

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding for
recovery of incremental storm restoration costs
related to Hurricanes Debby, Helene and
Milton, by Duke Energy Florida, LLC.

DOCKET NO. 20240173-EI
ORDER NO. PSC-2026-0347-PAA-EI
ISSUED: September 30, 2026

The following Commissioners participated in the disposition of this matter:

GABRIELLA PASSIDOMO SMITH, Chairman
GARY F. CLARK
MIKE LA ROSA
BOBBY PAYNE
ANA ORTEGA

NOTICE OF PROPOSED AGENCY ACTION ORDER APPROVING
DUKE ENERGY FLORIDA, LLC'S STORM RESTORATION COSTS
FOR HURRICANES DEBBY, HELENE AND MILTON

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BACKGROUND

On December 27, 2024, Duke Energy Florida, LLC (DEF or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$1.09 billion for the incremental restoration costs related to Hurricanes Debby, Helene, and Milton (the Storms), as well as the replenishment of its retail storm reserve. Included in the \$1.09 billion is interest charged on unrecovered costs for the Storms. Pursuant to the 2024 Settlement Agreement (2024 Settlement) we approved by Order No. PSC-2024-0472-AS-EI, the recovery of storm costs from customers will begin, on an interim basis, 60 days after the filing of a cost recovery petition and tariff with us. DEF requested a 12-month recovery period, applied to all bills from March 2025 through February 2026. On February 24, 2025, we approved Order No. PSC-2025-0061-PCO-EI, which authorized the Company to implement the interim storm restoration recovery charge, subject to refund. On January 5, 2026, DEF filed a letter with us advising that the storm cost recovery surcharge could be removed from customer bills at the end of January 2026 because the storm restoration costs would be fully recovered a month earlier than anticipated.

The intervention of the Office of Public Counsel (OPC) was acknowledged by Order No. PSC-2025-0016-PCO-EI, issued January 14, 2025. Nucor Steel Florida, Inc. (Nucor) and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate-White Springs (PCS Phosphate) filed petitions to intervene on January 15, 2025, and January 24, 2025, respectively. Nucor and PCS Phosphate each timely filed Motions for Reconsideration of Order No. PSC-2025-0061-PCO-EI. On May 27, 2025, by Order No. PSC-2025-0167-FOF-EI we denied PCS Phosphate's and Nucor's motions for reconsideration to the cost allocation and rate design treatment approved in Order No. PSC-2025-0061-PCO-EI, because the issues had not been fully determined and could still be raised later in the proceeding.

On August 13, 2025, DEF and the OPC agreed that DEF would have PriceWaterhouseCoopers (PwC) conduct an audit of the Company's storm costs related to Hurricane Milton.¹ The parties stated that the purpose of the third-party audit was to reduce the need for discovery in the pending and future storm dockets. Additionally, the parties agreed that the third-party audit in this docket would avoid the need for future similar audits if there were not any substantive material changes in procedures or our rules and requirements. On November 19, 2025, an amended agreement was filed to substitute Deloitte & Touch LLP (Deloitte) as the third-party audit firm to conduct the independent examination of the Company's storm costs associated with Hurricane Milton.²

We have jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes (F.S.).

DECISION

ICCA

Rule 25-6.0143, F.A.C., requires the incremental cost and capitalization approach (ICCA) be used in determining the costs to be charged to cover storm-related damages. Therefore, the ICCA approach shall be used to determine the reasonable and prudent amounts included in the storm restoration costs.

Regular payment expense

DEF witness New testified that regular payroll represents regular labor costs incurred by DEF employees or employees of DEF affiliates for time spent on storm restoration activities. Pursuant to Rule 25-6.0143(1)(e)8., F.A.C., payroll and payroll related costs may be charged to the storm reserve under the ICCA methodology. Witness New explained that DEF calculated the non-incremental payroll amount by comparing actual base payroll for the months in which restoration work occurred with a three-year historical average of base payroll for the corresponding months.

¹ Document No. 07892-2025, Docket No. 20240173-EI

² Document No. 15174-2025, Docket No. 20240173-EI

Witness New also testified that to ensure the reasonableness and prudence of the costs, DEF utilized separate project codes for transmission, distribution, generation, and customer service to properly account for all costs directly incurred by storm restoration activities. Witness New stated that all storm restoration costs are initially recorded in FERC Account 186 and then reviewed to determine whether they should be recorded to the storm reserve, operations and maintenance expense, or capital accounts. The amount of payroll expense for each storm are listed below.

Table 1
Regular Payroll Expense

Storm	Amount (Million)
Debby	\$1.580
Helene	2.914
Milton	<u>4.942</u>
Total	<u>\$9.436</u>

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton, which was the subject of the Deloitte audit. Therefore, we find that the regular payroll expense for all three hurricanes in the amount of \$9.436 million is reasonable and prudent.

Overtime payroll expense

Payroll and payroll related costs may be charged to the storm reserve pursuant to Rule 25-6.0143(1)(e)8, F.A.C. and are subject to the same calculation of non-incremental cost under the ICCA methodology. Furthermore, the Company utilized separate project codes that were subsequently reviewed for reasonableness and prudence of each cost associated with the Storms. The overtime payroll expenses for each storm are listed below.

Table 2
Overtime Payroll Expense

Storm	Amount (Million)
Debby	\$4.493
Helene	9.641
Milton	<u>15.351</u>
Total	<u>\$29.485</u>

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton, which was the subject of the Deloitte audit. Therefore, we find that the overtime payroll expense in the amount of \$29.485 million for all three hurricanes is reasonable and prudent.

Contractor costs

According to DEF witness New, contractor costs consist of third-party time and equipment costs incurred for storm restoration activities. Pursuant to Rule 25-6.0143(1)(e)1, F.A.C., contractor costs may be charged to the storm reserve under the ICCA methodology. DEF witness New explained that DEF determined the amount of non-incremental contractor costs by calculating the prior three-year average for the months in which storm restoration activities were incurred and compared it to the actual contractor costs incurred in the month in which storm restoration work was performed.

When asked why the contractor costs were updated from the petition to witness New's testimony, DEF stated that the variance is attributable to the use of preliminary storm cost estimates developed in November 2024. Subsequent adjustments were based on completed storm restoration activities, vendor invoices, and prudence reviews that allowed costs to be further validated and finalized. DEF is requesting storm recovery of incremental costs incurred in responding to Hurricanes Debby, Helene, and Milton as defined under the ICCA methodology required under Rule 25-6.0143, F.A.C. The total contractor costs for each storm are listed below.

Table 3
Contractor Costs

Storm	Amount (\$ Million)
Debby	\$31.633
Helene	200.678
Milton	600.055
Total	<u>\$832.366</u>

Source: Exhibits JN-2, JN-3, and JN-4

In response to our staff's data request, DEF stated that it identified an overpayment to a vendor. DEF contacted the vendor, which acknowledged the error and committed to fully repaying the overpayment to DEF. The overpayment resulted in contractor costs reported in DEF's original testimony filing being overstated by \$510,514. In its response, DEF proposes to apply this amount to a future storm regulatory filing. We disagree with this treatment, as it would create an unnecessary delay in the recognition of the adjustment. Instead, we find that the adjustment to reduce contractor expense by \$510,514 be made in this proceeding.

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton. Therefore, we find that the contractor costs in the amount of \$832.366 million for all three hurricanes is reasonable and prudent.

Internal fleet costs

According to DEF witness New, internal fleet costs for storm restoration consist of fuel and maintenance costs for DEF fleet vehicles. Pursuant to Rule 25-6.0143(1)(e)9., F.A.C., internal fleet costs may be charged to the storm reserve under the ICCA methodology. DEF witness New explained that DEF determined the amount of non-incremental internal fleet costs by calculating the prior three-year average for the months in which storm restoration activities were incurred, and compared it to the actual internal fleet costs incurred in the month in which storm restoration work was performed.

When asked why the internal fleet costs were updated from the petition to witness New's testimony, DEF stated that the variance is attributable to the use of preliminary storm cost estimates developed in November 2024. Subsequent adjustments were based on completed storm restoration activities, vendor invoices, and prudence reviews that allowed costs to be further validated and finalized. DEF is requesting storm recovery of incremental costs incurred in responding to Hurricanes Debby, Helene, and Milton as defined under the ICCA methodology required under Rule 25-6.0143, F.A.C. The total internal fleet costs for each storm are listed below.

Table 4
Internal Fleet Costs

Storm	Amount (Million)
Debby	\$0.283
Helene	0.213
Milton	0.386
Total	<u>\$0.882</u>

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton. Therefore, we find that the internal fleet costs in the amount of \$0.882 million for all three hurricanes are reasonable and prudent.

Employee expenses

Witness New testified that employee expenses included lodging costs for employees and contractor crews, as well as meals and mileage reimbursements for employees using their personal vehicles during storm restoration. Pursuant to Rule 25-6.0143(1)(e)2., F.A.C., logistics costs of providing meals, lodging, and linens for tents and other staging areas may be charged to the storm reserve under the ICCA methodology. Additionally, witness New testified that DEF excluded any amounts from this request that were non-incremental or capitalizable pursuant to Rule 25-6.0143(1)(d), and(1)(e), F.A.C.

The Company utilized separate project codes that were subsequently reviewed for reasonableness and prudence of each cost associated with the Storms. The amount of employee expenses for each storm are listed below.

Table 5
Employee Expenses

Storm	Amount (Million)
Debby	\$1.946
Helene	9.582
Milton	40.009
Total	\$51.537

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton, which was the subject of the Deloitte audit. Therefore, we find that the employee expenses for all three hurricanes in the amount of \$51.537 million is reasonable and prudent.

Materials and supplies

According to DEF witness New, material and supplies costs consist of items used to repair and restore service and facilities to pre-storm condition and exclude any materials and supplies used in restoration activities that are included in capitalized cost. Pursuant to Rule 25-6.0143(1)(e)7., F.A.C., materials and supplies costs may be charged to the storm reserve under the ICCA methodology. DEF witness New explained that DEF determined the amount of non-incremental materials and supplies costs by calculating the prior three-year average for the months in which storm restoration activities were incurred and compared it to the actual materials and supplies costs incurred in the month in which storm restoration work was performed.

When asked why the costs of materials and supplies were updated from the petition to witness New's testimony, DEF stated that the variance is attributable to the use of preliminary storm cost estimates developed in November 2024. Subsequent adjustments were based on completed storm restoration activities, vendor invoices, and prudence reviews that allowed costs to be further validated and finalized. DEF is requesting storm recovery of incremental costs incurred in responding to Hurricanes Debby, Helene, and Milton as defined under the ICCA methodology required under Rule 25-6.0143, F.A.C. The total materials and supplies costs for each storm are listed below.

Table 6
Materials and Supplies Expense

Storm	Amount (Million)
Debby	\$3.510
Helene	22.515
Milton	17.591
Total	<u>\$43.616</u>

Source: Exhibits JN-1, JN-2, and JN-3

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton. Therefore, we find that the materials and supplies expense for all three hurricanes in the amount of \$43.616 million is reasonable and prudent.

Other costs

Witness New testified that other expenses include minor amounts of storm-related costs that are not included in another storm-cost category. Specifically, Exhibit JN-2 identified \$495,000 in other expenses as the Deloitte audit fee. Exhibit JN-3 identified \$39,000 of other costs which were further explained in DEF's response to our staff's Fourth Data Request. This amount was contractor costs that were initially charged to another project and was categorized as other instead of outside services due to the coding in the corrected journal entry. Also, included in the other expense category is labor burdens/incentives, overhead allocations, and insurance deductibles. Pursuant to Rule 25-6.0143(1)(e)12., F.A.C., other costs or expenses not specifically identified in Rule 25-6.0143(1)(e)1. through (1)(e)12., F.A.C., that are directly attributable to a storm restoration event may be charged to the storm reserve under the ICCA methodology.

As stated by witness New, "labor burdens and incentives" included cost for employee bonuses and cost such as medical payroll tax, and other non-incentive benefits. However, pursuant to Rule 25-6.0143(1)(f)1., F.A.C., DEF excluded the bonuses paid to DEF employees for their efforts during the storm restoration activities. Witness New explained that DEF failed to remove the bonuses paid prior to Deloitte's audit and resulted in a slight discrepancy of approximately \$670,000 between the recoverable actual costs and the amounts reviewed by Deloitte. Furthermore, Witness New explained that DEF calculated the non-incremental amount by comparing actual amount for the months in which restoration work occurred with a three-year historical average for the corresponding months.

Additionally, witness New explained that "overhead allocation" included costs for employee labor from support organizations and DEF employees of affiliates that are allocated to the storm project based on payroll and overtime charges. Furthermore, overhead allocation costs are non-incremental except when capitalized and those amounts are excluded from the recovery amount.

The Company utilized separate project codes to review the reasonableness and prudence of each cost associated with the Storms. The other costs for each storm are listed below.

Table 7
Other Costs

Storm	Amount (Million)
Debby	\$3.622
Helene	7.481
Milton	14.193
Total	<u>\$25.296</u>

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton, which was the subject of the Deloitte audit. Therefore, we find that the other costs for all three hurricanes in the amount of \$25.296 is reasonable and prudent.

Total costs

Based on our decisions above, we find that the reasonable and prudent amounts of incurred storm restoration costs for each storm are listed below.

Table 8
Total Storm Related Restoration Costs

Storm	Amount (Million)
Debby	\$47.067
Helene	253.023
Milton	692.528
Total	<u>\$992.618</u>

Source: Exhibits JN-2, JN-3, and JN-4

We further find that the reasonable and prudent amount of costs to be included in the total storm related restoration costs is \$992.618 million.

Capitalized costs

Pursuant to Rule 25-6.0143(1)(d), F.A.C., under the ICCA methodology, capital expenditures for storm-related facility damage must exclude the normal cost of removal, retirement, and replacement of those facilities in the absence of a storm. DEF witness New testified that DEF has a process to ensure all units of property installed during storm restoration are capitalized at reasonable amounts to ensure a storm cost recovery request that is incremental under the ICCA methodology.

When asked about the variance in total capitalizable costs from the petition to witness New's testimony, DEF stated that the variance is attributable to finalization of materials utilized within the ICCA calculations. DEF is requesting storm recovery of incremental costs incurred in responding to Hurricanes Debby, Helene, and Milton as defined under the ICCA methodology required under Rule 25-6.0143, F.A.C. The total costs proposed by DEF to be capitalized for each storm are listed below.

Table 9
Total Capitalizable Costs

Storm	Amount (Million)
Debby	\$5.202
Helene	27.305
Milton	<u>28.672</u>
Total	<u>\$61.180</u>

Source: Exhibits JN-1, JN-2, and JN-3

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton. Therefore, we find that the costs that were capitalized for all the hurricanes are reasonable and prudent and the appropriate amount to capitalize is \$61.180 million.

ICCA non-incremental O&M adjustments

Rule 25-6.0143(1)(d), F.A.C., requires the ICCA be used when determining the costs charged to cover storm-related damages. Under the ICCA methodology, storm costs must exclude costs that normally would have been charged to non-cost recovery clause operating expenses in the absence of a storm.

The method for determining non-incremental adjustments is pursuant to Rule 25-6.0143(1)(d), F.A.C. The storm related costs listed as ICCA non-incremental O&M adjustments are listed below.

Table 10
ICCA Non-Incremental O&M Adjustments

ICCA Adjustments	Debby	Helene	Milton
Regular Payroll	\$712,000	\$1,719,000	\$612,000
Overtime Payroll	253,000	168,000	171,000
Labor Burdens/Incentives	1,362,000	3,021,000	2,900,000
Overhead Allocations	207,000	240,000	497,000
Employee Expenses	20,000	208,000	56,000
Contractor Costs	1,221,000	1,404,000	466,000
Material & Supplies	49,000	127,000	211,000
Internal Fleet Costs	74,000	6,000	27,000
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,898,000</u>	<u>\$6,892,000</u>	<u>\$4,939,000</u>

Source: Exhibits JN-2, JN-3, and JN-4

Our auditing staff reviewed Deloitte's work papers and found that the scope, procedures, and conclusion were reasonable. The Company confirmed that costs and invoices for Hurricanes Debby and Helene were handled in the same manner as Hurricane Milton, which was the subject of the Deloitte audit. Therefore, we find that the adjustments for non-incremental costs in the amount of \$15.729 million are reasonable and prudent.

Retail recoverable storm costs

Based on the storm restoration costs categories and adjustments previously discussed, we find that the reasonable and prudent amount of retail recoverable storm costs is \$914.795 million as stated in Table 11.

Table 11
Retail Recoverable Storm Costs

Storm	Amount (Million)
Debby	\$37.110
Helene	215.944
Milton	649.904
Storm Reserve Replenishment and Interest	11.837
Total	\$914.795

Source: Exhibit JN-1, JN-2, JN-3, and JN-4

Storm cost recovery surcharge

Based on DEF's witness New's testimony, DEF collected \$1.006 billion through the storm restoration recovery surcharge, during the recovery period of March 2025 through January 2026.

Refund of over-recovery

Witness New stated that the requested total retail recoverable storm cost is \$915.308 million. However, due to our adjustments, the amount of total retail recoverable storm costs is \$914.795 million. Based upon witness New's Exhibit JN-5, the amount recovered through the storm costs recovery surcharge was \$1.006 billion. Therefore, we find that the recovery of the storm costs resulted in an over-recovery of approximately \$91 million, plus interest.

DEF has requested that any under- or over-recovery should be collected or refunded through the fuel clause as previously ordered in Order No. PSC-2024-0377-FOF-EI, issued August 27, 2024. Additionally, interest should be applied to any excess or shortfalls at the 30-day commercial paper rate, consistent with Rule 25-6.109, F.A.C.

Based on witness Menendez's testimony, we find that any final over- or under-recovery be refunded or collected from customers through the fuel clause and any interest should be applied to the final true-up amount at the 30-day commercial paper rate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Duke Energy Florida, LLC's petition for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene and Milton is granted as stated in the body of this order. It is further

ORDERED that the total amount of reasonable and prudent costs to be included in the total storm related restoration costs is \$992.618 million. It is further

ORDERED that the total amount of reasonable and prudent retail recoverable storm costs is \$914.795 million. It is further

ORDERED that the amount recovered through the storm cost recovery surcharge is \$1.006 billion. It is further

ORDERED that any final over-recovery be refunded to customers through the fuel clause and any interest shall be applied to the final true-up amount at the 30-day commercial paper rate. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no timely protest is received to the proposed agency action, a Consummating Order shall be issued upon the expiration of the protest period, and this docket shall be closed.

By ORDER of the Florida Public Service Commission this 30th day of September, 2026.



ADAM TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 21, 2026.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.