



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

December 28, 2017

VIA ELECTRONIC FILING

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

Re: *Petition by Duke Energy Florida, LLC, for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Irma and Nate*
Docket No. _____

Dear Ms. Stauffer:

Please find enclosed for filing on behalf of Duke Energy Florida, LLC, documents to open a new docket. The filing includes the following:

- Petition for Limited Proceeding for Recovery of Incremental Storm Restoration Costs Related to Hurricanes Irma and Nate;
- Appendix A (Storm restoration costs, changes to storm reserve balance, and legislative and original tariff sheets); and
- Appendix B (Declaration of Marcia Olivier).

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.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmck
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC,
for limited proceeding for recovery of
incremental storm restoration costs related
to Hurricanes Irma and Nate

Docket No. _____

Filed: December 28, 2017

**PETITION BY DUKE ENERGY FLORIDA, LLC FOR LIMITED
PROCEEDING FOR RECOVERY OF INCREMENTAL STORM
RESTORATION COSTS RELATED TO HURRICANES IRMA AND NATE**

Duke Energy Florida, LLC ("DEF" or the "Company"), pursuant to Sections 366.076(1), Florida Statutes ("F.S."), and Rules 25-6.0143 and 25-6.0431, Florida Administrative Code ("F.A.C."), and the 2017 Second Revised and Restated Settlement Agreement approved by the Florida Public Service Commission ("Commission") in Order No. PSC-2017-0451-AS-EU¹ (the "2017 Settlement"), hereby files this petition (the "Petition") requesting that the Commission conduct a limited proceeding to authorize commencement of interim recovery of incremental storm restoration costs related to Hurricanes Irma and Nate and the replenishment of the retail storm reserve that DEF maintains pursuant to Rule 25-6.0143, F.A.C. (the "Storm Reserve"), a total of \$513 million, from customers beginning the first billing cycle of March 2018, subject to final true-up as described in this Petition.

In support of the Petition, DEF states as follows:

1. The Petitioner's name and address is:

Duke Energy Florida, LLC
299 1st Avenue North
St. Petersburg, Florida 33701

2. Any pleading, motion, notice, order, or other document required to be served

¹ Docket No. 20170183-EI, issued on November 20, 2017.

upon DEF or filed by any party to this proceeding should be served upon the following individuals:

Dianne M. Triplett
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Duke Energy Florida, LLC
299 1st Avenue North
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(727) 820-4692 / (727) 820-5519 (fax)

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(850) 521-1428 / (850) 521-1437 (fax)

3. The Commission has jurisdiction pursuant to Sections 366.04, 366.05, 366.06 and 366.076, F.S., and Rules 25-6.0143 and 25-6.0431, F.A.C.

4. DEF, the Petitioner, is an investor-owned electric utility, regulated by the Commission pursuant to Chapter 366, F.S., and is a wholly owned subsidiary of Duke Energy Corporation. The Company's principal place of business is located at 299 1st Avenue North, St. Petersburg, Florida 33701.

5. DEF serves more than 1.8 million retail customers in Florida. Its service area comprises approximately 20,000 square miles, encompassing the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola, and Seminole Counties. DEF supplies electricity at retail to approximately 350 communities and at wholesale to Florida municipalities, utilities, and power agencies in the State of Florida.

6. Section 366.076(1), F.S. provides that the Commission may conduct a limited proceeding to consider and act upon any issue within its jurisdiction, including any matter which once resolved, would require a public utility to adjust its rates. DEF's request for interim storm

cost recovery is appropriate for Commission consideration under this statutory provision, because DEF's request is focused on the narrow issue of recovery, including interim recovery, of costs associated with Hurricanes Irma and Nate. Pursuant to the 2017 Settlement, the determination of storm cost recovery does not involve the application of any form of earnings test or measure.

Background

7. On August 31, 2017, Hurricane Irma reached hurricane force winds, and it stayed a hurricane until September 11. It was the strongest Atlantic basin hurricane, measured by winds, outside the Gulf of Mexico and the Caribbean Sea, with peak sustained winds of 185 miles per hour. It was an unprecedented storm in terms of damage and devastation. Hurricane Irma made landfall in the Florida Keys on September 10 as a Category 4 storm, and took a unique track northward across the entire state of Florida. In the days before US landfall, it appeared that the storm may make landfall near Miami, causing mandatory evacuations across southern Florida. Hurricane Irma did not turn to the north until later than forecasted, thus the landfall was farther west. Hurricane Irma exited the state of Florida on September 11, but it remained a dangerous tropical storm. It was the most devastating storm to impact the DEF service territory, causing damage in each of the 35 counties in which DEF provides service. It was massive – some 650 miles from east to west, with tropical force, gusting to hurricane force, winds extending 200 miles from the eye.

8. With a massive storm heading towards Florida, DEF began preparations on September 5, 2017. DEF mobilized approximately 12,528 total contractors and employee resources to support the restoration work, which began September 12. It was the largest mobilization in DEF's history. At its height, nearly 1.3 million customers, three quarters of all

DEF customers, lost power as a result of the damage from Hurricane Irma. DEF spliced and repaired 800 miles of wire, and replaced 171 miles of wire, more than 1100 transformers, 141 transmission poles, and over 1800 distribution poles. DEF also repaired 71 substations and restored 124 transmission circuits. DEF restored power to 1 million customers in three days, and restored power to essentially all customers by September 20. Restoration work was very labor intensive often requiring vegetation clearing, accessing areas on foot and climbing poles where bucket trucks could not go.

9. As of the filing of this petition, DEF is continuing to perform work in response to Hurricane Irma. Examples of this follow-up work include restoring DEF's facilities and equipment to their condition prior to the hurricane and repairing damage to customer-provided staging sites.

10. During Hurricane Irma, DEF found that the investments made in storm hardening and smart grid technology helped the restoration efforts. The company has spent more than \$2 billion maintaining and strengthening the power delivery system, including inspecting and replacing poles and trimming vegetation and trees. We did see benefits. For example, the self-healing grid technology helped avoid over 5 million minutes of customer interruptions during Hurricane Irma. No hardened transmission structure failed, and DEF's distribution pole inspection and replacement program resulted in less than half the pole breakage compared to Hurricane Charley in 2004 – a hurricane that affected much less of our service territory.

Costs for Recovery

11. DEF has received the majority of invoices and awaits receipt of the remaining invoices. DEF is also in the process of completing follow-up work activities. Recognizing that final costs will not be fully determined until later, DEF currently estimates that total storm-related restoration costs associated with Hurricane Irma will be approximately \$462 million.

DEF has also included \$5 million associated with preparations that were made for Hurricane Nate, which made landfall on October 8th near the mouth of the Mississippi River. These amounts are shown on the schedule attached as Appendix A, Page 1. This schedule breaks down the costs by functional area, including transmission, distribution, generation (base, intermediate and peaking) and customer service. After removing capitalizable costs and non-incremental operating costs pursuant to the Commission’s Incremental Cost and Capitalization Approach (“ICCA”) methodology, and accounting for jurisdictional factors, the resulting retail storm restoration costs are approximately \$425 million. This amount will fully deplete and exceed the \$54 million pre-storm balance of the Storm Reserve. This results in net recoverable retail restoration costs (the “Recoverable Restoration Costs”) of \$371 million, also shown on Page 1 of Appendix A.

12. Pursuant to Paragraph 38 of the 2017 Settlement, DEF is also allowed to recover the amount required to replenish the Storm Reserve to approximately \$132 million (retail). This was the balance as of the February 2012 implementation of the 2012 Stipulation and Settlement Agreement, paragraph 21.c., approved in Order No. PSC-2012-0104-FOF-EI. Appendix A, Page 7 provides the changes to the Storm Reserve balance since February 2012, including costs of all applicable named storms. Adding the \$132 million to the Recoverable Restoration Costs, plus interest and bond issuance costs as described in Paragraph 15 below, then applying a multiplier factor to gross up for regulatory assessment fees, results in a total retail recoverable amount (the “Storm Recovery Amount”) of \$513 million.

2018 Interim Storm Restoration Storm Recovery Charge

13. Interim recovery of the Hurricane Irma and Nate storm costs is governed by Paragraph 38 of the 2017 Settlement, which provides that “recovery from customers for storm

damage costs will begin, subject to Commission approval on an interim basis, sixty (60) days following the filing of a cost recovery petition with the Commission, and subject to true-up pursuant to further proceedings before the Commission, and will be based on a 12-month recovery period.” Although the 2017 Settlement provides for a 12-month recovery period and does not impose a cap on the level of charges on customer bills, DEF recognizes that the imposition of the full Storm Recovery Amount over 12 months would result in a 2018 interim storm restoration recovery surcharge (the “Storm Recovery Charge”) of over \$15 per 1,000 kWh on a residential customer bill. Therefore, to mitigate this large rate increase, DEF proposes to spread the Storm Recovery Amount over 36 months. DEF proposes to begin recovery of the estimated Storm Recovery Amount through the Storm Recovery Charge commencing with the first billing cycle of March, 2018 and ending with the last billing cycle of February, 2021 (the “Storm Recovery Period”). The Storm Recovery Charge will be included in the non-fuel energy charge on customer bills. DEF will include the rate change notices in the March billing cycle since there will not be sufficient time to include them 30 days prior given timing of Commission approval of the rates.

14. Due to the magnitude of the Recoverable Restoration Costs and DEF’s proposed recovery period of 36 months, which is longer than the 12-month recovery period approved in the 2017 Settlement, DEF has issued 2-year senior unsecured amortizing bonds in December 2017 in the amount of \$400 million at an interest rate of 2.1% to finance the Recoverable Restoration Costs. DEF has calculated interest expense of \$8.9 million on the monthly balance of the unrecovered Storm Reserve deficiency and amortization of the bond issuance costs of \$1.3 million in Appendix A, Pages 2-4, and has included these amounts on Page 1.

15. DEF has allocated the estimated Storm Recovery Amount among rate classes consistent with the rate design method set forth in the 2017 Settlement. The allocations are

included in Appendix A, Pages 5-6. Original Tariff Sheets 6.105, 6.106 and 6.107 reflecting the Storm Recovery Charge for each rate class, are attached as Appendix A, Pages 8-15 in legislative and clean formats. DEF notes that these tariff sheets also include changes to reflect the Asset Securitization Charge True-Up, which is being filed simultaneously in Docket Number 20150171-EI.

16. Once all invoices, in substantially final form, are received, DEF will file testimony and exhibits to include all actual storm restoration costs incurred for Commission review and approval, consistent with the 2017 Settlement. DEF will also confer with the relevant signatories to the 2017 Settlement to develop, by the end of January, preliminary proposed dates to present to Commission Staff, including dates for issue identification, testimony, and the evidentiary hearing. After the 36-month Storm Recovery Period, DEF will compare the final approved Storm Recovery Amount to the actual revenue received from the Storm Recovery Charge and determine whether there is an excess or shortfall in recovery. DEF thereafter will submit for Commission approval a one-time credit or charge to customer bills for the excess or shortfall.

17. Attached as Appendix B to this Petition is the declaration of Marcia Olivier, Director of Rates and Regulatory Planning for DEF, which supports the calculations of the Recoverable Restoration Costs, Storm Reserve, Storm Recovery Amount and Storm Recovery Charge described in the paragraphs above.

Summary of Issues To Be Determined in this Limited Proceeding

18. As referenced above, a limited proceeding is appropriate for consideration of this request because the relevant issues are narrow. Indeed, the Commission utilized a limited proceeding to grant a similar request for interim storm recovery. See Order No. PSC-2017-0055-PCO-EI, issued February 20, 2017 in Docket No. 20160251-EI. Specifically, the issues to be

decided are:

- (a) Has DEF correctly calculated the interim storm cost recovery factors that are proposed to go into effect with the first billing cycle of March 2018, for recovery of estimated restoration costs associated with Hurricanes Irma and Nate?
- (b) What is the final, actual storm amount for Hurricanes Irma and Nate that DEF may recover from customers?
- (c) Based on the final, actual restoration costs for Hurricanes Irma and Nate that DEF is authorized to recover, by what amount, if any, did DEF over- or under-recover those costs in the thirty-six months that the interim storm cost recovery factors were in effect?
- (d) How should DEF credit to or recover from customers the over- or under- recovery?

19. DEF is not aware at this time that there will be any disputed issues of material fact in this proceeding.

20. As required by Rule 25-6.0431, Appendix A attached hereto and incorporated herein includes: (i) the specific rate base components for which DEF seeks recovery (page 1); (ii) a detailed description of the Hurricane Irma and Nate related expenses (page 1); and (iii) schedules showing how DEF proposes to allocate any change in revenues to rate classes and the proposed rates (pages 5-6).

21. **WHEREFORE**, for the above and foregoing reasons, DEF respectfully requests that the Commission:

- (1) conduct a limited proceeding to authorize commencement of interim recovery of

incremental storm restoration costs related to Hurricanes Irma and Nate, financing costs, and the replenishment of the Storm Reserve from customers beginning with the first billing cycle of March 2018;

- (2) approve the tariff sheets attached as Appendix A, pages 8-15, reflecting the proposed Storm Recovery Charge; and
- (3) maintain this docket open for determination of the final true-up amounts.

Respectfully submitted this 28th day of December, 2017

s/ Dianne M. Triplett
Dianne M. Triplett
Deputy General Counsel
DUKE ENERGY FLORIDA, LLC
299 First Avenue North
St. Petersburg, FL 33701
(727) 820-4692
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APPENDIX A

Duke Energy Florida, LLC
Storm Cost Recovery
Cost Summary
(\$000's)

Line No.	Description	REF.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			Transmission	Distribution	Generation Base	Generation Intermediate	Generation Peaking	Customer Service	Total	Storm Reserve Balance
1	Pre-Storm Reserve Balance	P.7 line 9								\$54,017
2	Total Irma Storm Related Restoration Costs		\$35,699	\$418,127	\$1,379	\$684	\$350	\$5,486	\$461,724	
3	Less: Estimated Non-Incremental Costs		(3,464)	(7,253)	-	-	-	(211)	(10,927)	
4	Less: Capitalizable Costs		(6,000)	(15,000)	-	-	-	-	(21,000)	
5	Subtotal - Irma Recoverable Restoration Costs	lines 2:4	26,235	395,875	1,379	684	350	5,275	429,798	
6	Total Nate Storm Related Restoration Costs		302	4,865	-	-	-	-	5,167	
7	Less: Estimated Non-Incremental Costs		-	(128)	-	-	-	-	(128)	
8	Less: Capitalizable Costs		-	-	-	-	-	-	-	
9	Subtotal - Nate Recoverable Restoration Costs	lines 6:8	302	4,736	-	-	-	-	5,039	
10	Total Recoverable Restoration Costs - System	line 5 + line 9	26,538	400,611	1,379	684	350	5,275	434,837	
11	Jurisdictional Factor (Order PSC-2017-0451-FOF-EI)		70.203%	99.561%	92.885%	72.703%	95.924%	100%		
12	Total Recoverable Restoration Costs - Retail	line 10 x line 11	\$18,630	\$398,852	\$1,281	\$497	\$336	\$5,275	\$424,872	\$424,872
13	Net Recoverable Retail Restoration Costs	line 12 - line 1								370,855
14	Bond Issuance Costs									1,264
15	Beginning Balance for Recovery	lines 13:14								372,119
16	Plus: Interest on Unamortized Reserve Deficiency Balance	P.4 line 7								8,870
17	Plus: Amount to Replenish Reserve	P.7 line 1								131,847
18	Retail Storm Recovery Amount before Regulatory Assess. Fee	lines 15:17								512,837
19	Regulatory Assessment Fee Multiplier									1.00072
20	Total Retail Storm Recovery Amount	line 18 x line 19								\$513,206

Notes:

Pursuant to Rule No. 25-6.0431(3), F.A.C., line 15 reflects the rate base component on which DEF seeks recover interest expense.
Pursuant to Rule No. 25-6.0431(4), F.A.C., lines 15 and 16 reflect the amortization and interest expense, respectively, that DEF seeks to recover.

Duke Energy Florida, LLC
Storm Cost Recovery
Interest Calculation
(\$000's)

Line No.	Description	(A) Mar 2018	(B) Apr 2018	(C) May 2018	(D) Jun 2018	(E) Jul 2018	(F) Aug 2018	(G) Sep 2018	(H) Oct 2018	(I) Nov 2018	(J) Dec 2018	(K) Jan 2019	(L) Feb 2019	(M) Year 1 Total
1	Unrecovered Eligible Costs - Beg Bal	372,119	361,090	350,042	337,723	322,707	306,303	289,118	272,407	257,747	245,225	233,858	221,754	
2	Less: Current Month Amortization (A)	(11,670)	(11,670)	(12,920)	(15,594)	(16,953)	(17,705)	(17,202)	(15,124)	(12,961)	(11,787)	(12,502)	(12,313)	(168,402)
3	Unrecovered Eligible Costs Before Interest	360,449	349,420	337,122	322,129	305,753	288,598	271,916	257,283	244,786	233,439	221,355	209,440	
4	Monthly Average Eligible Costs	366,284	355,255	343,582	329,926	314,230	297,450	280,517	264,845	251,266	239,332	227,606	215,597	
5	Annual Interest Rate (B)	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
6	Monthly Interest Rate	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	
7	Monthly Interest	641	622	601	577	550	521	491	463	440	419	398	377	6,100
8	Unrecovered Eligible Costs - End Bal	361,090	350,042	337,723	322,707	306,303	289,118	272,407	257,747	245,225	233,858	221,754	209,818	

Notes:

(A) Based on billed kWh storm charge sales. Storm charge revenues will be allocated first to the amortization of the unrecovered eligible restoration costs (expected to conclude in July 2020) and then to the replenishment of the reserve balance of \$132 million.

(B) Represents the rate on DEF's December bond issuance

**Duke Energy Florida, LLC
Storm Cost Recovery
Interest Calculation
(\$000's)**

Line No.	Description	(A) Mar 2019	(B) Apr 2019	(C) May 2019	(D) Jun 2019	(E) Jul 2019	(F) Aug 2019	(G) Sep 2019	(H) Oct 2019	(I) Nov 2019	(J) Dec 2019	(K) Jan 2020	(L) Feb 2020	(M) Year 2 Total
1	Unrecovered Eligible Costs - Beg Bal	209,818	198,610	186,993	174,078	158,489	141,855	125,040	107,843	92,214	79,244	67,176	53,834	
2	Less: Current Month Amortization (A)	(11,564)	(11,954)	(13,231)	(15,880)	(16,896)	(17,049)	(17,401)	(15,804)	(13,120)	(12,196)	(13,447)	(12,505)	(171,047)
3	Unrecovered Eligible Costs Before Interest	198,253	186,656	173,763	158,198	141,593	124,807	107,639	92,039	79,094	67,048	53,729	41,329	
4	Monthly Average Eligible Costs	204,035	192,633	180,378	166,138	150,041	133,331	116,340	99,941	85,654	73,146	60,452	47,582	
5	Annual Interest Rate (B)	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	
6	Monthly Interest Rate	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	
7	Monthly Interest	357	337	316	291	263	233	204	175	150	128	106	83	2,642
8	Unrecovered Eligible Costs - End Bal	198,610	186,993	174,078	158,489	141,855	125,040	107,843	92,214	79,244	67,176	53,834	41,413	

Notes:

(A) Based on billed kWh storm charge sales. Storm charge revenues will be allocated first to the amortization of the unrecovered eligible restoration costs (expected to conclude in July 2020) and then to the replenishment of the reserve balance of \$132 million.

(B) Represents the rate on DEF's December bond issuance

**Duke Energy Florida, LLC
Storm Cost Recovery
Interest Calculation
(\$000's)**

Line No.	Description	(A) Mar 2020	(B) Apr 2020	(C) May 2020	(D) Jun 2020	(E) Jul 2020	(F) Aug 2020	(G) Sep 2020	(H) Oct 2020	(I) Nov 2020	(J) Dec 2020	(K) Jan 2021	(L) Feb 2021	(M) Year 3 Total	(N) Grand Total
1	Unrecovered Eligible Costs - Beg Bal	41,413	29,734	17,863	4,897	4	0	0	0	0	0	0	0		
2	Less: Current Month Amortization (A)	(11,740)	(11,914)	(12,986)	(4,897)	(4)	-	-	-	-	-	-	-	(41,541)	(380,989)
3	Unrecovered Eligible Costs Before Interest	29,672	17,821	4,877	-	-	0	0	0	0	0	0	0		
4	Monthly Average Eligible Costs	35,542	23,778	11,370	2,448	2	0	0	0	0	0	0	0		
5	Annual Interest Rate (B)	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%	2.10%		
6	Monthly Interest Rate	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%	0.18%		
7	Monthly Interest	62	42	20	4	0	0	0	0	0	0	0	0	128	8,870
8	Unrecovered Eligible Costs - End Bal	29,734	17,863	4,897	4	0	0	0	0	0	0	0	0		

Notes:

(A) Based on billed kWh storm charge sales. Storm charge revenues will be allocated first to the amortization of the unrecovered eligible restoration costs (expected to conclude in July 2020) and then to the replenishment of the reserve balance of \$132 million.

(B) Represents the rate on DEF's December bond issuance

Duke Energy Florida, LLC
Storm Cost Recovery
Calculation of Rate Factors by Rate Class

Line No.	Rate Class	(A) Average 12CP Load Factor at Meter (%)	(B) Sales at Meter (mWh)	(C) Average 12 CP at Meter (MW)	(D) NCP Class Max Load Factor	(E) Delivery Efficiency Factor	(F) Sales at Source Generation (mWh)	(G) Average 12 CP at Source (MW)	(H) Sales at Source (Distrib Svc Only) (mWh)	(I) Class Max MW at Source (Distrib Svc) (MW)	(J) Average Number of Billed Accts (#)	(K) mWh Sales at Source Energy Allocator (%)	(L) 12CP Demand Transmission Allocator (%)	(M) NCP Distribution Allocator (%)	(N) 12 CP & 1/13 AD Demand Allocator (%)	(O) Customer Service Allocator (%)
1	Residential															
2	RS-1, RST-1, RSL-1, RSL-2, RSS-1															
3	Secondary	0.518	61,733,171	13,606.55	0.401	0.9373898	65,856,457	14,515.36	65,856,457	18,769.2	1,598,553	52.388%	62.355%	62.188%	61.588%	88.510%
4																
5	General Service Non-Demand															
6	GS-1, GST-1															
7	Secondary	0.682	5,795,172	970.56	0.491	0.9373898	6,182,243	1,035.39	6,182,243	1,436.3		4.918%	4.448%	4.759%	4.484%	
8	Primary	0.682	62,464	10.46	0.491	0.9737076	64,150	10.74	64,150	14.9		0.051%	0.046%	0.049%	0.047%	
9	Transmission	0.682	7,507	1.26	0.491	0.9837076	7,632	1.28	0	0.0		0.006%	0.005%	0.000%	0.006%	
10											129,943	4.975%	4.499%	4.808%	4.536%	7.195%
11	General Service															
12	GS-2 Secondary	1.000	524,975	59.93	1.000	0.9373898	560,039	63.93	560,039	63.9	14,008	0.446%	0.275%	0.212%	0.288%	0.776%
13																
14	General Service Demand															
15	GSD-1, GSDT-1															
16	Secondary	0.749	35,812,906	5,460.50	0.594	0.9373898	38,204,924	5,825.21	38,204,924	7,340.5		30.391%	25.024%	24.321%	25.437%	
17	Primary	0.749	6,554,038	999.31	0.594	0.9737076	6,731,012	1,026.30	6,731,012	1,293.3		5.354%	4.409%	4.285%	4.481%	
18	Secondary Del/ Primary Mtr	0.749	111,309	16.97	0.594	0.9737076	114,314	17.43	114,314	22.0		0.091%	0.075%	0.073%	0.076%	
19	Transm Del/ Primary Mtr	0.749	5,948	0.91	0.594	0.9737076	6,108	0.93	0	0.0		0.005%	0.004%	0.000%	0.004%	
20	Transmission	0.749	0	0.00	0.594	0.9837076	0	0.00	0	0.0		0.000%	0.000%	0.000%	0.000%	
21	SS-1 Primary	1.166	116,829	11.44	0.093	0.9737076	119,984	11.75	119,984	147.0		0.095%	0.050%	0.487%	0.054%	
22	Transm Del/ Transm Mtr	1.166	22,674	2.22	0.093	0.9837076	23,050	2.26	0	0.0		0.018%	0.010%	0.000%	0.010%	
23	Transm Del/ Primary Mtr	1.166	6,360	0.62	0.093	0.9737076	6,531	0.64	0	0.0		0.005%	0.003%	0.000%	0.003%	
24											49,921	35.961%	29.574%	29.166%	30.066%	2.764%
25	Curtable															
26	CS-1, CST-1, CS-2, CST-2, SS-3															
27	Secondary	1.305	0	0.00	0.456	0.9373898	0	0.00	0	0.0		0.000%	0.000%	0.000%	0.000%	
28	Primary	1.305	211,372	18.49	0.456	0.9737076	217,079	18.99	217,079	54.4		0.173%	0.082%	0.180%	0.089%	
29	SS-3 Primary	1.455	165,329	12.97	0.350	0.9737076	169,793	13.32	169,793	55.4		0.135%	0.057%	0.184%	0.063%	
30											4	0.308%	0.139%	0.364%	0.152%	0.000%
31	Interruptible															
32	IS-1, IST-1, IS-2, IST-2															
33	Secondary	1.009	269,480	30.47	0.707	0.9373898	287,479	32.51	287,479	46.4		0.229%	0.140%	0.154%	0.147%	
34	Sec Del/Primary Mtr	1.009	14,192	1.60	0.707	0.9737076	14,575	1.65	14,575	2.4		0.012%	0.007%	0.008%	0.007%	
35	Primary Del / Primary Mtr	1.009	3,833,909	433.57	0.707	0.9737076	3,937,434	445.27	3,937,434	636.2		3.132%	1.913%	2.108%	2.007%	
36	Primary Del / Transm Mtr	1.009	804	0.09	0.707	0.9837076	818	0.09	818	0.1		0.001%	0.000%	0.000%	0.000%	
37	Transm Del/ Transm Mtr	1.009	952,085	107.67	0.707	0.9837076	967,854	109.45	0	0.0		0.770%	0.470%	0.000%	0.493%	
38	Transm Del/ Primary Mtr	1.009	675,366	76.38	0.707	0.9737076	693,602	78.44	0	0.0		0.552%	0.337%	0.000%	0.353%	
39	SS-2 Primary	0.870	26,605	3.49	0.380	0.9737076	27,323	3.59	27,323	8.2		0.022%	0.015%	0.027%	0.016%	
40	Transm Del/ Transm Mtr	0.870	20,185	2.65	0.380	0.9837076	20,520	2.69	0	0.0		0.016%	0.012%	0.000%	0.012%	
41	Transm Del/ Primary Mtr	0.870	267,430	35.10	0.380	0.9737076	274,651	36.05	0	0.0		0.218%	0.155%	0.000%	0.160%	
42											129	4.951%	3.049%	2.297%	3.195%	0.007%
43	Lighting															
44	LS-1 (Secondary)	5.506	1,145,316	23.75	0.479	0.9373898	1,221,814	25.33	1,221,814	291.2	13,515	0.972%	0.109%	0.965%	0.175%	0.748%
45			118,335,426	21,886.97			125,709,388	23,278.61	123,709,440	30,181.4	1,806,072	100.000%	100.000%	100.000%	100.000%	100.000%

Notes:

- (A) Avg 12CP load factor based on load research study filed 7/31/15
- (B) Fall 2017 Load Forecast (March 2018 - February 2021 sales)
- (C) Column B / (8,760 hours x Column A)
- (D) Based on load research study filed July 31, 2015
- (E) Based on system average line loss analysis for 2016
- (F) Column B / Column E
- (G) Column C / Column E
- (H) Column F excluding transmission service
- (I) Column H / (8,760 hours/ Column D)
- (J) Fall 2017 Load Forecast for 2018
- (K) Column F/ Total Column F
- (L) Column G/ Total Column G
- (M) Column I/ Total Column I
- (N) Column K x 1/13 + Column L x 12/13
- (O) Column J/ Total Column J

Calculation of Cost Recovery Factors by Rate Class

Line No.	Rate Class	(A) mWh Sales at Source Energy Allocator (%)	(B) 12CP Transmission Demand Allocator (%)	(C) NCP Distribution Demand Allocator (%)	(D) 12 CP & 1/13 AD Production Allocator (%)	(E) Customer Service Allocator (%)	(F) Transmission Demand Costs (\$)	(G) Distribution Demand Costs (\$)	(H) Production Demand Costs (\$)	(I) Customer Service Costs (\$)	(J) Total Storm Costs (\$)	(K) Projected Effective Sales at Meter (mWh)	(L) Storm Cost Recovery Factors (¢/kWh)
1	Residential												
2	RS-1, RST-1, RSL-1, RSL-2, RSS-1												
3	Secondary	52.388%	62.355%	62.188%	61.588%	88.510%	\$14,032,024	\$299,608,076	\$1,587,915	\$5,639,889	\$320,867,904	61,733,171	0.520
4													
5	General Service Non-Demand												
6	GS-1, GST-1												
7	Secondary											5,795,172	0.422
8	Primary											61,839	0.418
9	Transmission											7,357	0.414
10	TOTAL GS	4.975%	4.499%	4.808%	4.536%	7.195%	\$1,012,536	\$23,165,689	\$122,778	\$458,456	\$24,759,458	5,864,368	
11													
12	General Service												
13	GS-2 Secondary	0.446%	0.275%	0.212%	0.288%	0.776%	\$61,803	\$1,020,520	\$5,409	\$49,422	\$1,137,153	524,975	0.217
14													
15	General Service Demand												
16	GSD-1, GSDT-1, SS-1												
17	Secondary											35,812,906	0.348
18	Primary											6,726,538	0.345
19	Transmission											22,221	0.341
20	TOTAL GSD	35.961%	29.574%	29.166%	30.066%	2.764%	\$6,655,278	\$140,515,187	\$744,727	\$176,126	\$148,091,318	42,561,665	
21													
22	Curtable												
23	CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3												
24	Secondary											-	0.481
25	Primary											372,934	0.476
26	Transmission											-	0.471
27	TOTAL CS	0.308%	0.139%	0.364%	0.152%	0.0002%	\$31,230	\$1,751,733	\$9,284	\$14	\$1,792,261	372,934	
28													
29	Interruptible												
30	IS-1, IST-1, IS-2, IST-2, SS-2												
31	Secondary											269,480	0.197
32	Primary											4,769,326	0.195
33	Transmission											953,613	0.193
34	TOTAL IS	4.951%	3.049%	2.297%	3.195%	0.007%	\$686,116	\$11,067,588	\$58,658	\$455	\$11,812,816	5,992,419	
35													
36	Lighting												
37	LS-1 Secondary	0.972%	0.109%	0.965%	0.175%	0.748%	\$24,488	\$4,648,071	\$24,635	\$47,681	\$4,744,875	1,145,316	0.414
38													
39													
40	Total	100.000%	100.000%	100.000%	100.000%	100.000%	\$22,503,474	\$ 481,776,864	\$ 2,553,404	\$ 6,372,043	\$513,205,785	118,194,849	0.434

Notes:

- (A) From page 5, column K
- (B) From page 5, column L
- (C) From page 5, column M
- (D) From page 5, column N
- (E) From page 5, column O
- (F) - (I) Page 1, line 20 allocated prorata by function based on page 1, line 12.
- (J) Sum of columns F through I
- (K) From page 5, column B
- (L) (Column J / Column K)/10

Duke Energy Florida, LLC
Storm Cost Recovery
Account 228 Storm Reserve Summary
(\$000's)

Line No.	Description	(A) Account 228.100 Retail Storm Reserve	(B) Account 228.101 Non-Retail Storm Reserve	(C) Total
1	Reserve Balance - February 2012	\$131,847	\$3,886	\$135,733
2	<u>Storm Costs:</u>			
3	Tropical Storm Debbie (2012)	(10,483)	(618)	(11,101)
4	Hurricane Isaac (2012)	(5,114)	(37)	(5,151)
5	Tropical Storm Colin (2016)	(2,377)	(13)	(2,390)
6	Hurricane Hermine (2016)	(24,468)	(104)	(24,573)
7	Hurricane Matthew (2016)	(35,387)	(413)	(35,800)
8	Total Storm Costs:	(77,830)	(1,185)	(79,015)
9	Reserve Balance - Post 2016 Storm Season	54,017	2,701	56,718
10	Storm Cost Recovery Non-Retail Reserve Build Up	0	5,397	5,397
11	Reserve Balance - Post 2016 Storm Season after Build Up	\$54,017	\$8,098	\$62,115



6.105

**RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS**

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS										
Rate Schedule/Metering Level	Fuel Cost Recovery ⁽¹⁾			ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾	SCRS ⁽⁶⁾
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	3.838 4.838	5.107	3.677	0.328	-	1.433	-	0.157	0.25422 6	0.520
GS-1, GST-1 Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.667 3.641 3.604	0.270 0.267 0.265	- - -	1.117 1.106 1.095	- - -	0.154 0.152 0.151	0.19785 0.19583 0.19384	0.422 0.418 0.414
GS-2 (Sec.)	4.132	-	-	0.211	-	0.782	-	0.150	0.1430	0.217
GSD-1, GSdT-1, SS-1* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	1.01 1.00 0.99	- - -	3.67 3.63 3.60	0.152 0.150 0.149	0.1769 0.1767 0.17566	0.348 0.345 0.341
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	0.68 0.67 0.67	- - -	2.89 2.86 2.83	0.151 0.149 0.148	0.1087 0.1076 0.1065	0.481 0.476 0.471
IS-1, IST-1, IS-2, IST-2, SS-2* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	0.83 0.82 0.81	- - -	2.83 2.80 2.77	0.147 0.146 0.144	0.1332 0.1324 0.13029	0.197 0.195 0.193
LS-1 (Sec.)	3.945	-	-	0.108	-	0.227	-	0.1464	0.0397	0.414
*SS-1, SS-2, SS-3 Monthly Secondary Primary Transmission Daily Secondary Primary Transmission	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	0.099 0.098 0.097 0.047 0.047 0.046	- - - - - - - -	0.356 0.352 0.349 0.170 0.168 0.167	- - - - - - - -	- - - - - - - -	- - - - - - - -
GSLM-1, GSLM-2	See appropriate General Service rate schedule									

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

(2) Energy Conservation Cost Recovery Factor:

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.



SECTION NO. VI
EIGHTY-~~FIRST~~^{Y-FIRST}ETH REVISED SHEET NO. 6.105
CANCELS ~~EIGHTIETH~~^{EIGHTY-ONE}~~SEVENTY-NINTH~~ REVISED SHEET NO.

6.105

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(Continued on Page No. 2)



**RATE SCHEDULE BA-1
BILLING ADJUSTMENTS**
(Continued from Page 1)

(3) Capacity Cost Recovery Factor:

The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

(4) Environmental Cost Recovery Clause Factor:

The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.

(5) Asset Securitization Charge Factor:

The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.

(6) Storm Cost Recovery Surcharge:

In accordance with a Florida Public Service Commission ruling, a Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of March 1, 2018 through February 28, 2021. This surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricanes Irma and Nate in 2017, as well as funds to replenish the Company's storm reserve.

Gross Receipts Tax Factor:

In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5641% is applicable to electric sales charges for collection of the state Gross Receipts Tax.

Right-of-Way Utilization Fee:

A Right-of-Way Utilization Fee is applied to the charges for electric service (exclusive of any Municipal, County, or State Sales Tax) provided to customers within the jurisdictional limits of each municipal or county governmental body or any unit of special-purpose government or other entity with authority requiring the payment of a franchise fee, tax, charge, or other imposition whether in money, service, or other things of value for utilization of rights-of-way for location of Company distribution or transmission facilities. The Right-of-Way Utilization Fee shall be determined in a negotiated agreement (i.e., franchise and other agreements) in a manner which reflects the Company's payments to a governmental body or other entity with authority plus the appropriate Gross Receipts Taxes and Regulatory Assessment Fees resulting from such additional revenue. The Right-of-Way Utilization Fee is added to the charges for electric service prior to the application of any appropriate taxes.

Municipal Tax:

A Municipal Tax is applied to the charge for electric service provided to customers within the jurisdictional limits of each municipal or other governmental body imposing a utility tax on such service. The Municipal Tax shall be determined in accordance with the governmental body's utility tax ordinance, and the amount collected by the Company from the Municipal Tax shall be remitted to the governmental body in the manner required by law. No Municipal Tax shall apply to fuel charges in excess of 0.699¢/kWh.

Sales Tax:

A State Sales Tax is applied to the charge for electric service provided to all non-residential customers and equipment rental provided to all customers (unless a qualified sales tax exemption status is on record with the Company). The State Sales Tax shall be determined in accordance with the State's sales tax laws. The amount collected by the Company shall be remitted to the State in the manner required by law. In those counties that have enacted a County Discretionary Sales Surtax, such tax shall be applied and paid in a like manner. An additional tax factor is applied to the charge for electric service consistent with the applicability of State Sales Tax as described in this paragraph, in accordance with Section 203.01(1)(a)3 and (b)4 of the Florida Statutes.

Governmental Undergrounding Fee:

—Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's



SECTION NO. VI
TWENTY-~~EIGHTH~~SEVENTH REVISED SHEET NO. 6.106
CANCELS TWENTY-~~SEVENTH~~SIXTH REVISED SHEET NO. 6.106

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~~costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.~~

(Continued on Page 3)

RATE SCHEDULE BA-1
BILLING ADJUSTMENTS
(Continued from Page 2)**Governmental Undergrounding Fee:**

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.

**RATE SCHEDULE BA-1
BILLING ADJUSTMENTS**

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS										
Rate Schedule/Metering Level	Fuel Cost Recovery ⁽¹⁾			ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾	SCRS ⁽⁶⁾
	Levelized ¢/ kWh	On-Peak ¢/ kWh	Off-Peak ¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	3.838 4.838	5.107	3.677	0.328	-	1.433	-	0.157	0.254	0.520
GS-1, GST-1 Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.667 3.641 3.604	0.270 0.267 0.265	- - -	1.117 1.106 1.095	- - -	0.154 0.152 0.151	0.197 0.195 0.193	0.422 0.418 0.414
GS-2 (Sec.)	4.132	-	-	0.211	-	0.782	-	0.150	0.140	0.217
GSD-1, GSDT-1, SS-1* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	1.01 1.00 0.99	- - -	3.67 3.63 3.60	0.152 0.150 0.149	0.179 0.177 0.175	0.348 0.345 0.341
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	0.68 0.67 0.67	- - -	2.89 2.86 2.83	0.151 0.149 0.148	0.108 0.107 0.106	0.481 0.476 0.471
IS-1, IST-1, IS-2, IST-2, SS-2* Secondary Primary Transmission	4.132 4.091 4.049	5.107 5.056 5.005	3.677 3.641 3.604	- - -	0.83 0.82 0.81	- - -	2.83 2.80 2.77	0.147 0.146 0.144	0.133 0.132 0.130	0.197 0.195 0.193
LS-1 (Sec.)	3.945	-	-	0.108	-	0.227	-	0.1464	0.039	0.414
*SS-1, SS-2, SS-3 Monthly Secondary Primary Transmission Daily Secondary Primary Transmission	- - - - - - - -	- - - - - - - -	- - - - - - - -	- - - - - - - -	0.099 0.098 0.097 0.047 0.047 0.046	- - - - - - - -	0.356 0.352 0.349 0.170 0.168 0.167	- - - - - - - -	- - - - - - - -	- - - - - - - -
GSLM-1, GSLM-2	See appropriate General Service rate schedule									

(1) Fuel Cost Recovery Factor:

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

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The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the base demand only.

(Continued on Page No. 2)



**RATE SCHEDULE BA-1
BILLING ADJUSTMENTS**
(Continued from Page 1)

(3) Capacity Cost Recovery Factor:

The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the base demand only.

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(6) Storm Cost Recovery Surcharge:

In accordance with a Florida Public Service Commission ruling, a Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of March 1, 2018 through February 28, 2021. This surcharge is designed to recover incremental storm-related costs incurred by the Company related to Hurricanes Irma and Nate in 2017, as well as funds to replenish the Company's storm reserve.

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Sales Tax:

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(Continued on Page 3)

**RATE SCHEDULE BA-1
BILLING ADJUSTMENTS**
(Continued from Page 2)**Governmental Undergrounding Fee:**

Applicable to customers located in a designated Underground Assessment Area within a local government (a municipality or a county) that requires the Company to collect a Governmental Undergrounding Fee from such customers to recover the local government's costs of converting overhead electric distribution facilities to underground facilities. The Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of a customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for commercial/industrial customers, unless the Commission approves a higher percentage or maximum monthly amount. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. The Governmental Undergrounding Fee shall be calculated on the customer's charges for electric service before the addition of any applicable taxes.

APPENDIX B

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition by Duke Energy Florida, LLC)
for Limited Proceeding for)
Recovery of Incremental Storm Restoration)
Costs Related to Hurricane Irma and Nate)

Docket No: _____

Filed: December 28, 2017

1. My name is Marcia Olivier, and my business address is 299 First Avenue North, Saint Petersburg, FL 33701. I am employed by Duke Energy Florida, LLC as Director of Rates and Regulatory Planning.
2. I hold a Bachelor of Science degree in Accounting and a Bachelor of Science degree in Finance from the University of South Florida and have over 20 years of utility experience, primarily in the Rates and Regulatory Strategy department.
3. The purpose of my declaration is to support the calculations in Appendix A, which is incorporated by reference herein. These calculations include the estimated total storm-related restoration costs associated with Hurricanes Irma and Nate, the reserve replenishment and financing costs (the “Storm Recovery Amount”) for which DEF seeks interim recovery, the calculation of the 2018 interim storm restoration recovery charge (the “Storm Recovery Charge”) for each rate schedule, and proposed Tariff Sheets 6.105, 6.106 and 6.107.
4. DEF began preparations for Hurricane Irma on September 5, 2017. DEF established internal projects and charging guidance at that time for recording storm-related costs.
5. DEF properly recorded costs associated with Hurricanes Irma and Nate to the Storm

Reserve under the Incremental Cost and Capitalization Approach methodology (“ICCA”) specified in Rule 25-6.0143, F.A.C..

6. Paragraph 38 of the 2017 Settlement Agreement provides that “recovery from customers for storm damage costs will begin, subject to Commission approval on an interim basis, sixty (60) days following the filing of a cost recovery petition with the Commission, and subject to true-up pursuant to further proceedings before the Commission, and will be based on a 12-month recovery period.” Pursuant to Paragraph 38 of the 2017 Settlement, DEF is also allowed to recover the amount required to replenish the Storm Reserve to approximately \$132 million (retail). As shown on Page 1 of Appendix A, the total storm restoration costs for Hurricanes Irma and Nate are estimated to be \$467 million. \$11 million of those costs are not incremental under the ICCA methodology and \$21 million will be capitalized and hence are not eligible to be charged to the Storm Reserve under the ICCA methodology. As a result of those adjustments, and after applying the jurisdictional factors, the total estimated retail storm restoration costs associated with Hurricanes Irma and Nate are \$425 million.
7. As shown in Appendix A, page 1, prior to the time of Hurricanes Irma and Nate, the balance in DEF’s Storm Reserve was \$54 million. Subtracting the total retail storm restoration costs of \$425 million from the Storm Reserve results in net recoverable costs (the “Recoverable Restoration Costs”) of \$371 million. A schedule showing costs for all storms that impacted DEF customers since 2012, including the Storm Reserve balance prior to Irma, is included in Appendix A, page 7.
8. Replenishing the Storm Reserve to a balance of \$132 million from a deficit balance

of \$371 million, plus the recovery of estimated interest of \$8.9 million, bond issuance costs of \$1.3 million, and applying a multiplier factor to gross up for regulatory assessment fees, will require recovery from customers (the “Storm Recovery Amount”) of \$513 million.

9. Although the 2017 Settlement provides for a 12-month recovery period and does not impose a cap on the level of charges on customer bills, DEF recognizes the impact of the full Storm Recovery Amount over 12 months to our customers. To mitigate a large rate increase, DEF proposes to spread the Storm Recovery Amount over 36 months. Due to the magnitude of the Recoverable Restoration Costs and DEF’s proposed recovery period of 36 months, DEF has issued 2-year senior unsecured amortizing bonds in December 2017 in the amount of \$400 million at an interest rate of 2.1% to finance the Recoverable Restoration Costs. DEF has calculated interest expense of \$8.9 million on the monthly balance of the unrecovered Storm Reserve deficiency and amortization of the bond issuance costs of \$1.3 million in Appendix A, Pages 2-4, and has included these amounts on Page 1.
10. DEF has allocated the estimated Storm Recovery Amount among rate classes consistent with the rate design method set forth in the 2017 Settlement. As reflected in Appendix A, Page 6, using DEF’s projected sales of electricity for the 36-month period during which the Storm Recovery Charge will be in effect and the residential rate class’s allocation of storm costs, the estimated Storm Recovery Amount yields a charge of \$0.520 per kWh for a residential customer. On a typical 1,000 kWh residential bill, the monthly charge amounts to \$5.20. The Storm Recovery Charges for each rate class are reflected on proposed Tariff Sheets 6.105, 6.106

and 6.107 in Appendix A, Pages 8-15.

11. DEF intends to bill the Storm Recovery Charge under non-fuel energy on a customer bill, which is consistent with DEF's practice of incorporating adjustment clause charges in the non-fuel energy charge line item.
12. Under penalties of perjury, I declare that I have read the foregoing declaration and that the facts stated in it are true to the best of my knowledge and belief.

Marcia Olivier

Marcia Olivier

Date: 12/28/17