

Hiep Nguyen

From: Asha Maharaj-Lucas
Sent: Thursday, December 1, 2022 4:43 PM
To: Braulio Baez; Judy Harlow; Mark Futrell; Keith Hetrick; Jennifer Crawford; Suzanne Brownless; Elisabeth Draper; Corey Hampson; Oakley Ward; Apryl Lynn; Cindy Muir; Mary Anne Helton; Commissioners & Staffs; CLK - Agenda Staff
Cc: Kate Hamrick; Jacqueline Moore; Nancy Harrison
Subject: RE: Request for Oral Modification - Item 10 - Docket No. 20220106-EI
Attachments: Docket No. 20220106-EI Modified Rec Pages 5 and 6.pdf

Hello:

Please see the email below approving the oral modification for Item 10 on the December 6, 2022 Commission Conference, Docket No. 20220106-EI -- Petition for approval of new energy bill+ program with income qualified component, by Duke Energy Florida, LLC (DEF).

Thanks,
Asha

From: Braulio Baez <BBaez@PSC.STATE.FL.US>
Sent: Thursday, December 01, 2022 4:16 PM
To: Judy Harlow <JHarlow@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>; Keith Hetrick <khetrick@psc.state.fl.us>; Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>; Kate Hamrick <KHamrick@psc.state.fl.us>; Jennifer Crawford <jcrawfor@psc.state.fl.us>; Suzanne Brownless <SBrownle@PSC.STATE.FL.US>; Elisabeth Draper <EDraper@PSC.STATE.FL.US>; Corey Hampson <champson@psc.state.fl.us>; Oakley Ward <oward@psc.state.fl.us>
Subject: RE: Request for Oral Modification - Item 10 - Docket No. 20220106-EI

Approved, thanks

Sent from my T-Mobile 4G LTE Device

----- Original message -----

From: Judy Harlow <JHarlow@PSC.STATE.FL.US>
Date: 12/1/22 4:05 PM (GMT-05:00)
To: Braulio Baez <BBaez@PSC.STATE.FL.US>
Cc: Mark Futrell <MFutrell@PSC.STATE.FL.US>, Keith Hetrick <khetrick@psc.state.fl.us>, Asha Maharaj-Lucas <AMaharaj@psc.state.fl.us>, Kate Hamrick <KHamrick@psc.state.fl.us>, Jennifer Crawford <jcrawfor@psc.state.fl.us>, Suzanne Brownless <SBrownle@PSC.STATE.FL.US>, Elisabeth Draper <EDraper@PSC.STATE.FL.US>, Corey Hampson <champson@psc.state.fl.us>, Oakley Ward <oward@psc.state.fl.us>
Subject: Request for Oral Modification - Item 10 - Docket No. 20220106-EI

Staff requests approval for an oral modification to Item 10, Docket No. 20220106-EI – Petition for approval of new energy bill+ program with income qualified component, by Duke Energy Florida, LLC (DEF). This item is currently scheduled for the December 6, 2022 Commission Conference.

Staff made modifications to the last paragraph on page 5 that continues on page 6 of the recommendation, as shown in the attached file. Staff has added language to clarify how DEF will calculate the amount that will be treated as below-the-line revenue or expense under the proposed Energy Bill+ program. Staff has also added a reference to the Commission’s 2021 order approving DEF’s rate case settlement and the specific MFR in this settlement that is utilized in calculating the below-the-line revenue or expense.

The changes do not alter staff’s recommendation.

of the new monthly bill amount. The customer would be automatically renewed at the new monthly bill amount for the following year unless the customer notifies Duke of their intent to be removed from the program.

Fixed Monthly Bill Calculation

Eligible customers who enroll in the proposed program would have their fixed monthly bill calculated starting with 12 months of actual energy usage data, applying weather normalization and any applicable usage and risk adders. Fixed monthly bills for the proposed program would be calculated using the same method as Duke's currently-approved FB-1 tariff.

Specifically, proposed tariff sheet No. 6.415 provides the formula Duke would use to calculate a customer's fixed monthly bill for the year. Duke would begin by multiplying a customer's predicted weather normalized monthly kilowatt hour (kWh) usage by the expected non-fuel energy charge (including expected cost recovery factors, expected fuel cost recovery factor, and expected asset securitization charge). Duke would then multiply this amount by the risk adder, deduct any expected applicable credits, and add the expected monthly customer charge. Applicable taxes and other charges, such as service charges, lighting, and non-regulated services are not included in the fixed monthly bill calculation, but will be applied and included in the total amount due.

Duke stated in its proposed tariffs that the risk adder is used to compensate the utility for the risk associated with weather-related consumption and non-weather-related impacts. The initial risk adder would be applied annually and would be capped at 4 percent. Furthermore, the risk adder may be lowered based on a participating customer's individual load profile and behavioral responses. Duke's currently-approved FB-1 tariff uses a risk adder that is capped at 6 percent. In response to staff's second data request, Duke stated that it considered various factors in the decision to reduce the risk adder offered in the proposed program.¹³ Duke also explained that the proposed 4 percent risk adder was the best balance in garnering customer interest in participation and the risk borne by the utility to effectively control customer demand.

Similar to the current FB-1 tariff, during a customer's first year participating in the proposed program, an additional usage adder would be applied to the customer's predicted weather normalized (based on the utility's historical seasonal heating and cooling degree days) monthly kWh usage. Duke stated in its proposed tariffs that the usage adder would be used to compensate the utility for the risk associated with increased usage by the customer in their first year of participating in the proposed program not associated with the weather. The usage adder would be capped at 6 percent.

As with the current FB-1 tariff, the difference between the ~~amount the customer revenues Duke would have paid under the residential rates collected~~ and the actual fixed bill ~~amount revenues collected from the My Energy Bill+ participants~~ will be treated as a below-the-line revenue or expense. To determine the monthly revenues, or amount, allocated above the line, Duke would use the Unit Cost Mechanism (UCM). The UCM, compared to standard residential tariffed rates, would utilize the unitized residential cost of service rates, which the Commission approved in

¹³ Responses to Staff's Second Data Request, No. 14 (DN 06023-2022)

Duke's 2021 rate case settlement.¹⁴ The UCM approved in the settlement was designed for optional programs in which participants grant the utility the ability to control customer-owned assets, such as thermostats.¹⁵

This regulatory treatment is designed to hold non-participants harmless and not subsidize or be subsidized by the participants in the proposed program. In addition, as with the current FB-1 tariff, administrative and operating costs such as enrollment processing costs and marketing costs, will be accounted for as below-the-line to hold the general body of ratepayers harmless from the optional program.

Conclusion

Having reviewed the petition and staff data request responses, staff recommends that the Commission should approve Duke's proposed optional My Energy Bill+ program and associated tariff sheet Nos. 6.415-6.417 effective on the date of the Commission vote. The proposed program will allow Duke to achieve peak demand reductions. Participating customers will benefit by receiving a fixed bill with a reduced risk adder and the general body of ratepayers will benefit by any demand reductions realized. Furthermore, the program's regulatory treatment is designed to hold the general body of ratepayers harmless.

¹⁴ Order No. PSC-2021-0202A-AS-EI, issued June 28, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC.*

¹⁵ The UCM rates were included in MFR Schedule E-14, Attachment H, page 1 of 1, filed in Docket No. 20210016-EI, Document No. 01705-2021.