

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Nuclear Cost Recovery  
Clause

Docket No. 130009-EI  
Submitted for filing: August 19, 2013

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**DUKE ENERGY FLORIDA, INC.'S POST-HEARING BRIEF**

Pursuant to Order No. PSC-13-0333-PHO-EI and based on the Florida Public Service Commission's ("FPSC" or the "Commission") decision to grant Duke Energy Florida, Inc.'s ("DEF") Motion to Defer on August 5, 2013, DEF hereby files its updated statement of post-hearing positions in accordance with the rulings made at the August 5, 2013 Nuclear Cost Recovery Clause ("NCRC") hearing and states as follows:

**LEGAL ISSUES**

**Issue 1:** Does recently enacted Senate Bill 1472, effective July 1, 2013, change the AFUDC rate that should be used for nuclear cost recovery clause computations in this year's pending case?

**Position:**

On July 31, 2013 DEF elected not to complete construction of the LNP pursuant to Section 366.93(6), Florida Statutes. Accordingly, the AFUDC rate for the LNP will be set under Section 366.93(6) as implemented in Commission Rule 25-6.0423(6)(b) at the utility's overall pretax weighted average midpoint cost of capital as reported in the Commission's earnings surveillance reporting requirement for the prior year, which is 10.29%. DEF is reducing its carrying cost rate to reflect the rate in Section 366.93(6) and Rule 25-6.0423(6)(b) effective July 1, 2013. Accordingly, this issue has been rendered moot for the LNP.

**Issue 2:** Does recently enacted Senate Bill 1472, effective July 1, 2013, preclude a utility from continuing preconstruction work not related to obtaining a combined operating license from the Nuclear Regulatory Commission or certification, that was under contract or commenced prior to July 1, 2013?

**Position:**

**On July 31, 2013 DEF elected not to complete construction of the LNP pursuant to Section 366.93(6), Florida Statutes. Accordingly, this issue has been rendered moot for the LNP.**

**Issue 3:** Does recently enacted Senate Bill 1472, effective July 1, 2013, preclude a utility from recovering costs associated with preconstruction work not related to obtaining a combined operating license from the Nuclear Regulatory Commission or certification, that was under contract or commenced prior to July 1, 2013?

**Position:**

**On July 31, 2013 DEF elected not to complete construction of the LNP pursuant to Section 366.93(6), Florida Statutes. Accordingly, this issue has been rendered moot for the LNP.**

**FACT ISSUES**

**LEVY NUCLEAR PROJECT**

**Issue 18:** Do DEF's activities since January 2012 related to the proposed Levy Units 1 & 2 qualify as "siting, design, licensing and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 19:** Should the Commission approve what DEF has submitted as its 2013 annual detailed analysis of the long-term feasibility of completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 19A:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Levy Units 1 & 2 nuclear project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 19B:** What is the current estimated planned commercial operation date of the planned Levy Units 1 & 2 nuclear facility?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 20:** What are the jurisdictional amounts for Levy Units 1 & 2 project activities that are related to obtaining a combined license from the Nuclear Regulatory Commission or certification during 2013 and 2014?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 21:** Should the Commission find that, for 2012, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project? If not, what action, if any, should the Commission take?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 22:** What jurisdictional amounts should the Commission approve as DEF's final 2012 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding.**

**Based on DEF's March 1, 2013 filing:**

**Capital Costs (Jurisdictional) \$25,335,581  
O&M Costs (Jurisdictional) \$988,205  
Carrying Costs \$48,424,466**

**The under-recovery of \$3,644,953, should be included in setting the allowed 2014 NCRC recovery.**

**The 2012 variance is the sum of under-projection preconstruction costs of \$3,707,795 plus an under-projection of O&M expenses of \$60,747 plus an over-projection of carrying costs of \$123,588. (Foster, Fallon).**

**Issue 23:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for DEF's Levy Units 1 & 2 project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding and subject to DEF's position in Issue 1.**

**Based on DEF's May 1, 2013 filing:**

**Capital Costs (Jurisdictional) \$85,657,847  
O&M Costs (Jurisdictional) \$523,974  
Carrying Costs \$21,833,893.**

**The over-recovery of \$4,440,118, should be included in setting the allowed 2014 NCRC recovery.**

**The 2013 variance is the sum of an over-projection of Preconstruction costs of \$3,683,836, plus an over-projection of O&M expenses of \$501,126 plus an over-projection of carrying charges of \$255,156. (Foster, Fallon).**

**Issue 24:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for DEF's Levy Units 1 & 2 project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding and subject to DEF's position in Issue 1.**

**Based on DEF's May 1, 2013 filing:**

**Capital Costs (Jurisdictional) \$32,717,834**

**O&M Costs (Jurisdictional) \$480,817**

**Carrying Costs \$18,172,031**

**For the LNP, an amount necessary to achieve the rates included in Exhibit 5 (\$3.45/1,000kWh on the residential bill) of the Settlement Agreement approved in Order No. PSC-12-104-FOF-EI page 147 (as modified in Exhibit 9 of the Revised and Restated Stipulation and Settlement Agreement, if approved) should be included in establishing DEF's 2014 CCRC. (Foster, Fallon).**

**Issue 25:** What is the appropriate regulatory treatment of any amount equal to the difference between the collections pursuant to Order No. PSC-12-0104-FOF-EI and the sum of recoverable amounts identified in the prior issues?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**CR3 UPRATE PROJECT**

**Issue 26:** What action, if any, should the Commission take as a result of the DEF decision to retire the CR3 unit with respect to the Balance of Plant Uprate of CR3 associated with the December 7, 2009 base rate tariff filing by DEF?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 27:** Should the Commission find that, for 2012, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project? If not, what action, if any, should the Commission take?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 27A:** Has Duke undertaken reasonable and prudent measures to mitigate the CR3 uprate asset (e.g., through salvage, sale, cost reduction, etc.) following its decision to retire CR3? If not, what action, if any, should the Commission take?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding.**

**Issue 28:** What jurisdictional amounts should the Commission approve as DEF's 2012 prudently incurred costs and final true-up amounts for the Crystal River Unit 3 Uprate project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding.**

**Capital Costs (Jurisdictional, net of joint owners) \$34,217,595  
O&M Costs (Jurisdictional, net or joint owners) \$432,585  
Carrying Costs \$21,205,814 and Other Adjustments credit of \$3,242,310.**

**The under-recovery of \$2,596,849 should be included in setting the allowed 2014 NCRC recovery.**

**The 2012 variance is the sum of an O&M under-projection of \$432,455, and an under-projection of carrying charges of \$2,164,394. (Foster, Miller).**

**Issue 29:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for DEF's Crystal River Unit 3 Uprate project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding.**

**Capital Costs (Jurisdictional, net of joint owners) \$11,812,025  
O&M Costs (Jurisdictional, net of joint owners) \$453,738  
Carrying Costs \$27,111,962 and Other Adjustments credit of \$6,946.**

**The over-recovery of \$2,790,653 should be included in setting the allowed 2014 NCRC recovery.**

**The 2013 variance is the sum of an O&M under-projection of \$453,565, over-projection of carrying charges of \$3,240,860 and an over-projection of \$3,359 of Other Adjustments. (Foster, Miller).**

**Issue 30:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for DEF's Crystal River Unit 3 Uprate project?

**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding.**

**Capital Costs (Jurisdictional, net of joint owners) \$208,008**

**O&M Costs (Jurisdictional, net of joint owners) \$396,900  
Carrying Costs \$24,178,932 and a base revenue requirement credit of \$3,699 (Foster, Miller)**

**Issue 31:** What is the total jurisdictional amount to be included in establishing DEF's 2014 Capacity Cost Recovery Clause factor?

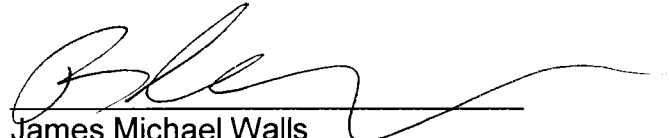
**Position:**

**On August 5, 2013, the Commission granted DEF's Motion to Defer; accordingly, this issue has been deferred to the 2014 NCRC proceeding. DEF will be allowed recovery of the following costs indicated below in this proceeding subject to true-up and refund after review in the 2014 NCRC proceeding and subject to DEF's position in Issue 1.**

**The total jurisdictional amount to be included in establishing DEF's 2014 Capacity Cost Recovery Clause factor should be \$68,591,150 for the CR3 Uprate project and the amount necessary to achieve the rates included in Exhibit 5 (\$3.45/1,000kWh on the residential bill) of the Settlement Agreement approved in Order No. PSC-12-104-FOF-EI page 147 (as modified in Exhibit 9 of the Revised and Restated Stipulation and Settlement Agreement, if approved) should be included in establishing DEF's 2014 CCRC. (Foster, Fallon).**

Respectfully submitted on this 19th day of August, 2013:

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 19<sup>th</sup> day of August, 2013.



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