

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** April 25, 2024

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Smith II, Hampson) *EJD*  
Office of the General Counsel (Stiller, Thompson) *JSC*

**RE:** Docket No. 20240025-EI – Petition for rate increase by Duke Energy Florida, LLC.

**AGENDA:** 5/7/24 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Passidomo

**CRITICAL DATES:** 06/03/24 (60-day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

This proceeding commenced on April 2, 2024, with the filing of a petition for a permanent rate increase by Duke Energy Florida, LLC (DEF or Company).<sup>1</sup> The Company is engaged in business as a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), and is subject to the jurisdiction of the Commission. DEF provides electric service to approximately two million retail customers in Pinellas, Pasco, Orange, Osceola, and Seminole Counties.

DEF has requested an increase in its retail rates and charges to generate \$593 million in additional gross annual revenue, effective January 1, 2025, \$98 million, effective January 1, 2026, and \$129 million, effective January 1, 2027. DEF asserts that the combined increases will allow the Company to earn a return on equity of 11.15 percent. The Company based its requests on projected test years ending December 31, 2025, December 31, 2026, and December 31, 2027. DEF stated that these test

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<sup>1</sup> Document No. 01442-2024

years are the appropriate periods to be utilized because they best represent expected future operations in the period immediately after any new base rates go into effect. In total, the Company is requesting an \$820 million base rate increase. DEF did not request any interim rate relief.

In DEF's most recent base rate proceeding in Docket No. 20210016-EI, the Commission approved a settlement agreement which authorized a revenue increase of \$67 million effective January 1, 2022, a revenue increase of \$49 million effective January 1, 2023, and a further revenue increase of \$79 million effective January 1, 2024.<sup>2</sup> The settlement agreement established base rates through the last billing cycle in December 2024.

On February 16, 2024, the Commission acknowledged the Office of Public Counsel's notice of intervention in this proceeding.<sup>3</sup> On April 19, 2024, Florida Rising, Inc.; League of United Latin American Citizens of Florida; Florida Industrial Power Users Group; Florida Retail Federation; and Sierra Club were granted intervention.<sup>4</sup> On April 24, 2024, White Springs Agricultural Chemicals, Inc. (White Springs) and Nucor Steel Florida, Inc., were granted intervention.<sup>5</sup> On April 23, 2024, Southern Alliance for Clean Energy filed its Petition to Intervene.<sup>6</sup> On April 24, 2024, Americans for Affordable Clean Energy, Inc.; Circle K Stores, Inc.; RaceTrac Inc.; and Wawa, Inc. filed a collective Petition to Intervene.<sup>7</sup> A hearing has been scheduled for August 12-16, 2024. August 19-23, 2024, have also been reserved, if necessary.<sup>8</sup>

This recommendation addresses the suspension of the requested permanent rate increase. The Commission has jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

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<sup>2</sup> Order No. PSC-2021-0202-AS-EI, issued June 9, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including base rate increases, by Duke Energy Florida, Inc.*

<sup>3</sup> Order No. PSC-2024-0041-PCO-EI, issued February 16, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, Inc.*

<sup>4</sup> Order Nos. PSC-2024-0106-PCO-EI, PSC-2024-0107-PCO-EI, PSC-2024-0108-PCO-EI, and PSC-2024-0109-PCO-EI, issued April 19, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, Inc.*

<sup>5</sup> Order Nos. PSC-2024-0129-PCO-EI and PSC-2024-0130-PCO-EI, issued April 24, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, Inc.*

<sup>6</sup> Document No. 02257-2024

<sup>7</sup> Document No. 02346-2024

<sup>8</sup> Order No. PSC-2024-0092-PCO-EI, issued April 11, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, Inc.*

## Discussion of Issues

**Issue 1:** Should Duke Energy Florida, LLC's (DEF) request for a \$593 million permanent rate increase effective January 1, 2025; a \$98 million permanent rate increase effective January 1, 2026, a \$129 million permanent rate increase effective January 1, 2027; and the associated tariff revisions be suspended pending a final decision in this docket?

**Recommendation:** Yes. DEF's requested \$593 million permanent rate increase effective January 1, 2025; \$98 million permanent rate increase effective January 1, 2026; \$129 million permanent rate increase effective January 1, 2027; and associated tariff revisions should be suspended pending a final decision in this docket. (Smith II)

**Staff Analysis:** DEF filed its petition, testimony, and minimum filing requirements on April 2, 2024. The Company has requested an increase in its retail rates and charges to generate \$593 million in additional gross annual revenue, effective January 1, 2025. DEF has also requested an increase in its retail rates and charges to generate \$98 million in additional gross annual revenue, effective January 1, 2026. Further, DEF has requested an increase in retail rates and charges to generate \$129 million in additional gross annual revenue, effective January 1, 2027.

Historically, the Commission has suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and any intervenors sufficient time to adequately analyze the case and for the Commission to conduct an administrative hearing. Staff believes this is good cause consistent with the requirement of Section 366.06(3), F.S.

Date: April

**Issue 2:** Should this docket be closed?

**Recommendation:** No, this docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase. (Stiller, Thompson)

**Staff Analysis:** This docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.