



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

May 17, 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 Second Data Request (No. 1).

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 17th day of May, 2018.

/s/ Dianne M. Triplett

Attorney

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	Daniel Lee Division of Engineering Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 dqlee@psc.state.fl.us
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**DUKE ENERGY FLORIDA, LLC'S, RESPONSE TO STAFF'S SECOND DATA
REQUEST (NO. 1) 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. Please provide the assumptions and operating expenses used for need determination evaluation in Docket No. 20140110-EI and explain the difference, if any, in comparison with those provided in page 2 of Exhibit B, in the instant petition for the revenue requirement calculation.

RESPONSE:

The operating costs used to develop the Generation Base Rate Adjustment revenue requirements are the same as those used to support the Need Determination as required in paragraph 14.a of the 2017 Second Revised and Restated Settlement Agreement (2017 Settlement). Please see the table below for a comparison of the operating costs, as filed in Exhibit B in the instant docket, to the operating costs used in support of DEF's Need Determination.

\$'s in thousands:

	Exhibit B, page 2 Reference	Exhibit B, page 2 (Docket 20180084-EI)	Need Determination (Docket 20140110-EI)	Variance
O&M, Unit 1	Line 30, Unit 1	\$18,050	\$18,050	\$0
O&M, Transmission	Line 30, Transmission	\$539	\$539	\$0
O&M, Unit 2	Line 30, Unit 2	\$18,050	\$18,050	\$0
Depreciation, Unit 1	Line 31, Unit 1	\$26,164	\$26,164	\$0
Depreciation, Transmission	Line 31, Transmission	\$1,348	\$1,348	\$0
Depreciation, Unit 2	Line 31, Unit 2	\$15,540	\$15,540	\$0
Property Insurance, Unit 1	Line 32, Unit 1	\$458	\$458	\$0
Property Insurance, Trans.	Line 32, Transmission	\$27	\$27	\$0
Property Insurance, Unit 2	Line 32, Unit 2	\$272	\$272	\$0
Property Tax, Unit 1	Line 33, Unit 1	\$8,333	\$8,333	\$0
Property Tax, Transmission	Line 33, Transmission	\$491	\$491	\$0
Property Tax, Unit 2	Line 33, Unit 2	\$4,949	\$4,949	\$0
Total System Operating Expenses, Unit 1	Line 34, Unit 1	\$53,006	\$53,006	\$0
Total System Operating Expenses, Transmission	Line 34, Transmission	\$2,406	\$2,406	\$0
Total System Operating Expenses, Unit 2	Line 34, Unit 2	\$38,811	\$38,811	\$0

The Settlement requires DEF to update two items used in the revenue requirement calculation:

- In accordance with paragraph 14.c of the 2017 Settlement, the Citrus CC return was “calculated using a 10.5% ROE and DEF's projected 13-month average capital structure for the first 12 months of operation, including all specific adjustments consistent with DEF's then most recently filed December earnings surveillance report....”.
- Additionally, DEF updated the income tax rate, as required by paragraph 12.c, to reflect the impacts of the Tax Cuts and Jobs Act (2017 Tax Reform).