



March 6, 2020

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 2020.

Should you have any questions, please do not hesitate 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

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

SCHEDULE 1

**Company : Duke Energy Florida
Year 2020**

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted
I. AVERAGE RATE OF RETURN			
(Jurisdictional)			
NET OPERATING INCOME	\$ 955,906,058 (a)	\$ (28,199,537) (b)	\$ 927,706,521
AVERAGE RATE BASE	\$ 15,588,167,234	\$ (1,288,054,508)	\$ 14,300,112,726
AVERAGE RATE OF RETURN	6.13%		6.49%
(a) INCLUDES AFUDC EARNINGS			
(b) INCLUDES REVERSAL OF AFUDC EARNINGS			
III. REQUIRED RATES OF RETURN			
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			
LOW	5.85%		
MIDPOINT	6.27%		
HIGH	6.69%		
IV. FINANCIAL INTEGRITY INDICATORS			
A. TIE WITH AFUDC	4.08	(SYSTEM PER BOOKS BASIS)	
B. TIE WITHOUT AFUDC	4.02	(SYSTEM PER BOOKS BASIS)	
C. AFUDC TO NET INCOME	2.13%	(SYSTEM PER BOOKS BASIS)	
D. INTERNALLY GENERATED FUNDS	74.56%	(SYSTEM PER BOOKS BASIS)	
E. LTD TO TOTAL INVESTOR FUNDS	47.38%	(FPSC ADJUSTED BASIS)	
F. STD TO TOTAL INVESTOR FUNDS	1.51%	(FPSC ADJUSTED BASIS)	
G. RETURN ON COMMON EQUITY	11.02%	(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
System Per Books	\$20,824,335,334	\$5,833,712,905	\$14,990,622,429	\$135,063,346	\$950,855,670	\$16,076,541,445	\$1,203,341,977	\$17,279,883,422
Regulatory Base - Retail	\$18,903,942,477	\$5,386,206,817	\$13,517,735,660	\$118,732,821	\$774,304,460	\$14,410,772,940	\$1,177,394,294	\$15,588,167,234
FPSC Adjustments								
ARO	(26,982,766)	(22,749,602)	(4,233,164)			(4,233,164)	(7,729,355)	(11,962,518)
ECCR	(19,923,419)	(16,769,041)	(3,154,377)			(3,154,377)	(17,077,945)	(20,232,323)
ECRC	(261,303,501)	(30,680,175)	(230,623,326)		(4,843,671)	(235,466,997)	(4,277,159)	(239,744,155)
FUEL	(8,082,918)	(8,026,659)	(56,259)			(56,259)	(93,773,543)	(93,829,802)
CCR							(119,212,645)	(119,212,645)
Over/Under Recovery-Clauses							(25,297,530)	(25,297,530)
Investments Earning a Return							(224,077,696)	(224,077,696)
Jobbing Accounts							(755,901)	(755,901)
Non-Regulated and Miscellaneous	(43,474,888)	(36,688,437)	(6,786,451)	(87,379,077)		(94,165,528)	41,920,776	(52,244,752)
CWIP - AFUDC					(202,165,931)	(202,165,931)		(202,165,931)
Capital Lease	(650,556,433)	(162,091,270)	(488,465,163)			(488,465,163)	456,882,256	(31,582,906)
Storm							(266,948,348)	(266,948,348)
Total FPSC Adjustments	(1,010,323,924)	(277,005,185)	(733,318,740)	(87,379,077)	(207,009,602)	(1,027,707,419)	(260,347,089)	(1,288,054,508)
FPSC Adjusted	\$17,893,618,553	\$5,109,201,633	\$12,784,416,920	\$31,353,743	\$567,294,859	\$13,383,065,522	\$917,047,205	\$14,300,112,726

	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
System Per Books	5,090,204,496	1,787,867,111	924,014,890	775,705,075	399,141,487	79,691,370	96,062,353	4,062,482,286	1,027,722,210
Regulatory Base - Retail	4,800,562,308	1,704,645,237	884,722,325	726,447,681	384,092,449	95,196,646	63,978,703	3,859,083,042	941,479,266
FPSC Adjustments									
ECCR	(120,554,081)		(115,466,407)	(3,465,011)		(411,264)		(119,342,681)	(1,211,399)
ECRC	(30,778,604)		(23,511,638)	12,741,053	(1,482,187)	(4,695,372)		(16,948,145)	(13,830,459)
FUEL	(1,320,102,978)	(1,305,051,018)	(948,608)	(6,533,536)		(1,918,570)		(1,314,451,732)	(5,651,247)
CCR	(414,721,956)	(399,594,220)	(298,600)	(6,409,065)		(2,134,067)		(408,435,952)	(6,286,004)
Coporate Aircraft Allocation			(2,198,716)			557,265		(1,641,452)	1,641,452
Franchise Fee & Gross Receipts	(232,347,172)		(167,290)			(58,845,991)		(59,013,281)	(173,333,891)
Franchise Fees & Gross Rec Tax - TOI					(232,347,172)	58,888,391		(173,458,781)	173,458,781
Inst./Promotional Advertising			(3,335,669)			845,425		(2,490,244)	2,490,244
Miscellaneous Interest Expense			102,239			(25,912)		76,327	(76,327)
Remove Assoc/Organization Dues			(92,048)			23,330		(68,719)	68,719
Parent Debt Adjustment						(11,214,977)		(11,214,977)	11,214,977
Directors & Officers Premium			(1,138,010)			288,429		(849,582)	849,582
Interest Synchronization - FPSC						3,107,171		3,107,171	(3,107,171)
Storm	(146,388,383)			(146,388,383)				(146,388,383)	
Total FPSC Adjustments	(2,264,893,173)	(1,704,645,237)	(147,054,748)	(150,054,941)	(233,829,359)	(15,536,143)		(2,251,120,429)	(13,772,745)
FPSC Adjusted	2,535,669,135		737,667,577	576,392,740	150,263,090	79,660,503	63,978,703	1,607,962,613	927,706,521

(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

17,716,283 pretax
14,426,792 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(11,962,518)	(11,962,518)
	ECCR	F	(20,436,588)	(20,232,323)
	ECRC	F	(255,524,536)	(239,744,155)
	FUEL	F	(93,834,111)	(93,829,802)
	CCR	F	(119,212,645)	(119,212,645)
	Over/Under Recovery-Clauses	F	(25,297,530)	(25,297,530)
	Investments Earning a Return	F	(224,077,696)	(224,077,696)
	Jobbing Accounts	F	(755,901)	(755,901)
	Non-Regulated and Miscellaneous	F	(58,937,998)	(52,244,752)
(1)	CWIP - AFUDC	F	(270,478,101)	(202,165,931)
(2)	Capital Lease - EPIS	F	(535,773,410)	(488,465,163)
(2)	Capital Lease - Working Capital	F	490,106,582	456,882,256
	Storm	F	(266,948,348)	(266,948,348)
	TOTAL		(1,393,132,800)	(1,288,054,508)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(1,370,689)	347,401	(1,622,663)	411,264
	ECRC	F	(16,518,495)	4,186,612	(18,525,831)	4,695,372
	FUEL	F	(7,939,380)	2,012,236	(7,569,817)	1,918,570
	CCR	F	(8,420,072)	2,134,067	(8,420,072)	2,134,067
(2)	Coporate Aircraft Allocation	F	2,358,606	(597,789)	2,198,716	(557,265)
(1)	Franchise Fee & Gross Receipts	F	(232,179,882)	58,845,991	(232,179,882)	58,845,991
(1)	Franchise Fees & Gross Rec Tax - TOI	F	232,347,172	(58,888,391)	232,347,172	(58,888,391)
(1)	Inst./Promotional Advertising	F	3,578,238	(906,904)	3,335,669	(845,425)
(1)	Miscellaneous Interest Expense	F	(109,674)	27,797	(102,239)	25,912
(1)	Remove Assoc/Organization Dues	F	98,742	(25,026)	92,048	(23,330)
(2)	Parent Debt Adjustment	F		12,400,000		11,214,977
(2)	Directors & Officers Premium	F	1,220,766	(309,403)	1,138,010	(288,429)
(1)	Interest Synchronization - FPSC	F		(3,275,078)		(3,107,171)
	TOTAL		(26,934,667)	15,951,513	(29,308,887)	15,536,143

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 2020

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	7,141,343,060	6,433,962,226	(413,021,009)	(12,996,707)	6,007,944,511	42.01%	9.50%	3.99%	10.50%	4.41%	11.50%	4.83%
Long Term Debt	6,605,222,591	5,950,946,802	(382,014,374)		5,568,932,428	38.94%	4.48%	1.74%	4.48%	1.74%	4.48%	1.74%
Short Term Debt *	219,128,501	197,422,878	(12,673,341)	(7,709,363)	177,040,174	1.24%	1.94%	0.02%	1.94%	0.02%	1.94%	0.02%
Customer Deposits												
Active	199,531,258	199,531,258	(12,808,686)		186,722,572	1.31%	2.37%	0.03%	2.37%	0.03%	2.37%	0.03%
Inactive	1,679,562	1,679,562	(107,818)		1,571,744	0.01%						
Investment Tax Credits **	135,947,069	122,480,925	(7,862,526)		114,618,399	0.80%	7.08%	0.06%	7.60%	0.06%	8.12%	0.07%
Deferred Income Taxes	2,977,031,382	2,682,143,583	(172,177,207)	(266,683,477)	2,243,282,899	15.69%						
Total	17,279,883,422	15,588,167,234	(1,000,664,961)	(287,389,547)	14,300,112,726	100.00%		5.85%		6.27%		6.69%

* Daily Weighted Average

** 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 2020**

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$ 1,060,223,128
AFUDC - DEBT	6,232,625
INCOME TAXES	189,250,711
TOTAL	<u>\$ 1,255,706,464</u>
(BEFORE DEDUCTING AFUDC DEBT)	\$ 307,901,781
TIE WITH AFUDC	<u><u>4.08</u></u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$ 1,060,223,128
AFUDC - EQUITY	(11,483,658)
INCOME TAXES	189,250,711
TOTAL	<u>\$ 1,237,990,181</u>
(BEFORE DEDUCTING AFUDC DEBT)	\$ 307,901,781
TIE WITHOUT AFUDC	<u>4.02</u>

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

AFUDC DEBT	\$ 6,232,625
X (1- INCOME TAX RATE)	0.74655
SUBTOTAL	<u>\$ 4,652,966</u>
AFUDC -EQUITY	\$ 11,483,658
TOTAL	<u>\$ 16,136,624</u>
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$ 758,553,972
PERCENT AFUDC TO AVAILABLE NET INCOME	<u><u>2.13%</u></u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	\$ 758,553,972
COMMON DIVIDENDS	-
AFUDC (EQUITY)	(11,483,658)
DEPRECIATION & AMORTIZATION	775,972,418
DEFERRED INCOME TAXES	96,062,353
INVESTMENT TAX CREDITS	-
DEFERRED FUEL NET	34,901,712
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL	(251,212,175)
TOTAL FUNDS PROVIDED	<u>\$ 1,402,794,622</u>

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	<u>\$ 1,881,369,928</u>
PERCENTAGE INTERNALLY GENERATED FUNDS	74.56%

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	\$ 6,007,944,511
LONG TERM DEBT	5,568,932,428
SHORT TERM DEBT	177,040,174
TOTAL	<u>\$ 11,753,917,113</u>
% LONG TERM DEBT TO TOTAL	<u><u>47.38%</u></u>
% SHORT TERM DEBT TO TOTAL	<u><u>1.51%</u></u>

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

FPSC AVERAGE	
EARNED RATE OF RETURN	6.49%
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:	
LONG TERM DEBT	1.74%
SHORT TERM DEBT	0.02%
CUSTOMER DEPOSITS	0.03%
DEFERRED INCOME TAXES	
INVESTMENT TAX CREDITS	0.06%
DEFERRED INCOME TAX (FAS 109)	
SUBTOTAL	<u>1.86%</u>
TOTAL	4.63%
DIVIDED BY COMMON EQUITY RATIO	<u>42.01%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u><u>11.02%</u></u>

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company : Duke Energy Florida
 Year 2020

FORECAST ASSUMPTIONS

	Forecast Year		Prior Year Actual	
	Customers	mWh Sales	Customers	mWh Sales
Residential	1,647,764	20,817,969	1,626,117	20,775,084
Commercial	180,059	12,170,514	178,036	12,197,918
Industrial	2,002	3,225,284	2,025	2,963,373
Other	26,894	3,245,981	26,693	3,250,972
Total	1,856,719	39,459,748	1,832,872	39,187,347

OTHER MAJOR FORECAST ASSUMPTIONS

Revenues

Retail revenues are based on the 2020 budget. Revenues include the Multi-Year rate increase (approved in 2017 Second RRSSA, Order PSC-2017-0451-AS-EU), the Trenton and Lake Placid solar plants that went into service in December of 2019 (Order PSC-2019-0292-FOF-EI), Columbia solar plant that is going into service in March, 2020 (Order PSC-2019-0159-FOF-EI), and the Debary solar plant that will go into service in May, 2020 (Order PSC-2019-0292-FOF-EI).

Operation and Maintenance Expenses

Total base recoverable O&M expenses are budgeted at \$738 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 \$1,788 million, \$115 million, and \$25 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.

2017 Tax Cuts & Jobs Act

As a result of the 2017 Tax Cuts & Jobs Act, there is no bonus tax depreciation in the 2020 budget. The 2020 Budget includes \$52,741,428 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: 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 sec. 775.082 or sec. 775.083.	
Marcia Olivier	<i>Marcia Olivier</i>
Name	Signature
Director Rates & Regulatory Planning - FL	3/6/20
Title	Date

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT

Construction Projects Exceeding \$95.5M (0.5% of the sum of Dec 31, 2019 end balances for accounts 107 and 106 in Accordance with Rule 25-6.0141 (8) (Effective 12/31/2019)

Company : Duke Energy Florida
 Year 2020

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. 2020 Solar Power Plant #6	Construct new solar PV facility to generate 74.9 MWac	\$ 104,000,000	Mar 2020	Dec 2020
2. 2020 Solar Power Plant #7	Construct new solar PV facility to generate 74.9 MWac	\$ 99,000,000	Mar 2020	Dec 2020
3. *New River to Wire Road	New River to Wire Road - New 230 kV Substation and 69kV Line Rebuilds	\$ 154,489,255	July 2019	April 2022
4. *Morgan Road	Morgan Road-New 230/69kv Substation and Morgan Road - New River - New 230kV Line	\$ 99,241,890	July 2019	Dec 2021

*These projects were inadvertently omitted from the schedule of construction projects exceeding \$10M attached to the 2019 Forecasted ESR filed March 8, 2019.