



Matthew R. Bernier
ASSOCIATE GENERAL COUNSEL
Duke Energy Florida, LLC

June 28, 2019

VIA ELECTRONIC DELIVERY

Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Nuclear cost recovery clause; Docket 20190009-EI*
Duke Energy Florida, LLC's Request for Extension of Confidential Classification

Dear Mr. Teitzman:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Request for Extension of Confidential Classification concerning certain information contained in the Florida Public Service Commission Financial Staff's Project Management Audit Report (Audit Control Nos. 15-01-001) (Document No. 03767-2015) filed in Docket No. 20150009-EI on June 19, 2015 and revised on October 19, 2017 in Docket No. 20170009 (Document No. 08942-2017).

Portions of the documents submitted with the revised October 19, 2017 Request for Confidential Classification are no longer confidential, specifically, certain information on pages 6, 7, 8, 9, and 10. Therefore, revised exhibits are provided as noted below.

This filing includes:

- Revised Exhibit A (confidential slip sheet only)
- Revised Exhibit B (two copies of redacted information)
- Revised Exhibit C (justification matrix)
- Revised Exhibit D (Affidavits of Jay Outcalt)

DEF's confidential Revised Exhibit A that accompanies the above-referenced filing, has been submitted separately.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 521-1428.

Sincerely,

s/ Matthew R. Bernier
Matthew R. Bernier

MRB/mw
Enclosure

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery Clause

Docket No. 20190009-EI
Submitted for Filing: June 28, 2019

**DUKE ENERGY FLORIDA'S
REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION**

Duke Energy Florida, LLC (“DEF” or the “Company”), pursuant to Section 366.093, Florida Statutes (“F.S.”), and Rule 25-22.006, Florida Administrative Code (“F.A.C.”), hereby submits this Request for Extension of Confidential Classification (“Request”) concerning information contained in the Florida Public Service Commission’s Staff’s (“Staff”) Project Management Audit Report for *Audit Control No. 15-01-001* (the “Audit Report”). In support of this Request, DEF states as follows:

1. On June 19, 2015, DEF filed its Fifth Request for Confidential Classification concerning certain information contained in Staff’s Project Management Audit Report for *Audit Control No. 15-01-001* (document number 03767-2015), which contained sensitive business information including confidential contractual cost information, vendor invoices, and internal labor information. On October 19, 2017, DEF filed Revised Exhibits B and C, as certain information contained on pages 4, 14, and 15, was no longer confidential.

2. The Commission granted DEF’s Fifth Request for Confidential Classification concerning the Audit Report in Order No. PSC-2017-0496--CFO-EI on December 28, 2017. The period of confidential treatment granted by that order will expire on June 28, 2019. Some of the information continues to warrant treatment as “proprietary confidential business information”

within the meaning of Section 366.093(3), F.S. Accordingly, DEF is filing its Request for Extension of Confidential Classification.

3. DEF submits that certain information contained in the Audit Report, submitted as Exhibit A to the June 19, 2015 and Revised Exhibit A to the October 19, 2017, Request continues to be “proprietary confidential business information” within the meaning of section 366.093(3), F.S. and continues to require confidential classification. *See* Affidavit of Jay Outcalt at ¶¶ 2-3, attached as Revised Exhibit “D”. This information is intended to be and is treated as confidential by the Company. The information has not been disclosed to the public. Pursuant to section 366.093(1), F.S., such materials are entitled to confidential treatment and are exempt from the disclosure provisions of the Public Records Act. *See* Affidavit of Jay Outcalt at ¶ 4.

4. Some of the information originally included in DEF’s Fifth Request for Confidential Classification is no longer confidential and therefore, DEF submits revised exhibits along with this Request. Otherwise, nothing has changed since the issuance of Order No. PSC-2017-0496-CFO-EI to render the information stale or public such that continued confidential treatment would not be appropriate. Upon a finding by the Commission that this information continues to be “proprietary confidential business information,” it should continue to be treated as such for an additional period of at least 18 months and should be returned to DEF as soon as the information is no longer necessary for the Commission to conduct its business. *See* §366.093(4), F.S.

WHEREFORE, for the foregoing reasons, DEF respectfully requests that this First Request for Extension of Confidential Classification be granted.

Respectfully submitted this 28th day of June, 2019,

/s/ Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished via electronic mail to the following this 28th day of June, 2019.

/s/ Matthew R. Bernier
Attorney

<p>Kurt Schrader Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 kschrader@psc.state.fl.us</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 mqualls@moylelaw.com</p>
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Revised Exhibit A

“CONFIDENTIAL”

(filed under separate cover)

Revised Exhibit B
Docket No. 20150009-EI
(Staff Audit Report-Audit Control No. 15-01-0001)

3.2 Listed Bid Event Approach for Disposition

In the spring of 2014, the IRP team conducted a series of specialized listed bid events for certain EPU assets. The events were online offerings that advertised equipment to targeted potential electric industry buyers. These included resources such as industry websites and industry publications. Offers were handled through a closed bid process. The items and events were offered throughout the industry via targeted marketing and industry-focused websites. Marketing included print advertisements in trade publications, and on industry websites.

The IRP team managed these events with coordination from Duke Energy Corporate Procurement. Concurrently, the IRP group hosted similar bid events for non-EPU CR3 assets. As shown on **Exhibit 4**, the company hosted 11 EPU-related bid events yielding sales revenues of \$1,032,418. For the EPU assets, the company finalized four bid events during March 2014, four during April 2014, and three during May 2014. Lot groupings included EPU-related items such as storage equipment, cooling tower components, construction tools, and motors.

Company Initiated Listed Bid Events CR3 EPU Assets 2014			
Asset	Cost	Sale Amount	Month Sold
Tent, Lighting, Structural Members			March 2014
3500 HP Motors—(3) Lube Oil Skids—(2)			March 2014
Tent with tools and materials			March 2014
Fire Cabinets—(8)			March 2014
Gantry Crane			April 2014
Cooling Tower (all)			April 2014
Sealand-(1)			April 2014
Sealand-(4)			April 2014
Relief Valves			May 2014
Relief Valves			May 2014
AKPD 5 stage Pumps—(34)			May 2014
Total	\$15,341,111	\$1,032,418	11 Bid Events

Exhibit 4

Source: Data Request 1.5

IRP management states that leading up to these bid events, the team organized and grouped items for maximum bid interest and value. Management stated that when determining the order of items to list, the company considered the logistics of how and where the assets were housed on the site. This approach allowed the company to move larger items off-site first and free-up space on the site.

One large asset sold through this process was the Cooling Tower equipment. The company received several bids for this equipment, and accepted the highest bid for the entire lot. This equipment was one of the largest assets sold, and a portion of the proceeds were credited back through the NCRC.

Prior to initiating the listed bid events, the IRP team provided a listing of assets for internal distribution within Duke Energy. The IRP team was able to transfer four assets within the company using this process. The sale and proceeds comported with the requirement to transfer the assets at book value, as shown in **Exhibit 5** which details these transactions.

Transfers to Duke Energy Affiliates CR3 EPU Assets 2014			
Asset	Cost	Sale Amount	Month Sold
Blade Vibration Sensor and Sensor Adapter			February 2014
Sealand—two			April 2014
Gang Boxes—(2) Fire Safe Chest Carts—(5) Various tools			April 2014
Gang Boxes—(4) Carts—(4) Various tools			April 2014
Total	\$36,336	\$35,972	4 Events

Exhibit 5

Source: Data Request 1.5

3.3 Public Auction Approach for Disposition

In mid-2014, the company made the decision to shift its approach from a listed bid event process to a public auction for the remaining EPU and non-EPU assets. Management states its rationale for this decision was the challenge and cost of working the high volume of equipment through the bid event process. Management states that substantial additional resources would be needed to fully process all the equipment through the listed bid event approach. The company believed that the additional costs for hiring resources for this disposal method would negatively impact any additional revenue obtained through this approach.

In March 2014, Southern California Edison conducted a public auction of its non-nuclear assets from its San Onofre Nuclear Generating Station. DEF sent representatives to this event to assess its success and determine whether this approach would be a viable option for its remaining CR3 assets. After reviewing the process and discussions with Southern California Edison, DEF believed this approach was viable, and that the event garnered enough public interest to support the effort. The IRP team made a proposal that the company use the one-time, public auction approach for the remaining assets. This recommendation was presented and approved by senior management. Commission audit staff believes the decision to shift from a listed bid event approach to a public auction was reasonable.

The company issued a Request for Proposals to twelve large and small auction groups. Proposals were received from five auction companies and two finalists were brought in for on-site presentations. Management states the company chose to limit the number of potential vendors due to the specialized nature of conducting a large-scale industrial auction. DEF states that these

auction companies had experience in large-industrial based auctions, and demonstrated successful marketing to buyers interested in industrial equipment. The contract executed with the selected vendor specified the auction approach and the budget. According to DEF, compensation for expenses and commissions were in keeping with standard investment recovery practices.

A factor in selecting the chosen vendor was its global marketing presence. One asset—the EPU-related Low Pressure turbines—was potentially the highest value sale opportunity, and DEF believed that there was potential for a sale to an overseas company. The selected vendor proposed and used a mix of printed advertising in both industry publications and flyers at industry conferences, targeted calls to potential buyers, social media to industry groups, and general advertising to the public and non-industry bidders such as salvage dealers. DEF believes that this marketing effort reached a global 100,000 potential bidders. Commission audit staff believes the company’s justifications for selecting this vendor were reasonable.

The auction was held September 24 through 26, 2014, with bids accepted via the Internet and phone. The auction was a sell-all event with no price reserves on lots. DEF reserved the right to reject the final bid only if the company believed that the sale price was below the cost of removal from the unit or site.

In total, the auction included 100 bidders, and the company sold 50 lots/groupings of EPU-assets. The total collected for these items was approximately \$90,500. The original cost for these assets was approximately \$5,229,212, not including the original cost for the NUS Rapid Cool Down System equipment which was not broken out separately in its contract.

Several large installed items offered did not sell through the closed-bid or public auction process. For this equipment, the company made the decision in January 2015 to discontinue sales efforts and to abandon in-place during decommissioning. This equipment is highly-specialized with limited marketability and the salvage value would not support the cost for removal. These assets and their original value are shown in **Exhibit 6**.

Major Installed EPU-Assets to be Abandoned In Place	
Equipment	Value
Stator Core and Rewound Generator Rotor	
Feedwater Heat Exchangers	
Belly Drain Heat Exchangers	
Isophase Bus Duct Cooling Skid	
Moisture Separator Reheaters	

Exhibit 6

Source: Data Request 3.1

3.4 EPU Siemens Components Disposition

Certain Siemens components did not sell during the auction. These are one-of-a-kind specialized components with limited marketability. In one case, the Low Pressure turbine, issues surrounding its blades reduced the possibility of resale outside the salvage market. The details of

this were discussed in the Commission audit report in the Docket No. 120009-EI. DEF and Siemens engaged in discussions regarding certain remaining Siemens equipment, but could not reach an agreement on a sales price. DEF made the decision to list the equipment in the auction, in hopes of selling the entire component set.

After the auction, Siemens once again engaged DEF about the equipment. Talks continue and a purchase agreement remains possible. If the two companies reach an agreement, the proceeds will be credited through the company's NCRC recovery filing. The original cost for this equipment was approximately [REDACTED]. The equipment and components currently under negotiation are shown in **Exhibit 7** and are currently installed or housed in the CR3 unit

Remaining EPU-Equipment Considered for Disposition	
Components	Original Equipment Cost
High Pressure Turbine and Equipment (uninstalled)	[REDACTED]
Turbine Lubricating Oil Cooler Tube Bundles	[REDACTED]
Siemens Exciter (installed)	[REDACTED]
Siemens Hydrogen Cooler (installed) ¹	[REDACTED]
Siemens Low Pressure Turbine Rotors, Blades, Cylinders, and parts (uninstalled)	[REDACTED]

Exhibit 7

Source: Data Request 3.2

Due to ongoing contract negotiations, it is not known what recovery may be received from this equipment. If the companies are unable to reach an agreement for this equipment, DEF has made the decision to abandon this unsold equipment in its current location. The company made this decision due to the high costs associated with removal.

The company is in the process of closing out its Investment Recovery Program for CR3. The company will continue to maintain the remaining Siemens equipment until it finishes its negotiations with Siemens. The company will continue to maintain monthly maintenance and administrative costs for the EPU project. The company believes the project will be closed in fall 2015, with costs continuing through that time.

¹ The cost provided for the Hydrogen Cooler is a subset of the overall Generator work. The company estimated the amount attributed for this equipment.

Revised Exhibit B
Docket No. 20150009-EI
(Staff Audit Report-Audit Control No. 15-01-0001)
(2nd copy)

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auction companies had experience in large-industrial based auctions, and demonstrated successful marketing to buyers interested in industrial equipment. The contract executed with the selected vendor specified the auction approach and the budget. According to DEF, compensation for expenses and commissions were in keeping with standard investment recovery practices.

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Siemens Hydrogen Cooler (installed) ¹	[REDACTED]
Siemens Low Pressure Turbine Rotors, Blades, Cylinders, and parts (uninstalled)	[REDACTED]

Exhibit 7

Source: Data Request 3.2

Due to ongoing contract negotiations, it is not known what recovery may be received from this equipment. If the companies are unable to reach an agreement for this equipment, DEF has made the decision to abandon this unsold equipment in its current location. The company made this decision due to the high costs associated with removal.

The company is in the process of closing out its Investment Recovery Program for CR3. The company will continue to maintain the remaining Siemens equipment until it finishes its negotiations with Siemens. The company will continue to maintain monthly maintenance and administrative costs for the EPU project. The company believes the project will be closed in fall 2015, with costs continuing through that time.

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REVISED EXHIBIT C

DUKE ENERGY FLORIDA Confidentiality Justification

DOCUMENT	PAGE/LINE/ COLUMN	JUSTIFICATION
Review of Duke Energy Florida's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects, PA-15-01-001, June 2015	<p>Page 12: Table-all information in the columns 2 and 3 exclusive of the last line is confidential.</p> <p>Page 13: Table-all information in columns 2 and 3 exclusive of last line are confidential.</p> <p>Page 14, Table, all information in 2nd Column is confidential.</p> <p>Page 15, 2nd paragraph, all information after "approximately" and before "The equipment"; Table, all information in 2nd column is confidential.</p>	<p>§366.093(3)(d), Fla. Stat. The document in question contains confidential contractual information, the disclosure of which would impair DEF's efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>

**Revised Exhibit D:
Affidavit of
Jay Outcalt**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery
Clause

Docket No. 20190009-EI

Dated: June 28, 2019

**AFFIDAVIT OF JAY OUTCALT IN SUPPORT OF DUKE ENERGY
FLORIDA'S REQUEST FOR EXTENSION OF CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths, personally appeared Jay Outcalt, who being first duly sworn, on oath deposes and says that:

1. My name is Jay Outcalt. I am employed by Duke Energy Business Services, LLC ("Duke Energy") and serve as its Lead Contract Manager in the Commercial Contract Management Department. I am over the age of 18 years old and I have been authorized by Duke Energy Florida ("DEF" or the "Company") to give this affidavit in the above-styled proceeding on DEF's behalf and in support of DEF's Request for Extension of Confidential Classification (the "Request"). The facts attested to in my affidavit are based upon my personal knowledge.

2. As Lead Contract Manager, my role includes providing management oversight in the disposition of the Crystal River Unit 3 ("CR3") Extended Power Uprate ("EPU") assets by ensuring that Supply Chain employees at CR3 follow DEF's processes and procedures.

3. DEF is seeking an extension of confidential classification for certain information contained in portions of the Florida Public Service Commission's Staff's ("Staff") 2015 Project Management Audit Report, Audit Control No. 15-01-001, filed on June 19, 2015 in Docket No. 20150009-EI (document no. 03767-2015). The Company is requesting an extension of the confidential classification of this information because it contains sensitive business information,

the disclosure of which would impair the Company's efforts to contract for goods or services on favorable terms.

4. DEF negotiates with vendors to obtain competitive contractual arrangements regarding the disposition of the EPU project assets, the disclosure of which would impair DEF's competitive business interests. The information contains contractual arrangements, including terms, prices, and conditions between DEF and providers of various equipment and services required for the close-out of the EPU project. DEF has kept confidential and has not publicly disclosed the confidential information regarding the close-out of the EPU project. The Company must be able to assure its vendors that sensitive business information such as contractual terms and close-out agreements will be kept confidential. Additionally, the contracts at issue in this Request contain confidentiality provisions that prohibit the disclosure of the terms of the contract to third parties. Without DEF's measures to maintain the confidentiality of sensitive terms in contracts between DEF and nuclear contractors, the Company's efforts to obtain competitive contracts for the close-out of the EPU project would be undermined.

5. Upon receipt of all this confidential information, and with its own confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided, including restricting access to those persons who need the information to assist the Company. At no time since negotiating and receiving the contracts has the Company publicly disclosed the information or the terms of the contracts at issue. The Company has treated and continues to treat the information at issue as confidential.

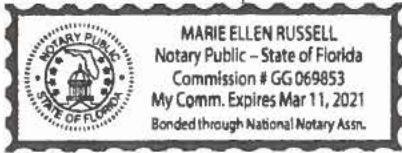
6. This concludes my affidavit.

Further affiant sayeth not.

Dated this 17th day of June, 2019.

Jay Outcalt
(Signature)
Jay Outcalt
Lead Contract Manager

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 17 day of June, 2019 by Jay Outcalt. He is personally known to me, or has produced his N/A driver's license, or his N/A as identification.



(AFFIX NOTARIAL SEAL)

Marie Ellen Russell
(Signature)

Marie Ellen Russell
(Printed Name)

NOTARY PUBLIC, STATE OF FLORIDA

MAY 11 2021
(Commission Expiration Date)

GG 069853
(Serial Number, If Any)