

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170272-EI

APPLICATION FOR LIMITED
PROCEEDING FOR RECOVERY OF
INCREMENTAL STORM
RESTORATION COSTS RELATED
TO HURRICANES IRMA AND
NATE, BY DUKE ENERGY
FLORIDA, LLC.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 8

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK

DATE: Tuesday, February 6, 2018

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Okay. Item No. 8.

3 MR. MAUREY: Good morning, Chairman,
4 Commissioners. Andrew Maurey, Commission staff.5 Item 8 concerns Duke Energy Florida's request
6 for approval to implement an interim storm
7 restoration recovery surcharge. There has been a
8 minor oral modification. Each of your offices has
9 received the paperwork. It's also been entered
10 into the docket file related to Issue 2.11 On December 28th, 2017, Duke filed a petition
12 pursuant to the provisions of the 2017 second
13 revised and restated settlement agreement for a
14 limited proceeding seeking recovery of \$513 million
15 for the incremental restoration costs related to
16 Hurricanes Irma and Nate and to replenish the
17 balance in its storm reserve.18 On January 24th, 2018, Duke and the other
19 signatories to the 2017 settlement agreement filed
20 a motion to approve a document that has been
21 identified as an implementation stipulation.
22 Ms. Brownless will discuss this document with you
23 momentarily.24 Several parties have expressed a desire to
25 address the Commission regarding the Item 8, in

1 general, and the implementation stipulation in
2 particular.

3 At this time --

4 MS. BROWNLESS: On January 24th of 2018, Duke
5 filed a motion to approve an implementation
6 stipulation. They amended that implement- --
7 implementation stipulation and filed the amended
8 stipulation yesterday, February 5th.

9 Diane Triplett from Duke is here today to
10 discuss the details of that implementation
11 stipulation. And I'll allow her to do so at this
12 time.

13 CHAIRMAN GRAHAM: Ms. Triplett?

14 MS. TRIPLETT: Thank you, Mr. Chairman and
15 Commissioners. Diane Triplett with Duke Energy
16 Florida.

17 And I want to start by telling you sort of the
18 end game because I have to say a few things to
19 set -- set this up, but the end game is that we
20 should be able to avoid increasing customer rates
21 starting March if this implementation stipulation
22 is approved, but there are some things that we -- I
23 need to say to make sure that the settle- -- the
24 2017 settlement is implemented as the parties
25 intended.

1 So, as Mr. Maurey pointed out, in late
2 December, Duke Energy, pursuant to that 2017
3 settlement, filed for recovery of incremental
4 restoration costs related to Hurricanes Irma and
5 Nate. And that -- that is what is before the
6 Commission in Item 1 in the staff recommendation,
7 the approval of those -- that \$513 million.

8 Fortuitously, and as you just heard in the
9 previous item, also in late 2017, Congress passed
10 the Tax Reform Act. And also in our 2017
11 settlement, there are provisions that require us to
12 implement the tax savings and basically give the
13 money back to customers through rate reductions.

14 So, what the implementation stipulation does
15 is it allows Duke to forego the collection of the
16 otherwise-authorized interim storm restoration
17 recovery charges, which would have gone -- gone
18 into effect in March, pursuant to the 2017
19 settlement, as -- and use that as the method to
20 implement the rate reductions for the tax-reform
21 savings, that is also required by that 2017
22 settlement.

23 And so, Duke Energy would respectfully request
24 that the Com- -- that the Commission first consider
25 and improve -- approve Item 1 of the staff

1 recommendation to authorize the collection of
2 the -- approve, rather, the interim storm
3 restoration recovery costs.

4 Then, we -- we would ask that you al- -- then
5 consider the approval of the implementation
6 stipulation, which would, then, al- -- which would,
7 then, state that Duke is foregoing the collection
8 of those storm costs in order implement the tax
9 savings.

10 And then, Duke would withdraw the storm
11 restoration tariff and, thereby, render Issue 2 in
12 the staff recommendation moot. So, it's approve
13 Issue 1, approve stipulation, back to Duke to
14 withdraw, and then Issue 2 is -- is moot.

15 And then, I just wanted to make one other
16 point about the stipulation. It is only intended
17 to provide a mechanism so that we can basically
18 avoid the otherwise-authorized rate increase and,
19 then, later a rate decrease.

20 We have included estimates of the storm
21 restoration costs and the estimates of the annual
22 tax savings in the stipulation, but the final
23 numbers are going to be subject to separate
24 proceedings; this one here in this docket in the
25 storm docket. And then, as was referred to in the

1 previous item, the docket that will be filed for
2 Duke to consider the amount -- the proper amount of
3 the annual tax savings.

4 So, all the parties and the signatories retain
5 the rights to present anything they want about
6 the -- about the cost. And of course, the
7 Commission will finally approve it.

8 So, sorry I had to talk so long, but I'm --
9 I'm happy to answer any questions you may have.
10 Thank you.

11 CHAIRMAN GRAHAM: It's all good.

12 Mr. Wright.

13 MR. WRIGHT: Thank you, Mr. Chairman,
14 Commissioners. Schef Wright on behalf of the
15 Retail Federation.

16 Ms. Triplett got it all exactly right. I
17 don't have anything to add. We support what she
18 said. Thank you.

19 CHAIRMAN GRAHAM: Mr. Moyle.

20 MR. MOYLE: Yeah, so -- so -- thank you.

21 Consistent with the remarks previously
22 about -- about having the tax-refund dollars inure
23 to the benefit of the ratepayers as quickly as
24 possible and also having a transparent process,
25 kind of a trust-but-verify approach, we think that

1 that does that.

2 We're going to have two hearings, if -- if
3 need be; one to look at the storm costs, and the
4 other to look at the amount of the tax re- --
5 reform.

6 So, what is before you today is an interim
7 step, but it's not, this is it. You know, the
8 storm damage is -- I think, 513 is the estimated
9 number. That is subject to variability as we go
10 and have a hearing.

11 And the same with the tax-reform number.
12 That's based on best information today, but that
13 also could change. And we're going to have -- we
14 have the right to have a hearing on that. We'll be
15 in discussions to try to -- to try to sort that
16 out.

17 So, with respect to the two touchstones or
18 polestars that we've identified, transparency and
19 making sure we get the -- the rate relief from the
20 tax reform promptly -- that meets those. And we
21 support -- we support the -- the measure.

22 CHAIRMAN GRAHAM: Mr. Rehwinkel?

23 MR. REHWINKEL: Thank you, Mr. Chairman.

24 The Public Counsel supports and agrees with
25 the remarks that have been made. I want to state

1 for the record that, subject to the true-ups that
2 Ms. Triplett discussed, this is an ironclad and
3 very definitive and verifiable way that the tax
4 savings that the customers are entitled to are
5 returned to them. And we -- we urge your favorable
6 consideration of Issue 1 and the stipulation.

7 And I also want to thank your staff for
8 working diligently with us to make -- to get us to
9 this posture where it can happen and -- thank you.

10 CHAIRMAN GRAHAM: Staff, did you have anything
11 to add before I bring it to the Commission -- to
12 the board?

13 MR. MAUREY: No, sir.

14 CHAIRMAN GRAHAM: Okay. Commissioners, it
15 looks like we have to address Issue No. 1, first.
16 And then we'll continue on after that, depending on
17 what happens with Issue No. 1.

18 Commissioner Polmann.

19 COMMISSIONER POLMANN: Thank you,
20 Mr. Chairman.

21 I want to acknowledge the comments of the
22 parties and recognize their support. I appreciate
23 staff working hard on this. We've had quite a few
24 discussions. And given all that, I would move
25 Issue No. 1.

1 COMMISSIONER BROWN: Second.

2 CHAIRMAN GRAHAM: It's been moved and
3 seconded, staff recommendation on Issue No. 1.

4 Any further discussion? Seeing none, all in
5 favor say aye.

6 (Chorus of ayes.)

7 CHAIRMAN GRAHAM: Any opposed?

8 By your action, you've approved staff
9 recommendation, Issue No. 1.

10 Now, we have to take up the amended
11 implementation stipulation. Do I have any comments
12 on that or do I have a motion?

13 COMMISSIONER BROWN: Mr. Chairman, I would
14 move the approval of the amendment to the
15 implementation stipulation.

16 CHAIRMAN GRAHAM: It's been moved and
17 seconded.

18 Any further discussion? Seeing none, all in
19 favor, say aye.

20 (Chorus of ayes.)

21 CHAIRMAN GRAHAM: Any opposed?

22 By your action, you have approved the amended
23 implementation stipulation.

24 Ms. Triplett?

25 MS. TRIPLETT: Thank you, Mr. -- Commissioner.

1 So, for the record, Duke Energy would request
2 that the tariff that it filed with its
3 December 28th, 2017, filing be withdrawn.

4 And then I just wanted to make a note that
5 that same tariff had a -- also had a -- an increase
6 for the asset securitization charge true-up, which
7 is part of the 2015071 docket.

8 And so, with withdrawal of this tariff, Duke
9 will file today -- or actually submit today to
10 staff for administrative approval in that docket,
11 the -- the slimmed-down version of the tariff that
12 will only include the asset securitization.

13 CHAIRMAN GRAHAM: Okay. So, since Duke has
14 withdrawn their tariff, which is Issue No. 2, that
15 makes Issue No. 2 moot. And therefore, I think we
16 are done with Item No. 8, correct?

17 COMMISSIONER POLMANN: Mr. Chairman --

18 CHAIRMAN GRAHAM: Issue 3. We do have
19 Issue 3.

20 COMMISSIONER BROWN: Mr. Chairman, I would
21 move Issue 3, approval.

22 CHAIRMAN GRAHAM: It's been moved and
23 seconded, staff recommendation on Issue 3.

24 Any further discussion? Seeing none, all in
25 favor, say aye.

1 (Chorus of ayes.)

2 CHAIRMAN GRAHAM: Any opposed?

3 By your action, you have approved staff
4 recommendation on Issue No. 3.

5 Now, that concludes Item No. 8.

6 Thank you, guys.

7 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 15th day of February, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021