

IN THE SUPREME COURT OF FLORIDA

CITIZENS OF THE STATE OF
FLORIDA, ETC.,

vs. Appellant(s),

Case No.: SC16-141

Lower Tribunal No.: 150001-EI

ART GRAHAM, ETC., ET AL.

Appellee(s).

APPENDIX TO CITIZENS' INITIAL BRIEF

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Pursuant to Rule 9.220, Florida Rules of Appellate Procedure, the Citizens of the State of Florida, through the Office of Public Counsel, respectfully submits this Appendix to Citizens' Initial Brief containing copies of all principal Commission Orders cited in Citizens' Initial Brief for ease of reference.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 150001-EI
ORDER NO. PSC-15-0586-FOF-EI
ISSUED: December 23, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
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FINAL ORDER APPROVING EXPENDITURES AND TRUE-UP AMOUNTS FOR FUEL
ADJUSTMENT FACTORS; GPIF TARGETS, RANGES, AND REWARDS; AND
PROJECTED EXPENDITURES AND TRUE-UP AMOUNTS FOR CAPACITY COST
RECOVERY FACTORS

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Advisors to the Florida Public Service Commission

BY THE COMMISSION:

Background

As part of the continuing fuel and purchased power adjustment and generating performance incentive factor clause proceedings, an administrative hearing was held on November 2-3, 2015. At the hearing, we approved, with modifications, certain stipulated issues for Tampa Electric Company (TECO), Gulf Power Company (Gulf), Florida Power & Light Company (FPL), Florida Public Utilities Company (FPUC), and Duke Energy Florida, LLC. (DEF) by bench decision. These stipulations, as modified, are found in Attachment A. Although we approved some stipulated issues for each of these investor-owned utilities (IOUs), testimony and other evidence was presented at the November 2-3, 2015 hearing on hedging-related issues for the generating IOUs, and also for company-specific issues for FPUC. TECO, Gulf, FPL,

FPUC, DEF, Florida Industrial Power Users Group (FIPUG), the Office of Public Counsel (OPC), and PCS Phosphate (PCS) filed briefs on November 13, 2015.¹

We have jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

Hedging

Our analysis of this issue will begin by providing a background on how our policy on hedging has been developed and the key actions we have taken regarding the hedging programs that Florida's four largest IOUs use today.

Background

Hedging allows utilities to manage the risk of volatile swings in the price of fuel. Prior to 2001, IOUs had carried out a small number of financial hedging transactions. In response to significant fluctuations in the price of natural gas and fuel oil during 2000 and 2001, this Commission raised issues regarding the utilities' management of fuel price risk as part of the 2001 fuel clause proceeding. The specific issues raised involved the reasonableness of hedging as a tool to manage fuel price risk and the appropriate regulatory treatment of hedging gains and losses. These issues were spun off to Docket No. 011605-EI for further investigation.

At the hearing for Docket No. 011605-EI, parties reached a settlement of all issues. By Order No. PSC-02-1484-FOF-EI ("Hedging Order"),² we approved the settlement of the issues. Specifically, the settlement provided a framework that incorporated hedging activities into fuel procurement activities. For natural gas, fuel oil, and purchased power, the settlement allowed Florida's generating IOUs to charge prudently incurred hedging gains and losses to the fuel clause. The Hedging Order specified that this Commission will review each IOU's hedging activities as part of the annual fuel proceeding.

The Hedging Order required utilities to file risk management plans as part of true-up filings. The intent of this requirement was to allow this Commission and parties to the fuel docket to monitor utility hedging activities. As part of the annual final true-up filings in the fuel docket, utilities were required to state the volumes of fuel hedged, the type of hedging instruments, the average length of the term of the hedge positions, and fees associated with hedging transactions.

Although the Hedging Order allowed utilities flexibility in the development of risk management plans, the order also set forth guidelines utilities were to follow. For example, the order required that risk management plans identify the objectives of the hedging programs and the minimum quantities to be hedged. The order also required that plans provide mechanisms and controls for the proper oversight within the utility of hedging activities, as well as include the method for assessing and monitoring fuel price risk.

In tandem with Docket No. 011605-EI, Commission staff conducted a review of Internal Controls of Florida's Investor-Owned Utilities for Fuel and Wholesale Energy Transactions.

¹The Florida Retail Federation (FRF) filed a notice of joinder in OPC's brief on the same date.

²Order No. PSC-02-1484-FOF-EI, issued October 30, 2002, in Docket No. 011605-EI, In re: Review of investor-owned electric utilities' risk management policies and procedures.

This study examined the practices, procedures, controls, and policies these companies followed when purchasing fossil fuels and wholesale energy. The study period looked at data from 1998 through 2001. The study concluded that Florida IOUs had engaged in physical hedging in fuel procurement but very limited financial hedging. At the time, the IOUs had not set up the proper controls to engage in extensive financial hedging. Also, for the period studied, TECO and Gulf had little exposure to the volatility of natural gas prices.

The next time we reviewed our policy on hedging was at the 2007 fuel hearing. Parties raised questions regarding the period for which we were determining the prudent costs of hedging activities. We deferred our decision on the prudence of 2007 hedging activity costs to 2008 in order to allow for sufficient development of data and review of the matter.

Following the 2007 fuel hearing, two audits of the IOU's hedging programs were conducted by Commission staff. First, staff conducted a management audit reviewing the IOUs' hedging programs to assess the costs and benefits realized since the entry of the Hedging Order. Also reviewed was the IOUs' accounting treatment of 2007 hedging activities to determine compliance with their risk management plans filed in 2006.

The management audit assessed the current and historical strategies of the fuel procurement hedging programs within each company at that time, evaluated hedging objectives set forth in each company's risk management plan, and quantified the net costs and benefits of each company's hedging program. Specifically, the structure and performance of hedging natural gas and fuel oil through the use of physical purchases and/or financial instruments for the years 2003 through 2007 was examined. Information was collected regarding each company's policies and procedures, organizational charts, risk management plans, and historical hedging transactions, and an analysis conducted for each company. In June 2008, a report was issued entitled Fuel Procurement Hedging Practices of Florida's Investor-Owned Electric Utilities.

In its 2008 report, Commission staff found that each company shared a universal goal in purchasing financial hedges for its fuel procurement; that is, to reduce the impacts of the price extremes that can occur in the natural gas and fuel markets. In their hedging activities, the companies were not attempting to speculate on price movements in the market. Rather each was working to stabilize its annual fuel costs by initializing and settling financial hedging transactions through authorized financial counterparties. The volumes of gas and fuel oil hedged were less than the total volumes expected to be purchased. Overall, staff believed that the use of financial hedges for fuel purchases provided a benefit to utility customers.

In response to the deferral of the determination of the prudent costs in the 2007 fuel hearing, on January 31, 2008, FPL filed a petition requesting that we approve FPL's proposed volatility mitigation mechanism (VMM) as an alternative to FPL's hedging program. The VMM proposal involved FPL collecting under recoveries of fuel costs over two years instead of one year, as is the current practice. On March 11, 2008, a workshop was held to get stakeholder input on this proposal. All parties to the 2002 settlement attended.

By Order No. PSC-08-0316-PAA-EI,³ we clarified the Hedging Order in several areas. IOUs were required to file a Hedging Information Report by August 15th of each year. We also

³Order No. PSC-08-0316-PAA-EI, issued May 14, 2008, in Docket No. 080001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

specified that it would make a determination of prudence of hedging results for the twelve month period ending July 31st of the current year. Additional workshops were held on June 9, 2008, and June 24, 2008, regarding FPL's VMM petition and guidelines for hedging programs. FPL withdrew its VMM petition on August 5, 2008.

Following the workshops, we established guidelines for risk management plans by Order No. PSC-08-0667-PAA-EI.⁴ At that time we determined that utility hedging programs provide benefits to customers. The guidelines clarified the timing and content of regulatory filings for hedging activities, but allowed the IOUs flexibility in creating and implementing risk management plans. Each year in the fuel clause, our auditors review utility hedging results for the twelve month period ending July 31 of the current year. In addition, each year we approve the IOUs' risk management plans for hedging transactions the utility will enter the following year and beyond.

No other hedging-related orders have been issued to date, although on several occasions since the issuance of these three orders, Commission staff has presented hedging-related information to us at our publically noticed Internal Affairs meetings.

Since the 1990s, natural gas-fired generation has become a large part of the generation mix for Florida IOUs, and the increasing role for natural gas is expected to continue. Natural gas prices have been volatile over the years, with significant price spikes in 2000, 2003, 2005, and 2008. Since 2008, natural gas supply has increased significantly due to shale gas production.

Analysis

This issue focuses on three somewhat overlapping arguments: (1) the significant opportunity costs of hedging programs that IOUs incurred as part of fuel costs paid by customers; (2) whether the volatility of natural gas prices has declined to the point where hedging is no longer effective or necessary; and (3) whether conditions in the natural gas market are stable and eliminate the need for hedging.

The intervenors have argued in their briefs, supported by testimony of record, that hedging should be discontinued due to the large cumulative actual and projected net losses for each IOU from 2002 until 2015. The IOUs counter in their testimony and briefs that the purpose of hedging, as recognized in our previous hedging orders, is to reduce price volatility. While gains and losses can occur, the IOUs contend that assessing the merits of retaining hedging programs based on resultant gains or losses simply encourages price speculation, a practice that neither party believes to be in the ratepayers' best interests.

IOU witnesses acknowledged that there have been significant net cumulative hedging losses for natural gas. FPL had losses of \$3.5 billion for the period 2002 to 2014 for natural gas (\$3.162 billion when fuel oil hedging gains are included) and projects hedging losses of \$490 million for 2015. DEF incurred \$1.2 billion in losses for the period 2002 to 2014 and estimates \$196 million in losses for 2015. Gulf Power incurred \$127 million in losses from 2002 to 2014 and estimates \$44 million for 2015. Tampa Electric incurred losses of \$381 million for the

⁴Order No. PSC-08-0667-PAA-EI, issued October 8, 2008, in Docket No. 080001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

period 2002 to 2014 and estimates \$40 million for 2015. FPL's recently approved Woodford project is also estimated to experience hedging losses for 2015. OPC witness Lawton testified that this prolonged period of losses should signal a re-evaluation of the necessity for hedging programs. However, there were earlier periods before 2008 when gains did offset losses. Customers have consistently benefited from falling prices for the unhedged portion of the IOUs' gas supply portfolios which fluctuates year to year based upon each IOU's approved Risk Management Plan. Each IOU witness testified that the goal of its hedging program was to reduce price volatility and that our previously approved hedging guidelines and procedures provide reasonable tradeoffs for mitigating volatility.

We agree that the level of opportunity savings and costs – hedging gains and losses – should not be a chief consideration in deciding whether to continue fuel price hedging. When gas prices are falling, losses will occur. Conversely, when gas prices are rising, gains will occur. The main objective of IOU hedging programs is to reduce the customer's exposure to fuel price volatility, not to reduce fuel costs. Therefore, these programs should be well disciplined to accomplish this objective and to be non-speculative.

As emphasized by intervenors, the cumulative losses are currently large. These losses are the result of steadily falling natural gas prices in the open market. Customers continue to experience the benefits of the current downward trend in prices for the unhedged portions of the IOUs' natural gas purchases. Should the market price of natural gas trend or spike upward, hedging savings will occur but, overall, fuel costs will increase.

OPC witness Lawton testified that since price volatility has decreased and is trending downward, hedging is unnecessary. IOU witnesses both agreed and disagreed that price volatility had decreased since 2001. DEF witness McAllister agreed with witness Lawton that natural gas prices are less volatile. Gulf witness Ball stated that Gulf does not forecast price volatility and suggests such a forecast is not possible. However, witness Ball also testified that, with a few exceptions, in recent history price volatility has been lower. TECO witness Caldwell agreed that fuel price volatility decreased during the period 1997 to 2015.

FPL witness Yupp strongly disagreed with OPC's conclusion. While the price of natural gas has trended downward over the last several years, and the trend line in natural gas volatility has done the same, witness Yupp testified that the volatility of natural gas prices has varied considerably year to year. Thus, while the trend line for natural gas volatility shows a decline, there is a very low correlation of the trend line with the yearly data. That being the case, the trend line in price volatility is not a statistically valid predictor of next year's price volatility point. Based on this analysis, witness Yupp concluded that one cannot reasonably conclude that natural gas price volatility has decreased as natural gas prices have fallen or will decrease in the future. Witness Yupp testified that hedging had been successful in reducing price volatility as measured by the fact that FPL only met the plus or minus ten percent mid-course correction threshold established by Rule 25-6.0424, F.A.C., once for the period 2002 to 2014 with hedging. Had FPL not hedged, this threshold would have been exceeded nine times. Witness Yupp also testified that the current EIA forecasts for natural gas prices show a confidence interval of ranging more toward higher prices than lower prices. Gulf witness Ball affirmed this aspect of

the EIA forecast and OPC witness Lawton acknowledged this fact. The confidence intervals for natural gas prices included in EIA's forecast are consistent with the economic reality that gas prices cannot indefinitely continue to decrease as the price of any commodity cannot fall below the price of production for sustained periods of time.

OPC has argued that the annual fuel factor smoothes out price volatility and is a cost-free alternative to hedging. Witness Lawton stated that the annual or level fuel factor effectively shields customers from day-to-day changes in market prices. However, witness Lawton acknowledges that the cumulative effect of unexpected changes in market prices could lead to a mid-course correction to fuel factors. DEF witness McCallister agreed that the level fuel factor can reduce the customer's exposure to price volatility within any given year, assuming no mid-course correction. However, without hedging true-up amounts in subsequent years could be significant. TECO witness Caldwell testified that while the annual fuel factor provides some smoothing over a twelve month period, it does not limit the potential for fuel costs to increase or decrease, i.e., fuel price volatility. Witness Caldwell also testified that spreading an under-recovery over more time, as suggested by FPL in 2008 by its validation mitigation mechanism (VMM), without hedging any portion of the natural gas portfolio presents a risk of stacking under-recoveries if prices rise making the rate impact on ratepayers even greater.

The record is clear that setting a level or annual factor has some smoothing effect within any given year assuming no mid-course corrections. The record is also clear that by providing certainty to a portion of expected gas consumption, hedging reduces annual true-up amounts and the number of mid-course corrections required by our rules.

A review of the testimony reveals that both intervenor and IOU witnesses generally agree that price volatility cannot be accurately or consistently forecasted. The record before us indicates that from 2002 to date natural gas price volatility has varied up and down significantly, with 2009 and 2014 reaching levels of 99.6 percent and 96.7 percent, respectively. Therefore, while natural gas prices have trended downward in the last few years, the level of price volatility cannot be predicted with any certainty. It is important to remember that the impact on ratepayers of even small variations in the price of natural gas is significant, e.g., a one cent change in natural gas prices results in \$6 million in additional fuel expense for FPL's customers. The increased dependence on natural gas for each of Florida's IOUs means customers will have significant exposure to the uncertainties of natural gas prices if hedging were completely discontinued.

As stated in our past decisions, the objective of the IOUs' hedging programs is to reduce the customers' exposure to price volatility. Currently, natural gas prices are low compared to prices since 2008. One could reasonably assume that prices are more likely to rise than to continue downward, and FPL witness Yupp provides calculations, reasons, and an opinion supporting this possibility. That prices may be approaching or going below the variable cost of production is a noteworthy consideration. However, the low prices and possible price direction should not be a chief consideration since it would necessarily involve some degree of speculation about the future direction of prices.

Intertwined with price volatility are the supply and demand conditions of the natural gas market. All witnesses agreed that natural gas market conditions in 2015 are different from those of 2002. All witnesses agreed that the growth of shale gas production has increased the supply of natural gas. TECO witness Caldwell noted that the natural gas market seems to move in cycles of significant production increases, due to new sources, followed by increases in demand

Natural gas prices are more volatile when weather events affect supply or demand. In January 2014, the polar vortex had a significant effect on natural gas prices. Weather events, such as very cold periods during the winter, can increase demand, prices, and volatility. However, additional pipelines under construction that connect the Marcellus Shale to northeastern states may diminish this effect.

Regarding shale gas production and the current abundant supply of natural gas, FPL witness Yupp noted that the market price may be below the cost of production for many producers. The market price cannot be below the cost of production for any extended period of time. He further noted that production costs vary among producers. Rig counts are down and this could impact gas supply, but this too may not be a complete indicator of future gas production.

Gulf witness Ball alluded to future events that could disrupt shale gas production, e.g., existing or proposed local, state, or federal environmental regulations either banning or restricting shale gas production, or increased demand for natural gas based upon federal power plant regulations reducing carbon emissions. He testified that OPC has minimized any potential threats to shale gas production. However, while opining that environmental concerns have largely been put to rest, OPC witness Lawton acknowledged that New York currently bans hydraulic fracking.

Demand for natural gas, particularly for electric generation, for both Florida and the country as a whole is increasing. In 2016, DEF, FPL, TECO and Gulf estimate 73, 72, 52 and 44 percent of their generation, respectively, will be from natural gas. In addition, natural gas will begin to be exported in late 2015, and a number of export terminals are under construction or are planned.

The decision of whether to continue fuel price hedging turns on what one expects price volatility and natural gas market conditions to do in the future. While natural gas prices have trended down, price volatility is uncertain and cannot be reliably forecasted. What this record clearly establishes is that without hedging, customers have a very significant exposure to natural gas price volatility due to a very dynamic natural gas market. Today natural gas prices are low and gas supply is forecasted to be abundant. However, demand for natural gas is increasing and is heavily influenced by weather and uncertain supply conditions. Given these factors, on balance we find that the continuation of natural gas hedging process as outlined in our previous orders is in the customers' best interests.

Our decision to continue hedging at this time is based on the evidence presented in this record which in large part consists of arguments to either completely eliminate hedging or to

continue the procedures in place at this time. There was no written testimony from any party and very limited cross examination on possible changes to the manner in which the IOUs conduct natural gas financial hedging activities or alternatives to hedging: cost sharing of hedging gains and losses between the IOUs and ratepayers, alternative accounting treatment for recovery of gains and losses (VMM program), or imposing limits on the percentage of natural gas purchases hedged. All witnesses agreed that any changes to the hedging protocol should be prospective and that the current hedges should be allowed to terminate on their original contract dates. Notwithstanding our decision on hedging, we recognize that the cost of this program is significant by any measure for each Florida IOU and deserves further analysis. Therefore, we direct our staff, in conjunction with the parties to this docket, to explore possible changes to the current hedging protocol that will minimize potential losses to customers.

Risk Management Plans

Consistent with our decision above, we find that the 2016 Risk Management Plans of DEF, FPL, TECO and Gulf shall be approved. Each plan provides the appropriate governance for a well-disciplined and prudently managed utility hedging program and is consistent with the Hedging Guidelines. These plans are structured to reduce price volatility risk in a structured manner and with the exception of FPL's plan, which includes participation in the Woodford Gas Reserves Project, is very similar to risk management plans approved in past years.

Company-Specific Fuel Adjustment Issues

Florida Power & Light Company

Woodford Gas Reserve Project

On June 25, 2014, FPL petitioned the Commission for a determination that it was prudent for FPL to acquire an interest in a natural gas reserve project (the Woodford Project) and that the revenue requirement associated with investing in and operating the gas reserve project was eligible for recovery through the Fuel Clause. In Order No. PSC-15-0038-FOF-EI⁵ (Woodford Order), the Commission found that the Woodford Project was in the public interest and its costs were recoverable through the Fuel Clause. OPC and FIPUG have filed appeals of the Woodford Order with the Florida Supreme Court, which are pending as of the date of this order⁶.

As summarized in the Woodford Order, the Woodford Project is a capital investment by which FPL invests directly in shale gas reserves in the Woodford Shale region of Oklahoma and ratepayers pay natural gas production costs rather than the market price on the physical gas produced.

⁵Order No. PSC-15-0038-FOF-EI, issued January 12, 2015, in Docket No. 150001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

⁶On March 30, 2015, the Florida Supreme Court consolidated OPC's three appeals and the FIPUG appeal into a single case (Florida Supreme Court Case No. SC15-95).

Historically, production costs have been less volatile than market prices. We find the Woodford Project will act as a hedge that is designed to decouple costs from market prices.⁷ The Woodford Project costs are based solely on the operations and maintenance costs, and on the investment that is required, and is essentially fixed. FPL purchases more natural gas than any other electric utility in the country. The reality is that in this state, and nationally, we continue to grow the need for natural gas to provide electricity as we move away from coal. Although the Woodford Project is relatively small and will have a small effect on FPL's overall cost of natural gas and on price hedging, it will act as a long-term physical hedge (30 years or longer in duration) compared to financial hedges, which typically lock in prices for 12 – 24 months. Fuel and related costs that are subject to volatile changes are recoverable through the Fuel Clause.⁸ We have allowed non-fuel items to be recovered through the Fuel Clause as long as they are projected to result in fuel savings.⁹ FPL's natural gas price forecasts of October 2013 and July 2014 indicate that the Woodford Project will likely produce positive customer fuel savings over the life of the Project based on combinations of two factors: well productivity and natural gas market price. Under FPL's July 2014 natural gas price forecast, 6 of 9 sensitivities produce positive customer savings. ...

Order No. PSC-15-0038-FOF-EI at pp. 4-5.

The Woodford Project order is presently on appeal at the Florida Supreme Court. However, no motions to stay have been filed and the Woodford Order remains in full force and effect. Further, FPL has moved forward with its investment, and drilling and production activity began earlier this year. Therefore, we find that FPL is entitled to recover its Woodford Project costs through the Fuel Clause in the amount of \$24,611,461 for the period January 2015 through December 2015. For the period January 2016 through December 2016, we find that the appropriate projected costs FPL shall be allowed to recover through the Fuel Clause for the Woodford natural gas exploration and production project is \$53,777,690.

Florida Public Utilities Company

FPL Interconnection and legal and consultant fees

FPUC has requested that it be allowed to recover \$107,333 in 2016, representing the depreciation expense, taxes other than income taxes and a return on investment associated with the \$3.5 million dollar cost of rerouting FPUC's 138 KV transmission line to parallel an existing

⁷Customers currently bear certain drilling, production, and shale gas risks (earthquakes, environmental issues, etc.) as these factors are embedded in the market price of gas.

⁸Order No. 14546, issued July 8, 1985, in Docket No. 850001-EI-B, In re: Cost recovery Methods for Fuel-Related Expenses.

⁹Order Nos. PSC-97-0359-FOF-EI, issued March 31, 1997, in Docket 970001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor (FPL investment in rail cars) and PSC-01-2516-FOF-EI, issued December 26, 2001, in Docket 010001-EI, In re: Fuel and purchased power cost recovery clause and generating performance incentive factor (Incremental Power Plant Security Costs).

FPL 230 KV line and upgrading FPL's substation to accommodate this interconnection. At this time, FPUC's 138 KV transmission is directly connected to the JEA 138 KV transmission network. If construction is started in 2016, the completion date is expected during the latter half of 2017. FPUC has estimated that savings will result from this interconnection for essentially two reasons: 1) improved system reliability on FPUC's transmission system; and 2) the ability to purchase power from other wholesale providers without incurring additional transmission wheeling costs which should result in lower purchased power costs. FPL will be constructing the transmission line with the costs to be reimbursed by FPUC.

FPUC does not generate any electricity but is solely dependent on wholesale purchase power agreements to meet its capacity and energy needs. At this time, FPUC has wholesale power purchase agreements with JEA which serve its Northeast Division (Amelia Island) and Gulf Power Company (Gulf) which serve its Northwest Division (Marianna). Both of these wholesale purchased power contracts include payments for JEA's and Gulf's transmission rate base costs to provide power to FPUC. However, FPUC does not currently recover any of its own transmission rate base costs through the fuel clause. FPUC's current contract with JEA is set to expire on December 31, 2017, the same time that FPUC's interconnection with FPL is expected to be completed. FPUC is required to purchase all of its wholesale purchased power from JEA during the term of the current contract. Thus, the projected \$2.3 million in savings for future purchased power costs associated with the FPL interconnection cannot materialize until after January 1, 2018.

FPUC intends to issue a request for proposals (RFP) soliciting capacity and energy for delivery beginning in 2018. FPUC anticipates that as a result of its RFP it will be able to contract for wholesale capacity and energy at significantly lower rates once the FPL interconnection is completed.

Our basic guidelines for recovery of capital costs through the fuel adjustment clause are found in Order No. 14546.¹⁰ Since the issuance of Order No. 14546 in 1985, we have issued 19 orders interpreting and applying these two principles to various proposed rate base capital costs for which recovery through the fuel clause was requested.¹¹ FPUC's arguments focus on why its proposed transmission project qualifies for recovery through the fuel adjustment clause.

However, OPC, FRF, FIPUG, and PCS all take the position that the rate case stipulation and settlement agreement entered into between OPC and FPUC on August 29, 2014 and

¹⁰Order No. 14546, issued on July 8, 1985, in Docket No. 850001-EI,-B, In re: Cost Recovery Methods for Fuel-Related Expenses.

¹¹Order No. PSC-11-0080-PAA-EI, issued on January 31, 2011, in Docket No. 100404-EI, In re: Petition by Florida Power & Light Company to recover Scherer Unit 4 Turbine Upgrade costs through environmental cost recovery clause or fuel cost recovery clause (This order includes a list of all orders between 1985 and 2005); Order No. PSC-12-0498-PAA-EI, issued on September 27, 2012, in Docket No. 120153-EI, In re: Petition to recover capital costs of Polk Fuel Cost Reduction Project through the Fuel Cost Recovery Clause, by Tampa Electric Company; Order No. PSC-13-0505-PAA-EI, issued on October 28, 2013, in Docket No. 130198-EI, In re: Petition for prudence determination regarding new pipeline system by Florida Power & Light Company; Order No. PSC-14-0309-PAA-EI, issued on June 12, 2014, in Docket No. 140032-EI, In re: Petition to recover capital costs of Big Bend fuel cost reduction project through the fuel cost recovery clause, by Tampa Electric Company; Order No. PSC-15-0038-FOF-EI, issued on January 12, 2015, in Docket No. 150001-EI, In re: Fuel purchased power cost recovery clause with generating performance incentive factor.

approved by this Commission in Order No. PSC-14-0517-S-EI, issued on September 29, 2014, (Order No. PSC-14-0517)¹² prohibits the recovery of costs associated with the FPL interconnection through the fuel clause.

Section I, Term, of the settlement agreement prohibits FPUC from increasing its base rates during the minimum term of the agreement, or until after December 31, 2016. The settlement agreement also states in Section VI, Other Cost Recovery, as follows:

Nothing in this agreement shall preclude the Company from requesting the Commission to approve the recovery of costs that are: (a) of a type which traditionally and historically would be, have been, or are presently recovered through cost recovery clauses or surcharges or (b) incremental costs not currently recovered in base rates which the Legislature or Commission determines are clause recoverable subsequent to the approval of this settlement. Except as provided in this Agreement, it is the intent of the Parties in this Paragraph VI that FPUC not be allowed to recover through cost recovery clauses increases in the magnitude of costs, incurred after implementation of the new base rates, of types or categories (including but not limited to, for example, investment in and maintenance of transmission assets) that have been traditionally and historically recovered through FPUC's base rates.

Additionally, FPUC has included actual and estimated consulting and legal fees in its fuel costs for 2014, 2015, and 2016. Actual costs included in its 2014 true-up calculation are \$122,933. FPUC included \$111,135 in its 2015 estimated/actual costs, and \$387,000 its 2016 projected costs.

FPUC believes that costs incurred and projected to be incurred for the FPL interconnection and contracted consultants and legal services are directly fuel-related and will ultimately produce fuel savings that will flow to FPUC's customers through the fuel adjustment clause, and thus, are appropriate for recovery through the fuel cost recovery clause. FPUC argued that this Commission has clearly stated that the purpose of the clause proceedings is to provide for recovery of volatile costs that tend to fluctuate between rate case proceedings, which if incorporated in base rates, would unduly penalize the utility or its customers.¹³

No party filed testimony in the proceeding in opposition to FPUC's requested legal and consulting fees. In support of its request, FPUC witness Young argued that the consultants hired by FPUC engaged in activities related to the negotiation of a new power purchased contract with Eight Flags Energy, modification of FPUC's existing agreement with Rayonier Performance Fibers, and analysis of FPUC's current power purchase agreement to determine opportunities to produce fuel cost reductions. FPUC witness Cutshaw emphasized that the costs being requested are not associated with administrative functions associated with fuel procurement, nor associated

¹²Order No. PSC-14-0517-S-EI, issued on September 29, 2014, in Docket No. 140025-EI, In re: Application for rate increase by Florida Public Utilities Company.

¹³Order No. PSC-05-0748-FOF-EI, issued July 14, 2005, in Docket No. 041272-EI, at p.37, In Re: Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

with the Company's internal staff responsible for fuel procurement. FPUC witness Young stated that the costs FPUC is seeking to recover are similar to costs we have traditionally and historically allowed to be recovered through the fuel clause. In addition, witness Young pointed out that the costs requested have not been included in FPUC's base rates as these costs are volatile and fluctuate between rate case proceedings.

FPUC argued that it has met its burden of proof by demonstrating that the legal and consulting fees it proposes for recovery through the fuel clause are: (1) prudent expenses associated with retaining outside expertise that the Company does not otherwise have in-house; (2) work for which these consultants were retained are associated with projects that are either currently producing fuel savings or are reasonably expected to produce savings for the Company and its customers; and (3) expenses of a type that we have traditionally allowed FPUC to recover through the fuel adjustment clause.

OPC argued that the settlement agreement precludes FPUC from seeking recovery in the fuel clause of its legal and consulting fees as does Order No. 14546. It is OPC's position that FPUC is barred from seeking recovery in the fuel clause for the cost of types or categories that have traditionally and historically been recovered through FPUC's base rates. In addition, OPC argued that the base rate freeze provision in the settlement agreement also prohibits FPUC from recovering these costs through cost recovery clauses.

OPC contended that consulting and legal generation-related costs have traditionally and historically been recovered through base rates for both FPUC and other electric utilities. OPC acknowledged that FPUC was allowed recovery through the fuel clause of its legal and consulting fees associated with the issuance and evaluation of RFPs for purchased power agreements.¹⁴ However, it is OPC's contention that generic legal and consulting activities have not been specifically identified and allowed to be recovered through the fuel clause.

In addition, OPC argued that Order No. 14546 sets forth the policy that costs permitted for recovery through the fuel clause must produce fuel savings contemporaneous with cost recovery. OPC asserted that FPUC is merely speculating that the consulting and legal activities for which it is seeking recovery in 2015 and 2016 will actually result in lower purchased power costs. While FPUC witness Young testified that some of the consultant and legal activities "produced" savings, OPC argued that he could identify no specific savings that were achieved as a result of those activities. OPC also maintained that FPUC conceded that the outside consulting and legal fees are fuel procurement and administration charges or costs that Order No. 14546 specifically precludes from recovery through the fuel clause

¹⁴ Order No. PSC-05-1252-FOF-EI (Order No. 05-1252), issued in December 23, 2005, in Docket No. 050001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

Our basic guidelines for recovery of costs through the fuel adjustment clause are found in Order No. 14546.¹⁵ In Order No. 14546 the parties stipulated to, and we approved, two basic principles for recovery of expenses through the fuel clause:

1. When similar circumstances exist, the Commission should attempt to treat, for cost recovery purposes, specific types of fossil fuel-related expenses in a uniform manner among the various electric utilities. At times, however, it may be appropriate to treat similar types of expenses in dissimilar ways.
2. Prudently incurred fossil fuel-related expenses which are subject to volatile changes should be recovered through an electric utility's fuel adjustment clause. The volatility of fossil fuel-related costs may be due to a number of factors including, but not necessarily limited to: price, quantity, number of deliveries, and distance. Except as noted below, these volatile fossil fuel-related charges are incurred by the utility for goods obtained or services provided prior to the delivery of fuel to the electric utility's dedicated storage facilities. (Dedicated storage facilities mean storage facilities which are used solely to serve the affected electric utility.) All other fossil fuel-related costs should be recovered through base rates.¹⁶

In addition, the parties recommended that the policy be flexible so that costs normally recovered through base rates could be recovered through the fuel adjustment clause where the utility took advantage of a cost-effective transaction and those costs were not recognized or anticipated in the level of costs used to establish the utility's base rates. In those instances, "[t]he Commission shall rule on the appropriate method of cost recovery based upon the merits of each individual case."¹⁷ Order No. 14546 was intended to identify costs that were appropriate for cost recovery yet recognize that we retain the ability in individual cases to rule on the method of cost recovery.

As the starting point of our analysis, we disagree with OPC that FPUC has not "traditionally and historically" recovered consulting and legal fees through the fuel clause. In Docket Nos. 060001-EI, 070001-EI, 080001-EI, 090001-EI, 10001-EI, 110001-EI, 120001-EI, 130001-EI, and 140001-EI, legal and consulting fees associated with fuel-related work were included in FPUC's true-up filings which we approved without objection. Further, in Order No. PSC-05-1252, we approved the recovery of fees for Christensen and Associates related to the preparation and evaluation of a RFP for purchased power for its Northwest Division. In Order No. PSC-05-1252, we cited the fact that FPUC was a small, non-generating, investor-owned electric utility that did not have the resources internally to prepare an RFP and evaluate responses.¹⁸ Because FPUC has "traditionally and historically" recovered these types of costs through the fuel clause, we find that the terms of the settlement agreement do not apply and do not prohibit recovery through the fuel clause at this time.

¹⁵ Order No. 14546, issued on July 8, 1985, in Docket No. 850001-EI,-B, In re: Cost Recovery Methods for Fuel-Related Expenses.

¹⁶ Id. at p.2.

¹⁷ Id. at p. 3.

¹⁸ Order No. PSC-05-1252-FOF-EI, issued December 23, 2005, in Docket No. 050001-EI, In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

FPUC has been aggressively seeking opportunities to reduce fuel costs to its consumers. To properly and thoroughly explore fuel-saving opportunities, FPUC engages legal and consulting assistance as it continues to lack in-house expertise. The costs that FPUC is requesting to be recovered in this proceeding are associated with legal and consulting fees incurred in the development and enactment of projects designed to reduce fuel rates to FPUC's customers, costs associated with the development and negotiations of power supply contracts, and costs to consultants engaged in performing due diligence in review and analysis of the Renewable Energy Agreement between FPUC and Rayonier.

In 2016, FPUC will begin discussions with various purchased power providers in preparation for the 2017 expiration of its Northeast Division wholesale power contract with JEA. FPUC is presently reliant upon JEA for all its power needs in its Northeast Division and is prohibited from taking power from another wholesale power provider until the expiration of its wholesale power purchase agreement in December 2016. In order to obtain the lowest price and most favorable terms in its wholesale power contract to serve its Northeast Division, FPUC needs significant research, analysis, and negotiation unavailable in-house. These consulting and legal fees are not currently being recovered in FPUC's base rates. Nor were these fees anticipated in FPUC's last rate case, as these types of costs fluctuate significantly from year to year.

We find that there is no compelling reason to deviate from our past decisions. FPUC remains a small, non-generating electric utility lacking the in-house expertise to find and evaluate potential opportunities for fuel savings and craft and evaluate requests for proposals for generation needs. These costs were not included in its last rate case. At the time of its last rate case, similar costs were being recovered through the fuel clause. The costs FPUC is requesting for recovery through the fuel clause are not related to FPUC's internal staff for routine fuel and purchased power procurement and administration. FPUC projects that the opportunities being evaluated by its contracted consultants and legal professionals will result in fuel savings.

All parties agree that the proposed interconnection with FPL will result in improved system reliability for Amelia Island. Nor is there disagreement that interconnection with FPL will offer wholesale power purchase options not currently available to FPUC when its wholesale power agreement with JEA expires in December 2016. The disagreement rests with OPC's conclusion that Order No. 14546 prohibits cost recovery until cost savings are received by ratepayers. We do not read Order No. 14546 that restrictively.

Therefore, we find that the interconnection with FPL and the consulting and legal fees associated with the development and enactment of projects designed to reduce fuel rates to FPUC's customers, costs associated with the development and negotiations of power supply contracts, and costs to consultants engaged in performing due diligence in review and analysis of the Renewable Energy Agreement between FPUC and Rayonier shall be recovered through the fuel cost recovery clause. Further, as agreed to by FPUC at hearing, the consultant's costs for the preparation of Commission filings for the consolidation of FPUC's fuel divisions shall be removed from its requested costs included in its true-up and projected filings. In order to facilitate that adjustment, we direct FPUC to file revised true-up and projection schedules

reflecting removal of the costs associated with the preparation of Commission filings within 20 days of our vote.

Final fuel true-up amounts

FPUC has removed \$2,046 in expenses associated with consultant fees from its request for cost recovery of the final true-up amounts for the period January 2014 through December 2014. The expenses were for work performed to restructure FPUC's Fuel schedules (A-Schedules and E-Schedules), when the Northeast and Northwest Divisions were consolidated. The appropriate final fuel adjustment true-up amount for the period January 2014 through December 2014 is properly reflected in the brief FPUC filed on November 13, 2015. Therefore, we find that the appropriate final fuel adjustment true-up amount for the period January 2014 through December 2014 is an under-recovery of \$1,474,307.

FPUC has removed \$4,532 in expenses from its request for cost recovery of the final true-up amounts for the period January 2015 through December 2015. The expenses were for work performed to restructure FPUC's Fuel schedules (A-Schedules and E-Schedules), when the respective divisions were consolidated. The appropriate fuel adjustment actual/estimated true-up amount for the period January 2015 through December 2015 is properly reflected in the brief FPUC filed on November 13, 2015. Therefore, we find that the appropriate fuel adjustment actual/estimated true-up amount for the period January 2015 through December 2015 is an under-recovery of \$107,841.

FPUC has removed \$6,578 from its request for cost recovery of 2014 and 2015 true-up amounts. This amount is the sum of the expense amounts referenced above and properly reflected in the brief FPUC filed on November 13, 2015. Therefore, we find that the appropriate total fuel adjustment true-up amount to be collected from January 2016 through December 2016 is an under-recovery of \$1,582,148.

Consistent with our decision including the FPL interconnection and legal and consulting fees, the appropriate projected total fuel and purchased power cost recovery amounts for FPUC for the period January 2016 through December 2016 is \$67,488,997.

FPUC has removed expenses associated with the preparation of Commission filings from its request for cost recovery of 2014 and 2015 true-up amounts. Therefore, we find that the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2016 through December 2016 is \$68,971,145.

Based on previous adjustments made we find that the appropriate levelized fuel cost recovery factor for FPUC for the period January 2016 through December 2016 is 6.692 cents per kilowatt hour.

Based on the previous adjustments made, we find that the appropriate fuel cost recovery factors for FPUC for each rate class/delivery voltage level class adjusted for line losses is as stated below:

Rate Schedule	Adjustment
RS	\$0.10619
GS	\$0.10169
GSD	\$0.09709
GSLD	\$0.09407
LS	\$0.07211
Step rate for RS	
RS Sales	\$0.10619
RS with less than 1,000 kWh/month	\$0.10188
RS with more than 1,000 kWh/month	\$0.11438

The appropriate adjusted Time of Use (TOU) and Interruptible rates for the Northwest Division are:

Time of Use/Interruptible		
Rate Schedule	Adjustment On Peak	Adjustment Off Peak
RS	\$0.18588	\$0.06288
GS	\$0.14169	\$0.05169
GSD	\$0.13709	\$0.06459
GSLD	\$0.15407	\$0.06407
Interruptible	\$0.07907	\$0.09404

Effective Date

Per stipulation of the parties, the new factors shall be effective beginning with the first billing cycle for January 2016 through the last billing cycle for December 2016. The first billing cycle may start before January 1, 2016, and the last cycle may be read after December 31, 2016, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by us.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the findings set forth in the body of this Order are hereby approved. It is further

ORDERED that the stipulations of the parties contained in the Notice of Stipulations filed on October 30, 2015, as modified by our bench decision, attached hereto as Attachment A, is incorporated into and made a part of this Order. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Duke Energy Florida, LLC, and Tampa Electric Company are hereby authorized to apply the fuel cost recovery factors set forth herein during the period January 2016 through December 2016. It is further

ORDERED that the estimated true-up amounts contained in the fuel cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Duke Energy Florida, LLC, and Tampa Electric Company are hereby authorized to apply the capacity cost recovery factors set forth herein during the period January 2016 through December 2016. It is further

ORDERED that the estimated true-up amounts contained in the capacity cost recovery factors approved herein are hereby authorized subject to final true-up and further subject to proof of the reasonableness and prudence of the expenditures upon which the amounts are based. It is further

ORDERED that the Fuel and Purchased Power Cost Recovery Clause With Generating Performance Incentive Factor docket is an on-going docket and shall remain open.

By ORDER of the Florida Public Service Commission this 23rd day of December, 2015.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

STIPULATIONS

- ISSUE 2A: The Commission should approve as prudent DEF's actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in DEF's April 2015 and August 2015 hedging reports.
- ISSUE 2C: No adjustments are needed to account for replacement costs associated with the July 2014 forced outage at the Hines plant.
- ISSUE 3A: Yes, the Commission should approve as prudent FPL's actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in FPL's April 2015 and August 2015 hedging reports.
- ISSUE 3C: The total gain in 2014 under the Incentive Mechanism approved in Order No. PSC-13-0023-S-EI, was \$67,626,867. This amount should be shared between FPL and its customers, with FPL retaining \$12,976,120.
- ISSUE 3D: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2014 through December 2014 is \$460,428.
- ISSUE 3E: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2014 through December 2014 is \$2,259,985.
- ISSUE 3F: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2015 through December 2015 is \$441,826.
- ISSUE 3G: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2015 through December 2015 is \$2,759,649.
- ISSUE 3H: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for Personnel, Software, and Hardware costs for the period January 2016 through December 2016 is \$473,512

- ISSUE 3I: The appropriate amount of Incremental Optimization Costs under the Incentive Mechanism that FPL should be allowed to recover through the fuel clause for variable power plant O&M costs incurred to generate output for wholesale sales in excess of 514,000 megawatt-hours for the period January 2016 through December 2016 is \$1,498,826.
- ISSUE 3J: This issue has been deferred until 2016 to allow FPL to continue negotiations for potential reimbursement of St. Lucie 2 replacement power costs associated with the extended refueling outage in 2014.
- ISSUE 3N: The Commission should approve FPL's proposed generation base rate adjustment (GBRA) factor of 3.899 percent for the Port Everglades Energy Center (PEEC) expected to go in-service on June 1, 2016.
- ISSUE 3O: This issue has been dropped with the understanding that any party may raise it again in the 2016 proceeding.
- ISSUE 3P: FPL has properly reflected in the fuel and purchased power cost recovery clause the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC approved in Docket No. 150075-EI.
- ISSUE 5A: The Commission should approve as prudent Gulf's actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in Gulf's April 2015 and August 2015 hedging reports.
- ISSUE 6A: The Commission should approve as prudent TECO's actions to mitigate the volatility of natural gas, residual oil, fuel oil, and purchased power prices, as reported in TECO's April 2015 and August 2015 hedging reports.
- ISSUE 6C: The appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2015 through December 2015 is \$3,744,426.
- ISSUE 6D: The appropriate amount of capital costs for the Big Bend fuel conversion project that TECO should be allowed to recover through the Fuel Clause for the period January 2016 through December 2016 is \$4,894,041.
- ISSUE 6E: No adjustments are needed to account for replacement costs associated with the June 2015 forced outage at Big Bend Unit 2.
- ISSUE 6F: The cost of the natural gas burned during the testing of natural gas as a co-fired fuel at Big Bend Station is appropriate for recovery.

- ISSUE 7: The appropriate actual benchmark levels for calendar year 2015 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are as follows:
- | | |
|-------|----------------|
| Duke: | \$1,739,843 |
| Gulf: | \$ 677,983 |
| TECO: | \$1,479,981 |
| FPL: | Not applicable |
- ISSUE 8: The appropriate actual benchmark levels for calendar year 2016 for gains on non-separated wholesale energy sales eligible for a shareholder incentive are as follows:
- | | |
|-------|----------------|
| Duke: | \$2,704,668 |
| Gulf: | \$ 752,900 |
| TECO: | \$1,532,270 |
| FPL: | Not applicable |
- ISSUE 9: The appropriate final fuel adjustment true-up amounts for the period January 2014 through December 2014 are as follows:
- | | |
|-------|---|
| FPL: | \$10,088,837 (over-recovery) refunded as part of mid-course correction approved by Order No. 15-0161-PCO-EI |
| Duke: | \$11,604,966 (over-recovery) |
| Gulf: | \$ 8,084,753 (over-recovery) |
| TECO: | \$ 2,919,025 (under-recovery) |
- ISSUE 10: The appropriate fuel adjustment actual/estimated true-up amounts for the period of January 2015 through December 2015 are as follows:
- | | |
|-------|-----------------------------|
| FPL: | \$66,818,243 under-recovery |
| Duke: | \$67,126,064 over-recovery |
| Gulf: | \$11,285,334 over-recovery |
| TECO: | \$30,509,575 over-recovery |
- ISSUE 11: The appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2016 through December 2016 are as follows:
- | | |
|-------|---|
| FPL: | \$66,818,243 to be collected (under-recovery) |
| Duke: | \$78,731,032 to be refunded (over recovery) |
| Gulf: | \$19,370,087 to be refunded (over-recovery) |
| TECO: | \$27,590,550 to be refunded (over-recovery) |
- ISSUE 12: The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2016 through December 2016 are as follows:
- | | |
|-------|--|
| FPL: | \$3,023,588,111, which excludes prior period true up amounts, revenue taxes, the GPIF reward or penalty, or FPL's portion of the gains from its Incentive Mechanism. |
| Duke: | \$1,480,800,063 |

Gulf: \$400,060,296, including prior period true up amounts and revenue taxes
TECO: \$668,014,513, which is adjusted by the jurisdictional separation factor, excluding the GPIF reward or penalty, and the revenue tax factor, but including the prior period true up amounts.

ISSUE 14A: FPL has properly reflected in its 2016 GPIF targets/ranges the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC approved in Docket No. 150075-EI.

ISSUE 17: The appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2014 through December 2014 for each investor-owned electric utility subject to the GPIF is as follows:

FPL: \$23,303,114 reward
DEF: \$8,613,797 penalty
Gulf: \$2,648,312 reward
TECO: \$1,258,600 reward

ISSUE 18: The appropriate GPIF targets/ranges for the period January 2016 through December 2016 for each investor-owned electric utility subject to the GPIF are shown below:

GPIF Targets / Ranges for the period January 2016 through December 2016							
Company	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
FPL	Ft. Myers 2	90.3	92.8	2,696	7,344	7,190	6,035
	Martin 8	82.3	84.3	1,681	7,017	6,927	2,261
	Manatee 3	92.6	95.1	2,127	7,011	6,873	3,765
	St. Lucie 1	85.1	88.1	6,754	10,471	10,391	406
	St. Lucie 2	92.5	95.5	6,470	10,270	10,175	439
	Turkey Point 3	90.8	94.3	7,125	11,102	10,838	1,272
	Turkey Point 4	84.6	87.6	5,710	11,082	10,872	861
	Turkey Point 5	93.5	95.5	1,638	7,132	7,047	2,207
	West County 1	90.8	93.3	2,759	6,967	6,772	5,750
	West County 2	90.1	92.6	3,106	6,891	6,671	6,027
	West County 3	91.7	94.2	2,777	6,851	6,673	5,883
	Total			42,843			34,906

GPIF Targets / Ranges for the period January 2016 through December 2016							
Company	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
DEF	Bartow 4	88.6	91.0	1,471	7,427	6,984	13,149
	Crystal River 4	83.2	87.4	934	10,465	10,053	5,227
	Crystal River 5	94.6	97.1	1,031	10,345	9,851	7,392
	Hines 1	92.4	93.2	413	7,319	6,855	6,758
	Hines 2	57.6	69.4	5,403	7,343	6,931	2,987
	Hines 3	82.9	84.5	1,028	7,227	6,745	6,298
	Hines 4	85.0	85.5	250	6,983	6,634	4,880
	Total			10,530			46,692

GPIF Targets / Ranges for the period January 2016 through December 2016							
Company	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
GULF	Crist 6	95.7	97.0	25	10,760	10,437	838
	Crist 7	82.3	83.4	51	10,449	10,136	1,809
	Daniel 1	92.9	95.0	10	10,698	10,377	455
	Daniel 2	95.2	96.2	13	10,605	10,287	529
	Smith 3	83.2	84.1	12	6,874	6,668	2,312
	Total			111			5,943

GPIF Targets / Ranges for the period January 2016 through December 2016							
Company	Plant/Unit	EAF			ANOHR		
		Target	Maximum		Target	Maximum	
		EAF (%)	EAF (%)	Savings (\$000's)	ANOHR BTU/KWH	ANOHR BTU/KWH	Savings (\$000's)
TECO	Big Bend 1	78.7	82.0	383	10,683	10,473	1,399
	Big Bend 2	68.7	72.3	894	10,460	10,025	2,528
	Big Bend 3	76.6	79.5	649	10,654	10,441	1,337
	Big Bend 4	76.9	80.6	673	10,458	10,075	2,660
	Polk 1	81.5	83.7	154	10,191	9,837	1,320
	Bayside 1	76.1	78.2	836	7,232	6,967	2,912
	Bayside 2	83.1	84.9	1,711	7,484	7,267	2,816
	Total			5,299			14,971

ISSUE 19: The appropriate projected total fuel and purchased power cost recovery amounts for the period January 2016 through December 2016 are as follows:

FPL: \$3,128,284,160, which includes prior period true up amounts, revenue taxes, the GPIF reward or penalty, or FPL's portion of the gains from its Incentive Mechanism.

Duke: \$1,394,464,724

Gulf: \$402,708,608, including prior period true up amounts and revenue taxes.

TECO: \$715,605,063, which is adjusted by the jurisdictional separation factor. The amount is \$689,768,483, when the GPIF reward or penalty, the revenue tax factor, and the prior period true up amounts are applied.

ISSUE 20: The appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2016 through December 2016 is 1.00072.

ISSUE 21: The appropriate levelized fuel cost recovery factors for the period January 2016 through December 2016 are as follows:

FPL: For FPL, the fuel factors shall be reduced as of the in-service date of Port Everglades Energy Center (PEEC) to reflect the projected jurisdictional fuel savings for PEEC. The following separate factors for January 2016 through May 2016 and for June 2016 through December 2016 are approved:

- a) 2.898 cents/kWh for January 2016 through the day prior to the PEEC in-service date (projected to be May 31, 2016);
- b) 2.837 cents/kWh from the PEEC in-service date (projected to be June 1, 2016) through December 2016.

Duke: 3.677 cents per kWh (adjusted for jurisdictional losses)

Gulf: 3.650 cents/kWh

TECO: The appropriate factor is 3.671 cents per kWh before any application of time of use multipliers for on-peak or off-peak usage.

ISSUE 22: The appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class are shown below:

FPL: The appropriate fuel cost recovery line loss multipliers are provided below:

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GROUPS	RATE SCHEDULE	JANUARY - DECEMBER
		Fuel Recovery Loss Multiplier
A	RS-1 first 1,000 kWh	1.00313
A	RS-1 all additional kWh	1.00313
A	GS-1, SL-2, GSCU-1	1.00313
A-1	SL-1, OL-1, PL-1 ⁽¹⁾	1.00313
B	GSD-1	1.00305
C	GSLD-1, CS-1	1.00205
D	GSLD-2, CS-2, OS-2, MET	0.99278
E	GSLD-3, CS-3	0.96536
A	GST-1 On-Peak	1.00313
	GST-1 Off-Peak	1.00313
A	RTR-1 On-Peak	-
	RTR-1 Off-Peak	-
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	1.00305
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	1.00305
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	1.00205
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	1.00205
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	0.99349
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	0.99349
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	0.96536
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	0.96536
F	CILC-1(D), ISST-1(D) On-Peak	0.99234
	CILC-1(D), ISST-1(D) Off-Peak	0.99234

GROUPS	RATE SCHEDULE	JUNE - SEPTEMBER Fuel Recovery Loss Multiplier
B	GSD(T)-1 On-Peak	1.00305
	GSD(T)-1 Off-Peak	1.00305
C	GSLD(T)-1 On-Peak	1.00205
	GSLD(T)-1 Off-Peak	1.00205
D	GSLD(T)-2 On-Peak	0.99349
	GSLD(T)-2 Off-Peak	0.99349

DEF:

Fuel Recovery Line Loss Multipliers		
Group	Delivery Voltage Level	Line Loss Multiplier
A	Transmission	0.9800
B	Distribution Primary	0.9900
C	Distribution Secondary	1.0000
D	Lighting Service	1.0000

FPUC: The appropriate line loss multiplier is 1.0000.

Gulf:

Fuel Recovery Line Loss Multipliers		
Group	Rate Schedules	Line Loss Multipliers
A	RS, RSVP, RSTOU, GS,GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00773
B	LP, LPT, SBS(2)	0.98353
C	PX, PXT, RTP, SBS(3)	0.96591
D	OSI/II	1.00777
(1) Includes SBS customers with a contract demand in the range of 100 to 499 kW		
(2) Includes SBS customers with a contract demand in the range of 500 to 7,499 kW		
(3) Includes SBS customers with a contract demand over 7,499 kW		

TECO:

Fuel Recovery Line Loss Multipliers	
Metering Voltage Schedule	Line Loss Multiplier
Distribution Secondary	1.0000
Distribution Primary	0.9900
Transmission	0.9800
Lighting Service	1.0000

ISSUE 23: The appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses is:

: FPL: The tables below (which also include the fuel recovery loss multiplier listed in the preceeding stipulation for Issue 22).

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GROUPS	RATE SCHEDULE	JANUARY 2016 - MAY 2016		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	2.898	1.00313	2.580
A	RS-1 all additional kWh	2.898	1.00313	3.580
A	GS-1, SL-2, GSCU-1	2.898	1.00313	2.907
A-1	SL-1, OL-1, FL-1 ⁽¹⁾	2.679	1.00313	2.687
B	GSD-1	2.898	1.00305	2.907
C	GSLD-1, CS-1	2.898	1.00205	2.904
D	GSLD-2, CS-2, OS-2, MET	2.898	0.99278	2.877
E	GSLD-3, CS-3	2.898	0.96536	2.798
A	GST-1 On-Peak	4.037	1.00313	4.050
	GST-1 Off-Peak	2.420	1.00313	2.428
A	RTR-1 On-Peak	-	-	1.143
	RTR-1 Off-Peak	-	-	(0.479)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	4.037	1.00305	4.049
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	2.420	1.00305	2.427
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	4.037	1.00205	4.045
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	2.420	1.00205	2.425
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	4.037	0.99349	4.011
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	2.420	0.99349	2.404
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	4.037	0.96536	3.897
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	2.420	0.96536	2.336
F	CILC-1(D), ISST-1(D) On-Peak	4.037	0.99234	4.006
	CILC-1(D), ISST-1(D) Off-Peak	2.420	0.99234	2.401

⁽¹⁾ WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

ESTIMATED FOR THE PERIOD OF: JANUARY 2016 THROUGH MAY 2016

OFF PEAK: ALL OTHER HOURS

(1)	(2)	(3)	(4)	(5)
GROUPS	RATE SCHEDULE	JUNE - SEPTEMBER		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
B	GSD(T)-1 On-Peak	5.434	1.00305	5.451
	GSD(T)-1 Off-Peak	2.568	1.00305	2.576
C	GSLD(T)-1 On-Peak	5.434	1.00205	5.445
	GSLD(T)-1 Off-Peak	2.568	1.00205	2.573
D	GSLD(T)-2 On-Peak	5.434	0.99349	5.399
	GSLD(T)-2 Off-Peak	2.568	0.99349	2.551

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GROUPS	RATE SCHEDULE	JUNE 2016 - DECEMBER 2016		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
A	RS-1 first 1,000 kWh	2.837	1.00313	2.519
A	RS-1 all additional kWh	2.837	1.00313	3.519
A	GS-1, SL-2, GSCU-1	2.837	1.00313	2.846
A-1	SL-1, OL-1, FL-1 ⁽¹⁾	2.622	1.00313	2.630
B	GSD-1	2.837	1.00305	2.846
C	GSLD-1, CS-1	2.837	1.00205	2.843
D	GSLD-2, CS-2, OS-2, MET	2.837	0.99278	2.817
E	GSLD-3, CS-3	2.837	0.96536	2.739
A	GST-1 On-Peak	3.952	1.00313	3.964
	GST-1 Off-Peak	2.369	1.00313	2.376
A	RTR-1 On-Peak	-	-	1.118
	RTR-1 Off-Peak	-	-	(0.470)
B	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) On-Peak	3.952	1.00305	3.964
	GSDT-1, CILC-1(G), HLFT-1 (21-499 kW) Off-Peak	2.369	1.00305	2.376
C	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) On-Peak	3.952	1.00205	3.960
	GSLDT-1, CST-1, HLFT-2 (500-1,999 kW) Off-Peak	2.369	1.00205	2.374
D	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) On-Peak	3.952	0.99349	3.926
	GSLDT-2, CST-2, HLFT-3 (2,000+ kW) Off-Peak	2.369	0.99349	2.354
E	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) On-Peak	3.952	0.96536	3.815
	GSLDT-3, CST-3, CILC-1(T), ISST-1(T) Off-Peak	2.369	0.96536	2.287
F	CILC-1(D), ISST-1(D) On-Peak	3.952	0.99234	3.922
	CILC-1(D), ISST-1(D) Off-Peak	2.369	0.99234	2.351

⁽¹⁾ WEIGHTED AVERAGE 16% ON-PEAK AND 84% OFF-PEAK

GROUPS	RATE SCHEDULE	JUNE 2016 - SEPTEMBER 2016		
		Average Factor	Fuel Recovery Loss Multiplier	Fuel Recovery Factor
B	GSD(T)-1 On-Peak	5.319	1.00305	5.335
	GSD(T)-1 Off-Peak	2.514	1.00305	2.522
C	GSLD(T)-1 On-Peak	5.319	1.00205	5.330
	GSLD(T)-1 Off-Peak	2.514	1.00205	2.519
D	GSLD(T)-2 On-Peak	5.319	0.99349	5.284
	GSLD(T)-2 Off-Peak	2.514	0.99349	2.498

DEF:

Fuel Cost Factors (cents/kWh) GSD-1, GSDT-1, SS-1, CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3, IS-1, IST-1, IS-2, IST-2, SS-2, LS-1						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	3.608	4.860	3.034
B	Distribution Primary	--	--	3.645	4.910	3.065
C	Distribution Secondary	--	--	3.682	4.960	3.097
D	Lighting Secondary	--	--	3.445	--	--

Fuel Cost Factors (cents/kWh) RS-1, RST-1, RSL-1, RSL-2, RSS-1						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
C	Distribution Secondary	3.353	4.353	3.634	4.895	3.056

Fuel Cost Factors (cents/kWh) GS-1, GST-1, GS-2						
					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	3.574	4.814	3.006
B	Distribution Primary	--	--	3.611	4.864	3.037
C	Distribution Secondary	--	--	3.647	4.913	3.067

Gulf:

Group	Rate Schedules*	Line Loss Multipliers	Fuel Cost Factors ¢/KWH		
			Standard	Time of Use	
				On-Peak	Off-Peak
A	RS, RSVP, RSTOU, GS, GSD, GSDT, GSTOU, OSIII, SBS(1)	1.00773	3.678	4.494	3.342
B	LP, LPT, SBS(2)	0.98353	3.590	4.387	3.261
C	PX, PXT, RTP, SBS(3)	0.96591	3.526	4.308	3.203
D	OSI/II	1.00777	3.631	N/A	N/A
*The recovery factor applicable to customers taking service under Rate Schedule SBS is determined as follows: (1) customers with a contract demand in the range of 100 to 499 kW will use the recovery factor applicable to Rate Schedule GSD; (2) customers with a contract demand in the range of 500 to 7,499 kW will use the recovery factor applicable to Rate Schedule LP; and (3) customers with a contract demand over 7,499 kW will use the recovery factor applicable to Rate Schedule PX.					

TECO:

<u>Metering Voltage Level</u>	<u>Fuel Charge Factor (cents per kWh)</u>	
Secondary	3.676	
RS Tier I (Up to 1,000 kWh)	3.361	
RS Tier II (Over 1,000 kWh)	4.361	
Distribution Primary	3.639	
Transmission	3.602	
Lighting Service	3.627	
Distribution Secondary	3.937	(on-peak)
	3.564	(off-peak)
Distribution Primary	3.898	(on-peak)
	3.528	(off-peak)
Transmission	3.858	(on-peak)
	3.493	(off-peak)

ISSUE 24A: Yes. For the Crystal River 3 Uprate project, the amount to be included is \$56,510,403, which was approved by the Commission in a bench vote at Hearing on August 18, 2015. At Hearing, on August 18, 2015, the Commission approved

DEF's stipulation with the parties to leave the Levy portion of the NCRC charge at \$0 for 2016 and 2017.

ISSUE 25A: As approved by the Commission at its October 19, 2015 Special Agenda Conference, FPL has included \$34,249,614.

ISSUE 25B: The appropriate 2016 projected non-fuel revenue requirements for West County Energy Center Unit 3 (WCEC-3) to be recovered through the Capacity Clause is \$145,515,209.

ISSUE 25C: FPL has properly reflected in the capacity cost recovery clause the effects of acquiring the Cedar Bay facility and terminating the existing Cedar Bay power purchase agreement consistent with the terms of the settlement agreement between FPL and OPC approved in Docket No. 150075-EI.

ISSUE 28: The appropriate final capacity cost recovery true-up amounts for the period January 2014 through December 2014 are as follows:

Duke: \$13,962,445 under-recovery.
Gulf: \$893,047 under-recovery.
FPL: \$2,951,171 under-recovery.
TECO: \$140,386, over-recovery.

ISSUE 29: The appropriate final capacity cost recovery actual/estimated true-up amounts for the period January 2015 through December 2015 are as follows:

Duke: \$24,680,810 under-recovery
Gulf: \$910,906 over-recovery
FPL: \$7,699,316 over-recovery
TECO: \$2,063,383 over-recovery

ISSUE 30: The appropriate final capacity cost recovery true-up amounts to be collected/refunded during the period January 2016 through December 2016 are as follows:

Duke: \$38,643,256, to be collected (under-recovery).
Gulf: \$17,859, to be refunded (over-recovery).
FPL: \$4,748,145, to be refunded (over-recovery).
TECO: \$2,203,769, to be refunded (over-recovery).

- ISSUE 31: The appropriate projected total capacity cost recovery amounts for the period January 2016 through December 2016 are as follows:
FPL: Jurisdictionalized, \$321,148,426 for the period January 2016 through December 2016, excluding prior period true-ups, revenue taxes, nuclear cost recovery amount, and WCEC-3 jurisdictional non-fuel revenue requirements.
Duke: \$358,842,970.
Gulf: \$85,495,331.
TECO: \$30,473,670.
- ISSUE 32: The appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2016 through December 2016 are as follows:
FPL: The projected net purchased power capacity cost recovery amount to be recovered over the period January 2016 through December 2016 is \$496,417,572, including prior period true-ups, revenue taxes, the nuclear cost recovery amount and WCEC-3 revenue requirements.
Duke: The appropriate projected net purchased power capacity cost recovery amount, excluding nuclear cost recovery, is \$397,772,416. The appropriate nuclear cost recovery amount is that which is approved in Issue 24A.
Gulf: \$85,539,016 including prior period true-up amounts and revenue taxes.
TECO: The total recoverable capacity cost recovery amount to be collected, including the true-up amount and adjusted for the revenue tax factor, is \$28,290,255.
- ISSUE 33: The appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2016 through December 2016 are as follows:
FPL: The appropriate jurisdictional separation factors are:
 FPSC 94.67506%
 FERC 5.32494%
Duke: Base – 92.885%, Intermediate – 72.703%, Peaking – 95.924%, consistent with the Revised and Restated Stipulation and Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI.
Gulf: 97.07146%.
TECO: The appropriate jurisdictional separation factor is 1.0000000.
- ISSUE 34: The appropriate capacity cost recovery factors for the period January 2016 through December 2016 are shown below:

FPL: See the table on the next page.

ESTIMATED FOR THE PERIOD OF: JANUARY 2016 THROUGH DECEMBER 2016												
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
RATE SCHEDULE	Jan 2016 - Dec 2016 Capacity Recovery Factor				2016 WCEC-3 Capacity Recovery Factor				Total Jan 2016 - Dec 2016 Capacity Recovery Factor			
	(\$/KW)	(\$/kwh)	RDC (\$/KW) ⁽¹⁾	SDD (\$/KW) ⁽²⁾	(\$/KW)	(\$/kwh)	RDC (\$/KW)	SDD (\$/KW)	(\$/KW)	(\$/kwh)	RDC (\$/KW) ⁽¹⁾	SDD (\$/KW) ⁽²⁾
RS1/RTR1	-	0.00348	-	-	-	0.00140	-	-	-	0.00488	-	-
GS1/GST1	-	0.00326	-	-	-	0.00140	-	-	-	0.00466	-	-
GSD1/GSDT1/HLFT1	1.09	-	-	-	0.46	-	-	-	1.55	-	-	-
OS2	-	0.00240	-	-	-	0.00126	-	-	-	0.00366	-	-
GSLD1/GSLDT1/CS1/CST1/HLFT2	1.22	-	-	-	0.56	-	-	-	1.78	-	-	-
GSLD2/GSLDT2/CS2/CST2/HLFT3	1.19	-	-	-	0.51	-	-	-	1.70	-	-	-
GSLD3/GSLDT3/CS3/CST3	1.22	-	-	-	0.66	-	-	-	1.88	-	-	-
SST1T	-	-	\$0.15	\$0.07	-	-	\$0.06	\$0.03	-	-	\$0.21	\$0.10
SST1D1/SST1D2/SST1D3	-	-	\$0.15	\$0.07	-	-	\$0.06	\$0.03	-	-	\$0.22	\$0.10
CLC D/CLC G	1.35	-	-	-	0.63	-	-	-	1.98	-	-	-
CLC T	1.28	-	-	-	0.55	-	-	-	1.83	-	-	-
MET	1.38	-	-	-	0.66	-	-	-	2.04	-	-	-
OL1/SL1/PL1	-	0.00059	-	-	-	0.00036	-	-	-	0.00095	-	-
SL2, GSCU1	-	0.00225	-	-	-	0.00064	-	-	-	0.00289	-	-

Duke:

Rate Class	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW-month
Residential	1.418	
General Service Non-Demand	1.100	
At Primary Voltage	1.089	
At Transmission Voltage	1.078	
General Service 100% Load Factor	0.779	
General Service Demand		3.94
At Primary Voltage		3.90
At Transmission Voltage		3.86
Curtable		2.32
At Primary Voltage		2.30
At Transmission Voltage		2.27
Interruptible		3.14
At Primary Voltage		3.11
At Transmission Voltage		3.08
Standby Monthly		0.383
At Primary Voltage		0.379
At Transmission Voltage		0.375
Standby Daily		0.182
At Primary Voltage		0.180
At Transmission Voltage		0.178
Lighting	0.217 (cents/kWh)	

Gulf:

Rate Class	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW-month
RS, RSVP, RSTOU	0.919	
GS	0.812	
GSD, GSDT, GSTOU	0.705	
LP, LPT		2.98
PX, PXT, RTP, SBS	0.581	
OS-I/II	0.123	
OSIII	0.544	

TECO:

Rate Class and Metering Voltage	Capacity Cost Recovery Factor	
	Cents / kWh	Dollars / kW
RS Secondary	0.178	
GS and TS Secondary	0.166	
GSD, SBF Standard		
Secondary		0.530
Primary		0.520
Transmission		0.520
GSD Optional		
Secondary	0.123	
Primary	0.122	
IS, SBI		
Primary		0.430
Transmission		0.420
LS1 Secondary	0.021	

ISSUE 35: The new factors should be effective begin with the first billing cycle for January 2016 through the last billing cycle for December 2016. The first billing cycle may start before January 1, 2016, and the last cycle may be read after December 31, 2016, so that each customer is billed for twelve months regardless of when the recovery factors became effective. The new factors shall continue in effect until modified by this Commission.

ISSUE 36: Yes. The Commission should approve revised tariffs reflecting the fuel adjustment factors and capacity cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision.

ISSUE 37: This docket is an on-going docket and should remain open.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase by Florida
Public Utilities Company.

DOCKET NO. 140025-EI
ORDER NO. PSC-14-0517-S-EI
ISSUED: September 29, 2014

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING STIPULATION AND SETTLEMENT AGREEMENT

BY THE COMMISSION:

Background

On April 28, 2014, Florida Public Utilities Company (FPUC) filed its petition for an increase in base rates and request for an interim rate increase. Order No. PSC-14-0372-PCO-EI, issued on July 17, 2014, as amended by Order No. PSC-14-0377-PCO-EI, issued on July 18, 2014, suspended FPUC's proposed rates and granted interim rate relief. Order No. PSC-14-0179-FOF-EI, issued on April 18, 2014, acknowledged Office of the Public Counsel's (OPC) intervention in this docket.

Order No. PSC-14-0194-PCO-EI, issued on May 1, 2014, set a Prehearing Conference for September 4, 2014 and final hearing for September 15-18, 2014. On August 29, 2014, the parties filed a Joint Motion for Approval of Stipulation and Settlement (Settlement) requesting that the motion be heard as the first order of business at the final hearing. In light of this request, the Prehearing Conference was held on September 4, 2014, with consideration of all substantive issues continued until September 16, 2014, the day after our scheduled vote on the Settlement. Having voted to approve the Settlement on September 15, 2014, a continuation of the Prehearing on September 16th was rendered moot.

We have jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.041, 366.05, 366.06, 366.07, 366.076, 366.8255, 366.93, and Sections 120.57(2) and (4), F.S., and Rules 28-106.301 and 28.106.302, Florida Administrative Code (F.A.C.).

Ruling

Having reviewed the Settlement and the pleadings, and heard argument of counsel, we find that the Settlement is in the best interests of FPUC's ratepayers and hereby approve it. All parties to this case have signed the Settlement and all have asserted that, when taken as a whole, this Settlement is in the ratepayers' best interests, meets the need for reliable electric service and price stability in a balanced manner, and establishes fair, just and reasonable rates. OPC, the

entity statutorily charged with representing people of the state of Florida in proceedings before us, negotiated this Settlement and is fully satisfied that the terms of the Settlement protect ratepayers' interests and equitably resolve all issues in the case. We agree and find the Settlement to be in the public interest.

The Settlement covers a minimum term of 26 months, commencing on the first billing cycle in November, 2014 through the last billing cycle in December, 2016. During this period FPUC's annual revenue requirements will be increased by approximately \$3.75 million, a reduction of \$2.02 million from the revenue increase of \$5.77 million requested in FPUC's Minimum Filing Requirements (MFRs).

The Settlement establishes a return on equity of 10.25%, with a range of 9.25% to 11.25%, which shall be used for all regulatory purposes. The agreed upon capital structure is FPUC's actual capital structure with a pro rata share of parent company debt and equity. FPUC had requested a return on equity of 11.25% and a 58% equity/debt ratio.

The Settlement allows FPUC to establish a general liability claim regulatory asset in the amount of \$250,000 amortized over 5 years. A general liability reserve for self-insurance of \$25,000 per year with a cap of \$250,000, with any credit balance used to offset working capital in rate base, is also established which shall be augmented with any excess from the general liability claim amortization amounts upon the expiration of that regulatory asset. FPUC requested that a tax asset be established to recognize accumulated deferred income taxes associated with Chesapeake Utility Corporation's acquisition of FPUC in 2009 in the amount of \$353,307 with annual amortization of \$13,589 over 26 years. The Settlement authorizes FPUC to create the tax asset in the amount of \$208,220 with annual amortization of \$9,876 over 26 years starting in November, 2009.

With regard to storm accrual, the Settlement suspends the accrual of \$121,620 per year for 2 years and diverts that money to expediting tree trimming cycles (\$182,430) and undergrounding feasibility studies (\$60,810) which cover both the Northeast and Northwest Divisions. With regard to named storms by the National Hurricane Center, the Settlement allows FPUC to petition the Commission to seek cost recovery for storm-related costs which exceed its storm reserve as well as replenishment of the reserve. The Settlement also contains a list of reliability improvement projects in both of its divisions (Exhibit A) totaling \$10.6 million which FPUC will use all reasonable and prudent efforts to complete. While the Settlement does not require that FPUC construct each of the projects listed in Exhibit A, FPUC represented that it does intend to construct these projects unless another unlisted project can more efficiently meet the same identified reliability needs. The Settlement also creates an economic development program and tariff which includes discounts up to 5 years for qualifying customers in the GS, GSD, and GSLD-1 rate classes as requested by FPUC in its MFRs.

Paragraph XIX of the Settlement states that the rates contained in Exhibit B to the Settlement reflect the same cost of service and rate design methodologies proposed by FPUC in its MFRs. OPC takes no position on the issues of rates and rate design discussed in Paragraph XIX of the Settlement other than that the rates should be designed in such a manner as to

produce the agreed upon annual rate increase of \$3.75 million. Having reviewed FPUC's proposed cost of service and rate design methodologies, we find them to be consistent with its prior rate cases and Commission practice and approve the rates as stated in Exhibit B.

Finally, Paragraph XVI of the Settlement requests that FPUC's petition, MFRs, the pre-filed testimony and exhibits of all witnesses and the Settlement be entered into the record upon approval of the Settlement. The parties also have agreed that the Comprehensive Exhibit List prepared by our staff, as well as all of the exhibits listed thereon, be admitted into evidence. We find these requests to be reasonable and admit these items into evidence.

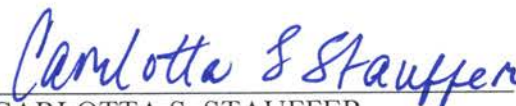
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Joint Motion of Florida Public Utilities Company and the Office of Public Counsel for Approval of the Stipulation and Settlement is hereby granted and that the Stipulation and Settlement dated August 29, 2014, Document No. 04856-14, is hereby approved and incorporated herein by reference. It is further

ORDERED that the rates contained in Exhibit B to the Stipulation and Settlement Agreement, and the tariffs contained in Exhibit 72 on the Comprehensive Exhibit List, are hereby approved effective on the first billing cycle in November, 2014. It is further

ORDERED that this docket shall be closed if no appeal is timely filed.

By ORDER of the Florida Public Service Commission this 29th day of September, 2014.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

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.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

Writer's E-Mail Address: bkeating@gunster.com

August 29, 2014

BY E-PORTAL FILING

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

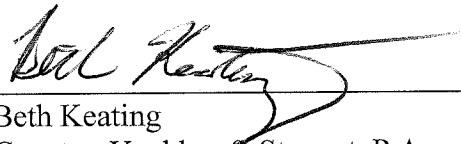
Re: Docket No. 140025-EI -Application for rate increase by Florida Public Utilities Company.

Dear Ms. Stauffer:

Attached for electronic filing in the referenced docket, please find the Joint Motion of Florida Public Utilities Company and the Office of Public Counsel for Approval of Stipulation and Settlement, along with the attached Stipulation and Settlement.

Please do not hesitate to contact me if you have any questions whatsoever regarding this filing.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc:/Service List (Docket 140025-EI)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for Rate Increase by Florida
Public Utilities Company.

DOCKET NO. 140025-EI

DATED: August 29, 2014

**JOINT MOTION OF FLORIDA PUBLIC UTILITIES COMPANY
AND THE OFFICE OF PUBLIC COUNSEL FOR APPROVAL OF
STIPULATION AND SETTLEMENT**

Florida Public Utilities Company (“FPUC” or “Company”) and the Office of Public Counsel (“OPC”) (collectively, “Joint Movants”) by and through their undersigned attorneys, respectfully move the Florida Public Service Commission (“Commission”) to approve the Stipulation and Settlement agreement (“Agreement”) attached hereto as Attachment “A”, which the Joint Movants have entered into in order to resolve issues in this proceeding. In support hereof, the Joint Movants state as follows:

1. On April 28, 2014, FPUC petitioned the Florida Public Service Commission (“the Commission”) for an increase in its base rates and miscellaneous service charges of approximately \$5.85 million to be effective 30 days from the date of the Commission’s vote on the Company’s request, based upon a projected test year ended September 30, 2015.

2. OPC filed a notice of its intervention on February 4, 2014.

3. The Joint Movants have filed substantial amounts of testimony and exhibits and have conducted extensive discovery in this proceeding in preparation for the evidentiary hearing scheduled in this proceeding to begin on September 15, 2014.

4. In recent weeks, the Joint Movants have engaged in negotiations to resolve the issues in this proceeding in an effort to avoid any further expensive and time-consuming litigation before the Commission. These efforts have been successful and resulted in the Agreement attached hereto as Attachment A.

5. The Agreement is the result of good faith efforts to address the issues in this proceeding in a manner that will provide regulatory certainty with regard to FPUC's rates and to avoid the expense and uncertainty associated with further litigation. The Agreement results in rates and charges that are fair, just and reasonable for the duration of the Agreement. It provides planning and rate certainty for a period through December 2016, prior to which FPUC will be prohibited from seeking a base rate increase except in certain specified circumstances.

6. The Agreement also addresses the Company's requests to establish certain regulatory assets, as well as its request to establish an insurance reserve, in a manner that is fair for both the Company and its customers. The Agreement provides additional regulatory certainty by addressing storm cost recovery and other cost recovery mechanisms.

7. Of particular note, the Agreement includes two components that will ensure continued improvements in the Company's reliability and service to its customers. Specifically,

the Agreement provides that the Company will continue to pursue projects outlined in Exhibit A to the Agreement, which are designed to enhance the reliability and safety of the Company's system. The Agreement also provides that the Company will suspend its accrual to the storm reserve for a two (2)-year period and use the accrual amount to accelerate its tree trimming cycles for both divisions, as well as to fund a study of the feasibility of undergrounding facilities in both divisions.

8. The Agreement also addresses the Company's Economic Development Rider tariff in a manner that will promote economic development activities in the both of the Company's divisions, which have been hard-hit by the economic downturn.

9. The Joint Movants respectfully urge the Commission to consider this Joint Motion for Approval of Stipulation and Settlement at the beginning of the hearing, which has been noticed to begin on September 15, 2014, and issue a bench decision approving the Agreement. Consideration of this Joint Motion in advance of the hearing process provides an opportunity to avoid significant additional legal costs, if the Commission does, ultimately, approve the Joint Movants' request. If the Joint Motion is not taken up at the beginning of the hearing, and approved, the Joint Movants will incur substantial additional costs associated with completing outstanding discovery, as well as costs associated with the Joint Movants' and their witnesses attending and participating in the evidentiary hearing, which is scheduled to last for four days.

10. Moreover, a critical term in the Agreement is that the rates resulting from the Agreement shall go into effect by November 1, 2014. In order to provide the appropriate noticing period for the new rates, it is imperative that this Joint Motion be considered and addressed on September 15, 2014.

11. The Joint Movants submit that consideration of this Joint Motion at the beginning of the hearing and issuance of a bench decision will comply with all notice requirements set forth in Section 120.569, Florida Statutes. Moreover, the Joint Movants have stipulated and agree that: (1) all documents filed in this proceeding shall be available for Commission review for purposes of making its determination with regard to this Joint Motion; and (2) that if the Agreement is approved, the Company's Petition and Minimum Filing Requirements ("MFRs"), the prefiled testimony and exhibits of all witnesses, and the Agreement, including all Exhibits attached thereto, shall become a part of the hearing record as if admitted into evidence. Thereafter, to the extent that the Commission determines that outstanding issues, if any, must be further addressed at the hearing, the record thus established will be available. In any event, the Joint Movants urge the Commission to issue a bench decision on September 15, 2014, approving the Agreement and resolving this proceeding, so that new rates can be implemented on November 1, 2014, as contemplated by the Agreement.

12. To date, no other parties have intervened in this proceeding. As the only two parties to the proceeding have executed the Agreement, no party will be prejudiced by the proposed procedure or the Commission's approval of the Agreement. Should any new party

seek to intervene at any point in the future, in accordance with Commission rules, such party would then take the case as they find it.

13. In furtherance of this Joint Motion and approval of the Agreement, the Joint Movants waive any right to seek reconsideration of a final order of the Commission approving the Agreement in its entirety.

14. For reference purposes only, the following is an overview of the key provisions of the Agreement:

- (a) The Agreement will become effective with the first billing cycle of November 2014 and continue in effect through, at least, December 2016, unless certain circumstances specified in the Agreement arise. The base rates, charges and conditions set forth in the Agreement will continue beyond December 2016 unless otherwise changed by Commission order.
- (b) FPUC will be entitled to increase its base rates and service charges to generate an additional \$3,750,000 of annual revenues, based on the projected test year September 2015 billing determinants ("New Rates"). The New Rates presented in Exhibit B to the Agreement are to be designed in accordance with methodology of the Cost of Service and Rate Design set forth in the Company's MFRs, as well as the Testimony and Exhibits of Panel Witnesses P. Mark Cutshaw and Drane A. (Buddy)

Shelley, submitted with the Company's Petition. The calculated base rates will be spread across the rate classes consistent with MFR E-8.

- (c) FPUC's authorized ROE shall be within a range of 9.25% to 11.25%, with a mid-point of 10.25%. FPUC's equity ratio and capital structure shall be based on the actual capital structure recorded on its books and its pro rata share of its corporate parent, Chesapeake Utilities Corporation's ("Chesapeake"), capital structure for equity and debt. Customer deposits, investment tax credits, and deferred income taxes shall be the balances recorded on FPUC's books. This authorized ROE, ROE range, and actual capital structure will be used for all regulatory purposes including, but not limited to, cost recovery clauses, earnings surveillance reporting, the calculation of the Company's Allowance for Funds Used During Construction ("AFUDC") rate and associated amounts of AFUDC in accordance with Rule 25-6.0141, Florida Administrative Code, and the implementation and operation of the Agreement.
- (d) Rate increases will be implemented on November 1, 2014 ("Implementation Date").
- (e) FPUC will use all reasonable and prudent efforts to continue implementing infrastructure projects, consistent with those outlined in demonstrative Exhibit A, attached to the Agreement, in order to maintain the reliability of its electrical system.
- (f) The Company will be allowed to implement its new economic development rider ("Rider") as described in the Testimony of Witness

Aleida Socarras, and reflected in Exhibit AS-2, on behalf of the Company.

The Rider will also become effective on the Implementation Date.

- (g) The Company may continue to seek recovery of costs through recovery clauses, but cannot seek recovery of costs that the Company has traditionally and historically recovered through base rates.
- (h) FPUC may petition for recovery of storm restoration costs arising from named storms.
- (i) FPUC will not file for a base rate increase prior to December 2016, unless its earned ROE falls below the authorized range. Likewise, should the Company's ROE exceed the authorized range, the OPC will have the right to seek a rate decrease for the Company.
- (j) FPUC will be allowed to amortize rate case expense over a 5-year period.
- (k) The Company will also be entitled to establish a regulatory asset to address the income tax rate "step up" that occurred when Chesapeake acquired the Company. The amortization period for this tax asset will be 26 years, which represents the remaining life of the assets as of the date that Chesapeake acquired FPUC in 2009. The annual amortization will be set at \$9,876. The amortization of the asset will be deemed effective as of November 2009. Therefore, the amortization expense that would have been incurred for the 59-month period beginning November 2009 through September 2014, which is the amount of \$48,557, will be written off to income as a prior period adjustment. The remaining balance of the Tax

Asset of \$208,220 will continue to be amortized and recovered through rates until fully amortized.

- (l) If the Company incurs an item that would otherwise qualify as a regulatory asset or liability, or if the Company incurs or realizes any loss or gain on the sale of any property that was previously included in base rates or any clause recovery, those amounts will be deferred until the next rate case proceeding.
- (m) The Company will be entitled to establish a general liability reserve, which will be funded by FPUC at \$25,000 per year, until a cap of \$250,000 is reached. Other provisions of the Agreement address situations in which the cap is reached and when the amount in the reserve falls below the cap.
- (n) In addition, the Company will be entitled to establish a regulatory asset to address the one-time \$250,000 general liability claim addressed in the testimony of FPUC's witness Kim. Once established, \$50,000 per year of the Regulatory Asset will be amortized over a 5-year period. Upon expiration of this Regulatory Asset, the \$50,000 amortization amount will then be credited to the General Liability Reserve, in accordance with the Agreement.
- (o) The Company will suspend its accrual to the storm reserve for a 2-year period. The amount of accrual will be used to accelerate tree trimming for both divisions, as well as to fund a study on undergrounding facilities in both divisions.

(15) The Joint Movants represent that the Agreement provides an equitable and just balance of the positions of the parties on the issues in this proceeding. Approval of the Agreement is in the best interest of both the Company and its customers, and as such, it is in the public interest.

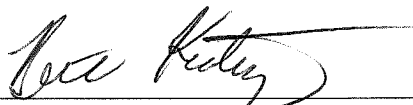
(16) Commission approval of this Joint Motion is consistent with the Commission's long-standing policy to encourage settlements that provide benefits to the ratepayers and avoid unnecessary additional litigation expense. For this reason, the Joint Movants therefore respectfully request that the Commission approve the Agreement, which is attached hereto as Attachment "A".

WHEREFORE, the Joint Movants hereby respectfully request that the Commission grant this Joint Motion and approve the Agreement attached hereto as Attachment "A".

Respectfully submitted this 29th day of August 2014, by:



Patricia A. Christensen, Esquire
Bar No. 989789
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400
Office of Public Counsel



Beth Keating, Esquire
Bar No. 0022756
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
Attorneys for Florida Public Utilities Company

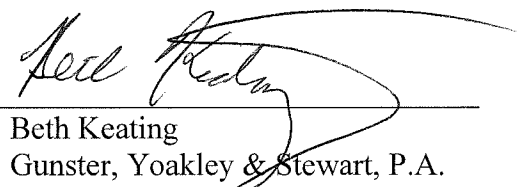
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Motion has been furnished by Electronic Mail to the following parties of record this 29th day of August, 2014:

Suzanne Brownless, Esquire/Martha Barrera,
Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Patricia A. Christensen, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400

By: _____


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Docket No. 140025-EI

ATTACHMENT "A"

Stipulation and Settlement

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Rate Increase by)
 Florida Public Utilities Company)
_____)

DOCKET NO. 140025-EI
Filed: AUGUST 29, 2014

STIPULATION AND SETTLEMENT

WHEREAS, Florida Public Utilities Company (“FPUC” or “Company”) and the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement (“Agreement”); and

WHEREAS, unless the context clearly intends otherwise, the term “Party” or “Parties” shall mean a signatory or signatories to this Agreement; and

WHEREAS, on April 28, 2014, FPUC petitioned the Florida Public Service Commission (“the Commission”) for an increase in its base rates and miscellaneous service charges of approximately \$5.85 million to be effective 30 days from the date of the Commission’s vote on the Company’s request, based upon a projected test year ended September 30, 2015; and

WHEREAS, OPC filed a notice of its intervention on February 4, 2014; and

WHEREAS, the Parties have filed substantial amounts of testimony and exhibits and have conducted extensive discovery in this proceeding; and

WHEREAS, the Parties have endeavored in good faith to resolve the issues in this docket in order to provide regulatory certainty with regard to FPUC’s rates and to avoid the uncertainty associated with further litigation; and

WHEREAS, the legal system, as well as the Commission, favor settlement of disputes, for a variety of reasons, including that they are in the public interest; and

WHEREAS, the Parties to this Agreement, individually and collectively, agree that this Agreement, taken as a whole, is in the public interest;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, which the Parties agree constitute good and valuable consideration, the Parties hereby stipulate and agree as follows:

I. Term

a. This Agreement will take effect upon Commission approval and shall be implemented on the date of the meter reading for the first billing cycle of November 2014

("Implementation Date") and continue at least until the last billing cycle of December 2016. The base rates, charges and related tariff term sheet terms and conditions established as a result of this Agreement will continue beyond December 2016 unless and until changed by Commission Order. The period from the Implementation Date through the last billing cycle in December 2016 may be referred to herein as the "Minimum Term".

b. The Parties agree that no increase or reduction in base rates shall be sought by the Parties during the Minimum Term unless other terms of this Agreement allow.

c. The parties reserve all rights, unless such rights are expressly waived or released, under the terms of this Agreement.

II. Return on Equity and Equity Ratio

a. For purposes of this Agreement, the phrase "authorized ROE" shall mean the midpoint authorized return on common equity ("ROE") and the phrase "authorized ROE range" shall mean the range that starts at 100 basis points below the midpoint and extends to 100 basis points above the midpoint as determined in this Agreement. Consistent with this understanding, FPUC's authorized ROE shall be within a range of 9.25% to 11.25%, with a mid-point of 10.25%. FPUC's equity ratio and capital structure shall be based on the actual capital structure recorded on its books and its pro rata share of the Parent Company's capital structure for equity and debt. Customer deposits, investment tax credits, and deferred income taxes shall be the balances recorded on FPUC's books. FPUC's authorized ROE, ROE range, and actual capital structure shall be used for all regulatory purposes including, but not limited to, cost recovery clauses, earnings surveillance reporting, the calculation of the Company's Allowance for Funds Used During Construction ("AFUDC") rate and associated amounts of AFUDC in accordance with Rule 25-6.0141, Florida Administrative Code, and the implementation and operation of this Agreement.

b. The authorized ROE and authorize ROE ranges shall continue in effect until the return on equity is next reset by the Commission.

III. Capital Projects

The Parties agree that FPUC shall use all reasonable and prudent efforts to continue implementing infrastructure projects, consistent with those outlined in the attached demonstrative Exhibit A, in order to maintain the reliability of its electrical system. The Parties further agree and acknowledge that this Paragraph III is in no way intended to constrain or otherwise restrict FPUC's ability to undertake other capital projects that it deems necessary and prudent for purposes of ensuring reliable service to its customers.

IV. Revenue Requirement

a. Upon the Implementation Date and effective with the date of the first meter reading for the first billing cycle of November 2014, FPUC shall be authorized to increase its base rates and service charges ("New Rates") to generate an additional \$3,750,000 of annual revenues, based on the projected test year September 2015 billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the Company's Petition in this docket.

b. The base rates, charges, and related tariff sheet terms and conditions set in accordance with this Agreement shall not be changed during the Term except as otherwise permitted or provided for in this Agreement, and shall continue in effect until next reset by the Commission.

V. Economic Development Rider

The Parties agree that the Company shall be authorized to implement a new economic development rider ("Rider") as described in the Testimony of Witness Aleida Socarras, and reflected in Exhibit AS-2, on behalf of the Company. The Rider shall become effective on the Implementation Date. The Tariff Sheets reflecting the Economic Development Rider are included within Exhibit C, which is further addressed in Paragraph XIX-New Rates, and are consistent with those submitted in Docket No. 140025-EI as Exhibit AS-2.

VI. Other Cost Recovery

Nothing in this agreement shall preclude the Company from requesting the Commission to approve the recovery of costs that are: (a) of a type which traditionally and historically would be, have been, or are presently recovered through cost recovery clauses or surcharges, or (b) incremental costs not currently recovered in base rates which the Legislature or Commission determines are clause recoverable subsequent to the approval of this settlement. Except as provided in this Agreement, it is the intent of the Parties in this Paragraph VI that FPUC not be allowed to recover through cost recovery clauses increases in the magnitude of costs, incurred after implementation of the new base rates, of types or categories (including but not limited to, for example, investment in and maintenance of transmission assets) that have been traditionally and historically recovered through FPUC's base rates.

VII. Storm Damage Recovery

a. Nothing in this agreement shall preclude FPUC from petitioning the Commission to seek recovery of costs associated with any tropical systems named by the National Hurricane Center or its successor without the application of any form of earnings test or measure and irrespective of previous or current base rate earnings. All storm related costs shall be calculated and disposed of pursuant to Commission Rule 25-6.0143, F.A.C., and shall be limited to (i) costs resulting from a tropical system named by the National Hurricane Center or its successor, (ii) the estimate of incremental costs above the level of storm reserve prior to the storm and (iii) the replenishment of the storm reserve to the level as of October 31, 2014. The Parties to this Agreement are not precluded from participating in any such proceedings and opposing the amount of FPUC's claimed costs or whether the proposed recovery is consistent with this Paragraph VII, but not the mechanism agreed to herein.

b. The Parties expressly agree that any proceeding to recover costs associated with any storm shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of FPUC and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

c. The provisions of this Paragraph VII shall remain in effect during the Term except as otherwise permitted or provided for in this Agreement and shall continue in effect until the Company's base rates are next reset by the Commission.

VIII. Earnings

a. Notwithstanding Paragraph II-Return on Equity and Equity Ratio, the Parties agree that, in the event that the Company's earned return on common equity falls below 9.25% during the Term on an FPUC earnings surveillance report stated on a thirteen-month average actual Commission adjusted basis, the Company may file a Petition for Rate Increase with the Commission either as a general proceeding under Section 366.06 and 366.07, Florida Statutes, and/or as a limited proceeding under Section 366.076, Florida Statutes. Nothing herein shall be construed as an agreement by the OPC that a limited proceeding would be appropriate, and FPUC acknowledges and agrees that the OPC reserves and retains all rights to challenge the propriety of any limited proceeding or to assert that any request for base rate changes should be properly addressed through a general rate case, as well as challenge any substantive proposals to change the Company's rates in any such future proceeding. Throughout this Agreement, "actual Commission adjusted basis" and "actual adjusted earned return" shall mean results reflecting all adjustments to FPUC's books required by the Commission by rule or order, but excluding pro forma weather adjustments. FPUC acknowledges that the OPC shall be entitled to participate and oppose any request initiated by FPUC to increase its rates.

b. Likewise, notwithstanding Paragraph II-Return on Equity and Equity Ratio, the Parties agree that if the Company's earned return on common equity exceeds 11.25% on an FPUC earning surveillance report on a thirteen-month average actual Commission-adjusted basis, OPC may file a petition with the Commission seeking a review of the Company's rates. In any case initiated by the OPC, all Parties will have full rights conferred by law.

IX. General Liability Reserve

a. The Parties agree that FPUC shall be authorized to establish a General Liability Reserve ("Reserve") subject to the following terms and conditions:

i. \$25,000 per year shall be credited to the reserve by FPUC.

- ii. Only general liability insurance claims and deductibles on behalf of FPUC processed through an insurance company may be charged against the reserve.
- iii. The balance of the reserve shall be capped at \$250,000.
- iv. In the event the cap is reached, should the reserve subsequently fall below the cap level of \$250,000, FPUC shall reinstitute the mandatory annual credit to the reserve in the full annual amount or, portion thereof, necessary to replenish the reserve to the capped level.
- v. The Company shall report the annual balance of the general liability reserve in its annual report to the Commission, and the credit balance shall be used to offset working capital in rate base.
- vi. The reasonableness of continuing the general liability reserve shall be reviewed upon the filing of FPUC's next rate case.
- vii. The establishment of this reserve shall in no way be considered as precedent for the next FPUC rate case.

X. General Liability Claim Asset

The Parties agree that FPUC shall establish a Regulatory Asset in the amount of \$250,000 in order to address a General Liability claim, as described in the Testimony of Matthew Kim, which was submitted along with the Company's Petition in this proceeding. Once established, \$50,000 per year of the Regulatory Asset shall be amortized over a 5-year period. Upon expiration of this Regulatory Asset, the \$50,000 amortization amount shall then be credited to the General Liability Reserve described in Paragraph IX-General Liability Reserve, above, unless the Reserve has reached its cap of \$250,000. Should the Reserve fall below the cap level of \$250,000, FPUC shall reinstate the annual \$50,000 credit to the Reserve or, portion thereof, necessary to replenish the reserve to the capped level. To clarify, the \$50,000 amount which is the subject of this Paragraph X is in addition to the \$25,000 credit to the General Liability Reserve, which is the subject of Paragraph IX-General Liability Reserve, above.

XI. Rate Case Expense

Rate case expense shall be amortized over a 5-year period.

XII. Tax “Step Up” Regulatory Asset

The Parties agree that FPUC shall be authorized to establish a regulatory asset associated with the initial step-up for the Accumulated Deferred Income Tax (ADIT) balance, which was required to be booked after Chesapeake Utilities Corporation (“CUC”) acquired FPUC (“Tax Asset”). The Tax Asset shall be established in the amount of \$256,777. The amortization period for the Tax Asset shall be 26 years, which represents the remaining life of the assets as of the date that CUC acquired FPUC in 2009. The annual amortization shall be \$9,876. The amortization of the Tax Asset shall be deemed effective as of November 2009. Therefore, the amortization expense that would have been incurred for the 59-month period beginning November 2009 through September 2014, which is the amount of \$48,557, shall be written off to income as a prior period adjustment. The remaining balance of the Tax Asset of \$208,220 shall continue to be amortized and recovered through rates until fully amortized.

XIII. Deferral of Regulatory Assets or Liabilities

The Parties agree that, if the Company incurs an item that would otherwise qualify as a regulatory asset or liability, or if the Company incurs or realizes any loss or gain on the sale of any property that was previously included in base rates or any clause recovery, those amounts will be deferred until the next rate case proceeding. This provision shall remain in effect from the date this Agreement is approved by the Commission until the next Commission-approved change in base rates for FPUC. OPC reserves all rights to contest any request by FPUC to establish any regulatory asset or liability during the period this provision remains in effect.

XIV. Suspension of Storm Accrual

Upon the implementation date of this agreement, the Company shall suspend its annual accrual of \$121,620 to its Storm Reserve for a two-year period. During this two-year period, FPUC shall use these funds to expedite its tree trimming cycles and to conduct a study of the feasibility of undergrounding its facilities for both its Northeast and Northwest Electric divisions. The Parties contemplate that the amounts allocated for such projects shall be in the approximate amount of \$182,430 to expedite the tree trimming cycles for both divisions, with approximately \$60,810 allocated to conduct a study of the feasibility of undergrounding distribution facilities for both divisions.

XV. Effective Date

Consistent with the Term set forth in Paragraph I-Term, the Parties agree that it is appropriate for the rates to be implemented as a result of this Agreement to go into effect on November 1, 2014.

XVI. Commission Approval

a. The provisions of this Agreement are contingent upon Commission approval of this Agreement in its entirety without modification. It is the desire of the Parties that this Agreement be noticed for consideration at the beginning of the Hearing scheduled in this matter to begin on September 15, 2014. The Parties agree that:

- i. Consideration by the Commission of this Agreement at the beginning of the hearing in a manner in which all interested persons are allowed to speak to address the Agreement satisfies the requirements for conducting a hearing on the approval of the Agreement;
- ii. The following documents on file in this proceeding shall be available for the Commission during its consideration of this Agreement- the Company's Petition, the MFRs, the prefiled testimony and exhibits of all witnesses, and this Agreement;
- iii. Upon approval of this Agreement by the Commission, such documents shall become a part of the record as if admitted into evidence at final hearing; and
- iv. Commission decision approving this Agreement may be issued as a final order.

b. The Parties agree that there is good cause to expedite approval of this Agreement, in that approval of the Agreement will avoid additional litigation costs for all Parties. To the extent necessary, the Parties agree to waive:

- i. All notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes, or other applicable law;
- ii. Their right to require a hearing on the merits;

- iii. Their respective rights to seek reconsideration of any Final Order that approves this Agreement in its entirety without change; and
- iv. Their respective right to judicial review of any such final agency action approving this Agreement afforded by Section 120.68, Florida Statutes.

c. The Parties further agree they will support this Agreement and affirmatively assert that this Agreement is in the public interest and should be approved. The Parties likewise agree and acknowledge that:

- i. The revenue increase and resulting rates and charges developed from and in accordance with this Agreement are fair, just and reasonable; and
- ii. Approval of this Agreement promotes planning and regulatory certainty for both FPUC and its customers.

d. The Parties further agree that this Agreement shall have no precedential value in any proceeding before the Commission nor shall any Party assert same. The Parties agree that the terms of this Agreement shall be without prejudice to either Party's ability to assert a different position in future proceedings not involving this Agreement. It is the Parties' desire and intent that the Commission's approval of this Agreement recognizes that no individual term or condition set forth herein represents an opinion or position of either Party when considered in isolation.

XVII. Disputes

Should any disagreement arise or any differing interpretation of any provision hereof, the Parties agree to meet and confer in a good-faith effort to resolve the dispute. To the extent that the Parties are unable to resolve any such dispute, the matter may be submitted to the Commission for resolution.

XVIII. Resolution of Issues

Approval of this Agreement resolves all issues in this proceeding, with the exception of issues regarding Cost of Service and Rate Design. OPC takes no position on the Cost of Service and Rate Design issues, consistent with its Prehearing Statement filed on August 15, 2014.

XIX. New Rates

a. The New Rates, which are attached and incorporated herein as Exhibit B, shall be designed to accurately reflect the terms as presented in the Agreement. In addition, the New Rates presented in Exhibit B shall be designed in accordance with methodology of the Cost of Service and Rate Design set forth in the MFRs, as well as the Testimony and Exhibits of Panel Witnesses P. Mark Cutshaw and Drane A. (Buddy) Shelley, submitted with the Company's Petition on April 28, 2014. The calculated base rates shall be spread across the rate classes consistent with MFR E-8. OPC takes no position with regard to the design of the rates and new service charges reflected therein, consistent with Paragraph XVIII-Resolution of Issues, above.

b. Attached hereto as Exhibit C are the appropriate tariff sheets reflecting these rate changes, which, upon Commission approval, shall become effective on November 1, 2014.

c. The Parties agree that, after the Commission vote upon the Parties' Agreement, the remaining issues identified in Paragraph XVIII-Resolution of Issues, relating to Cost of Service and Rate Design should be decided by the Commission as expeditiously as possible in order to effectuate the agreed effective date of November 1, 2014.

XX. Execution

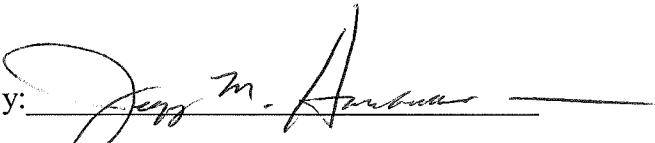
This Agreement is dated as of August 29, 2014. It may be executed in one (1) or more counterparts, all of which will be considered one and the same Agreement and each of which will be deemed an original.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s).

Dated this 26th day of August 2014.

Florida Public Utilities Company

By: 

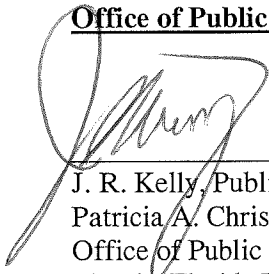
Jeffry M. Householder
President, Florida Public Utilities Company

Signature Page to Stipulation and Settlement Agreement in Docket No. 140025-EI

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s).

Dated this th29 day of August 2014.

Office of Public Counsel



J. R. Kelly, Public Counsel
Patricia A. Christensen
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400

Signature Page to Stipulation and Settlement Agreement in Docket No. 140025-EI

Docket No. 140025-EI

EXHIBIT A

Reliability Improvement Plan
(*Demonstrative*)

Florida Public Utilities Company
Consolidated Electric Divisions
Reliability Improvement Plan 2016 - 2019
Planned Capital Improvements

ITEM	Cost Estimate
Decayed Pole Replacements (from Osmose Inspections) Both Divisions	\$1,400,000
Substation Voltage Regulators NW Division	\$200,000
Purchase and Install Electronic Recloser NW Division	\$125,000
Remove Load From Feeders 310 and 311 transfer to 312 NE Division	\$150,000
Install 69KV Lightning Arrestors, Insulators and Grounding NE Division	\$300,000
Convert Overhead to Underground Marsh Cove & Gateway to Amelia NE Division	\$77,000
Overhead Reconductor along South Fletcher (Atlantic to Sadler) NE Division	\$125,000
Overhead Reconductor along South Fletcher (Sadler to Al Parkway) NE Division	\$220,000
Miscellaneous Underground Cable Replacement Both Divisions	\$300,000
Storm Harden the Hospital Feeder from Marianna Sub to Railroad Trestle NW Division	\$200,000
Storm Harden Prison Feeder from Substation to High School NW Division	\$150,000
Move Line From Woods to Rd ROW- Lawrenceville Rd NW Division	\$40,000
Move Line From Woods to Rd ROW - Obert Rd NW Division	\$20,000
Extend Underground Feeder #312 Airport to S. Fletcher - Cond./Sw. NE Division	\$810,000
Relocate the Railroad Feeder to Hwy 90 from Orange St. to Wynn St. NW Division	\$400,000
Underground Feeder to Airport NE Division	\$180,000
Install 69KV Lightning Arrestors, Insulators and Grounding (along S. Fletcher) NE	\$300,000
Replace Conduit/Cable - Forrest Ridge Condos NE Division	\$400,000
Loop Underground Feed in Amelia Park Subdivision NE Division	\$100,000
Replace 69KV CKT BKR (305, 304 & 309) & Switches at Stepdown Sub. NE Division	\$270,000
Overhead Reconductor on S. Fletcher (Simmons - Amelia Island Pky)	\$125,000
Replace 69KV pole with concrete NE Division	\$900,000
Storm Hardening - Feeder #215 Upgrade - Baptist Hospital NE Division	\$213,500
Storm Harden Jackson County Hospital Feeder NW Division	\$120,000
Relocate Altha Feeder from Jackson Co. Line to Fuqua Cir. NW Division	\$190,000
Add Second phase Mt Olive Cemetery Rd to Red Level Rd NW Division	\$70,000
Replace UG Cable Feeding Cottondale Village Apartments NW Division	\$50,000
Move Line From Woods Bellamy Bridge Rd NW Division	\$60,000
Rebuild Caverns Rd Substation NW Division	\$150,000
Purchase & Install New Capacitor Controls NW Division	\$50,000
Convert OH to UG on Buccaneer Trail NE Division	\$320,000
Replace 138 KV Circuit Switchers (406, 405, 404) at Step-down Sub. NE Division	\$345,000
OH Feeder Reconductor for SHN (Self Healing Network) NE Division	\$300,000
SHN Reclosers NE Division	\$100,000
RE-Build AIP Substation NE Division	\$1,600,000
Backup feed to Marianna Industrial Park from Chipola Substation NW Division	\$200,000
TOTAL	\$10,560,500

Docket No. 140025-EI

EXHIBIT B

New Rates

<u>Proposed Final Rates</u>			
Customer Charge(s)			
	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Final Rates</u>
Residential (RS)	\$12.00	\$13.63	\$14.00
General Service (GS)	\$18.00	\$20.45	\$23.00
General Service Demand (GSD)	\$52.00	\$59.08	\$68.00
General Service Large Demand (GSLD)	\$100.00	\$113.61	\$130.00
General Service Large Demand (GSLD1)	\$600.00	\$681.66	\$805.00
Standby (SB) <500 kw	\$126.47	\$143.68	\$100.00
Standby (SB) ≥500 kw	\$626.47	\$711.73	\$805.00

<u>Energy Charge \$/kwh</u>			
	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Final Rates</u>
Residential (RS)	\$0.01958	\$0.02224	≤1,000 - \$0.01960 >1,000 - \$0.03210
General Service (GS)	\$0.01927	\$0.02189	\$0.02397
General Service Demand (GSD)	\$0.00340	\$0.00386	\$0.00452
General Service Large Demand (GSLD)	\$0.00145	\$0.00165	\$0.00209
General Service Large Demand (GSLD1)	\$0.00000	\$0.00000	\$0.00000
Standby (SB) <500 kw	\$0.00000	\$0.00000	\$0.00000
Standby (SB) ≥500 kw	\$0.00000	\$0.00000	\$0.00000

<u>Demand Charge \$/kw</u>			
	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Final Rates</u>
Residential (RS)	\$0.00	\$0.00	\$0.00
General Service (GS)	\$0.00	\$0.00	\$0.00
General Service Demand (GSD)	\$2.80	\$3.18	\$3.70
General Service Large Demand (GSLD)	\$4.00	\$4.54	\$5.30
General Service Large Demand (GSLD1)	\$1.12	\$1.27	\$1.50
General Service Large Demand (GSLD1)	\$ 0.24 kVAR	\$ 0.27 kVAR	\$ 0.36 kVAR
Standby (SB) <500 kw	\$2.00	\$2.27	\$2.60
Standby (SB) ≥500 kw	\$0.53	\$0.60	\$0.65

<u>Service Charge(s)</u>			
	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Final Rates</u>
Initial Entitlement of Service	\$53.00	\$53.00	\$61.00
Re-establish Service or Account Changes	\$23.00	\$23.00	\$26.00
Customer Request Temp Disconnect/Reconn	\$33.00	\$33.00	\$65.00
Reconnect After Disconnect (Normal Hrs)	\$44.00	\$44.00	\$52.00
Reconnect After Disconnect (After Hours)	\$95.00	\$95.00	\$178.00
Temporary Service	\$51.00	\$51.00	\$85.00
Collection Charge	\$14.00	\$14.00	\$16.00
Returned Check Charge	Per Statute	Per Statute	Per Statute
Credit Card Fees	----- \$3.50 RS and 3.5% other classes -----		
Late Fees	----- Greater of 1.5% or \$5.00 -----		

	----- PRESENT RATES -----					----- INTERIM RATES -----					----- PROPOSED FINAL RATES -----			
	Facility Charge	Energy Charge	Maint Charge	Total Charge		Facility Charge	Energy Charge	Maint Charge	Total Charge		Facility Charge	Energy Charge	Maint Charge	Total Charge
100w HPS Cobra Head-OL	\$6.13	\$1.55	\$0.96	\$8.64		\$6.93	\$1.80	\$1.09	\$9.82		\$5.99	\$1.78	\$1.74	\$9.51
175w MV Cobra Head-OL	\$1.44	\$2.72	\$0.52	\$4.68		\$1.64	\$3.09	\$0.59	\$5.38		\$1.16	\$3.05	\$1.02	\$5.23
400w MV Cobra Head-OL	\$4.39	\$5.82	\$0.89	\$11.10		\$4.99	\$6.61	\$1.01	\$12.61		\$1.27	\$6.56	\$1.09	\$8.92
1000w HPS Flood-OL2	\$16.38	\$15.61	\$2.19	\$34.18		\$18.61	\$17.73	\$2.49	\$38.83		\$18.46	\$17.59	\$2.48	\$38.53
1000w MH Flood-OL2	\$15.20	\$15.61	\$2.03	\$32.84		\$17.27	\$17.73	\$2.31	\$37.31		\$17.03	\$17.59	\$2.41	\$37.03
1000w MH Vert Shoebox-OL2	\$21.31	\$15.61	\$2.69	\$39.61		\$24.21	\$17.73	\$3.06	\$45.00		\$21.02	\$17.59	\$2.74	\$41.35
100w HPS Amer Rev-OL2	\$8.10	\$1.58	\$1.15	\$10.83		\$9.20	\$1.80	\$1.31	\$12.30		\$7.98	\$1.78	\$2.71	\$12.47
100w HPS Cobra Head-OL2	\$6.13	\$1.55	\$0.96	\$8.64		\$6.93	\$1.80	\$1.09	\$9.82		\$5.99	\$1.78	\$1.74	\$9.51
100w HPS SP2 Spectra-OL2	\$18.18	\$1.58	\$3.16	\$22.92		\$20.65	\$1.80	\$3.59	\$26.04		\$20.49	\$1.78	\$2.56	\$24.83
100w MH SP2 Spectra-OL2	\$18.04	\$1.58	\$2.20	\$21.82		\$20.50	\$1.80	\$2.50	\$24.79		\$20.33	\$1.78	\$2.48	\$24.59
150w HPS Acorn-OL2	\$14.42	\$2.34	\$1.83	\$18.59		\$16.38	\$2.66	\$2.08	\$21.12		\$16.25	\$2.64	\$2.06	\$20.95
150w HPS ALN 440-OL2	\$21.46	\$2.34	\$2.61	\$26.41		\$24.38	\$2.66	\$2.97	\$30.35		\$23.18	\$2.64	\$2.74	\$28.56
150w HPS Am Rev-OL2	\$8.31	\$2.34	\$1.14	\$11.79		\$9.44	\$2.66	\$1.30	\$13.39		\$7.48	\$2.64	\$2.75	\$12.87
175w MH ALN 440-OL2	\$21.60	\$2.75	\$2.66	\$27.01		\$24.54	\$3.12	\$3.02	\$30.69		\$22.18	\$3.10	\$2.16	\$27.44
175w MH Shoebox-OL2	\$16.62	\$2.75	\$2.15	\$21.52		\$18.88	\$3.12	\$2.44	\$24.45		\$18.73	\$3.10	\$2.42	\$24.25
200w HPS Cobra Head-OL2	\$9.32	\$3.13	\$0.42	\$12.87		\$10.59	\$3.56	\$0.48	\$14.62		\$8.08	\$3.52	\$2.08	\$13.68
250w HPS Cobra Head-OL2	\$11.21	\$3.88	\$1.46	\$16.55		\$12.74	\$4.41	\$1.66	\$18.80		\$9.60	\$4.37	\$2.75	\$16.72
250w HPS Flood-OL2	\$8.49	\$3.88	\$1.34	\$13.71		\$9.65	\$4.41	\$1.52	\$15.58		\$9.40	\$4.37	\$2.00	\$15.77
250w MH Shoebox-OL2	\$17.69	\$3.88	\$2.40	\$23.97		\$20.10	\$4.41	\$2.73	\$27.23		\$19.94	\$4.37	\$2.70	\$27.01
400w HPS Cobra Head-OL2	\$8.43	\$6.26	\$1.34	\$16.03		\$9.58	\$7.11	\$1.52	\$18.21		\$8.96	\$7.05	\$2.29	\$18.30
400w HPS Flood-OL2	\$13.08	\$6.26	\$1.66	\$21.00		\$14.86	\$7.11	\$1.89	\$23.86		\$14.74	\$7.05	\$1.88	\$23.67
400w MH Flood OL2	\$8.81	\$6.26	\$1.39	\$16.46		\$10.01	\$7.11	\$1.58	\$18.70		\$10.00	\$7.05	\$1.83	\$18.88
10' Alum Deco Base-OL2	\$13.50	\$ -	\$ -	\$13.50		\$15.34	\$ -	\$ -	\$15.51		\$15.33	\$ -	\$ -	\$15.33
13' Decorative Concrete-OL2	\$10.36	\$ -	\$ -	\$10.36		\$11.77	\$ -	\$ -	\$11.90		\$11.68	\$ -	\$ -	\$11.68
18' Fiberglass Round-OL2	\$6.86	\$ -	\$ -	\$6.86		\$7.79	\$ -	\$ -	\$7.88		\$8.24	\$ -	\$ -	\$8.24
20' Decorative Concrete-OL2	\$11.75	\$ -	\$ -	\$11.75		\$13.35	\$ -	\$ -	\$13.50		\$13.55	\$ -	\$ -	\$13.55
30' Wood Pole Std-OL2	\$3.95	\$ -	\$ -	\$3.95		\$4.49	\$ -	\$ -	\$4.54		\$4.42	\$ -	\$ -	\$4.42
35' Concrete Square-OL2	\$11.45	\$ -	\$ -	\$11.45		\$13.01	\$ -	\$ -	\$13.16		\$13.07	\$ -	\$ -	\$13.07
40' Wood Pole Std-OL2	\$7.85	\$ -	\$ -	\$7.85		\$8.92	\$ -	\$ -	\$9.02		\$8.85	\$ -	\$ -	\$8.85
30' Wood pole	\$3.53	\$ -	\$ -	\$3.53		\$4.01	\$ -	\$ -	\$4.06		\$3.98	\$ -	\$ -	\$3.98
175w MV Cobra Head-SL1-2	\$0.67	\$2.71	\$1.23	\$4.61		\$0.76	\$3.08	\$1.40	\$5.24		\$1.16	\$3.05	\$1.02	\$5.23
400w MV Cobra Head-SL1-3	\$1.13	\$5.81	\$1.40	\$8.34		\$1.28	\$6.60	\$1.59	\$9.48		\$1.27	\$6.56	\$1.09	\$8.92
175w MV Cobra Head-SL2	\$0.67	\$2.71	\$1.23	\$4.61		\$0.76	\$3.08	\$1.40	\$5.24		\$1.16	\$3.05	\$1.02	\$5.23
	----- PRESENT RATES -----					----- INTERIM RATES -----					----- PROPOSED FINAL RATES -----			
	Facility Charge	Energy Charge	Maint Charge	Total Charge		Facility Charge	Energy Charge	Maint Charge	Total Charge		Facility Charge	Energy Charge	Maint Charge	Total Charge
400w MV Cobra Head-SL2	\$1.13	\$5.81	\$1.40	\$8.34		\$1.28	\$6.60	\$1.59	\$9.48		\$1.27	\$6.56	\$1.09	\$8.92
1000w MH Flood-SL3	\$11.09	\$15.61	\$6.79	\$33.49		\$12.60	\$17.73	\$7.71	\$38.05		\$17.03	\$17.59	\$2.41	\$37.03
100w HPS Amer-SL3	\$5.99	\$1.58	\$3.80	\$11.37		\$6.81	\$1.80	\$4.32	\$12.92		\$7.98	\$1.78	\$2.71	\$12.47
100w HPS Cobra Head-SL3	\$4.37	\$1.58	\$2.78	\$8.73		\$4.96	\$1.80	\$3.16	\$9.92		\$5.99	\$1.78	\$1.74	\$9.51
150w HPS Acorn-SL3	\$10.47	\$2.34	\$6.15	\$18.96		\$11.89	\$2.66	\$6.99	\$21.54		\$16.25	\$2.64	\$2.06	\$20.95
150w HPS Amer Rev-SL3	\$5.85	\$2.34	\$4.28	\$12.47		\$6.65	\$2.66	\$4.86	\$14.17		\$7.48	\$2.64	\$2.75	\$12.87
175w MH ALN 440-SL3	\$22.36	\$2.75	\$1.71	\$26.82		\$25.40	\$3.12	\$1.94	\$30.47		\$22.18	\$3.10	\$2.16	\$27.44
200w HPS Cobra Head-SL3	\$5.61	\$3.13	\$2.88	\$11.62		\$6.37	\$3.56	\$3.27	\$13.20		\$8.08	\$3.52	\$2.08	\$13.68
250w HPS Cobra Head-SL3	\$5.38	\$3.88	\$3.94	\$13.20		\$6.11	\$4.41	\$4.48	\$15.00		\$9.60	\$4.37	\$2.75	\$16.72
250w HPS Flood-SL3	\$9.22	\$3.88	\$5.38	\$18.48		\$10.47	\$4.41	\$6.11	\$21.00		\$9.40	\$4.37	\$2.00	\$15.77
400w HPS Cobra Head-SL3	\$6.28	\$6.26	\$4.41	\$16.95		\$7.13	\$7.11	\$5.01	\$19.26		\$8.96	\$7.05	\$2.29	\$18.30
400w MH Flood-SL3	\$9.63	\$6.26	\$11.58	\$27.47		\$10.94	\$7.11	\$13.16	\$31.21		\$10.00	\$7.05	\$1.83	\$18.88
10' Alum Deco Base-SL3	\$14.92	\$ -	\$ -	\$14.92		\$16.95	\$ -	\$ -	\$16.95		\$15.33	\$ -	\$ -	\$15.33
13' Deco Concrete-SL3	\$10.35	\$ -	\$ -	\$10.35		\$11.76	\$ -	\$ -	\$11.76		\$11.68	\$ -	\$ -	\$11.68
18' Fiberglass Round-SL3	\$7.64	\$ -	\$ -	\$7.64		\$8.68	\$ -	\$ -	\$8.68		\$8.24	\$ -	\$ -	\$8.24
20' Decorative Concrete-SL3	\$11.45	\$ -	\$ -	\$11.45		\$13.01	\$ -	\$ -	\$13.01		\$13.55	\$ -	\$ -	\$13.55
30' Wood Pole Std-SL3	\$3.67	\$ -	\$ -	\$3.67		\$4.17	\$ -	\$ -	\$4.17		\$4.42	\$ -	\$ -	\$4.42
35' Concrete Square-SL3	\$12.81	\$ -	\$ -	\$12.81		\$14.55	\$ -	\$ -	\$14.55		\$13.07	\$ -	\$ -	\$13.07

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA PUBLIC UTILITIES
 Consolidated Electric Division
 DOCKET NO.: 140025-EI

Type of Data Shown:
 Projected Test Year 09/30/201

Rate			Increase	
	Present Rates	Proposed Rates	Base	
	(1)	(2)	(3)	(4)
	Base Revenue	Base Revenue	(2) - (1)	(3) / (1)
Total Company	16,816,314	20,566,329	3,750,014	22.3%
Residential Service	9,391,544	11,223,718	1,832,174	19.5%
General Service	1,954,685	2,454,998	500,314	25.6%
General Demand	2,497,202	3,290,142	792,940	31.8%
General Demand Large	954,222	1,251,486	297,264	31.2%
General Large Demand	399,528	541,289	141,761	35.5%
Total Outdoor Lighting	1,034,975	1,155,266	120,291	11.6%
OL	364,253	308,093	(56,160)	0.0%
OL-2	670,722	847,174	176,452	26.3%
Total Street Lighting	364,252	398,558	34,307	9.4%
SL-2	65,861	27,050	(38,811)	0.0%
SL-3	298,391	371,509	73,118	24.5%
Service Charges	219,908	250,870	30,962	14.1%

REVENUES BY RATE SCHEDULE - SERVICE CHARGES (ACCOUNT 451)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a schedule of revenues from all service charges (initial connection, etc.) under present and proposed rates.

Type of Data Shown:

Projected Test Year 09/30/2015

COMPANY:FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 140025-EI

Type of Service Charge*	Division	Number of Transactions	Present Charge	Proposed Charge	Revenues at Present Charges	Revenues at Proposed Charges	Increase	
							Dollars	Percent
1	All	186	53.00	61.00	9,860	11,348	1,488	15.09%
2	All	5,116	23.00	26.00	117,672	133,021	15,349	13.04%
3	All	97	33.00	65.00	3,201	6,305	3,104	96.97%
4	All	1,096	44.00	52.00	48,208	56,973	8,765	18.18%
5	All	1	95.00	178.00	95	178	83	87.37%
6	All	0	51.00	85.00	-	-	-	0.00%
7	All	1,087	14.00	16.00	15,215	17,389	2,174	14.29%
8	All	759	Per Statute	Per Statute	25,657	25,657	-	0.00%
TOTAL		8,342			219,908	250,870	30,962	14.08%
*1	Initial Establishment of Service							
2	Re-establish Service or Make Changes to Existing Account							
3	Temporary Disconnect Then Reconnect Service Due To Customer Request							
4	Reconnect After Disconnect for Rule Violation(normal hours)							
5	Reconnect After Disconnect for Rule Violation(after hours)							
6	Temporary Service - this charge is used in conjunction with the temporary service fee when running a temporary service							
7	Collection Charge							
8	Returned Check Charge							

BASE REVENUE BY RATE SCHEDULE - CALCULATIONS
NON-LIGHTING CUSTOMERS

FLORIDA PUBLIC SERVICE COMMISSION

Type of Data Shown:
Projected Test Year 09/30/2015

COMPANY: FLORIDA PUBLIC UTILITIES
Consolidated Electric Division
DOCKET NO.: 140025-EI

Determinants						Proposed Revenue Calculation							
Type of Charge	Customers	kWh	kW	kVar	CP kW	\$/Cust-Mo	\$/kWh	\$/kW	\$/kVar	Purchase Power	Conservation Charge	Production Demand	Base Revenue
Residential													
<1000 KWH	23,840	303,981,978	-	-		14.00	0.01960			0.09358	0.00100		7,986,760
>1000 KWH		203,142,064				-	0.03210			0.10608	0.00100		3,236,958
Consolidated		100,839,814											11,223,718
General Service													
Consolidated	3,743	59,318,375	-	-		23.00	0.02397			0.09004	0.00100		2,454,998
General Service Demand *													
Consolidated	669	159,778,670	548,137	-		68.00	0.00452	3.70		0.08807	0.00100		3,290,142
General Service Large Demand **													
Consolidated	22	87,261,970	200,323	-		130.00	0.00209	5.30		0.08729	0.00100		1,251,486
General Service Large Demand 1 / Standby													
GSLD1	1	17,330,256	202,000	44,913	68,578	805.00	-	1.50	0.36	0.05655	0.00100	14.75	328,829
Standby	1	6,409,820	312,000	-	-	805.00	-	0.65		0.05655	0.00100	14.75	212,460
													541,289
Total	28,277	634,081,070	1,262,460	44,913	68,578								18,761,634
GSD Primary Discount													
		3,420,075	10,877				(0.000045)	(0.55)					(6136.25)
GSLD Primary Discount													
		23,819,100	48,042				(0.000021)	(0.55)					(26923.30)

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

Type of Data Shown:

Projected Test Year 09/30/2015

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 140025-EI

Proposed Rates - Outdoor Lighting

Type of Facility	Annual Billing Items	Est. Monthly KWH	Annual KWH	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	\$ Total Revenue
100w HPS Cobra Head-OL	29,679	41	492	\$5.99	\$1.78	\$1.74	\$9.51	\$282,247
175w MV Cobra Head -OL	4,471	72	864	\$1.16	\$3.05	\$1.02	\$5.23	\$23,383
400w MV Cobra Head-OL	276	154	1,848	\$1.27	\$6.56	\$1.09	\$8.92	\$2,462
1000w HPS Flood -OL2	106	405	4,860	\$18.46	\$17.59	\$2.48	\$38.53	\$4,084
1000w MH Flood - OL2	2,371	405	4,860	\$17.03	\$17.59	\$2.41	\$37.03	\$87,798
1000w MH Vert Shoebox - OL2	133	405	4,860	\$21.02	\$17.59	\$2.74	\$41.35	\$5,500
100w HPS Amer Rev-OL2	1,420	41	492	\$7.98	\$1.78	\$2.71	\$12.47	\$17,707
100w HPS Cobra Head-OL2	4,677	41	492	\$5.99	\$1.78	\$1.74	\$9.51	\$44,478
100w HPS SP2 Spectra -OL2	133	41	492	\$20.49	\$1.78	\$2.56	\$24.83	\$3,302
100w MH SP2 Spectra -OL2	276	41	492	\$20.33	\$1.78	\$2.48	\$24.59	\$6,787
150w HPS Acorn-OL2	775	61	732	\$16.25	\$2.64	\$2.06	\$20.95	\$16,236
150w HPS ALN 440 -OL2	1,344	61	732	\$23.18	\$2.64	\$2.74	\$28.56	\$38,385
150w HPS Am Rev-OL2	828	61	732	\$7.48	\$2.64	\$2.75	\$12.87	\$10,656
175w MH ALN 440 -OL2	36	71	852	\$22.18	\$3.10	\$2.16	\$27.44	\$988
175w MH Shoebox -OL2	4,356	71	852	\$18.73	\$3.10	\$2.42	\$24.25	\$105,633
200w HPS Cobra Head -OL2	3,203	81	972	\$8.08	\$3.52	\$2.08	\$13.68	\$43,817
250w HPS Cobra Head -OL2	1,780	101	1,212	\$9.60	\$4.37	\$2.75	\$16.72	\$29,762
250w HPS Flood -OL2	3,896	101	1,212	\$9.40	\$4.37	\$2.00	\$15.77	\$61,440
250w MH Shoebox-OL2	252	101	1,212	\$19.94	\$4.37	\$2.70	\$27.01	\$6,807
400w HPS Cobra Head -OL2	1,625	162	1,944	\$8.96	\$7.05	\$2.29	\$18.30	\$29,738
400w HPS Flood - OL2	131	162	1,944	\$14.74	\$7.05	\$1.88	\$23.67	\$3,101
400w MH Flood OL2	5,569	162	1,944	\$10.00	\$7.05	\$1.83	\$18.88	\$105,143
10' Alum Deco Base-OL2	1,728			\$15.33			\$15.33	\$26,490
13' Decorative Concrete-OL2	138			\$11.68			\$11.68	\$1,612
18' Fiberglass Round-OL2	2,108			\$8.24			\$8.24	\$17,370
20' Decorative Concrete-OL2	5,248			\$13.55			\$13.55	\$71,110
30' Wood Pole Std-OL2	16,925			\$4.42			\$4.42	\$74,809
35' Concrete Square-OL2	2,092			\$13.07			\$13.07	\$27,342
40' Wood Pole Std - OL2	48			\$8.85			\$8.85	\$425
30' Wood pole	1,672			\$3.98			\$3.98	\$6,655
Total Base Revenue Calculated								\$1,155,266

REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION

FLORIDA PUBLIC SERVICE COMMISSION

Type of Data Shown:
Projected Test Year 09/30/2015

COMPANY: FLORIDA PUBLIC UTILITIES

Consolidated Electric Division

DOCKET NO.: 140025-EI

Proposed Rates - Street Lighting

Type of Facility	Annual Billing Items	Est. Monthly KWH	Annual KWH	Facility Charge	Energy Charge	Maint. Charge	Total Monthly Charge	\$ Total Revenue
175w MV Cobra Head - SL1-2	5,172	72	864	\$1.16	\$3.05	\$1.02	\$5.23	\$27,050
400w MV Cobra Head - SL1-3	48	154	1,848	\$1.27	\$6.56	\$1.09	\$8.92	\$428
175w MV Cobra Head -SL2	0	72	864	\$1.16	\$3.05	\$1.02	\$5.23	\$0
400w MV Cobra Head -SL2	0	154	1,848	\$1.27	\$6.56	\$1.09	\$8.92	\$0
1000w MH Flood -SL3	54	405	4,860	\$17.03	\$17.59	\$2.41	\$37.03	\$2,000
100w HPS Amer -SL3	1,242	41	492	\$7.98	\$1.78	\$2.71	\$12.47	\$15,488
100w HPS Cobra Head- SL3	16,775	41	492	\$5.99	\$1.78	\$1.74	\$9.51	\$159,530
150w HPS Acorn -SL3	0	61	732	\$16.25	\$2.64	\$2.06	\$20.95	\$0
150w HPS Amer Rev -SL3	1,726	61	732	\$7.48	\$2.64	\$2.75	\$12.87	\$22,214
175w MH ALN 440 -SL3	132	71	852	\$22.18	\$3.10	\$2.16	\$27.44	\$3,622
200w HPS Cobra Head -SL3	4,228	81	972	\$8.08	\$3.52	\$2.08	\$13.68	\$57,839
250w HPS Cobra Head -SL3	2,375	101	1,212	\$9.60	\$4.37	\$2.75	\$16.72	\$39,710
250w HPS Flood - SL3	759	101	1,212	\$9.40	\$4.37	\$2.00	\$15.77	\$11,969
400w HPS Cobra Head -SL3	458	162	1,944	\$8.96	\$7.05	\$2.29	\$18.30	\$8,381
400w MH Flood -SL3	455	162	1,944	\$10.00	\$7.05	\$1.83	\$18.88	\$8,590
10' Alum Deco Base-SL3	133			\$15.33			\$15.33	\$2,039
13' Deco Concrete - SL3	0			\$11.68			\$11.68	\$0
18' Fiberglass Round-SL3	2,858			\$8.24			\$8.24	\$23,550
20' Decorative Concrete-SL3	415			\$13.55			\$13.55	\$5,623
30' Wood Pole Std - SL3	1,639			\$4.42			\$4.42	\$7,244
35' Concrete Square-SL3	251			\$13.07			\$13.07	\$3,281
Total Base Revenue Calculated								\$398,558

Correction Factor

Total Base Revenue

Supporting Schedules:

EXHIBIT C

Tariff Sheets (Clean/Legislative)

FPUC Electric Tariff
Third Revised Volume No. 1

Sheet No. 34
Sheet No. 38
Sheet No. 40
Sheet No. 43
Sheet No. 45
Sheet No. 47
Sheet No. 49
Sheet No. 50
Sheet No. 52
Sheet No. 56
Sheet No. 57
Sheet No. 59
Sheet No. 61

RULES AND REGULATIONS (Continued)

16. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing Customers.

17. Temporary Service

The Company upon request will supply temporary service when company's distribution system is nearby the requested location.

When the temporary service is to be later replaced with a permanent service, the Company will install a service drop, meter and other facilities as may be necessary to the customer's temporary service pole and remove same at the termination of temporary service. To recover the cost of installing and removing such temporary service, an advance of \$230.00 per service to the applicant will be applied. For underground temporary service using customer provided wire, an advance of \$200.00 per service will be required. Should the Company be required to install an additional pole, additional charges will apply. A pole with an overhead service will be an additional \$395.00, and a pole with an underground service will be an additional \$560.00.

When the temporary service will not be replaced by a permanent service or when the location is such that multiple temporary poles and/or extensive facilities are required, the Company will estimate the cost of installing and removing the temporary facilities and the advance charge to the applicant will be that cost estimate.

The rate schedule for temporary service shall be that which is applicable to the class of service for that customer.

18. Fees for Initial Connections

In addition to the deposit or suitable guarantee to cover the payment of bills as required by the Rules and Regulations, each Applicant or Customer shall pay an initial turn-on connection fee of \$61.00.

19. Re-establish or Make Change to Account

There shall be a charge to re-establish or change any account to which service is currently rendered under any of the Company's rate schedules in the amount of \$26.00. Should it be necessary, at the customer's request, to disconnect and then reconnect the service to the account, the customer shall pay a temporary disconnect then reconnect fee in the amount of \$65.00.

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RULES AND REGULATIONS (Continued)

RULES AND REGULATIONS (Continued)

16. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing Customers.

17. Temporary Service

The Company upon request will supply temporary service when company's distribution system is nearby the requested location.

When the temporary service is to be later replaced with a permanent service, the Company will install a service drop, meter and other facilities as may be necessary to the customer's temporary service pole and remove same at the termination of temporary service. To recover the cost of installing and removing such temporary service, an advance of ~~\$230.00~~ 200.00 per service to the applicant will be applied. For underground temporary service using customer provided wire, an advance of ~~\$200.00~~ 170.00 per service will be required. ~~Should the company be required to install an additional pole, an additional \$200.00 will be added to the advance per service. Should the Company be required to install an additional pole, additional charges will apply. A pole with overhead service will be an additional \$395.00, and a pole with an underground service will be an additional \$560.00.~~

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When the temporary service will not be replaced by a permanent service or when the location is such that multiple temporary poles and/or extensive facilities are required, the Company will estimate the cost of installing and removing the temporary facilities and the advance charge to the applicant will be that cost estimate.

The rate schedule for temporary service shall be that which is applicable to the class of service for that customer.

18. Fees for Initial Connections

In addition to the deposit or suitable guarantee to cover the payment of bills as required by the Rules and Regulations, each Applicant or Customer shall pay an initial turn-on connection fee of ~~\$61.00~~ 53.00.

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19. Re-establish or Make Change to Account

There shall be a charge to re-establish or change any account to which service is currently rendered under any of the Company' rate schedules in the amount of ~~\$26.00~~ 23.00. Should it be necessary, at the customer's request, to disconnect and then reconnect the service to the account, the customer shall pay a temporary disconnect then reconnect fee in the amount of ~~\$65.00~~ 33.00.

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RULES AND REGULATIONS (Continued)

22. Service Charges

A. Initial establishment of service	\$ 61.00
B. Re-establish or Change Account	\$ 26.00
C. Temporary disconnect then reconnect Service	\$ 65.00
D. Re-connect service after being disconnected for rule violation	
Normal Business Hours	\$ 52.00
After Normal Business Hours	\$178.00
E. Connect and then disconnect temporary Service	\$ 85.00
F. Collection Charge	\$ 16.00

Florida Public Utilities Company
F.P.S.C. Electric Tariff
Third Second Revised Volume No. 1

Original Sheet No. 38
Second Revised Sheet No. 22.4
Cancels First Revised Sheet No. 22.4

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RULES AND REGULATIONS (Continued)

RULES AND REGULATIONS (Continued)

22. Service Charges

A. Initial establishment of service \$61.00 ~~53.00~~

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B. Re-establish Or Change Account \$26.00 ~~23.00~~

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C. Temporary disconnect then reconnect Service \$65.00 ~~33.00~~

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D. Re-connect service after being disconnected for rule violation

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Normal Business Hours \$52.00 ~~44.00~~

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After Normal Business Hours \$178.00 ~~95.00~~

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E. Connect and then disconnect temporary Service \$85.00 ~~51.00~~

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F. Collection Charge \$16.00 ~~14.00~~

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Issued by: Jeffrey M. Householder, John T. English, President

Effective: May 22, 2008

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RATE SCHEDULE RS
RESIDENTIAL SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service

Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service

The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate

Customer Facilities Charge:

\$14.00 per customer per month

Base Energy Charge:

1.960 ¢/KWH for usage up to 1000 KWH's/month

3.210 ¢/KWH for usage above 1000 KWH's/month

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

(Continued on Sheet No. 41)

*RATE SCHEDULE RS
RESIDENTIAL SERVICE*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable for service to a single family dwelling unit occupied by one family or household and for energy used in commonly-owned facilities in condominium and cooperative apartment buildings.

Character of Service

Single-phase service at nominal secondary voltage of 115/230 volts; three-phase service if available.

Limitations of Service

The maximum size of any individual single-phase motor hereunder shall not exceed five (5) horsepower.

The Company shall not be required to construct any additional facilities for the purpose of supplying three-phase service unless the revenue to be derived therefrom shall be sufficient to yield the Company a fair return on the value of such additional facilities.

Monthly Rate

Customer Facilities Charge:

~~\$14.00~~ ~~16.00~~ per customer per month

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Base Energy Charge:

~~1.960~~ ~~2.170~~¢/KWH for usage up to 1000 KWH's/month

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~~3.210~~ ~~3.420~~¢/KWH for usage above 1000 KWH's/month

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

(Continued on Sheet No. 41)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE GS
GENERAL SERVICE – NON DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties
And on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial lighting, heating, cooking and small power loads
aggregating 25 KW or less.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point.

Monthly Rate

Customer Facilities Charge:
\$23.00 per customer per month

Base Energy Charge:
All KWH 2.397 ¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year
in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 44)

RATE SCHEDULE GS
GENERAL SERVICE – NON DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties
And on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial lighting, heating, cooking and small power loads
aggregating 25 KW or less. ~~Sports or athletic fields operated by non-profit organizations and having
less than 300 KW of connected load.~~

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point.

Monthly Rate

Customer Facilities Charge:

~~\$23.00~~ 24.00 per customer per month

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Base Energy Charge:

All KWH ~~2.397~~ 2.582¢/KWH

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year
in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 44)

Issued by: Jeffry M. Householder, President

Effective:

*RATE SCHEDULE GSD
GENERAL SERVICE – DEMAND*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 25 KW but less than 500 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

\$68.00 per customer per month

Demand Charge:

Each KW of Billing Demand \$ 3.70/KW

Base Energy Charge

All KWH 0.452¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 46)

RATE SCHEDULE GSD
GENERAL SERVICE – DEMAND

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 25 KW but less than 500 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 25 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

~~\$68.00~~ 65.00 per customer per month

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Demand Charge:

Each KW of Billing Demand \$ ~~3.70~~ 4.20/KW

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Base Energy Charge

All KWH ~~0.452~~ 0.571¢/KWH

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 46)

Issued by: Jeffry M. Householder, President

Effective:

*RATE SCHEDULE GSLD
GENERAL SERVICE-LARGE DEMAND*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

\$130.00 per customer per month

Demand Charge:

Each KW of Billing Demand \$ 5.30/KW

Base Energy Charge

All KWH 0.209¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No.65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

(Continued on Sheet No. 48)

*RATE SCHEDULE GSLD
GENERAL SERVICE-LARGE DEMAND*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

~~\$130.00~~ ~~+50.00~~ per customer per month

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Demand Charge:

Each KW of Billing Demand \$ ~~5.30~~ ~~6.00~~/KW

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Base Energy Charge

All KWH ~~0.209~~ ~~0.218~~/KWH

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No.65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

(Continued on Sheet No. 48)

Issued by: Jeffry M. Householder, President

Effective:

*RATE SCHEDULE GSLDT - EXP
GENERAL SERVICE – LARGE DEMAND
TIME OF USE (EXPERIMENTAL)*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 3 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

\$130.00 per customer per month

Demand Charge:

Each KW of Maximum Billing Demand \$5.30/KW

Base Energy Charge:

All KWH 0.209¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchase power costs included in the tariff see sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 50)

*RATE SCHEDULE GSLDT - EXP
GENERAL SERVICE - LARGE DEMAND
TIME OF USE (EXPERIMENTAL)*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 3 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:

~~\$130.00~~ ~~100.00~~ per customer per month

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Demand Charge:

Each KW of Maximum Billing Demand ~~\$5.30~~ ~~4.00~~/KW

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Base Energy Charge:

All KWH ~~0.209~~ ~~0.145~~/KWH

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchase power costs included in the tariff see sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet Nos. 65 & 66.

(Continued on Sheet No. 50)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service

Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Base Rates

Customer Facilities Charge:	\$805.00
Base Transmission Demand Charge:	\$1.50/KW of Maximum/NCP Billing Demand
Excess Reactive Demand Charge:	\$0.36/kVar of Excess Reactive Demand

Purchased Power Charges (See Sheet 52 for descriptions)

The Purchased Power Charges recover Energy and Demand Charges billed to FPUC by FPUC's Wholesale Energy Provider and Wholesale Cogeneration Provider including applicable line losses and taxes. Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For correct purchased power charges included in the tariff, see Sheet No. 70 & 71.

Minimum Bill

The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge plus any Purchased Power Charges attributed to Transmission Demand Fuel Charge.

Terms of Payment

Bills are rendered net and due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet Nos. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 51)

RATE SCHEDULE GSLD 1
GENERAL SERVICE - LARGE DEMAND 1

Availability

Available within the territory served by the Company in Jackson, Calhoun, and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to commercial and industrial services of customers contracting for at least 5,000 kilowatts of electric service.

Character of Service

Three-phase, 60 hertz, electric service delivered and metered at a single point at the available transmission voltage, nominally 69,000 volts or higher.

Monthly Base Rates

Customer Facilities Charge: ~~\$805.00~~ 900.00

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Base Transmission Demand

Charge: ~~\$1.50~~ 1.68/KW of Maximum/NCP Billing Demand

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Excess Reactive Demand

Charge: \$0.36/kVar of Excess Reactive Demand

Purchased Power Charges (See Sheet 52 for descriptions)

The Purchased Power Charges recover Energy and Demand Charges billed to FPUC by FPUC's Wholesale Energy Provider and Wholesale Cogeneration Provider including applicable line losses and taxes. Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For correct purchased power charges included in the tariff, see Sheet No. 70 & 71.

Minimum Bill

The minimum monthly bill is the sum of the Transmission Demand Charge and the Customer Charge plus any Purchased Power Charges attributed to Transmission Demand Fuel Charge.

Terms of Payment

Bills are rendered net and due and payable within twenty (20) days from date of bill.

Conservation Costs

See Sheet Nos. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 51)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE SB
STANDBY SERVICE

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate

Customer Facilities Charge:

- (a) For those customers who have contracted for standby service capacity of less than 500 KW- \$100.00.
- (b) For those customers who have contracted for standby service of 500 KW or greater- \$805.00.

Local Facilities Charge:

- (a) For those customers who have contracted for standby service capacity of less than 500 KW- \$2.60 /KW.
- (b) For those customers who have contracted for standby service of 500 KW or greater - \$0.65 /KW.

Purchased Power Charges

Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.

The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	\$8.84/KW
Energy Charge - All	4.441¢

(Continued on Sheet No. 53)

*RATE SCHEDULE SB
STANDBY SERVICE*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable only to customers which are self-generators with capabilities of serving the customer's full electronic power requirements and that require backup and/or maintenance service on a firm basis. This rate schedule is not applicable to self-generating customers for supplemental service.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. The contract demand shall not exceed the KW capacity of customer's generator.

Monthly Rate

Customer Facilities Charge:

- (a) For those customers who have contracted for standby service capacity of less than 500 KW- ~~\$100.00. —the GSD customer facilities charge plus \$40.00.~~
- (b) For those customers who have contracted for standby service of 500 KW or greater-~~\$805.00. —the GSLD customer facilities charge plus \$40.00.~~

Local Facilities Charge:

- (a) For those customers who have contracted for standby service capacity of less than 500 KW- ~~\$2.60 2.00/KW.~~
- (b) For those customers who have contracted for standby service of 500 KW or greater - ~~\$0.65 0.80/KW.~~

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Purchased Power Charges

Demand and energy used by the customer in any month shall be charged at the then currently effective rates of the Company's wholesale supplier adjusted for estimated line losses and applicable taxes. Such charges will consist of Coincident Peak (CP) Demand charge and an energy charge. The CP Demand shall be the customer's measured KW coincident in time with that of the Company's maximum monthly demand at the substation serving the system to which the customer is connected. The energy charge shall be applied to the measured KWH during the billing period and shall be based on the actual energy charge (including fuel charges) of the Company's wholesale supplier during the billing period.

The currently effective rates of the Company's wholesale supplier would result in the following demand and energy charges for purchased power after adjustment for estimated line losses and applicable taxes. These are shown for illustrative purposes only. Actual purchased power rates in effect at the time of use shall be used for determining the monthly unit charges.

CP Demand Charge - Each KW of CP Demand	\$8.84/KW
Energy Charge - All	4.441¢

(Continued on Sheet No. 53)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE LS
LIGHTING SERVICE

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to any customer for non-metered outdoor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by high-pressure sodium vapor or metal halide lamps mounted on company poles as described herein. Company-owned facilities will be installed only on Company-owned poles.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

<u>Type Facility</u>	<u>Lamp Lumens</u>	<u>Size Watts</u>	<u>KWH/Mo. Estimate</u>	<u>Facilities Charge</u>	<u>Maintenance* Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
<u>High Pressure Sodium Lights</u>							
Acorn	16,000	150	61	\$16.25	\$2.06	\$2.64	\$20.95
ALN 440	16,000	150	61	\$23.18	\$2.74	\$2.64	\$28.56
Amer. Rev.	9,500	100	41	\$7.98	\$2.71	\$1.78	\$12.47
Amer. Rev.	16,000	150	61	\$7.48	\$2.75	\$2.64	\$12.87
Cobra Head	9,500	100	41	\$5.99	\$1.74	\$1.78	\$9.51
Cobra Head	22,000	200	81	\$8.08	\$2.08	\$3.52	\$13.68
Cobra Head	28,500	250	101	\$9.60	\$2.75	\$4.37	\$16.72
Cobra Head	50,000	400	162	\$8.96	\$2.29	\$7.05	\$18.30
Flood	28,500	250	101	\$9.40	\$2.00	\$4.37	\$15.77
Flood	50,000	400	162	\$14.74	\$1.88	\$7.05	\$23.67
Flood	130,000	1,000	405	\$18.46	\$2.48	\$17.59	\$38.53
SP2 Spectra	9,500	100	41	\$20.49	\$2.56	\$1.78	\$24.83
<u>Metal Halide Lights</u>							
ALN 440	16,000	175	71	\$22.18	\$2.16	\$3.10	\$27.44
Flood	50,000	400	162	\$10.00	\$1.83	\$7.05	\$18.88
Flood	130,000	1,000	405	\$17.03	\$2.41	\$17.59	\$37.03
Shoebox	16,000	175	71	\$18.73	\$2.42	\$3.10	\$24.25
Shoebox	28,500	250	101	\$19.94	\$2.70	\$4.37	\$27.01
SP2 Spectra	9,500	100	41	\$20.33	\$2.48	\$1.78	\$24.59
Vertical Shoebox	130,000	1,000	405	\$21.02	\$2.74	\$17.59	\$41.35

(Continued on Sheet No. 57)

*RATE SCHEDULE LS
LIGHTING SERVICE*

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to any customer for non-metered outdoor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by high-pressure sodium vapor or metal halide lamps mounted on company poles as described herein. Company-owned facilities will be installed only on Company-owned poles.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

Type Facility	Lamp Lumens	Size Watts	KWH/Mo. Estimate	Facilities Charge	Maintenance* Charge	Energy Charge	Total Charge	
<u>High Pressure Sodium Lights</u>								
Acorn	16,000	150	61	\$16.25 16.72	\$2.06 2.12	\$2.64 2.71	\$20.95 21.55	Formatted ... [1]
ALN 440	16,000	150	61	\$23.18 24.88	\$2.74 3.03	\$2.64 2.71	\$28.56 30.62	Formatted ... [2]
Amer. Rev.	9,500	100	41	\$7.98 8.23	\$2.71 2.78	\$1.78 1.83	\$12.47 12.84	Formatted ... [3]
Amer. Rev.	16,000	150	61	\$7.48 7.70	\$2.75 3.79	\$2.64 2.71	\$12.87 14.20	Formatted ... [4]
Cobra Head	9,500	100	41	\$5.99 6.34	\$1.74 1.88	\$1.78 1.83	\$9.51 10.05	Formatted ... [5]
Cobra Head	22,000	200	81	\$8.08 8.31	\$2.08 2.14	\$3.52 3.63	\$13.68 14.08	Formatted ... [6]
Cobra Head	28,500	250	101	\$9.60 9.07	\$2.75 3.36	\$4.37 4.50	\$16.72 16.93	Formatted ... [7]
Cobra Head	50,000	400	162	\$8.96 9.21	\$2.29 2.35	\$7.05 7.26	\$18.30 18.82	Formatted ... [8]
Flood	28,500	250	101	\$9.40 9.98	\$2.00 2.05	\$4.37 4.50	\$15.77 16.53	Formatted ... [9]
Flood	50,000	400	162	\$14.74 15.16	\$1.88 1.92	\$7.05 7.26	\$23.67 24.34	Formatted ... [10]
Flood	130,000	1,000	405	\$18.46 18.99	\$2.48 2.54	\$17.59 18.09	\$38.53 39.62	Formatted ... [11]
SP2 Spectra	9,500	100	41	\$20.49 21.07	\$2.56 3.66	\$1.78 1.83	\$24.83 26.56	Formatted ... [12]
<u>Metal Halide Lights</u>								
ALN 440	16,000	175	71	\$22.18 25.73	\$2.16 2.22	\$3.10 3.19	\$27.44 31.14	Formatted ... [13]
Flood	50,000	400	162	\$10.00 10.29	\$1.83 1.88	\$7.05 7.26	\$18.88 19.43	Formatted ... [14]
Flood	130,000	1,000	405	\$17.03 17.51	\$2.41 2.48	\$17.59 18.09	\$37.03 38.08	Formatted ... [15]
Shoebox	16,000	175	71	\$18.73 19.27	\$2.42 2.49	\$3.10 3.19	\$24.25 24.95	Formatted ... [16]
Shoebox	28,500	250	101	\$19.94 20.51	\$2.70 2.78	\$4.37 4.50	\$27.01 27.79	Formatted ... [17]
SP2 Spectra	9,500	100	41	\$20.33 20.91	\$2.48 2.55	\$1.78 1.83	\$24.59 25.29	Formatted ... [18]
Vertical Shoebox	130,000	1,000	405	\$21.02 24.70	\$2.74 3.12	\$17.59 18.09	\$41.35 45.91	Formatted ... [19]

(Continued on Sheet No. 57)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE LS
LIGHTING SERVICE

(Continued from Sheet No. 56)

Charges for other Company-owned facilities:

1)	30' Wood Pole	\$ 3.98
2)	40' Wood Pole Std	\$ 8.85
3)	18' Fiberglass Round	\$ 8.24
4)	13' Decorative Concrete	\$ 11.68
5)	20' Decorative Concrete	\$ 13.55
6)	35' Concrete Square	\$ 13.07
7)	10' Deco Base Aluminum	\$ 15.33
8)	30' Wood Pole Std	\$ 4.42

For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

Conservation Costs

See Sheet No. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 58)

RATE SCHEDULE LS
LIGHTING SERVICE

(Continued from Sheet No. 56)

Charges for other Company-owned facilities:

1)	30' Wood Pole	\$ ~~3.98~~ 4.00
2)	40' Wood Pole Std	\$ ~~8.85~~ 9.10
3)	18' Fiberglass Round	\$ ~~8.24~~ 8.48
4)	13' Decorative Concrete	\$ ~~11.68~~ 12.04
5)	20' Decorative Concrete	\$ ~~13.55~~ 13.59
6)	35' Concrete Square	\$ ~~13.07~~ 13.44
7)	10' Deco Base Aluminum	\$ ~~15.33~~ 15.77
8)	30' Wood Pole Std	\$ ~~4.42~~ 4.55

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For the poles shown above that are served from an underground system, the Company will provide up to one hundred (100) feet of conductor to service each fixture. The customer will provide and install the necessary conduit system to Company specifications.

Purchased Power Charges

Purchased power charges are adjusted annually by the Florida Public Service Commission. For current purchased power costs included in the tariff, see Sheet No. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 65 & 66.

Conservation Costs

See Sheet No. 65 & 66.

Franchise Fee Adjustment

Customers taking service within franchise areas shall pay a franchise fee adjustment in the form of a percentage to be added to their bills prior to the application of any appropriate taxes. This percentage shall reflect the customer's pro rata share of the amount the Company is required to pay under the franchise agreement with the specific governmental body in which the customer is located.

(Continued on Sheet No. 58)

Issued by: Jeffrey M. Householder, President

Effective:

*RATE SCHEDULE OSL
MERCURY VAPOR LIGHTING SERVICE
(Closed To New Installations)*

(Continued from Sheet No. 58)

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to customer for mercury vapor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 initial level of lumens mounted on wood poles, as described herein.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

<u>Lamp Size</u> <u>Lumens</u>	<u>KWH/Mo.</u> <u>Estimate</u>	<u>Facilities</u> <u>Charge</u>	<u>Maintenance*</u> <u>Charge</u>	<u>Energy</u> <u>Charge</u>	<u>Total</u> <u>Charge</u>
7,000	72	\$1.16	\$1.02	\$3.05	\$5.23
20,000	154	\$1.27	\$1.09	\$6.56	\$8.92

For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead-wood pole system.

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 60)

*RATE SCHEDULE OSL
MERCURY VAPOR LIGHTING SERVICE
(Closed To New Installations)*

(Continued from Sheet No. 58)

Availability

Available within the territory served by the Company in Calhoun, Jackson and Liberty Counties and on Amelia Island in Nassau County.

Applicability

Applicable to customer for mercury vapor lighting service.

Character of Service

Lighting service from dusk to dawn as described herein.

Limitations of Service

Service is limited to lighting by mercury vapor lamps of 7,000 or 20,000 initial level of lumens mounted on wood poles, as described herein.

Monthly Rate

When lighting fixtures are mounted on existing poles and served directly from existing overhead secondary distribution lines:

<u>Lamp Size Lumens</u>	<u>KWH/Mo. Estimate</u>	<u>Facilities Charge</u>	<u>Maintenance* Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
7,000	72	\$1.16 4-19	\$1.02 4-04	\$3.05 3-15	\$5.23 5-38
20,000	154	\$1.27 4-34	\$1.09 4-12	\$6.56 6-74	\$8.92 9-17

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For concrete or fiberglass poles and/or underground conductors, etcetera, the customer shall pay a lump sum amount equal to the estimated differential cost between the special system and the equivalent overhead wood pole system.

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The above rates times the number of lamps connected.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Sheet No. 60)

Issued by: Jeffry M. Householder, President

Effective:

*RATE SCHEDULE IS-EXP
INTERRUPTIBLE (EXPERIMENTAL)*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 4 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:

\$130.00 per customer per month

Demand Charge:

Each KW of Billing Demand \$ 5.30/KW

Base Energy Charge:

All KWH 0.209¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Issued by: Jeffry M. Householder, President

Effective:

*RATE SCHEDULE IS-EXP
INTERRUPTIBLE (EXPERIMENTAL)*

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 4 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:

~~\$130.00~~ ~~100.00~~ per customer per month

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Demand Charge:

Each KW of Billing Demand

~~\$ 5.30~~ ~~4.00~~/KW

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Base Energy Charge:

All KWH ~~0.209~~ ~~0.145~~¢ /KWH

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Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet Nos. 65 & 66.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Issued by: Jeffry M. Householder, President

Effective:

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Tampa
Electric Company.

DOCKET NO. 130040-EI
ORDER NO. PSC-13-0443-FOF-EI
ISSUED: September 30, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

FINAL ORDER APPROVING STIPULATION AND SETTLEMENT AGREEMENT AMONG
TAMPA ELECTRIC COMPANY, OFFICE OF PUBLIC COUNSEL, FLORIDA
INDUSTRIAL POWER USERS GROUP, FLORIDA RETAIL FEDERATION, FEDERAL
EXECUTIVE AGENCIES, AND WCF HOSPITAL UTILITY ALLIANCE

BY THE COMMISSION:

On February 4, 2013 Tampa Electric Company (Tampa Electric) filed a Petition for Rate Increase (Petition). On May 29 and 30, 2013 we held noticed customer meetings in Tampa and Winter Haven and took oral and written testimony and exhibits from members of the public. Final hearing in this cause was noticed and scheduled for September 9 – 13, 2013.

On September 4, 2013 Tampa Electric, with the concurrence of all the parties, filed a Motion to Hold Case in Abeyance (Motion) alleging agreement amongst all the parties to a settlement of all the issues in the Petition and requesting time to prepare and submit the settlement agreement. On September 6, 2013 the parties filed a Joint Motion of Tampa Electric Company, Office Of Public Counsel, Florida Industrial Power Users Group, Florida Retail Federation, Federal Executive Agencies, and WCF Hospital Utility Alliance for Approval of Stipulation and Settlement Agreement and attached the Stipulation and Settlement Agreement (Agreement). The Agreement is executed by all the parties to this action. The scheduled administrative hearing was convened and the Motion was heard on September 9, 2013. After hearing argument of counsel for the parties on the Motion, and admitting into the record the exhibits of the parties and staff, the hearing was continued to September 11, 2013, in order to allow us and staff to review the record and consider the terms of the Agreement. On September 11, we heard oral argument from the parties regarding the Agreement.

We have jurisdiction pursuant to Chapter 366, Florida Statutes, including Sections 366.04, 366.041, 366.05, 366.06, 366.07, 366.076, 366.8255, 366.93, and Sections 120.57(2) and (4), F.S., and Rules 28-106.301 and 28-106.302, Florida Administrative Code.

We find that the Agreement resolves all issues in this rate case. Further all parties to this action are satisfied that the terms of the Agreement protect their interests. The signatories to the Agreement are organizations that represent the major customer groups served by Tampa Electric and the entity statutorily charged with representing people of the state of Florida in proceedings before us. Thus, we find that the customers' interests are fairly represented by the signatories to the Agreement.

The Agreement runs from November 1, 2013, through the end of 2017. During such time, the parties agree that Tampa Electric cannot file for new rates that would be effective prior to January first 2018, except under very limited circumstances. The provisions of the Agreement include a negotiated rate increase and return on equity that are less than Tampa Electric requested in its Petition. Additionally, no further collections will be made for storm recovery. The Agreement provides a phased-in approach to the rate increase: an initial \$57.5 million increase effective November of 2013, an additional \$7.5 million increase effective November of 2014, and an additional \$5 million increase effective November of 2015. The Agreement further includes a generation base rate adjustment (GBRA) of an additional \$110 million on January 1, 2017, or on the in-service date of the Polk 2-5 conversion, whichever is later. The negotiated \$110 million GBRA amount is less than the revenue requirement filed in the recent Polk determination of need that we approved in December of 2012. Finally, the Agreement includes an economic development rider to encourage business growth at no cost to the ratepayers.

We find that the terms of the Agreement provide base rate stability to customers within a four-year period, sets fair, just, and reasonable rates, and encourages economic and business growth.

Based upon the Petition, our review of the Agreement, the evidence and oral argument at the hearing, and for the reasons stated above, we find approval of the Agreement to be in the public interest. Accordingly, we approve the Agreement which is attached to this Order as Exhibit A and made a part hereof. The tariffs attached to this Order as Exhibit B and made a part thereof are approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the attached Stipulation and Settlement Agreement is approved. It is further

ORDERED that the attached tariffs are approved. It is further

ORDERED that this docket shall be closed if no appeal is timely filed.

By ORDER of the Florida Public Service Commission this 30th day of September, 2013.



ANN COLE
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MFB

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Rate Increase)
by Tampa Electric Company.)
_____)

DOCKET NO. 130040-EI
Filed: September 6, 2013

STIPULATION AND SETTLEMENT AGREEMENT

WHEREAS, Tampa Electric Company ("Tampa Electric" or "the Company"), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG"), the Florida Retail Federation ("FRF"), the Federal Executive Agencies ("FEA") and WCF Hospital Utility Alliance ("HUA") have signed this Stipulation and Settlement Agreement ("the Agreement"); and

WHEREAS, unless the context clearly requires otherwise the term "Party" or "Parties" means a signatory or signatories to this Agreement, and the term "Consumer Parties" shall refer collectively to OPC, FIPUG, FRF, FEA, and HUA; and

WHEREAS, in an April 5, 2013 filing in this docket Tampa Electric petitioned the Florida Public Service Commission ("the Commission") for an increase in its base rates and miscellaneous service charges of approximately \$134.8 million effective January 1, 2014 based on a 2014 projected test year; and

WHEREAS, OPC filed an intervention and FIPUG, FRF, FEA and HUA were authorized to intervene; and

WHEREAS, the Parties have filed voluminous prepared testimonies with accompanying exhibits and conducted extensive discovery; and

WHEREAS, the Parties to this Agreement have undertaken to resolve the issues raised in this proceeding so as to maintain a degree of stability and predictability with respect to Tampa

Electric's base rates and charges and to avoid the inherent risks, uncertainties and costs of further litigation; and

WHEREAS, the legal system favors the settlement of disputes by mutual agreement between the contending parties and the Commission has long favored negotiated settlements that are in the public interest;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, which the Parties agree and acknowledge constitute good and valuable consideration, the Parties hereby stipulate and agree as follows:

1. Term.

(a) This Agreement will become effective upon Commission approval and shall be implemented on the date of the meter reading for the first billing cycle of November 2013 ("the Implementation Date") and continue at least through the date of the last billing cycle in December 2017. These base rates, charges and credits may continue beyond December 2017 unless otherwise changed by Commission Order. The period from the Implementation Date through the last billing cycle in December 2017 may be referred to herein as the "Minimum Term".

(b) The Parties reserve all rights, unless such rights are expressly waived or released, under the terms of this Agreement.

2. Return on Equity and Equity Ratio.

(a) Subject to the adjustment trigger provision in paragraph 2(b), Tampa Electric's authorized return on common equity ("ROE") shall be within a range of 9.25% to 11.25%, with a mid-point of 10.25%. Except as otherwise specifically provided in this Agreement, Tampa Electric's authorized ROE range and mid-point using a 54% equity

ratio (investor sources with any difference to actual equity ratio spread ratably over long-term and short-term debt) shall be used for all purposes during the Term, including cost recovery clauses, earnings surveillance reporting, paragraph 7 of this Agreement regarding an ROE adjustment and the calculation of the Company's Allowance for Funds Used During Construction ("AFUDC") rate and associated amounts of AFUDC in accordance with Rule 25-6.0141, F.A.C..

(b) If at any time during the Term, the average 30-year United States Treasury Bond yield rate for any period of six (6) consecutive months is at least 75 basis points greater than the yield rate on the date the Commission votes to approve this Agreement ("the Trigger"), Tampa Electric's authorized return on common equity ("ROE") shall be increased by 25 basis points to be within a range of 9.50% to 11.50%, with a mid-point of 10.50% ("Revised Authorized Return on Equity") from the Trigger Effective Date defined below for and through the remainder of the Minimum Term, and for any period in which the Company's rates continue in effect after December 31, 2017 until the Commission issues a final order in a future proceeding changing the Company's rates and its authorized ROE. The Trigger shall be calculated by summing the reported 30-year U.S. Treasury bond rates for each day over any six-month period, e.g., January 1, 2014 through July 1, 2014, or March 17, 2014 through September 17, 2014, for which rates are reported, and dividing the resulting sum by the number of reporting days in such period. The effective date of the Revised Authorized Return on Equity ("Trigger Effective Date") shall be the first day of the month following the day in which the Trigger is reached. If the Trigger is reached and the Revised Authorized Return on Equity becomes effective, except as otherwise specifically provided in this Agreement, Tampa Electric's Revised

Authorized Return on Equity range and mid-point shall be used for the remainder of the Term for cost recovery clauses, earnings surveillance reporting, paragraph 7 of this Agreement regarding an ROE adjustment and AFUDC.

(c) The Return on Equity in effect at the expiration of the Term of this Agreement and subsection 2(c) of this Agreement shall continue in effect until return on equity is next reset by the Commission whether by operation of Paragraph 7 or otherwise.

3. Customer Rates.

(a)(i) Upon the Implementation Date and effective with the date of the first meter reading for the first billing cycle of November 2013, Tampa Electric shall be authorized to increase its base rates and service charges by \$57.5 million of annual revenues, based on the projected 2014 test year billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the company's April 5, 2013 Petition in this proceeding, adjusted to reflect actual Residential Service ("RS") tier proportion billing determinant data on a 12 month basis ending July 31, 2013 in the amounts and manner shown in the rate design materials attached hereto as **Exhibit A**.

(ii) Effective with the date of the meter reading for the first billing cycle of November 2014, Tampa Electric shall be authorized to increase its base rates by an additional \$7.5 million of annual revenues (for a total increase of \$65.0 million over the company's currently authorized base rates), based on the projected test year billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the company's April 5, 2013 Petition in this proceeding, adjusted to reflect actual RS tier proportion billing determinant data on a 12 month basis ending July 31, 2014.

(iii) Effective with the date of the meter reading for the first billing cycle of November 2015, Tampa Electric shall be authorized to increase its base rates by an additional \$5.0 million of annual revenues (for a total increase of \$70.0 million over the company's currently authorized base rates), based on the projected test year billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the company's April 5, 2013 Petition in this proceeding, adjusted to reflect actual RS tier proportion billing determinant data on a 12 month basis ending July 31, 2015.

(iv) In addition, the company shall be authorized to increase its base rates as set forth in paragraph 6, below, for the Polk 2-5 Generation Base Rate Adjustment.

(v) Except as otherwise specifically provided in this Agreement, the cost of service support used to calculate the rate increases authorized in this paragraph has been and will be produced, and rates have been and will be designed, based on the FPSC's practice that no class receive a base rate decrease in an overall base rate increase proceeding and that no class be increased more than 1.5 times the system average percent revenue increase (including clauses).

(b) Attached hereto as **Exhibit B** are tariff sheets for new base rates and service charges that implement the rate increases described in paragraph 3(a)(i) above, which tariff sheets shall become effective on the first billing cycle in November 2013. The new base rates reflected in the attached tariff sheets are based on the billing determinants as of July 31, 2013 as shown in **Exhibit A** with the following clarifications and exceptions to the matters addressed in the company's Petition in this proceeding:

(i) The rates will reflect the use of a Minimum Distribution System ("MDS") costing methodology as proposed by Tampa Electric in this proceeding in the direct testimony and exhibit of William R. Ashburn.

(ii) The rates will reflect the use of a 12 Coincident Peak and 1/13th Average Demand methodology for allocating production plant costs.

(iii) Except as specified in paragraph 6, the Interruptible Service ("IS") rate schedules will remain in effect as prior to the filing of the petition in this proceeding, closed to new business and with no change to the current base rate charges.

(iv) The Commercial Industrial Service Rider tariff shall be effective as proposed by Tampa Electric in this proceeding in MFR Schedule E-14, pages 55-57 and 74-79 (Bates Stamped Pages 132-143 and 151-156)

(v) The current lock period for the interruptible credit shall be increased from 3 to 6 years.

(vi) The on-peak and off-peak time of use energy rates for Rate Schedule GSDT, and the energy rates for Rate Schedule GSD Standard, shall remain the same as they currently are authorized in the company's tariff as of the filing of the Petition in this case. Thus, the GSDT on and off peak base energy rates will be held at the present levels of \$0.02898 and \$0.01046 per kWh, respectively, and the GSDT Demand Charge shall be increased as shown in **Exhibit B**. Similarly, the GSD Standard base energy rate will be held at the present level of \$0.01583 per kWh and the GSD Demand Charge shall be increased as shown in **Exhibit B**. This change is intended to modify the rate structure of the proposed increase to this rate schedule but not affect the rate increase for this class.

(vii) The company's standby generator credits shall be increased from \$4.00/KW/Month to \$4.75/KW/Month, effective on the Implementation Date of this Agreement, i.e., the date of the meter reading for the first billing cycle of November 2013. To the extent that implementation of the revised standby generator credits results in an under-recovery of revenues that are subject to the ECCR clause, the company shall be authorized to recover any such under-recovery in its ECCR charges for 2014.

(viii) The relay service rate will be held at the present level of \$.60/KW/Month.

(ix) The company shall introduce a new Economic Development Rider (attached to this Agreement as **Exhibit C**) on a pilot basis for a 3-year period which shall become effective upon the Implementation Date. The Commission's approval of this Agreement shall constitute approval of the Economic Development Rider and shall satisfy the requirements of Commission Rule 25-6.0426(3)-(6), F.A.C., and accordingly, the reductions afforded in these tariffs shall be included as a cost in the company's cost of service for all ratemaking purposes and surveillance reporting. During the pilot period, the rates in the Economic Development Tariff shall be open for new customers and new applications to existing customers through December 31, 2016, unless the maximum amount of economic development expenditures as specified in Commission Rule 25-6.0426, F.A.C., is met, at which time the tariff will be closed for new customers or new applications to existing customers until the amount again falls below the maximum allowed.

(x) Except as specified in paragraph 6, the Lighting Facilities Charge shall remain in effect as prior to the filing of the petition in this proceeding.

(xi) The company's proposed miscellaneous tariff changes as set forth on **Exhibit D** shall be approved and become effective as of the first billing cycle of November 2013. The changes shown on **Exhibit D** are reflected in the tariffs attached as **Exhibit B** as applicable.

(c) The base rates, charges and credits set in accordance with this Agreement shall not be changed during the Term except as otherwise permitted or provided for in this Agreement and shall continue in effect until next reset by the Commission.

(d) To the extent that any of Tampa Electric's cost recovery clauses are impacted by changes in rate design, billing determinants, Authorized Return on Equity or Revised Authorized Return on Equity during the Term, such changes shall be reflected in the affected clauses as of the date of the meter readings for the first billing cycle of January in the year following the year in which the change occurs.

(e) The provisions of this paragraph 3 shall remain in effect during the Term except as otherwise permitted or provided for in this Agreement and shall continue in effect until the company's base rates are next reset by the Commission.

4. Other Cost Recovery. Nothing shall preclude the company from requesting the Commission to approve the recovery of costs that are: (a) of a type which traditionally and historically would be, have been, or are presently recovered through cost recovery clauses or surcharges, or (b) incremental costs not currently recovered in base rates which the Legislature or Commission determines are clause recoverable subsequent to the approval of this Agreement. Except as provided in this Agreement, it is the intent of the Parties in this Paragraph 4 that Tampa Electric not be allowed to recover through cost recovery clauses, increases in the magnitude of costs of types or categories (including,

but not limited to, for example, investment in and maintenance of transmission assets) that have been and traditionally, historically and ordinarily would be recovered through base rates. It is the further intent of the Parties to recognize that an authorized governmental entity may impose requirements on Tampa Electric involving new or atypical kinds of costs (including, but not limited to, for example, requirements related to cyber security) and, concurrently with the imposition of such requirements, the Legislature and/or Commission may authorize Tampa Electric to recover those related costs through a cost recovery clause, and in such event, Tampa Electric shall be able to seek recovery of such costs from the Commission. This Paragraph 4 does not preclude Tampa Electric from seeking clause recovery of a type of cost (and for the same or similar reasons) not heretofore recovered through a clause which the Commission or the Legislature authorizes or has authorized another electric utility to recover through a clause before or during the Term of this Agreement. The Parties to this Agreement are not precluded from participating in any proceedings pursuant to this paragraph.

5. Storm Damage.

(a) Nothing in this Agreement shall preclude Tampa Electric from petitioning the Commission to seek recovery of costs associated with any tropical systems named by the National Hurricane Center or its successor without the application of any form of earnings test or measure and irrespective of previous or current base rate earnings. Consistent with the rate design methods approved in this Agreement, the Parties agree that recovery of storm costs from customers will begin, on an interim basis, sixty days following the filing of a cost recovery petition and tariff with the Commission and will be based on a 12-month recovery period if the storm costs do not exceed \$4.00/1,000 kWh

on monthly residential customer bills. In the event the storm costs exceed that level, any additional costs in excess of \$4.00/1,000 kWh shall be recovered in a subsequent year or years as determined by the Commission. All storm related costs shall be calculated and disposed of pursuant to Commission Rule 25-6.0143, F.A.C., and shall be limited to (i) costs resulting from a tropical system named by the National Hurricane Center or its successor, (ii) the estimate of incremental storm restoration costs above the level of storm reserve prior to the storm and (iii) the replenishment of the storm reserve to the level as of October, 2013. The Parties to this Agreement are not precluded from participating in any such proceedings and opposing the amount of Tampa Electric's claimed costs or whether the proposed recovery is consistent with this Paragraph 5, but not the mechanism agreed to herein.

(b) The Parties agree that the \$4.00/1,000 kWh cap in this Paragraph 5 shall apply in aggregate for a calendar year; provided, however, that Tampa Electric may petition the Commission to allow Tampa Electric to increase the initial 12 month recovery at rates greater than \$4.00/1,000 kWh or for a period longer than 12 months if Tampa Electric incurs in excess of \$100 million storm recovery costs that qualify for recovery in a given calendar year, inclusive of the amount needed to replenish the storm reserve to the level that existed as of August 31, 2013. All Parties reserve their right to oppose such a petition.

(c) The Parties expressly agree that any proceeding to recover costs associated with any storm shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of Tampa Electric and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

(d) The provisions of this paragraph 5 shall remain in effect during the Term except as otherwise permitted or provided for in this Agreement and shall continue in effect until the company's base rates are next reset by the Commission.

6. Polk Generation Base Rate Adjustment.

(a) Tampa Electric projects that its Polk 2-5 Waste Heat Recovery Conversion Project ("Polk 2-5" or the "Project") will enter commercial service while this Agreement is in effect with Polk 2-5 projected to go into service in January 2017. For this Project, Tampa Electric shall be authorized to increase its base rates as specified in paragraph 3 of this Agreement by \$110 Million annually effective on the later of the Project's actual in-service date or January 1, 2017. This base rate adjustment will be referred to as the Polk Generation Base Rate Adjustment ("Polk GBRA"). The Polk GBRA is an amount agreed to by and between the parties that reflects their negotiations regarding all relevant factors such as capital costs, cost of capital, capital structure and the other costs and expenses associated with the Project. The Parties agree that the amount of the Polk GBRA is fair and reasonable and intend that the Polk GBRA be implemented as provided herein without further inquiry or regulatory evaluation other than the approval of this Agreement. Nothing in this Agreement shall preclude any Party from asserting, in any proceeding to set Tampa Electric's rates to be effective after December 31, 2017, that the actual revenue requirements of the Polk 2-5 Waste Heat Recovery Conversion Project are different from those provided for in this Agreement.

(b) The Polk GBRA shall be reflected in Tampa Electric's customers' bills by allocating the \$110 Million annual increase to all rate classes (including IS and Lighting Facilities) based on each class's percentage of total base revenues calculated using the

base rates in effect on December 1, 2016 and the company's projected 2017 billing determinants consistent with and/or as shown in the company's clause filings for 2017, with class revenue increases to be allocated as an equal percentage applied to all base rates, charges and credits for the respective classes. Tampa Electric will begin applying the Polk GBRA to meter readings made on and after the commercial in-service date of the Project or the first billing cycle of January 2017, whichever is later.

(c) Upon expiration of this Agreement, Tampa Electric's base rates, charges and credits including the effects of the Polk GBRA, as implemented pursuant to this Agreement shall continue in effect until next reset by the Commission. Tampa Electric's base rates, charges and credits approved in any final order issued pursuant to paragraph 7 of this Agreement, including the effects of the Polk GBRA, as implemented pursuant to this Agreement, shall continue in effect until next reset by the Commission.

7. Earnings.

(a) Notwithstanding paragraph 2 and subject to the Trigger in Paragraph 2(b) above, if Tampa Electric's earned return on common equity falls below 9.25% during the Term on a Tampa Electric monthly earnings surveillance report stated on an actual Commission thirteen-month average adjusted basis, Tampa Electric may petition the Commission to amend its base rates either as a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, and/or as a limited proceeding under Section 366.076, Florida Statutes. Nothing in this Agreement shall be construed as an agreement by the Consumer Parties that a limited proceeding would be appropriate, and Tampa Electric acknowledges and agrees that the Consumer Parties reserve and retain all rights to challenge the propriety of any limited proceeding or to assert that any request for base rate changes

should properly be addressed through a general base rate case, as well as to challenge any substantive proposals to change the company's rates in any such future proceeding. This floor shall be subject to adjustment in accordance with the Trigger provision in paragraph 2(b). Throughout this Agreement, "Commission actual adjusted basis" and "actual adjusted earned return" shall mean results reflecting all adjustments to Tampa Electric's books required by the Commission by rule or order, but excluding pro forma weather adjustments. The other parties to this Agreement shall be entitled to participate in any proceeding initiated by Tampa Electric to increase base rates pursuant to this paragraph, and may oppose Tampa Electric's request.

(b) Notwithstanding paragraph 2 and subject to the Trigger in Paragraph 2(b) above, if Tampa Electric's earned return on common equity exceeds 11.25% during the Term on a Tampa Electric monthly earnings surveillance report stated on an actual Commission thirteen-month average adjusted basis, any Consumer Party shall be entitled to petition the Commission for a review of Tampa Electric's base rates. In any case initiated by Tampa Electric or any other party pursuant to paragraph 7, all parties will have full rights conferred by law. The ceiling in this subsection shall be subject to adjustment in accordance with the Trigger provision in paragraph 2(b).

(c) Notwithstanding paragraph 2 and subject to the Trigger in Paragraph 2(b) above, this Agreement shall terminate upon the effective date of any final order issued in any such proceeding pursuant to paragraph 7 that changes Tampa Electric's base rates prior to the last billing cycle of December 2017.

(d) This paragraph 7 shall not (i) be construed to bar Tampa Electric from requesting any recovery of costs otherwise contemplated by this Agreement; (ii) apply to any

request to change Tampa Electric's base rates that would become effective after the expiration of the Minimum Term of this Agreement; or (iii) limit any party's rights in proceedings concerning changes to base rates that would become effective subsequent to the Minimum Term of this Agreement to argue that Tampa Electric's authorized ROE range should be different than as set forth in this Agreement.

(e) Notwithstanding any other provision of the Agreement, the parties fully and completely reserve all rights available to them under the law to challenge the level or rate structure (or the cost of service methodologies underlying them) of Tampa Electric's base rates, charges and credits effective as of January 1, 2018 or thereafter. It is specifically understood and agreed that this Agreement does not preclude any party from filing before January 1, 2018 an action to challenge the level or rate structure (or the cost of service methodologies underlying them) of Tampa Electric's base rates, charges and credits effective as of January 1, 2018 or thereafter.

8. Depreciation. Notwithstanding any requirements of Rules 25-6.0436 and 25-6.04364, F.A.C., the company shall not be required during the Term of this Agreement to file any depreciation study or dismantlement study. The depreciation and amortization accrual rates in effect as of the effective date of this Agreement (except as modified for software by paragraph 11(b)) shall remain in effect throughout the Term. The Parties agree that the provisions of Rules 25-6.0436 and 25-6.04364, F.A.C., pursuant to which depreciation and dismantlement studies are filed at least every four years will not apply to the company during the Term and that the Commission's approval of this Agreement shall excuse the company from compliance with the filing requirement of these rules during the Term. The company shall file a depreciation study no more than one year nor

less than 60 days before the filing of its next general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, such that the proposed depreciation rates can be considered contemporaneously with the company's next general rate proceeding .

9. Application of Agreement. No Party to this Agreement will request, support or seek to impose a change in the application of any provision of this Agreement. Except as provided in Paragraph 7, a Party to this Agreement will neither seek nor support any reduction in Tampa Electric's base rates, including limited, interim or any other rate decreases, that would take effect prior to the first billing cycle for January 2018, except for any such reduction requested by Tampa Electric or as otherwise provided for in this Agreement. Tampa Electric shall not seek interim, limited, or general base rate relief during the Term except as provided for in Paragraph 7 of this Agreement. Tampa Electric is not precluded from seeking interim, limited or general base rate relief that would be effective during or after the first billing cycle in January 2018, nor are the Parties precluded from opposing such relief. Such interim relief may be based on time periods before January 1, 2018, consistent with Section 366.071, Florida Statutes, and calculated without regard to the provisions of this Agreement.
10. New Tariffs. Nothing in this Agreement shall preclude Tampa Electric from filing and the Commission from approving any new or revised tariff provisions or rate schedules requested by Tampa Electric, provided that such tariff request does not increase any existing base rate component of a tariff or rate schedule during the Term unless the application of such new or revised tariff or rate schedule is optional to Tampa Electric's customers.
11. Other.

(a) Tampa Electric will discontinue its annual \$8 million storm damage expense accrual effective upon the Implementation Date of this Agreement, i.e., the date of the meter reading for the first billing cycle of November 2013. For clarity, this means that Tampa Electric's storm reserve account shall be credited with \$6,666,667 for 2013, which value represents ten months of the storm accrual at the annual rate of \$8 million as approved by the Commission in Docket No. 080317-EI and included in the company's current rates.

(b) Tampa Electric will use a 15 year amortization period for all computer software beginning effective January 1, 2013.

(c) Tampa Electric shall amortize its actual rate case expenses for Docket No. 130040-EI over the Term of this Settlement Agreement.

(d) The provisions of this paragraph 11 (a), (b) and (c) shall remain in effect during the Term except as otherwise permitted or provided for in this Agreement and shall continue in effect until the company's base rates are next reset by the Commission.

(e) On or before March 1, 2017, the company shall file and serve on the parties a forecasted earnings surveillance report for 2017 reflecting the increase authorized by paragraph 6 of this Agreement.

12. Commission Approval. The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification and in lieu of conducting a hearing with live testimony and cross examination on the merits of the petition that initiated this proceeding. The Parties further agree that they will support this Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the

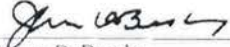
establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this Agreement or any of the terms in the Agreement shall have any precedential value. The Parties' agreement to the terms in the Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving the Agreement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any party in a future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this Agreement because of that Party's signature herein. It is the intent of the Parties to this Agreement that the Commission's approval of all the terms and provisions of this Revised and Restated Settlement Agreement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this Agreement endorses a specific provision, in isolation, of this Agreement because of that Party's signature herein. Approval of this Agreement in its entirety will resolve all matters in Docket No. 130040-EI pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket will be closed effective on the date the Commission Order approving this Agreement is final, and no Party shall seek appellate review of any order issued in this Docket.

13. Disputes. To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this Settlement Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

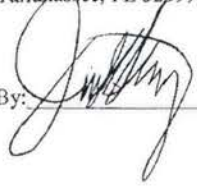
14. Execution. This Agreement is dated as of September 6, 2013. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

Tampa Electric Company
702 N. Franklin Street
Tampa, FL 33601

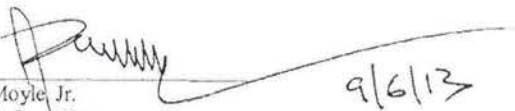
By 
James D. Beasley
J. Jeffry Wahlen
Kenneth R. Hart
Ashley M. Daniels
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302

Office of Public Counsel
J. R. Kelly
Ms. Patricia G. Christensen
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

By:  _____

Signature Page to Stipulation and Settlement Agreement in Docket No. 130040-EI

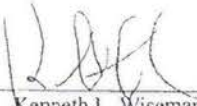
Florida Industrial Power Users Group

By  9/6/13
Jon Moyle, Jr.
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, Florida 32301

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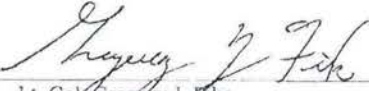
Settlement Agreement

WCF Hospital Utility Alliance
Kenneth L. Wiseman, Esquire
Andrews Kurth, LLP
1350 I Street, N.W., Suite 1100
Washington, D.C. 20005

By: 
Kenneth L. Wiseman

Signature Page to Stipulation and Settlement Agreement in Docket No. 130040-EI

Federal Executive Agencies
Gregory J. Fike, Lt Col, USAF
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403

By: 
Lt. Col. Gregory J. Fike

Signature Page to Stipulation and Settlement Agreement in Docket No. 130040-EI

Florida Retail Federation
Mr. Robert Scheffel Wright
Gardner, Bist, Wiener, Wadsworth,
Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

By:


Robert Scheffel Wright

Signature Page to Stipulation and Settlement Agreement in Docket No. 130040-EI

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Gulf Power
Company.

DOCKET NO. 130140-EI
ORDER NO. PSC-13-0670-S-EI
ISSUED: December 19, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING STIPULATION AND SETTLEMENT AGREEMENT

BY THE COMMISSION:

Background

On July 12, 2013, pursuant to Section 366.06, Florida Statutes, and Rules 25-6.0425 and 25-6.043, Florida Administrative Code (F.A.C.), Gulf Power Company (Gulf) filed a petition for permanent increase in its base rates and miscellaneous service charges. The Office of Public Counsel (OPC) was acknowledged as an intervenor in this case by Order PSC-13-0254-PCO-EI, issued on June 5, 2013. The Florida Industrial Power Users Group (FIPUG), the Federal Executive Agencies (FEA) and Wal-Mart Stores East, LP and Sam's East, LP all requested, and were granted, intervention in this proceeding.¹

Order PSC-13-0342-PCO-EI, Order Establishing Procedure, was issued on July 31, 2013 setting a Prehearing Conference for November 25, 2013 and final hearing for December 9-13, 2013. On November 18, 2013, the parties filed a Joint Motion to Hold Discovery in Abeyance and Waiver of Notice of Hearing for Consideration of Settlement (Joint Motion). In the Joint Motion the parties stated that they had entered into a written settlement agreement in principle on November 15, 2013, and intended to file the final settlement agreement on or before November 22, 2013. The parties asked that all discovery be abated until the final settlement agreement could be voted on by this Commission. On November 20, 2013 the Prehearing Officer orally granted the parties' request to abate discovery until a vote on the final settlement agreement was taken. The parties filed the Stipulation and Settlement Agreement (Settlement), Document No. 07112-13, on November 22, 2013.

The parties having waived notice of hearing, at the parties' request the Settlement was added to our regular Agenda Conference on December 3, 2013 for our consideration. A

¹ Order No. PSC-13-0338-PCO-EI, issued on July 30, 2013; Order No. PSC-13-0339-PCO-EI, issued on July 30, 2013; Order No. PSC-13-0419-PCO-EI, issued on September 10, 2013.

Prehearing Conference was held on November 25, 2013 with consideration of all substantive issues continued until December 4, 2013, the day after our scheduled vote on the Settlement. Having voted to approve the Settlement on December 3rd, a continuation of the prehearing on December 4th was rendered moot.

We have jurisdiction over this matter pursuant to Chapter 366, F.S., including Sections 366.04, 366.041, 366.05, 366.06, 366.07, 366.076, 366.8255, 366.93, and Sections 120.57(2) and (4), F.S., and Rules 28-106.301 and 28-106.302, F.A.C.

Ruling

Having reviewed the Settlement and the pleadings and heard argument of counsel and our staff, we find that the Settlement is in the best interests of Gulf's ratepayers and hereby approve it. When taken as a whole, all parties have asserted that this Settlement is in the ratepayers' best interests, meets the need for reliable electric service and price stability in a cost-effective manner, and establishes fair, just and reasonable rates. We agree and find the Settlement to be in the public interest. The signatories to the Settlement are organizations that represent the major customer groups served by Gulf and the entity statutorily charged with representing people of the state of Florida in proceedings before us. Further, all parties to this action are satisfied that the terms of the Settlement protect their interests and equitably resolve all issues in the case. Therefore, we find that the customers' interests are fairly represented by the signatories to the Settlement.

The Settlement covers a term of 42 months, commencing on the first billing cycle of January, 2014 and ending on the last billing cycle of June, 2017. During this period Gulf's revenue requirements will increase by \$35 million in January, 2014 followed by an additional \$20 million increase in January, 2015 for a total increase of \$55 million. This is a reduction of \$35.8 million from the revenue increase of \$90.8 million requested in Gulf's Minimum Filing Requirements (MFRs).

The Settlement contains three new economic development riders for small, medium and large businesses which are designed to stimulate economic development throughout Gulf's service territory and which will continue until the earlier of December 31, 2016 or when Gulf has added incremental load of 100 megawatts, whichever occurs first. The current depreciation rates for Gulf are continued until the next base rate case, or our decision on a depreciation study to be filed or before December 31, 2018, whichever comes first.

The Settlement also finds fifteen transmission projects with in-service dates ranging from 2013 to 2018 to be prudent for cost recovery purposes, capping their combined cost at \$197.361 million. If a listed project is not constructed, the cap for the remaining listed projects remains at \$197.361 million. If an unlisted transmission project is substituted for a listed project, that transmission line is subject to challenge by the parties on the issues of both prudence and cost. The Settlement allows Gulf to recover a special Allowance For Funds Used During Construction (AFUDC) charge for these projects past their in-service date until the next rate case adjustment date or January 1, 2017, whichever comes first. The Settlement also allows Gulf to credit

depreciation expense over the 42 month term up to \$62.5 million. Further, Gulf is entitled to establish a regulatory asset for rate case expense, amortizing first the remaining balance of the 2011 rate case expense and then the current rate case expense up until June 30, 2017. Whatever rate case expense is not amortized by that date is deemed fully recovered. In essence, allowing Gulf to accrue the special AFUDC treatment on the identified transmission projects, credit depreciation expense up to \$62.5 million and amortize rate case expense at varying rates until June 30, 2017, or the full amount is amortized, creates the means for Gulf to adjust and stabilize its earnings throughout the 42 month Settlement term, and neither under or over earn more than its allowed return on equity of 10.25 percent with a range of plus or minus 100 basis points.

Finally, Paragraph 12 of the Settlement provides that upon our approval of the Settlement, a record which contains the petition that initiated this proceeding, the MFRs, the prefiled testimony and exhibits of all witnesses and the Settlement itself would be created and treated as if admitted into evidence at final hearing. On December 2, 2013, the parties further agreed that any additional items listed in the Revised Comprehensive Exhibit List, Document No. 07457-13, provided by our staff to the parties on November 21, 2013, would also be included in this record. We find this to be reasonable and approve the inclusion of the additional items contained in Document No. 07457-13.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Stipulation and Settlement Agreement, Document No. 07112-13, is approved and incorporated herein by reference. It is further

ORDERED that the tariffs contained in Exhibit C of the Stipulation and Settlement Agreement are approved. It is further

ORDERED that the documents listed on the Revised Comprehensive Exhibit List, Document No. 07457-13 provided by our staff to the parties on November 21, 2013, per the agreement of the parties shall also be included in the settlement record. It is further

ORDERED that this docket shall be closed if no appeal is timely filed.

By ORDER of the Florida Public Service Commission this 19th day of December, 2013.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

SBr

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.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, 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 and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Robert L. McGee, Jr.
Regulatory & Pricing Manager

One Energy Place
Pensacola, Florida 32501-0280

Tel 850 444 6500

Fax 850 444 6000

RLMCGEE@south.com

November 22, 2013



Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

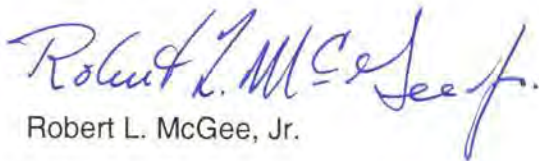
VIA HAND DELIVERY

RE: Docket No. 130140-EI

Dear Ms. Cole:

Enclosed for official filing in the above referenced docket are an original and fifteen (15) copies of the Joint Motion of Gulf Power Company, Office of Public Counsel, Florida Industrial Power Users Group, Federal Executive Agencies and Wal-Mart Stores East, LP and Sam's East, Inc., for Approval of Stipulation and Settlement Agreement and the associated Stipulation and Settlement Agreement.

Sincerely,



Robert L. McGee, Jr.

md

Enclosures

cc: Beggs & Lane
Jeffrey A. Stone, Esq.
Florida Public Service Commission
Suzanne Brownless
Office of Public Counsel
J. R. Kelly
Florida Industrial Power Users Group
John C. Moyle, Jr.
Federal Executive Agencies
Lt Col Gregory J. Fike
Wal-Mart Stores East, LP and Sam's East, Inc.
Robert Scheffel Wright

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COMMISSION
CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for increase in rates by)
Gulf Power Company.)
)
)
_____)

Docket No. 130140-EI
Date Filed: November 22, 2013

**JOINT MOTION OF GULF POWER COMPANY,
OFFICE OF PUBLIC COUNSEL, FLORIDA INDUSTRIAL
POWER USERS GROUP, FEDERAL EXECUTIVE
AGENCIES AND WAL-MART STORES EAST, LP
AND SAM'S EAST, INC., FOR APPROVAL OF
STIPULATION AND SETTLEMENT AGREEMENT**

Gulf Power Company ("Gulf"), the Office of Public Counsel ("OPC"), Florida Industrial Power Users Group ("FIPUG"), the Federal Executive Agencies ("FEA"), and Wal-Mart Stores East, LP and Sam's East, Inc. ("Walmart") (collectively referred to as "Joint Movants") by and through their undersigned attorneys, respectfully move the Florida Public Service Commission (the "Commission") to approve the Stipulation and Settlement Agreement ("Agreement") attached hereto as Exhibit "A", which the Joint Movants have entered into for the resolution of all issues pending in this docket. In support of this Joint Motion (the "Motion"), Joint Movants represent as follows:

1. On July 12, 2013, Gulf filed its Petition in this proceeding requesting a permanent increase in base rates and miscellaneous service charges based on a 2014 projected test year.
2. The OPC, FIPUG, Walmart and FEA have intervened in this proceeding.
3. The Joint Movants have filed prepared testimony and accompanying exhibits and have commenced the process of conducting extensive discovery in preparation for the evidentiary hearing scheduled to commence on December 9, 2013.

4. The Joint Movants have undertaken extensive negotiations to resolve the issues raised in this proceeding and thereby avoid the need for further expensive and time-consuming litigation of the issues in hearings before the Commission. These negotiations have culminated in the execution of the attached Agreement.

5. The Agreement is in the public interest and should be approved. It has been agreed to by each and every party and resolves each and every issue in this docket. It results in rates and charges that are fair, just and reasonable over the term of the Agreement. It promotes planning, certainty and predictability for customers and Gulf by establishing a more than three year period during which Gulf will be precluded from seeking base rate increases except for limited exceptions as provided in the Agreement. The Agreement also promotes certainty, predictability and regulatory efficiency by providing a mechanism for addressing costs associated with tropical storms and includes tariff provisions that will promote economic development during a period of difficult economic recovery.

6. The Joint Movants urge the Commission to add consideration of this Joint Motion for Approval of the Agreement as an agenda item at its regularly scheduled conference on December 3, 2013 based on good cause pursuant to Rule 28-102.002(2), Florida Administrative Code. As of the date of this motion, the prehearing officer has ruled that certain discovery depositions should be held in abeyance pending submission of the Agreement, and the final hearing in this docket is scheduled to commence on December 9, 2013. The good cause shown for hearing this Agreement on December 3 is the opportunity to avoid additional litigation costs; however, that benefit can only be realized if the Agreement is considered for approval sufficiently in advance of the scheduled December 9 hearing to permit the Joint Movants to

avoid those costs. Without the requested relief, the Joint Movants' attorneys, witnesses and support personnel, along with those of the Commission staff, will be required to expend substantial time and resources prior to December 9, 2013, in order to complete discovery activities, including conducting depositions which are currently being held in abeyance, and to make final preparations for hearing. In addition, the Joint Movants will incur substantial out-of-pocket costs in the form of airfare, rental vehicles, meals and lodging for having their witnesses – all of whom are from out of town and many of whom are from out of state – travel to Tallahassee for the hearing December 9, 2013. For good cause shown, the Joint Movants request the Commission consider approval of the Agreement as an agenda item at its regularly scheduled conference on December 3, 2013.

7. The Joint Movants submit that consideration of this matter as an agenda item at its regularly scheduled conference on December 3, 2014 satisfies any requirement for the Commission to conduct a hearing on the approval of the Agreement. In accordance with paragraph 12 of the Agreement, the Joint Movants have stipulated (A) that the following documents on file in this proceeding shall be available for the Commission during its consideration of this Agreement: the petition that initiated this proceeding, the Minimum Filing Requirements, the prefiled testimony and exhibits of all witnesses, and the Agreement, and (B) that if the Agreement is approved by the Commission, such documents shall become part of the record of this proceeding as if admitted into evidence at a final hearing. The Joint Movants hereby waive all notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes, or other applicable provisions of law. By operation of the Commission's rules on intervention, all interested persons have been given a point of entry into this proceeding, all

parties who have intervened are signatories to the Agreement, and any party who might seek to intervene in the future takes the case as such party finds it. Therefore, the Joint Movants believe that a Commission decision approving this Agreement can be issued as a final order and urge the Commission to do so. See, In re: Review of Florida Power Corp. 's earnings, Order No. PSC-02-0655-AS-EI issued May 14, 2002 in Docket No. 000824-EI; In re: Application for increase in water rates by Wedgefield Utilities, Inc. Order No. PSC-02-0391-AS-WU issued March 22, 2002 in Docket No. 991437-WU. The Joint Movants hereby waive the right to seek reconsideration pursuant to Rule 25-22.060, Florida Administrative Code, of any final order that approves the Agreement in its entirety and without change and the right to judicial review of any such order afforded by Section 120.68, Florida Statutes.

8. Set forth below, for reference purposes only and not to modify or supplant the language in the Agreement, is a summary of the provisions contained in the Agreement:

(a) This Agreement will become effective upon Commission approval and shall be implemented on the date of the meter reading for the first billing cycle of January 2014 ("the Implementation Date") and continue at least through the date of the last billing cycle in June 2017, except as provided by the Agreement. The base rates, charges and credits established as a result of this Agreement will continue beyond June 2017 unless and until otherwise changed by Commission Order. The period from the Implementation Date through the last billing cycle in June 2017 may be referred to herein as the "Term".

(b) Gulf Power's authorized return on equity ("ROE") shall continue to be 10.25% which is the same as the midpoint ROE set by the Commission in Order

No. PSC-12-0179-FOF-EI issued on April 3, 2012 in Docket No. 110138-EI with a proviso that if at any time during the Term, the average 30-year United States Treasury Bond yield rate for any period of six (6) consecutive months is at least 75 basis points greater than a yield rate of 3.7947 as accepted and agreed to by the Parties as the benchmark yield rate, Gulf Power's authorized ROE of 10.25% and associated authorized ROE range of 9.25% to 11.25% shall be increased by 25 basis points to a midpoint of 10.50% and a range of 9.50% to 11.50%, respectively.

(c) Rate increases will be implemented as follows:

January 1, 2014: \$35.0 million increase

January 1, 2015: \$20.0 million increase (thereby producing rates in 2015 that are \$55.0 million over Gulf's authorized base rates as they exist on November 15, 2013)

(d) Gulf will continue its annual property damage accrual at the current level of \$3.5 million as first approved in Order No. PSC-96-0023-FOF-EI issued in Docket No. 951433-EI and as most recently continued in Order No. PSC-12-0179-FOF-EI in Docket No. 110138-EI.

(e) With respect to rate design:

- i. New base rates have been designed using the costing methodology as proposed by Gulf in its filing in this docket on July 12, 2013.
- ii. The Company shall introduce three new economic development riders on a pilot basis (Rate Schedules LBIR, MBIR and SBIR).

- (f) Gulf may continue to recover costs through recovery clauses; however, it cannot request clause recovery for costs which are traditionally and historically associated with base rate items unless it is determined by the Florida Legislature and/or the Commission that such costs are clause recoverable subsequent to the approval of this Agreement.
- (g) Gulf may petition for recovery of storm restoration costs due to named storms.
- (h) Gulf will not be able to file for new base rates to be effective sooner than July 1, 2017, subject to a bilateral right of Gulf or Consumer Parties (as defined in the Agreement) to initiate a rate proceeding if Gulf's ROE falls below or above the authorized range.
- (i) The depreciation and amortization accrual rates in effect as of the effective date of this Agreement shall remain in effect throughout the Term. Gulf shall file depreciation and dismantlement studies as described in the Agreement.
- (j) Certain identified transmission projects are acknowledged by the Parties as reasonable and appropriate for continued implementation by Gulf.
- (k) Gulf Power shall be authorized to change billing related to the capacity cost recovery clause pursuant to Rate Schedule PPCC for the LP/LPT demand classes to be on a kilowatt (kW) basis rather than the current kilowatt-hour (kWh) basis.
- (l) Gulf Power shall be permitted to implement the revised method to account for and record the revenues received from RTP customers between base

rates and fuel cost recovery as proposed in its July 12, 2013 filing and discussed in discovery in this case.

(m) Gulf Power shall be entitled to establish a regulatory asset for the deferral of all incurred costs associated with preparing for and discovery during Docket No. 130140-EI (including such incurred costs associated with Docket No. 130151-EI prior to its consolidation with Docket No. 130140-EI). The Agreement contains provisions for the amortization of the costs in this regulatory asset account.

(n) During the term of the Agreement and subject to certain limitations, Gulf may record credits (reductions) of up to \$62.5 million to depreciation expense to a regulatory asset account referred to as Other Cost of Removal.

(o) Miscellaneous rates and service charges will be changed to reflect such charges as filed by Gulf in this case.

9. The Joint Movants represent that the Agreement fairly and reasonably balances the various positions of the parties on all of the issues in this proceeding and serves the best interests of customers they represent and the public interest. The Agreement is fully consistent with and supportive of this Commission's long-standing policy of encouraging the settlement of contested proceedings in a manner that benefits the customers of utilities subject to the Commission's regulatory jurisdiction and avoids the need for costly and time-consuming litigation of matters before the Commission. For this reason and other reasons state herein, the Joint Movants request that the Commission approve the Agreement attached to this Motion.

WHEREFORE, the Joint Movants respectfully request that the Commission approve the Agreement attached hereto as Exhibit "A".

Dated this 21st day of November 2013.

Respectfully submitted,

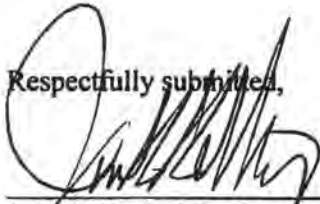
A handwritten signature in blue ink, appearing to read "Jeffrey A. Stone", is written over a horizontal line.

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
STEVEN R. GRIFFIN
Florida Bar No. 627569
Beggs & Lane
P. O. Box 12950
501 Commendencia Street
Pensacola, FL 32576-2950
(850) 432-2451
Attorneys for Gulf Power Company

WHEREFORE, the Joint Movants respectfully request that the Commission approve the Agreement attached hereto as Exhibit "A".

Dated this 22 day of November 2013.

Respectfully submitted,

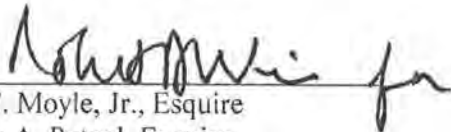


J. R. Kelly, Public Counsel
Charles J. Rehwinkel, Deputy Public Counsel
Joseph A. McGlothlin, Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
Office of Public Counsel

WHEREFORE, the Joint Movants respectfully request that the Commission approve the Agreement attached hereto as Exhibit "A".

Dated this 21st day of November 2013.

Respectfully submitted,



Jon C. Moyle, Jr., Esquire

Karen A. Putnal, Esquire

Moyle Law Firm

The Perkins House

118 North Gadsden Street

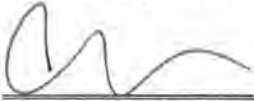
Tallahassee, FL 32301

The Florida Industrial Power Users Group

WHEREFORE, the Joint Movants respectfully request that the Commission approve the Agreement attached hereto as Exhibit "A".

Dated this 21st day of November 2013.

Respectfully submitted,



Christopher Thompson, Maj, USAF
Thomas A. Jernigan, Capt, USAF
Gregory J. Fike, Lt Col, USAF
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403
Federal Executive Agencies

WHEREFORE, the Joint Movants respectfully request that the Commission approve the Agreement attached hereto as Exhibit "A".

Dated this 21st day of November 2013.

Respectfully submitted,

A handwritten signature in cursive script, reading "Robert Scheffel Wright", written over a horizontal line.

Robert Scheffel Wright
Florida Bar No. 0966721

John T. LaVia, III

Florida Bar No. 0853666

Gardner Bist Wiener Wadsworth Bowden Bush Dee LaVia & Wright, P.A.

1300 Thomaswood Drive

Tallahassee, Florida 32308

Telephone 850/385-0070

Facsimile 850/385-5416

Attorneys for Wal-Mart Stores East, LP and Sam's East, Inc.

Exhibit A

(Stipulation and Settlement Agreement)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase)
 by Gulf Power Company.)
_____)

DOCKET NO. 130140-EI
Filed: November 22, 2013

STIPULATION AND SETTLEMENT AGREEMENT

WHEREAS, Gulf Power Company ("Gulf Power" or "the Company"), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG"), the Federal Executive Agencies ("FEA"), and Wal-Mart Stores East, LP & Sam's East, Inc. ("Walmart") have signed this Stipulation and Settlement Agreement ("Agreement"); and

WHEREAS, unless the context clearly requires otherwise, the term "Party" or "Parties" means a signatory or signatories to this Agreement, and the term "Consumer Parties" shall refer collectively to OPC, FIPUG, FEA, and Walmart; and

WHEREAS, in a July 12, 2013 filing in this docket Gulf Power petitioned the Florida Public Service Commission ("the Commission") for an increase in its base rates and miscellaneous service charges of approximately \$74.4 million to be effective in 2014 based on a 2014 projected test year and an additional step increase in its base rates of approximately \$16.4 million to be effective July 1, 2015 based on additional transmission investment projected to be in service prior to that date but not included in the revenue requirements reflected as part of the 2014 projected test year; and

WHEREAS, OPC filed notice of its intervention and FIPUG, FEA and Walmart were authorized to intervene; and

WHEREAS, the Parties have filed voluminous prepared testimonies with accompanying exhibits and conducted extensive discovery; and

The original Stipulation and Settlement Agreement among the Parties with its Exhibits A through H and together consisting of 297 pages, is separately and contemporaneously filed with this motion, in its entirety, and is incorporated herein by reference.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Petition for Increase in Rates)
By Gulf Power Company)

Docket No.: 130140-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by hand delivery this
22nd day of November, 2013:

Suzanne Brownless
Martha Barrera/Martha Brown
Office of the General Counsel
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase)
 by Gulf Power Company.)
_____)

DOCKET NO. 130140-EI
Filed: November 22, 2013

STIPULATION AND SETTLEMENT AGREEMENT

WHEREAS, Gulf Power Company ("Gulf Power" or "the Company"), the Office of Public Counsel ("OPC"), the Florida Industrial Power Users Group ("FIPUG"), the Federal Executive Agencies ("FEA"), and Wal-Mart Stores East, LP & Sam's East, Inc. ("Walmart") have signed this Stipulation and Settlement Agreement ("Agreement"); and

WHEREAS, unless the context clearly requires otherwise, the term "Party" or "Parties" means a signatory or signatories to this Agreement, and the term "Consumer Parties" shall refer collectively to OPC, FIPUG, FEA, and Walmart; and

WHEREAS, in a July 12, 2013 filing in this docket Gulf Power petitioned the Florida Public Service Commission ("the Commission") for an increase in its base rates and miscellaneous service charges of approximately \$74.4 million to be effective in 2014 based on a 2014 projected test year and an additional step increase in its base rates of approximately \$16.4 million to be effective July 1, 2015 based on additional transmission investment projected to be in service prior to that date but not included in the revenue requirements reflected as part of the 2014 projected test year; and

WHEREAS, OPC filed notice of its intervention and FIPUG, FEA and Walmart were authorized to intervene; and

WHEREAS, the Parties have filed voluminous prepared testimonies with accompanying exhibits and conducted extensive discovery; and

WHEREAS, the Parties to this Agreement have undertaken to resolve the issues raised in this docket so as to maintain a degree of stability and predictability with respect to Gulf Power's base rates and charges and to avoid the inherent risks, uncertainties and costs of further litigation; and

WHEREAS, the legal system favors the settlement of disputes by mutual agreement between the contending parties and the Commission has long favored negotiated settlements that are in the public interest;

WHEREAS, the Parties to this Agreement, individually and collectively, agree that this Agreement, taken as a whole, is in the public interest for many reasons including, but not limited to, those matters specified in paragraph 12 of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, which the Parties agree and acknowledge constitute good and valuable consideration, the Parties hereby stipulate and agree as follows:

I. Term.

This Agreement will become effective upon Commission approval and shall be implemented on the date of the meter reading for the first billing cycle of January 2014 ("the Implementation Date") and continue at least through the date of the last billing cycle in June 2017. The base rates, charges and related tariff sheet terms and conditions established as a result of this Agreement will continue beyond June 2017 unless and until changed by Commission order. The period from the Implementation Date through the last billing cycle in June 2017 may be referred to herein as the "Term". The Term may end earlier than the last billing cycle in June 2017 by operation of the provisions in

paragraph 6(c) of this Agreement; however, certain aspects of this Agreement shall survive such early termination as expressly provided herein.

2. Return on Equity.

(a) For purposes of this Agreement, the phrase "authorized ROE" shall mean the midpoint authorized return on common equity ("ROE") and the phrase "authorized ROE range" shall mean the range that starts 100 basis points below the midpoint and extends to 100 basis points above the midpoint as determined in this Agreement. Subject to the adjustment provision in paragraph 2(b), Gulf Power's authorized ROE shall continue to be 10.25%, which is the same as the midpoint ROE set by the Commission in Order No. PSC-12-0179-FOF-EI issued on April 3, 2012 in Docket No. 110138-EI, which was based on the record in that case. Gulf Power's authorized ROE and authorized ROE range shall be used for all regulatory purposes including, but not limited to, cost recovery clauses, earnings surveillance reporting, the calculation of the Company's Allowance for Funds Used During Construction ("AFUDC") rate and associated amounts of AFUDC in accordance with Rule 25-6.0141, F.A.C., and the implementation or operation of the negotiated provisions of this Agreement.

(b) The Parties agree that the average 30-year United States Treasury Bond yield rate of 3.7947 as reported by Bloomberg Finance on November 15, 2013 (the date the Parties reached agreement on the general terms for this Agreement) on their free website, the link to which is www.bloomberg.com/quote/USGG30YR:IND shall serve as the benchmark yield rate used in the adjustment mechanism set forth in this paragraph 2(b). The documentation of the benchmark yield rate set forth above is attached hereto as **Exhibit A**. If at any time during the Term, the average 30-year United States Treasury

Bond yield rate for any period of six (6) consecutive months is at least 75 basis points greater than the benchmark yield rate ("the Trigger"), Gulf Power's authorized ROE shall be increased by 25 basis points from the Trigger Effective Date defined below for and through the remainder of the Term, and for any period in which the Company's rates continue in effect after June 30, 2017 until the Commission issues a final order in a future proceeding changing the Company's rates and its authorized ROE. The new authorized ROE resulting from the foregoing adjustment will therefore be 10.50%, and the associated new authorized ROE range will extend from 9.50% to 11.50%. The new authorized ROE and associated ROE range resulting from operation of the foregoing adjustment may be referred to as the "Revised Authorized ROE" and the "Revised Authorized ROE Range" in this Agreement. The Trigger shall be calculated by summing the reported 30-year United States Treasury Bond yield rates for each day over any six-month period, e.g., January 1, 2014 through July 1, 2014, or March 17, 2014 through September 17, 2014, for which rates are reported, and dividing the resulting sum by the number of reporting days in such period. The effective date of the Revised Authorized ROE ("Trigger Effective Date") shall be the first day of the month following the day in which the Trigger is reached. If the Trigger is reached and the Revised Authorized ROE becomes effective, except as otherwise specifically provided in this Agreement, Gulf Power's Revised Authorized ROE and Revised Authorized ROE Range shall be used for the remainder of the Term for all regulatory purposes including, but not limited to, cost recovery clauses, earnings surveillance reporting, AFUDC, and the implementation or operation of the negotiated provisions of this Agreement. The same Bloomberg Finance source referenced above in this paragraph 2(b) shall be used to monitor the yield rate. In

the event that this source is no longer available during the Term, the Parties will negotiate in good faith to identify a reasonable alternative publication as an appropriate source for the 30-year United States Treasury Bond yield rate data to be used in calculating the Trigger as described in this Agreement.

(c) The authorized ROE and authorized ROE range in effect at the expiration of the Term of this Agreement shall continue in effect until the return on equity is next reset by the Commission.

3. Customer Rates.

(a)(i) Upon the Implementation Date and effective with the date of the first meter reading for the first billing cycle of January 2014, Gulf Power shall be authorized to increase its base rates and service charges by \$35.0 million of annual revenues, based on the projected 2014 test year billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the Company's July 12, 2013 Petition in this docket, in the amounts and manner shown in the rate design materials attached hereto as **Exhibit B.**

(ii) Effective with the date of the meter reading for the first billing cycle of January 2015, Gulf Power shall be authorized to increase its base rates by an additional \$20.0 million of annual revenues (for a total increase of \$55.0 million over the Company's authorized base rates as they exist on November 15, 2013), based on the projected test year billing determinants reflected in the MFRs filed with the Company's July 12, 2013 Petition in this docket, in the amounts and manner shown in the rate design materials attached hereto as **Exhibit B.**

(iii) New base rates have been designed using the Minimum Distribution System ("MDS") costing methodology as proposed by Gulf Power in this docket in the direct testimony and exhibit of Michael T. O'Sheasy and in accordance with the ratemaking principles described in the testimony of James I. Thompson, both as submitted with Gulf's filing in this docket on July 12, 2013. Base rate revenue increases have been spread among the rate classes as shown on MFR E-8 of Gulf's July 12, 2013 filing in this docket. The ministerial changes to Gulf's overall tariff proposed in this docket and which do not add or increase any rates or charges are hereby incorporated. The Parties further agree that the new service charges as proposed by Gulf Power in this docket in the direct testimony and exhibit of Margaret D. Neyman submitted with Gulf's filing in this docket on July 12, 2013 are to be implemented as part of this Agreement.

(b) Attached hereto as **Exhibit C** are tariff sheets for new base rates and service charges. Tariff sheets in **Exhibit C – Part I** implement the rate increases described in paragraph 3(a)(i) above, which tariff sheets shall become effective on the first billing cycle in January 2014. Tariff sheets in **Exhibit C - Part II** implement the rate increases described in paragraph 3(a)(ii) above, which tariff sheets shall become effective on the first billing cycle in January 2015.

(c) The Company shall introduce three new economic development riders on a pilot basis. The new economic development riders shall become effective upon the Implementation Date. The subscription period for the pilot shall end on the earlier of (i) December 31, 2016; (ii) the end of the calendar year in which the cumulative total of actual average incremental new load under these riders reaches 100 MW; or (iii) the date upon which Gulf Power, in its sole judgment, determines that the cumulative total of

actual average incremental new load under these riders reaches 100 MW, whichever shall first occur. The three economic development riders (Rate Schedules LBIR, MBIR and SBIR) are attached to this Agreement as **Exhibit D** and also among the full package of tariff sheets attached as **Exhibit C**. The Parties retain all rights to oppose the continuation of the economic development riders at the expiration of the 3-year pilot period, or to propose modifications, limitations and/or restrictions on their continuation at the end of the pilot period or during Gulf's next base rate proceeding, at the Parties' election, provided however, that such discontinuation or modification will be prospective in nature and will not affect any customers whose service is being provided under the terms of one of the three economic development riders.

(d) The base rates, charges and related tariff sheet terms and conditions set in accordance with this Agreement shall not be changed during the Term, except as otherwise permitted or provided for in this Agreement, and shall continue in effect until next reset by the Commission.

(e) To the extent that any of Gulf Power's cost recovery clauses are impacted by changes due to the implementation of the Revised Authorized ROE during the Term, such changes shall be reflected via normal operation of the true-up mechanisms in the clauses and incorporated in the affected cost recovery factors as of the date of the meter readings for the first billing cycle of January in the year following the year in which the change occurs.

(f) The provisions of this paragraph 3 shall remain in effect during the Term, except as otherwise permitted or provided for in this Agreement, and shall continue in effect until the Company's base rates are next reset by the Commission.

4. Other Cost Recovery.

Nothing shall preclude the Company from requesting the Commission to approve the recovery of costs that are: (a) of a type which traditionally and historically would be, have been, or are presently recovered through cost recovery clauses or surcharges, or (b) incremental costs not currently recovered in base rates which the Legislature or Commission determines are clause recoverable subsequent to the approval of this Agreement. Except as provided in this Agreement, it is the intent of the Parties in this paragraph 4 that Gulf Power not be allowed to recover through cost recovery clauses increases in the magnitude of costs of types or categories (including, but not limited to, for example, investment in and maintenance of transmission assets) that have been and traditionally, historically and ordinarily would be recovered through base rates. It is the further intent of the Parties to recognize that an authorized governmental entity may impose requirements on Gulf Power involving new or atypical kinds of costs (including, but not limited to, for example, requirements related to cyber security) and, concurrently with the imposition of such requirements, the Legislature and/or Commission may authorize Gulf Power to recover those related costs through a cost recovery clause, and in such event, Gulf Power shall be able to seek recovery of such costs from the Commission. This paragraph 4 does not preclude Gulf Power from seeking clause recovery of a type of cost (and for the same or similar reasons) not heretofore recovered through a clause which the Commission or the Legislature authorizes or has authorized another electric utility to recover through a clause before or during the Term of this Agreement. The Parties to this Agreement are not precluded from participating in any proceedings pursuant to this paragraph.

5. Storm Damage.

(a) Nothing in this Agreement shall preclude Gulf Power from petitioning the Commission to seek recovery of costs associated with any tropical systems named by the National Hurricane Center or its successor without the application of any form of earnings test or measure and irrespective of previous or current base rate earnings. Consistent with the rate design methods approved in this Agreement, the Parties agree that recovery of storm costs from customers will begin, on an interim basis, sixty (60) days following the filing of a cost recovery petition and tariff sheets with the Commission and will be based on a 12-month recovery period if the storm costs do not exceed \$4.00/1,000 kWh on monthly residential customer bills. In the event the storm costs exceed that level, any additional costs in excess of \$4.00/1,000 kWh shall be recovered in a subsequent year or years as determined by the Commission. All storm-related costs shall be calculated and disposed of pursuant to Commission Rule 25-6.0143, F.A.C., and shall be limited to: (i) costs resulting from a tropical system named by the National Hurricane Center or its successor; (ii) the estimate of incremental storm restoration costs above the level of storm reserve prior to the storm; and (iii) the replenishment of the storm reserve to the level as of December 31, 2013. The Parties to this Agreement are not precluded from participating in any such proceedings and opposing the amount of Gulf Power's claimed costs or whether the proposed recovery is consistent with this paragraph 5, but not the mechanism agreed to herein.

(b) The Parties agree that the \$4.00/1,000 kWh cap in this paragraph 5 shall apply in aggregate for a calendar year; provided, however, that Gulf Power may petition the Commission to allow Gulf Power to increase the initial 12-month recovery at rates

greater than \$4.00/1,000 kWh, or for a period longer than 12 months, if Gulf Power incurs in excess of \$100 million in storm recovery costs that qualify for recovery in a given calendar year, inclusive of the amount needed to replenish the storm reserve to the level that existed as of December 31, 2013. All Parties reserve their right to oppose such a petition.

(c) The Parties expressly agree that any proceeding to recover costs associated with any storm shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of Gulf Power and shall not apply any form of earnings test or measure or consider previous or current base rate earnings.

(d) The provisions of this paragraph 5 shall remain in effect during the Term, except as otherwise permitted or provided for in this Agreement, and shall continue in effect until the Company's base rates are next reset by the Commission.

6. Earnings.

(a) Notwithstanding paragraph 2 and subject to the Trigger in paragraph 2(b) above, if Gulf Power's earned return on common equity falls below the authorized ROE range or Revised Authorized ROE Range (if applicable) during the Term on a Gulf Power monthly earnings surveillance report stated on a thirteen-month average actual Commission adjusted basis, Gulf Power may petition the Commission to amend its base rates either as a general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, and/or as a limited proceeding under Section 366.076, Florida Statutes. Nothing in this Agreement shall be construed as an agreement by the Consumer Parties that a limited proceeding would be appropriate, and Gulf Power acknowledges and agrees that the Consumer Parties reserve and retain all rights to challenge the propriety of any

limited proceeding or to assert that any request for base rate changes should properly be addressed through a general base rate case, as well as to challenge any substantive proposals to change the Company's rates in any such future proceeding. Throughout this Agreement, "actual Commission adjusted basis" and "actual adjusted earned return" shall mean results reflecting all adjustments to Gulf Power's books required by the Commission by rule or order, but excluding pro forma weather adjustments. The Consumer Parties to this Agreement shall be entitled to participate in any proceeding initiated by Gulf Power to increase base rates pursuant to this paragraph 6, and may oppose Gulf Power's request.

(b) Notwithstanding paragraph 2 and subject to the operation of the Trigger in paragraph 2(b) above, if Gulf Power's earned return on common equity exceeds the authorized ROE range or Revised Authorized ROE Range during the Term on a Gulf Power monthly earnings surveillance report stated on a thirteen-month average actual Commission adjusted basis, any Consumer Party shall be entitled to petition the Commission for a review of Gulf Power's base rates. In any case initiated by Gulf Power or any Consumer Party pursuant to this paragraph 6, all Parties will have full rights conferred by law.

(c) Notwithstanding paragraph 2 and subject to operation of the Trigger in paragraph 2(b) above, this Agreement shall terminate upon the effective date of any final order issued in any such proceeding pursuant to this paragraph 6 that changes Gulf Power's base rates prior to the last billing cycle of June 2017.

(d) This paragraph 6 shall not (i) be construed to bar Gulf Power from requesting any recovery of costs otherwise contemplated by this Agreement; (ii) apply to any

request to change Gulf Power's base rates that would become effective after the expiration of the Term of this Agreement; or (iii) limit any Party's rights in proceedings concerning changes to base rates that would become effective subsequent to the Term of this Agreement to argue that Gulf Power's authorized ROE range should be different than as set forth in this Agreement.

(e) Notwithstanding any other provision of this Agreement, the Parties fully and completely reserve all rights available to them under the law to challenge the level or rate structure of Gulf Power's base rates, charges and credits effective as of July 1, 2017 or thereafter. It is specifically understood and agreed that this Agreement does not preclude any Party from filing before July 1, 2017 an action to challenge the level or rate structure of Gulf Power's base rates, charges and credits effective as of July 1, 2017 or thereafter.

7. Depreciation.

Notwithstanding any requirements of Rules 25-6.0436 and 25-6.04364, F.A.C., the Company shall not be required during the Term of this Agreement to file any depreciation study or dismantlement study, and the Parties agree that the requirements for a waiver of the requirements of the rule are present and have been met. The depreciation and amortization accrual rates in effect as of the effective date of this Agreement shall remain in effect throughout the Term. The Parties agree that the provisions of Rules 25-6.0436 and 25-6.04364, F.A.C., pursuant to which depreciation and dismantlement studies are filed at least every four years will not apply to the Company during the Term and that the Commission's approval of this Agreement shall excuse the Company from compliance with the filing requirement of these rules during the Term. The Company shall file depreciation and dismantlement studies on or before December 31, 2018 or

within a period defined as not more than one year nor less than 60 days before the filing of Gulf Power's next general rate proceeding under Sections 366.06 and 366.07, Florida Statutes, whichever is sooner. In any event, Gulf Power shall file depreciation and dismantlement studies such that all issues arising from such studies can be litigated by the Parties in the next general rate proceeding for rates to take effect after the last billing cycle of June 2017, unless such general rate proceeding is not initiated prior to December 31, 2018. The filing of a depreciation study shall not be required for a proceeding to change base rates initiated pursuant to the provisions of paragraph 6.

8. Application of Agreement.

No Party to this Agreement will request, support or seek to impose a change in the application of any provision of this Agreement. Except as provided in paragraph 6, a Party to this Agreement will neither seek nor support any reduction in Gulf Power's base rates, including limited, interim or any other rate decreases, that would take effect prior to the first billing cycle for July 2017, except for any such reduction requested by Gulf Power or as otherwise provided for in this Agreement. Gulf Power shall not seek interim, limited, or general base rate relief during the Term, except as provided for in paragraph 6 of this Agreement. Gulf Power is not precluded from seeking interim, limited or general base rate relief that would be effective during or after the first billing cycle in July 2017, nor are the Parties precluded from opposing such relief. Such interim relief may be based on time periods before July 1, 2017, consistent with Section 366.071, Florida Statutes, and calculated without regard to the provisions of this Agreement.

9. New Tariff Provisions.

Nothing in this Agreement shall preclude Gulf Power from filing and the Commission from approving any new or revised tariff provisions or rate schedules requested by Gulf Power, provided that such tariff request does not increase any existing base rate component of a rate schedule during the Term unless the application of such new or revised rate schedule is optional to Gulf Power's customers. Nothing in this paragraph 9 will prevent Gulf from filing any new or revised tariff provisions or rate schedules necessary to comply with legal requirements. Gulf's filing of any new or revised tariff provisions or rate schedules to comply with legal requirements shall not be used to avoid implementing or otherwise avoid complying with a negotiated provision in this Agreement unless such negotiated provision is contrary to law.

10. Transmission Projects.

The following transmission projects scheduled to enter commercial service after the Implementation Date are acknowledged by the Parties as reasonable and appropriate for continued implementation by the Company:

- a. Holmes Creek – Bonifay Tap Section Rebuild Double Circuit (estimated in-service 5/14)
- b. Holmes Creek – Highland City Capacitor Autobank (estimated in-service 12/14)
- c. Holmes Creek – Highland City Capacitor Bank (estimated in-service 12/14)
- d. Alligator Swamp +/- 100 MVAR Static VAR Compensator (SVC) (estimated in-service 4/15)
- e. Highland City +/- 100 MVAR Static VAR Compensator (SVC) (estimated in-service 4/15)

- f. Laguna – Santa Rosa 230 kV Conversion New 230 kV line (estimated in-service 5/15)
- g. Laguna – Santa Rosa 230 kV Conversion Bus Terminal (estimated in-service 5/15)
- h. Laguna – Santa Rosa 230 kV Conversion New Substation (estimated in-service 5/15)
- i. Holmes Creek – Highland City New 230 kV Transmission Line (estimated in-service 5/15)
- j. North Brewton – Alligator Swamp New 230 kV Transmission Line (estimated in-service 6/15)
- k. Alligator Swamp Substation (estimated in-service 6/15)
- l. Alligator Swamp 100 MVAR Capacitor Bank (estimated in-service 6/15)
- m. West Pensacola 100 MVAR Capacitor Bank (estimated in-service 6/15)
- n. Brentwood – Scenic Hills 115 kV Transmission Line Reconductor (estimated in-service 12/17)
- o. West Pensacola +/- 100 MVAR Static VAR Compensator (SVC) (estimated in-service 6/18)

As a result of this Agreement, all of the projects listed above will be treated as interest bearing Construction Work in Progress (“CWIP”) projects and therefore eligible for AFUDC treatment. Upon commercial in-service for each of the listed projects, Gulf Power shall be allowed to continue to accrue earnings equivalent to the AFUDC rate on the total investment in each identified transmission project (including AFUDC and accrued earnings) until the next base rate adjustment date following the in-service date for that project or January 1, 2017, whichever shall first occur. The investment (including accumulated AFUDC and accrued earnings) shall be removed from rate base for surveillance reporting until such time that earnings cease to be accrued on the investment. During the term of this Agreement, there shall be no other change to the

Company's base rates to cover the revenue requirements associated with the foregoing projects, except as otherwise provided in this Agreement. The transmission investment, AFUDC, and the capitalized deferred earnings shall be added to rate base for surveillance and ratemaking purposes without contest by the Consumer Parties at the conclusion of the period during which this special allowance for deferred earnings equivalent to the AFUDC rate applies pursuant to this paragraph 10. In the event that the actual investment (excluding accumulated AFUDC on those projects that would otherwise be included in non-interest bearing CWIP and the accumulated deferred earnings equivalent to AFUDC allowed under this paragraph) for all of the listed projects exceeds the total estimated cost for these projects set forth in **Exhibit E** attached hereto, the Consumer Parties have reserved the right to contest only that incremental amount of actual investment that exceeds the total estimated cost for all projects set forth in **Exhibit E**. The Company shall be entitled to defend the increment of invested costs that is subject to contest by the Consumer Parties. Such contest and defense shall be limited to the first base rate proceeding following the Term, and the right to contest shall expire if such base rate proceeding is not initiated within 24 months after the conclusion of the Term. In the event that any investment subject to contest is disallowed for ratemaking purposes, the corresponding AFUDC and deferred earnings equivalent to AFUDC associated with such disallowed increment of investment shall likewise be disallowed for future ratemaking purposes.

11. Other.

(a) Gulf Power shall be authorized to change billing related to the capacity cost recovery clause pursuant to Rate Schedule PPCC for the LP/LPT demand classes to be on

a kilowatt (kW) basis rather than the current kilowatt-hour (kWh) basis. The revised Rate Schedule PPCC reflecting this change is attached hereto as **Exhibit F** and is also among the full package of tariff sheets attached as **Exhibit C**. This change shall be implemented as soon as practicable after the Company's billing systems have been updated for this change.

(b) Gulf Power shall be permitted to implement the revised method to account for and record the revenues received from customers taking service under Rate Schedule RTP between base rates and fuel cost recovery as proposed in the direct testimony of James I. Thompson filed in this docket and detailed in the response to Staff Interrogatory No. 44 attached hereto as **Exhibit G**. This accounting change does not involve any changes to Gulf's tariff sheets associated with Rate Schedule RTP (and was discussed by the Company during the informal noticed meeting with the Commission's Staff and the Parties held August 7, 2013).

(c) Gulf Power shall be entitled to establish a regulatory asset for the deferral of all incurred costs associated with preparing for and discovery during Docket No. 130140-EI (including such incurred costs associated with Docket No. 130151-EI prior to its consolidation with Docket No. 130140-EI). The estimate of such costs is set forth in documents attached hereto as **Exhibit H**. Gulf Power will not be required to begin amortization of the costs in this regulatory asset account until after the rate case expense addressed in Order No. PSC-12-0179-FOF-EI has been fully amortized. Thereafter, the annual amortization of the costs in this regulatory asset shall not be less than the amortization of rate case expense provided for in Order No. PSC-12-0179-FOF-EI. The Company shall be authorized to amortize additional amounts from time to time at its sole

discretion. In any event, the entire amount shall be fully amortized or deemed recovered by June 30, 2017 such that no amount of unamortized rate case expense from either Docket No. 110138-EI or Docket No. 130140-EI shall be considered in any future base rate proceeding after the Term of this Agreement, and no part of the deferred or amortized costs shall be considered in implementing paragraph 6 of this Agreement.

(d) The following mechanism has been agreed to by the Parties as part of this Agreement in order to facilitate postponement of further changes in base rates and mitigate any concerns of the Parties regarding the amounts contained in the applicable reserves for cost of removal and fossil generating plant dismantlement and how those amounts may affect future determinations of depreciation rates and dismantlement accruals on a going-forward basis after conclusion of the Term.

(i) During the Term of this Agreement, the Company shall have the discretion, as limited in (ii) and (iii) below, to record retail jurisdictional credits (reductions) to depreciation expense, with any credits to depreciation expense recorded to a regulatory asset account referred to as Other Cost of Removal.

(ii) The overall reduction in depreciation expense allowed under this paragraph 11(d) shall be limited to \$62.5 million over the life of this Agreement. Gulf Power must have exhausted the full amount of the \$62.5 million of potential credits to depreciation expense before the Company may elect to file a base rate proceeding pursuant to the provisions of paragraph 6(a) of this Agreement.

(iii) The Company shall not be permitted to record a credit to depreciation expense if the adjustment would cause Gulf Power's actual adjusted earned return on common equity as reported on a Gulf Power monthly earnings surveillance

report stated on a thirteen-month average actual Commission adjusted basis to exceed the midpoint of the Company's authorized ROE in effect at the time of such credit.

(iv) If Gulf Power's actual adjusted earned return on equity capital, as reported to the Commission in a monthly earnings surveillance report, would exceed the ceiling of its authorized equity range during the Term, and Gulf has exercised its right to credit depreciation expense during the 12-month period ending with the month for which the surveillance report is submitted, Gulf may reverse such credits, but only in the amount required to remain below its authorized ceiling, and only to the extent of the total amount credits recorded during the same 12-month period pursuant to this subsection as of the date of such earnings surveillance report.

(v) The Other Cost of Removal regulatory asset will be recovered commencing on the earlier of (a) the effective date of the Commission's final order in Gulf Power's next filed base rate proceeding for rates to take effect after the last billing cycle for June 2017, or (b) completion and approval by this Commission of Gulf Power's next depreciation and dismantlement study submitted in accordance with the provisions of Rules 25-6.0436 and 25-6.04364, F.A.C. Any recovery period of this Other Cost of Removal regulatory asset established in the future will be no longer than the average remaining service life of the assets approved in the Company's most recent depreciation study at the time the recovery is established or modified in the future.

Other than the requirement in (ii) above to have exhausted the full amount of the \$62.5 million of potential credits to depreciation expense before the Company may elect to file a base rate proceeding pursuant to the provisions of paragraph 6(a) of this Agreement, Gulf Power is not obligated to use any of the discretion afforded to it under this paragraph 11(d). Gulf Power's opportunity to make credits to depreciation expense under this paragraph 11(d) shall not extend beyond June 2017, even if the full amount has not been previously exhausted, regardless of whether other provisions of this Agreement survive the Term. It is the intent of the Parties that the Other Cost of Removal regulatory asset be considered and accounted for in conjunction with the accumulated aggregate balances in the reserve for cost of removal and the reserve for fossil generating plant dismantlement when the Commission next establishes depreciation rates and dismantlement accruals on a going-forward basis.

(e) Gulf Power will continue its annual property damage accrual at the current level of \$3.5 million as first approved in Order No. PSC-96-0023-FOF-EI issued in Docket No. 951433-EI, and as most recently continued in Order No. PSC-12-0179-FOF-EI in Docket No. 110138-EI.

(f) The provisions of this paragraph 11 (a), (b), (c), (d) and (e) shall remain in effect during the Term, except as otherwise permitted or provided for in this Agreement, and shall continue in effect at least until the Company's base rates are next reset by the Commission.

(g) The Parties reserve all rights, unless such rights are expressly waived or released under the terms of this Agreement.

12. Commission Approval.

The provisions of this Agreement are contingent on approval of this Agreement in its entirety by the Commission without modification. It is the desire of the Parties that this Agreement be considered at an appropriate proceeding that does not involve live testimony and cross examination on the merits of the Petition that initiated this proceeding. The Parties agree that: (a) consideration of this Agreement as an agenda item at a regularly scheduled Commission conference at which all interested persons are provided an opportunity to speak shall satisfy any requirement for the conduct of a hearing on the approval of this Agreement; (b) the following documents on file in this proceeding shall be available for the Commission during its consideration of this Agreement: the petition that initiated this proceeding, the MFRs, the prefiled testimony and exhibits of all witnesses, and this Agreement; (c) upon approval of this Agreement by the Commission, such documents shall become part of the record of this proceeding as if admitted into evidence at a final hearing; and (d) a Commission decision approving this Agreement may be issued as a final order. The Parties agree that good cause exists for the Commission to expedite consideration of this Agreement. In particular, good cause exists due to the opportunity to avoid additional litigation costs by all Parties, but that benefit can only be realized if this Agreement is considered for approval sufficiently in advance of the scheduled hearing to permit the Parties to avoid those costs. With respect to this Agreement, the Parties agree to waive: (a) all notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes, or other applicable provisions of law; (b) their right to require a hearing on the merits; (c) their respective rights to seek reconsideration pursuant to Rule 25-22.060, Florida Administrative Code, of any final

order that approves this Agreement in its entirety and without change; and (d) their respective right to judicial review of any such final agency action approving this Agreement afforded by Section 120.68, Florida Statutes. The Parties further agree that they will support this Agreement and affirmatively assert that this Agreement is in the public interest and should be approved. In this regard, the Parties acknowledge that: (a) this Agreement has been agreed to by each and every Party and resolves each and every issue in this docket; (b) this Agreement results in rates and charges that are fair, just and reasonable over the term of the agreement; (c) this Agreement promotes planning, certainty and predictability for customers and Gulf Power by establishing a period of more than three years during which Gulf will be precluded from seeking base rate increases, except under the limited exceptions as provided for in this Agreement; (d) this Agreement also promotes certainty, predictability, and regulatory efficiency by providing a mechanism for addressing costs associated with tropical storms; and (e) this Agreement includes tariff provisions that will promote economic development during a period of difficult economic recovery. The Parties agree that they will not request or support any order, relief, outcome, or result in conflict with the terms of this Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this Agreement or any of the terms in this Agreement shall have any precedential value. The Parties' agreement to the terms in this Agreement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this Agreement. The Parties further expressly agree that no individual provision, by itself,

necessarily represents a position of any Party in a future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this Agreement because of that Party's signature herein. It is the intent of the Parties to this Agreement that the Commission's approval of all the terms and provisions of this Agreement is an express recognition that (a) no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party and (b) that no Party to this Agreement endorses a specific provision, in isolation, of this Agreement because of that Party's signature herein. Approval of this Agreement in its entirety will resolve all matters in Docket No. 130140-EI pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket will be closed effective on the date the Commission order approving this Agreement is final, and no Party shall seek appellate review of any order issued in this Docket.

13. Disputes.

To the extent a dispute arises among the Parties about the provisions, interpretation, or application of this Agreement, the Parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution.

14. Execution.

This Agreement is dated as of November 21, 2013. It may be executed in counterpart originals and a facsimile of an original signature shall be deemed an original.

[REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

Gulf Power Company

One Energy Place
Pensacola, FL 32520

By:  Date: November 21, 2013

JEFFREY A. STONE
Florida Bar No. 325953
RUSSELL A. BADDERS
Florida Bar No. 007455
STEVEN R. GRIFFIN
Florida Bar No. 627569
Beggs & Lane
P. O. Box 12950
501 Commendencia Street
Pensacola, FL 32576-2950
(850) 432-2451
Attorneys for Gulf Power Company

Signature Page to Stipulation and Settlement Agreement in Docket No. 130140-EI

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

Office of Public Counsel
J. R. Kelly, Public Counsel
Charles J. Rehwinkel, Deputy Public Counsel
Joseph A. McGlothlin, Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

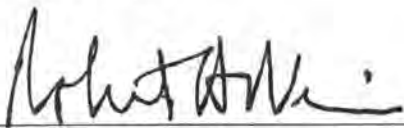
By:  Date: 11/21/13

Signature Page to Stipulation and Settlement Agreement in Docket No. 130140-EI

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

The Florida Industrial Power Users Group

Jon C. Moyle, Jr., Esquire
Karen A. Putnal, Esquire
Moyle Law Firm
The Perkins House
118 North Gadsden Street
Tallahassee, FL 32301

By:  Date: 11/21/13

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

Federal Executive Agencies

Christopher Thompson, Maj, USAF
Thomas A. Jernigan, Capt, USAF
Gregory J. Fike, Lt Col, USAF
AFLOA/JACL-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, FL 32403

NAME:

A handwritten signature in black ink, appearing to be 'C. Thompson', written over a horizontal line.

DATE: 21 November 13

Signature Page to Stipulation and Settlement Agreement in Docket No. 130140-EI

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Agreement by their signature(s):

Wal-Mart Stores East, L.P. & Sam's East Inc.

Robert Scheffel Wright, Esquire

John T. LaVia, III, Esquire

Gardner Bist Wiener Wadsworth Bowden, Bush Dee LaVia & Wright, P.A.

1300 Thomaswood Drive

Tallahassee, FL 32308

By: Robert Scheffel Wright Date: November 21, 2013

Signature Page to Stipulation and Settlement Agreement in Docket No. 130140-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing **APPENDIX**
to CITIZENS' INITIAL BRIEF has been furnished by electronic mail on this 2nd
day of May, 2016, to the following:

Samantha Cibula, Esq.
Martha Barrera, Esq.
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Ken Hoffman
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PO Box 111
Tampa, FL 33601

s/ Charles J. Rehwinkel
Charles J. Rehwinkel
Deputy Public Counsel