



Matthew R. Bernier
ASSOCIATE GENERAL COUNSEL
Duke Energy Florida, LLC

January 24, 2018

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. 20180009-EI

Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Second Request for Extension of Confidential Classification concerning certain information in the direct testimony and exhibits of Christopher M. Fallon and the direct testimony and exhibits of Thomas G. Foster submitted on May 1, 2014 in Docket No. 20140009-EI (Document No. 02015-14).

Portions of the documents submitted with the original May 1, 2014 Request for Confidential Classification are no longer confidential. Therefore, revised exhibits are provided as noted below.

This filing includes:

- Revised Exhibit A (confidential slipsheet only)
- Revised Exhibit B (two copies of redacted information)
- Revised Exhibit C (justification matrix)
- Revised Exhibit D (Affidavits of Mark Teague and Christopher M. Fallon)

DEF's confidential Revised Exhibit A that accompanies the above-referenced filing, has been submitted under separate cover.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB:at
Attachments

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20180009-EI
Submitted for Filing: January 24, 2018

**DUKE ENERGY FLORIDA'S SECOND
REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION**

Duke Energy Florida, LLC (“DEF” or the “Company”), pursuant to Section 366.093, Florida Statutes (“F.S.”), and Rule 25-22.006, Florida Administrative Code (“F.A.C.”), hereby submits this Second Request for Extension of Confidential Classification (“Request”) for certain information contained in the direct testimony and exhibits of Christopher M. Fallon and the direct testimony and exhibits of Thomas G. Foster submitted in Docket No. 20140009-EI on May 1, 2014. In support of the Request, DEF states as follows:

1. On May 1, 2014, DEF filed a Request for Confidential Classification of certain information contained in the direct testimony of Christopher M. Fallon and Exhibit Nos. CMF-10, CMF-11 and CMF-12 and certain information contained in the direct testimony of Thomas G. Foster, Exhibit Nos. TGF-4 and TGF-5 (Document No. 02015-14), which contains confidential proprietary sensitive business information. The Commission granted DEF’s Request for Confidential Classification in Order No. PSC-14-0232-CFO-EI, dated May 13, 2014.

2. On November 13, 2015, DEF filed its First Request for Extension of Confidential Classification (“Request”), incorporating by reference Exhibits A, B, and C of its original Request dated May 1, 2014, along with Revised Exhibit D containing the affidavits of Christopher M. Fallon and Mark Teague in support of DEF’s Request. The Commission granted DEF’s Request in Order No. PSC-16-0316-CFO-EI dated August 4, 2016.

3. The period of confidential treatment granted by that order will expire on February 5, 2018. Some of the information continues to warrant treatment as “proprietary confidential business information” within the meaning of Section 366.093(3), F.S. Accordingly, DEF is filing its Second Request for Extension of Confidential Classification.

4. DEF submits that certain information contained in the testimonies and exhibits submitted as Exhibit A to DEF’s May 1, 2014 Request for Confidential Classification, continue to be “proprietary confidential business information” within the meaning of section 366.093(3), F.S. and continue to require confidential classification. *See* Affidavits of Christopher M. Fallon at ¶¶ 3-7 and Mark Teague at ¶¶ 3-6, attached as Revised Exhibit “D”. This information is intended to be and is treated as confidential by the Company. The information has not been disclosed to the public. Pursuant to section 366.093(1), F.S., such materials are entitled to confidential treatment and are exempt from the disclosure provisions of the Public Records Act. *See* Affidavits of Christopher M. Fallon at ¶ 8, and Mark Teague at ¶ 7.

5. Some of the information originally included in DEF’s Request for Confidential Classification are no longer confidential and therefore, DEF submits revised exhibits along with this Request. Otherwise, nothing has changed since the issuance of Order No. PSC-14-0232-CFO-EI to render the information stale or public such that continued confidential treatment would not be appropriate. Upon a finding by the Commission that this information continues to be “proprietary confidential business information,” it should continue to be treated as such for an additional period of at least 18 months, and should be returned to DEF as soon as the information is no longer necessary for the Commission to conduct its business. *See* §366.093(4), F.S.

WHEREFORE, for the foregoing reasons, DEF respectfully requests that this Request for Extension of Confidential Classification be granted.

Respectfully submitted this 24th day of January, 2018.

/s/ Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished via electronic mail to the following this 24th day of January, 2018.

/s/ Matthew R. Bernier
Attorney

| | |
|---|--|
| <p>Kyesha Mapp Margo DuVal Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 kmapp@psc.state.fl.us mduval@psc.state.fl.us asoete@psc.state.fl.us</p> <p>Kenneth Hoffman Vice President, Regulatory Affairs Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com</p> <p>Jessica Cano Kevin I.C. Donaldson Florida Power & Light Company 700 Universe Boulevard June Beach, FL 33408-0420 jessica.cano@fpl.com kevin.donaldson@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>George Cavros 120 E. Oakland Park Blvd, Suite 105 Fort Lauderdale, FL 33334 george@cavros-law.com</p> | <p>J.R. Kelly Charles J. Rehwinkel Patty Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly_jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us christensen.patty@leg.state.fl.us</p> <p>Robert Scheffel Wright John T. LaVia III Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>James W. Brew Laura A. Wynn Stone Mattheis Xenopoulos & Brew, P.C. 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, D.C. 20007 jbrew@smxblaw.com law@smxblaw.com</p> |
|---|--|

Revised Exhibit A

“CONFIDENTIAL”

(filed with separate cover sheet)

Revised Exhibit B

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

**DOCKET NO. 140009-EI
Submitted for filing: May 1, 2014**

REDACTED

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON

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

1 DEF is continuing its efforts to obtain the COL from the NRC consistent with DEF's
2 agreement in the 2013 Settlement Agreement to exercise reasonable and prudent
3 efforts to obtain the COL.
4

5 **IV. LNP 2014 AND 2015 WIND-DOWN ACTIVITIES.**

6 **Q. Does DEF have actual/estimated costs in 2014 as a result of Levy wind-down**
7 **activities?**

8 A. Yes. DEF's actual/estimated 2014 costs are [REDACTED]. See 2014 Detail LNP
9 Schedule of Exhibit No. ___ (TGF-4) to Mr. Foster's testimony. The 2014 Detail
10 Schedule, lines 1b and 12e and 1d, shows actual/estimated costs for 2014 in the
11 following categories: wind-down costs in the amount of [REDACTED] and LLE
12 disposition costs in the amount of [REDACTED], respectively
13

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

15 A. Actual/estimated 2014 wind-down costs that are reasonably known at this time are
16 approximately [REDACTED]. Wind-down cost were incurred and will be incurred for (1)
17 storage, insurance, and quality assurance of the completed and partially completed
18 Levy LLE components until disposition – approximately [REDACTED]; (2) internal
19 Duke Energy labor to assist with disposition of the LLE – approximately [REDACTED];
20 (3) approximately [REDACTED] in estimated costs for external WEC support to gather
21 information from its LLE suppliers and assist with disposition of the LLE; and (4)
22 approximately \$0.4 million for regulatory and administrative wind-down support.
23 This category also includes payment of final invoices in the amount of approximately

1 [REDACTED] for module program development work to close out DEF's relationship
2 with Consortium member S&W under the cancelled EPC Agreement. DEF does not
3 include in this filing potential, future wind-down or LLE disposition costs or credits
4 that DEF cannot reasonably quantify at this time.

5

6 **Q. Please describe the LLE disposition activities and costs.**

7 A. LLE disposition costs include expenditures directly attributable to amounts paid for
8 the disposition of the Levy LLE, a reversal of an accrual for a milestone payment not
9 made in 2014, and an estimate of the upper limit of termination costs possibly due [REDACTED]

10 [REDACTED]

11 The [REDACTED] shown on Schedule 2014 Detail LNP includes a negotiated
12 settlement payment to terminate an LLE purchase order with WEC and sub-contractor
13 Tioga for the reactor coolant-loop (RCL) piping components of [REDACTED] in early
14 2014, and a reversal of an accrual for an RCL milestone payment of [REDACTED] that
15 was not made because of the cancellation of the purchase order for this equipment.

16 Also included is approximately [REDACTED], which reflects the [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23

1 **Q. Please explain DEF's settlement with WEC and Tioga for the Tioga LLE.**

2 A. Tioga is the supplier and manufacturer of the RCL piping Levy LLE. The RCL piping
3 started the manufacturing process in 2013. When DEF elected not to complete
4 construction of the LNP, DEF first authorized WEC to contact Tioga about Tioga's
5 willingness to place a manufacturing hold on the RCL piping to allow DEF additional
6 time to analyze the disposition of the equipment. Tioga responded that there would be
7 a cost associated with a manufacturing hold and a change order would be required.
8 Consequently, DEF authorized WEC to contact Tioga about its costs should DEF
9 decide to cancel the RCL piping purchase order and manufacturing of the piping.
10 Tioga provided WEC with an all-inclusive cancellation cost of [REDACTED]

11 [REDACTED]
12 [REDACTED]. DEF evaluated the Tioga settlement offer
13 pursuant to DEF's LLE Disposition Plan guidelines. A copy of the LLE Disposition
14 Plan was included as Exhibit No. ___(CMF-5) to my March 3, 2014 testimony in this
15 docket. Based on the evaluation of the available options under the LLE Disposition
16 Plan, which included quantitative and qualitative factors, DEF determined that the
17 settlement was the most cost-effective option for DEF and its customers. Acceptance
18 of the settlement resulted in a minimum net savings of [REDACTED] to DEF's
19 customers compared to the other available options. DEF, accordingly, accepted the
20 offer and instructed WEC to terminate the purchase order with Tioga on January 9,
21 2014. My Exhibit No. ____ (CMF-10) further explains DEF's evaluation of the Tioga
22 settlement offer and the net savings to customers that resulted from acceptance of that

1 Finally, because DEF could not obtain the COL from the NRC by January 1, 2014,
2 DEF terminated the EPC Agreement in late January of 2014, after disposition of the
3 Tioga LLE, the final LLE component being manufactured. DEF's decision to
4 terminate the EPC Agreement under this provision means that DEF is not obligated to
5 pay WEC a termination fee. Under this provision, DEF does not have to pay WEC the
6 termination fee if either party terminated the EPC Agreement because DEF was
7 unable to obtain the COL from the NRC by January 1, 2014.

8
9 **Q. Has DEF minimized costs?**

10 A. Yes. Overall, the Mangiarotti and Tioga settlements represent a savings of [REDACTED]
11 [REDACTED] through 2015 versus what DEF otherwise was contractually obligated to
12 spend.

13
14 **Q. What is the status of DEF's relationship with WEC?**

15 A. Prior to termination of the EPC Agreement, DEF was working with WEC to
16 disposition the Levy LLE. As I explained in the confidential attachment to my March
17 3, 2014 testimony, however, DEF's attempts to work with WEC to reasonably
18 disposition the Levy LLE and wind down the project activities and costs were slowed
19 by the parties' inability to agree on reasonable commercial terms to compensate WEC
20 for their efforts to disposition the Levy LLE following termination of the EPC
21 Agreement. WEC further made claims for changes orders and for the termination fee
22 and additional termination costs that, in DEF's view, were unfounded and
23 unreasonable. The parties attempted to work through their differences, however, the

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]

[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] Duties and Customs: [REDACTED] | 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] Storage Plans and obtaining Storage estimates: [REDACTED] Duties and Customs: [REDACTED] | 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]

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] 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.

REDACTED

Docket No. 140009-EI
Duke Energy Florida
Exhibit No. ____ (CMF-11)
Page 1 of 2



CHRISTOPHER M. FALLON
Vice President
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christopher.fallon@duke-energy.com

January 9, 2014
LNP-EPC-2014-0001

Response (Action) Required YES / 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:

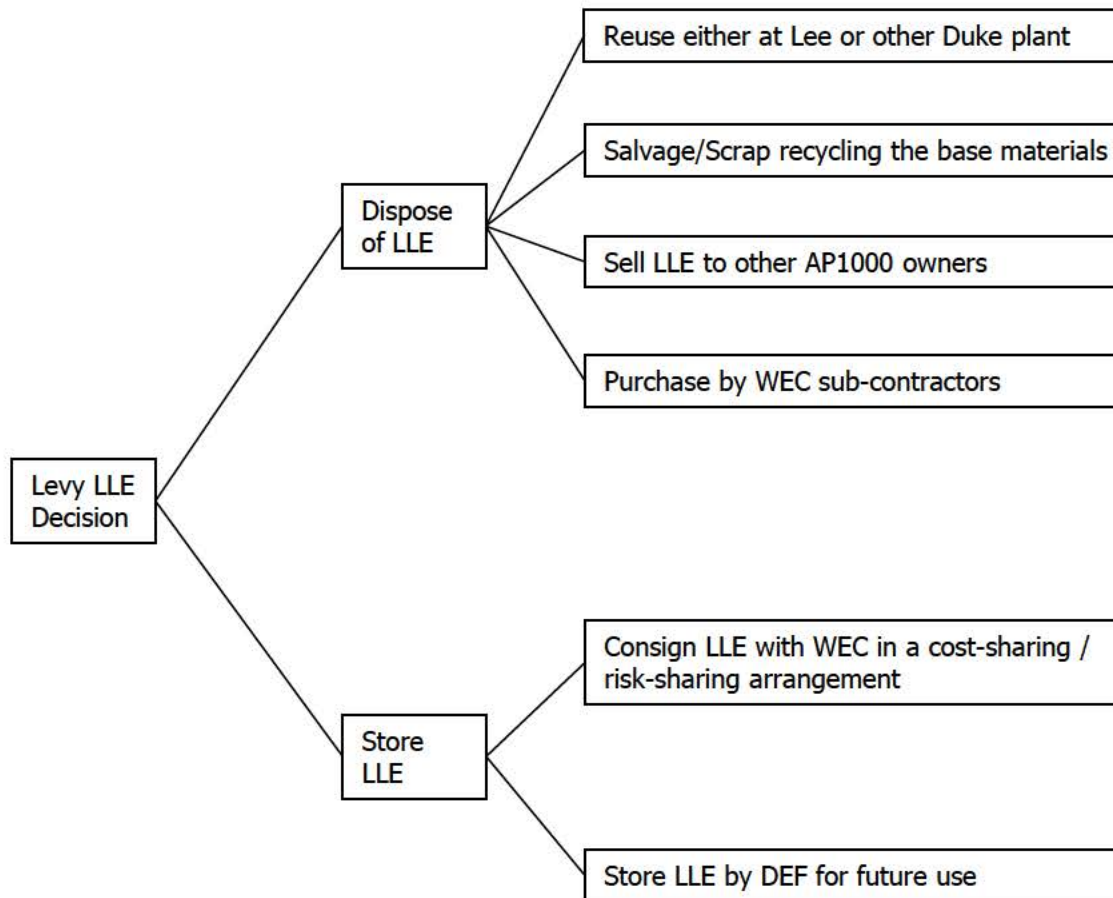
The purpose of this letter is to inform the Consortium of Duke Energy Florida's (DEF) acceptance of the cancellation offer for all components Tioga is manufacturing for Levy Units 1 and 2 as provided in Reference 1. This offer includes all cancellation costs from Tioga in the total amount of [REDACTED]

[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.

General Process for Disposition of LLE



- LLE Disposition Objectives:
 - Minimize financial cost and risks associated with 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 DEF
 - Evaluate possibility for future use of LLE to AP1000 projects
- Reference January 16, 2014 LLE Disposition Memo

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

DOCKET NO. 140009-EI

**Submitted for filing:
May 1, 2014**

REDACTED

**DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF LEVY ESTIMATED/ACTUAL AND PROJECTION COSTS AND
CR3 UPRATE ESTIMATED/ACTUAL AND PROJECTION COSTS**

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

1 for return. The total return requirements of \$13.5 million presented on Line
2 8d represents the carrying costs on the average uncollected investment
3 balance.

4

5 **Q. What is included in the Other Exit / Wind-down Expenditures on 2014**
6 **Detail Schedule?**

7 A. The expenses included on this schedule represent other exit and wind-
8 down costs including regulatory and administrative wind-down support
9 costs that the Company expects to incur in 2014 related to the LNP that
10 DEF is seeking recovery of through the NCRC.

11

12 **Q. How did these expenditures for January 2014 through December 2014**
13 **compare with DEF's projected costs for 2014?**

14 A. Appendix B, Line 5 shows that total Other Exit & Wind-down costs were
15 \$0.4 million or \$0.1 million lower than estimated. There were no major
16 variances with respect to these costs.

17

18 **B. EXIT & WIND-DOWN COSTS INCURRED IN 2014 FOR THE LEVY**
19 **NUCLEAR PROJECT.**

20 **Q. What are the exit and wind-down costs incurred for the Levy Nuclear**
21 **Project for the period January 2014 through December 2014?**

22 A. 2014 Detail Schedule Exhibit No__(TGF-4) Lines 1e, Line 3e, and Line 12e
23 show that total exit and wind-down expenditures excluding carrying costs
24 were [REDACTED].

1 **Q. What do Lines 1 through 4 on 2014 Detail Schedule represent?**

2 A. 2014 Detail Schedule Exhibit No__ (TGF-4) Lines 1 through 4 reflect
3 actual/estimated monthly expenditures for 2014. This schedule includes
4 both the Generation and Transmission costs. These costs have been
5 adjusted to a cash basis to calculate carrying costs. The appropriate
6 jurisdictional separation factor was applied to arrive at the total jurisdictional
7 costs. These costs are further described in the testimony of Mr. Fallon.

8
9 **Q. Are there any costs related to disposition efforts for the Levy project
10 assets for the calendar year 2014 or 2015?**

11 A. Yes. Disposition costs of [REDACTED] occurred in January 2014. As a result
12 of this disposition, an outstanding 2013 milestone payment accrual of [REDACTED]
13 [REDACTED] for this vendor was no longer necessary and subsequently reversed
14 in 2014. The net of these amounts is shown on Line 1d of the 2014 Detail
15 schedule. DEF estimates approximately [REDACTED] of potential additional
16 disposition costs related to the Levy Long Lead Equipment expenses, to be
17 incurred in the fourth quarter of 2014, as further explained in Mr. Fallon's
18 testimony.

19
20 **Q. Did you project any credits for the sale or other disposition efforts
21 that will result in credits for the Levy project assets for the calendar
22 year 2014 or 2015?**

23 A. No. DEF cannot reasonably estimate the value of any potential sale or
24 disposition of any LNP asset. Value received from any disposition of an

1 **Q. What are the exit and wind-down costs incurred for the Levy Nuclear**
2 **Project for the period January 2015 through December 2015?**

3 A. 2015 Detail Schedule Exhibit No__ (TGF-4) Lines 1e, 3e and Line 10e show
4 that total exit and wind-down expenditures excluding carrying costs are
5 estimated at [REDACTED].

6
7 **Q. What is the total projected exit and wind-down costs that will be**
8 **incurred for the period January 2015 through December 2015?**

9 A. As shown on Line 5c and Line 16d of 2015 Detail Schedule in Exhibit
10 No.__(TGF-4), total projected jurisdictional costs for 2015 are \$1.2 million.
11 The costs have been adjusted to a cash basis for purposes of calculating
12 the carrying charge and the appropriate jurisdictional separation factor has
13 been applied.

14
15 **Q. What are the projected total revenue requirements that DEF will**
16 **recover in 2015?**

17 A. DEF is requesting recovery consistent with the terms of the 2013
18 Settlement Agreement. This means DEF will recover revenues consistent
19 with application of the factors in Exhibit 9 of the 2013 Settlement Agreement
20 to the sales forecast presented in the CCRC later in the year. DEF
21 calculated the estimated revenue requirement by applying the rates in
22 Exhibit 9 of the 2013 Settlement Agreement to the sales forecast included
23 in the 2015 Estimated Rate Impact Schedule of Exhibit No. ____ (TGF-4) to
24 generate the projected revenue for 2015. As can be seen in the 2015

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-4)

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

**JANUARY 2014 - DECEMBER 2015
DOCKET NO. 140009-EI**

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Class (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. 140009-B
 (TGF-4)

REDACTED

| Line | Description | Beginning of Period Amount | Projected January 2015 | Projected February 2015 | Projected March 2015 | Projected April 2015 | Projected May 2015 | Projected June 2015 | Projected July 2015 | Projected August 2015 | Projected September 2015 | Projected October 2015 | Projected November 2015 | Projected December 2015 | Period Total | End of Period Total |
|------|--|----------------------------|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|--------------|---------------------|
| 1 | Uncollected Investment: Generation | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2013 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| 2 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Generation (Line 1e + Line 2a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor: Generation | 92.885% | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Generation | | | | | | | | | | | | | | | |
| 3 | Uncollected Investment: Transmission | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2013 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| 4 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Transmission (Line 3e + Line 4a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor: Transmission | 70.209% | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Transmission | | | | | | | | | | | | | | | |
| 5 | Total Uncollected Investment | | | | | | | | | | | | | | | |
| | a Total Jurisdictional Uncollected Investment (2d + 4f) | 239,075,154 | | | | | | | | | | | | | | 239,929,941 |
| | b Retail Land Transferred to Land Held for Future Use (a) | (66,221,330) | | | | | | | | | | | | | | (66,221,330) |
| | c Total Jurisdictional Uncollected Investment | 172,853,824 | 427,394 | 427,394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 854,787 | 173,708,611 |
| 6 | Carrying Cost on Uncollected Investment Balance | | | | | | | | | | | | | | | |
| | a Uncollected Investment: Additions for the Period (Beg Balance: Line 5c.) | 172,853,824 | 427,394 | 427,394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 854,787 | 173,708,611 |
| | 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 | 24,826,901 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 854,787 | 25,683,688 |
| | d Amortization of Uncollected Investment (2010) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e Additional Amortization of Uncollected Investment Balance | (46,864,516) | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 94,038,554 | (140,903,070) |
| | f Prior Period Carrying Charge Unrecovered Balance (a) | 3,436,410 | 3,150,042 | 2,863,675 | 2,577,307 | 2,290,940 | 2,004,572 | 1,718,205 | 1,431,837 | 1,145,470 | 859,102 | 572,795 | 286,367 | 286,367 | (7) | (8) |
| | g Prior Period Carrying Charge Recovered (a) | 3,436,410 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 0 | 0 |
| | h Net Investment | \$103,585,865 | \$95,890,345 | \$87,767,431 | \$79,217,124 | \$71,094,210 | \$62,971,297 | \$54,848,383 | \$46,725,469 | \$38,602,556 | \$30,479,642 | \$22,356,728 | \$14,233,815 | \$6,110,901 | \$6,110,901 | \$6,110,901 |
| 7 | Average Net Investment | | \$99,738,105 | \$92,042,585 | \$83,705,974 | \$75,155,667 | \$67,032,753 | \$58,909,840 | \$50,786,926 | \$42,664,012 | \$34,541,099 | \$26,418,185 | \$18,295,271 | \$10,172,358 | | |
| 8 | Return on Average Net Investment | | | | | | | | | | | | | | | |
| | a Equity Component | 0.0094 | 392,968 | 362,648 | 329,802 | 296,113 | 264,109 | 232,105 | 200,100 | 168,096 | 136,092 | 104,088 | 72,083 | 40,079 | 2,598,283 | |
| | b Equity Component Grossed Up For Taxes | 1.82800 | 639,753 | 590,932 | 536,918 | 482,072 | 429,970 | 377,867 | 325,783 | 273,661 | 221,554 | 169,455 | 117,351 | 65,249 | 4,230,009 | |
| | c Debt Component | 0.00189 | 188,904 | 174,329 | 158,939 | 142,945 | 126,960 | 111,575 | 96,190 | 80,806 | 65,421 | 50,096 | 34,651 | 19,266 | 1,249,022 | |
| | d Total Return for the Period | | 828,667 | 764,722 | 695,657 | 628,417 | 556,939 | 489,442 | 421,954 | 354,467 | 286,979 | 219,491 | 152,092 | 84,515 | 5,478,090 | |
| 9 | Revenue Requirements for the Period (Line 8a + 8d) | | 1,258,050 | 1,182,114 | 695,457 | 628,417 | 556,939 | 489,442 | 421,954 | 354,467 | 286,979 | 219,491 | 152,092 | 84,515 | 6,338,818 | |
| 10 | Other Exit / Wind-Down | | | | | | | | | | | | | | | |
| | a Accounting | | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | \$128,148 |
| | b Corporate Planning | | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | \$192,838 |
| | c Legal | | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | \$65,000 |
| | d Joint Owner Credit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e Total Other Exit / Wind-Down Costs | | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | \$580,986 |
| 11 | Jurisdictional Factor (AMG) | | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | |
| 12 | Jurisdictional Amount | | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | \$55,159 |
| 13 | Prior Period Unrecovered Balance (a) | (172,785) | (158,368) | (143,970) | (129,573) | (115,176) | (100,779) | (86,382) | (71,985) | (57,588) | (43,191) | (28,794) | (14,397) | 0 | | |
| 14 | Prior Period Costs Recovered (a) | (172,785) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | |
| 15 | Unamortized Balance | (172,785) | (158,368) | (143,970) | (129,573) | (115,176) | (100,779) | (86,382) | (71,985) | (57,588) | (43,191) | (28,794) | (14,397) | 0 | | |
| 16 | Projected Carrying Costs for the Period | | | | | | | | | | | | | | | |
| | a Balance Eligible for Interest | | 21,997 | (186,371) | (121,974) | (107,577) | (93,180) | (78,783) | (64,385) | (49,988) | (35,591) | (21,194) | (6,797) | 7,600 | | |
| | 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% | 0.01% | | |
| | c Interest Provision | | 1 | (7) | (6) | (5) | (5) | (4) | (3) | (2) | (2) | (1) | (1) | (1) | 0 | (34) |
| | d Total Costs and Interest (Line 12 + Line 16c) | | 29,598 | 29,590 | 29,590 | 29,591 | 29,592 | 29,593 | 29,593 | 29,594 | 29,595 | 29,596 | 29,596 | 29,597 | 29,597 | \$55,123 |
| 17 | Revenue Requirements for the Period | | 1,285,648 | 1,221,704 | 725,048 | 654,009 | 586,522 | 519,093 | 451,548 | 384,861 | 316,574 | 248,087 | 181,598 | 114,112 | 6,688,943 | |

Note (a): Please see Appendix A for Beginning Balance Support

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
Estimated/Actual True-Up Filing: Regulatory Asset Category - Variance in Additions and Expenditures

REDACTED

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2014 Detail Schedule with the expenditures approved by the Commission on Schedules P-6.2 & P-6.3. List the Generation expenses separate from Transmission.

Appendix D
 Witness: C. Fallon
 Exhibit: (TGF - 4)
 (Page 2 of 2)

COMPANY:
 Duke Energy - FL

DOCKET NO.:
 140009-EI

For Year Ended 12/31/2014

| Line No. | Major Task & Description for amounts on Schedule | (A) System Projection | (B) System Estimated/Actual | (C) Variance Amount | (D) Explanation |
|----------------------|--|-----------------------------|-----------------------------------|---------------------------|--|
| <u>Generation:</u> | | | | | |
| 1 | Wind-Down Costs (new category) | | | | |
| 2 | Sale or Salvage of Assets (new category) | | | | |
| 3 | Disposition (new category) | | | | |
| 4 | License Application (P-6.2) | | | | |
| 5 | Engineering, Design, & Procurement (P-6.2) | | | | |
| 6 | Real Estate Acquisitions (P-6.3) | | | | |
| 7 | Project Management (P-6.3) | | | | |
| 8 | Power Block Engineering, Procurement, etc. (P-6.3) | | | | |
| | Total Generation Costs | | | | Variance due to termination of the EPC and terms of the RRSSA. |
| <u>Transmission:</u> | | | | | |
| 9 | Wind-Down Costs | | | | |
| 10 | Sale or Salvage of Assets | | | | |
| 11 | Disposition | | | | |
| 12 | Real Estate Acquisition (P-6.3) | | | | |
| 13 | Other (P-6.3) | | | | |
| | Total Transmission Costs | | | | Variance due to termination of the EPC and terms of the RRSSA. |

LEVY COUNTY NUCLEAR 1 & 2
True-Up Actual Filing: Contracts Executed

REDACTED

Appendix E
Witness: C. Fallon
Docket No. 140009-EI
Exhibit: (TGF - 4)

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.:
140009-EI

For Year Ended: 12/31/2015

| Line No. | Contract No. | Status of Contract | Term of Contract | Original Amount | Actual Expended as of Prior Year End (2013) | Estimated Amount Expended In Years (2014-2015) | Estimate of Final Contract Amount | Name of Contractor | Affiliation of Vendor | Method of Selection | Nature and Scope of Work |
|----------|--------------------------|--|------------------|-----------------|---|--|-----------------------------------|--|--|--|--|
| 1 | N/A | Executed | | | | | | Purchase Agreement for Rayonier Forest Resources | Indirect (Vertical Integration (buyer) on behalf of Duke Energy) | Purchase based on final results from site down select analysis that determined most suitable site to locate the plant. | Purchase Land for LNP. Final contract amount includes costs to complete title search, recording fees, and documentary stamps; and Final payment in 2014. Sold Approximately 3,000 acres to Duke Energy for siting Levy Nuclear Plant. |
| 2 | 255934-09 Amendment 1-11 | Executed | | | | | | Joint Venture Team | Direct | Sole Source. Award for Phase III support of the COLA submital (Reference contract 255934-02) | LNP Phase III (Initial Scope - COLA Revision 6) incorporate RCC Specialty Test, Foundation Calks Rev-Contract will be amended as new COLA Phase III work scope identified. |
| 3 | 414310 | Executed (continue partial suspension with schedule shift) | | | | | | Weedinghouse 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 AP-1000 Facility at the Levy Nuclear Plant Site. Final contract amount includes change orders. |
| 4 | 571497 Amendment 1 | Completed (Note 1) | | | | | | O'Steen Brothers | Direct | RFP Process | Provide detailed engineering design, permitting, and construction services for a 3.2 mile, 12 ft. wide multi-use paved trail ("Trail") on the Marjorie Harris Carr Cross Florida Greenway ("Greenway"), to be located in Citrus and Levy Counties (Florida). |
| 5 | N/A | Completed | | | | | | NuStart Energy Development LLC | Direct | Membership Agreement in Industry Organization | Preparation of Reference Combined License Applications for Weedinghouse and GE Designs. |
| 6 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Hopping, Green & Serna | Direct | Note 2 | Legal Work - Levy Site Certification |
| 7 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Pillsbury Winthrop Shaw Pittman | Direct | Note 2 | Legal Work - Levy COLA Work and COLA Contentions |
| 8 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Carlton Fields | Direct | Note 2 | Legal Work - PEF Levy Units 1 & 2 |

Note 1: For this particular contract, costs incurred by DEF for the design, permitting, and construction of the Rac Trail were reimbursed from an escrow account administered by the State of Florida (Department of Financial Services, Division of Treasury).

Note 2: The scope, nature, and extent of legal services ultimately required is subject either to events and/or the actions and/or inactions of parties beyond the control of DEF and its legal services providers, and therefore are not amenable to determination at the time of contract execution or estimation in advance of the conclusion of legal services.

Note 3: Costs associated with terminating the EPC and related long lead time equipment contracts are under evaluation.

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-5)

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

**JANUARY 2014 - DECEMBER 2015
DOCKET NO. 140009-EI**

CRYSTAL RIVER UNIT 3 UPRATE
 True-Up Filing: Summary of Contracts Executed Over \$1 Million

REDACTED

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. Delowery

Docket No. 140009-EI

Exhibit: (TGF - 5)

COMPANY:

Duke Energy Florida

DOCKET NO.:

140009-EI

All Contracts listed below have been closed as of 12/31/2013. No new contracts over \$1 million were signed after December 31, 2013.

For Year Ended 12/31/2015

| Line No. | Contract No. | Status of Contract | Current Term of Contract | Original Amount | Amount Expended as of Prior Year End (2012) | Amount Expended in Current Year (2013) | Estimate of Final Contract Amount | Name of Contractor | Vendor Affiliation | Method of Selection & Document ID | Nature and Scope of Work |
|----------|---------------------|--------------------|--------------------------|-----------------|---|--|-----------------------------------|--------------------|--------------------|---|---|
| 1 | 101659 WA 84 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture | EPU NSSS Engineering, Fuel Eng. and LAR Support for CR3 |
| 2 | 101659 WA 93 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007 | EPU BOP -provide Engineering Services for CR3 Secondary Systems Uprate |
| 3 | 145588 WA 50 | CLOSED | | | | | | Siemens | Direct | RFP | CR3 turbine retrofit for EPU including supply of all equipment and installation. |
| 4 | 101659 WA 84, Amd 7 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages including LPI cross-tie, Almo Dump Valves, and Emergency Feed Pump-2. |
| 5 | 101659 WA 84, Amd 8 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages including spent fuel, LPI X-tie modification, large transient testing, and LAR activities. |
| 6 | 101659 WA 93, Amd 9 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | R17 EC packages for BOP including Feedwater Heater 2A/2B, Deserator, and Main Steam System. |
| 7 | 433059 | CLOSED | | | | | | EvapTech | Direct | RFP SF6-2008 | CR3 Cooling Tower Construction |
| 8 | 359323 WA14 | CLOSED | | | | | | Flowserve | Direct | SF12-2009 | Condensate pumps and motor replacement |
| 9 | 359323 WA16 | CLOSED | | | | | | Flowserve | Direct | RFP | Install small and large bore LPI valves |
| 10 | 506836 | CLOSED | | | | | | Sulzar | Direct | RFP | Design, manufacture, assemble, test, and ship two (2) main feedwater pumps (FWP 2A/2B) |
| 11 | 489945 | CLOSED | | | | | | Sulzar | Direct | RFP SF10-2009 | Design, manufacture, assemble, and ship two (2) feedwater booster pumps (FWP 1A/1B) |
| 12 | 505119 | CLOSED | | | | | | SPX | Direct | RFP SF01-2010 | Install two (2) feedwater heat exchangers FWHE 2A/2B |
| 13 | 145588 WA 50, Amd 7 | CLOSED | | | | | | Siemens | Direct | RFP; continuation of work | Amended and restated WA-50 for LP turbines, HP turbines, R16 outage EWA's, LD's, additional support, and updated testing and monitoring plans |
| 14 | 101659 WA 84, Amd 9 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages; continuation of work. |
| 15 | 101659-93, Amd 11 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | R17 EC packages; continuation of BOP work. |

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Summary of Contracts Executed Over \$1 Million

REDACTED

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. Delowery
Docket No. 140009-EI
Exhibit: (TGF - 5)

COMPANY:
Duke Energy Florida

DOCKET NO.:

140009-EI

All Contracts listed below have been closed as of 12/31/2013. No new contracts over \$1 million were signed after December 31, 2013.

For Year Ended 12/31/2015

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | |
|----------|-------------------|--------------------|--------------------------|-----------------|---|--|-----------------------------------|--------------------------|--------------------|---|--|
| Line No. | Contract No. | Status of Contract | Current Term of Contract | Original Amount | Amount Expended as of Prior Year End (2012) | Amount Expended in Current Year (2013) | Estimate of Final Contract Amount | Name of Contractor | Vendor Affiliation | Method of Selection & Document ID | Nature and Scope of Work |
| 16 | 500896 | CLOSED | | | | | | SPX | Direct | RFP | FWHE 3A/3B |
| 17 | 545831-01 | CLOSED | | | | | | Curtiss Wright/Scientech | Direct | RFP | Inadequate Core Cooling Modification System |
| 18 | 101659-84, Amd 11 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2011-12 |
| 19 | 101659-83, Amd 13 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | Continuation of R17 engineering work for 2011-12 |
| 20 | 101659-83, Amd 14 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | Continuation of R17 engineering work for 2011-12 |
| 21 | 101659-84, Amd 13 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2011-12 |
| 22 | 101659-84, Amd 14 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2012-13 |
| 23 | 101659-84, Amd 15 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2012-13 |

Note: As a result of closing the above contracts, the AREVA-NP and SIEMENS Contracts with Amendments above show aggregated spend and final Contract amount on the original Contract (Lines 1-3).

Revised Exhibit B

(2nd copy)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

**DOCKET NO. 140009-EI
Submitted for filing: May 1, 2014**

REDACTED

DIRECT TESTIMONY OF CHRISTOPHER M. FALLON

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

1 DEF is continuing its efforts to obtain the COL from the NRC consistent with DEF's
2 agreement in the 2013 Settlement Agreement to exercise reasonable and prudent
3 efforts to obtain the COL.
4

5 **IV. LNP 2014 AND 2015 WIND-DOWN ACTIVITIES.**

6 **Q. Does DEF have actual/estimated costs in 2014 as a result of Levy wind-down**
7 **activities?**

8 A. Yes. DEF's actual/estimated 2014 costs are [REDACTED]. See 2014 Detail LNP
9 Schedule of Exhibit No. ___ (TGF-4) to Mr. Foster's testimony. The 2014 Detail
10 Schedule, lines 1b and 12e and 1d, shows actual/estimated costs for 2014 in the
11 following categories: wind-down costs in the amount of [REDACTED] and LLE
12 disposition costs in the amount of [REDACTED], respectively
13

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

15 A. Actual/estimated 2014 wind-down costs that are reasonably known at this time are
16 approximately [REDACTED]. Wind-down cost were incurred and will be incurred for (1)
17 storage, insurance, and quality assurance of the completed and partially completed
18 Levy LLE components until disposition – approximately [REDACTED]; (2) internal
19 Duke Energy labor to assist with disposition of the LLE – approximately [REDACTED];
20 (3) approximately [REDACTED] in estimated costs for external WEC support to gather
21 information from its LLE suppliers and assist with disposition of the LLE; and (4)
22 approximately \$0.4 million for regulatory and administrative wind-down support.
23 This category also includes payment of final invoices in the amount of approximately

1 [REDACTED] for module program development work to close out DEF's relationship
2 with Consortium member S&W under the cancelled EPC Agreement. DEF does not
3 include in this filing potential, future wind-down or LLE disposition costs or credits
4 that DEF cannot reasonably quantify at this time.

5

6 **Q. Please describe the LLE disposition activities and costs.**

7 A. LLE disposition costs include expenditures directly attributable to amounts paid for
8 the disposition of the Levy LLE, a reversal of an accrual for a milestone payment not
9 made in 2014, and an estimate of the upper limit of termination costs possibly due [REDACTED]

10 [REDACTED]

11 The [REDACTED] shown on Schedule 2014 Detail LNP includes a negotiated
12 settlement payment to terminate an LLE purchase order with WEC and sub-contractor
13 Tioga for the reactor coolant-loop (RCL) piping components of [REDACTED] in early
14 2014, and a reversal of an accrual for an RCL milestone payment of [REDACTED] that
15 was not made because of the cancellation of the purchase order for this equipment.

16 Also included is approximately [REDACTED], which reflects the [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23

1 **Q. Please explain DEF's settlement with WEC and Tioga for the Tioga LLE.**

2 A. Tioga is the supplier and manufacturer of the RCL piping Levy LLE. The RCL piping
3 started the manufacturing process in 2013. When DEF elected not to complete
4 construction of the LNP, DEF first authorized WEC to contact Tioga about Tioga's
5 willingness to place a manufacturing hold on the RCL piping to allow DEF additional
6 time to analyze the disposition of the equipment. Tioga responded that there would be
7 a cost associated with a manufacturing hold and a change order would be required.
8 Consequently, DEF authorized WEC to contact Tioga about its costs should DEF
9 decide to cancel the RCL piping purchase order and manufacturing of the piping.
10 Tioga provided WEC with an all-inclusive cancellation cost of [REDACTED]

11 [REDACTED]
12 [REDACTED]. DEF evaluated the Tioga settlement offer
13 pursuant to DEF's LLE Disposition Plan guidelines. A copy of the LLE Disposition
14 Plan was included as Exhibit No. ___ (CMF-5) to my March 3, 2014 testimony in this
15 docket. Based on the evaluation of the available options under the LLE Disposition
16 Plan, which included quantitative and qualitative factors, DEF determined that the
17 settlement was the most cost-effective option for DEF and its customers. Acceptance
18 of the settlement resulted in a minimum net savings of [REDACTED] to DEF's
19 customers compared to the other available options. DEF, accordingly, accepted the
20 offer and instructed WEC to terminate the purchase order with Tioga on January 9,
21 2014. My Exhibit No. ____ (CMF-10) further explains DEF's evaluation of the Tioga
22 settlement offer and the net savings to customers that resulted from acceptance of that

1 Finally, because DEF could not obtain the COL from the NRC by January 1, 2014,
2 DEF terminated the EPC Agreement in late January of 2014, after disposition of the
3 Tioga LLE, the final LLE component being manufactured. DEF's decision to
4 terminate the EPC Agreement under this provision means that DEF is not obligated to
5 pay WEC a termination fee. Under this provision, DEF does not have to pay WEC the
6 termination fee if either party terminated the EPC Agreement because DEF was
7 unable to obtain the COL from the NRC by January 1, 2014.
8

9 **Q. Has DEF minimized costs?**

10 A. Yes. Overall, the Mangiarotti and Tioga settlements represent a savings of [REDACTED]
11 [REDACTED] through 2015 versus what DEF otherwise was contractually obligated to
12 spend.
13

14 **Q. What is the status of DEF's relationship with WEC?**

15 A. Prior to termination of the EPC Agreement, DEF was working with WEC to
16 disposition the Levy LLE. As I explained in the confidential attachment to my March
17 3, 2014 testimony, however, DEF's attempts to work with WEC to reasonably
18 disposition the Levy LLE and wind down the project activities and costs were slowed
19 by the parties' inability to agree on reasonable commercial terms to compensate WEC
20 for their efforts to disposition the Levy LLE following termination of the EPC
21 Agreement. WEC further made claims for changes orders and for the termination fee
22 and additional termination costs that, in DEF's view, were unfounded and
23 unreasonable. The parties attempted to work through their differences, however, the

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]

[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] Duties and Customs: [REDACTED] | 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] Storage Plans and obtaining Storage estimates: [REDACTED] Duties and Customs: [REDACTED] | 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]

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] 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.

REDACTED

Docket No. 140009-EI
Duke Energy Florida
Exhibit No. ____ (CMF-11)
Page 1 of 2



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
c 704.519.6173
f 980.373.2551

christopher.fallon@duke-energy.com

January 9, 2014
LNP-EPC-2014-0001

Response (Action) Required YES / 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:

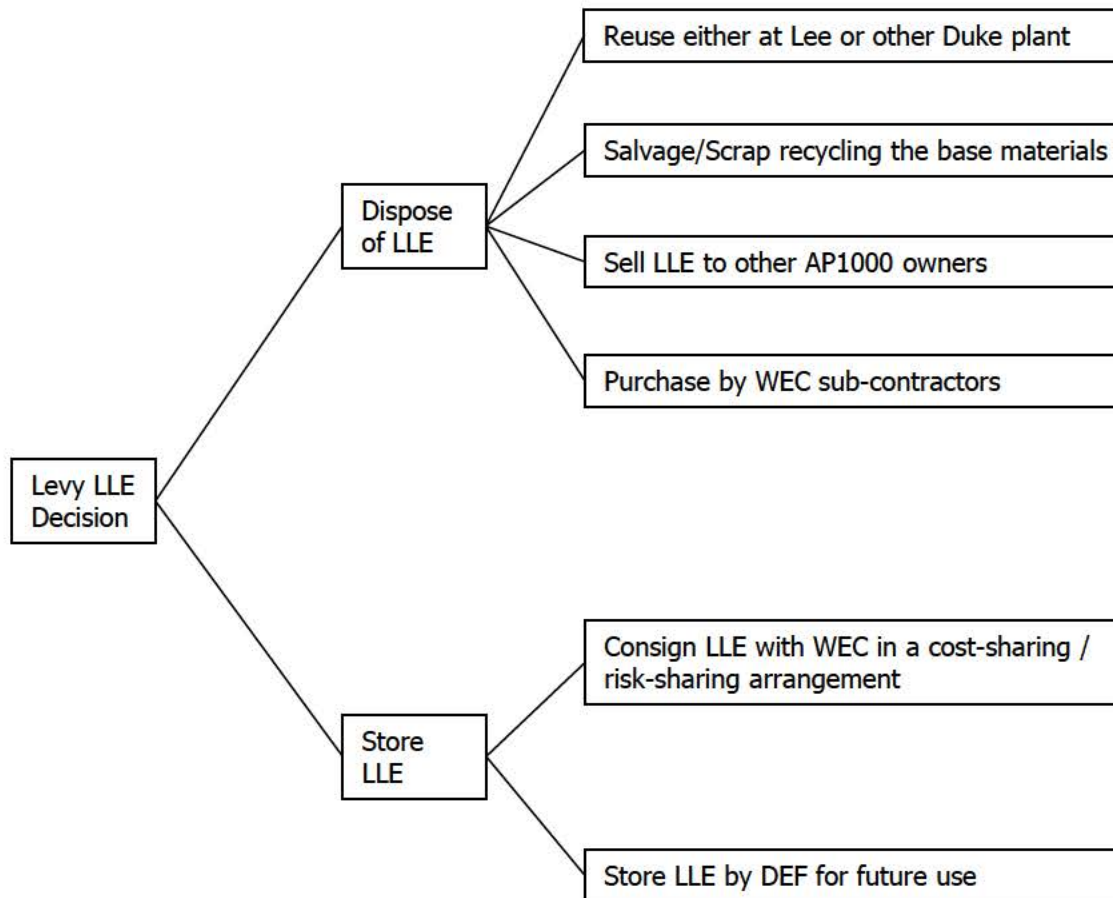
The purpose of this letter is to inform the Consortium of Duke Energy Florida's (DEF) acceptance of the cancellation offer for all components Tioga is manufacturing for Levy Units 1 and 2 as provided in Reference 1. This offer includes all cancellation costs from Tioga in the total amount of [REDACTED]

[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.

General Process for Disposition of LLE



- LLE Disposition Objectives:
 - Minimize financial cost and risks associated with 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 DEF
 - Evaluate possibility for future use of LLE to AP1000 projects
- Reference January 16, 2014 LLE Disposition Memo

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

DOCKET NO. 140009-EI

**Submitted for filing:
May 1, 2014**

REDACTED

**DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF LEVY ESTIMATED/ACTUAL AND PROJECTION COSTS AND
CR3 UPRATE ESTIMATED/ACTUAL AND PROJECTION COSTS**

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

1 for return. The total return requirements of \$13.5 million presented on Line
2 8d represents the carrying costs on the average uncollected investment
3 balance.

4

5 **Q. What is included in the Other Exit / Wind-down Expenditures on 2014**
6 **Detail Schedule?**

7 A. The expenses included on this schedule represent other exit and wind-
8 down costs including regulatory and administrative wind-down support
9 costs that the Company expects to incur in 2014 related to the LNP that
10 DEF is seeking recovery of through the NCRC.

11

12 **Q. How did these expenditures for January 2014 through December 2014**
13 **compare with DEF's projected costs for 2014?**

14 A. Appendix B, Line 5 shows that total Other Exit & Wind-down costs were
15 \$0.4 million or \$0.1 million lower than estimated. There were no major
16 variances with respect to these costs.

17

18 **B. EXIT & WIND-DOWN COSTS INCURRED IN 2014 FOR THE LEVY**
19 **NUCLEAR PROJECT.**

20 **Q. What are the exit and wind-down costs incurred for the Levy Nuclear**
21 **Project for the period January 2014 through December 2014?**

22 A. 2014 Detail Schedule Exhibit No__(TGF-4) Lines 1e, Line 3e, and Line 12e
23 show that total exit and wind-down expenditures excluding carrying costs
24 were [REDACTED].

1 **Q. What do Lines 1 through 4 on 2014 Detail Schedule represent?**

2 A. 2014 Detail Schedule Exhibit No__ (TGF-4) Lines 1 through 4 reflect
3 actual/estimated monthly expenditures for 2014. This schedule includes
4 both the Generation and Transmission costs. These costs have been
5 adjusted to a cash basis to calculate carrying costs. The appropriate
6 jurisdictional separation factor was applied to arrive at the total jurisdictional
7 costs. These costs are further described in the testimony of Mr. Fallon.

8
9 **Q. Are there any costs related to disposition efforts for the Levy project
10 assets for the calendar year 2014 or 2015?**

11 A. Yes. Disposition costs of [REDACTED] occurred in January 2014. As a result
12 of this disposition, an outstanding 2013 milestone payment accrual of [REDACTED]
13 [REDACTED] for this vendor was no longer necessary and subsequently reversed
14 in 2014. The net of these amounts is shown on Line 1d of the 2014 Detail
15 schedule. DEF estimates approximately [REDACTED] of potential additional
16 disposition costs related to the Levy Long Lead Equipment expenses, to be
17 incurred in the fourth quarter of 2014, as further explained in Mr. Fallon's
18 testimony.

19
20 **Q. Did you project any credits for the sale or other disposition efforts
21 that will result in credits for the Levy project assets for the calendar
22 year 2014 or 2015?**

23 A. No. DEF cannot reasonably estimate the value of any potential sale or
24 disposition of any LNP asset. Value received from any disposition of an

1 **Q. What are the exit and wind-down costs incurred for the Levy Nuclear**
2 **Project for the period January 2015 through December 2015?**

3 A. 2015 Detail Schedule Exhibit No__ (TGF-4) Lines 1e, 3e and Line 10e show
4 that total exit and wind-down expenditures excluding carrying costs are
5 estimated at [REDACTED].

6
7 **Q. What is the total projected exit and wind-down costs that will be**
8 **incurred for the period January 2015 through December 2015?**

9 A. As shown on Line 5c and Line 16d of 2015 Detail Schedule in Exhibit
10 No.__(TGF-4), total projected jurisdictional costs for 2015 are \$1.2 million.
11 The costs have been adjusted to a cash basis for purposes of calculating
12 the carrying charge and the appropriate jurisdictional separation factor has
13 been applied.

14
15 **Q. What are the projected total revenue requirements that DEF will**
16 **recover in 2015?**

17 A. DEF is requesting recovery consistent with the terms of the 2013
18 Settlement Agreement. This means DEF will recover revenues consistent
19 with application of the factors in Exhibit 9 of the 2013 Settlement Agreement
20 to the sales forecast presented in the CCRC later in the year. DEF
21 calculated the estimated revenue requirement by applying the rates in
22 Exhibit 9 of the 2013 Settlement Agreement to the sales forecast included
23 in the 2015 Estimated Rate Impact Schedule of Exhibit No. ____ (TGF-4) to
24 generate the projected revenue for 2015. As can be seen in the 2015

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-4)

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

**JANUARY 2014 - DECEMBER 2015
DOCKET NO. 140009-EI**

DUKE ENERGY FLORIDA
Nuclear Cost Recovery Class (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. 140009-E
 (TGF-4)

REDACTED

| Line | Description | Beginning of Period Amount | Projected January 2015 | Projected February 2015 | Projected March 2015 | Projected April 2015 | Projected May 2015 | Projected June 2015 | Projected July 2015 | Projected August 2015 | Projected September 2015 | Projected October 2015 | Projected November 2015 | Projected December 2015 | Period Total | End of Period Total |
|------|---|----------------------------|------------------------|-------------------------|----------------------|----------------------|--------------------|---------------------|---------------------|-----------------------|--------------------------|------------------------|-------------------------|-------------------------|--------------|---------------------|
| 1 | Uncollected Investment: Generation | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2013 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| 2 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Generation (Line 1e + Line 2a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor: Generation | 92.885% | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Generation | | | | | | | | | | | | | | | |
| 3 | Uncollected Investment: Transmission | | | | | | | | | | | | | | | |
| | a Prior Period Construction Balance YE 2013 | | | | | | | | | | | | | | | |
| | b Wind-Down Costs | | | | | | | | | | | | | | | |
| | c Sale or Salvage of Assets | | | | | | | | | | | | | | | |
| | d Disposition | | | | | | | | | | | | | | | |
| | e Total | | | | | | | | | | | | | | | |
| 4 | Adjustments | | | | | | | | | | | | | | | |
| | a Non-Cash Accruals | | | | | | | | | | | | | | | |
| | b Adjusted System Transmission (Line 3e + Line 4a) | | | | | | | | | | | | | | | |
| | c Retail Jurisdictional Factor: Transmission | 70.209% | | | | | | | | | | | | | | |
| | d Retail Uncollected Investment: Transmission | | | | | | | | | | | | | | | |
| 5 | Total Uncollected Investment | | | | | | | | | | | | | | | |
| | a Total Jurisdictional Uncollected Investment (2d + 4f) | 239,075,154 | | | | | | | | | | | | | | 239,929,941 |
| | b Retail Land Transferred to Land Held for Future Use (a) | (66,221,330) | | | | | | | | | | | | | | (66,221,330) |
| | c Total Jurisdictional Uncollected Investment | 172,853,824 | 427,394 | 427,394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 854,787 | 173,708,611 |
| 6 | Carrying Cost on Uncollected Investment Balance | | | | | | | | | | | | | | | |
| | a Uncollected Investment: Additions for the Period (Beg Balance: Line 5c) | 172,853,824 | 427,394 | 427,394 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 854,787 | 173,708,611 |
| | 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 | 24,826,901 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,826,901 |
| | d Amortization of Uncollected Investment (2010) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e Additional Amortization of Uncollected Investment Balance | (46,864,516) | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 7,836,546 | 94,038,554 | (140,903,070) |
| | f Prior Period Carrying Charge Unrecovered Balance (a) | 3,436,410 | 3,150,042 | 2,863,675 | 2,577,307 | 2,290,940 | 2,004,572 | 1,718,205 | 1,431,837 | 1,145,470 | 859,102 | 572,795 | 286,367 | 0 | 0 | (8) |
| | g Prior Period Carrying Charge Recovered (a) | 3,436,410 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 286,367 | 0 |
| | h Net Investment | \$100,585,865 | \$95,890,345 | \$87,767,481 | \$79,217,124 | \$71,094,210 | \$62,971,297 | \$54,848,383 | \$46,725,469 | \$38,602,556 | \$30,479,642 | \$22,356,728 | \$14,233,815 | \$6,110,901 | \$6,110,901 | \$6,110,901 |
| 7 | Average Net Investment | | \$99,738,105 | \$92,042,585 | \$83,705,974 | \$75,155,667 | \$67,032,753 | \$58,909,840 | \$50,786,926 | \$42,664,012 | \$34,541,099 | \$26,418,185 | \$18,295,271 | \$10,172,358 | | |
| 8 | Return on Average Net Investment | | | | | | | | | | | | | | | |
| | a Equity Component | 0.0094 | 392,968 | 362,648 | 329,802 | 296,113 | 264,109 | 232,105 | 200,100 | 168,096 | 136,092 | 104,088 | 72,083 | 40,079 | 2,596,283 | |
| | b Equity Component Grossed Up For Taxes | 1.82800 | 639,753 | 590,932 | 536,918 | 482,072 | 429,970 | 377,867 | 325,783 | 273,661 | 221,554 | 169,455 | 117,351 | 65,249 | 4,230,009 | |
| | c Debt Component | 0.00189 | 188,904 | 174,329 | 158,939 | 142,945 | 126,960 | 111,575 | 96,190 | 80,806 | 65,421 | 50,096 | 34,651 | 19,266 | 1,249,022 | |
| | d Total Return for the Period | | 828,667 | 764,722 | 695,657 | 628,417 | 556,939 | 488,442 | 421,954 | 354,467 | 286,979 | 219,491 | 152,092 | 84,515 | 5,478,090 | |
| 9 | Revenue Requirements for the Period (Line 8a + 8d) | | 1,258,050 | 1,182,114 | 695,457 | 628,417 | 556,939 | 488,442 | 421,954 | 354,467 | 286,979 | 219,491 | 152,092 | 84,515 | 6,338,818 | |
| 10 | Other Exit / Wind-Down | | | | | | | | | | | | | | | |
| | a Accounting | | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | 10,262 | \$128,148 |
| | b Corporate Planning | | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | 16,070 | \$192,838 |
| | c Legal | | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | 5,417 | \$65,000 |
| | d Joint Owner Credit | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | e Total Other Exit / Wind-Down Costs | | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | 31,749 | \$580,986 |
| 11 | Jurisdictional Factor (ABG) | | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | 0.93221 | |
| 12 | Jurisdictional Amount | | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | 29,597 | \$55,159 |
| 13 | Prior Period Unrecovered Balance (a) | (172,785) | (158,368) | (143,970) | (129,573) | (115,176) | (100,779) | (86,382) | (71,985) | (57,588) | (43,191) | (28,794) | (14,397) | 0 | | |
| 14 | Prior Period Costs Recovered (a) | (172,785) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | (14,397) | |
| 15 | Unamortized Balance | (172,785) | (158,368) | (143,970) | (129,573) | (115,176) | (100,779) | (86,382) | (71,985) | (57,588) | (43,191) | (28,794) | (14,397) | 0 | | |
| 16 | Projected Carrying Costs for the Period | | | | | | | | | | | | | | | |
| | a Balance Eligible for Interest | | 21,997 | (186,371) | (121,974) | (107,577) | (93,180) | (78,783) | (64,385) | (49,988) | (35,591) | (21,194) | (6,797) | 7,600 | | |
| | 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% | 0.01% | | |
| | c Interest Provision | | 1 | (7) | (6) | (5) | (5) | (4) | (3) | (2) | (2) | (1) | (1) | (1) | 0 | (34) |
| | d Total Costs and Interest (Line 12 + Line 16c) | | 29,598 | 29,590 | 29,590 | 29,591 | 29,592 | 29,593 | 29,593 | 29,594 | 29,595 | 29,596 | 29,596 | 29,597 | 29,597 | \$55,123 |
| 17 | Revenue Requirements for the Period | | 1,285,648 | 1,221,704 | 725,048 | 654,009 | 586,522 | 519,093 | 451,548 | 384,861 | 316,574 | 248,087 | 181,598 | 114,112 | 6,688,943 | |

Note (a): Please see Appendix A for Beginning Balance Support

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
Estimated/Actual True-Up Filing: Regulatory Asset Category - Variance in Additions and Expenditures

REDACTED

EXPLANATION: Provide variance explanations comparing the annual system total expenditures shown on 2014 Detail Schedule with the expenditures approved by the Commission on Schedules P-6.2 & P-6.3. List the Generation expenses separate from Transmission.

Appendix D
 Witness: C. Fallon
 Exhibit: (TGF - 4)
 (Page 2 of 2)

COMPANY:
 Duke Energy - FL

DOCKET NO.:
 140009-EI

For Year Ended 12/31/2014

| Line No. | Major Task & Description for amounts on Schedule | (A) System Projection | (B) System Estimated/Actual | (C) Variance Amount | (D) Explanation |
|----------------------|---|-----------------------------|-----------------------------------|---------------------------|--|
| <u>Generation:</u> | | | | | |
| 1 | Wind-Down Costs (new category) | | | | |
| 2 | Sale or Salvage of Assets (new category) | | | | |
| 3 | Disposition (new category) | | | | |
| 4 | License Application (P-6.2) | | | | |
| 5 | Engineering, Design, & Procurement (P-6.2) | | | | |
| 6 | Real Estate Acquisitions (P-6.3) | | | | |
| 7 | Project Management (P-6.3) | | | | |
| 8 | Power Block Engineering, Procurement, etc. (P-6.3) | | | | |
| | Total Generation Costs | | | | Variance due to termination of the EPC and terms of the RRSSA. |
| <u>Transmission:</u> | | | | | |
| 9 | Wind-Down Costs | | | | |
| 10 | Sale or Salvage of Assets | | | | |
| 11 | Disposition | | | | |
| 12 | Real Estate Acquisition (P-6.3) | | | | |
| 13 | Other (P-6.3) | | | | |
| | Total Transmission Costs | | | | Variance due to termination of the EPC and terms of the RRSSA. |

LEVY COUNTY NUCLEAR 1 & 2
True-Up Actual Filing: Contracts Executed

REDACTED

Appendix E
Witness: C. Fallon
Docket No. 140009-EI
Exhibit: (TGF - 4)

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.:
140009-EI

For Year Ended: 12/31/2015

| Line No. | Contract No. | Status of Contract | Term of Contract | Original Amount | Actual Expended as of Prior Year End (2013) | Estimated Amount Expended In Years (2014-2015) | Estimate of Final Contract Amount | Name of Contractor | Affiliation of Vendor | Method of Selection | Nature and Scope of Work |
|----------|--------------------------|--|------------------|-----------------|---|--|-----------------------------------|--|--|--|--|
| 1 | N/A | Executed | | | | | | Purchase Agreement for Rayonier Forest Resources | Indirect (Vertical Integration (buyer) on behalf of Duke Energy) | Purchase based on final results from site down select analysis that determined most suitable site to locate the plant. | Purchase Land for LNP. Final contract amount includes costs to complete title search, recording fees, and documentary stamps; and Final payment in 2014. Sold Approximately 3,000 acres to Duke Energy for siting Levy Nuclear Plant. |
| 2 | 255934-09 Amendment 1-11 | Executed | | | | | | Joint Venture Team | Direct | Sole Source. Award for Phase III support of the COLA submital (Reference contract 255934-02) | LNP Phase III (Initial Scope - COLA Revision 6) incorporate RCC Specialty Test, Foundation Calks Rev-Contract will be amended as new COLA Phase III work scope identified. |
| 3 | 414310 | Executed (continue partial suspension with schedule shift) | | | | | | Weedinghouse 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 AP-1000 Facility at the Levy Nuclear Plant Site. Final contract amount includes change orders. |
| 4 | 571497 Amendment 1 | Completed (Note 1) | | | | | | O'Steen Brothers | Direct | RFP Process | Provide detailed engineering design, permitting, and construction services for a 3.2 mile, 12 ft. wide multi-use paved trail ("Trail") on the Marjorie Harris Carr Cross Florida Greenway ("Greenway"), to be located in Citrus and Levy Counties (Florida). |
| 5 | N/A | Completed | | | | | | NuStart Energy Development LLC | Direct | Membership Agreement in Industry Organization | Preparation of Reference Combined License Applications for Weedinghouse and GE Designs. |
| 6 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Hopping, Green & Serna | Direct | Note 2 | Legal Work - Levy Site Certification |
| 7 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Pillsbury Winthrop Shaw Pittman | Direct | Note 2 | Legal Work - Levy COLA Work and COLA Contentions |
| 8 | N/A | Note 2 | Note 2 | Note 2 | | | Note 2 | Carlton Fields | Direct | Note 2 | Legal Work - PEF Levy Units 1 & 2 |

Note 1: For this particular contract, costs incurred by DEF for the design, permitting, and construction of the Rac Trail were reimbursed from an escrow account administered by the State of Florida (Department of Financial Services, Division of Treasury).

Note 2: The scope, nature, and extent of legal services ultimately required is subject either to events and/or the actions and/or inactions of parties beyond the control of DEF and its legal services providers, and therefore are not amenable to determination at the time of contract execution or estimation in advance of the conclusion of legal services.

Note 3: Costs associated with terminating the EPC and related long lead time equipment contracts are under evaluation.

SCHEDULE APPENDIX

REDACTED

EXHIBIT (TGF-5)

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

**JANUARY 2014 - DECEMBER 2015
DOCKET NO. 140009-EI**

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Summary of Contracts Executed Over \$1 Million

REDACTED

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. Delowery

Docket No. 140009-EI

Exhibit: (TGF - 5)

COMPANY:

Duke Energy Florida

DOCKET NO.:

140009-EI

All Contracts listed below have been closed as of 12/31/2013. No new contracts over \$1 million were signed after December 31, 2013.

For Year Ended 12/31/2015

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | |
|----------|---------------------|--------------------|--------------------------|-----------------|---|--|-----------------------------------|--------------------|--------------------|---|---|
| Line No. | Contract No. | Status of Contract | Current Term of Contract | Original Amount | Amount Expended as of Prior Year End (2012) | Amount Expended in Current Year (2013) | Estimate of Final Contract Amount | Name of Contractor | Vendor Affiliation | Method of Selection & Document ID | Nature and Scope of Work |
| 1 | 101659 WA 84 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture | EPU NSSS Engineering, Fuel Eng. and LAR Support for CR3 |
| 2 | 101659 WA 93 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007 | EPU BOP -provide Engineering Services for CR3 Secondary Systems Uprate |
| 3 | 145588 WA 50 | CLOSED | | | | | | Siemens | Direct | RFP | CR3 turbine retrofit for EPU including supply of all equipment and installation. |
| 4 | 101659 WA 84, Amd 7 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages including LPI cross-tie, Almo Dump Valves, and Emergency Feed Pump-2. |
| 5 | 101659 WA 84, Amd 8 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages including spent fuel, LPI X-tie modification, large transient testing, and LAR activities. |
| 6 | 101659 WA 93, Amd 9 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | R17 EC packages for BOP including Feedwater Heater 2A/2B, Deserator, and Main Steam System. |
| 7 | 433059 | CLOSED | | | | | | EvapTech | Direct | RFP SF6-2008 | CR3 Cooling Tower Construction |
| 8 | 359323 WA14 | CLOSED | | | | | | Flowserve | Direct | SF12-2009 | Condensate pumps and motor replacement |
| 9 | 359323 WA16 | CLOSED | | | | | | Flowserve | Direct | RFP | Install small and large bore LPI valves |
| 10 | 506836 | CLOSED | | | | | | Sulzar | Direct | RFP | Design, manufacture, assemble, test, and ship two (2) main feedwater pumps (FWP 2A/2B) |
| 11 | 489945 | CLOSED | | | | | | Sulzar | Direct | RFP SF10-2009 | Design, manufacture, assemble, and ship two (2) feedwater booster pumps (FWP 1A/1B) |
| 12 | 505119 | CLOSED | | | | | | SPX | Direct | RFP SF01-2010 | Install two (2) feedwater heat exchangers FWHE 2A/2B |
| 13 | 145588 WA 50, Amd 7 | CLOSED | | | | | | Siemens | Direct | RFP; continuation of work | Amended and restated WA-50 for LP turbines, HP turbines, R16 outage EWA's, LD's, additional support, and updated testing and monitoring plans |
| 14 | 101659 WA 84, Amd 9 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | R17 EC packages; continuation of work. |
| 15 | 101659-93, Amd 11 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | R17 EC packages; continuation of BOP work. |

CRYSTAL RIVER UNIT 3 UPRATE
True-Up Filing: Summary of Contracts Executed Over \$1 Million

REDACTED

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. Delowery
Docket No. 140009-EI
Exhibit: (TGF - 5)

COMPANY:
Duke Energy Florida

DOCKET NO.:

140009-EI

All Contracts listed below have been closed as of 12/31/2013. No new contracts over \$1 million were signed after December 31, 2013.

For Year Ended 12/31/2015

| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | |
|----------|-------------------|--------------------|--------------------------|-----------------|---|--|-----------------------------------|--------------------------|--------------------|---|--|
| Line No. | Contract No. | Status of Contract | Current Term of Contract | Original Amount | Amount Expended as of Prior Year End (2012) | Amount Expended in Current Year (2013) | Estimate of Final Contract Amount | Name of Contractor | Vendor Affiliation | Method of Selection & Document ID | Nature and Scope of Work |
| 16 | 500896 | CLOSED | | | | | | SPX | Direct | RFP | FWHE 3A/3B |
| 17 | 545831-01 | CLOSED | | | | | | Curtiss Wright/Scientech | Direct | RFP | Inadequate Core Cooling Modification System |
| 18 | 101659-84, Amd 11 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2011-12 |
| 19 | 101659-83, Amd 13 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | Continuation of R17 engineering work for 2011-12 |
| 20 | 101659-83, Amd 14 | CLOSED | | | | | | AREVA - NP | Direct | RFP KS12007; continuation of work | Continuation of R17 engineering work for 2011-12 |
| 21 | 101659-84, Amd 13 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2011-12 |
| 22 | 101659-84, Amd 14 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2012-13 |
| 23 | 101659-84, Amd 15 | CLOSED | | | | | | AREVA - NP | Direct | Sole Source - Original Equipment Manufacture; continuation of work. | Continuation of R17 engineering work for 2012-13 |

Note: As a result of closing the above contracts, the AREVA-NP and SIEMENS Contracts with Amendments above show aggregated spend and final Contract amount on the original Contract (Lines 1-3).

Revised Exhibit C
DUKE ENERGY FLORIDA
Confidentiality Justification Matrix

| DOCUMENT | PAGE/LINE/ COLUMN | JUSTIFICATION |
|--|--|---|
| <p>Direct Testimony of Christopher M. Fallon on behalf of Duke Energy Florida, LLC</p> | <p>Page 6, line 8, eighth and ninth words, Line 11, third and fourth words from end, Line 12, seventh and eighth words, Line 16, second and third words, Line 18, third and fourth words from end, Line 19, last two words, Line 20, third and fourth words, Line 23, second and third word from end; Page 7, Line 1, first and second words, Line 9, last word, Line 10, all words, Line 11, second and third words, Line 13, third and fourth word from end, Line 14, second and third word from end, Line 16, fifth, sixth, tenth, eleventh and twelfth words, Lines 17 through 22 in their entirety; Page 8, Line 10, last two words; Line 11, entire line, Line 12, first through sixth words, Line 18, third and fourth word from end; Page 13, Line 10, last word, Line 11, first word.</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |
| <p>Direct Testimony of Christopher M. Fallon on behalf of Duke Energy Florida, LLC, Exhibit No. (CMF-10)</p> | <p>Page 1, 1st paragraph, 7th line, eighth and ninth words, 13th line, last seven words, 14th line in its entirety, 15th line, first four words; Table 2nd column, 1st row, 1st line, last word, 2nd row, 2nd line, number including entire footnote, 3rd line, last word, 4th line, entire line including last three words in footnote, 5th line, last two words, 7th line, last two words, 8th line, last two words; 3rd column, third row, 2nd line, all words, 3rd line, last word, 4th line all words, 5th line last two</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |

| | | |
|---|---|---|
| | <p>words, 7th line, last two words; 8th line, last two words; 3rd column, 3rd row, 2nd line, last 2 words including last seven words in footnote; Page 2, Table, 2nd column, 2nd line entirely, 3rd line, last word, 4th line, all words, 5th line, last two words, 7th line, last two words, 8th line, last two words; Bullet points: 1st, 3rd through 6th bullet points in their entirety; last paragraph on page, 3rd line, first two words</p> | |
| <p>Direct Testimony of Christopher M. Fallon on behalf of Duke Energy Florida, LLC, Exhibit No. (CMF-11)</p> | <p>Page 1, 3rd paragraph from bottom, 4th line, all words except first three words, 5th line, first thirteen words</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |
| <p>Direct Testimony of Thomas G. Foster in Support of Levy Estimated/ Actual and Projection Costs and CR3 Uprate Estimated/ Actual and Projection Costs</p> | <p>Page 8, Line 24, second and third words; Page 9, Line 11, fifth and sixth words, Line 12, last word, 13th line, first word, 15th line, fifth and sixth words; Page 12, Line 5, last two words</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |

| | | |
|--|---|---|
| <p>Direct Testimony of Thomas G. Foster in Support of Levy Estimated/Actual and Projection Costs and CR3 Uprate Estimated/Actual and Projection, Exhibit No. (TGF-4)</p> | <p>Page 4 of 15, All information shown in columns titled Beginning of Period Amount through End of Period Total, Lines 1a through 1e, 2a, 2b and 2c, 3a through 3e, 4a, 4d and 4f; Page 5 of 15, All information shown in columns titled Beginning of Period Amount through End of Period Total, Lines 1a through 1e, 2a, 2b and 2d, 3a through 3e, 4a, 4d and 4f; Page 13 of 15, all information in columns (A), (B) and (C); Page 14 of 15, all information in columns (C) through (G) Lines 1, 2, 4 and 5, Line 3, Columns (C), (D), (E), and (F), Columns (E) and (F), lines 6 through 8.</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |
| <p>Direct Testimony of Thomas G. Foster in Support of Levy Estimated/Actual and Projection Costs and CR3 Uprate Estimated/Actual and Projection, Exhibit No. (TGF-5)</p> | <p>Page 14 of 16, all information in Columns (C) through (G), Lines 1 through 15; Page 15 of 16, all information in columns (C) through (G), Lines 16 through 23.</p> | <p>§366.093(3)(d), Fla. Stat. The document portions in question contain confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p> |

**Revised Exhibit D
Affidavit of
Christopher M. Fallon**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20180009-EI

**AFFIDAVIT OF CHRISOPHER M. FALLON IN SUPPORT OF
DUKE ENERGY FLORIDA'S SECOND
REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths, personally appeared Christopher M. Fallon, who being first duly sworn, on oath deposes and says that:

1. My name is Christopher M. Fallon. I am employed by Duke Energy Corporation ("Duke Energy") in the capacity of Vice President of Renewables and Commercial Portfolio. Until November 2016, I was Duke Energy's Vice President of Nuclear Development, and as such, I was responsible for the Levy Nuclear Power Plant Project ("LNP"). I am over the age of 18 years old and I have been authorized to give this affidavit in the above-styled proceeding on Duke Energy Florida's (hereinafter "DEF" or the "Company") behalf and in support of DEF's Second Request for Extension of Confidential Classification (the "Request") concerning portions of the testimonies and exhibits filed as part of the Company's May 1, 2014 Petition. The facts attested to in my affidavit are based upon my personal knowledge.

2. As Vice President of Nuclear Development, I was responsible for licensing and engineering design for the LNP, including the direct management of the Engineering,

procurement and Construction (“EPC”) Agreement with Westinghouse Electric Company Co., LLC (“WEC”) and Stone & Webster, Inc. (“S&W”) (collectively, the “Consortium”).

3. DEF is seeking an extension of confidential classification for certain information contained in the direct testimony and exhibits of Christopher M. Fallon and the direct testimony and exhibits of Thomas G. Foster submitted May 1, 2014 in Docket No. 20140009-EI. The information contained in Exhibit No. CMF-12, submitted on May 1, 2014, in DEF’s Request for Confidential Classification, is no longer confidential. Therefore, DEF is submitting revised Exhibits A, B, and C along with this Affidavit. DEF is requesting an extension of confidential classification of the remaining information because it contains proprietary and confidential capital cost and contractual information, the disclosure of which would compromise DEF’s competitive business interests.

4. Specifically, DEF continues to request confidential classification of the portions of the testimonies and exhibits of Mr. Foster that contain confidential capital costs numbers and contractual information regarding the purchase of goods and services for the LNP, the disclosure of which would compromise DEF’s competitive business interests or violate contractual confidentiality provisions.

5. DEF is also requesting confidential classification of the portions of my testimony and the testimony of Mr. Foster and Exhibit No. (TGF-4) that contain competitively sensitive capital cost numbers under the EPC Agreement.

6. Additionally, DEF is requesting confidential classification of Exhibit Nos. (CMF-10) and (CMF-11), because these exhibits contain highly confidential settlement information between DEF, the Consortium and its vendors regarding the disposition of long lead time equipment (“LLE”) for the LNP. This information would adversely impact DEF’s

competitive business interests, and the current litigation with Westinghouse regarding wind down of the EPC Agreement and disposition of the Levy LLE, if disclosed to third-parties.

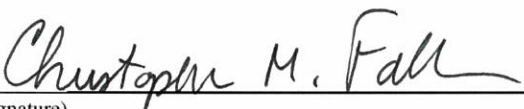
7. The disclosure of this information would compromise DEF's competitive business interests and in certain instances violate continuing contractual confidentiality provisions with DEF's vendors, as well as cost numbers and information relating to future negotiations with its vendors. Most of the contracts at issue, and specifically the EPC Agreement, contain confidentiality provisions. Therefore, DEF is requesting confidential classification of this information to avoid public disclosure that would violate the confidentiality agreements between DEF and other parties.

8. Upon receipt of all this confidential information, and with its own confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided, including restricting access to those persons who need the information to assist the Company. At no time has the Company publicly disclosed the information at issue. The Company has treated and continues to treat the information at issue as confidential.

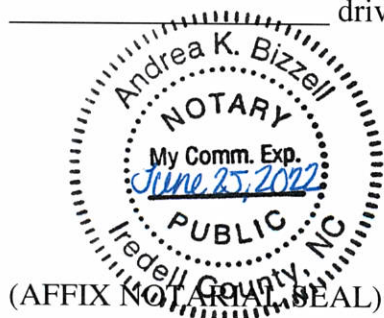
9. This concludes my affidavit.

Further affiant sayeth not.

Dated the 16th day of January, 2018.


(Signature)
Christopher M. Fallon

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 16th day of January 2018 by Christopher M. Fallon. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.



Andrea K. Bizzell
(Signature)

Andrea K. Bizzell
(Printed Name)

NOTARY PUBLIC, STATE OF NC
June 25, 2022
(Commission Expiration Date)

(Serial Number, If Any)

**Revised Exhibit D
Affidavit of
Mark Teague**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20180009-EI

**AFFIDAVIT OF MARK TEAGUE IN SUPPORT OF
DUKE ENERGY FLORIDA'S SECOND
REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths, personally appeared Mark Teague, who being first duly sworn, on oath deposes and says that:

1. My name is Mark Teague. I am employed by Duke Energy Business Services, LLC ("Duke Energy") and serve as its Managing Director of Procurement and Buying in the Supply Chain Department. I am over the age of 18 years old and I have been authorized by Duke Energy Florida (hereinafter "DEF" or the "Company") to give this affidavit in the above-styled proceeding on DEF's behalf and in support of DEF's Second Request for Extension of Confidential Classification (the "Request") concerning portions of the testimonies and exhibits filed together with the Company's May 1, 2014 Petition for approval of nuclear costs. The facts attested to in my affidavit are based upon my personal knowledge.

2. As Managing Director of Procurement and Buying, my role included providing management oversight in the disposition of the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") assets by ensuring that Supply Chain employees at CR3 follow DEF's processes and

procedures. I also have responsibility for the Supply Chain functions for Gas Operations Procurement, Ash Procurement and Generation Procurement

3. DEF is seeking an extension of confidential classification for certain information contained in the direct testimony and exhibits of Christopher M. Fallon and the direct testimony and exhibits of Thomas G. Foster submitted May 1, 2014 in Docket No. 20140009-EI. The information contained in Exhibit No. CMF-12, submitted on May 1, 2014, in DEF's Request for Confidential Classification, is no longer confidential. Therefore, DEF is submitting revised Exhibits A, B, and C along with this Affidavit. DEF is requesting an extension of confidential classification of the remaining information because it contains proprietary and confidential capital cost and contractual information, the disclosure of which would compromise DEF's competitive business interests.

4. The Company is requesting an extension of confidential classification of the portions of the testimonies and exhibits that contain contractual confidential information regarding the purchase of goods and services for the Crystal River 3 ("CR3") Extended Power Uprate ("EPU") project, the disclosure of which would compromise DEF's competitive business interests. More specifically, certain portions of the Schedules attached to Mr. Foster's testimony as Exhibit No. (TGF-5) contain or reflect contractual arrangements, including terms and conditions, between DEF and providers of various equipment and services required for the close-out of the EPU project that would adversely impact DEF's competitive business interests if disclosed to the public.

5. The Company must be able to assure vendors that sensitive business information, such as the terms of their contracts and the close-out arrangements, will be kept confidential. Indeed, most of the contracts at issue contain confidentiality provisions that prohibit

the disclosure of the terms of the contract to third parties. If third parties were made aware of confidential contractual terms that the Company has with other parties, they may offer DEF less competitive contractual terms in future contractual negotiations. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts or close out agreements between DEF and other contractors, the Company's efforts to obtain competitive contracts would be undermined.

6. As stated above, most of the contracts at issue contain confidentiality provisions; therefore, DEF is requesting confidential classification of this information to avoid public disclosure that would violate the confidentiality agreements between DEF and the other parties. DEF has kept confidential and has not publicly disclosed the proprietary contract terms and provisions at issue here. Absent such measures, DEF would run the risk that sensitive business information regarding what the Company is willing to pay for necessary equipment, goods, services and supplies would be made available to the public and, as a result, other parties could change their position in the marketplace to the detriment of DEF.

7. Upon receipt of this confidential information, as with all confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided, including restricting access to those persons who need the information to assist the Company, and restricting the number of, and access to the information and documents. At no time since developing or entering into the contracts in question has the Company publicly disclosed the contracts' confidential terms. The Company has treated and continues to treat the information and documents at issue as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

Mark Teague
(Signature)
Mark Teague

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 19 day of January, 2018 by Mark Teague. He is personally known to me, or has produced his _____ driver's license, or his personally known as identification.

Claire Clark
(Signature)
Claire Clark
(Printed Name)

(AFFIX NOTARIAL SEAL)

NOTARY PUBLIC, STATE OF _____
10-22-2021
(Commission Expiration Date)

20012880168
(Serial Number, If Any)

