



March 8, 2019

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, please find enclosed Duke Energy Florida's Forecasted Earnings Surveillance Report for the calendar year 2019.

Should you have any questions, please do not hesitate 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

**FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT**

**SCHEDULE 1**

**Company : Duke Energy Florida  
Year 2019**

|  | (1)<br>Actual<br>Per Books | (2)<br>FPSC<br>Adjustments | (3)<br>FPSC<br>Adjusted |
|--|----------------------------|----------------------------|-------------------------|
| <b>I. AVERAGE RATE OF RETURN</b>                   |                            |                            |                         |
| (Jurisdictional)                                   |                            |                            |                         |
| <b>NET OPERATING INCOME</b>                        | \$ 885,556,384 (a)         | \$ (25,256,613) (b)        | \$ 860,299,770          |
| <b>AVERAGE RATE BASE</b>                           | \$ 14,434,245,548          | \$ (1,300,397,212)         | \$ 13,133,848,336       |
| <b>AVERAGE RATE OF RETURN</b>                      | 6.14%                      |                            | 6.55%                   |
| (a) INCLUDES AFUDC EARNINGS                        |                            |                            |                         |
| (b) INCLUDES REVERSAL OF AFUDC EARNINGS            |                            |                            |                         |
| <b>III. REQUIRED RATES OF RETURN</b>               |                            |                            |                         |
| AVERAGE CAPITAL STRUCTURE<br>(FPSC ADJUSTED BASIS) |                            |                            |                         |
| LOW  | 5.85%                      |                            |                         |
| MIDPOINT   | 6.26%                      |                            |                         |
| HIGH   | 6.67%                      |                            |                         |
| <b>IV. FINANCIAL INTEGRITY INDICATORS</b>          |                            |                            |                         |
| <b>A. TIE WITH AFUDC</b>                           | 3.73                       | (SYSTEM PER BOOKS BASIS)   |                         |
| <b>B. TIE WITHOUT AFUDC</b>                        | 3.70                       | (SYSTEM PER BOOKS BASIS)   |                         |
| <b>C. AFUDC TO NET INCOME</b>                      | 1.04%                      | (SYSTEM PER BOOKS BASIS)   |                         |
| <b>D. INTERNALLY GENERATED FUNDS</b>               | 95.66%                     | (SYSTEM PER BOOKS BASIS)   |                         |
| <b>E. LTD TO TOTAL INVESTOR FUNDS</b>              | 47.24%                     | (FPSC ADJUSTED BASIS)      |                         |
| <b>F. STD TO TOTAL INVESTOR FUNDS</b>              | 2.88%                      | (FPSC ADJUSTED BASIS)      |                         |
| <b>G. RETURN ON COMMON EQUITY</b>                  | 11.20%                     | (FPSC ADJUSTED BASIS)      |                         |

|                                 | 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>\$18,943,889,585</b> | <b>\$5,616,995,366</b> | <b>\$13,326,894,219</b> | <b>\$132,062,007</b>            | <b>\$628,103,441</b>   | <b>\$14,087,059,667</b> | <b>\$1,912,089,499</b> | <b>\$15,999,149,166</b> |
| <b>Regulatory Base - Retail</b> | <b>\$17,148,625,228</b> | <b>\$5,216,785,532</b> | <b>\$11,931,839,696</b> | <b>\$115,943,416</b>            | <b>\$542,574,168</b>   | <b>\$12,590,357,280</b> | <b>\$1,843,888,268</b> | <b>\$14,434,245,548</b> |
| <b>FPSC Adjustments</b>         |                         |                        |                         |                                 |                        |                         |                        |                         |
| ARO                             | (22,578,040)            | (16,029,948)           | (6,548,092)             |                                 |                        | (6,548,092)             | (19,811,756)           | (26,359,848)            |
| ECCR                            | (26,538,479)            | (20,643,488)           | (5,894,991)             |                                 |                        | (5,894,991)             | (20,504,527)           | (26,399,518)            |
| ECRC                            | (261,846,044)           | (25,940,857)           | (235,905,186)           |                                 | (5,772,283)            | (241,677,469)           | (5,021,218)            | (246,698,687)           |
| FUEL                            | (4,576,014)             | (4,413,059)            | (162,955)               |                                 |                        | (162,955)               | (128,618,722)          | (128,781,677)           |
| CCR                             |                         |                        |                         |                                 |                        |                         | (96,346,403)           | (96,346,403)            |
| NUCLEAR                         |                         |                        |                         |                                 |                        |                         | (21,627,491)           | (21,627,491)            |
| Over/Under Recovery-Clauses     |                         |                        |                         |                                 |                        |                         | (126,634,093)          | (126,634,093)           |
| Investments Earning a Return    |                         |                        |                         |                                 |                        |                         | (174,482,302)          | (174,482,302)           |
| Jobbing Accounts                |                         |                        |                         |                                 |                        |                         | (45,912)               | (45,912)                |
| Non-Regulated and Miscellaneous | (45,532,721)            | (35,303,653)           | (10,229,068)            | (87,379,077)                    |                        | (97,608,145)            | 43,856,328             | (53,751,817)            |
| CWIP - AFUDC                    |                         |                        |                         |                                 | (75,175,218)           | (75,175,218)            |                        | (75,175,218)            |
| Capital Lease                   | (111,864,626)           |                        | (111,864,626)           |                                 |                        | (111,864,626)           | 98,997,964             | (12,866,662)            |
| Storm                           |                         |                        |                         |                                 |                        |                         | (311,227,584)          | (311,227,584)           |
| <b>Total FPSC Adjustments</b>   | <b>(472,935,923)</b>    | <b>(102,331,005)</b>   | <b>(370,604,918)</b>    | <b>(87,379,077)</b>             | <b>(80,947,500)</b>    | <b>(538,931,496)</b>    | <b>(761,465,716)</b>   | <b>(1,300,397,212)</b>  |
| <b>FPSC Adjusted</b>            | <b>\$16,675,689,304</b> | <b>\$5,114,454,527</b> | <b>\$11,561,234,777</b> | <b>\$28,564,339</b>             | <b>\$461,626,668</b>   | <b>\$12,051,425,784</b> | <b>\$1,082,422,552</b> | <b>\$13,133,848,336</b> |

|                                      | Operating Revenues     | Fuel & Net Interchange | O&M Other            | Depr & Amort        | Taxes Other than Income | Income Taxes Current | Deferred Income Tax (Net) | Total Operating Expenses | Net Operating Income |
|--------------------------------------|------------------------|------------------------|----------------------|---------------------|-------------------------|----------------------|---------------------------|--------------------------|----------------------|
| <b>System Per Books</b>              | <b>5,058,643,241</b>   | <b>2,001,223,153</b>   | <b>923,334,771</b>   | <b>616,196,928</b>  | <b>412,412,901</b>      | <b>4,483,794</b>     | <b>148,878,054</b>        | <b>4,106,529,602</b>     | <b>952,113,640</b>   |
| Regulatory Base - Retail             | 4,784,713,156          | 1,915,817,686          | 882,465,555          | 570,373,598         | 396,193,521             | 5,606,305            | 135,375,275               | 3,905,831,940            | 878,881,216          |
| <b>FPSC Adjustments</b>              |                        |                        |                      |                     |                         |                      |                           |                          |                      |
| ECCR                                 | (104,748,367)          |                        | (97,443,966)         | (4,999,505)         |                         | (584,176)            |                           | (103,027,647)            | (1,720,721)          |
| ECRC                                 | (55,472,664)           |                        | (33,715,692)         | (1,855,989)         | (1,361,385)             | (4,698,861)          |                           | (41,631,927)             | (13,840,736)         |
| FUEL                                 | (1,550,497,982)        | (1,541,314,204)        | (1,118,016)          |                     |                         | (2,044,267)          |                           | (1,544,476,487)          | (6,021,495)          |
| CCR                                  | (383,449,483)          | (374,503,482)          | (276,084)            |                     |                         | (2,197,391)          |                           | (376,976,956)            | (6,472,527)          |
| NUCLEAR                              | (44,671,901)           |                        | (32,164)             | (43,159,168)        |                         | (375,250)            |                           | (43,566,582)             | (1,105,319)          |
| CORPORATE AIRCRAFT ALLOCATION        |                        |                        | (2,198,722)          |                     |                         | 557,266              |                           | (1,641,456)              | 1,641,456            |
| FRANCHISE FEE & GROSS RECEIPTS       | (232,219,471)          |                        |                      |                     |                         | (58,856,025)         |                           | (58,856,025)             | (173,363,446)        |
| FRANCHISE FEES & GROSS REC TAX - TOI |                        |                        |                      |                     | (232,219,471)           | 58,856,025           |                           | (173,363,446)            | 173,363,446          |
| INST./PROMOTIONAL ADVERTISING        |                        |                        | (3,335,675)          |                     |                         | 845,427              |                           | (2,490,248)              | 2,490,248            |
| MISCELLANEOUS INTEREST EXPENSE       |                        |                        | 102,234              |                     |                         | (25,911)             |                           | 76,322                   | (76,322)             |
| REMOVE ASSOC/ORGANIZATION DUES       |                        |                        | (92,054)             |                     |                         | 23,331               |                           | (68,723)                 | 68,723               |
| REMOVE ECONOMIC DEVELOPMENT          |                        |                        | (56,775)             |                     |                         | 14,390               |                           | (42,386)                 | 42,386               |
| PARENT DEBT ADJUSTMENT               |                        |                        |                      |                     |                         | (10,343,299)         |                           | (10,343,299)             | 10,343,299           |
| DIRECTORS & OFFICERS PREMIUM         |                        |                        | (1,138,016)          |                     |                         | 288,430              |                           | (849,586)                | 849,586              |
| INTEREST SYNCHRONIZATION - FPSC      |                        |                        |                      |                     |                         | 4,780,023            |                           | 4,780,023                | (4,780,023)          |
| <b>Total FPSC Adjustments</b>        | <b>(2,371,059,868)</b> | <b>(1,915,817,686)</b> | <b>(139,304,929)</b> | <b>(50,014,663)</b> | <b>(233,580,856)</b>    | <b>(13,760,289)</b>  |                           | <b>(2,352,478,422)</b>   | <b>(18,581,446)</b>  |
| <b>FPSC Adjusted</b>                 | <b>2,413,653,288</b>   |                        | <b>743,160,626</b>   | <b>520,358,935</b>  | <b>162,612,665</b>      | <b>(8,153,984)</b>   | <b>135,375,275</b>        | <b>1,553,353,518</b>     | <b>860,299,770</b>   |

(a) The addition of earnings from AFUDC charges would increase the System NOI by 7,727,415  
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 6,675,168

| Notes | Rate Base Adjustments           | P=ProForma<br>F=FPSC | System                 | Retail                 |
|-------|---------------------------------|----------------------|------------------------|------------------------|
|       | ARO                             | F                    | (26,359,848)           | (26,359,848)           |
|       | ECCR                            | F                    | (26,173,980)           | (26,173,980)           |
|       | ECRC                            | F                    | (252,544,259)          | (252,544,259)          |
|       | FUEL                            | F                    | (128,794,159)          | (128,794,159)          |
|       | CCR                             | F                    | (96,346,403)           | (96,346,403)           |
|       | NUCLEAR                         | F                    | (21,627,491)           | (21,627,491)           |
|       | Over/Under Recovery-Clauses     | F                    | (126,634,093)          | (126,634,093)          |
|       | Investments Earning a Return    | F                    | (178,416,011)          | (174,482,302)          |
|       | Jobbing Accounts                | F                    | (48,085)               | (45,912)               |
|       | Non-Regulated and Miscellaneous | F                    | (60,445,063)           | (53,751,817)           |
| (1)   | CWIP - AFUDC                    | F                    | (97,228,292)           | (75,175,218)           |
| (2)   | Capital Lease - EPIS            | F                    | (119,999,384)          | (111,864,626)          |
| (2)   | Capital Lease - Working Capital | F                    | 106,197,063            | 98,997,964             |
|       | Storm                           | F                    | (311,227,584)          | (311,227,584)          |
|       | <b>TOTAL</b>                    |                      | <b>(1,339,647,590)</b> | <b>(1,306,029,729)</b> |

| Notes | Income Statement Adjustments (to NOI) | P=ProForma<br>F=FPSC | System              |                   | Retail              |                   |
|-------|---------------------------------------|----------------------|---------------------|-------------------|---------------------|-------------------|
|       |                                       |                      | Amount              | Income Tax Effect | Amount              | Income Tax Effect |
|       | ECCR                                  | F                    | (2,304,897)         | 584,176           | (2,304,897)         | 584,176           |
|       | ECRC                                  | F                    | (15,779,711)        | 3,999,368         | (15,779,711)        | 3,999,368         |
|       | FUEL                                  | F                    | (8,425,327)         | 2,135,399         | (8,425,327)         | 2,135,399         |
|       | CCR                                   | F                    | (8,669,917)         | 2,197,391         | (8,669,917)         | 2,197,391         |
|       | NUCLEAR                               | F                    | (1,480,569)         | 375,250           | (1,480,569)         | 375,250           |
| (2)   | CORPORATE AIRCRAFT ALLOCATION         | F                    | 2,358,612           | (597,790)         | 2,198,722           | (557,266)         |
| (1)   | FRANCHISE FEE & GROSS RECEIPTS        | F                    | (232,219,471)       | 58,856,025        | (232,219,471)       | 58,856,025        |
| (1)   | FRANCHISE FEES & GROSS REC TAX - TOI  | F                    | 232,219,471         | (58,856,025)      | 232,219,471         | (58,856,025)      |
| (1)   | INST./PROMOTIONAL ADVERTISING         | F                    | 3,578,244           | (906,906)         | 3,335,675           | (845,427)         |
| (1)   | MISCELLANEOUS INTEREST EXPENSE        | F                    | (109,668)           | 27,795            | (102,234)           | 25,911            |
| (1)   | REMOVE ASSOC/ORGANIZATION DUES        | F                    | 98,748              | (25,028)          | 92,054              | (23,331)          |
| (3)   | REMOVE ECONOMIC DEVELOPMENT           | F                    | 60,904              | (15,436)          | 56,775              | (14,390)          |
| (2)   | PARENT DEBT ADJUSTMENT                | F                    |                     | 11,411,533        |                     | 10,343,299        |
| (2)   | DIRECTORS & OFFICERS PREMIUM          | F                    | 1,220,772           | (309,405)         | 1,138,016           | (288,430)         |
| (1)   | INTEREST SYNCHRONIZATION - FPSC       | F                    |                     | (4,789,190)       |                     | (4,780,023)       |
|       | <b>TOTAL</b>                          |                      | <b>(29,452,808)</b> | <b>14,087,157</b> | <b>(29,941,412)</b> | <b>13,151,927</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) Rule 25-6.0426 Recovery of Econ Dev Expenses

DUKE ENERGY FLORIDA  
Average - Capital Structure  
FPSC Adjusted Basis  
December 2019

Schedule 3

|                          | 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            | 6,417,722,689         | 5,782,056,130         | (402,060,670)          | (15,305,278)         | 5,364,690,182         | 40.85%         | 9.50%     | 3.88%         | 10.50%    | 4.29%         | 11.50%     | 4.70%         |
| Long Term Debt           | 6,060,592,297         | 5,460,299,010         | (379,686,988)          |                      | 5,080,612,022         | 38.68%         | 4.77%     | 1.84%         | 4.77%     | 1.84%         | 4.77%      | 1.84%         |
| Short Term Debt          | 369,470,890           | 332,875,309           | (23,146,795)           |                      | 309,728,514           | 2.36%          | 3.20%     | 0.08%         | 3.20%     | 0.08%         | 3.20%      | 0.08%         |
| Customer Deposits        |                       |                       |                        |                      |                       |                |           |               |           |               |            |               |
| Active                   | 197,899,557           | 197,899,557           | (13,761,130)           |                      | 184,138,427           | 1.40%          | 2.37%     | 0.03%         | 2.37%     | 0.03%         | 2.37%      | 0.03%         |
| Inactive                 | 1,901,168             | 1,901,168             | (132,199)              |                      | 1,768,968             | 0.01%          |           |               |           |               |            |               |
| Investment Tax Credits * | 47,011,638            | 42,355,200            | (2,945,208)            |                      | 39,409,992            | 0.30%          | 7.20%     | 0.02%         | 7.71%     | 0.02%         | 8.22%      | 0.02%         |
| Deferred Income Taxes    | 2,904,550,928         | 2,616,859,174         | (181,965,745)          | (281,393,197)        | 2,153,500,232         | 16.40%         |           |               |           |               |            |               |
| <b>Total</b>             | <b>15,999,149,166</b> | <b>14,434,245,548</b> | <b>(1,003,698,737)</b> | <b>(296,698,475)</b> | <b>13,133,848,336</b> | <b>100.00%</b> |           | <b>5.85%</b>  |           | <b>6.26%</b>  |            | <b>6.67%</b>  |

\* Cost Rates Calculated Per IRS Ruling

**FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
FINANCIAL INTEGRITY INDICATORS**

**SCHEDULE 4**

**Company : Duke Energy Florida  
Year 2019**

**A. TIMES INTEREST EARNED WITH AFUDC**

|                               |                         |
|-------------------------------|-------------------------|
| EARNINGS BEFORE INTEREST      | \$ 983,742,139          |
| AFUDC - DEBT                  | 2,718,520               |
| INCOME TAXES                  | 162,399,557             |
| TOTAL                         | <u>\$ 1,148,860,217</u> |
| (BEFORE DEDUCTING AFUDC DEBT) | \$ 308,028,994          |
| TIE WITH AFUDC                | <u><u>3.73</u></u>      |

**B. TIMES INTEREST EARNED WITHOUT AFUDC**

|                               |                         |
|-------------------------------|-------------------------|
| EARNINGS BEFORE INTEREST      | \$ 983,742,139          |
| AFUDC - EQUITY                | (5,008,895)             |
| INCOME TAXES                  | 162,399,557             |
| TOTAL                         | <u>\$ 1,141,132,802</u> |
| (BEFORE DEDUCTING AFUDC DEBT) | \$ 308,028,994          |
| TIE WITHOUT AFUDC             | <u>3.70</u>             |

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

|   |                     |
|---|---------------------|
| AFUDC DEBT                                      | \$ 2,718,520        |
| X (1- INCOME TAX RATE)                          | 0.74655             |
| SUBTOTAL  | <u>\$ 2,029,511</u> |
| AFUDC -EQUITY                                   | \$ 5,008,895        |
| TOTAL   | <u>\$ 7,038,406</u> |
| NET INCOME AVAILABLE FOR<br>COMMON STOCKHOLDERS | \$ 678,431,666      |
| PERCENT AFUDC TO AVAILABLE<br>NET INCOME        | <u><u>1.04%</u></u> |

**D. PERCENT INTERNALLY GENERATED FUNDS**

|   |                         |
|---|-------------------------|
| NET INCOME  | \$ 678,431,666          |
| COMMON DIVIDENDS                                  | -                       |
| AFUDC (EQUITY)                                    | (5,008,895)             |
| DEPRECIATION & AMORTIZATION                       | 616,196,923             |
| DEFERRED INCOME TAXES                             | 148,878,054             |
| INVESTMENT TAX CREDITS                            | -                       |
| DEFERRED FUEL NET                                 | 187,597,290             |
| OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL | 104,771,321             |
| TOTAL FUNDS PROVIDED                              | <u>\$ 1,730,866,361</u> |

|  |                         |
|--|-------------------------|
| CONSTRUCTION EXPENDITURES<br>(EXCLUDING AFUDC EQUITY & DEBT) | <u>\$ 1,809,377,186</u> |
| PERCENTAGE INTERNALLY GENERATED FUNDS                        | <b>95.66%</b>           |

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

**F. SHORT TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL**

|                                   |                          |
|-----------------------------------|--------------------------|
| RECONCILED AVERAGE RETAIL AMOUNTS |                          |
| COMMON EQUITY                     | \$ 5,364,690,182         |
| LONG TERM DEBT                    | 5,080,612,022            |
| SHORT TERM DEBT                   | 309,728,514              |
| TOTAL                             | <u>\$ 10,755,030,717</u> |
| % LONG TERM DEBT TO TOTAL         | <u><u>47.24%</u></u>     |
| % SHORT TERM DEBT TO TOTAL        | <u><u>2.88%</u></u>      |

**G. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN  
ON COMMON EQUITY**

|  |                      |
|--|----------------------|
| FPSC AVERAGE<br>EARNED RATE OF RETURN        | <u>6.55%</u>         |
| LESS RETAIL WEIGHTED AVERAGE COST RATES FOR: |                      |
| LONG TERM DEBT                               | 1.84%                |
| SHORT TERM DEBT                              | 0.08%                |
| CUSTOMER DEPOSITS                            | 0.03%                |
| DEFERRED INCOME TAXES                        |                      |
| INVESTMENT TAX CREDITS                       | 0.02%                |
| DEFERRED INCOME TAX (FAS 109)                |                      |
| SUBTOTAL                                     | <u>1.98%</u>         |
| TOTAL  | <u>4.57%</u>         |
| DIVIDED BY COMMON EQUITY RATIO               | <u>40.85%</u>        |
| JURISDICTIONAL RETURN ON COMMON EQUITY       | <u><u>11.20%</u></u> |

FLORIDA PUBLIC SERVICE COMMISSION  
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company : Duke Energy Florida  
 Year 2019

FORECAST ASSUMPTIONS

|              | Forecast Year    |                   | Prior Year Actual |                   |
|--------------|------------------|-------------------|-------------------|-------------------|
|              | Customers        | mWh Sales         | Customers         | mWh Sales         |
| Residential  | 1,624,690        | 20,393,213        | 1,597,132         | 20,610,689        |
| Commercial   | 178,557          | 12,106,376        | 175,848           | 12,283,008        |
| Industrial   | 2,045            | 3,331,950         | 2,080             | 3,067,519         |
| Other        | 26,729           | 3,233,717         | 26,492            | 3,213,458         |
| <b>Total</b> | <b>1,832,021</b> | <b>39,065,256</b> | <b>1,801,551</b>  | <b>39,174,674</b> |

OTHER MAJOR FORECAST ASSUMPTIONS

Revenues

Retail revenues are based on the 2019 budget. Revenues include the Multi-Year rate increase and the Hamilton Solar base rate adjustment approved in Order No. PSC 2018-0559-FOF-EI, as well as the revenues for the Citrus CCs approved on order PSC-2018-0367-TRF-EI.

Operation and Maintenance Expenses

Total base recoverable O&M expenses are budgeted at \$792 million, which include \$154.7 million of storm charges as an offset to the 2017 Tax Cuts & Jobs Act savings pursuant to the 2017 Settlement Agreement. FUEL/CCR, ECCR, and ECRC expenses are budgeted at \$2,001 million, \$97 million, and \$34 million, respectively.

Depreciation Expense

Depreciation expense is based on rates effective 1/1/2010 per Order PSC-10-0131-FOF-EI. Pursuant to the 2017 Settlement Agreement, depreciation and amortization expense includes \$50 million of Crystal River 4&5 accelerated depreciation as an offset to the 2017 Tax Cuts & Jobs Act savings.

Fossil Dismantlement

Retail fossil dismantlement expense is based on rates effective 1/1/2010 per Order PSC-10-0131-FOF-EI. Wholesale fossil dismantlement expense is based on settlement rates effective 01/01/1995.

Crystal River 3 (CR3)

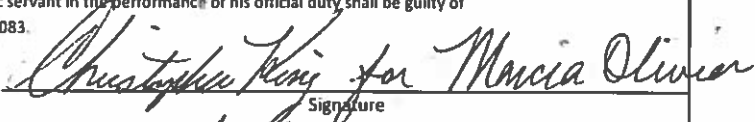
Consistent with the 2017 Settlement Agreement, a specific adjustment was made to remove CR3 from the deferred income tax liability in capital structure. The CR3 Regulatory Asset was securitized in June 2016.

Financing Activity

The 2019 budget has a \$700 million debt issuance in November. There is no dividend contribution in 2019.

2017 Tax Cuts & Jobs Act

As a result of the 2017 Tax Cuts & Jobs Act, there is no bonus tax depreciation in the 2019 budget. The combined Federal & State income tax rate of 25.345% is used. The 2019 Budget includes \$52,741,465 of excess deferred income tax amortization pursuant to DEF's supplemental filing on December 27, 2018 in Docket No. 20180047.

|  |   |
|--|---|
| I am the person responsible for preparation of this document and I am aware that Section 837.06, Florida Statutes, provides:<br>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<br>a misdemeanor of the second degree, punishable as provided in sec. 775.082 or sec. 775.083. |   |
| Marcia Olivier<br>Name   | <br>Signature |
| Director Rates & Regulatory Planning - FL<br>Title   | 3/8/2019<br>Date  |



**FLORIDA PUBLIC SERVICE COMMISSION  
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT  
Construction Projects Exceeding \$10,000,000 in Accordance with Rule 25-6.0141(8)**

**Company : Duke Energy Florida  
Year 2019**

| 25-6.0141(8)(a) |                                       | 25-6.0141(8)(b)   | 25-6.0141(8)(c)                          | 25-6.0141(8)(d)           |          |
|-----------------|---------------------------------------|---|--|---------------------------|----------|
| Project Name    | Project Description                   | Estimated Total cost of the Project (excl. AFUDC)           | Estimated Construction commencement Date | Estimated In-Service Date |          |
| 1.              | 2019 Solar Power Plant #2             | Construct new solar PV facility to generate 74.9 Mwach      | \$ 100,200,000                           | Jan 2019                  | Dec 2019 |
| 2.              | 2019 Solar Power Plant #3             | Construct new solar PV facility to generate 45.0 Mwach      | \$ 60,600,000                            | Jan 2019                  | Dec 2019 |
| 3.              | 2020 Solar Power Plant #4             | Construct new solar PV facility to generate 74.5 Mwach      | \$ 87,800,000                            | Jan 2019                  | Mar 2020 |
| 4.              | AMI Initiative                        | AMI Initiative in the DEF jurisdiction                      | \$ 310,000,000                           | Jan 2019                  | Jun 2021 |
| 5.              | American Cement-Bushnell East         | American Cement-Bushnell East New 230kV Subs and Line       | \$ 42,920,000                            | Dec 2019                  | Oct 2020 |
| 6.              | Hancock Road                          | Hancock Road - New 230/69kV Substation and New 69kV Line    | \$ 40,110,000                            | Dec 2019                  | Nov 2021 |
| 7.              | Idylwild - Wacahoota Tap              | Idylwild - Wacahoota Tap (SI) - Rebuild 69 kV line          | \$ 35,144,000                            | July 2019                 | Feb 2021 |
| 8.              | Rio Pinar to Econ to Winter Park East | Rio Pinar to Econ to Winter Park East - 230 kV Line Rebuild | \$ 39,697,000                            | Aug 2018                  | May 2021 |
| 9.              | Fort Meade to West Lake Wales         | Fort Meade to West Lake Wales Line Rebuild                  | \$ 52,229,000                            | Aug 2018                  | May 2020 |
| 10.             | Port St Joe                           | Port St Joe-230kV Line Rebuild                              | \$ 73,227,330                            | Nov 2018                  | Mar 2019 |