

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re. Duke Energy Florida, LLC’s Petition for a limited proceeding to approve 2021 settlement agreement, including general base rate increases

Docket No. 20210016-EI

Filed: April 23, 2021

MEMORANDUM OF UNDERSTANDING

WHEREAS, Duke Energy Florida, LLC (“DEF” or the “Company”) has entered into the 2021 Settlement Agreement with the Office of Public Counsel (“OPC”), PCS White Springs (“PCS”), Nucor Steel Florida, Inc. (“Nucor”), and the Florida Industrial Power Users Group (“FIPUG”) (collectively, the “Signatories”); and

WHEREAS, DEF has petitioned the Florida Public Service Commission (“Commission”) for approval of the 2021 Settlement Agreement and the Commission has opened Docket Number 20210016-EI to consider the approval of the 2021 Settlement Agreement; and

WHEREAS, DEF has engaged in confidential discussions with Vote Solar, Southern Alliance for Clean Energy (“SACE”) and the CLEO Institute (“CLEO”) (collectively referred to herein as the “Counterparties”) regarding the 2021 Settlement Agreement; and

WHEREAS, the Counterparties raised concerns with certain items included in the 2021 Settlement and indicated an intent to petition to intervene in Docket Number 20210016-EI; and

WHEREAS, DEF and the Counterparties have entered into this Memorandum of Understanding (“MOU”) in compromise of positions they intended to take with respect to their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, in regards to the 2021 Settlement Agreement; and

WHEREAS, in order to facilitate the Commission’s consideration of the 2021 Settlement Agreement, the Counterparties have agreed to forego their opportunity to petition to

intervene and seek full party status in Docket Number 20210016-EI, in consideration for the commitments DEF has agreed to in this Memorandum of Understanding.

NOW THEREFORE, in consideration of the foregoing, DEF and the Counterparties agree that:

1. DEF agrees, within 60 days of the final written Commission order approving the 2021 Settlement Agreement, to file for Commission approval of a change to its existing Neighborhood Energy Savers (NES) program. Specifically, DEF will request to increase its targeted customers by 5% above the 2020 DSM Plan levels for calendar years 2022-2024 (or an additional 250 annual customers).
2. DEF agrees to not disconnect power for nonpayment of bills for any customer in a Duke Energy Florida Operations Zone with a forecasted 105-degrees heat index for the day as of 7 AM local time, based on Duke Energy's meteorological forecasts. Using the NWS' Heat Index severity document, the point of when heat index crosses from 'caution' to 'danger' is approximately a heat index of 105-degrees (source: [heatindex.png \(618x827\) \(noaa.gov\)](#)).
3. DEF takes the threat of approaching hurricanes or tropical storms impacting customers seriously. DEF utilizes long-standing and reliable storm response policies and procedures that accommodate customer needs and provide operational flexibility to manage the storm impacts. When these types of storms are approaching, the Company begins evaluating scenarios based on a variety of inputs (e.g. meteorological forecasts, outage impacts, infrastructure damage, etc.). These conversations lead to a decision point of when to

mobilize resources for ‘storm mode.’ Once the Company moves into storm mode, DEF commits to suspending disconnections for non-payment for customers in Operations Zones projected to be impacted and agrees to not resume such disconnections until the impacted areas are safely operating and restoration is complete.

4. To address bill certainty, within 12 months of the final written Commission order approving the 2021 Settlement Agreement, DEF will file for Commission approval of a bill certainty offering that leverages controllable customer devices and targets low-income customers. This low-income targeted program will leverage the Company’s existing fixed bill program, but through greater customer engagement, customer-owned controllable devices, and more precise cost basis for regulated accounting, will allow for lower costs compared to the existing fixed bill program. The Company is proposing targeting low-income customers with Fixed Bill offers that contain lower risk adders, but maintain the current bill certainty and zero true-up attributes of the current program. In exchange, customers grant the Company some energy management control, for example through thermostats, that allow for adjusting consumption profiles away from high cost-to-serve times. In combination, the offer would provide customers with both bill certainty without a true up and attractive overall costs compared to current flat bill programs. The Company will work with stakeholders to determine if caps are necessary and at what level. The proposed program will offer a fixed bill option for customers based on (1) forecasted consumption including

consumption uncertainty and (2) the extent to which customers grant the utility control of devices in order to respond to dynamic price signals. While the current Fixed Bill program contains adders to account for consumption uncertainty in exchange for the lack of a true-up, the proposed program is based on exchanging the true-up for utility granted device control. If sufficient control is granted such that consumption uncertainty can be appropriately managed by the utility (based on the more precise cost basis for regulated accounting), lower fixed bills can be achieved for participants even without a necessary true-up. Similar to the current Fixed Bill program, there would be no up-front cost to customers. DEF may cap the number of participants so that it can study the effectiveness of the program. DEF will consider input from signatories in developing the marketing strategy and will use best efforts to obtain funding for free thermostats for low-income participants that need them in order to participate. During the same time horizon, the Company will actively pursue a variety of approaches, such as Round-up (which leverages voluntary customer donations), to make funds available to low income customers to reduce the cost of certain controllable devices that could be leveraged in this low-income bill certainty program.

5. Within 30 days of the final written Commission order approving the 2021 Settlement Agreement, DEF will file and request Commission approval of a two- part plan to provide both short- and longer-term relief for its customers in need through temporary modification to its approved FEECA Programs.

- a. The first modification will be targeted at customers who are both classified as low income with income at or below 200% of the federal poverty guidelines and having arrearages that are greater than 60 days. In order to provide almost immediate relief to those customers in need, all eligible customers enrolled in the Company's approved Residential Demand Response Program (both preexisting participants and new enrollees), will receive a \$30 "Assistance" Incentive in the form of a gift card that could be used to help pay their energy bill. The "Assistance" Incentive will be available to eligible customers in 2021 and 2022, for a total of up to \$60, in order to help customers recover from the economic impacts of COVID and maintain the Demand Response resource associated with them.
- b. The second modification will be available to any customer classified as low income with income at or below 200% of the federal poverty guidelines. It is intended to offer additional relief to eligible customers in the form of longer term sustained savings. These savings will be provided from an HEC "Assistance" Kit. This kit will be provided to eligible customers in addition to the normal HEC Kits. The "Assistance" Kit will contain a number of measures that fail the two-year payback screen, but that can provide meaningful energy efficiency savings to customers in need. The Company will work to maximize customer reach by creating targeted marketing campaigns directed at driving eligible customer participation in HEC, with a specific focus on low-income customers. DEF will utilize various demonstrated marketing approaches and channels

to ensure customers are aware of these savings opportunities, including email, direct mail, bill inserts, and social media. DEF will also leverage its partnerships and relationships with community leaders and agencies that support low income communities to spread the word about these opportunities. DEF specifically agrees to share the marketing plan, including aggregated data on impacted census tracts and zip codes to assist with coordinated outreach from grassroots partners, with the Counterparties. The targeted marketing and availability of the “Assistance” Kits will be available for up to 20,000 qualifying low-income customers each year, from 2021 to 2024, provided that each low income customer completes either an online or walk-through home energy audit. For clarity, the chart below includes the new measures that DEF proposes to be added to the “Assistance” Kits:

Measure	Quantity	KWH PER UNIT	KWH PER KIT
9W LEDs	3	9.52	28.56
Smart Power Strip	1	53.80	53.80
Switch Plate Thermometer	1	73.00	73.00
Hot Water Pipe Insulation	1	187.50	187.50
<i>TOTAL POTENTIAL KWH SAVINGS PER LOW INCOME KIT</i>		323.82	342.86

6. DEF is willing to collaborate with the Counterparties in advance of the next goal-setting proceeding. Specifically, prior to DEF submitting its list of DSM measure for consideration in the state-wide assessment of technical potential, DEF is willing to meet with and consider input from the Counterparties.
7. DEF and the Counterparties agree that they will support this MOU and will not request or support any order, relief, outcome or result in conflict with the terms of this MOU in any administrative or judicial proceeding relating to, reviewing or challenging the establishment, adoption or implementation of this MOU.
8. Nothing in this MOU shall have any precedential value.

Respectfully submitted this __ day of April, 2021.

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