

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause | Docket No. 20200007-EI

Filed: October 9, 2020

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

Duke Energy Florida, LLC (“DEF”), pursuant to the Order Establishing Procedure in this proceeding, Order No. PSC-2020-0044-PCO-EI dated January 31, 2020, and First Order PSC-2020-0123-PCO-PU modifying orders establishing procedure dated April 23, 2020, hereby submits its Prehearing Statement:

1. **Known Witnesses** – DEF intends to offer the direct testimony of:

Witness	Subject Matter	Issues#
Christopher Menendez	Final True-Up; Estimated True-up; Environmental Compliance Cost Projections and Final 2020 ECRC Factors	1-12
Timothy Hill	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Jeffrey Swartz	Final and Estimated True-Up variances and Environmental Compliance Cost Projections	1-3
Kim Spence McDaniel	Final and Estimated True-Up variances and Environmental Compliance Cost Projections, Review of DEF's Integrated Clean Air	1-3, 11

Compliance Plan and 316(b)
Compliance Projects

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

Witness	Proffered By	Exhibit #	Description
		Direct	
Christopher Menendez	DEF	CAM-1	Forms 42-1A - 42-9A January 2019 – December 2019
Christopher Menendez	DEF	CAM-2	Capital Program Detail January 2019– December 2019
Christopher Menendez	DEF	CAM-3	Forms 42-1E – 42-9E January 2020– December 2020
Christopher Menendez	DEF	CAM-4	Capital Program Detail January 2020 – December 2020
Christopher Menendez	DEF	CAM-5	Forms 42-1P – 42-8P January 2021– December 2021
Christopher Menendez	DEF	CAM-6	Capital Program Detail January 2021– December 2021
Timothy Hill	DEF	CAM-5	Form 42-5P, page 23 of 23
Jeffrey Swartz	DEF	JS-1	Crystal River Clean Air Projects Organizational Chart
Jeffrey Swartz	DEF	CAM-5	Form 42-5P, pages 7, 21 and 22 of 23
Kim Spence McDaniel	DEF	KSM-1	Review of Integrated Clean Air Compliance Plan
Kim Spence McDaniel	DEF	CAM-5	Form 42-5P, pages 1-4 and 6-20 of 23

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**

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 2019 through December 2019?

DEF: \$1,792,439 under-recovery. (Menendez, Hill, Swartz, McDaniel)

ISSUE 2: What are the actual/estimated environmental cost recovery true-up amounts for the period January 2020 through December 2020?

DEF: \$8,097,179 over-recovery. (Menendez, Hill, Swartz, McDaniel)

ISSUE 3: What are the projected environmental cost recovery amounts for the period January 2021 through December 2021?

DEF: \$44,725,047. (Menendez, Hill, Swartz, McDaniel)

ISSUE 4: What are the environmental cost recovery amounts, including true-up amounts, for the period January 2021 through December 2021?

DEF: \$38,447,970. (Menendez)

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 2021 through December 2021?

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. (Menendez)

ISSUE 6: What are the appropriate jurisdictional separation factors for the projected period January 2021 through December 2021?

DEF: The Energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total kWh sales. The remaining separation factors are below and are consistent with DEF’s 2017 Second Revised and Restated Stipulation and Settlement Agreement (“2017 Agreement”) approved in Order No. PSC-2017-0451-AS-EU.

Transmission Average 12 CP Demand – 70.203%
 Distribution Primary Demand – 99.561%

Production Demand:
 Production Base – 92.885%
 Production Intermediate – 72.703%
 Production Peaking – 95.924%
 Production A&G – 93.221%
 (Menendez)

ISSUE 7: What are the appropriate environmental cost recovery factors for the period January 2021 through December 2021 for each rate group?

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

RATE CLASS	ECRC FACTORS
Residential	0.099 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.098 cents/kWh 0.097 cents/kWh 0.096 cents/kWh
General Service 100% Load Factor	0.095 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage	0.096 cents/kWh 0.095 cents/kWh

@ Transmission Voltage	0.094 cents/kWh
Curtable	
@ Secondary Voltage	0.091 cents/kWh
@ Primary Voltage	0.090 cents/kWh
@ Transmission Voltage	0.089 cents/kWh
Interruptible	
@ Secondary Voltage	0.093 cents/kWh
@ Primary Voltage	0.092 cents/kWh
@ Transmission Voltage	0.091 cents/kWh
Lighting	0.091 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 2021 through December 2021. Billing cycles may start before January 1, 2021 and the last cycle may read after December 31, 2021, 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. (Menendez)

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. (Menendez)

ISSUE 10: Should this docket be closed?

DEF: Yes. (Menendez)

COMPANY SPECIFIC ISSUES

Duke Energy Florida

ISSUE 11: Should the Commission approve DEF's Anclote and Bartow Stations 316(b) Rule Compliance Plan Projects for cost recovery through the Environmental Cost Recovery Clause?

DEF: Yes. In Order Nos. PSC-2004-0990-PAA-EI and PSC-2018-0014-FOF-EI, the Commission found that DEF's Section 316(b) of the Clean Water Act Program ("316(b) Program") met the criteria for recovery through the Environmental Cost Recovery Clause. DEF's Anclote and Bartow Stations 316(b) Compliance Plan Projects meet the criteria for recovery through the Environmental Cost Recovery Clause. (McDaniel, Menendez)

ISSUE 12: How should any approved Environmental Cost Recovery Clause costs associated with DEF's Anclote and Bartow Stations 316(b) Rule Compliance Plan Projects be allocated to the rate classes?

DEF: Consistent with Order No. PSC-2018-0014-FOF-EI which approved the cost allocation for DEF's 316(b) Program at Crystal River North, Capital and O&M costs for the Anclote and Bartow 316(b) Programs should be allocated on a demand basis. (Menendez)

Florida Power & Light Company

ISSUE 13: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed Power Plant Intake Protected Species Project?

DEF: No position.

ISSUE 14: How should costs associated with FPL's proposed Power Plant Intake Protected Species Project be allocated to rate classes?

DEF: No position.

ISSUE 15: Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modification to its Turkey Point Cooling Canal Monitoring Plan Project?

DEF: No position.

5. **Stipulated Issues** – DEF has no stipulated issues 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 9th day of October, 2020.

s/Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 9th day of October, 2020.

s/Matthew R. Bernier

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