

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230010-EI - Storm protection plan cost recovery clause

WITNESS: Direct Testimony of Hymavathi Vedula appearing on behalf of the Staff of the Florida Public Service Commission

DATE FILED: July 12, 2023

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF HYMAVATHI VEDULA**

4 **DOCKET NO. 20230010-EI**

5 **JULY 12, 2023**

6
7 **Q. Please state your name and business address.**

8 A. My name is Hymavathi Vedula. My business address is 2540 Shumard Oak Blvd.;
9 Tallahassee, FL 32399.

10 **Q. By whom are you presently employed and in what capacity?**

11 A. I am employed by the Florida Public Service Commission (FPSC or Commission) as a
12 Regulatory Analyst Supervisor. I have been employed by the Commission since January
13 2008.

14 **Q. Please give a brief description of your educational background and professional
15 experience.**

16 A. I graduated from Andhra University in India in 1995 with a Bachelor of Commerce
17 (Accounting). In 1998, I received my Masters in Commerce (Accounting) from Andhra
18 University in India. I have worked for the FPSC for 15 years, and I have varied experience in
19 the electric, gas, and water and wastewater industries. My work experience includes various
20 types of rate cases, cost recovery clauses, and utility audits.

21 **Q. Please describe your current responsibilities.**

22 A. I currently manage the Bureau of Auditing's Compliance Section within the FPSC's
23 Office of Auditing & Performance Analysis. My responsibilities consist of performing audits,
24 as well as supervising staff during audits. I also supervise, manage and track audit staff's
25 handling of confidential utility documents obtained during audits.

1 **Q. Have you previously presented testimony before this Commission?**

2 A. No.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to sponsor staff's Auditor Report of Florida Public
5 Utilities Company, which addresses the Utility's filing in Docket No. 20230010-EI. An
6 Auditor's Report was issued in the docket on June 26, 2023. This report is filed with my
7 testimony and is identified as Exhibit HV-2.

8 **Q. Was this audit prepared by you or under your direction?**

9 A. Yes. It was prepared by me.

10 **Q. Please describe the objectives of the audit and the procedures performed during**
11 **the audit?**

12 A. The objectives and procedures are listed in the Objectives and Procedures section of
13 the attached Exhibit HV-2, pages 4 through 5.

14 **Q. Were there any audit findings in this audit report.**

15 A. There were no audit findings.

16 **Q. Does that conclude your testimony?**

17 A. Yes.

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State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing

Auditor's Report

Florida Public Utilities Company
Storm Protection Plan Cost Recovery Clause

As of December 31, 2022

Docket No. 20230010-EI
Audit Control No. 2023-011-2-2
May 31, 2023

A handwritten signature in black ink, appearing to read "V. Hymavathi".

Hymavathi Vedula
Audit Manager

A handwritten signature in black ink, appearing to read "Todd M. Brown".

Todd M. Brown
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Office of Industry Development & Market Analysis in its audit service request dated January 9, 2023. We have applied these procedures to the attached schedules prepared by Florida Public Utilities Company in support of its filing for Storm Protection Plan Cost Recovery in Docket No. 20230010-EI.

The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Florida Public Utilities Company.

SPPCRC refers to the Storm Protection Plan Cost Recovery Clause.

SPP refers to the Storm Protection Plan.

Background

On April 3, 2023, Florida Public Utilities Company filed support for its actual Storm Protection Cost Recovery factor for the period of January 2022 through December 2022.

Objectives: The objectives were to reconcile the Implementation SPPCRC Overhead Hardening Operation and Maintenance Expenses to the general ledger, and to review a statistical or judgmental sample of expenses.

Procedures: We reconciled the operation and maintenance (O&M) expenses to the general ledger. We initially selected the 20 largest invoices for SPP Operation and Maintenance expenses for testing, and performed statistical sampling for the remaining O&M expenses. We tested for proper account, proper amount, proper period, and proper project. No exceptions were noted.

Objectives: The objectives were to audit the following capital investments: Feeder Hardening Program, Distribution Lateral Undergrounding Program, and Transmission Wooden Structure Hardening. In addition, our objectives were to: 1) Verify the investment amounts are recorded in the correct plant accounts; 2) Reconcile the corresponding plant-in-service/depreciation base; 3) Verify the calculation of non-interest bearing construction-work-in-progress (CWIP); 4) Verify the most recent Commission-approved depreciation and amortization periods are used in calculating depreciation expense; and 5) Reconcile depreciation savings for retired assets that have depreciation recovered through base rates.

Procedures: Audit staff reconciled the capital investments to the Utility's general ledger. We verified that the most recent Commission-approved depreciation and amortization periods were used in calculating depreciation expense. We audited a statistical sample of SPPCRC program-related additions, retirements, and adjustments for the period January 1, 2022, through December 31, 2022, by reviewing documentation for the Feeder Hardening Program, the Distribution Lateral Undergrounding Program, and Transmission Wooden Structure Hardening. In addition, there were no depreciation savings for retired assets recovered through base rates. No exceptions were noted.

Objective: The objective was to verify the SPPCRC program-related plant additions, retirements, and adjustments for the period January 1, 2022, through December 31, 2022.

Procedure: We reconciled the SPPCRC program-related plant additions, retirements, and adjustments to the general ledger. No exceptions were noted.

Objective: The objective was to reconcile the operation and maintenance expenses of the projects listed on Form 5A of the filing, to the general ledger.

Procedures: We reconciled the operation and maintenance expenses to the general ledger. We initially selected the five largest invoices/vouchers of the four largest projects listed on Form 5A for review, and performed statistical sampling for the remaining operation and maintenance expenses. No exceptions were noted.

Other

Objectives: The objectives were to: 1) Substantiate if the Utility changed any of its accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause, and 2) Verify if the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause.

Procedures: We requested and reviewed the accounting practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. We reviewed whether the Utility changed any of its allocation practices, procedures, or guidelines for purposes of implementing cost recovery through the Storm Cost Recovery Clause. No exceptions were noted.

True-up

Objective: The objective was to determine if the True-Up and Interest Provision, as filed, was properly calculated.

Procedures: We verified the True-Up and Interest Provision amounts as of December 31, 2022, using the Non-financial Commercial Paper rates and 2022 revenues and costs. No exceptions were noted.

Audit Findings

None

Exhibits

Exhibit 1: True-Up Calculation

Florida Public Utilities
Storm Protection Plan Cost Recovery Clause
Final True-Up
Prior Period: January through December 2021
Calculation of True-Up Amount
(in Dollars)

SPPCRG Form 2A
 Page 1 of 1

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Clause Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. True-Up Provision	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Clause Revenues Applicable to Period (Lines 1 + 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Jurisdictional Rev. Req. (SPPCRG Form 6A and SPPCRG Form 7A)													
a. Overhead Hardening	0	0	0	0	11,894	43,920	27,844	10	3,480	294	234	1,138	89,601
b. Undergrounding	0	0	0	0	0	0	0	0	4,153	195	115	323	4,785
c. Vegetation Management	0	0	0	0	100,720	124,089	104,174	122,849	119,099	170,794	145,215	155,673	1,042,513
d. Insc. adj for costs in base rates	0	0	0	0	(81,297)	(81,297)	(81,297)	(81,297)	(81,292)	(81,292)	(81,297)	(81,292)	(850,336)
e. Total Jurisdictional Revenue Requirements	0	0	0	0	31,317	86,717	50,526	41,576	45,440	63,981	64,272	75,849	455,682
5. Over/Under Recovery (Line 3 - Line 4c)	0	0	0	0	(31,317)	(86,717)	(50,526)	(41,576)	(45,440)	(63,981)	(64,272)	(75,849)	(455,684)
6. Interest Provision (SPPCRG Form 3A, Line 10)	0	0	0	0	(9)	(75)	(232)	(370)	(526)	(839)	(1,185)	(1,547)	(4,799)
7. Beginning Balance True-Up & Interest Provision	0	0	0	0	0	(31,321)	(118,113)	(168,871)	(210,817)	(258,785)	(347,605)	(413,073)	0
a. Deferred True-Up from January to December 2021	0	0	0	0	0	0	0	0	0	0	0	0	0
8. True-Up Collected/(Refunded) (see Line 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
9. End of Period Total True-Up (Lines 5+6+7+8+9)	0	0	0	0	(31,321)	(118,113)	(168,871)	(210,817)	(258,785)	(347,605)	(413,073)	(490,460)	(490,460)
10. Adjustment to Period True-Up including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11. End of Period Total True-Up (Lines 9 + 10)	\$ -	\$ -	\$ -	\$ -	\$ (31,321)	\$ (118,113)	\$ (168,871)	\$ (210,817)	\$ (258,785)	\$ (347,605)	\$ (413,073)	\$ (490,460)	\$ (490,460)

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SPPORC Form 2A

Florida Public Utilities
Storm Protection Plan Cost Recovery Clause
First True-Up
Prior Period: January Through December 2022

Calculation of Interest Provision for True-Up Amount
(in Dollars)

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1. Beginning True-Up Amount (SPPORC Form 2A, Line 7+7a+10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,221)	\$ (118,113)	\$ (168,571)	\$ (210,817)	\$ (266,785)	\$ (347,605)	\$ (413,073)	
2. Ending True-Up Amount Before Interest	0	0	0	0	(31,312)	(118,038)	(168,825)	(210,447)	(256,237)	(346,769)	(411,677)	(486,912)	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	0	0	0	0	(31,312)	(149,359)	(288,769)	(379,319)	(467,674)	(603,651)	(759,482)	(891,985)	
4. Average True-Up Amount (Line 3 x 1/2)	0	0	0	0	(15,656)	(74,680)	(143,379)	(183,659)	(233,537)	(301,776)	(378,741)	(450,993)	
5. Interest Rate (First Day of Reporting Business Month)	0.05%	0.06%	0.25%	0.35%	0.54%	0.68%	1.05%	2.34%	2.34%	3.06%	3.60%	3.87%	
6. Interest Rate (First Day of Subsequent Business Month)	0.06%	0.25%	0.35%	0.54%	0.86%	1.59%	2.34%	2.34%	3.09%	3.50%	3.67%	4.22%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.11%	0.31%	0.60%	0.89%	1.40%	2.41%	3.39%	4.68%	5.42%	6.67%	7.66%	8.22%	
8. Average Interest Rate (Line 7 x 1/2)	0.055%	0.155%	0.300%	0.445%	0.700%	1.205%	1.845%	2.540%	2.710%	3.335%	3.785%	4.110%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.005%	0.013%	0.025%	0.037%	0.058%	0.100%	0.154%	0.195%	0.226%	0.278%	0.315%	0.343%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$ -	\$ -	\$ -	\$ -	\$ (9)	\$ (75)	\$ (232)	\$ (370)	\$ (528)	\$ (835)	\$ (1,196)	\$ (1,547)	\$ (4,796)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Storm protection plan cost recovery
clause

DOCKET NO. 20230010-EI

DATED: July 12, 2023

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the testimony of Hymavathi Vedula on behalf of the staff of the Florida Public Service Commission was electronically filed with the Office of Commission Clerk, Florida Public Service Commission, and copies were furnished by electronic mail to the following on this 12th day of July, 2023.

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