

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

DOCKET NO. 160009-EI
Submitted for filing: April 27, 2016

**DIRECT TESTIMONY
OF MARK R. TEAGUE IN SUPPORT OF
ACTUAL/ESTIMATED AND PROJECTED COSTS**

**ON BEHALF OF
DUKE ENERGY FLORIDA, LLC**

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC

FPSC DOCKET NO. 160009-EI

DIRECT TESTIMONY OF MARK R. TEAGUE

1 **Q. Please state your name and business address.**

2 A. My name is Marcus (“Mark”) R. Teague. My current business address is 400
3 South Tryon Street, Charlotte, North Carolina.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Duke Energy Business Services, LLC as Managing Director of
7 Major Projects Sourcing (“MPS”) in the Supply Chain department.

8
9 **Q. Have you previously filed testimony in this docket?**

10 A. Yes. I filed direct testimony in support of Duke Energy Florida’s (“DEF”) 2015
11 actual costs incurred for the Crystal River Unit 3 (“CR3”) Extended Power Uprate
12 (“EPU”) project on March 1, 2016.

13
14 **Q. What is the purpose of your direct testimony?**

15 A. My testimony describes the status of the CR3 EPU project wind-down and
16 investment recovery efforts in 2016 to date, projected for the remainder of 2016,
17 and projected for 2017. As discussed in my March 1, 2016 testimony, the
18 disposition of EPU-related assets was completed in 2015; all that remains are the

1 EPU assets that DEF has determined should be abandoned in place. As such,
2 there are no EPU-related costs to-date in 2016, nor are any expected for the
3 remainder of 2016. As of the date of my testimony, DEF does not anticipate
4 incurring any 2017 EPU project related costs.

5
6 **Q. Do you have any exhibits to your testimony?**

7 A. Yes, I am co-sponsoring portions of the Schedules 2016 and 2017 Detail, and
8 sponsoring Appendices D and E, which are included as part of Exhibit No. ____
9 (TGF-4), to Mr. Foster's April 27, 2016 testimony. These Schedules reflect the
10 revenue requirement calculations, the major task categories and expense
11 variances, and a summary of contracts and details over \$1 million.

12 All of these exhibits are true and correct.

13
14 **Q. Please explain the current state of the EPU project and asset disposition**
15 **efforts.**

16 A. As discussed in my March 1, 2016 testimony, DEF dispositioned the remainder of
17 the EPU-related assets for which DEF was able to find a purchaser in 2015. DEF
18 has determined the most cost-effective option for the remaining EPU assets is
19 abandonment in place. As such, DEF has incurred no EPU-related costs in 2016,
20 and does not project any EPU-related costs going forward. For that reason, DEF
21 anticipates that this will be the last update that will be provided on the project.
22 However, as noted above, there remain EPU-related assets that have been
23 abandoned in place; should DEF encounter an opportunity to disposition those

1 assets for value, we will file testimony at the appropriate time and customers
2 would receive a credit for the value received through the capacity clause as
3 before.

4

5 **Q. Is there any variance between the 2016 actual costs to date and the amount**
6 **projected to be spent in 2016 from DEF's May 1, 2105 filing?**

7 A. No, DEF projected to spend \$0 in 2016, and that projection was accurate.

8

9 **Q. What costs are projected to be incurred for EPU project Wind-Down**
10 **activities in 2017?**

11 A. As shown on lines 1a -- c of Schedule 2017 Detail of Mr. Foster's Exhibit No. __
12 (TGF-4), there are no 2017 EPU closeout costs projected for 2017.

13

14 **Q. Has the Company implemented any additional project management and cost**
15 **control oversight mechanisms for the EPU since your testimony was filed on**
16 **March 1, 2016?**

17 A. No, the Company continues to utilize Company policies and procedures and
18 specific IRP processes and procedures that I described in my March, 2016
19 testimony to ensure that wind-down and exit costs for the EPU are reasonably and
20 prudently incurred.

21

22 **Q. Does this conclude your testimony?**

23 A. Yes, it does.