

FAQ's: Duke Energy Florida, Inc. Revised and Restated Stipulation and Settlement Agreement

How is this Settlement Agreement different from the 2012 Settlement Agreement?

The revised Settlement Agreement continues many of the 2012 settlement provisions, (i.e. DEF will refund \$129 million in 2013, \$139 million in 2014, \$50 million in 2015, and \$70 million in 2016 through the fuel clause), and provides even more consumer protections:

- extends the base rate freeze for an additional two years through 2018,
- requires DEF stockholders to pay for the first \$295 million of the remaining plant balance for Crystal River 3 (CR3),
- establishes a cap for future recovery of CR3 assets of \$1.466 billion,
- terminates the Levy project,
- provides economic development tariffs, and
- increases credits to industrial interruptible customers.

If approved, how will the revised and restated Settlement Agreement benefit customers now and in the future?

Overall, if approved, the revised Settlement will provide customer rate stability. The Settlement does not change current base rates. While the Settlement outlines future rate increases, they will be moderate due to DEF stockholders paying the first \$295 million of the remaining CR3 balance, long amortization schedules for the remaining CR3 assets, and cancellation of the Levy project.

How will this affect my monthly DEF bill?

If the Commission approves the revised Settlement, changes to residential bills should be a minimal (\$1.0 to \$1.2 per month) increase for 2014-2016, with the exception of fuel cost changes. Modest increases are projected for 2017 forward, mainly due to DEF stockholders paying for the first \$295 million of the remaining CR3 balance and cancellation of the Levy project.

How much money has been invested in Crystal River 3 since the last Settlement and what did it cover?

Approximately \$28.1 million has been approved and collected through the cost recovery process for the uprate project. If the Settlement is approved, any remaining costs will be collected over 20 years starting in 2017.

Why do I have to pay for a plant that DEF broke and can't fix?

Under the proposed Settlement, the parties, including the Office of Public Counsel, agreed to waive their rights to challenge DEF's decision to retire CR3. The parties also agreed that it is in the public interest to settle the remaining ratemaking matters before the Commission. When an asset is retired, the utility has a right to collect the remaining plant balance from its ratepayers. The Settlement requires DEF stockholders to pay for the first \$295 million of the remaining CR3 plant balance and establishes a cap of \$1.466 billion for future CR3 asset recovery.

How much money has been invested in the Levy Plant Project since the last Settlement and what did it cover?

Approximately \$127.3 million has been recovered through the cost recovery process for project development and licensing. DEF will continue to collect fixed amounts (i.e. no incremental bill impact) from customers until all costs associated with Levy are accounted for, until approximately 2017.

Will we receive any refunds?

Yes. Per the 2012 settlement, DEF is scheduled to refund \$129 million in 2013, \$139 million in 2014, \$50 million in 2015, and \$70 million in 2016 through the fuel clause.

How much money was collected from the insurance company, and how will the insurance settlement benefit customers?

In total, DEF received \$835 million dollars in insurance proceeds which will be completely refunded to customers by 2014.

How long will it take for CR3 to be completely decommissioned?

Decommissioning is not covered by the Settlement and will be determined later.

What will happen to the Levy County Plant site?

Plans for the plant site are not covered by Settlement. DEF may pursue obtaining a combined construction and operating license (COL) under traditional regulatory procedures.

How long will customers contribute toward these projects?

Under the proposed Settlement, DEF will continue to collect fixed amounts (i.e. no incremental bill impact) from customers until all costs associated with Levy are accounted for, until approximately 2017. The remaining CR3 balance will be recovered over 20 years, after the Levy costs are accounted for.

What type of generation will replace these plants to meet customer demand, and how much will this cost customers?

Most likely, natural gas generation will be used to meet customer demand. The Settlement allows for recovery of these costs subject to Commission review and approval.