

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for Determination )  
of Cost Effective Generation Alternative ) DOCKET NO. 140111-EI  
to Meet Need Prior to 2018 for Duke ) Submitted for filing: August 1, 2014  
Energy Florida, Inc. )  
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**DUKE ENERGY FLORIDA, INC.'S PREHEARING STATEMENT**

Pursuant to the Third Order Establishing Procedure, Order No. PSC-14-0341-PCO-EI, issued July 3, 2014, (the "Order"), Duke Energy Florida, Inc. ("DEF" or the "Company") submits its Prehearing Statement and states as follows:

**A. APPEARANCES:**

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**B. WITNESSES AND EXHIBITS:**

In identifying witnesses and exhibits herein, DEF reserves the right to call such other witnesses and to use such other exhibits as may be identified in the course of discovery and preparation for the final hearing in this matter.

**1. WITNESSES.**

**Direct Testimony.**

<u>Witness</u> <sup>1</sup>	<u>Subject Matter</u>	<u>Issues</u>
Mark E. Landseidel	Supports DEF's Petition for Determination of Cost Effective Alternative to Meet Need prior to 2018 for Duke Energy Florida, Inc. Describes the site and unit characteristics for both the Suwannee Simple Cycle combustion turbine project and Hines Chillers Power Uprate project to existing DEF units. Also explains the estimated costs and projected in-service dates for the Suwannee Simple Cycle project and Hines Chillers Power Uprate project.	2, 3, 7
Kevin Delehanty	Supports DEF's Petition for Determination of Cost Effective Alternative to Meet Need Prior to 2018 for Duke Energy Florida, Inc. for the Suwannee Simple Cycle project and the Hines Chillers Power Uprate project. Describes the process for developing the Fundamental Forecast and	2, 3, 7

<sup>1</sup> Indicates proposed order for witness testimony presentation at the final hearing. To avoid confusion with Docket 140110, DEF has re-numbered these issues 1-8 (rather than 9-15 as they appear in the Order).

	explains why the Fundamental Forecast is a reasonable long-term fuels price forecast for the Company to use in its Integrated Resource Planning (“IRP”) process.	
Ed Scott	Supports DEF’s Petition for Determination of Cost Effective Alternative to Meet Need Prior to 2018 for Duke Energy Florida. Provides an overview of the transmission system impacts and costs for the generation options that the Company proposes to build to meet its need prior to 2018 in the most cost-effective manner for its customers. Also addresses the transmission system impacts associated with supply-side generation alternatives that the Company evaluated to determine that the Company’s self-build generation options are the most cost-effective resource options to meet the Company’s need prior to 2018.	1, 2, 5, 6, 7
Julie Solomon, Navigant Consulting, Inc.	Ms. Solomon was retained by the Company to perform the Federal Energy Regulatory Commission (“FERC”) Competitive Analysis Screen for potential generation facility acquisitions that the Company was considering as part of its evaluation. The Competitive Analysis Screen is part of the FERC framework to evaluate the competitive effects of	5, 6, 7

	<p>proposed public utility mergers and public utility acquisitions (or disposals) of generation facilities.</p> <p>Ms. Solomon addresses the FERC framework and, in particular, the Competitive Analysis Screen, and the results of this analysis of the potential public utility acquisitions of generation facilities.</p>	
<p>Benjamin M.H. Borsch</p>	<p>Supports DEF’s Petition for Determination of Cost Effective Alternative to Meet Need prior to 2018 for Duke Energy Florida.</p> <p>Provides an overview of the generation alternatives that the Company proposes to build to meet its need prior to 2018 in the most cost-effective manner for its customers. Discusses the resource planning process and how that led the Company to identify this need prior to 2018 and explains the steps the Company took to identify available, potentially superior supply-side alternatives. Explains the Company’s evaluation of these generation alternatives, including the evaluation of third-party generation capacity proposals, and sets forth the reasons why the Company’s self-build generation options are the most cost-effective resource options to meet the Company’s need prior to 2018 and explains the Company’s decision to</p>	<p>1, 2, 3, 4, 5, 6, 7, 8</p>

	proceed with its self-build generation options.	
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**Rebuttal Testimony.<sup>2</sup>**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Jeffrey Patton	Responds to and rebuts the direct testimony, exhibits and recommendations of intervenor Calpine Construction Finance Company, L.P. (“Calpine”) witness Paul Hibbard and NRG Florida LP (“NRG”) witness Jim Dauer related to firm gas transportation and supply requirements in this Docket.	3, 5, 6, 7
Ed Scott	Responds to and rebuts the direct testimony, exhibits and recommendations of intervenor Calpine witness	1, 2, 5, 6, 7

<sup>2</sup> Calpine separately filed the same direct testimony of Calpine witnesses Mr. Simpson and Mr. Hibbard in this Docket and in Docket No. 140110-EI, which is the Docket addressing the Company’s Petition for Determination of Need for the Citrus County Combined Cycle Power Plant. Calpine filed slightly different direct testimony for Calpine witness Mr. Thornton in this Docket than his direct testimony filed in Docket No. 140110-EI and Calpine filed the direct testimony of Mr. Hunger in this Docket, but not in Docket No. 140110-EI. The Calpine witnesses challenge in both Dockets the Company’s selection of its self-build generation projects instead of Calpine’s proposal to meet DEF’s need prior to 2018. The Calpine witnesses’ only arguments in Docket 140110-EI challenge the need for the Citrus County Combined Cycle Power Plant in 2018. DEF’s rebuttal testimony in Docket 140110-EI addresses these arguments directed at the need for the Citrus County Combined Cycle Power Plant in 2018. DEF’s rebuttal testimony in this Docket addresses the Calpine witness testimony in both Dockets challenging the Company’s selection of its self-build generation projects instead of Calpine’s proposal to meet DEF’s need prior to 2018.

NRG filed the exact same direct testimony in this Docket and in Docket No. 140110-EI. NRG witnesses, like the Calpine witnesses, challenge the Company’s selection of its self-build generation projects instead of NRG’s proposal to meet DEF’s need prior to 2018 in both Dockets. NRG witnesses, like the Calpine witnesses, appear to only challenge the need for the Citrus County Combined Cycle Power Plant in 2018 in Docket 140110-EI. DEF’s rebuttal testimony in Docket 140110-EI addresses these arguments that are directed at the need for the Citrus County Combined Cycle Power Plant in 2018. DEF’s rebuttal testimony in this Docket addresses the NRG witness testimony in both Dockets challenging the Company’s selection of its self-build generation projects instead of NRG’s proposal to meet DEF’s need prior to 2018.

	John Simpson related to firm transmission service requirements in this Docket.	
Benjamin M.H. Borsch	Responds to and rebuts the direct testimony, exhibits and recommendations of intervenor Calpine witnesses Todd Thornton, John Simpson, Paul Hibbard, and David Hunger and NRG witnesses Jeffrey Pollock, Jim Dauer, and John Morris in this Docket.	1, 2, 3, 4, 5, 6, 7, 8

## 2. DIRECT TESTIMONY EXHIBITS.

<b><u>Exhibit Number</u></b>	<b><u>Witness</u></b>	<b><u>Description</u></b>
Exhibit No. __ (MEL-1)	Mark E. Landseidel	A map showing the location of the Suwannee power plant site in Suwannee County, Florida.
Exhibit No. __ (MEL-2)	Mark E. Landseidel	The preliminary layout of the Suwannee Simple Cycle project at the Suwannee power plant site.
Exhibit No. __ (MEL-3)	Mark E. Landseidel	An itemization of the major cost items for the Suwannee Simple Cycle project.
Exhibit No. __ (MEL-4)	Mark E. Landseidel	The projected schedule for completion of the Suwannee Simple Cycle project.
Exhibit No. __ (MEL-5)	Mark E. Landseidel	A map showing the location of the Hines Chillers Power Uprate project in Polk County, Florida.
Exhibit No. __ (MEL-6)	Mark E. Landseidel	The preliminary layout of the Hines Chillers Power Uprate project equipment and facilities located at the Hines Energy Complex in Polk County, Florida.
Exhibit No. __ (MEL-7)	Mark E. Landseidel	An itemization of the major cost items for the Hines

		Chillers Power Uprate project.
Exhibit No. __ (MEL-8)	Mark E. Landseidel	The projected schedule for completion of the Hines Chillers Power Uprate project.
Exhibit No. __ (KD-1)	Kevin Delehanty	CONFIDENTIAL - A chart of the Company's base, high, and low natural gas price forecast.
Exhibit No. __ (KD-2)	Kevin Delehanty	CONFIDENTIAL - A chart of the Company's base natural gas price forecast and other industry natural gas price forecasts.
Exhibit No. __ (KD-3)	Kevin Delehanty	United States Energy Information Administration Map of major North American shale basins.
Exhibit No. __ (KD-4)	Kevin Delehanty	United States Potential Gas Committee chart of Total Potential Resources.
Exhibit No. __ (ES-1)	Ed Scott	A map and graphic illustration of the transmission interconnections for the Suwannee Simple Cycle Project at the Suwannee power plant site.
Exhibit No. __ (ES-2)	Ed Scott	A depiction of the existing Hines Energy Complex combined cycle power plant blocks and the existing transmission interconnections.
Exhibit No. __ (ES-3)	Ed Scott	CONFIDENTIAL - A description of the potential generation facility acquisitions evaluated for transmission cost impacts to the DEF transmission system, including the physical location of the facilities and a description

		of the necessary transmission network upgrades to reliably integrate the facilities onto the electric grid that result from the DEF transmission analyses.
Exhibit No. __ (JS-1)	Julie Solomon	A copy of Julie Solomon's curriculum vitae.
Exhibit No. __ (JS-2)	Julie Solomon	A schematic showing DEF's Balancing Authority Area ("BAA") and other BAAs in the Florida Reliability Coordinating Council.
Exhibit No. __ (JS-3)	Julie Solomon	Sample Herfindahl-Hirschman Index ("HHI") calculations of market concentration.
Exhibit No. __ (JS-4)	Julie Solomon	A table depicting the metrics FERC uses to define market concentration and acceptable levels of HHI changes under the Competitive Analysis Screen.
Exhibit No. __ (JS-5)	Julie Solomon	A table of the ten periods that are evaluated in the Competitive Analysis Screen.
Exhibit No. __ (JS-6)	Julie Solomon	A table of the "Available Economic Capacity ("AEC") calculations derived for DEF in the Competitive Analysis Screen evaluation.
Exhibit No. __ (JS-7)	Julie Solomon	A table of the AEC calculations derived for DEF with a ten percent increase in the market price.
Exhibit No. __ (JS-8)	Julie Solomon	A table summarizing the differences between the AEC for DEF from Exhibit No. __ (JS-6) and Exhibit No. __ (JS-7).



Exhibit No. __ (JS-9)	Julie Solomon	Results of the Competitive Analysis Screen for potential Acquisition 1.
Exhibit No. __ (JS-10)	Julie Solomon	Results of the Competitive Analysis Screen for potential Acquisition 2.
Exhibit No. __ (JS-11)	Julie Solomon	Results of the Competitive Analysis Screen price increase and decrease sensitivity analyses for potential Acquisition 1.
Exhibit No. __ (JS-12)	Julie Solomon	Results of the Competitive Analysis Screen price increase and decrease sensitivity analyses for potential Acquisition 2.
Exhibit No. __ (BMHB-1)	Benjamin M.H. Borsch	A copy of the Florida Reliability Coordinating Council (“FRCC”) Evaluation of Transmission Impact of the United States Environmental Protection Agency (“EPA”) Mercury and Air Toxics Standard (“MATS”) --- Transmission Impact Study for Shutdown of Crystal River Unit 1 (“CR1”) and Crystal River Unit 2 (“CR2”) with retirement of Crystal River Unit 3 (“MATS Study”).
Exhibit No. __ (BMHB-2)	Benjamin M.H. Borsch	The Company’s current, April 2014 Ten Year Site Plan (“TYSP”).
Exhibit No. __ (BMHB-3)	Benjamin M.H. Borsch	The Company’s near-term summer and winter load forecast.
Exhibit No. __ (BMHB-4)	Benjamin M.H. Borsch	The Company’s forecast of summer peak demands and reserves with and without additional generation capacity in the summers of 2016 and 2017.

Exhibit No.__(BMHB-5)	Benjamin M.H. Borsch	The Company's forecast of physical and dispatchable demand-side resource reserves through the summers of 2016 and 2017.
Exhibit No.__(BMHB-6)	Benjamin M.H. Borsch	The generation options evaluated to contribute to the Company's capacity needs in the summers of 2016 and 2017.
Exhibit No.__(BMHB-7)	Benjamin M.H. Borsch	CONFIDENTIAL - A chart of the supply-side generation proposals evaluated by the Company to meet its capacity needs in the summers of 2016 and 2017.
Exhibit No.__(BMHB-8)	Benjamin M.H. Borsch	The Company's initial detailed economic analysis results for the most cost-effective generation option to meet the Company's capacity needs in the summers of 2016 and 2017.
Exhibit No.__(BMHB-9)	Benjamin M.H. Borsch	The Company's cost sensitivity analysis results based on the initial detailed economic analysis.
Exhibit No.__(BMHB-10)	Benjamin M.H. Borsch	The Company's final detailed economic analysis results for the most cost-effective generation option to meet the Company's capacity needs in the summer of 2016 and 2017.
Exhibit No.__(BMHB-11)	Benjamin M.H. Borsch	The Company's analysis of natural gas price and carbon cost ("CO2") sensitivities to the final detailed economic analyses.

### 3. REBUTTAL TESTIMONY EXHIBITS.<sup>3</sup>

<b><u>Exhibit Number</u></b>	<b><u>Witness</u></b>	<b><u>Description</u></b>
Exhibit No.__(ES-4)	Ed Scott	The estimated cost for firm Point to Point (PTP) transmission reservation service with Tampa Electric Company (“TEC”) to deliver the entire Calpine Osprey plant capacity and energy to the interface between the TEC and DEF system
Exhibit No. __(ES-5)	Ed Scott	The estimated cost to wheel the 249MW of firm partial pass PTP transmission service that Calpine currently has with TEC to deliver 249MW of firm capacity and energy from the Calpine Osprey plant to the interface between the TEC and DEF system.
Exhibit No.__(BMHB-12)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - A composite exhibit of the written communications between DEF and NRG between late May 2014 and early July 2014.
Exhibit No.__(BMHB-13)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - a composite exhibit of the written communications between DEF and Calpine between late May 2014 and early July 2014.

<sup>3</sup> Because DEF’s rebuttal testimony is due August 5, 2014, four days after the due date for this prehearing statement, DEF may not have finalized all of its rebuttal exhibits at the time of the filing of this prehearing statement on August 1, 2014. Accordingly, DEF expressly reserves the right to include any additional rebuttal exhibits identified in its final rebuttal testimony in its prehearing statement once rebuttal testimony is finalized and filed on August 5, 2014.

Exhibit No.__(BMHB-14)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - NRG's final and best offer to sell its plant to DEF.
Exhibit No.__(BMHB-15)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - DEF's evaluation of NRG's final and best offer to sell its plant to DEF.
Exhibit No.__(BMHB-16)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - Calpine's June 16, 2014 final and best offer to sell its plant to DEF.
Exhibit No.__(BMHB-17)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - Calpine's July 3, 2014 final and best offer to sell its plant to DEF.
Exhibit No.__(BMHB-18)	Benjamin M.H. Borsch	COMPETITIVELY SENSITIVE - DEF's evaluation of Calpine's July 3, 2014 final and best offer to sell its plant to DEF.
Exhibit No.__(BMHB-19)	Benjamin M.H. Borsch	DEF's summary of similar capital projects to the Suwannee Simple Cycle Project.
Exhibit No.__(BMHB-20)	Benjamin M.H. Borsch	DEF's load forecasts.

In addition, DEF reserves the right to utilize any exhibits introduced by another party and to introduce additional exhibits necessary for rebuttal or cross examination at the final hearing of this matter.

**C. DEF'S STATEMENT OF BASIC POSITION:**

Pursuant to Rules 25-22.080 and 25-22.081, Florida Administrative Code ("F.A.C."), and in accordance with the 2013 Revised and Restated Stipulation and Settlement Agreement approved by the Commission on November 12, 2013 in Order No. PSC-13-0598-FOF-EI in Docket No. 130208-EI (the "2013 Settlement Agreement"), DEF petitioned the Florida Public Service Commission ("FPSC" or the "Commission") on May 27, 2014 for an affirmative determination that DEF has a need for additional generation capacity prior to 2018 and that DEF's Suwannee Simple Cycle and Hines Chillers Power Uprate Projects are the most cost effective generation alternatives to meet that need. In the 2013 Settlement Agreement, the Company agreed to evaluate the most cost effective alternative to satisfy its generation capacity

needs prior to year end 2017 through its IRP methodology and to present this evaluation to the Commission.

DEF needs the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project by the summer of 2016 and 2017, respectively, to meet its 20 percent Reserve Margin commitment and to serve its customers' future electrical power needs in a reliable and cost-effective manner. The Company plans its resource needs in its IRP process to optimize its supply-side options along with its demand-side options into a final, integrated optimal plan, designed to deliver reliable, cost-effective power to DEF's customers. DEF plans its resources in a manner consistent with utility industry planning practices to satisfy its minimum 20 percent Reserve Margin criterion established for investor-owned utilities in Florida in Order No. PSC-99-2507-S-EU.

The Company faced resource planning decisions leading up to and early in 2013 that affected the Company's near-term reliability need for generation capacity. As a result, during the Company's annual resource planning analysis, the Company identified substantial generation capacity needs in the near term, beginning in 2016. This analysis was first reflected in the Company's 2013 TYSP and the Company's generation capacity need beginning in the summer of 2016 was confirmed in its 2014 TYSP. The Company will experience load growth as the Florida economy recovers from the last recession. DEF expects both more customers and growth in energy demand in the near term, through 2017 and beyond. This growth, especially in summer peak demand on the Company's system, is one factor in the Company's need for additional generation.

Another driver in the Company's need for additional generation is the retirement of and reduction in generation capacity on DEF's system. In February 2013, the Company decided to retire its Crystal River Unit 3 nuclear power plant ("CR3"). CR3 accounted for approximately 790 MW of summer generation capacity on DEF's system. The Company's plan for compliance with the EPA MATS at CR1 and CR2 will result in a reduction in the CR1 and CR2 plant capacity beginning in the spring of 2016. The Company also plans to retire some of its oldest combustion turbines in its fleet and its three 1950's vintage, oil- and gas-fired steam generation plants at the Company's Suwannee power plant site in 2016. The Company's generation plant retirements are another primary reason for the Company's generation capacity need in 2016 and 2017 to reliably serve its customers.

The Suwannee Simple Cycle and the Hines Chillers Power Uprate projects are the most cost effective options to fulfill DEF's generation capacity needs prior to 2018. The Suwannee Simple Cycle project leverages use of existing land, gas, and transmission infrastructure at the Company's existing Suwannee power plant site and will have low air emissions using proven combustion turbine technology. In addition, the F class combustion turbine technology that will be placed in commercial service with the Suwannee Simple Cycle project is well suited to the Company's peaking capacity needs.

The Hines Chillers Power Uprate project meets the Company's need for reliable capacity through an increase in the efficient power output of the existing natural-gas fired, combined cycle power plants located at the Hines Energy Complex ("HEC"). The Project provides

customers the savings associated with achieving reliable summer peaking capacity at combined cycle generation efficiency without having to build additional peaking capacity at another site on DEF's system.

Before selecting the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects, DEF examined several alternative generation expansion plans to meet its near-term reliability need. The Company evaluated generation options to determine those options that were the most cost-effective, screening the options based on cost, fuel sources and availability, technological maturity, and overall resource feasibility within the Company's system. Generation alternatives that passed this screen were included in the Company's economic evaluation in the Strategist and Energy Portfolio Management ("EPM") resource planning production cost computer model. The primary output of this modeling is a Cumulative Present Value Revenue Requirements ("CPVRR") comparison of the generation resource options that satisfied DEF's reliability requirements. The Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project had the lowest CPVRR and were chosen by the Company as its Base Generation Plan to meet the Company's reliability needs in 2016 and 2017.

DEF evaluated several power purchase agreement ("PPA") and acquisition of generation facility proposals to determine if they were more cost effective than the Company's self-build new generation Suwannee Simple Cycle and Hines Chillers Power Uprate Projects to meet the Company's capacity needs commencing in 2016. DEF evaluated nine proposals for PPAs or generation facility acquisitions. DEF evaluated all of these proposals by systematically following a structured, orderly evaluation process that evaluated all proposals, including the Company's self-build generation projects, on price and non-price attributes. This detailed evaluation was performed in stages and included all costs, including transmission cost impacts, in the analysis. If a proposal was economic compared to the Company's self-build generation projects the Company would proceed to the next step in the analysis.

In CPVRR terms, in the initial detailed economic evaluation, the Company's Suwannee Simple Cycle and Hines Chillers Power Uprate projects were found to be more cost effective than all the PPA proposals and all but one of the potential generation facility acquisition proposals. The Company's Base Generation Plan was only marginally more expensive than the NRG plant acquisition proposal, but in CPVRR terms over the 30-year study period they were nearly equivalent on an economic basis to the Company. The Calpine plant acquisition proposal ranked third behind the Company's Base Generation Plan including its self-build projects.

The next step in the evaluation was to quantify a number of cost risks with the proposals evaluated in cost sensitivities. These sensitivities included construction cost risk for the self-build projects, and gas transportation contract risks, plant condition and maintenance risks, and transmission cost risks for the potential generation facility acquisitions. Additionally, there were also qualitative or non-price issues with the technical feasibility and viability of the proposed acquisitions such as the physical condition and maintenance of the plants, site environmental impacts and compliance, insurance, and indemnity obligations, among other qualitative factors, that had to be evaluated and mitigation plans developed for these qualitative risks, including the negotiation of terms and conditions to mitigate those risks.

The cost risk sensitivities placed the acquisition proposals in a range where they were possibly close to the cost effectiveness of the Company's self-build projects or substantially less cost effective than the self-build projects. Given this range of possible values, DEF continued its evaluation of the feasibility of the potential generation facility acquisitions by conducting a FERC Competitive Analysis Screen. This FERC market screen analysis is a required step in obtaining FERC approval under the Federal Power Act ("FPA") for any acquisition of a jurisdictional generation facility.

The Company retained Julie Solomon with Navigant Consulting, Inc. to perform the FERC Competitive Analysis Screen. Both the NRG and the Calpine generation facility acquisition proposals failed the FERC Competitive Analysis Screen. Failure of the FERC Competitive Analysis Screen means that FERC likely will not approve the generation facility acquisition transaction without mitigation of the market screen failures. This meant that the Company would have to build additional transmission facilities to expand the transmission import capability to mitigate the screen failures at substantial cost to the Company and its customers.

No NRG or Calpine witness directly challenges the cost-effectiveness of the Hines Chillers Power Uprate Project as a generation capacity resource to meet DEF's reliability need in the summer of 2017. Their testimony challenges the Company's comparison of their respective generation capacity proposals to the Suwannee Simple Cycle Project.

NRG submitted a final and best offer to meet the Company's generation capacity need commencing in the summer of 2016 as an alternative to the Company's Suwannee Simple Cycle Project after DEF filed its Petition in this Docket. NRG witnesses abandon that NRG final and best offer in their recommendations. They instead challenge DEF's decision that the Suwannee Simple Cycle Project is the most cost effective alternative to meet DEF's need in the summer of 2016 based on NRG's least cost effective, initial plant acquisition proposal. DEF evaluated that initial NRG plant acquisition proposal and determined it was not more cost effective, on a quantitative and qualitative basis -- which NRG agrees is the correct evaluation methodology -- to the Suwannee Simple Cycle Project to meet DEF's need commencing in the summer of 2016. NRG witnesses continue to ignore DEF's need for firm natural gas transportation at all times for all the plant capacity for DEF to rely on the NRG plant as a firm resource to meet DEF's obligation to provide reliable electric service to its customers. Further, no NRG witness disputes the fact that the NRG initial plant acquisition that NRG continues to advance in its testimony failed the FERC market screen rendering FERC approval of this acquisition unlikely without substantial mitigation. For these reasons, the Suwannee Simple Cycle Project remains a superior generation capacity resource to the NRG plant acquisition to meet DEF's generation capacity need commencing in the summer of 2016.

Calpine submitted multiple final and best offers after DEF filed its Petition in this Docket. These proposals moved closer to the cost effectiveness of the Suwannee Simple Cycle Project, but they still were not more cost effective than that Project to meet DEF's need for generation capacity in the summer of 2016. Calpine's primary expert witness Mr. Hibbard disputes this determination, but he fails to include all the costs associated with Calpine's last final and best offer --- including costs either he or other Calpine witnesses admit exist such as

additional transmission wheeling charges --- in his criticism of DEF's evaluation. He also ignores the qualitative risks associated with Calpine's last final and best offer that present additional cost risk to DEF. When all costs are included, and the qualitative cost risks accounted for in the evaluation, the Suwannee Simple Cycle Project is still a superior generation capacity resource to the Calpine final and best offer to meet DEF's generation capacity need commencing in the summer of 2016.

Calpine's witness Mr. Hibbard also criticizes DEF's evaluation methodology. He deliberately ignores or does not understand DEF's evaluation models and tools, criticizes DEF for not employing production cost economic dispatch models that DEF in fact employed, and urges the Commission instead to use his results from a simplistic screening tool for "like type" resources to evaluate different types of resources without understanding the costs and benefits of the dispatch of the resources on DEF's system. This is not a detailed economic analysis of the proposals or a fair and accurate criticism of DEF's detailed economic analysis of the alternative generation resource options to meet its reliability need commencing in the summer of 2016. That detailed economic analysis -- which includes an analysis of the economic dispatch of the alternative resources on DEF's system using the very model Mr. Hibbard said DEF should use -- demonstrates that DEF has a need for peaking generation capacity in the summer of 2016 and that the Suwannee Simple Cycle Project is the most cost effective generation capacity resource to meet that need. Even the simplistic screening tool Mr. Hibbard used demonstrates that, if peaking generation capacity is needed which is the case in the summer of 2016, the Suwannee Simple Cycle Project is more cost-effective to meet that need than the Calpine plant.

The Company decided that, based on the FERC market screen results and the results of its own economic and qualitative analyses, the potential generation facility acquisitions under the Calpine and NRG initial or final and best offer proposals were not cost effective for the Company's customers. The Company determined that the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project were more cost-effective, on a quantitative and qualitative basis, than any of the alternative supply-side generation proposals. DEF requests Commission approval of the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project as the most cost effective generation capacity resources to meet DEF's need for generation capacity prior to 2018.

#### **D. DEF'S STATEMENT OF ISSUES AND POSITIONS:**

The issues listed below are as shown in Appendix A to the Order, except that DEF has renumbered them from 9-16 to 1-8 to avoid confusion between this Docket and Docket 140110.

**Issue 1:** 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?



**DEF Position:**

**Yes, the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are needed for electric system reliability and integrity. The Company's plan includes the Suwannee Simple Cycle Project in the summer of 2016 and the Hines Chillers Power Uprate Project by the summer of 2017. Both Company projects are necessary to meet the Company's summer Reserve Margin requirement in 2016 and 2017 to deliver reliable electric service to the Company's customers. DEF projects growth in firm summer peak demand in the summers of 2016 and in 2017. DEF's existing and planned generation capacity retirements and reductions also contribute to the Company's need for generation capacity commencing in the summer of 2016. Without the installation of the Suwannee Simple Cycle Project in the summer of 2016, and the Hines Chillers Power Uprate Project in the summer of 2017, DEF's Reserve Margin will decrease to 16.9 percent in the summer of 2016 and 14.9 percent by the summer of 2017. The addition of the Suwannee Simple Cycle Project will increase DEF's summer peak Reserve Margin to 20.4 percent in the summer of 2016. The addition of the Hines Chillers Power Uprate Project by the following summer will increase DEF's 2017 summer peak Reserve Margin to 20.7 percent. The Suwannee Simple Cycle and Hines Chillers Power Uprate Projects allow DEF to satisfy its commitment to maintain a minimum 20 percent Reserve Margin and are needed for the Company to maintain electric system reliability and integrity. (Borsch, Scott).**

**Issue 2:** 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?

**DEF Position:**

**Yes, the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are needed and will provide adequate electricity at a reasonable cost.**

**The Suwannee Simple Cycle Project is a new, fuel-efficient, F class combustion turbine ("CT") project that will be installed at the Company's existing Suwannee power plant site in Suwannee County, Florida. The Suwannee power plant site existing infrastructure will support the Suwannee Simple Cycle Project. The Suwannee plant site has existing gas pipeline access and an existing transmission switchyard. The Suwannee Simple Cycle Project will be connected via a gas lateral to the Florida Gas Transmission gas pipeline and the existing site metering and regulating station. The CT's will be connected to the existing 115 kv and 230 kv transmission switchyard. This existing infrastructure at the Suwannee site reduces the cost of the Suwannee Simple Cycle project.**

**DEF estimates that it will cost approximately \$197 million, including the Allowance for Funds Used During Construction ("AFUDC"), to build the Suwannee Simple Cycle Project. The estimated incremental annual fixed operation and maintenance ("O&M") cost is \$1.4 million and the estimated variable O&M costs is approximately \$700,000 for the Suwannee Simple Cycle Project. The Suwannee Simple Cycle Project will provide fuel-cost**

efficient, reliable peaking capacity to DEF and its customers. The Suwannee Simple Cycle Project will provide DEF's customers needed electricity at a reasonable cost.

The Hines Chillers Power Uprate Project meets the Company's need for reliable capacity by the summer of 2017 through an increase in the summer capacity of the existing natural-gas fired, combined cycle power plants located at the HEC. The estimated Project cost is \$160 million. Existing generation, site infrastructure, and transmission infrastructure will support this power uprate project. There are no additional transmission costs associated with the Hines Chillers Uprate Project. DEF will achieve an increase of approximately 220MW in its HEC summer capacity by utilizing an existing site and power block, saving customers the increased costs and time of building new generation at another existing site or a Greenfield site to achieve the same reliable summer capacity. The Hines Chillers Power Uprate Project achieves this increase in the Company's HEC summer capacity with a minimal increase in the fixed and variable O&M costs at HEC and a much lower fixed and variable O&M cost for the same amount of capacity for a new power plant at an existing or Greenfield site. The Project will provide additional combined-cycle summer capacity and resulting fuel efficiency savings to customers. The Hines Chiller Uprate Power Project also will provide DEF's customers needed electricity at a reasonable cost. (Borsch, Landseidel, Delehanty, Scott).

**Issue 3:** 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?

**DEF Position:**

Yes, the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are needed taking into account the need for fuel diversity and supply reliability. The Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project are natural gas-fired generation projects. Natural-gas fired generation is the most economic and qualitatively attractive generation technology for DEF and the State of Florida at this time and for the foreseeable future. In fact, the NRG and Calpine third-party proposals to meet DEF's need prior to 2018 were natural-gas fired generation capacity. There are abundant conventional and unconventional natural gas resources available in the United States and North America. These natural gas resources ensure a long term natural gas supply at economically beneficial prices for electric power generation at the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project.

Both projects are also located at existing brown field, power plant sites. The Suwannee Simple Cycle Project new F class combustion turbine generators will be connected via a gas lateral to the Florida Gas Transmission gas pipeline and to the existing site metering and regulating station. The Hines Chillers Power Uprate Project will use the existing fuel pipeline infrastructure and firm gas transportation and supply arrangements for the HEC. Both Projects, then, benefit from existing fuel transportation infrastructure and firm gas transportation and supply to provide fuel supply reliability to the DEF system.

Accordingly, for these reasons, these Projects are needed taking into account fuel diversity and supply reliability. (Borsch, Delehanty, Patton, Landseidel).

**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 Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project?

**DEF Position:**

No there are not. DEF analyzed viable non-generating, demand-side alternatives before determining that the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects were the most cost effective resource option to meet DEF's needs. Energy conservation and direct load control programs are always a part of the Company's IRP process and the Company's current DSM programs were considered in connection with the Company's near term generation capacity need commencing in 2016. The Company's DSM programs, however, cannot replace or defer the Company's need for additional generation on its system to meet the Company's capacity needs commencing in 2016.

No commercially available, economically feasible renewable generation resource currently exists to displace or defer DEF's generation capacity needs commencing in the summer of 2016. No proposals for renewable energy projects have been received in response to the Company's Request For Renewables ("RFR") that will displace or defer the Company's generation capacity needs in 2016 and 2017. Accordingly, there are no renewable energy sources and technologies or conservation measures taken by or reasonably available to DEF to mitigate the Company's need for the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects. (Borsch).

**Issue 5:** Are the proposed Suwannee Simple Cycle Project in 2016 and Hines Chillers Power Uprate Project in 2017 the most cost-effective alternative available to meet the needs of Duke Energy Florida, Inc. and its customers?

**DEF Position:**

Yes, the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are the most cost-effective alternative available to meet the needs of DEF and its customers prior to 2018.

The Company conducted a careful screening of various other supply side alternatives as part of its IRP process. The Company evaluated new generation, existing plant uprate projects, and existing generation life extension projects to meet this need. This evaluation included the fixed project capital costs, fixed and variable O&M costs, fuel and consumable costs, transmission costs, and the technical feasibility of these generation options. Based on this evaluation, the Company identified the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects as its base generation plan to meet its reliability needs by the summers of 2016 and 2017.

**The Company evaluated market proposals for alternative generation, including the NRG and Calpine initial and final and best offer proposals, and the Company determined that the Suwannee Simple Cycle and Hines Chillers Power Uprate projects were more cost-effective, on a quantitative and qualitative basis, than any of alternative supply-side generation proposal on the market.**

**The Suwannee Simple Cycle Project is a new, state-of-the-art combustion turbine plant with higher fuel efficiency than existing combustion turbine PPAs or the acquisition of existing combustion generation facilities. There are also economic benefits associated with its location at an existing Company power plant site. Further, there are no FERC market screen issues with new generation in the market. FERC is concerned with removing generation or the ability to remove generation from the market. For all these reasons, the Suwannee Simple Cycle Project proved to be a cost-effective part of the Company's base generation plan to meet its reliability needs in 2016.**

**The Hines Chillers Power Uprate Project is the most cost-effective generation option in every generation alternative scenario. This project adds summer generation capacity with additional combined cycle power generation. As a result, the Company obtains additional summer peaking generation at combined cycle generation efficiency and cost. The fuel efficiency and relatively low cost of the Hines Chillers Power Uprate project make it a highly cost-effective generation option to meet DEF's customer reliability needs. No NRG or Calpine witness contests the cost-effectiveness of the Hines Chillers Power Uprate Project to meet the Company's generation capacity need commencing in the summer of 2017.**

**DEF evaluated nine proposals for PPAs or generation facility acquisitions. DEF evaluated all of these proposals by systematically following a structured, orderly evaluation process that evaluated all proposals, including the Company's self-build generation projects, on price and non-price attributes. This detailed economic evaluation was performed in stages and included all costs, including transmission cost impacts, in the analysis.**

**In CPVRR terms, the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects were found to be more cost effective than all the PPA proposals and all but one of the potential generation facility acquisition proposals. The Company's Projects was only marginally more expensive than the NRG acquisition proposal, but in CPVRR terms over the 30-year study period they were nearly equivalent on an economic basis to the Company. The Company next quantified a number of cost risks with the proposals evaluated in cost sensitivities and considered the qualitative risks that presented additional cost risk to the Company. These sensitivities included construction cost risk for the self-build projects, and gas transportation contract risks, plant condition and maintenance risks, and transmission cost risks for the potential NRG and Calpine generation facility acquisition proposals. The qualitative or non-price issues with the technical feasibility and viability of these proposals included the physical condition and maintenance of the plants, site environmental impacts and compliance, insurance, and indemnity obligations, among**

**other qualitative factors, that had to be evaluated and mitigation plans developed for these qualitative risks, including the negotiation of terms and conditions to mitigate those risks.**

**The cost risk sensitivities placed the acquisition proposals in a range where they were possibly close to the cost effectiveness of the self-build projects or substantially less cost effective than the self-build projects. Given this range of possible values, DEF continued its evaluation of the feasibility of the potential generation facility acquisitions by conducting a FERC Competitive Analysis Screen. This FERC market screen analysis is a required step in obtaining FERC approval under the FPA for any acquisition of a jurisdictional generation facility. The Company retained Julie Solomon with Navigant Consulting, Inc. to perform the FERC Competitive Analysis Screen. Both potential generation facility acquisitions failed the FERC Competitive Analysis Screen. This meant that the Company would have to build additional transmission facilities to expand the transmission import capability to mitigate the screen failures at substantial cost to the Company and its customers. The most cost effective generation option to meet customer reliability needs prior to 2018 based on the quantitative analysis and the FERC market screen analysis is the Company's self-build generation plan.**

**NRG submitted a final and best offer to meet the Company's generation capacity need commencing in the summer of 2016 as an alternative to the Company's Suwannee Simple Cycle Project after DEF filed its Petition in this Docket. NRG witnesses abandon that NRG final and best offer in their recommendations and challenge DEF's decision that the Suwannee Simple Cycle Project is the most cost effective alternative to meet its need in the summer of 2016 based on NRG's least cost effective, initial plant acquisition proposal. DEF had already evaluated NRG's initial plant acquisition proposal and determined it was not more cost effective, on a quantitative and qualitative basis -- which NRG agrees is the correct evaluation methodology -- to the Suwannee Simple Cycle Project to meet DEF's need commencing in the summer of 2016. NRG witnesses continue to ignore DEF's need for firm natural gas transportation at all times for all the plant capacity for DEF to rely on the NRG plant as a firm resource to meet DEF's obligation to provide reliable electric service to its customers. Additionally, no NRG witness disputes the fact that the NRG initial plant acquisition that NRG continues to advance in its testimony failed the FERC market screen rendering FERC approval of this acquisition unlikely without substantial mitigation. For these reasons, the Suwannee Simple Cycle Project remains a superior generation capacity resource to the NRG plant acquisition to meet DEF's generation capacity need commencing in the summer of 2016.**

**Calpine submitted multiple final and best offers after DEF filed its Petition in this Docket. These proposals moved closer to the cost effectiveness of the Suwannee Simple Cycle Project, but they still were not more cost effective than that Project to meet DEF's need for generation capacity in the summer of 2016. Calpine's primary expert witness Mr. Hibbard disputes this determination, but he fails to include all the costs associated with Calpine's last final and best offer --- including costs either he or other Calpine witnesses admit exist such as additional transmission wheeling charges --- in his criticism of DEF's evaluation. He also ignores the qualitative risks associated with Calpine's last final and best offer that present additional cost risk to DEF. When all costs are included, and the**

**qualitative cost risks accounted for in the evaluation, the Suwannee Simple Cycle Project is still a superior generation capacity resource to the Calpine final and best offer to meet DEF's generation capacity need commencing in the summer of 2016.**

**Based on this evaluation, the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects are the most cost-effective generation options, based on price and non-price attributes, to meet the Company's reliability needs in the summers of 2016 and 2017. (Borsch, Scott, Solomon, Patton).**

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

**DEF Position:**

**Yes it did. Before selecting the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects, DEF examined several alternative generation expansion plans to meet its near-term reliability need. The Company evaluated generation options to determine those options that were the most cost-effective, screening the options based on cost, fuel sources and availability, technological maturity, and overall resource feasibility within the Company's system. The Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project had the lowest CPVRR and were chosen by the Company as its base generation plan to meet the Company's reliability needs in 2016 and 2017.**

**DEF evaluated nine proposals for PPAs or generation facility acquisitions. DEF evaluated all of these proposals by systematically following a structured, orderly evaluation process that evaluated all proposals, including the Company's self-build generation projects, on price and non-price attributes. The detailed economic evaluation was performed in stages and included all costs, including transmission cost impacts, in the analysis. If a proposal was economic compared to the Company's self-build generation projects the Company would proceed to the next step in the analysis.**

**In CPVRR terms, the Suwannee Simple Cycle and Hines Chillers Power Uprate projects were found to be more cost effective than all the PPA proposals and all but one of the potential generation facility acquisition proposals. The Company's Projects were only marginally more expensive than the NRG plant acquisition proposal, but in CPVRR terms over the 30-year study period they were nearly equivalent on an economic basis to the Company. The Company next quantified a number of cost risks with the proposals evaluated in cost sensitivities and identified qualitative factors that presented additional cost risks. These sensitivities included construction cost risk for the self-build projects, and gas transportation contract risks, plant condition and maintenance risks, and transmission cost risks for the potential NRG and Calpine generation facility acquisitions. The qualitative or non-price issues with the technical feasibility and viability of these acquisition proposals included the physical condition and maintenance of the plants, site environmental impacts and compliance, insurance, and indemnity obligations, among other**

qualitative factors, that had to be evaluated and mitigation plans developed for these qualitative risks, including the negotiation of terms and conditions to mitigate those risks.

The cost risk sensitivities placed the NRG and Calpine acquisition proposals in a range where they were possibly close to the cost effectiveness of the self-build projects or substantially less cost effective than the self-build projects. Given this range of possible values, DEF continued its evaluation of the feasibility of the potential generation facility acquisitions by conducting a FERC Competitive Analysis Screen. The FERC market screen analysis is a required step in obtaining FERC approval under the FPA for any acquisition of a jurisdictional generation facility. The Company retained Julie Solomon with Navigant Consulting, Inc. to perform the FERC Competitive Analysis Screen. Both potential generation facility acquisitions failed the FERC Competitive Analysis Screen. This meant that the Company would have to build additional transmission facilities to expand the transmission import capability to mitigate the screen failures at substantial cost to the Company and its customers. The most cost effective generation option to meet customer reliability needs prior to 2018 based on the quantitative analysis and the FERC market screen analysis is the Company's self-build generation plan.

NRG submitted a final and best offer to meet the Company's generation capacity need commencing in the summer of 2016 as an alternative to the Company's Suwannee Simple Cycle Project after DEF filed its Petition in this Docket. NRG witnesses abandon that NRG final and best offer in their recommendations. They instead challenge DEF's decision that the Suwannee Simple Cycle project is the most cost effective alternative to meet DEF's need in the summer of 2016 based on NRG's least cost effective, initial plant acquisition proposal. DEF had already evaluated NRG's initial plant acquisition proposal and determined it was not more cost effective, on a quantitative and qualitative basis -- which NRG agrees is the correct evaluation methodology -- to the Suwannee Simple Cycle Project to meet DEF's need commencing in the summer of 2016. NRG witnesses continue to ignore DEF's need for firm natural gas transportation at all times for all the plant's capacity for DEF to rely on the NRG plant as a firm resource to meet DEF's obligation to provide reliable electric service to its customers. Further, no NRG witness disputes the fact that the NRG initial plant acquisition that NRG continues to advance in its testimony failed the FERC market screen rendering FERC approval of this acquisition unlikely without substantial mitigation. For these reasons, the Suwannee Simple Cycle Project remains a superior generation capacity resource to the NRG plant acquisition to meet DEF's generation capacity need commencing in the summer of 2016.

Calpine submitted multiple final and best offers after DEF filed its Petition in this Docket. These proposals moved closer to the cost effectiveness of the Suwannee Simple Cycle Project, but they still were not more cost effective than that Project to meet DEF's need for generation capacity in the summer of 2016. Calpine's primary expert witness Mr. Hibbard disputes this determination, but he fails to include all the costs associated with Calpine's last final and best offer --- including costs either he or other Calpine witnesses admit exist such as additional transmission wheeling charges --- in his criticism of DEF's evaluation. He also ignores the qualitative risks associated with Calpine's last final and best offer that present additional cost risk to DEF. When all costs are included, and the

**qualitative cost risks accounted for in the evaluation, the Suwannee Simple Cycle Project is still a superior generation capacity resource to the Calpine final and best offer to meet DEF's generation capacity need commencing in the summer of 2016.**

**Calpine's witness Mr. Hibbard also criticizes DEF's evaluation methodology. He deliberately ignores or does not understand DEF's evaluation models and tools, criticizes DEF for not employing production cost economic dispatch models that DEF in fact employed, and urges the Commission instead to use his results from a simplistic screening tool for "like type" resources to evaluate different types of resources without understanding the costs and benefits of the dispatch of the resources on DEF's system. This is not a detailed economic analysis of the proposals or a fair and accurate criticism of DEF's detailed economic analysis of the alternative generation resource options to meet its reliability need commencing in the summer of 2016. That detailed economic analysis -- which includes an analysis of the economic dispatch of the alternative resources on DEF's system using the very model Mr. Hibbard said DEF should use --- demonstrates that DEF has a need for peaking generation capacity in the summer of 2016 and that the Suwannee Simple Cycle Project is the most cost effective generation capacity resource to meet that need. Even the simplistic screening tool Mr. Hibbard used demonstrates that, if peaking generation capacity is needed which is the case in the summer of 2016, the Suwannee Simple Cycle Project is more cost-effective to meet that need than the Calpine plant.**

**Based on this evaluation, the Company reasonably evaluated all alternative scenarios for cost effectively meeting the needs of its customers and determined that the Suwannee Simple Cycle and Hines Chillers Power Uprate Projects were the most cost-effective generation options, based on price and non-price attributes, to meet the Company's reliability needs prior to 2018. (Borsch, Scott, Solomon, Patton).**

**Issue 7:** 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 alternative to meet Duke's needs prior to 2018?

**DEF Position:**

**Yes, the Commission should grant the requested determination that the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are the most cost-effective generation alternative to meet DEF's needs prior to 2018. DEF needs the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project by the summer of 2016 and 2017, respectively, to meet its 20 percent Reserve Margin commitment and to serve its customers' future electrical power needs in a reliable and cost-effective manner.**

**The Company evaluated these Projects against PPA and generation facility acquisition proposals from third-party generators, and none of these proposals compared more favorably, on a quantitative and qualitative basis, to the Company's Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project. Moreover, the Company has**



continually interacted with NRG and Calpine and has evaluated their final and best proposals. The Company still determined that the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project were more cost-effective, on a quantitative and qualitative basis, than any of the alternative supply-side generation proposals. The NRG and Calpine witness testimony in this Docket does not change this determination. DEF has demonstrated that the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project are the most cost effective alternatives for maintaining DEF's electric system reliability and integrity, and providing its customers with adequate electricity at a reasonable cost, by the summer of 2016 and 2017, respectively. DEF, accordingly, requests that the Commission approve the Suwannee Simple Cycle Project and the Hines Chillers Power Uprate Project as the most cost-effective alternatives to meet the Company's need in 2016 and 2017. (Borsch, Scott, Delehanty, Landseidel, Solomon, Patton).

**Issue 8:** Should this docket be closed?

**DEF Position:**

Following a final order by the Commission granting the requested determination that the proposed Suwannee Simple Cycle Project and Hines Chillers Power Uprate Project are the most cost effective generation alternative to meet DEF's need prior to 2018, and pending the filing of reconsideration or for appellate review, if any, yes, this docket should be closed. (Borsch).

**E. STIPULATED ISSUES:**

DEF and FIPUG have stipulated as follows:

Duke Energy Florida, Inc. provides electrical service to FIPUG members; this proceeding affects the substantial interests of FIPUG members who receive electrical service from Duke Energy Florida, Inc.; FIPUG has standing in this matter for trial and appellate purposes.

**F. PENDING MOTIONS OR OTHER MATTERS:**

None at this time.

**G. DEF'S REQUESTS FOR CONFIDENTIAL CLASSIFICATION:**

<b>Document No.</b>	<b>Request</b>	<b>Date Filed</b>
03049-14	First Request for Confidential Classification regarding Testimony Exhibits of B. Borsch, E. Scott and K. Delehanty	6/17/14
03513-14	Second Request for Confidential Classification regarding portions of DEF responses to Calpine Construction Finance Company, L.P.'s	7/7/14

	Interrogatories No. 2 and 6i and First Request for Production Nos. 5 through 7	
03731-14	Third Request for Confidential Classification regarding DEF responses to Calpine Construction Finance Company, L.P.'s Second Interrogatory No. 10a	7/15/14
03817-14	Fourth Request for Confidential Classification regarding corrected schedules responsive to Calpine Construction Finance Company, L.P.'s Interrogatories No. 2 and 6i and First Request for Production of Documents Nos. 5 through 7	7/18/14
03915-14	Fifth Request for Confidential Classification regarding portions of DEF responses to Calpine Construction Finance Company, L.P.'s Third Set of Interrogatories No. 13(b) and Third Request for Production of Documents No. 4	7/23/14
04018-14	Sixth Request for Confidential Classification regarding portions of DEF responses to NRG Florida LP's First Set of Interrogatories Nos. 5, 8, 37, 62 and 99 and responsive document attachment to Interrogatory No. 28 and First Request for Production of Documents Numbers 1 and 3	7/28/14
04016-14	Seventh Request for Confidential Classification regarding DEF responses to NRG Florida LP's Second Request for Production of Documents Nos. 24 through 27	7/28/14
04066-14	Eighth Request for Confidential Classification regarding DEF Supplemental Response to NRG Florida, LP's First Interrogatory No. 88	7/30/14

**H. REQUIREMENTS OF PREHEARING ORDER THAT CANNOT BE MET:**

There are no requirements of the prehearing order that cannot be met at this time.

**I. OBJECTIONS TO WITNESSES' QUALIFICATIONS:**

None.

Respectfully submitted on the 1st day of August, 2014,

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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 mail this 1st day of August, 2014.

/s/ Blaise N. Gamba

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