

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Environmental Cost Recovery Clause | Docket No. 20230007-EI

Filed: October 6, 2023

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

Pursuant to the Order Establishing Procedure No. PSC-2023-0088-PCO-EI and Order No. PSC 2023-0099-PCO-EI, Modifying the Order Establishing Procedure, Duke Energy Florida, LLC (“DEF”), hereby submits its Prehearing Statement:

1. **Known Witnesses** – DEF filed a Notice of Adoption and Amended Notice of Adoption of Testimony of Kim Spence McDaniel by Patricia Q. West on July 28, 2023 (DN 04356-2023 and DN 04363-2023), respectively, and intends to offer the Direct 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 2024 ECRC Factors	1-9, 13-16
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	1-3, 13, 15

Review of DEF's Integrated Clean Air  
Compliance Plan

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

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
Gary P. Dean	DEF	GPD-1	Forms 42-1A - 42-9A January 2022 – December 2022
Gary P. Dean	DEF	GPD-2	Forms 42-1E – 42-9E January 2023 – December 2023
Gary P. Dean	DEF	GPD-3	Forms 42-1P – 42-8P January 2024– December 2024
Eric Szkolnyj	DEF	GPD-3	Form 42-5P, page 23
Reginald Anderson	DEF	GPD-3	Form 42-5P, pages 7 and 20 through 22
Patricia Q. West	DEF	KSM-1	Review of Integrated Clean Air Compliance Plan
Patricia Q. West	DEF	GPD-3	Form 42-5P, pages 1-4, 6, 7, and 8-19

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 jurisdictional environmental cost recovery true-up amounts for the period January 2022 through December 2022?

**DEF:** \$309,443 over-recovery. (Dean, Anderson, Szkolnyj, West)

**ISSUE 2:** What are the actual/estimated jurisdictional environmental cost recovery true-up amounts for the period January 2023 through December 2023?

**DEF:** \$3,091,285 under-recovery. (Dean, Anderson, Szkolnyj, West)

**ISSUE 3:** What are the projected jurisdictional environmental cost recovery amounts for the period January 2024 through December 2024?

**DEF:** \$14,785,647. (Dean, Anderson, Szkolnyj, West)

**ISSUE 4:** What are the environmental cost recovery amounts, including true-up amounts, for the period January 2024 through December 2024?

**DEF:** \$17,567,489. (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 2024 through December 2024?

**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 2024 through December 2024?

**DEF:** The separation factors are below and are consistent with DEF's 2021 Settlement Agreement approved in Order No. PSC-2021-0202-AS-EI in Docket No. PSC-20210016-EI.

Transmission Demand – 72.042%  
Distribution Primary Demand – 100.000%

Production Demand:  
Production Base – 97.403%  
Production Intermediate – 92.637%  
Production Peaking – 95.110%

Production A&G – 96.779%

(Dean)

**ISSUE 7:** What are the appropriate environmental cost recovery factors for the period January 2024 through December 2024 for each rate group?

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

<b>RATE CLASS</b>	<b>ECRC FACTORS</b>
Residential	0.046 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.044 cents/kWh
@ Primary Voltage	0.044 cents/kWh
@ Transmission Voltage	0.043 cents/kWh
General Service 100% Load Factor	0.042 cents/kWh
General Service Demand	
@ Secondary Voltage	0.043 cents/kWh
@ Primary Voltage	0.043 cents/kWh
@ Transmission Voltage	0.042 cents/kWh
Curtailable	
@ Secondary Voltage	0.041 cents/kWh
@ Primary Voltage	0.041 cents/kWh
@ Transmission Voltage	0.040 cents/kWh
Interruptible	
@ Secondary Voltage	0.041 cents/kWh
@ Primary Voltage	0.041 cents/kWh
@ Transmission Voltage	0.040 cents/kWh
Lighting	0.037 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 2024 through December 2024. Billing cycles may start before January 1, 2024 and the last cycle may read after December 31, 2024, 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.

### **COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES**

#### **Florida Power & Light Company (FPL):**

**ISSUE 11:** Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modification to its St. Lucie Turtle Nets Project?

**DEF:** No position.

**ISSUE 12:** Should FPL be allowed to recover, through the ECRC, prudently incurred costs associated with its proposed modification to its Solar Site Avian Monitoring and Reporting Project?

**DEF:** No position.

#### **Duke Energy Florida, LLC (DEF):**

**ISSUE 13:** Should the Commission approve DEF's Reclaimed Water Interconnection Project for cost recovery through the ECRC?

**DEF:** Yes. DEF's proposed Reclaimed Water Interconnection 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) The expenditures are not being recovered through some other cost recovery mechanism or through base rates. (West, Dean)

**ISSUE 14:** How should the approved costs related to DEF's Reclaimed Water Interconnection be allocated to the rate classes?

**DEF:** O&M costs associated with the Reclaimed Water Interconnection Program should be allocated to rate classes on an Energy basis, and Capital be allocated to the rate classes on a Demand basis. (Dean)

**ISSUE 15:** Should the Commission approve DEF's Lead & Copper Rule Project for cost recovery through the ECRC?

**DEF:** Yes. DEF's proposed Lead & Copper 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) The expenditures are not being recovered through some other cost recovery mechanism or through base rates. (West, Dean)

**ISSUE 16:** How should the approved costs related to DEF's Lead & Copper Rule Project be allocated to the rate classes?

**DEF:** O&M and Capital costs associated with the Lead & Copper Rule Program should be allocated to rate classes on a Demand basis. (Dean)

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 6<sup>th</sup> day of October, 2023.

/s/Stephanie A. Cuello  
**DIANNE M. TRIPLETT**  
Deputy General Counsel  
299 1<sup>st</sup> Avenue North  
St. Petersburg, Florida 33701  
T: (727) 820-4692  
F: (727) 820-5041  
E: [dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)

**MATTHEW R. BERNIER**  
Associate General Counsel  
106 East College Avenue, Suite 800  
Tallahassee, Florida 32301  
T: (850) 521-1428  
F: (727) 820-5041  
E: [matthew.bernier@duke-energy.com](mailto:matthew.bernier@duke-energy.com)

**STEPHANIE A. CUELLO**  
Senior Counsel  
106 East College Avenue, Suite 800  
Tallahassee, Florida 32301  
T: (850) 521-1425  
F: (727) 820-5041  
E: [Stephanie.Cuello@duke-energy.com](mailto:Stephanie.Cuello@duke-energy.com)  
[FLRegulatoryLegal@duke-energy.com](mailto:FLRegulatoryLegal@duke-energy.com)

Attorneys for Duke Energy Florida, LLC

**CERTIFICATE OF SERVICE**

*Docket No. 20230007-EI*

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 6<sup>th</sup> day of October, 2023.

/s/ Stephanie A. Cuello

Attorney

<p>Adria Harper / Jacob Imig Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 <a href="mailto:aharper@psc.state.fl.us">aharper@psc.state.fl.us</a> <a href="mailto:jimig@psc.state.fl.us">jimig@psc.state.fl.us</a></p> <p>J. Wahlen / M. Means / V. Ponder Ausley McMullen P.O. Box 391 Tallahassee, FL 32302 <a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a> <a href="mailto:mmeans@ausley.com">mmeans@ausley.com</a> <a href="mailto:vponder@ausley.com">vponder@ausley.com</a></p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 <a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a> <a href="mailto:mqualls@moylelaw.com">mqualls@moylelaw.com</a></p> <p>Maria Jose Moncada / Joel Baker 700 Universe Boulevard Juno Beach, FL 33408-0420 <a href="mailto:maria.moncada@fpl.com">maria.moncada@fpl.com</a> <a href="mailto:joel.baker@fpl.com">joel.baker@fpl.com</a></p> <p>James W. Brew / Laura Wynn Baker Stone Mattheis Xenopoulos &amp; Brew, P.C. 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, DC 20007 <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a> <a href="mailto:lwb@smxblaw.com">lwb@smxblaw.com</a></p>	<p>M. Wessling/ P. Christensen / C. Rehwinkel Office of Public Counsel 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:wessling.mary@leg.state.fl.us">wessling.mary@leg.state.fl.us</a> <a href="mailto:christensen.patty@leg.state.fl.us">christensen.patty@leg.state.fl.us</a> <a href="mailto:rehwinkel.charles@leg.state.fl.us">rehwinkel.charles@leg.state.fl.us</a></p> <p>Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601 <a href="mailto:regdept@tecoenergy.com">regdept@tecoenergy.com</a></p> <p>Kenneth Hoffman Florida Power &amp; Light Company 134 W. Jefferson Street Tallahassee, FL 32301-1713 <a href="mailto:ken.hoffman@fpl.com">ken.hoffman@fpl.com</a></p> <p>Peter J. Mattheis / Michael K. Lavanga / Joseph R. Briscar Nucor c/o Stone Law Firm 1025 Thomas Jefferson Street, N.W. Eighth Floor, West Tower Washington, DC 20007 <a href="mailto:pjm@smxblaw.com">pjm@smxblaw.com</a> <a href="mailto:mkl@smxblaw.com">mkl@smxblaw.com</a> <a href="mailto:jrb@smxblaw.com">jrb@smxblaw.com</a></p>
---	--