

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

FILED 8/15/2018
DOCUMENT NO. 05310-2018
FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20180009-EI

NUCLEAR COST RECOVERY
CLAUSE.

VOLUME 1
PAGES 1 through 54

PROCEEDINGS: HEARING
COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW G. FAY

DATE: Tuesday, August 7, 2018

TIME: Commenced: 1:40 p.m.
Concluded: 2:18 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

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7 State of Florida.

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14 Moyle Law Firm, P.A., 118 North Gadsden Street,
15 Tallahassee, Florida 32301, appearing on behalf of
16 Florida Industrial Power Users Group.

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20 the Florida Public Service Commission Staff.

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25 Service Commission.

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EXHIBITS

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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: By my watch -- or at least
3 the clock in the back says 1:40. So, we are going
4 to call this hearing to order. Docket No. -- give
5 me a second, please -- Docket No. 20180009-EI,
6 Nuclear Cost Recovery Clause. The date is August
7 7th.

8 Staff, if I can get you to read the notice,
9 please.

10 MS. MAPP: By notice issued June 25th, 2018,
11 this time and place was set for hearing in Docket
12 No. 20180009-EI. The purpose of this hearing was
13 set out in the notice.

14 CHAIRMAN GRAHAM: Okay. Let's take
15 appearances.

16 MR. BERNIER: Good afternoon, Commissioners.
17 Matt Bernier, for Duke Energy. And I'd also like
18 to enter an appearance for Diane Triplett. Thank
19 you.

20 MR. MOYLE: Jon Moyle, for the Florida
21 Industrial Power Users Group, FIPUG. And I'd also
22 like to enter an appearance for Karen Putnal.
23 Thank you.

24 MR. REHWINKEL: Charles Rehwinkel, Patti
25 Christensen, and J.R. Kelly, with the Office of

1 Public Counsel, on behalf of Duke's customers.

2 MS. MAPP: Kyesha Mapp on behalf of staff, and
3 I would also enter an appearance for Margo Duval.

4 MS. HELTON: Mary Anne Helton. I'm here as
5 your adviser. I'd also like to enter an appearance
6 for your general counsel, Keith Hetrick.

7 CHAIRMAN GRAHAM: Okay. Preliminary matters.

8 MS. MAPP: PCS Phosphate and SACE have been
9 excused from this hearing. And there are proposed
10 stipulations on all issues, as shown in Section 10
11 of the pre-hearing order.

12 Staff would recommend that the Commission take
13 up proposed stipulations on Issues 1 through 4
14 first, and then the proposed stipulation on Issue
15 No. 5.

16 CHAIRMAN GRAHAM: All right. Commissioners.
17 Let's take up the Issues 1 through 4. If there's
18 no questions on Issues 1 through 4, I will take --
19 entertain a motion.

20 COMMISSIONER CLARK: Move to approve the
21 stipulations, Mr. Chairman.

22 CHAIRMAN GRAHAM: On Issues 1 through 4.

23 COMMISSIONER CLARK: On Issues 1 through 4.

24 COMMISSIONER POLMANN: Second.

25 CHAIRMAN GRAHAM: It's been moved and

1 seconded. I have no lights on. So, there's no
2 discussions on Issues 1 through 4.

3 Seeing none, all in favor, say aye.

4 (Chorus of ayes.)

5 CHAIRMAN GRAHAM: Any opposed?

6 By your action, you have approved Issue 1
7 through 4.

8 Okay. Issue 5. I don't see a need to take up
9 Issue 5. Unless somebody has a need to take up
10 Issue 5, I'll entertain a motion to withdraw it.

11 COMMISSIONER POLMANN: So moved.

12 MR. REHWINKEL: May I -- may I be heard on
13 this, Mr. Chairman?

14 CHAIRMAN GRAHAM: Hold -- hold on.

15 Is there a second?

16 COMMISSIONER CLARK: Second.

17 CHAIRMAN GRAHAM: Okay. OPC.

18 MR. REHWINKEL: I -- I don't know why this
19 issue would be withdrawn from this docket at this
20 time. It was agreed upon by the parties. The --
21 this docket is per the stipulation that was entered
22 into and accepted by the Commission last year.

23 This was designated and intended to be the
24 last time Duke Energy CR3 nuclear-plant-related
25 costs were to be considered in the NCRC. That's

1 why we're here today.

2 The Commission is approving the last
3 \$43-million slice of the seven-year amortization of
4 those granted costs. And the company filed
5 testimony in support of those costs this year.

6 Per the stipulation, this issue -- this docket
7 would be the end of the NCRC for Duke. And so, the
8 parties -- all the parties that were interested,
9 that represented customers, that were intervened --
10 the Public Counsel, PCS Phosphate, and Florida
11 Industrial Power Users Group, and Duke entered into
12 a -- a stipulation of facts that gives the public
13 an accounting of the costs that have been recovered
14 in this docket.

15 This is the first time a utility will be
16 exiting an NCRC docket in -- in Florida. You have
17 two. And this one is exiting it for -- for all
18 times.

19 What costs have been recovered and what costs
20 remain to be seen -- to be recovered and where --
21 there has been significant confusion that we have
22 encountered over the years about what costs are
23 going through the NCRC, what costs are going
24 through the NCRC for CR3 and for Levy.

25 Our goal was to put an end to all this and to

1 have a final accounting so that the public, with
2 transparency, could look at this order and say,
3 this is how it all shook out and this is what's
4 left.

5 There's -- there are small pieces of
6 indeterminate and occasional recovery of costs that
7 will occur in the future, based on facts and
8 circumstances that we don't know today, but what we
9 do know is Duke is exiting this -- this
10 agreement -- this clause today.

11 And in the interest of good government and
12 transparency, we thought that it would be good for
13 people, after we're all gone, to look back at an
14 order that has this -- this final handoff to
15 whatever miscellaneous docket -- dockets there
16 would be for cost recovery. That's our only
17 purpose.

18 All the parties thought it was a good idea and
19 submitted this stipulation. And you know, PCS --
20 well, I'll stop there.

21 CHAIRMAN GRAHAM: FIPUG, do you have any -- do
22 you wish to speak to this withdrawal?

23 MR. MOYLE: Just briefly. We support OPC's
24 position in this. And just in terms of -- of the
25 request that's being made -- I mean, this

1 Commission has a history of openness and public
2 records. Our state has that history. And you
3 know, this is the -- the last time we're going to
4 be talking about this and considering it.

5 And this stipulation that the parties have
6 agreed to kind of summarizes that and -- and makes
7 it something that can be looked at. I think -- I
8 think, in the purposes of transparency and
9 openness, it -- it should be made part of the -- of
10 the final order.

11 And I would just comment -- I mean, a FIPUG
12 issue in the nuclear docket that we have put
13 forward for a number of years, in both the Duke
14 docket and the FPL docket is -- there have been two
15 issues, which is: When is the project going to
16 come online, and how much is it going to cost.

17 And I think those are fundamental issues with
18 respect to -- to nuclear, but the reason we -- we
19 were putting that forward was because of
20 transparency and openness. And I think that's the
21 same reason, as I understand OPC's request, to put
22 it forward is transparency and openness and making
23 something very clear in the record about -- about
24 how -- how this worked.

25 So, we support OPC's position.

1 CHAIRMAN GRAHAM: Matt?

2 MR. BERNIER: Thank you, Mr. Chairman. Just
3 very briefly. I appreciate the comments from
4 Public Counsel and FIPUG. I agree with Public
5 Counsel that, under the 2017 settlement agreement,
6 this is the last time we anticipated being in the
7 NCRC docket. That's why we proposed Issue 5, for
8 administrative clarity and just to streamline the
9 process.

10 But with that said, if the Commission wishes
11 it withdrawn, we don't have any objection to that.

12 CHAIRMAN GRAHAM: Staff?

13 MS. MAPP: Thank you, Mr. Chairman.

14 Staff would agree with FIPUG and OPC, in that,
15 all of the issues related to Issue No. 5 has
16 already been decided and voted upon by the
17 Commission in the 2017 settlement agreement.
18 Everything that is within this stipulated
19 transition statement has already been voted upon by
20 the Commission.

21 And there's already a document out there that
22 lays out all issues relating to this CR3 project
23 within the 2017 settlement agreement. And that is
24 available on the Commission website for any party
25 or individual in the public who should like to

1 review it.

2 Additionally, this docket relates specifically
3 to the cost recovered through the NCRC clause. Of
4 the nine numbered paragraphs within this stipulated
5 transition statement, only the first two paragraphs
6 relate to the NCRC. The other paragraphs are
7 related to dockets outside of this. And there was
8 no notice for the public that other dockets outside
9 of the NCRC would be considered today.

10 Additionally, to the extent that the parties
11 would like to have this statement, staff would be
12 amenable to having it included in the record;
13 however, staff would recommend that it not be
14 attached to the final order.

15 CHAIRMAN GRAHAM: Thank you.

16 MR. REHWINKEL: Mr. Chairman, from a factual
17 standpoint, I need to state this for the record.
18 The 2017 stipulation, which is a very comprehensive
19 document that governs this company for the -- for a
20 four-year period, is not attached to the order
21 approving it. And so, someone goes on LexisNexis
22 to search for that stipulation, they can't find it
23 because LexisNexis does not put incorporated-by-
24 reference documents in there.

25 That is one of the fundamental concerns that

1 we have and why we wanted this doc- -- this
2 document to be attached to this order so
3 generations in the future can see what happened
4 because they can't today. Going -- to know to go
5 to the Commission website is not necessarily the
6 easiest thing to do when you're doing legal
7 research.

8 So, that's -- I've said my piece. Anything
9 we -- and by the way, PCS Phosphate gave me his
10 pro- -- their proxy to say they support our
11 statements today.

12 CHAIRMAN GRAHAM: Commissioner Brown.

13 COMMISSIONER BROWN: Thank you.

14 I have absolutely no problem including the
15 stipulated transition statement attached to the
16 order. I think you're right. I mean, the fact
17 that our prior order does not include the
18 settlement agreement is not -- does not provide or
19 further the transparency that we strive for.

20 So, I think that -- and all of the paragraphs
21 actually referenced in the stipulated transition
22 statement do relate back to nuclear; every single
23 one of them: The nuclear decommissioning trust,
24 the CR3 securitization, the independent spent-fuel
25 storage, and -- as well as the other CR3 costs.

1 So I think, in the spirit of this stipulation,
2 including it is prudent. So, I would support it.

3 CHAIRMAN GRAHAM: You'll support the --

4 COMMISSIONER BROWN: Inclusion of the
5 stipulated transition statement attached to the
6 order.

7 CHAIRMAN GRAHAM: Okay. Commissioner Polmann?

8 COMMISSIONER POLMANN: If I understood,
9 Commissioner Brown, is that to say that -- that the
10 document provided would be attached to the final
11 order that relates to Issues 1 through 4, but did
12 not take up Issue 5; is that --

13 COMMISSIONER BROWN: That's correct.

14 COMMISSIONER POLMANN: Thank you.

15 If I understand the discussion here, it's true
16 that the work, to date, concerning this matter is
17 memorialized sufficiently for all needs and
18 purposes in the 2017 second revised and restated
19 stipulation and settlement agreement; and that, in
20 fact, Issue 5 doesn't add anything to that, and --
21 and is unnecessary; and therefore, the -- the staff
22 recommendation is that we don't need to vote on
23 Issue 5.

24 MS. MAPP: That's correct.

25 COMMISSIONER POLMANN: That we don't need to

1 take it up; is that --

2 CHAIRMAN GRAHAM: That is correct.

3 COMMISSIONER POLMANN: Is that correct?

4 So, given that, Mr. Chairman, if -- is there
5 any other --

6 CHAIRMAN GRAHAM: Yeah, there's more lights.

7 COMMISSIONER POLMANN: More lights.

8 CHAIRMAN GRAHAM: But right now, the motion on
9 the floor is to withdraw Issue 5.

10 COMMISSIONER POLMANN: Thank you.

11 CHAIRMAN GRAHAM: Commissioner Fay?

12 COMMISSIONER FAY: Thank you, Mr. Chairman.

13 I -- I just want to get a quick clarification
14 from staff. So, at the current structure of the
15 stipulation that we have a copy of -- that document
16 is public record, correct?

17 MS. MAPP: The stipulated transition
18 statement?

19 COMMISSIONER FAY: Yes.

20 MS. MAPP: Yes, this is -- I believe it's been
21 filed in the docket file. And it is available to
22 any member of the public to pull out from the
23 Commission's website.

24 And as a point of clarification, I would like
25 to state that the 2017 settlement agreement is

1 attached to the order in that docket and it is
2 available on the Commission website. I can't say
3 how Lexis chooses to compile their orders, but it
4 is attached to that order and available as an
5 entire document.

6 COMMISSIONER FAY: So, if -- if an individual
7 wanted to see that document, they're able to go to
8 the website and access that document, based on the
9 fact that it -- the ex- -- the document, itself, is
10 attached to the 2017 decision.

11 MS. MAPP: That's correct.

12 COMMISSIONER FAY: Okay. I'm fine.

13 CHAIRMAN GRAHAM: I've got no more lights.

14 Commissioner Brown.

15 COMMISSIONER BROWN: Again, I think there's no
16 harm, no foul in attaching this to the order. I
17 think it just furthers everything that's in there.
18 And this is a very complex settlement agreement
19 that was approved by the Commission.

20 I think having more information about it, in a
21 very simplified form as it relates to nuclear
22 costs, which is what this transition statement
23 does, would be helpful for the public when they
24 access it.

25 As Mr. Rehwinkel pointed out, it is not easy

1 to find documents on our website; although we've
2 strived to make it easy, you have to go through the
3 docket file to access certain things. If we don't
4 attach it to the order, this transmission
5 statement, which was signed by all of the parties,
6 may never be found by the public.

7 So, I think that we should -- in the -- again,
8 in the spirit of making this as transparent for
9 everybody accessing this order, for years to come,
10 I think we should attach it to our order. Again,
11 no harm, no foul.

12 CHAIRMAN GRAHAM: Commissioner Clark.

13 COMMISSIONER CLARK: Well, I guess I want to
14 follow that with -- up with a question. I
15 personally don't have an issue. This seems like
16 it's kind of a -- a legal issue in terms of what
17 works, what doesn't work.

18 My only concern was -- one of my things
19 that -- in my briefing with staff early on, the
20 concerns of bringing new issues into the docket
21 that were not -- that were not specific to it.

22 And Ms. Mapp, Mr. Chairman, might can address
23 this, but that was my bigger concern, was the
24 statements regarding issues that were not
25 particularly relevant that were being brought up in

1 Issue 5 that could, I guess, leave us open for some
2 litigation at some point in time.

3 CHAIRMAN GRAHAM: Ms. Mapp?

4 MS. MAPP: Yes. First, we would like to point
5 out that this document was signed by Duke, OPC,
6 FIPUG, and PCS Phosphate. And the 2017 agreement,
7 in addition to these parties, were also signed by
8 SACE and FRF, who did not this sign particular
9 agreement. And FRF is not a party to the NCRC
10 docket this year, so they were not put on notice
11 that this document would come forward.

12 And additionally, while the numbered
13 paragraphs do have to deal with the nuclear CR3
14 unit, the topic areas, themselves, are not eligible
15 for recovery through the NCRC clause.

16 The statute for recovery through the NCRC is
17 very proscriptive, and the securitization, the
18 nuclear decommissioning trust, and independent
19 spent-fuel storage installation are not the types
20 of costs contemplated by the statute in this
21 particular docket.

22 CHAIRMAN GRAHAM: So, by not including
23 Issue 5, we can still deal with the NCRC and -- and
24 Duke next year, if we choose to. We don't have to
25 do that today.

1 MS. MAPP: If the parties choose to, yes.

2 CHAIRMAN GRAHAM: Commissioner Brown, again.

3 COMMISSIONER BROWN: Thank you.

4 I just would like to hear from the parties on
5 Ms. Mapp's legal analysis regarding notice and due-
6 process rights for the other parties to the
7 settlement.

8 MR. REHWINKEL: Well, first of all, on
9 July 17, Mr. -- on July 18, at 10:29 a.m.,
10 Mr. Cavros, told general counsel for Duke: SACE
11 has taken no position -- this was after off- --
12 being offered an opportunity to sign on to the
13 document -- "SACE has taken no position on the
14 issues in this year's NCRC docket. Given that, I
15 don't see a need for SACE to be a party to this
16 agreement. Let me know if I'm missing something.

17 "Thanks. George."

18 I can't state with absolute certainty that the
19 FRF was involved, but I believe, in conversations,
20 we informed them that we were trying to do this.
21 But beyond that, they chose not to become a party
22 to this year's docket.

23 And more fundamental, this stipulation is a
24 stipulated transition statement. It in no way,
25 shape, or form can legally -- nor does it portend

1 to -- modify the 2017 stipulation. So, it has zero
2 effect on that. That document is the one that
3 controls.

4 And it's the Commission's policy, and they
5 voted on, that Duke is out of the docket this year.
6 I don't even think we can bring them back in
7 because that docket is more governed by statute.

8 They have no more costs -- well, I guess we --
9 we could waste everybody's time and come in next
10 year with -- with the true-up of the -- of the
11 under- and over-recovery of -- based on sales, but
12 beyond that, there's no reason to this. And that
13 was the intent of the order, so --

14 COMMISSIONER BROWN: Is there any other -- I
15 mean, just given our legal's recommendation here --
16 which, I mean, raises some issues -- is there any
17 other place that you can put this stipulation, like
18 any other docket file? Obviously, you're trying
19 to --

20 MR. REHWINKEL: Well, I -- we'd have the
21 same -- we'd have the same problem in -- in any
22 other case. The next time we probably would see
23 any CR3-related costs would be when the carrying
24 costs -- which would be in this year's fuel -- this
25 year's docket, where the carrying costs associated

1 with the dry-cast storage --

2 COMMISSIONER BROWN: Right.

3 MR. REHWINKEL: -- or ISFSI, are being
4 recovered, or when Duke comes in at a time when
5 they're finally getting no more DOE money and say,
6 this project is final. Here's the bill. We want
7 to recover it.

8 We don't know when that will happen. And then
9 if -- if the nuclear decommissioning trust becomes
10 underfunded, Duke would have an opportunity come
11 back and ask to increase -- or to go from zero to a
12 positive amount of an accrual; the latest, they've
13 said, don't support that. So, I don't know when we
14 would see that again, so --

15 COMMISSIONER BROWN: Well, I -- I mean,
16 obviously, you feel strongly about this transition
17 statement being --

18 MR. REHWINKEL: Yeah.

19 COMMISSIONER BROWN: -- included in the order.
20 And do you -- do you agree that there's a
21 potential due-process issue, though, for the other
22 parties?

23 MR. REHWINKEL: I do not because this -- this
24 document doesn't -- doesn't determine, in any way,
25 shape, or form anyone's rights. This is a

1 statement of pure fact. And that's all it is.

2 And it -- it doesn't -- it doesn't impact any
3 of these other dockets. There's no notice in any
4 of these other dockets. It's -- it's purely a
5 statement of fact. So, no, there cannot be a due-
6 process violation. In any event, any of the
7 parties have been on notice of this or have waived
8 their right to be here.

9 MR. MOYLE: I -- I would -- I would just echo
10 that. The way the clauses work is, at the
11 beginning of every year, people who want to be in
12 the clause file a notice of intent to retain party
13 status.

14 And if a -- someone doesn't want to be in a
15 clause proceeding, then they don't make the filing,
16 but I think that's how it's been done for many,
17 many years with respect to, you know, the folks.

18 People monitor the dockets. I -- I don't
19 think anyone would be, you know, surprised, you
20 know, by this. I think, you know, the issue,
21 respectfully -- the Issue 5 may not be as important
22 as just the idea of attaching a stipulated
23 statement by some parties.

24 So, if you withdraw Issue 5, but then, you
25 know, your comments or motion is saying just attach

1 this -- you know, it's important to OPC, it's
2 important to PCS Phosphate and FIPUG to have it
3 kind of put -- put the final memorialization on
4 what -- on what this was. And it will be easy to
5 find for the public. I would -- I would think that
6 might be a solution to -- you know, to move this
7 forward.

8 But I don't think -- to your direct question,
9 I don't think that there's additional legal
10 jeopardy or anything. The agreement is the
11 agreement. And this is a stipulation signed by
12 fewer parties.

13 MR. BERNIER: And I would just agree that
14 nothing in this agreement changes the settlement
15 agreement. There -- there shouldn't be any due-
16 process issues.

17 But I also want to commend Mr. Rehwinkel for
18 his record keeping and having that e-mail from SACE
19 readily handy. Thank you for that.

20 (Laughter.)

21 COMMISSIONER BROWN: I get why you're trying
22 to do it. And it -- and it makes sense to me. I
23 just don't like to hear from our lawyer saying
24 that, oh, we have a problem -- a due-process
25 problem. But it makes sense to me.

1 CHAIRMAN GRAHAM: You said this is a statement
2 of facts and circumstances as we know them today.

3 MR. REHWINKEL: Yes.

4 CHAIRMAN GRAHAM: Okay. Commissioner Clark.

5 COMMISSIONER CLARK: Yeah, Mr. Chairman, this
6 may be procedural as much as anything -- and
7 forgive me. Dr. Polmann said I couldn't use the
8 new-guy card anymore. But in relation to -- let's
9 make an assumption that there's a massive over- --
10 over-recovery due to sales this year. In the NCR
11 clause, how would that money be returned if you are
12 prohibiting entry back into the 2019 docket?

13 MR. REHWINKEL: The agreement provides that
14 any true-up will occur in the CC- -- the capacity
15 cost --

16 COMMISSIONER CLARK: The capacity --

17 MR. REHWINKEL: -- recovery clause. It's --

18 COMMISSIONER CLARK: Okay.

19 MR. REHWINKEL: It's -- so, it's -- it's
20 airtight. Up or down, they get their surcharge or
21 they get their refund based upon -- and it's a --
22 it's a pretty rote, ministerial process from here
23 on out.

24 COMMISSIONER CLARK: Mr. Chairman, in light
25 of -- you know, I was pretty adamant that we need

1 to dismiss this, but I -- I'm certainly open-minded
2 enough to say, if it's that important, all the
3 parties are in agreement to it, I can live with it,
4 in this case.

5 CHAIRMAN GRAHAM: Commissioner Polmann.

6 COMMISSIONER POLMANN: Thank you,
7 Mr. Chairman.

8 The issue before us is -- the statement reads:
9 Is there a need for -- for Duke Energy Florida to
10 participate in the 2019 NCRC docket.

11 In all the discussions on this stipulated
12 transition statement -- and I guess I don't
13 understand at this point. If they're
14 participating, how does that relate to this --

15 CHAIRMAN GRAHAM: Is your question to staff?

16 COMMISSIONER POLMANN: Staff.

17 MS. MAPP: The issue as phrased can simply be
18 answered by "no." And had that been the proposed
19 stipulation provided today, staff would have no
20 objection to that.

21 It's the inclusion of the transition
22 statement. And I believe it -- as the party has
23 stated, it adds nothing new, and it expands the
24 scope of the NCRC to include matters not
25 permissible by statute through the NCRC.

1 So, as relates to Issue 5, in and of itself,
2 staff believes that can be answered by a simple
3 "no," without need for including the stipulation
4 state- -- stipulated transition statement. And
5 that can be merely added to the record for
6 informational purposes.

7 COMMISSIONER POLMANN: Well, I think the
8 an- -- the easy action, and the appropriate one, is
9 to approve the motion that's on the table, but I --
10 I just wanted to respond to -- to the parties that
11 the document that you brought forward, this
12 stipulated transition statement -- you're
13 representing these statements in here as fact. And
14 I take issue with that, from the Commission's
15 perspective, because we don't know them as fact.

16 So, if -- if this is attached to any order
17 that we put forward, it's your document, not ours,
18 because we have no opportunity, within our
19 procedures, to validate these numbers.

20 This is a status report, from your
21 perspective. The fact that you all have signed
22 this is -- it's still your document. So, unless
23 this goes through a formal proceeding, this is not
24 our document and these are not our numbers.

25 And I don't need you to respond to that. I'm

1 making a statement. You made a statement. I'm
2 making a statement. This is your statement of
3 facts; it is not ours. So, it serves no particular
4 purpose, for us. And I just want to be clear that
5 you represent this as facts, and we do not accept
6 these as facts unless we go through a formal
7 validation process.

8 And with that, Mr. Chairman, I would like to
9 call the question.

10 CHAIRMAN GRAHAM: The question has been
11 called.

12 COMMISSIONER CLARK: Mr. Chairman, if I may,
13 I'm -- I'm sorry. I would like a re- --
14 Mr. Polmann may not need one, but I would like a --
15 a response to that. That's a --

16 CHAIRMAN GRAHAM: The question --

17 COMMISSIONER CLARK: That's a valid point
18 Mr. Polmann makes and --

19 CHAIRMAN GRAHAM: Well --

20 COMMISSIONER CLARK: I would like --

21 CHAIRMAN GRAHAM: The question being called is
22 not debatable.

23 COMMISSIONER CLARK: I'm sorry, but that
24 wasn't a motion, Mr. Chairman. You have to make --

25 COMMISSIONER POLMANN: The motion is on the

1 table.

2 CHAIRMAN GRAHAM: He called the question.

3 COMMISSIONER CLARK: There's no second to it.

4 CHAIRMAN GRAHAM: I'll second it. I mean, we
5 can vote it up or down, but right now, the motion
6 has been called.

7 All in favor of calling the motion say, aye.
8 Aye.

9 COMMISSIONER POLMANN: Aye.

10 CHAIRMAN GRAHAM: All opposed.

11 COMMISSIONER BROWN: Nay.

12 COMMISSIONER FAY: Nay.

13 COMMISSIONER CLARK: Nay.

14 CHAIRMAN GRAHAM: Okay. The motion is not
15 called.

16 Commissioner Fay.

17 COMMISSIONER FAY: I sort of feel like we're
18 just giving Kyesha a big send-off here.

19 (Laughter.)

20 COMMISSIONER FAY: This is, I think, not
21 expected, probably.

22 Just so I can get clarification -- and I
23 apologize -- I think this is directed at you,
24 Kyesha, or Mary Anne maybe. Within that stipulated
25 transition statement, there's the -- the second

1 paragraph that's -- in that statement. I think --
2 I guess maybe it could -- lawyers could debate
3 anything. It could be debated that it's not
4 relevant, but I believe it's relevant to this
5 issue, itself, that we have in front of us.

6 Is it abnormal for --

7 COMMISSIONER POLMANN: I tried, boss.

8 CHAIRMAN GRAHAM: I understand. I appreciate
9 that.

10 COMMISSIONER FAY: -- procedurally, to
11 reference a paragraph and then that -- that
12 specific paragraph that is within the scope of what
13 we're discussing --

14 MR. REHWINKEL: Let --

15 COMMISSIONER FAY: The entire document would,
16 then, be attached, based on just strictly a -- an
17 administrative function where, you know, when --
18 when it is published, it's just attached because
19 that paragraph is relevant?

20 MR. HETRICK: If --

21 COMMISSIONER FAY: Is that pretty normal
22 procedure?

23 MR. HETRICK: Let me answer by saying, I think
24 this may moot the answer to your question.

25 Paragraph 2 of the transition statement, the

1 second part of that deals with Issue 3 that the
2 Commission has already approved. And the first
3 part of that deals with Issue 4 that the Commission
4 has already approved. So, Paragraph 2 is already
5 effectively addressed in the first four
6 stipulations that you've under- -- already
7 approved.

8 It's the other paragraphs in here that seem to
9 be outside of the scope of what the statute
10 mandates that the Commission consider. And
11 that's -- that's the only concern -- I think the
12 main concern of staff.

13 And I would only add that Issues 1 through 4
14 resolve this docket. This issue is not necessary
15 at this time to resolve this docket. And the
16 parties have plenty of time to come in and -- next
17 year and decide whether or not they wish for Duke
18 to participate in the NCRC.

19 COMMISSIONER FAY: Sure. I appreciate that.

20 And maybe I can clar- -- clarify my -- my
21 question a little bit. So, if it relates to Issues
22 3 or 4, it would seem relevant with any -- with
23 some of the items that are put before us that the
24 document that's being referenced -- or is that
25 related to the issue at hand, the -- not just that

1 paragraph would be included in the record; the
2 entire docket would be included, just based -- for
3 access and ease of someone to look at -- find that
4 paragraph. That would be pretty normal procedure,
5 corr- --

6 MS. HELTON: Can I say a couple of things?

7 CHAIRMAN GRAHAM: Please.

8 COMMISSIONER FAY: Please do.

9 MS. HELTON: I appreciate the parties' desire
10 to wrap up the issues with respect to CR3. Having
11 lived through some of that myself, I think it's
12 wonderful to be able to condense those down to --
13 to three pages, but if I were to going to go do
14 research with respect to matters about -- that
15 dealt with CR3, other than the uprate that went
16 through the cause, I would not be looking in the
17 '09 docket for that.

18 If there is a problem that the settlement is
19 not attached to our -- I think it was the 2017
20 order -- then my desire would be to fix that; to
21 call Westlaw, to call Lexis and say, why aren't
22 these attached; these are fundamental parts of our
23 order, and I think that they should be there.
24 That's where everyone should be able to go and
25 look.

1 My concern with attaching this document to our
2 order is the precedent that it sets. And
3 notwithstanding the fact that the parties are
4 saying that this has no force and effect -- that
5 it's their document, it's not the Commission's
6 document -- I think it becomes the Commission's
7 document if it were to be attached and issued with
8 the order.

9 So, to me, it seems like, if the real problem,
10 the fundamental problem is, based on the discussion
11 today, that the settlement, itself, is not attached
12 to that 2017 order, then I commit to calling Lexis
13 and to calling Westlaw and not giving up until they
14 attach that to their -- to our order.

15 CHAIRMAN GRAHAM: You still have the floor,
16 Mr. Fay.

17 COMMISSIONER FAY: Just for a quick follow-up,
18 I mean, I -- I appreciate all that. I guess what
19 I'm just trying to decipher is we have -- we have a
20 discussion right now that there are legal
21 implications to attaching a document that may
22 impact the fundamental due-process issues that --
23 that an individual may have. I -- I take that
24 issue extremely seriously. And it's -- it's very
25 concerning to me that that might be what we're

1 doing going forward.

2 On the other hand, I -- I steal Commissioner
3 Clark's new-guy card and -- and state that
4 documents are attached to -- to dockets all the
5 time for different issues to allow the substantive
6 information that's -- that's provided.

7 And so, I just want to be clear. I get your
8 position that maybe it's a convenience thing and
9 maybe -- maybe his point about LexisNexis is an
10 argument that you feel strongly about, but legally,
11 are we creating due-process issues by attaching a
12 document?

13 MS. HELTON: I think Ms. Crawford wanted to --

14 MS. CRAWFORD: Well, and I --

15 COMMISSIONER FAY: And it's --

16 MS. CRAWFORD: -- take your point very well.

17 COMMISSIONER FAY: It's a really specific
18 question.

19 MS. CRAWFORD: We do attach documents to our
20 orders, but what get attached? It's tariffs that
21 we've approved. It's territorial agreements that
22 have been settled by vote of the Commission or by
23 stipulation of the parties. It's stipulations.
24 Those are the typical types -- or the rates that
25 have been approved. Those are the types of

1 attachments we see standard attached to our orders.

2 And by being attached to the order, it stamps
3 it with the im- -- the -- what's the word,
4 imper-a-tor --

5 MR. HETRICK: Imprimatur.

6 MS. CRAWFORD: -- imprimatur that this is the
7 word of the Commission. This has the force and
8 effect of the Commission behind it.

9 And I -- I think my personal concern about
10 having a position statement of the parties attached
11 to the order is, even if you say specifically in
12 the document, hey, this is just the parties'
13 statement, it does carry weight that other
14 documents in -- in the docket file, or what have
15 you, don't carry.

16 And so, I do have -- I share Kyesha's concerns
17 about whether there are unintended consequences
18 attaching this particular document; that it could
19 affect future parties, future dockets, or even
20 future Commission. I don't know that sitting here
21 today, but I do have that concern.

22 COMMISSIONER FAY: And when you say impact
23 those -- those specific individuals, you mean from
24 a due-process perspective.

25 MS. CRAWFORD: Correct.

1 COMMISSIONER FAY: Not from a debate as to if
2 this is right or wrong --

3 MS. CRAWFORD: Correct. Yeah.

4 COMMISSIONER FAY: -- or per substance in
5 there.

6 MS. CRAWFORD: Yeah.

7 COMMISSIONER FAY: You believe their due-
8 process rights could be violated by --

9 MS. CRAWFORD: You know, it's hard to say, but
10 yes, I -- I would have that concern. If I don't
11 see a compelling reason to attach this, then I
12 would rather err on the side of caution, when there
13 are other avenues for people to get information
14 regarding the CR3.

15 COMMISSIONER FAY: That's all I have.

16 CHAIRMAN GRAHAM: We have a motion to withdraw
17 on the floor, and a second.

18 All in favor say, aye.

19 COMMISSIONER POLMANN: Aye.

20 Any opposed?

21 COMMISSIONER BROWN: Nay.

22 COMMISSIONER CLARK: Aye.

23 COMMISSIONER FAY: N- --

24 CHAIRMAN GRAHAM: Were you opposed?

25 COMMISSIONER FAY: I'm a n- -- well, he said

1 "nay" as "aye" or -- but yes, I'm -- I'm opposed,
2 correct.

3 CHAIRMAN GRAHAM: Okay. So, the motion fails.
4 I'm up for entertaining a motion.
5 Commissioner Brown.

6 COMMISSIONER BROWN: I would move to answer
7 Issue 5 with a "no," but also accept the inclusion
8 of the -- in the final order of the trans- -- the
9 transition statement regarding CR3, filed on
10 July 30th, 2018.

11 COMMISSIONER CLARK: Second.

12 CHAIRMAN GRAHAM: It's been moved and second.
13 Any further discussion on that motion?

14 Seeing none, all in favor, say aye.

15 COMMISSIONER BROWN: Aye.

16 COMMISSIONER FAY: Aye.

17 COMMISSIONER CLARK: Aye.

18 CHAIRMAN GRAHAM: Any opposed?

19 COMMISSIONER POLMANN: Nay.

20 CHAIRMAN GRAHAM: Aye.

21 So it passes. Okay.

22 All parties have waived opening statements and
23 post-hearing briefs, correct?

24 The record. Staff.

25 MS. MAPP: Yes, at this time. Duke has a

1 witness.

2 MR. BERNIER: That's correct, but given the
3 resolution of the issues, I think, at this time, I
4 would move to enter into the record Mr. Foster's
5 March 1st and May 1st record -- testimonies as
6 though read here today.

7 MR. REHWINKEL: We agree.

8 MR. MOYLE: No objection.

9 CHAIRMAN GRAHAM: So, we'll move that
10 prefiled testimony --

11 MR. BERNIER: Yes, sir.

12 CHAIRMAN GRAHAM: -- into the record as though
13 read.

14 (Prefiled direct testimonies entered into the
15 record as though read.)

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IN RE: NUCLEAR COST RECOVERY CLAUSE
BY DUKE ENERGY FLORIDA, LLC.
FPSC DOCKET NO. 20180009-EI
DIRECT TESTIMONY OF THOMAS G. FOSTER

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 **A.** My name is Thomas G. Foster. My business address is 299 First Avenue North, St.
4 Petersburg, FL 33701.

5
6 **Q. By whom are you employed and in what capacity?**

7 **A.** I am employed by Duke Energy Florida, LLC, as Director, Rates and Regulatory
8 Planning.

9
10 **Q. Have your job responsibilities, educational background and professional**
11 **experience remained the same since you last filed testimony before this**
12 **Commission on May 1, 2017 in Docket No. 20170009-EI?**

13 **A.** Yes.

14
15
16 **II. PURPOSE OF TESTIMONY.**

17 **Q. What is the purpose of your testimony?**

1 **A.** The purpose of my testimony is to present for Florida Public Service Commission
2 (“FPSC” or the “Commission”) review and approval the actual costs associated with
3 DEF’s CR3 Uprate project activities for the period January 2017 through December
4 2017. Pursuant to Rule 25-6.0423, F.A.C., DEF is presenting testimony and
5 exhibits for the Commission’s determination of prudence for actual expenditures and
6 associated carrying costs. I will also present the CR3 Uprate project 2017
7 accounting and cost oversight policies and procedures pursuant to the nuclear cost
8 recovery statute and rule.

9
10 **Q. Are you sponsoring any exhibits in support of your testimony on the 2017 CR3**
11 **Uprate project costs?**

12 **A.** Yes. I am sponsoring sections of the following exhibits, which were prepared under
13 my supervision:

14 2017 Costs:

- 15 • Exhibit No. ____ (TGF-1) contains schedules showing the actual costs associated
16 with the CR3 Uprate project and consists of: 2017 Summary, 2017 Detail
17 Schedule and Appendices A through E, which reflect DEF’s retail revenue
18 requirements for the CR3 Uprate project from January 2017 through December
19 2017.

20
21 The Company relies on the information included in the testimony in the conduct of
22 its affairs. These exhibits are true and accurate.

23
24 **Q. What are the 2017 Detail Schedules and the Appendices?**

- 1 **A.** • Schedule 2017 Summary reflects the actual 2017 year-end revenue requirements
2 by Cost Category for the period, and final true-up amount for the period.
- 3 • Schedule 2017 Detail reflects the actual calculations for the true-up of total retail
4 revenue requirements for the period.
- 5 • Appendix A reflects beginning balance explanations and support for the 2017
6 CR3 Uprate Regulatory Asset amortization amount.
- 7 • Appendix B reflects Other Exit/Wind Down expenditure variance explanations
8 for the period.
- 9 • Appendix C provides support for the appropriate rate of return consistent with
10 the provisions of Rule 25-6.0423, F.A.C.
- 11 • Appendix D describes Major Task Categories for expenditures and variance
12 explanations for the period.
- 13 • Appendix E reflects contracts executed in excess of \$1.0 million (if any).

14

15 **Q. What is the source of the data that you will present in your testimony and**
16 **exhibits in this proceeding?**

17 **A.** The actual data is taken from the books and records of DEF. The books and records
18 are kept in the regular course of our business in accordance with generally accepted
19 accounting principles and practices, provisions of the Uniform System of Accounts
20 as prescribed by the Federal Energy Regulatory Commission (“FERC”), and any
21 accounting rules and orders established by this Commission.

22

23 **Q. What is the final true-up amount for the CR3 Uprate project for which DEF is**
24 **requesting recovery for the period January 2017 through December 2017?**

1 **A.** DEF is requesting approval of a total over-recovery amount of \$188,006 for the
2 calendar period of January 2017 through December 2017. This amount can be seen
3 on Line 3 of the 2017 Summary Schedule of Exhibit No. ____ (TGF-1). Line 1 of the
4 2017 Summary Schedule represents the current period exit and wind down costs and
5 carrying costs on the unrecovered balance including prior period (over)/under
6 recovery balances, and was calculated in accordance with Rule 25-6.0423, F.A.C..

7
8 **Q. What is the carrying cost rate used in the 2017 Detail Schedule?**

9 **A.** DEF is using the rate specified in Rule 25-6.0423(7)(b), F.A.C. The carrying cost
10 rate used for this time period in the 2017 Detail Schedule was 6.65 percent. On a
11 pre-tax basis, the rate is 9.65 percent. This rate is based on DEF's December 2016
12 Earnings Surveillance Report. This annual rate was also adjusted to a monthly rate
13 consistent with the Allowance For Funds Used During Construction ("AFUDC")
14 rule, Rule 25-6.0141(3), F.A.C. Support for the components of this rate is shown in
15 Appendix C of Exhibit No.__(TGF-1).

16
17 **III. COSTS INCURRED IN 2017 FOR THE CR3 UPRATE PROJECT.**

18 **Q. What are the total retail costs DEF incurred for the CR3 Uprate during the**
19 **period January 2017 through December 2017?**

20 **A.** The total retail costs for the CR3 Uprate are \$10.1million for the calendar year ended
21 December 2017, as reflected on 2017 Summary Schedule Line 1d in Exhibit
22 No.__(TGF-1). This amount includes exit/wind-down costs as can be seen on the
23 2017 Detail schedule on Lines 2e and 16d and carrying costs on the unrecovered

1 investment balance shown on Line 5d. These amounts were calculated in
2 accordance with the provisions of Rule 25-6.0423, F.A.C.

3
4 **Q. How did actual expenditures for January 2017 through December 2017
5 compare to DEF's actual/estimated costs for 2017?**

6 **A.** Appendix D (Page 2 of 2), Line 4 shows that there were minimal cost variances
7 between DEF's actual and actual/estimated 2017 Generation Wind-Down and
8 Disposition costs. There were no expenditures for Wind-Down activities nor were
9 there any Sales or Salvage of Assets or Disposition activities in 2017; however, a
10 refund of a deposit paid in a prior year was returned to DEF in 2017 and a credit is
11 appropriately reflected in the schedules.

12
13 **Q. What was the source of the separation factors used in the 2017 Detail Schedule?**

14 **A.** The jurisdictional separation factors are consistent with Exhibit 1 of the 2013
15 Settlement Agreement approved by the Commission in Order No. PSC-2013-0598-
16 FOF-EI in Docket No. 20130208-EI and Exhibit 1 of the 2017 Settlement
17 Agreement approved by the Commission in Order No. PSC-2017-0451-AS-EU in
18 Docket No. 20170183-EI on November 20, 2017.

19
20 **VI. OTHER EXIT/WIND-DOWN COSTS INCURRED IN 2017 FOR THE CR3
21 UPRATE PROJECT.**

22 **Q. How did actual Other Exit/Wind-Down expenditures for January 2017 through
23 December 2017 compare with DEF's actual/estimated costs for 2017?**

1 **A.** Appendix B, Line 4 shows that total Other Exit/Wind-down costs were \$29,924.
2 There were no major variances with respect to these costs.

3
4 **VII. 2017 PROJECT ACCOUNTING AND COST CONTROL OVERSIGHT.**

5 **Q. Have the project accounting and cost oversight controls DEF used for the CR3**
6 **Uprate project in 2017 substantially changed from the controls used prior to**
7 **2017?**

8 **A.** No, the project accounting and cost oversight controls that DEF utilized to ensure
9 the proper accounting treatment for the CR3 Uprate project in 2017 have not
10 substantively changed since 2009. These controls have been reviewed in annual
11 financial audits by Commission Staff and were found to be reasonable and prudent
12 by the Commission in Docket Nos. 20090009-EI, 20100009-EI, 20110009-EI,
13 20120009-EI, 20140009-EI, 20150009-EI, 20160009-EI, and 20170009-EI.

14
15
16 **Q. Are the Company's project accounting and cost oversight controls reasonable**
17 **and prudent?**

18 **A.** Yes, they are. DEF's project accounting and cost oversight controls are consistent
19 with best practices for project cost oversight and accounting controls in the industry
20 and have been and continue to be vetted by internal and external auditors.

21
22 **Q. Does this conclude your testimony?**

23 **A.** Yes, it does.

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, LLC.

FPSC DOCKET NO. 20180009-EI

**DIRECT TESTIMONY OF THOMAS G. FOSTER
IN SUPPORT OF REVENUE REQUIREMENTS TO BE RECOVERED DURING
THE PERIOD JANUARY-DECEMBER 2019 FOR THE CRYSTAL RIVER 3 EPU
PROJECT**

1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. Please state your name and business address.**

3 A. My name is Thomas G. Foster. My business address is 299 First Avenue
4 North, St. Petersburg, FL 33701.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Duke Energy Florida, LLC, as Director, Rates and
8 Regulatory Planning.

9
10 **Q. Have your job responsibilities, educational background and**
11 **professional experience remained the same since you last filed**
12 **testimony before this Commission on March 1, 2018 in Docket No.**
13 **20180009-EI?**

14 A. Yes.

15
16 **II. PURPOSE OF TESTIMONY.**

17 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to present, for Florida Public Service
2 Commission (“FPSC” or the “Commission”) review, DEF’s expected 2018
3 and 2019 costs associated with the CR3 Uprate project consistent with Rule
4 25-6.0423(7), F.A.C., in support of setting 2019 rates in the Capacity Cost
5 Recovery Clause (“CCRC”).

6
7 **Q. Are you sponsoring any exhibits in support of your testimony?**

8 A. Yes. I am sponsoring sections of the following exhibits, which were
9 prepared under my supervision:

- 10 • Exhibit No.__(TGF-2), contains schedules showing the costs
11 associated with the CR3 Uprate project.

12 These exhibits are true and accurate to the best of my knowledge and
13 information.

14
15 **Q. What are the 2018-2019 Detail Revenue Requirements Schedules and**
16 **the Appendices?**

17 A.

- 18 • The 2018 Detail Schedule reflects the calculations for the total retail
19 revenue requirements for the period.
- 20 • The 2019 Detail Schedule reflects the calculations for the total retail
21 revenue requirements for the period.
- 22 • The 2019 Estimated Rate Impact Schedule reflects the estimated
23 Capacity Cost Recovery Factors for 2019.

- 1 • Appendix A reflects beginning balance explanations and support for the
- 2 2018 and 2019 Regulatory Asset amortization amount.
- 3 • Appendix B reflects Other Wind Down/Exit Cost variance explanations for
- 4 the period.
- 5 • Appendix C provides support for the appropriate rate of return consistent
- 6 with the provisions of Rule 25-6.0423(7), F.A.C.
- 7 • Appendix D describes Major Task Categories for expenditures and
- 8 variance explanations for the period.
- 9 • Appendix E reflects contracts executed in excess of \$1.0 million.
- 10 • Appendix F reflects a summary of the 2013-2019 Uprate Amortization
- 11 Schedule for the Uncollected Investment Balance.

12

13 **III. CARRYING COST RATES AND SEPARATION FACTORS FOR THE CR3**

14 **UPRATE PROJECT.**

15 **Q. What is the carrying cost rate used in the 2018 and 2019 Revenue**

16 **Requirement Detail Schedules?**

17 A. For 2018, DEF is using the rate specified in Rule 25-6.0423(7)(b), F.A.C.

18 The carrying cost rate used for this time period is 6.68 percent. On a pre-

19 tax basis, the rate is 8.25 percent. This rate is based on DEF's December

20 2017 Earnings Surveillance Report. For 2019, the carrying cost rate used

21 for this time period is 6.43 percent. On a pre-tax basis, the rate is 7.87

22 percent. This rate is based on DEF's December 2017 Earnings

23 Surveillance Report after removing the specific adjustment to its common

24 equity balance and rate base working capital balance from the calculation in

1 compliance with paragraph 19 of the Settlement Agreement. These annual
2 rates were also adjusted to a monthly rate consistent with the Allowance
3 For Funds Used During Construction (“AFUDC”) rule, Rule 25-6.0141(3),
4 F.A.C. Support for the components of this rate is shown in Appendix C of
5 Exhibit No.__(TGF-2).

6
7 **Q. What was the source of the separation factors used in the 2018 and**
8 **2019 Revenue Requirement Detail Schedules?**

9 A. The jurisdictional separation factors are consistent with Exhibit 1 of the
10 2017 Settlement Agreement approved by the Commission in Order No.
11 PSC-2017-0451-AS-EU in Docket No. 20170183-EI on November 20, 2017.

12
13 **IV. COST RECOVERY FOR THE CRYSTAL RIVER 3 UPRATE PROJECT.**

14 **Q. What are you requesting with respect to the CR3 Uprate project?**

15 A. DEF requests that the Commission approve recovery of the CR3 Uprate
16 project amounts consistent with 2017 Settlement approved in Order PSC-
17 2017-0451-AS-EU, Section 366.93(6), Florida Statutes, and Rule 25-
18 6.0423(7), F.A.C.. In support of this request, DEF has prepared Exhibit
19 No.__(TGF-2), which shows the unrecovered investment and expected
20 future payments and exit costs through the end of 2019 for purposes of
21 setting 2019 rates. DEF requests that the Commission approve the
22 revenue requirements for 2019 to be placed into the CCRC of \$43.9 million
23 as shown on 2019 Summary Schedule Line 8 of Exhibit No.__(TGF-2).

1 **Q. What was the total unrecovered investment in the CR3 Uprate project**
2 **as of year-end 2017?**

3 A. The total year-end 2017 unrecovered investment to be amortized is
4 approximately \$86.8 million as shown on lines 3a – 3b beginning balance
5 amount in the 2018 Detail Schedule of Exhibit No.__(TGF-2). This net
6 amount represents the unrecovered construction costs incurred that have
7 not been placed in service. This amount does not include prior period
8 over/under recoveries, prior period amortization, or period costs like wind-
9 down/exit costs.

10
11 **Q. How is DEF recovering this investment?**

12 A. DEF is continuing to recover this balance over the remaining two (2) year
13 period from 2018-2019 as approved by the Commission in the 2013
14 Settlement in Order PSC-13-0598-FOF-EI, Docket No. 130208-EI, which
15 allowed DEF to recover the unrecovered balance over the 2013-2019
16 period.

17
18 **Q. What are the total estimated period revenue requirements for the CR3**
19 **Uprate project for the calendar year ended December 2018?**

20 A. The total estimated period revenue requirements for the CR3 Uprate
21 project, excluding amortization, is approximately \$5.2 million for the
22 calendar year ended December 2018, as reflected on the 2018 Detail
23 Schedule Line 19 of Exhibit No.__(TGF-2). This amount includes
24 approximately \$5.2 million for the carrying costs on the unrecovered

1 investment balance shown on Line 5d, and \$26,432 of current period wind-
2 down costs shown on Line 16d. These amounts were calculated in
3 accordance with the provisions of Rule 25-6.0423, F.A.C.

4
5 **Q. What is the total estimated over or under recovery for the CR3 Uprate**
6 **project for the calendar year ended December 2018?**

7 A. The total estimated over-recovery is \$933,647 as shown in Exhibit
8 No._(TGF-2), of the 2018 Detail Schedule Line 21.

9
10 **Q. What are the total estimated revenue requirements, exclusive of the**
11 **revenue tax multiplier, for the CR3 Uprate project for the calendar year**
12 **ended December 2019?**

13 A. As can be seen in Exhibit No._(TGF-2), the 2019 Summary Schedule Line
14 6, the total estimated revenue requirements are approximately \$43.8
15 million. This consists primarily of \$43.2 million associated with amortizing
16 the unrecovered construction cost spend, \$1.6 million in period carrying
17 costs and other exit and wind-down activities, and (\$1.0) million of prior
18 period over-recoveries. These amounts are shown on Lines 1 through 5 of
19 the 2019 Summary Schedule.

20
21 **Q. Does the Company anticipate making an NCRC filing in 2019?**

22 A. No. The 2013 and 2017 Settlement Agreements provide for amortization of
23 the unrecovered investment balance of the CR3 EPU through 2019 with
24 any true-up balance at the end of 2019 being refunded/recovered through

1 the CCRC. As such, this is the last year in which the NCRC process will be
2 used to set rates for the EPU, which will be collected in 2019. DEF will
3 calculate the over- or under-recovery at the conclusion of 2019 and include
4 that amount in its 2019 CCRC true-up filing which will be filed in early 2020.
5

6 **Q. Does this conclude your testimony?**

7 A. Yes.

1 MR. BERNIER: And then I would also --

2 MS. MAPP: And --

3 MR. BERNIER: Oh.

4 MS. MAPP: Staff has prepared a comprehensive
5 exhibit list, with the list, itself, that's been
6 provided to all parties, Commissioners, and court
7 reporter. And the list, itself, is marked as
8 Exhibit 1.

9 At this time, staff would like to move the
10 comprehensive exhibit list into the record and have
11 all other exhibits marked as shown therein.

12 CHAIRMAN GRAHAM: We will move the
13 comprehen- -- the comprehensive exhibit list into
14 the record.

15 (Exhibit No. 1 was marked for identification
16 and admitted into the record.)

17 MR. BERNIER: Then, Mr. Chairman, I would move
18 Exhibits 2 and 3 into the record as well.

19 CHAIRMAN GRAHAM: If there's nobody --
20 complaint about Issues [sic] 2 and 3, we'll move
21 those into the record.

22 MR. MOYLE: No objection.

23 (Exhibit Nos. 2 and 3 were marked for
24 identification and admitted into the record.)

25 CHAIRMAN GRAHAM: Staff?

1 MS. MAPP: Staff is not aware of any other
2 matters that need to be addressed. As the
3 Commission has made a bench decision on all issues,
4 and post-hearing briefs are waived, the final order
5 addressing this hearing will be issued following
6 the commencement of this hearing.

7 CHAIRMAN GRAHAM: Okay. So, that means we're
8 done; is that yes?

9 MS. MAPP: Yes.

10 MR. REHWINKEL: Mr. Chairman, I -- if -- I
11 would like to state -- and apologize to Ms. Mapp,
12 if I've misstated the facts about the 2017 order.

13 I had a long conversation with Ms. Helton and
14 Ms. Stauffer about this months ago -- about whether
15 orders being attached, stipulations attaching --
16 being attached to the orders. And I will -- I will
17 double-check and -- and make sure. And if I'm
18 wrong, I will make sure that it's on the record
19 that I -- that I spoke in error because I don't
20 like to do that.

21 And I would like, also, to say that, if I had
22 known that we were going to have this kind of a
23 controversy, we -- we would have worked with staff
24 on this a lot earlier. We started speaking to
25 Duke, I think, in February about doing this. And

1 it's -- it's my fault that we didn't reach out to
2 staff at an earlier point because a lot of time has
3 been taken here addressing what I consider a
4 procedural issue that -- that has be- -- gotten
5 bigger than it was intended to do.

6 And I appreciate your consideration and the
7 discussion here today. And we will take this as a
8 lesson learned in how we address things in the
9 future. So, I appreciate it.

10 CHAIRMAN GRAHAM: I agree with you.

11 MR. REHWINKEL: Thank you.

12 CHAIRMAN GRAHAM: I -- I didn't see the need
13 to spend the last 40 minutes beating this mule.

14 But now that we're done, we're adjourned.
15 Thank you.

16 (Whereupon, proceedings concluded at 2:18
17 p.m..)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 15th day of August, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021