

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for
Citrus County combined cycle power plant, by
Duke Energy Florida, Inc.

DOCKET NO. 140110-EI

In re: Petition for determination of cost
effective generation alternative to meet need
prior to 2018, by Duke Energy Florida, Inc.

DOCKET NO. 140111-EI

FILED : August 1, 2014

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in these dockets, Order No. PSC-14-0274-PCO-EI and Order No. PSC-0275-PCO-EI, issued May 29, 2014, hereby submit this Prehearing Statement.

APPEARANCES:

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Erik L. Saylor
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Office of Public Counsel
c/o The Florida Legislature
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On behalf of the Citizens of the State of Florida

1. **WITNESSES:**

The Citizens do not intend to call any witnesses.

2. EXHIBITS:

None at this time.

3. STATEMENT OF BASIC POSITION

The Commission has before it petitions in both Dockets 140110 and 140111 because Duke experienced failures in the preservation of existing and planned nuclear generation resources. As the signatory to a complex and comprehensive global settlement that delivered over \$2.3 billion in value to Duke customers, the OPC agreed to a process that gives Duke *an opportunity* to demonstrate to the Commission that it has both a need for generation resources and has identified the lowest cost, reliable generation resource solution to the dilemma that Duke's actions have created.

Paragraph 16 of the Revised and Restated Stipulation and Settlement Agreement (RRSSA) generally provides the basis for the proceeding, together with the Commission's Need Determination Rule (Rule 25-22.082(15), F.A.C., and provisions of Chapter 403, Fla. Stat). The OPC urges the Commission to be mindful of the circumstances that gave rise to the need that Duke presents. Even though the Commission is charged with not allowing costs in excess of those that are necessary for the provision of reliable electric service in every such Need Determination proceeding, we ask that the Commission hold Duke to its burden of proof in light of the fact that customers are paying (or will soon be paying) for the abandonment of three nuclear generation projects while also paying for the generation needed to replace the power that would have been the product of that abandoned generation.

At this time, Duke and certain intervenors have proposed competing solutions to the need that Duke asserts exists before 2018 and then after 2018. The OPC has evaluated the testimony

that has been filed so far; however, due to the extension of time for rebuttal testimony to be filed, Duke's rebuttal testimony will not have been filed at the time Prehearing Statements are due. The OPC will evaluate the testimony as a whole and any additional discovery that may be undertaken and endeavor to take a position based on what is filed.

As a basic proposition, the Public Counsel believes that the Commission should find that the lowest cost, prudent, reliable solution should be selected in the event that the Commission determines that Duke has met its burden to demonstrate that a need exists. However, at this time, based on the state of the record, the OPC cannot take a definitive position of the ultimate outcomes in these two dockets.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

Docket No. 140110-EI

Issue 1: Is the proposed Citrus County combined cycle plant needed, taking into account the need for electric system reliability and integrity?

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of electric system reliability and integrity in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 2: Is the proposed Citrus County combined cycle plant needed, taking into account the need for adequate electricity at a reasonable cost?

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of adequate electricity as a reasonable cost in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 3: Is the proposed Citrus County combined cycle plant needed, taking into account the need for fuel diversity and supply reliability?

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of adequate electricity as a reasonable cost in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 4: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Duke Energy Florida that might mitigate the need for the proposed Citrus County combined cycle plant?

OPC: At this time, the OPC has no basis to dispute that Duke has appropriately incorporated into its analysis all renewable energy sources and technologies or conservation measures taken by or reasonably available to the company as required by the Commission in its needs analysis in Dockets 140110 & 140111. Nevertheless, Duke has the burden to demonstrate that it has properly considered renewables and conservation in its analysis.

Issue 5: Is the proposed Citrus County combined cycle plant the most cost-effective alternative available to meet the needs of Duke Energy Florida and its customers?

OPC: At this time, the issue of whether the proposed Citrus County combined cycle plant is the most cost-effective alternative available to meet the needs of Duke Energy Florida and its customers is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 6: Did Duke Energy Florida reasonably evaluate all alternative scenarios for cost effectively meeting the needs of its customers over the relevant planning horizon?

OPC: At this time, the issue of whether Duke Energy Florida reasonably evaluated all alternative scenarios for cost effectively meeting the needs of its customers over the relevant planning horizon is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 7: Based on the resolution of the foregoing issues, should the Commission grant the requested determination of need for the proposed Citrus County combined cycle plant?

OPC: No position at this time pending review of discovery that may be conducted on Duke's rebuttal testimony.

Issue 8: Should this docket be closed?

OPC: No position.

Docket No 140111-EI

Issue 9: Are the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project needed, taking into account the need for electric system reliability and integrity

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of electric system reliability and integrity in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 10: Are the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project needed, taking into account the need for adequate electricity at a reasonable cost?

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of adequate electricity as a reasonable cost in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 11: Are the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project needed, taking into account the need for fuel diversity and supply reliability?

OPC: Given the methodology underlying the demand forecast that Duke has produced in Dockets 140110 & 140111 and absent sufficient time or evidence in the shortened need proceeding schedule to develop a competing forecast, the OPC has not filed testimony challenging Duke's forecast. Duke nevertheless has the burden of demonstrating the reasonableness of its forecast and the Commission should consider testimony offered by other witnesses as well as evidence adduced at the hearing in making a determination whether the Duke forecast meets its burden to demonstrate the need for the Citrus County combined cycle plant.

At this time, the issue of adequate electricity as a reasonable cost in the context of competing resource options proposed by other intervenors in this docket is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 12: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Duke Energy Florida, Inc. that might mitigate the need for the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project?

OPC: At this time, the OPC has no basis to dispute that Duke has appropriately incorporated into its analysis all renewable energy sources and technologies or conservation measures taken by or reasonably available to the company as required by the Commission in its needs analysis in Dockets 140110 & 140111. Nevertheless, Duke has the burden to demonstrate that it has properly considered renewables and conservation in its analysis.

Issue 13: Are the proposed Suwannee Simple Cycle Project in 2016 and Hines Chillers Power Uprate Project in 2017 the most cost-effective alternatives available to meet the needs of Duke Energy Florida, Inc. and its customers?

OPC: At this time, the issue of whether the proposed Suwannee Simple Cycle Project in 2016 and Hines Chillers Power Uprate Project in 2017 are the most cost-effective alternative(s) available to meet the needs of Duke Energy Florida and its customers is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 14: Did Duke Energy Florida, Inc. reasonably evaluate all alternative scenarios for cost effectively meeting the needs of its customers over the relevant planning horizon?

OPC: At this time, the issue of whether Duke Energy Florida reasonably evaluated all alternative scenarios for cost effectively meeting the needs of its customers over the relevant planning horizon is still under evaluation by the OPC given that Duke rebuttal testimony will be filed on August 5th. The OPC will endeavor to provide a definitive position at the time of the prehearing conference after reviewing discovery that may be conducted on Duke's rebuttal testimony.

Issue 15: Based on the resolution of the foregoing issues, should the Commission grant the requested determination that the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are the most cost-effective generation alternatives to meet Duke's needs prior to 2018?

OPC: No position at this time pending review of discovery that may be conducted on Duke's rebuttal testimony.

Issue 16: Should this docket be closed?

OPC: No position.

5. STIPULATED ISSUES:

None at this time.

6. PENDING MOTIONS:

None

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

None at this time.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Dated this 1st day of August, 2014

Respectfully submitted,

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Attorney for the Citizens
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and foregoing **PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL** has been furnished by electronic mail on this 1st day of August, 2014.

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