

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Storm Protection Plan Cost Recovery  
Clause

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Docket No. 20210010-EI

Dated: May 13, 2021

**NOTICE OF ADOPTION OF TESTIMONY**

Duke Energy Florida, LLC, hereby provides notice that David Doss will adopt the testimony of Linda Miller, filed to date in this docket. Ms. Miller will no longer be able to fully participate in this proceeding due to her new role within the Company. Mr. David Doss, Duke Energy's Director of Asset Accounting, has personal knowledge of the substance of the testimony he is adopting.

Respectfully submitted this 13<sup>th</sup> day of May, 2021.

s/ Dianne M. Triplett

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**CERTIFICATE OF SERVICE**

*Docket No. 20210010-EI*

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 13<sup>th</sup> day of May, 2021.

*s/ Dianne M. Triplett*

Attorney

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1                   **IN RE: STORM PROTECTION PLAN COST RECOVERY CLAUSE**

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3                   **FPSC DOCKET NO. 20210010-EI**

4                   **DIRECT TESTIMONY OF LINDA MILLER**

5                   **ON BEHALF OF DUKE ENERGY FLORIDA, LLC**

6  
7                   **MAY 3, 2021**

8  
9       **Q.     Please state your name and business address.**

10     A.     My name is Linda Miller. My business address is 550 S. Tryon St., Charlotte, NC  
11             28202.

12  
13     **Q.     By whom are you employed and what is your position?**

14     A.     I am employed by Duke Energy Business Services, LLC (“DEBS”), as Asset  
15             Accounting Manager for Duke Energy Florida, LLC (“DEF” or the “Company”).  
16             DEBS provides various administrative and other services to DEF and other affiliated  
17             companies of Duke Energy Corporation (“Duke Energy”). Both DEF and DEBS are  
18             subsidiaries of Duke Energy.

19  
20     **Q.     Please describe your duties and responsibilities in that position.**

21     A.     I am responsible for ensuring that the capital project accounting impacts of the  
22             Company’s business activities and transactions are properly recorded to the general  
23             ledger. I am also responsible for ensuring that the asset accounting team performs its

1 tasks in an accurate and timely manner in accordance with published deadlines while  
2 strictly adhering to Company policies and controls.

3

4 **Q. Please describe your educational background and professional experience.**

5 A. I graduated from Nyack College with a bachelor's degree in Accounting. I am a  
6 Certified Public Accountant ("CPA") licensed in the state of New York. I have 13  
7 years of professional experience with Duke Energy, formerly Progress Energy, in  
8 various accounting, regulatory, and finance roles. I was named to my current position  
9 as Accounting Manager of DEF in January 2019.

10

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

12 A. The purpose of my testimony is to present, for Commission review, DEF's procedures,  
13 policies, and guidance related to the accounting for storm protection costs separate from  
14 costs recovered through the utility's base rates or any other cost recovery mechanism,  
15 and how these accounting activities are consistent with Rule 25-6.031, F.A.C., and  
16 DEF's 2020 SPP/SPPCRC Agreement approved by Order PSC-2020-0410-AS-EI.

17

18 **Q. Have you prepared, or caused to be prepared under your direction, supervision,  
19 or control, exhibits in this proceeding?**

20 A. No. I am neither sponsoring nor co-sponsoring exhibits in this proceeding.

21

22 **Q. Please summarize your testimony.**

1 A. My testimony supports the policies, procedures, and accounting guidance consistent  
2 with the reporting needs associated with Section 366.96, F.S. and Rule 25-6.031,  
3 F.A.C., to separately identify SPP costs from the Company's base rates or any other  
4 cost recovery mechanisms, thereby ensuring no double-recovery occurs. I will also  
5 identify the updates in accounting procedures addressed in DEF's 2020 SPP/SPPCRC  
6 Agreement, including DEF's efforts to align its presentation of cost estimating and  
7 recognition of actuals with the goal of presenting a meaningful comparison related to  
8 the SPP Programs to the Commission. I will also address how DEF will account for the  
9 concept of Substation Optimization, which aligns the timing of the in-servicing of  
10 assets with the customer benefits achieved.

11

12 **Q. Is DEF complying with Rule 25-6.031(5), F.A.C., regarding the use of the Uniform**  
13 **System of Accounts prescribed by this Commission?**

14 A. Yes. For all costs that are recorded and subsequently recovered through the SPPCRC,  
15 DEF maintains its books and records in conformity with the plant accounts in the  
16 Uniform System of Accounts ("USoA") prescribed by this Commission pursuant to  
17 Rule 25-6.014, F.A.C.

18

19 **Q. Please explain how the Storm Protection Plan costs recoverable through the clause**  
20 **do not include costs recovered through the Company's base rates or any other**  
21 **cost recovery mechanism.**

22 A. Consistent with Section 366.96, F.S., to ensure *"the annual transmission and*  
23 *distribution storm protection plan costs [do] not include costs recovered through the*

1        *public utility's base rates...*” the separation of costs subject to recovery through the  
2        SPPCRC are identified using the Company’s accounting system attributes including  
3        Funding Projects and Work Orders. Further, each SPP Project is ‘tagged’ with an ‘SPP’  
4        project indicator code in the work order management system, which carries forward to  
5        the fixed asset sub-ledger and general ledger. As such, all SPP capital costs can be  
6        identified by this unique code which permits their ready identification and verification  
7        separate from DEF’s base rates or any other cost recovery mechanism.

8  
9        **Q.     What other internal accounting and charging checks are in place to ensure no**  
10       **double recovery of SPP program costs?**

11      A.     Each Program that was established through DEF’s SPP received unique reporting fields  
12       to be selected within DEF’s work management system, such as new Process IDs and  
13       Job plans. The Job Plan is utilized in the work management system to designate the  
14       type of work, as well as key financial information such as the general ledger account  
15       and Process ID. The Process ID is used to track the specific Program in the accounting  
16       systems. These new reporting fields were created specifically to record the project  
17       activities to the SPP Program with which they are associated. For example, the  
18       Distribution - Feeder Hardening Program uses Process ID “SPPFDHD”, while  
19       Distribution - Lateral Hardening Overhead Program uses Process ID “SPPLTOH”, to  
20       further identify the capital costs specific to each Program. The sum of the activity  
21       recorded in each SPP Process ID can be compared to the total amount in the projects  
22       tagged with the SPP project indicator code to validate that all SPP costs are identified,  
23       and therefore would not be double recovered.

1     **Q.     Did DEF engage in revisiting and updating its accounting processes to improve**  
2           **reporting to better align with Section 366.96, F.S., and 25-6.031, F.A.C., as**  
3           **agreed to in the 2020 SPP/SPPCRC Agreement?**

4     A.    Yes. Although DEF did not agree to any specific or itemized list of accounting  
5           processes, the examples provided previously in my testimony address the reporting  
6           needs associated with Section 366.96, F.S., and Rule 25-6.031, F.A.C. Additionally,  
7           the Company has also developed a set of charging guidelines for the SPP, specifically  
8           looking at how to make reconciliations meaningful when comparing the estimated  
9           SPPCRC costs to those actually incurred and submitted for recovery. For instance, in  
10          accordance with the Duke Energy Regulated Electric and Gas Capitalization  
11          Guidelines, DEF uses two types of projects – “specials” and “blankets” – to capture  
12          costs for capital expenditures. Blankets are typically used when the capital expenditures  
13          per work order are less than \$50,000 and there is no cost separation required. While  
14          some work orders for the SPP may meet the criteria for being less than \$50,000, in  
15          order to provide a more meaningful comparison of estimated versus actual costs, DEF  
16          currently intends to use “special” projects for new work orders for all SPP Programs.  
17          Pole Replacements performed as part of the Feeder Hardening - Pole Replacements  
18          and Lateral Hardening – Pole Replacement Subprograms may continue to use “blanket”  
19          accounting due to the high-volume of work spread across DEF’s entire system.

20

21    **Q.     Please explain what is meant by “substation optimization.”**

22    A.    As discussed by witness Lloyd, substation optimization is a strategy that provides  
23          synergies to minimize disruptions to our communities and customers, improves

1 resource utilization and efficiency, and aligns the timing of the in-servicing of assets  
2 with achieving the customer benefits and/or targeted objectives of the work. The  
3 expected duration of a substation project, which includes all tasks such as: scoping,  
4 planning, design and engineering, permitting, ROW acquisition, and construction, is  
5 one to three years. DEF will begin implementing this strategy in 2022.

6

7 **Q. Please explain the interdependency of assets support for substation optimization**  
8 **and how it impacts your assets placed in-service value calculations.**

9 A. The components of the grid are highly interdependent, such that a line outage or  
10 system conditions, such as capacity overloads, in one area can lead to reliability  
11 concerns in other areas. Improved reliability and overall resiliency of a particular  
12 substation positively impacts the experience of all customers served by that substation  
13 and allows that community to more quickly recover from weather related events.  
14 Consequently, the full potential and value of the work performed is not realized until  
15 all the work on the substation is complete or 'done.' An optimized substation is  
16 considered 'done' when all inter-related programs and work on the substation and  
17 associated circuits have been commissioned/enabled or deemed substantially  
18 complete. At that point, all the projects will be placed in- service for accounting  
19 purposes on the same date.

20

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

22 A. Yes.