

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 150009-EI

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 150001-EI
ORDER NO. PSC-15-0176-TRF-EI
ISSUED: May 6, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
JIMMY PATRONIS

ORDER DENYING FLORIDA INDUSTRIAL POWER USERS GROUP's MOTION TO DISMISS IN ITS ENTIRETY, APPROVING DUKE ENERGY FLORIDA, INC.'s REQUEST TO END THE LEVY NUCLEAR PROJECT FIX RATE COMPONENT, DECLINING TO TAKE ACTION ON DUKE ENERGY FLORIDA, INC.'s REQUEST TO DEFER COLLECTION LEVY NUCLEAR PROJECT COST,
AND
APPROVING DUKE ENERGY FLORIDA, INC.'s REVISED TARIFF SHEET NO. 6.105

BY THE COMMISSION:

Background

In 2013, Duke Energy Florida, Inc. (DEF) filed a Petition for Limited Proceeding to Approve a Revised and Restated Stipulation and Settlement Agreement (2013 Settlement Agreement) that was signed by the Office of Public Counsel (OPC), Florida Retail Federation (FRF), Florida Industrial Power Users Group (FIPUG), and White Springs Agricultural Chemical, Inc. d/b/a PCS Phosphate (PCS Phosphate). We approved the 2013 Settlement Agreement by Order No. PSC-13-0598-FOF-EI.¹ Paragraph 11 of the 2013 Settlement Agreement required DEF to collect Levy Nuclear Project (LNP) costs through certain fixed factors (LNP fixed factors) in the Capacity Cost Recovery Clause (CCRC). Pursuant to paragraph 12, DEF was to terminate the Engineering, Procurement and Construction (EPC) contract for the LNP. Under this same paragraph, DEF is also required to end the application of the LNP fixed factors upon the earlier of full recovery of the LNP costs or the first billing cycle

¹ Order No. PSC-13-0598-FOF-EI, issued November 12, 2013, in Docket 130208-EI, In re: Petition for limited proceeding to approve revised and restated stipulation and settlement agreement by Duke Energy Florida, Inc. d/b/a Duke Energy.

for January 2018, and to submit a final true-up filing with this Commission no later than May 1, 2017.

On January 28, 2014, DEF canceled the EPC contract with Westinghouse Electric Company (WEC). In December 2013, DEF had requested WEC refund \$54,127,100 related to payments for long lead equipment that would not be delivered due to the anticipated cancellation of the EPC. The payments in question were made by DEF in 2008 and 2009 and subsequently found to have been prudently incurred by us. In March 2014, DEF sued WEC for return of these payments. The litigation remains ongoing and a 2016 hearing is currently scheduled in Federal Court of the Western District of North Carolina.

On October 27, 2014, we issued Order No. PSC-14-0617-FOF-EI requiring DEF to make a downward adjustment of \$54,127,100 to its projected 2015 expenses in light of what was known at that time concerning the termination of the EPC contract and the ongoing litigation between DEF and WEC.²

On March 2, 2015, DEF filed a petition to end the collection of LNP costs using the fixed factors. DEF also requested us to approve deferred collection of the approximately \$54 million of LNP costs, plus carrying cost, until DEF's litigation with WEC is finalized. In addition, DEF seeks approval of revised tariff sheets that reflect the cancellation of the LNP fixed factor for all affected rate classes.

On March 5, 2015, a group of intervenors (OPC, FRF and PCS Phosphate) filed a joint response to DEF's petition. On March 19, 2015, FIPUG filed a motion to dismiss DEF's petition. On March 24, 2015, DEF filed a response in opposition to FIPUG's motion.

We have jurisdiction over these matters pursuant to Section 366.93, Florida Statutes (F.S.), as well as Sections 366.04, 366.041, 366.05, 366.06 and 366.07, F.S.

Decision

Standard of Review for Motions to Dismiss

A motion to dismiss raises as a question of law the sufficiency of the facts alleged in a petition to state a cause of action. Varnes v. Dawkins, 624 So. 2d 349, 350 (Fla. 1st DCA 1993). The standard to be applied in disposing of a motion to dismiss is whether, with all factual allegations in the petition taken as true and construed in the light most favorable to the petitioner, the petition states a cause of action upon which relief may be granted. Id. at 350. In determining the sufficiency of the petition, we should confine our consideration to the petition and documents incorporated therein and the grounds asserted in the motion to dismiss. Flye v. Jeffords, 106 So. 2d 229 (Fla. 1st DCA 1958); Rule 1.130, Florida Rules of Civil Procedure.

² Order No. PSC-14-0617-FOF-EI, issued October 27, 2014, in Docket 140009-EI, In re: Nuclear Cost Recovery Clause.

FIPUG's Motion to Dismiss

In its Motion to Dismiss, FIPUG argues that DEF's Petition is unauthorized, unnecessary, and inappropriate because no further Commission action is needed. FIPUG contends that we have already considered the issue, after the submission of evidence and argument, and ordered DEF to stop collecting the LNP fixed factors to ensure that ratepayers will be credited the sum of \$54 million for certain equipment that DEF's contractor, WEC, never produced. Citing exclusively to the transcript of our October 2, 2014 Commission Agenda Conference, FIPUG asserts that there were no conditions or amendments placed on our vote, and the transcript of the evidentiary hearing speaks for itself. Thus, FIPUG asserts that we considered, debated and approved a credit of \$54 million to DEF's ratepayers that hinged on our determination that it is imprudent and inappropriate to require DEF's ratepayers to pay for equipment that was never manufactured.

FIPUG also contends that DEF's Petition, while styled as a petition to terminate the LNP fixed factors, strays into other topics, such as whether a carrying charge should be imposed and collected (or imposed and accrued) on the \$54 million sum that we have already determined should be credited to ratepayers. FIPUG asserts that DEF's Petition is simply not needed and should be dismissed. FIPUG argues that if DEF was unsure or unclear about Order No. PSC-14-0617-FOF-EI, it should have filed a motion for reconsideration of the \$54 million credit. No such motion was filed, and DEF's attempt to have us reconsider our decision to have DEF stop collecting money for equipment that was never produced should not be entertained for many reasons, including its untimeliness pursuant to Rule 25-6.0424, Florida Administrative Code (F.A.C.).

DEF's Response to FIPUG's Motion to Dismiss

In its response, DEF argues that FIPUG's Motion to Dismiss should be denied because the Motion is based upon two misplaced assertions. First, DEF asserts that FIPUG falsely contends that DEF's Petition is unnecessary because we ordered DEF to stop collecting the LNP fixed factors. DEF argued that we did just the opposite and refused to terminate the LNP fixed factors in Order No. PSC-14-0617-FOF-EI. DEF contends that we expressly stated in Order No. PSC-14-0617-FOF-EI that "we do not require the termination of the Levy Project NCRC fixed monthly charge" as requested by the Joint Intervenors. Moreover, DEF further states that FIPUG fails to reference any Commission Order that advances its proposition that we terminated the LNP fixed factors.

Second, DEF asserts that FIPUG's contention that DEF previously sought, unsuccessfully, to recover from ratepayers \$54 million for certain equipment that WEC never produced, that we considered the issue and found DEF's ratepayers should not be charged for equipment never manufactured, and that, for this reason, DEF's customers should receive a credit of \$54 million, is factually and legally incorrect. Thus, FIPUG's Motion, accordingly, must be denied. DEF, among other reasons, contends that we, in Order No. PSC-14-0617-FOF-EI, recognized that there is no dispute that the \$54 million long lead equipment payments were incurred by DEF for the Levy Nuclear Project in the 2008-2009 timeframe and that the payments were prudently incurred. Also, in Order No. PSC-14-0617-FOF-EI, we stated "there is no

dispute regarding the prudence of DEF's original activities when it made the scheduled milestone payments in 2008 and 2009, totaling \$54,127,100." DEF asserts that the payments were found prudent by us in Order No. PSC-09-0783-FOF-EI and Order No. PSC-11-0095-FOF-EI. Thus, FIPUG's contention is factually and legally incorrect, and its Motion to Dismiss should be denied.

Analysis

We find that FIPUG's Motion to Dismiss shall be denied in its entirety. DEF's Petition states a cause of action upon which relief may be granted. Pursuant to Section 366.06, F.S., "All applications for changes in rates shall be made to the commission in writing under the rules and regulations prescribed, and the commission shall have the authority to determine and fix fair, just, and reasonable rates that may be requested, demanded, charged, or collected by any public utility for its service." Here, DEF is requesting a change in rates; thus, it must file with us a petition to end the LNP fixed factors. Terminating the LNP fixed factors absent this petition is potentially a violation of paragraph 12 of the 2013 Settlement Agreement, and a violation of our rules, order, and statutes. Moreover, there is nothing in any order that authorizes DEF to end the LNP fixed factors at-will. Thus, DEF's Petition states a cause of action upon which relief may be granted and FIPUG's Motion should be denied.

Moreover, Rule 25-6.033(4), F.A.C., states that "No rules and regulations, or schedules of rates or charges, or modification or revisions of the same, shall be effective until filed with and approved by the Commission as provided by Law." Again, DEF is seeking a modification of its rates to end the LNP fixed factors. DEF cannot modify its tariff without our approval. Thus, DEF must file a petition to modify its tariff with us to end the LNP fixed factors. Consequently, DEF's Petition states a cause of action upon which relief may be granted and FIPUG's Motion should be denied.

Therefore, we find that FIPUG's Motion to Dismiss be denied in its entirety. As previously stated, DEF's Petition states a cause of action upon which relief may be granted.

Termination of the LNP Fixed Rate

In Order No. PSC-14-0617-FOF-EI, we ordered DEF to make a downward adjustment to LNP projected 2015 expenses. Our decision was based upon our finding that there was a reasonable expectation that, in 2015, a court would award DEF a refund of certain scheduled milestone payments made by DEF to WEC associated with the manufacturing of long lead equipment items. We acknowledged at the time of our decision that the ordered adjustment would likely result in ending collection of LNP costs using the fixed factors earlier than would otherwise occur. We did not at that time order DEF to cease collection using the fixed factors because the 2013 Settlement Agreement fully prescribes the terms and conditions for ending the LNP fixed factors.

In light of the adjustment we ordered, DEF currently projects it could over-collect known LNP costs beginning in May 2015 if the fixed factors remain in effect. Consistent with the requirements of paragraph 12 of the 2013 Settlement Agreement, DEF is requesting that we

approve ending the LNP fixed factors beginning with the first full billing cycle in May of this year. We note that the group of intervenors, as stated in their response, agree with DEF's request to end the LNP fixed factors and urges expeditious approval.

Based on the information presented in DEF's Petition and our review of data filed on March 2, 2015, in Docket 150009-EI, we find DEF's assessment concerning an anticipated over-collection of currently known LNP costs is reasonable. Therefore, based on our understanding of the requirements of the 2013 Settlement Agreement, we approve ending the LNP fixed factors effective on the first billing cycle for May of 2015. Ending the collection from these factors should minimize the potential of over-collection of revenues as compared to known project costs before a final true-up can be fully determined by us. The requested action to end the LNP fixed factors is consistent with our expectation and intent when we ordered the downward adjustment, for the benefit of customers, in Order No. PSC-14-0617-FOF-EI.

DEF's Request to Defer Collection of LNP Project Cost

DEF requests that we approve deferred collection of approximately \$54 million in unrecovered LNP costs (along with carrying cost) until such time as the litigation between DEF and WEC is finalized. In their response to DEF's petition, the group of intervenors stated that if we approve DEF's request to end the LNP fixed factors, we should take no action on DEF's other requests because the only necessary Commission action at this time is the ministerial implementation of a final Commission order that is not subject to further revision, clarification, explication or reconsideration.

We note that there are at least four documents that impact and govern the approval of DEF's requests: Section 366.93, F.S., Rule 25-6.0423, F.A.C., the 2013 Settlement Agreement, and Order No. PSC-14-0617-FOF-EI. The pertinent parts of these documents are as follows.

Section 366.93, F.S., and Rule 25-6.0423, F.A.C., establish a utility's right to recover prudently incurred costs and describe the manner of recovery and regulatory treatment to be applied to these costs until recovered. The 2013 Settlement Agreement, at paragraph 11, established that collection of LNP costs would occur through employing certain fixed factors in the CCRC. Paragraph 12 describes the basis for termination of these fixed factors and the filing of a final true-up to reconcile the variance between actual achieved collections and prudently incurred costs.

By Order No. PSC-14-0617-FOF-EI, we required DEF to make a downward adjustment to its 2015 projected expenses, in anticipation of a court award. We recognized that a contract-based opportunity existed where DEF could seek a refund of payments made for services or goods not provided by WEC, and decided that customers should benefit from that anticipated court award as soon as possible. Given what was known concerning the termination of the EPC contract and the ongoing litigation between DEF and WEC, we stated:

Therefore, in light of our obligations under Florida law and our duty to address this matter before us, we find that there is sufficient basis to order DEF to make a downward adjustment of \$54,127,100 to its projected 2015 expenses. Such an

adjustment is well within the scope of the 2013 Settlement Agreement and does not constitute any review of our prior decisions concerning the prior approval of milestone payments made by DEF in prior years. DEF will continue to account for this adjustment consistent with Section 366.93, F.S.

In balancing the requirements from these documents, we believe that Order No. PSC-14-0617-FOF-EI is clear. The ordered adjustment to 2015 LNP projected expenses primarily affects the timing of when DEF's collection of LNP costs using the fixed factors can end, as addressed above. We did not reverse or recede from any prior finding of prudence, or disallow any particular cost that would affect DEF's right to recovery. In addition, our statement that DEF was to continue to account for the adjustment consistent with Section 366.93, F.S., is also clear. We note that upon the ending of collection of LNP costs using the fixed factors in the CCRC, the recovery of any uncollected project costs, or refund of over-collections, that remains would be subject to our future final true-up review and determination proceeding consistent with paragraph 12 of the 2013 Settlement Agreement. Consequently, the regulatory treatment to be applied to any remaining costs or collections is clearly described in Section 366.93, F.S., and Rule 25-6.0423, F.A.C., and does not require our additional approval.

Given our prior orders and the guidance provided by existing statutes and rules, we find that we need not take any action on this part of DEF's request.

DEF's Revised Tariff Sheet No. 6.105

The 2013 Settlement Agreement established the collection of LNP costs using certain fixed factors.³ The LNP fixed factors, as a component for cost collection in the CCRC, are shown below:

LNP Fixed Factors	
RS	0.345 cents/kWh
GS-1	0.252 cents/kWh
GS-2	0.182 cents/kWh
GSD	0.84 \$/kW
CS	0.91 \$/kW
IS	0.69 \$/kW
LS	0.052 cents/kWh

³ Order No. PSC-13-0598-FOF-EI, issued November 12, 2013, in Docket 130208-EI, In re: Petition for limited proceeding to approve revised and restated stipulation and settlement agreement by Duke Energy Florida, Inc. d/ b/a Duke Energy.

As discussed above, DEF requested approval to end collection of that portion of the CCRC factor attributable to the LNP. We reviewed the tariff sheet DEF proposed to ensure the changes corresponded with the amounts specified in the 2013 Settlement Agreement. The following table demonstrates the results of the review.

Tariff Change vs. 2013 Settlement Agreement Impact						
Rate Schedule/ Metering Level	Existing CCRC Factor		Proposed CCRC Factor		¢ Change per kWh	\$ Change per kW
	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW		
RS	1.619	-	1.274		-0.345	-
GS-1	1.282	-	1.030	-	-0.252	-
GS-2	0.883	-	0.701	-	-0.182	-
GSD	-	4.19		3.35	-	-0.840
CS	-	3.13	-	2.22	-	-0.910
IS	-	3.52	-	2.83	-	-0.690
LS	0.235		0.183		-0.052	

Note: Changes in bold equal impact specified in Settlement Agreement

DEF has requested that the ending of the LNP fixed factors become effective with the first billing cycle of May 2015. That cycle will begin on April 27, 2015. We approved DEF's request on April 16, 2015, 11 days before the May 2015 billing cycle begins. Typically, effective dates are set a minimum of 30 days after our vote modifying charges.⁴ This time limit is imposed in order to not have new rates applied to energy consumed before the effective date of our action, i.e., the date of the vote. However, we have also implemented changes in less than 30 days when circumstances warrant.⁵ Further, the Florida Supreme Court has recognized that the fuel adjustment clause proceeding "is a continuous proceeding and operates to a utility's benefit by eliminating regulatory lag."⁶ The NCRC factor is included in the fuel adjustment clause. Therefore, finding that there was competent, substantial evidence to support its 1984 decision⁷

⁴ Gulf Power Co. v. Cresse, 410 So. 2d 492 (Fla. 1982); Order No. PSC-96-0907-FOF-EI, issued July 15, 1996, in Docket No. Docket No. 960001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor; Order No. 96-0908-FOF-EI, issued July 15, 1996, in Docket No. 960001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor; Order No. PSC-97-0021-FOF-EI, issued January 6, 1997, in Docket No. 970001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor,

⁵ Order No. PSC-01-0963-PCO-EI, issued April 18, 2001, in Docket No. 010001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor, (allowing recovery of increase in fuel factor in order to decrease the carrying costs and therefore the total amount ratepayers were ultimately required to repay); Order No. PSC-00-2383-FOF-GU, issued December 12, 2000, in Docket No. 000003-GU, In re: Purchased gas adjustment (PGA) true-up (allowing recovery of an increased gas fuel factor due to drastic increases in natural gas prices in winter of 2000-2001.)

⁶ Gulf Power Company v. Florida Public Service Commission, 487 So. 2d 1036, 1038 (Fla. 1986).

⁷ Order No. 13452, issued June 22, 1984, in Docket No. 820001-EU-A, In re: Investigation of fuel cost recovery clauses of electric utilities (Gulf Power Company – Maxine Mine).

with regard to 1980, 1981 and 1982 fuel costs previously allowed by us, the Court affirmed our decision disallowing \$2.2 million related to managerial imprudence in the purchase of coal, finding that: "This authorization to collect fuel costs close to the time they are incurred should not be used to divest the commission of the jurisdiction and power to review the prudence of these costs."⁸ In this instance, the parties agree that there is no prejudice to the customers since their total rate would be decreasing, not increasing. Therefore, customers would get the benefit of reduced rates as quickly as administratively possible. Based on the nature of the fuel adjustment clause as recognized by the Florida Supreme Court, we find that we have the ability to shorten the time to less than 30 days and find that the effective date be set at the first billing cycle in May 2015.

We find that DEF's revised tariff sheet No. 6.105 as shown in Attachment A shall be approved as it accurately reflects the removal of the LNP fixed factor component. DEF will notify its customers through bill inserts starting with the first billing cycle in May that lower CCRC factors have been approved. The revised tariff shall become effective with the first billing cycle in May, which falls on April 27, 2015.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that FIPUG's Motion to Dismiss is denied in its entirety. It is further

ORDERED that DEF's request to end the LNP fixed rate component in the CCRC is approved. It is further

ORDERED that we decline to take action on DEF's request to defer collection of LNP project costs in the amount of approximately \$54 million, along with carrying costs, until DEF's litigation with WEC has been resolved. It is further

ORDERED that DEF's revised tariff sheet No. 6.105 as shown in Attachment A shall be approved as it accurately reflects the removal of the LNP fixed factor component. DEF will notify its customers through bill inserts starting with the first billing cycle in May that lower CCRC factors have been approved. The revised tariff shall become effective with the first billing cycle in May, which falls on April 27, 2015. It is further

ORDERED that Docket Nos. 150009-EI and 150001-EI are on-going dockets and shall remain open.

⁸ Id.

By ORDER of the Florida Public Service Commission this 6th day of May, 2015.



HONG WANG

Chief Deputy Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KY

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by the procedural portion of this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

The Commission's decision on this tariff portion of this order is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida

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Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 27, 2015.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.



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 Petition - Attachment B

SECTION NO. VI Page 1 of 3
 SEVENTY-SECOND REVISED SHEET NO. 6.105
 CANCELS SEVENTY-FIRST REVISED SHEET NO. 6.105

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**RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS**

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS								
Rate Schedule/Metering Level	Fuel Cost Recovery ⁽¹⁾			ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	4.323 5.323	6.189	3.849	0.270	-	1.274	-	0.138
GS-1, GST-1 Secondary	4.605	6.188	3.854	0.231	-	1.030	-	0.133
Primary	4.559	6.136	3.816	0.229	-	1.020	-	0.132
Transmission	4.513	6.074	3.777	0.226	-	1.009	-	0.130
GS-2 (Sec.)	4.605	-	-	0.179	-	0.701	-	0.125
GSD-1, GSDT-1, SS-1*								
Secondary	4.647	6.255	3.890	-	0.79	-	3.35	0.129
Primary	4.601	6.193	3.851	-	0.78	-	3.32	0.128
Transmission	4.554	6.130	3.812	-	0.77	-	3.28	0.126
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3*								
Secondary	4.647	6.255	3.890	-	0.60	-	2.22	0.123
Primary	4.601	6.193	3.851	-	0.59	-	2.20	0.122
Transmission	4.554	6.130	3.812	-	0.59	-	2.18	0.121
IS-1, IST-1, IS-2, IST-2, SS- 2*								
Secondary	4.647	6.255	3.890	-	0.71	-	2.83	0.122
Primary	4.601	6.193	3.851	-	0.70	-	2.80	0.121
Transmission	4.554	6.130	3.812	-	0.70	-	2.77	0.120
LS-1 (Sec.)	4.332	-	-	0.097	-	0.183	-	0.114
*SS-1, SS-2, SS-3 Monthly								
Secondary	-	-	-	-	0.078	-	0.328	-
Primary	-	-	-	-	0.077	-	0.325	-
Transmission	-	-	-	-	0.076	-	0.321	-
Daily								
Secondary	-	-	-	-	0.037	-	0.156	-
Primary	-	-	-	-	0.037	-	0.154	-
Transmission	-	-	-	-	0.036	-	0.153	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule							

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

(2) Energy Conservation Cost Recovery Factor:

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.

(Continued on Page No. 2)

ISSUED BY: Javier J. Portuondo, Director Rates & Regulatory Strategy – FL

EFFECTIVE: