



Matthew R. Bernier  
ASSOCIATE GENERAL COUNSEL

April 30, 2019

**VIA ELECTRONIC DELIVERY**

Mr. Adam Teitzman, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: *Application for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Michael by Duke Energy Florida, LLC*; Docket No. \_\_\_\_\_

Dear Mr. Teitzman:

Please find enclosed for filing on behalf of Duke Energy Florida, LLC (“DEF”), the following:

- DEF’s Petition for approval of actual storm restoration costs and associated recovery process related to Hurricane Matthew;
- Appendix A-Cost Summary;
- Appendix B-Second Implementation Stipulation; and
- Appendix C-Storm Cost Amortization.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

*s/ Matthew R. Bernier*

Matthew R. Bernier

MRB/mw  
Enclosures

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by Duke Energy Florida, LLC,  
for limited proceeding for recovery of  
incremental storm restoration costs related  
to Hurricane Michael

---

Docket No. \_\_\_\_\_

Filed: April 30, 2019

**PETITION BY DUKE ENERGY FLORIDA, LLC FOR LIMITED  
PROCEEDING FOR RECOVERY OF INCREMENTAL STORM  
RESTORATION COSTS RELATED TO HURRICANE MICHAEL AND APPROVAL  
OF SECOND IMPLEMENTATION STIPULATION**

Duke Energy Florida, LLC ("DEF" or the "Company"), pursuant to Section 366.076(1), Florida Statutes ("F.S."), Rules 25-6.0143 and 25-6.0431, Florida Administrative Code ("F.A.C."), and the 2017 Second Revised and Restated Stipulation and Settlement Agreement ("Agreement") approved by the Florida Public Service Commission ("Commission") in Order No. PSC-2017-0451-AS-EU1 (the "2017 Settlement"), hereby files this petition (the "Petition") requesting that the Commission conduct a limited proceeding to authorize commencement of interim recovery of \$221 million (retail) before interest and regulatory assessment fees in incremental storm restoration costs related to Hurricane Michael beginning the first billing cycle of July 2019 ("Storm Recovery Charge"), subject to final true-up as described in this Petition.

After approval of the storm surcharge, DEF requests that the Commission consider and approve the Second Implementation Stipulation ("Stipulation") attached as Appendix B. Pursuant to that Stipulation, DEF and the signatories thereto request Commission authorization to utilize the tax savings approved in Docket No. 20180047-EI to avoid implementing the Storm Recovery Charge that customers would have otherwise been obligated to pay. Upon approval of the

---

<sup>1</sup> Docket No. 20170183-EI, issued on November 20, 2017.

Stipulation, DEF would then withdraw the tariff sheets implementing the Storm Recovery Charge.

In support of the Petition, DEF states as follows:

1. The Petitioner's name and address is:

Duke Energy Florida, LLC  
299 1st Avenue North  
St. Petersburg, Florida 33701

2. Any pleading, motion, notice, order, or other document required to be served upon

DEF or filed by any party to this proceeding should be served upon the following individuals:

Dianne M. Triplett  
[dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)  
**Duke Energy Florida, LLC**  
299 1st Avenue North  
St. Petersburg, Florida 33701  
(727) 820-4692 / (727) 820-5519 (fax)

Matthew R. Bernier  
[matthew.bernier@duke-energy.com](mailto:matthew.bernier@duke-energy.com)  
**Duke Energy Florida, LLC**  
106 E. College Ave., Ste. 800  
Tallahassee, Florida 32301  
(850) 521-1428 / (850) 521-1437 (fax)

3. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06 and 366.076, F.S., and Rules 25-6.0143 and 25-6.0431, F.A.C.

4. DEF, the Petitioner, is an investor-owned electric utility, regulated by the Commission pursuant to Chapter 366, F.S., and is a wholly owned subsidiary of Duke Energy Corporation. The Company's principal place of business is located at 299 1st Avenue North, St. Petersburg, Florida 33701.

5. DEF serves more than 1.8 million retail customers in Florida. Its service area comprises approximately 20,000 square miles, including the densely populated areas of Pinellas

and western Pasco Counties and the greater Orlando area in Orange, Osceola, and Seminole Counties. DEF supplies electricity at retail to approximately 350 communities and at wholesale to Florida municipalities, utilities, and power agencies in the State of Florida.

6. Section 366.076(1), F.S., provides that the Commission may conduct a limited proceeding to consider and act upon any issue within its jurisdiction, including any matter which once resolved, would require a public utility to adjust its rates. DEF's request for interim storm cost recovery is appropriate for Commission consideration under this statutory provision because DEF's request is focused on the narrow issue of recovery, including interim recovery, of costs associated with Hurricane Michael. Pursuant to paragraph 38(c) of the 2017 Settlement, the determination of storm cost recovery does not involve the application of any form of earnings test or measure.

### **Background**

7. On October 7, 2018, a tropical depression in the Caribbean was officially upgraded to Tropical Storm Michael. The storm had strengthened quickly and by the next day it attained hurricane status, and within the next 24 hours it would be classified as a major hurricane. On October 10, Hurricane Michael made landfall near Mexico Beach, FL, as a 155 MPH Category 4 storm. At its height, approximately 77,000 DEF customers lost power as a result of the damage from Hurricane Michael. This was the most powerful storm to make landfall in the Florida Panhandle in recorded history, and the fourth most-powerful hurricane to strike the U.S. behind the Labor Day Hurricane (1935), Hurricane Camille (1969), and Hurricane Andrew (1992).

8. On October 5, 2018, DEF began monitoring the low-pressure area that would become Hurricane Michael. Full activation of the DEF Storm Organization was commenced on October 8. DEF mobilized approximately 5,100 total contractors and employee resources to

support the restoration work; power was restored to all but 14,800 customers by 4:30 pm October 14 and was restored to essentially all customers available to receive power by October 18. The hurricane damaged a significant portion of the region's electric system, including transmission towers, substations, utility poles, power lines and other major infrastructure components – all of which needed to be repaired or replaced before power could be restored to many of Duke Energy's customers. Restoration included 775 distribution poles, 244,340 feet of conductor, 351 transformers, 12 Transmission/Distribution substations, 130 transmission towers, and 76 transmission circuits.

9. As of the filing of this petition, all Distribution work is complete. DEF is continuing to perform work with the rebuilding of the Callaway – PSJ Transmission line in response to damage from Hurricane Michael.

#### **Costs for Recovery**

11. DEF has received the majority of invoices and awaits receipt of the remaining invoices. DEF is also in the process of completing follow-up work activities. Recognizing that final costs will not be fully determined until later, DEF currently estimates that total storm-related restoration costs associated with Hurricane Michael will be approximately \$365 million. This amount is shown on the schedule attached as Appendix A, Page 1, Line 13. This schedule breaks down the costs by functional area, including transmission, distribution, generation (base, intermediate and peaking) and customer service. After removing capitalizable costs and non-incremental operating costs pursuant to the Commission's Incremental Cost and Capitalization Approach ("ICCA") methodology specified in Rule 25-6.0143, F.A.C., and accounting for jurisdictional factors, the resulting retail storm restoration costs as shown on Line 29 are approximately \$221 million.

12. Pursuant to Paragraph 38 of the 2017 Settlement, DEF is also allowed to recover the amount required to replenish the Storm Reserve to approximately \$132 million (retail). This was the balance as of the February 2012 implementation of the 2012 Stipulation and Settlement Agreement, paragraph 21.c., approved in Order No. PSC-2012-0104-FOF-EI. After Hurricanes Nate and Irma, the storm reserve was depleted and left an unrecovered balance estimated at \$372 million, as shown in Appendix A, Page 1, Line 15 of DEF's petition in Docket No. 20170272-EI filed December 28, 2017. DEF originally proposed replenishment of the Storm Reserve as contemplated in the 2017 Settlement; however, with approval of the Stipulation in this docket, DEF would instead replenish the storm reserve after recovering its costs from Hurricane Michael (as determined by the Commission in this docket). Because DEF would use tax savings to offset these costs, there will be no impact to customers' bills.

**2019 Interim Storm Restoration Storm Recovery Charge**

13. Interim recovery of the Hurricane Michael storm costs is governed by Paragraph 38 of the 2017 Settlement, which provides that "recovery from customers for storm damage costs will begin, subject to Commission approval on an interim basis, sixty (60) days following the filing of a cost recovery petition with the Commission, and subject to true-up pursuant to further proceedings before the Commission, and will be based on a 12-month recovery period." DEF proposes to begin recovery of the estimated Storm Recovery Amount through the Storm Recovery Charge commencing with the first billing cycle of July, 2019 and ending with the last billing cycle of June, 2020 (the "Storm Recovery Period").

14. DEF has projected interest at a rate of 2.41% to finance the Recoverable Restoration Costs based on the commercial paper rate in January. DEF has calculated estimated interest expense of \$2.5 million. The actual interest incurred will be calculated using the commercial paper rate for each month consistent with the rate used in the fuel cost recovery clause.

Appendix A, Page 2, details these amounts.

15. DEF has allocated the estimated Storm Recovery Amount among rate classes consistent with the rate design method set forth in the 2017 Settlement. The allocations are included in Appendix A, Pages 3&4. As reflected in Appendix A, Page 4, using DEF's projected sales of electricity for the 12-month period during which the Storm Recovery Charge will be in effect and the residential rate Class's allocation of storm costs, the estimated Storm Recovery Amount yields a charge of ¢0.695 per kWh for a residential customer. On a typical 1,000 kWh residential bill, the monthly charge amounts to \$6.95. The Storm Recovery Charges for each rate class are reflected on proposed Tariff Sheets 6.105, 6.106, and 6.107 in Appendix A, Pages 5-10 in legislative and clean format.

16. DEF intends to bill the Storm Recovery Charge under non-fuel energy on a customer bill, which is consistent with DEF's practice of incorporating adjustment clause charges in the non-fuel energy charge line item.

17. Once all invoices, in substantially final form, are received, DEF will file testimony and exhibits to include all actual storm restoration costs incurred for Commission review and approval, consistent with the 2017 Settlement. DEF will also confer with the signatories to the 2017 Settlement to develop preliminary proposed dates to present to Commission Staff, including dates for issue identification, testimony, and the evidentiary hearing. After the 12-month Storm Recovery Period, DEF will compare the final approved Storm Recovery Amount to the actual revenue received from the Storm Recovery Charge and determine whether there is an excess or shortfall in recovery. DEF thereafter will submit for Commission approval a one-time credit or charge to customer bills for the excess or shortfall.

### **Second Implementation Stipulation**

18. As noted above, Appendix B to this Petition is the Second Implementation

Stipulation (“Stipulation”) agreed to and executed by DEF, OPC and SACE; the remaining signatories to the 2017 Settlement (FIPUG, PCS Phosphate, and FRF) take no position at this time. DEF and the signatories request that the Commission consider and approve the Stipulation after approving DEF’s request to implement the Storm Recovery Surcharge as permitted under paragraph 38 of the 2017 Settlement.

19. The Stipulation authorizes DEF to utilize the tax savings approved by the Commission in Docket No. 20180047-EI to offset the Storm Recovery Surcharge and replenish the Storm Reserve to the level authorized in the 2017 Settlement. In essence, the Stipulation authorizes a continuation of using the tax savings to avoid unnecessary bill adjustments, while simultaneously providing customers with the benefits of tax savings and allowing DEF to recover its costs. That is, the Company foregoes its right to implement the Storm Recovery Charge and the customers forego their right to an immediate reduction in bills as a result of the tax savings stemming from the Tax Act.

20. More specifically, DEF anticipates the storm costs that are the subject of Docket No. 20170272-EI, before replenishment of the reserve, will be fully recovered by the end of April, 2020. At that time, the signatories agree that DEF shall be entitled to continue to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act (i.e., 1/12 of \$154.7 million or approximately \$12.9 million) and credit the retail storm reserve from May 2020 until DEF’s estimated Hurricane Michael–related costs including interest at the commercial paper rate have been fully recovered and the storm reserve has been replenished (any unrecovered portion of the storm reserve balance would subsequently be recovered in 2022).

21. Upon Commission approval of the Stipulation, DEF will formally withdraw the tariff sheets that would otherwise take effect with the first billing cycle beginning 60 days after the



filing of this Petition (*see* Appendix A, pp. 5-12).

**Summary of Issues To Be Determined in this Limited Proceeding**

22. As referenced above, a limited proceeding is appropriate for consideration of this request because the relevant issues are narrow. Indeed, the Commission utilized a limited proceeding to grant a similar request for interim storm recovery. See Order No. PSC-2017-0055-PCO-EI, issued February 20, 2017 in Docket No. 20160251-EI. Specifically, the issues to be decided are:

- (a) Has DEF correctly calculated the interim storm cost recovery factors that are proposed to go into effect with the first billing cycle of June 2019, for recovery of estimated restoration costs associated with Hurricane Michael?
- (b) What is the final, actual storm amount for Hurricane Michael that DEF may recover from customers?
- (c) Based on the final, actual restoration costs for Hurricane Michael that DEF is authorized to recover, by what amount, if any, did DEF over- or under-recover those costs in the twelve months that the interim storm cost recovery factors were in effect?
- (d) How should DEF credit to or recover from customers the over- or under-recovery?

23. DEF is not aware at this time that there will be any disputed issues of material fact in this proceeding.

24. As required by Rule 25-6.0431, Appendix A attached hereto and incorporated herein includes: (i) the specific rate base components for which DEF seeks recovery (page 1); (ii)

a detailed description of the Hurricane Michael related expenses (page 1); and (iii) schedules showing how DEF proposes to allocate any change in revenues to rate classes and the proposed rates (pages 3-4).

25. **WHEREFORE**, for the above and foregoing reasons, DEF respectfully requests that the Commission:

- (1) Conduct a limited proceeding to authorize commencement of interim recovery of incremental storm restoration costs related to Hurricane Michael and financing costs from customers beginning with the first billing cycle of June 2019;
- (2) Approve the Storm Recovery Amount reflected in the tariff sheets attached as Appendix A, pages 5-10;
- (3) Approve the Stipulation attached as Appendix B authorizing the utilization of the annual Tax Act benefits to avoid implementing the Storm Recovery Charge to customers for Hurricane Michael-related storm damage costs and replenishment of the Storm Reserve;
- (4) In the alternative, if the Commission does not approve the Stipulation attached as Appendix B, approve the tariff sheets attached as Appendix A, pages 5-10; and
- (5) Maintain this docket open for determination of the final true-up amounts.

Respectfully submitted this 30<sup>th</sup> day of April, 2019

s/ Dianne M. Triplett  
\_\_\_\_\_  
Dianne M. Triplett  
Deputy General Counsel  
DUKE ENERGY FLORIDA, LLC  
299 First Avenue North  
St. Petersburg, FL 33701  
(727) 820-4692  
[dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)

Matthew R. Bernier  
Associate General Counsel  
DUKE ENERGY FLORIDA, LLC  
106 E. College Ave., Ste. 800  
Tallahassee, Florida 32301  
(850) 521-1428  
[matthew.bernier@duke-energy.com](mailto:matthew.bernier@duke-energy.com)

Duke Energy Florida, LLC  
Storm Cost Recovery  
Cost Summary  
(\$000's)

Line No.	Description	REF.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Customer Service	Total	Storm Reserve Balance
1	<b>Pre-Storm Reserve Balance</b>									N/A
2	<b>Storm Related Restoration Costs</b>									
3	Regular Payroll		968	1,207				50	2,225	
4	Overtime Payroll		1,296	3,360				146	4,802	
5	Labor Burdens/Incentives		1,010	2,159				77	3,245	
6	Overhead Allocations		3,431	1,532				31	4,994	
7	Employee Expenses		660	5,478				43	6,182	
8	Contractor Costs		94,837	138,637				145	233,619	
9	Materials & Supplies		25,124	14,460				7	39,591	
10	Internal Fleet Costs		141	117				-	258	
11	Uncollectible Account Expenses		-	-				250	250	
12	Other [a]		68,926	477				-	69,403	
13	<b>Subtotal - Storm Related Restoration Costs</b>	lines 3:12	<b>196,394</b>	<b>167,427</b>	-	-	-	<b>749</b>	<b>364,569</b>	
14	<b>Less: Estimated Non-Incremental Costs</b>									
15	Regular Payroll		(631)	(381)				-	(1,012)	
16	Overtime Payroll		(118)	(132)				-	(250)	
17	Labor Burdens/Incentives		(540)	(891)				-	(1,431)	
18	Overhead Allocations		(1,209)	-				-	(1,209)	
19	Employee Expenses		-	-				-	-	
20	Contractor Costs		(290)	-				-	(290)	
21	Materials & Supplies		-	-				-	-	
22	Internal Fleet Costs		(1)	-				-	(1)	
23	Uncollectible Account Expenses		-	-				-	-	
24	Other		3	(296)				-	(293)	
25	<b>Subtotal - Estimated Non-Incremental Costs</b>	lines 15:24	<b>(2,786)</b>	<b>(1,700)</b>	-	-	-	<b>-</b>	<b>(4,486)</b>	
26	Less: Capitalizable Costs		(91,371)	(16,730)				-	(108,101)	
27	<b>Total Recoverable Restoration Costs - System</b>	lines (13 + 25 + 26)	<b>102,236</b>	<b>148,997</b>	-	-	-	<b>749</b>	<b>251,982</b>	
28	Jurisdictional Factor (Order PSC-2017-0451-FOF-EI)		70.203%	99.561%	92.885%	72.703%	95.924%	100%		
29	<b>Total Recoverable Restoration Costs - Retail</b>	lines (27 x 28)	<b>\$71,773</b>	<b>\$148,343</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$749</b>	<b>\$220,865</b>	<b>\$220,865</b>
30	<b>Net Recoverable Retail Restoration Costs</b>	line 29 - line 1								<b>220,865</b>
31	Bond Issuance Costs									-
32	<b>Beginning Balance for Recovery [b]</b>	lines 30:31								<b>220,865</b>
33	Plus: Interest on Unamortized Reserve Deficiency Balance [c]	P.2 line 7								2,520
34	Plus: Amount to Replenish Reserve									-
35	<b>Retail Storm Recovery Amount before Regulatory Assess. Fee</b>	lines 32:34								<b>223,384</b>
36	Regulatory Assessment Fee Multiplier									1.00072
37	<b>Total Retail Storm Recovery Amount</b>	line 35 x line 36								<b>\$223,545</b>

**Notes:**

- [a] - Transmission estimates \$68.9M of the \$160M Port St. Joe-Callaway Rebuild can be recovered
- [b] - Pursuant to Rule No. 25-6.0431(3), F.A.C., line 32 reflects the rate base component on which DEF seeks to recover interest expense.
- [c] - Pursuant to Rule No. 25-6.0431(4), F.A.C., lines 32 and 33 reflect the estimated amortization and interest expense, respectively, that DEF seeks to recover.
- [d] - The Storm Reserve was depleted after Hurricane Irma. Docket PSC-20170272-EI is addressing the replenishment of the Storm Reserve.

**Duke Energy Florida, LLC  
 Storm Cost Recovery  
 Interest Calculation  
 (\$000's)**

Line No.	Description	(A) Jul 2019	(B) Aug 2019	(C) Sep 2019	(D) Oct 2019	(E) Nov 2019	(F) Dec 2019	(G) Jan 2020	(H) Feb 2020	(I) Mar 2020	(J) Apr 2020	(K) May 2020	(L) Jun 2020	(M) Year 1 Total
1	Unrecovered Eligible Costs - Beg Bal	220,865	199,079	176,942	154,466	134,147	117,280	101,425	84,039	67,825	52,614	37,242	20,565	
2	Less: Current Month Amortization [a]	(22,207)	(22,514)	(22,808)	(20,609)	(17,119)	(16,075)	(17,572)	(16,366)	(15,332)	(15,461)	(16,736)	(20,746)	(223,545)
3	Unrecovered Eligible Costs Before Interest	198,657	176,564	154,133	133,857	117,028	101,205	83,853	67,673	52,493	37,152	20,507	(181)	
4	Monthly Average Eligible Costs	209,761	187,822	165,538	144,161	125,587	109,243	92,639	75,856	60,159	44,883	28,875	10,192	
5	Annual Interest Rate [b]	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%	
6	Monthly Interest Rate	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	
7	Monthly Interest	<b>421</b>	<b>377</b>	<b>332</b>	<b>290</b>	<b>252</b>	<b>219</b>	<b>186</b>	<b>152</b>	<b>121</b>	<b>90</b>	<b>58</b>	<b>20</b>	2,520
8	Unrecovered Eligible Costs - End Bal	199,079	176,942	154,466	134,147	117,280	101,425	84,039	67,825	52,614	37,242	20,565	(161)	

**Notes:**

[a] Based on billed kWh storm charge sales. Storm charge revenues be allocated to the amortization of the unrecovered eligible restoration costs.

[b] Interest will be calculated at the commercial paper rate consistent with that used in the Fuel Cost Recovery Clause.

The 2.41% rate is in Schedule A2, Page 2 of 2, Line D6 as filed 2/22/2019 in Docket 20190001-EI, and will vary from month-to-month with the actual commercial paper rate.

Duke Energy Florida, LLC  
Storm Cost Recovery

Calculation of Rate Factors by Rate Class

Line No.	Rate Class	(A) Average 12CP Load Factor at Meter (%)	(B) Sales at Meter (mWh)	(C) Average 12 CP at Meter (MW)	(D) NCP Class Max Load Factor	(E) Delivery Efficiency Factor	(F) Sales at Source Generation (mWh)	(G) Average 12 CP at Source (MW)	(H) Sales at Source (Distrib Svc Only) (mWh)	(I) Class Max MW at Source (Distrib Svc) (MW)	(J) Average Number of Billed Accts (#)	(K) mWh Sales at Source Energy Allocator (%)	(L) 12CP Demand Transmission Allocator (%)	(M) NCP Distribution Allocator (%)	(N) 12 CP & 1/13 AD Demand Allocator (%)	(O) Customer Service Allocator (%)
1	<b>Residential</b>															
2	<b>RS-1, RST-1, RSL-1, RSL-2, RSS-1</b>															
3	Secondary	0.548	20,359,485	4,231.19	0.370	0.9356728	21,759,192	4,522.08	21,759,192	6,694.6	1,632,711	52.298%	60.041%	64.759%	59.445%	88.602%
4																
5	<b>General Service Non-Demand</b>															
6	<b>GS-1, GST-1</b>															
7	Secondary	0.576	1,986,796	392.91	0.451	0.9356728	2,123,388	419.92	2,123,388	535.8		5.104%	5.575%	5.183%	5.539%	
8	Primary	0.576	15,861	3.14	0.451	0.9735768	16,291	3.22	16,291	4.1		0.039%	0.043%	0.040%	0.042%	
9	Transmission	0.576	2,466	0.49	0.451	0.9835768	2,507	0.50	0	0.0		0.006%	0.007%	0.000%	0.007%	
10											132,481	5.149%	5.625%	5.223%	5.588%	7.189%
11	<b>General Service</b>															
12	<b>GS-2</b> Secondary	1.000	175,824	20.02	1.000	0.9356728	187,912	21.39	187,912	21.4	14,147	0.452%	0.284%	0.207%	0.297%	0.768%
13																
14	<b>General Service Demand</b>															
15	<b>GSD-1, GSDT-1</b>															
16	Secondary	0.742	11,665,322	1,788.86	0.626	0.9356728	12,467,309	1,911.84	12,467,309	2,267.4		29.965%	25.384%	21.933%	25.736%	
17	Primary	0.742	2,167,278	332.35	0.626	0.9735768	2,226,099	341.37	2,226,099	404.9		5.350%	4.532%	3.916%	4.595%	
18	Secondary Del/ Primary Mtr	0.742	29,110	4.46	0.626	0.9735768	29,900	4.59	29,900	5.4		0.072%	0.061%	0.053%	0.062%	
19	Transm Del/ Primary Mtr	0.742	0	0.00	0.626	0.9735768	0	0.00	0	0.0		0.000%	0.000%	0.000%	0.000%	
20	Transmission	0.742	0	0.00	0.626	0.9835768	0	0.00	0	0.0		0.000%	0.000%	0.000%	0.000%	
21	<b>SS-1</b> Primary	0.796	43,042	6.16	0.324	0.9735768	44,210	6.32	44,210	15.5		0.106%	0.084%	0.150%	0.086%	
22	Transm Del/ Transm Mtr	0.796	8,332	1.19	0.324	0.9835768	8,471	1.21	0	0.0		0.020%	0.016%	0.000%	0.016%	
23	Transm Del/ Primary Mtr	0.796	1,828	0.26	0.324	0.9735768	1,878	0.27	0	0.0		0.005%	0.004%	0.000%	0.004%	
24											49,547	35.519%	30.081%	26.052%	30.499%	2.689%
25	<b>Curtable</b>															
26	<b>CS-1, CST-1, CS-2, CST-2, SS-3</b>															
27	Secondary	1.082	(0)	(0.00)	0.334	0.9356728	(0)	(0.00)	(0)	(0.0)		0.000%	0.000%	0.000%	0.000%	
28	Primary	1.082	69,039	7.26	0.334	0.9735768	70,913	7.46	70,913	24.2		0.170%	0.099%	0.234%	0.105%	
29	<b>SS-3</b> Primary	1.248	63,714	5.81	0.380	0.9735768	65,443	5.97	65,443	19.6		0.157%	0.079%	0.190%	0.085%	
30											4	0.328%	0.178%	0.423%	0.190%	0.000%
31	<b>Interruptible</b>															
32	<b>IS-1, IST-1, IS-2, IST-2</b>															
33	Secondary	0.911	99,579	12.44	0.707	0.9356728	106,425	13.30	106,425	17.1		0.256%	0.177%	0.166%	0.183%	
34	Sec Del/Primary Mtr	0.911	5,548	0.69	0.707	0.9735768	5,699	0.71	5,699	0.9		0.014%	0.009%	0.009%	0.010%	
35	Primary Del / Primary Mtr	0.911	1,240,499	154.98	0.707	0.9735768	1,274,167	159.18	1,274,167	205.2		3.062%	2.114%	1.985%	2.187%	
36	Primary Del / Transm Mtr	0.911	277	0.03	0.707	0.9835768	282	0.04	282	0.0		0.001%	0.000%	0.000%	0.000%	
37	Transm Del/ Transm Mtr	0.911	386,369	48.27	0.707	0.9835768	392,820	49.08	0	0.0		0.944%	0.652%	0.000%	0.674%	
38	Transm Del/ Primary Mtr	0.911	249,007	31.11	0.707	0.9735768	255,765	31.95	0	0.0		0.615%	0.424%	0.000%	0.439%	
39	<b>SS-2</b> Primary	0.686	57,985	9.63	0.272	0.9735768	59,559	9.89	59,559	24.9		0.143%	0.131%	0.241%	0.132%	
40	Transm Del/ Transm Mtr	0.686	89,034	14.78	0.272	0.9835768	90,521	15.03	0	0.0		0.218%	0.200%	0.000%	0.201%	
41	Transm Del/ Primary Mtr	0.686	10,605	1.76	0.272	0.9735768	10,893	1.81	0	0.0		0.026%	0.024%	0.000%	0.024%	
42											126	5.278%	3.731%	2.401%	3.850%	0.007%
43	<b>Lighting</b>															
44	<b>LS-1 (Secondary)</b>	10.191	380,250	4.25	0.479	0.9356728	406,392	4.54	406,392	96.6	13,723	0.977%	0.060%	0.934%	0.131%	0.745%
45			39,107,249	7,072.03			41,606,033	7,531.66	40,843,179	10,337.6	1,842,738	100.000%	100.000%	100.000%	100.000%	100.000%

Notes:

- (A) Avg 12CP load factor based on load research study filed 7/31/2018
- (B) Projected mWh sales for the period June 2019 - May 2020
- (C) Column B / (8,784 hours x Column A)
- (D) Based on load research study filed July 31, 2018
- (E) Based on system average line loss analysis for 2018

- (F) Column B / Column E
- (G) Column C / Column E
- (H) Column F excluding transmission service
- (I) Column H / (8,784 hours/ Column D)
- (J) Forecasted customer accounts for 2019

- (K) Column F/ Total Column F
- (L) Column G/ Total Column G
- (M) Column I/ Total Column I
- (N) Column K x 1/13 + Column L x 12/13
- (O) Column J/ Total Column J

Duke Energy Florida, LLC  
Storm Cost Recovery

Calculation of Cost Recovery Factors by Rate Class

Line No.	Rate Class	(A) mWh Sales at Source Energy Allocator (%)	(B) 12CP Transmission Demand Allocator (%)	(C) NCP Distribution Demand Allocator (%)	(D) 12 CP & 1/13 AD Production Allocator (%)	(E) Customer Service Allocator (%)	(F) Transmission Demand Costs (\$)	(G) Distribution Demand Costs (\$)	(H) Production Demand Costs (\$)	(I) Customer Service Costs (\$)	(J) Total Storm Costs (\$)	(K) Projected Effective Sales at Meter (mWh)	(L) Storm Cost Recovery Factors (¢/kWh)
1	<b>Residential</b>												
2	<b>RS-1, RST-1, RSL-1, RSL-2, RSS-1</b>												
3	Secondary	52.298%	60.041%	64.759%	59.445%	88.602%	\$43,616,251	\$97,231,636	\$0	\$671,381	\$141,519,268	20,359,485	0.695
4													
5	<b>General Service Non-Demand</b>												
6	<b>GS-1, GST-1</b>												
7	Secondary											1,986,796	0.598
8	Primary											15,702	0.592
9	Transmission											2,417	0.586
10	<b>TOTAL GS</b>	5.149%	5.625%	5.223%	5.588%	7.189%	\$4,086,035	\$7,841,495	\$0	\$54,477	\$11,982,007	2,004,915	
11													
12	<b>General Service</b>												
13	<b>GS-2</b> Secondary	0.452%	0.284%	0.207%	0.297%	0.768%	\$206,334	\$310,703	\$0	\$5,817	\$522,855	175,824	0.297
14													
15	<b>General Service Demand</b>												
16	<b>GSD-1, GSDT-1, SS-1</b>												
17	Secondary											11,665,322	0.439
18	Primary											2,218,845	0.435
19	Transmission											8,165	0.430
20	<b>TOTAL GSD</b>	35.519%	30.081%	26.052%	30.499%	2.689%	\$21,852,113	\$39,116,081	\$0	\$20,374	\$60,988,569	13,892,333	
21													
22	<b>Curtable</b>												
23	<b>CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3</b>												
24	Secondary											(0)	0.582
25	Primary											131,425	0.576
26	Transmission											-	0.570
27	<b>TOTAL CS</b>	0.328%	0.178%	0.423%	0.190%	0.0002%	\$129,536	\$635,564	\$0	\$2	\$765,102	131,425	
28													
29	<b>Interruptible</b>												
30	<b>IS-1, IST-1, IS-2, IST-2, SS-2</b>												
31	Secondary											99,579	0.299
32	Primary											1,548,008	0.296
33	Transmission											466,166	0.293
34	<b>TOTAL IS</b>	5.278%	3.731%	2.401%	3.850%	0.007%	\$2,710,061	\$3,605,100	\$0	\$52	\$6,315,213	2,113,753	
35													
36	<b>Lighting</b>												
37	<b>LS-1</b> Secondary	0.977%	0.060%	0.934%	0.131%	0.745%	\$43,787	\$1,402,822	\$0	\$5,643	\$1,452,252	380,250	0.382
38													
39													
40	<b>Total</b>	100.000%	100.000%	100.000%	100.000%	100.000%	\$72,644,118	\$150,143,401	\$0	\$757,746	\$223,545,265	39,057,984	0.572

Notes:

- (A) From page 5, column K
- (B) From page 5, column L
- (C) From page 5, column M
- (D) From page 5, column N
- (E) From page 5, column O
- (F) - (I) Page 1, line 20 allocated prorata by function based on page 1, line 12.
- (J) Sum of columns F through I
- (K) From page 5, column B
- (L) (Column J / Column K)/10



SECTION NO. VI  
 EIGHTY-~~FOURTH~~~~FIFTH~~ REVISED SHEET NO. 6.105  
 CANCELS EIGHTY-~~THIRD~~~~FOURTH~~ REVISED SHEET NO. 6.105

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 <sup>(1)</sup>			ECCR <sup>(2)</sup>		CCR <sup>(3)</sup>		ECRC <sup>(4)</sup>	ASC <sup>(5)</sup>	SCRS <sup>(6)</sup>
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	3.698 4.698	4.956	3.541	0.297	-	1.248	-	0.143	0.239	0.695
GS-1, GST-1										
Secondary	3.974	4.956	3.541	0.286	-	1.192	-	0.143	0.236	0.598
Primary	3.934	4.906	3.505	0.283	-	1.180	-	0.142	0.234	0.592
Transmission	3.895	4.857	3.470	0.280	-	1.168	-	0.140	0.231	0.586
GS-2 (Sec.)	3.974	-	-	0.194	-	0.718	-	0.141	0.140	0.297
GSD-1, GSDT-1, SS-1*										
Secondary	3.974	4.956	3.541	-	0.94	-	3.72	0.141	0.182	0.439
Primary	3.934	4.906	3.505	-	0.93	-	3.68	0.140	0.180	0.435
Transmission	3.895	4.857	3.470	-	0.92	-	3.65	0.138	0.178	0.430
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3*										
Secondary	3.974	4.956	3.541	-	0.41	-	1.47	0.137	0.127	0.582
Primary	3.934	4.906	3.505	-	0.41	-	1.46	0.136	0.126	0.576
Transmission	3.895	4.857	3.470	-	0.40	-	1.44	0.134	0.124	0.570
IS-1, IST-1, IS-2, IST-2, SS-2*										
Secondary	3.974	4.956	3.541	-	0.79	-	3.00	0.138	0.153	0.299
Primary	3.934	4.906	3.505	-	0.78	-	2.97	0.137	0.151	0.296
Transmission	3.895	4.857	3.470	-	0.77	-	2.94	0.135	0.150	0.293
LS-1 (Sec.)	3.805	-	-	0.081	-	0.154	-	0.138	0.027	0.382
*SS-1, SS-2, SS-3										
Monthly										
Secondary	-	-	-	-	0.091	-	0.360	-	-	-
Primary	-	-	-	-	0.090	-	0.356	-	-	-
Transmission	-	-	-	-	0.089	-	0.353	-	-	-
Daily										
Secondary	-	-	-	-	0.043	-	0.171	-	-	-
Primary	-	-	-	-	0.043	-	0.169	-	-	-
Transmission	-	-	-	-	0.042	-	0.168	-	-	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule									

Formatted Table

Formatted: Superscript

Formatted: English (United States)

Formatted: English (United States)

Formatted: English (United States)

Formatted: English (United States)

Formatted: Font color: Black

(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, Managing Director Rates & Regulatory Strategy – FL

EFFECTIVE: March 1, 2019





**RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS**  
(Continued from Page 1)

**(3) Capacity Cost Recovery Factor**

The Capacity Cost Recovery (CCR) Factors applicable to the Energy 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. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

**(4) Environmental Cost Recovery Clause Factor**

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy 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. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

**(5) Asset Securitization Charge Factor**

The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.

**(6) Storm Cost Recovery Surcharge**

In accordance with a Florida Public Service Commission ruling, a Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of July 1, 2019 through June 30, 2020. This surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Michael in 2018, as well as funds to replenish the Company's storm reserve.

**Gross Receipts Tax Factor**

In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state Gross Receipts Tax.

**Right-of-Way Utilization Fee**

A Right-of-Way Utilization Fee is applied to the charges for electric service (exclusive of any Municipal, County, or State Sales Tax) provided to customers within the jurisdictional limits of each municipal or county governmental body or any unit of special-purpose government or other entity with authority requiring the payment of a franchise fee, tax, charge, or other imposition whether in money, service, or other things of value for utilization of rights-of-way for location of Company distribution or transmission facilities. The Right-of-Way Utilization Fee shall be determined in a negotiated agreement (i.e., franchise and other agreements) in a manner which reflects the Company's payments to a governmental body or other entity with authority plus the appropriate Gross Receipts Taxes and Regulatory Assessment Fees resulting from such additional revenue. The Right-of-Way Utilization Fee is added to the charges for electric service prior to the application of any appropriate taxes.

**Municipal Tax**

A Municipal Tax is applied to the charge for electric service provided to customers within the jurisdictional limits of each municipal or other governmental body imposing a utility tax on such service. The Municipal Tax shall be determined in accordance with the governmental body's utility tax ordinance, and the amount collected by the Company from the Municipal Tax shall be remitted to the governmental body in the manner required by law. No Municipal Tax shall apply to fuel charges in excess of 0.699¢/kWh.

**Sales Tax**

A State Sales Tax is applied to the charge for electric service provided to all non-residential customers and equipment rental provided to all customers (unless a qualified sales tax exemption status is on record with the Company). The State Sales Tax shall be determined in accordance with the State's sales tax laws. The amount collected by the Company shall be remitted to the State in the manner required by law. In those counties that have enacted a County Discretionary Sales Surtax, such tax shall be applied and paid in a like manner. An additional tax factor is applied to the charge for electric service consistent with the applicability of State Sales Tax as described in this paragraph, in accordance with Section 203.01(1)(a)3 and (b)4 of the Florida Statutes.

(Continued on Page No. 3)

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

EFFECTIVE: July 1, 2016



RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS  
(Continued from Page 2)

**Governmental Undergrounding Fee**

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.



**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 <sup>(1)</sup>			ECCR <sup>(2)</sup>		CCR <sup>(3)</sup>		ECRC <sup>(4)</sup>	ASC <sup>(5)</sup>	SCRS <sup>(6)</sup>
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	3.698 4.698	4.956	3.541	0.297	-	1.248	-	0.143	0.239	0.695
GS-1, GST-1 Secondary Primary Transmission	3.974 3.934 3.895	4.956 4.906 4.857	3.541 3.505 3.470	0.286 0.283 0.280	- - -	1.192 1.180 1.168	- - -	0.143 0.142 0.140	0.236 0.234 0.231	0.598 0.592 0.586
GS-2 (Sec.)	3.974	-	-	0.194	-	0.718	-	0.141	0.140	0.297
GSD-1, GSDT-1, SS-1* Secondary Primary Transmission	3.974 3.934 3.895	4.956 4.906 4.857	3.541 3.505 3.470	- - -	0.94 0.93 0.92	- - -	3.72 3.68 3.65	0.141 0.140 0.138	0.182 0.180 0.178	0.439 0.435 0.430
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3* Secondary Primary Transmission	3.974 3.934 3.895	4.956 4.906 4.857	3.541 3.505 3.470	- - -	0.41 0.41 0.40	- - -	1.47 1.46 1.44	0.137 0.136 0.134	0.127 0.126 0.124	0.582 0.576 0.570
IS-1, IST-1, IS-2, IST-2, SS-2* Secondary Primary Transmission	3.974 3.934 3.895	4.956 4.906 4.857	3.541 3.505 3.470	- - -	0.79 0.78 0.77	- - -	3.00 2.97 2.94	0.138 0.137 0.135	0.153 0.151 0.150	0.299 0.296 0.293
LS-1 (Sec.)	3.805	-	-	0.081	-	0.154	-	0.138	0.027	0.382
*SS-1, SS-2, SS-3 Monthly Secondary Primary Transmission Daily Secondary Primary Transmission	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	0.091 0.090 0.089 0.043 0.043 0.042	- - - - - - - -	0.360 0.356 0.353 0.171 0.169 0.168	- - - - - - - -	- - - - - - - -	- - - - - - - -
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)



**RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS**  
(Continued from Page 1)

**(3) Capacity Cost Recovery Factor:**

The Capacity Cost Recovery (CCR) Factors applicable to the Energy 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. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

**(4) Environmental Cost Recovery Clause Factor:**

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy 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. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

**(5) Asset Securitization Charge Factor:**

The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.

**(6) Storm Cost Recovery Surcharge:**

In accordance with a Florida Public Service Commission ruling, a Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of July 1, 2019 through June 30, 2020. This surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricane Michael in 2018, as well as funds to replenish the Company's storm reserve.

**Gross Receipts Tax Factor:**

In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state Gross Receipts Tax.

**Right-of-Way Utilization Fee:**

A Right-of-Way Utilization Fee is applied to the charges for electric service (exclusive of any Municipal, County, or State Sales Tax) provided to customers within the jurisdictional limits of each municipal or county governmental body or any unit of special-purpose government or other entity with authority requiring the payment of a franchise fee, tax, charge, or other imposition whether in money, service, or other things of value for utilization of rights-of-way for location of Company distribution or transmission facilities. The Right-of-Way Utilization Fee shall be determined in a negotiated agreement (i.e., franchise and other agreements) in a manner which reflects the Company's payments to a governmental body or other entity with authority plus the appropriate Gross Receipts Taxes and Regulatory Assessment Fees resulting from such additional revenue. The Right-of-Way Utilization Fee is added to the charges for electric service prior to the application of any appropriate taxes.

**Municipal Tax:**

A Municipal Tax is applied to the charge for electric service provided to customers within the jurisdictional limits of each municipal or other governmental body imposing a utility tax on such service. The Municipal Tax shall be determined in accordance with the governmental body's utility tax ordinance, and the amount collected by the Company from the Municipal Tax shall be remitted to the governmental body in the manner required by law. No Municipal Tax shall apply to fuel charges in excess of 0.699¢/kWh.

**Sales Tax:**

A State Sales Tax is applied to the charge for electric service provided to all non-residential customers and equipment rental provided to all customers (unless a qualified sales tax exemption status is on record with the Company). The State Sales Tax shall be determined in accordance with the State's sales tax laws. The amount collected by the Company shall be remitted to the State in the manner required by law. In those counties that have enacted a County Discretionary Sales Surtax, such tax shall be applied and paid in a like manner. An additional tax factor is applied to the charge for electric service consistent with the applicability of State Sales Tax as described in this paragraph, in accordance with Section 203.01(1)(a)3 and (b)4 of the Florida Statutes.

(Continued on Page No. 3)



**RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS**  
(Continued from Page 2)

**Governmental Undergrounding Fee:**

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.

### **Second Implementation Stipulation**

1. The 2017 Second Revised and Restated Settlement Agreement (“Agreement”) was approved by the Commission in Order No. PSC-2017-0451-AS-EU. As explained more fully below, the signatories to the Agreement enter into this Second Implementation Stipulation (“Stipulation”) to implement specific provisions related to the timing of rate treatment of certain events contemplated in the Agreement that have become manifest (i.e., storm restoration costs and federal tax reform).
2. Paragraph 38(c) of the Agreement grants Duke Energy Florida, LLC (“DEF”) the right to recover, on an interim basis, storm damage costs sixty days after filing a petition with the Commission. Pursuant to this paragraph, simultaneous with the filing of this Stipulation, DEF filed for the recovery of \$221 million (retail) estimated for storm damage costs associated with Hurricane Michael.
3. Paragraph 16 of the Agreement provides a mechanism for calculating and implementing the impact of tax reform on DEF’s rates, which will inure to the benefit of customers on the effective date of tax reform changes. On December 22, 2017, the President signed the Tax Cuts and Jobs Act (“Tax Act”) into law. Part of the Tax Act includes a reduction in the corporate tax rate from 35 percent to 21 percent. In Docket No. 20180047-EI, the FPSC approved a stipulation that established the impact of the Tax Act results in a reduction in revenue requirements of approximately \$154.7 million per year (after taking into account the \$50 million accelerated depreciation of Crystal River (“CR”) Units 4 and 5 as expressly provided in the Agreement). As specified in the Agreement, DEF was obligated to reduce customer base rates within 120 days of the December 22, 2017 enactment date, or by April 21, 2018, to account for the impacts of the Tax Act. However, in Docket No. 20170272-EI, the Commission approved an Implementation Stipulation that permitted DEF to apply the tax savings to offset the storm costs and replenish DEF’s storm reserve DEF petitioned to recover in that docket.
4. Per the Agreement, DEF’s storm damage costs are allocated to customer rate classes in the same manner as base rates. Absent this Stipulation, DEF would be authorized to increase rates by \$221 million for the period July 2019 through the last billing cycle of June 2020, which equates to a \$6.95/1,000 kWh impact on a standard residential bill. This increase would have a significant impact on our customers. The Signatory Parties seek to avoid this impact and agree that after full recovery of the costs authorized for recovery by the Commission in Docket No. 20170272-EI but before starting the replenishment of the reserve, DEF will utilize the annual Tax Act benefits to avoid implementing the charge to customers for storm damage costs that they would have otherwise been obligated to pay. To accomplish this goal, DEF shall, after Commission approval of the Stipulation in this

Docket, withdraw the tariff sheets it filed simultaneously with the filing of this Stipulation (i.e., the tariff surcharge shall never become effective).

5. DEF anticipates the storm costs that are the subject of Docket No. 20170272-EI, before replenishment of the reserve, will be fully recovered by the end of April, 2020. At that time, the signatories agree that DEF shall be entitled to continue to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act (i.e., 1/12 of \$154.7 million or approximately \$12.9 million) and credit the retail storm reserve from May 2020 until DEF's estimated Hurricane Michael –related costs have been fully recovered and the storm reserve has been replenished (any unrecovered portion of the storm reserve balance would subsequently be recovered in 2022). Attached to this implementation stipulation as Appendix C is an example of the estimated application of this treatment to the storm costs. These amounts are subject to final true-up based on the results of Docket 20170272-EI as well as the current Docket upon final determination of the appropriate recoverable storm costs by the Commission. A specific condition of the signatories agreeing to this Stipulation is that the Commission will issue an order explicitly authorizing such action. The signatories agree that once the final Commission-approved actual storm recovery and storm reserve replenishment amount has been recovered, DEF shall reduce base rates in the manner prescribed in the Agreement and commensurate with the Commission-approved Tax Act savings beginning in the month following the final month of storm recovery (including reserve replenishment). DEF agrees to file tariff sheets at least 60 days before to reflect the reduced rates. The intent of this recovery schedule is to allow for DEF to recover all costs authorized for recovery in Docket No. 20170272-EI and the docket in which the Commission will consider this Stipulation.
6. All signatories maintain and do not waive their rights to raise any argument that is allowed under the Agreement with respect to the reasonable and prudent level of storm damage costs that are the subject of the docket that will be opened to consider DEF's Hurricane Michael costs. It is the intent of the signatories, and a condition of this Stipulation, that the proceeding contemplated in Paragraph 38(c) shall be conducted as if this Stipulation did not exist.
7. The parties intend that the storm damage costs be transparent and ascertainable on a stand-alone basis. DEF shall file quarterly a storm cost overview which accounts and reports on the storm damage costs, the costs remaining to be satisfied, the projected date such costs will be satisfied, and the amount of Tax Act savings applied to storm damage costs.

**Duke Energy Florida, LLC**

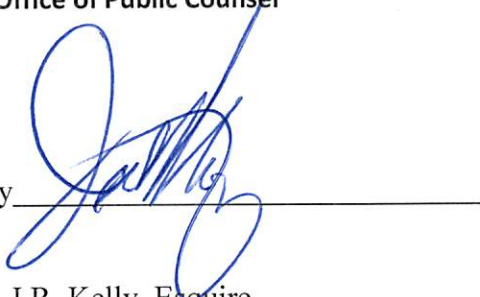
By  \_\_\_\_\_

Catherine Stempien  
299 1<sup>st</sup> Ave N  
St. Petersburg, Florida 33701



Office of Public Counsel

By \_\_\_\_\_

A handwritten signature in blue ink, appearing to be "J.R. Kelly", is written over a horizontal line. The signature is stylized and cursive.

J.R. Kelly, Esquire  
Charles Rehwinkel, Esquire  
111 W. Madison St., Room 812  
Tallahassee, Florida 32399

**Florida Industrial Power Users Group**

By \_\_\_\_\_

Jon C. Moyle, Jr., Esquire  
Moyle Law Firm, PA  
118 North Gadsden Street Tallahassee,  
FL 32301

**White Springs Agricultural Chemicals, Inc.**

By \_\_\_\_\_

James W. Brew, Esquire  
Stone Matheis Xenopoulos & Brew  
1025 Thomas Jefferson Street, NW  
Eighth Floor, West Tower Washington,  
DC 20007

**Florida Retail Federation**

By \_\_\_\_\_

Robert Scheffel Wright, Esq.  
Gardner Law Firm  
1300 Thomaswood Drive  
Tallahassee, FL 32308

**Southern Alliance for Clean Energy**

By 

George Cavros, Esquire  
Attorney for SACE  
120 E. Oakland Park Blvd.,  
Suite 105  
Fort Lauderdale, FL 33334

Storm Cost Amortization

(\$ thousands)

Irma Beginning Unrecovered Storm Costs per Exh. BB-1, Docket PSC-20170272-EI	(\$367,152)
Bond Issuance Costs	<u>(1,264)</u>
Adjusted Irma Beginning Unrecovered Storm Costs	(368,417)
Interest (@ Bond rate of 2.1%)	(7,753)
Amortization plus Settlement Adjustment	<u>376,169</u>
Ending Unrecovered Irma Costs	<u>(\$0)</u>

(\$ thousands)

Michael Beginning Unrecovered Storm Costs	(220,865)
Bond Issuance Costs	-
Adjusted Michael Beginning Unrecovered Storm Costs	(220,865)
Interest (@ Estimated Commercial Paper Rate)	(8,671)
Amortization	<u>266,548</u>
Ending Storm Reserve Balance	<u>\$37,012</u>

Hurricane Irma							
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
Line	Month	Beginning Storm Reserve Balance	Amortization (Exh. MJO-2 Docket No. 20180047)	Irma Settlement Adjustment (Note 3)	Interest (2.10% APR)	Net Monthly Activity col. (C) + (D)	Ending Storm Reserve Balance
1	Jan-18	(\$368,417)	\$12,892	-	\$0	\$12,892	(\$355,524)
2	Feb-18	(355,524)	12,892	-	-	12,892	(342,632)
3	Mar-18	(342,632)	12,892	-	(588)	12,304	(330,328)
4	Apr-18	(330,328)	12,892	-	(567)	12,325	(318,003)
5	May-18	(318,003)	12,892	-	(545)	12,347	(305,656)
6	Jun-18	(305,656)	12,892	-	(524)	12,369	(293,287)
7	Jul-18	(293,287)	12,892	-	(502)	12,390	(280,897)
8	Aug-18	(280,897)	12,892	-	(480)	12,412	(268,485)
9	Sep-18	(268,485)	12,892	-	(459)	12,434	(256,051)
10	Oct-18	(256,051)	12,892	-	(437)	12,455	(243,596)
11	Nov-18	(243,596)	12,892	-	(415)	12,477	(231,119)
12	Dec-18	(231,119)	12,892	-	(393)	12,499	(218,619)
13	Annual Total		154,707	-	(4,910)	149,797	
14	Jan-19	(218,619)	12,892	-	(371)	12,521	(206,099)
15	Feb-19	(206,099)	12,892	-	(349)	12,543	(193,556)
16	Mar-19	(193,556)	12,892	-	(327)	12,565	(180,991)
17	Apr-19	(180,991)	12,892	-	(305)	12,587	(168,404)
18	May-19	(168,404)	12,892	-	(283)	12,609	(155,795)
19	Jun-19	(155,795)	12,892	23,895	(229)	36,558	(119,238)
20	Jul-19	(119,238)	12,892	-	(197)	12,695	(106,543)
21	Aug-19	(106,543)	12,892	-	(175)	12,717	(93,826)
22	Sep-19	(93,826)	12,892	-	(153)	12,739	(81,086)
23	Oct-19	(81,086)	12,892	-	(131)	12,762	(68,325)
24	Nov-19	(68,325)	12,892	-	(108)	12,784	(55,541)
25	Dec-19	(55,541)	12,892	-	(86)	12,806	(42,734)
26	Annual Total		154,707	23,895	(2,716)	175,885	
27	Jan-20	(42,734)	12,892	-	(64)	12,829	(29,906)
28	Feb-20	(29,906)	12,892	-	(41)	12,851	(17,054)
29	Mar-20	(17,054)	12,892	-	(19)	12,874	(4,181)
30	Apr-20	(4,181)	4,184	-	(4)	4,180	-
31	May-20	-	-	-	-	-	-
32	Jun-20	-	-	-	-	-	-
33	Jul-20	-	-	-	-	-	-
34	Aug-20	-	-	-	-	-	-
35	Sep-20	-	-	-	-	-	-
36	Oct-20	-	-	-	-	-	-
37	Nov-20	-	-	-	-	-	-
38	Dec-20	-	-	-	-	-	-
39	Annual Total		42,861	-	(127)	42,734	
40	Jan-21	-	-	-	-	-	-
41	Feb-21	-	-	-	-	-	-
42	Mar-21	-	-	-	-	-	-
43	Apr-21	-	-	-	-	-	-
44	May-21	-	-	-	-	-	-
45	Jun-21	-	-	-	-	-	-
46	Jul-21	-	-	-	-	-	-
47	Aug-21	-	-	-	-	-	-
48	Sep-21	-	-	-	-	-	-
49	Oct-21	-	-	-	-	-	-
50	Nov-21	-	-	-	-	-	-
51	Dec-21	-	-	-	-	-	-
52	Annual Total		-	-	-	-	-
53	Totals		\$352,275	\$23,895	(\$7,753)	\$368,416	

Hurricane Michael						
(A)	(B)	(C)	(D)	(E)	(F)	
Line	Month	Beginning Storm Reserve Balance	Amortization (2.41% APR)	Interest (2.41% APR)	Net Monthly Activity col. (C) + (D)	Ending Storm Reserve Balance
1	Jan-18	-	-	\$0	\$0	\$0
2	Feb-18	-	-	-	-	-
3	Mar-18	-	-	-	-	-
4	Apr-18	-	-	-	-	-
5	May-18	-	-	-	-	-
6	Jun-18	-	-	-	-	-
7	Jul-18	-	-	-	-	-
8	Aug-18	-	-	-	-	-
9	Sep-18	-	-	-	-	-
10	Oct-18	-	-	-	-	-
11	Nov-18	-	-	-	-	-
12	Dec-18	-	-	-	-	-
13	Annual Total		-	-	-	-
14	Jan-19	-	-	-	-	-
15	Feb-19	-	-	-	-	-
16	Mar-19	-	-	-	-	-
17	Apr-19	-	-	-	-	-
18	May-19	-	-	-	-	-
19	Jun-19	(220,865)	-	(444)	(444)	(221,309)
20	Jul-19	(221,309)	-	(444)	(444)	(221,753)
21	Aug-19	(221,753)	-	(445)	(445)	(222,198)
22	Sep-19	(222,198)	-	(446)	(446)	(222,645)
23	Oct-19	(222,645)	-	(447)	(447)	(223,092)
24	Nov-19	(223,092)	-	(448)	(448)	(223,540)
25	Dec-19	(223,540)	-	(449)	(449)	(223,989)
26	Annual Total		-	(3,124)	(3,124)	
27	Jan-20	(223,989)	-	(450)	(450)	(224,439)
28	Feb-20	(224,439)	-	(451)	(451)	(224,889)
29	Mar-20	(224,889)	-	(452)	(452)	(225,341)
30	Apr-20	(225,341)	8,708	(444)	8,264	(217,077)
31	May-20	(217,077)	12,892	(423)	12,469	(204,608)
32	Jun-20	(204,608)	12,892	(398)	12,494	(192,114)
33	Jul-20	(192,114)	12,892	(373)	12,519	(179,594)
34	Aug-20	(179,594)	12,892	(348)	12,544	(167,050)
35	Sep-20	(167,050)	12,892	(323)	12,569	(154,481)
36	Oct-20	(154,481)	12,892	(297)	12,595	(141,886)
37	Nov-20	(141,886)	12,892	(272)	12,620	(129,266)
38	Dec-20	(129,266)	12,892	(247)	12,645	(116,621)
39	Annual Total		111,844	(4,476)	107,368	
40	Jan-21	(116,621)	12,892	(221)	12,671	(103,950)
41	Feb-21	(103,950)	12,892	(196)	12,696	(91,254)
42	Mar-21	(91,254)	12,892	(170)	12,722	(78,532)
43	Apr-21	(78,532)	12,892	(145)	12,747	(65,785)
44	May-21	(65,785)	12,892	(119)	12,773	(53,012)
45	Jun-21	(53,012)	12,892	(94)	12,798	(40,214)
46	Jul-21	(40,214)	12,892	(68)	12,824	(27,389)
47	Aug-21	(27,389)	12,892	(42)	12,850	(14,539)
48	Sep-21	(14,539)	12,892	(16)	12,876	(1,664)
49	Oct-21	(1,664)	12,892	-	12,892	11,228
50	Nov-21	11,228	12,892	-	12,892	24,120
51	Dec-21	24,120	12,892	-	12,892	37,012
52	Annual Total		154,704	(1,071)	153,633	
53	Totals		\$266,548	(\$8,671)	\$257,877	

Note 1 Although these illustrative schedules only show through 2021, tax savings will be applied to replenish the Storm Reserve until it reaches the level contemplated in the 2017 Revised and Restated Stipulation and Settlement Agreement of \$132 million (retail).

Note 2 Actual Michael interest costs will be determined based on the actual commercial paper rate consistent with that used in the Fuel Cost Recovery clause.

Note 3 The Irma Settlement Adjustment will be reflected on the implementation date of the Settlement. For illustrative purposes this schedule assumes a June implementation date.