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Ruth Nettles

090079-EI

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 Sent: Thursday, January 14, 2010 12:00 PM
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 Subject: Filing Docket 090079
 Attachments: Agreed Mechanism to Implement Order.pdf



Agreed
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<<Agreed Mechanism to Implement Order.pdf>> Docket 090079 In re: Petition for increase in rates by Progress Energy Florida, Inc.

1. This filing is made by

Jeanne Costello on behalf of James Michael Walls Carlton Fields, P.A.
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2. This filing is:

Agreed Mechanism to Implement Order No.
 PSC-09-0819-PCO-EI Authorizing Regulatory Asset or Liability

3. This filing consists of seven (7) pages including the attached Exhibit A.

4. This filing is made on behalf of Progress Energy Florida, Inc.

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

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January 14, 2010

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Re: In re: Petition for increase in rates by Progress Energy Florida, Inc.
Docket No. 090079
Agreed Mechanism to Implement Order No. PSC-09-0819-PCO-EI Authorizing
Regulatory Asset or Liability

Dear Counsel:

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FPSC-COMMISSION CLERK

On December 14, 2009, in Order No. PSC-09-0819-PCO-EI, in this docket, Docket No. 090079, the Florida Public Service Commission ("PSC" or the "Commission") authorized Progress Energy Florida, Inc. ("PEF" or the "Company") to establish a regulatory asset or liability in lieu of implementing the proposed \$499,997,000 base rate increase effective January 1, 2010. The Commission further ordered that the regulatory asset or liability shall be collected or refunded through a rate adjustment on customer bills for the remainder of 2010 after new permanent base rates have been implemented. The Commission also ordered that any remaining balance in the regulatory asset or liability shall be included in the capacity cost recovery true-up balance for 2010, and that PEF shall not accrue any interest on the accumulated balance in the regulatory asset or liability.

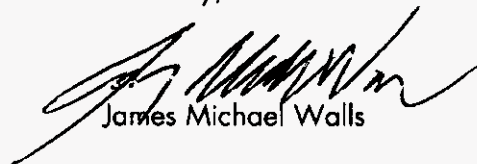
As set forth in Order No. PSC-09-0819-PCO-EI, the Office of Public Counsel ("OPC") indicated its willingness to work with PEF, Staff, and other parties to arrive at stipulated language on the final details for implementation of the regulatory asset or liability. As a result, subsequent to the issuance of Order No. PSC-09-0819-PCO-EI, PEF has worked with OPC on the mechanism to implement the regulatory asset or liability. The mechanism to implement the regulatory asset or liability is as follows:

1. The Regulatory Asset/Liability will be calculated as originally proposed by PEF using the rate increase or decrease awarded by the FPSC on January 11, 2010 excluding the calculation of interest.
2. The revenue increase used to calculate the Regulatory Asset/Liability will be reduced by the Interim and Bartow revenues as those will remain in place until such time as permanent base rates go into place (expected to be meter reading on or after 2/27/2010).
3. The Regulatory Asset will be collected or refunded over the period of March – December 2010 via a "rate adjustment" line item on customer bills calculated as a percent of base revenue.
4. Any balance remaining in the regulatory asset account at 12/31/2010 will be included in the 2010 Capacity Cost Recovery Clause (CCR) true-up filing.
5. PEF will true-up January and February sales to actual billed sales and recalculate the regulatory asset.
6. Any difference in the regulatory asset estimated for January and February as compared to that calculated using actual sales will be true-up and flowed through the CCR.
7. Examples of the base case regulatory asset calculation (using forecasted sales and staff recommended revenue requirements increase) and an illustrative regulatory asset calculation showing a favorable and unfavorable actual sales variance are attached as exhibit A.
8. PEF will provide revised schedules to the parties once the final revenue requirements have been decided by the FPSC and January and February actual billed sales have been experienced.

Attached as exhibit A to this letter are: (1) Schedule E-12 showing the calculation of the adjustment by rate class to the test year amount of unbilled revenue for the effect of the proposed rate increase; (2) a Base Case regulatory asset and rate adjustment calculation pursuant to the Staff recommendation issued November 30, 2009 in Docket No. 090079-EI; (3) an example of the calculation of the true-up for January and February actual sales pursuant to the Staff recommendation issued November 30, 2009 in Docket No. 090079-EI adjusted for an illustrative unfavorable actual sales variance; and (4) an example of the calculation of the true-up for January and February actual sales pursuant to the Staff recommendation issued November 30, 2009 in Docket No. 090079-EI adjusted for an illustrative favorable actual sales variance.

PEF has consulted with OPC and OPC has indicated its agreement to the mechanism to implement the regulatory asset or liability described in this letter and illustrated in the attachments included in Exhibit A to this letter. PEF has further consulted with the other parties of record, and with OPC's agreement, they have also indicated their assent to this mechanism to implement the regulatory asset or liability authorized by the Commission in Order No. PSC-09-0819-PCO-EI. Accordingly, PEF is filing this letter in the record in Docket No. 090079-EI to indicate this agreement to the mechanism to implement the regulatory asset or liability authorized by the Commission in Order No. PSC-09-0819-PCO-EI.

Sincerely,



James Michael Walls

cc: R. Alexander Glenn
John T. Burnett
Richard Melson
Paul Lewis, Jr.
Dianne M. Triplett

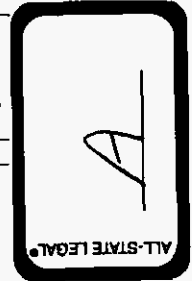
FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: PROGRESS ENERGY FLORIDA, INC
 DOCKET NO.: 090079-EI

EXPLANATION: Provide a schedule showing the calculation of the adjustment by rate class to the test year amount of unbilled revenue for the effect of the proposed rate increase.

Type of Data Shown:
 ___ Historical Test Year Ended ___/___/___
 X Projected Test Year Ended 12/31/10
 ___ Prior Year Ended ___/___/___
 Witness: Slusser

DEVELOPMENT OF UNBILLED REVENUE @ PRESENT RATES AND SUMMARY OF TOTAL CLASS REVENUES

Line No.	Rate Schedule	(1) Billed MWH Sales	(2) - (4) Base Revenues \$000's - Billed			(5) Unbilled MWH Sales	(6) Energy and Demand Chg \$/MWH (4)/(1)	(7) Unbilled Revenue (\$000) (5) * (6)	(8) Total Class Revenue (\$000) (2) + (7)
			Total	Customer Charge	Energy and Demand Charge				
1	I. SALES								
	RS-1	19,535,853	\$ 900,317	\$ 139,437	\$ 760,880	6,900	\$ 38.95	\$ 269	\$ 900,586
2	GS-1	1,276,061	64,638	14,855	49,783	1,370	39.01	53	64,691
3	GS-2	85,138	2,638	1,384	1,254	86	14.73	1	2,639
4	GSD-1	14,357,538	346,153	988	345,165	15,146	24.04	364	346,518
5	GSD Transferred to GS	464,616	18,137	7,309	10,828	450	23.31	11	18,148
6	Subtotal GSD	14,822,154	364,290	8,297	355,993	15,636		376	364,666
7	CS-1, CS-2, CS-3	182,204	3,777	14	3,763	220	20.65	5	3,781
8	IS-1, IS-2, IS-3	2,426,696	41,295	649	40,645	2,941	16.75	49	41,344
9	SS-1	14,641	506	19	486	17	33.23	1	507
10	SS-2	128,563	2,933	17	2,916	180	22.68	4	2,937
11	SS-3	1,950	340	1	339	3	174.04	1	341
12	LS-1	345,590	6,221	847	5,374	246	15.55	4	6,225
13	TOTAL	38,818,850	\$ 1,386,955	\$ 186,521	\$ 1,221,433	27,599		\$ 762	\$ 1,387,716
14									
15	II. OTHER								
16	LS-1								
17	FIXTURE		\$ 29,230						\$ 29,230
18	MAINTENANCE		9,312						9,312
19	POLES		22,207						22,207
20	TOTAL OTHER REVENUE		\$ 60,750						\$ 60,750
21									
22	III. TOTAL CLASS REVENUE		\$ 1,447,705					\$ 762	\$ 1,448,466
23									
24	SUMMARY BY RATE CLASS:								
25	Residential		\$ 900,317					\$ 269	\$ 900,586
26	General Service Non-Demand		64,638					53	64,691
27	General Service 100% L.F.		2,638					1	2,639
28	General Service Demand		364,796					376	365,172
29	Curtail/Interrupt Gen. Service		48,344					58	48,403
30	Lighting								
31	Energy		6,221					4	6,225
32	Facilities		60,750					-	60,750
33	TOTAL		\$ 1,447,705					\$ 762	\$ 1,448,466



Supporting Schedules:

Recap Schedules:

Progress Energy Florida
2010 Regulatory Asset and Rate Adjustment Calculation
Base Case per Staff Recommendation - Issued 11/30/09

1 2010 RECOMMENDED REVENUE INCREASE:

2	Revenue increase per Staff Recommendation ¹	\$180,189,265
3	Less Bartow Repower Rate Adjustment ²	(132,100,000)
4	Less Interim Rate Adjustment ²	<u>(13,078,000)</u>
5	Remaining Increase	<u>\$35,011,265</u>

6 ¹ Revenue increase per Staff Recommendation; Schedule 5 - \$48,089,265 plus Bartow \$132,100,000 per issue 88

7 ² Rate adjustment for Bartow & Interim remains in effect until final implementation of base rate increase. Amounts are

8 based on Order No. PSC-09-0413-PCO-EI for Interim and PEF response to Staff interrogatory # 136 for Bartow (Staff Rec issue 88)

9 2010 REGULATORY ASSET AND COLLECTION VIA RATE ADJUSTMENT BEGINNING MARCH 2010:

10		A	B	C	D	E	F	G	H	I
		Retail		Monthly	Reg Asset	Reg Asset	Interest	Sales as % to	Estimated Reg Asset	Estimated Reg
		Sales kWh	% to Total	Reg Asset	Beg Bal	Addition	n/a ³	Total Sales	Collection	Asset
11								Mar-Dec		End Bal
12	Jan	3,112,999	8.02%	\$2,807,657	\$0	\$2,807,657				\$2,807,657
13	Feb	2,918,797	7.52%	2,632,504	2,807,657	2,632,504				5,440,161
14	Mar	2,737,887	7.05%	2,469,339	5,440,161			8.35%	\$454,281	4,985,880
15	Apr	2,777,479	7.15%	2,505,047	4,985,880			8.47%	460,851	4,525,029
16	May	3,009,511	7.75%	2,714,320	4,525,029			9.18%	499,350	4,025,679
17	Jun	3,509,254	9.04%	3,165,045	4,025,679			10.70%	582,270	3,443,409
18	Jul	3,769,165	9.71%	3,399,463	3,443,409			11.50%	625,395	2,818,014
19	Aug	3,819,774	9.84%	3,445,108	2,818,014			11.65%	633,792	2,184,222
20	Sep	3,878,707	9.99%	3,498,260	2,184,222			11.83%	643,571	1,540,651
21	Oct	3,413,691	8.79%	3,078,856	1,540,651			10.41%	566,413	974,237
22	Nov	2,966,550	7.64%	2,675,573	974,237			9.05%	492,222	482,015
23	Dec	2,905,036	7.48%	2,620,093	482,015			8.86%	482,015	-
24		<u>38,818,850</u>	<u>100.00%</u>	<u>\$35,011,265</u>		<u>\$5,440,161</u>	<u>\$0</u>	<u>100.00%</u>	<u>\$5,440,161</u>	

25 Mar-Dec

84.46%

26

27 Total Expected Base Rate Billed Revenues; present per MFR E-12 pg 1 of 2 plus increase awarded ¹ \$ 1,627,894,265

28 Mar - Dec Sales as % of Total Sales (col B, line 25) 84.5%

29 Estimated Proposed Base Rate Revenue for Mar-Dec based on % Sales above (line 27 * line 28) \$ 1,374,947,000

30 Regulatory Asset to be collected (col E, line 24) 5,440,161

31 Estimated Interest on Regulatory Asset (col F, line 24) -

32 Total Amount to be collected (line 30 + line 31) \$ 5,440,161

33 Rate Adjustment - to be Applied to Base Rate Revenues (line 32/line 29) 0.40%

34 % Difference

35 ³ In accordance with parties stipulation, no interest will be calculated on regulatory asset

Progress Energy Florida
2010 Regulatory Asset and Example of Calculation of True-up for Jan & Feb Actuals
Staff Recommendation - Adjusted for Illustrative Unfavorable Actual Sales Variance

1 2010 RECOMMENDED REVENUE INCREASE:

2	Revenue Increase per Staff Recommendation ¹	\$180,189,265
3	Less Bartow Repower Rate Adjustment ²	(132,100,000)
4	Less Interim Rate Adjustment ²	<u>(13,078,000)</u>
5	Remaining Increase	<u>\$35,011,265</u>

6 ¹ Revenue increase per Staff Recommendation; Schedule 5 - \$48,089,265 plus Bartow \$132,100,000 per issue 88

7 ² Rate adjustment for Bartow & Interim remains in effect until final implementation of base rate increase. Amounts are

8 based on Order No. PSC-09-0413-PCO-EI for Interim and PEF response to Staff interrogatory # 136 for Bartow (Staff Rec issue 88)

9 2010 REGULATORY ASSET AND TRUE-UP FOR JAN AND FEB ACTUAL SALES

10		A	B	C	D	E	F	G	H	I
		Retail	% to Total	Monthly	Reg Asset	Reg Asset	Interest	% Total Sales	Reg Asset	Estimated Reg
		Sales kWh		Reg Asset	Beg Bal	Addition	n/a ³	Mar-Dec	Collection from Base	Asset
								Base Case	Case	End Bal
11										
12	Jan ⁴	2,797,800	7.33%	\$2,565,466	\$0	\$2,565,466				\$2,565,466
13	Feb ⁴	2,597,100	6.80%	2,381,433	2,565,466	2,381,433				4,946,899
14	Mar	2,737,887	7.17%	2,510,529	4,946,899			8.35%	\$454,281	4,492,618
15	Apr	2,777,479	7.27%	2,546,833	4,492,618			8.47%	460,851	4,031,767
16	May	3,009,511	7.88%	2,759,597	4,031,767			9.18%	499,350	3,532,417
17	Jun	3,509,254	9.19%	3,217,840	3,532,417			10.70%	582,270	2,950,147
18	Jul	3,769,165	9.87%	3,456,168	2,950,147			11.50%	625,395	2,324,752
19	Aug	3,819,774	10.00%	3,502,574	2,324,752			11.65%	633,792	1,690,959
20	Sep	3,878,707	10.16%	3,556,613	1,690,959			11.83%	643,571	1,047,389
21	Oct	3,413,691	8.94%	3,130,213	1,047,389			10.41%	566,413	480,975
22	Nov	2,966,550	7.77%	2,720,203	480,975			9.05%	492,222	(11,247)
23	Dec	2,905,036	7.61%	2,663,797	(11,247)			8.86%	482,015	(493,262)
24		<u>38,181,954</u>	<u>100.00%</u>	<u>\$35,011,265</u>		<u>\$4,946,899</u>	<u>\$0</u>	<u>100.00%</u>	<u>\$5,440,161</u>	
25	Mar-Dec		85.87%							
26										
27	Total Expected Base Rate Billed Revenues; present per MFR E-12 pg 1 of 2 plus increase awarded ¹								\$ 1,627,894,265	
28	Mar - Dec Sales as % of Total Sales (col B, line 25)								<u>85.9%</u>	
29	Estimated Proposed Base Rate Revenue for Mar-Dec based on % Sales above (line 27 *line 28)								\$ 1,397,882,000	
30	Regulatory Asset to be collected (col E, line 24)								4,946,899	
31	Base Case Regulatory Asset to be collected								5,440,161	
32										
33	Difference from Staff Recommendation Base Case, to be true-up thru CCR								<u>\$ (493,262)</u>	
34	% Difference								<u>-9.07%</u>	

35 ³ In accordance with parties stipulation, no interest will be calculated on regulatory asset

36 ⁴ Jan & Feb sales per sales forecast used for approved 2010 clause rate filings

Progress Energy Florida
2010 Regulatory Asset and Example of Calculation of True-up for Jan & Feb Actuals
Staff Recommendation - Adjusted for Illustrative Favorable Actual Sales Variance

1 2010 RECOMMENDED REVENUE INCREASE:

2	Revenue Increase per Staff Recommendation ¹	\$180,189,265
3	Less Bartow Repower Rate Adjustment ²	(132,100,000)
4	Less Interim Rate Adjustment ²	(13,078,000)
5	Remaining Increase	<u>\$35,011,265</u>

6 ¹ Revenue increase per Staff Recommendation; Schedule 5 - \$48,089,265 plus Bartow \$132,100,000 per issue 88
7 ² Rate adjustment for Bartow & Interim remains in effect until final implementation of base rate increase. Amounts are
8 based on Order No. PSC-09-0413-PCO-EI for Interim and PEF response to Staff interrogatory # 136 for Bartow (Staff Rec issue 88)

9 2010 REGULATORY ASSET AND TRUE-UP FOR JAN AND FEB ACTUAL SALES

10		A	B	C	D	E	F	G	H	I
		Retail		Monthly	Reg Asset	Reg Asset	Interest	% Total Sales	Reg Asset	Estimated Reg
		Sales kWh	% to Total	Reg Asset	Beg Bal	Addition	n/a ³	Mar-Dec	Collection from Base	Asset
								Base Case	Case	End Bal
11										
12	Jan ⁴	3,428,200	8.69%	\$3,042,031	\$0	\$3,042,031				\$3,042,031
13	Feb ⁴	3,240,500	8.21%	2,875,474	3,042,031	2,875,474				5,917,505
14	Mar	2,737,887	6.94%	2,429,478	5,917,505			8.35%	\$454,281	5,463,224
15	Apr	2,777,479	7.04%	2,464,610	5,463,224			8.47%	460,851	5,002,373
16	May	3,009,511	7.63%	2,670,505	5,002,373			9.18%	499,350	4,503,023
17	Jun	3,509,254	8.89%	3,113,954	4,503,023			10.70%	582,270	3,920,753
18	Jul	3,769,165	9.55%	3,344,588	3,920,753			11.50%	625,395	3,295,358
19	Aug	3,819,774	9.68%	3,389,496	3,295,358			11.65%	633,792	2,661,565
20	Sep	3,878,707	9.83%	3,441,790	2,661,565			11.83%	643,571	2,017,995
21	Oct	3,413,691	8.65%	3,029,156	2,017,995			10.41%	566,413	1,451,581
22	Nov	2,966,550	7.52%	2,632,383	1,451,581			9.05%	492,222	959,359
23	Dec	2,905,036	7.36%	2,577,799	959,359			8.86%	482,015	477,344
24		<u>39,455,754</u>	<u>100.00%</u>	<u>\$35,011,265</u>		<u>\$5,917,505</u>	<u>\$0</u>	<u>100.00%</u>	<u>\$5,440,161</u>	

25	Mar-Dec		83.10%							
26										
27	Total Expected Base Rate Billed Revenues; present per MFR E-12 pg 1 of 2 plus increase awarded ¹								\$	1,627,894,265
28	Mar - Dec Sales as % of Total Sales (col B, line 25)									83.1%
29	Estimated Proposed Base Rate Revenue for Mar-Dec based on % Sales above (line 27 *line 28)								\$	1,352,752,000
30	Regulatory Asset to be collected (col E, line 24)									5,917,505
31	Base Case Regulatory Asset to be collected									5,440,161
32										
33	Difference from Staff Recommendation Base Case, to be true-up thru CCR								\$	<u>477,344</u>
34	% Difference									8.77%

35 ³ In accordance with parties stipulation, no interest will be calculated on regulatory asset

36 ⁴ Jan & Feb sales increased from Base Case comparable % as unfavorable sales case