Dianne M. Triplett
Deputy General Counsel
Duke Energy Florida, LLC

September 14, 2018

VIA ELECTRONIC FILING

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

Re: *Duke Energy Florida, LLC's, Petition for approval to terminate qualifying facility power purchase agreement with Ridge Generating Station, L.P.; Docket No. 20180152-EQ*

Dear Ms. Stauffer:

On behalf of Duke Energy Florida, LLC ("DEF"), please find enclosed for electronic filing in the above referenced docket, DEF's Response to Staff's Fourth Data Request.

Thank you for your attention to this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmk
Attachment

cc: Parties of record

299 First Avenue N (33701) ▪ Post Office Box 14042 (33733) ▪ St. Petersburg, Florida
Phone: 727.820.4692 ▪ Fax: 727.820.5041 ▪ Email: dianne.triplett@duke-energy.com

Duke Energy Florida, LLC's (DEF) Response to Staff's Fourth Data Request regarding DEF's Petition for approval to terminate qualifying facility power purchase agreement with Ridge Generating Station, L.P.

Docket No. 20180152-EQ

1. Please refer to DEF's Response to Staff's Second Data Request, No. 4.

   a. Please provide the monthly energy output (MWh) for the Ridge PPA payment in 2018 (January-June).
   b. Please explain the lower energy payment in April 2018 compared with other months in 2018.

   <u>RESPONSE</u>:

   a. The monthly energy output for Ridge in 2018 is below.

Year	Month	Generation (MWh)
2018	January	21,441
2018	February	18,034
2018	March	20,951
2018	April	12,569
2018	May	22,915
2018	June	19,682
2018	July	21,175

   b. The April 2018 energy payment to Ridge is lower than the other months because Ridge was in a planned outage from April 1, 2018 through April 13, 2018.

2. Please refer to DEF's Response to Staff's Second Data Request, No. 6, regarding the Ridge facility capacity factor performance over the last 10 years.

   a. Please provide the number of months each year that Ridge met the minimum requirement for full capacity payment and the annual capacity payment each year.
   b. Did DEF assume full capacity payment (annual avoided payment of $9.6 million) over the 5-year term (2019-2023) in its CPVRR analysis? If so, please explain the reasonableness of this assumption, and the net CPVRR savings with annual GWh output under this capacity factor performance assumption.
   c. Using the same capacity factor performance for the 260 GWh of annual output scenario, please provide the capacity payment over the 5-year term (2019-2023), and the net CPVRR cost/savings in capacity and fuel cost under the base fuel scenario with 260 GWh of annual output. As part of your response, please explain factors that may support other assumptions for avoided Ridge payment.

RESPONSE:

a. The number of months each year that Ridge met the minimum requirement for full capacity payment and the annual capacity payment each year are below. The 2018 data is through July.

	Months with Full Capacity Payment	Annual Capacity Payment
2008	0	$8,816,551.12
2009	0	$9,114,289.19
2010	4	$6,995,118.95
2011	12	$9,611,349.36
2012	11	$9,607,991.19
2013	2	$9,255,390.63
2014	0	$7,847,843.10
2015	0	$8,200,627.46
2016	0	$6,746,295.58
2017	0	$8,628,027.83
2018	5	$5,594,416.10

b. DEF did assume that Ridge would receive its full capacity payments over the remaining term of its power purchase agreement. As explained in Mr. Borsch's testimony DEF looked at three cases of assumed output by Ridge. These cases are a lower band case assuming an annual production of 222 GWh, a middle band case assuming an annual production of 246 GWh and an upper band case assuming an annual production of 260 GWh. As specified in the Ridge contract, the capacity factor calculation used to determine the capacity payment uses the 11 on-peak hours per day and makes allowances for outages. For this reason, Ridge is incented to perform best during these on-peak hours and can maintain the overall annual capacity factors in all three scenarios while simultaneously meeting an 85% on-peak contractually defined capacity factor. As stated in Mr. Borsch's testimony, "Ridge has spent a good deal of time and money to restore the operations of the Facility." These efforts include capital investments, fuel procurement changes, and management changes which can be seen because Ridge has met and exceeded the 85% minimum requirement for the 12-month rolling on-peak capacity factor and has received full capacity payments since March. DEF believes it is reasonable to assume that Ridge will continue to earn their full capacity payment based on the contractual 12-month rolling on-peak capacity factor requirement based on Ridge's recent investments and on-peak performance.

The Ridge Termination Agreement would still be favorable to customers, even if Ridge only earned the actual average capacity payment from 2008 through 2017 for the remainder of the contract period through 2023. Using the actual 2008 through 2017 capacity payments provided above in DEF's response to 2(a), the average annual capacity payment that Ridge earned over the last full 10-year period was approximately $8.5 million. This actual average payment is approximately $1.1

million lower than the full capacity payment of approximately $9.6 million. If Ridge earned the average capacity payment of $8.5 million during the termination period (2019-2023), the nominal savings to customers would be approximately $5.6 million lower ($4.6 million CPVRR). All six of the Termination CPVRR scenarios would still be favorable for customers by at least $18 million.

c. Using the same capacity factor as the 260 GWh annual output scenario along with the base fuel scenario would yield the same results over the 5-year term (2019-2023) as shown in Mr. Borsch's testimony of providing $35 million in customer savings. As explained above, the overall annual average capacity factor in all cases studied by DEF can simultaneously meet an 85% on-peak contractually defined capacity factor; therefore, Ridge would reasonably receive full capacity payments of $9.6 million per year. The factors that support Ridge qualifying for this full capacity payment includes Ridge's investments, improvements in fuel quality, management changes, and most importantly, the PPA structure that incents Ridge to generate during on-peak hours and is further confirmed by their historic on-peak energy deliveries.