

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 20180009-EI
ORDER NO. PSC-2018-0490-FOF-EI
ISSUED: October 2, 2018

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

APPEARANCES:

MATTHEW BERNIER, ESQUIRE, 106 East College Avenue, Suite 800, Tallahassee, Florida 32301, and DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg, Florida 33701
On behalf of Duke Energy Florida, LLC (DEF).

J.R. KELLY, CHARLES J. REHWINKEL, and PATRICIA A. CHRISTENSEN, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399
On behalf of the Citizens of the State of Florida (OPC).

JON C. MOYLE, JR., and KAREN PUTNAL, ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden Street, Tallahassee, Florida, 32301
On behalf of Florida Industrial Power Users Group (FIPUG).

JAMES W. BREW and LAURA A. WYNN, ESQUIRES, Stone Mattheis Xenopoulos & Brew, P.C., 1025 Thomas Jefferson Street, Northwest, Eighth Floor, West Tower, Washington, District of Columbia 20007
On behalf of White Springs Agricultural Chemicals Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate) (Excused).

GEORGE CAVROS, ESQUIRE, 120 East Oakland Park Boulevard, Ste. 105, Fort Lauderdale, Florida 33334
On behalf of Southern Alliance for Clean Energy (SACE) (Excused).

KYESHA R. MAPP and MARGO A. DUVAL, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 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.

KEITH HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Florida Public Service Commission General Counsel.

FINAL ORDER APPROVING NUCLEAR COST RECOVERY AMOUNTS
FOR DUKE ENERGY FLORIDA, LLC

BY THE COMMISSION:

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, which provides for an annual proceeding to consider investor-owned utilities' requests for cost recovery.

DEF petitioned the Commission for recovery of costs through the Nuclear Cost Recovery Clause (NCRC) on March 1, 2018, and May 1, 2018.

We have jurisdiction over these matters pursuant to Section 366.93, F.S., as well as Sections 366.04, 366.041, 366.05, 366.06, and 366.07, F.S.

DECISION

As part of our annual NCRC docket, an administrative hearing was held on August 7, 2018. DEF submitted testimony and exhibits in support of its petitions. Prior to the hearing, the parties reached an agreement concerning all five issues identified for resolution at hearing. These five issues were presented to this Commission as proposed stipulations. At the hearing, we accepted and approved the stipulations on four issues and addressed the fifth issue separately.

I. 2017 Jurisdictional Amounts

We accept and approve the parties' stipulation as provided below and hereby find that the appropriate jurisdictional amounts for DEF's actual 2017 prudently incurred costs for the Crystal River Unit 3 Uprate Project are as follows:

The Wind-Down & Exit Costs (Jurisdictional, net of joint owners) are \$24,137.

The Carrying Costs are \$10,077,482.

The over-recovery of \$188,006 shall be included in setting the allowed 2019 NCRC recovery.

II. 2018 Jurisdictional Amounts

We accept and approve the parties' stipulation as provided below and hereby find that the appropriate jurisdictional amounts as reasonably estimated 2018 exit and wind-down costs and carrying costs for the Crystal River Unit 3 Uprate Project are as follows:

The Wind-Down & Exit Costs (Jurisdictional, net of joint owners) are \$26,432.

The Carrying Costs are \$5,163,349.

The over-recovery of \$933,647 shall be included in setting the allowed 2019 NCRC recovery.

III. 2019 Jurisdictional Amounts

We accept and approve the parties' stipulation as provided below and hereby find that the appropriate jurisdictional amounts as reasonably projected 2019 exit and wind-down costs and carrying costs for the Crystal River Unit 3 Uprate Project are as follows:

The Wind-Down & Exit Costs (Jurisdictional, net of joint owners) are \$0.

The Carrying Costs are \$1,614,769.

The amortization of the 2013 Regulatory Asset is \$43,159,168.

IV. 2019 Capacity Cost Recovery Clause Factor

We accept and approve the parties' stipulation that the total jurisdictional amount for the Crystal River Unit 3 Uprate Project to be included in establishing DEF's 2019 Capacity Cost Recovery Clause Factor shall be \$43,858,854.

V. Need for DEF's Participation in 2019 NCRC Docket

We find that there is not a need, pursuant to Paragraph 9 of the 2017 Second Revised and Restated Stipulation and Settlement Agreement, approved in Order No. PSC-2017-0451-AS-EU, for DEF to participate in the 2019 NCRC Docket. At the request of the parties, we are attaching the "Stipulated Transition Statement regarding Crystal River 3 (CR3) – Docket Number 20180009" to this Order as Attachment A.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the stipulations, findings, and rulings set forth in the body of this Order are hereby approved. It is further

ORDERED that Duke Energy Florida, LLC, shall abide by the stipulations, findings, and rulings herein. It is further

ORDERED that Duke Energy Florida, LLC, is hereby authorized to include the estimated nuclear cost recovery amount of \$43,858,854 when requesting its 2019 Capacity Cost Recovery Clause Factor.

By ORDER of the Florida Public Service Commission this 2nd day of October, 2018.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

www.floridapsc.com

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

MAD

COMMISSIONER POLMANN DISSENTS WITH OPINION:

Commissioner Polmann dissents with opinion from the Commission's decision in Section V of the Decision.

I do not think that the question of DEF's participation in the 2019 NCRC Docket needed to be taken up. I disagree with the majority to attach the (4-party) Stipulated Transition Statement regarding Crystal River 3 to the Commission's Final Order.

Therefore, I respectfully dissent on Section V of the Decision.

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

FILED 7/30/2018
DOCUMENT NO. 04958-2018
FPSC - COMMISSION CLERK

Stipulated Transition Statement regarding Crystal River 3 (CR3) – Docket Number 20180009

WHEREAS, Duke Energy Florida, LLC (“DEF”), the Office of Public Counsel (“OPC”), White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate (“White Springs”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), and the Southern Alliance for Clean Energy (“SACE”) are parties to the 2017 Second Revised and Restated Stipulation and Settlement Agreement (“2017 Agreement”); and

WHEREAS, DEF, OPC, White Springs, and FIPUG (collectively referred to as the “NCRC Parties”) are parties to Docket 20180009, the Nuclear Cost Recovery Clause (“NCRC”); and

WHEREAS, pursuant to 2017 Second Revised and restated Stipulation and Settlement Agreement Order PSC-2017-0451-AS-EU, the 2018 NCRC proceeding will be DEF’s final such proceeding; and

WHEREAS, to accommodate the closing out of DEF’s participation in the NCRC, the NCRC Parties desire to summarize the status of the various categories of CR3-related dollars, as evidenced by this “Transition Statement”;

NOW THEREFORE, the undersigned NCRC Parties agree to the following:

CR3 NCRC Recovery Amounts

1. Since 2009 (and including 2019), DEF will have recovered \$424,776,856 through the NCRC for costs associated with the Extended Power Uprate (“EPU”).¹
2. For 2019, DEF has filed to recover \$43,858,854 (including the revenue tax multiplier) for EPU NCRC costs, of which \$43,159,168 is the final installment of the seven year amortization of the capital investment balance. Any final true-up of these costs after December 31, 2019 will be included in the 2019 Capacity Cost Recovery (“CCR”) Clause True-up filing (on or about March 1, 2020), and will be collected/refunded as appropriate through that clause. All parties will have an opportunity to review the true-up amount in that docket.

CR3 NCRC Dollars Recovered Through CCR

3. Consistent with Order No. PSC-2016-0138-FOF-EI, in which the Commission approved DEF’s Motion for Approval of Stipulation to Amend the RRSSA (Second RRSSA Amendment), DEF transferred the amount of the CR3 EPU assets that were placed in service, and part of the CR3 Regulatory Asset, to the CCR Clause. The amount transferred as of December 31, 2016 was \$38,048,242. DEF has fully recovered this amount through the CCR Clause over 2017 and 2018.

¹ Costs related to the Levy Nuclear Project (“LNP”) in the amount of \$870,141,043 were fully recovered in the NCRC as of April 30, 2015 as finally provided in Order No. PSC-2017-0451-AS-EU. There are no more costs related to or attributable to LNP that are being recovered or will be recovered in retail jurisdictional rates.

CR3 Securitization

4. Pursuant to Order No. PSC-2015-0537-FOF-EI, Duke Energy Florida Project Finance, LLC issued nuclear asset-recovery bonds in the amount of \$1,294,290,000 on June 22, 2016. The bonds included the CR3 Regulatory Asset, as determined in Docket No. PSC-2015-0148-EI, along with ongoing and upfront financing costs. Customers will continue to pay an Asset Securitization Charge until 2036.

Nuclear Decommissioning Trust ("NDT")

5. Consistent with Nuclear Regulatory Commission ("NRC") and FPSC rules and regulations, DEF maintains an NDT for the purpose of ensuring that sufficient funds are available to decommission CR3, as well as manage spent fuel (until the DOE takes possession of the spent fuel). DEF's last decommissioning cost study was approved by the Commission in Order No. PSC-2014-0702-PAA-EI, and showed that DEF should have sufficient funds in the NDT to decommission CR3. DEF's current plan is to keep CR3 in safe storage ("SAFSTOR") until 2067, when it will then decommission until 2074 to meet the sixty-year deadline required by NRC rules.
6. DEF recently filed an updated nuclear decommissioning cost estimate with the NRC. Although DEF is not obligated under the 2017 Settlement to file an updated nuclear decommissioning cost study with the FPSC until 2021 or 2022, DEF intends to file the updated nuclear decommissioning cost study with the FPSC for informational purposes. DEF does not expect to require additional funds from customers as a result of the updated cost estimate. If either DEF's funding assumptions or decommissioning plan changes, DEF shall make another filing with the FPSC for approval of the updated plan.

Independent Spent Fuel Storage Installation ("ISFSI") Costs

7. In July 2017, DEF completed the construction of an ISFSI, located near the CR3 building. DEF also completed the transfer of all spent nuclear fuel from the CR3 spent fuel pool to the ISFSI. The total retail cost to construct the ISFSI, including AFUDC, was approximately \$132,426,804. The costs to construct the ISFSI are subject to the amortization deferral approved in Order No. PSC-2015-0027-PA-EI, and, pursuant to Paragraph 5.a.(1) of the 2017 Settlement, DEF has included the retail jurisdictional value of the reasonable and prudent ISFSI carrying costs in the CCR.
8. DEF is pursuing litigation against the Department of Energy ("DOE") for breach of the DOE's obligation to pick up and store DEF's spent nuclear fuel. In the most recent round of litigation, based on 2011-2013 costs, DEF was awarded \$21,426,525 in damages related to CR3, of which DEF credited the retail portion of \$18,266,200 to the CCR Clause pursuant to Paragraph 5.a.(1) of the 2017 Settlement. DEF just filed another round of litigation against the DOE, in which it seeks damages associated with, among other things, the remaining ISFSI capital costs. Pursuant to Paragraph 5.a.(1) of the 2017 Settlement, DEF shall credit the CCR Clause with the retail portion of all applicable awards associated with the construction of the ISFSI. DEF shall also

amortize the adjusted final ISFSI capital cost balance, consistent with the 2017 Settlement. Pursuant to Paragraph 5.a.(1) of the 2017 Settlement, DEF is entitled to petition the Commission for approval and recovery of the remaining ISFSI capital balance through the CCR Clause and other signatory parties to the RSSA are not precluded from challenging any aspect of the reasonableness of those costs; this filing is currently contemplated to occur after the conclusion of all DOE litigation.

Other CR3 costs

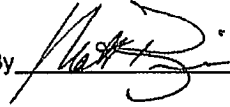
9. All other costs not specifically named above that have been traditionally recovered as a part of the CR3 facility are being recovered as a part of numbers 5 and 8, above.

This Transition Statement may be executed in counterpart originals, and a facsimile or PDF email of an original signature shall be deemed an original.

In Witness Whereof, the NCRC Parties evidence their acceptance and agreement with the provisions of this Transition Statement by their signatures below.

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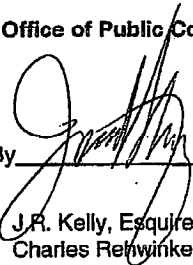
Duke Energy Florida, LLC

By  _____

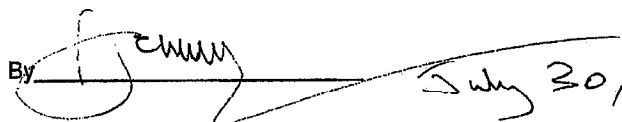
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Florida Industrial Power Users Group

By  July 30, 2018

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