



Matthew R. Bernier
ASSOCIATE GENERAL COUNSEL

February 26, 2020

VIA ELECTRONIC FILING

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 6.46% to 6.07%, effective January 1, 2020, using the 10.5% midpoint return on common equity approved by the Commission in Order No. PSC-2017-0451-AS-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 or concerns, please do not hesitate to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB/cmk

DUKE ENERGY FLORIDA, INC.
Capital Structure Used for AFUDC Calculation
As of December 2019

SCHEDULE A

	13 Month Average Jurisdictional Balance	Capital Ratio	Cost Rates	AFUDC Weighted Average Cost of Capital
Long Term Debt	\$ 5,097,992,287	39.06%	4.21%	1.64%
Short Term Debt	182,000,632	1.39%	3.29%	0.05%
Customer Deposits				
Active	183,994,911	1.41%	2.43%	0.03%
Inactive	1,823,412	0.01%	0.00%	0.00%
Common Equity	5,395,705,492	41.34%	10.50%	4.34%
Deferred Income Taxes	2,152,225,550	16.49%	0.00%	0.00%
Tax Credits - Weighted Cost	37,874,239	0.29%	0.00%	0.00%
Total	<u>\$ 13,051,616,521</u>	<u>100.00%</u>		<u>6.07%</u>

DUKE ENERGY FLORIDA, INC.
Capital Structure Adjustments
As of December 2019

SCHEDULE B

	13 Month Average Unadjusted Balance (System)	+	Jurisdictional Allocation %	+	13 Month Average Unadjusted Balance (Retail)	+	Specific Adjustments (Retail)	+	Prorata FPSC Adjustments (Retail)	=	13 Month Average System Adjusted Balance (Retail)
Long Term Debt	\$ 6,106,304,323		90.38%		\$ 5,518,795,353		\$ -		\$ (420,803,067)		\$ 5,097,992,287
Short Term Debt	250,617,905		90.38%		\$ 226,505,077		(27,233,641)		(17,270,804)		\$ 182,000,632
Customer Deposits											
Active	199,182,384		100.00%		\$ 199,182,384		-		(15,187,473)		\$ 183,994,911
Inactive	1,973,922		100.00%		\$ 1,973,922		-		(150,510)		\$ 1,823,412
Common Equity	6,424,935,129		90.38%		\$ 5,806,769,571		31,696,756		(442,760,836)		\$ 5,395,705,492
Deferred Income Taxes	2,913,480,538		90.38%		\$ 2,633,164,350		(280,162,442)		(200,776,358)		\$ 2,152,225,550
Tax Credits - Weighted Cost	45,365,237		90.38%		\$ 41,000,488		-		(3,126,250)		\$ 37,874,239
Total	<u>\$ 15,941,859,438</u>		<u>90.50%</u>		<u>\$ 14,427,391,145</u>		<u>\$ (275,699,327)</u>		<u>\$ (1,100,075,297)</u>		<u>\$ 13,051,616,521</u>

DUKE ENERGY FLORIDA, INC.
Methodology for Compounding AFUDC Rate
As of December 2019

SCHEDULE C

Time Period	AFUDC Expenditures (\$)	AFUDC Base (\$)	Monthly AFUDC (\$)	Cumulative AFUDC (\$)
1	1.0	1	0.004919	0.004919
2			0.004944	0.009863
3			0.004968	0.014831
4			0.004992	0.019823
5			0.005017	0.024840
6			0.005041	0.029881
7			0.005066	0.034947
8			0.005091	0.040038
9			0.005117	0.045155
10			0.005141	0.050296
11			0.005167	0.055463
12			0.005192	0.060655

Annual Rate (R) = 0.060655

Monthly Rate = $((1 + R)^{(1/12)}) - 1 = 0.004919$

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