



May 15, 2018

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 March 31, 2018.

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 March 31, 2018. The demand-related separation factors used for the jurisdictional amounts were from Order No. PSC-2017-0451-AS-EU.

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
Mar 2018**

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	\$782,190,087 (a)	(\$77,780,047) (b)	\$704,410,041	(\$8,395,056)	\$696,014,984
Average Rate Base	\$12,345,024,505	(\$1,100,815,948)	\$11,244,208,557	\$0	\$11,244,208,557
Average Rate of Return	6.34%		6.26%		6.19%
I. YEAR END RATE OF RETURN (Jurisdictional)					
Net Operating Income	\$719,771,789	(\$15,361,748)	\$704,410,041		
Average Rate Base	\$12,762,021,734	(\$1,275,698,091)	\$11,486,323,643		
Average Rate of Return	5.64%		6.13%		
(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	6.20%	6.10%
Mid Point	6.64%	6.55%
High Point	7.08%	6.99%
Pro Forma Adjusted Basis		
Low Point	6.20%	6.10%
Mid Point	6.64%	6.55%
High Point	7.08%	6.99%

IV. FINANCIAL INTEGRITY INDICATORS

A. T.I.E. with AFUDC	3.72	(System Per Books Basis)
B. T.I.E. without AFUDC	3.47	(System Per Books Basis)
C. AFUDC to Net Income	8.62%	(System Per Books Basis)
D. Internally Generated Funds	80.49%	(System Per Books Basis)
E. STD/LTD to Total Investor Funds		
LT Debt-Fixed to Total Investor Funds	48.59%	(FPSC Adjusted Basis)
ST Debt to Total Investor Funds	(2.09%)	(FPSC Adjusted Basis)
F. Return on Common Equity	9.66%	(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

Marcia Olivier, Director Rates & Regulatory Planning

5/15/18

Date

DUKE ENERGY FLORIDA
Average Rate of Return - Rate Base
Mar 2018

	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	\$15,885,193,938	\$5,580,833,553	\$10,304,360,385	\$130,472,341	\$1,575,237,212	\$12,010,069,938	\$1,619,532,641	\$13,629,602,579
Regulatory Base - Retail	\$14,424,549,924	\$5,180,130,186	\$9,244,419,737	\$114,488,169	\$1,404,530,342	\$10,763,438,248	\$1,581,586,256	\$12,345,024,505
FPSC Adjustments								
ARO	(18,882,649)	(16,641,281)	(2,241,368)			(2,241,368)	3,115,202	873,833
ECCR	(45,893,174)	(18,998,820)	(26,894,354)			(26,894,354)	(16,512,869)	(43,407,223)
ECRC	(174,834,245)	(19,177,832)	(155,656,413)		(8,664,027)	(164,320,440)	(8,005,467)	(172,325,907)
FUEL	(26,662,769)	(26,148,909)	(513,861)			(513,861)	(2,900,843)	(3,414,703)
CCR							(138,081,070)	(138,081,070)
NUCLEAR					(202,436)	(202,436)	(136,198,567)	(136,401,003)
Over/Under Recovery-Clauses							(185,475,308)	(185,475,308)
Derivatives							(488,793)	(488,793)
Employee Related							369	369
Investments Earning a Return							(184,446,405)	(184,446,405)
Jobbing Accounts							(565,644)	(565,644)
Non-Regulated and Miscellaneous	(45,185,350)	(35,845,082)	(9,340,268)	(26,885,870)	(481,518)	(36,707,656)	96,283,084	59,575,429
CWIP - AFUDC					(939,463,287)	(939,463,287)		(939,463,287)
Imputed Off Balance Sheet Obligations							677,590,702	677,590,702
Capital Lease	(127,692,014)		(127,692,014)			(127,692,014)	123,717,734	(3,974,280)
SCRC	0		0			0	(30,812,658)	(30,812,658)
Total FPSC Adjustments	(439,150,201)	(116,811,924)	(322,338,277)	(26,885,870)	(948,811,269)	(1,298,035,416)	197,219,468	(1,100,815,948)
FPSC Adjusted	\$13,985,399,723	\$5,063,318,262	\$8,922,081,460	\$87,602,299	\$455,719,073	\$9,465,402,832	\$1,778,805,725	\$11,244,208,557

DUKE ENERGY FLORIDA
Average Rate of Return - Income Statement
Mar 2018

	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 Disp. & Other	Total Operating Expenses	Net Operating Income
System Per Books	\$4,667,278,695	\$1,913,619,365	\$822,036,067	\$524,559,003	\$356,412,857	(\$116,698,893)	\$389,970,341	(\$86,094)	-	\$3,889,812,645	\$777,466,050
Regulatory Base - Retail	\$4,394,843,039	\$1,811,497,095	\$775,734,292	\$488,701,797	\$343,193,945	(\$107,540,953)	\$363,563,053	(\$77,979)	-	\$3,675,071,250	\$719,771,789
FPSC Adjustments											
ECCR	(110,100,866)		(99,952,333)	(6,108,726)		(1,023,888)				(107,084,948)	(3,015,918)
ECRC	(57,989,602)		(32,550,946)	(6,728,111)	(1,300,471)	(4,412,583)				(44,992,112)	(12,997,490)
FUEL	(1,452,550,704)	(1,449,417,215)	(1,049,824)			(528,105)				(1,450,995,144)	(1,555,561)
CCR	(389,181,073)	(362,079,879)	(280,210)	(19,024,110)		(1,976,118)				(983,360,317)	(5,820,756)
NUCLEAR	(51,227,491)		(87,178)	(48,294,402)		(721,296)				(49,102,876)	(2,124,616)
Non-Regulated and Miscellaneous				(91,646)		23,228				(68,418)	68,418
Corporate Aircraft Allocation			(2,107,605)			534,172				(1,573,432)	1,573,432
Franchise Fee & Gross Receipts	(211,993,829)				(208,756,212)	(53,729,836)				(53,729,836)	(158,263,993)
Franchise Fees & Gross Rec Tax - TOI						52,909,262				(155,846,950)	155,846,950
Gain/Loss on Disposition & Other						43,806			(172,837)	(129,032)	129,032
Inst/Promotional Advertising			(2,167,615)			549,382				(1,618,233)	1,618,233
Miscellaneous Interest Expense			110,360			(27,971)				82,389	(82,389)
Remove Assoc/Organization Dues			(92,054)			23,331				(68,723)	68,723
Parent Debt Adjustment						(14,124,061)				(14,124,061)	14,124,061
Directors & Officers Premium			(1,163,661)			294,930				(868,731)	868,731
Interest Synchronization - FPSC						5,798,606				5,798,606	(5,798,606)
Total FPSC Adjustments	(2,273,043,566)	(1,811,497,095)	(139,341,066)	(80,246,995)	(210,056,683)	(16,367,141)	-	-	(172,837)	(2,257,681,818)	(15,361,748)
FPSC Adjusted	\$2,121,799,473	\$	\$636,393,226	\$408,454,802	\$133,137,262	(\$123,908,094)	\$363,563,053	(\$77,979)	(\$172,837)	\$1,417,389,433	\$704,410,041
Pro Forma Adjustments											
Weather Normalization	(11,245,136)					(2,850,080)				(2,850,080)	(8,395,056)
Total Pro Forma Adjustments	(11,245,136)	\$	\$636,393,226	\$408,454,802	\$133,137,262	(\$126,758,174)	\$363,563,053	(\$77,979)	(\$172,837)	\$1,414,539,353	\$696,014,984
Current Month											
System Per Books	\$ 352,720,032	\$ 152,312,830	\$ 86,080,565	\$ 46,433,453	\$ 28,610,928	\$ (20,992,663)	\$ 25,890,230	\$ -	\$ -	\$ 318,335,343	\$ 34,384,689
FPSC Adjusted	\$ 149,397,028	\$ -	\$ 70,219,967	\$ 38,026,272	\$ 11,213,581	\$ (1,563,735)	\$ 5,292,337	\$ -	\$ (25,010)	\$ 123,143,411	\$ 26,253,617

(a) The addition of earnings from AFUDC charges would increase the System NOI by 70,004,630 pretax
 (b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 62,418,299 pretax

Notes	Rate Base Adjustments	P=Proforma F=FPSC	System	Retail
	ARO	F	\$873,833	\$873,833
	ECCR	F	(43,407,223)	(43,407,223)
	ECRC	F	(184,615,566)	(172,325,907)
	FUEL	F	(3,454,065)	(3,414,703)
	CCR	F	(139,636,697)	(138,081,070)
	NUCLEAR	F	(134,363,878)	(136,401,003)
	Net Clause Under Recovery	F	(185,475,308)	(185,475,308)
	Derivatives	F	(488,793)	(488,793)
	Employee Related	F	395	369
	Investments Earning a Return	F	(190,943,554)	(184,446,405)
	Jobbing Accounts	F	(606,120)	(565,644)
	Non-Regulated and Miscellaneous	F	57,515,968	59,575,429
(1)	CWIP - AFUDC	F	(1,015,553,860)	(939,463,287)
(3)	Imputed Off Balance Sheet Obligations	F	729,494,216	677,590,702
(2)	Capital Lease - EPIS	F	(136,977,734)	(127,692,014)
(2)	Capital Lease - Working Capital	F	132,714,446	123,717,734
	SCRC	F	(30,812,658)	(30,812,658)
	Total		(\$1,145,736,597)	(\$1,100,815,948)

Notes	Income Statement Adjustments (to NOI)	System		Retail	
		Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	(4,039,807)	1,023,889	(4,039,807)	1,023,889
	ECRC	(14,700,695)	3,725,891	(17,410,073)	4,412,583
	FUEL	(2,201,131)	557,877	(2,083,666)	528,105
	CCR	(7,796,874)	1,976,118	(7,796,874)	1,976,118
	NUCLEAR	(2,845,912)	721,296	(2,845,912)	721,296
	Non-Regulated and Miscellaneous	91,646	(23,228)	91,646	(23,228)
(2)	CORPORATE AIRCRAFT ALLOCATION	2,260,869	(573,017)	2,107,605	(534,172)
(1)	FRANCHISE FEE & GROSS RECEIPTS	(211,993,829)	53,729,836	(211,993,829)	53,729,836
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	208,756,212	(52,909,262)	208,756,212	(52,909,262)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	186,077	(47,161)	172,837	(43,806)
(1)	INST./PROMOTIONAL ADVERTISING	2,325,243	(569,333)	2,167,615	(549,382)
(1)	MISCELLANEOUS INTEREST EXPENSE	(118,385)	30,005	(110,360)	27,971
(1)	REMOVE ASSOC./ORGANIZATION DUES	98,748	(25,028)	92,054	(23,331)
(2)	PARENT DEBT ADJUSTMENT		15,610,371		14,124,061
(2)	DIRECTORS & OFFICERS PREMIUM	1,248,282	(316,377)	1,163,661	(294,930)
(1)	INTEREST SYNCHRONIZATION - FPSC		(6,047,616)		(5,798,606)
	Total	(\$28,729,555)	\$16,844,261	(\$31,728,889)	\$16,367,141

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

DUKE ENERGY FLORIDA
End of Period Rate of Return - Rate Base
Mar 2018

	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	\$16,199,196,596	\$5,673,794,977	\$10,525,401,619	\$130,591,834	\$1,817,001,063	\$12,472,994,516	\$1,619,532,641	\$14,092,527,157
Regulatory Base - Retail	\$14,706,086,431	\$5,261,671,648	\$9,444,414,783	\$114,492,246	\$1,621,528,448	\$11,180,435,477	\$1,581,586,256	\$12,762,021,734
FPSC Adjustments								
ARO	(19,120,519)	(17,042,374)	(2,078,145)			(2,078,145)	3,115,202	1,037,057
ECCF	(28,749,516)	(17,103,781)	(11,645,735)			(11,645,735)	(16,512,869)	(28,156,604)
ECRC	(181,687,338)	(18,484,135)	(163,203,203)		(42,513,821)	(205,717,024)	(8,005,467)	(213,722,491)
FUEL	(26,662,769)	(26,165,426)	(497,343)			(497,343)	(2,900,843)	(3,398,186)
CCR							(138,081,070)	(138,081,070)
NUCLEAR					(94,118)	(94,118)	(136,198,567)	(136,292,684)
Net Clause Under Recovery							(185,475,308)	(185,475,308)
Derivatives							(488,793)	(488,793)
Employee Related							369	369
Investments Earning a Return							(184,446,405)	(184,446,405)
Jobbing Accounts							(565,644)	(565,644)
Non-Regulated and Miscellaneous	(46,105,206)	(36,849,470)	(9,255,736)	(87,379,077)		(96,634,813)	96,283,084	(351,729)
CWIP - AFUDC					(1,033,478,581)	(1,033,478,581)		(1,033,478,581)
Imputed Off Balance Sheet Obligations							677,590,702	677,590,702
Capital Lease	(122,771,801)		(122,771,801)			(122,771,801)	123,717,734	945,932
SCRC	0		0			-	(30,812,658)	(30,812,658)
Total FPSC Adjustments	(425,097,149)	(115,645,186)	(309,451,963)	(87,379,077)	(1,076,086,519)	(1,472,917,559)	197,219,468	(1,275,698,091)
FPSC Adjusted	\$14,280,989,282	\$5,146,026,462	\$9,134,962,820	\$27,113,169	\$545,441,929	\$9,707,517,918	\$1,778,805,725	\$11,486,323,643

	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	\$4,667,278,685	\$1,813,619,365	\$622,036,067	\$624,559,003	\$356,412,857	(\$116,698,893)	\$389,970,341	(\$86,094)	-	\$3,889,812,845	\$777,466,050
Regulatory Base - Retail	\$4,394,843,039	\$1,811,497,095	\$775,734,292	\$488,701,797	\$343,193,945	(\$107,540,953)	\$363,563,053	(\$77,979)	-	\$3,675,071,250	\$719,771,789
FPSC Adjustments											
ECCR	(110,100,866)		(89,952,333)	(6,108,726)		(1,023,869)				(107,084,948)	(3,015,918)
ECRC	(57,989,602)		(32,550,946)	(6,728,111)	(1,300,471)	(4,412,583)				(44,992,112)	(12,997,490)
FUEL	(1,452,550,704)	(1,449,417,215)	(1,049,824)			(528,105)				(1,450,995,144)	(1,555,581)
CCR	(389,181,073)	(362,079,879)	(280,210)	(19,024,110)		(1,976,118)				(383,360,317)	(5,820,756)
NUCLEAR	(51,227,491)		(87,178)	(48,294,402)		(721,286)				(49,102,876)	(2,124,616)
Non-Regulated and Miscellaneous				(91,646)		23,228				(68,418)	68,418
Corporate Aircraft Allocation						534,172				(1,573,432)	1,573,432
Franchise Fee & Gross Receipts	(211,993,829)		(2,107,605)			(53,729,836)				(53,729,836)	(158,263,993)
Franchise Fees & Gross Rec Tax - TOI					(208,756,212)	52,909,262				(155,846,950)	155,846,950
Gain/Loss on Disposition & Other						43,806			(172,837)	(129,032)	129,032
Inst./Promotional Advertising						549,382				(1,618,233)	1,618,233
Miscellaneous Interest Expense						(27,971)				82,389	(82,389)
Remove Assoc/Organization Dues						23,331				(68,723)	68,723
Parent Debt Adjustment						(14,124,061)				(14,124,061)	14,124,061
Directors & Officers Premium						294,930				(668,731)	668,731
Interest Synchronization - FPSC						5,798,606				5,798,606	(5,798,606)
Total FPSC Adjustments	\$(2,273,043,566)	\$(1,811,497,095)	\$(139,341,066)	\$(80,246,985)	\$(210,056,683)	\$(16,367,141)	\$	\$	\$(172,837)	\$(2,257,681,818)	\$(15,361,748)
FPSC Adjusted	\$2,121,799,473	\$	\$636,393,226	\$408,454,802	\$133,137,262	\$(123,908,084)	\$363,563,053	\$(77,979)	\$(172,837)	\$1,417,389,433	\$704,410,041

(a) The addition of earnings from AFUDC charges would increase the System NOI by 70,004,630 pretax

(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 62,418,299 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	\$1,037,057	\$1,037,057
	ECCR	F	(28,158,604)	(28,158,604)
	ECRC	F	(227,550,436)	(213,722,491)
	FUEL	F	(3,436,283)	(3,398,186)
	CCR	F	(139,636,697)	(138,081,070)
	NUCLEAR	F	(134,247,262)	(136,292,684)
	Net Clause Under Recovery	F	(185,475,308)	(185,475,308)
	Derivatives	F	(488,793)	(488,793)
	Employee Related	F	395	369
	Investments Earning a Return	F	(190,943,554)	(184,446,405)
	Jobbing Accounts	F	(606,120)	(565,644)
	Non-Regulated and Miscellaneous	F	(7,044,975)	(951,729)
(1)	CWIP - AFUDC	F	(1,112,643,140)	(1,033,478,581)
(3)	Imputed Off Balance Sheet Obligations	F	729,494,216	677,590,702
(2)	Capital Lease - EPIS	F	(131,699,726)	(122,771,801)
(2)	Capital Lease - Working Capital	F	132,714,446	123,717,734
	SCRC	F	(30,812,658)	(30,812,658)
	Total		(\$1,329,497,440)	(\$1,275,698,091)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(4,039,807)	1,023,889	(4,039,807)	1,023,889
	ECRC	F	(14,700,695)	3,725,891	(17,410,073)	4,412,583
	FUEL	F	(2,201,131)	557,877	(2,083,666)	528,105
	CCR	F	(7,796,874)	1,976,118	(7,796,874)	1,976,118
	NUCLEAR	F	(2,845,912)	721,296	(2,845,912)	721,296
	Non-Regulated and Miscellaneous	F	91,646	(23,228)	91,646	(23,228)
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,260,869	(573,017)	2,107,605	(534,172)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(211,993,829)	53,729,836	(211,993,829)	53,729,836
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	208,756,212	(52,909,262)	208,756,212	(52,909,262)
(1)	GAINLOSS ON DISPOSITION & OTHER	F	186,077	(47,161)	172,837	(43,806)
(1)	INST./PROMOTIONAL ADVERTISING	F	2,325,243	(589,333)	2,167,615	(549,382)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(118,385)	30,005	(110,360)	27,971
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	98,748	(25,028)	92,054	(23,331)
(2)	PARENT DEBT ADJUSTMENT	F		15,610,371		14,124,061
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,248,282	(316,377)	1,163,661	(294,930)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(6,047,616)		(5,798,606)
	Total		(\$28,729,555)	\$16,844,261	(\$31,728,889)	\$16,367,141

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

DUKE ENERGY FLORIDA
Average - Capital Structure
Pro Forma Adjusted Basis
Mar 2018

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point Cost Rate	Low-Point Weighted Cost	Mid-Point Cost Rate	Mid-Point Weighted Cost	High-Point Cost Rate	High-Point Weighted Cost
Common Equity	\$5,332,030,372	\$4,821,821,328	(\$505,090,677)	\$646,140,626	\$4,962,871,276	44.14%	9.50%	4.19%	10.50%	4.63%	11.50%	5.08%
Long Term Debt	5,568,034,839	5,035,243,101	(527,446,824)		4,507,796,276	40.09%	4.93%	1.97%	4.93%	1.97%	4.93%	1.97%
Short Term Debt *	(191,294,323)	(172,989,833)	18,120,861	(39,356,994)	(194,225,966)	(1.73%)	0.72%	(0.01%)	0.72%	(0.01%)	0.72%	(0.01%)
Customer Deposits												
Active	203,123,754	203,123,754	(21,277,419)		181,846,335	1.62%	2.31%	0.04%	2.31%	0.04%	2.31%	0.04%
Inactive	1,767,147	1,767,147	(185,110)		1,582,037	0.01%						
Investment Tax Credits **	5,466,047	4,943,014	(517,786)		4,425,228	0.04%	7.85%	0.00%	7.85%	0.00%	7.85%	0.00%
Deferred Income Taxes	2,710,474,743	2,451,115,994	(256,756,888)	(414,445,735)	1,779,913,371	15.83%						
Total	\$13,629,602,579	\$12,345,024,505	(\$1,293,153,844)	\$192,337,897	\$11,244,208,557	100.00%		6.20%		6.54%		7.08%

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

DUKE ENERGY FLORIDA
End of Period - Capital Structure
Pro Forma Adjusted Basis
Mar 2018

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point Cost Rate Weighted Cost	Mid-Point Cost Rate Weighted Cost	Hght-Point Cost Rate Weighted Cost
Common Equity	\$5,715,987,152	\$5,128,986,971	(\$637,954,757)	\$578,133,739	\$5,069,165,953	44.13%	9.50%	10.50%	11.50%
Long Term Debt	5,686,616,546	5,102,632,565	(634,676,738)		4,467,955,827	38.90%	4.82%	4.82%	4.82%
Short Term Debt *	(152,774,530)	(137,085,433)	17,050,990	33,077,855	(86,956,589)	(0.76%)	0.72%	0.72%	0.72%
Customer Deposits									
Active	199,480,240	199,480,240	(24,811,794)		174,668,446	1.52%	2.35%	2.35%	2.35%
Inactive	2,020,434	2,020,434	(251,306)		1,769,128	0.02%			
Investment Tax Credits **	9,341,260	8,381,964	(1,042,567)		7,339,397	0.06%	7.84%	7.84%	7.84%
Deferred Income Taxes	2,738,871,953	2,457,604,993	(305,682,351)	(299,541,161)	1,852,381,480	16.13%	0.01%	0.01%	0.01%
Total	\$14,199,543,054	\$12,762,021,734	(\$1,587,368,523)	\$311,670,432	\$11,486,323,643	100.00%	6.10%	6.55%	6.99%

* 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	Books	Books	Adjustments	Adjustments	Adjustments	Adjustments	Retail	Retail	Ratio	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	
Common Equity	\$5,332,030,372	\$4,821,821,328	\$4,821,821,328	\$4,821,821,328	(\$505,090,677)	(\$505,090,677)	\$646,140,626	\$646,140,626	\$4,962,871,276	\$4,962,871,276	44.14%	44.14%	9.50%	4.19%	10.50%	4.63%	11.50%	5.08%	
Long Term Debt	5,568,034,839	5,035,243,101	5,035,243,101	5,035,243,101	(527,446,824)	(527,446,824)			4,507,796,276	4,507,796,276	40.09%	40.09%	4.93%	1.97%	4.93%	1.97%	4.93%	1.97%	
Short Term Debt *	(191,294,323)	(172,989,833)	(172,989,833)	(172,989,833)	18,120,861	18,120,861	(39,356,994)	(39,356,994)	(194,225,966)	(194,225,966)	(1.73%)	(1.73%)	0.72%	(0.01%)	0.72%	(0.01%)	0.72%	(0.01%)	
Customer Deposits																			
Active	203,123,754	203,123,754	203,123,754	203,123,754	(21,277,419)	(21,277,419)			181,846,335	181,846,335	1.62%	1.62%	2.31%	0.04%	2.31%	0.04%	2.31%	0.04%	
Inactive	1,767,147	1,767,147	1,767,147	1,767,147	(185,110)	(185,110)			1,582,037	1,582,037	0.01%	0.01%							
Investment Tax Credits **	5,466,047	4,943,014	4,943,014	4,943,014	(517,786)	(517,786)			4,425,228	4,425,228	0.04%	0.04%	7.85%	0.00%	7.85%	0.00%	7.85%	0.00%	
Deferred Income Taxes	2,710,474,743	2,451,115,994	2,451,115,994	2,451,115,994	(256,756,888)	(256,756,888)	(414,445,735)	(414,445,735)	1,779,913,371	1,779,913,371	15.83%	15.83%							
Total	\$13,629,602,579	\$12,345,024,505	\$12,345,024,505	\$12,345,024,505	(\$1,293,153,844)	(\$1,293,153,844)	\$192,337,897	\$192,337,897	\$11,244,208,557	\$11,244,208,557	100.00%	100.00%	6.20%	6.20%	6.64%	6.64%	7.08%	7.08%	

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

DUKE ENERGY FLORIDA
End of Period - Capital Structure
FPSC Adjusted Basis
Mar 2018

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point Cost Rate	Low-Point Weighted Cost	Mid-Point Cost Rate	Mid-Point Weighted Cost	High-Point Cost Rate	High-Point Weighted Cost
Common Equity	\$5,715,987,152	\$5,128,986,971	(\$637,954,757)	\$578,133,739	\$5,069,165,953	44.13%	9.50%	4.19%	10.50%	4.63%	11.50%	5.08%
Long Term Debt	5,686,616,546	5,102,632,565	(634,676,738)		4,467,955,827	38.90%	4.82%	1.88%	4.82%	1.88%	4.82%	1.88%
Short Term Debt *	(152,774,530)	(137,085,433)	17,050,990	33,077,855	(86,956,588)	(0.76%)	0.72%	(0.01%)	0.72%	(0.01%)	0.72%	(0.01%)
Customer Deposits												
Active	199,480,240	199,480,240	(24,811,794)		174,668,446	1.52%	2.35%	0.04%	2.35%	0.04%	2.35%	0.04%
Inactive	2,020,434	2,020,434	(251,306)		1,769,128	0.02%						
Investment Tax Credits **	9,341,260	8,381,964	(1,042,567)		7,339,397	0.06%	7.84%	0.01%	7.84%	0.01%	7.84%	0.01%
Deferred Income Taxes	2,738,871,953	2,457,604,993	(305,682,351)	(299,541,161)	1,852,381,480	16.13%						
Total	\$14,199,543,054	\$12,762,021,734	(\$1,587,368,523)	\$311,670,432	\$11,486,323,643	100.00%		6.10%		6.55%		6.99%

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

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$	991,698,272
AFUDC - DEBT		24,630,013
INCOME TAXES		29,573,496
TOTAL	\$	1,045,901,782
INTEREST CHARGES (before deducting AFUDC-Debt)	\$	281,438,977
TIE WITH AFUDC		3.72

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$	991,698,272
AFUDC - EQUITY		(45,374,617)
INCOME TAXES		29,573,496
TOTAL	\$	975,897,152
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$	281,438,977
TIE WITHOUT AFUDC		3.47

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

AFUDC DEBT	\$	24,630,013
X (1- INCOME TAX RATE)		0.74655
SUBTOTAL	\$	18,387,536
AFUDC -EQUITY	\$	45,374,617
TOTAL	\$	63,762,153
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$	739,843,986
PERCENT AFUDC TO AVAILABLE NET INCOME		8.62%

D. PERCENT INTERNALLY GENERATED FUNDS*

NET INCOME	\$	726,128,729
COMMON DIVIDENDS		-
AFUDC (EQUITY)		(45,933,475)
DEPRECIATION & AMORTIZATION		534,468,590
DEFERRED INCOME TAXES		173,767,453
INVESTMENT TAX CREDITS		(86,094)
OTHER - INC NUCLEAR DECOMMISSIONING		35,168,443
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL		(419,355,710)
TOTAL FUNDS PROVIDED	\$	1,004,157,936

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$	1,247,585,138
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PERCENTAGE INTERNALLY GENERATED FUNDS **80.49%**
*As of March 2018 (updated quarterly)

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

Common Equity	\$	4,962,871,276
Long Term Debt	\$	4,507,796,276
Short Term Debt	\$	(194,225,966)
TOTAL	\$	9,276,441,586

% LONG TERM DEBT TO TOTAL **48.59%**
% SHORT TERM DEBT TO TOTAL **(2.09%)**

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

	Pro Forma	FPSC
FPSC AVERAGE		
EARNED RATE OF RETURN	6.19%	6.26%
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT	1.97%	1.97%
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	2.00%	2.00%
TOTAL	4.19%	4.26%
DIVIDED BY COMMON EQUITY RATIO	44.14%	44.14%
JURISDICTIONAL RETURN ON COMMON EQUITY	9.49%	9.66%