

41

DEF's response to Staff's Third Set of
Interrogatories Nos. 4-6

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 20210007-EI

Dated: September 16, 2021

**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO
STAFF'S THIRD SET OF INTERROGATORIES (NOS. 4-6)**

Duke Energy Florida, LLC ("DEF"), responds to Staff's Third Set of Interrogatories to DEF (Nos. 4-6), as follows:

INTERROGATORIES

4. For the following questions, please refer to DEF witness Hill's direct testimony filed on July 30, 2021.
 - a. Please refer to page 2, lines 14-16. Please identify the total cost of the reclassified invoices that were received in 2020, but not processed until 2021.

RESPONSE:

- a. In our April 2021, "2020 DEF ECRC True Up" filing, we stated that the "costs associated with the Crystal River Landfill ditch remediation work were incorrectly recorded to a different project. This mischarge will be corrected in the 2021 financial results." The invoices were processed and paid, in 2020, to an incorrect project which was not a project that was included in the ECRC recoverable filing. The correction to move those costs out of the incorrect project was done in 2021. The total cost of the invoices that were recorded in 2020 and reclassified in 2021 was \$319,221.01.

**Duke Energy Florida, LLC
Docket No. 20210007-EI
Staff's Third Set of ROGs
Interrogatory No. 4(b)**

- b. Please refer to page 3, lines 19-20. Witness Hill testified that Project 18 - CCR Ash Landfill Project will be completed in 2021.
 - i. Please explain if additional capital investments will be needed for Project 18 beyond 2021 and under the current Federal CCR Rule. If so, please identify the capital investments.
 - ii. Please explain if annual operation and maintenance (O&M) costs will be needed for Project 18 beyond 2021. If so, please identify the O&M costs.

RESPONSE:

- i. DEF does not currently expect additional capital expenditures beyond 2021. If any additional capital expenditures become necessary as a result of the ongoing groundwater monitoring or other Federal CCR rule compliance requirements, DEF will update the Commission and provide the costs for recovery, as appropriate, in later ECRC filings.
- ii. Various maintenance and repair work will continue beyond 2021 for the ash landfill to comply with the Federal CCR rule. These include maintenance of the landfill cover, vegetation management, fugitive dust mitigation, weekly and annual inspections and maintenance of the lined-sedimentation pond and perimeter ditch. DEF will also continue to perform the required groundwater monitoring, which includes engineering, sampling, analysis and reporting. The annual O&M costs for these tasks forecasted for 2022 O&M expenditures were filed with the Commission on August 27, 2021. DEF will continue to inform the Commission of annual O&M spending

**Duke Energy Florida, LLC
Docket No. 20210007-EI
Staff's Third Set of ROGs
Interrogatory No. 4(b)**

required to comply with the Federal CCR rule beyond 2022 in future ECRC filings.

**Duke Energy Florida, LLC
Docket No. 20210007-EI
Staff's Third Set of ROGs
Interrogatory No. 5(a)**

5. For the following questions, please refer to DEF witness Anderson's direct testimony filed on July 30, 2021.
- a. Please refer to page 4, line 16. Witness Anderson stated that the cost variance for Project 7.4 - CAIR/CAMR CR-Energy (Conditions of Certification) Program was "primarily due to a decrease in the forecasted repairs."
- i. Please identify if the total number of forecasted repairs was lower or if the actual costs for each repair performed were lower than forecasted.
- ii. Please explain if the forecasted repairs were scheduled or unscheduled repairs that were anticipated by DEF.

RESPONSE:

- i. This variance is primarily due to less-required maintenance than originally projected.
- ii. DEF projects maintenance expenses based on operational experience. While maintenance may or may not be scheduled, a certain level of maintenance is to be expected, and therefore, included in projected O&M expense.

**Duke Energy Florida, LLC
Docket No. 20210007-EI
Staff's Third Set of ROGs
Interrogatory No. 5(b)**

- b. Please refer to page 4, line 22. Witness Anderson stated that the cost variance for Project 17 - MATS CR 4 & 5 was “primarily due to a decrease in the forecasted repairs.”
 - i. Please identify if the total number of forecasted repairs was lower or if the actual costs for each repair performed were lower than forecasted.
 - ii. Please explain if the forecasted repairs were scheduled or unscheduled repairs that were anticipated by DEF.

RESPONSE:

- i. This variance is primarily due to less-required maintenance than originally projected.
- ii. DEF projects maintenance expenses based on operational experience. While maintenance may or may not be scheduled, a certain level of maintenance is to be expected, and therefore, included in projected O&M expense.

**Duke Energy Florida, LLC
Docket No. 20210007-EI
Staff's Third Set of ROGs
Interrogatory No. 6**

6. For the following question, please refer to DEF witness Dean's direct testimony filed on July 30, 2021, Exhibit GPD-3, page 7 of 27. Project 17x – Mercury & Air Toxics Standards (MATS). Please explain the 2.0 percent decrease in capital investment for this project.

RESPONSE:

The decrease between the original 2021 Projection as filed on August 28, 2020, in Docket 20200007-EI, and the updated forecasted total as filed in the Actual/Estimate schedules, filed on July 30, 2021, in Docket 20210007-EI, is primarily due to a lower rate of return utilized in the Actual/Estimate schedules.

In both filings, the prescribed methodologies approved in Order No. PSC-2020-0165-PAA-EU, Docket No. 20200118-EU, were used to calculate the Weighted Average Cost of Capital ("WACC"). However, due to the different methodologies prescribed for each filing, two different WACCs were calculated. The WACC for the original projection filing was calculated to be 7.92%. For the Actual/Estimate schedules, the WACC was calculated to be 7.80%.

Also, the Actual/Estimate filing used updated, property tax rates. The original Projection filing was based on 2019 property tax factors, and the Actual/Estimate used 2020 property tax factors, which were slightly lower.

There were no capital additions for 2021.