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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF**

**DIRECT TESTIMONY OF DONNA D. BROWN**

**DOCKET NO. 20240010-EI**

**JULY 1, 2024**

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

A. My name is Donna D. Brown. My business address is 2540 Shumard Oak Blvd;  
Tallahassee, FL 32399.

**Q. By whom are you presently employed and in what capacity?**

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as  
the Bureau Chief of Auditing. I have been employed by the Commission since February 2008.

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

A. I graduated from Florida A&M University in 2006 with a Bachelor of Science degree  
in Accounting. In 2018, I received my Masters in Business Administration from Troy  
University. I have worked for the FPSC for 15 years, and I have varied experience in the  
electric, gas, and water and wastewater industries. My work experience includes various types  
of rate cases, cost recovery clauses, and utility audits.

**Q. Please describe your current responsibilities.**

A. I currently manage the Bureau of Auditing within the FPSC's Office of Auditing &  
Performance Analysis. My responsibilities consist of performing audits, as well as  
supervising staff during audits, to ensure utility compliance with FPSC rules, policies and  
procedures.

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

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

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

5 A. The purpose of my testimony is to sponsor staff's Auditor Report of Duke Energy  
6 Florida, LLC (DEF or Utility), which addresses the Utility's filing in Docket No. 20240010-  
7 EI. An Auditor's Report was issued in the docket on July 1, 2024. This report is filed with  
8 my testimony and is identified as Exhibit DDB-1.

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

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

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

13 A. The objectives and procedures are listed in the Objectives and Procedures section of  
14 the attached Exhibit DDB-1, pages 2 and 3.

15 **Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-1) which**  
16 **address the schedules prepared by the Utility in support of its filing in Docket No.**  
17 **20240010-EI?**

18 A. No.

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

20 A. Yes, it does.

21

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State of Florida



## Public Service Commission

Office of Auditing and Performance Analysis  
Bureau of Auditing

### Auditor's Report

Duke Energy Florida, LLC  
Storm Protection Plan Cost Recovery Clause

**Twelve Months Ended December 31, 2023**

Docket No. 20240010-EI  
Audit Control No. 2024-004-1-1  
**June 25, 2024**

A handwritten signature in black ink, appearing to read "Tony", written over a horizontal line.

Tony Nguyen  
Audit Manager

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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 December 20, 2023. We have applied these procedures to the attached schedules prepared by Duke Energy Florida, LLC in support of its filing for Storm Protection Plan Cost Recovery in Docket No. 20240010-EI.

The report is intended only for internal Commission use.

## Objectives and Procedures

### **General**

#### Definitions

Utility refers to Duke Energy Florida, LLC.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to the Storm Protection Plan.

**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 invoices and supporting documentation for SPP Operation and Maintenance expenses. We tested for proper account, proper amount, proper period, and proper project. No exceptions were noted.

### **Capital Investments**

**Objectives:** The objectives were to audit the following capital investments: Feeder Hardening Program, Distribution Lateral Undergrounding Program, and Transmission Pole Replacement. 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 calculation 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.

**Procedures:** Audit staff reconciled the capital investments to the Utility's general ledger. We verified that the most recent Commission-approved depreciation and amortization periods were used in calculating depreciation expense. We statistically sampled the SPPCRC program-related additions, retirements, and adjustments for the period January 1, 2023, through December 31, 2023, by reviewing invoices and documentation for the Feeder Hardening Program, the Distribution Lateral Undergrounding Program, and Transmission Pole Replacement. Sample size was reduced after utility request. In addition, there were no depreciation savings for retired assets recovered through base rates. No exceptions were noted.

**Objective:** The objective was to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1, 2023, through December 31, 2023.

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

**Objective:** The objective was to reconcile the operation and maintenance expenses of the projects listed on Form 5A of the filing, to the general ledger.

**Procedures:** We reconciled the operation and maintenance expenses to the general ledger. We statistically sampled the operation and maintenance expenses of the projects listed on Form 5A for review. 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. 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, 2023, using the Financial Commercial Paper rates and 2023 revenues and costs. No exceptions were noted.

**Audit Findings**

**None**



Exhibits

**Exhibit 1: True-Up**

**Duke Energy Florida**  
**Storm Protection Plan Cost Recovery Clause**  
**True-Up Filing**  
**Actual Period: January through December 2023**  
**Calculation of True-Up Amount**  
**(in Dollars)**

Docket No. 20240010-EI  
 Duke Energy Florida, LLC  
 Witness: C.A. Menendez  
 Exh. No. (CAM-1)  
 Form 2A  
 Page 2 of 149

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	\$ 10,057,070	\$ 8,891,616	\$ 10,106,010	\$ 10,625,788	\$ 10,810,894	\$ 12,798,853	\$ 14,065,542	\$ 14,816,003	\$ 14,472,094	\$ 11,835,153	\$ 9,459,209	\$ 9,554,999	\$ 138,108,830
2. True-Up Provision	634,712	634,712	634,712	634,712	634,712	634,712	634,712	634,712	634,712	634,712	634,712	634,712	7,816,544
3. Clause Revenues Applicable to Period (Lines 1 + 2)	11,292,382	9,526,328	10,830,722	11,160,500	11,445,606	13,433,565	14,690,254	15,450,715	15,106,806	12,472,865	10,123,921	10,189,711	145,723,374
4. Jurisdictional Rev. Req. (Form 5A and Form 7A)													
a. Overhead Hardening Distribution	3,248,273	2,312,843	4,316,810	2,264,969	2,853,122	3,578,537	3,988,478	4,218,460	4,922,386	6,001,070	851,250	3,355,392	41,911,813
b. Overhead Hardening Transmission	1,107,238	1,221,972	1,331,045	1,290,333	1,421,849	1,373,380	1,457,880	1,959,293	1,668,861	1,807,141	1,751,473	1,899,049	17,908,814
c. Undergrounding	423,894	482,583	606,021	300,800	721,897	787,568	788,260	771,389	808,101	634,320	634,143	800,886	8,818,813
d. Vegetation Management	4,362,798	4,778,844	5,587,724	4,815,521	5,295,221	4,731,586	4,354,970	4,578,045	3,069,548	4,803,632	5,450,839	3,733,033	55,361,781
e. Legal, Accounting, and Administrative (O&M only)	0	0	0	0	0	0	0	0	0	0	0	0	0
f. Total Jurisdictional Revenue Requirements	9,142,203	8,796,212	12,131,600	8,490,432	10,292,889	10,441,052	10,589,888	11,227,214	10,468,897	13,446,163	8,987,705	9,878,340	123,890,602
5. Over(Under) Recovery (Line 3 - Line 4f)	2,150,179	730,116	(1,300,878)	2,871,068	1,153,517	2,992,502	4,100,568	4,223,502	4,637,909	(973,298)	1,138,216	311,371	21,832,772
6. Interest Provision (Form 3A Line 10)	71,398	77,073	75,731	79,118	87,167	94,505	109,805	128,339	145,942	151,493	149,369	150,428	1,320,068
7. Beginning Balance True-Up & Interest Provision	7,816,544	9,203,409	9,375,880	7,816,027	9,831,502	10,237,473	12,689,769	16,265,230	19,982,358	24,131,397	22,674,880	23,328,753	7,816,544
a. Deferred True-Up from January to December 2023	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993	10,715,993
8. True-Up Collected/(Refunded) (see Line 2)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(634,712)	(7,816,544)
9. End of Period Total True-Up (Lines 5+6+7+8+9)	10,919,402	20,091,880	18,232,021	20,347,485	20,953,467	23,405,762	26,961,223	30,898,351	34,847,391	33,390,873	34,041,746	33,968,834	33,868,834
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)	\$ 10,919,402	\$ 20,091,880	\$ 18,232,021	\$ 20,347,485	\$ 20,953,467	\$ 23,405,762	\$ 26,961,223	\$ 30,898,351	\$ 34,847,391	\$ 33,390,873	\$ 34,041,746	\$ 33,968,834	\$ 33,868,834

**Exhibit 2: Interest Provision**

<b>Duke Energy Florida</b> Storm Protection Plan Cost Recovery Clause True-Up Filing Actual Period: January through December 2023 Calculation of Interest Provision for True-Up Amount (in Dollars)													Docket No. 20240010-EI Duke Energy Florida, LLC Witness: C.A. Menendez Est. No. (CAM-1) Form 3A Page 3 of 140
Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (Form 2A, Line 7+7a+10)	\$ 18,332,538	\$ 19,919,403	\$ 20,091,850	\$ 18,232,021	\$ 20,347,495	\$ 20,953,467	\$ 23,405,703	\$ 26,091,223	\$ 30,668,352	\$ 34,847,391	\$ 33,390,874	\$ 34,041,747	
2. Ending True-Up Amount Before Interest	19,848,005	20,014,807	19,156,200	20,265,377	20,886,300	23,311,258	26,871,618	30,570,013	34,701,549	33,239,381	33,892,378	33,718,408	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	38,180,543	39,934,210	38,248,170	38,500,368	41,213,795	44,264,725	50,277,381	57,551,236	65,369,900	68,086,771	67,283,251	67,760,163	
4. Average True-Up Amount (Line 3 x 1/2)	19,090,272	19,967,105	19,124,085	19,250,189	20,606,898	22,132,363	25,138,691	28,775,618	32,684,950	34,043,386	33,641,626	33,680,077	
5. Interest Rate (First Day of Reporting Business Month)	4.37%	4.61%	4.86%	4.85%	5.02%	5.14%	5.11%	5.35%	5.36%	5.36%	5.32%	5.33%	
6. Interest Rate (First Day of Subsequent Business Month)	4.61%	4.86%	4.85%	5.02%	5.14%	5.11%	5.36%	5.35%	5.36%	5.32%	5.33%	5.32%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.98%	9.27%	9.51%	9.87%	10.16%	10.25%	10.46%	10.70%	10.71%	10.68%	10.65%	10.65%	
8. Average Interest Rate (Line 7 x 1/2)	4.490%	4.635%	4.755%	4.935%	5.080%	5.125%	5.230%	5.350%	5.365%	5.340%	5.325%	5.325%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.374%	0.385%	0.396%	0.411%	0.423%	0.427%	0.438%	0.446%	0.448%	0.445%	0.444%	0.444%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$ 71,398	\$ 77,073	\$ 75,731	\$ 79,118	\$ 87,167	\$ 94,505	\$ 109,905	\$ 128,339	\$ 148,942	\$ 151,493	\$ 149,389	\$ 150,428	\$ 1,320,068

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Storm protection plan cost recovery  
clause.

DOCKET NO. 20240010-EI

DATED: July 1, 2024

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of Donna Brown on behalf of the Florida Public Service Commission has been served by electronic mail to the following this 1<sup>st</sup> day of July, 2024:

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CERTIFICATE OF SERVICE

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*/s/ Daniel Dose*

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