

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 20180007-EI

Filed: October 12, 2018

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

Duke Energy Florida, LLC (“DEF”), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-2018-0090-PCO-EI dated February 19, 2018 and the First Order Modifying Procedure, Order No. PSC-2018-0248-PCO-PU, dated May 14, 2018, hereby submits its Prehearing Statement:

1. Known Witnesses – DEF intends to offer the direct testimony of:

Witness	Subject Matter	Issues#
Christopher Menendez	Final True-Up; Estimated True-up; Environmental Compliance Cost Projections and Final 2019 ECRC Factors	1-9A & 9B, 13
Timothy Hill	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3, 9A
Jeffrey Swartz	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Patricia Q. West	Final and Estimated True-Up variances and Environmental Compliance Cost Projections, Review of DEF’s Integrated Clean Air	1-3

Compliance Plan and 316(b)
Compliance Project

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

Witness	Proffered By	Exhibit # Direct	Description
Christopher Menendez	DEF	CAM-1	Forms 42-1A - 42-9A January 2017 – December 2017
Christopher Menendez	DEF	CAM-2	Capital Program Detail January 2017– December 2017
Christopher Menendez	DEF	CAM-3	Forms 42-1E – 42-9E January 2018– December 2018
Christopher Menendez	DEF	CAM-4	Capital Program Detail January 2018 – December 2018
Christopher Menendez	DEF	CAM-5	Forms 42-1P – 42-8P January 2019– December 2019
Christopher Menendez	DEF	CAM-6	Capital Program Detail January 2019 – December 2019
Timothy Hill	DEF	CAM-5	Form 42-5P, page 23 of 23
Jeffrey Swartz	DEF	JS-1	Crystal River Clean Air Projects Organizational Chart
Jeffrey Swartz	DEF	CAM-5	Form 42-5P, pages 7, 21 and 22 of 23
Patricia Q. West	DEF	PQW-1	Integrated Clean Air Compliance Plan
Patricia Q. West	DEF	CAM-5	Form 42-5P, pages 1-4 and 6-20 of 23

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

3. **Statement of Basic Position** - DEF's positions to specific issues are listed below
4. **Statement of Facts**

ISSUES

DEF's positions on the issues identified in this proceeding are as follows:

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2017 through December 2017?

DEF: \$4,814,791 over-recovery. (Menendez, Hill, Swartz, West)

ISSUE 2: What are the estimated/actual environmental cost recovery true-up amounts for the period January 2018 through December 2018?

DEF: \$4,444,194 over-recovery. (Menendez, Hill, Swartz, West)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2019 through December 2019?

DEF: \$65,034,322. (Menendez, Hill, Swartz, West)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2019 through December 2019?

DEF: \$55,815,494. (Menendez)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2019 through December 2019?

DEF: The depreciation rates used to calculate depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Menendez)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2019 through December 2019?

DEF: The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total kWh sales. The remaining separation factors are below and are consistent with DEF’s 2017 Second Revised and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved in Order No. PSC-2017-0451-AS-EU.

Transmission Average 12 CP Demand – 70.203%
 Distribution Primary Demand – 99.561%

Production Demand:
 Production Base – 92.885%
 Production Intermediate – 72.703%
 Production Peaking – 95.924%
 Production A&G – 93.221%
 (Menendez)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2019 through December 2019 for each rate group?

DEF: The appropriate recovery factors are as follows: (Menendez)

RATE CLASS	ECRC FACTORS
Residential	0.143 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.143 cents/kWh 0.142 cents/kWh 0.140 cents/kWh

General Service 100% Load Factor	0.141 cents/kWh
General Service Demand	
@ Secondary Voltage	0.141 cents/kWh
@ Primary Voltage	0.140 cents/kWh
@ Transmission Voltage	0.138 cents/kWh
Curtaillable	
@ Secondary Voltage	0.137 cents/kWh
@ Primary Voltage	0.136 cents/kWh
@ Transmission Voltage	0.134 cents/kWh
Interruptible	
@ Secondary Voltage	0.138 cents/kWh
@ Primary Voltage	0.137 cents/kWh
@ Transmission Voltage	0.135 cents/kWh
Lighting	0.138 cents/kWh

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

DEF: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2019 through December 2019. Billing cycles may start before January 1, 2019 and the last cycle may read after December 31, 2019, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission. (Menendez)

ISSUE 9A: Should DEF be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Crystal River Flue Gas Desulfurization (FGD) Blowdown Pond Closure project?

DEF: Yes. In Order No. PSC-2015-0536-FOF-EI, the Commission found that DEFs Coal Combustion Residual Rule (“CCR”) Program (Project 18) met the criteria for recovery through the Environmental Cost Recovery Clause (“ECRC”). DEF’s FGD Blowdown Pond Closure Project is reasonable and meets the rule requirements for the Crystal River facility. (Menendez, Hill)

ISSUE 9B: How should costs associated with DEF’s proposed Crystal River FGD Blowdown Pond Closure project be allocated to rate classes?

DEF: Consistent with CCR O&M costs approved in Order No. PSC-2015-0536-FOF-EI, DEF proposes that O&M costs associated with the FGD Blowdown Pond Closure be allocated to rate classes on an energy basis. (Menendez)

Company Specific Issues

Florida Power & Light, Co.

ISSUE 10A: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modifications to its Manatee Temporary Heating System project?

DEF: No position.

ISSUE 10B: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modifications to its National Pollution Discharge Elimination System Permit Renewal Requirement project?

DEF: No position.

ISSUE 10C: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Solar Site Avian Monitoring and Reporting project?

DEF: No position.

ISSUE 10D: How should costs associated with FPL’s proposed Solar Site Avian Monitoring and Reporting project be allocated to rate classes?

DEF: No position.

ISSUE 10E: Is FPL meeting remediation objectives in the Florida Department of Environmental Protection Consent Order and the Miami-Dade County DERM Consent Agreement in a timely manner? If not, what jurisdictional amounts, if any, should the Commission approve as reasonably projected?

DEF: No position.

Gulf Power Company

ISSUE 11A: Should Gulf be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed 316(b) Cooling Water Intake Structure Regulation project?

DEF: No position.

ISSUE 11B: How should costs associated with Gulf’s proposed 316(b) Cooling Water Intake Structure Regulation project be allocated to rate classes?

DEF: No position.

Tampa Electric Company

ISSUE 12A: Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project?

DEF: No position.

ISSUE 12B: How should costs associated with TECO’s proposed Big Bend Unit 1 Section 316(b) Impingement Mortality project be allocated to rate classes?

DEF: No position.

ISSUE 12C: Should TECO be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Big Bend Station Effluent Limitations Guidelines (ELG) Rule Compliance project?

DEF: No position.

ISSUE 12D: How should costs associated with TECO's proposed Big Bend Station ELG Rule Compliance project be allocated to rate classes?

DEF: No position.

Duke Energy Florida, LLC

ISSUE 13: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

DEF: Yes.

ISSUE 14: Should this docket be closed?

DEF: Yes.

5. **Stipulated Issues** – DEF has no stipulated issues at this time.
6. **Pending Motions** - DEF does not have any pending motions at this time.
7. **Requests for Confidentiality** - DEF has no request for confidentiality pending at this time.
8. **Objections to Qualifications** - DEF has no objections to the qualifications of any expert witnesses in this proceeding at this time.
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 12th day of October, 2018.

s/Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 12th day of October, 2018.

s/Matthew R. Bernier

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