



Matthew R. Bernier
Senior Counsel

April 1, 2015

VIA HAND DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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COMMISSION
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Re: *Environmental Cost Recovery Clause; Docket No. 150007-EI*

Dear Ms. Stauffer:

On April 1, 2015, Duke Energy Florida, Inc. ("DEF") filed an original and (7) copies of DEF's Request for Confidential Classification filed in connection with direct testimony of Thomas G. Foster for the Environmental Cost Recovery Final True-Up for the Period January through December 2014. Enclosed with this cover letter is DEF's confidential Exhibit A (in a separate sealed envelope) and two copies of redacted Exhibit B that accompany the above-referenced filing.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,


Matthew R. Bernier
Senior Counsel

MRB/db
Enclosures

cc: Certificate of Service

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Duke Energy Florida, Inc.
Docket No.: 150007
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via email this 1st day of April 2015 to all parties of record as indicated below.


Attorney

<p>Charles Murphy, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 cmurphy@psc.state.fl.us</p> <p>James D. Beasley/J. Jeffrey Wahlen/Ashley M. Daniels Ausley Law Firm P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com adaniels@ausley.com</p> <p>Jeffrey A. Stone/Russell A. Badders/Steven R. Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591 jas@beggslane.com rab@beggslane.com srg@beggslane.com</p> <p>Jon C. Moyle, Jr., Esq. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>Kenneth Hoffman Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 Ken.Hoffman@fpl.com</p> <p>Gary V. Perko, Esq. Hopping Green & Sams P.O. Box 6526 Tallahassee, FL 32314 gperko@hgslaw.com</p>	<p>John T. Butler, Esq. Florida Power & Light Company 700 Universe Blvd. (LAW/JB) Juno Beach, FL 33408-0420 john.butler@fpl.com</p> <p>Robert L. McGee, Jr. Gulf Power Company One Energy Place Pensacola, FL 32520-0780 rlmcgee@southernco.com</p> <p>Charles J. Rehwinkel J.R. Kelly Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 rehwinkel.charles@leg.state.fl.us kelly.jr@leg.state.fl.us</p> <p>James W. Brew/Owen J. Kopon/Laura A. Wynn Brickfield, Burchette, Ritts & Stone, P.C. 1025 Thomas Jefferson St., NW Eighth Floor, West Tower Washington, D.C. 20007 jbrew@bbrslaw.com owen.kopon@bbrslaw.com laura.wynn@bbrslaw.com</p> <p>Ms. Paula K. Brown Tampa Electric Company P.O. Box 111 Tampa, FL 33601 regdept@tecoenergy.com</p>
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DUKE ENERGY FLORIDA
Environmental Cost Recovery Clause
Final True-Up
January 2014 - December 2014

Return on Capital Investments, Depreciation and Taxes
For Project: CRYSTAL RIVER THERMAL DISCHARGE COMPLIANCE PROJECT - AFUDC - Base (Project 11.1) - 2012 and Prior Year Spend
(in Dollars)

Line	Description	Beginning of Period Amount	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Actual Oct-14	Actual Nov-14	Actual Dec-14	End of Period Total
1	Investments														
	a. Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Other (A)		0	0	0	0	(512,000)	0	0	0	0	0	0	0	0
2	Regulatory Asset Balance	\$12,063,056	12,063,056	11,560,429	11,057,801	10,555,174	9,540,547	9,063,519	8,586,492	8,109,465	7,632,437	7,155,410	6,678,383	6,201,355	
3	Less: Amortization (B)	0	(502,627)	(502,627)	(502,627)	(502,627)	(477,027)	(477,027)	(477,027)	(477,027)	(477,027)	(477,027)	(477,027)	(477,027)	
4	CWIP - AFUDC Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	\$12,063,056	\$11,560,429	\$11,057,801	\$10,555,174	\$10,052,547	\$9,063,519	\$8,586,492	\$8,109,465	\$7,632,437	\$7,155,410	\$6,678,383	\$6,201,355	\$5,724,328	
6	Average Net Investment		\$11,811,742	\$11,309,115	\$10,806,488	\$10,303,860	\$9,558,033	\$8,825,006	\$8,347,978	\$7,870,951	\$7,393,924	\$6,916,896	\$6,439,869	\$5,962,842	
7	Return on Average Net Investment (C)														
	a. Debt Component		2.25%	2.00%											
	b. Equity Component Grossed Up For Taxes		8.14%	8.27%											
	c. Other (D)														
			22,147	21,205	20,262	19,320	17,921	16,547	13,913	13,118	12,323	11,528	10,733	9,938	188,955
			80,123	76,714	73,304	69,895	64,835	59,863	57,533	54,246	50,958	47,670	44,383	41,095	720,619
			(20,443)	0	0	0	0	0	0	0	0	0	0	0	(20,443)
8	Investment Expenses														
	a. Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Amortization (B)		502,627	502,627	502,627	502,627	477,027	477,027	477,027	477,027	477,027	477,027	477,027	477,027	5,826,728
	c. Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Property Taxes (E)		52	52	52	52	52	52	52	52	52	52	52	52	625
	e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		\$584,507	\$600,598	\$596,245	\$591,894	\$559,835	\$553,489	\$548,525	\$544,443	\$540,360	\$536,277	\$532,195	\$528,112	6,716,485
	a. Recoverable Costs Allocated to Demand (2012)		584,507	600,598	596,245	591,894	559,835	553,489	548,525	544,443	540,360	536,277	532,195	528,112	6,716,485
	b. Recoverable Costs Allocated to Demand (2013)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
10	Demand Jurisdictional Factor - Production (Base) (2012) (F)		0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	0.91683	
11	Demand Jurisdictional Factor - Production (Base) (2013) (F)		0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	
12	Retail Demand-Related Recoverable Costs (2012) (G)		\$535,893	\$550,647	\$546,656	\$542,667	\$513,274	\$507,456	\$502,905	\$499,162	\$495,419	\$491,675	\$487,933	\$484,189	6,157,875
13	Retail Demand-Related Recoverable Costs (2013) (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$535,893	\$550,647	\$546,656	\$542,667	\$513,274	\$507,456	\$502,905	\$499,162	\$495,419	\$491,675	\$487,933	\$484,189	\$6,157,875

- Notes:**
- (A) [REDACTED]
- (B) Investment amortized over three years in accordance with Order No. PSC-13-0381-PAA-EI.
- (C) Jan - Jun 2014 Line 6 x 10.39% x 1/12. Jul - Dec 2014 Line 6 x 10.27% x 1/12. Based on ROE of 10.5%, weighted cost of equity component of capital structure of 5.00% (Jan-Jun) or 5.08% (Jul-Dec), and statutory income tax rate of 38.575% (inc tax multiplier = 1.628002). See Stipulation & Settlement Agreement in Order No. PSC-12-0425-PAA-EU Docket No. 120007-EI.
- (D) Credit to adjust POD return and property taxes to reflect 2012 separation factor. See (F) below.
- (E) Property taxes calculated in CR Thermal Discharge Project section of Capital Program Detail file only on assets in-service. Calculated on that schedule as Line 2 x rate x 1/12. Based on 2013 Effective Tax Rate on original cost.
- (F) The POD project spend and revenue requirements associated with 2012 and prior activities are jurisdictionalized using the 2012 Production Base Demand separation factor. The revenue requirements associated with the 2013 period and after are jurisdictionalized using the 2013 Production Base Demand separation factor.
- (G) Line 9a x Line 10
- (H) Line 9b x Line 11

For Project: Crystal River Thermal Discharge Compliance Project AFUDC - Point of Discharge (POD) Cooling Tower (Project 11.1a)
 (in Dollars)
 (Activity Prior to 1/1/13)

Line	Description	Beginning of Period Amount	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Actual Oct-14	Actual Nov-14	Actual Dec-14	End of Period Total
1	Investments														
	a. Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Other (A)		0	0	0	0	(512,000)	0	0	0	0	0	0	0	0
2	Regulatory Asset Balance	\$11,835,738	11,835,738	11,342,582	10,849,426	10,356,271	9,351,115	8,883,559	8,416,003	7,948,448	7,480,892	7,013,336	6,545,780	6,078,225	
3	Less: Amortization (C)	0	(493,156)	(493,156)	(493,156)	(493,156)	(467,556)	(467,556)	(467,556)	(467,556)	(467,556)	(467,556)	(467,556)	(467,556)	
4	CWIP - AFUDC Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3)	\$11,835,738	\$11,342,582	\$10,849,426	\$10,356,271	\$9,863,115	\$8,883,559	\$8,416,003	\$7,948,448	\$7,480,892	\$7,013,336	\$6,545,780	\$6,078,225	\$5,610,669	
6	Average Net Investment		11,589,160	11,096,004	10,602,848	10,109,693	9,373,337	8,649,781	8,182,225	7,714,670	7,247,114	6,779,558	6,312,002	5,844,447	
7	Return on Average Net Investment (B)														
	a. Debt Component		2.25%	2.00%											
	b. Equity Component Grossed Up For Taxes		8.14%	8.27%											
	c. Other														
			21,730	20,805	19,880	18,956	17,575	16,218	13,637	12,858	12,079	11,299	10,520	9,741	185,298
			78,613	75,268	71,923	68,577	63,583	58,674	56,391	53,169	49,946	46,724	43,502	40,279	706,649
			(20,443)	0	0	0	0	0	0	0	0	0	0	0	(20,443)
8	Investment Expenses														
	a. Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Amortization (C)	33.3333%	493,156	493,156	493,156	493,156	467,556	467,556	467,556	467,556	467,556	467,556	467,556	467,556	5,713,069
	c. Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Property Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
	e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		\$573,056	\$589,229	\$584,959	\$580,689	\$548,714	\$542,448	\$537,584	\$533,583	\$529,581	\$525,579	\$521,578	\$517,576	6,584,573
	a. Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Recoverable Costs Allocated to Demand		\$573,056	\$589,229	\$584,959	\$580,689	\$548,714	\$542,448	\$537,584	\$533,583	\$529,581	\$525,579	\$521,578	\$517,576	6,584,573

For Project: Crystal River Thermal Discharge Compliance Project AFUDC - MET Tower (Project 11.1b)
 (in Dollars)
 (Activity Prior to 1/1/13)

Line	Description	Beginning of Period Amount	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Actual Oct-14	Actual Nov-14	Actual Dec-14	End of Period Total
1	Investments														
	a. Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Regulatory Asset Balance	\$227,318	227,318	217,847	208,375	198,904	189,432	179,960	170,489	161,017	151,546	142,074	132,602	123,131	
3	Less: Amortization (C)	0	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	(9,472)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	\$227,318	\$217,847	\$208,375	\$198,904	\$189,432	\$179,960	\$170,489	\$161,017	\$151,546	\$142,074	\$132,602	\$123,131	\$113,659	
6	Average Net Investment		222,583	213,111	203,639	194,168	184,696	175,225	165,753	156,281	146,810	137,338	127,867	118,395	
7	Return on Average Net Investment (B)														
	a. Debt Component		2.25%	2.00%											
	b. Equity Component Grossed Up For Taxes		8.14%	8.27%											
	c. Other														
			417	400	382	364	346	329	276	260	245	229	213	197	3,658
			1,510	1,446	1,381	1,317	1,253	1,189	1,142	1,077	1,012	947	881	816	13,971
			0	0	0	0	0	0	0	0	0	0	0	0	0
8	Investment Expenses														
	a. Depreciation		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Amortization (C)	33.3333%	9,472	9,472	9,472	9,472	9,472	9,472	9,472	9,472	9,472	9,472	9,472	9,472	113,659
	c. Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Property Taxes (D)	0.001728	52	52	52	52	52	52	52	52	52	52	52	52	625
	e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		\$11,451	\$11,370	\$11,287	\$11,205	\$11,123	\$11,042	\$10,942	\$10,861	\$10,781	\$10,700	\$10,618	\$10,537	\$131,913
	a. Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Recoverable Costs Allocated to Demand		\$11,451	\$11,370	\$11,287	\$11,205	\$11,123	\$11,042	\$10,942	\$10,861	\$10,781	\$10,700	\$10,618	\$10,537	\$131,913

(A) [REDACTED]
 (B) The allowable return is per the methodology approved in Order No. PSC-12-0425-PAA-EU.
 (C) Investment amortized over three years in accordance with Order No. PSC-13-0381-PAA-EI.
 (D) Property tax calculated on original asset basis of \$361,735.