



Matthew R. Bernier  
ASSOCIATE GENERAL COUNSEL

March 21, 2019

**VIA ELECTRONIC FILING**

Mr. Adam J. Teitzman, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Duke Energy Florida, LLC's Request to Change AFUDC Rate; *Undocketed Matters*

Dear Mr. Teitzman:

Pursuant to Rule 25-6.0141, F.A.C., Duke Energy Florida (DEF) requests that the Florida Public Service Commission approve a change to the rate DEF uses to capitalize the allowance for funds used during construction ("AFUDC") from 7.44% to 6.46%, effective January 1, 2019, using the 10.5% midpoint return on common equity approved by the Commission in Order No. PSC-10-0131-FOF-EI.

Please file this request in Undocketed Matters and forward it to the appropriate Staff departments and advise the undersigned when this matter is scheduled for approval.

Thank you for your assistance in this matter. If you have any questions concerning this filing, please feel free to contact me at (850) 521-1428.

Sincerely,

*/s/ Matthew R. Bernier*

Matthew R. Bernier

MRB/cmkn  
Enclosure

**DUKE ENERGY FLORIDA, INC.**  
**Capital Structure Used for AFUDC Calculation**  
**As of December 2018**

**SCHEDULE A**

	<b>13 Month Average Jurisdictional Balance</b>	<b>Capital Ratio</b>	<b>Cost Rates</b>	<b>AFUDC Weighted Average Cost of Capital</b>
Long Term Debt	\$ 4,683,841,397	39.55%	4.64%	1.83%
Short Term Debt	(216,446,956)	-1.83%	3.12%	-0.06%
Customer Deposits				
Active	174,450,192	1.47%	2.35%	0.03%
Inactive	1,873,325	0.02%	0.00%	0.00%
Common Equity	5,248,579,200	44.32%	10.50%	4.65%
Deferred Income Taxes	1,940,518,191	16.39%	0.00%	0.00%
Tax Credits - Weighted Cost	9,572,888	0.08%	0.00%	0.00%
Total	<u>\$ 11,842,388,236</u>	<u>100.00%</u>		<u>6.46%</u>

**DUKE ENERGY FLORIDA, INC.**  
**Capital Structure Adjustments**  
**As of December 2018**

**SCHEDULE B**

	<u>13 Month Average Unadjusted Balance (System)</u>	+	<u>Jurisdictional Allocation %</u>	<u>13 Month Average Unadjusted Balance (Retail)</u>	<u>Specific Adjustments (Retail)</u>	+	<u>Prorata FPSC Adjustments (Retail)</u>	=	<u>13 Month Average System Adjusted Balance (Retail)</u>
Long Term Debt	\$ 5,916,715,514		90.30%	\$ 5,342,723,920	\$ -		\$ (658,882,523)		\$ 4,683,841,397
Short Term Debt	(226,441,006)		90.30%	\$ (204,473,542)	(37,189,773)		25,216,359		\$ (216,446,956)
Customer Deposits									
Active	198,990,345		100.00%	\$ 198,990,345	-		(24,540,153)		\$ 174,450,192
Inactive	2,136,848		100.00%	\$ 2,136,848	-		(263,523)		\$ 1,873,325
Common Equity	5,886,848,270		90.30%	\$ 5,315,754,153	588,381,568		(655,556,521)		\$ 5,248,579,200
Deferred Income Taxes	2,824,081,232		90.30%	\$ 2,550,111,851	(295,105,366)		(314,488,294)		\$ 1,940,518,191
Tax Credits - Weighted Cost	12,092,649		90.30%	\$ 10,919,519	-		(1,346,631)		\$ 9,572,888
Total	<u>\$ 14,614,423,852</u>		<u>90.43%</u>	<u>\$ 13,216,163,094</u>	<u>\$ 256,086,428</u>		<u>\$ (1,629,861,286)</u>		<u>\$ 11,842,388,236</u>

**DUKE ENERGY FLORIDA, INC.**  
**Methodology for Compounding AFUDC Rate**  
**As of December 2018**

**SCHEDULE C**

<u>Time Period</u>	<u>AFUDC Expenditures (\$)</u>	<u>AFUDC Base (\$)</u>	<u>Monthly AFUDC (\$)</u>	<u>Cumulative AFUDC (\$)</u>
1	1.0	1	0.005234	0.005234
2			0.005262	0.010496
3			0.005289	0.015785
4			0.005316	0.021101
5			0.005345	0.026446
6			0.005372	0.031818
7			0.005401	0.037219
8			0.005429	0.042648
9			0.005457	0.048105
10			0.005486	0.053591
11			0.005514	0.059105
12			0.005544	0.064649

Annual Rate (R) = 0.064649

Monthly Rate =  $((1 + R)^{(1/12)}) - 1 = 0.005234$

Note: Monthly rate is rounded to six decimal places per rule 25-6.0141 F.A.C.