

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause | Docket No. 20240007-EI

Dated: October 8, 2024

**DUKE ENERGY FLORIDA, LLC'S
PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure No. PSC-2024-0031-PCO-EI and Order No. PSC 2024-0215-PCO-EI, First Order Modifying the Order Establishing Procedure, Duke Energy Florida, LLC (“DEF”), hereby submits its Prehearing Statement:

1. **Known Witnesses** –intends to offer the Testimony of:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Gary P. Dean	Final True-Up; Estimated True-up; Environmental Compliance Cost Projections and Final 2025 ECRC Factors	1-10
Eric Szkolnyj	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Reginald Anderson	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Patricia Q. West	Final and Estimated True-Up variances and Environmental Compliance Cost Projections, and Review of DEF’s Integrated Clean Air Compliance Plan	1-3

2. **Known Exhibits** – DEF intends to offer the following exhibits:

Witness	Proffered By	Exhibit #	Description	Issue #
Gary P. Dean	DEF	GPD-1	Forms 42-1A - 42-9A January 2023 – December 2023	1
Gary P. Dean	DEF	GPD-2	Forms 42-1E – 42-9E January 2024 – December 2024	2
Gary P. Dean	DEF	GPD-3	Forms 42-1P – 42-8P January 2025 - December 2025	3, 4, 5, 6, 7, 8, 9, 11, 12
Eric Szkolnyj	DEF	GPD-3	Form 42-5P, page 23	3, 4, 5, 6, 7, 8, 9
Reginald Anderson	DEF	GPD-3	Form 42-5P, pages 7 and 20 through 22	3, 4, 5, 6, 7, 8, 9
Patricia Q. West	DEF	PQW-1	Review of Integrated Clean Air Compliance Plan	1
Patricia Q. West	DEF	GPD-3	Form 42-5P, pages 1-4, 6, 8-19, and 24-26	3, 4, 5, 6, 7, 8, 9

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** – DEF’s positions to specific issues are listed below.

4. **Statement of Facts**

ISSUES

GENERIC ENVIRONMENTAL COST RECOVERY ISSUES

DEF’s positions on the issues identified in this proceeding are as follows:

ISSUE 1: What are the final environmental cost recovery true-up amounts for the period January 2023 through December 2023?

DEF: \$1,548,518 over-recovery. (Dean, Anderson, Szkolnyj, West)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2024 through December 2024?

DEF: \$1,936,104 over-recovery. (Dean, Anderson, Szkolnyj, West)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2025 through December 2025?

DEF: \$15,140,721. (Dean, Anderson, Szkolnyj, West)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2025 through December 2025?

DEF: \$11,656,099. (Dean)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2025 through December 2025?

DEF: The depreciation rates used to calculate depreciation expense should be the rates that are in effect during the period the allowed capital investment is in service. (Dean)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2025 through December 2025?

DEF: The separation factors are below and are consistent with Docket No. 20240025 - Petition for Rate Increase by Duke Energy Florida, LLC - Joint Motion for Approval of Settlement Agreement filed 7/15/24 and approved by the Commission on 8/21/24.

Transmission Demand – 70.369%
Distribution Primary Demand – 100.000%

Production Demand:
Production Base – 100.000%
Production Intermediate – 95.212%

Production Peaking – 97.632%
 Production A&G – 97.366%

(Dean)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2025 through December 2025 for each rate group?

DEF: The appropriate recovery factors are as follows: (Dean)

RATE CLASS	ECRC FACTORS
Residential	0.030 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.028 cents/kWh
@ Primary Voltage	0.028 cents/kWh
@ Transmission Voltage	0.027 cents/kWh
General Service 100% Load Factor	0.026 cents/kWh
General Service Demand	
@ Secondary Voltage	0.027 cents/kWh
@ Primary Voltage	0.027 cents/kWh
@ Transmission Voltage	0.026 cents/kWh
Curtailable	
@ Secondary Voltage	0.025 cents/kWh
@ Primary Voltage	0.025 cents/kWh
@ Transmission Voltage	0.025 cents/kWh
Interruptible	
@ Secondary Voltage	0.025 cents/kWh
@ Primary Voltage	0.025 cents/kWh
@ Transmission Voltage	0.025 cents/kWh
Lighting	0.021 cents/kWh

ISSUE 8: What should be the effective date of the new environmental cost recovery factors for billing purposes?

DEF: The factors should be effective beginning with the specified environmental cost recovery cycle and thereafter for the period January 2025 through December 2025. Billing cycles may start before January 1, 2025 and the last cycle may read after December 31, 2025, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges will continue in effect until modified by the Commission. (Dean)

ISSUE 9: Should the Commission approve revised tariffs reflecting the environmental cost recovery amounts and environmental cost recovery factors determined to be appropriate in this proceeding?

DEF: Yes. (Dean)

ISSUE 10: Should this docket be closed?

DEF: No. While a separate docket number is assigned each year for administrative convenience, this is a continuing docket and shall remain open. (Dean)

COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

Duke Energy Florida, LLC (DEF):

ISSUE 11: Should the Commission approve DEF's Citrus Combined Cycle (CCC) Water Treatment System Project for cost recovery through the ECRC?

DEF: Yes. DEF's proposed CCC Water Treatment System project meets the recovery criteria established in Order No. 94-044-FOF-EI, in that:

- a) All expenditures will be prudently incurred after April 13, 1993;
- b) The activities are legally required to comply with a governmentally imposed environmental regulation enacted, became effective, or whose effect was triggered after the Company's last test year which rates are based; and
- c) None of the expenditures are being recovered through some other cost recovery mechanism or through base rates. (West, Dean)

ISSUE 12: How should the approved costs related to DEF's CCC Water Treatment System be allocated to the rate classes?

DEF: O&M and Capital costs associated with the CCC Water Treatment System Program should be allocated to rate classes on a Demand basis. (Dean)

Tampa Electric Company

ISSUE 13: Should the Commission approve TECO's Bayside 316 (a) Thermal Variance Study Project for cost recovery through the ECRC?

DEF: No position.

ISSUE 14: How should the approved costs related to TECO's Bayside 9a) Thermal Variance Study Project be allocated to the rate classes?

DEF: No position.

5. **Stipulated Issues** – None at this time
6. **Pending Motions** – DEF does not have any pending motions at this time.
7. **Requests for Confidentiality** – DEF has no request for confidentiality pending at this time.
8. **Objections to Qualifications** – DEF has no objections to the qualifications of any expert witnesses in this proceeding at this time.
9. **Sequestration of Witnesses** – DEF has not identified any witnesses for sequestration at this time.
10. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

Respectfully submitted this 8th day of October, 2024.

/s/Stephanie A. Cuello
DIANNE M. TRIPLETT
Deputy General Counsel
299 1st Avenue North
St. Petersburg, Florida 33701

T: (727) 820-4692
E: dianne.triplett@duke-energy.com

MATTHEW R. BERNIER
Associate General Counsel
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
T: (850) 521-1428
E: matthew.bernier@duke-energy.com

STEPHANIE A. CUELLO
Senior Counsel
106 East College Avenue, Suite 800
Tallahassee, Florida 32301
T: (850) 521-1425
E: Stephanie.Cuello@duke-energy.com
FLRegulatoryLegal@duke-energy.com

Attorneys for Duke Energy Florida, LLC

CERTIFICATE OF SERVICE

Docket No. 20240007-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 8th day of October, 2024.

/s/ Stephanie A. Cuello

Attorney

<p>Adria Harper / Jacob Imig / Saad Farooqi Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 aharper@psc.state.fl.us jimig@psc.state.fl.us sfarooqi@psc.state.fl.us</p> <p>J. Wahlen / M. Means / V. Ponder Ausley McMullen Tampa Electric Company P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. FIPUG 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com mqualls@moylelaw.com</p> <p>Maria Jose Moncada / Joel Baker Florida Power & Light Company 700 Universe Boulevard (LAW/JB) Juno Beach, FL 33408-0420 maria.moncada@fpl.com joel.baker@fpl.com</p>	<p>W. Trierweiler / P. Christensen / C. Rehwinkel / M. Wessling / O. Ponce / A. Watrous Office of Public Counsel 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Trierweiler.walt@leg.state.fl.us christensen.patty@leg.state.fl.us rehwinkel.charles@leg.state.fl.us wessling.mary@leg.state.fl.us ponce.octavio@leg.state.fl.us watrous.austin@leg.state.fl.us</p> <p>Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601 regdept@tecoenergy.com</p> <p>Kenneth Hoffman Florida Power & Light Company 134 W. Jefferson Street Tallahassee, FL 32301-1713 ken.hoffman@fpl.com</p> <p>James W. Brew / Laura Wynn Baker / Sarah B. Newman Stone Mattheis Xenopoulos & Brew, P.C. PCS Phosphate –White Springs 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com lwb@smxblaw.com sbn@smxblaw.com</p> <p>Peter J. Mattheis / Michael K. Lavanga / Joseph R. Briscar Stone Mattheis Xenopoulos & Brew, PC NUCOR 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, DC 20007 pjm@smxblaw.com mkl@smxblaw.com jrb@smxblaw.com</p>
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