DUKE ENERGY FLORIDA

Matthew R. Bernier
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Duke Energy Florida, LLC.

October 24, 2016

VIA ELECTRONIC FILING

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Fuel and purchased power cost recovery clause with generating performance incentive factor; Docket No. 160001-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing a Joint Stipulation and Agreement for Interim Resolution of Hedging Issues of Duke Energy Florida ("DEF"), Gulf Power Company ("Gulf"), Tampa Electric Company ("TECO"), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG") and the Florida Retail Federation ("FRF") for the above referenced docket.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

s/Matthew R. Bernier

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MRB/mw
Enclosures

Duke Energy Florida, LLC
Docket No.: 160001
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 24th day of October, 2016 to all parties of record as indicated below.

s/Matthew R. Bernier

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost Recovery Clause And Generating Performance Incentive Factor.	)))))	DOCKET NO. 160001-EI FILED: October 24, 2016

JOINT STIPULATION AND AGREEMENT FOR
INTERIM RESOLUTION OF HEDGING ISSUES

Electric investor-owned utilities Duke Energy Florida ("DEF"), Gulf Power Company ("Gulf") and Tampa Electric Company ("TECO") (collectively the IOUs), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG") and the Florida Retail Federation ("FRF"), all of the foregoing collectively referred to as the Parties, hereby jointly enter into this Stipulation and Agreement ("Agreement"), all of which is subject to review by the Florida Public Service Commission ("Commission").

W I T N E S S E T H:

WHEREAS, financial hedging of natural gas prices by the IOUs has been a subject of review in light of hedging costs in recent years; and

WHEREAS, issues regarding whether modifications to or cessation of existing Commission approved hedging practices are currently pending in the 2016 Fuel and Purchased Power Cost Recovery Docket, with the hearing in that Docket scheduled to be commenced on November 2, 2016; and

WHEREAS, Staff witnesses Gettings and Cicchetti filed testimony in this proceeding on September 23, 2016, on behalf of the Commission's Staff proposing a new risk responsive hedging model; and

WHEREAS, the IOUs had only approximately one week to analyze and respond to the risk responsive proposal; and

WHEREAS, witness Lawton filed testimony on behalf of OPC in this proceeding on September 23, 2016, advocating the cessation of financial hedging of natural gas unless circumstances change substantially; and

WHEREAS, all Parties wish to resolve all concerns regarding hedging on a going-forward basis, in a manner that works in the best interests of all of the customers of the IOUs; and

WHEREAS, a careful analysis of all identified and potential risk management approaches, including whether financial hedging of natural gas should continue, would benefit all stakeholders and allow the Commission to resolve hedging issues in the manner most beneficial to electric consumers in Florida; and

WHEREAS, the ultimate resolution of the pending hedging issues may involve a range of alternatives, including but not limited to the Gettings/Cicchetti approach, a reduction in the current levels of hedging and hedging durations, use of different financial products, or the termination of financial hedging altogether. All Parties to this stipulation believe that a careful consideration of the various alternatives will produce a result that is in the best interests of electric customers in the State.

NOW, THEREFORE, in consideration of the foregoing, the Parties stipulate and agree as follows:

1. The IOUs will put in place a 100 percent moratorium on any new hedges effective immediately upon the Commission's approval of this Agreement, with that moratorium extending through calendar year 2017, subject to the provisions of paragraph

5. The moratorium will not affect any financial hedges for natural gas executed prior to the effective date of the moratorium under the IOUs' 2016 risk management plans or prior plans.

2. The IOUs will withdraw their proposed 2017 Risk Management Plans.

3. No hedges executed by the Florida IOUs prior to the effective date of the moratorium will be impacted by the proposed moratorium.

4. The Parties will cooperate with each other and with the Commission's Staff to engage in a workshop or workshops, as soon as practicable, to consider all alternatives to prospectively resolving the hedging issues including but not limited to the Gettings/Cicchetti approach, a reduction in the current levels of hedging and hedging durations, use of different financial products, or the termination of financial hedging altogether, with the goal of either establishing a basis for the IOUs to present Risk Management Plans for 2018 that all stakeholders can agree upon or not object to or reaching some other mutually agreeable resolution of the hedging issues currently identified in Docket No. 160001-EI.

5. The Parties will negotiate in good faith to reach a settlement or other basis for the disposition of the hedging issues in time to present that anticipated resolution to the Commission concurrent with or prior to submittal of the IOUs' 2018 Risk Management Plans on or about August 1, 2017, or as directed by the Order Establishing Procedure in Docket No. 170001-EI ("2017 OEP"). If the parties fail to reach a settlement as discussed herein, the IOUs may submit proposed 2018 Risk Management Plans as directed by the 2017 OEP for consideration at the November 2017 hearing, in advance of the expiration of the one year moratorium at the end of calendar year 2017,

and the other Parties are free to advocate whatever positions they believe appropriate with respect to any such 2018 Plans.

6. The provisions of this Agreement are contingent on Commission approval of revised and substituted positions as a stipulation on the hedging issues in Docket No. 160001-EI consistent with the terms of this Agreement . The Parties agree that approval of this Agreement is in the public interest. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome or result in conflict with the terms hereof in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of the Agreement or the subject matter hereof. No party will assert in any proceeding before the Commission or any court that this Agreement or any of the terms in the Agreement shall have any precedential value, except to enforce the provisions of the Agreement.

7. This Agreement is dated as of October 24, 2016. It may be executed in counterpart originals, and a scanned .pdf copy of an original signature shall be deemed an original. Any person or entity that executes a signature page to this Agreement shall become and be deemed a party with the full range of rights and responsibilities provided hereunder, notwithstanding that such person or entity is not listed in the first recital above and executes the signature page subsequent to the date of this Agreement, it being expressly understood that the addition of any such additional party(ies) shall not disturb or diminish the benefits of this Agreement to any current party.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature.

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