



Dianne M. Triplett
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Duke Energy Florida, LLC

July 7, 2021

VIA ELECTRONIC DELIVERY

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

Re: *2021 Ten-Year Site Plan Data Request #2; Undocketed*

Dear Mr. Teitzman:

Please find enclosed for filing, Duke Energy Florida, LLC's Response to Staff's Data Request #2, issued on June 25, 2021, regarding DEF's 2021 TYSP.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions.

Sincerely,

s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Attachments

cc: Donald Phillips and Damian Kistner, Division of Engineering, FPSC

DEF's Response to Staff's Second Data Request Regarding the 2021 TYSP

1. Please explain how your Company's Sales to Residential, Commercial, and Industrial classes, as well as the Total Sales to Ultimate Customers, were affected by the COVID-19 Pandemic so far.

Response:

Billed weather normalized Residential volumes were up 0.7% for the year, aided by the "stay-at-home" orders. This did not offset the lower sales volumes from the combined Commercial & Governmental customers which declined by -6.4%. Office settings, Tourism, Services, schools and government functions basically shutdown down from mid-March to yearend. DEF Industrial sales did not reflect much of any negative impact from the virus in 2020. A strong gain in energy sales from a large customer significantly boosted Industrial class energy sales by 6.1% in 2020. Weather normalized Total Sales to Total Ultimate Customers in 2020 ended down -6.4% from 2019.

2. Please discuss your Company's expectation of the potential impact of the COVID- 19 Pandemic and the economic recovery on your Company's Total Sales to Ultimate Customers in 2021 and 2022.

Response:

DEF sees the impacts from Covid-19 diminishing as we move throughout the year 2021 and essentially ending by year end. The development of several vaccines will be the primary reason for impacts on electric sales returning to normal as the fear of contacting the virus decline. Business activity and employment levels will gradually return to near normal as "social distancing" requirements disappear and Covid cases and deaths decline. Federal government stimulus efforts were projected to boost the State economy somewhat as were PPP payments to businesses that needed help. DEF projects billed energy sales to increase YoY by 0.2% in 2021 and 2.7% in 2022.

However, some potential Covid-related concerns remain, which result in some lingering downside risk in the forecast. There is ongoing uncertainty in the commercial real estate sector as return to the office protocols are developed and office floor space requirements may be permanently scaled back from previously planned levels. In addition, many failed small businesses shuttered by the decline in sales may not be repurposed or re-open for some time.

3. Please discuss your Company's expectation of the potential impact of the increasing society-wide awareness of the Climate Change issue on your Company's Total Sales to Ultimate Customers in the near future.

Response:

Increasing society-wide awareness of Climate Change may have a wide range of impacts on DEF and society as a whole. In the near future, DEF expects that these changes will affect energy sales through consumer choices in areas such as adoption of rooftop solar, increasing operation of electric vehicles, and some general electrification of other sectors such as home appliances and industrial uses. DEF continues to see steady increases in customer owned generation, principally solar PV. Many "climate motivated" early adopters have already made such installations and the current market is primarily driven by solar system pricing and electric rate subsidies through the net metering program. DEF also continues to see a slow but steady rate of electric vehicle purchase. DEF does not expect that the EV adoption will have a significant impact on overall sales in the near term although there may be some limited local distribution impacts. Similarly, electrification is expected to take hold slowly, incrementally adding to the system load. Finally, Duke Energy faces increasing calls to produce greater proportions of power from renewable sources. Duke Energy Florida currently operates approximately 550 MWs of solar capacity and plans to have almost 1,500 MW by early 2024.

4. Please discuss your Company's expectation of the potential impact of the increased utilization of the electric vehicles in your service area on the Company's Total Sales to Ultimate Customers in the near future.

Response:

This society-wide Climate Change awareness also includes the transformation to purchases of Battery Electric Vehicles (BEV) due to its clean technology. DEF also expects to see this impact increasing over time. Projections assume assumptions involving gasoline prices, State subsidies, and the manufacturing of multiple varieties of vehicles to reach a wider customer base by the end of the decade. As with the introduction of any new product, prices will fall as economies of scale are achieved. As discussed above, DEF is seeing a slow but steady adoption of BEVs. Currently, this has a minimal effect on total sales and the effect of personal vehicle adoption is expected to remain gradual. DEF expects that a larger impact will occur when we see a large-scale adoption of BEVs in fleet and delivery vehicles. We are currently developing models to estimate this timing and impact.