



Matthew R. Bernier
Associate General Counsel

May 25, 2023

VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole and Tropical Storm Fred by Duke Energy Florida, LLC; Docket No. 20230020-EI

Dear Mr. Teitzman:

Please find attached for electronic filing Duke Energy Florida, LLC's Response to Staff's Second Data Request.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

/s/ Matthew R. Bernier
Matthew R. Bernier

MRB/vr
Attachments

CERTIFICATE OF SERVICE

Docket No. 20230020-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 25th day of May, 2023, to the following:

/s/ Matthew R. Bernier
Matthew R. Bernier

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DUKE ENERGY FLORIDA, LLC'S (DEF), RESPONSE TO STAFF'S SECOND DATA REQUEST REGARDING PETITION FOR LIMITED PROCEEDING FOR RECOVERY OF INCREMENTAL STORM RESTORATION COSTS RELATED TO HURRICANES ELSA, ETA, ISAIAS, IAN, NICOLE, AND TROPICAL STORM FRED

Docket No. 20230020-EI

For the following questions, please refer to Attachment A in Order No. PSC-2019-0232-AS-EI, the Settlement Agreement approved by the Commission in Docket No. 20170272-EI.

1. Please provide documentation from DEF's independent audit of storm costs in Docket No. 20230020-EI, such as the audit program, that reflects the purpose, scope, and activities specified in Section II. B.

RESPONSE:

DEF has finalized the engagement and scope of work with its independent auditor. The engagement letter is attached. Additional responsive information will be provided along with the auditor's report with DEF's actual cost filing. DEF estimates that it will take approximately two months to complete the audit.

2. If not included in the Company's response to Item 1, please list the key personnel interviewed or to be interviewed for the audit and detail the specific sampling techniques being utilized for the audit.

RESPONSE:

The independent auditor identified in response to DR1 is finalizing the sampling techniques it will employ and determining which personnel it will interview as part of its work, if any. That information will be provided as a part of the auditor's final report.



May 23, 2023

Ms. Cynthia S. Lee
Controller
Duke Energy Florida, LLC
299 First Avenue North
St. Petersburg, Florida 33701

Dear Ms. Lee:

The purpose of this letter is to confirm our understanding of the terms of our engagement to provide services to Duke Energy Florida, LLC (the "Company").

Services and related report

We will examine management's assertion that the Summary of Hurricane Ian Storm Costs is a complete and accurate presentation of valid storm restoration costs ("Storm Costs") incurred during the specified period according to the Settlement Order PSC-2019-0232-AS-EI and Florida Department of State Administrative Code 25-6.0143 (Account No. 228.1) (the "subject matter") as of April 30, 2023 is in accordance with the criteria set forth in management's assertion.

A draft management assertion stating the subject matter is presented in accordance with the criteria is included as Attachment I. **(ASSERTION TO BE DEVELOPED WITH THE COMPANY)**

The final management assertion, including the subject matter and criteria, will be acknowledged by management through the written representation letter and will also be attached to our report of independent accountants.

Upon completion of our examination, we will issue our report of independent accountants stating whether, in our opinion, management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). If for any reason we are unable to complete the engagement, we may decline to issue a report as a result of this engagement.

Our responsibilities and limitations

The objective of an examination is the expression of an opinion in a written practitioner's report about whether management's assertion, referred to above, is fairly stated, in all material respects (or the subject matter, referred to above, is in accordance with the criteria, in all material respects). We will perform this engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the subject matter as measured or evaluated against the criteria is free from material misstatement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

Our engagement cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you, as appropriate, any illegal act, material errors, or evidence that fraud may exist that come to our attention.



The examination will not be planned or conducted in contemplation of reliance by any specific third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

As required by professional standards, we will (i) make specific inquiries of management and others about the subject matter and (ii) request written representations relating to the subject matter from certain members of management. The results of our examination procedures, the responses to our inquiries and the written representations comprise the evidential matter we intend to rely upon in forming our opinion on the subject matter.

Management's responsibilities

The subject matter referred to above and the determination of whether the criteria are suitable are the responsibility of the management of the Company. Management also is responsible for making available to us, on a timely basis, access to all information necessary for purposes of the engagement and unrestricted access to personnel of the Company to whom we may direct inquiries.

Management also acknowledges and understands their responsibility for the design, implementation and maintenance of internal control relevant to the preparation of the subject matter that is free from material misstatement, whether due to fraud or error. Management is responsible for (i) disclosing all deficiencies in internal control relevant to the engagement of which they are aware, (ii) disclosing their knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the subject matter, (iii) if applicable, determining whether the effects of any uncorrected misstatements are immaterial, individually and in the aggregate, to the subject matter, and (iv) providing us a representation letter relating to the subject matter at the conclusion of the engagement.

Release and indemnification

Because of the importance of oral and written management representations to an effective examination, the Company releases and indemnifies PricewaterhouseCoopers LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

In no event shall PricewaterhouseCoopers LLP be liable to the Company, whether a claim be in tort, contract or otherwise, for any consequential, indirect, lost profit or similar damages relating to PricewaterhouseCoopers LLP's services provided under this engagement letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of PricewaterhouseCoopers LLP relating to such services.

Dispute resolution procedures

Any controversy or claim between the parties arising out of or relating to this engagement letter or the services provided hereunder (a "Dispute") shall be submitted first to non-binding, confidential mediation, and if not resolved by mediation, then to binding arbitration as described herein. The mediation shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Mediation Procedure of International Institute for Conflict Prevention and Resolution ("CPR") then in effect.

A party shall submit a Dispute to mediation by written notice to the other party or parties. The mediator shall be selected by mutual agreement of the parties. If the parties cannot agree on a mediator, the CPR shall designate a mediator in accordance with its Mediation Procedure. Any mediator must be acceptable to all parties and must confirm in writing that he or she is not, and will not become during the term of the mediation, an employee, partner, executive officer, director, or substantial equity owner of PricewaterhouseCoopers LLP or any PricewaterhouseCoopers LLP audit client.

The mediator shall conduct the mediation as he/she determines, with the agreement of the parties. The mediation shall be treated as compromise and settlement negotiations under the



standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. The mediator may not testify for either party in any later proceeding relating to the Dispute. The mediation proceeding shall not be recorded or transcribed. Each party shall bear its own costs (including attorneys' fees) of the mediation. The parties shall share equally the fees and expenses of the mediator.

If the parties have not resolved a Dispute within 90 days after the written notice beginning the mediation process is served (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the Dispute shall be settled by binding arbitration. The arbitration shall be conducted in accordance with these procedures and, except to the extent inconsistent with these procedures, the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("Rules") then in effect. The arbitration shall be conducted before a panel of three arbitrators selected using the screened process provided in the Rules. The arbitration panel, and not any federal, state or local court or agency, shall have exclusive authority to resolve any dispute regarding the extent to which a Dispute is subject to arbitration, or relating to the interpretation, applicability, enforceability or formation of the engagement letter.

Any Dispute between the parties, including any claims or defenses asserted, and the interpretation of the engagement letter shall be governed by the law of New York State, without giving effect to its choice-of-law rules. The arbitrators may render early or summary disposition of some or all issues, after the parties have had a reasonable opportunity to make submissions on those issues. Discovery shall be conducted in accordance with the Rules. Upon a showing that the evidence sought is material to the Dispute, hearing sessions attended by one or more panel members may be convened to secure (i) documents from third-party witnesses, if the production cannot reasonably be obtained by other means; and/or (ii) testimony from third-party witnesses who could not be compelled to attend the arbitration hearing at its scheduled location.

Judgment on an arbitration award may be entered in any court having jurisdiction. All aspects of the arbitration shall be treated as confidential, except to the limited extent necessary to obtain entry of the award by a court. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort.

The arbitration panel shall have no power to award damages that are punitive in nature, that do not measure a party's actual damages, or that are inconsistent with the Release and Indemnification provisions or any other terms of the engagement letter. The parties further agree that if the arbitration panel determines to award pre- or post-judgment interest, any such interest shall be computed on a simple basis at a rate of three percent. The parties accept and acknowledge that any demand for arbitration must be issued within one year from the date the demanding party becomes aware or should reasonably have become aware of the facts that give rise to the alleged liability and, in any event, no later than two years after the cause of action accrued.

Other PricewaterhouseCoopers firms and subcontractors

PricewaterhouseCoopers LLP is the U.S. firm of the global network of separate and independent PricewaterhouseCoopers firms (exclusive of PricewaterhouseCoopers LLP, the "Other PwC Firms"). PricewaterhouseCoopers LLP may, in its discretion, draw on the resources of and/or subcontract to its subsidiaries, the Other PwC Firms and/or third party contractors and subcontractors (each, a "PwC Subcontractor"), in each case within or outside the United States in connection with the provision of the services and/or for internal, administrative and/or regulatory compliance purposes. The Company agrees that PricewaterhouseCoopers LLP may provide information PricewaterhouseCoopers LLP receives in connection with this agreement to the PwC Subcontractors for such purposes. PricewaterhouseCoopers LLP will be solely responsible for the provision of the services (including those performed by the PwC Subcontractors) and for the protection of the information provided to the PwC Subcontractors. You agree that neither you nor any group entity will bring any claim, whether in contract, tort (including negligence) or otherwise



against any PwC Subcontractor in respect of this engagement letter or in connection with the services herein.

Timing and fees

Completion of our work is subject to, among other things, 1) appropriate cooperation from the Company's personnel including timely preparation of necessary information, 2) timely responses to our inquiries, and 3) timely communication of all significant matters relating to the subject matter. When and if for any reason the Company is unable to provide such information and assistance, PricewaterhouseCoopers LLP and the Company will mutually revise the fee to reflect additional services, if any, required of us to complete the examination.

Our fees for this examination engagement will be \$650,000, subject to the terms and conditions above. We will advise management should any circumstances arise which may require a change in scope and/or fee.

We also will bill the Company for our reasonable out-of-pocket expenses, any applicable sales, use or value added tax, and our internal per ticket charges for booking travel. Amounts billed for services performed by PricewaterhouseCoopers LLP or PwC Subcontractors shall be considered fees and not expenses.

Invoices rendered are due and payable upon receipt.

Any additional services that may be requested and we agree to provide will be the subject of separate arrangements.

Other matters

PricewaterhouseCoopers LLP is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Depending on the nature of the services we provide, non-CPA owners may be involved in providing services to you now or in the future.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such a request.

The Company agrees that it will not, directly or indirectly, agree to assign or transfer this engagement letter or any rights, obligations, claims or proceeds from claims against PricewaterhouseCoopers LLP arising out of or in any way relating to this engagement letter, any services provided hereunder, or any fees for this engagement or such services, to anyone, except to an entity with which the Company merges or an entity which acquires all or substantially all of the assets of the Company and where, in either case, the assignee entity agrees to be bound by this provision. Any assignment or transfer by the Company in violation of this paragraph shall be void and invalid.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals, correspondence and understandings, whether written or oral. The agreements of the Company and PricewaterhouseCoopers LLP contained in this engagement letter shall survive the completion or termination of this engagement.

The Company agrees that PricewaterhouseCoopers may use the Company's name and logo in experience citations.

Notwithstanding any other provision of this engagement letter, PwC and the Other PwC Firms may use the information received under this engagement letter, including tax return information, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other



insight generation. Information developed in connection with these purposes may be used or disclosed to you or current or prospective clients to provide them services or offerings. PwC and the Other PwC Firms will not use or disclose the information in a way that would permit the Company to be identified by third parties without the Company's consent.

With respect to tax return information, the Company may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by the Company.



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We are pleased to have the opportunity to provide services to Duke Energy Florida, LLC. If you have any questions about this letter, please discuss them with Sean P. Riley at (802) 730-3364 or sean.p.riley@pwc.com. If the services and terms outlined in this letter are acceptable, please sign one copy of this letter in the space provided and return it to me. You may return the signed copy by hand, by mail or by air courier, attached to an email as a pdf, jpeg or similar file type sent to me at sean.p.riley@pwc.com, or by electronic signature.

Very truly yours,

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP

Date:

May 22, 2023

The services and terms as set forth in this letter are agreed to.

Duke Energy Florida, LLC

A handwritten signature in black ink that reads "Cynthia S. Lee".

Cynthia S. Lee

Controller

Date:

May 23, 2023