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July 14, 2014

By Hand Delivery

Ms. Carlotta Stauffer, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 323399-0850

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14 JUL 14 PM 4:17
COMMISSION
CLERK

Re: Docket No. 140110-EI, Petition for Determination of Need for Citrus County Combined Cycle Plant; and
Docket No. 140111-EI, Petition for Determination of Cost Effective Generation Alternative to Meet Need Prior to 2018 for Duke Energy Florida, Inc.

Dear Ms. Stauffer:

Attached for filing is CONFIDENTIAL page 9 of the Direct Testimony of Jeffry Pollock, a redacted version of which is being filed today in the above-referenced dockets. Mr. Pollock's testimony references confidential information subject to Duke Energy Florida's claims of confidential classification. See Duke's Second Request for Confidential Classification filed on July 11, 2014 (regarding Duke's response to Calpine Document Request No. 6) and Duke's Ninth Notice of Intent to Claim Confidential Classification, filed on July 11, 2014 (regarding Duke's response to NRG's Document Request No. 6).

Pursuant to Rule 25-22.006(5), F.A.C., the confidential information is enclosed in a sealed envelope marked "CONFIDENTIAL." Confidential information has been highlighted in the document, attached hereto as Exhibit A. The redacted information is attached as Exhibit B to this filing.

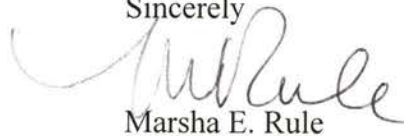
RUTLEDGE ECENIA

July 14, 2014
Page 2 of 2

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.


Thank you for your assistance with this filing and please do not hesitate to contact me if you have any questions.

Sincerely

A handwritten signature in cursive script, appearing to read "M. Rule", written in black ink.

Marsha E. Rule

Enclosures
Cc: All Parties of Record

1 transportation capacity would be needed.³
2 • It misapplied FERC's Competitive Analysis (market power)
3 Screen in eliminating Acquisition 1 as a viable alternative.
4 • It included equity costs by imputing additional debt to the
5 projected cost of purchased power agreements (PPAs).
6 Further, DEF erred because ***COMPETITIVELY SENSITIVE CONFIDENTIAL
7 INFORMATION REDACTED***. . ⁴ Collectively, these errors
8 bias the evaluation in favor of DEF's self-build projects. However, when the
9 correct assumptions are used, Acquisition 1 is not only more cost effective, it is a
10 lower cost, low risk, viable alternative to DEF's self-build projects.

11 **Q DID DEF CONSIDER ANY OF THE ADVANTAGES OF ACQUISITION 1**
12 **RELATIVE TO NEW SELF-BUILD CAPACITY IN ITS EVALUATION?**

13 A DEF apparently overlooked some of the advantages of Acquisition 1. As
14 previously stated, Acquisition 1 is an existing facility. It has been operational
15 since 2001. Further, it is a more modern facility than the 261 MW of capacity that
16 DEF is planning to retire over the next three years, including the three existing
17 steam units at the Suwannee site. Thus, Acquisition 1 can provide the peaking
18 capacity that DEF alleges it needs more efficiently than DEF's existing CTs and
19 would avoid the significant additional capital costs associated with DEF's
20 proposed new self-build generation capacity.

21 **Q IS THERE ANY OTHER ADVANTAGE OF ACQUISITION 1?**

22 A Yes. The purchase price of Acquisition 1 would be fixed; that is, the amount paid

³ DEF's Response to NRG Interrogatory No. 76.

⁴ DEF's Response to Calpine's Production of Documents Request No. 6 and DEF's Response to NRG's Production of Documents Request No. 7, which contain competitively sensitive confidential information.