

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.

DOCKET NO. 20170183-EI

In re: Examination of the outage and replacement fuel/power costs associated with the CR3 steam generator replacement project, by Progress Energy Florida, Inc.

DOCKET NO. 20100437-EI

In re: Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy.

DOCKET NO. 20150171-EI

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 20170001-EI

In re: Energy conservation cost recovery clause.

DOCKET NO. 20170002-EG

In re: Nuclear cost recovery clause.

DOCKET NO. 20170009-EI
ORDER NO. PSC-2017-0451-AS-EU
ISSUED: November 20, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN
GARY F. CLARK

APPEARANCES:

DIANNE M. TRIPLETT, ESQUIRE, 299 First Avenue North, St. Petersburg,
Florida 33701
On behalf of Duke Energy Florida, LLC (DEF).

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On behalf of the Citizens of the State of Florida (OPC).

JON C. MOYLE, JR., ESQUIRE, Moyle Law Firm, PA, The Perkins House, 118 North Gadsden Street, Tallahassee, Florida 32301

On behalf of the Florida Industrial Power Users Group (FIPUG).

ROBERT SCHEFFEL WRIGHT and JOHN T. LAVIA, III, ESQUIRES, Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308

On behalf of the Florida Retail Federation (FRF).

JAMES W. BREW, ESQUIRE, Stone Mattheis Xenopoulos & Brew, PC, 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007

On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate).

GEORGE CAVROS, ESQUIRE, 120 E. Oakland Park Boulevard, Suite 105, Fort Lauderdale, Florida, 33334

On behalf of the Southern Alliance for Clean Energy (SACE).

KYESHA MAPP, MARGO DUVAL, and SUZANNE BROWNLESS, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Florida Public Service Commission (Staff).

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Florida Public Service Commission General Counsel.

ORDER APPROVING 2017 SECOND REVISED AND RESTATED
SETTLEMENT AGREEMENT

BY THE COMMISSION:

BACKGROUND

On August 29, 2017, Duke Energy Florida, LLC (DEF) filed a Petition for a Limited Proceeding to approve its 2017 Second Revised and Restated Settlement Agreement (2017 Agreement), Including Certain Rate Adjustments (Petition). The 2017 Agreement, with noted exceptions, seeks to replace and supplant the 2013 Revised and Restated Stipulation and Settlement Agreement (2013 Agreement) we approved by Order No. PSC-13-0598-FOF-EI and its three subsequent stipulated amendments approved by, Order Nos. PSC-15-0465-S-EI, PSC-16-0138-FOF-EI, and PSC-16-0425-PAA-EI.¹ The 2017 Agreement was signed and executed by DEF, the Office of Public Counsel (OPC), the Florida Industrial Power Users Group (FIPUG), the Florida Retail Federation (FRF), White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate (PCS Phosphate), and the Southern Alliance for Clean Energy (SACE) (collectively, the Parties). The signatories to the 2017 Agreement are organizations that represent DEF's major customer groups.

Pursuant to the Petition, the Parties requested that we hold a limited proceeding in accordance with Sections 366.06(3) and 366.076(1), and Chapter 120, Florida Statutes (F.S.), and Rule 25-28.301, Florida Administrative Code (F.A.C.), to consider the merits of the 2017 Agreement, which is appended to this Order in Attachment A.² We held an administrative hearing on this matter on October 25, 2017. During the hearing, the Parties spoke in support of the 2017 Agreement. We provided DEF customers and interested persons with the opportunity to present public testimony and voice any concerns with the 2017 Agreement, and DEF sponsored witnesses who provided sworn testimony and answered questions pertaining to the 2017 Agreement.

¹ Order No. PSC-15-0465-S-EI, issued October 14, 2105, in Docket No. 15014-EI, In re: Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc. and Docket No. 150171-EI, In re: Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy; Order No. PSC-16-0138-FOF-EI, issued April 5, 2016, in Docket No. 15014-EI, In re: Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc. and Docket No. 150171-EI, In re: Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy; Order No. PSC-16-0425-PAA-EI, issued October 3, 2016, in Docket No. 160151-EI, In re: Petition for approval of stipulation to amend and revised and restated stipulation and settlement agreement by Duke Energy Florida, LLC.

² Due to its length, the Exhibits to the 2017 Second Revised and Restated Settlement Agreement are not physically attached to this Order. However, all terms and conditions within those attachments are incorporated by reference herein. See Document No. 07346-2017, filed August 29, 2017, in Docket No. 20170183-EI, Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.

SETTLEMENT AGREEMENT

The 2017 Agreement provides DEF with a multi-year increase to base rates beginning with the first billing cycle of January 2019, and resolves outstanding issues in existing, continuing, and prospective dockets before this Commission. This includes the fuel and purchased power cost recovery clause, Docket No. 20170001-EI; the energy conservation cost recovery clause, Docket No. 20170002-EG; the nuclear cost recovery clause, Docket No. 20170009-EI; the securitization of the Crystal River Unit 3 (CR3) regulatory asset, Docket No. 150171-EI; and the fuel/power costs associated with the CR3 outage, Docket No. 100437-EI.

With respect to Docket No. 20170009-EI, the 2017 Agreement resolves, in a comprehensive manner, all remaining issues regarding the Levy Nuclear Project (LNP). The 2017 Agreement provides that DEF will not seek future recovery from retail customers of any combined operating licensing costs and associated carrying costs. DEF will write off all remaining but yet unrecovered LNP costs, whether incurred as of the date of this Commission's vote or to be incurred later. This includes \$81,901,218 at issue in Docket No. 20170009-EI, and the \$34 million termination fee ordered by the U.S. District Court for the Western District of North Carolina to be paid to Westinghouse, which is currently under appeal. As specifically stated in paragraph 11 of the 2017 Agreement, "To the extent DEF agrees to, or is obligated to pay or incur, any additional LNP-related costs of any type or nature whatsoever . . . DEF is forever barred from recovering said costs from retail customers . . . there will never be any LNP-related costs of any type or nature whatsoever recovered from DEF's retail ratepayers."

The 2017 Agreement also contains a provision whereby DEF may undertake the construction of approximately 175 megawatts (MW) per calendar year of solar generation projects, for a maximum of 700 MW throughout the term of the 2017 Agreement. These solar projects must reasonably be projected to go into service during the term of this agreement pending our approval of each project. DEF is also authorized to purchase, install, own, and support Electric Vehicle Service Equipment (EVSE) at DEF customer locations as part of a five year EVSE pilot program. The 2017 Agreement provides that DEF may incur up to \$8 million plus reasonable operating expenses, with a minimum deployment of 530 EVSE ports. Of all the EVSE ports installed, the 2017 Agreement specifies that at least 10 percent of the EVSE ports must be installed in low income communities as that term is defined in Section 288.9913(3), F.S. Another pilot program provided for within the 2017 Agreement is the Battery Storage Pilot Program, which allows DEF to implement a 50 MW battery storage program designed to enhance service to retail customers or to enhance operations of existing or planned solar facilities.

DECISION

The standard for approval of a settlement agreement is whether it is in the public interest.³ A determination of public interest requires a case-specific analysis based on consideration of the proposed settlement taken as a whole.⁴

The 2017 Second Revised and Restated Settlement Agreement is a comprehensive, balanced, and fair resolution of a complex and far-ranging set of circumstances, that provide rate stability and predictability for DEF customers. One of the largest benefits of the 2017 Agreement is that it resolves years of controversy, and ensures that DEF customers will never be required to pay any additional costs associated with the Levy Nuclear Project. This prohibition includes known costs related to obtaining the combined operating license and potential costs that could result from the pending litigation between DEF and WEC. The 2017 Agreement also provides benefits to DEF customers through the proposed Battery Storage Pilot Program and the Electric Vehicle Service Equipment Pilot Program.

Based on our review of the 2017 Agreement, the exhibits entered into the record, the support of the Parties, the testimony provided by DEF witnesses Javier Portuondo and Ben Borsch, and the benefits to DEF customers, we find that the 2017 Second Revised and Restated Settlement Agreement, as a whole, is in the public interest. Therefore, the 2017 Second Revised and Restated Settlement Agreement is hereby approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the 2017 Second Revised and Restated Settlement Agreement is approved. It is further

ORDERED that all matters contained in the Exhibits attached to the 2017 Second Revised and Restated Settlement Agreement, and incorporated by reference, are approved. It is further

³ Order No. PSC-13-0023-S-EI, issued January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company; Order No. PSC-11-0089-S-EI, issued February 1, 2011, in Docket Nos. 080677 and 090130, In re: Petition for increase in rates by Florida Power & Light Company and In re: 2009 depreciation and dismantlement study by Florida Power & Light Company; Order No. PSC-13-0023-S-EI, issued January 14, 2013, in Docket No. 120015-EI, In re: Petition for increase in rates by Florida Power & Light Company; PSC-10-0398-S-EI, issued June 18, 2010, in Docket Nos. 090079-EI, 090144-EI, 090145-EI, 100136-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc., In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc., In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc., and In re: Petition for approval of an accounting order to record a depreciation expense credit, by Progress Energy Florida, Inc.; Order No. PSC-05-0945-S-EI, issued September 28, 2005, in Docket No. 050078-EI, In re: Petition for rate increase by Progress Energy Florida, Inc.

⁴ Order No. PSC-13-0023-S-EI, at p. 7.

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ORDERED that the new and revised tariff sheets implementing the 2017 Second Revised and Restated Settlement Agreement and reflecting the approved final rates and charges are approved. It is further

ORDERED in the event that no timely appeal is filed, Docket No. 20170183-EI and 100437-EI shall be closed. Docket Nos. 150171-EI, 20170001-EI, 20170002-EI, and 20170009-EI shall remain open for future disposition by this Commission.

By ORDER of the Florida Public Service Commission this 20th day of November, 2017.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KRM

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. PSC-2017-0451-AS-EU

Attachment A

DOCKET NOS. 20170183-EI, 20100437-EI, 20150171-EI, 20170001-EI, 20170002-EG,
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2017 SECOND REVISED AND RESTATED SETTLEMENT AGREEMENT

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause	Docket No. 20170009-EI
In re: Examination of the outage and replacement fuel/power costs associated with the CR3 steam generator replacement project, by Progress Energy Florida, Inc.	Docket No. 100437-EI (closed)
In re: Fuel and purchased power cost recovery clause with generating performance incentive factor	Docket No. 20170001-EI
In re: Petition of Duke Energy Florida, Inc., for issuance of a nuclear asset recovery financing order	Docket No. 20150171-EI
In re: Energy Conservation Cost Recovery Clause	Docket No. 20170002-EG
In re: Petition of Duke Energy Florida, LLC, for limited proceeding to approve Second Revised and Restated Settlement Agreement, including certain Rate Adjustments	Docket No. _____ Submitted for filing: August 29, 2017

**2017 SECOND REVISED AND RESTATED
SETTLEMENT AGREEMENT**

WHEREAS, Duke Energy Florida, LLC ("DEF" or the "Company"), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG"), the Florida Retail Federation ("FRF"), and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate ("White Springs"), (collectively referenced as the "Original Parties"), previously resolved certain issues in a Stipulation and Settlement Agreement, dated January 20, 2012 (the "2012 Settlement Agreement"), that was approved by the Florida Public Service Commission ("FPSC" or the "Commission") in

Order No. PSC-12-0104- FOF-EI¹, issued on March 8, 2012 in Docket No. 120022-EI, as amended by Order No. PSC-12-0104A-FOF-EI; and

WHEREAS, the Original Parties resolved additional issues in that certain Revised and Restated Stipulation and Settlement Agreement (the "2013 Settlement Agreement"), dated July 31, 2013, that was approved by the Commission in Order No. PSC-13-0598- FOF-EI, issued on November 12, 2013 in Docket No. 130208-EI; and

WHEREAS, on August 6, 2015, the Original Parties entered into a stipulation in Docket No. 150009-EI, in which the Original Parties agreed that DEF would make its final true-up filing of all known Levy Nuclear Project ("LNP") costs in the 2017 nuclear cost recovery clause ("NCRC") hearing cycle; and

WHEREAS, the Original Parties entered into three stipulations to amend the 2013 Settlement Agreement, which were approved by the Commission in Order Nos: PSC-15-0465-S-EI, issued on October 14, 2015 in Docket Nos. 150148-EI and 150171-EI; PSC-16-0138- FOF-EI, issued on April 5, 2016 in Docket No. 150171-EI; and PSC-16-0425-PAA-EI, issued on October 3, 2016 in Docket No. 160151-EI; and

WHEREAS, on December 22, 2016, DEF received a judgment in the litigation against Westinghouse Electric Company ("WEC") regarding termination costs associated with the cancellation of the Engineering, Procurement, and Construction ("EPC") contract associated with the LNP, in which the trial court ordered DEF to pay a \$30 million termination fee (plus approximately \$4 million in prejudgment interest), denied DEF's claim for the return of \$54 million previously paid to WEC for goods not

¹ The Parties note that historic (i.e. pre-2017) docket and order references were originally cited using a six digit format rather than the new eight digit format, and if reference is made herein using the six digit format, the intent of the Parties is that the effect of orders in this 2017 Second Revised and Restated Settlement Agreement remains as originally issued, regardless of the revised numbering format.

received, and denied the remainder of WEC's claim for approximately \$482 million in additional termination costs. (*Duke Energy Florida, Inc. v. Westinghouse Electric Company*, in the United States District Court for the Western District of North Carolina, Charlotte Division, Civil Action No. 3:14-CV-00141-MOC-DSC); and

WHEREAS, WEC appealed that order on January 20, 2017, DEF cross-appealed on February 1, 2017, and the appellate cases were combined and at this time remain pending in the United States Court of Appeals for the Fourth Circuit (Case No. 17-1151 and 17-1087); and

WHEREAS, DEF petitioned for cost recovery of certain known costs, amounting to \$81,901,218 (retail), as identified in the May 1, 2017 pre-filed testimony of Christopher M. Fallon and Thomas G. Foster, related to the LNP in Docket No. 20170009-EI, and sought to reserve the right to seek future recovery of additional LNP costs related to the pending WEC appellate case; and

WHEREAS, DEF has not yet submitted any claim for cost recovery in Docket 20170009-EI for its future litigation costs, nor the above-referenced \$34 million (system) and \$482 million (system), plus interest, related to the WEC appeal but has expressed an intent to do so if and to the extent such costs become known and measureable and an obligation of DEF; and

WHEREAS, the Original Parties and the Southern Alliance for Clean Energy ("SACE") (collectively referred to as the "Parties") agreed that in light of those decisions and actions that it is in the public interest to attempt to resolve all remaining LNP-related issues in Docket No. 20170009-EI, as well as additional matters described herein; and

WHEREAS, the Parties have reached an agreement regarding the matters set

forth in this 2017 Second Revised and Restated Stipulation and Settlement Agreement ("2017 Second Revised and Restated Settlement Agreement"), dated August 29, 2017; and

WHEREAS, unless the context clearly indicates otherwise, the term Party or Parties means a signatory to this 2017 Second Revised and Restated Settlement Agreement, and Intervenor Parties mean collectively OPC, FIPUG, FRF, and White Springs; and

WHEREAS, agreement on the matters and issues in this 2017 Second Revised and Restated Settlement Agreement will promote administrative efficiency and avoids the time, expense, and uncertainty associated with addressing the issues in the above-referenced Commission dockets and other matters; and

WHEREAS, the Parties further recognize and agree that this 2017 Second Revised and Restated Settlement Agreement fully and finally determines, in a comprehensive manner, the issues related to the circumstances surrounding the LNP as described herein, and, as it impacts customers, resolves uncertainties related to these issues; and

WHEREAS, nothing in this 2017 Second Revised and Restated Settlement Agreement is an admission of liability, imprudence, or fault; and

WHEREAS, the Parties have entered into this 2017 Second Revised and Restated Settlement Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes ("F.S."), as applicable, and as a part of the negotiated exchange of consideration among the Parties to this 2017 Second Revised and Restated Settlement Agreement each has agreed to concessions to the others with the expectation, intent, and understanding

that all provisions of this 2017 Second Revised and Restated Settlement Agreement will be enforced by the Commission as to all matters addressed herein with respect to all Parties upon Commission approval of this 2017 Second Revised and Restated Settlement Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree and stipulate as follows:

1. This 2017 Second Revised and Restated Settlement Agreement incorporates the surviving terms and conditions of the 2013 Settlement Agreement and its Exhibits and, as a result, this 2017 Second Revised and Restated Settlement Agreement replaces and supplants the 2013 Settlement Agreement. Terms and conditions of the 2013 Settlement Agreement that are not expressly included in this 2017 Second Revised and Restated Settlement Agreement are extinguished and are of no further effect, except where the survival of a provision is a precedent for: (i) the determination by the Commission of the CR3 nuclear asset recovery costs (as defined in Section 366.95 (1)(k), F.S.) in Docket No. 150171-EI; (ii) DEF's right to recover (on behalf of Duke Energy Florida Project Finance, LLC) the nuclear asset recovery charges (as defined in Section 366.95(1)(j), F.S.) in Docket No. 150171-EI; or (iii) the validity and issuance of nuclear asset recovery bonds pursuant to Section 366.95, F.S., and Order No. PSC-15-0537-FOF-EI and except where such survival is otherwise expressly stated or necessarily implied herein to give force and effect to the intent of the parties in this 2017 Second Revised and Restated Settlement Agreement.

2. The provisions of this 2017 Second Revised and Restated Settlement Agreement will become effective upon Commission approval (the "Effective Date"), and continue through the last billing cycle for December 2021 (the "Term"), unless otherwise specified or provided for in this 2017 Second Revised and Restated Settlement Agreement. The Parties intend for the tariff sheets attached to this 2017 Second Revised and Restated Settlement Agreement to be effective on January 1, 2018, unless otherwise indicated in Paragraphs 29 and 30.

3. The Parties reserve all rights, unless such rights are expressly waived or released, under the terms of this 2017 Second Revised and Restated Settlement Agreement. However, no right reserved in the 2013 Settlement Agreement is waived or extinguished by virtue of this 2017 Second Revised and Restated Settlement Agreement replacing or supplanting the 2013 Settlement Agreement, unless such waiver is express on its face in this 2017 Second Revised and Restated Settlement Agreement. No waiver or release is given orally or by implication, and the only waivers and releases agreed to by any Party to this 2017 Second Revised and Restated Settlement Agreement are those that are expressly stated herein. The failure to specifically set forth a reservation of right(s) clause or an affirmative reservation of right(s) contained in this 2017 Second Revised and Restated Settlement Agreement in another portion of this 2017 Second Revised and Restated Settlement Agreement is not, and shall not, be interpreted as a waiver of any right(s) otherwise reserved by the Original Parties.

CR3:

4. It is the intent of the Original Parties and the Original Parties stipulate that this 2017 Second Revised and Restated Settlement Agreement resolves all

remaining issues that were included in Docket No. 100437-EI (i.e., pertaining to the 2009 CR3 outage, subsequent repair attempts, and retirement) on the terms and conditions set forth herein and in Order Nos. PSC-12-0104-FOF-EI and PSC-13-0598- FOF-EI, including the amendments approved in Order Nos. PSC-15-0465-S-EI, PSC-16-0138- FOF-EI, and PSC-16-0425-PAA-EI. The Intervenor Parties have fully and forever waived, released, discharged, and otherwise extinguished any and all of their rights, claims, and interests of whatever kind or nature, whether now known or unknown, to challenge the reasonableness or prudence of any DEF action, including inaction, or decision, of any kind, type, or nature, both prior to and subsequent to the Implementation Date of the 2012 Settlement Agreement, arising out of, or related or in any way connected to, directly or indirectly, any and all of the issues in Docket No. 100437-EI. Absent evidence of fraud, intentional misrepresentation, or intentional misconduct by DEF, the Intervenor Parties cannot and will not challenge in any Commission or judicial proceeding the prudence of DEF's actions in connection with the issues from Docket No. 100437-EI.

5. a. Pursuant to the 2012 Settlement Agreement, as restated in the 2013 Settlement Agreement, DEF placed CR3 in extended cold shutdown effective January 1, 2011, at which time depreciation and other accruals were suspended and/or reversed until the unit was retired on February 5, 2013. DEF removed CR3 from rate base, and the revenue requirements for CR3 were excluded from the rates established in the 2013 Settlement Agreement effective the first billing cycle for January 2013. Consistent with the terms of the 2013 Settlement Agreement, DEF implemented deferral accounting through the creation of a regulatory asset to address the capital cost amounts and revenue requirements associated with all CR3-related

costs, which was referred to as the "CR3 Regulatory Asset." As determined in Docket Nos. 150148-EI and 150171-EI, the Commission approved the amount of the CR3 Regulatory Asset to be recovered from customers and authorized the issuance of low-cost nuclear asset recovery bonds through securitization. Nothing in this 2017 Second Revised and Restated Settlement Agreement is intended to or does affect the Commission's Orders in these two dockets, or the applicability of Section 366.95, F.S.

(1). The projected dry cask storage ("DCS") facility costs. DEF shall be entitled to petition the Commission for approval of the reasonable and prudent projected DCS facility (also known as the Independent Spent Fuel Storage Installation or ISFSI) capital costs. The Parties are not precluded from fully participating in such a proceeding and do not waive any rights related to such participation or determination. DEF shall be entitled to petition for inclusion of the projected total (retail jurisdictional) value of the reasonable and prudent DCS facility capital costs in the Capacity Cost Recovery ("CCR") Clause using the pretax rate of return of 8.12%, pursuant to Exhibit 10 of the 2013 Settlement Agreement, subject to the amortization deferral approved in Order No. PSC-15-0027-PAA-EI, which costs shall be allocated to rate classes annually using a uniform percentage of the DCS costs to be recovered divided by the total forecasted retail base rate demand and energy revenues. The actual amounts recovered through the CCR Clause shall be subject to the Commission's standard clause true-up, review, audit, and approval processes; the Parties are not precluded from fully participating in such proceedings, for example and without limitation, to challenge the reasonableness and prudence of DEF's claimed DCS facility capital costs, and the Parties do not waive any rights related to such participation or determination. The Parties expressly agree that any proceeding to recover such costs

associated with this Paragraph of this 2017 Second Revised and Restated Settlement Agreement shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of the Company and shall not apply any form of earnings test or measure or consider previous or current base rate earnings. DEF shall credit the CCR Clause with the retail portion of all applicable Department of Energy ("DOE") awards when they are received, and shall amortize the adjusted final DCS facility capital cost balance over the recovery period set forth in Subparagraph 5.c. and 5.d., unless another recovery period is agreed to by all the Original Parties.

b. Matters regarding rate recovery of the CR3 Regulatory Asset were decided by the Commission in Order No. PSC-13-0598-FOF-EI (which approved the 2013 Settlement Agreement), Order No. PSC-15-0465-S-EI (establishing the final amount of the CR3 Regulatory Asset), Order No. PSC-2015-0537-FOF-EI (the Financing Order for the CR3 securitized asset) and Order No. PSC-16-0138-FOF-EI (authorizing \$38,108,444 of the CR3 Regulatory Asset to be recovered through the CCR Clause). The Intervenor Parties have fully and forever waived, released, discharged and otherwise extinguished any and all of their rights to contest DEF's right to recover a return of and return on the deferred and accumulated CR3 investments, regulatory assets/liabilities, and carrying costs in the rate increase for the CR3 Regulatory Asset referenced above in Subparagraph 5.a. of this 2017 Second Revised and Restated Settlement Agreement. The Intervenor Parties acknowledge that they have expressly waived, released, and have not retained the right to challenge the inclusion of, and the recovery of, the components of the CR3 Regulatory Asset that were at issue in Docket No. 100437-EI.

c. The Original Parties recognize that the CR3 nuclear asset-recovery costs (as defined in Section 366.95(1)(k), F.S.) are being recovered through the issuance of nuclear asset-recovery bonds (as defined in Section 366.95(1)(i), F.S.) and the recovery of nuclear asset recovery charges (as defined in Section 366.95(1)(j), F.S.), all as approved by the Commission in Docket No. 150171-EI. The Intervenor Parties acknowledge that they have fully and forever waived, released, discharged, and otherwise extinguished any and all of their rights to contest DEF's right to recover on behalf of Duke Energy Florida Project Finance, LLC, the nuclear asset-recovery costs and finance costs that are being recovered pursuant to the Commission's Order in Docket 150171-EI. Accordingly, the nuclear asset-recovery charge (as defined in Section 366.95(1)(j), F.S.) shall remain in effect until the nuclear asset-recovery bonds have been paid in full and the Commission-approved financing costs (as defined in Section 366.95(1)(e), F.S.) have been recovered in full, but in no event for a period longer than the close of the last billing cycle for the 276th month from inception of the nuclear asset-recovery charge, with the understanding that: (i) the nuclear asset-recovery bonds have been structured in a manner such that the scheduled final maturity date for the last maturing tranche of the nuclear asset-recovery bonds is as close as is reasonably possible to the close of the last billing cycle for the 240th month from inception of imposition of the nuclear asset-recovery charge; and (ii) any portion of the recovery period beyond the scheduled final maturity date for the last tranche of the nuclear asset-recovery bonds shall be strictly limited to the purpose of recovery of charges pursuant to the true-up mechanism permitted under any Financing Order that may be issued by the Commission and any adjustments approved by the Commission (in accordance with Section 366.95(2)(c)4,

F.S.).

d. The Original Parties continue to intend that retail rate recovery for the nuclear asset recovery charge shall continue for a recovery period consistent with the last sentence in Subparagraph 5c, including a scheduled final maturity date for the last maturing tranche of the nuclear asset-recovery bonds as close as is reasonably possible to the close of the last billing cycle for the 240th month from inception of imposition of the nuclear asset-recovery charge.

e. DEF shall continue to exclude the following amounts related to CR3 from all earnings surveillance reports: (1) revenues associated with the recovery of the CR3 Regulatory Asset including the components referenced in Paragraph 9 and the amount of the excluded portion of the asset referenced in the first sentence of Paragraph 32; (2) rate base and Operating and Maintenance ("O&M") expense amounts (including, but not limited to, all amounts that have been deferred to or recorded in regulatory assets and liabilities); and (3) cost of capital accounts with specific adjustments for items including, but not limited to, deferred income taxes, with all other CR3-related items removed from capital structure on a pro-rata basis. All costs that are being recovered as part of the nuclear asset-recovery bonds shall be excluded from the earnings surveillance reports.

Fuel Adjustment Clause:

6. On June 13, 2017, in Order No. PSC-2017-0219-PCO-EI, the Commission denied DEF's Petition for a Mid-Course Correction to its fuel factor and deferred the matters raised in that petition to the hearing scheduled for October 25, 2017 in Docket No. 20170001-EI. The Parties agree that DEF shall recover the 2017 Actual/Estimated True-up under-recovery of fuel and purchased power costs that is finally determined by

the Commission, and which is proposed in DEF's August 24, 2017 petition in Docket No. 20170001-EI to be \$195,503,774, over a two year period that begins January 1, 2018, i.e. fifty (50) percent in 2018 and fifty (50) percent in 2019. DEF shall continue to be entitled to recover its prudently incurred fuel and purchased power costs through the Fuel Clause without regard to the unavailability of CR3 for any reason for the period beginning October 1, 2009. Thus, for the period beginning October 1, 2009, the unavailability of CR3 for any reason shall not be the basis for any disallowance of fuel or purchased power costs, and the Intervenor Parties have waived their rights to challenge DEF's recovery of such costs, except that the Intervenor Parties have reserved their rights to raise issues regarding the prudence and reasonableness of DEF's fuel acquisition and power purchases, and other fuel prudence issues unrelated to the unavailability of CR3 for any reason.

Nuclear Decommissioning Trust:

7. If DEF determines that additional funds are necessary in order to fund the CR3 Nuclear Decommissioning Trust in support of decommissioning CR3, DEF shall be allowed to petition to collect those additional funds through a surcharge in base rates. This surcharge will be the lesser of the Commission-approved annual contribution amount or \$8 million. The \$8 million limitation shall expire with the last billing cycle for December 2021. After the last billing cycle for December 2021, DEF shall be authorized to recover the actual Commission-approved annual contribution to the Nuclear Decommissioning Trust through a base rate surcharge, subject to the applicability of Subparagraph 12.a. and Exhibit 6, and that surcharge shall expire following the conclusion of DEF's next base rate case. If the Commission approves an annual contribution to the Nuclear Decommissioning Trust in excess of \$8 million prior

to the last billing cycle for December 2021, this incremental amount of the annual contribution in excess of what has been authorized for recovery in the base rate surcharge shall be deferred with carrying costs based on the Commission-approved allowance for funds used during construction ("AFUDC"), and recovered (including carrying costs) through the CCR Clause over a 4 year period beginning with the first billing cycle for January 2022, unless otherwise agreed to by the Original Parties. The Intervenor Parties reserve their rights to challenge the prudence of any additional CR3 decommissioning costs (funding accrual) in appropriate proceedings before the Commission. The Original Parties expressly agree that any proceeding to recover costs associated with decommissioning CR3 under this Paragraph shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of the Company and shall not apply any form of earnings test or measure or consider previous or current base rate earnings

Crystal River 1 & 2 ("CRS") Retirement:

8. If DEF retires Crystal River coal units 1 & 2 ("Crystal River South" or "CRS"), as a compliance measure to meet Mercury and Air Toxics Standards ("MATS"), the Best Available Retrofit Technology ("BART"), and/or the National Ambient Air Quality Standards ("NAAQS"), DEF shall be permitted to continue the annual depreciation expense and depreciation rate associated with CRS based on the last Commission-approved depreciation study, which assumed a 2020 CRS retirement date. DEF shall be permitted to recover in 2021, unless a different time for recovery is agreed to by the Original Parties, any remaining CRS net book value existing as of December 31, 2020 through the CCR Clause.

CR3 Extended Power Uprate Project ("EPU" or "Uprate"):

9. As set forth in the 2013 Settlement Agreement, DEF has been recovering all CR3 EPU revenue requirements through the NCRC consistent with the provisions of Section 366.93(6), F.S., and Commission Rule 25-6.0423(6), Florida Administrative Code ("F.A.C."), in accord with the seven (7) year amortization recovery period established as 2013-2019 (the estimated unrecovered investment balance is \$86,682,782 not including carrying costs as of December 31, 2017 subject to the addition of applicable carrying costs and other recoverable costs as set out in the statute and rule above). Any final true-up of these costs will occur through the CCR Clause after December 31, 2019 for any under or over-recovery. The Intervenor Parties have fully and forever waived, released, discharged, and otherwise extinguished any and all of their rights, claims, and interests of whatever kind or nature, whether now known or unknown, to challenge the prudence of DEF's CR3 EPU investment and activities, except that the Intervenor Parties do not waive their rights to participate in the NCRC or other appropriate docket(s) for purposes of verification that DEF has fulfilled its obligation to minimize future costs of the abandoned Uprate Project. DEF shall in accord with its obligation to do so, minimize the costs of the CR3 EPU Regulatory Asset (as illustrated in Thomas G. Foster's Exhibit TGF-4, filed by DEF on May 1, 2017 in Docket No. 20170009-EI), and use reasonable and prudent efforts to curtail avoidable future costs or to sell or otherwise salvage assets that would have otherwise been included in the CR3 EPU Regulatory Asset. The Original Parties agree that CR3 EPU assets that were placed in-service and closed to electric plant in-service FERC 101, which amount equals \$35,894,547 as of December 31, 2015 and includes carrying charges through December 31, 2015,

have not been, nor shall be, included in, or recovered or further tried up as part of the CR3 Regulatory Asset but instead shall continue to be recovered in an amount estimated to be \$38,108,444 as of December 31, 2016 (subject to true-up), through the CCR Clause over the years 2017 and 2018 at a carrying cost rate of 3 percent, pursuant to Order No. PSC-16-0138-FOF-EI; and CR3 EPU assets never closed to electric plant in-service FERC 101 of \$86,682,782, identified in the first sentence of this Paragraph, shall continue to be recovered, along with applicable carrying costs, as a part of the CR3 EPU Regulatory Asset as set forth in this Paragraph. DEF has discontinued and will forever cease active efforts to market CR3-related assets that are not in use, not usable or not otherwise encumbered, and shall only undertake to sell or salvage assets if clearly cost-effective sales or salvage opportunities are presented. If CR3 EPU assets are sold or salvaged, or costs are incurred that were not included in the 2017 Petition for rate recovery filed in Docket 20170009-EI by DEF, which are newly incurred after the Effective Date, then the retail portion of the sale or salvage proceeds and any newly incurred costs shall be recovered or returned, with carrying costs (debit or credit as applicable) at the rate prescribed in Section 366.93(6), F.S., and Rule 25-6.0423(6), F.A.C., through the CCR Clause.

Levy Nuclear Project ("LNP"):

10. By no later than January 1, 2019, DEF shall remove the Levy Land from rate base and earnings surveillance report results. Levy Land is defined as the land reflected in DEF's 2016 FERC Form 1, page 214, lines 6 and 8, specifically the Lybasse parcel (1,845 acres) in the amount of \$27,667,950 (system) and the Rayonier/Lybasse parcel (3,105 and 94 acres, respectively) in the amount of \$66,404,373 (system), for a total of \$94,072,323 (system). Upon this initial removal

of the Levy Land from rate base, DEF shall write off its actual post-2013 costs, in the amount of \$36,621,816.70 (system) as estimated on July 31, 2017, related to the LNP Combined Operating License ("COL"), including AFUDC. DEF agrees not to seek future recovery from retail customers of any of the LNP's COL- related costs, including carrying charges. DEF retains the right to maintain ownership of the Levy Land and to file a petition with the Commission in conjunction with its next general base rate case, or any other relevant proceeding during the Term of this 2017 Second Revised and Restated Settlement Agreement pursuant to Paragraph 15, for potential re-inclusion of any portion of such land into rate base, subject to approval by the Commission in DEF's next base rate proceeding or other relevant proceeding contemplated under this 2017 Second Revised and Restated Settlement Agreement. Parties reserve the right to object to inclusion of such land costs in rate base or rates. If DEF sells the Levy Land, DEF's shareholders will be permitted to retain any gain or loss on sale. Any Levy Land restored to rate base by Commission approval shall be thereafter subject to the Commission's policy on gains or losses on sales.

11. In the 2013 Settlement, the Original Parties supported DEF terminating the LNP EPC contract with WEC, because DEF was unable to obtain the LNP COL from the NRC by January 1, 2014. Consistent with the 2013 Settlement, DEF exercised the provisions of Section 366.93(6), F.S., and elected not to complete the construction of the LNP. DEF terminated the EPC contract in January 2014. After termination, litigation with WEC ensued as to the amount of termination costs owed by DEF to WEC. Consistent with the terms of this 2017 Second Revised and Restated Settlement Agreement, DEF will write off all remaining but yet unrecovered LNP costs, whether incurred as of the Effective Date or later, including the

\$81,901,218 (retail), as identified in the May 1, 2017 pre-filed testimony of Christopher M. Fallon and Thomas G. Foster (which includes historical litigation costs), at issue in Docket No. 20170009-EI, the \$34 million (system) termination fee ordered by the trial court to be paid to WEC, WEC's pending appellate claims for additional cost recovery, and additional future litigation costs, through any and all appeals, for which DEF has not yet sought recovery in Docket 20170009-EI. To the extent DEF agrees to, or is obligated to pay or incur, any additional LNP-related costs of any type or nature whatsoever arising from any claim, legal action, regulatory or other proceedings before any governmental authority, transaction, or any other event whatsoever, including but not limited to any and all litigation costs, damages, regulatory costs, interest, fines, penalties, costs paid pursuant to any agreement or arbitration award, or additional termination costs ordered by the court in connection with the WEC appeal of the order issued in Civil Action No.: 3:14-cv-00141 (appellate case No. 17-1087, consolidated with 17-1151), or in any other litigation, arbitration, regulatory, or any other proceedings, whether currently pending or future, involving any party or entity whatsoever, DEF is forever barred from recovering said costs from retail customers. For clarity, it is the intent of all the Parties that, as a matter of rights between and among the Parties and as a matter of law pursuant to FPSC approval of this 2017 Second Revised and Restated Settlement Agreement, after the Effective Date or December 31, 2017, whichever is sooner, there will never be any LNP-related costs of any type or nature whatsoever recovered from DEF's retail ratepayers.

Base Rate Adjustments:

12.

- a. DEF's base rate revenue requirements will change in 2018 pursuant to

Paragraph 14. In addition, there will be an adjustment of base rates among customer rate classes to implement the changes in the delivery voltage credit referenced in Paragraph 21 and to implement the change referenced in Paragraph 24. The tariff sheets reflecting these and other relevant changes necessary to implement this 2017 Second Revised and Restated Settlement Agreement are attached as Exhibits 3 and 4 (clean and legislative, respectively). The Parties agree that all the tariffs in Exhibits 3 and 4 will have an effective date of January 1, 2018.

b. Effective with the first billing cycle for January 2019, DEF will be allowed a multi-year increase to its base rates as reflected in the chart below:

	Total Increase	Uniform % Increase Method (1)	Uniform % increase Method (2)
2019	\$67 million	\$50 million	\$17 million
2020	\$67 million	\$50 million	\$17 million
2021	\$67 million	\$50 million	\$17 million

Uniform % increase method (1): Amount to be recovered through a uniform percent increase to the customer, demand and energy base rate charges for all retail customer classes, but, consistent with Paragraph 21, the delivery voltage credits and IS/CS/GSLM-2 credits shall not be adjusted.

Uniform % Increase Method (2): Amount to be recovered through a uniform percent increase to customer charges for all retail rate classes except the interruptible and curtailable rate classes.

c. If the applicable federal or state income tax rate for DEF changes before any of the increases provided for in Paragraph 7, 12, 14, 15, 21, 24, or 37, DEF will adjust the amount of the base rate increase to reflect the new tax rate before the implementation of such increase, pursuant to the applicable methodology in Exhibit 6 (i.e. lines 1-14). Any base rate adjustments or changes that are implemented before the effective date of the Federal Corporate Income Tax Change will be adjusted as part of the overall method outlined in Paragraph 16 and Exhibit 6. The illustration of

the methodology to be utilized for income tax changes described in this Paragraph 12 is shown in Exhibit 6. The Parties expressly agree that any proceeding to implement the base rate revenue increases associated with this Paragraph of the 2017 Second Revised and Restated Settlement Agreement shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of the Company and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

d. Except for the base rate increases provided for in Paragraphs 7, 12, 14, 15, 21, 24, and 37, the Company shall freeze its base rates through the last billing cycle for December 2021. As a part of this base rate freeze the Company will not seek Commission approval to defer for later recovery in rates, any costs incurred or reasonably expected to be incurred from the Effective Date through and including December 31, 2021, which are of the type which traditionally or historically have been or would be recovered in base rates, unless such deferral and subsequent recovery is expressly authorized herein or otherwise agreed to by the Parties.

13. DEF shall have an authorized return on equity of 10.5% with a range of reasonableness of +/-100 basis points for the purpose of addressing earnings levels, earnings surveillance and cost recovery clauses. The applicable annual AFUDC rate will be 7.44%, as provided for in the 2013 Settlement, through year-end 2018 and then will be updated periodically consistent with Commission practice going forward.

14. a. Consistent with the 2013 Settlement, DEF was authorized to petition the Commission for a need determination for additional generation, not to exceed 1800 MW, to be placed in service in 2018. DEF filed such a petition for construction of its Citrus County Combined Cycle Units, and the Commission granted that

determination of need in Order No. PSC-14-0557-FOF-EI. If DEF constructs and places in service the Citrus County Combined Cycle Units in 2018, DEF's base rates shall be increased by the annualized base revenue requirement for the first 12 months of operation (the "Annualized Base Revenue Requirement"). The Annualized Base Revenue Requirement shall reflect the costs pursuant to which the need determination was granted by the Commission. This base rate increase shall be referred to as the 2018 Generation Base Rate Adjustment ("GBRA"). The Intervenor Parties retain all rights to challenge DEF's actions made or taken pursuant to Subparagraphs 14.a., 14.b., and 14.e., including, but not limited to, the right to challenge the need for, or prudence of any costs associated with, the construction of any additional generation placed in service in 2018 as well as the initial 2018 GBRA factor and any subsequent revisions to it pursuant to Rule 25.22.082(15), F.A.C., but have waived the right to argue that this 2017 Second Revised and Restated Settlement Agreement prevents DEF from seeking recovery for the costs described in this Paragraph that the Commission determines to be reasonable and prudent.

b. The initial 2018 GBRA factor shall be established by the application of a uniform percentage increase to the demand and energy charges reflected in the Company's base rate schedules existing at the time of the increase, but, consistent with Paragraph 21, the delivery voltage credits and IS/CS/GSLM-2 credits shall not be adjusted. The uniform percentage increase shall be calculated using the billing determinants included in the Company's most recent projection clause filing unless otherwise agreed to by the Original Parties, with the understanding that the Intervenor Parties retain the right to challenge the accuracy and validity of the billing determinants. DEF shall begin applying the 2018 GBRA to

meter readings made on and after the commercial in-service date(s) of the 2018 Citrus County Combined Cycle Units.

c. The 2018 GBRA Annualized Base Revenue Requirement shall be calculated using a 10.5% ROE and DEF's projected 13-month average capital structure for the first 12 months of operation, including all specific adjustments consistent with DEF's then most recently filed December earnings surveillance report, and adjusted to include an Accumulated Deferred Income Tax ("ADIT") proration adjustment consistent with 26 C.F.R. Section 1.167(l)-1(h)(6). DEF will calculate and submit the 2018 GBRA rates for Commission approval using the billing determinants from the most recent projection clause filings.

d. In the event that the actual capital expenditures are less than the projected costs used to develop the initial 2018 GBRA factor, the lower figure shall be the new basis for the full revenue requirements and a one-time credit will be made through the CCR Clause. In order to determine the amount of this credit, a revised 2018 GBRA factor shall be computed using the same data and methodology incorporated in the initial 2018 GBRA factor, with the exception that the actual capital expenditures shall be used in lieu of the capital expenditures on which the Annualized Base Revenue Requirement was based. This credit shall be the difference between the cumulative base revenues since the implementation of the initial 2018 GBRA factor and the cumulative base revenues that would have resulted if the revised 2018 GBRA factor had been in-place during the same time period and shall be credited to customers through the CCR Clause with interest at the 30-day commercial paper rate as specified in Rule 25-6.109, F.A.C. On a going-forward basis, base rates shall be adjusted to reflect the revised 2018 GBRA factor.

e. In the event that the actual capital expenditures are higher than the projection on which the Annualized Base Revenue Requirement was based, DEF at its option may initiate a limited proceeding pursuant to Section 366.076, F.S., limited to the issue of whether DEF has met the requirements of Rule 25-22.082(15), F.A.C. If the Commission finds that DEF has met the requirements of Rule 25-22.082(15), F.A.C., then DEF shall increase the 2018 GBRA by the corresponding incremental revenue requirement due to such additional capital costs. However, DEF's election not to seek such an increase in the 2018 GBRA shall not preclude DEF from booking any incremental costs for surveillance reporting and all regulatory purposes subject only to a finding of imprudence or disallowance by the Commission. No Party is precluded from participating in any such limited proceeding. The Original Parties expressly agree that any proceeding to recover costs associated with this Subparagraph of the 2017 Second Revised and Restated Settlement Agreement shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of the Company and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

Solar Base Rate Adjustment:

15.

a. DEF projects that for purposes of the cost recovery set forth in this Paragraph, it will undertake construction of approximately 175 MW per calendar year of solar generation (for a maximum of 700 MW) reasonably projected to go into service during the Term of this 2017 Second Revised and Restated Settlement Agreement or within one year following expiration of the Term; provided, however, DEF will not implement a Commission-approved base rate adjustment as

contemplated in this Paragraph at any time during 2018. Solar base rate adjustments may be authorized for solar projects for which DEF files for Commission approval pursuant to this Paragraph during the Term. For each solar project that is approved by the Commission for cost recovery pursuant to the process described in this Paragraph, DEF's base rates will be increased by the incremental annualized base revenue requirement (as defined in Subparagraph 15.e.) for the first 12 months of operation (the "Annualized Base Revenue Requirement"), but in no event before the facility is in service. The Commission's approval may occur before or after expiration of the Term. The projects constructed or acquired pursuant to this Paragraph must be scheduled and reasonably projected to be placed into service no later than one year following the expiration of the Term. DEF agrees that, during the Term of this 2017 Second Revised and Restated Settlement Agreement, it will not place any material solar projects into service that are not subject to the solar base rate adjustment process described in this Paragraph. During the Term of this 2017 Second Revised and Restated Settlement Agreement, the cost of the components, engineering and construction for any solar project constructed or acquired by DEF pursuant to this Paragraph shall be reasonable and cost effective and in no event shall the weighted average cost of all projects in any filing for Commission approval of the base rate adjustments as contemplated in this Paragraph exceed \$1,650 per kilowatt alternating current ("kWac"). This cap is generally based on an assumption and current intent by DEF that a single axis tracking technology will be utilized as further described in this Paragraph. Additionally, this cap is intended as a protection for customers and is not intended to be a target or "build to" number; however, it is not intended to discourage DEF from engineering or designing projects in order to deliver the maximum efficiency

and benefit to customers. DEF agrees that, for projects constructed or acquired by DEF, the following cost categories will be included in the \$1,650 kWac cost cap, but that the cost cap is not limited to these categories of costs, and includes any and all construction costs attributable to the solar projects: Engineering, Procurement, and Construction ("EPC") costs, development costs including third party development fees, if any, permitting, land acquisition, taxes, and utility costs to support or complete development, transmission interconnection costs, Installation Labor and Equipment, Electrical Balance of System, Structural Balance of System, Inverters, and Modules. To the extent that the cost(s) of any of DEF's solar projects materially exceed total project cost(s) reflected in another Florida utility's similar solar base rate adjustment filing made after February 28, 2017, DEF agrees to demonstrate the reasonableness of said difference(s), including a departure, if any, from the current intent to utilize single axis tracking technology, provided that DEF's explanation is subject to public availability of information about the other utility's project costs. It is DEF's current intent, but not a guarantee, to utilize single axis tracking technology, whenever possible and cost effective, in its solar projects subject to this Paragraph. This intent, however, may exclude certain projects originating from third parties. In implementing potential solar projects, DEF will utilize a reasonable competitive solicitation process(es) to select its contractors and to procure equipment and materials, and DEF will also consider buying out existing potential projects in any stage of development, as long as those projects meet DEF's reasonable standards, the cost cap, and the cost differential requirements of this Paragraph. Affiliate companies to DEF will not be allowed to participate as potential contractors in this competitive solicitation process. DEF agrees to file monthly reports that will provide the same

information as that filed with the Commission in Docket No. 20170007-EI by another utility for its solar projects, in order to reflect the performance of the solar projects after they have been placed in-service.

b. For solar generation projects subject to the Florida Electrical Power Plant Siting Act (i.e., 75 MW or greater), DEF will file a petition for need determination pursuant to Chapter 25-22, F.A.C. If approved pursuant to the procedures described in this Paragraph and Section 403.519, F.S., DEF will calculate and submit for Commission confirmation the base rate adjustment for each such solar project, consistent with Subparagraphs 15.e. and 15.f.

c. Solar generation projects not subject to the Florida Electrical Power Plant Siting Act (i.e., fewer than 75 MW), also will be subject to approval by the Commission as follows: (i) DEF will file a request for approval of the solar generation project in a separate docket; and (ii) the issues for determination are limited to: the reasonableness and cost effectiveness of the solar generation projects (i.e., will the projects lower the projected system cumulative present value revenue requirement "CPVRR" as compared to such CPVRR without the solar projects); the amount of revenue requirements; and whether, when considering all relevant factors, DEF needs the solar project(s). Any Party may challenge the reasonableness of DEF's actual or projected solar project costs. If approved, DEF will calculate and submit for Commission confirmation the base rate adjustment for each such solar project, consistent with Subparagraphs 15.e. and 15.f.

d. The maximum cumulative amount(s) of solar projects (in MW) for which DEF may recover through the base rate adjustment provided for in this Paragraph in any year covered by this 2017 Second Revised and Restated

Settlement Agreement are as follows: 2019: 350 MW; 2020: 525 MW; 2021: 700 MW;
2022: 700 MW.

e. Each base rate adjustment allowed by or implemented pursuant to this Paragraph is to be reflected on DEF's customer bills by increasing customer demand and energy base rate charges by an equal percentage contemporaneously; however, consistent with Paragraph 21, the delivery voltage credits and IS/CS/GSLM-2 credits shall not be adjusted. The calculation of the percentage change in rates will be based on the ratio of (i) the forecasted jurisdictional Annualized Base Revenue Requirement for the solar project(s) covered by any single base rate increase to (ii) the forecasted retail base revenues from the sales of electricity during the first twelve months of operation. The forecasted retail base revenues from the sales of electricity during the first twelve months of operation will be based upon DEF's billing determinants for the first 12 months following such project's commercial in-service date, where such sales forecast is that used in DEF's then-most-current CCR Clause filings with the Commission, including, to the extent necessary, projections of such billing determinants into a subsequent calendar year so as to cover the same 12 months as the first 12 months of each such solar project's operation. DEF shall be authorized to begin applying the base rate charges for each adjustment authorized by this Paragraph to meter readings beginning with the first billing cycle on or after the commercial in-service date of that solar generation project.

f. Each base rate adjustment created by this Paragraph will be calculated using a 10.5% ROE and DEF's projected 13-month average capital structure for the first 12 months of operation, including all specific adjustments consistent with DEF's most recently filed December earnings surveillance report, and

excluding the treatment of common equity and rate base (working capital) allowed in Paragraph 18 of the 2013 Settlement Agreement, and adjusted to include an ADIT proration adjustment consistent with 26 C.F.R. Section 1.167(l)-1(h)(6) and adjusted to reflect the inclusion of investment tax credits on a normalized basis.

g. In the event that the actual capital expenditures are less than the approved projected costs, included in the petition for cost recovery and used to develop the initial base rate adjustment, the lower figure shall be the basis for the full revenue requirements and a one-time credit will be made through the CCR Clause. In order to determine the amount of this credit, a revised base rate adjustment will be computed using the same data and methodology incorporated in the initial base rate adjustment, with the exception that the actual capital expenditures will be used in lieu of the capital expenditures on which the Annualized Base Revenue Requirement was based. On a going-forward basis, base rates will be adjusted to reflect the revised base rate adjustment. The difference between the cumulative base revenues since the implementation of the initial base rate adjustment and the cumulative base revenues that would have resulted if the revised base rate adjustment had been in place during the same time period will be credited to customers through the CCR Clause with interest at the 30-day commercial paper rate as specified in Rule 25-6.109, F.A.C.

h. Subject to the maximum cost of \$1,650 per kWac set forth in Subparagraph 15(a), in the event that actual capital costs for solar generation projects in any filing are higher than the projection on which the Annualized Base Revenue Requirement was based, DEF at its option may initiate a limited proceeding per Section 366.076, F.S., limited to the issue of whether DEF has met the requirements

of Rule 25-22.082(15), F.A.C. Nothing in this 2017 Second Revised and Restated Settlement Agreement shall prohibit a Party from participating in any such limited proceeding for the purpose of challenging whether DEF has met the requirements of Rule 25-22.082(15), F.A.C., or otherwise acted in accordance with this 2017 Second Revised and Restated Settlement Agreement. If the Commission finds that DEF has met the requirements of Rule 25-22.082(15), F.A.C., then DEF shall increase the base rate adjustment at issue by the corresponding incremental revenue requirement due to such additional capital costs, provided, consistent with Subparagraph 15(a) above, DEF is prohibited from recovering through this or any other mechanism or proceeding any costs greater than \$1,650 per kWac (calculated as the weighted average cost of the projects submitted in the particular filing at issue) under any circumstances. However, DEF's election not to seek such an increase in base rates shall not preclude DEF from booking any incremental costs for surveillance reporting and all regulatory purposes subject only to a finding of imprudence or disallowance by the Commission. Nothing in this 2017 Second Revised and Restated Settlement Agreement shall preclude any Party to this 2017 Second Revised and Restated Settlement Agreement or any other lawful party from participating, consistent with the full rights of an intervenor, in any such limited proceeding.

Federal Corporate Income Tax Changes:

16.

a. Federal or state corporate income tax changes ("Tax Reform") can take many forms, including changes to tax rates, changes to deductibility of certain costs, and changes to the timing of deductibility of certain costs. Therefore the impact of Tax Reform could impact the effective tax rate recognized by DEF in FPSC

adjusted reported net operating income and the measurement of existing and prospective deferred federal income tax assets and liabilities reflected in the FPSC adjusted capital structure. When Congress last reduced the maximum federal corporate income tax rate in the Tax Reform Act of 1986, it included a transition rule that, as an eligibility requirement for using accelerated depreciation with respect to public utility property, specified the method and period for returning to customers the portion of the resulting excess deferred income taxes attributable to the use of accelerated depreciation. To the extent Tax Reform includes a transition rule applicable to excess deferred federal income tax assets and liabilities ("Excess Deferred Taxes"), defined as those that arise from the re-measurement of those deferred federal income tax assets and liabilities at the new applicable corporate tax rate(s), those Excess Deferred Taxes will be governed by the Tax Reform transition rule.

b. If Tax Reform is enacted before DEF's next general base rate proceeding, DEF will quantify the impact of Tax Reform on its Florida Jurisdictional base revenue requirement as projected in DEF's forecasted earnings surveillance report for the calendar year that includes the period in which Tax Reform is effective. DEF will also adjust base rate adjustments that have not yet gone into effect to specifically account for Tax Reform. The impacts of Tax Reform on base revenue requirements will be flowed back to retail customers, except that each year throughout the term of this 2017 Second Revised and Restated Settlement Agreement 40% of such impacts, up to \$50 million pre-tax, would be recorded as an acceleration of depreciation expense associated with Crystal River Units 4 and 5, thereby reducing the FPSC-adjusted net operating income impact of Tax Reform by up to the after-tax

impact of this accelerated depreciation. All remaining base rate impacts of Tax Reform will be flowed back to customers, within 120 days of when the Tax Reform becomes law, through a one-time adjustment to base rates upon a thorough review of the effects of the tax reform on base revenue requirements. This one-time adjustment shall be accomplished through a uniform percentage decrease to customer, demand and energy base rate charges, excluding delivery voltage credits, for all retail customer classes. Any effects of tax reform on retail revenue requirements from the effective date through the date of the one-time base rate adjustment shall be flowed back to customers through the CCR Clause on the same basis as used in any base rate adjustment. An illustration is included as Exhibit 6. If Tax Reform results in an increase in base revenue requirements, DEF will utilize deferral accounting as permitted by the Commission, thereby neutralizing the FPSC adjusted net operating income impact of the Tax Reform to a net zero, through the Term of this 2017 Second Revised and Restated Settlement Agreement. In this situation, DEF shall defer the revenue requirement impacts to a regulatory asset to be considered for prospective recovery in a change to base rates to be addressed in DEF's next base rate proceeding or in a limited scope proceeding before the Commission no sooner than the expiration of this 2017 Second Revised and Restated Settlement Agreement.

c. Excess Deferred Taxes shall be deferred to a regulatory asset or liability which shall be included in FPSC adjusted capital structure and flowed back to customers over a term consistent with law. If the same Average Rate Assumption Method used in the Tax Reform Act of 1986 is prescribed, then the regulatory asset or liability will be flowed back to customers over the remaining life of the assets associated with the Excess Deferred Taxes subject to the provisions related to FPSC

adjusted operating income impacts of Tax Reform noted above. If the Tax Reform law or act is silent on the flow-back period, and there are no other statutes or rules that govern the flow-back period, then there is a rebuttable presumption that the following flow-back period(s) will apply: (1) if the cumulative regulatory liability is less than \$200 million, the flow-back period will be five years; or (2) if the cumulative regulatory liability is greater than \$200 million, the flow-back period will be ten years. DEF reserves the right to demonstrate by clear and convincing evidence that such five or ten year maximum period (as applicable) is not in the best interest of DEF's customers and should be increased to no greater than 50 percent of the remaining life of the assets associated with the Excess Deferred Taxes (referred to as the "50 Percent Period"). The relevant factors to support DEF's demonstration include, but are not limited to, the impact the flow-back period would have on DEF's cash flow and credit metrics or the optimal capitalization of DEF's jurisdictional operations in Florida. If DEF can demonstrate, by clear and convincing evidence, that limiting the flow-back period to the 50 Percent Period, in conjunction with the other Tax Reform provisions related to deferred taxes within this 2017 Revised and Restated Settlement Agreement, will be the sole basis for causing a full notch credit downgrade by each of the major rating agencies (i.e. Standard & Poor's and Moody's), the Commission shall be authorized to permit a longer flow-back period.

17. Electric Vehicle Charging Station Pilot Program:

a. Size and Scope

- i. DEF is authorized to purchase, install, own, and support Electric Vehicle Service Equipment (EVSE) at DEF's customers' locations.

- ii. DEF may incur up to \$8 million plus reasonable operating and maintenance expense, with a minimum deployment of 530 EVSE, with the minimum numbers distributed as set forth in the attached Exhibit 7, in relation to this EVSE program. In the event that DEF is unable to find willing host sites for a given segment, program expenditures may be shifted to other segments identified in Subparagraph 17.b., or new segments proposed by DEF, as approved in advance by the Commission.
 - iii. The EVSE program will be a pilot program ("Pilot") for five (5) years.
 - iv. For purposes of this 2017 Second Revised and Restated Settlement Agreement, Level 2 refers to EVSE technology which delivers AC power at 208 or 240 volt, and DC Fast Charging refers to EVSE technology which delivers DC power at 44kW and above.
- b. Targeted market segments and EVSE technologies**
- i. DEF must strategically deploy EVSE as set forth in Exhibit 7 subject to the exception provided for in Subparagraph 17.a.ii. above.
 - ii. At least ten (10) percent of the charging stations shall be installed in low income communities, as that term is

defined in Section 288.9913(3), F.S.

- c. **Electricity pricing:** Where EV drivers make purchases directly from DEF when using the EVSE, said drivers will pay the appropriate Commission-approved rates/prices for energy use at the EVSE. Total prices paid by EV drivers may include nominal administrative or processing fees.
- d. **Accessibility & interoperability**
 - i. Level 2 EVSE shall be network ready and able to communicate with a network management system (NMS) and use Open Charge Point Protocol (OCPP 1.6 or later).
 - ii. EVSE vendors must provide a certified OpenADR 2.0b Virtual End Node (VEN or Client) that can interface with an OpenADR 2.0b server to interpret signals and manage charging.
 - iii. DEF shall conduct a Request For Proposal process in selecting EVSE hardware and network solution providers for each segment contained in the Pilot to create a competitive process open to all EVSE vendors.
- e. **Consumer education:** DEF shall establish dedicated program funding for market education and outreach, to be capped at five (5) percent of \$8 million.
- f. **Data collection and reporting**
 - i. For the full term of the Pilot, DEF shall collect comprehensive data related to the Pilot, including but not

limited to charging station deployment by market segment (e.g., multi-family, workplace, public, etc.) and technology type (e.g., Level 2 or Direct Current Fast Charger); installation cost by segment and technology type; segment-level data regarding load growth, the potential for demand response, load profiles, electricity prices paid by EV drivers, and EV charging equipment providers.

- ii. DEF shall report to the Commission and Parties on an annual basis in a report which includes, but is not limited to, the data points and metrics detailed in Subparagraph 17.f.i. above.
- iii. DEF shall either initiate a separate proceeding for approval of a permanent electric vehicle charging station offering within 4 years of the Effective Date or shall make a filing with the Commission to explain why a permanent offering is not warranted.
- iv. DEF shall coordinate with transit agencies to expand awareness of Zero Emission Buses.

g. Regulatory treatment and procedure

- i. DEF shall be authorized to defer the recovery of its EVSE program capital costs and operating expenses (full revenue requirements) to a regulatory asset that will earn DEF's AFUDC rate. Revenues generated through the EVSE shall offset the amount of the costs to be deferred

to the regulatory asset. At the time DEF makes the filing described above in Subparagraph 17.f.iii. above, but in no event sooner than the expiration of the Term, DEF will be authorized to recover the amount of the regulatory asset over a four year period through a uniform percent increase to the customer, demand and energy base rate charges, but, consistent with Paragraph 21, the delivery voltage credits and IS/CS/GSLM-2 credits shall not be adjusted.

- ii. The EVSE shall be subject to a depreciation rate of 20 percent.
- iii. The Parties agree that the Commission retains the ability to make a determination about the appropriate regulatory treatment for the permanent EV offering, if DEF files it, at such time as DEF initiates the separate proceeding, and there shall be no presumption of correctness in that separate proceeding regarding how this 2017 Second Revised and Restated Settlement Agreement permits the treatment of costs for purposes of the Pilot.

Economic Development and Economic Re-Development Tariffs:

18. DEF shall make permanent the pilot Economic Development and Economic Re-Development Tariffs that were initially approved by the Commission in the 2013 Settlement Agreement, and approved for another three year period in Order No. PSC-16-0423-TRF-EI (consummating Order No. PSC-16-0497-CO-EI). The

permanent tariffs are part of Exhibits 3 and 4.

Other Matters:

19. DEF shall be authorized, at its discretion, to accelerate in full or in part the amortization of the regulatory assets for FAS 109 Deferred Tax Benefits Previously Flowed Through, Unamortized Loss on Reacquired Debt, 2009 Pension Regulatory Asset, and Interest on Income Tax Deficiency over the Term of this 2017 Second Revised and Restated Settlement Agreement. DEF will be authorized to continue making a specific adjustment to its common equity balance and rate base working capital balance for the purposes of calculation of rate base and the capitalization ratios used for surveillance reporting pursuant to Rule 25-6.1352, F.A.C., and pass-through clauses, prior to and including the December 2018 surveillance report. DEF shall be allowed to make this adjustment for purposes of setting the rates for the GBRA increase referenced in Paragraph 14 but it shall not be used for purposes of calculating the base rate adjustments pursuant to Paragraphs 7, 12, 15, 21, 24, or 37, or any Tax Reform adjustments applicable to prospective rate adjustments made pursuant to Paragraphs 7, 12, 15, 21, 24, or 37. For clarity the last time this adjustment will be made is December 2018. The calculation of this adjustment will be based on the methodology employed by Standard and Poor's Ratings Service ("S&P") in its determination of imputed off balance sheet obligations related to future capacity payments to qualifying facilities and other entities under long-term purchase power agreements. The amount of the adjustment to common equity and rate base will fluctuate over time with changes in the amount of future purchase power obligations. The Original Parties agree that the common equity and rate base adjustments set forth in this Paragraph are unique to the specific

circumstances of DEF, as it relates to this 2017 Second Revised and Restated Settlement Agreement, and the treatment of DEF's common equity and rate base in this Paragraph shall not constitute binding Commission precedent or create a presumption of correctness as to the adjustment for future ratemaking in any future proceeding involving DEF or any other utility. Moreover, this adjustment and the Original Parties' agreement to such adjustment in this unique proceeding shall be without prejudice to any party advocating a different position in future proceedings not involving this 2017 Second Revised and Restated Settlement Agreement. The methodology employed by S&P shall not be taken into account for purposes of calculating interim rates or determining whether DEF can seek a base rate adjustment pursuant to Paragraph 37 of this 2017 Second Revised and Restated Settlement Agreement.

20. All other cost of service and rate design issues will be determined in accordance with Exhibit 1 to this 2017 Second Revised and Restated Settlement Agreement. The level of the credits specified in Exhibit 1 will not change during the Term. DEF agrees that the level of clause-recoverable credits, including IS, CS, and GSLM-2, will not change after the expiration of the Term absent a Commission order in a general base rate proceeding or a Demand Side Management goals and plan approval proceeding. As it has done since the first billing cycle for January 2014, DEF shall continue billing the Retail CCR Clause for demand rate classes on a kilowatt ("kW") basis rather than the previously-used kilo-watt-hour ("kWh") method.

21. Effective with the first billing cycle after this 2017 Second Revised and Restated Settlement Agreement becomes effective, DEF shall increase the monthly delivery voltage credits for distribution primary delivery level customers from

\$0.41/KW to \$1.19/KW and for transmission delivery level customers from \$1.55/KW to \$5.95/KW. The cost of the increased delivery voltage credits shall be recovered from all DEF retail customers through a uniform percent increase to the other base rate charges, including customer, demand, and energy charges. This uniform percentage increase was calculated using the billing determinants included as Exhibit 2 to this 2017 Second Revised and Restated Settlement Agreement for the projected year of 2018. The delivery voltage credits shall not be further changed during the Term of this 2017 Second Revised and Restated Settlement Agreement; specifically, the delivery voltage credits shall not change when calculating the effects of any change in rates provided for in this 2017 Second Revised and Restated Settlement Agreement, including the changes provided for in Paragraphs 7, 12, 14, 15, 16, 24, and 37. To the extent Tax Reform results in a reduction to the base rate revenue requirements after the Effective Date, DEF shall consider the then-current statutory federal corporate income tax rate in the determination of the delivery voltage credit proposed in the next base rate proceeding.

22. DEF will enter into no new financial natural gas hedging contracts effective January 1, 2018, throughout the Term. DEF shall be allowed to recover the costs associated with the financial hedges it has already executed prior to the Effective Date, through the normal course of Docket No. 20170001-EI and subsequent fuel clause proceedings. DEF further agrees that, during the Term of this 2017 Second Revised and Restated Settlement Agreement, it will not seek to recover costs from customers related to investments in oil and/or natural gas exploration and/or production, including but not limited to investments in fracking.

23. DEF will be allowed to defer all O&M costs incurred in the development

and implementation of the new Customer Information System ("CIS") to a regulatory asset that will not accrue an AFUDC carrying cost. DEF will amortize the regulatory asset over fifteen (15) years beginning in 2023. The Parties will not be precluded from challenging the reasonableness and prudence of such costs in the next base rate proceeding.

24. DEF will be allowed to transfer the net book value ("NBV") of all Mobile Meter Reading ("MMR") assets and the commercial Silver Springs Network ("SSN") meters to a regulatory asset and amortize these investments, starting with the Effective Date, at the current level of depreciation until fully recovered. The new Advanced Metering Infrastructure ("AMI") assets will be permitted a depreciable life of fifteen (15) years. Upon completion of AMI meter deployment, DEF will introduce a residential Time of Use rate. In addition, effective with the first billing cycle for January 2018, DEF will be allowed to move the commercial SSN meters from recovery in the Energy Conservation Cost Recovery Clause to recovery through base rates through a uniform percent increase to the demand and energy charges for all rate classes except the IS and CS rate classes, but, consistent with Paragraph 21, the delivery voltage credits and IS/CS/GSLM-2 credits shall not be adjusted. This uniform percentage increase shall be calculated using the billing determinants included as Exhibit 2 to this 2017 Second Revised and Restated Settlement Agreement for the projected year of 2018.

25. Regarding the University of Florida ("UF"), if UF expresses an intent to exercise or exercises its option to require DEF to retire the UF Cogeneration Plant, DEF will be allowed to continue the current level of depreciation expense on the UF Plant until it files its next base rate proceeding and will then be allowed to recover the

remaining NBV of the UF Plant over a five (5) year period as part of its base rate filing.

26. In the event that DEF is required to implement settlement accounting for Pension Benefits Expense, DEF will be permitted to defer, to a regulatory asset, the impact associated with the Generally Accepted Accounting Principles ("GAAP") required recognition of the unrealized losses and amortize that regulatory asset over a period to be determined in the next base rate proceeding.

27. DEF may implement a 50 MW battery storage pilot program ("Battery Storage Pilot") designed to enhance service for retail customers, or to enhance operations of existing or planned solar facilities. The Parties to this 2017 Second Revised and Restated Settlement Agreement will work cooperatively regarding the location of the battery storage projects; however, DEF shall ultimately be responsible for determining the projects and locations that provide the most benefits at the time of installation. The cost to install battery storage projects pursuant to this Paragraph shall be reasonable and, on average, shall not exceed \$2,300 per kWac. The Parties to this 2017 Second Revised and Restated Settlement Agreement agree that the Battery Storage Pilot implementation in accordance with this 2017 Second Revised and Restated Settlement Agreement (and not in violation of any law) is a prudent investment to make and provides benefits for customers. DEF may request cost recovery for the Battery Storage Pilot in its next general base rate case, and the Parties to this 2017 Second Revised and Restated Settlement Agreement agree not to contest the prudence of the decision to make the investment that complies with this 2017 Second Revised and Restated Settlement Agreement. This 2017 Second Revised and Restated Settlement Agreement does not affect the right of Parties to

challenge the reasonableness of the costs incurred for the Battery Storage Pilot.

28. DEF shall include a capacity value for solar facilities in its Ten Year Site Plan to be filed April 1, 2018. DEF agrees to consider input from SACE or any other Party in the design of the data to be collected and will share the information with SACE and any other Party requesting it prior to filing its Ten Year Site Plan.

29. DEF will be allowed to offer a Shared Solar Tariff to its customers, attached as part of Exhibit 5, which shall be approved upon approval of this 2017 Second Revised and Restated Settlement Agreement, and will become effective after the completion of programming. The tariff sheet will be filed by the Company and may be administratively approved by Commission Staff at that time. A Party's execution or approval of this 2017 Second Revised and Restated Settlement Agreement does not necessarily signify an endorsement of the Shared Solar tariff, program design, or rates.

30. DEF will be allowed to offer a FixedBill program to its residential customers, as reflected in the attached FixedBill tariff, attached as part of Exhibit 5. DEF will determine the amount of FixedBill revenues for surveillance and other regulatory purposes by multiplying the actual energy used by FixedBill participants by the otherwise applicable tariff rates. This calculated amount will be reflected in base rates and recovery clauses on a monthly basis as though these were the revenues charged to customers for their usage. The difference between the calculated amount and what customers are actually billed under FixedBill will be treated as a below the line revenue or expense, along with any costs to implement and maintain the program. This proposed regulatory treatment will hold non-participants harmless as they will not subsidize or be subsidized by the FixedBill program. The attached

FixedBill tariff shall become effective on March 1, 2018.

31. The Parties agree that DEF shall be deemed to have satisfied the requirement that periodic servicing and administration fees in excess of DEF's incremental cost of performing those functions be included in DEF's cost of service, as required by Ordering Paragraph 80 of Order No. PSC-15-0537-FOF-EI in Docket Nos. 150148-EI and 150171-EI.

32. The cost of removal regulatory asset (excluding the \$107.469 million related to CR3) will be recovered commencing on the earlier of the Company's next filed base rate proceeding or upon the completion and approval by this Commission of the Company's next depreciation study. Any recovery period of this regulatory asset shall be no longer than the average remaining service life of the assets, approved in the Company's most recent depreciation study. DEF shall file a Depreciation Study, Fossil Dismantlement Study, Storm Reserve Study, and Nuclear Decommissioning Study (collectively the "Studies") on or before March 31, 2022, or accompanying the next base rate case, whichever occurs first. In any event, DEF shall file the Studies at least 90 days before the filing of its MFRs and testimony in connection with its next base rate case, such that all issues arising from such studies can be litigated by the Parties in the next base rate case. For clarity, the Parties agree that this Paragraph revises the reference that DEF will file a new depreciation study and dismantlement study including the Osprey Plant by March 31, 2019, included in the Commission's Order No. PSC-16-0521-TRF-EI, issued November 21, 2016 in Docket No. 160178-E, such that DEF will file these studies, and include the Osprey Plant, no later than March 31, 2022.

33. During the Term of this 2017 Second Revised and Restated Settlement

Agreement DEF commits to collect data on the economic and operational benefits and costs, to the extent such benefits and costs can be reasonably identified, from the use of demand-side solar on its system to support overall rate design, which may, during the Term of this 2017 Second Revised and Restated Settlement Agreement, entail the installation of meters on the demand-side solar generation at no cost to the customer. DEF agrees to consider input from SACE or any other Party in the design of the data to be collected, and will share the information with SACE and any other Party requesting it prior to any filing that involves changes in rate design. DEF commits, during the Term of this 2017 Second Revised and Restated Settlement Agreement, to not introduce any new tariffs that impact rates on customers that use demand-side solar, or any other tariff related to distributed energy resources, absent a cost of service study approved by the Commission or a directive by the Commission. No Parties are precluded from taking a position on such a filing or proceeding.

34. DEF may not petition for an increase in base rates and charges that would take effect prior to the first billing cycle for January 2022, except for the increases in base rates and charges provided for or allowed by the terms of this 2017 Second Revised and Restated Settlement Agreement, including, without limitation, the recovery of nuclear asset-recovery charges that are being recovered on behalf of Duke Energy Florida Project Finance, LLC, pursuant to Commission Docket No. 150171-EI. In addition, the Parties agree that the base rate increases or charges that, pursuant to the terms of this 2017 Second Revised and Restated Settlement Agreement extend beyond the last billing cycle for December 2021 and survive the expiration of the Term or termination of this 2017 Second Revised and Restated

Settlement Agreement, specifically include, without limitation, (A) the recovery of the nuclear asset-recovery charge until the nuclear asset-recovery bonds have been paid in full and the Commission-approved financing costs have been recovered in full, and for such a period consistent with the proviso in Subparagraph 5.c. of this 2017 Second Revised and Restated Settlement Agreement; (B) the potential recovery of additional funds to fund the CR3 Nuclear Decommissioning Trust pursuant to Paragraph 7 of this 2017 Second Revised and Restated Settlement Agreement; (C) the potential recovery of the CRS net book value pursuant to Paragraph 8 of this 2017 Second Revised and Restated Settlement Agreement; (D) the recovery of solar facilities brought into service beyond the Term, as provided for in Subparagraph 15.a. of this 2017 Second Revised and Restated Settlement Agreement; (E) the recovery of the DCS facility capital costs through the Capacity Cost Recovery Clause, as reflected in Subparagraph 5.a.1. of this 2017 Second Revised and Restated Settlement Agreement; (F) the potential recovery of the UF NBV pursuant to Paragraph 25 of this 2017 Second Revised and Restated Settlement Agreement; (G) the recovery of the deferred CIS O&M pursuant to Paragraph 23 of this 2017 Second Revised and Restated Settlement Agreement; and (H) the recovery of EVSE pursuant to Paragraph 17 of this 2017 Second Revised and Restated Settlement Agreement. Notwithstanding the rate relief mechanism described in Paragraph 37, DEF is prohibited from seeking or implementing an interim rate increase pursuant to Section 366.071, F.S., until the expiration of the Term of this 2017 Second Revised and Restated Settlement Agreement. The Parties likewise will neither seek nor support any reduction in DEF's base rates and charges, including limited, interim, or any other rate decreases, that would take effect prior to the first billing cycle for January 2022,

except for any reduction requested by DEF or as otherwise provided for in this 2017 Second Revised and Restated Settlement Agreement. Unless expressly prohibited under this 2017 Second Revised and Restated Settlement Agreement, the Commission shall not be precluded, in the Company's next base rate proceeding, from reviewing any aspect of DEF's financial condition since its last rate case (2013).

35. Notwithstanding the expiration of the Term of this 2017 Second Revised and Restated Settlement Agreement, DEF's base rate and non-DSM credit levels applied to customer bills, including the effects of the base rate adjustments as implemented pursuant to this 2017 Second Revised and Restated Settlement Agreement (i.e., uniform percent increase for all rate classes applied to base rate revenues and charges), shall continue in effect until next reset by the Commission in a general base rate proceeding.

36. No Party to this 2017 Second Revised and Restated Settlement Agreement will request, support, or seek to impose a change to any provision in this 2017 Second Revised and Restated Settlement Agreement. This 2017 Second Revised and Restated Settlement Agreement, and the attached exhibits and schedules, represent the entire and complete agreement between the Parties. The Parties consider each provision to be integral to their respective support for the 2017 Second Revised and Restated Settlement Agreement in its entirety, and no provision may be changed or altered without the consent of each signatory Party in a written document duly executed by all Parties to this 2017 Second Revised and Restated Settlement Agreement. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this 2017 Second Revised and Restated Settlement Agreement, the Parties agree to meet and confer in an effort to resolve the

dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution. Florida law will govern all terms, conditions, and provisions of this 2017 Second Revised and Restated Settlement Agreement, including, but not limited to, any disputes arising from this 2017 Second Revised and Restated Settlement Agreement.

37. If DEF's retail base rate earnings fall below a 9.5% ROE as reported on a Commission adjusted or pro-forma basis on a DEF monthly earnings surveillance report during the Term of this 2017 Second Revised and Restated Settlement Agreement, DEF may petition the Commission to amend its base rates during the Term of this 2017 Second Revised and Restated Settlement Agreement. Such request by the Company shall be limited to an increase that would achieve a 10.5% ROE. No Party waives its right to participate in such a proceeding, and such participation will only be limited by the terms of this 2017 Second Revised and Restated Settlement Agreement. If DEF's retail base rate earnings exceed an 11.5% ROE as reported on a Commission adjusted or pro-forma basis on a DEF monthly earnings surveillance report during the Term of the 2017 Second Revised and Restated Settlement Agreement, any Intervenor Party shall be entitled to petition the Commission for a review of DEF's base rates and charges. The Parties to this 2017 Second Revised and Restated Settlement Agreement are not precluded from participating in any such proceedings. This Paragraph shall not be construed to bar or limit DEF from any recovery of costs otherwise contemplated by this 2017 Second Revised and Restated Settlement Agreement, and all other provisions of this 2017 Second Revised and Restated Settlement Agreement shall remain in force and effect.

38. Nothing shall preclude the Company from requesting the Commission to

approve the recovery of the following types of costs:

a. Costs that are of a type which traditionally and historically would be, have been, or are presently recovered through cost recovery clauses or surcharges, or

b. It is the intent of the Parties that, in conjunction with the provisions of Subparagraph 12.d., DEF shall not seek to recover, nor shall DEF be allowed to recover, through any cost recovery clause or charge, or through the functional equivalent of such cost recovery clauses and charges, costs of any type or category that have historically and traditionally been recovered in base rates, unless such costs are: (i) the direct and unavoidable result of new governmental impositions or requirements; (ii) new or atypical costs that were unforeseeable and could not have been contemplated by the Parties resulting from significantly changed industry-wide circumstances directly affecting DEF's operations; or (iii) costs that would otherwise be recoverable through base rates that the Florida Legislature has expressly authorized as clause recoverable by public utilities, as that term is defined in Section 366.02(2), F.S.

c. With respect to storm damage costs caused by a tropical system named by the National Hurricane Center or its successor, nothing in this 2017 Second Revised and Restated Settlement Agreement shall preclude DEF from petitioning the Commission to seek recovery of costs associated with any storms without the application of any form of earnings test or measure and irrespective of previous or current base rate earnings. The Parties agree that recovery from customers for storm damage costs will begin, subject to Commission approval on an interim basis, sixty (60) days following the filing of a cost recovery petition with the Commission, and subject to true-up pursuant to further proceedings before the Commission, and will be based on a

12-month recovery period. All storm-related costs shall be calculated and disposed of pursuant to Commission Rule 25-6.0143, F.A.C., and will be limited to costs resulting from a tropical system named by the National Hurricane Center or its successor, an estimate of incremental costs above the level of storm reserve prior to the storm event, and replenishment of the storm reserve to the level as of the Implementation Date of the 2012 Settlement Agreement (as the term "Implementation Date" is defined in the 2012 Settlement Agreement) or approximately \$132 million (retail). The Parties to this 2017 Second Revised and Restated Settlement Agreement are not precluded from participating in any such proceedings. The Parties expressly agree that any proceeding to recover costs associated with any storm shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of the Company and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

39. The provisions of this 2017 Second Revised and Restated Settlement Agreement are contingent on approval of this 2017 Second Revised and Restated Settlement Agreement in its entirety by the Commission. The Parties further agree that this 2017 Second Revised and Restated Settlement Agreement is in the public interest, and that they will support this 2017 Second Revised and Restated Settlement Agreement and will not request or support any order, relief, outcome, or result in express conflict with the terms of this 2017 Second Revised and Restated Settlement Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this 2017 Second Revised and Restated Settlement Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this 2017 Second

Revised and Restated Settlement Agreement or any of the terms in the 2017 Second Revised and Restated Settlement Agreement shall have any precedential value. The Parties' agreement to the terms in the 2017 Second Revised and Restated Settlement Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving the 2017 Second Revised and Restated Settlement Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in a future proceeding nor shall any Party represent in any future forum that another Party endorses a specific provision of this 2017 Second Revised and Restated Settlement Agreement because of that Party's signature herein. It is the intent of the Parties to this 2017 Second Revised and Restated Settlement Agreement that the Commission's approval of all the terms and provisions of this 2017 Second Revised and Restated Settlement Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this 2017 Second Revised and Restated Settlement Agreement endorses a specific provision, in isolation, of this 2017 Second Revised and Restated Settlement Agreement because of that Party's signature herein.

40. All dollar values, asset determinations, rate impact values, or revenue requirements in this 2017 Second Revised and Restated Settlement Agreement are intended by the Parties to be retail jurisdictional in amount or formulation basis, unless otherwise specified.

41. This 2017 Second Revised and Restated Settlement Agreement dated as of August 29, 2017 may be executed in counterpart originals, and a facsimile or PDF email of an original signature shall be deemed an original.

In Witness Whereof, the Parties evidence their acceptance and agreement with
the provisions of this 2017 Second Revised and Restated Settlement Agreement by
their signatures below.

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ORDER NO. PSC-2017-0451-AS-EU

Attachment A

DOCKET NOS. 20170183-EI, 20100437-EI, 20150171-EI, 20170001-EI, 20170002-EG,
20170009-EI

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Duke Energy Florida, LLC

By  _____

Harry Sideris
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ORDER NO. PSC-2017-0451-AS-EU

Attachment A

DOCKET NOS. 20170183-EI, 20100437-EI, 20150171-EI, 20170001-EI, 20170002-EG,
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Office of Public Counsel

By  _____

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Attachment A

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Florida Industrial Power Users Group

By  Aug. 28, 2017

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ORDER NO. PSC-2017-0451-AS-EU

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White Springs Agricultural Chemicals, Inc.

By  8/25/2017

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Florida Retail Federation

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