

DUKE ENERGY FLORIDA'S PREHEARING STATEMENT

DOCKET NO. 130007-EI

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<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
		<u>(TGF-2)</u>	Capital Program Detail January 2012 – December 2012
		<u>(TGF-3R)</u>	PSC Forms 42-1E through 42-9E January 2013 – December 2013
		<u>(TGF-4R)</u>	Capital Program Detail January 2013 – December 2013
		<u>(TGF-5R)</u>	PSC Forms 42-1P through 42-8P January 2014– December 2014
		<u>(TGF-6R)</u>	Capital Program Detail January 2014 – December 2014
Corey Zeigler	DEF	<u>(TGF-5R)</u>	Form 42-5P, pages 1, 2, and 10 of 21
Mark Hellstern	DEF	<u>(TGF-5R)</u>	Form 42-5P, page 20 of 21
Patricia Q. West	DEF	<u>(PQW-1)</u>	Review of Integrated Clean Air Compliance Plan
		<u>(PQW-2)</u>	USEPA's Proposed Effluent Limitation Guidelines & Standards
		<u>(TGF-5R)</u>	Form 42-5P, pages 3,4, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, and 19 of 21
Benjamin Borsch	DEF	<u>(PQW-1)</u>	Review of Integrated Clean Air Compliance Plan (parts B, 1 and 2, C, and D)
Jeffrey Swartz	DEF	<u>(JS-1R)</u>	Organization chart for DEF's Crystal River Clean Air Projects
	DEF	<u>(TGF-5R)</u>	Form 42-5P, pages 7 and 21 of 21

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

C. **Statement of Basic Position** – none necessary.

D.-F. Issues and Positions

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 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: \$17,567,172 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: \$67,232,968 (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: \$86,863,801 (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%

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(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 @ Primary Voltage @ Transmission Voltage	0.235 cents/kWh 0.235 cents/kWh 0.230 cents/kWh
General Service 100% Load Factor	0.205 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.220 cents/kWh 0.218 cents/kWh 0.216 cents/kWh
Curtaillable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.293 cents/kWh 0.290 cents/kWh 0.287 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.201 cents/kWh 0.199 cents/kWh 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)

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

DEF: Yes. DEF's Plan is reasonable and prudent and provides for timely compliance with applicable regulations in a cost-effective manner. DEF 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, Borsch, 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. (Swartz, 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)

G. Stipulated Issues

DEF is not a party to any stipulations at this time.

H. Pending Motions

DEF's Motion to File Revised Testimony & Exhibits filed on October 7, 2013, is pending at this time.

I. Requests for Confidentiality

DEF has no pending requests for confidentiality at this time.

J. Requirements of Order

DEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

K. Objections to Qualifications

DEF has no objection to the qualifications of any expert witnesses in this proceeding.

RESPECTFULLY SUBMITTED this 7th day of October, 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 7th day of October, 2013 to all parties of record as indicated below.

/s Gary V. Perko

GARY V. PERKO

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