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DIVISION OF ENGINEERING  
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# Public Service Commission

August 13, 2018

Ms. Dianne Triplett  
Duke Energy Florida, LLC  
299 1st Avenue North  
St. Petersburg, FL 33701  
[Dianne.triplett@duke-energy.com](mailto:Dianne.triplett@duke-energy.com)

## STAFF'S FIRST DATA REQUEST VIA US MAIL & EMAIL

**Re: Docket No. 20180152-EQ – Petition for approval to terminate qualifying facility power purchase agreement with Ridge Generating Station, L.P., by Duke Energy Florida, LLC.**

Dear Ms. Triplett:

By this letter, Florida Public Service Commission (FPSC or Commission) staff requests the following information from Duke Energy Florida, LLC (DEF or Company).

1. Please refer to the direct testimony of DEF witness Borsch, page 6, lines 17-23, through page 7, lines 1-7.
  - a. Please identify the source(s) and date(s) of DEF's fuel price forecast referred to in this section of testimony.
  - b. Please identify the date, if known, of DEF's next/updated fuel price forecast that will be used for Company/business planning purposes.
  - c. Please discuss DEF's fuel forecasting methodology. Please also remark on the approximate length of time DEF has employed this same or very similar fuel forecasting methodology for business planning purposes.
  - d. Has DEF compared the fuel price forecast referred to in this section of testimony to any other publically available source of forecasted fuel prices, such as the Energy Information Administration? If so, please discuss the results of any analysis performed.
2. Please refer to the direct testimony of DEF witness Borsch, page 7. Please identify the projected savings amounts that are solely attributed to DEF's forecasted fuel prices from the chart shown in the aforementioned section of testimony.
3. Please refer to the direct testimony of DEF witness Borsch, Page 6, lines 17-23, through page 7, lines 1-7.
  - a. Please elaborate on the sensitivity analyses DEF performed with regard to forecasted fuel prices in testing the robustness of the projected cost savings.

- b. How did DEF determine the 33 percent sensitivity level (high fuel price case) was the appropriate level for use in its cumulative present value of revenue requirements (CPVRR) analysis?
  - c. On July 31, 2018, DEF filed with the FPSC, in Docket No. 20180149-EI, a request for a solar generation base rate adjustment (SoBRA) a base fuel forecast along with sensitivity analyses around the base case fuel forecast.<sup>1</sup> Did DEF use the same approximate “33% higher” fuel price sensitivity level in evaluating the cost-effectiveness of its SoBRA request as well? If not, please explain why the same level of sensitivity was not uniform with respect to the high price/case scenarios in both dockets.
4. Please provide the percent error in DEF’s delivered natural gas price forecasts three to five years out using data which supported DEF’s 2010 through 2014 Ten Year Site Plans, per the following tables. Please provide an explanation for any forecast error rate in excess of 20 percent.

**Accuracy of Natural Gas Price Forecasts**

Year	Natural Gas Price Annual Forecast Error Rate (%)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

**Natural Gas Price Forecasts**

Year	Natural Gas Price Annual Forecast (\$/MMbtu)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

**Natural Gas Price**

Year	Natural Gas Price Annual Actuals (\$/MMbtu)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

<sup>1</sup> Refer to the direct testimony of DEF witness Borsch, Exhibit (BMHB-3).

- Please provide the percent error in DEF’s delivered coal price forecasts three to five years out using data which supported DEF’s 2010 through 2014 Ten Year Site Plans, per the following tables. Please provide an explanation for any forecast error rate in excess of 15 percent.

**Accuracy of Coal Price Forecasts**

Year	Coal Price Annual Forecast Error Rate (%)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

**Coal Price Forecasts**

Year	Coal Price Annual Forecast (\$/MMbtu)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

**Coal Price**

Year	Coal Price Annual Actuals (\$/MMbtu)		
	Years Prior		
	5	4	3
2015			
2016			
2017			
Average			

- Please refer to the direct testimony of DEF witness Borsch, page 6, lines 17-18. Please provide a copy of the fuel price forecast referred to in this section of testimony.
- Please refer to the direct testimony of DEF witness Borsch, page 6, lines 21-23. Please provide a copy of the high case fuel price forecast (or analysis) referred to in this section of testimony.
- Does DEF believe that its request to establish a regulatory asset and recover the Ridge Termination Payment through the Capacity Cost Recovery Clause is consistent with the 2017 Second Revised and Restated Settlement Agreement? Please explain.
- Please provide documents and spreadsheets with formulas intact that DEF used to support its analysis of the CPVRR benefit to customers.

Ms. Dianne Triplett

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10. Please refer to the system impact benefit in Row F, Exhibit BMHB-3, in the direct testimony of DEF witness Borsch.
  - a. Please provide the system cost with and without the Ridge PPA.
  - b. Provide the spreadsheets with formulas intact that DEF used to support its analysis.
  - c. Explain whether the energy payment under the PPA is based on the 1991 avoided unit cited in the Ridge PPA.
  
11. Please explain whether the termination agreement will cause any units to be accelerated. As part of your response, provide an update of DEF's reliability reserve margin provided in Schedules 7.1 and 7.2 in DEF's 2017 Ten Year Site Plan.
  
12. Please explain the impact of the termination agreement to the fuel mix. As part of your response, provide an update of DEF's fuel mix provided in Schedules 6.1 and 6.2 in DEF's 2017 Ten Year Site Plan.

Please file all responses electronically no later than **August 27, 2018**, via the Commission's website at [www.floridapsc.com](http://www.floridapsc.com) by selecting the Clerk's Office tab and Electronic Filing Web Form (reference Docket No. 20180152-EQ). Please feel free to contact me by phone at 850-413-6836 if you have any questions.

Sincerely,



Daniel Lee  
Engineering Specialist  
Division of Engineering

DL:pz

cc: Mr. Matthew R. Bernier (Matt.Bernier@duke-energy.com)  
Office of Commission Clerk (Docket No. 20180152-EQ)