



Matthew R. Bernier
Senior Counsel
Duke Energy Florida, LLC.

August 4, 2016

VIA ELECTRONIC FILING

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Fuel and purchased power cost recovery clause with generating performance incentive factor; Docket No. 160001-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), DEF's Request for Confidential Classification filed in connection with DEF's 2017 Risk Management Plan for Fuel Procurement. The filing includes the following:

- DEF's Request for Confidential Classification
- Slipsheet for confidential Exhibit A
- Redacted Exhibit B (two copies)
- Exhibit C (justification matrix), and
- Exhibit D (affidavit of Joseph McCallister)

DEF's confidential Exhibit A that accompanies the above-referenced filing, has been submitted under separate cover.

Thank you for your assistance in this matter. Please feel free to call me at (850) 521-1428 should you have any questions concerning this filing.

Respectfully,

s/Matthew R. Bernier

Matthew R. Bernier
Senior Counsel
Matthew.Bernier@duke-energy.com

MRB/mw
Enclosures

Duke Energy Florida, LLC
Docket No.: 160001
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 4th day of August, 2016 to all parties of record as indicated below.

s/Matthew R. Bernier

Attorney

<p>Danijela Janjic Suzanne Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us djanjic@psc.state.fl.us asoete@psc.state.fl.us</p> <p>James D. Beasley J. Jeffrey Wahlen Ashley M. Daniels Ausley McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com adaniels@ausley.com</p> <p>Jeffrey A. Stone Russell A. Badders Steven R. Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591 jas@beggslane.com rab@beggslane.com srg@beggslane.com</p> <p>James W. Brew Laura A. Wynn Stone Matheis Xenopoulos & Brew 1025 Thomas Jefferson Street NW 8th Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com law@smxblaw.com</p>	<p>Mike Cassel, Director Regulatory Affairs Florida Public Utilities Company 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com</p> <p>Robert L. McGee, Jr. Gulf Power Company One Energy Place Pensacola, FL 32520-0780 rilmcgee@southernco.com</p> <p>Beth Keating Gunster, Yoakley & Stewart, P.A. 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 bkeating@gunster.com</p> <p>Charles J. Rehwinkel / Erik Sayler J.R. Kelly / Patty Christensen Tarik Noriega Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 rehwinkel.charles@leg.state.fl.us sayler.erik@leg.state.fl.us kelly.jr@leg.state.fl.us christensen.patty@leg.state.fl.us noriega.tarik@leg.state.fl.us</p> <p>Robert Scheffel Wright John T. LaVia, III c/o Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p>	<p>Ms. Paula K. Brown Manager, Regulatory Coordination Tampa Electric Company P.O. Box 111 Tampa, FL 33601 regdept@tecoenergy.com</p> <p>John Butler Maria Moncada Florida Power & Light Company 700 Universe Boulevard (LAW/JB) Juno Beach, FL 33408-0420 john.butler@fpl.com maria.moncada@fpl.com</p> <p>Kenneth Hoffman Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>Raoul G. Cantero, III White & Case, LLP Southeast Financial Center, Suite 4900 200 South Biscayne Boulevard Miami, FL 33131-2352 rcantero@whitecase.com</p>
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost
recovery clause with generating performance
incentive factor.

Docket No. 160001-EI

Dated: August 4, 2016

**DUKE ENERGY FLORIDA, LLC'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Duke Energy Florida, LLC, (“DEF” or “Company”), pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code (F.A.C.), submits this Request for Confidential Classification for certain information contained in DEF’s 2017 Risk Management Plan including attachments A, B, C, D, E, F, G, and H. In support of this Request, DEF states:

1. Certain information contained in DEF’s 2017 Risk Management Plan, including certain information contained in Attachments A, B, C, D, E, F, G, and H, contain information that is “proprietary confidential business information” under Section 366.093(3), Florida Statutes.

2. The following exhibits are included with this request:

(a) Sealed Composite Exhibit A is a package containing an unredacted copy of all the documents for which DEF seeks confidential treatment. Composite Exhibit A is being submitted separately in a sealed envelope labeled “CONFIDENTIAL.” In the unredacted version, the information asserted to be confidential is highlighted in yellow.

(b) Composite Exhibit B is a package containing two copies of redacted versions of the documents for which the Company requests confidential classification. The specific

information for which confidential treatment is requested has been blocked out by opaque marker or other means.

(c) Exhibit C is a table which identifies by page and line the information for which DEF seeks confidential classification and the specific statutory bases for seeking confidential treatment.

(d) Exhibit D is an affidavit attesting to the confidential nature of information identified in this request.

3. As indicated in Exhibit C, certain information contained in DEF's 2017 Risk Management Plan contains "proprietary confidential business information" within the meaning of Section 366.093(3), F.S. The highlighted information in DEF's Risk Management Plan and enumerated Attachments provides fuel consumption and economy transaction projections for 2017, forecasted costs, hedging volumes, hedging percentages, internal policies and guidelines regarding hedging transactions, collateral summaries, and unrealized forecasted hedge values. Affidavit of Joseph McCallister at ¶¶ 5 and 6. Disclosure of this information would enable fuel suppliers to have insight into DEF's internal risk management guidelines and to obtain competitive information, which would result in greater price convergence in future negotiations. Affidavit of Joseph McCallister at ¶ 5. As such, disclosure of the information would impair the Company's efforts to contract for goods or services on favorable terms. *See* § 366.093(3)(d), F.S.; Affidavit of Joseph McCallister ¶¶ 5 and 6. Additionally, if the information at issue was publicly disclosed, DEF's efforts to obtain competitive energy supply that provides economic value to both DEF and its customers could be compromised by DEF's competitors changing their consumption or purchasing behavior within the relevant markets. § 366.093(3)(e), F.S.; Affidavit of Joseph McCallister at ¶6. Accordingly, such

information constitutes “proprietary confidential business information” which is exempt from disclosure under the Public Records Act pursuant to Section 366.093(1), F.S.

4. The information identified as Exhibit “A” is intended to be and is treated as confidential by the Company. *See* Affidavit of Joseph McCallister at ¶ 7. The information has not been disclosed to the public, and the Company has treated and continues to treat the information and contracts at issue as confidential. *See* Affidavit of Joseph McCallister at ¶ 7.

5. DEF requests that the information identified in Exhibit A be classified as “proprietary confidential business information” within the meaning of section 366.093(3), F.S., that the information remain confidential for a period of at least 18 months as provided in section 366.093(4) F.S., and that the information be returned as soon as it is no longer necessary for the Commission to conduct its business.

WHEREFORE, for the foregoing reasons, DEF respectfully requests that this Request for Confidential Classification be granted.

RESPECTFULLY SUBMITTED this 4th day of August, 2016.

s/Matthew R. Bernier

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Duke Energy Florida, LLC
Docket No.: 160001
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 4th day of August, 2016 to all parties of record as indicated below.

s/Matthew R. Bernier

Attorney

<p>Danijela Janjic Suzanne Brownless Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us djanjic@psc.state.fl.us asoete@psc.state.fl.us</p> <p>James D. Beasley J. Jeffrey Wahlen Ashley M. Daniels Ausley McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com adaniels@ausley.com</p> <p>Jeffrey A. Stone Russell A. Badders Steven R. Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591 jas@beggslane.com rab@beggslane.com srg@beggslane.com</p> <p>James W. Brew Laura A. Wynn Stone Matheis Xenopoulos & Brew 1025 Thomas Jefferson Street NW 8th Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com law@smxblaw.com</p>	<p>Mike Cassel, Director Regulatory Affairs Florida Public Utilities Company 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com</p> <p>Robert L. McGee, Jr. Gulf Power Company One Energy Place Pensacola, FL 32520-0780 rlmcgee@southernco.com</p> <p>Beth Keating Gunster, Yoakley & Stewart, P.A. 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 bkeating@gunster.com</p> <p>Charles J. Rehwinkel / Erik Sayler J.R. Kelly / Patty Christensen Tarik Noriega Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 rehwinkel.charles@leg.state.fl.us sayler.erik@leg.state.fl.us kelly.jr@leg.state.fl.us christensen.patty@leg.state.fl.us noriega.tarik@leg.state.fl.us</p> <p>Robert Scheffel Wright John T. LaVia, III c/o Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p>	<p>Ms. Paula K. Brown Manager, Regulatory Coordination Tampa Electric Company P.O. Box 111 Tampa, FL 33601 regdept@tecoenergy.com</p> <p>John Butler Maria Moncada Florida Power & Light Company 700 Universe Boulevard (LAW/JB) Juno Beach, FL 33408-0420 john.butler@fpl.com maria.moncada@fpl.com</p> <p>Kenneth Hoffman Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p> <p>Raoul G. Cantero, III White & Case, LLP Southeast Financial Center, Suite 4900 200 South Biscayne Boulevard Miami, FL 33131-2352 rcantero@whitecase.com</p>
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Exhibit A

“CONFIDENTIAL”

(submitted under separate cover)

Exhibit B

REDACTED

(copy 1)

Duke Energy Florida, LLC
Risk Management Plan for
Fuel Procurement and Wholesale Power Purchases
For 2017

Duke Energy Florida, LLC (DEF) is submitting its 2017 Risk Management Plan (Plan) for review by the Florida Public Service Commission (FPSC). The Plan includes the required items as outlined in Attachment A of Order No. PSC-02-1484-FOF-EI and specifically items 1 through 9, and items 13 through 15 as set forth in Exhibit TFB-4 to the prefiled testimony of Todd F. Bohrmann in Docket No. 011605-EI and further clarified in Order No. PSC-08-0667-PAA-EI of Docket No. 080001-EI.

Several groups play key roles in the management, monitoring, and execution of the activities outlined in DEF's Plan. These groups include Fuels and System Optimization (FSO), Global Risk Management (GRM), which includes Enterprise and Regulated Risk Management, Regulated Accounting, Internal Audit, Legal, and Information Technology. The activities supported by these groups include procuring competitively priced fuel, performing active asset optimization and portfolio management, executing DEF's approved hedging strategy, monitoring and reporting against established oversight limits for credit and margin limits, performing credit evaluations and monitoring credit and default exposure, performing deal validation, volume actualization, preparing and reviewing transactions and contracts, preparing journal entries to account for fuel and power related activities, performing billing and payments under the various fuel and purchased power contracts, performing audits, and maintaining and supporting needed systems to capture, track, and account for these activities.

Based on the Summer 2016 Fuels and Operations Forecast (FOF), DEF's estimated fuel consumption and economy power transactions projections for 2017 are as follows:

Coal

Based on current projections, DEF forecasts to burn approximately [REDACTED] tons of coal in 2017. DEF's forecasted coal requirements for 2017 will primarily be purchased under term coal supply agreements. Currently the coal supply will be delivered to DEF's plants via barge and rail transportation agreements as needed. Spot purchases will be made as needed to supplement the term purchases.

Light Oil

Based on current projections, DEF forecasts to burn approximately [REDACTED] [REDACTED] barrels of light oil in 2017. DEF's forecasted light fuel oil requirements for 2017 are expected to be purchased primarily under term supply

agreements with volume flexibility at indexed market prices. Spot market purchases will be made as needed to supplement term purchases.

Natural Gas

Based on current projections, DEF forecasts to burn approximately [REDACTED] of natural gas in 2017, comprised of approximately [REDACTED] at DEF's generating plants and [REDACTED] at gas-tolling purchased power facilities where DEF has the responsibility to provide the natural gas. DEF's forecasted natural gas requirements for 2017 are expected to be purchased primarily under term supply agreements based on market index pricing, with supplemental seasonal, monthly and daily purchases of natural gas being made as needed.

Economy Power Purchases and Sales

Based on current projections, DEF forecasts to purchase approximately [REDACTED] of economy power and sell approximately [REDACTED] of economy power in 2017. DEF actively seeks to purchase and sell economy power as opportunities arise based on market prices, dispatch costs, and available transmission capacity.

Item 1. Identify the company's overall quantitative and qualitative Risk Management Plan Objectives.

DEF's identified Plan Objectives are to effectively manage its overall fuel and purchased power costs for its customers by engaging in competitive fuel procurement practices and activities, performing active asset optimization and portfolio management activities, and continuing to execute the Company's hedging program to reduce price risk and volatility, and provide greater fuel cost certainty for DEF's customers. These items are discussed further in Item 8.

Item 2. Identify the minimum quantity of fuel to be hedged and the activities to be executed for the balance of 2016 and 2017.

DEF utilizes a phased hedging program where financial hedge transactions are executed over time with the objectives of reducing price risk and volatility and providing greater fuel cost certainty for DEF's customers. The financial hedging program outlined in this Plan includes executing approved financial agreements over time for natural gas exposures. Natural gas hedging activity represents the largest component of DEF's hedging program as natural gas represents the largest fuel cost component of DEF's overall generation fuel costs.

The volumes hedged over time for natural gas represent a portion of DEF's forecasted burns with higher hedging target ranges in the near term and lower hedging target ranges in the outer period. The hedge percentage target ranges outlined provide a framework for consistently executing the layered hedging strategy over time. DEF currently uses two types of financial transactions to hedge which are swaps and costless collars. DEF cannot predict future prices and DEF's hedging program does not involve speculation or trying to "out-guess" the market. All hedges are executed at the prevailing market price for any given period that exists at the time the financial hedging transactions are executed. The results of the hedging activities may or may not result in net fuel cost savings due to differences between the monthly settlement prices and the actual hedge price of the transactions that were executed over time. The volumes hedged for each fuel type over time are based on periodic updated fuel forecasts and the actual hedge percentages for any month, rolling period, or calendar annual period may come in higher or lower than the target hedge percentages and hedging ranges because of actual fuel burns versus forecasted fuel burns. Actual burns can deviate from forecasted burns because of dynamic variables such as weather, unforeseen unit outages, actual load, and changing fuel prices. DEF's multi-year approach to executing fixed price transactions over time is a reasonable and prudent approach to reduce price risk and volatility and provide greater fuel cost certainty for DEF's customers.

Outlined below for each fuel type and exposure are the minimum and maximum ranges and targeted hedge percentages to be hedged during the remainder of 2016 and during 2017:

Natural Gas

Natural gas represents DEF's largest fuel cost component and represents the largest component of DEF's hedging activities. DEF plans to continue to execute its existing phased financial hedging program over a rolling 36-month time period through time for natural gas through the remainder of 2016 and during 2017 within the following hedge percentage ranges:

- 1 to 12 months – [REDACTED] with an approximate target of [REDACTED];
- 13 to 24 months [REDACTED] with an approximate target of [REDACTED];
- 25 to 36 months – [REDACTED] with an approximate target of [REDACTED].

For calendar year 2017, DEF will target to hedge approximately [REDACTED] of forecasted natural gas burn. The above hedging ranges and approximate target percentages represent reductions from both the 2016 Risk Management Plan and those filed with the Joint Hedging Petition Filed by the Investor Owned Utilities in Docket No. 160096-EI (as summarized in **Attachment A**). In summary, compared to the 2016 Risk Management Plan's maximum hedging target ranges, DEF's proposed 2017 Risk Management

Plan maximum hedging target ranges represent a reduction of [REDACTED] for the 1 to 12 month time period, [REDACTED] for the 13 to 24 month time period, and [REDACTED] for the 25 to 36 month time period. These further adjustments to the hedging ranges and targets were made to the 13 to 24 month time period and the 25 to 36 month time period in response to the discussion at the June 9, 2016 Florida Public Service Commission agenda conference that considered the Joint Hedging Petition Filed by the Investor Owned Utilities in Docket No. 160096-EI (consolidated with the 2016 fuel docket by Order No. PSC-16-0301-PCO-EI).

The 2017 Risk Management Plan was developed after consideration of the on-going reviews and discussions regarding the hedge percentages, DEF's overall fuel mix, the continued uncertainty in future natural gas prices and volatility, and the need to maintain a balanced approach to the management of fuel cost risk. DEF believes having a rolling approach that gradually increases hedging percentages over time by layering in hedging transactions that ultimately target to have approximately [REDACTED] to the market for the rolling 1 to 12 month period represents a balanced fuel price risk management approach that results in certainty of fuel costs for a portion of projected fuel costs while providing customers [REDACTED] of exposure to actual market prices. In addition, DEF believes continuing to hedge a portion for the rolling future periods beyond the front 12 months by gradually increasing hedging percentages over time by executing transactions provides benefits by ensuring a consistent execution approach over a multi-year period given the number of factors that can ultimately impact prices and trends. In addition, this approach ensures a degree of price and volatility risk mitigation from one fuel period to another. Given DEF's hedging percentage targets, DEF will continue to participate in the spot natural gas market for a portion of its overall estimated natural gas usage.

Transportation Fuel Surcharge

With respect to coal river transportation estimated fuel surcharge exposures, DEF will no longer execute financial hedge transactions for periods after 2016.

Summary

Through the remainder of 2016 and during 2017, DEF will continue to monitor its fuel forecast and will continue to execute hedges over time to attempt to manage to the hedge percentage targets outlined for a portion of its projected burns for natural gas, with the exceptions discussed above. This hedging approach is consistent with DEF's existing strategy and allows DEF to continue to monitor the market and fuel forecast updates. The hedging targets for each of the respective periods are included in DEF's Regulated Utilities Risk Limits in **Attachment B**.

Docket No. 160096
 Duke Energy Florida, LLC
 Exhibit No. 1 to Joint Petition

REDACTED

2016 Risk Management Plan Percentage Hedge Parameters

<u>Period</u>	<u>Minimum limit</u>	<u>Maximum limit</u>	<u>Minimum Target</u>
[REDACTED]			

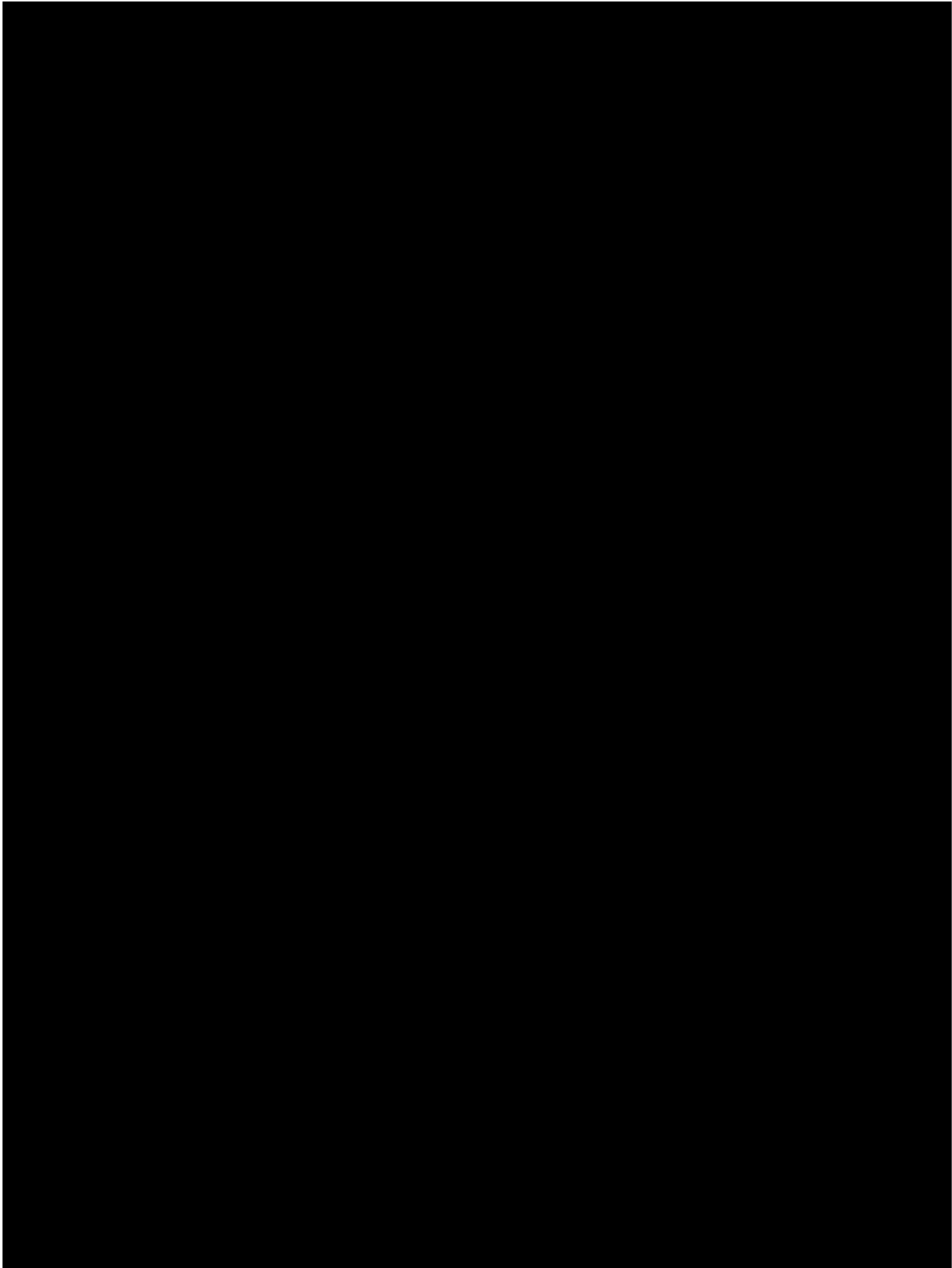
Proposed Updates to be filed as part of the 2017 DEF Risk Management Plan to Percentage Hedge Parameters

<u>Calendar 2017 - 2019</u>	<u>Minimum limit</u>	<u>Maximum limit</u>	<u>Target Percentage</u>	<u>Current Percent¹ Hedge</u>	<u>Maximum Hedging Percentage Change From 2016 Risk Management Plan</u>
[REDACTED]					-25%
[REDACTED]					-33%
[REDACTED]					-50%

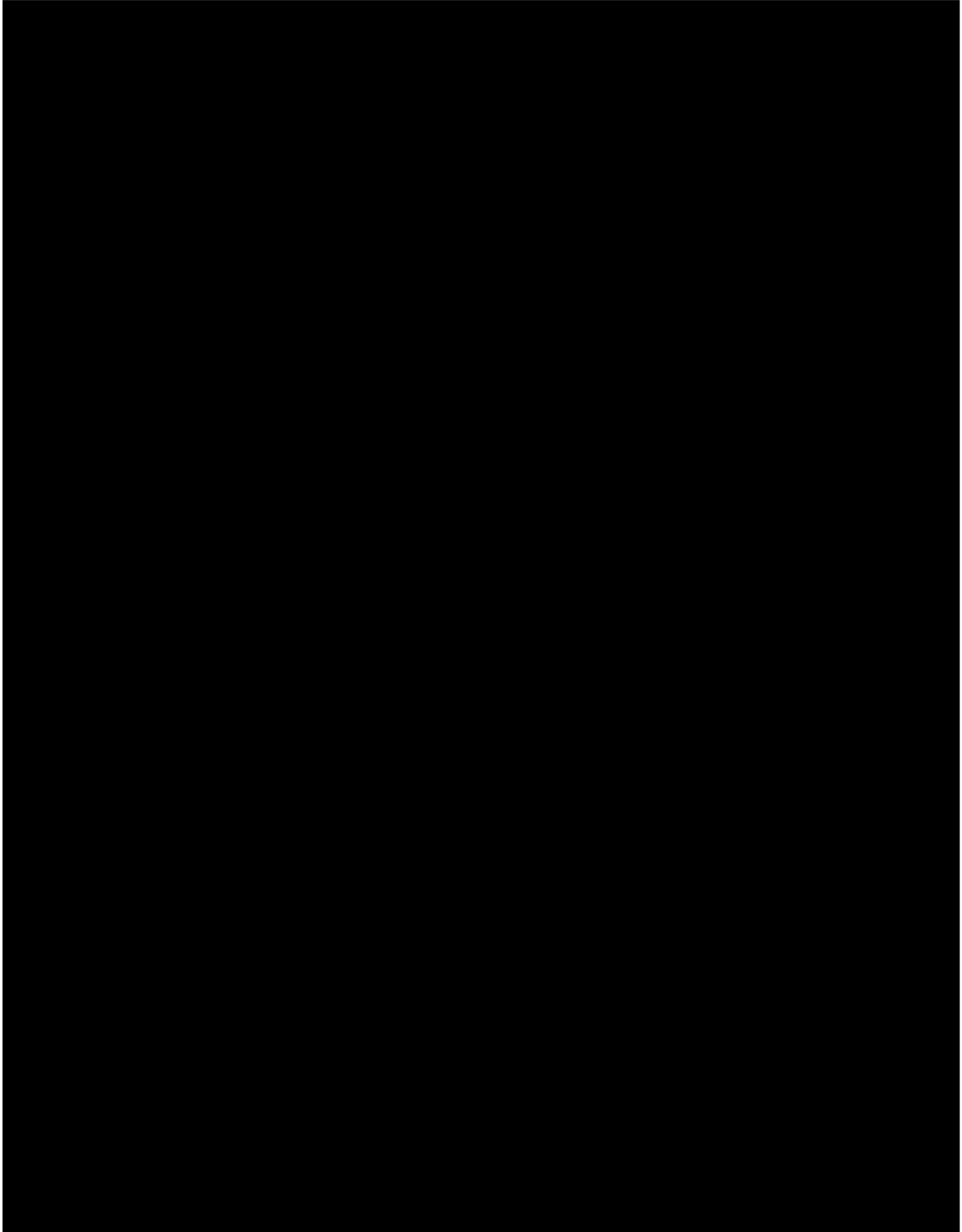
The proposed hedging targets for the respective 2017 through 2019 calendar years are based on a rolling 36 month time frame assuming the prompt month is January 2017. DEF will continue to monitor hedge percentages on a calendar year and rolling 36 month time frame as hedges are executed over time.

¹"Current Percent Hedge" represents the hedges that are currently in place under previously approved risk management plans as of April 19, 2016.

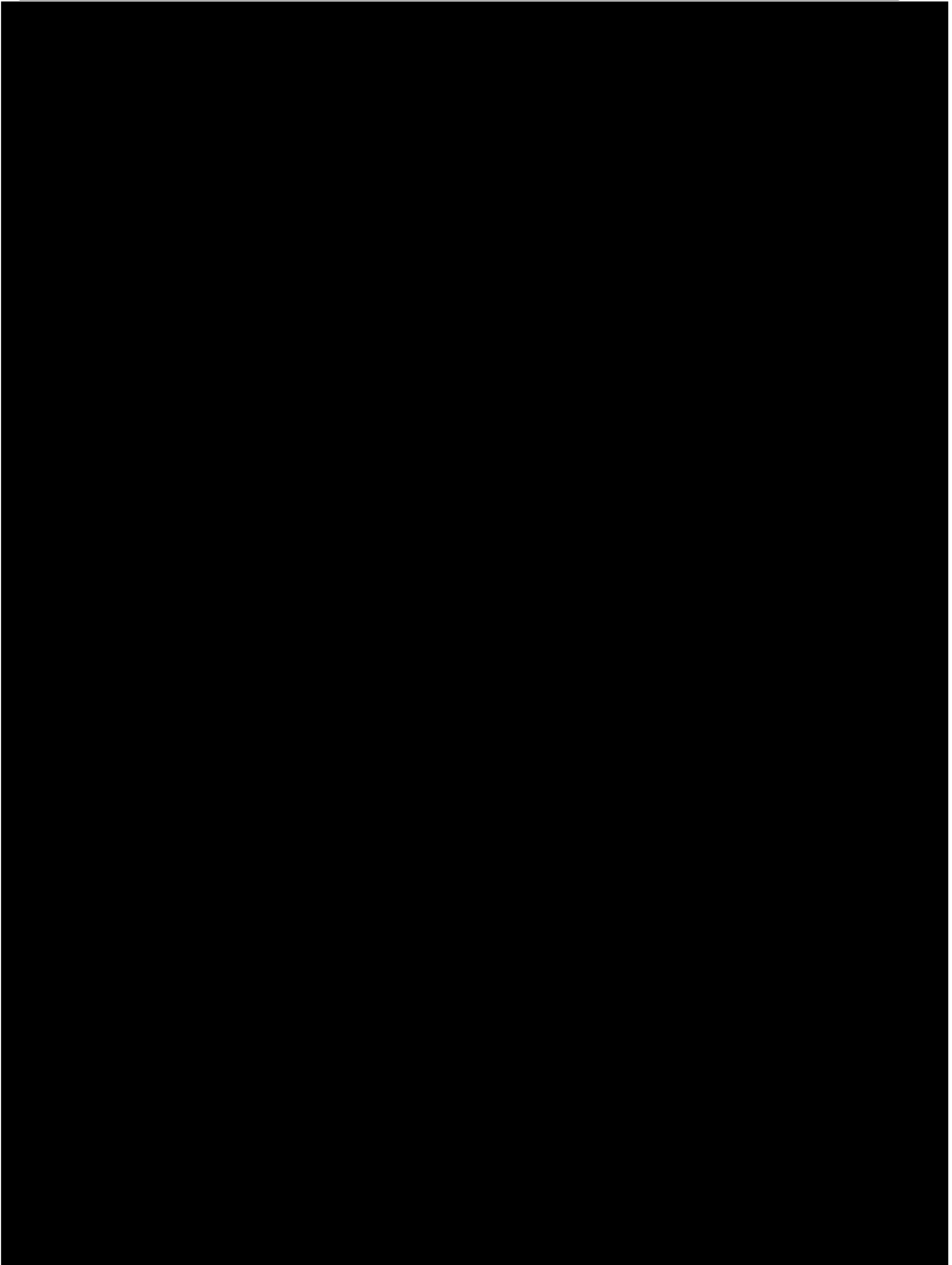
Regulated Utilities Risk Limits



Regulated Utilities Risk Limits



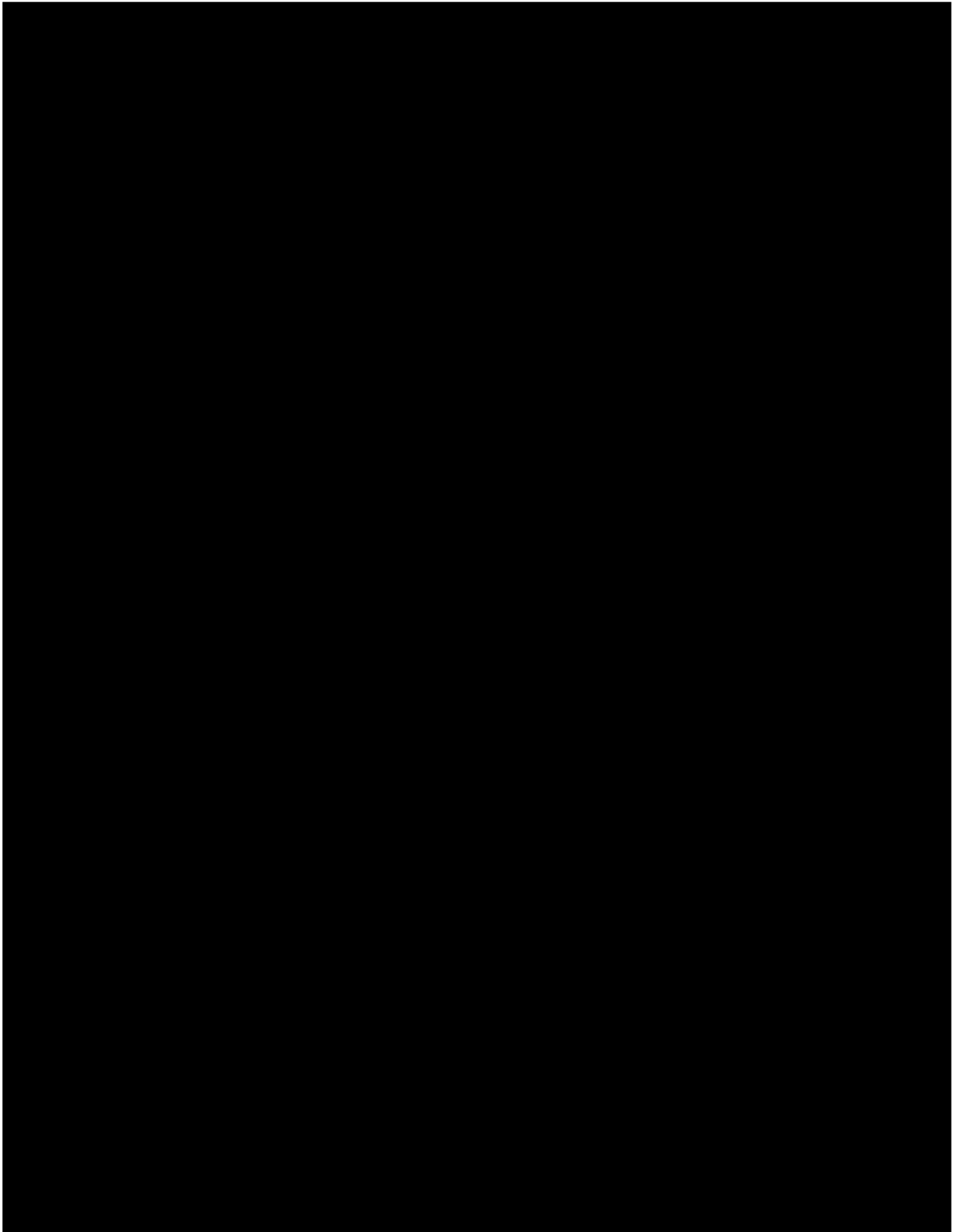
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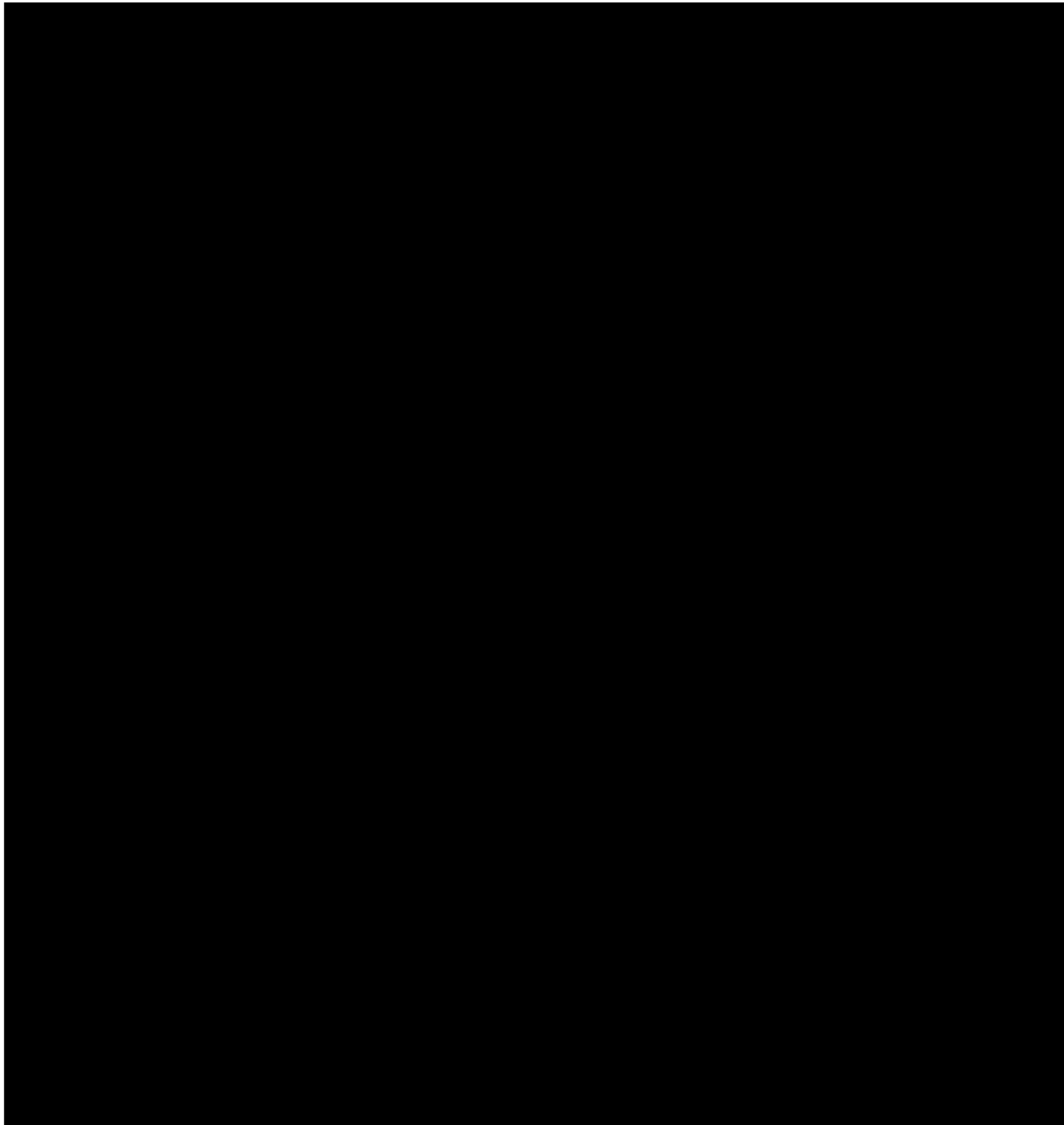
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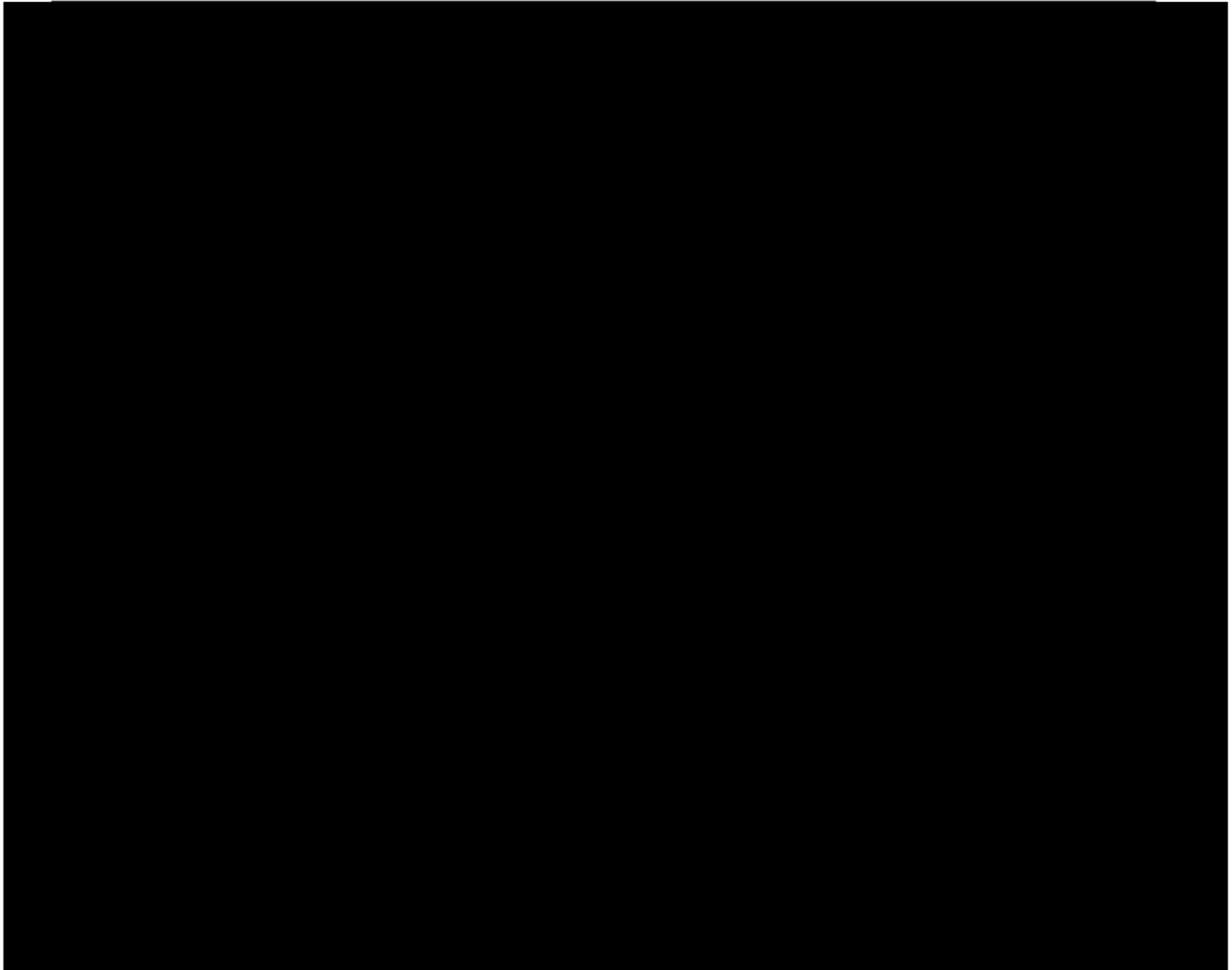
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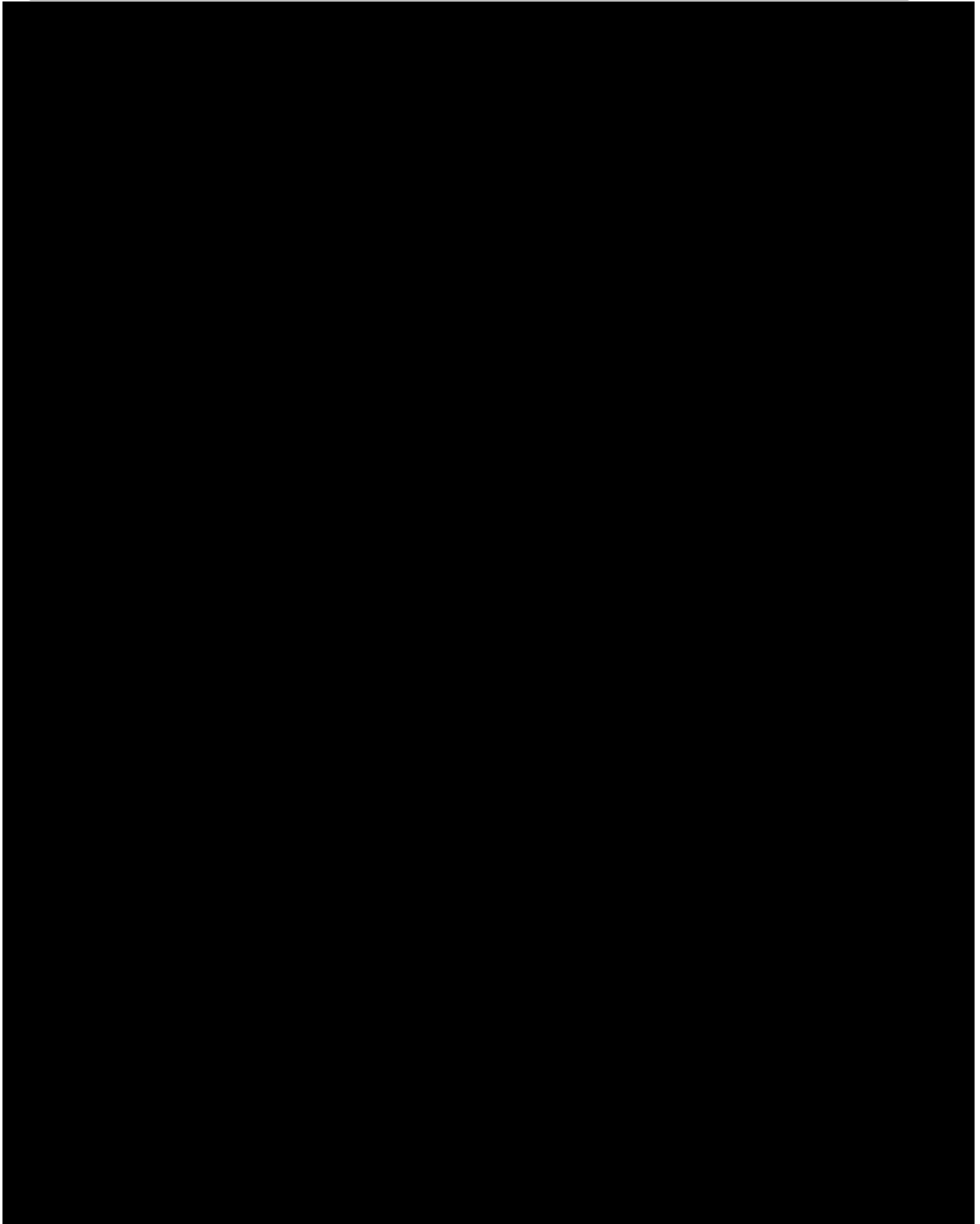
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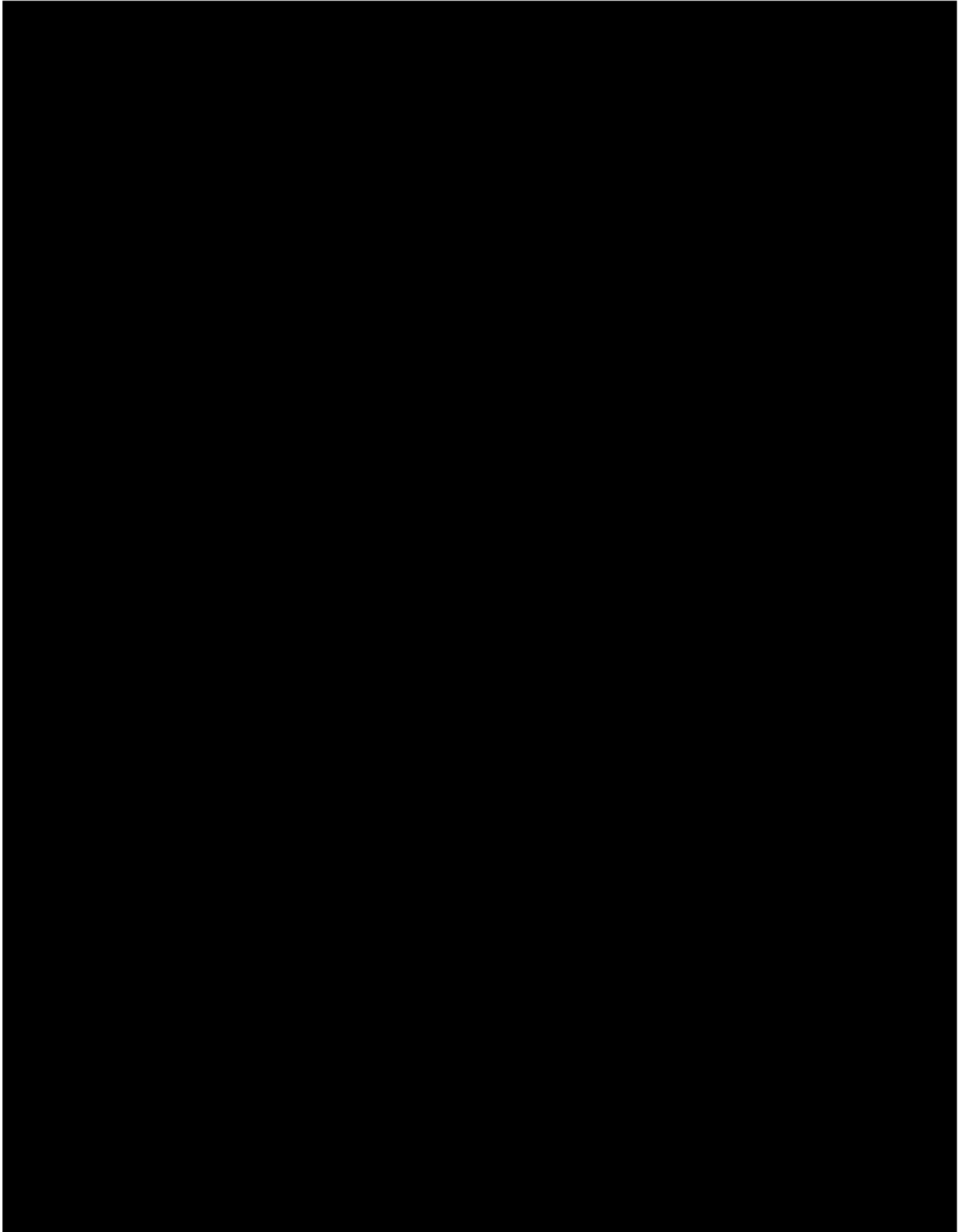
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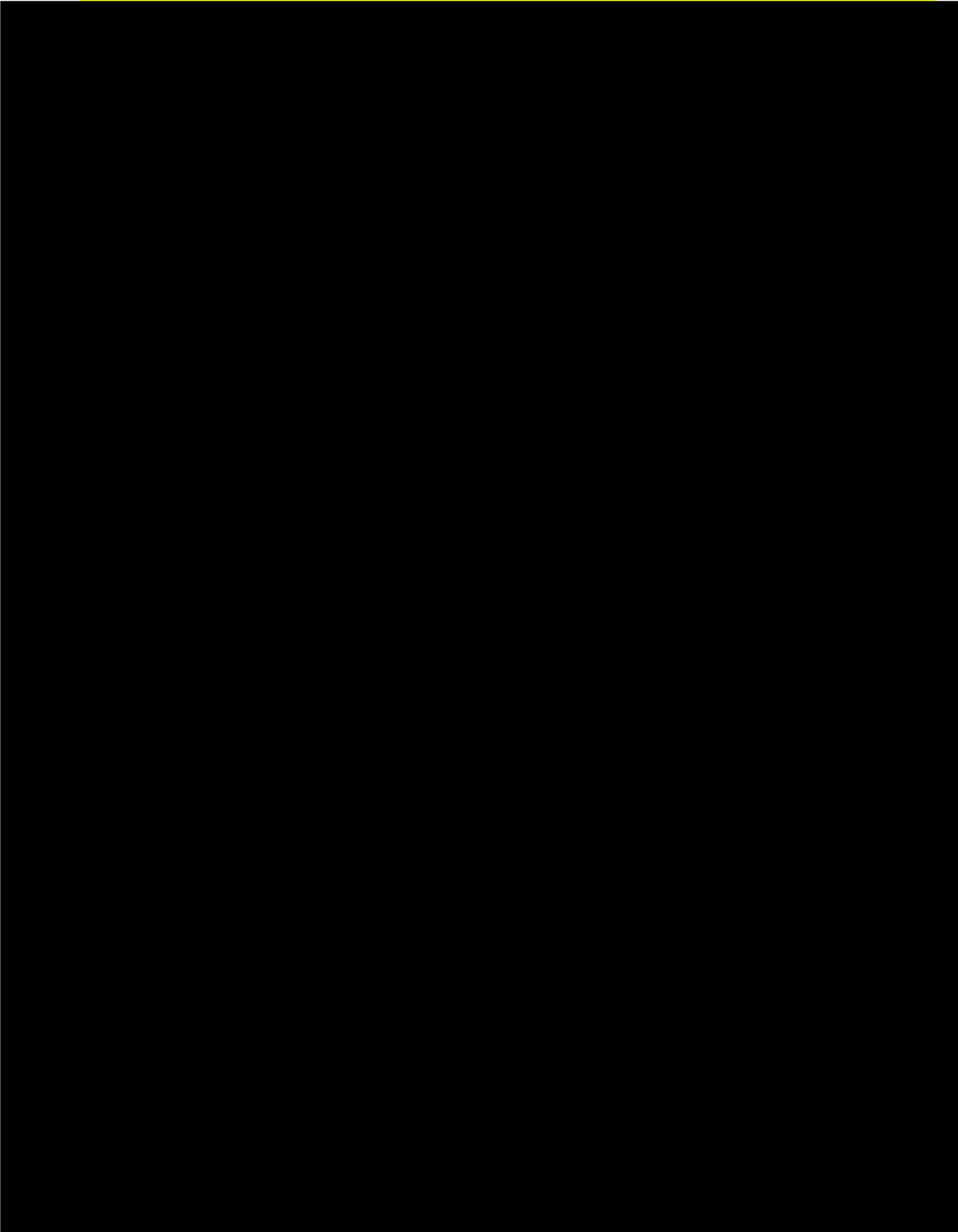
Regulated Utilities Risk Limits



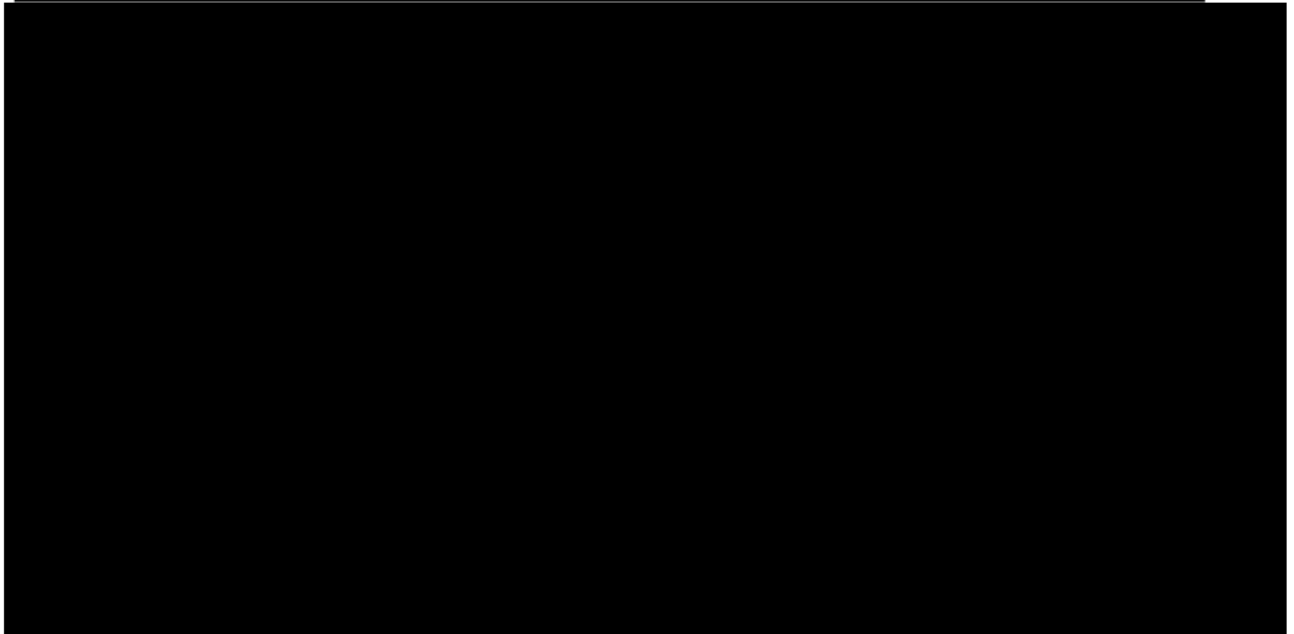
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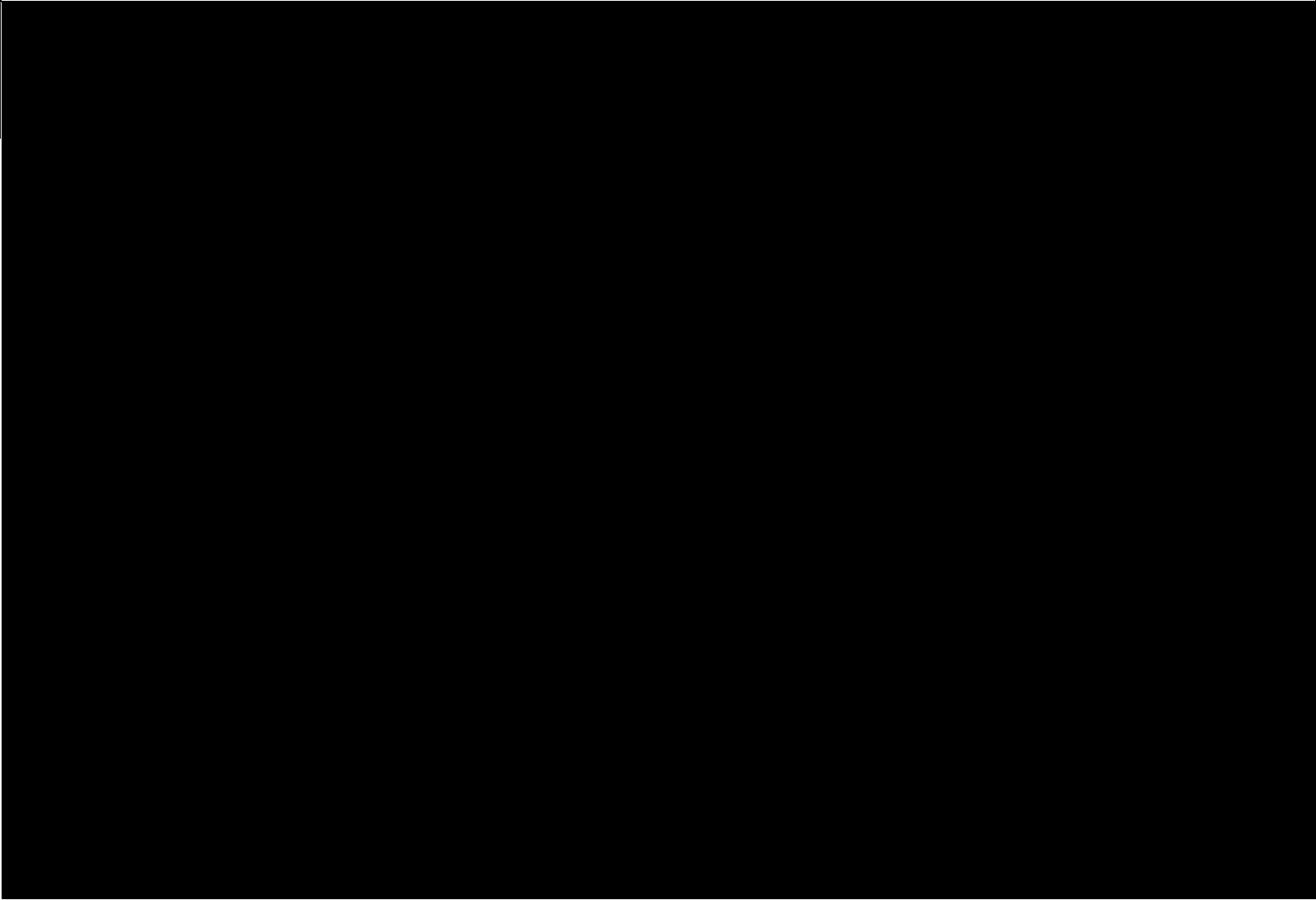
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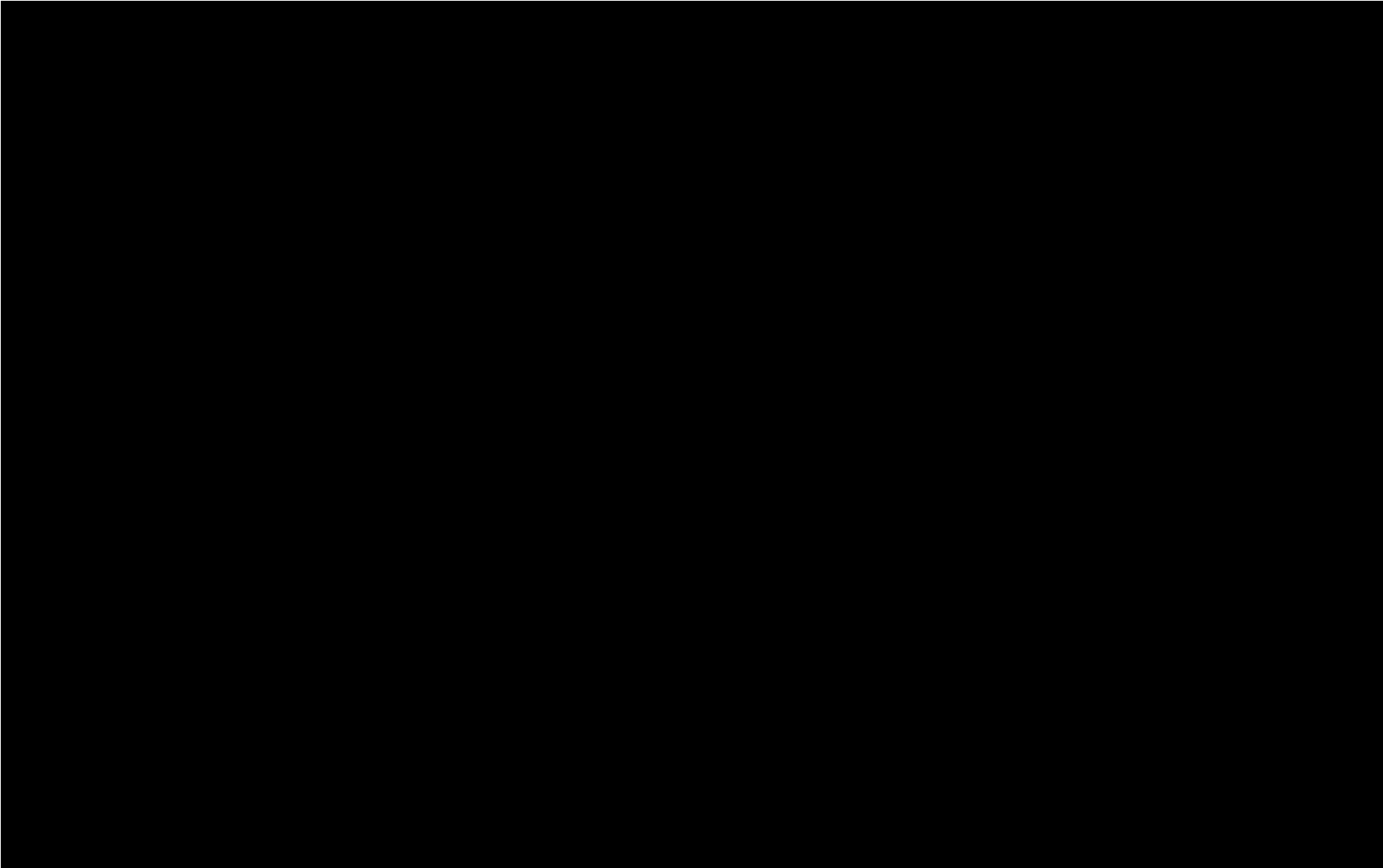
Regulated Utilities Risk Limits



Authority Limit Matrix



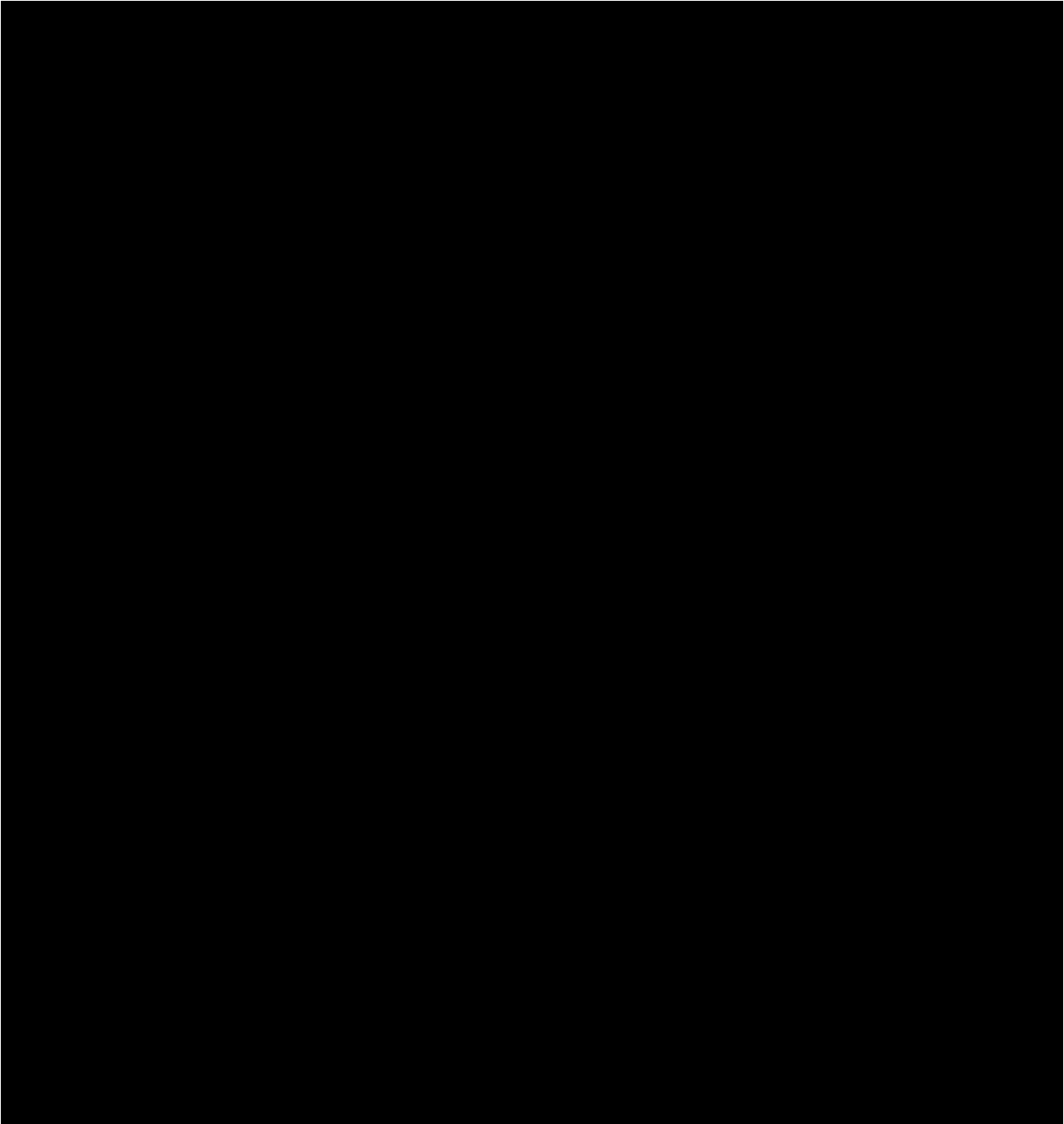
Footnotes

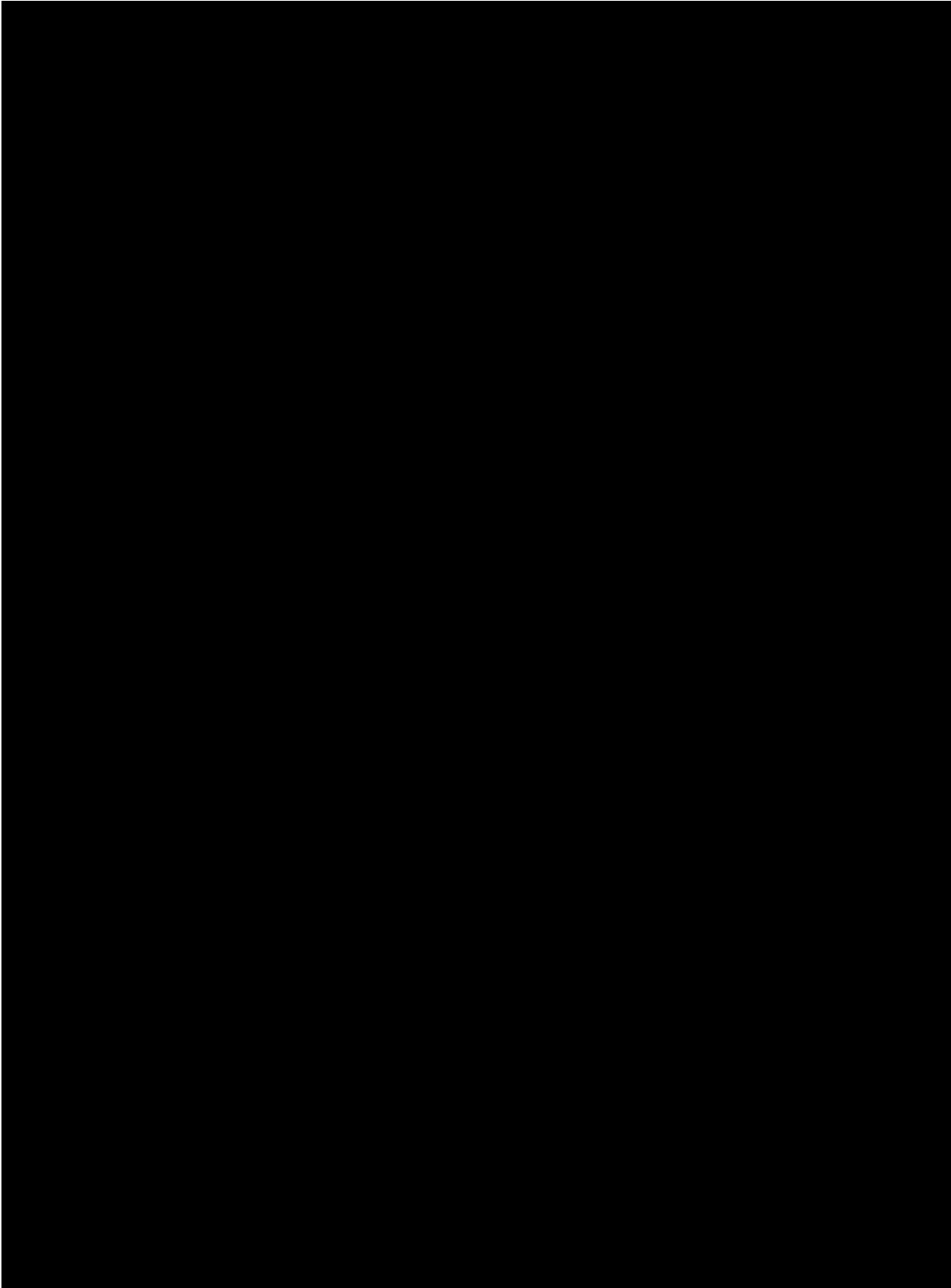


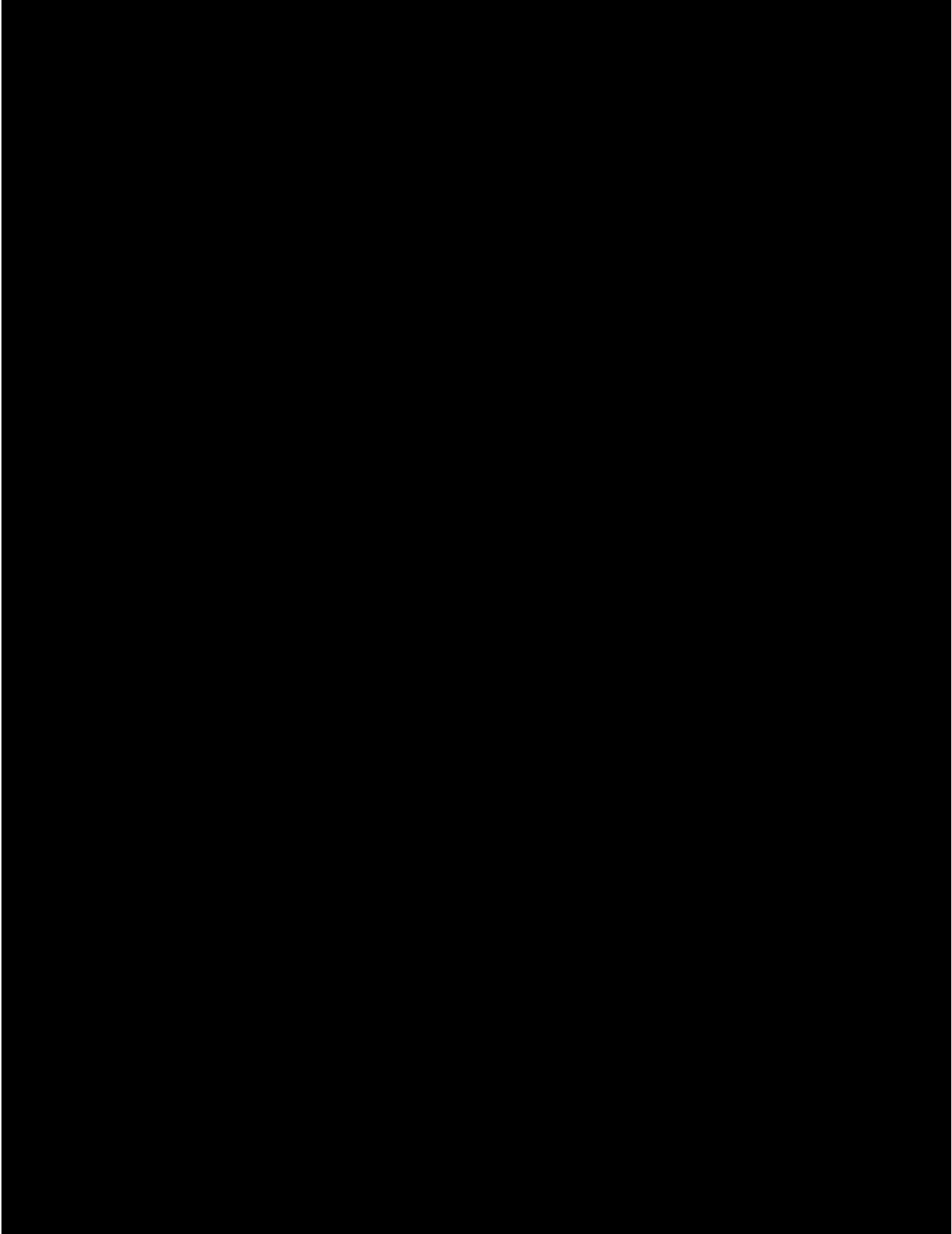


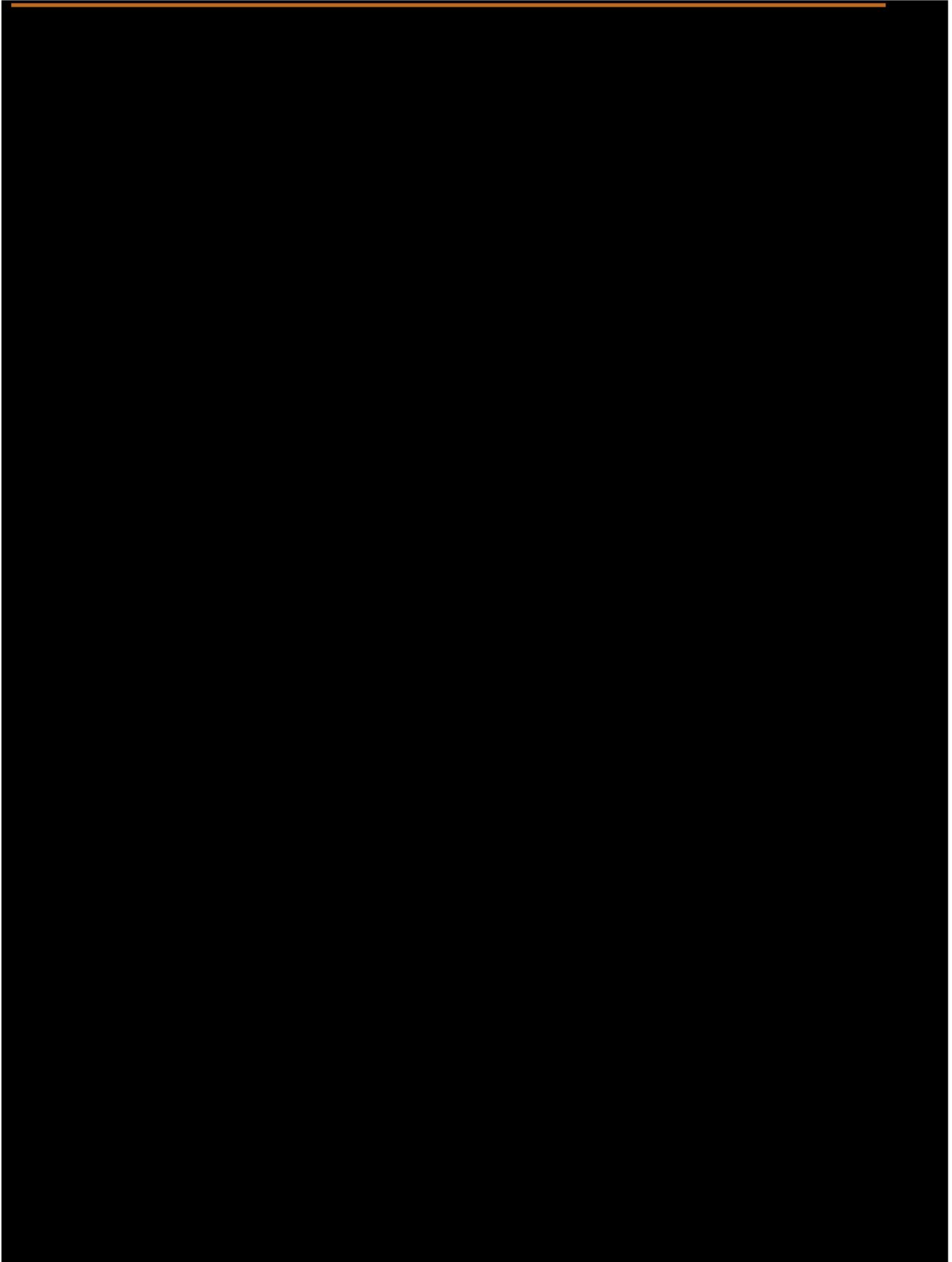
Duke Energy Policy Statement

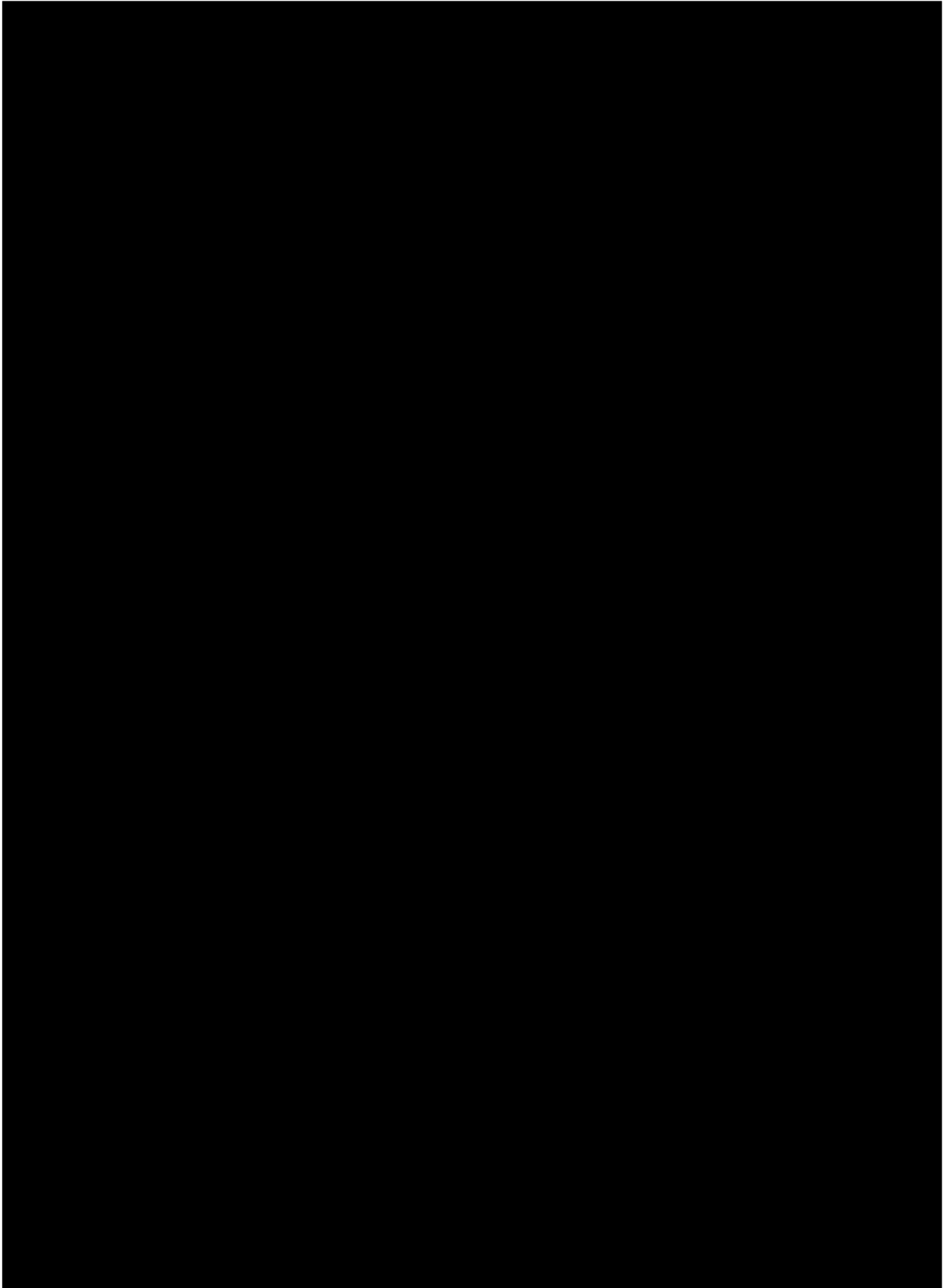
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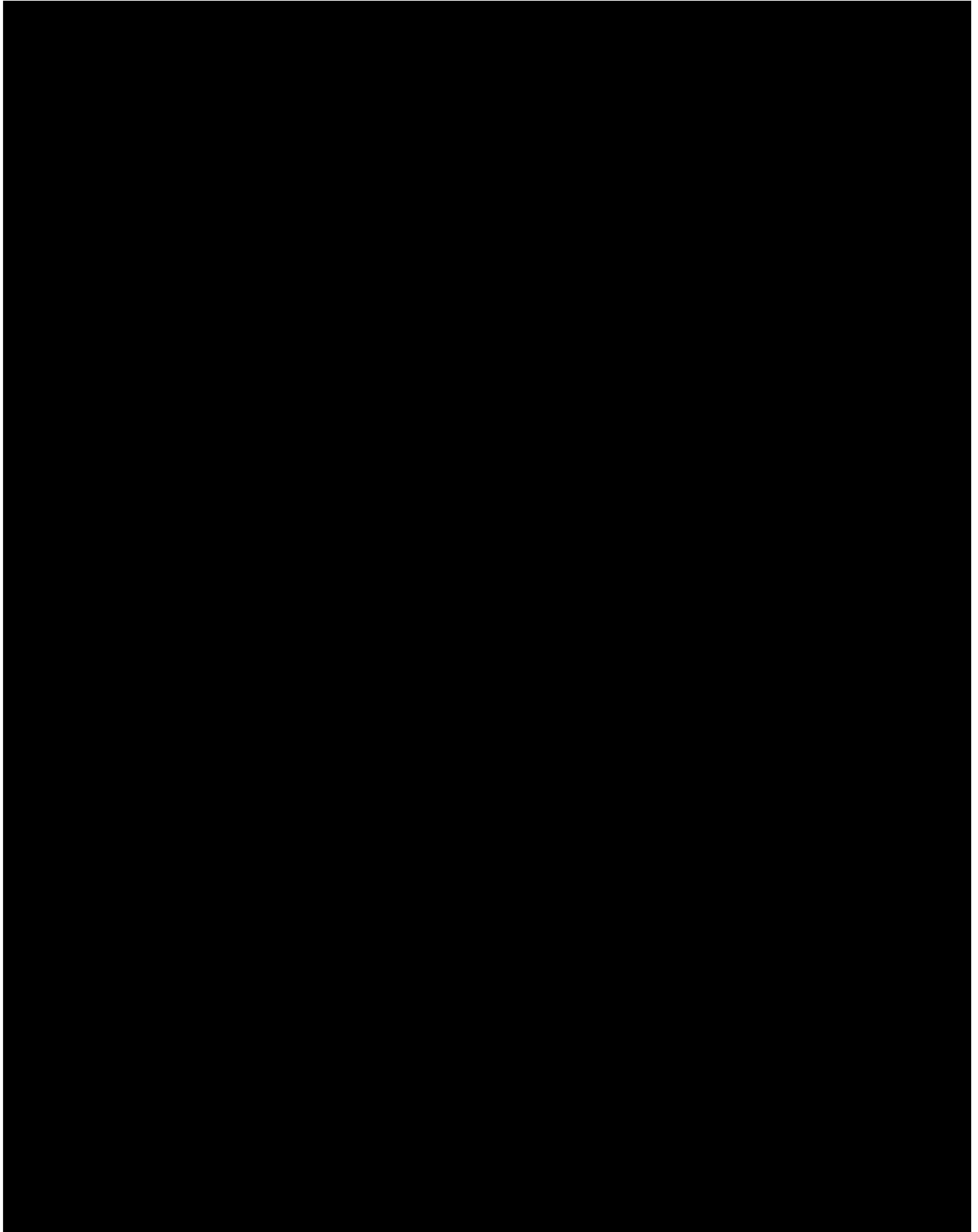








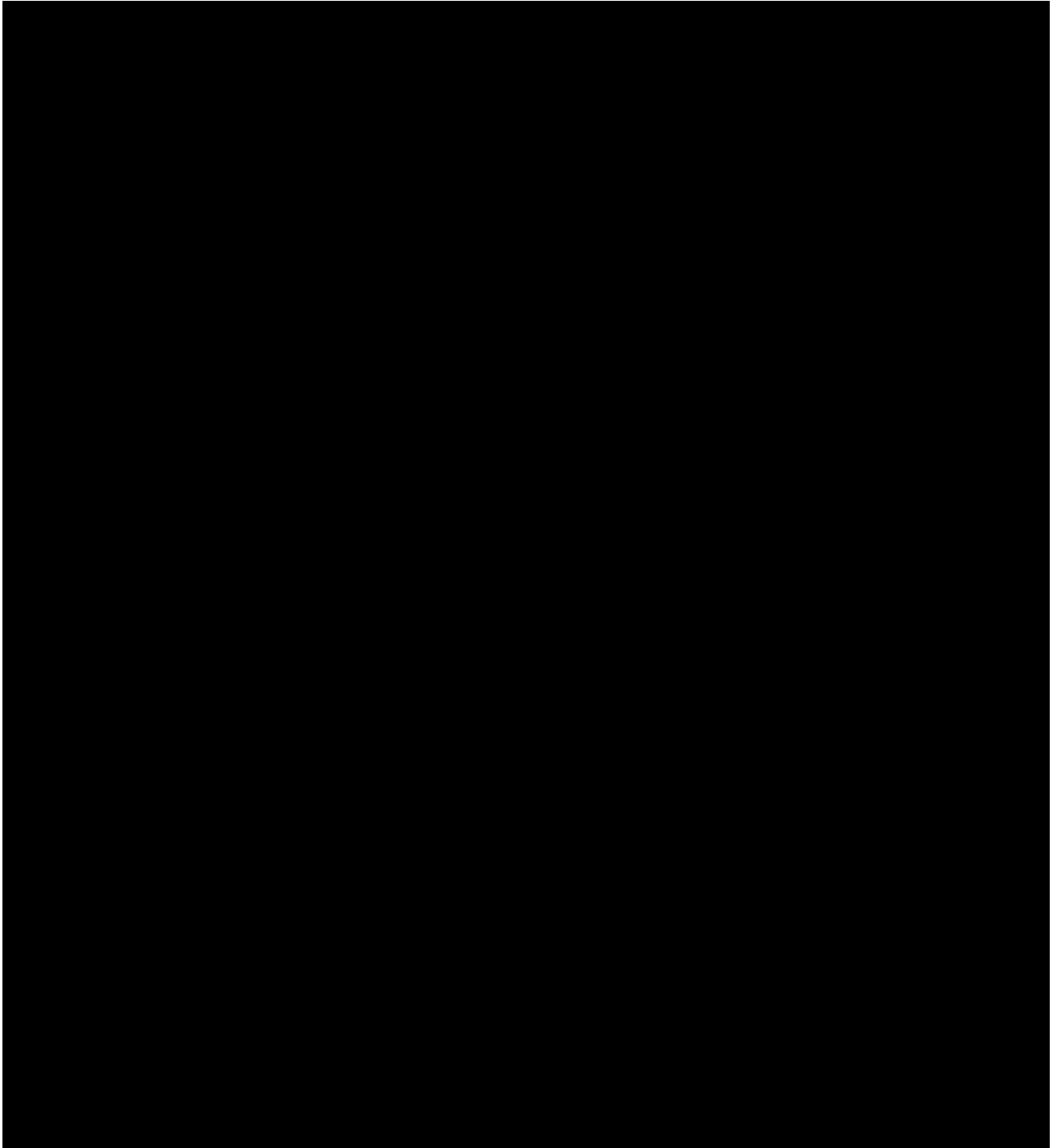


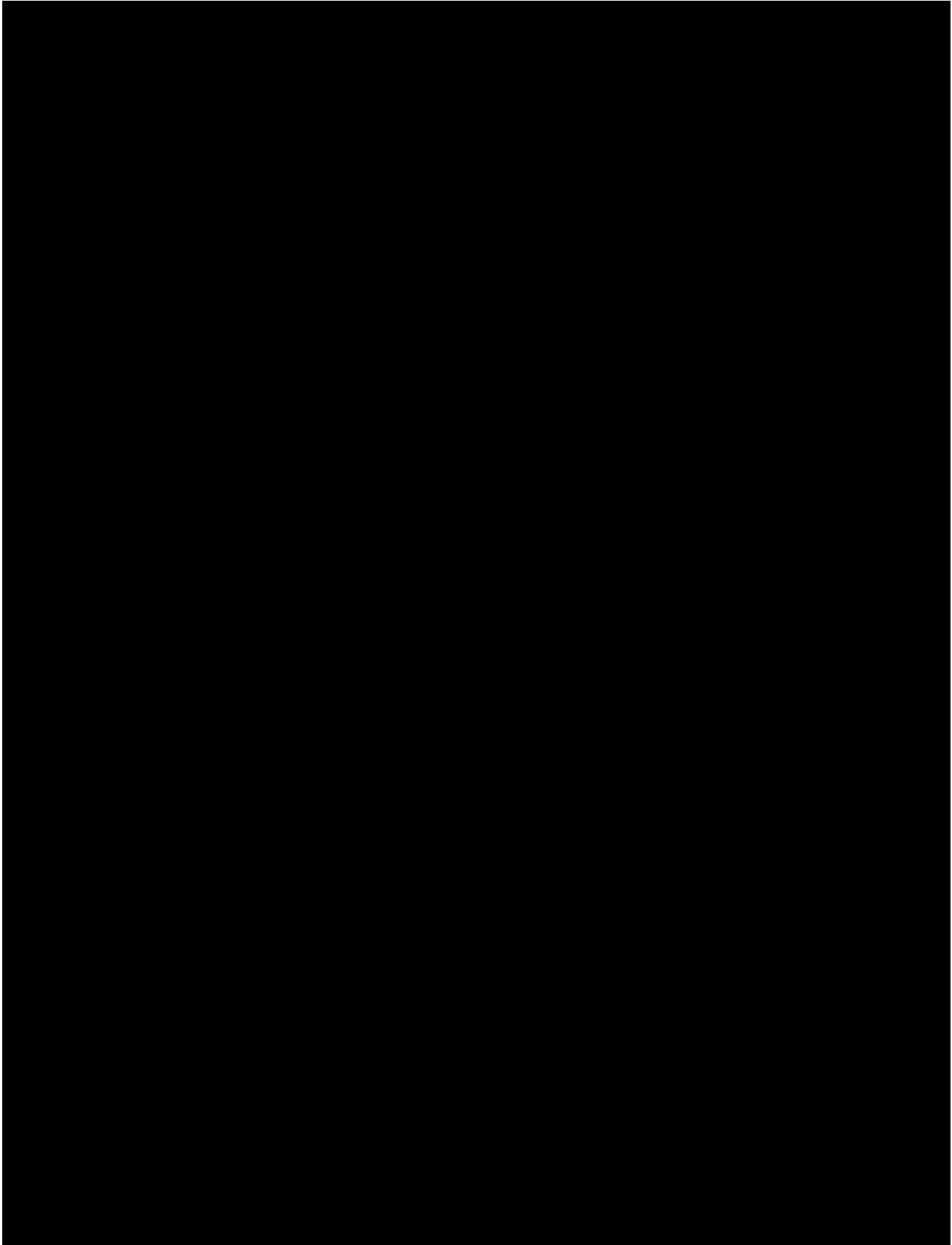


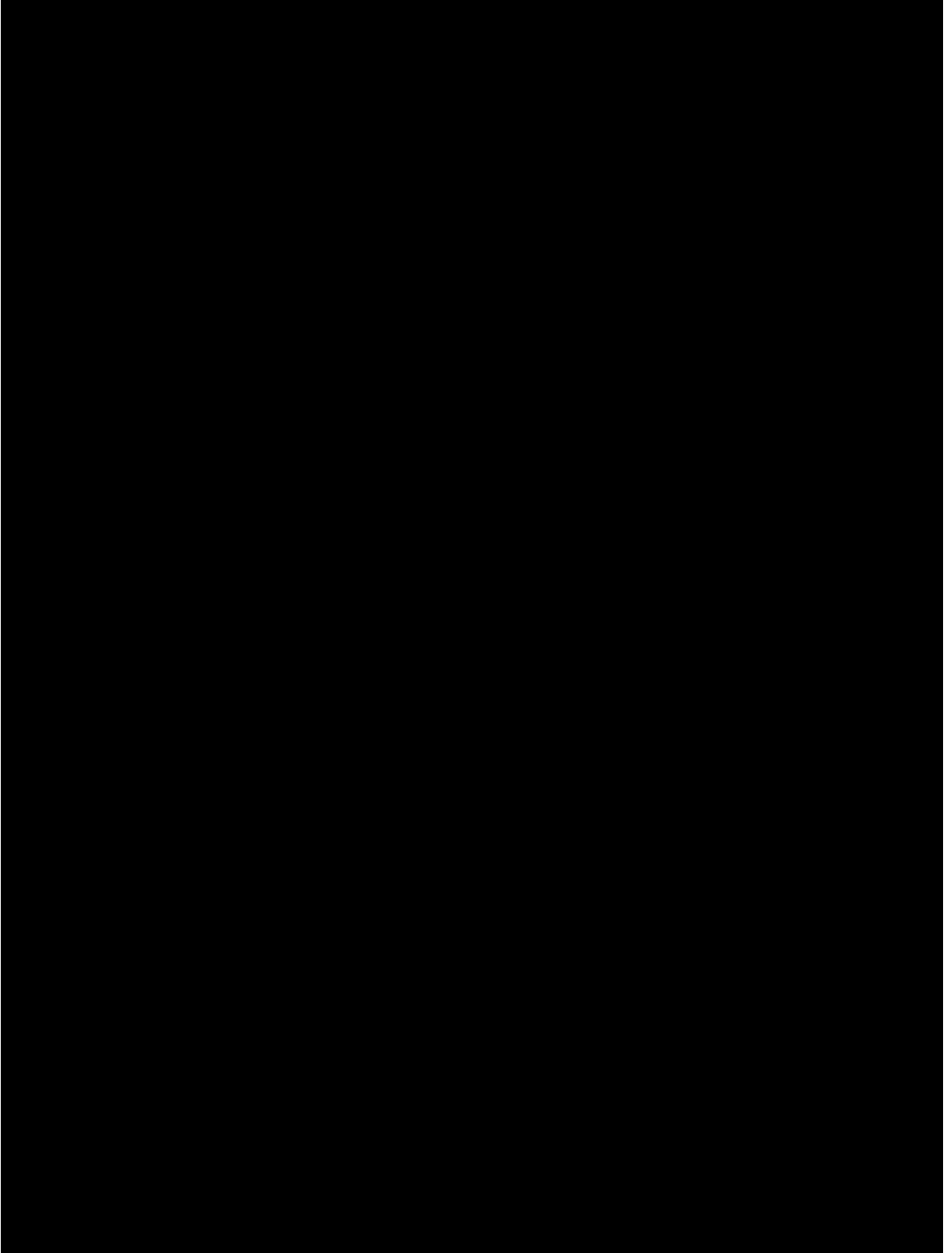


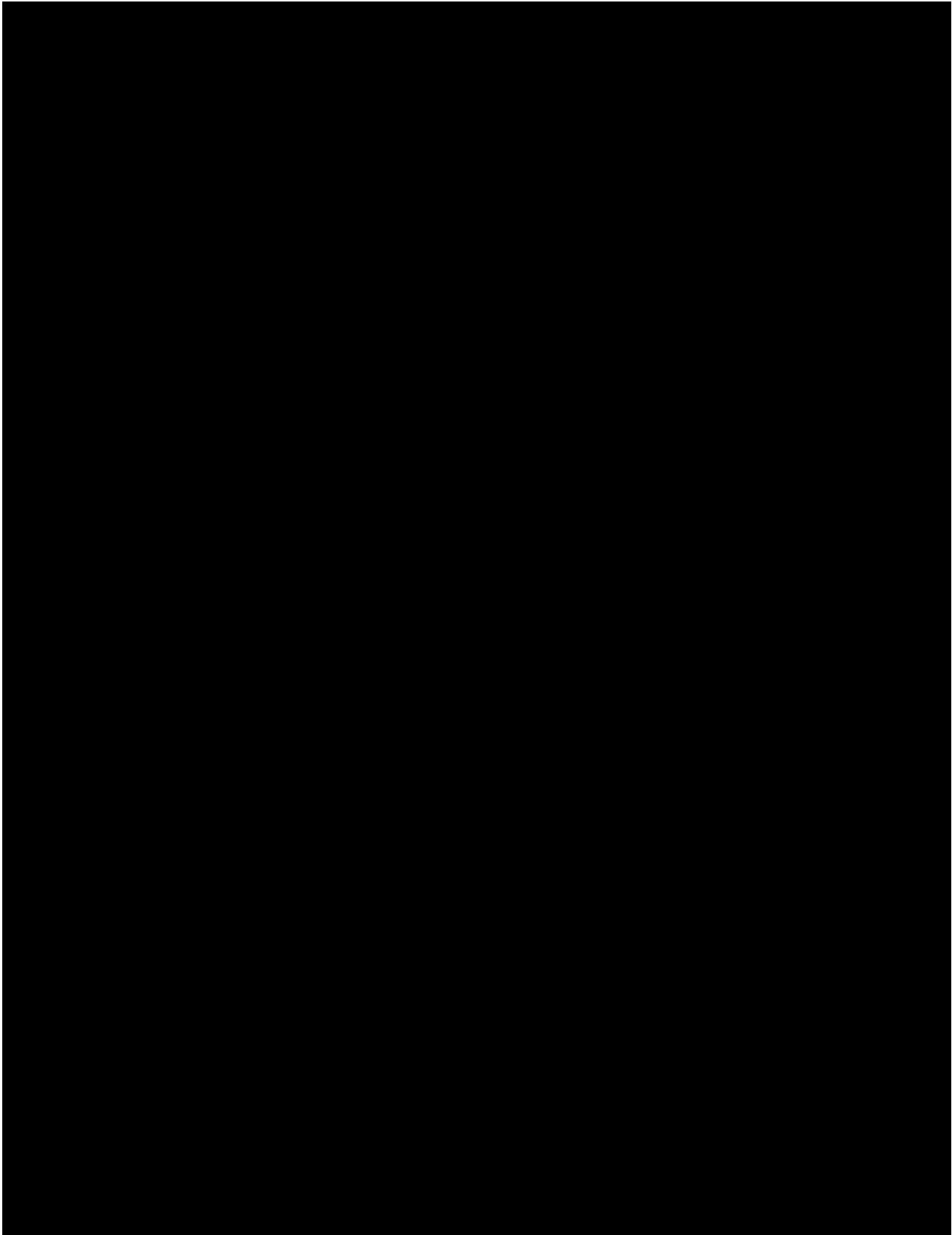
Duke Energy Policy Statement

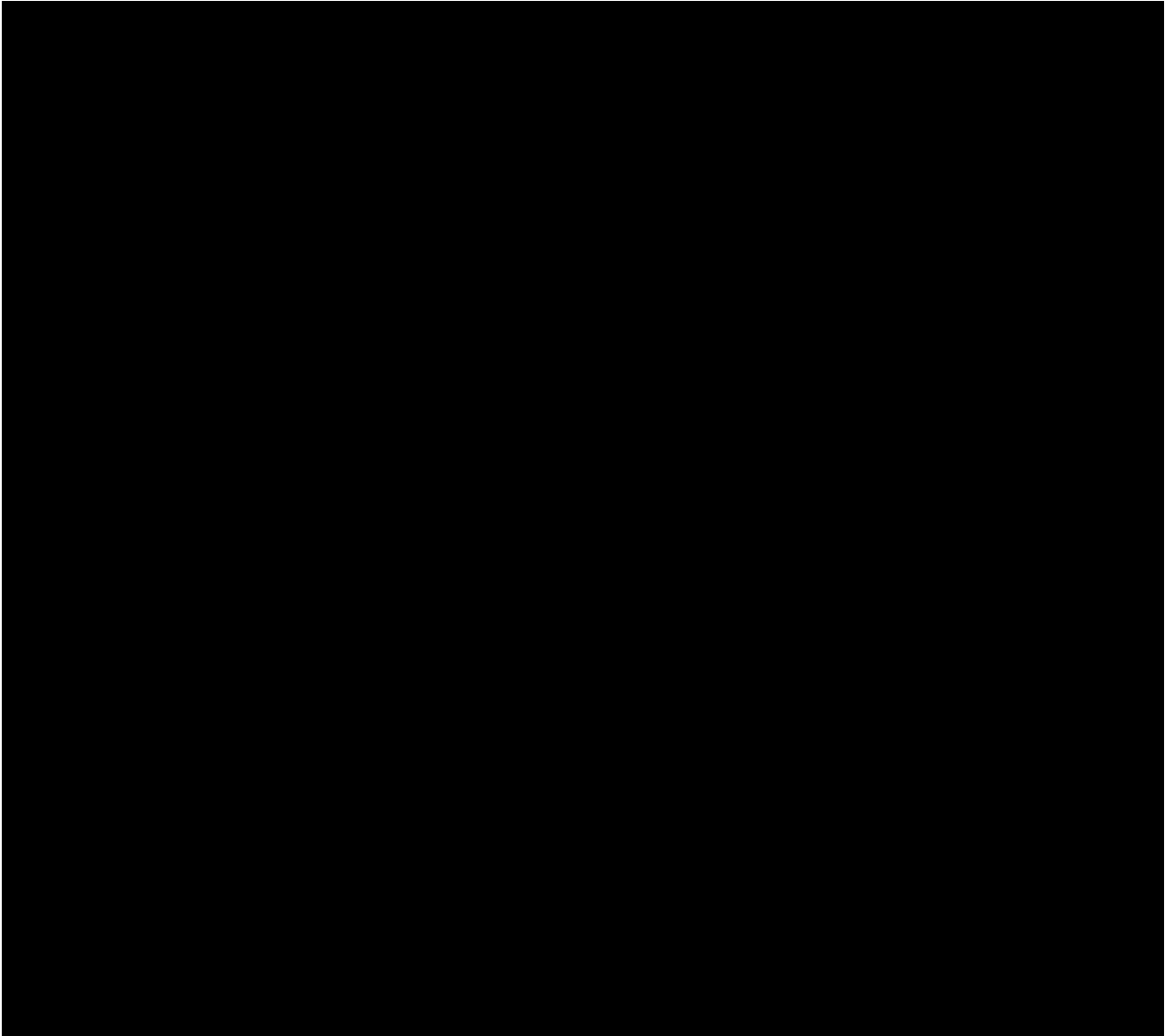
Credit Policy



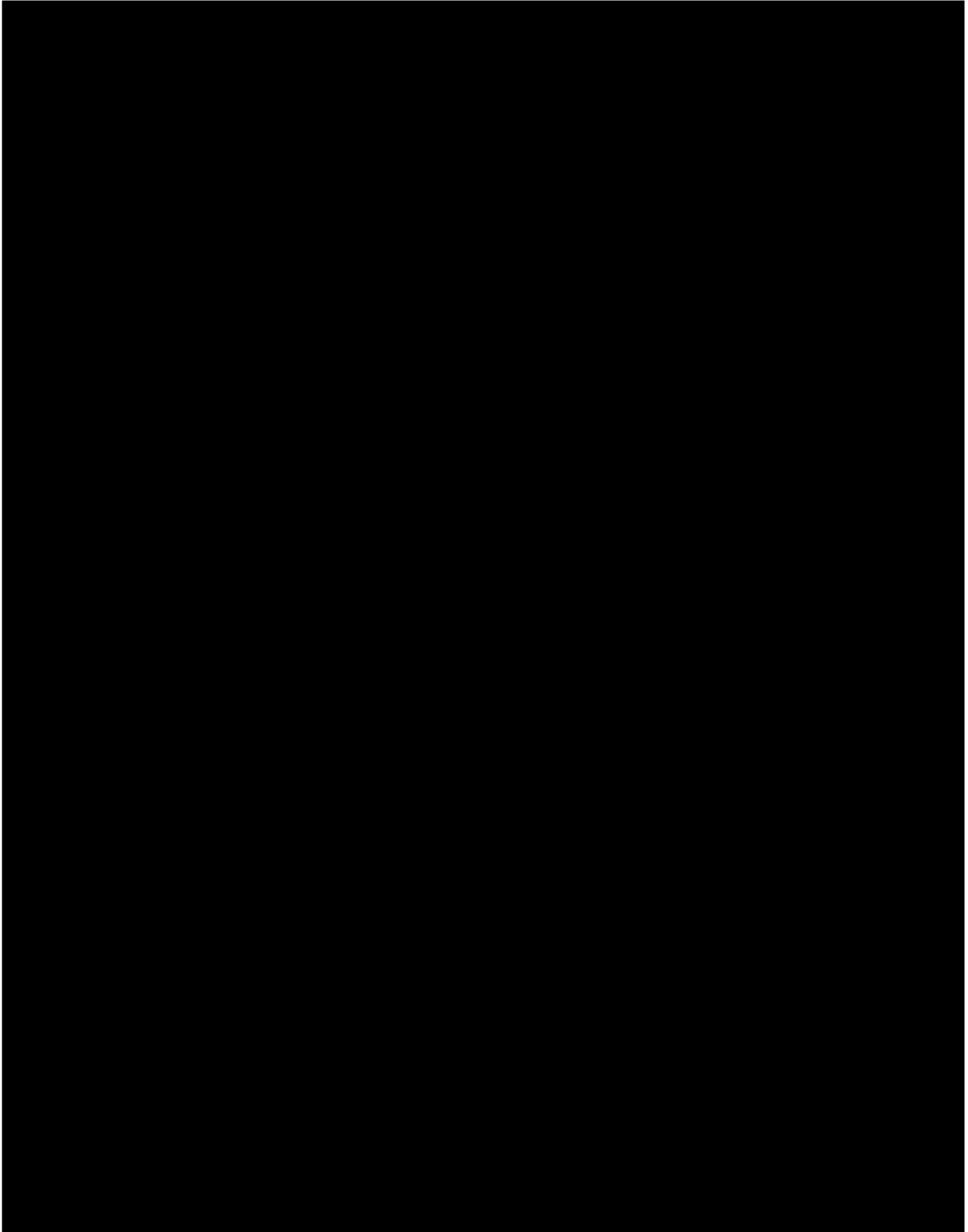




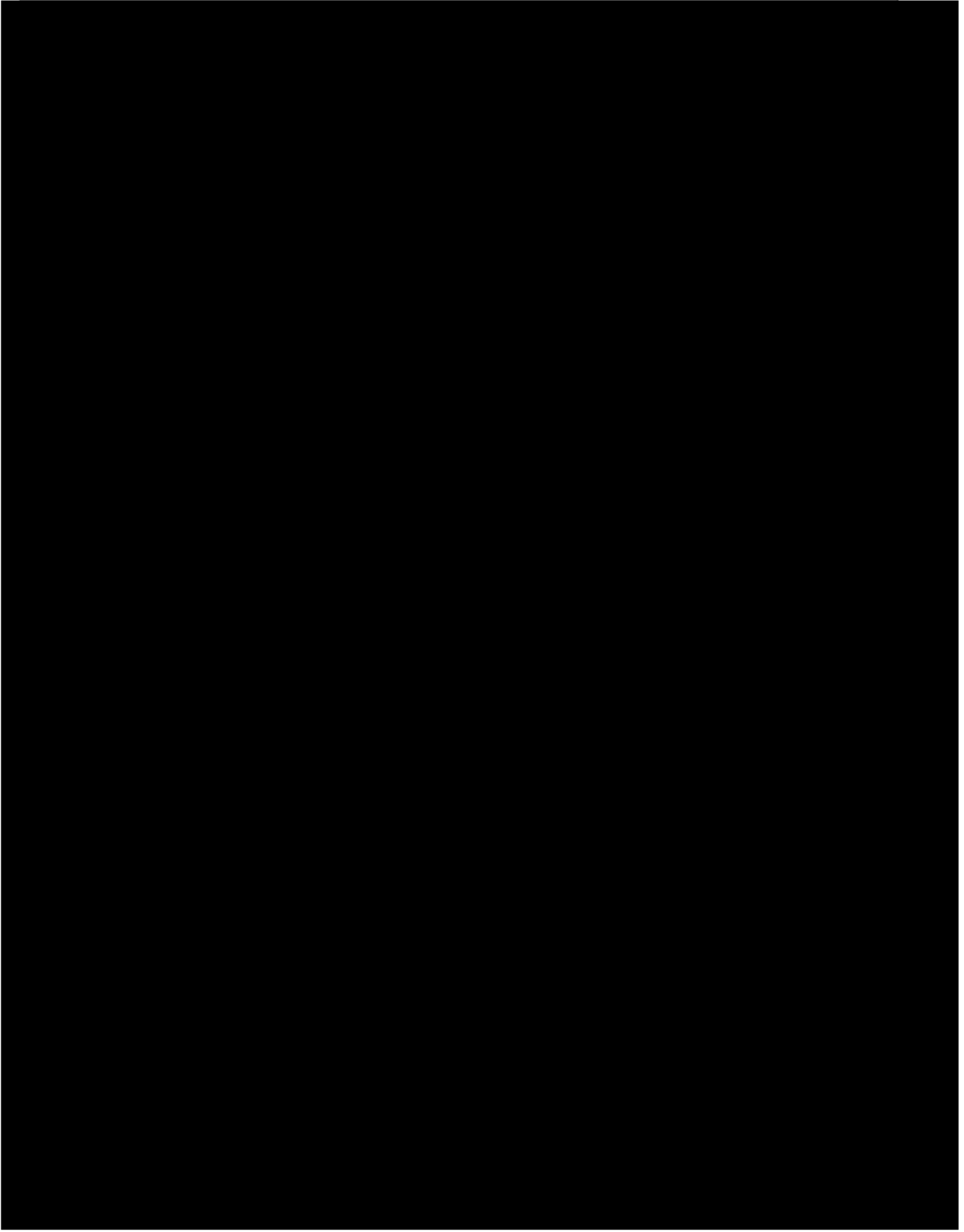




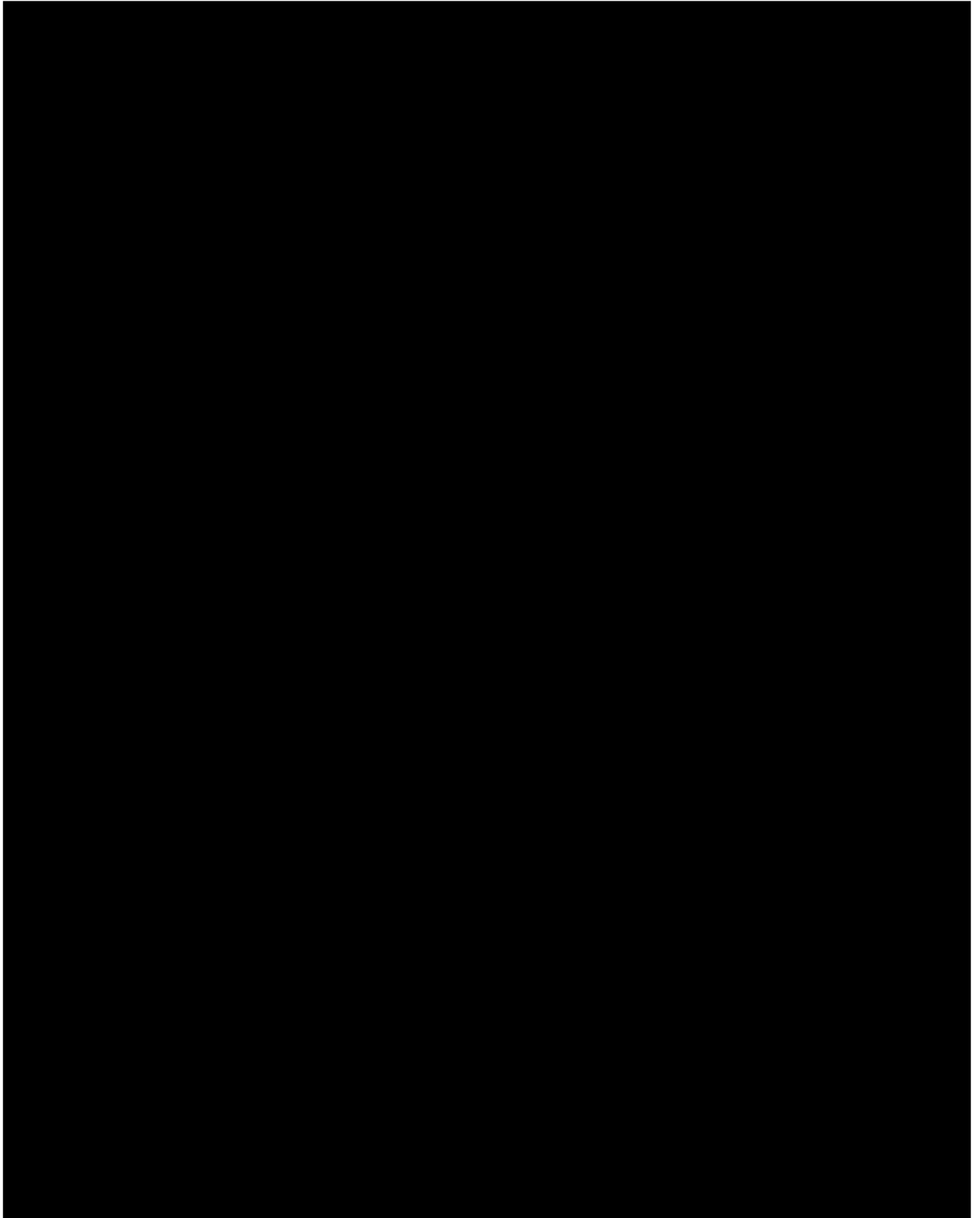
Regulated Utilities Credit Limits (DEF)



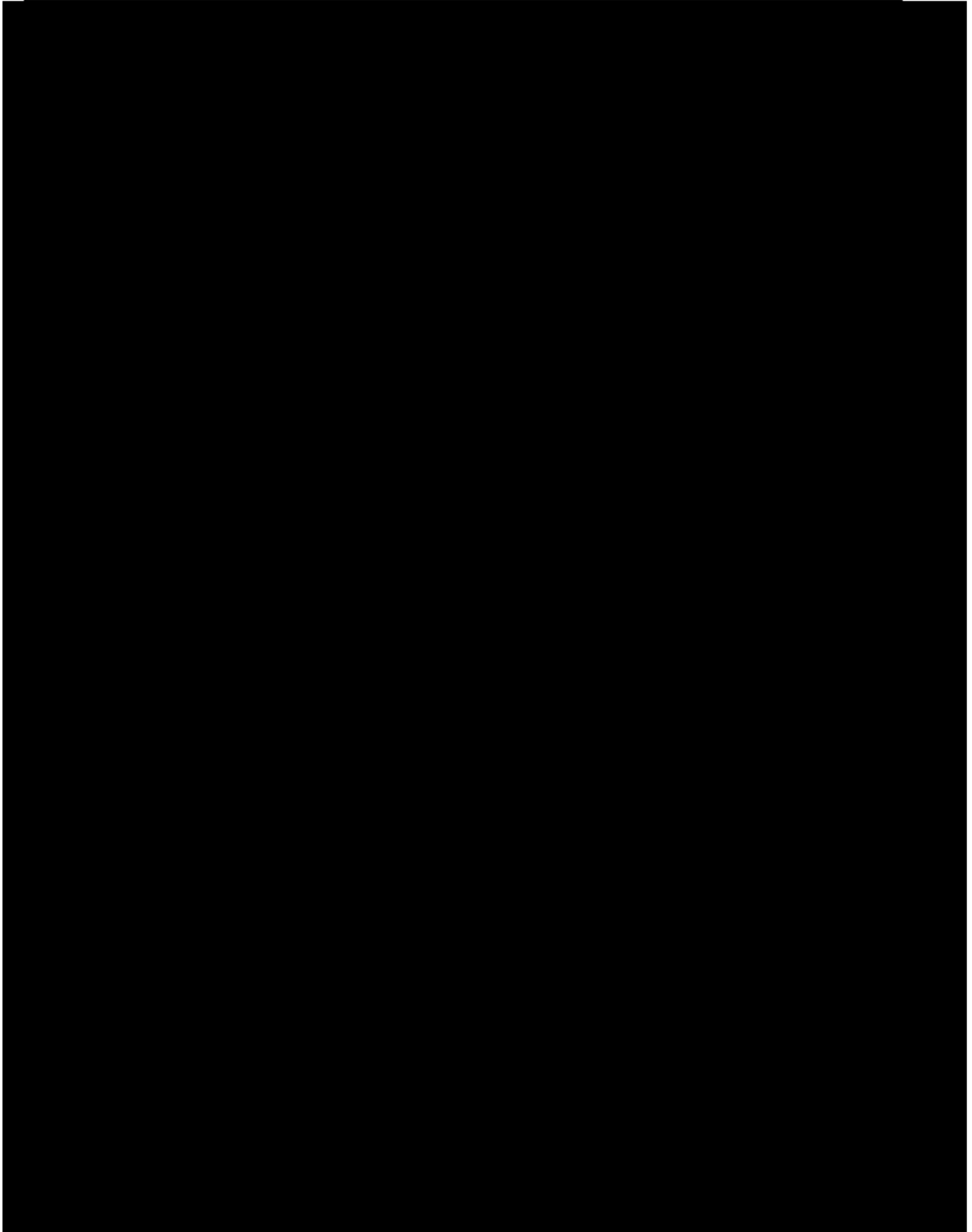
Regulated Utilities Credit Limits (DEF)



Regulated Utilities Credit Limits (DEF)

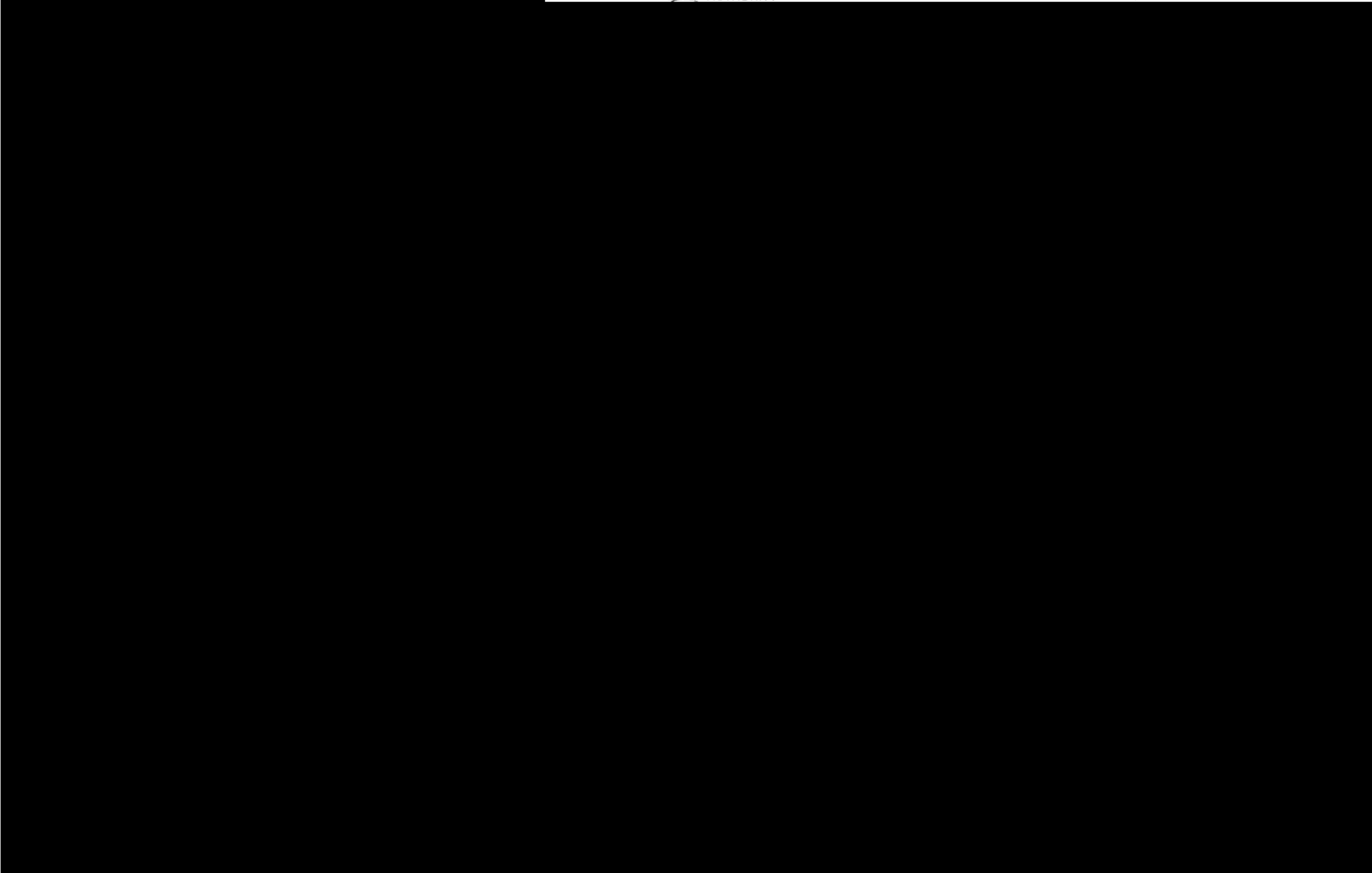


Regulated Utilities Credit Limits (DEF)



Regulated Utilities Credit Limits (DEF)







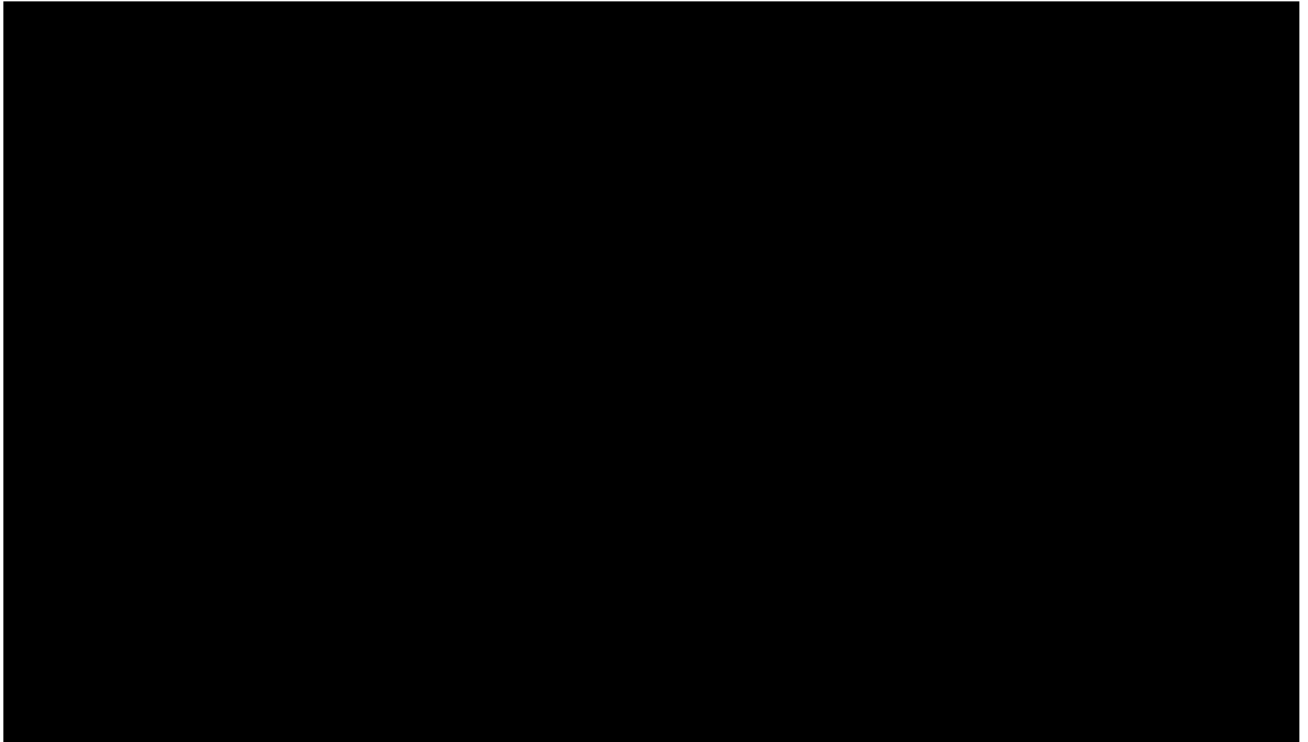
Duke Energy Corporation
Regulated Utilities
Risk Management Control Manual



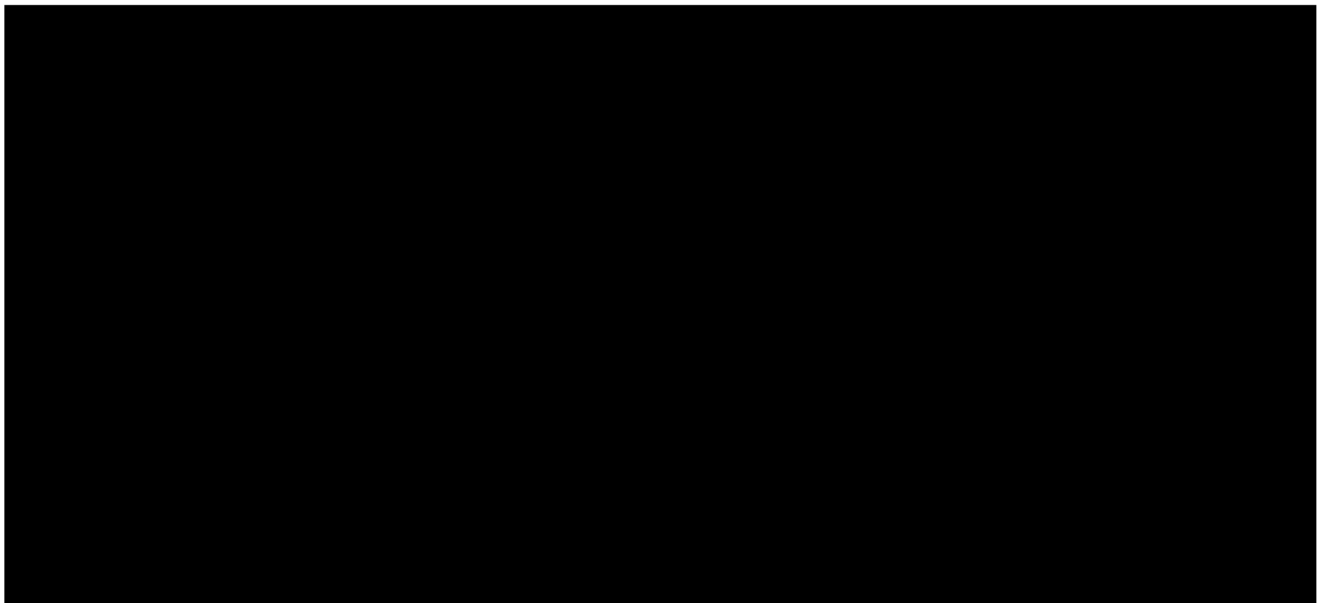
January 2016

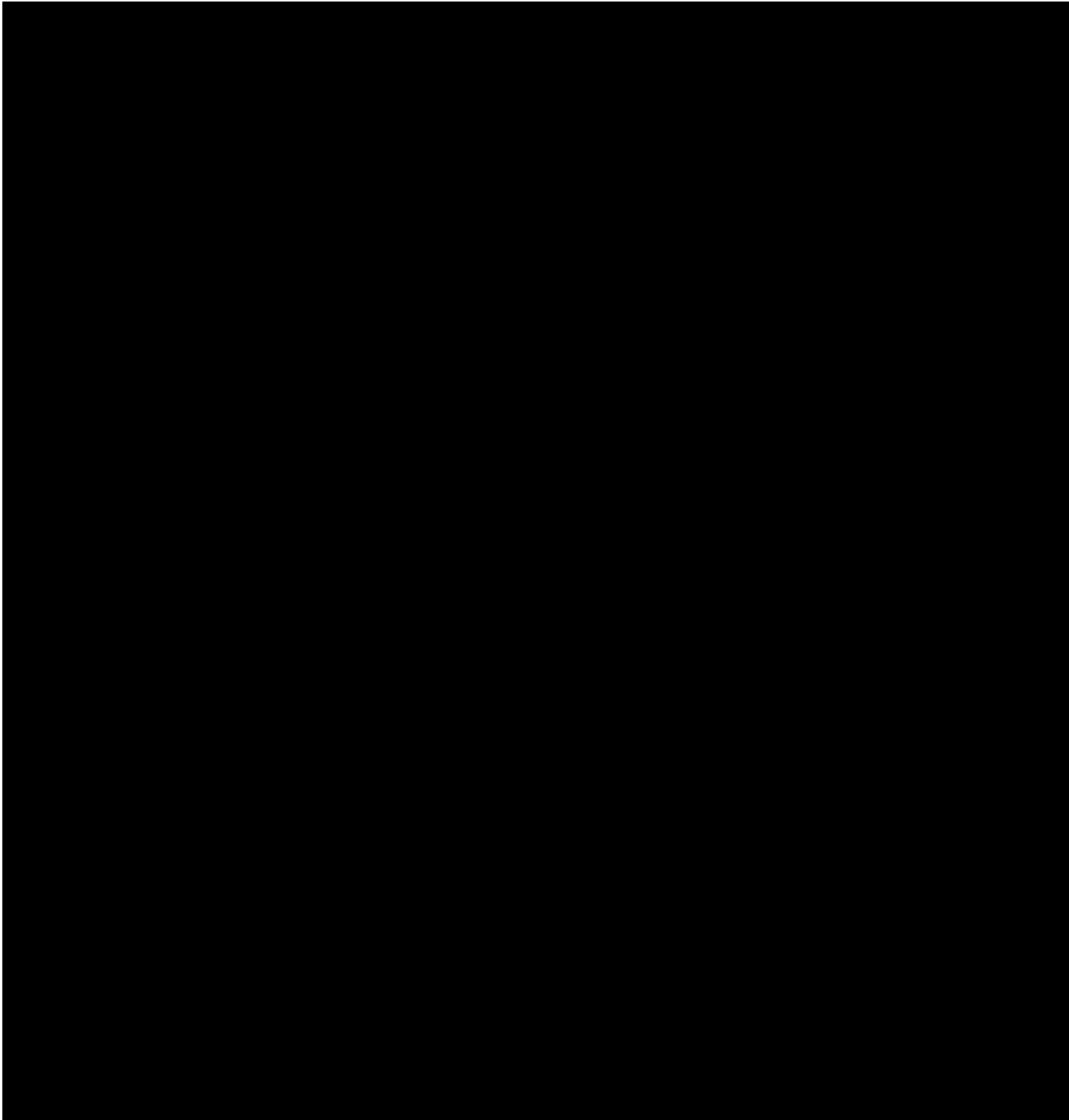


I. Introduction and Purpose

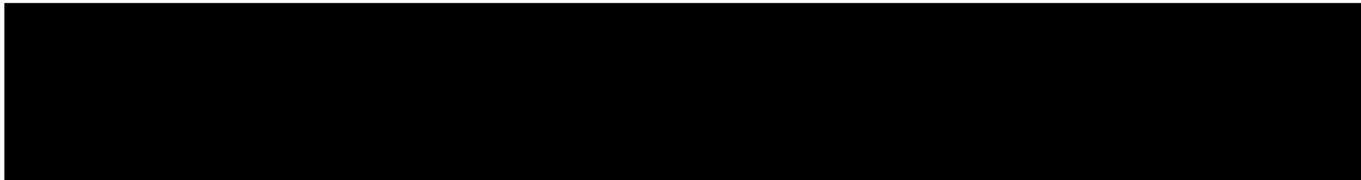


Risk Management Policies and Procedures



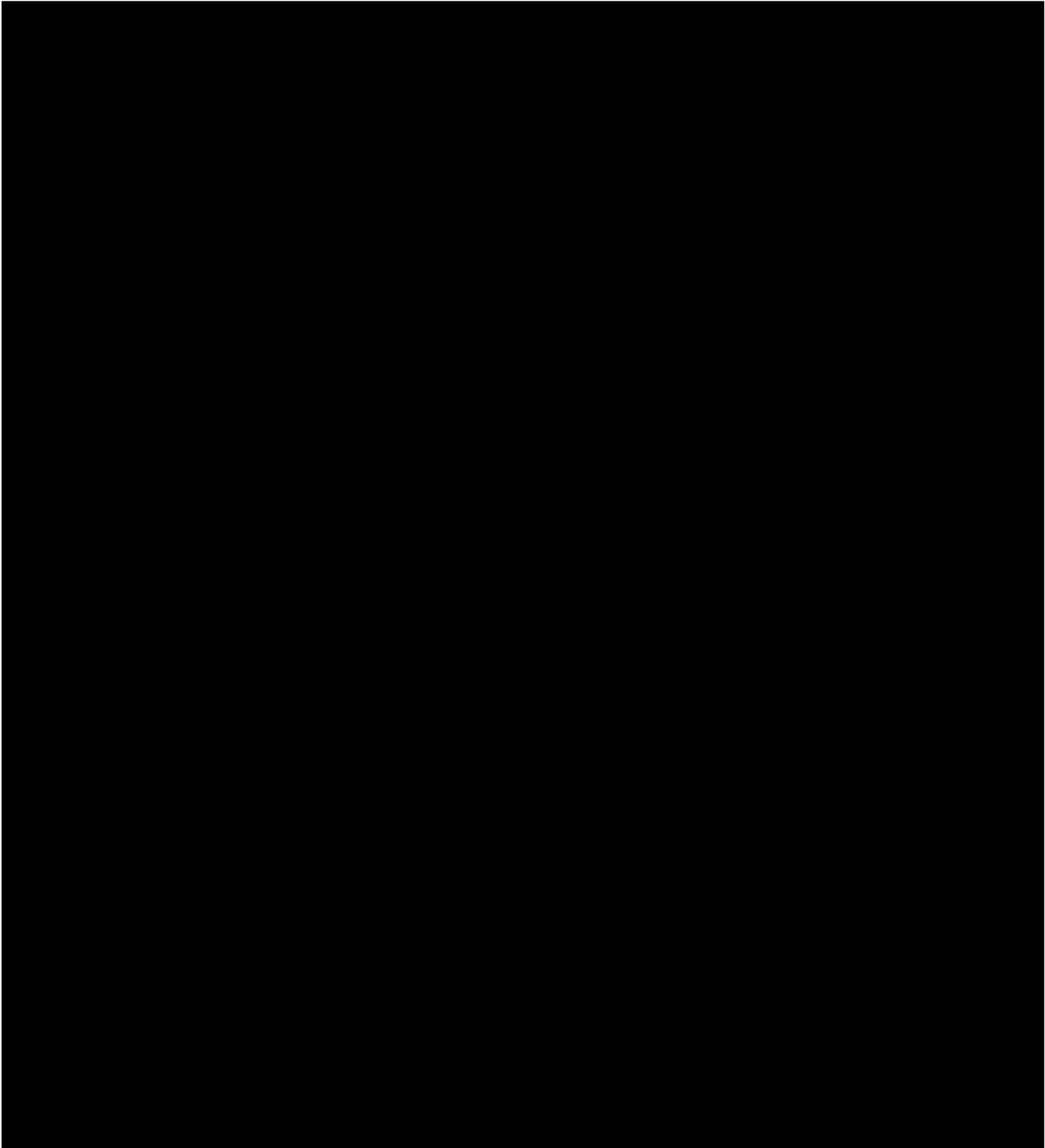


Control Manual Amendments and Approvals



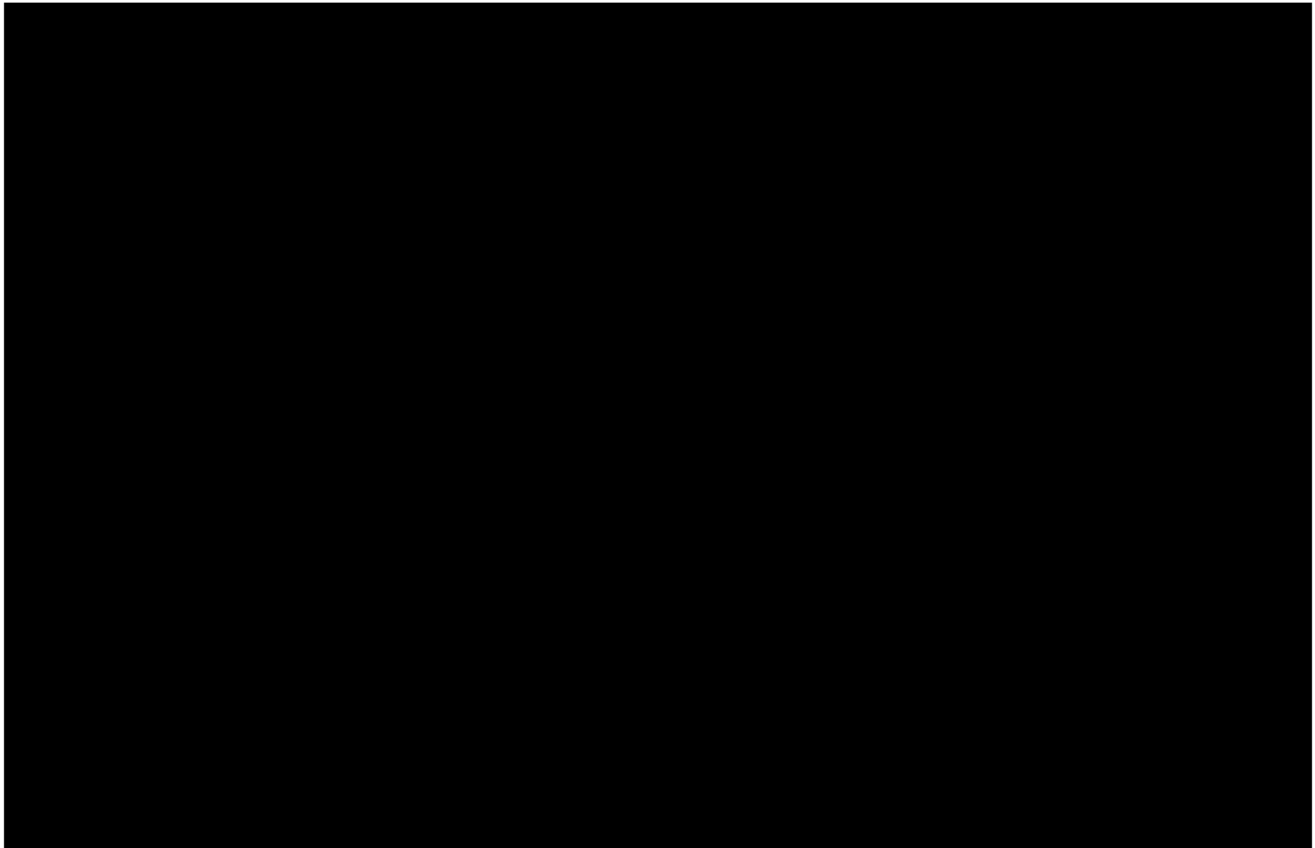


Legal and Regulatory Compliance

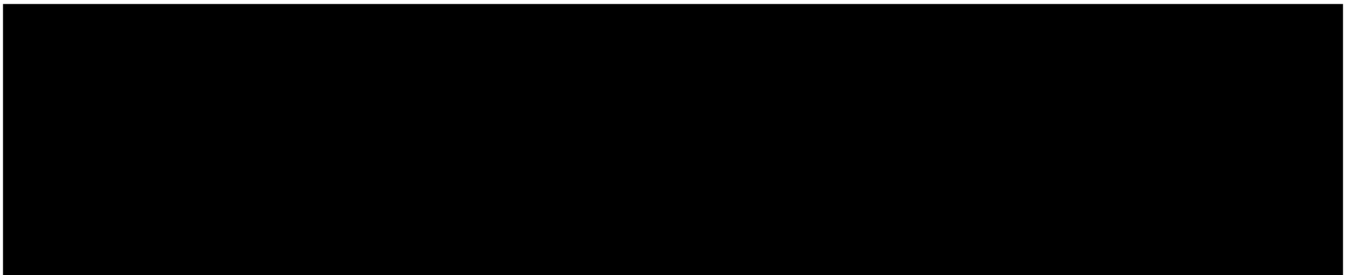




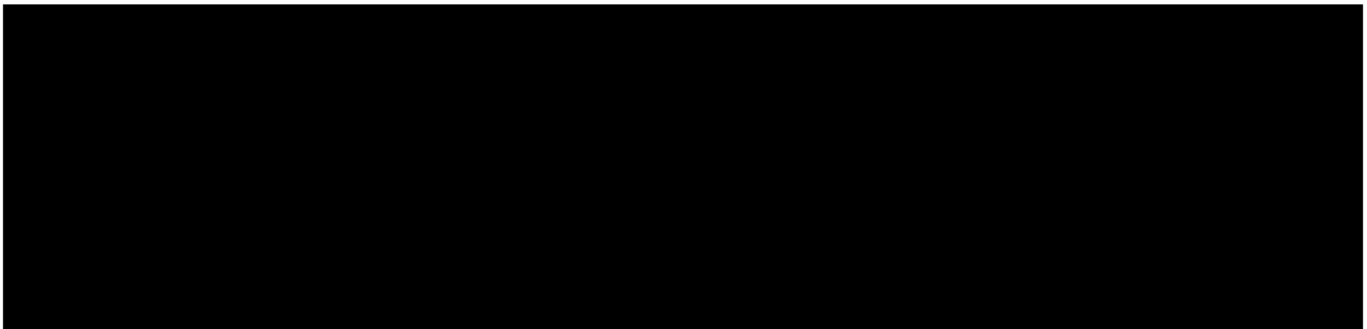
Exception Process



New Employees

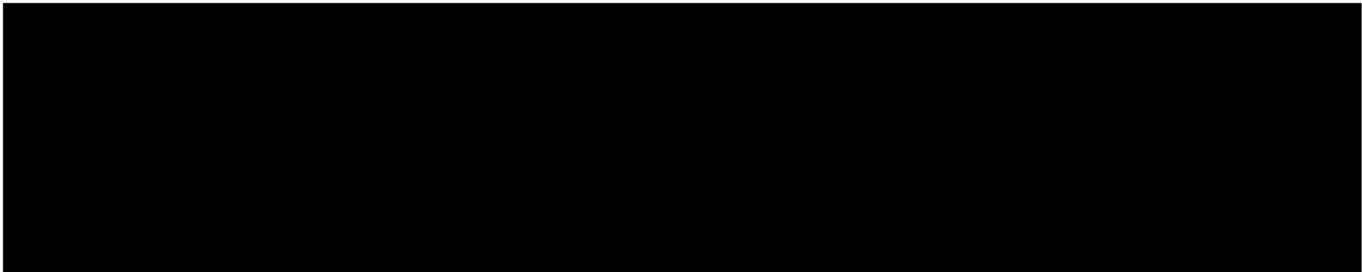


Inter-Affiliate Transactions

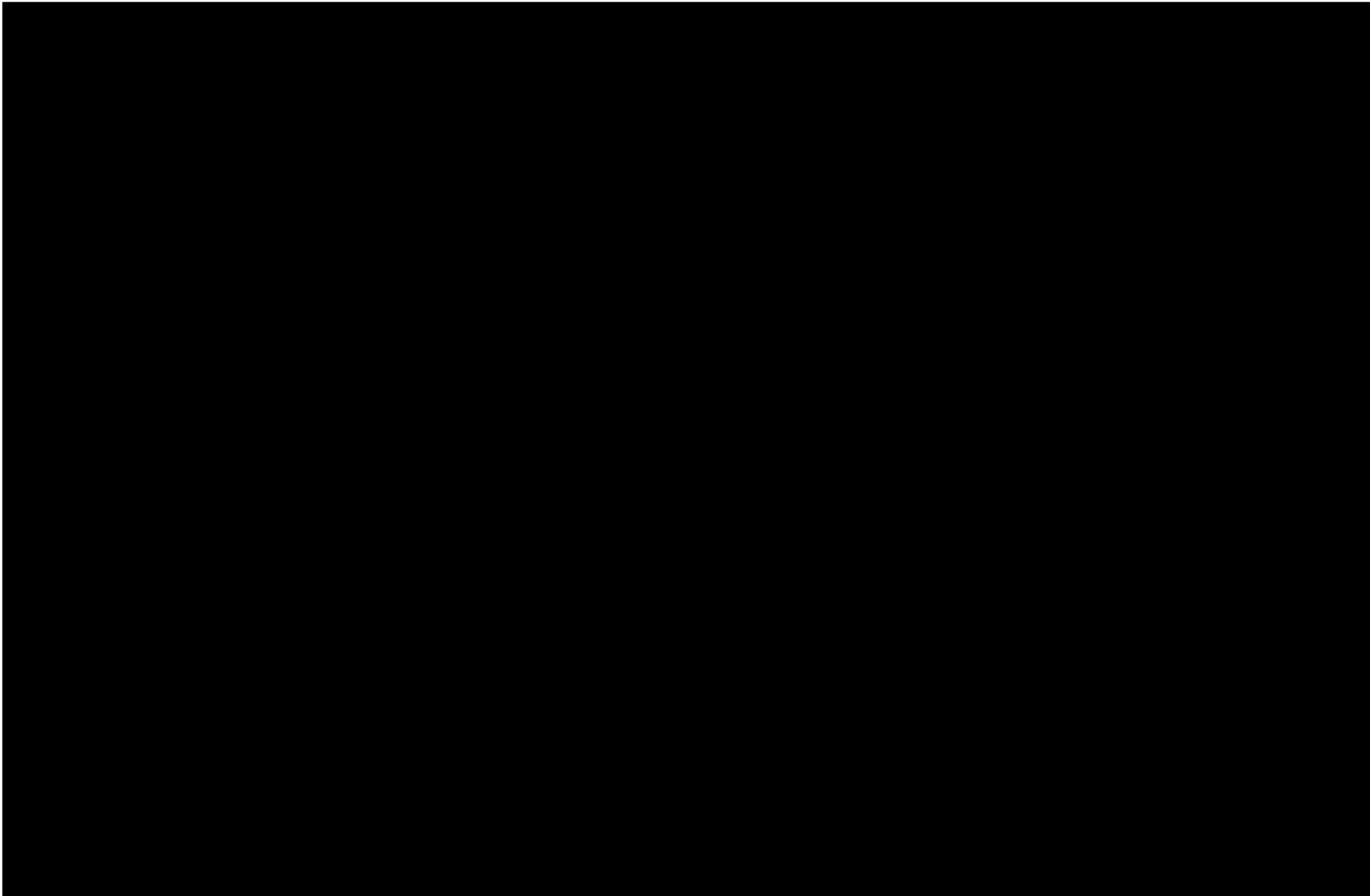




II. Concept of Operations

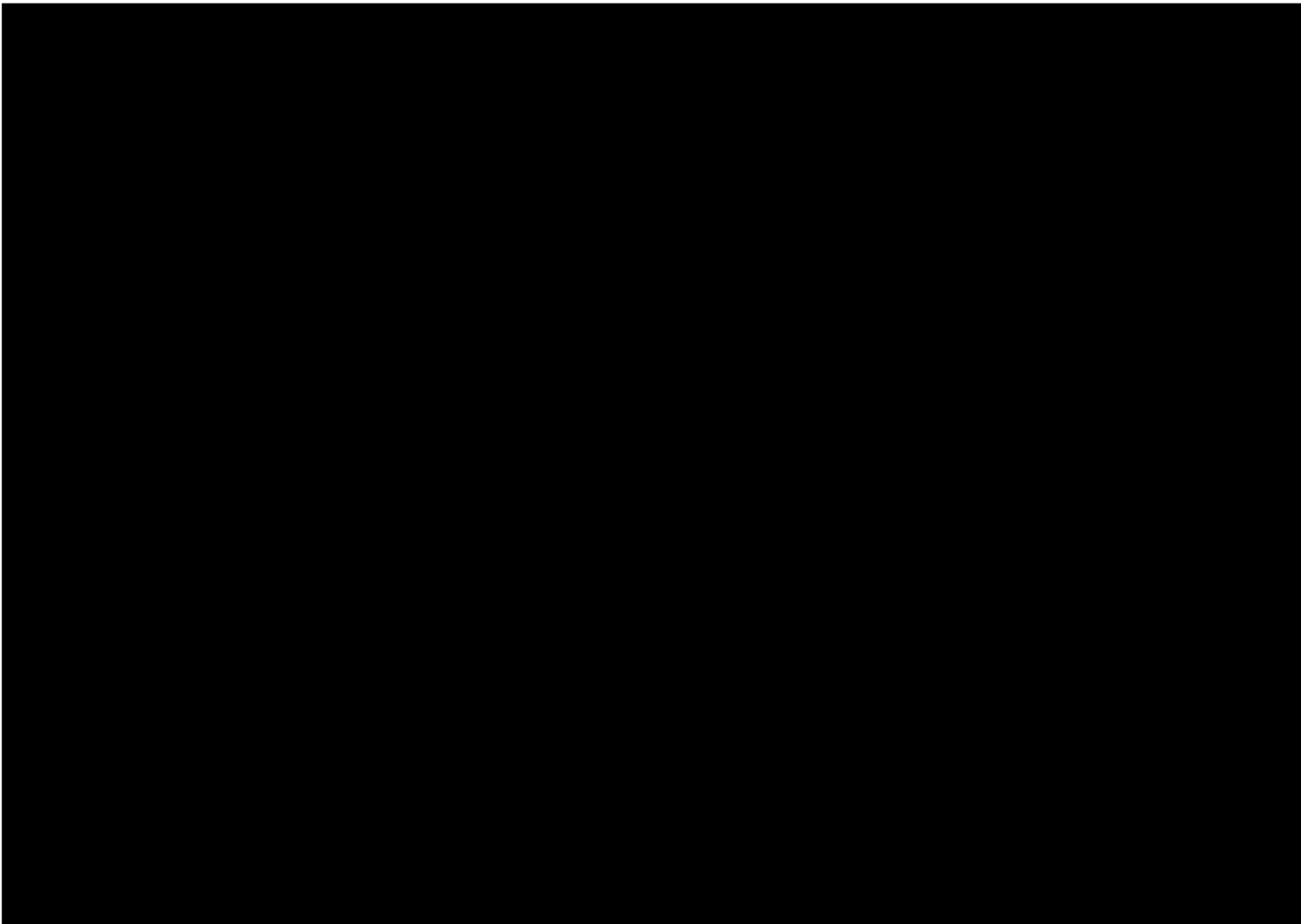


Carolinas (Duke Energy Carolinas & Duke Energy Progress)



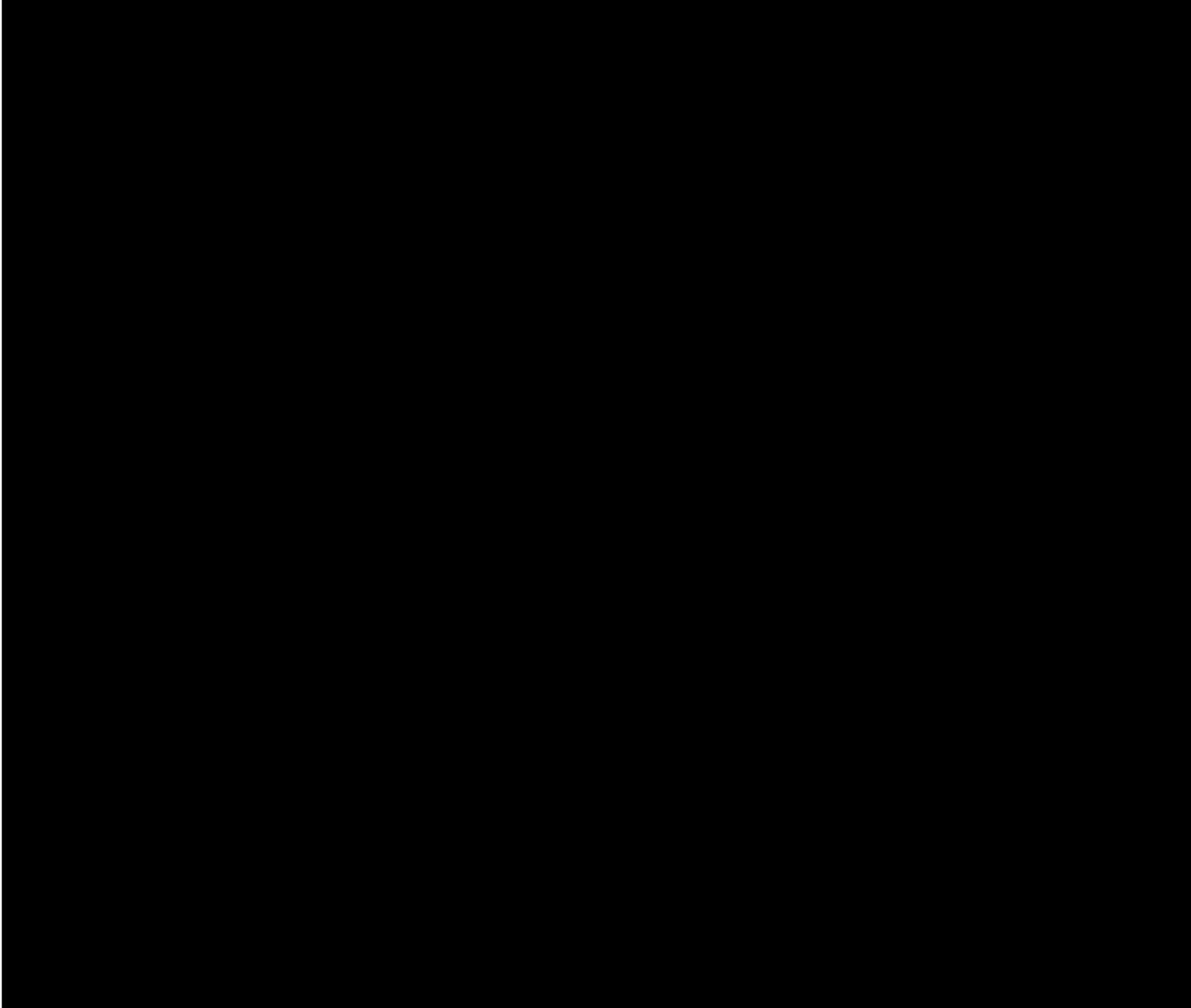


Duke Energy Florida

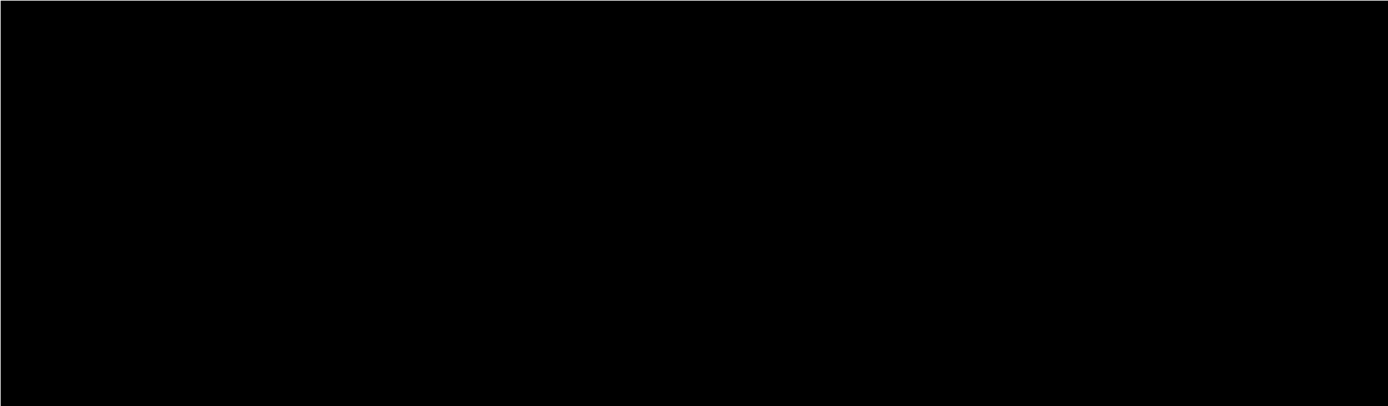


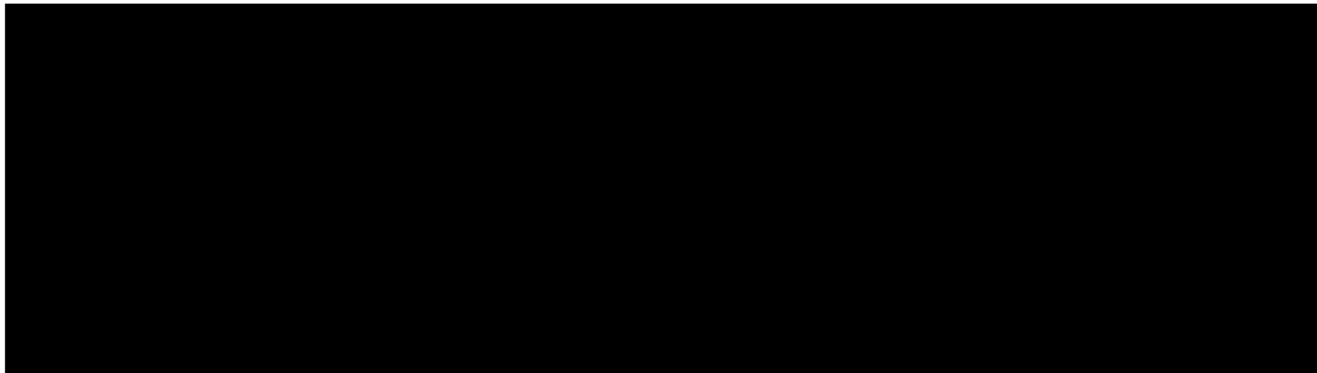
Duke Energy Indiana (DE-IN) & Duke Energy Kentucky (DE-KY)





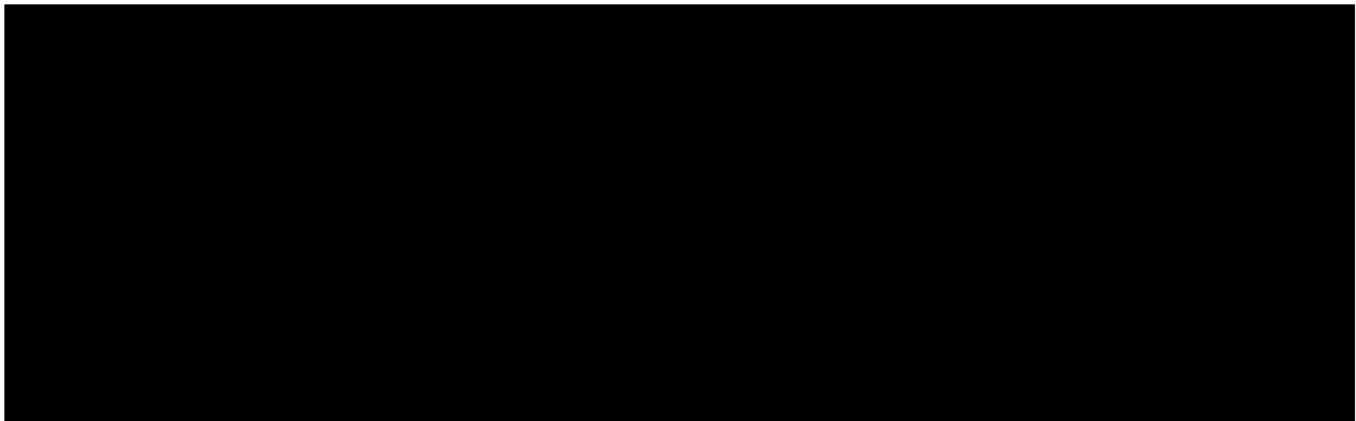
Duke Energy Ohio



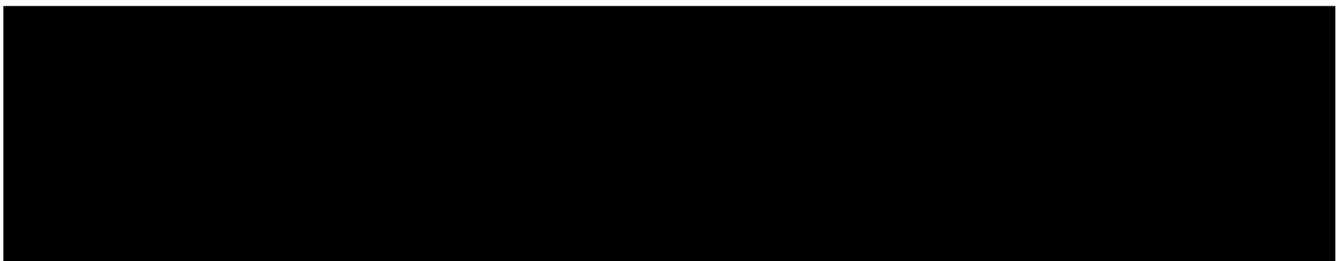


III. Roles & Responsibilities

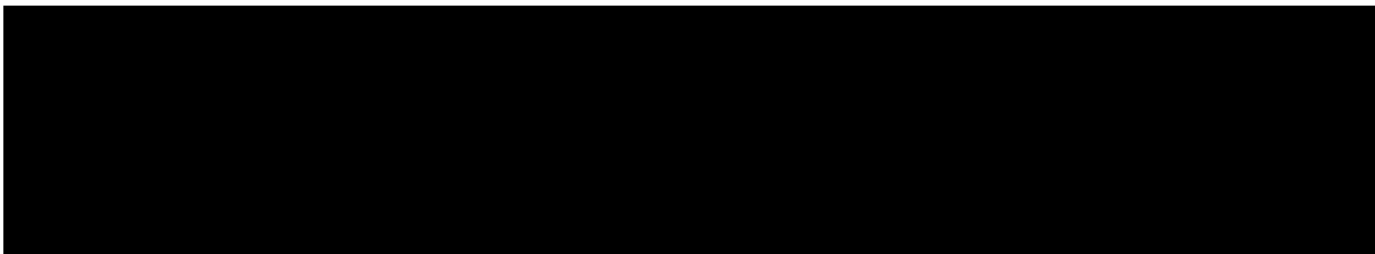
Role of Corporate Officers



Segregation of Function and Ownership

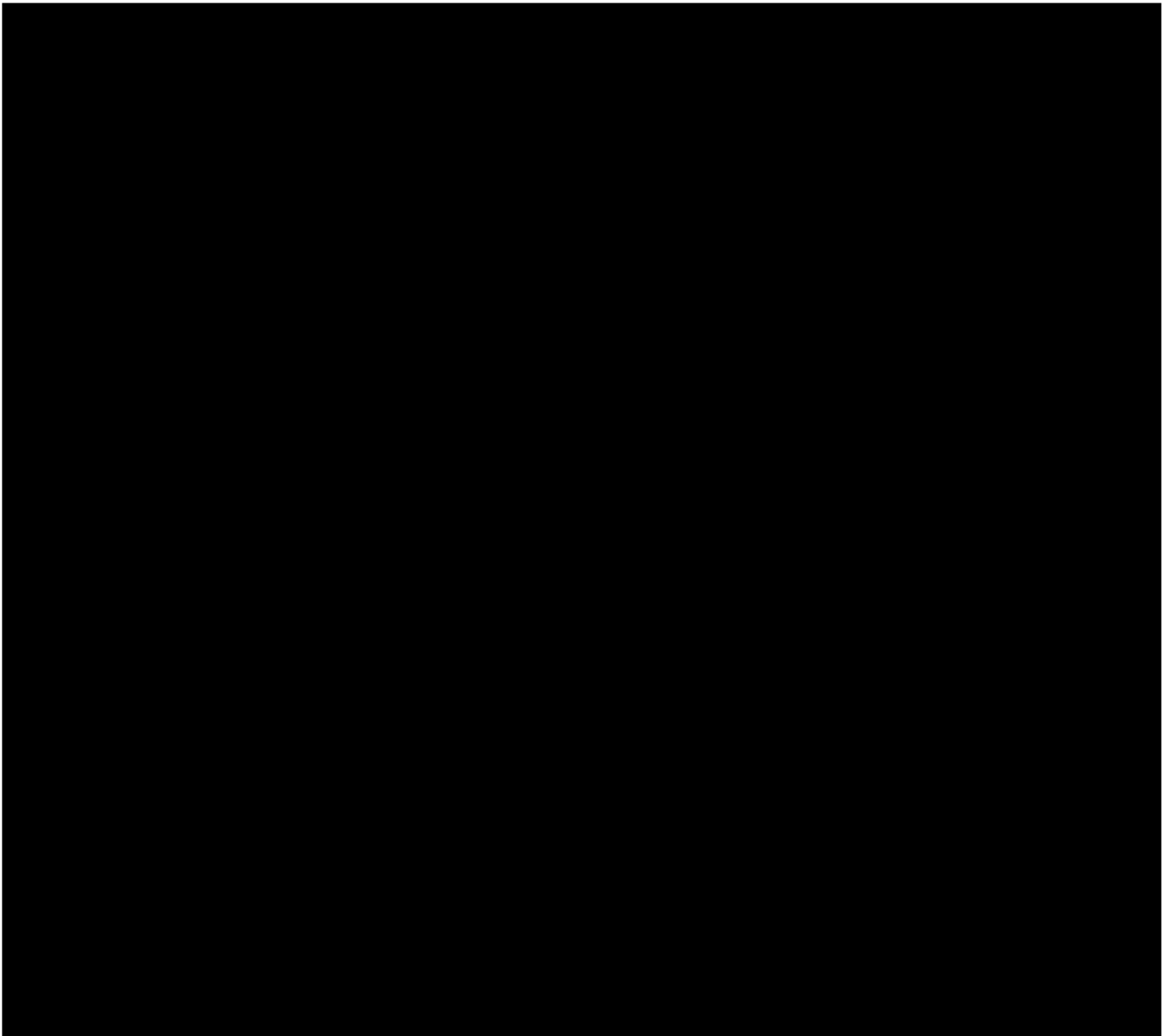


Role of the Chief Risk Officer



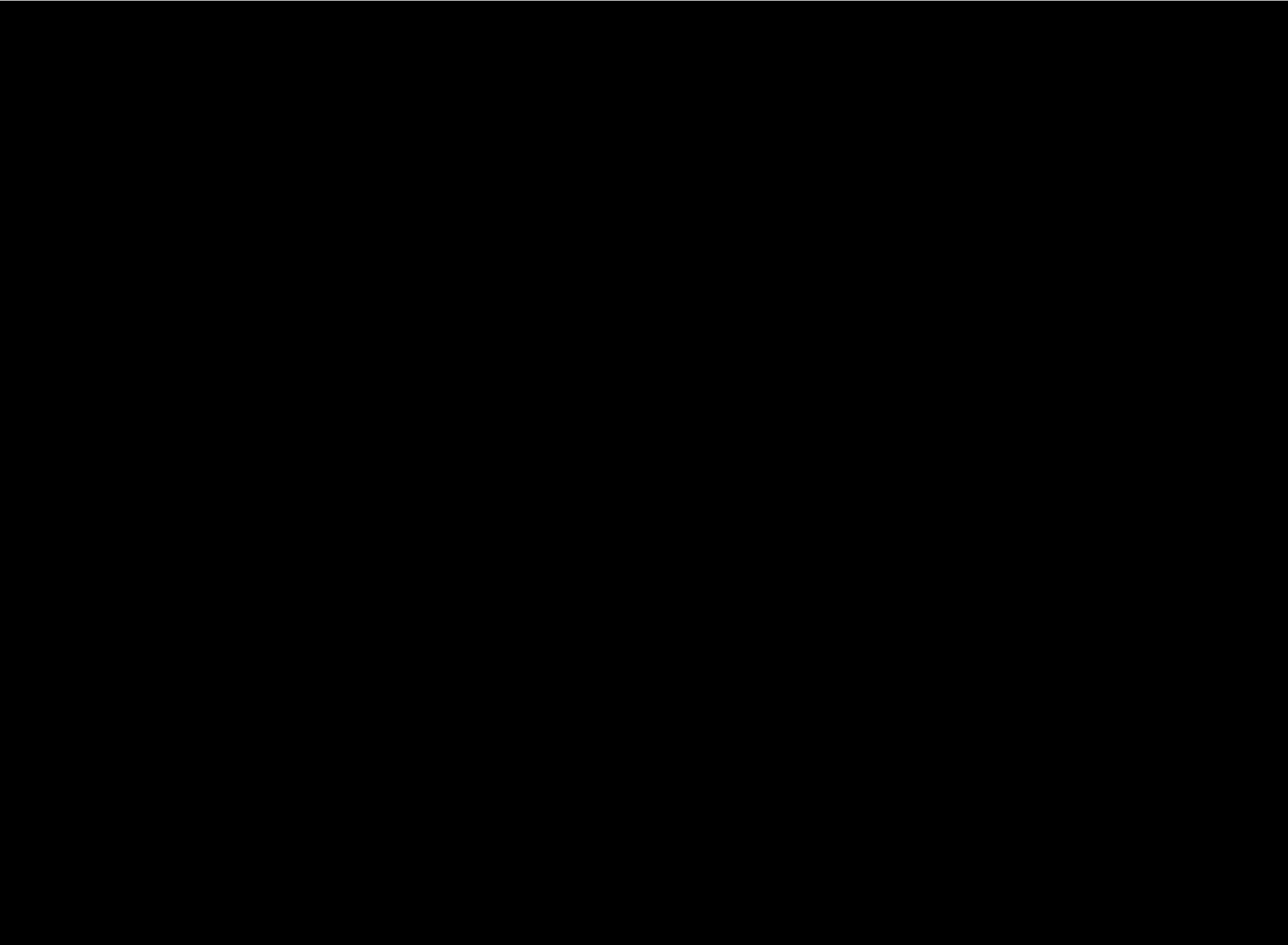


Role of Global Risk Management

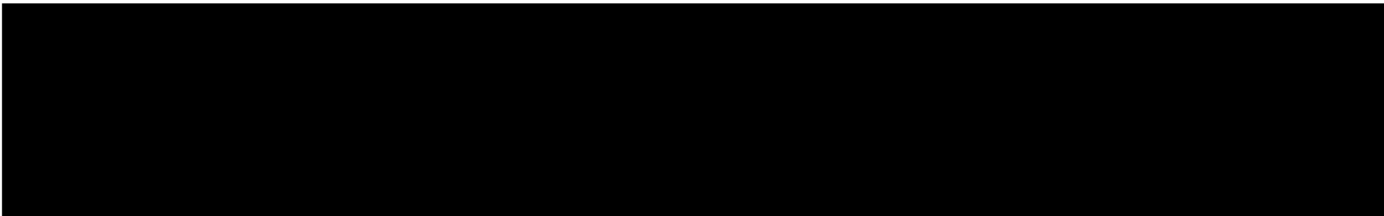




Role of Fuels & Systems Optimization

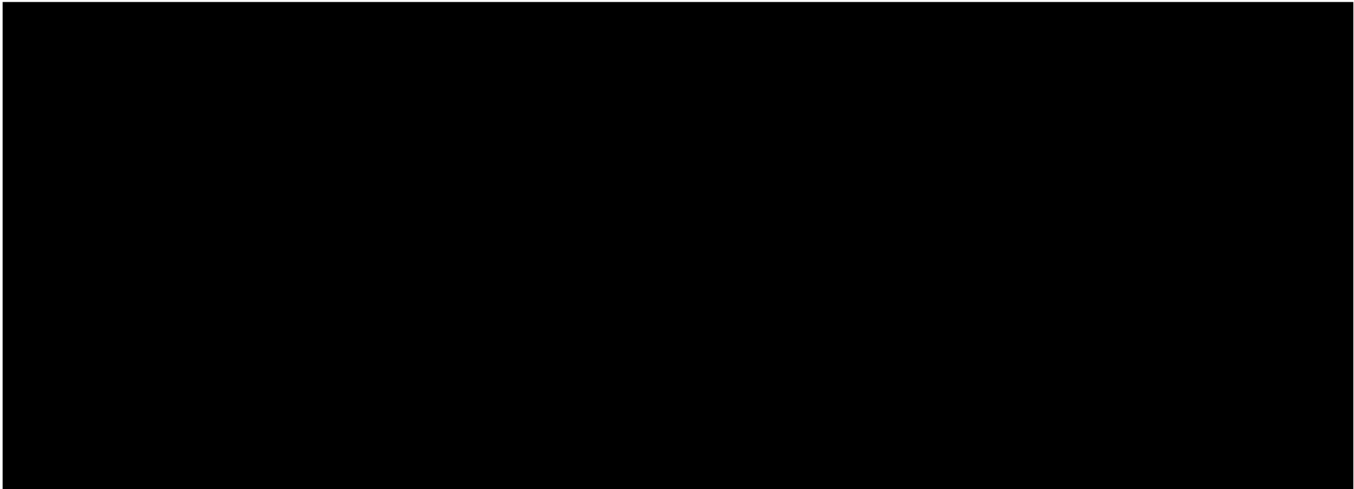


Role of Traders

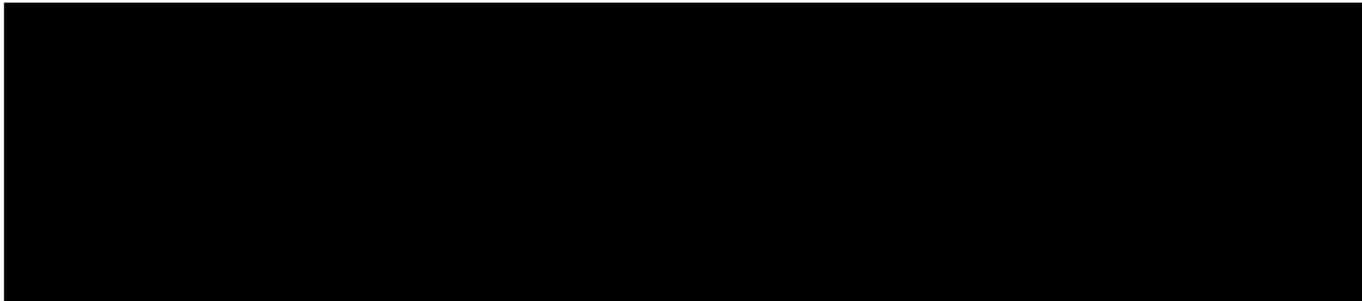




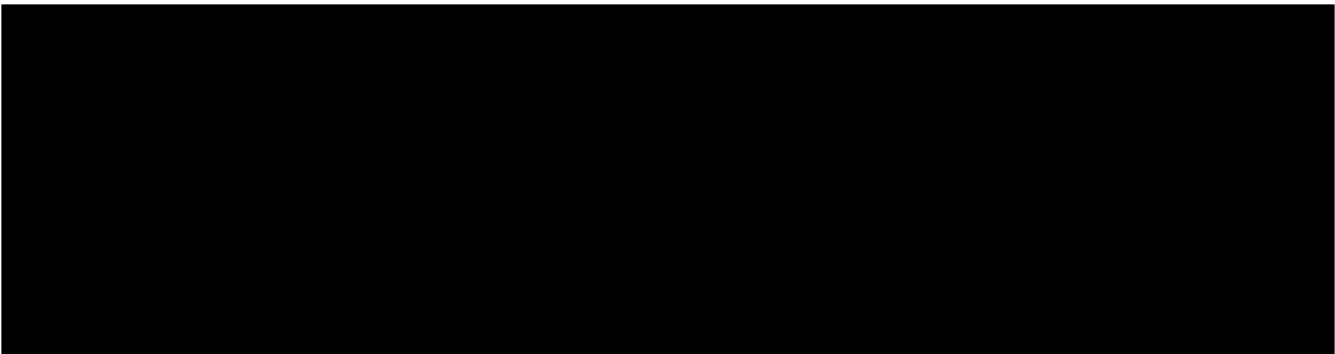
Role of Regulated Fuels

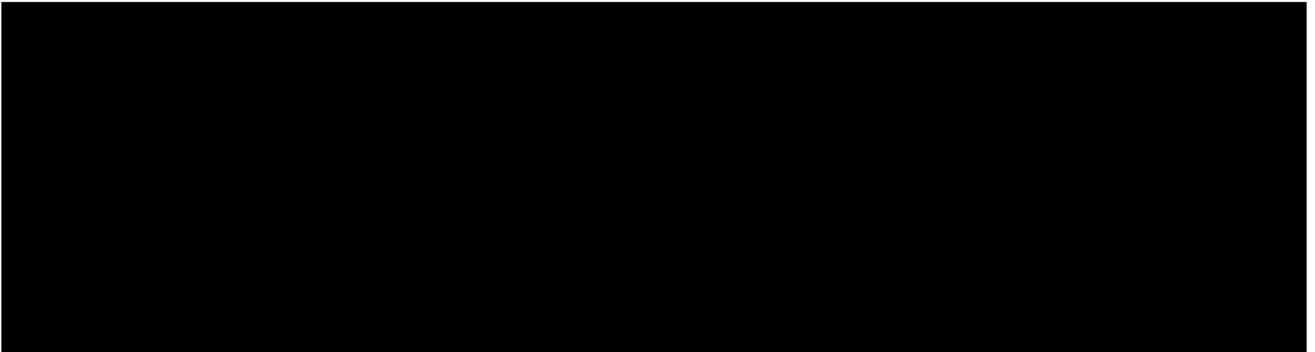


Role of Distributed Energy Resources

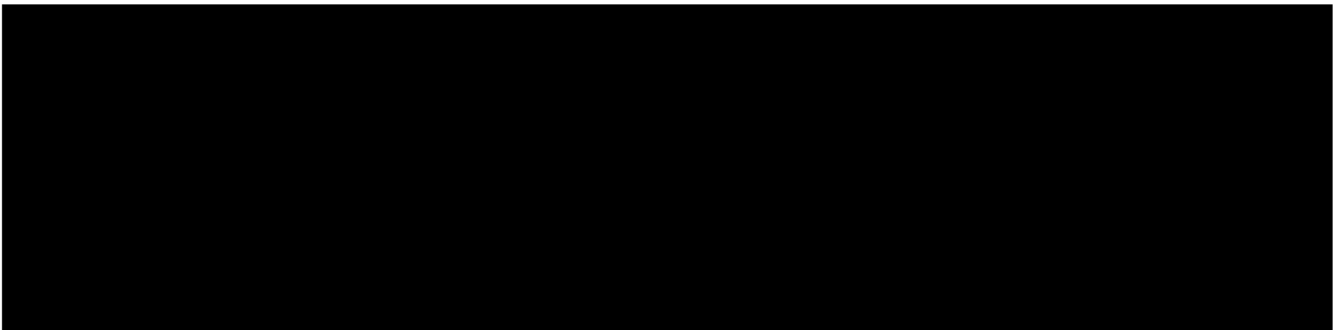


Role of Energy Supply Analytics

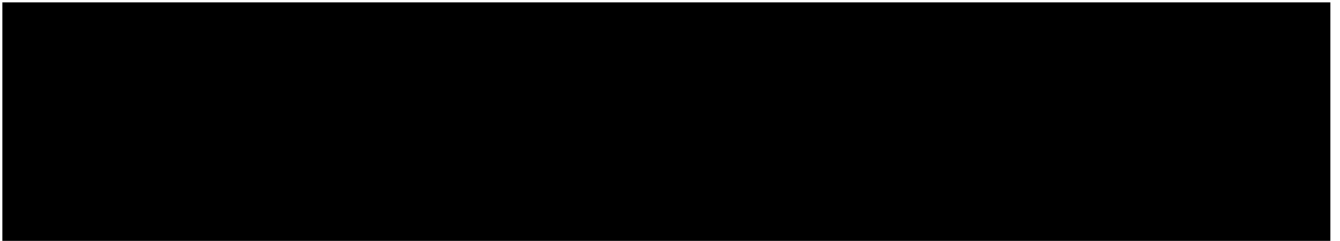




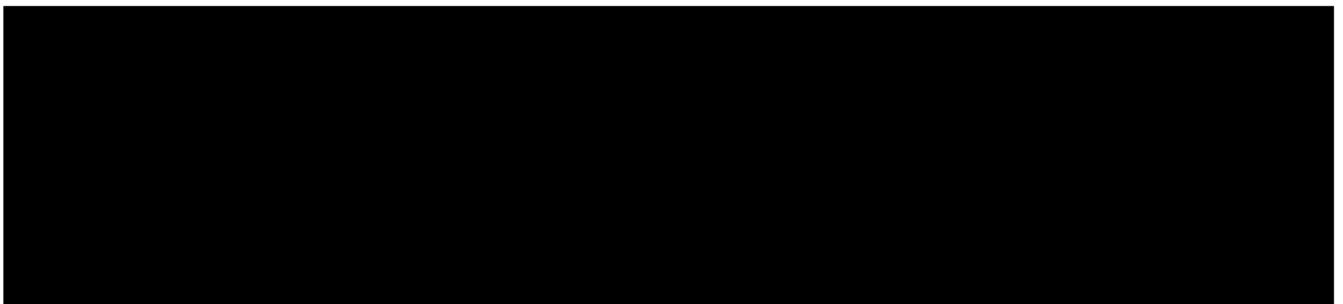
Role of Contract Management



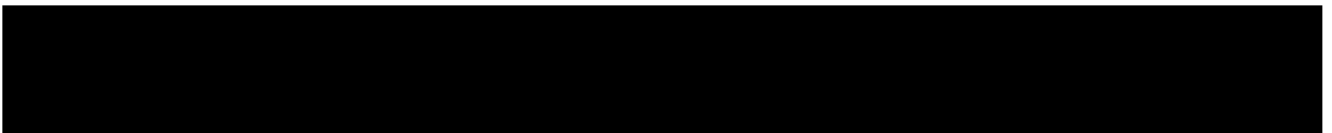
Role of Internal Audit



Role of Ethics and Compliance

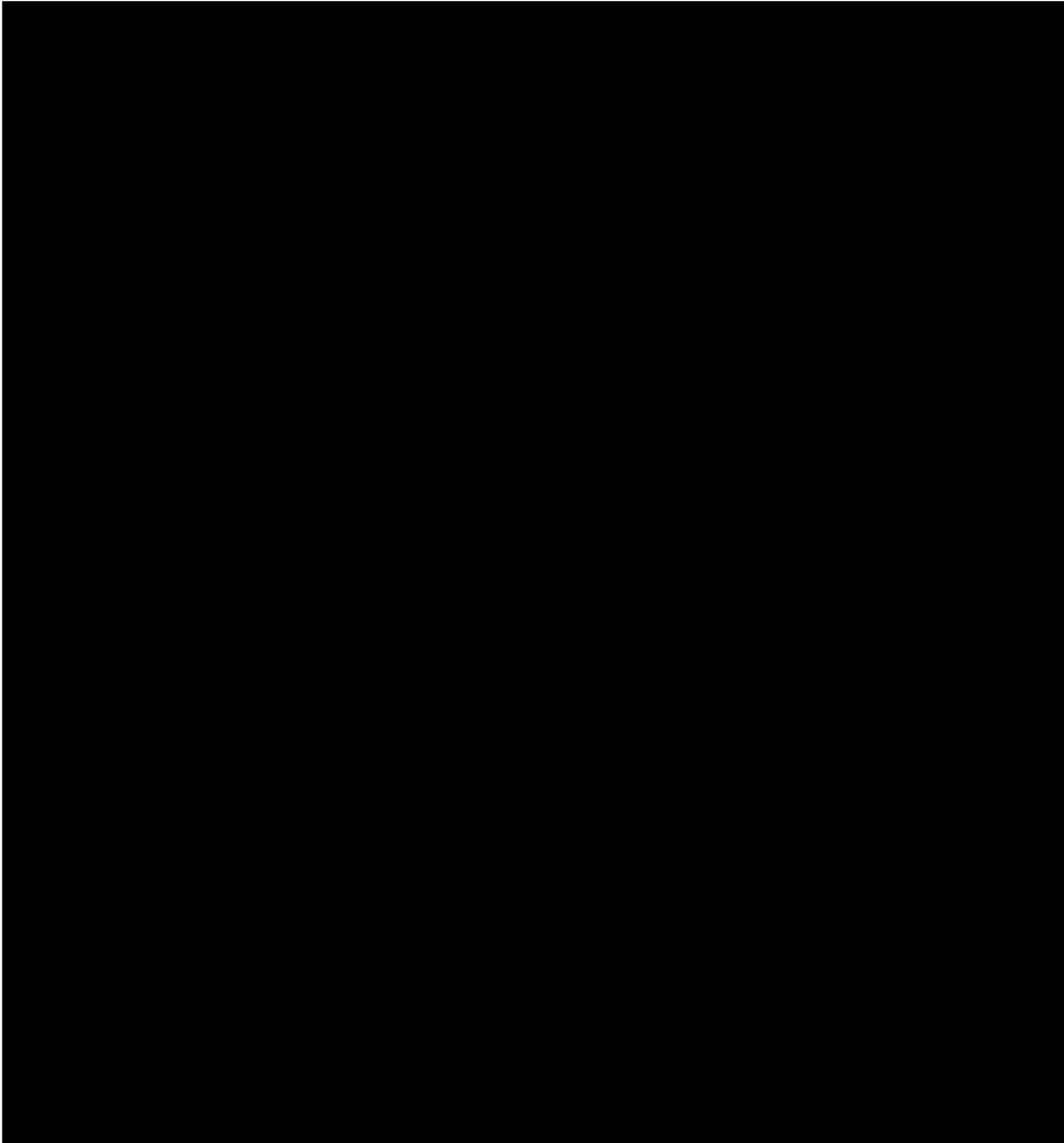


Role of Duke Energy General Counsel



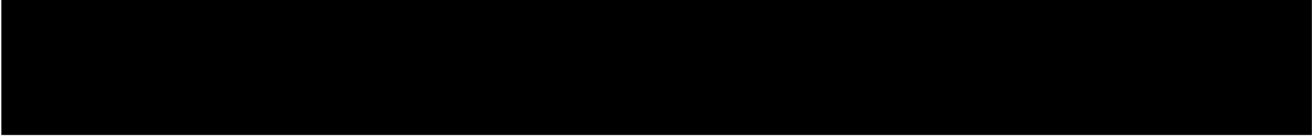


Role of Accounting



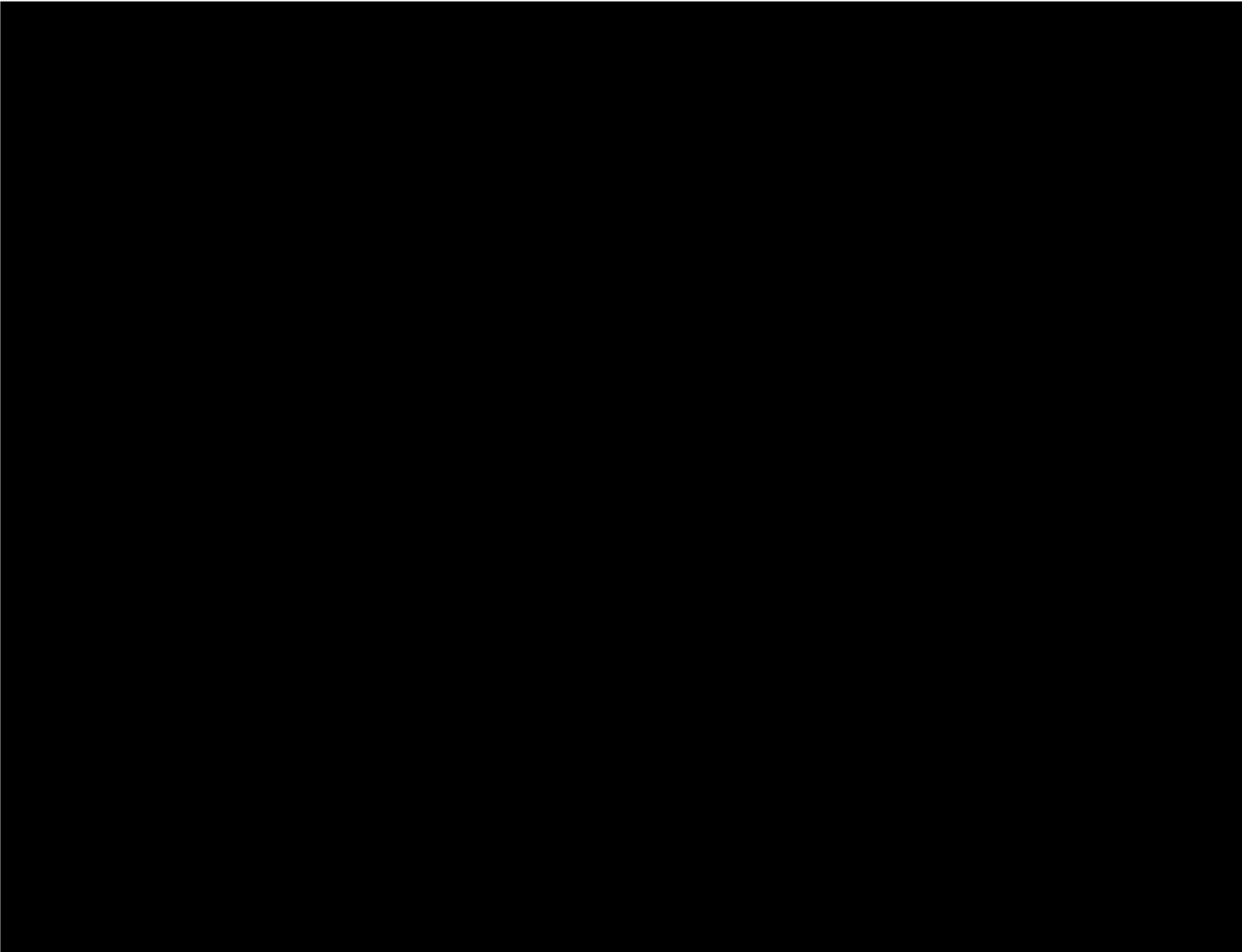


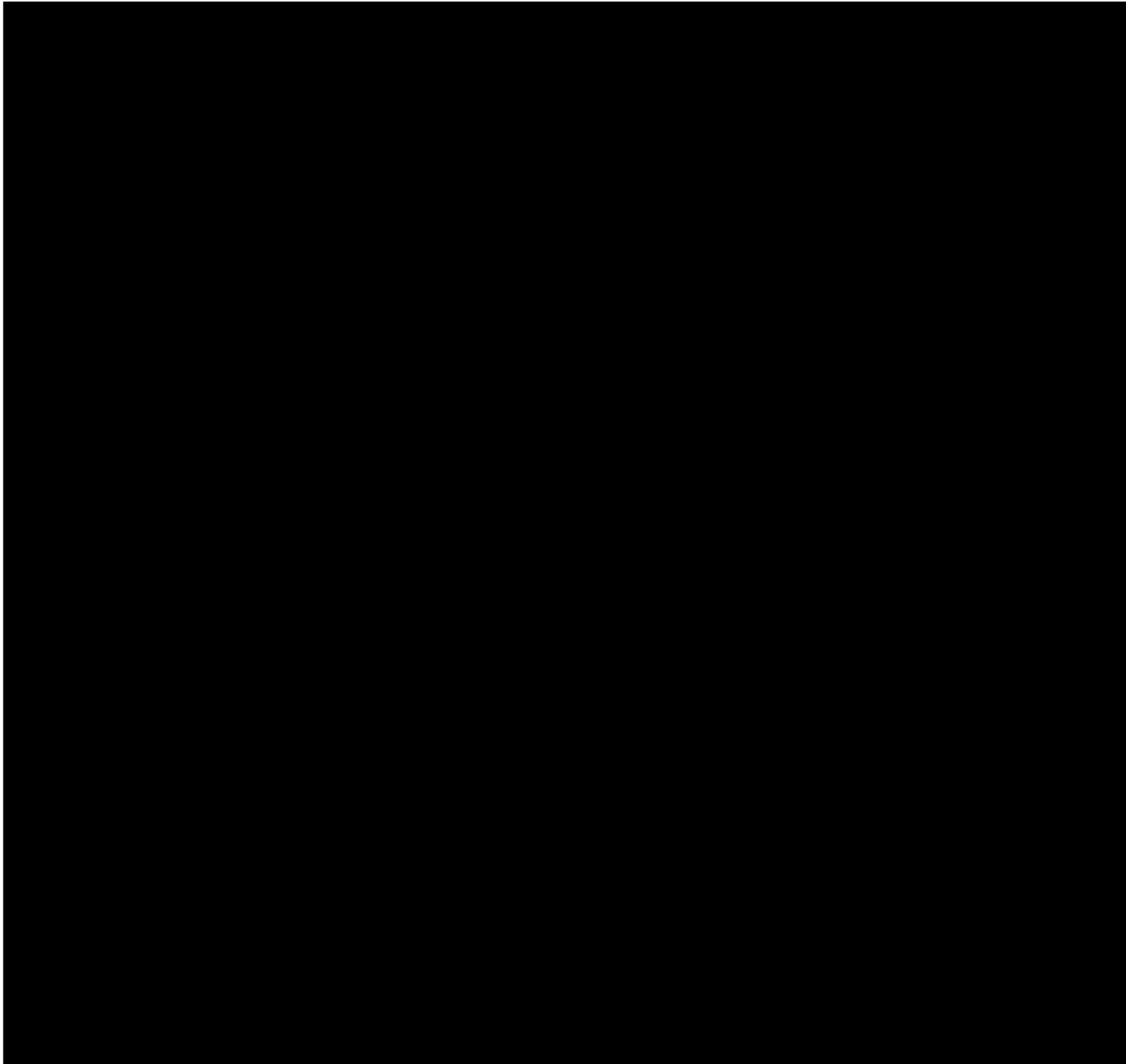
Role of Treasury



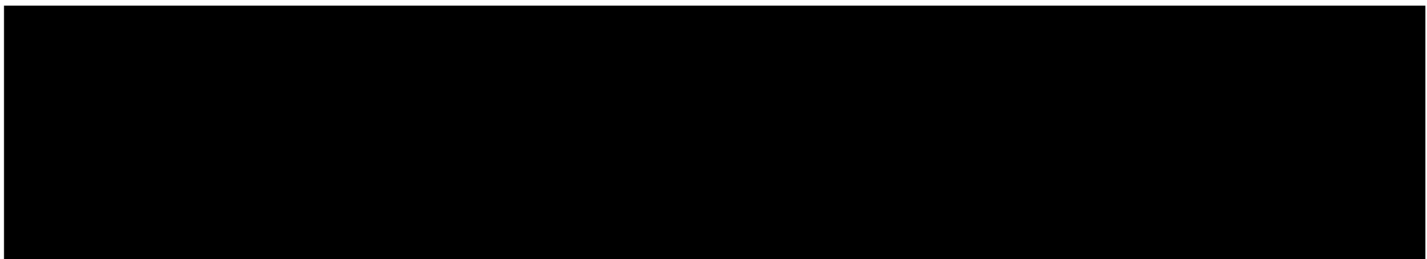
IV. Control Requirements and Activities

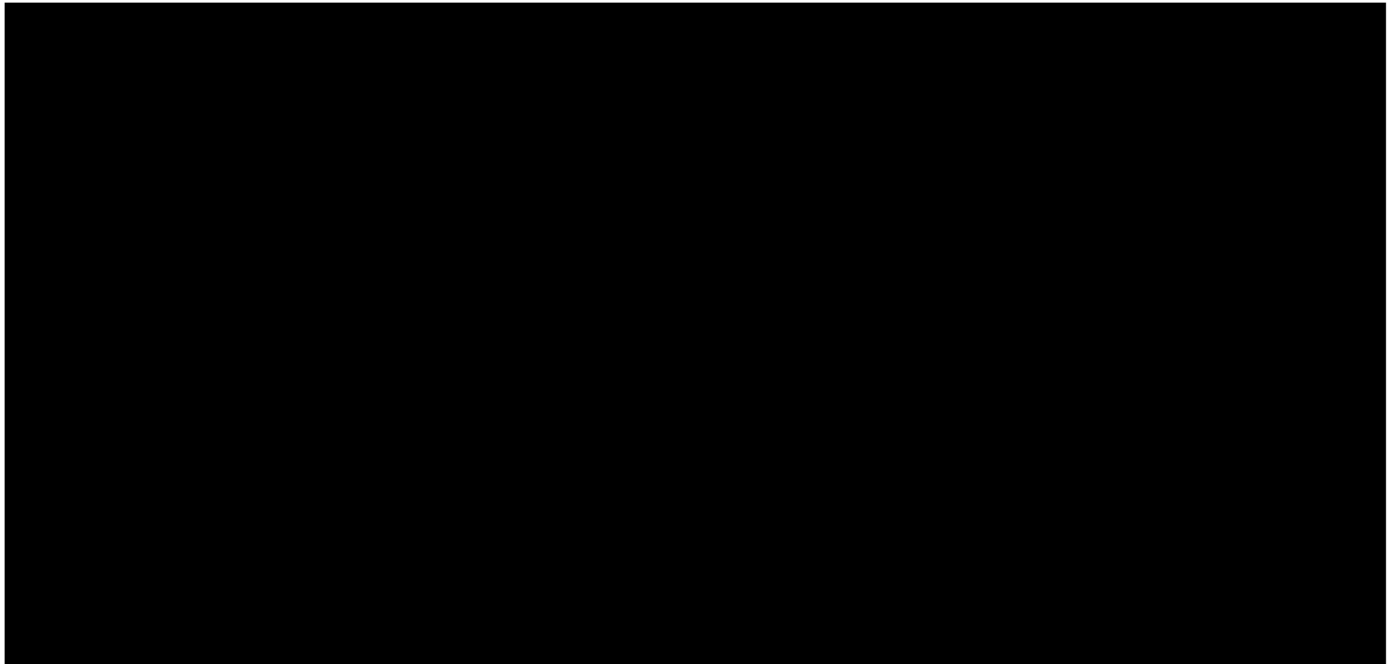
Risk Management



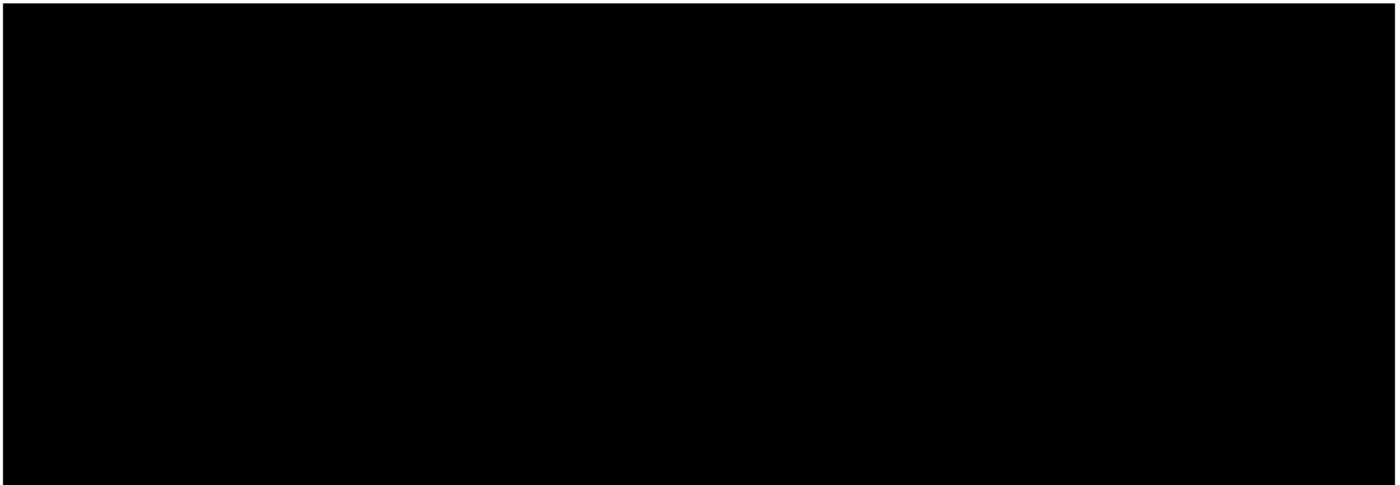


Risk Management – Credit Risk

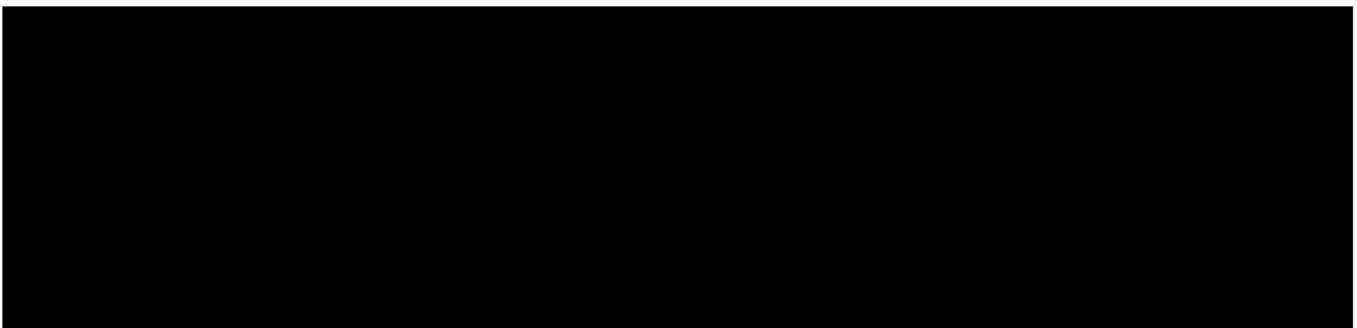


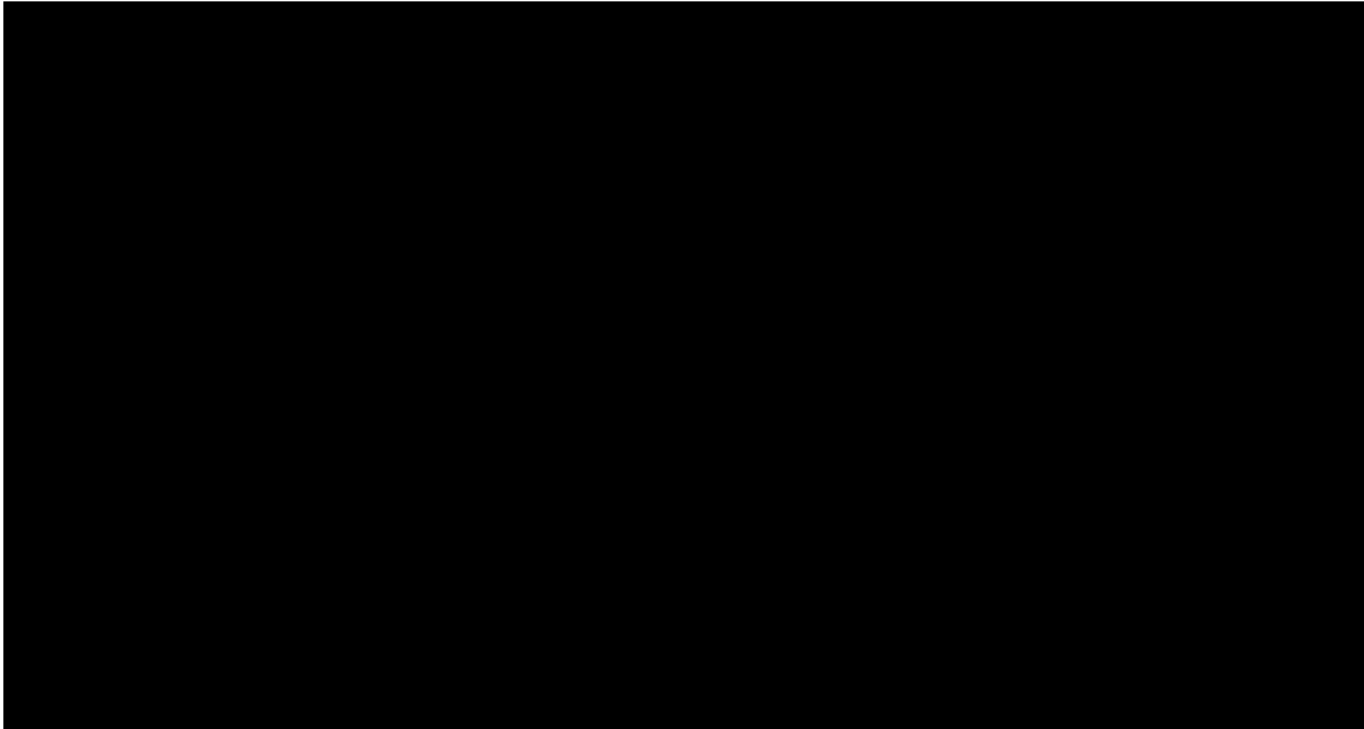


Counterparty & Contract Responsibility:

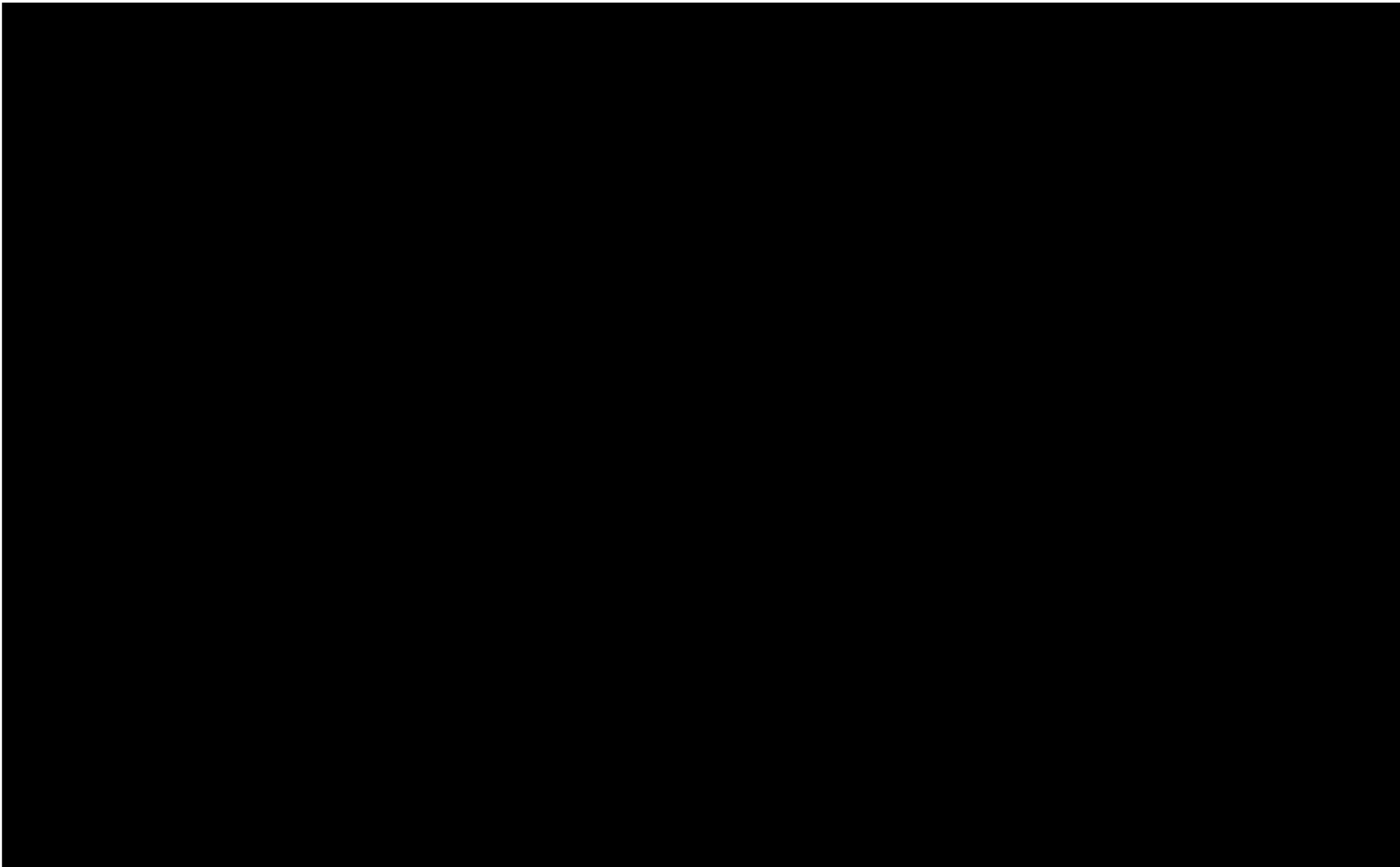


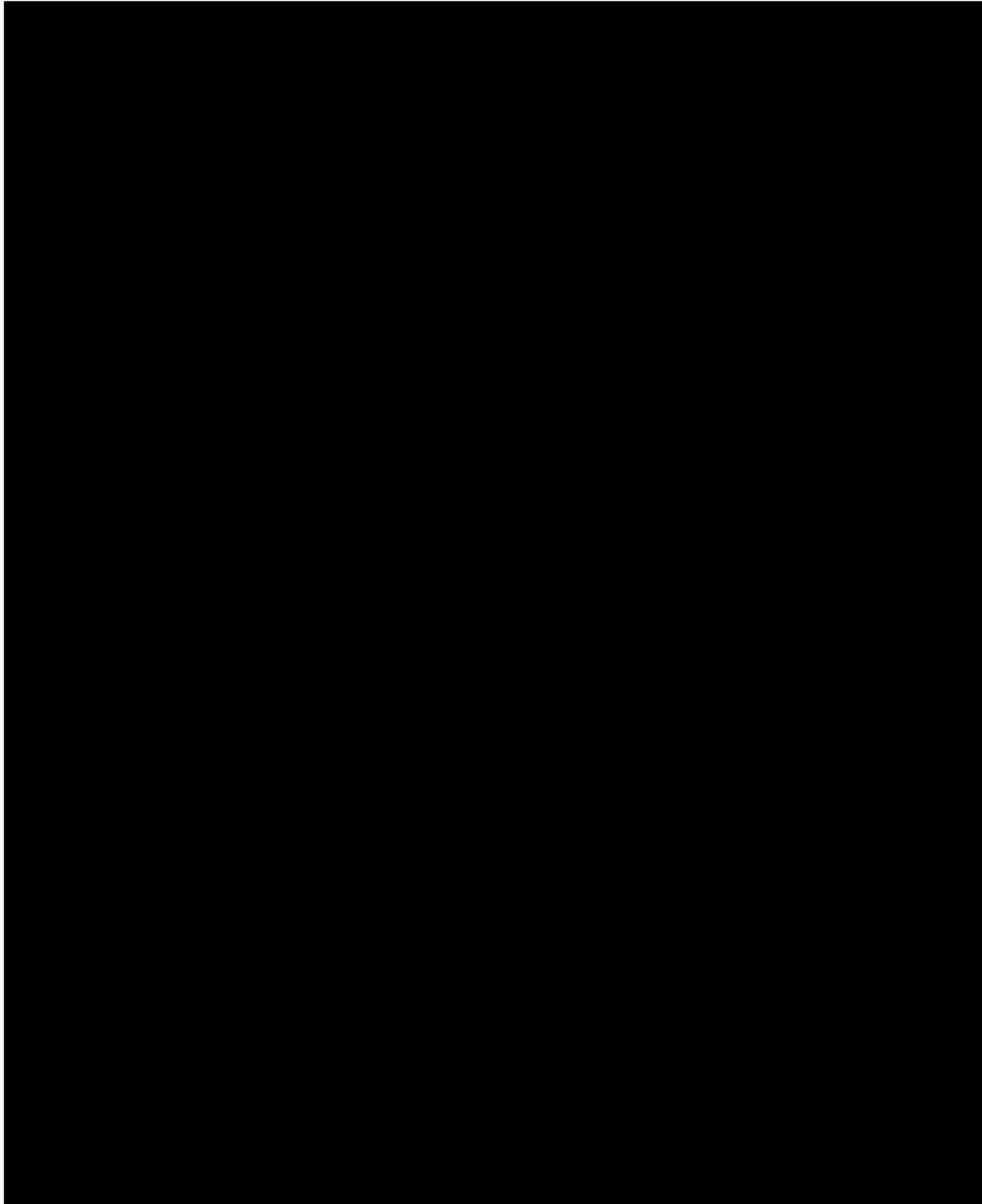
Violations of Risk Control Manual

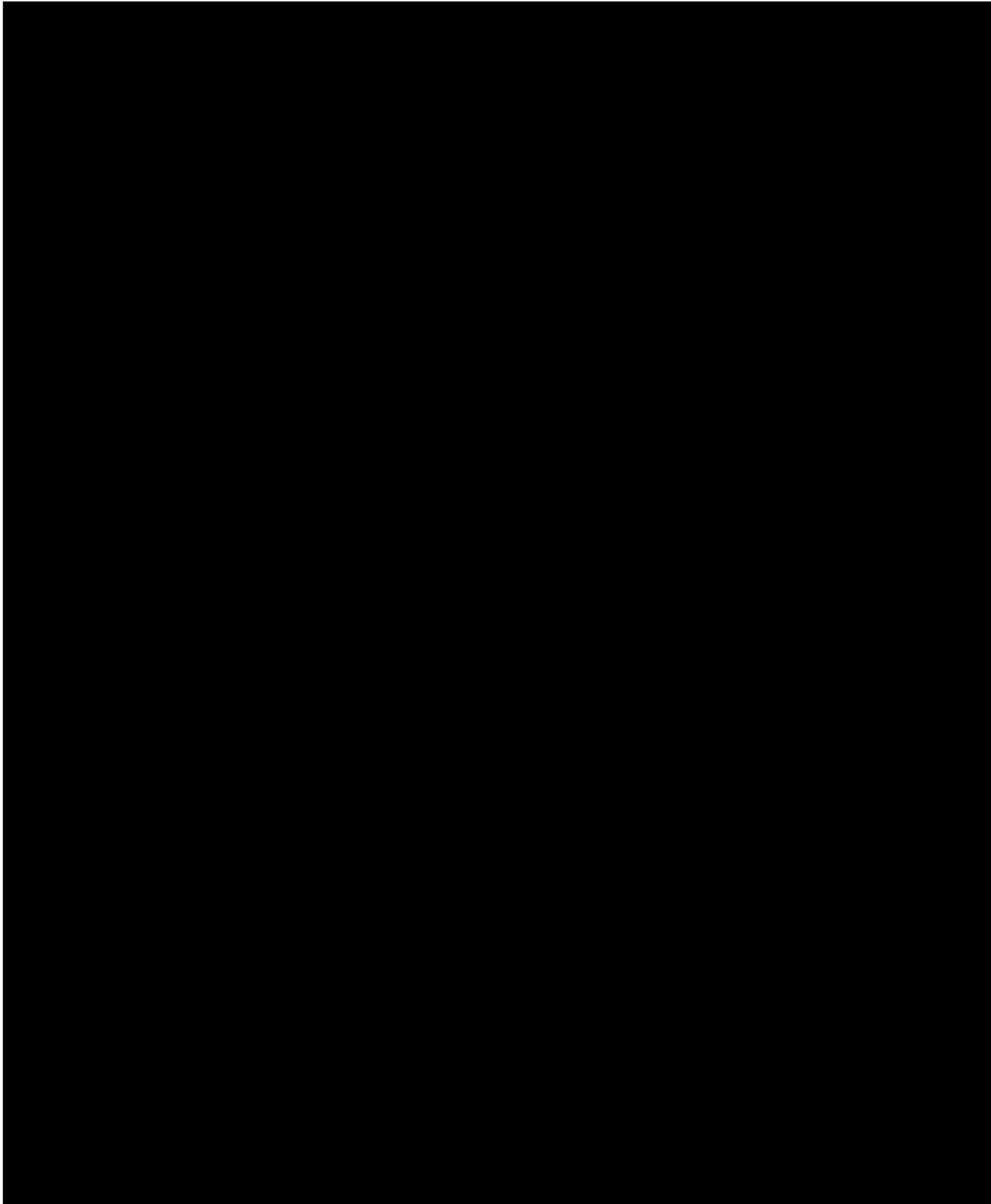


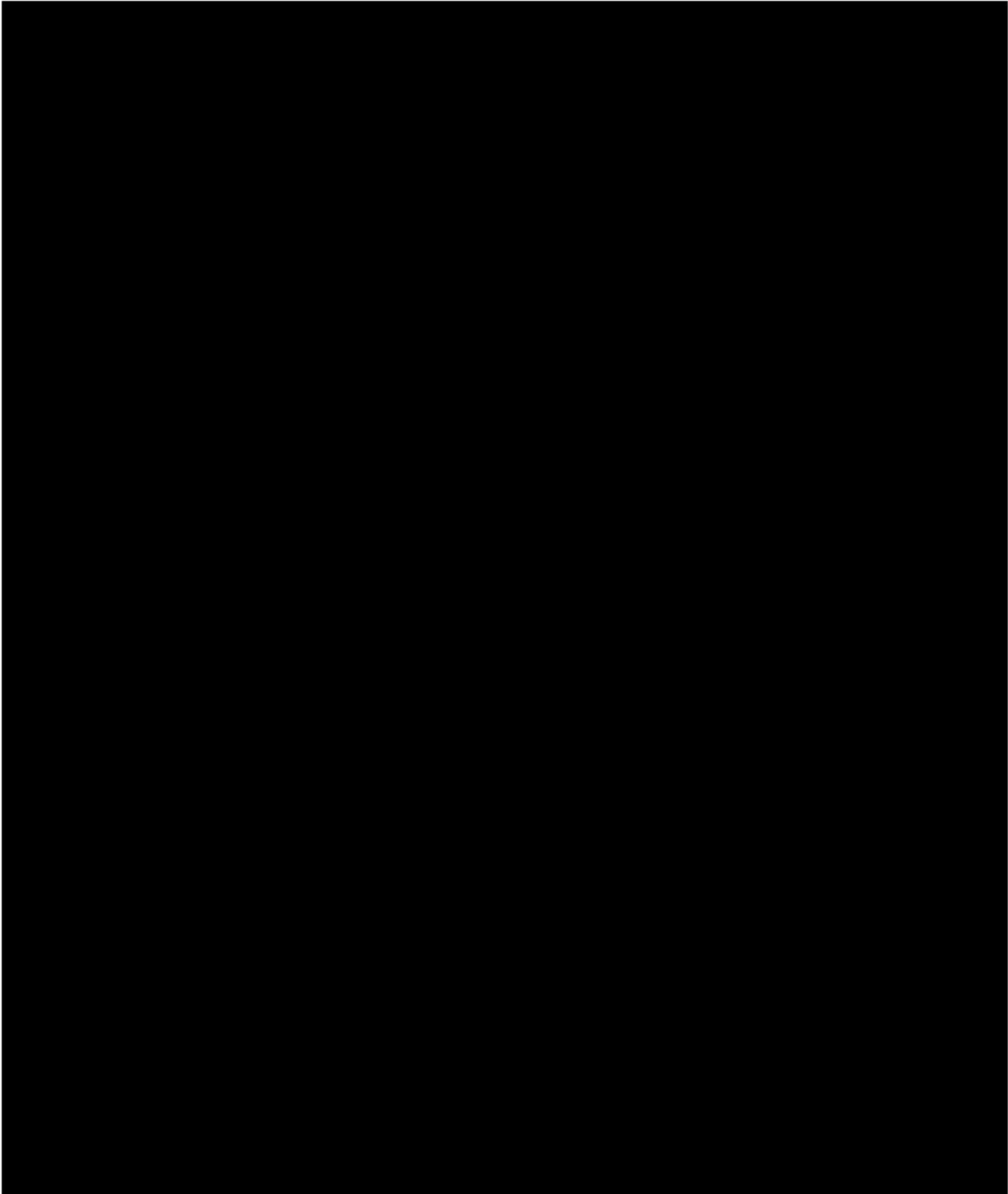


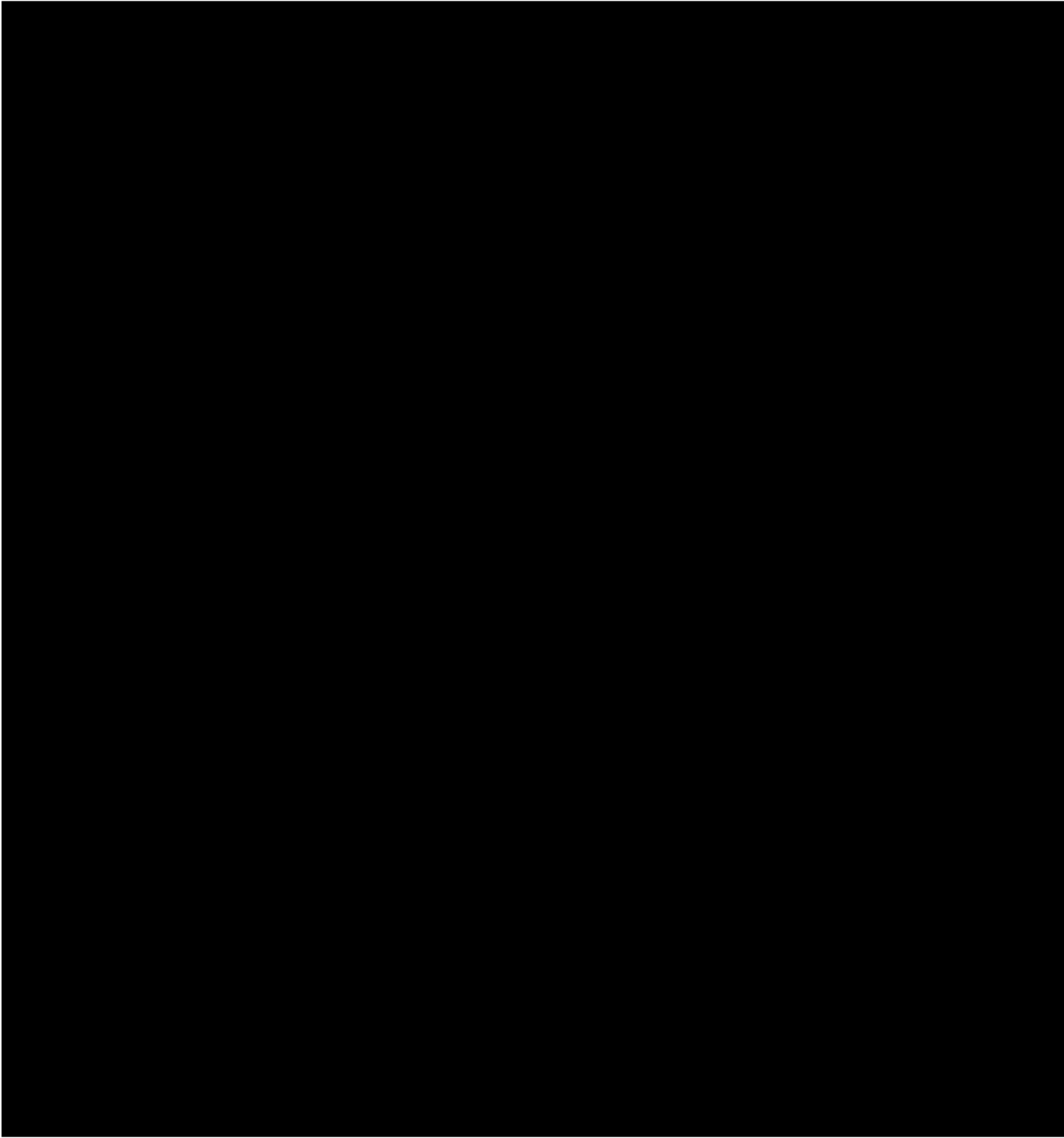
Fuels & Systems Optimization



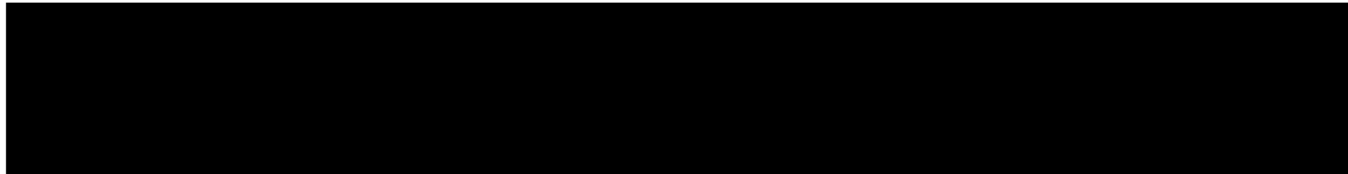


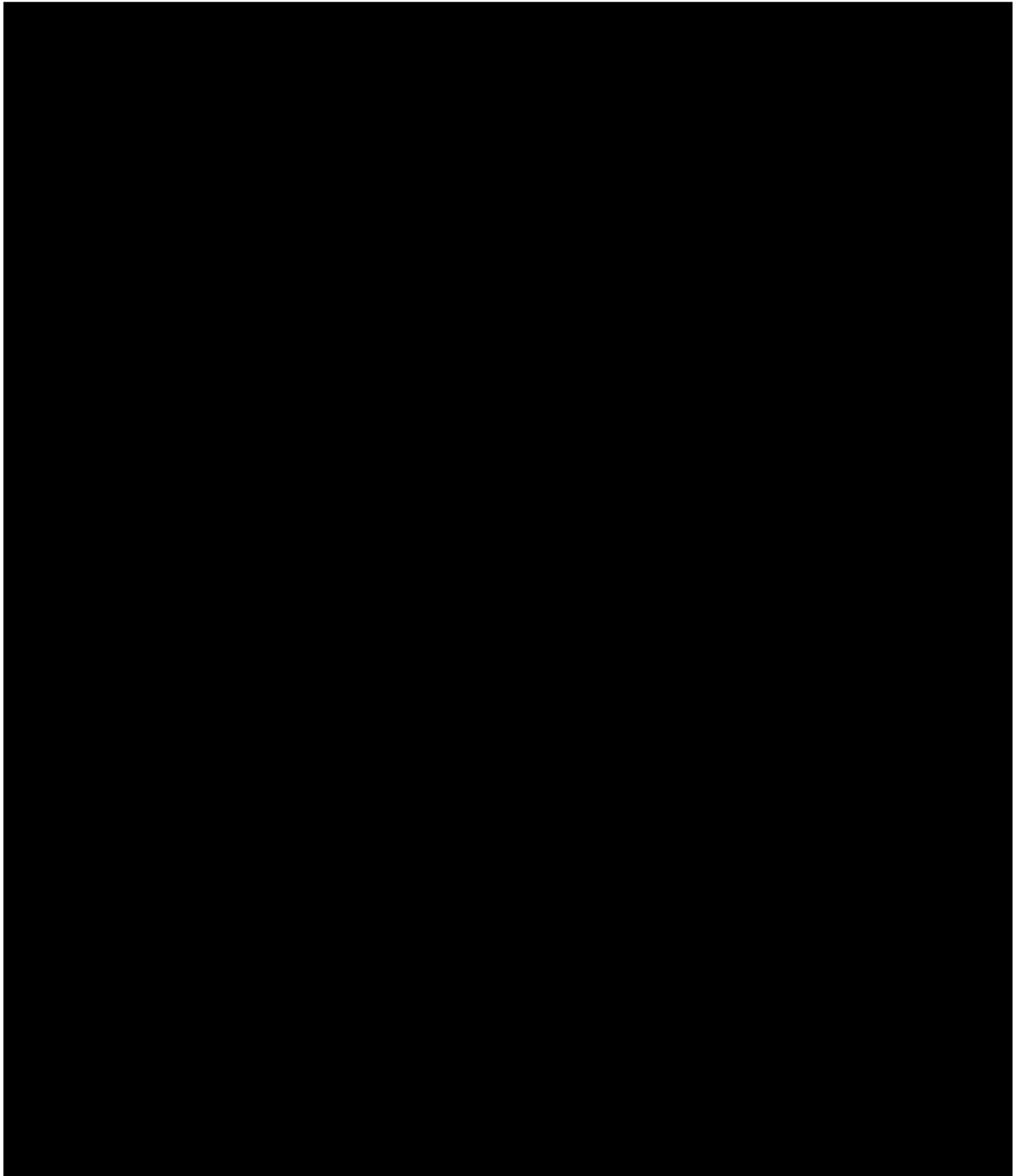






V. Dodd-Frank





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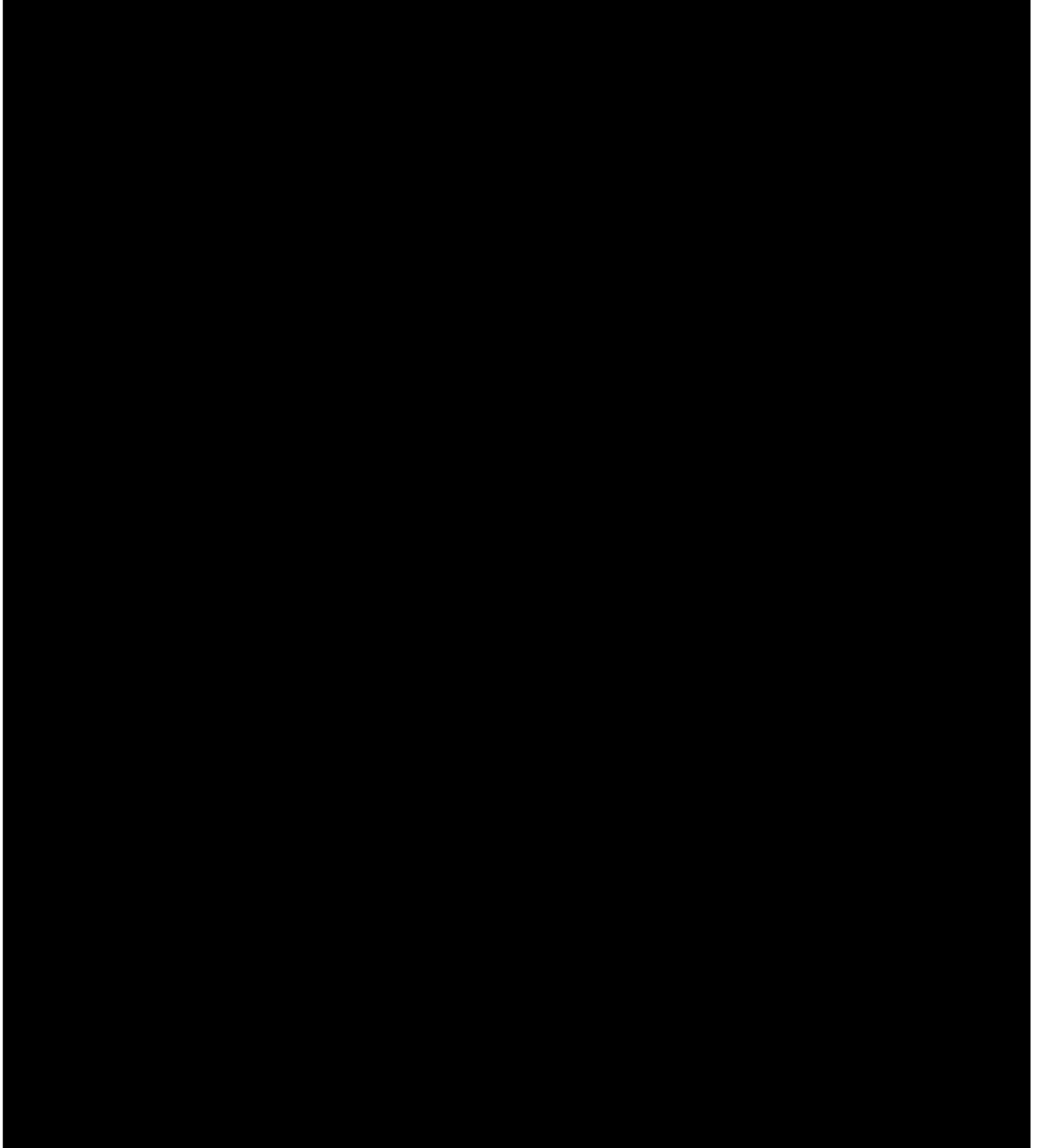
Regulated Utilities
Risk Management Control Manual

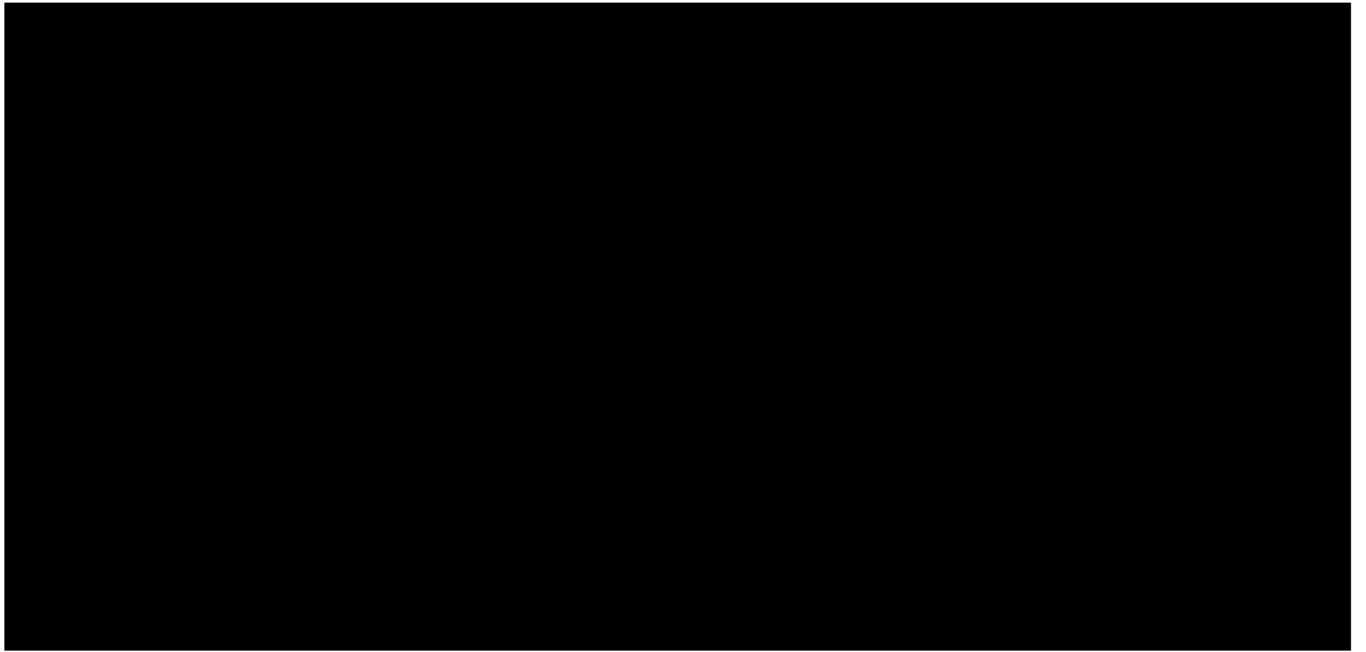




Appendix A

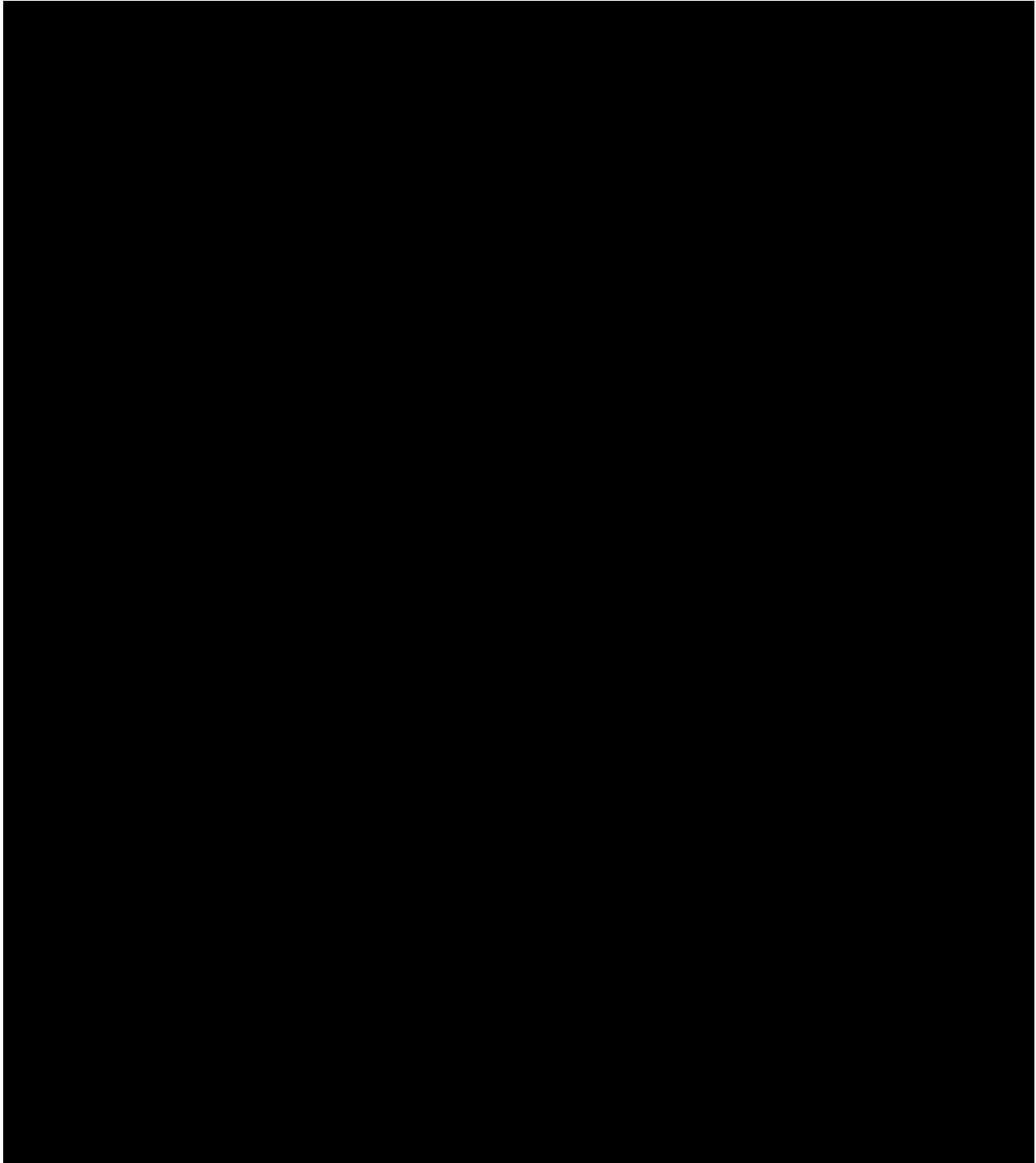
Key Risks





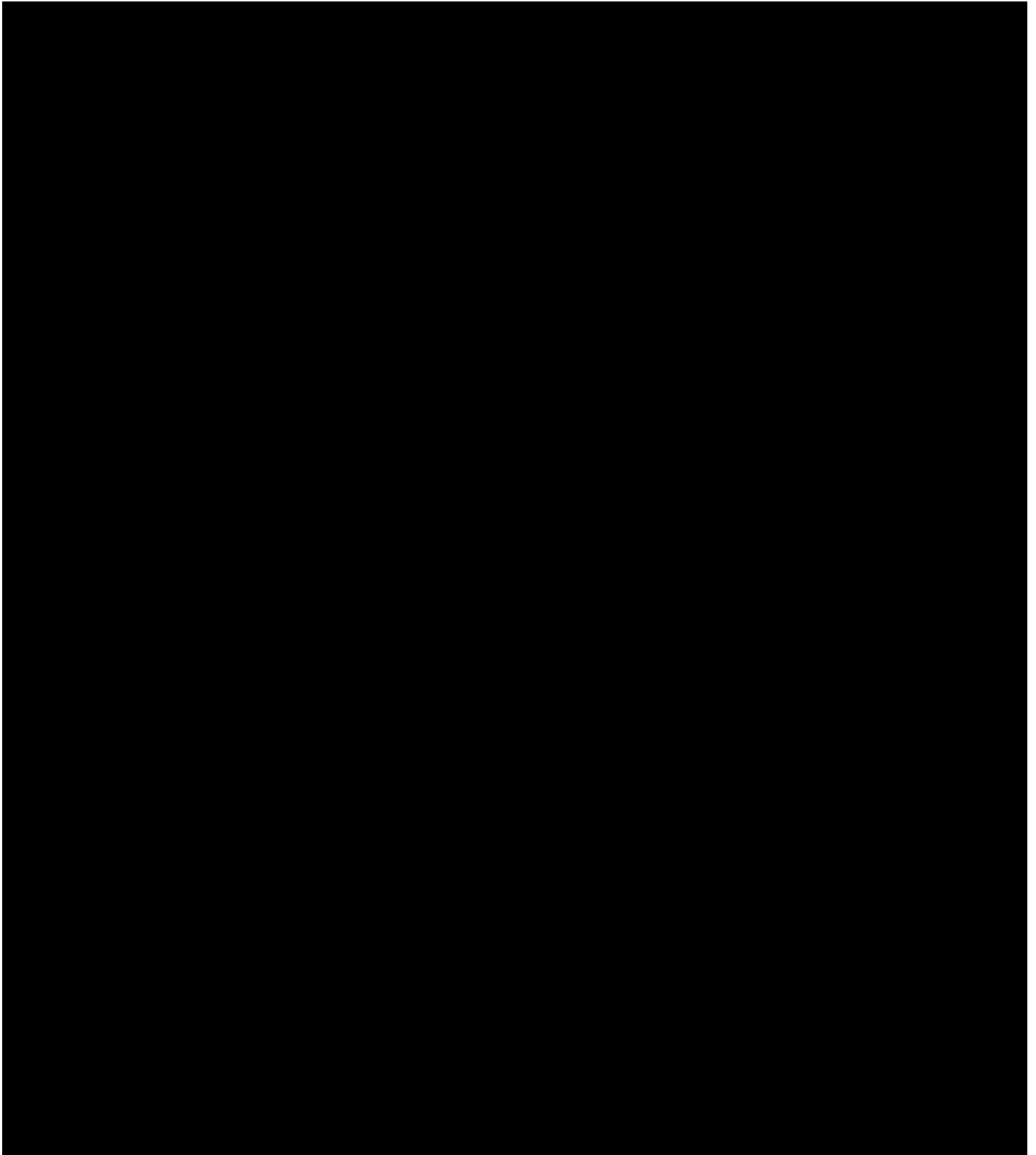
Appendix B

Unauthorized Transactions

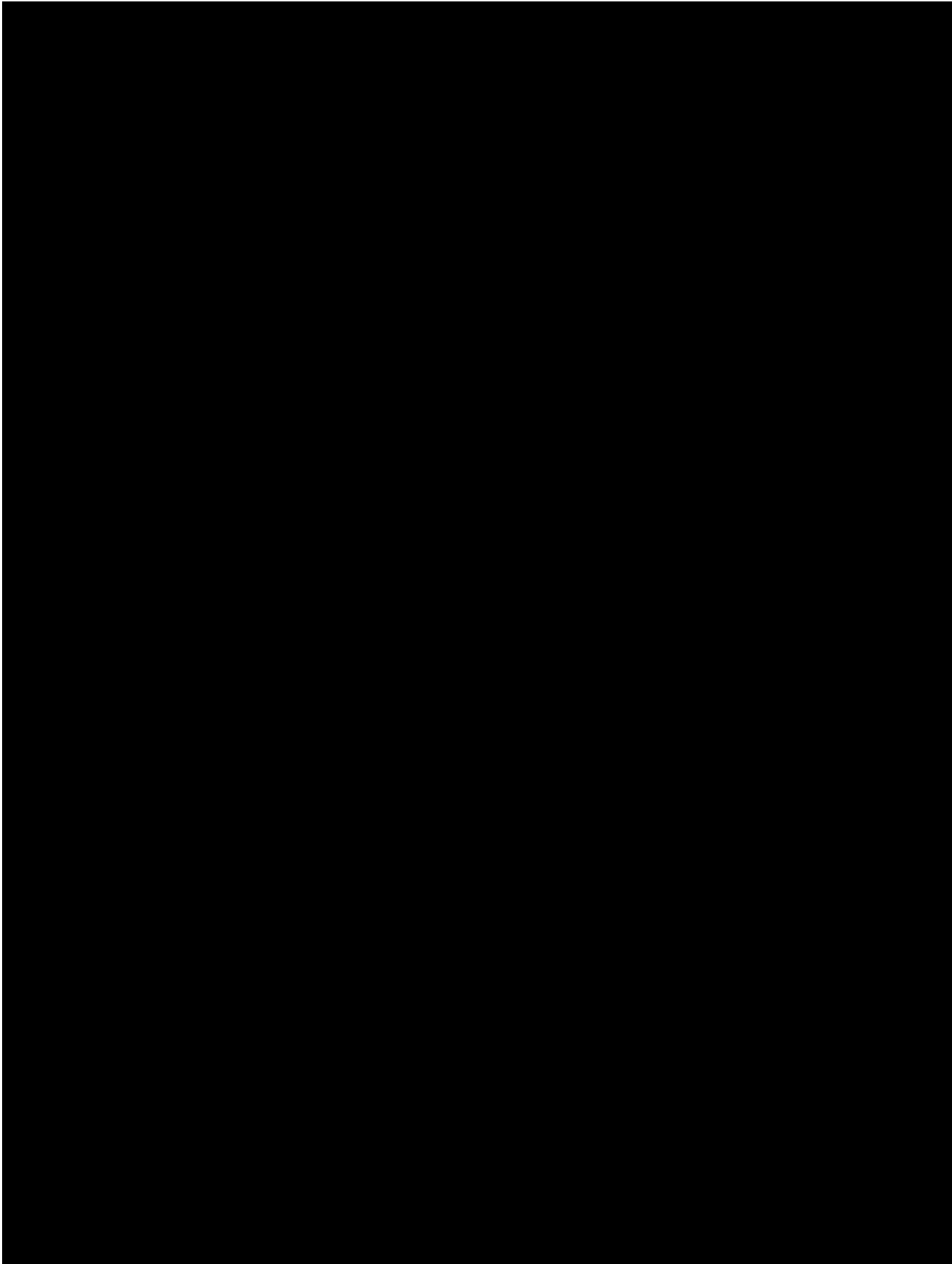


Appendix C

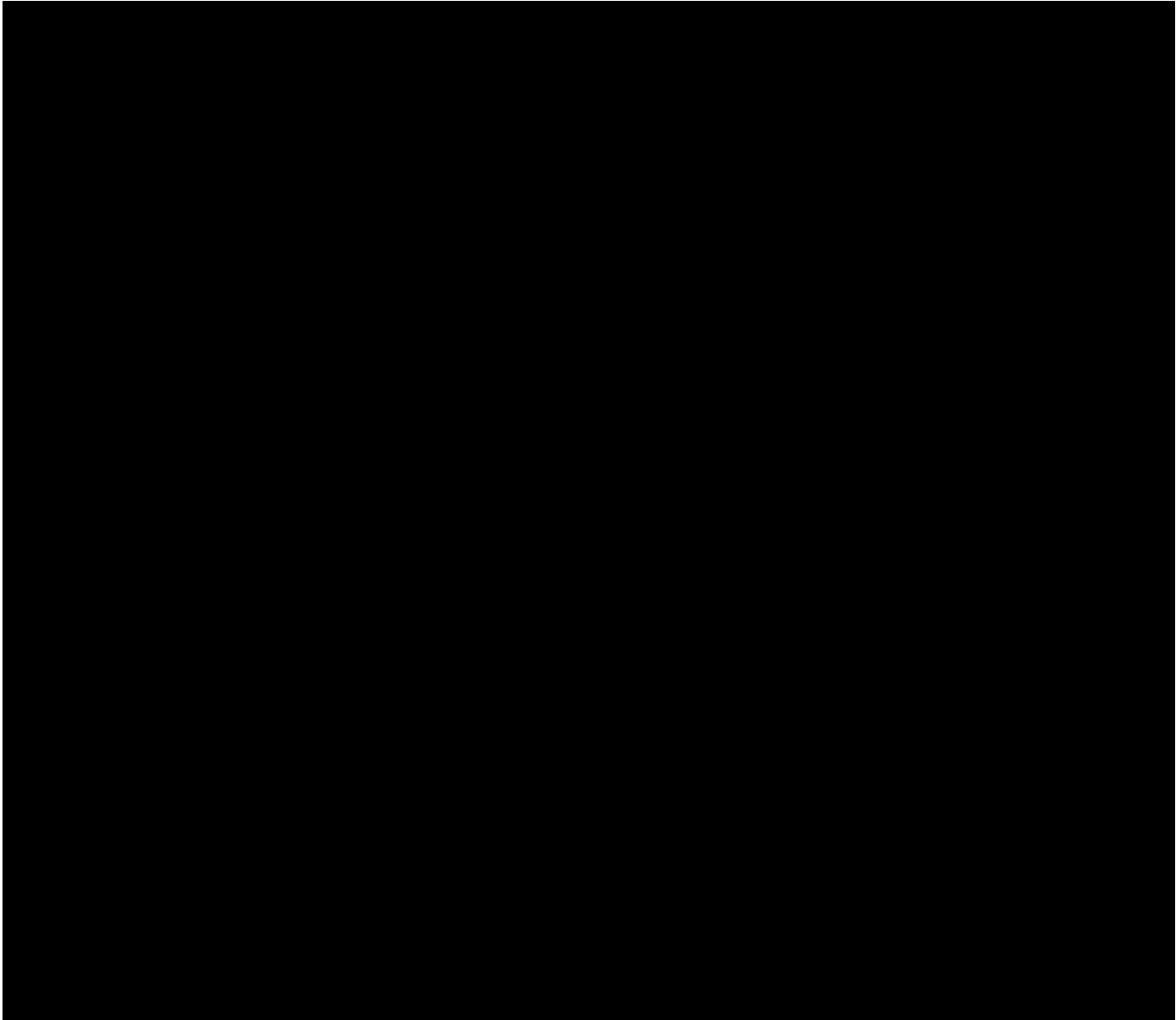
Confirmation Activities



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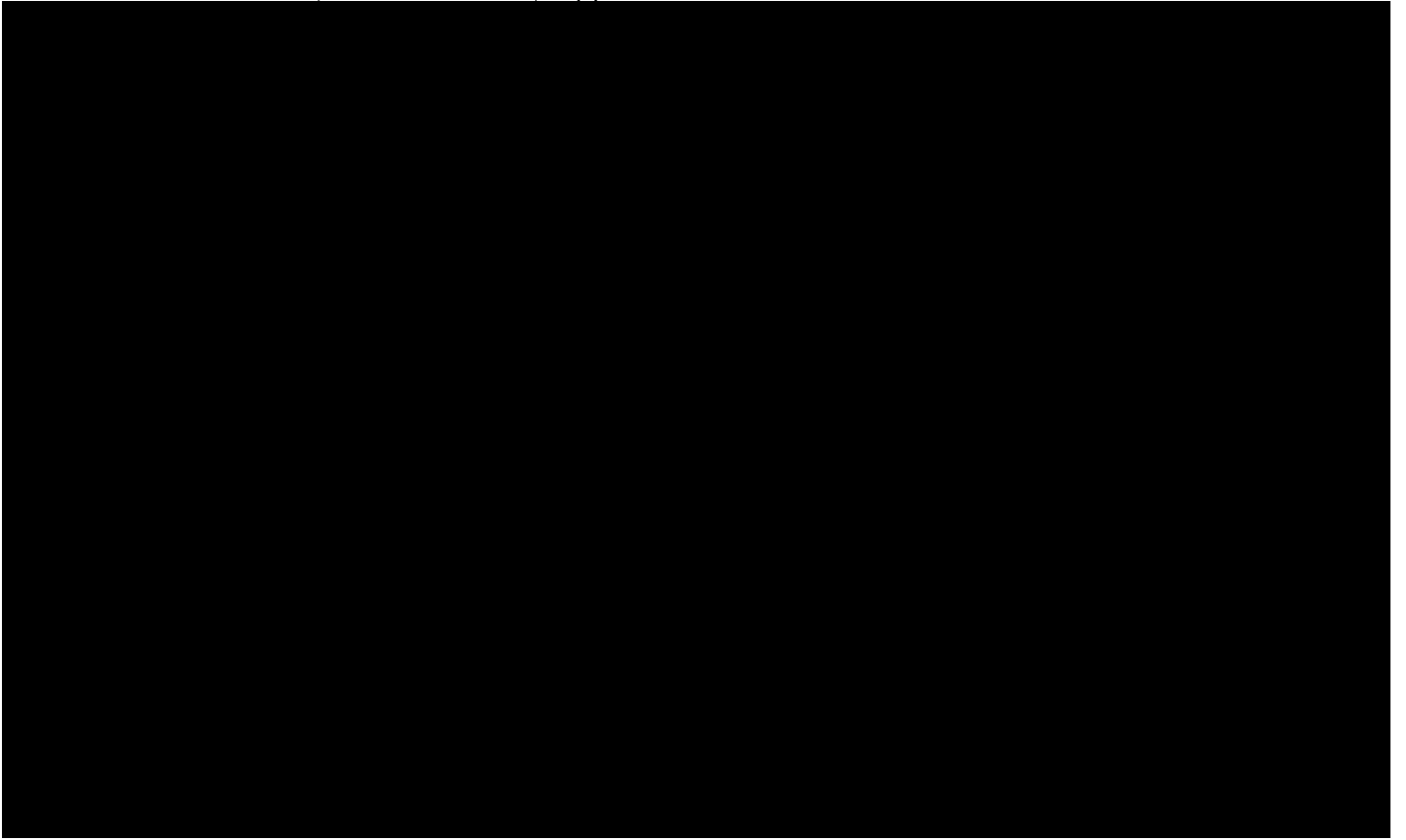


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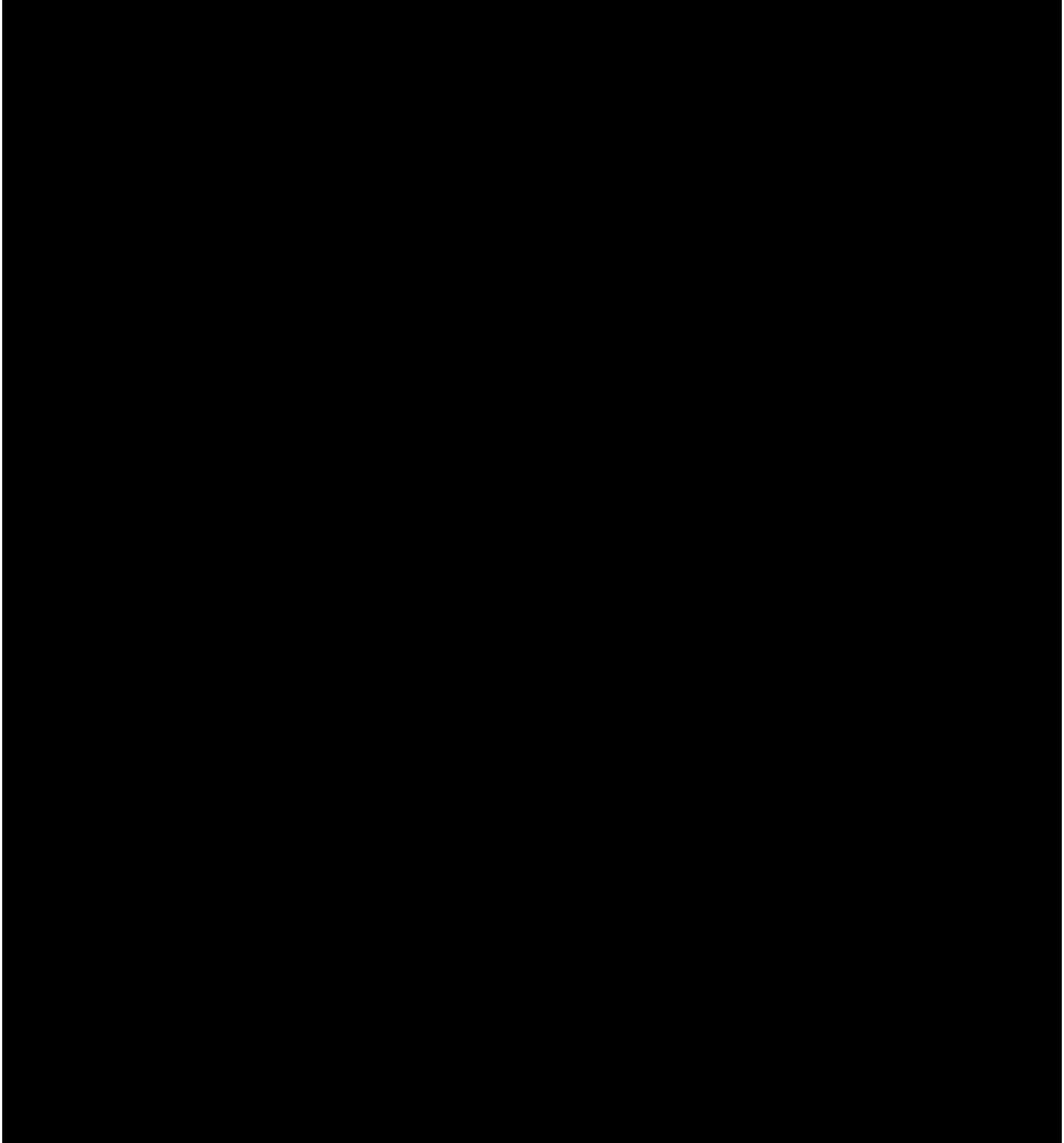
Appendix D

New Products/Business Activity Approval Process



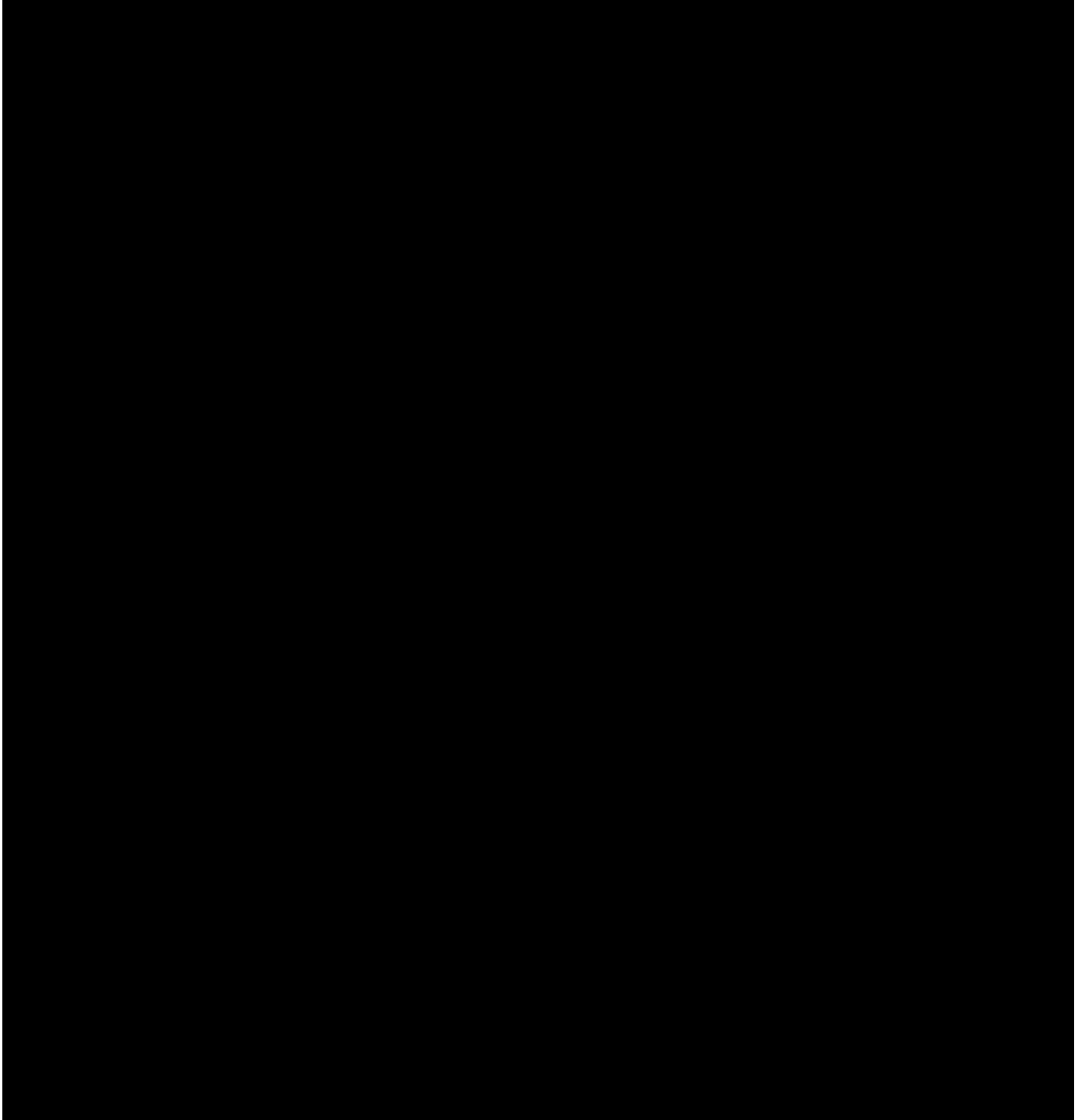
Appendix E

New Product Checklist



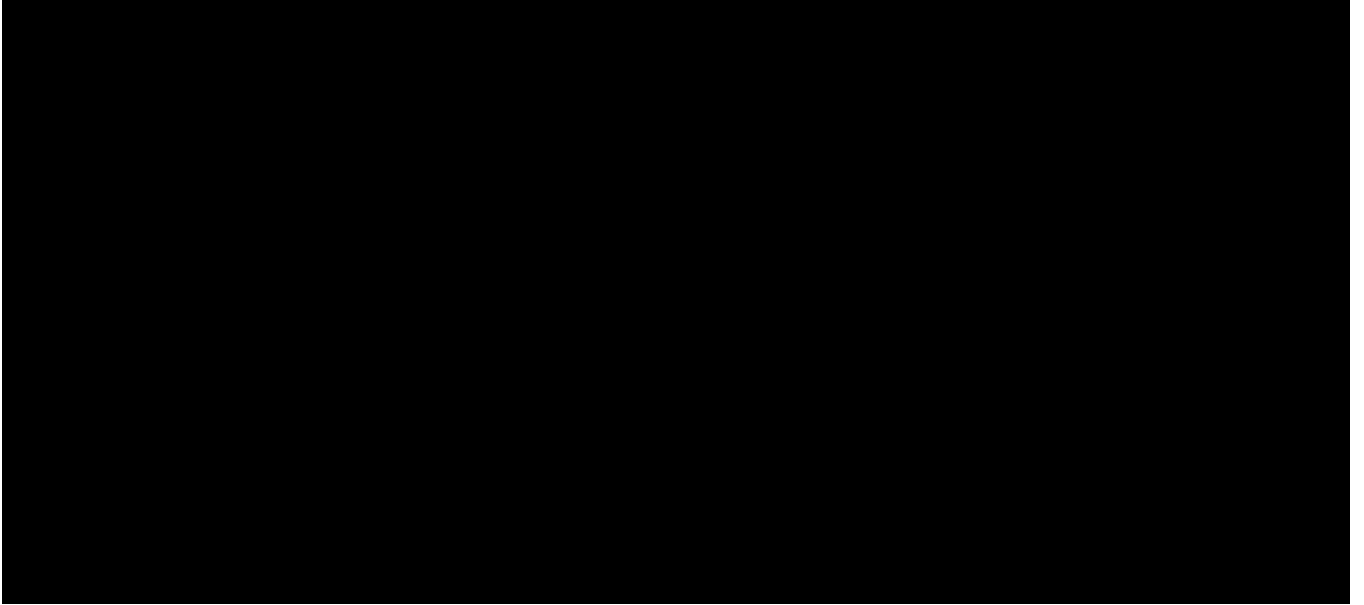
Appendix F

Potential Trade Exceptions



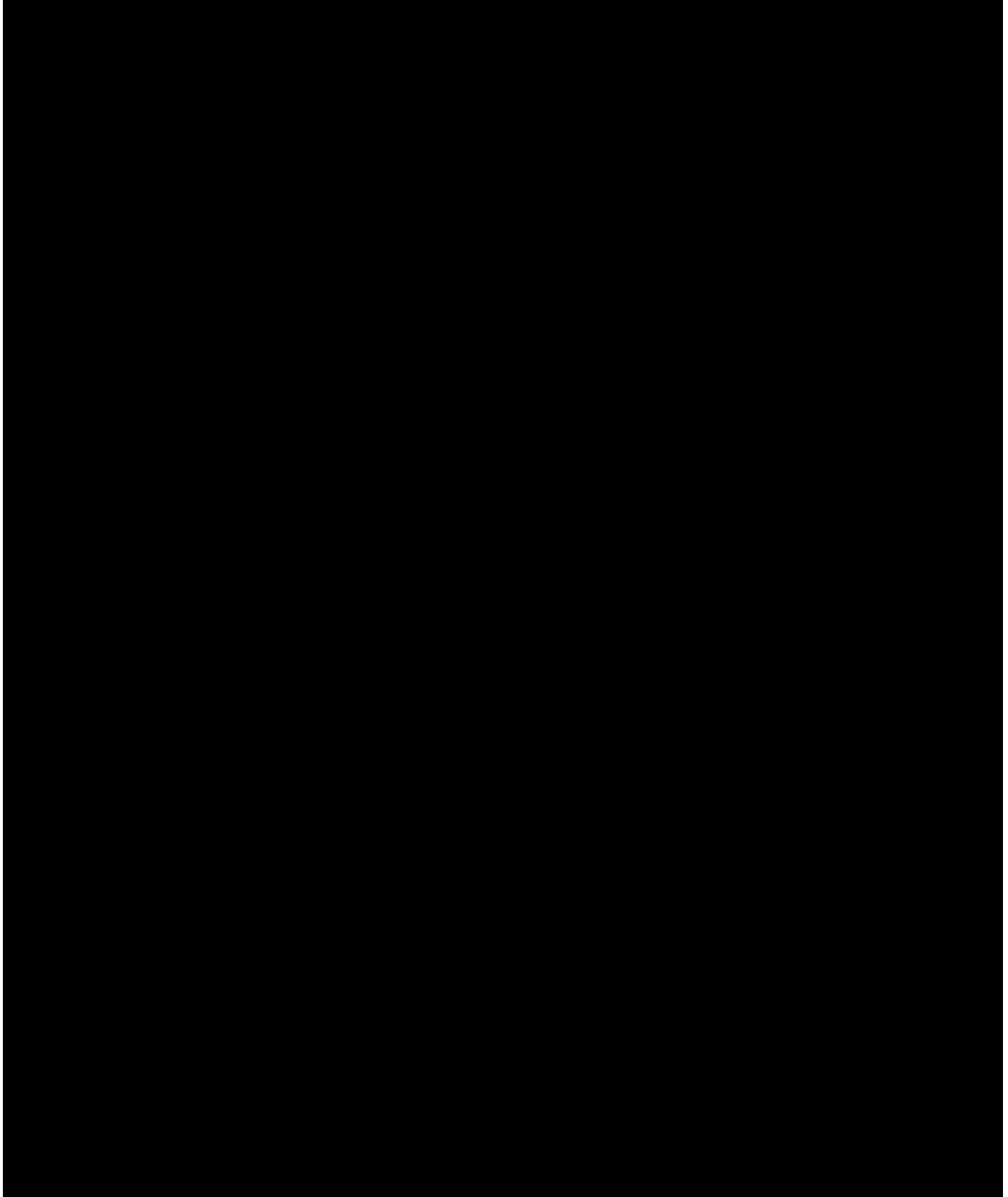
Appendix G

Potential Delivery Term Violations

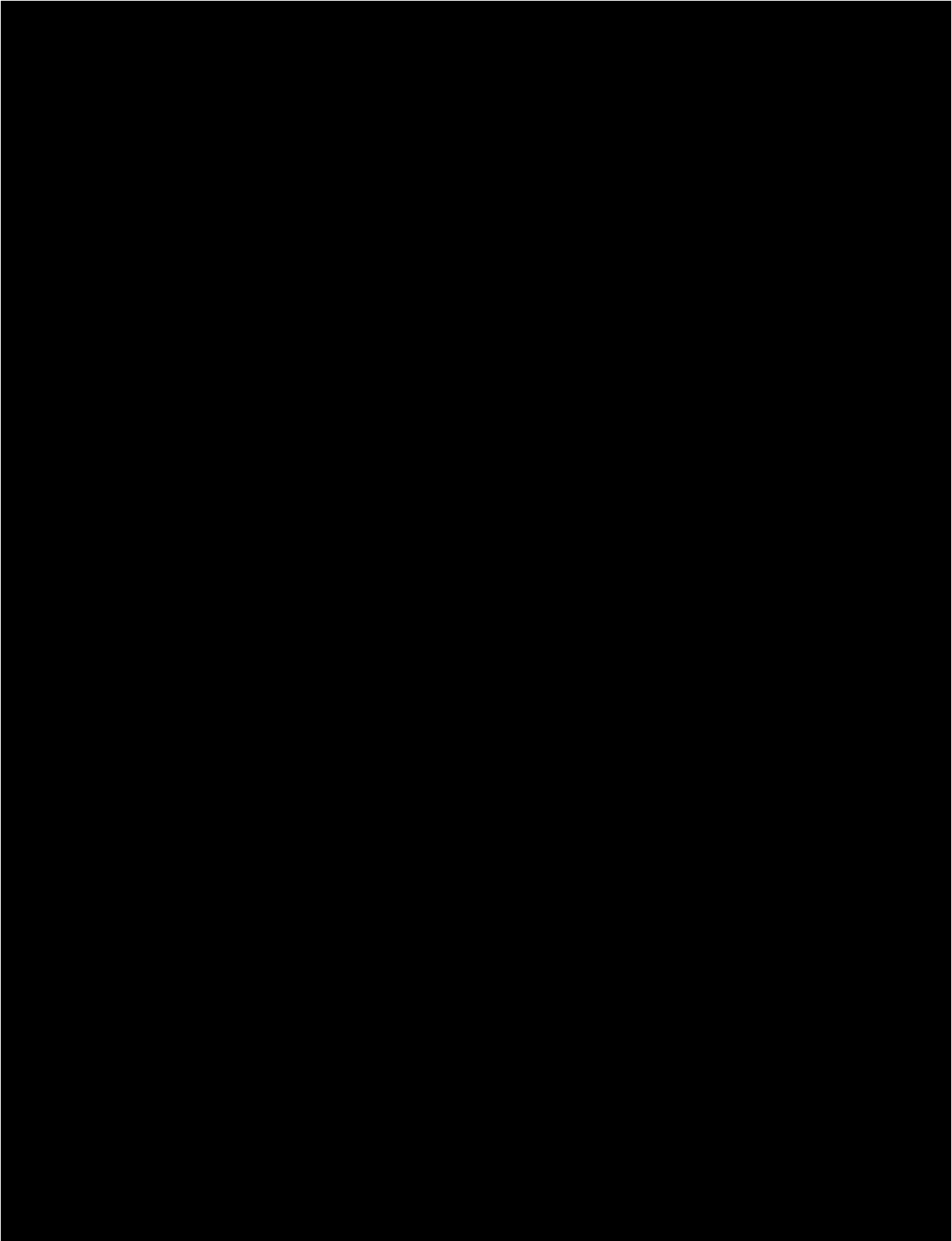


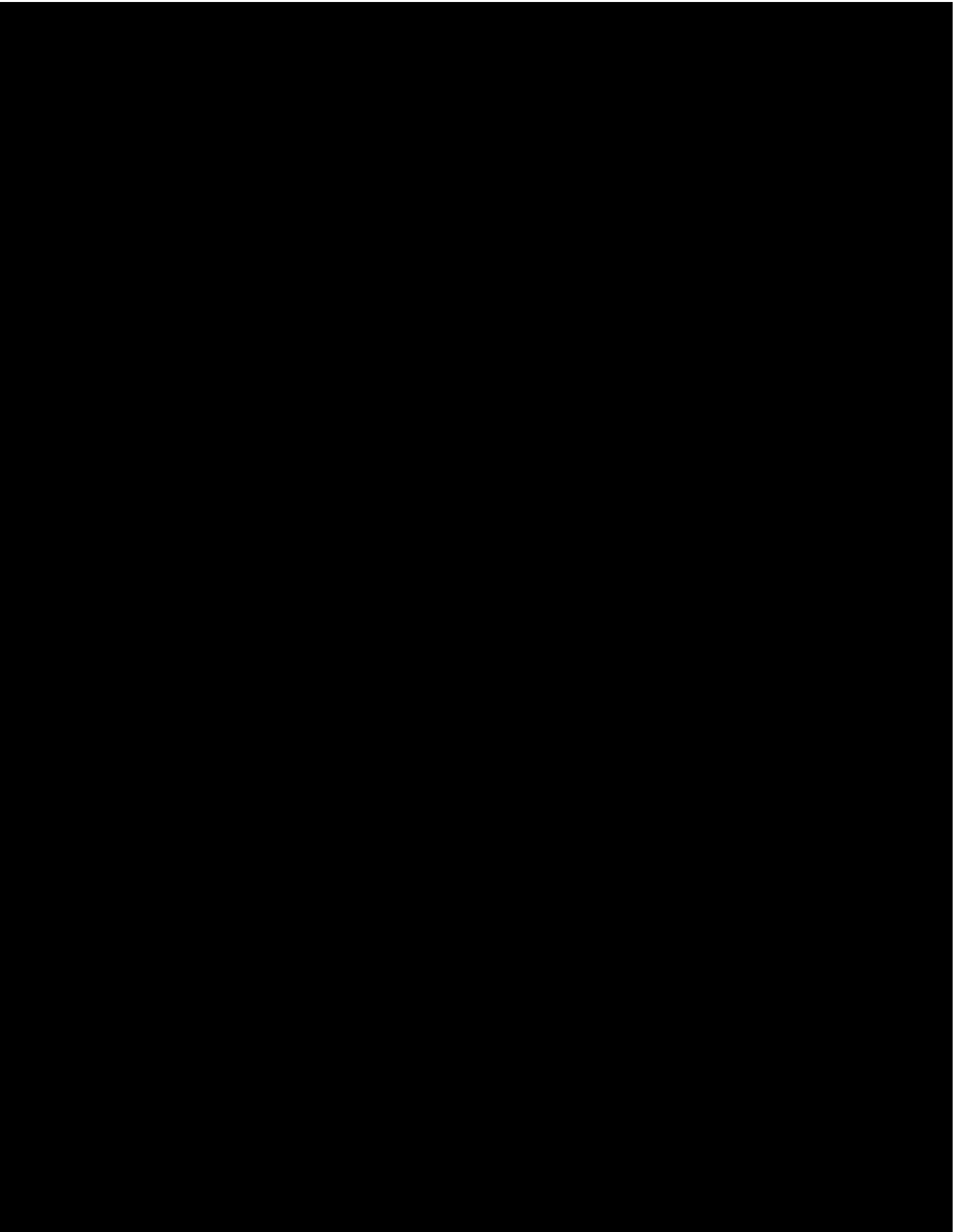
Appendix I

FERC 741 Officer Certification Process



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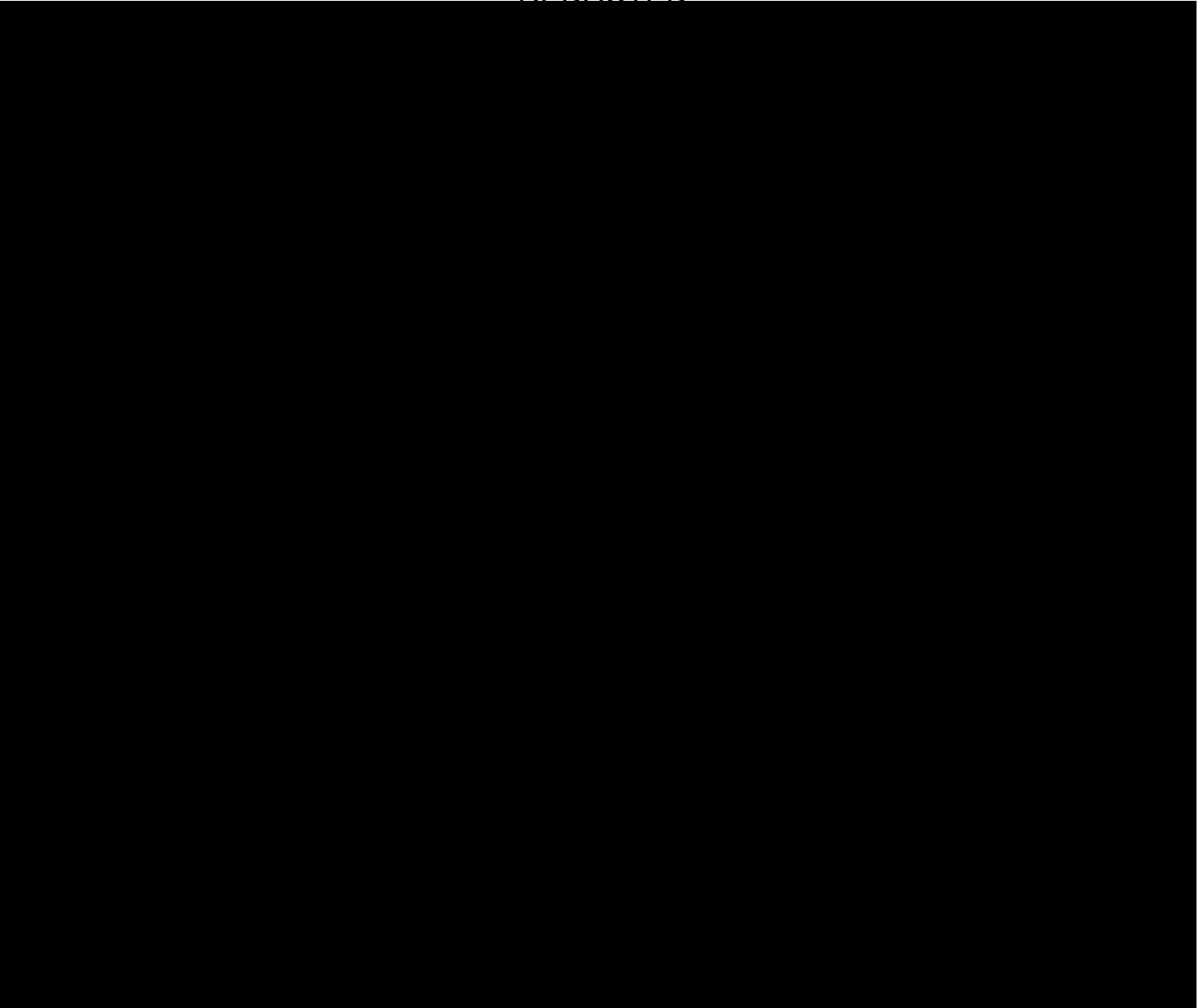


Exhibit B

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Duke Energy Florida, LLC
Risk Management Plan for
Fuel Procurement and Wholesale Power Purchases
For 2017

Duke Energy Florida, LLC (DEF) is submitting its 2017 Risk Management Plan (Plan) for review by the Florida Public Service Commission (FPSC). The Plan includes the required items as outlined in Attachment A of Order No. PSC-02-1484-FOF-EI and specifically items 1 through 9, and items 13 through 15 as set forth in Exhibit TFB-4 to the prefiled testimony of Todd F. Bohrmann in Docket No. 011605-EI and further clarified in Order No. PSC-08-0667-PAA-EI of Docket No. 080001-EI.

Several groups play key roles in the management, monitoring, and execution of the activities outlined in DEF's Plan. These groups include Fuels and System Optimization (FSO), Global Risk Management (GRM), which includes Enterprise and Regulated Risk Management, Regulated Accounting, Internal Audit, Legal, and Information Technology. The activities supported by these groups include procuring competitively priced fuel, performing active asset optimization and portfolio management, executing DEF's approved hedging strategy, monitoring and reporting against established oversight limits for credit and margin limits, performing credit evaluations and monitoring credit and default exposure, performing deal validation, volume actualization, preparing and reviewing transactions and contracts, preparing journal entries to account for fuel and power related activities, performing billing and payments under the various fuel and purchased power contracts, performing audits, and maintaining and supporting needed systems to capture, track, and account for these activities.

Based on the Summer 2016 Fuels and Operations Forecast (FOF), DEF's estimated fuel consumption and economy power transactions projections for 2017 are as follows:

Coal

Based on current projections, DEF forecasts to burn approximately [REDACTED] tons of coal in 2017. DEF's forecasted coal requirements for 2017 will primarily be purchased under term coal supply agreements. Currently the coal supply will be delivered to DEF's plants via barge and rail transportation agreements as needed. Spot purchases will be made as needed to supplement the term purchases.

Light Oil

Based on current projections, DEF forecasts to burn approximately [REDACTED] [REDACTED] barrels of light oil in 2017. DEF's forecasted light fuel oil requirements for 2017 are expected to be purchased primarily under term supply

agreements with volume flexibility at indexed market prices. Spot market purchases will be made as needed to supplement term purchases.

Natural Gas

Based on current projections, DEF forecasts to burn approximately [REDACTED] of natural gas in 2017, comprised of approximately [REDACTED] at DEF's generating plants and [REDACTED] at gas-tolling purchased power facilities where DEF has the responsibility to provide the natural gas. DEF's forecasted natural gas requirements for 2017 are expected to be purchased primarily under term supply agreements based on market index pricing, with supplemental seasonal, monthly and daily purchases of natural gas being made as needed.

Economy Power Purchases and Sales

Based on current projections, DEF forecasts to purchase approximately [REDACTED] of economy power and sell approximately [REDACTED] of economy power in 2017. DEF actively seeks to purchase and sell economy power as opportunities arise based on market prices, dispatch costs, and available transmission capacity.

Item 1. Identify the company's overall quantitative and qualitative Risk Management Plan Objectives.

DEF's identified Plan Objectives are to effectively manage its overall fuel and purchased power costs for its customers by engaging in competitive fuel procurement practices and activities, performing active asset optimization and portfolio management activities, and continuing to execute the Company's hedging program to reduce price risk and volatility, and provide greater fuel cost certainty for DEF's customers. These items are discussed further in Item 8.

Item 2. Identify the minimum quantity of fuel to be hedged and the activities to be executed for the balance of 2016 and 2017.

DEF utilizes a phased hedging program where financial hedge transactions are executed over time with the objectives of reducing price risk and volatility and providing greater fuel cost certainty for DEF's customers. The financial hedging program outlined in this Plan includes executing approved financial agreements over time for natural gas exposures. Natural gas hedging activity represents the largest component of DEF's hedging program as natural gas represents the largest fuel cost component of DEF's overall generation fuel costs.

The volumes hedged over time for natural gas represent a portion of DEF's forecasted burns with higher hedging target ranges in the near term and lower hedging target ranges in the outer period. The hedge percentage target ranges outlined provide a framework for consistently executing the layered hedging strategy over time. DEF currently uses two types of financial transactions to hedge which are swaps and costless collars. DEF cannot predict future prices and DEF's hedging program does not involve speculation or trying to "out-guess" the market. All hedges are executed at the prevailing market price for any given period that exists at the time the financial hedging transactions are executed. The results of the hedging activities may or may not result in net fuel cost savings due to differences between the monthly settlement prices and the actual hedge price of the transactions that were executed over time. The volumes hedged for each fuel type over time are based on periodic updated fuel forecasts and the actual hedge percentages for any month, rolling period, or calendar annual period may come in higher or lower than the target hedge percentages and hedging ranges because of actual fuel burns versus forecasted fuel burns. Actual burns can deviate from forecasted burns because of dynamic variables such as weather, unforeseen unit outages, actual load, and changing fuel prices. DEF's multi-year approach to executing fixed price transactions over time is a reasonable and prudent approach to reduce price risk and volatility and provide greater fuel cost certainty for DEF's customers.

Outlined below for each fuel type and exposure are the minimum and maximum ranges and targeted hedge percentages to be hedged during the remainder of 2016 and during 2017:

Natural Gas

Natural gas represents DEF's largest fuel cost component and represents the largest component of DEF's hedging activities. DEF plans to continue to execute its existing phased financial hedging program over a rolling 36-month time period through time for natural gas through the remainder of 2016 and during 2017 within the following hedge percentage ranges:

- 1 to 12 months – [REDACTED] with an approximate target of [REDACTED];
- 13 to 24 months [REDACTED] with an approximate target of [REDACTED];
- 25 to 36 months – [REDACTED] with an approximate target of [REDACTED].

For calendar year 2017, DEF will target to hedge approximately [REDACTED] of forecasted natural gas burn. The above hedging ranges and approximate target percentages represent reductions from both the 2016 Risk Management Plan and those filed with the Joint Hedging Petition Filed by the Investor Owned Utilities in Docket No. 160096-EI (as summarized in **Attachment A**). In summary, compared to the 2016 Risk Management Plan's maximum hedging target ranges, DEF's proposed 2017 Risk Management

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Plan maximum hedging target ranges represent a reduction of [REDACTED] for the 1 to 12 month time period, [REDACTED] for the 13 to 24 month time period, and [REDACTED] for the 25 to 36 month time period. These further adjustments to the hedging ranges and targets were made to the 13 to 24 month time period and the 25 to 36 month time period in response to the discussion at the June 9, 2016 Florida Public Service Commission agenda conference that considered the Joint Hedging Petition Filed by the Investor Owned Utilities in Docket No. 160096-EI (consolidated with the 2016 fuel docket by Order No. PSC-16-0301-PCO-EI).

The 2017 Risk Management Plan was developed after consideration of the on-going reviews and discussions regarding the hedge percentages, DEF's overall fuel mix, the continued uncertainty in future natural gas prices and volatility, and the need to maintain a balanced approach to the management of fuel cost risk. DEF believes having a rolling approach that gradually increases hedging percentages over time by layering in hedging transactions that ultimately target to have approximately [REDACTED] to the market for the rolling 1 to 12 month period represents a balanced fuel price risk management approach that results in certainty of fuel costs for a portion of projected fuel costs while providing customers [REDACTED] of exposure to actual market prices. In addition, DEF believes continuing to hedge a portion for the rolling future periods beyond the front 12 months by gradually increasing hedging percentages over time by executing transactions provides benefits by ensuring a consistent execution approach over a multi-year period given the number of factors that can ultimately impact prices and trends. In addition, this approach ensures a degree of price and volatility risk mitigation from one fuel period to another. Given DEF's hedging percentage targets, DEF will continue to participate in the spot natural gas market for a portion of its overall estimated natural gas usage.

Transportation Fuel Surcharge

With respect to coal river transportation estimated fuel surcharge exposures, DEF will no longer execute financial hedge transactions for periods after 2016.

Summary

Through the remainder of 2016 and during 2017, DEF will continue to monitor its fuel forecast and will continue to execute hedges over time to attempt to manage to the hedge percentage targets outlined for a portion of its projected burns for natural gas, with the exceptions discussed above. This hedging approach is consistent with DEF's existing strategy and allows DEF to continue to monitor the market and fuel forecast updates. The hedging targets for each of the respective periods are included in DEF's Regulated Utilities Risk Limits in **Attachment B**.

Docket No. 160096
 Duke Energy Florida, LLC
 Exhibit No. 1 to Joint Petition

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2016 Risk Management Plan Percentage Hedge Parameters

<u>Period</u>	<u>Minimum limit</u>	<u>Maximum limit</u>	<u>Minimum Target</u>
[REDACTED]			

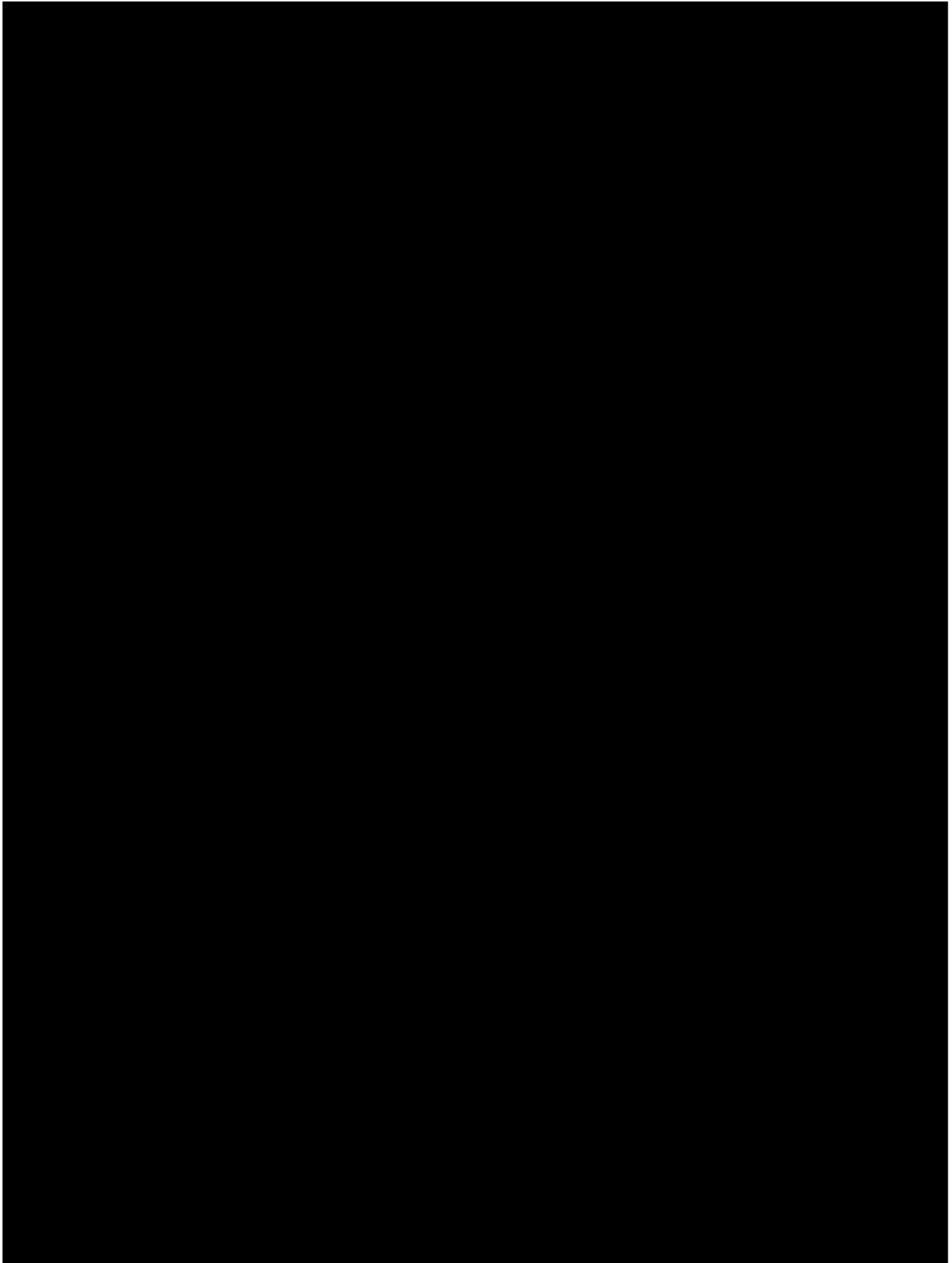
Proposed Updates to be filed as part of the 2017 DEF Risk Management Plan to Percentage Hedge Parameters

<u>Calendar 2017 - 2019</u>	<u>Minimum limit</u>	<u>Maximum limit</u>	<u>Target Percentage</u>	<u>Current Percent¹ Hedge</u>	<u>Maximum Hedging Percentage Change From 2016 Risk Management Plan</u>
[REDACTED]					-25%
[REDACTED]					-33%
[REDACTED]					-50%

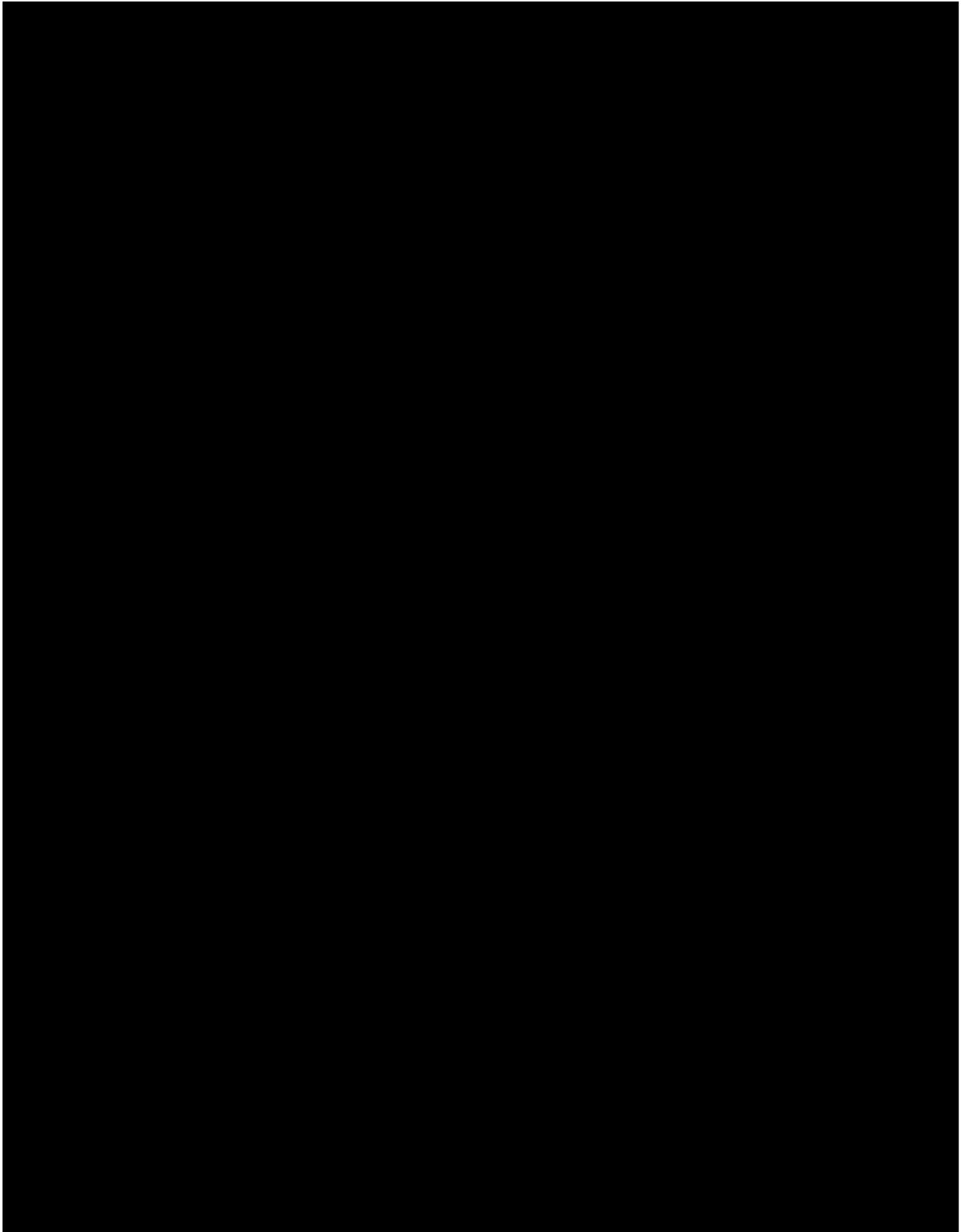
The proposed hedging targets for the respective 2017 through 2019 calendar years are based on a rolling 36 month time frame assuming the prompt month is January 2017. DEF will continue to monitor hedge percentages on a calendar year and rolling 36 month time frame as hedges are executed over time.

¹"Current Percent Hedge" represents the hedges that are currently in place under previously approved risk management plans as of April 19, 2016.

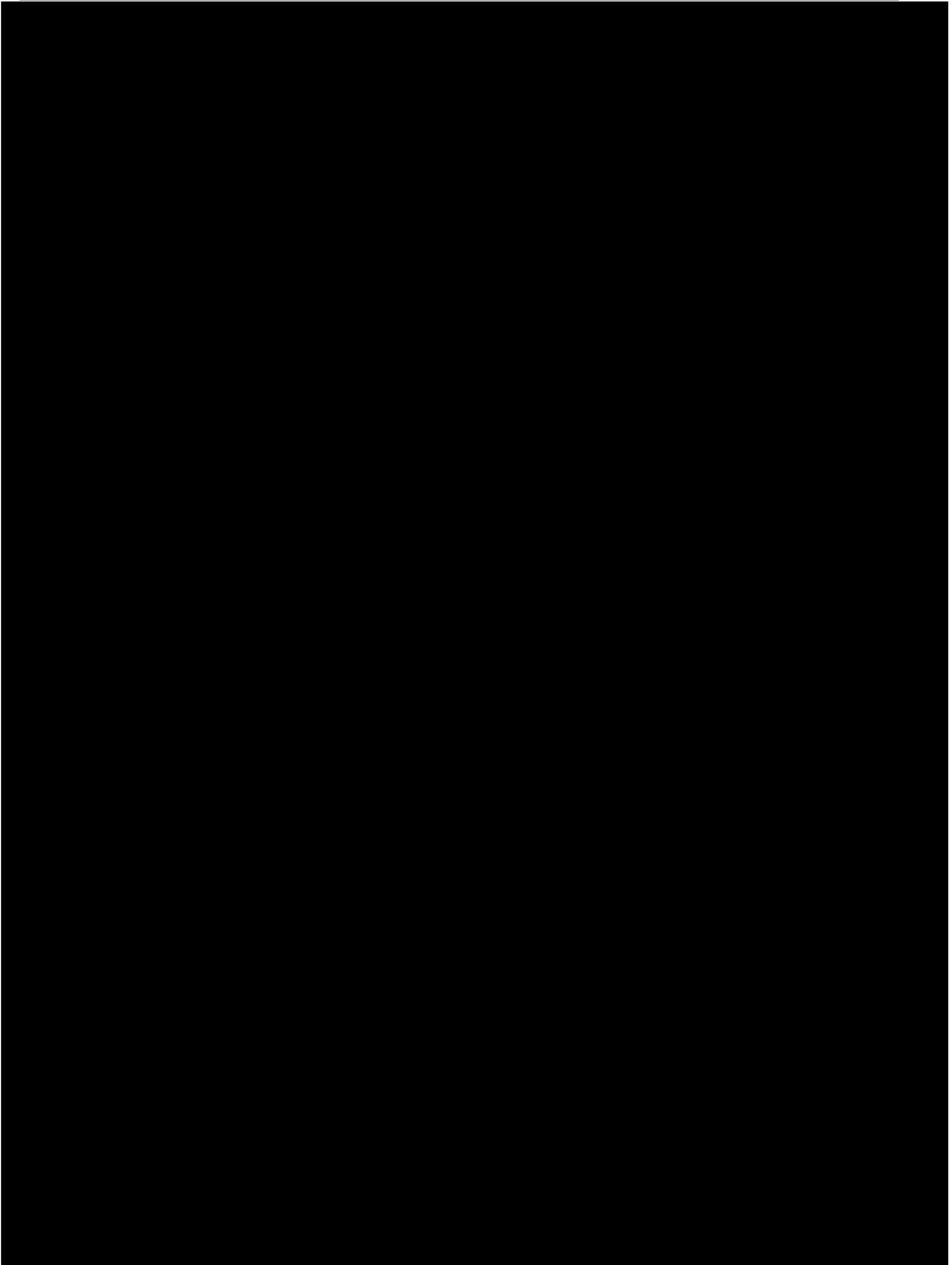
Regulated Utilities Risk Limits



Regulated Utilities Risk Limits



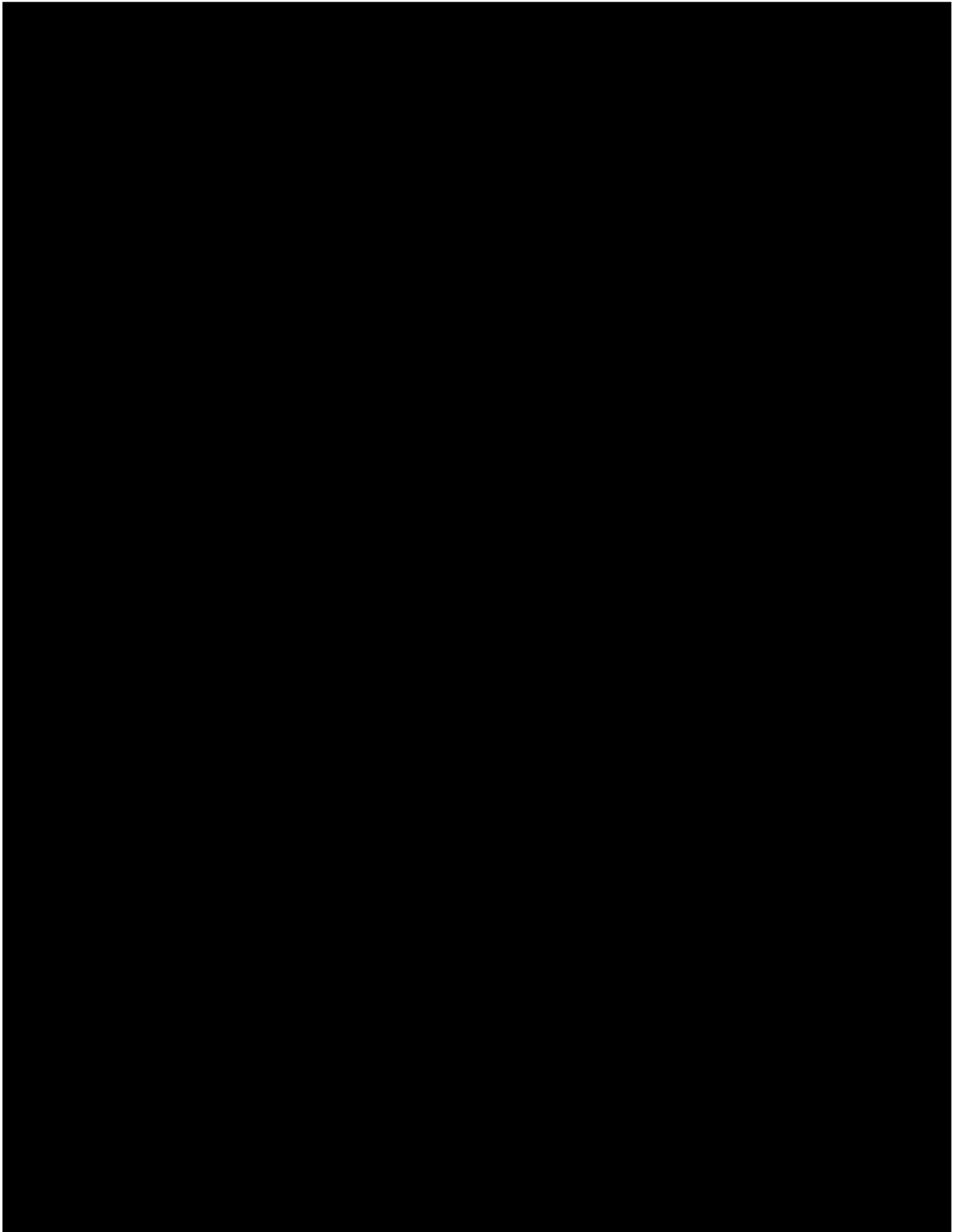
Regulated Utilities Risk Limits



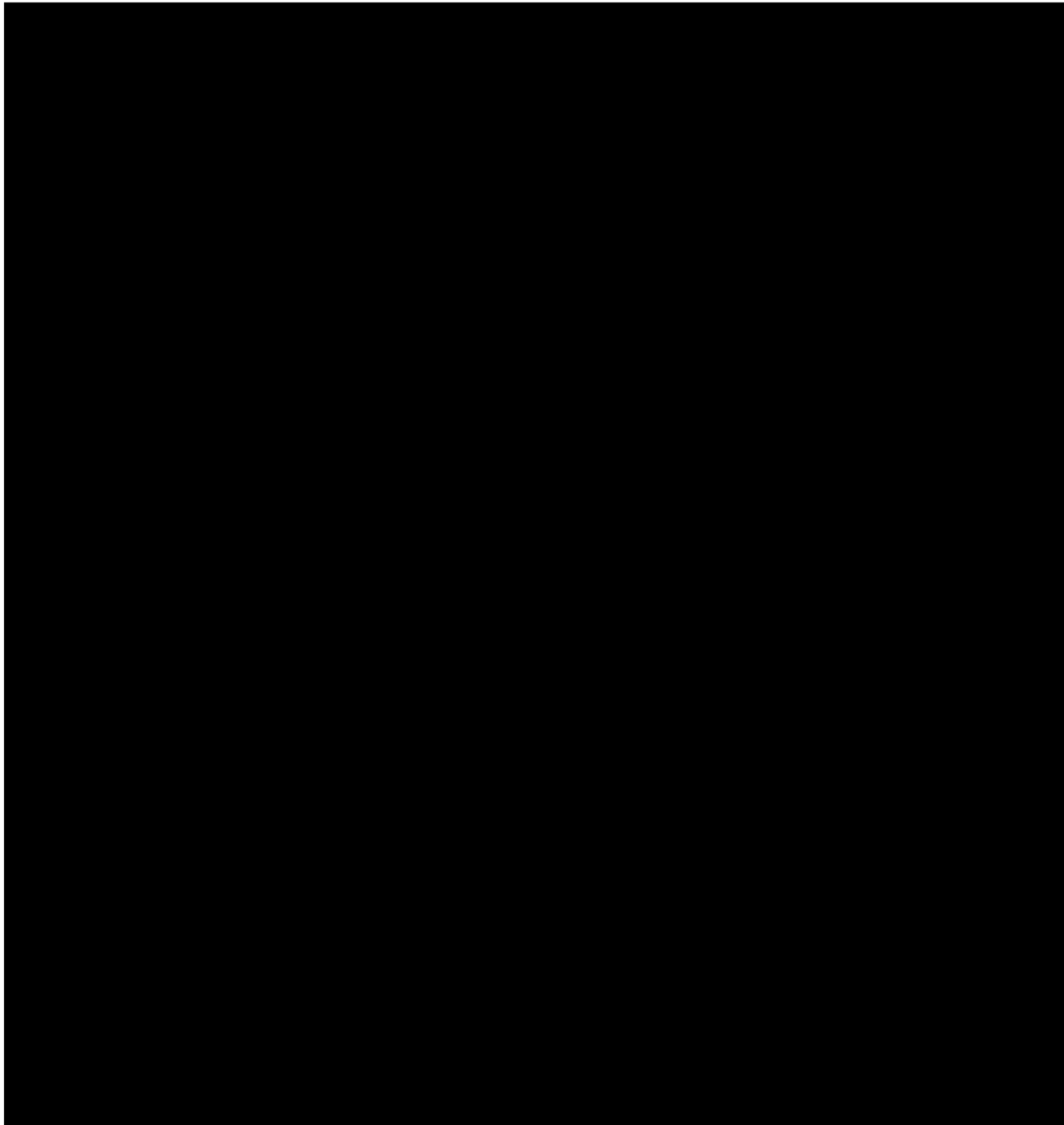
Regulated Utilities Risk Limits



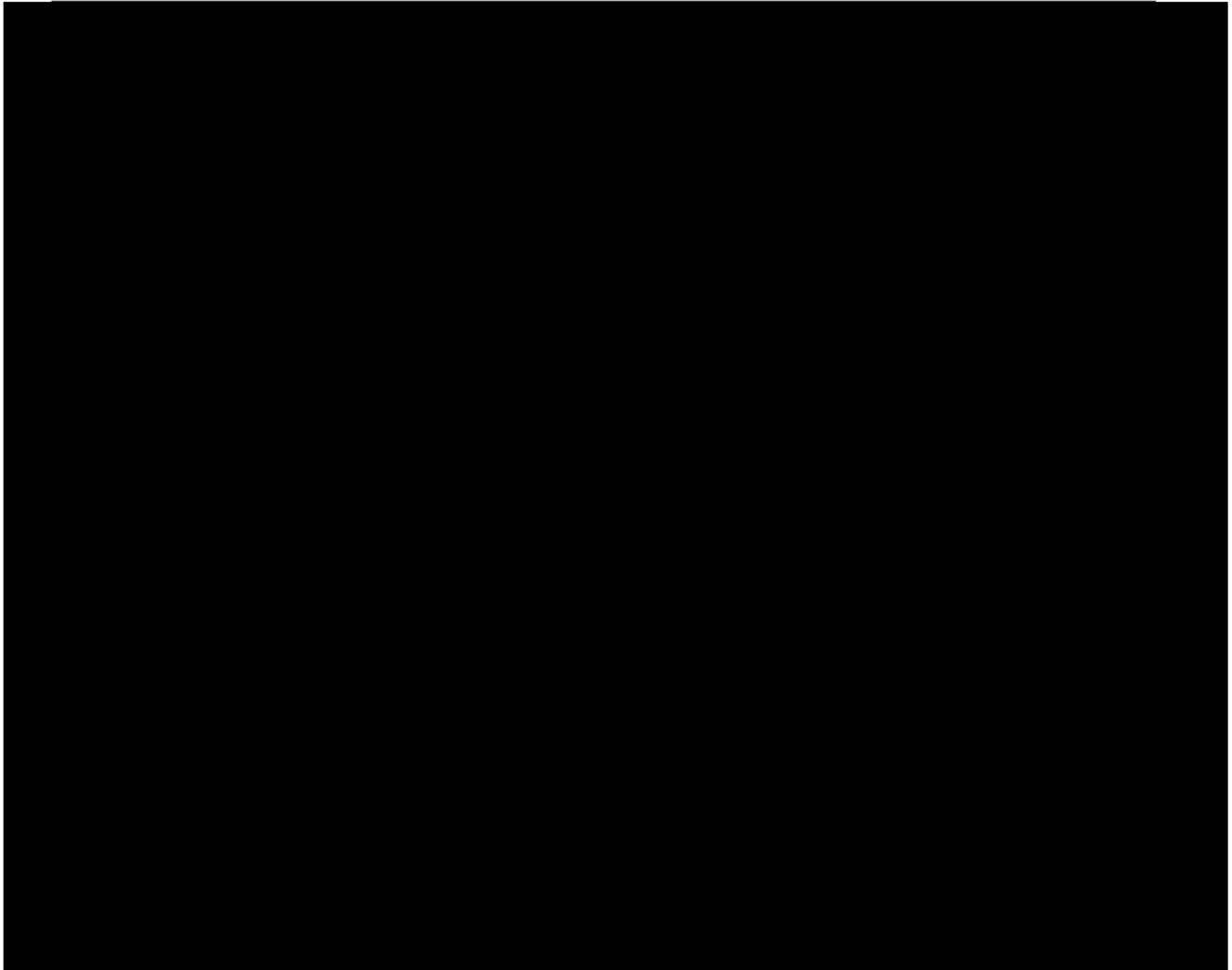
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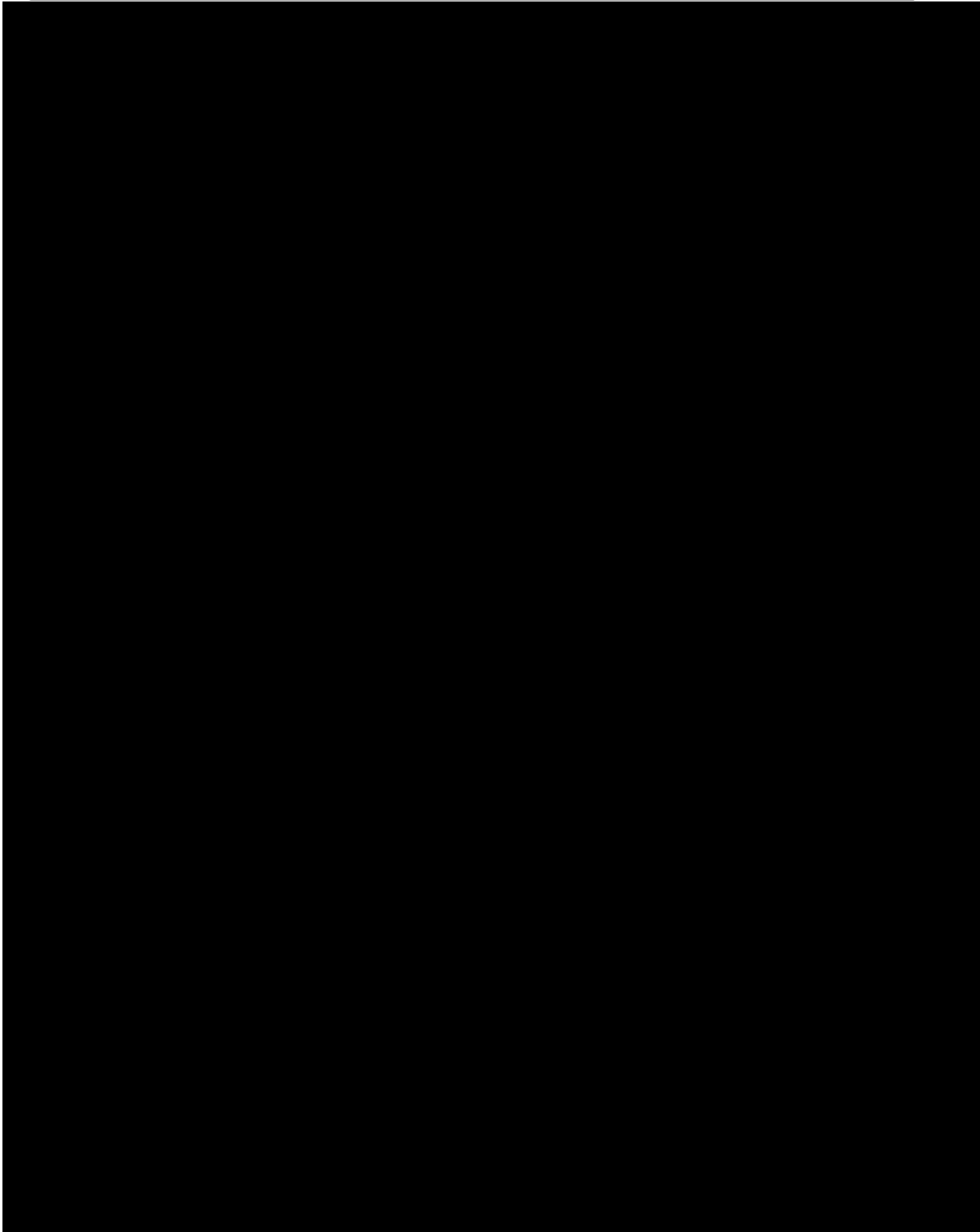
Regulated Utilities Risk Limits



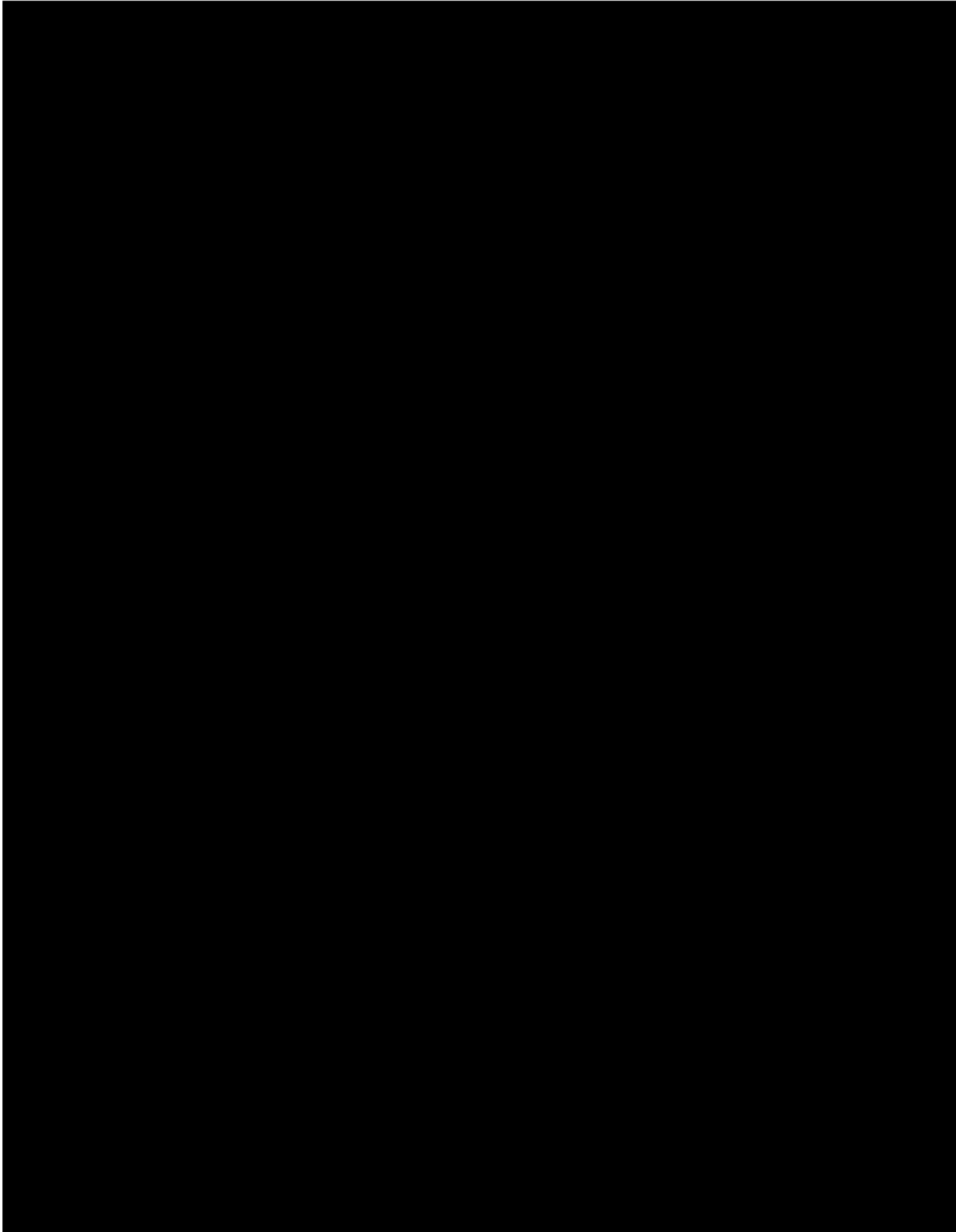
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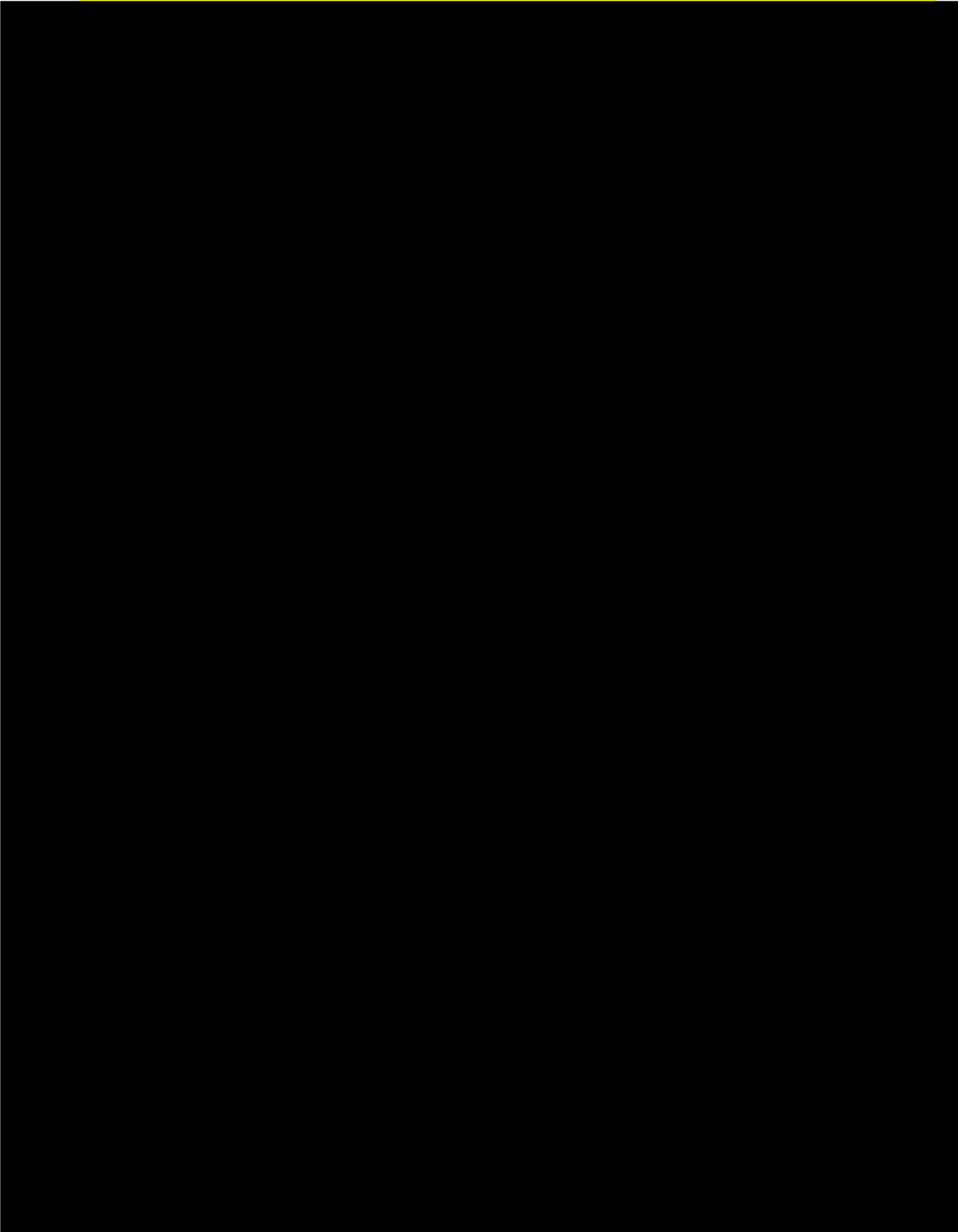
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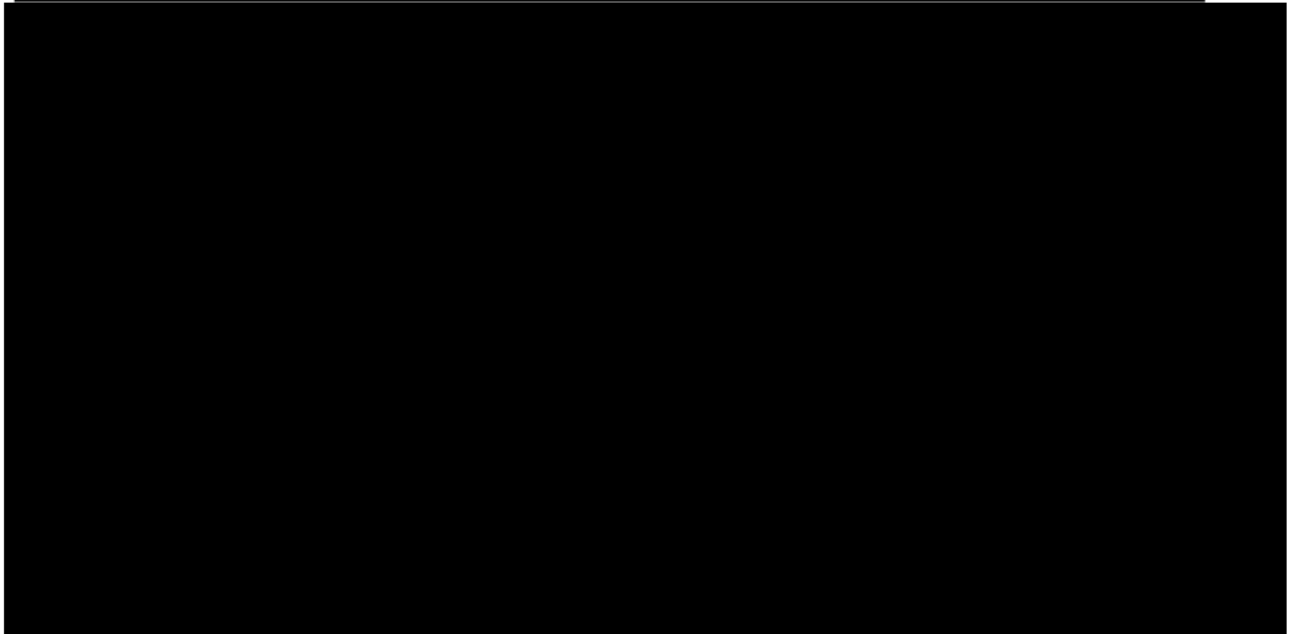
Regulated Utilities Risk Limits



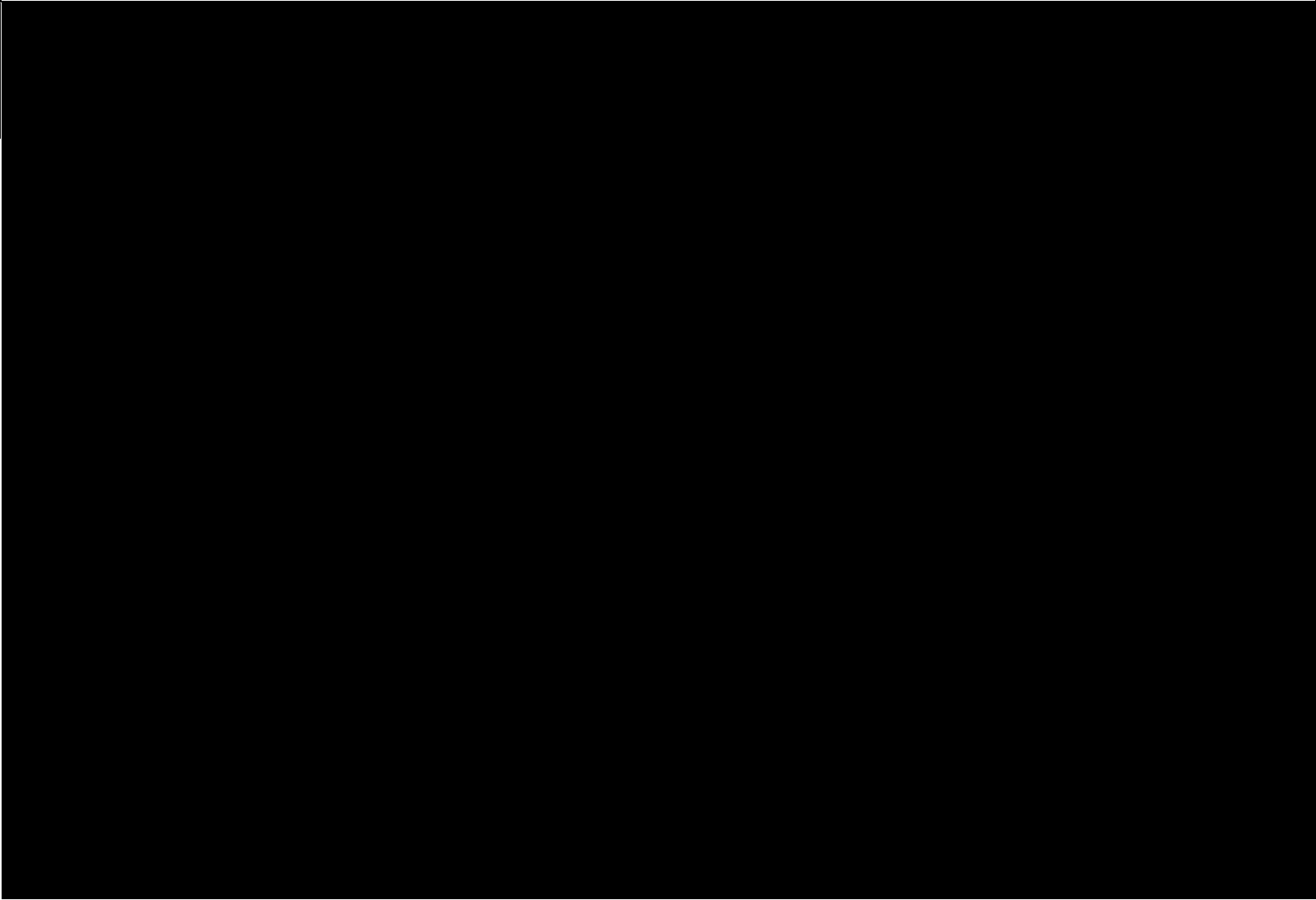
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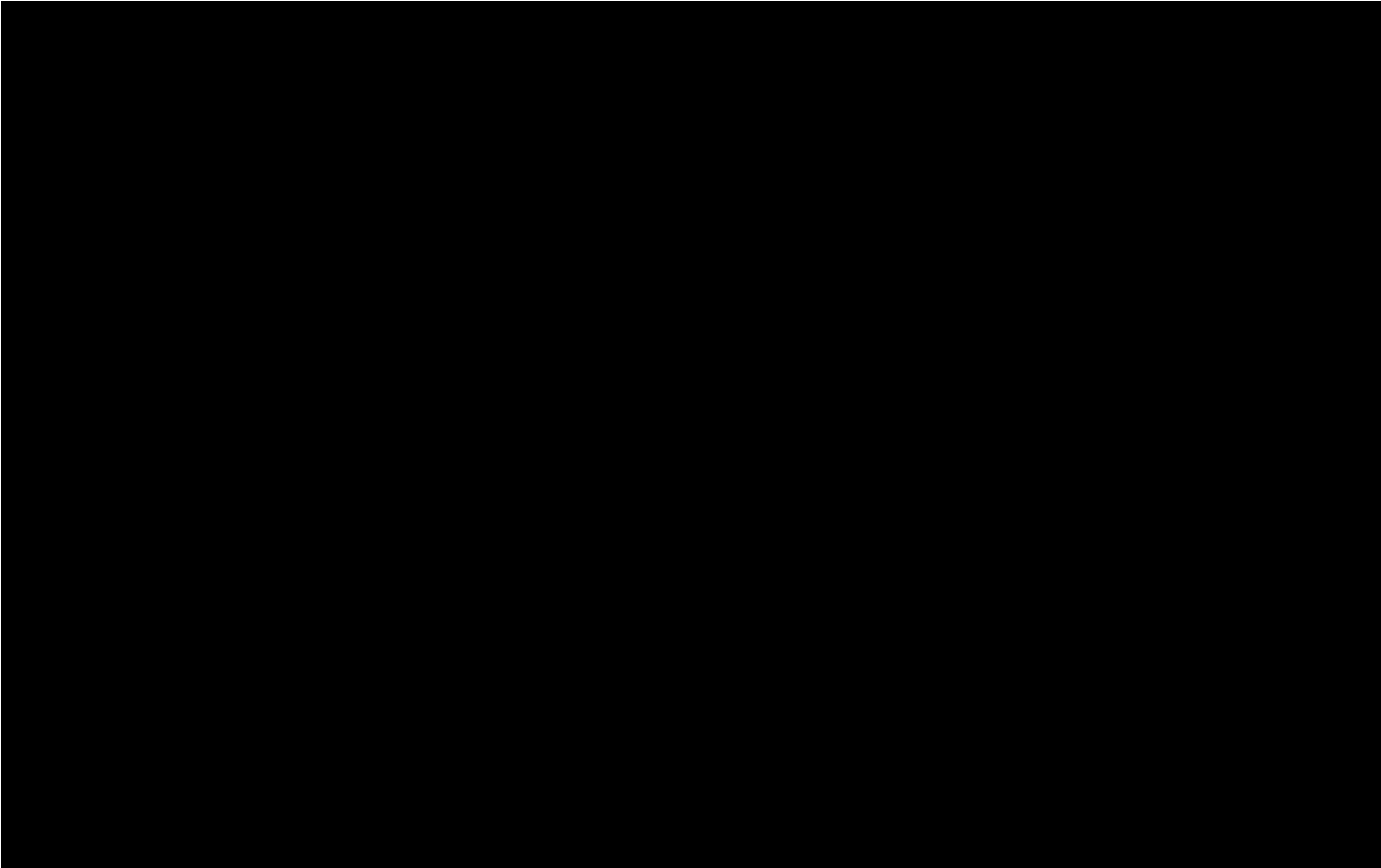
Regulated Utilities Risk Limits



Authority Limit Matrix



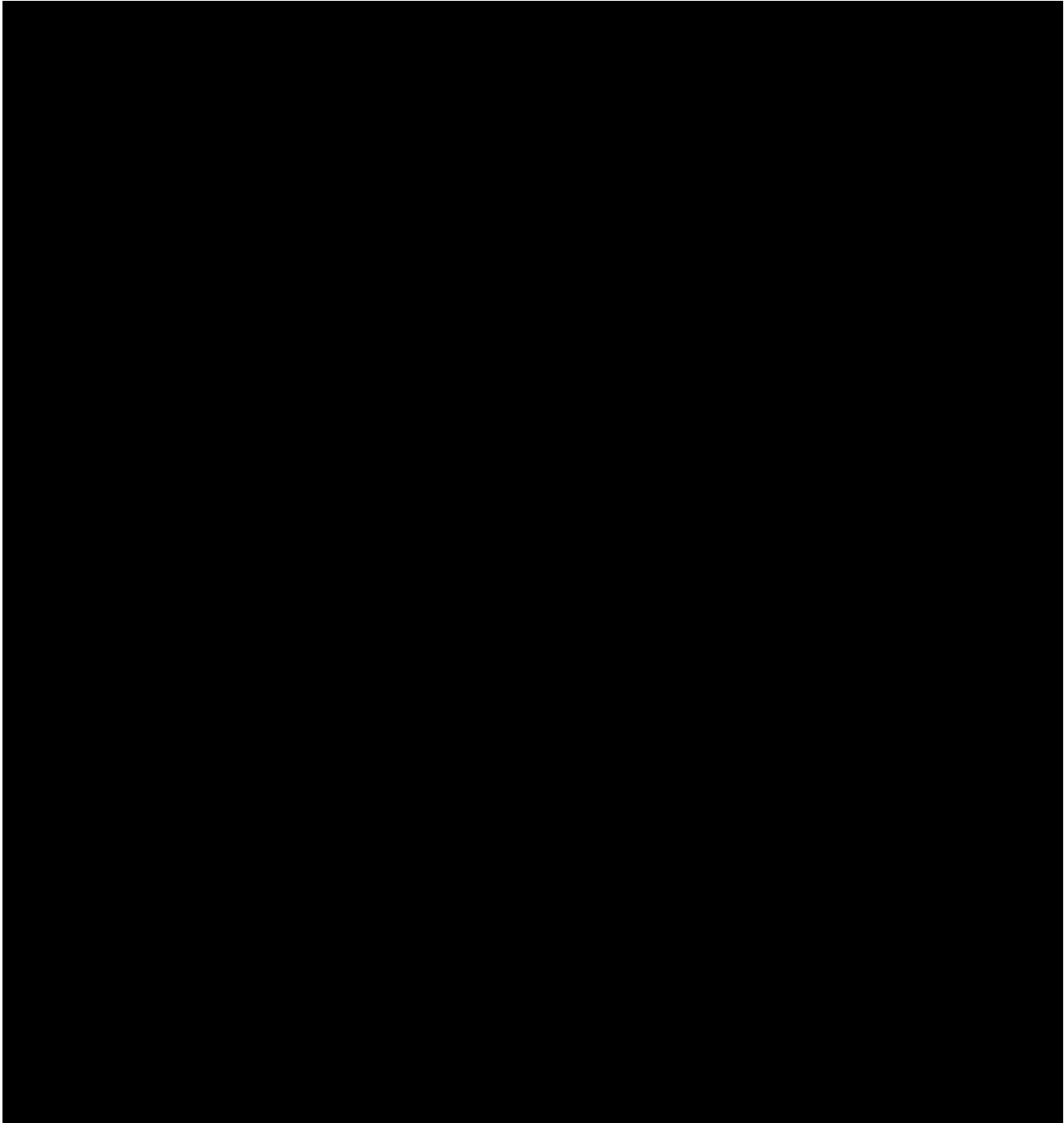
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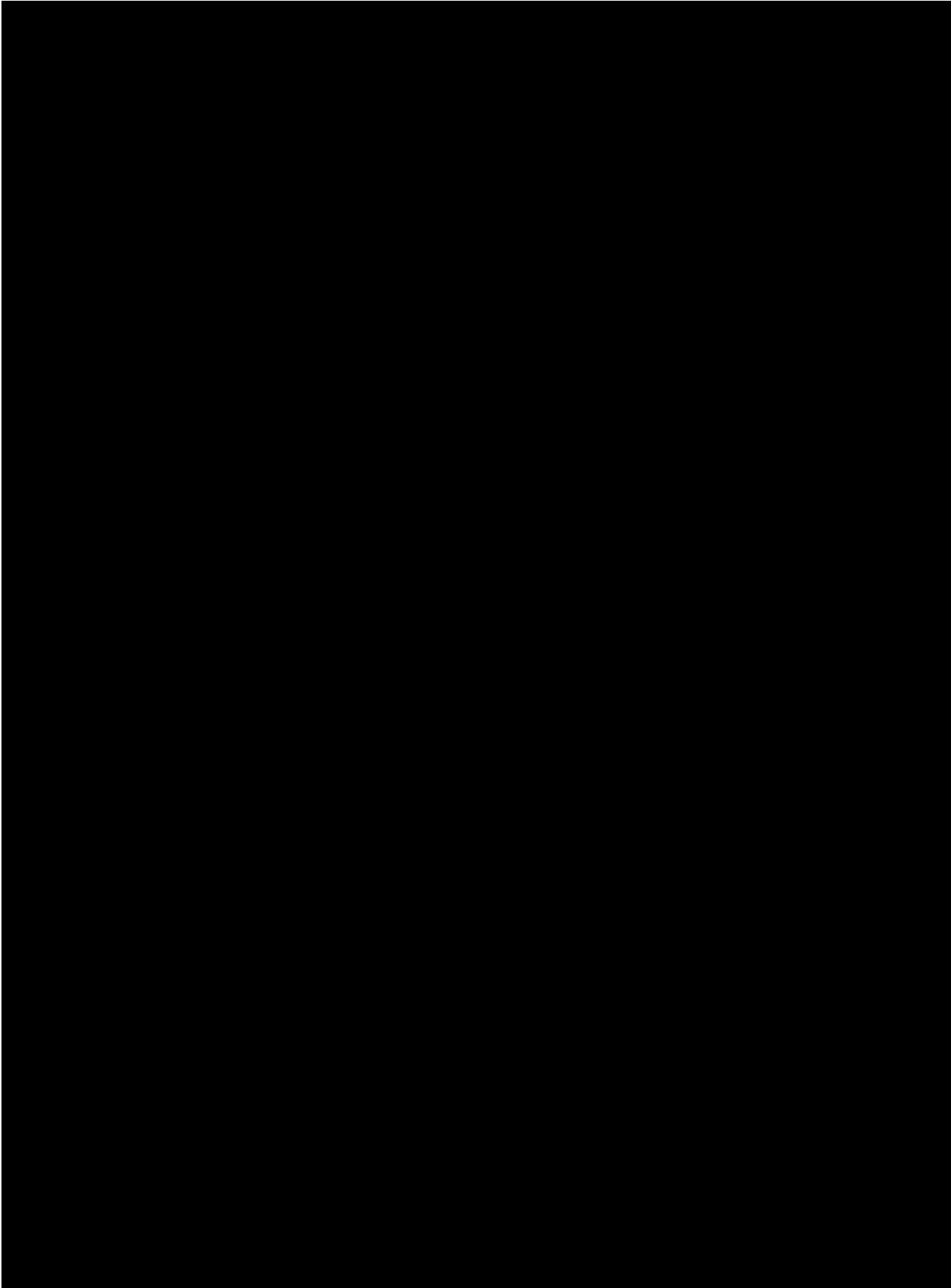


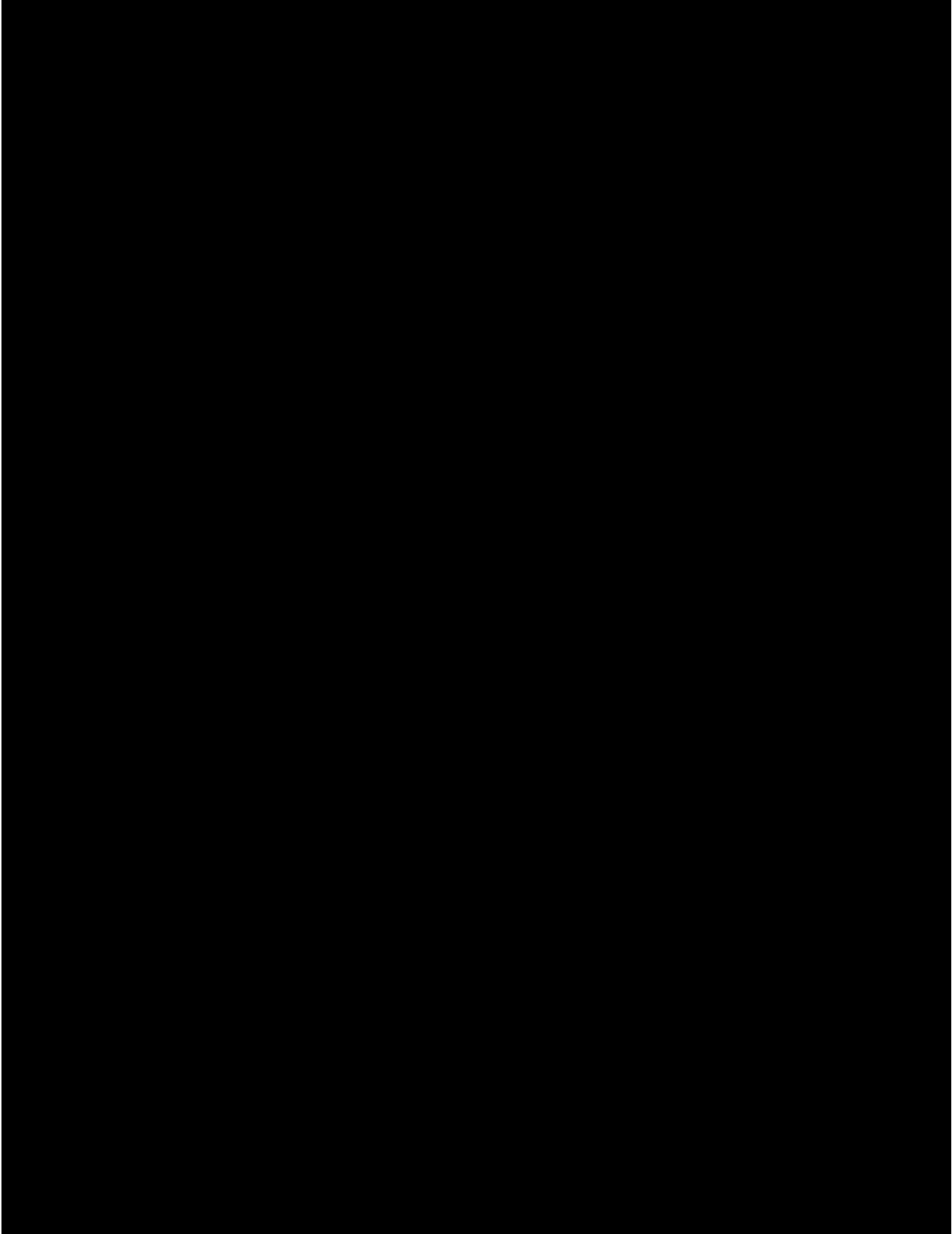


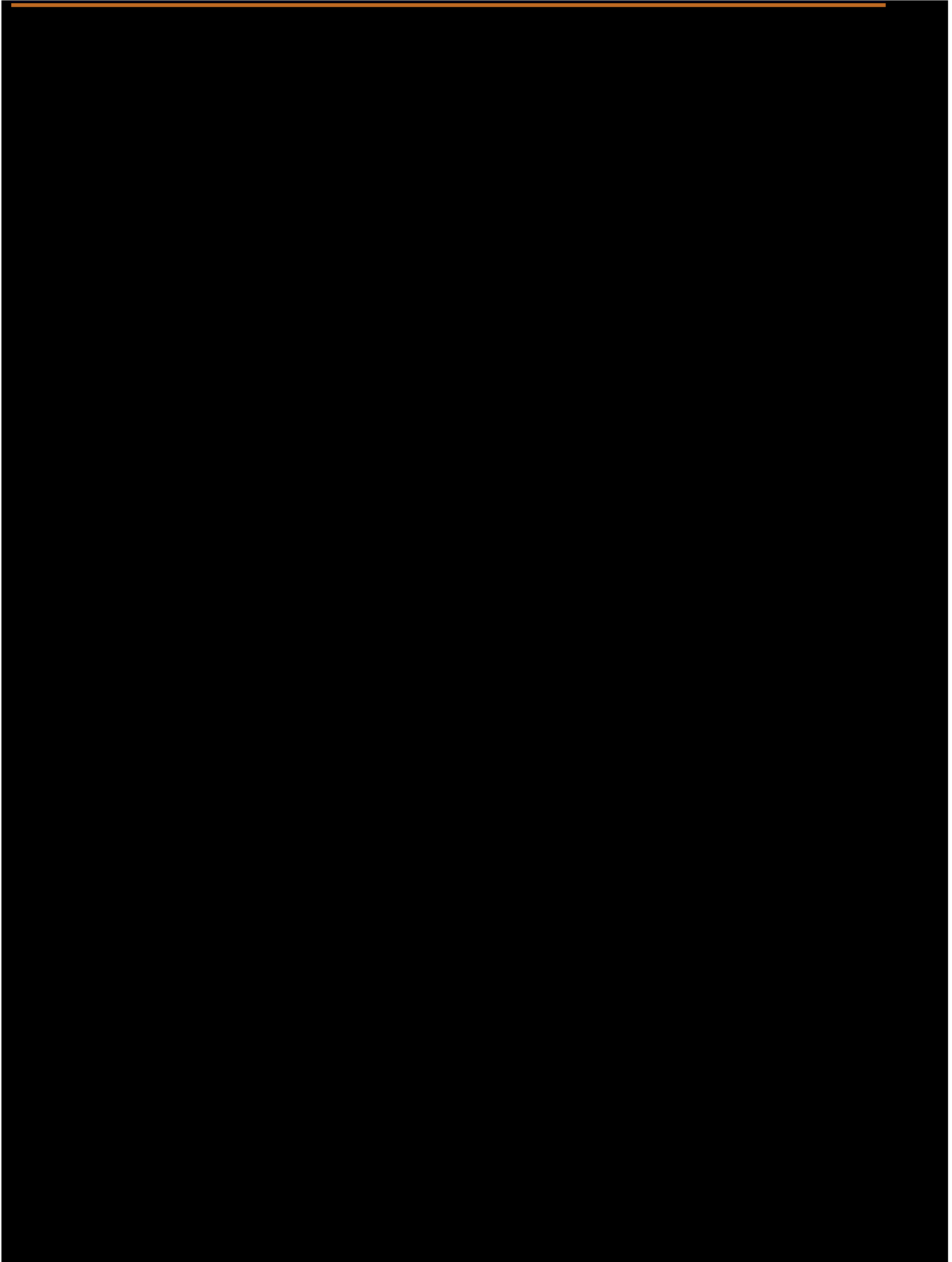
Duke Energy Policy Statement

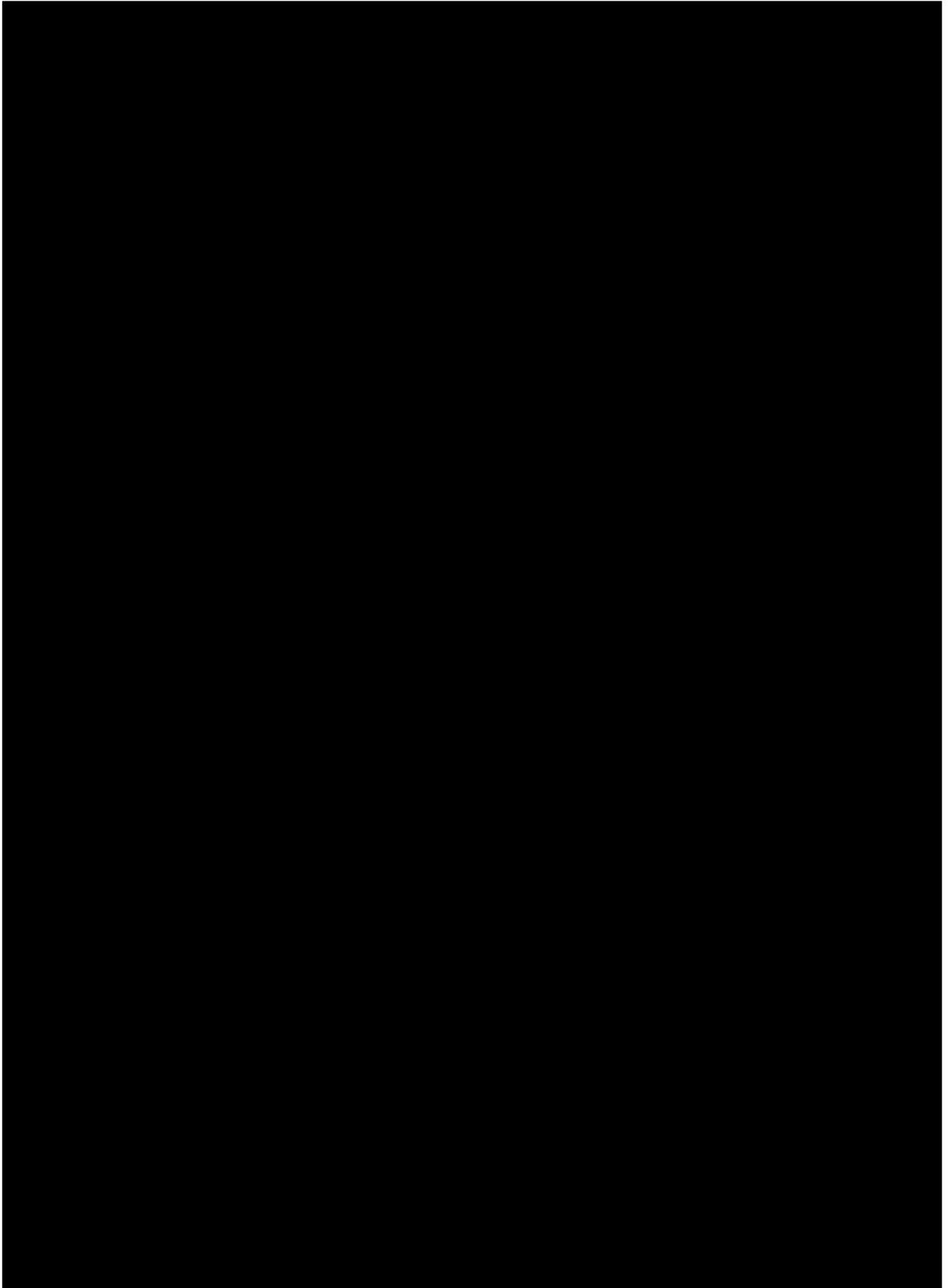
Commodity Risk Policy

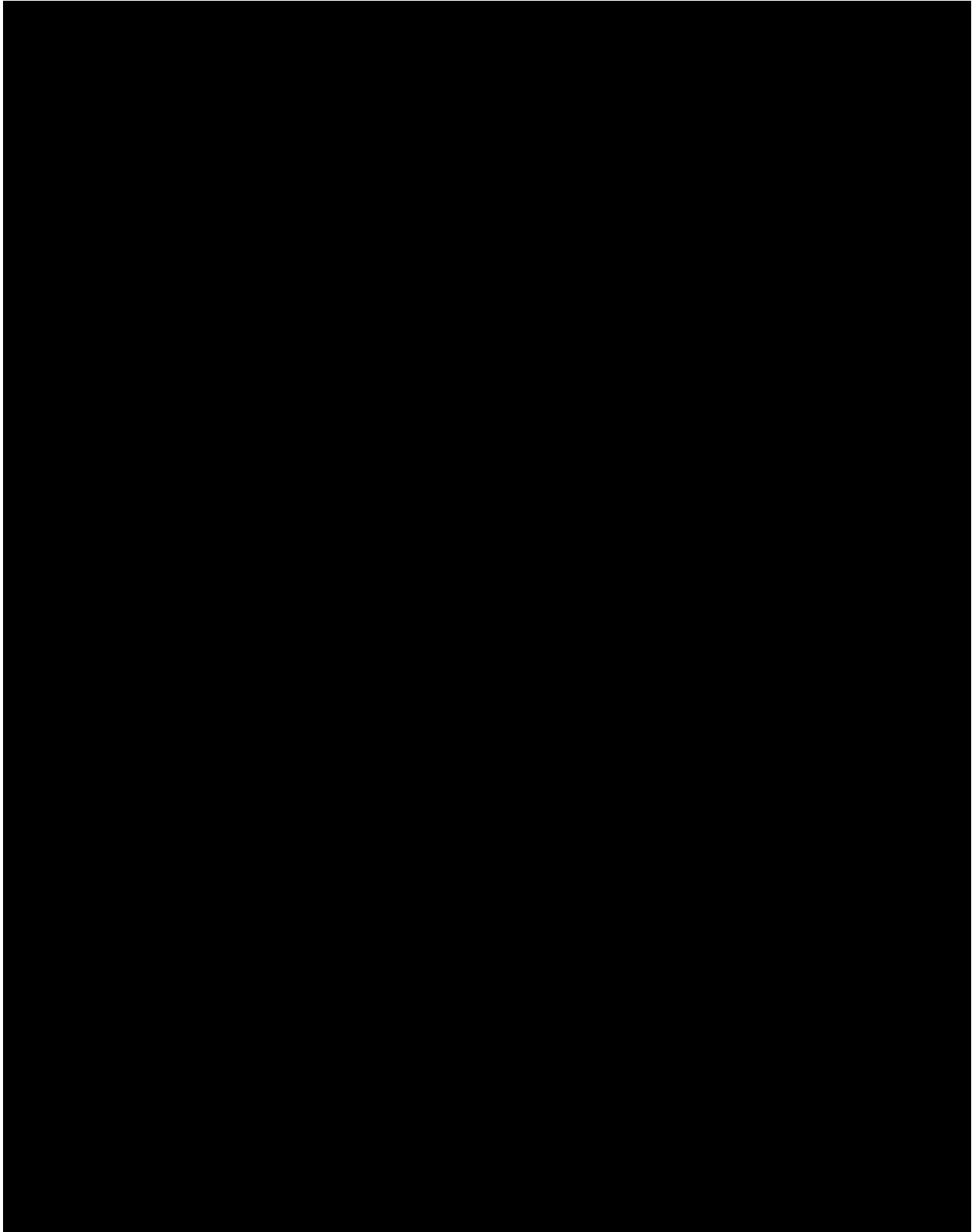








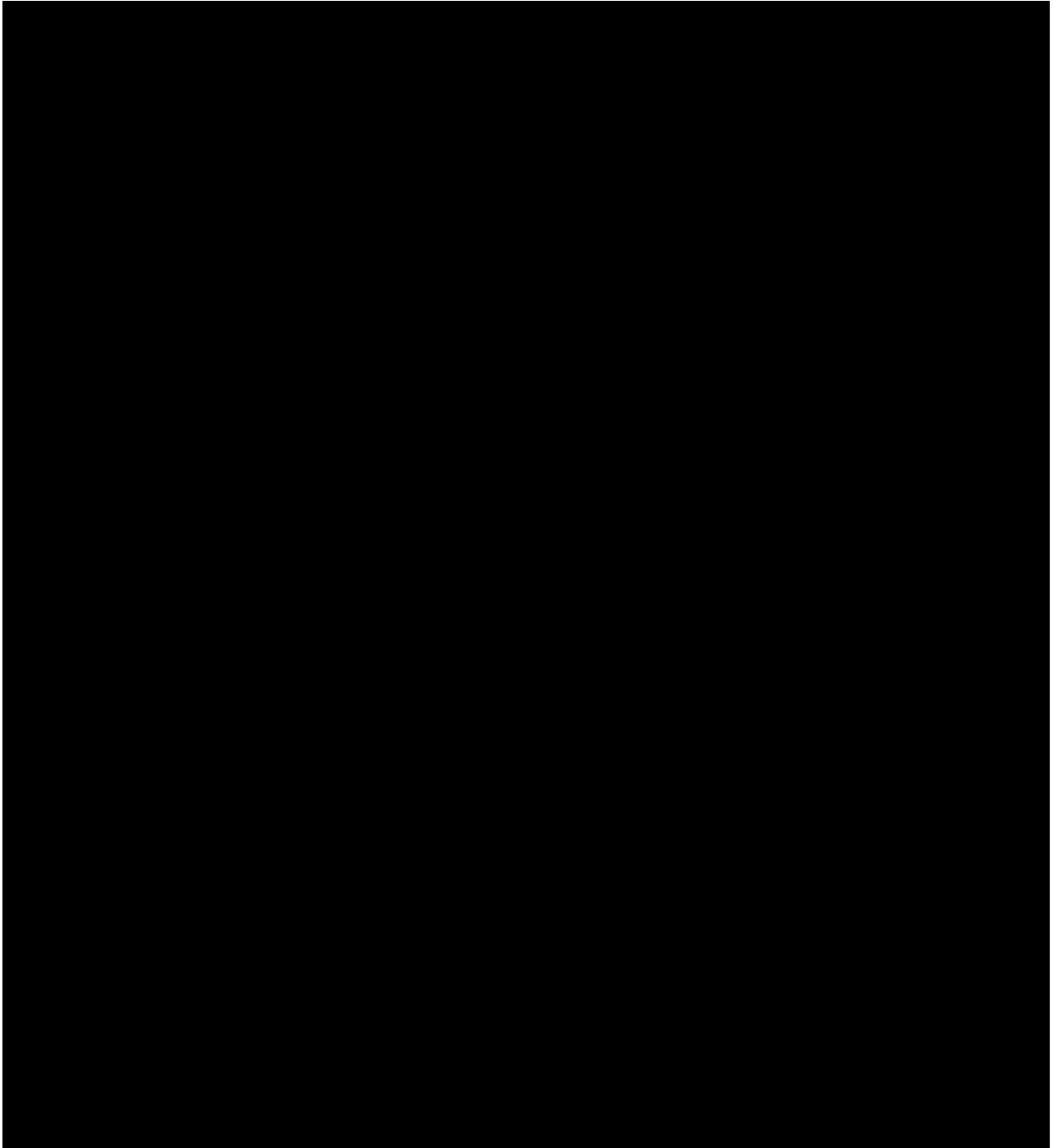


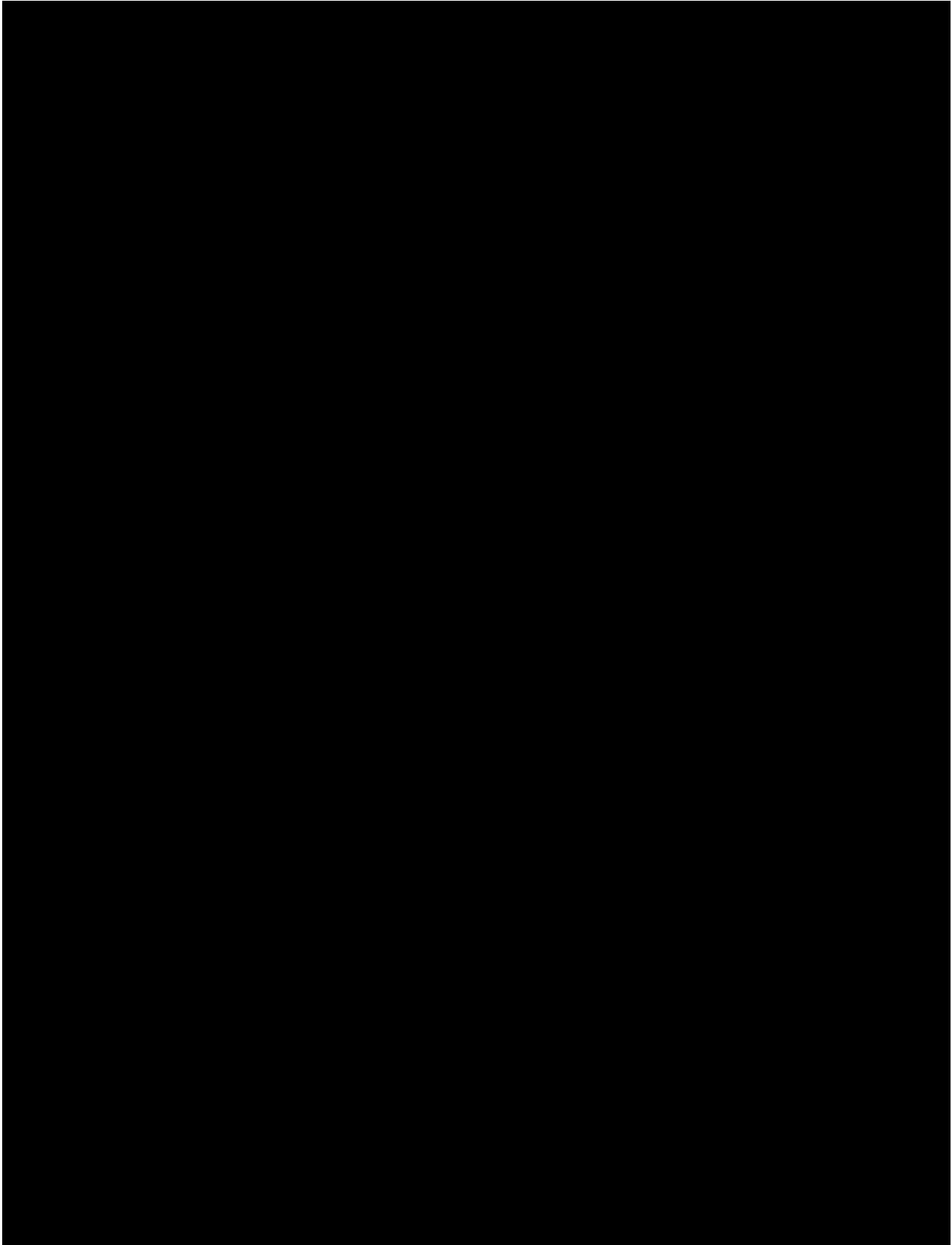


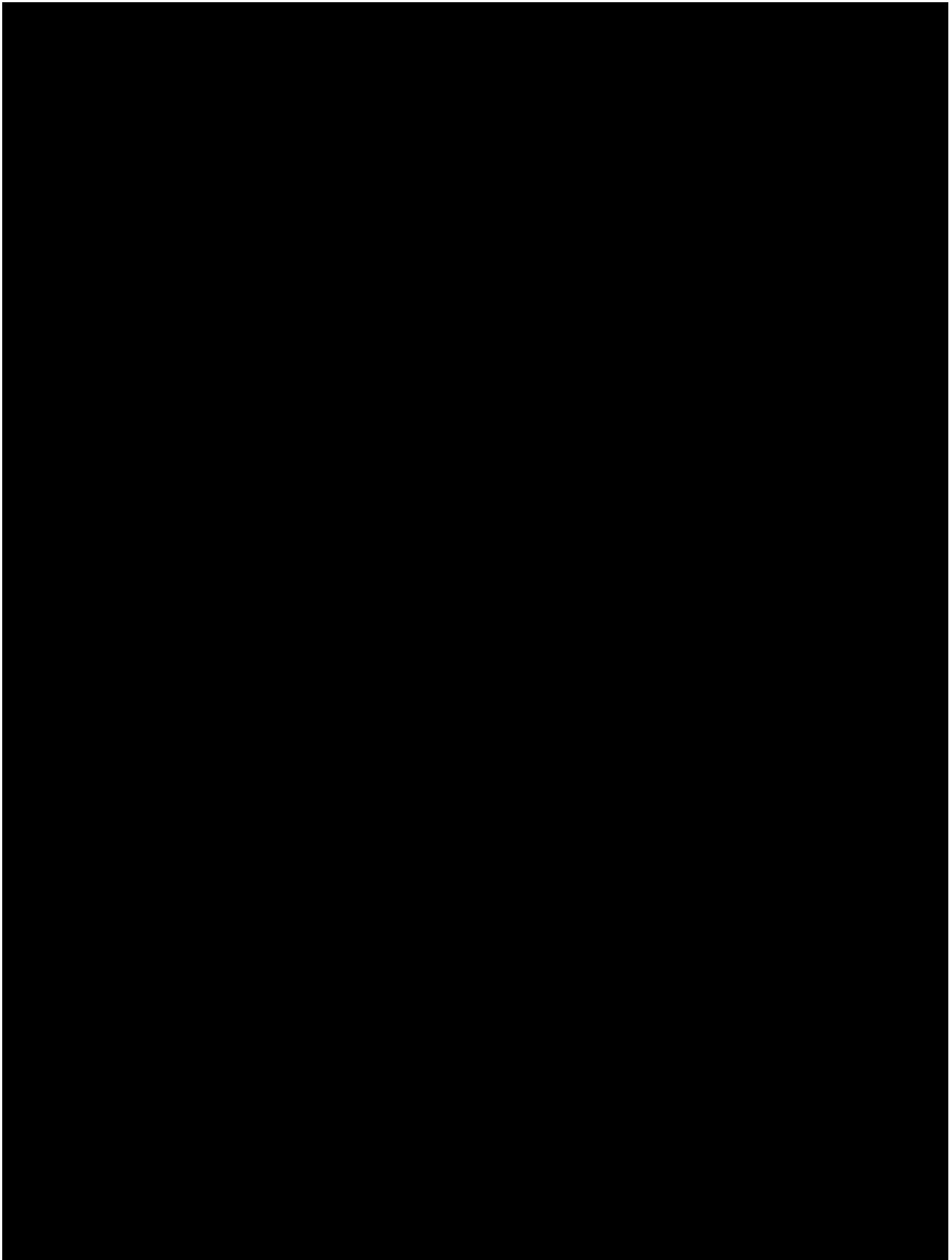


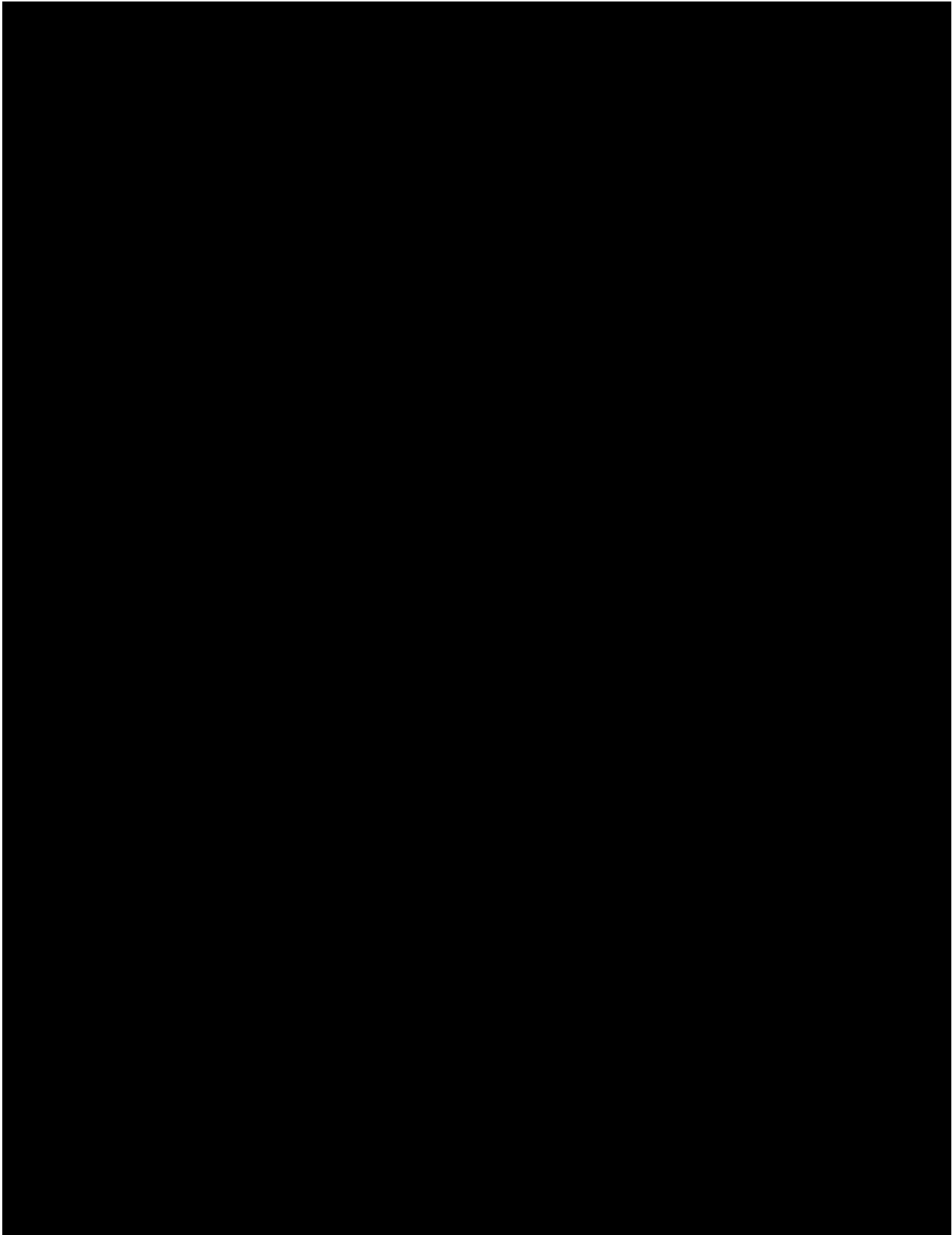
Duke Energy Policy Statement

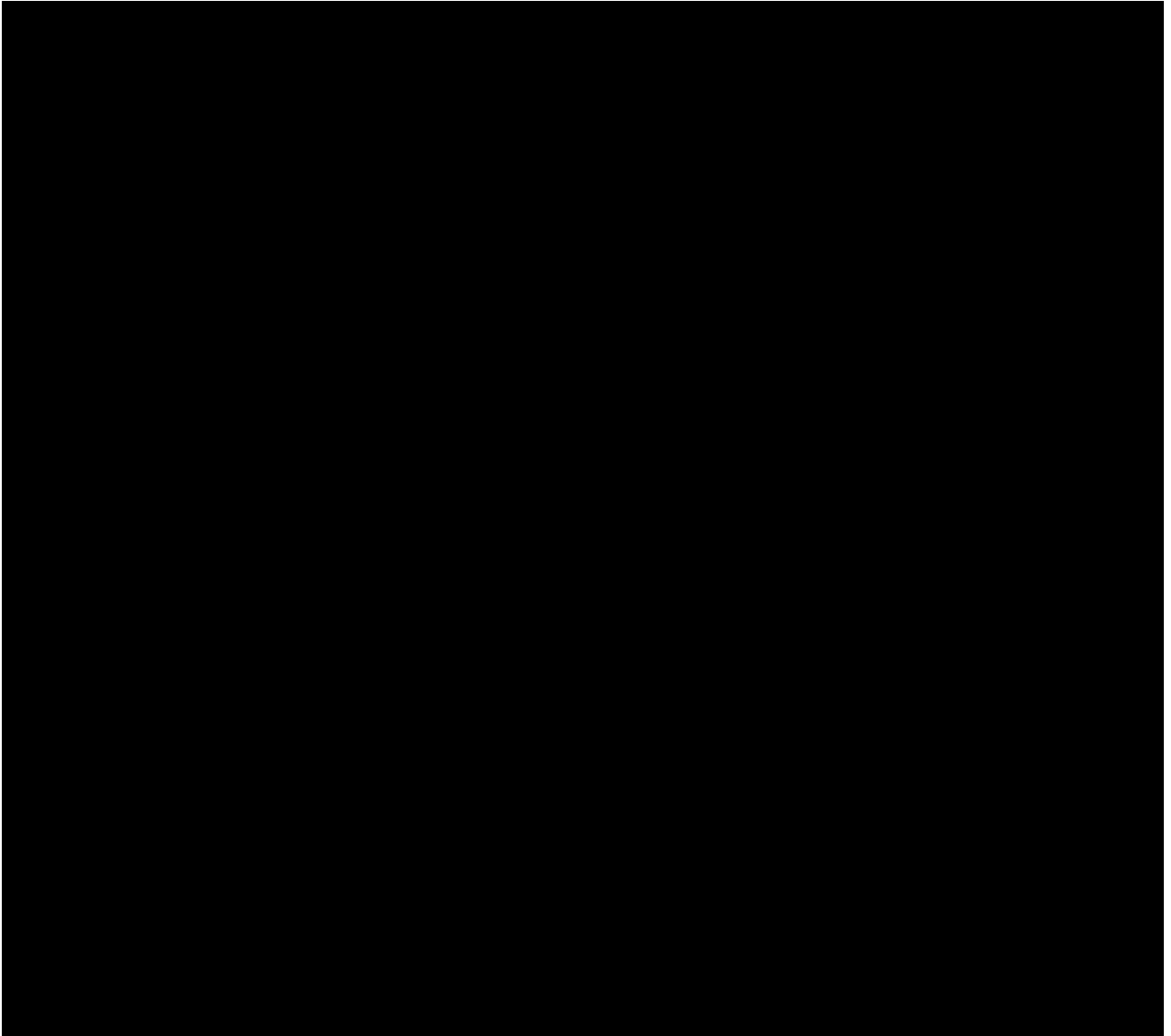
Credit Policy



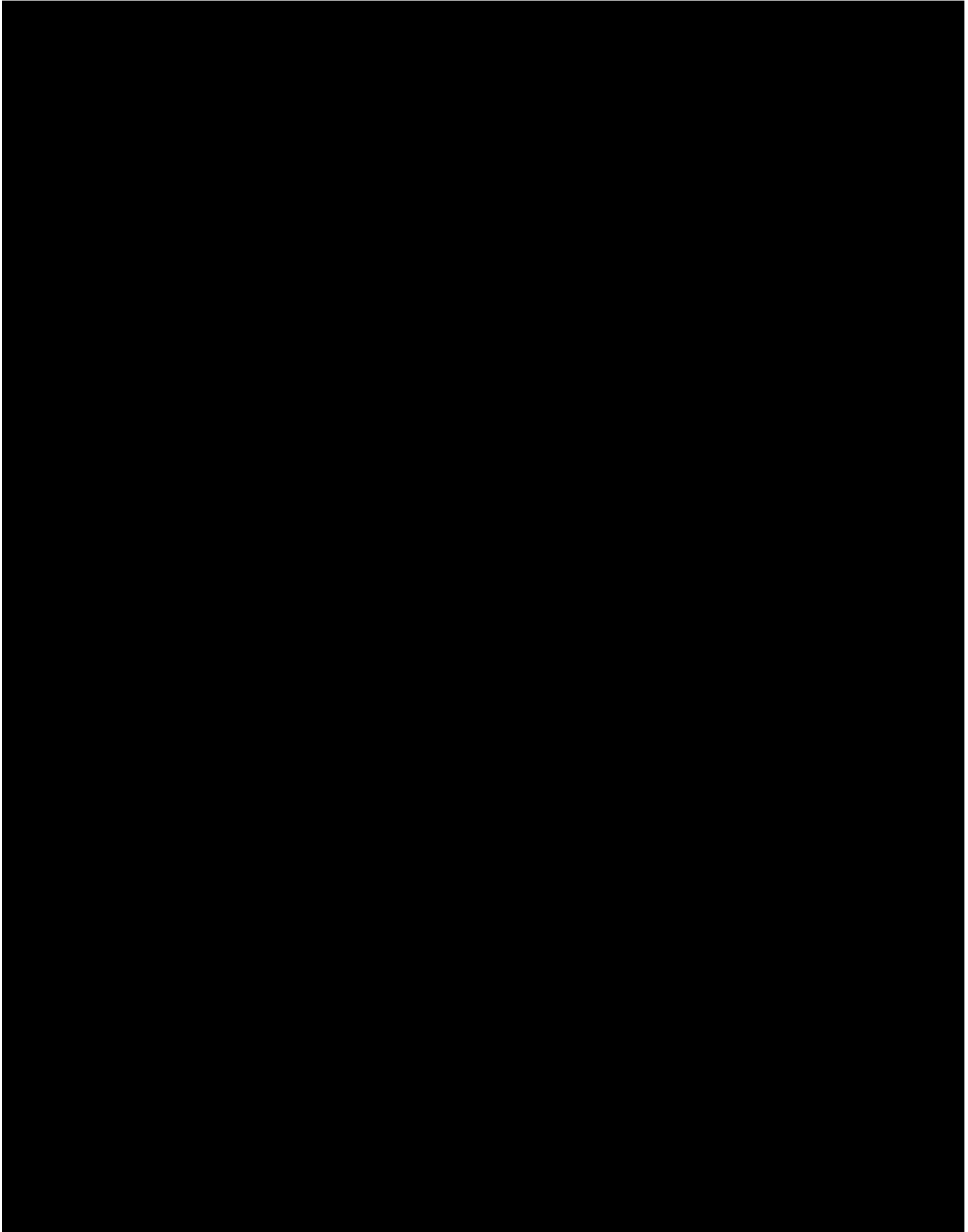




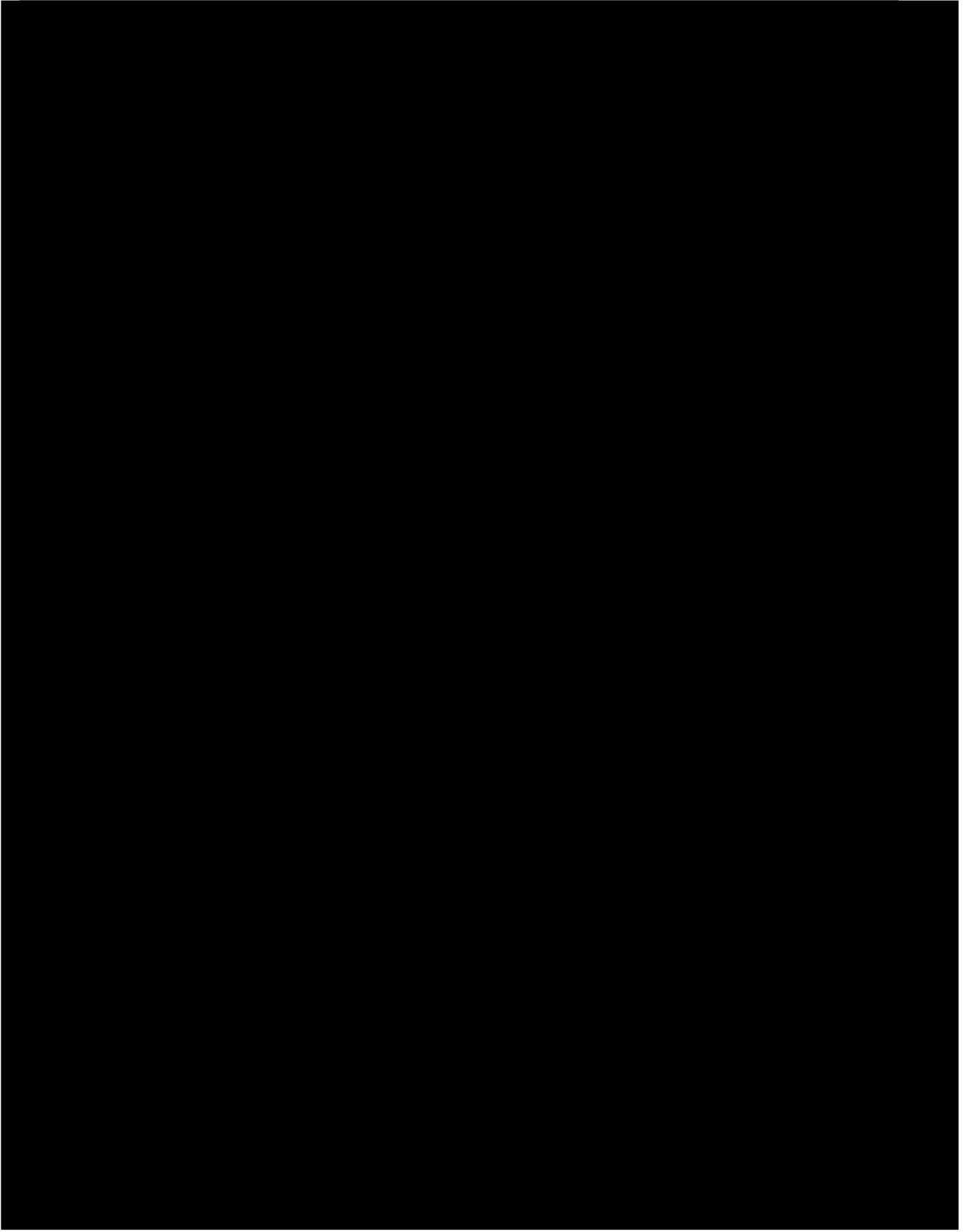




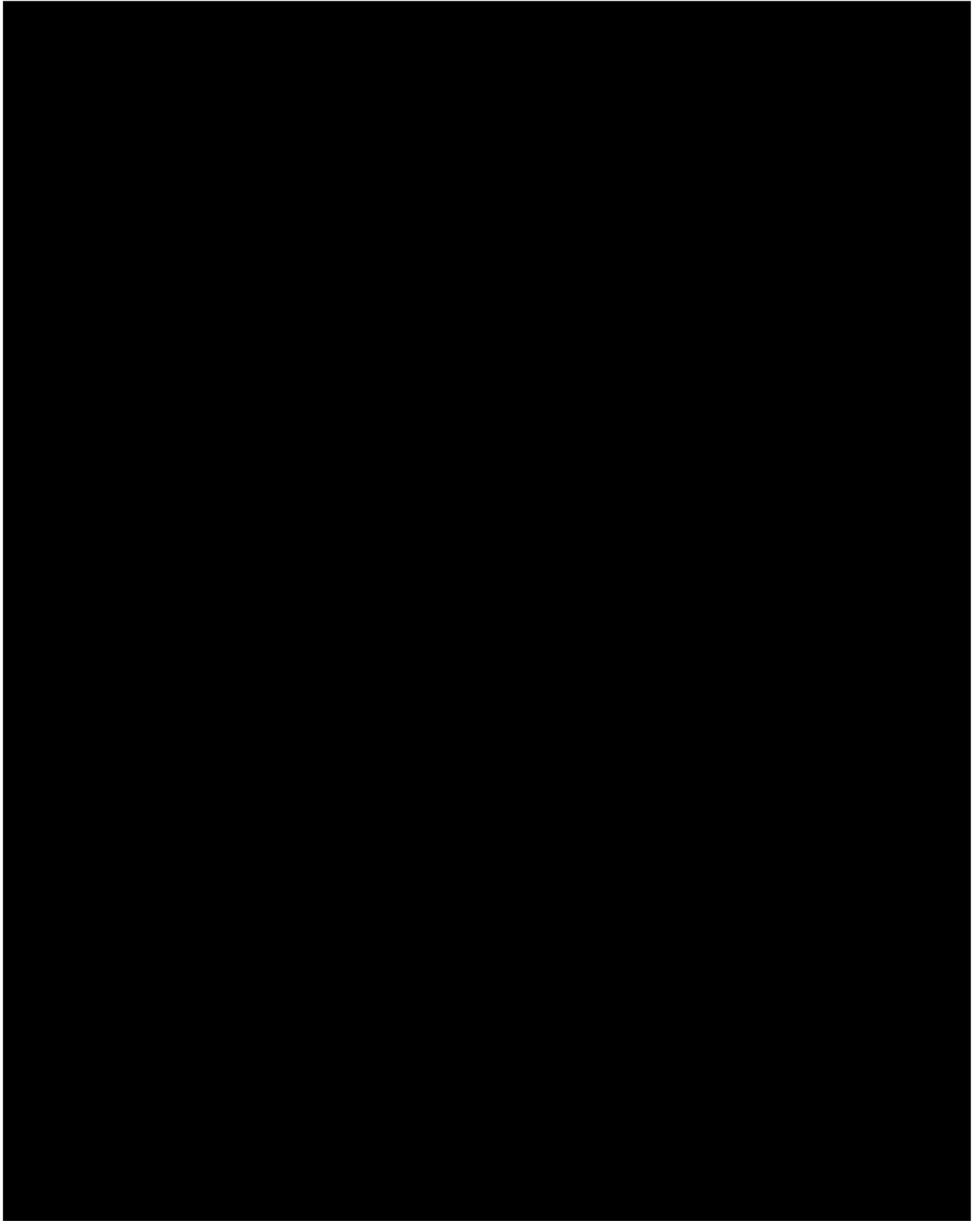
Regulated Utilities Credit Limits (DEF)



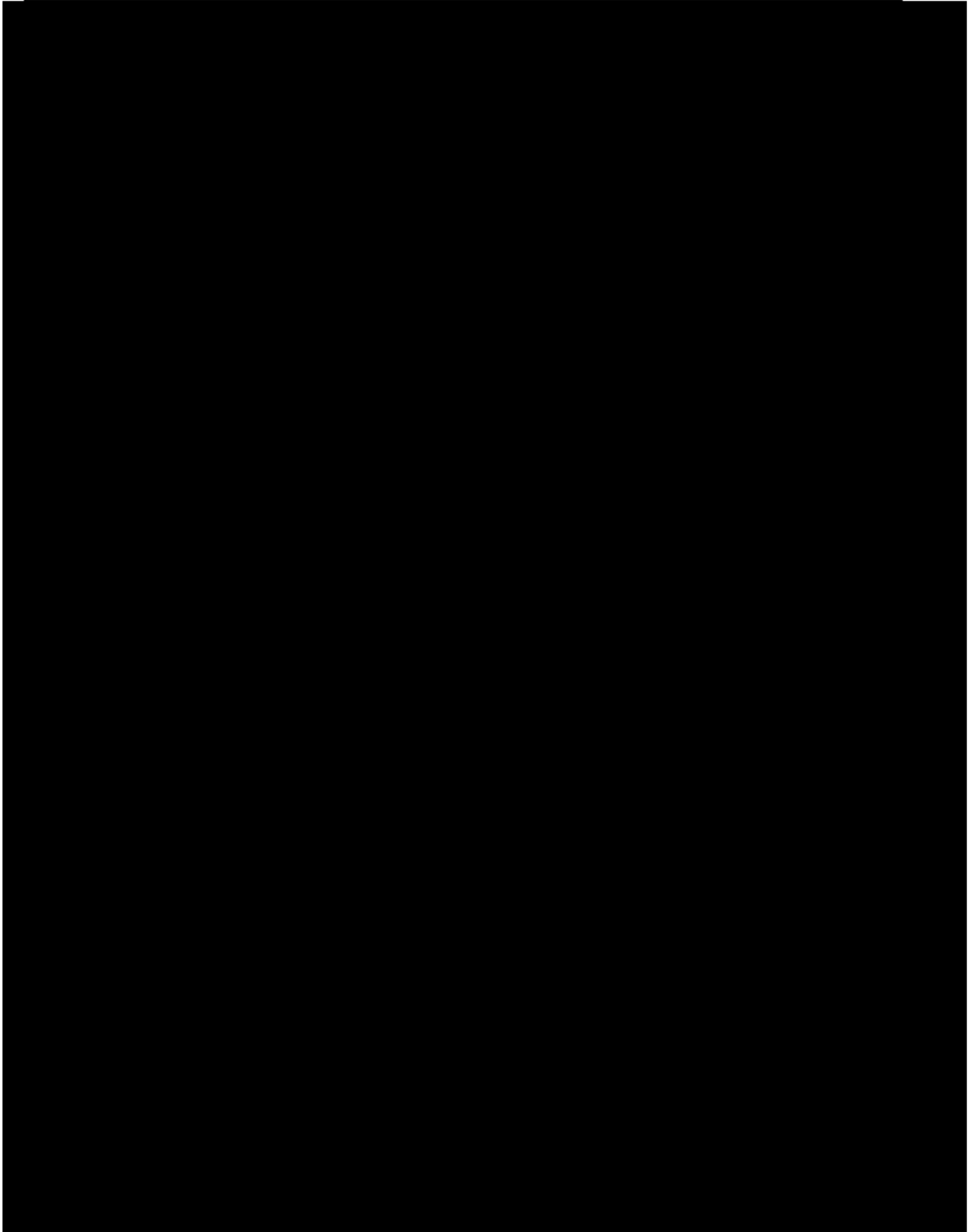
Regulated Utilities Credit Limits (DEF)



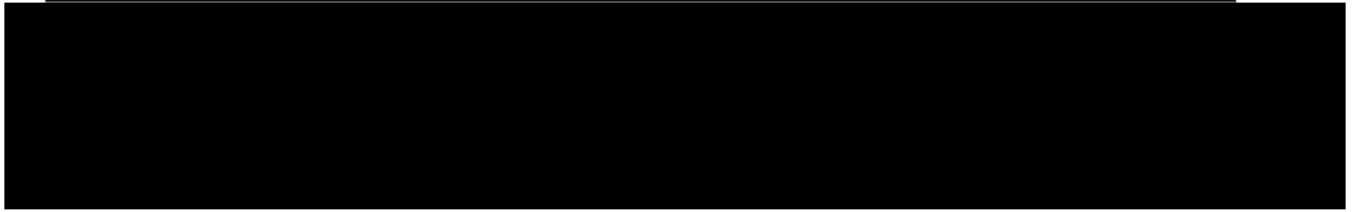
Regulated Utilities Credit Limits (DEF)

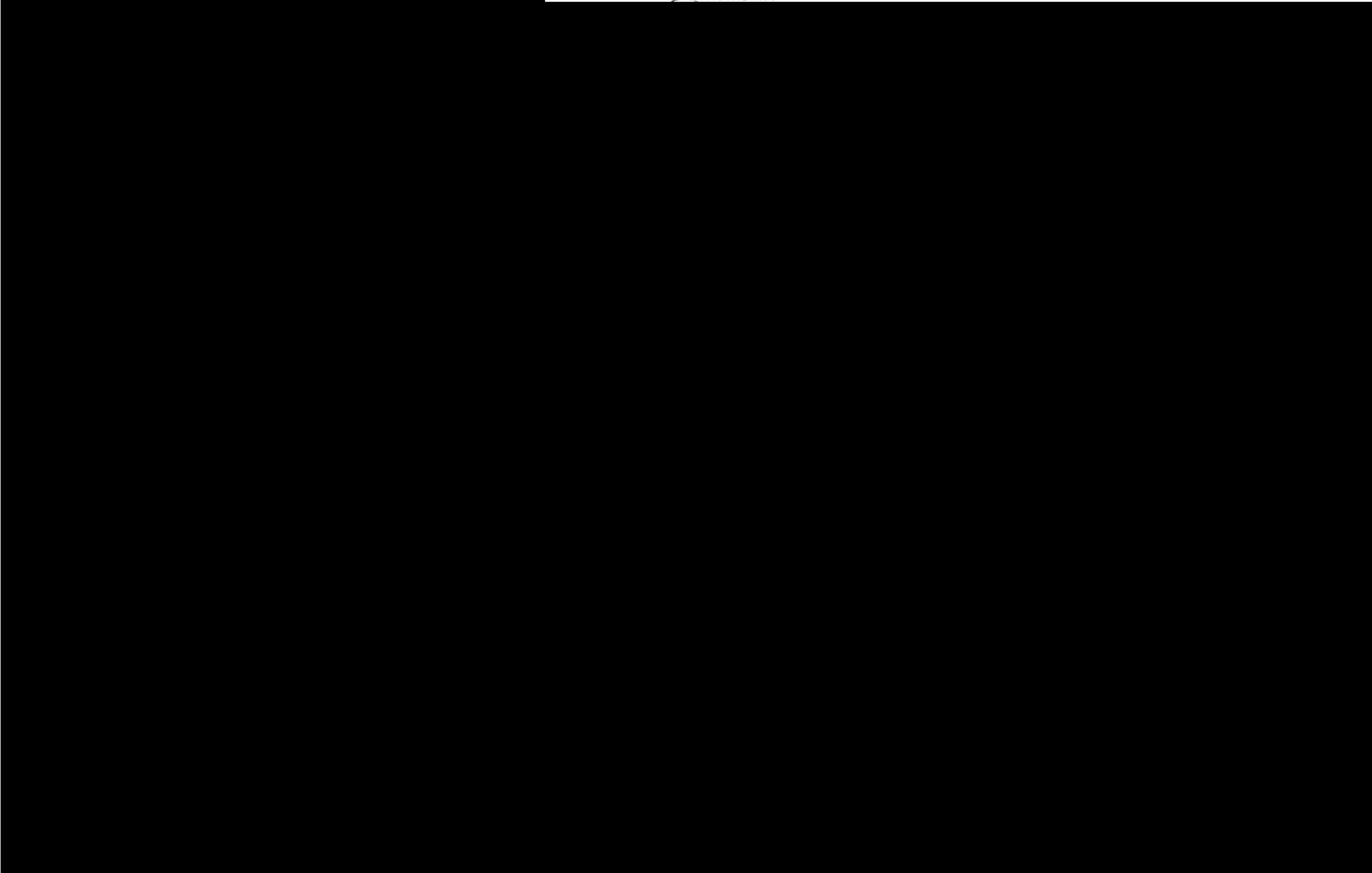


Regulated Utilities Credit Limits (DEF)



Regulated Utilities Credit Limits (DEF)







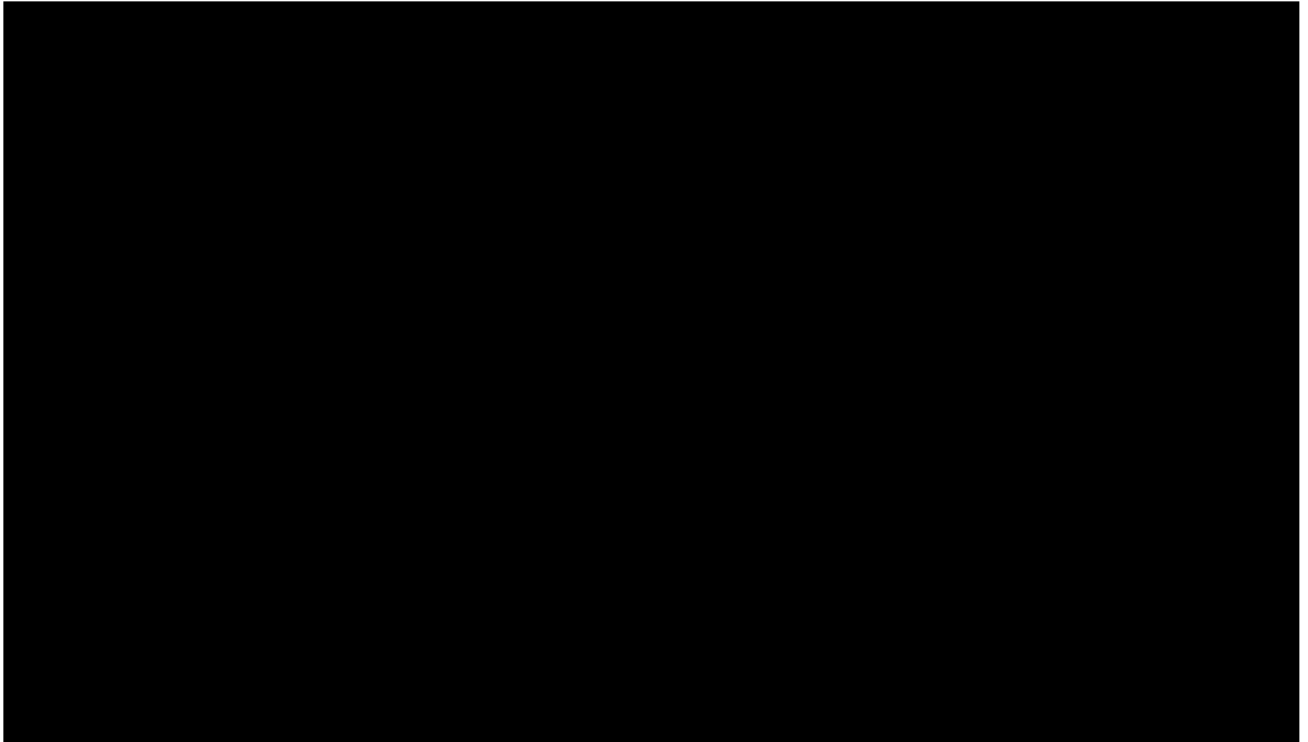
Duke Energy Corporation
Regulated Utilities
Risk Management Control Manual



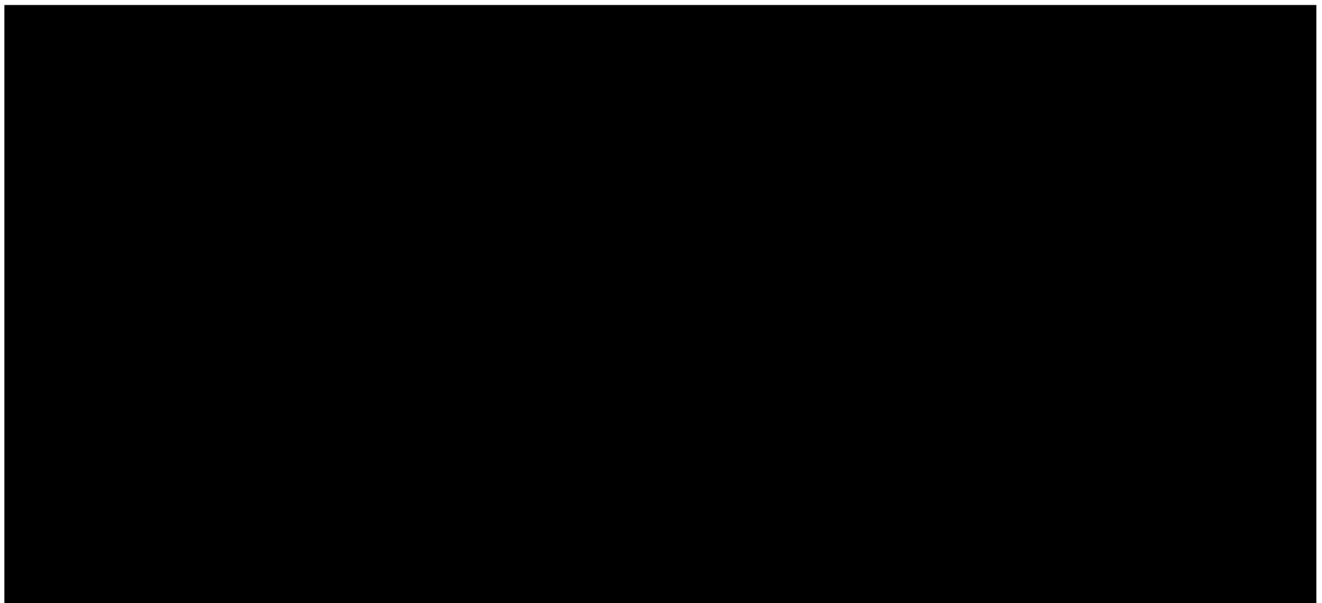
January 2016

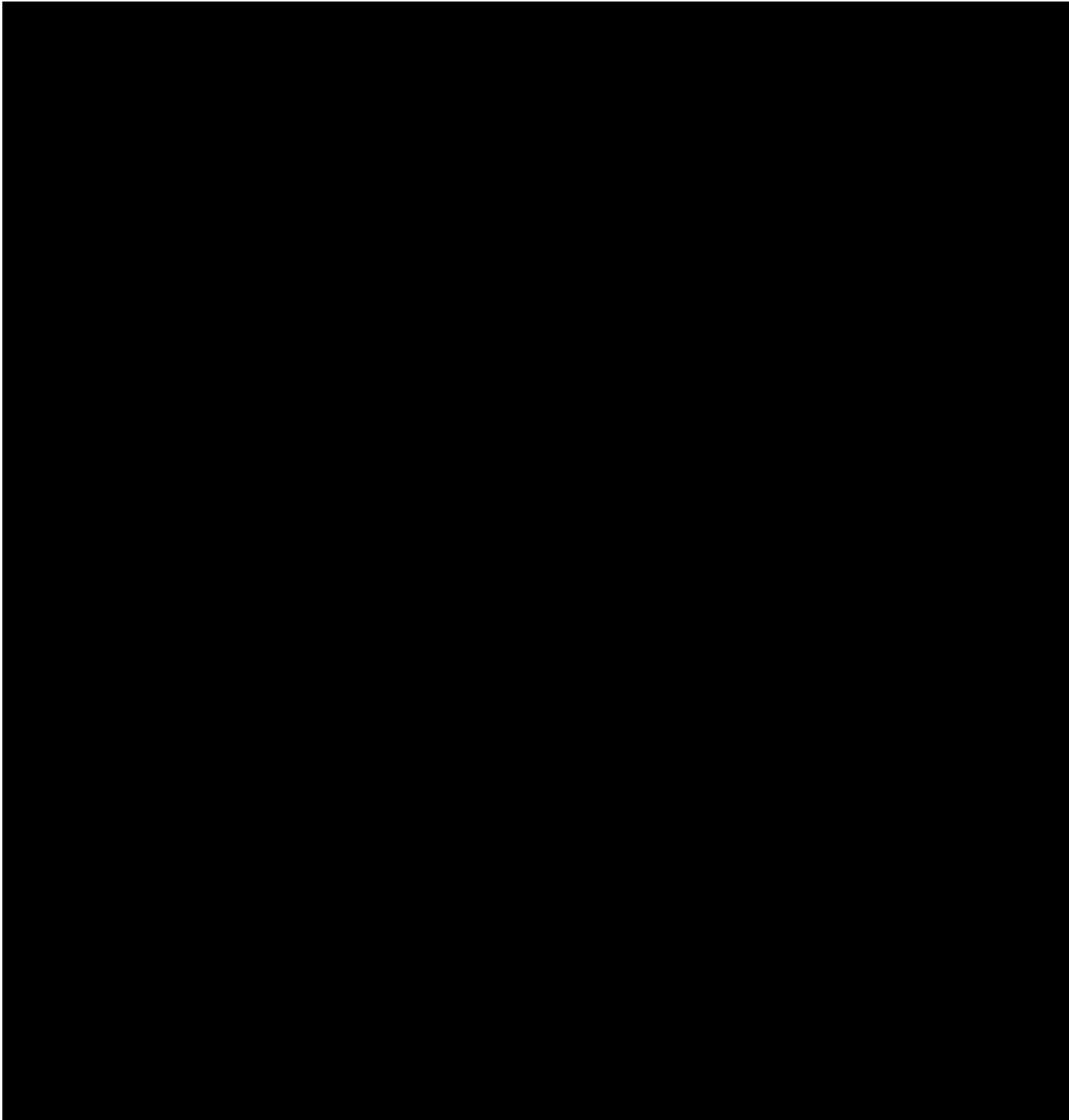


I. Introduction and Purpose

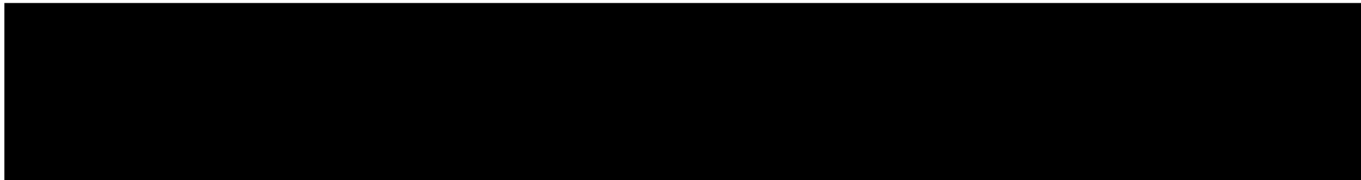


Risk Management Policies and Procedures



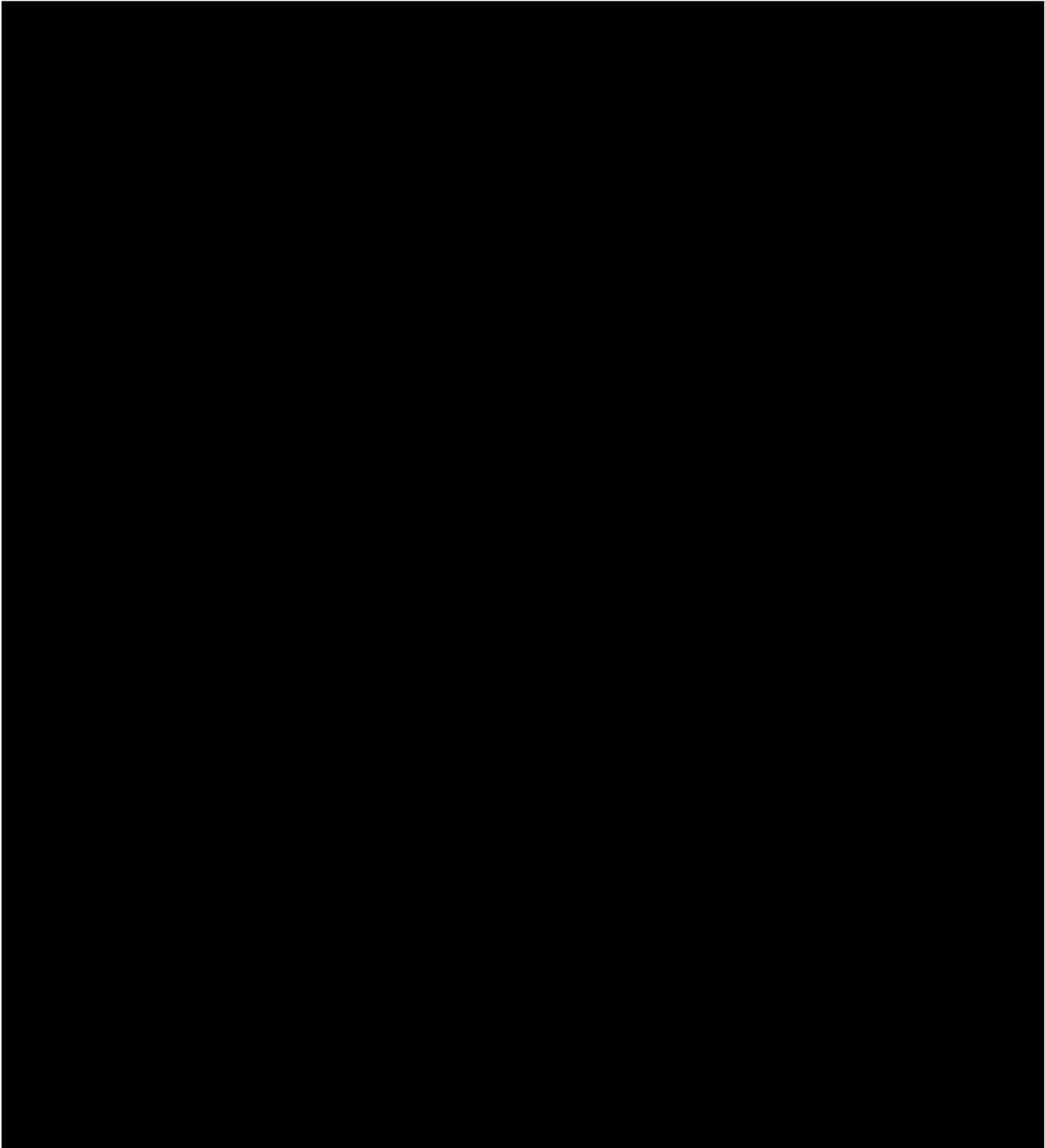


Control Manual Amendments and Approvals



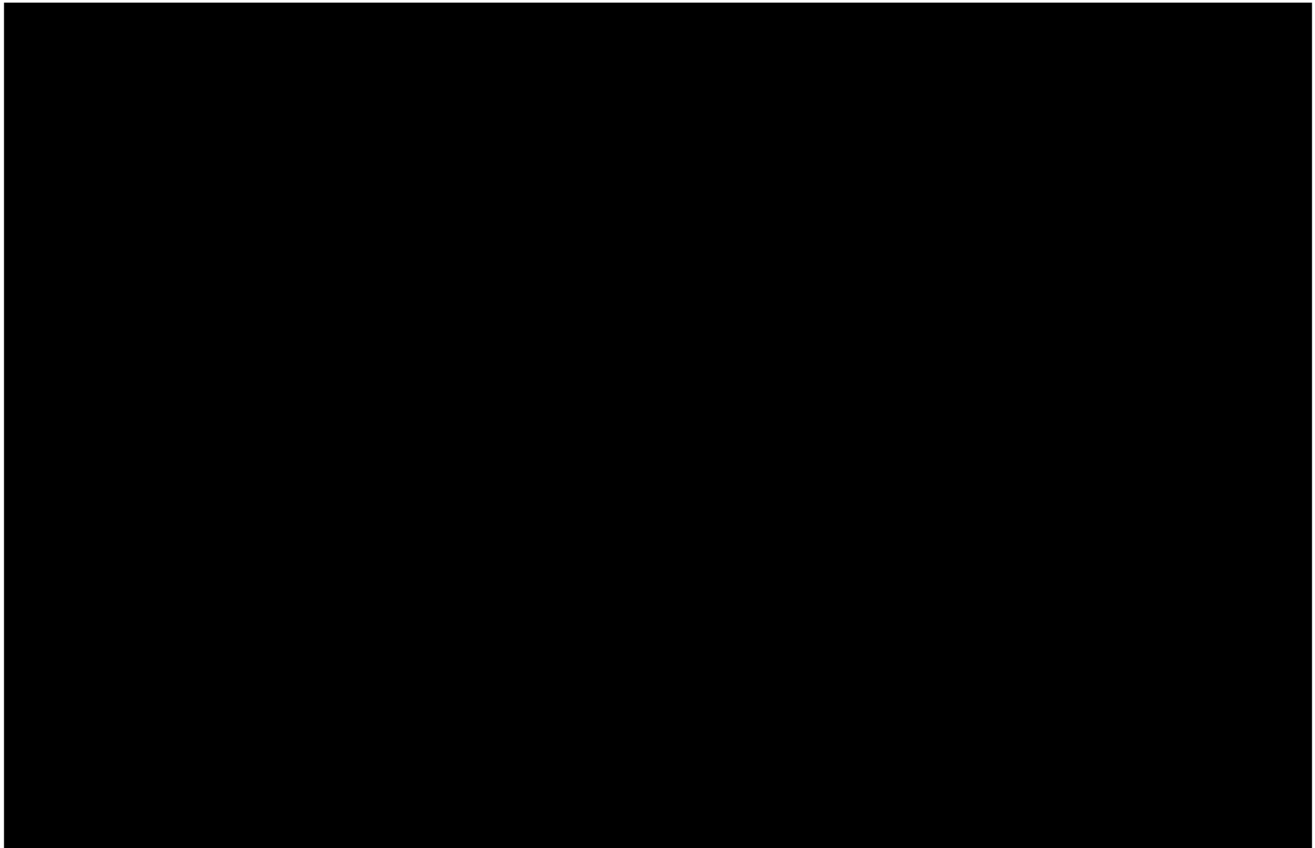


Legal and Regulatory Compliance

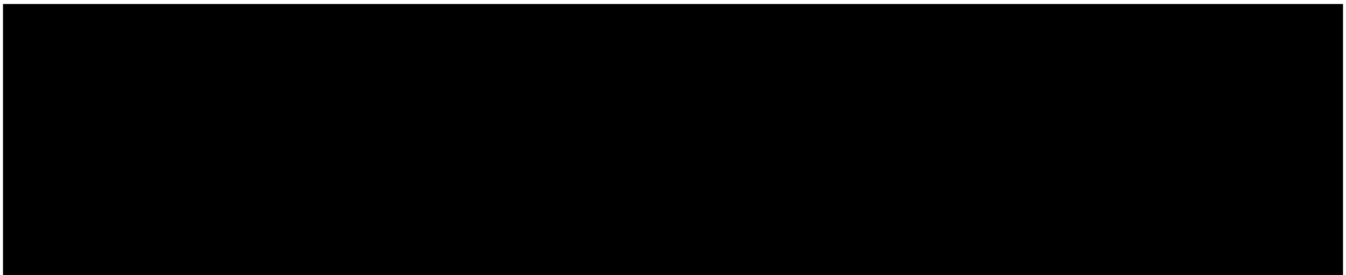




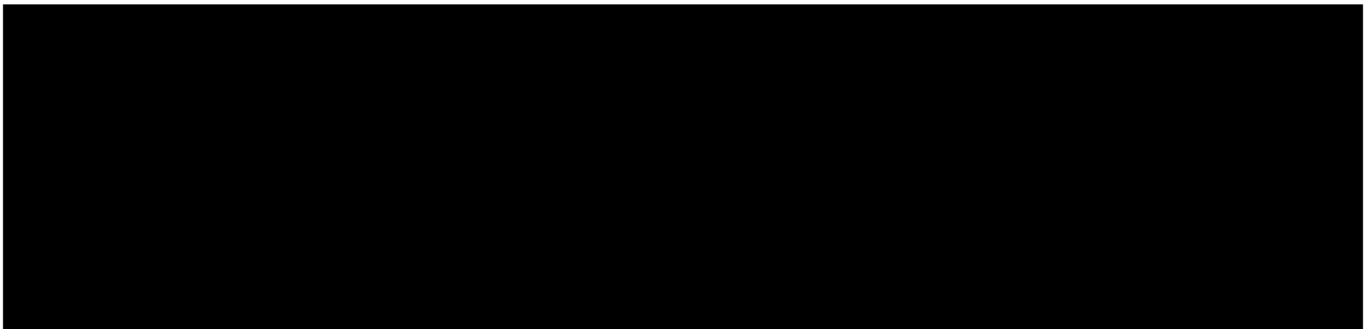
Exception Process



New Employees

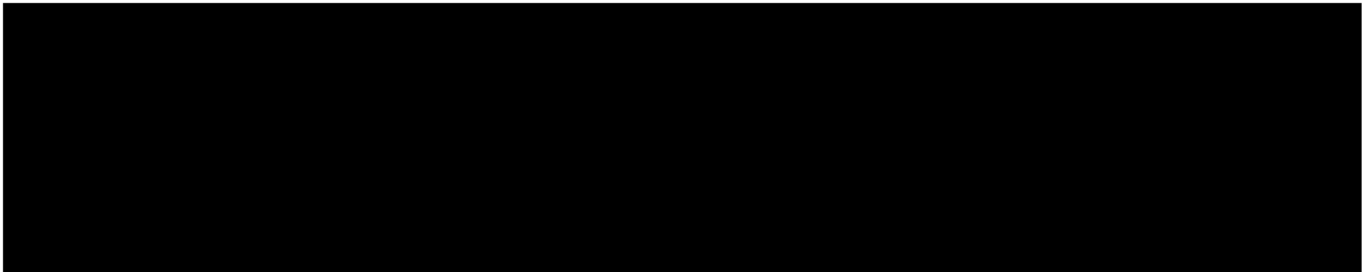


Inter-Affiliate Transactions

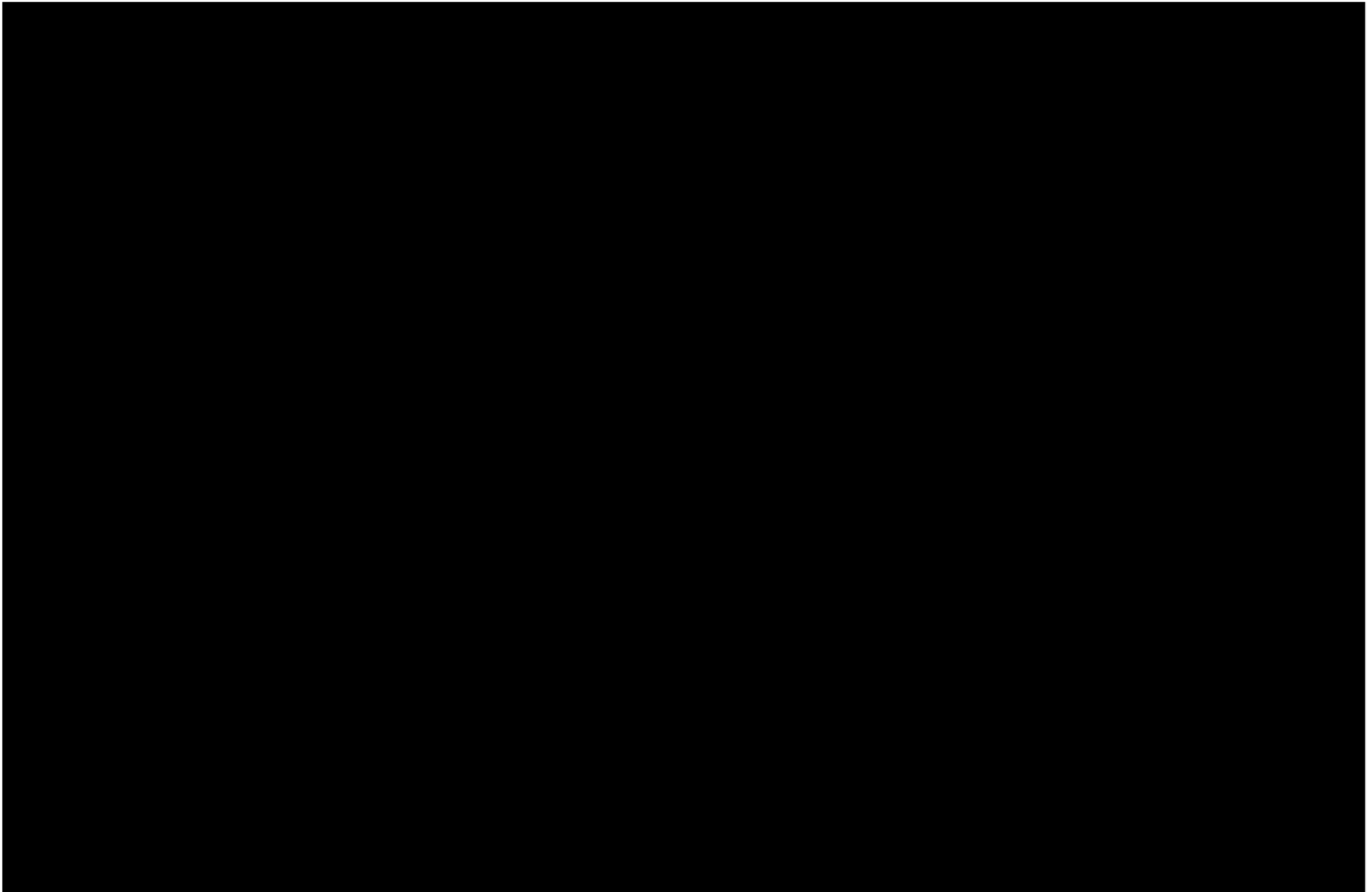




II. Concept of Operations

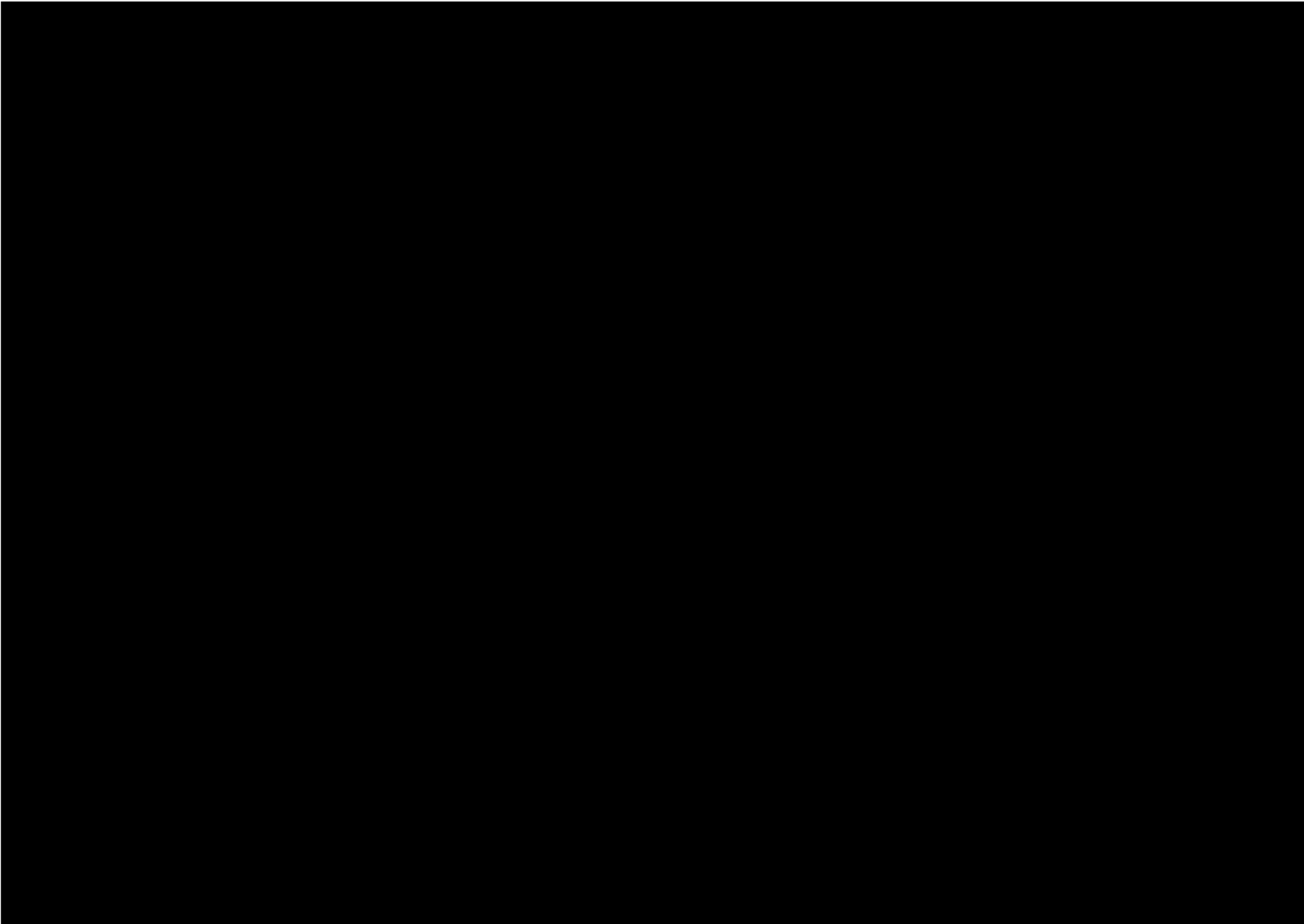


Carolinas (Duke Energy Carolinas & Duke Energy Progress)



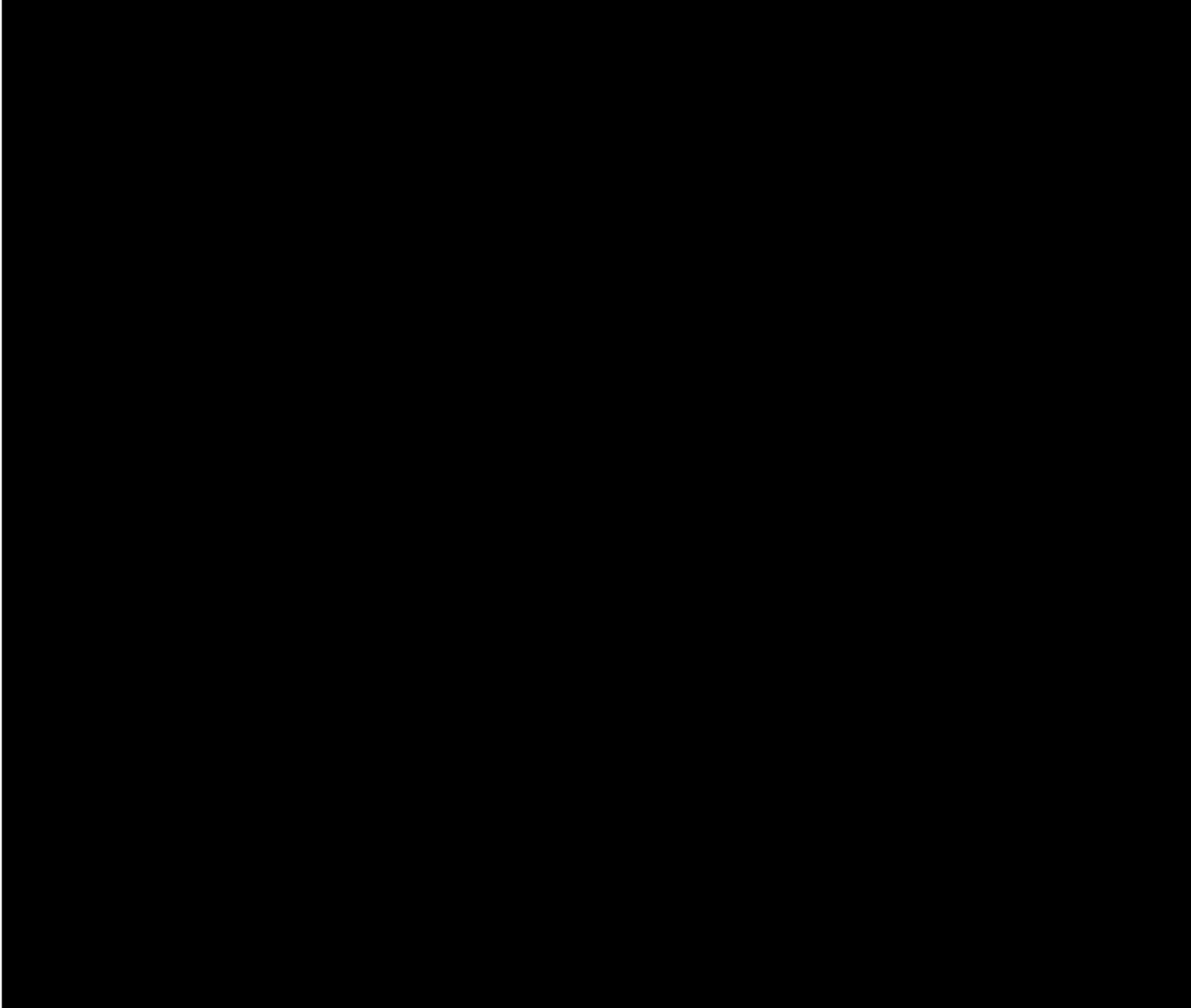


Duke Energy Florida

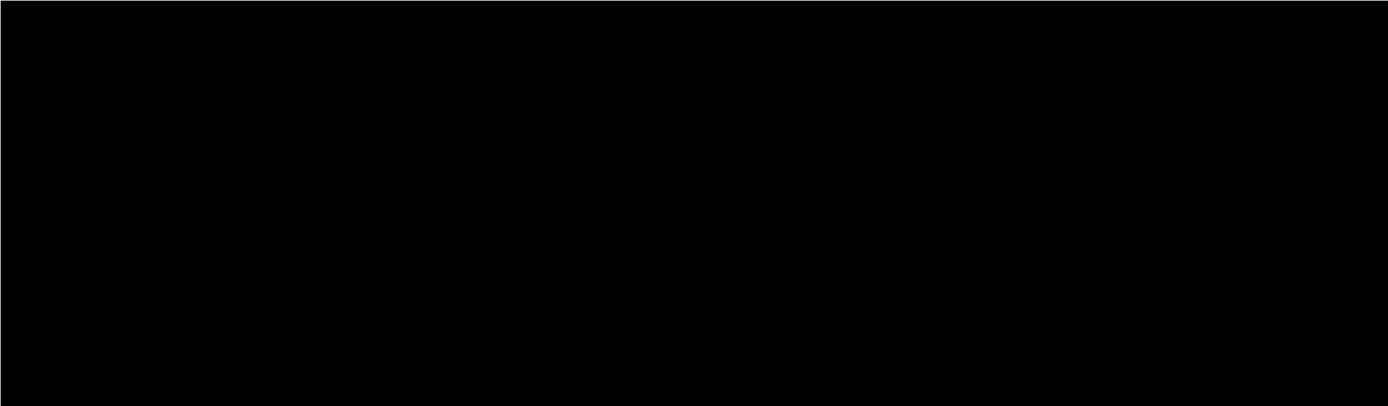


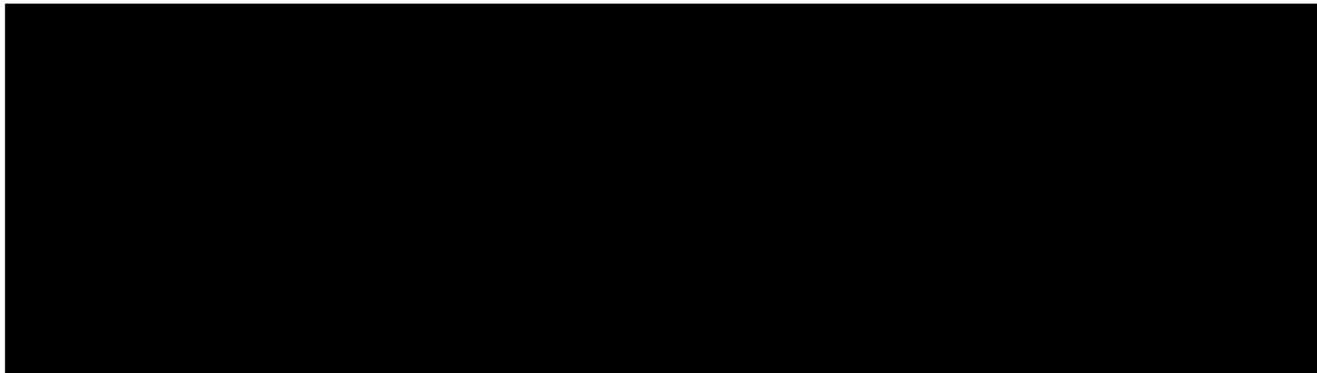
Duke Energy Indiana (DE-IN) & Duke Energy Kentucky (DE-KY)





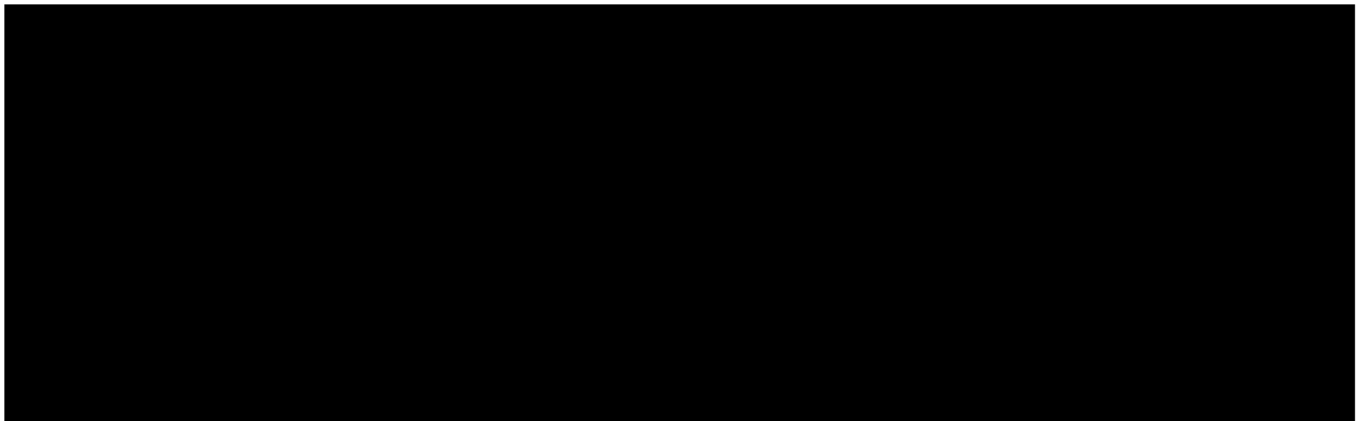
Duke Energy Ohio



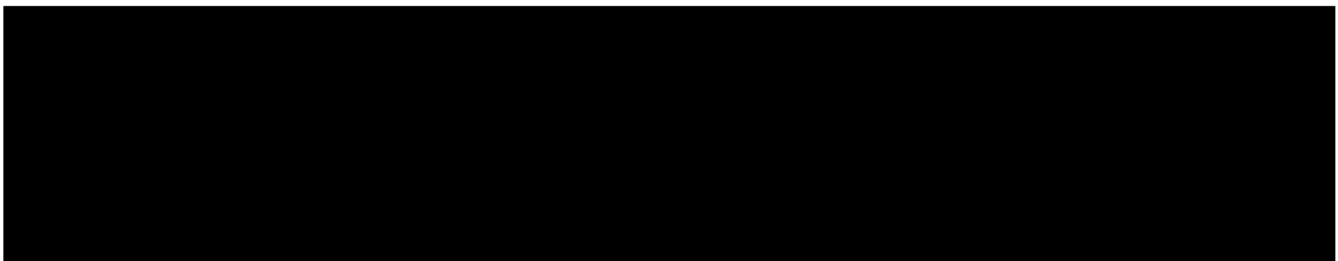


III. Roles & Responsibilities

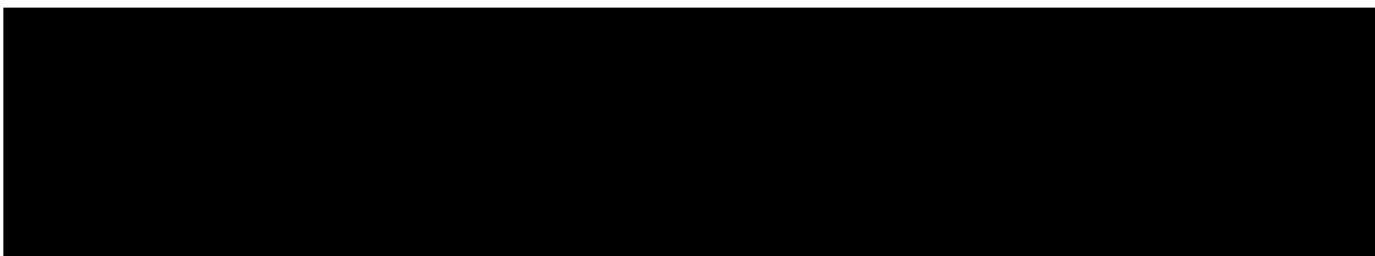
Role of Corporate Officers



Segregation of Function and Ownership

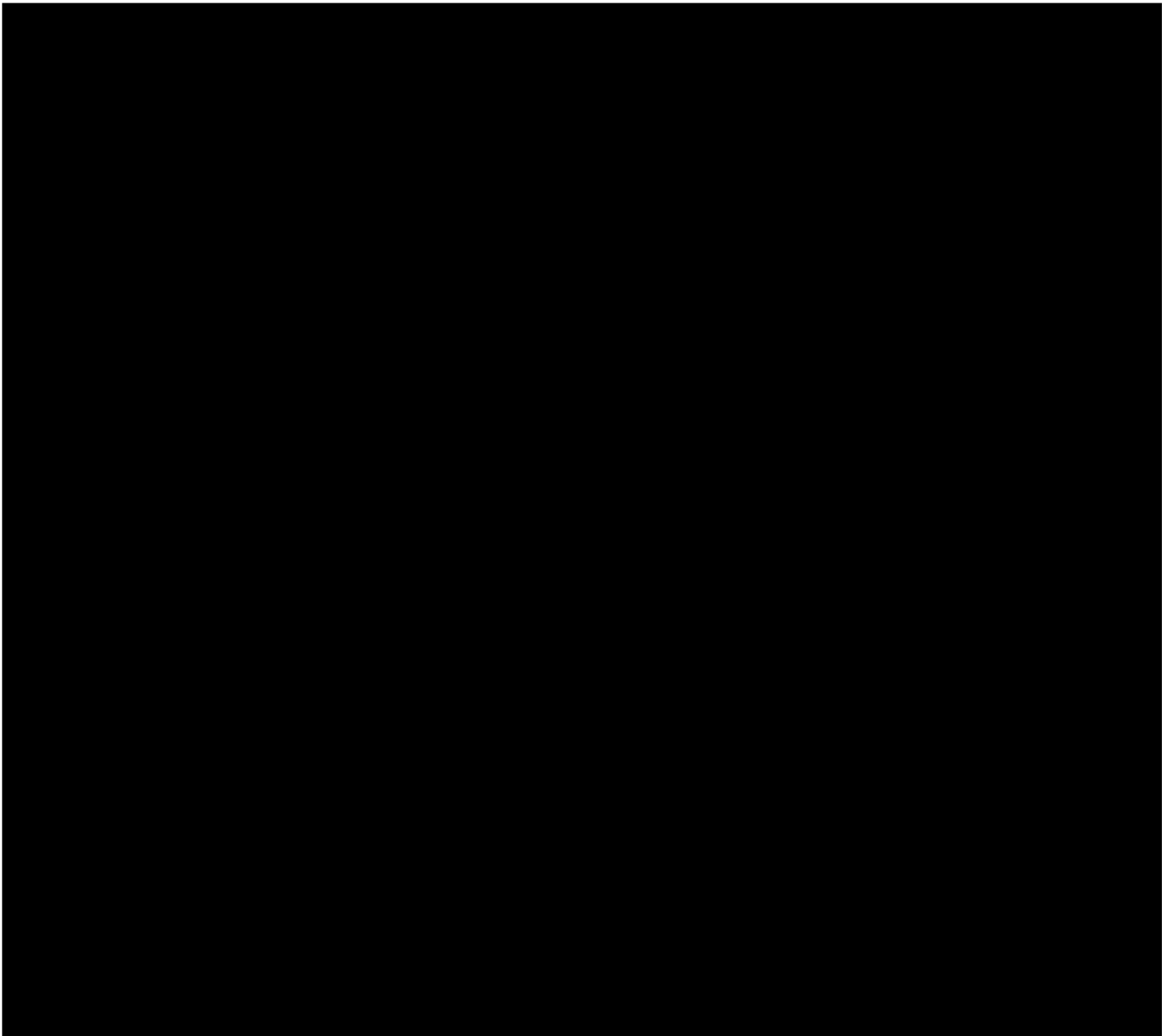


Role of the Chief Risk Officer



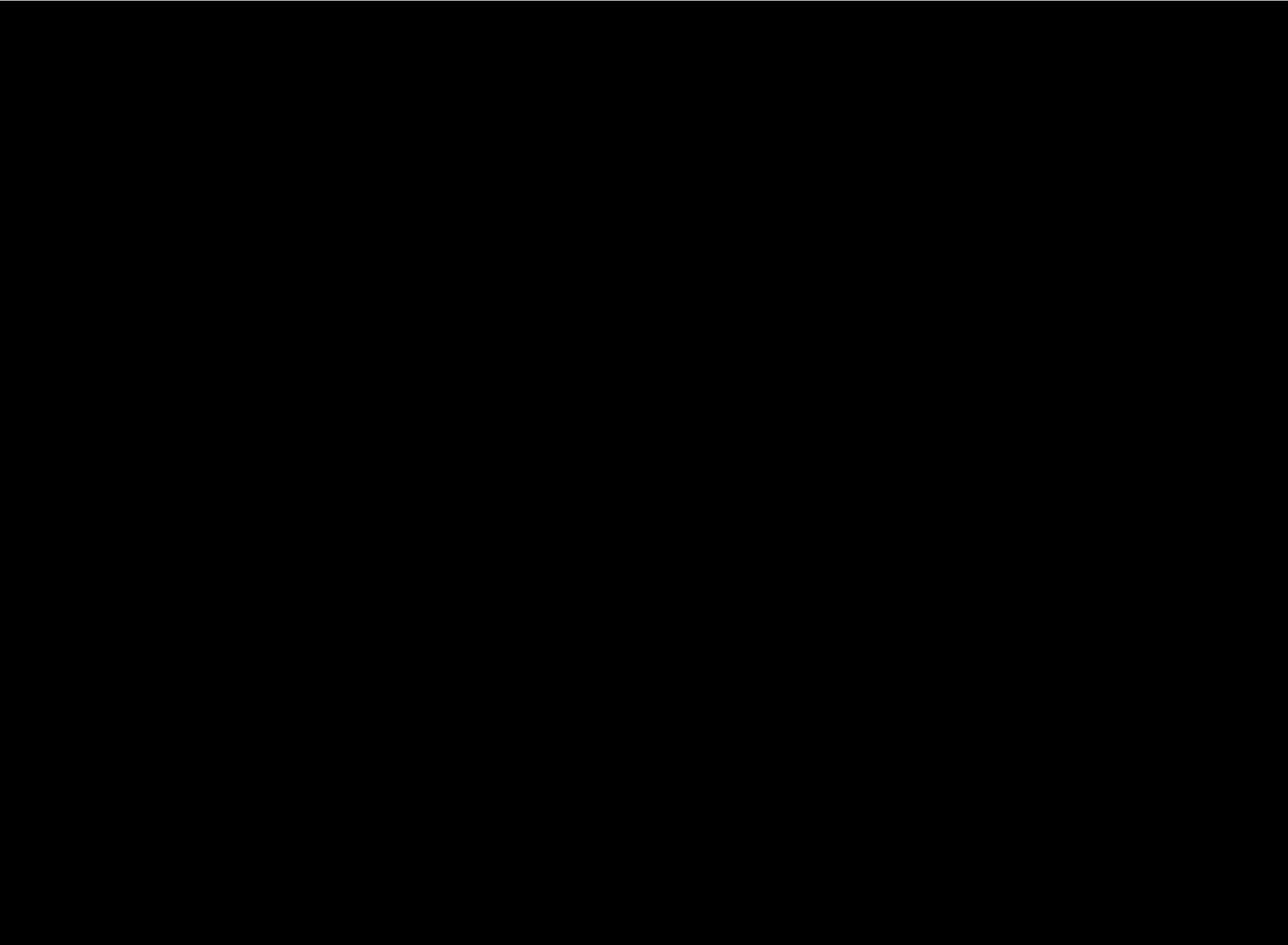


Role of Global Risk Management

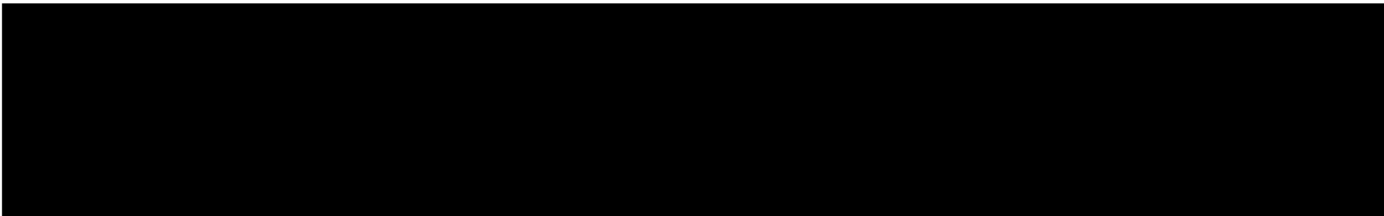




Role of Fuels & Systems Optimization

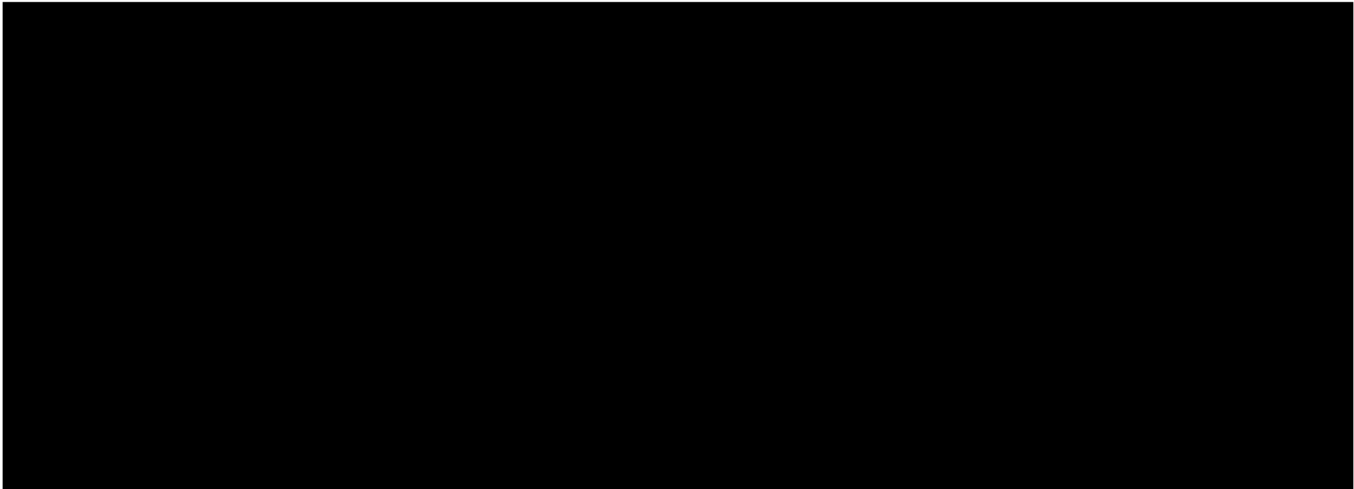


Role of Traders

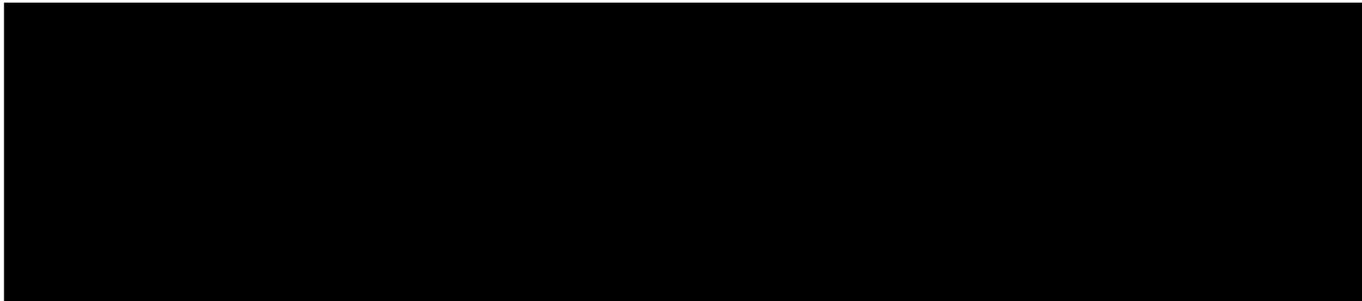




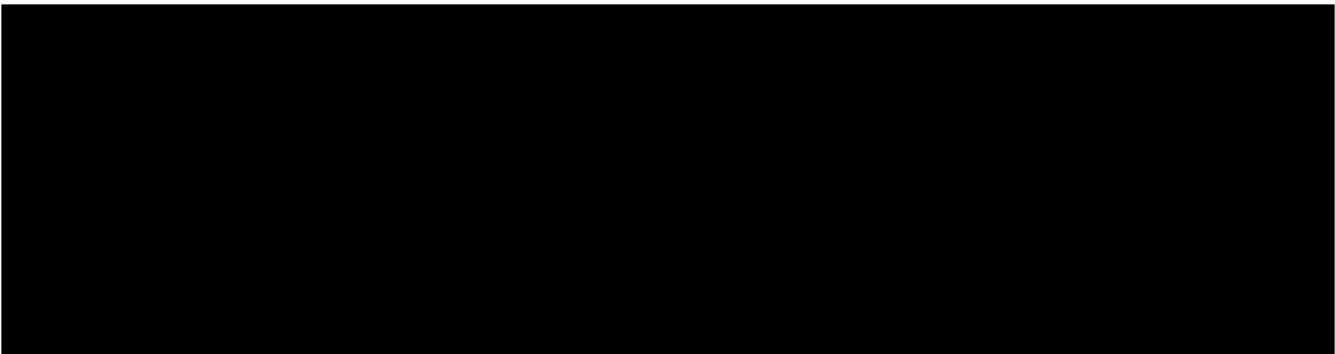
Role of Regulated Fuels

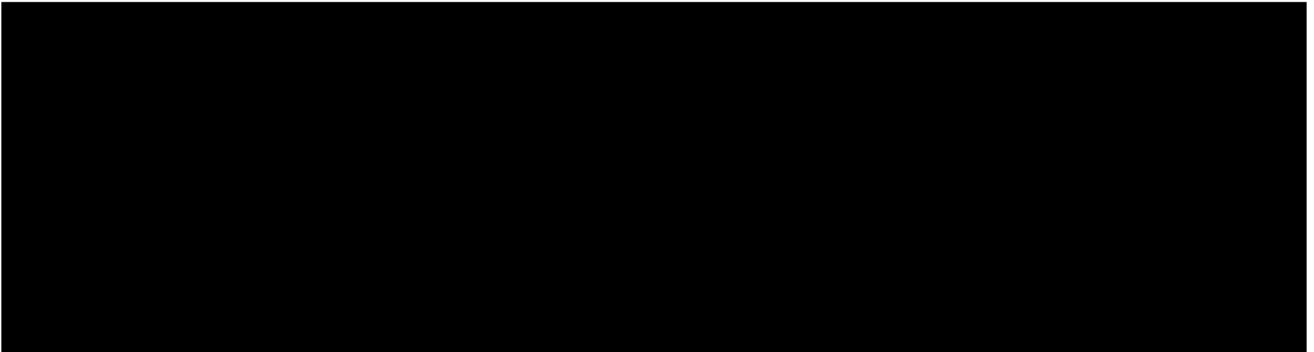


Role of Distributed Energy Resources

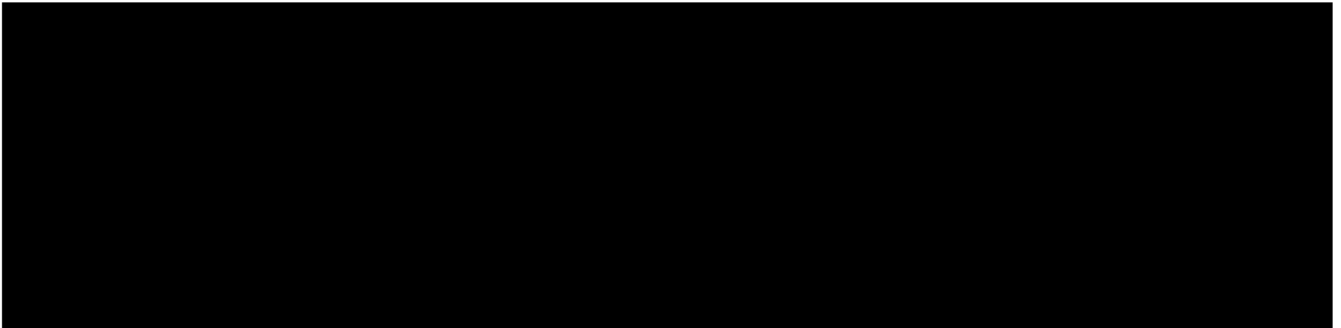


Role of Energy Supply Analytics

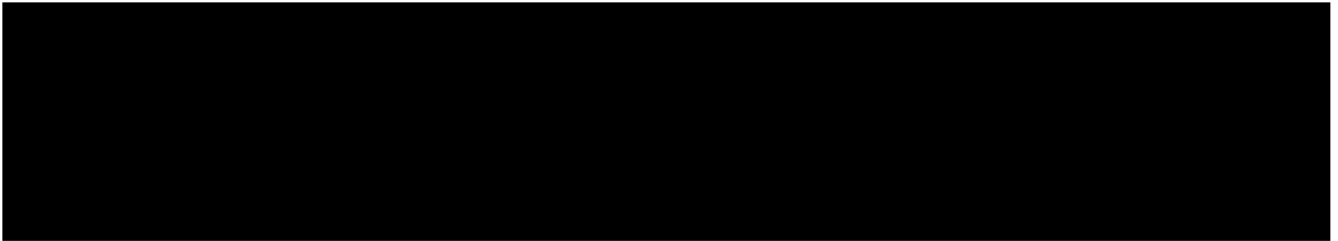




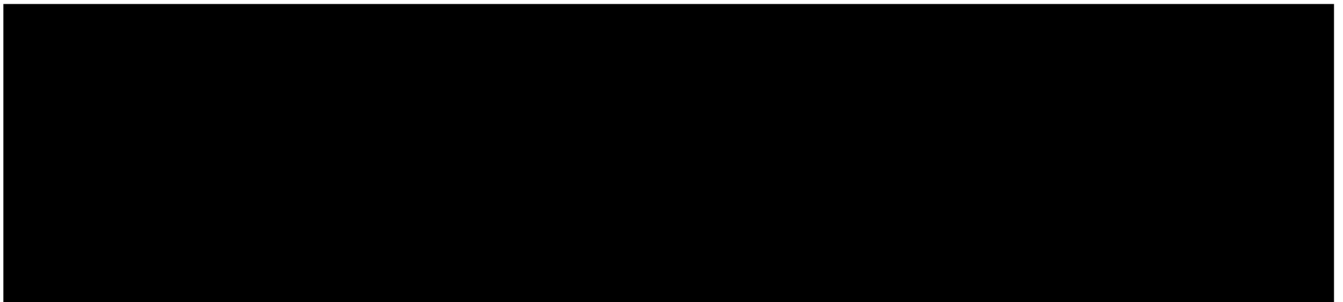
Role of Contract Management



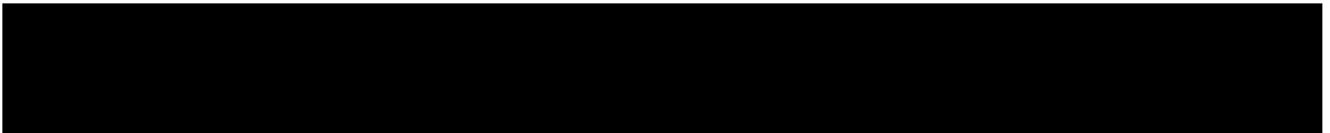
Role of Internal Audit



Role of Ethics and Compliance

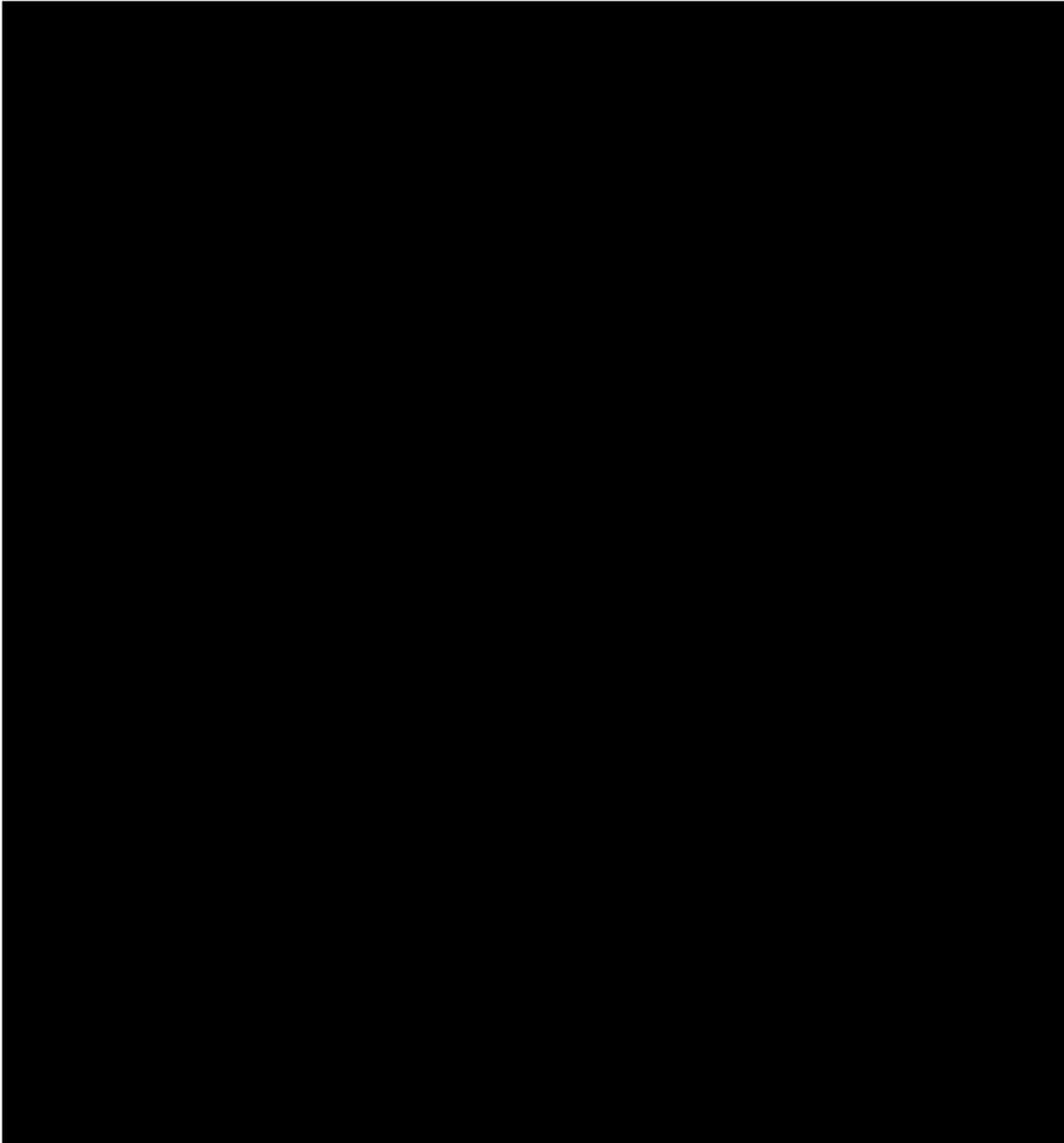


Role of Duke Energy General Counsel



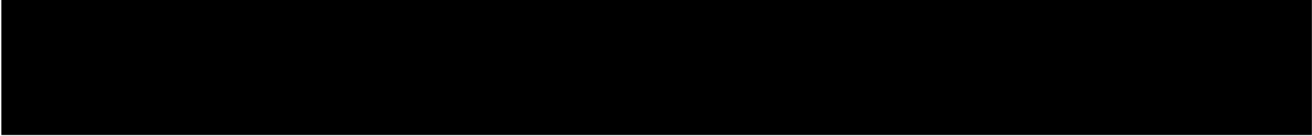


Role of Accounting



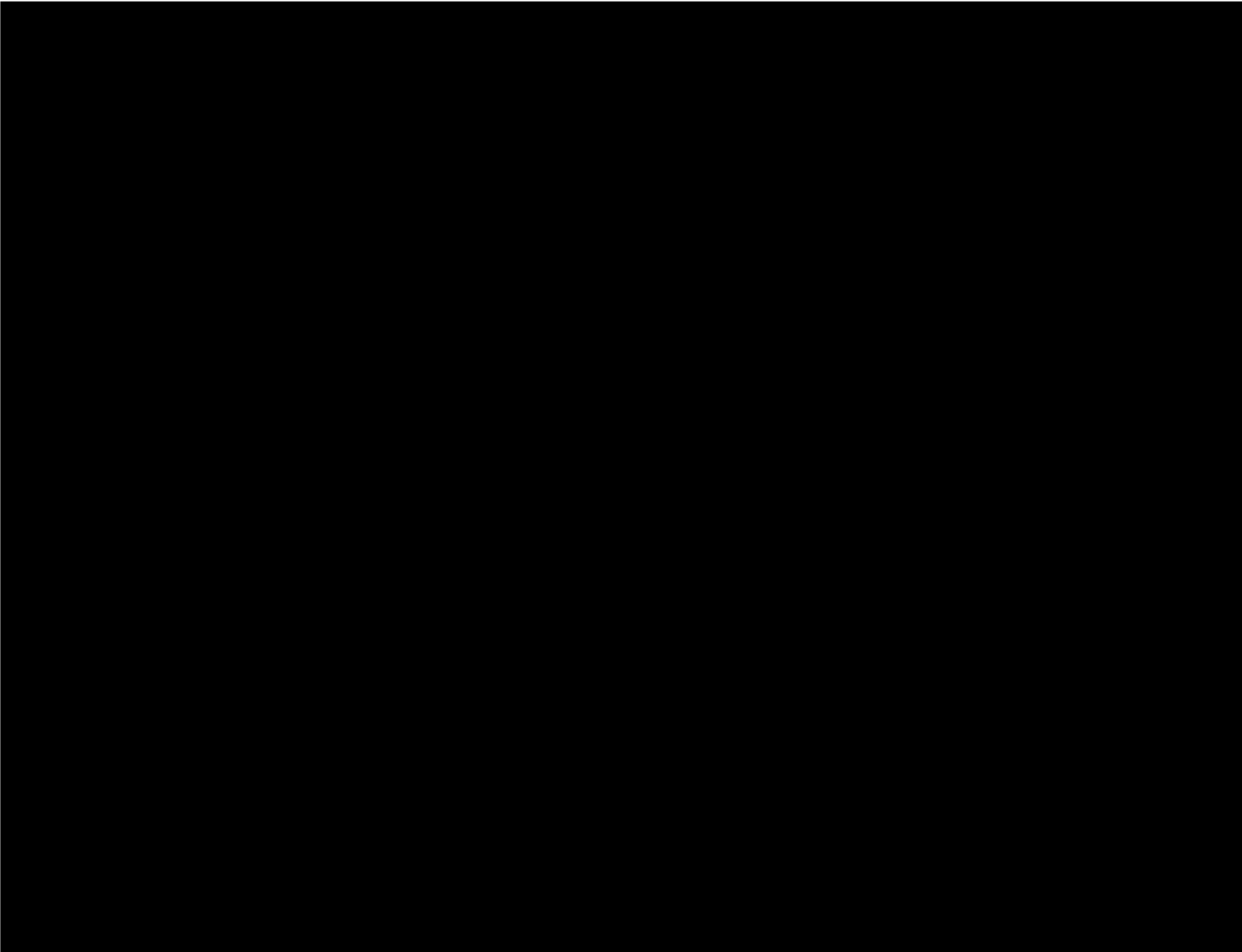


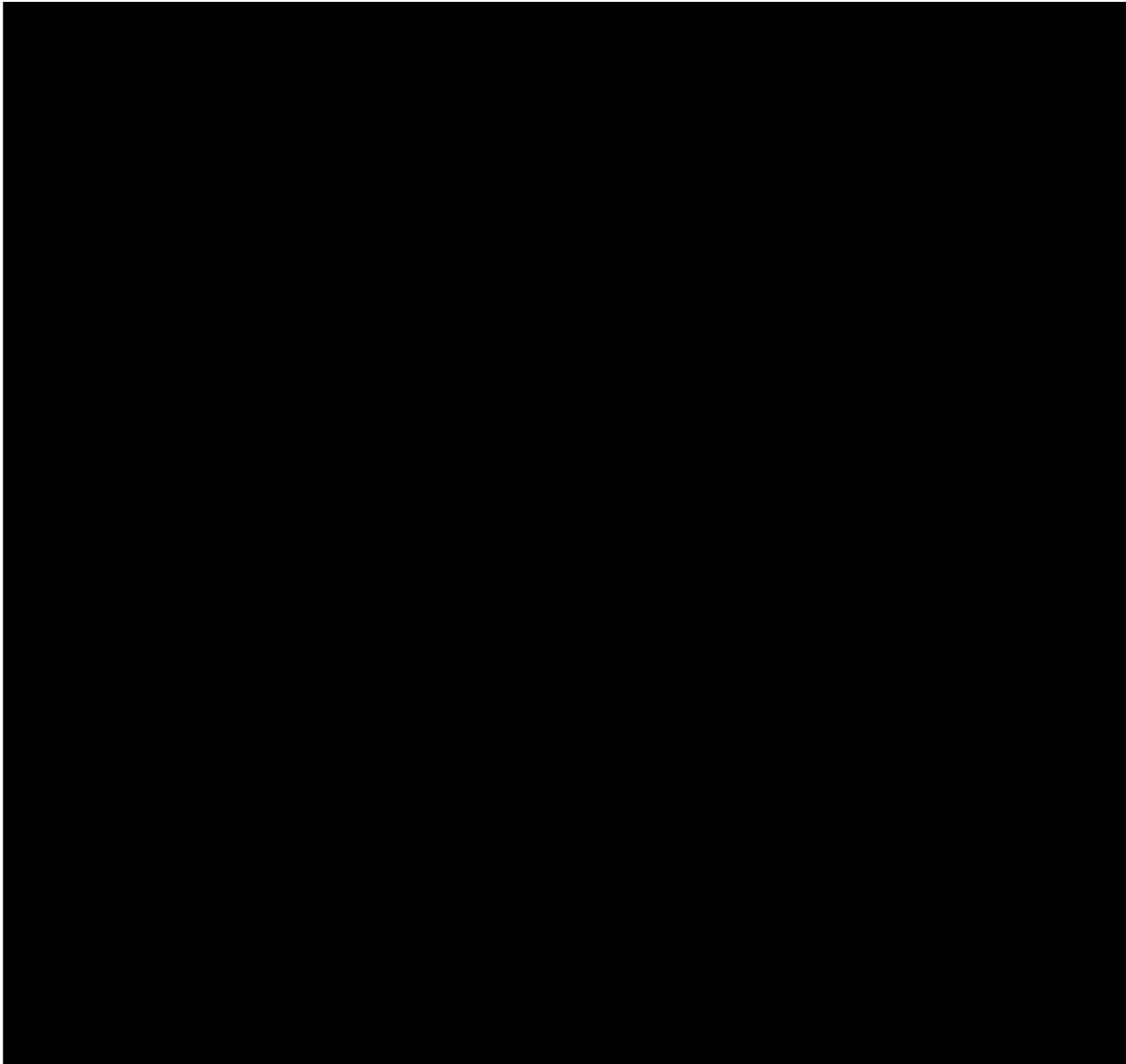
Role of Treasury



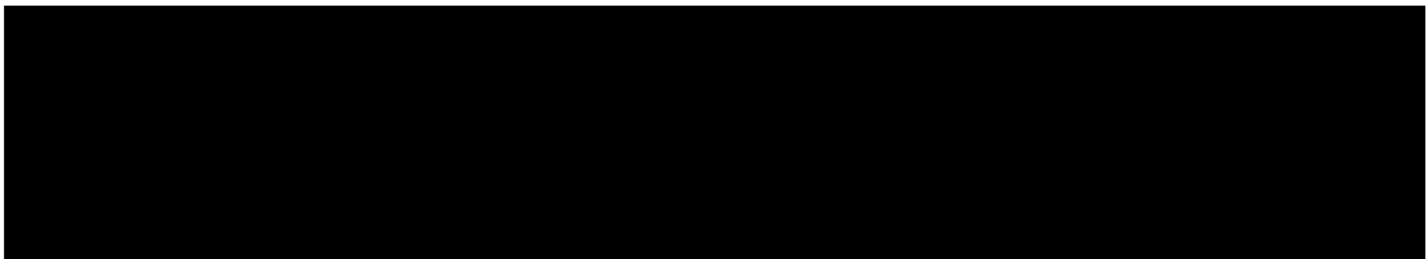
IV. Control Requirements and Activities

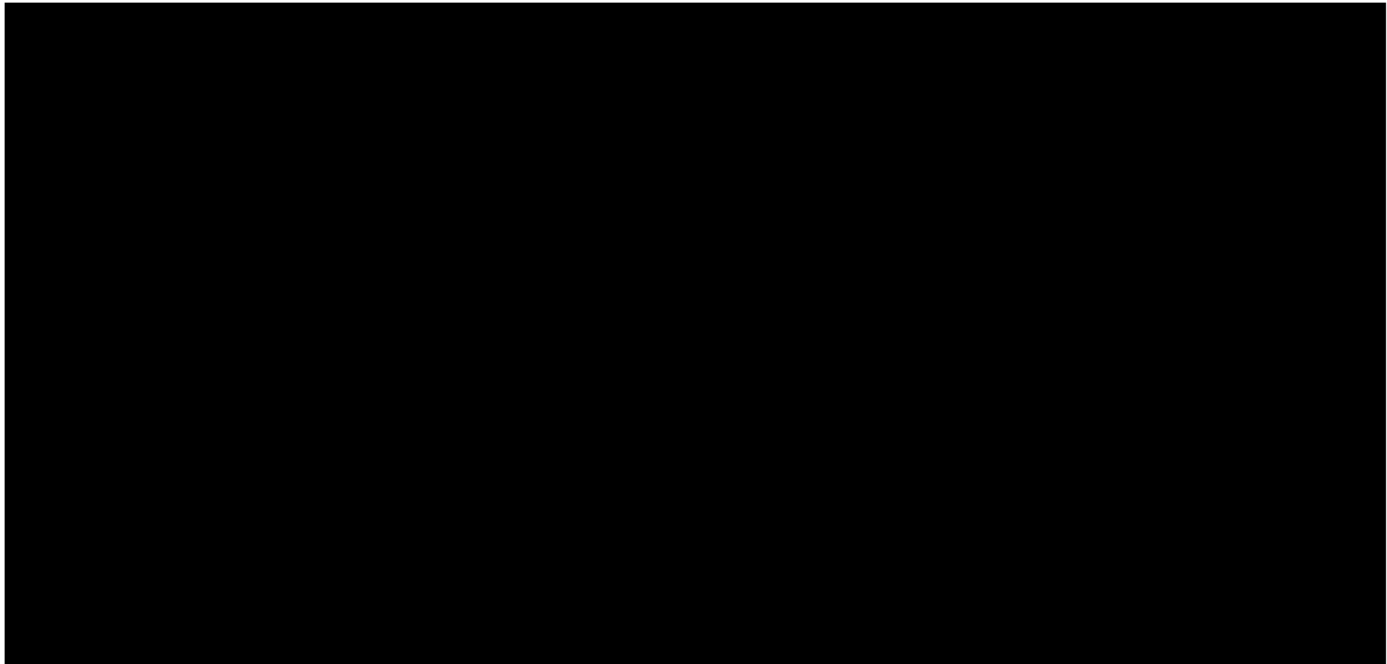
Risk Management



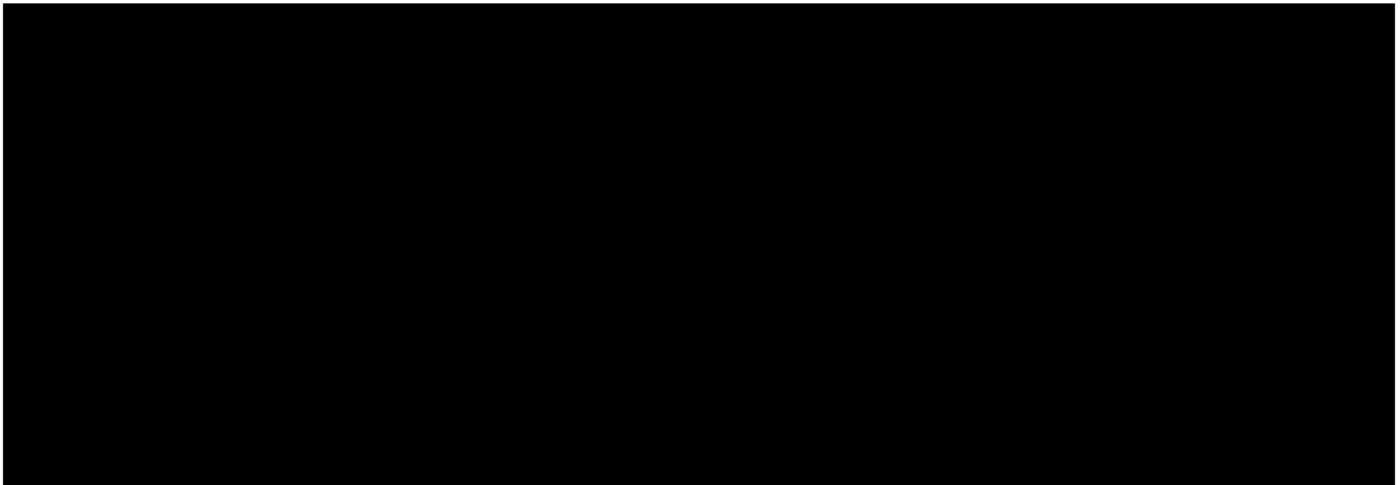


Risk Management – Credit Risk

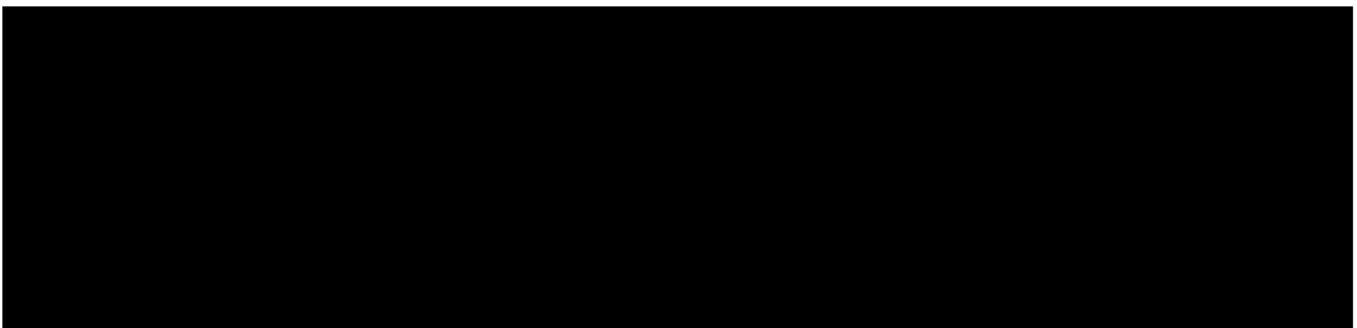


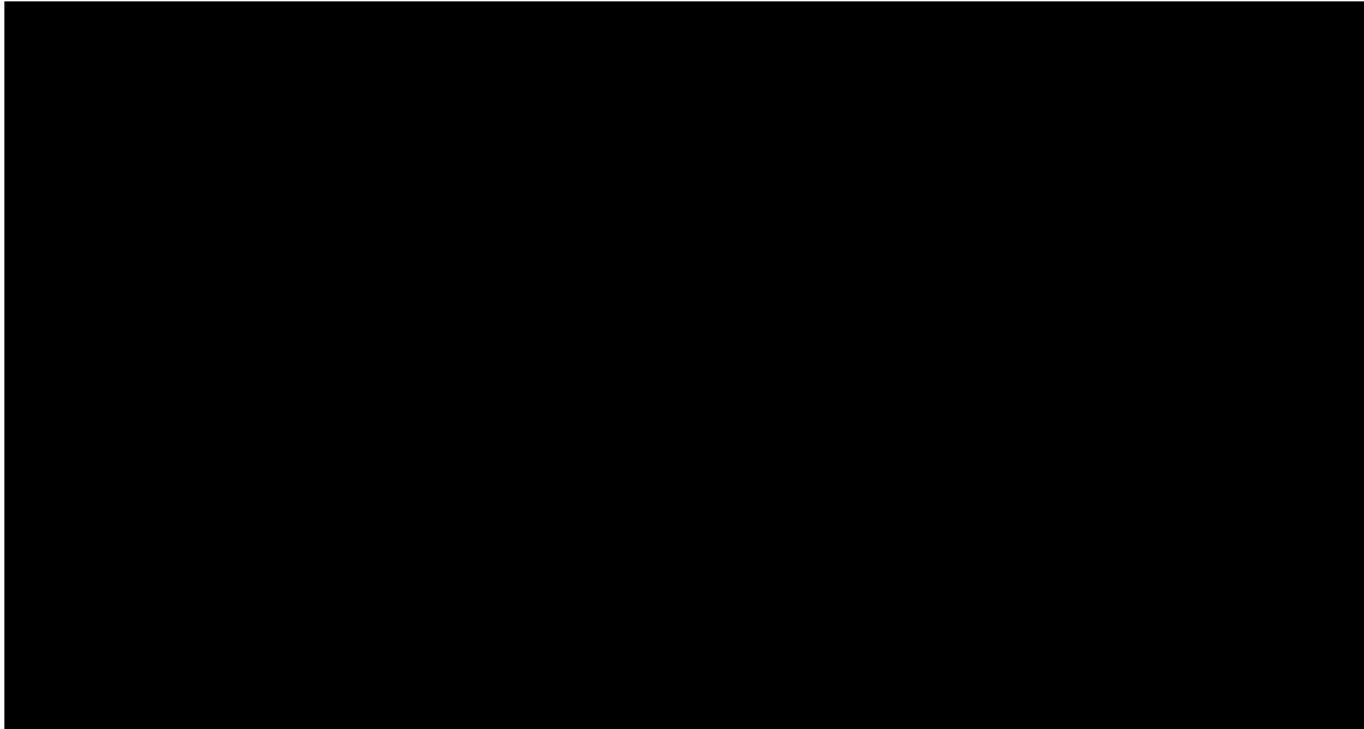


Counterparty & Contract Responsibility:

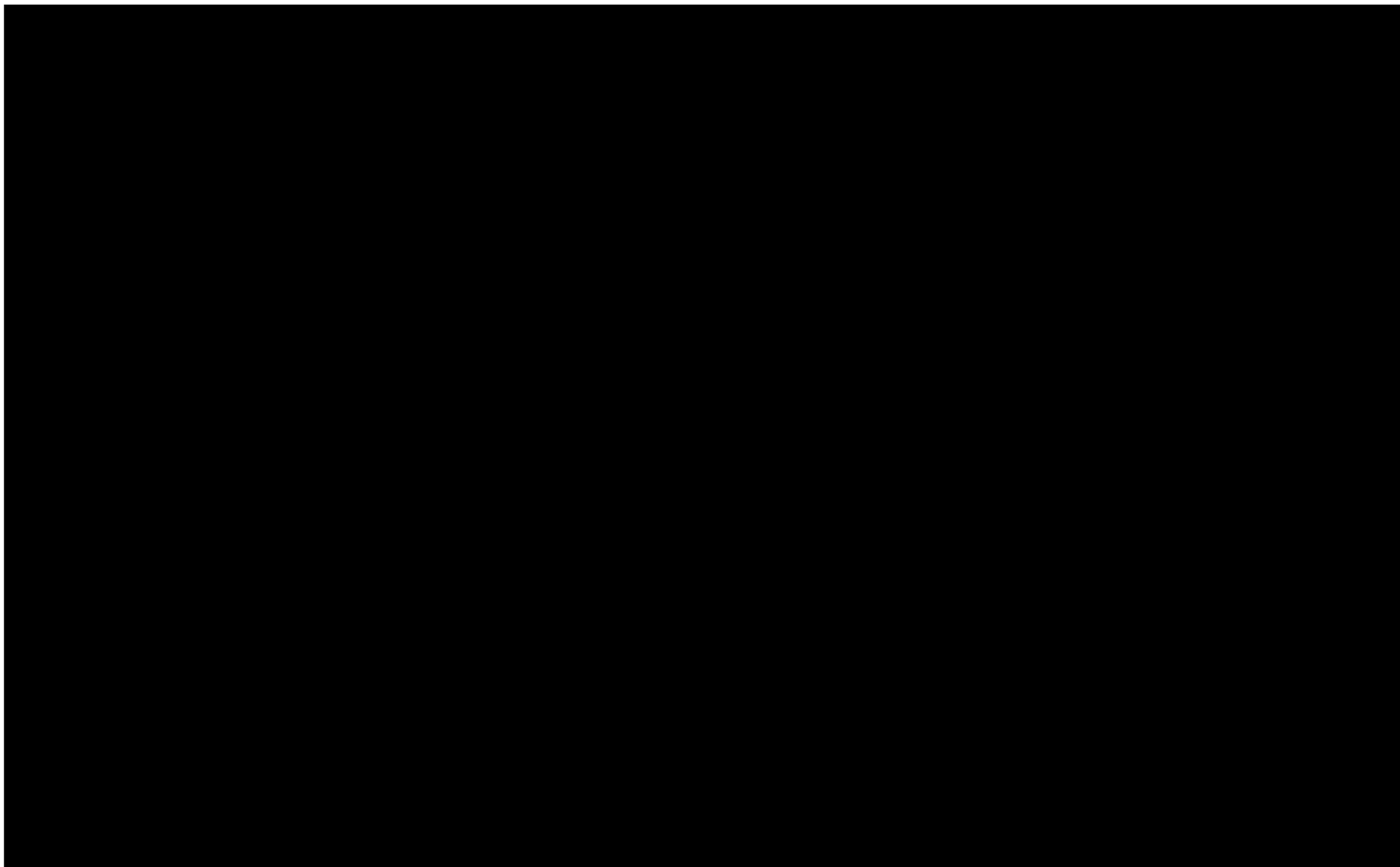


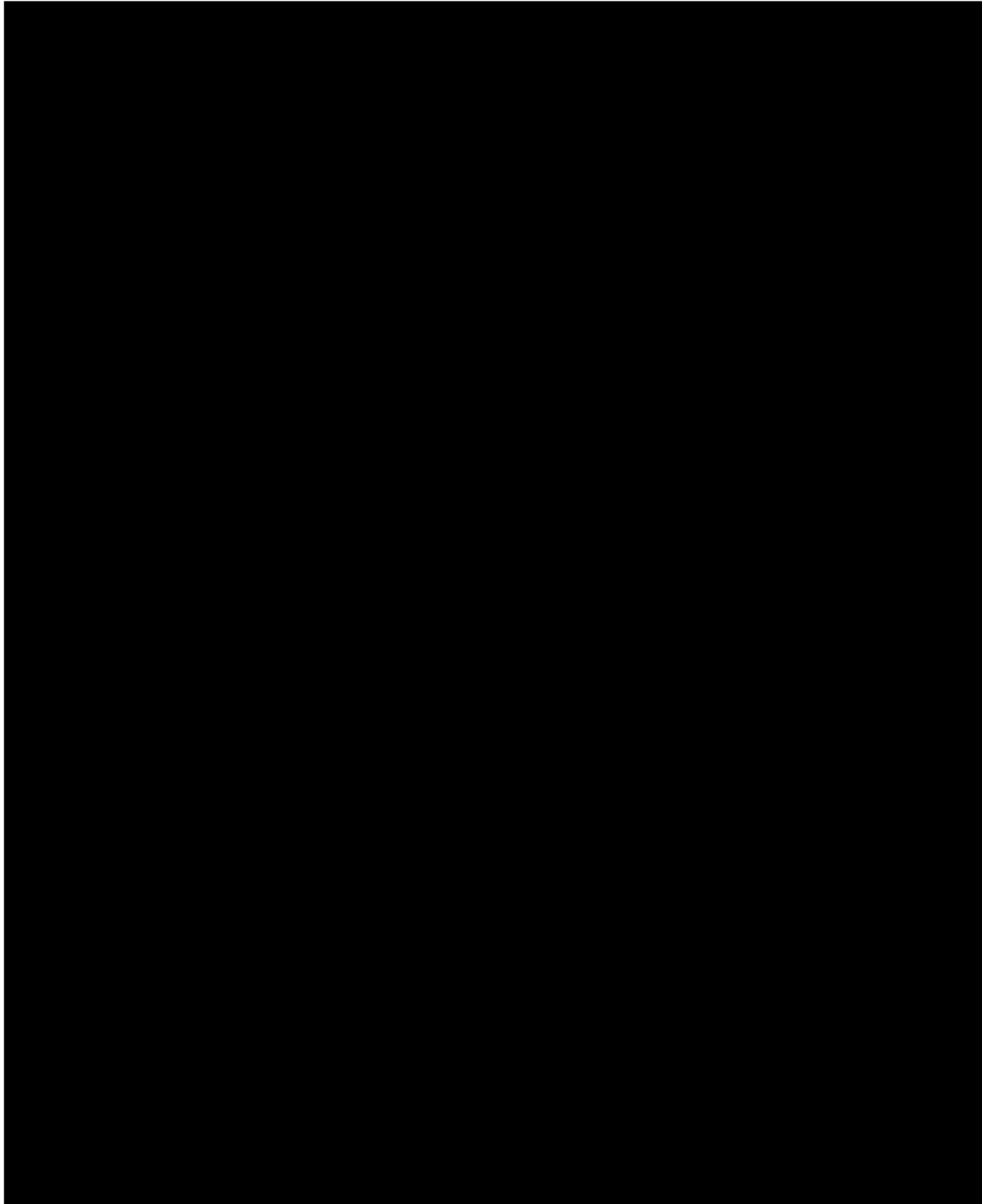
Violations of Risk Control Manual

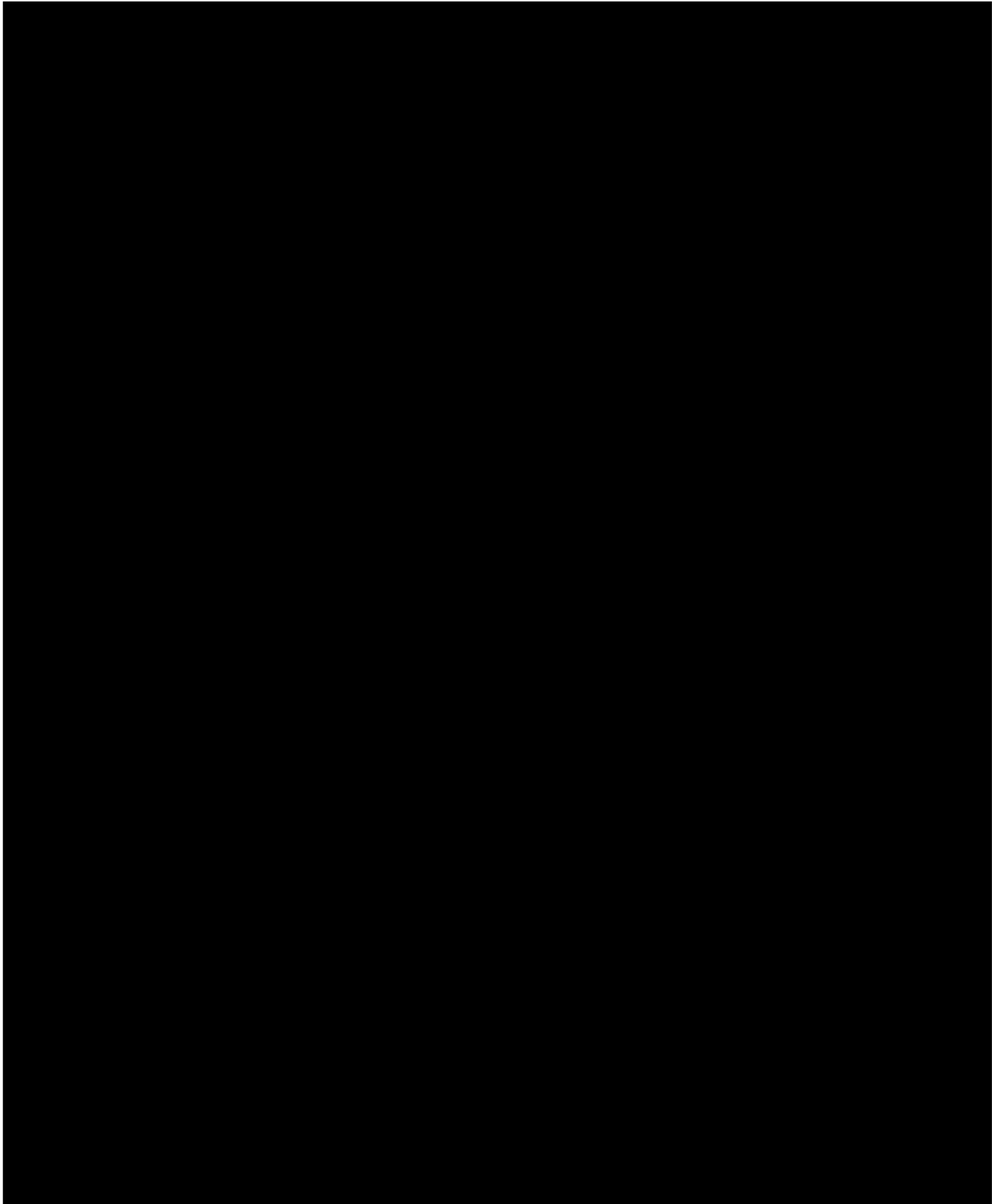


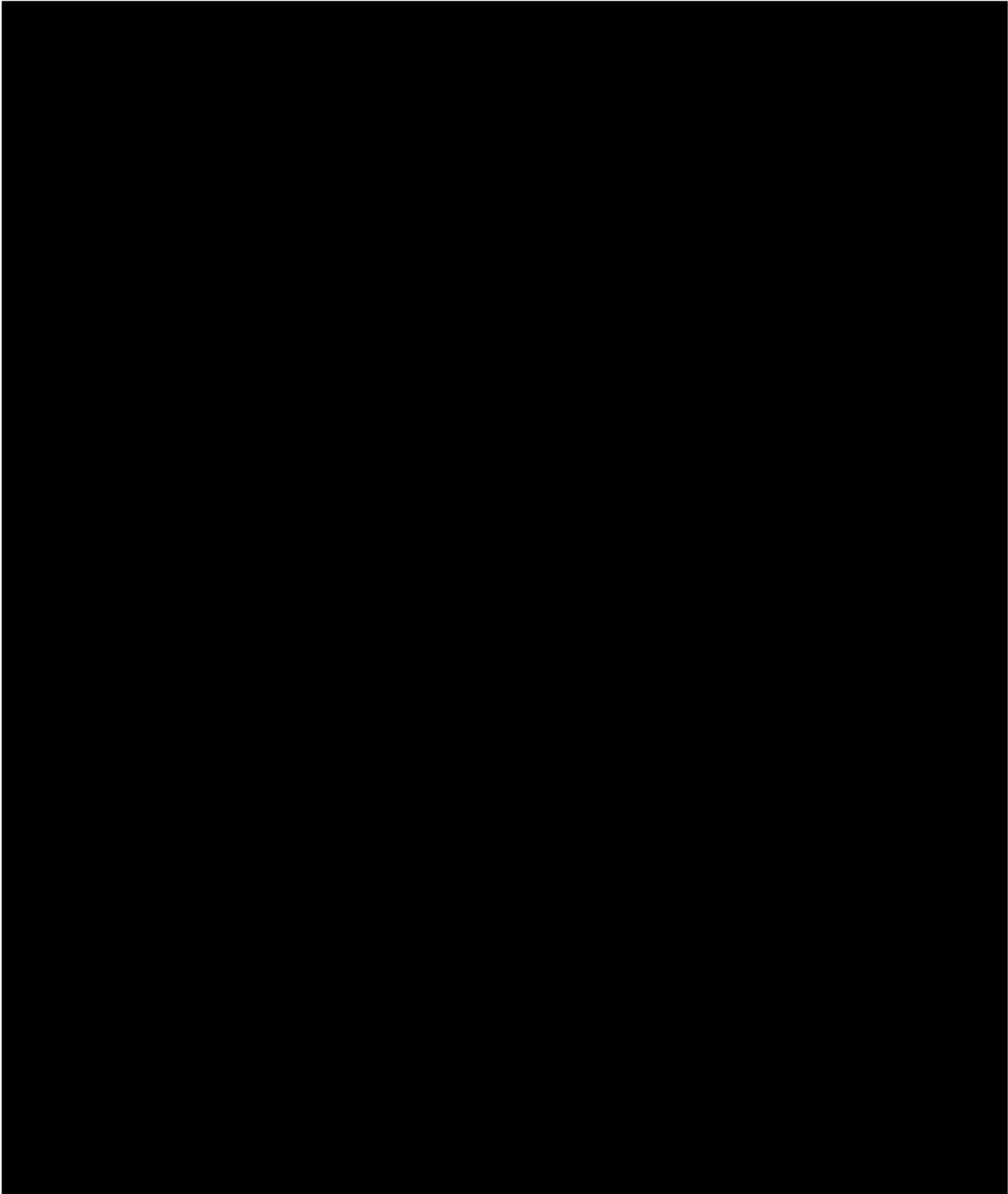


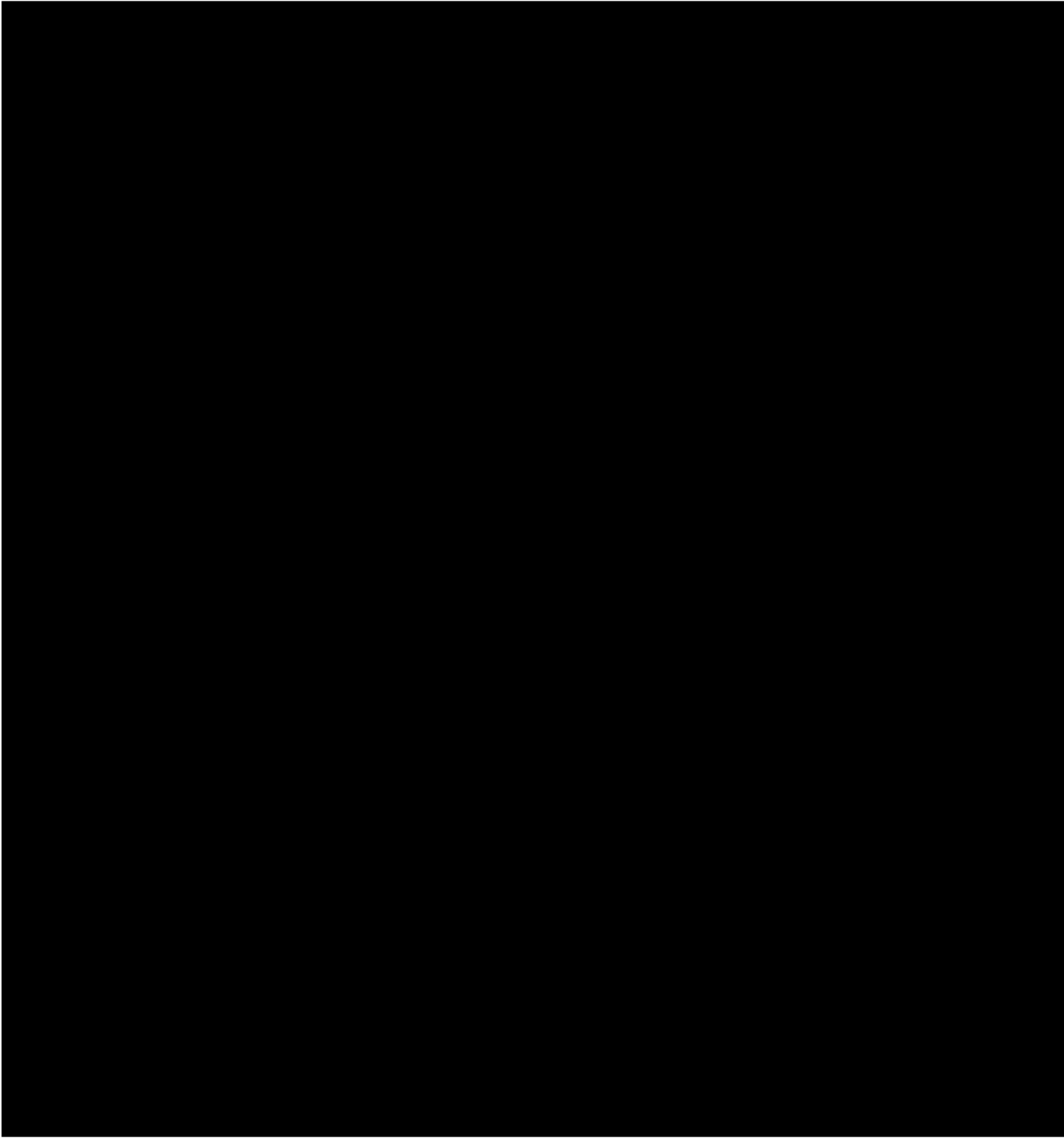
Fuels & Systems Optimization



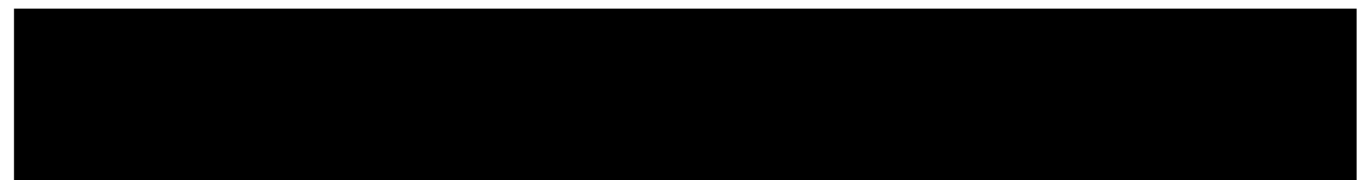


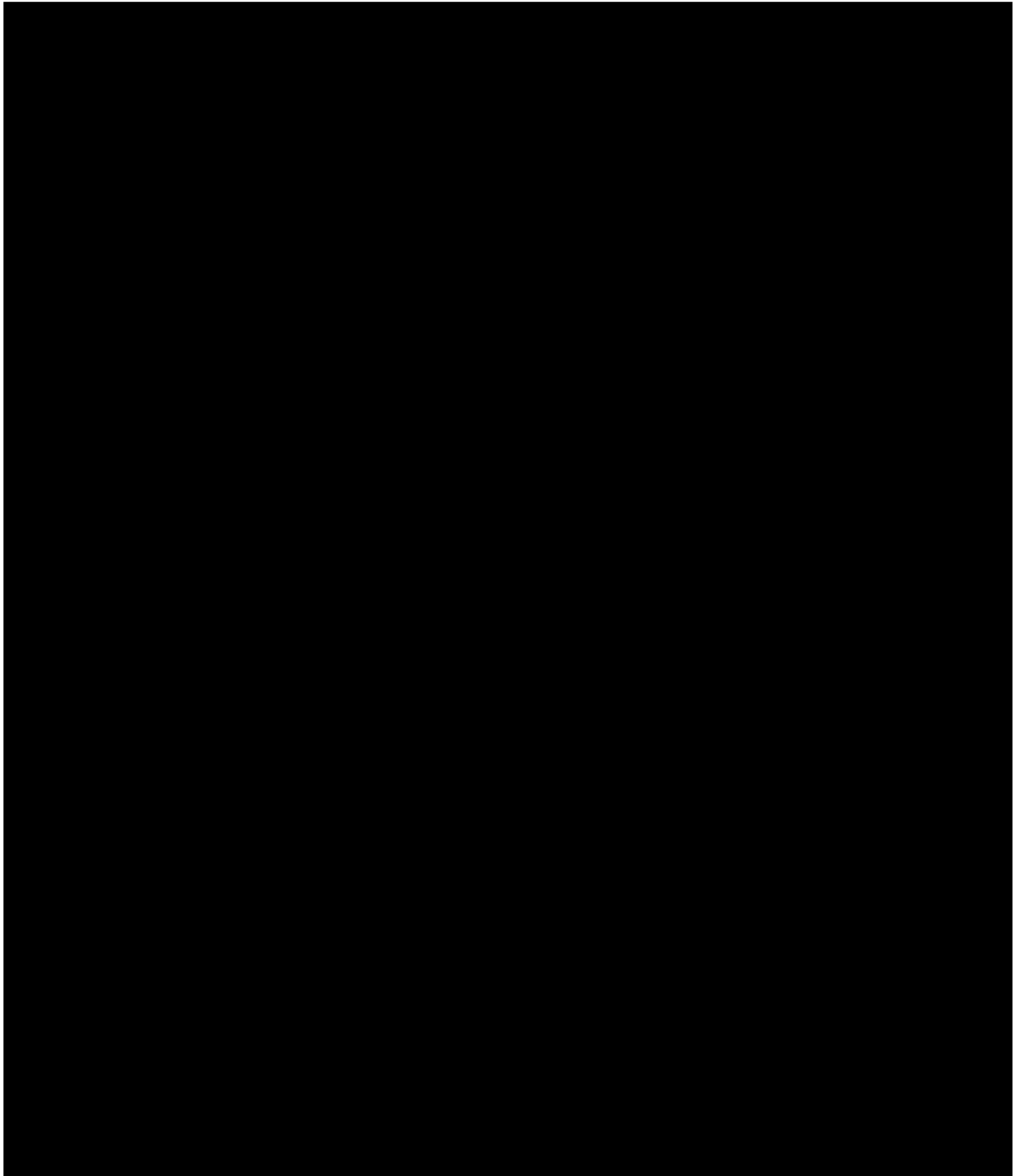






V. Dodd-Frank





REDACTED

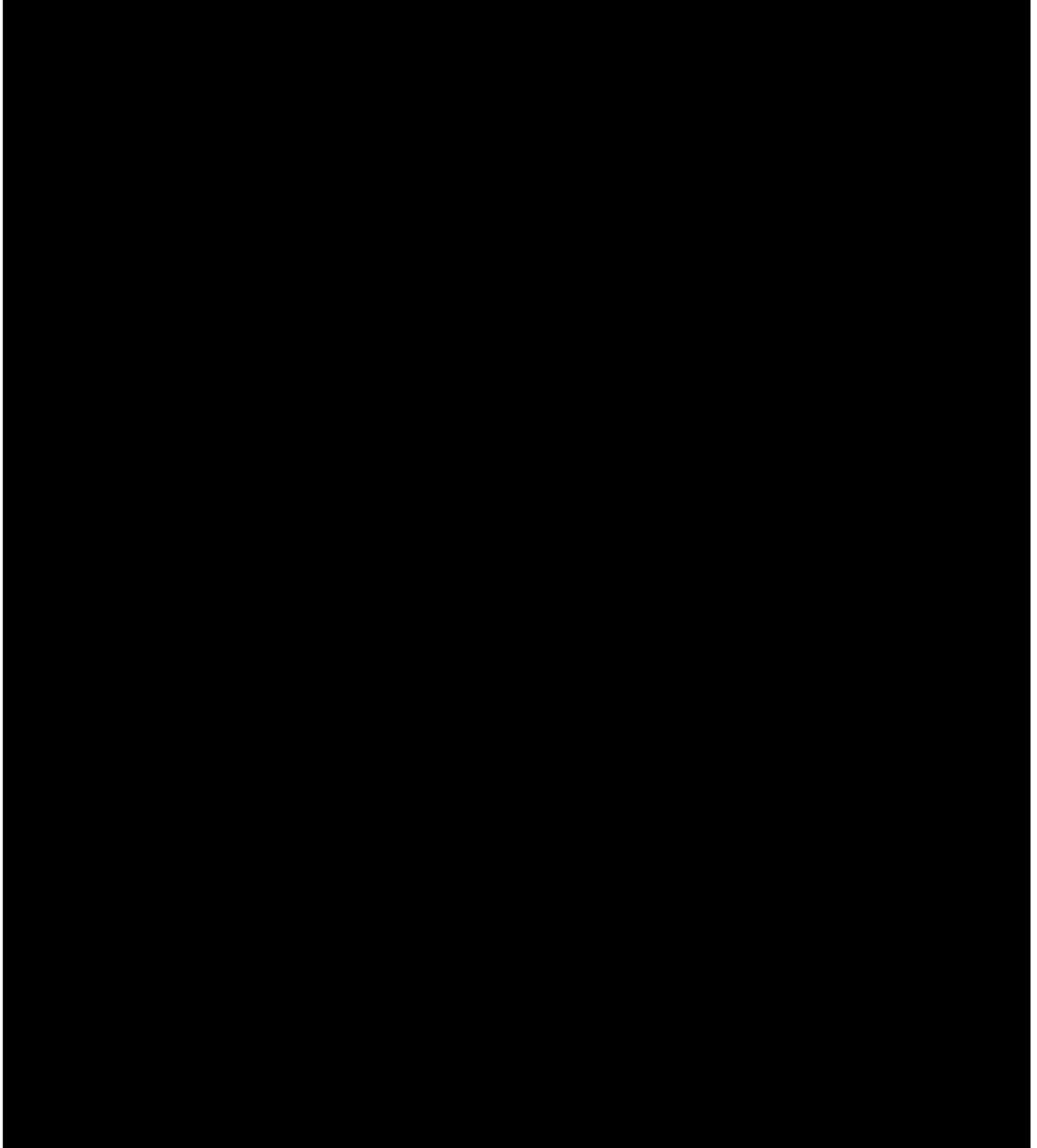
Regulated Utilities
Risk Management Control Manual

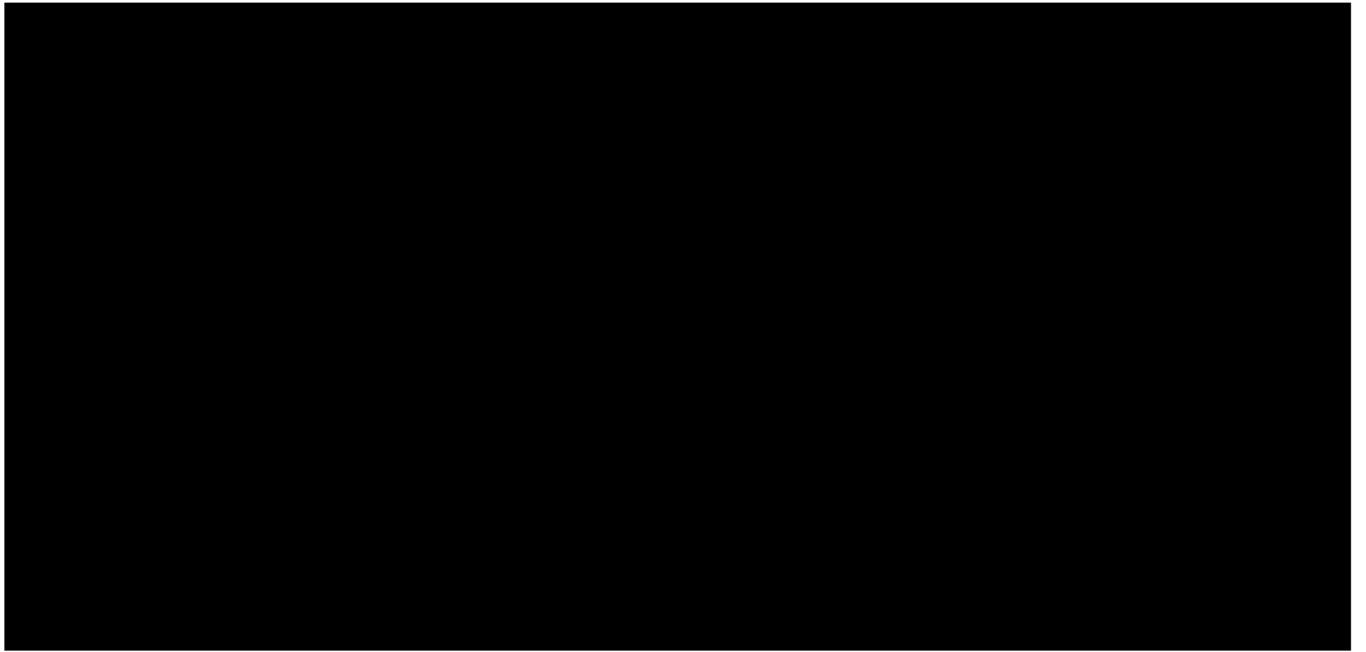




Appendix A

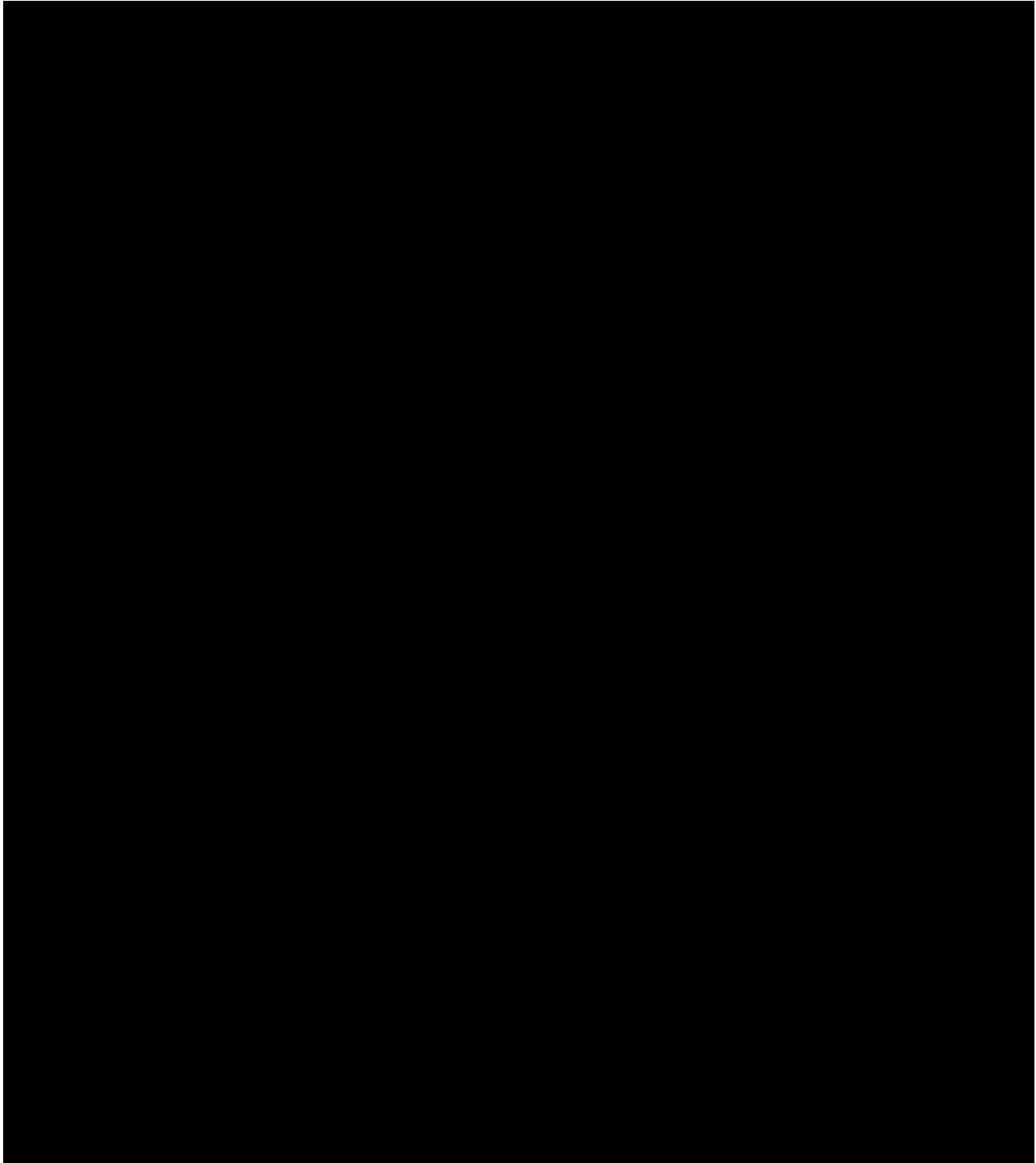
Key Risks





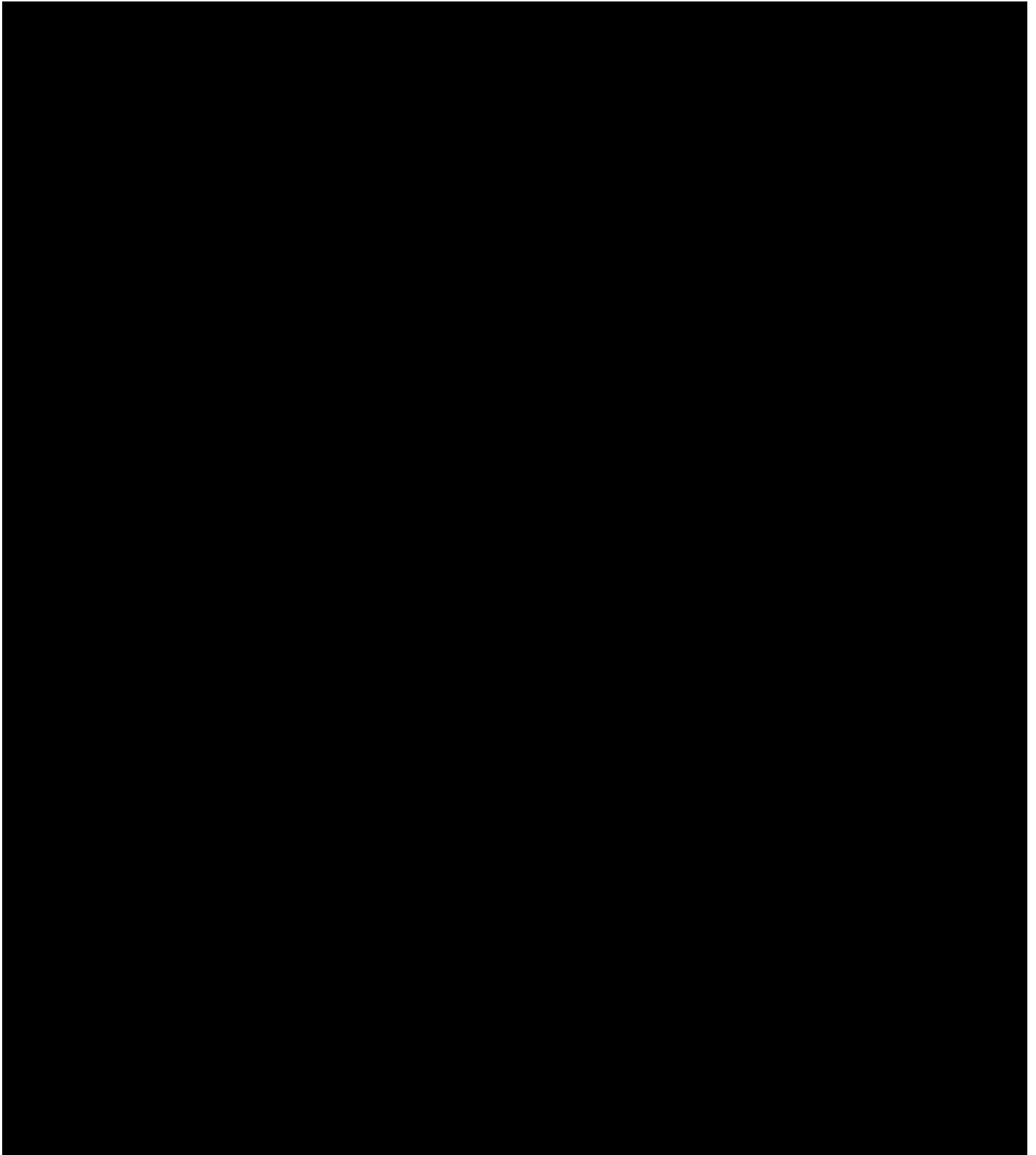
Appendix B

Unauthorized Transactions

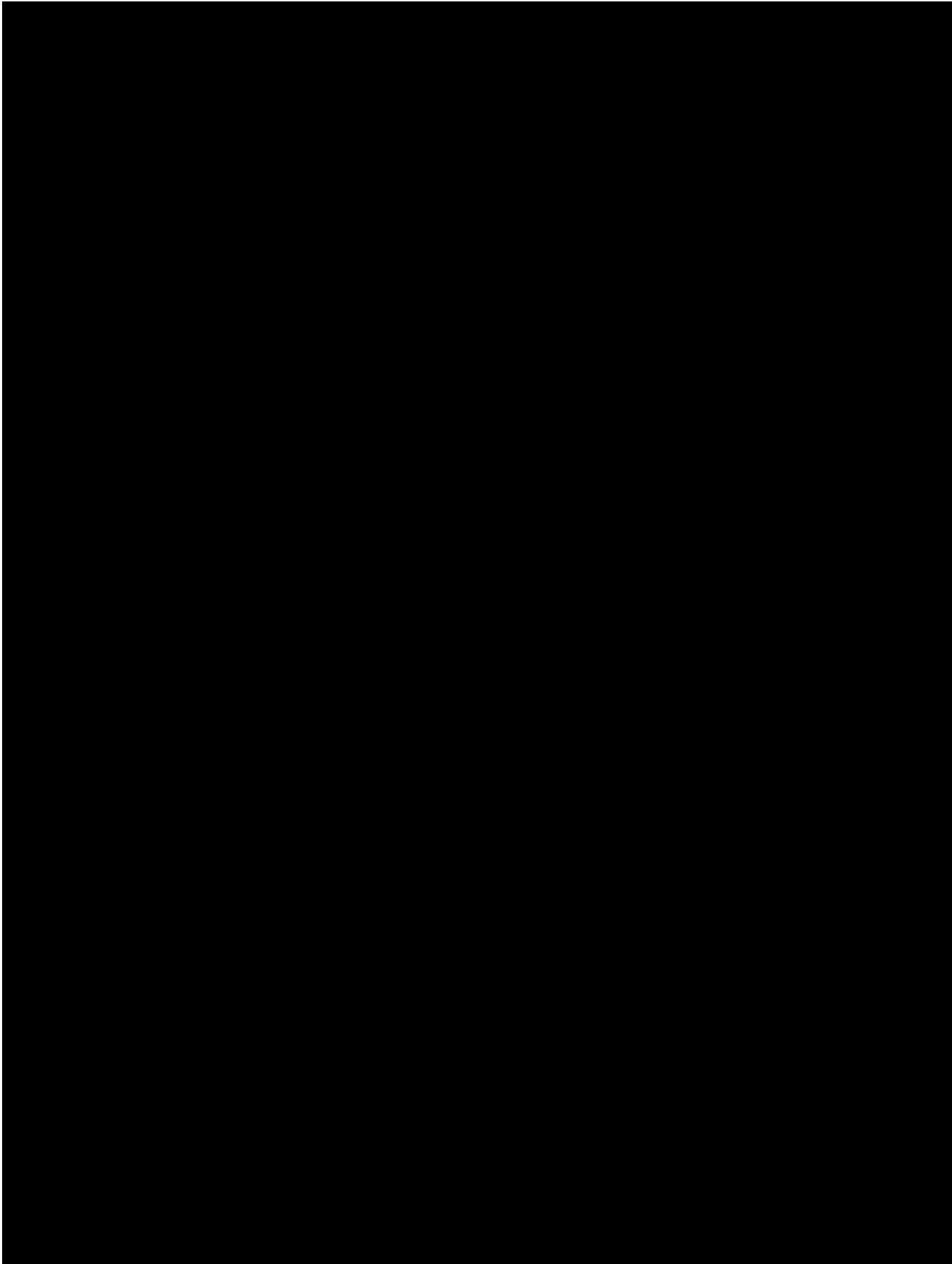


Appendix C

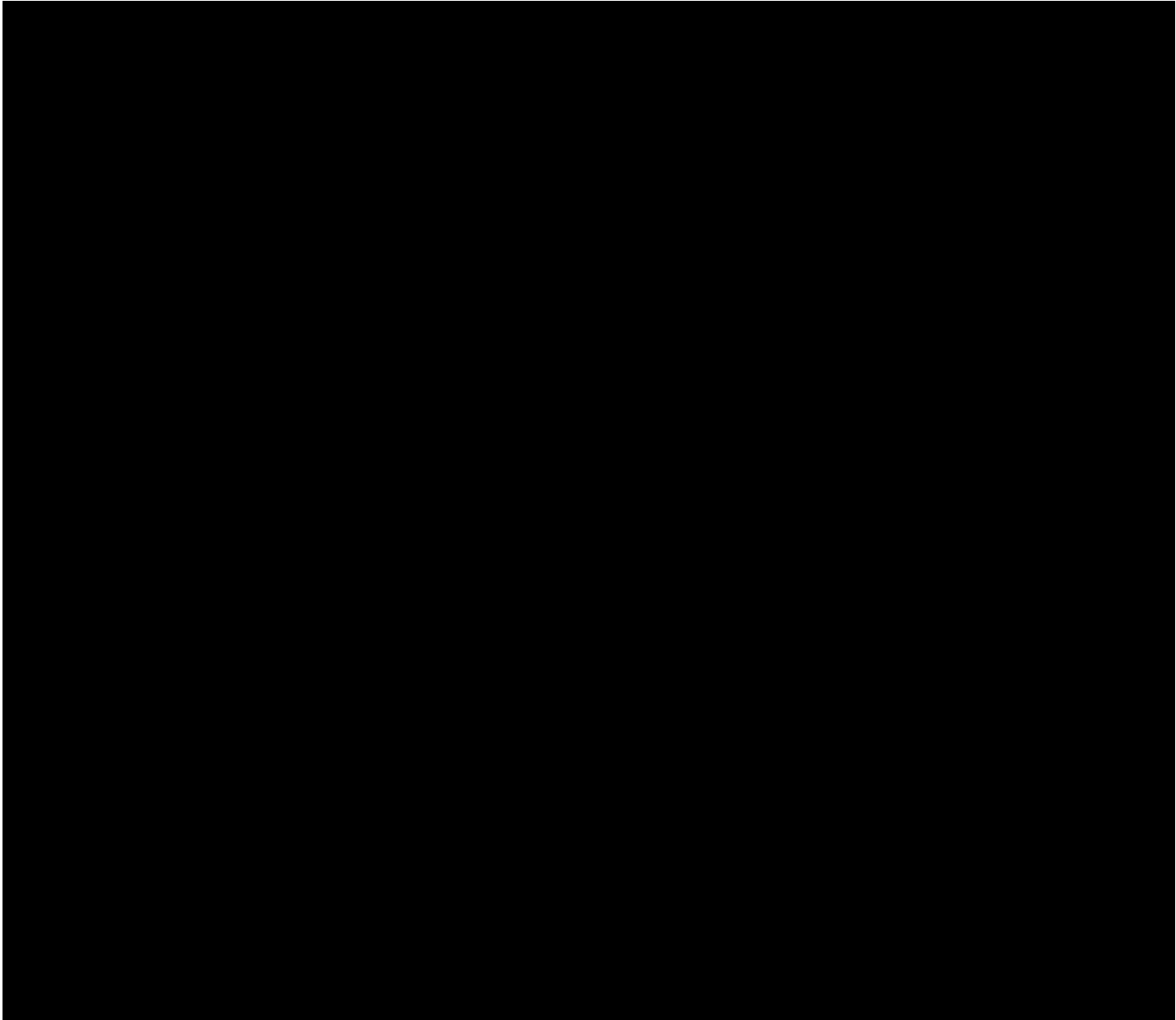
Confirmation Activities



REDACTED

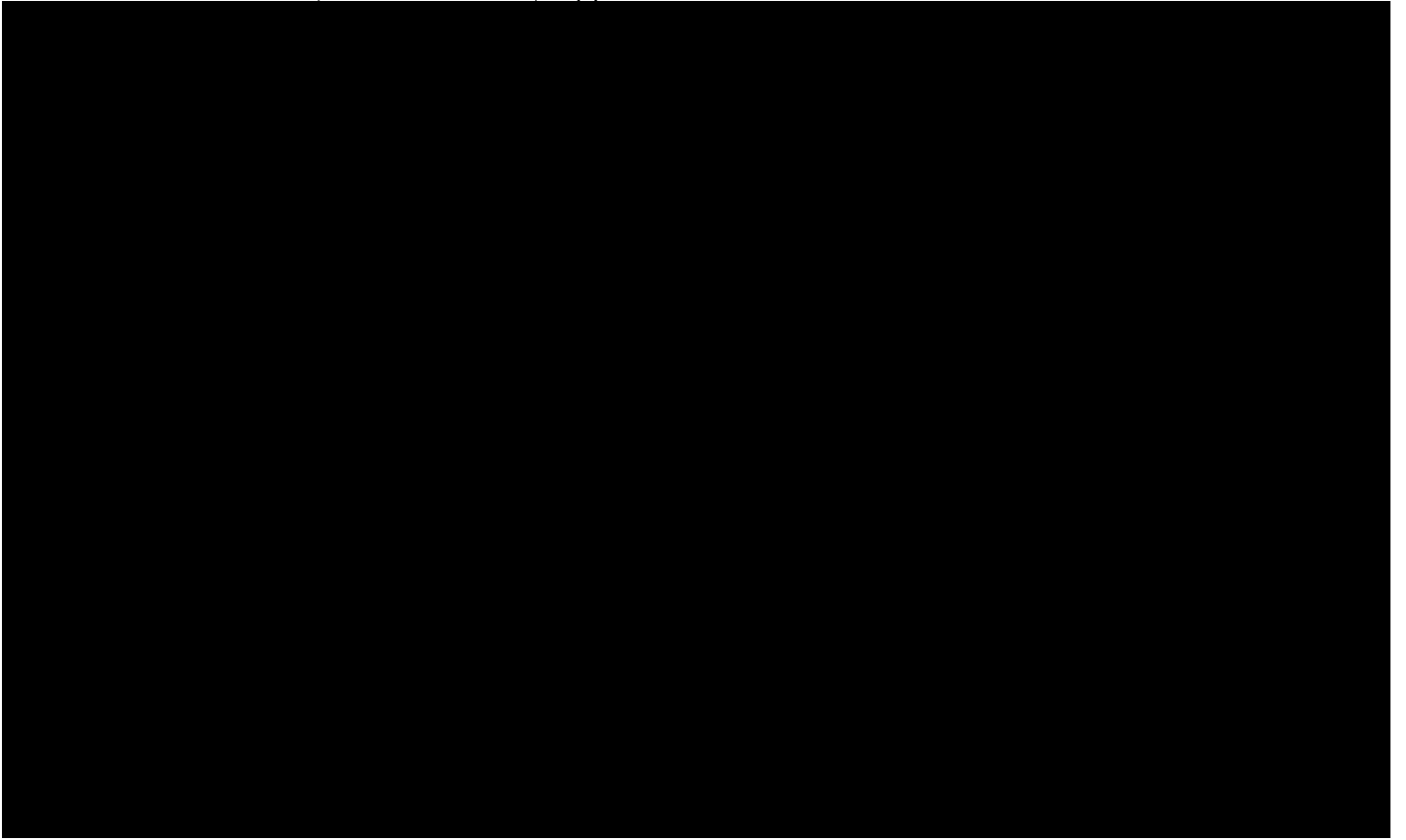


REDACTED



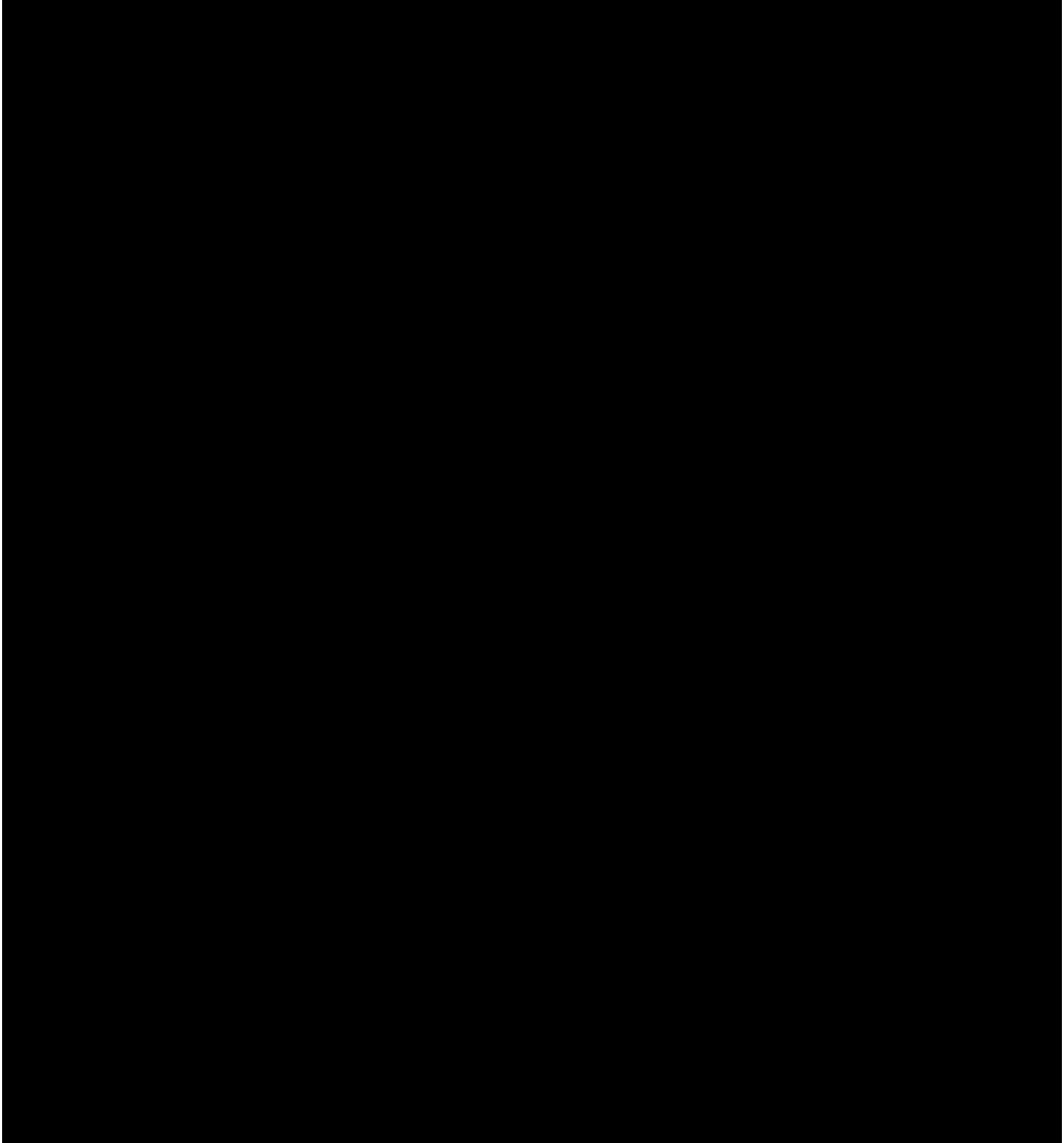
Appendix D

New Products/Business Activity Approval Process



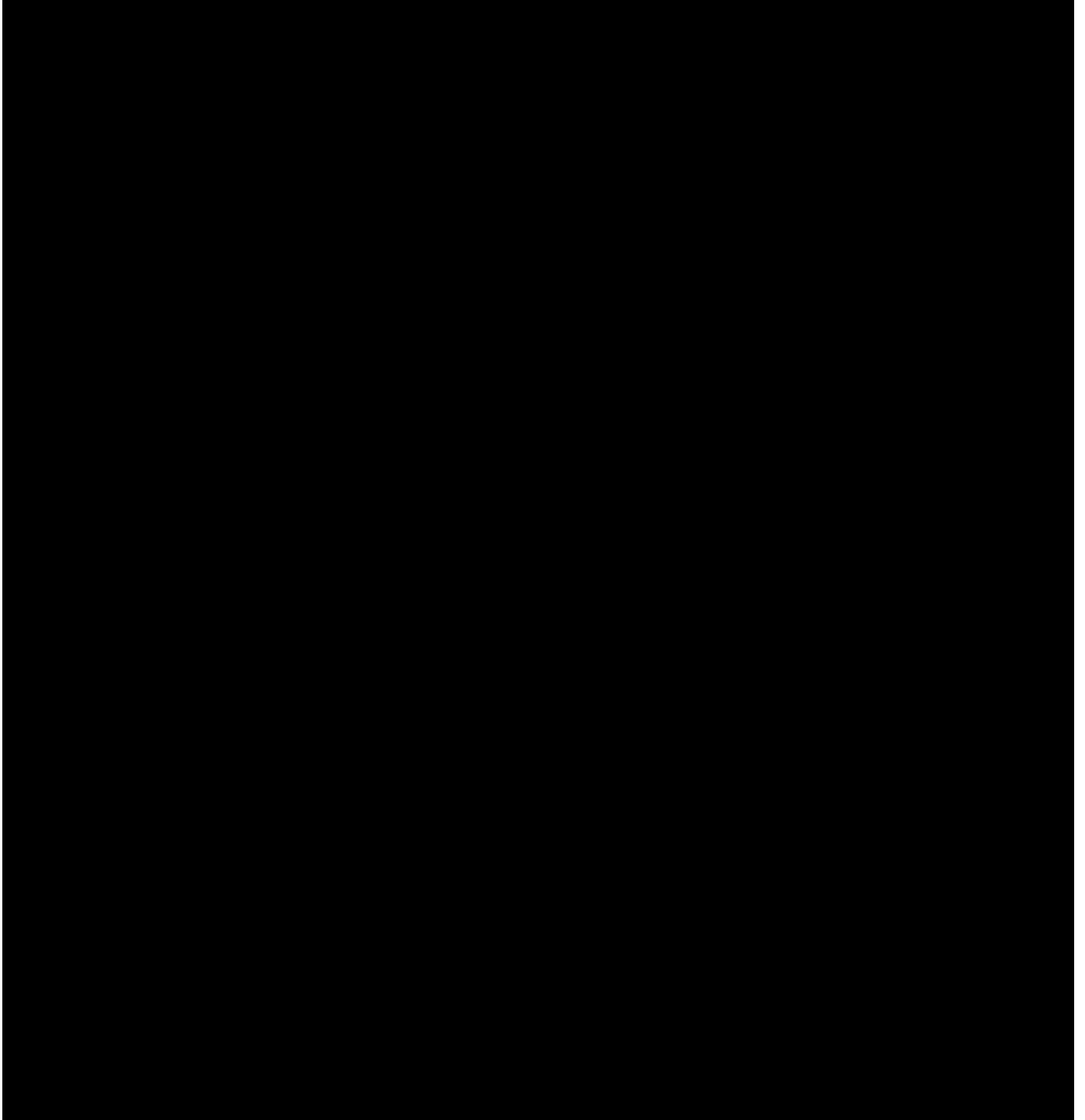
Appendix E

New Product Checklist



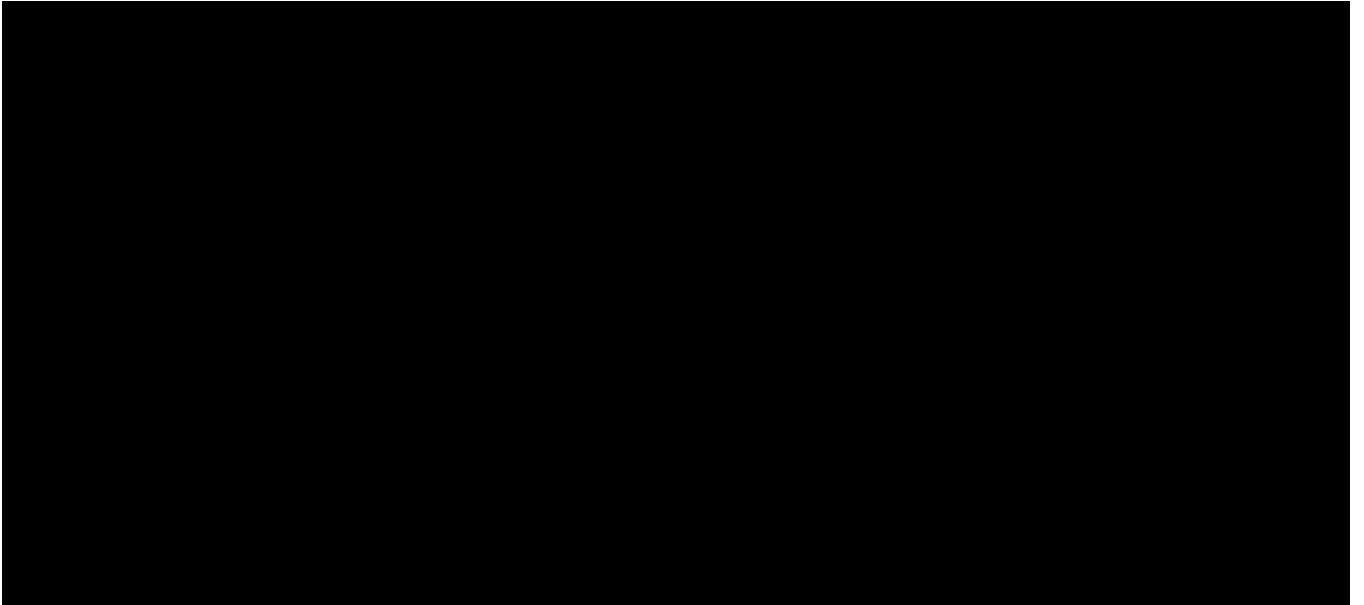
Appendix F

Potential Trade Exceptions



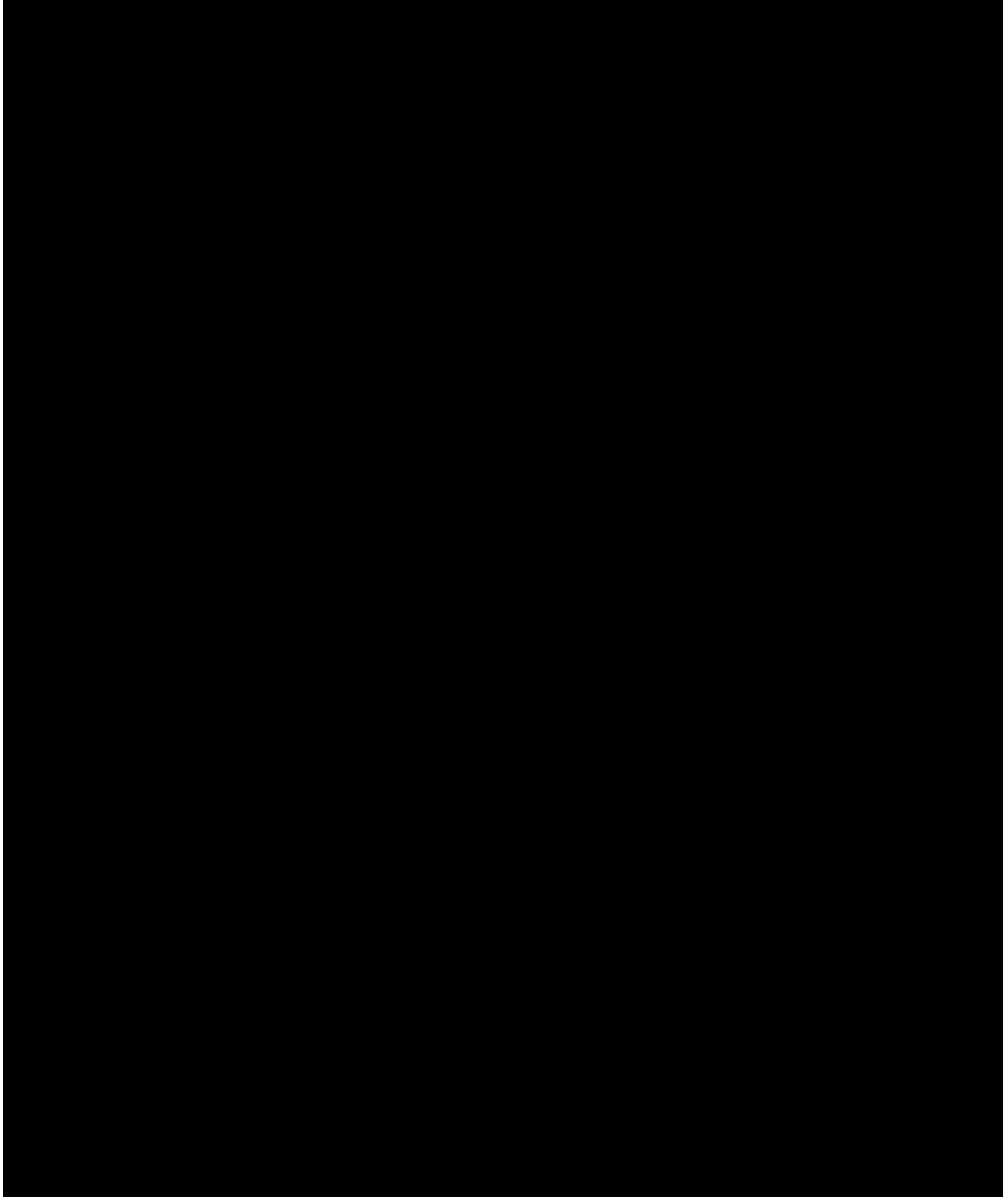
Appendix G

Potential Delivery Term Violations

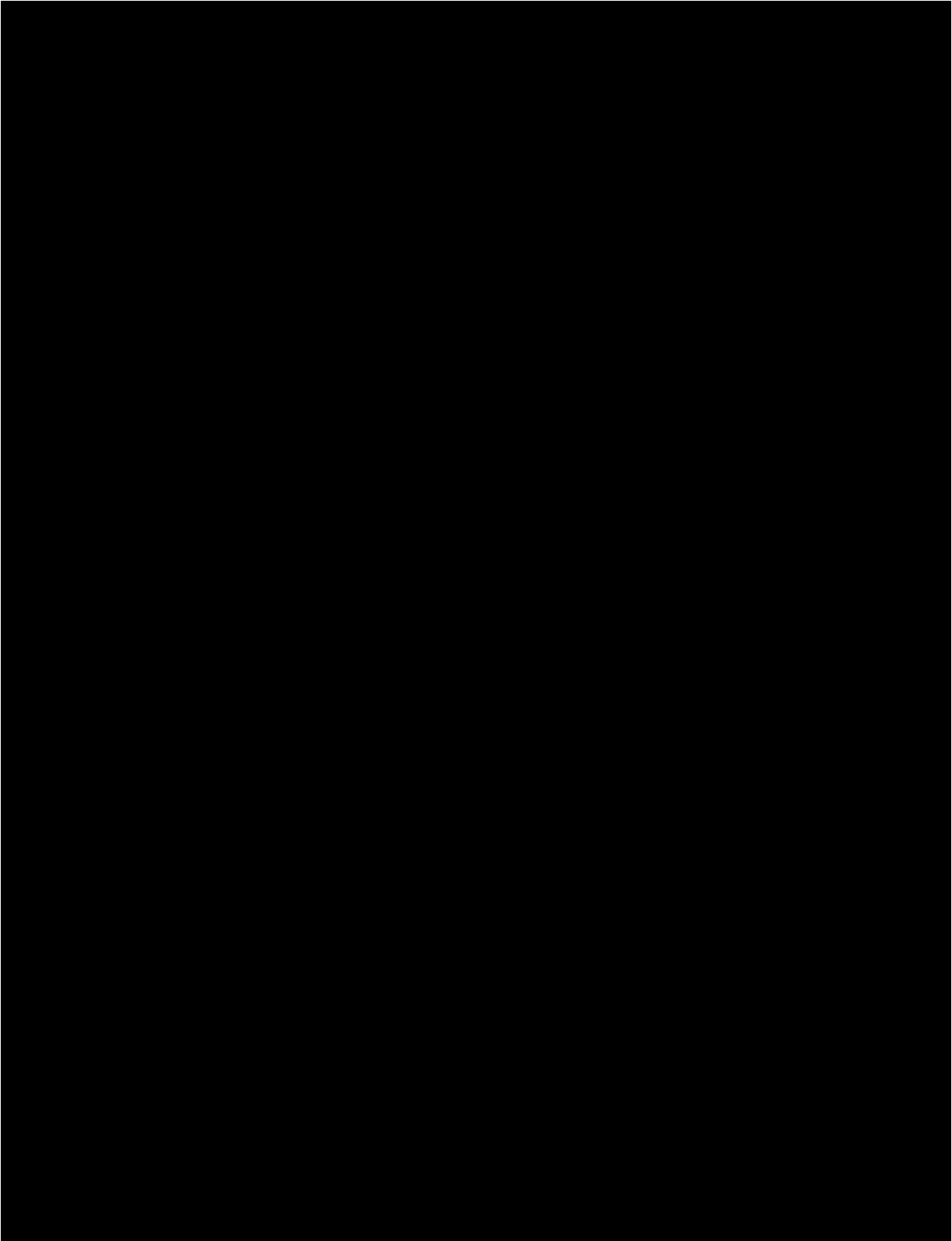


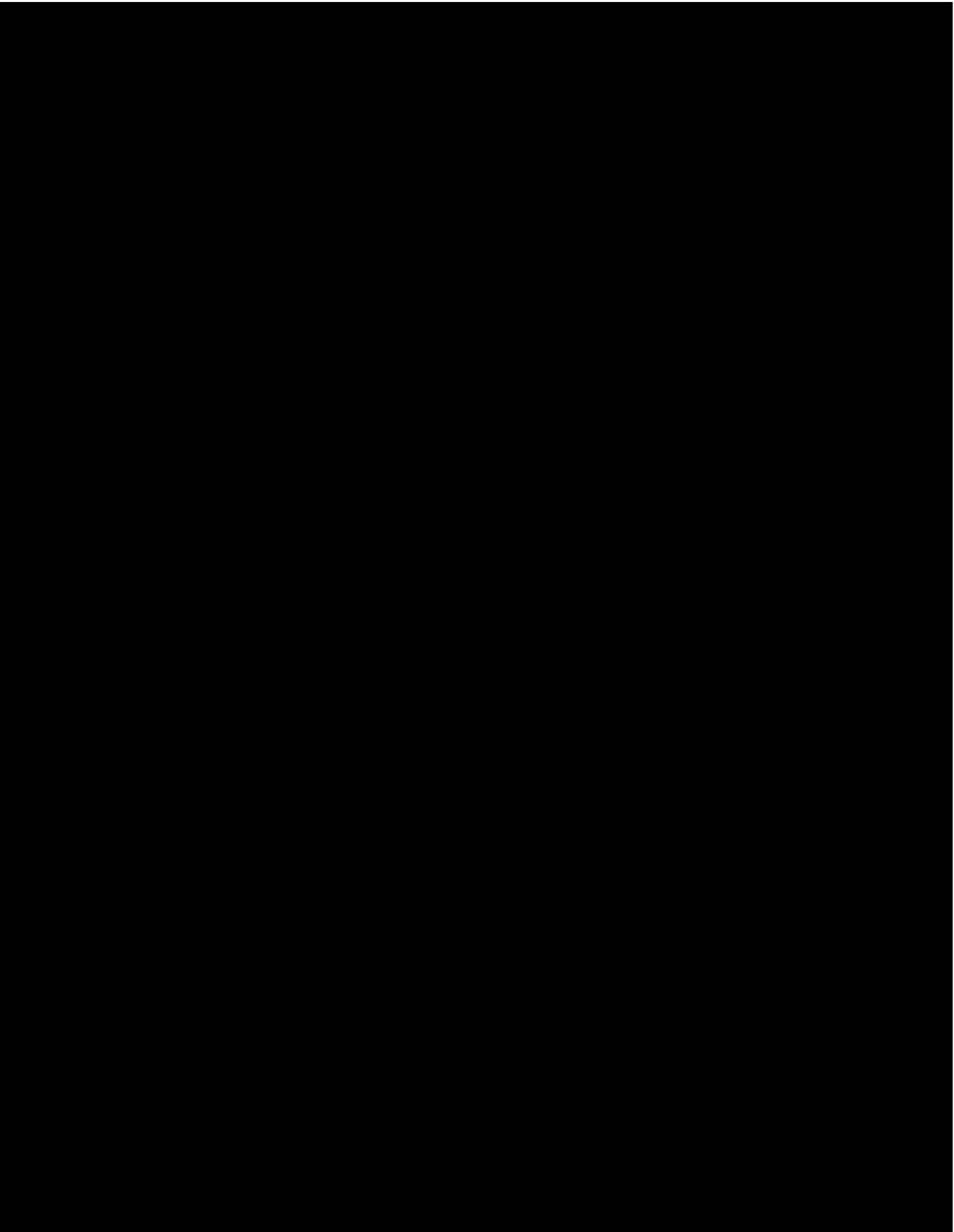
Appendix I

FERC 741 Officer Certification Process



REDACTED





REDACTED

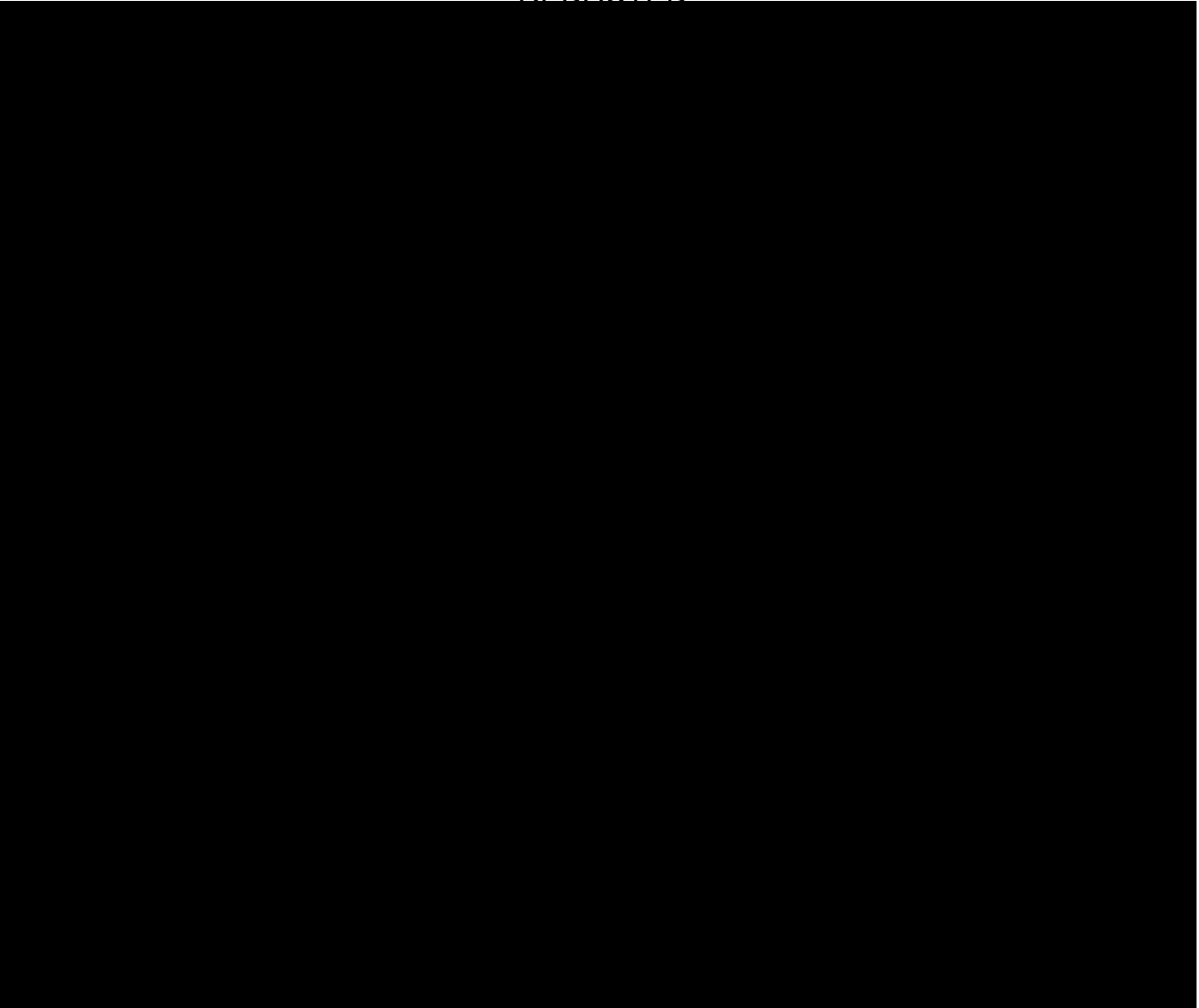


Exhibit C

DUKE ENERGY FLORIDA Confidentiality Justification Matrix

DOCUMENT/RESPONSES	PAGE/LINE	JUSTIFICATION
2017 Risk Management Plan	<p>Page 1: 2017 projected burn volumes of coal & light oil.</p> <p>Page 2: 2017 projected burn volumes of natural gas & 2017 projected economy power purchases and sales.</p> <p>Page 3: rolling hedge percentages and approximate hedging percentage targets for Natural Gas.</p> <p>Page 4, first paragraph, lines 2 & 3: hedging target percentage reductions for the 1-12 month, 13-24 month, and 25-36 month time periods contained in the 2017 RMP versus the 2016 RMP</p> <p>Page 4, second paragraph, lines 7-8 & 10-11: information related to the 1-12 month hedging percentage</p> <p>Attachment A- 2016 Risk Management Plan Percentage Hedge Parameters: all information in columns “Period”, “Minimum limit”, “Maximum limit”,</p>	<p>§366.093(3)(d), F.S. The document in question contains confidential information, the disclosure of which would impair DEF’s efforts to contract for goods or services on favorable terms.</p> <p>§366.093(3)(e), F.S. The document in question contains confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.</p>

“Minimum Target”,
“Calendar 2017-2019”,
“Target Percentage”, and
“Current Percent Hedge”.

Attachment B-
“Regulated Utilities Risk
Limits” (entire document):
internal risk control
guidelines.

Attachment C-
"Authority Limit Matrix"
(entire document): internal
approval authority
thresholds and guidelines.

Attachment D- Duke
Energy's "Commodity Risk
Policy" (entire document):
internal risk control
guidelines.

Attachment E- Duke
Energy's "Credit Policy"
(entire document): internal
credit related risk control
guidelines.

Attachment F - "Regulated
Utilities Credit Limits"
(entire document): internal
guidelines.

Attachment G- "Delegation
of Authority Matrix" (entire
document): internal
guidelines.

Attachment H-
"Duke Energy Corporation
Regulated Utilities Risk
Management Control

	<p>Manual January 2016": All information on Pages 5 through 26 exclusive of section headings; All information on pages 28 through 37, exclusive of section headings: Appendix A through Appendix G, exclusive of headings; Appendix I: all information exclusive of headings on pages 40 through 43.</p>	
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Exhibit D

AFFIDAVIT OF JOSEPH MCCALLISTER

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost
recovery clause with generating
performance incentive factor.

Docket No. 160001-EI

Dated: August 4, 2016

**AFFIDAVIT OF JOSEPH MCCALLISTER IN SUPPORT OF
DUKE ENERGY FLORIDA'S
REQUEST FOR CONFIDENTIAL CLASSIFICATION**

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

BEFORE ME, the undersigned authority duly authorized to administer oaths,
personally appeared Joseph McCallister, who being first duly sworn, on oath deposes and
says that:

1. My name is Joseph McCallister. I am over the age of 18 years old and I
have been authorized by Duke Energy Florida (hereinafter "DEF" or the "Company") to
give this affidavit in the above-styled proceeding on DEF's behalf and in support of
DEF's Request for Confidential Classification (the "Request"). The facts attested to in
my affidavit are based upon my personal knowledge.

2. I am the Director of Natural Gas, Oil and Emissions in the Fuel
Procurement Department. This section is responsible for natural gas, fuel oil and
emission allowance activity for the Duke Energy Indiana ("DEI"), Duke Energy
Kentucky ("DEK"), Duke Energy Carolinas ("DEC"), Duke Energy Progress ("DEP"),
and DEF Systems.

3. As the Director of Natural Gas, Oil and Emissions, I am responsible, along with the other members of the section, for the management of the gas and oil procurement, transportation, hedging activities and administration of gas and oil contracts with various suppliers for DEI's, DEK's, DEC's, DEF's and DEP's electrical power generation facilities.

4. DEF is seeking confidential classification for information contained on certain pages and attachments in the 2017 Risk Management Plan submitted on August 4, 2016. A detailed description of the confidential information at issue is contained in confidential Exhibit A to DEF's Request and is outlined in DEF's Justification Matrix that is attached to DEF's Request for Confidential Classification as Exhibit C. DEF is requesting confidential classification of this information because it contains sensitive business information, the disclosure of which would impair the Company's efforts to contract for goods or services on favorable terms.

5. DEF negotiates with potential fuel suppliers to obtain competitive contracts for fuel options that provide economic value to DEF and its customers. In order to obtain such contracts, however, sensitive business information, such as forecasted volumes, hedging percentages, internal policies and guidelines, collateral summaries and unrealized forecasted hedge values, must be kept confidential. With respect to the information at issue in this Request, DEF has kept confidential and has not publicly disclosed confidential information such as forecasted costs, hedging volumes, hedging percentages, internal policies and guidelines, collateral summaries and unrealized forecasted hedge values. Without DEF's measures to maintain the confidentiality of sensitive terms, the Company's efforts to obtain competitive fuel supply contracts could

be undermined, because potential fuel suppliers could simply offer the highest prices that would allow them to maintain marginally competitive position against the disclosed volumes and percentages.

6. Additionally, the disclosure of confidential information in DEF's forecasted fuel volumes and hedging percentages, could adversely impact DEF's competitive business interests. If such information was disclosed to DEF's competitors, DEF's efforts to obtain competitive fuel supply options that provide economic value to both DEF and its customers could be compromised by DEF's competitors changing their consumption or purchasing behavior within the relevant markets.

7. Upon receipt of its own confidential information, strict procedures are established and followed to maintain the confidentiality of the terms of the documents and information provided, including restricting access to those persons who need the information to assist the Company, and restricting the number of, and access to the information and contracts. At no time since receiving the contracts and information in question has the Company publicly disclosed that information. The Company has treated and continues to treat the information and contracts at issue as confidential.

8. This concludes my affidavit.

Further affiant sayeth not.

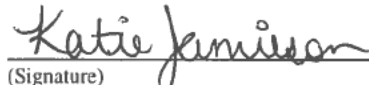
Dated the 4 day of August, 2016.



(Signature)

Joseph McCallister
Director – Natural Gas, Oil and Emissions
Fuels Procurement Department
Duke Energy
526 South Church
Charlotte, NC 28202

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 4 day of August, 2016 by Joseph McCallister. He is personally known to me, or has produced his _____ driver's license, or his _____ as identification.



(Signature)

Katie Jamieson

(Printed Name)

(AFFIX NOTARIAL SEAL)

NOTARY PUBLIC, STATE OF NC
June 14, 2021

(Commission Expiration Date)

(Serial Number, If Any)

KATIE JAMIESON
Notary Public, North Carolina
Gaston County
My Commission Expires
