

1 P R O C E E D I N G S

2 CHAIRMAN CLARK: Next up is Item No. 2A.

3 Devlin Higgins will interviews the item.

4 Mr. Higgins.

5 MR. HIGGINS: Good afternoon -- OR morning,
6 Commissioners. Devlin Higgins with Commission
7 staff.8 Item 2A is staff's recommendation concerning
9 Duke Energy's Florida petition for a midcourse
10 correction of its currently approved fuel charges.
11 The impetus for the company's midcourse correction
12 filing are actually in reprojected natural gas
13 costs being higher than originally assumed.14 Staff's recommendation is for the company's
15 fuel cost recovery factors to be adjusted to
16 encompass a portion of the midcourse correction
17 under-recovery amount as contemplated by Rule
18 25-6.0424 beginning with the September 12th, 2021,
19 billing cycle.20 The portion recommended for current recovery
21 consist of DEF's actual 2020 under-recovery of fuel
22 costs, any remaining net balance of this year's
23 fuel cost will be carried forward to 2022.24 Staff is not currently aware of any comments
25 from the general public with respect to this

1 matter.

2 Interested parties wishing to address the
3 Commission are to my left -- are to my right.

4 Thank you?

5 CHAIRMAN CLARK: All right. Thank you very
6 much, Mr. Higgins.

7 Mr. Bernier.

8 MR. BERNIER: Thank you. And good morning,
9 Mr. Chairman, Commissioners. It's good to see
10 y'all again. It's been a while for me to be up
11 here in front of you.

12 I want to start by voicing our appreciation
13 for your staff for turning around our petition in
14 pretty short order and getting it on to today's
15 agenda.

16 I also appreciate staff's comments here today,
17 and we agree with it. We do urge your support for
18 their recommendation.

19 I just have a couple of very brief comments.

20 You know, the fuel clause exists to allow for
21 the matching of fuel expenditures and revenues as
22 they are being incurred. By its very nature, it
23 depends on projections, and projections, of course,
24 are never going to match actual costs completely.

25 When that happens, we have the natural true-up -- I

1 apologize -- we have the natural true-up in the
2 clause. Per your rule, when we have an under or an
3 overrecovery such as we have --

4 CHAIRMAN CLARK: Hang on one second.

5 MR. BERNIER: When we have an under or an
6 overrecovery, such as we have here today with the
7 10 percent threshold, per the rule, when it's
8 practical, we file a petition. That is the
9 petition you have before you today. It exists to
10 provide benefits to customers in the form of rate
11 smoothing and stability, and that's what we are
12 hoping for here today.

13 We urge your support, and we will be available
14 for any questions you may have.

15 Thank you.

16 CHAIRMAN CLARK: Thank you very much, Mr.
17 Bernier.

18 Mr. Brew.

19 MR. BREW: Good morning, Mr. Chairman and
20 Commissioners. My name is James Brew. I represent
21 PCS Phosphate, which has large operations in
22 Hamilton County, and is one of the largest loads on
23 the Duke Energy system.

24 Briefly, I wanted to ask you to reconsider the
25 Duke request for a midcourse correction and the

1 staff recommendation.

2 As businesses, we recognize that fuel prices,
3 especially natural gas, have risen in the past
4 year. We also recognize that under the fuel
5 clause, Duke will be fully reimbursed for any
6 prudently incurred under-recovery. That's not
7 really the point. What we are trying to talk about
8 is the best way to fairly manage a large
9 under-recovery.

10 The last time Duke had significant fuel
11 under-recovery in 2016, Duke sat down with the
12 stakeholders and we came up with a proposal
13 approved by this commission to recover that --
14 those amounts over two years as part of a
15 comprehensive rate plan that was approved in 2017.

16 Now here, Duke's approach had been to take
17 40 million of its 20 actual under-recovery and
18 recover that over the last three months of the
19 year. That's about 20 percent of the overall
20 under-recovery they are reporting, but by
21 compressing that recovery over three months, that's
22 increasing the fuel factor by about 14 percent.

23 When we managed the fuel under-recovery in
24 2017, Florida had a robust economy and nobody had
25 even conceived of the notion of a global pandemic.

1 This year is different. This year it's a real
2 punch in the gut to consumers and businesses trying
3 to manage their operations to see that level after
4 fuel increase over that time.

5 The relatively antiseptic staff
6 recommendation, which is here are the numbers,
7 let's get started recovering it, we think misses
8 the point. It's not that there is an
9 under-recovery. It's that we think it could be
10 better managed, and we ask the Commission to reject
11 the midcourse correction and direct Duke to sit
12 down with the stakeholders, like it did in the
13 past, and work out a more appropriate solution.

14 Thank you.

15 CHAIRMAN CLARK: All right. Thank you very
16 much, Mr. Brew.

17 Mr. Rehwinkel.

18 MR. REHWINKEL: Thank you, Mr. Chairman.
19 Charles Rehwinkel with the Office of Public
20 Counsel.

21 I am not going to address the Commission on
22 this item today, but I wanted to introduce the
23 Commission to Allie Wessling, our newest attorney.
24 She comes to us from the Department of Health and
25 the State Attorneys Office. And so we are happy to

1 have her, and I just wanted to introduce her today.

2 Thank you.

3 CHAIRMAN CLARK: Thank you, Mr. Rehwinkel.

4 And welcome, Ms. Wessling.

5 MS. WESSLING: Thank you very much, Chairman.

6 As far as OPC's position this morning, we do
7 not necessarily dispute the amount of Duke's 2020
8 under-recovery, or the likelihood of a 2021
9 under-recovery. However, it is the Office of
10 Public Counsel's position that all consumers,
11 residential, commercial, industrial, have continued
12 to struggle with the unexpected impacts of a global
13 pandemic for the last year-and-a-half, and many
14 customers are playing catch-up financially.
15 Therefore, we urge the Commission not to require
16 customers to pay any more than absolutely necessary
17 right now, especially if that's only to speed up
18 the recovery of money that Duke will receive over
19 time.

20 Considering other impending factors, such as
21 back to school shopping, the holiday season coming
22 up, budgetary constraints for everyone, and
23 including Duke's upcoming rate increase, now is the
24 time to respect the pressures on consumers and only
25 recover the money for Duke's 2020 under-recovery at

1 this time. To require anything more of consumers
2 would seem unwarranted, and we believe that any
3 moderation in the 2021 recovery would help.

4 Thank you very much.

5 CHAIRMAN CLARK: Thank you very much, Ms.
6 Wessling.

7 All right. Commissioners, any questions?
8 Commissioner Fay, I am sorry.

9 COMMISSIONER FAY: That's okay, Mr. Chairman.
10 And it's really more of a comment than a question.

11 I thought staff did a great job on this. I
12 understand the complexities as to the numbers are
13 going to be constantly moving, and so we are trying
14 to make adjustments based on that. I -- I think
15 you did a good job walking through that, and to a
16 certain extent, hearing from the parties, there is
17 recognition that this is exactly what the clause is
18 designed to do, is to allow us to make these
19 adjustments.

20 With that said, I -- I do have concerns as to
21 how those numbers impact the ratepayer, and I think
22 for me, it's significant when we look at the
23 timeline and approach of this adjustment. I think
24 recognition that it's -- this is part of the
25 adjustment, and the other component of the

1 adjustment will be raised at some point and looked
2 at at some point, but to minimize that, I think
3 it's significant that the Commission considers a
4 September implementation date over an October
5 implementation date.

6 And some of that is stated in the
7 recommendation, but I think what's relevant is
8 we've -- the Commission has already addressed a
9 similar clause adjustment for another utility, and
10 there is some precedent that's significant as to
11 when we can implement that date.

12 I think there is a little bit of room to
13 balance both that -- that implementation date and
14 the notice to the consumer and, on the other end,
15 the impact, especially when it's a significant
16 number. And so spreading that to a certain extent
17 I think is relevant for this past year's data that
18 we have in front of us, knowing that we will
19 address the other data at another point. And that
20 might have been what Mr. Brew was referring to, but
21 I do think, as the numbers continue to move, it's
22 something we are -- we are going to have to look
23 at.

24 So I am -- I am very supportive of the
25 September date. I believe it's consistent with the

1 law and the rule allow us to do, and so I am
2 comfortable with that to move forward. And that
3 would apply -- I know, Mr. Chairman, we are taking
4 up 2A, but I am comfortable with the application of
5 those statements both 2A and 2B. I think it's -- I
6 think they are consistent for us to move forward.
7 So I am comfortable, but I will also allow my
8 colleagues to weigh in if they would like to.

9 CHAIRMAN CLARK: Other Commissioners, comments
10 or questions?

11 COMMISSIONER GRAHAM: Mr. Chairman, I am ready
12 for Commissioner Fay to make a motion.

13 COMMISSIONER FAY: All right. If they like to
14 is I think what I said.

15 So with that, Mr. Chairman, I would move
16 staff's recommendation on all issues for Item 2A
17 and 2B.

18 COMMISSIONER GRAHAM: Second.

19 CHAIRMAN CLARK: All right. We have a motion.
20 I think we need to take the two items separately.
21 We will just 2A to begin with.

22 COMMISSIONER FAY: Sure. Happy to take them
23 separately.

24 Mr. Chairman, I move to approve 2A.

25 COMMISSIONER GRAHAM: Second.

1 CHAIRMAN CLARK: I have a motion and a second
2 to approve Item 2A, staff recommendation on all
3 items as presented.

4 Any discussion?

5 On the motion, all in favor say aye.

6 (Chorus of ayes.)

7 CHAIRMAN CLARK: Opposed?

8 (No response.)

9 CHAIRMAN CLARK: Motion carried.

10 (Agenda item concluded.)

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STATE OF FLORIDA)
COUNTY OF LEON)

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DATED this 17th day of August, 2021.



DEBRA R. KRICK
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