BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|  |  |
| --- | --- |
| In re: Nuclear cost recovery clause. | DOCKET NO. 160009-EIORDER NO. PSC-16-0310-PHO-EIISSUED: August 3, 2016 |

**PREHEARING ORDER**

BY THE COMMISSION:

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on July 19, 2016, in Tallahassee, Florida, before Commissioner Art Graham, as Prehearing Officer.

APPEARANCES:

Matthew R. Bernier, ESQUIRE, 106 East College Avenue, Suite 800, Tallahassee, Florida 32301, Dianne M. Triplett, Esquire, 299 First Avenue North, St. Petersburg, Florida 33701

On behalf of Duke Energy Florida, LLC (DEF).

JESSICA CANO, and KEVIN I.C. DONALDSON, ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408

On behalf of Florida Power & Light Company (FPL) (Excused)

J.R. KELLY, CHARLES J. REHWINKEL, PATRICIA A. CHRISTENSEN, and ERIK L. SAYLER, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400

On behalf of the Citizens of the State of Florida (OPC)

JON MOYLE, JR. and KAREN A. PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida 32301

On behalf of the Florida Industrial Power Users Group (FIPUG)

JAMES W. BREW, and LAURA A. WYNN, ESQUIRES, Stone Mattheis Xenopoulos & Brew, P.C., 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007

On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate)

GEORGE CAVROS, ESQUIRE, 120 E. Oakland Park Boulevard, Suite 105, Fort Lauderdale, Florida, 33334

On behalf of the Southern Alliance for Clean Energy (SACE)

ROBERT SCHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308

On behalf of the Florida Retail Federation (FRF)

VICTORIA MÉNDEZ, Christopher A. Green, KERRI L. MCNULTY and Xavier Albán, ESQUIRES, City of Miami, 444 S.W. 2nd Avenue, Suite 945, Miami, Florida 33130-1910

On behalf of City of Miami (Miami) (Excused)

KYESHA MAPP and MARGO A. LEATHERS, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Florida Public Service Commission (Staff).

Mary Anne Helton, ESQUIRE Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission.

**PREHEARING ORDER**

**I. CASE BACKGROUND**

In 2006, the Florida Legislature adopted legislation encouraging the development of nuclear energy in the state. Section 366.93, Florida Statutes (F.S.), directed the Commission to adopt rules providing for alternate cost recovery mechanisms that will encourage investor-owned electric utilities to invest in nuclear power plants. The Commission adopted Rule 25-6.0423, Florida Administrative Code (F.A.C.), which provides for a clause recovery proceeding annually to consider investor-owned utilities’ requests for cost recovery for nuclear plants.

Both FPL and DEF petitioned the Commission for recovery of costs through the Nuclear Cost Recovery Clause (NCRC) on April 27, 2016. This is the eighth year of this roll-over docket, which is set for hearing on August 9, 2016. OPC, FIPUG, PCS Phosphate, SACE, FRF, and Miami have each been granted intervention in this docket. On June 30, 2016, Prehearing Statements were filed by FPL, DEF, Staff, OPC, FIPUG, FRF, PCS Phosphate, SACE, and Miami.

In Order No. PSC-16-0266-PCO-EI, the Commission granted FPL’s Motion to Defer Consideration of all Issues and Cost Recovery; therefore, there will not be a hearing on FPL issues this year.

**II. CONDUCT OF PROCEEDINGS**

 Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

**III. JURISDICTION**

 This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter and Chapters 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

**IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION**

 Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

 It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

* 1. When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
	2. Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

 At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk’s confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

**V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES**

 Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

 The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

**VI. ORDER OF WITNESSES**

 Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

| Witness | Proffered By | Issues # |
| --- | --- | --- |
|  Direct |  |  |
| Thomas G. Foster | DEF | 1, 2, 3, 4, 5, 6 |
| Mark R. Teague | DEF | 2, 3, 4, 5, 6 |
| Christopher M. Fallon | DEF | 1, 6 |
| Jerry Hallenstein and Lynn Fisher | Staff | 1, 2 |
| Ronald Mavrides | Staff | 1, 2, 3 |

**VII. BASIC POSITIONS**

**DEF: 1. Levy Nuclear Project**

Pursuant to the stipulation approved by the Commission in Order No. PSC-15-0521-FOF-EI, DEF has agreed to include all known LNP costs and credits, including carrying costs, if any, in its 2017 True-up filing for consideration and review in the 2017 Nuclear Cost Recovery Clause (“NCRC”) docket for setting the 2018 NCRC recovery factor. In this docket DEF has presented its 2015 actual, 2016 actual/estimated, and 2017 projected LNP costs for informational purposes only; DEF is not seeking a prudence or reasonableness determination for these costs in this year’s docket.

Also, pursuant to the 2013 Revised and Restated Stipulation and Settlement Agreement (“2013 RRSSA”), DEF agreed to account for its remaining COLA, environmental permitting, wetlands mitigation, conditions of certification, and other costs related or connected to obtaining or maintaining the COL, incurred in 2014 and beyond, as construction work in progress removed from recovery through the NCRC. Accordingly, there are no LNP cost recovery issues for Commission determination presented in this docket.

However, DEF is seeking a determination that its 2015 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the LNP. As demonstrated by the testimony of Messrs. Fallon and Foster, DEF has continued to follow controls, policies, and procedures that are substantially the same as the policies and procedures this Commission has previously reviewed and deemed prudent.

**2. CR3 EPU Project**

The disposition of EPU-related assets was completed in 2015, the last remaining EPU assets are those that DEF has determined should be abandoned in place. If DEF is able to disposition any of the remaining assets, DEF will credit customers for the value received. DEF is continuing to amortize the uncollected balance of project costs as authorized by the 2013 RRSSA, and will continue to do so through 2019.

The Commission should approve DEF’s proposed 2017 NCRC recovery factors, and find that DEF’s 2015 LNP and CR3 EPU project management, contracting, accounting and cost oversight controls were reasonable and prudent.

**OPC:** **DEF**

 The OPC takes no position and does not object to DEF’s positions on the issues related to the recovery of the CR3 EPU project which costs are being recovered pursuant to the provisions of the Revises and Restated Stipulation and Settlement Agreement (RRSSA) approved in Order No. PSC-13-0598-FOF-EI. For the Levy Nuclear Project (LNP) there are no costs being recovered from customers in this hearing cycle as all known costs have been recovered pursuant to the RRSSA. The OPC has an agreement with DEF that the dollar figures presented in testimony are for information only and the Commission will not be taking any action on such costs. The OPC further understands that pursuant to the Stipulation entered into among the parties in 2015 and approved in Order No. PSC-15-0521-FOF-EI (2015 Stipulation) any net costs, if any, that DEF seeks to recover related to LNP will be addressed in the 2017 NCRC hearing process pursuant to law, including the RRSSA and the 2015 Stipulation.

**FIPUG: DEF**

 FIPUG takes no position and does not object to DEF’s positions on the issues related to the recovery of the CR3 EPU project which costs are being recovered pursuant to the provisions of the Revised and Restated Stipulation and Settlement Agreement (RRSSA) approved in Order No. PSC-13-0598-FOF-EI. For the Levy Nuclear Project (LNP), there are no costs being recovered from customers in this hearing cycle as all known costs have been recovered pursuant to the RRSSA.

**PCS**

**PHOSPHATE:** In Docket No. 150009 on November 3, 2015, the Commission issued Order No. PSC-15-0521-FOF-EI which approved a stipulation and settlement agreement among DEF, the Office of Public Counsel (“OPC”) and other consumer party intervenors, including PCS Phosphate. That stipulation provided, among other issues, that costs and credits associated with the Levy Nuclear Project would be addressed in the 2017 NCRC proceeding. Consequently, the testimony and dollar amounts provided by DEF in the instant filing are for information only and should not be applied to the factors to be recovered from DEF ratepayers in 2017. DEF has not proposed to recover any of those costs in this docket.

Also, PCS takes no position regarding the costs related to the CR3 EPU project that were addressed by the Commission in the Revised and Restated Stipulation and Settlement Agreement (RRSSA) approved in Order No. PSC-13-0598-FOF-EI. In accordance with the prior stipulations, PCS expressly preserves its rights to make any assertions and claims in the 2017 hearing cycle that have not been finally decided by prior Commission orders.

**SACE:** SACE supported the cancellation of the Duke Energy Florida (“DEF”) Levy Nuclear Project (“LNP”) in the 130009 docket. SACE’s position continues to be that costs related to the wind down of both the LNP cancellation and the Crystal River Unit 3 (“CR3”) retirement be closely scrutinized to ensure that the recovery of costs protects the interests of DEF customers.

**FRF: Duke Energy Florida**

 The FRF takes no position and does not object to Duke Energy Florida’s (“DEF”) positions on the issues related to the recovery of the CR3 EPU project which costs are being recovered pursuant to the provisions of the Revised and Restated Stipulation and Settlement Agreement (“RRSSA”) approved in Order No. PSC-13-0598-FOF-EI. For the Levy Nuclear Project (“LNP”) there are no costs being recovered from customers in this hearing cycle as all known costs have been recovered pursuant to the RRSSA. Pursuant to an agreement between the Office of Public Counsel and DEF, the dollar values presented in testimony are for information only and the Commission will not be taking any action on such costs. The FRF further understands that pursuant to the Stipulation entered into among the parties in 2015 and approved in Order No. PSC-15-0521-FOF-EI (“2015 Stipulation”) any net costs, that DEF seeks to recover related to LNP will be addressed in the 2017 NCRC hearing process pursuant to law, including the RRSSA and the 2015 Stipulation.

**STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

**VIII. ISSUES AND POSITIONS**

**Duke Energy Florida, LLC**

**ISSUE 1:** **Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?**

**POSITIONS**

**DEF:** Yes, for the year 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project (LNP) as discussed in Mr. Fallon’s March 1, 2016 direct testimony and in Mr. Foster’s March 1, 2016 direct testimony. (Fallon, Foster)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**ISSUE 2:** **Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?**

**POSITIONS**

**DEF:** Yes, for 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project (EPU) and close out of the EPU project as discussed in Mr. Teague’s March 1, 2016 direct testimony and in Mr. Foster’s March 1, 2016 direct testimony. (Teague, Foster)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**ISSUE 3:** **What jurisdictional amounts should the Commission approve as DEF’s actual 2015 prudently incurred costs for the Crystal River Unit 3 Uprate project?**

**POSITIONS**

**DEF:** Wind-Down & Exit Costs (Jurisdictional, net of joint owners)·· ($1,402,248)

Carrying Costs-- $18,759,015

The over-recovery of $2,535,876 should be included in setting the allowed 2017 NCRC recovery.

The 2015 variance is the sum of over-projection of period-recoverable exit/wind-down costs of $1,745,699 plus an over-projection of carrying costs of $790,177.

(Foster, Teague)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**ISSUE 4:** **What jurisdictional amounts should the Commission approve as reasonably estimated 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?**

**POSITIONS**

**DEF:** Wind-Down & Exit Costs (Jurisdictional, net of joint owners) -- $52,808

Carrying Costs -- $14,219,463

The over-recovery of $592,043 should be included in setting the allowed 2017 NCRC recovery.

The 2016 variance is the sum of over-projection exit/wind-down costs of $20,955 plus an over-projection of carrying costs of $571,088.

(Foster, Teague)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**ISSUE 5:** **What jurisdictional amounts should the Commission approve as reasonably projected 2017 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?**

**POSITIONS**

**DEF:** Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- $54,708

Carrying Costs-- $10,234,917

Amortization of 2013 Regulatory Asset -- $43,681,007

(Foster, Teague)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**ISSUE 6:** **What is the total jurisdictional amount to be included in establishing DEF’s 2017 Capacity Cost Recovery Clause Factor?**

**POSITIONS**

**DEF:** Per the 2015 Stipulation for Levy Issues, the total jurisdictional amount to be included in establishing DEF's 2017 Capacity Cost Recovery Clause factor should be $51,737,557, relating only to the CR3 EPU project.

 (Foster, Teague, Fallon)

**OPC:** No position.

**FIPUG:** No position.

**PCS**

**PHOSPHATE:** No position.

**SACE:** No position.

**FRF:** No position.

**STAFF:** Staff has no position pending evidence adduced at the hearing.

**IX. EXHIBIT LIST**

| Witness | Proffered By | ID | Description |
| --- | --- | --- | --- |
|  Direct |  |  |  |
| Thomas G. Foster | DEF | TGF-1 | CONFIDENTIAL – reflects the actual costs associated with the LNP and consists of: 2015 True- Up Summary, 2015 Detail Schedule and Appendices A through E, which show DEF’s retail revenue requirements for the LNP from January 2015 through December 2015. Mr. Fallon will be co-sponsoring portions of the 2015 Detail Schedule and sponsoring Appendices D and E. |
| Thomas G. Foster | DEF | TGF-2 | Reflects the actual costs associated with the EPU project and consists of: 2015 True-Up Summary, 2015 Detail Schedule and Appendices A through E, which show DEF’s retail revenue requirements for the EPU project from January 2015 through December 2015. Mr. Teague will be co-sponsoring portions of the 2015 Detail Schedule and sponsoring Appendices D and E. |
| Thomas G. Foster | DEF | TGF-3 | CONFIDENTIAL – reflects the actual and estimated costs associated with the LNP and consists of: 2017 Revenue Requirement Summary, 2016 Revenue Requirement Detail Schedule, 2017 Revenue Requirement Detail Schedule, 2016 LLE Deferred Balance Detail Schedule, 2017 LLE Deferred Balance Detail Schedule, and Appendices A through E. Mr. Fallon will be co-sponsoring portions of the 2016 Actual/Estimated Revenue Requirement Detail Schedule, 2017 Projection Revenue Requirement Detail Schedule, the 2016 and 2017 LLE Deferred Balance Detail Schedules and sponsoring Appendices D and E. |
| Thomas G. Foster | DEF | TGF-4 | Reflects the actual costs associated with the EPU project and consists of: 2017 Revenue Requirement Summary, 2016 Revenue Requirement Detail Schedule, 2017 Revenue Requirement Detail Schedule, 2017 Estimated Rate Impact Schedule, and Appendixes A through F. Mr. Teague will be co-sponsoring portions of 2016 and 2017 Actual/Estimated Revenue Requirement Detail Schedule, and sponsoring Appendices D and E. |
| Mark R. Teague | DEF | MT-1 | The CR3 Administrative Procedure, AI-9010, Conduct of CR3 Investment Recovery, Revision 1 |
| Mark R. Teague | DEF | MT-2 | The CR3 Investment Recovery Project, Project Execution Plan, Revision 0 |
| Mark R. Teague | DEF | MT-3 | The Investment Recovery Guidance Document IRGD-001, Sales Track Guidance and Documentation Package Development |
| Mark R. Teague | DEF | MT-4 | CONFIDENTIAL – reflects EPU-related assets disposed of through sales to third parties or affiliate transfers/sales in 2015. |
| Christopher M. Fallon | DEF | CMF-1 | CONFIDENTIAL – August 4, 2015 Recommendation for disposition of the Levy Nuclear Plant Variable Frequency Drives. |
| Ronald A. Mavrides | Staff | RAM-1 | Auditor's Report - Crystal River Unit 3 Uprate |
| Ronald A. Mavrides | Staff | RAM-2 | Auditor's Report - Levy Nuclear Plant Units 1 & 2 |
| Jerry Hallenstein and Lynn Fisher | Staff | HF-1 | Review of Project Management Internal Controls |

 Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

**X. PROPOSED STIPULATIONS**

 There are proposed category 2 stipulations on all issues as shown below.

**ISSUE 1:** **Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?**

**PROPOSED STIPULATION**

Yes, for the year 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project (LNP) as discussed in Mr. Fallon’s March 1, 2016 direct testimony and in Mr. Foster’s March 1, 2016 direct testimony.

**ISSUE 2:** **Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?**

**PROPOSED STIPULATION**

Yes, for 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project (EPU) and close out of the EPU project as discussed in Mr. Teague’s March 1, 2016 direct testimony and in Mr. Foster’s March 1, 2016 direct testimony.

**ISSUE 3:** **What jurisdictional amounts should the Commission approve as DEF’s actual 2015 prudently incurred costs for the Crystal River Unit 3 Uprate project?**

**PROPOSED STIPULATION**

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)·· ($1,402,248)

Carrying Costs-- $18,759,015

The over-recovery of $2,535,876 should be included in setting the allowed 2017 NCRC recovery. The 2015 variance is the sum of over-projection of period-recoverable exit/wind-down costs of $1,745,699 plus an over-projection of carrying costs of $790,177.

**ISSUE 4:** **What jurisdictional amounts should the Commission approve as reasonably estimated 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?**

**PROPOSED STIPULATION**

Wind-Down & Exit Costs (Jurisdictional, net of joint owners) -- $52,808

Carrying Costs -- $14,219,463

The over-recovery of $592,043 should be included in setting the allowed 2017 NCRC recovery. The 2016 variance is the sum of over-projection exit/wind-down costs of $20,955 plus an over-projection of carrying costs of $571,088.

**ISSUE 5:** **What jurisdictional amounts should the Commission approve as reasonably projected 2017 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?**

**PROPOSED STIPULATION**

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- $54,708

Carrying Costs-- $10,234,917

Amortization of 2013 Regulatory Asset -- $43,681,007

**ISSUE 6:** **What is the total jurisdictional amount to be included in establishing DEF’s 2017 Capacity Cost Recovery Clause Factor?**

**PROPOSED STIPULATION**

Per the 2015 Stipulation for Levy Issues, the total jurisdictional amount to be included in establishing DEF's 2017 Capacity Cost Recovery Clause factor should be $51,737,557, relating only to the CR3 EPU project.

**XI. PENDING MOTIONS**

 There are no pending motions at this time.

**XII. PENDING CONFIDENTIALITY MATTERS**

**DEF:**

| **Document****No.** | **Request** | **Date****Filed** |
| --- | --- | --- |
| 00120-16 | Request for extension of confidential classification [concerning portions of Exh CH-1 to staff's direct testimony of William Coston and Jerry Hallenstein (Audit Control No. PA-13-01-001) | 1/07/16 |
| 01112-16 | Duke Energy Florida’s First Request for Confidential Classification regarding portions of Direct Testimony and Exhibits of Thomas G. Foster, and Christopher M. Fallon and portions of Exhibit No. (MT-4) appended to the testimony of Mark R. Teague filed March 1, 2016 | 3/1/16 |
| 01221-16 | Duke Energy (Bernier) - Amendment to first request for confidential classification filed on 3/1/16, DN 01112-16, confidential portions of Exh MT-4 with attached Exhs B and C. | 3/8/16 |
| 02236-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 03660-14]. (Audit Control No. 12-010-2-2) | 4/18/16 |
| 02270-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 02280-16 Audit Control No. PA-11-01-001]. | 4/19/16 |
| 02301-16 | Duke Energy (Bernier) - First request for extension of confidential classification [DN 02311-16] (Audit Control No. 11-024-2-2) | 4/20/16 |
| 02355-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 02350-16]. [Audit Control No. 12-010-2-1] | 4/21/16 |
| 02358-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 04536-11, for certain information provided in response to staff's review of project management internal controls for nuclear plant uprate and construction projects]. (Audit Report No. PA-11-01-001). | 4/21/16 |
| 02474-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 03912-12]. (Audit Report No. PA-11-11-004) | 4/26/16 |
| 02511-16 | Duke Energy (Bernier) - First request for extension of confidential classification [concerning portions of hearing Exhs 98, 99, 101 entered into evidence at the final hearing in Docket 140009, (DNs 04203-14, 04204-14, and 04205-14)]. | 4/27/16 |
| 02547-16 | Duke Energy Florida’s Second Request for Confidential Classification regarding portions of Direct Testimony of Christopher M. Fallon, and portions of the testimony of Thomas G. Foster and Exhibit No. (TGF-3) filed April 27, 2016 | 4/27/16 |
| 02578-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of certain information contained in the revised exhibits of Thomas G. Foster, DN 06213-12]. | 4/28/16 |
| 02599-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 02697-13]. [Audit Control No. 13-010-2-2] | 4/29/16 |
| 02609-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 02614-16]; includes redacted version. | 4/29/16 |
| 02612-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 02611-16]; includes redacted version. | 4/29/16 |
| 02618-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of Audit Control No. PA-13-01-001, DN 03393-13]. | 4/29/16 |
| 03752-16 | Duke Energy Florida’s Third Request for Confidential Classification regarding portions of the Review of Duke Energy Florida, LLC’s Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects Audit Report No. PA-16-01-001 | 6/16/16 |
| 03819-16 | Duke Energy Florida’s Fourth Request for Confidential Classification regarding portions of the Staff Generated Financial Auditor’s workpapers, Audit Control Nos. 16-005-2-1 and 16-005-2-2. | 6/17/16 |
| 04474-16 | Duke Energy (Bernier) - First request for extension of confidential classification [of DN 05217-14]. | 07/12/16 |

**XIII. POST-HEARING PROCEDURES**

 Pursuant to Rule 28-106.215, F.A.C., all parties are permitted to file proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief. However, all parties have waived post-hearing filings.

**XIV. RULINGS**

Opening statements have been waived by all parties

FPL and the City of Miami’s requests to be excused from the Prehearing Conference and Hearing in this docket are hereby approved.

SACE and PCS Phosphate’s requests to be excused from the Prehearing Conference in this docket are hereby approved.

 It is therefore,

 ORDERED by Commissioner Art Graham, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

 By ORDER of Commissioner Art Graham, as Prehearing Officer, this 3rd day of August, 2016.

|  |  |
| --- | --- |
|  | /s/ Art Graham |
|  | ART GRAHAMCommissioner and Prehearing Officer |

Florida Public Service Commission

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

 The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

 Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

 Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.