



RECEIVED
SERVICE
FLORIDA PUBLIC
COMMISSION
15 JAN 16 PM 2:59
DIVISION OF
ACCOUNTING & FINANCE

January 15, 2015

Mr. Bart Fletcher
Public Utility Supervisor
Surveillance Section
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0820

Dear Mr. Fletcher:

Pursuant to Commission Rule 25-6.1352, enclosed please find Duke Energy Florida, Inc.'s Earnings Surveillance Report for the twelve months ended November 30, 2014.

The report includes the Company's actual rate of return computed on an end-of-period rate base, the Company's adjusted rate of return computed on an average rate base, the Company's end-of-period required rates of return, and certain financial integrity indicators for the twelve months ended November 30, 2014. The separation factors used for the jurisdictional amounts were developed from the cost of service prepared in compliance with the Stipulation & Settlement Agreement, Order No. PSC-13-0598-FOF-EI.

If you have any questions, please feel free to contact Marcia Olivier at (727) 820-5653.

Sincerely,

Marcia Olivier For Javier Portuondo

Javier Portuondo
Director Rates & Regulatory Strategy

dc
Attachment
xc: Mr. J. R. Kelly, Office of the Public Counsel

**DUKE ENERGY FLORIDA
RATE OF RETURN REPORT SUMMARY
NOVEMBER 2014**

SCHEDULE 1

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. AVERAGE RATE OF RETURN (Jurisdictional)					
Net Operating Income	\$ 656,588,645 (a)	\$ (50,550,578) (b)	\$ 606,038,067	\$ 8,132,900	\$ 614,170,967
Average Rate Base	\$ 10,476,321,816	\$ (1,293,724,661)	\$ 9,182,597,155	\$ -	\$ 9,182,597,155
Average Rate of Return	6.27%		6.60%		6.69%
I. YEAR END RATE OF RETURN (Jurisdictional)					
Net Operating Income	\$ 654,140,552	\$ (48,102,485)	\$ 606,038,067		
Average Rate Base	\$ 10,614,573,914	\$ (1,150,764,666)	\$ 9,463,809,248		
Average Rate of Return	6.16%		6.40%		
(a) INCLUDES AFUDC EARNINGS					
(b) INCLUDES REVERSAL OF AFUDC EARNINGS					

III. REQUIRED RATES OF RETURN	Average Capital Structure	End of Period Capital Structure
FPSC Adjusted Basis		
Low Point	6.41%	6.34%
Mid Point	6.88%	6.81%
High Point	7.34%	7.27%
Pro Forma Adjusted Basis		
Low Point	6.41%	6.34%
Mid Point	6.88%	6.81%
High Point	7.34%	7.27%
IV. FINANCIAL INTEGRITY INDICATORS		
A. T.I.E. with AFUDC	4.20	(System Per Books Basis)
B. T.I.E. without AFUDC	4.19	(System Per Books Basis)
C. AFUDC to Net Income	0.54%	(System Per Books Basis)
D. Internally Generated Funds	69.36%	(System Per Books Basis)
E. STD/LTD to Total Investor Funds		
LT Debt-Fixed to Total Investor Funds	43.68%	(FPSC Adjusted Basis)
ST Debt to Total Investor Funds	1.89%	(FPSC Adjusted Basis)
F. Return on Common Equity	9.91%	(FPSC Adjusted Basis)
	10.10%	(Pro Forma Adjusted Basis)
G. Current Allowed AFUDC Rate	7.44%	Docket 100134-EI Order PSC-10-0258-PCO-EI

I am aware that Section 837-06, Florida Statutes, provides:

Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082, s. 775.083, or s. 775-084

Marcia Oliver for Javier Portuondo
Javier Portuondo, Director Rates & Regulatory Strategy

1/14/15
Date

	Plant in Service	Accum Depr & Amort	Net Plant in Service	Future Use & Appd Unrecov Plant	Const Work in Progress	Net Utility Plant	Working Capital	Total Average Rate Base
System Per Books	\$13,677,060,198	\$5,041,279,036	\$8,635,781,163	\$120,899,894	\$282,288,225	\$9,038,969,281	\$2,422,245,257	\$11,461,214,539
Regulatory Base - Retail	\$12,408,242,663	\$4,674,435,979	\$7,733,806,684	\$104,803,282	\$243,864,658	\$8,082,474,623	\$2,393,847,193	\$10,476,321,816
FPSC Adjustments								
ARO	(17,151,554)	(29,324,881)	12,173,328			12,173,328	(11,552,333)	620,994
ECCR	(38,371,446)	(3,904,228)	(34,467,219)		(8,299,840)	(42,767,059)	6,459,220	(36,307,839)
ECRC	(286,860,141)	(22,115,726)	(264,744,415)		(11,963,060)	(276,707,475)	(14,108,566)	(290,816,041)
FUEL	(28,969,382)	(28,101,068)	(868,315)			(868,315)	146,381,395	145,513,080
CCR							(38,291,883)	(38,291,883)
NUCLEAR					(26,877,148)	(26,877,148)	(375,505,489)	(402,382,637)
CR3 Removal							(1,281,356,635)	(1,281,356,635)
Derivatives							(4,725,044)	(4,725,044)
Employee Related							(909,503)	(909,503)
Investments Earning a Return							(141,450,636)	(141,450,636)
Jobbing Accounts							(1,325,539)	(1,325,539)
Non-Regulated and Miscellaneous	(30,243,220)	(46,956,427)	16,713,207			16,713,207	4,717,607	21,430,813
Rate Case Regulatory Asset							(4,166)	(4,166)
Retention Accounts							3,200,812	3,200,812
CWIP - AFUDC					(38,933,358)	(38,933,358)		(38,933,358)
Imputed Off Balance Sheet Obligations							773,093,930	773,093,930
Capital Lease	(163,748,577)		(163,748,577)			(163,748,577)	162,667,568	(1,081,009)
Total FPSC Adjustments	(565,344,321)	(130,402,330)	(434,941,991)		(86,073,406)	(521,015,397)	(772,709,263)	(1,293,724,661)
FPSC Adjusted	\$11,842,898,342	\$4,544,033,650	\$7,298,864,693	\$104,803,282	\$157,791,251	\$7,561,459,226	\$1,621,137,930	\$9,182,597,156

	Operating Revenues	Fuel & Net Interchange	O&M Other	Depr & Amort	Taxes Other than Income	Income Taxes Current	Deferred Income Tax (Net)	Investment Tax Credit (Net)	Gain/Loss on Disposition & Other	Total Operating Expenses	Net Operating Income
System Per Books (a)	4,908,108,696	2,128,473,647	819,021,984	516,148,475	346,225,274	14,593,847	326,413,885	(1,293,658)		4,149,583,454	758,525,242
Regulatory Base - Retail (b)	4,608,343,047	2,067,344,359	782,483,171	485,435,035	333,608,759	12,261,405	274,245,224	(1,175,456)		3,954,202,495	654,140,552
FPSC Adjustments											
ECCR	(128,504,083)		(109,540,059)	(4,020,320)		(5,764,534)				(119,324,913)	(9,179,170)
ECRC	(92,424,136)		(52,375,169)	(6,535,465)	(1,764,310)	(12,247,251)				(72,922,195)	(19,501,941)
FUEL	(1,737,219,110)	(1,719,256,900)	(1,073,291)			(6,514,900)				(1,726,845,092)	(10,374,018)
CCR	(336,082,727)	(335,857,152)	(225,576)							(336,082,727)	-
NUCLEAR	(172,210,572)		(155,549)	(156,913,339)		(5,840,905)				(162,909,793)	(9,300,779)
CORPORATE AIRCRAFT ALLOCATION			(2,801,405)			1,080,642				(1,720,763)	1,720,763
FRANCHISE FEE & GROSS RECEIPTS	(210,457,758)					(81,184,080)				(81,184,080)	(129,273,678)
FRANCHISE FEES & GROSS REC TAX - TOI					(206,213,791)	79,546,970				(126,666,821)	126,666,821
GAIN/LOSS ON DISPOSITION & OTHER						195,256			(506,172)	(310,916)	310,916
INST./PROMOTIONAL ADVERTISING			(676,489)			260,956				(415,533)	415,533
INTEREST ON TAX DEFICIENCY			(285,124)			109,987				(175,137)	175,137
MISCELLANEOUS INTEREST EXPENSE			139,798			(53,927)				85,871	(85,871)
REMOVE ASSOC/ORGANIZATION DUES			(87,944)			33,924				(54,019)	54,019
PARENT DEBT ADJUSTMENT						(9,212,292)				(9,212,292)	9,212,292
DIRECTORS & OFFICERS PREMIUM			(1,517,566)			585,401				(932,165)	932,165
INTEREST SYNCHRONIZATION - FPSC						9,874,675				9,874,675	(9,874,675)
Total FPSC Adjustments	(2,676,898,387)	(2,055,114,052)	(168,598,374)	(167,469,124)	(207,978,101)	(29,130,079)			(506,172)	(2,628,795,902)	(48,102,485)
FPSC Adjusted	1,931,444,661	12,230,307	613,884,797	317,965,910	125,630,658	(16,868,674)	274,245,224	(1,175,456)	(506,172)	1,325,406,593	606,038,067
Pro Forma Adjustments											
Weather Normalization	13,240,374					5,107,474				5,107,474	8,132,900
Total Pro Forma Adjustments	13,240,374					5,107,474				5,107,474	8,132,900
Pro Forma Adjusted	1,944,685,035	12,230,307	613,884,797	317,965,910	125,630,658	(11,761,200)	274,245,224	(1,175,456)	(506,172)	1,330,514,068	614,170,967
Current Month											
System Per Books	364,354,031	164,044,999	63,029,926	44,628,621	26,127,340	995,133	18,179,535	(108,916)		316,896,638	47,457,393
FPSC Adjusted	137,568,065		54,751,490	28,806,635	9,400,030	1,034,056	18,890,614	(98,964)	(28,347)	112,755,514	24,812,551
							2,833,817	pretax			
							2,448,093	pretax			

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	620,994	620,994
	ECCR	F	(36,307,839)	(36,307,839)
	ECRC	F	(335,098,994)	(290,816,041)
	FUEL	F	145,446,567	145,513,080
	CCR	F	(38,291,883)	(38,291,883)
	NUCLEAR	F	(404,335,781)	(402,382,637)
	CR3 Removal	F	(1,281,356,635)	(1,281,356,635)
	Derivatives	F	(4,725,044)	(4,725,044)
	Employee Related	F	(909,136)	(909,503)
	Investments Earning a Return	F	(148,030,504)	(141,450,636)
	Jobbing Accounts	F	(1,487,815)	(1,325,539)
	Non-Regulated and Miscellaneous	F	22,519,408	21,430,813
	Rate Case Regulatory Asset	F	(4,166)	(4,166)
	Retention Accounts	F	3,592,663	3,200,812
(1)	CWIP - AFUDC	F	(43,800,426)	(38,933,358)
(3)	Imputed Off Balance Sheet Obligations	F	832,313,000	773,093,930
(2)	Capital Lease - EPIS	F	(175,656,319)	(163,748,577)
(2)	Capital Lease - Working Capital	F	174,496,700	162,667,568
	Total		(1,291,015,210)	(1,293,724,661)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(14,940,706)	5,763,377	(14,943,704)	5,764,534
	ECRC	F	(30,827,909)	11,891,866	(31,749,192)	12,247,251
	FUEL	F	(16,888,918)	6,514,900	(16,888,918)	6,514,900
	CCR	F				
	NUCLEAR	F	(15,133,278)	5,837,662	(15,141,684)	5,840,905
(2)	CORPORATE AIRCRAFT ALLOCATION	F	3,005,123	(1,159,226)	2,801,405	(1,080,642)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(210,457,758)	81,184,080	(210,457,758)	81,184,080
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	206,213,791	(79,546,970)	206,213,791	(79,546,970)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	544,945	(210,213)	506,172	(195,256)
(1)	INST./PROMOTIONAL ADVERTISING	F	725,683	(279,932)	676,489	(260,956)
(1)	INTEREST ON TAX DEFICIENCY	F	305,858	(117,985)	285,124	(109,987)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(149,964)	57,849	(139,798)	53,927
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	94,339	(36,391)	87,944	(33,924)
(2)	PARENT DEBT ADJUSTMENT	F		10,163,718		9,212,292
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,627,923	(627,971)	1,517,566	(585,401)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(9,874,675)		(9,874,675)
	Total		(75,880,871)	29,560,089	(77,232,563)	29,130,079

Notes: (1) Docket No. 910890-EI, Order No. PSC 92-0208-FOF-EI
(2) Docket No. 090079-EI, Order No. PSC 10-0131-FOF-EI
(3) Docket No. 130208-EI, Order No. PSC 13-0598-FOF-EI

	Plant in Service	Accum Depr & Amort	Net Plant in Service	Future Use & Appd Unrecov Plant	Const Work in Progress	Net Utility Plant	Working Capital	Total Period End Rate Base
System Per Books	13,946,471,718	5,179,952,156	8,766,519,562	120,899,848	326,099,837	9,213,519,247	2,422,245,257	11,635,764,504
Regulatory Base - Retail	12,644,186,488	4,815,711,160	7,828,475,328	104,803,242	287,448,151	8,220,726,721	2,393,847,193	10,614,573,914
FPSC Adjustments								
ARO	(20,873,786)	(31,364,418)	10,490,632			10,490,632	(11,552,333)	(1,061,701)
ECCR	(40,174,654)	(5,786,968)	(34,387,686)		(7,830,209)	(42,217,895)	6,459,220	(35,758,675)
ECRC	(125,443,151)	(6,527,688)	(118,915,463)		(16,865,856)	(135,781,319)	(14,108,566)	(149,889,885)
FUEL	(28,969,382)	(28,103,276)	(866,106)			(866,106)	146,381,395	145,515,289
CCR							(38,291,883)	(38,291,883)
NUCLEAR					98,998	98,998	(375,505,489)	(375,406,491)
CR3 Removal							(1,281,356,635)	(1,281,356,635)
Derivatives							(4,725,044)	(4,725,044)
Employee Related							(909,503)	(909,503)
Investments Earning a Return							(141,450,636)	(141,450,636)
Jobbing Accounts							(1,325,539)	(1,325,539)
Non-Regulated and Miscellaneous	(30,257,750)	(47,369,337)	17,111,587			17,111,587	4,717,607	21,829,194
Rate Case Regulatory Asset							(4,166)	(4,166)
Retention Accounts							3,200,812	3,200,812
CWIP - AFUDC					(68,344,541)	(68,344,541)		(68,344,541)
Imputed Off Balance Sheet Obligations							773,093,930	773,093,930
Capital Lease	(158,546,759)		(158,546,759)			(158,546,759)	162,667,568	4,120,809
Total FPSC Adjustments	(404,265,483)	(119,151,688)	(285,113,795)		(92,941,608)	(378,055,403)	(772,709,263)	(1,150,764,666)
FPSC Adjusted	12,239,921,005	4,696,559,472	7,543,361,533	104,803,242	194,506,542	7,842,671,318	1,621,137,930	9,463,809,248

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(1,061,701)	(1,061,701)
	ECCR	F	(35,758,675)	(35,758,675)
	ECRC	F	(189,791,519)	(149,889,885)
	FUEL	F	145,448,945	145,515,289
	CCR	F	(38,291,883)	(38,291,883)
	NUCLEAR	F	(375,398,908)	(375,406,491)
	CR3 Removal	F	(1,281,356,635)	(1,281,356,635)
	Derivatives	F	(4,725,044)	(4,725,044)
	Employee Related	F	(909,136)	(909,503)
	Investments Earning a Return	F	(148,030,504)	(141,450,636)
	Jobbing Accounts	F	(1,487,815)	(1,325,539)
	Non-Regulated and Miscellaneous	F	22,917,789	21,829,194
	Rate Case Regulatory Asset	F	(4,166)	(4,166)
	Retention Accounts	F	3,592,663	3,200,812
(1)	CWIP - AFUDC	F	(72,867,832)	(68,344,541)
(3)	Imputed Off Balance Sheet Obligations	F	832,313,000	773,093,930
(2)	Capital Lease - EPIS	F	(170,076,227)	(158,546,759)
(2)	Capital Lease - Working Capital	F	174,496,700	162,667,568
	Total		(1,140,990,948)	(1,150,764,666)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(14,940,706)	5,763,377	(14,943,704)	5,764,534
	ECRC	F	(30,827,909)	11,891,866	(31,749,192)	12,247,251
	FUEL	F	(16,888,918)	6,514,900	(16,888,918)	6,514,900
	CCR	F				
	NUCLEAR	F	(15,133,278)	5,837,662	(15,141,684)	5,840,905
(2)	CORPORATE AIRCRAFT ALLOCATION	F	3,005,123	(1,159,226)	2,801,405	(1,080,642)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(210,457,758)	81,184,080	(210,457,758)	81,184,080
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	206,213,791	(79,546,970)	206,213,791	(79,546,970)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	544,945	(210,213)	506,172	(195,256)
(1)	INST./PROMOTIONAL ADVERTISING	F	725,683	(279,932)	676,489	(260,956)
(1)	INTEREST ON TAX DEFICIENCY	F	305,858	(117,985)	285,124	(109,987)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(149,964)	57,849	(139,798)	53,927
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	94,339	(36,391)	87,944	(33,924)
(2)	PARENT DEBT ADJUSTMENT	F		10,163,718		9,212,292
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,627,923	(627,971)	1,517,566	(585,401)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(9,874,675)		(9,874,675)
	Total		(75,880,871)	29,560,089	(77,232,563)	29,130,079

Notes: (1) Docket No. 910890-EI, Order No. PSC 92-0208-FOF-EI
(2) Docket No. 090079-EI, Order No. PSC 10-0131-FOF-EI
(3) Docket No. 130208-EI, Order No. PSC 13-0598-FOF-EI

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$ 724,658,824
AFUDC - DEBT	\$ 1,385,034
INCOME TAXES	\$ 332,361,455
TOTAL	\$ 1,058,405,312
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 252,006,109
TIE WITH AFUDC	<u>4.20</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$ 724,658,824
AFUDC - EQUITY	(1,448,783)
INCOME TAXES	332,361,455
TOTAL	\$ 1,055,571,495
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 252,006,109
TIE WITHOUT AFUDC	<u>4.19</u>

**C. PERCENT AFUDC TO NET INCOME AVAILABLE
FOR COMMON SHAREHOLDERS**

AFUDC DEBT	\$ 1,385,034
LESS: DIT	-
SUBTOTAL	\$ 1,385,034
AFUDC -EQUITY	\$ 1,448,783
TOTAL	\$ 2,833,817
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$ 523,534,053
PERCENT AFUDC TO AVAILABLE NET INCOME	<u>0.54%</u>

D. PERCENT INTERNALLY GENERATED FUNDS*

NET INCOME	\$ 529,592,859
COMMON DIVIDENDS	(225,000,000)
AFUDC (EQUITY)	(3,517,762)
DEPRECIATION & AMORTIZATION	507,981,177
DEFERRED INCOME TAXES	334,183,407
INVESTMENT TAX CREDITS	(1,293,658)
DEFERRED FUEL NET	-
OTHER - INC NUCLEAR DECOMMISSIONING	(69,510,925)
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL	(591,237,297)
TOTAL FUNDS PROVIDED	\$ 481,197,801
CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$ 693,742,186
PERCENTAGE INTERNALLY GENERATED FUNDS	69.36%

*Updated quarterly as of September 2014

**E. SHORT TERM DEBT/LONG TERM DEBT AS A
PERCENT OF TOTAL INVESTOR CAPITAL**

Common Equity	\$ 4,283,780,670
Preferred Stock	\$ -
Long Term Debt	\$ 3,437,668,835
Short Term Debt	\$ 149,100,244
TOTAL	<u>\$ 7,870,549,749</u>
% LONG TERM DEBT TO TOTAL	43.68%
% SHORT TERM DEBT TO TOTAL	1.89%

**F. FPSC ADJUSTED AVERAGE
JURISDICTIONAL AND PROFORMA
RETURN ON COMMON EQUITY**

	Pro Forma	FPSC
FPSC AVERAGE		
EARNED RATE OF RETURN	<u>6.69%</u>	<u>6.60%</u>
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT	1.92%	1.92%
SHORT TERM DEBT	0.02%	0.02%
CUSTOMER DEPOSITS	0.04%	0.04%
DEFERRED INCOME TAXES		
INVESTMENT TAX CREDITS		
DEFERRED INCOME TAX (FAS 109)		
SUBTOTAL	<u>1.98%</u>	<u>1.98%</u>
TOTAL	<u>4.71%</u>	<u>4.62%</u>
DIVIDED BY COMMON EQUITY RATIO	<u>46.65%</u>	<u>46.65%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.10%</u>	<u>9.91%</u>