

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause

Docket No. 150007-EI

Filed: October 9, 2015

**DUKE ENERGY FLORIDA, LLC'S  
PREHEARING STATEMENT**

Duke Energy Florida, LLC (“DEF”), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-15-0097-PCO-EI dated February 10, 2015, and Order Modifying Orders Establishing Procedure, Order No. PSC-15-0204-PCO-PU dated May 21, 2015, hereby submits its Prehearing Statement:

A. Known Witnesses – DEF intends to offer the direct testimony of:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Thomas G. Foster	Final True-up; Estimated True-up; Environmental compliance cost projections and Final 2016 ECRC Factors	1-8, 10A,10B
Michael Delowery	Final and Estimated True-up variances; and Environmental compliance cost projections	1-3
Garry Miller	Estimated True-up variances; and Environmental compliance cost projections	2,3, 10A
Jeffrey Swartz	Final and Estimated True-up variances; and Environmental compliance cost projections	1-3
Patricia Q. West	Final and Estimated True-up variances; Environmental compliance cost projections; and Review of DEF’s Integrated Clean Air Compliance Plan	1-3

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

B. Known Exhibits – DEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u>          </u> TGF-5	Delowery	Form 42-5P, page 20 of 22
<u>          </u> TGF-1	Foster	Forms 42-1A - 42-9A January 2014 – December 2014
<u>          </u> TGF-2	Foster	Capital Program Detail January 2014 – December 2014
<u>          </u> TGF-3	Foster	Forms 42-1E – 42-9E January 2015 – December 2015
<u>          </u> TGF-4	Foster	Capital Program Detail January 2015 – December 2015
<u>          </u> TGF-5	Foster	Forms 42-1P – 42-8P January 2016 – December 2016
<u>          </u> TGF-6	Foster	Capital Program Detail January 2016 – December 2016
<u>          </u> TGF-5	Miller	Form 42-5P, page 22 of 22
<u>          </u> JS-1	Swartz	Crystal River Clean Air Projects Organizational Chart
<u>          </u> TGF-5	Swartz	Form 42-5P, pages 7 and 21 of 22
<u>          </u> PQW-1	West	Review of Integrated Clean Air Compliance Plan
<u>          </u> TGF-5	West	Form 42-5P, pages 1-4, 6-7 and 8-19 of 22

C. Statement of Basic Position – none necessary

D. 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 2014 through December 2014?

DEF: \$1,419,043 over-recovery. (Foster, Delowery, Swartz, West, Zeigler)

**ISSUE 2:** What are the estimated/actual environmental cost recovery true-up amounts for the period January 2015 through December 2015?

DEF: \$779,602 under-recovery. (Foster, Delowery, Miller, Swartz, West)

**ISSUE 3:** What are the projected environmental cost recovery amounts for the period January 2016 through December 2016?

DEF: \$639,441 over-recovery. (Foster, Delowery, Miller, Swartz, West, Zeigler)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2016 through December 2016?

DEF: \$68,805,000. (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 2016 through December 2016?

DEF: The depreciation rates used to calculate depreciation expense should be the rates that are 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 2016 through December 2016?

DEF: The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total kWh sales. The remaining separation factors are below, consistent with the Revised Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI, at p. 54.

Transmission Average 12 CP Demand – 70.203%

Distribution Primary Demand – 99.561%

Production Demand:  
 Production Demand (2012) – 91.683%  
 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 2016 through December 2016 for each rate group?

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

Rate Class	ECRC Factors
Residential	0.184 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.181 cents/kWh 0.179 cents/kWh 0.177 cents/kWh
General Service 100% Load Factor	0.178 cents/kWh
General Service Demand @Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.180 cents/kWh 0.178 cents/kWh 0.176 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.173 cents/kWh 0.171 cents/kWh 0.170 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.175 cents/kWh 0.173 cents/kWh 0.172 cents/kWh

Lighting	0.173 cents/kWh
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**ISSUE 8:** What should be the effective date of the new environmental cost recovery factors for billing purposes?

DEF: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2016 through December 2016. Billing cycles may start before January 1, 2016 and the last cycle may read after December 31, 2016, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission. (Foster)

**ISSUE 9A:** Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Coal Combustion Residual (CCR) Disposal Project?

DEF: No position.

**ISSUE 9B:** How should the costs associated with FPL's proposed CCR Disposal Project be allocated to the rate classes?

DEF: No position.

**ISSUE 10A:** Should DEF be allowed to recover, through the ECRC, prudently incurred costs associated with its Coal Combustion Residual (CCR) Rule Program?

DEF: Yes. DEF's proposed CCR Rule Program meets the recovery criteria established in Order No. 94-044-FOF-EI in that:

- a) All expenditures will be prudently incurred after April 13, 1993;
- b) The activities are legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the Company's last test year which rates are based; and
- c) None of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

(Foster, Miller, West)

**ISSUE 10B:** How should costs associated with DEF's proposed CCR Rule Program be allocated to rates classes?

DEF: Capital and O&M costs associated with the CCR Rule Program should be allocated to rate classes on an energy basis. (Foster)

**ISSUE 11A**: Should Gulf be allowed to recover, through the ECRC, prudently incurred costs associated with its Coal Combustion Residual (CCR) Program?

DEF: No position.

**ISSUE 11B**: How should costs associated with Gulf's proposed CCR program be allocated to rate classes?

DEF: No position

**ISSUE 12A**: Should Gulf be allowed to recover, through the ECRC, prudently incurred costs associated with its Steam Electric Power Effluent Limitations Guidelines (ELG) program?

DEF: No position

**ISSUE 12B**: How should costs associated with Gulf's proposed ELG program be allocated to rate classes?

DEF: No position.

**ISSUE 13**: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

DEF: Yes. (Foster)

E. Stipulated Issues

DEF has no stipulated issues at this time.

F. Pending Motions

DEF has no pending motions at this time.

G. Requests for Confidentiality

DEF has no requests for confidentiality pending at this time.

H. Requirements of Order

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

I. Objections to Qualifications

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

Respectfully submitted this 9th day of October, 2015.

*s/Matthew R. Bernier*

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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 to the following this 9<sup>th</sup> day of October, 2015.

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