



Dianne M. Triplett
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Duke Energy Florida, LLC

January 12, 2018

VIA ELECTRONIC DELIVERY

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

Re: Docket 20170248-EI; *Duke Energy Florida, LLC's Petition for approval of fuel cost proxy substitution to qualifying facility contracts between CFR/Biogen n/k/a Orange Cogeneration Limited Partners; Ridge Generating Station Limited Partnership; Mulberry Energy Company, Inc. n/k/a Polk Power Partners; Orlando Cogen Limited, L.P., and Duke Energy Florida, LLC*

Dear Ms. Stauffer:

Please find enclosed for electronic filing, DEF's Response to Staff's First Data Request (No. 4).

Thank you for your assistance in this matter. If you have any questions concerning this filing, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmck
Enclosure

cc: Stephanie Cuello
Takira Thompson

- 4. Provide a monthly comparison of past delivered Crystal River Unit 1 and Crystal River Unit 2 coal commodity and transport prices/costs versus the proposed fuel price proxies for coal and coal transport over the last three years, similar to that contemplated in Section 2.f.ii (Exhibit A, page 4) of the proposed amended agreement. Please also include the coal commodity, transport, and delivered price differentials in percentage terms between the data sets.**

Historically, DEF has used its publicly filed A4 Schedule, System Net Generation and Fuel Cost Report for the contractually defined “average monthly inventory chargeout price of fuel burned” at Crystal River Units 1 and 2. The comprehensive reporting used on the A4 Schedule reflects an all-in delivered coal price that includes both the commodity price and transportation costs. This comprehensive A4 data is based on inventory balances which makes it impossible to calculate a precise breakout of the commodity versus transportation costs for a given month or time period.

As such, when DEF was negotiating a coal proxy with these QF suppliers, we focused on the total average delivered fuel cost as reported on the A4 Schedule and not the individual components of that cost. After reviewing the SNL Physical Market Survey, the NYMEX Big Sandy coal characteristics provided the best match and balance to the heat content and sulfur content of the QF contract coal and historically burned at Crystal River Units 1 and 2. Once the practical coal commodity index was established, then the parties looked to determine a reasonable transportation component that best approximated the total average delivered price of coal delivered to Crystal River Units 1 and 2 per DEF’s A4 Schedules. That price was determined to be approximately \$52/ton as calculated over time.

Given the inability to calculate a precise breakout of charges, but in an effort to be responsive, the table below breaks out the new proposed fuel price proxy, the NYMEX Big Sandy coal as reported by the SNL Physical Market Survey and the transportation component as described above and compares it to the average total delivered price of coal at Crystal River Units 1 and 2 as reported on DEF’s A4 Schedule over the last three years as requested. A graph comparing the Crystal River Units 1 & 2 prices to the proxy price is also included.

	NYMEX Big Sandy 12000 1.67 Barge					CR 1&2	Percent Difference
	Monthly Average of weekly prices (\$/ton)	Monthly Price (\$/MMBTU)	Transportation Cost (\$/ton)	Transportation Cost (\$/MMBTU)	Total Coal Price (\$/MMBTU)	Total Coal Price (\$/MMBTU)	Total Coal Price (\$/MMBTU)
Dec-17	54.6	2.275	52	2.167	4.442	4.241	-4.73%
Nov-17	54.6	2.275	52	2.167	4.442	4.316	-2.91%
Oct-17	54.6	2.275	52	2.167	4.442	4.321	-2.79%
Sep-17	53.1	2.213	52	2.167	4.379	4.324	-1.28%
Aug-17	52.1	2.171	52	2.167	4.338	4.340	0.06%
Jul-17	52.1	2.171	52	2.167	4.338	4.252	-2.01%
Jun-17	52.1	2.171	52	2.167	4.338	4.289	-1.13%
May-17	52.1	2.171	52	2.167	4.338	4.273	-1.51%
Apr-17	52.1	2.171	52	2.167	4.338	4.350	0.29%
Mar-17	52.1	2.171	52	2.167	4.338	4.324	-0.31%
Feb-17	50.8625	2.119	52	2.167	4.286	4.177	-2.61%
Jan-17	47.55	1.981	52	2.167	4.148	4.318	3.94%
Dec-16	48.85	2.035	52	2.167	4.202	4.105	-2.37%
Nov-16	47.55	1.981	52	2.167	4.148	4.105	-1.05%
Oct-16	47.55	1.981	52	2.167	4.148	4.112	-0.88%
Sep-16	43.73	1.822	52	2.167	3.989	4.265	6.48%
Aug-16	44.45	1.852	52	2.167	4.019	4.145	3.04%
Jul-16	44.45	1.852	52	2.167	4.019	4.110	2.22%
Jun-16	44.45	1.852	52	2.167	4.019	4.137	2.86%
May-16	44.45	1.852	52	2.167	4.019	4.121	2.48%
Apr-16	45.35	1.890	52	2.167	4.056	3.609	-12.39%
Mar-16	47.075	1.961	52	2.167	4.128	3.941	-4.75%
Feb-16	47.525	1.980	52	2.167	4.147	3.893	-6.52%
Jan-16	47.55	1.981	52	2.167	4.148	3.880	-6.91%
Dec-15	46.31	1.930	52	2.167	4.096	3.442	-19.01%
Nov-15	46	1.917	52	2.167	4.083	3.804	-7.34%
Oct-15	51.3	2.138	52	2.167	4.304	3.847	-11.88%
Sep-15	51.3	2.138	52	2.167	4.304	4.028	-6.86%
Aug-15	51.325	2.139	52	2.167	4.305	4.157	-3.57%
Jul-15	53.4	2.225	52	2.167	4.392	4.396	0.10%
Jun-15	56.325	2.347	52	2.167	4.514	4.425	-2.00%
May-15	56.4	2.350	52	2.167	4.517	4.529	0.27%
Apr-15	56.4	2.350	52	2.167	4.517	4.614	2.11%
Mar-15	56.58	2.358	52	2.167	4.524	4.876	7.21%
Feb-15	56.58	2.358	52	2.167	4.524	4.497	-0.60%
Jan-15	56.58	2.358	52	2.167	4.524	4.571	1.02%

