

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 10, 2015

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Stephen B. Fletcher, Chief of Surveillance & Rate Filings, Division of Accounting & Finance *SBF*

RE: Docket No. 150148-EI - Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc.

Docket No. 150171-EI - Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy.

Please file the attached summary in the above mentioned Docket Files.

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Summary of Proposed Stipulation
DEF CR3 Regulatory Asset
Item 4 - September 15, 2015 Agenda
Docket No. 150148-EI & Docket No. 150171-EI

The Stipulation addresses only the CR3 Regulatory Asset-related issues and not the issues related to the Petition for Financing Order. Signatories to the Stipulation are DEF, OPC, PCS Phosphate, FRF and FIPUG. The Stipulation proposes the following:

- The value of the CR3 Regulatory Asset will be reduced from \$1,298,012,000 to \$1,283,012,000, which represents a reduction of \$15 million. **[Attachment A, Section I]**
- The Stipulation resolves any and all issues raised by the intervenors with respect to the CR3 Regulatory Asset in Docket No. 150148-EI. **[Attachment A, Section II]**
- Intervenors have taken stipulated positions on Issues 2 through 13, and “No Position” on Issue 1. **[Attachment A, Section III & Exhibit 1]**
- Per the stipulation for Issue 3, DEF will not implement the scheduled 2016 fuel clause recovery of the \$1.50 per megawatt hour rate increase related to the CR3 Regulatory Asset carrying cost. Recovery of carrying costs through the fuel clause terminates with the last billing cycle in 2015. **[Attachment A, Exhibit 1]**
- DEF reserves the right to file rebuttal testimony if the Stipulation is not approved. DEF has made a separate request for relief from the September 1, 2015 rebuttal testimony filing deadline. **[Attachment A, Section V]**
- Signatories to the Revised and Restated Stipulation and Settlement Agreement (RRSSA) have approved an RRSSA Amendment to clarify the appropriate recovery period if the nuclear asset-recovery bonds are issued pursuant to Section 366.95, Florida Statutes. **[Attachment A, Section VI]**
- The RRSSA Amendment revises the recovery period from 240 months to no longer than 276 months to allow for a 20-year bond maturity period plus an additional period for the implementation of a true-up mechanism in the event that recovery is through the issuance of nuclear asset-recovery bonds. **[Attachment A, Exhibit 2]**