

P R O C E E D I N G S

1
2 **CHAIRMAN GRAHAM:** Okay. So let's flip back
3 over to Item No. 4.

4 **MR. MAUREY:** Good morning, Chairman,
5 Commissioners. Andrew Maurey, Commission staff.

6 Item 4 relates to Docket Nos. 150148 and
7 150171. In February 2013, Duke Energy Florida announced
8 its desire to retire its nuclear plant, Crystal River
9 Unit 3, in Citrus County, Florida. The retirement of
10 CR3 was the subject of two settlement agreements.

11 The first settlement agreement reached in 2012
12 was a global settlement that addressed several issues,
13 including issues related to the CR3 retirement. The
14 second settlement agreement reached in 2013 replaced and
15 supplanted the 2012 settlement agreement. Among other
16 things, the revised and restated stipulation and
17 settlement agreement contemplated that DEF would create
18 a regulatory asset to account for the recovery of costs
19 associated with the retirement of CR3.

20 On May 22nd of this year, pursuant to the
21 terms of the -- we'll refer to it as the 2013 agreement,
22 DEF petitioned the Commission for approval to include in
23 base rates the revenue requirement for the
24 CR3 regulatory asset. This docket was assigned Docket
25 No. 150148.

1 On July 27th of this year, pursuant to Section
2 366.95 of *Florida Statutes*, DEF filed a petition for
3 issuance of a nuclear asset recovery financing order
4 requesting the Commission issue a financing order to
5 permit DEF to securitize certain costs, including the
6 CR3 regulatory asset. This matter was assigned Docket
7 No. 150171. On August 13th of this year, these dockets
8 were consolidated into Docket No. 150171.

9 On August 31 of this year, DEF filed a motion
10 requesting the Commission approve a proposed stipulation
11 reached by the parties to the 2013 agreement. These
12 parties are Duke Energy Florida, Office of Public
13 Counsel, Florida Industrial Power Users Group, White
14 Springs Agricultural Chemicals, Inc., doing business as
15 PCS Phosphate, and Florida Retail Federation. These are
16 the same parties to the 2012 agreement, and they are all
17 intervenors in both dockets that are before you today.

18 In the settlement, the -- or in the proposed
19 stipulation, it was requested that the first 13 issues
20 of Docket 150148 be approved. And we'll talk further
21 about the difference between Stipulation 1 and
22 Stipulation 2 in a moment.

23 The staff is going to recommend that the
24 stipulation be approved as amended, and there will be
25 another -- a fallout vote associated with that.

1 But before we get to that, I wanted to take a
2 moment to go through some of the highlights of the
3 stipulation. There are also representatives from four
4 of the five signatories here that are available to
5 address any questions the Commission may have.

6 The stipulation addresses only the
7 CR3 regulatory asset-related issues that were the
8 subject of 150148. It does not address the issues
9 raised in 150171. Those matters are still set for
10 hearing beginning October 14th. The value of the
11 CR3 regulatory asset will be reduced from the
12 1.298 billion that was originally filed in Duke's
13 May 22nd petition, reduced by 15 million to
14 1,283,000,000. The stipulation resolves any and all
15 issues raised by the Intervenors with respect to the
16 CR3 regulatory asset in Docket 150148. The Intervenors
17 have taken stipulated positions on Issues 2 through 13
18 and taken no position on Issue 1.

19 Per the stipulation -- well, pursuant to the
20 2013 settlement, Duke was to implement a \$1.50 per
21 megawatt increase through the fuel clause to raise money
22 towards the CR3 regulatory asset. That charge will no
23 longer be implemented. It will be subsumed within the
24 rest of the agreement. DEF reserves the right to file
25 rebuttal testimony if this stipulation is not approved.

1 The date for rebuttal testimony was during the time that
2 this stipulation was being contemplated by the
3 Commission.

4 And finally, the signatories to the 2013
5 agreement have approved amendment to certain language in
6 that agreement related to the term of recovery. At the
7 time that the 2013 agreement was entered, it was
8 contemplated that recovery of the CR3 regulatory asset
9 would be done through base rates. Securitization was
10 not available at that time. With the passage of Section
11 366.95, *Florida Statutes*, securitization is available
12 for recovery of these costs. The amendment to this
13 language of the 2013 agreement is necessary to relieve
14 certain tension between recovering it through base rates
15 pursuant to the 2013 agreement and recovering the money
16 through securitization.

17 That summarizes the agreement. Staff is
18 available to answer any questions, and the parties are
19 available to respond.

20 **CHAIRMAN GRAHAM:** Okay. Ms. Triplett, welcome
21 back to the country.

22 **MS. TRIPLETT:** Thank you.

23 **CHAIRMAN GRAHAM:** Any comments on the
24 stipulation?

25 **MS. TRIPLETT:** Other than, as Mr. Maurey said,

1 we're available for questions, and we would support the
2 stipulation and request that the Commission approve it.
3 Thanks.

4 **CHAIRMAN GRAHAM:** Mr. Rehwinkel?

5 **MR. REHWINKEL:** Mr. Chairman, thank you.

6 Thank you, Commissioners. The Public Counsel supports
7 the stipulation. We believe it is in the public
8 interest. It brings to a conclusion a six-year saga.
9 It results in a dollar figure that we have agreed to.
10 We had an expert witness file testimony and conduct
11 extensive discovery. And this stipulation is very much
12 in accord with the positions that we took, and, of
13 course, it is a compromise among all the parties. And
14 so we urge your approval of the stipulation in that
15 regard.

16 I would also like to add that Mr. Brew with
17 PCS could not be here, and he asked me to relate to the
18 Commission that I am authorized to represent that he
19 supports the stipulation as being in the public
20 interest.

21 With respect to the RRSSA amendment on the 240
22 months, I want to thank the staff and the company for
23 working with us to preserve the intent about the 20-year
24 recovery period that was in the stipulation to
25 facilitate it being implemented in the final bond

1 issuance decision-making that is made. It gives the
2 bond team the flexibility to do what they need to do and
3 to preserve the intent. And Mr. Brew also asked that I
4 represent that he supports that stipulation as well.
5 Thank you.

6 **CHAIRMAN GRAHAM:** Okay. Mr. Moyle.

7 **MR. MOYLE:** Thank you, Mr. Chairman. FIPUG,
8 likewise, supports what is before you, the stipulation.
9 I would ask that it -- that it be approved.

10 Just a brief comment. This is another step in
11 a long journey involving Crystal River 3, and I think
12 the parties have worked well together on this. I expect
13 that they will continue to work well together on this.
14 And a big part of it is the legislative action to
15 authorize securitization which you're currently
16 scheduled to consider in October. But back when the
17 Legislature was considering the issue, it was suggested
18 that there was potentially 600 million in savings for
19 ratepayers, and we are eager to see the securitization
20 move forward promptly so that that can be done and it
21 can be effectuated and the bonds can be issued, you
22 know. And everybody is looking at the Feds, they're
23 meeting Thursday, and who knows what they're going to do
24 with interest rates, so the sooner the better from
25 FIPUG's perspective in that we can mitigate some -- some

1 interest rate risk as we move forward. And we're doing
2 that and the parties are working well to try to -- to
3 try to narrow issues and resolve it. So I just wanted
4 to make that observation and comment, and thank the
5 staff and the parties for working on this.

6 **CHAIRMAN GRAHAM:** Mr. Wright.

7 **MR. WRIGHT:** Thank you, Mr. Chairman. The
8 Florida Retail Federation likewise supports the
9 stipulation and asks that you approve it. I also want
10 to say I agree with everything that Mr. Rehwinkel said,
11 particularly about this being the conclusion of a
12 six-year saga that has -- it'll be six years at the end
13 of this month, I guess -- and also the comments of
14 Mr. Moyle and, likewise, to thank Duke and the staff and
15 all the other consumer parties for working to get this
16 done. Thank you.

17 **CHAIRMAN GRAHAM:** Thank you.

18 Okay. Staff, so first we take up the
19 stipulation and then we go back and deal with Issue
20 No. 1?

21 **MR. YOUNG:** Yes, sir.

22 **CHAIRMAN GRAHAM:** Okay. Commissioners,
23 questions, concerns, comments on the stipulation?

24 Commissioner Edgar.

25 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

1 As has been stated by our staff and by the
2 parties, this has been a long process, and it is a set
3 of issues and circumstances that required a lot of
4 examination and thorough discovery and review, a number
5 of very complicated technical and financial aspects,
6 clearly impacts on customers, and that needed to be
7 thoroughly thought through as well.

8 I do recognize that the parties are
9 figuratively holding hands bringing this before us and
10 that our staff has had the opportunity also to review
11 the proposed stipulations. I know I had a long
12 conversation with them about this during our review, and
13 that this does move the process forward to better
14 position as we all go into the evidentiary hearing that
15 is scheduled for next month.

16 So with that, I'm certainly open to questions
17 and any -- I mean, questions to -- questions to the
18 parties and any discussion. But to help us move
19 forward, Mr. Chairman, if it is your will, I would move
20 that we approve the stipulation and request for relief
21 from rebuttal testimony at this time.

22 **COMMISSIONER BRISÉ:** Second.

23 **CHAIRMAN GRAHAM:** It's been moved and
24 seconded, approval of the stipulation.

25 Do we have any further comments or questions

1 about the stipulation?

2 I do want to thank everybody for putting all
3 this together. As everybody said, this has been -- I
4 mean, I know since the time that Ron Brisé and I walked
5 in this place just over five years ago, this was the hot
6 burning issue and it still is the hot burning issue, and
7 I do appreciate everybody's patience and coming together
8 and working on this. And as I've said many times
9 before, it's always great when you guys hold hands and
10 sing Kumbaya together.

11 That all being said, if there's nothing else,
12 all in favor of the stipulation, signify by saying aye.

13 (Vote taken.)

14 Any opposed? By your actions, you have
15 approved the stipulation.

16 Okay. Staff, walk me through Issue No. 1.

17 **MR. YOUNG:** Good morning, Commissioners.

18 Issue 1 is an issue that was not stipulated to
19 by -- in DEF's motion for approval of stipulation. The
20 issue reads, "Has DEF provided adequate internal
21 controls and management oversight of its CR3 investment
22 recovery procedures and plant?" Staff and DEF -- DEF
23 and staff are in agreement to Issue 1 to a stipulated
24 position of, yes, DEF has provided adequate internal
25 controls and management oversight of its CR3 investment

1 recovery procedures and plant.

2 Staff recommends that you approve Issue 1 in
3 the stipulated position.

4 **CHAIRMAN GRAHAM:** Did any of you guys want to
5 comment on Issue No. 1? I didn't think so.

6 Commissioner Edgar.

7 **COMMISSIONER EDGAR:** Similar to my earlier
8 comments, I will move approval of the stipulation for
9 Issue 1.

10 **COMMISSIONER BROWN:** Second.

11 **CHAIRMAN GRAHAM:** It's been moved and
12 seconded, the stipulation for Issue No. 1. Is there any
13 further comment? Seeing none, all in favor, say aye.

14 (Vote taken.)

15 Any opposed? By your action, you've approved
16 the motion.

17 Thank you very much.

18 **MR. WRIGHT:** Thank you.

19 **MR. REHWINKEL:** Thank you, Commissioner.

20 **MR. MOYLE:** Thank you.

21 (Agenda item concluded.)
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1 STATE OF FLORIDA)
2 COUNTY OF LEON) : CERTIFICATE OF REPORTER

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4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

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

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

18 DATED THIS 21st day of September, 2015.

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