



November 15, 2017

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 September 30, 2017.

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 September 30, 2017. 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 black ink 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**  
**Sep 2017**

**SCHEDULE 1**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
<b>I. AVERAGE RATE OF RETURN (Jurisdictional)</b>					
Net Operating Income	\$ 714,020,880 (a)	\$ (54,653,896) (b)	\$ 659,366,984	\$ 14,136,804	\$ 673,503,788
Average Rate Base	\$ 11,728,688,597	\$ (952,533,811)	\$ 10,776,154,786	\$ -	\$ 10,776,154,786
Average Rate of Return	6.09%		6.12%		6.25%
<b>I. YEAR END RATE OF RETURN (Jurisdictional)</b>					
Net Operating Income	\$ 655,567,873	\$ 3,799,111	\$ 659,366,984		
Average Rate Base	\$ 12,126,132,520	\$ (980,486,647)	\$ 11,145,645,873		
Average Rate of Return	5.41%		5.92%		
(a) INCLUDES AFUDC EARNINGS					
(b) INCLUDES REVERSAL OF AFUDC EARNINGS					

III. REQUIRED RATES OF RETURN	Average Capital Structure	End of Period Capital Structure
<b>FPSC Adjusted Basis</b>		
Low Point	6.31%	6.23%
Mid Point	6.76%	6.68%
High Point	7.20%	7.12%
<b>Pro Forma Adjusted Basis</b>		
Low Point	6.32%	6.24%
Mid Point	6.76%	6.68%
High Point	7.21%	7.12%
<b>IV. FINANCIAL INTEGRITY INDICATORS</b>		
A. T.I.E. with AFUDC	3.35	(System Per Books Basis)
B. T.I.E. without AFUDC	3.11	(System Per Books Basis)
C. AFUDC to Net Income	13.08%	(System Per Books Basis)
D. Internally Generated Funds	70.20%	(System Per Books Basis)
<b>E. STD/LTD to Total Investor Funds</b>		
LT Debt-Fixed to Total Investor Funds	48.22%	(FPSC Adjusted Basis)
ST Debt to Total Investor Funds	-1.67%	(FPSC Adjusted Basis)
<b>F. Return on Common Equity</b>		
	9.06%	(FPSC Adjusted Basis)
	9.36%	(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

11/15/17  
 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
<b>System Per Books</b>	<b>\$15,398,192,705</b>	<b>\$5,452,139,928</b>	<b>\$9,946,052,777</b>	<b>\$129,119,209</b>	<b>\$1,425,787,695</b>	<b>\$11,500,959,681</b>	<b>\$1,465,578,884</b>	<b>\$12,966,538,565</b>
<b>Regulatory Base - Retail</b>	<b>\$13,993,215,082</b>	<b>\$5,057,049,556</b>	<b>\$8,936,165,526</b>	<b>\$113,341,406</b>	<b>\$1,274,178,055</b>	<b>\$10,323,684,987</b>	<b>\$1,405,003,610</b>	<b>\$11,728,688,597</b>
<b>FPSC Adjustments</b>								
ARO	(19,043,199)	(16,654,143)	(2,389,056)			(2,389,056)	3,010,627	621,571
ECCR	(51,213,765)	(17,459,282)	(33,754,483)			(33,754,483)	(15,255,152)	(49,009,635)
ECRC	(174,098,396)	(16,880,637)	(157,217,759)		(195,503)	(157,413,262)	(10,302,070)	(167,715,332)
FUEL	(26,662,769)	(26,150,468)	(512,301)			(512,301)	(3,103,131)	(3,615,432)
CCR							(150,677,246)	(150,677,246)
NUCLEAR					(525,201)	(525,201)	(212,795,748)	(213,320,949)
Net Clause Under Recovery							(115,701,968)	(115,701,968)
Derivatives							(738,613)	(738,613)
Employee Related							363	363
Investments Earning a Return							(183,360,735)	(183,360,735)
Jobbing Accounts							(698,409)	(698,409)
Non-Regulated and Miscellaneous	(46,676,780)	(36,459,147)	(10,217,633)		(483,346)	(10,700,979)	109,816,861	99,115,882
CWIP - AFUDC					(880,554,806)	(880,554,806)		(880,554,806)
Imputed Off Balance Sheet Obligations							716,553,298	716,553,298
Capital Lease	(133,128,243)		(133,128,243)			(133,128,243)	129,696,443	(3,431,800)
<b>Total FPSC Adjustments</b>	<b>(450,823,152)</b>	<b>(113,603,677)</b>	<b>(337,219,475)</b>		<b>(881,758,856)</b>	<b>(1,218,978,331)</b>	<b>266,444,520</b>	<b>(952,533,811)</b>
<b>FPSC Adjusted</b>	<b>\$13,542,391,930</b>	<b>\$4,943,445,879</b>	<b>\$8,598,946,051</b>	<b>\$113,341,406</b>	<b>\$392,419,199</b>	<b>\$9,104,706,656</b>	<b>\$1,671,448,130</b>	<b>\$10,776,154,786</b>

	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
<b>System Per Books</b>	\$4,444,059,297	\$1,796,666,236	\$820,141,348	\$508,843,666	\$340,608,160	(\$174,800,550)	\$445,007,541	(\$122,594)		\$3,736,343,807	\$707,715,490
<b>Regulatory Base - Retail</b>	\$4,187,848,347	\$1,698,225,538	\$778,239,564	\$474,536,458	\$328,034,381	(\$163,899,047)	\$417,254,474	(\$110,894)		\$3,532,280,474	\$655,567,873
<b>FPSC Adjustments</b>											
ECCR	(106,584,464)		(95,431,397)	(6,455,077)		(1,812,250)				(103,698,724)	(2,885,740)
ECRC	(59,101,112)		(34,237,515)	(6,872,783)	(1,300,464)	(6,438,303)				(48,849,065)	(10,252,047)
FUEL	(1,342,362,999)	(1,336,474,909)	(951,558)			(1,904,267)				(1,339,330,734)	(3,032,265)
CCR	(380,824,892)	(361,750,629)	(274,194)	(14,268,082)		(1,748,214)				(378,041,119)	(2,783,773)
NUCLEAR	(52,919,410)		(42,535)	(49,295,919)		(1,381,354)				(50,719,808)	(2,199,602)
Non-Regulated and Miscellaneous				(11,780,658)		4,544,389				(7,236,269)	7,236,269
Corporate Aircraft Allocation			(1,868,660)			720,836				(1,147,824)	1,147,824
Franchise Fee & Gross Receipts	(200,427,742)					(77,315,001)				(77,315,001)	(123,112,741)
Franchise Fees & Gross Rec Tax - TOI					(200,440,559)	77,319,946				(123,120,613)	123,120,613
Gain/Loss on Disposition & Other						78,169		(202,642)		(124,473)	124,473
Inst./Promotional Advertising			(1,781,946)			687,386				(1,094,560)	1,094,560
Miscellaneous Interest Expense			115,987			(44,742)				71,245	(71,245)
Remove Assoc/Organization Dues			(87,209)			33,641				(53,568)	53,568
Parent Debt Adjustment						(15,314,180)				(15,314,180)	15,314,180
Directors & Officers Premium			(1,196,264)			461,459				(734,805)	734,805
Interest Synchronization - FPSC						689,769				689,769	(689,769)
<b>Total FPSC Adjustments</b>	<b>(2,142,220,619)</b>	<b>(1,698,225,538)</b>	<b>(135,755,291)</b>	<b>(88,672,519)</b>	<b>(201,741,023)</b>	<b>(21,422,717)</b>	<b>-</b>	<b>-</b>	<b>(202,642)</b>	<b>(2,146,019,730)</b>	<b>3,799,111</b>
<b>FPSC Adjusted</b>	<b>\$2,045,627,728</b>	<b>-</b>	<b>\$642,484,273</b>	<b>\$385,863,939</b>	<b>\$126,293,358</b>	<b>(\$185,321,764)</b>	<b>\$417,254,474</b>	<b>(\$110,894)</b>	<b>(\$202,642)</b>	<b>\$1,386,260,744</b>	<b>\$659,366,984</b>
<b>Pro Forma Adjustments</b>											
Weather Normalization	23,014,740					8,877,936				8,877,936	14,136,804
<b>Total Pro Forma Adjustments</b>	<b>23,014,740</b>					<b>8,877,936</b>				<b>8,877,936</b>	<b>14,136,804</b>
<b>Pro Forma Adjusted</b>	<b>\$2,068,642,468</b>		<b>\$642,484,273</b>	<b>\$385,863,939</b>	<b>\$126,293,358</b>	<b>(\$176,443,828)</b>	<b>\$417,254,474</b>	<b>(\$110,894)</b>	<b>(\$202,642)</b>	<b>\$1,395,138,680</b>	<b>\$673,503,788</b>
<b>Current Month</b>											
System Per Books	\$433,906,095	\$185,637,638	\$76,934,473	\$44,375,199	\$32,935,805	(143,873,458)	168,377,121	(9,566)		\$364,377,212	\$69,528,883
FPSC Adjusted	\$192,567,166		\$60,167,684	\$33,693,793	\$11,047,552	(15,425,223)	39,269,558	(8,653)	(6,105)	\$128,738,607	\$63,828,559

(a) The addition of earnings from AFUDC charges would increase the System NOI by

65,408,109 pretax

(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by

58,453,007 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	\$621,571	\$621,571
	ECCR	F	(49,009,636)	(49,009,635)
	ECRC	F	(179,290,309)	(167,715,332)
	FUEL	F	(3,654,675)	(3,615,432)
	CCR	F	(153,439,427)	(150,677,246)
	NUCLEAR	F	(209,446,569)	(213,320,949)
	Net Clause Under Recovery	F	(115,701,968)	(115,701,968)
	Derivatives	F	(738,613)	(738,613)
	Employee Related	F	385	363
	Investments Earning a Return	F	(189,023,158)	(183,360,735)
	Jobbing Accounts	F	(742,739)	(698,409)
	Non-Regulated and Miscellaneous	F	99,115,882	99,115,882
(1)	CWIP - AFUDC	F	(955,165,522)	(880,554,806)
(3)	Imputed Off Balance Sheet Obligations	F	771,441,350	716,553,298
(2)	Capital Lease - EPIS	F	(142,809,285)	(133,128,243)
(2)	Capital Lease - Working Capital	F	139,127,925	129,696,443
	<b>Total</b>		<b>(\$988,714,788)</b>	<b>(\$952,533,811)</b>

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(4,697,990)	1,812,250	(4,697,990)	1,812,250
	ECRC	F	(14,060,207)	5,423,725	(16,690,350)	6,438,303
	FUEL	F	(5,222,688)	2,014,652	(4,936,532)	1,904,267
	CCR	F	(4,531,987)	1,748,214	(4,531,987)	1,748,214
	NUCLEAR	F	(3,580,957)	1,381,354	(3,580,956)	1,381,354
	Non-Regulated and Miscellaneous	F	11,780,658	(4,544,389)	11,780,658	(4,544,389)
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,004,548	(773,254)	1,868,660	(720,836)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(200,427,742)	77,315,001	(200,427,742)	77,315,001
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	200,440,559	(77,319,946)	200,440,559	(77,319,946)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	218,164	(84,157)	202,642	(78,169)
(1)	INST./PROMOTIONAL ADVERTISING	F	1,911,529	(737,372)	1,781,946	(687,386)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(124,421)	47,995	(115,987)	44,742
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	93,551	(36,087)	87,209	(33,641)
(2)	PARENT DEBT ADJUSTMENT	F		16,895,795		15,314,180
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,283,256	(495,016)	1,196,264	(461,459)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(246,605)		(689,769)
	<b>Total</b>		<b>(\$14,913,727)</b>	<b>\$22,402,160</b>	<b>(\$17,623,606)</b>	<b>\$21,422,717</b>

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
<b>System Per Books</b>	<b>\$15,867,063,853</b>	<b>\$5,576,977,145</b>	<b>\$10,290,086,708</b>	<b>\$130,505,307</b>	<b>\$1,540,717,605</b>	<b>\$11,961,309,620</b>	<b>\$1,465,578,884</b>	<b>\$13,426,888,504</b>
<b>Regulatory Base - Retail</b>	<b>\$14,417,816,277</b>	<b>\$5,182,459,458</b>	<b>\$9,235,356,819</b>	<b>\$114,492,246</b>	<b>\$1,371,279,845</b>	<b>\$10,721,128,910</b>	<b>\$1,405,003,610</b>	<b>\$12,126,132,520</b>
<b>FPSC Adjustments</b>								
ARO	(19,120,519)	(16,600,982)	(2,519,537)			(2,519,537)	3,010,627	491,090
ECCR	(50,962,636)	(20,422,420)	(30,540,216)			(30,540,216)	(15,255,152)	(45,795,368)
ECRC	(173,739,999)	(19,513,654)	(154,226,345)			(154,226,345)	(10,302,070)	(164,528,415)
FUEL	(26,662,769)	(26,107,726)	(555,043)			(555,043)	(3,103,131)	(3,658,174)
CCR							(150,677,246)	(150,677,246)
NUCLEAR					(94,118)	(94,118)	(212,795,748)	(212,889,866)
Net Clause Under Recovery							(115,701,968)	(115,701,968)
Derivatives							(738,613)	(738,613)
Employee Related							363	363
Investments Earning a Return							(183,360,735)	(183,360,735)
Jobbing Accounts							(698,409)	(698,409)
Non-Regulated and Miscellaneous	(43,782,312)	(34,795,704)	(8,986,608)			(8,986,608)	109,816,861	100,830,253
CWIP - AFUDC					(924,177,675)	(924,177,675)		(924,177,675)
Imputed Off Balance Sheet Obligations							716,553,298	716,553,298
Capital Lease	(125,831,625)		(125,831,625)			(125,831,625)	129,696,443	3,864,818
<b>Total FPSC Adjustments</b>	<b>(440,099,860)</b>	<b>(117,440,486)</b>	<b>(322,659,374)</b>		<b>(924,271,793)</b>	<b>(1,246,931,167)</b>	<b>266,444,520</b>	<b>(980,486,647)</b>
<b>FPSC Adjusted</b>	<b>\$13,977,716,417</b>	<b>\$5,065,018,972</b>	<b>\$8,912,697,445</b>	<b>\$114,492,246</b>	<b>\$447,008,052</b>	<b>\$9,474,197,743</b>	<b>\$1,671,448,130</b>	<b>\$11,145,645,873</b>

	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
<b>System Per Books</b>	\$4,444,059,297	\$1,796,666,236	\$820,141,348	\$508,843,666	\$340,608,160	(\$174,800,550)	\$445,007,541	(\$122,594)		\$3,736,343,807	\$707,715,490
<b>Regulatory Base - Retail</b>	\$4,187,848,347	\$1,698,225,538	\$778,239,564	\$474,536,458	\$328,034,381	(\$163,899,047)	\$417,254,474	(\$110,894)		\$3,532,280,474	\$655,567,873
<b>FPSC Adjustments</b>											
ECCR	(106,584,464)		(95,431,397)	(6,455,077)		(1,812,250)				(103,698,724)	(2,885,740)
ECRC	(59,101,112)		(34,237,515)	(6,872,783)	(1,300,464)	(6,438,303)				(48,849,065)	(10,252,047)
FUEL	(1,342,362,999)	(1,336,474,909)	(951,558)			(1,904,267)				(1,339,330,734)	(3,032,265)
CCR	(380,824,892)	(361,750,629)	(274,194)	(14,268,082)		(1,748,214)				(378,041,119)	(2,783,773)
NUCLEAR	(52,919,410)		(42,535)	(49,295,919)		(1,381,354)				(50,719,808)	(2,199,602)
Non-Regulated and Miscellaneous				(11,780,658)		4,544,389				(7,236,269)	7,236,269
Corporate Aircraft Allocation			(1,868,660)			720,836				(1,147,824)	1,147,824
Franchise Fee & Gross Receipts	(200,427,742)					(77,315,001)				(77,315,001)	(123,112,741)
Franchise Fees & Gross Rec Tax - TOI					(200,440,559)	77,319,946				(123,120,613)	123,120,613
Gain/Loss on Disposition & Other						78,169		(202,642)		(124,473)	124,473
Inst./Promotional Advertising			(1,781,946)			687,386				(1,094,560)	1,094,560
Miscellaneous Interest Expense			115,987			(44,742)				71,245	(71,245)
Remove Assoc/Organization Dues			(87,209)			33,641				(53,568)	53,568
Parent Debt Adjustment						(15,314,180)				(15,314,180)	15,314,180
Directors & Officers Premium			(1,196,264)			461,459				(734,805)	734,805
Interest Synchronization - FPSC						689,769				689,769	(689,769)
<b>Total FPSC Adjustments</b>	<b>(2,142,220,619)</b>	<b>(1,698,225,538)</b>	<b>(135,755,291)</b>	<b>(88,672,519)</b>	<b>(201,741,023)</b>	<b>(21,422,717)</b>	<b>-</b>	<b>-</b>	<b>(202,642)</b>	<b>(2,146,019,730)</b>	<b>3,799,111</b>
<b>FPSC Adjusted</b>	<b>\$2,045,627,728</b>		<b>\$642,484,273</b>	<b>\$385,863,939</b>	<b>\$126,293,358</b>	<b>(\$185,321,764)</b>	<b>\$417,254,474</b>	<b>(\$110,894)</b>	<b>(\$202,642)</b>	<b>\$1,386,260,744</b>	<b>\$659,366,984</b>

(a) The addition of earnings from AFUDC charges would increase the System NOI by  
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by

65,408,109 pretax  
58,453,007 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	\$491,090	\$491,090
	ECCR	F	(45,795,368)	(45,795,368)
	ECRC	F	(176,294,903)	(164,528,415)
	FUEL	F	(3,700,691)	(3,658,174)
	CCR	F	(153,439,427)	(150,677,246)
	NUCLEAR	F	(208,982,464)	(212,889,866)
	Net Clause Under Recovery	F	(115,701,968)	(115,701,968)
	Derivatives	F	(738,613)	(738,613)
	Employee Related	F	385	363
	Investments Earning a Return	F	(189,023,158)	(183,360,735)
	Jobbing Accounts	F	(742,739)	(698,409)
	Non-Regulated and Miscellaneous	F	100,830,253	100,830,253
(1)	CWIP - AFUDC	F	(1,001,571,915)	(924,177,675)
(3)	Imputed Off Balance Sheet Obligations	F	771,441,350	716,553,298
(2)	Capital Lease - EPIS	F	(134,982,059)	(125,831,625)
(2)	Capital Lease - Working Capital	F	139,127,925	129,696,443
	<b>Total</b>		<b>(\$1,019,082,302)</b>	<b>(\$980,486,647)</b>

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(4,697,990)	1,812,250	(4,697,990)	1,812,250
	ECRC	F	(14,060,207)	5,423,725	(16,690,350)	6,438,303
	FUEL	F	(5,222,688)	2,014,652	(4,936,532)	1,904,267
	CCR	F	(4,531,987)	1,748,214	(4,531,987)	1,748,214
	NUCLEAR	F	(3,580,957)	1,381,354	(3,580,956)	1,381,354
	Non-Regulated and Miscellaneous	F	11,780,658	(4,544,389)	11,780,658	(4,544,389)
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,004,548	(773,254)	1,868,660	(720,836)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(200,427,742)	77,315,001	(200,427,742)	77,315,001
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	200,440,559	(77,319,946)	200,440,559	(77,319,946)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	218,164	(84,157)	202,642	(78,169)
(1)	INST./PROMOTIONAL ADVERTISING	F	1,911,529	(737,372)	1,781,946	(687,386)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(124,421)	47,995	(115,987)	44,742
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	93,551	(36,087)	87,209	(33,641)
(2)	PARENT DEBT ADJUSTMENT	F		16,895,795		15,314,180
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,283,256	(495,016)	1,196,264	(461,459)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(246,605)		(689,769)
	<b>Total</b>		<b>(\$14,913,727)</b>	<b>\$22,402,160</b>	<b>(\$17,623,606)</b>	<b>\$21,422,717</b>

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	\$5,025,649,954	\$4,537,953,908	(\$429,785,475)	\$682,587,903	\$4,790,756,336	44.46%	9.50%	4.22%	10.50%	4.67%	11.50%	5.11%
Long Term Debt	5,288,094,580	4,774,930,543	(452,229,316)		4,322,701,227	40.11%	5.13%	2.06%	5.13%	2.06%	5.13%	2.06%
Short Term Debt *	(125,245,126)	(113,091,165)	10,710,761	(47,320,688)	(149,701,092)	(1.39%)	0.51%	(0.01%)	0.51%	(0.01%)	0.51%	(0.01%)
Customer Deposits												
Active	208,975,924	208,975,924	(19,791,919)		189,184,005	1.76%	2.29%	0.04%	2.29%	0.04%	2.29%	0.04%
Inactive	1,665,439	1,665,439	(157,732)		1,507,707	0.01%						
Investment Tax Credits **	2,993,507	2,703,013	(256,000)		2,447,013	0.02%	7.95%	0.00%	7.95%	0.00%	7.95%	0.00%
Deferred Income Taxes	2,793,872,591	2,522,751,317	(238,927,476)	(476,987,629)	1,806,836,212	16.77%						
FAS 109 DIT - Net	(229,468,304)	(207,200,381)	19,623,759		(187,576,622)	(1.74%)						
<b>Total</b>	<b>\$12,966,538,565</b>	<b>\$11,728,688,597</b>	<b>(\$1,110,813,397)</b>	<b>\$158,279,586</b>	<b>\$10,776,154,786</b>	<b>100.00%</b>		<b>6.32%</b>		<b>6.76%</b>		<b>7.21%</b>

\* 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	\$5,266,766,891	\$4,694,472,949	(\$400,389,379)	\$655,848,087	\$4,949,931,657	44.41%	9.50%	4.22%	10.50%	4.66%	11.50%	5.11%
Long Term Debt	5,335,341,797	4,755,596,414	(405,602,571)		4,349,993,843	39.03%	5.08%	1.98%	5.08%	1.98%	5.08%	1.98%
Short Term Debt *	(69,549,288)	(61,991,969)	5,287,266	(138,431,120)	(195,135,823)	(1.75%)	0.51%	(0.01%)	0.51%	(0.01%)	0.51%	(0.01%)
Customer Deposits												
Active	203,186,559	203,186,559	(17,329,686)		185,856,873	1.67%	2.35%	0.04%	2.35%	0.04%	2.35%	0.04%
Inactive	1,617,195	1,617,195	(137,930)		1,479,265	0.01%						
Investment Tax Credits **	5,232,326	4,663,774	(397,771)		4,266,003	0.04%	7.97%	0.00%	7.97%	0.00%	7.97%	0.00%
Deferred Income Taxes	3,077,722,171	2,743,292,759	(233,974,143)	(463,671,502)	2,045,647,114	18.35%						
FAS 109 DIT - Net	(240,879,444)	(214,705,161)	18,312,102		(196,393,059)	(1.76%)						
<b>Total</b>	<b>\$13,579,438,207</b>	<b>\$12,126,132,520</b>	<b>(\$1,034,232,112)</b>	<b>\$53,745,465</b>	<b>\$11,145,645,873</b>	<b>100.00%</b>		<b>6.24%</b>		<b>6.68%</b>		<b>7.12%</b>

\* 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	\$5,025,649,954	\$4,537,953,908	(\$429,785,475)	\$682,587,903	\$4,790,756,336	44.46%	9.50%	4.22%	10.50%	4.67%	11.50%	5.11%
Long Term Debt	5,288,094,580	4,774,930,543	(452,229,316)		4,322,701,227	40.11%	5.13%	2.06%	5.13%	2.06%	5.13%	2.06%
Short Term Debt *	(125,245,126)	(113,091,165)	10,710,761	(47,320,688)	(149,701,092)	(1.39%)	0.51%	(0.01%)	0.51%	(0.01%)	0.51%	(0.01%)
Customer Deposits												
Active	208,975,924	208,975,924	(19,791,919)		189,184,005	1.76%	2.29%	0.04%	2.29%	0.04%	2.29%	0.04%
Inactive	1,665,439	1,665,439	(157,732)		1,507,707	0.01%						
Investment Tax Credits **	2,993,507	2,703,013	(256,000)		2,447,013	0.02%						
Deferred Income Taxes	2,793,872,591	2,522,751,317	(238,927,476)	(476,987,629)	1,806,836,212	16.77%						
FAS 109 DIT - Net	(229,468,304)	(207,200,381)	19,623,759		(187,576,622)	(1.74%)						
<b>Total</b>	<b>\$12,966,538,565</b>	<b>\$11,728,688,597</b>	<b>(\$1,110,813,397)</b>	<b>\$158,279,586</b>	<b>\$10,776,154,786</b>	<b>100.00%</b>		<b>6.31%</b>		<b>6.76%</b>		<b>7.20%</b>
* 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	\$5,266,766,891	\$4,694,472,949	(\$400,389,379)	\$655,848,087	\$4,949,931,657	44.41%	9.50%	4.22%	10.50%	4.66%	11.50%	5.11%
Long Term Debt	5,335,341,797	4,755,596,414	(405,602,571)		4,349,993,843	39.03%	5.08%	1.98%	5.08%	1.98%	5.08%	1.98%
Short Term Debt *	(69,549,288)	(61,991,969)	5,287,266	(138,431,120)	(195,135,823)	(1.75%)	0.51%	(0.01%)	0.51%	(0.01%)	0.51%	(0.01%)
Customer Deposits												
Active	203,186,559	203,186,559	(17,329,686)		185,856,873	1.67%	2.35%	0.04%	2.35%	0.04%	2.35%	0.04%
Inactive	1,617,195	1,617,195	(137,930)		1,479,265	0.01%						
Investment Tax Credits **	5,232,326	4,663,774	(397,771)		4,266,003	0.04%						
Deferred Income Taxes	3,077,722,171	2,743,292,759	(233,974,143)	(463,671,502)	2,045,647,114	18.35%						
FAS 109 DIT - Net	(240,879,444)	(214,705,161)	18,312,102		(196,393,059)	(1.76%)						
<b>Total</b>	<b>\$13,579,438,207</b>	<b>\$12,126,132,520</b>	<b>(\$1,034,232,112)</b>	<b>\$53,745,465</b>	<b>\$11,145,645,873</b>	<b>100.00%</b>		<b>6.23%</b>		<b>6.68%</b>		<b>7.12%</b>

\* Daily Weighted Average

\*\* Cost Rates Calculated Per IRS Ruling

**A. TIMES INTEREST EARNED WITH AFUDC**

EARNINGS BEFORE INTEREST	\$ 683,489,441
AFUDC - DEBT	\$ 23,010,874
INCOME TAXES	\$ 223,122,594
TOTAL	\$ 929,622,908
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 277,543,829
TIE WITH AFUDC	<u>3.35</u>

**B. TIMES INTEREST EARNED WITHOUT AFUDC**

EARNINGS BEFORE INTEREST	\$ 683,489,441
AFUDC - EQUITY	(42,397,236)
INCOME TAXES	223,122,594
TOTAL	\$ 864,214,799
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 277,543,829
TIE WITHOUT AFUDC	<u>3.11</u>

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

AFUDC DEBT	\$ 23,010,874
X (1- INCOME TAX RATE)	0.61425
SUBTOTAL	\$ 14,134,429
AFUDC -EQUITY	\$ 42,397,236
TOTAL	\$ 56,531,665
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$ 432,277,853
PERCENT AFUDC TO AVAILABLE NET INCOME	<u>13.08%</u>

**D. PERCENT INTERNALLY GENERATED FUNDS\***

NET INCOME	\$ 432,208,243
COMMON DIVIDENDS	\$ -
AFUDC (EQUITY)	\$ (42,397,236)
DEPRECIATION & AMORTIZATION	\$ 506,140,796
DEFERRED INCOME TAXES	\$ 455,076,658
INVESTMENT TAX CREDITS	\$ (122,594)
OTHER - INC NUCLEAR DECOMMISSIONING	\$ 44,807,902
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL	(303,664,087)
TOTAL FUNDS PROVIDED	\$ 1,092,049,681

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$ 1,555,545,973
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PERCENTAGE INTERNALLY GENERATED FUNDS **70.20%**  
\*As of Sept 2017 (updated quarterly)

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

Common Equity	\$ 4,790,756,336
Long Term Debt	\$ 4,322,701,227
Short Term Debt	\$ (149,701,092)
TOTAL	\$ 8,963,756,471

% LONG TERM DEBT TO TOTAL **48.22%**  
% SHORT TERM DEBT TO TOTAL **-1.67%**

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

	Pro Forma	FPSC
FPSC AVERAGE		
EARNED RATE OF RETURN	6.25%	6.12%
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT	2.06%	2.06%
SHORT TERM DEBT	-0.01%	-0.01%
CUSTOMER DEPOSITS	0.04%	0.04%
DEFERRED INCOME TAXES		
INVESTMENT TAX CREDITS		
DEFERRED INCOME TAX (FAS 109)		
SUBTOTAL	2.09%	2.09%
TOTAL	4.16%	4.03%
DIVIDED BY COMMON EQUITY RATIO	44.46%	44.46%
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.36%</u>	<u>9.06%</u>