Matthew R. Bernier
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June 8, 2017

Via ELECTRONIC DELIVERY

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

Re: *Nuclear Cost Recovery Clause; Docket No. 170009-EI*

Dear Ms. Stauffer:

On March 1, 2017, in Docket No. 170009-EI, Duke Energy Florida, LLC ("DEF"), filed its Petition for approval of nuclear power plant cost recovery true-up for the year ending December 2016. As part of that Petition, DEF incorporated by reference the true-up testimonies of Messrs. Foster and Fallon filed in both 2015 (Docket 150009-EI, Document Nos. 01225-15 and 01224-15) and 2016 (Docket 160009-EI, Document Nos. 01115-16 and 01114-16).

Staff has informed DEF that the above-referenced documents cannot be incorporated by reference because the dockets are now closed. To remedy the matter, Staff has asked DEF to supplement its March 1, 2017 filings by incorporating the above-referenced documents as exhibits to each testimony.

Therefore, on behalf of DEF, please find enclosed for electronic filing in the above-referenced docket the supplemental exhibits as described below:

- DEF's Exhibit No. ___ (CMF-2) and Exhibit No. ___ (CMF-3) to be appended to the Direct Testimony of Christopher M. Fallon filed March 1, 2017;
- DEF's Exhibit No. ___ (TGF-5) and Exhibit No. ___ (TGF-6) to be appended to the Direct Testimony of Thomas G. Foster filed March 1, 2017.

Confidential versions of the redacted testimony and exhibits are on file with the Clerk.

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

Respectfully,

s/ Matthew R. Bernier
Matthew R. Bernier

Enclosures

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 8th day of June, 2017.

/s/ Matthew R. Bernier
Attorney

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 150009-EI
Submitted for filing: March 2, 2015

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**DIRECT TESTIMONY OF CHRISTOPHER M. FALLON
IN SUPPORT OF ACTUAL COSTS**

**ON BEHALF OF
DUKE ENERGY FLORIDA, INC.**

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, INC.

FPSC DOCKET NO. 150009-EI

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Christopher M. Fallon. My business address is 526 South Church Street, Charlotte, North Carolina 28202.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Corporation ("Duke Energy") as Vice President of Nuclear Development. Duke Energy Florida, Inc. ("DEF" or the "Company") is a fully owned subsidiary of Duke Energy.

Q. Please summarize your educational background and work experience.

A. I received Bachelor of Science and Master of Science degrees in electrical engineering from Clemson University in 1989 and 1990, respectively. I am also a registered professional engineer in North Carolina. I began my career with Duke Energy's predecessor company Duke Power in 1992 as a power quality engineer. After a series of promotions, I was named manager of transmission planning and engineering studies in 1999, general manager of asset strategy and planning in 2006, and the managing director of strategy and business planning for Duke Energy starting in 2007. In this role, I had responsibility for developing the strategy for the company's operating utilities; commercial support for operating utility activities such as acquisition of generation assets and overseeing Requests for Proposals for renewable generation resources; and major project/initiative business case analysis. In 2009, I was named Vice President, Office of Nuclear Development for Duke Energy. In that role, I was responsible for furthering the development of new nuclear generation in the Carolinas and Midwest. This included identifying and developing nuclear partnership opportunities, as well as integrating and advancing Duke Energy's plans for the proposed Lee Nuclear Station in Cherokee County, South Carolina. I was promoted to my current position on July 1, 2012. As Vice President of Nuclear Development, I am responsible for the Levy nuclear power plant project ("LNP").

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. My direct testimony supports DEF's request for cost recovery for the LNP actual costs in 2014. These costs were incurred for the LNP wind-down following DEF's decision not to proceed with construction of the LNP in summer 2013 and DEF's termination of the Engineering, Procurement, and Construction ("EPC") Agreement with Westinghouse Electric Company LLC ("WEC") and Stone & Webster, Inc. ("S&W") (together the "Consortium") in January 2014. DEF is seeking a prudence determination for (1) the Company's LNP wind-down costs incurred from January 2014 through December 2014, and (2) DEF's 2014 LNP project management, contracting, and cost controls, pursuant to Rule 25-6.0423(7), F.A.C. and Florida Public Service Commission ("PSC" or the

"Commission") Order No. PSC-13-0598-FOF-EI approving the Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement Agreement").

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following exhibits to my testimony:

- Exhibit No. ____ (CMF-1), DEF's confidential January 2014 letter to the Consortium terminating the EPC Agreement;
- Exhibit No. ____ (CMF-2), the confidential LNP Long-Lead Equipment ("LLE") Disposition Plan;
- Exhibit No. ____ (CMF-3), the confidential final resolution with S&W for costs under the EPC Agreement;
- Exhibit No. ____ (CMF-4), the confidential Tioga LNP LLE final disposition settlement memorandum;
- Exhibit No. ____ (CMF-5), the confidential DEF letter to the Consortium accepting the Tioga LNP LLE final disposition settlement offer; and
- Exhibit No. ____ (CMF-6), the confidential January 12, 2015 Status Update for Levy Nuclear Plant Long-lead Equipment Disposition Memorandum.

I will also be co-sponsoring the cost portions of the 2014 Detail Schedule, and sponsor Appendices D and E, which are included as part of Exhibit No. ___ (TGF-1) to Mr. Thomas G. Foster's direct testimony in this proceeding. Appendix D is a description of the major tasks and reflects expenditure variance explanations. Appendix E is a list of the contracts executed in excess of $1.0 million and provides details for those contracts.

All of these exhibits, schedules, and appendices are true and accurate.

Q. What is the current status of the LNP?

A. The Company elected not to complete construction of the LNP pursuant to the nuclear cost recovery statute and rule, Section 366.93(6), Florida Statutes, and Rule 25-6.0423(7), Florida Administrative Code ("F.A.C."), as amended, with its execution of the 2013 Settlement Agreement. Subsequently, DEF commenced development of the process to start winding down the LNP in an orderly fashion, which was fully put in place after the Commission voted to approve the 2013 Settlement Agreement. In January 2014, because DEF was unable to obtain the LNP Combined Operating License ("COL") from the Nuclear Regulatory Commission ("NRC") by January 1, 2014, DEF terminated the EPC Agreement with the Consortium. The termination letter is attached as Exhibit No. ___ (CMF-1) to my direct testimony.

The LNP wind down process involves the disposition of the LNP LLE and the resolution of remaining costs under the EPC Agreement with the Consortium. As explained in more detail below, DEF developed and implemented a LLE Disposition Plan and, pursuant to that Plan, DEF has been able to disposition or will soon disposition the LNP LLE. A copy of the LNP Disposition Plan is included as Exhibit No. ___ (CMF-2).

DEF paid S&W its remaining costs after DEF terminated the EPC Agreement in January 2014 and resolved all costs with S&W under the EPC Agreement. A copy of that final resolution with S&W is included as Exhibit No. ___ (CMF-3). DEF attempted to resolve, but was unable to resolve any remaining costs with WEC under the EPC Agreement. WEC demanded substantial additional costs from DEF for terminating the EPC Agreement. These claims, and DEF's claims against WEC under the EPC Agreement, will be resolved in the lawsuit DEF filed against WEC in March 2014 in the United States District Court for the Western District of North Carolina.

The only remaining LNP work is for the LNP Combined Operating License ("COL") from the NRC. DEF agreed to exercise reasonable and prudent efforts to obtain the LNP COL by March 31, 2015 in the 2013 Settlement Agreement. Throughout 2014 DEF continued with the work necessary to obtain the LNP COL including environmental permitting work necessary to obtain the Section 404 permit from the United States Army Corps of Engineers ("USACE"). DEF, however, is not seeking cost recovery in this proceeding for costs incurred in 2014 to obtain the LNP COL. DEF agreed to account for the 2014 COL-related costs as construction work in progress and agreed to remove them from recovery in the Nuclear Cost Recovery Clause ("NCRC") proceeding in the 2013 Settlement Agreement. DEF has segregated its 2014 COL-related costs from the 2014 LNP wind-down costs. The 2014 COL-related costs are not presented by DEF for cost recovery in the 2015 NCRC proceeding.

Q. Please summarize your testimony.

A. DEF prudently incurred necessary wind-down costs for the LNP in 2014. DEF appropriately minimized these costs pursuant to the 2013 Settlement Agreement. DEF terminated the EPC Agreement in January 2014 when DEF was unable to obtain the Levy COL from the NRC by January 1, 2014. Unnecessary project activities were eliminated and a LLE Disposition Plan was developed and implemented. DEF incurred only those contractually committed or necessary

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costs for the LNP wind-down activities in 2014. DEF has prudently managed the LNP in 2014, consistent with merged policies and procedures that implement Duke Energy best practices, that in substance are similar to the project management, contracting and cost control policies and procedures previously audited by the Commission Staff and reviewed and approved by the Commission.

III. 2014 LNP WIND-DOWN COSTS.

Q. What were the total LNP actual 2014 costs?

A. As can be seen in Appendix D of Exhibit No.___(TGF-1), total actual LNP costs for 2014, excluding the carrying costs on the unrecovered investment balance, were approximately [redacted]. This is about [redacted] less than DEF's actual/estimated costs for 2014. The reasons for this variance are described below.

Q. Please describe the Levy wind-down activities and costs.

A. DEF's LNP wind-down activities involved the LLE disposition and EPC Agreement. Costs for these wind-down activities were incurred for (1) final EPC Agreement contract payments to S&W to close out S&W's module program development work for the LNP; (2) storage, insurance, and quality assurance of the completed and partially completed LNP LLE until final disposition; (3) internal Duke Energy labor to assist with the LLE disposition; (4) WEC support to gather information from its LLE suppliers and assist with LLE disposition; and (5) regulatory and administrative LNP wind-down support.

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Q. What were the costs to terminate the EPC Agreement with S&W?

A. DEF incurred approximately [redacted] to close out the S&W costs for S&W's module program development work for the LNP pursuant to the EPC Agreement. A copy of the agreement to close out this work under the EPC Agreement with S&W is attached as Exhibit No. ___ (CMF-3) to my direct testimony.

Q. Is S&W a party to the lawsuit with WEC in North Carolina?

A. No. S&W only sought to recover the costs for the work actually necessary to close out the LNP module development work under the EPC Agreement. S&W did not claim that DEF owed S&W a termination fee under the EPC Agreement and S&W did not claim that DEF owed S&W termination costs for additional work on the LNP that was never billed to or included in a change order request to DEF. As a result, DEF was able to resolve all costs for the LNP with S&W under the EPC Agreement, but DEF was not able to resolve all costs for the LNP with WEC under the EPC Agreement.

Q. What were the wind-down costs for the LNP LLE disposition in 2014?

A. The principle LNP LLE disposition cost in 2014 was the negotiated settlement payment to terminate the LLE purchase order with WEC and the sub-contractor Tioga for the reactor coolant-loop ("RCL") piping components for the LNP. These costs included a [redacted] payment and the reversal of an accrual for an RCL milestone payment of approximately [redacted] that was not made because of the cancellation of the purchase order for this equipment for a net cost impact of [redacted]. The decision to make this settlement payment to disposition the

RCL LLE components was made pursuant to DEF's LLE Disposition Plan guidelines.

DEF's LLE disposition objectives in its Disposition Plan are consistent with the 2013 Settlement Agreement. DEF's objectives are to disposition the LNP LLE in a manner that (i) minimizes the financial costs and risks of the LLE disposition to DEF's customers; (ii) minimizes other costs to DEF and its customers; and (iii) evaluates the potential future use of the LNP LLE for other AP1000 power plant projects. This includes minimizing LLE evaluation costs and purchase order or contract termination costs, minimizing the risks of financial loss associated with the LNP LLE, and maximizing the LNP LLE disposition cash value. A copy of the LLE Disposition Plan in included as Exhibit No. ___ (CMF-2).

Q. Can you explain how DEF and WEC and Tioga arrived at the settlement payment for the RCL piping?

A. The manufacturing process for the RCL LLE component started in 2013. As a result, this LLE component was being manufactured when DEF elected not to complete construction of the LNP in the 2013 Settlement Agreement. Because manufacturing costs were being incurred at that point DEF contacted WEC to authorize WEC to contact Tioga about Tioga's willingness to place a manufacturing hold on the RCL piping to allow DEF additional time to analyze the disposition of this LLE. Tioga responded that there was a cost associated with a manufacturing hold and required a change order for the payment of that cost to place a hold on the RCL piping manufacture. At this point, DEF authorized WEC

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to contact Tioga about the cost to cancel the RCL piping purchase order and manufacture of the RCL piping. Tioga provided WEC with an all-inclusive cancellation cost of [redacted]. This settlement offer to cancel the RCL piping purchase order and resolve all WEC and Tioga claims with respect to this LNP LLE component was evaluated by DEF under the DEF's LLE Disposition Plan objectives and determined to be the most cost-effective option for DEF and its customers.

Q. How was the RCL LLE component settlement consistent with the objectives in DEF's LLE Disposition Plan and cost effective for customers?

A. DEF evaluated the quantitative and qualitative factors in the LLE Disposition Plan guidelines to determine that the settlement was the most cost-effective option for DEF and its customers. This evaluation is explained in the confidential evaluation memo included as Exhibit No. ___ (CMF-4). The settlement with WEC and Tioga for the RCL LLE piping resulted in a minimum net savings of [redacted] to DEF's customers, compared to all other reasonably available options, accordingly, DEF accepted the offer. DEF's letter to WEC confirming that DEF accepted the Tioga LLE disposition settlement offer is included as Exhibit No. ___ (CMF-5).

Q. What is the disposition status of the remaining LNP LLE?

A. There were thirteen LNP LLE components in addition to the RCL piping component for the LNP. Four of these LLE components were with Mangiarotti and were also in manufacture in 2013. DEF terminated the purchase orders for the Mangiarotti LNP LLE, and settled with WEC and Mangiarotti in 2013, when DEF determined the settlement was cost effective for DEF and its customers pursuant to DEF's LLE Disposition Plan. This settlement payment was explained, and the settlement costs were determined to be prudent, in the 2014 NCRC proceeding.

Fabrication was complete for only two of the remaining nine LNP LLE. These are the Steam Generator Tubing and the Variable Frequency Drives ("VFDs"). The other LNP LLE items were suspended in 2010 as part of the April 2009 notice of partial suspension of the EPC Agreement, which was reflected in Amendment Three to the EPC Agreement. For these LLE items fabrication had not started or, if it had started, the manufacturing was suspended and these LLE items remain only partially complete. DEF evaluated the disposition of these remaining nine LNP LLE items pursuant to DEF's LLE Disposition Plan in 2014. This evaluation process and the results of that process are described in detail in the confidential January 2015 Status Update for Levy Nuclear Plant Long-Lead Equipment Disposition Memorandum included as Exhibit No. ___ (CMF-6).

As explained in more detail in confidential Exhibit No. ___ (CMF-6), DEF obtained in the litigation with WEC copies of the LNP LLE purchase orders, reviewed them, and exercised its right under the EPC Agreement to assume the purchase order for the completed VFDs. For the reasons provided in confidential Exhibit No. ___ (CMF-6) DEF did not exercise its right to assume the purchase orders for the remaining eight LLE items. DEF, however, was able to reach an agreement with WEC for the sale of certain, small items of the incomplete Squib valve LLE components and with the vendor, SPX, for the disposition of the remaining Squib valve LLE material. Because DEF did not assume the purchase orders for the remaining seven LLE items, WEC must protect and preserve the LLE items and use commercially reasonable efforts to dispose of the remaining LLE under the EPC Agreement. DEF's remedy is to enforce these contractual obligations in the litigation with WEC.

Q. If DEF has sold parts of the LLE components why is there no salvage value indicated in the Company's 2014 Detail Revenue Requirement Calculations schedule attached to Mr. Foster's direct testimony?

A. DEF did reach an agreement with WEC for WEC's purchase of part of the Squib valve LLE components and the agreed upon price for the parts of that incomplete LLE component are included in confidential Exhibit No. ___ (CMF-6). WEC, however, has taken the position that these agreed-upon payments should be offset against WEC's claims for alleged additional costs under the EPC Agreement. DEF disputes WEC's claims for alleged additional costs, and will defend these claims in the litigation. Until that litigation is resolved DEF does not expect WEC to pay the agreed upon prices for these small parts of the Squib Valves.

DEF negotiated directly with the Squib Valves vendor, SPX, for the purchase and salvage of the remaining Squib Valve material components. The vendor agreed in December 2014 to pay DEF the amount indicated in confidential Exhibit No. ___ (CMF-6) for the remaining Squib Valve material components on the terms indicated in that Exhibit. Because the vendor only agreed to this resolution in December 2014, the payment was not recorded in 2014. This

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payment will be reflected as salvage value in 2015.

Q. What does DEF plan to do with the VFDs?

A. At this time, DEF is evaluating various disposition options consistent with DEF's LLE Disposition Plan. DEF previously canvassed Duke Energy affiliates and contacted external utilities through WEC and on its own for any interest in acquiring the completed VFDs. These contacts included utilities with existing or potential AP1000 nuclear power plant projects. None of these entities expressed an interest in acquiring the VFDs. The most likely potential buyer, then, is the original equipment manufacturer. DEF is pursuing a potential sale of the VFDs to the original equipment manufacturer. DEF has also offered the VFDs for sale on RAPID, a utility industry parts sales website, and recently initiated a bid event on Feb. 15, 2015 for the VFDs utilizing Power Advocate bidding/sourcing software to further canvas the market. DEF will continue to evaluate the potential disposition of the VFDs in a reasonable and prudent manner consistent with the objectives in DEF's LLE Disposition Plan.

Q. How did DEF's actual LNP wind-down expenditures for 2014 compare to DEF's estimated/actual wind-down costs for 2014?

A. As I explained above, LNP wind-down costs were approximately [redacted], or [redacted] less than DEF's actual/estimated wind-down costs for 2014. One reason for this variance is that approximately [redacted] in projected LLE storage costs were not incurred in 2014 because DEF was able to disposition the majority of the LNP LLE items sooner than projected. The status of the majority

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of the LNP LLE items is described above and in confidential Exhibit No. ___ (CMF-6).

Another reason for this variance is that DEF did not make an approximately [redacted] LLE disposition payment that it expected to make in 2014. As DEF has explained previously, DEF anticipated a [redacted]. As I explained above and as explained in confidential Exhibit No. ___ (CMF-6), DEF did not assume the purchase order for this LLE component and, therefore, WEC is obligated under the EPC Agreement to preserve and protect this LLE material and to take commercially reasonable steps to disposition this incomplete LLE component material. DEF is not aware of any actions WEC may or may not have taken to cancel the purchase order or disposition the Steam Generator Balance at this time.

Q. To summarize, were all of the wind-down costs that the Company incurred in 2014 for the LNP reasonable and prudent?

A. Yes, the specific costs for the LNP contained in the 2014 Detail schedules, which are attached as exhibits to Mr. Foster's testimony, reflect the reasonable and prudent wind-down costs DEF incurred for LNP work in 2014. DEF took reasonable steps in 2014 to minimize the LNP work and wind-down costs. These steps are explained in my testimony above and in detail in DEF's LLE Disposition Plan included as Exhibit No. ____ (CMF-2) and in DEF's confidential Status Update for Levy Nuclear Plant Long-lead Equipment Disposition Memorandum included as Exhibit No. ___ (CMF-6). All of these wind-down activities and their associated costs were necessary, reasonable and prudent for the LNP.

In addition, DEF terminated the EPC Agreement in late January 2014, after disposition of the Tioga LLE --- the final LLE component being manufactured --- under a provision that allowed DEF to terminate the EPC Agreement without paying WEC a termination fee. Under this provision, DEF does not have to pay WEC the termination fee if either party terminated the EPC Agreement because DEF was unable to obtain the COL from the NRC by January 1, 2014. When DEF was unable to obtain the LNP COL from the NRC by January 1, 2014, DEF reasonably and prudently exercised its contractual right to terminate the EPC Agreement without paying WEC the termination fee.

Q. What is the status of DEF's lawsuit with WEC?

A. As I explained above, DEF filed a lawsuit against WEC in the United States District Court for the Western District of North Carolina in March 2014. WEC soon after filed its own lawsuit against DEF for breach of the EPC Agreement in federal district court in Pennsylvania. The lawsuit in Pennsylvania has now been dismissed, and the claims under the EPC Agreement are proceeding before the North Carolina District Court in the lawsuit filed by DEF. WEC has filed a counterclaim against DEF in the lawsuit pending in the federal district court in North Carolina. On August 19, 2014, the federal district court issued a Pretrial Order and Case Management Plan that currently schedules a trial date to resolve the claims between DEF and WEC under the EPC Agreement in February 2016.

Q. What does DEF plan to do with its pending lawsuit with WEC in the federal district court in North Carolina?

A. DEF is vigorously pursuing its claims and defending against the claims that WEC has brought in that lawsuit. The ultimate resolution of these claims, however, will be by a court and DEF cannot predict the outcome of this litigation at this time.

IV. LNP COMBINED OPERATING LICENSE APPLICATION UPDATE.

Q. Can you summarize the Combined Operating License Application process?

A. Yes. There are three parts to the NRC Combined Operating License Application ("COLA") review process. All three parts must be complete before the NRC will issue a COL. The three parts of the NRC COLA review process are: (1) the environmental review process; (2) the safety review process; and (3) the formal hearing process. DEF also must obtain environmental permits for the LNP COL.

Q. What is the status of the LNP NRC COLA review process?

A. The environmental review for the LNP COLA was complete when DEF received the LNP final environmental impact statement ("FEIS") on April 27, 2012. The remaining two parts of the NRC COLA review process for the LNP are incomplete.

The Final Safety Evaluation Report ("FSER") for the LNP COL has not been issued. The Advanced Safety Evaluation Report ("ASER") for the LNP COLA was initially completed with no open items, however, subsequent, significant design changes due to WEC design errors were identified by WEC that now require revisions to the ASER to incorporate these design changes before NRC review can be finalized. This work must be completed before NRC review and issuance of the FSER for the LNP COL. These design changes are now the critical path items to completion of the NRC review and issuance of the LNP COL.

WEC has significantly delayed the NRC LNP COLA review because WEC has failed to provide information in a timely manner to the NRC regarding these design changes. In fact, due to WEC's repeated failure to provide required information regarding WEC's design changes to correct WEC design errors in a timely manner, the NRC has notified DEF that it cannot provide DEF with a new schedule until a firm schedule for resolving technical issues that have been identified with the AP1000 certified design is provided. Until a firm schedule is received from WEC, DEF cannot identify an expected receipt date for the LNP FSER and, accordingly, the LNP COL from the NRC.

Q. What is the status of the formal hearing process for the LNP COLA?

A. One part of the two-part formal hearing process for the LNP COLA was completed in March 2013 when the NRC Atomic Safety Licensing Board ("ASLB") issued its ruling on the remaining contested contention to the LNP COLA regarding the environmental impacts of dewatering and salt drift as a result of the LNP. Following an evidentiary hearing in October and November 2012, and the submission of Findings of Fact and Conclusions of Law in December 2012, the NRC ASLB unanimously resolved all issues in DEF's favor in March 2013. The ASLB concluded that the LNP FEIS complied with all legal and regulatory requirements.

The second part of the two-part formal hearing process is the LNP COLA mandatory hearing before the NRC Commissioners. The LNP COLA mandatory hearing process cannot commence until the LNP FSER is issued. For the reasons provided above, the NRC does not presently have a schedule for issuance of the LNP FSER. As a result, the mandatory hearing for the LNP COLA has not been scheduled by the NRC.

Q. What is the status of the environmental permits for the LNP COL?

A. DEF continued its work with the USACE for the Section 404 permit for the Levy site in 2014. The USACE Section 404 permit allows for and regulates the construction of structures in wetlands and regulated waterways. This work included discussions and the development of information for USACE regarding mitigation on government lands, the assessment of secondary wetlands impacts, and revisions to the Environmental Monitoring Plan ("EMP"). Further engineering and permitting work was performed to revise Section 404 permit drawings for the USACE and to address issues regarding the EMP, specifically with respect to the timing of potential alternative water supply from desalination, to determine the use of ground water for the LNP. Other than USACE review and finalization of the proposed Wetland Mitigation Plan ("WMP"), which is needed for the Section 404 Permit, all of these issues were resolved in 2014. The USACE is still reviewing the proposed WMP. DEF expects to resolve the WMP and any new Section 404 permit issues the USACE may raise as they finalize their review this year to allow for USACE issuance of the Section 404 permit for the LNP. Likewise, while this work continued in 2014, the 2014 costs associated with this work are not included in the NCRC.

V. PROJECT MANAGEMENT, CONTRACTING, AND COST OVERSIGHT.

Q. Can you explain the Company's 2014 LNP project management, contracting, and cost control oversight policies and procedures?

A. Yes. Nuclear Development ("ND") is responsible for the LNP management. As a result, ND is responsible for the process of implementing best practices and lessons learned for the LNP and other nuclear development projects. ND has implemented or adopted policies and procedures for the management of the LNP that reflect the collective experience, knowledge, and best practices of Duke Energy and the nuclear utility industry.

Q. Are the Company's 2014 LNP project management, contracting, and cost control oversight policies and procedures substantially the same as the Company's prior project management, contracting, and cost control oversight policies and procedures?

A. Yes. Changes in the 2014 LNP project management, contracting, and cost oversight control policies and procedures for the LNP are changes more in structure than substance. The Company's 2014 LNP project management, contracting, and cost control oversight policies and procedures reflect best practices, lessons learned, and efficient and effective LNP management and oversight of the LNP costs.

Q. Are the Company's 2014 LNP project management, contracting, and cost control oversight policies and procedures reasonable and prudent?

A. Yes, they are. The LNP 2014 project management, contracting, and cost control policies and procedures are substantially the same as the collective policies and procedures that have been vetted in the annual project management audit in this docket and previously approved as prudent by the Commission. *See* Order No. PSC-09-0783-FOF-EI, issued Nov. 19, 2009; Order No. PSC-11-0095-FOF-EI, issued Feb. 2, 2011; Order No. PSC-11-0547-FOF-EI, issued Nov. 23, 2011; Order No. PSC-12-0650-FOF-EI, issued Dec. 11, 2012; and Order No. PSC-14-0617-FOF-EI, Issued Oct. 27, 2014. We believe, therefore, that the LNP project management policies and procedures are consistent with best practices for capital project management in the industry and continue to be reasonable and prudent.

Q. Have the Company's project management, contracting, and cost control oversight policies and procedures changed as a result of the Company's decision not to complete construction of the LNP and to terminate the EPC Agreement?

A. No, the Company's ND project management, contracting, and cost control oversight policies and procedures have not changed. These are Duke Energy-wide policies and procedures, applicable to all nuclear generation development, and in some cases such as the fleet-wide policies and procedures, existing operating nuclear power plants. Duke Energy did not change its ND project management, contracting and cost control oversight policies and procedures because of the Company's decisions not to complete construction of the LNP and to terminate the EPC Agreement. Some of these policies and procedures are no longer applicable to the LNP going forward as a result of these decisions. Some new processes, like the LLE Disposition Plan included as Exhibit No. ____ (CMF-2) to my direct testimony, were developed and implemented as a result of these decisions. But the Company is still managing the LNP in the LNP wind-down process, and as a result, the Company is still following all applicable project management, contracting, and cost control oversight policies and procedures for the LNP.

Q. Has DEF implemented a process to ensure that costs related to the LNP COL are not included in the NCRC as of January 1, 2014?

A. Yes, from a project team perspective, DEF has always segregated project costs incurred by specific project code. This did not change for 2014 and the project team continued and will continue to charge COL-related labor, NRC fees, vendor invoices and all other COL-related cost items to the applicable COL project codes. The Regulatory Accounting and Regulatory Strategy groups ensure that the COL-related project codes and associated costs incurred in 2014 and beyond are not included in the Company's NCRC Schedules, and thus not presented for nuclear cost recovery. These COL-related costs will, however, continue to be tracked for accounting purposes consistent with the 2013 Settlement Agreement.

Q. Does this conclude your testimony?

A. Yes, it does.

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CHRISTOPHER M. FALLON
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January 28, 2014
LNP-EPC-2014-0003
Response (Action) Required YES X /NO

SENT BY E-MAIL AND HAND DELIVERY

Stone & Webster, Inc.
Attn: Mr. Kevin Holderness
Consortium Project Manager
CB&I Stone & Webster
128 S. Tryon Street
Charlotte, NC 28202

Reference: Levy Nuclear Plant EPC Agreement
Progress Energy Florida Contract No. 414310

Subject: Notice of Termination

Dear Mr. Holderness:

Duke Energy Florida, Inc. (DEF, formerly known as Progress Energy Florida, Inc.) hereby gives Westinghouse Electric Company and Stone & Webster, Inc. (Contractor) notice that DEF is terminating Contract Number 414310 – the Engineering, Procurement and Construction Agreement (Agreement) for the Levy County Nuclear Plant (Levy) – under Article 22.4(a) (Failure to Obtain Regulatory Approvals), due to DEF's inability to obtain a Combined Construction Permit and Operating License (COL) for Levy by January 1, 2014.

[redacted]

Should you have any questions regarding this matter, please feel free to contact me.

Sincerely,

Christopher M. Fallon

Christopher M. Fallon
Owner's Project Director
Vice President, Nuclear Development

cc: Dhiaa Jamil (DE)
Joe Donahue (DE)
John Thrasher (DE)
Bob Morgan (DE)
Bob Kitchen (DE)
Betsy Solakoglu (DE)
Erik Wagner (DE)
Mike Taylor (DE)
Michael Franklin (DE)
John Burnett (DEF)
David Conley (DE)
David Fountain (DE)
Matt Martin (DE)
Lawrence Denney (DE)
Kate Nolan (DE)
Patricia C. Smith (DE)
Tom Weir (WEC)
Linda Iller (WEC)
Lee Stern (WEC)
Cheryl Halaszynski (WEC)
Linda Williams (WEC)
Joni Falascino (WEC)

LNP-EPCInbox@duke-energy.com (Duke Energy)
LevyProjectCorrespondenceInbox@westinghouse.com (Westinghouse)

Westinghouse Electric Company, LLC
Attn: General Counsel
1000 Westinghouse Drive
Suite 138
Cranberry Township, PA 16066

Stone & Webster, Inc.
Attn: Ed Hubner
228 Strawbridge Drive
Morristown, NJ 08057

Stone & Webster, Inc.
Attn: E.K. Jenkins
150 Royall Street
Canton, MA 02021

MEMORANDUM

Date: January 16, 2014

To: Chris Fallon

cc: LNP-EPCInbox@pgnmail.com

From: Lawrence Denney

Subject: Levy Nuclear Plant Long-lead Equipment Disposition Plan

---

Introduction

This memo describes the methodology DEF is using to disposition the long-lead equipment (LLE) purchased for the Levy Nuclear Plant (Levy) pursuant to the Engineering, Procurement, and Construction (EPC) Agreement executed by Florida Power Corporation (d/b/a Duke Energy Florida) and a consortium of Westinghouse Electric Company and Chicago Bridge & Iron (the Consortium). This memorandum describes the general process for the financial quantification, risk assessment and other qualitative assessments to support a final disposition decision for long-lead equipment (LLE) components. As such, this memo describes the principles and general process that are being employed to achieve the below stated objectives for LLE disposition.

On December 31, 2008 the EPC agreement was executed and on April 30, 2009 was partially suspended, due to a slip in the NRC licensing schedule. Current Levy project work is limited to activities required to obtain the COL and major environmental permits and to resolve certain long-lead equipment procurement activities associated with the eventual termination of the EPC agreement. Presently, the EPC agreement as amended maintains the existing terms and conditions of the EPC agreement and allows the orderly cancellation or disposition of long-lead equipment procurement activities once DEF has completed its evaluation of available options.

On July 31, 2013 a Revised and Restated Settlement Agreement (the Settlement) was reached resolving "certain future actions regarding" Levy and on November 12, 2013 was approved by the Florida Public Service Commission. Among the stipulations in the Settlement is the requirement that DEF will terminate the Levy EPC agreement at the "earliest reasonable and prudent time" and "use its reasonable and prudent efforts to curtail avoidable future LNP costs, to sell or otherwise salvage LNP assets, or otherwise refund any costs that can be recaptured for the benefit of the customers." This plan addresses these regulatory requirements insofar as they are associated with the disposition of LLE for the Levy project.

LLE Disposition Objectives

To support and fulfil the responsibilities and obligations for DEF stated in the Settlement the following are the objectives of the Levy LLE disposition:

- Minimize the financial cost and risks associated with the disposition of LLE
  - Minimize LLE evaluation costs and contract termination costs
  - Maximize Levy LLE cash value
  - Minimize risks of financial loss associated with LLE

— Minimize other costs to Duke Energy
— Evaluate the possibility for future use of LLE to AP1000 projects.

Scope
This plan covers the process of reaching and approving disposition decisions on the LLE components as well as the execution of the decisions. The specific LLE components which are covered by this plan are listed in Table 1. Levy project activities associated with receipt of the COL and other major permits are not within the scope of this plan.

Component	Status	Manufacturer
VFDs	Complete – In storage	Siemens
Steam Generator Tubing	Complete – In storage	Doosan
Reactor Vessel	Suspended- Materials in storage	Doosan
Steam Generator Balance	Suspended- Materials in storage	Doosan
Squib Valves	Suspended- Materials in storage	SPX
Reactor Coolant Pumps	Suspended- Materials in storage	EMD
RCL Pipe	Terminated	Tioga/IBF
CRDM	Not started	WEC
Reactor Vessel Internals	Not started	WEC
Turbine Generator	Not started	Toshiba
Accumulator Tank	Terminated	Mangiarotti
Core Make-Up Tank	Terminated	Mangiarotti
Pressurizer	Terminated	Mangiarotti
PRHR Hx	Terminated	Mangiarotti

Table 1. List of LLE Components

Schedule
Table 2 provides an approximate schedule for the activities associated with the disposition of the LLE. Given the complexity and the many entities, e.g. WEC, various sub-contractors to WEC, which are involved in this analysis providing precise schedule dates is not possible at this time. Therefore, general timeframes when certain major activities are expected to occur are presented in Table 2. This schedule projection supports the evaluation and disposition decision of each LLE component by the June-July timeframe.

Schedule Projection	EPC Contract Wind-Down Activities
TBD	Formal EPC Contract termination
July – Nov 2013	DEF requests information from Westinghouse; refer to letters LNP-EPC-2013-0016, LVP_LVG_000401, LVP_LVG_000421, LNP-EPC-2013-0024

Oct – Dec 2013	Westinghouse develops RFQs for sub-contractors
Oct 2013 – May 2014	Westinghouse works with suppliers for RFQ responses
Oct 2013 – June 2014	Westinghouse reviews RFQ results with Duke
Nov 2013– July 2014	Duke Energy finalizes decisions on LLE components

Table 2. Approximate schedule for EPC contract wind-down activities

Disposition Decision Methodology
There are six disposition options currently being considered for the LLE which can be grouped into two categories: (1) options which permanently dispose of the LLE today and (2) options which store the LLE for future use or disposition. Each LLE component will be analyzed for which option best meets the LLE disposition objectives. A schematic representation of the LLE disposition evaluation process is presented in Figure 1 and each disposition option is described more fully below.

[redacted]

Figure 1. Schematic illustration of the LLE disposition evaluation process[1]

<u>Options which permanently dispose of LLE</u>[2]
Reuse: For some LLE components there could be an alternate application beyond use at Levy or another AP1000 station. [redacted]

---

[1] Grey shading indicates the option is no longer under consideration.
[2] [redacted]

[redacted]

Salvage: The constituent materials of each LLE component have residual value as a raw material. These constituent materials can be sold for recycling, with an offsetting cost to prepare the raw materials for salvage. For this option [redacted]

Sell: The LLE components could be used on another AP1000 project which is either under construction or in the planning stage. DEF requested [redacted]

Purchase: Because some LLE components are in fabrication and are not complete there is the possibility for reuse of the in-process material for an alternate use. [redacted]

Options which store LLE for later disposition

Consignment: Given the costs incurred to produce the LLE and [redacted] Levy or another AP1000 project in the future, DEF proposed a [redacted]

Continue storage: The final option considered is to continue the status quo with DEF continuing to pay for storage of the LLE. Initially, there were two possibilities which, if realized, would provide value for this option: construction of Levy or future sale of the LLE if the market for AP1000s improves. If neither of these options could be realized, then the LLE would have to be disposed of through one of the disposition options listed in the "Options which permanently dispose of LLE" section.

Dispose of LLE: This option will occur if no future use for the LLE is realized and DEF chooses to either storage or consign the LLE. Permanent disposition of the LLE will occur if there is no future use for the LLE. The continue storage option for potential future construction of Levy was considered and rejected as a viable option at this time based on the qualitative analysis of the risks of proceeding with this option under the 2013 statutory amendments to the nuclear cost recovery statute, Section 366.93, F.S. DEF determined at the time of the Settlement that the statutory amendments to Section 366.93 fundamentally changed the external risks to the Levy Nuclear Project, resulting in substantial uncertainty and unacceptable risk to DEF and its customers to proceed with the Levy Nuclear Project. The same analysis results in the determination that the disposition of LLE by continuing to store LLE for potential future construction of Levy is not at this time a viable option.

The statutory amendments to Section 366.93 sequentially stage regulatory approval to proceed with the project, precluding preconstruction and construction work until the COL is obtained, and requiring Commission approval based upon untested and in some cases undefined statutory standards to proceed with preconstruction, certain material and equipment purchases for the project, and then construction of the project. Receipt of the required regulatory approvals therefore is uncertain, and the time required to obtain them and address any potential appeals during the regulatory approval process is unknown. In addition, the statutory amendments establish new, undefined, and potentially subjective requirements for the utility to demonstrate annually its intent to build the nuclear power plants. For these reasons, DEF determined that the statutory amendments qualitatively result in additional uncertainty and therefore unacceptable additional risk to the schedule and cost of the Levy Nuclear Project. As a result of this determination, DEF elected not to complete construction of the Levy nuclear power plants pursuant to Section 366.93(6) and Rule 25-6.0423(6). That decision is reflected in the Settlement provisions providing for the recovery of prudent Levy Nuclear Project wind down costs, including the cost to prudently disposition LLE.

The disposition of LLE by continuing to store LLE for future construction of Levy presents DEF and its customers with the same uncertainty and unacceptable risk that resulted in the election not to complete the Levy Nuclear Project that is reflected in the Settlement. Under the statutory amendments DEF cannot determine if and when the sequential regulatory approvals would be obtained and the project constructed, precluding DEF from determining with any accuracy the period necessary to store LLE for potential future construction of Levy. As a result of this uncertainty, there is substantial risk and therefore additional cost to DEF and customers to continue to store LLE for potential future construction of Levy. For all these reasons, this was not considered a viable LLE disposition option.

<u>Decisional process</u>
DEF is in the process of gathering the information needed to accomplish the LLE disposition objectives for each Levy LLE component. Once this information is accumulated, a financial analysis will be prepared for each LLE component that will compare the future costs of each proposed option. Additionally, the risks and other qualitative considerations will be described for each option and each component. For each LLE component the option which minimizes both the financial cost and risks given the qualitative constraints will be selected by the Levy project team.

The approval of the decision on each LLE component will follow the requirements of the appropriate internal policy as provided in the Nuclear Development Project Governance Procedure, PD-BO-NDP-0001. The best effort will be made to aggregate the decisions on each component into a single decision for all of the LLE components, but, at times, the optimal path may prevent such aggregation.

<u>Equipment in fabrication</u>
Mangiarotti supplied components: The LLE components supplied by Mangiarotti have been dispositioned consistent with this LLE disposition plan. The permanent disposition of these LLE components has been completed as documented in letter LNP-EPC-2013-0023.

Tioga equipment: The reactor coolant loop piping supplied by Tioga has been dispositioned consistent with this LLE disposition plan. The permanent disposition of this LLE component has been completed as documented in letter LNP-EPC-2014-00001.

Post-decision activities
For each LLE component the execution of the optimal disposition decision will depend on which option is selected. If the optimum course is:

[redacted]

Levy LLE Disposition

I. General Scope

This section 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 LLE assets for Levy.

Transactions under this section must conform to all existing applicable company policies. It is essential that asset divesture records of all transactions are documented and preserved.

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.

II. Disposition Path

a. Internal Disposition

Generally, capital assets are transferred among regulated affiliated utilities at Net Book Value (NBV). However, asymmetrical pricing is used for transfers between regulated affiliates and non-regulated utility affiliates and/or non-utility affiliates – the higher of NBV or Fair Market Value (FMV).

For regulated utility to regulated utility transfers, there may be instances where NBV may be at a higher value than FMV, in these cases, Commission(s) approval will be required to transfer at less than NBV.

b. External Bids

If not transferred internally, determine the FMV by obtaining external bids.

The bidding process for the disposition of materials and equipment shall be conducted as follows:

The bidding process shall follow MCP-NGGC-0001.

The Power Advocate sourcing tool should be used for all bid events, thereby maintaining consistency with all bid event sales and document retention.

The standard approved legal form contracts shall be used for all third party asset contract sales in accordance with MCP-NGGC-0001.

III. Approvals

Levy LLE internal sales will follow the Intercompany Affiliate Asset Transfer Agreement (IATA) utilizing the Affiliate Asset Transfer e-form found on the PORTAL. If the value is over $10 M dollars or an internal sale/transfer is proposed at a value less than NBV, then commission(s) approval may be necessary for a transfer/sale to an internal Regulated Entity. Any internal transfer to a non-regulated internal entity must comply with FERC 107, asymmetrical pricing, and/or Rule 25-6.1351, Florida Administrative Code.

All Levy LLE asset external sales will follow the company's DOA guidance for the Business Unit (Nuclear Development) and Supply Chain. Additionally, each sale will be reviewed by the DEF Rates and Regulatory Strategy Director or designee, the DEF Regulatory Legal Associate General Counsel or designee, and the Tax Manager.

CB&I Stone & Webster, Inc.
128 South Tryon Street
Suite 1000
Charlotte, NC 28202
Tel: +1 704-343-7500
Fax: +1 704-331-5646
www.CBI.com

March 20, 2014
L-SHAW-DUKE-000002
Project: Levy Nuclear Project
Response Required Y ☒ N ☐
Response Due By: 3/30/2014

Duke Energy Corporation
Attention: Mr. Christopher Fallon
Vice President, Nuclear Development
526 South Church Street
Mail Code: EC12L
Charlotte, NC 28202

Subject: Levy Termination Costs Estimate for CB&I Stone & Webster, Inc.

Reference:
1. Levy Nuclear Plant EPC Agreement
2. Duke Energy Letter LNP-EPC-2014-0003 dated 28 January 2014
3. Letter APC_LVG-000068 dated 20 February 2014

Dear Mr. Fallon:

As follow-up to Letter APC_LVG_000068 (Reference 3), CB&I Stone & Webster, Inc. (CB&I), is pleased to submit this description of activity and estimate of cost associated with the termination of CB&I work under the Levy Nuclear Plant EPC Agreement.

Orderly Conclusion of CB&I Activity and Proposal for Payment of Cost

Pursuant to discussions with Duke Energy Florida (DEF) under EPC Agreement Article 22.6, CB&I is proceeding with the orderly conclusion of all Levy contract activities. Project Management anticipates the following activities to close:

[redacted]

KM
CMF

[redacted]

Please indicate binding consent by signing below. Contact the undersigned with any questions regarding this correspondence.

Sincerely,

Kevin J. Holderness

Kevin J. Holderness
Project Manager
CB&I
Levy County Project

Consent and agree on behalf of Duke Energy Corporation

Christopher M. Fallon 3/21/14

Christopher Fallon
Vice President, Nuclear Development

cc:

Franklin, Michael	Duke Energy Florida	Harrod, Bennett	CB&I
Hubner, Edward	CB&I	Document Control	

Attachments:

A. Estimate of Cost of Orderly Conclusion of CB&I Work on the Levy Nuclear Project
B. Form of Mutual Release of Claims

Please Reply To: Kevin J. Holderness
Phone: 704-378-5277
E-Mail Address: kevin.holderness@CBI.com

CMF

Attachment A
Estimate of Cost of Orderly Conclusion of
CB&I Work on the Levy Project

[redacted]

CMF

Attachment B
Form of Mutual Release of Claims

[redacted]

CB&I STONE & WEBSTER, INC.

By:______________________

Name:____________________

Title:____________________

Date: ____________________

DUKE ENERGY FLORIDA, INC., FLORIDA POWER CORPORATION, and PROGRESS ENERGY FLORIDA, INC.

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

CMF

DUKE ENERGY.

JOHN S. THRASHER
Director - Engineering
Nuclear Development

Duke Energy
EC12L / 526 South Church Street
Charlotte, NC 28202

Mailing Address:
EC12L / P.O. Box 1006
Charlotte, NC 28201-1006

o: 704-382-8781
c: 704-617-1375
f: 980-373-2551

john.thrasher@duke-energy.com

April 30, 2014
NPD-CBI-2014-0001
Response (Action) Required YES___ /NO_X_

CB&I Stone & Webster, Inc.
Attn: Mr. Kevin Holderness
Project Manager - Levy County Project
CB&I Stone & Webster
128 S. Tryon Street
Charlotte, NC 28202

References:
1) *Levy Nuclear Plant Project EPC Agreement PEF Contract No. 414310*, dated December 31, 2008
2) LNP-EPC-2014-0003, *Levy Nuclear Plant Project EPC Agreement Notice of Termination*, dated January 28, 2014
3) L-SHAW-DUKE-000002, *Levy Termination Costs Estimate for CB&I Stone & Webster, Inc.*, dated March 20, 2014
4) L-SHAW-DUKE-000003, *CB&I Stone & Webster, Inc. Release of Claims*, Dated April 17, 2014

Subject: Levy Nuclear Plant Project EPC Agreement Mutual Release of Claims

Dear Mr. Holderness,

Duke Energy Florida (DEF) has paid all invoices associated with CB&I Stone & Webster, Inc. termination costs for the Levy EPC Agreement as outlined in Reference 3. Furthermore, DEF has fully executed the Mutual Release of Claims submitted by CB&I Stone & Webster, Inc. with Reference 4.

The attached, fully executed Mutual Release of Claims concludes all required actions and releases all potential claims in connection with the Levy EPC Agreement (Reference 1) for both DEF and CB&I Stone & Webster, Inc.

Thank you for your timely attention to closure of this matter.

Sincerely

John S. Thrasher

John S. Thrasher
Director – Engineering
Nuclear Development

Attachment (Fully Executed Mutual Release of Claims)

cc w/ att:
Dhiaa Jamil (DE)
Joe Donahue (DE)
Chris Fallon (DE)
Bob Morgan (DE)
Bob Kitchen (DE)
Betsy Solakoglu (DE)
Erik Wagner (DE)
Michael Franklin (DE)
Mike Taylor (DE)
John Burnett (DEF)
David Conley (DE)
David Fountain (DE)
Matt Martin (DE)
Lawrence Denney (DE)
Kate Nolan (DE)
Patricia C. Smith (DE)
Edward Hubner (CB&I)
Bennett Harrod (CB&I)

ND Document Inbox (File & Records)

Attachment B
Form of Mutual Release of Claims

Release of Claims

[redacted]

CB&I STONE & WEBSTER, INC.

By: Kevin J. Holderness

Name: Kevin J. Holderness

Title: PROJECT MANAGER

Date: 16 APRIL 2014

DUKE ENERGY FLORIDA, INC., FLORIDA POWER CORPORATION, and PROGRESS ENERGY FLORIDA, INC.

By: Christopher M. Fallon

Name: CHRISTOPHER M. Fallon

Title: VICE PRESIDENT

Date: 30 APRIL 2014

KJH

Background:

DEF authorized WEC to contact Tioga regarding the feasibility and potential cost impact (if any) to place a manufacturing hold on the Reactor Coolant-loop (RCL) piping components currently in manufacturing, to allow DEF time to analyze the disposition of the equipment. Tioga responded that there would be a cost associated with a manufacturing hold and that a change order would need to be negotiated. On November 14, 2013, DEF authorized WEC to contact Tioga regarding its cost should DEF terminate the purchase order and cancel manufacturing of the RCL piping. On January 7, 2014 Tioga provided WEC with an all-inclusive cancellation cost of [redacted] These all inclusive costs include such items as cancelling all material orders, purchase orders and existing contracts, bringing work to an orderly conclusion, demobilization costs, any cancellation charges to third parties, costs to scrap or salvage materials and a credit for the salvage or scrap value, etc. In addition, Tioga acquired and renovated a building in the US to store the RCL piping. If this offer is accepted, DEF and WEC shall have no further liability to Tioga for this purchase order and Tioga will have no further liability to DEF and WEC. Tioga indicated that because the pipes are in the queue to be bent on [redacted] The table below discusses the potential outcomes for the RCL piping to provide a framework for a decision on the Tioga offer.

Option	Costs	Comments
Terminate PO- stop manufacturing	Cost to terminate PO - [redacted]	Salvage value is included in net cost. DEF and WEC shall have no further liability to Tioga for these POs
Complete manufacturing and store RCL piping – sell when market recovers	Cost to complete manufacturing - [redacted][1] Storage, extended warranty, etc.: [redacted][2] PMO and RCL piping PMO [redacted][3] Storage Plans and obtaining Storage estimates: [redacted][3] Duties and Customs: [redacted][3]	Nuclear market is speculative at this point. Great uncertainty concerning the market for this equipment or any reasonable expectation of equipment value.
Complete manufacturing and store RCL piping – unable to sell, scrap at end of storage period	Cost to complete manufacturing - [redacted] Storage, extended warranty, etc.: [redacted][2] PMO and RCL piping PMO [redacted][3] Storage Plans and obtaining Storage estimates: [redacted][3] Duties and Customs: [redacted][3]	Scrap value estimated to be approximately [redacted][4].

[1] [redacted]
[2] From Levy EPC[redacted]
[3] From email from Linda Iller (WEC) on January 7, 2014.
[4] Estimate[redacted]

Complete manufacturing and store RCL piping – Use at Levy	Cost to complete manufacturing - [redacted] Storage/Extended Warranty Costs - [redacted] PMO and RCL piping PMO [redacted][3] Storage Plans and obtaining Storage estimates: [redacted][3] Duties and Customs: [redacted][3]	New Florida nuclear cost recovery legislation raises concerns over the feasibility of new nuclear in Florida. Need to develop a long-term storage plans. Earliest in-service date is beyond 2025 requiring long-term storage of RCL piping.

Other considerations:

- [redacted]
- This is the last remaining equipment presently in fabrication under the Levy EPC agreement. For the rest of the equipment to be dispositioned the fabrication has been previously suspended.
- [redacted]

Recommendation:

Given the uncertainty regarding the potential in-service date for Levy, the incremental costs to store the RCL piping and the uncertain market for the RCL piping, the offer from Tioga results in approximately [redacted] in savings versus completion of the equipment it is recommended that DEF terminate the Tioga purchase order and cancel manufacturing of the RCL piping.

[5] Have not been provided an estimate for long-term storage, escalated 5 year storage costs for an additional 7 years.

DUKE ENERGY.

CHRISTOPHER M. FALLON
Vice President
Nuclear Development

Duke Energy
EC12L/526 South Church Street
Charlotte, NC 28202

Mailing Address:
EC12L / P.O. Box 1006
Charlotte, NC 28201-1006

o: 704.382.9248
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f: 980.373.2551

christopher.fallon@duke-energy.com

January 9, 2014
LNP-EPC-2014-0001
Response (Action) Required YES X / NO __

Stone & Webster, Inc.
Attn: Kevin Holderness
Consortium Project Manager
CB&I Stone & Webster
128 S. Tryon Street
Charlotte, NC 28202

References: 1) E-mail from Linda Iller (WEC) to Christopher Fallon (DEF), Tioga PO – Cancellation Offer, sent January 7, 2013
2) Levy Nuclear Plant Project EPC Agreement PEF Contract No. 414310

Subject: Levy Long Lead Equipment Disposition for the Tioga Manufactured Equipment

Dear Mr. Holderness:

The purpose of this letter is to inform the Consortium of Duke Energy Florida's (DEF) acceptance of the cancellation offer for all components Tioga is manufacturing for Levy Units 1 and 2 as provided in Reference 1. This offer includes all cancellation costs from Tioga in the total amount of [redacted] After payment of this amount, DEF will have no further liability to Tioga or the Consortium for the long lead equipment to be supplied by Tioga for Levy Units 1 and 2.

We ask that you proceed with cancellation of the Tioga orders, pending the issuance of a Change Order to formalize our agreement as required by Section 22.1(h) of Reference 2 (which was added by Amendment Number Three).

DEF appreciates the Consortium's assistance in this matter. Should you have any questions, please contact either Mike Franklin (919-546-6967) or myself.

Sincerely,

Christopher M. Fallon

Christopher M. Fallon
Owner's Project Director
Vice President, Nuclear Development

cc: Dhiaa Jamil (DE)
John Thrasher (DE)
Bob Morgan (DE)
Bob Kitchen (DE)
Lawrence Denney (DE)
Betsy Solakoglu (DE)
Erik Wagner (DE)
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Michael Taylor (DE)
Tom Weir (WEC)
Linda Iller (WEC)
Lee Stern (WEC)
Linda Williams (WEC)
Cheryl Halaszynski (WEC)
Joni Falascino (WEC)
LevyProjectCorrespondenceInbox@westinghouse.com
LNP-EPCInbox@pgnmail.com

MEMORANDUM

Date: January 12, 2015

To: Chris Fallon, Vice President -- Nuclear Development

cc: NDDocumentInbox@duke-energy.com

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

Subject: Status Update for Levy Nuclear Plant Long-lead Equipment Disposition

---

Introduction

This memo responds to your request for a summary and update of the present status of the disposition of the Levy Nuclear Plant long-lead equipment (LLE). It outlines the progress towards and obstacles encountered in executing the plans documented in the "Levy Nuclear Plant Long-lead Equipment Disposition Plan" memo dated January 16, 2014. That memo documented the plan Duke Energy Florida, Inc. (Duke) established to dispose of the remaining LLE purchased for the Levy County Nuclear Plant (Levy) under the Engineering, Procurement and Construction (EPC) agreement. It presented five different options[1] to maximize the value of the recovery of the disposition of the remaining LLE while simultaneously minimizing any risks that could be incurred from a particular option or action.

Levy LLE

[redacted]

[redacted]

Disposition Options

[redacted]

[redacted]

Challenges in working with Westinghouse

Letter Agreement

[redacted]

[redacted]

[redacted]

Review of Purchase Orders

[redacted]

[redacted]

LLE disposition

[redacted]

[redacted]

Summary of the Status of LLE

The table below itemizes the disposition status of the LLE since the 2013 Settlement Agreement.

[redacted]

[redacted]

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 160009-EI
Submitted for filing: March 1, 2016

REDACTED

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON
IN SUPPORT OF ACTUAL COSTS

ON BEHALF OF
DUKE ENERGY FLORIDA, LLC

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC

FPSC DOCKET NO. 160009-EI

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Christopher M. Fallon. My business address is 526 South Church Street, Charlotte, North Carolina 28202.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Corporation ("Duke Energy") as Vice President of Nuclear Development. Duke Energy Florida, LLC ("DEF" or the "Company") is a fully owned subsidiary of Duke Energy.

Q. Please summarize your educational background and work experience.

A. I received Bachelor of Science and Master of Science degrees in electrical engineering from Clemson University in 1989 and 1990, respectively. I am also a licensed professional engineer in North Carolina. I began my career with Duke Energy's predecessor company Duke Power in 1992 as a power quality engineer. After a series of promotions, I was named manager of transmission planning and engineering studies in 1999, general manager of asset strategy and planning in 2006, and the managing director of strategy and business planning for Duke Energy starting in 2007. In this role, I had responsibility for developing the strategy for the company's operating utilities, commercial support for operating utility activities such as acquisition of generation assets and overseeing Requests for Proposals for renewable generation resources, and major project/initiative business case analysis. In 2009, I was named Vice President, Office of Nuclear Development for Duke Energy. In that role, I was responsible for furthering the development of new nuclear generation in the Carolinas and Midwest. This included identifying and developing nuclear partnership opportunities, as well as integrating and advancing Duke Energy's plans for the proposed Lee Nuclear Station in Cherokee County, South Carolina. I was promoted to my current position on July 1, 2012. As Vice President of Nuclear Development, I am responsible for the Levy nuclear power plant project ("LNP").

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. My direct testimony presents and supports the LNP actual costs incurred in 2015. These costs were incurred for the LNP wind-down following DEF's decision not to proceed with construction of the LNP in summer 2013 and DEF's termination of the Engineering, Procurement, and Construction ("EPC") Agreement with Westinghouse Electric Company LLC ("WEC") and Stone & Webster, Inc. ("S&W") (together the "Consortium") in January 2014. DEF is presenting the Company's LNP wind-down costs incurred from January 2015 through December 2015, and seeking a prudence determination for DEF's 2015 LNP project management, contracting, and cost controls. The Company relies on the information included in this testimony in the conduct of its affairs.

Pursuant to Rule 25-6.0423(7), F.A.C., and Florida Public Service Commission ("PSC" or the "Commission") Order No. PSC-13-0598-FOF-EI, approving the Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement Agreement"), DEF is allowed to recover its prudent site selection costs, pre-construction costs, and construction costs for the LNP. However, pursuant to the stipulation approved by the Commission in Order No. PSC-15-0521-FOF-EI, DEF has agreed to include all known LNP costs and credits in the 2017 True-up filing for consideration and review in the 2017 NCRC docket for use in setting the 2018 NCRC factor. As such, DEF is presenting its 2015 LNP costs for informational purposes only and is not seeking a prudence determination in this docket.

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following exhibits to my testimony:

- Exhibit No. ____ (CMF-1), the confidential August 4, 2015 Recommendation for disposition of the Levy Nuclear Plant Variable Frequency Drives.

I will also be co-sponsoring the cost portions of the 2015 Detail Schedule, and sponsor Appendices D and E, which are included as part of Exhibit No. ___ (TGF-1) to Mr. Thomas G. Foster's direct testimony in this proceeding. Appendix D is a description of the major tasks and reflects expenditure variance explanations. Appendix E is a list of the contracts executed in excess of $1.0 million and provides details for those contracts.

All of these exhibits, schedules, and appendices are true and accurate.

Q. What is the current status of the LNP?

A. The Company elected not to complete construction of the LNP pursuant to the nuclear cost recovery statute and rule, Section 366.93(6), Florida Statutes, and Rule 25-6.0423(7), F.A.C., as amended, with its execution of the 2013 Settlement Agreement. Subsequently, DEF commenced development of the process to start winding down the LNP in an orderly fashion, which was fully put in place after the Commission voted to approve the 2013 Settlement Agreement. In January 2014, because DEF was unable to obtain the LNP Combined Operating License ("COL") from the Nuclear Regulatory Commission ("NRC") by January 1, 2014, DEF terminated the EPC Agreement with the Consortium.

The LNP wind down process involves the disposition of the LNP Long Lead Equipment ("LLE") and the resolution of remaining costs under the EPC Agreement with the Consortium. DEF developed and implemented a LLE Disposition Plan and, pursuant to that Plan, DEF has been able to disposition or will soon disposition the LNP LLE.

As discussed in my March 2, 2015 testimony, DEF paid S&W its remaining costs after DEF terminated the EPC Agreement in January 2014 and resolved all costs and issues with S&W under the EPC Agreement. DEF attempted to resolve, but was unable to resolve any remaining issues with WEC under the EPC Agreement. WEC demanded substantial additional costs from DEF for terminating the EPC Agreement. These claims, and DEF's claims against WEC under the EPC Agreement, will be resolved in the lawsuit DEF filed against WEC in March 2014 in the United States District Court for the Western

District of North Carolina, currently required to be ready to begin trial in September 2016.

The only remaining LNP work is to support obtaining the LNP Combined Operating License ("COL") from the NRC. Throughout 2015 DEF continued with the work necessary to obtain the LNP COL including environmental permitting work necessary to obtain the Section 404 permit from the United States Army Corps of Engineers ("USACE"), which was received December 28, 2015. DEF, however, is not seeking cost recovery in this proceeding for costs incurred in 2015 to obtain the LNP COL.

Q. Please summarize your testimony.

A. DEF prudently incurred necessary wind-down costs for the LNP in 2015, but as discussed above, DEF is not seeking a prudence determination related to those costs at this time. DEF incurred only those contractually committed or necessary costs for the LNP wind-down activities in 2015; DEF appropriately minimized these costs pursuant to the 2013 Settlement Agreement. DEF has prudently managed the LNP in 2015, consistent with merged policies and procedures that implement Duke Energy best practices, that in substance are similar to the project management, contracting and cost control policies and procedures previously audited by the Commission Staff and reviewed and approved by the Commission.

III. 2015 LNP WIND-DOWN COSTS.

Q. What were the total LNP actual 2015 costs?

A. As can be seen in Appendix D of Exhibit No.___(TGF-1), total actual LNP costs for 2015, excluding the carrying costs on the unrecovered investment balance, were approximately [redacted] These costs represent DEF's prudent project management costs offset by the [redacted] received for the sale of certain LNP LLE. **REDACTED**

Q. Please describe the LNP wind-down activities and costs.

A. DEF's 2015 LNP wind-down activities involved continued LLE disposition. Costs for these wind-down activities were incurred for the re-purposing of the LNP variable frequency drives (VFDs) for use by DEF at Crystal River Units 4 and 5.

DEF's LLE disposition objectives in its Disposition Plan are consistent with the 2013 Settlement Agreement. DEF's objectives are to disposition the LNP LLE in a manner that (i) minimizes the financial costs and risks of the LLE disposition to DEF's customers; (ii) minimizes other costs to DEF and its customers; and (iii) evaluates the potential future use of the LNP LLE for other AP1000 power plant projects. This includes minimizing LLE evaluation costs and purchase order or contract termination costs, minimizing the risks of financial loss associated with the LNP LLE, and maximizing the LNP LLE disposition cash value.

Q. Please explain DEF's disposition of the VFDs?

A. DEF evaluated various disposition options consistent with DEF's LLE Disposition Plan. DEF previously canvassed Duke Energy affiliates and contacted external utilities through WEC and on its own for any interest in acquiring the completed VFDs. These contacts included utilities with existing or potential AP1000 nuclear power plant projects and the Original Equipment Manufacturer. None of these entities expressed an interest in acquiring the VFDs. DEF also offered the VFDs for sale on RAPID, a utility industry parts sales website, and held a bid event on February 15, 2015 for the VFDs utilizing Power Advocate bidding/sourcing software to further canvas the market. None of these efforts were successful.

However, while pursing external options for dispositioning the VFDs, DEF also continued working to identify an internal transfer or sale option that could benefit DEF's customers. Ultimately, DEF determined that the VFDs could be repurposed for use at Crystal River Units 4 & 5. This option was selected as it presented the best available option for DEF's customers, as explained further in Exhibit No. __ (CMF-1).

Q. To summarize, were all of the wind-down costs that the Company incurred in 2015 for the LNP reasonable and prudent?

A. Pursuant to the terms of the stipulation approved by the Commission in last year's NCRC docket, DEF will not seek a prudence determination related to these costs until May 1, 2017; the LNP costs discussed herein are provided for informational purposes only. However, the specific costs for the LNP contained in the 2015 Detail schedules, which are attached as exhibits to Mr. Foster's testimony, reflect the reasonable and prudent wind-down costs DEF incurred for LNP work in 2015.

DEF took reasonable steps in 2015 to minimize the LNP work and wind-down costs.

Q. What is the status of DEF's lawsuit with WEC?

A. On February 16, 2016, the court issued an order modifying the case schedule. Discovery is ongoing and is now scheduled to end on June 10, 2016, affirmative and rebuttal expert reports are due April 8, and May 6, respectively, and dispositive motions are due on July 11, 2016. The Court ordered the case to be ready for trial on September 19, 2016.

IV. LNP COMBINED OPERATING LICENSE APPLICATION UPDATE.

Q. Can you summarize the Combined Operating License Application process?

A. Yes. There are three parts to the NRC Combined Operating License Application ("COLA") review process. All three parts must be complete before the NRC will issue a COL. The three parts of the NRC COLA review process are: (1) the environmental review process; (2) the safety review process; and (3) the formal hearing process. DEF also must obtain environmental permits for the LNP COL.

Q. What is the status of the LNP NRC COLA review process?

A. The environmental review for the LNP COLA was complete when DEF received the LNP final environmental impact statement ("FEIS") on April 27, 2012. The remaining two parts of the NRC COLA review process for the LNP are incomplete.

All site-specific issues for the LNP COLA have been resolved, however the Final Safety Evaluation Report ("FSER") for the LNP COL has not been issued. The Advanced Safety Evaluation Report ("ASER") for the LNP COLA was initially completed with no open items, however, significant subsequent design changes due to WEC design errors were identified by WEC that now require revisions to the ASER to incorporate these design changes before NRC review can be finalized. This work must be completed before NRC review and issuance of the FSER for the LNP COL. Resolution of these design changes are now the critical path items to completion of the NRC review and issuance of the LNP COL. DEF currently projects to receive the ASER in March 2016, the FSER in June 2016, and the COL in or around October 2016.

Q. What is the status of the formal hearing process for the LNP COLA?

A. One part of the two-part formal hearing process for the LNP COLA was completed in March 2013 when the NRC Atomic Safety Licensing Board ("ASLB") issued its ruling on the remaining contested contention to the LNP COLA regarding the environmental impacts of dewatering and salt drift as a result of the LNP. Following an evidentiary hearing in October and November 2012, and the submission of Findings of Fact and Conclusions of Law in December 2012, the NRC ASLB unanimously resolved all issues in DEF's favor in March 2013. The ASLB concluded that the LNP FEIS complied with all legal and regulatory requirements.

The second part of the two-part formal hearing process is the LNP COLA mandatory hearing before the NRC Commissioners. DEF is currently anticipating the mandatory hearing will be held in or around August 2016, but the projection is premised on the receipt of the FSER along the projected timeline discussed above. Any delays in receiving the ASER or FSER will impact this projection as well.

Q. What is the status of the environmental permits for the LNP COL?

A. DEF continued its work with the USACE for the Section 404 permit for the Levy site in 2015. The USACE Section 404 permit allows for and regulates the construction of structures in wetlands and regulated waterways. USACE review and finalization of the proposed Wetland Mitigation Plan ("WMP"), which is needed for the Section 404 Permit, was resolved in 2015. Issuance of the Section 404 permit for the LNP occurred on December 28, 2015. While this work continued in 2015, the 2015 costs associated with this work are not included in the NCRC.

V. PROJECT MANAGEMENT, CONTRACTING, AND COST OVERSIGHT.

Q. Can you explain the Company's 2015 LNP project management, contracting, and cost control oversight policies and procedures?

A. Yes. Nuclear Development ("ND") is responsible for the LNP management. As a result, ND is responsible for the process of implementing best practices and lessons learned for the LNP and other nuclear development projects. ND has implemented or adopted policies and procedures for the management of the LNP that reflect the collective experience, knowledge, and best practices of Duke Energy and the nuclear utility industry.

Q. Are the Company's 2015 LNP project management, contracting, and cost control oversight policies and procedures reasonable and prudent?

A. Yes, they are. The LNP 2015 project management, contracting, and cost control policies and procedures are substantially the same as the collective policies and procedures that have been vetted in the annual project management audit in this docket and previously approved as prudent by the Commission. *See* Order No. PSC-09-0783-FOF-EI (Nov. 19, 2009); Order No. PSC-11-0095-FOF-EI (Feb. 2, 2011); Order No. PSC-11-0547-FOF-EI (Nov. 23, 2011); Order No. PSC-12-0650-FOF-EI (Dec. 11, 2012); Order No. PSC-14-0617-FOF-EI (Oct. 27, 2014); and Order No. PSC-15-0521-FOF-EI (Nov. 5, 2015). We believe, therefore, that the LNP project management policies and procedures are consistent with best practices for capital project management in the industry and continue to be reasonable and prudent.

Q. Has DEF implemented a process to ensure that costs related to the LNP COL are not included in the NCRC pursuant to the terms of the 2013 Settlement?

A. Yes, from a project team perspective, DEF has always segregated project costs incurred by specific project code. This did not change for 2015 and the project team continued and will continue to charge COL-related labor, NRC fees, vendor invoices and all other COL-related cost items to the applicable COL project codes. The Regulatory Accounting and Regulatory Strategy groups ensure that the COL-related project codes and associated costs incurred in 2014 and beyond are not included in the Company's NCRC Schedules, and thus not presented for nuclear cost recovery. These COL-related costs will, however, continue to be tracked for accounting purposes consistent with the 2013 Settlement Agreement.

Q. Does this conclude your testimony?

A. Yes, it does.

DUKE ENERGY

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

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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 Westinghouse[1] 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.

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[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 RAPID[2], 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/.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 150009-EI

Submitted for filing:
March 2, 2015

REDACTED

DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF ACTUAL COSTS

ON BEHALF OF
DUKE ENERGY FLORIDA, INC.

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, INC.

FPSC DOCKET NO. 150009-EI

DIRECT TESTIMONY OF THOMAS G. FOSTER

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Thomas G. Foster. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Business Services, LLC, as Director, Rates and Regulatory Planning.

Q. What are your responsibilities in that position?

A. I am responsible for regulatory planning and cost recovery for Duke Energy Florida, Inc. ("DEF"). These responsibilities include regulatory financial reports and analysis of state, federal, and local regulations and their impact on DEF. In this capacity, I am also responsible for the Levy Nuclear Project ("LNP") and the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") Project ("CR3 Uprate") Cost Recovery filings, made as part of this docket, in accordance with Rule 25-6.0423, Florida Administrative Code ("F.A.C.").

Q. Please describe your educational background and professional experience.

A. I joined Duke Energy on October 31, 2005 as a Senior Financial Analyst in the Regulatory group. In that capacity I supported the preparation of testimony and exhibits associated with various Dockets. In late 2008, I was promoted to Supervisor Regulatory Planning. In 2012, following the merger with Duke Energy Corporation ("Duke Energy"), I was promoted to my current position. Prior to working at Duke Energy I was the Supervisor in the Fixed Asset group at Eckerd Drug. In this role I was responsible for ensuring proper accounting for all fixed assets as well as various other accounting responsibilities. I have 6 years of experience related to the operation and maintenance of power plants obtained while serving in the United States Navy as a Nuclear Operator. I received a Bachelors of Science degree in Nuclear Engineering Technology from Thomas Edison State College. I received a Masters of Business Administration with a focus on finance from the University of South Florida and I am a Certified Public Accountant in the State of Florida.

II. PURPOSE OF TESTIMONY.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Florida Public Service Commission ("FPSC" or the "Commission") review and approval, the actual costs associated with DEF's LNP and CR3 Uprate project activities for the period January 2014 through December 2014. Pursuant to Rule 25-6.0423, F.A.C., DEF is presenting testimony and exhibits for the Commission's determination of prudence for actual expenditures and associated carrying costs. Additionally, I will also present the LNP and CR3

Uprate project 2014 accounting and cost oversight policies and procedures pursuant to the nuclear cost recovery statute and rule.

Q. Are you sponsoring any exhibits in support of your testimony on 2014 LNP and CR3 Uprate project costs?

A. Yes. I am sponsoring sections of the following exhibits, which were prepared under my supervision:

2014 Costs:

- Exhibit No. __ (TGF-1), reflects the actual costs associated with the LNP and consists of: 2014 True-Up Summary, 2014 Detail Schedule and Appendices A through E, which reflect DEF's retail revenue requirements for the LNP from January 2014 through December 2014; however, I will only be sponsoring the 2014 True-Up Summary, portions of the 2014 Detail Schedule, and Appendices A, B and C. Christopher Fallon will be co-sponsoring portions of the 2014 Detail Schedule and sponsoring Appendices D and E.
- Exhibit No. ___ (TGF-2), reflects the actual costs associated with the CR3 Uprate project and consists of: 2014 True-Up Summary, 2014 Detail Schedule and Appendices A through E, which reflect DEF's retail revenue requirements for the CR3 Uprate project from January 2014 through December 2014; however, I will only be sponsoring the 2014 True-Up Summary, portions of the 2014 Detail Schedule, and Appendices A, B, and C. Mark Teague will be co-sponsoring the 2014 Detail Schedule and sponsoring Appendices D and E. The 2014 Detail Schedules for the LNP and the CR3 Uprate project contain the same

calculations provided in the Nuclear Filing Requirement ("NFR") Schedules prior to project cancellation in a more concise manner.

These exhibits are true and accurate.

Q. What are the 2014 Detail Schedules and the Appendices?

A.
- Schedule 2014 Summary reflects the actual 2014 year-end revenue requirements by Cost Category for the period, and final true-up amount for the period.
- Schedule 2014 Detail reflects the actual calculations for the true-up of total retail revenue requirements for the period.
- Appendix A (CR3 Uprate) reflects beginning balance explanations and various Uprate in-service project revenue requirements.
- Appendix A (Levy) reflects beginning balance and period amortization of the Regulatory Assets.
- Appendix B reflects Other Exit/Wind Down expenditure variance explanations for the period.
- Appendix C provides support for the appropriate rate of return consistent with the provisions of Rule 25-6.0423, F.A.C.
- Appendix D describes Major Task Categories for expenditures and variance explanations for the period.
- Appendix E reflects contracts executed in excess of $1.0 million (if any).

Q. What is the source of the data that you will present in your testimony and exhibits in this proceeding?

A. The actual data is taken from the books and records of DEF. The books and records are kept in the regular course of our business in accordance with generally accepted accounting principles and practices, provisions of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC"), and any accounting rules and orders established by this Commission.

Q. What is the final true-up amount for the LNP for which DEF is requesting recovery for the period January 2014 through December 2014?

A. DEF is requesting approval of a total over-recovery amount of ($6,833,655) for the calendar period ending December 2014. This amount can be seen on Line 3 of the 2014 Summary Schedule of Exhibit No. ___ (TGF-1). Line 1 of the 2014 Summary represents current period exit and wind down costs, carrying costs on the unrecovered investment balance (including prior period (over)/under balances), and was calculated in accordance with Rule 25-6.0423, F.A.C.

Q. What is the final true-up amount for the CR3 Uprate project for which DEF is requesting recovery for the period January 2014 through December 2014?

A. DEF is requesting approval of a total over-recovery amount of ($1,070,629) for the calendar period of January 2014 through December 2014. This amount can be seen on Line 3 of the 2014 Summary of Exhibit No. ___ (TGF-2). Line 1 of the 2014 Summary represents the current period exit and wind down costs, carrying costs on the unrecovered balance including prior period (over/under) balances, as well as the revenue requirements associated with the various in-service projects, and was calculated in accordance with Rule 25-6.0423, F.A.C..

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Q. What is the carrying cost rate used in the 2014 Detail Schedule?

A. Beginning in 2013 for both the CR3 Uprate and the LNP, DEF started using the rate specified in Rule 25-6.0423(7)(b), F.A.C. The carrying cost rate used for this time period in the 2014 Detail Schedule was 7.23 percent. On a pre-tax basis, the rate is 10.29 percent. This annual rate was also adjusted to a monthly rate consistent with the Allowance For Funds Used During Construction ("AFUDC") rule, Rule 25-6.0141, Item (3), F.A.C. Support for the components of this rate is shown in Appendix C of Exhibit Nos.___(TGF-1) and (TGF-2).

III. COSTS INCURRED IN 2014 FOR THE LEVY NUCLEAR PROJECT.

Q. What are the total retail costs DEF incurred for the LNP during the period January 2014 through December 2014?

A. The total retail costs for the LNP are $23.5 million for the calendar year ended December 2014, as reflected on 2014 Detail Schedule Line 22 in Exhibit No__(TGF-1). This amount includes $10.2 million in exit/wind-down and disposition costs as can be seen on Lines 5a and 19d, and $13.3 million for the carrying costs on the unrecovered investment balance shown on Line 8d. These amounts were calculated in accordance with the provisions of Rule 25-6.0423, F.A.C.

Q. How did actual Generation expenditures for January 2014 through December 2014 compare with DEF's actual/estimated costs for 2014?

A. Appendix D (Page 2 of 2), Line 4 shows that total Generation project costs were [redacted], or [redacted] lower than estimated. By cost category, major cost

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variances between DEF's projected and actual 2014 LNP Generation project costs are as follows:

Wind-Down Costs: Expenditures for Wind-Down activities were [redacted] or [redacted] lower than estimated, as explained in the testimony of Christopher Fallon.

Disposition: Expenditures for Disposition activities were [redacted] or [redacted] lower than estimated, as explained in the testimony of Christopher Fallon.

Q. Did the Company incur Transmission expenditures for January 2014 through December 2014?

A. No.

Q. Were there any true-up adjustments that needed to be made that did not affect the total estimated revenue requirements for the Levy project?

A. Yes, there were two adjustments made in April 2014. The adjustment in the Generation section of approximately [redacted] that represents costs that were previously accrued for in prior periods, but actual payments were either not made or the actual amount paid was lower than the accrual. The adjustment in the Transmission section of [redacted] that represents costs that were previously incurred and cash paid in a prior period, without an offsetting accrual.

The amounts and offsets are shown on Line 1a & Line 2a and Line 3a & Line 4a, respectively, in the 2014 Detail Schedule in Exhibit No. __ (TGF-1).

These adjustments will not affect the revenue requirements, as it affects only the presentation of the figures in the Detail schedules.

Q. What was the source of the separation factors used in the 2014 Detail Schedule?

A. The jurisdictional separation factors are consistent with Exhibit 1 of the Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement Agreement") approved by the Commission in Order No. PSC-13-0598-FOF-EI in Docket No 130208-EI.

IV. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2014 FOR THE LEVY NUCLEAR PROJECT.

Q. How did actual Other Exit/Wind-Down expenditures for January 2014 through December 2014 compare with DEF's actual/estimated costs for 2014?

A. Appendix B, Line 5 shows that total Other Exit/Wind-down costs were $0.4 million or $7,073 lower than estimated. There were no major variances with respect to these costs.

V. COSTS INCURRED IN 2014 FOR THE CR3 UPRATE PROJECT.

Q. What are the total retail costs DEF incurred for the CR3 Uprate during the period January 2014 through December 2014?

A. The total retail costs for the CR3 Uprate are $23.5 million for the calendar year ended December 2014, as reflected on 2014 Detail Schedule Line 22 in Exhibit No.__(TGF-2). This amount includes ($0.3) million in exit/wind-down, sales & salvage of assets credits, disposition costs and other adjustments as can be seen on

Lines 2e, 16d and 19; and $23.8 million for the carrying costs on the unrecovered investment balance shown on Line 5d. These amounts were calculated in accordance with the provisions of Rule 25-6.0423, F.A.C.

Q. How did actual expenditures for January 2014 through December 2014 compare to DEF's actual/estimated costs for 2014?

A. Appendix D (Page 2 of 2), Line 4 shows that total project costs were ($0.4) million or $0.9 million lower than estimated. By cost category, major cost variances between DEF's actual/estimated and actual 2014 Generation Wind-Down and Disposition costs are as follows:

EPU Wind-Down: Expenditures for Wind-Down activities were $41,938 or $0.4 million lower than estimated, as explained in the testimony of Mark Teague.

Sales or Salvage of Assets: DEF did not project any sales, transfer or salvage proceeds in the Estimated / Actual filing in May 2014. Proceeds for sale, transfer and salvage of assets were $0.5 million as explained in the testimony of Mark Teague.

Q. Were there any true-up adjustments that needed to be made that did not affect the total estimated revenue requirements for the CR3 Uprate project?

A. Yes, there were two adjustments. There was an accounting entry made in April 2014 of approximately $2.6 million that represents costs that were previously incurred and cash paid in a prior period, without an offsetting accrual adjustment.

The other entry was made in November 2014 for approximately $0.3 million that represents costs that were previously accrued for in prior periods, but actual payments were not made or the actual amount paid was lower than the accrual.

The amounts and offsets are shown on Line 1a and Line 2a, respectively, in the 2014 Detail Schedule in Exhibit No. __ (TGF-2). These adjustments will not affect the revenue requirements, as it affects only the presentation of the figures in the Detail schedules.

Q. Has DEF billed the CR3 joint owners for their portion of the costs relative to the CR3 Uprate project and identified them in this filing?

A. Yes. Investment activity shown on the 2014 Detail Schedule, Line 1d is gross of Joint Owner Billings, but expenditures and revenues (from sale, transfer and salvage activity) have been adjusted as reflected on the 2014 Detail Schedule, Line 2b to reflect billings to Joint Owners related to the CR3 Uprate project. Due to this, no carrying cost associated with the Joint Owner portion of the CR3 Uprate project are included in the 2014 Detail Schedule. Total Joint Owner billings were $0.2 million for 2014, as seen on Line 2b.

Q. What was the source of the separation factors used in the 2014 Detail Schedule?

A. The jurisdictional separation factors are consistent with Exhibit 1 of the 2013 Settlement Agreement approved by the Commission in Order No. PSC-13-0598-FOF-EI in Docket No. 130208-EI.

VI. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2014 FOR THE CR3 UPRATE PROJECT.

Q. How did actual Other Exit/Wind-Down expenditures for January 2014 through December 2014 compare with DEF's actual/estimated costs for 2014?

A. Appendix B, Line 4 shows that total Other Exit/Wind-down costs were $229,449 or $21,558 lower than estimated. There were no major variances with respect to these costs.

VII. 2014 PROJECT ACCOUNTING AND COST CONTROL OVERSIGHT.

Q. Have the project accounting and cost oversight controls DEF used for the LNP and CR3 Uprate project in 2014 substantially changed from the controls used prior to 2014?

A. No, they have not. The project accounting and cost oversight controls that DEF utilized to ensure the proper accounting treatment for the LNP and CR3 Uprate project in 2014 have not substantively changed since 2009. In addition, these controls have been reviewed in annual financial audits by Commission Staff and were found to be reasonable and prudent by the Commission in Docket Nos. 090009-EI, 100009-EI, 110009-EI, 120009-EI, and 140009-EI.

Q. Can you please describe the project accounting and cost oversight controls process DEF has utilized for the LNP and CR3 Uprate project?

A. Yes. Starting at the initial approval stage, DEF continues to determine whether projects are capital based on the Company's Capitalization Policy and then projects are documented in PowerPlant.

The justifications and other supporting documentation are reviewed and approved by the Financial Services Manager, or delegate, based on input received from the Financial Services or Project Management Analyst to ensure that the project is properly classified as capital, eligibility for AFUDC is correct, and that disposals/retirements are identified. Supporting documentation is maintained within Financial Services or with the Project Management Analyst. Financial Services personnel, and selected other personnel (including project management analysts), access this documentation to set-up new projects in PowerPlant or make changes to existing project estimates in PowerPlant. The PowerPlant system administrators review the transfer and termination information provided by Human Resources each pay period and take appropriate action regarding access to the systems.

An analyst in Asset Accounting must review and approve each project set up before it can receive charges. All future status changes are made directly in PowerPlant by an Asset Accounting Analyst based on information received by the Financial Services Analyst or the Project Management Analyst.

Finally, to ensure that all new projects have been reviewed each month, Financial Services Management reviews a report of all projects set up during the month prior to month-end close.

The next part of the Company's project controls is project monitoring. First, there are monthly reviews of project charges by responsible operations managers and Financial Services Management for the organization. Specifically, these managers review various monthly cost and variance analysis reports for the capital budget. Variances from total budget or projections are reviewed, discrepancies are identified, and corrections made as needed. Journal entries to projects are prepared by an employee with the assigned security and are approved in accordance with the Journal Entry Policy. Accruals are made in accordance with Duke Energy policy.

The Company uses cost reports produced from accounting systems to complete these monthly reviews. Financial Services may produce various levels of reports driven by various levels of management, but all Nuclear project reporting is tied back to the total cost reporting for the Nuclear fleet, which is tied back to Legal Entity Financial Statements.

Q. Are there any other accounting and costs oversight controls that pertain to the LNP and the CR3 Uprate project?

A. Yes, the Company also has Disbursement Services Controls and Regulated Accounting Controls.

Q. Can you please describe the Company's Disbursement Services Controls?

A. Yes. First, a requisition is created in the Passport Contracts module for the purchase of services. The requisition is reviewed by the appropriate Contract Specialist in Corporate Services, or field personnel in the various Business Units, to ensure sufficient data has been provided to process the contract requisition. The Contract Specialist prepares the appropriate contract document from pre-approved contract templates in accordance with the requirements stated on the contract requisition.

The contract requisition then goes through the bidding or finalization process. Once the contract is ready to be executed, it is approved online by the appropriate levels of the approval matrix pursuant to the Approval Level Policy and a contract is created.

Contract invoices are received by the Accounts Payable Department. The invoices are validated by the project manager and payment authorizations approving payment of the contract invoices are entered and approved in the Contracts module of the Passport system.

Q. Can you please describe the Company's Regulated Accounting Controls?

A. Yes. The journal entries for deferral calculations, along with the summary sheets and the related support, are reviewed in detail and approved by the Lead Accounting Analyst and/or Director of Florida Accounting, pursuant to the Duke Energy Journal Entry policy. The detail review and approval ensures that recoverable expenses are identified, accurate, processed, and accounted for in the appropriate accounting period.

Analysis is performed monthly to compare actuals to projected (budgeted) expenses and revenues for reasonableness. If any errors are identified, they are corrected in the following month.

For balance sheet accounts established with Regulated Utilities, Florida Accounting is the responsible party and a Florida Accounting member will reconcile the account on a monthly or quarterly basis, as required by Duke Energy policy. This reconciliation will be reviewed by the Lead Accounting Analyst or Director of Florida Accounting to ensure that the balance in the account is properly stated and supported and that the reconciliations are performed regularly and exceptions are resolved on a timely basis.

The review and approval will ensure that regulatory assets or liabilities are recorded in the financial statements at the appropriate amounts and in the appropriate accounting period.

Q. How does the Company verify that the accounting and costs oversight controls you identified are effective?

A. The Company's assessment of the effectiveness of our controls is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This framework involves both internal and external audits of DEF accounting and cost oversight controls.

With respect to management's testing of internal controls over financial reporting, the Internal Controls Group within the Controller's Department facilitates the review of controls documentation and management testing. Based on this testing, management determines whether the controls are operating effectively. If any control is identified with a design deficiency or is determined to be operating ineffectively, such issues are logged and monitored for remediation by the Internal Controls Group.

With respect to external audits, Deloitte and Touche, DEF's external auditors, determined that the Company maintained effective internal control over financial reporting during 2014.

Q. Did the cancellation of the LNP and CR3 Uprate project change the Company's accounting and cost oversight control processes?

A. No. DEF continued to follow the same policies and processes as I described above to ensure prudent accounting and cost oversight for the projects as they are being closed out.

Q. Are the Company's project accounting and cost oversight controls reasonable and prudent?

A. Yes, they are. DEF's project accounting and cost oversight controls are consistent with best practices for project cost oversight and accounting controls in the industry and have been and continue to be vetted by internal and external auditors. We believe, therefore, that the accounting and cost oversight controls continue to be reasonable and prudent.

Q. What process have you implemented to ensure that 2014 costs related to the LNP Combined Operating License ("COL") are not included in the NCRC?

A. As discussed by Mr. Fallon, on a project team level DEF has always segregated project costs incurred by specific project code and this process did not change for 2014. The project team continues to charge COL-related labor, Nuclear Regulatory Commission ("NRC") fees, vendor invoices and all other COL-related cost items to the applicable COL project codes. The Florida Regulated Accounting and Rates and Regulatory Strategy groups have ensured that the COL-related project codes and associated costs incurred in 2014 and beyond were not included in the Company's NCRC Schedules, and thus not presented for nuclear cost recovery. We continue to track the COL-related costs for accounting purposes consistent with the 2013 Settlement Agreement.

Q. Does this conclude your testimony?

A. Yes, it does.

Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ___ (TGF-1)

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-1)

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

JANUARY 2014 - DECEMBER 2014
DOCKET NO. 150009-EI

Table of Contents
Levy Nuclear Units 1 & 2
January 2014 - December 2014

2014 Summary
Levy Nuclear Units 1 & 2
January 2014 - December 2014
Duke Energy Florida

Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit: (TGF- 1)

					12-Month Total
1.		Final Costs for the Period			
	a.	Carrying Cost on Unrecovered Investment		$	13,310,606
	b.	Period Exit Costs			9,816,636
	c.	Period Other Exit / Wind-down Costs and Interest			381,251
	d.	Total Period Revenue Requirement		$	23,508,493
2.		Projected Amount for the Period (Order No. PSC 14-0701-FOF-EI)		$	30,342,148
3.		Final True-Up Amount for the Period (over)/under	(Line 1d. - Line 2.)	$	(6,833,655)
4.		Amortizaton of Unrecovered Investment and Prior Period Over/Under Balances (Order No. PSC 14-0701-FOF-EI)		$	75,293,261
5.		Total Revenue Requirements for 2014	(Line 1d. + Line 4.)	$	98,801,754

REDACTED

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - Levy Nuclear Units 1 & 2
2014 Detail - Calculation of the Revenue Requirements
January 2014 through December 2014

REDACTED

Witness: T. G. Foster/C. Fallon
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ___ (TGF-1)

Line	Description		Beginning of Period Amount	Actual January 2014	Actual February 2014	Actual March 2014	Actual April 2014	Actual May 2014	Actual June 2014	Actual July 2014	Actual August 2014	Actual September 2014	Actual October 2014	Actual November 2014	Actual December 2014	Period Total	End of Period Total
1	**Uncollected Investment : Generation**																
	a Prior Period Construction Balance (b)		[redacted]														
	b Wind-Down Costs																
	c Sale or Salvage of Assets																
	d Disposition																
	e Total																
2	**Adjustments**																
	a Non-Cash Accruals (b)		[redacted]														
	b Adjusted System Generation (Line 1e Line 2a)																
	c Retail Jurisdictional Factor : Generation	92.885%															
	d Retail Uncollected Investment: Generation		[redacted]														
3	**Uncollected Investment : Transmission**																
	a Prior Period Construction Balance (b)		[redacted]														
	b Wind-Down Costs																
	c Sale or Salvage of Assets																
	d Disposition																
	e Total																
4	**Adjustments**																
	a Non-Cash Accruals (b)		[redacted]														
	d Adjusted System Transmission (Line 3e Line 4a)																
	e Retail Jurisdictional Factor : Transmission	70.203%															
	f Retail Uncollected Investment: Transmission		[redacted]														
5	**Total Uncollected Investment**																
	a Total Jurisdictional Uncollected Investment (2d 4f)		214 246 253	6 261 829	200 762	230 672	242 865	2 819 421	5 353	6 469	5 187	8 137	6 129	13 367	16 444	9 816 636	224 062 889
	b Retail Land Transferred to Land Held for Future Use (a)		(66 221 330)														(66 221 330)
	c Total Jurisdictional Uncollected Investment		148 024 923														157 841 559
6	**Carrying Cost on Unrecovered Investment Balance**																
	a Uncollected Investment: Additions for the Period (Beg Balance: Line 5c.) (a)		148 024 923	6 261 829	200 762	230 672	242 865	2 819 421	5 353	6 469	5 187	8 137	6 129	13 367	16 444	$9 816 636	157 841 559
	b Plant-in-Service (a)		1 010 952														(1 010 952)
	c Period Recovered Wind-down / Exit Costs															9 816 636	9 816 636
	d Amortization of Uncollected Investment (2010)			2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	2 435 326	29 223 910	29 223 910
	e Additional Amortization of Uncollected Investment Balance			3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	3 905 376	46 864 516	(46 864 516)
	f Prior Period Carrying Charge Unrecovered Balance (a)		24 221 851	21 816 090	19 410 330	17 004 570	14 598 809	12 193 049	9 787 289	7 381 528	4 975 768	2 570 008	164 247	(2 241 513)	(4 647 273)		(4 647 273)
	g Prior Period Carrying Charge Recovered (a)		(354 786)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)	(29 566)		0
	h Prior Period Under/(Over) Recovery (Prior Month)			0	4 701 138	(2 447 534)	(1 000 987)	(1 001 389)	1 573 222	(1 243 795)	(838 670)	(1 269 923)	(1 281 841)	(1 298 837)	(1 306 688)	(6 734 088)	(6 734 088)
	i Net Investment		$171 235 822	$171 186 514	$163 515 448	$154 786 688	$147 486 757	$142 750 787	$135 198 804	$127 644 988	$120 493 899	$112 915 790	$105 320 803	$97 718 069	$90 103 321		$88 768 093
7	Average Net Investment			$171 211 168	$166 570 635	$157 826 920	$150 520 893	$144 496 645	$138 351 696	$130 797 322	$123 646 874	$116 067 290	$108 473 308	$100 866 953	$93 250 667		
8	Return on Average Net Investment																
	a Equity Component	0.00394		674 572	656 288	621 838	593 052	569 317	545 106	515 341	487 169	457 305	427 385	397 416	367 408	6 312 197	
	b Equity Component Grossed Up For Taxes	1.62800		1 098 204	1 068 438	1 012 353	965 490	926 849	887 433	838 976	793 112	744 493	695 783	646 994	598 141	10 276 267	
	c Debt Component	0.00189		324 274	315 485	298 924	285 087	273 677	262 038	247 730	234 187	219 831	205 448	191 042	176 617	3 034 340	
	d Total Return			**1,422,478**	**1,383,923**	**1,311,277**	**1,250,577**	**1,200,526**	**1,149,471**	**1,086,706**	**1,027,299**	**964,324**	**901,231**	**838,036**	**774,758**	**13,310,606**	
9	**Revenue Requirements for the Period (Line 6a 8d)**			**7,684,308**	**1,584,685**	**1,541,950**	**1,493,442**	**4,019,947**	**1,154,824**	**1,093,174**	**1,032,486**	**972,461**	**907,360**	**851,403**	**791,202**	**23,127,243**	
10	Projected Revenue Requirements for the Period (Order No. PSC 14-0701-FOF-EI)			2 983 170	4 032 219	2 542 937	2 494 831	2 446 725	2 398 620	1 931 845	2 302 408	2 254 303	2 206 197	2 158 091	2 109 986	29 861 331	
11	Over/Under Recovery For the Period			4 701 138	(2 447 534)	(1 000 987)	(1 001 389)	1 573 222	(1 243 795)	(838 670)	(1 269 923)	(1 281 841)	(1 298 837)	(1 306 688)	(1 318 783)	(6 734 088)	
12	**Other Exit / Wind-Down**																
	a Accounting			(3 157)	13 305	14 342	6 923	10 330	4 083	12 032	5 001	3 256	3 128	2 768	2 669	$74 680	
	b Corporate Planning			9 947	7 876	7 046	7 799	4 876	6 124	4 174	4 771	579	2 130	1 539	2 882	$59 743	
	c Legal			0	29 750	31 407	18 683	20 640	21 874	26 913	21 274	25 149	19 497	19 615	38 055	$272 857	
	d Nuclear Generation			0	0	0	0	0	1 940	0	0	0	0	0	0	1 940	
	e Total Other Exit / Wind-Down Costs			6 790	50 931	52 795	33 405	35 846	34 021	43 119	31 046	28 984	24 755	23 922	43 606	$409 220	
13																	
	a 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		
	b Jurisdictional Factor (Generation)			0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885	0.92885		
14	Jurisdictional Amount			6 330	47 478	49 216	31 140	33 416	31 708	40 196	28 941	27 019	23 077	22 300	40 650	381 472	
15	Prior Period Unrecovered Balance (a)		(520 198)	(483 500)	(446 802)	(410 103)	(373 405)	(336 707)	(300 009)	(263 311)	(226 612)	(189 914)	(153 216)	(116 518)	(79 819)		
16	Prior Period Costs Recovered (a)		(440 379)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	(36 698)	
17	Prior Month Period (Over)/Under Recovery			0	(33 745)	7 400	9 133	(8 945)	(6 671)	(8 377)	111	(11 147)	(13 071)	(17 014)	(17 794)		
18	Unamortized Balance		(520 198)	(483 500)	(480 547)	(436 449)	(390 618)	(362 865)	(332 837)	(304 515)	(267 706)	(242 154)	(218 527)	(198 842)	(179 938)	(143 239)	
19	Projected Carrying Costs for the Period																
	a Balance Eligible for Interest			(498 684)	(475 157)	(430 190)	(393 397)	(364 506)	(335 332)	(302 766)	(271 584)	(246 994)	(225 337)	(206 041)	(177 962)		
	b Monthly Commercial Paper Rate			0.00%	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			(23)	(24)	(25)	(25)	(23)	(18)	(15)	(16)	(14)	(12)	(13)	(13)	(221)	
	d Total Costs and Interest (Line 14 Line 19c)			6 307	47 455	49 191	31 116	33 393	31 690	40 181	28 926	27 005	23 065	22 287	40 637	381 251	
20	Recovered (Order No. PSC 14-0701-FOF-EI)			40 052	40 055	40 058	40 061	40 064	40 067	40 070	40 072	40 075	40 078	40 081	40 084	480 817	
21	Over/Under Recovery For the Period			(33 745)	7 400	9 133	(8 945)	(6 671)	(8 377)	111	(11 147)	(13 071)	(17 014)	(17 794)	553	(99 566)	
22	**Revenue Requirements for the Period**			**7,690,614**	**1,632,139**	**1,591,141**	**1,524,558**	**4,053,340**	**1,186,514**	**1,133,355**	**1,061,411**	**999,466**	**930,425**	**873,691**	**831,838**	**23,508,493**	
23	Recovered (Order No. PSC 14-0701-FOF-EI)			3 023 222	4 072 274	2 582 995	2 534 892	2 486 789	2 438 686	1 971 915	2 342 481	2 294 378	2 246 275	2 198 172	2 150 070	30 342 148	
24	**Over/Under Recovery For the Period**			**4,667,393**	**(2,440,135)**	**(991,854)**	**(1,010,334)**	**1,566,551**	**(1,252,172)**	**(838,559)**	**(1,281,070)**	**(1,294,912)**	**(1,315,851)**	**(1,324,482)**	**(1,318,232)**	**(6,833,655)**	

Note:
(a) Please see Appendix a for Beginning Balance Support
[redacted]
This amount represents accruals for anticipated expenses that were not incurred or the payment of the actual amount was lower than the accrual.
[redacted]
This amount represents expenses incurred and cash paid in a previous period that did not have an offsetting accrual adjustment.

Levy 2014 - Beginning Balance Support Schedule Explanation

Appendix A
Witness: Thomas G. Foster
Docket 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-1)
(Page 1 of 2)

2014
Unrecovered Investment Beginning Balance for Carrying Cost Calculation
Line No.

6a. Unrecovered Investment Beginning Balance $ **148,024,923** (a-b)

		Generation	2013 Retail Separation Factor		Retail	
2013 Detail (Line 17d)	Generation	213,611,260	92.885%		$198,412,819	
2013 Detail (Line 19e)	Transmission	22,553,786	70.203%		15,833,434	
		236,165,046		(a)	**214,246,253**	Exhibit (TGF-2) Docket No. 140009-EI 2013 Detail Sheet Line 20a.

Less: **RETAIL - Real Estate Transferred to Land Held for Future Use (per 2013 Settlement)**

		System	2013 Retail Separation Factor		Retail	
2013 Detail (Line 16a)	Generation Land (accrued)	60,250,765	92.885%		$55,963,923	
2013 Detail (Line 18b)	Transmission Land (accrued)	17,636,269	70.203%		12,381,190	
		$77,887,034			$68,345,113	
Less: Non-Land in Real Estate Acquisition Line (I.e. Permitting) -- Not transferred to LHFFU as of 12/31/2013					2,123,783	
				(b)	**66,221,330**	Exhibit (TGF-2) Docket No. 140009-EI 2013 Detail Sheet Line 20b.

6b. Transfers to Plant in Service $ **1,010,952** Exhibit (TGF-2) Docket No. 140009-EI 2013 Detail Sheet Line 22.

This amount represents the amount of Levy projects that are currently in service at the updated Retail (Jurisdictionalized) rate.

	Represents Amortization to achieve 2014 Revenue Requirement	Annual Amount	Monthly Amount
6d.	Amortization of Uncollected Investment (2010)	$ 29,223,910	**$ 2,435,326**
6e.	Additional Amortization of Uncollected Investment Balance	$ 46,864,516	**$ 3,905,376**

6f. 2013 Detail (TGF-2 2014)

Line 7. Prior Period Carrying Charge Unrecovered Preconstruction Balance (Incl. 2010 Reg Asset)	$ 33,272,152
Line 15. Prior Period Preconstruction (Over)/Under Recovery	(6,711,170)
Line 24. Prior Period Carrying Charge Unrecovered Construction Balance	(464,035)
Line 31. Prior Period Construction (Over)/Under Recovery	(1,875,096)
This is the remaining amount of the 2013 Activity	**$ 24,221,851**

6g. Amortization of Prior Period Unrecovered Carrying Charge $ **(354,786)**
Amount to Amortize over 12 Months
Comes from amount in Appendix A (Page 2 of 2) ((All 2014 Collection/Refund excl. O&M))
All Items except O&M in the 2014 Collection / (Refund)

Other Exit & Wind-Down Costs
Line No.
15. Prior Period Unrecovered Costs Balance Eligible for interest $ **(520,198)**

2013 Detail (TGF-2 2014) in Docket No. 140009-EI

Line 36. Prior Period Unrecovered Balance Eligible for interest 60,748
This is the remaining amount of the 2012 Uncollected Balance.

Line 42. Prior Period (Over)/Under Recovery (580,946)
This is the remaining amount of the 2013 Activity

16. Amortization of Unrecovered Balance Eligible for interest (a) $ **(440,379)**
Sum of the amounts in Appendix A (Page 2 of 2) attached in this Exhibit, in the 2014 Collection / (Refund) for O&M

Summary of 2014 Amortization Activity (For 2014 Summary)

Prior Period (Over) / Under Recovery	(795,165)	TGF-4 2014 Projection Filing Docket No. 130009-EI (Schedule P-1) Line 6.
Additional Amortization of Uncollected Investment Balance	46,864,516	TGF-4 2014 Projection Filing Docket No. 130009-EI (Schedule P-1) Line 7.
Collection of Remaining 2010 Deferred Regulatory Asset	29,223,910	TGF-4 2014 Projection Filing Docket No. 130009-EI (Schedule P-1) Line 8.
Period Amortizaton of Unrecovered Investment and Prior Period Over/Under Balances	**75,293,261**	

Prior Period Over / (Under) Support Schedules

DEF - Levy Nuclear Units 1&2

Appendix A
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. __ (TGF - 1)
(Page 2 of 2)

	2012 True Up	Note 1 **2012 Est-Actual**	**2014 Collection/ (Refund) ***
Preconstruction Rev Req.	16,543,722	12,835,927	3,707,795
Preconstruction Carrying Cost Rev Req.	12,675,742	12,335,295	340,447
Construction Carrying Cost Rev Req.	16,269,349	16,733,385	(464,036)
Recoverable O&M Revenue Req.	988,205	927,458	60,747
DTA	19,479,375	19,479,375	0
	65,956,393	62,311,440	3,644,953

Note 1: 2012 Est-Actual amounts are per Order PSC-12-0650-FOF-EI, Docket 120009-EI, Pg 26

	2013 Est-Actual	Note 2 **2013 Projection**	**2014 Collection/ (Refund) ***
Preconstruction Rev Req.	13,514,466	17,198,302	(3,683,836)
Preconstruction Carrying Cost Rev Req.	7,833,531	7,809,647	23,884
Construction Carrying Cost Rev Req.	14,000,362	14,279,402	(279,040)
Recoverable O&M Revenue Req.	523,974	1,025,100	(501,126)
	35,872,333	40,312,451	(4,440,118)

Note 2: 2013 Projection amounts are per Order PSC-12-0650-FOF-EI, Docket 120009-EI, Pg 27

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
True-Up Filing: Other Wind-Down & Exit Expenditures Allocated or Assigned to Other Recovery Mechanisms

EXPLANATION: Provide variance explanations comparing the actual system total expenditures shown on 2014 Detail Schedule with the expenditures approved by the Commission on Est/Act Detail 2014 Schedules.

Appendix B
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-1)

COMPANY:
Duke Energy Florida

DOCKET NO.:
150009-EI

For Year Ended 12/31/2014

Line No.	Description	(A) System Estimated/Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
	Allocated or Assigned Expenditures				
1	Accounting	$112,772	$74,680	($38,092)	
2	Corporate Planning	178,521	59,743	(118,778)	
3	Legal	125,000	272,857	147,857	
4	Nuclear Generation	0	1,940	1,940	
5	Total	$416,293	$409,220	($7,073)	Minor variance from estimated amount

System Estimated / Actual taken from May 1, 2014 Filing in Docket No. 140009-EI

DUKE ENERGY FLORIDA
Average Rate of Return - Capital Structure
FPSC Adjusted Basis
December 2012

Appendix C
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-1)

	System Per Books	Specific Adjustments	Pro Rata Adjustments	System Adjusted	FPSC Adjusted Retail	Ratio	Low Point Cost Rate	Low Point Weighted Cost	Mid Point Cost Rate	Mid Point Weighted Cost	High Point Cost Rate	High Point Weighted Cost
Common Equity	$4,767,157,537	657,669,241	($813,779,810)	$4,611,046,968	$3,753,238,636	46.36%	9.50%	4.40%	10.50%	4.87%	11.50%	5.33%
Preferred Stock	33,496,700		(5,024,850)	28,471,850	23,175,138	0.29%	4.51%	0.01%	4.51%	0.01%	4.51%	0.01%
Long Term Debt - Fixed	4,491,809,896	0	(673,817,682)	3,817,992,215	3,107,718,483	38.39%	5.78%	2.22%	5.78%	2.22%	5.78%	2.22%
Short Term Debt *	232,034,133	(51,903,909)	(27,021,386)	153,108,838	124,625,494	1.54%	0.60%	0.01%	0.60%	0.01%	0.60%	0.01%
Customer Deposits												
Active	214,453,652		(32,170,253)	182,283,398	182,283,398	2.25%	5.36%	0.12%	5.36%	0.12%	5.36%	0.12%
Inactive	1,280,766		(192,128)	1,088,638	1,088,638	0.01%						
Investment Tax Credit												
Post '70 Total	3,450,862		(517,665)	2,933,197								
Equity **					1,309,719	0.02%	9.58%	0.00%	10.59%	0.00%	11.59%	0.00%
Debt **					1,077,805	0.01%	5.85%	0.00%	5.85%	0.00%	5.85%	0.00%
	1,365,618,849	155,326,427	(228,157,434)	1,292,787,842	1,052,286,240	13.00%						
FAS 109 DIT - Net	(218,650,949)		32,799,891	(185,851,058)	(151,276,570)	-1.87%						
Total	**$10,890,651,446**	**$761,091,759**	**($1,747,881,316)**	**$9,903,861,889**	**$8,095,526,982**	**100.00%**		**6.76%**		**7.23%**		**7.69%**

Equity	4.88%
Debt	2.35%
Total	7.23%

* Daily Weighted Average
**Cost Rates Calculated Per IRS Ruling

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
Estimated / Actual 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
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF - 1)
(Page 1 of 2)

COMPANY:
Duke Energy Florida

DOCKET NO.:
150009-EI

For Year Ended 12/31/2014

Line No.	Major Task & Description for amounts on 2014 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

REDACTED

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

Appendix D
Witness: C. Fallon
Docket No. 150009-EI
Duke Energy Florida
Exhibit: (TGF - 1)
(Page 2 of 2)

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2014 Detail Schedule with the expenditures approved by the Commission on Est/Actual Detail 2014. List the Generation expenses separate from Transmission in the same order appearing on 2014 Detail Schedule.

COMPANY:
Duke Energy - FL

DOCKET NO.:
150009-EI

For Year Ended 12/31/2014

Line No.	Major Task & Description for amounts on Schedule	(A) System Estimated/Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
	Generation:				
1	Wind-Down Costs (a)	[redacted]			Variance primarily relates to storage costs for Levy long-lead equipment that were not incurred because of the disposition of the Levy assets.
2	Sale or Salvage of Assets				
3	Disposition				Variance primarily relates to an estimated maximum LLE purchase order termination cost that was originally reasonably anticipated in 2014, but ultimately was not due or paid in 2014
4	Total Generation Costs				
	Transmission:				
1	Wind-Down Costs (b)	[redacted]			
2	Sale or Salvage of Assets				
3	Disposition				
4	Total Transmission Costs				

Note:
[redacted]
This amount represents accruals for expenses that were not and will not be paid.

[redacted]
This amount represents expenses incurred and cash paid in a previous period that did not have an offsetting accrual adjustment.

System Estimated / Actual taken from May 1, 2014 Filing in Docket No. 140009-EI

REDACTED

LEVY COUNTY NUCLEAR 1 & 2
True-Up 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

DOCKET NO.: 150009-EI

Appendix E
W tness: C. Fallon
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ___ (TGF - 1)
For Year Ended 12/31/2014

	(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 (2013)	Actual Expended in 2014	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	[redacted]				Note	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	[redacted]		Note	Carlton Fields Jorden 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 are unknown at this time.

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

Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF-2)

SCHEDULE APPENDIX

EXHIBIT (TGF-2)

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

JANUARY 2014 - DECEMBER 2014
DOCKET NO. 150009-EI

Table of Contents
Crystal River Unit 3 Uprate
January 2014 - December 2014

2014 Summary
CR3 Uprate
January 2014 - December 2014
Duke Energy Florida

Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF- 2)

				12-Month Total
1.	Final Costs for the Period			
	a. Carrying Cost on Unrecovered Investment		$	23,797,280
	b. Period Exit Costs (including Sale of Assets)		$	(488,483)
	c. Period Other Exit / Wind-down Costs and Interest		$	196,407
	d. Other - Adjustments		$	(3,699)
	e. Total Period Revenue Requirement		$	23,501,504
2.	Projected Amount for the Period (Order No. PSC 13-0493-FOF-EI)		$	24,572,133
3.	Final True-Up Amount for the Period (over)/under	(Line 1e. - Line 2.)	$	(1,070,629)
4.	Amortizaton of Unrecovered Investment and Prior Period Over/Under Balances (Order No. PSC 13-0493-FOF-EI)		$	44,019,016
5.	Total Revenue Requirements for 2014	(Line 1e. + Line 4.)	$	67,520,520

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2014 Detail - Calculation of the Revenue Requirements
January 2014 through December 2014

Witness: T.G. Foster / M. Teague
Docket No. 150009-EI
Duke Energy Florida
Exhibit: (TGF- 2)

Line	Description		Beginning of Period Amount	Actual January 14	Actual February 14	Actual March 14	Actual April 14	Actual May 14	Actual June 14	Actual July 14	Actual August 14	Actual September 14	Actual October 14	Actual November 14	Actual December 14	Period Total
1	**Uncollected Investment**															
	a EPU Construction & Wind-Down Costs (c)		374,171,055	2,058	13,839	6,323	2,612,188	1,475	1,367	536	2,426	1,384	2,330	(309,418)	715	2,335,223
	b Sale or Salvage of Assets		0	0	(5,075)	0	(76,883)	(309,000)	(62,900)	0	0	0	0	0	0	(453,858)
	c Disposition		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Total		374,171,055	2,058	8,764	6,323	2,535,305	(307,525)	(61,533)	536	2,426	1,384	2,330	(309,418)	715	$1,881,365
2	**Adjustments**															
	a Non-Cash Accruals (c)		2,293,285	0	0	0	(2,605,445)	0	0	0	0	0	0	312,160	0	($2,293,285)
	b Joint Owner Credit		(29,950,263)	746	(658)	(582)	(210,910)	(16,793)	47,178	(44)	(35)	(227)	(277)	22,189	(59)	(159,472)
	c Other (b)		(28,108,647)	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Adjusted System Generation Construction Cost Additions		318,405,430	2,804	8,106	5,741	(281,050)	(324,318)	(14,355)	492	2,391	1,157	2,053	24,931	656	($571,392)
	Retail Jurisdictional Factor Current Year Activity	92.885%														
	Retail Jurisdictional Factor (Beg Bal YE 2012 only and POD Sale)	91.683%														
	e Period Project Investment			2,604	7,529	5,333	(261,053)	(258,989)	(13,334)	457	2,221	1,075	1,907	23,157	609	($488,483)
	f Beginning Balance - pre 2013 Investment		279,911,057													
	g Beginning Balance - 2013 Investment		12,170,084													
3	**Carrying Cost on Unrecovered Investment Balance**															
	a Uncollected Investment Costs for the Period (Beg Balance Line 2.f and 2.g)		292,081,140	2,604	7,529	5,333	(261,053)	(258,989)	(13,334)	457	2,221	1,075	1,907	23,157	609	291,592,657
	b Plant-in-Service (Beg Bal YE 2013) (a)		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	(488,483)
	d Amortization of Unrecovered Investment (a)		0	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(3,683,571)	(44,202,846)
	e Prior Period Carrying Charge Unrecovered Balance (a)		(1,289,590)	(1,207,159)	(1,124,727)	(1,042,296)	(959,865)	(877,434)	(795,002)	(712,571)	(630,140)	(547,709)	(465,277)	(382,846)	(300,415)	(300,415)
	f Prior Period Carrying Charge Recovered (a)			(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	(82,431)	
	g Prior Period Under/(Over) Recovery (Prior Month)				(24,237)	(19,637)	(22,152)	(289,973)	(290,453)	(46,333)	(33,014)	(31,662)	(33,220)	(32,805)	(11,882)	(870,135)
	h Net Investment		$260,796,454	$257,197,920	$253,577,468	$249,954,494	$246,064,817	$242,175,770	$238,529,832	$234,896,151	$231,263,761	$227,629,814	$223,996,287	$220,383,594	$216,748,025	$216,712,648
4	Average Net Investment			$258,997,187	$255,374,273	$251,752,398	$247,995,914	$244,105,834	$240,337,069	$236,696,492	$233,063,220	$229,429,846	$225,795,903	$222,172,585	$218,548,290	
5	Return on Average Net Investment															
	a Equity Component	0.00394		1,020,449	1,006,175	991,904	977,104	961,777	946,928	932,584	918,269	903,954	889,636	875,360	861,080	11,285,220
	b Equity Component Grossed Up For Taxes	1.62800		1,661,293	1,638,055	1,614,821	1,590,727	1,565,775	1,541,600	1,518,248	1,494,943	1,471,639	1,448,329	1,425,088	1,401,840	
	c Debt Component	0.00189		490,541	483,679	476,819	469,704	462,336	455,198	448,303	441,422	434,540	427,657	420,795	413,930	5,424,924
	d Total Return			2,151,834	2,121,734	2,091,640	2,060,431	2,028,111	1,996,798	1,966,551	1,936,365	1,906,179	1,875,986	1,845,883	1,815,770	23,797,280
6	Revenue Requirements for the Period (Lines 3a + 5d)			$2,154,438	$2,129,263	$2,096,973	$1,799,378	$1,769,122	$1,983,465	$1,967,008	$1,938,586	$1,907,253	$1,877,893	$1,869,040	$1,816,379	$23,308,797
7	Projected Revenue Requirements for the Period (Order No. PSC 13-0493-FOF-EI)			$2,178,675	$2,148,900	$2,119,125	$2,089,350	$2,059,575	$2,029,798	$2,000,023	$1,970,248	$1,940,473	$1,910,697	$1,880,921	$1,851,146	$24,178,932
8	Over/Under Recovery For the Period			($24,237)	($19,637)	($22,152)	($289,973)	($290,453)	($46,333)	($33,014)	($31,662)	($33,220)	($32,805)	($11,882)	($34,767)	($870,135)
9	**Other Exit / Wind-Down**															
	a Accounting			3,157	6,133	16,597	4,668	10,330	4,083	12,032	5,001	3,256	3,128	2,768	2,669	73,822
	b Corporate Planning			10,489	7,498	8,648	7,971	4,550	6,527	4,404	2,770	395	405	340	2,624	56,621
	c Legal			975	10,711	15,454	14,506	11,256	16,651	12,989	12,411	2,423	334	0	1,296	99,006
	d Joint Owner Credit			(1,202)	(2,001)	(3,345)	(2,231)	(2,148)	(2,241)	(2,419)	(1,659)	(499)	(318)	(255)	(542)	(18,859)
	e Total Other Exit / Wind-Down Costs			13,419	22,341	37,354	24,914	23,988	25,020	27,006	18,523	5,575	3,549	2,853	6,047	210,590
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			12,510	20,827	34,822	23,225	22,362	23,324	25,176	17,267	5,197	3,309	2,659	5,637	196,314
12	Prior Period Unrecovered Balance (a)		661,239	587,445	513,652	439,858	366,065	292,271	218,478	144,684	70,891	(2,903)	(76,696)	(150,490)	(224,283)	
13	Prior Period Costs Recovered (a)			73,794	73,794	73,794	73,794	73,794	73,794	73,794	73,794	73,794	73,794	73,794	73,794	
14	Prior Month Period (Over)/Under Recovery			0	(20,560)	(12,241)	1,758	(9,837)	(10,701)	(9,741)	(7,891)	(15,798)	(27,870)	(29,760)	(30,412)	
15	Unamortized Balance		661,239	587,445	493,092	407,058	335,022	251,392	166,897	83,363	1,679	(87,913)	(189,577)	(293,130)	(397,336)	
16	Carrying Costs for the Period															
	a Balance Eligible for Interest			630,597	540,402	461,365	383,532	299,470	215,456	132,847	47,209	(48,418)	(151,026)	(254,904)	(357,620)	
	b Monthly Commercial Paper Rate			0.00%	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			29	27	27	24	19	12	7	3	(3)	(8)	(16)	(27)	93
	d Total Costs and Interest (Line 11 + Line 16c)			12,538	20,854	34,848	23,249	22,380	23,336	25,182	17,270	5,194	3,300	2,643	5,611	196,407
17	Recovered (Order No. PSC 13-0493-FOF-EI)			33,099	33,094	33,090	33,086	33,081	33,077	33,073	33,069	33,064	33,060	33,056	33,051	396,900
18	Over/Under Recovery For the Period			(20,560)	(12,241)	1,758	(9,837)	(10,701)	(9,741)	(7,891)	(15,798)	(27,870)	(29,760)	(30,412)	(27,441)	(200,493)
19	Other - Adjustments (a)		(80,177)	(608)	(555)	(502)	(448)	(393)	(339)	(283)	(228)	(171)	(115)	(58)	0	(3,699)
20	Recovered (Order No. PSC 13-0493-FOF-EI)			(608)	(555)	(502)	(448)	(393)	(339)	(283)	(228)	(171)	(115)	(58)	(0)	(3,699)
21	Over/Under Recovery For the Period			0	0	0	0	0	0	0	0	0	0	0	0	0
22	**Revenue Requirements for the Period**			**2,166,369**	**2,149,561**	**2,131,320**	**1,822,179**	**1,791,109**	**2,006,462**	**1,991,907**	**1,955,629**	**1,912,276**	**1,881,078**	**1,871,625**	**1,821,989**	**23,501,504**
23	Recovered (Order No. PSC 13-0493-FOF-EI)			2,211,166	2,181,439	2,151,713	2,121,988	2,092,263	2,062,537	2,032,812	2,003,089	1,973,366	1,943,643	1,913,919	1,884,197	24,572,133
24	**Over/Under Recovery For the Period**			**(44,798)**	**(31,878)**	**(20,393)**	**(299,810)**	**(301,155)**	**(56,075)**	**(40,905)**	**(47,460)**	**(61,090)**	**(62,564)**	**(42,294)**	**(62,209)**	**(1,070,629)**

(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.
(c) Approximately $2.6M accounting adjustment to correct schedule presentation line in Line.1a and 2a in April 2014.
This amount represents expenses incurred and cash paid in a previous period that did not have an offsetting accrual adjustment.
(c) Approximately $312K accounting adjustment to correct schedule presentation line in Line.1a and 2a in Nov 2014.
This amount represents accruals for anticipated expenses that were not incurred or the payment of the actual amount was lower than the accrual.

DEF - CR3 Uprate

Appendix A
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit (TGF-2)
(Page 1 of 3)

2014 Over/Under Recovery Beginning Balance

Line.				
3b	**Transferred to Plant In-service**		**$ 29,995,096**	
	EB from TGF-3_2013 Detail (filed March 2014) Line 3b			
3e	**Unrecovered Balance Carrying Cost**		**$ (1,289,590)**	
	Prior Period	2,251,684	Exhibit TGF-3 (2014)	Line 3d. Prior Period Carrying Charge Unrecovered Balance
	Current Period	(3,549,147)	Exhibit TGF-3 (2014)	Line 7 (Over)/Under for the Period
	Current Period	7,873	Exhibit TGF-3 (2014)	Appendix A (3 of 3) Line 11 = adjustment for DTA calculation
	Total	(1,289,590)		
3f	**Prior Period Carrying Charge Recovered**		(82,431)	Monthly Amount to Amortize per Order PSC-13-0493-FOF-EI TGF-6 Docket No. 130009-EI 2014 Detail Line 7.
	Other Exit / Wind-Down			
12	Prior Period Unrecovered Balance		**$ 661,239**	
	Prior Period	431,957	Exhibit TGF-3 (2014)	Line 11 Prior Period Unrecovered Balance
	Current Period	229,282	Exhibit TGF-3 (2014)	Line 17 (Over)/Under for the Period
	Total	661,239		
13	**Prior Period Costs Recovered**		73,794	Monthly Amount to Amortize per Order PSC-13-0493-FOF-EI TGF-6 Docket No. 130009-EI 2014 Detail Line 17.

Annual Amortization Calculation of the Uncollected Investment Balance

	TGF-6 Filed May 1, 2013	
1	Estimated 2013 EB Unrecovered Investment	265,009,070
2	Estimated 2014 Additions	208,008
3	Estimated 2014 EB Investment prior to Amortize (2014 through 2019)	265,217,078
4	Annual Amortization - 2014	44,202,846

Summary of 2014 Amortization Activity (For 2014 Summary)

Amortization of Unrecovered Balance	44,202,846	Exhibit TGF-6 Docket 130009-EI (2014 Revenue Requirement Summary) Line (1.)
Prior Period Over/Under Recoveries	(183,830)	Exhibit TGF-6 Docket 130009-EI (2014 Revenue Requirement Summary) Line (5.)
Period Amortizaton of Unrecovered Investment and Prior Period Over/Under Balances	44,019,016	

Prior Period Over / (Under) Support Schedules

DEF - CR3 Uprate

Appendix A
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. __ (TGF - 2)
(Page 2 of 3)

		2012 True Up	Note 1 2012 Est-Actual	2014 Collection/ (Refund)
1	Construction Carrying Cost Rev Req.	20,403,400	18,254,142	2,149,258
2	Recoverable O&M Revenue Req.	432,585	130	432,456
3	DTA	802,415	787,279	15,136
4	In-service Rev Reqs/Base Refund	(3,242,310)	(3,242,310)	0
5	Total Revenue Requirement	18,396,090	15,799,241	2,596,849

Note 1: 2012 Est-Actual amounts are per Order PSC-12-0650-FOF-EI, Docket 120009-EI, Pg 39

		2013 Est-Actual	Note 2 2013 Projection	2014 Collection/ (Refund)
6	Construction Carrying Cost Rev Req.	27,111,962	28,401,158	(1,289,196)
7	Recoverable O&M Revenue Req.	453,738	173	453,565
8	DTA	-	1,951,664	(1,951,664)
9	In-service Rev Reqs/Base Refund	(6,946)	(3,587)	(3,358)
10	Total Revenue Requirement	27,558,755	30,349,407	(2,790,653)

Note 2: 2013 Projection amounts are per Order PSC-12-0650-FOF-EI, Docket 120009-EI, Pg 40

DEF CR3 Uprate
In Service Project Revenue Requirements 2014 Recovery

Appendix A
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF - 2)
(Page 3 of 3)

	Beg Balance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1 In-service Project Revenue Requirements														
2 Projected In-service Project Revenue Requirements	(26,686)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(2,224)	(26,686)
3 Prior Years In-service Project Revenue Requirements	(57,190)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(4,766)	(57,190)
4 Under/(Over) Recovery		($73,188)	($66,198)	($59,208)	($52,219)	($45,229)	($38,239)	($31,250)	($24,260)	($17,270)	($10,281)	($3,291)	$3,699	
														($83,876)
5 Cumulative Under/(Over) Recovery	($80,177)	($73,188)	($66,806)	($60,371)	($53,883)	($47,341)	($40,745)	($34,094)	($27,387)	($20,625)	($13,807)	($6,932)	$0	
6 Return on Average Under/(Over) Recovery (c)														
7 Equity Component (a)	0.00394	(288)	(263)	(238)	(212)	(187)	(161)	(134)	(108)	(81)	(54)	(27)	0	($1,754)
8 Equity Component grossed up for taxes (b)	1.62800	(469)	(429)	(387)	(346)	(304)	(261)	(219)	(176)	(132)	(89)	(44)	0	(2,856)
9 Debt Component	0.001894	(139)	(127)	(114)	(102)	(90)	(77)	(65)	(52)	(39)	(26)	(13)	0	(843)
10 Total Return on Under/(Over) Recovery (2014 Detail Line 19)		($608)	($555)	($502)	($448)	($393)	($339)	($283)	($228)	($171)	($115)	($58)	$0	($3,699)
11 Amortization of Beginning Balance		($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($6,681)	($80,177)
		($7,290)	($7,236)	($7,183)	($7,129)	($7,075)	($7,020)	($6,965)	($6,909)	($6,853)	($6,796)	($6,739)	($6,681)	($83,876)
		($608)	($555)	($502)	($448)	($393)	($339)	($283)	($228)	($171)	($115)	($58)	($0)	($3,699)

Notes:
(a) The monthly Equity Component of 4.87% 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 0.00394 (Equity) and 0.001894 (Debt), which results in the annual rate of 7.23%.

2014 Revenue Requirements	($83,876)
Less: Annual Return	$3,699
2014 Beginning Balance	($80,177)

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 2014 Detail Schedule with the expenditures approved by the Commission on Est/Act Detail 2014 Schedules.

Appendix B
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit: (TGF - 2)

COMPANY:
Duke Energy Florida

DOCKET NO.:
150009-EI

For Year Ended 12/31/2014

Line No.	Description	(A) System Estimated/Actual	(B) System True-Up	(C) Variance Amount	(D) Explanation
	Allocated or Assigned Other Exit / Wind-Down Expenditures				
1	Accounting	$93,570	$73,822	($19,748)	
2	Corporate Planning	82,437	56,621	(25,816)	
3	Legal	75,000	99,006	24,006	
4	Total	$251,007	$229,449	($21,558)	Minor variance from estimated amount.

Note:
System Estimated/Actual from May 1, 2014 Filing in Docket No. 140009-EI.

DUKE ENERGY FLORIDA
Average Rate of Return - Capital Structure
FPSC Adjusted Basis
December 2012

Appendix C
Witness: Thomas G. Foster
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ___ (TGF - 2)

	System Per Books	Specific Adjustments	Pro Rata Adjustments	System Adjusted	FPSC Adjusted Retail	Ratio	Low Point Cost Rate	Low Point Weighted Cost	Mid Point Cost Rate	Mid Point Weighted Cost	High Point Cost Rate	High Point Weighted Cost
Common Equity	$4,767,157,537	657,669,241	($813,779,810)	$4,611,046,968	$3,753,238,636	46.36%	9.50%	4.40%	10.50%	4.87%	11.50%	5.33%
Preferred Stock	33,496,700		(5,024,850)	28,471,850	23,175,138	0.29%	4.51%	0.01%	4.51%	0.01%	4.51%	0.01%
Long Term Debt - Fixed	4,491,809,896	0	(673,817,682)	3,817,992,215	3,107,718,483	38.39%	5.78%	2.22%	5.78%	2.22%	5.78%	2.22%
Short Term Debt *	232,034,133	(51,903,909)	(27,021,386)	153,108,838	124,625,494	1.54%	0.60%	0.01%	0.60%	0.01%	0.60%	0.01%
Customer Deposits												
Active	214,453,652		(32,170,253)	182,283,398	182,283,398	2.25%	5.36%	0.12%	5.36%	0.12%	5.36%	0.12%
Inactive	1,280,766		(192,128)	1,088,638	1,088,638	0.01%						
Investment Tax Credit												
Post '70 Total	3,450,862		(517,665)	2,933,197								
Equity **					1,309,719	0.02%	9.58%	0.00%	10.59%	0.00%	11.59%	0.00%
Debt **					1,077,805	0.01%	5.85%	0.00%	5.85%	0.00%	5.85%	0.00%
Deferred Income Taxes	1,365,618,849	155,326,427	(228,157,434)	1,292,787,842	1,052,286,240	13.00%						
FAS 109 DIT - Net	(218,650,949)		32,799,891	(185,851,058)	(151,276,570)	-1.87%						
Total	**$10,890,651,446**	**$761,091,759**	**($1,747,881,316)**	**$9,903,861,889**	**$8,095,526,982**	**100.00%**		**6.76%**		**7.23%**		**7.69%**

Equity	4.88%
Debt	2.35%
Total	7.23%

* Daily Weighted Average
**Cost Rates Calculated Per IRS Ruling

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 2014 Detail Schedule.

Appendix D
Witness: M. Teague
Docket No. 150009-EI
Duke Energy Florida
Exhibit No. ____ (TGF - 2)
(Page 1 of 2)

COMPANY:
Duke Energy Florida

DOCKET NO.:
150009-EI

For Year Ended 12/31/2014

Line No.	Major Task & Description for amounts on 2014 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 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
True-Up Filing: Construction Category - Variance in Additions and Expenditures

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2014 Detail Schedule with the expenditures approved by the Commission on Est/Actual Detail 2014. List the Generation expenses separate from Transmission in the same order appearing on 2014 Detail Schedule.

COMPANY:
Duke Energy Florida

DOCKET NO.:
150009-EI

Appendix D
Witness: M. Teague
Docket No. 150009-EI
Duke Energy Florida
Exhibit: (TGF - 2)
(Page 2 of 2)

For Year Ended 12/31/2014

Line No.	Construction Major Task & Description for amounts on 2014 Detail Schedule	(A) System Estimated /Actual	(B) System Actual	(C) Variance Amount	(D) Explanation
	Generation:				
1	EPU Wind-Down Costs (a)	$460,822	$41,938	($418,884)	This variance is primarily related to the fact that DEF over-estimated the amount of time necessary to conduct the required preventative maintenance and there was less equipment to be maintained because some of the EPU equipment was sold in the middle of 2014.
2	Sale or Salvage of Assets	0	(453,858)	($453,858)	This variance is explained by inclusion of the NCRC portion of proceeds from the sale, transfer and salvage of EPU-related assets in 2014 in this filing. The proceeds were previously not known and thus not estimated for or included in the 2014 estimated/actual filing.
3	Disposition	0	0	0	
4	Total Generation Costs	$460,822	($411,920)	($872,742)	
	Transmission:				
	N/A				

Note:
(a):Approximately $2.6M adjustment to correct schedule presentation line in 2014 Detail Line. 1a and 2a in April 2014 (no impact on revenue requirement).
This amount represents expenses incurred and cash paid in a previous period that did not have an offsetting accrual adjustment.
Approximately ($312K) accounting adjustment to correct schedule presentation line in Line.1a and 2a in Nov 2014 (no impact on revenue requirement).
This amount represents accruals for anticipated expenses that were not incurred or the payment of the actual amount was lower than the accrual.

System Estimated / Actual from May 1, 2014 Filing in Docket No. 140009-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. 150009-EI Duke Energy Florida Exhibit No. ____ (TGF - 2)
COMPANY: Duke Energy Florida			
DOCKET NO.: 150009-EI			For Year Ended 12/31/2014

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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 160009-EI

Submitted for filing:
March 1, 2016

REDACTED

DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF ACTUAL COSTS

ON BEHALF OF
DUKE ENERGY FLORIDA, LLC

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC

FPSC DOCKET NO. 160009-EI

DIRECT TESTIMONY OF THOMAS G. FOSTER

I. INTRODUCTION AND QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Thomas G. Foster. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

Q. By whom are you employed and in what capacity?

A. I am employed by Duke Energy Florida, LLC, as Director, Rates and Regulatory Planning.

Q. What are your responsibilities in that position?

A. I am responsible for regulatory planning and cost recovery for Duke Energy Florida, LLC ("DEF"). These responsibilities include regulatory financial reports and analysis of state, federal, and local regulations and their impact on DEF. In this capacity, I am also responsible for the Levy Nuclear Project ("LNP") and the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") Project ("CR3 Uprate") Cost Recovery filings made as part of this docket in accordance with Rule 25-6.0423, Florida Administrative Code ("F.A.C.").

Q. Please describe your educational background and professional experience.

A. I joined the Company on October 31, 2005 as a Senior Financial Analyst in the Regulatory group. In that capacity I supported the preparation of testimony and exhibits associated with various Dockets. In late 2008, I was promoted to Supervisor Regulatory Planning. In 2012, following the merger with Duke Energy Corporation ("Duke Energy"), I was promoted to my current position. Prior to working at Duke Energy I was the Supervisor in the Fixed Asset group at Eckerd Drug. In this role I was responsible for ensuring proper accounting for all fixed assets as well as various other accounting responsibilities. I have 6 years of experience related to the operation and maintenance of power plants obtained while serving in the United States Navy as a Nuclear Operator. I received a Bachelor of Science degree in Nuclear Engineering Technology from Thomas Edison State College. I received a Masters of Business Administration with a focus on finance from the University of South Florida and I am a Certified Public Accountant in the State of Florida.

II. PURPOSE OF TESTIMONY.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Florida Public Service Commission ("FPSC" or the "Commission") review and approval of CR3 Uprate project activities for the period January 2015 through December 2015. Pursuant to Rule 25-6.0423, F.A.C., DEF is presenting testimony and exhibits for the Commission's determination of prudence for actual expenditures and associated carrying costs for the CR3 Uprate project. I will also present the LNP and CR3 Uprate project 2015 accounting and cost oversight policies and procedures pursuant to the nuclear cost recovery statute and rule. Additionally, I present the actual costs associated with DEF's LNP for the period January 2015 through December 2015. Pursuant to the terms of the Stipulation approved by this Commission in Order No. PSC-15-0521-FOF-EI, DEF is not seeking a prudence determination for its 2015 LNP costs in this proceeding; rather the 2015 LNP costs are being provided for informational purposes only.

Q. Are you sponsoring any exhibits in support of your testimony on the 2015 LNP and CR3 Uprate project costs?

A. Yes. I am sponsoring sections of the following exhibits, which were prepared under my supervision:

<u>2015 Costs:</u>

- Exhibit No. __ (TGF-1), reflects the actual costs associated with the LNP and consists of: 2015 True-Up Summary, 2015 Detail Schedule and Appendices A through E, which reflect DEF's retail revenue requirements for the LNP from January 2015 through December 2015; however, I will only be sponsoring the 2015 True-Up Summary, portions of the 2015 Detail Schedule, and Appendices A, B and C. Christopher Fallon will be co-sponsoring portions of the 2015 Detail Schedule and sponsoring Appendices D and E.
- Exhibit No. ___ (TGF-2), reflects the actual costs associated with the CR3 Uprate project and consists of: 2015 True-Up Summary, 2015 Detail Schedule and Appendices A through E, which reflect DEF's retail revenue requirements for the CR3 Uprate project from January 2015 through December 2015; however, I will

only be sponsoring the 2015 True-Up Summary, portions of the 2015 Detail Schedule, and Appendices A, B, and C. Mark Teague will be co-sponsoring the 2015 Detail Schedule and sponsoring Appendices D and E.

The 2015 Detail Schedules for the LNP and the CR3 Uprate project contain the same calculations provided in the Nuclear Filing Requirement ("NFR") Schedules prior to project cancellation in a more concise manner. The Company relies on the information included in the testimony in the conduct of its affairs.

These exhibits are true and accurate.

Q. What are the 2015 Detail Schedules and the Appendices?

A.

- Schedule 2015 Summary reflects the actual 2015 year-end revenue requirements by Cost Category for the period, and final true-up amount for the period.
- Schedule 2015 Detail reflects the actual calculations for the true-up of total retail revenue requirements for the period.
- Appendix A (CR3 Uprate) reflects beginning balance explanations, support for adjustments previously addressed in my May 1, 2015 testimony, and various CR3 Uprate in-service project revenue requirements.
- Appendix A (Levy) reflects beginning balance explanations and support for an adjustment previously addressed in my May 1, 2015 testimony.
- Appendix B reflects Other Exit/Wind Down expenditure variance explanations for the period.
- Appendix C provides support for the appropriate rate of return consistent with the provisions of Rule 25-6.0423, F.A.C.

- Appendix D describes Major Task Categories for expenditures and variance explanations for the period.
- Appendix E reflects contracts executed in excess of $1.0 million (if any).

Q. What is the source of the data that you will present in your testimony and exhibits in this proceeding?

A. The actual data is taken from the books and records of DEF. The books and records are kept in the regular course of our business in accordance with generally accepted accounting principles and practices, provisions of the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC"), and any accounting rules and orders established by this Commission.

Q. What is the final true-up amount for the LNP for the period January 2015 through December 2015?

A. The final true-up for the calendar period ending December 2015 is an over-recovery of ($733,697). This amount can be seen on Line 3 of the 2015 Summary Schedule of Exhibit No. ___ (TGF-1). Line 1 of the 2015 Summary represents current period exit and wind down costs (including the sale of Long Lead Equipment ("LLE")), carrying costs on the unrecovered investment balance (including prior period (over)/under recovery balances), as well as the revenue requirements associated with an other-adjustment previously discussed in my May 1, 2015 testimony, and was calculated in accordance with Rule 25-6.0423, F.A.C.

Q. What is the final true-up amount for the CR3 Uprate project for which DEF is requesting recovery for the period January 2015 through December 2015?

A. DEF is requesting approval of a total over-recovery amount of ($2,535,876) for the calendar period of January 2015 through December 2015. This amount can be seen on Line 3 of the 2015 Summary of Exhibit No. **___** (TGF-2). Line 1 of the 2015 Summary represents the current period exit and wind down costs (including the sale of EPU assets), carrying costs on the unrecovered balance including prior period (over)/under recovery balances, as well as the revenue requirements associated with the other-adjustments which were previously discussed in my May 1, 2015 testimony, and various in-service projects, and was calculated in accordance with Rule 25-6.0423, F.A.C..

Q. What is the carrying cost rate used in the 2015 Detail Schedule?

A. For both the CR3 Uprate and the LNP, DEF is using the rate specified in Rule 25-6.0423(7)(b), F.A.C. The carrying cost rate used for this time period in the 2015 Detail Schedule was 6.95 percent. On a pre-tax basis, the rate is 10.08 percent. This annual rate was also adjusted to a monthly rate consistent with the Allowance For Funds Used During Construction ("AFUDC") rule, Rule 25-6.0141(3), F.A.C. Support for the components of this rate is shown in Appendix C of Exhibit Nos.**___**(TGF-1) and (TGF-2).

Q. Has DEF changed how it is applying the carrying cost rate under Rule 25 6.0423(7)(b) since 2014?

A. Yes, as described in my May 1, 2015 testimony, DEF has updated the rate annually based on the prior year December surveillance report. Consequently, DEF has applied this methodology and included an adjustment on the LNP 2015 Revenue Requirement Detail Schedule and on the CR3 Uprate 2015 Revenue Requirement Detail Schedule to recognize the impact of this change on reported 2014 carrying costs. This change reduces the carrying costs in 2015.

III. COSTS INCURRED IN 2015 FOR THE LEVY NUCLEAR PROJECT.

Q. What are the total retail costs DEF incurred for the LNP during the period January 2015 through December 2015?

A. The total retail costs for the LNP are $1.8 million for the calendar year ended December 2015, as reflected on 2015 Summary Schedule Line 1e in Exhibit No__(TGF-1). This amount includes ($4.2) million in exit/wind-down costs, sales of assets credits, and adjustments as can be seen on the 2015 Detail schedule on Lines 5a, 5e and 19d, and $6 million for the carrying costs on the unrecovered investment balance shown on the 2015 Detail schedule on Line 8d and on Line 4 on the 2015 Detail – LLE Deferred Balance schedule. These amounts were calculated in accordance with the provisions of Rule 25-6.0423, F.A.C.

Q. How did actual Generation expenditures for January 2015 through December 2015 compare with DEF's actual/estimated costs for 2015? **REDACTED**

A. Appendix D (Page 2 of 2), Line 4 shows that total Generation project costs were [redacted], or [redacted] lower than estimated. By cost category, major cost variances between DEF's projected and actual 2015 LNP Generation project costs are as follows: **REDACTED**

Wind-Down Costs: Expenditures for Wind-Down activities were [redacted], or [redacted] lower than estimated, as explained in the testimony of Christopher Fallon.

Sale or Salvage of Assets: Revenues for Sale of Assets activities were [redacted] or [redacted] higher than estimated, as explained in the testimony of Christopher Fallon.

Q. What was the source of the separation factors used in the 2015 Detail Schedule?

A. The jurisdictional separation factors are consistent with Exhibit 1 of the Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement Agreement") approved by the Commission in Order No. PSC-13-0598-FOF-EI in Docket No 130208-EI.

IV. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2015 FOR THE LEVY NUCLEAR PROJECT.

Q. How did actual Other Exit/Wind-Down expenditures for January 2015 through December 2015 compare with DEF's actual/estimated costs for 2015?

A. Appendix B, Line 4 shows that total Other Exit/Wind-down costs were $0.2 million or $41,749 lower than estimated. There were no major variances with respect to these costs.

V. COSTS INCURRED IN 2015 FOR THE CR3 UPRATE PROJECT.

Q. What are the total retail costs DEF incurred for the CR3 Uprate during the period January 2015 through December 2015?

A. The total retail costs for the CR3 Uprate are $17.4 million for the calendar year ended December 2015, as reflected on 2015 Summary Schedule Line 1e in Exhibit No.__(TGF-2). This amount includes ($1.6) million in exit/wind-down, sales & salvage of assets credits, and other adjustments as can be seen on the 2015 Detail schedule on Lines 2e, 2j, 16d, and 19, and $19 million for the carrying costs on the unrecovered investment balance shown on Line 5d. These amounts were calculated in accordance with the provisions of Rule 25-6.0423, F.A.C.

Q. Did you reflect any credits for the sale or other disposition efforts for the CR3 Uprate project assets that occurred in the calendar year 2014, but for which receipt of payment did not occur in 2014?

A. Yes. Settlement of the auction proceeds from the sale of EPU assets are reflected in January 2015. DEF also has reflected receipt of the final payment for the POD Cooling Tower equipment that was sold on April 30, 2014, as described in Mark Teague's March 2, 2015 testimony. Additionally, sales of some EPU assets that were originally booked as credits to the CR3 Regulatory Asset in 2014 have been corrected and the credits were applied to the CR3 Uprate project in April 2015.

Q. How did actual expenditures for January 2015 through December 2015 compare to DEF's actual/estimated costs for 2015?

A. Appendix D (Page 2 of 2), Line 4 shows that total project costs were ($1.7) million or $1.8 million lower than estimated. By cost category, major cost variances between DEF's actual/estimated and actual 2015 Generation Wind-Down and Disposition costs are as follows:

EPU Wind-Down: Expenditures for Wind-Down activities were $0.9 million or $0.6 million higher than estimated, as explained in the testimony of Mark Teague.

Sales or Salvage of Assets: Proceeds for sale, transfer and salvage of assets in 2015 were $2.6 million or $2.4 million higher than estimated as explained in the testimony of Mark Teague.

Q. Were there any true-up adjustments that needed to be made for the CR3 Uprate project?

A. Yes, as previously discussed in my May 1, 2015 testimony, there were two adjustments to be made. In 2015, DEF recognized that an incorrect calculation was made regarding the joint owner credit related to the previous year's sale of the POD asset. The second adjustment was a reduction to the carrying costs in 2014 and 2015, that resulted from DEF updating the carrying cost rate annually based on the prior year December surveillance report. Details of these calculations can be seen in Exhibit No. ___ (TGF-2), Appendix A. These adjustments, reflected on Line 2j in the 2015 Detail Schedule, along with the total shown on Line 19 in the 2015 Detail Schedule, make up the ($228,787) presented on Line 1d in the 2015 Summary Schedule.

Q. Has DEF billed the CR3 joint owners for their portion of the costs relative to the CR3 Uprate project and identified them in this filing?

A. Yes. Investment activity shown on the 2015 Detail Schedule, Line 1d is gross of Joint Owner Billings, but expenditures and revenues (from sale, transfer and salvage activity) have been adjusted as reflected on the 2015 Detail Schedule, Line 2b to reflect billings to Joint Owners related to the CR3 Uprate project. Due to this, no carrying cost associated with the Joint Owner portion of the CR3 Uprate are included in the 2015 Detail Schedule. As a result of the sales activities, total billings resulted in a net credit of $0.1 million to the Joint Owners for 2015, as seen on Line 2b.

Q. What was the source of the separation factors used in the 2015 Detail Schedule?

A. The jurisdictional separation factors are consistent with Exhibit 1 of the 2013 Settlement Agreement approved by the Commission in Order No. PSC-13-0598-FOF-EI in Docket No. 130208-EI.

VI. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2015 FOR THE CR3 UPRATE PROJECT.

Q. How did actual Other Exit/Wind-Down expenditures for January 2015 through December 2015 compare with DEF's actual/estimated costs for 2015?

A. Appendix B, Line 4 shows that total Other Exit/Wind-down costs were $88,648 or $0.1 million lower than estimated. There were no major variances with respect to these costs.

VII. 2015 PROJECT ACCOUNTING AND COST CONTROL OVERSIGHT.

Q. Have the project accounting and cost oversight controls DEF used for the LNP and CR3 Uprate projects in 2015 substantially changed from the controls used prior to 2015?

A. No, they have not. The project accounting and cost oversight controls that DEF utilized to ensure the proper accounting treatment for the LNP and CR3 Uprate project in 2015 have not substantively changed since 2009. In addition, these controls have been reviewed in annual financial audits by Commission Staff and were found to be reasonable and prudent by the Commission in Docket Nos. 090009-EI, 100009-EI, 110009-EI, 120009-EI, 140009-EI, and 150009-EI.

Q. Can you please describe the project accounting and cost oversight controls process DEF has utilized for the LNP and CR3 Uprate project?

A. Yes. Starting at the initial approval stage, DEF continues to determine whether projects are capital based on the Company's Capitalization Policy and then projects are documented in PowerPlant.

The justifications and other supporting documentation are reviewed and approved by the Financial Services Manager, or delegate, based on input received from the Financial Services or Project Management Analyst to ensure that the project is properly classified as capital, eligibility for AFUDC is correct, and that disposals/retirements are identified. Supporting documentation is maintained within Financial Services or with the Project Management Analyst. Financial Services personnel, and selected other personnel (including project management analysts), access this documentation to set-up new projects in PowerPlant or make changes to existing project estimates in PowerPlant. The PowerPlant system administrators review the transfer and termination information provided by Human Resources each pay period and take appropriate action regarding access to the systems.

An analyst in Asset Accounting must review and approve each project set up before it can receive charges. All future status changes are made directly in PowerPlant by an Asset Accounting Analyst based on information received by the Financial Services Analyst or the Project Management Analyst.

Finally, to ensure that all new projects have been reviewed each month, Financial Services Management reviews a report of all projects set up during the month prior to month-end close.

The next part of the Company's project controls is project monitoring. First, there are monthly reviews of project charges by responsible operations managers and Financial Services Management for the organization. Specifically, these managers review various monthly cost and variance analysis reports for the capital budget. Variances from total budget or projections are reviewed, discrepancies are identified, and corrections made as needed. Journal entries to projects are prepared by an employee with the assigned security and are approved in accordance with the Journal Entry Policy. Accruals are made in accordance with Duke Energy policy.

The Company uses cost reports produced from accounting systems to complete these monthly reviews. Financial Services may produce various levels of reports driven by various levels of management, but all Nuclear project reporting is tied back to the total cost reporting for the Nuclear fleet, which is tied back to Legal Entity Financial Statements.

Q. Are there any other accounting and costs oversight controls that pertain to the LNP and the CR3 Uprate project?

A. Yes, the Company also has Disbursement Services Controls and Regulated Accounting Controls.

Q. Can you please describe the Company's Disbursement Services Controls?

A. Yes. First, a requisition is created in the Consolidated Asset Suite ("CAS") Contracts module for the purchase of services. The requisition is reviewed by the appropriate Contract Specialist in Corporate Services, or field personnel in the various Business Units, to ensure sufficient data has been provided to process the contract requisition. The Contract Specialist prepares the appropriate contract document from pre-approved contract templates in accordance with the requirements stated on the contract requisition.

The contract requisition then goes through the bidding or finalization process. Once the contract is ready to be executed, it is approved online by the appropriate levels of the approval matrix pursuant to the Approval Level Policy and a contract is created.

Contract invoices are received by the Accounts Payable Department. The invoices are then routed through the Workflow Approval process in CAS to the project manager for validation and approval for payment.

Q. Can you please describe the Company's Regulated Accounting Controls?

A. Yes. The journal entries for deferral calculations, along with the summary sheets and the related support, are reviewed in detail and approved by the Lead Accounting Analyst and/or Manager of Florida Accounting, pursuant to the Duke Energy Journal Entry policy. The detail review and approval ensures that recoverable expenses are identified, accurate, processed, and accounted for in the appropriate accounting period.

Analysis is performed monthly to compare actuals to projected (budgeted) expenses and revenues for reasonableness. If any errors are identified, they are corrected in the following month.

For balance sheet accounts established with Regulated Utilities, Florida Accounting is the responsible party and a Florida Accounting member will reconcile the account on a monthly or quarterly basis, as required by Duke Energy policy. This reconciliation will be reviewed by the Lead Accounting Analyst or Manager of Florida Accounting to ensure that the balance in the account is properly stated and supported and that the reconciliations are performed regularly and exceptions are resolved on a timely basis.

The review and approval will ensure that regulatory assets or liabilities are recorded in the financial statements at the appropriate amounts and in the appropriate accounting period.

Q. How does the Company verify that the accounting and costs oversight controls you identified are effective?

A. The Company's assessment of the effectiveness of our controls is based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This framework involves both internal and external audits of DEF accounting and cost oversight controls.

With respect to management's testing of internal controls over financial reporting, the Internal Controls Group within the Controller's Department facilitates the review of controls documentation and management testing. Based on this testing, management determines whether the controls are operating effectively. If any control is identified with a design deficiency or is determined to be operating ineffectively, such issues are logged and monitored for remediation by the Internal Controls Group.

With respect to external audits, Deloitte and Touche, DEF's external auditors, determined that the Company maintained effective internal control over financial reporting during 2015.

Q. Did the cancellation of the LNP and CR3 Uprate project change the Company's accounting and cost oversight control processes?

A. No. DEF continued to follow the same policies and processes as I described above to ensure prudent accounting and cost oversight for the projects as they are being closed out.

Q. Are the Company's project accounting and cost oversight controls reasonable and prudent?

A. Yes, they are. DEF's project accounting and cost oversight controls are consistent with best practices for project cost oversight and accounting controls in the industry and have been and continue to be vetted by internal and external auditors. We believe, therefore, that the accounting and cost oversight controls continue to be reasonable and prudent.

Q. What process have you implemented to ensure that 2015 costs related to the LNP Combined Operating License ("COL") are not included in the NCRC?

A. As discussed by Mr. Fallon, on a project team level DEF has always segregated project costs incurred by specific project code and this process did not change for 2015. The project team continues to charge COL-related labor, Nuclear Regulatory Commission ("NRC") fees, vendor invoices and all other COL-related cost items to the applicable COL project codes. The Florida Regulated Accounting and Rates and Regulatory Strategy groups have ensured that the COL-related project codes and associated costs incurred in 2015 and beyond were not included in the Company's NCRC Schedules, and thus not presented for nuclear cost recovery. We continue to track the COL-related costs for accounting purposes consistent with the 2013 Settlement Agreement.

Q. Does this conclude your testimony?

A. Yes, it does.

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

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

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)		$	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.)	$	53,919,601	

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		[redacted]														
	b Wind-Down Costs																
	c Sale or Salvage of Assets																
	d Disposition																
	e Total																
	REDACTED																
2	**Adjustments**																
	a Non-Cash Accruals		[redacted]														
	b Adjusted System Generation (Line 1e + Line 2a)																
	c Retail Jurisdictional Factor : Generation	92.885%															
	d Retail Uncollected Investment: Generation		[redacted]														
3	**Uncollected Investment : Transmission**																
	a Prior Period Construction Balance YE 2014		[redacted]														
	b Wind-Down Costs																
	c Sale or Salvage of Assets																
	d Disposition																
	e Total																
4	**Adjustments**																
	a Non-Cash Accruals		[redacted]														
	b Adjusted System Transmission (Line 3e + Line 4a)																
	c Retail Jurisdictional Factor : Transmission	70.203%															
	d Retail Uncollected Investment: Transmission		[redacted]														
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		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)	
	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			702,209	631,598	560,987	490,377	0	0	0	0	0	0	0	0	2,385,171	
	(Order No. PSC 14-0701-FOF-EI)																
	(Order No. PSC-15-0176-TRF-EI)																
11	Over/Under Recovery For the Period			(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	
	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		
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	
	(Order No. PSC-15-0176-TRF-EI)																
21	Over/Under Recovery For the Period			(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		
	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	

Levy 2015 - Beginning Balance Support Schedule Explanation

Appendix A
Witness: Thomas G. Foster
Duke Energy Florida
Exhibit: (TGF - 1)

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 Cost Rate	Low-Point Weighted Cost	Mid-Point Cost Rate	Mid-Point Weighted Cost	High-Point Cost Rate	High-Point 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
	Generation:				
1	Wind-Down Costs	[redacted]			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	Total Generation Costs				
	Transmission:				
1	Wind-Down Costs (b)	[redacted]			
2	Sale or Salvage of Assets				
3	Disposition				
4	Total Transmission Costs				

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

DOCKET NO.: 160009-EI

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

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	[redacted]	[redacted]	[redacted]	[redacted]	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	[redacted]	[redacted]	Note 2	Carlton Fields Jorden 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

Table of Contents
Crystal River Unit 3 Uprate
January 2015 - December 2015

2015 Summary
CR3 Uprate
January 2015 - December 2015
Duke Energy Florida

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

				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		$	17,356,767	
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.)	$	61,037,774	

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Clause (NCRC) - CR3 Uprate
2015 Detail - Calculation of the Revenue Requirements
January 2015 through December 2015

Witness: T.G. Foster / M. Teague
Docket No. 160009-EI
Duke Energy Florida
Exhibit: (TGF- 2)

Line	Description		Beginning of Period Amount	Actual January 15	Actual February 15	Actual March 15	Actual April 15	Actual May 15	Actual June 15	Actual July 15	Actual August 15	Actual September 15	Actual October 15	Actual November 15	Actual December 15	Period Total
1	**Uncollected Investment**															
	a EPU Construction & Wind-Down Costs		376,506,278	2,011	0	175	73,418	151,176	231,378	317,137	77,319	2,740	0	813	1,530	857,696
	b Sale or Salvage of Assets		(453,858)	(90,519)	0	0	(100,519)	0	0	0	(11,750)	(24,712)	(1,598,000)	0	(750,000)	(2,575,500)
	c Disposition		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Total		376,052,420	(88,508)	0	175	(27,101)	151,176	231,378	317,137	65,569	(21,972)	(1,598,000)	813	(748,470)	(1,717,804)
2	**Adjustments**															
	a Non-Cash Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	b Joint Owner Credit		(30,109,734)	7,275	0	(15)	539	(12,426)	(19,018)	(26,067)	(5,389)	1,806	131,346	(53)	48,800	126,799
	c Other (b)		(28,108,647)	0	0	0	0	0	0	0	0	0	0	0	0	0
	d Adjusted System Generation Construction Cost Additions		317,834,039	(81,233)	0	160	(26,562)	138,750	212,360	291,070	60,179	(20,166)	(1,466,654)	760	(699,670)	(1,591,005)
	Retail Jurisdictional Factor : Current Year Activity	92.885%														
	Retail Jurisdictional Factor: (Beg Bal YE 2012 only)	91.683%														
	e Exit / Wind-down Costs			(75,453)	0	149	(24,672)	128,878	197,251	270,360	55,898	(18,731)	(1,362,302)	706	(649,888)	(1,477,805)
	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 - post 2013 Investment		12,170,084	0	0	0	0	0	0	0	0	0	0	0	0	12,170,084
	h Collected 2014 Portion of Regulatory Asset		(44,202,846)	0	0	0	0	0	0	0	0	0	0	0	0	(44,202,846)
	i Total Jurisdictional Unrecovered Investment		247,878,294	(75,453)	0	149	(24,672)	128,878	197,251	270,360	55,898	(18,731)	(1,362,302)	706	(649,888)	246,400,489
	j WACC Adjustment from 2014 & J/O Adjustment 2014 (Adjust May 2015 Rev Req) (c)		0	0	0	0	0	(229,139)	0	0	0	0	0	0	0	(229,139)
3	**Carrying Cost on Unrecovered Investment Balance**															
	a Uncollected Investment: Costs for the Period (Beg Balance: Sum (Line 2.f thru 2.h)		247,878,294	(75,453)	0	149	(24,672)	128,878	197,251	270,360	55,898	(18,731)	(1,362,302)	706	(649,888)	246,400,489
	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	(1,477,805)
	d Amortization of Unrecovered Investment (a)			(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)		(1,170,549)	(1,173,008)	(1,175,466)	(1,177,924)	(1,180,382)	(1,182,840)	(1,185,298)	(1,187,756)	(1,190,214)	(1,192,672)	(1,195,130)	(1,197,588)	(1,200,047)	(1,200,047)
	f Prior Period Carrying Charge Recovered (a)		29,497	2,458	2,458	2,458	2,458	2,458	2,458	2,458	2,458	2,458	2,458	2,458	2,458	
	g Prior Period Under/(Over) Recovery (Prior Month)				(143,326)	(68,318)	(68,124)	(93,002)	(168,125)	129,320	204,383	13,134	(60,910)	(1,409,848)	(52,173)	(2,422,232)
	h Net Investment		$216,712,648	$212,994,653	$209,284,238	$205,573,526	$201,838,039	$198,256,045	$194,513,750	$191,073,638	$187,421,017	$183,716,980	$178,669,958	$174,980,575	$170,635,266	170,579,912
4	Average Net Investment			$214,853,651	$211,105,509	$207,394,723	$203,671,646	$200,012,877	$196,236,396	$192,759,729	$189,214,339	$185,547,617	$181,172,380	$176,801,493	$172,781,481	
5	Return on Average Net Investment															
	a Equity Component	0.00403		865,860	850,755	835,801	820,797	806,052	790,833	776,822	762,534	747,757	730,125	712,510	696,309	9,396,155
	b Equity Component Grossed Up For Taxes	1.62800		1,409,621	1,385,031	1,360,685	1,336,259	1,312,254	1,287,477	1,264,667	1,241,407	1,217,350	1,188,645	1,159,967	1,133,592	
	c Debt Component	0.00158		340,113	334,180	328,306	322,412	316,620	310,642	305,139	299,526	293,722	286,796	279,877	273,513	3,690,846
	d Total Return			1,749,734	1,719,211	1,688,991	1,658,671	1,628,874	1,598,119	1,569,806	1,540,933	1,511,072	1,475,441	1,439,844	1,407,105	18,987,802
6	Revenue Requirements for the Period (Lines 3a + 5d)			$1,674,281	$1,719,211	$1,689,140	$1,633,999	$1,528,613	$1,795,370	$1,840,167	$1,596,830	$1,492,340	$113,139	$1,440,550	$757,217	17,280,858
7	Projected Revenue Requirements for the Period (Order No. PSC 14-0701-FOF-EI)			$1,817,608	$1,787,529	$1,757,265	$1,727,001	$1,696,738	$1,666,050	$1,635,783	$1,583,696	$1,553,250	$1,522,987	$1,492,723	$1,462,459	19,703,090
8	Over/Under Recovery For the Period			($143,326)	($68,318)	($68,124)	($93,002)	($168,125)	$129,320	$204,383	$13,134	($60,910)	($1,409,848)	($52,173)	($705,242)	(2,422,232)
9	**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			0	4,620	4,362	4,829	1,267	3,348	997	82	316	84	103	1,131	21,139
	c Legal			4,126	3,636	8,543	5,820	7,464	4,248	5,759	4,240	173	0	0	257	44,266
	d Joint Owner Credit			(588)	(919)	(1,263)	(1,073)	(933)	(860)	(732)	(355)	(40)	(35)	(214)	(274)	(7,286)
	e Total Other Exit / Wind-Down Costs			6,567	10,263	14,100	11,986	10,415	9,602	8,168	3,967	449	390	2,393	3,062	81,362
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			6,122	9,567	13,144	11,173	9,709	8,951	7,615	3,698	418	364	2,231	2,854	75,846
12	Prior Period Unrecovered Balance (a)		(424,777)	(390,872)	(356,967)	(323,062)	(289,157)	(255,253)	(221,348)	(187,443)	(153,538)	(119,634)	(85,729)	(51,824)	(17,919)	
13	Prior Period Costs Recovered (a)		(406,857)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	(33,905)	
14	Prior Month Period (Over)/Under Recovery			0	(9,667)	(6,218)	(2,641)	(4,604)	(6,078)	(6,832)	(8,174)	(12,091)	(15,374)	(15,427)	(13,564)	
15	Unamortized Balance		(424,777)	(390,872)	(366,634)	(338,948)	(307,684)	(278,383)	(250,557)	(223,484)	(197,753)	(175,939)	(157,408)	(138,930)	(118,589)	
16	Carrying Costs for the Period															
	a Balance Eligible for Interest			(404,763)	(378,803)	(349,328)	(319,050)	(290,481)	(263,034)	(236,629)	(212,856)	(192,682)	(174,178)	(154,767)	(134,114)	
	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			(34)	(28)	(26)	(16)	(24)	(18)	(22)	(20)	(21)	(17)	(19)	(45)	(290)
	d Total Costs and Interest (Line 11 + Line 16c)			6,088	9,539	13,118	11,157	9,685	8,934	7,593	3,678	398	346	2,211	2,810	75,557
17	Recovered (Order No. PSC 14-0701-FOF-EI)			15,755	15,757	15,759	15,761	15,763	15,765	15,767	15,769	15,771	15,773	15,775	15,777	189,194
18	Over/Under Recovery For the Period			(9,667)	(6,218)	(2,641)	(4,604)	(6,078)	(6,832)	(8,174)	(12,091)	(15,374)	(15,427)	(13,564)	(12,967)	(113,637)
19	Other - Adjustments (a)		7,873	59	53	48	43	37	32	27	21	16	11	5	0	353
20	Recovered (Order No. PSC 14-0701-FOF-EI)			60	55	49	44	38	33	27	22	16	11	5	0	360
21	Over/Under Recovery For the Period			(1)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)	(0)	(0)	0	(7)
22	**Revenue Requirements for the Period**			**1,680,428**	**1,728,803**	**1,702,307**	**1,645,199**	**1,538,335**	**1,804,336**	**1,847,787**	**1,600,530**	**1,492,754**	**113,496**	**1,442,767**	**760,026**	**17,356,767**
23	Recovered (Order No. PSC 14-0701-FOF-EI)			1,833,423	1,803,341	1,773,073	1,742,806	1,712,540	1,681,848	1,651,578	1,599,487	1,569,037	1,538,771	1,508,504	1,478,236	19,892,643
24	**Over/Under Recovery For the Period**			**(152,995)**	**(74,538)**	**(70,766)**	**(97,607)**	**(174,204)**	**122,488**	**196,209**	**1,043**	**(76,284)**	**(1,425,275)**	**(65,737)**	**(718,210)**	**(2,535,876)**

(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.
(c) 2014 WACC Adjustment and J/O Adjustment (Amount includes interest Jan-May 2015). See Appendix A for calculation.

DEF - CR3 Uprate

Appendix A
Witness: Thomas G. Foster
Docket No. 160009-EI
Duke Energy Florida
Exhibit (TGF-2)
(Page 1 of 3)

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)	
		(406,857)		
	Other - Adjustments			
15	**Other - Adjustments**		**$**	**7,873**
	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.)	43,681,007

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)

			Note 1	
		2013 True Up	**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	27,034,057	27,558,755	(524,697)

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.

			Note 2	
		2014 Est-Actual	**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	24,727,343	24,572,133	155,210

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] x 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] x 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	Total	$188,320	$88,648	($99,672)	

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 Cost Rate	Low-Point Weighted Cost	Mid-Point Cost Rate	Mid-Point Weighted Cost	High-Point Cost Rate	High-Point 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

DOCKET NO.:
160009-EI

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

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
	Generation:				
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.