

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority to issue and sell securities during the twelve months ending December 31, 2015, by Duke Energy Florida, Inc.

DOCKET NO. 140169-EI
ORDER NO. PSC-14-0619-FOF-EI
ISSUED: October 28, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

FINAL ORDER GRANTING APPROVAL FOR AUTHORITY
TO ISSUE AND SELL SECURITIES

BY THE COMMISSION:

Pursuant to Chapter 25-8, Florida Administrative Code (F.A.C.), and Section 366.04, Florida Statutes (F.S.), Duke Energy Florida, Inc. (DEF or Company), an indirect wholly owned subsidiary of Duke Energy Corporation (Duke Energy), filed an Application requesting authority to issue, sell or otherwise incur during 2015 up to \$1.5 billion during 2015 of any combination of equity securities and long-term debt securities and other long-term obligations exclusive of bank loans issued under the Company's long-term credit facilities.

Additionally, DEF requests authority to issue, sell or otherwise incur during 2015 and 2016 up to \$1.5 billion outstanding at any time of short-term debt securities and other obligations, which amount shall be in addition to and in excess of the amount DEF is authorized to issue pursuant to Section 366.04, F.S., which permits DEF to issue short-term securities aggregating to not more than five percent of the par value of the Company. Short term borrowings under this authority would most likely consist of borrowings under the utility money pool and/or master credit facility, in which DEF is a participant along with the other Duke utility subsidiaries.

Notice of DEF's application was given in the Florida Administrative Register on September 16, 2014.

DEF seeks authority to issue and sell and/or exchange equity securities and issue, sell, exchange and/or assume short-term or long-term debt securities and/or assume liabilities or obligations as guarantor, endorser or surety during the period covered by this Order. DEF states it may ultimately issue any combination of the types of securities described herein, subject to the aggregate dollar limitations approved herein.

The equity securities that DEF may issue include cumulative preferred stock, preference stock, or warrants, options or rights to acquire such securities, or other equity securities, with such par values, terms and conditions and relative rights and preferences as are deemed appropriate by the Company and permitted by its Articles of Incorporation, as they may be amended from time to time.

DEF states that short-term debt securities and obligations may include loans from affiliates (via the money pool or other means) and bank loans, credit agreements or other forms of securities and debt obligations, with maturities of less than one year.

DEF states that the long-term debt securities and obligations may take the form of first mortgage bonds, debentures, medium-term notes or other notes, loans from affiliates and bank loans, installment contracts, credit agreements, securitization of storm cost, accounts receivable, and other receivables or other forms of securities and debt obligations, whether secured or unsecured, with maturities greater than one year. In addition, DEF may enter into options, rights, interest rate swaps or other derivative instruments. DEF also may enter into installment purchase and security agreements, loan agreements, or other arrangements with political subdivisions of the State of Florida or pledge debt securities or issue guarantees in connection with such political subdivisions' issuance, for the ultimate benefit of the Company, of pollution control revenue bonds, solid waste disposal revenue bonds, industrial development revenue bonds, variable rate demand notes, or other "private activity bonds" with maturities ranging from one to forty years, or bond anticipation notes. Such obligations may or may not bear interest exempt from federal tax.

DEF also may enter into various agreements that provide financial or performance assurances to third parties on behalf of the Company's subsidiaries. These agreements include guarantees, standby letters of credit and surety bonds. The agreements are entered into primarily to support or enhance the credit worthiness otherwise attributed to a subsidiary on a stand-alone basis. Specific purposes of the agreements include supporting payments of trade payables, securing performance under contracts and lease obligations, providing workers' compensation coverage, obtaining licenses, permits and rights-of-way and supporting other payments that are subject to contingencies.

The manner of issuance and sale of securities will be dependent upon the type of securities being offered, the type of transaction in which the securities are being issued and sold and market conditions at the time of the issuance and sale. Securities may be issued through negotiated underwritten public offerings, public offerings at competitive biddings, private sales or sales through agents, and may be issued in both domestic and foreign markets. Credit agreements may be with banks or other lenders.

DEF contemplates to include as long-term or short-term debt securities, as appropriate, borrowings from banks and other lenders under its credit facilities, as those may be entered into and amended from time to time. DEF states that it currently has a \$650 million borrowing sublimit under Duke Energy's approximate \$6.0 billion master credit facility with a group of banks. The master credit facility allows Duke Energy to increase DEF's borrowing sublimit to

as much as \$1.0 billion; such an increase may be done to increase DEF's liquidity and financial flexibility. DEF states that borrowings under the facility are available for general corporate purposes. The current five-year facility has a termination date of December 18, 2018.

DEF states that the maximum principal amount of short-term securities and obligations proposed to be issued, sold, or otherwise incurred during 2015 and 2016 is \$1.5 billion outstanding at any time, including bank loans or money pool borrowings which amount shall be in addition to and in excess of the amount DEF is authorized to issue pursuant to Section 366.04, F.S., which permits DEF to issue short-term securities aggregating to not more than five percent of the par value of the Company's other outstanding securities. The maximum principal amount of equity securities, long-term debt securities and other long-term obligations (exclusive of bank loans issued under the Company's long-term credit facilities) proposed to be issued, sold, or otherwise incurred during 2015 is \$1.5 billion.

DEF confirms that the capital raised pursuant to this Order will be used in connection with its regulated activities and not the unregulated activities of its unregulated affiliates.

DEF will file a consummation report with the Commission in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days after the close of the 2015 calendar year to report any securities issued during that year.

DEF states that the net proceeds to be received from the sale of the additional securities will be added to its general funds and may be used to provide additional electric facilities during 2015 pursuant to its construction program, to repay maturing long-term debt or short-term debt, to refund, retire or redeem existing obligations, such as the Company's outstanding auction rate pollution control revenue refunding bonds of approximately \$240 million, or for other corporate purposes.

DEF has provided as Exhibits B(1) to its application a detailed list of projected sources and uses of funds and construction expenditures forecasted for 2015. DEF states that its construction program is developed from its long range plan to determine needed capital investments. DEF states that the final 2015 construction budget is not yet available, its most recently approved construction expenditures forecast for 2015, excluding allowance for funds used during construction, is approximately \$1.1 billion, and are subject to periodic review and revision to adjust for changes in such factors as economic conditions, environmental requirements, regulatory matters, and customer usage patterns.

It appears that DEF has complied with the requirements of Section 366.04, Florida Statutes and Chapter 25-8, F.A.C., in applying for the authority to issue and sell securities. Therefore, DEF's application is hereby granted.

Our approval of the proposed issuance and/or sale of securities by DEF does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for our review within the context of a rate proceeding. Our approval of the issuance of securities constitutes approval only as to the legality of the issue. In approving the

subject financing, we retain the right to disallow any of the costs incurred for ratemaking purposes.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the application of Duke Energy Florida, Inc. to issue, sell, or otherwise incur during 2015 any combination of equity securities, long-term debt securities and other long-term obligations, is hereby granted. It is further

ORDERED that the maximum principal amount of equity securities, long-term debt securities and other long-term obligations to be issued, sold, or otherwise incurred during 2015 shall be \$1.5 billion. It is further

ORDERED that the maximum principal amount of short-term securities and obligations proposed to be issued, sold, or otherwise incurred during 2015 and 2016 shall be \$1.5 billion outstanding at any time, including commercial paper, bank loans or money pool borrowings which amount shall be in addition to and in excess of the amount Duke Energy Florida, Inc. is authorized to issue pursuant to Section 366.04, F.S. as described elsewhere in this order. It is further

ORDERED that Duke Energy Florida, Inc. may enter into interest rate swaps or other derivative instruments intended to reduce financial risk associated with its existing and future debt obligations. It is further

ORDERED that Duke Energy Florida Inc. shall file a Consummation Report in accordance with Rule 25-8.009, Florida Administrative Code, and Florida Public Service Commission Order No. PSC-13-0193-PAA-EI within 90 days after the end of any fiscal year in which it issues securities. It is further

ORDERED that this docket shall remain open to monitor the issuance and/or sale of securities until Duke Energy Florida, Inc. submits and Commission staff has reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 28th day of October, 2014.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.