

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Progress Energy Florida ) Docket No: 070290-EI  
to increase base rates to recover the full )  
revenue requirements of the Hines Unit 2 )  
and Unit 4 power plants pursuant to ) Submitted for Filing: October 12, 2007  
Commission Order No. PSC-05-0945-S-EI )

**STIPULATION AND SETTLEMENT AGREEMENT**

WHEREAS, on April 30, 2007, Progress Energy Florida, Inc. (“PEF” or the “Company”), petitioned the Florida Public Service Commission (the “Commission”) to increase base rates to recover the full revenue requirements of the Hines Unit 2 and Unit 4 power plants pursuant to Commission Order No. PSC-05-0945-S-EI;

WHEREAS, on September 27, 2007, the Commission Staff issued its recommendation that (1) PEF be allowed to recover the approximately \$41 million of costs in excess of the need determination for Hines Unit 4, including related transmission facility costs, (2) the Hines 2 costs be transferred from the Fuel Clause to base rates, and (3) the revised base rates should apply to electric usage occurring on and after December 1, 2007, with PEF prorating customers’ bills so that the current base rates would apply to November 2007 usage and that the revised base rates would apply to December 2007 usage.

WHEREAS, the Office of Public Counsel (“OPC”), the Florida Industrial Power Users Group (“FIPUG”), the Florida Retail Federation (“FRF”), the AARP, and White Springs Agricultural Chemicals, Inc. dba PCS Phosphate Whites Springs (“PCS Phosphate”) have

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indicated their intent to file a request for a hearing in the above-referenced docket objecting to, among other things, the recovery of some or all of the installed Hines 4 costs. Unless the context clearly requires otherwise, the term Party or Parties means a signatory to this Stipulation and Settlement Agreement (“Agreement”).

WHEREAS, the Parties have entered into this Agreement for the purpose of avoiding the risks, uncertainties, and costs of litigation and for the purpose of reaching an informal resolution of all outstanding issues in Docket No. 070290-EI pending before the Commission and as more fully set forth below;

NOW, THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby agree and stipulate as follows:

1. Upon approval and final order of the Commission, this Agreement will become effective.

2. PEF shall increase base rates pursuant to Commission Order No. PSC-05-0945-S-EI to recover (a) the revenue requirements of the installed cost of the Hines Unit 2 power plant, excluding the unit’s non-fuel O&M expenses (as these costs are already in base rates), and (b) the full revenue requirements associated with the Hines 4 power plant and related transmission costs, including the unit’s non-fuel O&M expenses. The appropriate jurisdictional base rate revenue requirement for Hines Unit 2 is \$36,339,546. The jurisdictional base rate revenue requirement is \$52,354,000 for Hines Unit 4 and the related transmission facilities.

3. It is the agreement of the Parties that the increase in base rates for Hines 2 and Hines 4 will be effective with the first billing cycle in January 2008 and such increase will be

based on the rates and charges attached to this settlement. The Company will file revised tariff sheets within 45 days of approval of this Agreement by the Commission for administrative approval by the Commission Staff.

4. It is the agreement of the Parties that, for the month of December 2007, PEF is entitled to recover one half of the revenue requirements pursuant to Commission Order No. PSC-05-0945-S-EI of the installed cost of the Hines Unit 2 power plant, excluding the unit's non-fuel O&M expenses through the fuel cost recovery clause. To accomplish this, PEF will charge \$1,458,020 in revenue requirements for the installed cost of the Hines Unit 2 power plant through the fuel cost recovery clause in December 2007, given that PEF's projection in Docket No. 070001 had excluded 100% of the revenue requirement on the assumption it was to be collected through base rates.

5. 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 of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. Approval of this Agreement in its entirety will resolve all issues in Docket No. 070290-EI pursuant to and in accordance with Section 120.57(4), F.S.. Docket No. 070290-EI will be closed effective on the date the Commission order approving this Agreement is final.

6. This Agreement dated as of October 12, 2007 may be executed in counterpart originals, and a facsimile of an original signature shall be deemed an original.

In Witness Whereof, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signatures below.

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**Progress Energy Florida, Inc.**

By 

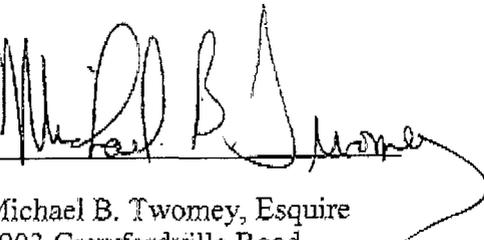
Alex Glenn, Esquire  
Post Office Box 14042  
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**Office of Public Counsel**

By Charles Beck

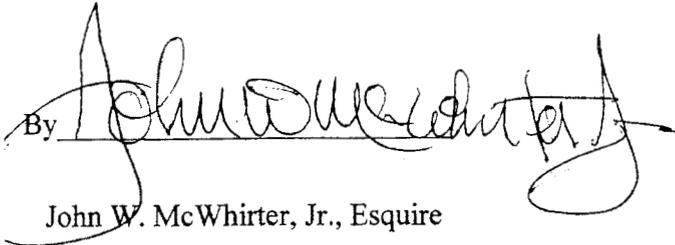
Charles Beck, Esquire  
111 W. Madison St., Room 812  
Tallahassee, Florida 32399

AARP

By 

Michael B. Twomey, Esquire  
8903 Crawfordville Road  
Tallahassee, Florida 32305

**Florida Industrial Power Users Group**

By 

John W. McWhirter, Jr., Esquire

McWhirter, Reeves

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**Florida Retail Federation**

By 

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Progress Energy Florida  
Base Rate Unit Charges - Increase for Hines 2 and Hines 4  
Docket No. 070290-EI - Settlement Rates

7.45%  
Increase to all  
Demand & Energy  
Charges Page 1 of 5

Rate Schedule	Type of Charge	Energy Charges in cents / kWh		
		Current Rates	Hines Settlement	
		Effective 01/01/06	Rates Effective 01/01/08	
SC-1	Initial Connection - \$	61.00	61.00	
	Reconnection - \$	28.00	28.00	
	Transfer of Account - No LSA Contract - \$	28.00	28.00	
	Transfer of Account - LSA Contract Required - \$	10.00	10.00	
	Reconnect After Disconnect For Non-Pay - \$	40.00	40.00	
	Reconnect After Disconnect For Non-Pay After Hours - \$	50.00	50.00	
	Late Payment Charge	> \$5.00 or 1.5%	> \$5.00 or 1.5%	
	Returned Check Charge	\$25 if <= \$50 \$30 if <= \$300 \$40 if <= \$800 5% if > \$800	\$25 if <= \$50 \$30 if <= \$300 \$40 if <= \$800 5% if > \$800	
	TS-1	Temporary Service Extension - Monthly \$	227.00	227.00
	RS-1	Customer Charge - \$ per Line of Billing		
RST-1	Standard	8.03	8.03	
RSS-1	Seasonal (RSS-1)	4.20	4.20	
	Time of Use			
	Single Phase	14.84	14.84	
	Three Phase	14.84	14.84	
	Customer CIAC Paid	8.03	8.03	
	TOU Metering CIAC - \$ One Time Charge	132.00	132.00	
	Energy and Demand Charge - cents per KWH			
	Standard			
	0 - 1,000 KWH	3.315	3.588	
	Over 1,000 KWH	4.315	4.588	
	Time of Use - On Peak	10.431	11.208	
	Time of Use - Off Peak	0.526	0.565	
GS-1, GST-1	Customer Charge - \$ per Line of Billing			
	Standard			
	Unmetered	5.99	5.99	
	Secondary	10.62	10.62	
	Primary	134.31	134.31	
	Transmission	662.48	662.48	
	Time of Use			
	Single Phase	17.42	17.42	
	Three Phase	17.42	17.42	
	Customer CIAC Paid	10.62	10.62	
	Primary	141.12	141.12	
	Transmission	669.28	669.28	
	TOU Metering CIAC - \$ One Time Charge	132.00	132.00	
	Energy and Demand Charge - cents per KWH			
	Standard	3.648	3.920	
	Time of Use - On Peak	10.431	11.208	
	Time of Use - Off Peak	0.526	0.565	
	Premium Distribution Charge - cents per KWH	0.504	0.542	
	Meter Voltage Adjustment - % of Demand & Energy Charges			
	Primary	1.0%	1.0%	
	Transmission	2.0%	2.0%	
	Equipment Rental - % of Installed Equipment Cost	1.67%	1.7%	

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		Current Rates	Hines Settlement
		Effective 01/01/06	Rates Effective 01/01/08
<b>GS-2</b>	Customer Charge - \$ per Line of Billing		
	Standard		
	Unmetered	5.99	5.99
	Metered	10.62	10.62
	Energy and Demand Charge - cents per KWH		
Standard	1.369	1.471	
	Premium Distribution Charge - cents per KWH	0.101	0.109
<b>GSD-1</b> <b>GSDT-1</b>	Customer Charge - \$ per Line of Billing		
	Standard		
	Secondary	10.62	10.62
	Primary	134.31	134.31
	Transmission	662.48	662.48
	Time of Use		
	Secondary	17.42	17.42
	Secondary - Customer CIAC paid	10.62	10.62
	Primary	141.12	141.12
	Primary - Customer CIAC paid	134.31	134.31
	Transmission	669.28	669.28
	Transmission Customer CIAC paid	662.48	662.48
	Demand Charge - \$ per KW		
	Standard	3.45	3.71
	Time of Use		
	Base	0.85	0.91
	On Peak	2.57	2.76
	Delivery Voltage Credits - \$ per KW		
	Primary	0.27	0.29
	Transmission	1.01	1.09
Premium Distribution Charge - \$ per KW	0.74	0.80	
Energy Charge - cents per KWH			
Standard	1.503	1.615	
Time of Use - On Peak	3.316	3.563	
Time of Use - Off Peak	0.526	0.565	
Meter Voltage Adjustment - % of Demand & Energy Charges			
Primary	1.0%	1.0%	
Transmission	2.0%	2.0%	
Power Factor - \$ per KVar	0.20	0.21	
Equipment Rental - % of Installed Equipment Cost	1.67%	1.67%	

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CS-1	Customer Charge - \$ per Line of Billing		
CS-2	Secondary	69.61	69.61
CS-3	Primary	193.30	193.30
CST-1	Transmission	721.46	721.46
CST-2			
	Demand Charge - \$ per KW		
	Standard	5.56	5.97
	Time of Use		
	Base	0.83	0.89
	On Peak	4.68	5.03
	Curtailable Demand Credit		
	CS-1, CST-1 - \$ per KW of Curtailable Demand	2.33	2.50
	CS-2, CST-2 - \$ per KW LF adjusted Demand	2.31	2.48
	CS-3, CST-3 - \$ per KW of Contract Demand	2.31	2.48
	Delivery Voltage Credits - \$ per KW		
	Primary	0.27	0.29
	Transmission	1.01	1.09
	Premium Distribution Charge - \$ per KW	0.74	0.80
	Energy Charge - cents per KWH		
	Standard	0.982	1.055
	Time of Use - On Peak	1.828	1.964
	Time of Use - Off Peak	0.526	0.565
	Meter Voltage Adjustment - % of Demand & Energy Charges		
	Primary	1.0%	1.0%
	Transmission	2.0%	2.0%
	Power Factor - \$ per KVar	0.20	0.21
	Equipment Rental - % of Installed Equipment Cost	1.67%	1.67%
IS-1	Customer Charge - \$ per Line of Billing		
IS-2	Secondary	255.64	255.64
IST-1	Primary	379.34	379.34
IST-2	Transmission	907.50	907.50
	Demand Charge - \$ per KW		
	Standard	4.70	5.05
	Time of Use		
	Base	0.74	0.80
	On Peak	4.11	4.42
	Interruptible Demand Credit		
	IS-1, IST-1 - \$ per KW of Billing Demand	3.37	3.62
	IS-2, IST-2 - \$ per KW LF Adjusted Demand	3.08	3.31
	Delivery Voltage Credits - \$ per KW		
	Primary	0.27	0.29
	Transmission	1.01	1.09
	Premium Distribution Charge - \$ per KW	0.74	0.80
	Energy Charge - cents per KWH		
	Standard	0.650	0.698
	Time of Use - On Peak	0.922	0.991
	Time of Use - Off Peak	0.526	0.565
	Meter Voltage Adjustment - % of Demand & Energy Charges		
	Primary	1.0%	1.0%
	Transmission	2.0%	2.0%
	Power Factor - \$ per KVar	0.20	0.21
	Equipment Rental - % of Installed Equipment Cost	1.67%	1.67%

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LS-1	Customer Charge - \$ per Line of Billing		
	Standard		
	Unmetered	1.09	1.09
	Metered	3.13	3.13
	Energy and Demand Charge - cents per KWH		
	Standard	1.446	1.554
	Fixture & Maintenance Charges - \$ per fixture	n/a	n/a
	Pole Charges - \$ per pole	n/a	n/a
	Other Fixture Charge Rate - % of Installed Fixture Cost	1.46%	1.46%
	Other Pole Charge Rate - % of Installed Pole Cost	1.67%	1.67%
SS-1	Customer Charge - \$ per Line of Billing		
	Secondary	92.29	92.29
	Primary	215.99	215.99
	Transmission	744.15	744.15
	Customer Owned	74.42	74.42
	Base Rate Energy Customer Charge - cents per KWH	0.633	0.680
	Distribution Charge - \$ per KW		
	Applicable to Specified SB Capacity	1.36	1.46
	Generation and Transmission Capacity Charge		
	Greater of : - \$ per KW		
Monthly Reservation Charge			
Applicable to Specified SB Capacity	0.758	0.814	
Peak Day Utilized SB Power Charge of:	0.361	0.388	
SS-2	Customer Charge - \$ per Line of Billing		
	Secondary	278.33	278.33
	Primary	402.02	402.02
	Transmission	930.19	930.19
	Customer Owned	260.45	260.45
	Base Rate Energy Customer Charge - cents per KWH	0.633	0.680
	Distribution Charge - \$ per KW		
	Applicable to Specified SB Capacity	1.36	1.46
	Generation and Transmission Capacity Charge		
	Greater of : - \$ per KW		
	Monthly Reservation Charge		
	Applicable to Specified SB Capacity	0.758	0.814
	Peak Day Utilized SB Power Charge of:	0.361	0.388
	Interruptible Capacity Credit - \$ per KW		
	Grandfathered Prior to 1/1/06		
Monthly Reservation Credit	0.642	0.690	
Daily Demand Credit	0.306	0.329	
Effective 1/1/06			
Monthly Reservation Credit	0.308	0.331	
Daily Demand Credit	0.147	0.158	

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		Current Rates	Hines Settlement
		Effective 01/01/06	Rates Effective 01/01/08
SS-3	Customer Charge - \$ per Line of Billing		
	Secondary	92.29	92.29
	Primary	215.99	215.99
	Transmission	744.15	744.15
	Customer Owned	74.42	74.42
	Base Rate Energy Customer Charge - cents per KWH	0.633	0.680
	Distribution Charge - \$ per KW		
	Applicable to Specified SB Capacity	1.36	1.46
	Generation and Transmission Capacity Charge		
	Greater of : - \$ per KW		
	Monthly Reservation Charge		
	Applicable to Specified SB Capacity	0.758	0.814
	Peak Day Utilized SB Power Charge of:	0.361	0.388
	Curtable Capacity Credit - \$ per KW		
	Grandfathered Prior to 1/1/06		
	Monthly Reservation Credit	0.321	0.345
	Daily Demand Credit	0.153	0.164
	Effective 1/1/06		
	Monthly Reservation Credit	0.231	0.248
	Daily Demand Credit	0.110	0.118
	Gross Receipts Tax	2.5641%	2.5641%