

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause.

DOCKET NO. 130007-EI

FILED: SEPTEMBER 18, 2013

**DUKE ENERGY FLORIDA INC.'S
PRELIMINARY LIST OF ISSUES AND POSITIONS**

Duke Energy Florida, Inc. ("DEF"), by and through undersigned counsel, hereby submits its Preliminary List of Issues and Positions with respect to its Environmental Cost Recovery Clause ("ECRC") for the period of January 2014 through December 2014. DEF's positions on the issues identified in this proceeding are as follows:

Generic Environmental Cost Recovery Issues

Issue 1 **What are the final environmental cost recovery true-up amounts for the period January 2012 through December 31, 2012?**

DEF: \$2,001,164 under-recovery (Foster)

Issue 2 **What are the estimated/actual environmental cost recovery true-up amounts for the period January 2013 through December 2013?**

DEF: \$17,547,195 under-recovery (Foster, Zeigler, West, Swartz, Hellstern)

Issue 3 **What are the projected environmental cost recovery amounts for the period January 2014 through December 2014?**

DEF: \$67,511,621 (Foster, Zeigler, West, Swartz, Hellstern)

Issue 4 **What are the environmental cost recovery amounts, including true-up amounts, for the period January 2014 through December 2014?**

DEF: \$87,122,663 (Foster)

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 2014 through December 2014?**

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

Issue 6 **What are the appropriate jurisdictional separation factors for the projected period January 2014 through December 2014?**

DEF: The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Transmission Average 12 CP demand jurisdictional factor –70.203%
 Distribution Primary demand jurisdictional factor – 99.561%
 Production Demand jurisdictional factors:
 Production Base – 92.885%
 Production Intermediate – 72.703%
 Production Peaking –95.924%
 Production A&G –93.221%
 (Foster)

Issue 7 **What are the appropriate environmental cost recovery factors for the period January 2014 through December 2014 for each rate group?**

DEF: The appropriate factors are as follows (Foster):

| RATE CLASS | ECRC FACTORS 12CP & 1/13AD |
|----------------------------------|-------------------------------|
| Residential | 0.243 cents/kWh |
| General Service Non-Demand | |
| @ Secondary Voltage | 0.236 cents/kWh |
| @ Primary Voltage | 0.234 cents/kWh |
| @ Transmission Voltage | 0.231 cents/kWh |
| General Service 100% Load Factor | 0.206 cents/kWh |
| General Service Demand | |
| @ Secondary Voltage | 0.221 cents/kWh |
| @ Primary Voltage | 0.219 cents/kWh |
| @ Transmission Voltage | 0.217 cents/kWh |

| | |
|------------------------|-----------------|
| Curtaillable | |
| @ Secondary Voltage | 0.294 cents/kWh |
| @ Primary Voltage | 0.291 cents/kWh |
| @ Transmission Voltage | 0.288 cents/kWh |
| Interruptible | |
| @ Secondary Voltage | 0.201 cents/kWh |
| @ Primary Voltage | 0.199 cents/kWh |
| @ Transmission Voltage | 0.197 cents/kWh |
| Lighting | 0.183 cents/kWh |

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

DEF: The new factors should be effective beginning with the first billing cycle for January 2014, and thereafter through the last billing cycle for December 2014. The first billing cycle may start before January 1, 2014, and the last billing cycle may end after December 31, 2014, so long as each customer is billed for twelve months regardless of when the factors became effective. (Foster)

DEF Specific Issues

Issue 12 **Should the Commission approve DEF's Review of Integrated Clean Air Compliance Plan as reasonable?**

DEF: Yes. PEF's Plan is reasonable and prudent and provides for timely compliance with applicable regulations in a cost-effective manner. PEF continues to evaluate compliance options in light of the remand of EPA's Cross-State Air Pollution Rule, EPA's adoption of Mercury & Air Toxics Standards (MATS), and other regulatory developments. (West, Swartz)

Issue 13 **Should the Commission approve modification of DEF's previously approved Integrated Clean Air Compliance Program to encompass alternative coal trials associated with the Crystal River Units 1 and 2 MATS compliance project, such that the costs associated with such activities may be recovered through the ECRC?**

DEF: Yes. The alternative coal trials are necessary to assess whether firing alternative coals in Crystal River Units 1 and 2 would be a cost-effective means of complying with MATS. The Commission has consistently approved ECRC recovery of costs prudently incurred to develop environmental compliance strategies. (West)

Issue 14 **Should the Commission approve DEF's petition for approval of the Revised Effluent Limitations Guidelines and Standards Project and recovery of the associated cost through the ECRC?**

DEF: Yes. The Project qualifies for ECRC recovery because: costs will be incurred after April 13, 1993; the activities are required to comply with an environmental law created after MFRs were submitted in DEF's last rate case; and none of the costs are being recovered through base rates or any other mechanism. (West)

Issue 15 **How should the costs associated with DEF's proposed Revised Effluent Limitations Guidelines and Standards Project be allocated to the rate classes?**

DEF: Capital costs for the ELG Project should be allocated to rate classes on a demand basis. O&M costs for the project should be allocated to the rate classes on an energy basis. (Foster)

RESPECTFULLY SUBMITTED this 18th day of September, 2013.

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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 this 18th day of September, 2013 to all parties of record as indicated below.

/s Gary V. Perko

GARY V. PERKO

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