

| DOCKET 160009-EI Comprehensive Exhibit List for Entry into Hearing Record August 9, 2016 | | | | |
|--|------------------|-----------------|--|---------|
| Hearing I.D. # | Witness | I.D. # As Filed | Exhibit Description | Entered |
| STAFF | | | | |
| 1 | | Exhibit List | Comprehensive Exhibit List | |
| DUKE ENERGY FLORIDA (DEF) (DIRECT) | | | | |
| 2 | Thomas G. Foster | TGF-1 | REDACTED - Reflects the actual costs associated with the LNP and consists of: 2015 True- Up Summary, 2015 Detail Schedule and Appendices A-E, which show DEF's retail revenue requirements for the LNP from Jan. 2015 through Dec. 2015 | |
| 3 | Thomas G. Foster | TGF-2 | Reflects the actual costs associated with the EPU project and consists of: 2015 True-Up Summary, 2015 Detail Schedule and Appendices A-E, which show DEF's retail revenue requirements for the EPU project from Jan. 2015 through Dec. 2015 | |
| 4 | Thomas G. Foster | TGF-4 | Reflects the actual costs associated with the EPU project and consists of: 2017 Revenue Requirement Summary, 2016 Revenue Requirement Detail Schedule, 2017 Revenue Requirement Detail Schedule, 2017 Estimated Rate Impact Schedule, and Appendixes A-F | |

| | | | | |
|--------------------------------------|-----------------------|-------|---|--|
| 5 | Mark R. Teague | MT-1 | The CR3 Administrative Procedure, AI-9010, Conduct of CR3 Investment Recovery, Revision 1 | |
| 6 | Mark R. Teague | MT-2 | The CR3 Investment Recovery Project, Project Execution Plan, Revision 0 | |
| 7 | Mark R. Teague | MT-3 | The Investment Recovery Guidance Document IRGD-001, Sales Track Guidance and Documentation Package Development | |
| 8 | Mark R. Teague | MT-4 | CONFIDENTIAL – reflects EPU-related assets disposed of through sales to third parties or affiliate transfers/sales in 2015 | |
| 9 | Christopher M. Fallon | CMF-1 | REDACTED - August 4, 2015 Recommendation for disposition of the Levy Nuclear Plant Variable Frequency Drives | |
| STAFF RE: DUKE ENERGY FLORIDA | | | | |
| 10 | Ronald A. Mavrides | RAM-1 | Auditor’s Report – Crystal River Unit 3 Uprate | |
| 11 | Ronald A. Mavrides | RAM-2 | Auditor’s Report – Levy Nuclear Plant Units 1 & 2 | |
| 12 | Hallenstein & Fisher | HF-1 | Review of Project Management Internal Controls | |
| 13 | | | DEF’s Responses to Staff’s First Request for Production of Documents, No.1 <i>[Bates Nos. 01–06]</i> | |

**Docket No. 160009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-1)**

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-1)

**DUKE ENERGY FLORIDA, LLC.
LEVY NUCLEAR UNITS 1 & 2
COMMISSION SCHEDULES**

**JANUARY 2015 - DECEMBER 2015
DOCKET NO. 160009-EI**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 2
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Thomas G. Foster TGF-1

Table of Contents
Levy Nuclear Units 1 & 2
January 2015 - December 2015

| <u>Page(s)</u> | <u>Schedule</u> | <u>Description</u> | <u>Sponsor</u> |
|----------------|-----------------|---|--------------------------|
| 3 | 2015 Summary | 2015 Summary | T. G. Foster |
| 4 | 2015 Detail | 2015 Detail Revenue Requirement Calculations | T. G. Foster / C. Fallon |
| 5 | 2015 Detail | 2015 Detail Revenue Requirement Calculations - LLE Deferred Balance | T. G. Foster / C. Fallon |
| 6 | Appendix A | Detail for 2015 Beginning Balance & Adjustment Support | T. G. Foster |
| 7 | Appendix B | Other Exit / Wind-Down Expense Variance Explanation | T. G. Foster |
| 8 | Appendix C | Average Rate of Return - Capital Structure | T. G. Foster |
| 9 | Appendix D | Major Task Categories and Expense Variances | C. Fallon |
| 10 | Appendix E | Summary of Contracts and Details over \$1 Million | C. Fallon |

| | | | 12-Month Total |
|----|---|----------------------|--|
| 1. | Final Costs for the Period | | |
| | a. Carrying Cost on Unrecovered Investment | | \$ 5,977,302 (2015 Detail Line 8d. & 2015 LLE Detail Line 3d.) |
| | b. Period Exit / Wind-down Costs (including sale of LLE) | | (4,312,069) (2015 Detail Line 5a.) |
| | c. Period Other Exit / Wind-down Cost and Interest | | 195,460 (2015 Detail Line 19d.) |
| | d. Other - Adjustment | | (90,860) (2015 Detail Line 5e.) |
| | e. Total Period Revenue Requirement | | <u>\$ 1,769,833</u> |
| 2. | Projected Amount for the Period (January - April) | | \$ 2,503,530 (2015 Detail Lines: 10 and 20) |
| | (Order No. PSC 14-0701-FOF-EI) (Jan-April) (I.e. \$3.45 / 1000 Kwh Residential) | | |
| | (Order No. PSC-15-0176-TRF-EI) (May-Dec) (\$0.00 / 1000 Kwh) | | |
| 3. | Final True-Up Amount for the Period (over)/under | (Line 1e. - Line 2.) | \$ (733,697) |
| 4. | 2015 Revenue Requirement Collected (January - April) | | \$ 36,438,940 (2015 Detail Lines: 6g + 10 + 16 + 20 - 6e) |
| | (Order No. PSC 14-0701-FOF-EI) (Jan-April) (I.e. \$3.45 / 1000 Kwh Residential) | | |
| | (Order No. PSC-15-0176-TRF-EI) (May-Dec) (\$0.00 / 1000 Kwh) | | |

The summary below shows the uncollected balance as of December 31, 2015

| | | | |
|----|---|-----------------------|--|
| 5. | Uncollected Regulatory Asset (Non-\$54M Deferred Amount) | | \$ 489,907 (2015 Detail Lines: 6i + 15 + 21) |
| 6. | Carrying Cost on \$54M Deferral (May 2015 - December 2015) (Retail) | | 3,153,738 (2015 LLE Detail Line 3d.) |
| 7. | Uncollected Balance \$54M Deferral (Retail) | | 50,275,957 (2015 LLE Detail Line 1a.) |
| 8. | Total Uncollected Balance at Year End 2015 | (Lines: 5. + 6. + 7.) | <u>\$ 53,919,601</u> |

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - Levy Nuclear Units 1 & 2
2015 Detail - Calculation of the Revenue Requirements
January 2015 through December 2015

Witness: T.G. Foster / C. Fallon
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF- 1)

| Line | Description | Beginning of Period Amount | Actual January 2015 | Actual February 2015 | Actual March 2015 | Actual April 2015 | Actual May 2015 | Actual June 2015 | Actual July 2015 | Actual August 2015 | Actual September 2015 | Actual October 2015 | Actual November 2015 | Actual December 2015 | Period Total | End of Period Total |
|------|--|-------------------------------|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|--------------------|------------------------|
| 1 | Uncollected Investment : Generation | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2014 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | |
| 2 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Generation (Line 1e + Line 2a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor : Generation | | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Generation | | | | | | | | | | | | | | | |
| 3 | Uncollected Investment : Transmission | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2014 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| 4 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Transmission (Line 3e + Line 4a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor : Transmission | | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Transmission | | | | | | | | | | | | | | | |
| 5 | Total Uncollected Investment | | | | | | | | | | | | | | | |
| | a Total Jurisdictional Uncollected Investment (2d + 4d) | 224,062,889 | 10,416 | 3,461 | 1,110 | 5,940 | (149,729) | 8,298 | 10,896 | 3,776 | 3,491 | 1,674 | 12,283 | (4,223,684) | (4,312,069) | 219,750,820 |
| | b Retail Land Transferred to Land Held for Future Use (a) | (66,221,330) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (66,221,330) |
| | c LLE Deferred Balance (c) | 0 | 0 | 0 | 0 | 0 | (50,275,957) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (50,275,957) | (50,275,957) |
| | d Total Jurisdictional Uncollected Investment | 157,841,559 | 10,416 | 3,461 | 1,110 | 5,940 | (50,425,686) | 8,298 | 10,896 | 3,776 | 3,491 | 1,674 | 12,283 | (4,223,684) | (54,588,026) | 103,253,533 |
| | e WACC Adjustment from 2014 (Adjustment to May 2015 Rev Req) (b) | 0 | 0 | 0 | 0 | 0 | (90,860) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (90,860) | 0 |
| 6 | Carrying Cost on Uncollected Investment Balance | | | | | | | | | | | | | | | |
| | a Uncollected Investment: Additions for the Period (Beg Balance: 2015 Detail Line 5d.) | 157,841,559 | 10,416 | 3,461 | 1,110 | 5,940 | (50,425,686) | 8,298 | 10,896 | 3,776 | 3,491 | 1,674 | 12,283 | (4,223,684) | (54,588,026) | 103,253,533 |
| | b Plant-in-Service (a) | 1,010,952 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,010,952 |
| | c Period Recovered Wind-down / Exit Costs (2014) | 9,816,636 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,816,636 |
| | d Period Recovered Wind-down / Exit Costs (2015) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (4,312,069) | (4,312,069) |
| | e Additional Amortization of Uncollected Investment Balance (2014-2015) | (46,864,516) | (9,447,248) | (9,447,248) | (9,447,248) | (9,447,248) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (37,788,992) | (84,653,508) |
| | f Prior Period Carrying Charge Unrecovered Balance (a) | (11,381,362) | (10,432,915) | (9,484,468) | (8,536,021) | (7,587,574) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (7,587,574) |
| | g Prior Period Carrying Charge Recovered (a) | (11,381,362) | (948,447) | (948,447) | (948,447) | (948,447) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3,793,787) | (3,793,787) |
| | h Over/Under Prior Period | | | (3,444) | (9,057) | (10,093) | (3,928) | (73) | 44,737 | 47,710 | 40,951 | 40,996 | 39,507 | 50,481 | (3,964,535) | (3,964,535) |
| | i Net Investment | \$88,768,093 | \$80,279,708 | \$71,770,508 | \$63,260,299 | \$54,756,235 | \$4,320,681 | \$4,478,635 | \$4,525,970 | \$4,566,561 | \$4,607,227 | \$4,646,406 | \$4,696,523 | \$511,036 | | \$532,396 |
| 7 | Average Net Investment | | \$84,523,901 | \$76,018,178 | \$67,509,144 | \$59,002,665 | \$29,533,524 | \$4,474,486 | \$4,520,522 | \$4,564,673 | \$4,605,481 | \$4,645,569 | \$4,690,381 | \$2,622,878 | | |
| 8 | Return on Average Net Investment | | | | | | | | | | | | | | | |
| | a Equity Component | 0.00403 | 340,631 | 306,353 | 272,062 | 237,781 | 119,020 | 18,032 | 18,218 | 18,396 | 18,560 | 18,722 | 18,902 | 10,570 | 1,397,247 | |
| | b Equity Component Grossed Up For Taxes | 1.62800 | 554,548 | 498,743 | 442,917 | 387,108 | 193,765 | 29,356 | 29,659 | 29,949 | 30,216 | 30,479 | 30,772 | 17,208 | 2,274,720 | |
| | c Debt Component | 0.00158 | 133,801 | 120,337 | 106,867 | 93,401 | 46,752 | 7,083 | 7,156 | 7,226 | 7,290 | 7,354 | 7,425 | 4,152 | 548,844 | |
| | d Total Return for the Period | | 688,349 | 619,080 | 549,784 | 480,509 | 240,517 | 36,439 | 36,815 | 37,175 | 37,506 | 37,833 | 38,197 | 21,360 | 2,823,564 | |
| 9 | Revenue Requirements for the Period (Line 5e + 6a + 8d) (b) | | 698,765 | 622,541 | 550,894 | 486,449 | (73) | 44,737 | 47,710 | 40,951 | 40,996 | 39,507 | 50,481 | (4,202,324) | (1,579,365) | |
| 10 | Projected Revenue Requirements for the Period (Order No. PSC 14-0701-FOF-EI) | | 702,209 | 631,598 | 560,987 | 490,377 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,385,171 | |
| 11 | Over/Under Recovery For the Period (Order No. PSC-15-0176-TRF-EI) | | (3,444) | (9,057) | (10,093) | (3,928) | (73) | 44,737 | 47,710 | 40,951 | 40,996 | 39,507 | 50,481 | (4,202,324) | (3,964,535) | |
| 12 | Other Exit / Wind-Down | | | | | | | | | | | | | | | |
| | a Accounting | | 3,029 | 2,926 | 2,458 | 2,410 | 2,617 | 2,866 | 2,144 | 0 | 0 | 341 | 2,504 | 1,948 | | \$23,243 |
| | b Corporate Planning | | 2,280 | 7,570 | 7,714 | 11,050 | 4,861 | 7,176 | 4,607 | 1,065 | 144 | 309 | 310 | 3,045 | | \$50,131 |
| | c Legal | | 320 | 16,721 | 31,252 | 30,456 | 16,618 | 5,979 | 19,304 | 13,676 | 1,902 | 0 | 0 | 184 | | \$136,412 |
| | d Joint Owner Credit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e Total Other Exit / Wind-Down Costs | | 5,629 | 27,217 | 41,424 | 43,916 | 24,096 | 16,021 | 26,055 | 14,741 | 2,046 | 650 | 2,814 | 5,177 | | \$209,786 |
| 13 | Jurisdictional Factor (A&G) | | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | |
| 14 | Jurisdictional Amount | | 5,247 | 25,372 | 38,616 | 40,939 | 22,463 | 14,935 | 24,289 | 13,742 | 1,907 | 606 | 2,623 | 4,826 | 195,565 | |
| 15 | Prior Period Unrecovered Balance (a) | (179,385) | (164,436) | (149,488) | (134,539) | (119,590) | (119,590) | (119,590) | (119,590) | (119,590) | (119,590) | (119,590) | (119,590) | (119,590) | | |
| 16 | Prior Period Costs Recovered (a) | | (14,949) | (14,949) | (14,949) | (14,949) | | | | | | | | | | (59,795) |
| 17 | Prior Month Period (Over)/Under Recovery | | 0 | (24,355) | (4,230) | 9,014 | 11,342 | 22,453 | 14,928 | 24,282 | 13,736 | 1,902 | 601 | 2,617 | | |
| 18 | Unamortized Balance | (179,385) | (164,436) | (173,843) | (163,124) | (139,161) | (127,820) | (105,367) | (90,438) | (66,157) | (52,421) | (50,519) | (49,918) | (47,301) | | |
| 19 | Projected Carrying Costs for the Period | | | | | | | | | | | | | | | |
| | a Balance Eligible for Interest | | (169,287) | (168,631) | (151,291) | (126,166) | (116,588) | (97,899) | (78,294) | (59,286) | (51,467) | (50,216) | (48,606) | (44,888) | | |
| | b Monthly Commercial Paper Rate | | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.03% | | |
| | c Interest Provision | | (14) | (13) | (11) | (6) | (10) | (7) | (7) | (5) | (6) | (5) | (6) | (15) | | (105) |
| | d Total Costs and Interest (Line 14 + Line 19c) | | 5,233 | 25,359 | 38,605 | 40,933 | 22,453 | 14,928 | 24,282 | 13,736 | 1,902 | 601 | 2,617 | 4,811 | | 195,460 |
| 20 | Recovered (Order No. PSC 14-0701-FOF-EI) | | 29,589 | 29,589 | 29,590 | 29,591 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 118,359 | |
| 21 | Over/Under Recovery For the Period (Order No. PSC-15-0176-TRF-EI) | | (24,355) | (4,230) | 9,014 | 11,342 | 22,453 | 14,928 | 24,282 | 13,736 | 1,902 | 601 | 2,617 | 4,811 | 77,100 | |
| 22 | Revenue Requirements for the Period (Line 9 + Line 19d) | | 703,998 | 647,900 | 589,499 | 527,381 | 22,380 | 59,665 | 71,992 | 54,687 | 42,898 | 40,108 | 53,098 | (4,197,513) | (1,383,905) | |

(a) See Appendix A for Beginning Balance Support
(b) 2014 WACC Adjustment (Amount includes interest Jan-May 2015)
(c) This amount represents deferral of \$54M as contemplated in DEF's March 2, 2015 Petition.

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - Levy Nuclear Units 1 & 2
2015 Detail - Calculation of the Revenue Requirements - LLE Deferred Balance
January 2015 through December 2015

Witness: T.G. Foster
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF- 1)

| Line | Description | Beginning of Period Amount | Actual January 2015 | Actual February 2015 | Actual March 2015 | Actual April 2015 | Actual May 2015 | Actual June 2015 | Actual July 2015 | Actual August 2015 | Actual September 2015 | Actual October 2015 | Actual November 2015 | Actual December 2015 | Period Total | End of Period Total |
|------|---|-------------------------------|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|-----------------|------------------------|
| 1 | Uncollected Investment : LLE Deferred Balance | | | | | | | | | | | | | | | |
| | a Uncollected Investment: LLE Deferred Balance (\$54M System) | 0 | 0 | 0 | 0 | 0 | 50,275,957 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,275,957 | 50,275,957 |
| | b Prior Period Carrying Charge Unrecovered Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c Prior Period Carrying Charge Recovered | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Over/Under Prior Period | | | 0 | 0 | 0 | 0 | 204,719 | 411,107 | 414,455 | 417,830 | 421,233 | 424,664 | 428,122 | 3,153,738 | 3,153,738 |
| | e Net Investment | \$0 | \$0 | \$0 | \$0 | \$0 | \$50,275,957 | \$50,480,676 | \$50,891,783 | \$51,306,238 | \$51,724,068 | \$52,145,301 | \$52,569,965 | \$52,998,087 | | \$53,429,695 |
| 2 | Average Net Investment | \$0 | \$0 | \$0 | \$0 | \$0 | \$25,137,978 | \$50,480,676 | \$50,891,783 | \$51,306,238 | \$51,724,068 | \$52,145,301 | \$52,569,965 | \$52,998,087 | | |
| 3 | Return on Average Net Investment | | | | | | | | | | | | | | | |
| | a Equity Component | 0.00403 | 0 | 0 | 0 | 0 | 101,306 | 203,437 | 205,094 | 206,764 | 208,448 | 210,146 | 211,857 | 213,582 | 1,560,634 | |
| | b Equity Component Grossed Up For Taxes | 1.62800 | 0 | 0 | 0 | 0 | 164,926 | 331,196 | 333,893 | 336,612 | 339,354 | 342,118 | 344,904 | 347,712 | 2,540,715 | |
| | c Debt Component | 0.00158 | 0 | 0 | 0 | 0 | 39,793 | 79,911 | 80,562 | 81,218 | 81,879 | 82,546 | 83,218 | 83,896 | 613,023 | |
| | d Total Return for the Period | | 0 | 0 | 0 | 0 | 204,719 | 411,107 | 414,455 | 417,830 | 421,233 | 424,664 | 428,122 | 431,608 | 3,153,738 | |
| 4 | Revenue Requirements for the Period (Line 3d) | | 0 | 0 | 0 | 0 | 204,719 | 411,107 | 414,455 | 417,830 | 421,233 | 424,664 | 428,122 | 431,608 | 3,153,738 | |
| 5 | Projected Revenue Collected for the Period | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 6 | Over/Under Recovery For the Period | | 0 | 0 | 0 | 0 | 204,719 | 411,107 | 414,455 | 417,830 | 421,233 | 424,664 | 428,122 | 431,608 | 3,153,738 | |

2015
 Line No.

WACC Adjustment from 2014

5e. Adjusted Dec Surveillance from 2012 to 2013- Staff Data Request LV-15-14

| | Beginning Balance | Jan | Feb | March | April | May Adjustment |
|---------|-------------------|----------|----------|----------|----------|--------------------|
| | (87,249) | (87,249) | (87,960) | (88,676) | (89,398) | (90,126) |
| Equity | 0.00403 | (352) | (354) | (357) | (360) | (363) |
| Eq -G/U | 1.62800 | (572) | (577) | (582) | (587) | (591) |
| Debt | 0.00158 | (138) | (139) | (140) | (142) | (143) |
| Total | | (711) | (716) | (722) | (728) | (734) |
| | | | | | | \$ (90,860) |

Unrecovered Investment Beginning Balance for Carrying Cost Calculation

6f. Prior Period Unrecovered Balance **\$ (11,381,362)**

Prior Period Carrying Charge Unrecovered Balance (4,647,273) Exhibit TGF-2_2014 Detail (March 2015) Line 6f.

Prior Period Under/(Over) Recovery (Prior Month) (6,734,088) Exhibit TGF-2_2014 Detail (March 2015) Line 6h.

Other Exit & Wind-Down Costs

15. Prior Period (Over)/Under Recovery **\$ (179,385)**

Prior Period (Over)/Under Recovery (79,819) Exhibit TGF-2_2014 Detail (March 2015) Line 15.

Over/Under Recovery For the Period (99,566) Exhibit TGF-2_2014 Detail (March 2015) Line 21.

LEVY COUNTY NUCLEAR 1 & 2
True-Up Filing: Other Exit / Wind-Down Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2015 Detail Schedule with the expenditures provided to the Commission in the 2015 Detail Estimated / Actual Schedules.

Appendix B
 Witness: Thomas G. Foster
 Docket No. 160009-EI
 Duke Energy Florida
 Exhibit: (TGF - 1)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 150009-EI

For Year Ended 12/31/2015

| Line No. | Description | (A) System Estimated / Actual | (B) System Actual | (C) Variance Amount | (D) Explanation |
|----------|--|-------------------------------------|-------------------------|---------------------------|---|
| | Allocated or Assigned Other Exit / Wind-Down Expenditures | | | | |
| 1 | Accounting | \$80,000 | \$23,243 | (\$56,757) | Fewer hours for wind-down accounting activities than Estimated. |
| 2 | Corporate Planning | \$61,535 | \$50,131 | (11,404) | Minimal variance from Estimated amounts |
| 3 | Legal | \$110,000 | \$136,412 | 26,412 | Minimal variance from Estimated amounts |
| 4 | Total | \$251,535 | \$209,786 | (\$41,749) | Overall minor variance from estimated amount. |

Note:
 System Estimated / Actual taken from May 1, 2015 Filing in Docket No. 150009-EI.

DUKE ENERGY FLORIDA
Average Rate of Return - Capital Structure
FPSC Adjusted Basis
December 2014

Appendix C
 Witness: Thomas G. Foster
 Duke Energy Florida
 Docket No. 160009-EI
 (TGF - 1)

| | System Per Books | Retail Per Books | Pro Rata Adjustments | Specific Adjustments | Adjusted Retail | Cap Ratio | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-----------------------|-----------------------|-------------------------|-------------------------|----------------------|----------------|-----------|------------------|-----------|------------------|------------|------------------|
| | | | | | | | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | 5,222,186,481 | 4,623,579,568 | (812,717,155) | 729,976,602 | 4,540,839,016 | 47.51% | 9.50% | 4.51% | 10.50% | 4.99% | 11.50% | 5.46% |
| Long Term Debt | 4,640,661,936 | 4,108,713,810 | (722,215,796) | 0 | 3,386,498,014 | 35.44% | 5.33% | 1.89% | 5.33% | 1.89% | 5.33% | 1.89% |
| Short Term Debt * | 83,881,000 | 74,265,919 | (13,054,212) | 164,565,046 | 225,776,753 | 2.36% | 1.22% | 0.03% | 1.22% | 0.03% | 1.22% | 0.03% |
| Customer Deposits | | | | | | | | | | | 0 | 0 |
| Active | 216,296,806 | 216,296,806 | (38,019,920) | 0 | 178,276,886 | 1.87% | 2.23% | 0.04% | 2.23% | 0.04% | 2.23% | 0.04% |
| Inactive | 1,651,583 | 1,651,583 | (290,310) | 0 | 1,361,273 | 0.01% | | | | | | |
| Investment Tax Credits ** | 425,513 | 376,737 | (66,222) | 0 | 310,515 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,119,038,625 | 1,876,138,228 | (329,781,223) | (167,311,918) | 1,379,045,088 | 14.43% | | | | | | |
| FAS 109 DIT - Net | (212,931,026) | (188,523,245) | 33,137,977 | 0 | (155,385,267) | -1.63% | | | | | | |
| Total | 12,071,210,918 | 10,712,499,406 | (1,883,006,858) | 727,229,731 | 9,556,722,278 | 100.00% | | 6.47% | | 6.95% | | 7.42% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

| | |
|--------|-------|
| Equity | 4.99% |
| Debt | 1.96% |
| Total | 6.95% |

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
True-Up Filing: Description of Monthly Cost Additions

EXPLANATION: Provide a description of the major tasks performed within these Categories for the year.
 List generation expenses separate from transmission

Appendix D
 Witness: C. Fallon
 Duke Energy Florida
 Exhibit: (TGF - 1)
 (Page 1 of 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2015

| Line No. | Major Task & Description for amounts on 2015 Detail Schedule | Description |
|----------|--|-------------|
|----------|--|-------------|

Generation:

- | | | |
|---|---------------------------|--|
| 1 | Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | The amount of proceeds received from either selling, transferring or otherwise receiving salvage value for the nuclear assets. |
| 3 | Disposition | The cost of winding-down and exiting the nuclear project contracts |

Transmission:

- | | | |
|---|---------------------------|--|
| 1 | Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | The amount of proceeds received from either selling, transferring or otherwise receiving salvage value for the nuclear assets. |
| 3 | Disposition | The cost of winding-down and exiting the nuclear project contracts |

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
True-Up Filing: Regulatory Asset Category - Variance in Additions and Expenditures

REDACTED

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2015 Detail Schedule with the expenditures provided to the Commission on 2015 Estimated/Actual Detail schedule. List the Generation expenses separate from Transmission in the same order appearing on 2015 Detail Schedule.

Appendix D
 Witness: C. Fallon
 Duke Energy Florida
 Exhibit: (TGF - 1)
 (Page 2 of 2)

COMPANY:
 Duke Energy - FL

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2015

| Line No. | Major Task & Description for amounts on 2015 Detail Schedule | (A) System Estimated / Actual | (B) System Actual | (C) Variance Amount | (D) Explanation |
|----------------------|--|-------------------------------------|-------------------------|---------------------------|---|
| <u>Generation:</u> | | | | | |
| 1 | Wind-Down Costs | | | | Minimal variance from Estimated amounts |
| 2 | Sale or Salvage of Assets | | | | Additional sale of LLE, not included in the 2015 Estimate filed on May 1, 2015. |
| 3 | Disposition | | | | |
| 4 | <u>Total Generation Costs</u> | | | | |
| <u>Transmission:</u> | | | | | |
| 1 | Wind-Down Costs (b) | | | | |
| 2 | Sale or Salvage of Assets | | | | |
| 3 | Disposition | | | | |
| 4 | <u>Total Transmission Costs</u> | | | | |

Note:
 System Estimated / Actual taken from May 1, 2015 Filing in Docket No. 150009-EI.

**LEVY COUNTY NUCLEAR 1 & 2
Actual Filing: Contracts Executed**

REDACTED

EXPLANATION: Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: Duke Energy Florida

Appendix E
Witness: C. Fallon
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF - 1)

DOCKET NO.:
160009-EI

For Year Ended: 12/31/2015

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | |
|----------|--------------|------------------------------|------------------|-----------------|---|--------------------------------|-----------------------------------|--------------------------------|-----------------------|--|--|
| Line No. | Contract No. | Status of Contract | Term of Contract | Original Amount | Actual Expended as of Prior Year End (2014) | Actual Amount Expended in 2015 | Estimate of Final Contract Amount | Name of Contractor | Affiliation of Vendor | Method of Selection | Nature and Scope of Work |
| 1 | 414310 | Terminated: January 28, 2014 | | | | | Note 1 | Westinghouse Electric Co. LLC. | Direct | Sole Source. Award based on vendor constructing the selected reactor technology. | To design, engineer, supply, equip, construct and install a fully operational two unit AP1000 Facility at the Levy Nuclear Plant Site. Final contract amount includes change orders. |
| 2 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Carlton Fields Jordan Burt | Direct | Note 2 | Legal Work – DEF Levy Units 1 & 2 |

Line 1: Costs or credits associated with terminating the EPC contract and related long lead equipment purchase orders are subject to litigation in federal court and cannot be estimated at this time.

Line 2: Estimate of final contract amount cannot be determined at this time.

**Docket No. 160009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-2)**

SCHEDULE APPENDIX

EXHIBIT (TGF-2)

**DUKE ENERGY FLORIDA, LLC.
CRYSTAL RIVER UNIT 3 UPRATE
COMMISSION SCHEDULES**

**JANUARY 2015 - DECEMBER 2015
DOCKET NO. 160009-EI**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 3
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Thomas G. Foster TGF-2

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Crystal River Unit 3 Uprate
January 2015 - December 2015

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| 3 | 2015 Summary | 2015 Summary | T. G. Foster |
| 4 | 2015 Detail | 2015 Detail Revenue Requirement Calculations | T. G. Foster / M. Teague |
| 5 - 7 | Appendix A | Detail for 2015 Beginning Balance , Adjustment Support & In-Service Project Rev Req Support | T. G. Foster |
| 8 | Appendix B | Other Exit / Wind-Down Expense Variance Explanation | T. G. Foster |
| 9 | Appendix C | Average Rate of Return - Capital Structure | T. G. Foster |
| 10 - 11 | Appendix D | Major Task Categories and Expense Variances | M. Teague |
| 12 | Appendix E | Summary of Contracts and Details over \$1 Million | M. Teague |

| | | 12-Month Total |
|----|---|---|
| 1. | Final Costs for the Period | |
| | a. Carrying Cost on Unrecovered Investment | \$ 18,987,802 (2015 Detail Line 5d.) |
| | b. Period Exit Costs (including Sale of Assets) | (1,477,805) (2015 Detail Line 2e.) |
| | c. Period Other Exit / Wind-down Costs and Interest | 75,557 (2015 Detail Line 16d.) |
| | d. Other - Adjustments | (228,787) (2015 Detail Lines: 2j. and 19) |
| | e. Total Period Revenue Requirement | <u>\$ 17,356,767</u> |
| 2. | Projected Amount for the Period (Order No. PSC 14-0701-FOF-EI) | \$ 19,892,643 (2015 Detail Line 23) |
| 3. | Final True-Up Amount for the Period (over)/under (Line 1e. - Line 2.) | \$ (2,535,876) |
| 4. | Amortization of Unrecovered Investment and Prior Period Over/Under Balances (Order No. PSC 14-0701-FOF-EI) | \$ 43,681,007 (2015 Detail Line 3d.) |
| 5. | Total Revenue Requirements for 2015 (Line 1e. + Line 4.) | <u>\$ 61,037,774</u> |

2015 Over/Under Recovery Beginning Balance
 Line.

| | | | | |
|----|--|---------------------|----|--|
| 2j | WACC & J/O Adjustments | | | |
| | | May 2015 Adjustment | \$ | (229,139) |
| | | 1 (64,650) | | DEF's Response PSC Audit No. CR 11-14 (adjusting J/O credit) |
| | | 2 (155,383) | | DEF's Response PSC Audit No. CR 14-14 (adjusting WACC) 2014 Impact |
| | | 3 (220,033) | | Total Adjustments ((Beginning Balance January 2015 on Appendix A (page 3 of 3)) |
| | | 4 (9,107) | | 2015 Carrying Cost (Jan - May) calculated on Appendix A (page 3 of 3) |
| | | 5 (229,139) | | Total Adjustment w/carrying cost reflected in May 2015 on Line 2j |
| 3b | Transferred to Plant In-service | | \$ | 29,995,096 |
| | EB from TGF-2_2014 Detail (filed March 2015) Line 3b | | | |
| 3e | Unrecovered Balance Carrying Cost | | \$ | (1,170,549) |
| | Prior Period | (300,415) | | Exhibit TGF-2_2014 Detail (March 2015) Line 3e. Prior Period Carrying Charge Unrecovered Balance |
| | Current Period | (870,135) | | Exhibit TGF-2_2014 Detail (March 2015) Line 3g. (Over)/Under for the Period |
| | Total | (1,170,549) | | |
| 3f | Prior Period Carrying Charge Recovered | | \$ | 29,497 Please refer to Appendix A (page 2 of 3) |
| | Other Exit / Wind-Down | | | |
| 12 | Prior Period Unrecovered Balance | | \$ | (424,777) |
| | Prior Period | (224,283) | | Exhibit TGF-2_2014 Detail (March 2015) Line 12 Prior Period Unrecovered Balance |
| | Current Period | (200,493) | | Exhibit TGF-2_2014 Detail (March 2015) Line 18 (Over)/Under for the Period |
| | Total | (424,777) | | |
| 13 | Prior Period Costs Recovered | | \$ | (406,857) |
| | Prior Period | (224,283) | | Please refer to Appendix A (page 2 of 3) |
| | Current Period | (182,574) | | Please refer to Appendix A (page 2 of 3) |
| | Total | (406,857) | | |
| 15 | Other - Adjustments | | \$ | 7,873 |
| | Other - Adjustments | | | |
| | Unrecovered Balance Carrying Cost | 7,873 | | Please refer to Appendix A (page 2 of 3) |

Line 3d. Annual Amortization Calculation

| | TGF-3 Filed March 1, 2014 | YE 2013 - Actual |
|---|---|-------------------|
| 1 | Additions for the Period (TGF-3 Filed March 2014 - Line 3a) | 292,081,140 |
| 2 | Less: Transferred to Plant-in-Service (TGF-3 Filed March 2014 - Line 3) | 29,995,096 |
| 3 | 2013 EB Investment prior to Amortize (2015 through 2019) | 262,086,044 |
| 4 | Annual Amortization (2015 through 2019) (2015 Detail Line 3d.) | <u>43,681,007</u> |

Prior Period Over / (Under) Support Schedules

DEF - CR3 Uprate

Appendix A

Witness: Thomas G. Foster

Docket No. 160009-EI

Duke Energy Florida

(TGF - 2)

(Page 2 of 3)

| | 2013 True Up | Note 1 2013 Est-Actual | 2015 Collection/ (Refund) * |
|---------------------------------------|-------------------|------------------------------|--------------------------------|
| 1 Construction Carrying Cost Rev Req. | 26,803,675 | 27,111,962 | (308,287) |
| 2 Recoverable O&M Revenue Req. | 229,455 | 453,738 | (224,283) |
| 3 In-service Rev Reqs/Base Refund | 927 | (6,946) | 7,873 |
| 4 Total Revenue Requirement | <u>27,034,057</u> | <u>27,558,755</u> | <u>(524,697)</u> |

Note 1: Per Order PSC-14-0617-FOF-EI, Docket No. 140009-EI, pg 40 (Issue 7)

The final 2013 net over-recovery of \$524,697 should be included in setting the allowed 2015 NCRC recovery.

| | 2014 Est-Actual | Note 2 2014 Projection | 2015 Collection/ (Refund) * |
|---------------------------------------|--------------------|------------------------------|--------------------------------|
| 5 Construction Carrying Cost Rev Req. | 24,516,716 | 24,178,932 | 337,785 |
| 6 Recoverable O&M Revenue Req. | 214,326 | 396,900 | (182,574) |
| 7 In-service Rev Reqs/Base Refund | (3,699) | (3,699) | - |
| 8 Total Revenue Requirement | <u>24,727,343</u> | <u>24,572,133</u> | <u>155,210</u> |

Note 2: Per Order PSC-14-0617-FOF-EI, Docket No. 140009-EI, pg 40 (Issue 8)

An estimated 2014 net under-recovery of \$155,210 should be included in setting the allowed 2015 NCRC recovery.

DEF
Other - Adjustments
In Service Project Revenue Requirements - 2015 Recovery

Appendix A
Witness: Thomas G. Foster
(TGF - 2)
(Page 3 of 3)

| | Beg Balance 2015 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|---|------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-------|-----|-------|
| 1 In-service Project Revenue Requirements | \$0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2 Projected In-service Project Revenue Requirements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3 Prior Years Project In-service Revenue Requirements | 7,873 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 656 | 7,873 |
| 4 Under/(Over) Recovery | \$7,873 | \$7,217 | \$6,561 | \$5,905 | \$5,249 | \$4,593 | \$3,937 | \$3,280 | \$2,624 | \$1,968 | \$1,312 | \$656 | \$0 | |
| 5 Cumulative Under/(Over) Recovery | \$7,873 | \$7,217 | \$6,561 | \$5,905 | \$5,249 | \$4,593 | \$3,937 | \$3,280 | \$2,624 | \$1,968 | \$1,312 | \$656 | \$0 | |
| 6 Equity Component (a) | 0.00403 | \$29 | \$26 | \$24 | \$21 | \$19 | \$16 | \$13 | \$11 | \$8 | \$5 | \$3 | \$0 | \$175 |
| 7 Equity Component grossed up for taxes (b) | 1.62800 | 47 | 43 | 39 | 34 | 30 | 26 | 22 | 17 | 13 | 9 | 4 | 0 | 284 |
| 8 Debt Component (c) | 0.001583 | 11 | 10 | 9 | 8 | 7 | 6 | 5 | 4 | 3 | 2 | 1 | 0 | 69 |
| 9 Total Return on Under/(Over) Recovery (2015 Detail Line 21) | | \$59 | \$53 | \$48 | \$43 | \$37 | \$32 | \$27 | \$21 | \$16 | \$11 | \$5 | \$0 | \$353 |

Notes:

- (a) The monthly Equity Component of 4.99% reflects an 10.5% return on equity.
(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.
(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.00403 (Equity) and 0.001583 (Debt), which results in the annual rate of 6.95%.

DEF CR3 Uprate
Calculation for 2015 Carrying Costs to be applied to the 2014 Adjustments
WACC Adjustment from 2014 & J/O Adjustment 2014 : Line 2j - May (2015 Detail)

| | Beg Balance 2015 | Jan | Feb | Mar | Apr | May | May Adjustment | Total |
|--|------------------|-------------|-------------|-------------|-------------|-------------|----------------|-------------|
| 1 DEF's Response PSC Audit No. CR 11-14 (adjusting J/O credit) | \$ (64,650) | | | | | | | |
| 2 DEF's Response PSC Audit No. CR 14-14 (adjusting WACC) 2014 Impact | \$ (155,383) | | | | | | | |
| 3 2014 Adjustment - Including Carrying Cost (Appendix A- 2j) | (220,033) | 0 | (1,792) | (1,807) | (1,821) | (1,836) | (1,851) | (9,107) |
| 4 Under/(Over) Recovery | (220,033) | (\$220,033) | (\$221,825) | (\$223,631) | (\$225,452) | (\$227,288) | (\$229,139) | (220,033) |
| 5 Cumulative Under/(Over) Recovery (Appendix A- 2j) | (\$220,033) | (\$220,033) | (\$221,825) | (\$223,631) | (\$225,452) | (\$227,288) | (\$229,139) * | (\$229,139) |
| 6 Equity Component (a) | 0.00403 | (\$887) | (\$894) | (\$901) | (\$909) | (\$916) | | (\$4,506) |
| 7 Equity Component grossed up for taxes (b) | 1.62800 | (1,444) | (1,455) | (1,467) | (1,479) | (1,491) | | (7,337) |
| 8 Debt Component (c) | 0.001583 | (348) | (351) | (354) | (357) | (360) | | (1,770) |
| 9 Total Return on Under/(Over) Recovery | | (\$1,792) | (\$1,807) | (\$1,821) | (\$1,836) | (\$1,851) | | (\$9,107) |

Notes:

- (a) The monthly Equity Component of 4.99% reflects an 10.5% return on equity.
(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.
(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.00403 (Equity) and 0.001583 (Debt), which results in the annual rate of 6.95%.
*Transferred (\$229,139) to 2015 Detail Line 2j.

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Other Exit / Wind-Down Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2015 Detail Schedule with the expenditures provided to the Commission in the 2015 Detail Estimated Schedules.

Appendix B
 Witness: Thomas G. Foster
 Docket No. 160009-EI
 Exhibit: (TGF - 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2015

| Line No. | Description | (A) System Estimated/Actual | (B) System Actual | (C) Variance Amount | (D) Explanation |
|--|--------------------|-----------------------------------|-------------------------|---------------------------|---|
| Allocated or Assigned Other Exit / Wind-Down Expenditures | | | | | |
| 1 | Accounting | \$80,000 | \$23,243 | (\$56,757) | Fewer hours than estimated were spent on EPU Wind-Down Activities |
| 2 | Corporate Planning | 58,320 | 21,139 | (37,181) | Fewer hours than estimated were spent on EPU Wind-Down Activities |
| 3 | Legal | 50,000 | 44,266 | (5,734) | Minor variance from estimated amount. |
| 4 | <u>Total</u> | <u>\$188,320</u> | <u>\$88,648</u> | <u>(\$99,672)</u> | |

Note:
 System Estimate from May 1, 2015 Filing in Docket No. 150009-EI.

DUKE ENERGY FLORIDA
Average Rate of Return - Capital Structure
FPSC Adjusted Basis
December 2014

Appendix C
Witness: Thomas G. Foster
Docket No. 160009-EI
Duke Energy Florida
(TGF - 2)

| | System Per Books | Retail Per Books | Pro Rata Adjustments | Specific Adjustments | Adjusted Retail | Cap Ratio | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-----------------------|-----------------------|-------------------------|-------------------------|----------------------|----------------|-----------|------------------|-----------|------------------|------------|------------------|
| | | | | | | | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | 5,222,186,481 | 4,623,579,568 | (812,717,155) | 729,976,602 | 4,540,839,016 | 47.51% | 9.50% | 4.51% | 10.50% | 4.99% | 11.50% | 5.46% |
| Long Term Debt | 4,640,661,936 | 4,108,713,810 | (722,215,796) | 0 | 3,386,498,014 | 35.44% | 5.33% | 1.89% | 5.33% | 1.89% | 5.33% | 1.89% |
| Short Term Debt * | 83,881,000 | 74,265,919 | (13,054,212) | 164,565,046 | 225,776,753 | 2.36% | 1.22% | 0.03% | 1.22% | 0.03% | 1.22% | 0.03% |
| Customer Deposits | | | | | | | | | | | 0 | 0 |
| Active | 216,296,806 | 216,296,806 | (38,019,920) | 0 | 178,276,886 | 1.87% | 2.23% | 0.04% | 2.23% | 0.04% | 2.23% | 0.04% |
| Inactive | 1,651,583 | 1,651,583 | (290,310) | 0 | 1,361,273 | 0.01% | | | | | | |
| Investment Tax Credits ** | 425,513 | 376,737 | (66,222) | 0 | 310,515 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,119,038,625 | 1,876,138,228 | (329,781,223) | (167,311,918) | 1,379,045,088 | 14.43% | | | | | | |
| FAS 109 DIT - Net | (212,931,026) | (188,523,245) | 33,137,977 | 0 | (155,385,267) | -1.63% | | | | | | |
| Total | 12,071,210,918 | 10,712,499,406 | (1,883,006,858) | 727,229,731 | 9,556,722,278 | 100.00% | | 6.47% | | 6.95% | | 7.42% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

| | |
|--------|-------|
| Equity | 4.99% |
| Debt | 1.96% |
| Total | 6.95% |

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Construction Category - Description of Monthly Cost Additions

EXPLANATION: Provide a description of the major tasks performed within the Construction category for the year.
 List generation expenses separate from transmission in the same order appearing on 2015 Detail Schedule.

Appendix D
 Witness: M. Teague
 Docket No. 160009-EI
 Duke Energy Florida
 Exhibit: (TGF - 2)
 (Page 1 of 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2015

| Line No. | Major Task & Description for amounts on 2015 Detail Schedule | Description |
|----------|---|-------------|
|----------|---|-------------|

Generation:

- | | | |
|---|------------------------------------|---|
| 1 | EPU Construction & Wind-Down Costs | Spend performed in accordance with Rule 25-6.0423(7). |
| 2 | Sale or Salvage of Assets | Net Value received in accordance with Duke Energy Procedure IA-9010 regarding Disposition of Assets |
| 3 | Disposition | Net Value received in accordance with Duke Energy Procedure IA-9010 regarding Disposition of Assets |

Transmission:

N/A

**CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Construction Category - Variance in Additions and Expenditures**

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2015 Detail Schedule with the expenditures provided to the Commission on 2015 Estimated / Actual Detail schedule. List the Generation expenses separate from Transmission in the same order appearing on 2015 Detail Schedule.

COMPANY: Duke Energy Florida

Appendix D
Witness: M. Teague
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF - 2)
(Page 2 of 2)

DOCKET NO.:
160009-EI

For Year Ended 12/31/2015

| Line No. | Construction Major Task & Description for amounts on 2013 Detail Schedule | (A) System Estimated/Actual | (B) System Actual | (C) Variance Amount | (D) Explanation |
|--------------------|---|-----------------------------|-------------------|---------------------|--|
| <u>Generation:</u> | | | | | |
| 1 | EPU Wind-Down Costs | \$252,811 | \$857,696 | \$604,885 | Additional costs were incurred to prepare additional EPU assets for sale |
| 2 | Sale or Salvage of Assets | (\$126,519) | (\$2,575,500) | (\$2,448,981) | Additional EPU assets were sold beyond those that were included in the Estimates |
| 3 | Disposition | 0 | 0 | 0 | |
| 4 | Total Generation Costs | \$126,292 | (\$1,717,804) | (\$1,844,096) | |

Transmission:
N/A

Note:

System Estimate from May 1, 2015 Filing in Docket No. 150009-EI.

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Summary of Contracts Executed Over \$1 Million

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

Appendix E
Witness: M. Teague
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF - 2)

COMPANY:

Duke Energy Florida

DOCKET NO.:

160009-EI

For Year Ended 12/31/2015

All EPU-related contracts in excess of \$1 million have been closed as of December 31, 2013. No new contracts over \$1 million were executed after December 31, 2013.

SCHEDULE APPENDIX

EXHIBIT (TGF-4)

**DUKE ENERGY FLORIDA, LLC.
CRYSTAL RIVER UNIT 3 UPRATE
COMMISSION SCHEDULES**

**JANUARY 2016 - DECEMBER 2017
DOCKET NO. 160009-EI**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 4
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Thomas G. Foster TGF-4

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January 2016 - December 2017

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| 4 | 2016 Detail | 2016 Detail Revenue Requirement Calculations | T. G. Foster / M. Teague |
| 5 | 2017 Detail | 2017 Detail Revenue Requirement Calculations | T. G. Foster / M. Teague |
| 6 | 2017 Rate Impact | 2017 Estimated Rate Impact | T. G. Foster |
| 7 | Appendix A | Detail for 2016 & 2017 Beginning Balance Support | T. G. Foster |
| 8 | Appendix B | Other Exit / Wind-Down Expense Variance Explanation | T. G. Foster |
| 9 | Appendix C | Average Rate of Return - Capital Structure | T. G. Foster |
| 10 - 11 | Appendix D | Major Task Categories and Expense Variances | M. Teague |
| 12 | Appendix E | Summary of Contracts and Details over \$1 Million | M. Teague |
| 13 | Appendix F | 2013 - 2019 Unrecovered Investment Amortization Schedule | T. G. Foster |

**CR3 Uprate
2017 Summary
Duke Energy Florida**

Witness: Thomas G. Foster
Docket No. 160009-EI
Exhibit: (TGF- 4)

| | | |
|--|--------------------------|----------------------------------|
| (1) Amortization of Unrecovered Balance | 43,681,007 | See 2017 Detail line 3d |
| (2) Period Carrying Cost on Unrecovered Investment | 10,234,917 | See 2017 Detail line 5d |
| (3) Period Exit Costs | - | See 2017 Detail line 3c |
| (4) Period Other Exit / Wind-Down Costs incl. Interest | 54,708 | See 2017 Detail line 13d |
| (5) Prior Period Over/Under Recoveries | <u>(2,270,300)</u> | See 2017 Detail lines: 3e and 10 |
| (6) Total 2017 Revenue Requirement | 51,700,333 | |
| (7) Revenue Tax Multiplier | 1.00072 | |
| (8) Total 2017 Projected Revenue Requirements | <u><u>51,737,557</u></u> | |

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2016 Detail - Calculation of the Revenue Requirements
January 2016 through December 2016

Witness: T.G. Foster / M. Teague
Docket No. 160009-EI
Exhibit: (TGF- 4)

| Line | Description | Beginning of Period Amount | Actual January 16 | Actual February 16 | Estimated March 16 | Estimated April 16 | Estimated May 16 | Estimated June 16 | Estimated July 16 | Estimated August 16 | Estimated September 16 | Estimated October 16 | Estimated November 16 | Estimated December 16 | Period Total |
|-----------|---|----------------------------|-------------------|--------------------|--------------------|--------------------|------------------|-------------------|-------------------|---------------------|------------------------|----------------------|-----------------------|-----------------------|-------------------|
| 1 | Uncollected Investment | | | | | | | | | | | | | | |
| | a EPU Construction & Wind-Down Costs | 377,363,975 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | b Sale or Salvage of Assets | (3,029,358) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c Disposition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Total | 374,334,617 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 2 | Adjustments | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | b Joint Owner Credit | (29,982,935) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c Other (b) | (28,108,647) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Adjusted System Generation Construction | 316,243,034 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | Retail Jurisdictional Factor : Current Year Activity | 92.885% | | | | | | | | | | | | | |
| | Retail Jurisdictional Factor: (Beg Bal YE 2012 & POD sale) | 91.683% | | | | | | | | | | | | | |
| | e Exit / Wind-down Costs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | f Beginning Balance - pre 2013 Investment | 279,911,057 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 279,911,057 |
| | g Beginning Balance - 2013 Investment | 12,170,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,170,084 |
| | h Collected 2014 & 2015 Portion of Regulatory Asset | (87,883,854) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (87,883,854) |
| | i Total Jurisdictional Unrecovered Investment | 204,197,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204,197,287 |
| | j Net Refund - 2014 Investment (Collected in 2015) | (488,483) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (488,483) |
| | k Net Refund - 2015 Investment - (Value is a part of Line 3e) | (1,477,805) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,477,805) |
| 3 | Carrying Cost on Unrecovered Investment Balance | | | | | | | | | | | | | | |
| | a Uncollected Investment | 204,197,287 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 204,197,287 |
| | b Plant-in-Service | 29,995,096 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,995,096 |
| | c Period Recovered Wind-down / Exit Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Amortization of Unrecovered Investment (a) | 0 | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (43,681,007) |
| | e Prior Period Carrying Charge Unrecovered Balance (a) | (3,622,279) | (3,453,164) | (3,284,049) | (3,114,935) | (2,945,820) | (2,776,705) | (2,607,591) | (2,438,476) | (2,269,361) | (2,100,247) | (1,931,132) | (1,762,017) | (1,592,903) | (1,592,903) |
| | f Prior Period Carrying Charge Recovered (a) | (2,029,376) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) | (169,115) |
| | g Prior Period Under/(Over) Recovery (Prior Month) | | | (49,624) | (49,266) | (48,901) | (48,537) | (48,166) | (47,795) | (47,421) | (47,043) | (46,663) | (46,279) | (45,892) | (571,088) |
| | h Net Investment | \$170,579,912 | \$167,108,943 | \$163,588,349 | \$160,068,114 | \$156,548,244 | \$153,028,738 | \$149,509,603 | \$145,990,839 | \$142,472,449 | \$138,954,437 | \$135,436,804 | \$131,919,556 | \$128,402,694 | \$128,357,192 |
| 4 | Average Net Investment | | \$168,844,427 | \$165,323,834 | \$161,803,599 | \$158,283,729 | \$154,764,223 | \$151,245,088 | \$147,726,324 | \$144,207,933 | \$140,689,921 | \$137,172,289 | \$133,655,040 | \$130,138,179 | |
| 5 | Return on Average Net Investment | | | | | | | | | | | | | | |
| | a Equity Component | 0.00392 | 661,870 | 648,069 | 634,270 | 620,472 | 606,676 | 592,881 | 579,087 | 565,295 | 551,504 | 537,715 | 523,928 | 510,142 | 7,031,909 |
| | b Equity Component Grossed Up For Taxes | 1.62800 | 1,077,525 | 1,055,057 | 1,032,593 | 1,010,129 | 987,670 | 965,211 | 942,755 | 920,301 | 897,849 | 875,401 | 852,956 | 830,512 | 11,447,959 |
| | c Debt Component | 0.00155 | 260,865 | 255,425 | 249,987 | 244,548 | 239,111 | 233,674 | 228,237 | 222,801 | 217,366 | 211,931 | 206,497 | 201,063 | 2,771,505 |
| | d Total Return | | 1,338,390 | 1,310,482 | 1,282,580 | 1,254,677 | 1,226,781 | 1,198,885 | 1,170,992 | 1,143,102 | 1,115,215 | 1,087,332 | 1,059,453 | 1,031,575 | 14,219,463 |
| 6 | Revenue Requirements for the Period (Lines 3a + 5d) | | \$1,338,390 | \$1,310,482 | \$1,282,580 | \$1,254,677 | \$1,226,781 | \$1,198,885 | \$1,170,992 | \$1,143,102 | \$1,115,215 | \$1,087,332 | \$1,059,453 | \$1,031,575 | \$14,219,464 |
| 7 | Projected Revenue Requirements for the Period (Order No. PSC 15-0521-FOF-EI) | | \$1,388,014 | \$1,359,748 | \$1,331,480 | \$1,303,214 | \$1,274,947 | \$1,246,680 | \$1,218,413 | \$1,190,145 | \$1,161,879 | \$1,133,611 | \$1,105,345 | \$1,077,077 | \$14,790,552 |
| 8 | Over/Under Recovery For the Period | | (\$49,624) | (\$49,266) | (\$48,901) | (\$48,537) | (\$48,166) | (\$47,795) | (\$47,421) | (\$47,043) | (\$46,663) | (\$46,279) | (\$45,892) | (\$45,502) | (\$571,088) |
| 9 | Other Exit / Wind-Down | | | | | | | | | | | | | | |
| | a Accounting | | 2,348 | 2,363 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 2,350 | 28,211 |
| | b Corporate Planning | | 2,702 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 2,812 | 33,634 |
| | c Legal | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Joint Owner Credit | | (415) | (425) | (424) | (424) | (424) | (424) | (424) | (424) | (424) | (424) | (424) | (424) | (5,083) |
| | e Total Other Exit / Wind-Down Costs | | 4,635 | 4,750 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 4,738 | 56,762 |
| 10 | Jurisdictional Factor (A&G) | | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | |
| 11 | Jurisdictional Amount | | 4,321 | 4,428 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 4,417 | 52,914 |
| 12 | Prior Period Unrecovered Balance (a) | (131,556) | (127,706) | (123,856) | (120,006) | (116,156) | (112,305) | (108,455) | (104,605) | (100,755) | (96,905) | (93,054) | (89,204) | (85,354) | |
| 13 | Prior Period Costs Recovered (a) | (46,202) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | (3,850) | |
| 14 | Prior Month Period (Over)/Under Recovery | | 0 | (1,835) | (1,727) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,740) | (1,740) | |
| 15 | Unamortized Balance | (131,556) | (127,706) | (125,691) | (123,568) | (121,457) | (119,345) | (117,234) | (115,123) | (113,012) | (110,901) | (108,790) | (106,680) | (104,569) | |
| 16 | Carrying Costs for the Period | | | | | | | | | | | | | | |
| | a Balance Eligible for Interest | | (127,471) | (125,402) | (123,285) | (121,174) | (119,062) | (116,951) | (114,840) | (112,729) | (110,618) | (108,507) | (106,396) | (104,286) | |
| | b Monthly Commercial Paper Rate | | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | |
| | c Interest Provision | | (11) | (9) | (9) | (9) | (9) | (9) | (9) | (8) | (8) | (8) | (8) | (8) | (105) |
| | d Total Costs and Interest (Line 11 + Line 16c) | | 4,310 | 4,418 | 4,407 | 4,407 | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 | 4,408 | 4,409 | 4,409 | 52,808 |
| 17 | Recovered (Order No. PSC 15-0521-FOF-EI) | | 6,145 | 6,146 | 6,146 | 6,146 | 6,147 | 6,147 | 6,147 | 6,147 | 6,148 | 6,148 | 6,148 | 6,149 | 73,763 |
| 18 | Over/Under Recovery For the Period | | (1,835) | (1,727) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,739) | (1,740) | (1,740) | (1,740) | (20,955) |
| 19 | Revenue Requirements for the Period | | 1,342,701 | 1,314,901 | 1,286,987 | 1,259,085 | 1,231,188 | 1,203,293 | 1,175,400 | 1,147,510 | 1,119,624 | 1,091,740 | 1,063,861 | 1,035,984 | 14,272,273 |
| 20 | Period Costs Recovered (Order No. PSC 15-0521-FOF-EI) | | 1,394,160 | 1,365,894 | 1,337,626 | 1,309,360 | 1,281,093 | 1,252,827 | 1,224,560 | 1,196,292 | 1,168,026 | 1,139,759 | 1,111,493 | 1,083,226 | 14,864,316 |
| 21 | Over/Under Recovery For the Period | | (51,459) | (50,993) | (50,640) | (50,275) | (49,905) | (49,534) | (49,160) | (48,782) | (48,403) | (48,019) | (47,632) | (47,242) | (592,043) |

(a) Please see Appendix A for Beginning Balance support and support of Amortization of Unrecovered Balance.
(b) Other line reflects cost of removal of previously existing assets.

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2017 Detail - Calculation of the Revenue Requirements
January 2017 through December 2017

Witness: T.G. Foster / M. Teague
Docket No. 160009-EI
Exhibit: (TGF- 4)

| Line | Description | Beginning of Period Amount | Projected January 17 | Projected February 17 | Projected March 17 | Projected April 17 | Projected May 17 | Projected June 17 | Projected July 17 | Projected August 17 | Projected September 17 | Projected October 17 | Projected November 17 | Projected December 17 | Period Total |
|-----------|--|-------------------------------|-------------------------|--------------------------|-----------------------|-----------------------|---------------------|----------------------|----------------------|------------------------|---------------------------|-------------------------|--------------------------|--------------------------|-------------------|
| 1 | Uncollected Investment | | | | | | | | | | | | | | |
| | a EPU Construction & Wind-Down Costs | 377,363,975 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | b Sale or Salvage of Assets | (3,029,358) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c Disposition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Total | 374,334,617 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| 2 | Adjustments | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | b Joint Owner Credit | (29,982,935) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c Other (b) | (28,108,647) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Adjusted System Generation Construction | 316,243,034 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | Retail Jurisdictional Factor : Current Year Activity | 92.885% | | | | | | | | | | | | | |
| | Retail Jurisdictional Factor: (Beg Bal YE 2012 only) | 91.683% | | | | | | | | | | | | | |
| | e Exit / Wind-Down Costs for the Period | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$0 |
| | f Beginning Balance - pre 2013 Investment | 279,911,057 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 279,911,057 |
| | g Beginning Balance - 2013 Investment | 12,170,084 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,170,084 |
| | h Collected Reg Asset - 2014 through 2016 | (131,564,861) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (131,564,861) |
| | i Total Jurisdictional Unrecovered Investment | 160,516,279 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,516,279 |
| | j Jurisdictional Recovered Investment (2014 & 2015) (Value is a part of Line 3e) | (1,966,288) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (\$1,966,288) |
| 3 | Carrying Cost on Unrecovered Investment Balance | | | | | | | | | | | | | | |
| | a Uncollected Investment | 160,516,279 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,516,279 |
| | b Plant-in-Service | 29,995,096 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,995,096 |
| | c Period Recovered Wind-down / Exit Costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Amortization of Unrecovered Investment (a) | 0 | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (3,640,084) | (43,681,007) |
| | e Prior Period Carrying Charge Unrecovered Balance (a) | (2,163,991) | (1,983,658) | (1,803,326) | (1,622,993) | (1,442,661) | (1,262,328) | (1,081,995) | (901,663) | (721,330) | (540,998) | (360,665) | (180,333) | 0 | 0 |
| | f Prior Period Carrying Charge Recovered | (2,163,991) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | (180,333) | 0 |
| | g Prior Period Under/(Over) Recovery | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | h Net Investment | \$128,357,192 | \$124,897,441 | \$121,437,690 | \$117,977,938 | \$114,518,187 | \$111,058,435 | \$107,598,684 | \$104,138,933 | \$100,679,181 | \$97,219,430 | \$93,759,679 | \$90,299,927 | \$86,840,176 | \$86,840,176 |
| 4 | Average Net Investment | | \$126,627,317 | \$123,167,565 | \$119,707,814 | \$116,248,063 | \$112,788,311 | \$109,328,560 | \$105,868,808 | \$102,409,057 | \$98,949,306 | \$95,489,554 | \$92,029,803 | \$88,570,051 | |
| 5 | Return on Average Net Investment | | | | | | | | | | | | | | |
| | a Equity Component | 0.00392 | 496,379 | 482,817 | 469,255 | 455,692 | 442,130 | 428,568 | 415,006 | 401,444 | 387,881 | 374,319 | 360,757 | 347,195 | 5,061,443 |
| | b Equity Component Grossed Up For Taxes | 1.62800 | 808,106 | 786,027 | 763,948 | 741,867 | 719,788 | 697,709 | 675,630 | 653,551 | 631,471 | 609,392 | 587,313 | 565,234 | 8,240,037 |
| | c Debt Component | 0.00155 | 195,639 | 190,294 | 184,949 | 179,603 | 174,258 | 168,913 | 163,567 | 158,222 | 152,877 | 147,531 | 142,186 | 136,841 | 1,994,880 |
| | d Total Return | | 1,003,745 | 976,321 | 948,897 | 921,470 | 894,046 | 866,622 | 839,197 | 811,773 | 784,348 | 756,923 | 729,499 | 702,075 | 10,234,917 |
| 6 | Projected Revenue Requirements for the Period (3a + 5d) | | 1,003,745 | 976,321 | 948,897 | 921,470 | 894,046 | 866,622 | 839,197 | 811,773 | 784,348 | 756,923 | 729,499 | 702,075 | 10,234,917 |
| 7 | Other Exit / Wind-Down | | | | | | | | | | | | | | |
| | a Accounting | | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 2,444 | 29,328 |
| | b Corporate Planning | | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 | 34,643 |
| | c Legal | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | d Joint Owner Credit | | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (436) | (5,236) |
| | e Total Other Exit / Wind-Down Costs | | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 4,895 | 58,735 |
| 8 | Jurisdictional Factor (A&G) | | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | 0.9322 | |
| 9 | Jurisdictional Amount | | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 4,563 | 54,754 |
| 10 | Prior Period Unrecovered Balance (a) | (106,309) | (97,450) | (88,591) | (79,732) | (70,873) | (62,013) | (53,154) | (44,295) | (35,436) | (26,577) | (17,718) | (8,859) | 0 | |
| 11 | Prior Period Costs Recovered | (106,309) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) | (8,859) |
| 12 | Unamortized Balance | (106,309) | (97,450) | (88,591) | (79,732) | (70,873) | (62,013) | (53,154) | (44,295) | (35,436) | (26,577) | (17,718) | (8,859) | 0 | |
| 13 | Projected Carrying Costs for the Period | | | | | | | | | | | | | | |
| | a Balance Eligible for Interest | | (99,598) | (90,739) | (81,880) | (73,021) | (64,162) | (55,303) | (46,443) | (37,584) | (28,725) | (19,866) | (11,007) | (2,148) | |
| | b Monthly Commercial Paper Rate | | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | 0.01% | |
| | c Interest Provision | | (7) | (7) | (6) | (5) | (5) | (4) | (3) | (3) | (2) | (1) | (1) | (0) | (46) |
| | d Total Costs and Interest (Line 9 + Line 13c) | | 4,555 | 4,556 | 4,557 | 4,557 | 4,558 | 4,559 | 4,559 | 4,560 | 4,561 | 4,561 | 4,562 | 4,563 | 54,708 |
| 14 | Projected Revenue Requirements for the Period | | 4,555 | 4,556 | 4,557 | 4,557 | 4,558 | 4,559 | 4,559 | 4,560 | 4,561 | 4,561 | 4,562 | 4,563 | 54,708 |
| 15 | Revenue Requirements for the Period | | 1,008,300 | 980,877 | 953,454 | 926,028 | 898,604 | 871,181 | 843,757 | 816,333 | 788,909 | 761,484 | 734,061 | 706,638 | 10,289,625 |

(a) Please see Appendix A for Beginning Balance support and support of Amortization of Unrecovered Balance and Other-Adjustments calculation.
(b) Other line reflects cost of removal of previously existing assets.

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2017 Projection Filing: Estimated Rate Impact

Witness: T.G. Foster
Docket No. 160009-EI
Exhibit: (TGF- 4)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY:
DOCKET NO.: 160009-EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

Exhibit: **TGF-4**
For the Year Ended: **12/31/2017**
Witness: **T.G. Foster**

| Rate Class | (1) 12CP & 1/13 AD Demand Allocator | (2) Production Demand Costs \$ | (3) Effective Mwh's @ Secondary Level | (4) Capacity Cost Recovery Factor (c/Kwh) | (5) Capacity Cost Recovery Factor (\$/kw-Mo) |
|--|--|--|--|---|--|
| Residential | | | | | |
| RS-1, RST-1, RSL-1, RSL-2, RSS-1 | | | | | |
| Secondary | 61.037% | \$31,579,259 | 20,111,239 | 0.157 | |
| General Service Non-Demand | | | | | |
| GS-1, GST-1 | | | | | |
| Secondary | | | 1,817,672 | 0.122 | |
| Primary | | | 15,086 | 0.121 | |
| Transmission | | | 2,987 | 0.120 | |
| TOTAL GS | 4.320% | <u>\$2,235,090</u> | <u>1,835,745</u> | | |
| General Service | | | | | |
| GS-2 Secondary | 0.282% | \$145,672 | 168,851 | 0.086 | |
| General Service Demand | | | | | |
| GSD-1, GSDT-1, SS-1 | | | | | |
| Secondary | | | 11,966,758 | | 0.43 |
| Primary | | | 2,335,682 | | 0.43 |
| Transmission | | | 8,275 | | 0.42 |
| TOTAL GSD | 30.789% | <u>\$15,929,230</u> | <u>14,310,715</u> | | |
| Curtable | | | | | |
| CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3 | | | | | |
| Secondary | | | - | | 0.35 |
| Primary | | | 127,339 | | 0.35 |
| Transmission | | | - | | 0.34 |
| TOTAL CS | 0.232% | <u>\$119,838</u> | <u>127,339</u> | | |
| Interruptible | | | | | |
| IS-1, IST-1, IS-2, IST-2, SS-2 | | | | | |
| Secondary | | | 84,379 | | 0.34 |
| Primary | | | 1,590,892 | | 0.34 |
| Transmission | | | 263,148 | | 0.33 |
| TOTAL IS | 3.163% | <u>\$1,636,525</u> | <u>1,938,419</u> | | |
| Lighting | | | | | |
| LS-1 Secondary | 0.178% | \$91,943 | 382,043 | 0.024 | |
| | <u>100.000%</u> | <u>51,737,557</u> | <u>38,874,351</u> | <u>0.133</u> | |

2016 Over/Under Recovery Beginning Balance Line.

| | | | | |
|--|--------------------|-----------------------------------|--------------------|---|
| 3b Transferred to Plant In-service | | \$ | 29,995,096 | |
| | 29,995,096 | Exhibit TGF-2 Filed March 1, 2016 | | Line 3b. Plant in Service |
| 3e Unrecovered Balance Carrying Cost | | \$ | (3,622,279) | |
| Prior Period | (1,200,047) | Exhibit TGF-2 Filed March 1, 2016 | | Line 3e. Prior Period Carrying Charge Unrecovered Balance |
| Current Period | (2,422,232) | Exhibit TGF-2 Filed March 1, 2016 | | Line 8 (Over)/Under for the Period |
| Total | <u>(3,622,279)</u> | | | |
| 3f Prior Period Carrying Charge Recovered | | \$ | (2,029,376) | |
| Total | (2,029,376) | Exhibit TGF-4 Filed May 1, 2015 | | Line 3f. Prior Period Carrying Charge Recovered |
| Other Exit / Wind-Down | | | | |
| 12 Prior Period Unrecovered Balance | | \$ | (131,556) | |
| Prior Period | (17,919) | Exhibit TGF-2 Filed March 1, 2016 | | Line 12 Prior Period Unrecovered Balance |
| Current Period | (113,637) | Exhibit TGF-2 Filed March 1, 2016 | | Line 18 (Over)/Under for the Period |
| Total | <u>(131,556)</u> | | | |
| 13 Prior Period Costs Recovered | | \$ | (46,202) | |
| Total | (46,202) | Exhibit TGF-4 Filed May 1, 2015 | | Line 11. Prior Period Costs Recovered |

2017 Over/Under Recovery Beginning Balance

| | | | | |
|--|--------------------|------------------------|--------------------|--|
| Regulatory Asset Carrying Cost | | | | |
| 3e Unrecovered Balance Carrying Cost | | \$ | (2,163,991) | |
| Prior Period | (1,592,903) | Line 3e of 2016 Detail | | |
| Current Period | (571,088) | Line 8 of 2016 Detail | | |
| Total | <u>(2,163,991)</u> | | | |
| Other Exit / Wind-Down | | | | |
| 10 Prior Period (Over)/Under Recovery | | \$ | (106,309) | |
| Prior Period | (85,354) | Line 12 of 2016 Detail | | |
| Current Period | (20,955) | Line 18 of 2016 Detail | | |
| Total | <u>(106,309)</u> | | | |

Annual Amortization Calculation

| | | | |
|---|---|----|---------------------------|
| TGF-3 Filed March 1, 2014 | | | YE 2013 - Actual |
| 1 Net Investment | Lines 2f + 2g (TGF-4) 2016 Detail | \$ | 292,081,140 |
| 2 Less: Transferred to Plant-in-Service | Line 3b (TGF-4) 2016 Detail | | <u>29,995,096</u> |
| 3 Investment to Amortize | (2014 through 2019) | \$ | 262,086,044 |
| 4 Annual Amortization (2015 -2018) | Line 3d (TGF-4) 2016 Detail & 2017 Detail | \$ | <u><u>43,681,007</u></u> |
| See Appendix F for Amortization Detail 2013-2019 | | | |
| 2016 BB Investment prior to CY Amort | | \$ | 174,202,191 |
| 2016 Additions | | | <u>-</u> |
| Total (Exclusive of Prior Period Over/Under Recoveries) | | | 174,202,191 |
| Less: 2016 Amortization | | | <u>43,681,007</u> |
| Less: Collection of Wind-Down / Exit Costs 2016 | | | <u>-</u> |
| 2016 EB Unrecovered Investment (Exclusive of Prior Period O/U Recoveries) | | \$ | <u>130,521,183</u> |
| (Over)/Under Recovery for the Period 2016 | (2016 Detail: Line 3e & 3g) | \$ | <u><u>(2,163,991)</u></u> |
| 2016 EB Unrecovered Investment | (Period Total 2016 Detail: Line 3h) | \$ | <u>128,357,192</u> |

CRYSTAL RIVER UNIT 3 UPRATE

Estimated / Actual Filing: Other Exit / Wind-Down Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission in the 2016 Detail Projection Schedules.

Appendix B
Witness: Thomas G. Foster
Docket No. 160009-EI
Exhibit: (TGF - 4)

COMPANY:
Duke Energy Florida

DOCKET NO.:
160009-EI

For Year Ended 12/31/2016

| Line No. | Description | (A) System Projection | (B) System Estimated/Actual | (C) Variance Amount | (D) Explanation |
|----------|--|-----------------------------|-----------------------------------|---------------------------|---------------------------------------|
| | Allocated or Assigned Other Exit / Wind-Down Expenditures | | | | |
| 1 | Accounting | \$41,200 | \$28,211 | (\$12,989) | Minor variance from estimated amount. |
| 2 | Corporate Planning | 30,035 | 33,634 | 3,599 | Minor variance from estimated amount. |
| 3 | Legal | 15,000 | 0 | (15,000) | Minor variance from estimated amount. |
| 4 | <u>Total</u> | <u>\$86,235</u> | <u>\$61,845</u> | <u>(\$24,390)</u> | |

Note:
System Projection from May 1, 2015 Filing in Docket No. 150009-EI.

DUKE ENERGY FLORIDA
End of Period - Capital Structure
FPSC Adjusted Basis
December 2015

Appendix C
Witness: Thomas G. Foster
Docket No. 160009-EI
(TGF - 4)

| | System Per | Retail Per | Pro Rata | Specific | Adjusted | Cap | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-------------------------|-------------------------|--------------------------|----------------------|-------------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | Books | Books | Adjustments | Adjustments | Retail | Ratio | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | \$5,121,368,708 | \$4,728,678,443 | (\$813,120,301) | \$763,931,668 | \$4,679,489,809 | 46.18% | 9.50% | 4.39% | 10.50% | 4.85% | 11.50% | 5.31% |
| Long Term Debt | 4,095,530,150 | 3,781,497,923 | (650,247,795) | | 3,131,250,128 | 30.90% | 6.01% | 1.86% | 6.01% | 1.86% | 6.01% | 1.86% |
| Short Term Debt * | 813,100,000 | 750,754,078 | (129,095,981) | 24,391,702 | 646,049,799 | 6.38% | 0.17% | 0.01% | 0.17% | 0.01% | 0.17% | 0.01% |
| Customer Deposits | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Active | 222,269,727 | 222,269,727 | (38,220,410) | | 184,049,317 | 1.82% | 2.28% | 0.04% | 2.28% | 0.04% | 2.28% | 0.04% |
| Inactive | 1,603,209 | 1,603,209 | (275,680) | | 1,327,529 | 0.01% | | | | | | |
| Investment Tax Credits ** | 279,513 | 258,080 | (44,378) | | 213,702 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,459,670,709 | 2,271,070,981 | (390,522,202) | (227,481,417) | 1,653,067,362 | 16.31% | | | | | | |
| FAS 109 DIT - Net | (212,127,588) | (195,862,319) | 33,679,522 | | (162,182,798) | -1.60% | | | | | | |
| Total | \$12,501,694,427 | \$11,560,270,121 | (\$1,987,847,225) | \$560,841,953 | \$10,133,264,848 | 100.00% | | 6.30% | | 6.76% | | 7.22% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

| | |
|--------------|--------------|
| Equity | 4.85% |
| Debt | 1.91% |
| Total | 6.76% |

CRYSTAL RIVER UNIT 3 UPRATE
Actual Estimated Filing: Construction Category - Description of Monthly Cost Additions

EXPLANATION: Provide a description of the major tasks performed within the Construction category for the year.
 List generation expenses separate from transmission in the same order appearing on 2016 Detail Schedule.

Appendix D
 Witness: M. Teague
 Docket No. 160009-EI
 Exhibit: (TGF - 4)
 (Page 1 of 2)

COMPANY:
 Duke Energy Florida

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2016

| Line No. | Major Task & Description for amounts on 2016 Detail Schedule | Description |
|----------|---|-------------|
|----------|---|-------------|

Generation:

- | | | |
|---|------------------------------------|---|
| 1 | EPU Construction & Wind-Down Costs | |
| 2 | Sale or Salvage of Assets | Net Value received in accordance with Duke Energy Procedure AI-9010 regarding Disposition of Assets |
| 3 | Disposition | Net Value received in accordance with Duke Energy Procedure AI-9010 regarding Disposition of Assets |

Transmission:

N/A

CRYSTAL RIVER UNIT 3 UPRATE
Estimated / Actual Filing: Construction Category - Variance in Additions and Expenditures

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2016 Detail Schedule with the expenditures provided to the Commission on 2016 Projection Detail schedule. List the Generation expenses separate from Transmission in the same order appearing on 2016 Detail Schedule.

COMPANY: Duke Energy Florida

Appendix D
 Witness: M. Teague
 Docket No. 160009-EI
 Exhibit: (TGF - 4)
 (Page 2 of 2)

DOCKET NO.:
 160009-EI

For Year Ended 12/31/2016

| Line No. | Construction Major Task & Description for amounts on 2016 Detail Schedule | (A) System Projection | (B) System Estimated /Actual | (C) Variance Amount | (D) Explanation |
|----------|---|-----------------------|------------------------------|---------------------|-----------------|
|----------|---|-----------------------|------------------------------|---------------------|-----------------|

| <u>Generation:</u> | | | | | |
|--------------------|-------------------------------|-----|-----|-----|--|
| 1 | EPU Wind-Down Costs | \$0 | \$0 | \$0 | |
| 2 | Sale or Salvage of Assets (1) | 0 | 0 | 0 | |
| 3 | Disposition | 0 | 0 | 0 | |
| 4 | Total Generation Costs | \$0 | \$0 | \$0 | |

Transmission:
 N/A

System Projection from May 1, 2015 Filing in Docket No. 150009-EI.

CRYSTAL RIVER UNIT 3 UPRATE
Estimated/Actual & Projection Filing: Summary of Contracts Executed Over \$1 Million

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY:

Duke Energy Florida

DOCKET NO.:

160009-EI

Appendix E
Witness: M. Teague
Docket No. 160009-EI
Exhibit: (TGF - 4)

For Year Ended 12/31/2016

All EPU-related contracts in excess of \$1 million have been closed as of December 31, 2013. No new contracts over \$1 million were executed after December 31, 2013.

CR3 Uprate Unrecovered Investment Amortization Schedule

Exclusive of Prior Period Carrying Cost (Over)/Under Impacts, Adjustments, & Other Exit / Wind-Down Activity

Appendix F

Witness: Thomas G. Foster

Docket No. 160009-EI

Exhibit: (TGF - 4)

| | <u>2013</u> | <u>2014 (a)</u> | <u>2015 (b)</u> | <u>2016 (b)</u> | <u>2017 (b)</u> | <u>2018 (b)</u> | <u>2019 (c)</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Project Investment | \$ 279,911,057 | \$ 292,081,140 | \$ 291,592,657 | \$ 290,114,852 | \$ 290,114,852 | \$ 290,114,852 | \$ 290,114,852 |
| Transferred to Base Rates | <u>(29,985,613)</u> | <u>(29,995,096)</u> | <u>(29,995,096)</u> | <u>(29,995,096)</u> | <u>(29,995,096)</u> | <u>(29,995,096)</u> | <u>(29,995,096)</u> |
| Beginning Balance -- NCRC | \$ 249,925,444 | \$ 262,086,044 | \$ 261,597,561 | \$ 260,119,756 | \$ 260,119,756 | \$ 260,119,756 | \$ 260,119,756 |
| Prior Period Exit Cost Recoveries | 0 | 0 | 488,483 | 1,966,288 | 1,966,288 | 1,966,288 | 1,966,288 |
| Prior Period Amortization Recovery | 0 | 0 | (44,202,846) | (87,883,854) | (131,564,861) | (175,245,868) | (218,926,876) |
| Beginning Balance to be Recovered | \$ 249,925,444 | \$ 262,086,044 | \$ 217,883,198 | \$ 174,202,190 | \$ 130,521,183 | \$ 86,840,176 | \$ 43,159,168 |
| Exit Cost / Wind -Down Additions | 12,170,084 | (488,483) | (1,477,805) | 0 | 0 | 0 | 0 |
| Transfers to Base Rates | (9,483) | 0 | 0 | 0 | 0 | 0 | 0 |
| Period Amortization | 0 | 44,202,846 | 43,681,007 | 43,681,007 | 43,681,007 | 43,681,007 | 43,159,168 |
| Period Capital Recovery (calculated) | 0 | (43,714,363) | (42,203,203) | (43,681,007) | (43,681,007) | (43,681,007) | (43,159,168) |
| Ending Balance (calculated) | \$ 262,086,044 | \$ 217,883,198 | \$ 174,202,190 | \$ 130,521,183 | \$ 86,840,176 | \$ 43,159,168 | \$ - |

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|---------------|--|--|
| Ending Balance (as shown on Exhibits incl. O/U) | \$ 260,788,581 | \$ 216,712,648 | \$ 170,579,912 | \$ 128,357,192 | \$ 86,840,176 | | |
| <i>End of Period Carrying Cost (Over)/Under Impacts, Adjustments, & Other Exit / Wind-Down Activities, are not included in Amortization or Capital Recovery - shown for illustrative purposes only</i> | | | | | | | |
| (Over/Under) | | | (3,622,279) | (2,163,991) | 0 | | |
| (Over/Under) Shown in Exhibits | | | (3,622,279) | (2,163,991) | 0 | | |
| Variance | | | (0) | (0) | (0) | | |

Note (a):

TGF-6 Filed May 1, 2013

| | <u>For 2014 Rates</u> |
|--------------------------------|-----------------------|
| Estimated YE 2013 Balance | \$ 265,009,070 |
| Estimated 2014 Wind-down Costs | 208,008 |
| Total Amount to be Amortized | <u>265,217,078</u> |
| Annual Amortization (2014) | \$ 44,202,846 |

Note (b):

TGF-3 Filed March 1, 2014

| | <u>YE 2013 - Actual</u> |
|---------------------------------------|-------------------------|
| Additions for the Period | \$ 292,081,140 |
| Less: Transferred to Plant-in-Service | 29,995,096 |
| 2013 Actual EB Investment to Amortize | <u>262,086,044</u> |
| Annual Amortization (2015-2018) | \$ 43,681,007 |

Note (c):

TGF-5 Filed May 1, 2014 (noted in Appendix A)

| | |
|-----------------------------------|----------------------|
| Annual Amortization (2019) | \$ 43,159,168 |
| Amount of True-Up for 2019 | \$ (521,839) |



CRYSTAL RIVER UNIT 3

ADMINISTRATIVE PROCEDURE

AI-9010

Conduct of CR3 Investment Recovery

REVISION 1

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 5
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Mark R. Teague MT-1

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1.0 PURPOSE

1. This procedure outlines the asset pricing requirements and minimum reviews and approvals required for the execution of transactions and the record keeping requirements necessary for the disposition of assets (materials and equipment) from Crystal River Unit 3 (CR3) during the Decommissioning Transition Organization (*DTO*) phase. Additionally, the disposition of CR3 new nuclear fuel (fabricated and at CR3) is governed by this procedure. Upstream supplies (Enriched Uranium Product and UF6 Converter material) will be governed by this procedure.

1.1 Scope

1. Transactions include, but are not limited to the following:
 - Transfer of assets to Duke affiliated companies (*both regulated and non-regulated*)
 - Sale of assets
 - Sale of assets as scrap
 - Donating assets to charitable organizations
 - Disposal of assets.
2. Transactions under this procedure must conform to all existing applicable company policies.
3. It is essential that asset divesture records of all transactions are documented and preserved.
4. In accordance with the governance, the review and approval of each asset disposition is documented on a form similar to Attachment 1, Asset Disposition Review.
5. This procedure does not cover Real Property.
6. All transactions will comply with tax regulations. Internal transfers within DEF, or to DEC, DEP, DEO, DEI, and DEK do not require a tax surcharge as these entities have a Direct Pay Permit. A copy of these Direct Pay Permits is on file with Supply Chain at Crystal River 3.

2.0 REFERENCES

1. ADM-SUBS-00106, Project Assurance Nuclear Cost Recovery Clause Library (NCRCL) Program Manual
2. AI-9003, System Evaluation, Categorization and Abandonment
3. CR3 Investment Recovery Project Execution Plan
4. MCP-NGGC-0001, NGG Contract Initiation, Development and Administration
5. RDC-0001, Records Management Program
6. SCD211, Affiliate Asset Transfer Transactions
7. Affiliate Asset Transfer e-form on the Duke Energy PORTAL
8. Delegation of Authority (DOA)
9. Code of Business Ethics
10. Records Management Policy
11. Sales/Use and Excise Tax Policy
12. Purchasing Authority Policy
13. PMC-PRC-NA-AD-0013, Project Assurance Program Manual

3.0 DEFINITIONS

1. **154 Inventory** – Material that is put into an inventory system (Passport, EMAX or Nuclear Asset Suite (NAS)) and whose dollars are captured in FERC account 0154 at time of receipt. As part of the CR3 Settlement Agreement, all previous account 0154 Inventory is now part of the Regulated Asset, though for simplicity these are referred to in this procedure as 0154 Inventory.
2. **AAT – Affiliate Asset Transfer** - Transferring material internally between regulated, non-regulated and non-utility affiliates subject to governance under various federal and state guidelines and is documented on the Affiliate Asset Transfer Electronic Form found on the PORTAL. Only Regulated assets are transferred in accordance with the Intercompany Affiliate Transfer Agreement. The Code of Conduct and other applicable rules and regulations dictate how assets move between Regulated and Non-regulated or Non-utility affiliates.

3.0 DEFINITIONS (continued)

3. **Assets** - Described in the following categories and sub-categories.
 - a. **Inventory** – These include materials in the 154 Account.
 - b. **Pre-Expensed O&M Material** - Material bought directly for O&M work and not put in Inventory. Disposition at cost following the Inventory disposition guidance in this document; however, the accounting treatment may be different.
 - c. **Other** – These include other materials and equipment that are not in the 154 Inventory Account and are not pre-expensed O&M material.
 - 1) Training equipment, trailers, etc.
 - 2) **Purchased but not installed** capital equipment in the Construction Work In Progress (CWIP) 107 Account.
 - For example, the LP Rotor(s) for the EPU project
 - Typically, these assets have little value as they are without warranty, and without performance guarantees.
 - These assets may be disposed during the actual Decommissioning phase of the project.
 - 3) **Purchased and installed but never been put in-service** capital equipment in the CWIP 107 Account.
 - For example, the Steam Generators
 - Typically, these assets have little value as they are without warranty, and without performance guarantees.
 - These assets are normally disposed during the actual Decommissioning phase of the project.
 - 4) **Installed and in-service** capital equipment in the Electric Plant In Service (EPIS) 101 and 106 Accounts.
 - The 101 Account is final and the 106 Account represents equipment that has not been unitized.
 - Typically, these assets have little value as they are used, without warranty, and without performance guarantees.
 - These assets are normally disposed during the actual Decommissioning phase of the project.
4. **Asymmetrical Pricing** - A pricing rule established by FERC which states that the franchised utility must receive the higher of cost or market price for providing non-power goods or services to a nonutility / non-regulated utility affiliate, and must not pay more than market price for a non-power good or service received from a non-utility / non-regulated utility affiliate.
5. **AUP - Average Unit Price** - An inventory item's average unit cost. In the Nuclear Asset Suite system, this is referred to as CUP (Calculated Unit Price)

3.0 DEFINITIONS (continued)

6. **Capital Material** – Typically other material whose cost is captured in a capital project at time of purchase, or was 0154 inventory that has already been issued out to a capital project.
 - Some of this material can also be described as a Pre-Capitalized Asset, or material whose quantity is tracked in PassPort, and at the time of issue, no additional accounting entries are generated.
7. **Disposition** – The disposal of an asset through sale, transfer, or discarding.
8. **FMV – Fair Market Value** - The current price at which an asset can be bought or sold in the market.
9. **IATA - Intercompany Asset Transfer Agreement** - A document between Duke Energy’s regulated, franchised affiliates (DEC, DEI, DEK, DEO-T&D, DEP & DEF) which has been approved or accepted on an interim basis by the state commissions.
10. **NBV – Net Book Value** – The capital asset original cost, estimated, if not known, less the amounts credited to accumulated depreciation with respect to such property.

4.0 RESPONSIBILITIES

1. **GM Decommissioning** or their designee is responsible for the approval of this procedure.
2. **Corporate Communications** is responsible for following the guidance in Attachment 4, Duke RFP Guidelines if an Affiliate Bid is Anticipated when applicable.
3. **CR3 Financial Services Manager** and **Director Florida Accounting** are responsible for ensuring the correct accounting is used for transactions and determining net book value.
4. **Director – Major Projects Finance** and the **Managing Director – Major Projects Supply Chain** are responsible for the content of this procedure.
5. **Crystal River 3 Supply Chain Management** is responsible for:
 - Communicating the requirements of this procedure to all persons involved in the Investment Recovery processes.
 - Maintaining adequate internal controls over the Investment Recovery process and utilizing effective contract management processes.

5.0 INSTRUCTIONS

5.1 Expectations

1. This procedure applies to the governance of the CR3 Investment Recovery (IR) processes used in Major Project's Supply Chain.
2. The CR3 Investment Recovery Project, Project Execution Plan is documented at: <https://nuc.duke-energy.com/sites/CR3DDR>. All levels of management in the CR3 organization and Major Projects Supply Chain should be briefed on these documents.
3. All disposition transactions shall be performed in a prudent manner.
4. Transactions, including related contracts or other legally binding agreements, must be approved by the appropriate authority prior to execution by Duke Energy.
5. Individual transactions cannot be separated into multiple transactions for the purpose of circumventing an individual's authorized approval limit. However, transactions may be evaluated for required authority limits individually where the transactions are discrete, separate and independent of each other. The Delegation of Authority amounts and Purchasing Authority amounts apply to each transaction.
6. All CR3 Inventory (154) spare part material is listed as "For Sale" in the power industry RAPID database (www.rapidpartsmart.com). This material can be sold for AUP/CUP to other utilities via this tool at any time. Once internal fleet transfers are complete, we may sell RAPID spare parts for less than AUP/CUP to other utilities or to affiliates (see exception in Step 9).
7. Under the IR Project, all Inventory (Account 154) assets will be disposed of in the following manner:
 - a. Utilize Duke Energy internal Inventory transfers to the fleet per the Affiliate Asset Transfer e-form and process. This should follow an approach where multiple lines of CR3 inventory are matched to an affiliate and to a specific plant.
 - The one exception to using the Affiliate Asset Transfer e-form is transferring material from CR3 within Duke Energy Florida (DEF). In these cases, a Material Transfer or Material Request can be utilized within Passport to document this transfer.
 - b. Account 154 Inventory is normally transferred among regulated affiliated utilities at AUP/CUP. However, asymmetrical pricing is generally used for non-regulated utility affiliates and non-utility affiliates.
 - There is an exception in which a transfer to a regulated affiliate can take place at less than AUP/CUP. (See Step 9 for that exception.)

5.1 Expectations (continued)

- c. If not transferred internally, then segregate and bid out inventory or obtain price quotes from distributors, other utilities and/or Original Equipment Manufacturer's (OEM's), and/or re-sellers. Asset Recovery Supply Chain and/or Auction Companies can be utilized to sell material to distributors, OEM's, and re-sellers as well.
 - This establishes the FMV of bulk inventory disposal and generally yields a higher value than salvage or scrap pricing.
 - Obsolete inventory may be marketed at a target market directly or through third party vendors.
 - d. For remaining Inventory, utilize Asset Recovery Supply Chain or Auction Companies for disposition at salvage or scrap value. Note some inventory items (consumable materials, commodities, short lead time material, low value, etc.) may be salvaged or scrapped immediately.
8. Under the IR Project, all **Other** assets (non-inventory) will be dispositioned as identified below:
- a. Generally, **Other** assets may be transferred among regulated affiliated utilities at NBV or at cost for pre-expensed O&M material if the regulated affiliates identify a need. However, asymmetrical pricing, for transfers, is used for non-regulated utility affiliates and non-utility affiliates when those entities identify a need. There is an exception in which a transfer to a regulated affiliate can take place at less than NBV. (See Step 9 for that exception.)
 - b. If not transferred internally, determine the FMV by obtaining price quotes, bids, or market intelligence as applicable and bid out. In some cases, Duke affiliates may want to bid and compete against the external market. These type of sales transactions must be conducted at arm's length to ensure the integrity of the process. Additionally, any Duke affiliate winning bid is subject to approval by State Commissions and perhaps by FERC via a waiver (FERC waiver/ approval required if the winning bid is a Duke non-utility affiliate or a Duke non-regulated utility affiliate), Attachment 4, Duke RFP Guidelines if an Affiliate Bid is Anticipated provides information to be followed in these cases.
 - 1) The bidding process for the disposition of materials and equipment shall be conducted as follows:
 - a) The bidding process shall follow MCP-NGGC-0001.
 - b) The Power Advocate sourcing tool or similar should be used for all bid events, thereby maintaining consistency with all bid event sales and document retention.
 - c) The standard approved legal form contracts or those prepared by Duke Energy's Legal Department shall be used for all third party asset contract sales in accordance with MCP-NGGC-0001.

5.1 Expectations (continued)

- c. For remaining **Other** material, utilize Asset Recovery Supply Chain or an Auction Company for disposition at salvage or scrap value.
9. There may be instances where NBV or AUP/CUP may be at a higher value than FMV, in these cases, Commission(s) approval will be required to transfer at less than NBV or AUP/CUP.
- a. Internal transfers may not have a warranty or performance guarantee associated with the Other material and consideration should also be made for any removal and shipping costs. These costs or values should be considered when comparing NBV to FMV (of an equivalent asset) and can result in a win/win for Duke Energy Florida and the internal transferee regulated affiliate.

A hypothetical example could be that Equipment A at CR3 has a NBV of \$15,000,000 dollars and a regulated affiliate needs this type of equipment; however, the current FMV from a manufacturer is \$17,000,000 delivered. The regulated affiliate has to pay \$1,000,000 in shipping costs from CR3, \$5,000,000 to modify Equipment A for their use, and the warranty and performance guarantees are estimated to be worth \$1,500,000; thus, the regulated affiliate doesn't want to pay any more than \$9,500,000 for Equipment A from CR3. From the standpoint of CR3, current salvage value (current FMV in this hypothetical example) on Equipment A is \$500,000; thus, both parties (CR3 and the other regulated affiliate) would both be potentially better off at a less than NBV and this transaction would require utility commission approval in both jurisdictions.

5.2 Asset Pricing

1. **Duke Energy Internal Transfers** - Assets are priced at either: Average Unit Price (AUP/CUP), Net Book Value (NBV), or Fair Market Value (FMV) and transferred internally via the AAT form for those assets under \$10,000,000 dollars as per the AAT process.
 - The pricing used is dependent, in part, on whether the disposition is to a Duke Regulated Affiliate or not. Pricing governance is contained in Attachment 3, Investment Recovery Asset Pricing Governance (subject to the exception described in Section 5.1, Step 9).
2. **Sales Disposition** – Assets are priced at FMV and sold via a quote or bid process.

5.3 Disposition Transaction Review and Approvals

1. **Duke Energy Internal Asset Transfers** – An AAT e-form will be completed for Duke internal asset transfers and this e-form requires the appropriate DOA (sufficient approval authority in accordance with Purchasing Authority Policy) for transfer request and transfer sending. The AAT e-form has its own set of approvals. Note that an AAT e-form and Attachment 1, Asset Disposition Review are not required for internal DEF transfers, these are documented in Passport per the Material Transfer process and must be transferred at cost (AUP/CUP or NBV).
 - a. Prior to any Duke Energy internal transfer approval, the IR Project Manager, Supply Chain Management, Engineering Manager, Director Florida Accounting, and the CR3 Finance Manager shall sign off as reviewers on Attachment 1, Asset Disposition Review - see further clarifications below.
 - The review is required by the CR3 Finance manager if the internal transfer is over \$100,000 and the Director Florida Accounting is required to review if the internal transfer is greater than \$250,000. The Tax Manager will sign off if the internal transfer is not within DEF, or to DEC, DEP, DEO, DEI or DEK.
 - b. If the Asset value is over \$1,000,000, then the following approvals (not DOA specific) shall be required and delineated on Attachment 1, Asset Disposition Review:
 - GM Decommissioning or designee
 - Rates and Regulatory Strategy Director or designee
 - Florida Regulatory Legal Associate General Counsel or designee.
 - c. If any asset is to be transferred internally and the facts demonstrate that AUP/CUP or NBV is greater than FMV, then State Commission(s) approval would be required to transfer at a lower value than NBV and perhaps FERC approval as well.
 - d. Review and Approval documents, including the AAT e-form, shall be filed and maintained by Configuration Control.

5.3 Disposition Transaction Review and Approvals (continued)

2. **Sales Disposition** –Sales disposal should be based on FMV as determined via quotes, bids or market intelligence.
 - a. Prior to any Duke Energy sale the following shall sign off as reviewers on Attachment 1, Asset Disposition Review:
 - IR Project Manager
 - Supply Chain Management
 - Engineering Manager
 - Tax Manager
 - CR3 Finance Manager ¹⁾
 - Director Florida Accounting ¹⁾
 - 1) The review is required by the CR3 Finance manager if the internal transfer is over \$100,000 and the Director Florida Accounting is required to review if the internal transfer is greater than \$250,000.
 - b. Approvals will follow the business unit DOA and Supply Chain Purchasing Authority.
 - c. If the Asset value is over \$1,000,000 dollars, then the following approvals (not DOA specific) shall be required and delineated on Attachment 1, Asset Disposition Review:
 - GM Decommissioning or designee
 - Rates and Regulatory Strategy Director or designee
 - Florida Regulatory Legal Associate General Counsel or designee
 - d. In some cases, Duke affiliates may want to bid and compete against the external market during a sales event. These type of sales transactions must be conducted at arm's length to ensure the integrity of the process. Additionally, any Duke affiliate winning bid is subject to approval by State Commissions and perhaps by FERC via a waiver (FERC waiver/ approval required if the winning bid is a Duke non-utility affiliate or a Duke non-regulated utility affiliate), Attachment 4, Duke RFP Guidelines if an Affiliate Bid is Anticipated provides information to be followed in these cases. Where a bid event is conducted and another Duke Energy entity is the winning bidder, then the hardcopy contract document signatures will satisfy the internal DOA requirements.

5.4 **Project Assurance**

1. All decisions involving asset disposition shall be made and, where practical and appropriate, documented in such a manner as to demonstrate that each decision is reasonable and prudent based upon the information reasonably available to the Company at the time the decision was made.
2. Documentation of this decision making process will be prepared to justify to the Company's regulators that best effort towards investment recovery has been made.
3. The CR3 IR Project maintains applicable project documentation in accordance with the Records Management Program. Identification and handling of Quality Assurance records shall be performed using the Investment Recovery Project Assurance Plan and RDC-0001, CR3 Records Management Program.

5.5 **Removal of Installed Assets**

1. The removal of installed assets must be performed in a manner that maintains configuration control and supports relied upon system functionality, as established by the system abandonment process (AI-9003) and schedule.
2. To ensure compliance with the system abandonment process, each installed asset requested shall be evaluated and approved by plant management.
 - a. Approval is documented on a form similar to Attachment 2, Installed Plant Equipment Removal Agreement.

6.0 **RECORDS**

1. The following documents are records when completed. Submit to Site or Corporate Configuration Control and Information Services personnel for processing and storage in accordance with RDC-0001, Records Management Program or ADM-SUBS-00106, Project Assurance Nuclear Cost Recovery Clause Library (NCRCL) Program Manual:
 - Attachment 1, Asset Disposition Review
 - Attachment 2, Installed Plant Equipment Removal Agreement
 - Review and Approval documents including AAT e-form

Asset Disposition Review

Buyer Info

Date: _____ Sold by: _____
Name Phone
Affiliate Asset Transfer (AAT)? Yes No AAT e-Form #: _____
Purchasing Entity (buyer): _____
Company or Duke Operating Unit

Asset for Disposition

Description*:

Asset Offered Internally? Yes No (If No, Provide Justification*)

**Attach additional pages as necessary*

Asset Disposition Accounting

Pricing:

Asset Value: NBV \$ _____ AUP/CUP \$ _____
Asset Sales Price: \$ _____ Shipping & Handling \$ _____ Sales Quantity \$ _____
Sales Tax \$ _____ OR Non-Taxable Code _____
(External sales only) (See examples and note below)
Cost to Remove (if applicable): \$ _____ Total Cost to Buyer: \$ _____

Accounting (check one):

Inventory Account 154 CWIP Account 107 EPU CWIP Account 107 POD
 CWIP Account 107 SGR CWIP Account 107
 EPIS Account 101 EPIS Account 106 Other (specify) _____

Accounting WBS: _____
Resp Ctr Project Activity Resource

Note: If non-taxable, a code should be entered indicating the reason and supporting documentation should be attached or available.

Examples of Non-Taxable Codes

- | | |
|---|--|
| <ul style="list-style-type: none">• NT/EC - NT Exemption Certificate• NT/DP – NT Direct Pay Permit | <ul style="list-style-type: none">• NT/IC – NT Intercompany Transfer• NT/OS – NT Out-Of-State Transaction |
|---|--|

Asset Disposition Review (continued)

| Disposition Review and Approval | |
|---|--|
| <u>Asset Reviews:</u> | |
| Asset not required in support of CR3: _____ / _____ <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> CR3 Engineering Mgr Date </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> Tax Mgr Date </div> <p style="margin-left: 40px;">(Not required for internal transfers within DEF, or to DEC, DEP, DEO, DEI, and DEK)</p> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> CR3 Financial Services Mgr Date </div> <p style="margin-left: 40px;">If Asset value is \geq \$100,000.00</p> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> Director Florida Accounting Date </div> <p style="margin-left: 40px;">If Asset Value is \geq \$250,000.00</p> | |
| <u>IR Project Review:</u> | |
| <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> Supply Chain Mgmt Date </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> CR3 IR Project Mgr Date </div> | |
| <u>Asset Approvals:</u> | |
| <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> GM Decommissioning Date </div> <p style="margin-left: 40px;">If Asset Value is \geq \$1,000,000.00</p> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> FL Assoc Gen'l Counsel II Date </div> <p style="margin-left: 40px;">If Asset Value is \geq \$1,000,000.00</p> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> _____ / _____ </div> <div style="display: flex; justify-content: space-between; width: 80%; margin-left: 40%;"> Rates & Reg Strategy-FL Date </div> <p style="margin-left: 40px;">If Asset Value is \geq \$1,000,000.00</p> | |

Installed Plant Equipment Removal Agreement

| | | |
|---|--------------------|-------|
| Request | | |
| Date: _____ | Prepared by: _____ | |
| | Name | Phone |
| Affiliate Asset Transfer (AAT)? <input type="checkbox"/> Yes <input type="checkbox"/> No AAT e-Form #: _____ | | |
| AAT Requestor Charge Number: _____ | | |
| Requesting Entity (buyer): _____ | | |
| Company or Duke Operating Unit | | |
| Requestor Contact: _____ | _____ | _____ |
| | Name | Phone |

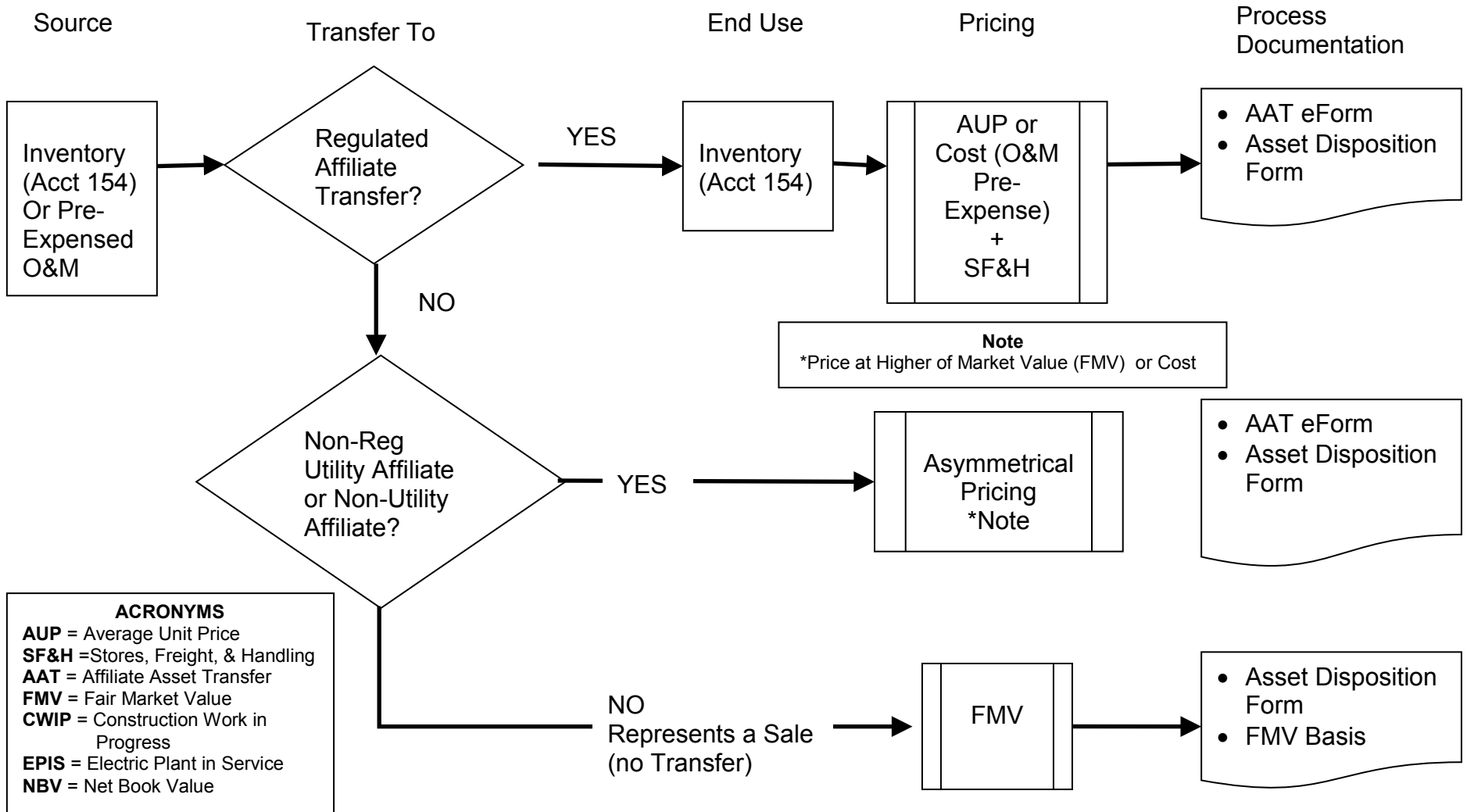
| | |
|---|--------|
| Component Requested | |
| System Abandoned? <input type="checkbox"/> Yes <input type="checkbox"/> No | |
| Description*: (include boundaries as applicable and why feasible to remove) | |
| | |
| Unique Risk Exposure to Removal*: | |
| | |
| Estimated Removal Timeframe: _____ | _____ |
| Start | Finish |
| <i>*Attach additional pages as necessary</i> | |

Installed Plant Equipment Removal Agreement (continued)

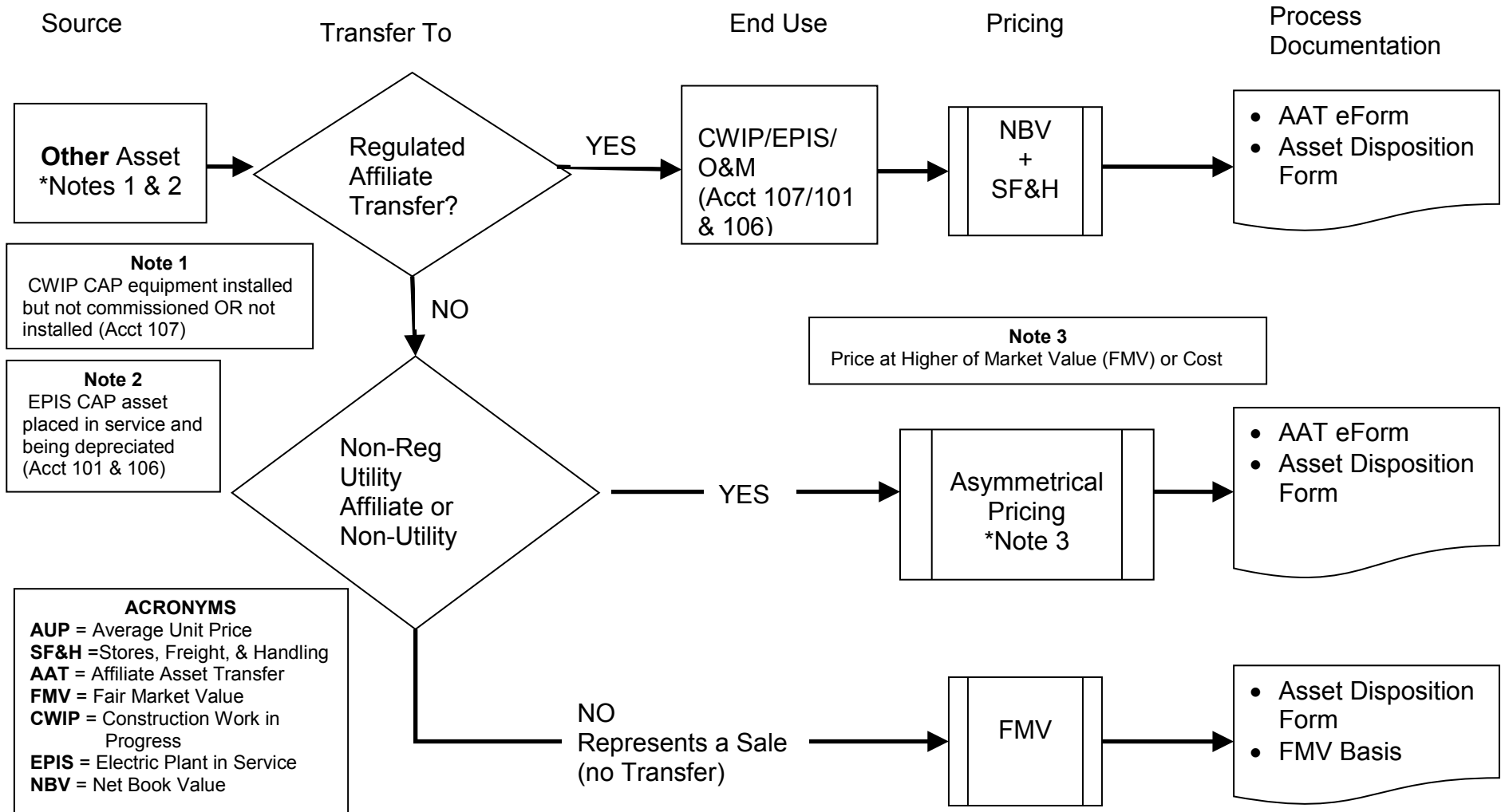
| Estimated Cost | | |
|--|------------------------------|-----------------------|
| <u>Man-hours</u> | | |
| Engineering _____ | Operations _____ | Health Physics _____ |
| Craft _____ | Planning _____ | Oversight _____ |
| Other (specify) _____ | | |
| Total Labor Cost: \$ _____ | | |
| <u>Other</u> | | |
| Dose _____ mRem | Shipping & Handling \$ _____ | Other (specify) _____ |
| Component Cost: <input type="checkbox"/> NBV \$ _____ <input type="checkbox"/> AUP/CUP \$ _____ <input type="checkbox"/> FMV \$ _____ | | |
| Total Cost Buyer: \$ _____ | | |

| Agreement to Remove | |
|--|---|
| (Record name of individual contacted and date) | |
| Receipt/Need by Date: _____ | |
| _____ / _____ CR3 Engineering Manager Date | _____ / _____ CR3 Operations Manager Date |
| _____ / _____ CR3 Maintenance Manager Date | _____ / _____ CR3 Plant Manager Date |
| _____ / _____ CR3 GM Decommissioning Date | |

Investment Recovery Asset Pricing Governance



Investment Recovery Asset Pricing Governance (continued)



September 20, 2007

Duke RFP Guidelines if an Affiliate Bid is Anticipated

The fundamental objective of the guidelines is to assure that an affiliate will have *no undue advantage over non-affiliates* in an RFP issued by a regulated entity. These guidelines do not apply if no affiliate is bidding or as soon as there are no affiliates in contention.¹

FERC has ruled that compliance with the guidelines is not mandatory, but has said that compliance will greatly increase the likelihood of FERC approval of an affiliate transaction without a lengthy and expensive hearing. These guidelines were established by FERC in the *Edgar, Allegheny, and Ameren* cases.

Legal should be consulted prior to the design of the RFP when the RFP issuer wishes to allow or anticipates affiliate bids. These guidelines apply to both asset transfers and power purchase agreements.

Standards of Conduct and Code of Conduct apply whether or not an affiliate is bidding.

FOUR PRINCIPLES

1. TRANSPARENCY

- No bidder should have an informational advantage.
- Simultaneously release information to all bidders.
- Allow all interested parties to bid instead of sending invitations to specific bidders.
- Widely publicize the RFP (e.g., post RFP on web site and issue a press release).
- All communications between Duke (or an independent third party on behalf of Duke) and any bidder should be made available to all other bidders (e.g., receiving questions and posting answers on web site).
- Negotiation after a short list has been compiled or a winner has been selected is acceptable. If an affiliate is involved, an independent third party should participate in the negotiation on behalf of the issuer.
- Generally, a Duke shared support group which provides information or services to the issuer in connection with the RFP should not also provide information or services to the affiliate bidder in connection with the RFP unless such information is provided simultaneously to all bidders. Seek a legal opinion under the specific facts if this situation arises.

¹ In Ohio, CAM is an affiliate of DE Ohio Retail for Ohio Code of Conduct purposes and should be treated as an affiliate for the purpose of these guidelines.

2. DEFINITION

- RFP should reflect clear and nondiscriminatory definition of products sought including all relevant aspects.
- Capacity and term desired should be stated along with other relevant characteristics which usually will include fuel type, plant technology, and transmission requirements for example.
- If there are changes in the product specification, re-bids should be allowed.
- The RFP should not define products in a way that favors affiliates.

3. EVALUATION

- RFP should clearly specify evaluation criteria.
- Price criteria should specify the relative importance of each item.
- Non-price criteria should specify the relative importance of items (e.g., firm transmission reservation requirements, acceptable delivery points, credit evaluation, plant technology, plant performance requirements, and plant in-service date).

4. OVERSIGHT

- Use an independent third party (“ITP”) in the design, administration, and evaluation stages.
- ITP should have no financial interest in any of the bidders or in the outcome.
- ITP should not own or operate facilities that participate in the market affected by the RFP.
- ITP should be able to make a determination that the RFP process is transparent and fair and that the issuer’s decision is not influenced by any affiliate relationships.
- ITP should be the sole link for transmitting information between issuer and bidders throughout the RFP process.
- ITP should be able to assess all bids based on both price and non-price factors. ITP should have access to the same information that the issuer uses in evaluation.

If any questions arise, you can consult FERC Legal at 980-373-6609.

SUMMARY OF CHANGES
PRR 670281

| SECTION/STEP | CHANGE |
|--------------------------------|--|
| 1.0.1, 1.1.5 | Allows AI-9010 to be the governing document for CR3 New Fuel sales (<i>76 new fuel assemblies at CR3</i>) and upstream uranium sales (<i>enriched and converted</i>). "Nuclear Fuel" deleted from Step 1.1.5. |
| 1.1.1, 5.1.8.b, 5.3.2.d, Att 4 | Allows other Duke entities to compete in the open market for any CR3 sales – this can be used for the LP Rotors for example and identifies additional commission/ FERC approvals / waivers that may be needed in case Duke is the winning bidder for any of these type events. |
| 3.0.1 | Added clarification to the definition of 0154 Inventory |
| 3.0.10 | Refined the definition of Net Book Value in accordance with FERC description. |
| 4.0.2, 4.0.3 | Added additional responsibilities for Corporate Communications, CR3 Financial Services Manager, and Director Florida Accounting. |
| 5.1.6 | Added new step to describe the RAPID database. |
| 5.1.7, 5.1.9 | Added new Step 9 and references to it to describe instances where NBV or AUP/CUP may be at a higher value than FMV. |
| 5.1.7.c | Added Auction Companies to the statement and extended sales audience |
| 5.1.7.d | Added Auction Companies to the statement & added scrapped |
| 5.1.8.b.1.c | Added Duke Energy's Legal Department could provide an approved legal form |
| 5.1.8.c | Added Auction Company |
| 5.1.9.a | Added "current" to clarify FMV where applicable |
| 5.2.1 | Clarified that the AAT form is for those Assets less than \$10,000,000 dollars |
| 5.3.1, 5.3.2, Att 1 | Added Supply Chain Management as an approval authority for internal transfers. |
| Various | Changed title from FL Reg and Property Accounting Mgr to Director Florida Accounting. Replaced Asset Transaction Price with Asset Value to align terminology. |
| 5.3.2.d | Added and clarified that hardcopy Contract signatures can satisfy DOA requirements |
| 4.0.1 | Replaced VP Project Management & Construction with GM Decommissioning or their designee |
| 5.3.1.b | Replaced VP Project Management & Construction with GM Decommissioning |
| 5.3.2.c | Replaced VP Project Management & Construction with GM Decommissioning |
| Attachment #1, Page 2 of 2 | Replaced VP-PMC with GM Decommissioning |
| Attachment #2, Page 2 of 2 | Removed Director and added GM |

February 25, 2014

CR3 Investment Recovery Project (IRP) Execution Plan



CR3 Investment Recovery Project (IRP) Project Execution Plan

Rev 0

Project Management and Construction Department

Duke Energy

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 6
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Mark R. Teague MT-2

****Please Note: This document contains confidential information and is subject to Duke Energy's Code of Business Ethics Policy. Please limit distribution accordingly.****

February 25, 2014

Approval

| Revision Summary | | | | |
|------------------|----------------|--------------|---------------|-------------|
| Rev. Number | Effective Date | Prepared By | Approved By | Approved By |
| 0 | 2/25/14 | Jeff LaPratt | Magdy Bishara | Terry Hobbs |

February 25, 2014

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February 25, 2014

PROJECT SPONSORS

| Role, Department / Group | Name | Phone No. |
|--------------------------|----------|-----------|
| GM - Decommissioning | T. Hobbs | ████████ |
| | | |

KEY PROJECT STAKEHOLDERS

| Role, Department / Group | Name | Phone No. |
|------------------------------|------------------------|-----------|
| VP-PMC | Mike Delowery (acting) | ████████ |
| State Reg General Council | John Burnett | ████████ |
| State President - FL | Alex Glen | ████████ |
| VP-Chief Procurement Officer | Ron Reising | ████████ |
| MGR EGR-DTO | Emin Ortalan (acting) | ████████ |

PROJECT MANAGEMENT CONTACTS

| Role, Department / Group | Name | Phone No. |
|--------------------------|-----------------|-----------|
| PM - PMC | Jeff LaPratt | ████████ |
| SC Lead | Chris Hendricks | ████████ |
| MGR - Major Projects | Magdy Bishara | ████████ |

*The location of the Expanded Contact list is included in the Appendix.

PLAN REVISION CONTROL

| Rev No. | Primary Author(s) | Revision Description | Rev Date |
|---------|-------------------|----------------------|----------|
| 0 | Project Manager | Initial Issue | 02/25/14 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

February 25, 2014

1.0 INTRODUCTION & PROJECT DESCRIPTION

[NOTE: This is classified as a White project per PMCoE standards. Deviations from the standard PMC Project Execution Plan (PEP) template are highlighted in bracketed notes similar to this one. These deviations are deemed acceptable by approval of this PEP.]

This document presents the Project Execution Plan for the CR3 Investment Recovery Project (hereinafter “IRP” or “Project”).

| Name of Station | Location | Project | Completion Date |
|-------------------|------------------------|---------------------|-----------------|
| CR3 Nuclear Plant | Crystal River, Florida | Investment Recovery | April 30, 2015 |

Project Description

In accordance with the August 1, 2013 Settlement Agreement (Doc No. 04433-13, Docket No. 130208-EI) with the Florida Public Service Commission (FPSC) Duke Energy is committed to using reasonable and prudent efforts to sell or otherwise salvage assets that would otherwise be included in the CR3 Regulatory Asset.

This project will develop and implement a program under which saleable CR3 plant assets are identified, maintained, marketed, sold, and removed from the site.

2.0 PROJECT OBJECTIVES & APPROVALS

The primary objective of this plan is to deliver the Project scope of maximizing return to customers and shareholders on CR3 assets through asset identification, redeployment, and disposition. The scope is to be delivered with quality, on budget, on time, and in a safe environmentally sound and prudent manner.

This project is undertaken with the following secondary objectives:

- Minimize cost and impact to CR3 decommissioning activities and trust fund, customers and shareholders.
- Identify preservation needs to avoid premature obsolescence of otherwise marketable assets.
- Coordinate with the Decommissioning Project to avoid conflicts.
- Ensure asset removal activities are performed event free.
- Ensure all decisions are made in a prudent manner and thoroughly documented.
- Ensure all sales/affiliate asset transfers are properly classified for proper accounting treatment.
- Comply with all applicable laws, rules, regulations and ordinances.
- Minimize risk associated with the re-sale and subsequent use or disposal of project assets.

February 25, 2014

Total Authorized, Current Projections

| Table 1: Key Project Objectives | |
|---|--|
| Scope | Reduce the CR3 Reg Asset through the disposition of assets in the following categories: <ul style="list-style-type: none"> • Inventory (FERC 154 Account) • Construction Work in Progress (CWIP) • Electric Plant In-service (EPIS) |
| Total Project Cost | \$3,408,104 |
| Schedule [Project Completion Date] | April 30, 2015 |
| Quality [Performance Objective] | Obtain prudence determination on all asset dispositions or transfers as appropriate |

Internal Project Approvals

The IRP is a White, non-construction project that doesn't fit the traditional PMC construction stage-gate process. Per PMCoE standard PJM-00001-POLICY, *Achieving Excellence in Project Management*, for white projects, compliance with PMCoE Standards is at department discretion; therefore, elements of this PEP and approvals are tailored specifically for this project.

Duke Energy, and CR3 by extension, committed to performing the IRP as part of the August 1, 2013 Settlement Agreement with the FPSC, and acts as the authorization to implement this Project. Duke Energy Finance, Legal, and Regulatory Rates & Strategies have determined that because disposition proceeds go to reduce the Regulatory Asset (Reg Asset), that costs associated with the disposition shall be added to the Reg Asset for a net reduction. As such, no traditional funding approvals are necessary (e.g.; 201, WPCO). The Project Sponsor acknowledges estimated costs contained in the Project Charter. In no case is it prudent for costs to exceed disposition proceeds; the Project monitors these and will initiate discussion on project continuance should costs approach disposition proceeds.

PMC management has determined that the following project elements be developed and maintained for the Project:

- Project Charter
- Class 3 (or better) estimate
- Baseline Schedule
- Risk Assessment and Analysis
- PEP

The approval of this PEP recognizes the above positions in addition to project approach.

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3.0 IRP SCOPE BASELINE

The CR3 Investment Recovery Project consists of the following scope:

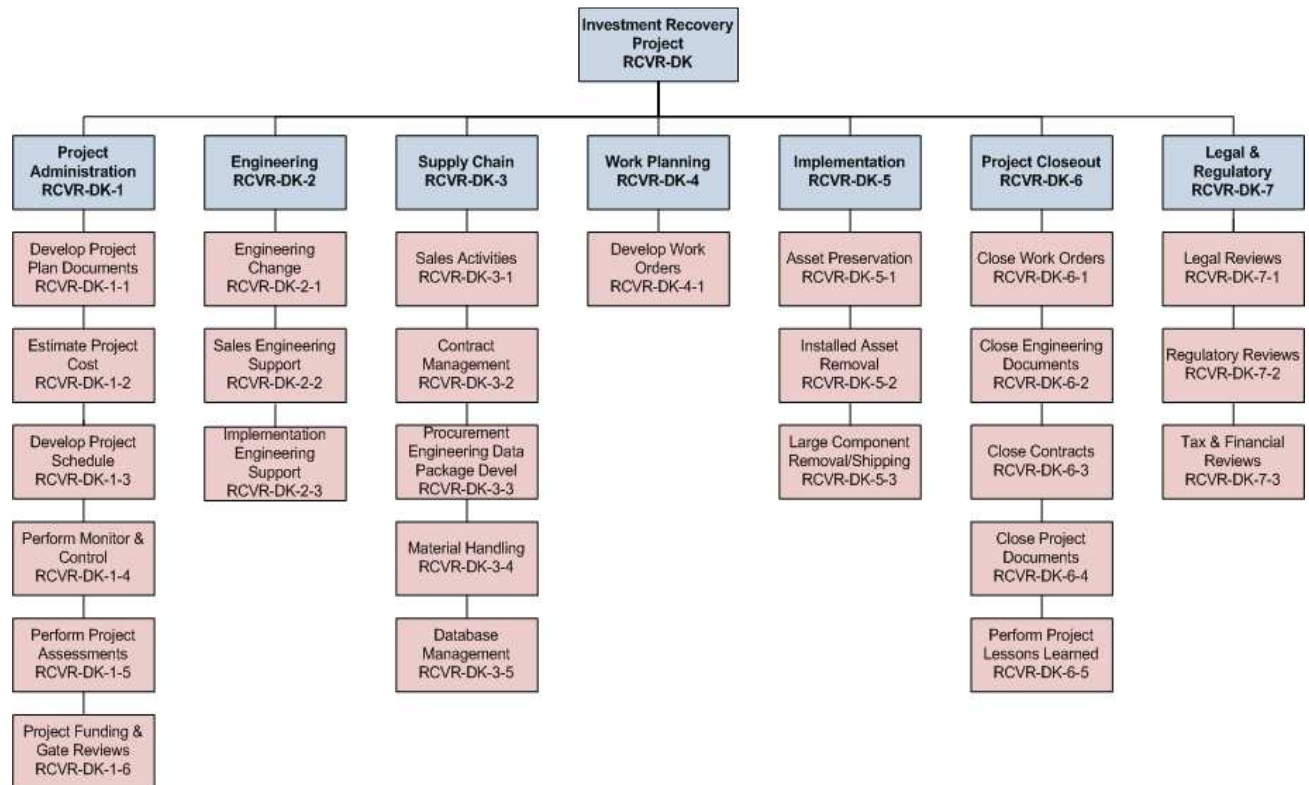
- Inventory and catalogue saleable assets.
- The financial analysis to determine asset value.
- The engineering, procurement, and construction activities necessary to preserve saleable assets.
- Sales and marketing activities, including the establishment of strategic partnerships.
- Contract development and execution for necessary engineering, procurement, maintenance/preservation, asset removal and shipment, and warranty.
- Limited to the following plant equipment assets:
 - Warehouse inventory (FERC Account 154)
 - Construction Work in Progress (CWIP) (FERC Account 107); which is further subdivided into:
 - EPU
 - EPU Point of Discharge (POD) helper cooling towers
 - SGR
 - Other
 - Electric Plant In-Service (EPIS) (FERC Accounts 101 and 106)
- The scope specifically excludes nuclear fuel and real property.

The level 1 Scope of Work (SOW) for the Project is broken into a PMC WBS package. The work scope in the WBS includes activities necessary to plan, organize, integrate, budget, measure, and control performance. These activities ensure that the Project accomplishes the mission on schedule in a safe, prudent, and cost-effective manner.

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WORK BREAKDOWN STRUCTURE

The WBS is used to organize and integrate the Project Scope Baseline. Figure 1 shows the top levels of the Project.



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CR3 Investment Recovery Project (IRP) Execution Plan

4.0 SCHEDULE BASELINE

The Project Baseline Schedule approval form is provided in Appendix F. The Project Controls Manager is responsible for establishing and documenting the schedule Baseline process and to assist the Project Manager in setting up the Schedule Management system for the Project.

The following major milestones are contained in the schedule:

| Milestone | Baseline | Forecast Date | Actual Date | Critical Path |
|---|----------|---------------|-------------|---------------|
| Initial funding milestone with Project Charter | Jul 13 | Jul 13 | Jul 13 | N |
| Develop Project Scope and Level 1 Schedule | Jul 13 | Jul 13 | Jul 13 | N |
| Build Team and Processes | Aug 13 | Aug 13 | Aug 13 | N |
| Begin Investment Recovery | Aug 13 | Aug 13 | Aug 13 | N |
| Approve Governance | Oct-13 | Oct-13 | Oct-13 | N |
| Commence Market of CWIP Large Components (internal) | Oct-13 | Oct-13 | Oct-13 | N |
| Develop Duke Inventory Match Lists | Nov-13 | Nov-13 | Nov-13 | N |
| Commence Market of CWIP Large Components (external) | Nov-13 | Nov-13 | Nov-13 | N |
| Commence Market of EPIS Components (external) | Nov-13 | Nov-13 | Nov-13 | N |
| Commence Tranche 6 Disposition | Jan-14 | Jan-14 | Jan-14 | N |
| Commence Tranche 1 Disposition | Feb-26 | Feb-26 | | N |
| Nuclear Fleet Review Completed – Commence Pull & Ship | Mar-14 | Mar-14 | | N |
| Commence Tranche 2 Disposition | Apr-14 | Apr-14 | | N |
| Complete Market of CWIP Large Components (internal) | Apr-14 | Apr-14 | | N |
| Complete Tranche 1 Disposition | Apr-14 | Apr-14 | | N |
| Fossil Fleet Review Completed – Commence Pull & Ship | Apr-14 | Apr-14 | | N |
| Commence Tranche 3 Disposition | May-14 | May-14 | | N |
| Complete Tranche 2 Disposition | May-14 | May-14 | | N |
| Complete Market of EPIS Components (external) | Jun-14 | Jun-14 | | N |
| Commence Tranche 4 Disposition | Jul-14 | Jul-14 | | N |
| Complete Tranche 3 Disposition | Jul-14 | Jul-14 | | N |
| Commence Tranche 5 Disposition | Aug-14 | Aug-14 | | N |
| Complete Tranche 4 Disposition | Aug-14 | Aug-14 | | N |
| Complete Market of CWIP Large Components (external) | Aug-14 | Aug-14 | | N |
| Complete Tranche 5 Disposition | Sep-14 | Sep-14 | | N |
| Complete Tranche 6 Disposition | Sep-14 | Sep-14 | | N |
| Cleanup & Project Closeout Complete | Apr-15 | Apr-15 | | N |
| Complete Investment Recovery | Apr-15 | Apr-15 | | N |

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5.0 COST BASELINE

Upon approval of the Initiate Gate Package by Duke Energy Management, the Project Cost Baseline will be established and documented through the Cost Baseline approval process. The Initiate Gate approved estimate will be used as the basis of the Cost Baseline. The Project Controls Lead is responsible for establishing and documenting the Cost Baseline process and assisting the Project Manager to set up the Cost Management System for the Project.

The Project Cost Breakdown Structure (CBS) is as follows:

| Project Level 2 Number | Oracle Level 1 Task | Level 1 Task Description | Oracle Level 2 Task | Level 2 Task Description | Passport WO # |
|------------------------|---------------------|----------------------------------|---------------------|------------------------------------|---------------|
| 20104219 | 1000 | Project Management | 1001 | Project Management | 1868133-13 |
| | | | 1002 | Contracts | 1868133-13 |
| | | | 1003 | Materials/Other | 1868133-13 |
| | | | 1004 | Project Management Other | 1868133-13 |
| | 2000 | Sales | 2001 | Sales Labor | 1868133-14 |
| | | | 2002 | Sales Material Handling | 1868133-15 |
| | | | 2003 | Sales Contracts | 1868133-14 |
| | 3000 | Removal Costs | 3001 | Removal Costs - LPT | 1868133-15 |
| | | | 3002 | Removal Costs - POD | 1868133-15 |
| | | | 3003 | Removal Costs - CWP | 1868133-15 |
| | | | 3004 | Removal Costs - EPU Preservation | 1868133-15 |
| | | | 3005 | Removal Costs - POD Preservation | 1868133-15 |
| | | | 3006 | Removal Costs - Other Preservation | 1868133-15 |
| | 3999 | Removal Costs - Non-reimbursable | 1868133-15 | | |

The Project Cost Baseline and subsequent performance reporting to key stakeholders and sponsors will be made in the Financial View. The Project does not receive any AFUDC charges and none will be reported.

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TOTAL PROJECT COST BASELINE & ESTIMATE AT COMPLETION (EAC) FORECAST

The Total Project Cost Baseline will include PMC and other entities baselines.

Total Project Cost Baseline [Financial View]

| Cost Baseline | Expected | Range |
|----------------|-------------|---------------------------------------|
| PMC | \$3,408,104 | \$3,067,294 - \$4,089,725 (Min – Max) |
| Other Entities | \$0.0 | \$0.0 |
| Total Project | \$3,408,104 | \$3,067,294 - \$4,089,725 (Min – Max) |

Total Project Cost History [As Approved by Project Charter]

| Charter Revision | Expected | Range | Approval Date |
|------------------|-------------|---------------------------------------|---------------|
| Rev 0 (initial) | \$1,500,000 | \$1,500,000 | 07/16/13 |
| Rev 1/EAC | \$3,408,104 | \$3,067,294 - \$4,089,725 (Min – Max) | 02/20/14 |

6.0 IRP ORGANIZATION

See Appendix A for IRP Organization Chart

DUTIES AND RESPONSIBILITIES FOR EACH PROJECT MEMBER/ORGANIZATION**Project Sponsor**

The Project Sponsor is an executive level manager who functions as the primary customer of the Project team. The success of the Project is determined by the satisfaction of the Sponsor. The Project Sponsor for this project is the GM Decommissioning.

Project Manager (PM)

The PM has the overall authority and responsibility for execution of the Project in order to achieve all work safely, within budget, and on schedule. The work must be completed in compliance with all required local, state, and federal laws and regulations. The PM is responsible for planning, executing, controlling, and closing the Project. This is largely accomplished by coordinating the efforts of the Project team to develop and implement the Project Execution Plan and by taking corrective action when Project objectives are in jeopardy. The PM reports to the Manager of Nuclear Projects.

Specific responsibilities of the PM include:

- Preparation of the Project Execution Plan
- Directing and managing the Project team for the execution of the Project

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- Organizing and leading the Monthly Executive Meeting of the Project
- Managing the interfaces between stakeholders and within the Project team
- Manage and develop project team organization
- Identify and obtain resources to ensure project success (either matrix or directly assigned)
- Responsible for resolution of critical issues/opportunities
- Provide direction to project team leaders to promote project success, continuity, and consistency
- Monitor and report project performance and initiate any needed corrective action to keep the project on track
- Primary interface with CR3 Decommissioning Management. Includes providing status updates and resolving critical issues/opportunities needing management awareness or involvement
- Primary interface with the PMC Leadership Team. Includes providing status updates and resolving critical issues/opportunities needing senior management awareness or involvement
- Reviews and assesses overall schedule for achievability of critical milestones and adequacy of contingency plans

Supply Chain Functions

The Supply Chain (SC) Organization is the primary resource for IRP asset dispositions and is the largest contributor to the Project. The SC roles in the IRP are:

Supply Chain IRP Lead

The IRP Supply Chain Lead has overall supervisory responsibility for the IRP sales organization. The IRP Sales Lead and direct reports in **Contracts** and **Sales**, have responsibility for the following:

- Compile a list of site assets, inventory, and other items of value that will be redeployed, sold or scrapped.
- Provide a level of oversight for on-site asset recovery dispositions.
- Manage the population of the Investment Recovery Database.
- Identify potential buyers and determine sale/marketing plan for various assets.
- Develop / coordinate the contract bid, evaluation and execution process for assets that will be sent out for bid.
- Provide technical input on requested assets as required by potential customers.
- Qualify bidders to assure credit worthiness, or advance payment where credit worthiness is in doubt.
- Provide technical input and manage the results / inquiries from Recovery Seeker

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- Assure that a signed contract is in hand, based on standard forms approved by the Legal department, or an alternate form approved by the Legal Department before releasing the project asset to the buyer.
- For international sales (direct or indirect), assure that all regulatory approvals are obtained before releasing the project asset to the buyer.
- Complete Affiliate Asset Transfer Forms for all assets transferred to other Duke Energy affiliates.
- Work with Field Organizations/Contractors for the coordination to release assets from the site.
- Package and ship smaller assets to successful purchasers.
- Manage the retrieval of documentation and generation of Certificates of Conformance required for the sale of safety related assets.
- Coordinate assets that will be dispositioned by the Corp Asset Group
- Manage and Monitor invoicing and outstanding receivables.

Major Projects Materials Lead

- Coordinates accounting and control of CWIP materials.
- Supports removal and shipping of CWIP materials.

Supply Chain Support – Asset Recovery

- Primary interface for salvage of equipment.
- Supports asset disposition through their known channels.

Financial Analyst

- Provide leadership and management of finance.
- Track costs and value of divested materials.
- Ensures proper accounting of monies received from assets divested.
- Provides NBV and other cost information.

Legal / Regulatory / Tax Support

- Contract form development and negotiation support.
- Provide legal interpretation/guidance on contractual issues.
- Assist in contract dispute resolution, as necessary.
- Support the Affiliate Asset Transfer process.
- Provide support to ensure that the project remains within governance and demonstrates prudence.
- Supply advice and assistance on export control regulations.

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- Provide guidance on tax issues.

Engineering

- On an as-needed basis, provides support for the removal of major assets.
- Provides technical information on assets.

Major Projects Implementation

- Provide leadership and management of large or complex asset removal tasks.
- Assist the Task Managers in monitoring contractor's work planning and execution for removal tasks
- Work with the Task Managers to resolve any work practices considered significantly inefficient, ineffective or unsafe.
- Performs necessary inspections of the Contractor's work to assure compliance with QA/QC policies and procedures.
- Identifies any deficiencies and works with the appropriate Task Managers to have these resolved by the Contractor.
- Assure that the Contractor assigns sufficient qualified workers to meet planned performance.
- Assist the Task Managers with monitoring corrective and preventive actions taken on incident investigations and non-conformances (NCRs).
- Report any barriers to the Task Managers to achieving key milestones and/or any recovery plans in place to mitigate barriers.
- Interface with the appropriate Task Managers to address any potential scope or technical issue.
- Participate in the oversight of the Contractor's implementation of their site-specific safety and environmental programs.
- Coordinate and oversee the Contractor's implementation of Duke Energy's lifting and rigging program.

Project Controls (PC) Supv / Principal PC Specialist / Scheduler

- Review schedule updates for accuracy, reasonableness and impacts.
- Interface with Station scheduling regarding tie-ins and resource requirements.
- Prepare schedule update summaries (e.g., Key Milestones, Critical Path and Look Ahead, etc.) as requested by the IRP PM.
- Evaluate schedule variance corrective actions for appropriateness and reasonableness and provide results to the Project Manager and other appropriate Project team members.
- Evaluate forecasts regarding accuracy, appropriateness and reasonableness of schedule logic, durations and resources for remaining activities.

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- Develop and maintain project cost estimate/cash flow forecast, analyze trends and provide current information to the PM, other appropriate Project team members and appropriate Project and Department Management.
- Review Monthly Work-Hour and Cost Transaction Reports for appropriateness and reasonableness of labor, materials and subcontract charges made to the project, including where charges may not be covered or where they exceed the Project Funding Authorization. Follow up with appropriate personnel regarding any inappropriate and/or unreasonable charges.
- Maintain Change Management System for identified changes in project cost, schedule, and cash flow. This includes Change Orders for work scopes. Develop cost / schedule forecast for identified scope changes.
- Support annual Corporate Budgeting process and provide monthly cash flow projections.
- Provide schedule updates for Duke Energy's subproject within the integrated project schedule.
- Incorporate contractual and key stakeholder activities into overall project schedule.
- Provide project reports to Project Leadership Team on overall Project performance and forecasts compared to key milestones, Project funding, and annual budgets.

Project Assurance Advisor

The Project Assurance Advisor provides support to the Project through education and awareness of Company policy. The Advisor ensures that all material decisions involving expenditures for which cost recovery is sought are made and documented in a manner that will allow Duke Energy to achieve full and fair recovery through the regulatory process. They execute duties specific to the Project include: developing and delivering education and awareness programs to Project personnel and ensuring that documentation of Project decisions is adequate to explain the basis for the decision, and reasonableness thereto. They also develop the Project Assurance Plan for the Project.

RACI CHART FOR PROJECT ORGANIZATION

A Responsible, Accountable, Consult, Inform (RACI) chart that further clarifies organizational responsibilities by activity is provided in Appendix B.

7.0 DISPOSITION STRATEGY & MANAGEMENT

[NOTE: Section titled changed from Procurement Strategy to Disposition Strategy due to the unique nature of the Project]

Strategic Approach and Rational

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The Project will disposition assets in a manner that maximizes the reduction of the Regulatory Asset. The methodology employs a systematic, sequential approach as illustrated in Appendix D – DISPOSITION STRATEGY FLOWCHART.

The illustrated systematic approach focuses on internal transfer of the asset first as, per the Affiliate Asset Transfer Agreement (AATA) and Affiliate Asset Transfer (AAT) process, assets transferred internally are at Average Unit Price (AUP). Large asset distribution efforts have historically returned a fractional percentage of AUP overall, therefore, receiving AUP or greater for an asset is advantageous to our customers.

Following internal transfers, in terms of expected returns, are marketing to utilities, then 3rd party resellers, then salvage and scrap (in order from high to low).

Assets are segregated (or “bucketed”) by AUP tranches. Large asset distribution efforts have also shown that the overwhelming amount of total value is returned by a small amount of the asset set. In the case of the CR3 inventory asset set of 1.4M items, Tranches 1 through 5 represent approximately 12,000 items and approximately 85% of inventory value. The project will place special focus on Tranches 1 through 5 and the requisite marketing effort they demand.

Disposition of Tranche 6 is labor intensive to disposition due to the significant number of items, with expected return being low.

Governance

Governance for the Project is provided in AI-9010, *Conduct of CR3 Investment Recovery*. The strategic approach outlined above is congruent with the requirement stated in AI-9010.

Guidance

Guidance for consistent implementation of each sales track (Affiliate Transfer, Utility/OEM, 3rd Party Reseller, and Scrap/Salvage) is contained in Investment Recovery Guidance Document IRGD-001, *Sales Track Guidance and Documentation Package Development*. This guidance document also provides information on Project Assurance (PA) SharePoint organization and file naming convention for PA documents; with each disposition having a completed checklist of required actions completed.

8.0 IMPLEMENTATION AND IMPLEMENTATION MANAGEMENT

[NOTE: Section titled changed from Construction to Implementation due to the unique nature of the Project]

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Removal of Installed Assets

The removal of installed assets must be performed in a manner that maintains configuration control and supports relied upon system functionality, as established by the system abandonment process (AI-9003, *System Evaluation and Categorization*) and schedule.

To ensure compliance with the system abandonment process, each installed asset requested will be evaluated and the removal approved by plant management. This approval process will also review risks associated with the removal to ensure that the plant is willing to accept those risks for the sake of disposition. Approval is documented on a form contained in AI-9010, *Conduct of Investment Recovery*.

Large Component Removal and Shipping

Multiple large CWIP components that are not installed, such as the Low and High Pressure Turbines, POD Cooling Tower, and feed water heaters, will be removed for shipping by the Major Projects Implementation group. These are significant efforts requiring specialized skills and equipment.

The removal of an installed asset or large component removal and shipping activities are handled as a stand-alone task with a specific task plan developed. Costs to remove installed assets will be the sole responsibility of the buyer.

Implementation oversight shall be provided by Duke Energy's PMC department.

9.0 INTEGRATION, COMMISSIONING AND TURNOVER STRATEGY & MANAGEMENT

[This section is not applicable to the Project as there are no integration, commissioning or turnover activities associated in this non-construction project.]

10.0 SCOPE MANAGEMENT

The Scope Baseline will be controlled and maintained by the Project Manager in accordance with PJM-00008-ENTSTD. Changes to the Scope Baseline will be managed through the Integrated Change Control (ICF) process utilizing Integrated Change Control Forms (ICF) processed in the PassPort system.

11.0 SCHEDULE MANAGEMENT

The Project will use Primavera P6 or higher version as the primary scheduling software.

The Project Scheduler is responsible for the following weekly activities at a minimum:

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1. Quality of the fully Integrated schedule
2. Weekly schedule review meetings
3. Schedule updates
4. Change trends.

Schedule Development

A detailed, resource loaded Level 3, including Duke Energy critical interface points is developed for all disposition activities. Additional schedule elements for the removal of installed assets and large component removal and shipping activities will be developed and added to the overall integrated schedule.

The Project Controls Manager will then implement the PMC Schedule Baseline approval process as per the PMC-PRC-00-AD-0009 PMC Project Schedule Management procedure. This process establishes the fully Integrated Baseline schedule. The Project Scheduler will refer to the PMC-PRC-00-AD-0009 PMC Schedule Management procedure regarding file naming, data archive, and overall schedule management process details for the Project.

Upon approval/sign-off on the Project Schedule Baseline, the Project Manager then officially accepts the Level 3 schedule as the Baseline schedule.

The Schedule Baseline will then be controlled and maintained by the Project Manager with assistance from the Scheduler. Changes to the Schedule Baseline will be managed through the ICF process. The Project will utilize Primavera P6.8.1 or higher version as the primary scheduling software.

Schedule Analysis

The Schedule will be reviewed and analyzed for float, completeness, logic, open ends, contractual dates, and milestones, on a weekly basis by the on-site Project Controls personnel. Any feedback or corrections on the schedule will be communicated by Project Controls to the contractor and also noted as minutes from the weekly on-site Project Controls meeting.

Earned Value Reporting and Analysis

One of the key responsibilities of the Scheduler is to track, analyze, and audit the Earned Value. The analysis will be communicated through the internal weekly Project Controls reports as well as monthly reports which will be circulated to the Project Manager and other key individuals. For this Project, Earned Value metrics will include:

- Schedule Variance

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- Cost Variance
- Estimate at Completion (EAC)
- Estimate to Completion (ETC)

12.0 COST AND FINANCIAL MANAGEMENT

Upon Establishing the Project Cost Baseline Structure, Project Controls develops a Cost and Finance Management system for the Project in accordance with PJM-00012 and PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure.

The Project will maintain and communicate total cost-to-date, un-awarded costs, pending change orders, ETC, and EAC through monthly reports.

Accruals will be recorded in compliance with the corporate accrual policy. The Cost Baseline will be controlled and maintained by the Project Manager with assistance from Project Controls and Finance Lead.

The Project Cost Lead is responsible for assembling the updated Project Cost package by the 10th of each month for team review. The team includes the Project Director, Finance Lead, Implementation Manager, and or Supply Chain.

The Project Manager will approve the final communication package regarding Project cost performance prior to mass distribution.

The Project Controls Cost Lead and Finance Lead will assist the PM to control and maintain the total Cost Baseline of the Project. Changes to the Cost Baseline will be managed in accordance with PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure.

Contingency Management

Per PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure, project contingency (Estimate uncertainty & Risk Contingency) drawdown will process through Change Control process utilizing ICFs. ICFs and contingency drawdown will be analyzed on a monthly basis and will document use of Contingency drawdown and Deviations against appropriate CBS. Contingency balance will be assessed against ETC and Risk profile and adequate explanation will be added in the report.

Risk update meeting will be conducted to evaluate updated Risk EMV for the project, Risk coverage ratio will be determined and analysis will be communicated in the analysis section to reflect the project's assessment on update risk profile.

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Accounting Considerations

Accounting considerations are contained in Investment Recovery Guidance Document IRGD-001, *Sales Track Guidance and Documentation Package Development*. This provides a “roadmap” to how the IRP accounting is setup and how the Project ensures that it is accurately capturing and reporting IRP costs and sales, and that IRP net sales are correctly reflected as a reduction to the Reg Asset.

CBS and WBS Relationship

The CBS and WBS are aligned as follows:

| Project Level 2 Number | Oracle Level 1 Task | Level 1 Task Description | Oracle Level 2 Task | Level 2 Task Description | WBS Element(s) |
|------------------------|----------------------------------|---------------------------------------|---------------------|------------------------------------|---|
| 20104219 | 1000 | Project Management | 1001 | Project Management | RCVR-DK-1-1, RCVR-DK-1-2, RCVR-DK-1-3, RCVR-DK-1-4, RCVR-DK-1-6, RCVR-DK-6-4, RCVR-DK-6-5 |
| | | | 1002 | Contracts | RCVR-DK-3-2, RCVR-DK-6-3 PM contracts only |
| | | | 1003 | Materials/Other | TBD |
| | | | 1004 | Project Management Other | RCVR-DK-1-5, RCVR-DK-7-1, RCVR-DK-7-2, RCVR-DK-7-3 |
| | 2000 | Sales | 2001 | Sales Labor | RCVR-DK-2-1, RCVR-DK-2-2, RCVR-DK-2-3, RCVR-DK-3-1, RCVR-DK-3-3, RCVR-DK-3-5, RCVR-DK-6-2 |
| | | | 2002 | Sales Material Handling | RCVR-DK-3-4 |
| | | | 2003 | Sales Contracts | RCVR-DK-3-2, RCVR-DK-6-3 |
| | 3000 | Removal Costs | 3001 | Removal Costs - LPT | RCVR-DK-4-1, RCVR-DK-5-3, RCVR-DK-6-1 |
| | | | 3002 | Removal Costs - POD | RCVR-DK-4-1, RCVR-DK-5-3, RCVR-DK-6-1 |
| | | | 3003 | Removal Costs - CWP | RCVR-DK-4-1, RCVR-DK-5-2, RCVR-DK-6-1 |
| | | | 3004 | Removal Costs - EPU Preservation | RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1 |
| | | | 3005 | Removal Costs - POD Preservation | RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1 |
| | | | 3006 | Removal Costs - Other Preservation | RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1 |
| 3999 | Removal Costs - Non-reimbursable | RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1 | | | |

13.0 RESOURCE MANAGEMENT

Staffing

The Project will utilize a cross functional team to plan, execute, monitor, control and close the Project as mentioned under "Organization Duties & Responsibilities and Approval Entities" section. Personnel that are working on the Project will charge their time and expenses as per the appropriate CBS. The hours and expenses of the internal personnel charging to the Project will be reviewed on a monthly basis. The Finance Lead will be responsible for running the Duke Energy direct labor report and will review the

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report, along with the Project Controls Lead and the Project Manager, to ensure that all time and expenses being charged to the Project have been done so appropriately.

Kick-off Meeting

The Project Manager will conduct a Project Kick-Off Meeting on-site with all members of the Project team to go over execution strategy in detail including processes, procedures, roles and responsibilities, ground rules on-site, contract management at Site level, interface with other entities during execution phase, communication plan and rules, etc.

CR3 SUPPORT

Plant Operations

The project will interface with operations to obtain necessary equipment clearances to allow work to proceed safely and to maintain configuration control and protect spent fuel pool interface systems.

Training

The project leadership team is committed to ensuring only properly trained and qualified individuals are assigned to work independently. Existing CR3, Duke Energy fleet or industry training material will be used whenever possible to minimize the need to develop new training material. When needed, additional training will be designed and specific training material will be developed. Fleet training procedures will be used as a reference to guide project training activities.

As each individual is hired, specific initial and continuing training needs will be identified by comparing the individual's knowledge, skill, and experience with the position-to-training matrix. In addition, individual qualification requirements will be identified. Training personnel and project supervision will collaborate to determine the topics from which training exemptions will be granted. Training and qualification requirements and completion status will be maintained in the station's personnel qualification database.

Radiation Protection

Radiation Protection and Control will be implemented for the project in accordance with Site Radiation Control & Protection Manual. The project will interface with the site Radiation Protection staff responsible for ALARA planning, work permit development, and briefings. The project will integrate with station field resources for RP coverage and surveys.

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Radiation Protection will also be responsible for oversight of vendor plans for material removal. This includes responsibility for survey and release of any material leaving the radiation controlled area and site.

Engineering

Duke Energy staff will have the primary responsibility for the design and field implementation support of the project. Vendors will be utilized as required to provide specialized analysis and skills.

CR3 Site Engineering will support project development, contractor adherence to performance requirements, maintain knowledge of current project issues, facilitate the resolution of technical issues, and ensure internal stakeholders adequately and expeditiously review project deliverables.

Security

Duke Energy will maintain responsibility for site security and protection. All project site activities will be subject to the site security plan. The project will interface with the site security supervisor to integrate project activities with Security.

14.0 QUALITY MANAGEMENT

The Project will abide to CR3 Nuclear Oversight Program and Policies. The CR3 Nuclear Oversight Staff will be utilized to accomplish these functions. The goal of the Nuclear Oversight (NOS) is to provide nuclear oversight for the execution of the Project in accordance with the CR3 QA Program manual and Nuclear Oversight policies and Procedures including AD-NO-ALL-0500, Major and Complex Project Oversight.

Lessons Learned

Application of lessons learned and operating experience will be integrated into the planning and execution of the Project. Lessons learned and operating experience from other Duke generating plant retirements and industry operating experience from similar work activities will be incorporated. Formal disposition of Operating Experience will be in accordance with CAP0200, Conduct of Performance Improvement as applicable.

Corrective Action Program

The Corrective Action Program (CAP) establishes the processes and responsibilities for documenting and resolving problems, including conditions adverse to quality. The program is designed to address problems in a manner consistent with the nature of the condition and its importance to nuclear safety,

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industrial safety, or equipment reliability. The Project will utilize the station corrective action program throughout the duration of the project to address all issues related to owner and vendor actions.

Safety Conscience Work Environment

Project leadership will work to maintain a safety conscience work environment on the project. The project will integrate into the station Safety Culture Program, ADM0119.

15.0 RISK MANAGEMENT

The Risk Management process through-out the Project will be in accordance with in accordance with PJM-00004, PJM-00013, PJM-00013 Guide and PMC-PRC-NA-AD-0016 Risk Management Procedure.

The Project will utilize a Risk Register, Top Ten Post Response Strategy Risk Matrix, Risk Radar and Risk Trend tools to monitor, control, and communicate the status of Project risks on monthly basis at a minimum.

The Project will utilize the current available template of the Risk Register tool as provided on the PMCoE SharePoint Site. The PMC Project Controls Lead will ensure that the Project risk register is updated on a monthly basis, in advance of and in support of the monthly Project review meeting.

16.0 COMMUNICATION MANAGEMENT

Emergency Incidents

The affected party will immediately notify the Duke Energy Project Manager. The PMC Project Manager maintains the Incident Notification log through-out the Project life-cycle for record and audit purposes.

For Safety Incidents

- The first person at the site of an accident or incident where medical assistance is required shall immediately call 5555 or the appropriate emergency number for the work location.
- The Site Safety Lead or Project Implementation Manager will notify the PMC Project Manager & PMC Safety Lead (Charlotte) per the Management Intervention Plan (MIP).
- The Site Safety Lead will complete the first notice of serious event or OSHA recordable, approved by Site management & distributed as instructed through Plantview (PMC internal only), per the Management Intervention Plan (MIP) .

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- The PMC Project Manager will make notifications per the Management Intervention Plan (MIP).
- The Project Implementation Manager will make notifications per the Management Intervention Plan (MIP).

For Environmental Incidents

- The Site Environmental Lead or Project Implementation Manager will make notifications per the Management Intervention Plan (MIP).
- The Site Environmental Lead or PMC Site Construction Manager will immediately notify the PMC Project Director & PMC Environmental Lead (Charlotte).
- The PMC Project Director will notify the GM-PMC and Plant/Station manager.
- The PMC Site Construction Manager will notify the PMC Manager-Site Construction.

NOTE: The PMC Environmental Lead (Charlotte) coordinates and manages all agency notifications through Duke Energy EHSS. Contractors will not make agency notifications or public comment releases to the press.

Meeting Schedules

Project meetings will be held on a weekly and monthly basis.

Key Decisions

The Project Manager will use the ICF Change Control Process to seek VP, PMC approval prior to implementing a key decision on the Project which is not addressed at any other forum. For instance, the Project decision to Re-Baseline schedule will be tracked and approved through this process.

Lessons Learned Management

Lessons Learned will be documented in accordance with the PMC-PRC-00-AD-0007 Performance Improvement (PI) procedure.

All Project lessons learned will be documented in Plantview and also reported through the monthly report review process.

After Action Review (AAR)

Following critical evolutions and other major events the Project team will conduct AARs in accordance with the PMC PI procedure.

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Post-Project Debriefing

During the Project's close phase, the Project team will perform a post-Project debriefing to facilitate identification of lessons learned in accordance with the PJM-00019-ENTSTD Project Close Management Standard.

17.0 COMPLIANCE MANAGEMENT [SAFETY, ENVIRONMENTAL, AND REGULATORY]

Safety Plan

The Site occupational health and safety focus incorporates Duke Energy Corporate procedures applicable to the Site, Corporate Development Group - Health and Safety Management System, and applicable operating plant health and safety procedures.

Occupational health and safety expectation includes adequate oversight and continuous improvement throughout the Project.

Environmental Permits

There are no environmental permits expected for the Project. The need for permits required to support large component removal and shipment will be addressed in the individual Task Plan(s) developed.

Environmental Compliance

The Environmental Compliance Plan (ECP) for individual Task Plans will consist of the development and implementation of a Site specific environmental execution plan based on each scope.

Regulatory

Specific guidance for execution of the Project is provided in AI-9010, *Conduct of CR3 Investment Recovery*. Regular review and audit is performed under the purview of the Duke Rates and Regulatory Strategy department.

18.0 DOCUMENT CONTROL & PROJECT ASSURANCE

Document Control

The CR3 Decommissioning Document Retention SharePoint site will be used for capturing and storing Project records. In addition to the documents specified in the Project Assurance Plan, a "working"

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section is established to store in-progress project documents (e.g.; action items, contracts, AAT forms, IRP Master Database, Photos, POs, sales data, etc.)

Project Assurance

The Project Manager and other entities involved in planning and executing the Project are responsible for ensuring that the Project is implemented in a reasonable and prudent manner. The role of Project Assurance is to ensure that Project stakeholders understand the regulatory cost recovery process and the importance of managing the Project in a manner that will allow the company to recover Project costs as permitted by relevant laws, rules and regulations. A designated Project Assurance Advisor will be appointed to support and advise the Project management team based on Project type/requirements. The advisor will collaborate with the Project Manager to identify Project decisions and decision milestones that may be subject to regulatory scrutiny and will be available to review and/or advise upon the documentation necessary to demonstrate that those decisions were reasonable and prudent.

Project Assurance issues will be sent via e-mail with copy to the Project email address. Refer to PMC-PRC-NA-AD-0013 Project Assurance Manual for details and process information.

19.0 PROJECT REPORTING AND PERFORMANCE MEASUREMENT TOOL

Project Performance Measurement Tool

The Project Performance Measurement Tool consist of two (2) categories/Key Performance Indicators (KPI) – proceeds / cost, and asset work down curve. Updates of both KPIs will be evaluated and communicated at an agreed frequency (Weekly and Monthly) as per the weekly/monthly reporting distribution sheet. The Project will use the PMC management approved Monthly Report template to communicate performance updates.

Project Reporting – PMC internal

Project reporting includes both weekly and monthly generated reports.

On a weekly basis, the Project Manager will use an exception based weekly report to status the Project update. The weekly report is a SharePoint web report and is to be completed by the Project Director by the close of business every Thursday.

On a monthly basis, the Project core team will jointly update the Project Monthly report for KPIs performance updates in detail. The Project Manager will host a monthly Project progress meeting for PMC management. The meeting will cover all of the items that are to be noted in the monthly report.

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The monthly Project team meeting will be held to facilitate a forum for key stakeholders to gain an understanding of the Project status and engage in key issues and risks.

The following are a list of reports regularly generated by the Project team:

- Monthly Project Reports
 - Cost & Financials Analytics
 - Asset work down curves
 - Schedule milestone performance
- Weekly Project Reports
 - Exceptions

20.0 WARRANTY MANAGEMENT

CR3 assets dispositioned to non-Duke entities by this Project are sold as-is, where-is with no warranty by Duke. Supply Chain Contracts personnel will work with asset suppliers as needed to facilitate transfer of manufacturer/supplier warranties when assets are transferred to a Duke affiliate.

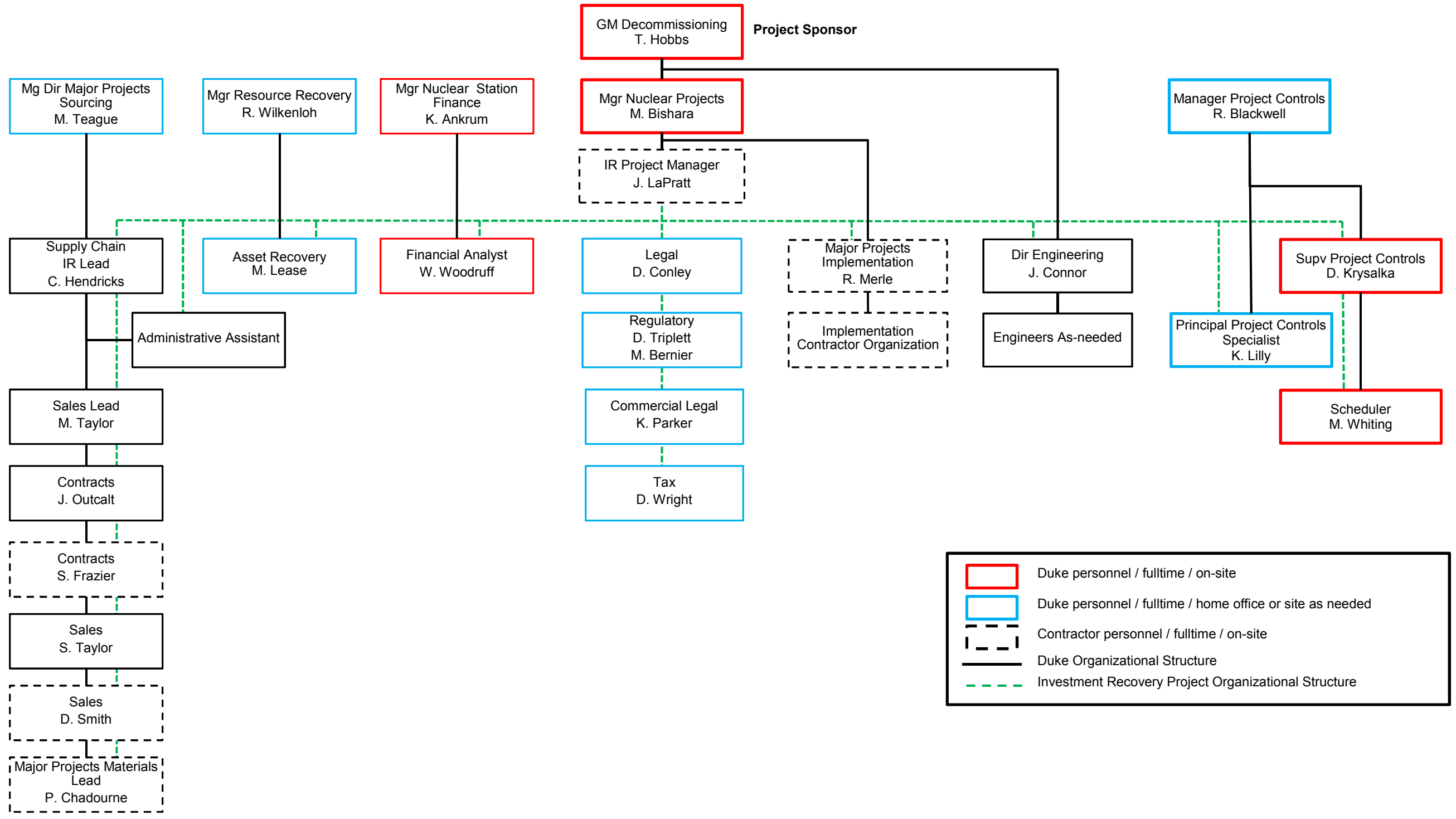
21.0 PROJECT CLOSE-OUT MANAGEMENT

Project Close-Out Management will be in accordance with PJM-00019-ENTSTD and PMC-PRC-00-AD-0004 PMC Project Stage Gate Review and Approval procedure. These procedures provides guidance on the Project close-out process, accounts closing, contract closing, final job report, documents transfer, and reporting of standard post Project benefit assessments.

A final Project Close-Out meeting will be held during which the Project Manager and PMC General Manager will review open items and remaining scope of the work. The Project Manager will also review any contractual agreements. This may include any open items for audits, incident investigations, or corrective actions.

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APPENDIX A – ORGANIZATION CHART



| | |
|---|---|
| | Duke personnel / fulltime / on-site |
| | Duke personnel / fulltime / home office or site as needed |
| | Contractor personnel / fulltime / on-site |
| — | Duke Organizational Structure |
| - - - | Investment Recovery Project Organizational Structure |

APPENDIX B – ORGANIZATION RACI¹ CHART

| Activity | Project Team Member | | | | | | | | | | | |
|--|---------------------|-------------------|-------------------|----------------------------------|---------------------|---------------------|----------------------------|------------------|--------------|----------|------------|--------------|
| | Project Manager | Supply Chain Lead | SC Contracts Lead | Proj Cont Specialist/ Supervisor | Proj Cont Scheduler | Proj Cont Estimator | Financial Analyst/ Manager | Project Engineer | Impl Manager | Reg Lead | Legal Lead | Lead Planner |
| DK-1 Project Administration | | | | | | | | | | | | |
| DK1-1 Develop Project Plan Documents | A/R | C | C | C | I | I | C | C | C | C | C | I |
| DK1-2 Estimate Project Costs | A | C | C | C | C | R | C | C | C | C | C | I |
| DK1-3 Develop Project Schedule | A | C | I | C | R | I | I | C | C | I | I | C |
| DK1-4 Perform Monitor and Control | A/R | R | C | R | R | I | R | C | C | C | C | I |
| DK1-5 Perform Project Assessments | A | C | C | C | C | C | C | C | C | R | R | C |
| DK1-6 Project Funding and Gate Reviews | A/R | C | C | C | C | C | C | C | C | C | C | C |
| DK-2 Engineer | | | | | | | | | | | | |
| DK2-1 Engineering Change | A | I | I | I | I | I | I | R | C | I | I | I |
| DK2-2 Sales Engineering Support | A | C | C | I | I | I | I | R | I | I | I | I |
| DK2-3 Implementation Engineering Support | A | I | I | I | C | I | I | R | C | I | I | C |
| DK-3 Supply Chain | | | | | | | | | | | | |
| DK3-1 Sales Activities | A | R | C | I | I | I | C | C | C | I | I | I |
| DK3-2 Contract Management | A | C | R | I | I | C | C | C | C | I | I | I |
| DK3-3 Procurement Engineering Data Package Dev | A | R | C | I | I | I | I | C | I | I | I | I |
| DK3-4 Material Handling | A | R | I | I | I | I | I | I | I | I | I | I |
| DK3-5 Database Management | A | R | C | C | I | I | C | C | I | I | I | I |
| DK-4 Work Planning | | | | | | | | | | | | |
| DK4-1 Develop Work Orders | A | I | C | I | C | I | I | C | C | I | I | R |
| DK-5 Implementation | | | | | | | | | | | | |
| DK5-1 Asset Preservation | A | C | C | I | C | I | I | C | R | I | I | C |
| DK5-2 Installed Asset Removal | A | C | C | I | C | I | I | C | R | I | I | C |
| DK5-3 Large Component Removal/Shipping | A | C | C | I | C | I | I | C | R | I | I | C |
| DK-6 Project Closeout | | | | | | | | | | | | |
| DK6-1 Close Work Orders | A | C | C | I | C | I | I | C | C | I | I | R |
| DK6-2 Close Engineering Documents | A | C | C | I | I | I | I | R | C | I | I | C |
| DK6-3 Close Contracts | A | C | R | I | I | I | C | C | C | I | I | I |
| DK6-4 Close Project Documents | A/R | C | C | C | C | C | C | C | C | C | C | C |
| DK6-5 Perform Project Lessons Learned | A/R | C | C | C | C | C | C | C | C | C | C | C |
| DK-7 Legal & Regulatory Oversight | | | | | | | | | | | | |
| DK7-1 Legal Reviews | A | C | C | C | C | C | C | C | C | C | R | C |
| DK7-2 Regulatory Reviews | A | C | C | C | C | C | C | C | C | R | C | C |
| DK7-3 Tax & Financial Reviews | A | C | C | C | C | C | R | C | C | C | C | C |

¹**R [responsible]** Those who do work to achieve the task. **A [accountable]** The resource ultimately answerable for the correct and thorough completion of the task. **C [consult]** The resources whose opinions are sought on various activities. This is a two-way communication. **I [inform]** The resources that need to be kept up-to-date on progress. This is a one-way communication.

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APPENDIX C – CONTACT LIST

| Project Management | | | | |
|---------------------------------------|-------------------|-------------------------------|------------------|-------------------|
| Last Name | First Name | Position | Extension | Cell Phone |
| LaPratt | Jeff | PM | ████ | ██████████ |
| Bishara | Magdy | MGR Nuclear Projects | ████ | ██████████ |
| Project Controls & Support | | | | |
| Last Name | First Name | Position | Extension | Cell Phone |
| Krysalka | Dan | Supv Project Controls | ████ | ██████████ |
| Lilly | Kathy | Prnc Proj Controls Specialist | ██ | ██████████ |
| Woodruff | Wendy | Sr Financial Analyst | ████ | ██ |
| Whiting | Mark | Sr Proj Controls Specialist | ████ | ██████████ |
| Supply Chain | | | | |
| Last Name | First Name | Position | Extension | Cell Phone |
| Teague | Mark | Mgng Dir Major Projs Sourcing | ██████████ | ██████████ |
| Hendricks | Chris | Mgr Nuc Site Supply Chain | ████ | ██████████ |
| Taylor | Mike | Mgr Nuclear Procurement | ████ | ██████████ |
| Smith | Dave | Contractor – IRP Specialist | ████ | ██ |
| Taylor | Steve | Sr Tech Specialist | ████ | ██████████ |
| Outcalt | Jay | Contacts | ████ | ██████████ |
| Frazier | Shannon | Contracts | ████ | ██ |
| Chadourne | Paul | Materials Lead | ████ | ██████████ |
| Lease | Michelle | Asset Recovery Coordinator | ██████████ | ██████████ |
| Engineering | | | | |
| Last Name | First Name | Position | Extension | Cell Phone |
| Connor | Jim | Dir Nuclear Engineering | ████ | ██████████ |
| Implementation | | | | |
| Last Name | First Name | Position | Extension | Cell Phone |
| Merle | Russ | Implementation Manager | ████ | ██ |

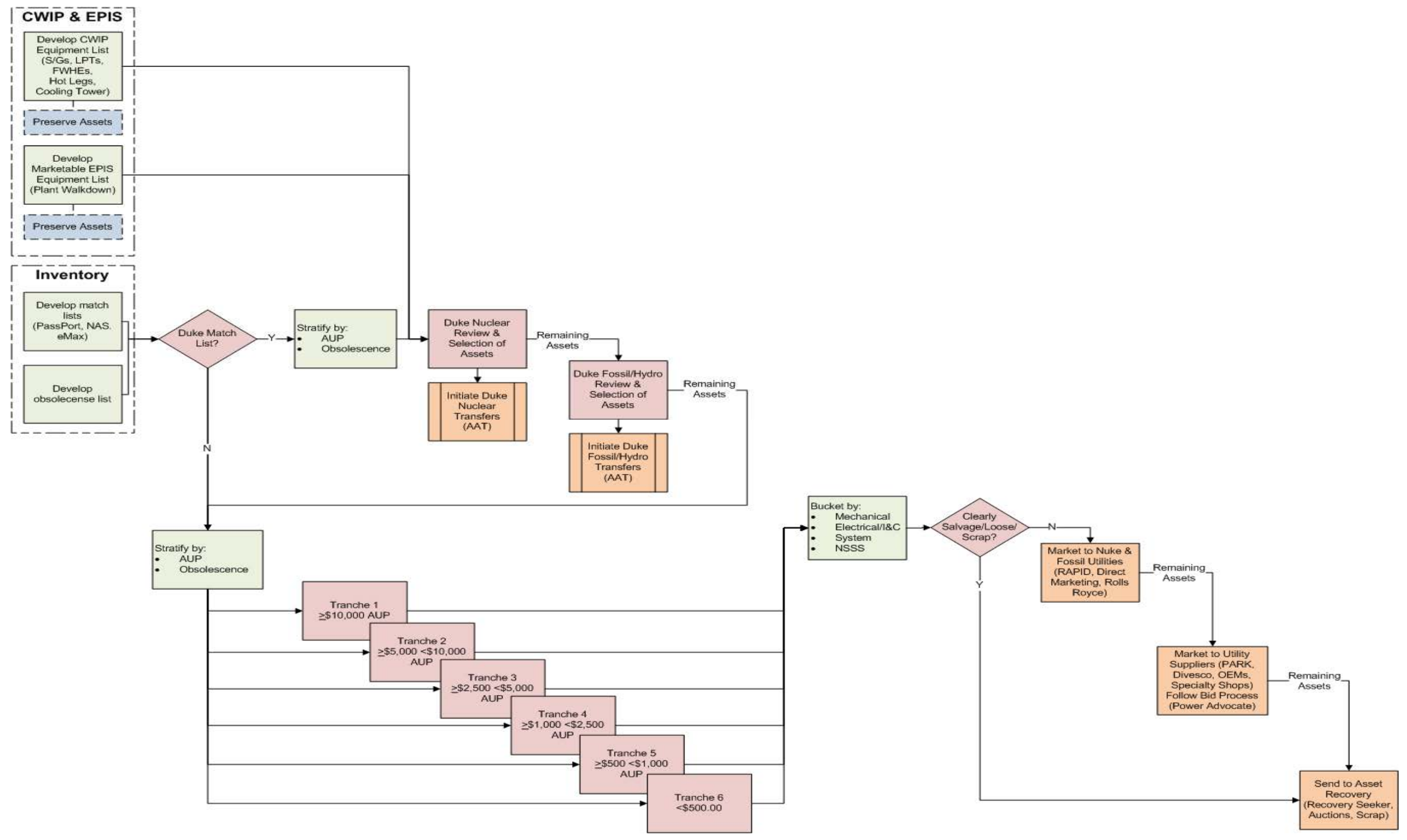
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| Legal / Regulatory / Tax | | | | |
|---------------------------------|-------------------|-------------------------------|------------------|-------------------|
| Last Name | First Name | Position | Extension | Cell Phone |
| Conley | Dave | Associate Gen Counsel | ██████ | █ |
| Triplett | Dianne | Associate Gen Counsel | ██████████ | ██████████ |
| Bernier | Matt | Sr Counsel | ██████████ | ██████████ |
| Parker | Kristy | Associate Gen Counsel | ██████████ | ██████████ |
| Wright | Dave | Dir Non-income & Property Tax | ██████████ | █ |
| Olivier | Marcia | Dir Rates & Reg Strategy | ██████████ | ██████████ |

DRAFT

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APPENDIX D – DISPOSITION STRATEGY FLOWCHART



APPENDIX E – LEVEL 1 SCHEDULE

| CR3 INVESTMENT RECOVERY SCHEDULE | | | | | IRP LEVEL 1 SCHEDULE | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---------------|--------------------|--------------------|-------|----------------------|-------------------------------------|---|---|---|---|---|---|---|-------|-----|------|------|------|---|---|---|---|---|---|------|-------|-----|------|------|---|---|---|---|
| Activity ID | Activity Name | Start | Finish | Hrs | Activity Type | 2014 | | | | | | | | | | | | 2015 | | | | | | | 2016 | | | | | | | | |
| | | | | | | A | S | O | N | D | J | F | M | April | May | June | July | A | S | O | N | D | J | F | M | April | May | June | July | A | S | O | N |
| IRP-1 Inventory Shipping | | Mar-25-14 07:00 AM | Feb-23-15 05:00 PM | 1830h | | IRP-1 Inventory Shipping | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-1-2 Internal Nuclear | | Dec-02-13 07:00 AM | Jan-13-14 03:00 PM | 218h | | IRP-1-2 Internal Nuclear | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-1-3 Internal Fossil | | Jan-14-14 07:00 AM | Mar-10-14 03:00 PM | 318h | | IRP-1-3 Internal Fossil | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-1-Internal Sales | | Nov-11-13 07:00 AM | Nov-21-13 05:00 PM | 80h | | IRP-1 Internal Sales | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-1 External Greater >10,000 | | Mar-10-14 03:00 PM | May-01-14 03:00 PM | 300h | | IRP-2-1 External Greater >10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-2 External >5,000 And <10,000 | | May-01-14 03:00 PM | Jun-05-14 05:00 PM | 192h | | IRP-2-2 External >5,000 And <10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-3 External >2,500 And <5,000 | | Jun-05-14 07:00 AM | Jul-22-14 03:00 PM | 258h | | IRP-2-3 External >2,500 And <5,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-4 External >1,000 And <2,500 | | Jul-21-14 03:00 PM | Aug-27-14 03:00 PM | 220h | | IRP-2-4 External >1,000 And <2,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-5 External >500 And <1,000 | | Aug-26-14 03:00 PM | Sep-24-14 03:00 PM | 160h | | IRP-2-5 External >500 And <1,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-2-5 External <500 | | Nov-11-13 07:00 AM | Dec-02-14 05:00 PM | 2100h | | IRP-2-5 External <500 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-3 Final Cleanup / Scrap | | Dec-03-14 07:00 AM | Feb-23-15 05:00 PM | 440h | | IRP-3 Final Cleanup / Scrap | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-1 LP Rotor | | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | IRP-4-1 LP Rotor | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-2 POD Cooling Towers | | Nov-11-13 07:00 AM | Aug-25-14 03:00 PM | 1578h | | IRP-4-2 POD Cooling Towers | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-3 MSR's | | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | IRP-4-3 MSR's | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-4 FWHE's | | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | IRP-4-4 FWHE's | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-5 Condensate Pumps & Mo | | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | IRP-4-5 Condensate Pumps & Motors | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Summary


Report Date Jan-21-14

Data Date Nov-11-13

| CR3 INVESTMENT RECOVERY SCHEDULE | | | | | | IRP LEVEL 1 SCHEDULE | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------------------------------|-------------------------|----------------------|--------------------|-------|---------------|----------------------|---|---|---|---|---|---|---|-------|-----|------|------|---|---|-----------------------|---|---|---|---|---|-------|---------------------|------|------|---|---|---|---|
| Activity ID | Activity Name | Start | Finish | Hrs | Activity Type | 2014 | | | | | | | | | | | | | | 2015 | | | | | | | 2016 | | | | | | |
| | | | | | | A | S | O | N | D | J | F | M | April | May | June | July | A | S | O | N | D | J | F | M | April | May | June | July | A | S | O | N |
| IRP-4-6 | HP Turbine | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-4-7 | Main Generator/ Exciter | Nov-11-13 07:00 AM | Aug-11-14 03:00 PM | 1498h | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-5 | EPIS Disposition | Nov-01-13 07:00 AM A | Jun-25-14 01:00 PM | 1246h | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| IRP-6 | Project Closeout | Feb-24-15 07:00 AM | Apr-27-15 05:00 PM | 360h | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Summary | | | | | | | | | | | | | | | | | | | | Report Date Jan-21-14 | | | | | | | Data Date Nov-11-13 | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | 2 | | | | | | |

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APPENDIX F – PMC DOCUMENT APPROVAL FORM



**Project Management & Construction
Document Approval Form (DAF)**

Section A: Document identification and type of action

| | |
|---|--|
| Document Number: N/A | Revision Number: 0 |
| Document Title: CR3 Investment Recovery Project Project Execution Plan | |
| Type of Action: <input checked="" type="checkbox"/> New <input type="checkbox"/> Suspension <input type="checkbox"/> Revision <input type="checkbox"/> Ownership Change <input type="checkbox"/> Cancellation <input type="checkbox"/> Periodic review completed | Effective Date: 2/25/2014 |
| Applies to: Project Management & Construction | Group: CR3 Decommissioning Transition Org |





Applicable to Forms Only
 Does form have a parent procedure? No Yes Procedure #: _____
 Communication plan established N/A Impact Reviews Completed N/A

Description of document action or summary of changes:

The document presents the Project Execution Plan for the CR3 Investment Recovery Project (IRP).

Preparer(s): Jeff LaPratt, IRP PM

Section B: Approval

| | | |
|--|--|---------|
| Jeff LaPratt/IRP PM |  | 2/24/14 |
| Approval recommended (print name) | Signature | Date |
| Magdy Bishara/MGR Major Projects |  | 2/24/14 |
| Approval recommended (print name) | Signature | Date |
|  Terry Hobbs/GM Decommissioning |  | 2/24/14 |
| Final Approval (print name) | Signature | Date |
| N/A | | |
| Approved (for approval of interface documents only) | Signature | Date |

RETURN SIGNED FORM TO PMC GOVERNANCE

Sales Guidance and Documentation Package Development

INVESTMENT RECOVERY GUIDANCE DOCUMENT

IRGD-001

Revision 0

Sales Track Guidance and Documentation Package Development

An Uncontrolled Reference and Assistance Document

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 7
PARTY: DUKE ENERGY FLORIDA (DEF)
(DIRECT)
DESCRIPTION: Mark R. Teague MT-3

Note: If any conflicts exist between the current Directives and Procedures and the information contained within this guidance document all directives and procedures shall govern the work described herein.

Sales Guidance and Documentation Package Development

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Sales Guidance and Documentation Package Development

1.0 PURPOSE

This Guidance Document provides instruction to conduct sales and develop complete documentation packages for the Crystal River Unit 3 (CR3) Investment Recovery Project (IRP).

2.0 APPLICABILITY

This Guidance Document applies to the IRP. More specifically, this Guidance Document applies to the sale/transfer of material and the development and retention of sales and other supporting documentation.

3.0 ROLES AND RESPONSIBILITIES

Manager Nuclear Procurement or designee is the single point of contact for reviewing all documentation packages and ensuring all documents are uploaded to the Share Point Site and sales tracking database.

Investment Recovery Project Manager (IRPM) provides oversight of the sales process and documentation retention activities. Additionally, the Investment Recovery PM is responsible for facilitating the removal of equipment installed in the plant.

Investment Recovery Sales Team (IRST) is the point of contact for obtaining sales leads, negotiating the sale, closing the sale, and documenting all aspects of the sale transaction. The CR3 IRST is also responsible for loading all documentation on the Investment Recovery Share Point Site and sales tracking database.

Asset Recovery Sales Team (ARST) processes all salvage transactions, and is responsible for invoicing vendors after Inter-Utility (RAPID), external third party, and salvage sales are completed.

CR3 Financial Analyst determines the Net Book Value (NBV) for Duke Affiliate Transfers and Duke Internal Sales, when available. Completes first half of the Capital-to-Capital or Capital-to-Inventory template and tracks Journal Entries processed by Asset Accounting and performs Journal Entries for transfers within the state of Florida.

4.0 IRP SALES STRATEGY

Organize – Develop a list of and categorize all items available for immediate sale with an explanation of how the sale criteria and categorization was achieved.

Preserve – Determine what preventive maintenance (PM) and preservation activities are required to allow the highest rate of return for all CR3 assets. Develop and implement a plan for the preventive maintenance (PM) and preservation activities.

Analyze – Determine the most effective method for each category and create a schedule for the sale of these items.

Disposition – Distribute the “match” lists within the Duke organization to obtain the highest rate of return. Follow the AI9010 Administrative Procedure for the remaining equipment and material.

Sales Guidance and Documentation Package Development

5.0 SALES PROCESS AND REQUIRED DOCUMENTATION

5.1 Duke Affiliate Transfer

1. IF non-inventory Capital material, THEN the financial analyst will determine the Net Book Value (NBV) and completes either:
 - a. Capital-to-Capital template and sends to requesting location; or
 - b. Capital-to-Inventory template and sends to requesting location.
2. IF Inventory material, THEN Calculated Unit Price (CUP) from the CAT ID shall be used for the asset value.
3. Requesting Location shall initiate the Affiliate Asset Transfer (AAT) eForm and route to CR3 Investment Recovery (SCD211, Rev.1).
 - a. Completed Capital-to-Capital or Capital-to-Inventory template shall be attached, if required.
4. The IRST shall complete and obtain approvals for Asset Disposition Review form (AI-9010, Attachment 1).
5. IF equipment is installed in the plant, THEN:
 - a. IRST will initiate and obtain approvals for Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2).
 - b. IRPM facilitates the removal of the equipment with the IRP Implementation group.
6. Manager Nuclear Procurement, or designee, shall review the AAT eForm and if such AAT eForm is satisfactory (see Attachment A for requirements), approval shall be granted.
7. FL legal shall review the AAT eForm and if such eForm is satisfactory, approval shall be granted.
8. IF the equipment is installed in the plant, is Safety Related and is required to maintain a Safety Related classification, return to stock under the appropriate CAT ID, if one does not exist, create a new CAT ID per the established Nuclear Procedures:
 - a. Initiate a PICK Ticket, for all listed/sold material, if the plant is Non-Nuclear the requesting site shall create an Material Request (MR).
 - b. CR3 Adjust Minimum/Maximum to zero (0) in PassPort to prevent re-order.
9. IF inventory material, THEN:
 - a. Initiate a PICK Ticket, if required, for all listed/sold material.
 - b. CR3 IRST Adjust Minimum/Maximum to zero (0) in PassPort to prevent re-order.
10. Obtain shipping arrangements from requesting location.
11. Forward a copy of the AAT eForm and shipping information to the warehouse.
12. Ship material to the requesting location.

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13. For Capital assets the AAT eForm is sent to Asset Accounting to perform a Journal Entry which transfers the funds.
 - a. Journal entry should include the asset value (shipping, stores, etc.) as well as the removal costs, if required.
 - b. True-up of actual costs is obtained through the journal entry and attached to the AI9010.
14. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. AAT eForm, including all Attachments
 - b. Asset Disposition Review (AI-9010, Attachment 1)
 - c. Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2), if required.
 - d. PICK Ticket, if required
 - e. Issue Ticket, if required
 - f. Shipping documentation
 - g. E-mails
 - h. Journal entry documentation, if required

5.2 Duke Florida Internal Transfer

1. IF Non-inventory, THEN determine value of asset:
 - a. Contact Financial Analyst to determine the NBV of the equipment.
 - b. If NBV is not available, the IRST should determine Fair Market Value (FMV).
2. IF Safety Related material is requested, THEN
 - a. IRST shall verify the material is not on the Match List.
 - b. CAT ID shall be downgraded to Quality Level 4.
3. Complete and obtain approvals for Asset Disposition Review form (AI-9010, Attachment 1).
 - a. IF non-inventory asset, THEN AI-9010, Attachment 1 is required.
 - b. IF inventory asset, THEN AI9010, Attachment 1 is NOT required.
4. IF equipment is installed in the plant, THEN:
 - a. Initiate and obtain approvals for Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2).
 - b. IRPM facilitates the removal of the equipment with the IRP Implementation group.
5. IF the item has a CAT ID in the PassPort System and the:
 - a. Item is Safety Related (QL 1, 2, 3)
 - i. A Material Request shall be completed by the requesting site.

Sales Guidance and Documentation Package Development

- ii. CR3 shall Adjust Minimum/Maximum to "0" to prevent a re-order.
 - b. Item is non-safety related (QL 4)
 - i. A Pick Form should be completed by the sending site.
 - ii. CR3 shall Adjust Minimum/Maximum to "0" to prevent a re-order.
6. Shipping arrangements are coordinated by requesting plant and shipping information shall be sent to the warehouse personnel.
7. Material is shipped to the requesting facility.
8. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. Asset Disposition Review (AI-9010, Attachment 1)
 - b. Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2), if required.
 - c. Pick Ticket/Transfer/Material Request, if required
 - d. Issue Ticket, if required
 - e. Shipping documentation
 - f. E-mails
 - g. True-up of actual costs documentation, if required
 - h. Journal entry documentation, if required
9. A monthly report of all Duke Florida Internal Inventory sales shall be uploaded to the SharePoint site.
10. IF in-state transfer was purchased as or currently is EPIS, Inventory or O&M (101 or 106 accounts), THEN the material can be transferred and the receiving organization will not realize the costs at the time of the transfer.
11. IF in-state transfer was purchased as or currently is CWIP (107 account), THEN the cost is recognized by the receiving organization at the time of the transfer.

5.3 Inter-Utility (RAPID) Sale

1. Price is negotiated at CUP or better, Terms and Conditions are in accordance with the Inter-Utility Sales agreement. Note: Some sale prices may be lower than the CUP due to material condition, shelf life, etc. Approval of the modified sale price shall be obtained prior to sale closure by either the Manager Of Nuclear Procurement or Site Supply Chain Manager.
2. CR3 receives the Purchase Order (PO).
3. Complete and obtain approvals for Asset Disposition Review form (AI-9010, Attachment 1).
4. IF equipment is installed in the plant, THEN:
 - a. Initiate and obtain approvals for Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2).

Sales Guidance and Documentation Package Development

- b. IRPM facilitates the removal of the equipment with the IRP Implementation group.
5. IF inventory, THEN CR3 IRP completes a Material Request and adjusts Minimum/Maximum to "0" to prevent re-order.
6. Shipping arrangements coordinated by requesting plant and CR3 warehouse.
 - a. MR and PO are forwarded to CR3 warehouse for issuing and shipping instructions.
7. Material shipped to requesting facility.
 - a. Forward shipment tracking information to buyers upon request.
8. Copy of shipping information/issue ticket sent to CR3 IRP.
9. Enter information into Investment Recovery RAPID database spreadsheet.
10. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. Asset Disposition Review (AI-9010, Attachment 1)
 - b. Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2), if required.
 - c. Purchase Order
 - d. Material Request, if required
 - e. Issue Ticket, if required
 - f. Shipping documentation
 - g. E-mails
 - h. Copy of invoice
 - i. Tax exempt form

5.4 Duke External Third Party Sale

1. Price is negotiated in accordance with the Terms and Conditions for CR3 Investment Recovery sales. Note: Buyer pays for all shipping and handling (including removal from plant if installed) costs.
 - a. See Material Bidding Process 6.0
2. CR3 Receives the Contract/Purchase Order (PO).
3. Complete and obtain approvals for Asset Disposition Review form (AI-9010, Attachment 1).
4. IF equipment is installed in the plant, THEN:
 - a. Initiate and obtain approvals for Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2).
 - b. IRPM facilitates the removal of the equipment with the IRP Implementation group.

Sales Guidance and Documentation Package Development

5. IF Inventory, THEN CR3 IRP completes a Material Request (MR) and adjusts Minimum/Maximum to "0" to prevent re-order.
6. Shipping arrangements coordinated by requesting company in accordance with Contract/PO.
 - a. MR and Contract/PO are forwarded to CR3 warehouse for issuing and shipping instructions.
7. Material shipped to requesting company.
 - a. Forward shipment tracking information to buyers upon request.
8. Copy of shipping information/issue ticket sent to CR3 IRP.
9. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. PowerAdvocate documents, if required
 - b. Buyer Contract/Purchase Order
 - c. Asset Disposition Review (AI-9010, Attachment 1)
 - d. Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2), if required.
 - e. Material Request, if required
 - f. Issue Ticket, if required
 - g. Shipping documentation
 - h. E-mails
 - i. Copy of invoice
 - j. Tax exempt form
 - k. Signed IR Terms and Conditions

5.6 Duke Salvage Sale

1. Price is negotiated in accordance with the Terms and Conditions for CR3 Investment Recovery sales.
 - a. See Material Bidding Process 6.0
2. CR3 Receives the Contract/Purchase Order (PO).
3. Complete and obtain approvals for Asset Disposition Review form (AI-9010, Attachment 1).
4. IF equipment is installed in the plant, THEN:
 - a. Initiate and obtain approvals for Installed Plant Equipment Removal Agreement (AI-9010, Attachment 2).
 - b. IRPM facilitates the removal of the equipment with the IRP Implementation group.

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5. CR3 IRP completes a Material Request (MR) and adjusts Minimum/Maximum to "0" to prevent re-order.
6. Shipping arrangements coordinated by requesting company in accordance with Contract/PO.
 - a. MR and Contract/PO are forwarded to CR3 warehouse for issuing and shipping instructions.
7. Material shipped to requesting company.
 - a. Forward shipment tracking information to buyers upon request.
8. Copy of shipping information/issue ticket sent to CR3 IRP.
9. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. PowerAdvocate documents, if required
 - b. Buyer Contract/Purchase Order
 - c. Asset Disposition Review (AI-9010, Attachment 1)
 - d. Installed Plant Equipment Removal Agreement (AI-9010 Attachment 2), if required.
 - e. Material Request, if required
 - f. Issue Ticket, if required
 - g. Shipping documentation
 - h. Pertinent e-mails
 - i. Copy of invoice
 - j. Tax exempt form
 - k. Signed IR Terms and Conditions

6.0 MATERIAL BIDDING PROCESS

1. IRSTs shall decide on a method of disposition based on the following criteria:
 - a. Asset value < \$15,000.00 - Items may be marketed and sold at the IRST's discretion
 - b. \$15,000.00 < Asset value < \$100,000.00 – Items must be sold using one of the following methods:
 - i. Asset Recovery's Online Surplus Marketplace
 1. Online marketing and sales tool may utilize one or more of the following sales methods:
 - a. Auction
 - b. Fixed Price Sale
 - c. Classified Ad

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2. Document sale on the Sales Tracking Database and place electronic copies of the following sales documents in the SharePoint site IRP Document Retention File:
 - a. List of companies/individuals automatic emails were disseminated to.
 - b. List of companies/individuals who received phone calls.
 - c. List of Bidders.
 - d. All communications:
 - i. Emails
 - ii. Posted comments
 1. Questions
 2. Responses
 - iii. calls logged with notes regarding conversation.
 - e. Amount of each bid.
 - f. Number of visitors (names if possible).
 - g. All documentation:
 - i. T&Cs
 - ii. AI-9010 Form
 - iii. Screen shots
 - h. Time Auction started/ended.
 - ii. Formal Bid
 1. E-mail bid which includes a bid package containing at a minimum:
 - a. Bid Cover Letter or Information letter
 - b. Instructions to bidder
 - c. List of Materials for Sale
 - d. Terms and Conditions for CR3 Investment Recovery sales
 - e. Bidder Response form
 - iii. Power Advocate Bid Event
 - c. Asset Value > \$100,000.00
 - i. Items must be sold using a Power Advocate Bid Event
2. Exception from standard Material Bidding Process
- a. IF an instance occurs where IR is required to make an exception for an asset sale, THEN they shall be documented by the IRST and approved by the Manager of Nuclear Procurement or designee.
 - b. Examples of when an exception may occur include, but are not limited to the following:
 - i. Contractual restraints only allow sale to one party (original manufacturer)
 - ii. Expedited time frame for sale required and the sale price is above CUP

Sales Guidance and Documentation Package Development

7.0 VENDOR SITE ACCESS

Prior to admittance to the CR3 site all vendor personnel shall have an approved Site Access Form. Prior to picking up material or equipment the vendor shall sign a Duke Energy agreement which includes acceptance of:

- Insurance requirements
- Safety and Security procedures
- Waiver of liability

8.0 CR3 ACCOUNTING STRUCTURE

8.1 CR3 Assets

All CR3 Assets are in one of the following categories:

| Account | Description | Account | Description |
|---------|--------------------------------------|---------|-------------|
| 101 | Electric Plant In Service (EPIS) | 154 | Inventory |
| 107 | Construction Work In Progress (CWIP) | 163 | Stores |
| 106 | Capital Cost Not Classified (CCNP) | 183 | Study |

The financial analyst will determine which of the following accounts a Capital Sale will be credited to:

| Credit Account | Description |
|------------------|----------------------|
| 20100423 - SLVGE | Capital Co-Owned |
| 20100426 - SLVGE | Capital Non-Co-Owned |
| EPU - DISP | EPU |
| 20069122 - SLVGE | EPU POD |

Stores Loading rate is not added to Capital items when sold internally to a Duke Energy Affiliate or to Duke Energy Florida.

8.2 CR3 Inventory

All inventory sales are credited as follows:

| Credit Account | Description |
|----------------|-------------|
| 20016324 | Inventory |

Stores Loading rate is included on all inventory sales and transfers.

8.3 CR3 Tax Collection

8.3.1 When is Sales Tax Collected

All Duke entities are required by the various states in which they operate to collect sales tax on the sales of used equipment unless the customer can prove their exemption. Transactions can be exempt because of who the customer is or because of how the customer will be using the item purchased. In either case, the customer would

Sales Guidance and Documentation Package Development

need to provide exemption documentation to in order to avoid having sales tax added to their bill.

Below are examples of common exemptions:

Entity Based Exemption

Government Entities
 Nonprofits
 Religious Organization
 Educational Institutions

Use Based Exemptions

Reselling
 Manufacturing
 Research and Development
 Utility use

Exemptions and exemption documentation will vary from state to state. Not every state will recognize all the exemptions above. When exemption documentation is received verify that it is properly completed and retain a copy for audit purposes. (Some exemption documentation may need to be signed or have an explanation.)

8.3.2 Accounting Structure for Collecting Sales Tax

| | |
|-----------------------|------------------------------------|
| Operating Unit | 0193 |
| Responsibility Center | 0193 |
| Location | 002090209 (Citrus County, Florida) |
| GL Account | 0241320 |
| Resource Type | 99810 |

Other counties and municipalities and special tax collection rates use different location codes.

All Florida counties and special tax situations will be coded into “The Retail Solution”.

8.3.3 Collecting Sales Tax

Sales for equipment and materials at Crystal River will be made using “The Retail Solution”, the software point of sale system used by Asset Recovery. Before any sale can be made to a customer, a record is created for the customer that includes basic information, such as name, address, phone number, etc. Also included is information pertinent to the collection of state and county sales tax:

- a. Tax Location – The tax location is where the sale occurs. In the case of Crystal River, all sales will be completed from Citrus County. Tax coding will be coded in “The Retail Solution” for all municipalities, and the system will calculate the appropriate rate of tax for the sale. If sales are made from other counties, we will provide the necessary coding in “The Retail Solution” to handle these collections as well.
- b. Tax Exempt – If the customer is exempt from payment of sales taxes, they must provide Duke Energy exemption documentation (see above). The exemption documentation will include a number, which is recorded in “The Retail Solution”, and the customer record will be coded “no tax”. When sales are processed, the system will not calculate sales tax based on this coding. noted above, Duke Energy must keep a record of the exemption certificate on file for audit purposes.

Sales tax is collected in the county in which the sale is made. For sales made from Crystal River, all applicable tax will be collected and submitted back to Citrus County.

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A journal entry is created using a report from “The Retail Solution”, in which the funds collected for specific sales will be credited to the appropriate accounting. Funds collected for Florida tax receipts will be credited to the appropriate tax accounting.

8.3.4 How Sales Tax is Handled Through an External Auction Company

The auction company is responsible for verification of the taxable status of the auction registrant. If the auction registrant provides proof of exemption to the auction company, not sales tax is collected or paid to the state or municipality from the sale. If the auction registrant is not tax-exempt, the auction company collects the sales tax from the location from which the sale was actually made.

9.0 SHAREPOINT

9.1 File Naming Convention

Every document shall have the Identification number, which corresponds to the Sales Tracking Database on the Investment Recovery SharePoint Site, and a brief description of the Document type. The following protocol shall be utilized to name files within the Investment Recovery Sales SharePoint Site:

| Sale Type | Document Title | Document Title Example |
|----------------------------------|-------------------------------------|---|
| Affiliate Asset Transfers | E-Form Folder Number_Document Title | Efr152v1-000982_iform Efr152v1-000982_AI9010 |
| Florida – Internal Duke | FID Number_Document Title | FID00001_AI9010 FID00001_emails |
| Inter-Utility (RAPID) | RAPID ID Number_Document Title | R251752_PO R251752_AI9010 |
| Non-Duke (3 rd party) | Contract/PO Number_Document Title | ND178596_PO ND178596_AI9010 |
| Salvage | Salvage Number_Document Title | SLVG00001_AI9010 SLVG00001_emails |
| Disposition – Not Sold | Not Sold Number_Document Title | NS00001_emails |
| Donations | Donation Number_Document Title | DON00001_AI9010 DON00001_letter |
| Disposal | Disposal Number_Document Title | DIS00001_AI9010 DIS00001_emails |

* Additional documentation for complete sale may be required as delineated in this guidance document.

9.2 File Structure

The file structure, Attachment B, is a quick reference tool designed to assist the project team in determining where documents are stored.

10.0 DEFINITIONS

Duke Affiliate Sale: Any sale which occurs internally between regulated, non-regulated and non-utility affiliate within the Duke Energy organization. These sales require an

Sales Guidance and Documentation Package Development

Affiliate Asset Transfer Form and consist of moving material outside of the state of Florida.

Duke Florida Internal Sale: Any sale or transfer which occurs internally between regulated, non-regulated and non-utility group within the Duke Energy Florida organization.

Duke Inter-Utility (RAPID) Sale: Any sale which occurs externally between regulated and non-regulated Utilities under the Terms and Conditions as defined on the Readily Accessible Parts Integrated Database (RAPID) web site. (Initiated by the Purchasing utility).

Duke External Third Party Sale: Any sale which occurs externally between regulated, non-regulated and non-utility companies. (Initiated by CR3 IRST).

Duke Salvage Sale: Any sale which occurs externally between a Duke Energy approved salvage company. Material will be sold by Duke Energy Asset Recovery.

Material Request: The process used when material is transferred within the Duke Energy Enterprise, may be used when plants have common CAT IDs but must be used if a no common CAT ID is available.

Pick Ticket or Transfer: The process used when material is transferred within the Duke Energy Enterprise and a common CAT ID is available. Should be initiated by shipping site.

PowerAdvocate: A sourcing website which allows the sales team to provide all pertinent information to the bidders, allows for communication between bidder and seller and accepts all bids and bidder exceptions. PowerAdvocate sourcing tool should be used when the estimated value, CUP or Combined CUP of material is greater than or equal to one hundred thousand dollars (\geq \$100,000).

SharePoint: a web based collaboration tool which allows the Project team and work group to perform more effectively by providing a central, virtual location for sharing of information quickly.

11.0 REFERENCES

AI-9010 – Conduct of CR3 Investment Recovery

Affiliate Asset Transfer Form – [Enterprise Forms](#)

SCD211, Rev. 1 Affiliate Asset Transfer Transactions

Investment Recovery Project, Project Assurance Plan

MCP-NGGC-0001 – NGG Contract Initiation, Development and Administration

MCP-NGGC-0401 – Material Acquisition (Procurement, Receiving, and Shipping)

12.0 ATTACHMENTS

Attachment A: Affiliate Asset Transfer Information Section eForm Template

Attachment B: IRP Sales Document Retention File Structure

Attachment C: Sales Track Quick Reference Guide

Attachment D: SharePoint Documentation Package Checklist

Sales Guidance and Documentation Package Development

Attachment A: Affiliate Asset Transfer Information Section eForm Template

Use this Template as a “copy/paste” tool while completing the Affiliate Asset Transfer eForm, “Asset Transfer Information Section.”

CAT ID #'s (NAS & Passport):

Item Description:

Qty transferring:

Capital Item?:

Safety Related?: (If Yes, provide Suitability or PEEVAL # & UTC #)

Contacts at Sending & Receiving locations:

Issue Accounting:

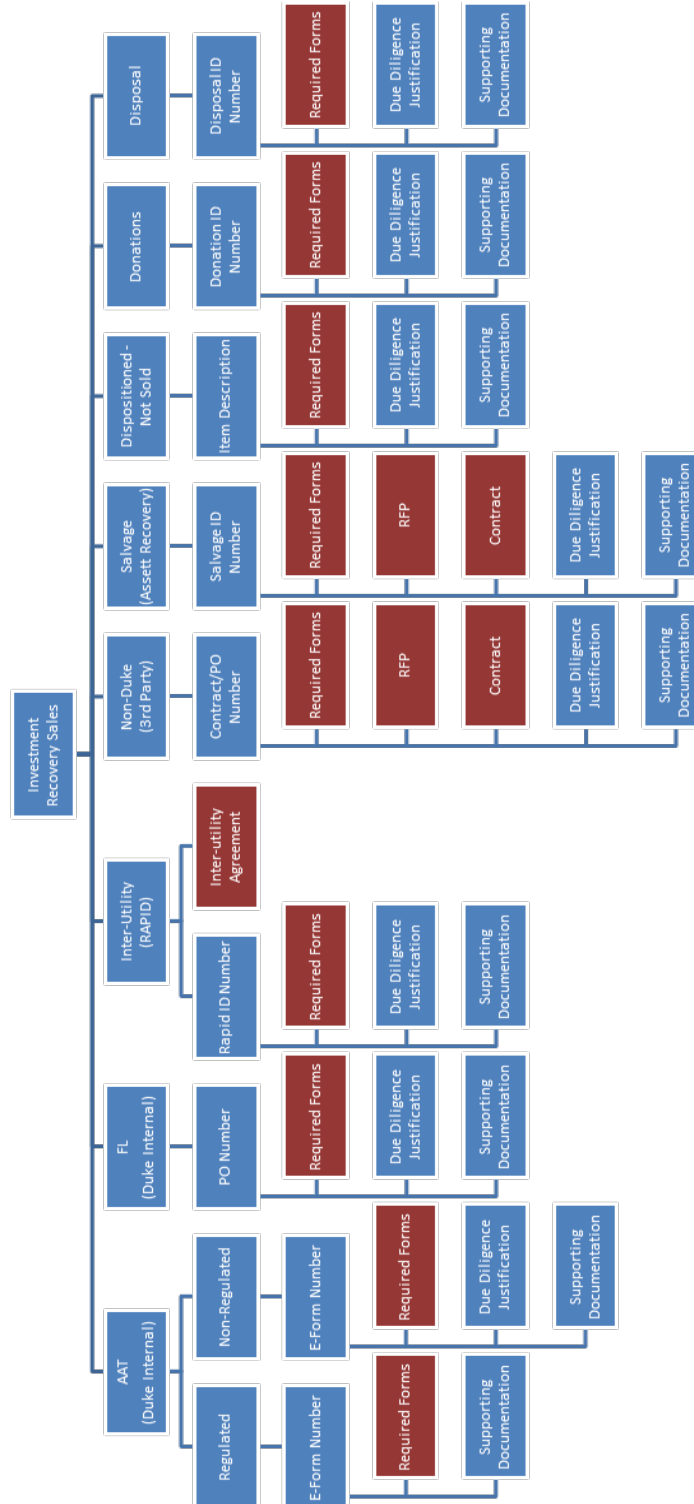
Receiving Accounting:

For transactions between DEF & DEP, note MR #.

Shipping Instructions:

Sales Guidance and Documentation Package Development

Attachment B: Investment Recovery Sales Document Retention File Structure



Sales Guidance and Documentation Package Development

Sales Guidance and Documentation Package Development

Attachment D: SharePoint Documentation Package Checklist

Sale ID No.: _____

Sale Date: _____

| | | AI-9010, Attachment 1 | AI-9010 Attachment 2* | Material Request* | Issue Ticket* | Shipping documentation* | Copy of invoice Proof of Payment | E-mails | AAT eForm | Buyer Contract Purchase Order | Tax exempt form | RFP Documents | RFP Review | RFP Justification |
|--------------------------|-----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | Affiliate | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |
| <input type="checkbox"/> | DEF | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | |
| <input type="checkbox"/> | RAPID | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | | | |
| <input type="checkbox"/> | External | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | Salvage | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <input type="checkbox"/> | Scrap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

*Documents may not be required for all sales or transfers

Originator: _____

Final Date: _____

Draft

EPU

Non-EPU

| EPU Asset(s) | Price | Transaction Type | Date |
|--|-------|------------------|------|
| 2014 Auction Proceeds | | | |
| Cooling Tower Equipment | | | |
| Reclass credit from CR3 Asset to EPU: 2500 hp motors, pipe vibration monitoring equipment, misc equip | | | |
| Turbine Asset Sale: exciter rotor and base w/ doghouse, exciter cooler & tooling, Generator H2 coolers, main lube oil coolers, HP rotor and tooling, HP guide blade carriers, and LPT L-0 rotating blades (sales price includes a negotiated payment to DEF to expedite the transfer; amount not stated in the contract) | | | |
| Miscellaneous Turbine Parts Sale: LP turbine assets including blade carriers, stationary blade ring assemblies, bull gear, guards, disks, rupture cages, lifting beams, and 3 sealands of misc. LP turbine parts | | | |
| Crane mats | | | |
| 3 EPU Sealands | | | |
| Low Pressure Turbine Blade Vibration Monitoring System: Vibration Monitoring System / Integrated Diagnostic System complete with hardware, software, and monitoring probes | | | |

FLORIDA PUBLIC SERVICE COMMISSION
 DOCKET: 160009-EI EXHIBIT: 8
 PARTY: DUKE ENERGY FLORIDA (DEF)
 (DIRECT)
 DESCRIPTION: Mark R. Teague MT-4



MEMORANDUM

Date: August 4, 2015

To: Chris Fallon, Vice President -- Nuclear Development

cc: NDDocumentInbox@duke-energy.com

From: Lawrence Denney, Nuclear Regulated Generation & Commercial Support Manager

Subject: Recommendation for disposition of the Levy Nuclear Plant Variable Frequency Drives

Background

Following the Florida Public Service Commission's approval of the 2013 Revised and Restated Stipulation and Settlement Agreement in November 2013, Duke Energy Florida ("DEF") began disposing of long-lead equipment purchased for the Levy Nuclear Project ("Levy") under DEF's Engineering, Procurement & Construction ("EPC") agreement. One of the components of long-lead equipment remaining to be disposed of is the eight Variable Frequency Drives ("VFDs"). The manufacturing of the VFDs had been completed at the time of the cancellation of the EPC agreement in January, 2014, and they are being stored by Siemens, the manufacturer of the VFDs.

Due to the nature of the contractual arrangements of the EPC agreement with Westinghouse¹ DEF was required to work with Westinghouse to dispose of the long-lead equipment including the VFDs. The history of the relationship is more fully recounted in the January 12, 2015 memo titled "Status Update for Levy Nuclear Plant Long-lead Equipment Disposition". In short, due to challenges working with Westinghouse in selling the long-lead equipment, DEF took title to the VFDs from Westinghouse by assuming the existing purchase order between Westinghouse and Siemens as provided for in the EPC agreement. Then DEF sought sales opportunities for the VFDs itself. DEF chose this direction because the VFDs were completed and likely had the highest potential re-sale value of the remaining long-lead equipment.

Options

The disposition options pursued were:

Option 1: Sell to Westinghouse

Throughout the wind-down process DEF inquired of Westinghouse about its interest in purchasing the VFDs for use on another AP1000 project and about surveying if there was any interest from its existing or future AP1000 customers. Westinghouse initially confirmed and has maintained that it has no interest in purchasing the VFDs and that there is no interest by its AP1000 customers.

¹ The EPC agreement is executed with the "Consortium," which includes Westinghouse Electronic Company ("Westinghouse") and Stone & Webster, a subsidiary of Chicago Bridge & Iron. Under the EPC agreement, the VFDs were purchased by Westinghouse; therefore, DEF was initially working through Westinghouse for the disposition of the VFDs.

Option 2: Sell to external buyer

DEF pursued three separate avenues to locate an external buyer. First, the VFDs were listed on RAPID², and made available for purchase by other utilities. The VFDs were marketed on RAPID in December of 2014 and again in January of 2015. Several leads were received from RAPID and pursued by DEF's Supply Chain group, but no formal offers were made by utilities for purchase of the drives. Next, a bid event was opened on the VFDs in February 2015 and closed in March 2015. The bid event for the VFDs was open to AP1000 utilities, inventory companies, nuclear equipment manufacturers, and other utilities. Again, no offers or bids were received on the VFDs.

Separately, DEF itself offered to sell the VFDs to other AP1000 customers and applicants. The entities solicited included: Florida Power and Light, Southern Company, South Carolina Electric & Gas, and utilities in China. None expressed interest.

Option 3: Sell to Siemens

Contemporaneously, with the activities to sell the VFDs to an external buyer, DEF was in discussions with the Siemens, the manufacturer of the VFDs, on a potential buy-back offer. Siemens offered \$ [REDACTED] each for the VFDs or \$ [REDACTED] in total. Initially their offer expired on April 9, 2015, however DEF requested an extension to allow time to pursue other resale opportunities. Siemens subsequently extended the validity of their offer to the end of 2015 and [REDACTED]

Option 4: Reuse within DEF or at an affiliated Duke Energy Corporation business or utility

In accordance with its LLE Disposition Plan, DEF's Nuclear Development and Supply Chain groups initially canvassed DEF internally and its affiliated entities for a possible internal transfer or reuse option, as this option potentially had the highest cost benefit for DEF customers. No serious interest was initially received. However, while pursuing other disposition options, DEF was able to continue to investigate the possibility of reusing the VFDs either within DEF or at an affiliated Duke Energy Corporation business or utility. Nuclear Development canvassed the internal sources on several occasions and ultimately it was determined that refurbishment and reuse of the VFDs at Crystal River units 4 & 5 was feasible and was economically beneficial to DEF and its customers. The evaluation of the Crystal River units 4 & 5 team estimated an approximately \$ [REDACTED] transfer cost for Crystal River units 4 & 5 by reuse and refurbishment of the Levy VFDs.

Recommendation:

The value of the transfer and reuse and refurbishment of the VFDs at Crystal River units 4 & 5 is significantly greater than the offer received from Siemens. Therefore, Nuclear Development recommends that the Levy VFDs be transferred to Crystal River units 4 & 5.

² RAPID is a virtual inventory system for searching, purchasing and selling power plant components operated by Curtiss-Wright. See <http://rapidpartsmart.com/>.

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Duke Energy Florida, LLC
Crystal River Unit 3 Uprate

Twelve Months Ended December 31, 2015

Docket No. 160009-EI
Audit Control No. 16-005-2-2

May 7, 2016

A handwritten signature in blue ink that reads "Ronald A. Mavrides".

Ronald A. Mavrides
Audit Manager

A handwritten signature in blue ink that reads "Linda Hill".

Linda Hill
Reviewer

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 10
PARTY: STAFF RE: DUKE ENERGY
FLORIDA
DESCRIPTION: Ronald A. Mavrides RAM-1

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 5, 2016. We have applied these procedures to the attached schedule prepared by Duke Energy Florida, LLC in support of its 2015 Nuclear Cost Recovery Clause filing for the Crystal River Unit 3 Uprate Project in Docket No. 160009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Duke Energy Florida, LLC

NCRC refers to the Nuclear Cost Recovery Clause.

CCRC refers to the Capacity Cost Recovery Clause.

Construction costs are costs that are expended to construct the nuclear power plant, but not limited to, the costs of constructing power plant buildings and all associated permanent structures, equipment and systems.

Utility Information

On February 5, 2013, the Utility announced its intent to retire the CR3 plant. Recovery of costs will continue until 2019.

Objectives: The objectives were to determine whether the Utility's 2015 NCRC filing in Docket No. 160009-EI is consistent and in compliance with Section 366.93, Florida Statutes and Rule 25-6.0423, Florida Administrative Code (F.A.C.).

Procedures: We performed the following objectives and procedures to satisfy the overall objective identified above.

Construction Work In Progress

Objectives: The objectives were to determine whether the 2015 adjustments and additions to the unrecovered Construction Work In Progress (CWIP) jurisdictional balances that are included for recovery and disclose and report the jurisdictional amount of any 2015 adjustments and additions to the unrecovered CWIP balance that are included for recovery.

Procedures: We determined that there were no adjustments to unrecovered CWIP jurisdictional balances that are included for recovery. All NCRC activity that is now related to capital investment is allocated to the Regulatory Asset Account. We acquired a summary of all capital additions and sampled supporting documentation for ten transactions, ascertaining their recoverability in conformance with Commission Orders and being charged in the proper period and to the proper accounts. No exceptions were noted.

Recovery

Objectives: The objectives were to determine whether the Utility used the Commission approved CCRC factors to bill customers for the period January 1, 2015, through December 31, 2015, and whether Exhibit TGF-2 reflects amounts in Order No. PSC-14-0701-FOF-EI.

Procedures: We agreed the amount collected in Exhibit TGF-2 to the 2015 NCRC jurisdictional amount approved in Order No. PSC-14-0701-FOF-EI and to the CCRC in Docket No. 160001-EI. We determined that the Utility used the approved CCRC factors. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expense on Exhibit TGF-2 are: 1) Supported by adequate source documentation, 2) appropriately recoverable through the NCRC, and that 3) total jurisdictional O&M Expense is accurately calculated.

Procedures: We judgmentally selected nine transactions from the transaction details and reviewed them for the proper period, amounts, and that they are legitimate NCRC costs. For costs that are for a service or product that is under contract, we: 1) Traced the invoiced cost to the contract terms and pricing, 2) Ensured that the amounts billed are for actual services or materials received, and 3) Investigated all prior billing adjustments and job order changes to the contract(s).

Included in the samples were 2015 labor costs for two employees, of which we obtained the supporting backup. We recalculated labor costs using employee time sheets and labor rates for employees who provided labor charged to the NCRC in the sample. We verified the hours worked and recalculated the labor charges recorded by the Utility charged to the NCRC. We verified other costs for proper account, period, and amount. No exceptions were noted.

Project Close-Out Costs

Objective: The objective was to determine whether 2015 project close-out costs were properly included for recovery.

Procedures: We acquired a summary of all close-out costs included in NCRC. We selected the June 2015 costs for legal fees, which is the largest class of cost drivers for close-out costs. We reviewed the submitted back-up documents for proper pay periods and proper account classification and for being related to purposes involving NCRC. No exceptions were noted.

True-Up

Objective: The objective was to determine whether the True-Up and Interest Provision as filed on Schedule TGF-2 was properly calculated.

Procedures: We traced the December 31, 2014, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2015, using the Commission approved beginning balance as of December 31, 2014, the approved 2015 jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor, and the 2015 costs. No exceptions were noted.

Audit Findings

None

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Duke Energy Florida, LLC
Levy Nuclear Units 1 & 2

Twelve Months Ended December 31, 2015

Docket No. 160009-EI

Audit Control No. 16-005-2-1

May 7, 2016

A handwritten signature in blue ink that reads "Ronald A. Mavrides".

Ronald A. Mavrides
Audit Manager

A handwritten signature in blue ink that reads "Linda Hill".

Linda Hill
Reviewer

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 11
PARTY: STAFF RE: DUKE ENERGY
FLORIDA
DESCRIPTION: Ronald A. Mavrides RAM-2

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 5, 2016. We have applied these procedures to the attached schedule prepared by Duke Energy Florida, LLC in support of its 2015 Nuclear Cost Recovery Clause for its construction cost expenditures for the Levy Nuclear Plant Units 1 & 2 filing in Docket No. 160009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Utility refers to Duke Energy Florida, LLC

LNP refers to the Levy Nuclear Plant.

NCRC refers to the Nuclear Cost Recovery Clause.

CCRC refers to the Capacity Cost Recovery Clause.

Preconstruction costs are costs that are expended after a site has been selected in preparation for the construction of a nuclear power plant, incurred up to and including the date the Utility completes site clearing work.

Construction costs are costs that are expended to construct the nuclear power plant, but not limited to, the costs of constructing power plant buildings and all associated permanent structures, equipment and systems.

Utility Information

On August 1, 2013, the Utility announced its intent to cease the work of pursuing construction of the Levy 1 and 2 reactors. Recovery of costs will continue until 2019

Objectives: The objectives were to determine whether the Utility's 2015 NCRC filing in Docket No. 160009-EI is consistent and in compliance with Section 366.93, Florida Statutes and Rule 25-6.0423, Florida Administrative Code (F.A.C.).

Procedures: We performed the following objectives and procedures to satisfy the overall objective identified above.

Construction Work In Progress

Objectives: The objectives were to determine the 2015 adjustments and additions to the unrecovered Construction Work In Progress (CWIP) jurisdictional balances that are included for recovery and disclose and report the jurisdictional amount of any 2015 adjustments and additions to the unrecovered CWIP balance that are included for recovery.

Procedures: We took the beginning balances of all CWIP costs and reconciled them to the ending balances for the prior year's filing. We judgmentally selected from a summary of CWIP 2015 additions, all November 2015 labor costs from the transaction details and tested them for: 1) Compliance with contracts, 2) Correct paid amounts, and 3) Correct recording periods. We determined that there were no adjustments to unrecovered CWIP jurisdictional balances that are included for recovery. As of December 31, 2015, Account 107.001-CWIP had a zero balance. We reconciled the transaction detail amounts to the filing and the general ledger. No exceptions were noted.

Recovery

Objectives: The objectives were to determine whether the Utility used the Commission approved CCRC factors to bill customers for the period January 1, 2015, through December 31, 2015, and whether the 2015 Detail Calculation of the Revenue Requirements reflects amounts in Order No. PSC-14-0701-FOF-EI.

Procedures: We agreed the beginning balances of the 2015 Detail Calculation of the Revenue Requirements to the ending 2014 Detail Calculation of the Revenue Requirements. We agreed the amount collected on the 2015 Detail Calculation of the Revenue Requirements to the 2015 NCRC jurisdictional factors approved in Order No. PSC-14-0701-FOF-EI and to the CCRC in Docket No. 140001-EI. No exceptions were noted.

Expense

Operation and Maintenance Expense

Objectives: The objectives were to determine whether Operation and Maintenance (O&M) Expense on Exhibit TGF-2 are: 1) Supported by adequate source documentation, 2) Appropriately recoverable through the NCRC, and that 3) Total Jurisdictional O&M Expense is accurately calculated.

Procedures: We reconciled the trial balance accounts to the filing. We judgmentally selected eight transactions from the transaction details and reviewed them for the proper period and amounts, and that they are allowable NCRC costs. For costs that are for a service or product that are under contract we: 1) Traced the invoiced cost to the construction contract or other type of original source document, 2) Reconciled the invoice to the contract terms and pricing, 3) Ensured that the amounts billed are for actual services or materials received, and 4) Investigated all prior billing adjustments and job order changes to the contracts.

Included in the samples were 2015 labor costs, of which we obtained the supporting backup. We recalculated labor costs using employee time sheets and labor rates for employees who provided labor charged to the NCRC during the sample months. We verified the hours worked and recalculated the labor charges recorded by the Utility charged to the NCRC. We verified other costs for proper account, period, and amount. No exceptions were noted.

Long-Lead-Time Items

Objectives: The objectives were to determine whether 2015 disposition, storage, and other such expenses for remaining long-lead-time items were included for cost recovery and to disclose and report the jurisdictional amount of any 2015 disposition, storage, and other such expenses included in jurisdictional expenses.

Procedures: We verified that the only long-lead-time items remaining to be disposed of were the Variable Frequency Drives. The Drives were sold internally for use at the Duke Energy Florida, LLC, Crystal River Energy Complex. Attempts to sell the drives to an external party were unsuccessful. No exceptions were noted.

Litigation Expenses

Objectives: Our objectives were to determine whether Duke/Westinghouse Engineering, Procurement, and Construction contract litigation expenses were included for cost recovery, and 2015 Duke/Westinghouse Engineering, Procurement, and Construction contract litigation expenses included in jurisdictional expenses were disclosed and reported.

Procedure: We verified that there was no litigation expenses included for cost recovery in 2015. No exceptions were noted.

True-Up

Objective: The objective was to determine whether the True-Up and Interest Provision as filed on Schedule TGF-2 was properly calculated.

Procedures: We traced the December 31, 2014, True-Up Provision to the Commission Order. We recalculated the True-Up and Interest Provision amounts as of December 31, 2015, using the Commission approved beginning balance as of December 31, 2014, the approved 2015 jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor, and the 2015 costs. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: True-Up

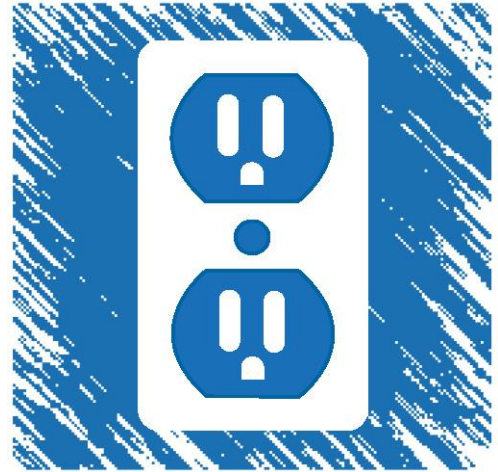
2015 Summary
 Levy Nuclear Units 1 & 2
 January 2015 - December 2015
 Duke Energy Florida

Witness: Thomas G. Foster
 Docket No. 160009-EI
 Duke Energy Florida
 Exhibit: (TGF- 1)

| | | 12-Month Total | |
|----|---|----------------|---|
| 1. | Final Costs for the Period | | |
| | a. Carrying Cost on Unrecovered Investment | \$ 5,977,302 | (2015 Detail Line 8d. & 2015 LLE Detail Line 3d.) |
| | b. Period Exit / Wind-down Costs (including sale of LLE) | (4,312,069) | (2015 Detail Line 5a.) |
| | c. Period Other Exit / Wind-down Cost and Interest | 195,460 | (2015 Detail Line 19d.) |
| | d. Other - Adjustment | (90,860) | (2015 Detail Line 5e.) |
| | e. Total Period Revenue Requirement | \$ 1,769,833 | |
| 2. | Projected Amount for the Period (January - April) (Order No. PSC 14-0701-FOF-EI) (Jan-April) (I.e. \$3.45 / 1000 Kwh Residential) (Order No. PSC-15-0176-TRF-EI) (May-Dec) (\$0.00 / 1000 Kwh) | \$ 2,503,530 | (2015 Detail Lines: 10 and 20) |
| 3. | Final True-Up Amount for the Period (over)/under (Line 1e. - Line 2.) | \$ (733,697) | |
| 4. | 2015 Revenue Requirement Collected (January - April) (Order No. PSC 14-0701-FOF-EI) (Jan-April) (I.e. \$3.45 / 1000 Kwh Residential) (Order No. PSC-15-0176-TRF-EI) (May-Dec) (\$0.00 / 1000 Kwh) | \$ 36,438,940 | (2015 Detail Lines: 6g + 10 + 16 + 20 - 6e) |

The summary below shows the uncollected balance as of December 31, 2015

| | | | |
|----|---|---------------|-----------------------------------|
| 5. | Uncollected Regulatory Asset (Non-\$54M Deferred Amount) | \$ 489,907 | (2015 Detail Lines: 6i + 15 + 21) |
| 6. | Carrying Cost on \$54M Deferral (May 2015 - December 2015) (Retail) | 3,153,738 | (2015 LLE Detail Line 3d.) |
| 7. | Uncollected Balance \$54M Deferral (Retail) | 50,275,957 | (2015 LLE Detail Line 1a.) |
| 8. | Total Uncollected Balance at Year End 2015 (Lines: 5. + 6. + 7.) | \$ 53,919,601 | |



Review of Duke Energy Florida, LLC Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects

June 2016

BY AUTHORITY OF
The Florida Public Service Commission
Office of Auditing and Performance Analysis

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 12
PARTY: STAFF RE: DUKE ENERGY
FLORIDA
DESCRIPTION: Hallenstein & Fisher HF-1

REDACTED

Docket No. 160009-EI
Review of Project Management Internal Controls
Exhibit HF-1, Page 2 of 16

**Review of
Duke Energy Florida, LLC
Project Management
Internal Controls
for
Nuclear Plant Uprate and
Construction Projects**

Jerry Hallenstein
Senior Analyst
Project Manager

R. Lynn Fisher
Government Analyst II

June 2016

**By Authority of
The State of Florida
Public Service Commission
Office of Auditing and Performance Analysis**

PA-16-01-001

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1.0 Executive Summary

1.1 Projects at a Glance

Levy Nuclear Project

- ◆ No 2015 COL-related costs are presented for Nuclear Cost Recovery Clause (NCRC) recovery, pursuant to the 2013 stipulation.
- ◆ DEF continued wind-down activities for LNP during 2015.
- ◆ DEF dispositioned LNP long-lead variable frequency drive equipment.
- ◆ LNP Combined Operating License (COL) schedule was extended due to final AP1000 design-related issues.
- ◆ The Engineering Procurement and Construction (EPC) contract litigation between DEF and Westinghouse Electric Company is scheduled for trial in October 2016. The outcome of this litigation, the impact on final disposition of remaining Long Lead Equipment (LLE), and final recoverable costs of the LNP project are not fully known at this time.

Crystal River 3 Extended Power Uprate

- ◆ The CR3 Investment Recovery Project closed on April 30, 2015.
- ◆ DEF continued wind-down activities for CR3 EPU assets during 2015.
- ◆ All net proceeds (\$1.7 million) from the sale and transfer of EPU-related assets are to be returned to customers.
- ◆ All IRP team members have been released or reassigned to other parts of the company.
- ◆ All remaining installed EPU equipment has been abandoned in place and no other potential EPU sales are currently being evaluated.
- ◆ The CR3 *EPU assets* were a part of a larger decision process for the overall disposition of all CR3 assets. Dispositioning decisions were executed in compliance with Duke Energy Florida's Investment Recovery governance process and were made on the basis of what would maximize the recovery value for all CR3 assets.

1.2 Audit Execution

1.2.1 Purpose and Objectives

The purpose of this audit was to assess DEF's project management oversight and dispositioning of long-lead equipment (LLE) for the Levy Nuclear Power Project (LNP) and to provide an update and assessment of the investment recovery project for the Crystal River Energy Complex Unit 3 (CR3) Regulatory Assets.

Each year, from 2008 to date, Commission audit staff has conducted an audit that focused on project internal controls and management oversight for DEF's Levy and Crystal River nuclear projects. Information in each of these reports is used by the Florida Public Service Commission (FPSC or Commission) to assess the reasonableness of DEF's cost-recovery requests. These audits are available on the Commission website. The primary objective of this audit is to provide an independent account of project activities and to evaluate DEF's 2015 internal project controls.

1.2.2 Scope

Planning, research and data collection for this review was performed in December 2015 through May 2016. The internal controls assessed were related to the following key areas of project activity:

- ◆ Planning
- ◆ Management and organization
- ◆ Cost and schedule controls
- ◆ Auditing and quality assurance

Comprehensive controls are essential for successful project management. However, adequate and comprehensive controls are ineffective if not actively emphasized by management, embraced by the organization, and subject to oversight and revision. Proper internal controls minimize risk, enhance its mitigation and management, and aid efficient, reasoned decision making.

Risk must be timely and accurately identified, with adequate safeguards created, vetted, and actively in use to provide prevention or mitigation. Prudent decision making also plays a key role in project management, resulting from well-defined processes addressing identified project risks, expectations, and cost. Effective communication, adherence to clear procedures, and vigilant oversight are also essential to ensure prudent project decisions.

The primary standard used by Commission audit staff for review of DEF internal controls associated with the LNP and CR3 projects is the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing and Internal Control - Integrated Framework*. Staff's audit work is performed in compliance with Institute of Internal Auditors Performance Standards 2000 through 2500. This set of standards was developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Staff's internal control assessments focused on the COSO framework's five key, interrelated elements of internal control:

- ◆ Control environment
- ◆ Risk assessment

- ◆ Control activities
- ◆ Information and communication
- ◆ Monitoring

To maximize operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, all five components must be present and functioning in concert to conclude that internal controls are effective.

1.2.3 Methodology

Initial planning, research, and data collection for this review occurred during January 2016. Additional data collection, analysis, and report writing were conducted during February through May 2016. The information compiled in this report was gathered via staff review of company responses to document requests, and review of testimony, discovery, and other filings in Docket No. 160009-EI. Specific information reviewed by staff includes:

- ◆ Policies and procedures
- ◆ Organizational structures
- ◆ Contract requests for proposal
- ◆ Contractor bids
- ◆ Bid evaluation analyses
- ◆ Contracts
- ◆ Change orders
- ◆ Internal audit reports and quality assessment reviews

1.3 Commission Audit Staff Observations

Commission audit staff identified no concerns regarding Duke Energy Florida, LLC (DEF) Levy Nuclear Project (LNP) activities in 2015 and the final disposition of Crystal River Unit 3 (CR3) Extended Power Uprate (EPU) assets. Below are audit staff's key observations based on 2015 events.

1.3.1 Levy Nuclear Plant

During 2015, DEF continued LNP project wind-down activities, including litigation, dispositioning of LNP assets, and pursuit of the Combined Operating License (COL).

The Westinghouse litigation against DEF delays final disposition of the remaining LNP Long Lead Equipment (LLE) procured under the EPC contract. The final schedule, and NCRC-related costs for the LNP close-out, cannot be accurately predicted until the EPC contract litigation has completed.

DEF completed disposition of the LNP variable frequency drive equipment, through an internal transfer to Units 4 and 5 at the Crystal River Complex. Disposition documentation evidences the transfer decision, and compliance with company guidelines and procedures. Commission audit staff believes that the transfer of these LNP assets was in the best interest of the company and its ratepayers.

DEF continued efforts to obtain the Levy NRC COL, and estimates the COL will be received in the last quarter of 2016. COL costs are not requested for recovery in 2015, pursuant to the Commission approved stipulation agreement.

1.3.2 CR3 Extended Power Uprate

On April 30, 2015, DEF closed the CR3 Investment Recovery Project. The Investment Recovery Project organization supporting the disposition of the CR3 assets was disbanded and all general reporting and key performance indicators used by management to monitor the Investment Recovery Project ended.

The company believes that it received the appropriate market value for each CR3 asset sold. An overriding consideration is the understanding that, while many nuclear plants contain similar components, the equipment in question is often designed to specification for the intended generating unit. As such, many of the high-valued assets were only marketable at salvage-value.

Commission audit staff believes that DEF made appropriate efforts to identify and market its assets to a wide range of potential buyers. Commission audit staff believes DEF's dispositioning steps were reasonable and allowable under the company's written procedures.

2.0 Levy Nuclear Project

DEF decided in July 2013 to cancel the construction schedule for the Levy Nuclear Project, while continuing to seek the NRC COL. The Florida Public Service Commission (FPSC or “Commission”) approved a settlement agreement in Docket No. 130208-EI allowing DEF to pursue this plan.

2.1 EPC Contract Litigation Status

Since January 2014, DEF has conducted negotiations with Westinghouse to close-out its Engineering, Procurement, and Construction (EPC) contract. While DEF was able to resolve contract issues with other project vendors, it was unable to resolve the Westinghouse contractual dispute regarding cancellation costs for the EPC contract.

Both companies have filed separate lawsuits, each asking for financial compensation from the other. DEF is seeking a \$54 million Long Lead Equipment (LLE) refund and Westinghouse is seeking \$512 million in termination fees and contract costs. The Western District Federal Court of North Carolina originally scheduled the case to be heard beginning in February 2016. However, the court modified the hearing schedule in February 2016, and currently the trial is scheduled to begin in October 2016. **Exhibit 1** shows the modified schedule dates for the case.

| Duke Energy Florida Westinghouse Contract Litigation Revised Trial Schedule | |
|---|----------------|
| Action | 2016 |
| Discovery Completion | June 2016 |
| Expert Reports | April/May 2016 |
| Dispositive Motions | July 2016 |
| Trial | October 2016 |

Exhibit 1

Source: DEF Responses to Data Request 1.19

The company has limited discussion of litigation details to the schedule and description of company activities for LLE asset disposition outside of specific EPC-related contractual issues. The company continues efforts to finalize the Levy COL, but remains reliant on Westinghouse for critical engineering data. Currently, Westinghouse continues to provide DEF and the NRC with necessary critical technical revision information for pursuing the COL. However, Westinghouse delays in providing updated design revision information in 2015 slipped the estimated completion date for the Levy COL to late in 2016.

2.2 Asset Disposition

At the time DEF cancelled the EPC contract, much of the LLE was in various stages of fabrication by vendors.

In January 2014, as part of the wind-down activities for the LNP project, DEF developed the Levy Nuclear Plant Long-lead Equipment Disposition Plan for LLE procured through the EPC contract. After review and evaluation, DEF management decided to dispose of all LLE items under the EPC contract, considering possible reuse at another Duke Energy plant, sale to another AP1000 group owner or Westinghouse sub-contractor, or sale for salvage/scrap value.

In December 2015, DEF management decided to transfer the variable frequency drive LLE to Units 4 and 5 at the Crystal River 3 Energy Complex. The company provided written justification of its decision to transfer the variable frequency flow equipment, noting that the value of the internal transfer, reuse, and refurbishment of the equipment for Crystal River Units 4&5 was significantly greater than other offers received.

Exhibit 2 provides a summary of the DEF decisions made for dispositioning LNP LLE through 2015.

| Duke Energy Florida LNP Long Lead Equipment Disposition | | | | | |
|--|---------------------|---------------|------------|--------------|---|
| Contractor/ Equipment | Disposition Date | Original Cost | Paid | Settled Cost | Disposition Decision |
| Mangiarotti- various equipment components in grouping | 11/7/13 | ██████████ | ██████████ | ██████████ | Settlement minimized ongoing costs |
| Tioga-Cooling Loop Piping | 1/09/14 | ██████████ | ██████████ | ██████████ | Settlement minimized ongoing costs |
| Doosan-Steam Generators | 11/18/14 | ██████████ | ██████████ | ██████████ | Review of PO |
| Doosan-Reactor Vessel | 11/18/14 | ██████████ | ██████████ | ██████████ | Review of PO |
| Toshiba- Turbine/Generator | N/A | ██████████ | ██████████ | ██████████ | Litigation Claim |
| Westinghouse Reactor Vessel Internals | N/A | ██████████ | ██████████ | ██████████ | Litigation Claim |
| Siemens-Variable Frequency Drives | 12/28/15 | ██████████ | ██████████ | ██████████ | Internal Transfer Sale |
| SPX-Squib Valves | 12/10/14 | ██████████ | ██████████ | ██████████ | Purchased by outside source. |
| EMD-reactor coolant pumps | 11/18/14 | ██████████ | ██████████ | ██████████ | Review of PO |
| Total | | ██████████ | ██████████ | ██████████ | |

Exhibit 2

Source: DEF Responses to Data Request DR-1 LNP-9b

As shown in the exhibit, five LLE items remain in a pending status. Two items are pending litigation claims, and three items are pending review of purchase orders. The status of these five items will be resolved through the completion of the EPC contract litigation, and will impact final LNP project costs. The estimated completion of the trial, now scheduled to begin in October 2016, is unknown.

2.3 NRC Licensing

Under the Commission-approved settlement in Docket No. 130208-EI, DEF agreed to continue its efforts to obtain the Levy Combined Operating License (COL). Though LNP COL-related costs are not currently being recovered within the NRC docket, the ability to recover LNP costs at a future point in time is contingent upon the issuance of the COL.

DEF confirms that Westinghouse and the AP1000 Owner's Group (APOG) have been working with each other and the NRC to effectively resolve all outstanding design and technical issues. DEF management states that the company believes the current issues will be resolved by the proposed changes to the Levy COL application. The specific design issues in question include:

- ◆ Condensate Return
- ◆ Main Control Room Dose Calculations
- ◆ Main Control Room (MCR) Heat Load
- ◆ Hydrogen Vent in containment
- ◆ Plant Monitoring System IEEE compliance

DEF finalized the wetland mitigation plan, and received U.S. Army Corp of Engineer final 404 Permit approval in December 2015. This leaves the remaining issues with the Westinghouse AP1000, and the NRC final hearing as the last obstacles to receiving the COL.

Exhibit 3 details events leading to the anticipated COL issue date of October 2016. However, the remaining dates are contingent on Westinghouse resolving open design issues for the AP1000. The NRC will not move forward on COL approval until these design issues are resolved. Therefore, the estimated schedule dates remain fluid, but most likely will not shift greatly at this time.

DEF believes the litigation issues with the EPC contract will not impact its cooperation with Westinghouse in addressing the open engineering issues. DEF believes that with the two AP1000 projects currently under construction in the United States, it is in Westinghouse's best interest to resolve the Design Certification Document issues in a timely manner. DEF states that it believes Westinghouse is working on the issues, but the responses have not always been timely.

| Duke Energy Florida Levy Nuclear Project NRC COLA Review Schedule | |
|--|----------------------------|
| Environmental Review | Status |
| Phase 1 – Environmental Impact Statement (EIS) scoping summary report issued | Completed - May 2009 |
| Phase 2 – Draft EIS issued to the Environmental Protection Agency (EPA) | Completed - August 2010 |
| Phase 3 – Responses to public comments on draft EIS completed | Completed - April 2012 |
| Phase 4 – Final EIS issued to the EPA | Completed - April 2012 |
| Safety Review | Status |
| Phase A – Requests for Additional Information (RAIs) and Supplemental RAIs | Completed - March 2010 |
| Phase B – Advanced Final Safety Evaluation Report (SER) without Open Items | Completed - September 2011 |
| Phase C – Advisory Committee on Reactor Safeguards (ACRS) Review of Advanced Final SER | Completed - January 2012 |
| ACRS Final Review Complete | Completed - April 2016 |
| Phase D – Final SER | Completed - June 2016 |
| COL Hearing and Approval | Status |
| Formal Hearing | Projected - July 2016 |
| Final Order – COL | Projected - October 2016 |

Exhibit 3

Source: DEF Response to Data Request DR-1 LNP-1 Appendix 1

2. 4 Levy Construction Close-Out Costs

DEF management provided documents showing that wind-down expenditures were lower than estimated, and revenue from the sale of LLE assets was greater than estimated for 2015. Other wind-down costs were also slightly lower than estimated. Audit staff reviewed these costs and believes DEF’s actions supporting the project wind-down and completion are reasonable efforts to minimize total project costs, comply with contractual obligations, and meet the Commission approved stipulation.

3.0 Crystal River 3 Extended Power Uprate Project

On April 30, 2015, DEF closed out the Investment Recovery Project (IRP) for the disposition of CR3 assets, including the remaining assets from the Extended Power Uprate (EPU) project. Project wind-down costs were incurred throughout 2015 in support of the final EPU sale and internal transfer of CR3 equipment. Proceeds from the sale of EPU equipment in 2015 were offset against the EPU wind-down costs incurred and will be returned to customers. All other remaining, installed EPU equipment was abandoned in place. According to DEF, no other potential EPU sales are currently being evaluated. Future sales, if any, will be evaluated on an individual case basis by the current CR3 plant staff and Duke Energy Supply Chain.

3.1 EPU Investment Recovery Plan Execution

To manage disposition of CR3 assets, DEF initiated an Investment Recovery Project in October 2013. In making its decisions on the best course of action for disposition of assets, the IRP team used a feasible step-wise approach to disposition both EPU-related and non-EPU related items. There was a much greater volume and dollar value of non-EPU CR3 components than EPU-related items. However, to minimize costs and to ensure all asset removal activities are performed in a prudent manner to support the abandonment process, the disposition process for both EPU and non-EPU components were the same.

The CR3 IRP was governed primarily by DEF's *Conduct of CR3 Investment Recovery* and procedure and the *Investment Recovery Project Execution Plan*. To maximize the overall recovery amount, DEF's Investment Recovery Project team evaluated various approaches to marketing and the potential demand for available assets. The plan also required the company to assess any potential use for these assets within Duke Energy. As the IRP concluded in April 2015, all team members have since been released or reassigned to other parts of the company.

The IRP team's strategy was to develop an inventory of CR3 assets, assess the average unit price of each asset, categorized by type of inventory (e.g., motors, wiring, and bolts), and then develop a systematic approach to disposition of assets. The disposition of CR3 equipment was done in accordance with the latitude given to the recovery team through the investment recovery guidance procedures. Under the *Conduct of CR3 Investment Recovery* procedure, all assets were to be disposed in the following manners:

- ◆ To the greatest extent possible, utilize internal inventory transfer to the Duke Energy fleet per Duke Energy's Affiliate Asset Transfer process.
- ◆ Assets not transferred internally would be segregated and bid out. Price quotes would be obtained from distributors, other utilities, resellers, and Original Equipment Manufacturer's (OEMs) to establish the fair market value of assets
- ◆ For remaining assets, utilize auction companies for disposition at salvage or scrap value

The company completed this endeavor using a layered approach of internal notifications, inter-utility publications, targeted listed bid events and a public auction. After considering all internal transfers, the company's disposition approach evolved, starting with a listed bid approach and shifting to a public auction. The company states that both approaches yielded the same result—the ability to disposition EPU-related assets at the current market value.

3.2 EPU Project Closeout

The IRP, including EPU close out, was governed by procedure AI-9010, Conduct of CR3 Investment Recovery. The procedure provides the overall guidance for the execution of transactions for the disposal of assets from CR3, including asset pricing requirements and minimum reviews.

The last remaining stage of the EPU project close-out was the final disposition of EPU-related assets and materials, including the sale of one-of-a-kind specialized Siemens components with limited marketability. For 2015, DEF received approximately \$2.6 million in proceeds. The specifics are listed below and the proceeds were offset against EPU wind-down costs of \$0.9 million incurred in 2015.

- ◆ On May 22, 2015, a contractual agreement was entered into between DEF and Siemens, the Original Equipment Manufacturer (OEM) to buyback CR3 high pressure turbine assets and equipment. DEF received a lump sum payment for [REDACTED] (EPU portion). The original cost for these components was [REDACTED].
- ◆ On July 28, 2015 a contractual agreement was entered into between DEF and D. H. Griffin for the sale of miscellaneous low turbine parts. Proceeds from the sale of equipment to D. H. Griffin were [REDACTED]. The original purchase price is undetermined.
- ◆ On November 10, 2015 an internal transfer (sale) of the Siemens turbine blade vibration monitoring system was completed with Duke Energy Carolina. Proceeds from the sale amounted to [REDACTED].
- ◆ On January 15, 2015, DEF accounted for \$90,519 in proceeds from the 2014 auction.
- ◆ A reclass credit of \$2,533 of CR3 assets to the EPU account was recorded on April 15, 2015, in addition to net proceeds of \$77,444 resulting from an internal transfer (sale) of pipe vibration measurement equipment and a bid event sale of motors.

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**Duke's Responses to
Staff's First Request
For Production of Documents
(No. 1)**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET: 160009-EI EXHIBIT: 13
PARTY: STAFF RE: DUKE ENERGY
FLORIDA
DESCRIPTION: DEF's Responses to Staff's

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 160009-EI

DATED: April 13, 2016

**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO
STAFF'S FIRST REQUEST FOR PRODUCTION OF DOCUMENTS (NO. 1)**

Duke Energy Florida, LLC ("DEF") responds to Staff's First Request for Production of Documents (No. 1), as follows:

DOCUMENTS REQUESTED

1. Please provide a copy of all documents identified and relied on by DEF in its response to Staff's First Set of Interrogatories (1-2).

RESPONSE:

Please find the exhibit MT-6 bearing Bates Numbers DEF-16NCRC-00001 through DEF-16NCRC-00003 attached to this response.

Respectfully submitted,

/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 13th day of April, 2016.

/s/ Matthew R. Bernier

Attorney

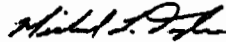
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CR3 Investment Recovery Project No-sale Disposition Justification

Commodity: CR3 INSTALLED EPU ASSETS
File name: DISPOSITION OF CR3 EPU INSTALLED ASSETS

Prepared by: David Smith

Date: 3/24/2015



DN: dc=com, dc=duke-energy,
dc=ent, dc=enam, ou=Accounts,
ou=Personal, ou=PNTransitional,
cn=156766 (341183),
email=Michael.Taylor@duke-
energy.com
Date: 2015.04.29 12:04:44 -04'00'

Reviewed by: _____

Date: See Signature

Supply Chain Manager

Approved by: cn=jeff.lapratt@duke-energy.com
2015.04.29 12:08:00 -04'00'

Date: _____

CR3 IRP Project Manager

DEF-16NCRC-00001

Disposition of CR3 EPU Installed Assets

Duke Energy (DE) Crystal River Unit 3 Investment Recovery Project (IRP) awarded a contract to Heritage Global Partners (HGP) to hold an auction event to sell various Crystal River Unit 3 (CR3) installed assets as well as Extended Power Uprate (EPU) installed assets. The following is a list of EPU assets (auction lot numbers included as reference) which were offered by HGP but NOT sold during the auction. The price of the asset combined with the removal costs resulted in a total expense that exceeds the fair market value (FMV) of the component. The removal cost was estimated by Townsend Construction in October, 2013 when the EPIS plant assets were evaluated by the IRP for marketability and re-sale.

1. Lot 1201 Iso phase bus duct cooler (EPU)

The Iso phase bus duct cooler is large and consists of two fan units with 50 hp motors. The bus duct cooler was marketed for sale internally to DE affiliates, externally to other utilities, the OEM and select third party re-sellers via direct contact and the RAPID website; with no interest. The EPIS Equipment Review and Analysis document estimates the removal cost of the Iso phase Bus Duct Cooler to be \$50,000.00 to \$75,000.00 dollars. The IRP did not offer this asset on a Power Advocate bid event as the asset was to be included in the scope of the auction. HGP offered the asset during the auction. The high bid received in the auction for the cooler was too low and was not enough to cover the expenses related to CR3 engineering, removal oversight, and operations lockout and tag out costs. Therefore, the IRP determined the sale of the cooler would be cost prohibitive for DEF and its customers. The asset will remain installed and abandoned until final decommissioning and dismantlement of the CR3 station.

2. Lot 1202 CDHE 3A and CDHE 3B (EPU)

CDHE 3A is two of the newly installed feedwater heat exchangers. The heat exchangers were offered internally to DE and externally to other utilities, the OEM and select third party suppliers via direct contact and the RAPID website; with no interest. The IRP did not offer this asset on a Power Advocate bid event, as it was to be included in the scope of the auction. HGP offered these heat exchangers during the auction, however there was no interest or bids received for the installed heat exchangers. The assets will remain installed and abandoned until final decommissioning and dismantlement of the CR3 station.

3. Lot 1214 Moisture Separator Reheaters (MSRs) EPU

These four (4) large horizontal pressure tanks with heater tubes were offered internally to DE, other operating utilities, the OEM and select third party re-sellers via direct contact and the RAPID website; with no interest. The IRP performed a Power Advocate Bid Event for this equipment. The Bid Event offer received was determined to be too low to offset DEF removal support costs, and ultimately rejected by the IRP. HGP offered these assets in the auction. The bid received by HGP during the auction was too low, and would not have covered the expenses related to CR3 engineering, removal oversight, operation lockout and tag out costs. Therefore, the IRP determined the sale of the MSRs would be cost prohibitive for DEF and its customers. The assets will remain installed and abandoned until final decommissioning and dismantlement of the CR3 station.

DEF-16NCRC-00002

4. Lot 1213a Main Generator

The installed main generator rewind rotor and new stator core were offered internally to DE and other operating utilities via direct contact and the RAPID website; with no interest. The IRP did not offer this asset on a Power Advocate bid event, as it was to be included in the scope of the auction. HGP offered the main generator during the auction, however there was no interest or bids received for the installed main generator. The asset will remain installed and abandoned until final decommissioning and dismantlement of the CR3 station.

5. CDHE-7A & B

The belly drain heat exchangers are installed in the Turbine building EI 119'. They are small heat exchangers in size and have little market value after removal. The CR3 IRP did not offer these assets in a Power Advocate Bid Event or to other operating utilities. The heat exchangers were deemed not marketable by CR3 IRP and Heritage, and were not included in the auction. The heat exchangers will remain installed and abandoned in place until final decommissioning and dismantlement of the CR3 station.

DEF-16NCRC-00003