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DEF Responses to Staff's Fourth Set of
Interrogatories Nos. 21-26.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20170001-EI

DATED: July 10, 2017

**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO
STAFF'S FOURTH SET OF INTERROGATORIES (NOS. 21-26)**

Duke Energy Florida, LLC ("DEF"), responds to Staff's Fourth Set of Interrogatories to DEF (Nos. 21-26), as follows:

INTERROGATORIES

Fuel Price Forecasting

21. Please describe the steps the Company took to prepare its fuel price forecast for 2017. Discuss in your response whether any of the steps took to prepare this forecast were new or different from steps used in 2016, or in other prior periods.

Response:

DEF prepared its 2017 fuel price forecast by performing the following steps:

1. Gather input data, which is described further in DEF's response to request 4.22a.
2. Perform a production cost model to forecast system operation and generation.
3. Review and compare results of the model to determine if results are reasonable. Inventory and fixed costs are then applied to the model results to determine accounting cash flows and expected fuel costs.

22. List the “inputs” or sources of information the Company relied upon in order to prepare its fuel price forecast for 2017.

a. Identify each source of information the Company relied upon to prepare its fuel price forecast for 2017 and whether the source was internal or external.

Response:

The major input sources are as follows:

- a. Hourly (MW) load forecast – Internal
- b. Generation portfolio capabilities and constraints such as ramp rates, unit min/max loadings, min up/down times, ancillary capabilities, heat rates, startup fuel use, variable O&M and historical forced outage rates – Internal
- c. Hourly solar energy forecast – Internal
- d. Hourly Qualifying Facility generation energy forecast – Internal
- e. Fuel Transportation costs - Internal
- f. Commodity prices of forward looking fuel and power prices – Combination of Internal and External
- g. Generation Planned Outage Schedule - Internal

Internal is defined as a source of information originating within Duke Energy.

External is defined as a source of information originating from a third party or outside of Duke Energy.

b. Discuss whether each source of information the Company relied upon to prepare its fuel price forecast for 2017 used public or proprietary information.

Response:

- a. Hourly (MW) load forecast – Proprietary
- b. Generation portfolio capabilities and constraints – Proprietary
- c. Hourly solar forecast – Proprietary
- d. Hourly QF generation forecast – Proprietary
- e. Transportation costs - Proprietary
- f. Commodity prices – Proprietary
- g. Planned Outage Schedule - Proprietary

- c. Discuss whether each source of information the Company relied upon to prepare its fuel price forecast for 2017 was new or different from sources used in preparing the fuel price forecast for 2016, or in other prior periods.

Response:

The company prepared the 2017 forecast using information from the same sources as prior periods.

23. Is the Company planning on introducing any new steps or sources of information it will rely upon to prepare its fuel price forecast for the projected year 2018? If so, please provide a detailed description of each new steps and/or sources.

Response:

No change in procedures or information sources are currently planned.

Forecasting megawatt-hour sales

24. Please describe the steps the Company used to prepare its forecast of megawatt-hour sales for 2017. Discuss in your response whether any of the steps used to prepare this forecast for 2017 were new or different from steps used in 2016, or in other prior periods.

Response:

Please refer to the Duke Energy Florida, LLC Ten-Year Site Plan dated April 1, 2017. Beginning on page 2-29 through 2-41 there is a section that fully describes “Forecasting Methods and Procedures.” The methodology and steps used to prepare the 2017 forecast of megawatt-hour sales are the same as used in prior periods.

25. List the “inputs” or sources of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017.

- a. Identify each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 and whether the source was internal or external.

Response:

Please refer to DEF’s response to requests 4.24 and 4.25b.

- b. Discuss whether each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 used public or proprietary information.

Response:

The forecast relies on both proprietary information received from third parties (Moody’s Analytics economic projections and the University of Florida’s Bureau of Economics & Business Research (BEBR) County population projections) and publicly available information (U.S. Bureau of Labor Statistics (BLS), U.S. Bureau of Economic Analysis (BEA), and U.S. Energy Information Administration (EIA)).

- c. Discuss whether each source of information the Company relied upon to prepare the its megawatt-hour sales forecast for 2017 was new or different from sources used in preparing the megawatt-hour sales forecast for 2016, or in other prior periods.

Response:

The company prepared the 2017 forecast using information from the same sources as prior periods.

26. Is the Company planning on introducing any new steps or sources of information it will rely upon to prepare its megawatt-hour sales forecast for the projected year 2018? If so, please provide a detailed description of each new steps and/or sources.

Response:

No change in procedures or information sources are currently planned.


AFFIDAVIT

STATE OF FLORIDA


COUNTY OF PINELLAS

I hereby certify that on this 5th day of July, 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 21, 22, 23, 24, 25, and 26 from STAFF'S FOURTH SET OF INTERROGATORIES TO DUKE ENERGY FLORIDA, LLC (NOS. 21-26) in Docket No. 20170001-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 5th day of July, 2017.



Christopher A. Menendez



Notary Public
State of Florida



My Commission Expires:

3/23/2018