

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding to
approve stipulation and settlement agreement
by Progress Energy Florida, Inc.

DOCKET NO. 120022-EI
ORDER NO. PSC-12-0049-PCO-EI
ISSUED: February 3, 2012

PROCEDURAL ORDER

Petition for Limited Proceeding

On January 20, 2012, Progress Energy Florida, Inc. (PEF) filed a Petition for Limited Proceeding to Approve Stipulation and Settlement Agreement. PEF requested that the Commission hold a limited proceeding pursuant to Sections 366.076 and 120.57(2), Florida Statutes (F.S.), and Rule 28-106.301, Florida Administrative Code (F.A.C.). The purpose of the limited proceeding is for the Commission to approve the Stipulation and Settlement Agreement (Agreement) which is attached as an exhibit to PEF's Petition. The Agreement is executed by PEF, the Office of Public Counsel (OPC), the Florida Industrial Power Users Group (FIPUG), the Florida Retail Federation (FRF), White Springs Agriculture Chemicals, Inc. d/b/a PCS Phosphates (White Springs), and the Federal Executive Agencies (FEA).

PEF asserts that the approval of the Agreement is appropriate under the limited proceedings section of the statutes, Section 366.076, F.S., because it represents the settlement of issues within the Commission's jurisdiction in several existing and continuing Commission dockets. The Agreement, if approved, would resolve issues in each of the several dockets. The Agreement includes an adjustment in the Company's base rates which will become effective with the first billing cycle in January 2013. PEF included with its petition proposed tariff sheets reflecting the changes in the rates which would occur if the Agreement is approved.

The Agreement

According to PEF, the Agreement resolves certain outstanding issues in existing and continuing Commission dockets, including Docket No. 100437-EI, which involves the examination of the outage and replacement fuel/power costs associated with PEF's Crystal River Unit 3 (CR3) steam generator replacement, and Docket No. 120009-EI, the Commission's ongoing Nuclear Cost Recovery Clause. PEF states that the resolution of these issues in these dockets involves, among other provisions in the Agreement, an adjustment to the Company's base rates. PEF states that the Agreement settles certain issues regarding the prudence of PEF's decisions and actions on the steam generator repair project, provides for a refund of \$288 million of replacement fuel costs to PEF's customers, provides for a resolution of the potential repair or decommissioning of CR3, and settles issues involving the Levy Nuclear Project and the CR3 power uprate project. PEF also asserts that the Agreement provides an adjustment in base rates beginning with the first billing cycle of January 2012 with PEF's base rates otherwise frozen through the last billing cycle of 2016, subject to certain other provisions in the Agreement.

DOCUMENT NUMBER-DATE

00701 FEB-3 2012

FPSC-COMMISSION CLERK

PEF's Statement of Commission Authority

PEF states that Section 366.076(1), F.S., provides that the Commission may conduct a limited proceeding to consider and act upon any issue within its jurisdiction, including any issue which, once resolved, requires a public utility to adjust its rates. According to PEF, approval of the Agreement is appropriate for Commission consideration under this statutory provision for a limited adjustment to PEF's base rates consistent with the resolution of the nuclear generation and other issues in the Company's existing and continuing dockets. PEF asserts that approval of the Agreement is appropriate for a limited proceeding because it provides the Commission and the Parties a single proceeding to obtain approval of issues that resolve certain, but not all, issues in the existing and continuing dockets involving PEF without interfering with the issues of other parties to the continuing Commission dockets.

PEF's Statement of No Disputed Issues of Material Fact

PEF states that the signatories to the Agreement believe that approval of the Agreement is in their best interests, the best interests of the customers they represent, and the public interest, and PEF requests, with the consent of the other signatories, that the Commission grant the Petition and approve the Agreement. PEF asserts that it and the other signatories to the Agreement believe that there are no disputed issues of material fact that must be resolved in order for the Commission to grant the Petition and approve the Agreement. PEF states that the Agreement represents a fair and reasonable resolution of competing and conflicting interests on a unique combination of complex issues in a comprehensive manner, that the rates resulting from approval of the Petition and Agreement will be fair, just, and reasonable, and that the Agreement is in the public interest.

Request for Notice and Final Hearing

PEF asks the Commission to provide public notice of the limited proceeding petition, and consider the Petition and approval of the Agreement in a final hearing. PEF requests that the Commission's consideration of the proposed settlement be made by a bench vote at a final hearing. PEF states that it has conferred with the other signatories to the Agreement, and that the other signatories support this approach. PEF asserts that the signatories to the Agreement include OPC and the organizations that represent the major customer groups served by PEF, and thus, the customers' interests are fairly represented by the signatories to the Agreement.

Ruling

Based upon the Petition of PEF and the representation that the signatories to the Agreement are in support of the proceedings, the following procedural schedule is set:

Commission Hearing pursuant to Section 120.57(2), F.S. (no material issues of disputed fact)	February 20, 2012, commencing at 1:00 pm
Continuation of Commission Hearing pursuant to Section 120.57(2), F.S., if needed	February 22, 2012

Section 120.57(4), F.S., permits the Commission to informally dispose of any proceeding by stipulation, agreed settlement, or consent order. Section 120.57(2), F.S., permits the Commission to proceed with hearings not involving disputed issues of material fact. Pursuant to Rule 28-106.302(2), F.A.C., the purpose of this hearing is for the Commission to take oral evidence or argument regarding PEF's Petition for a Limited Proceeding and consider PEF's request for approval of the Stipulation and Settlement Agreement. On February 22, 2012, the Commission may render a bench decision on the Petition for the Limited Proceeding and upon the Stipulation and Settlement Agreement. The approval of the Stipulation and Settlement Agreement may affect customer rates commencing January 2013.

The hearing agenda for February 20, 2012, subject to the Presiding Officer's authority and discretion, is anticipated to proceed as follows:

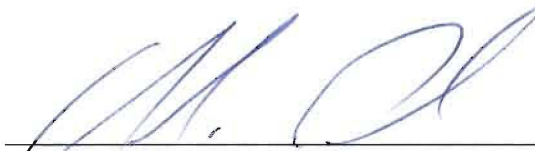
- Commission Staff Opening Presentation¹
- Swearing in of all witnesses, including public participation witnesses
- PEF and other signatories present evidence and arguments in support of its Petition and of the Agreement
- Public Testimony
- PEF or other signatories respond to questions raised during public testimony
- Commission questions for PEF and other signatories of the Agreement

Upon completion of the Commission's questions, the hearing will be closed and the Commission may consider a bench decision.

The Commission has jurisdiction pursuant to Chapter 366, F.S., and is proceeding under its authority pursuant to Sections 366.04, 366.041, 366.05, 366.06, 366.07, 366.076, 366.8255, 366.93, and 120.57(2) and (4), F.S., and Rule 28-106.301 and 28-106.302, F.A.C.

¹ In addition to cross-examination of PEF and other signatories, Commission staff will present its understanding of the Agreement. PEF and other signatories shall respond to staff's presentation, either affirming the accuracy of Commission staff's explanation or providing correction to staff's presentation.

By ORDER of Commissioner Eduardo E. Balbis, as Prehearing Officer, this 3rd day of February, 2012.



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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.

LCB

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.