

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Environmental cost recovery clause.

Docket No. 140007-EI

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Filed: September 26, 2014

**DUKE ENERGY FLORIDA, INC.'S**  
**PREHEARING STATEMENT**

Duke Energy Florida, Inc. ("DEF"), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-14-0085-PCO-EG dated February 4, 2014, hereby submits its Prehearing Statement:

A. Known Witnesses – DEF intends to offer the direct testimony of:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Thomas G. Foster	Final True-up; Estimated True-up; Environmental compliance cost projections and Final 2015 ECRC Factors	1-8
Mark Hellstern <sup>1</sup>	Final True-up variances	1
Michael Delowery	Estimated True-up variances; and Environmental compliance cost projections	2-3
Jeffrey Swartz	Final and Estimated True-up variances; and cost projections for Crystal River air pollution control projects	1-3, 11
Patricia Q. West	Final and Estimated True-up variances; Environmental compliance cost projections; and Review of DEF's Integrated Clean Air Compliance Plan	1-3, 11
Corey Ziegler	Final and Estimated True-up variances; and	1-3

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<sup>1</sup> On August 19, 2014, DEF filed its notice of adoption of the testimony and exhibits of Mr. Mark Hellstern by Mr. Michael Delowery.

## Environmental compliance cost projections

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal

B. Known Exhibits – DEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u>TGF-5</u>	Delowery	Form 42-5P, page 20 of 21
<u>TGF-1</u>	Foster	PSC Forms 42-1A through 42-9A January 2013 - December 2013
<u>TGF-2</u>	Foster	Capital Program Detail January 2013 - December 2013
<u>TGF-3</u>	Foster	PSC Forms 42-1E through 42-9E January 2014 – December 2014
<u>TGF-4</u>	Foster	Capital Program Detail January 2014 - December 2014
<u>TGF-5</u>	Foster	Forms 42-1P through 42-8P January 2015 - December 2015
<u>TGF-6</u>	Foster	Capital Program Detail January 2015 - December 2015
<u>JS-1</u>	Swartz	Crystal River Clean Air Projects Organizational Chart
<u>TGF-5</u>	Swartz	Form 42-5P, pages 7 and 21 of 21
<u>PQW-1</u>	West	Review of Integrated Clean Air Compliance Plan
<u>TGF-5</u>	West	Form 42-5P, pages 3, 4, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of 21
<u>TGF-5</u>	Zeigler	Form 42-5P, pages 1, 2, and 10 of 21

C. Statement of Basic Position –none necessary

D. Issues and Positions

DEF's positions on the issues identified in this proceeding are as follows:

**ISSUE 1:** What are the final environmental cost recovery true-up amounts for the period January 2013 through December 2013?

DEF: \$3,807,998 over-recovery. (Foster, Delowery, Swartz, West, Zeigler)

**ISSUE 2:** What are the estimated/actual environmental cost recovery true-up amounts for the period January 2014 through December 2014?

DEF: \$11,344,981 over-recovery. (Foster, Delowery, Swartz, West, Zeigler)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2015 through December 2015?

DEF: \$15,152,979 over-recovery. (Foster, Delowery, Swartz, West, Zeigler)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2015 through December 2015?

DEF: \$50,360,752. (Foster)

**ISSUE 5:** What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2015 through December 2015?

DEF: The depreciation rates used to calculate depreciation expense should be the rates in effect during the period the allowed capital investment is in service. (Foster)

**ISSUE 6:** What are the appropriate jurisdictional separation factors for the projected period January 2015 through December 2015?

**DEF:** The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Transmission Average 12 CP Demand - 70.230%  
 Distribution Primary Demand - 99.561%  
 Production Demand:  
 Production Demand (2012) - 91.683%  
 Production Base (2013) - 92.885%  
 Production Intermediate - 72.703%  
 Production Peaking - 95.924%  
 Production A&G - 93.221%  
 (Foster)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2015 through December 2015 for each rate group?

**DEF:** The appropriate factors are as follows (Foster):

RATE CLASS	ECRC FACTORS 12CP & 1/13AD
Residential	0.138 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.133 cents/kWh 0.132 cents/kWh 0.130 cents/kWh
General Service 100% Load Factor	0.125 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.129 cents/kWh 0.128 cents/kWh 0.126 cents/kWh

Curtaillable  @ Secondary Voltage  @ Primary Voltage  @ Transmission Voltage	0.123 cents/kWh  0.122 cents/kWh  0.121 cents/kWh
Interruptible  @ Secondary Voltage  @ Primary Voltage  @ Transmission Voltage	0.122 cents/kWh  0.121 cents/kWh  0.120 cents/kWh
Lighting	0.114 cents/kWh

**ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

DEF: The new factors should be effective beginning with the first billing cycle for January 2015, and thereafter through the last billing cycle for December 2015. The first billing cycle may start before January 1, 2015, and the last cycle may be read after December 31, 2015, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. The new factors shall continue in effect until modified by the Commission. (Foster)

**ISSUE 9:** Should the Commission approve FPL's Waters of the United States Rulemaking Project such that the reasonable costs incurred by FPL in connection with the project may be recovered through the Environmental Cost Recovery Clause?

DEF: No position.

**ISSUE 10:** How should the costs associated with FPL's Waters of the United States Rulemaking Project be allocated to the rate classes?

DEF: No position.

**ISSUE 11:** Should the Commission approve DEF's Review of Integrated Clean Air Compliance Plan as reasonable?

DEF: Yes. DEF's Plan is reasonable, prudent and provides for timely compliance with applicable regulations in a cost-effective manner. DEF

continues to evaluate compliance options in light of the remand of EPA's Cross-State Air Pollution Rule, EPA's adoption of Mercury & Air Toxics Standards (MATS) and other regulatory developments.  
(Swartz, West)

E. Stipulated Issues

DEF has no stipulated issues at this time.

F. Pending Motions

DEF has no pending motions at this time.

G. Requests for Confidentiality

DEF has no requests for confidentiality pending at this time.

H. Requirements of Order

DEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

I. Objections to Qualifications

At this time, DEF has no objection to the qualifications of any expert witnesses in this proceeding.

Respectfully submitted this 26th day of September, 2014.

*s/Matthew R. Bernier*  
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**CERTIFICATE OF SERVICE**

Docket No.: 140007

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 26<sup>th</sup> day of September, 2014.

*s/Matthew R. Bernier*

Attorney

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