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Public Service Commission

January 30, 2018

Dianne M. Triplett
Duke Energy Florida, LLC
299 1st Avenue North
St. Petersburg, FL 33701
Dianne.Triplett@duke-energy.com

STAFF'S DATA REQUEST
via e-mail

RE: Docket No. 20170274-EQ – Petition for approval to terminate qualifying facility power purchase agreement with Florida Power Development, LLC, by Duke Energy Florida, LLC.

Dear Ms. Triplett:

By this letter, the Commission staff requests that Duke Energy Florida, LLC (DEF or utility) provide responses to the following data requests.

For the purpose of questions 1-7, please refer to the Direct Testimony of Benjamin M.H. Borsch, attached to DEF's petition (Document No. 10965-2017), as filed in this docket.

1. Please refer to Page 5, Lines 6-8, wherein Witness Borsch notes that "The Termination Agreement is expected to yield environmental benefits," referring to "numerous criteria air pollutants" and Lines 9-13, where Witness Borsch testifies that "DEF anticipates that the retirement of the FPD Facility will reduce DEF's system wide average annual carbon dioxide ("CO2") emissions of its total resource portfolio in Florida by approximately 136-153 thousand tons per year and 2.3 – 2.6 million tons cumulatively over the remaining FPD QF PPA term..."
 - a. Please identify each of the pollutants (SO₂, NO_x, etc.) included in "numerous criteria air pollutants."
 - b. Please identify all data sources used by DEF in its calculation of these anticipated reductions.
 - c. Please identify all assumptions used by DEF in its calculation of these anticipated reductions.
2. Please refer to Page 5, Lines 11-13. Please provide the models and data sources employed by DEF in its forecasts of CO₂ emissions reductions.

3. Please refer to the tables on Page 7. Please provide data and calculations used by DEF to arrive at annual net costs of CO₂ reduction for each scenario incorporated in the tables.
4. Please refer to Page 6, Lines 18-23.
 - a. What is DEF's rationale and method for calculating the low and high fuel price forecast sensitivities and why such sensitivities are appropriate in support of DEF's petition?
 - b. What are the probabilities, if any, of DEF's fuel price forecasts sensitivities and what method was used to determine such probability?
 - c. If DEF did not calculate probabilities of its fuel price forecast sensitivities, what weight should be given to DEF's fuel price sensitivities, and why?
5. Please refer to Page 6, Lines 18-23.
 - a. What are the source(s) and dates of DEF's fuel price forecast used to support its petition was prepared, the anticipated source(s) and date of DEF's next fuel price forecast, and the source(s) dates of DEF's fuel price forecasts prepared in 2015 and 2016?
 - b. Why does DEF rely upon its source of its fuel price forecasts?
 - c. Please comment on the DEF's fuel price forecast source's level of past DEF fuel price forecast accuracy, especially relative to other sources, to the extent such information is available.
 - d. In detail, what is the method used to prepare DEF's fuel price forecast to support its petition and any change in DEF's methodology compared to DEF's method used to produce its 2015 and 2016 fuel price forecasts?
 - e. What are all docketed and undocketed DEF filings submitted to the Florida Public Service Commission based on the fuel price forecast submitted in DEF's instant petition?
 - f. If DEF used alternative fuel price forecasts (provided by alternative sources) to test the reasonableness of its fuel price forecast, please provide DEF's analysis of the reasons for any significant deviations which may exist between DEF's forecast and such alternative forecasts.
 - g. If DEF used alternative fuel price forecasts (provided by alternative sources) to test the reasonableness of its fuel price forecast, to what extent do such forecasts support the reasonableness of DEF's fuel price forecast?
6. Please refer to Page 6, Lines 18-23, and provide the following:
 - a. DEF's base fuel price forecast used to support its petition, including commodity, transport and delivered prices, including all related development of the forecast.
 - b. All alternative fuel price forecasts (provided by alternative sources) which DEF used to test the reasonableness of its selected fuel price forecast.
 - c. DEF's high and low fuel price forecasts.
 - d. All publications relied upon to develop DEF's fuel price forecasts used to support its petition.
7. Please provide DEF's emission price forecast (base case) for 2018 through 2034 (in nominal and real terms) used to determine the CPVRR appearing on Page 7.

For the purpose of question 8, please refer to the Direct Testimony of Christopher A. Menendez, attached to DEF's petition (Document No. 10965-2017), as filed in this docket.

8. Please refer to Page 4, Lines 3-5, which states that DEF will earn a "return on the unamortized balance of the regulatory asset at DEF's retail weighted average cost of capital (WACC)." Please provide a copy of the capital structure and WACC calculation used in the revenue requirement calculations.

For the purpose of question 9, please refer to Exhibit No. CAM-1, sponsored by Witness Menendez, and attached to DEF's petition (Document No. 10965-2017), as filed in this docket.

9. Please refer to Page 1 of 2, Line F.
 - a. What is the source and date of the retail MWH sales forecast shown here?
 - b. Is it correct that DEF's retail MWH sales forecast as shown is the same forecast appearing in DEF's 2017 Ten Year Site Plan, Schedule 2.2.1, Column (8), "Total Sales to Ultimate Customers"? If there are any differences, please explain.
 - c. When will DEF's load forecast supplanting the load forecast appearing in DEF's 2017 Ten Year Site Plan be finalized?

For the purpose of questions 10-12, please refer to Exhibit No. BMHB-3, sponsored by Witness Borsch, and attached to DEF's petition (Document No. 10965-2017), as filed in this docket.

10. Please provide example calculations for each category, and detail all assumptions for the following:
 - a. Regulatory Asset Amortization
 - b. Interest Expense
 - c. Return on Equity
 - d. Income Tax
 - e. Total Cost of FPD Buyout
 - f. DEF System impact
 - g. Avoided Energy Payment of PPA
 - h. Net System Impact from Termination and Net Customer (Savings)/Cost
11. Please provide a modified version of Exhibit No. BMHB-3 with Emissions Costs (CO₂) shown separately. This should be done for all 12 sensitivities done shown on Witness Borsch's direct testimony, Page 7. Please provide in electronic (Excel) format. Please detail all assumptions made in this evaluation.
12. Please provide the modified version of EXH BHMB-3 that assumes an annual output (GWh) that would result in a Net Customers (Savings)/Cost of zero. Please do this for both Base Case with CO₂ and No CO₂. Please provide this in electronic (Excel) format. Please detail all assumptions made in this evaluation.
13. Did DEF incorporate the recent tax changes in its revenue requirement in this petition? If not, please provide an updated calculation that incorporates the tax changes.

14. Please identify the assumptions used by DEF in its CO2 price forecast.
 - a. Please identify the model or methods used by DEF to forecast the price of CO2
 - b. Please identify all data sources used by DEF in its forecast of the price of CO2.
 - c. Please explain why DEF considers the data sources identified in 14.b. credible.
 - d. Please identify any other FPSC dockets where the assumptions, methods, or data sources cited in 14.a. or 14.b were used.
15. Please provide a summary of all existing federal, state, and local government policies and rules that regulate CO2 emissions, and specify each such policy's or rule's economic impacts and associated compliance cost.
16. Please provide a summary of the current status of the United States' CO2 emission market.
 - e. Has the CO2 emission cost been actively charged/traded in the United States?
 - f. What was the average CO2 emission cost in 2013, 2014, 2015 and 2016, respectively, in the United States' emission market?
 - g. What is the current CO2 emission cost in the United States' emission market?
17. Historically, has DEF ever incurred any CO2 emission costs?
 - h. If your response to question 17 is affirmative, please provide details about the transaction(s), as well as the corresponding cost recovery.
 - i. If your response to question 17 is negative, when does DEF expect that it will be affected by a CO2 emission regulation/rule in the near future?
18. Given President Trump's announcement that the U.S. will leave the Paris Climate Accord, what is the expected impact on future U.S. CO2 emission costs?
19. Please provide in spreadsheet form the anticipated annual reductions in CO2 and the cumulative CO2 emissions over the remaining term of the FPD QF PPA (May 2018-May 2034).
20. Please provide any alternative emission price forecasts that DEF used to assess the reasonableness of its base case emission price forecasts.

Please file all responses electronically no later than February 9, 2018 from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6212 if you have any questions.

Sincerely,

/s/Rachael Dziechciarz
Rachael Dziechciarz
Senior Attorney

Staff's First Data Request
Docket No. 20170274-EQ
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cc: Office of Commission Clerk
Office of Public Counsel
Matthew Bernier, Duke Energy Florida, LLC (Matt.Bernier@duke-energy.com)