

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 20170007-EI

Filed: September 29, 2017

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

Duke Energy Florida, LLC (“DEF”), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-2017-0106-PCO-EI dated March 23, 2017, hereby submits its Prehearing Statement:

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

Witness	Subject Matter	Issues#
Christopher Menendez	Final True-Up; Estimated True-up; Environmental Compliance Cost Projections and Final 2018 ECRC Factors	1-9, 12C
Timothy Hill	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Jeffrey Swartz	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Patricia Q. West	Final and Estimated True-Up variances and Environmental Compliance Cost Projections, Review of DEF’s Integrated Clean Air Compliance Plan and 316(b) Compliance Project	1-3, 12A, 12B

2. **Known Exhibits** - DEF intends to offer the following exhibits:

Witness	Proffered By	Exhibit #	Description
		Direct	
Christopher Menendez	DEF	CAM-1	Forms 42-1A - 42-9A January 2016 – December 2016
Christopher Menendez	DEF	CAM-2	Capital Program Detail January 2016 – December 2016
Christopher Menendez	DEF	CAM-3	Forms 42-1E – 42-9E January 2017 – December 2017
Christopher Menendez	DEF	CAM-4	Capital Program Detail January 2017 – December 2017
Christopher Menendez	DEF	CAM-5	Forms 42-1P – 42-8P January 2018– December 2018
Christopher Menendez	DEF	CAM-6	Capital Program Detail January 2018 – December 2018
Timothy Hill	DEF	CAM-5	Form 42-5P, page 23 of 23
Jeffrey Swartz	DEF	JS-1	Crystal River Clean Air Projects Organizational Chart
Jeffrey Swartz	DEF	CAM-5	Form 42-5P, pages 7, 21 and 22 of 23
Patricia Q. West	DEF	CAM-5	Form 42-5P, pages 1-4, and 6-20 of 23

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

3. **Statement of Basic Position** - DEF's positions to specific issues are listed below

4. **Statement of Facts**

ISSUES

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

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2016 through December 2016?

DEF: \$1,266,492 over-recovery. (Menendez, Hill, Swartz, West)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2017 through December 2017?

DEF: \$1,751,015 over-recovery. (Menendez, Hill, Swartz, West)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2018 through December 2018?

DEF: \$62,929,415. (Menendez, Hill, Swartz, West)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts and revenue taxes, for the period January 2018 through December 2018?

DEF: \$59,955,044. (Menendez)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2018 through December 2018?

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

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2018 through December 2018?

DEF: The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total kWh sales. The remaining separation factors are below and are consistent with the Revised Stipulation

and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI as well as DEF's 2017 Second Revised and Restated Stipulation and Settlement Agreement ("2017 Agreement"), filed on August 29, 2017 in Docket No. 20170183-EI.

Transmission Average 12 CP Demand – 70.203%
 Distribution Primary Demand – 99.561%

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

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2018 through December 2018 for each rate group?

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

Rate Class	ECRC Factors
Residential	0.158 cents/kWh
General Service Non-Demand @ Secondary Voltage	0.154 cents/kWh
@ Primary Voltage	0.152 cents/kWh
@ Transmission Voltage	0.151 cents/kWh
General Service 100% Load Factor	0.151 cents/kWh
General Service Demand @ Secondary Voltage	0.153 cents/kWh
@ Primary Voltage	0.151 cents/kWh
@ Transmission Voltage	0.150 cents/kWh
Curtable @ Secondary Voltage	0.151 cents/kWh
@ Primary Voltage	0.149 cents/kWh
@ Transmission Voltage	0.148 cents/kWh

Interruptible	
@ Secondary Voltage	0.147 cents/kWh
@ Primary Voltage	0.146 cents/kWh
@ Transmission Voltage	0.144 cents/kWh
Lighting	0.146 cents/kWh

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

DEF: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2018 through December 2018. Billing cycles may start before January 1, 2018 and the last cycle may read after December 31, 2018, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission. (Menendez)

ISSUE 9: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

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

Company Specific Issues

Florida Power & Light, Co.

ISSUE 10A: Should FPL be allowed to recover, though the ECRC, prudently incurred costs associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department

of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum)?

DEF: No position.

ISSUE 10B: Which costs, if any, associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) were prudently incurred?

DEF: No position.

ISSUE 10C: Should the costs FPL seeks to recover in this docket be considered part of its Turkey Point Cooling Canal Monitoring Plan project?

DEF: No position.

ISSUE 10D: Is FPL's proposed allocation of costs associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) between O&M and capital appropriate? If not, what is the correct allocation of costs between O&M and capital?

DEF: No position.

ISSUE 10E: How should the costs associated with the June 20, 2016 Consent Order between FPL and the Florida Department of Environmental Protection and the October 2015 Consent Agreement between FPL and the Miami-Dade County Department of Environmental Resources Management (as amended by the August 15, 2016 Consent Agreement Addendum) be allocated to the rate classes?

DEF: No position.

Tampa Electric Company

ISSUE 11: How should revenues included in Tampa Electric’s projected ECRC cost recovery amount for 2018 associated with Phase II of the company’s coal combustion residuals compliance program (“CCR Program”), the approval of which is currently pending in Docket No. 20170168-EI, be treated for cost recovery purposes pending the final disposition of the company’s petition in that docket?

DEF: No position.

Duke Energy Florida, LLC

ISSUE 12A Should the Commission find DEF’s 316(b) Compliance Plan is reasonable and approve recovery of the related costs through the ECRC?

DEF: Yes. In Order No. PSC-2004-0990-PAA-EI, the Commission found that DEF’s 316(b) Program (Project 6) met the criteria for recovery through the Environmental Cost Recovery Clause. The 316(b) rule established requirements for reducing impingement and entrainment mortality of fish and other aquatic organisms associated with the operation of cooling water intake structures at regulated facilities. DEF’s 316(b) Compliance Plan is reasonable and meets the rule requirements for the Crystal River facility. (West)

ISSUE 12B: How should the costs associated with DEF’s 316(b) Compliance Plan be allocated to the rate classes?

DEF Consistent with the recovery of previous compliance costs, Capital and O&M costs for the 316(b) Compliance Plan should be allocated to the rate classes on a demand basis. (Menendez)

ISSUE 12C: Should the Regulatory Asset Treatment of the Alderman Road Fence be approved?

DEF Yes. DEF’s proposed treatment for the Alderman Road Fence (project 3.1a) is consistent with prior Commission approvals in Order No. PSC-2011-0553-FOF-EI, PSC-203-0381-PAA-EI and PSC-2016-0535-FOF-EI. (Menendez)

5. **Stipulated Issues** – DEF has no stipulated issues at this time.
6. **Pending Motions** - DEF does not have any pending motions at this time.
7. **Requests for Confidentiality** - DEF has no request for confidentiality pending at this time.
8. **Objections to Qualifications** - DEF has no objections to the qualifications of any expert witnesses in this proceeding at this time.
9. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.
10. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

Respectfully submitted this 29th day of September, 2017.

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 29th day of September, 2017.

s/Matthew R. Bernier

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