



## P R O C E E D I N G S

1  
2           **CHAIRMAN GRAHAM:** Okay. It's time to circle  
3 back around to Item Number 7.

4           **MR. GRAVES:** Good morning, Commissioners.  
5 Robert Graves from staff.

6           Item 7 is staff's recommendation for two  
7 petitions by Duke Energy Florida. Duke's first petition  
8 addressed in Docket Number 140110 requests a  
9 determination of need for a 1,640-megawatt combined  
10 cycle power plant in Citrus County with an in-service  
11 date of 2018.

12           The company's second petition addressed in  
13 Docket Number 140111 originally requested a  
14 determination that Duke has a need for generation prior  
15 to 2018 and that its Suwannee simple cycle and Hines  
16 chillers projects were the most cost-effective  
17 alternatives to meet that need.

18           At the hearing for this docket Duke withdrew  
19 the Suwannee portion of its petition; therefore, staff's  
20 recommendation only addresses the need for the Hines  
21 project, which is a 220-megawatt uprate with an  
22 in-service date of 2017. Despite the change at the  
23 hearing, staff believes that there is sufficient  
24 evidence in the record to recommend approval of Duke's  
25 petitions.

1           Commissioners, recognizing that Duke's  
2 analysis and assumptions are generally the same in both  
3 dockets, staff has suggested an order in which like  
4 issues can be addressed at the same time. If it is your  
5 desire, we can proceed through the recommendation in  
6 that suggested order.

7           And I'd also add that there were four  
8 modifications sent out, and I just want to make sure  
9 that the Commissioners have received those modifications  
10 to the recommendation.

11           **CHAIRMAN GRAHAM:** Commissioners, have you  
12 received those modifications? Is there any questions of  
13 the modifications?

14           Commissioner Edgar.

15           **COMMISSIONER EDGAR:** I was just going to say  
16 for the record that my understanding is that they are to  
17 correct typos that are non-substantive.

18           **MR. GRAVES:** Yes, ma'am. That's correct.

19           **CHAIRMAN GRAHAM:** Staff.

20           **MR. GRAVES:** Would you like to proceed through  
21 the issues as we've suggested?

22           **CHAIRMAN GRAHAM:** Yes.

23           **MR. GRAVES:** And we'll start with Issue A,  
24 which is on page 42 of the recommendation -- or on page  
25 40.

1           **MR. LAWSON:** Good morning. Issue A is a legal  
2 issue addressing Docket Number 140111-EI only, and  
3 asking if the Commission has the jurisdiction to grant  
4 Duke Energy's request for a need determination  
5 concerning the Hines chillers uprate project. Staff  
6 believes that, pursuant to Chapter 366 of the *Florida*  
7 *Statutes*, this Commission has the jurisdiction to grant  
8 or deny this petition as you deem appropriate.

9           **CHAIRMAN GRAHAM:** Commissioners, any  
10 questions? Commissioner Edgar.

11           **COMMISSIONER EDGAR:** Mr. Chairman, I do not  
12 have a question on this item. I have, of course,  
13 reviewed it and met with staff, and I'm comfortable that  
14 the legal analysis presented before us is the correct  
15 one, recognizing that the other items are paired but  
16 this was somewhat separate.

17           If you would like to, I would suggest that  
18 maybe we can go ahead and vote on this one and then take  
19 up the others as a block, individually as a block. And  
20 if that works for you, then I would move approval of  
21 staff recommendation on Item A.

22           **CHAIRMAN GRAHAM:** It's been moved and  
23 seconded, staff recommendation on this item. Any  
24 further discussion? Seeing none, all in favor, say aye.

25           (Vote taken.)

1 Any opposed? By your action, you've approved  
2 staff recommendation on that piece.

3 Is there a motion to accept staff's  
4 recommendation on the rest?

5 **COMMISSIONER EDGAR:** No.

6 **CHAIRMAN GRAHAM:** Staff, continue.

7 **MR. GRAVES:** Commissioners, Issues 1 and  
8 9 address the reliability need for the proposed  
9 projects. For these issues we reviewed the company's  
10 load forecast as well as available capacity, and we  
11 recommend that based on a 20 percent reserve margin  
12 criteria there is a need for both projects at this  
13 time -- at the time of their respective in-service  
14 dates.

15 **CHAIRMAN GRAHAM:** Commissioners? Commissioner  
16 Edgar.

17 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.  
18 I do believe that these issues are perhaps at the crux  
19 of the larger issue that is before us. So I would like,  
20 recognizing that none of us have a crystal ball, that  
21 there is basically a science behind forecasts, but also  
22 it is a rare forecast that is always exactly true in  
23 hindsight. Would you please discuss further the  
24 testimony and analysis regarding the need based on the  
25 load forecast?

1           **MR. GRAVES:** Yes, ma'am. I guess I'll start  
2 by summarizing sort of what the Intervenors proposed  
3 were the issues.

4           There is some concern that the changes at the  
5 hearing with respect to withdrawing the Suwannee portion  
6 of the docket and then a potential purchase of an Osprey  
7 Unit -- of the Osprey Unit, rather, would change the  
8 company's capacity availability or available capacity.  
9 We've made changes to their forecasts or, rather, to  
10 their available capacity, and under that, under those  
11 changes there's still a 12.3 percent reserve margin in  
12 2018. So there still is a need for that.

13           There's also concern regarding the, I guess  
14 the accuracy of the load forecast. And I guess I would  
15 point you to page 14, our first full paragraph. We  
16 recognize that the Commission makes decisions based on a  
17 snapshot in time, and that decision is based on  
18 assumptions and forecasts that are going to change  
19 through time. So we have language in our recommendation  
20 that suggests that the company should consider or should  
21 continue to evaluate the cost-effectiveness of this  
22 plant and the need for this plant to ensure that it's in  
23 the best interest of its ratepayers.

24           **COMMISSIONER EDGAR:** Thank you, Mr. Graves.

25           **CHAIRMAN GRAHAM:** Commissioner Balbis.

1                   **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

2                   And I want to follow up on Commissioner Edgar's question  
3                   on the validity of the demand projections. And I  
4                   appreciate staff's comment on that section of page 14 in  
5                   the recommendation. And it's my understanding in  
6                   looking at previous orders with need determinations that  
7                   that language has been included and can be included in  
8                   the final order?

9                   **MR. GRAVES:** Yes, sir. I believe the order  
10                  for the, for FP&L's Port Everglades Energy Center I  
11                  think included something similar.

12                  **COMMISSIONER BALBIS:** Okay. And one of the  
13                  things that's unique in this need determination process  
14                  that we actually have bidders and we have the company at  
15                  least having discussions or entering into an agreement  
16                  of acquiring another facility. I applaud the company  
17                  for doing that. I think any way that we can duplicate  
18                  infrastructure is -- and still be cost-effective, I  
19                  think that is a good thing.

20                  But I think if we add an additional portion to  
21                  the last sentence of the first full paragraph on page  
22                  14, where it states, "If conditions, such as load growth  
23                  or capacity retirements," et cetera, I think it may be  
24                  appropriate, and if my colleagues agree, to add  
25                  something after "or capacity retirements, the impact of

1 the Calpine unit or any additional purchased power  
2 agreement change from what was presented." I think that  
3 would capture the unique issues associated with this  
4 docket.

5 So my question for staff is is that something  
6 that would be appropriate to add?

7 **MR. GRAVES:** I understand the recommendation.  
8 I guess I would suggest "If conditions change such as  
9 load growth, capacity retirements, or capacity  
10 additions," would that sort of capture your concern  
11 there? And I think that does go straighter to the point  
12 of what we're doing within this docket.

13 **COMMISSIONER BALBIS:** Correct. That would  
14 make me more comfortable because we do have a  
15 significant addition in capacity. And I'm comfortable  
16 with how staff -- I'm more focused on staff looked at  
17 the reserve margin changes with the addition rather than  
18 saying that, you know, you changed the demand forecast  
19 or capacity forecast. I focused on the change in the  
20 reserve margin. And there still would be a need for  
21 that. But as with every need determination and  
22 everything we do when we project out, there are some  
23 assumptions that need to be made. But we need to make  
24 sure that the company is still focused on any changes  
25 that may impact this facility.



1           That would address one of the concerns that I  
2 had on this project was the uncertainty of the demand  
3 forecast and the uncertainty of the addition of the  
4 additional generation. I think that language would  
5 address that, at least for me personally.

6           **CHAIRMAN GRAHAM:** Is that an amendment to the  
7 staff recommendation?

8           **COMMISSIONER BALBIS:** Yeah. And I'm not sure  
9 how, what the proper way to address that, because the  
10 other comments I have or questions I have really pertain  
11 to several issues. It's all kind of intertwined, as  
12 Commissioner Edgar indicated. So, yeah, that would be a  
13 recommendation to amend staff's recommendation to  
14 reflect that additional language, which would be  
15 reflected in the final order if staff's recommendation  
16 on this item is approved.

17           **CHAIRMAN GRAHAM:** I have a move and a second  
18 for that amendment. Is there any further discussion  
19 on -- let's call it the Balbis amendment?

20           **COMMISSIONER BROWN:** Mr. Chairman, can he  
21 repeat that language?

22           **COMMISSIONER BALBIS:** Sure. And the language  
23 that I have, and maybe staff's tweak might be better,  
24 but the language I have is in the last full sentence in  
25 the first full paragraph on page 14 states that "If

1 conditions, such as load growth or capacity retirements,  
2 change from what was presented at the need determination  
3 proceeding, then a prudent utility would be expected to  
4 respond appropriately." And what I want to add is after  
5 capacity retirements -- I had "the impact of Calpine,  
6 the Calpine unit addition," but we can change that to  
7 "the impact of capacity additions or any additional  
8 purchased power agreements change from what was  
9 presented."

10 **CHAIRMAN GRAHAM:** Now did you want to go with  
11 that or what staff had?

12 **COMMISSIONER BALBIS:** I like mine better.

13 (Laughter.)

14 **CHAIRMAN GRAHAM:** Okay. Commissioner Brown,  
15 did that answer your question?

16 **COMMISSIONER BROWN:** No. You said something  
17 different when you originally proposed it.

18 **COMMISSIONER BALBIS:** Yeah. What I  
19 originally, what I originally stated was after "capacity  
20 retirements, the impact of the Calpine unit or any  
21 additional purchased power agreements," is what I  
22 initially stated.

23 **COMMISSIONER BROWN:** Okay.

24 **COMMISSIONER BALBIS:** And then staff -- so I  
25 changed from my original statement, "impact of the

1 Calpine unit," just changed that to --

2 **COMMISSIONER BROWN:** Any additional.

3 **COMMISSIONER BALBIS:** -- any additional --  
4 "any capacity additions."

5 **COMMISSIONER BROWN:** Okay.

6 **CHAIRMAN GRAHAM:** Commissioner Edgar, did you  
7 have a question on that amendment?

8 **COMMISSIONER EDGAR:** I do. Thank you. And I  
9 guess I'm just hearing slowly this morning, but because  
10 there have been a couple of language tweaks as part of  
11 the discussion, could you much more slowly read one more  
12 time what exactly the language addition you are now  
13 suggesting is?

14 **COMMISSIONER BALBIS:** Yes. And I think it  
15 changes every time I say it, so I'll try.

16 **COMMISSIONER EDGAR:** I know. I noticed that.

17 (Laughter.)

18 **COMMISSIONER BALBIS:** Excuse me. I'll try it  
19 one more time.

20 "If conditions, such as load growth or  
21 capacity retirements, or capacity additions or any  
22 additional purchased power agreements change from what  
23 was presented at the need determination proceeding, then  
24 a prudent utility will be expected to respond  
25 appropriately."

1           **COMMISSIONER EDGAR:** Okay. So the additional  
2 language after retirements is, "or capacity additions or  
3 any long-term purchased power agreements"?

4           **COMMISSIONER BALBIS:** "Or any additional  
5 purchased power agreements."

6           **COMMISSIONER EDGAR:** Okay. Thank you.  
7           Mr. Chairman, for me, I think I'm probably  
8 fine with that. But before we vote on that addition, I  
9 would be interested in hearing the discussion on the  
10 other issues.

11          **CHAIRMAN GRAHAM:** Okay. Staff, let's  
12 continue.

13          **MR. GRAVES:** Issues 2 and 10 address the  
14 assumptions used by Duke for evaluating the proposed  
15 projects. Staff reviewed the company's assumptions in  
16 both cases, and we recommend that they are reasonable  
17 based on information available at this time.

18          **CHAIRMAN GRAHAM:** Commissioners? If no  
19 questions, we can continue on.

20                 Staff.

21          **MR. GRAVES:** Issues 3 and 11 address fuel  
22 diversity and supply reliability. With respect to the  
23 Citrus County plant, Duke plans to utilize the Sabal  
24 Trail pipeline and now provide a third fuel source, thus  
25 diversifying the company's natural gas supply portfolio.

1           The Sabal Trail pipeline will also be capable  
2 of receiving fuel from the FGT pipeline or from FGT's  
3 system, adding supply reliability. The Hines chillers  
4 will increase the output of four of DEF's most efficient  
5 units that also have a relatively high dispatch rate.  
6 Therefore, the Hines chillers will increase the  
7 efficiency of Duke's system. This will help to dampen  
8 the impact of fuel cost volatility on Duke's ratepayers.

9           **CHAIRMAN GRAHAM:** Questions of staff on 3 and  
10 11?

11           Commissioner Balbis.

12           **COMMISSIONER BALBIS:** Thank you. And I don't,  
13 I don't have a question for staff. I really kind of  
14 have a question for my fellow Commissioners.

15           One of the concerns I had during the hearing  
16 process, and with the Citrus County plant in particular,  
17 is the lack of ability for fuel switching. And the  
18 evidence in the record indicated, when looking at how  
19 the state handled any supply interruptions in the past,  
20 one of the reasons was that a lot of the units that are  
21 out there could switch to fuel oil or other distillate  
22 fuels. And the marginal costs associated with adding  
23 that capability to this plant of the \$1.5, \$1.6 billion  
24 plant was to me, if I recall, insignificant. And I'm  
25 not sure if that's something that we may want to discuss

1 on having them add that capability to this unit because  
2 we are charged with looking at fuel diversity, we are  
3 limited with our options at this time. I like the fact  
4 it's tying into the Sabal Trail pipeline to mitigate  
5 somewhat against supply interruptions. But the majority  
6 of the gas from the state -- excuse me -- as you know,  
7 comes from two existing pipelines. So I think the  
8 ability to have fuel switching is something that we need  
9 to explore with this project.

10 And I guess I do have a question for staff.  
11 Is that something that is possible for us to require, or  
12 is it technically feasible at this stage of the process?

13 **MR. LAWSON:** In terms of this docket, if we  
14 were to go back and request that, we would need to  
15 reopen the record and examine it. The record has now  
16 been closed, so we can vote on this matter.

17 **COMMISSIONER BALBIS:** Well, okay. Let me  
18 start with the technical side before we get to the  
19 legal, or what I call the "no side." So Mr. Ballinger.

20 (Laughter.)

21 **MR. BALLINGER:** Yes, sir. Technically you  
22 could make it a conditional need to add dual fuel  
23 capability to this plant. That is within your purview  
24 and your jurisdiction. The cost of adding this at the  
25 record was \$25.7 million. So it's, to me it's not an

1 insignificant cost. What swayed it for me in this case  
2 was that Duke's existing fleet is already fairly heavily  
3 dual fueled capable, greater than the state. In other  
4 words, Duke's system is roughly 60, 65 percent dual fuel  
5 capability, where the rest of the state is at  
6 48 percent.

7 I think also having the third pipeline that  
8 has access to shale gas, which is a different source of  
9 gas than just out of the Gulf of Mexico, adds other  
10 supply reliability. So I feel comfortable in this one  
11 not having the dual fuel capability for all of those  
12 reasons. It may be different in other systems depending  
13 on the utility.

14 **COMMISSIONER BALBIS:** Okay. Then a follow-up  
15 to that. In the engineering report that was done  
16 specifically on this issue, it also stated that, I  
17 believe, they had a three- or five-day supply of gas  
18 that is going to be proposed. Is that correct, or am I  
19 misrecalling that?

20 **MR. BALLINGER:** I know typically though in the  
21 gas transportation there is a three- to five-day line  
22 pack that can survive if you lose a supply source. The  
23 pressure in the, if you want to call it, reserve in the  
24 lines itself can go for three to five days of supply.

25 **COMMISSIONER BALBIS:** Okay. And then so back

1 to your statement that in this case, because of Duke's  
2 heavy reliability on dual fuel generating fleet, that  
3 alleviates your concerns in this case?

4 **MR. BALLINGER:** I think so in this case, yes,  
5 for this system and this utility. That gave me some  
6 comfort there knowing that, because I'm also a proponent  
7 of having dual fuel capability when we do get into that  
8 problem.

9 But you've got the other interconnection to  
10 another gas line, which is another supply, this third  
11 supply coming in from more onshore supplies rather than  
12 offshore, and the rest of their system being dual fuel  
13 capable.

14 **COMMISSIONER BALBIS:** Okay. And, you know,  
15 I'm not disagreeing that the \$25 million is significant.  
16 But in the grand scheme of a \$1.6 billion power plant, I  
17 think, I think this small incremental cost to add that  
18 level of comfort -- hopefully we'll not have an issue  
19 with that. I am comforted by Mr. Ballinger's opinion on  
20 that, specifically to the Duke fleet. But that, in this  
21 issue that's the only concern I had, and I just wanted  
22 to see if any of my fellow Commissioners shared the same  
23 concern or if Mr. Ballinger's statement alleviated  
24 those.

25 **CHAIRMAN GRAHAM:** Any other Commissioners?



1 Commissioner Brisé.

2 **COMMISSIONER BRISÉ:** Thank you. And  
3 considering what Mr. Ballinger said, I think the -- in  
4 light of everything, I think that adding the additional  
5 \$25 million at this point may not be necessary  
6 considering what the overall fleet looks like and where  
7 the fuel supply that currently exists and what will be  
8 available in the future.

9 **CHAIRMAN GRAHAM:** Commissioner Edgar.

10 **COMMISSIONER EDGAR:** Thank you. I concur.  
11 And I appreciate Commissioner Balbis raising the issue.  
12 Philosophically, conceptually dual fuel capability is  
13 certainly something that I would favor -- I think, you  
14 know, probably we all would -- in recognizing, as you  
15 said, our charge and desire for fuel diversity. But at  
16 this point I would be concerned about adding that  
17 additional cost.

18 **CHAIRMAN GRAHAM:** Okay. Any other questions  
19 or concerns on Issues 3 and 11?

20 Staff, continue.

21 **MR. GRAVES:** Issues 4 and 12 address the  
22 availability of demand-side management and renewable  
23 generation to potentially mitigate the need for the  
24 proposed projects.

25 For these dockets Duke assumed continuation of

1 its existing programs, and it included all of its  
2 current firm renewable contracts. Staff recommends that  
3 these assumptions are reasonable for evaluation  
4 purposes. We did not find that any DSM or renewable  
5 could mitigate the need for the proposed projects.

6 **CHAIRMAN GRAHAM:** Commissioners, any questions  
7 or concerns on Items 4 and 12?

8 Commissioner Balbis.

9 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.  
10 This is the only other concern that I had on this  
11 project with this issue, and that is whether or not we  
12 can increase conservation to avoid the need of this, of  
13 this plant. And I did have some discussions with the  
14 witnesses during the hearing on that and how they used  
15 the existing programs in place as a projection of the  
16 demand-side management that's there. I did feel that  
17 response may have been lacking. However, I did review  
18 additional information in the record to kind of put  
19 together how much conservation would we need to avoid  
20 this plant and, more importantly, how much would that  
21 cost or likely cost as compared to the \$6.51 that this  
22 plant would result in?

23 And fortunately this Commission -- and I  
24 participated in this -- in 2011 issued an order  
25 addressing Duke Energy and other companies' attempt to

1 meet the 2009 goals. And in that proceeding and in that  
2 order, in order to achieve a 66.5 megawatt increase in  
3 conservation, there was a, there was an incremental  
4 increase of \$13.70 per customer. In order to avoid this  
5 plant, the staff's recommendation and the evidence in  
6 the record indicates that we would have to have 1,200,  
7 over 1,200 megawatts of conservation in place by 2019,  
8 or 321 megawatts per year.

9 So obviously if 66.5 additional megawatts per  
10 year would have an incremental impact of \$13.70, it  
11 would be much higher to achieve 321 megawatts per year,  
12 even if it was possible to deploy that conservation and  
13 those measures that quickly.

14 So I think that addresses the concern I had  
15 on, you know, again, how much would we need to avoid it?  
16 Maybe in the future, in future proceedings that  
17 discussion can be had specifically so at least I  
18 wouldn't have to put it all together -- but I won't have  
19 to do that next time. But with that, it alleviated my  
20 biggest concern. There's always a lot of discussion,  
21 well, if we have additional conservation, we can avoid  
22 this. But, you know, at what cost, and is it possible  
23 to even deploy it that quickly?

24 So I'm comfortable that the company addressed  
25 alternatives such as additional conservation to avoid

1 this plant and that this is the best option at this  
2 time.

3 **CHAIRMAN GRAHAM:** Anybody else with questions  
4 or concerns on Issues 4 and 12?

5 Seeing none, staff, let's continue.

6 **MR. GRAVES:** Issues 6 and 14 address Duke's  
7 evaluation of alternatives to meet its projected needs.

8 With respect to the Citrus County plant, staff  
9 reviewed Duke's RFP as well as its evaluation of a  
10 third-party consultant or evaluation from a third-party  
11 consultant during the process and recommends that Duke  
12 did evaluate all reasonable alternatives to meet its  
13 projected needs.

14 For its needs prior to 2018, Duke issued an  
15 RFP, though not required, and followed a process similar  
16 to the one used for the Citrus County plant.

17 Commissioners, we are recommending that Duke  
18 did evaluate all alternatives to meet its projected  
19 needs in 2018 and prior.

20 **CHAIRMAN GRAHAM:** Commissioners, any questions  
21 of staff recommendation on those two issues?

22 Commissioner Balbis.

23 **COMMISSIONER BALBIS:** Thank you. I have a  
24 quick question for staff. There were several bidders  
25 that participated in this process that Duke found was

1 either not cost-effective or not the best scenario, if  
2 you will. Us approving the need determination for these  
3 projects does not preclude those companies from  
4 continuing to negotiate with them for a purchased power  
5 agreement; correct?

6 **MR. GRAVES:** In the 111 docket, obviously no  
7 because there are ongoing discussions. In the  
8 110 docket, again, we'd go back to that, the paragraph  
9 on page 14, and that the, that the company should  
10 continue to evaluate the need for this specific  
11 plant going -- rather, not the need, but the  
12 cost-effectiveness of this plant going forward. So if  
13 other alternatives arise that would provide benefits to  
14 the customers, that should be an evaluation the company  
15 would perform.

16 **COMMISSIONER BALBIS:** Okay. So then the  
17 answer to that is that they would not be precluded from  
18 continuing to work with the company on coming up with an  
19 agreement?

20 **MR. GRAVES:** Correct. The company could  
21 continue negotiations, if they'd like.

22 **COMMISSIONER BALBIS:** Okay. Thank you.

23 **CHAIRMAN GRAHAM:** Any other questions or  
24 concerns?

25 Staff, continue.

1           **MR. GRAVES:** Issues 5 and 13 address the  
2 cost-effectiveness of the proposed projects.

3           Duke performed a revenue requirement analysis  
4 to evaluate the economics of its proposed projects as  
5 well as the alternatives. Based on Duke's analysis,  
6 which used the assumptions discussed in Issues 2 and 10,  
7 the Citrus County plant will result in a savings of more  
8 than \$400 million when compared to the next most  
9 cost-effective alternative and more than \$70 million  
10 when compared to continuing operation of Crystal River  
11 Units 1 and 2.

12           Duke's analysis of the Hines chillers showed  
13 that the project will result in a savings of at least  
14 \$90 million even when the projects are not needed for  
15 reliability purposes.

16           In addition to the company's revenue  
17 requirement analysis, staff also considered levelized  
18 cost information in the record. For the Citrus County  
19 plant this analysis was performed by Sedway Consulting.  
20 For the Hines chillers a similar analysis was performed  
21 by Intervenor witness Hibbard. These analyses reflected  
22 favorably on the proposed projects.

23           **CHAIRMAN GRAHAM:** Commissioners, any questions  
24 or concerns on staff recommendations, Issues 5 and 13?

25           Seeing none, staff, let's continue.

1           **MR. GRAVES:** Commissioners, Issues 6 and 14 --  
2 or, rather, 7. I apologize.

3           **CHAIRMAN GRAHAM:** 7 and 15.

4           **MR. GRAVES:** The issue is, "Based on the  
5 resolution of the foregoing issues, should the  
6 Commission grant the company's petition?" Based on our  
7 discussion on the previous issues, staff recommends that  
8 you grant Duke's petitions.

9           **CHAIRMAN GRAHAM:** Commissioners, anything on  
10 7?

11           Continue, staff.

12           **MR. GRAVES:** Issue 8 and 16 are the "Should  
13 this docket be closed?"

14           **CHAIRMAN GRAHAM:** Okay.

15           **MR. GRAVES:** Staff's recommendation is yes.

16           **CHAIRMAN GRAHAM:** Did we do Issue 9?

17           **MR. BALLINGER:** That was tied with Issue 1.

18           **CHAIRMAN GRAHAM:** Okay. All right. So the  
19 only thing we have as far as changes is the Balbis  
20 amendment. And then we take Issues 1 through 16 --  
21 we've already approved Issue A -- up as a block. So do  
22 I -- we have a motion and a second on the Balbis  
23 amendment. Let's go ahead and approve or disapprove  
24 that before we take the block.

25           All in favor of the Balbis agreement, say aye.

1 (Vote taken.)

2 Any opposed? By your action, you've approved  
3 the Balbis amendment.

4 So now we'll take up the remainder of Item  
5 number 7 as a block. Can I get a motion?

6 **CHAIRMAN GRAHAM:** Commissioner Edgar.

7 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

8 I particularly appreciate the discussion and  
9 the points that Commissioner Balbis raised on the issues  
10 that deal with potential offsets through conservation  
11 measures. Very helpful. Thank you.

12 And with that additional discussion, I am  
13 comfortable with the item as we have amended it with the  
14 typos being fixed, as staff had highlighted. So I would  
15 move approval per those minor changes.

16 **CHAIRMAN GRAHAM:** It's been moved and  
17 seconded, the approval, with those minor changes, of the  
18 rest of Item Number 7.

19 Commissioner Balbis.

20 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

21 And I support the motion. The only issue I still have  
22 and I'm hesitating with is Issue 3. I wish that there  
23 was an issue that stated, you know, should Duke Energy  
24 provide dual fuel capability for the Citrus County  
25 plant? But unfortunately that is not included in there.



1           You know, I think in this case I'm more of a  
2 belts and suspenders kind of guy. I'd like to see some  
3 sort of additional options for dual fuel capability just  
4 because we're becoming more and more limited in our  
5 baseload generation options. So I think for what is a  
6 marginal cost of \$25 million I think it at least  
7 provides me some additional comfort. I'm not sure it is  
8 enough.

9           The way Issue 3 is worded, "Is the proposed  
10 Citrus County plant needed, taking into account the need  
11 for fuel diversity and supply reliability," my position  
12 is yes, but I would like dual fuel capability.

13           So I'm not sure how to handle that, but maybe  
14 a cautious support of the block motion, if you will.  
15 But I just wanted to state that for the record.

16           **CHAIRMAN GRAHAM:** Okay. Any further  
17 discussion on the motion on the floor? Seeing none, all  
18 in favor, say aye.

19           (Vote taken.)

20           Any opposed?

21           By your action, you've approved the remaining  
22 issues on Item Number 7 with the initial Balbis  
23 amendment included.

24           (Agenda item concluded.)

25

1 STATE OF FLORIDA )  
2 COUNTY OF LEON ) : CERTIFICATE OF REPORTER

3  
4 I, LINDA BOLES, CRR, RPR, Official Commission  
5 Reporter, do hereby certify that the foregoing  
6 proceeding was heard at the time and place herein  
7 stated.

8 IT IS FURTHER CERTIFIED that I stenographically  
9 reported the said proceedings; that the same has been  
10 transcribed under my direct supervision; and that this  
11 transcript constitutes a true transcription of my notes  
12 of said proceedings.

13 I FURTHER CERTIFY that I am not a relative, employee,  
14 attorney or counsel of any of the parties, nor am I a  
15 relative or employee of any of the parties' attorney or  
16 counsel connected with the action, nor am I financially  
17 interested in the action.

18 DATED THIS 15th day of October, 2014.

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LINDA BOLES, CRR, RPR  
FPSC Official Hearings Reporter  
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