

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20180009-EI

Filed: July 12, 2018

DUKE ENERGY FLORIDA'S PREHEARING STATEMENT

Pursuant to the Order Establishing Procedure, Order No. PSC-2018-0074-PCO-EI, issued February 9, 2018, Duke Energy Florida, LLC ("DEF" or the "Company"), submits its Prehearing Statement and states as follows:

A. APPEARANCES:

Matthew R. Bernier
106 East College Avenue
Suite 800
Tallahassee, Florida 32301
Matthew.bernier@duke-energy.com

Dianne M. Triplett
299 First Avenue North
St. Petersburg, Florida 33701
Dianne.triplett@duke-energy.com

B. WITNESSES AND EXHIBITS:

In identifying witnesses and exhibits herein, DEF reserves the right to call such other witnesses and to use such other exhibits as may be identified in the course of discovery and preparation for the final hearing in this matter.

1. WITNESSES.

Direct Testimony.

Witness

Subject Matter

Issues

Thomas G. Foster March 1, 2018 testimony: Presents 1, 2, 3, 4, 5
for Commission review and approval, the actual
costs and carrying costs associated with
DEF’s Crystal River Unit 3 (“CR3”)
Extended Power Uprate (“EPU”)
project activities for the period January 2017
through December 2017. Also presents the
EPU project 2017 accounting and
cost oversight policies and procedures.

May 1, 2018 testimony: Presents for
Commission review, DEF’s expected 2018
and 2019 costs associated with the
EPU project consistent with Rule 25-6.0423(7),
F.A.C., and the 2017 Second Revised and Restated
Stipulation and Settlement Agreement in support
of setting 2019 rates in the Capacity Cost
Recovery Clause (“CCRC”).

DEF has not identified the need for any rebuttal witnesses at this time. To the extent the need to call rebuttal witnesses becomes apparent due to the nature of discovery in this proceeding, DEF expressly reserves the right to call such rebuttal witnesses or to provide supplemental testimony as necessary.

2. DIRECT TESTIMONY EXHIBITS.

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
TGF-1	Thomas G. Foster	Reflects the actual costs associated with the EPU project and consists of: 2017 True-Up Summary, 2017 Detail Schedule and Appendices A through E, which show DEF’s retail revenue requirements for the EPU project from January 2017 through December 2017.
TGF-2	Thomas G. Foster	Reflects the expected costs associated with the EPU project and consists of: 2019 Revenue Requirement Summary, 2018 Revenue Requirement Detail

Schedule, 2019 Revenue Requirement Detail
Schedule, 2019 Estimated Rate Impact Schedule,
and Appendixes A through F.

In addition, DEF reserves the right to utilize any exhibits introduced by another party and to introduce additional exhibits necessary for rebuttal or cross examination at the final hearing of this matter.

C. DEF'S STATEMENT OF BASIC POSITION:

CR3 EPU Project

The disposition of EPU-related assets was completed in 2015, the last remaining EPU assets are those that DEF has determined should be abandoned in place. If DEF is able to disposition any of the remaining assets, DEF will credit customers for the value received. DEF is continuing to amortize the uncollected balance of project costs as authorized by the 2017 Second RRSSA, and will continue to do so through 2019.

The Commission should approve DEF's proposed CR3 Uprated related 2019 NCRC recovery factors, and find that DEF's 2017 CR3 EPU accounting and cost oversight controls were reasonable and prudent.

D. DEF'S STATEMENT OF ISSUES AND POSITIONS:

Issue 1: What jurisdictional amounts should the Commission approve as DEF's actual 2017 prudently incurred costs for the Crystal River Unit 3 Uprate project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's March 1, 2018 Actual 2017 filing, the Commission should approve the following amounts as DEF's actual 2017 prudently incurred costs for the Crystal River Unit 3 Uprate project:

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$24,137

Carrying Costs-- \$10,077,482

The over-recovery of \$188,006 should be included in setting the allowed 2019 NCRC recovery.
(Foster)

Issue 2: What jurisdictional amounts should the Commission approve as reasonably estimated 2018 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's May 1, 2018 Actual/Estimated 2018 filing, the Commission should approve the following amounts as DEF's reasonably estimated 2018 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate project consistent with Section 366.93(6), Fla. Stat., and Rule 25-6.0423(7), F.A.C.:

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$26,432

Carrying Costs -- \$5,163,349

The over-recovery of \$933,647 should be included in setting the allowed 2019 NCRC recovery.
(Foster)

Issue 3: What jurisdictional amounts should the Commission approve as reasonably projected 2019 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

DEF Position:

As presented in and supported by the testimony of Mr. Foster in DEF's May 1, 2018, 2019 projection filing, the Commission should approve the following amounts as DEF's reasonably estimated 2019 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate project consistent with Section 366.93(6) and Rule 25-6.0423(7):

Wind-Down & Exit Costs (Jurisdictional, net of joint owners)-- \$0

Carrying Costs-- \$1,614,769

Amortization of 2013 Regulatory Asset -- \$43,159,168 (Foster)

Issue 4: What is the total jurisdictional amount for the Crystal River Unit 3 Uprate Project to be included in establishing DEF's 2019 Capacity Cost Recovery Clause Factor?

DEF Position:

The total jurisdictional amount for the CR3 EPU project to be included in establishing DEF's 2019 Capacity Cost Recovery Clause factor should be \$43,858,854. (Foster)

Issue 5: Is there a need, pursuant to Paragraph 9 of the 2017 Second Revised and Restated Stipulation and Settlement Agreement, approved in Order No. PSC-2017-0451-AS-EU, for DEF to participate in the 2019 NCRC Docket?

DEF Position:

No. There is no need for DEF to participate in the 2019 NCRC Docket. Per Paragraph 9 of the 2017 Second Revised and Restated Stipulation and Settlement Agreement (RRSSA), DEF Estimated the unrecovered investment balance as of December 31, 2017 to be \$86,682,782 (not including, but subject to the addition of applicable carrying costs and other recoverable costs).

Any final true-up of these costs after December 31, 2019 will be included in the 2019 CCR True-up filing (on or about March 1, 2020), and will collected/refunded as appropriate through that clause. All parties will have an opportunity to review the true-up amount in that docket.

The Actual unrecovered investment balance as of December 31, 2017 was \$86,682,047 (not including, but subject to the addition of applicable carrying costs and other recoverable costs) as presented in (Exhibit No_TGF-1), filed on March 1, 2018 in the NCRC Docket 20180009-EI.

- In 2018 DEF collected \$ 49,648,457 (including: approximately \$6M in carrying costs & other recoverable costs).
- In 2019 DEF will collect \$ 43,858,854 (including: approximately \$1M carrying costs & other recoverable costs).
- DEF does not anticipate a material under or over-recovery at year-end 2019. (Foster)

E. STIPULATED ISSUES:

None at this time.

F. PENDING MOTIONS OR OTHER MATTERS:

None at this time.

G. DEF'S REQUESTS FOR CONFIDENTIAL CLASSIFICATION PENDING RULING:

Request Document No.	Date	Description
02520-2018	3/26/18	Second Request for extension of confidential classification [concerning portions of staff's audit workpapers (Audit Control No. 13-010-2-2), DN 02697-2013]
02425-2018	3/20/18	Second Request for extension of confidential classification [of certain information provided in response to staff's auditors for review of project management internal controls for nuclear plant uprate and construction projects Audit Report No. PA-11-11-004, DN 03912-2012]
02134-2018	3/6/18	Second Request for extension of confidential classification [concerning portions of staff auditors' workpapers (Audit Control No. 11-024-2-2), DN 02311-2016]
02116-2018	3/5/18	Second Request for extension of confidential classification [of portions of staff Audit Control No. 12-010-2-1, DN 02350-2016]
01791-2018	2/23/18	First Request for extension of confidential classification [of portions of Audit Report No. PA-16-01-001, regarding staff's 2016 review of project management internal controls for nuclear plant uprate and construction projects, DN 03754-2016]
01499-2018	2/19/18	Second Request for extension of confidential classification [concerning portions of Audit Report No. PA-13-01-001, DN 01500-2018]
01287-2018	2/16/18	Second Request for extension of confidential classification [of DN 03125-2014, Audit Control No. PA-14-01-001]
01133-2018	2/12/18	First Request for extension of confidential classification [of DN 03878-2016, portions of staff's generated financial auditors workpapers (Audit Control Nos. 16-005-2-1 and 16-005-2-2)]
00967-2018	2/5/18	First Request for extension of confidential classification [of DN 00941-2018, auditor workpapers for Audit Control Nos. 15-005-2-1 and 15-005-2-2]
00905-2018	2/2/18	Second Request for extension of confidential classification [concerning certain information in staff generated auditors' workpapers, DN 05217-2014]

H. REQUIREMENTS OF PREHEARING ORDER THAT CANNOT BE MET:

There are no requirements of the prehearing order that cannot be met at this time. Because discovery is continuing in this matter, DEF reserves the right to use witnesses and exhibits other than or different from those identified hereinabove, in order to respond to ongoing

developments in the case. DEF further reserves the right to amend any of its positions to the issues to respond to any such ongoing developments in the case or to respond to the Prehearing Officer's or Commission's rulings on any disputed issues or motions.

I. OBJECTIONS TO WITNESSES' QUALIFICATIONS:

None.

Respectfully submitted,

/s/Matthew R. Bernier

Matthew R. Bernier
Associate General Counsel
Duke Energy Florida, LLC
106 East College Avenue
Suite 800
Tallahassee, Florida 32301
Telephone: 850.521.1428
matthew.bernier@duke-energy.com

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 12th day of July, 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</p> <p>James W. Brew / Laura A. Wynn Stone Law Firm 1025 Thomas Jefferson Street, N.W. Eighth Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com law@smxblaw.com</p> <p>George Cavros 120 E. Oakland Park Blvd., Ste. 105 Fort Lauderdale, FL 33334 george@cavros-law.com</p>	<p>J.R. Kelly / Charles J. Rehwinkel / Patricia Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us christensen.patty@leg.state.fl.us</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p>
---	--