



Dianne M. Triplett
DEPUTY GENERAL COUNSEL
Duke Energy Florida, LLC

July 17, 2018

VIA ELECTRONIC DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition for limited proceeding for approval of a smart meter opt-out tariff by Duke Energy Florida, LLC; Docket 20180088-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing, Duke Energy Florida, LLC's Amended Response to Staff's First Data Request, specifically question 9.

Thank you for your assistance in this matter. If you have any questions concerning this filing, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Enclosure

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 17th day of July, 2018.

/s/ Dianne M. Triplett

Attorney

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**DUKE ENERGY FLORIDA, LLC'S (DEF), AMENDED RESPONSE TO
STAFF'S FIRST DATA REQUEST (NOS. 1-16) REGARDING
DEF'S PETITION FOR LIMITED PROCEEDING FOR
APPROVAL OF A SMART METER OPT-OUT TARIFF, SPECIFICALLY QUESTION 9
DOCKET NO. 20180088-EI**

For the following questions, please refer to Exhibit A of the petition.

9. Please provide the Excel spreadsheet shown in Exhibit A with the formulas intact and unlocked.

RESPONSE:

Please see the attached spreadsheet "DEF NSMR Cost Analysis." Portions of the spreadsheet are confidential. A redacted version has been attached hereto and unredacted copies have been filed with the Florida Public Service Commission ("Commission") along with DEF's Amended Request for Confidential Classification dated July 18, 2018. The attached documents responsive to this request bear bates numbers AMENDED -20180088-DEF-STAFF DR1-000008 through 20180088-DEF-STAFF DR1-000014.

5 Year Cash Flow

DEF

Duke Energy Florida - Non-Standard Meter Rider (NSMR) Cost Analysis

	2018	2019	2020	2021	2022	
Expenses (One-Time per Participant)						
<u>One-time Costs to Establish NSMR</u>						
1	Customer Service @ 3 mins/customer	\$1.40				Customer Care Specialist will take calls for opt-out participants, explain tariff details, and set up account.
2	Metering Services work order mgmt @ 5 mins/customer	\$2.93				Work Force Mgmt Spec II to create initial work orders for meter programming, meter exchange and manual read routing.
3	Metering Services technician to program and label meter @ 30 mins/customer	\$29.09				Field Meter Tech to program the opt-out meter and apply opt-out label to help ensure an opt-out meter is not replaced with a communicating AMI meter.
4	Metering Services technician to exchange meter @ 45 mins/customer	\$43.63				Field Meter Tech to travel to customer premise, remove existing meter and replace with opt-out meter, close work orders.
5	Vehicle to exchange meter @ 45 mins/customer	\$4.61				Vehicle > 8500 used by "Field Metering" travel for meter exchange.
6	Manual meter reading route analysis @ 20 mins/customer	\$14.68				Meter Route Analyst to determine location of opt-out participant and find existing manual reading route to adjust for efficient meter reading route.
	Total One-Time Charge	\$96.33				Sum of rows (1) through (6)
Development of Monthly Rates						
Current Rates						
1	Monthly Rate per meter	\$15.60	\$15.60	\$15.60	\$15.60	\$15.60 Monthly rate to capture meter reading expenses and 100% of IT System Costs at NPV=0
Current Participants						
2	NSMR	18	1,201	2,461	2,710	2,710 Estimated cumulative number of NSMR Customers
Annual Revenue						
3	NSMR	\$3,300	\$224,886	\$460,796	\$507,416	\$507,416 (12 months) * (# of participants) * (Monthly Rate)
	Total Annual Revenue	\$3,300	\$224,886	\$460,796	\$507,416	\$507,416
Expenses Recovered via Monthly Rate (Initial Development plus On-going)						
<u>On-Going Monthly Cost to Support NSMR</u>						
1	Monthly Meter Readings * 12 * # of NSMR Customers		\$2,331	\$158,837	\$325,459	\$358,387 Total Monthly meter reading costs * 12 months * # of participants
2	Customer IT System Change to provide NSMR tariff (100%)	\$374,014	\$0	\$0	\$0	\$0 IT Cost for System Implementation (100% of total)
3	Total Expenses (2018-2022, including IT System Change)	\$374,014	\$2,331	\$158,837	\$325,459	\$358,387
4	Net Income	(\$374,014)	\$969	\$66,050	\$135,337	\$149,029 Total Revenue minus Total Expenses
5	Taxes @ 25.345%	(\$94,794)	\$246	\$16,740	\$34,301	\$37,771 Net Income times 25.345%
6	After Tax Income	(\$279,220)	\$724	\$49,309	\$101,036	\$111,258 Net Income - Taxes
7	5-Year Net Present Value @ 8.15% WACC		\$0.00			
	Target Rate to Achieve \$0 NPV:		\$15.60	Total Monthly Charge per Participant		

DUKE ENERGY FLORIDA
End of Period - Capital Structure
FPSC Adjusted Basis
Dec 2017

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$5,610,942,847	\$5,012,340,583	(\$646,715,590)	\$656,931,278	\$5,022,556,271	44.29%	9.50%	4.21%	10.50%	4.65%	11.50%	5.09%
Long Term Debt	5,735,269,482	5,123,403,457	(661,045,441)		4,462,358,016	39.35%	4.80%	1.89%	4.80%	1.89%	4.80%	1.89%
Short Term Debt *	(313,046,865)	(279,649,526)	36,081,688	108,874,057	(134,693,781)	(1.19%)	0.58%	(0.01%)	0.58%	(0.01%)	0.58%	(0.01%)
Customer Deposits												
Active	200,073,978	200,073,978	(25,814,479)		174,259,499	1.54%	2.33%	0.04%	2.33%	0.04%	2.33%	0.04%
Inactive	1,871,004	1,871,004	(241,406)		1,629,598	0.01%						
Investment Tax Credits **	9,341,260	8,344,689	(1,076,671)		7,268,018	0.06%	7.82%	0.01%	7.82%	0.01%	7.82%	0.01%
Deferred Income Taxes	2,710,789,538	2,421,589,523	(312,444,789)	(303,605,704)	1,805,539,029	15.92%						
Total	\$13,955,241,244	\$12,487,973,708	(\$1,611,256,688)	\$462,199,631	\$11,338,916,651	100.00%		6.13%		6.57%		7.02%

* Daily Weighted Average
** Cost Rates Calculated Per IRS Ruling

Metering Services - Ongoing

DEF

2,710 : Estimated # NSMR Customers

Topic Area	Topic Details	Rate	Hours to Complete	Unit Cost	Frequency	# of Events Annually	Annual Cost	Assumptions/Questions
Monthly Meter Reading	Manual meter reads each month includes average travel time between NSMR customers and time to exit vehicle, locate meter, probe meter, and return to vehicle.	\$ 28.54	0.33	\$ 9.51	Monthly per NSMR Customer	32,522	\$ 309,409.55	Blended hourly rate for work performed by job titles Meter Data Collector (70%) and Meter Reader (30%).
Monthly Meter Reading - Vehicle	Meter Reading employee vehicle costs for duration of monthly meter reading throughout the route, per customer	\$ 4.21	0.33	\$ 1.40	Monthly per NSMR Customer	32,522	\$ 45,639.26	Assumes employee uses Pickup 1/4 Ton 4x2
Off-cycle Meter Reading	Manual off-cycle meter reads. Necessary due to inability to perform Remote Order Fulfillment services for non-standard meters (bill complaints, move in/move out, re-reads)	\$ 28.54	0.75	\$ 21.41	Annually for 5% of NSMR Customers	136	\$ 2,900.71	Assumes 5% of NSMR customers have off-cycle reads/year.
Off-cycle Meter Reading - Vehicle	Meter Reading employee vehicle costs for duration of off-cycle meter reading	\$ 4.21	0.75	\$ 3.16	Annually for 5% of NSMR Customers	136	\$ 427.87	Assumes employee uses Pickup 1/4 Ton 4x2
							\$ 358,377.39	Annual Total
							\$29,864.78	Total Monthly costs
							\$11.02	Costs per NSMR Customer per Month

IT System Costs

DEF

2,710 : Estimated # NSMR Customers

Topic Area	Topic Details	Total Cost	Assumptions/Questions
IT Resource Costs	IT costs to update Customer System (CSS) with account flags for non-communicating meter, work order tracking, and billing/bill annotation functionalities.	\$ 303,712.50	Based on blended rate of internal/external resources. Includes standard active project contingency for hours to complete.
Business Project Resource Costs	Business project team costs (subject matter experts for billing, accounts receivable, call center, metering services) to change processes to account for non-communicating meters, develop system requirements, test IT system functionality.	\$ 70,301.00	Based on blended rate of internal/external resources. Includes standard active project contingency for hours to complete.
		\$ 374,014.00	Total IT System Costs

Estimated NSMR Participants

DEF

Estimated NSMR	Customer Counts	0.15%
DEF	1,806,750	2,710

	2018	2019	2020	2021	2022
AMI Meters Installed	11,750	789,000	840,000	166,000	-
Cumulative Total AMI	11,750	800,750	1,640,750	1,806,750	1,806,750

Labor Rates

DEF REDACTED

	Customer Care Specialist	Work Force Mgmt Spec II	Field Meter Tech (Union)	Meter Route Analyst	Meter Data Collector (Union)	Meter Reader (Union)
Annual Job Value						
Hours Per Year						
Hourly Rate						
<u>Burdens</u>						
Payroll Tax						
Loader Rate (Pension & Benefits)						
Incentives						
Total Burden Rate						
Total Hourly	\$ 28.05	\$ 35.14	\$ 58.17	\$ 44.04	\$ 27.93	\$ 29.97

Monthly Average Fleet Charges

DEF

Based on 2017 data

	Average of Ownership \$	Average of Labor \$	Average of Parts \$	Average of Fuel \$	Average of Comm \$	Average of Other	Average of Total Charges	Monthly Avg Hourly Rate
Van > 8500	466.98	155.98	61.54	351.61	28.08	1.24	1,065.43	6.15
Pickup 1/4 Ton 4x2	268.59	143.60	70.66	198.49	48.01	0.39	729.73	4.21