Docket No. 090079-EI – Petition for increase in rates by Progress Energy Florida, Inc.

**Issue 1:** Should the $499,997,000 million permanent base rate increase and its associated tariff revisions requested by Progress Energy Florida, Inc. be suspended pending a final decision in this docket?

**Recommendation:** Yes. The $499,997,000 permanent base rate increase and its associated tariff revisions requested by Progress Energy Florida, Inc. should be suspended pending a final decision in this docket.

**APPROVED**

**Issue 2:** Does the Stipulation approved by Order No. PSC-05-0945-S-EI, allow PEF to request an interim rate increase?

**Recommendation:** Yes. Staff believes that the Stipulation contemplates PEF’s request for an interim rate increase and that such a request is not prohibited by the Stipulation.

**APPROVED**

**COMMISSIONERS ASSIGNED:** All Commissioners

**COMMISSIONERS' SIGNATURES**

**MAJORITY**

[Signatures]

**DISSENTING**

[Signatures]

**REMARKS/DISSenting COMMENTS:** Chairman Carter and Commissioner Argenziano participated in the conference by telephone. They will sign the vote sheet upon their return to the office.
Issue 3: Has PEF established a prima facie entitlement for interim relief, pursuant to Section 366.071(1), F.S.?
Recommendation: Yes. Staff believes that the 10 percent threshold adopted by the parties in the Stipulation represents a level below which rates are no longer fair, just, and reasonable, thereby entitling PEF to petition the Commission to amend its base rates. PEF has presented prefiled testimony and documentation supporting that it is earning below the 10 percent threshold. Accordingly, staff recommends that PEF has established a prima facie entitlement for interim relief and is entitled to the proposed interim increase, pursuant to Section 366.071, F.S., as discussed in Issue 4.

APPROVED; Argenziano dissented.

with oral modification.

Issue 4: Is Progress Energy Florida, Inc.'s proposed 2008 interim test year rate base of $5,098,765,000 appropriate?
Recommendation: Yes. The appropriate 2008 interim test year rate base for PEF is $5,098,765,000.

APPROVED; Argenziano dissented.

Issue 5: Are Progress Energy Florida, Inc.'s proposed return on equity of 10.00 percent and its overall cost of capital of 7.84 percent reasonable for the purpose of determining interim rates?
Recommendation: Yes. PEF's proposed return on equity of 10.00 percent and overall cost of capital of 7.84 percent are reasonable for purposes of determining interim rates.

APPROVED; Argenziano dissented.

Issue 6: Is Progress Energy Florida, Inc.'s proposed 2008 interim test year net operating income of $391,486,000 appropriate?
Recommendation: Yes. The appropriate 2008 interim test year net operating income for PEF is $391,486,000.

APPROVED; Argenziano dissented.
Issue 7: Is Progress Energy Florida, Inc.'s proposed interim net operating income multiplier of 1.6343 appropriate? 
Recommendation: Yes. PEF's proposed interim net operating income multiplier of 1.6343 is appropriate.

APPROVED. Argenziano dissented.

Issue 8: Should Progress Energy Florida, Inc.'s requested interim revenue increase of $13,078,000 be granted?
Recommendation: If it is determined that interim relief should be granted to PEF in this case, the appropriate interim revenue increase for PEF should be $13,078,000.

APPROVED. Argenziano dissented.

Issue 9: Should Progress Energy Florida, Inc.'s requested percentage increase factor of 1.70 percent be approved?
Recommendation: No. If it is determined that relief should be granted to PEF in this case, the appropriate percentage increase factor is 0.91 percent. If approved, PEF should file revised tariff sheets reflecting the 0.91 percent increase factor.

APPROVED. Argenziano dissented.

Issue 10: How should the interim revenue increase for Progress Energy Florida, Inc. be distributed among the rate classes?
Recommendation: The percentage increase factor approved in Issue 9 should be applied uniformly to all existing base rates and charges to derive the interim base rates and charges, as required by Rule 25-6.0435, F.A.C. The interim rates should go into effect with the first billing cycle in July 2009. The Company should give notice to customers of the interim increase commencing with the June 2009 bills to coincide with the notice staff is recommending PEF provide for the Bartow Repowering project in Docket No. 090144-EI.

APPROVED. Argenziano dissented.
Vote Sheet
May 19, 2009
Docket No. 090079-EI – Petition for increase in rates by Progress Energy Florida, Inc.

(Continued from previous page)

**Issue 11:** What is the appropriate security to guarantee the amount collected subject to refund?
**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

**APPROVED**

**Issue 12:** Should this docket be closed?
**Recommendation:** No. This docket should remain pending the Commission’s final resolution of the Company’s requested rate increase.

**APPROVED**
From: Katherine Fleming
Sent: Monday, May 18, 2009 11:16 AM
To: Mary Bane; Chuck Hill
Cc: Betty Ashby; Selena Chambers; Booter Imhof; Mary Anne Helton; Jennifer Brubaker; Ann Cole; Tim Devlin; Marshall Willis; Cheryl Bulecz-Banks; Erik Sayler; Caroline Klancke; Keino Young; William C. Garner; Lorena Holley; Roberta Bass; Bill McNulty; Larry Harris; Lois Graham; Kay Posey; Kelly McLanahan; Cristina Slaton; Steve Larson
Subject: Request for Oral Modification - Item 9, May 19, 2009 Agenda Conference

Staff requests permission to make an oral modification to its recommendation for Docket No. 090079-EI, which the Commission will address as Item 9 at the May 19, 2009, Agenda Conference. Due to a scrivener's error, staff referenced the incorrect issue number in the recommendation statement in Issue 3. Staff would like to modify the recommendation statement and staff analysis in Issue 3, as shown below in legislative format:

**Issue 3:** Has PEF established a prima facie entitlement for interim relief pursuant to Section 366.071(1), F.S.?

**Recommendation:** Yes. Staff believes that the 10 percent threshold adopted by the parties in the Stipulation represents a level below which rates are no longer fair, just, and reasonable, thereby entitling PEF to petition the Commission to amend its base rates. PEF has presented prefiled testimony and documentation supporting that it is earning outside the 10 percent threshold. Accordingly, staff recommends that PEF has established a prima facie entitlement for interim relief and is entitled to the proposed interim increase pursuant to Section 366.071, F.S., as discussed in Issue 4.8. (Fleming, Sayler)

The change should also be reflected in the last sentence of the last paragraph contained on page 9 in the Staff Analysis, as follows:

... Company agree that Section 7 of the Stipulation provides that the Company may seek to amend its base rates in the event that PEF's retail base rate earnings fall below the 10 percent threshold, notwithstanding Section 4. Therefore, staff believes that the 10 percent threshold adopted by the parties in the Settlement represents a level below which rates are no longer fair, just, and reasonable thereby entitling PEF to petition the Commission to amend its base rates. PEF has presented prefiled testimony and documentation supporting that it is earning outside the 10 percent threshold. Accordingly, staff recommends that PEF has shown a prima facie entitlement for interim relief and is entitled to the proposed interim increase, as discussed in Issue 4.8.

Please let me know if you have any questions or concerns regarding this request.

Thank you.