

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 160007-EI

Filed: October 4, 2016

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

Duke Energy Florida, LLC (“DEF”), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-16-0103-PCO-EI dated March 11, 2016, and Order Modifying Orders Establishing Procedure, Order No. PSC-16-0274-PCO-EI dated July 15, 2016, hereby submits its Prehearing Statement:

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

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Christopher Menendez	Final True-up; Estimated True-up; Environmental compliance cost Projections and Final 2017 ECRC Factors	1-8, 11, 12
Michael Delowery	Final and Estimated True-up variances	1-3
Tim Hill	Final and Estimated True-up variances; and Environmental compliance cost projections	1-3
Jeffrey Swartz	Final and Estimated True-up variances; and Environmental compliance cost projections	1-3
Patricia Q. West	Final and Estimated True-up variances; Environmental compliance cost projections; and Review of DEF’s Integrated Clean Air Compliance Plan	1-3

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

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

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
_____ CAM-1	Menendez	Forms 42-1A - 42-9A January 2015 – December 2015
_____ CAM-2	Menendez	Capital Program Detail January 2015 – December 2015
_____ CAM-3	Menendez	Forms 42-1E – 42-9E January 2016 – December 2016
_____ CAM-4	Menendez	Capital Program Detail January 2016 – December 2016
_____ CAM-5	Menendez	Forms 42-1P – 42-8P January 2017– December 2017
_____ CAM-6	Menendez	Capital Program Detail January 2017 – December 2017
_____ CAM-5	Hill	Form 42-5P, page 23 of 23.
_____ JS-1	Swartz	Crystal River Clean Air Projects Organizational Chart
_____ CAM-5	Swartz	Form 42-5P, pages 7, 21 and 22 of 23
_____ PQW-1	West	Review of Integrated Clean Air Compliance Plan
_____ CAM-5	West	Form 42-5P, pages 1-4, and 6-20 of 23

C. Statement of Basic Position – none necessary

D. Issues and Positions

DEF's positions on the issues identified in this proceeding are as follows:

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2015 through December 2015?

DEF: \$1,951,488 over-recovery. (Menendez, Delowery, Hill, Swartz, West)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2016 through December 2016?

DEF: \$6,606,430 over-recovery. (Menendez, Delowery, Hill, Swartz, West)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2017 through December 2017?

DEF: \$66,227,010. (Menendez, Hill, Swartz, West)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts and revenue taxes, for the period January 2017 through December 2017?

DEF: \$57,710,613. (Menendez)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2017 through December 2017?

DEF: The depreciation rates used to calculate depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Menendez)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2017 through December 2017?

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

Transmission Average 12 CP Demand – 70.203%

Distribution Primary Demand – 99.561%

Production Demand:

Production Demand (2012) – 91.683%

Production Base – 92.885%
 Production Intermediate – 72.703%
 Production Peaking – 95.924%
 Production A&G – 93.221%
 (Menendez)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2017 through December 2017 for each rate group?

DEF: The appropriate recovery factors are as follows: (Menendez)

Rate Class	ECRC Factors
Residential	0.151 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.147 cents/kWh 0.146 cents/kWh 0.144 cents/kWh
General Service 100% Load Factor	0.139 cents/kWh
General Service Demand @Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.144 cents/kWh 0.143 cents/kWh 0.141 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.168 cents/kWh 0.166 cents/kWh 0.165 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.137 cents/kWh 0.136 cents/kWh 0.134 cents/kWh
Lighting	0.144 cents/kWh

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

DEF: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2017 through December 2017. Billing cycles may start before January 1, 2017 and the last cycle may read after December 31, 2017, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission. (Menendez)

Company Specific Issues

Gulf Power Company

ISSUE 9A: Should all issues related to Gulf's recovery of its identified environmental compliance investment and expenses associated with Gulf's 25% ownership interest in Scherer Unit 3 be carved out and deferred for resolution in Gulf's rate case pending in Docket No. 160186-EI?

DEF: No position.

ISSUE 9B: Should Gulf be allowed to recover, through the ECRC, prudently incurred costs associated with its Plant Scholz CCR Unit Closure project?

DEF: No position.

ISSUE 9C: How should costs associated with Gulf's Plant Scholz CCR Unit Closure project be allocated to the rate classes?

DEF: No position.

Florida Power & Light, Co.

ISSUE 10 Should issues related to FPL's recovery of its projected 2017 costs for the Turkey Point Cooling Canal Monitoring Plan project be deferred for resolution in the 2017 ECRC docket?

DEF: No position.

Duke Energy Florida, LLC

ISSUE 11: Should the Commission approve DEF's proposed treatment for Bartow-Anclote Pipeline and Turner CT projects, as proposed in DEF's 2016 Estimated Actual and 2017 Projection Filings?

DEF: Yes. DEF's proposed treatment for the Bartow-Anclote Pipeline and Turner CT projects is consistent with prior Commission approvals in Order No. PSC-11-0553-FOF-EI and PSC-13-0381-PAA-EI. (Menendez)

Generic Issues

ISSUE 12: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

DEF: Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Menendez)

E. Stipulated Issues

DEF has no stipulated issues at this time.

F. Pending Motions

DEF has no pending motions at this time.

G. Requests for Confidentiality

DEF has no requests for confidentiality pending at this time.

H. Requirements of Order

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

I. Objections to Qualifications

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

Respectfully submitted this 4th day of October, 2016.

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 4th day of October, 2016.

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