



December 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, LLC's Earnings Surveillance Report for the twelve months ended October 31, 2015.

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 October 31, 2015. 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 me at (727) 820-5653.

Sincerely,

A handwritten signature in cursive script that reads "Marcia Olivier".

Marcia Olivier
Director Rates & Regulatory Planning

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

**DUKE ENERGY FLORIDA
RATE OF RETURN REPORT SUMMARY
October 2015**

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 | \$ 663,347,805 | (a) \$ (9,348,776) | (b) \$ 653,999,028 | \$ (13,989,706) | \$ 640,009,322 |
| Average Rate Base | \$ 11,106,791,037 | \$ (1,273,901,611) | \$ 9,832,889,427 | \$ - | \$ 9,832,889,427 |
| Average Rate of Return | 5.97% | | 6.65% | | 6.51% |
| I. YEAR END RATE OF RETURN (Jurisdictional) | | | | | |
| Net Operating Income | \$ 657,748,229 | \$ (3,749,201) | \$ 653,999,028 | | |
| Average Rate Base | \$ 11,398,687,059 | \$ (1,372,360,089) | \$ 10,026,326,970 | | |
| Average Rate of Return | 5.77% | | 6.52% | | |
| (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 | 6.51% | 6.31% |
| Mid Point | 6.99% | 6.77% |
| High Point | 7.47% | 7.23% |
| Pro Forma Adjusted Basis | | |
| Low Point | 6.51% | 6.31% |
| Mid Point | 6.99% | 6.77% |
| High Point | 7.47% | 7.23% |
| IV. FINANCIAL INTEGRITY INDICATORS | | |
| A. T.I.E. with AFUDC | 4.24 | (System Per Books Basis) |
| B. T.I.E. without AFUDC | 4.22 | (System Per Books Basis) |
| C. AFUDC to Net Income | 1.21% | (System Per Books Basis) |
| D. Internally Generated Funds | 101.13% | (System Per Books Basis) |
| E. STD/LTD to Total Investor Funds | | |
| LT Debt-Fixed to Total Investor Funds | 43.23% | (FPSC Adjusted Basis) |
| ST Debt to Total Investor Funds | 0.26% | (FPSC Adjusted Basis) |
| F. Return on Common Equity | | |
| | 9.79% | (FPSC Adjusted Basis) |
| | 9.49% | (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 Olivier, Director Rates & Regulatory Planning

12/15/15
 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 | \$14,163,117,228 | \$5,236,973,067 | \$8,926,144,161 | \$121,666,152 | \$418,874,846 | \$9,466,685,159 | \$2,676,350,485 | \$12,143,035,644 |
| Regulatory Base - Retail | \$12,869,736,287 | \$4,852,733,128 | \$8,017,003,159 | \$105,467,521 | \$367,425,339 | \$8,489,896,019 | \$2,616,895,019 | \$11,106,791,037 |
| FPSC Adjustments | | | | | | | | |
| ARO | (20,520,919) | (30,303,985) | 9,783,067 | - | - | 9,783,067 | (9,161,578) | 621,489 |
| ECCR | (40,012,519) | (7,421,372) | (32,591,147) | - | (9,252,508) | (41,843,655) | 8,431,403 | (33,412,252) |
| ECRC | (167,965,525) | (8,300,151) | (159,665,373) | - | (6,302,080) | (165,967,453) | 5,534,886 | (160,432,567) |
| FUEL | (28,969,382) | (28,103,033) | (866,350) | - | - | (866,350) | 83,095,936 | 82,229,586 |
| CCR | - | - | - | - | - | - | (42,995,947) | (42,995,947) |
| NUCLEAR | - | - | - | - | (2,182,585) | (2,182,585) | (292,635,410) | (294,817,996) |
| CR3 Removal | - | - | - | - | - | - | (1,316,510,422) | (1,316,510,422) |
| Derivatives | - | - | - | - | - | - | (26,621,438) | (26,621,438) |
| Employee Related | - | - | - | - | - | - | (129,926) | (129,926) |
| Investments Earning a Return | - | - | - | - | - | - | (159,403,426) | (159,403,426) |
| Jobbing Accounts | - | - | - | - | - | - | (1,059,777) | (1,059,777) |
| Non-Regulated and Miscellaneous | (35,890,934) | (47,955,651) | 12,064,717 | - | - | 12,064,717 | 20,603,340 | 32,668,057 |
| Retention Accounts | - | - | - | - | - | - | 2,689,974 | 2,689,974 |
| CWIP - AFUDC | - | - | - | - | (134,310,086) | (134,310,086) | - | (134,310,086) |
| Imputed Off Balance Sheet Obligations | - | - | - | - | - | - | 779,292,027 | 779,292,027 |
| Capital Lease | (154,569,747) | - | (154,569,747) | - | - | (154,569,747) | 152,860,840 | (1,708,907) |
| Total FPSC Adjustments | (447,929,026) | (122,084,193) | (325,844,833) | - | (152,047,259) | (477,892,092) | (796,009,518) | (1,273,901,611) |
| FPSC Adjusted | \$12,421,807,261 | \$4,730,648,936 | \$7,691,158,326 | \$105,467,521 | \$215,378,080 | \$8,012,003,926 | \$1,820,885,500 | \$9,832,889,427 |

| | 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 | \$4,899,336,810 | \$2,170,247,045 | \$805,894,003 | \$540,869,736 | \$342,481,366 | \$ (312,048,058) | \$ 607,446,705 | \$ (339,500) | | \$4,154,551,296 | \$744,785,514 |
| Regulatory Base - Retail | \$4,595,360,047 | \$2,120,157,451 | \$768,430,933 | \$460,661,403 | \$330,625,444 | \$ (272,589,136) | \$ 530,634,202 | \$ (308,480) | | \$3,937,611,817 | \$657,748,229 |
| FPSC Adjustments | | | | | | | | | | | |
| ECCR | (95,181,903) | - | (76,137,111) | (4,192,553) | - | (5,729,251) | - | - | - | (86,058,915) | (9,122,988) |
| ECRC | (55,758,037) | - | (34,509,248) | (1,225,183) | (1,218,442) | (7,254,092) | - | - | - | (44,206,965) | (11,551,072) |
| FUEL | (1,782,844,597) | (1,788,620,583) | (1,244,930) | - | - | 2,708,319 | - | - | - | (1,787,157,195) | 4,312,598 |
| CCR | (331,775,746) | (331,536,868) | (238,879) | - | - | (0) | - | - | - | (331,775,746) | (0) |
| NUCLEAR | (117,529,349) | - | (93,698) | (109,225,728) | - | (3,166,978) | - | - | - | (112,486,403) | (5,042,946) |
| Non-Regulated and Miscellaneous | - | - | (74,796) | 249,828 | - | (67,519) | - | - | - | 107,514 | (107,514) |
| CORPORATE AIRCRAFT ALLOCATION | - | - | (2,337,282) | - | - | 901,606 | - | - | - | (1,435,675) | 1,435,675 |
| FRANCHISE FEE & GROSS RECEIPTS | (212,767,240) | - | - | - | - | (82,074,963) | - | - | - | (82,074,963) | (130,692,277) |
| FRANCHISE FEES & GROSS REC TAX - TOI | - | - | - | - | (210,677,364) | 81,268,793 | - | - | - | (129,408,571) | 129,408,571 |
| GAIN/LOSS ON DISPOSITION & OTHER | - | - | - | - | - | 129,225 | - | - | (334,996) | (205,771) | 205,771 |
| INST./PROMOTIONAL ADVERTISING | - | - | (4,095,025) | - | - | 1,579,656 | - | - | - | (2,515,369) | 2,515,369 |
| MISCELLANEOUS INTEREST EXPENSE | - | - | 132,421 | - | - | (51,082) | - | - | - | 81,340 | (81,340) |
| REMOVE ASSOC/ORGANIZATION DUES | - | - | (26,732) | - | - | 10,312 | - | - | - | (16,420) | 16,420 |
| PARENT DEBT ADJUSTMENT | - | - | - | - | - | (10,226,053) | - | - | - | (10,226,053) | 10,226,053 |
| DIRECTORS & OFFICERS PREMIUM | - | - | (2,579,169) | - | - | 994,914 | - | - | - | (1,584,254) | 1,584,254 |
| INTEREST SYNCHRONIZATION - FPSC | - | - | - | - | - | (3,144,223) | - | - | - | (3,144,223) | 3,144,223 |
| Total FPSC Adjustments | (2,595,856,872) | (2,120,157,451) | (121,204,447) | (114,393,636) | (211,895,806) | (24,121,336) | - | - | (334,996) | (2,592,107,671) | (3,749,201) |
| FPSC Adjusted | \$ 1,999,503,175 | \$ - | \$ 647,226,486 | \$ 346,267,767 | \$ 118,729,639 | \$ (296,710,472) | \$ 530,634,202 | \$ (308,480) | \$ (334,996) | \$ 1,345,504,147 | \$653,999,028 |
| Pro Forma Adjustments | | | | | | | | | | | |
| Weather Normalization | (22,775,264) | - | - | - | - | (8,785,558) | - | - | - | (8,785,558) | (13,989,706) |
| Total Pro Forma Adjustments | (22,775,264) | - | - | - | - | (8,785,558) | - | - | - | (8,785,558) | (13,989,706) |
| Pro Forma Adjusted | \$1,976,727,911 | \$ - | \$647,226,486 | \$346,267,767 | \$118,729,639 | \$ (305,496,030) | \$ 530,634,202 | \$ (308,480) | \$ (334,996) | \$1,336,718,588 | \$640,009,322 |
| Current Month | | | | | | | | | | | |
| System Per Books | \$403,957,464 | \$186,312,422 | \$68,220,801 | \$82,805,072 | \$29,033,036 | \$ (45,130,049) | \$ 55,454,140 | \$ (12,167) | \$ - | \$376,683,254 | \$27,274,210 |
| FPSC Adjusted | \$161,697,638 | \$ - | \$54,604,947 | \$27,204,926 | \$9,815,980 | \$ - | \$ - | \$ - | \$ (27,415) | \$91,598,438 | \$70,099,200 |

(a) The addition of earnings from AFUDC charges would increase the System NOI by 6,383,668 pretax
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 5,599,575 pretax

| Notes | Rate Base Adjustments | P=ProForma F=FPSC | System | Retail |
|-------|---------------------------------------|-------------------|---------------------------|---------------------------|
| | ARO | F | \$621,489 | \$621,489 |
| | ECCR | F | (33,412,252) | (33,412,252) |
| | ECRC | F | (170,485,463) | (160,432,567) |
| | FUEL | F | 82,163,224 | 82,229,586 |
| | CCR | F | (42,995,947) | (42,995,947) |
| | NUCLEAR | F | (294,683,092) | (294,817,996) |
| | CR3 Removal | F | (1,316,510,422) | (1,316,510,422) |
| | Derivatives | F | (26,621,438) | (26,621,438) |
| | Employee Related | F | (130,007) | (129,926) |
| | Investments Earning a Return | F | (167,852,277) | (159,403,426) |
| | Jobbing Accounts | F | (1,189,518) | (1,059,777) |
| | Non-Regulated and Miscellaneous | F | 33,788,077 | 32,668,057 |
| | Retention Accounts | F | 3,019,288 | 2,689,974 |
| (1) | CWIP - AFUDC | F | (144,163,068) | (134,310,086) |
| (3) | Imputed Off Balance Sheet Obligations | F | 838,985,872 | 779,292,027 |
| (2) | Capital Lease - EPIS | F | (165,810,007) | (154,569,747) |
| (2) | Capital Lease - Working Capital | F | 163,976,829 | 152,860,840 |
| | Total | | \$ (1,241,298,713) | \$ (1,273,901,611) |

| Notes | Income Statement Adjustments (to NOI) | P=ProForma F=FPSC | System | | Retail | |
|-------|---------------------------------------|-------------------|------------------------|----------------------|------------------------|---------------------|
| | | | Amount | Income Tax Effect | Amount | Income Tax Effect |
| | ECCR | F | (14,852,239) | 5,729,251 | (14,852,239) | 5,729,251 |
| | ECRC | F | (16,242,120) | 6,265,398 | (18,805,165) | 7,254,092 |
| | FUEL | F | 7,186,789 | (2,772,304) | 7,020,917 | (2,708,319) |
| | CCR | F | (0) | 0 | (0) | 0 |
| | NUCLEAR | F | (8,209,924) | 3,166,978 | (8,209,924) | 3,166,978 |
| | NON-REGULATED AND MISCELLANEOUS | F | (169,593) | 65,421 | (175,032) | 67,519 |
| (2) | CORPORATE AIRCRAFT ALLOCATION | F | 2,507,248 | (967,171) | 2,337,282 | (901,606) |
| (1) | FRANCHISE FEE & GROSS RECEIPTS | F | (212,767,240) | 82,074,963 | (212,767,240) | 82,074,963 |
| (1) | FRANCHISE FEES & GROSS REC TAX - TOI | F | 210,677,364 | (81,268,793) | 210,677,364 | (81,268,793) |
| (1) | GAIN/LOSS ON DISPOSITION & OTHER | F | 360,657 | (139,123) | 334,996 | (129,225) |
| (1) | INST./PROMOTIONAL ADVERTISING | F | 4,392,814 | (1,694,528) | 4,095,025 | (1,579,656) |
| (1) | MISCELLANEOUS INTEREST EXPENSE | F | (142,051) | 54,796 | (132,421) | 51,082 |
| (1) | REMOVE ASSOC/ORGANIZATION DUES | F | 28,676 | (11,062) | 26,732 | (10,312) |
| (2) | PARENT DEBT ADJUSTMENT | F | - | 11,282,178 | - | 10,226,053 |
| (2) | DIRECTORS & OFFICERS PREMIUM | F | 2,766,725 | (1,067,264) | 2,579,169 | (994,914) |
| (1) | INTEREST SYNCHRONIZATION - FPSC | F | - | 4,604,467 | - | 3,144,223 |
| | Total | | \$ (24,462,895) | \$ 25,323,207 | \$ (27,870,537) | \$24,121,336 |

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 | \$14,372,398,809 | \$5,322,949,688 | \$9,049,449,121 | \$122,180,930 | \$625,444,203 | \$9,797,074,253 | \$2,676,350,485 | \$12,473,424,738 |
| Regulatory Base - Retail | \$13,060,046,818 | \$4,932,304,538 | \$8,127,742,280 | \$105,913,761 | \$548,136,000 | \$8,781,792,040 | \$2,616,895,019 | \$11,398,687,059 |
| FPSC Adjustments | | | | | | | | |
| ARO | (20,823,344) | (31,814,485) | 10,991,140 | - | - | 10,991,140 | (9,161,578) | 1,829,563 |
| ECCR | (39,920,030) | (9,458,967) | (30,461,063) | - | (11,072,016) | (41,533,079) | 8,431,403 | (33,101,676) |
| ECRC | (181,327,367) | (10,488,317) | (170,839,050) | - | (2,907,190) | (173,746,240) | 5,534,886 | (168,211,353) |
| FUEL | (28,969,382) | (28,103,564) | (865,818) | - | - | (865,818) | 83,095,936 | 82,230,118 |
| CCR | - | - | - | - | - | - | (42,995,947) | (42,995,947) |
| NUCLEAR | - | - | - | - | - | - | (292,635,410) | (292,635,410) |
| CR3 Removal | - | - | - | - | - | - | (1,316,510,422) | (1,316,510,422) |
| Derivatives | - | - | - | - | - | - | (26,621,438) | (26,621,438) |
| Employee Related | - | - | - | - | - | - | (129,926) | (129,926) |
| Investments Earning a Return | - | - | - | - | - | - | (159,403,426) | (159,403,426) |
| Jobbing Accounts | - | - | - | - | - | - | (1,059,777) | (1,059,777) |
| Non-Regulated and Miscellaneous | (41,077,516) | (46,501,522) | 5,424,005 | - | - | 5,424,005 | 20,603,340 | 26,027,345 |
| Retention Accounts | - | - | - | - | - | - | 2,689,974 | 2,689,974 |
| CWIP - AFUDC | - | - | - | - | (228,293,415) | (228,293,415) | - | (228,293,415) |
| Imputed Off Balance Sheet Obligations | - | - | - | - | - | - | 779,292,027 | 779,292,027 |
| Capital Lease | (148,327,163) | - | (148,327,163) | - | - | (148,327,163) | 152,860,840 | 4,533,677 |
| Total FPSC Adjustments | (460,444,804) | (126,366,855) | (334,077,949) | - | (242,272,621) | (576,350,570) | (796,009,518) | (1,372,360,089) |
| FPSC Adjusted | \$12,599,602,014 | \$4,805,937,684 | \$7,793,664,330 | \$105,913,761 | \$305,863,378 | \$8,205,441,470 | \$1,820,885,500 | \$10,026,326,970 |

| | 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 | \$4,899,336,810 | \$2,170,247,045 | \$805,894,003 | \$540,869,736 | \$342,481,366 | \$ (312,048,058) | \$ 607,446,705 | \$ (339,500) | \$ - | \$4,154,551,296 | \$744,785,514 |
| Regulatory Base - Retail | \$4,595,360,047 | \$2,120,157,451 | \$768,430,933 | \$460,661,403 | \$330,625,444 | \$ (272,589,136) | \$ 530,634,202 | \$ (308,480) | \$ - | \$3,937,611,817 | \$657,748,229 |
| FPSC Adjustments | | | | | | | | | | | |
| ECCR | (95,181,903) | - | (76,137,111) | (4,192,553) | - | (5,729,251) | - | - | - | (86,058,915) | (9,122,988) |
| ECRC | (55,758,037) | - | (34,509,248) | (1,225,183) | (1,218,442) | (7,254,092) | - | - | - | (44,206,965) | (11,551,072) |
| FUEL | (1,782,844,597) | (1,788,620,583) | (1,244,930) | - | - | 2,708,319 | - | - | - | (1,787,157,195) | 4,312,598 |
| CCR | (331,775,746) | (331,536,868) | (238,879) | - | - | (0) | - | - | - | (331,775,746) | (0) |
| NUCLEAR | (117,529,349) | - | (93,698) | (109,225,728) | - | (3,166,978) | - | - | - | (112,486,403) | (5,042,946) |
| Non-Regulated and Miscellaneous | - | - | (74,796) | 249,828 | - | (67,519) | - | - | - | 107,514 | (107,514) |
| CORPORATE AIRCRAFT ALLOCATION | - | - | (2,337,282) | - | - | 901,606 | - | - | - | (1,435,675) | 1,435,675 |
| FRANCHISE FEE & GROSS RECEIPTS | (212,767,240) | - | - | - | - | (82,074,963) | - | - | - | (82,074,963) | (130,692,277) |
| FRANCHISE FEES & GROSS REC TAX - TOI | - | - | - | - | (210,677,364) | 81,268,793 | - | - | - | (129,408,571) | 129,408,571 |
| GAIN/LOSS ON DISPOSITION & OTHER | - | - | - | - | - | 129,225 | - | - | (334,996) | (205,771) | 205,771 |
| INST./PROMOTIONAL ADVERTISING | - | - | (4,095,025) | - | - | 1,579,656 | - | - | - | (2,515,369) | 2,515,369 |
| MISCELLANEOUS INTEREST EXPENSE | - | - | 132,421 | - | - | (51,082) | - | - | - | 81,340 | (81,340) |
| REMOVE ASSOC/ORGANIZATION DUES | - | - | (26,732) | - | - | 10,312 | - | - | - | (16,420) | 16,420 |
| PARENT DEBT ADJUSTMENT | - | - | - | - | - | (10,226,053) | - | - | - | (10,226,053) | 10,226,053 |
| DIRECTORS & OFFICERS PREMIUM | - | - | (2,579,169) | - | - | 994,914 | - | - | - | (1,584,254) | 1,584,254 |
| INTEREST SYNCHRONIZATION - FPSC | - | - | - | - | - | (3,144,223) | - | - | - | (3,144,223) | 3,144,223 |
| Total FPSC Adjustments | (2,595,856,872) | (2,120,157,451) | (121,204,447) | (114,393,636) | (211,895,806) | (24,121,336) | - | - | (334,996) | (2,592,107,671) | (3,749,201) |
| FPSC Adjusted | \$1,999,503,175 | | \$647,226,486 | \$346,267,767 | \$ 118,729,639 | \$ (296,710,472) | \$ 530,634,202 | \$ (308,480) | \$ (334,996) | \$1,345,504,147 | \$653,999,028 |

(a) The addition of earnings from AFUDC charges would increase the System NOI by 6,383,668 pretax
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 5,599,575 pretax

| Notes | Rate Base Adjustments | P=ProForma F=FPSC | System | Retail |
|-------|---------------------------------------|-------------------|---------------------------|---------------------------|
| | ARO | F | \$1,829,563 | \$1,829,563 |
| | ECCR | F | (33,101,676) | (33,101,676) |
| | ECRC | F | (177,317,637) | (168,211,353) |
| | FUEL | F | 82,163,796 | 82,230,118 |
| | CCR | F | (42,995,947) | (42,995,947) |
| | NUCLEAR | F | (292,341,867) | (292,635,410) |
| | CR3 Removal | F | (1,316,510,422) | (1,316,510,422) |
| | Derivatives | F | (26,621,438) | (26,621,438) |
| | Employee Related | F | (130,007) | (129,926) |
| | Investments Earning a Return | F | (167,852,277) | (159,403,426) |
| | Jobbing Accounts | F | (1,189,518) | (1,059,777) |
| | Non-Regulated and Miscellaneous | F | 27,164,288 | 26,027,345 |
| | Retention Accounts | F | 3,019,288 | 2,689,974 |
| (1) | CWIP - AFUDC | F | (246,046,209) | (228,293,415) |
| (3) | Imputed Off Balance Sheet Obligations | F | 838,985,872 | 779,292,027 |
| (2) | Capital Lease - EPIS | F | (159,113,465) | (148,327,163) |
| (2) | Capital Lease - Working Capital | F | 163,976,829 | 152,860,840 |
| | Total | | \$ (1,346,080,828) | \$ (1,372,360,089) |

| Notes | Income Statement Adjustments (to NOI) | P=ProForma F=FPSC | System | | Retail | |
|-------|---------------------------------------|-------------------|------------------------|----------------------|------------------------|---------------------|
| | | | Amount | Income Tax Effect | Amount | Income Tax Effect |
| | ECCR | F | (14,852,239) | 5,729,251 | (14,852,239) | 5,729,251 |
| | ECRC | F | (16,242,120) | 6,265,398 | (18,805,165) | 7,254,092 |
| | FUEL | F | 7,186,789 | (2,772,304) | 7,020,917 | (2,708,319) |
| | CCR | F | (0) | 0 | (0) | 0 |
| | NUCLEAR | F | (8,209,924) | 3,166,978 | (8,209,924) | 3,166,978 |
| | NON-REGULATED AND MISCELLANEOUS | F | (169,593) | 65,421 | (175,032) | 67,519 |
| (2) | CORPORATE AIRCRAFT ALLOCATION | F | 2,507,248 | (967,171) | 2,337,282 | (901,606) |
| (1) | FRANCHISE FEE & GROSS RECEIPTS | F | (212,767,240) | 82,074,963 | (212,767,240) | 82,074,963 |
| (1) | FRANCHISE FEES & GROSS REC TAX - TOI | F | 210,677,364 | (81,268,793) | 210,677,364 | (81,268,793) |
| (1) | GAIN/LOSS ON DISPOSITION & OTHER | F | 360,657 | (139,123) | 334,996 | (129,225) |
| (1) | INST./PROMOTIONAL ADVERTISING | F | 4,392,814 | (1,694,528) | 4,095,025 | (1,579,656) |
| (1) | MISCELLANEOUS INTEREST EXPENSE | F | (142,051) | 54,796 | (132,421) | 51,082 |
| (1) | REMOVE ASSOC/ORGANIZATION DUES | F | 28,676 | (11,062) | 26,732 | (10,312) |
| (2) | PARENT DEBT ADJUSTMENT | F | - | 11,282,178 | - | 10,226,053 |
| (2) | DIRECTORS & OFFICERS PREMIUM | F | 2,766,725 | (1,067,264) | 2,579,169 | (994,914) |
| (1) | INTEREST SYNCHRONIZATION - FPSC | F | - | 4,604,467 | - | 3,144,223 |
| | Total | | \$ (24,462,895) | \$ 25,323,207 | \$ (27,870,537) | \$24,121,336 |

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

| | System Per | Retail Per | Pro Rata | Specific | Adjusted | Cap | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-------------------------|-------------------------|---------------------------|----------------------|------------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | Books | Books | Adjustments | Adjustments | Retail | Ratio | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | \$5,127,244,423 | \$4,681,631,997 | \$ (743,434,989) | \$759,681,387 | \$4,697,878,395 | 47.78% | 9.50% | 4.54% | 10.50% | 5.02% | 11.50% | 5.49% |
| Long Term Debt | 4,679,025,857 | 4,272,368,422 | (678,444,648) | - | 3,593,923,774 | 36.55% | 5.28% | 1.93% | 5.28% | 1.93% | 5.28% | 1.93% |
| Short Term Debt * | 106,094,265 | 96,873,537 | (15,383,349) | (60,050,149) | 21,440,040 | 0.22% | 0.17% | 0.00% | 0.17% | 0.00% | 0.17% | 0.00% |
| Customer Deposits | | | | | | | | | | | | |
| Active | 218,301,374 | 218,301,374 | (34,665,877) | - | 183,635,497 | 1.87% | 2.31% | 0.04% | 2.31% | 0.04% | 2.31% | 0.04% |
| Inactive | 1,639,083 | 1,639,083 | (260,283) | - | 1,378,799 | 0.01% | | | | | | |
| Investment Tax Credits ** | 400,109 | 365,335 | (58,015) | - | 307,320 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,222,258,001 | 2,029,119,992 | (322,220,713) | (209,793,819) | 1,497,105,460 | 15.23% | | | | | | |
| FAS 109 DIT - Net | (211,927,470) | (193,508,704) | 30,728,844 | - | (162,779,859) | (1.66%) | | | | | | |
| Total | \$12,143,035,642 | \$11,106,791,037 | \$ (1,763,739,030) | \$489,837,419 | \$9,832,889,427 | 100.00% | | 6.51% | | 6.99% | | 7.47% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

| | System Per | Retail Per | Pro Rata | Specific | Adjusted | Cap | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-------------------------|-------------------------|---------------------------|----------------------|-------------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | Books | Books | Adjustments | Adjustments | Retail | Ratio | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | \$5,062,307,365 | \$4,626,637,529 | \$ (757,447,095) | \$757,496,180 | \$4,626,686,614 | 46.15% | 9.50% | 4.38% | 10.50% | 4.85% | 11.50% | 5.31% |
| Long Term Debt | 4,644,707,225 | 4,244,976,689 | (694,963,727) | - | 3,550,012,962 | 35.41% | 5.32% | 1.88% | 5.32% | 1.88% | 5.32% | 1.88% |
| Short Term Debt * | 227,545,000 | 207,962,133 | (34,046,392) | (40,602,877) | 133,312,864 | 1.33% | 0.17% | 0.00% | 0.17% | 0.00% | 0.17% | 0.00% |
| Customer Deposits | | | | | | | | | | | | |
| Active | 220,712,162 | 220,712,162 | (36,133,755) | - | 184,578,407 | 1.84% | 2.29% | 0.04% | 2.29% | 0.04% | 2.29% | 0.04% |
| Inactive | 1,452,616 | 1,452,616 | (237,814) | - | 1,214,802 | 0.01% | | | | | | |
| Investment Tax Credits ** | 303,846 | 277,696 | (45,463) | - | 232,233 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,505,852,870 | 2,290,195,378 | (374,937,917) | (223,124,406) | 1,692,133,056 | 16.88% | | | | | | |
| FAS 109 DIT - Net | (211,750,733) | (193,527,144) | 31,683,176 | - | (161,843,968) | (1.61%) | | | | | | |
| Total | \$12,451,130,350 | \$11,398,687,059 | \$ (1,866,128,986) | \$493,768,897 | \$10,026,326,970 | 100.00% | | 6.31% | | 6.77% | | 7.23% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

| | System Per | Retail Per | Pro Rata | Specific | Adjusted | Cap | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-------------------------|-------------------------|---------------------------|----------------------|------------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | Books | Books | Adjustments | Adjustments | Retail | Ratio | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | \$5,127,244,423 | \$4,681,631,997 | \$ (743,434,989) | \$759,681,387 | \$4,697,878,395 | 47.78% | 9.50% | 4.54% | 10.50% | 5.02% | 11.50% | 5.49% |
| Long Term Debt | 4,679,025,857 | 4,272,368,422 | (678,444,648) | - | 3,593,923,774 | 36.55% | 5.28% | 1.93% | 5.28% | 1.93% | 5.28% | 1.93% |
| Short Term Debt * | 106,094,265 | 96,873,537 | (15,383,349) | (60,050,149) | 21,440,040 | 0.22% | 0.17% | 0.00% | 0.17% | 0.00% | 0.17% | 0.00% |
| Customer Deposits | | | | | | | | | | | | |
| Active | 218,301,374 | 218,301,374 | (34,665,877) | - | 183,635,497 | 1.87% | 2.31% | 0.04% | 2.31% | 0.04% | 2.31% | 0.04% |
| Inactive | 1,639,083 | 1,639,083 | (260,283) | - | 1,378,799 | 0.01% | | | | | | |
| Investment Tax Credits ** | 400,109 | 365,335 | (58,015) | - | 307,320 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,222,258,001 | 2,029,119,992 | (322,220,713) | (209,793,819) | 1,497,105,460 | 15.23% | | | | | | |
| FAS 109 DIT - Net | (211,927,470) | (193,508,704) | 30,728,844 | - | (162,779,859) | (1.66%) | | | | | | |
| Total | \$12,143,035,642 | \$11,106,791,037 | \$ (1,763,739,030) | \$489,837,419 | \$9,832,889,427 | 100.00% | | 6.51% | | 6.99% | | 7.47% |

* Daily Weighted Average
** Cost Rates Calculated Per IRS Ruling

| | System Per | Retail Per | Pro Rata | Specific | Adjusted | Cap | Low-Point | | Mid-Point | | High-Point | |
|---------------------------|-------------------------|-------------------------|---------------------------|----------------------|-------------------------|----------------|-----------|---------------|-----------|---------------|------------|---------------|
| | Books | Books | Adjustments | Adjustments | Retail | Ratio | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost | Cost Rate | Weighted Cost |
| Common Equity | \$5,062,307,365 | \$4,626,637,529 | \$ (757,447,095) | \$757,496,180 | \$4,626,686,614 | 46.15% | 9.50% | 4.38% | 10.50% | 4.85% | 11.50% | 5.31% |
| Long Term Debt | 4,644,707,225 | 4,244,976,689 | (694,963,727) | - | 3,550,012,962 | 35.41% | 5.32% | 1.88% | 5.32% | 1.88% | 5.32% | 1.88% |
| Short Term Debt * | 227,545,000 | 207,962,133 | (34,046,392) | (40,602,877) | 133,312,864 | 1.33% | 0.17% | 0.00% | 0.17% | 0.00% | 0.17% | 0.00% |
| Customer Deposits | | | | | | 0 | 0 | | 0 | | 0 | |
| Active | 220,712,162 | 220,712,162 | (36,133,755) | - | 184,578,407 | 1.84% | 2.29% | 0.04% | 2.29% | 0.04% | 2.29% | 0.04% |
| Inactive | 1,452,616 | 1,452,616 | (237,814) | - | 1,214,802 | 0.01% | | | | | | |
| Investment Tax Credits ** | 303,846 | 277,696 | (45,463) | - | 232,233 | 0.00% | | | | | | |
| Deferred Income Taxes | 2,505,852,870 | 2,290,195,378 | (374,937,917) | (223,124,406) | 1,692,133,056 | 16.88% | | | | | | |
| FAS 109 DIT - Net | (211,750,733) | (193,527,144) | 31,683,176 | - | (161,843,968) | (1.61%) | | | | | | |
| Total | \$12,451,130,350 | \$11,398,687,059 | \$ (1,866,128,986) | \$493,768,897 | \$10,026,326,970 | 100.00% | | 6.31% | | 6.77% | | 7.23% |

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

A. TIMES INTEREST EARNED WITH AFUDC

| | |
|--------------------------------------------------------------------------------------|------------------|
| EARNINGS BEFORE INTEREST | \$ 737,511,077 |
| AFUDC - DEBT | \$ 2,340,527 |
| INCOME TAXES | \$ 330,959,806 |
| TOTAL | \$ 1,070,811,410 |
| INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge) | \$ 252,529,583 |
| TIE WITH AFUDC | <u>4.24</u> |

B. TIMES INTEREST EARNED WITHOUT AFUDC

| | |
|--------------------------------------------------------------------------------------|------------------|
| EARNINGS BEFORE INTEREST | \$ 737,511,077 |
| AFUDC - EQUITY | (4,043,141) |
| INCOME TAXES | 330,959,806 |
| TOTAL | \$ 1,064,427,742 |
| INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge) | \$ 252,529,583 |
| TIE WITHOUT AFUDC | <u>4.22</u> |

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

| | |
|-------------------------------------------------|----------------|
| AFUDC DEBT | \$ 2,340,527 |
| X (1- INCOME TAX RATE) | 0.61425 |
| SUBTOTAL | \$ 1,437,669 |
| AFUDC -EQUITY | \$ 4,043,141 |
| TOTAL | \$ 5,480,809 |
| NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS | \$ 451,862,230 |
| PERCENT AFUDC TO AVAILABLE NET INCOME | <u>1.21%</u> |

D. PERCENT INTERNALLY GENERATED FUNDS*

| | |
|---------------------------------------------------|------------------|
| NET INCOME | \$ 586,834,765 |
| COMMON DIVIDENDS | \$ (700,000,000) |
| AFUDC (EQUITY) | \$ (3,715,614) |
| DEPRECIATION & AMORTIZATION | \$ 509,397,996 |
| DEFERRED INCOME TAXES | \$ 547,779,713 |
| INVESTMENT TAX CREDITS | \$ (436,250) |
| OTHER - INC NUCLEAR DECOMMISSIONING | \$ (90,547,393) |
| OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL | (39,354,391) |
| TOTAL FUNDS PROVIDED | \$ 809,958,826 |

| | |
|--------------------------------------------------------------|----------------|
| CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT) | \$ 800,893,713 |
|--------------------------------------------------------------|----------------|

PERCENTAGE INTERNALLY GENERATED FUNDS **101.13%**
*Updated quarterly as of September 2015

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

| | |
|-----------------|------------------|
| Common Equity | \$ 4,697,878,395 |
| Long Term Debt | \$ 3,593,923,774 |
| Short Term Debt | \$ 21,440,040 |
| TOTAL | \$ 8,313,242,209 |

% LONG TERM DEBT TO TOTAL **43.23%**
% SHORT TERM DEBT TO TOTAL **0.26%**

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

| | Pro Forma | FPSC |
|----------------------------------------------|--------------|--------------|
| FPSC AVERAGE | | |
| EARNED RATE OF RETURN | 6.51% | 6.65% |
| LESS RETAIL WEIGHTED AVERAGE COST RATES FOR: | | |
| LONG TERM DEBT | 1.93% | 1.93% |
| SHORT TERM DEBT | 0.00% | 0.00% |
| CUSTOMER DEPOSITS | 0.04% | 0.04% |
| DEFERRED INCOME TAXES | | |
| INVESTMENT TAX CREDITS | | |
| DEFERRED INCOME TAX (FAS 109) | | |
| SUBTOTAL | 1.97% | 1.97% |
| TOTAL | 4.54% | 4.68% |
| DIVIDED BY COMMON EQUITY RATIO | 47.78% | 47.78% |
| JURISDICTIONAL RETURN ON COMMON EQUITY | <u>9.49%</u> | <u>9.79%</u> |