



Matthew R. Bernier
SENIOR COUNSEL
Duke Energy Florida, LLC

March 1, 2017

Via ELECTRONIC DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: *Nuclear Cost Recovery Clause; Docket No. 170009-EI*

Dear Ms. Stauffer:

On behalf of Duke Energy Florida, LLC ("DEF"), please find enclosed for electronic filing in the above-referenced docket:

- DEF's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Year Ending December 2016;
- Direct Testimony of Christopher M. Fallon with attached Exhibit No. ____ (CMF-1);
- Direct Testimony of Thomas G. Foster with attached Exhibit No. ____ (TGF-1) and Exhibit No. ____ (TGF-2).

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

s/ Matthew R. Bernier
Matthew R. Bernier

MRB/at
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery
Clause

Docket No. 170009-EI
Submitted for Filing: March 1, 2017

**PETITION FOR APPROVAL OF NUCLEAR POWER PLANT COST
RECOVERY TRUE-UP FOR THE YEAR ENDING DECEMBER 2016**

Pursuant to Section 366.93(6), Florida Statutes, and Rule 25-6.0423(7), Florida Administrative Code, Duke Energy Florida, LLC (“DEF” or the “Company”) respectfully petitions the Florida Public Service Commission (the “Commission”) to approve and find prudent the actual 2016 Crystal River Unit 3 (“CR3”) Extended Power Uprate (“EPU”) project and Levy Nuclear Project (“LNP”) costs. DEF also petitions the Commission to approve and find prudent the 2016 project management, contracting, accounting, and cost oversight controls for the LNP, and the 2016 accounting and cost oversight controls for the EPU. Further, DEF petitions the Commission to approve the true-up of revenue requirements as presented in the contemporaneously filed testimony and exhibits and schedules for the EPU and LNP.

Additionally, pursuant to the terms of the Stipulation approved by this Commission in Order No. PSC-15-0521-FOF-EI (the “2015 LNP Stipulation”), DEF seeks a prudence determination of its 2014 and 2015 LNP costs previously filed in the 2015 and 2016 Nuclear Cost Recovery Clause (“NCRC”) dockets. Finally, all remaining known LNP costs¹ will be presented for Commission review and approval in the Company’s May 1, 2017 filing.

DEF’s petition is supported by the testimony and exhibits of Mr. Christopher M. Fallon and Mr. Thomas G. Foster filed herewith and incorporated by reference; moreover, DEF’s request for recovery of 2014 and 2015 actual LNP costs is supported by the true-up testimonies

¹ The litigation with Westinghouse is ongoing as discussed in Mr. Fallon’s testimony. The outcome of the appeal cannot be predicted at this time; thus there could be additional costs which are not known at this time.

of Messrs. Foster and Fallon filed in the 2015 and 2016 NCRC dockets, which are hereby incorporated by reference.²

DEF requests the Commission find that DEF's 2016 actual costs for the EPU and 2014, 2015, and 2016 actual costs for the LNP have been prudently incurred and allow recovery through the Capacity Cost Recovery Clause ("CCRC"). These costs include current period wind-down and exit costs, carrying costs on the unrecovered investment balance (including prior period (over)/under balances), the amortization of the true-up of prior period costs, and the amortization associated with the remaining unrecovered investment balance, in accordance with Section 366.93(6), Fla. Stat., Rule 25-6.0423(7), F.A.C., and the 2013 Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement Agreement"), approved by the Commission in Order No. PSC-13-0598-FOF-EI, issued November 12, 2013.

I. PRELIMINARY INFORMATION.

1. The Petitioner's name and address are:

Duke Energy Florida, LLC
299 1st Avenue North
St. Petersburg, Florida 33701

2. Any pleading, motion, notice, order, or other document required to be served upon DEF or filed by any party to this proceeding should be served upon the following individuals:

Dianne M. Triplett
dianne.triplett@duke-energy.com
Duke Energy Florida, LLC
P.O. Box 14042
St. Petersburg, Florida 33733
(727) 820-4692

Matthew R. Bernier

² See Document Nos. 01225-15 and 01224-15 in Docket No. 150009-EI. In Docket No. 160009-EI, please see Document Nos. 01115-16 and 01114-16.

matthew.bernier@duke-energy.com

Duke Energy Florida, LLC
106 E. College Ave., Ste. 800
Tallahassee, Florida 32301
(850) 222-8738

II. PRIMARILY AFFECTED UTILITY.

3. DEF is the utility primarily affected by the proposed request for cost recovery. DEF is an investor-owned electric utility, regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly owned subsidiary of Duke Energy Corporation (“Duke Energy”).

4. DEF serves approximately 1.8 million retail customers in Florida. Its service area comprises approximately 20,000 square miles in 35 of the state’s 67 counties, encompassing the densely populated areas of Pinellas and western Pasco Counties, the greater Orlando area in Orange, Osceola, and Seminole Counties, and 16 counties in northwest Florida. DEF supplies electricity at retail to approximately 350 communities and at wholesale to Florida municipalities, utilities, and power agencies in the State of Florida.

5. DEF seeks cost recovery pursuant to Section 366.93(6), Fla. Stat. and Rule 25-6.0423(7), F.A.C., of its prudent costs for the LNP and EPU project.

III. DEF REQUESTS COST RECOVERY FOR THE 2016 EPU PROJECT COSTS AS PROVIDED IN SECTION 366.93(6), FLA. STAT., AND RULE 25-6.0423(7), F.A.C.

6. On February 5, 2013, Duke Energy announced its decision to retire and decommission the CR3 nuclear power plant. As a result of this decision, the CR3 EPU project was cancelled. In 2015, DEF completed disposition of EPU-related assets using a step-wise approach under its investment recovery policies and procedures to obtain the maximum value for DEF’s customers. The last stage for the EPU project close-out was the final disposition of EPU-

related assets and materials and implementation of a plan for the remaining EPU assets that have not been sold or salvaged. The CR3 Investment Recovery Project (“IRP”) was closed out on April 30, 2015. Because the project has now been closed out there are no project management-related activities to report and therefore DEF has presented no testimony to discuss 2016 project management-related activities.

7. Mr. Foster’s direct testimony and exhibits present the actual costs and carrying costs for the EPU project that were incurred in 2016. Mr. Foster’s direct testimony also supports the prudence of DEF’s accounting and cost oversight controls. The direct testimony and exhibits of Mr. Foster support the Company’s request for cost recovery pursuant to Section 366.93(6), Fla. Stat. and Rule 25-6.0423(7), F.A.C..

8. As discussed above, the EPU IRP was closed down in 2015 and therefore there are no on-going project management-related activities or resulting costs to report for 2016. However, pursuant to paragraph 9a of the 2013 Settlement Agreement, DEF is permitted to recover the CR3 EPU project revenue requirements over a seven-year amortization recovery period (2013-2019). DEF also incurred costs associated with the EPU project related to accounting and corporate planning in 2016. These costs are presented in Mr. Foster’s testimony and exhibits.

9. Pursuant to Rule 25-6.0423, F.A.C., DEF is entitled to recover through the CCRC the revenue requirements associated with its prudently incurred costs. For the time period January 2016 through December 2016, DEF is requesting a total of \$57,936,594 in revenue requirements as presented in Mr. Foster’s Exhibit No. ____ (TGF-2) “2016 Summary” on Line 5, adjusted for the contributions made by the joint owners of CR3. These costs are made up of \$14,255,587 in carrying costs on the remaining unrecovered CWIP balance and prior period (over/under) balances, including wind-down/exit costs net of sales, transfer, and salvage

proceeds, shown on Lines 1a through 1c, and \$43,681,007 of amortization associated with the remaining unrecovered investment balance and prior period (over/under) balances reflected on Line 4. This results in DEF's final 2016 true-up over-recovery amount of \$608,728 reflected on Line 3. These amounts were calculated in accordance with Rule 25-6.0423(7), F.A.C., as set forth in greater detail in the testimony and exhibits of Mr. Foster.

IV. DEF REQUESTS THE COMMISSION FIND THAT DEF'S 2016 PROJECT MANAGEMENT, CONTRACTING, ACCOUNTING AND COST OVERSIGHT CONTROLS WERE REASONABLE AND PRUDENT FOR THE LEVY UNITS 1 & 2 PROJECT.

10. Messrs. Fallon's and Foster's direct testimony support DEF's prudent management of the LNP, consistent with policies and procedures that implement Duke Energy best practices. DEF is seeking a prudence determination for DEF's 2016 LNP project management, contracting, and cost oversight controls pursuant to Rule 25-6.0423(7), F.A.C..

V. DEF REQUESTS COST RECOVERY FOR THE 2014, 2015, AND 2016 LEVY NUCLEAR PROJECT COSTS AS PROVIDED IN SECTION 366.93(6), FLA. STAT., RULE 25-6.0423(7), F.A.C., THE 2013 SETTLEMENT AGREEMENT AND THE 2015 LNP STIPULATION.

11. The Company elected not to complete construction of the LNP pursuant to the nuclear cost recovery statute and rule, Section 366.93(6), Fla. Stat., and Rule 25-6.0423(7), F.A.C., as amended, with its execution of the 2013 Settlement Agreement. Once the Commission approved the 2013 Settlement Agreement, DEF implemented a process to wind down the LNP. Then, in January 2014, because DEF was unable to obtain the LNP Combined Operating License ("COL") from the Nuclear Regulatory Commission ("NRC") by January 1, 2014, DEF terminated the Engineering, Procurement and Construction ("EPC") Agreement with Westinghouse Electric Company LLC ("WEC") and Stone & Webster, Inc. ("S&W") (together the "Consortium").

12. The LNP wind-down process involves the disposition of the LNP Long Lead Equipment (“LLE”) and the resolution of remaining costs under the EPC Agreement with the Consortium. As explained in more detail in the testimony of Mr. Fallon, DEF developed and implemented an LLE Disposition Plan and, pursuant to that Plan, DEF has been able to disposition all of the LNP LLE not involved in the litigation with WEC.

13. DEF also incurred costs associated with the LNP related to accounting and corporate planning in 2016. Pursuant to the 2015 LNP Stipulation approved by the Commission in Order No. PSC-15-0521-FOF-EI, DEF is currently requesting cost recovery of its 2014 and 2015 LNP costs (previously submitted in the 2015 and 2016 NCRC dockets) as well as its 2016 LNP costs. Also per the terms of 2013 Settlement Agreement and the 2015 LNP Stipulation, DEF has agreed to include all remaining known LNP costs and credits in the May 1, 2017 true-up filing for consideration and review in setting the 2018 NCRC factor. As addressed in the 2015 LNP Stipulation, there are some LNP costs that remain to be addressed to determine ultimate recovery under the NCRC, and the signatories further recognize that some LNP-related costs and credits could possibly become known in future periods. 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.

14. Pursuant to Rule 25-6.0423, F.A.C., DEF is entitled to recover through the CCRC the revenue requirements associated with its prudently incurred LNP costs. For the time period January 2016 through December 2016, DEF is requesting a total of \$8,554,134 in revenue requirements as presented in Mr. Foster’s Exhibit No. ____ (TGF-1) “2016 Summary” on Line 1e. These costs are made up of carrying costs on the unrecovered investment prior period (over/under) balances including wind-down/exit costs (including disposition of LLE) shown on Lines 1a through 1d. These amounts were calculated in accordance with Rule 25-6.0423(7),

F.A.C., as set forth in greater detail in the testimony and exhibits of Mr. Foster. The 2014 and 2015 LNP costs were discussed in detail in the 2015 and 2016 NCRC dockets, respectively. Those costs, for which DEF now seeks a prudence determination, were \$23,508,493 and \$1,769,833, respectively.

15. As explained by Mr. Fallon, in 2016 DEF continued with the work necessary to obtain the LNP COLs which were ultimately received (one license per unit) on October 20, 2016. DEF, however, is not seeking cost recovery in this proceeding for costs incurred in 2016 to obtain the LNP COL. As part of the 2013 Settlement Agreement, DEF agreed to account for COL-related costs as construction work in progress and agreed to remove them from recovery in the NCRC proceeding. DEF has segregated its 2016 COL-related costs from the 2016 LNP wind-down costs and the 2016 COL-related costs are not presented for recovery in this docket.

VI. DISPUTED ISSUES OF MATERIAL FACT.

16. DEF is not aware at this time that there will be any disputed issues of material fact in this proceeding. Through its testimony and exhibits, DEF demonstrates the prudence of the costs it incurred in 2016 for the EPU project and in 2014-2016 for the LNP, and shows why recovery of the capacity costs through the CCRC, as provided in Section 366.93(6), Fla. Stat., and Rule 25-6.0423(7), F.A.C., is appropriate and warranted. DEF also demonstrates the prudence of its 2016 project management, contracting, accounting, and cost oversight controls for the LNP and its 2016 accounting and cost oversight controls for the EPU.

WHEREFORE, for all the reasons provided in this Petition, as developed more fully in DEF's incorporated testimony and exhibits, DEF respectfully requests that the Commission:

(1) determine that the wind-down and exit costs DEF incurred during 2016 for the EPU project were reasonable and prudent;

- (2) determine that the wind-down and exit costs DEF incurred during 2014, 2015, and 2016 for the LNP were reasonable and prudent;
- (3) determine that DEF's 2016 LNP project management, contracting, and oversight controls and project accounting and cost oversight controls were reasonable and prudent;
- (4) determine that DEF's 2016 EPU project accounting and cost oversight controls were reasonable and prudent;
- (5) approve DEF's final true-up of the actual expenditures and revenue requirements for the EPU project for 2016, and allow recovery, through the CCRC, of the costs inclusive of carrying costs on and amortization associated with the remaining unrecovered balance; and
- (6) approve DEF's final true-up of the actual expenditures and revenue requirements for the LNP for 2014, 2015, and 2016, and allow recovery, through the CCRC, of the carrying costs on and amortization associated with the remaining unrecovered balance.

Respectfully submitted,

/s/ Matthew R. Bernier

Matthew R. Bernier
Senior Counsel
DUKE ENERGY FLORIDA, LLC
106 East College Avenue
Suite 800
Tallahassee, FL 32301
Telephone: (850) 521-1428
Matthew.bernier@duke-energy.com

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 March, 2017.

/s/ Matthew R. Bernier
Attorney

<p>Kyesha Mapp Margo Leathers Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 kmapp@psc.state.fl.us mleather@psc.state.fl.us asoete@psc.state.fl.us</p> <p>Kenneth Hoffman Vice President, Regulatory Affairs Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com</p> <p>Jessica Cano Kevin I.C. Donaldson Florida Power & Light Company 700 Universe Boulevard June Beach, FL 33408-0420 jessica.cano@fpl.com kevin.donaldson@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>James W. Brew Laura A. Wynn Stone Mattheis Xenopoulos & Brew, P.C. 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, D.C. 20007 jbrew@smxblaw.com law@smxblaw.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>Victoria Mendez Christopher A. Green Xavier E. Alban Kerri L. McNulty City of Miami 444 SW 2nd Avenue, Suite 945 Miami, FL 33130-1910 vmendez@miamigov.com cagreen@miamigov.com xealban@miamigov.com klmcnulty@miamigov.com mgriffin@miamigov.com</p> <p>Robert Scheffel Wright John T. LaVia III Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>George Cavros 120 E. Oakland Park Blvd, Suite 105 Fort Lauderdale, FL 33334 george@cavros-law.com</p>
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

DOCKET NO. 170009-EI
Submitted for filing: March 1, 2017

REDACTED

**DIRECT TESTIMONY OF CHRISTOPHER M. FALLON
IN SUPPORT OF ACTUAL COSTS**

**ON BEHALF OF
DUKE ENERGY FLORIDA, LLC**

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC

FPSC DOCKET NO. 170009-EI

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 A. My name is Christopher M. Fallon. My business address is 526 South Church
4 Street, Charlotte, North Carolina 28202.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Corporation (“Duke Energy”) as the Vice
8 President of Duke Energy Renewables and Commercial Portfolio. Until October
9 31, 2016, I was Duke Energy’s Vice President of Nuclear Development. Duke
10 Energy Florida, LLC (“DEF” or the “Company”) is a fully owned subsidiary of
11 Duke Energy.

12

13 **Q. Please summarize your educational background and work experience.**

14 A. I received Bachelor of Science and Master of Science degrees in electrical
15 engineering from Clemson University in 1989 and 1990, respectively. I am also a
16 licensed professional engineer in North Carolina. I began my career with Duke
17 Energy’s predecessor company Duke Power in 1992 as a power quality engineer.
18 After a series of promotions, I was named manager of transmission planning and
19 engineering studies in 1999, general manager of asset strategy and planning in

1 2006, and the managing director of strategy and business planning for Duke
2 Energy starting in 2007. In this role, I had responsibility for developing the
3 strategy for the company's operating utilities, commercial support for operating
4 utility activities such as acquisition of generation assets and overseeing Requests
5 for Proposals for renewable generation resources, and major project/initiative
6 business case analysis. In 2009, I was named Vice President, Office of Nuclear
7 Development for Duke Energy. In that role, I was responsible for furthering the
8 development of new nuclear generation in the Carolinas and Midwest. This
9 included identifying and developing nuclear partnership opportunities, as well as
10 integrating and advancing Duke Energy's plans for the proposed Lee Nuclear
11 Station in Cherokee County, South Carolina. On July 1, 2012 I was promoted to
12 Vice President of Nuclear Development; as such I was responsible for the Levy
13 nuclear power plant project ("LNP").

14
15 **II. PURPOSE AND SUMMARY OF TESTIMONY.**

16 **Q. What is the purpose of your direct testimony?**

17 A. My direct testimony presents and supports the LNP actual costs incurred in 2016.
18 These costs were incurred for the LNP wind-down following DEF's decision not
19 to proceed with construction of the LNP in summer 2013 and DEF's termination
20 of the Engineering, Procurement, and Construction ("EPC") Agreement with
21 Westinghouse Electric Company LLC ("WEC") and Stone & Webster, Inc.
22 ("S&W") (together the "Consortium") in January 2014. The Company relies on
23 the information included in this testimony in the conduct of its affairs.

1 Pursuant to Rule 25-6.0423(7), F.A.C., and Florida Public Service
2 Commission (“PSC” or the “Commission”) Order No. PSC-13-0598-FOF-EI,
3 approving the Revised and Restated Stipulation and Settlement Agreement (“2013
4 Settlement Agreement”), DEF is allowed to recover its prudent site selection
5 costs, pre-construction costs, and construction costs for the LNP. Pursuant to the
6 2013 Settlement Agreement and the stipulation approved by the Commission in
7 Order No. PSC-15-0521-FOF-EI (“2015 LNP Stipulation”), DEF agreed to
8 include all known LNP costs and credits by no later than May 1, 2017 for
9 consideration and review in the 2017 NCRC docket for use in setting the 2018
10 NCRC factor. As such, DEF’s 2014 and 2015 LNP costs were previously
11 provided in the 2015 and 2016 NCRC dockets for informational purposes, but
12 DEF did not previously seek a prudence review of those costs.

13 DEF is now presenting its 2016 LNP costs and seeking a prudence
14 determination for its 2014, 2015, and 2016 LNP costs. On or before May 1, 2017,
15 DEF will provide all remaining known LNP costs for Commission review as
16 required by the 2013 Settlement Agreement and 2015 LNP Stipulation. DEF is
17 also seeking a prudence determination for DEF’s 2016 LNP project management,
18 contracting, and cost controls.

19
20 **Q. Do you have any exhibits to your testimony?**

21 A. Yes, I am sponsoring the following exhibits to my testimony:

22 Exhibit No. ____ (CMF-1), the confidential October 6, 2016, invoice from WEC
23 for final LLE payments.

1 I will also be co-sponsoring the cost portions of the 2016 Detail Schedule, and
2 sponsor Appendices D and E, which are included as part of Exhibit No. ____
3 (TGF-1) to Mr. Thomas G. Foster's direct testimony in this proceeding.

4 Appendix D is a description of the major tasks and reflects expenditure variance
5 explanations. Appendix E is a list of the contracts executed in excess of \$1.0
6 million and provides details for those contracts.

7 All of these exhibits, schedules, and appendices are true and accurate to the best
8 of my knowledge and ability.

9

10 **Q. What is the current status of the LNP?**

11 A. The Company elected not to complete construction of the LNP pursuant to the
12 nuclear cost recovery statute and rule, Section 366.93(6), Florida Statutes, and
13 Rule 25-6.0423(7), F.A.C., as amended, with its execution of the 2013 Settlement
14 Agreement. Subsequently, DEF commenced development of the process to start
15 winding down the LNP in an orderly fashion, which was fully put in place after
16 the Commission voted to approve the 2013 Settlement Agreement. In January
17 2014, DEF terminated the EPC Agreement with the Consortium because DEF was
18 unable to obtain the LNP Combined Operating License ("COL") from the Nuclear
19 Regulatory Commission ("NRC") by January 1, 2014.

20 The LNP wind down process involves the disposition of the LNP Long
21 Lead Equipment ("LLE") and the resolution of remaining costs under the EPC
22 Agreement with the Consortium. DEF developed and implemented a LLE
23 Disposition Plan and, pursuant to that Plan, DEF has disposed of all the LNP
24 LLE.

1 As discussed in my March 2, 2015 testimony, DEF paid S&W its
2 remaining costs after DEF terminated the EPC Agreement in January 2014 and
3 resolved all costs and issues with S&W under the EPC Agreement. DEF
4 attempted but was unable to resolve some remaining issues with WEC under the
5 EPC Agreement. WEC demanded substantial additional costs from DEF for
6 terminating the EPC Agreement. These claims, and DEF's claims against WEC
7 under the EPC Agreement, will be resolved in the ongoing litigation with WEC. I
8 provide an update on the litigation below.

9 On October 20, 2016, DEF received the Combined Operating Licenses
10 (“COL”) from the NRC (the NRC issues licenses per unit - thus, as a two unit
11 plant, the LNP was issued two licenses). Currently, the only remaining LNP work
12 is to support maintenance of the LNP COLs. Throughout 2016 DEF continued
13 with the work necessary to obtain the LNP COLs; DEF, however, is not seeking
14 cost recovery in this proceeding for costs incurred to obtain the LNP COLs.

15
16 **Q. Please summarize your testimony.**

17 A. DEF prudently incurred necessary wind-down costs for the LNP in 2016. DEF
18 incurred only those contractually committed or necessary costs for the LNP wind-
19 down activities in 2016; DEF appropriately minimized these costs pursuant to the
20 2013 Settlement Agreement. DEF has prudently managed the LNP in 2016,
21 consistent with merged policies and procedures that implement Duke Energy best
22 practices, that in substance are similar to the project management, contracting and
23 cost control policies and procedures audited by the Commission Staff and
24 reviewed and approved by the Commission.

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III. 2016 LNP WIND-DOWN COSTS.

Q. What were the total LNP actual 2016 costs? REDACTED

A. As can be seen in Appendix D of Exhibit No.____(TGF-1), total actual LNP costs for 2016, excluding the carrying costs on the unrecovered investment balance, were approximately [REDACTED].

Q. Please describe the LNP wind-down activities and costs.

A. DEF’s 2016 LNP wind-down activities involved continued LLE disposition efforts. Specifically, DEF made LLE payments in full settlement of outstanding LLE payments disputes (other than those issues related to the WEC litigation discussed below).

DEF’s LLE disposition objectives in its Disposition Plan are consistent with the 2013 Settlement Agreement. DEF’s objectives are to disposition the LNP LLE in a manner that (i) minimizes the financial costs and risks of the LLE disposition to DEF’s customers; (ii) minimizes other costs to DEF and its customers; and (iii) evaluates the potential future use of the LNP LLE for other AP1000 power plant projects. This includes minimizing LLE evaluation costs and purchase order or contract termination costs, minimizing the risks of financial loss associated with the LNP LLE, and maximizing the LNP LLE disposition cash value.

Q. Please explain the LLE payments.

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A. Independent of the WEC litigation claims, DEF and WEC were involved in a dispute over the proper amounts owed by DEF for certain LLE, the Reactor Vessel materials, Steam Generator tubing and balance, and Reactor Coolant Pumps. In settlement of that dispute, DEF agreed to pay WEC [REDACTED], which was reduced by the salvage value of the LLE (approximately [REDACTED]), for a total amount owed of [REDACTED]. In previous testimony I noted that DEF owed up to a capped value of [REDACTED] for this equipment pursuant to the Change Order. Through DEF's LLE Disposition efforts we were able to reduce this value to a net [REDACTED] payment. As part of this agreement, WEC agreed to release any and all remaining claims it may have under the EPC Agreement (other than those involved in the litigation). More information regarding the LLE components included in the settlement is found in Exhibit No. __ (CMF-1).

Q. To summarize, were all of the wind-down costs that the Company incurred in 2016 for the LNP reasonable and prudent?

A. The specific costs for the LNP contained in the 2016 Detail schedules, which are attached as exhibits to Mr. Foster's testimony, reflect the reasonable and prudent wind-down costs DEF incurred for LNP work in 2016. DEF took reasonable steps in 2016 to minimize the LNP work and wind-down costs.

Q. What is the status of DEF's lawsuit with WEC?

1 A. The District Court held a bench trial in October of 2016 and rendered its decision
2 on December 22, 2016. The court ordered DEF to pay WEC \$30M in termination
3 fees for terminating the EPC Agreement, along with \$4M in interest. The court
4 ruled that DEF could not use the money that DEF paid WEC for the Turbine
5 Generator and Reactor Vessel Internals as an offset. Finally, the court found
6 against WEC in its claim for an additional \$424M in termination costs, finding
7 those costs were not contemplated by the EPC Agreement.

8 On January 20, 2017, WEC filed notice that it was appealing the court's
9 decision to the Circuit Court of Appeal for the Fourth Circuit; on February 1,
10 2017, DEF filed its cross-notice of appeal. The Fourth Circuit has yet to set a
11 briefing schedule for the appeal.

12
13 **Q. How does the WEC litigation appeal effect the request for prudence and cost**
14 **recovery?**

15 A. The appeal has no effect on the requests for a prudence determination regarding
16 the LNP costs presented to date (2014-2016) or the LNP costs that will be
17 presented in May pursuant to the 2013 Settlement Agreement and 2015 LNP
18 Stipulation. As I have explained, the LNP costs presented previously and in this
19 proceeding are ripe for Commission review and determination of prudence.
20 However, the amount DEF ultimately seeks to recover once the outcome of the
21 appeal is final and those costs related to the litigation become known could be
22 affected by the final outcome. As always, DEF cannot predict the outcome or
23 timing of the appeal process.

24

1 **IV. LNP COMBINED OPERATING LICENSE APPLICATION UPDATE.**

2 **Q. Can you summarize the Combined Operating License Application process?**

3 A. Yes. There are three parts to the NRC Combined Operating License Application
4 (“COLA”) review process. All three parts must be complete before the NRC will
5 issue a COL. The three parts of the NRC COLA review process are: (1) the
6 environmental review process; (2) the safety review process; and (3) the formal
7 hearing process. DEF also must obtain environmental permits for the LNP COL.

8
9 **Q. What is the status of the LNP NRC COLA review process?**

10 A. The COLA process is complete; the NRC issued the COLs for LNP 1 & 2 on
11 October 20, 2016. The environmental review for the LNP COLA was complete
12 when DEF received the LNP final environmental impact statement (“FEIS”) on
13 April 27, 2012. The Final Safety Evaluation Report (“FSER”) for the LNP COL
14 was issued on May 31, 2016.

15
16 **V. PROJECT MANAGEMENT, CONTRACTING, AND COST OVERSIGHT.**

17 **Q. Can you explain the Company’s 2016 LNP project management, contracting,
18 and cost control oversight policies and procedures?**

19 A. Yes. Nuclear Development (“ND”) is responsible for the LNP management. As
20 a result, ND is responsible for the process of implementing best practices and
21 lessons learned for the LNP and other nuclear development projects. ND has
22 implemented or adopted policies and procedures for the management of the LNP
23 that reflect the collective experience, knowledge, and best practices of Duke
24 Energy and the nuclear utility industry.

1 **Q. Are the Company's 2016 LNP project management, contracting, and cost**
2 **control oversight policies and procedures reasonable and prudent?**

3 A. Yes, they are. The LNP 2016 project management, contracting, and cost control
4 policies and procedures are substantially the same as the collective policies and
5 procedures that have been vetted in the annual project management audit in this
6 docket and previously approved as prudent by the Commission. *See* Order No.
7 PSC-09-0783-FOF-EI (Nov. 19, 2009); Order No. PSC-11-0095-FOF-EI (Feb. 2,
8 2011); Order No. PSC-11-0547-FOF-EI (Nov. 23, 2011); Order No. PSC-12-
9 0650-FOF-EI (Dec. 11, 2012); Order No. PSC-14-0617-FOF-EI (Oct. 27, 2014);
10 Order No. PSC-15-0521-FOF-EI (Nov. 5, 2015); and Order No. PSC-16-0447-
11 FOF-EI (Oct. 10, 2016). We believe, therefore, that the LNP project management
12 policies and procedures are consistent with best practices for capital project
13 management in the industry and continue to be reasonable and prudent.

14
15 **Q. Has DEF implemented a process to ensure that costs related to the LNP COL**
16 **are not included in the NCRC pursuant to the terms of the 2013 Settlement?**

17 A. Yes, from a project team perspective, DEF has always segregated project costs
18 incurred by specific project code. This did not change for 2016 and the project
19 team continued and will continue to charge COL-related labor, NRC fees, vendor
20 invoices and all other COL-related cost items to the applicable COL project
21 codes. The Regulatory Accounting and Regulatory Strategy groups ensure that
22 the COL-related project codes and associated costs incurred in 2014 and beyond
23 are not included in the Company's NCRC Schedules, and thus not presented for

1 nuclear cost recovery. These COL-related costs will, however, continue to be
2 tracked for accounting purposes consistent with the 2013 Settlement Agreement.

3

4 **Q. Does this conclude your testimony?**

5 A. Yes, it does.

Westinghouse Proprietary and Confidential



To: Christopher Fallon
From: Linda Iller
Date: 10/6/2016
Subject: Invoice # 90332051

Contract No: 414310
Invoice No: 90332051
Invoice Date: 10/6/2016

Activity Description

As agreed between the parties, in accordance with attached spreadsheet and related settlement agreement/releases, final invoice for supplier closeout costs.

This is considered the official transmittal of this invoice. As previously discussed, invoices will only be transmitted electronically.

A handwritten signature in black ink, appearing to read "Linda Iller".

Approval

This document is the property of and contains Proprietary Information owned by Westinghouse Electric Company LLC. It is transmitted to you in confidence and trust, and you agree to treat this document in strict accordance with the terms and conditions of the agreement under which it was provided to you.

The AP1000 logo is a trademark of Westinghouse Electric Company LLC.

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INVOICE

Original
Page 1 of 1

SHIP TO:

Duke Energy Florida, Inc.
Attn: Accounts Payable
410 S. Wilmington St.
Mail Code PEB 15
Raleigh, NC 27601

Payment Terms are: As set forth in settlement agreement
Please Indicate Customer Number and Invoice Number on Remittance

Reference: Sales Order Number 52861

CUSTOMER CONTRACT NO.	WBS	INVOICE DATE	INVOICE NO.
414310	N/A	10/6/2016	90332051

Duke Energy Levy AP1000 Project
CST # = 51

<u>OPI</u>	<u>Description</u>	<u>Amount</u>
------------	--------------------	---------------

See Attached

See Attached

[REDACTED]

AMOUNT OF THIS INVOICE -----

[REDACTED]

IN REMITTING OR CORRESPONDING, PLEASE SHOW INVOICE NUMBER AND CUSTOMER NUMBER

REMIT TO: WESTINGHOUSE ELECTRIC CO., LLC
P.O. BOX 534774 Atlanta, GA 30353-4774
As set forth in settlement agreement (FROM RECEIPT DATE)

TRANSFER TO: JPMorgan Chase, [REDACTED]

INQUIRIES TO: WESTINGHOUSE ELECTRIC CO., LLC
1000 Westinghouse Drive
Cranberry Township, PA 16066
Attn: Linda Iller

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

DOCKET NO. 170009-EI

**Submitted for filing:
March 1, 2017**

REDACTED

**DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF ACTUAL COSTS**

**ON BEHALF OF
DUKE ENERGY FLORIDA, LLC.**

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC.

FPSC DOCKET NO. 170009-EI

DIRECT TESTIMONY OF THOMAS G. FOSTER

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 **A.** My name is Thomas G. Foster. My business address is 299 First Avenue North, St.
4 Petersburg, FL 33701.

5
6 **Q. By whom are you employed and in what capacity?**

7 **A.** I am employed by Duke Energy Florida, LLC, as Director, Rates and Regulatory
8 Planning.

9
10 **Q. What are your responsibilities in that position?**

11 **A.** I am responsible for regulatory planning and cost recovery for Duke Energy
12 Florida, LLC (“DEF”). These responsibilities include regulatory financial
13 reports and analysis of state, federal, and local regulations and their impact on
14 DEF. In this capacity, I am also responsible for the Levy Nuclear Project
15 (“LNP”) and the Crystal River Unit 3 (“CR3”) Extended Power Uprate (“EPU”)
16 Project (“CR3 Uprate”) Cost Recovery filings made as part of this docket in
17 accordance with Rule 25-6.0423, Florida Administrative Code (“F.A.C.”).

1 **Q. Please describe your educational background and professional experience.**

2 **A.** I joined the Company on October 31, 2005 as a Senior Financial Analyst in the
3 Regulatory group. In that capacity I supported the preparation of testimony and
4 exhibits associated with various Dockets. In late 2008, I was promoted to
5 Supervisor Regulatory Planning. In 2012, following the merger with Duke Energy
6 Corporation (“Duke Energy”), I was promoted to my current position. Prior to
7 working at Duke Energy I was the Supervisor in the Fixed Asset group at Eckerd
8 Drug. In this role I was responsible for ensuring proper accounting for all fixed
9 assets as well as various other accounting responsibilities. I have 6 years of
10 experience related to the operation and maintenance of power plants obtained while
11 serving in the United States Navy as a Nuclear Operator. I received a Bachelors of
12 Science degree in Nuclear Engineering Technology from Thomas Edison State
13 College. I received a Masters of Business Administration with a focus on finance
14 from the University of South Florida and I am a Certified Public Accountant in the
15 State of Florida.

16
17 **II. PURPOSE OF TESTIMONY.**

18 **Q. What is the purpose of your testimony?**

19 **A.** The purpose of my testimony is to present for Florida Public Service Commission
20 (“FPSC” or the “Commission”) review and approval of the actual costs associated
21 with DEF’s LNP and CR3 Uprate project activities for the period January 2016
22 through December 2016. Pursuant to Rule 25-6.0423, F.A.C., DEF is presenting
23 testimony and exhibits for the Commission’s determination of prudence for actual
24 expenditures and associated carrying costs. I will also present the LNP and CR3

1 Uprate project 2016 accounting and cost oversight policies and procedures pursuant
2 to the nuclear cost recovery statute and rule.

3
4 **Q. Are you sponsoring any exhibits in support of your testimony on the 2016 LNP
5 and CR3 Uprate project costs?**

6 **A.** Yes. I am sponsoring sections of the following exhibits, which were prepared under
7 my supervision:

8 2016 Costs:

- 9 • Exhibit No. __ (TGF-1), contains schedules showing the actual costs associated
10 with the Levy Project. This exhibit consists of: 2016 Summary, 2016 Detail
11 Schedule, 2016 Detail - LLE Deferred Balance Schedule, and Appendices A
12 through E, which reflect DEF's retail revenue requirements for the LNP from
13 January 2016 through December 2016. Sponsors of specific schedules are
14 identified in the Table of Contents in Exhibit No. _ (TGF-1). I will only be
15 sponsoring the 2016 True-Up Summary, portions of the 2016 Detail Schedules,
16 and Appendices A, B and C. Christopher Fallon will be co-sponsoring portions of
17 the 2016 Detail Schedules and sponsoring Appendices D and E.
- 18
- 19 • Exhibit No. ____ (TGF-2) contains schedules showing the actual costs associated
20 with the CR3 Uprate project and consists of: 2016 Summary, 2016 Detail
21 Schedule and Appendices A through E, which reflect DEF's retail revenue
22 requirements for the CR3 Uprate project from January 2016 through December
23 2016.

1 The Company relies on the information included in the testimony in the conduct of
2 its affairs.

3 These exhibits are true and accurate.
4

5 **Q. What are the 2016 Detail Schedules and the Appendices?**

- 6 **A.** • Schedule 2016 Summary Schedule reflects the actual 2016 year-end revenue
7 requirements by Cost Category for the period, and final true-up amount for the
8 period.
- 9 • Schedule 2016 Detail Schedule reflects the actual calculations for the true-up of
10 total retail revenue requirements for the period.
 - 11 • Schedule 2016 Detail - LLE Deferred Balance Schedule (LNP only) reflects the
12 revenue requirement calculations for the LLE deferred balance for the period.
 - 13 • Appendix A (LNP) reflects beginning balance explanations.
 - 14 • Appendix A (CR3 Uprate) reflects beginning balance explanations and support
15 for the 2016 CR3 Uprate Regulatory Asset amortization amount.
 - 16 • Appendix B reflects Other Exit/Wind Down expenditure variance explanations
17 for the period.
 - 18 • Appendix C provides support for the appropriate rate of return consistent with
19 the provisions of Rule 25-6.0423, F.A.C.
 - 20 • Appendix D describes Major Task Categories for expenditures and variance
21 explanations for the period.
 - 22 • Appendix E reflects contracts executed in excess of \$1.0 million (if any).
23

1 **Q. What is the source of the data that you will present in your testimony and**
2 **exhibits in this proceeding?**

3 **A.** The actual data is taken from the books and records of DEF. The books and records
4 are kept in the regular course of our business in accordance with generally accepted
5 accounting principles and practices, provisions of the Uniform System of Accounts
6 as prescribed by the Federal Energy Regulatory Commission (“FERC”), and any
7 accounting rules and orders established by this Commission.

8
9 **Q. What is the final true-up amount for the LNP for the period January 2016**
10 **through December 2016?**

11 **A.** The final true-up for the calendar period ending December 2016 is an under-
12 recovery of \$8,554,134. This amount can be seen on Line 3 of the 2016 Summary
13 Schedule of Exhibit No. ____ (TGF-1). Line 1 of the 2016 Summary Schedule
14 represents current period exit and wind down costs (including the disposition of
15 Long Lead Equipment (“LLE”)) and carrying costs on the unrecovered investment
16 balance (including prior period (over)/under recovery balances), and was calculated
17 in accordance with Rule 25-6.0423, F.A.C.

18
19 **Q. What is the final true-up amount for the CR3 Uprate project for which DEF is**
20 **requesting recovery for the period January 2016 through December 2016?**

21 **A.** DEF is requesting approval of a total over-recovery amount of \$608,728 for the
22 calendar period of January 2016 through December 2016. This amount can be seen
23 on Line 3 of the 2016 Summary Schedule of Exhibit No. ____ (TGF-2). Line 1 of the
24 2016 Summary Schedule represents the current period exit and wind down costs and

1 carrying costs on the unrecovered balance including prior period (over)/under
2 recovery balances, and was calculated in accordance with Rule 25-6.0423, F.A.C..

3
4 **Q. What is the carrying cost rate used in the 2016 Detail Schedule?**

5 **A.** For both the CR3 Uprate and the LNP, DEF is using the rate specified in Rule 25-
6 6.0423(7)(b), F.A.C. The carrying cost rate used for this time period in the 2016
7 Detail Schedule was 6.76 percent. On a pre-tax basis, the rate is 9.80 percent. This
8 rate is based on DEF's December 2015 Earnings Surveillance Report. This annual
9 rate was also adjusted to a monthly rate consistent with the Allowance For Funds
10 Used During Construction ("AFUDC") rule, Rule 25-6.0141(3), F.A.C. Support for
11 the components of this rate is shown in Appendix C of Exhibit Nos.__(TGF-1) and
12 (TGF-2).

13
14 **III. COSTS INCURRED IN 2016 FOR THE LEVY NUCLEAR PROJECT.**

15 **Q. What are the total retail costs DEF incurred for the LNP during the period**
16 **January 2016 through December 2016?**

17 **A.** The total retail costs for the LNP are \$8.6 million for the calendar year ended
18 December 2016, as reflected on 2016 Summary Schedule Line 1e in Exhibit
19 No__(TGF-1). This amount includes \$3.2 million in exit/wind-down costs and LLE
20 disposition costs as can be seen on the 2016 Summary Schedule on Lines 1b and 1c,
21 and \$5.4 million for the carrying costs on the unrecovered investment balance shown
22 on the 2016 Summary Schedule Line 1a. These amounts were calculated in
23 accordance with the provisions of Rule 25-6.0423, F.A.C.

1 **Q. How did actual Generation expenditures for January 2016 through December**
2 **2016 compare with DEF’s actual/estimated costs for 2016? REDACTED**

3 **A.** Appendix D (Page 2 of 2), Line 4 shows that total Generation project costs were [REDACTED]
4 [REDACTED], or [REDACTED] higher than estimated. By cost category, major cost
5 variances between DEF’s projected and actual 2016 LNP Generation project costs
6 are as follows:

7
8 **Wind-Down Costs:** There were no major variances from the estimates with respect
9 to these costs.

10 **REDACTED**

11 **Disposition:** Expenses for Disposition of assets activities were [REDACTED] or [REDACTED]
12 [REDACTED] higher than estimated, as explained in the testimony of Christopher Fallon.

13
14 **Q. What was the source of the separation factors used in the 2016 Detail Schedule?**

15 **A.** The jurisdictional separation factors are consistent with Exhibit 1 of the Revised and
16 Restated Stipulation and Settlement Agreement (“2013 Settlement Agreement”)
17 approved by the Commission in Order No. PSC-13-0598-FOF-EI in Docket No
18 130208-EI.

19
20 **IV. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2016 FOR THE LEVY**
21 **NUCLEAR PROJECT.**

22 **Q. How did actual Other Exit/Wind-Down expenditures for January 2016 through**
23 **December 2016 compare with DEF’s actual/estimated costs for 2016?**

1 A. Appendix B, Line 4 shows that total Other Exit/Wind-down costs were \$44,730.
2 There were no major variances from the estimates with respect to these costs.

3
4 **V. COSTS INCURRED IN 2016 FOR THE CR3 UPRATE PROJECT.**

5 **Q. What are the total retail costs DEF incurred for the CR3 Uprate during the**
6 **period January 2016 through December 2016?**

7 A. The total retail costs for the CR3 Uprate are \$14.3 million for the calendar year
8 ended December 2016, as reflected on 2016 Summary Schedule Line 1d in Exhibit
9 No.__(TGF-2). This amount includes exit/wind-down costs as can be seen on the
10 2016 Detail schedule on Line 16d and carrying costs on the unrecovered investment
11 balance shown on Line 5d. These amounts were calculated in accordance with the
12 provisions of Rule 25-6.0423, F.A.C.

13
14 **Q. How did actual expenditures for January 2016 through December 2016**
15 **compare to DEF's actual/estimated costs for 2016?**

16 A. Appendix D (Page 2 of 2), Line 4 shows that there were no cost variances between
17 DEF's actual and actual/estimated 2016 Generation Wind-Down and Disposition
18 costs. There were no expenditures for Wind-Down activities nor were there any
19 Sales or Salvage of Assets or Disposition activities in 2016.

20
21 **Q. What was the source of the separation factors used in the 2016 Detail Schedule?**

22 A. The jurisdictional separation factors are consistent with Exhibit 1 of the 2013
23 Settlement Agreement approved by the Commission in Order No. PSC-13-0598-
24 FOF-EI in Docket No. 130208-EI.

1 **VI. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2016 FOR THE CR3**
2 **UPRATE PROJECT.**

3 **Q. How did actual Other Exit/Wind-Down expenditures for January 2016 through**
4 **December 2016 compare with DEF's actual/estimated costs for 2016?**

5 **A.** Appendix B, Line 4 shows that total Other Exit/Wind-down costs were \$42,851.
6 There were no major variances with respect to these costs.

7
8 **VII. 2016 PROJECT ACCOUNTING AND COST CONTROL OVERSIGHT.**

9 **Q. Have the project accounting and cost oversight controls DEF used for the LNP**
10 **and CR3 Uprate projects in 2016 substantially changed from the controls used**
11 **prior to 2016?**

12 **A.** No, they have not. The project accounting and cost oversight controls that DEF
13 utilized to ensure the proper accounting treatment for the LNP and CR3 Uprate
14 project in 2016 have not substantively changed since 2009. In addition, these
15 controls have been reviewed in annual financial audits by Commission Staff and
16 were found to be reasonable and prudent by the Commission in Docket Nos.
17 090009-EI, 100009-EI, 110009-EI, 120009-EI, 140009-EI, 150009-EI and 160009-
18 EI.

19
20 **Q. How does the Company verify that the accounting and costs oversight controls**
21 **you identified are effective?**

22 **A.** In addition to the accounting processes used, the Company does both internal and
23 external audits of DEF accounting and cost oversight controls.

1 With respect to management’s testing of internal controls over financial
2 reporting, the Internal Controls Group within the Controller’s Department facilitates
3 the review of controls documentation and management testing. Based on this
4 testing, management determines whether the controls are operating effectively. If
5 any control is identified with a design deficiency or is determined to be operating
6 ineffectively, such issues are logged and monitored for remediation by the Internal
7 Controls Group.

8 With respect to external audits, Deloitte and Touche, DEF’s external
9 auditors, determined that the Company maintained effective internal control over
10 financial reporting during 2016.

11
12 **Q. Did the cancellation of the LNP and CR3 Uprate project change the Company’s**
13 **accounting and cost oversight control processes?**

14 **A.** No. DEF continued to follow the same policies and processes as before cancellation
15 to ensure prudent accounting and cost oversight for the projects as they are being
16 closed out.

17
18 **Q. Are the Company’s project accounting and cost oversight controls reasonable**
19 **and prudent?**

20 **A.** Yes, they are. DEF’s project accounting and cost oversight controls are consistent
21 with best practices for project cost oversight and accounting controls in the industry
22 and have been and continue to be vetted by internal and external auditors. We
23 believe, therefore, that the accounting and cost oversight controls continue to be
24 reasonable and prudent.

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16

Q. What process have you implemented to ensure that 2016 costs related to the LNP Combined Operating License (“COL”) are not included in the NCRC?

A. As discussed by Mr. Fallon, on a project team level DEF has always segregated project costs incurred by specific project code and this process did not change for 2016. The project team continues to charge COL-related labor, Nuclear Regulatory Commission (“NRC”) fees, vendor invoices and all other COL-related cost items to the applicable COL project codes. The Florida Regulated Accounting and Rates and Regulatory Strategy groups have ensured that the COL-related project codes and associated costs incurred in 2014 and beyond were not included in the Company’s NCRC Schedules, and thus not presented for nuclear cost recovery. We continue to track the COL-related costs for accounting purposes consistent with the 2013 Settlement Agreement.

Q. Does this conclude your testimony?

A. Yes, it does.

**Docket No. 170009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-1)**

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-1)

**DUKE ENERGY FLORIDA, LLC.
LEVY NUCLEAR UNITS 1 & 2
COMMISSION SCHEDULES**

**JANUARY 2016 - DECEMBER 2016
DOCKET NO. 170009-EI**

Table of Contents
Levy Nuclear Units 1 & 2
January 2016 - December 2016

<u>Page(s)</u>	<u>Schedule</u>	<u>Description</u>	<u>Sponsor</u>
3	2016 Summary	2016 Summary	T. G. Foster
4	2016 Detail	2016 Detail Revenue Requirement Calculations	T. G. Foster / C. Fallon
5	2016 Detail	2016 Detail Revenue Requirement Calculations - LLE Deferred Balance	T. G. Foster / C. Fallon
6	Appendix A	Detail for 2016 Beginning Balance & Adjustment Support	T. G. Foster
7	Appendix B	Other Exit / Wind-Down Expense Variance Explanation	T. G. Foster
8	Appendix C	Average Rate of Return - Capital Structure	T. G. Foster
9 - 10	Appendix D	Major Task Categories and Expense Variances	C. Fallon
11	Appendix E	Summary of Contracts and Details over \$1 Million	C. Fallon

		12-Month Total	
1.	Final Costs for the Period		
	a. Carrying Cost on Unrecovered Investment	\$ 5,400,664	(2016 Detail Line 8d. & 2016 LLE Detail Line 3d.)
	b. Period Exit / Wind-down Costs (including disposition of LLE)	3,111,848	(2016 Detail Line 5a.)
	c. Period Other Exit / Wind-down Cost and Interest	41,622	(2016 Detail Line 19d.)
	d. Prior Period Adjustment	<u>0</u>	
	e. Total Period Revenue Requirement	<u>\$ 8,554,134</u>	
2.	Projected Amount for the Period (January - December) (Order No. PSC-15-0521-FOF-EI) (\$0.00 / 1000 Kwh)	\$ -	(2016 Detail Lines: 10 and 20)
3.	Final True-Up Amount for the Period (over)/under (Line 1e. - Line 2.)	\$ 8,554,134	
4.	2016 Revenue Requirement Collected (January - December) (Order No. PSC-15-0521-FOF-EI) (\$0.00 / 1000 Kwh)	\$ -	

The summary below shows the uncollected balance as of December 31, 2016

5.	Uncollected Regulatory Asset (Non-\$54M Deferred Amount)	\$ 3,734,207	(2016 Detail Lines: 6j + 15 + 21)
6.	Carrying Cost on \$54M Deferral (May 2015 - December 2016) (Retail)	8,463,571	(2016 LLE Detail Lines: 1b + 3d.)
7.	Uncollected Balance \$54M Deferral (Retail)	50,275,957	(2016 LLE Detail Line 1a.)
8.	Total Uncollected Balance at Year End 2016 (Lines: 5. + 6. + 7.)	<u>\$ 62,473,735</u>	

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - Levy Nuclear Units 1 & 2
2016 Detail - Calculation of the Revenue Requirements
January 2016 through December 2016

Witness: T.G. Foster / C. Fallon
Docket No. 170009-EI
Duke Energy Florida
Exhibit: (TGF- 1)

Line	Description	Beginning of Period Amount	Actual January 2016	Actual February 2016	Actual March 2016	Actual April 2016	Actual May 2016	Actual June 2016	Actual July 2016	Actual August 2016	Actual September 2016	Actual October 2016	Actual November 2016	Actual December 2016	Period Total	End of Period Total
1	Uncollected Investment : Generation															
	a Prior Period Construction Balance YE 2015															
	b Wind-Down Costs															
	c Sale or Salvage of Assets															
	d Disposition															
	e Total															
			REDACTED													
2	Adjustments															
	a Non-Cash Accruals (see Line 5c)															
	b Adjusted System Generation (Line 1e + Line 2a)															
	c Retail Jurisdictional Factor : Generation															
	d Retail Uncollected Investment: Generation															
															92.885%	
3	Uncollected Investment : Transmission															
	a Prior Period Construction Balance YE 2015															
	b Wind-Down Costs															
	c Sale or Salvage of Assets															
	d Disposition															
	e Total															
4	Adjustments															
	a Non-Cash Accruals															
	b Adjusted System Transmission (Line 3e + Line 4a)															
	c Retail Jurisdictional Factor : Transmission															
	d Retail Uncollected Investment: Transmission															
															70.203%	
5	Total Uncollected Investment															
	a Total Jurisdictional Uncollected Investment (2d + 4d)	219,750,820	2,070	873	2,782	1,764	2,301	2,289	462	1,898	1,505	1,931	3,093,390	584	3,111,848	222,862,667
	b Retail Land Transferred to Land Held for Future Use	(66,221,330)	0	0	0	0	0	0	0	0	0	0	0	0	0	(66,221,330)
	c LLE Deferred Jurisdictional Balance (\$54M System) (b)	(50,275,957)	0	0	0	0	0	0	0	0	0	0	0	0	0	(50,275,957)
	d Total Jurisdictional Uncollected Investment	103,253,533	2,070	873	2,782	1,764	2,301	2,289	462	1,898	1,505	1,931	3,093,390	584	3,111,848	106,365,381
6	Carrying Cost on Uncollected Investment Balance															
	a Uncollected Investment: Additions for the Period (Beg Balance: 2016 Detail Line 5d.)	103,253,533	2,070	873	2,782	1,764	2,301	2,289	462	1,898	1,505	1,931	3,093,390	584	3,111,848	106,365,381
	b Plant-in-Service	1,010,952	0	0	0	0	0	0	0	0	0	0	0	0	0	1,010,952
	c Period Recovered Wind-down / Exit Costs (2014)	9,816,636	0	0	0	0	0	0	0	0	0	0	0	0	0	9,816,636
	d Period Recovered Wind-down / Exit Costs (2015)	(4,312,069)	0	0	0	0	0	0	0	0	0	0	0	0	0	(4,312,069)
	e Period Recovered Wind-down / Exit Costs (2016)	0	0	0	0	0	0	0	0	0	0	0	0	0	3,111,848	3,111,848
	f Additional Amortization of Uncollected Investment Balance (2014-2015)	(84,653,508)	0	0	0	0	0	0	0	0	0	0	0	0	0	(84,653,508)
	g Prior Period Carrying Charge Unrecovered Balance (a)	(11,552,110)	0	0	0	0	0	0	0	0	0	0	0	0	0	(11,552,110)
	h Prior Period Carrying Charge Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	i Over/Under Prior Period			6,298	5,146	7,103	6,138	6,725	6,768	4,988	6,468	6,125	6,600	3,110,365	3,202,678	3,202,678
	j Net Investment	\$532,396	\$534,466	\$539,567	\$546,622	\$552,707	\$559,382	\$566,095	\$571,036	\$577,460	\$583,535	\$590,085	\$3,688,145	\$3,705,703	\$3,735,075	
7	Average Net Investment		\$533,431	\$539,131	\$545,231	\$551,825	\$558,232	\$564,950	\$570,805	\$576,511	\$582,782	\$589,120	\$2,141,450	\$3,705,411		
8	Return on Average Net Investment															
	a Equity Component	0.00392	2,091	2,113	2,137	2,163	2,188	2,215	2,238	2,260	2,285	2,309	8,394	14,525	44,918	
	b Equity Component Grossed Up For Taxes	1.62800	3,404	3,440	3,479	3,521	3,562	3,606	3,643	3,679	3,720	3,759	13,665	23,647	73,127	
	c Debt Component	0.00155	824	833	842	853	862	873	882	891	900	910	3,309	5,725	17,704	
	d Total Return for the Period		4,228	4,273	4,321	4,374	4,424	4,479	4,525	4,570	4,620	4,669	16,974	29,372	90,831	
9	Revenue Requirements for the Period (Line 5e + 6a + 8d)		6,298	5,146	7,103	6,138	6,725	6,768	4,988	6,468	6,125	6,600	3,110,365	29,955	3,202,678	
10	Projected Revenue Requirements for the Period (Order No. PSC-15-0521-FOF-EI)		0	0	0	0	0	0	0	0	0	0	0	0	0	
11	Over/Under Recovery For the Period		6,298	5,146	7,103	6,138	6,725	6,768	4,988	6,468	6,125	6,600	3,110,365	29,955	3,202,678	
12	Other Exit / Wind-Down															
	a Accounting		2,348	2,363	2,476	2,442	2,528	2,584	2,467	2,447	2,627	1,924	2,993	2,103	\$29,302	
	b Corporate Planning		2,277	2,766	4,410	2,707	432	502	848	134	232	336	262	523	15,429	
	c Legal		0	0	0	0	0	0	0	0	0	0	0	0	0	
	d Joint Owner Credit		0	0	0	0	0	0	0	0	0	0	0	0	0	
	e Total Other Exit / Wind-Down Costs		4,625	5,129	6,886	5,149	2,960	3,086	3,315	2,580	2,859	2,260	3,255	2,626	\$44,730	
13	Jurisdictional Factor (A&G)		0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221	0.93221		
14	Jurisdictional Amount		4,311	4,781	6,419	4,800	2,759	2,877	3,090	2,405	2,665	2,107	3,034	2,448	41,698	
15	Prior Period Unrecovered Balance (a)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)	(42,490)		
16	Prior Period Costs Recovered		0	0	0	0	0	0	0	0	0	0	0	0	0	
17	Prior Month Period (Over)/Under Recovery		0	4,298	4,769	6,408	4,793	2,753	2,871	3,085	2,401	2,661	2,104	3,032		
18	Unamortized Balance	(42,490)	(42,490)	(38,192)	(33,423)	(27,015)	(22,222)	(19,469)	(16,598)	(13,513)	(11,112)	(8,451)	(6,347)	(3,314)		
19	Projected Carrying Costs for the Period															
	a Balance Eligible for Interest		(40,334)	(35,801)	(30,213)	(24,615)	(20,842)	(18,030)	(15,052)	(12,310)	(9,779)	(7,397)	(4,830)	(2,090)		
	b Monthly Commercial Paper Rate		0.03%	0.04%	0.04%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.06%		
	c Interest Provision		(13)	(13)	(11)	(7)	(6)	(6)	(5)	(4)	(4)	(3)	(2)	(1)	(76)	
	d Total Costs and Interest (Line 14 + Line 19c)		4,298	4,769	6,408	4,793	2,753	2,871	3,085	2,401	2,661	2,104	3,032	2,447	41,622	
20	Recovered (Order No. PSC-15-0521-FOF-EI)		0	0	0	0	0	0	0	0	0	0	0	0	0	
21	Over/Under Recovery For the Period		4,298	4,769	6,408	4,793	2,753	2,871	3,085	2,401	2,661	2,104	3,032	2,447	41,622	
22	Revenue Requirements for the Period (Line 9 + Line 19d)		10,596	9,915	13,511	10,931	9,478	9,639	8,072	8,869	8,786	8,703	3,113,397	32,402	3,244,300	

(a) See Appendix A for Beginning Balance Support
(b) This amount represents deferral of \$54M as contemplated in DEF's March 2, 2015 Petition.

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - Levy Nuclear Units 1 & 2
2016 Detail - Calculation of the Revenue Requirements - LLE Deferred Balance
January 2016 through December 2016

Witness: T.G. Foster
Docket No. 170009-EI
Duke Energy Florida
Exhibit: (TGF- 1)

Line	Description	Beginning of Period Amount	Actual January 2016	Actual February 2016	Actual March 2016	Actual April 2016	Actual May 2016	Actual June 2016	Actual July 2016	Actual August 2016	Actual September 2016	Actual October 2016	Actual November 2016	Actual December 2016	Period Total	End of Period Total
1	Uncollected Investment : LLE Deferred Balance															
	a Uncollected Investment: LLE Deferred Balance (\$54M System) (a) (b)	50,275,957	0	0	0	0	0	0	0	0	0	0	0	0	0	50,275,957
	b Prior Period Carrying Charge Unrecovered Balance (a)	3,153,738	0	0	0	0	0	0	0	0	0	0	0	0	0	3,153,738
	c Prior Period Carrying Charge Recovered	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Over/Under Prior Period	0	0	423,524	426,882	430,266	433,677	437,115	440,579	444,071	447,592	451,140	454,715	458,319	5,309,833	5,309,833
	e Net Investment	\$53,429,695	\$53,429,695	\$53,853,219	\$54,280,101	\$54,710,367	\$55,144,044	\$55,581,159	\$56,021,738	\$56,465,809	\$56,913,401	\$57,364,541	\$57,819,256	\$58,277,575		\$58,739,528
2	Average Net Investment	\$53,429,695	\$53,429,695	\$53,853,219	\$54,280,101	\$54,710,367	\$55,144,044	\$55,581,159	\$56,021,738	\$56,465,809	\$56,913,401	\$57,364,541	\$57,819,256	\$58,277,575		
3	Return on Average Net Investment															
	a Equity Component 0.00392		209,444	211,105	212,778	214,465	216,165	217,878	219,605	221,346	223,101	224,869	226,651	228,448	2,625,855	
	b Equity Component Grossed Up For Taxes 1.62800		340,975	343,679	346,403	349,149	351,917	354,706	357,517	360,352	363,209	366,087	368,988	371,914	4,274,896	
	c Debt Component 0.00155		82,549	83,203	83,863	84,528	85,198	85,873	86,554	87,240	87,931	88,628	89,331	90,039	1,034,937	
	d Total Return for the Period		423,524	426,882	430,266	433,677	437,115	440,579	444,071	447,592	451,140	454,715	458,319	461,953	5,309,833	
4	Revenue Requirements for the Period (Line 3d)		423,524	426,882	430,266	433,677	437,115	440,579	444,071	447,592	451,140	454,715	458,319	461,953	5,309,833	
5	Projected Revenue Collected for the Period (Order No. PSC-15-0521-FOF-EI)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Over/Under Recovery For the Period		423,524	426,882	430,266	433,677	437,115	440,579	444,071	447,592	451,140	454,715	458,319	461,953	5,309,833	

(a) See Appendix A for Beginning Balance Support
(b) This amount represents deferral of \$54M as contemplated in DEF's March 2, 2015 Petition.

2016 2016 Detail Schedule
 Line No.

Unrecovered Investment Beginning Balance for Carrying Cost Calculation

6g. Prior Period Unrecovered Balance	\$ (11,552,110)	
Prior Period Carrying Charge Unrecovered Balance	(7,587,574)	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 6f.
Over/Under Recovery For the Period	(3,964,535)	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 11.

Other Exit & Wind-Down Costs
 15. Prior Period (Over)/Under Recovery

	\$ (42,490)	
Prior Period (Over)/Under Recovery	(119,590)	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 15.
Over/Under Recovery For the Period	77,100	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 21.

2016 2016 Detail - LLE Deferred Balance
 Line No.

Unrecovered Investment Beginning Balance for Carrying Cost Calculation

1a Uncollected Investment: LLE Deferred Balance (\$54M System)	\$ 50,275,957	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 1a.
1b Prior Period Carrying Charge Unrecovered Balance	\$ 3,153,738	Exhibit TGF-1 _ 2015 Detail (Filed March 1, 2016) Line 6. Over/Under Recovery For the Period

LEVY COUNTY NUCLEAR 1 & 2
True-Up Filing: Other Exit / Wind-Down Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission in the 2016 Detail Estimated / Actual Schedules.

Appendix B
 Witness: Thomas G. Foster
 Docket No. 170009-EI
 Duke Energy Florida
 Exhibit: (TGF - 1)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Description	(A) System Estimated / Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
Allocated or Assigned Other Exit / Wind-Down Expenditures					
1	Accounting	\$28,211	\$29,302	\$1,091	Minimal variance from Estimated amounts
2	Corporate Planning	32,703	15,429	(17,274)	Fewer hours than estimated were spent on LNP Wind-Down Activities
3	Legal	0	0	0	
4	Total	\$60,914	\$44,730	(\$16,184)	Overall minor variance from estimated amount.

Note:
 System Estimated / Actual taken from April 27, 2016 Filing in Docket No. 160009-EI.

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$5,121,368,708	\$4,728,678,443	(\$813,120,301)	\$763,931,668	\$4,679,489,809	46.18%	9.50%	4.39%	10.50%	4.85%	11.50%	5.31%
Long Term Debt	4,095,530,150	3,781,497,923	(650,247,795)		3,131,250,128	30.90%	6.01%	1.86%	6.01%	1.86%	6.01%	1.86%
Short Term Debt *	813,100,000	750,754,078	(129,095,981)	24,391,702	646,049,799	6.38%	0.17%	0.01%	0.17%	0.01%	0.17%	0.01%
Customer Deposits						0	0		0		0	
Active	222,269,727	222,269,727	(38,220,410)		184,049,317	1.82%	2.28%	0.04%	2.28%	0.04%	2.28%	0.04%
Inactive	1,603,209	1,603,209	(275,680)		1,327,529	0.01%						
Investment Tax Credits **	279,513	258,080	(44,378)		213,702	0.00%						
Deferred Income Taxes	2,459,670,709	2,271,070,981	(390,522,202)	(227,481,417)	1,653,067,362	16.31%						
FAS 109 DIT - Net	(212,127,588)	(195,862,319)	33,679,522		(162,182,798)	-1.60%						
Total	\$12,501,694,427	\$11,560,270,121	(\$1,987,847,225)	\$560,841,953	\$10,133,264,848	100.00%		6.30%		6.76%		7.22%

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

Equity	4.85%
Debt	1.91%
Total	6.76%

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
True-Up Filing: Description of Monthly Cost Additions

EXPLANATION: Provide a description of the major tasks performed within these Categories for the year.
 List generation expenses separate from transmission

Appendix D
 Witness: C. Fallon
 Duke Energy Florida
 Exhibit: (TGF - 1)
 (Page 1 of 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Major Task & Description for amounts on 2016 Detail Schedule	Description
----------	---	-------------

Generation:

- | | | |
|---|---------------------------|--|
| 1 | Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | The amount of proceeds received from either selling, transferring or otherwise receiving salvage value for the nuclear assets. |
| 3 | Disposition | The cost of winding-down and exiting the nuclear project contracts |

Transmission:

- | | | |
|---|---------------------------|--|
| 1 | Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | The amount of proceeds received from either selling, transferring or otherwise receiving salvage value for the nuclear assets. |
| 3 | Disposition | The cost of winding-down and exiting the nuclear project contracts |

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
True-Up Filing: Regulatory Asset Category - Variance in Additions and Expenditures

REDACTED

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission on 2016 Estimated/Actual Detail schedule. List the Generation expenses separate from Transmission in the same order appearing on 2016 Detail Schedule.

Appendix D
 Witness: C. Fallon
 Duke Energy Florida
 Exhibit: (TGF - 1)
 (Page 2 of 2)

COMPANY:
 Duke Energy - FL

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Major Task & Description for amounts on 2016 Detail Schedule	(A) System Estimated / Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
<u>Generation:</u>					
1	Wind-Down Costs				Minimal variance from projected.
2	Sale or Salvage of Assets				
3	Disposition				Final payment for LLE contract closeout costs, not projected in the 2016 Estimate filed on April 27, 2016.
4	<u>Total Generation Costs</u>				
<u>Transmission:</u>					
1	Wind-Down Costs				
2	Sale or Salvage of Assets				
3	Disposition				
4	<u>Total Transmission Costs</u>				

Note:
 System Estimated / Actual taken from April 27, 2016 Filing in Docket No. 160009-EI.

LEVY COUNTY NUCLEAR 1 & 2
Actual Filing: Contracts Executed

EXPLANATION: Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: Duke Energy Florida

REDACTED
Appendix E
Witness: C. Fallon
Docket No. 170009-EI
Duke Energy Florida
Exhibit: (TGF - 1)

DOCKET NO.:
170009-EI

For Year Ended: 12/31/2016

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Term of Contract	Original Amount	Actual Expended as of Prior Year End (2015)	Actual Amount Expended in 2016	Estimate of Final Contract Amount	Name of Contractor	Affiliation of Vendor	Method of Selection	Nature and Scope of Work
1	414310	Terminated: January 28, 2014					See Note Line 1:	Westinghouse Electric Co. LLC.	Direct	Sole Source. Award based on vendor constructing the selected reactor technology.	To design, engineer, supply, equip, construct and install a fully operational two unit AP1000 Facility at the Levy Nuclear Plant Site. Final contract amount includes change orders.

Line 1: Costs or credits associated with terminating the EPC contract and related long lead equipment purchase orders are subject to litigation appeal in federal court and cannot be estimated at this time.

**Docket No. 170009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-2)**

SCHEDULE APPENDIX

EXHIBIT (TGF-2)

**DUKE ENERGY FLORIDA, LLC.
CRYSTAL RIVER UNIT 3 UPRATE
COMMISSION SCHEDULES**

**JANUARY 2016 - DECEMBER 2016
DOCKET NO. 170009-EI**

Table of Contents
Crystal River Unit 3 Uprate
January 2016 - December 2016

<u>Page(s)</u>	<u>Schedule</u>	<u>Description</u>	<u>Sponsor</u>
3	2016 Summary	2016 Summary	T. G. Foster
4	2016 Detail	2016 Detail Revenue Requirement Calculations	T. G. Foster
5	Appendix A	Detail for 2016 Beginning Balance & Amortization Calculation	T. G. Foster
6	Appendix B	Other Exit / Wind-Down Expense Variance Explanation	T. G. Foster
7	Appendix C	Average Rate of Return - Capital Structure	T. G. Foster
8 - 9	Appendix D	Major Task Categories and Expense Variances	T. G. Foster
10	Appendix E	Summary of Contracts and Details over \$1 Million	T. G. Foster

		12-Month Total
1.	Final Costs for the Period	
	a. Carrying Cost on Unrecovered Investment	\$ 14,219,464 (2016 Detail Line 5d.)
	b. Period Exit Costs (including Sale of Assets)	- (2016 Detail Line 2e.)
	c. Period Other Exit / Wind-down Costs and Interest	36,123 (2016 Detail Line 16d.)
	d. Total Period Revenue Requirement	<u>\$ 14,255,587</u>
2.	Projected Amount for the Period (Order No. PSC 15-0521-FOF-EI)	\$ 14,864,316 (2016 Detail Line 20)
3.	Final True-Up Amount for the Period (over)/under (Line 1d. - Line 2.)	\$ (608,728) (2016 Detail Line 21)
4.	Amortization of Unrecovered Investment and Prior Period Over/Under Balances (Order No. PSC 15-0521-FOF-EI)	\$ 43,681,007 (2016 Detail Line 3d.)
5.	Total Revenue Requirements for 2016 (Line 1d. + Line 4.)	<u>\$ 57,936,594</u>

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2016 Detail - Calculation of the Revenue Requirements
January 2016 through December 2016

Witness: T.G. Foster
Docket No. 170009-EI
Duke Energy Florida
Exhibit: (TGF- 2)

Line	Description	Beginning of Period Amount	Actual January 2016	Actual February 2016	Actual March 2016	Actual April 2016	Actual May 2016	Actual June 2016	Actual July 2016	Actual August 2016	Actual September 2016	Actual October 2016	Actual November 2016	Actual December 2016	Period Total
1	Uncollected Investment														
	a EPU Construction & Wind-Down Costs	377,363,975	0	0	0	0	0	0	0	0	0	0	0	0	0
	b Sale or Salvage of Assets	(3,029,358)	0	0	0	0	0	0	0	0	0	0	0	0	0
	c Disposition	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Total	374,334,617	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Adjustments														
	a Non-Cash Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	b Joint Owner Credit	(29,982,935)	0	0	0	0	0	0	0	0	0	0	0	0	0
	c Other (b)	(28,108,647)	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Adjusted System Generation Construction Cost Additions	316,243,034	0	0	0	0	0	0	0	0	0	0	0	0	0
	Retail Jurisdictional Factor : Current Year Activity	92.885%													
	Retail Jurisdictional Factor: (Beg Bal YE 2012 only)	91.683%													
	e Exit / Wind-down Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
	f Beginning Balance - pre 2013 Investment	279,911,057	0	0	0	0	0	0	0	0	0	0	0	0	279,911,057
	g Beginning Balance - post 2013 Investment	12,170,084	0	0	0	0	0	0	0	0	0	0	0	0	12,170,084
	h Collected 2014 & 2015 Portion of Regulatory Asset	(87,883,854)	0	0	0	0	0	0	0	0	0	0	0	0	(87,883,854)
	i Total Jurisdictional Unrecovered Investment	204,197,287	0	0	0	0	0	0	0	0	0	0	0	0	204,197,287
3	Carrying Cost on Unrecovered Investment Balance														
	a Uncollected Investment: Costs for the Period (Beg Balance: Line 2i)	204,197,287	0	0	0	0	0	0	0	0	0	0	0	0	204,197,287
	b Plant-in-Service	29,995,096	0	0	0	0	0	0	0	0	0	0	0	0	29,995,096
	c Period Recovered Wind-down / Exit Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
	d Amortization of Unrecovered Investment (a)		(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(3,640,084)	(43,681,007)
	e Prior Period Carrying Charge Unrecovered Balance (a)	(3,622,279)	(3,453,164)	(3,284,049)	(3,114,935)	(2,945,820)	(2,776,705)	(2,607,591)	(2,438,476)	(2,269,361)	(2,100,247)	(1,931,132)	(1,762,017)	(1,592,903)	(1,592,903)
	f Prior Period Carrying Charge Recovered (a)	(2,029,376)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)	(169,115)
	g Prior Period Under/(Over) Recovery (Prior Month)		(49,624)	(49,266)	(48,901)	(48,537)	(48,166)	(47,795)	(47,421)	(47,043)	(46,663)	(46,279)	(45,892)	(45,502)	(571,088)
	h Net Investment	\$170,579,912	\$167,108,943	\$163,588,349	\$160,068,114	\$156,548,244	\$153,028,738	\$149,509,603	\$145,990,839	\$142,472,449	\$138,954,437	\$135,436,804	\$131,919,556	\$128,402,695	128,357,192
4	Average Net Investment		\$168,844,427	\$165,323,834	\$161,803,599	\$158,283,729	\$154,764,223	\$151,245,088	\$147,726,324	\$144,207,933	\$140,689,921	\$137,172,289	\$133,655,040	\$130,138,179	
5	Return on Average Net Investment														
	a Equity Component	0.00392	661,870	648,069	634,270	620,472	606,676	592,881	579,087	565,295	551,504	537,715	523,928	510,142	7,031,909
	b Equity Component Grossed Up For Taxes	1.62800	1,077,525	1,055,057	1,032,593	1,010,129	987,670	965,211	942,755	920,301	897,849	875,401	852,956	830,512	
	c Debt Component	0.00155	260,865	255,425	249,987	244,548	239,111	233,674	228,237	222,801	217,366	211,931	206,497	201,063	2,771,505
	d Total Return		1,338,390	1,310,482	1,282,580	1,254,677	1,226,781	1,198,885	1,170,992	1,143,102	1,115,215	1,087,332	1,059,453	1,031,575	14,219,464
6	Revenue Requirements for the Period (Lines 3a + 5d)		1,338,390	1,310,482	1,282,580	1,254,677	1,226,781	1,198,885	1,170,992	1,143,102	1,115,215	1,087,332	1,059,453	1,031,575	14,219,464
7	Projected Revenue Requirements for the Period (Order No. PSC 15-0521-FOF-EI)		1,388,014	1,359,748	1,331,480	1,303,214	1,274,947	1,246,680	1,218,413	1,190,145	1,161,879	1,133,611	1,105,345	1,077,077	14,790,552
8	Over/Under Recovery For the Period		(49,624)	(49,266)	(48,901)	(48,537)	(48,166)	(47,795)	(47,421)	(47,043)	(46,663)	(46,279)	(45,892)	(45,502)	(571,088)
9	Other Exit / Wind-Down														
	a Accounting		2,348	2,363	2,476	2,442	2,528	2,584	2,467	2,447	2,627	1,924	2,993	2,103	29,302
	b Corporate Planning		2,373	2,812	3,088	2,459	666	432	682	207	154	259	0	418	13,550
	c Legal		0	0	0	0	0	0	0	0	0	0	0	0	0
	d Joint Owner Credit		(388)	(425)	(457)	(403)	(263)	(248)	(259)	(218)	(229)	(179)	(246)	(207)	(3,522)
	e Total Other Exit / Wind-Down Costs		4,333	4,750	5,107	4,498	2,931	2,768	2,890	2,435	2,552	2,004	2,747	2,314	39,329
10	Jurisdictional Factor (A&G)		0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	0.9322	
11	Jurisdictional Amount		4,039	4,428	4,760	4,193	2,733	2,580	2,694	2,270	2,379	1,868	2,561	2,157	36,663
12	Prior Period Unrecovered Balance (a)	(131,556)	(127,706)	(123,856)	(120,006)	(116,156)	(112,305)	(108,455)	(104,605)	(100,755)	(96,905)	(93,054)	(89,204)	(85,354)	
13	Prior Period Costs Recovered (a)	(46,202)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	(3,850)	
14	Prior Month Period (Over)/Under Recovery		0	(2,148)	(1,762)	(1,431)	(1,987)	(3,450)	(3,605)	(3,496)	(3,919)	(3,816)	(4,328)	(3,635)	
15	Unamortized Balance	(131,556)	(127,706)	(126,004)	(123,916)	(121,497)	(119,633)	(119,233)	(118,988)	(118,633)	(118,702)	(118,668)	(119,146)	(118,931)	
16	Carrying Costs for the Period														
	a Balance Eligible for Interest		(127,611)	(125,716)	(123,461)	(121,325)	(120,192)	(119,868)	(119,566)	(119,423)	(119,438)	(119,659)	(119,791)	(119,778)	
	b Monthly Commercial Paper Rate		0.03%	0.04%	0.04%	0.03%	0.03%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.06%	
	c Interest Provision		(43)	(44)	(45)	(34)	(36)	(38)	(43)	(42)	(48)	(48)	(48)	(72)	(540)
	d Total Costs and Interest (Line 11 + Line 16c)		3,997	4,384	4,715	4,159	2,697	2,542	2,651	2,228	2,332	1,820	2,513	2,085	36,123
17	Recovered (Order No. PSC 15-0521-FOF-EI)		6,145	6,146	6,146	6,146	6,147	6,147	6,147	6,147	6,148	6,148	6,148	6,149	73,763
18	Over/Under Recovery For the Period		(2,148)	(1,762)	(1,431)	(1,987)	(3,450)	(3,605)	(3,496)	(3,919)	(3,816)	(4,328)	(3,635)	(4,063)	(37,640)
19	Revenue Requirements for the Period		1,342,387	1,314,866	1,287,295	1,258,837	1,229,477	1,201,427	1,173,643	1,145,330	1,117,547	1,089,152	1,061,965	1,033,660	14,255,587
20	Recovered (Order No. PSC 15-0521-FOF-EI)		1,394,160	1,365,894	1,337,626	1,309,360	1,281,093	1,252,827	1,224,560	1,196,292	1,168,026	1,139,759	1,111,493	1,083,226	14,864,316
21	Over/Under Recovery For the Period		(51,772)	(51,028)	(50,332)	(50,524)	(51,616)	(51,399)	(50,917)	(50,962)	(50,479)	(50,607)	(49,527)	(49,566)	(608,728)

(a) Please see Appendix A for Beginning Balance support and support of Amortization of Unrecovered Balance
(b) Other line reflects cost of removal of previously existing assets.

2016 Over/Under Recovery Beginning Balance Line.

3b	Transferred to Plant In-service	\$	29,995,096	Exhibit TGF-2_2015 Detail (Filed March 1, 2016) Line 3b. Plant-in-Service
3e	Unrecovered Balance Carrying Cost	\$	(3,622,279)	
	Prior Period	(1,200,047)		Exhibit TGF-2_2015 Detail (Filed March 1, 2016) Line 3e. Prior Period Carrying Charge Unrecovered Balance
	Current Period	(2,422,232)		Exhibit TGF-2_2015 Detail (Filed March 1, 2016) Line 8. (Over)/Under for the Period
	Total	(3,622,279)		
3f	Prior Period Carrying Charge Recovered	\$	(2,029,376)	Exhibit TGF-4_2016 Detail (Filed May 1, 2015) Line 3f. Prior Period Carrying Charge Recovered
<u>Other Exit / Wind-Down</u>				
12	Prior Period Unrecovered Balance	\$	(131,556)	
	Prior Period	(17,919)		Exhibit TGF-2_2015 Detail (Filed March 1, 2016) Line 12 Prior Period Unrecovered Balance
	Current Period	(113,637)		Exhibit TGF-2_2015 Detail (Filed March 1, 2016) Line 18 (Over)/Under for the Period
	Total	(131,556)		
13	Prior Period Costs Recovered	\$	(46,202)	Exhibit TGF-4_2016 Detail (Filed May 1, 2015) Line 11. Prior Period Carrying Charge Recovered

Line 3d. Annual Amortization Calculation

TGF-3 Filed March 1, 2014	YE 2013 - Actual
1 Additions for the Period (TGF-3 Filed March 2014 - Line 3a)	292,081,140
2 Less: Transferred to Plant-in-Service (TGF-3 Filed March 2014 - Line 3b)	29,995,096
3 2013 EB Investment prior to Amortize (2014 through 2019)	262,086,044
4 Annual Amortization (2014 through 2019) (2016 Detail Line 3d.)	<u>43,681,007</u>

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Other Exit / Wind-Down Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission in the 2016 Detail Estimated Schedules.

Appendix B
 Witness: Thomas G. Foster
 Docket No. 170009-EI
 Exhibit: (TGF - 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Description	(A) System Estimated/Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
Allocated or Assigned Other Exit / Wind-Down Expenditures					
1	Accounting	\$28,211	\$29,302	\$1,091	Minimal variance from Estimated amounts
2	Corporate Planning	33,634	13,550	(20,084)	Fewer hours than estimated were spent on EPU Wind-Down Activities
3	Legal	0	0	0	
4	<u>Total</u>	<u>\$61,845</u>	<u>\$42,851</u>	<u>(\$18,994)</u>	<u>Overall minor variance from estimated amount.</u>

Note:
 System Estimate from April 27, 2016 Filing in Docket No. 160009-EI.

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$5,121,368,708	\$4,728,678,443	(\$813,120,301)	\$763,931,668	\$4,679,489,809	46.18%	9.50%	4.39%	10.50%	4.85%	11.50%	5.31%
Long Term Debt	4,095,530,150	3,781,497,923	(650,247,795)		3,131,250,128	30.90%	6.01%	1.86%	6.01%	1.86%	6.01%	1.86%
Short Term Debt *	813,100,000	750,754,078	(129,095,981)	24,391,702	646,049,799	6.38%	0.17%	0.01%	0.17%	0.01%	0.17%	0.01%
Customer Deposits						0	0		0		0	
Active	222,269,727	222,269,727	(38,220,410)		184,049,317	1.82%	2.28%	0.04%	2.28%	0.04%	2.28%	0.04%
Inactive	1,603,209	1,603,209	(275,680)		1,327,529	0.01%						
Investment Tax Credits **	279,513	258,080	(44,378)		213,702	0.00%						
Deferred Income Taxes	2,459,670,709	2,271,070,981	(390,522,202)	(227,481,417)	1,653,067,362	16.31%						
FAS 109 DIT - Net	(212,127,588)	(195,862,319)	33,679,522		(162,182,798)	-1.60%						
Total	\$12,501,694,427	\$11,560,270,121	(\$1,987,847,225)	\$560,841,953	\$10,133,264,848	100.00%		6.30%		6.76%		7.22%

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

Equity	4.85%
Debt	1.91%
Total	6.76%

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Construction Category - Description of Monthly Cost Additions

EXPLANATION: Provide a description of the major tasks performed within the Construction category for the year.
 List generation expenses separate from transmission in the same order appearing on 2016 Detail Schedule.

Appendix D
 Witness: T. G. Foster
 Docket No. 170009-EI
 Duke Energy Florida
 Exhibit: (TGF - 2)
 (Page 1 of 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Major Task & Description for amounts on 2016 Detail Schedule	Description
----------	---	-------------

Generation:

- | | | |
|---|------------------------------------|---|
| 1 | EPU Construction & Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | Net Value received in accordance with Duke Energy Procedure IA-9010 regarding Disposition of Assets |
| 3 | Disposition | Net Value received in accordance with Duke Energy Procedure IA-9010 regarding Disposition of Assets |

Transmission:

N/A

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Construction Category - Variance in Additions and Expenditures

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission on 2016 Estimated / Actual Detail schedule. List the Generation expenses separate from Transmission in the same order appearing on 2016 Detail Schedule.

COMPANY: Duke Energy Florida

Appendix D
 Witness: T. G. Foster
 Docket No. 170009-EI
 Duke Energy Florida
 Exhibit: (TGF - 2)
 (Page 2 of 2)

DOCKET NO.:
 170009-EI

For Year Ended 12/31/2016

Line No.	Construction Major Task & Description for amounts on 2016 Detail Schedule	(A) System Estimated/Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
<u>Generation:</u>					
1	EPU Wind-Down Costs	\$0	\$0	\$0	
2	Sale or Salvage of Assets	0	0	0	
3	Disposition	0	0	0	
4	Total Generation Costs	\$0	\$0	\$0	

Transmission:
 N/A

Note:

System Estimate from April 27, 2016 Filing in Docket No. 160009-EI.

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Summary of Contracts Executed Over \$1 Million

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

Appendix E
Witness: T. G. Foster
Docket No. 170009-EI
Duke Energy Florida
Exhibit: (TGF - 2)

COMPANY:

Duke Energy Florida

DOCKET NO.:

170009-EI

For Year Ended 12/31/2016

All EPU-related contracts in excess of \$1 million have been closed as of December 31, 2013. No new contracts over \$1 million were executed after December 31, 2013.