

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 130001-EI  
ORDER NO. PSC-13-0665-FOF-EI  
ISSUED: December 18, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

APPEARANCES:

JOHN T. BUTLER, and KENNETH M. RUBIN, ESQUIRES, Florida Power &  
Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408-0420  
On behalf of Florida Power & Light Company (FPL).

JOHN T. BURNETT, DIANNE M. TRIPLETT, and MATTHEW BERNIER,  
ESQUIRES, Duke Energy Florida, Inc., Post Office Box 14042, St. Petersburg,  
Florida 33733  
On behalf of Duke Energy Florida, Inc. (DEF).

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South  
Monroe St., Suite 601, Tallahassee, Florida, 32301  
On behalf of Florida Public Utilities Company (FPUC).

JEFFREY A. STONE, RUSSELL A. BADDERS, and STEVEN R. GRIFFIN,  
ESQUIRES, Beggs & Lane, Post Office Box 12950, Pensacola, Florida  
32591-2950  
On behalf of Gulf Power Company (GULF).

JAMES D. BEASLEY, J. JEFFRY WAHLEN, and ASHLEY M. DANIELS,  
ESQUIRES, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302  
On behalf of Tampa Electric Company (TECO).

J.R. KELLY, PATRICIA A. CHRISTENSEN, CHARLES REHWINKEL,  
JOSEPH A. MCGLOTHLIN, and ERIK SAYLER, ESQUIRES, Office of Public  
Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812,  
Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida (OPC).

KAREN PUTNAL, and JON C. MOYLE, JR., ESQUIRES, 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, Wiener, Wadsworth, Bowden, Bush, Dee, LaVia & Wright, P.A., 1300 Thomaswood Drive, Tallahassee, Florida 32308  
On behalf of the Florida Retail Federation (FRF).

JAMES W. BREW, and F. ALVIN TAYLOR, ESQUIRES, Brickfield, Burchette, Ritts & Stone, P.C., 1025 Thomas Jefferson St., NW, Eighth Floor, West Tower, Washington, DC 20007; RANDY B. MILLER, White Springs Agricultural Chemicals, Inc., Post Office Box 300, White Springs, FL 32096  
On behalf of White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (PCS Phosphate).

MARTHA BARRERA, and JULIA GILCHER, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
Advisor to the Florida Public Service Commission.

FINAL ORDER APPROVING EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL  
ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND  
PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST  
RECOVERY FACTORS

BY THE COMMISSION:

Background

As part of the continuing fuel and purchased power adjustment and generating performance incentive clause proceedings, an administrative hearing was held on November 4, 2013. At the hearing, we ruled on most issues listed in Order No. PSC-13-0514-PHO-EI<sup>1</sup> (Prehearing Order) by making bench decisions for all issues for Duke Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, and Florida Public Utilities Company. Although we also decided some issues for Florida Power & Light Company (FPL) at the November 4, 2013 hearing, we heard testimony on and requested briefs for Issues 18B, 25B, and 25C. On November 15, 2013,

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<sup>1</sup> Order No. PSC-13-0514-PHO-EI, issued October 28, 2013, in Docket No. 130001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.



FPL filed a post hearing brief for Issues 18B, 25B, and 25C, and the Office of Public Counsel (OPC) filed a post hearing brief addressing Issues 18B and 25B. No other parties filed briefs. Intervenors agreed with OPC or took no position on these issues.

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

### **COMPANY-SPECIFIC FUEL ADJUSTMENT**

#### **Duke Energy Florida, Inc.**

##### Hedging activities

We reviewed Duke Energy Florida, Inc.'s (DEF) hedging activities and approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in DEF's April 2013 and August 2013 hedging reports.

##### 2014 Risk Management Plan

We reviewed DEF's 2014 Risk Management Plan and, finding that it is consistent with Hedging Guidelines, it is hereby approved.

#### **Florida Power & Light Company**

##### Hedging Activities

We reviewed Florida Power & Light Company's (FPL) hedging activities and approve as prudent FPL's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in FPL's April 2013 and August 2013 hedging reports.

##### 2014 Risk Management Plan

We reviewed FPL's 2014 Risk Management Plan and, finding that it is consistent with Hedging Guidelines, it is hereby approved.

##### Incremental Optimization Costs

Upon review, we find that the appropriate amount of Incremental Optimization Costs for Personnel, Software, and Hardware Costs that FPL shall be allowed to recover through the Fuel Clause is \$263,527 for the period January 2013 through December 2013 and \$389,472 for the period January 2014 through December 2014.

Upon review, we find that the appropriate amount of Incremental Optimization Costs for Variable Power Plant Operations and Maintenance Costs over the 514 Megawatt Threshold that FPL shall be allowed to recover through the Fuel Clause is \$1,853,392 for the period January

2013 through December 2013 and \$1,722,910 for the period January 2014 through December 2014. We recognize OPC's statement that by taking "no position" with respect to the issue of the amount that the Commission should authorize FPL to recover in the instant proceeding to implement FPL's "asset optimization" program approved in Order No. PSC-13-0023-S-EI, OPC does not waive and expressly reaffirms its appeal of Order 0023 now pending before the Florida Supreme Court in Case No. SC13-144. OPC also stated while Order No. PSC-13-0023-S-EI is effective during the pendency of the appeal, any amounts approved to be collected in conjunction with the issues regarding incremental optimization costs are subject to the ruling of the Florida Supreme Court in that appeal.

### **Florida Public Utilities Company**

#### **Allocation of transmission costs**

Upon review, we find that, for purposes of calculating the 2014 fuel factors, a portion of the transmission costs included in the Agreement for Generation Services with Gulf Power Company (Gulf) shall be reallocated to Florida Public Utilities Company's (FPUC) Northeast Division to offset an interdivisional inequity associated with transmission assets that serve only the Northeast Division and currently recovered through consolidated base rates. To effectuate a permanent solution to this issue, FPUC shall file with its 2015 projection testimony in Docket No. 140001-EI testimony and supporting schedules to allow for consideration of the consolidation of fuel factors for the two divisions for future fuel cost recovery, unless this issue is otherwise addressed for our consideration through an alternative proceeding prior to FPUC's 2015 projection filing.

#### **Gulf Power Company's lump sum payment to FPUC**

Upon review, we find that the lump sum payment made by Gulf to FPUC to true-up capacity payments upon the reinstatement of Amendment No. 1 to FPUC's Agreement for Generation Services with Gulf was addressed in Docket No. 130233-EI. The lump sum payment will be applied to reduce the regulatory asset established by Order No. PSC-12-0600-PAA-EI, issued November 5, 2012, in Docket No. 120227-EI.

### **Gulf Power Company**

#### **Hedging activities**

Upon review, we find that Gulf's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in Gulf's April 2013 and August 2013 hedging reports are prudent and they are thus approved.

#### **2014 Risk Management Plan**

We reviewed Gulf's 2014 Risk Management Plan and, finding that it is consistent with Hedging Guidelines, it is hereby approved.

**Tampa Electric Company**

Hedging activities

Upon review, we find that Tampa Electric Company's (Tampa Electric) actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in its April 2013 and August 2013 hedging reports are prudent and they are thus approved.

2014 Risk Management Plan

We reviewed Tampa Electric's 2014 Risk Management Plan and, finding that it is consistent with Hedging Guidelines, it is hereby approved.

Capital Costs for Polk Unit One project

Upon review, we find that the appropriate amount of capital costs for the Polk Unit One ignition oil conversion project that Tampa Electric shall recover through the Fuel Clause is \$2,356,259 for the period January 2013 through December 2013 and \$4,250,042 for the period January 2014 through December 2014.

**GENERIC FUEL ADJUSTMENT**

Upon review, we find the appropriate actual benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive shall be:

Duke:	\$589,283.
Gulf:	\$595,146.
TECO:	\$1,366,094.

The appropriate estimated benchmark levels for calendar year 2014 for gains on non-separated wholesale energy sales eligible for a shareholder incentive shall be:

Duke:	\$387,112.
Gulf:	\$462,977.
TECO:	\$650,665.

The appropriate fuel adjustment true-up amounts for the period January 2012 through December 2012 shall be:

FPL:	\$4,550,654 under-recovery.
Duke:	\$72,210,688 under-recovery.



FPUC: \$1,118,689 under-recovery for the Northwest Division.  
\$1,785,473 over-recovery for the Northeast Division.

Gulf: \$9,333,695 under-recovery.

TECO: \$903,071 over-recovery.

The appropriate fuel adjustment actual/estimated true-up amounts for the period January 2013 through December 2013 shall be:

FPL: \$143,214,959 under-recovery.

Duke: \$39,015,505 over-recovery.

FPUC: \$363,316 over-recovery for the Northwest Division.  
\$900,204 over-recovery for the Northeast Division.

Gulf: \$6,665,066 under-recovery.

TECO: \$14,727,476 over-recovery.

The appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2014 to December 2014 are:

FPL: \$147,765,613 under-recovery.

Duke: \$33,195,183 under-recovery.

FPUC: \$755,373 under-recovery for the Northwest Division.  
\$2,685,677 over-recovery for the Northeast Division.

Gulf: \$15,998,761 under-recovery.

TECO: \$15,630,547 over-recovery.

The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2014 through December 2014 shall be:

FPL: \$3,481,028,444.

Duke: \$1,583,009,063.

FPUC: \$31,438,731 for the Northwest Division.

\$33,272,998 for the Northeast Division.

Gulf: \$463,407,364.

TECO: \$ 717,157,390

### **GENERATING PERFORMANCE INCENTIVE FACTOR**

Upon review, the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2012 through December 2012 for each investor-owned electric utility subject to the GPIF shall be:

FPL: \$20,679,970 reward.

Duke: \$3,262,447 reward.

Gulf: \$1,662,342 reward.

TECO: \$1,177,059 penalty.

The GPIF targets/ranges for the period from January 2014 through December 2014 for each investor-owned electric utility subject to GPIF shown in the exhibits referenced below shall be:

Company	Exhibit	Page(s)
FPL	CRR-1	6-7
DEF	MJJ-1P	4
GULF	MAY-2	29, 33
TECO	BSB-2	4

We examined whether the existing GPIF mechanism should be modified and upon review, we find that the setting of performance targets shall be the same for all companies subject to the GPIF. The method for calculating the GPIF's incentive cap of 50 percent of the fuel savings shall be modified by the revision of lines 22 and 23 of the Original Sheet No. 3.516 in the GPIF Manual. The reward and penalty amounts at different performance levels shall be calculated as a linear interpolation from the maximum allowed GPIF reward (line 23), thereby preserving the symmetrical relationship between rewards and penalties. The revisions are shown below.

## Original Sheet No. 3.516 as Revised

**GENERATING PERFORMANCE INCENTIVE FACTOR  
CALCULATION OF MAXIMUM ALLOWED INCENTIVE DOLLARS**

LINE 1	BEGINNING OF PERIOD BALANCE OF COMMON EQUITY	\$	10,849,749,770	
	END OF MONTH BALANCE OF COMMON EQUITY			
LINE 2	MONTH OF January 2012	\$	10,983,930,940	
LINE 3	MONTH OF February 2012	\$	11,043,325,330	
LINE 4	MONTH OF March 2012	\$	11,128,965,610	
LINE 5	MONTH OF April 2012	\$	11,196,334,650	
LINE 6	MONTH OF May 2012	\$	11,333,068,500	
LINE 7	MONTH OF June 2012	\$	11,681,736,330	
LINE 8	MONTH OF July 2012	\$	11,828,681,570	
LINE 9	MONTH OF August 2012	\$	11,987,094,020	
LINE 10	MONTH OF September 2012	\$	12,073,906,876	
LINE 11	MONTH OF October 2012	\$	12,172,856,430	
LINE 12	MONTH OF November 2012	\$	12,463,562,700	
LINE 13	MONTH OF December 2012	\$	12,530,193,155	
LINE 14	AVERAGE COMMON EQUITY FOR THE PERIOD (SUMMATION OF LINE1 THROUGH LINE 13 DIVIDED BY 13)	\$	11,636,415,837	
LINE 15	25 BASIS POINTS		0.0025	
LINE 16	REVENUE EXPANSION FACTOR		61.3808%	
LINE 17	MAXIMUM INCENTIVE DOLLARS PER FINANCIAL DATA (LINE 14 TIMES LINE 15 DIVIDED BY LINE 16 )	\$	47,394,364	
LINE 18	JURISDICTIONAL SALES		102,225,549,000	KWH
LINE 19	TOTAL SALES		104,462,720,986	KWH
LINE 20	JURISDICTIONAL SEPARATION FACTOR (LINE 18 DIVIDED BY LINE 19)		97.86%	
LINE 21	MAXIMUM JURISDICTIONAL INCENTIVE DOLLARS (LINE 17 TIMES LINE 20)	\$	46,380,125	
LINE 22	INCENTIVE CAP (50 PERCENT OF PROJECTED FUEL SAVINGS AT 10 GPIF-POINT LEVEL FROM SHEET NO. 3.515)	\$	45,541,500	
LINE 23	MAXIMUM ALLOWED GPIF REWARD (AT 10 GPIF-POINT LEVEL) (THE LESSER OF LINE 21 AND LINE 22)	\$	45,541,500	

Issued by: Florida Public Service Commission

Effective 1/1/2014



We examined the issue of whether FPL should be excluded from the GPIF program for the duration of its Pilot Asset Optimization Program (Pilot Program). Asset optimization involves gas storage utilization, city-gate gas sales using existing transport, production area gas sales, capacity release of gas transport and electric transmission, and the outsourcing of the optimization function. FPL's stated position is that uncontroverted evidence shows that the Pilot Program does not overlap the GPIF program; rather, it complements the GPIF with incentives to generate customer benefits in other areas. OPC supported excluding FPL from the GPIF during the Pilot Program. OPC argued that the programs are designed to instill the same incentive to operate efficiently, thus customers should not bear the risks and potential costs of duplicative financial incentives.

We adopted the GPIF program by Order No. 9558, issued September 19, 1980, in Docket No. 800400-CI. The GPIF program provides incentives for investor-owned utilities to optimize the efficiency of their base load units. Annual performance targets for unit availability and heat rate are set and actual performance is then compared to the targets in the following year. If the utilities participating in the GPIF program exceed their targets, shareholders are financially rewarded. If targets are not achieved, then shareholders are financially penalized. FPL witness Rote acknowledged that the GPIF program has operated effectively to incent utilities to strive for the efficient operation of base load units. He also testified that the GPIF mechanism is "an even handed, symmetric methodology."

FPL responded to a staff interrogatory that "[F]rom a high-level perspective, performance improvements in availability and heat rate should increase FPL's ability to make off-system economy sales as these improvements drive lower marginal costs and therefore, improve FPL's competitive position in the power market." On the flip-side, FPL also stated that degradation in base load unit availability and heat rate increase FPL's opportunity to make off-system wholesale purchases. FPL witness Rote testified that theoretically, unit performance can impact FPL's position in the wholesale market. We find that the efficient operation of the utility's base load units are the foundation for any off-system sales or purchases.

We find that if FPL's base load generating units perform poorly, they would likely be penalized under the GPIF program, but consequently, the Company's market position would be improved to make off-system purchases. Gains on these purchases would be included towards achieving or exceeding its threshold under the Pilot Program. Conversely, if FPL's units exceed their targets under the GPIF, the Company would likely receive a reward while also improving its market position for off-system sales. Gains from these transactions would also be included towards achieving or exceeding its threshold under the Pilot Program. Thus, if FPL receives either a reward or penalty under the GPIF program, it is likely that the Company also would receive a credit towards its threshold goal under the Pilot Program.

We approved FPL's Pilot Program in Order No. PSC-13-0023-S-EI,<sup>2</sup> finding it to be beneficial to both FPL and its customers because FPL customers would receive 100 percent of

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<sup>2</sup> See 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

the gain from electric wholesale sales and purchases and asset optimization up to a threshold of \$36 million (Customer Savings Threshold). FPL customers would also receive 100 percent of the gain for the first \$10 million above the Customer Savings Threshold (Additional Customer Savings). Incremental gains above the Customer Savings Threshold and the Additional Customers Savings (totaling \$46 million) would be shared between FPL and customers. The Pilot Program has a four year term and we have the option to review the Pilot Program after two years. We also ordered that, as part of the fuel cost recovery clause, FPL annually file a final true-up schedule showing its gains in the prior calendar year on short-term wholesale sales, short-term wholesale purchases, and all forms of asset optimization it undertook in that calendar year. If we determine that the program is not providing the kinds of benefits that are anticipated, or if we determine the pilot program is otherwise unsatisfactory, we may terminate the program.

We determine herein 2012 GPIF rewards/penalties, and the Pilot Program was not in effect during that year. Since performance targets have previously been set for 2013, we find that FPL shall be eligible for any GPIF rewards/penalties associated with its 2013 unit performance. However, we note that if FPL receives either a reward or penalty under the GPIF for 2014, it is likely that the Company also would receive a credit towards its threshold goal under the Pilot Program. The Pilot Program may also be more comprehensive than the GPIF at targeting similar behavior, i.e. the efficient operation of base load generating units. Based on the current schedule, the initial two years of the Pilot Program will be at the end of 2014. FPL shall address these specific interrelationships when we review the Pilot Program during 2015.

#### **FUEL FACTOR CALCULATION**

Upon review, we find that the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2014 through December 2014 shall be:

FPL:	\$3,501,708,414.
Duke:	\$1,620,630,360.
FPUC:	\$31,438,731 for the Northwest Division. \$33,272,998 for the Northeast Division.
Gulf:	\$465,069,706.
TECO:	\$732,787,937.

Upon review, we find that the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2014 through December 2014 shall be 1.00072.



Upon review, we find that the appropriate levelized fuel cost recovery factors for the period January 2014 through December 2014 shall be:

FPL: For January 2014 through the day prior to the RBEC in-service date (projected to be May 31, 2014), the appropriate levelized fuel cost recovery factor is 3.383 cents per kilowatt hour;

For the RBEC in-service date through December 2014, the appropriate levelized fuel cost recovery factor is 3.263 cents per kilowatt hour.

Duke: The appropriate levelized fuel cost recovery factor is 4.303 cents/kWh.

FPUC: The appropriate levelized fuel cost recovery factor is 6.069 cents/kWh for the Northwest Division.  
The appropriate levelized fuel cost recovery factor is 4.844 cents/kWh for the Northeast Division.

Gulf: The appropriate levelized fuel cost recovery factor is 4.169 cents/kWh.

TECO: The appropriate levelized fuel cost recovery factor is 3.904 cents/kWh.

Upon review, we find that the fuel recovery line loss multipliers used by each utility in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class shall be:

FPL: The appropriate fuel cost recovery loss multipliers are provided in response to Issue No. 23.

DEF:

Group	Delivery Voltage Level	Line Loss Multiplier
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

FPUC: Northwest Division (Marianna): 1.0000 (All rate schedules)  
Northeast Division (Fernandina Beach): 1.0000 (All rate schedules)



Gulf:

<b>Group</b>	<b>Rate Schedules</b>	<b>Line Loss Multipliers</b>
A	RS, RSVP,GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00773
B	LP, LPT, SBS(2)	0.98353
C	PX, PXT, RTP, SBS(3)	0.96591
D	OSI/II	1.00777
(1) Includes SBS customers with a contract demand in the range of 100 to 499 KW (2) Includes SBS customers with a contract demand in the range of 500 to 7,499 KW (3) Includes SBS customers with a contract demand over 7,499 KW		

TECO:

<u>Metering Voltage Schedule</u>	<u>Line Loss Multiplier</u>
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

**GENERATING PERFORMANCE INCENTIVE FACTOR**

Upon review, we find that the fuel cost recovery factors used by each utility in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class adjusted for line losses shall be:

FPL:

**DETERMINATION OF SEASONAL DEMAND TIME OF USE RIDER (SDTR)**

ESTIMATED FOR THE PERIOD OF: JUNE 2014 THROUGH DECEMBER 2014

OFF PEAK: ALL OTHER HOURS

(1)	(2)	(3)	(4)	(5)
GROUPS	RATE SCHEDULE	JUNE - SEPTEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
B	GSD(T)-1 On-Peak	6.001	1.00284	6.018
	GSD(T)-1 Off-Peak	2.777	1.00284	2.785
C	GSLD(T)-1 On-Peak	6.001	1.00186	6.012
	GSLD(T)-1 Off-Peak	2.777	1.00186	2.782
D	GSLD(T)-2 On-Peak	6.001	0.99328	5.961
	GSLD(T)-2 Off-Peak	2.777	0.99328	2.758

Note: On-Peak Period is defined as June through September, weekdays 3:00pm to 6:00pm

Off Peak Period is defined as all other hours.

Note: All other months served under the otherwise applicable rate schedule.

See Schedule E-1E, Page 1 of 2.

Note: Totals may not add due to rounding.

FUEL RECOVERY FACTORS - BY RATE GROUP  
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

ESTIMATED FOR THE PERIOD OF: JANUARY 2014 THROUGH MAY 2014

(1)	(2)	(3)	(4)	(5)
GROUPS	RATE SCHEDULE	JANUARY - DECEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	3.383	1.00293	3.067
A	RS-1 all additional kWh	3.383	1.00293	4.067
A	GS-1, SL-2, GSCU-1, WIES-1	3.383	1.00293	3.393
A-1	SL-1, OL-1, PL-1 <sup>(1)</sup>	3.093	1.00293	3.102
B	GSD-1	3.383	1.00284	3.393
C	GSLD-1, CS-1	3.383	1.00186	3.389
D	GSLD-2, CS-2, OS-2, MET	3.383	0.99253	3.358
E	GSLD-3, CS-3	3.383	0.96479	3.264
A	GST-1 On-Peak	4.841	1.00293	4.855
	GST-1 Off-Peak	2.761	1.00293	2.769
A	RTR-1 On-Peak	-	-	1.462
	RTR-1 Off-Peak	-	-	(0.624)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	4.841	1.00283	4.855
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	2.761	1.00283	2.769
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	4.841	1.00186	4.850
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	2.761	1.00186	2.766
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	4.841	0.99328	4.808
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	2.761	0.99328	2.742
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	4.841	0.96479	4.671
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	2.761	0.96479	2.664
F	CILC-1(D), ISST-1(D) On-Peak	4.841	0.99253	4.805
	CILC-1(D), ISST-1(D) Off-Peak	2.761	0.99253	2.740

<sup>(1)</sup> WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK



DETERMINATION OF SEASONAL DEMAND TIME OF USE RIDER (SDTR)

ESTIMATED FOR THE PERIOD OF: JANUARY 2014 THROUGH MAY 2014

OFF PEAK: ALL OTHER HOURS

(1)	(2)	(3)	(4)	(5)
GROUPS	RATE SCHEDULE	JUNE - SEPTEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
B	GSD(T)-1 On-Peak	6.221	1.00284	6.239
	GSD(T)-1 Off-Peak	2.879	1.00284	2.887
C	GSLD(T)-1 On-Peak	6.221	1.00186	6.233
	GSLD(T)-1 Off-Peak	2.879	1.00186	2.884
D	GSLD(T)-2 On-Peak	6.221	0.99328	6.179
	GSLD(T)-2 Off-Peak	2.879	0.99328	2.860

Note: On-Peak Period is defined as June through September, weekdays 3:00pm to 6:00pm

Off Peak Period is defined as all other hours.

Note: All other months served under the otherwise applicable rate schedule.

See Schedule E-1E, Page 1 of 2.

Note: Totals may not add due to rounding.

FUEL RECOVERY FACTORS - BY RATE GROUP  
(ADJUSTED FOR LINE/TRANSFORMATION LOSSES)

ESTIMATED FOR THE PERIOD OF: JUNE 2014 THROUGH DECEMBER 2014

(1)	(2)	(3)	(4)	(5)
GROUPS	RATE SCHEDULE	JANUARY - DECEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	3.263	1.00293	2.947
A	RS-1 all additional kWh	3.263	1.00293	3.947
A	GS-1, SL-2, GSCU-1, WIES-1	3.263	1.00293	3.273
A-1	SL-1, OL-1, PL-1 <sup>(1)</sup>	2.984	1.00293	2.992
B	GSD-1	3.263	1.00284	3.272
C	GSLD-1, CS-1	3.263	1.00186	3.269
D	GSLD-2, CS-2, OS-2, MET	3.263	0.99253	3.239
E	GSLD-3, CS-3	3.263	0.96479	3.148
A	GST-1 On-Peak	4.669	1.00293	4.683
	GST-1 Off-Peak	2.663	1.00293	2.671
A	RTR-1 On-Peak	-	-	1.410
	RTR-1 Off-Peak	-	-	(0.602)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	4.669	1.00283	4.682
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	2.663	1.00283	2.671
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	4.669	1.00186	4.678
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	2.663	1.00186	2.668
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	4.669	0.99328	4.638
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	2.663	0.99328	2.645
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	4.669	0.96479	4.505
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	2.663	0.96479	2.569
F	CILC-1(D), ISST-1(D) On-Peak	4.669	0.99253	4.634
	CILC-1(D), ISST-1(D) Off-Peak	2.663	0.99253	2.643

<sup>(1)</sup> WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

DEF: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014 shall be as follows:

Fuel Cost Factors (cents/kWh) GSD-1, GSDT-1, SS-1, CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3, IS-1, IST-1, IS-2, IST-2, SS-2, LS-1						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	4.320	5.577	3.707
B	Distribution Primary	--	--	4.364	5.634	3.744
C	Distribution Secondary	--	--	4.408	5.691	3.782
D	Lighting Secondary	--	--	4.139	--	--

Fuel Cost Factors (cents/kWh) RS-1, RST-1, RSL-1, RSL-2, RSS-1						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
C	Distribution Secondary	4.077	5.077	4.359	5.627	3.740

Fuel Cost Factors (cents/kWh) GS-1, GST-1, GS-2						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	4.277	5.522	3.670
B	Distribution Primary	--	--	4.320	5.577	3.707
C	Distribution Secondary	--	--	4.364	5.634	3.744



FPUC: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014 for the Northwest Division, adjusted for line loss multipliers and including taxes, are as follows:

<u>Northwest Division</u>	
Rate Schedule	Adjustment
RS	\$0.10185
GS	\$0.09829
GSD	\$0.09322
GSLD	\$0.08965
OL,O11	\$0.07595
SL1, SL2, and SL3	\$0.07616
<u>Step rate for RS</u>	
RS with less than 1,000 kWh/month	\$0.09740
RS with more than 1,000 kWh/month	\$0.10990

Consistent with the fuel projections for the 2014 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the 2014 period are:

Time of Use/Interruptible			
Rate Schedule	Adjustment On Peak	Adjustment Off Peak	
RS	\$0.18140	\$0.05840	
GS	\$0.13829	\$0.04829	
GSD	\$0.13322	\$0.06072	
GSLD	\$0.14965	\$0.05965	
Interruptible	\$0.07465	\$0.08965	

The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014 for the Company's Northeast Division, adjusted for line loss multipliers and including taxes, are as follows:

**Northeast Division**

Rate Schedule	Adjustment
RS	\$0.09337
GS	\$0.08335
GSD	\$0.08220
GSLD	\$0.08245
OL	\$0.05228
SL	\$0.05206
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.08975
RS with more than 1,000 kWh/month	\$0.10225

Gulf: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP,GS, GSD, GSDD, GSTOU, OSIII, SBS(1)	1.00773	4.201	5.016	3.867
B	LP, LPT, SBS(2)	0.98353	4.100	4.896	3.774
C	PX, PXT, RTP, SBS(3)	0.96591	4.027	4.808	3.707
D	OSI/II	1.00777	4.155	N/A	N/A

\*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 KW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 KW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 KW will use the recovery factor applicable to Rate Schedule PX.

TECO: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2014 through December 2014 The appropriate factors are as follows:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	3.910	
Tier I (Up to 1,000 kWh)	3.609	
Tier II (Over 1,000 kWh)	4.609	
Distribution Primary	3.871	
Transmission	3.832	
Lighting Service	3.872	
Distribution Secondary	4.124	(on-peak)
	3.820	(off-peak)
Distribution Primary	4.083	(on-peak)
	3.782	(off-peak)
Transmission	4.042	(on-peak)
	3.744	(off-peak)

### **COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR**

#### **Duke Energy Florida, Inc.**

Upon review, we find that Duke included in the capacity cost recovery clause, the nuclear cost recovery amount ordered in Order No. PSC-13-0493-FOF-EI, issued October 18, 2013 in Docket No. 130009-EI. On August 5, 2013, we approved Duke's Motion to Defer filed in Docket 130009-EI. The Motion to Defer provided for recovery of the requested CR3 Uprate costs filed on May 1, 2013, which have been included in the capacity cost recovery clause. For the Levy Nuclear Project, the amount is a function of the rates filed for collection as presented in Exhibit 9 of DEF's Revised and Restated Stipulation and Settlement Agreement.

#### **Florida Power & Light Company**

Upon review, we find that FPL included in the capacity cost recovery clause, the nuclear cost recovery amount of \$43,461,246 approved by Order No. PSC-13-0493-FOF-EI, issued October 18, 2013, in Docket No. 130009-EI.

We next consider the issue of whether the costs (Operations and Maintenance and Capital Costs) related to Nuclear Regulatory Commission (NRC) requirements stemming from the Fukushima incident that exceed the levels of such costs that FPL included in its 2013 test year in Docket No. 120015-EI are eligible for recovery through the capacity cost recovery clause.

FPL argues that the costs should be recovered through the capacity cost recovery clause. FPL states that NRC compliance costs associated with the Fukushima event will be incurred in order to allow FPL's nuclear plants to continue operating and saving FPL customers substantial



fossil fuel costs. FPL states the level of NRC compliance costs associated with the Fukushima event included in base rates does not address either: (a) the incremental increase in the compliance costs that FPL expects in 2013 and 2014; or (b) the high degree of uncertainty that exists as to the ultimate level of compliance costs. Both of these considerations make base rate recovery problematic and clause recovery appropriate.

FPL argues that its requested recovery of Fukushima-related costs falls squarely within the parameters for Capacity Clause recovery in Order No. PSC-05-0748-FOF-EI,<sup>3</sup> which states:

The original purpose of recovery clauses was to address on-going costs which could fluctuate between rate cases and unduly penalize either the utility or customers, if such costs were included in base rates.

[A]ll four current clauses address costs that are unpredictable, volatile and irregular, due to forces outside the utility's control.

FPL further argues that its response to NRC mandated Fukushima-related actions are continuing to evolve and follow varying schedules ranging from 60 days to several years. FPL further contends that the Fukushima-related costs are driven by an external unanticipated event outside its control.

FPL additionally supports its request by citing Order No. PSC-01-2516-FOF-EI,<sup>4</sup> which approved, for recovery through the Capacity Clause, incremental security costs associated with the events of September 11, 2001 (9/11).<sup>5</sup> The Order stated the following:

We find that recovery of this incremental cost through the fuel clause is appropriate in this instance because there is a nexus between protection of FPL's nuclear generation facilities and the fuel cost savings that result from the continued operation of those facilities.

By Order No. PSC-05-0748-FOF-EI, this Commission found that clause recovery of 9/11 costs was appropriate based on an immediate need to protect the health, safety and welfare of the utility and its customers.<sup>6</sup> FPL argues that the approval of Capacity Clause recovery for 9/11 costs is analogous to its requested recovery of Fukushima-related costs which are driven by an external event outside of the Utility's control, expected to be recurring and volatile over time, and necessary to ensure the safety of FPL's nuclear plants.

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<sup>3</sup> See Order No. PSC-05-0748-FOF-EI, issued July 14, 2005, in Docket No. 041272-EI, In re: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

<sup>4</sup> See Order No. PSC-01-2516-FOF-EI, issued December 26, 2001, in Docket No. 010001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor.

<sup>5</sup> 9/11 costs were first recovered through the fuel cost recovery clause and, subsequently, the capacity cost recovery clause.

<sup>6</sup> See Order No. PSC-05-0748-FOF-EI, issued July 14, 2005, in Docket No. 041272-EI, In re: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

FPL also contends that its request for the recovery of costs incremental to the amounts included in base rates is consistent with Order No. PSC-05-0748-FOF-EI. FPL asserts that this methodology of seeking only the incremental costs eliminates double recovery.

OPC argues that FPL's attempt to increase customers' bills by equating costs of the NRC's Fukushima-related evaluations with the extraordinary, unique clause treatment of post-9/11 security costs should be rejected. OPC states that FPL's claim that it would otherwise have no opportunity to recover such base rate-related costs above MFR-projected levels is untrue. Further, OPC adds, whereas the immediate threat of additional terrorist attacks precipitated emergency wartime measures, FPL emphasizes that Fukushima-related initiatives present no safety emergency. FPL's rationale that such costs are eligible because they are necessary and uncertain would absurdly qualify every compliance measure and even equipment replacements for clause recovery.

OPC further argues that FPL's request for Capacity Clause recovery of Fukushima-related costs shall be rejected asserting that these costs are base rate-related and as long as base rates generate revenues that are sufficient to recover the cost of service and provide a fair return, FPL will have recovered all Fukushima-related costs. OPC adds that a myriad of components of the ratemaking formula are subject to variances above and below projections, and if revenues become such that base rates do not produce an overall fair return, the remedy is a base rate proceeding. OPC also contends that the treatment of 9/11 costs does not provide a basis for granting FPL's request, since the events of 9/11 exposed an immediate threat to safety, whereas FPL does not characterize the NRC's initiatives relative to the Fukushima incident as an emergency or an immediate danger. OPC additionally expresses concern with authorizing Capacity Clause recovery of Fukushima-related costs based on the characterization that the costs are uncertain, and are necessary for the continued operation of the Company's nuclear units. OPC further remarks that these characteristics would be true of any compliance costs as well as any replacement of necessary parts.

On March 11, 2011, an earthquake occurred off the coast of Japan. The earthquake and resulting tsunami caused significant damage to nuclear units at Fukushima. The Fukushima event raised concerns about the safety of the U.S. nuclear fleet and led to reviews by plant operators, the NRC, and the Institute of Nuclear Power Operations. In its 2013 test year, FPL included forecasted Fukushima-related costs.<sup>7</sup> FPL testified that the rate case forecast was developed in 2011 and at that time, there was insufficient information available to prepare a reasonable estimate for the Fukushima costs. FPL elaborated that it is now clear that the Fukushima-related costs will exceed the rate case forecast in the years to come. FPL is seeking to recover, through the Capacity Clause, the incremental NRC compliance costs that exceed the amounts included in its 2013 test year forecast.

We agree that many base rate-related costs are subject to variances arising from powers outside of a utilities' control, and the appropriate mechanism for addressing those variances is in a rate case proceeding. However, FPL's request to recover the incremental costs associated with

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<sup>7</sup> By Order No. PSC-13-0023-S-EI, issued January 14, 2013, in Docket No. 120015-EI, the Commission approved a settlement which increased FPL's base rates based on the Company's forecasted 2013 test year.



the Fukushima Event through the Capacity Clause appears to be appropriate based on the language of Order No. PSC-13-0023-S-EI. The Order approved a settlement (Settlement) which contains the following language:

It is further the intent of the Parties to recognize that an authorized governmental entity may impose requirements on FPL involving new or atypical kinds of costs (including but not limited to, for example, requirements related to cybersecurity or the requirements for seismic and flood protection at nuclear plants arising out of the Fukushima Daiichi event), and concurrently or in connection with the imposition of such requirements, the Legislature and/or Commission may authorize FPL to recover those related costs through a cost recovery clause.

Although the Settlement does not state a specific standard for which to allow recovery of Fukushima-related costs, it does indicate that the costs must be imposed by a governmental entity. We considered FPL witness Grissette's testimony that the costs projected to be incurred are as a result of compliance with NRC requirements. The Settlement additionally required that the costs must be new or atypical. To that point, witness Grissette testified that the Fukushima Event has resulted in new and evolving regulations. Furthermore, based on the timing of NRC orders and NRC information requests in response to the Fukushima Event (March 2012), it is reasonable to describe the costs being requested for recovery as new. Thus, we find that these costs satisfy the terms of the Settlement with respect to seeking recovery of Fukushima-related costs through a cost recovery clause. We also find that comparison of the Fukushima Event with the 9/11 event is not necessary in this case because the nature of the Fukushima Event was known when the Settlement was approved.

We note that many base rate-related costs are subject to variances arising from powers outside of a utilities' control and the appropriate mechanism for addressing those variances is in a rate case proceeding. Likewise, nuclear compliance shall not serve as the sole basis for allowing cost-recovery through a clause. However, the Settlement addresses these issues. Therefore, FPL's request for recovery of Fukushima-related costs through the Capacity Clause shall be approved.

We next consider the issue of the appropriate amount of Incremental Nuclear Regulatory Commission (Fukushima) Compliance O&M and capital costs that FPL shall be allowed to recover through the Capacity Clause. FPL projected the 2013 and 2014 costs for NRC compliance with post-Fukushima standards. The costs involve seismic and flooding evaluations, design modifications, instrumentation, and training for FPL's nuclear generating units. The costs include estimated capital costs and O&M expenses and are incremental to costs included in FPL's 2013 test year in Docket No. 120015-EI. The amounts are \$116,265 for 2013 and \$1,621,570 for 2014. No post-hearing position was provided in OPC's brief.

We find that FPL shall be allowed to recover Incremental Nuclear Regulatory Commission (Fukushima) Compliance O&M expense and capital costs through the Capacity Clause in the amount of \$116,265 for the period January-December 2013, and \$1,621,570 for the period January-December 2014. The estimated costs shall be trued-up to actual costs and will be audited as part of the audit process for the capacity clause.



Upon review, we find that the appropriate 2014 projected non-fuel revenue requirements for FPL's West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause is \$159,210,391.

Upon review, we find that FPL's proposed generation base rate adjustment (GBRA) factor for the Riviera Beach Energy Center shall be 4.565 percent. The GBRA for the Riviera Beach Energy Center was approved in Final Order No. PSC-13-0023-S-EI, issued January 14, 2013, in Docket 120015-EI. Previously, we recognize OPC's qualified statement that by taking no position with respect to the issue of the amount that we authorize FPL to collect regarding the Riviera GBRA approved in Order No. PSC-13-0023-S-EI, OPC does not waive and expressly reaffirms its appeal of Order No. PSC-13-0023-S-EI.

### **GENERIC CAPACITY COST RECOVERY FACTOR**

Upon review, we find that the appropriate capacity cost recovery true-up amounts for the period January 2012 through December 2012 shall be:

FPL:	\$7,913,484 under-recovery.
Duke:	\$9,768,250 under-recovery.
Gulf:	\$102,776 over-recovery.
TECO:	\$126,648 under-recovery.

Upon review, we find that the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2013 through December 2013 shall be:

FPL:	\$25,357,191 under-recovery
Duke:	\$14,592,001 under-recovery.
Gulf:	\$2,263,786 under-recovery.
TECO:	\$465,117 under-recovery.

Upon review, we find that the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2014 through December 2014 shall be:

FPL:	\$33,270,675 under recovery
Duke:	\$24,360,251 under-recovery
Gulf:	\$2,161,000 under-recovery

TECO: \$591,765 under-recovery

Upon review, we find that the appropriate projected total capacity cost recovery amounts for the period January 2014 through December 2014 shall be:

FPL: \$510,012,148 (Jurisdictionalized, and excluding prior period true-ups, revenue taxes, nuclear cost recovery amounts, and West County Energy Center Unit-3 jurisdictional non-fuel revenue requirements).

Duke: \$317,169,968

Gulf: \$61,868,429

TECO: \$30,881,044.

Upon review, we find the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2014 through December 2014 shall be:

FPL: \$746,376,916 (including prior period true-ups, revenue taxes, the nuclear cost recovery amount and West County Energy Center Unit-3 revenue requirements.

Duke: \$341,776,120, excluding nuclear cost recovery

Gulf: \$64,075,540

TECO: \$31,495,469.

Upon review, we find the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2014 through December 2014 shall be:

FPL: FPSC 95.206884%  
FERC 4.793116%

Duke: Base 92.885%  
Intermediate 72.703%  
Peaking 95.924%

Gulf: 97.07146%

TECO: 1.00.

Upon review, we find the appropriate capacity cost recovery factors for the period January 2014 through December 2014 shall be:

FPL: The January 2014 through December 2014 factors are as follows:

RATE SCHEDULE	Total January 2014 - December 2014 Capacity Recovery Factor			
	(\$/KW)	(\$/kwh)	RDC (\$/KW)	SDD (\$/KW)
RS1 / RTR1	-	0.00786	-	-
GS1 / GST1 / WIES1	-	0.00665	-	-
GSD1 / GSDT1 / HLFT1	2.32	-	-	-
OS2	-	0.00569	-	-
GSLD1 / GSLDT1 / CS1 / CST1 / HLFT2	2.60	-	-	-
GSLD2 / GSLDT2 / CS2 / CST2 / HLFT3	2.59	-	-	-
GSLD3 / GSLDT3 / CS3 / CST3	2.95	-	-	-
SST1T	-	-	0.33	0.15
SST1D1 / SST1D2 / SST1D3	-	-	0.34	0.16
CILC D / CICL G	2.80	-	-	-
CILC T	2.73	-	-	-
MET	2.98	-	-	-
OL1 / SL1 / PL1	-	0.00159	-	-
SL2, GSCU1	-	0.00530	-	-

Duke: The January 2014 through December 2014 factors are as follows:

<u>Rate Class</u>	<u>CCR Factor</u>
Residential	1.644 cents/kWh
General Service Non-Demand	1.303 cents/kWh
@ Primary Voltage	1.290 cents/kWh
@ Transmission Voltage	1.277 cents/kWh
General Service 100% Load Factor	0.897 cents/kWh
General Service Demand	4.26 \$/kW-month
@ Primary Voltage	4.22 \$/kW-month
@ Transmission Voltage	4.17 \$/kW-month
Curtaillable	3.13 \$/kW-month
@ Primary Voltage	3.10 \$/kW-month
@ Transmission Voltage	3.07 \$/kW-month
Interruptible	3.61 \$/kW-month
@ Primary Voltage	3.57 \$/kW-month
@ Transmission Voltage	3.54 \$/kW-month
Standby Monthly	0.418 \$/kW-month



@ Primary Voltage	0.414 \$/kW-month
@ Transmission Voltage	0.410 \$/kW-month
Standby Daily	0.199 \$/kW-month
@ Primary Voltage	0.197 \$/kW-month
@ Transmission Voltage	0.195 \$/kW-month
Lighting	0.239 cents/kWh

Gulf: The January 2014 through December 2014 factors are as follows:

<b>RATE CLASS</b>	<b>CAPACITY COST RECOVERY FACTORS ¢/KWH<sup>8</sup></b>
RS, RSVP	0.680
GS	0.602
GSD, GSDT, GSTOU	0.522
LP, LPT	0.455
PX, PXT, RTP, SBS	0.430
OS-I/II	0.091
OSIII	0.403

TECO: The January 2014 through December 2014 factors are as follows:

<u>Rate Class and Metering Voltage</u>	<u>Capacity Cost Recovery Factor</u>	
	<u>Cents per kWh</u>	<u>\$ per kW</u>
RS Secondary	0.202	
GS and TS Secondary	0.186	
GSD, SBF Standard Secondary		0.63
Primary		0.62
Transmission		0.62
GSD Optional Secondary	0.150	
Primary	0.149	
IS, SBI Primary		0.39
Transmission		0.38

<sup>8</sup> The 2014 capacity factors presented in Gulf's petition were not revised to reflect the final capacity factors as calculated and presented on pages 39 and 40 of Witness Dodd's Exhibit RWD-3.

LSI Secondary

0.025

Upon review, we find the effective date of the fuel adjustment factors shall begin with the first billing cycle for January 2014 and thereafter through the last billing cycle for December 2014. The first billing cycle may start before January 1, 2014, and the last cycle may be read after December 31, 2014, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by this Commission.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Duke Energy Florida, Inc., and Tampa Electric Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2014 through December 2014. It is further

ORDERED the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power & Light Company, Duke Energy Florida, Inc., Gulf Power Company, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors as set forth herein during the period January 2014 through December 2014. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the Fuel and Purchased Power Cost Recovery Clause With Generating Performance Incentive Factor docket is an on-going docket and shall remain open.

By ORDER of the Florida Public Service Commission this 18th day of December, 2013.



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.

MFB

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 shall 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.