balance in accounts receivable for outstanding deposits and 2) remove inactive customer deposits as they are not subject to interest expense, as shown below ($000s).

Customer Deposits per MFR D-6, Page 5 of 5, Line 1, Column (4)	$173,411
Customer Deposits (235) per FERC Form 1, Page 112-113, Line 41	182,787
Difference	($9,376)
Reconciling Items:	
1. Outstanding Deposits in Customer Accounts Receivable (142) FERC Form 1, Page 110-111, Line 40	($7,710)
2. Customer Deposits Inactive shown at zero cost rate on MFR D-1a, Page 5 of 5, Line 5, Column (2)	(1,666)
Total	($9,376)

8. MFR Schedule C-9, it appears the total operating expenses for 2019, 2020, 2021, and 2022 do not match DEF's respective annual reports filed with the Commission.

   Response: DEF has included interest expense in MFR C-9 on Line 17. When excluding interest expense, the total on MFR Schedule C-9 does in fact tie to DEF's FERC Form 1 (as well as Total Operating Expense in MFR Schedule C-6, Page 5 of 5, Line 42), with a minor $32K exception in 2019 as explained above in Number 5, Reconciling Items 2 and 3, and as shown below ($000s):

	2019	2020	2021	2022
MFR C-9, Page 1 of 1, Line 22	$4,461,528	$4,307,067	$4,408,035	$5,363,568
Remove Interest Expense, MFR C-9, Page 1 of 1, Line 17	(300,292)	(300,810)	(296,316)	(340,855)
Total Operating Expense per MFR C-6, Page 5 of 5, Line 42	4,161,235	4,006,257	4,111,718	5,022,713
Total Utility Operating Expenses, FERC Form 1, Page 114-117	4,161,267	4,006,257	4,111,718	5,022,713
Difference - See No. 5, Reconciling Items 2 & 3	($32)	($0)	($0)	($0)