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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 Florida Public
6 Utilities Company (FPUC or Utility), which addresses the Utility's filing in Docket No.
7 20240010-EI. An Auditor's Report was issued in the docket on July 1, 2024. This report is
8 filed with my testimony and is identified as Exhibit DDB-2.

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

10 A. Yes.

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-2, pages 2 and 3.

15 **Q. Were there any audit findings in the Auditor's Report (Exhibit DDB-2) 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.

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State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Public Utilities Company
Storm Protection Plan Cost Recovery Clause

Twelve Months Ended December 31, 2023

Docket No. 20240010-EI
Audit Control No. 2024-004-1-2

July 1, 2024

A handwritten signature in cursive script, reading "Donna D. Brown".

Donna D. Brown
Audit Manager

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

 1: Operation & Maintenance (O&M) Expense 4

Exhibit

 1: True Up and Interest Provision..... 5

 2: Interest Provision 6

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 Florida Public Utilities Company in support of its filing for the Storm Protection Plan Cost Recovery Clause in Docket No. 20240010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definition

Utility refers to the Florida Public Utilities Company.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to the Storm Protection Plan.

Capital Investments

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.

Objectives: The objectives were to audit the following capital investments: Distribution Overhead Feeder Hardening Program, Distribution Lateral Undergrounding Program, and Transmission Assets Upgrade, and Transmission Exchange. 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 calculations 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 expenses; 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. In addition, there were no depreciation savings for retired assets recovered through base rates. No exceptions were noted.

Expense

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. Finding No. 1 discusses the recommended adjustments.

Objective: The objective was to reconcile operation and maintenance expenses of the projects listed on Form A-5 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 Issues

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 account 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. We determined that that Utility had not made changes to its accounting practices and its allocation method. 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, 2022, using the Non-Financial Commercial Paper rates, and 2023, revenues and costs. No exceptions were noted.

Audit Findings

Finding 1: Operation & Maintenance (O&M) Expense

Audit Analysis: While testing the statistically selected sample for the Vegetation Management O&M program, audit staff noted that there were seven transactions in which the invoice dates were outside the test year. Although these seven transaction dates were applied and posted in 2023, the invoice date was from 2022. Audit staff recommends the removal of the amounts due to the invoices being outside the test year. Audit staff determined that the Vegetation Management O&M program should be decreased by \$68,462.23, as shown in Table 1-1.

Table 1-1

No.	Vendor Name	Amount	Apply Date	Posted Date	Invoice Date
1	THE DAVEY TREE EXPERT COMPANY	\$ 7,221.50	01/12/23	01/13/23	11/17/22
2	THE DAVEY TREE EXPERT COMPANY	\$ 9,026.87	01/12/23	01/13/23	09/07/22
3	THE DAVEY TREE EXPERT COMPANY	\$ 9,607.96	01/12/23	01/13/23	10/26/22
4	THE DAVEY TREE EXPERT COMPANY	\$10,030.42	01/12/23	01/13/23	11/16/22
5	THE DAVEY TREE EXPERT COMPANY	\$10,632.51	01/12/23	01/13/23	10/05/22
6	THE DAVEY TREE EXPERT COMPANY	\$10,885.26	01/12/23	01/13/23	10/12/22
7	THE DAVEY TREE EXPERT COMPANY	\$11,057.71	01/12/23	01/13/23	11/09/22
Total		\$68,462.23			

Effect on the General Ledger: The Utility should determine the effect on the general ledger.

Effect on the Filing: Audit staff determined that the Vegetation Management O&M program should be reduced by \$68,462.23

Exhibit

Exhibit 1: True Up and Interest Provision

Florida Public Utilities
 Storm Protection Plan Cost Recovery Clause
 Final True-Up
 Prior Period: January through December 2022

SPPCRC Form 2A
 Page 1 of 1

Calculation of True-Up Amount
 (in Dollars)

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)	\$ 120,858	\$ 96,252	\$ 90,186	\$ 99,880	\$ 94,873	\$ 116,202	\$ 146,735	\$ 143,822	\$ 148,735	\$ 102,924	\$ 94,314	\$ 100,277	\$ 1,357,873
2. True-Up Provision ⁽¹⁾	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(27,763)	(333,155)
3. Clause Revenues Applicable to Period (Lines 1 + 2)	93,095	68,489	62,423	72,117	67,110	88,439	118,972	116,059	120,972	75,161	66,551	72,514	1,024,718
4. Jurisdictional Rev. Rec. (SPPCRC Form 5A and SPPCRC Form 7A)													
a. Overhead Hardening	23,049	3,116	8,960	7,827	17,231	134,851	18,081	18,256	53,679	29,662	36,574	41,345	392,768
b. Undergrounding	674	866	1,018	1,121	1,180	1,341	1,647	2,174	2,465	3,032	4,395	5,688	25,549
c. Vegetation Management	142,778	142,593	117,705	128,389	141,828	141,458	142,685	173,763	204,349	131,668	176,385	188,531	1,810,261
d. less: adj for costs in base rates	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(81,282)	(875,304)
e. Total Jurisdictional Revenue Requirements ⁽²⁾	87,209	85,286	46,311	56,055	76,846	196,368	77,131	112,651	179,195	81,091	136,182	134,268	1,253,013
5. Over/Under Recovery (Line 3 - Line 4e)	6,987	3,214	16,032	16,063	(11,936)	(108,919)	41,841	3,408	(57,223)	(7,829)	(69,631)	(61,754)	(228,296)
6. Interest Provision (SPPCRC Form 3A, Line 10)	(1,700)	(1,862)	(1,600)	(1,471)	(1,360)	(1,563)	(1,618)	(1,430)	(1,443)	(1,470)	(1,336)	(1,700)	(18,533)
7. Beginning Balance True-Up & Interest Provision	(333,155)	(301,105)	(271,787)	(228,585)	(187,200)	(172,763)	(252,468)	(184,495)	(153,258)	(185,151)	(167,803)	(211,100)	(333,155)
a. Deferred True-Up from January to December 2022 ⁽³⁾	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)	(157,305)
8. True-Up Collected/Refunded (see Line 2)	27,763	27,763	27,763	27,763	27,763	27,763	27,763	27,763	27,763	27,763	27,763	27,763	333,155
9. End of Period Total True-Up (Lines 5+6+7a+8)	(458,410)	(429,085)	(306,890)	(244,550)	(330,068)	(405,783)	(341,804)	(812,563)	(343,495)	(356,110)	(308,408)	(404,163)	(404,193)
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)	\$ (458,410)	\$ (429,085)	\$ (306,890)	\$ (244,550)	\$ (330,068)	\$ (405,783)	\$ (341,804)	\$ (812,563)	\$ (343,495)	\$ (356,110)	\$ (308,408)	\$ (404,163)	\$ (404,193)

Exhibit 2: Interest Provision

Florida Public Utilities
Storm Protection Plan Cost Recovery Clause
Final True-Up
 Prior Period: January through December 2023

SPPCRC Form 3A

Calculation of Interest Provision for True-Up Amount
 (in Dollars)

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 Report Total
1. Beginning True-Up Amount (SPPCRC Form 2A, Line 7+7a+10)	\$ (490,460)	\$ (458,410)	\$ (428,085)	\$ (388,880)	\$ (344,565)	\$ (330,065)	\$ (409,793)	\$ (341,604)	\$ (312,583)	\$ (342,466)	\$ (325,113)	\$ (338,433)	
2. Ending True-Up Amount Before Interest	(458,710)	(427,435)	(385,280)	(343,034)	(328,078)	(403,224)	(340,188)	(311,133)	(342,023)	(323,932)	(369,957)	(432,486)	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	(949,170)	(885,845)	(813,365)	(731,914)	(672,643)	(733,289)	(749,981)	(652,737)	(654,506)	(667,398)	(695,070)	(770,919)	
4. Average True-Up Amount (Line 3 x 1/2)	(474,585)	(442,922)	(407,183)	(365,957)	(336,322)	(366,645)	(374,991)	(326,368)	(327,253)	(333,699)	(347,535)	(385,459)	
5. Interest Rate (First Day of Reporting Business Month)	4.23%	4.36%	4.63%	4.83%	4.83%	5.08%	5.12%	5.23%	5.20%	5.31%	5.31%	5.34%	
6. Interest Rate (First Day of Subsequent Business Month)	4.36%	4.60%	4.83%	4.83%	5.08%	5.12%	5.23%	5.28%	5.31%	5.31%	5.34%	5.33%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	8.61%	8.96%	9.43%	9.66%	9.91%	10.20%	10.35%	10.51%	10.50%	10.62%	10.65%	10.64%	
8. Average Interest Rate (Line 7 x 1/2)	4.305%	4.480%	4.715%	4.830%	4.955%	5.100%	5.175%	5.255%	5.250%	5.310%	5.328%	5.320%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.358%	0.373%	0.393%	0.403%	0.413%	0.425%	0.431%	0.438%	0.442%	0.443%	0.445%	0.443%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$ (1,700)	\$ (1,657)	\$ (1,600)	\$ (1,471)	\$ (1,390)	\$ (1,550)	\$ (1,618)	\$ (1,430)	\$ (1,443)	\$ (1,478)	\$ (1,530)	\$ (1,706)	\$ (18,864)

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 1st day of July, 2024:

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CERTIFICATE OF SERVICE

DOCKET NO. 20240001-EI

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