

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20170009-EI

Filed: July 20, 2017

DUKE ENERGY FLORIDA, LLC'S PREHEARING STATEMENT

Pursuant to the Order Establishing Procedure, Order No. PSC-2017-0057-PCO-EI, issued February 20, 2017, as modified by Order No. PSC-2017-0260-PCO-EI,¹ issued July 10, 2017 (collectively, the "Order"), Duke Energy Florida, LLC ("DEF" or the "Company"), submits its Prehearing Statement and states as follows:

A. APPEARANCES:

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B. WITNESSES AND EXHIBITS:

In identifying witnesses and exhibits herein, DEF reserves the right to call such other witnesses and to use such other exhibits as may be identified in the course of discovery and preparation for the final hearing in this matter.

¹ Order No. PSC-2017-0260-PCO-EI bifurcated this hearing by deferring the hearing on the Levy Nuclear Project (LNP) related issues to October 25, 2017. Pursuant to that order, DEF will file a second prehearing statement concerning the LNP-related issues on September 21, 2017.

1. WITNESSES.

Direct Testimony.

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Thomas G. Foster	March 1, 2017 testimony: Presents for Commission review and approval, the actual costs associated with DEF's Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") project activities for the period January 2016 through December 2016. Also presents the EPU project 2016 accounting and cost oversight policies and procedures. May 1, 2017 testimony: Presents for Commission review, DEF's expected 2017 and 2018 costs associated with the EPU project consistent with Rule 25-6.0423(7), F.A.C., and the 2013 Revised and Restated Stipulation and Settlement Agreement in support of setting 2018 rates in the Capacity Cost Recovery Clause ("CCRC").	11, 12, 13, 14, 15

DEF has not identified the need for any rebuttal witnesses at this time. To the extent the need to call rebuttal witnesses becomes apparent due to the nature of discovery in this proceeding, DEF expressly reserves the right to call such rebuttal witnesses or to provide supplemental testimony as necessary.

2. DIRECT TESTIMONY EXHIBITS.

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
TGF-2	Thomas G. Foster	Reflects the actual costs associated with the EPU project and consists of: 2016 True-Up Summary, 2016 Detail Schedule and Appendices A through E, which show DEF's retail revenue requirements for the EPU project from January 2016 through December 2016.

TGF-4	Thomas G. Foster	Reflects the actual costs associated with the EPU project and consists of: 2018 Revenue Requirement Summary, 2017 Revenue Requirement Detail Schedule, 2018 Revenue Requirement Detail Schedule, 2018 Estimated Rate Impact Schedule, and Appendixes A through F.
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In addition, DEF reserves the right to utilize any exhibits introduced by another party and to introduce additional exhibits necessary for rebuttal or cross examination at the final hearing of this matter.

C. DEF'S STATEMENT OF BASIC POSITION:

CR3 EPU Project

The disposition of EPU-related assets was completed in 2015, the last remaining EPU assets are those that DEF has determined should be abandoned in place. If DEF is able to disposition any of the remaining assets, DEF will credit customers for the value received. DEF is continuing to amortize the uncollected balance of project costs as authorized by the 2013 RRSSA, and will continue to do so through 2019.

The Commission should approve DEF's proposed CR3 Uprated related 2018 NCRC recovery factors, and find that DEF's 2016 CR3 EPU accounting and cost oversight controls were reasonable and prudent.

D. DEF'S STATEMENT OF ISSUES AND POSITIONS:

ISSUES 1-10: No position.

ISSUE 11: Should the Commission find that during 2016, DEF's accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?

DEF Position:

Yes, for 2016, DEF's accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project (EPU) as discussed in Mr. Foster's March 1, 2017 direct testimony. The Company has reasonable and prudent project accounting controls and regulatory accounting controls. (Foster)

ISSUE 12: What jurisdictional amounts should the Commission approve as DEF's actual 2016 prudently incurred costs for the Crystal River Unit 3 Uprate project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's March 1, 2017 Actual 2016 filing, the Commission should approve the following amounts as DEF's actual 2016 prudently incurred costs for the Crystal River Unit 3 Uprate project:

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$36,123

Carrying Costs-- \$14,219,464

The over-recovery of \$608,728 should be included in setting the allowed 2018 NCRC recovery.

(Foster)

ISSUE 13: What jurisdictional amounts should the Commission approve as reasonably estimated 2017 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's May 1, 2017 Actual/Estimated 2017 filing, the Commission should approve the following amounts as DEF's reasonably estimated 2017 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate project consistent with Section 366.93(6), Fla. Stat., and Rule 25-6.0423(7), F.A.C.:

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$37,087

Carrying Costs -- \$10,077,523

The over-recovery of \$175,014 should be included in setting the allowed 2018 NCRC recovery.

(Foster)

ISSUE 14: What jurisdictional amounts should the Commission approve as reasonably projected 2018 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's May 1, 2017, 2018 projection filing, the Commission should approve the following amounts as DEF's reasonably estimated 2018 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate project consistent with Section 366.93(6) and Rule 25-6.0423(7):

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$38,750

Carrying Costs-- \$6,084,679

Amortization of 2013 Regulatory Asset -- \$43,681,007

(Foster)

ISSUE 15: What is the total jurisdictional amount for the Crystal River Unit 3 Uprate Project to be included in establishing DEF's 2018 Capacity Cost Recovery Clause Factor?

DEF Position:

The total jurisdictional amount for the CR3 EPU project to be included in establishing DEF's 2018 Capacity Cost Recovery Clause factor should be \$49,648,457. Per Order No. PSC-2017-0260-PCO-EI, DEF will present the LNP-related jurisdictional amount for recovery through the capacity cost recovery clause in the September 21, 2017 prehearing statement along with its positions on LNP-related issues.

(Foster)

E. STIPULATED ISSUES:

Issues 11 through 15 are subject to Type 2 stipulations.

F. PENDING MOTIONS OR OTHER MATTERS:

None at this time.

G. DEF'S REQUESTS FOR CONFIDENTIAL CLASSIFICATION PENDING

RULING:

Document No.	Request	Date Filed
05217-2017	Duke Energy Florida's Third Request for Confidential Classification regarding portions of the workpapers produced in response to Staff Generated Financial Auditor's workpapers, Audit Control Nos. 17-005-2-1 and 17-006-2-2.	6/8/17

H. REQUIREMENTS OF PREHEARING ORDER THAT CANNOT BE MET:

There are no requirements of the prehearing order that cannot be met at this time. Because discovery is continuing in this matter, DEF reserves the right to use witnesses and exhibits other than or different from those identified hereinabove, in order to respond to ongoing developments in the case. DEF further reserves the right to amend any of its positions to the issues to respond to any such ongoing developments in the case or to respond to the Prehearing Officer's or Commission's rulings on any disputed issues or motions.

I. OBJECTIONS TO WITNESSES' QUALIFICATIONS:

None.

Respectfully submitted,

/s/Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 20th day of July, 2017.

/s/Matthew R. Bernier

Attorney

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