

State of Florida



Public Service Commission
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 22, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Keino Young, Senior Attorney, Office of the General Counsel *ref*
RE: Docket No. 130208-EI - Petition for limited proceeding to approve revised and restated stipulation and settlement agreement by Duke Energy Florida, Inc. d/b/a Duke Energy.

Please place the attached presentation from the October 16, 2013 hearing in the referenced docket file.

KY/ace
Attachment

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COMMISSION
CLERK

Highlights of
Revised and Restated Stipulation and Settlement
(RRSSA)

DOCKET 130208-EI

Administrative

- ❑ The RRSSA replaces the settlement that was approved per Order PSC-12-0104-FOF-EI. The RRSSA resolves all remaining prudency issues associated with Docket No 100437-EI and preserves certain issues associated with the Crystal River 3 (CR3) regulatory asset.

- ❑ The term of the RRSSA is until December 2018, a two year extension from the 2012 stipulation. Return on equity remains at 10.5%

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CR3 Remaining Assets

- ❑ Duke Energy Florida (DEF) will reduce the net plant balance of CR3 by \$295 million.
- ❑ The CR3 regulatory asset is capped at \$1.466 billion. Can be increased by the addition of dry cask storage costs or force majeure events. DEF responsible for first \$5 million of force majeure costs per year.
- ❑ Recovery of CR3 regulatory asset deferred until January 2017 or expiration of Levy Nuclear Project cost recovery and amortized over 240 months.
- ❑ Up through December 2018, DEF may petition to collect a surcharge for the nuclear decommissioning fund of up to \$8 million/year.

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Fuel Adjustment Clause

- ❑ Per the 2012 settlement, DEF will refund \$129 million in 2013, \$139 million in 2014, \$50 million in 2015, and \$70 million in 2016 through the fuel clause.
- ❑ DEF will increase fuel charges \$1/mWh (0.1 cents/kWh) in 2014 and 2015 and \$1.5/mWh (0.15 cents/kWh) in 2016. These funds will be used to accelerate recovery of the return on equity portion of the carrying charge for CR3 regulatory asset.
- ❑ DEF will credit fuel clause a net of \$163 million associated with Nuclear Electric Insurance Limited settlement amounts in 2014.

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Levy Nuclear Project (LNP)

- ❑ DEF to pursue termination of the LNP Engineering, Procurement, and Construction contract. LNP costs continue to have a nuclear cost recovery clause fixed charge for all customer classes (\$3.45/1000 kWh for residential customers same as 2012 settlement) until the earlier of full recovery of LNP costs or January 2018, with true-up in final year.
- ❑ DEF may pursue combined construction and operating license (COL) and can seek recovery of such costs if/when Levy project enters commercial operation (traditional regulatory method). If DEF decides not to pursue COL prior to March 15, 2015, then DEF to refund \$10 million through fuel clause.
- ❑ DEF agreed to provide semi-annual progress reports if desired.

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Generation Base Rate Adjustments (GBRA)

- ❑ DEF may seek recovery of new combustion turbines, uprates, and purchases of existing combustion turbines or combined cycles including transmission prior to 2017 with a cap of 1,150 megawatts. DEF will supply cost-effectiveness evaluation prior to recovery through base rates.

- ❑ If the Commission grants DEF a need determination for up to 1,800 megawatts in 2018, then DEF is authorized to increase base rates by a GBRA in 2018. Calculation of GBRA is similar to other approved settlements and subject to true-up.

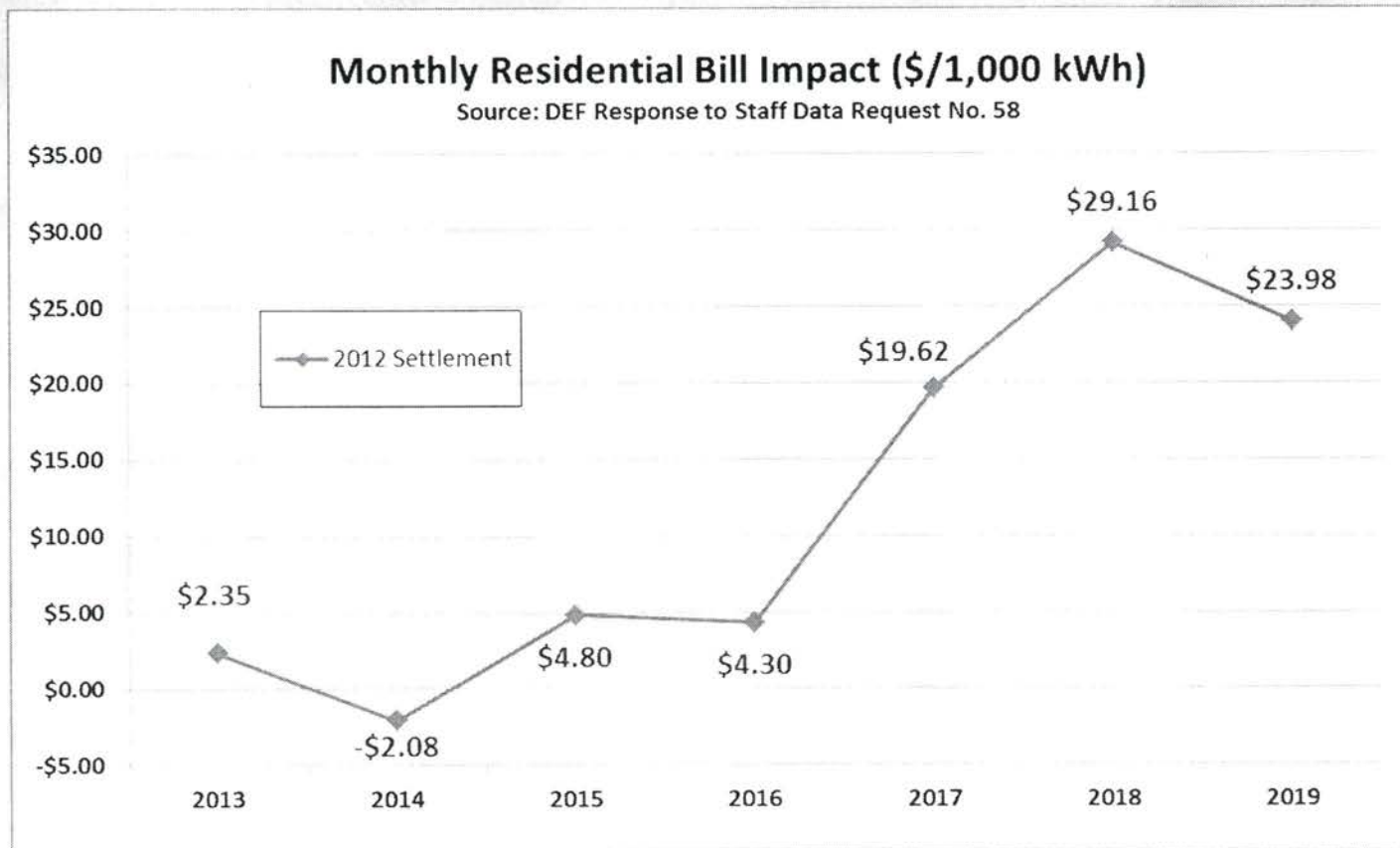
Highlights of
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Other

- DEF to offer a pilot economic development tariff for a period of three years.
- DEF to file a depreciation study, fossil dismantlement study, and nuclear decommissioning study by March 31, 2019 or with next rate case, whichever is sooner.
- If DEF retires Crystal River 1 & 2 coal plants, current depreciation continues through 2020. Remaining balance, if any, to be recovered in 2021.
- Credits for interruptible customers increased in 2014 and 2015.

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