

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** May 30, 2019

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (D. Smith, Mouring, Snyder, L. Smith, D. Buys)

Division of Economics (Draper, Galloway, Guffey)

Division of Engineering (Buys, Thompson)

Office of the General Counsel (Dziechciarz, Weisenfeld)

**RE:** Docket No. 20190110-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Michael and approval of second implementation stipulation, by Duke Energy Florida, LLC.

**AGENDA:** 06/11/19 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** 06/28/19 (Requested Implementation Date)

**SPECIAL INSTRUCTIONS:** None

### Case Background

On April 30, 2019, Duke Energy Florida, LLC (DEF or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover a total of \$223.5 million for the incremental restoration costs related to Hurricane Michael and to replenish its storm reserve. This amount includes \$2.5 million for: interest, bond issuance expense, and the regulatory assessment fee gross-up. DEF's storm reserve was depleted as a result of Hurricanes Irma and Nate and DEF is seeking to replenish the storm reserve to the

level authorized in the Second Revised and Restated 2017 Settlement Agreement (2017 Settlement) approved by the Commission in Order No. PSC-2017-0451-AS-EU.<sup>1</sup>

DEF filed its petition pursuant to the provisions of the 2017 Settlement. Pursuant to the 2017 Settlement, DEF can recover storm costs, without a cap on the level of charges on customer bills, on an interim basis beginning 60 days following the filing of a petition for recovery. DEF proposes to implement an interim charge for a 12-month period effective July 2019. The interim charge results in an increase of \$6.95 per 1,000 kilowatt hour (kWh) on a residential bill.

Included in the petition (and attached to this recommendation as Attachment A) is a proposed Second Implementation Stipulation (Stipulation). The Stipulation, if approved, would allow DEF to apply the tax savings approved by the Commission in Order No. PSC-2019-0053-FOF-EI to offset the storm recovery surcharge that was requested in this docket, and would replenish the storm reserve to a level authorized in the 2017 Settlement.<sup>2</sup> The authorized level in the 2017 Settlement was \$132 million.<sup>3</sup> DEF, the Office of Public Counsel, Southern Alliance for Clean Energy, and White Springs Agricultural Chemical, Inc. agreed to the Stipulation. Florida Retail Federation, and Florida Industrial Power Users group took no position on the Stipulation.

The appropriate time for the Commission to discuss and vote on the Stipulation is after the Commission renders a decision on Issue 1. If approved, then pursuant to Paragraph 4 of the Stipulation DEF will withdraw the proposed Eighty-Fifth Revised Tariff Sheet No. 6.105, and Issue 2 will be rendered moot.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

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<sup>1</sup> Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*

<sup>2</sup> The Stipulation seeks to avoid volatility in customer rates by recognizing and then utilizing annual tax reform benefits resulting from the 2017 Tax Act as a direct offset to avoid implementing separate cost recovery of storm damage costs that customers would have otherwise have been obligated to pay. If approved, DEF will be entitled to record a monthly storm reserve accrual equal to one-twelfth of the approved annual revenue requirement impact of the Tax Act (approximately \$12.9 million), and credit the retail storm reserve from May 2020 through full recovery of the final approved actual storm recovery amount. Once the final approved actual storm recovery amount has been recovered, or offset, DEF will reduce base rates in the manner prescribed in the 2017 Settlement.

<sup>3</sup> Order No PSC-2019-0053-FOF-EI, issued February 1, 2019, in Docket No. 20180047-EI, *In re: Consideration of the tax impacts associated with Tax Cuts and Jobs Act of 2017 for Duke Energy Florida, LLC.*

## Discussion of Issues

**Issue 1:** Should the Commission authorize DEF to implement an interim storm restoration recovery charge?

**Recommendation:** Yes, the Commission should authorize DEF to implement an interim storm restoration recovery charge. Once the total actual storm costs are known, DEF should be required to file documentation of the total storm costs for Commission review and true-up of any excess or shortfall. (Snyder, Mouring)

**Staff Analysis:** As stated in the Case Background, DEF filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover a total of \$223.5 million for the incremental restoration costs related to Hurricane Michael. The \$223.5 million includes \$2.5 million for interest, bond issuance expense, and a regulatory assessment fee gross-up. The petition was filed pursuant to the provisions of the 2017 Settlement approved by the Commission in Order No. PSC-2017-0451-AS-EU. Pursuant to Paragraph 38 of the 2017 Settlement, DEF can begin recovery of storm costs, without a cap, 60 days following the filing of a petition for recovery. DEF has requested an interim storm restoration recovery charge to implement for a 12-month period, effective July 2019 through June 2020.

In its petition, DEF asserts that it incurred total retail recoverable costs of approximately \$223.5 million as a result of Hurricane Michael. DEF further asserts that this amount was calculated in accordance with the Incremental Cost and Capitalization Approach (ICCA) methodology prescribed in Rule 25-6.0143, Florida Administrative Code (F.A.C.).

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending further review once the total actual storm restoration costs are known. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over/under recovery, and associated interest, would be considered by the Commission at a later date.

Based on a review of the information provided by DEF in its petition, staff recommends that the Commission authorize DEF to implement an interim storm restoration recovery charge subject to refund. Once the total actual storm costs are known, DEF should be required to file documentation of the storm costs for Commission review and true-up of any excess or shortfall. Staff emphasizes that this recommendation is only for interim recovery charges and is not a confirmation or endorsement of the prudence of DEF's forecasted costs and plans. This recommendation only allows DEF to begin recovery on an interim basis in accordance with the 2017 Settlement. This interim recovery is subject to refund following a hearing or formal proceeding where the veracity and prudence of DEF's actual restoration costs can be fully vetted.

**Issue 2:** Should the Commission approve DEF's proposed Hurricane Michael interim storm cost recovery surcharges?

**Recommendation:** Yes. The Commission should approve DEF's Hurricane Michael interim storm cost recovery surcharges as proposed in the petition effective with the first billing cycle of July 2019, subject to a final true-up. (Guffey)

**Staff Analysis:** DEF is seeking approval of interim storm cost recovery surcharges associated with Hurricane Michael as shown in revised Tariff Sheet Nos. 6.105 and 6.106 (Attachment B to this recommendation). The surcharges will be applicable to all rate classes. Tariff Sheet Nos. 6.105 and 6.106 describe the proposed interim storm cost recovery surcharges and define the storm cost recovery surcharge, respectively. Page 4 of Appendix A of DEF's petition shows the storm cost recovery allocation factors for all rate classes. For residential customers, the surcharge is 0.695 cents per kilowatt hour (kWh), which equates to \$6.95 on a 1,000 kWh residential bill.

**Conclusion:** Staff recommends that the Commission approve DEF's proposed Hurricane Michael interim storm cost recovery surcharges to be effective with the first billing cycle of July 2019 and ending with the last billing cycle of June 2020, subject to a final true-up.

Date: May 30, 2019

**Issue 3:** What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (L. Smith, D. Buys)

**Staff Analysis:** Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. Staff reviewed DEF's financial statements to determine if the Company can support a corporate undertaking to guarantee the funds collected for recovery of incremental storm restoration costs related to Hurricane Michael. DEF's 2016, 2017, and 2018 financial statements were used to determine the financial condition of the Company. DEF's financial performance demonstrates adequate levels of ownership equity, profitability, and interest coverage, but marginal liquidity due to negative working capital. However, the Company participates in Duke Energy Corporation's money pool and has access to additional funds if needed.

Staff believes DEF has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$223.5 million is acceptable. This brief financial analysis is only appropriate for deciding if the Company can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding.

**Issue 4:** Should this docket be closed?

**Recommendation:** No, this docket should remain open pending final reconciliation of actual recoverable Hurricane Michael storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted. (Dziechciarz, Weisenfeld)

**Staff Analysis:** This docket should remain open pending final reconciliation of actual recoverable Hurricane Michael storm costs with the amount collected pursuant to the interim storm restoration recovery charge, and the calculation of a refund or additional charge if warranted.

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**Second Implementation Stipulation**

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

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- Docket, withdraw the tariff sheets it filed simultaneously with the filing of this Stipulation (i.e., the tariff surcharge shall never become effective).
5. DEF anticipates the storm costs that are the subject of Docket No. 20170272-EI, before replenishment of the reserve, will be fully recovered by the end of April, 2020. At that time, the signatories agree that DEF shall be entitled to continue to record a monthly storm reserve accrual equal to one-twelfth of the annual Commission-approved revenue requirement impact of the Tax Act (i.e., 1/12 of \$154.7 million or approximately \$12.9 million) and credit the retail storm reserve from May 2020 until DEF's estimated Hurricane Michael –related costs have been fully recovered and the storm reserve has been replenished (any unrecovered portion of the storm reserve balance would subsequently be recovered in 2022). Attached to this implementation stipulation as Appendix C is an example of the estimated application of this treatment to the storm costs. These amounts are subject to final true-up based on the results of Docket 20170272-EI as well as the current Docket upon final determination of the appropriate recoverable storm costs by the Commission. A specific condition of the signatories agreeing to this Stipulation is that the Commission will issue an order explicitly authorizing such action. The signatories agree that once the final Commission-approved actual storm recovery and storm reserve replenishment amount has been recovered, DEF shall reduce base rates in the manner prescribed in the Agreement and commensurate with the Commission-approved Tax Act savings beginning in the month following the final month of storm recovery (including reserve replenishment). DEF agrees to file tariff sheets at least 60 days before to reflect the reduced rates. The intent of this recovery schedule is to allow for DEF to recover all costs authorized for recovery in Docket No. 20170272-EI and the docket in which the Commission will consider this Stipulation.
  6. All signatories maintain and do not waive their rights to raise any argument that is allowed under the Agreement with respect to the reasonable and prudent level of storm damage costs that are the subject of the docket that will be opened to consider DEF's Hurricane Michael costs. It is the intent of the signatories, and a condition of this Stipulation, that the proceeding contemplated in Paragraph 38(c) shall be conducted as if this Stipulation did not exist.
  7. The parties intend that the storm damage costs be transparent and ascertainable on a stand-alone basis. DEF shall file quarterly a storm cost overview which accounts and reports on the storm damage costs, the costs remaining to be satisfied, the projected date such costs will be satisfied, and the amount of Tax Act savings applied to storm damage costs.

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**Duke Energy Florida, LLC**

By  for

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

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Office of Public Counsel

By

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

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

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**Florida Industrial Power Users Group**

By \_\_\_\_\_

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

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**White Springs Agricultural Chemicals, Inc.**

By  5/11/2019

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

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**Florida Retail Federation**

By \_\_\_\_\_

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

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**Southern Alliance for Clean Energy**

By 

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



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

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RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS

Applicable

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

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

(1) Fuel Cost Recovery Factor

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

(2) Energy Conservation Cost Recovery Factor

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

(Continued on Page No. 2)

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

EFFECTIVE: March 1, 2019



SECTION NO. VI  
~~TWENTY-SEVENTH EIGHTH~~ REVISED SHEET NO. 6.106  
CANCELS TWENTY-SIXTH SEVENTH REVISED SHEET NO. 6.106

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

**(3) Capacity Cost Recovery Factor**

The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

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

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

**(5) Asset Securitization Charge Factor**

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

**(6) Storm Cost Recovery Surcharge**

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

**Gross Receipts Tax Factor**

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

**Right-of-Way Utilization Fee**

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

**Municipal Tax**

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

**Sales Tax**

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

(Continued on Page No. 3)

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

EFFECTIVE: July 1, 2019



SECTION NO. VI  
ORIGINAL SHEET NO. 6.107

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RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS  
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**Governmental Undergrounding Fee**

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

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

EFFECTIVE: July 1, 2016