



Dianne M. Triplett
DEPUTY GENERAL COUNSEL
Duke Energy Florida, LLC

May 7, 2018

VIA ELECTRONIC DELIVERY

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket 20180084-EI; *Petition for limited proceeding for approval to include in base rates the revenue requirement for the Citrus combined cycle project, by Duke Energy Florida, LLC*

Dear Ms. Stauffer:

Please find enclosed for electronic filing, Duke Energy Florida, LLC's Response to Staff's First Data Request (Nos. 1-4).

Thank you for your assistance in this matter. If you have any questions concerning this filing, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmck
Enclosure

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 7th day of May, 2018.

/s/ Dianne M. Triplett

Attorney

<p>Jennifer Crawford / Kurt Schrader Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 jcrawfor@psc.state.fl.us kschrade@psc.state.fl.us</p>	<p>Daniel Lee Division of Engineering Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 dqlee@psc.state.fl.us</p>
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**DUKE ENERGY FLORIDA, LLC'S, RESPONSE TO STAFF'S FIRST DATA
REQUEST (NOS. 1-4) REGARDING DEF'S PETITION FOR LIMITED
PROCEEDING FOR APPROVAL TO INCLUDE IN BASE RATES THE
REVENUE REQUIREMENT FOR THE CITRUS COMBINED CYCLE PROJECT
DOCKET NO. 20180084-EI**

1. Paragraph 10 of the petition states that tariffs associated with the Citrus Combined Cycle Project Phase 1, will become effective with the first billing cycle of October 2018 and tariffs associated with Phase 2, will become effective with the first billing cycle of December 2018, if approved. Please discuss when and how DEF will notify its customers of the tariff changes.

RESPONSE:

Once approved by the Commission, the Company will notify Customers at least 30 days in advance of the rates taking effect. The Company is planning to notify customers of the rate change by way of bill inserts in their August 2018 bill for Citrus Combined Cycle Project Phase 1 and their October 2018 bill for Citrus Combined Cycle Project Phase 2. The bill insert will also be posted on the Duke Energy Florida website. Electronic bill customers will receive a link via email to the bill insert that is posted on the Duke Energy Florida website.

2. Please provide copies of customer notifications and typical residential bills for tariff charges associated with Phases 1 and 2 of the Citrus Combined Cycle Project for staff review.

RESPONSE:

At this time specific language and sample documents are not yet drafted/available for the Citrus Combined Cycle Project; however, the Company will continue its normal practice of providing customers at least 30 days advance notice through a bill message and posting new rates on the Company's website. In addition, the Company will provide the bill message language to Staff in advance for review and approval. The Company plans to use language in the bill insert similar to its Press Release in April, which can be found here: <https://news.duke-energy.com/releases/duke-energy-florida-nears-completion-of-state-of-the-art-natural-gas-plant>

3. Regarding the true-up provision under Paragraphs 14(d) and (e) of the 2017 Settlement, please describe how the prudently incurred actual project cost will be recovered in the capacity cost recovery clause where cost will be subject to additional review and audit.

RESPONSE:

Paragraph 14(d) of DEF's 2017 Settlement addresses the situation in which DEF's actual capital costs for the Citrus CC project are lower than the projected costs used to develop

the initial 2018 factor, the lower factor shall be the new basis for the full revenue requirements and a one-time credit will be made through the CCR clause. DEF will not be recovering the actual project costs through the Capacity Cost Recovery Clause (CCR clause); the actual project costs for the Citrus CC will be in DEF's base rates. The only thing that will be in the CCR will be the one-time credit, as described above and in paragraph 14(d).

Paragraph 14(e) of DEF's 2017 Settlement addresses the situation in which DEF's actual capital costs for the Citrus CC project are higher than the projection on which the Annualized Base Revenue Requirement in DEF's GBRA filing to set the initial GBRA factor, in the instant docket. In this situation, DEF may, at its option, initiate a limited proceeding to seek to increase the 2018 GBRA factor by the corresponding incremental revenue requirement.

4. Please describe the major factors that will likely contribute to actual costs being higher or lower than the estimated \$1,513.583 million total cost for the Citrus Combined Cycle Project.

RESPONSE:

DEF's projected capital cost of \$1,513.583 million reflects the capital cost included in DEF's Need Petition; DEF believes this to be a reasonable and accurate projection of the total Citrus CC capital cost. In a project of the size and scope of the Citrus CC, there are a variety of events that can impact the schedule and cost of the overall project. These may include, but not be limited to, skilled labor and supply availability, severe weather events, other force majeure events, etc.