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July 1, 2016

VIA ELECTRONIC FILING

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

Re: *Petition for Approval to Include in Base Rates the Revenue Requirement for the Hines Chillers Uprate Project by Duke Energy, LLC: Docket Number 160128-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's redacted Response to Staff's First Data Request (Nos. 1-5).

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully,

s/Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Enclosures
cc: Danijela Janjic, FPSC, djanjic@psc.state.fl.us

**Duke Energy Florida, LLC's Response to Staff's First Data Request
Re: Petition for Limited Proceeding for Approval to Include in Base Rates the
Revenue Requirement for the Hines Chillers Uprate Project**

Docket No. 160128-EI

1. Please explain when and how Duke will notify its customers of the rate change (if approved).

Response:

Once approved by the Commission, customers will be notified of the rate change by way of bill inserts in their October 2016 bill. The bill insert is also posted on the Duke Energy Florida website. Electronic bill customers will receive a link via email to the bill insert that is posted on the Duke Energy Florida website.

2. Referring to paragraph 8 of the petition, please provide the relevant page(s) of the Nuclear Cost Recovery Clause projection filing that show the billing determinants used in this filing.

Response:

In Docket 160009-EI, please refer to Exhibit (TGF-4), filed on April 27, 2016, which provides the basis for the billing determinants used in Exhibit C of the instant docket. In order to more easily compare, please see DEF's Attachment 1.

First, column (3) of Exhibit TGF-4 contains Effective MWh's at Secondary Level. These sales have the voltage meter adjustment applied to them for clause ratemaking purposes. Page one of Attachment 1 illustrates the conversion of Effective MWWhs to Sales at Meter MWWhs, which were used in DEF's Exhibit C.

Second, the MWh Sales in column (1) of DEF's Exhibit C are based on a 12-month period of November 2016 through October 2017; this time period corresponds to DEF's expected first 12-months of in-service for Hines Chillers 1-3 & Common. The NCRC MWh sales are based on a calendar year 2017 time period of January through December. Both are based on 12-month sales but with slightly different time periods. Page 2 of Attachment 1 illustrates the monthly MWWhs sales for both; the appropriate 12-month time period for each filing is highlighted. As shown in this schedule, the monthly MWWhs (billing determinants) are from the same sales forecast for each filing, with each filing utilizing the appropriate 12-month time period.

3. Please provide proof of revenue calculations illustrating that the proposed increased base rates for each rate schedule produce the total class revenue as shown in column (11), Exhibit C.

Response:

Attachment 2 is a spreadsheet that recalculates the proposed increase by applying the uniform percent increase to the Energy and Demand Charge \$/MWH and applies that increment to the total Billed MWH Sales and Unbilled MWH Sales by rate schedule. This alternate calculation produces the same Total Base Rate Increment (Column 15) as the calculation in Exhibit C (Column 10). When added to the Total Class Revenue (Column 8), the result is the same Total Class Revenue with Increase (Column 16) as the Exhibit C calculation (Column 11).

4. On page 5 of Witness Stephenson's prefiled testimony, at lines 5-7, the witness stated that the payments are divided and will be paid on the basis of project milestones. Please describe these milestones, including a brief scope of work for each, the payment amount, and the time each milestone is expected to be achieved.

Response:

Please see the Attachment 3, which is a list of project payment milestones. The milestones explanation is inclusive of the scope of work and is included in the milestone description. The payment amount and timeframe is listed with the associated milestone.

Attachment 3 is confidential; a redacted version is attached hereto and an unredacted copy has been filed with the Florida Public Service commission ("Commission") along with DEF's Request for Confidential Classification dated July 1, 2016.

5. Please state whether any mechanisms are in place to reimburse ratepayers in the event that the final project cost is below the estimated total of \$151 million. If so, please describe the mechanism(s). If not, please explain.

Response:

Consistent with paragraph 16(a) of the Revised and Restated Stipulation and Settlement Agreement ("RRSSA"), there is not a mechanism to "true up" the projected cost against actual costs incurred for the Hines Chillers Uprate Project. By contrast, there is such a mechanism in place with respect to the 2018 Citrus Combined Cycle Project (see paragraphs 16 b – f of the RRSSA). If, however, the actual costs differ from what is included in rates, those costs will be reset in the Company's next general base rate case proceeding.

Duke Energy Florida
Response to Staff's First Data Request - Q2
Attachment 1

| Rate Class | (1) | (2) | (3) |
|--|--|--|----------------------------|
| Rate Class | Effective Sales (mWh) ^A | Effective Voltage Level Adjustment | Sales at Meter (mWh) |
| <u>Residential</u> | | | |
| RS-1, RST-1, RSL-1, RSL-2, RSS-1 | | | |
| Secondary | 20,111,239 | 1.00 | 20,111,239 |
| <u>General Service Non-Demand</u> | | | |
| GS-1, GST-1 | | | |
| Secondary | 1,817,672 | 1.00 | 1,817,672 |
| Primary | 15,086 | 0.99 | 15,238 |
| Transmission | 2,987 | 0.98 | 3,048 |
| <u>General Service</u> | | | |
| GS-2 | | | |
| Secondary | 168,851 | 1.00 | 168,851 |
| <u>General Service Demand</u> | | | |
| GSD-1, GSDT-1 | | | |
| Secondary | 11,966,758 | 1.00 | 11,966,758 |
| Transm Del/ Primary Mtr | 3,254 | 0.99 | 3,287 |
| Sec Del/Primary Mtr | 45,844 | 0.99 | 46,307 |
| Primary | 2,253,139 | 0.99 | 2,275,898 |
| SS-1 | | | |
| Primary | 31,230 | 0.99 | 31,545 |
| Transm Del/ Primary Mtr | 2,216 | 0.99 | 2,238 |
| Transmission | 8,275 | 0.98 | 8,444 |
| <u>Curtable</u> | | | |
| CS-1, CST-1, CS-2, CST-2, SS-3 | | | |
| Primary | 78,720 | 0.99 | 79,515 |
| SS-3 | | | |
| Primary | 48,619 | 0.99 | 49,110 |
| <u>Interruptible</u> | | | |
| IS-1, IST-1, IS-2, IST-2 | | | |
| Secondary | 84,379 | 1.00 | 84,379 |
| Sec Del/Primary Mtr | 4,243 | 0.99 | 4,286 |
| Primary Del / Primary Mtr | 1,267,982 | 0.99 | 1,280,790 |
| Primary Del / Transm Mtr | 404 | 0.98 | 412 |
| Transm Del/ Primary Mtr | 239,599 | 0.99 | 242,019 |
| Transm Del/ Transm Mtr | 254,678 | 0.98 | 259,875 |
| SS-2 | | | |
| Primary | 9,376 | 0.99 | 9,471 |
| Transm Del/ Primary Mtr | 69,692 | 0.99 | 70,396 |
| Transmission | 8,066 | 0.98 | 8,231 |
| <u>Lighting</u> | | | |
| LS-1 (Secondary) | 382,043 | 1.00 | 382,043 |
| | 38,874,351 | | 38,921,052 |

^A As reported in column (3) of Exhibit (TGF-4) in Docket 160009-EI

Billed Sales (MWh):

| | Nov-16 | Dec-16 | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | 12-Month Total |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|
| Dk 160128 (Hines Chiller GBRA) ^A | 2,887,138 | 2,769,149 | 3,138,853 | 2,807,344 | 2,646,370 | 2,640,284 | 3,002,757 | 3,559,804 | 3,807,547 | 3,983,979 | 3,879,621 | 3,549,559 | 3,001,974 | 2,902,959 | 38,672,405 |
| Dk 160009 (NCRC) ^B | 2,887,138 | 2,769,149 | 3,138,853 | 2,807,344 | 2,646,370 | 2,640,284 | 3,002,757 | 3,559,804 | 3,807,547 | 3,983,979 | 3,879,621 | 3,549,559 | 3,001,974 | 2,902,959 | 38,921,051 |

^A The highlighted 12-month sales are summarized in the 12-Month Total column. The 12-Month Total amount matches the Billed MWH Sales total in column (1) on Exhibit C in Docket 160128-EI

^B The highlighted 12-month sales are summarized in the 12-Month Total column. The 12-Month Total amount matches the Sales at Meter (mWh) column (3) on Page 1 of DEF's Response to Staff's First Data Request - Q2

Note: Shading and dashed border identify the 12-month time period for each filing. Both are based on the same billing determinants

DEF Uniform Percent Increase (as filed in Exhibit C):

| DEVELOPMENT OF UNBILLED REVENUE @ PRESENT RATES AND SUMMARY OF TOTAL CLASS REVENUES | | | | | | | | | | | | |
|---|------------------|-------------------------|---|------------|--------------|---------------------------|---|---|--|---|---|--|
| Line No. | Rate Schedule | (1) Billed MWH Sales | (2) (3) (4) Base Revenues \$000's - Billed | | | (5) Unbilled MWH Sales | (6) Energy and Demand Chg \$/MWH (4) / (1) | (7) Unbilled Revenue (\$000) (5) * (6) | (8) Total Class Revenue (\$000) (2) + (7) | (9) Total Energy and Demand Revenue Including Unbilled (4) + (7) | (10) Base Rate Increase at Uniform Percent 0.99% | (11) Total Class Revenue with Increase (8) + (10) |
| 1 | I. SALES | 19,959,687 | \$ 1,234,572 | \$ 164,233 | \$ 1,070,339 | (10,222) | \$ 53.63 | \$ (548) | \$ 1,234,024 | \$ 1,069,791 | \$ 10,566 | \$ 1,244,590 |
| 2 | GS-1 | 1,826,341 | 114,301 | 17,696 | 96,605 | (19,670) | 52.90 | (1,040) | 113,261 | 95,565 | 944 | 114,205 |
| 3 | GS-2 | 167,833 | 5,274 | 1,879 | 3,394 | (2,088) | 20.22 | (42) | 5,231 | 3,352 | 33 | 5,264 |
| 4 | GSD-1 | 14,217,641 | 469,173 | 8,584 | 460,589 | (139,151) | 32.40 | (4,508) | 464,665 | 456,081 | 4,505 | 469,169 |
| 5 | CS-1, CS-2, CS-3 | 79,291 | 2,832 | 5 | 2,826 | 436 | 35.64 | 16 | 2,847 | 2,842 | 28 | 2,875 |
| 6 | IS-1, IS-2, IS-3 | 1,862,016 | 46,864 | 617 | 46,247 | 12,679 | 24.84 | 315 | 47,178 | 46,562 | 460 | 47,638 |
| 7 | SS-1 | 42,133 | 1,550 | 24 | 1,526 | (211) | 36.22 | (8) | 1,542 | 1,518 | 15 | 1,557 |
| 8 | SS-2 | 87,800 | 2,977 | 13 | 2,963 | 718 | 33.75 | 24 | 3,001 | 2,987 | 30 | 3,030 |
| 9 | SS-3 | 48,944 | 1,807 | 1 | 1,806 | 397 | 36.90 | 15 | 1,822 | 1,821 | 18 | 1,840 |
| 10 | LS-1 | 380,719 | 8,959 | 968 | 7,991 | (2,848) | 20.99 | (60) | 8,900 | 7,932 | 78 | 8,978 |
| 11 | TOTAL | 38,672,405 | \$ 1,888,308 | \$ 194,020 | \$ 1,694,288 | (159,960) | | \$ (5,837) | \$ 1,882,471 | \$ 1,688,451 | \$ 16,676 | \$ 1,899,147 |

DEF Proof of Revenue Calculation:

| Rate Schedule | (6) Energy and Demand Chg \$/MWH (4) / (1) | (12) Base Rate Increase at Uniform Percent \$/MWH 0.99% | (1) Billed MWH Sales | (4) Billed MWH Revenue (\$000) | (13) Billed MWH Revenue Increment (\$000) (1) * (12) | (5) Unbilled MWH Sales | (7) Unbilled MWH Revenue (\$000) (5) * (6) | (14) Unbilled MWH Revenue Increment (\$000) (5) * (12) | (15) Total Base Rate Increment at Uniform Percent (\$000) (13) + (14) | (16) Total Class Revenue with Increase (8) + (15) |
|------------------|---|--|-------------------------|-----------------------------------|---|---------------------------|---|---|--|--|
| RS-1 | \$ 53.63 | \$ 0.53 | 19,959,687 | \$ 1,070,339 | \$ 10,571 | (10,222) | \$ (548) | \$ (5) | \$ 10,566 | \$ 1,244,590 |
| GS-1 | 52.90 | 0.52 | 1,826,341 | 96,605 | 954 | (19,670) | (1,040) | (10) | 944 | \$ 114,205 |
| GS-2 | 20.22 | 0.20 | 167,833 | 3,394 | 34 | (2,088) | (42) | (0) | 33 | \$ 5,264 |
| GSD-1 | 32.40 | 0.32 | 14,217,641 | 460,589 | 4,549 | (139,151) | (4,508) | (45) | 4,505 | \$ 469,169 |
| CS-1, CS-2, CS-3 | 35.64 | 0.35 | 79,291 | 2,826 | 28 | 436 | 16 | 0 | 28 | \$ 2,875 |
| IS-1, IS-2, IS-3 | 24.84 | 0.25 | 1,862,016 | 46,247 | 457 | 12,679 | 315 | 3 | 460 | \$ 47,638 |
| SS-1 | 36.22 | 0.36 | 42,133 | 1,526 | 15 | (211) | (8) | (0) | 15 | \$ 1,557 |
| SS-2 | 33.75 | 0.33 | 87,800 | 2,963 | 29 | 718 | 24 | 0 | 30 | \$ 3,030 |
| SS-3 | 36.90 | 0.36 | 48,944 | 1,806 | 18 | 397 | 15 | 0 | 18 | \$ 1,840 |
| LS-1 | 20.99 | 0.21 | 380,719 | 7,991 | 79 | (2,848) | (60) | (1) | 78 | \$ 8,978 |
| TOTAL | | | 38,672,405 | 1,694,288 | \$ 16,734 | (159,960) | (5,837) | (58) | \$ 16,676 | \$ 1,899,147 |

REDACTED

Base Contract Values
9 ea Duke Radios
High precision Flow Meter for PTC51 Testing
Pave Chemical Delivery Road
Rev 4 Duke Energy Health & Safety Handbook
Continuous Stairwell in lieu of Ladder / Type II v III TES Tank
PCO-004 Additional Duke Trailer Space
PCO-015 4T1 to 4T2 Feed for SST

Base
C/O 1
C/O 2
C/O 3
C/O 4
C/O 5
C/O 6
C/O 7
C/O 8
C/O 9
C/O 10
C/O 11
C/O 12
C/O 13
C/O 14

TOTAL

