DUKE ENERGY
FLORIDA

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January 24, 2018

VIA ELECTRONIC FILING

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition by Duke Energy Florida, LLC, for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Irma and Nate*
Docket No. 20170272-EI

Petition to establish a generic docket to investigate and adjust rates for 2018 tax savings by Office of Public Counsel
Docket No. 20180013-PU

Dear Ms. Stauffer:

Please find enclosed for filing Duke Energy Florida, LLC's ("DEF") Motion to Approve Implementation Stipulation in the above-referenced dockets. DEF notes that, while it is not subject to the Generic Tax Reform Docket (Number 20180013-PU), given the operation of its Settlement Agreement, it is making this filing in the docket in an abundance of caution.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmk
Enclosure

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 Hurricanes Irma and Nate	Docket No. 20170272-EI Filed: January 24, 2018
Citizens' Petition to establish a generic docket to investigate and adjust rates for 2018 tax savings	Docket No. 20180013-PU

DUKE ENERGY FLORIDA, LLC's
MOTION TO APPROVE IMPLEMENTATION STIPULATION

Pursuant to Rule 28.106-2.4, F.A.C., Duke Energy Florida, LLC ("DEF" or the "Company"), hereby moves for approval of an Implementation Stipulation, attached as Exhibit A to this motion, to implement specific provisions related to the timing of rate treatment of certain events contemplated in the 2017 Second Revised and Restated Settlement Agreement ("Agreement") approved by Commission Order No. PSC-2017-0451-AS-EU. The approval of the Implementation Stipulation is in the best interests of DEF's customers, because it avoids volatility in customer rates by recognizing and then utilizing annual tax reform benefits as a direct offset to avoid implementing separate cost recovery of storm damage costs that customers would have otherwise been obligated to pay. In support of this motion, DEF states:

1. The Agreement grants DEF the right to recover, on an interim basis, storm damage costs sixty days after filing a petition with the Commission. That interim cost recovery is subject to reconciliation based on ultimate Commission findings concerning reasonable and recoverable storm costs. On December 28, 2017, pursuant to the Agreement, DEF filed for recovery of storm damage costs associated with Hurricanes Irma and Nate and replenishment of DEF's retail storm damage reserve.

2. The Agreement also provides a mechanism for calculating and implementing the benefits of tax reform as a reduction to DEF's base rates. On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act ("Tax Act") into law which includes a reduction in the corporate tax rate from 35 percent to 21 percent. In accordance with the Agreement, DEF is obligated to reduce customer base rates within 120 days of the December 22, 2017 enactment date, or by April 21, 2018.

3. Absent the approval of this Implementation Stipulation, DEF would be authorized to increase rates, on an interim basis, by an average of $171 million per year starting in March 2018 (related to storm restoration costs), and would subsequently reduce base rates at a later date in 2018 by approximately $135 million per year (reflecting tax reform savings). To avoid volatility in customer rates that may result from the Commission-approved Agreement and the earlier-than-contemplated enactment of the Tax Act, the signatories to the Agreement have agreed that, upon Commission approval of the Implementation Stipulation and after approval of the interim storm cost recovery charges, DEF will withdraw the storm recovery tariff filed with DEF's Petition on December 28, 2017, and simultaneously submit revised tariff sheets to reflect only the changes associated with the Asset Securitization Charge True-Up.

4. Pursuant to Rule 28-106.204(3), DEF has conferred with the other parties and can represent that: the Office of Public Counsel, Florida Industrial Power Users Group, PCS White Springs, Southern Alliance for Clean Energy, and the Florida Retail Federation join in and support this motion/stipulation. Florida Power and Light, Tampa Electric Company, Gulf Power Company, St. Joe Natural Gas, Sebring Utility, U.S. Water Services Corporation, Florida City Gas, FPUC, and Central Sumter Utility Company take no position on this motion/stipulation. DEF has not received a response from the other parties as of the time of this filing.

WHEREFORE, DEF respectfully requests that the Commission approve the Implementation Stipulation attached as Exhibit A to this motion.

Respectfully submitted this 24th day of January, 2018

s/ Dianne M. Triplett
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the following by electronic mail this 24th day of January, 2018, to all parties of record as indicated below.

/s/ Dianne M. Triplett
Attorney

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Exhibit A
Implementation Stipulation

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 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, on December 28, 2017, DEF filed for the recovery of $513 million estimated for storm damage costs associated with Hurricanes Irma and Nate and replenishment of DEF's retail storm damage reserve to the level specified in the Agreement. To reduce rate impacts to customers, DEF proposed to recover this amount over three years, resulting in approximately $171 million of costs to be recovered from customers annually starting in March 2018. The Commission has opened Docket No. 20170272-EI to consider DEF's request.
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. DEF, using the methodologies set forth in Paragraphs 16(b) and 16(c) of the Agreement, has preliminarily estimated the impact of the Tax Act to result in a reduction in revenue requirements of approximately $135 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). DEF and the other signatories to the Agreement agree that the $135 million estimated annual Tax Act revenue requirement impact is based on preliminary data and is subject to final true-up. As specified in the Agreement, DEF is obligated to reduce customer base rates within 120 days of the December 22, 2017 enactment date, or by April 21, 2018, upon a thorough review of the effects of the Tax Act on base revenue requirements to account for the impacts of the Tax Act. Any final true-up associated with further refinement of the estimate and recognition of the pre-implementation will be reflected in the amount recognized consistent with paragraph 5 below.
4. The storm damage costs are allocated to customer rate classes in the same manner as base rates. Absent this Implementation Stipulation, DEF would be authorized to increase rates by an average of $171 million per year starting in March 2018, and would subsequently reduce base rates at a later date in 2018 by an estimated $135 million per year. The Signatory Parties seek to avoid this volatility in customer rates and agree that DEF should effectively 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 tariff, withdraw the tariff sheets it filed with its December 28, 2017 filing (i.e., the tariff surcharge shall never become effective). Because those tariff sheets also included the impact of the Asset Securitization Charge True-Up (Docket 2015071-EI), DEF shall

simultaneously submit revised tariff sheets to reflect only the changes associated with the Asset Securitization Charge True-Up.

5. Based on the current storm restoration cost estimates, which are subject to change pending a final Commission order in Docket No. 20170272-EI and the yet-to-be filed docket regarding the Tax Act, DEF projects that the full estimated storm costs shall be recovered by approximately mid-2021. The signatories agree that DEF shall be entitled to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act and credit the retail storm reserve from January 2018 through full recovery of the final Commission-approved actual storm recovery amount, and that a specific condition of the net bill impacts of 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 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 this date to reflect the reduced rates.
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 and the calculation of the Tax Act impacts. It is the intent of the parties, and a condition of this stipulation, that the two distinct proceedings contemplated in Paragraphs 38(c) and 16 shall be conducted as if this stipulation did not exist and that final determinations of actual storm costs and tax savings be made independently and separately.
7. The parties intend that the storm damage costs be transparent and ascertainable on a stand alone basis and that the benefits of the Tax Act impacts 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______________________________________

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