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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC, for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Irma and Nate	Docket No. 20170272-EI
Citizens' Petition to establish a generic docket to investigate and adjust rates for 2018 tax savings	Docket No. 20180013-PU Filed: February 5, 2018

DUKE ENERGY FLORIDA, LLC's
NOTICE OF AMENDMENT TO IMPLEMENTATION STIPULATION

On January 24, 2018, pursuant to Rule 28-106.204, F.A.C., Duke Energy Florida, LLC ("DEF" or the "Company"), moved this Commission for approval of an Implementation Stipulation, attached as Exhibit A to the motion,[1] to implement specific provisions related to the timing of rate treatment of certain events contemplated in the 2017 Second Revised and Restated Settlement Agreement ("Agreement") approved by Commission Order No. PSC-2017-0451-AS-EU. DEF and the signatories to the Agreement entered the original Implementation Stipulation after determining it was in the best interests of DEF's customers, because it avoided volatility in customer rates by recognizing and then utilizing annual tax reform benefits as a direct offset to avoid implementing separate cost recovery of storm damage costs that customers would have otherwise been obligated to pay.

As part of the Implementation Stipulation, to avoid volatility in customer rates that may result from the Commission-approved Agreement and the earlier-than-contemplated enactment of the Tax Act, the signatories to the Agreement agreed that, upon Commission approval of the Implementation Stipulation and after approval of the interim storm cost recovery tariffs, DEF

[1] Document No. 00596-2018, in Docket No. 20170272-EI.

would withdraw the storm recovery tariff filed with DEF's Petition on December 28, 2017, and simultaneously submit revised tariff sheets to reflect only the changes associated with the Asset Securitization Charge True-Up.

However, the signatories to the Agreement and Implementation Stipulation have determined that Commission approval of the filed tariff sheets prior to withdrawal is unnecessary and are rather requesting Commission approval of the interim storm restoration recovery charge prior to withdrawal of the tariff. Therefore, DEF and the signatories have agreed to an amendment to paragraph 4 of the Implementation Stipulation to clarify this intent and to request the Commission to consider and approve this Amended Implementation Stipulation concurrent with its approval of DEF's requested interim storm restoration charge at its February 6, 2018 Agenda Conference.

DEF is authorized to represent that the Office of Public Counsel, Florida Industrial Power Users Group, PCS White Springs, Southern Alliance for Clean Energy, and the Florida Retail Federation join in and support this Amended Implementation Stipulation.

WHEREFORE, DEF respectfully requests that the Commission substitute the Amended Implementation Stipulation for the original filed on January 24, 2017, and approve the Amended Implementation Stipulation attached as Exhibit A to this Notice.

Respectfully submitted this 5th day of February, 2018

/s/ Matthew R. Bernier

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the following by electronic mail this 5th day of February, 2018, to all parties of record as indicated below.

/s/ Matthew R. Bernier
Attorney

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Exhibit A
Amended Implementation Stipulation

Amended Implementation Stipulation

1. The 2017 Second Revised and Restated Settlement Agreement ("Agreement") was approved by the Commission in Order No. PSC-2017-0451-AS-EU. As explained more fully below, the signatories to the Agreement enter into this Stipulation to implement specific provisions related to the timing of rate treatment of certain events contemplated in the Agreement that have become manifest (i.e., storm restoration costs and federal tax reform).
2. Paragraph 38(c) of the Agreement grants Duke Energy Florida, LLC ("DEF") the right to recover, on an interim basis, storm damage costs sixty days after filing a petition with the Commission. Pursuant to this paragraph, on December 28, 2017, DEF filed for the recovery of $513 million estimated for storm damage costs associated with Hurricanes Irma and Nate and replenishment of DEF's retail storm damage reserve to the level specified in the Agreement. To reduce rate impacts to customers, DEF proposed to recover this amount over three years, resulting in approximately $171 million of costs to be recovered from customers annually starting in March 2018. The Commission has opened Docket No. 20170272-EI to consider DEF's request.
3. Paragraph 16 of the Agreement provides a mechanism for calculating and implementing the impact of tax reform on DEF's rates, which will inure to the benefit of customers on the effective date of tax reform changes. On December 22, 2017, the President signed the Tax Cuts and Jobs Act ("Tax Act") into law. Part of the Tax Act includes a reduction in the corporate tax rate from 35 percent to 21 percent. DEF, using the methodologies set forth in Paragraphs 16(b) and 16(c) of the Agreement, has preliminarily estimated the impact of the Tax Act to result in a reduction in revenue requirements of approximately $135 million per year (after taking into account the $50 million accelerated depreciation of Crystal River ("CR") Units 4 and 5 as expressly provided in the Agreement). DEF and the other signatories to the Agreement agree that the $135 million estimated annual Tax Act revenue requirement impact is based on preliminary data and is subject to final true-up. As specified in the Agreement, DEF is obligated to reduce customer base rates within 120 days of the December 22, 2017 enactment date, or by April 21, 2018, upon a thorough review of the effects of the Tax Act on base revenue requirements to account for the impacts of the Tax Act. Any final true-up associated with further refinement of the estimate and recognition of the pre-implementation will be reflected in the amount recognized consistent with paragraph 5 below.
4. The storm damage costs are allocated to customer rate classes in the same manner as base rates. Absent this Implementation Stipulation, DEF would be authorized to increase rates by an average of $171 million per year starting in March 2018, and would subsequently reduce base rates at a later date in 2018 by an estimated $135 million per year. The Signatory Parties seek to avoid this volatility in customer rates and agree that DEF should effectively utilize the annual Tax Act benefits to avoid implementing the charge to customers for storm damage costs that they would have otherwise been obligated to pay. To accomplish this goal, DEF shall, after Commission approval of the interim storm restoration recovery charge~~tariff~~, withdraw the tariff sheets it filed with its December 28, 2017 filing ~~(i.e., the tariff surcharge shall never become effective)~~. The parties request that the Commission consider this stipulation in conjunction with its approval of this interim charge. Because those tariff sheets also included the impact of the

Asset Securitization Charge True-Up (Docket 2015071-EI), DEF shall simultaneously submit revised tariff sheets to reflect only the changes associated with the Asset Securitization Charge True-Up.

5. Based on the current storm restoration cost estimates, which are subject to change pending a final Commission order in Docket No. 20170272-EI and the yet-to-be filed docket regarding the Tax Act, DEF projects that the full estimated storm costs shall be recovered by approximately mid-2021. The signatories agree that DEF shall be entitled to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act and credit the retail storm reserve from January 2018 through full recovery of the final Commission-approved actual storm recovery amount, and that a specific condition of the net bill impacts of this stipulation is that the Commission will issue an order explicitly authorizing such action. The signatories agree that once the final Commission-approved actual storm recovery amount has been recovered, DEF shall reduce base rates in the manner prescribed in the Agreement and commensurate with the Commission-approved Tax Act savings beginning in the month following the final month of storm recovery (including reserve replenishment). DEF agrees to file tariff sheets at least 60 days before this date to reflect the reduced rates.
6. All signatories maintain and do not waive their rights to raise any argument that is allowed under the Agreement with respect to the reasonable and prudent level of storm damage costs and the calculation of the Tax Act impacts. It is the intent of the parties, and a condition of this stipulation, that the two distinct proceedings contemplated in Paragraphs 38(c) and 16 shall be conducted as if this stipulation did not exist and that final determinations of actual storm costs and tax savings be made independently and separately.
7. The parties intend that the storm damage costs be transparent and ascertainable on a stand alone basis and that the benefits of the Tax Act impacts be transparent and ascertainable on a stand alone basis. DEF shall file quarterly a storm cost overview which accounts and reports on the storm damage costs, the costs remaining to be satisfied, the projected date such costs will be satisfied and the amount of Tax Act savings applied to storm damage costs.

Amended Implementation Stipulation

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5. Based on the current storm restoration cost estimates, which are subject to change pending a final Commission order in Docket No. 20170272-EI and the yet-to-be filed docket regarding the Tax Act, DEF projects that the full estimated storm costs shall be recovered by approximately mid-2021. The signatories agree that DEF shall be entitled to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act and credit the retail storm reserve from January 2018 through full recovery of the final Commission-approved actual storm recovery amount, and that a specific condition of the net bill impacts of this stipulation is that the Commission will issue an order explicitly authorizing such action. The signatories agree that once the final Commission-approved actual storm recovery amount has been recovered, DEF shall reduce base rates in the manner prescribed in the Agreement and commensurate with the Commission-approved Tax Act savings beginning in the month following the final month of storm recovery (including reserve replenishment). DEF agrees to file tariff sheets at least 60 days before this date to reflect the reduced rates.
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