



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

January 4, 2022

VIA ELECTRONIC FILING

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

Re: *Fuel and Purchased Power Clause with Generating Performance Incentive
Factor*; Docket No. 20210001-EI

Dear Mr. Teitzman:

Please find attached for electronic filing Duke Energy Florida, LLC's Response to Staff's Second Data Request.

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

Sincerely,

s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Attachment

CERTIFICATE OF SERVICE

Docket No. 20210001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 4th day of January, 2022.

s/ Dianne M. Triplett

Dianne M. Triplett

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**DUKE ENERGY FLORIDA, LLC'S (DEF), RESPONSE TO
STAFF'S SECOND DATA REQUEST REGARDING FUEL AND PURCHASED POWER
CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR**

Docket No. 20210001-EI

1. Please refer to Duke Energy Florida's (DEF or Company) Petition for Fuel Recovery Clause Mid-Course Correction (MCC Petition), dated December 17, 2021, filed in Docket No. 20210001-EI.¹ Please specify the numerator, denominator, and quotient of the mid-course correction percentage prompting the instant mid-course correction filing.

RESPONSE:

All figures are from the 2022 schedules of DEF's Midcourse Correction filing. The numerator is (\$314,223,437) from Exhibit A, Schedule E1-A (Proj), line 6. The denominator is \$1,442,465,312 (Exhibit A, Schedule E1-B (Proj), line C3, column "12 Month Period"). This results in a quotient or midcourse percentage of 21.78%.

2. Please refer to paragraph 10 of the MCC Petition. Please discuss the Company's understanding of what's driving the increase in coal pricing similar to what's detailed for natural gas in this section of the petition.

RESPONSE:

The main drivers of increased coal prices have been increased domestic demand for coal generation due to rising natural gas prices and strong export market demand, coupled with a limited ability by suppliers to increase mine production due to labor and resource shortages. Transportation constraints due to labor and resource shortages at the railroads and other transportation providers have further worsened the ability of suppliers to meet the increased demand putting additional upward pressure on coal prices. These constraints are not expected to ease until later in 2022.

3. Please refer to paragraph 11 of the MCC Petition.
 - a. Please discuss how DEF intends to effectuate its proposal described in this section of the petition. Does it intend on eliminating the projected under recovery in exactly twelve months?
 - b. Does the MCC Petition contain any projected generation and revenue information for calendar year 2023?
 - c. Will the Company seek a new fuel rate in November 2022 to begin on or around January 1, 2023, which would include all else equal, the residual two months

¹Document No. 13092-2021.

(uncollected dollars) of the 12-month rate proposal put forth this section of testimony in a levelized manner over 12 months/calendar year 2023?

- d. If the response to (c) is yes, then is the proposal to essentially recover the projected under recovery over a 22-month period (not including a final/actual 2022 true up) with the majority of the dollars being collected in 2022 (all else equal)? If not, please explain.

RESPONSE:

- a. The Midcourse Adjustment factor of 0.795 cents/kWh, line 6 of Schedule E1-D (Proj), was developed using twelve months of energy sales (see line 4 of Schedule E1-D (Proj)). Therefore, the factor was developed to recover the Midcourse Correction amount of \$314,223,437 over a twelve-month period.
 - b. No. Only the jurisdictional MWh sales from 2023 were used. All 2023 information will be developed in the normal fuel filing process for the 2023 Projection Filing.
 - c. DEF plans to prepare and file the 2022 Actual/Estimated and 2023 Projection Filings in the normal course of the fuel docket. DEF is not planning to develop or file any additional fuel filing related to this midcourse petition. In the 2022 Actual/Estimated filing, DEF will project the ending true-up balance, as of 12/31/2022, as per the normal process. This amount will be included in the 2023 Projection Filing and the development of the 2023 fuel factors.
 - d. The development of the Midcourse factor was developed using twelve months of MWh sales. However, DEF believes that incorporating any remaining two-month balance into the 2023 fuel factors, as part of the 2023 Projection Filing, is a simpler method of recovery. Under this process, DEF's customers would have a single fuel factor for 2023, rather than a factor for January and February, and a change beginning in March. DEF would not characterize this as a 22-month recovery. The Midcourse was developed to recover the balance over 12 months; the recovery will be updated with the development of the 2022 Actual/Estimated and 2023 Projection Filings.
4. Rule 25-6.0424(1)(b), Florida Administrative Code, states as follows: “[t]he appropriate schedules from Form PSC/AFD 009-E (07/10) reflecting the estimated End-of-Period Total Net True-up based upon current cost recovery factors and revised fuel expenses. For a fuel mid-course correction, schedules E1 through E10 shall be filed.” Please provide an updated E1 schedule for calendar year 2022.

RESPONSE:

Please see attached Schedule E1.

5. Please specify the exact ranges/beginning and ending dates of DEF's January, February, March, and April 2022 billing cycles.

RESPONSE:

The January 2022 billing cycle begins on December 30, 2021 and ends on January 31, 2022.

The February 2022 billing cycle begins on January 31, 2022 and ends on February 28, 2022. The March 2022 billing cycle begins on February 28, 2022 and ends on March 30, 2022. The April 2022 billing cycle begins on March 30, 2022 and ends on April 29, 2022.

6. Please refer to MCC petition, Exhibit A, Schedule E-10. Please provide the bill impacts (fuel only) to typical (i.e., typical based on a conventional or average level of usage) industrial- and commercial-class (large and small) customers similarly to that performed for the residential class shown on this schedule.

RESPONSE:

Rate Code/Determinants/Description	3/1/22 Fuel Cost w/o MCC	3/1/22 Fuel Cost w/ MCC	\$ Change	% Change
GS-1; Small Commercial; 1,500 kWh	\$59.88	\$71.81	\$11.93	19.9%
GSD-1; Medium Commercial; 100 kW, 41.1% LF, 30,000 kWh	\$1,197.60	\$1,436.10	\$238.50	19.9%
GSDT-1; Large Commercial; 600 kW, 50.2% LF, 12% on-peak, 19% super-off-peak, 220,000 kWh	\$8,962.01	\$10,426.30	\$1,464.29	16.3%
IST-2; Large Industrial; 10,000 kW, 68.5% LF, 12% on-peak, 19% super-off-peak, 5,000,000 kWh	\$203,682.04	\$232,870.56	\$29,188.52	14.3%

7. Please describe the Company’s anticipated process and timeline for notifying its customers of the proposed action it has requested through its MCC Petition. Please also provide copies of any notifications that were previously, or will be, provided to customers regarding the actions requested in the MCC Petition.

RESPONSE:

Duke Energy will notify customers of the proposed factor changes in a February 2022 bill insert. While the documents have not been finalized yet for this mid-course correction, here is a [link](#) to the prior mid-course correction residential notification. The notifications will be very similar and will include the revised factor amounts for the currently requested mid-course correction. A similar notification will be provided to non-residential customers. The bill inserts are posted on the company’s website: <https://www.duke-energy.com/Home/Billing/Bill-Inserts>

Duke Energy issued a [press release](#) to Florida media on Dec. 17, 2021, the date of the filing. The press release is posted on the Duke Energy website: <https://news.duke-energy.com/releases>. The information has been covered throughout Florida by local newspapers and broadcast media. Additionally, it has been also covered nationally by outlets such as [Yahoo News](#) and [trade publications](#).

8. Please state whether the Company plans on instituting any different processes, procedures, and/or measures related to projecting future fuel cost and fuel revenue as a result of requiring this mid-course correction. If the response is yes, please explain.

RESPONSE:

DEF does not plan to institute any different processes related to fuel cost/revenue forecasting. DEF will continue to use the most up-to-date information that is available at the time to produce its fuel cost forecasts.

9. Please discuss how, if at all, the Company's updated fuel costs detailed in its MCC Petition have affected its planned power market purchases or sales for 2022.

RESPONSE:

DEF has not revised any of its planned power market purchases or sales for 2022. DEF continuously monitors the power markets and utilizes power purchases and sales, when needed, to economically and reliably meet the needs of the system and its customers.

10. Please provide schedules detailing DEF's 2022 projected natural gas and coal costs separated by fuel commodity and fuel transportation embedded in its currently-authorized 2022 fuel rates, and a 2022 schedule underlying the MCC petition.²

RESPONSE:

Please see the attached excel spreadsheet.

²Order No. PSC-2021-0442A-FOF-EI, issued December 13, 2021, in Docket No. 20210001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

Duke Energy Florida, LLC
 Fuel and Purchased Power Cost Recovery Clause
 Estimated for the Period of : January 2022 through December 2022

	<u>DOLLARS</u>	<u>mWh</u>	<u>CENTS/KWH</u>
1. Fuel Cost of System Net Generation (E3 (Proj))	1,503,047,729	41,444,576	3.6266
2. Coal Car Investment	0	0	0.0000
3. Adjustment to Fuel Cost	<u>12,294,325</u>	<u>0</u>	<u>0.0000</u>
4. TOTAL COST OF GENERATED POWER	1,515,342,054	41,444,576	3.6563
5. Energy Cost of Purchased Power (Excl. Econ & Cogens) (E7 (Proj))	28,345,181	427,757	6.6265
6. Energy Cost of Economy Purchases (E9 (Proj))	5,704,280	104,312	5.4685
7. Payments to Qualifying Facilities (E8 (Proj))	<u>137,106,458</u>	<u>2,680,089</u>	<u>5.1157</u>
8. TOTAL COST OF PURCHASED POWER	171,155,919	3,212,158	5.3284
9. TOTAL AVAILABLE mWh		44,656,733	
10. Fuel Cost of Economy Sales (E6 (Proj))	(11,158,734)	(258,432)	4.3179
10a. Gain on Economy Sales (E6 (Proj))	(2,932,140)	(258,432) *	1.1346
10b. Gain on Total Power Sales - 20% (E6 (Proj))	261,953		
11. Fuel Cost of Stratified Sales (E6 (Proj))	<u>(84,787,474)</u>	<u>(2,378,865)</u>	<u>3.5642</u>
12. TOTAL FUEL COST AND GAINS ON POWER SALES	(98,616,395)	(2,637,297)	3.7393
13. Net Inadvertent Interchange			
14. TOTAL FUEL AND NET POWER TRANSACTIONS	1,587,881,578	42,019,437	3.7789
15. Net Unbilled	1,001,313 *	(49,398)	0.0025
16. Company Use	5,757,770 *	(152,029)	0.0145
17. T & D Losses	83,842,181 *	(2,218,678)	0.2117
18. Adjusted System Sales	1,587,881,578	39,599,332	4.0077
19. Wholesale Sales (Excluding Supplemental Sales)	(657,710)	(17,127)	3.8402
20. Jurisdictional Sales	1,587,223,869	39,582,205	4.0099
21. Jurisdictional Sales Adjusted for Line Losses x 1.00028	1,587,668,291	39,582,205	4.0111
22. Prior Period True-Up	385,271,648 ***	39,582,205	0.9733
23. Total Jurisdictional Fuel Cost	1,972,939,939	39,582,205	4.9844
24. GPIF **	2,657,279	39,582,205	0.0067
25. CEC Bill Credit	9,263,878	39,582,205	0.0234
26. Fuel Factor Adjusted including GPIF & CEC Bill Credit	1,984,861,096	39,582,205	5.0145
27. Total Fuel Cost Factor (rounded to the nearest .001 cents/ KWH)			5.0150

* For Informational Purposes Only

** Based on Jurisdictional Sales

*** True-Up calculation shown below:

1) Approved Over/(Under) Recovery January - December 2021 to be Recovered in 2022 (Schedule E1-A (Proj), Line 2)	123,418,788
2) Total Over/(Under) Recovery to be Included in the March 2022 - December 2022 Projected Period (Schedule E1-A, Line 6, calculated over 10 months: (314,223,437 / 12) x 10)	<u>261,852,860</u>
3) Prior Period True-Up	<u><u>385,271,648</u></u>

Natural Gas Costs - Embedded in Currently Authorized 2022 Fuel Rates

Month	System		System Fuel Costs
	System Commodity Costs	Transportation Costs	
1/1/2022	\$ 65,476,955	\$ 31,993,596	\$ 97,470,551
2/1/2022	\$ 54,694,816	\$ 29,031,355	\$ 83,726,171
3/1/2022	\$ 47,055,389	\$ 31,439,761	\$ 78,495,150
4/1/2022	\$ 44,909,555	\$ 30,651,706	\$ 75,561,261
5/1/2022	\$ 56,083,062	\$ 34,825,510	\$ 90,908,572
6/1/2022	\$ 65,678,341	\$ 34,085,578	\$ 99,763,919
7/1/2022	\$ 71,808,571	\$ 35,083,073	\$ 106,891,644
8/1/2022	\$ 73,091,608	\$ 35,321,671	\$ 108,413,279
9/1/2022	\$ 66,702,395	\$ 33,869,762	\$ 100,572,157
10/1/2022	\$ 55,776,130	\$ 31,464,322	\$ 87,240,452
11/1/2022	\$ 50,527,036	\$ 30,323,396	\$ 80,850,432
12/1/2022	\$ 50,555,481	\$ 31,415,411	\$ 81,970,892
	<u>\$ 702,359,338</u>	<u>\$ 389,505,142</u>	<u>\$ 1,091,864,480</u>

Natural Gas Costs - Embedded in Proposed Midcourse 2022 Fuel Rates

Month	System		System Fuel Costs
	System Commodity Costs	Transportation Costs	
1/1/2022	\$ 78,093,901	\$ 32,703,070	\$ 110,796,971
2/1/2022	\$ 67,514,230	\$ 29,516,089	\$ 97,030,319
3/1/2022	\$ 68,227,852	\$ 32,065,800	\$ 100,293,652
4/1/2022	\$ 69,137,152	\$ 30,824,938	\$ 99,962,090
5/1/2022	\$ 81,515,512	\$ 34,299,902	\$ 115,815,414
6/1/2022	\$ 92,237,117	\$ 33,722,316	\$ 125,959,433
7/1/2022	\$ 97,862,916	\$ 35,015,978	\$ 132,878,894
8/1/2022	\$ 98,604,502	\$ 35,087,346	\$ 133,691,848
9/1/2022	\$ 90,547,319	\$ 33,677,853	\$ 124,225,172
10/1/2022	\$ 78,041,074	\$ 31,341,899	\$ 109,382,973
11/1/2022	\$ 68,903,543	\$ 30,344,456	\$ 99,247,999
12/1/2022	\$ 79,129,529	\$ 31,785,048	\$ 110,914,577
	<u>\$ 969,814,647</u>	<u>\$ 390,384,695</u>	<u>\$ 1,360,199,342</u>

Coal Costs - Embedded in Currently Authorized 2022 Fuel Rates

Month	System		System Fuel Costs
	System Commodity Costs	Transportation Costs	
1/1/2022	\$ 7,590,620	\$ 7,876,909	\$ 15,467,529
2/1/2022	\$ 7,412,803	\$ 7,720,601	\$ 15,133,404
3/1/2022	\$ 10,907,309	\$ 10,757,126	\$ 21,664,435
4/1/2022	\$ 9,180,466	\$ 9,169,514	\$ 18,349,980
5/1/2022	\$ 10,598,059	\$ 10,286,072	\$ 20,884,131
6/1/2022	\$ 10,281,689	\$ 9,863,484	\$ 20,145,173
7/1/2022	\$ 11,263,739	\$ 10,787,755	\$ 22,051,494
8/1/2022	\$ 11,868,483	\$ 11,052,007	\$ 22,920,490
9/1/2022	\$ 10,785,215	\$ 10,061,100	\$ 20,846,315
10/1/2022	\$ 10,432,508	\$ 9,746,185	\$ 20,178,693
11/1/2022	\$ 5,856,985	\$ 5,978,144	\$ 11,835,129
12/1/2022	\$ 8,033,817	\$ 7,650,042	\$ 15,683,859
	<u>\$ 114,211,694</u>	<u>\$ 110,948,938</u>	<u>\$ 225,160,632</u>

Coal Costs - Embedded in Proposed Midcourse 2022 Fuel Rates

Month	System		System Fuel Costs
	System Commodity Costs	Transportation Costs	
1/1/2022	\$ 923,454	\$ 1,742,254	\$ 2,665,708
2/1/2022	\$ 313,684	\$ 1,414,530	\$ 1,728,214
3/1/2022	\$ 1,099,929	\$ 1,873,211	\$ 2,973,140
4/1/2022	\$ 3,520,870	\$ 3,380,335	\$ 6,901,205
5/1/2022	\$ 6,122,434	\$ 4,979,917	\$ 11,102,351
6/1/2022	\$ 6,626,133	\$ 5,303,558	\$ 11,929,691
7/1/2022	\$ 10,235,254	\$ 7,540,343	\$ 17,775,597
8/1/2022	\$ 10,063,001	\$ 7,454,506	\$ 17,517,507
9/1/2022	\$ 10,502,098	\$ 7,745,498	\$ 18,247,596
10/1/2022	\$ 9,466,013	\$ 7,127,204	\$ 16,593,217
11/1/2022	\$ 4,437,219	\$ 4,009,266	\$ 8,446,485
12/1/2022	\$ 361,777	\$ 1,470,459	\$ 1,832,236
	<u>\$ 63,671,865</u>	<u>\$ 54,041,082</u>	<u>\$ 117,712,947</u>