

VOTE SHEET

April 9, 2013

Docket No. 120303-EI – Petition for approval for an accounting order to record in a regulatory asset or liability the unrealized and realized gains and losses resulting from financial accounting requirements related to interest rate derivative agreements, Progress Energy Florida, Inc.

**Issue 1:** Should the Commission authorize PEF to use deferral accounting to create a regulatory asset or liability account to record the realized and unrealized gains and losses associated with interest rate derivative agreements the Company must record in accordance with GAAP?

**Recommendation:** Yes. The Commission should authorize PEF to use deferral accounting to create a regulatory asset or liability account to record the realized and unrealized gains and losses associated with interest rate derivative agreements the Company must record in accordance with GAAP. Further, the Commission should find that the approval to record the regulatory asset or liability for accounting purposes does not limit the Commission’s ability to review the amounts for reasonableness in future rate proceedings. This accounting treatment should be approved prospectively for the reporting period beginning January 1, 2013.

**APPROVED**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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(Continued from previous page)

**Issue 2:** Should the Commission require PEF to retain and provide documentation of all interest rate derivative activities once granted approval to record in a regulatory asset or liability account the realized and unrealized gains and losses related to interest rate derivative agreements? If so, what type of documentation is required?

**Recommendation:** Yes. The Commission should require PEF to track and record both the effective and ineffective portions combined of its realized and unrealized gains and losses. The Commission should authorize the Company to record such transactions as regulatory assets or liabilities in the Accounts 182.3 and 254, respectively. The Commission should require PEF to submit a Risk Management Plan within 90 days of the date of the final order in this docket and then annually with its application to issue securities. PEF also should file a report delineating the interest rate hedging results for the previous year with its securities consummation report each year.

**APPROVED**, with modification noted above (to include the word “combined”) in the recommendation.

**Issue 3:** Should this docket be closed?

**Recommendation:** Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed administratively upon the issuance of a Consummating Order and staff’s verification of receipt of the Risk Management Plan recommended in Issue 2.

**APPROVED**