

Florida Public Service Commission
Fact Sheet: Docket No. 120022-EI
Progress Energy Florida's Multi-Year Settlement Agreement
February 22, 2012

Background: On January 20, 2012, Progress Energy Florida, Inc. (PEF) filed a petition with the Florida Public Service Commission (PSC) to approve a stipulation and settlement agreement (Agreement) that resolves many issues currently before, or about to be before, the Commission. Participants in the Agreement include: PEF, Office of Public Counsel, Florida Retail Federation, Florida Industrial Power Users Group, White Springs Agricultural Chemicals, Inc., and Federal Executive Agencies.

The Agreement:

- Eliminates the need for a base rate case before the PSC.
- Provides rate continuity for PEF's 1.6 million residential and business customers.
- Offsets base rate increase to residential customers by replacement power refund and nuclear clause rate freeze.
- Prevents rate case expenses ranging from a few thousand dollars to more than \$1 million, depending on the size of the utility, whether it hires outside experts for issues, such as Cost of Equity, Cost of Service, or Depreciation.
- Establishes 2013 rates reflecting a \$4.93 increase for a residential customer using 1,000 kilowatt hours of electricity a month.

Specific issues listed below:

Crystal River Unit 3 (CR3)

- Resolves CR3 replacement fuel and purchased power issues/costs from 2009-2016.
- Provides for an ongoing consultation process with the Office of Public Counsel on the decision to repair or retire nuclear unit.

Levy Nuclear Project

- Sets a fixed amount that customers would pay during the coming years for a proposed Levy County nuclear plant.

Base Rate Case

- Four-year term for utility rates (2013-2016)
- Includes a built-in revenue requirement increase (\$150 million)
- Establishes Return on Equity at 10.5 percent, plus or minus 100 basis points (increase to 10.7 percent upon CR3 return to service) through 2016.
- Removes CR3 from rate base, effective 2013; it will accrue a return, with automatic revenue increase, when returned to service.