



October 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 August 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 August 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 blue 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**  
**Aug-18**

**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	\$798,757,703 (a)	(\$95,217,735) (b)	\$703,539,968	(\$2,556,692)	\$700,983,276
Average Rate Base	\$12,836,422,059	(\$1,367,237,465)	\$11,469,184,594	\$0	\$11,469,184,594
Average Rate of Return	6.22%		6.13%		6.11%
<b>I. YEAR END RATE OF RETURN (Jurisdictional)</b>					
Net Operating Income	\$729,299,612	(\$25,759,644)	\$703,539,968		
Average Rate Base	\$13,369,282,096	(\$1,567,858,003)	\$11,801,424,093		
Average Rate of Return	5.46%		5.96%		
(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	6.12%	6.05%
Mid Point	6.57%	6.50%
High Point	7.01%	6.94%
Pro Forma Adjusted Basis		
Low Point	6.12%	6.05%
Mid Point	6.57%	6.50%
High Point	7.01%	6.94%

**IV. FINANCIAL INTEGRITY INDICATORS**

A. T.I.E. with AFUDC	(3.90)	(System Per Books Basis)
B. T.I.E. without AFUDC	(4.18)	(System Per Books Basis)
C. AFUDC to Net Income	8.56%	(System Per Books Basis)
D. Internally Generated Funds	72.61%	(System Per Books Basis)
E. STD/LTD to Total Investor Funds		
LT Debt-Fixed to Total Investor Funds	48.08%	(FPSC Adjusted Basis)
ST Debt to Total Investor Funds	(2.09%)	(FPSC Adjusted Basis)
F. Return on Common Equity	9.54%	(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

  
 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>\$16,180,231,706</b>	<b>\$5,632,400,277</b>	<b>\$10,547,831,429</b>	<b>\$131,281,926</b>	<b>\$1,733,085,737</b>	<b>\$12,412,199,092</b>	<b>\$1,758,877,430</b>	<b>\$14,171,076,522</b>
<b>Regulatory Base - Retail</b>	<b>\$14,686,563,874</b>	<b>\$5,225,410,748</b>	<b>\$9,461,153,127</b>	<b>\$115,216,217</b>	<b>\$1,543,704,428</b>	<b>\$11,120,073,772</b>	<b>\$1,716,348,287</b>	<b>\$12,836,422,059</b>
<b>FPSC Adjustments</b>								
ARO	(20,003,951)	(17,125,461)	(2,878,490)			(2,878,490)	2,573,750	(304,740)
ECCR	(37,271,109)	(18,954,435)	(18,316,673)			(18,316,673)	(17,827,316)	(36,143,989)
ECRC	(176,720,793)	(21,437,320)	(155,283,474)		(28,730,479)	(184,013,953)	(6,679,710)	(190,693,663)
FUEL	(26,662,769)	(26,143,987)	(518,783)			(518,783)	(646,886)	(1,165,669)
CCR							(137,137,723)	(137,137,723)
NUCLEAR							(79,033,995)	(79,033,995)
Over\Under Recovery-Clauses							(202,413,689)	(202,413,689)
Derivatives							(208,531)	(208,531)
Employee Related							370	370
Investments Earning a Return							(187,530,727)	(187,530,727)
Jobbing Accounts							(617,901)	(617,901)
Non-Regulated and Miscellaneous	(45,347,742)	(36,454,535)	(8,893,207)	(60,493,207)		(69,386,414)	86,267,126	16,880,712
CWIP - AFUDC					(1,022,133,470)	(1,022,133,470)		(1,022,133,470)
Imputed Off Balance Sheet Obligations							645,155,193	645,155,193
Capital Lease	(122,473,023)		(122,473,023)			(122,473,023)	118,011,334	(4,461,689)
SCRC							(167,427,955)	(167,427,955)
<b>Total FPSC Adjustments</b>	<b>(428,479,387)</b>	<b>(120,115,737)</b>	<b>(308,363,649)</b>	<b>(60,493,207)</b>	<b>(1,050,863,949)</b>	<b>(1,419,720,806)</b>	<b>52,483,341</b>	<b>(1,367,237,465)</b>
<b>FPSC Adjusted</b>	<b>\$14,258,084,488</b>	<b>\$5,105,295,011</b>	<b>\$9,152,789,477</b>	<b>\$54,723,010</b>	<b>\$492,840,479</b>	<b>\$9,700,352,966</b>	<b>\$1,768,831,628</b>	<b>\$11,469,184,594</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 Disp. & Other	Total Operating Expenses	Net Operating Income
<b>System Per Books</b>	4,703,893,575	1,978,877,641	880,248,854	542,443,721	362,218,734	(281,135,129)	436,480,677	(38,264)		3,919,096,235	784,797,340
<b>Regulatory Base - Retail</b>	4,449,195,726	1,884,026,905	833,736,131	506,370,664	348,670,097	(208,263,088)	355,390,065	(34,660)		3,719,896,114	729,299,612
<b>FPSC Adjustments</b>											
ECCR	(110,097,902)		(101,457,652)	(5,543,687)		(784,824)				(107,786,162)	(2,311,739)
ECRC	(58,482,762)		(31,825,051)	(8,586,221)	(1,300,482)	(4,250,612)				(45,962,366)	(12,520,396)
FUEL	(1,512,895,994)	(1,508,265,678)	(1,092,824)			(896,577)				(1,510,255,079)	(2,640,915)
CCR	(403,494,792)	(375,761,227)	(290,516)	(20,116,000)		(1,857,041)				(398,024,784)	(5,470,008)
NUCLEAR	(50,359,290)		(100,651)	(47,977,226)		(578,224)				(48,656,101)	(1,703,189)
Non-Regulated and Miscellaneous				11,437,287		(2,898,780)				8,538,507	(8,538,507)
Corporate Aircraft Allocation			(2,198,721)			557,266				(1,641,455)	1,641,455
Franchise Fee & Gross Receipts	(214,460,020)					(54,354,892)				(54,354,892)	(160,105,128)
Franchise Fees & Gross Rec Tax - TOI					(211,077,842)	53,497,679				(157,580,163)	157,580,163
Gain/Loss on Disposition & Other						60,557		(238,930)		(178,373)	178,373
Inst./Promotional Advertising			(3,335,674)			845,427				(2,490,247)	2,490,247
Miscellaneous Interest Expense			105,250			(26,676)				78,575	(78,575)
Remove Assoc/Organization Dues			(92,054)			23,331				(68,723)	68,723
Parent Debt Adjustment						(12,295,163)				(12,295,163)	12,295,163
Directors & Officers Premium			(1,138,016)			288,430				(849,586)	849,586
Interest Synchronization - FPSC						7,494,897				7,494,897	(7,494,897)
<b>Total FPSC Adjustments</b>	<b>(2,349,790,760)</b>	<b>(1,884,026,905)</b>	<b>(141,425,908)</b>	<b>(70,785,847)</b>	<b>(212,378,324)</b>	<b>(15,175,202)</b>			<b>(238,930)</b>	<b>(2,324,031,116)</b>	<b>(25,759,644)</b>
<b>FPSC Adjusted</b>	<b>2,099,404,966</b>		<b>692,310,224</b>	<b>435,584,817</b>	<b>136,291,773</b>	<b>(223,438,290)</b>	<b>355,390,065</b>	<b>(34,660)</b>	<b>(238,930)</b>	<b>1,395,864,998</b>	<b>703,539,968</b>
<b>Pro Forma Adjustments</b>											
Weather Normalization	(3,424,676)					(867,984)				(867,984)	(2,556,692)
<b>Total Pro Forma Adjustments</b>	<b>(3,424,676)</b>					<b>(867,984)</b>				<b>(867,984)</b>	<b>(2,556,692)</b>
<b>Pro Forma Adjusted</b>	<b>2,095,980,290</b>		<b>692,310,224</b>	<b>435,584,817</b>	<b>136,291,773</b>	<b>(224,306,275)</b>	<b>355,390,065</b>	<b>(34,660)</b>	<b>(238,930)</b>	<b>1,394,997,014</b>	<b>700,983,276</b>
<b>Current Month</b>											
System Per Books	470,891,800	200,183,555	86,354,169	48,964,149	34,574,943	40,111,242	(32,116,938)			378,071,119	92,820,681
FPSC Adjusted	214,469,806		67,897,802	39,015,761	11,813,878	(14,716,158)	22,847,798		(20,334)	126,838,748	87,631,058

(a) The addition of earnings from AFUDC charges would increase the System NOI by 77,979,194 pretax  
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 69,458,091 pretax

DUKE ENERGY FLORIDA  
Average Rate of Return - Adjustment  
Aug-18

Schedule 2  
Page 3 of 3

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(304,740)	(304,740)
	ECCR	F	(36,143,989)	(36,143,989)
	ECRC	F	(203,809,096)	(190,693,663)
	FUEL	F	(1,205,408)	(1,165,669)
	CCR	F	(137,626,693)	(137,137,723)
	NUCLEAR	F	(79,033,995)	(79,033,995)
	Net Clause Under Recovery	F	(202,413,689)	(202,413,689)
	Derivatives	F	(208,531)	(208,531)
	Employee Related	F	395	370
	Investments Earning a Return	F	(193,787,049)	(187,530,727)
	Jobbing Accounts	F	(659,429)	(617,901)
	Non-Regulated and Miscellaneous	F	12,246,926	16,880,712
(1)	CWIP - AFUDC	F	(1,101,928,627)	(1,022,133,470)
(3)	Imputed Off Balance Sheet Obligations	F	694,574,143	645,155,193
(2)	Capital Lease - EPIS	F	(131,379,220)	(122,473,023)
(2)	Capital Lease - Working Capital	F	126,593,079	118,011,334
	SCRC	F	(167,427,955)	(167,427,955)
	<b>Total</b>		<b>(1,422,513,876)</b>	<b>(1,367,237,465)</b>

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(3,096,563)	784,824	(3,096,563)	784,824
	ECRC	F	(14,156,257)	3,587,903	(16,771,008)	4,250,612
	FUEL	F	(3,715,586)	941,715	(3,537,492)	896,577
	CCR	F	(7,327,049)	1,857,041	(7,327,049)	1,857,041
	NUCLEAR	F	(2,281,414)	578,224	(2,281,414)	578,224
	Non-Regulated and Miscellaneous	F	(11,437,287)	2,898,780	(11,437,287)	2,898,780
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,358,611	(597,790)	2,198,721	(557,266)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(214,460,020)	54,354,892	(214,460,020)	54,354,892
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	211,077,842	(53,497,679)	211,077,842	(53,497,679)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	257,232	(65,196)	238,930	(60,557)
(1)	INST./PROMOTIONAL ADVERTISING	F	3,578,243	(906,906)	3,335,674	(845,427)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(112,904)	28,616	(105,250)	26,676
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	98,748	(25,028)	92,054	(23,331)
(2)	PARENT DEBT ADJUSTMENT	F		13,710,803		12,295,163
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,220,772	(309,405)	1,138,016	(288,430)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(7,852,095)		(7,494,897)
	<b>Total</b>		<b>(37,995,632)</b>	<b>15,488,701</b>	<b>(40,934,846)</b>	<b>15,175,202</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>\$16,576,890,454</b>	<b>\$5,698,012,946</b>	<b>\$10,878,877,508</b>	<b>\$132,511,021</b>	<b>\$2,006,624,951</b>	<b>\$13,018,013,480</b>	<b>\$1,758,877,430</b>	<b>\$14,776,890,910</b>
<b>Regulatory Base - Retail</b>	<b>\$15,028,629,398</b>	<b>\$5,284,354,476</b>	<b>\$9,744,274,922</b>	<b>\$116,361,991</b>	<b>\$1,792,296,896</b>	<b>\$11,652,933,809</b>	<b>\$1,716,348,287</b>	<b>\$13,369,282,096</b>
<b>FPSC Adjustments</b>								
ARO	(23,120,519)	(17,736,716)	(5,383,802)			(5,383,802)	2,573,750	(2,810,052)
ECCR	(28,697,151)	(19,157,680)	(9,539,471)			(9,539,471)	(17,827,316)	(27,366,787)
ECRC	(177,986,689)	(23,789,823)	(154,196,866)		(61,161,400)	(215,358,266)	(6,679,710)	(222,037,977)
FUEL	(26,662,769)	(26,149,422)	(513,348)			(513,348)	(646,886)	(1,160,234)
CCR							(137,137,723)	(137,137,723)
NUCLEAR							(79,033,995)	(79,033,995)
Net Clause Under Recovery							(202,413,689)	(202,413,689)
Derivatives							(208,531)	(208,531)
Employee Related							370	370
Investments Earning a Return							(187,530,727)	(187,530,727)
Jobbing Accounts							(617,901)	(617,901)
Non-Regulated and Miscellaneous	(45,991,330)	(37,833,459)	(8,157,871)	(87,379,077)		(95,536,948)	86,267,126	(9,269,822)
CWIP - AFUDC					(1,177,897,965)	(1,177,897,965)		(1,177,897,965)
Imputed Off Balance Sheet Obligations							645,155,193	645,155,193
Capital Lease	(116,111,543)		(116,111,543)			(116,111,543)	118,011,334	1,899,791
SCRC							(167,427,955)	(167,427,955)
<b>Total FPSC Adjustments</b>	<b>(418,570,002)</b>	<b>(124,667,101)</b>	<b>(293,902,901)</b>	<b>(87,379,077)</b>	<b>(1,239,059,365)</b>	<b>(1,620,341,344)</b>	<b>52,483,341</b>	<b>(1,567,858,003)</b>
<b>FPSC Adjusted</b>	<b>14,610,059,396</b>	<b>5,159,687,376</b>	<b>9,450,372,021</b>	<b>28,982,914</b>	<b>553,237,531</b>	<b>10,032,592,465</b>	<b>1,768,831,628</b>	<b>11,801,424,093</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>	<b>4,703,893,575</b>	<b>1,978,877,641</b>	<b>880,248,854</b>	<b>542,443,721</b>	<b>362,218,734</b>	<b>(281,135,129)</b>	<b>436,480,677</b>	<b>(38,264)</b>		<b>3,919,096,235</b>	<b>784,797,340</b>
<b>Regulatory Base - Retail</b>	<b>4,449,195,726</b>	<b>1,884,026,905</b>	<b>833,736,131</b>	<b>506,370,664</b>	<b>348,670,097</b>	<b>(208,263,088)</b>	<b>355,390,065</b>	<b>(34,660)</b>		<b>3,719,896,114</b>	<b>729,299,612</b>
<b>FPSC Adjustments</b>											
ECCR	(110,097,902)		(101,457,652)	(5,543,687)		(784,824)				(107,786,162)	(2,311,739)
ECRC	(58,482,762)		(31,825,051)	(8,586,221)	(1,300,482)	(4,250,612)				(45,962,366)	(12,520,396)
FUEL	(1,512,895,994)	(1,508,265,678)	(1,092,824)			(896,577)				(1,510,255,079)	(2,640,915)
CCR	(403,494,792)	(375,761,227)	(290,516)	(20,116,000)		(1,857,041)				(398,024,784)	(5,470,008)
NUCLEAR	(50,359,290)		(100,651)	(47,977,226)		(578,224)				(48,656,101)	(1,703,189)
Non-Regulated and Miscellaneous				11,437,287		(2,898,780)				8,538,507	(8,538,507)
Corporate Aircraft Allocation			(2,198,721)			557,266				(1,641,455)	1,641,455
Franchise Fee & Gross Receipts	(214,460,020)					(54,354,892)				(54,354,892)	(160,105,128)
Franchise Fees & Gross Rec Tax - TOI					(211,077,842)	53,497,679				(157,580,163)	157,580,163
Gain/Loss on Disposition & Other						60,557		(238,930)		(178,373)	178,373
Inst./Promotional Advertising			(3,335,674)			845,427				(2,490,247)	2,490,247
Miscellaneous Interest Expense			105,250			(26,676)				78,575	(78,575)
Remove Assoc/Organization Dues			(92,054)			23,331				(68,723)	68,723
Parent Debt Adjustment						(12,295,163)				(12,295,163)	12,295,163
Directors & Officers Premium			(1,138,016)			288,430				(849,586)	849,586
Interest Synchronization - FPSC						7,494,897				7,494,897	(7,494,897)
<b>Total FPSC Adjustments</b>	<b>(2,349,790,760)</b>	<b>(1,884,026,905)</b>	<b>(141,425,908)</b>	<b>(70,785,847)</b>	<b>(212,378,324)</b>	<b>(15,175,202)</b>			<b>(238,930)</b>	<b>(2,324,031,116)</b>	<b>(25,759,644)</b>
<b>FPSC Adjusted</b>	<b>2,099,404,966</b>		<b>692,310,224</b>	<b>435,584,817</b>	<b>136,291,773</b>	<b>(223,438,290)</b>	<b>355,390,065</b>	<b>(34,660)</b>	<b>(238,930)</b>	<b>1,395,864,998</b>	<b>703,539,968</b>

(a) The addition of earnings from AFUDC charges would increase the System NOI by 77,979,194 pretax  
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 69,458,091 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(2,810,052)	(2,810,052)
	ECCR	F	(27,366,787)	(27,366,787)
	ECRC	F	(237,611,799)	(222,037,977)
	FUEL	F	(1,199,556)	(1,160,234)
	CCR	F	(137,626,693)	(137,137,723)
	NUCLEAR	F	(79,033,995)	(79,033,995)
	Net Clause Under Recovery	F	(202,413,689)	(202,413,689)
	Derivatives	F	(208,531)	(208,531)
	Employee Related	F	395	370
	Investments Earning a Return	F	(193,787,049)	(187,530,727)
	Jobbing Accounts	F	(659,429)	(617,901)
	Non-Regulated and Miscellaneous	F	(15,963,068)	(9,269,822)
(1)	CWIP - AFUDC	F	(1,268,125,063)	(1,177,897,965)
(3)	Imputed Off Balance Sheet Obligations	F	694,574,143	645,155,193
(2)	Capital Lease - EPIS	F	(124,555,136)	(116,111,543)
(2)	Capital Lease - Working Capital	F	126,593,079	118,011,334
	SCRC	F	(167,427,955)	(167,427,955)
	<b>Total</b>		<b>(1,637,621,184)</b>	<b>(1,567,858,003)</b>

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(3,096,563)	784,824	(3,096,563)	784,824
	ECRC	F	(14,156,257)	3,587,903	(16,771,008)	4,250,612
	FUEL	F	(3,715,586)	941,715	(3,537,492)	896,577
	CCR	F	(7,327,049)	1,857,041	(7,327,049)	1,857,041
	NUCLEAR	F	(2,281,414)	578,224	(2,281,414)	578,224
	Non-Regulated and Miscellaneous	F	(11,437,287)	2,898,780	(11,437,287)	2,898,780
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,358,611	(597,790)	2,198,721	(557,266)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(214,460,020)	54,354,892	(214,460,020)	54,354,892
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	211,077,842	(53,497,679)	211,077,842	(53,497,679)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	257,232	(65,196)	238,930	(60,557)
(1)	INST./PROMOTIONAL ADVERTISING	F	3,578,243	(906,906)	3,335,674	(845,427)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(112,904)	28,616	(105,250)	26,676
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	98,748	(25,028)	92,054	(23,331)
(2)	PARENT DEBT ADJUSTMENT	F		13,710,803		12,295,163
(2)	DIRECTORS & OFFICERS PREMIUM	F	1,220,772	(309,405)	1,138,016	(288,430)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		(7,852,095)		(7,494,897)
	<b>Total</b>		<b>(37,995,632)</b>	<b>15,488,701</b>	<b>(40,934,846)</b>	<b>15,175,202</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



DUKE ENERGY FLORIDA  
Average - Capital Structure  
Pro Forma Adjusted Basis  
Aug-18

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point		Mid-Point		High-Point	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	5,639,117,653	5,100,345,318	(632,419,055)	614,720,076	5,082,646,339	44.32%	9.50%	4.21%	10.50%	4.65%	11.50%	5.10%
Long Term Debt	5,710,942,596	5,165,307,966	(640,474,121)		4,524,833,845	39.45%	4.80%	1.89%	4.80%	1.89%	4.80%	1.89%
Short Term Debt *	(196,240,976)	(177,491,730)	22,008,147	(41,100,365)	(196,583,947)	(1.71%)	1.11%	(0.02%)	1.11%	(0.02%)	1.11%	(0.02%)
Customer Deposits												
Active	200,417,504	200,417,504	(24,850,837)		175,566,667	1.53%	2.30%	0.04%	2.30%	0.04%	2.30%	0.04%
Inactive	1,928,956	1,928,956	(239,181)		1,689,774	0.01%						
Investment Tax Credits **	8,135,042	7,357,804	(912,333)		6,445,471	0.06%	7.28%	0.00%	7.81%	0.00%	8.34%	0.00%
Deferred Income Taxes	2,806,715,314	2,538,556,241	(314,769,146)	(349,200,650)	1,874,586,445	16.34%						
<b>Total</b>	<b>14,171,016,087</b>	<b>12,836,422,059</b>	<b>(1,591,656,526)</b>	<b>224,419,061</b>	<b>11,469,184,594</b>	<b>100.00%</b>		<b>6.12%</b>		<b>6.57%</b>		<b>7.01%</b>
* Daily Weighted Average ** Cost Rates Calculated Per IRS Ruling												

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point		Mid-Point		High-Point	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	6,045,872,357	5,410,243,150	(726,938,792)	577,215,875	5,260,520,234	44.58%	9.50%	4.23%	10.50%	4.68%	11.50%	5.13%
Long Term Debt	6,127,980,784	5,483,719,156	(736,811,279)		4,746,907,877	40.22%	4.47%	1.80%	4.47%	1.80%	4.47%	1.80%
Short Term Debt *	(344,459,657)	(308,245,095)	41,416,866	(58,499,303)	(325,327,532)	(2.76%)	0.66%	(0.02%)	0.66%	(0.02%)	0.66%	(0.02%)
Customer Deposits												
Active	198,333,465	198,333,465	(26,648,763)		171,684,702	1.45%	2.32%	0.03%	2.32%	0.03%	2.32%	0.03%
Inactive	2,253,377	2,253,377	(302,771)		1,950,606	0.02%						
Investment Tax Credits **	10,115,298	9,051,832	(1,216,235)		7,835,597	0.07%	7.11%	0.00%	7.64%	0.01%	8.16%	0.01%
Deferred Income Taxes	2,876,327,163	2,573,926,211	(345,841,538)	(290,232,063)	1,937,852,611	16.42%						
<b>Total</b>	<b>14,916,422,786</b>	<b>13,369,282,096</b>	<b>(1,796,342,512)</b>	<b>228,484,510</b>	<b>11,801,424,093</b>	<b>100.00%</b>		<b>6.05%</b>		<b>6.50%</b>		<b>6.94%</b>
* Daily Weighted Average ** Cost Rates Calculated Per IRS Ruling												

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point		Mid-Point		High-Point	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	5,639,117,653	5,100,345,318	(632,419,055)	614,720,076	5,082,646,339	44.32%	9.50%	4.21%	10.50%	4.65%	11.50%	5.10%
Long Term Debt	5,710,942,596	5,165,307,966	(640,474,121)		4,524,833,845	39.45%	4.80%	1.89%	4.80%	1.89%	4.80%	1.89%
Short Term Debt *	(196,240,976)	(177,491,730)	22,008,147	(41,100,365)	(196,583,947)	(1.71%)	1.11%	(0.02%)	1.11%	(0.02%)	1.11%	(0.02%)
Customer Deposits												
Active	200,417,504	200,417,504	(24,850,837)		175,566,667	1.53%	2.30%	0.04%	2.30%	0.04%	2.30%	0.04%
Inactive	1,928,956	1,928,956	(239,181)		1,689,774	0.01%						
Investment Tax Credits **	8,135,042	7,357,804	(912,333)		6,445,471	0.06%	7.28%	0.00%	7.81%	0.00%	8.34%	0.00%
Deferred Income Taxes	2,806,715,314	2,538,556,241	(314,769,146)	(349,200,650)	1,874,586,445	16.34%						
<b>Total</b>	<b>14,171,016,087</b>	<b>12,836,422,059</b>	<b>(1,591,656,526)</b>	<b>224,419,061</b>	<b>11,469,184,594</b>	<b>100.00%</b>		<b>6.12%</b>		<b>6.57%</b>		<b>7.01%</b>

\* Daily Weighted Average

\*\* Cost Rates Calculated Per IRS Ruling

DUKE ENERGY FLORIDA  
End of Period - Capital Structure  
FPSC Adjusted Basis  
Aug-18

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point		Mid-Point		High-Point	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	6,045,872,357	5,410,243,150	(726,938,792)	577,215,875	5,260,520,234	44.58%	9.50%	4.23%	10.50%	4.68%	11.50%	5.13%
Long Term Debt	6,127,980,784	5,483,719,156	(736,811,279)		4,746,907,877	40.22%	4.47%	1.80%	4.47%	1.80%	4.47%	1.80%
Short Term Debt *	(344,459,657)	(308,245,095)	41,416,866	(58,499,303)	(325,327,532)	(2.76%)	0.66%	(0.02%)	0.66%	(0.02%)	0.66%	(0.02%)
Customer Deposits												
Active	198,333,465	198,333,465	(26,648,763)		171,684,702	1.45%	2.32%	0.03%	2.32%	0.03%	2.32%	0.03%
Inactive	2,253,377	2,253,377	(302,771)		1,950,606	0.02%						
Investment Tax Credits **	10,115,298	9,051,832	(1,216,235)		7,835,597	0.07%	7.11%	0.00%	7.64%	0.01%	8.16%	0.01%
Deferred Income Taxes	2,876,327,163	2,573,926,211	(345,841,538)	(290,232,063)	1,937,852,611	16.42%						
<b>Total</b>	<b>14,916,422,786</b>	<b>13,369,282,096</b>	<b>(1,796,342,512)</b>	<b>228,484,510</b>	<b>11,801,424,093</b>	<b>100.00%</b>		<b>6.05%</b>		<b>6.50%</b>		<b>6.94%</b>

\* Daily Weighted Average

\*\* Cost Rates Calculated Per IRS Ruling

**A. TIMES INTEREST EARNED WITH AFUDC**

EARNINGS BEFORE INTEREST	\$ (1,079,402,511)
AFUDC - DEBT	\$ 27,434,939
INCOME TAXES	(50,989,739)
TOTAL	<u>\$ (1,102,957,311)</u>
INTEREST CHARGES (before deducting AFUDC-Debt)	\$ 282,815,715
TIE WITH AFUDC	<u><u>(3.90)</u></u>

**B. TIMES INTEREST EARNED WITHOUT AFUDC**

EARNINGS BEFORE INTEREST	\$ (1,079,402,511)
AFUDC - EQUITY	(50,544,255)
INCOME TAXES	(50,989,739)
TOTAL	<u>\$ (1,180,936,504)</u>
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 282,815,715
TIE WITHOUT AFUDC	<u><u>(4.18)</u></u>

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

AFUDC DEBT	\$ 27,434,939
X (1- INCOME TAX RATE)	0.74655
SUBTOTAL	<u>\$ 20,481,554</u>
AFUDC -EQUITY	\$ 50,544,255
TOTAL	<u>\$ 71,025,809</u>
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	<u>\$ 830,082,136</u>
PERCENT AFUDC TO AVAILABLE NET INCOME	<u><u>8.56%</u></u>

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

NET INCOME	\$ 736,009,192
COMMON DIVIDENDS	-
AFUDC (EQUITY)	(48,647,324)
DEPRECIATION & AMORTIZATION	616,271,925
DEFERRED INCOME TAXES	264,061,244
INVESTMENT TAX CREDITS	(57,396)
OTHER - INC NUCLEAR DECOMMISSIONING	31,412,925
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL	(647,097,057)
TOTAL FUNDS PROVIDED	<u><u>\$ 951,953,508</u></u>

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	<u>\$ 1,311,000,134</u>
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PERCENTAGE INTERNALLY GENERATED FUNDS **72.61%**

\*As of June 2018 (updated quarterly)

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

Common Equity	\$ 5,082,646,339
Long Term Debt	\$ 4,524,833,845
Short Term Debt	<u>\$ (196,583,947)</u>
TOTAL	<u><u>\$ 9,410,896,237</u></u>

% LONG TERM DEBT TO TOTAL **48.08%**  
% 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	<u>6.11%</u>	<u>6.13%</u>
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT	1.89%	1.89%
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>1.91%</u>	<u>1.91%</u>
TOTAL	<u>4.20%</u>	<u>4.23%</u>
DIVIDED BY COMMON EQUITY RATIO	<u>44.32%</u>	<u>44.32%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>9.49%</u></u>	<u><u>9.54%</u></u>