

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

Docket No. 150009-EI

Filed: August 6, 2015

**DUKE ENERGY FLORIDA, INC.'S
MOTION FOR APPROVAL OF STIPULATION**

Duke Energy Florida, Inc. (“DEF” or the “Company”) hereby moves the Florida Public Service Commission (“Commission”) to approve the attached Proposed Stipulation for DEF Levy Issues, with Attachment A (“Stipulation”). DEF, the Office of Public Counsel (“OPC”), White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate (“PCS Phosphate”), the Florida Retail Federation (“FRF”), and the Florida Industrial Power Users Group (“FIPUG”) (collectively the “Parties”) have entered into the Stipulation to resolve the issues in this Docket related to DEF.

The attached Stipulation addresses only the DEF issues in this docket. If approved, the pre-filed testimony and exhibits of DEF’s witnesses would be moved into the record. The pre-filed testimony and exhibits of Staff’s audit witnesses that relate to DEF’s issues (specifically Ronald A. Mavrides and William Coston) would also be moved into the record if this Stipulation is approved. Opening statements, cross-examination of witnesses, closing statements, and post-hearing briefing would be waived on all DEF issues. The parties’ positions on DEF issues are stated in the attached Stipulation, specifically Attachment A, which the parties request the Commission attach to its final order.

DEF is authorized to represent that OPC, PCS Phosphate, FRF, and FIPUG support the Motion. FPL, SACE, and the City of Miami take no position on the Motion.

WHEREFORE, DEF respectfully requests that the Commission approve the Stipulation attached hereto and excuse DEF's witnesses from attending the hearing scheduled to begin August 18, 2015.

Respectfully submitted this 6th day of August, 2015.

/s/ Dianne M. Triplett

DIANNE M. TRIPLETT

Associate General Counsel

DUKE ENERGY FLORIDA, INC.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 6th day of August, 2015.

/s/ Dianne M. Triplett

Attorney

<p>Martha Barrera, Esq. Keino Young, Esq. Kyesha Mapp, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 mbarrera@psc.state.fl.us kyoung@psc.state.fl.us kmapp@psc.state.fl.us</p> <p>Kenneth Hoffman Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1859 ken.hoffman@fpl.com</p> <p>J. Michael Walls, Esq. Blaise N. Gamba, Esq. Carlton Fields Jordan Burt P.O. Box 3239 Tampa, FL 33601-3239 mwalls@cfjblaw.com bgamba@cfjblaw.com</p> <p>Bryan Anderson, Esq. Jessica Cano, Esq. Florida Power & Light Company 700 Universe Boulevard June Beach, FL 33408-0420 bryan.anderson@fpl.com jessica.cano@fpl.com</p> <p>George Cavros, Esq. Southern Alliance for Clean Energy 120 E. Oakland Park Blvd., Suite 105 Fort Lauderdale, FL 33334 George@cavros-law.com</p>	<p>J.R.Kelly Charles J. Rehwinkel Erik L. Saylor Patty Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us saylor.erik@leg.state.fl.us christensen.patty@leg.state.fl.us</p> <p>James W. Brew, Esq. Owen J. Kopon, Esq. Laura A. Wynn, Esq. Stone Matheis Xenopoulos & Brew, PC 1025 Thomas Jefferson Street NW 8th Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com ojk@smxblaw.com laura.wynn@smxblaw.com</p> <p>Jon C. Moyle, Jr., Esq. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>Robert Scheffel Wright, Esq. John T. LaVia III, Esq. Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>Victoria Mendez City of Miami 444 SW 2nd Avenue, Suite 945 Miami, FL 33130-1910 vmendez@maimigov.com</p>
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Proposed Stipulation for DEF Levy Issues – Docket 150009

- I. The signatories to the RRSSA recognize and agree that there are some Levy Nuclear Project (“LNP”) costs and credits that remain to be addressed to determine ultimate recovery under the NCRC notwithstanding the termination of the set LNP recovery factor called for in the 2013 Revised and Restated Settlement Agreement (“RRSSA”), and the signatories further recognize that some LNP-related costs and credits could possibly be incurred in future periods.
- II. The signatories to the RRSSA agree that some alleged LNP costs and credits are properly recoverable/credited to the NCRC and may disagree as to the recoverability of other alleged LNP costs.
- III. The signatories to the RRSSA agree that all known alleged LNP costs and credits, along with carrying costs, if any, will not be collected in the 2016 or 2017 NCRC factor. In accordance with this action, the signatories to the RRSSA will preserve and do not waive any arguments, positions, or rights as to the recoverability, ability or inability to recover any alleged known or future LNP cost.
- IV. As required by the RRSSA, in its May 1, 2017 true up filing, DEF will include all alleged known LNP costs and credits, including carrying costs, if any, for final Commission disposition on rate recovery for those costs.
- V. Any signatory to the RRSSA may petition the Commission to address any alleged LNP-related costs and credits that become known after the May 1, 2017 true up has been submitted. The signatories to the RRSSA preserve and do not waive any arguments, positions, or rights as to the recoverability, ability or inability to recover any such alleged future LNP costs.
- VI. Nothing in this Agreement is intended to affect the provisions of the RRSSA. Furthermore, for the avoidance of doubt, it is the intent of the parties that this stipulation is intended to preserve the rights of all parties to make whatever assertions, claims, arguments or objections in the 2017 hearing cycle that they could make in the 2015 hearing cycle.
- VII. This Stipulation may be executed in counterpart originals, and a facsimile or PDF email of an original signature shall be deemed an original.

In Witness Whereof, the signatories to the RRSSA evidence their acceptance and agreement with the provisions of this Stipulation by their signatures below.

Proposed Stipulation for DEF Levy Issues -- Docket 150009

Duke Energy Florida, Inc.

By: 

John T. Burnett

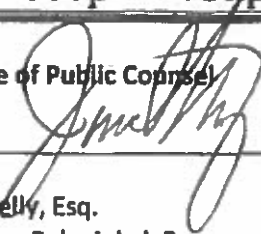
P.O. Box 14042

St. Petersburg, FL 33733

Proposed Stipulation for DEF Levy Issues – Docket 150009


Office of Public Counsel

By: _____


J.R. Kelly, Esq.
Charles Rehwinkel, Esq.
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Tallahassee, FL 32399

Proposed Stipulation for DEF Levy Issues – Docket 150009

Florida Retail Federation

By: 

Robert Scheffel Wright

Garder, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.

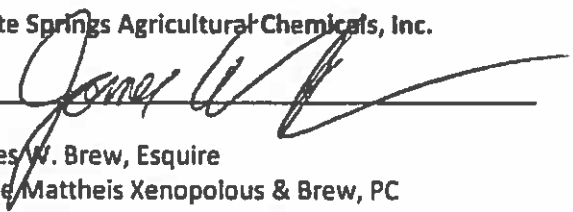
1300 Thomaswood Drive

Tallahassee, FL 32308

Proposed Stipulation for DEF Levy Issues – Docket 150009

White Springs Agricultural Chemicals, Inc.

By: _____


James W. Brew, Esquire
Stone Mattheis Xenopolous & Brew, PC
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007

Proposed Stipulation for DEF Levy Issues - Docket 150009

Florida Industrial Power Users Group

By:

Jon C. Moyle, Esq.
Moyle Law Firm
118 North Gadsen Street
Tallahassee, FL 32301

 August 4, 2015

Attachment A to Proposed Stipulation for DEF Levy Issues

ISSUE 8: Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?

Type 2 Stipulation

Position:

Yes, for the year 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project (LNP) as discussed in Mr. Fallon's March 2, 2015 direct testimony and in Mr. Foster's March 2, 2015 direct testimony. The Company's 2014 LNP management and cost oversight controls, policies, and procedures are substantially the same as the policies and procedures reviewed and previously determined to be prudent by the Commission. These project management and cost oversight controls include regular risk assessment, evaluation, cost oversight, and management. Duke Energy did not change its nuclear development project management, contracting and cost control oversight policies and procedures because of the Company's decisions not to complete construction of the LNP and to terminate the EPC Agreement. Some of these policies and procedures are no longer applicable to the LNP going forward as a result of these decisions. Some new processes, like the LLE Disposition Plan, were developed and implemented as a result of these decisions. These policies and procedures are revised as necessary to reflect industry leading best project management and cost oversight policies, practices, and procedures. The Company also has reasonable and prudent project accounting controls, project monitoring procedures, disbursement services controls, and regulatory accounting controls.

ISSUE 9: What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Levy Units 1 & 2 project?

Position:

Per the stipulation set forth in Issue 16 below, this issue is deferred and will be taken up as part of the 2017 hearing cycle.

ISSUE 10: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

Position:

Per the stipulation set forth in Issue 16 below, and as the parties have agreed to no further collections or credits until the final true-up, this issue is unnecessary at this time.

ISSUE 11: What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

Position:

Per the stipulation set forth in Issue 16 below, and as the parties have agreed to no further collections or credits until the final true-up, this issue is unnecessary at this time.

ISSUE 12: Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?

Type 2 Stipulation

DEF Position:

Yes, for 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project (EPU) and close out of the EPU project as discussed in Mr. Teague's March 2, 2015 direct testimony and in Mr. Foster's March 2, 2015 direct testimony. These project management and cost oversight controls include regular risk assessment, evaluation, and management. These policies, procedures, and controls are continually reviewed, and where necessary, revised and updated, in line with industry best practices. To this end, DEF developed and employed its close out and investment recovery processes and procedures, including CR3 Administrative Procedure, AI-9010, *Conduct of CR3 Investment Recovery*, and the Investment Recovery Project, Project Execution Plan, utilizing industry best practices and the project management policies and procedures that have been reviewed and approved as prudent by this Commission in prior year's dockets. The Company also has reasonable and prudent project accounting controls, project monitoring procedures, disbursement services controls, and regulatory accounting controls.

ISSUE 13: What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Crystal River Unit 3 Uprate project?

Type 2 Stipulation

Position:

As presented in and supported by the testimony of Mr. Teague and Mr. Foster in DEF's March 2, 2015 Actual 2014 filing, the Commission should approve the following amounts as DEF's actual 2014 prudently incurred costs for the Crystal River Unit 3 Uprate project:

Wind-Down / Exit Costs (Jurisdictional, net of joint owners) -- (\$292,076)

Carrying Costs -- \$23,793,581

The over-recovery of \$1,070,629 should be included in setting the allowed 2016 NCRC recovery.

The 2014 variance is the sum of over-projection of period-recoverable exit/wind-down costs of \$688,977 plus an over-projection of carrying costs of \$381,652.

ISSUE 14: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

Type 2 Stipulation

Position:

As presented in and supported by the testimony of Mr. Teague and Mr. Foster in DEF's May 1, 2015 Actual/Estimated 2015 filing, the Commission should approve the following amounts as DEF's reasonably estimated 2015 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate project consistent with Section 366.93(6) and Rule 25-6.0423(7):

Wind-Down / Exit Costs (Jurisdictional, net of joint owners) -- \$266,260.

Carrying Costs (including 2014 WACC adjustment) -- \$18,768,771

The over-recovery of \$857,612 should be included in setting the allowed 2016 NCRC recovery.

The 2015 variance is the sum of over-projection exit/wind-down costs of \$77,191 plus an over-projection of carrying costs of \$780,421.

ISSUE 15: What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

Type 2 Stipulation

Position:

As presented in and supported by the testimony of Mr. Teague and Mr. Foster in DEF's May 1, 2015 Projection 2016 filing, the Commission should approve the following amounts as DEF's reasonably estimated 2016 exit and wind down costs and carrying costs for the

Crystal River Unit 3 Uprate project consistent with Section 366.93(6) and Rule 25-6.0423(7):

Wind-Down / Exit Costs (Jurisdictional, net of joint owners) -- \$73,763

Carrying Costs -- \$14,790,552

Amortization of 2013 Regulatory Asset -- \$43,681,007

ISSUE 16: What is the total jurisdictional amount to be included in establishing DEF's 2016 Capacity Cost Recovery Clause Factor?

Position:

Per the Proposed Stipulation for DEF Levy Issues, to which this Attachment A is attached, the total jurisdictional amount to be included in establishing DEF's 2016 Capacity Cost Recovery Clause factor should be \$56,469,745, relating only to the Crystal River Unit 3 Uprate project.