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DEF Responses to Staff's Third Set of
Interrogatories Nos. 12-20.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery
clause with generating performance incentive
factor.

DOCKET NO. 170001-EI

DATED: May 31, 2017

**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO
STAFF'S THIRD SET OF INTERROGATORIES (NOS. 12-20)**

Duke Energy Florida, LLC ("DEF"), responds to Staff's Third Set of Interrogatories to DEF (Nos. 12-20), as follows:

INTERROGATORIES

For the purpose of interrogatory numbers 12-20, please refer to DEF's A-Schedule filing for March 2017 (March A-Schedule), and the specific page and line numbers identified below.

12. On Schedule A1, Line 6 of the March A-Schedule, (Page 1 of 2), DEF reports the expense incurred for the energy cost of firm purchased power. Please define and describe the purchases reported on this line.

Response:

This line reflects the energy cost of purchases from firm purchased power providers. Firm purchases power providers are suppliers with which DEF has a long-term (greater than 12-months) firm purchase power agreement or long-term firm tolling agreement. For March 2017, Schedule A1, Line 6 (Page 1 of 2) includes purchases from Shady Hills, Southern Company-Franklin and Vandolah.

13. On Schedule A1, Line 7 of the March A-Schedule, (Page 1 of 2), DEF reports the expense incurred for the energy cost of Schedule C and Schedule X economy purchases. Please define and describe the purchases reported on this line.

Response:

This line reflects the energy cost of Schedule C and Schedule X economy interchange service. Schedule C is non-firm, short-term economy energy purchases. Schedule X is extended economy interchange service for a duration of more than one hour but no more than 7 days. For March 2017, Schedule A1, Line 7 (Page 1 of 2), DEF had no Schedule C or Schedule X economy interchange purchases.

14. On Schedule A1, Line 8 of the March A-Schedule, (Page 1 of 2), DEF reports the expense incurred for the energy cost of non-broker economy purchases. Please define and describe the purchases reported on this line.

Response:

This line reflects the cost of economy purchases made outside of the Florida Broker system. Economy purchases, whether made through or outside the Florida Broker system, are purchases made by DEF to obtain energy at a lower cost than what it would have cost to generate that same energy.

15. On Schedule A1, Line 9 of the March A-Schedule, (Page 1 of 2), DEF reports the expense incurred for the energy cost of Schedule E purchases. Please define and describe the purchases reported on this line.

Response:

Schedule E purchases were purchases made pursuant to a Unit Power Sales (UPS) Agreement between DEF, then Florida Power Corporation (FPC), and Southern Company. DEF last purchased Schedule E energy in December 1994; the Schedule E contract ended in January 1995. Since that time, DEF has not made Schedule E purchases.

16. On Schedule A1, Line 6 of the March A-Schedule, (Page 2 of 2), DEF reports that year-to-date energy cost of firm purchased power is over 100% above projected year-to-date amounts. Please explain the reason(s) for this variance. Discuss in your response whether DEF intends to revise its forecast for firm purchased power for the balance of 2017.

Response:

The firm purchases in DEF's 2017 Projection Filing were estimates based on the best available information at that time. Differences between the Projection Filing and actuals are driven by numerous factors including fuel pricing and customer demand and energy requirements. In accordance with the normal true-up balance process, differences between DEF's projected firm purchases and actual firm purchases are included in DEF's true-up balance. DEF filed a Midcourse Correction on April 13th. DEF will be filing the 2017 Actual/Estimated Filing on July 27, 2017, as per the current OEP in Docket 170001-EI. As is the normal process for the Actual/Estimated Filing, DEF will re-project the July - December time period.

17. On Schedule A1, Line 8 of the March A-Schedule, (Page 2 of 2), DEF reports that year-to-date energy cost of economy purchased power is over 100% above projected year-to-date amounts. Please explain the reason(s) for this variance. Discuss in your response whether DEF intends to revise its forecast for economy purchased power for the balance of 2017.

Response:

The economy purchases in DEF's 2017 Projection Filing were estimates based on the best available information at that time. Differences between the Projection Filing and actuals are driven by numerous factors including fuel pricing, economy purchases available and customer demand and energy requirements. In accordance with the normal true-up balance process, differences between DEF's projected economy purchases and actual economy purchases are included in DEF's true-up balance. DEF filed a Midcourse Correction on April 13th. DEF will be filing the 2017 Actual/Estimated Filing on July 27, 2017, as per the current OEP in Docket 170001-EI. As is the normal process for the Actual/Estimated Filing, DEF will re-project the July - December time period.

18. On Schedule A7, Column 2 of the March A-Schedule, DEF reports the “Type and Schedule” for the entries listed on that schedule. Please define and describe the entries labeled as “Toll.”

Response:

This schedule contains energy purchases from firm purchased power providers. Firm purchased power providers are suppliers with which DEF has a long-term (greater than 12-months) firm purchase power agreement or long-term firm tolling agreement. The entries labeled as "Toll" on Schedule A7, Column 2 are Tolling Agreements with Shady Hills Power Company and Vandolah Power Company. Under these Tolling Agreements, DEF purchases and delivers the natural gas to these generating facilities which use that gas to generate the energy purchased by DEF.

19. On Schedule A7, Column 2 of the March A-Schedule, DEF reports the “Type and Schedule” for the entries listed on that schedule. Please define and describe the entries labeled as “Franklin.”

Response:

DEF has a firm Purchased Power Agreement (PPA) with Southern Company for 425 MWs of firm capacity from its Franklin plant. The current PPA began June 2016 and expires May 2021.

20. On Schedule A7, Column 2 of the March A-Schedule, DEF reports the “Type and Schedule” for the entries listed on that schedule. Please define and describe the entries labeled as “Scherer.”

Response:

DEF had a firm Purchased Power Agreement (PPA) with Southern Company for 73 MWs firm capacity from Scherer Unit 3. This PPA expired May 31, 2016. The 2017 activity for the Scherer 3 PPA represents final true-ups between DEF and Southern Company related to this PPA.

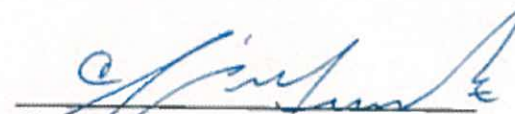
AFFIDAVIT

STATE OF FLORIDA


COUNTY OF PINELLAS

I hereby certify that on this 18th day of May, 2017, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared CHRISTOPHER A. MENENDEZ, who is personally known to me, and he acknowledged before me that he provided the answers to interrogatory numbers 12, 13, 14, 15, 16, 17, 18, 19, and 20 from STAFF'S THIRD SET OF INTERROGATORIES TO DUKE ENERGY FLORIDA, LLC (NOS. 12-20) in Docket No. 170001-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 18th day of May, 2017.



Christopher A. Menendez



Notary Public
State of Florida



Sarah Hirschman Libes
NOTARY PUBLIC
STATE OF FLORIDA
Comm# FF105231
Expires 3/23/2018

My Commission Expires:

3/23/2018