

**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Petition for limited proceeding to approve third solar base rate adjustment, by Duke Energy Florida, LLC

DOCKET NO. 20200153-EI

DATED: September 4, 2020

**DUKE ENERGY FLORIDA, LLC'S  
PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure, Order No. PSC-2020-0230-PCO-EI, Duke Energy Florida, LLC (“DEF”) hereby submits its Prehearing Statement with respect to its petition for a limited proceeding to approve its third solar base rate adjustment.

1. **Known Witnesses** - DEF intends to offer the testimony of:

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues#</b>
Matthew G. Stout	Costs and characteristics of the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects; DEF’s competitive solicitation processes; comparisons to other utilities; compliance with terms of 2017 Second RRSSA	1,4,5
Thomas G. Foster	Calculation of revenue requirements for the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects; compliance with terms of 2017 Second RRSSA	4,5,6
Benjamin M. H. Borsch	Cost effectiveness of the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects; compliance with terms of 2017 Second RRSSA	2,3,4

2. **Known Exhibits** - DEF intends to offer the following exhibits:

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
		<b>Direct</b>	
Matthew G. Stout	DEF	(MGS-1)	Twin Rivers Solar Power Plant Site Plan
Matthew G. Stout	DEF	(MGS-2)	Twin Rivers Solar Power Plant Costs <b>CONFIDENTIAL</b>
Matthew G. Stout	DEF	(MGS-3)	Santa Fe Solar Power Plant Site Plan
Matthew G. Stout	DEF	(MGS-4)	Santa Fe Solar Power Plant Costs <b>CONFIDENTIAL</b>
Matthew G. Stout	DEF	(MGS-5)	Charlie Creek Solar Power Plant Site Plan
Matthew G. Stout	DEF	(MGS-6)	Charlie Creek Solar Power Plant Costs <b>CONFIDENTIAL</b>
Matthew G. Stout	DEF	(MGS-7)	Duette Solar Power Plant Site Plan
Matthew G. Stout	DEF	(MGS-8)	Duette Solar Power Plant Site Costs <b>CONFIDENTIAL</b>
Matthew G. Stout	DEF	(MGS-9)	Archer Solar Power Plant Site Plan
Matthew G. Stout	DEF	(MGS-10)	Archer Solar Power Plant Site Costs <b>CONFIDENTIAL</b>
Matthew G. Stout	DEF	(MGS-11)	Cost Comparison to Other Utilities
Thomas G. Foster	DEF	(TGF-1)	SoBRA III Annualized Revenue Requirement
Benjamin M. H. Borsch	DEF	(BMHB-1)	Solar Power Plant Assumptions
Benjamin M. H. Borsch	DEF	(BMHB-2)	Load Forecast

Benjamin M. H. Borsch	DEF	(BMHB-3)	Fuel Forecasts
Benjamin M. H. Borsch	DEF	(BMHB-4)	Cost Effectiveness (CPVRR) Analysis Results

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** - The Commission should approve the solar projects DEF has included in its filing for cost recovery pursuant to the 2017 Second Revised and Restated Stipulation and Settlement Agreement (“2017 Second RRSSA”) approved by the Commission in Order No. PSC-2017-0451-AS-EU. Specifically, Twin Rivers Solar Power Plant (“Twin Rivers Project”), the Santa Fe Solar Power Plant (“Santa Fe Project”), Charlie Creek Solar Power Plant (“Charlie Creek Project”), Duette Solar Power Plant (“Duette Project”), and Archer Solar Power Plant (Archer Project”). The Twin Rivers Project and the Santa Fe Project will come into service in January 2021, and the Charlie Creek Project, Duette Project, and Archer Project will come into service in the fourth quarter of 2021. DEF’s solar projects meet the requirements set forth in the 2017 Second RRSSA; namely, they are under the \$1,650/kWac cap, they are cost effective, and their costs meet the reasonableness requirements set forth in the Paragraph 15(a) of the 2017 Second RRSSA. DEF has also demonstrated that it needs the solar projects. Accordingly, DEF respectively requests that its solar projects be approved for rate recovery.

4. **Statement of Facts**

**ISSUE 1:** Are the installed costs of the Solar Projects proposed by DEF (Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer) within the Installed Cost Cap of \$1,650 per kWac pursuant to subparagraph 15(a) of the 2017 Settlement?

**DEF:** Yes, the weighted average projected installed cost for the facilities in this filing is \$1,402/kWac, which is less than the \$1,650/kWac set forth in the 2017 Second RRSSA. (Witness: Stout)

**ISSUE 2:** Are the Solar Projects proposed by DEF cost effective pursuant to subparagraph 15(c) of the 2017 Settlement?

**DEF:** Yes, the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects are cost effective in accordance with subparagraph 15(c) and result in a reduction in the Cumulative Present Value Revenue Requirements (“CPVRR”) to DEF customers for a total savings of approximately \$237 million (base case). The results of each sensitivity are summarized below:

CPVRR Net Cost / (Savings) of Proposed Solar Projects  
\$ Millions (2020)

Low Fuel Sensitivity	Base Case Fuel	High Fuel Sensitivity
(181)	(237)	(378)

(Witness: Borsch)

**ISSUE 3:** Are the Solar Projects proposed by DEF needed pursuant to subparagraph 15(c) of the 2017 Settlement?

**DEF:** Yes, the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects will diversify DEF’s fuel mix with dependable cost-effective energy, and provide firm summer capacity, helping to meet DEF’s needs for future capacity and satisfy DEF’s need for future generation capacity. Given all relevant factors, DEF has a need for cost-effective emission-free generation that will diversify and strengthen its supply side generation portfolio and associated fuel requirements and defer the need for future gas-fired generation. DEF’s planned interconnection of 700 MW of utility-owned solar generation, including the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects, provides cost-effective, reliable, clean, and flexible solar energy that will lower DEF’s reliance on natural gas over time. The Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects are the third group of facilities in the 700 MW of scaled solar projects contemplated under the 2017 Second RRSSA that will address DEF’s need to broaden its generation technology and fuel mix given its coal-fired steam plant retirements. These Projects will reduce DEF’s reliance on natural gas going forward and help mitigate the effects of any natural gas supply interruptions and transportation instabilities while contributing to customer fuel price stability. Further, these facilities will provide cost-effective renewable generation that will contribute to the need to curb greenhouse gases, including carbon dioxide emissions and meet any future climate change policy mandates. Finally, DEF’s solar facilities will meet the need for having cost-effective flexible solar generation facilities that will be dispatchable and integrated into DEF’s entire resource portfolio and available for potential technology changes or retrofits to benefit all of DEF’s customers over their useful life. (Witness: Borsch)

**ISSUE 4:** Are the Solar Projects proposed by DEF otherwise in compliance with the Terms of paragraph 15 of the 2017 Settlement?

**DEF:** Yes, the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects meet all of the requirements set forth in the 2017 Second RRSSA. The needed projects are reasonable, cost-effective, and are being filed with correct and

appropriate revenue requirement calculations. The megawatts proposed are within the yearly limits set forth in the 2017 Second RRSSA. DEF conducted a reasonable and comprehensive review of greenfield sites (including sites that it already owns) and projects already in development in DEF’s service territory to select the Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects. DEF used a competitive bidding process to select the engineering, procurement, and construction (“EPC”) contractor and the equipment and material for each project. As demonstrated by DEF’s testimony and exhibits, the costs for the projects are reasonable and at market. Generally, the costs for Twin Rivers, Santa Fe, Charlie Creek, Duette, and Archer Solar Projects are in line with those filed by other utilities while being designed to achieve higher Net Capacity Factors than those reported by other utilities in Florida. Finally, DEF calculated the revenue requirements consistent with the 2017 Second RRSSA. (Witnesses: Stout, Borsch, Foster)

**ISSUE 5:** What is the annual revenue requirement associated with each of the Solar Projects proposed by DEF?

**DEF:** The annualized revenue requirements for each project are reflected in the chart below:

	<b>Twin Rivers</b>	<b>Santa Fe</b>	<b>Charlie Creek</b>	<b>Duette</b>	<b>Archer</b>
Est. Revenue Requirement	\$13.1 million	\$13.9 million	\$12.5 million	\$13.4 million	\$10.3 million

(Witnesses: Stout, Foster)

**ISSUE 6:** Should the Commission give staff administrative authority to approve the tariffs for Duke reflecting the base rate increases for the Solar Projects determined to be appropriate in this proceeding?

**DEF:** Yes, DEF has filed its tariffs with the Commission staff, for administrative approval, on September 3, 2020 for the estimated in-service date of the Twin Rivers and Santa Fe Solar Projects. The calculation of the base rate impact was done in accordance with the 2017 Second RRSSA. For the Charlie Creek Project, Duette Project, and Archer Project Solar Project, DEF cannot perform this calculation until closer in time to the 2021 expected in-service date, because the base rates must use the sales forecast that will be filed in the 2022 CCR Clause projection filing made in 2021. (Witness: Foster)

**ISSUE 7:** Should the docket be closed?

**DEF:** Yes.

5. **Stipulated Issues** - None at this time.
6. **Pending Motions** - DEF does not have any pending motions at this time.
7. **Requests for Confidentiality**  
DEF has the following pending request for confidential classification:
  - June 19, 2020- DEF's Request for Confidential Classification concerning portions of Exhibit Nos. \_\_\_\_(MGS-2), \_\_\_\_(MGS-4), \_\_\_\_(MGS-6), \_\_\_\_(MGS-8) and \_\_\_\_(MGS-10) to the direct testimony of Matthew G. Stout, (DN 03200-2020).
  - September 3, 2020-DEF's Revised Request for Confidential Classification concerning information contained in DEF's Response to Staff's First Set of Interrogatories (Nos. 1-12) and Staff's First Request to Produce (Nos. 1-2)(DN 05904-2020 *replaces* DN 05372-2020)
8. **Objections to Qualifications** - DEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.
9. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.
10. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of September, 2020.

*s/Dianne M. Triplett*

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Duke Energy Florida  
**CERTIFICATE OF SERVICE**  
Docket No. 20200153-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via email this 4<sup>th</sup> day of September, 2020 to all parties of record as indicated below.

*s/Dianne M. Triplett*  
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Attorney

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