

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In 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.: 20230020-EI

FILED: April 29, 2024

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel (OPC), pursuant to Florida Public Service Commission (Commission) Order Establishing Procedure PSC-2023-0333-PCO-EI issued November 02, 2023, hereby submit this Prehearing Statement.

APPEARANCES:

Walt Trierweiler
Public Counsel

Charles Rehwinkel
Deputy Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida

1. **WITNESSES:** None.

2. **EXHIBITS:** None.

3. STATEMENT OF BASIC POSITION:

The burden of proof in a Commission proceeding is always on a utility seeking a rate change and upon other parties seeking to change established rates. *Fla. Power Corp. v. Cresse*, 413 So. 2d 1187, 1191 (Fla. 1982). Duke Energy Florida (DEF) has the burden to prove whether the Commission should approve DEF's Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred. As a result of the stipulation entered into among the parties to Docket No. 20170271-EI and approved in Order No. PSC-2019-0232-AS- EI (2019 Settlement), DEF agreed to follow certain processes for incurring storm restoration costs. DEF also agreed to engage an independent accountant to perform an audit of its compliance with the agreed processes.

The OPC has reviewed DEF's audit plan, audit report and audit workpapers, and the OPC further conducted discovery involving a review of a representative sample of invoices and cost documentation. After conducting this review and cooperatively meeting with DEF and their outside auditors, the OPC determined that the company has materially complied with the 2019 Settlement and that the audit was well-designed and well-executed. DEF has also demonstrated that it maintains a practice of working to continuously improve its stewardship of the resources it acquires for restoring service after severe weather events.

Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

ISSUE 1: Should the incremental cost and capitalization approach (ICCA) found in Rule 25-6.0143, F.A.C., be used to determine the reasonable and prudent amounts to be included in the restoration costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 2: Have the terms of DEF's 2019 Settlement Agreement, approved by Order No. PSC-2019-0232-AS-EI, issued June 13, 2019, been complied with? If not, why not?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 3: What is the reasonable and prudent amount of regular payroll expense to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by Duke Energy in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 4: What is the reasonable and prudent amount of overtime payroll expense to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only

pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 5: What is the reasonable and prudent amount of contractor costs, including vegetation and line clearing, to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 6: What is the reasonable and prudent amount of vehicle and fuel expense to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 7: What is the reasonable and prudent amount of employee expenses to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 8: What is the reasonable and prudent amount of materials and supplies expense to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm

restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 9: What is the reasonable and prudent amount of logistics costs to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF'S petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 10: What is the reasonable and prudent amount of other costs to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 11: What is the reasonable and prudent total amount of costs to be included in Total Storm Related Restoration Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 12: What is the reasonable and prudent amount of storm-related costs that should be capitalized?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this

matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 13: What is the reasonable and prudent amount of storm-related costs that should be ICCA non-incremental O&M adjustments?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 14: What is the reasonable and prudent total amount of retail Recoverable Storm Costs?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 15: What is the appropriate accounting treatment associated with any storm costs found to have been imprudently incurred?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF.

ISSUE 16: If applicable, how should any under-recovery or over-recovery be handled?

OPC Position: No position; OPC is able to facilitate a Type 2 stipulation on this issue.

ISSUE 17 : What additional storm restoration process improvements, if any, should DEF follow in future storms?

OPC Position: Based on the entirety of the circumstances, DEF's petition meets the burden of proof established by the 2019 Settlement and other applicable laws. As a result of the due diligence performed by the OPC and the cooperation by DEF in this matter, OPC is in support of DEF's commitment to an ongoing, continuous storm restoration process improvement plan so that current and future customers only pay for prudent, cost-effective storm restoration costs incurred due to extreme weather events. Thus, OPC agrees with DEF and is in agreement with the Ongoing, Continuous Process Improvements filed by DEF.

ISSUE 18: Should this docket be closed?

OPC Position: No position.

CONTESTED ISSUES:

WALMART

ISSUE : Should any cost recovery approved in this docket be recovered from demand-metered customers through the demand charge?

OPC Position: No position; OPC is able to facilitate a Type 2 stipulation on this issue.

5. **STIPULATED ISSUES:** None at this time.

6. **PENDING MOTIONS:** None at this time.

7. **STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:**

OPC has no pending requests or claims for confidentiality at this time.

8. **OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:**

OPC has no objections to the qualification of any witnesses as an expert in the field which they pre-filed testimony as of the present date.

9. **SEQUESTRATION OF WITNESSES:**

OPC does not request the sequestration of any witness at this time.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which OPC cannot comply.

Respectfully submitted,

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Public Counsel

/s/ Charles J. Rehwinkel

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*Attorneys for the Citizens
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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 on this 29th day of April 2024, to the following:

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