FLORIDA PUBLIC SERVICE COMMISSION

SPECIAL COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Monday, January 11, 2010, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: November 30, 2009

NOTICE

To obtain a copy of staff's recommendation for any item on this agenda, contact the Office of Commission Clerk at (850) 413-6770. There may be a charge for the copy. The agenda and recommendations are also accessible on the PSC Website, at http://www.floridapsc.com, at no charge.

Any person requiring some accommodation at this conference because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least 48 hours before the conference. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD). Assistive Listening Devices are available in the Office of Commission Clerk, Betty Easley Conference Center, Room 110.

An audio version of the conference is available and can be accessed live on the PSC Website on the day of the Conference. The audio version is available through archive storage for up to three months after the conference.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

Critical Date(s): 03/19/2010 (12-Month Effective Date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Skop

Staff: ECR: Marsh, Slemkewicz, D. Buys, Davis, Dowds, Draper, Hewitt, Higgins, Kummer, L'Amoreaux, P. Lee, Lester, Matlock, Maurey, Ollila, Piper, A. Roberts, Springer, Stallcup, Thompson, Wright
APA: Hallenstein, Harvey, Mailhot, Vinson
GCL: Fleming, Klancke, Sayler, Young
RAD: Crawford, Ellis, Graves, Webb
SSC: C. Lewis, Moses, Vickery

(Participation is Limited to Commissioners and Staff)
Issue 1: DROPPED.
Issue 2: Is PEF's projected test period of the twelve months ending December 31, 2010, appropriate? (Category 1 Stipulation)
Approved Stipulation: Yes. The twelve months ended December 31, 2010, is the appropriate test year. (AFFIRM, FIPUG, NAVY, and PCS do not affirmatively stipulate this issue, and took no position.)
Issue 3: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting? (Category 2 Stipulation)
Approved Stipulation: The appropriate inflation, customer growth and other trend factors for use in forecasting are those included in the MFRs, as filed.
Issue 4: Are PEF's forecasts of customer growth, KWH by revenue class, and system KW for the projected test year appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 5: Are PEF's forecasts of billing determinants by rate class for the projected test year appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes.

ITEM NO.	**CASE**
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 6: Is the quality and reliability of electric service provided by PEF adequate?
Recommendation: Yes. Based upon the analysis of customer complaints, the objective measurements of the System Average Interruption Duration Index (SAIDI), the System Average Interruption Frequency Index (SAIFI), the Customer Average Interruption Duration Index (CAIDI) relating to PEF's distribution system, and the four indices for the transmission system that include Circuit-SAIDI, Transmission-SAIFI, Momentary interruptions or SAIFI-M, and the System Average Restoration Index (SARI), the quality and reliability of the electric service provided by PEF is adequate.
Issue 7: Should the current-approved depreciation rates, capital recovery schedules, and amortization schedules be revised? (Category 1 Stipulation)
Approved Stipulation: Yes. The parties' positions on how they should be revised are set forth in subsequent issues. (AFFIRM did not affirmatively stipulate to this issue, and took no position.)
Issue 8: What are the appropriate capital recovery schedules?
Recommendation: Staff recommends capital recovery schedules to address the net unrecovered investments associated with the retirement of the Avon Park and Bartow steam plants, the upgrade at Crystal River Units 4 and 5, and the Crystal River Unit 3 steam generator replacement. Staff also recommends recovery schedules to address the negative reserve amounts existing in Meters, Account 370, and Power Operated Equipment, Account 396. Staff recommends that existing reserve surpluses in the production plant and the distribution plant functions, as discussed in Issue 15, can be used for the immediate recovery of the Avon Park, Bartow, Crystal River Units 4 and 5, Crystal River Unit 3, meters, and power operated equipment unrecovered net investments, respectively.
Issue 9: Is PEF's calculation of the average remaining life appropriate?
Recommendation: Yes, Staff recommends that PEF's calculation of the average remaining life is appropriate.
Issue 10: What life spans should be used for PEF's coal plant?
Recommendation: Staff recommends that a 54-year life span should be used for Crystal River Units 1 and 2 and a 60-year life span should be used for Crystal River Units 4 and 5 for determining appropriate life parameters in this proceeding.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 11: What life spans should be used for PEF's combined cycle plants?
Recommendation: Staff recommends that a 35-year life span be used in this proceeding to determine the appropriate depreciation parameters for the Hines Energy Complex Units 1-4 and the new Bartow unit. For Tiger Bay, staff recommends using PEF's proposed 41-year life span. Also, staff recommends that PEF provide with its next depreciation study a detailed analysis demonstrating the expected life span of its combined cycle generating facilities, including why they should not be expected to operate for 35 years or longer.
Issue 12: What are the appropriate depreciation parameters (remaining life, net salvage percent, and reserve percent), amortizations, and resulting rates for each production unit, including but not limited to coal, steam, combined cycle, etc.?
Recommendation: Staff's recommended depreciation parameters and resulting depreciation rates for production plant are shown on Table 12-1 of staff's memorandum dated November 30, 2009. The reserve positions shown incorporate the effects of the staff recommended reserve allocations addressed in Issue 15. The resultant test year depreciation expenses based on the staff recommendation in this issue and in Issue 13 are addressed in Issue 75.
Issue 13: What are the appropriate depreciation parameters (remaining life, net salvage percent, and reserve percent), amortizations, and resulting rates for each transmission, distribution, and general plant account?
Recommendation: Staff's recommendations for these accounts are found in Table 13-2 of staff's memorandum dated November 30, 2009.
Issue 14: Based on the application of the depreciation parameters that the Commission has deemed appropriate to PEF's data, and a comparison of the calculated theoretical reserves to the book reserves, what are the resulting differences?
Recommendation: Using the life and salvage parameters staff recommends in Issues 12 and 13, a reserve surplus of $727.1 million results.

ITEM NO.	**CASE**
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 15: What, if any, corrective reserve measures should be taken with respect to the differences identified in the Issue 14?
Recommendation: Staff recommends the reserve allocations shown in Table 15-1 of staff's memorandum dated November 30, 2009. This action will bring each affected account's reserve more in line with its theoretically correct level. In light of concerns with reduced cash flow and the impact that a short amortization period could have on the financial integrity of PEF, including a higher cost of capital and cost of debt, resulting in higher customer rates in the long term, staff recommends that the residual remaining reserve surplus be recovered through the remaining life rate design.
Issue 16: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules? (Category 1 Stipulation)
Approved Stipulation: The implementation date should be January 1, 2010. (AFFIRM did not affirmatively stipulate this issue, and took no position.)
Issue 17: Should the current-approved annual dismantlement provision be revised?
Recommendation: Yes. Staff recommends that PEF's currently approved annual dismantlement provision should be revised.
Issue 18: What, if any, corrective reserve measures should be approved for fossil dismantlement?
Recommendation: Staff recommends the Commission approve the reserve allocations presented in Table 18-1 of staff's memorandum dated November 30, 2009.
Issue 19: What is the appropriate annual provision for dismantlement?
Recommendation: The appropriate system annual provision for dismantlement is \$3,845,221, and the retail annual accrual amount is \$3,113,889. These accruals reflect current estimates of dismantlement costs on a site-specific basis using an August 2008 inflation forecast and a 20 percent contingency factor.
Issue 20: Are PEF's assumptions in the fossil dismantlement study with regard to site restoration reasonable?
Recommendation: Yes. Staff recommends that the assumptions made by PEF in its 2008 dismantlement study with regards to site restoration are reasonable.
Issue 21: DROPPED.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 22: Should the currently approved annual nuclear decommissioning accruals be revised? (Category 1 Stipulation)
Approved Stipulation: No. The issues associated with PEF's nuclear decommissioning study should be deferred from the rate case and addressed next year when FPL files its nuclear decommissioning study in December 2010. This will afford the Commission the opportunity to address the appropriateness of each companies' cost of nuclear decommissioning at the same time. PEF will not be required to prepare a new site-specific nuclear decommissioning study. However, PEF will be required to update the current study with the most currently available escalation rates. (AFFIRM, AG, and NAVY did not affirmatively stipulate this issue, and took no position.)
Issue 23: What is the appropriate annual decommissioning accrual in equal dollar amounts necessary to recover future decommissioning costs over the remaining life Crystal River Unit 3 (CR3)? (Category 1 Stipulation)
Approved Stipulation: The issues associated with PEF's nuclear decommissioning study should be deferred from the rate case and addressed next year when FPL files its nuclear decommissioning study in December 2010. This will afford the Commission the opportunity to address the appropriateness of each companies' cost of nuclear decommissioning at the same time. PEF will not be required to prepare a new site-specific nuclear decommissioning study. However, PEF will be required to update the current study with the most currently available escalation rates. (AFFIRM, AF, and NAVY did not affirmatively stipulate this issue, and took no position.)
Issue 24: Has the company removed all non-utility activities from rate base?
Recommendation: No. Plant-in-service should be reduced by $874,089 and accumulated depreciation should be reduced by $18,405, for a total reduction to rate base of $892,494. Depreciation expense should be reduced by $26,039 and property tax should be reduced by $8,300.

ITEM NO.	**CASE**
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 25: Should any adjustments be made to rate base related to the Bartow Repowering Project? (Category 1 Stipulation)
Approved Stipulation: No. This stipulation does not prejudice the rights of any intervenor to contest the legality of including the Bartow project in rates during 2009. The new rates resulting from Docket No. 090079-EI, which will reflect the rate base and revenue requirement impact of the Bartow project, will supercede the rate change resulting from Order No. PSC-09-0415-PAA-EI as of the effective date of the new rates. (AFFIRM, and NAVY did not affirmatively stipulate this issue, and took no position.)
Issue 26: Should an adjustment be made to reflect any test year or post test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009? (Category 2 Stipulation)
Approved Stipulation: No.
Issue 27: Is PEF's requested level of Plant in Service for the projected 2010 test year appropriate?
Recommendation: No. The appropriate level of Plant in Service for the 2010 projected test year is $10,383,946,687.
Issue 28: What adjustments, if any, should be made to accumulated depreciation to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study?
Recommendation: Staff recommends that accumulated depreciation be reduced by $52,413,604 jurisdictional ($56,741,252 system) for the 2010 projected test year to reflect the revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study.
Issue 29: Is PEF's requested level of Accumulated Depreciation and Amortization in the amount of $4,437,117 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate Accumulated Depreciation and Amortization for the 2010 projected test year is $4,384,741,507. This is a fallout issue.
Issue 30: Is PEF's requested level of CWIP-No AFUDC in the amount of $151,145,000 for the projected 2010 test year appropriate?
Recommendation: Yes. PEF's requested level of CWIP-No AFUDC in the amount of $151,145,000 for the projected 2010 test year is appropriate.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 31: Is PEF's requested level of Plant Held for Future Use in the amount of $25,723,000 for the projected 2010 test year appropriate?
Recommendation: Yes. PEF's requested level of Plant Held for Future Use in the amount of $25,723,000 for the projected 2010 test year is appropriate.
Issue 32: Is PEF's requested level of Nuclear Fuel - No AFUDC (net) in the amount of $126,566,000 for the projected 2010 test year appropriate?
Recommendation: Staff recommends that the Commission approve PEF's requested amount of $126,556,000.
Issue 33: Should an adjustment be made to PEF's requested storm damage reserve, annual accrual of $14.9 million, and target level of $150 million?
Recommendation: Yes. PEF's requested increases in storm damage reserve, annual accrual, and the storm damage target reserve level should be rejected. The annual accrual should remain at its current level of $5,566,000 ($6 million system) which results in an average storm damage reserve of $144,559,128 for 2010. PEF should discontinue accruing interest on the storm reserve balance and instead include the reserve as a reduction to rate base. Working capital should be increased by $14,546,872 for the test period. Operation and Maintenance expense should be reduced by $9,356,000 ($10 million system) for the test year.
Issue 34: Should any adjustments be made to PEF's fuel inventories? (Category 2 Stipulation)
Approved Stipulation: No adjustment should be made to PEF's requested level of non-nuclear fuel inventories in the amount of $347,235,000 (system). The appropriate jurisdictional amount is a fall-out based on the jurisdictional separation factor approved in Issue 89.
Issue 35: Should unamortized rate case expense be included in Working Capital?
Recommendation: No. Unamortized rate case expense in the amount of $2,787,000 should be removed from working capital.
Issue 36: Has PEF appropriately reflected the impact of SFAS 143 (Asset Retirement Obligations) in its proposed working capital calculation?
Recommendation: Yes, PEF has appropriately reflected the impact of SFAS 143 (Asset Retirements Obligations) in its proposed working capital calculation.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 37: Is PEF's requested level of Working Capital Allowance in the amount of ($9,041,000) for the projected test year appropriate?
Recommendation: No. The appropriate 13-month average for working capital for the 2010 projected test year is $2,719,872.
Issue 38: Is PEF's requested level of Rate Base in the amount of $6,238,617,000 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate 13-month average rate base for the 2010 projected test year is $6,305,357,338.
Issue 39: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the projected test year?
Recommendation: The appropriate amount of accumulated deferred taxes to include in the capital structure is $420,330,116.
Issue 40: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the projected test year?
Recommendation: The appropriate amount of unamortized investment tax credit to include in PEF's capital structure is $3,898,262 at a cost rate of 8.74 percent.
Issue 41: Should PEF's requested pro forma adjustment to equity to offset off-balance sheet purchased power obligations be approved?
Recommendation: No. The pro forma adjustment in question in the amount of $711,330,000 (system) should be removed from the capital structure through a specific adjustment to common equity on a system basis.
Issue 42: What is the appropriate equity ratio that should be used for PEF for purposes of setting rates in this proceeding?
Recommendation: The appropriate equity ratio that should be used for PEF for purposes of setting rates in this proceeding is 46.7 percent as a percentage of total capital which equates to an equity ratio of 50.3 percent as a percentage of investor capital.
Issue 43: Have rate base and capital structure been reconciled appropriately?
Recommendation: Yes. For the sole purpose of setting rates in this case only, and with the exception of certain adjustments to capital structure discussed in Issues 41, 42, and 44, rate base and capital structure have been reconciled appropriately.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 44: What is the appropriate capital structure for the projected test year?
Recommendation: The appropriate capital structure for the purpose of setting rates in this proceeding is based on PEF's projected 2010 capital structure with certain adjustments to reflect the level of equity investment in the utility on a going-forward basis. The capital structure reflects a projected equity ratio of approximately 50.3 percent as a percentage of investor capital. The appropriate capital structure for the projected 2010 test year is shown on Schedule 2 of staff's memorandum dated November 30, 2009.
Issue 45: What is the appropriate cost rate for short-term debt for the projected test year?
Recommendation: The appropriate cost rate for short-term debt for the projected 2010 test year is 3.72 percent.
Issue 46: What is the appropriate cost rate for long-term debt for the projected test year?
Recommendation: The appropriate cost rate for long-term debt for the projected 2010 test year is 6.18 percent.
Issue 47: What is the appropriate return on equity (ROE) for the projected test year?
Recommendation: The appropriate return on equity for the 2010 projected test year is 11.25 percent with a range of plus or minus 100 basis points.
Issue 48: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the projected capital structure?
Recommendation: The appropriate weighted average cost of capital for the projected 2010 test year is 8.23 percent, as shown on Schedule 2 of staff's memorandum dated November 30, 2009.
Issue 49: Is PEF's projected level of total operating revenues in the amount of $1,517,918,000 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate projected level of total operating revenues for the 2010 projected test year is $1,650,019,000.
Issue 50: What are the appropriate adjustments to reflect the base rate increase for the Bartow Repowering Project authorized in Order No. PSC-09-0415-PAA-EI?
Recommendation: Revenues at current rates for the projected test year should be adjusted as addressed in Issue 88. No adjustment is needed for proposed revenues since the revenue requirement amounts for the Bartow Repowering Project are included in the 2010 projected amounts.

ITEM NO.	**CASE**
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 51: Has PEF made the appropriate test year adjustments to remove conservation revenues and expenses recoverable through the Conservation Cost Recovery Clause? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 52: Has PEF made the appropriate test year adjustments to remove fuel and purchased power revenues and expenses recoverable through the Fuel and Purchased Power Cost Recovery Clause? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 53: Has PEF made the appropriate test year adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 54: Has PEF made the appropriate test year adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 55: DROPPED.
Issue 56: Has PEF made the appropriate adjustments to remove Aviation cost for the test year?
Recommendation: Yes. PEF has made the appropriate adjustments to remove aviation cost for the test year.
Issue 57: Should an adjustment be made to advertising expenses?
Recommendation: No. PEF has made the appropriate adjustments to remove advertising expenses for the test year.
Issue 58: DROPPED.
Issue 59: Is PEF's proposed allowance of $2,412,100 for directors and officers liability insurance appropriate?
Recommendation: Yes. Directors and Officers (D&O) liability insurance is a necessary cost of doing business for a public-owned company and should be allowed. Staff recommends that no adjustment should be made.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 60: Is PEF's proposed allowance of $3,669,000 for 2010 injuries and damages expense appropriate?
Recommendation: No. Staff recommends a decrease of $4,778,603 jurisdictional ($5,020,063 system) for 2010 injuries and damages expense.
Issue 61: Is PEF's proposed allowance of $23,228,000 for 2010 A&G office supplies and expenses appropriate?
Recommendation: No. The 2010 A&G Office Supplies and Expenses should be reduced by $1,298,435 jurisdictional ($1,480,677 system).
Issue 62: Should an adjustment be made to PEF's proposed 2010 allowance for O&M expense to reflect productivity improvements, if any?
Recommendation: No. Staff recommends that adjustments have been made to address the variances in O&M expenses in other issues. No further adjustments are necessary.
Issue 63: Should an adjustment be made to PEF's requested level of salaries and employee benefits for the 2010 projected test year?
Recommendation: Yes. Staff recommends that the salaries and wages account should be reduced by $1,454,000 jurisdictional ($1,658,000 system).
Issue 64: Are PEF's proposed increases to average salaries for 2010 appropriate?
Recommendation: No. Salaries expense should be reduced by $10,146,776 jurisdictional ($12,209,439 system) for the 2010 projected test year.
Issue 65: Are PEF's proposed increases in employee positions for 2010 appropriate?
Recommendation: No. Staff recommends that PEF's proposed increases in employee positions for 2010 be reduced by 80 positions for a dollar reduction of $4,156,891 (system) or $3,454,626 (jurisdictional).
Issue 66: Should the proposed 2010 allowance for incentive compensation be adjusted?
Recommendation: Yes. The proposed 2010 allowance for incentive compensation be reduced by $22,181,891 jurisdictional ($25,295,228 system).
Issue 67: Should the Company's proposed 2010 allowance for employee benefit expense be adjusted?
Recommendation: Yes. The proposed 2010 allowance for employee benefit expense should be reduced by $1,706,667 jurisdictional ($1,946,206 system) to reflect a reduction in employee positions.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 68: Should an adjustment be made to the accrual for property damage for the 2010 projected test year?
Recommendation: No. The annual accrual for property damage should remain at its current level of $5,566,000 ($6 million system), as addressed in Issue 33.
Issue 69: Should an adjustment be made to PEF's 2010 generation O&M expense?
Recommendation: Yes. Staff recommends that Plant in Service should be increased by $3,479,776 jurisdictional, Accumulated Depreciation should be increased by $19,706 jurisdictional, O&M expense should be decreased by $9,004,955 jurisdictional, and depreciation expense should be increased by $41,680 jurisdictional.
Issue 70: Should an adjustment be made to PEF's 2010 transmission O&M expense?
Recommendation: Yes. Staff recommends a reduction to transmission O&M expense of $1,717,042 jurisdictional for vegetation management expense. Staff recommends no adjustment for expenses related to FERC 890, or for line bonding and grounding.
Issue 71: Should an adjustment be made to PEF's 2010 distribution O&M expense?
Recommendation: Yes. Staff recommends that distribution vegetation management O&M expense be reduced by $8,924,197 jurisdictional for the 2010 test year.
Issue 72: DROPPED.
Issue 73: What is the appropriate amount and amortization period for PEF's rate case expense for the 2010 projected test year?
Recommendation: Staff recommends that rate case expense be set at $2,153,855 with a 4-year amortization period. The annual amortization amount should be $538,464 ($2,153,855/4). The Company's total requested rate case expense amount should be reduced by $633,145 ($2,787,000 - $2,153,855), and the annual amortization should be reduced by $855,036 ($1,393,500 - $538,464).
Issue 74: Should an adjustment be made to bad debt expense for the 2010 projected test year? (Category 2 Stipulation)
Approved Stipulation: No.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 75: What adjustments, if any, should be made to the 2010 projected test year depreciation expense to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study?
Recommendation: Staff recommends that the 2010 projected test year depreciation expense be reduced by $124,115,709 jurisdictional ($138,786,891 system), to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study.
Issue 76: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2010 projected test year?
Recommendation: The appropriate retail amount of depreciation expense is $233,768,932. The appropriate system annual provision for dismantlement is $3,845,221, and the retail annual accrual amount is $3,113,889.
Issue 77: What is the appropriate amount of nuclear decommissioning expense for the 2010 projected test year? (Category 1 Stipulation)
Approved Stipulation: The appropriate amount if $0. (AFFIRM did not affirmatively stipulate this issue, and took no position.)
Issue 78: What adjustments, if any, should be made to the amortization of End of Life Material and Supplies inventories? (Category 2 Stipulation)
Approved Stipulation: No adjustments should be made.
Issue 79: What adjustments, if any, should be made to the amortization of the costs associated with the last core of nuclear fuel? (Category 2 Stipulation)
Approved Stipulation: No adjustments should be made.
Issue 80: Should an adjustment be made to taxes other than income taxes for the 2010 projected test year?
Recommendation: Yes. Taxes other than income taxes for the 2010 projected test year should be increased by $86,813 for an adjusted total of $129,673,813.
Issue 81: Is it appropriate to make a parent debt adjustment as per Rule 25-14.004, Florida Administrative Code?
Recommendation: Yes. Jurisdictional income tax expense should be decreased by $14,487,526 ($23,833,265 system) to reflect the parent debt adjustment required by Rule 25-14.004, F.A.C.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc.

Docket No. 090144-EI – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.
Docket No. 090145-EI – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 82: Should an adjustment be made to Income Tax expense for the test year?
Recommendation: Yes. Total Income Tax expense should be increased by $110,041,251 resulting in a total income tax expense of $152,984,251 for the 2010 projected test year.
Issue 83: Is PEF's requested level of Operating Expenses in the amount of $1,249,372,000 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate level of Operating Expenses for the 2010 projected test year is $1,160,521,768.
Issue 84: Is PEF's projected net operating income in the amount of $268,546,000 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate Net Operating Income for the 2010 projected test year is $489,497,232.
Issue 85: Has PEF appropriately accounted for affiliated transactions? If not, what adjustment, if any, should be made?
Recommendation: Yes. PEF has appropriately accounted for affiliated transactions. Staff recommends that no adjustment should be made.
Issue 86: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for PEF? (Category 2 Stipulation)
Approved Stipulation: The appropriate projected test year revenue expansion factor is 61.207% and the appropriate net operating income multiplier is 1.63381.
Issue 87: Is PEF's requested annual operating revenue increase of $499,997,000 for the 2010 projected test year appropriate?
Recommendation: No. The appropriate annual operating revenue increase for the 2010 projected test year is $48,089,265.
Issue 88: Has PEF correctly calculated revenues at current rates for the projected test year?
Recommendation: No. Revenues at current rates for the projected test year should be increased from $1,448,466,000 to $1,580,567,000, or by $132,101,000 as shown in PEF's response to Staff Interrogatory No. 136 (EXH 41, BSP 1574-1575), to account for the Bartow Repowering Project (BRP) base rate increase approved by the Commission in Order No. PSC-09-0415-PAA-EI.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc.

Docket No. 090144-EI – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.
Docket No. 090145-EI – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 89: Is PEF's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?
Recommendation: Yes, PEF's proposed separation of costs and revenues between the wholesale and retail jurisdictions is appropriate.
Issue 90: What is the appropriate Cost of Service Methodology to be used to allocate base rate and cost recovery costs to the rate classes?
Recommendation: The appropriate methodology is 12 Coincident Peak (CP) and 25 percent Average Demand (AD) for production plant costs, which reflects a change from PEF's current 12 CP and 1/13 AD methodology. Transmission plant costs should continue to be allocated according to the 12 CP methodology.
Issue 91: If the Commission approves a cost allocation methodology other than the 12 CP and 1/13th Average Demand, should all cost recovery factors be adjusted to reflect the new cost of service methodology.
Recommendation: Yes. If the Commission approves a cost allocation methodology other than the 12 CP and 1/13th Average Demand in Issue 90, all cost recovery factors should be adjusted to reflect the new cost of service methodology. The revised cost recovery factors should become effective coincident with the base rate changes approved in this docket.
Issue 92: How should any change in revenue requirements approved by the Commission be allocated among the customer classes?
Recommendation: The appropriate allocation of any change in revenue requirements, after recognizing any additional revenues from service charges, should track each rate class's revenue deficiency as determined from the approved cost of service study. The appropriate rate classes are shown in Exhibit 115. No rate class should receive an increase greater than 1.5 times the system average percentage increase in total, including cost recovery clauses, and no class should receive a decrease. When calculating the percent class revenue increase, PEF should account for any changes in the cost recovery clauses which may result from any approved changes in the cost of service methodology.
Issue 93: Is PEF's proposed methodology for treatment of unbilled revenue due to any recommended rate change appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 94: Is PEF's proposed charge for Investigation of Unauthorized Used appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 95: Should the Commission approve PEF's proposal to eliminate its IS-1, IST-1, CS-1, and CST-1 rate schedules and transfer the current customers to otherwise applicable rate schedules?
Recommendation: Yes, the IS-1, IST-1, CS-1, and CST-1 rate schedules should be eliminated and the current customers should be transferred to otherwise applicable IS-2, IST-2, CS-2, and CST-2 rate schedules. The 36-month notice provision to move to a firm rate schedule should be reduced to 12 months for the transferred IS-1, IST-1, CS-1, and CST-1 customers.
Issue 96: Is PEF's proposal to grandfather certain terms and conditions for existing IS-1, IST-1, CS-1, and CST-1 customers transferred to the IS-2, IST-2, CS-2, and CST-2 rate schedules appropriate?
Recommendation: Yes, PEF's proposal to grandfather certain terms and conditions for existing IS-1, IST-1, CS-1, and CST-1 customers transferred to the IS-2, IST-2, CS-2, and CST-2 rate schedules is appropriate if Issue 95 is approved. If Issue 95 is not approved, this issue is moot.
Issue 97: Should PEF's proposal to close the RST-1 rate to new customers be approved? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 98: Are PEF's proposed customer charges appropriate?
Recommendation: Staff recommends that the Commission approve the methodology used by PEF in calculating the customer charges with one exception. Staff recommends the removal of the transformer costs from PEF’s proposed residential class customer charge. Based on PEF’s requested revenue requirement this would lower the customer charge by $4.24. Transformer costs should continue to be recovered through the non-fuel energy charge. PEF should recalculate the customer charges based on the revenue requirement approved by the Commission in Issue 87. The decision on the final customer charges should be made at the Rates Agenda.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 99: Are PEF's proposed service charges appropriate?
Recommendation: The appropriate service charges are $75 for Initial Connection, $30 for Existing Customer Reconnect, $11 for Leave Service Active, $50 for Non-payment Reconnect, and $65 for Non-normal Reconnect. If the Commission in Issue 87 approves no increase, or a decrease in operating revenues as proposed by OPC, FIPUG, and PCS, the service charges should remain at their current levels.
Issue 100: Is PEF's proposed charge to Temporary Service appropriate?
Recommendation: The appropriate Temporary Service Charge is $250.
Issue 101: Is PEF's proposed Premium Distribution Service charge appropriate?
Recommendation: Staff recommends that the Premium Distribution Service charges proposed by PEF are appropriate, however, to the extent that the distribution unit cost would change as a result of other decisions in this docket, PEF should recalculate the distribution service charges.
Issue 102: DROPPED.
Issue 103: Are PEF's proposed monthly fixed charge carrying rates to be applied to the installed cost of customer-requested distribution equipment, lighting service fixtures, and lighting service poles, for which there are no tariffed charges, appropriate? (Category 1 Stipulation)
Approved Stipulation: The methodology used by PEF to calculate the monthly fixed charge carrying rates is appropriate. To the extent any of the inputs used by PEF in the calculation are modified at the revenue requirements Agenda, PEF should recalculate the monthly fixed charge carrying rates using the approved inputs. (OPC, AFFIRM, AG, FIPUG, NAVY, and PCS did not affirmatively stipulate this issue, and took no position.)
Issue 104: Are PEF's proposed delivery voltage credits appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes.
Issue 105: Are PEF's power factor charges and credits appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes. PEF’s proposed power factor charge and credit of $0.25 kilovolt-ampere reactive (kVAR) is appropriate.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 106: Is PEF's proposed lump sum payment for time-of-use metering costs appropriate? (Category 2 Stipulation)
Approved Stipulation: Yes. PEF's proposed $90 lump sum payment contained in the RST-1 rate for time-of-use metering costs is appropriate.
Issue 107: What is the appropriate method of designing time-of-use rates for PEF?
Recommendation: PEF's proposed time-of-use rate design is appropriate in this docket. Staff further recommends that PEF provide to staff by July 1, 2010, a proposed tariff for a multi-period commercial time-of-use rate, if available, or at a minimum, a report on their progress in defining such a new tariff.
Issue 108: What are the appropriate charges under the Firm, Interruptible, and Curtailable Standby Service rate schedules?
Recommendation: This is a fall-out issue and will be decided at the January 28, 2010, Agenda Conference. The Standby Service charges should be designed in accordance with the Commission's prescribed methodology in Order No. 17159.
Issue 109: What is the appropriate level of the interruptible credit?
Recommendation: Staff recommends that the interruptible credit should be $3.62/kW for IS-1 customers and $3.31/kW for IS-2 customers. However, in the event the Commission determines to eliminate the IS-1, IST-1 rate schedules, staff recommends that the appropriate credit for the IS-2, IST-2 rate schedules should be $5.65. The recommended credits should remain in effect until the Commission reviews and approves PEF's conservation program modifications following the resetting of conservation goals. This recommendation is consistent with a stipulation rendered by PEF, FIPUG, and PCS in Docket No. 090002-EG.
Issue 110: Should the interruptible credit be load factor adjusted?
Recommendation: There is no basis in this docket to change the application of the interruptible IS-2 credit. However, staff believes that witness Pollock's two recommended alternatives to determine the amount of interruptible demand subject to the credit merit review by PEF. Staff recommends that PEF review witness Pollock's alternatives, and provide an analysis to the Commission for review when PEF modifies its interruptible programs as part of the Company's DSM goal implementation.
Issue 111: What are the appropriate energy charges?
Recommendation: This is a fall-out issue and will be addressed at the January 28, 2010, rates Agenda Conference.

ITEM NO.	**CASE**
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 112: What are the appropriate demand charges?
Recommendation: If the Commission approves an increase, or decrease, to PEF's operating revenues in Issue 87, the demand charges in combination with the energy charges should be revised on a proportionate basis to provide for a uniform percentage change for most customers in a rate class. The final demand charges will be determined at the January 28, 2010, rates Agenda Conference.
Issue 113: What are the appropriate lighting charges?
Recommendation: This is a fall-out issue and will be decided at the January 28, 2010, Agenda Conference.
Issue 114: Should PEF's proposal to revise its Leave Service Active (LSA) provision (tariff sheet No. 6.110) be approved?
Recommendation: No. The proposed tariff language should be modified to eliminate the ten unit minimum to qualify for an LSA agreement. The requirement of the units to be contiguous and that the property have an on-site manager should be retained as proposed.
Issue 115: What is the appropriate effective date for PEF's revised rates and charges?
Recommendation: The revised rates and charges should apply to meter readings taken on or after 30 days following the date of the Commission vote approving the rates and charges.
Issue 115A: Are the rates proposed by Progress Energy Florida fair, just, and reasonable, and compensatory as those terms are used in Chapter 366, Florida Statutes, including specifically Sections 366.03, 366.041(1), 366.05(1), and 366.06(1), Florida Statutes?
Recommendation: This issue will be decided at the January 28, 2010, Agenda Conference along with the final rates.
Issue 115B: In fulfilling it mandate under Section 366.01, Florida Statutes, to regulated public utilities in the public interest and for the protection of the public welfare, and its mandate under Section 366.041(1) to fix fair, just, reasonable, and compensatory rates that consider among other things the value of such service to the public and that do not deny the utility a reasonable return upon its rate base, should the Commission grant any part of PEF's proposal to increase its base rate in this docket?
Recommendation: This issue will be decided at the January 28, 2010, Agenda Conference along with the final rates.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 116: Should any of the $13,078,000 interim rate increase granted by Order No. PSC-09-0413-PCO-EI be refunded to the ratepayers?
Recommendation: No refund of any of the interim rate increase is required. Further, upon issuance of the Final Order in this docket, the corporate undertaking should be released.
Issue 117: Should PEF be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records which will be required as a result of the Commission's findings in this proceeding? (Category 1 Stipulation)
Approved Stipulation: Yes. (AFFIRM did not affirmatively stipulate this issue, and took no position.)
Issue 118: DROPPED.
Issue 119: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the Stipulation approved by Order No. PSC-05-0945-S-EI to a future period violate the terms of the Stipulation and order?
Recommendation: No. Staff recommends that the Commission find that the deferral of pension expenses does not violate the terms of the 2005 Stipulation and Order, does not constitute retroactive ratemaking, and will not lead to double recovery. Accordingly, staff recommends that only the retail portion of PEF's actual 2009 pension expense, estimated to be $31.5 million, should be deferred as a regulatory asset (2009 Pension Regulatory Asset). On an annual basis, PEF should use any pension expense levels below the allowance provided for in rates in the 2010 base rate proceeding in Docket No. 090079-EI to write-down the 2009 Pension Regulatory Asset. In the event that such write-downs are insufficient to fully amortize the 2009 Pension Regulatory Asset, PEF should not be allowed recovery of this item through a base rate case prior to 2015. Finally, staff recommends that PEF not earn a carrying charge on this regulatory asset.

ITEM NO.	CASE
1	**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc. **Docket No. 090144-EI** – Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc. **Docket No. 090145-EI** – Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.

(Continued from previous page)

Issue 120: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the Stipulation and order to a future period constitute retroactive ratemaking?
Recommendation: No. As discussed in Issue 119, staff recommends that the Commission find that the deferral of pension expenses does not violate the terms of the 2005 Stipulation and Order, does not constitute retroactive ratemaking, and will not lead to double recovery. Accordingly, staff recommends that only the retail portion of PEF's actual 2009 pension expense, currently estimated to be $31.5 million, should be deferred as a regulatory asset (2009 Pension Regulatory Asset). On an annual basis, PEF should use any pension expense levels below the allowance provided for in rates in the 2010 base rate proceeding in Docket No. 090079-EI to write-down the 2009 Pension Regulatory Asset. In the event that such write-downs are insufficient to fully amortize the 2009 Pension Regulatory Asset, PEF should not be allowed recovery of this item through a base rate case prior to 2015. Finally, staff recommends that PEF not earn a carrying charge on this regulatory asset.
Issue 121: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the revenue sharing provisions of the Stipulation and order to a future period result in double recovery of those expenses?
Recommendation: No. As discussed in Issue 119, staff recommends that the Commission find that the deferral of pension expenses does not violate the terms of the 2005 Stipulation and Order, does not constitute retroactive ratemaking, and will not lead to double recovery. Accordingly, staff recommends that only the retail portion of PEF's actual 2009 pension expense, currently estimated to be $31.5 million, should be deferred as a regulatory asset (2009 Pension Regulatory Asset). On an annual basis, PEF should use any pension expense levels below the allowance provided for in rates in the 2010 base rate proceeding in Docket No. 090079-EI to write-down the 2009 Pension Regulatory Asset. In the event that such write-downs are insufficient to fully amortize the 2009 Pension Regulatory Asset, PEF should not be allowed recovery of this item through a base rate case prior to 2015. Finally, staff recommends that PEF not earn a carrying charge on this regulatory asset.
Issue 122: Should this docket be closed?
Recommendation: The docket should be closed after the time for filing an appeal has run.