



Dianne M. Triplett
Deputy General Counsel
Duke Energy Florida, LLC

September 20, 2017

VIA ELECTRONIC FILING

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

Re: *Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC; Docket No. 20170183-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing, Duke Energy Florida, LLC's (DEF) Response to Staff's Third Data Request (No. 9).

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully,

s/Dianne M. Triplett

Dianne M. Triplett

DMT/mw
Enclosure

Duke Energy Florida, LLC
Docket No.: 20170183-EI
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 20th day of September, 2017.

s/Dianne M. Triplett

Attorney

<p>Kyesha Mapp Margo DuVal Suzanne S. Brownless Danijela Janjic Kelly Corbari Lee Eng Tan Rosanne Gervasi Stephanie Cuello Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 kmapp@psc.state.fl.us mduval@psc.state.fl.us asoete@psc.state.fl.us sbrownle@psc.state.fl.us djanjic@psc.state.fl.us kcorbari@psc.state.fl.us ltan@psc.state.fl.us rgervasi@psc.state.fl.us scuello@psc.state.fl.us</p> <p>Kenneth Hoffman Vice President, Regulatory Affairs Florida Power & Light Company 215 S. Monroe Street, Suite 810 Tallahassee, FL 32301-1858 ken.hoffman@fpl.com</p> <p>Jessica Cano / Kevin I.C. Donaldson Florida Power & Light Company 700 Universe Boulevard June Beach, FL 33408-0420 jessica.cano@fpl.com</p>	<p>J.R. Kelly Charles J. Rehwinkel Patty Christensen Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us christensen.patty@leg.state.fl.us</p> <p>Robert Scheffel Wright / John T. LaVia III Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>James W. Brew / Laura A. Wynn Stone Mattheis Xenopoulos & Brew, P.C. 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, D.C. 20007 jbrew@smxblaw.com law@smxblaw.com</p> <p>James D. Beasley J. Jeffrey Wahlen Ausley McMullen P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com</p>
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**DUKE ENERGY FLORIDA, LLC'S RESPONSE TO STAFF'S THIRD DATA REQUEST
(NO. 9) REGARDING DEF'S APPLICATION FOR LIMITED PROCEEDING TO
APPROVE 2017 SECOND REVISED AND RESTATED SETTLEMENT AGREEMENT,
INCLUDING CERTAIN RATE ADJUSTMENTS
DOCKET NO. 20170183-EI**

9. Please refer to paragraph 19, page 38. Please provide an example of the calculation of the specific adjustment to DEF's common equity balance and rate base working capital balance based on the methodology employed by Standard and Poor's Rating Service in its determination of imputed off balance sheet obligations related to future capacity payments to qualifying facilities and other entities under long-term purchase power agreements. For simplicity, please use the Citrus County Combined Cycle Units GBRA in the example.

RESPONSE

Please see that attached document bearing bates number DEF-20170183-00001 through DEF-20170183-00009. The following is an explanation of each page:

- Page 1 supports the rate base FPSC adjustments in Surveillance Schedule 2 page 1 and Schedule 3 page 1, as well as the capital structure specific adjustments in Schedule 4. The amounts are input from Page 2.
- Page 2 provides the calculation of the net present value of the annual contractual obligations shown on Page 3, using the discount rate on Page 4.
- Page 3 provides the annual contractual obligations for each agreement.
- Page 4 provides the calculation of the discount rate.
- Page 5 is the July 2017 surveillance schedule 2 page 1. The highlighted "Imputed Off Balance Sheet Obligations" amount ties to the amount on Page 1.
- Page 6 shows the same data as Page 5, except the "Imputed Off Balance Sheet Obligations" amount has been removed.
- Page 7 is the July 2017 surveillance capital structure schedule 4 page 3. It shows the specific adjustment to common equity, which is made up of the "Imputed Off Balance Sheet Obligations" amount, partially offset by the specific adjustment to remove non-utility property directly from common equity, both shown on Page 1.
- Page 8 shows the same data as Page 7, except the "Imputed Off Balance Sheet Obligations" amount has been removed. (Note, the remaining adjustment to common equity is the non-utility property.)
- Page 9 shows a hypothetical illustration of the difference in return requirements based on a capital structure that includes and excludes the "Imputed Off Balance Sheet Obligations" adjustment. The Citrus CC GBRA has not yet been filed, and the rate base and weighted average cost of capital will be different at the time of filing.

AFFIDAVIT

STATE OF FLORIDA

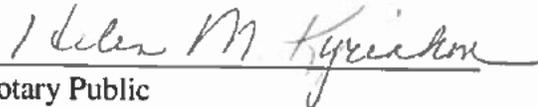
COUNTY OF PINELLAS

I hereby certify that on this 19TH day of September, 2017, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared JAVIER J. PORTUONDO, who is personally known to me, and he acknowledged before me that he provided the response to question 9, from STAFF'S THIRD DATA REQUEST (NO. 9) TO DUKE ENERGY FLORIDA, LLC in Docket No. 20170183-EI, and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 19 day of September, 2017.



Javier J. Portuondo



Notary Public
State of Florida



My Commission Expires:

10/24/2017

	WORKING CAPITAL ADJUSTMENT		CAPITAL STRUCTURE ADJUSTMENT				
	System	Retail	System	Adjustment to Remove Non-Utility Plant	Adjusted System	Sep Factor	Specific Adjustment
Sep Factor:		0.92885					
2016 July	818,680,306	760,431,202	818,680,306	16,345,191	802,335,115	0.97113	779,171,513
2016 August	818,680,306	760,431,202	818,680,306	16,309,649	802,370,657	0.96818	776,840,456
2016 September	818,680,306	760,431,202	818,680,306	16,275,394	802,404,912	0.95427	765,714,415
2016 October	818,680,306	760,431,202	818,680,306	16,241,039	802,439,267	0.94810	760,790,768
2016 November	818,680,306	760,431,202	818,680,306	16,424,425	802,255,881	0.93621	751,083,554
2016 December	818,680,306	760,431,202	818,680,306	16,392,762	802,287,544	0.92743	744,068,741
2017 January	750,446,259	697,052,007	750,446,259	16,363,955	734,082,304	0.91015	668,125,360
2017 February	750,446,259	697,052,007	750,446,259	15,516,842	734,929,417	0.91439	672,015,529
2017 March	750,446,259	697,052,007	750,446,259	15,527,934	734,918,325	0.90941	668,338,711
2017 April	750,446,259	697,052,007	750,446,259	15,499,469	734,946,790	0.90242	663,230,650
2017 May	750,446,259	697,052,007	750,446,259	15,549,599	734,896,660	0.89354	656,662,435
2017 June	750,446,259	697,052,007	750,446,259	15,717,493	734,728,766	0.88940	653,467,358
2017 July	750,446,259	697,052,007	750,446,259	12,601,350	737,844,909	0.89277	658,723,070
13 Mo. Avg.	781,938,896	726,303,944	781,938,896	15,751,162	766,187,734	0.90178	690,929,088
						OBS portion only	705,133,094

Duke Energy Florida, LLC
 Preliminary Purchase Power and Operating Lease Debt and Interest Expense Adjustments
 Based on 2016 10-K Support
 (in millions)

DE Florida Discount Factor 3.54%
 DE Florida Risk Factor 25%

Purchased Power Agreements

	NPV 2017	NPV 2018	NPV 2019	NPV 2020	NPV 2021	NPV 2022	NPV 2023	NPV 2024	NPV 2025	NPV 2026	NPV 2027	NPV 2028	NPV 2029	NPV 2030	NPV 2031	NPV 2032	NPV 2033	NPV 2034	NPV 2035	NPV 2036	NPV 2037	NPV 2038	NPV 2039	NPV 2040	NPV 2041	NPV 2042	NPV 2043
Southern Company Services-Scherer Unit 3 - Capacity	61.15	48.05	34.48	20.44	5.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Southern Company Services-Franklin Unit - Capacity Shady Hills (treated as a PPA at the DE Florida level and a capital lease at the Consolidated Duke Energy level)	154.82	121.64	87.27	50.67	12.78	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	92.20	83.83	74.22	63.26	50.80	36.70	28.30	19.60	10.59	1.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Purchased Power	308.17	253.51	195.98	134.37	69.48	36.70	28.30	19.60	10.59	1.26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Purchased Power Agreements treated as Operating Leases

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Vandolah Power Company (Northern Star)	335.02	307.55	279.10	249.64	219.13	187.55	154.85	120.99	85.93	49.62	12.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal PPA Operating Leases	335.02	307.55	279.10	249.64	219.13	187.55	154.85	120.99	85.93	49.62	12.04	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Cogeneration Agreements

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Mulberry/Royster-Capacity	659.79	597.67	529.29	454.41	371.80	281.16	182.23	74.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Orange Cogen-Capacity	572.04	530.23	483.88	432.83	375.91	313.92	245.66	170.91	89.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Orlando Cogen-Capacity	439.74	393.24	343.06	286.01	223.88	155.49	80.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pasco County-Capacity	184.68	169.85	152.46	133.44	111.71	88.18	61.80	32.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pinellas County-Capacity	441.01	404.73	364.12	317.99	267.18	210.49	147.73	77.65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ridge Generating Station-Capacity	61.33	53.33	45.04	36.46	27.57	18.37	8.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U.S. Ecogen	-	64.80	65.06	63.30	61.47	59.58	57.61	55.59	53.48	51.31	49.05	46.72	44.31	41.81	39.22	36.53	33.76	30.88	27.91	24.82	21.63	18.33	14.91	11.36	7.70	3.90	0.98
Subtotal Cogeneration	2,358.59	2,213.86	1,982.91	1,724.44	1,439.51	1,127.19	784.47	411.28	142.93	51.31	49.05	46.72	44.31	41.81	39.22	36.53	33.76	30.88	27.91	24.82	21.63	18.33	14.91	11.36	7.70	3.90	0.98

Total Purchased Power, Transmission and Operating Leases 3,001.79 2,774.91 2,457.98 2,108.45 1,728.13 1,351.44 967.61 551.86 239.44 102.19 61.09 46.72 44.31 41.81 39.22 36.53 33.76 30.88 27.91 24.82 21.63 18.33 14.91 11.36 7.70 3.90 0.98

DE Florida Imputed Debt based on PPA's (25% risk factor) 750.446259 693.73 614.50 527.11 432.03 337.86 241.90 137.97 59.86 25.55 15.27 11.68 11.08 10.45 9.80 9.13 8.44 7.72 6.98 6.21 5.41 4.58 3.73 2.84 1.92 0.97 0.25

Duke Energy Florida, Inc.
Purchase Power and Operating Lease Schedule

(in millions)

Purchased Power Agreements

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Southern Company Services-Scherer Unit 3 - Capacity	15.00	15.00	15.00	15.00	6.00																						
Southern Company Services-Franklin Unit - Capacity	38.00	38.00	39.00	39.00	13.00																						
Subtotal Purchased Power	53.00	53.00	54.00	54.00	19.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Purchased Power Agreements treated as Operating Leases

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Vandolah Power Company and Osprey-Calpine	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	12.25																
Subtotal PPA Operating Leases	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	38.66	12.25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Purchased Power Agreements treated as Capital Leases

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Shady Hills (treated as a PPA at the DE Florida level and a capital lease at the Consolidated Duke Energy level)	11.44	12.36	13.36	14.44	15.63	9.54	9.54	9.54	9.54	1.28																	
Subtotal PPA Capital Leases	11.44	12.36	13.36	14.44	15.63	9.54	9.54	9.54	9.54	1.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Cogeneration Agreements

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043
Mulberry/Royster-Capacity	84.00	88.00	92.00	97.00	102.00	107.00	112.00	76.00																			
Orange Cogen-Capacity	61.00	64.00	67.00	71.00	74.00	78.00	82.00	86.00	91.00																		
Orlando Cogen-Capacity	61.00	63.00	68.00	71.00	75.00	79.00	82.00																				
Pasco County-Capacity	21.00	23.00	24.00	26.00	27.00	29.00	31.00	33.00																			
Pinellas County-Capacity	51.00	54.00	58.00	61.00	65.00	69.00	74.00	79.00																			
Ridge Generating Station-Capacity	10.00	10.00	10.00	10.00	10.00	10.00	9.00																				
U.S. Ecogen		2.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	1.00
Subtotal Cogeneration	288.00	304.00	323.00	340.00	357.00	376.00	394.00	278.00	95.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	1.00

Total Purchased Power, Operating & Capital Leases and Cogeneration	391.10	408.02	429.02	447.11	430.29	424.20	442.20	326.20	143.20	43.94	16.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	1.00
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Methodology is similar to that used in forecast updates

Tenor	As of 2/23/2017		Indicative rate	Weighting	Extended
	UST rate	Indicative Spread			
10-yr	2.373%	0.75%	3.123%	50%	1.562%
30-yr	3.013%	0.95%	3.963%	50%	1.982%
Calculated discount rate	→				<u>3.543%</u>

DUKE ENERGY FLORIDA
Average Rate of Return - Rate Base
Jul 2017

Schedule 2
Page 1 of 3

	Plant in Service	Accum Depr & Amort	Net Plant in Service	Future Use & Appd Unrecov Plant	Const Work in Progress	Net Utility Plant	Working Capital	Total Average Rate Base
System Per Books	\$15,235,494,136	\$5,413,781,682	\$9,821,712,454	\$127,965,424	\$1,364,804,350	\$11,314,482,228	\$1,430,902,282	\$12,745,384,510
Regulatory Base - Retail	\$13,843,512,169	\$5,010,492,209	\$8,833,019,960	\$110,928,108	\$1,222,408,343	\$10,166,356,411	\$1,348,004,521	\$11,514,360,932
FPSC Adjustments								
ARO	(20,637,665)	(18,884,172)	(1,753,493)			(1,753,493)	2,375,065	621,572
ECCR	(51,282,656)	(16,453,548)	(34,829,108)			(34,829,108)	(13,694,886)	(48,523,994)
ECRC	(174,354,486)	(16,007,006)	(158,347,480)		(256,974)	(158,604,454)	(8,522,233)	(167,126,687)
FUEL	(26,840,201)	(26,305,404)	(534,797)			(534,797)	(66,499,535)	(67,034,332)
CCR							(152,877,125)	(152,877,125)
NUCLEAR					(632,972)	(632,972)	(232,078,126)	(232,711,098)
CR3 Removal							0	0
Derivatives							(862,030)	(862,030)
Employee Related							268	268
Investments Earning a Return							(182,243,893)	(182,243,893)
Jobbing Accounts							(702,774)	(702,774)
Non-Regulated and Miscellaneous	(47,374,889)	(36,824,589)	(10,550,300)		(495,307)	(11,045,607)	107,798,469	96,752,862
Retention Accounts							1,426,908	1,426,908
CWIP - AFUDC					(842,588,690)	(842,588,690)		(842,588,690)
Imputed Off Balance Sheet Obligations							726,303,944	726,303,944
Capital Lease	(135,347,326)		(135,347,326)			(135,347,326)	132,086,044	(3,261,282)
Total FPSC Adjustments	(455,837,223)	(114,474,719)	(341,362,504)		(843,973,943)	(1,185,336,447)	312,510,096	(872,826,351)
FPSC Adjusted	\$13,387,674,946	\$4,896,017,490	\$8,491,657,456	\$110,928,108	\$378,434,400	\$8,981,019,964	\$1,660,514,617	\$10,641,534,581

DUKE ENERGY FLORIDA
 Average Rate of Return - Rate Base
 Jul 2017

Schedule 2
 Page 1 of 3

EXCLUDING ADJUSTMENT FOR IMPUTED OFF BALANCE SHEET OBLIGATIONS

	Plant in Service	Accum Depr & Amort	Net Plant in Service	Future Use & Appd Unrecov Plant	Const Work in Progress	Net Utility Plant	Working Capital	Total Average Rate Base
System Per Books	\$15,235,494,136	\$5,413,781,682	\$9,821,712,454	\$127,965,424	\$1,364,804,350	\$11,314,482,228	\$1,430,902,282	\$12,745,384,510
Regulatory Base - Retail	\$13,843,512,169	\$5,010,492,209	\$8,833,019,960	\$110,928,108	\$1,222,408,343	\$10,166,356,411	\$1,348,004,521	\$11,514,360,932
FPSC Adjustments								
ARO	(20,637,665)	(18,884,172)	(1,753,493)			(1,753,493)	2,375,065	621,572
ECCR	(51,282,656)	(16,453,548)	(34,829,108)			(34,829,108)	(13,694,886)	(48,523,994)
ECRC	(174,354,486)	(16,007,006)	(158,347,480)		(256,974)	(158,604,454)	(8,522,233)	(167,126,687)
FUEL	(26,840,201)	(26,305,404)	(534,797)			(534,797)	(66,499,535)	(67,034,332)
CCR							(152,877,125)	(152,877,125)
NUCLEAR					(632,972)	(632,972)	(232,078,126)	(232,711,098)
CR3 Removal							0	0
Derivatives							(862,030)	(862,030)
Employee Related							268	268
Investments Earning a Return							(182,243,893)	(182,243,893)
Jobbing Accounts							(702,774)	(702,774)
Non-Regulated and Miscellaneous	(47,374,889)	(36,824,589)	(10,550,300)		(495,307)	(11,045,607)	107,798,469	96,752,862
Retention Accounts							1,426,908	1,426,908
CWIP - AFUDC					(842,588,690)	(842,588,690)		(842,588,690)
Imputed Off Balance Sheet Obligations								0
Capital Lease	(135,347,326)		(135,347,326)			(135,347,326)	132,086,044	(3,261,282)
Total FPSC Adjustments	(455,837,223)	(114,474,719)	(341,362,504)		(843,973,943)	(1,185,336,447)	(413,793,848)	(1,599,130,295)
FPSC Adjusted	\$13,387,674,946	\$4,896,017,490	\$8,491,657,456	\$110,928,108	\$378,434,400	\$8,981,019,964	\$934,210,673	\$9,915,230,637

DUKE ENERGY FLORIDA
 Average - Capital Structure
 FPSC Adjusted Basis
 Jul 2017

Schedule 4
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	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$4,967,817,707	\$4,479,854,744	(\$427,631,336)	\$690,929,088	\$4,743,152,495	44.57%	9.50%	4.23%	10.50%	4.68%	11.50%	5.13%
Long Term Debt	5,078,551,009	4,579,711,288	(437,163,294)		4,142,547,994	38.93%	5.22%	2.03%	5.22%	2.03%	5.22%	2.03%
Short Term Debt	(22,203,004)	(20,022,118)	1,911,242	(25,251,432)	(43,362,308)	(0.41%)	0.66%	(0.00%)	0.66%	(0.00%)	0.66%	(0.00%)
Customer Deposits												
Active	211,052,756	211,052,756	(20,146,361)		190,906,395	1.79%	2.28%	0.04%	2.28%	0.04%	2.28%	0.04%
Inactive	1,616,797	1,616,797	(154,334)		1,462,463	0.01%						
Investment Tax Credits	2,596,326	2,341,302	(223,493)		2,117,810	0.02%						
Deferred Income Taxes	2,731,781,093	2,463,452,407	(235,152,590)	(439,383,202)	1,788,916,615	16.81%						
FAS 109 DIT - Net	(225,828,174)	(203,646,244)	19,439,361		(184,206,883)	-1.73%						
Total	\$12,745,384,510	\$11,514,360,932	(\$1,099,120,805)	\$226,294,454	\$10,641,534,581	100.00%		6.30%		6.75%		7.20%
* Daily Weighted Average												
** Cost Rates Calculated Per IRS Ruling												

DUKE ENERGY FLORIDA
 Average - Capital Structure
 FPSC Adjusted Basis
 Jul 2017

EXCLUDING ADJUSTMENT FOR IMPUTED OFF BALANCE SHEET OBLIGATIONS

Schedule 4
 Page 3 of 4

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$4,967,817,707	\$4,479,854,744	(\$435,868,210)	(\$14,204,006)	\$4,029,782,528	40.65%	9.50%	3.86%	10.50%	4.27%	11.50%	4.67%
Long Term Debt	5,078,551,009	4,579,711,288	(\$445,583,769)		4,134,127,519	41.69%	5.22%	2.18%	5.22%	2.18%	5.22%	2.18%
Short Term Debt	(22,203,004)	(20,022,118)	\$1,948,055	(25,251,432)	(43,325,495)	(0.44%)	0.66%	(0.00%)	0.66%	(0.00%)	0.66%	(0.00%)
Customer Deposits			\$0									
Active	211,052,756	211,052,756	(\$20,534,413)		190,518,343	1.92%	2.28%	0.04%	2.28%	0.04%	2.28%	0.04%
Inactive	1,616,797	1,616,797	(\$157,307)		1,459,490	0.01%						
Investment Tax Credits	2,596,326	2,341,302	(\$227,797)		2,113,505	0.02%						
Deferred Income Taxes	2,731,781,093	2,463,452,407	(\$239,682,010)	(439,383,202)	1,784,387,195	18.00%						
FAS 109 DIT - Net	(225,828,174)	(203,646,244)	\$19,813,795		(183,832,449)	-1.85%						
Total	\$12,745,384,510	\$11,514,360,932	(\$1,120,291,655)	(\$478,838,640)	\$9,915,230,637	100.00%		6.08%		6.49%		6.89%
* Daily Weighted Average												
** Cost Rates Calculated Per IRS Ruling												

Duke Energy Florida
 Impact of Adjustment for Imputed Off Balance Sheet Obligations
 All Amounts are Hypothetical and Illustrative

	With Adjustment Page 7 of 9	Without Adjustment Page 8 of 9	Difference
Citrus CC Rate Base (retail)	\$1,400,000,000	\$1,400,000,000	\$0
Based on July Surveillance Sch. 4 page 3:			
Weighted Average Cost of Equity (After Tax)	4.68%	4.27%	0.41%
Gross up for Federal & State Income Tax	38.58%	38.58%	0.00%
Weighted Average Cost of Equity (Pre Tax)	7.62%	6.95%	0.67%
Weighted Average Cost of Debt	2.07%	2.22%	-0.15%
Weighted Average Cost of Capital (Pre Tax)	9.69%	9.17%	0.52%
Return on Rate Base (Rate Base x Pre Tax WACC)	<u>\$135,651,853</u>	<u>\$128,321,311</u>	<u>\$7,330,542</u>