



Matthew R. Bernier
Associate General Counsel

July 27, 2023

VIA ELECTRONIC FILING

Mr. Adam J. Teitzman, 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. 20230001-EI*

Dear Mr. Teitzman:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC's ("DEF"), Request for Confidential Classification filed in connection with the direct testimony of James McClay and DEF's 2024 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 James McClay)

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

MRB/mw
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 20230001-EI

Dated: July 27, 2023

**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 the direct testimony of James McClay and DEF’s 2023 Risk Management Plan including attachments A, B, C, D, E, F, and G. In support of this Request, DEF states:

1. Certain information contained in the direct testimony of James McClay and DEF’s 2023 Risk Management Plan, including certain information contained in Attachments A, B, C, D, E, F, and G, 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 James McClay's direct testimony and DEF's 2023 Risk Management Plan contain "proprietary confidential business information" within the meaning of Section 366.093(3), F.S. The highlighted information in James McClay's direct testimony and DEF's Risk Management Plan and enumerated Attachments provides fuel consumption and economy transaction projections for 2023, forecasted costs, hedging volumes, hedging percentages, internal policies and guidelines regarding hedging transactions, collateral summaries, and unrealized forecasted hedge values. Affidavit of James McClay 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 James McClay 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 James McClay ¶¶ 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 James McClay 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 James McClay 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 James McClay 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 27th day of July, 2023.

/s/Matthew R. Bernier

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Attorneys for Duke Energy Florida, LLC

Duke Energy Florida, LLC
Docket No.: 20230001
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 27th day of July, 2023 to all parties of record as indicated below.

/s/Matthew R. Bernier
Attorney

| | | |
|--|--|--|
| <p>Suzanne Brownless Ryan Sandy Office of General Counsel FL Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us rsandy@psc.state.fl.us</p> <p>J. Wahlen / M. Means / V. Ponder Ausley McMullen Tampa Electric Company P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com</p> <p>Kenneth A. Hoffman Florida Power & Light Company 134 W. Jefferson Street Tallahassee, FL 32301-1713 ken.hoffman@fpl.com</p> <p>Jon C. Moyle, Jr. Moyle Law Firm, P.A. FIPUG 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com mqualls@moylelaw.com</p> | <p>P. Christensen/C. Rehwinkel/M. Wessling Office of Public Counsel 111 W. Madison St., Room 812 Tallahassee, FL 32399-1400 christensen.patty@leg.state.fl.us rehwinkel.charles@leg.state.fl.us wessling.mary@leg.state.fl.us</p> <p>Paula K. Brown Regulatory Affairs Tampa Electric Company P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com</p> <p>Maria Moncada / David Lee Florida Power & Light Company 700 Universe Blvd. (LAW/JB) Juno Beach, FL 33408-0420 david.lee@fpl.com maria.moncada@fpl.com</p> <p>James Brew / Laura W. Baker Stone Mattheis Xenopoulos & Brew, P.C. White Springs/PCS Phosphate 1025 Thomas Jefferson St., N.W. Eighth Floor, West Tower Washington, DC 20007 jbrew@smxblaw.com lwb@smxblaw.com</p> <p>William C. Garner, Esq. Law Office of William C. Garner, PLLC 3425 Bannerman Road Unit 105, No. 414 Tallahassee, FL 32312 wgarner@weglawoffice.com</p> | <p>Mike Cassel Florida Public Utilities Company 208 Wildlight Avenue Yulee, FL 32097 mcassel@fpuc.com</p> <p>Michelle D. Napier Florida Public Utilities Company 1635 Meathe Drive West Palm Beach, FL 33411 mnapier@fpuc.com</p> <p>Beth Keating Gunster, Yoakley & Stewart, P.A. FPUC 215 South Monroe Street, Suite 601 Tallahassee, FL 32301 bkeating@gunster.com</p> <p>Robert Scheffel Wright John T. LaVia, III Florida Retail Federation Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry, & Harper, P.A. 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com</p> <p>Peter J. Mattheis / Michael K. Lavanga Joseph R. Briscar Nucor c/o Stone Mattheis Xenopoulos & Brew, PC 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, DC 20007 pjm@smxblaw.com mkl@smxblaw.com jrb@smxblaw.com</p> |
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Exhibit A

“CONFIDENTIAL”

(submitted under separate cover)

Exhibit B

REDACTED

(copy 1)

1 A. Yes, I am sponsoring the following exhibit:

- 2 • Exhibit No. ___ (JM-1P) – 2024 Risk Management Plan (*Confidential*).

3
4 **Q. What are the objectives of DEF’s hedging activities?**

5 A. The objectives of DEF’s hedging program are to reduce fuel price volatility risk and
6 provide greater cost certainty for DEF’s customers.

7
8 **Q. Describe the hedging activities that the Company will execute for 2024.**

9 A. DEF is not proposing to implement the outlined hedging activities. While DEF
10 believes that hedging is a reasonable and prudent approach to mitigate price
11 volatility, it understands that key consumer groups oppose hedging. DEF is
12 proposing to continue the hedging moratorium through 2024. However, if the
13 Commission decides that DEF should hedge, DEF is providing its 2024 Risk
14 Management Plan to demonstrate how it would hedge if so ordered. If the 2024 Risk
15 Management Plan is implemented, DEF would hedge a percentage of its projected
16 natural gas burns utilizing approved financial agreements. With respect to hedging
17 activity, natural gas represents the largest component of DEF’s overall hedging
18 activity given it is the largest fuel cost component. DEF’s target hedging percentage
19 ranges would be between ■ to ■ percent of its forecasted calendar annual burns.
20 Hedging in the ranges provided would allow DEF to monitor actual fuel burns,
21 updated fuel forecasts, and make any adjustments as needed throughout the year. If
22 hedging were to start in 2024 the Risk Management Plan outlines the activities DEF
23 would implement to start its hedging program in 2024 · REDACTED

**Duke Energy Florida, LLC
Risk Management Plan for
Fuel Procurement and Wholesale Power Purchases
For 2024**

Duke Energy Florida, LLC (DEF) is submitting its 2024 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), the Regulated Risk Management and Credit Risk Management teams within Global Risk Management & Insurance (GRMI), Regulated Accounting, Internal Audit, Legal, and Information Technology. The activities supported by these groups include, subject to reliability constraints, 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 limits and credit 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 2023 Fuels and Operations Forecast (FOF), DEF's estimated fuel consumption and economy power transactions projections for 2024 are as follows:

Coal

Based on current projections, DEF forecasts to burn approximately [REDACTED] tons of coal in 2024. DEF's forecasted coal requirements for 2024 will be purchased primarily 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] barrels of light oil in 2024. DEF's forecasted light fuel oil requirements for 2024 are expected to be purchased primarily under term supply enabling 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 2024, 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 2024 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 2024. 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 ensure an adequate fuel supply and, subject to reliability constraints, 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 2024.

DEF utilizes a phased hedging program where financial hedge transactions are executed over time for a percentage of the Company's forecasted natural gas burns 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. Forecasted burns are utilized because hedges must be executed before a given month begins. The hedge percentage target ranges outlined provide a framework for consistently executing a layered hedging strategy over time. DEF cannot predict future prices and DEF's hedging program does not involve speculation or trying to "out-guess" the market. DEF currently utilizes fixed price financial instruments including fixed price swaps and cost-less collar options to hedge its price exposure to the natural gas 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 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 gas volumes burned versus forecasted gas volumes to be burned. 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 rolling approach to executing fixed price transactions over time provides a reasonable and prudent approach to mitigate price volatility in uncertain fuel markets. This strategy also allows DEF more flexibility to adjust hedging volumes to accommodate changes in its forecasted natural gas consumption that will occur as market conditions change.

Outlined below are the minimum and maximum percentage ranges to be hedged during 2024:

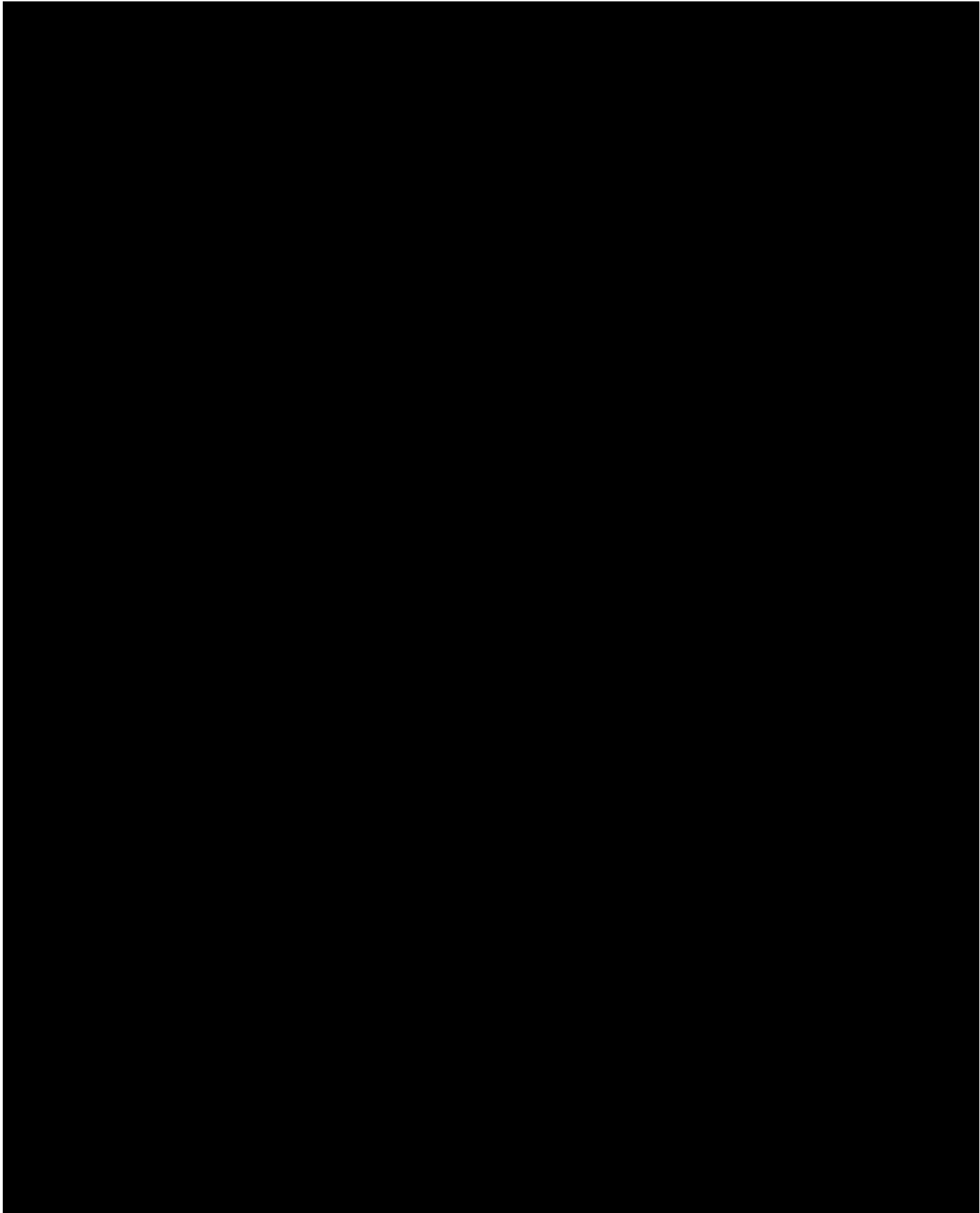
Natural Gas

Natural gas represents DEF's largest fuel cost component and represents the largest component of DEF's hedging activities. DEF plans to execute its phased financial hedging program over a rolling 36-month period through time for natural gas during 2024 within the following hedge percentage ranges:

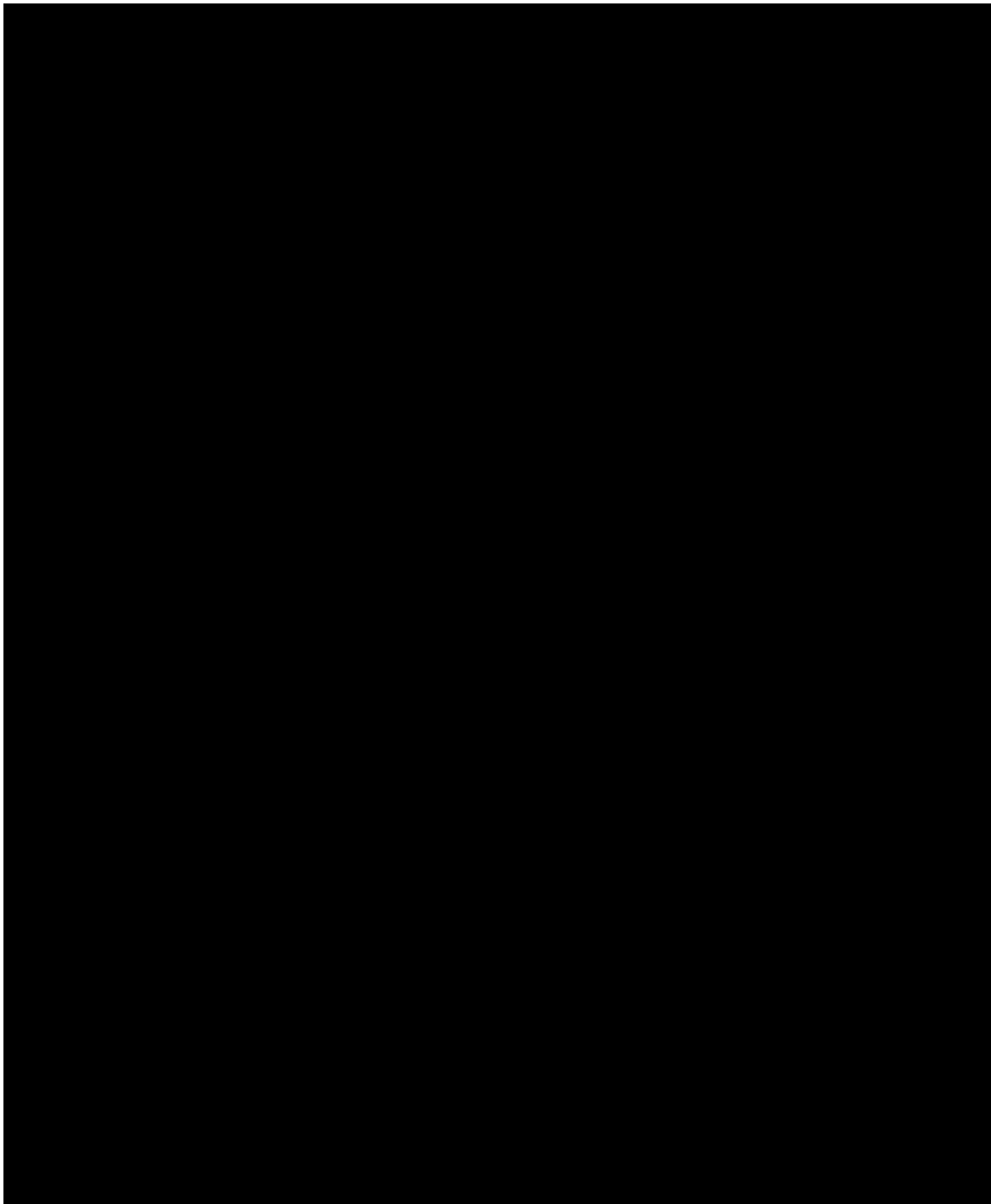
- 1 to 12 months – [REDACTED]
- 13 to 24 months – [REDACTED]
- 25 to 36 months – [REDACTED]

REDACTED

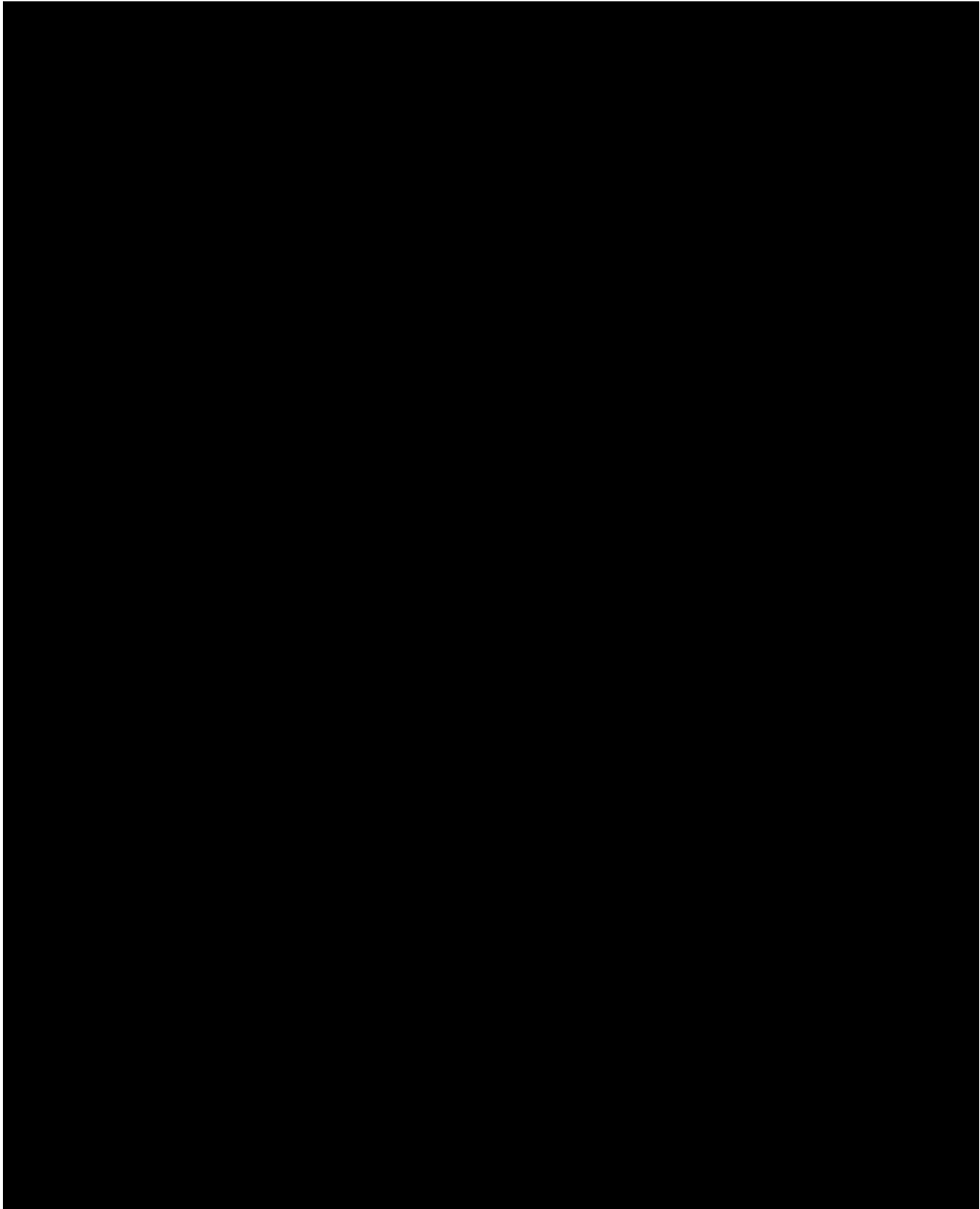
Regulated Electric Risk Limits



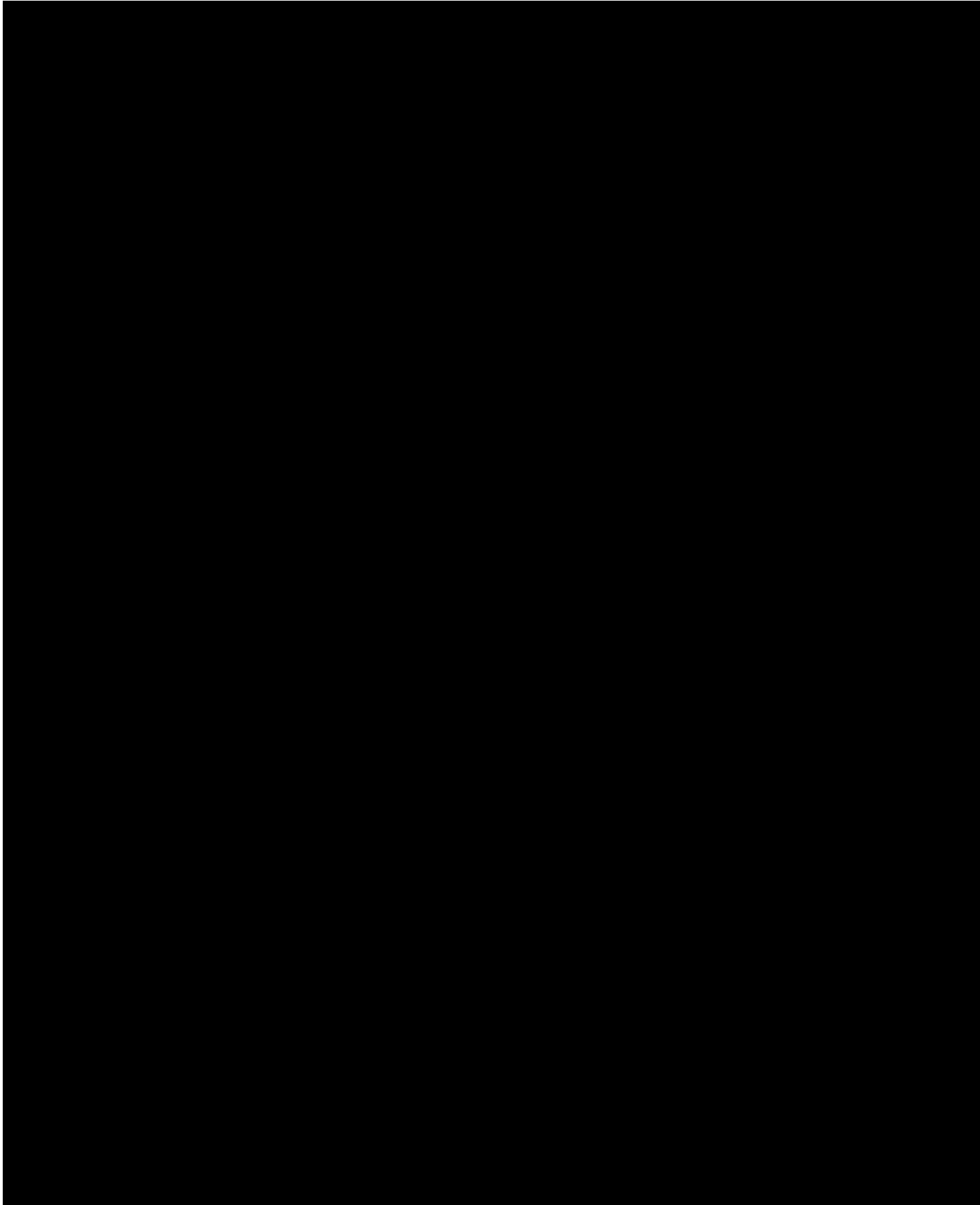
Regulated Electric Risk Limits



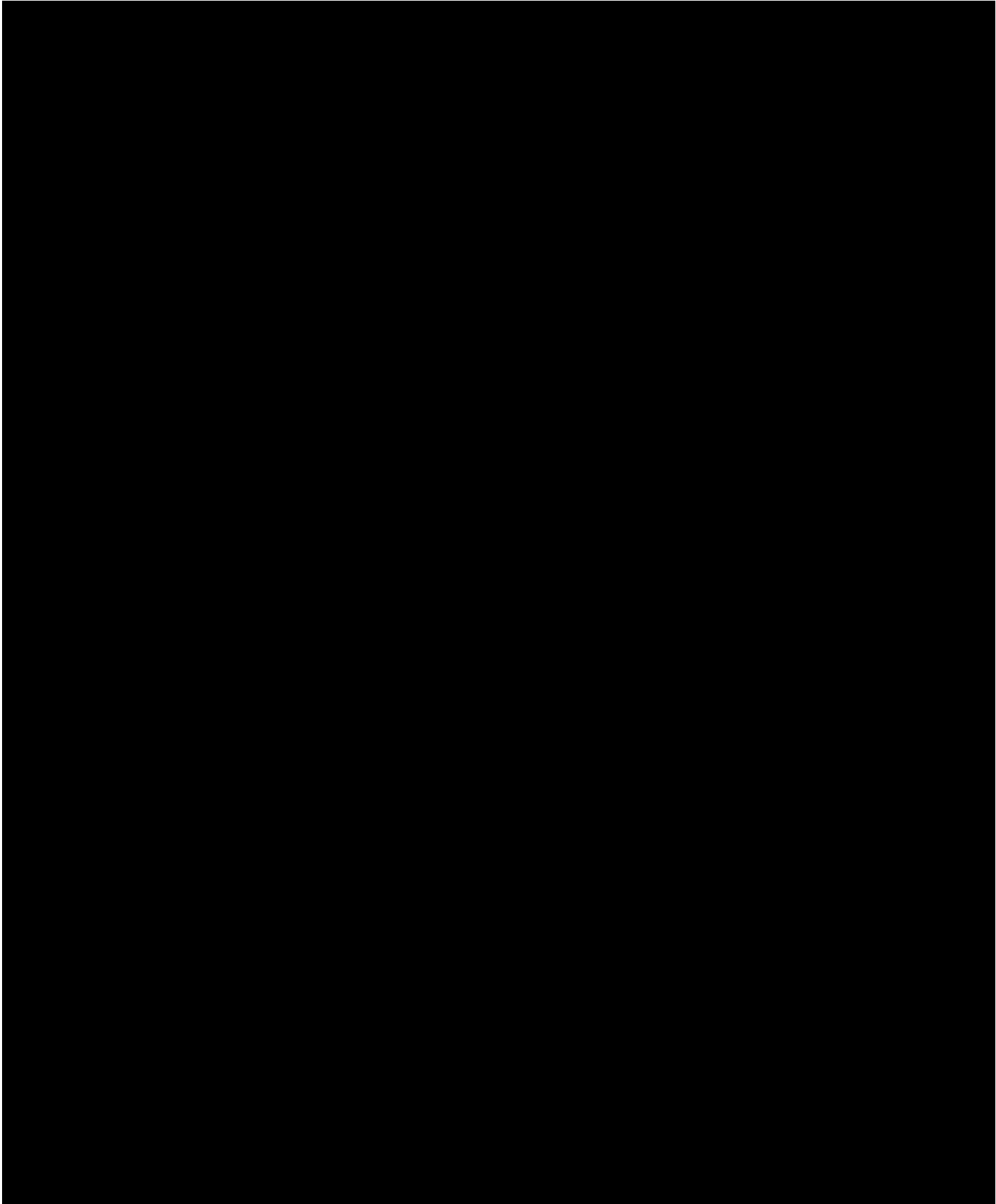
Regulated Electric Risk Limits



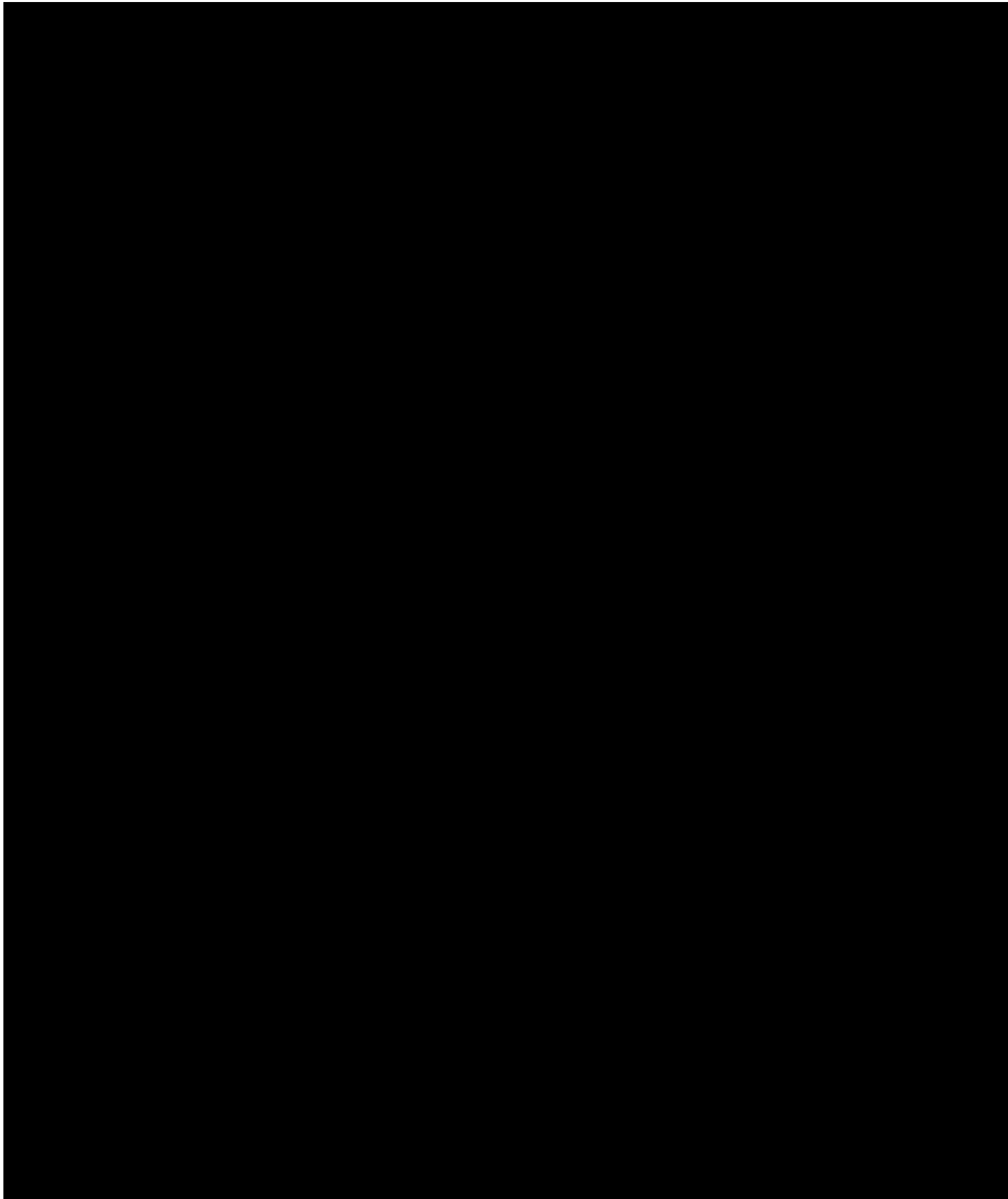
Regulated Electric Risk Limits



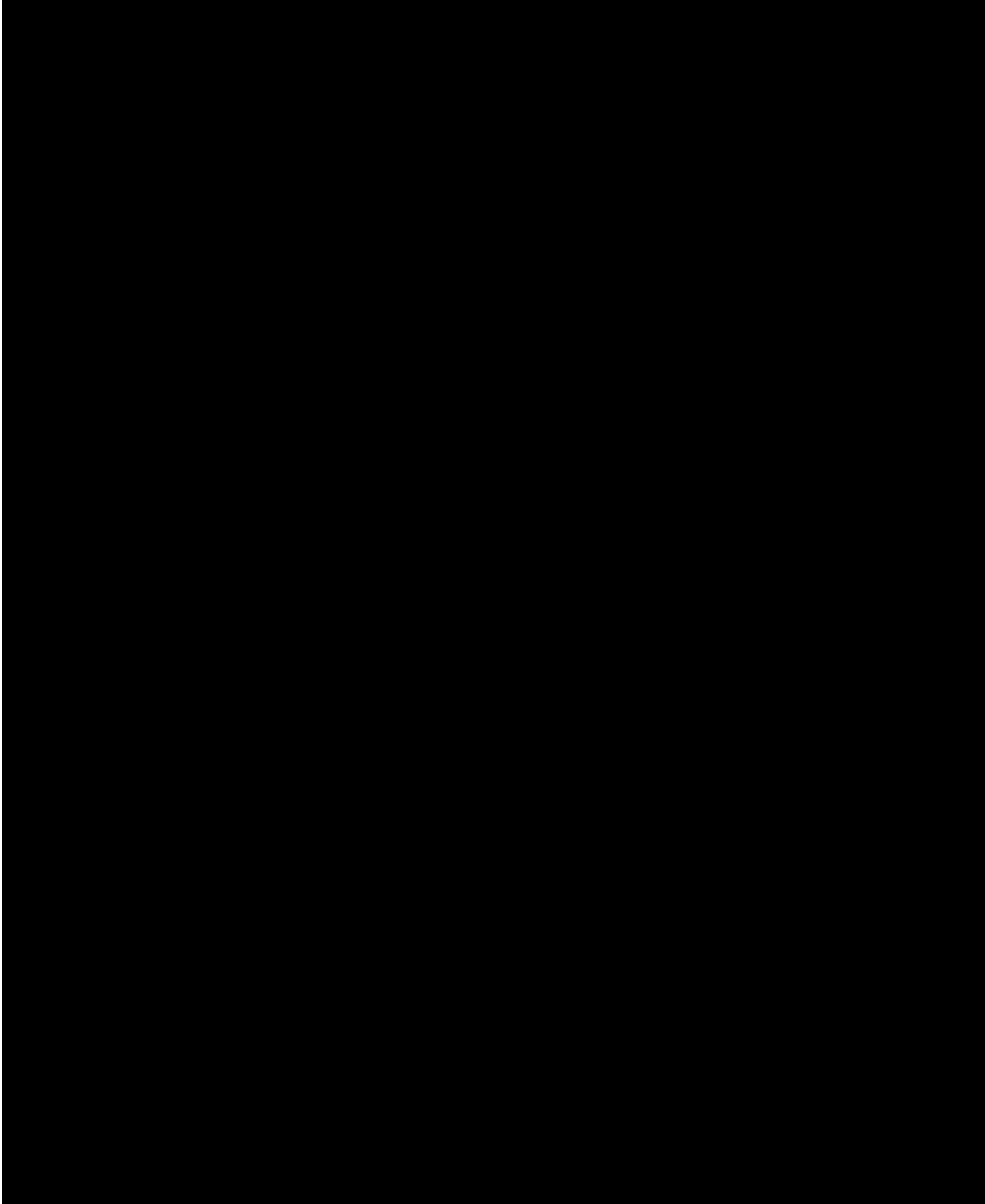
Regulated Electric Risk Limits



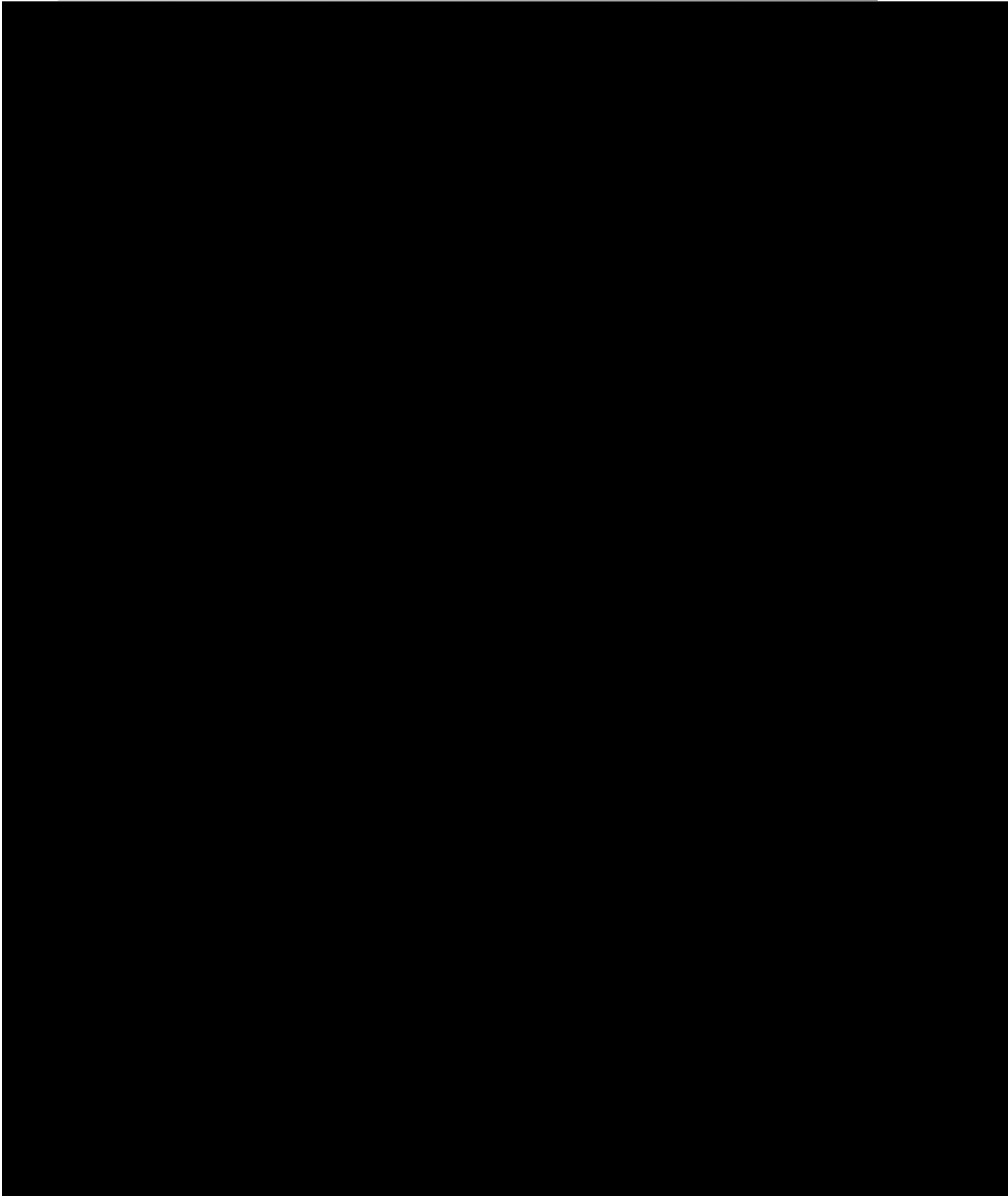
Regulated Electric Risk Limits



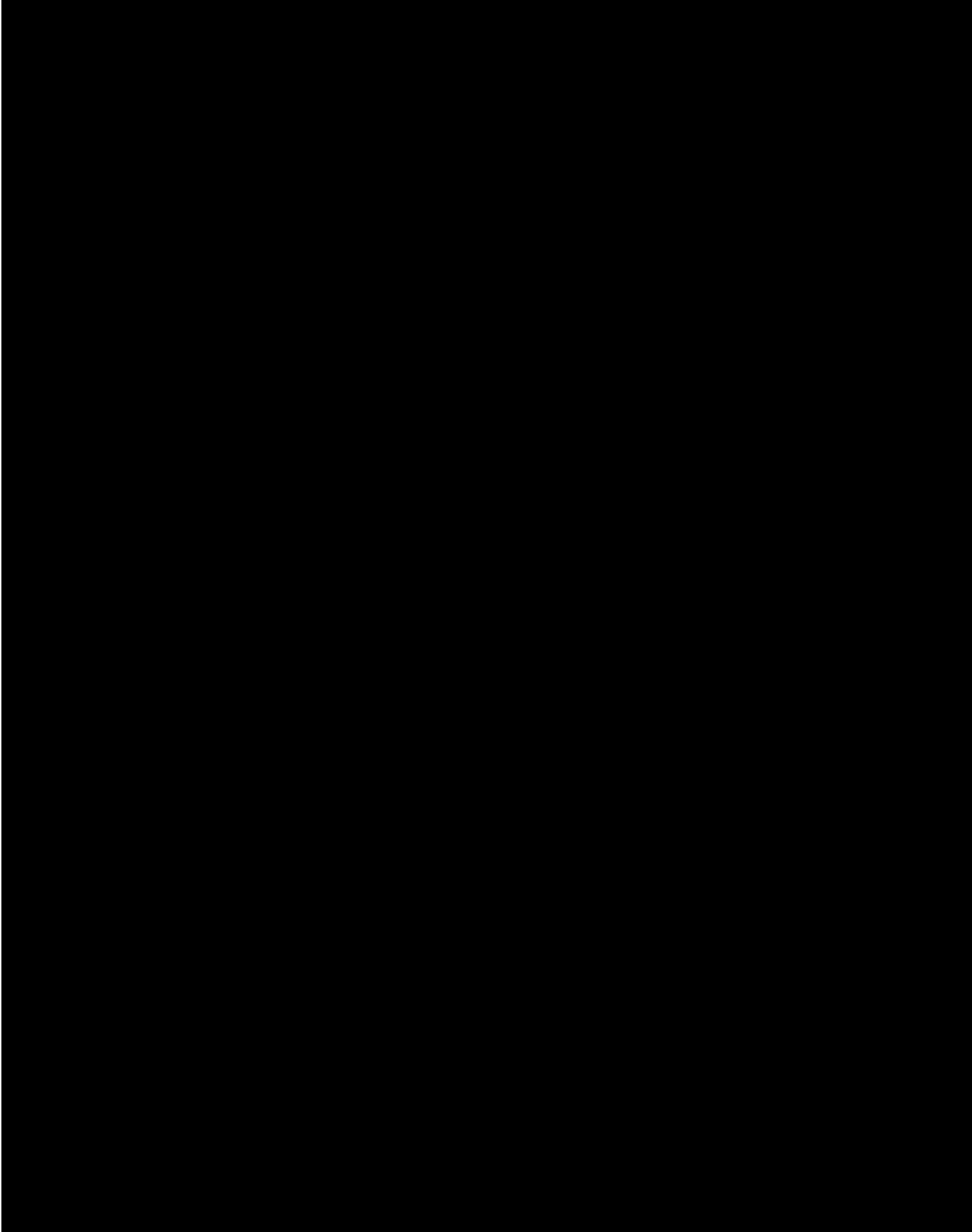
Regulated Electric Risk Limits



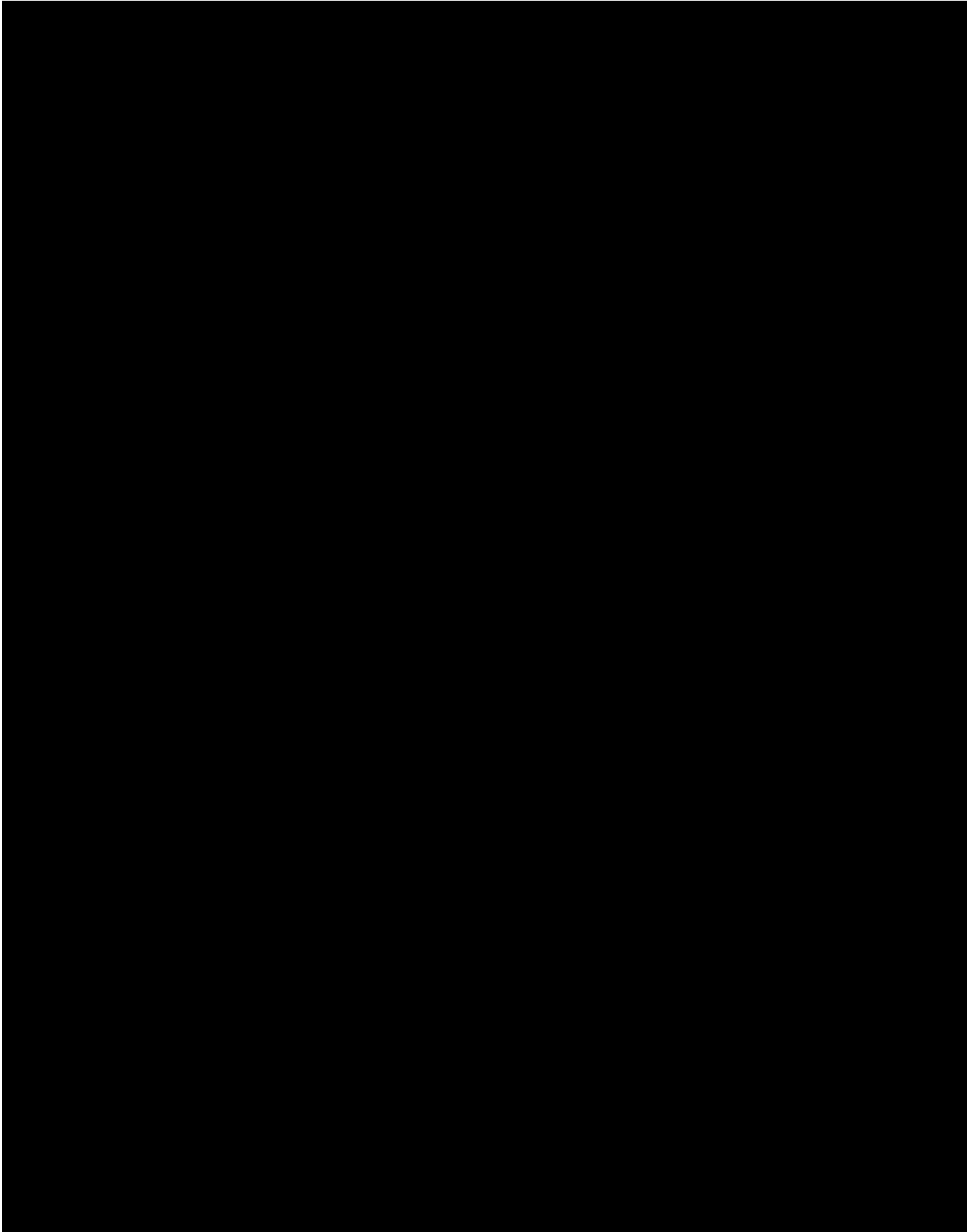
Regulated Electric Risk Limits



Regulated Electric Risk Limits



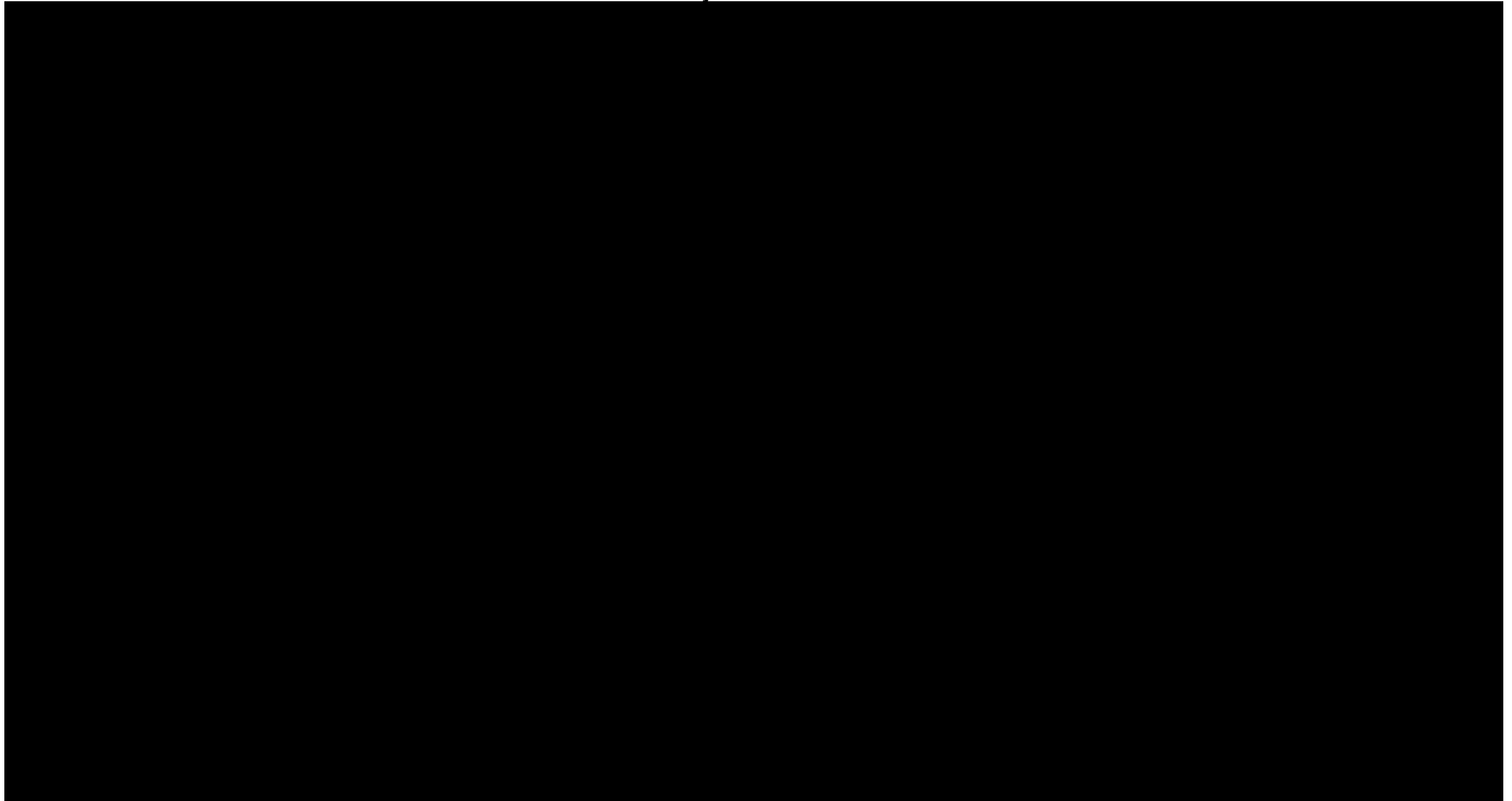
Regulated Electric Risk Limits



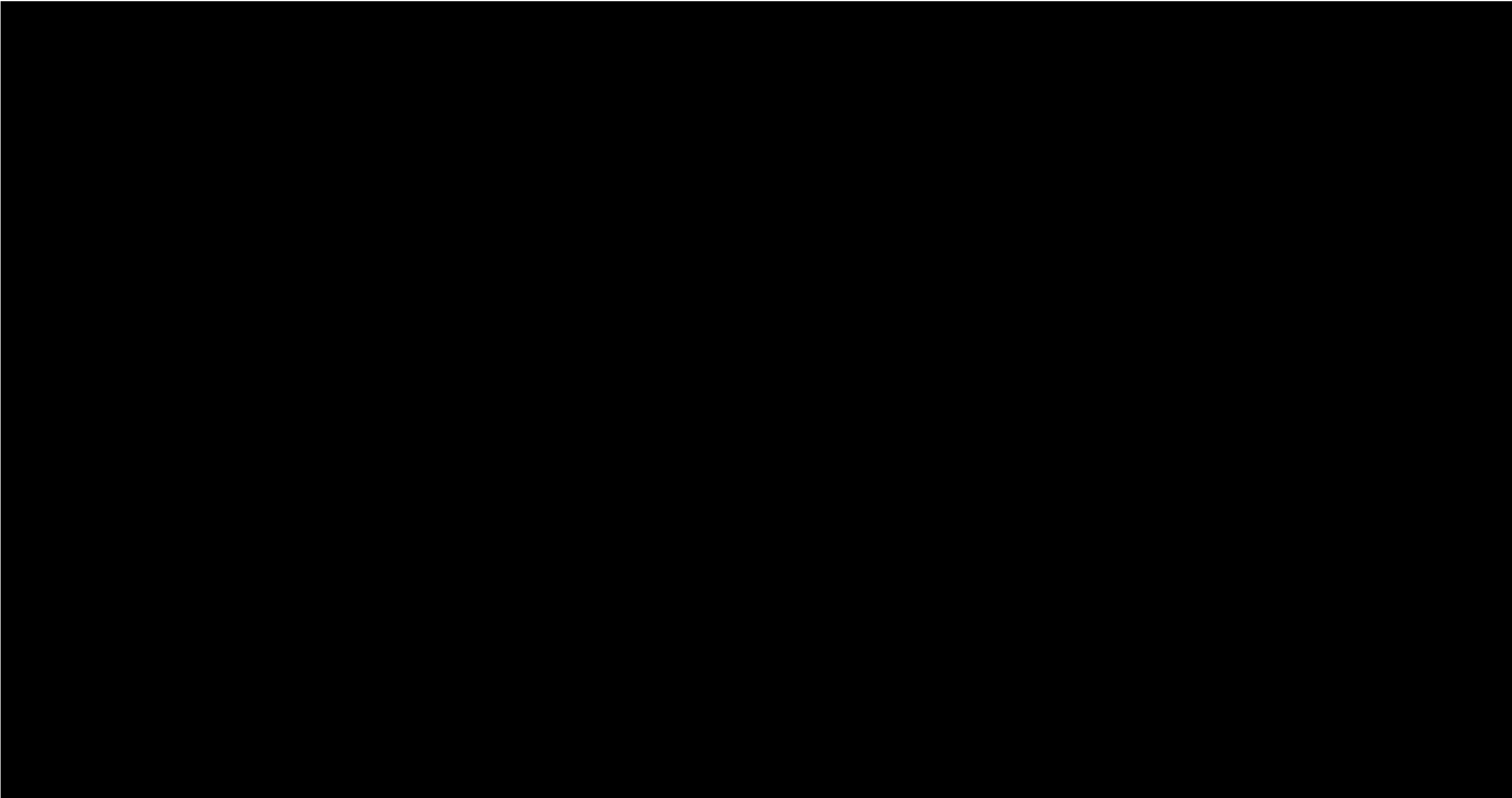
REDACTED

Attachment B - CONFIDENTIAL

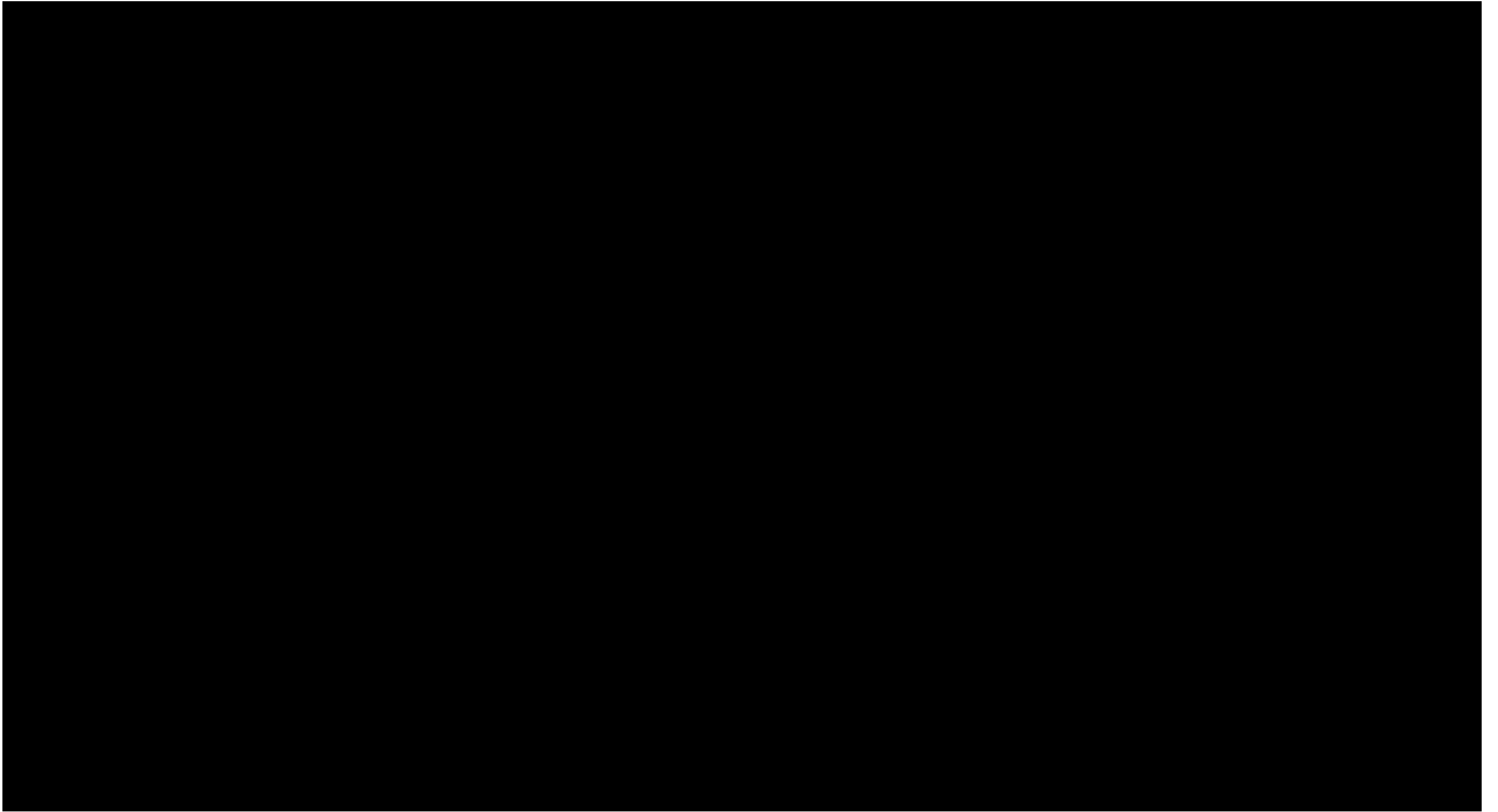
Authority Limit Matrix



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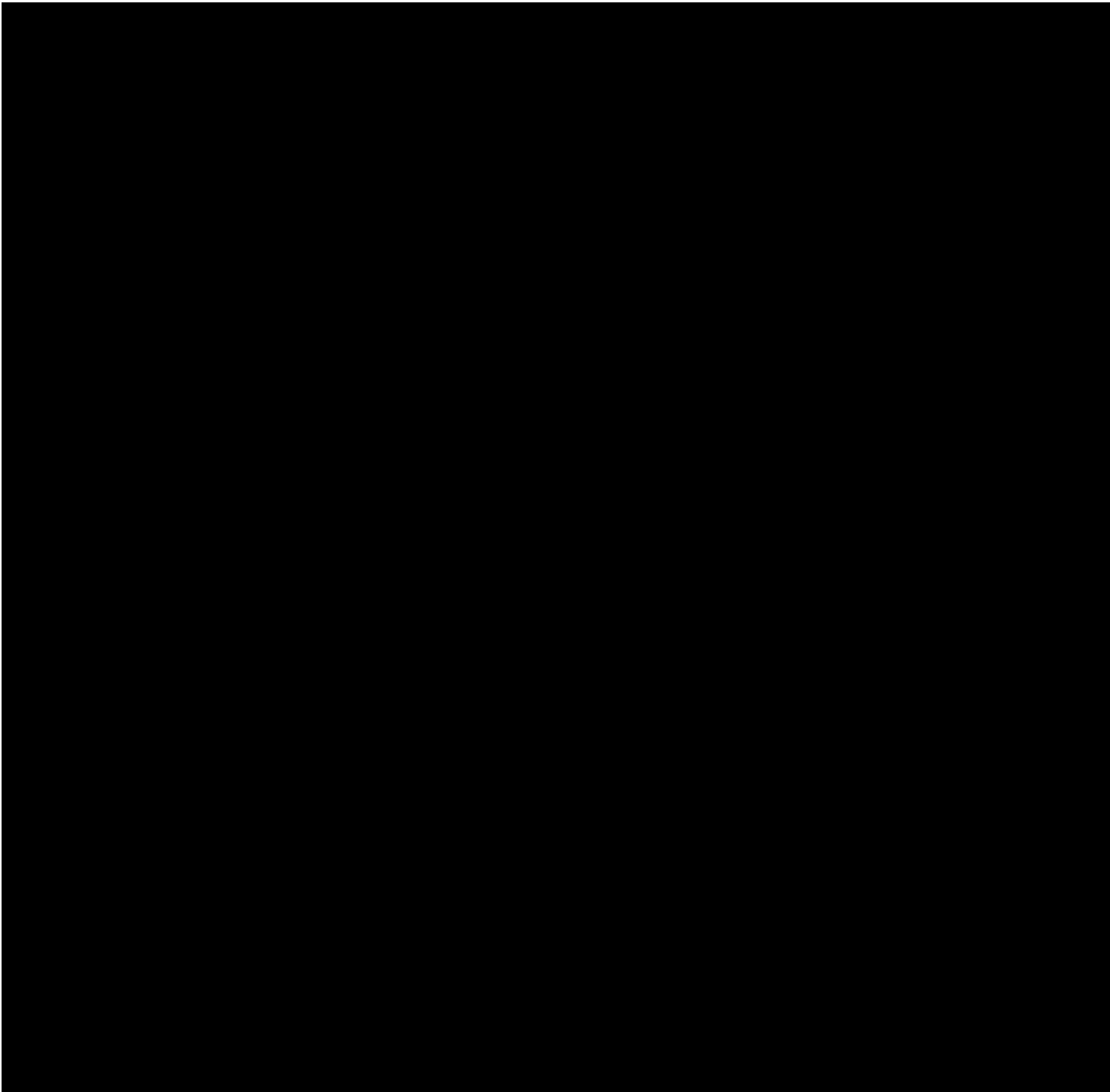
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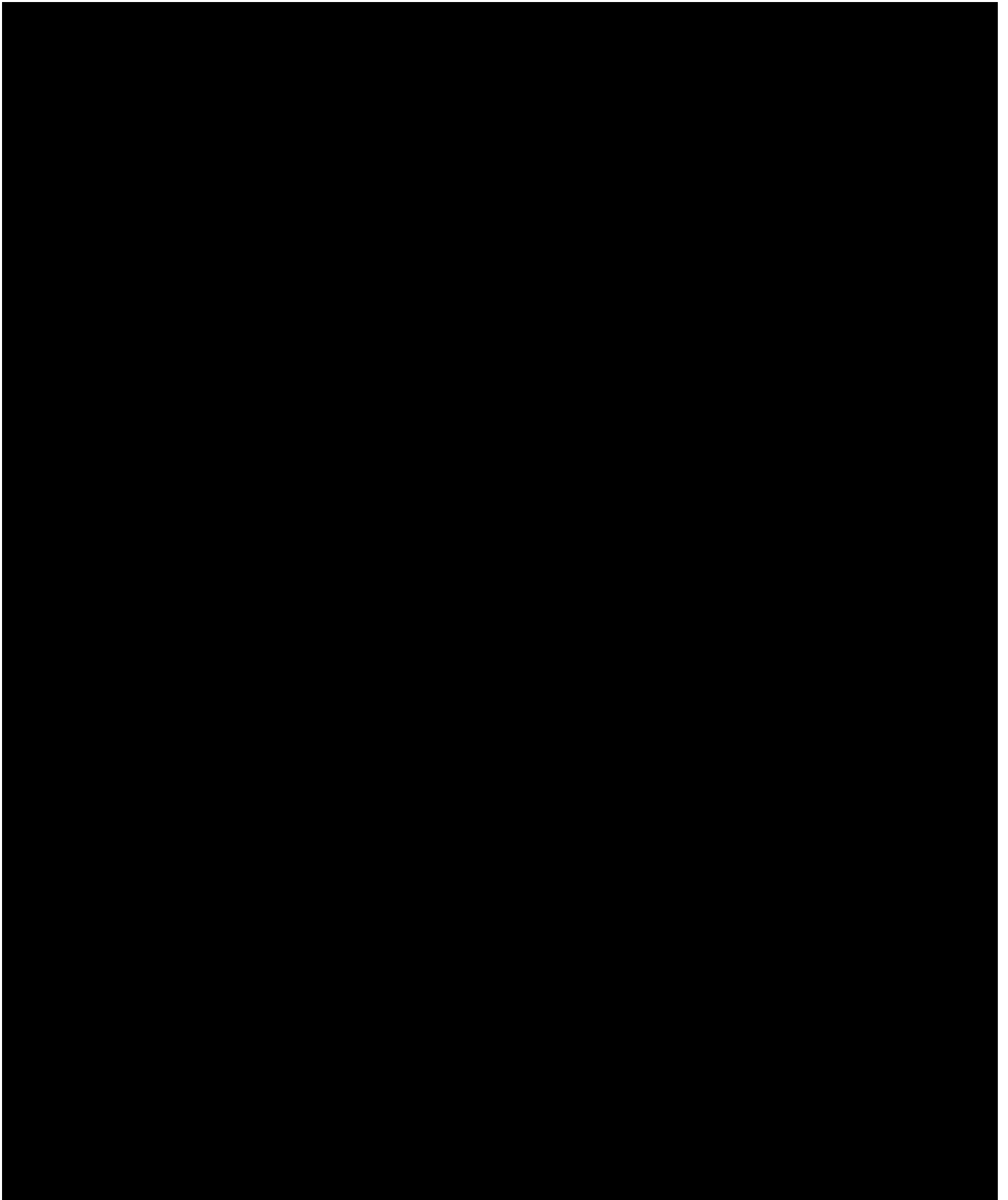


Duke Energy Policy Statement

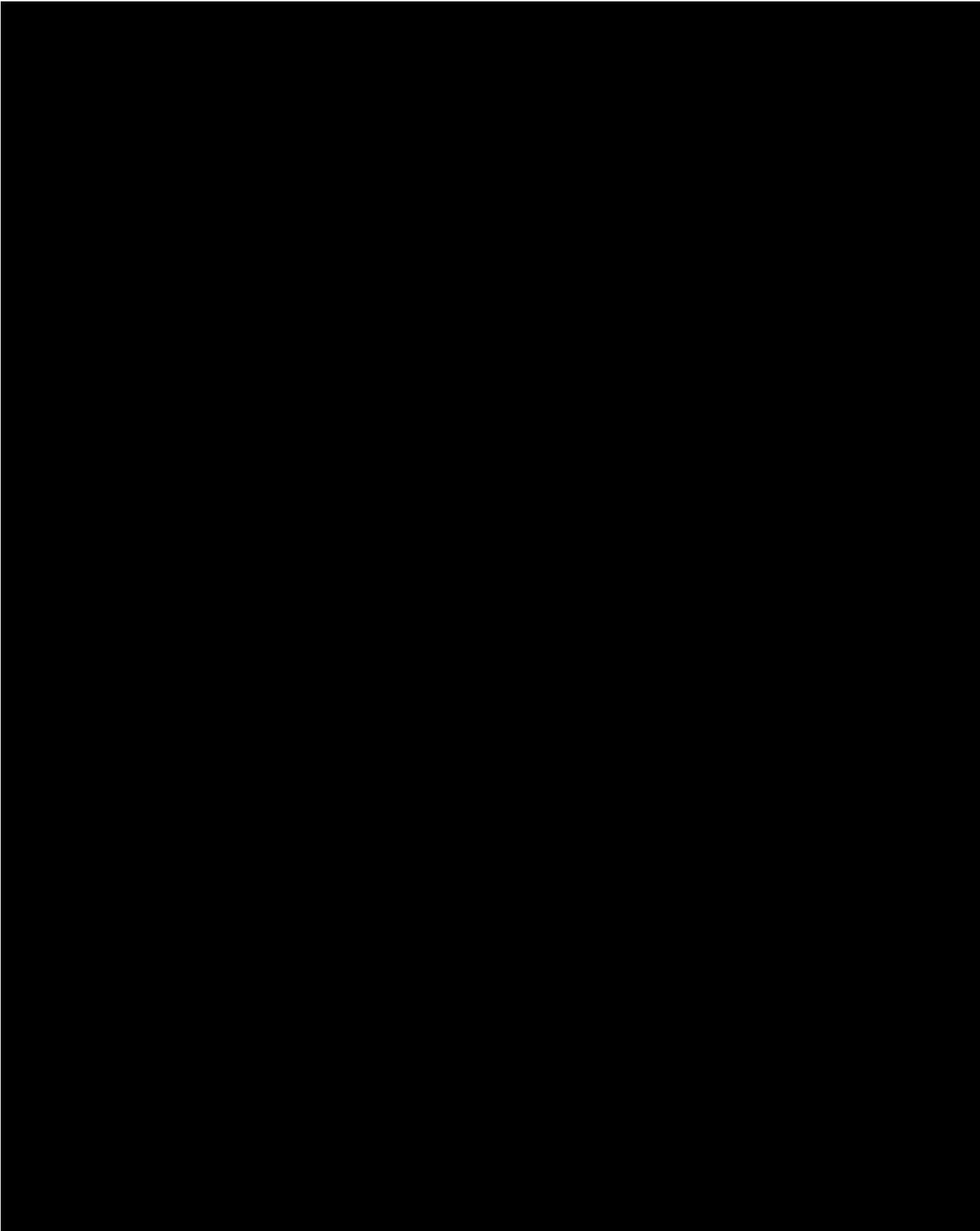
Commodity Risk Policy

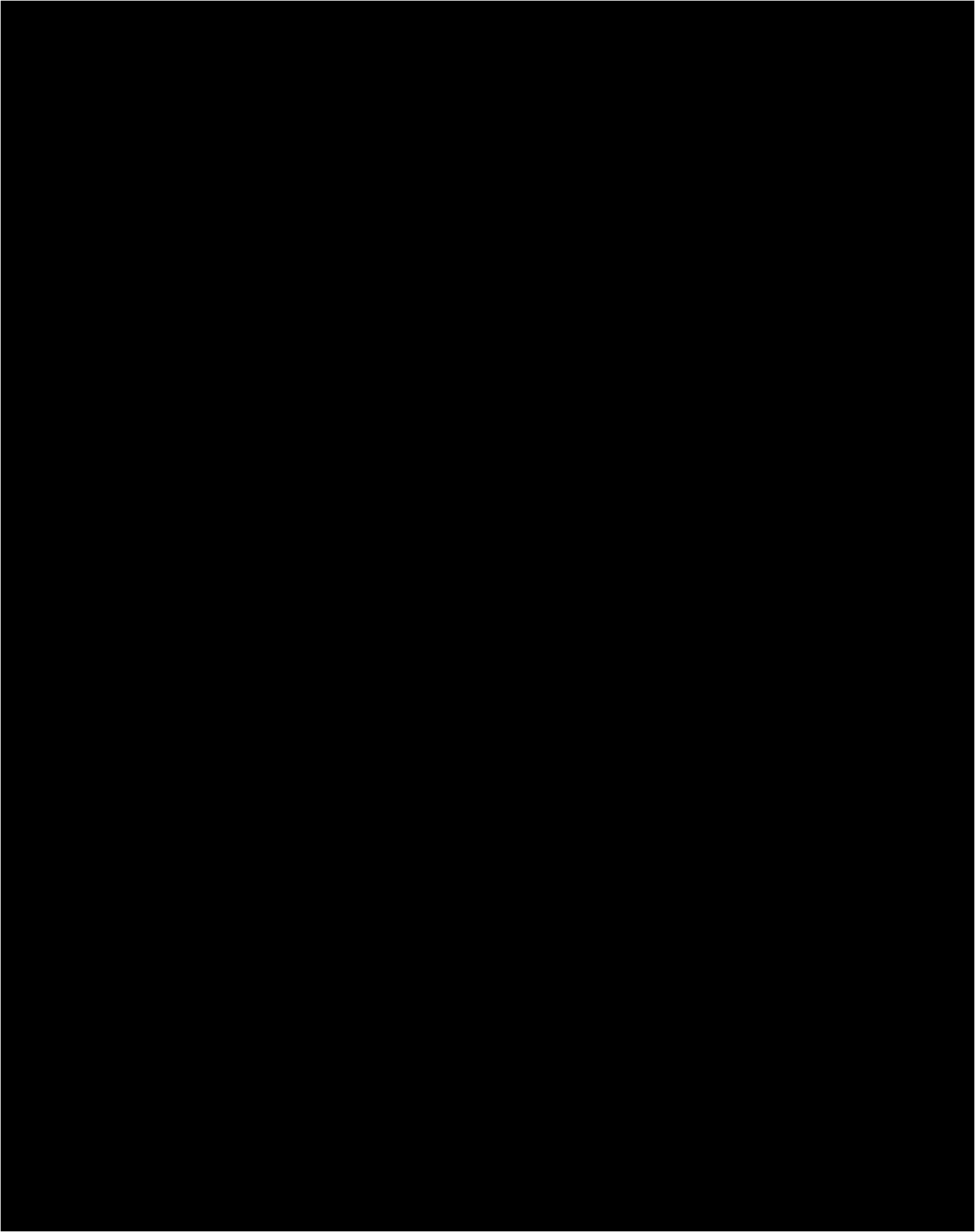


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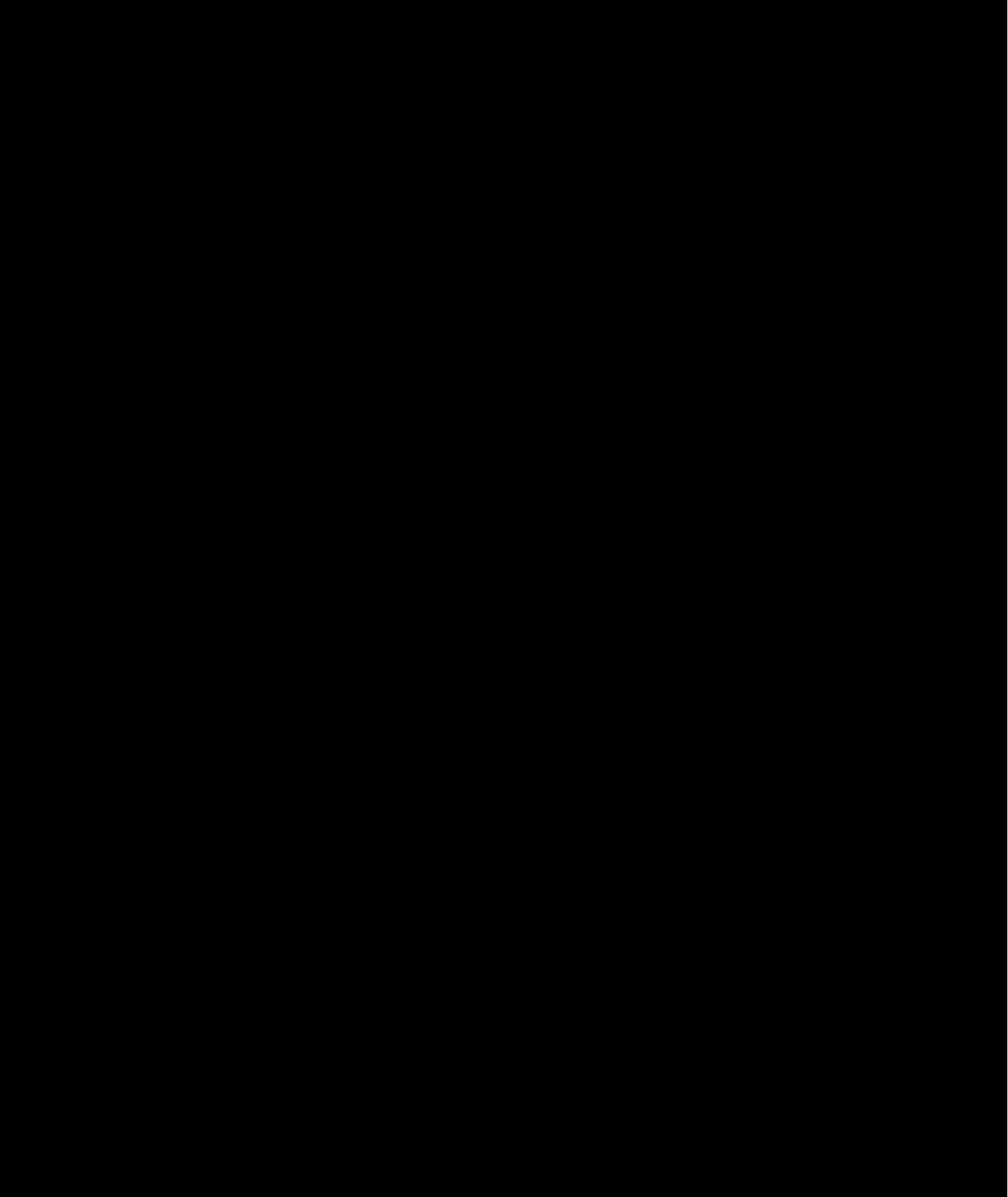


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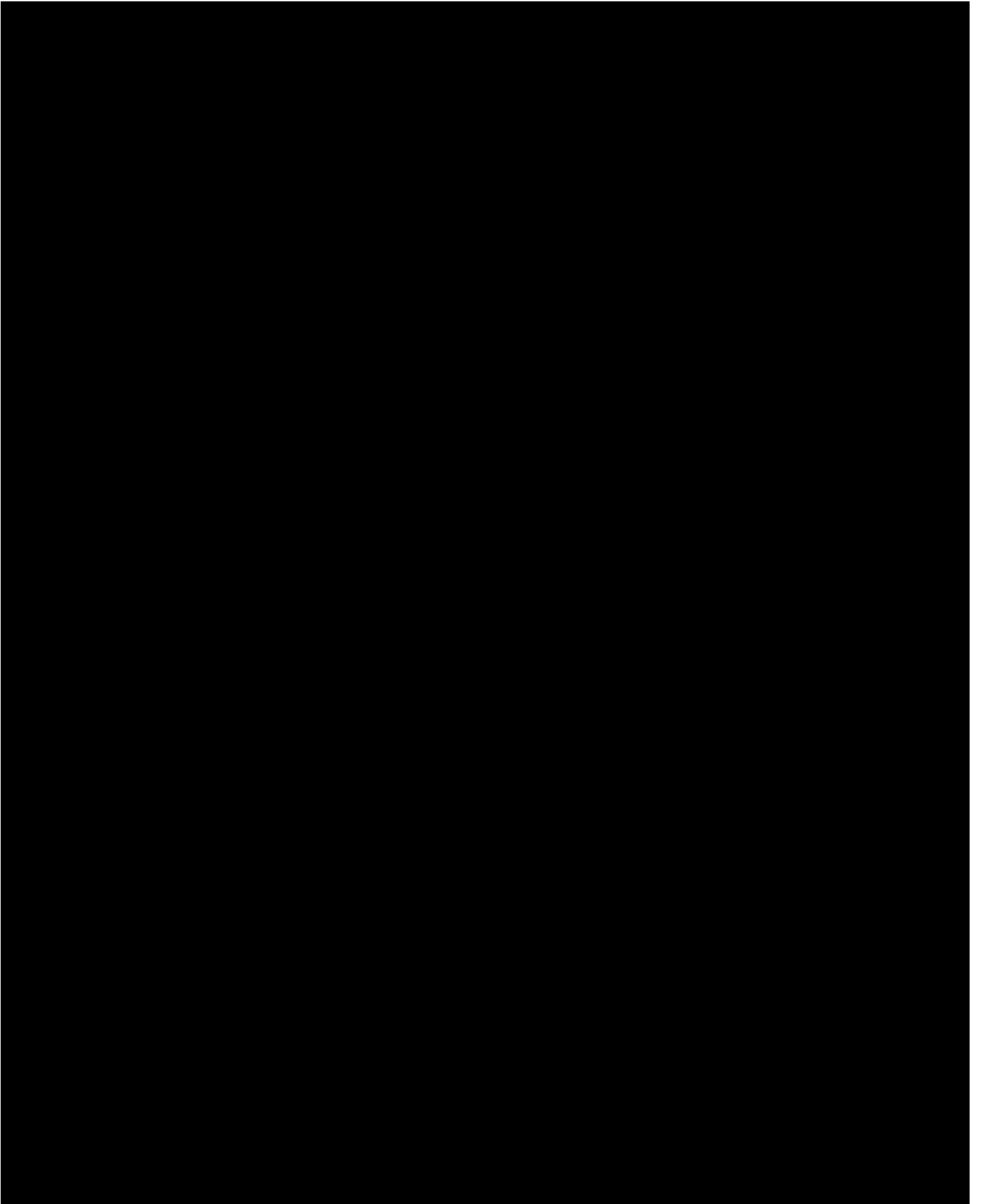




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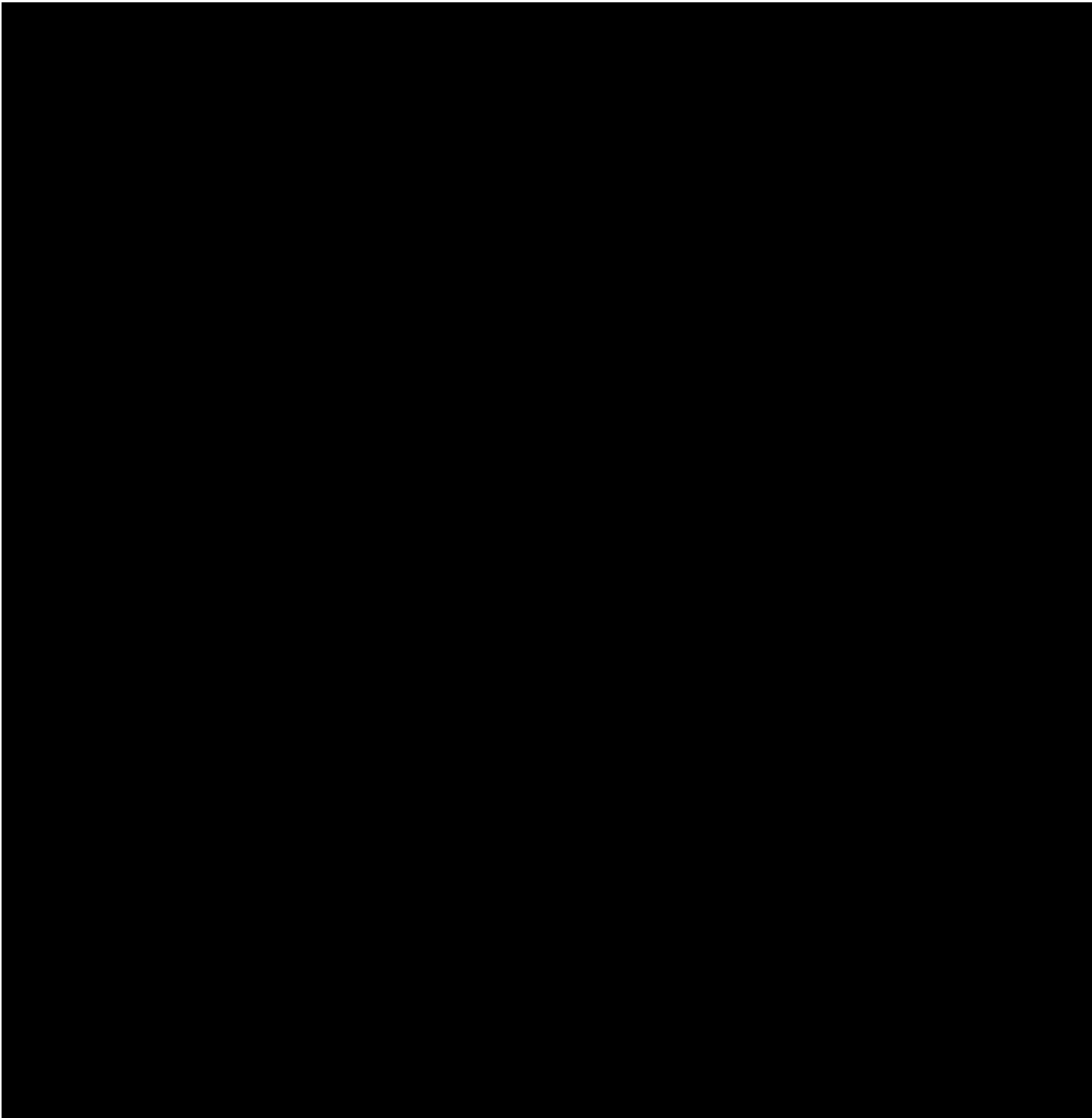




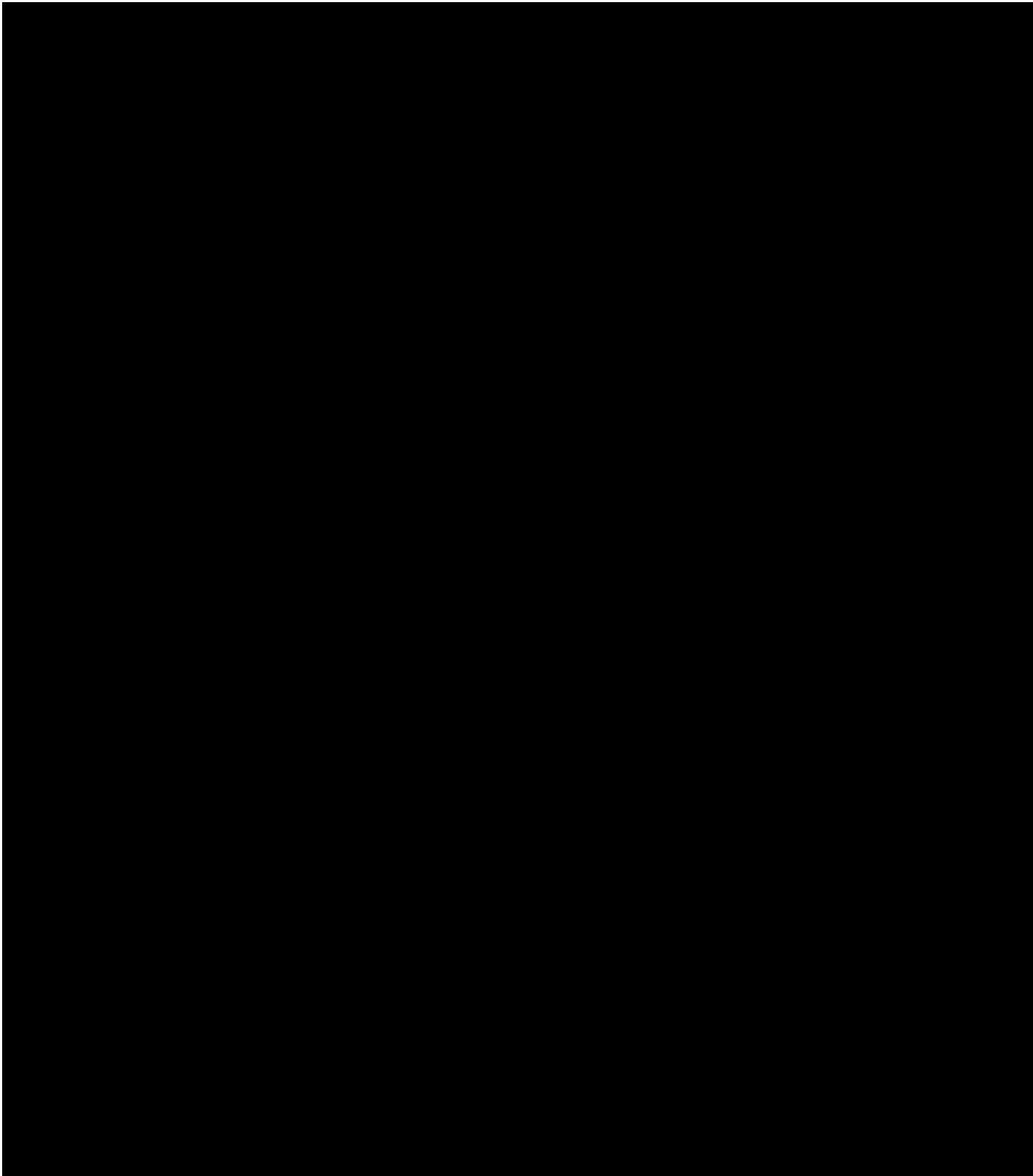
Attachment D - CONFIDENTIAL

Duke Energy Policy Statement

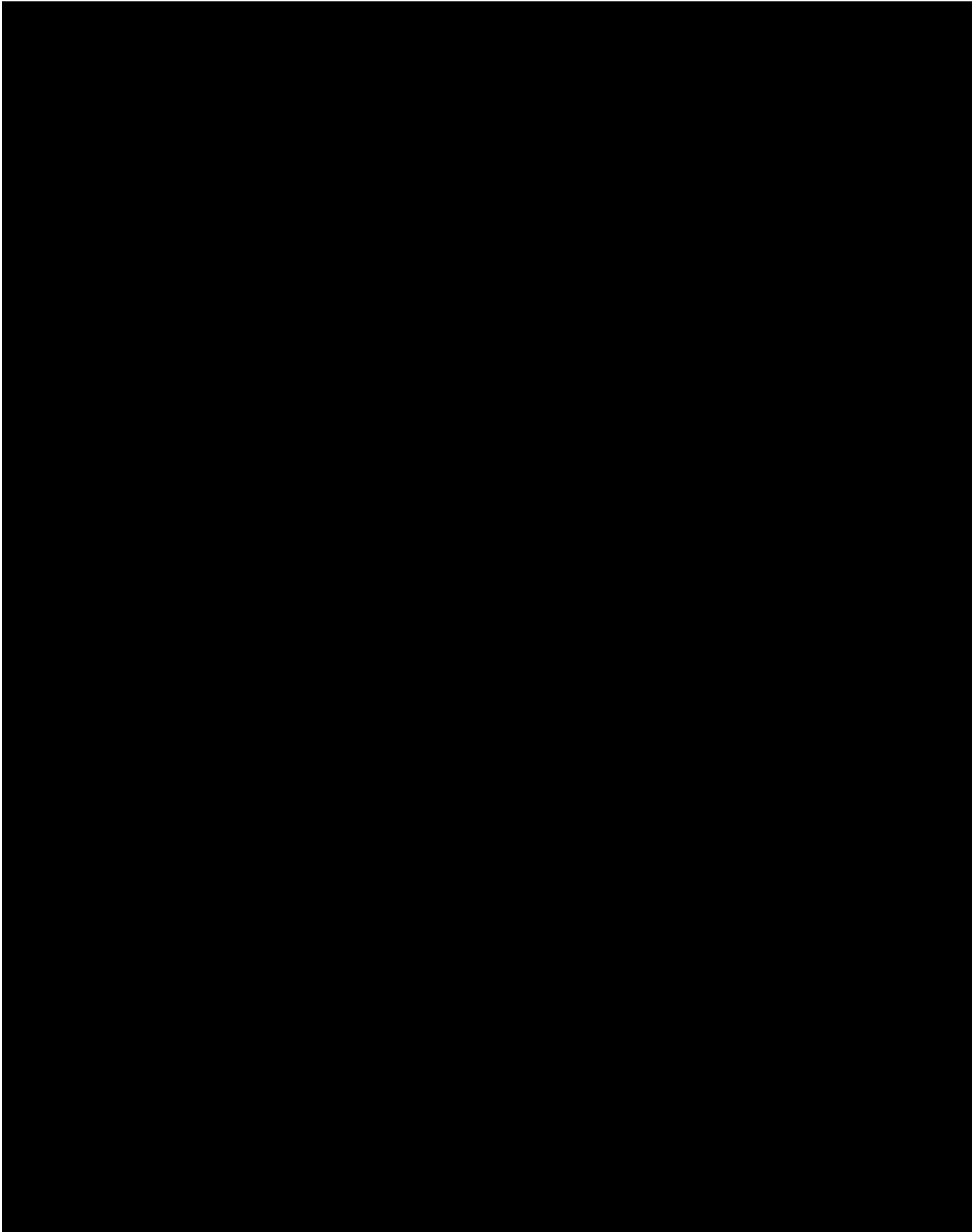
Credit Policy



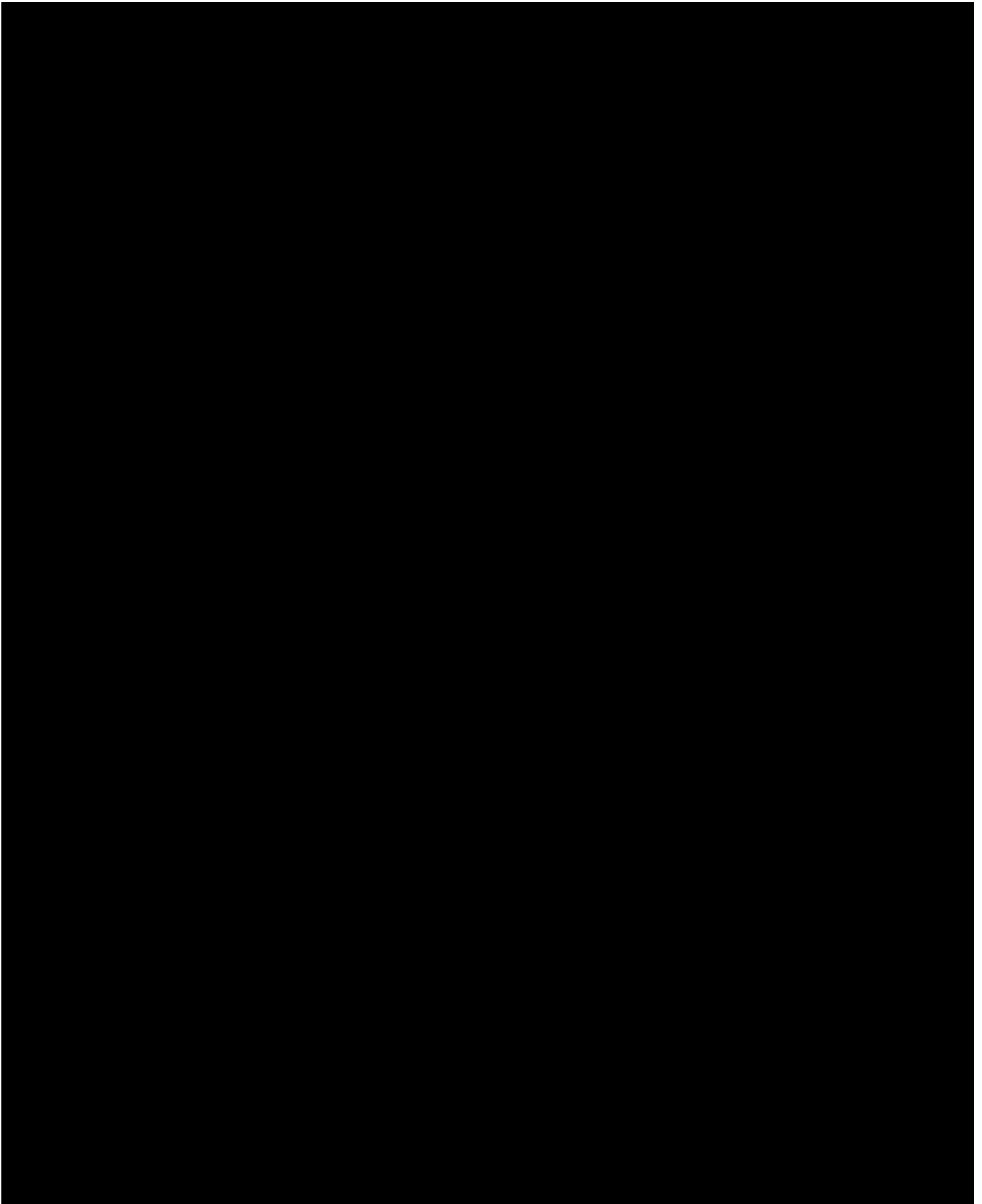
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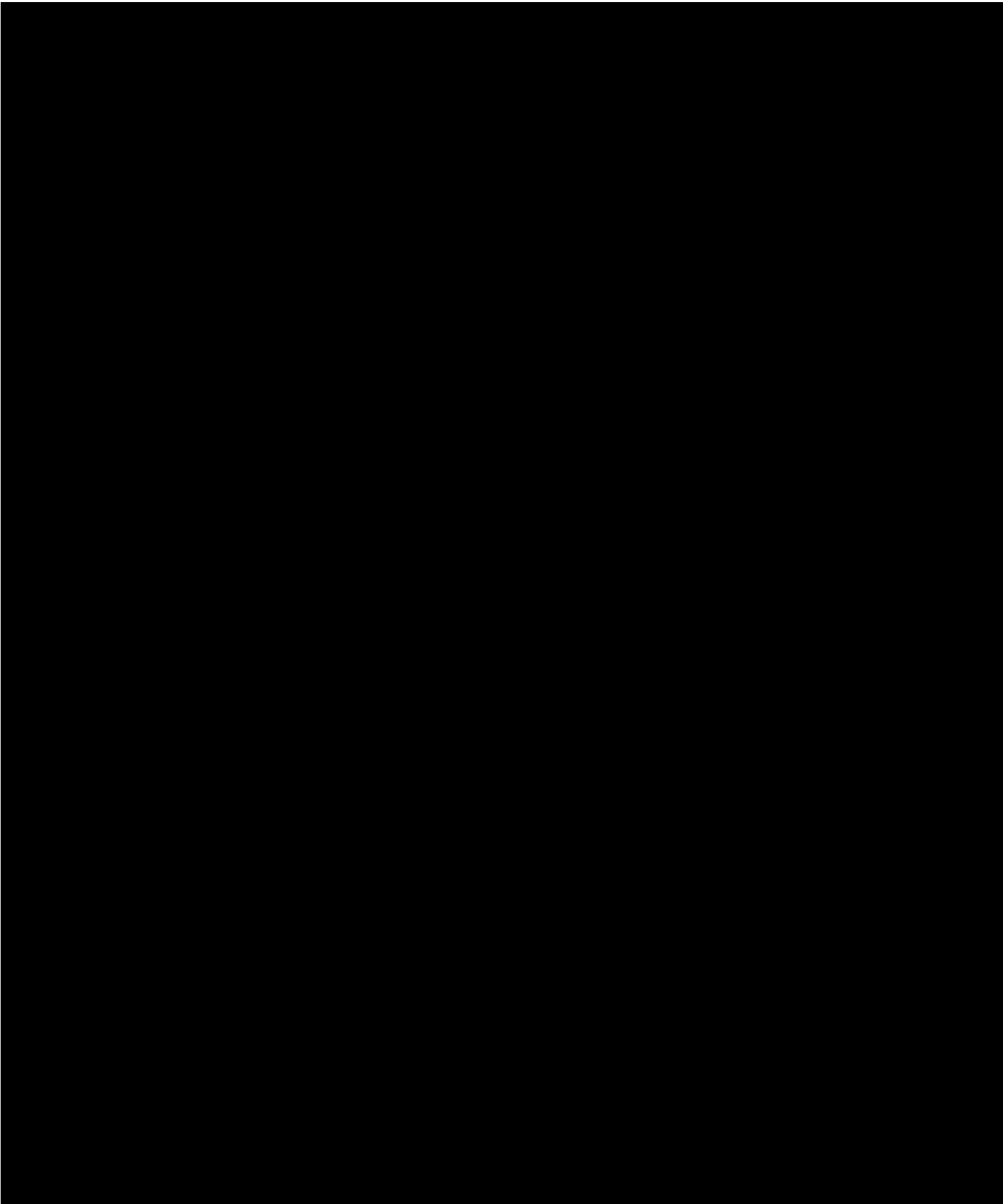
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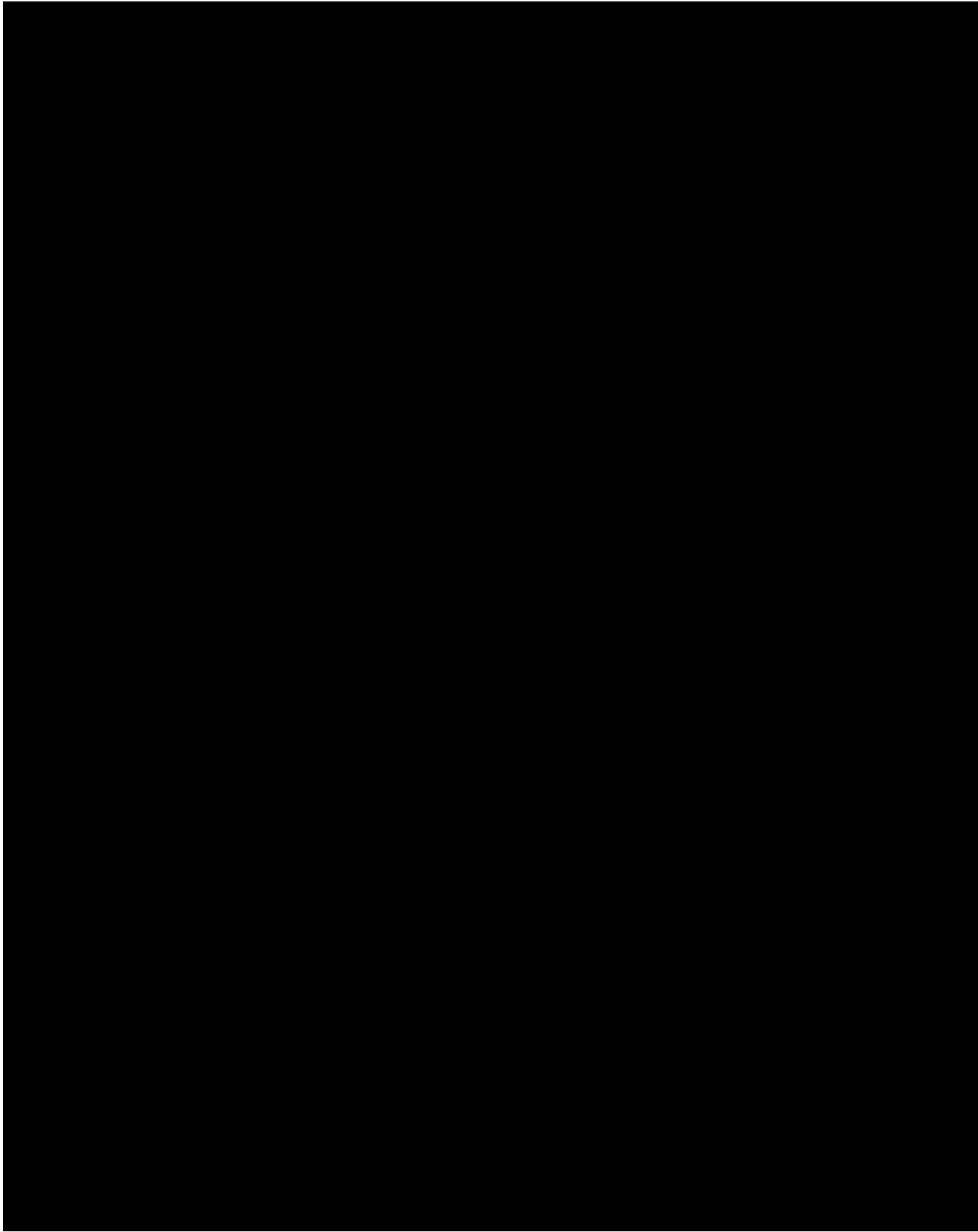
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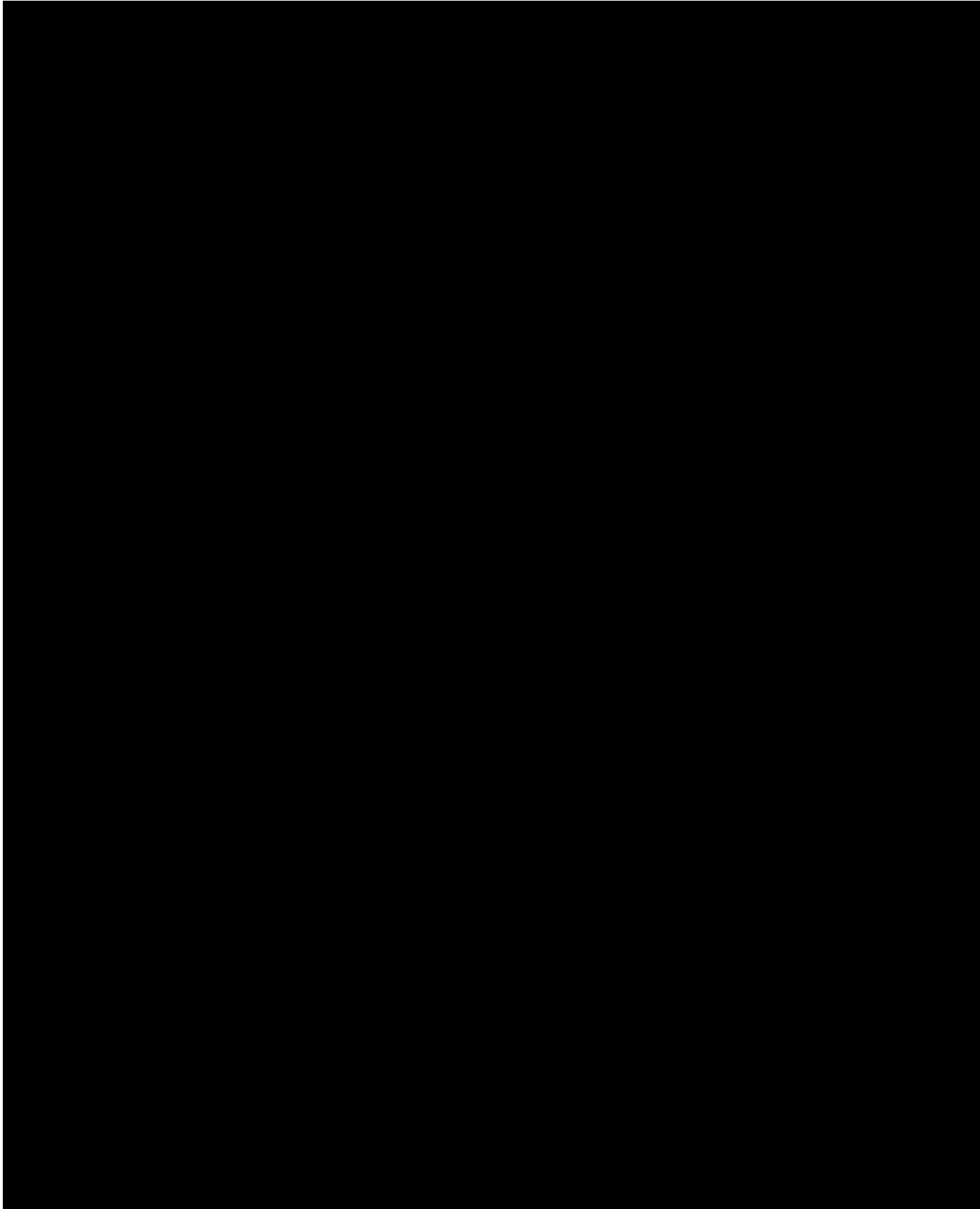
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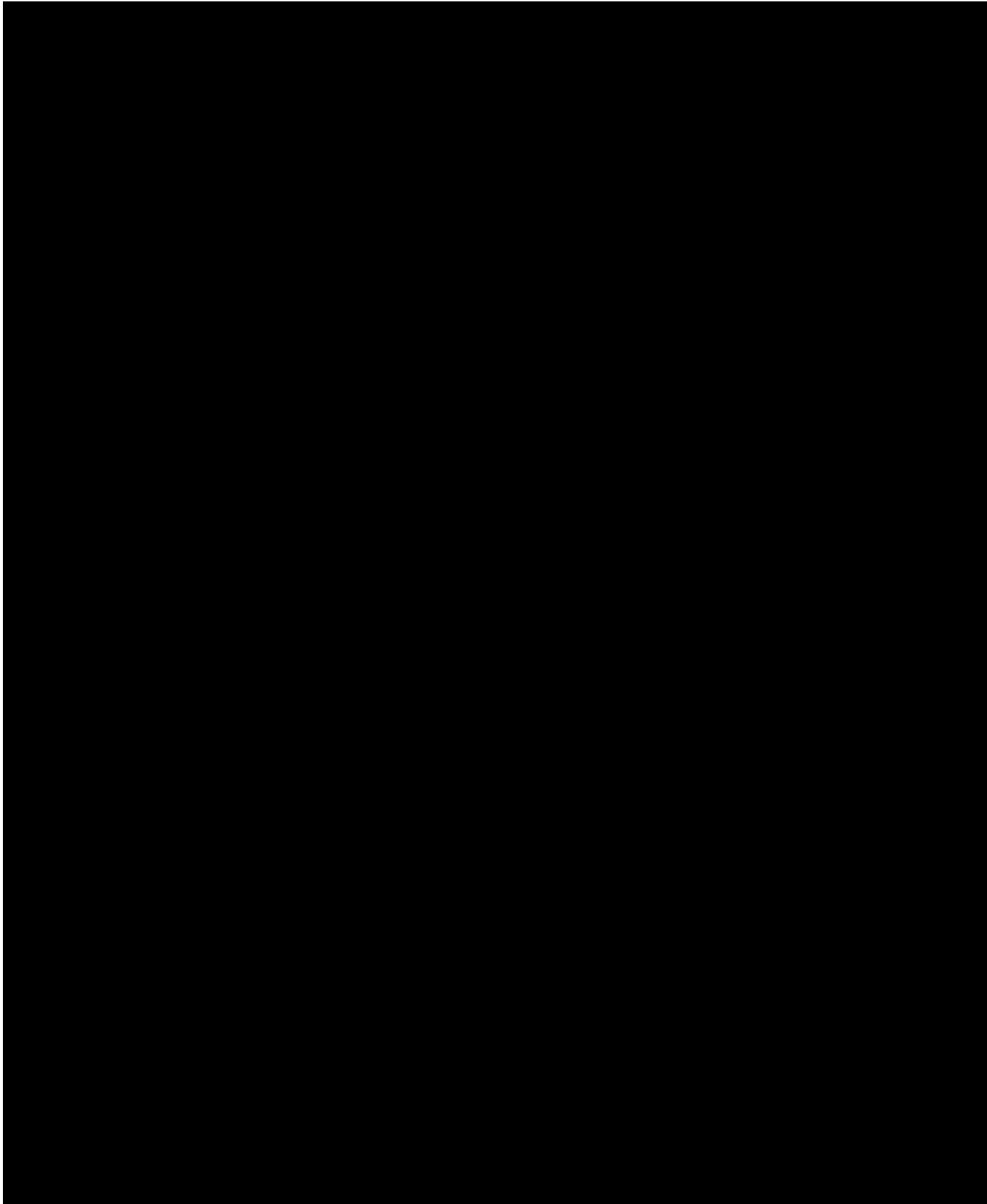
Regulated Utilities Credit Limits (DEF)



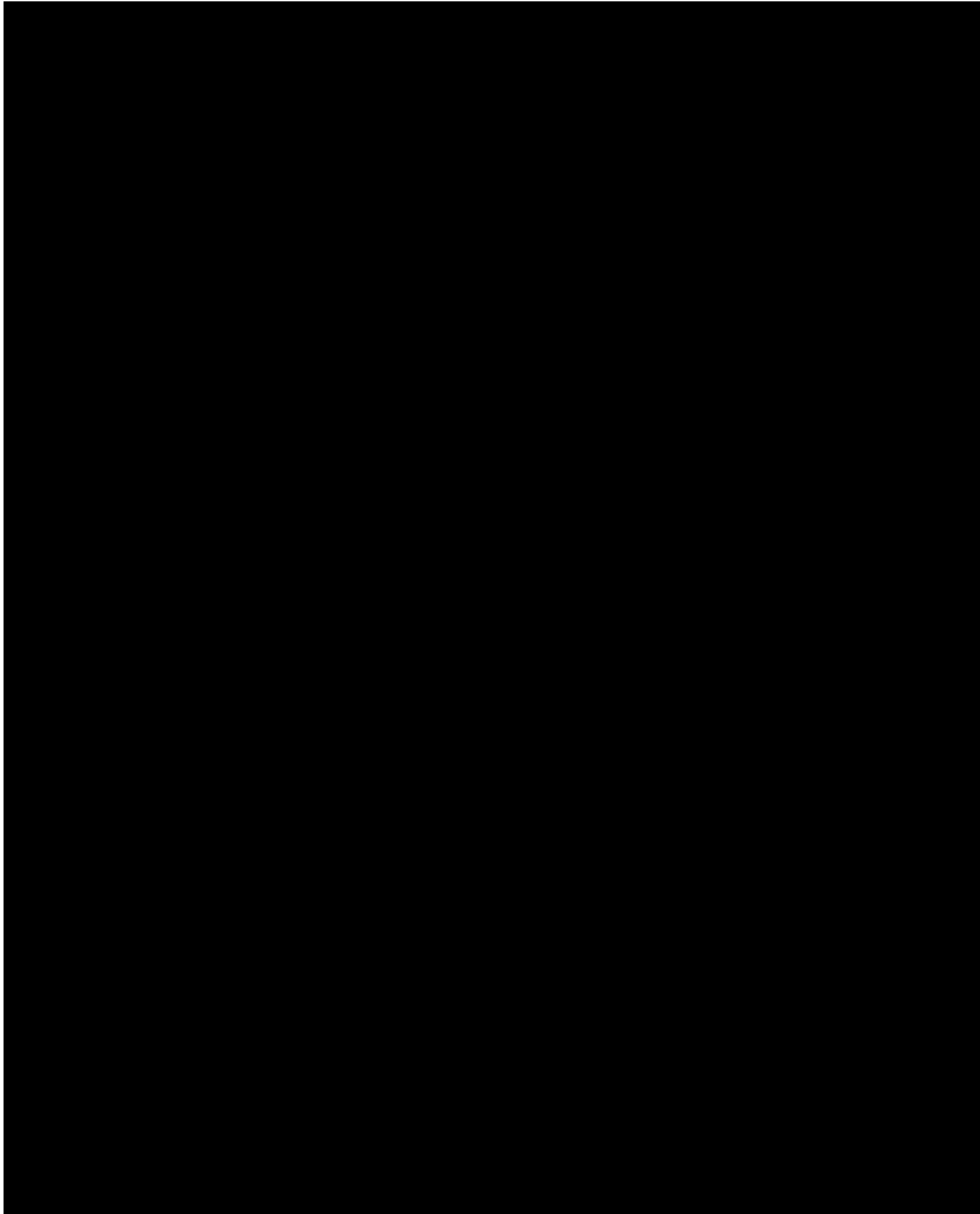
Regulated Utilities Credit Limits (DEF)



Regulated Utilities Credit Limits (DEF)



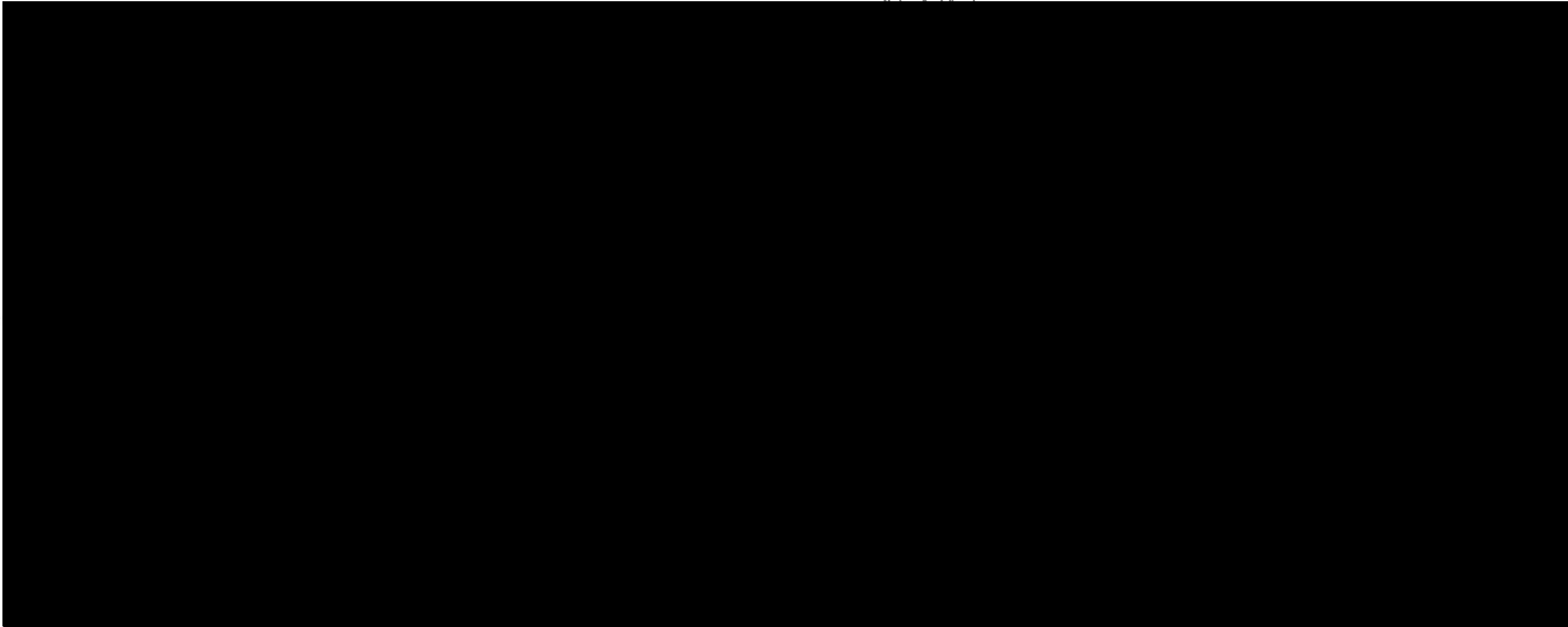
Regulated Utilities Credit Limits (DEF)



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W/M

Attachment F - REDACTED



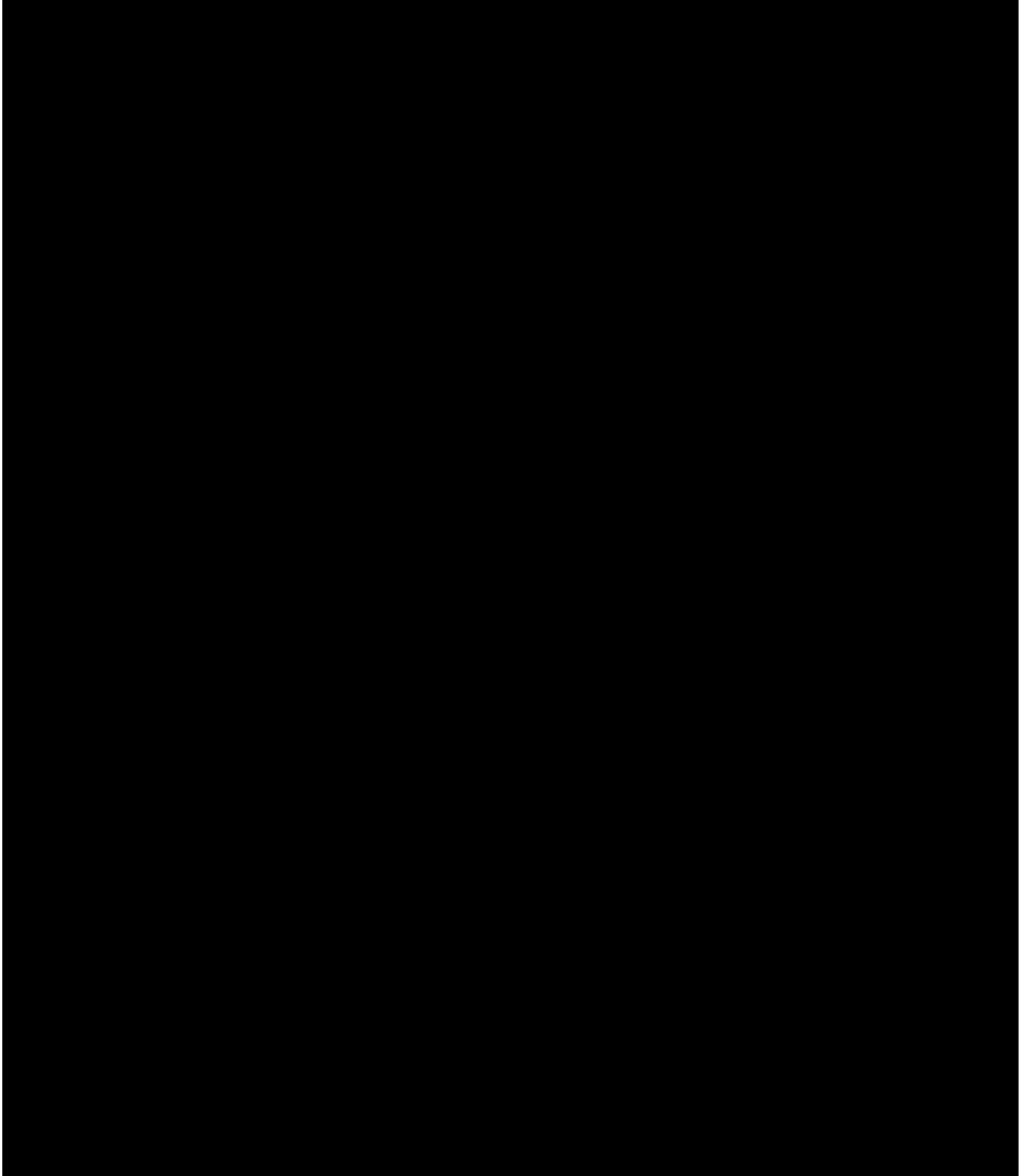
Duke Energy Corporation
Regulated Electric
Risk Management Control Manual

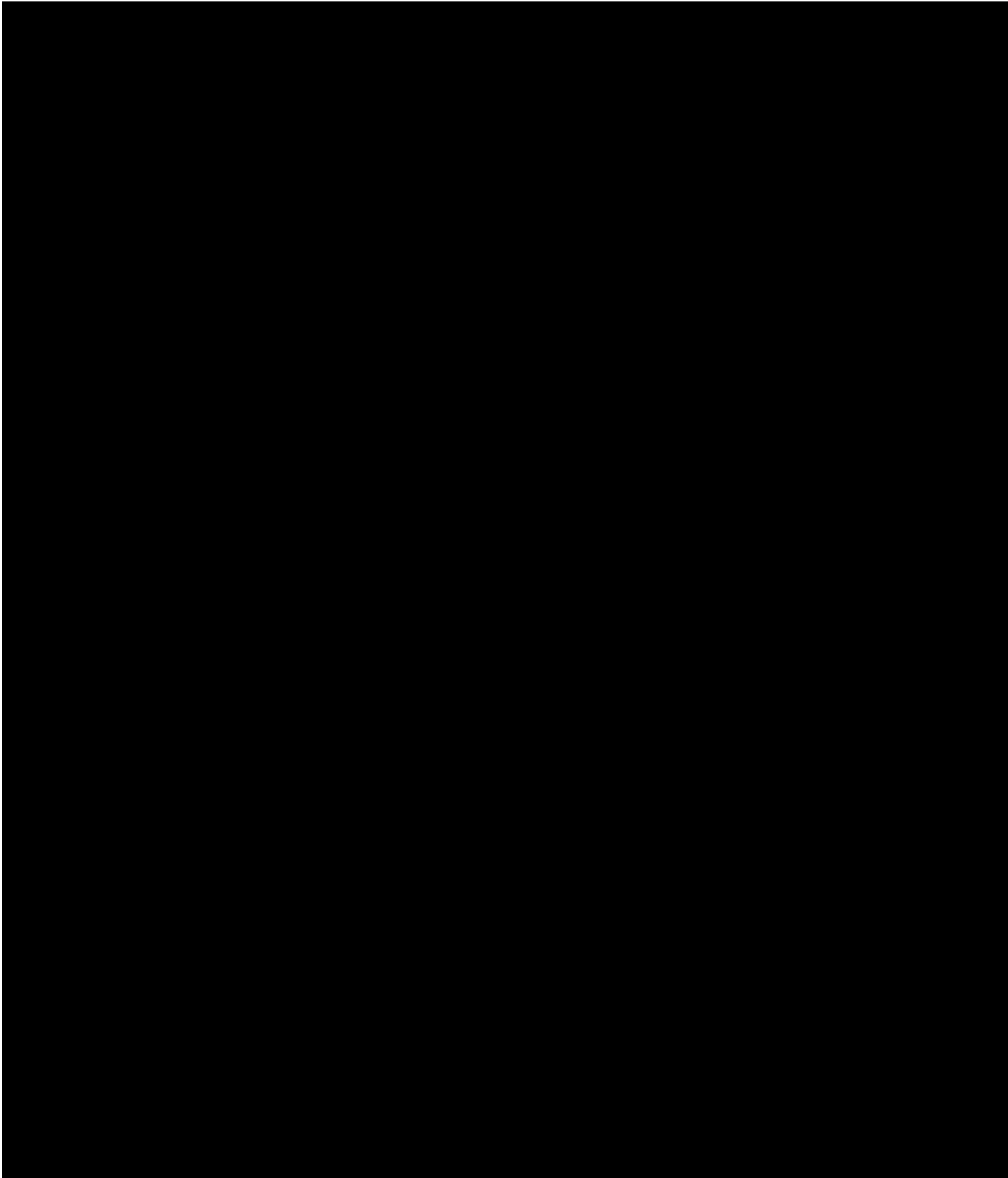


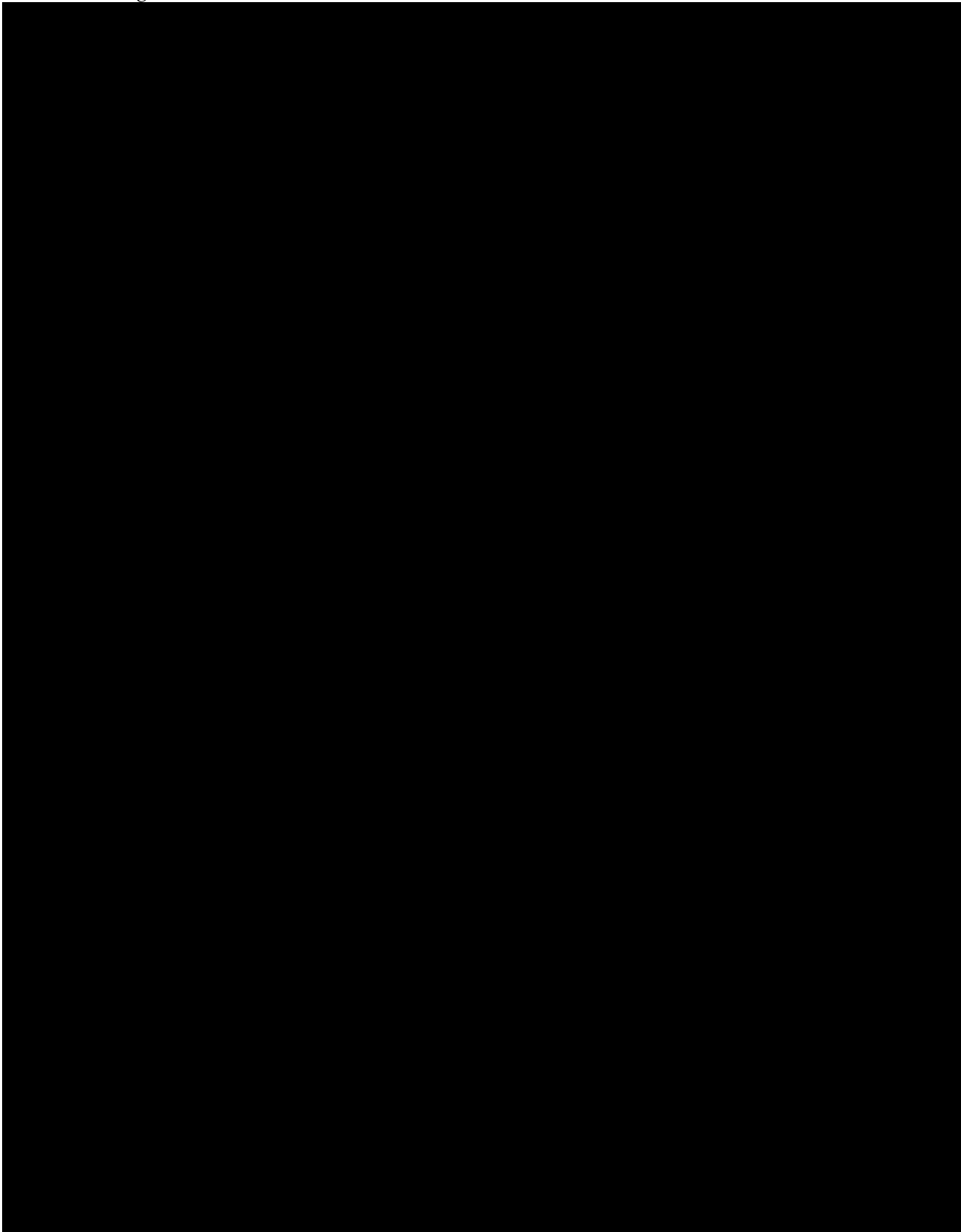
March 2023



Risk Management Controls and Procedures for Fuels & Systems Optimization and Distributed Energy Resources

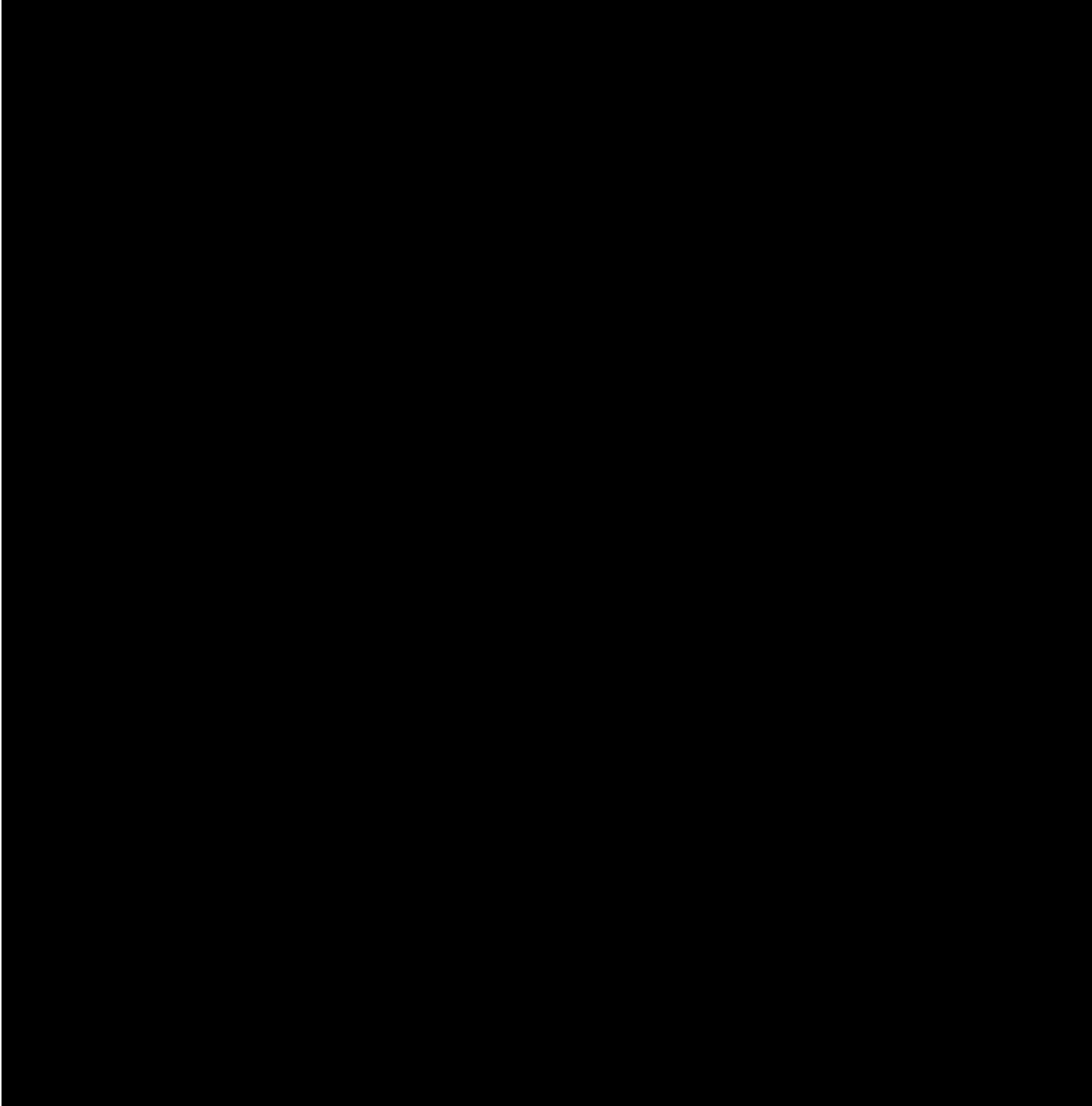


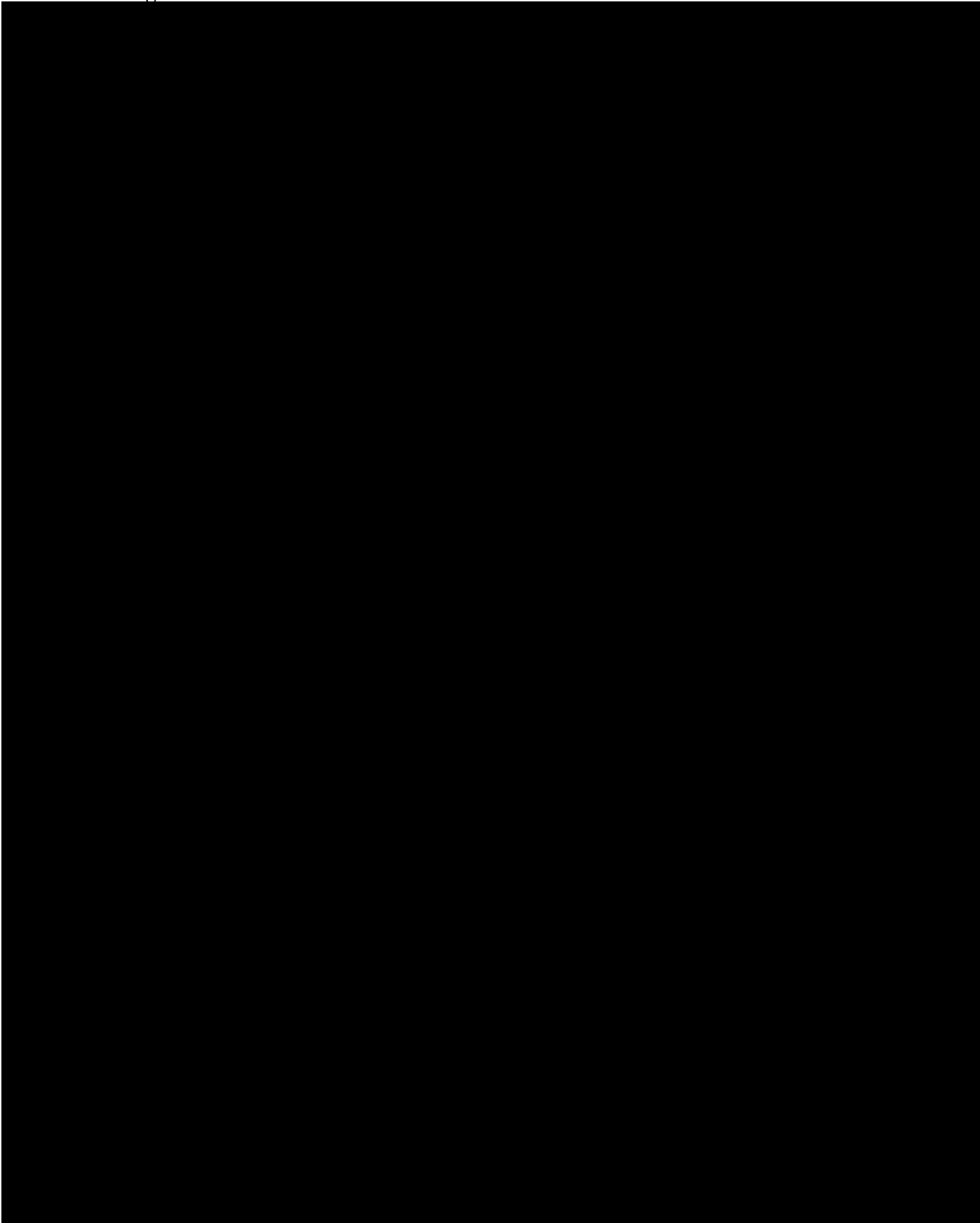


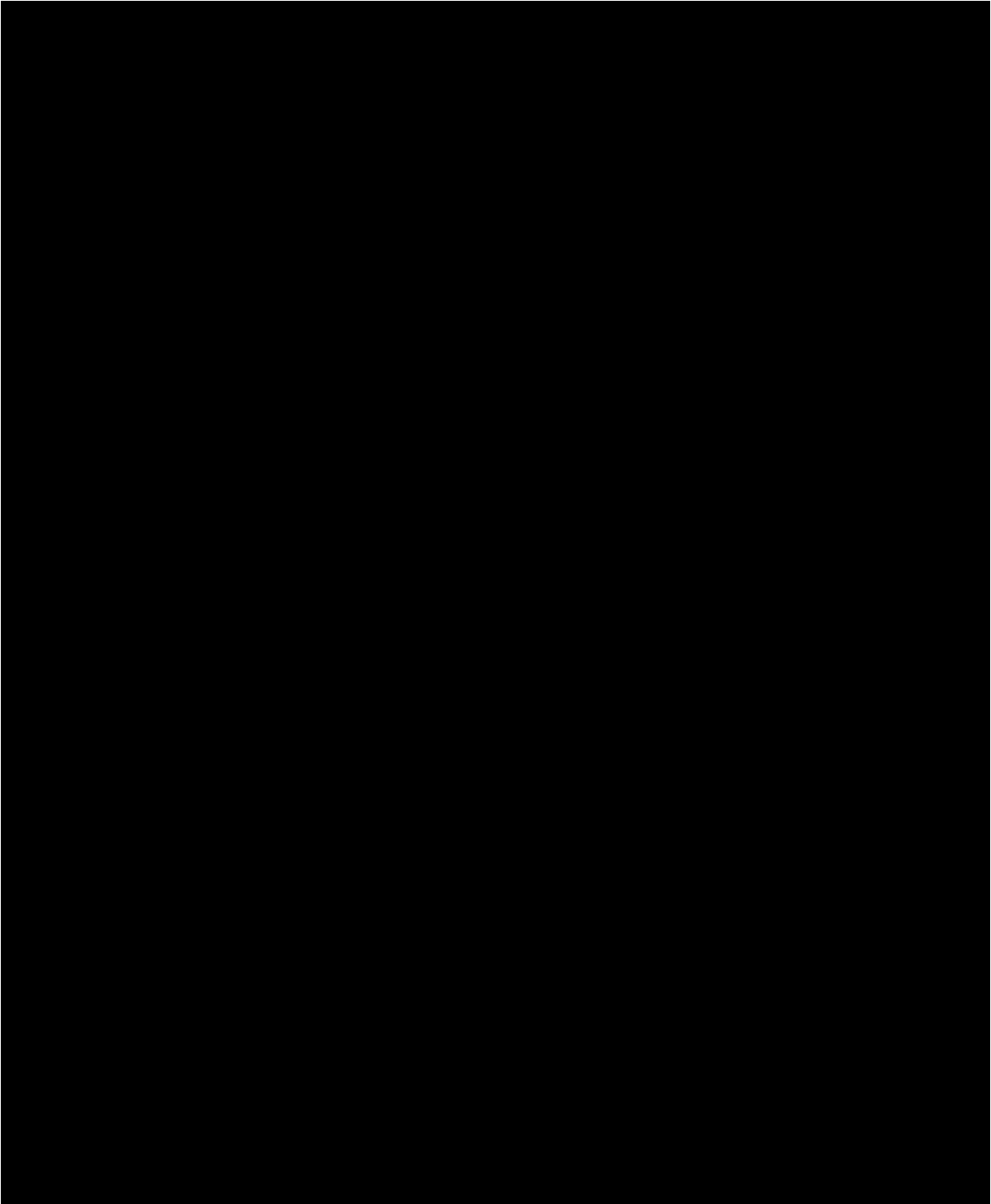


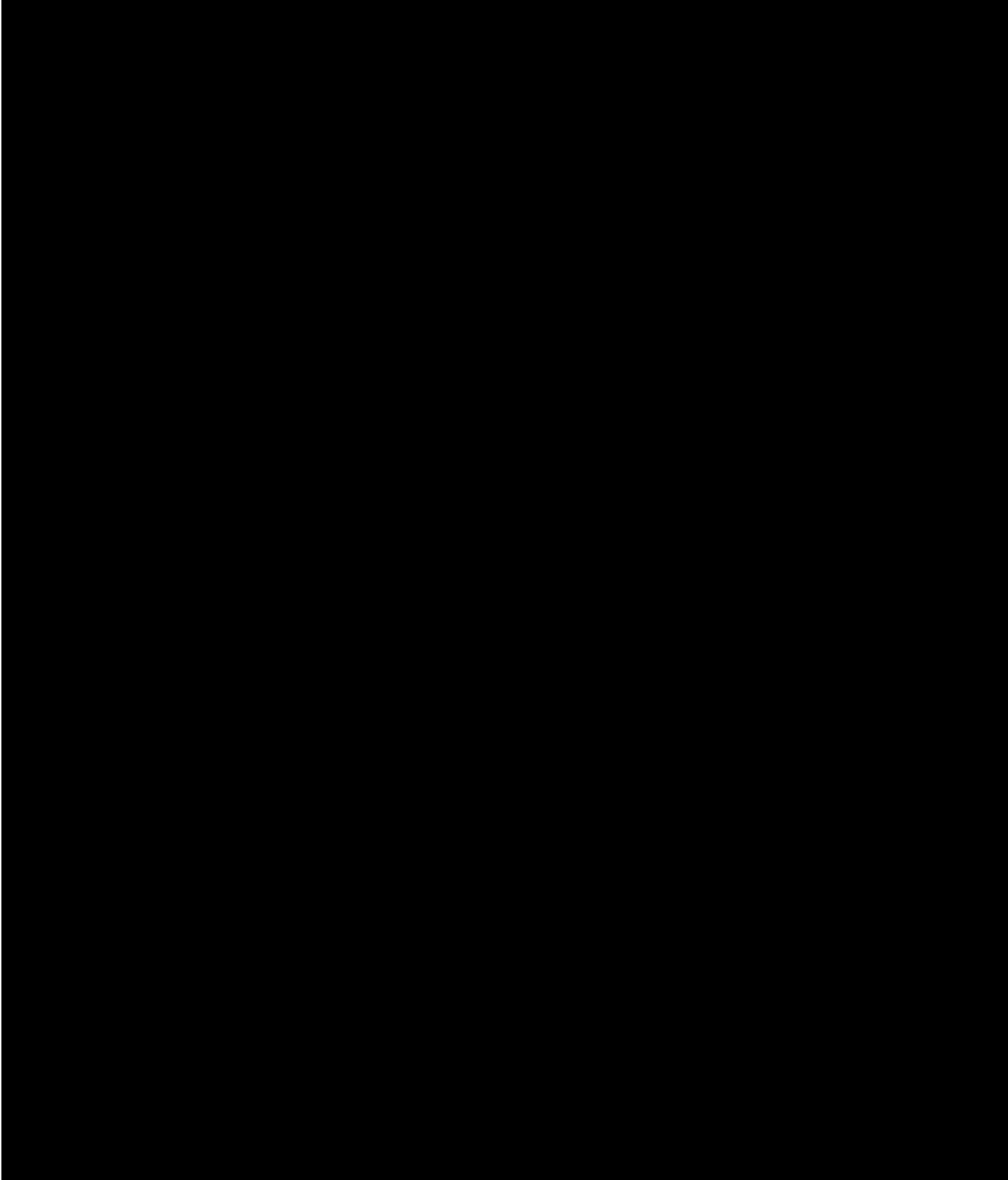


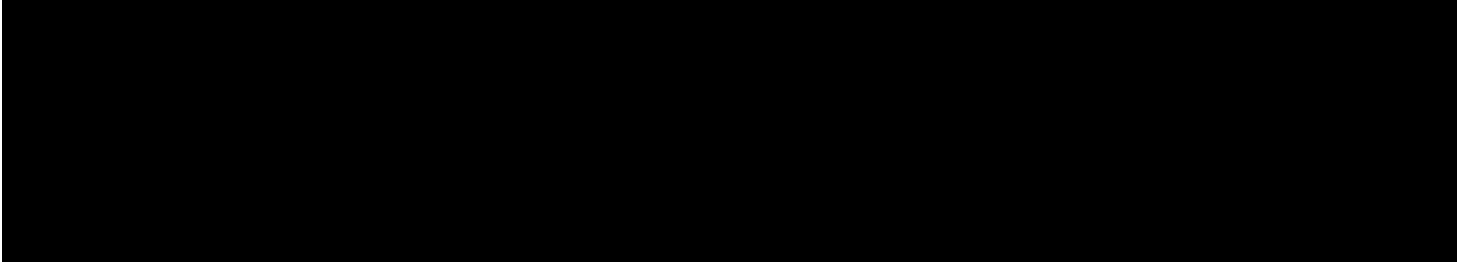
I. Introduction and Purpose



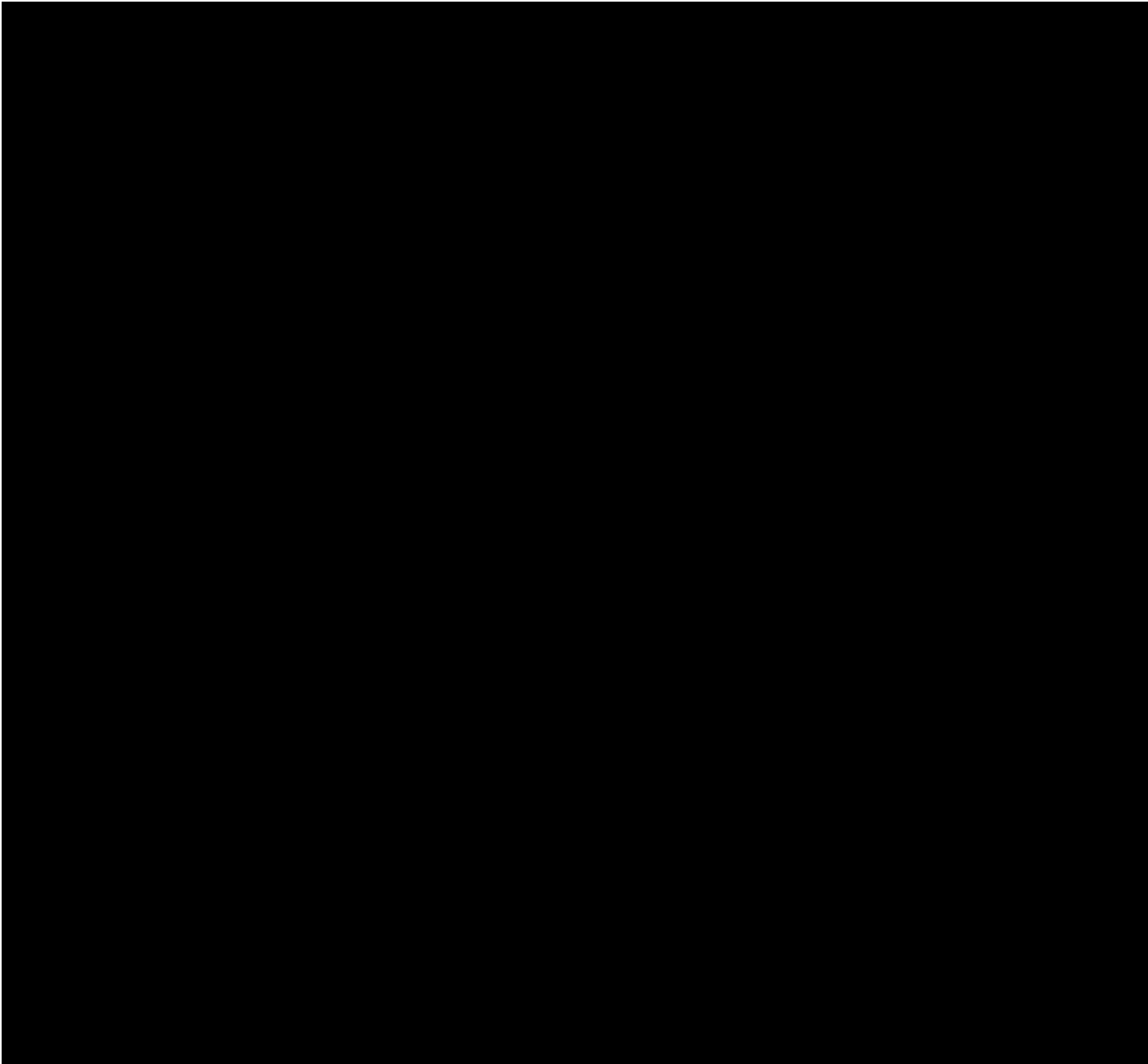


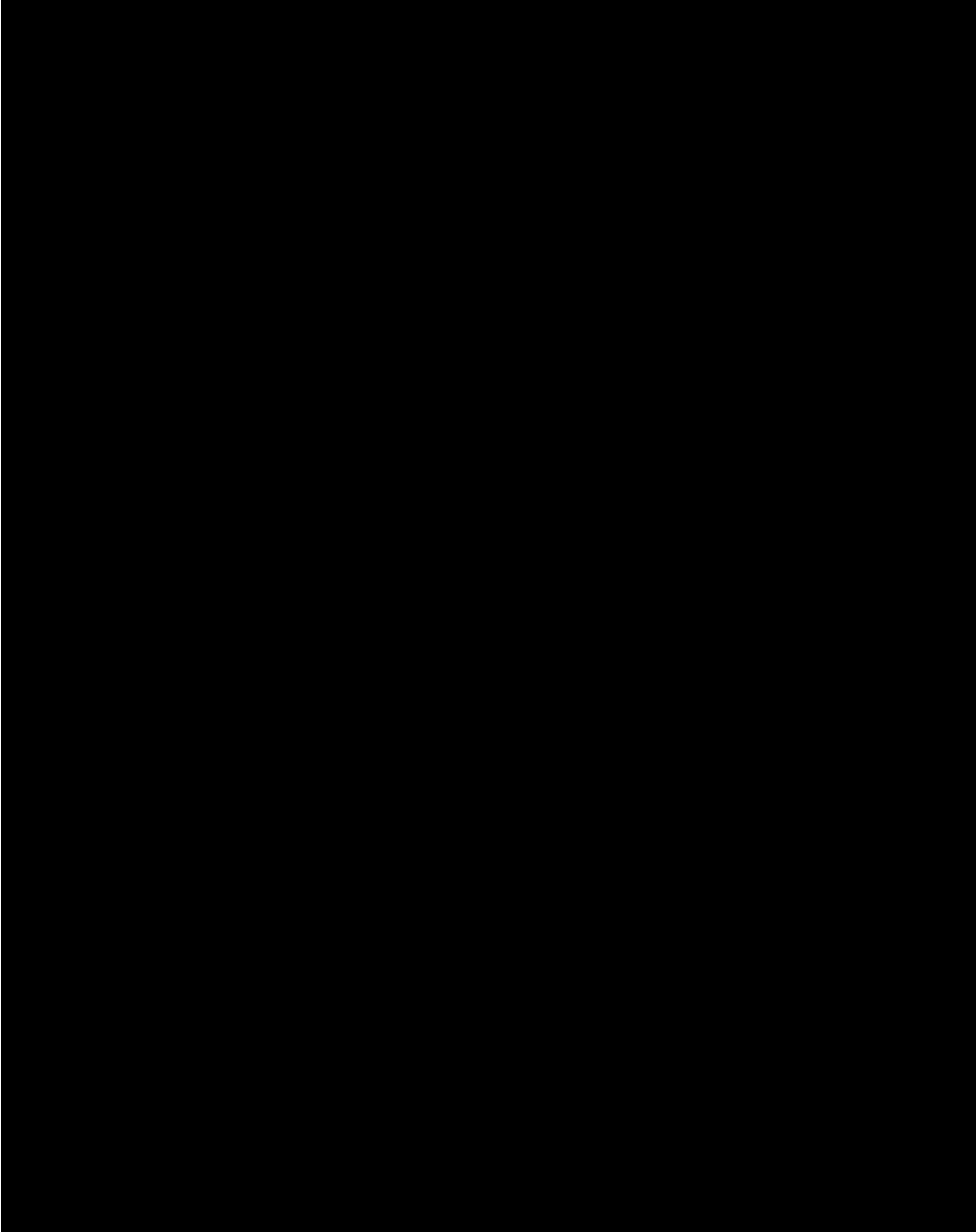


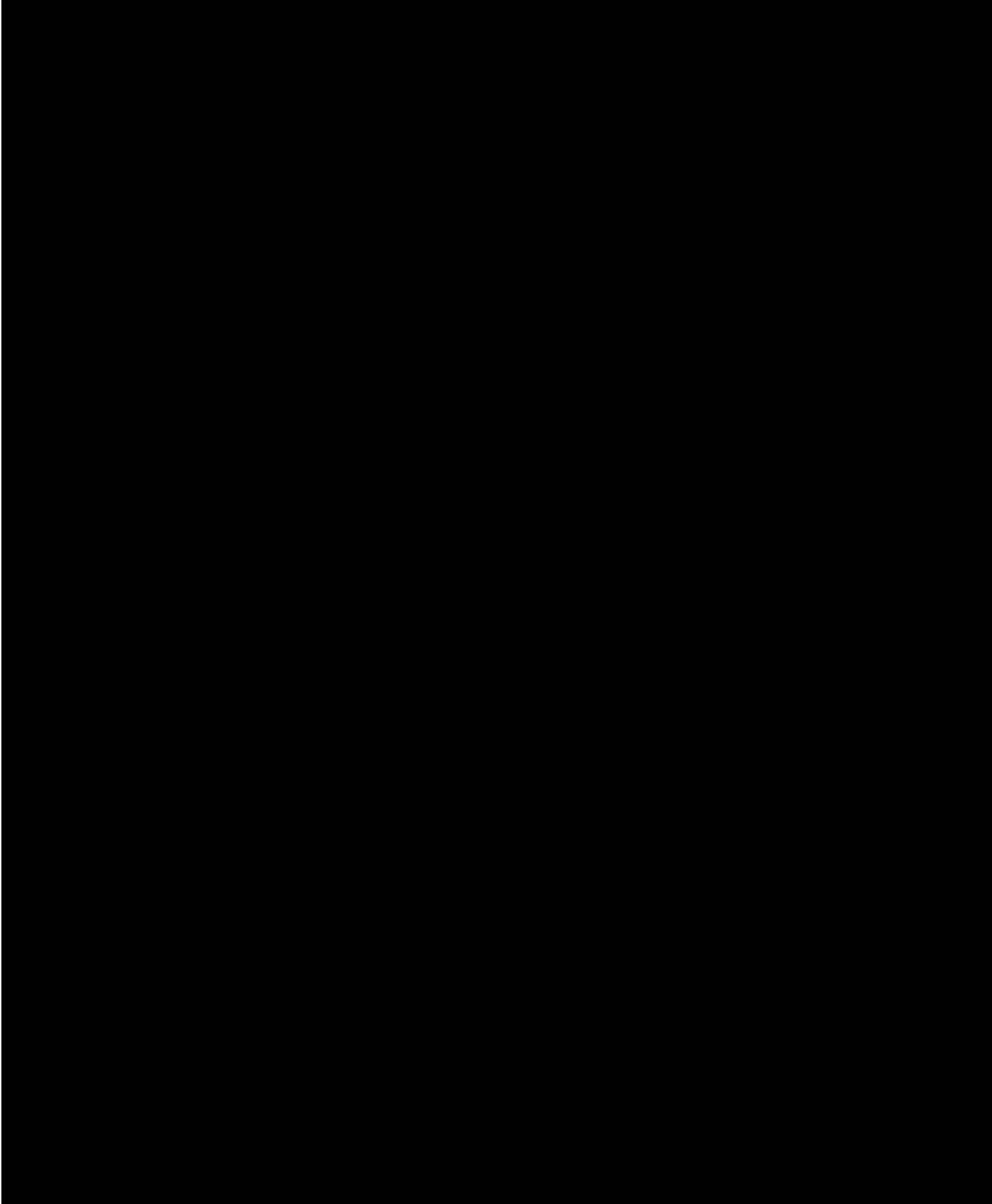


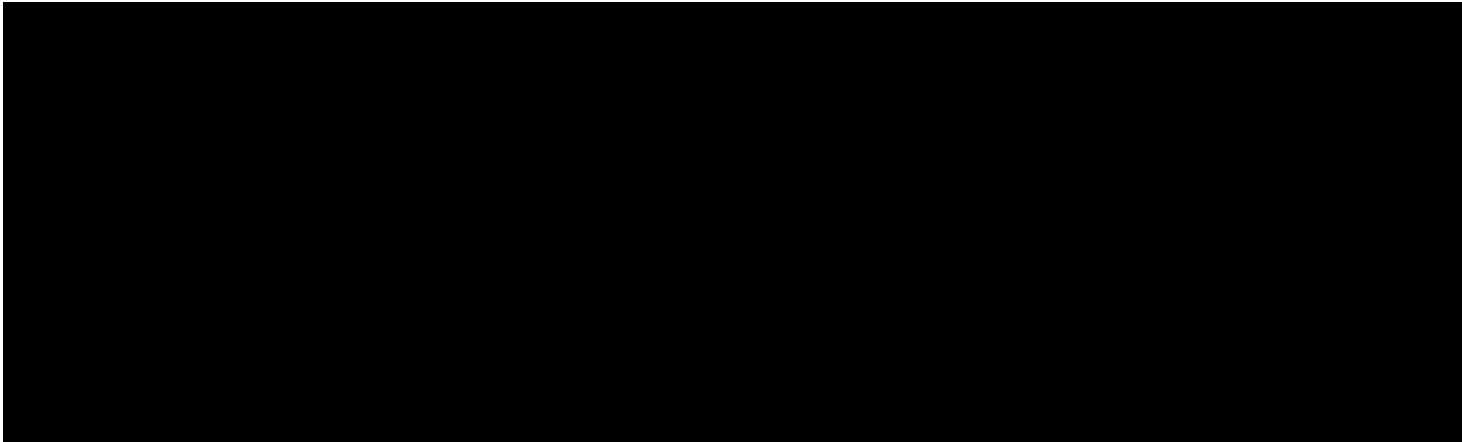


II. Concept of Operations



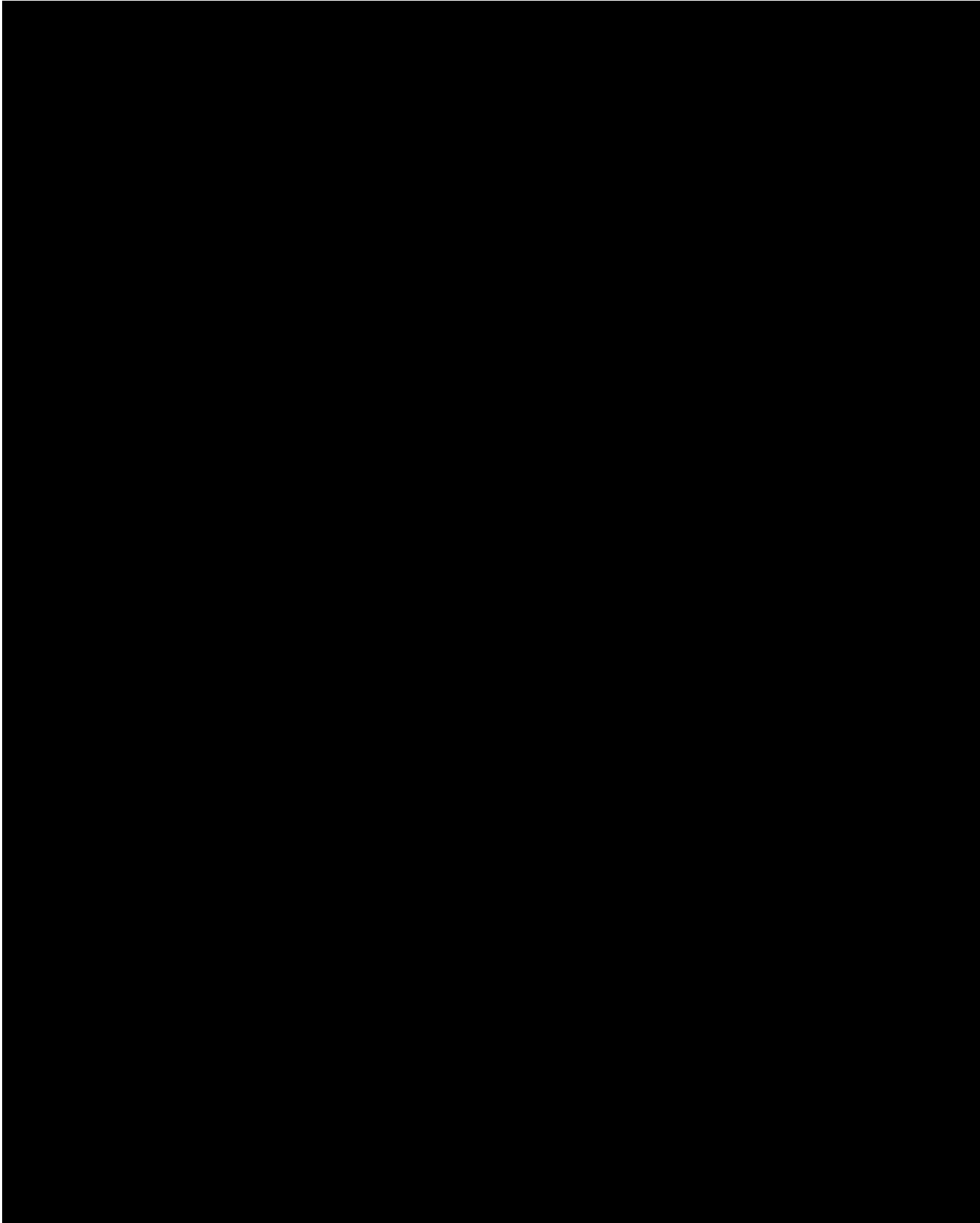


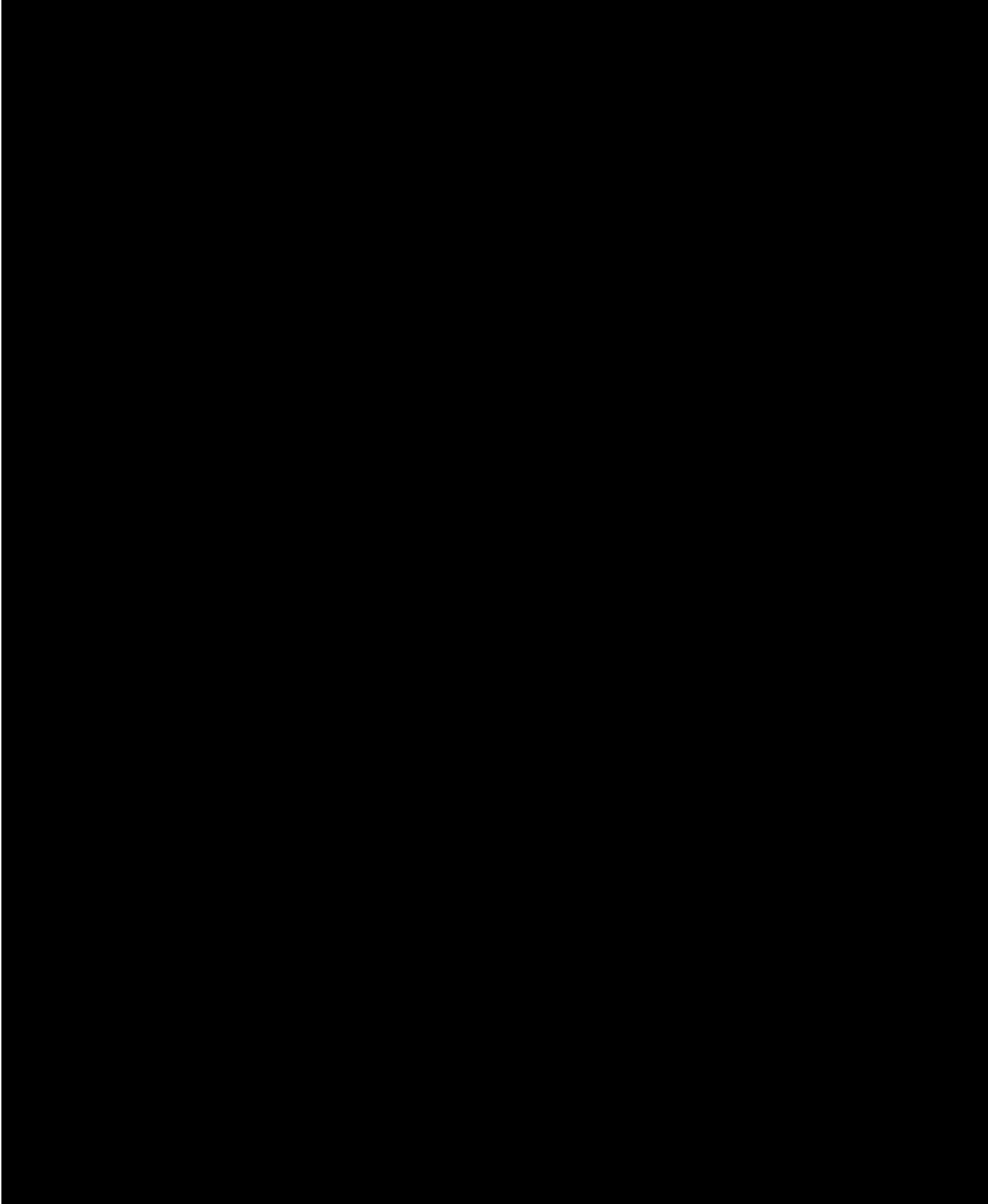


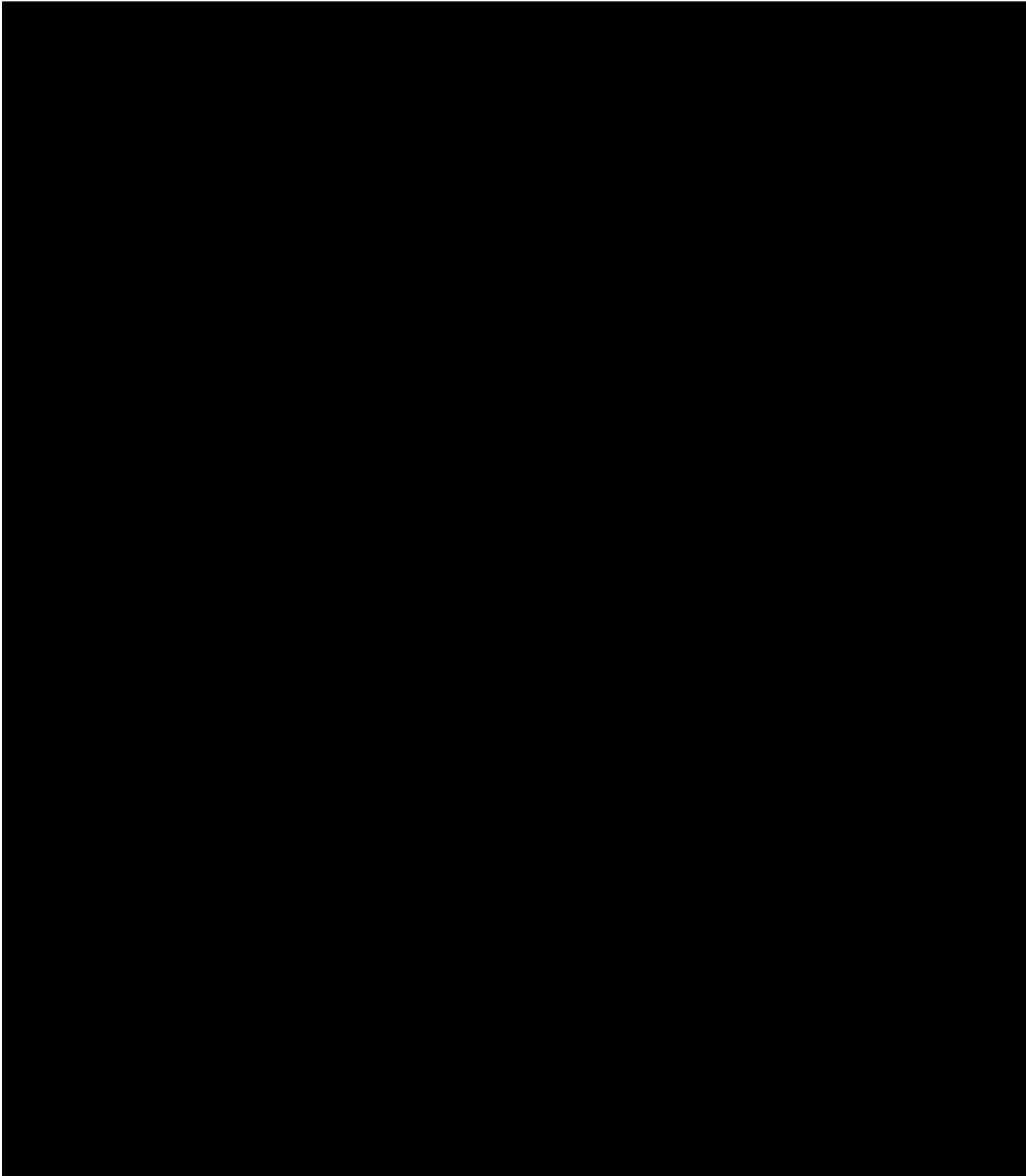


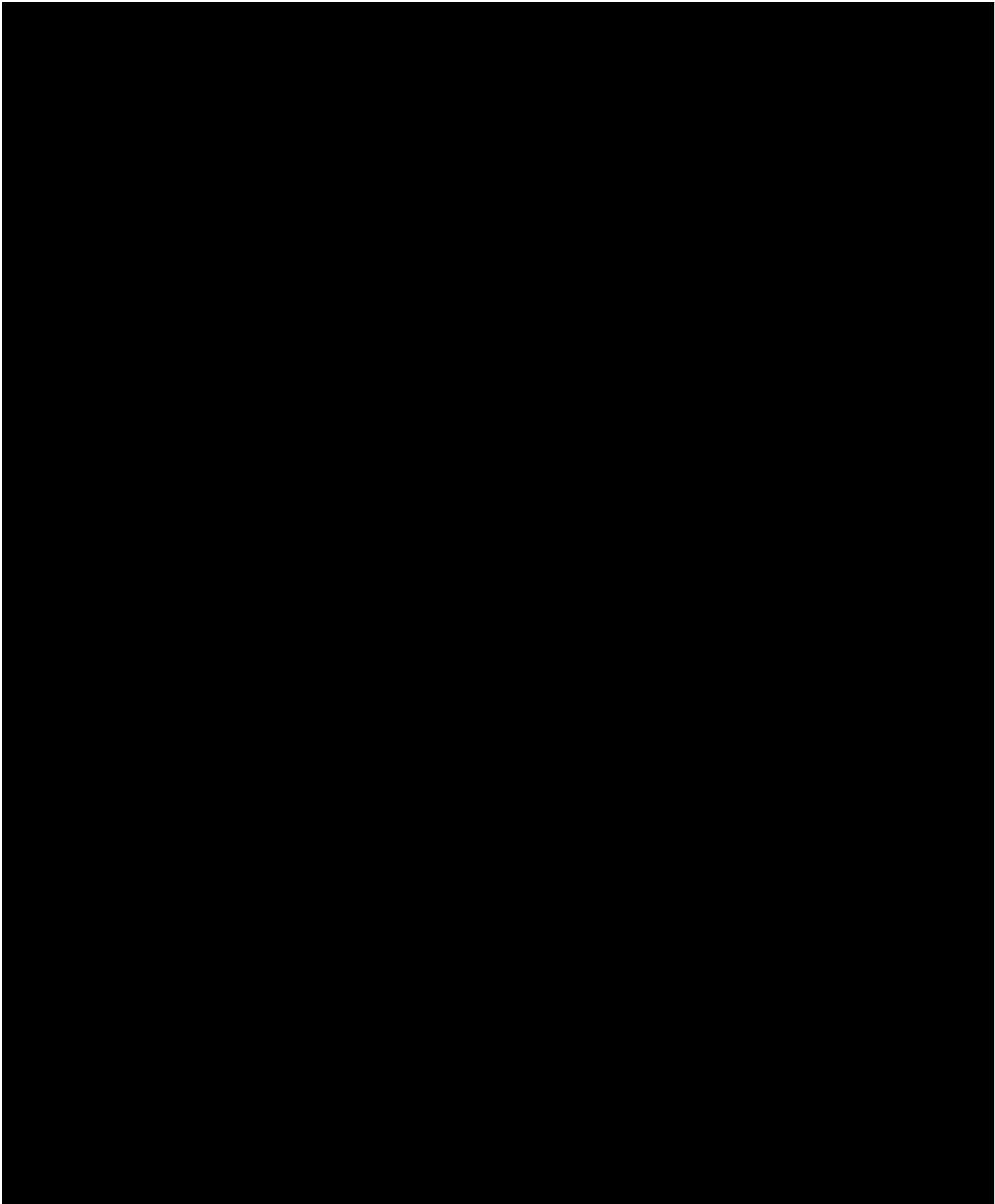
III. Roles & Responsibilities

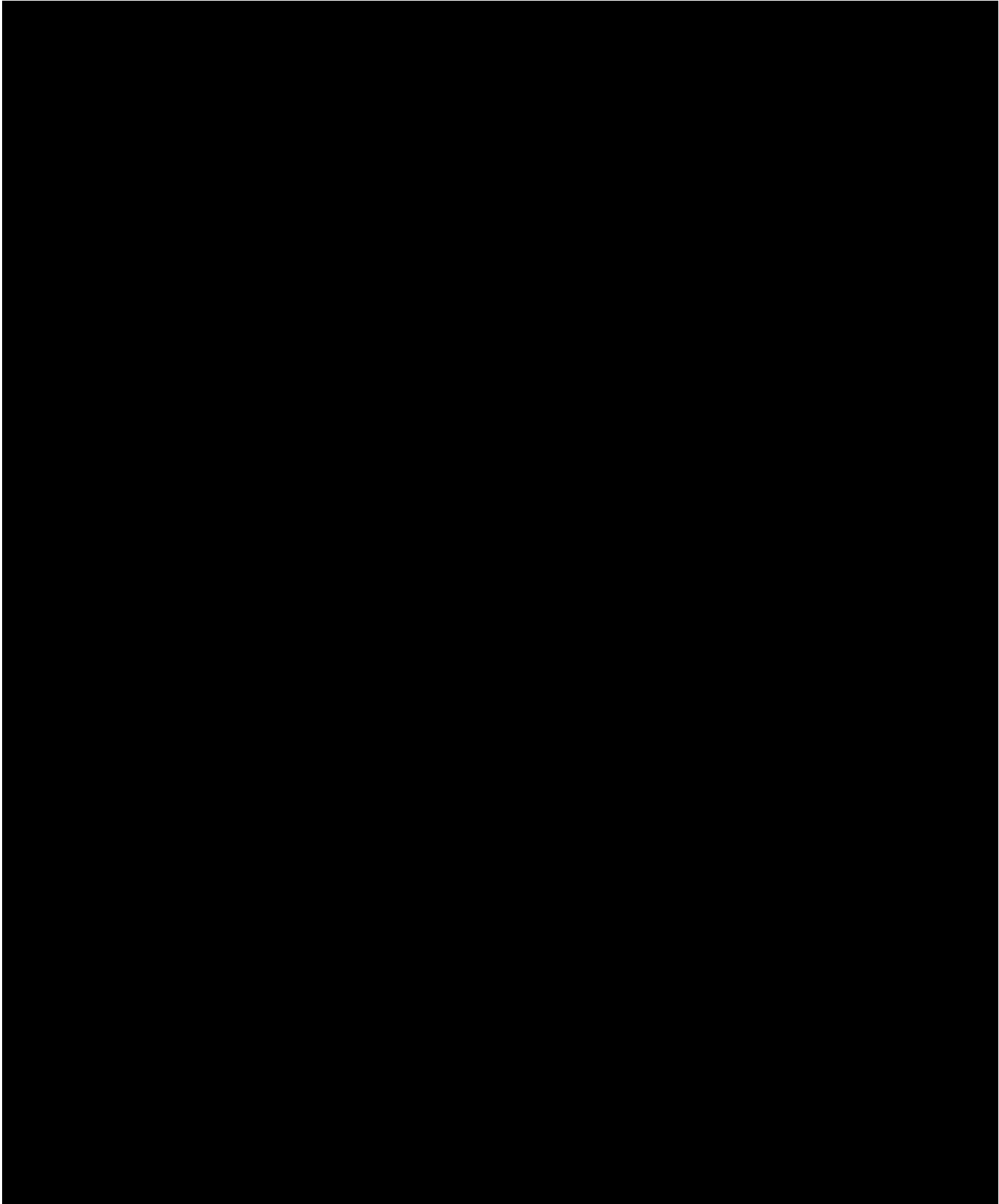


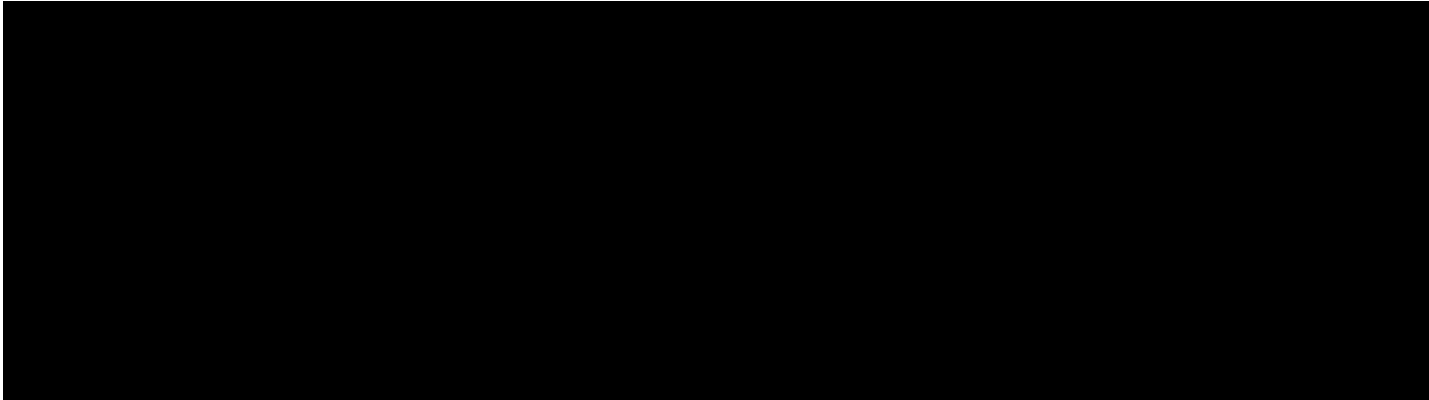




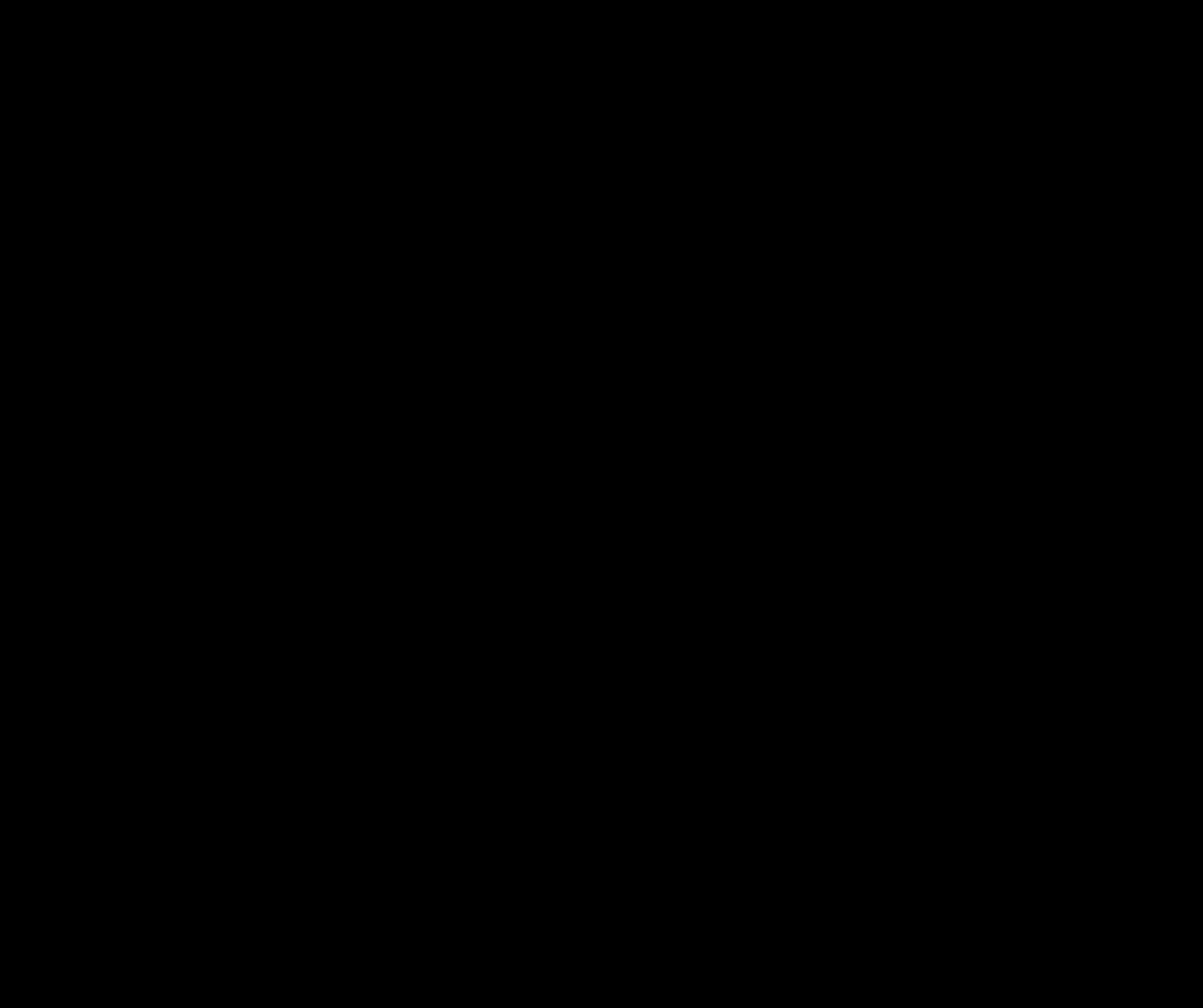


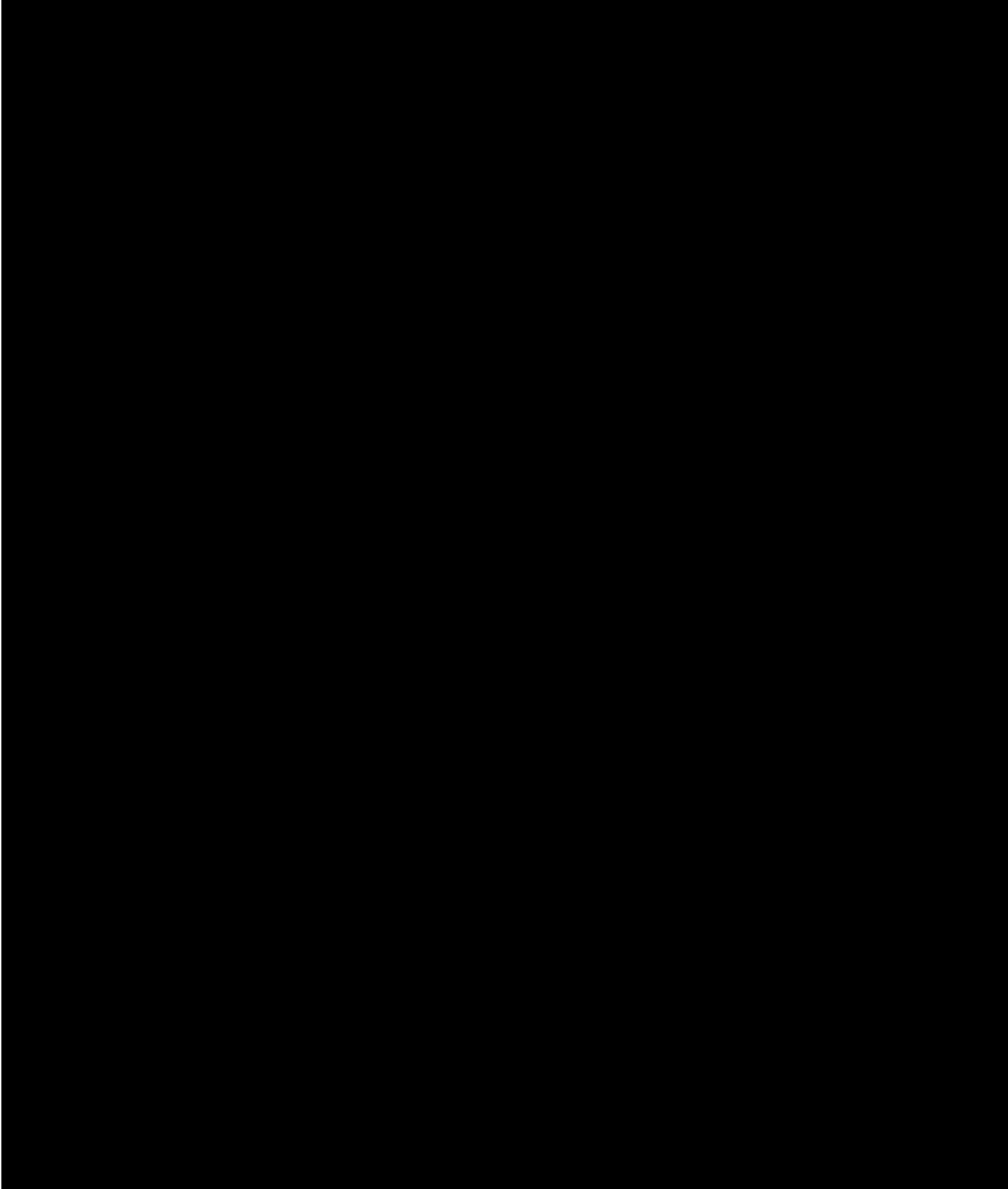


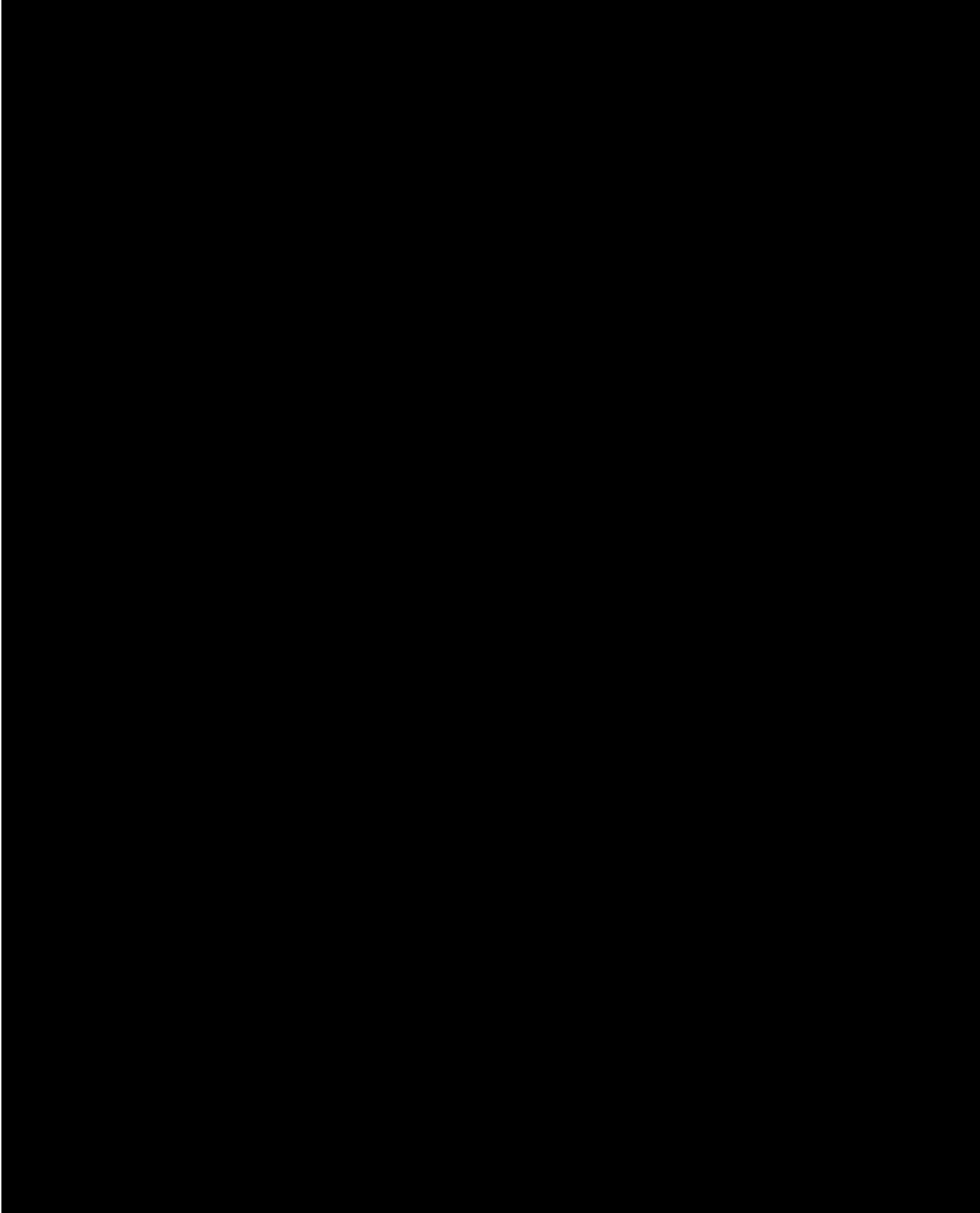


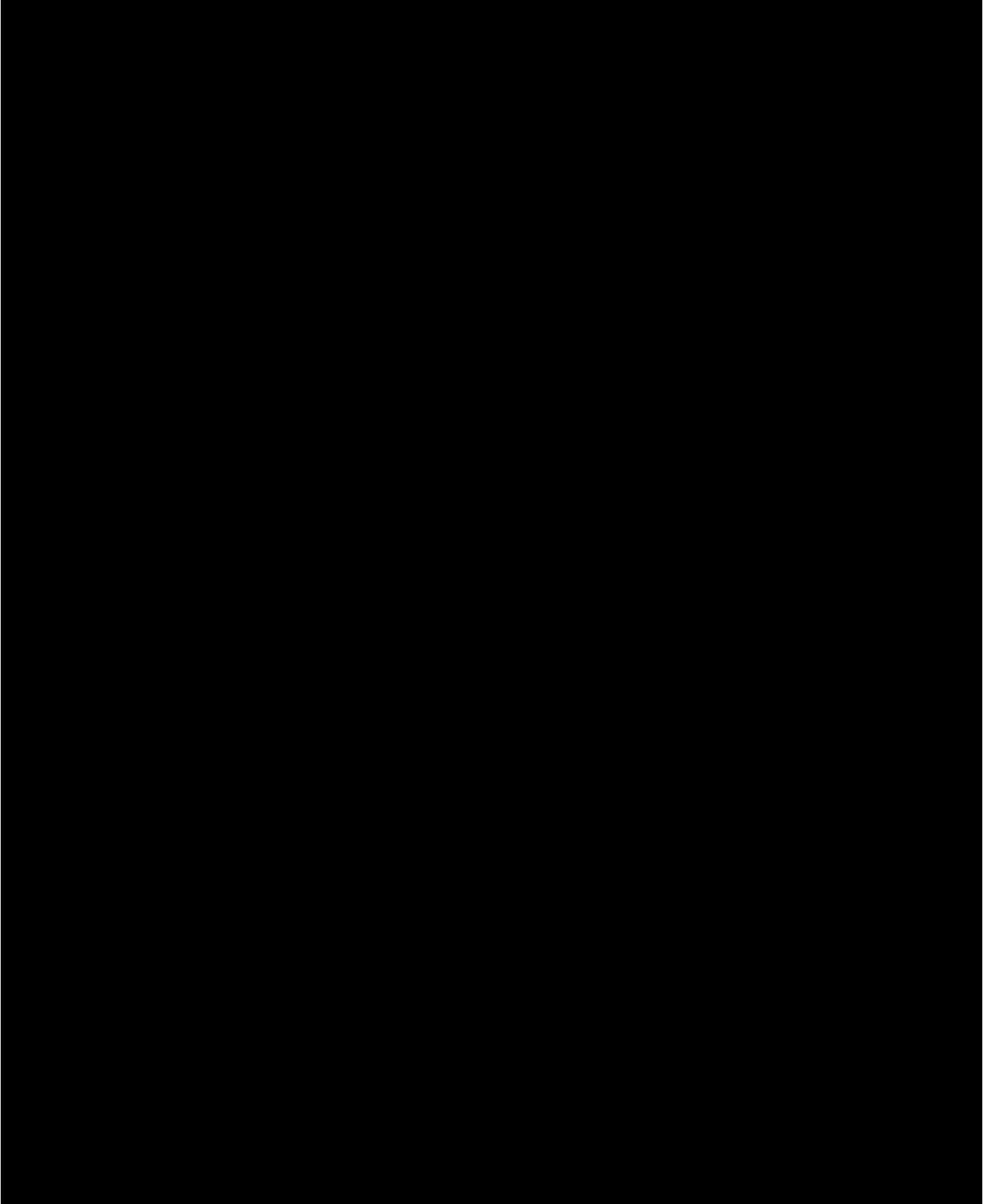


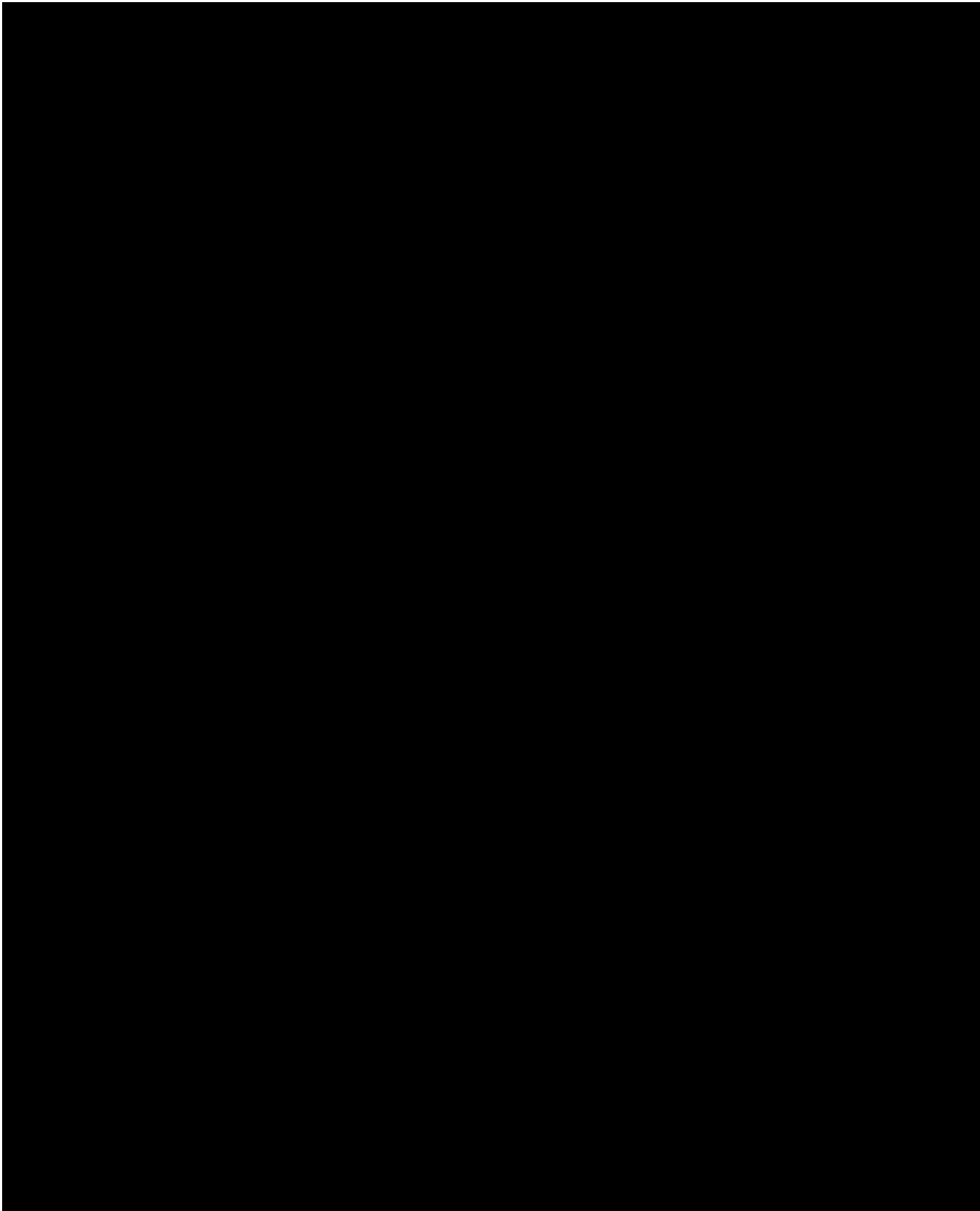
IV. Control Requirements and Activities

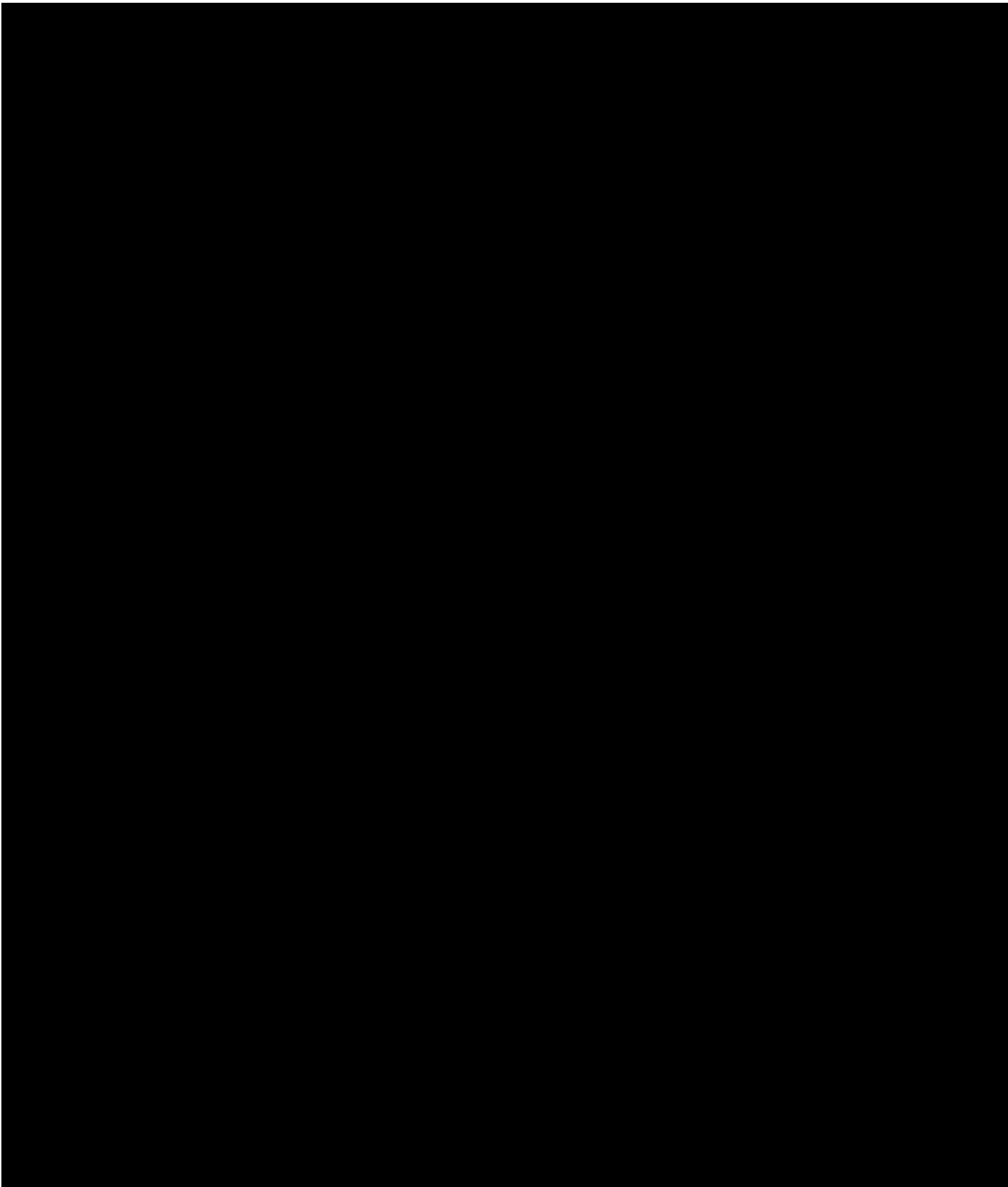


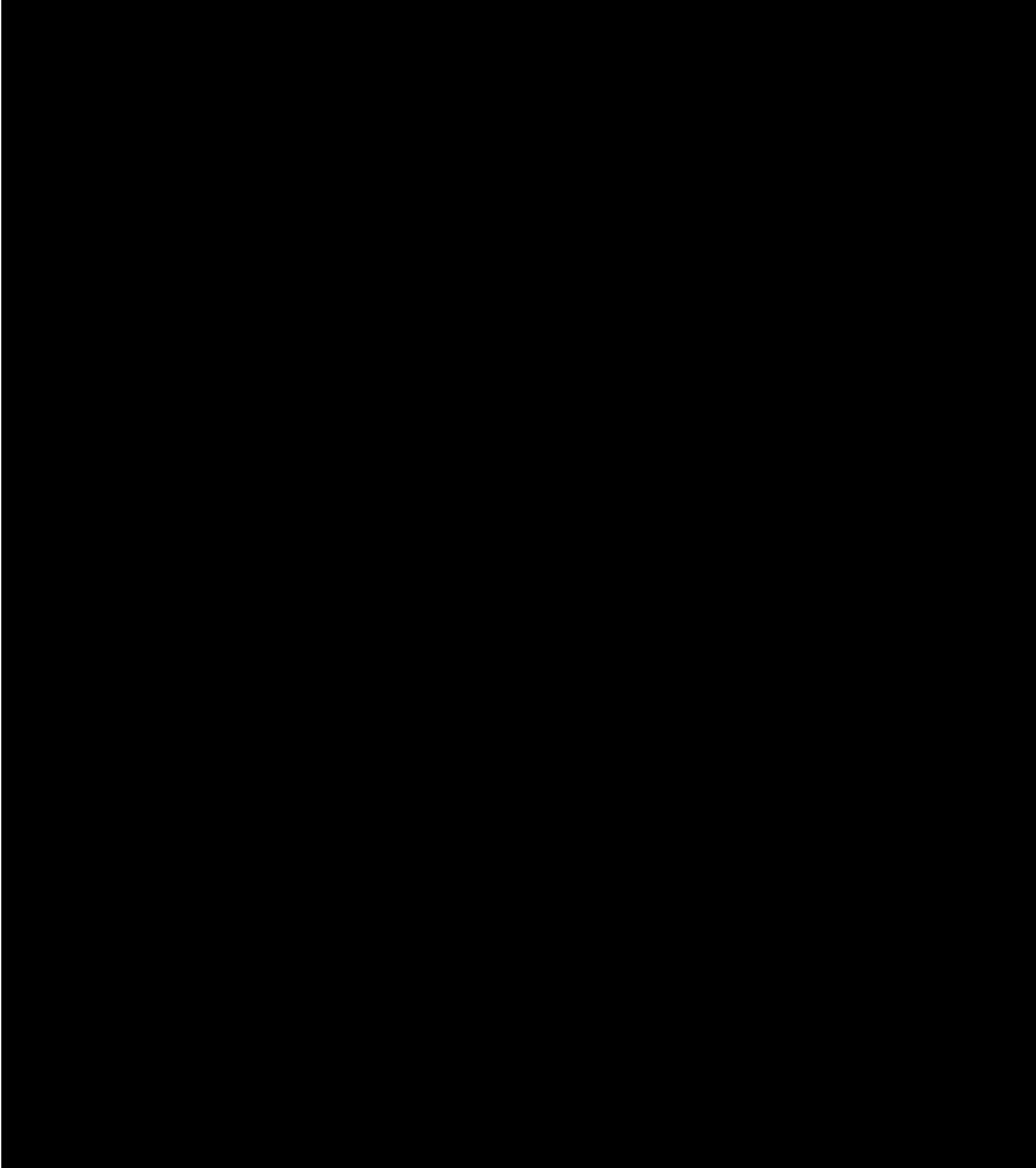


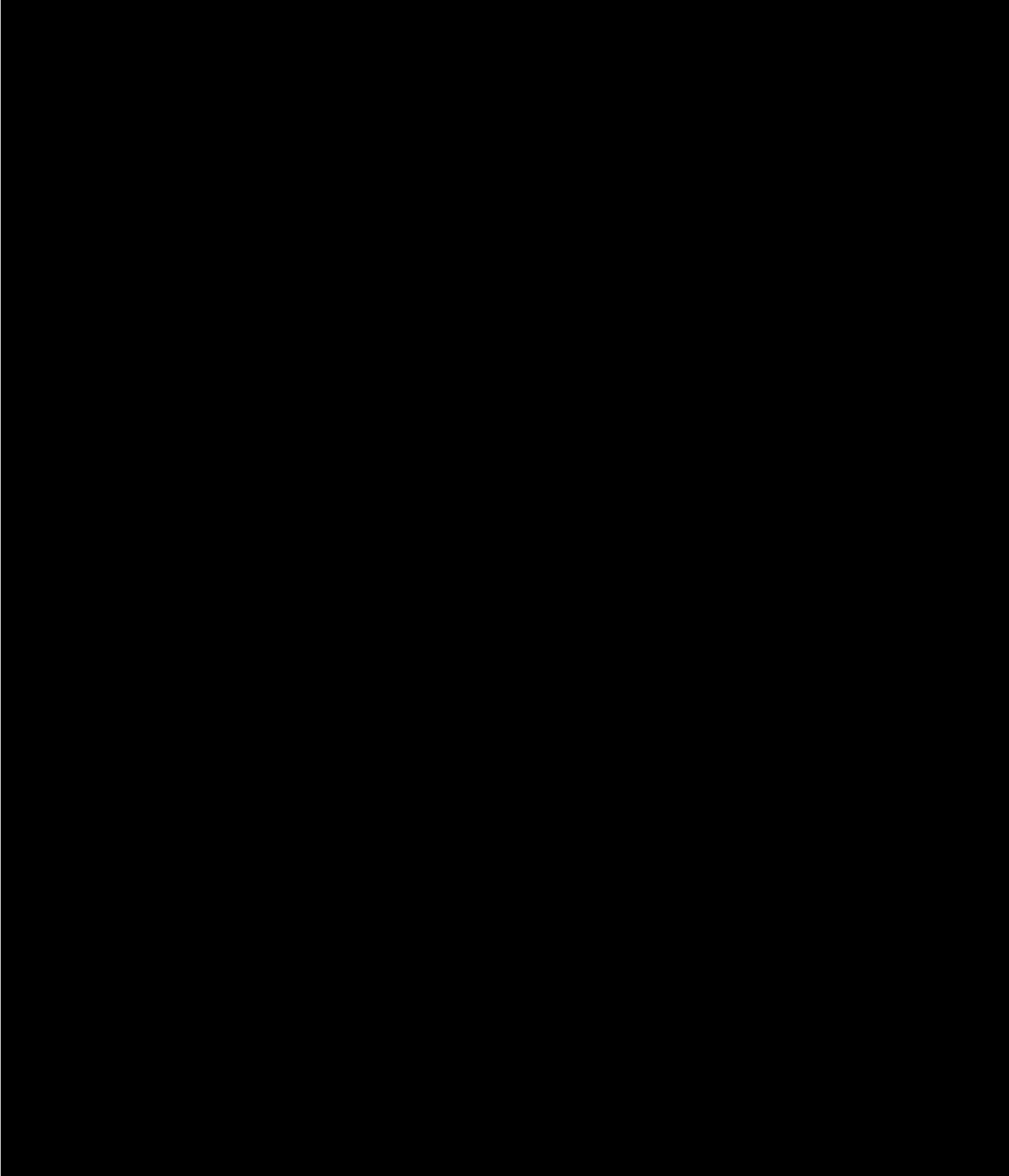


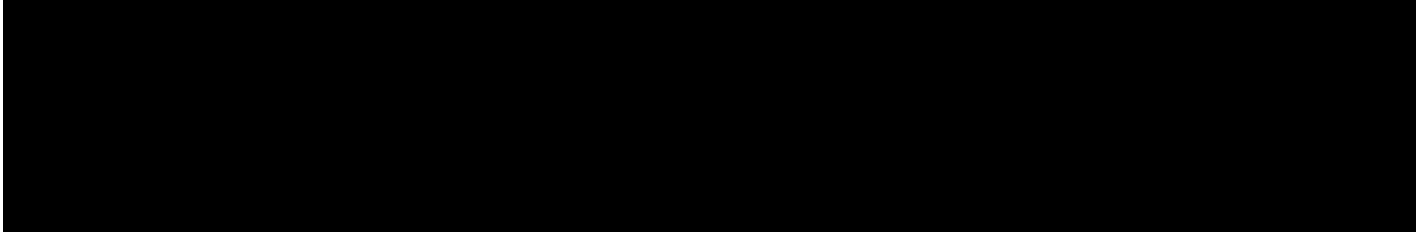




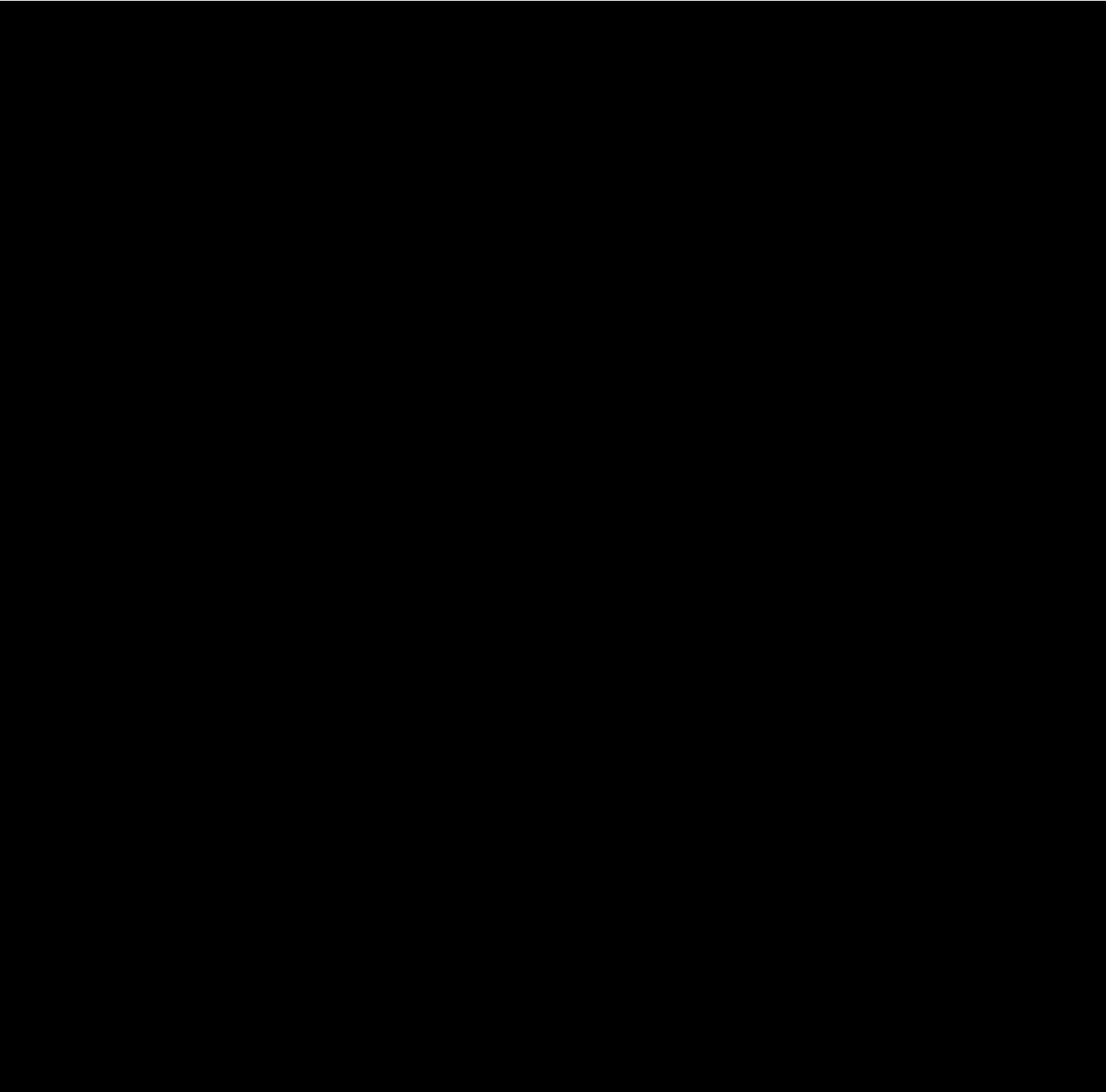


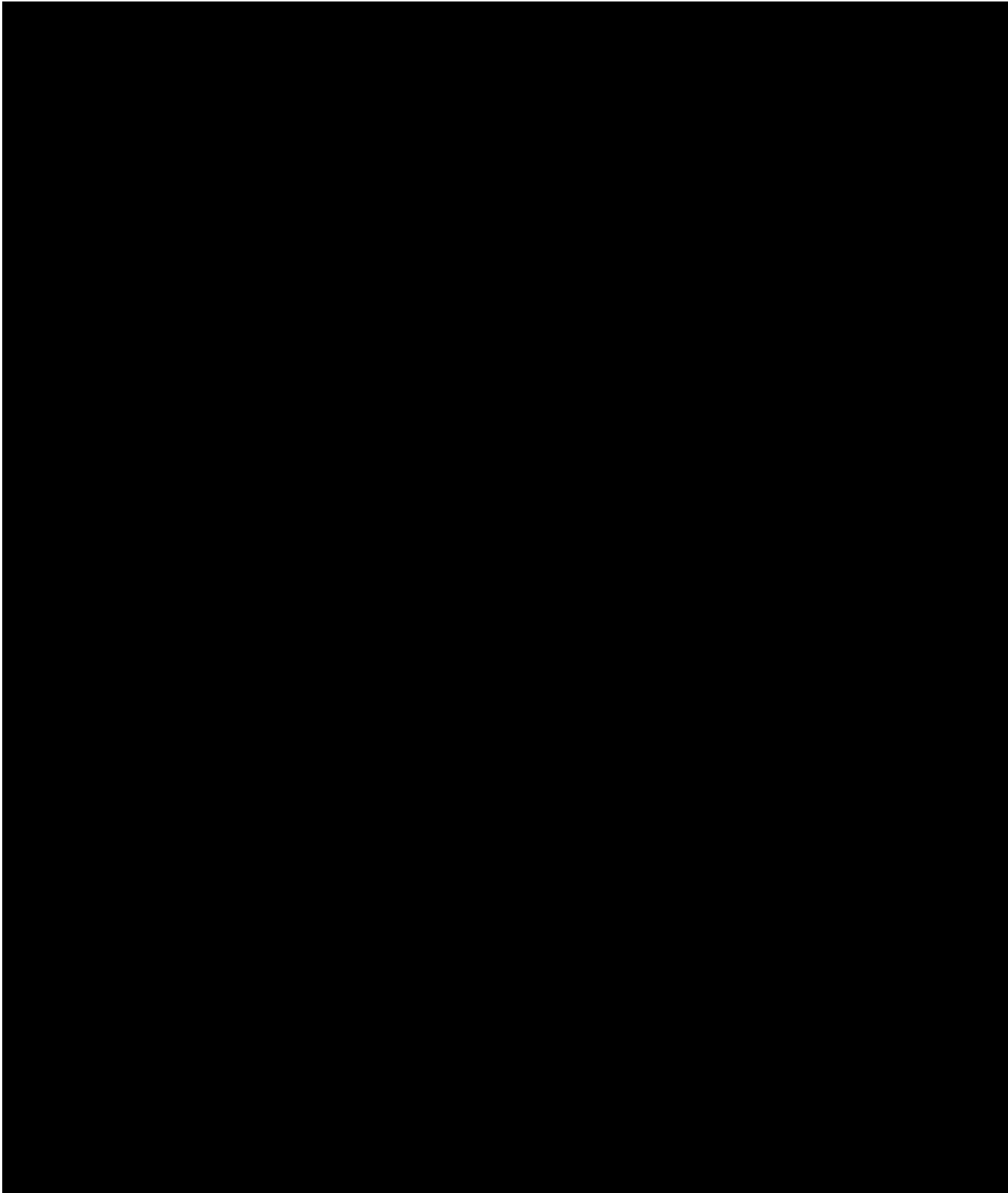






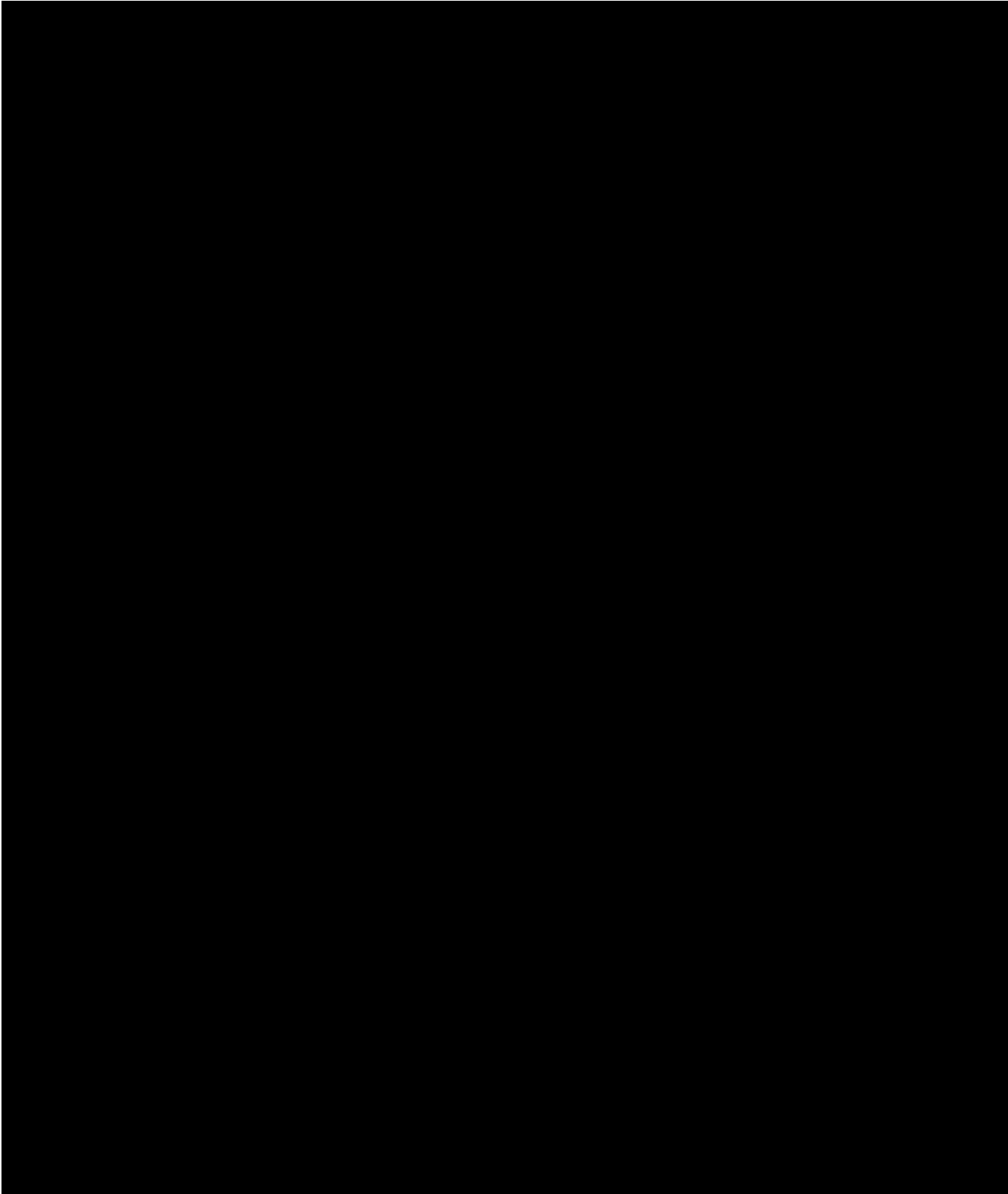
V. Dodd-Frank

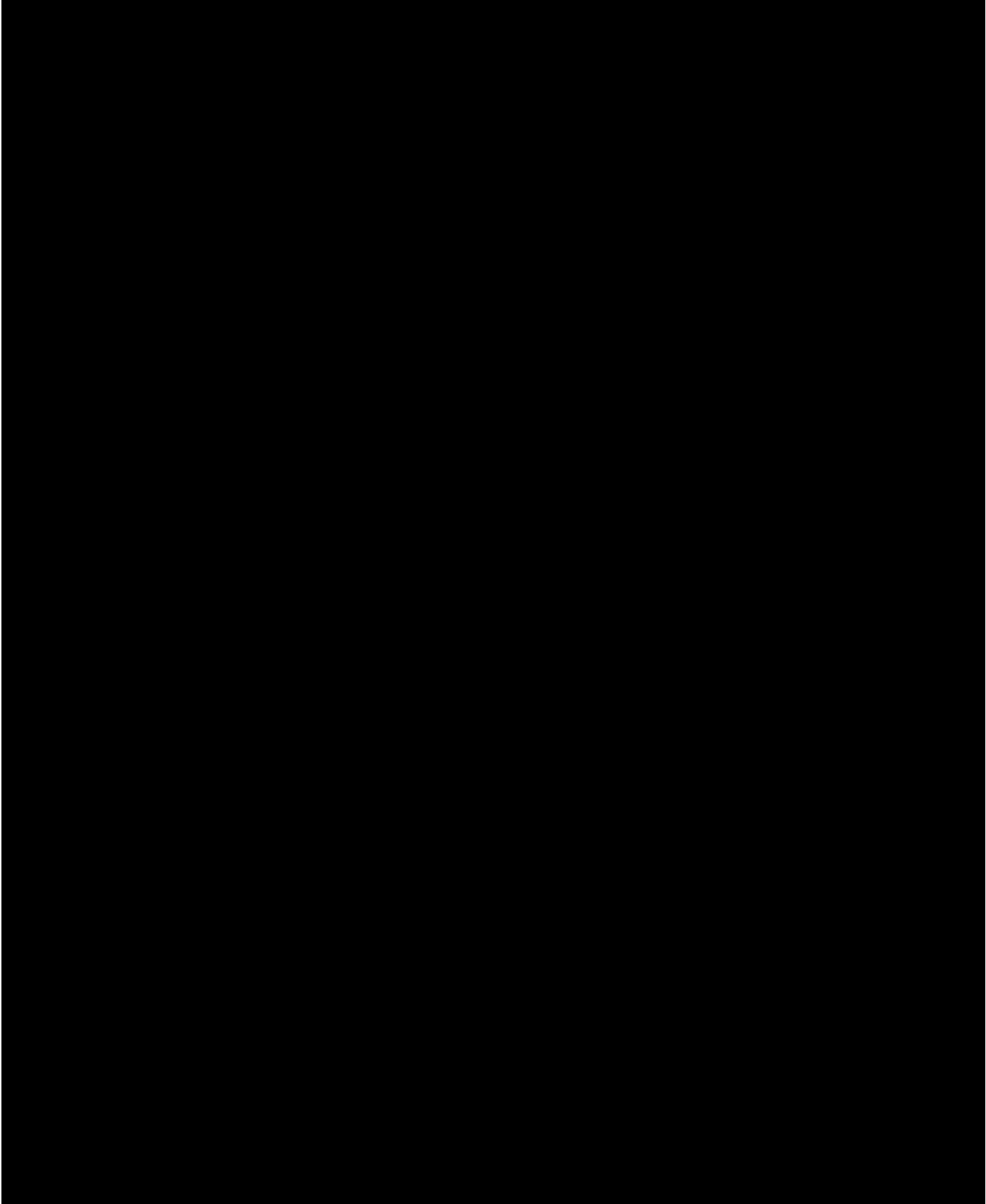




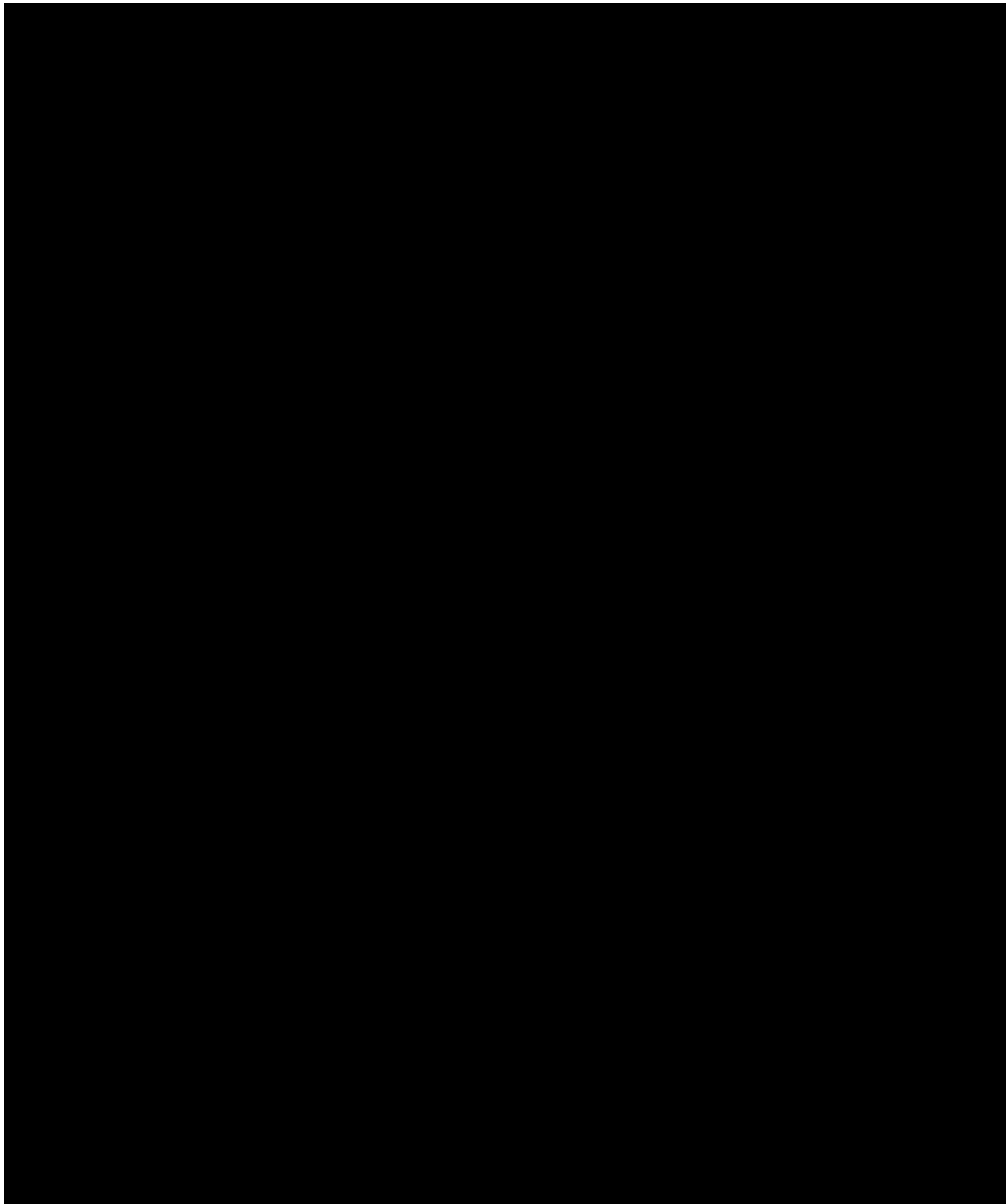


Appendix A

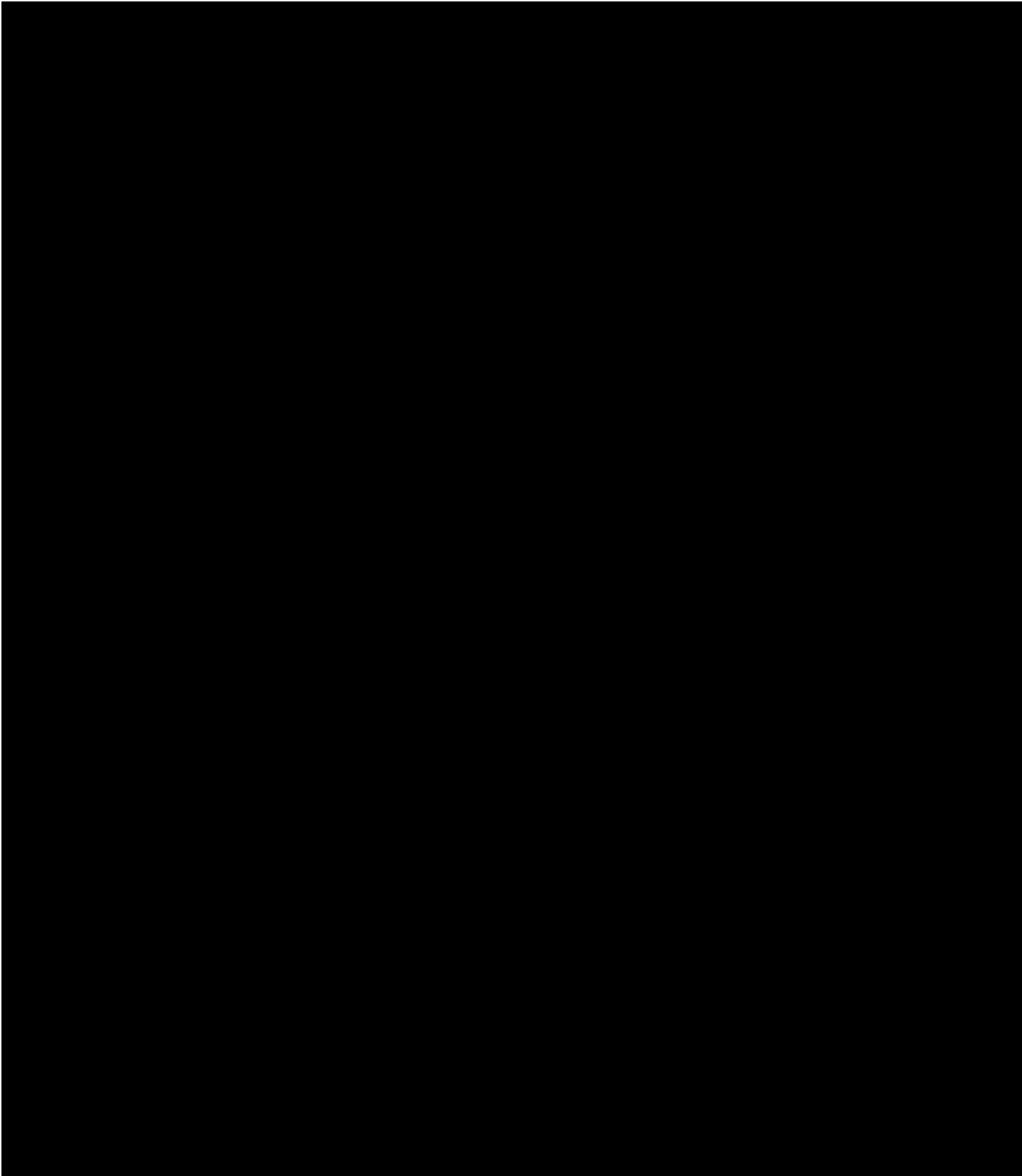




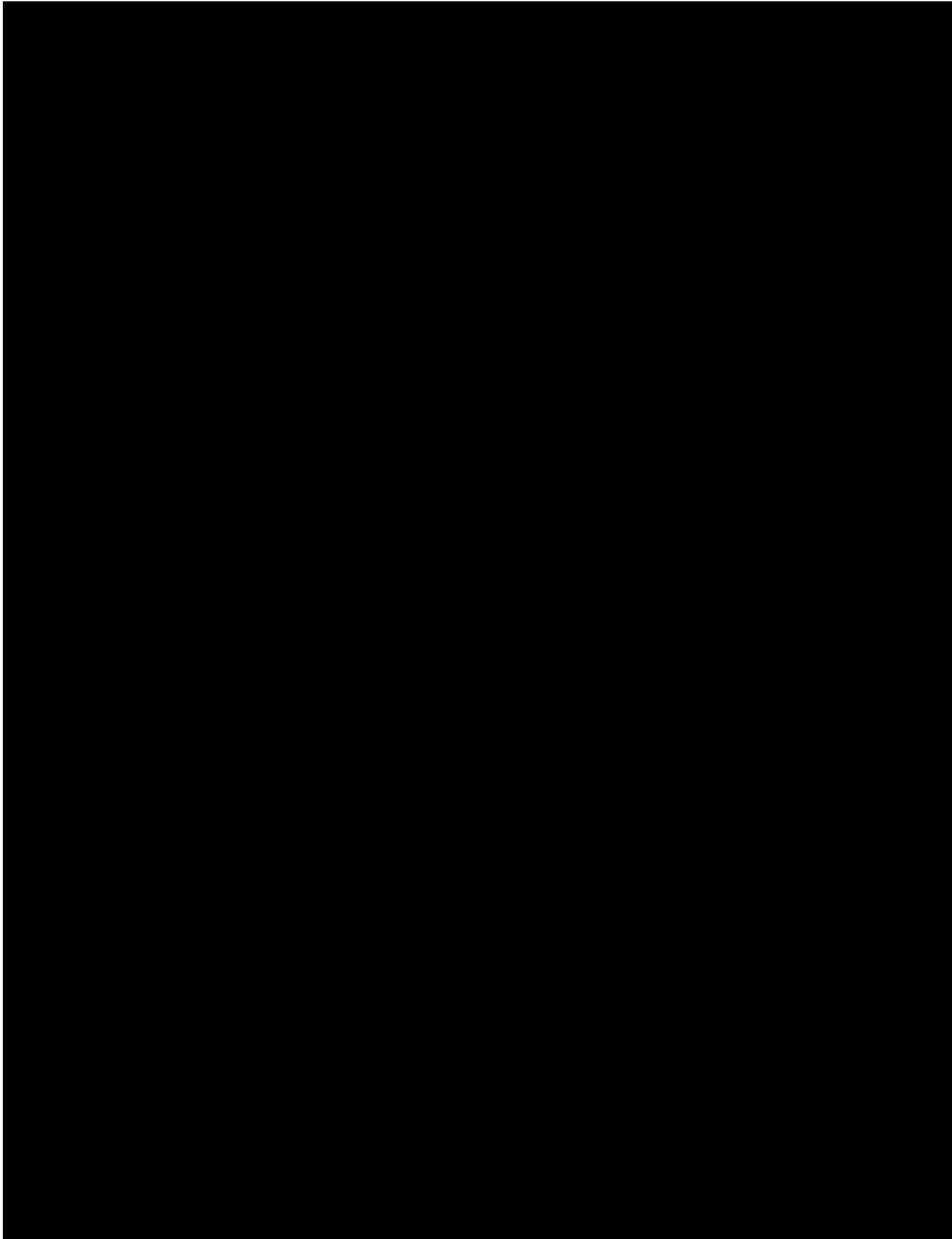
Appendix B



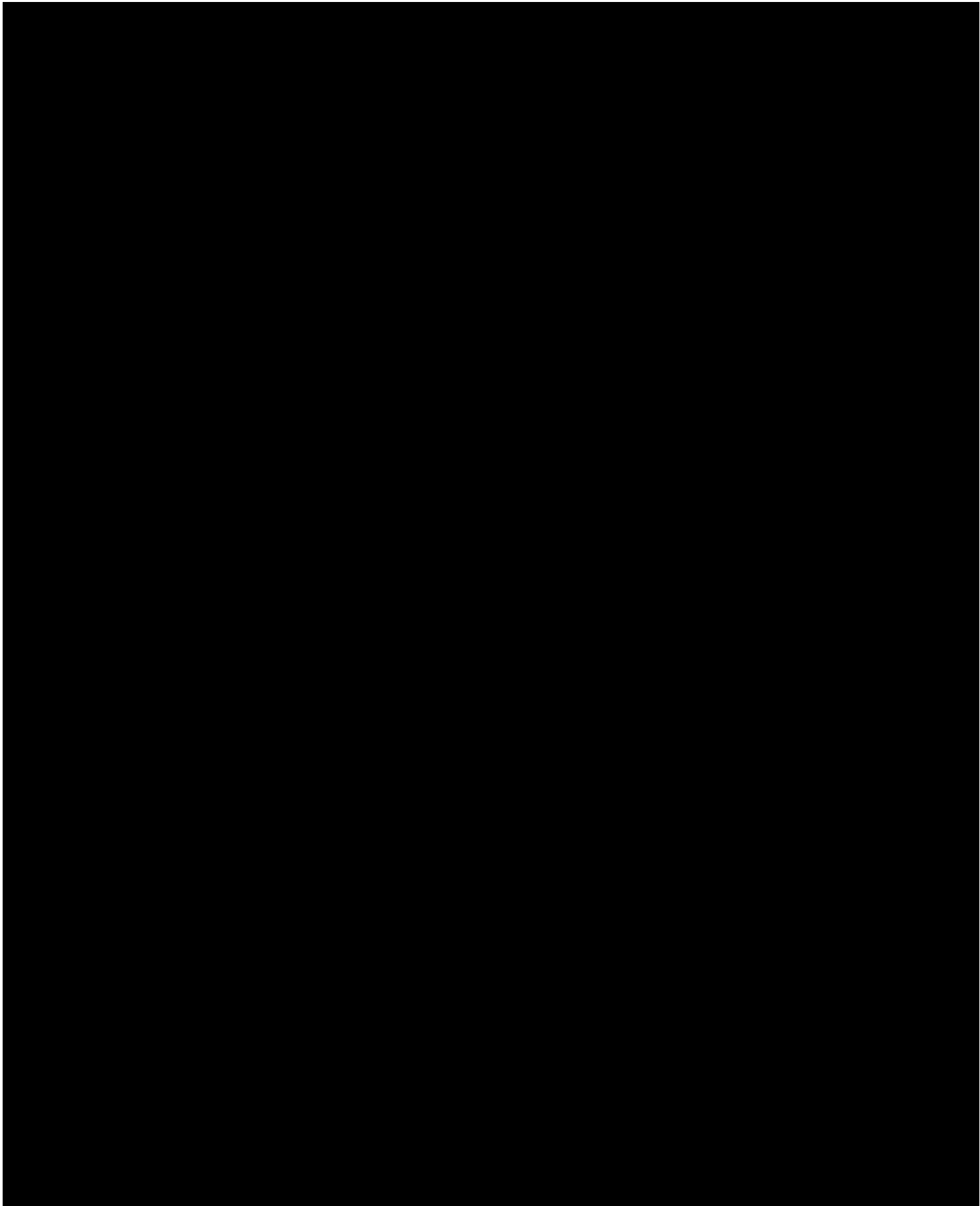
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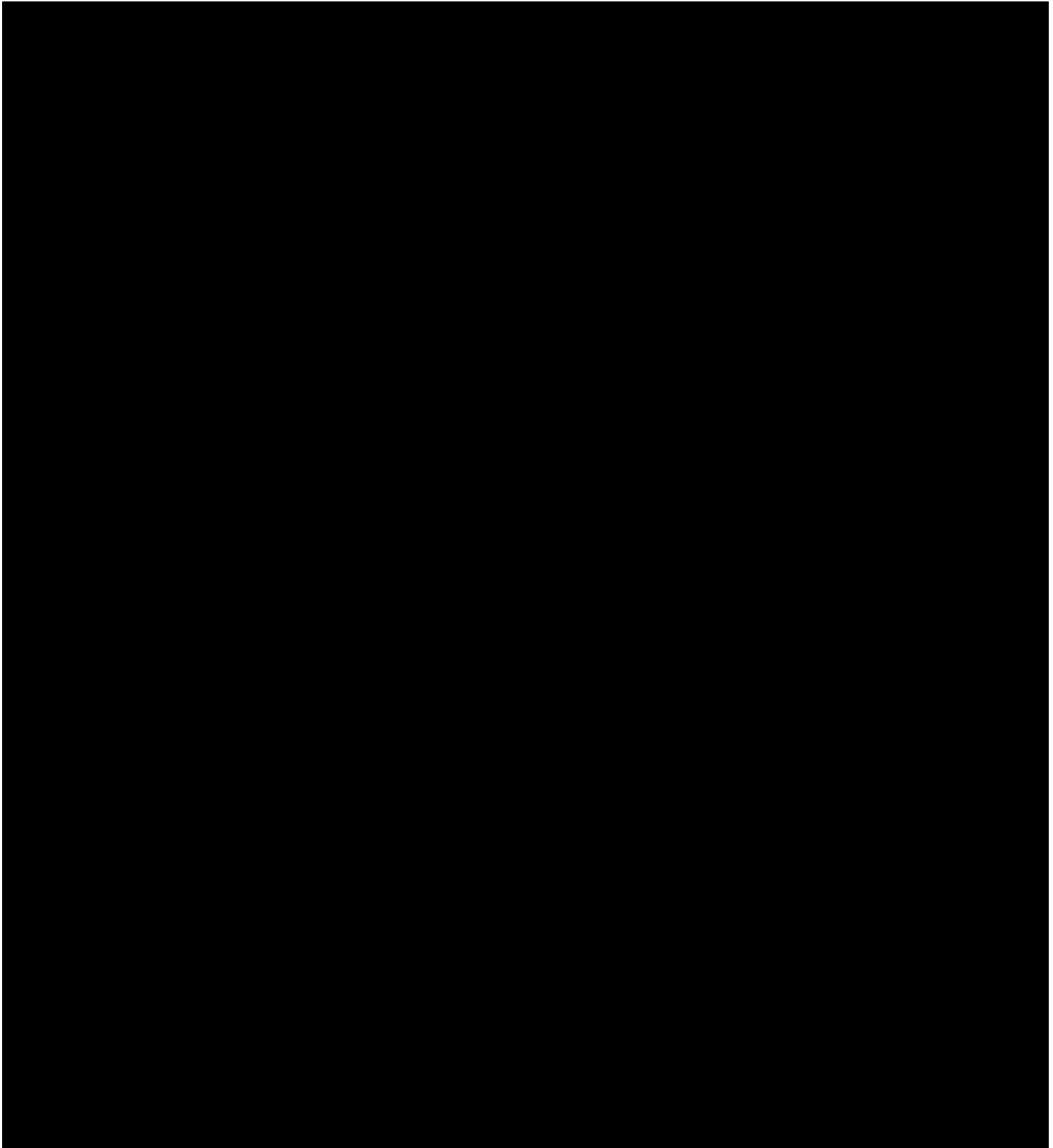
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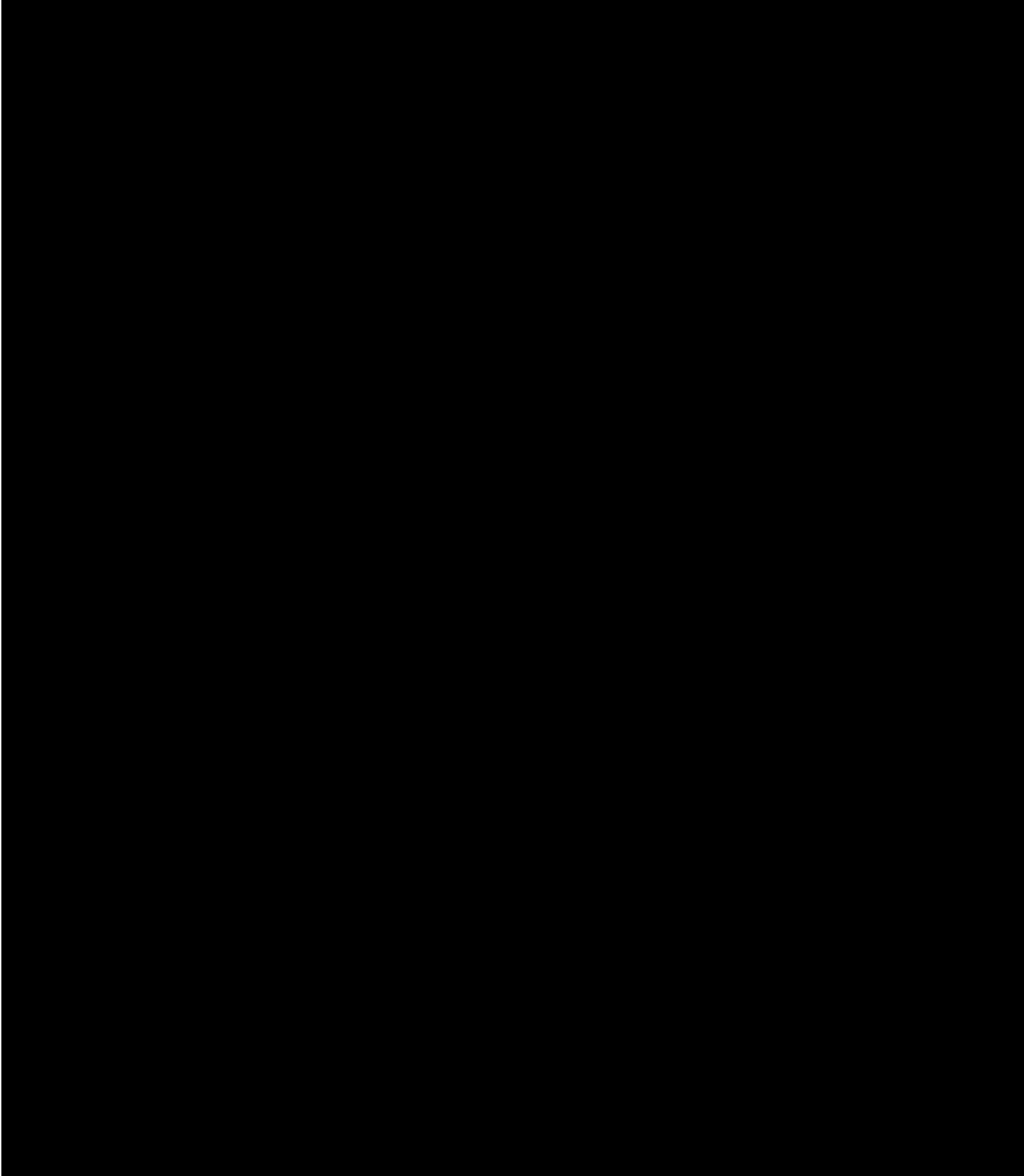
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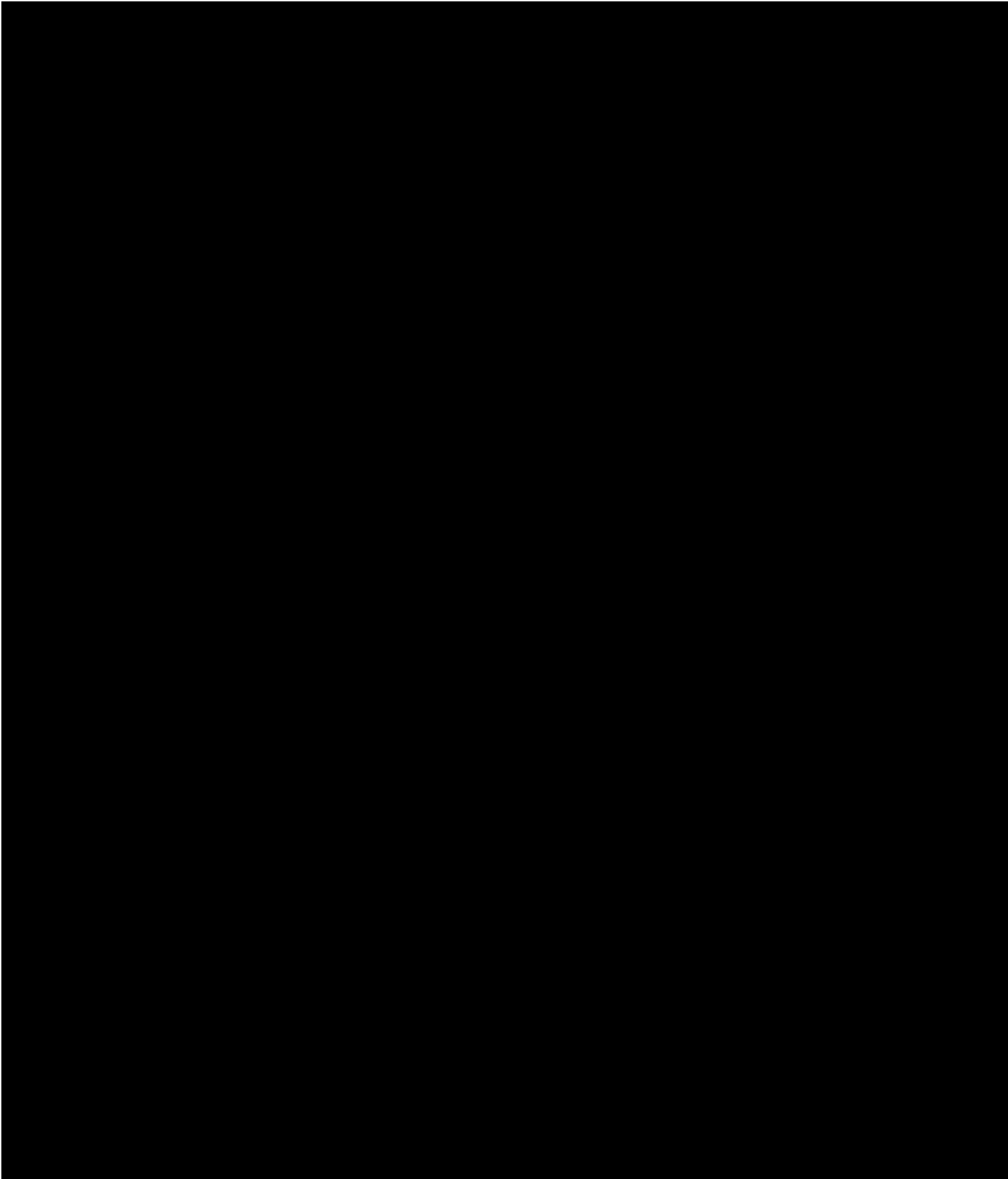
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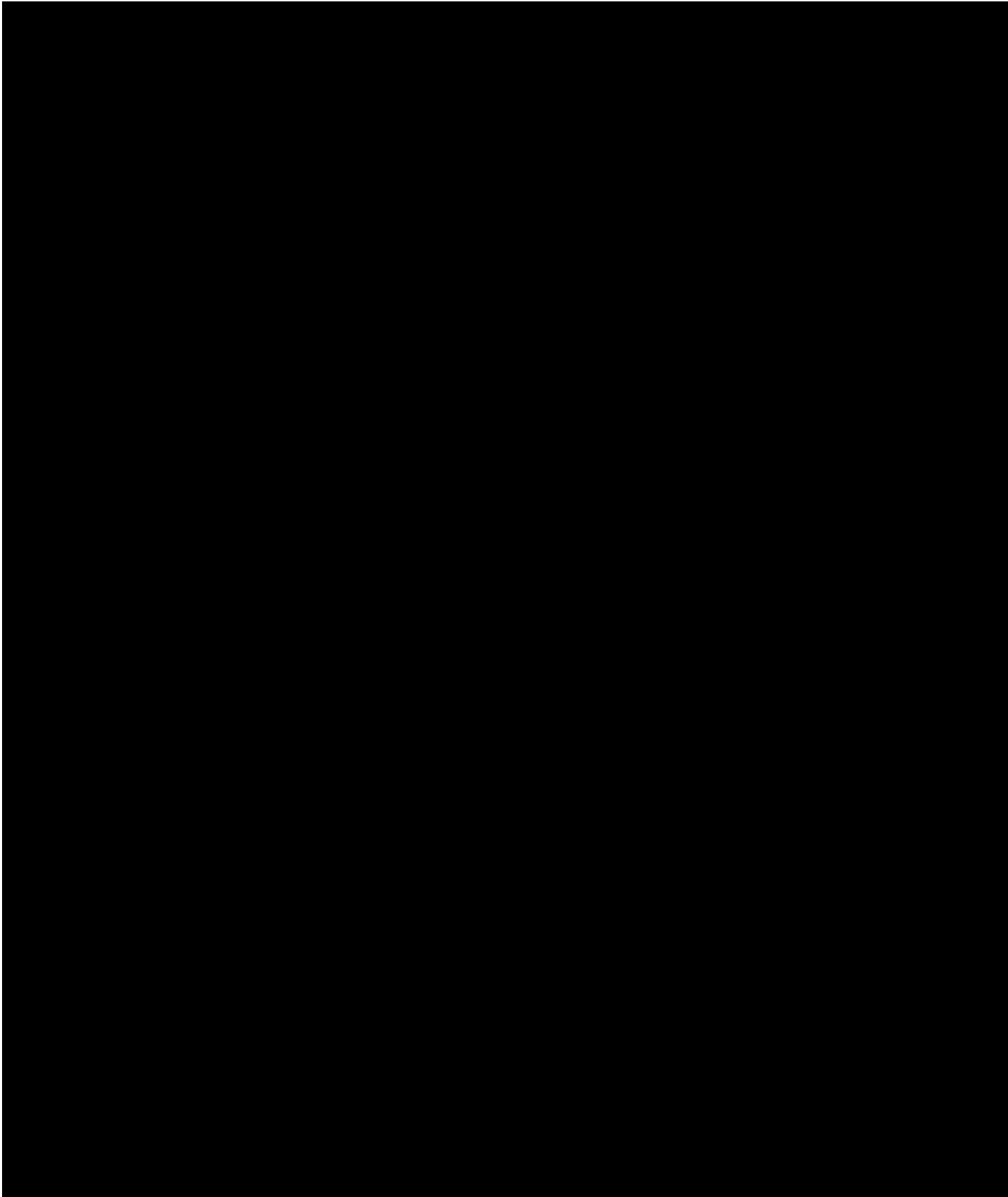
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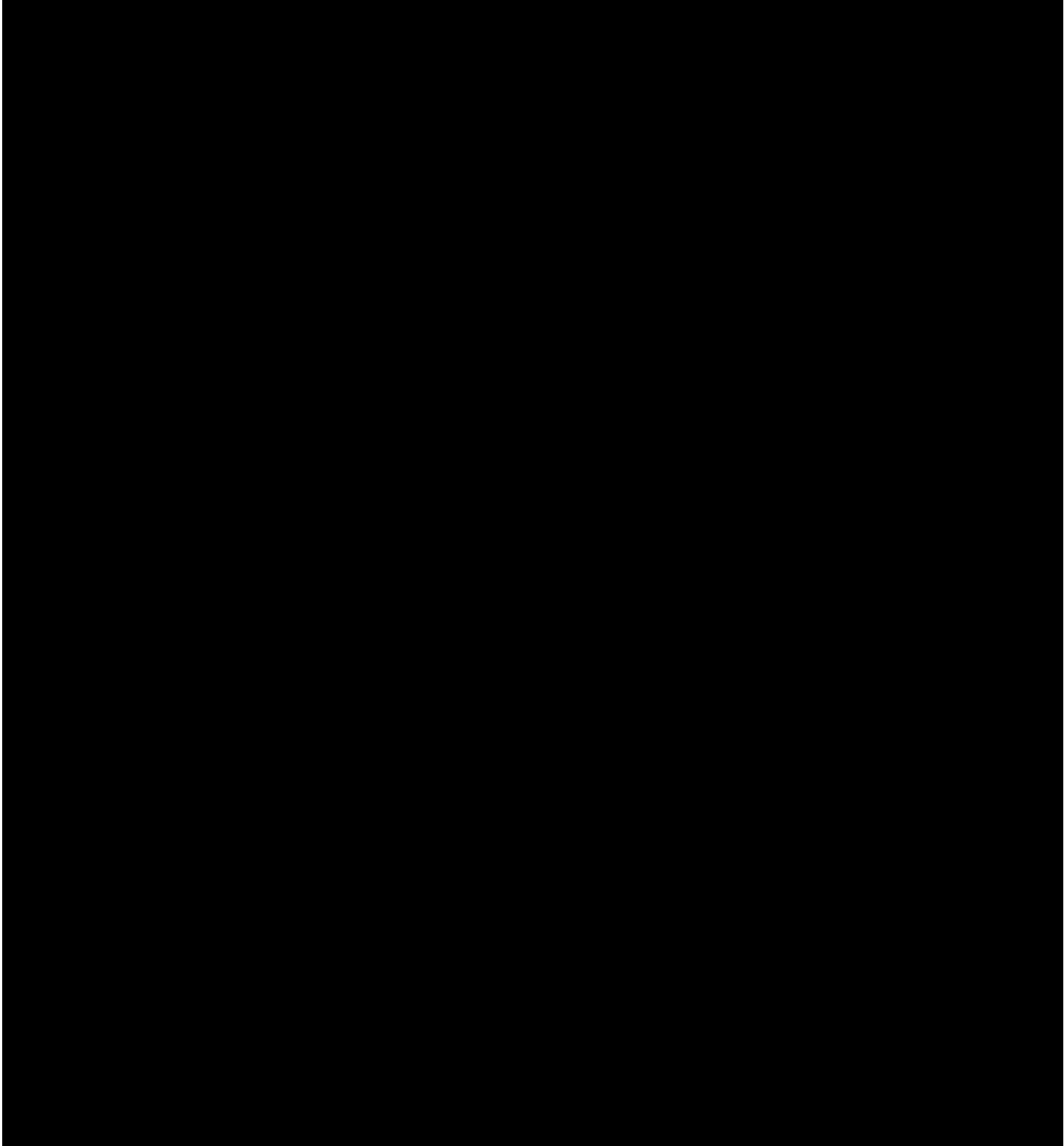
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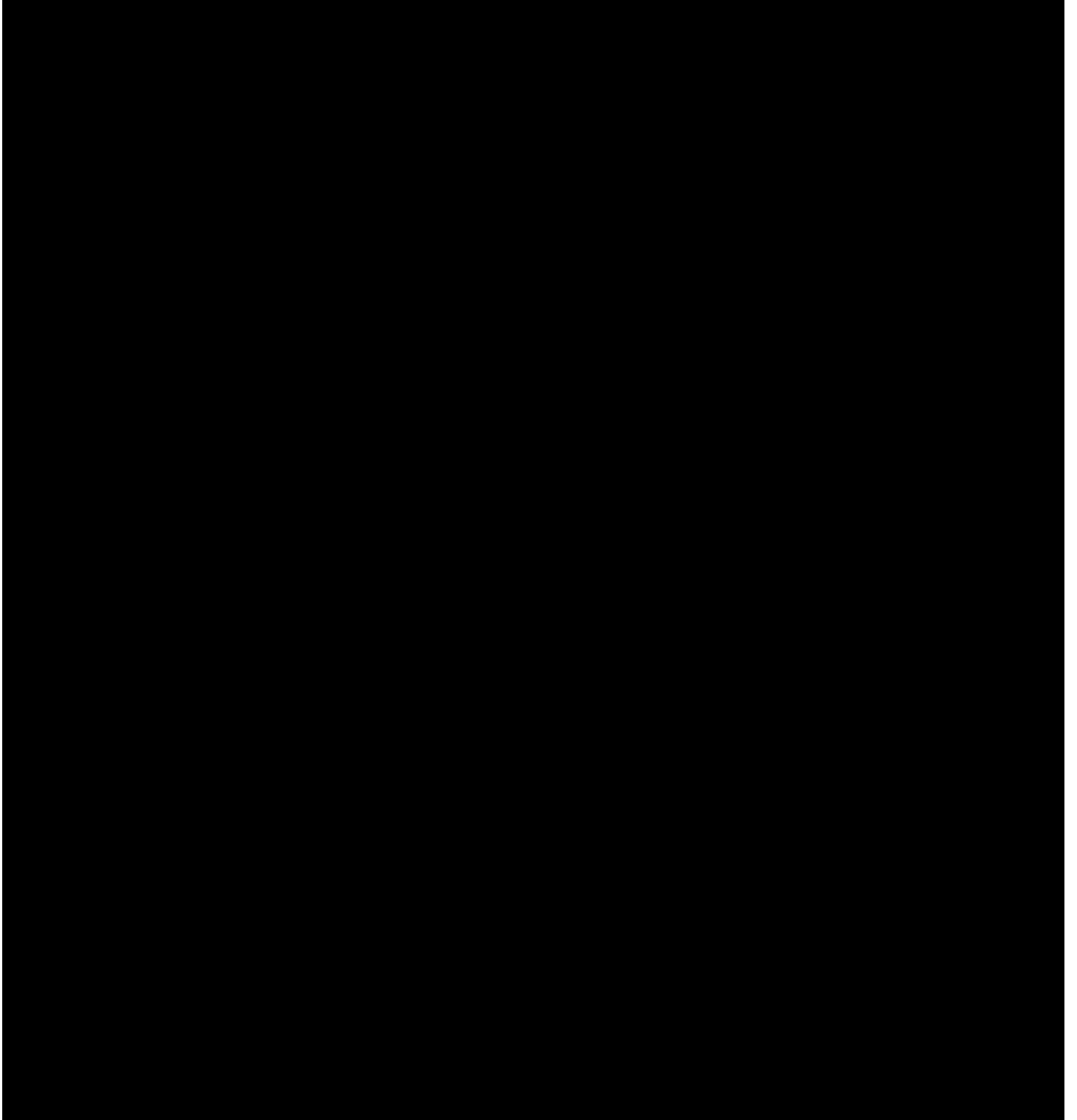
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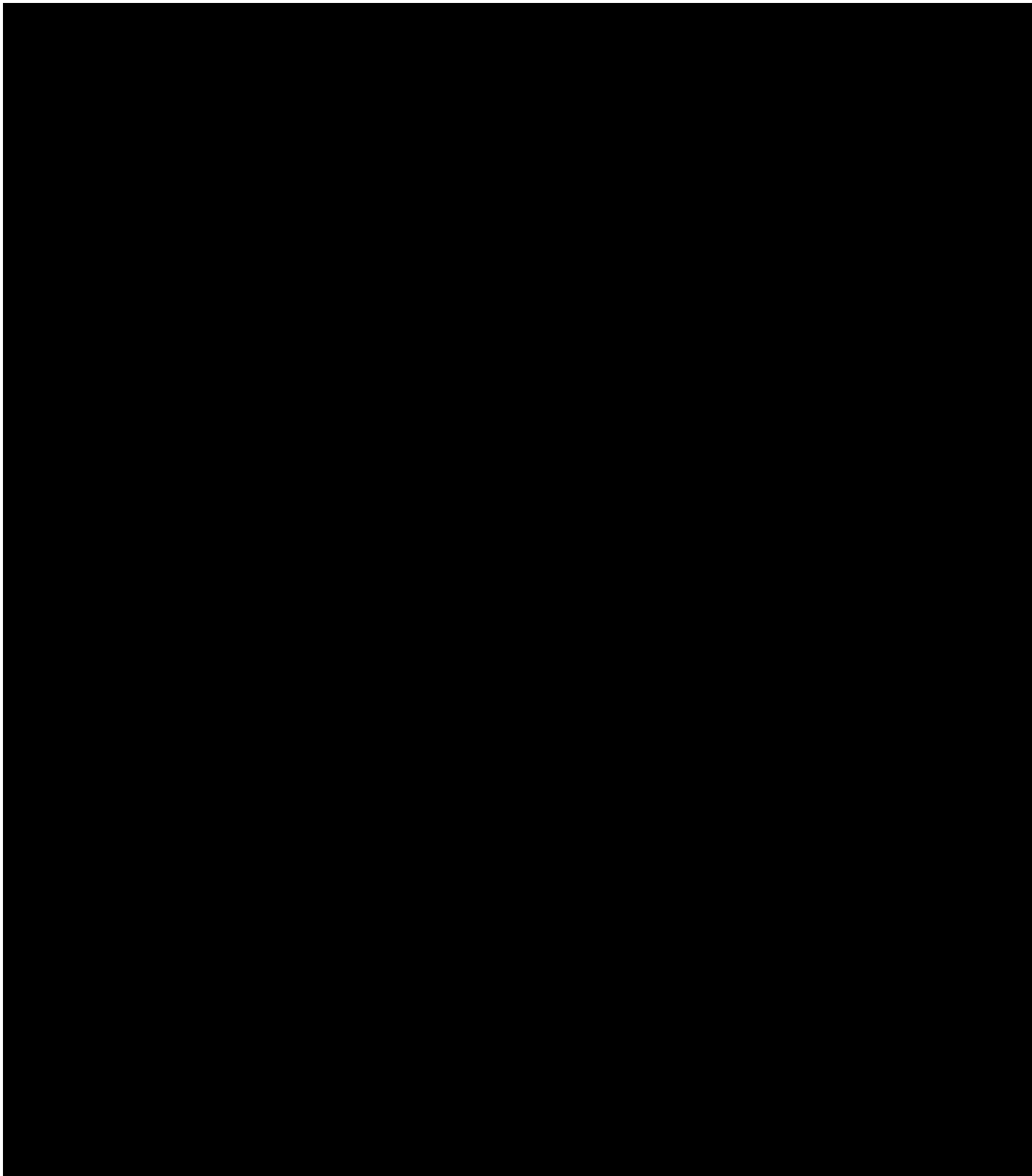
Appendix H

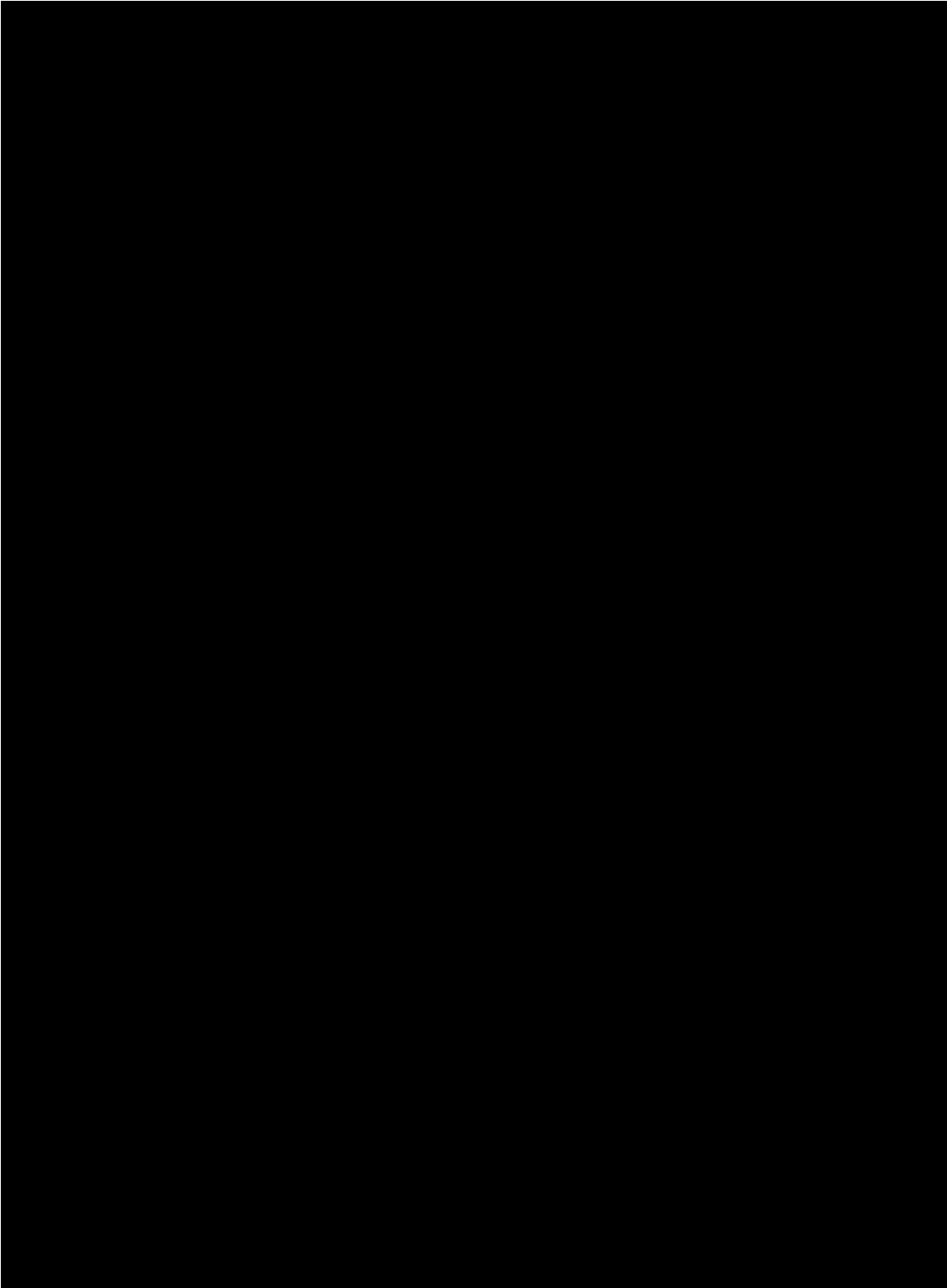


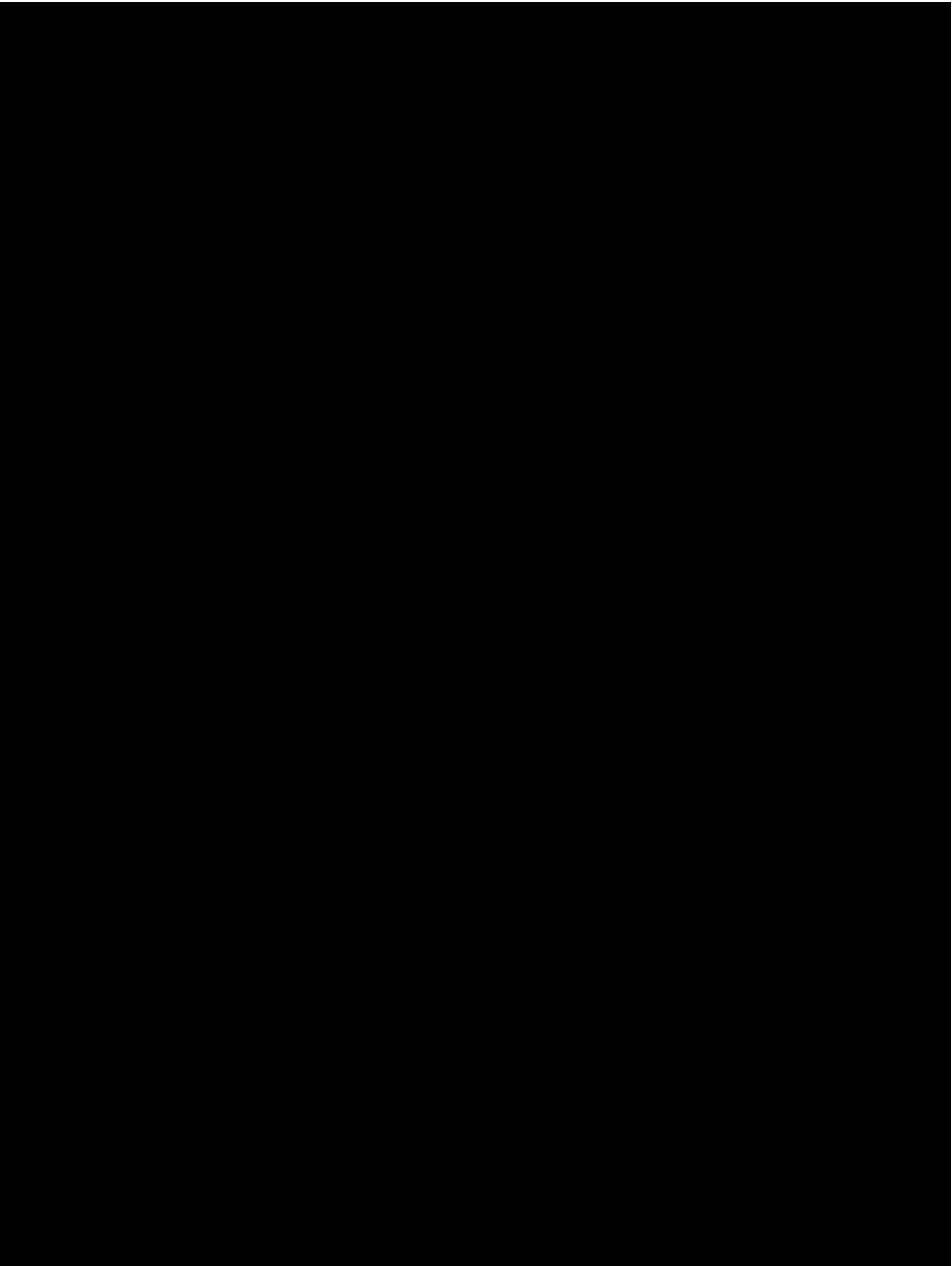
Appendix I

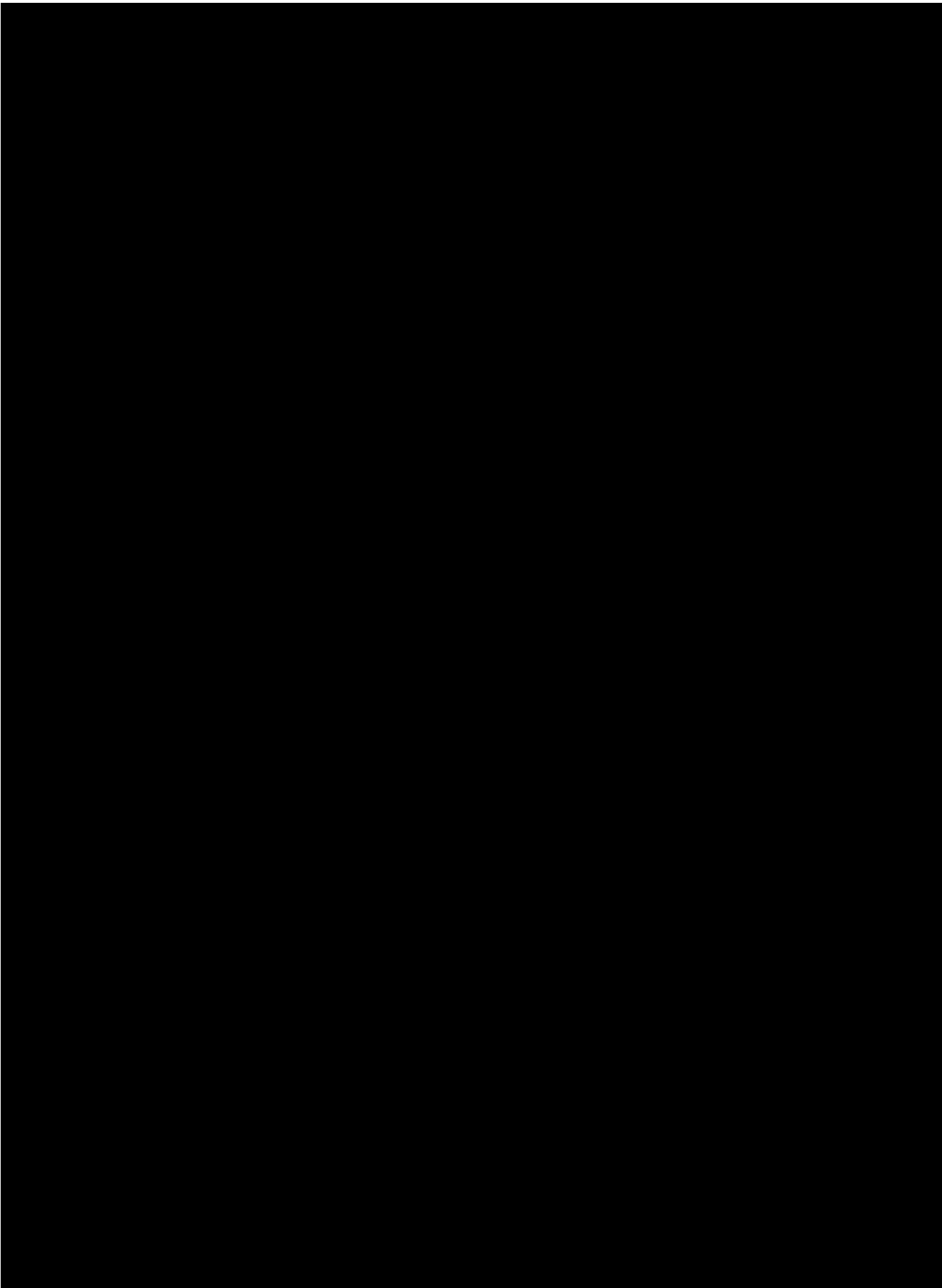


Appendix K



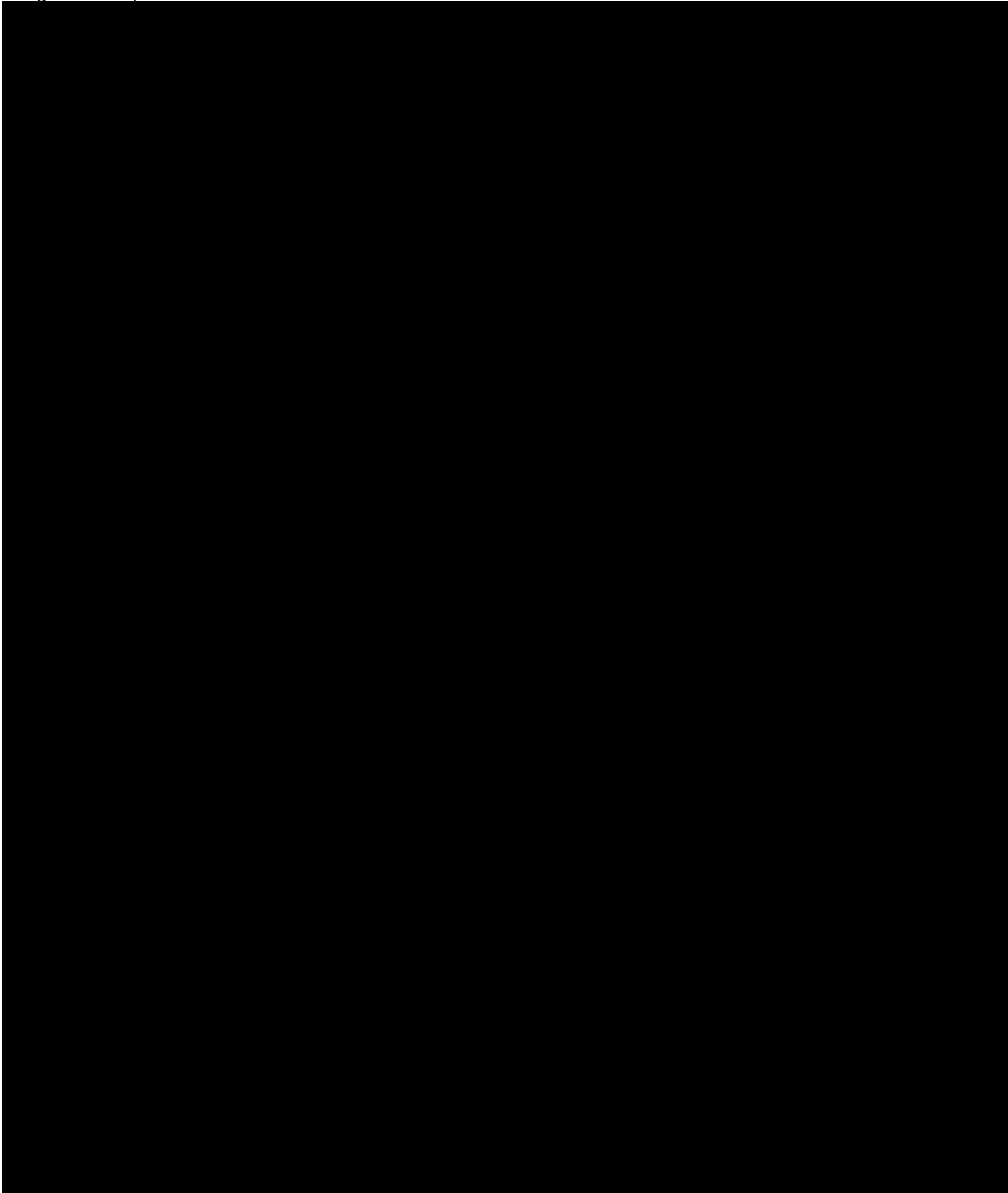






Appendix L

**Fuels and Systems Optimization
Electronic Futures Exchange Management Procedures**



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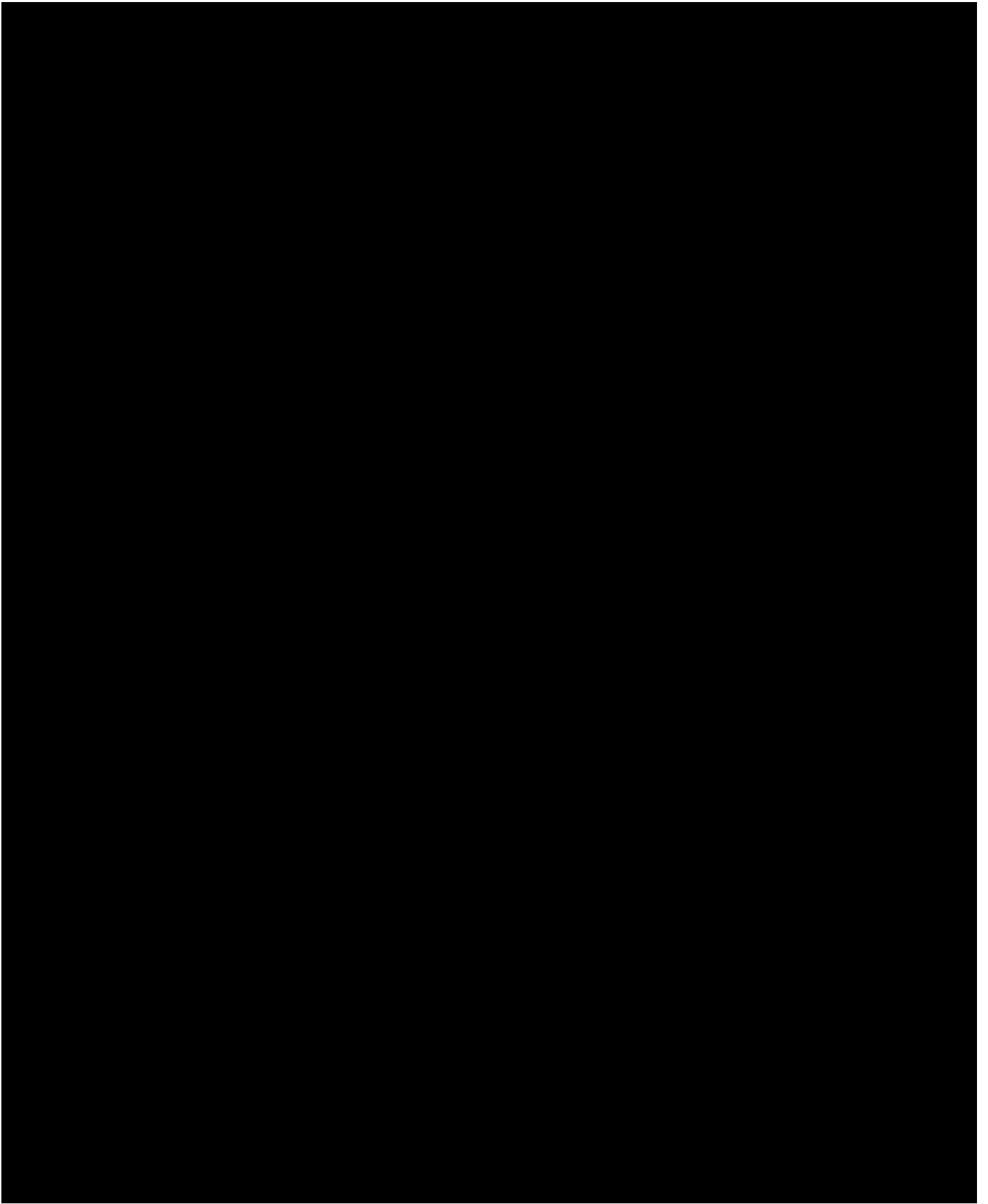


Exhibit B

REDACTED

(copy 2)

1 A. Yes, I am sponsoring the following exhibit:

- 2 • Exhibit No. ___ (JM-1P) – 2024 Risk Management Plan (*Confidential*).

3

4 **Q. What are the objectives of DEF’s hedging activities?**

5 A. The objectives of DEF’s hedging program are to reduce fuel price volatility risk and
6 provide greater cost certainty for DEF’s customers.

7

8 **Q. Describe the hedging activities that the Company will execute for 2024.**

9 A. DEF is not proposing to implement the outlined hedging activities. While DEF
10 believes that hedging is a reasonable and prudent approach to mitigate price
11 volatility, it understands that key consumer groups oppose hedging. DEF is
12 proposing to continue the hedging moratorium through 2024. However, if the
13 Commission decides that DEF should hedge, DEF is providing its 2024 Risk
14 Management Plan to demonstrate how it would hedge if so ordered. If the 2024 Risk
15 Management Plan is implemented, DEF would hedge a percentage of its projected
16 natural gas burns utilizing approved financial agreements. With respect to hedging
17 activity, natural gas represents the largest component of DEF’s overall hedging
18 activity given it is the largest fuel cost component. DEF’s target hedging percentage
19 ranges would be between ■ to ■ percent of its forecasted calendar annual burns.
20 Hedging in the ranges provided would allow DEF to monitor actual fuel burns,
21 updated fuel forecasts, and make any adjustments as needed throughout the year. If
22 hedging were to start in 2024 the Risk Management Plan outlines the activities DEF
23 would implement to start its hedging program in 2024 · REDACTED

**Duke Energy Florida, LLC
Risk Management Plan for
Fuel Procurement and Wholesale Power Purchases
For 2024**

Duke Energy Florida, LLC (DEF) is submitting its 2024 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), the Regulated Risk Management and Credit Risk Management teams within Global Risk Management & Insurance (GRMI), Regulated Accounting, Internal Audit, Legal, and Information Technology. The activities supported by these groups include, subject to reliability constraints, 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 limits and credit 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 2023 Fuels and Operations Forecast (FOF), DEF's estimated fuel consumption and economy power transactions projections for 2024 are as follows:

Coal

Based on current projections, DEF forecasts to burn approximately [REDACTED] tons of coal in 2024. DEF's forecasted coal requirements for 2024 will be purchased primarily 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] barrels of light oil in 2024. DEF's forecasted light fuel oil requirements for 2024 are expected to be purchased primarily under term supply enabling 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 2024, 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 2024 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 2024. 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 ensure an adequate fuel supply and, subject to reliability constraints, 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 2024.

DEF utilizes a phased hedging program where financial hedge transactions are executed over time for a percentage of the Company's forecasted natural gas burns 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. Forecasted burns are utilized because hedges must be executed before a given month begins. The hedge percentage target ranges outlined provide a framework for consistently executing a layered hedging strategy over time. DEF cannot predict future prices and DEF's hedging program does not involve speculation or trying to "out-guess" the market. DEF currently utilizes fixed price financial instruments including fixed price swaps and cost-less collar options to hedge its price exposure to the natural gas 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 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 gas volumes burned versus forecasted gas volumes to be burned. 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 rolling approach to executing fixed price transactions over time provides a reasonable and prudent approach to mitigate price volatility in uncertain fuel markets. This strategy also allows DEF more flexibility to adjust hedging volumes to accommodate changes in its forecasted natural gas consumption that will occur as market conditions change.

Outlined below are the minimum and maximum percentage ranges to be hedged during 2024:

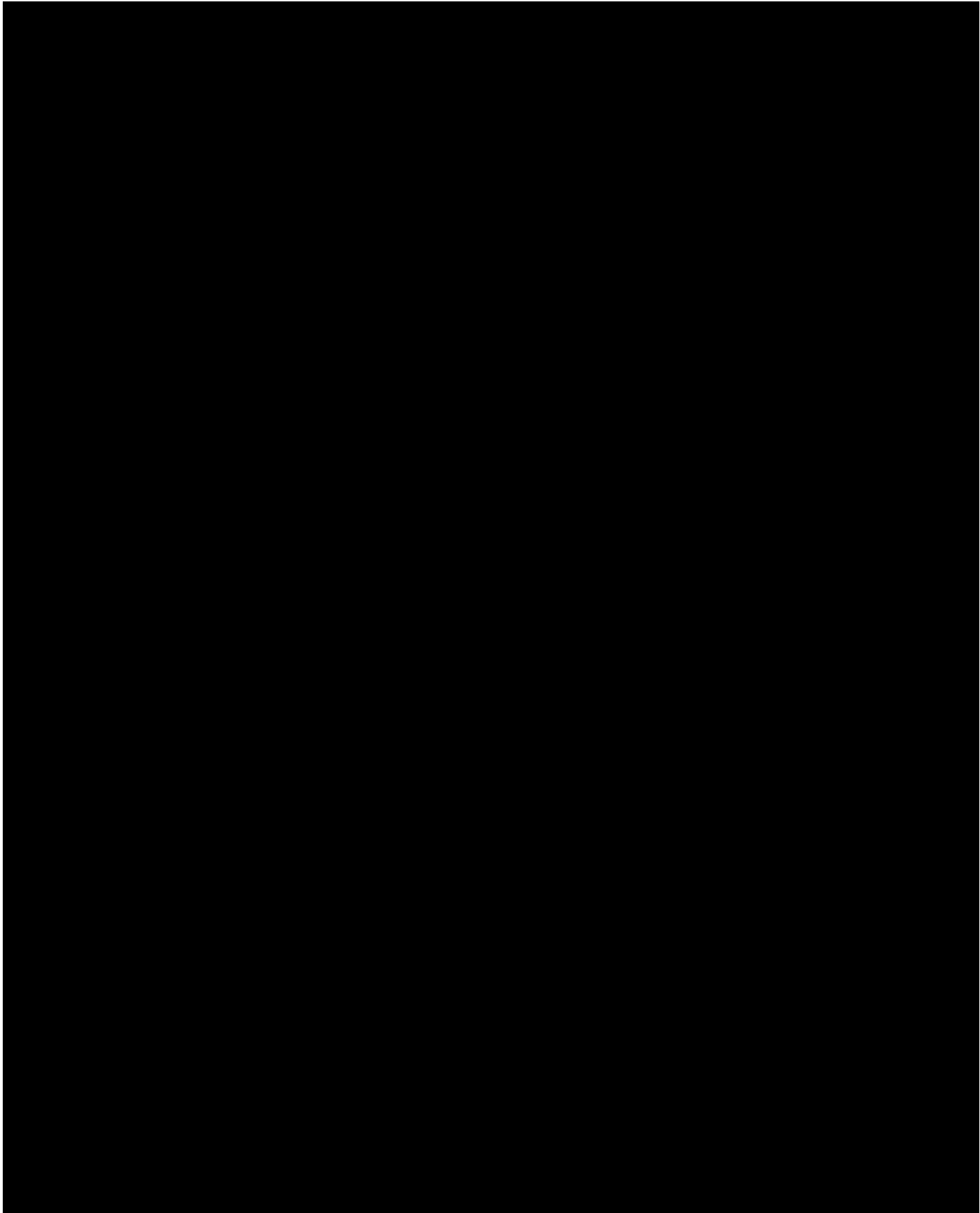
Natural Gas

Natural gas represents DEF's largest fuel cost component and represents the largest component of DEF's hedging activities. DEF plans to execute its phased financial hedging program over a rolling 36-month period through time for natural gas during 2024 within the following hedge percentage ranges:

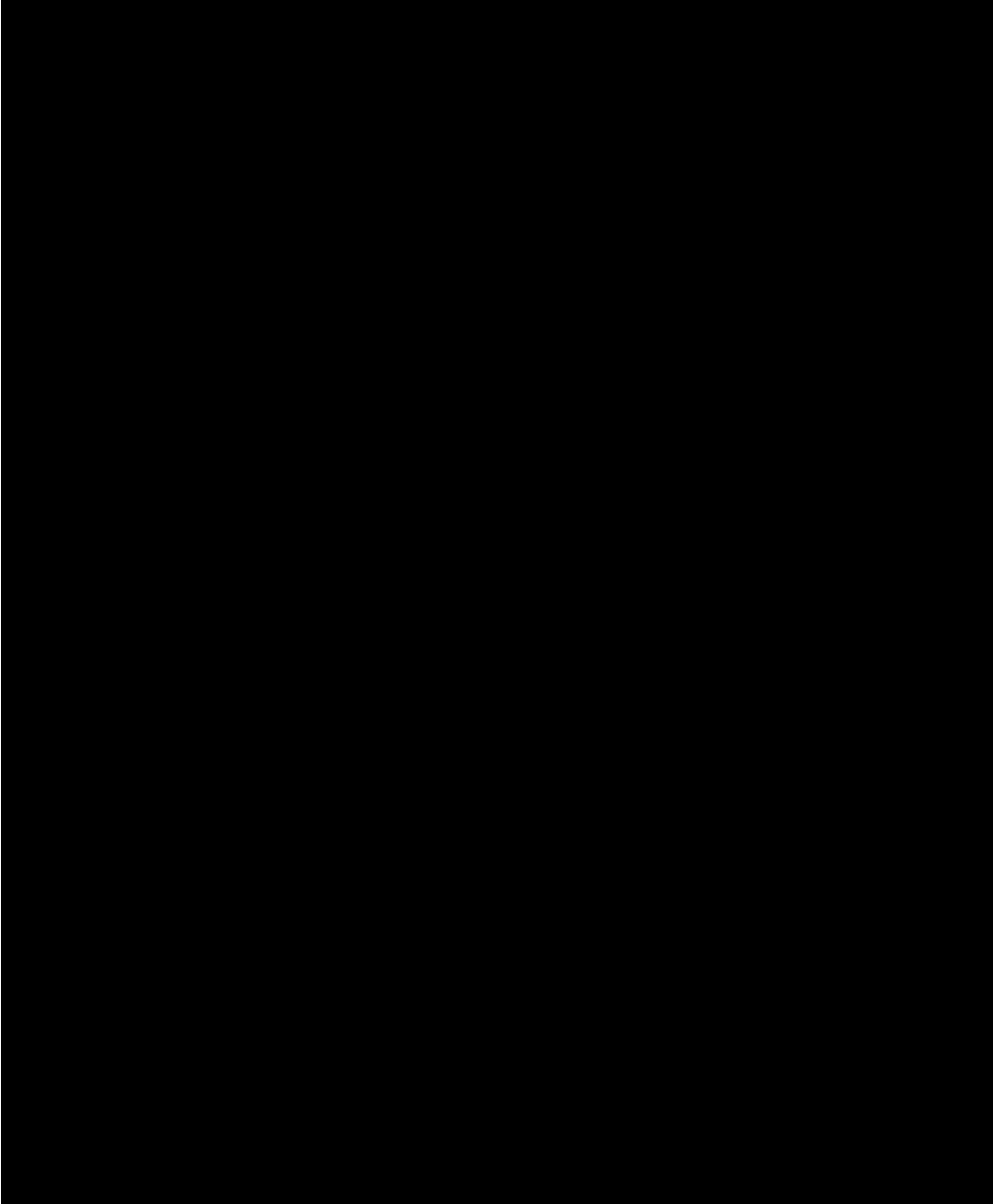
- 1 to 12 months – [REDACTED]
- 13 to 24 months – [REDACTED]
- 25 to 36 months – [REDACTED]

REDACTED

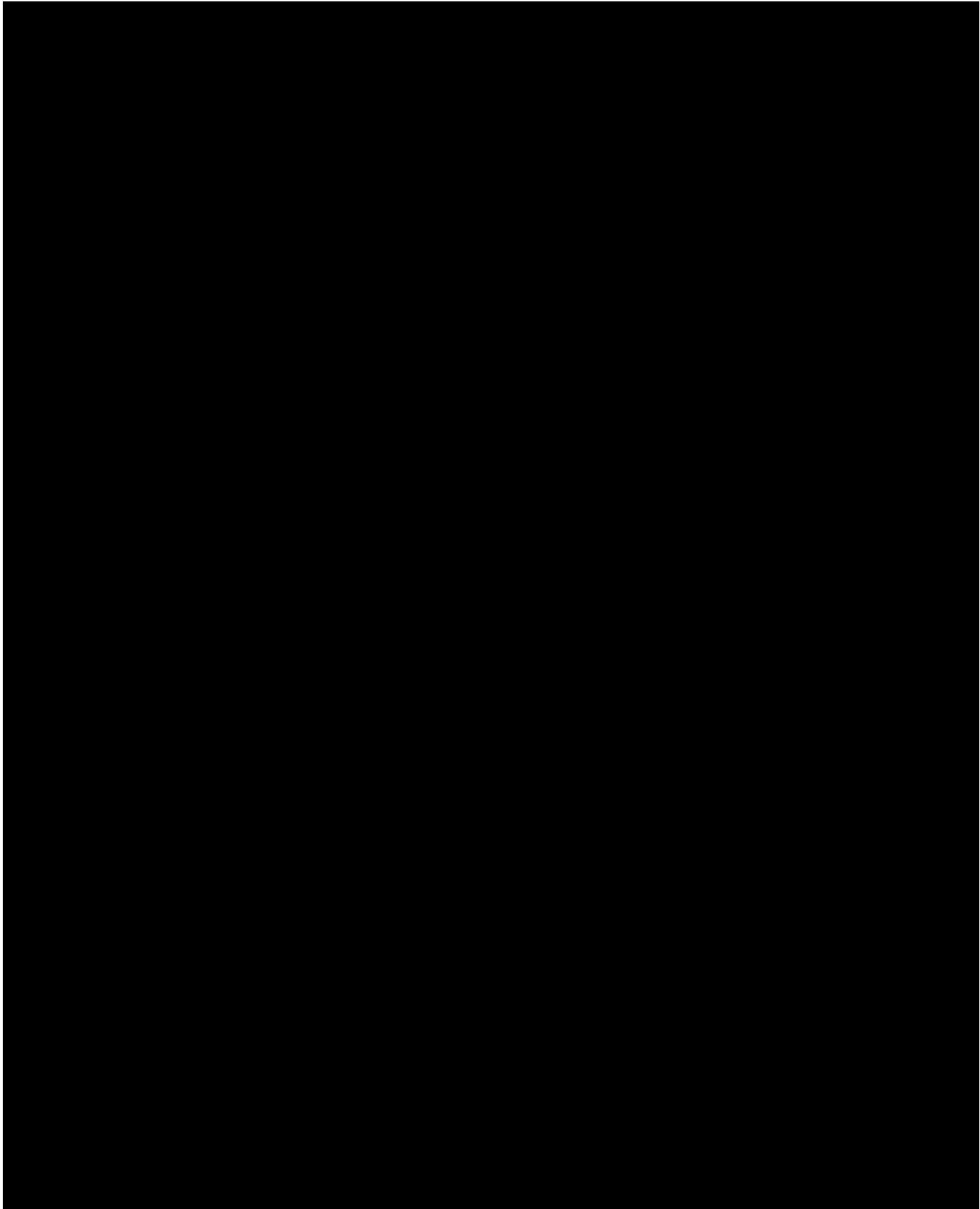
Regulated Electric Risk Limits



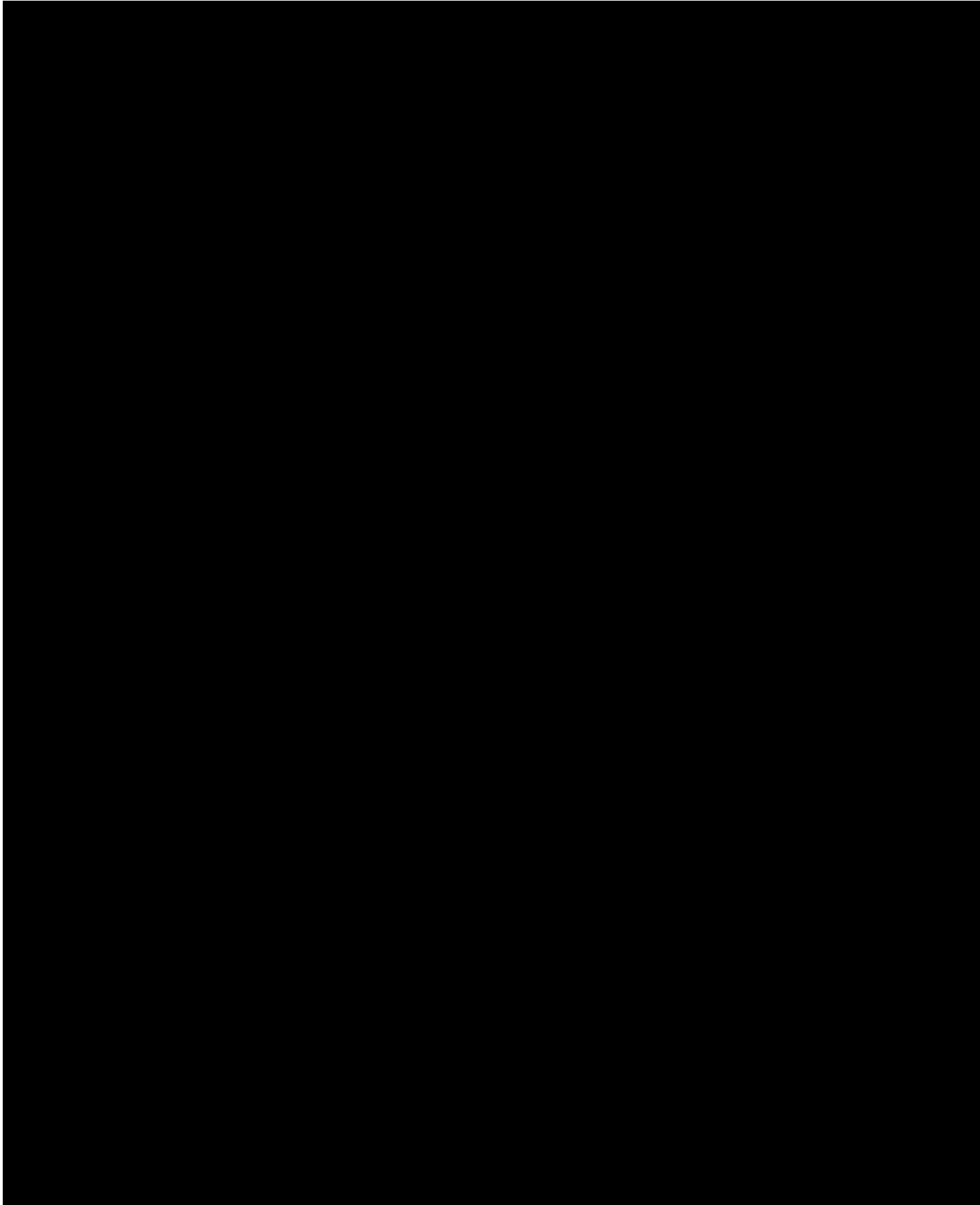
Regulated Electric Risk Limits



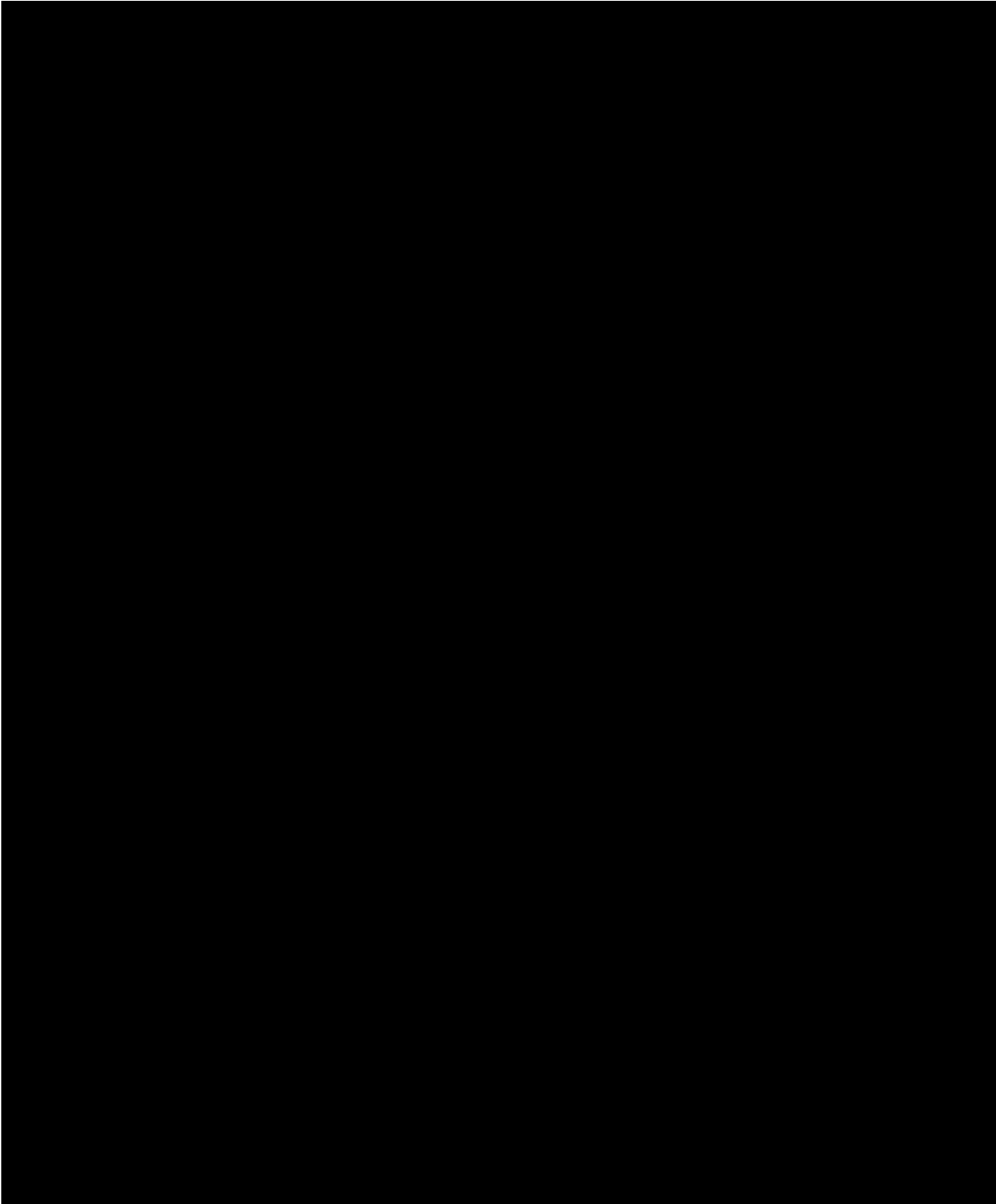
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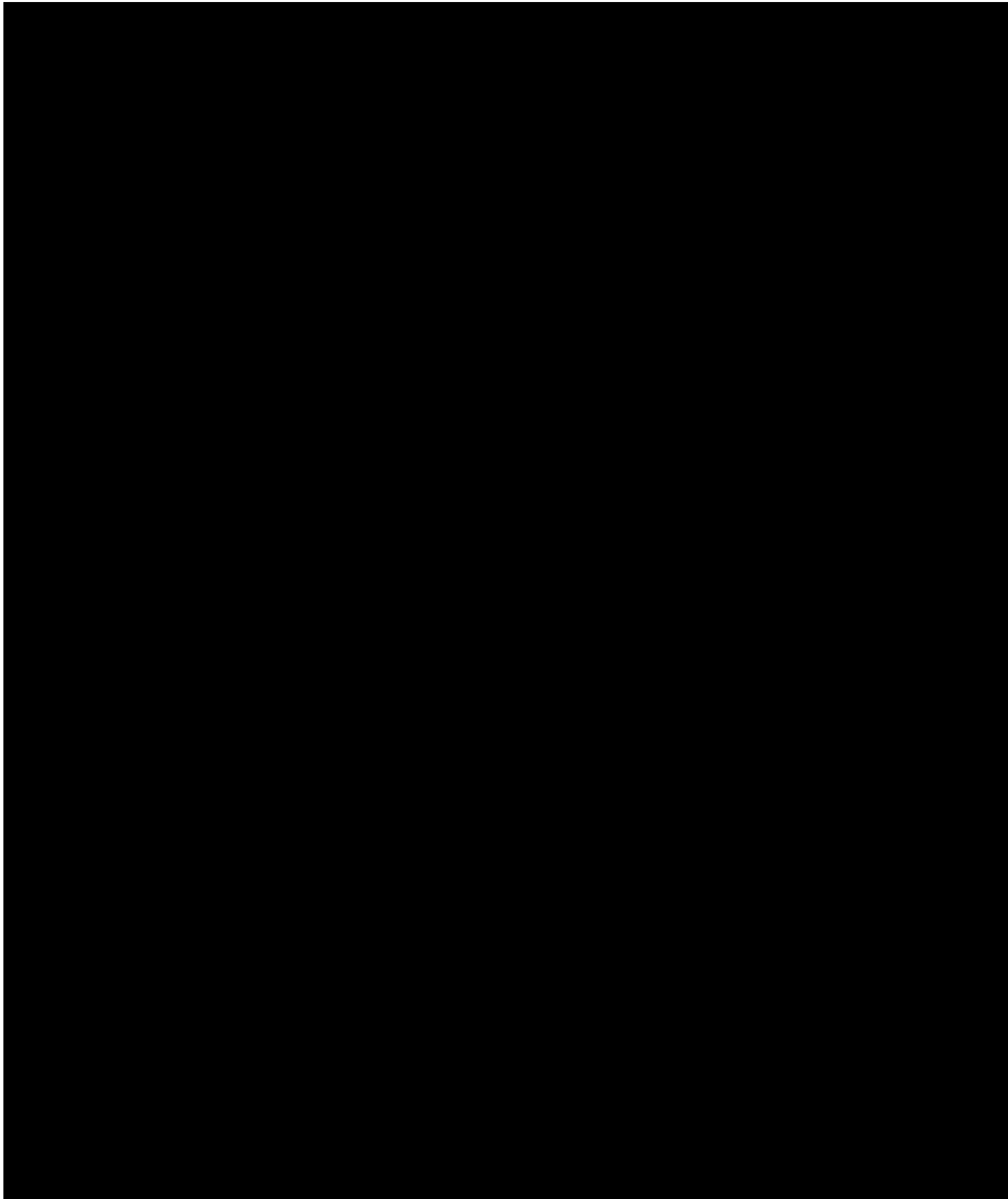
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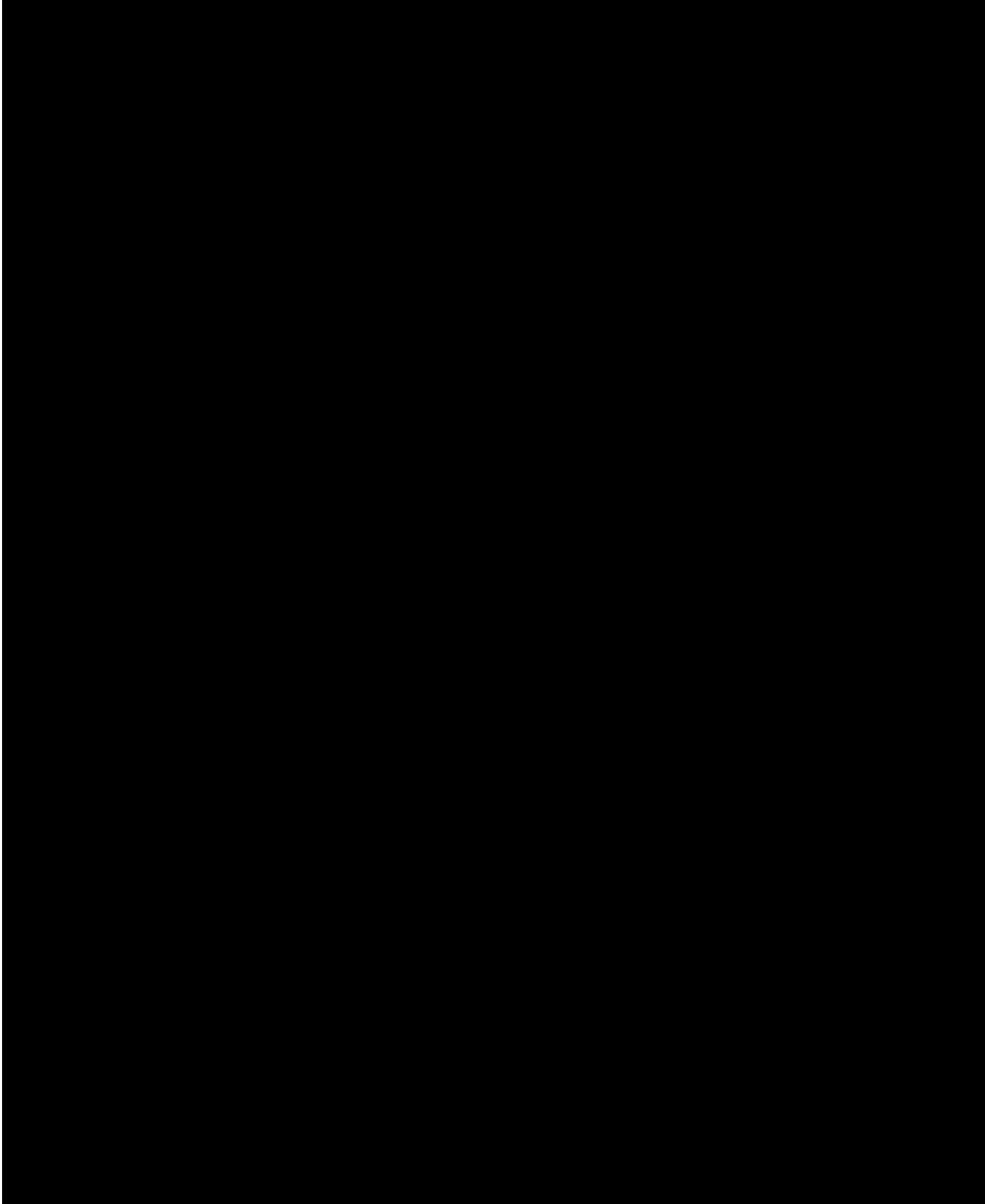
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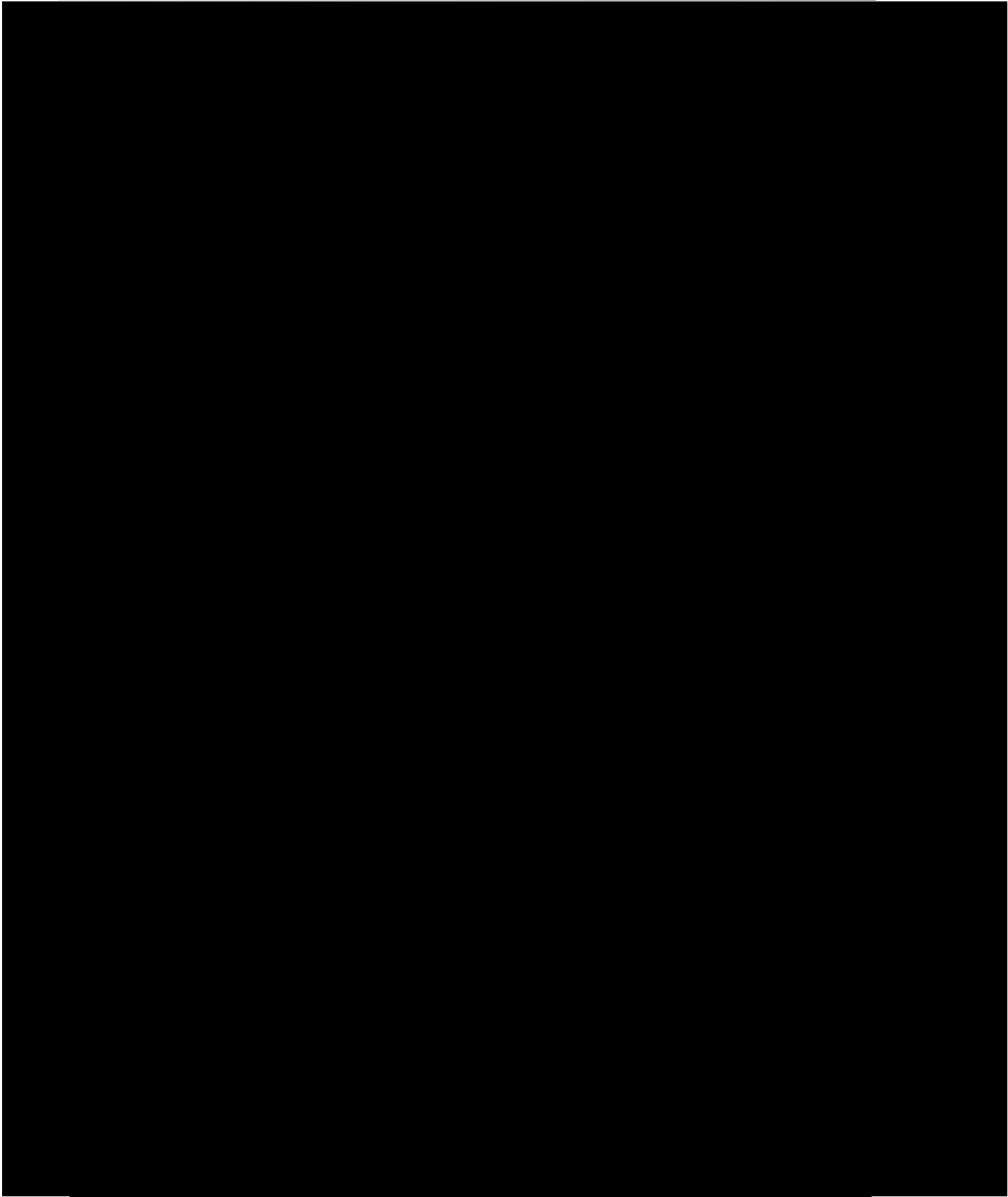
Regulated Electric Risk Limits



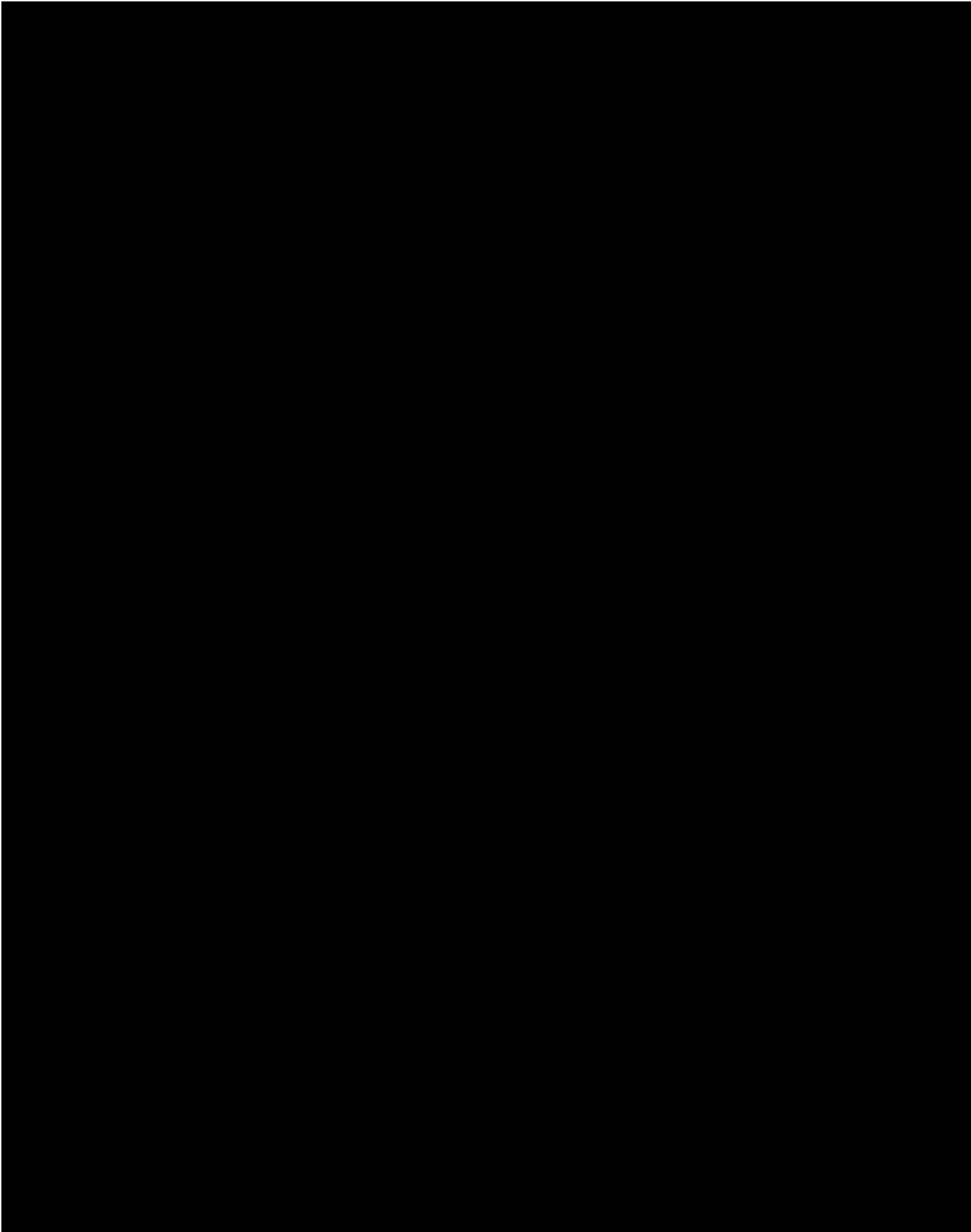
Regulated Electric Risk Limits



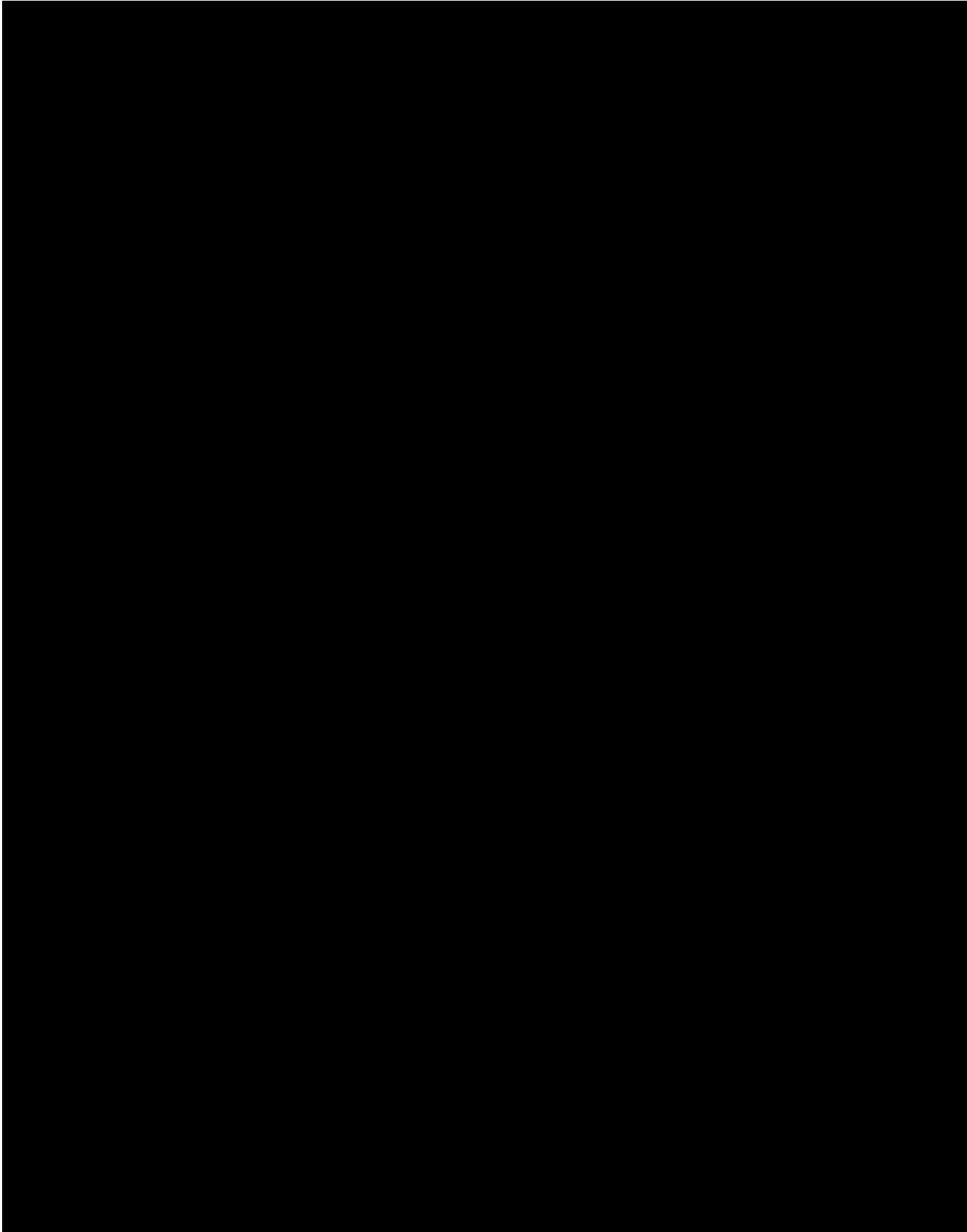
Regulated Electric Risk Limits



Regulated Electric Risk Limits



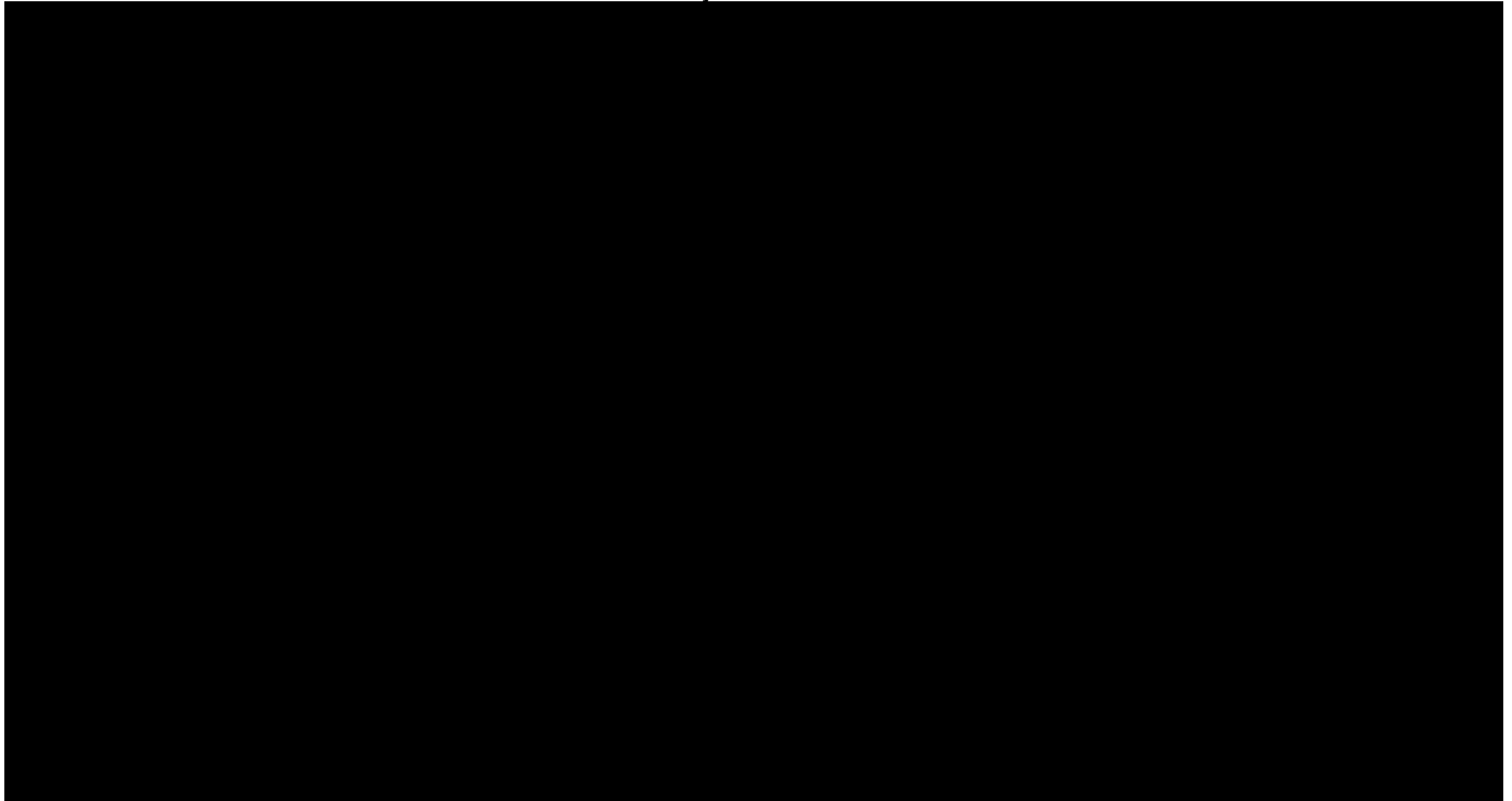
Regulated Electric Risk Limits



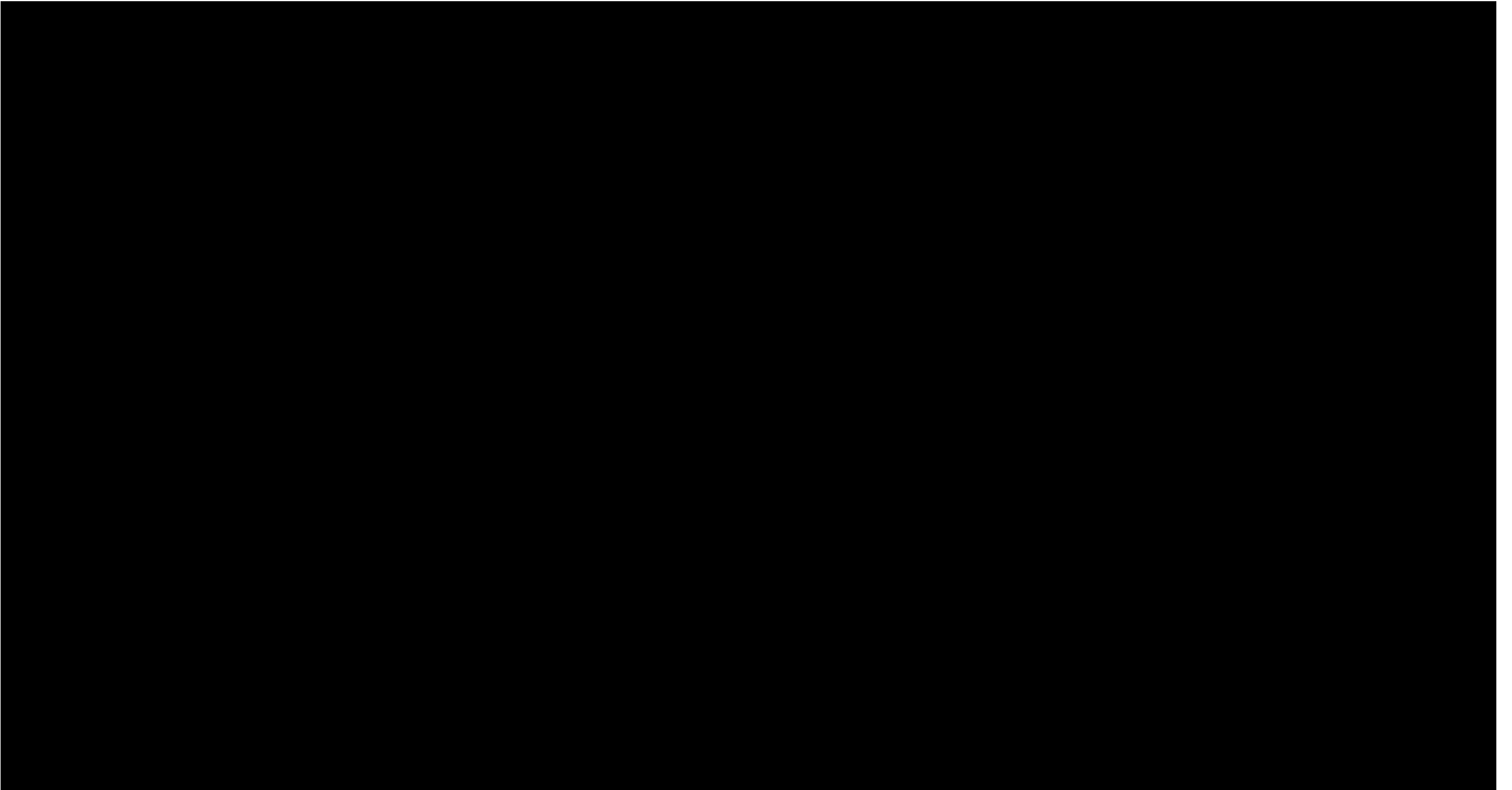
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Attachment B - CONFIDENTIAL

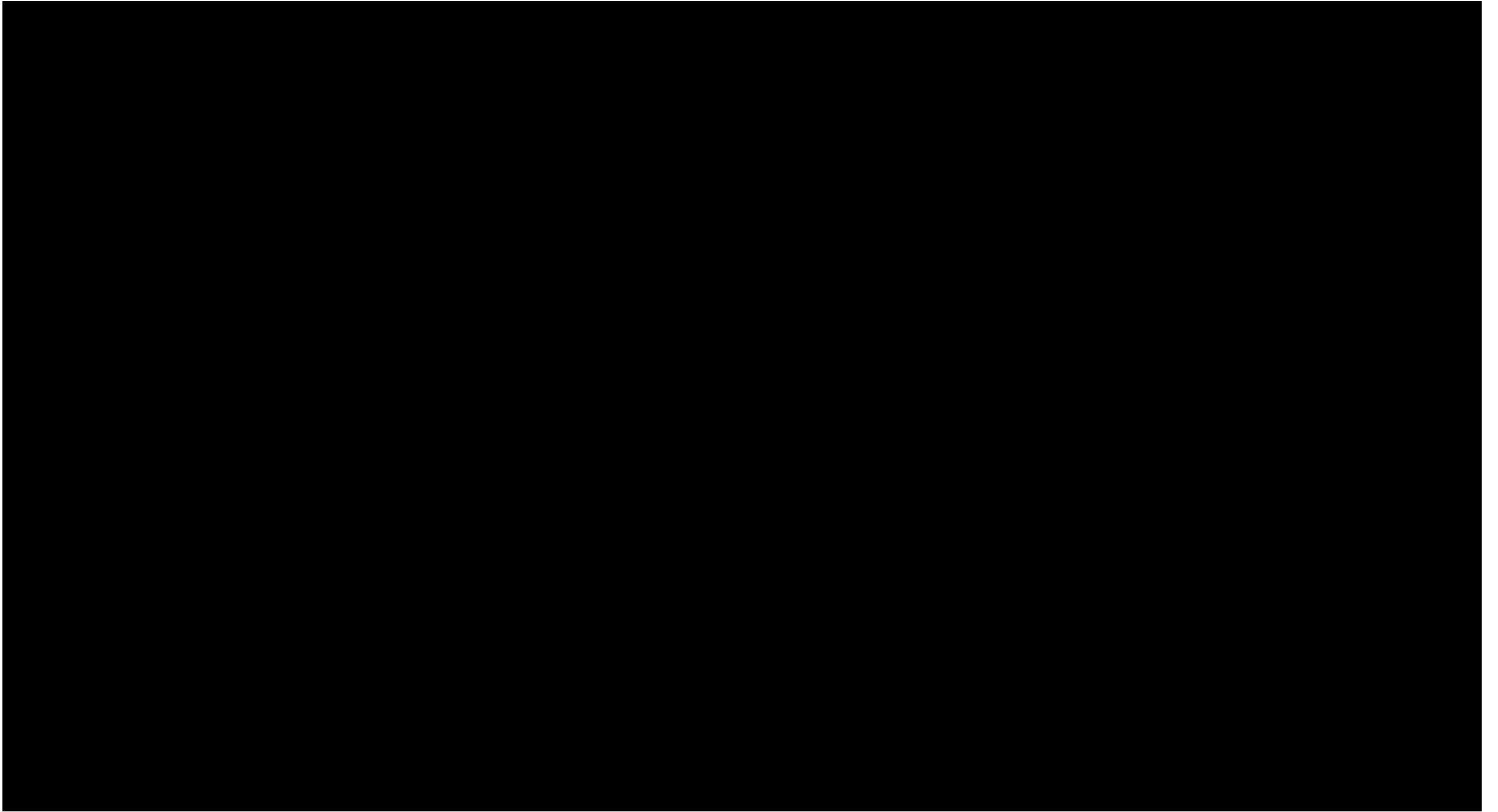
Authority Limit Matrix



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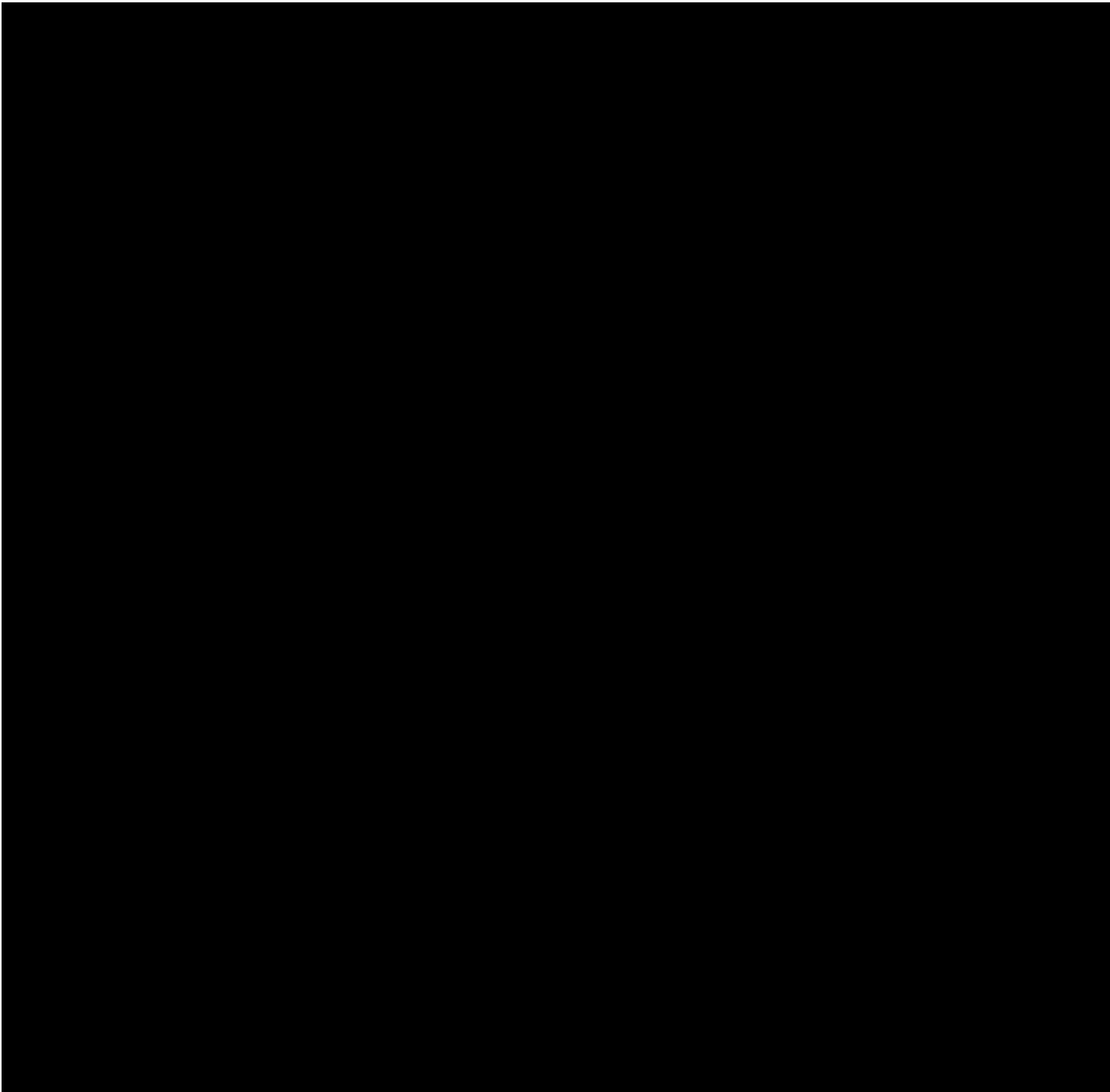
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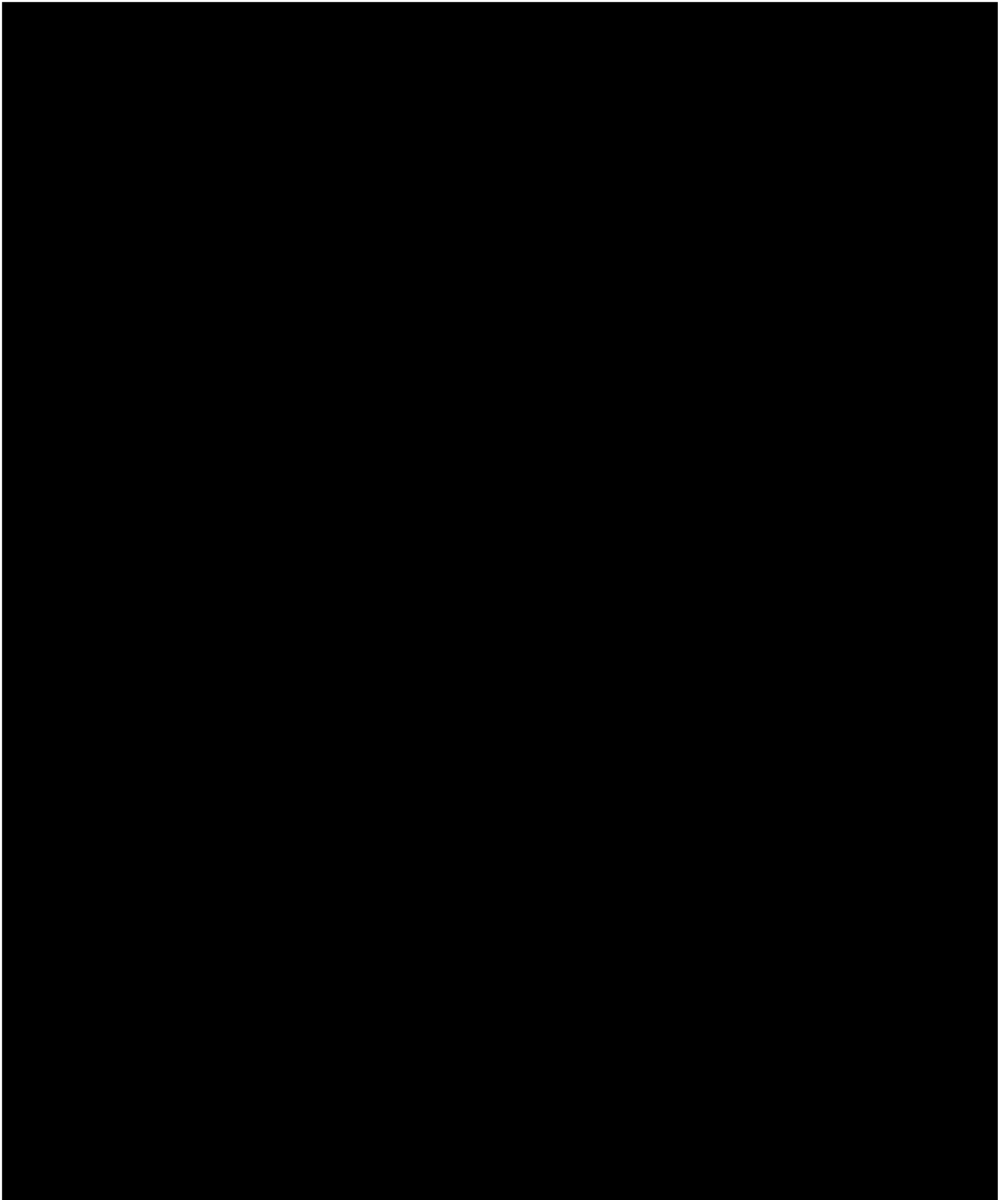


Duke Energy Policy Statement

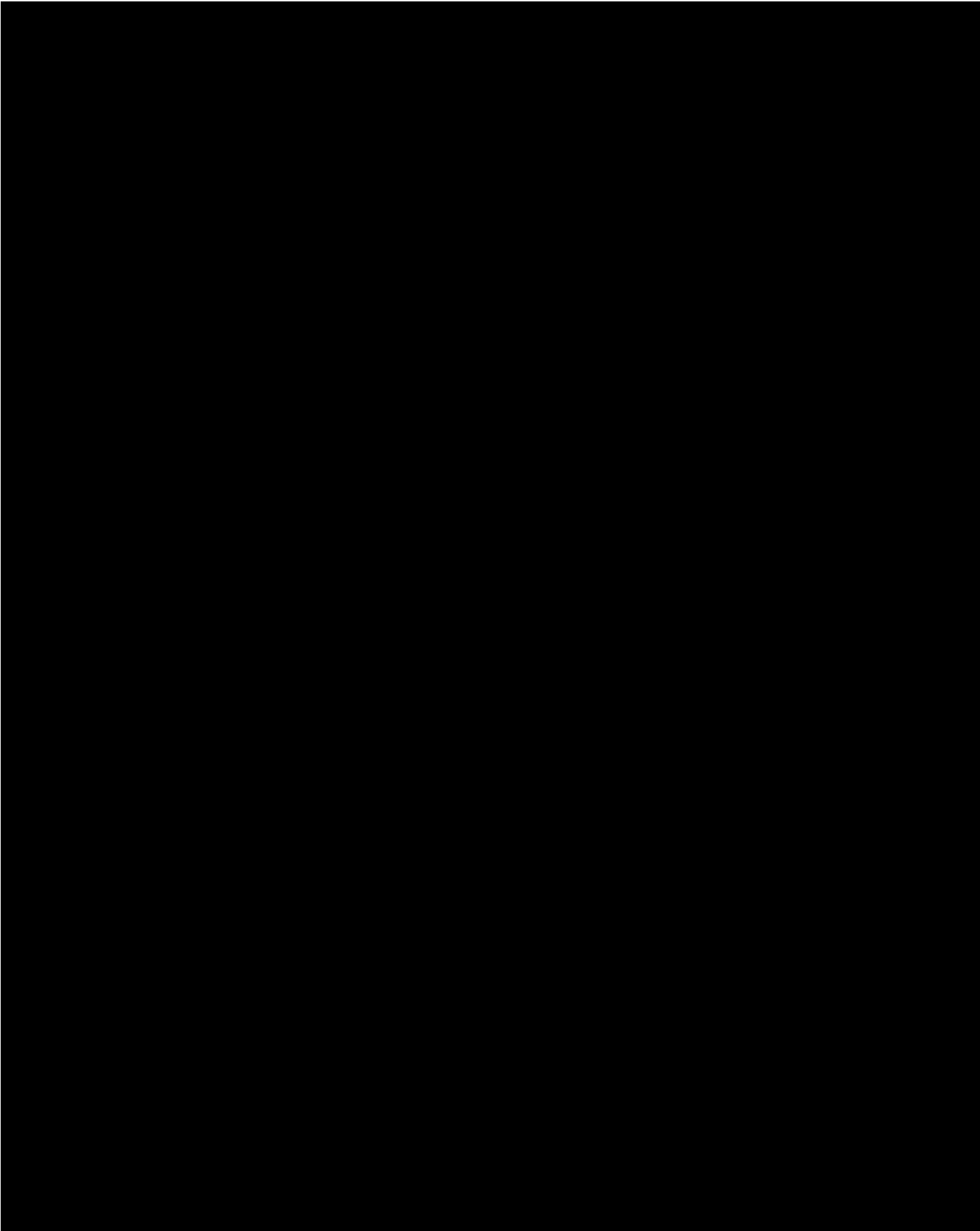
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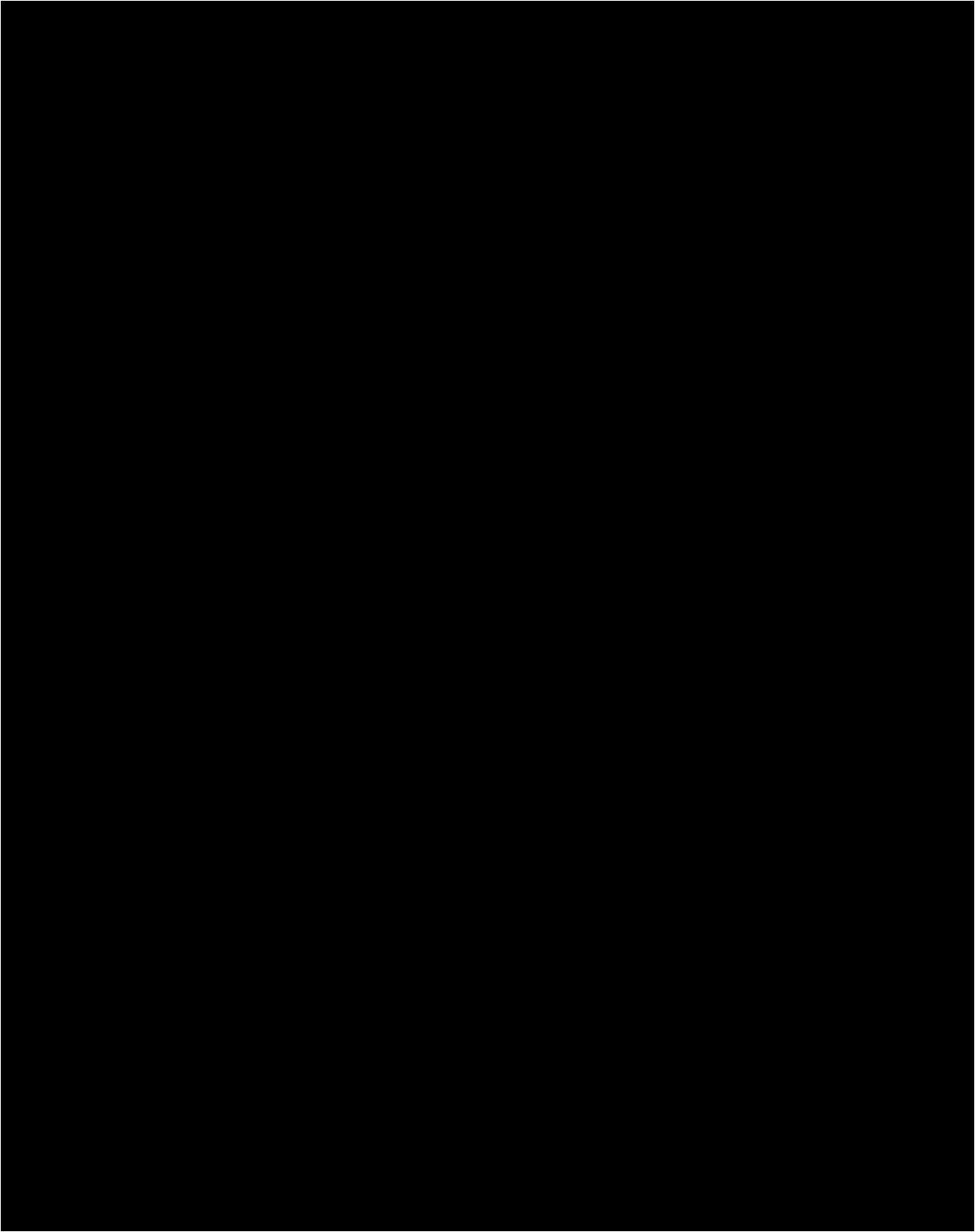


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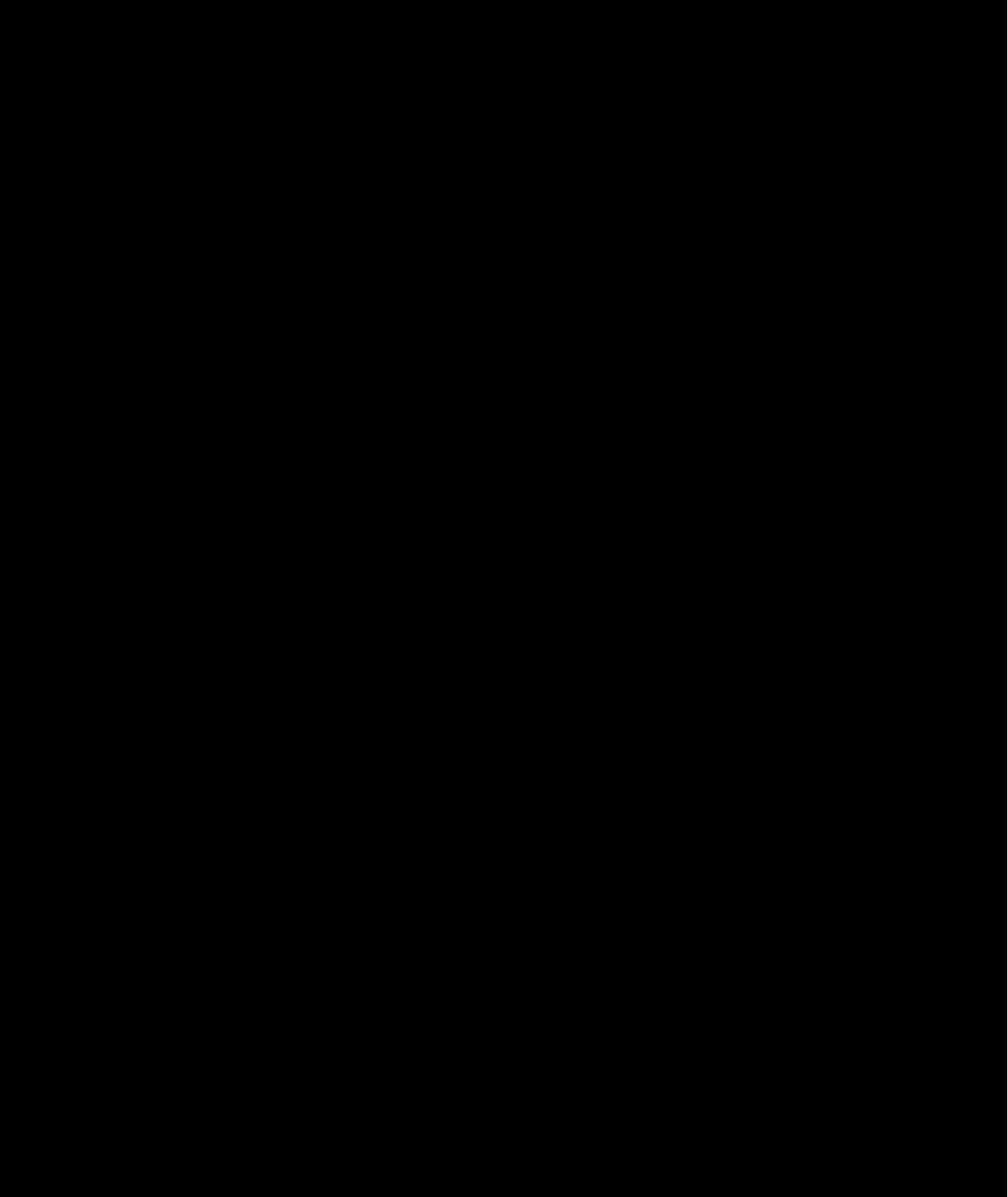


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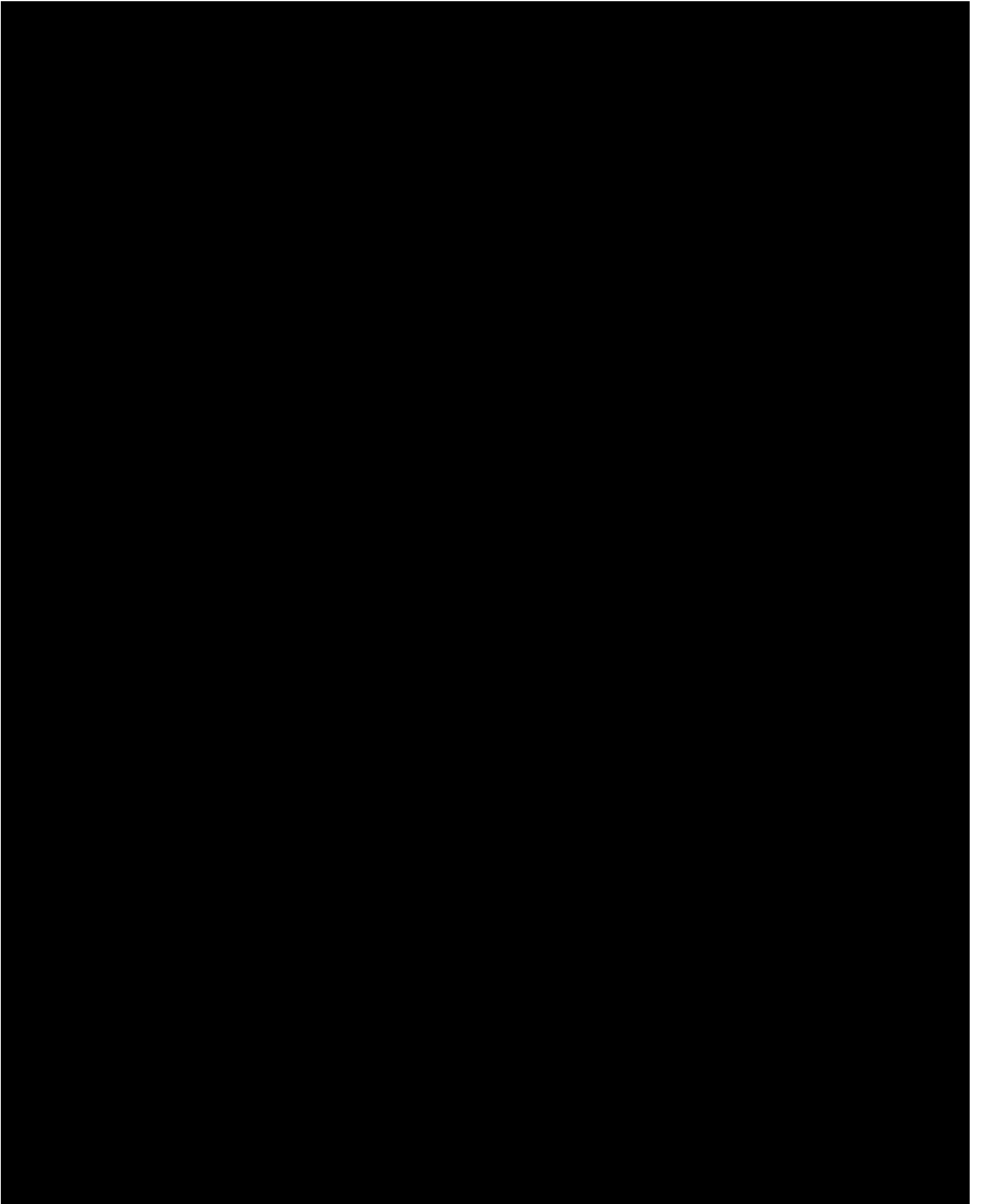




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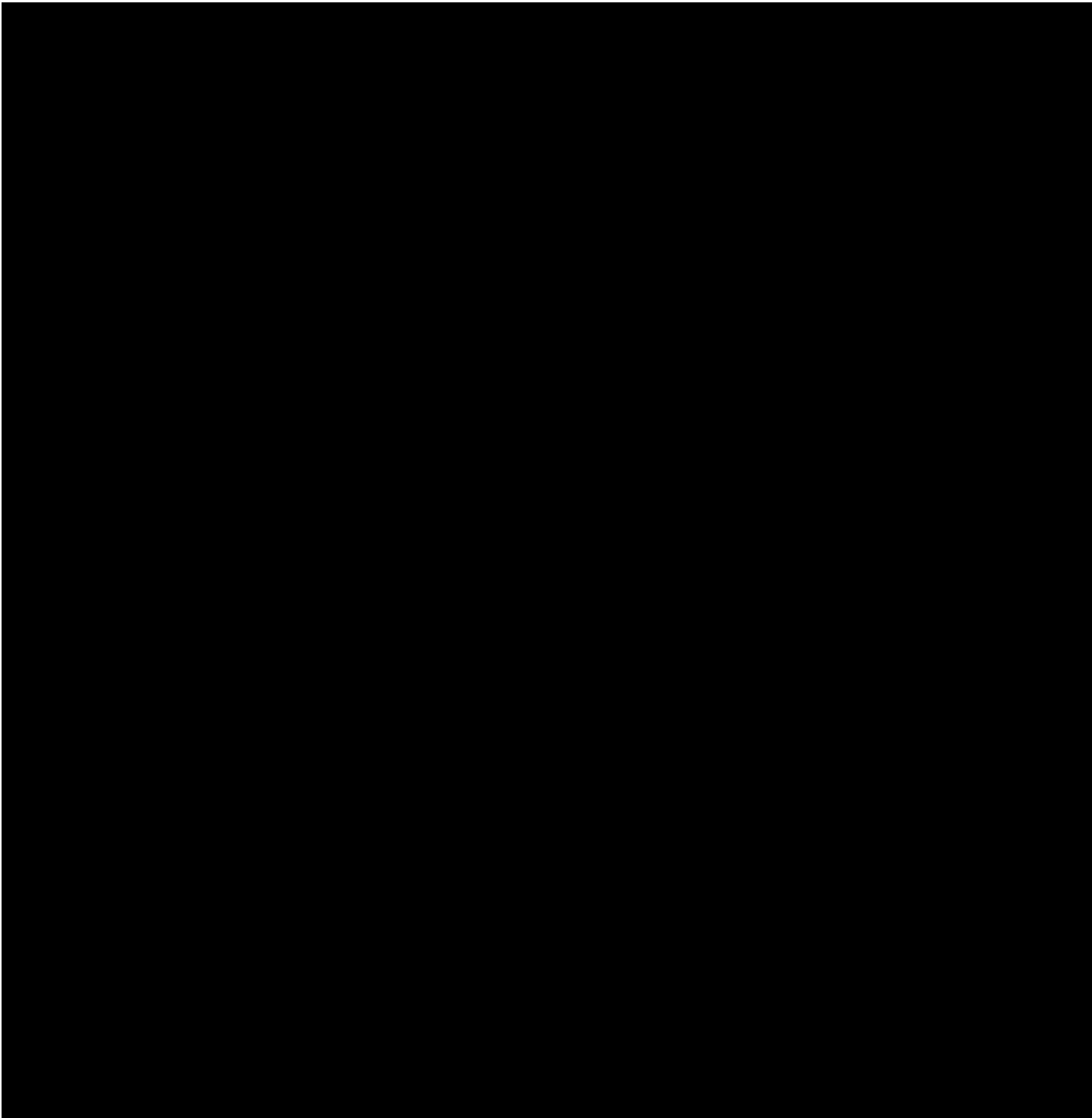




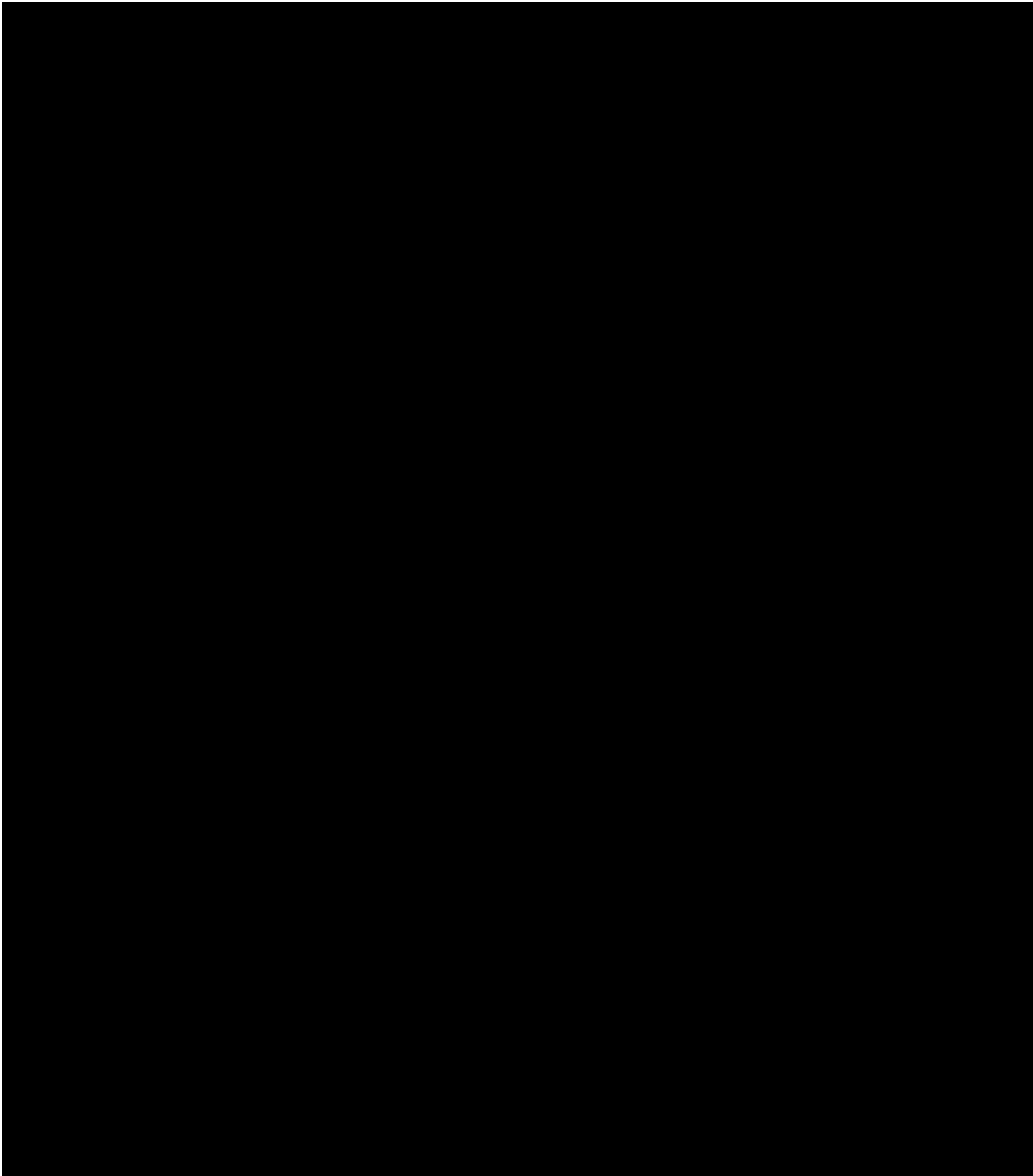
Attachment D - CONFIDENTIAL

Duke Energy Policy Statement

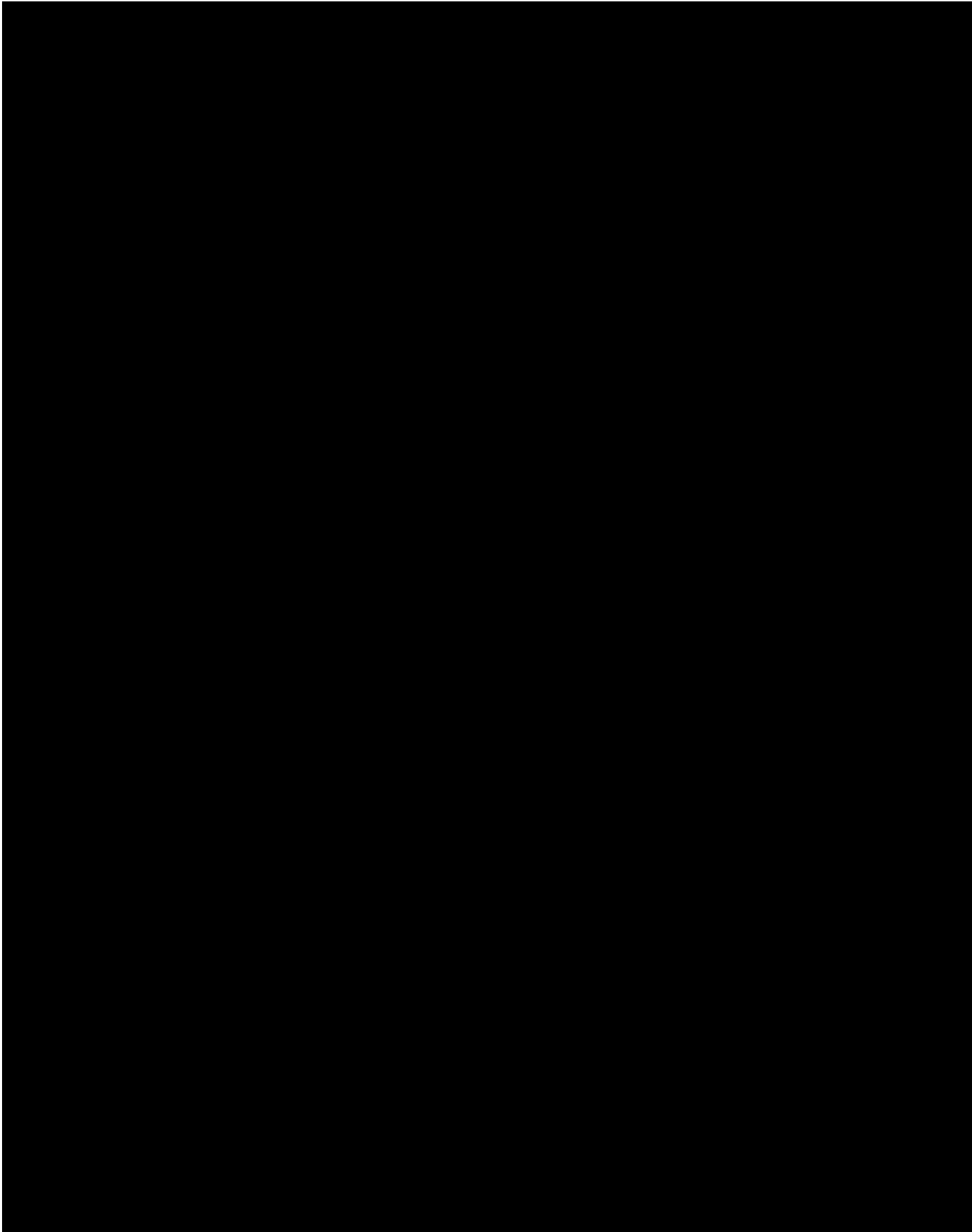
Credit Policy



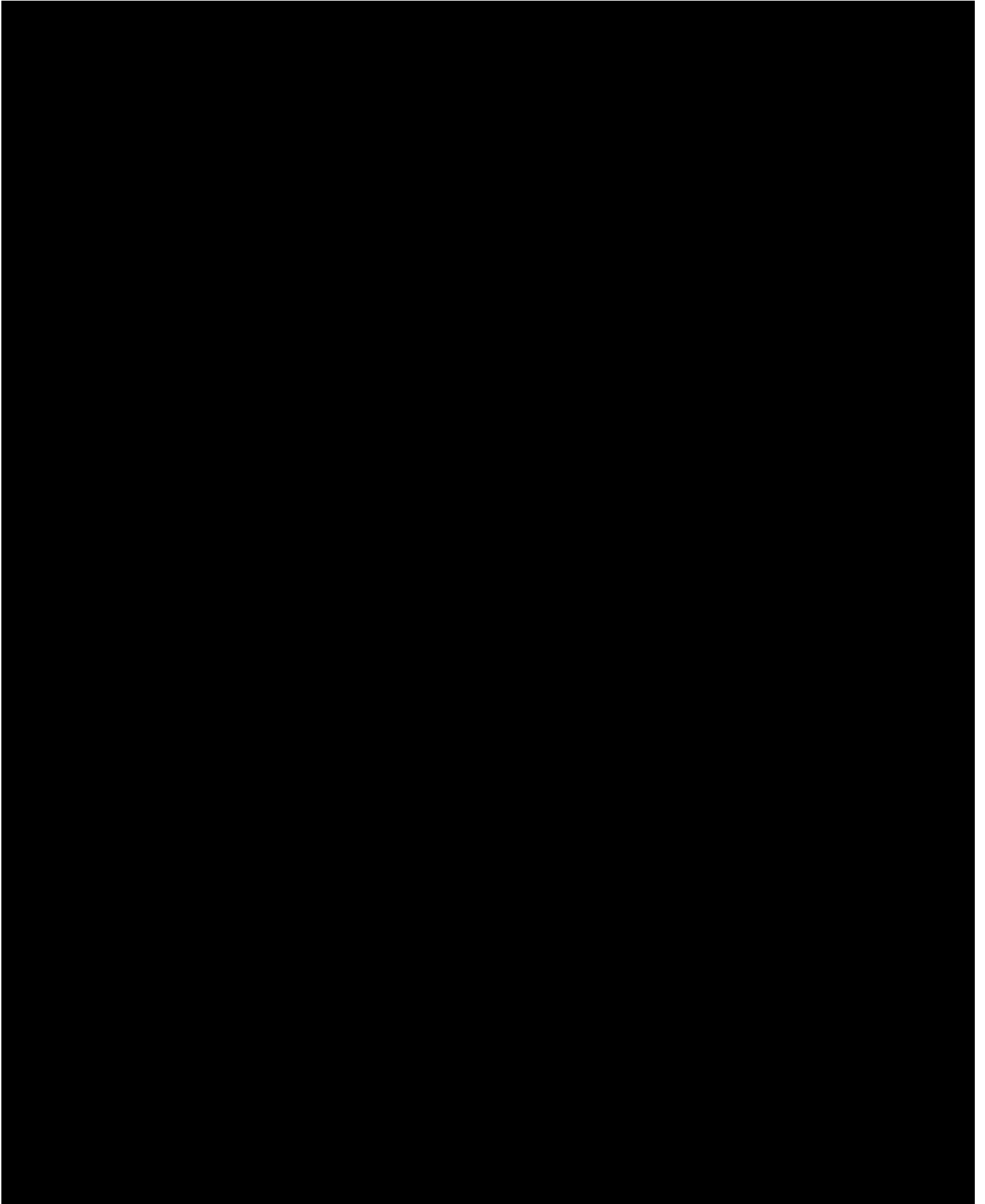
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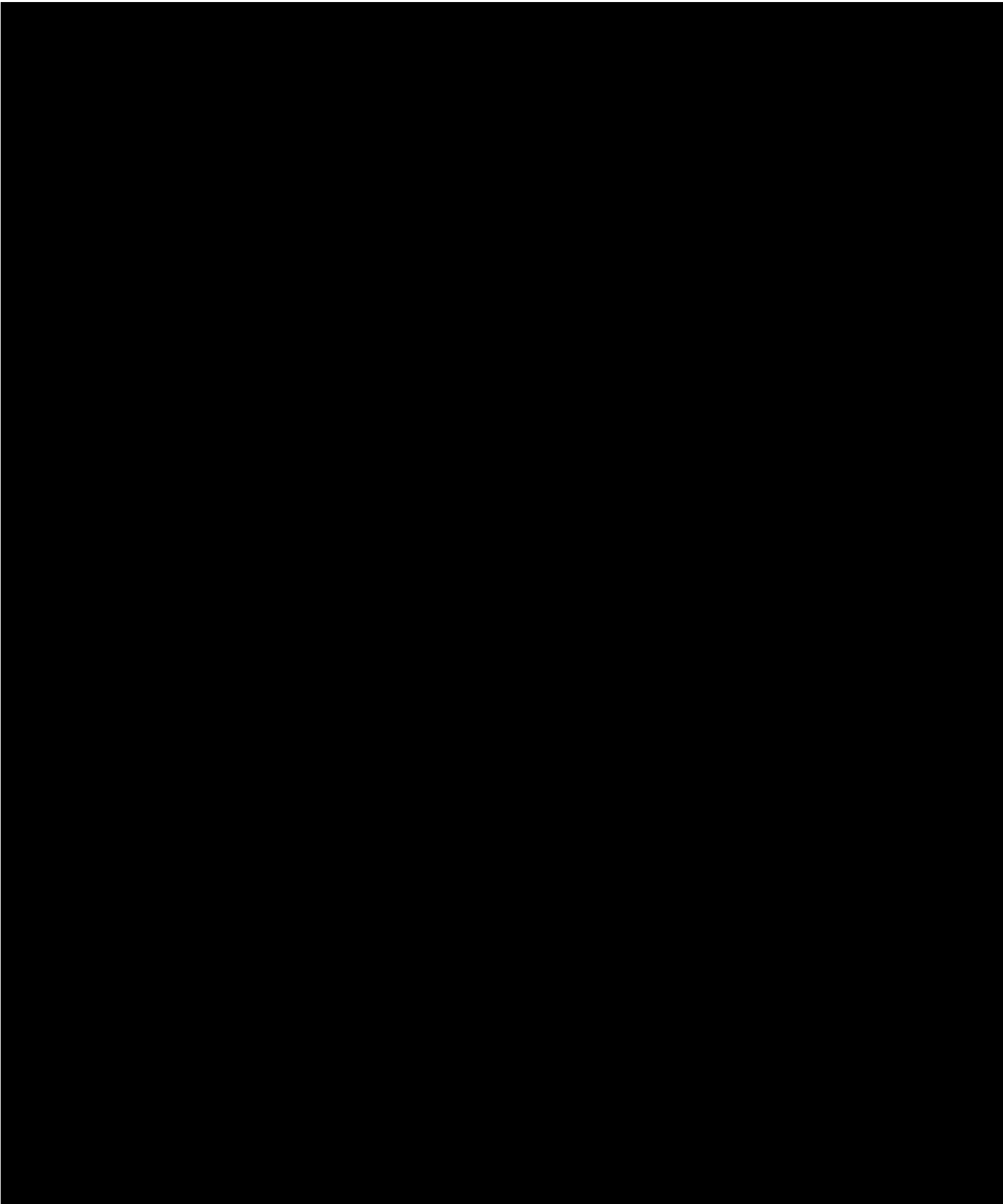
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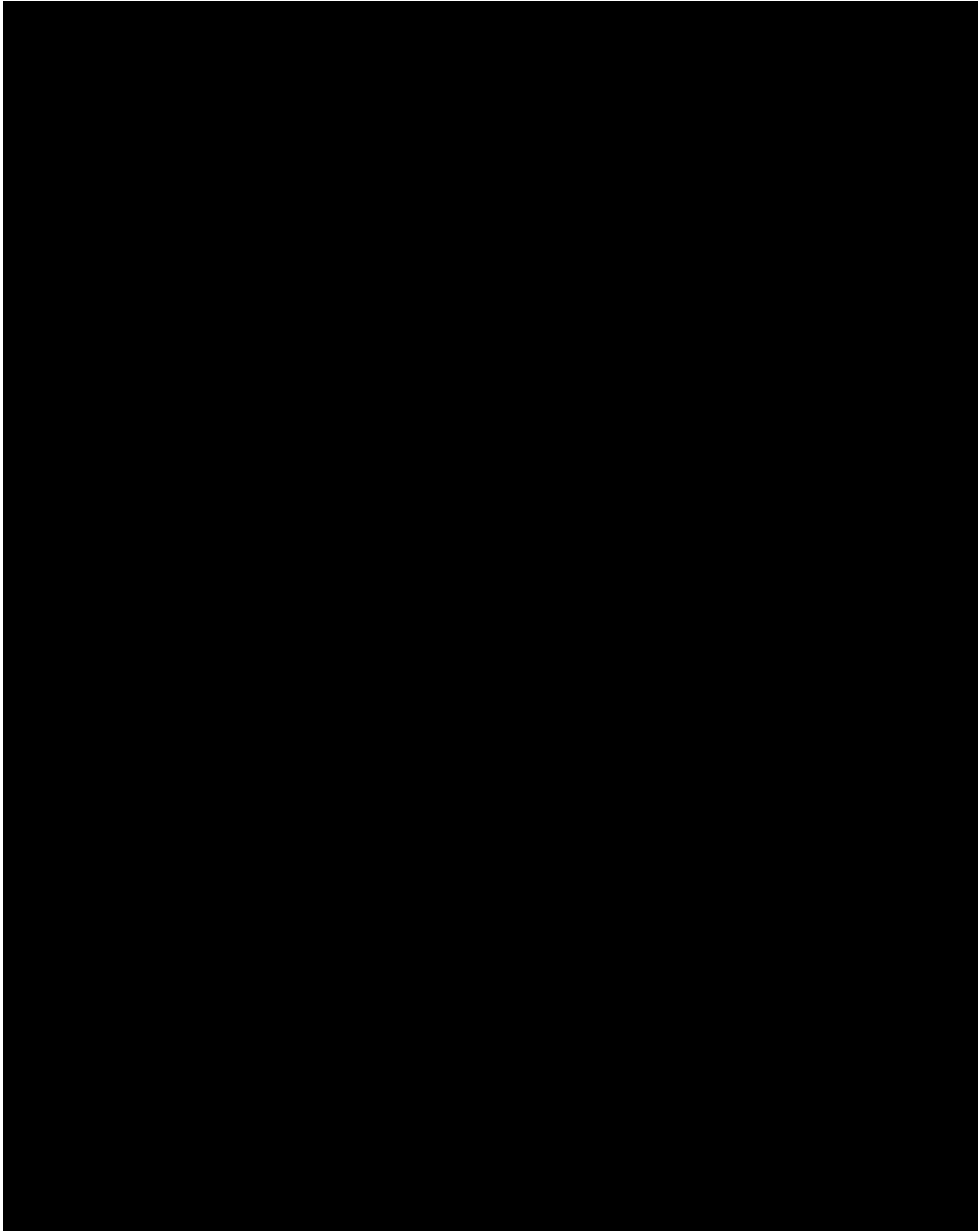
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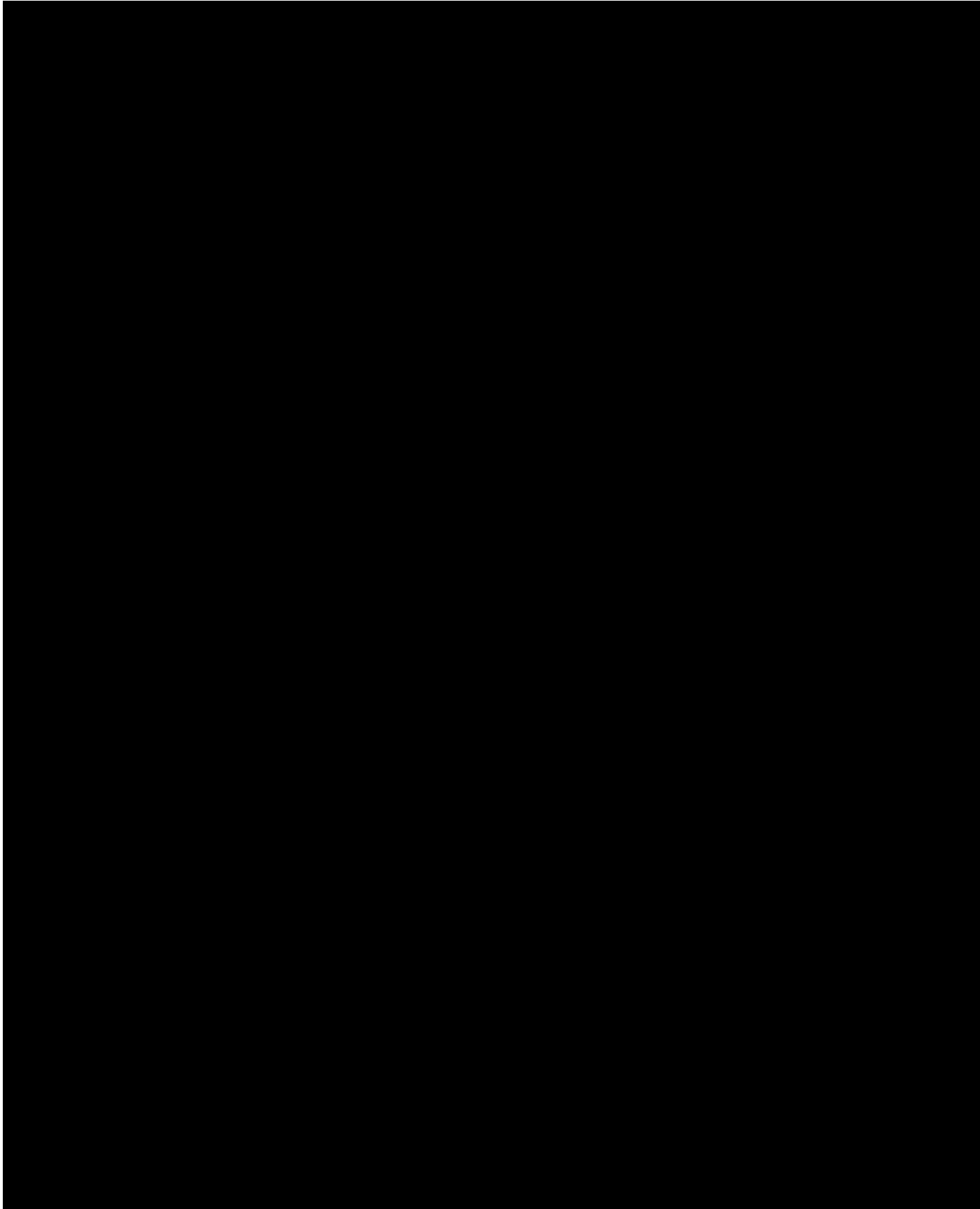
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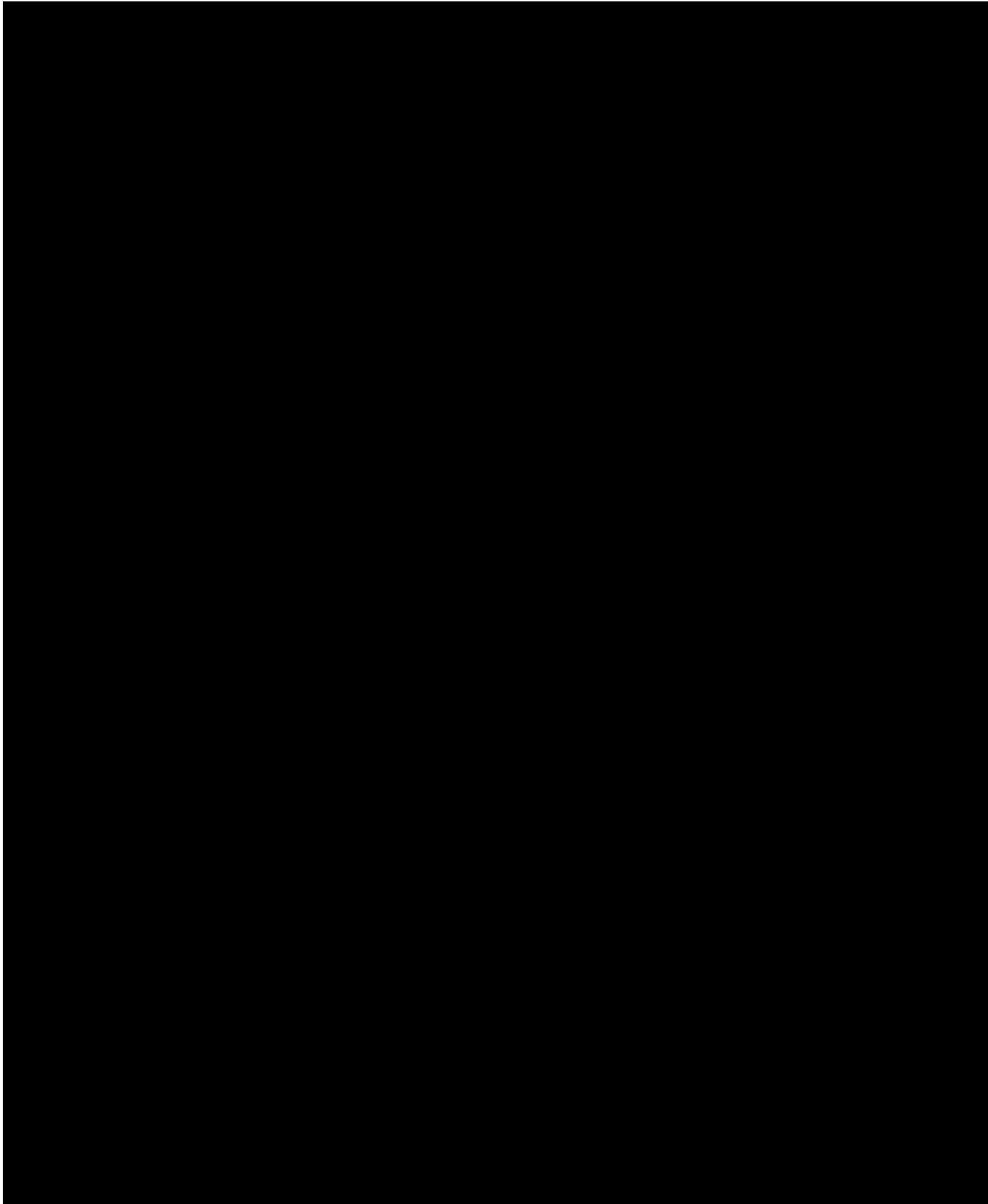
Regulated Utilities Credit Limits (DEF)



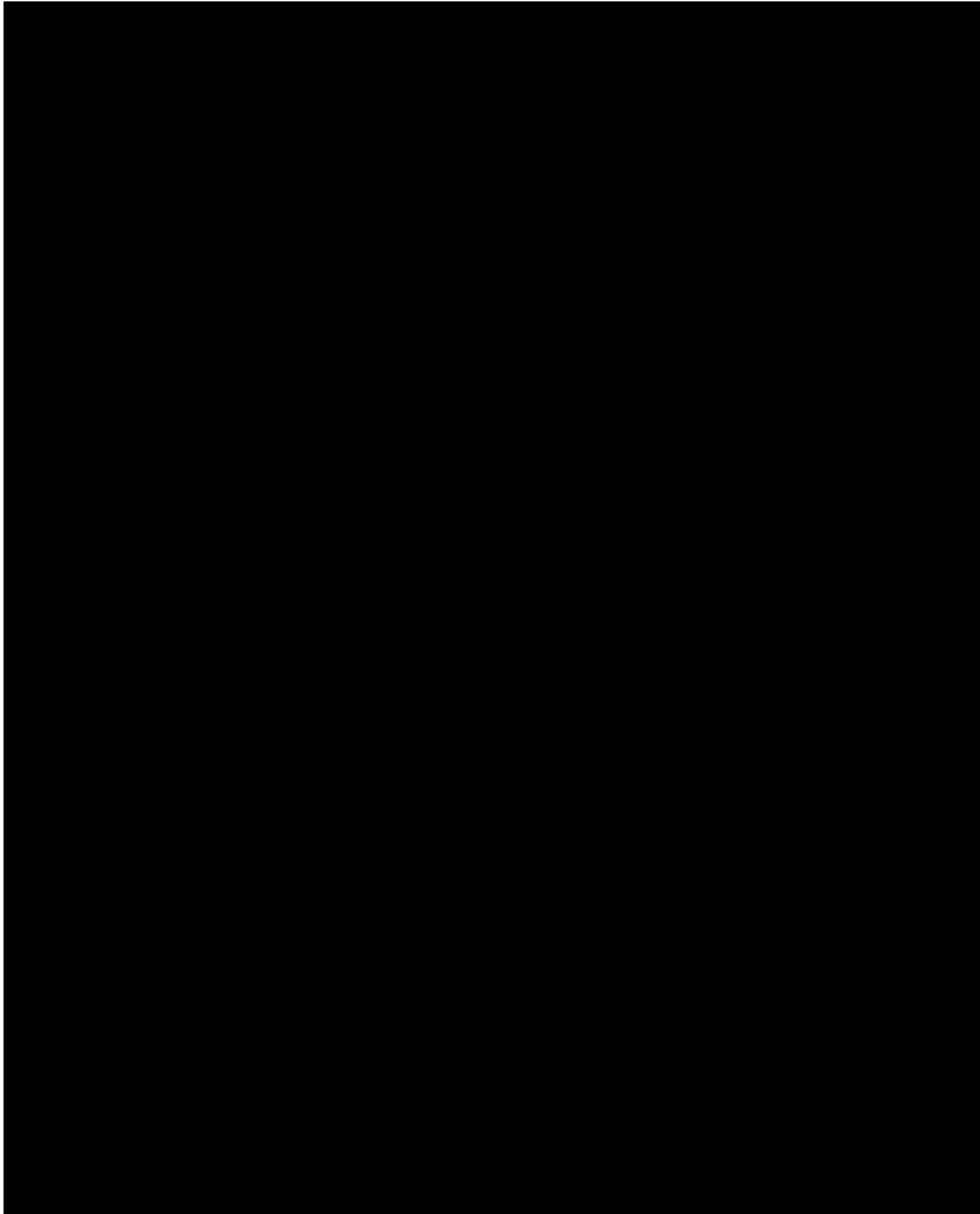
Regulated Utilities Credit Limits (DEF)



Regulated Utilities Credit Limits (DEF)



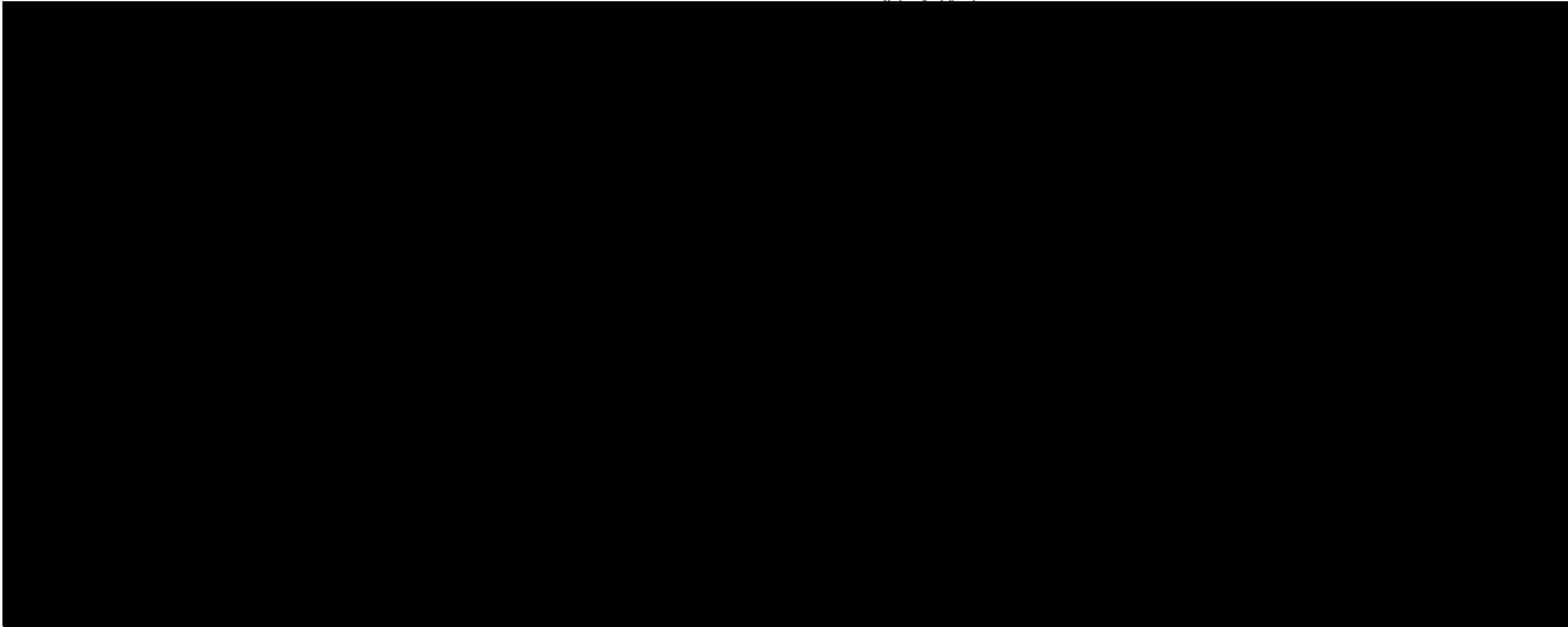
Regulated Utilities Credit Limits (DEF)



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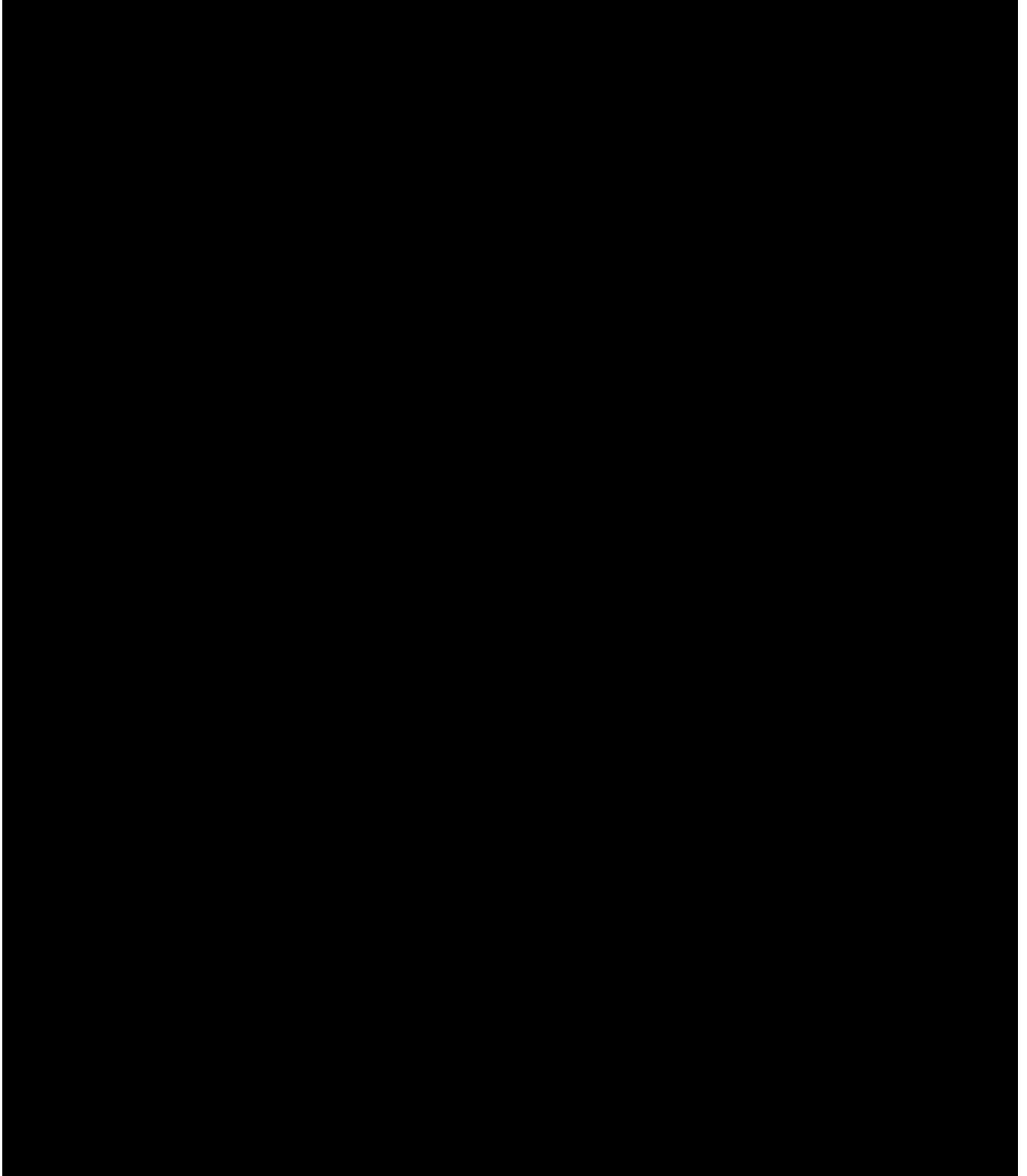
Duke Energy Corporation
Regulated Electric
Risk Management Control Manual

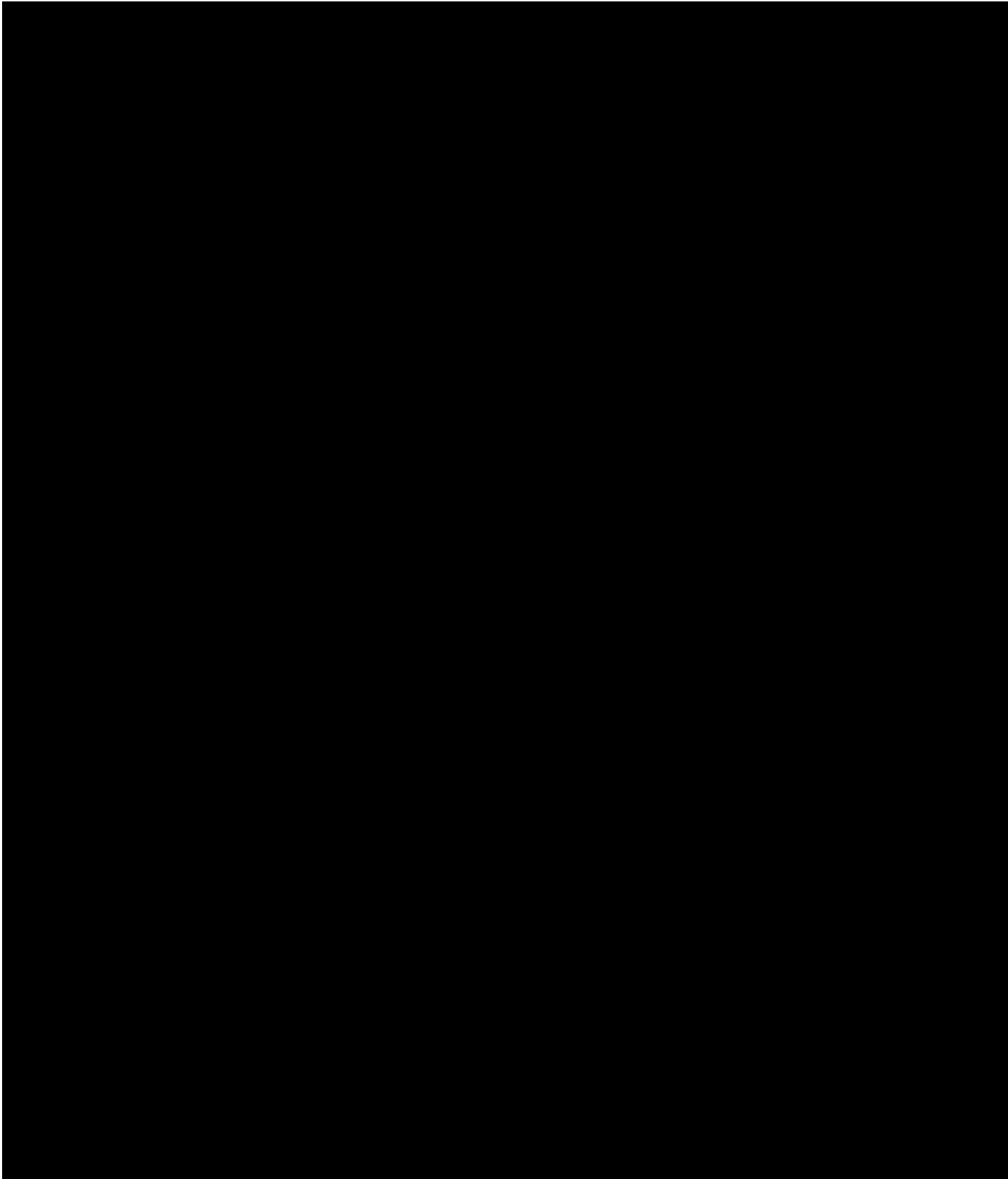


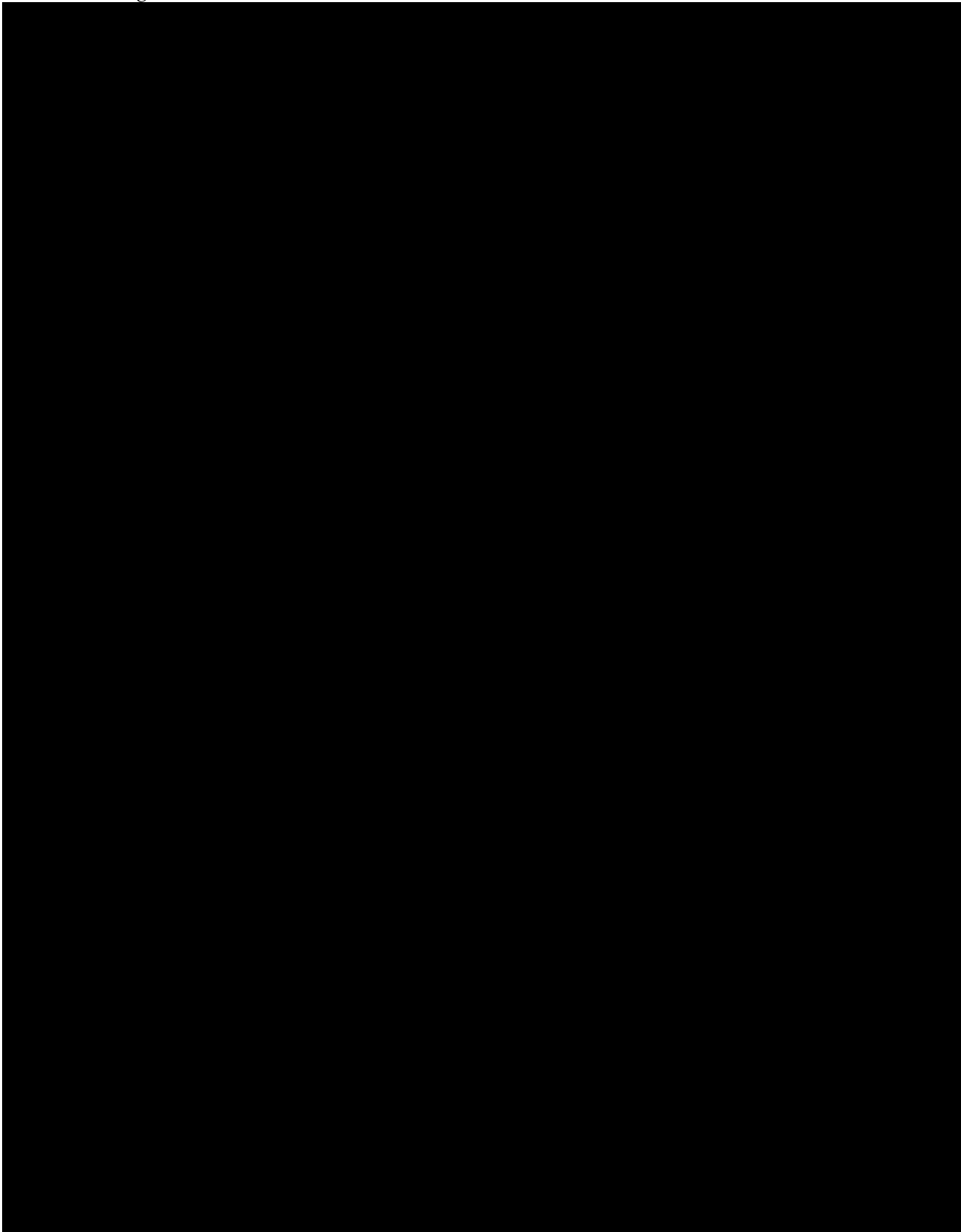
March 2023



Risk Management Controls and Procedures for Fuels & Systems Optimization and Distributed Energy Resources

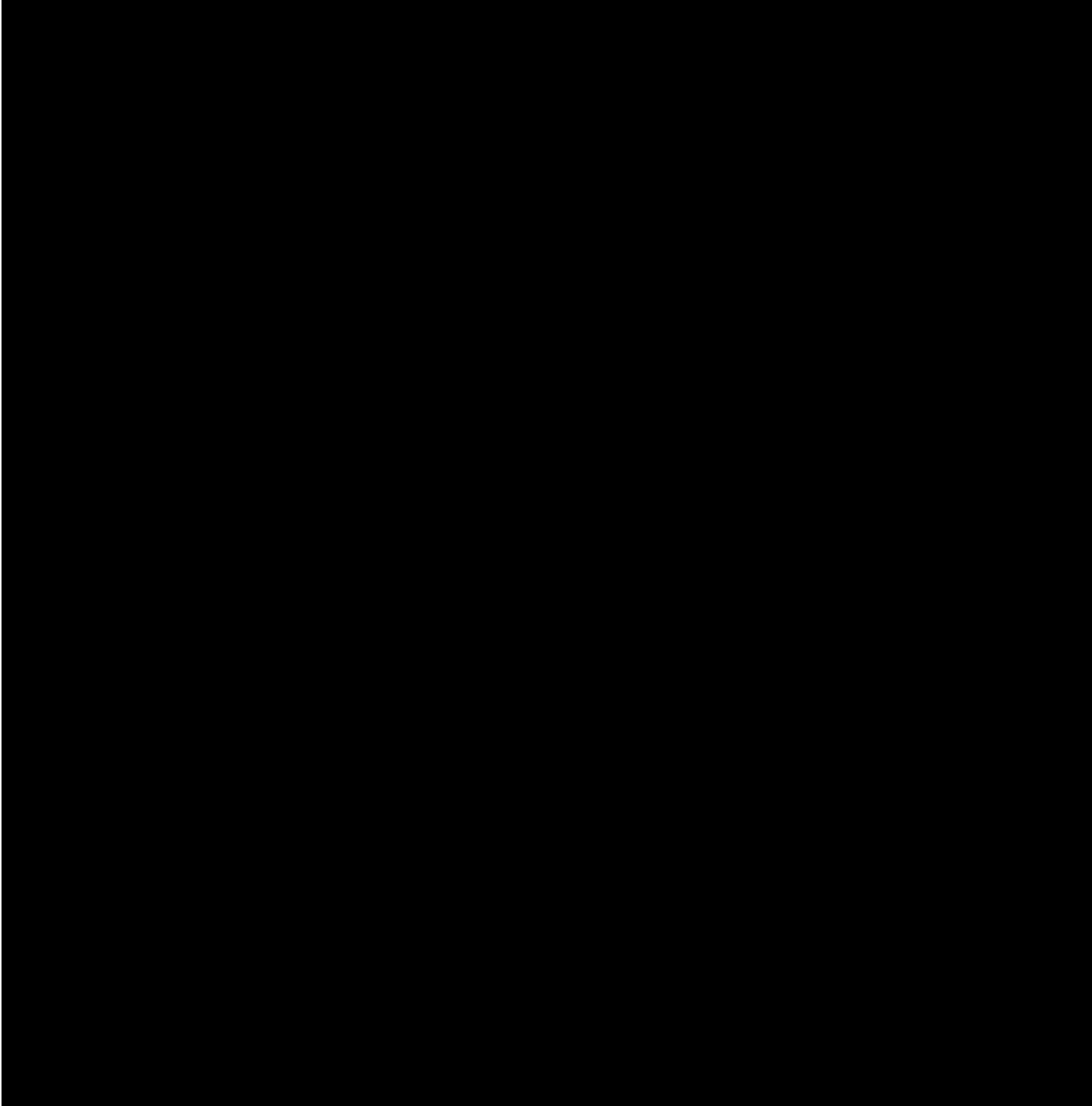


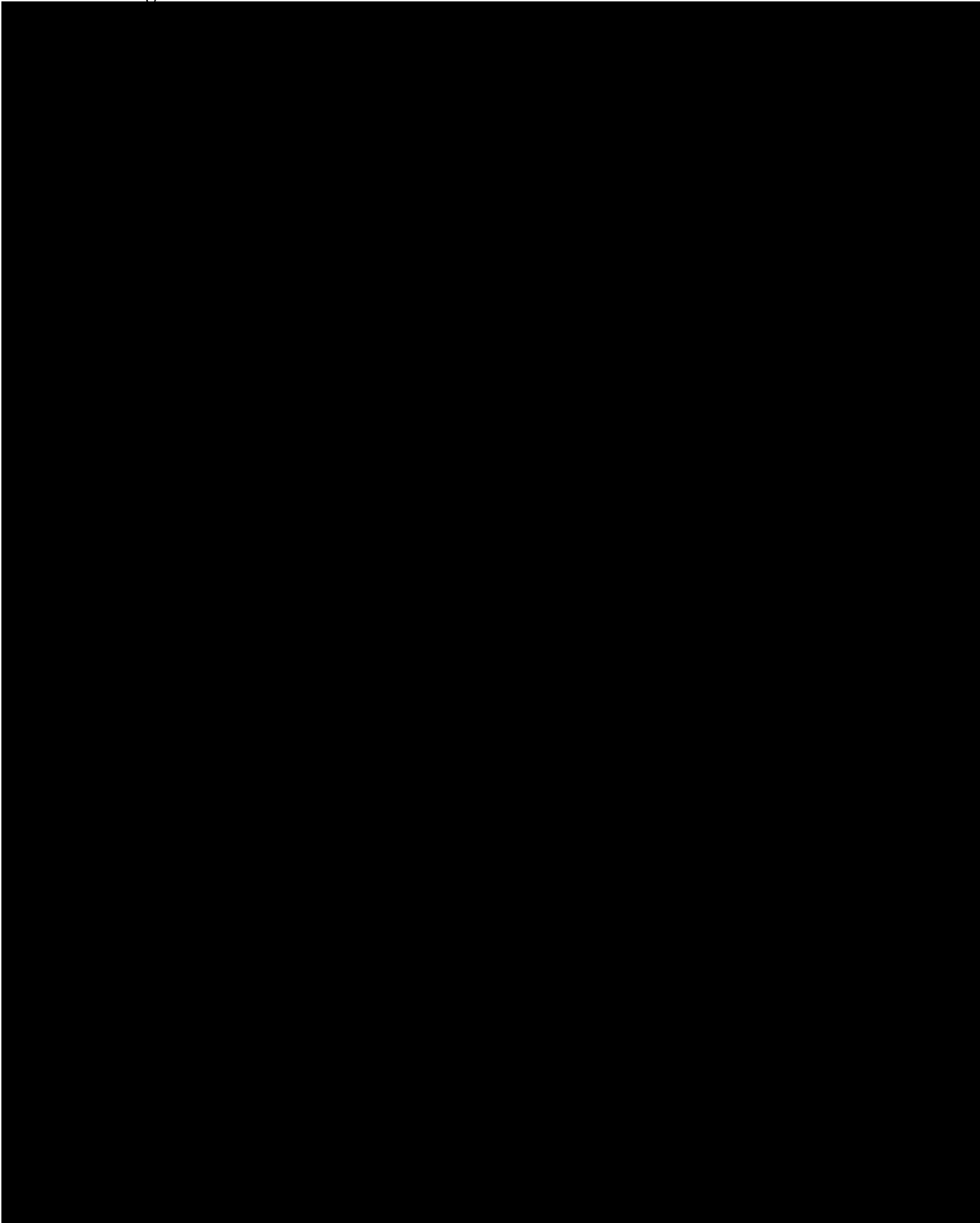


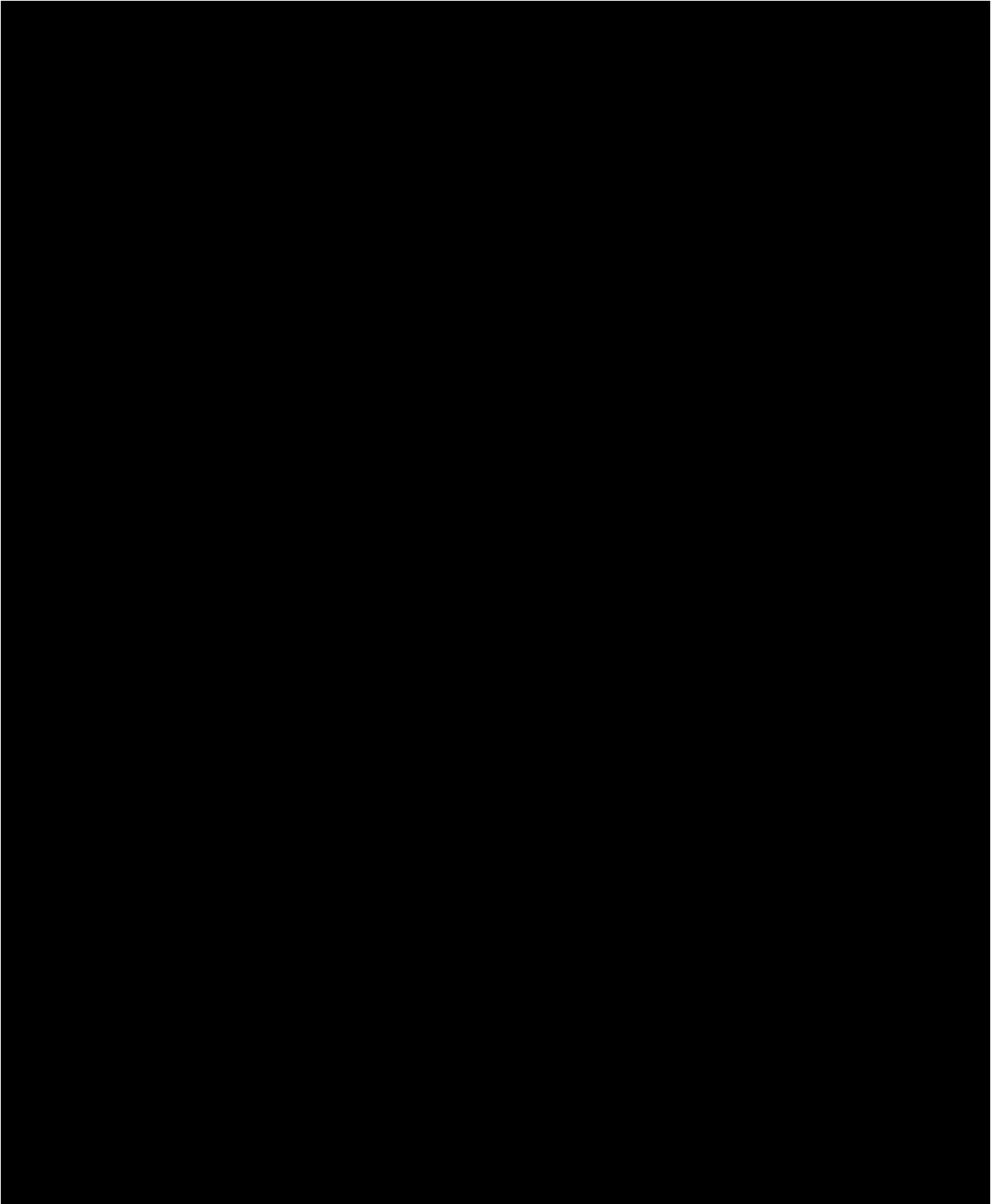


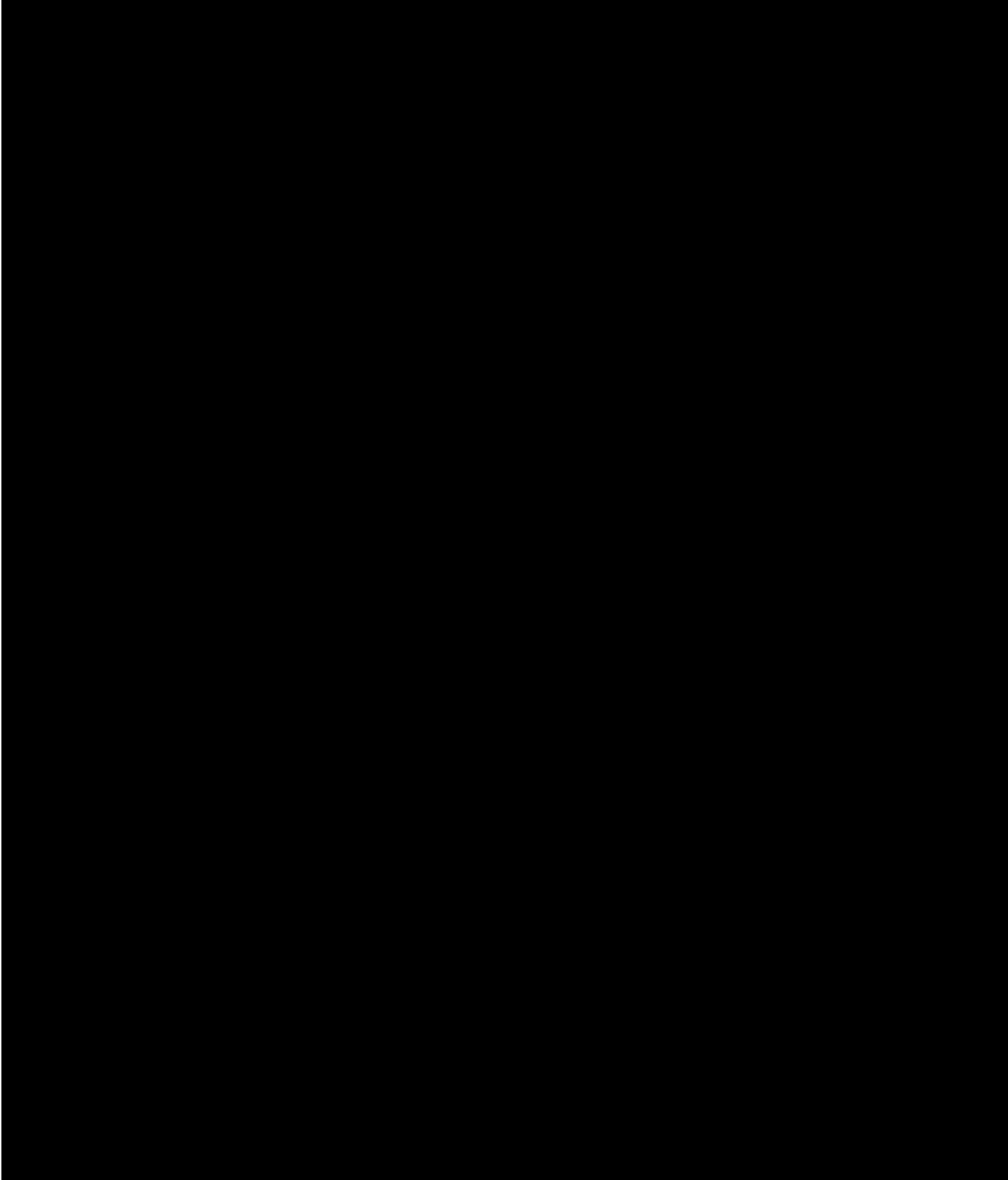


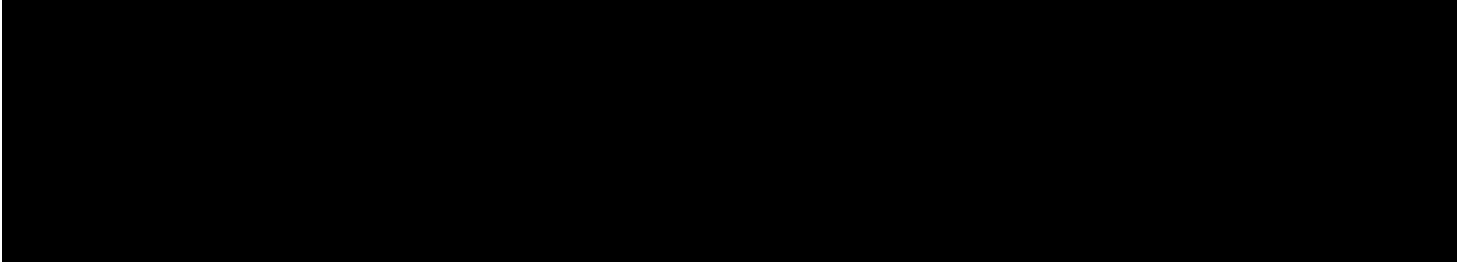
I. Introduction and Purpose



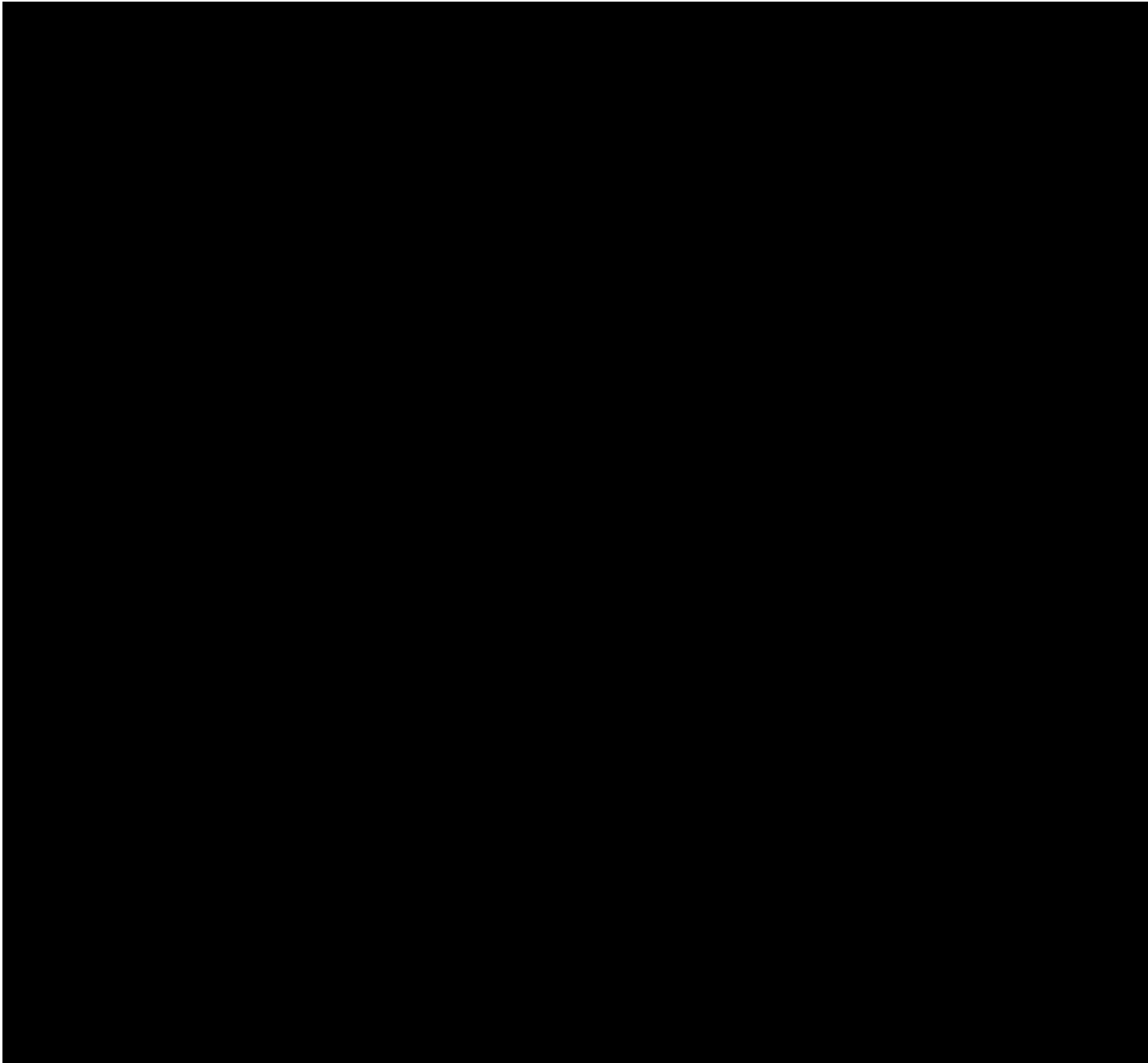


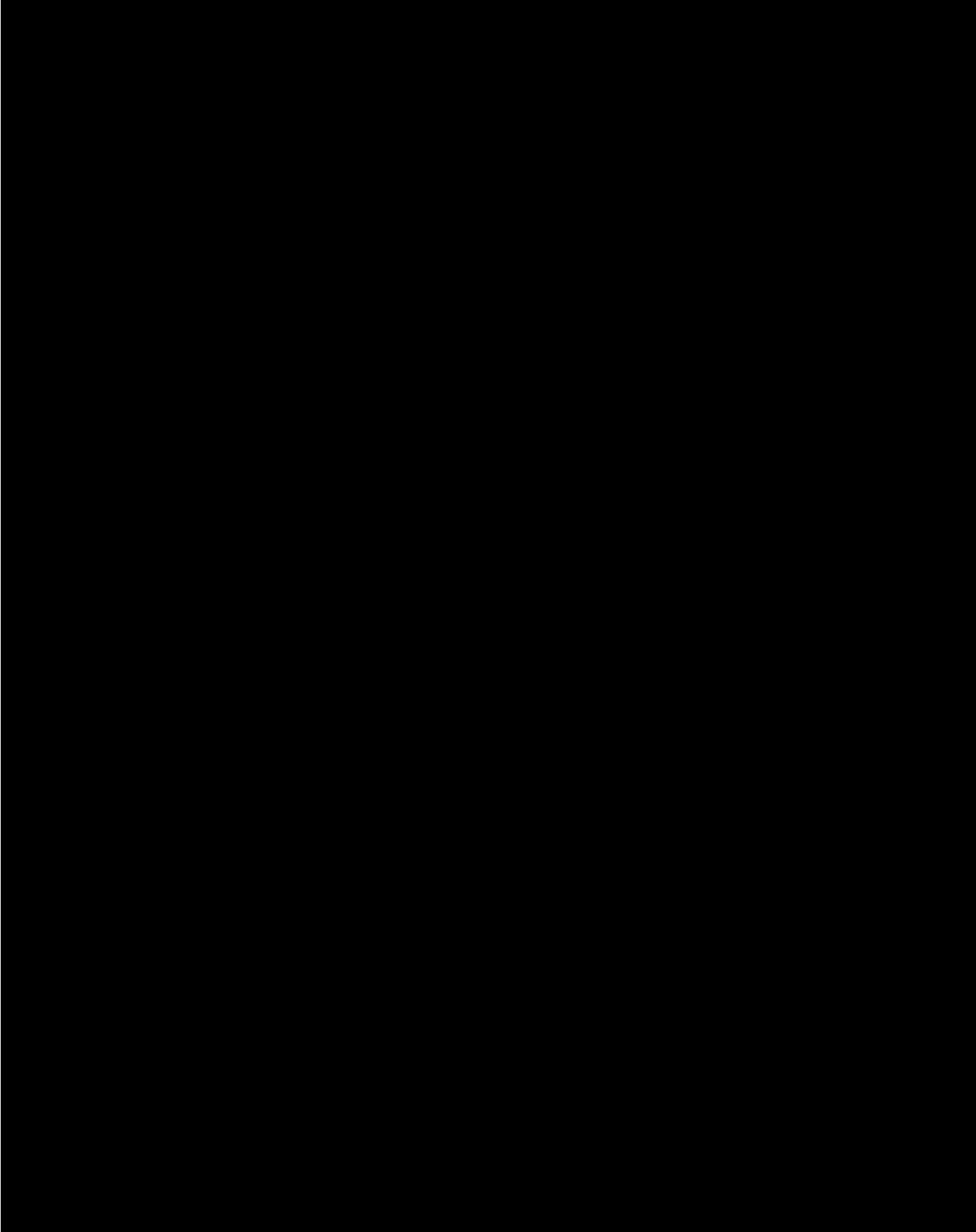


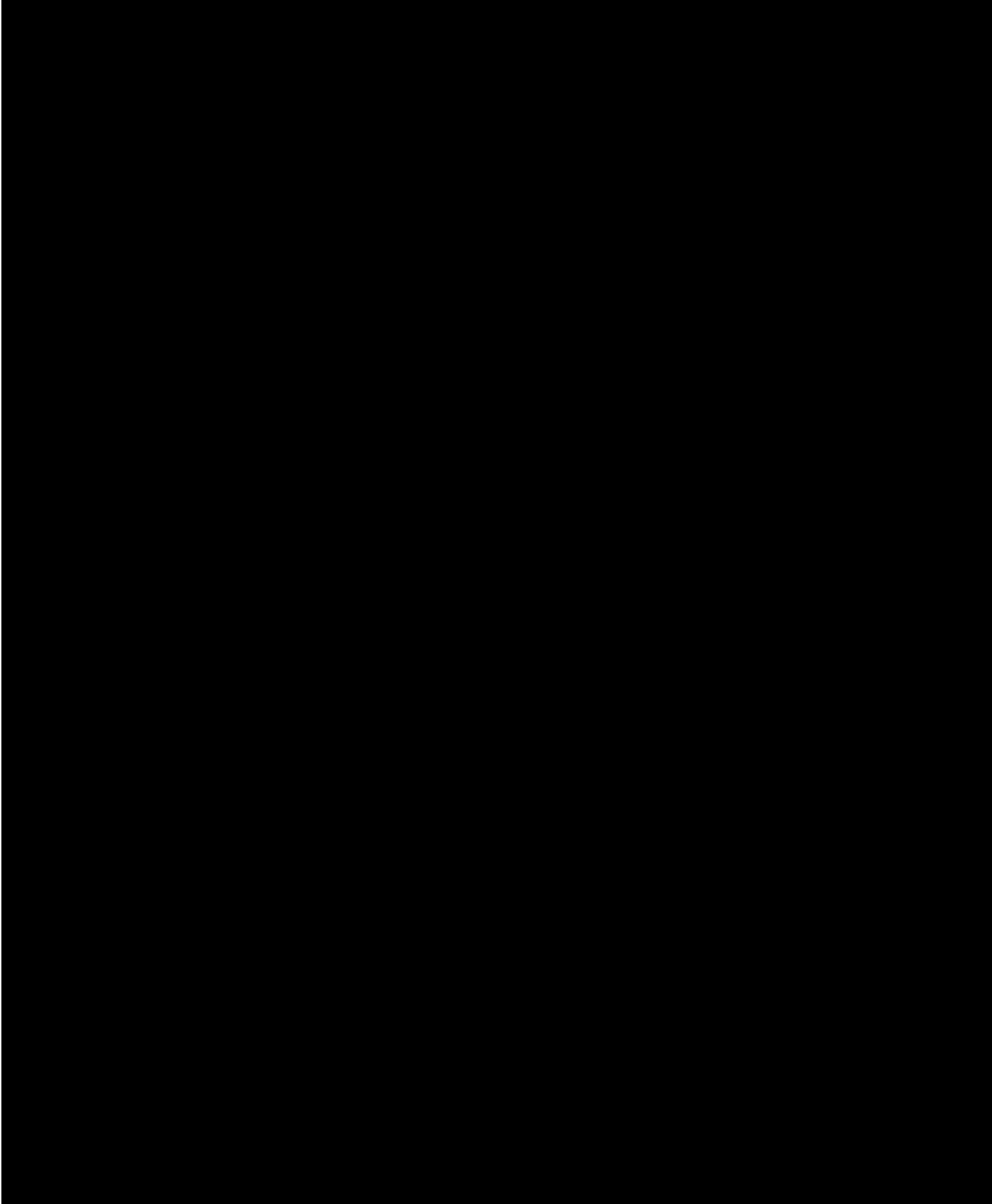


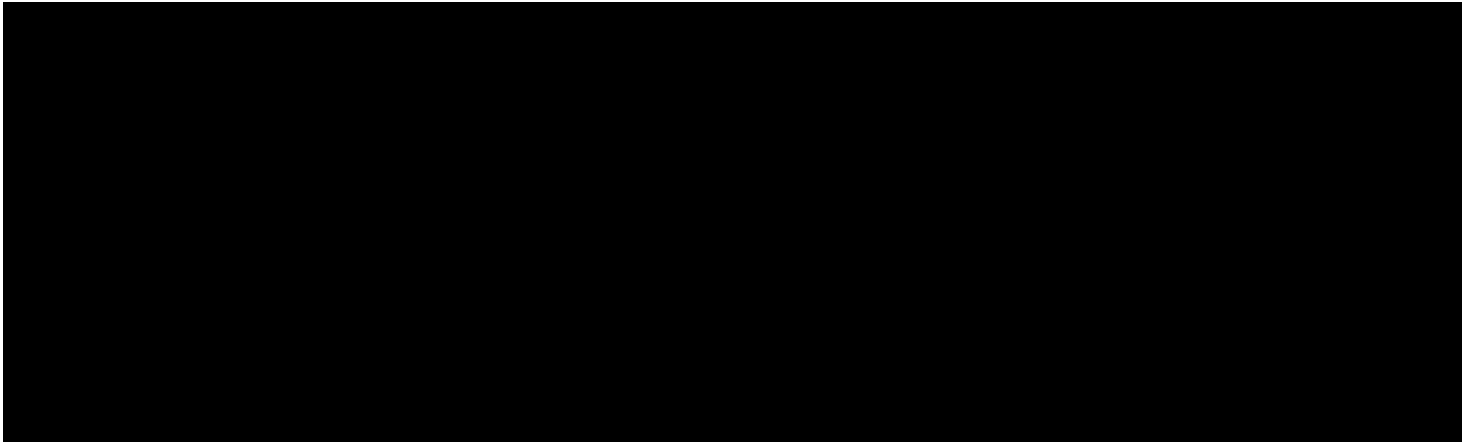


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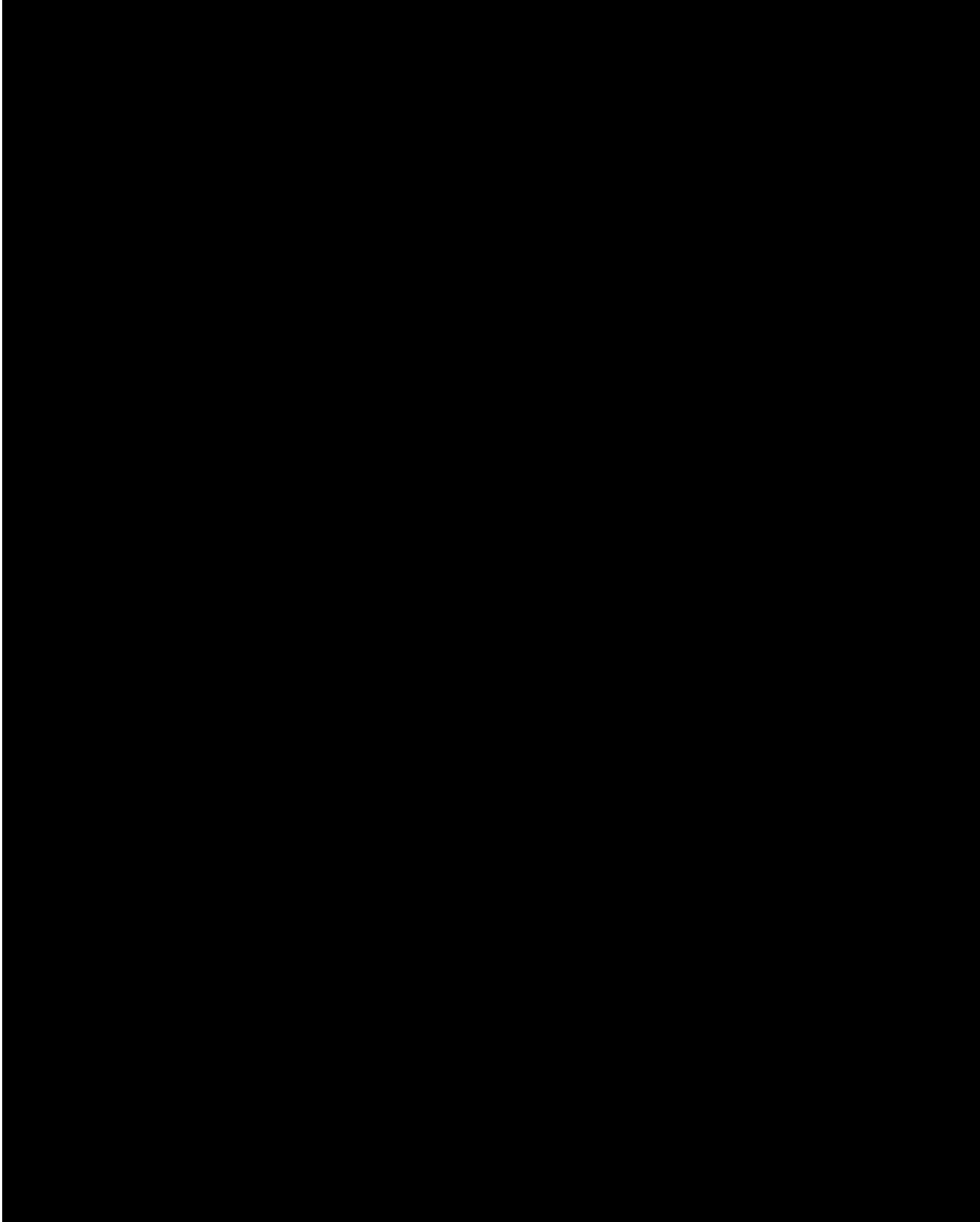


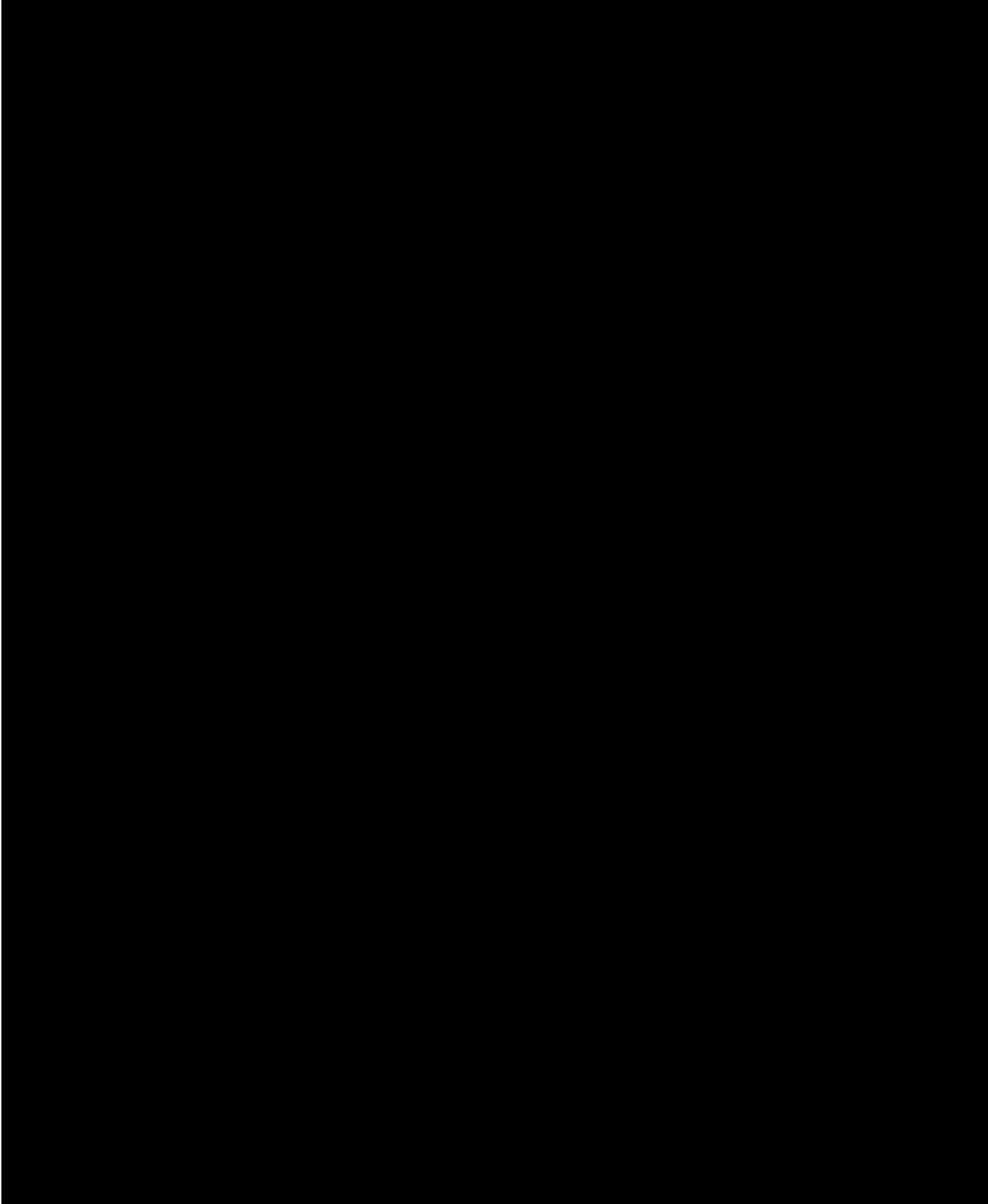


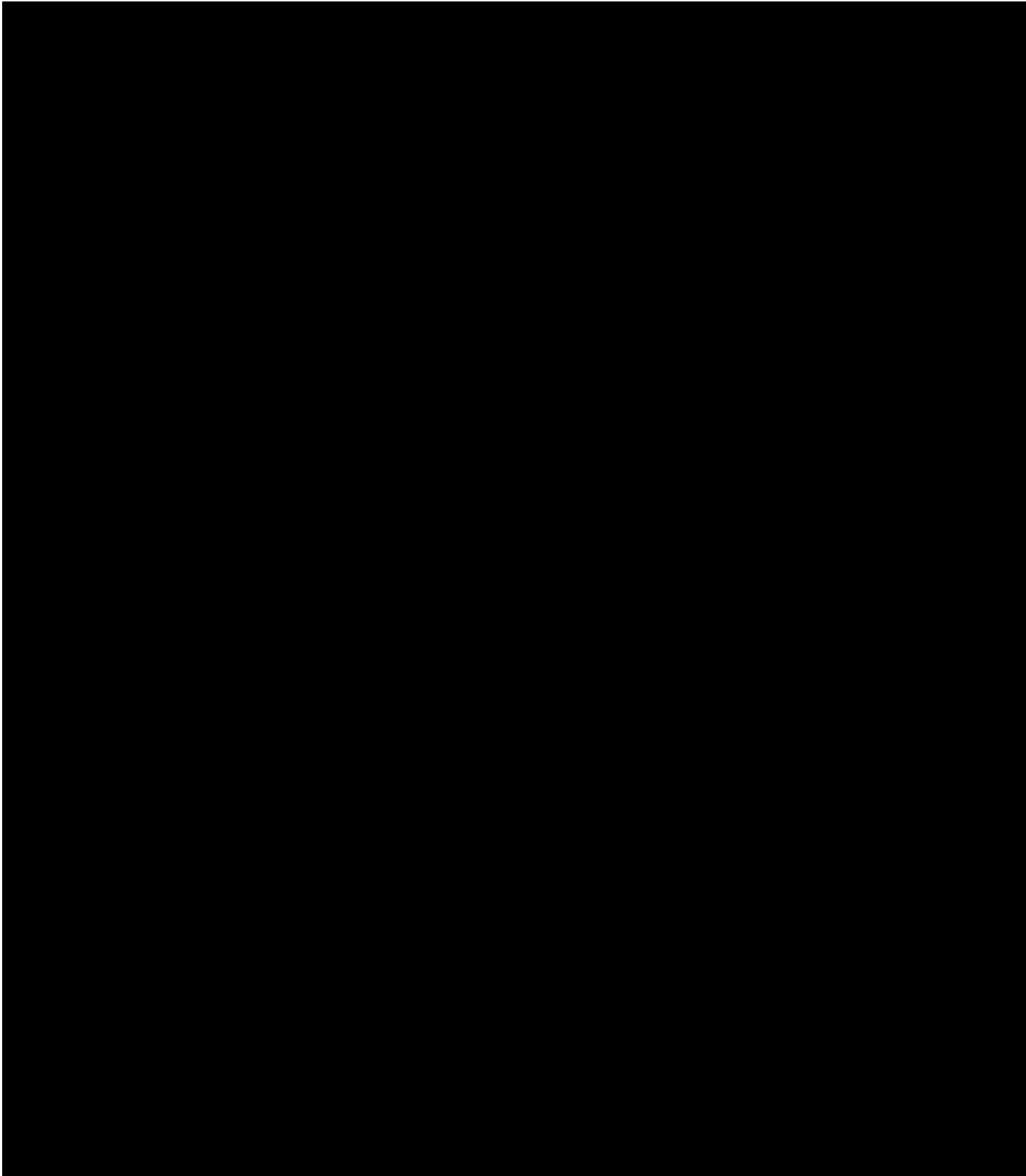


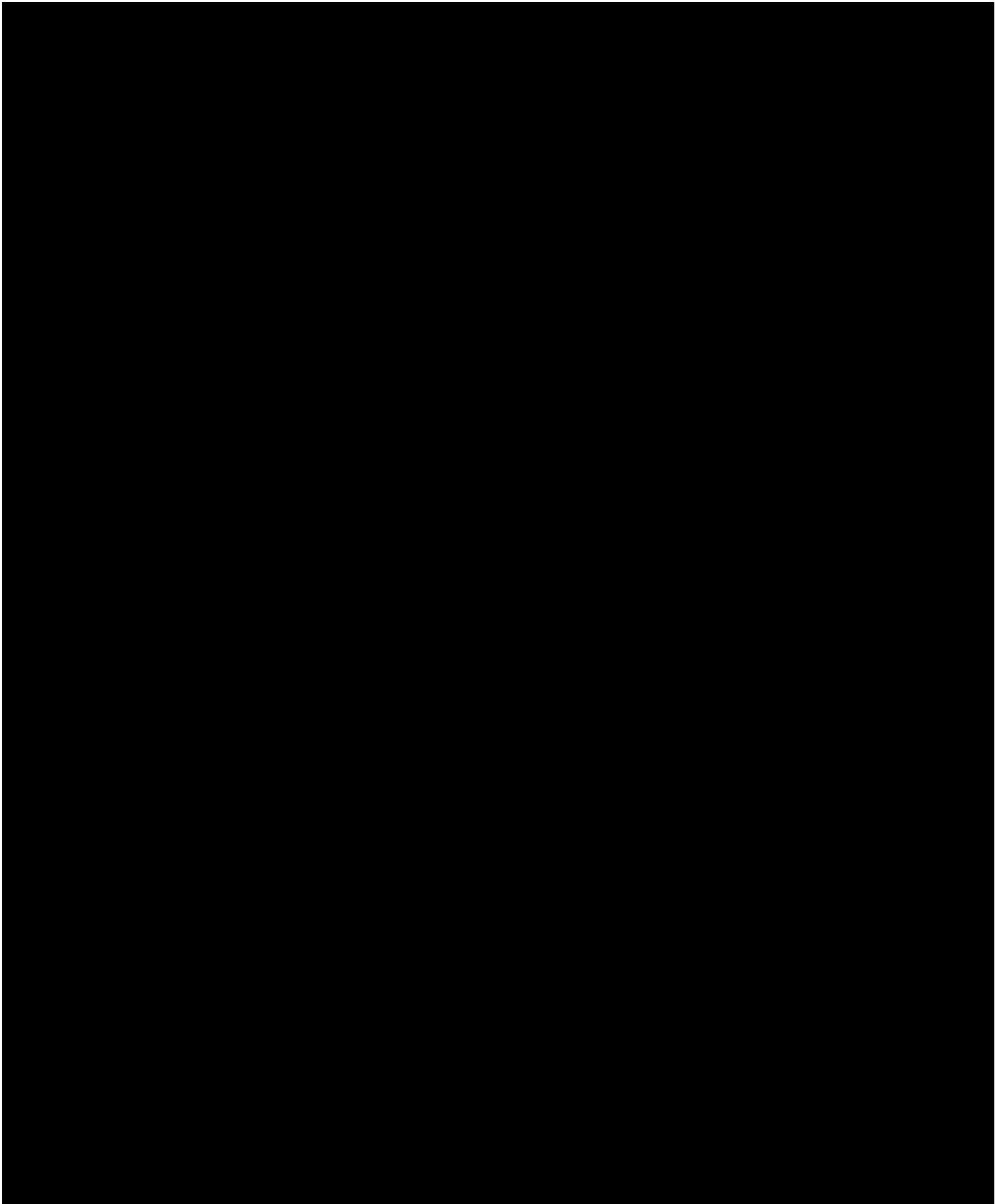
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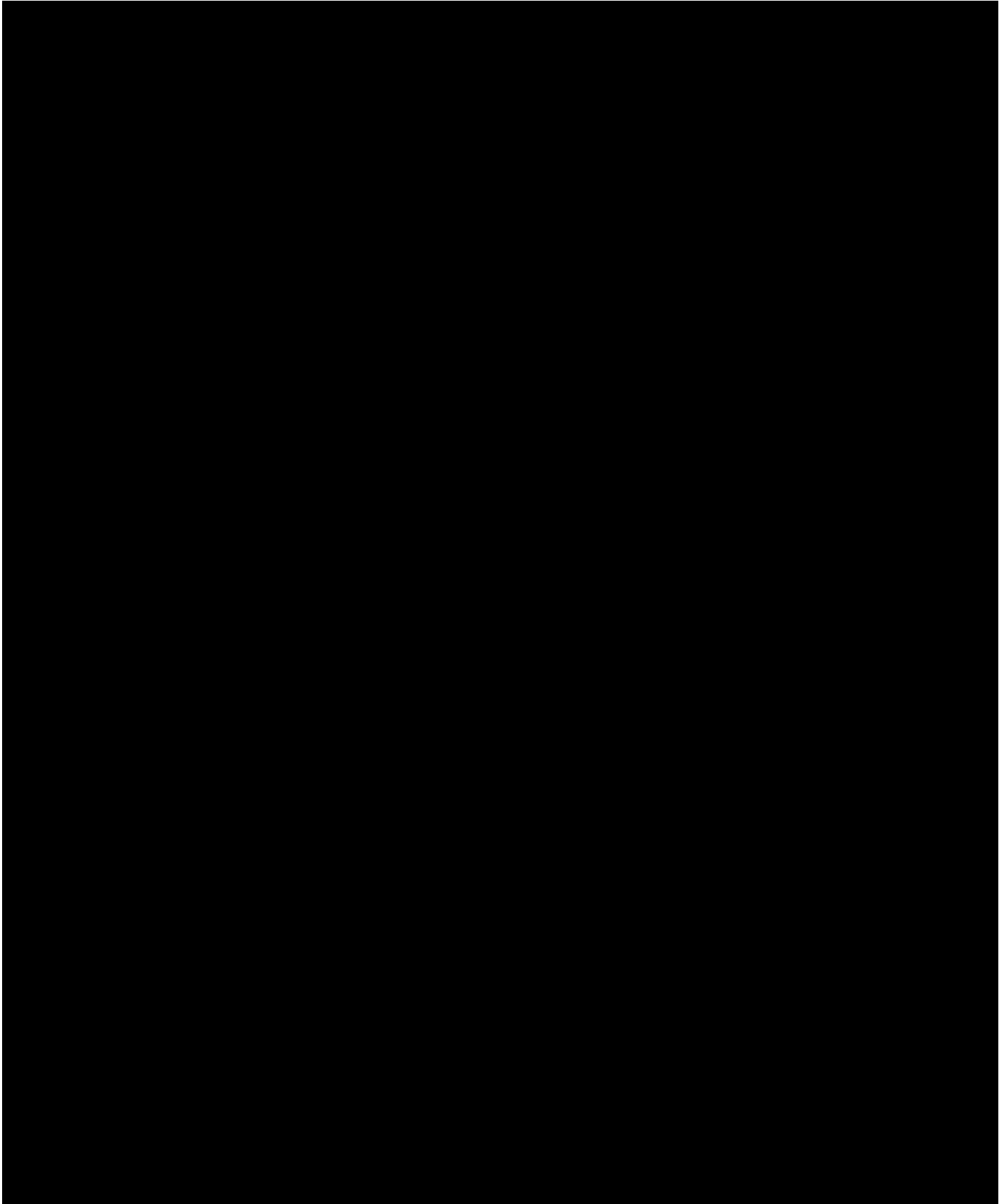


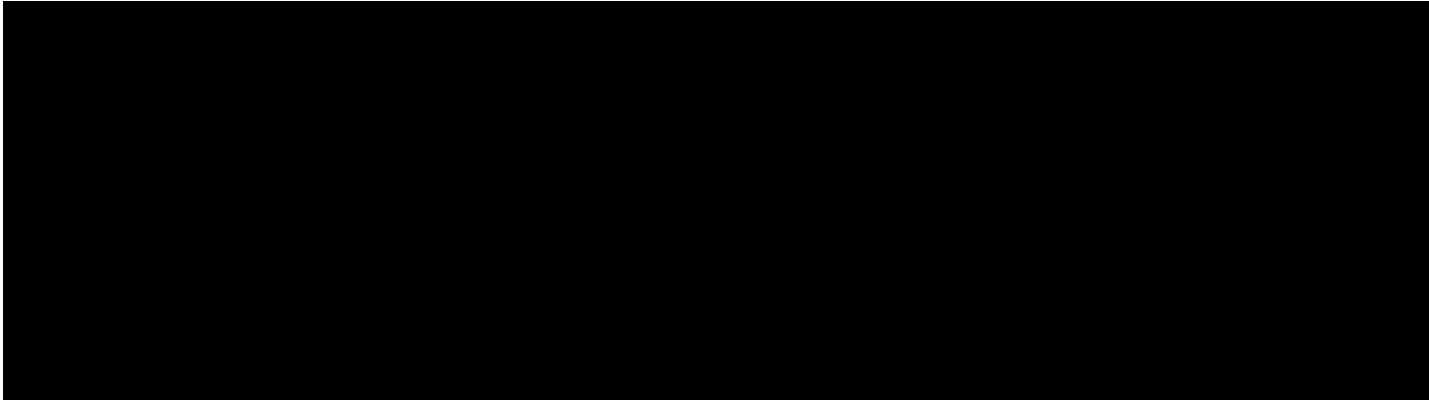




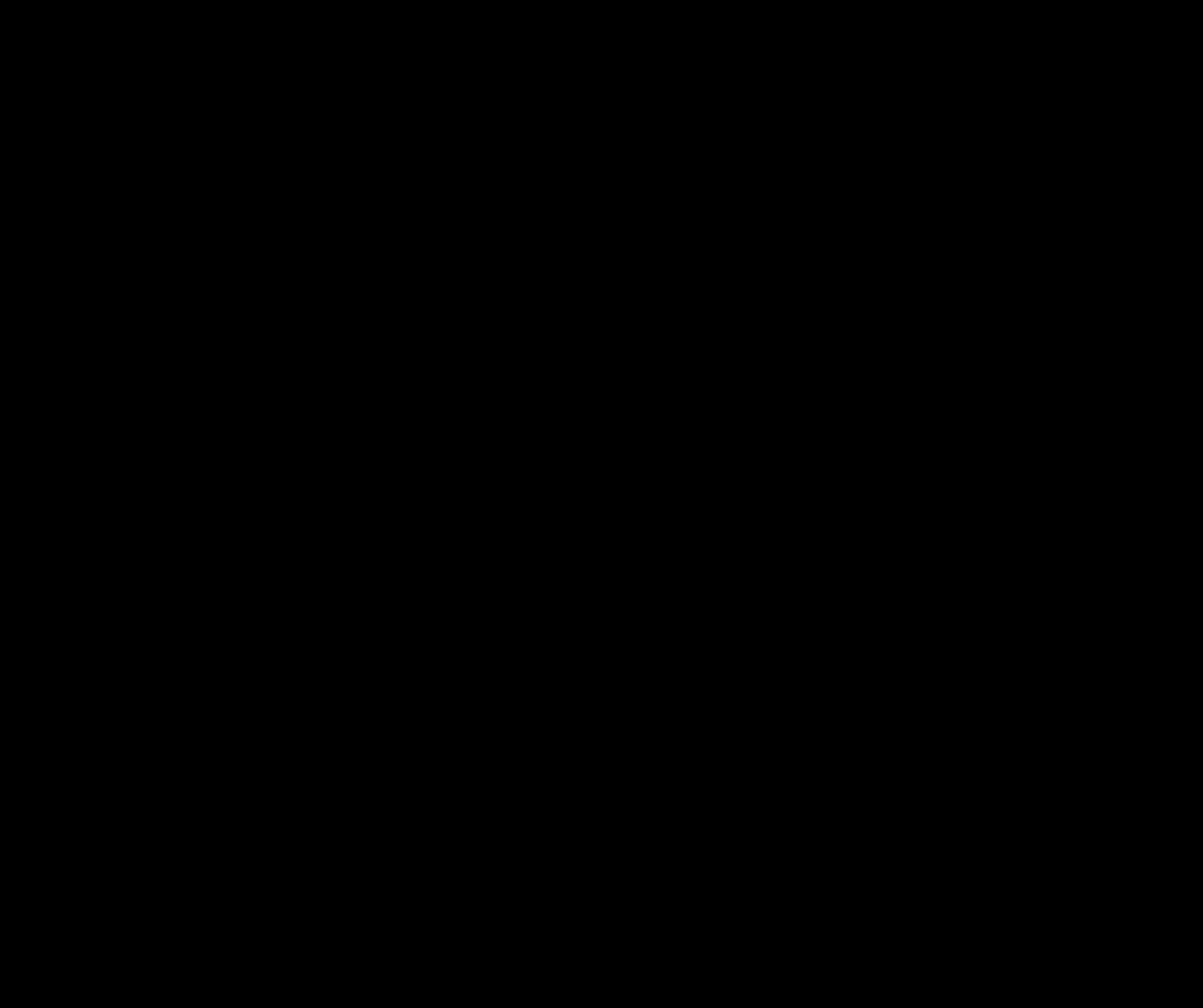


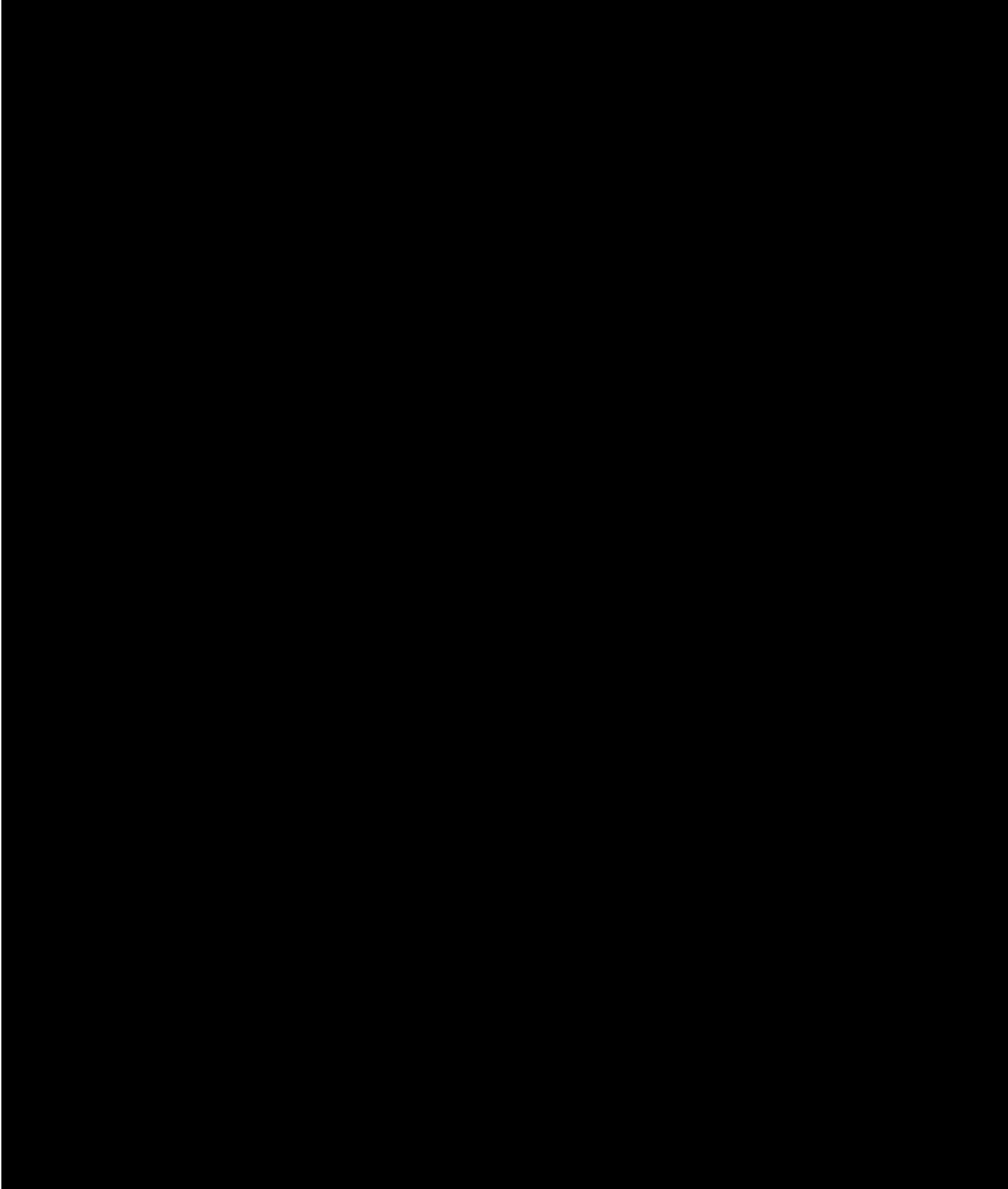


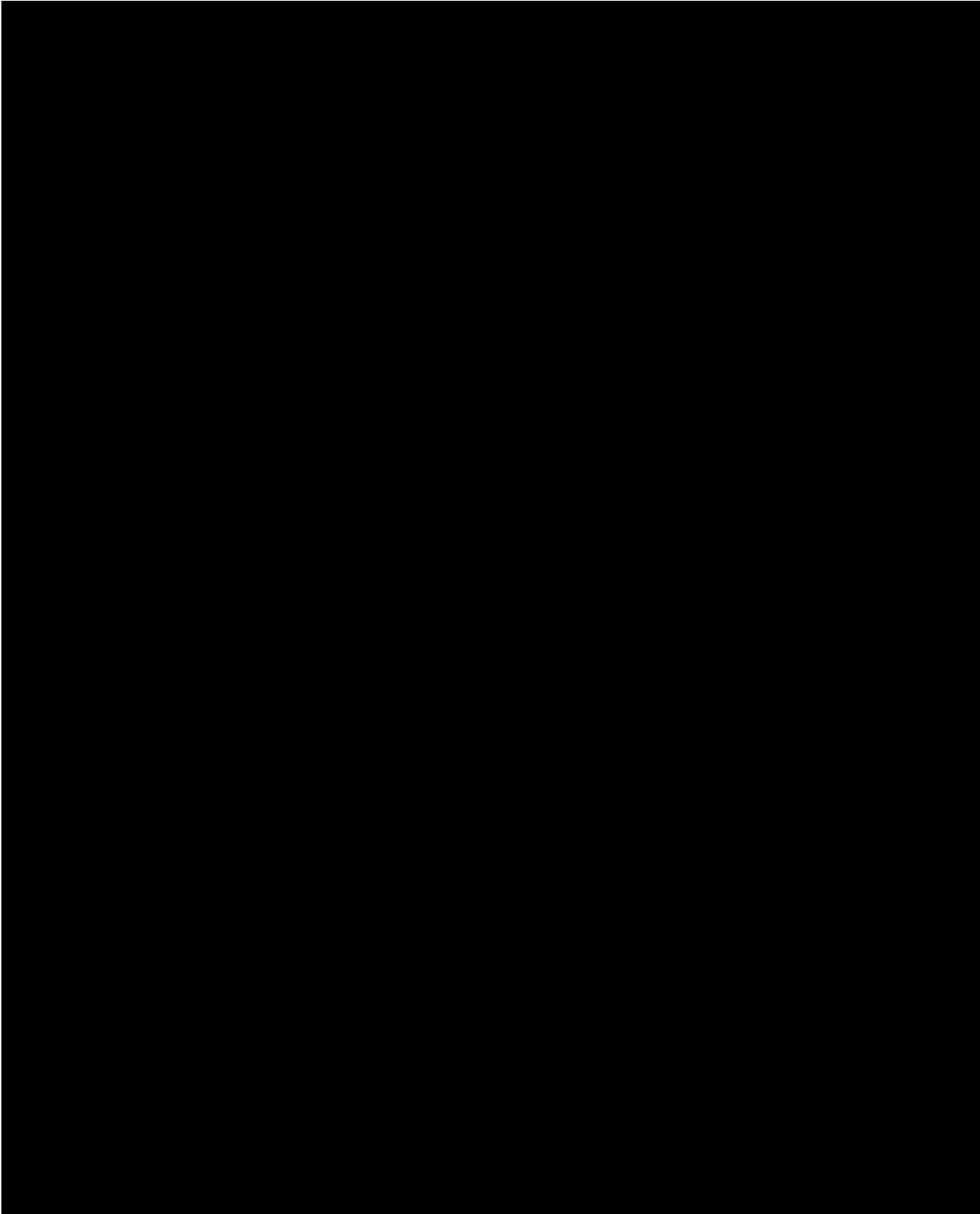


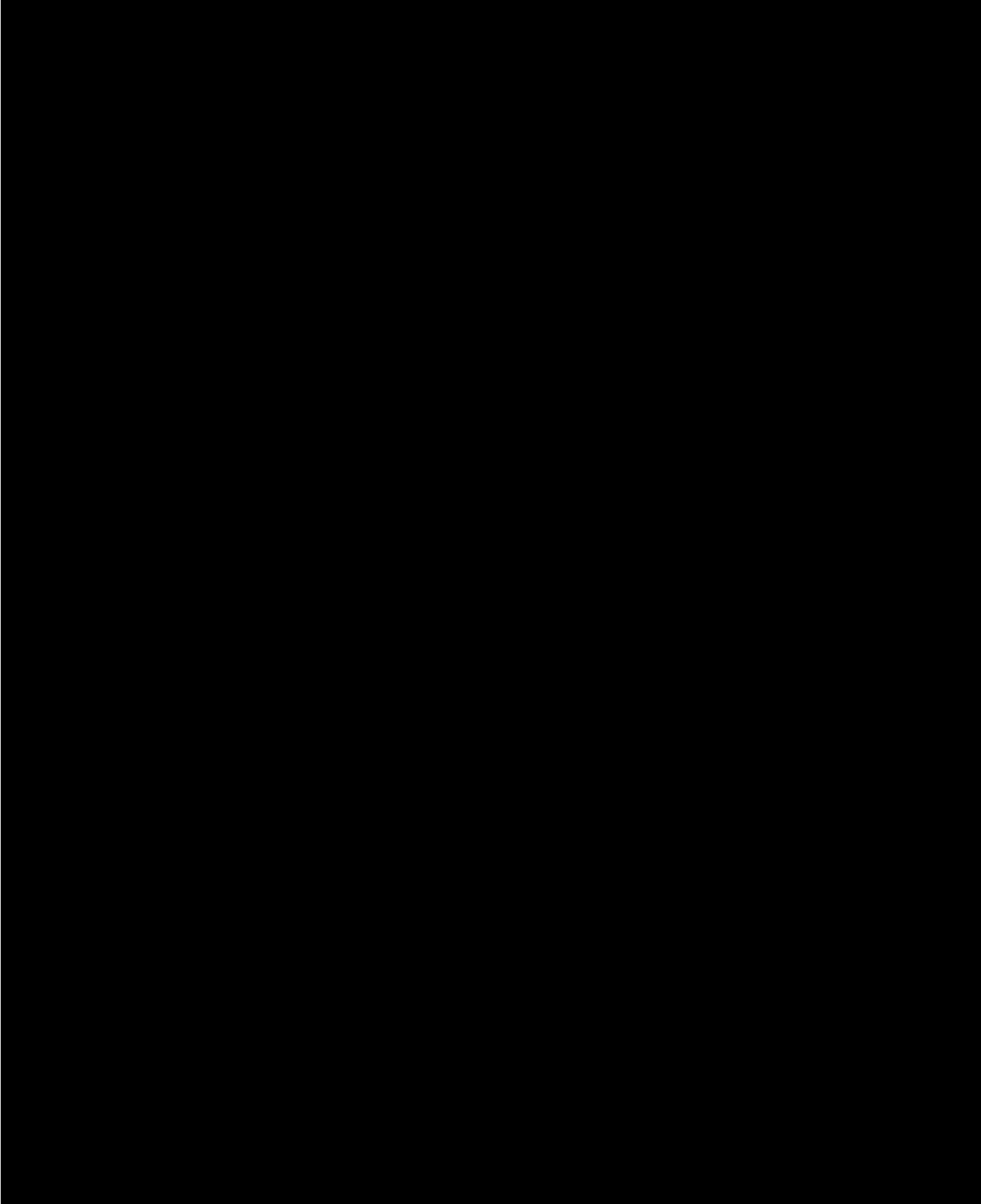


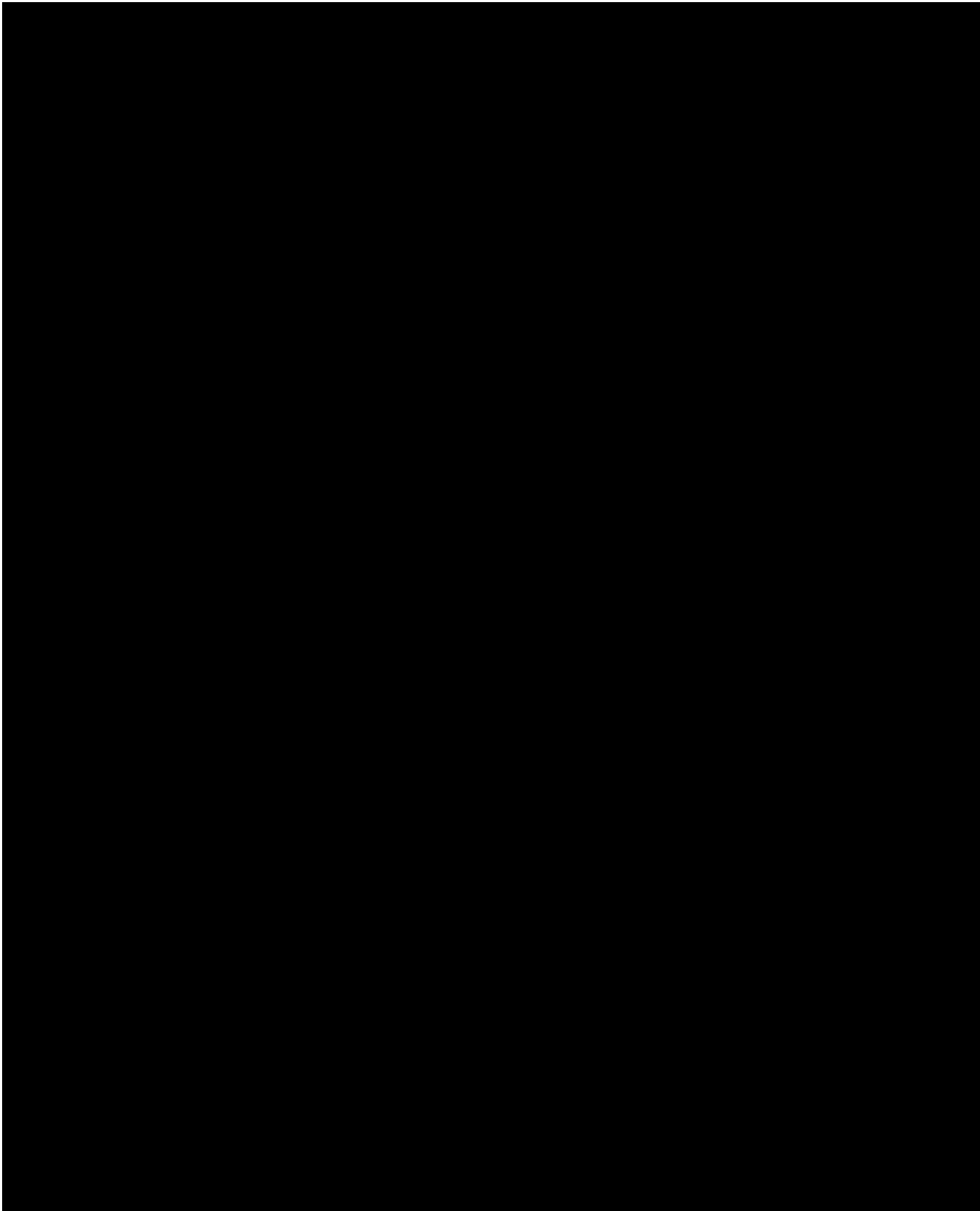
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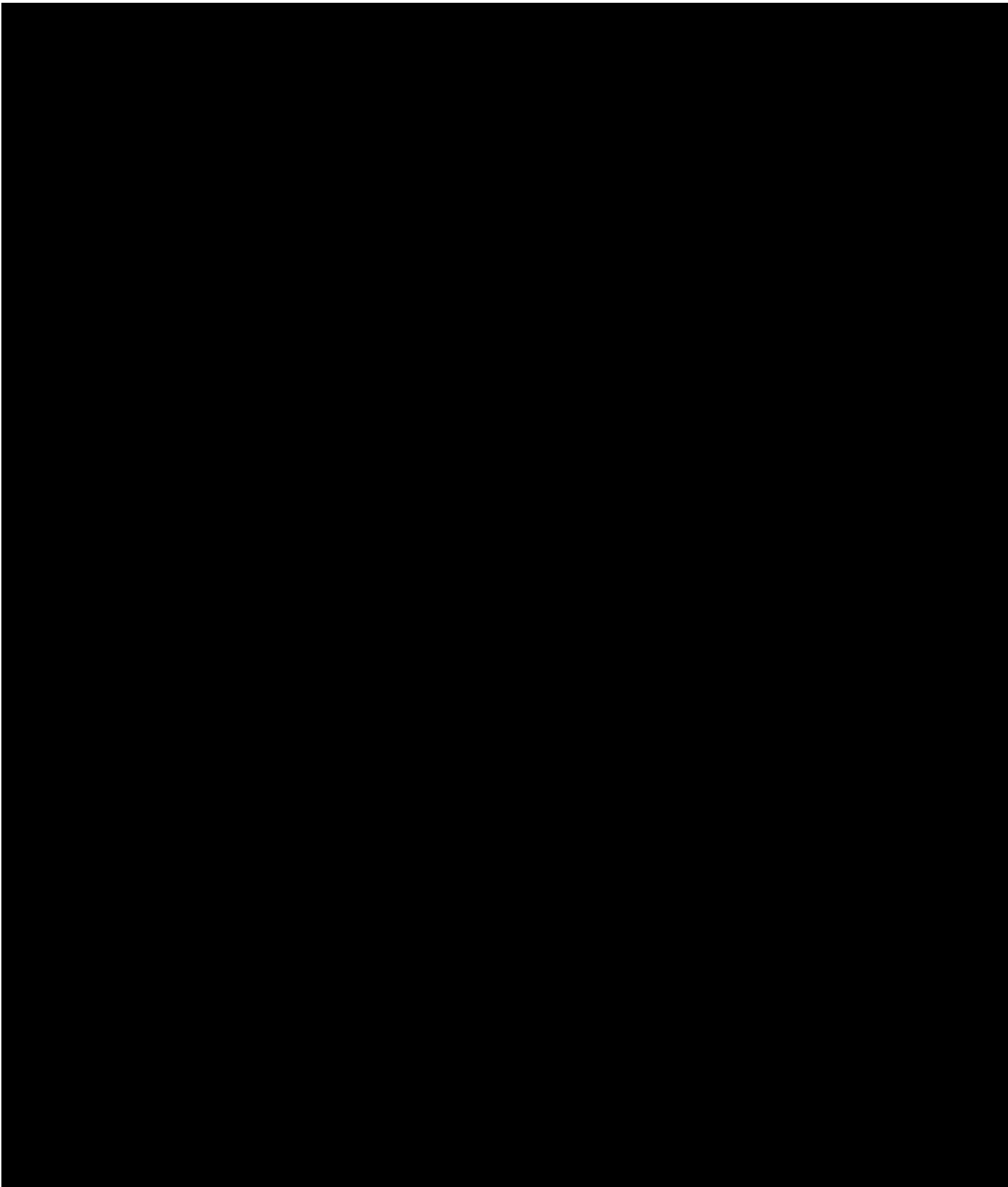


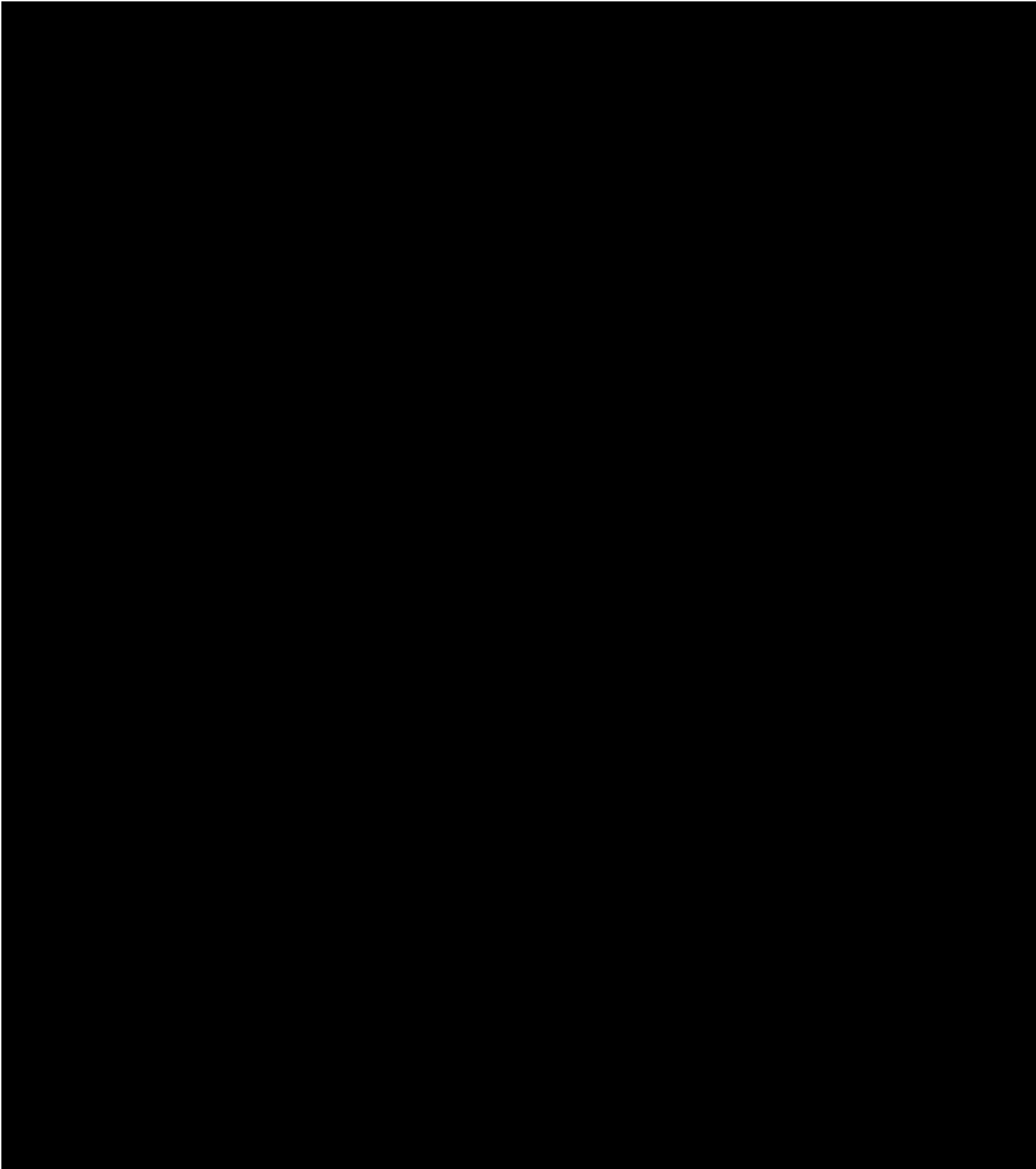


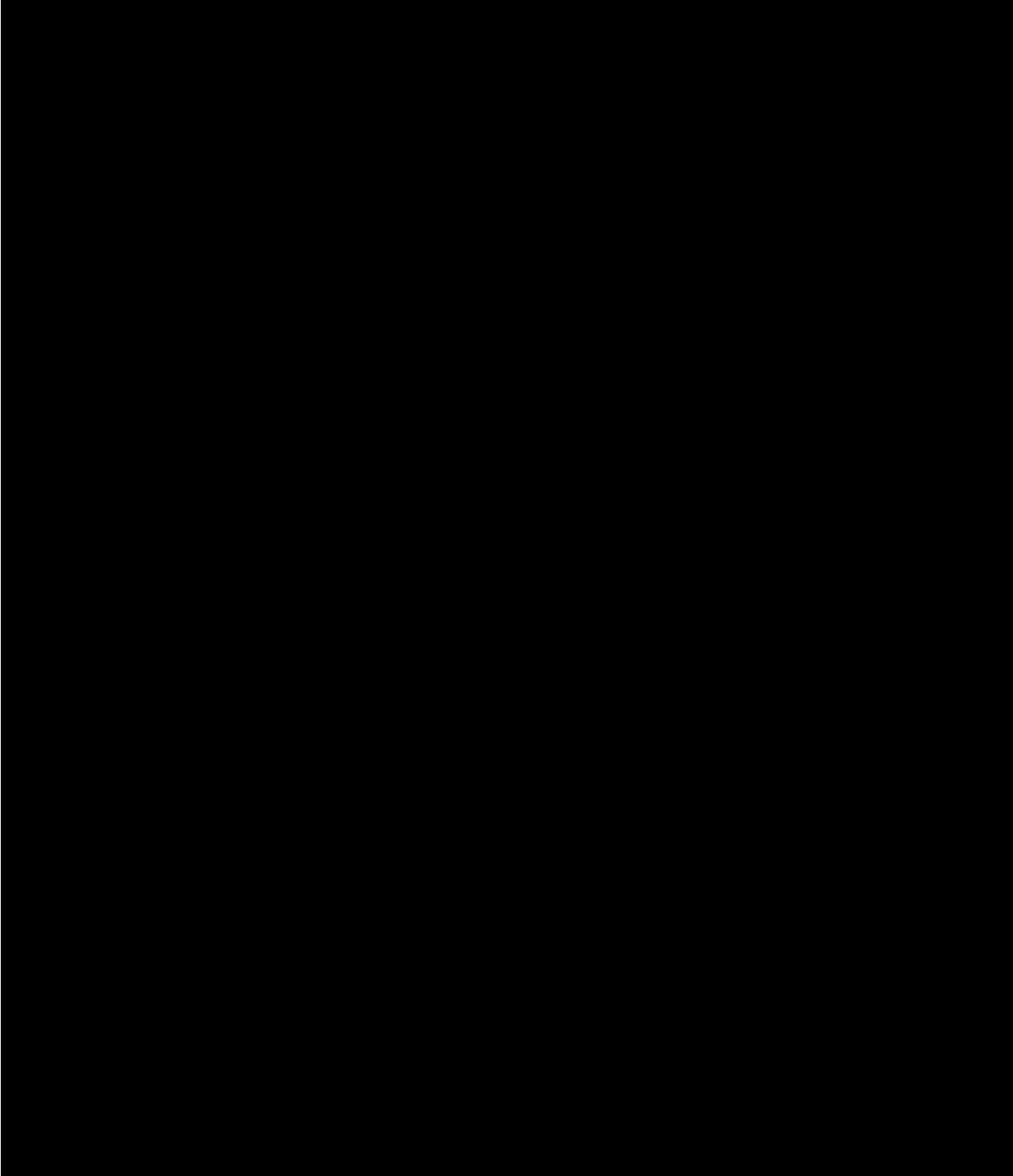


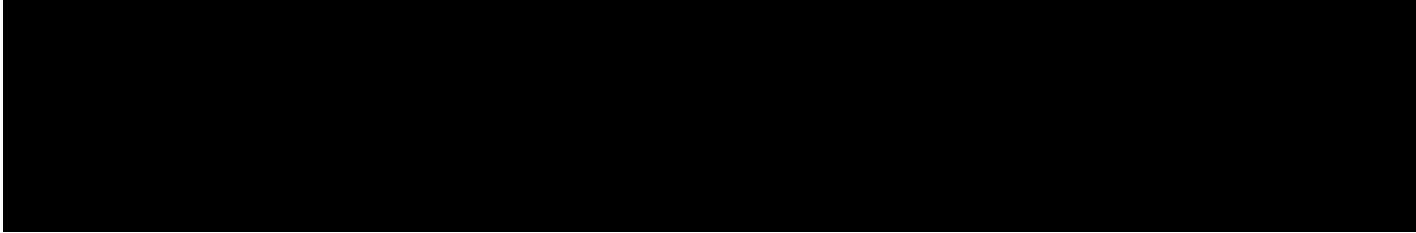




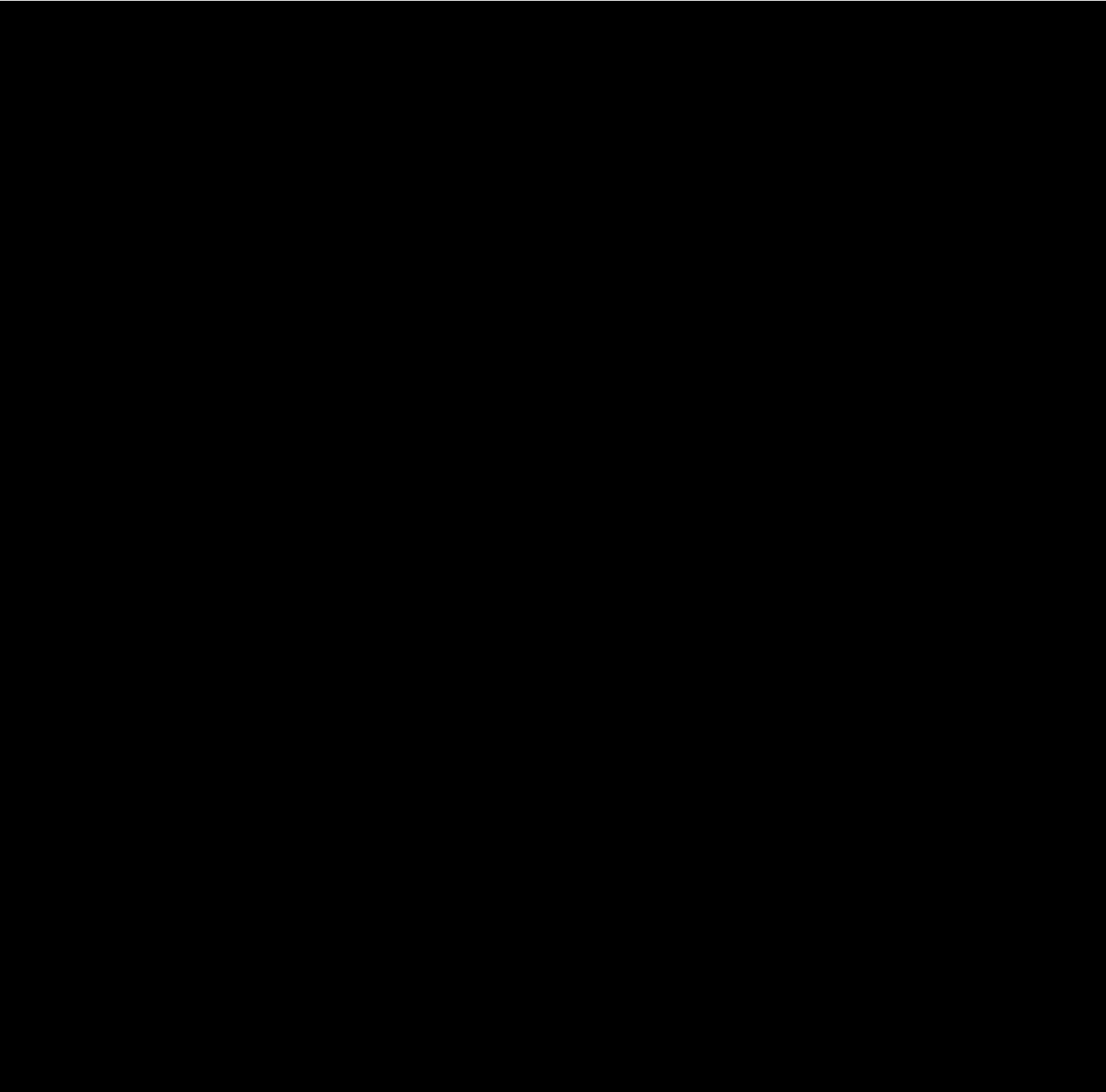


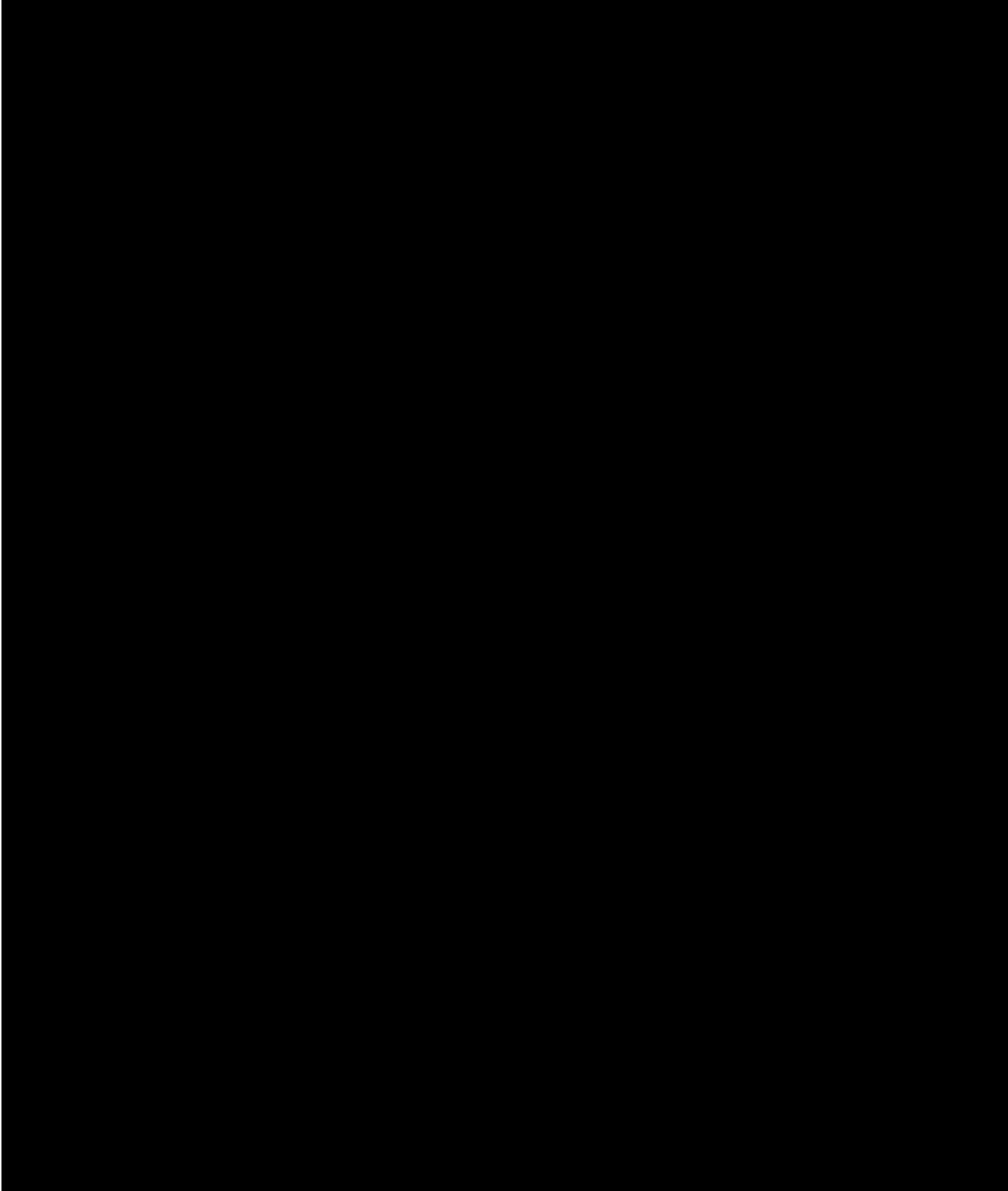






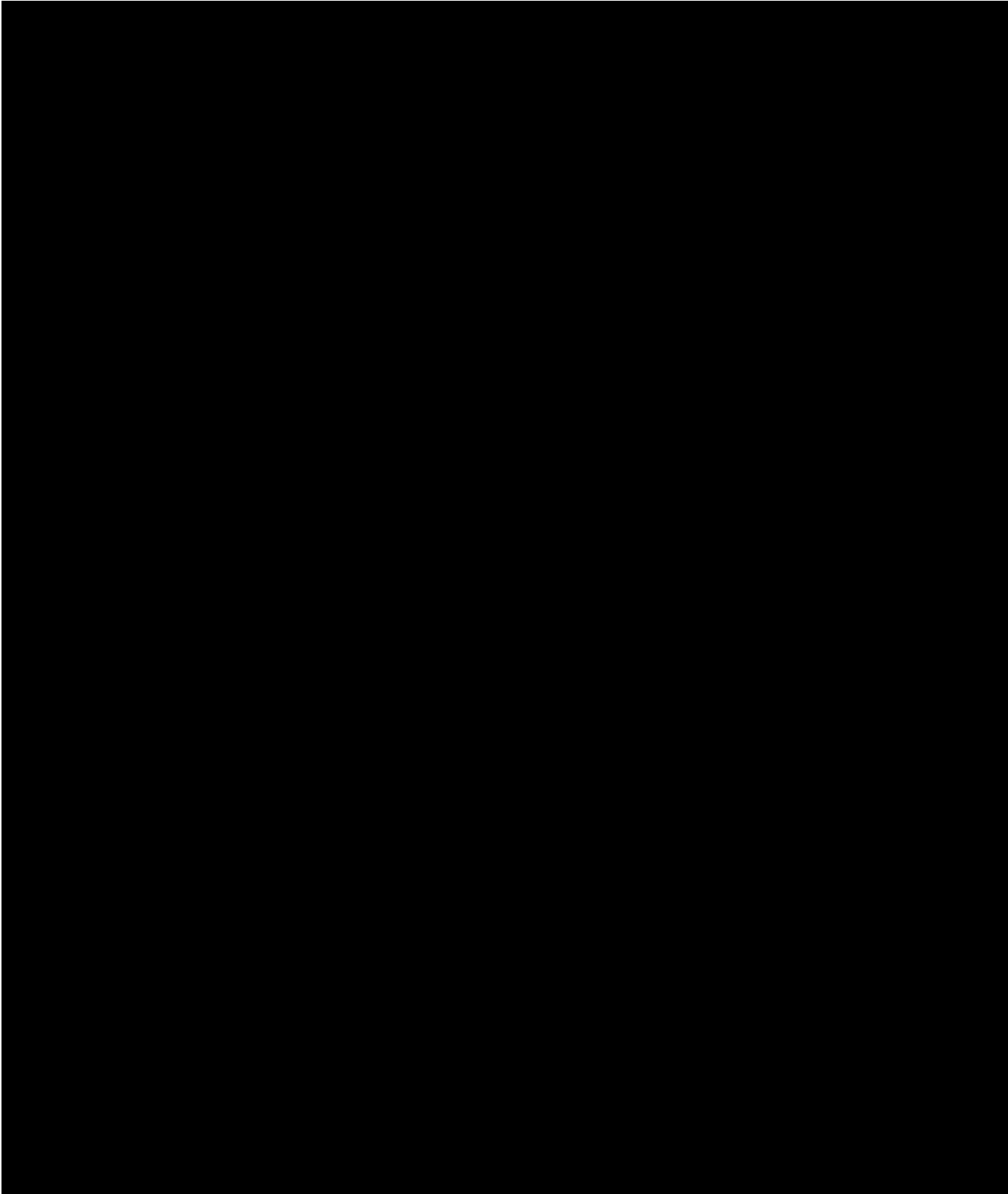
V. Dodd-Frank

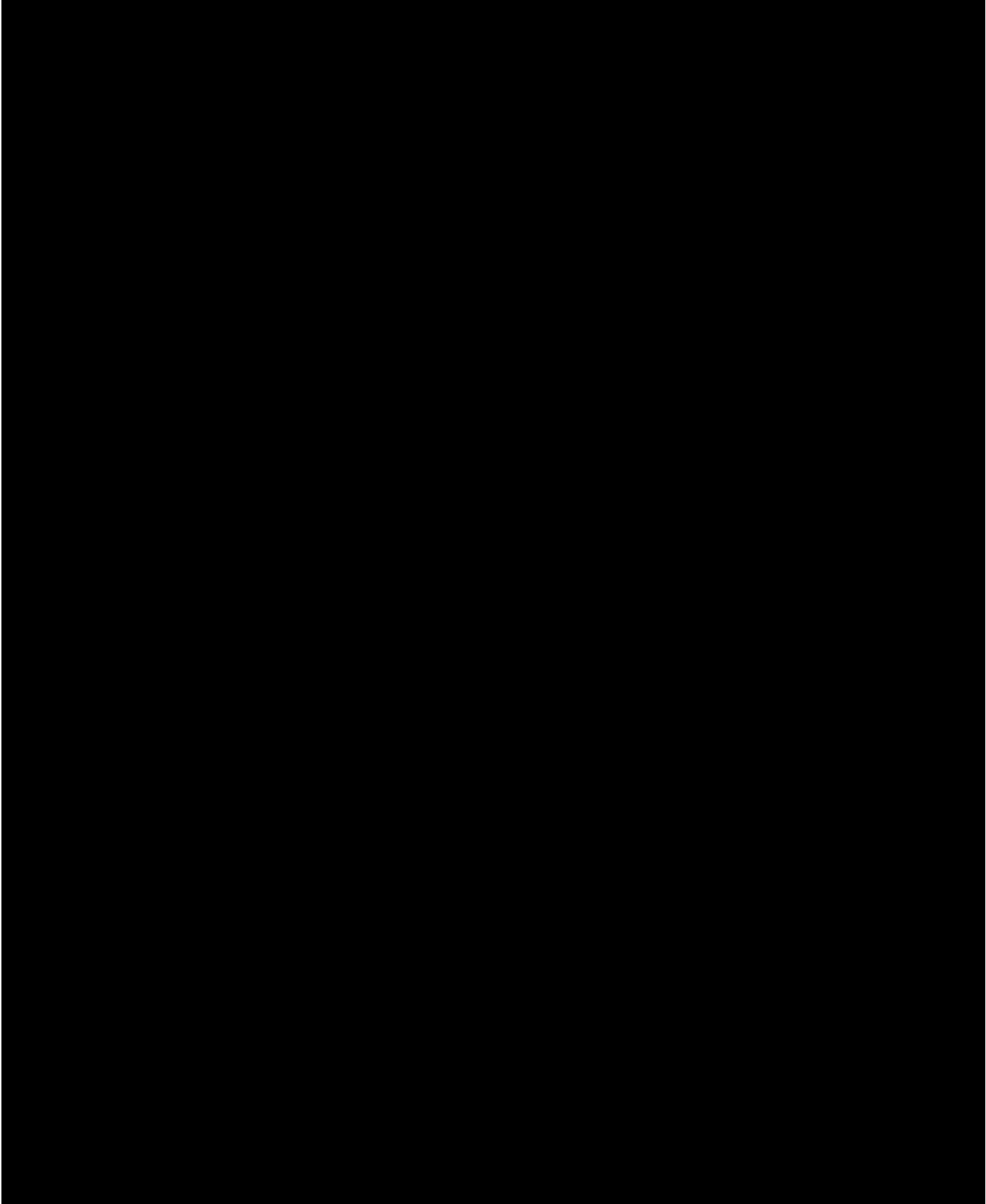




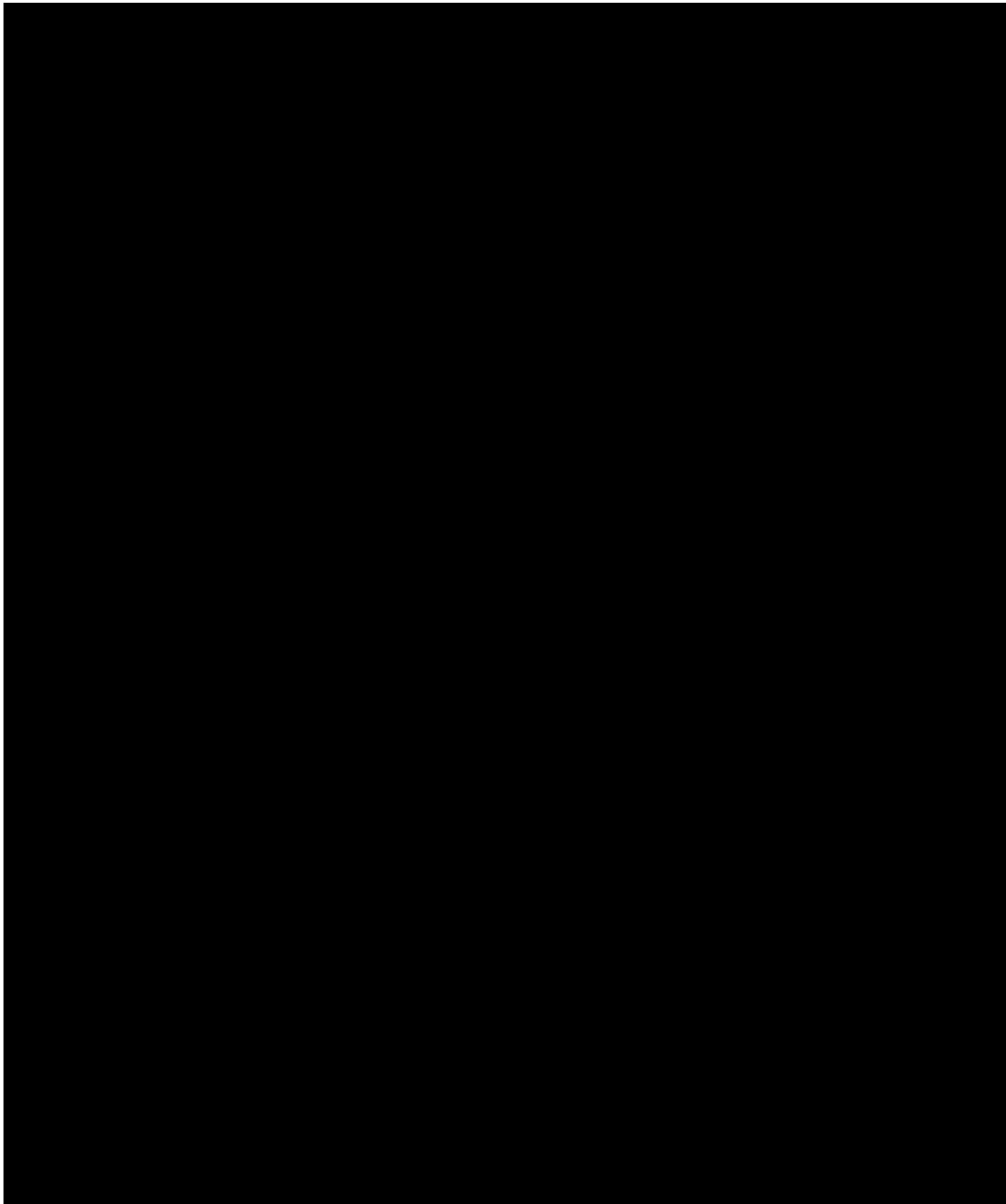


Appendix A

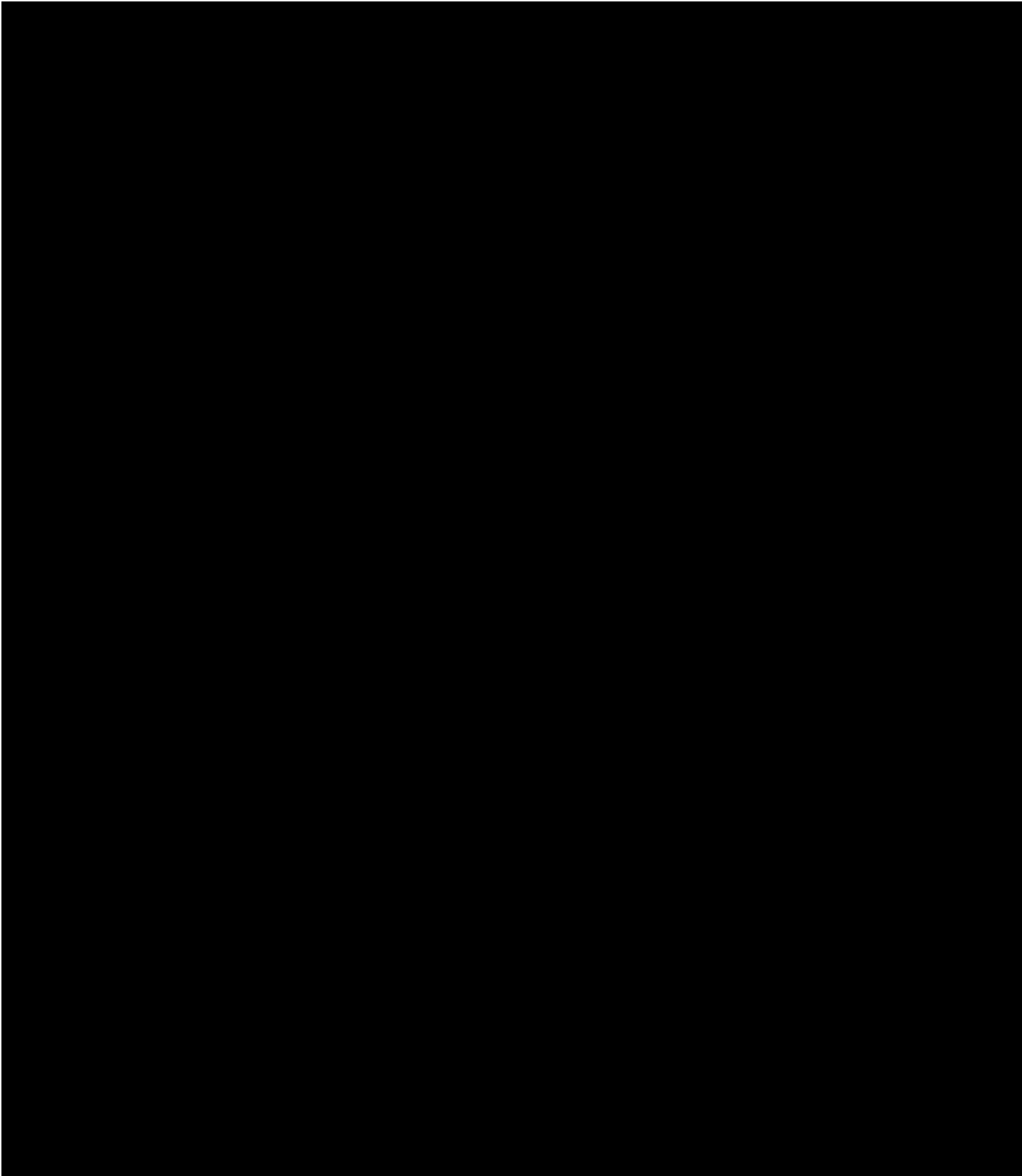




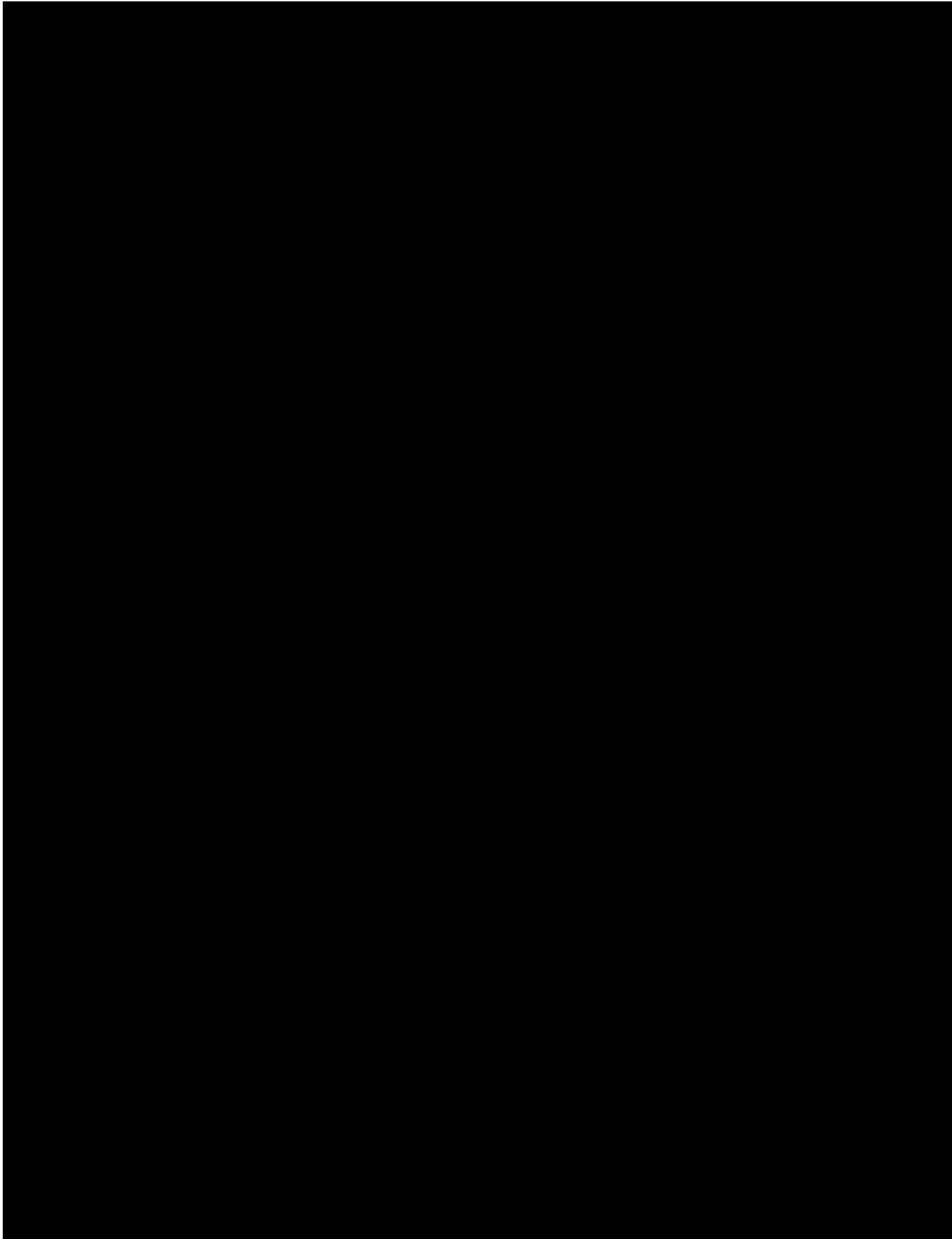
Appendix B



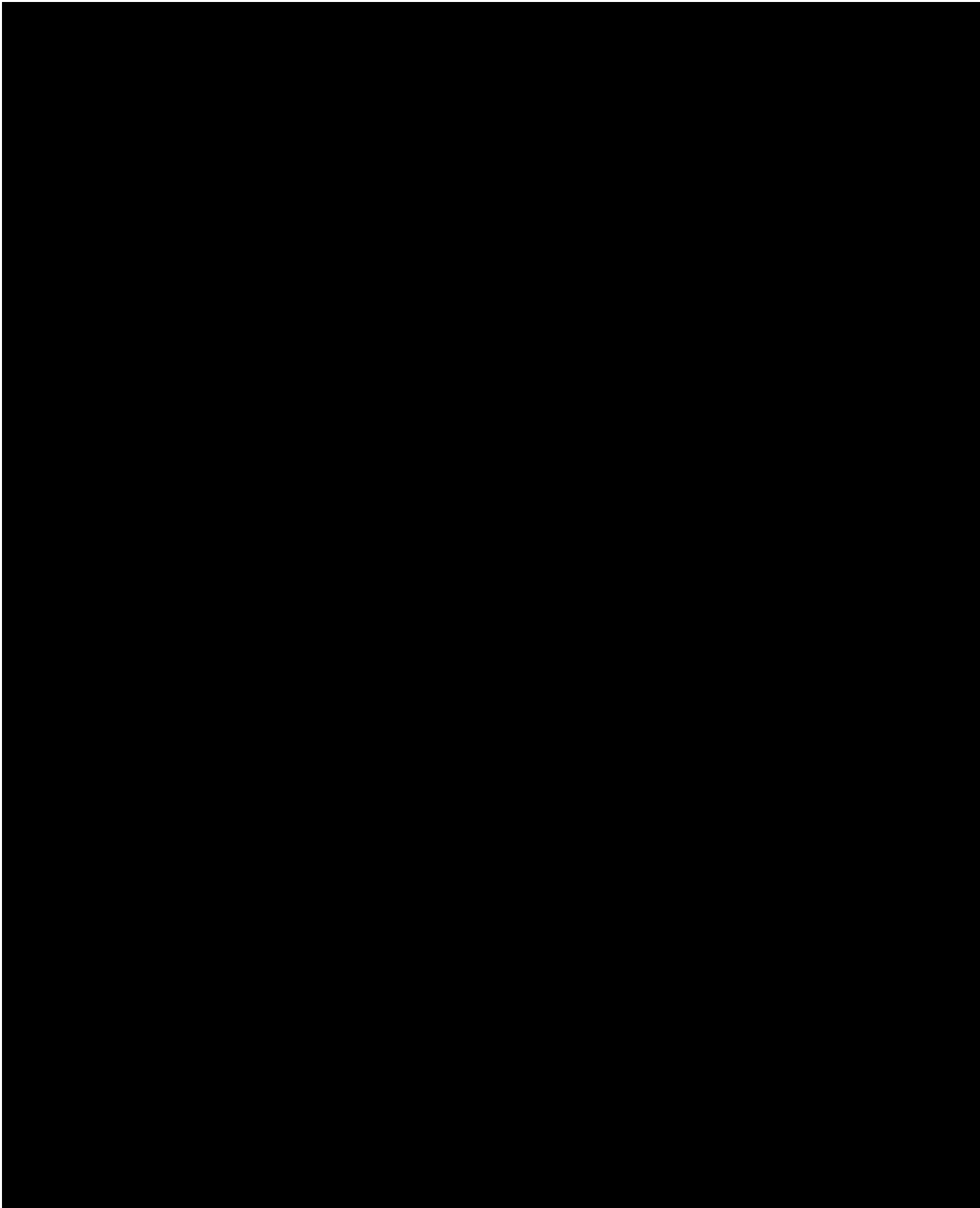
Appendix C



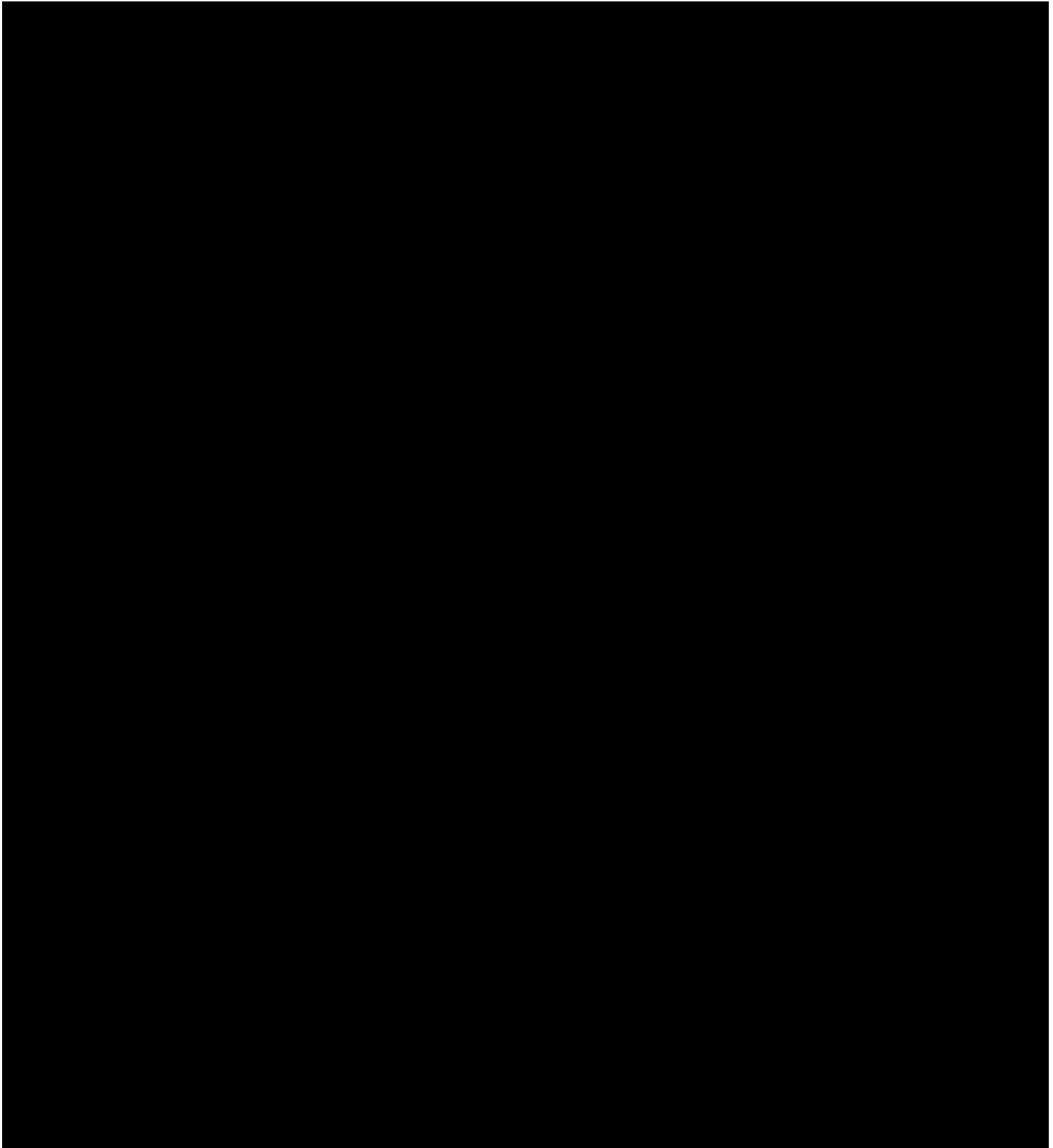
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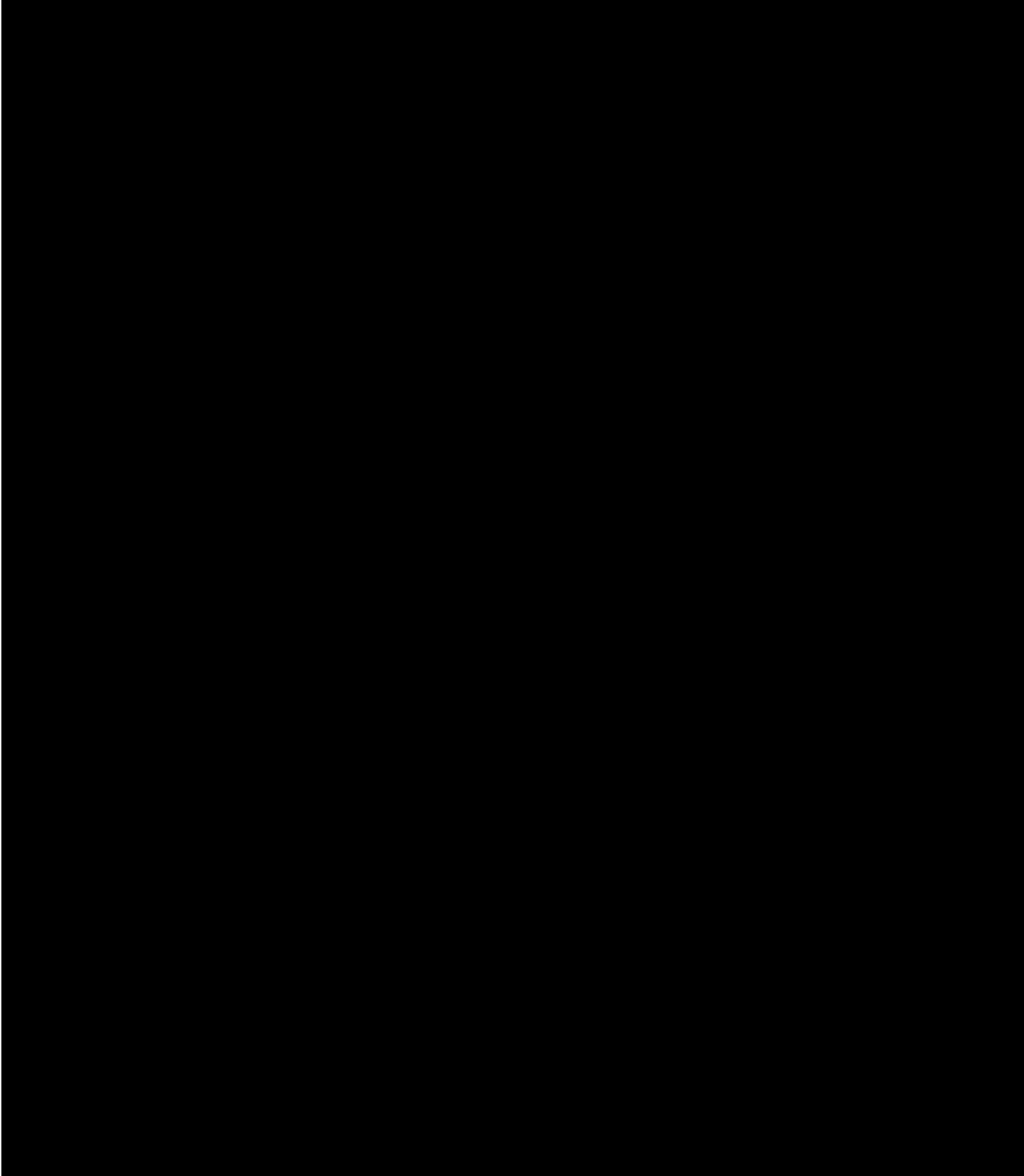
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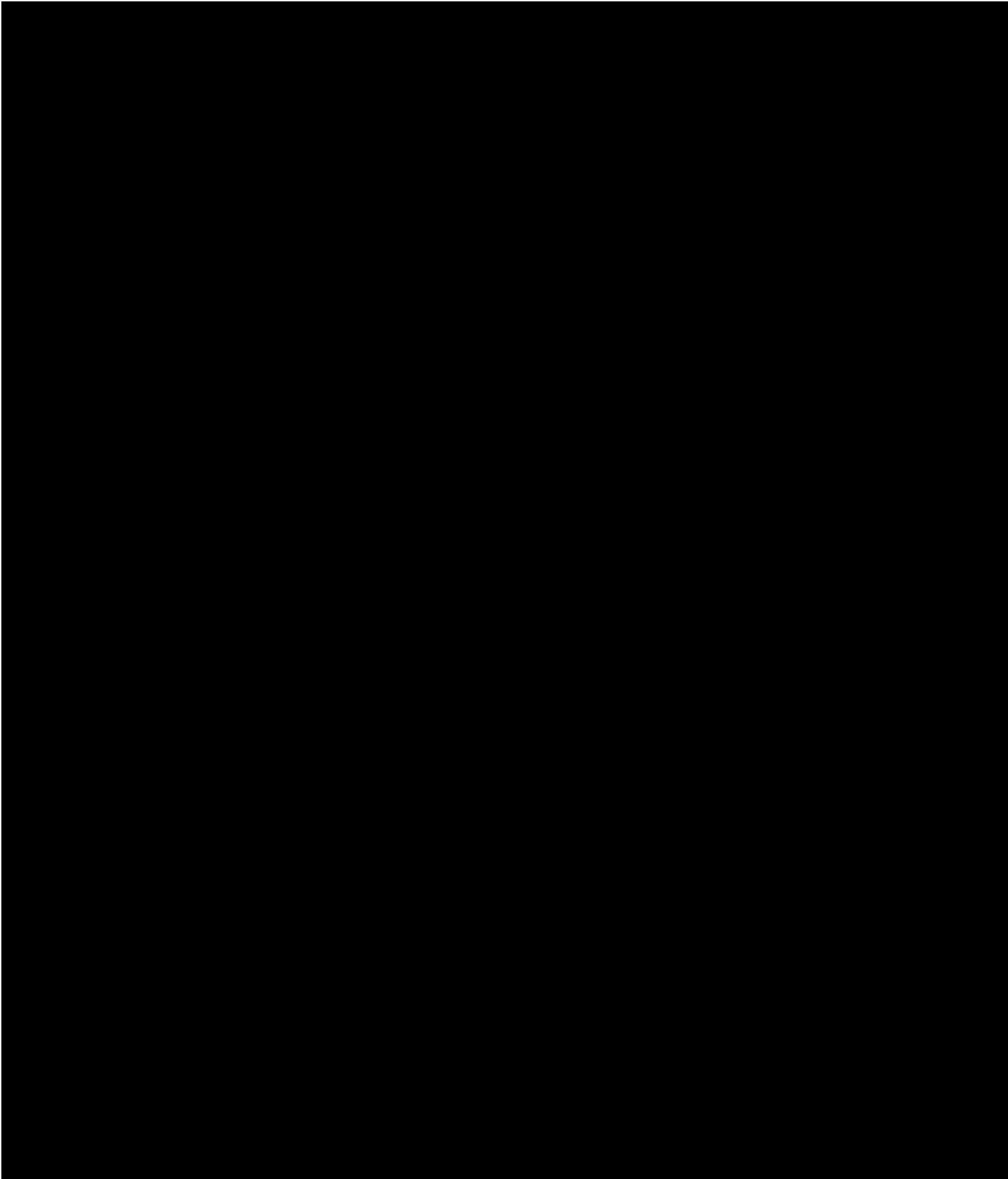
Appendix D



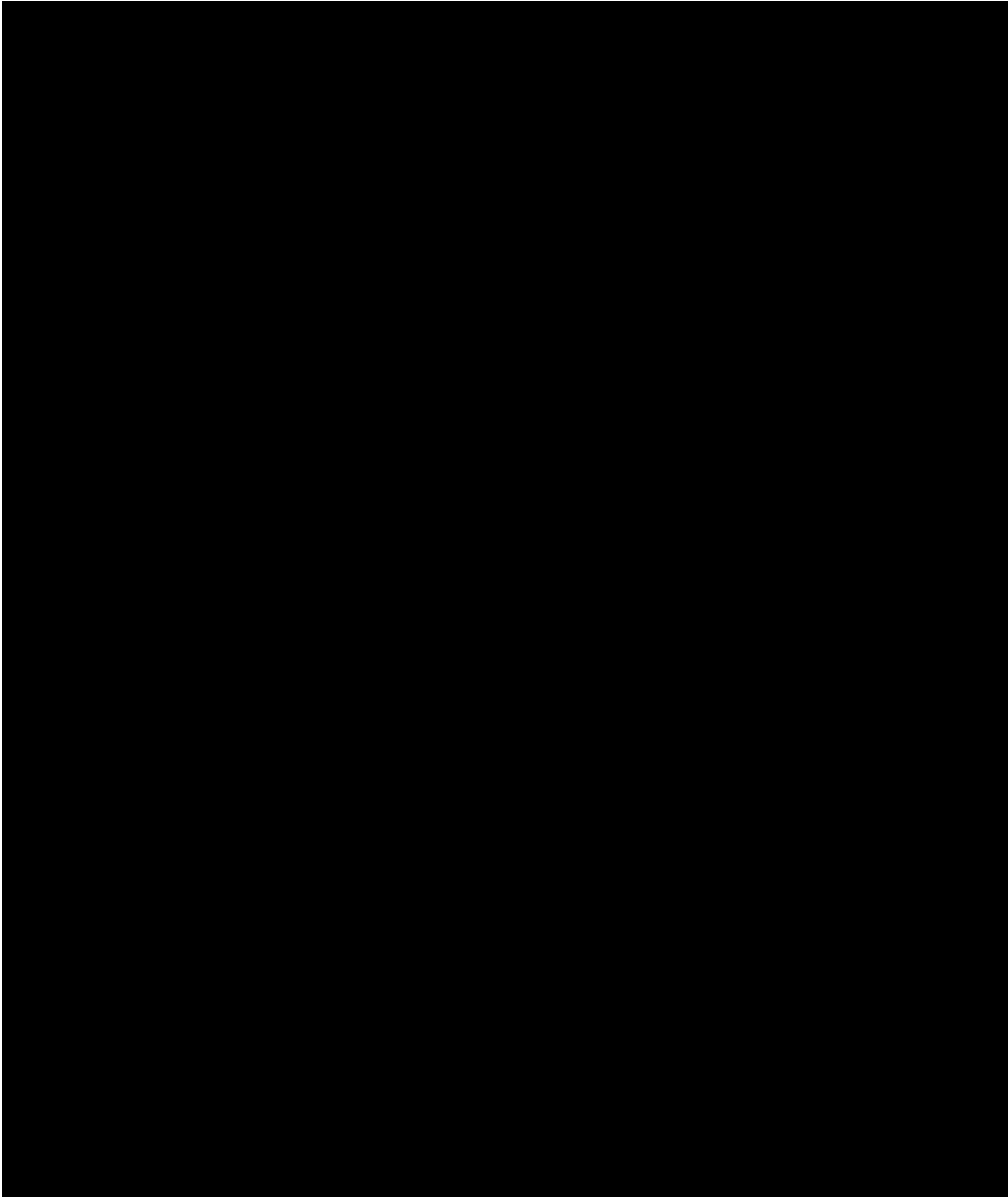
Appendix E



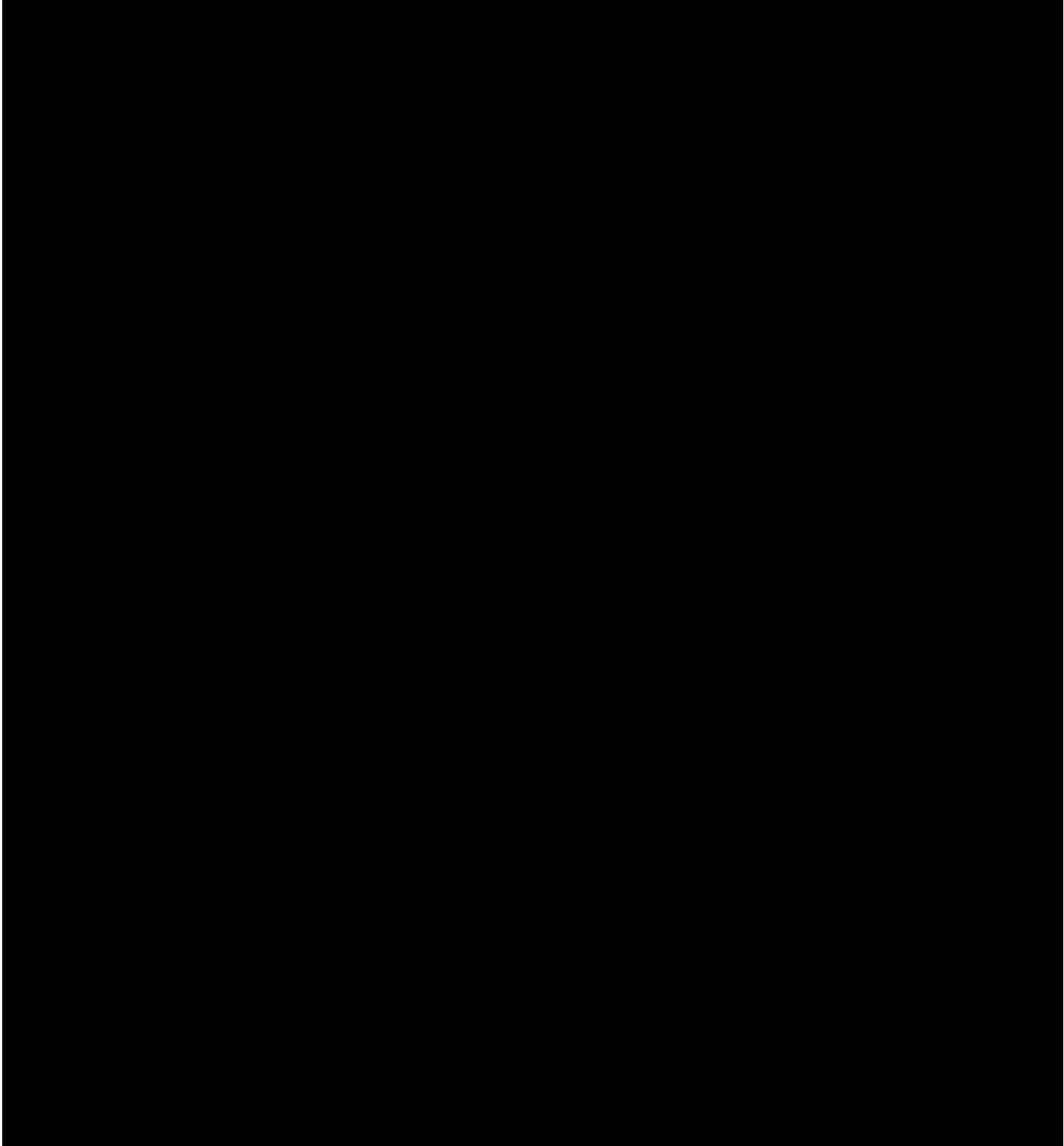
Appendix F



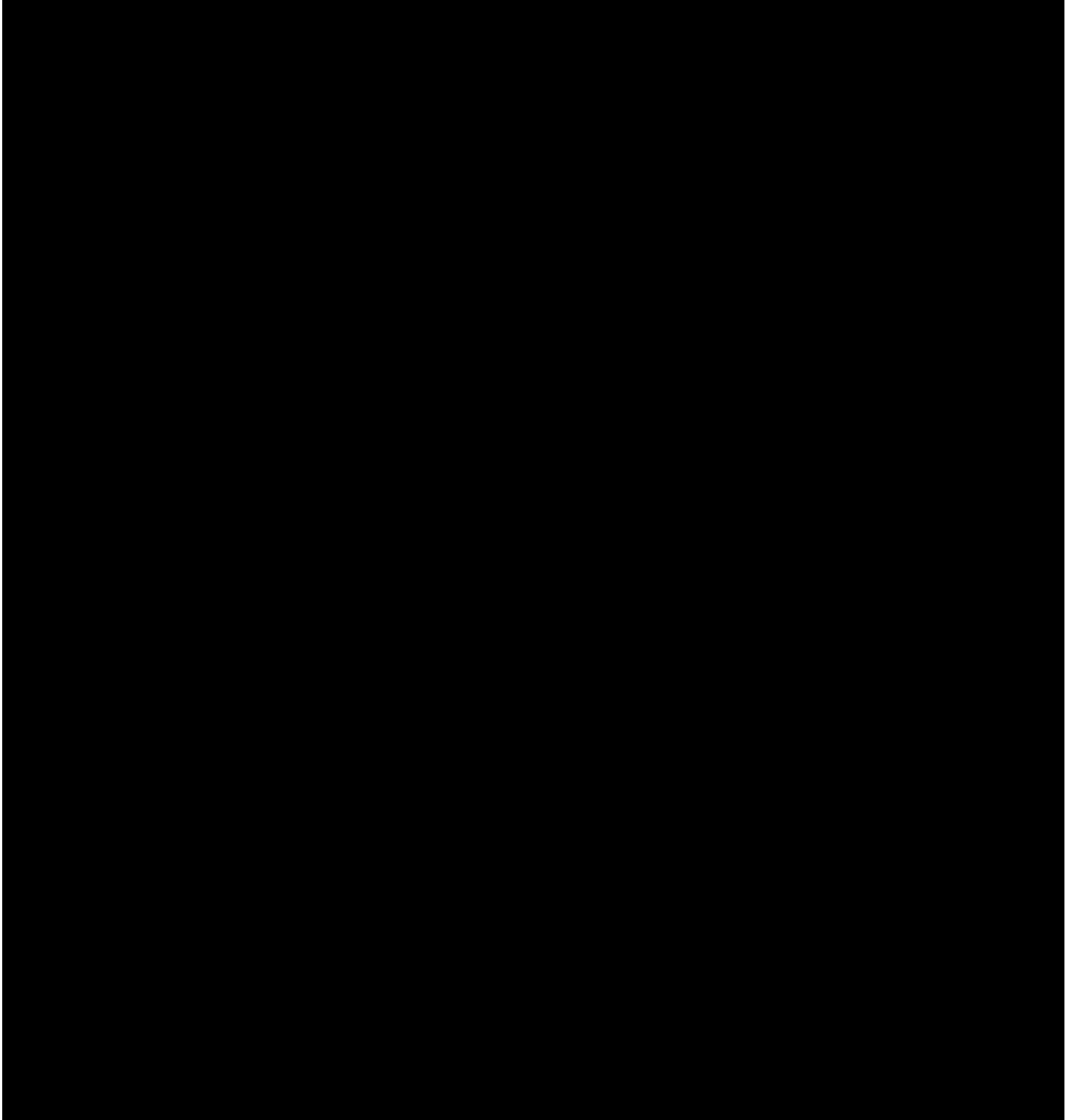
Appendix G



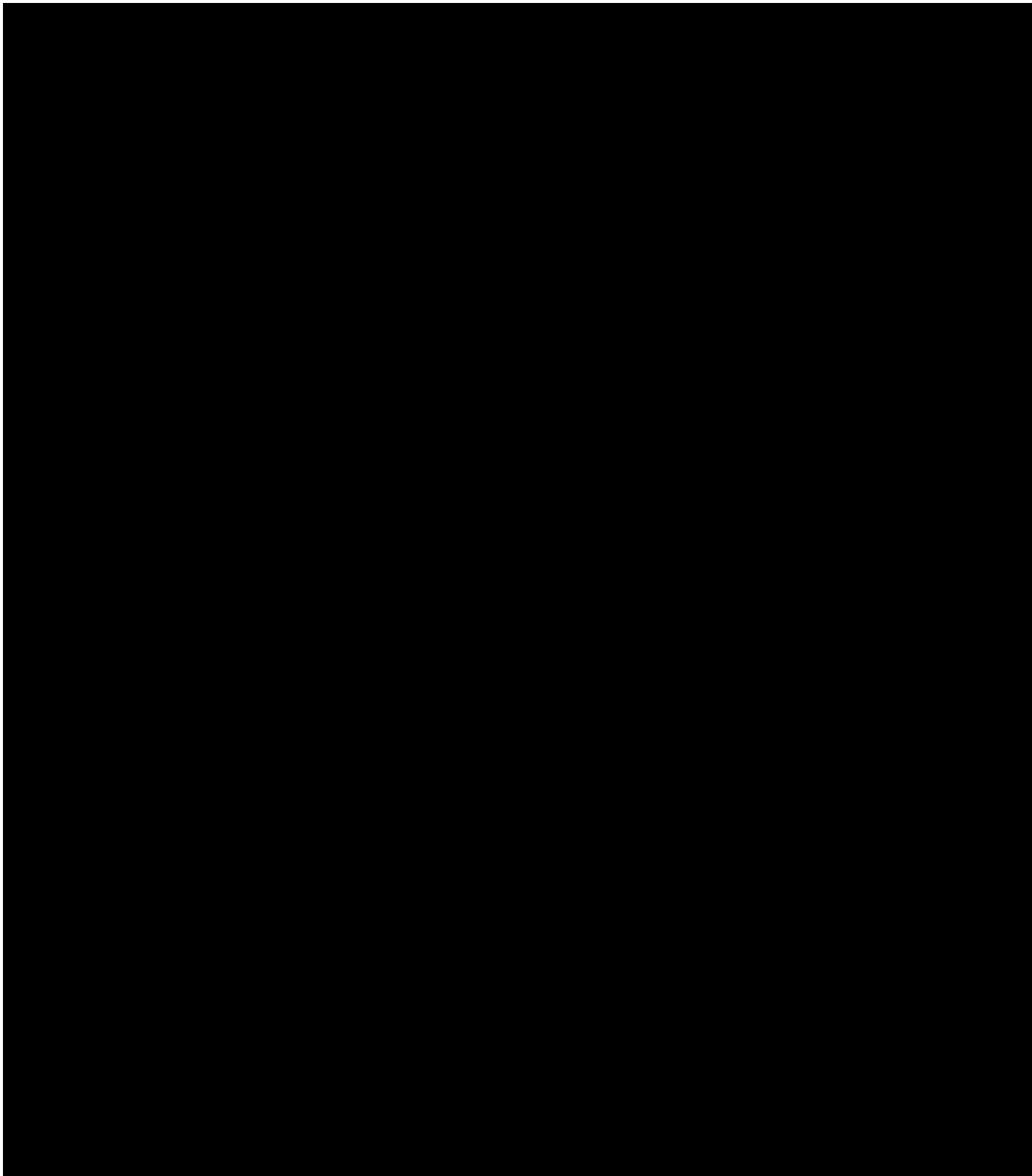
Appendix H

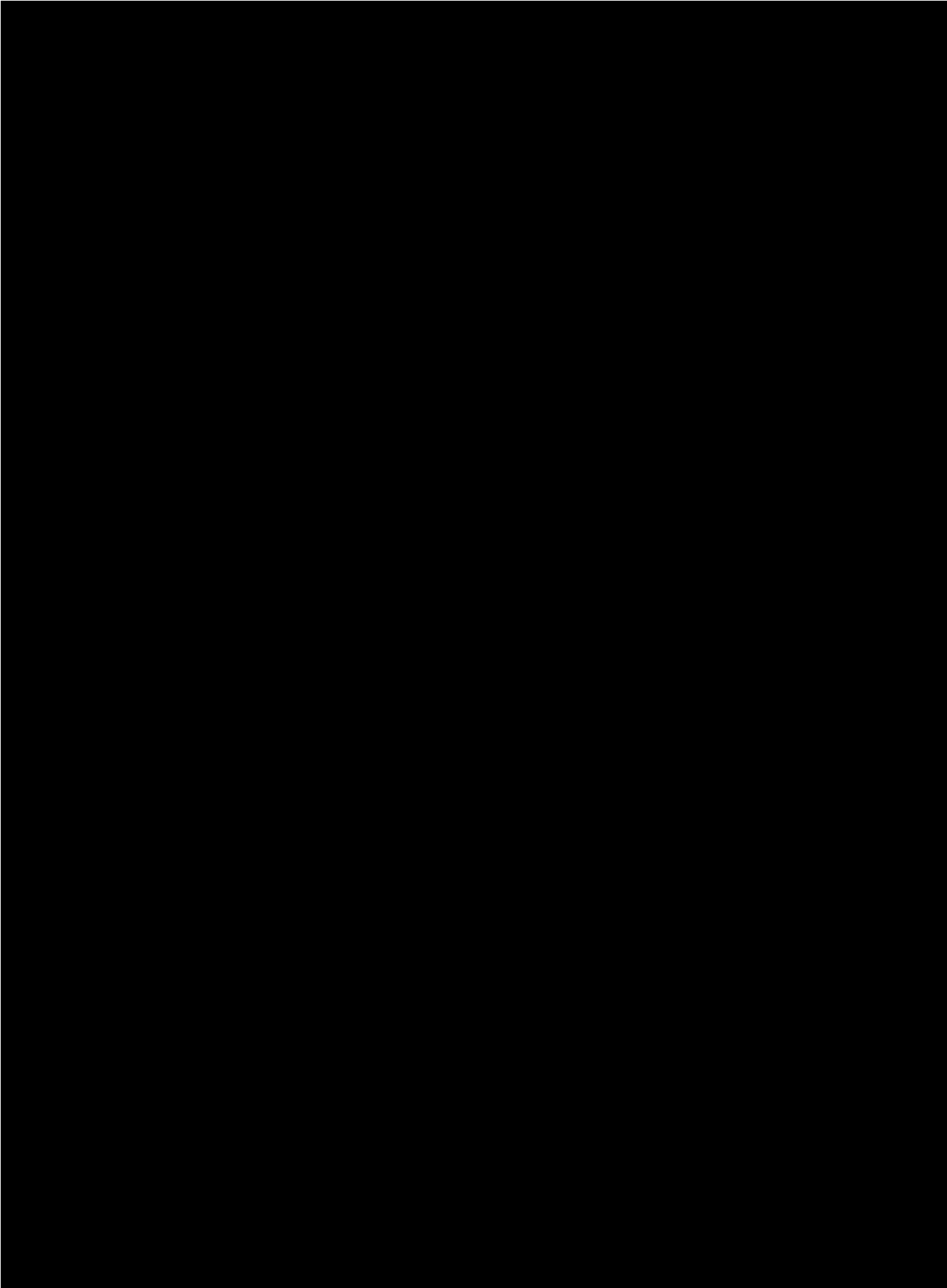


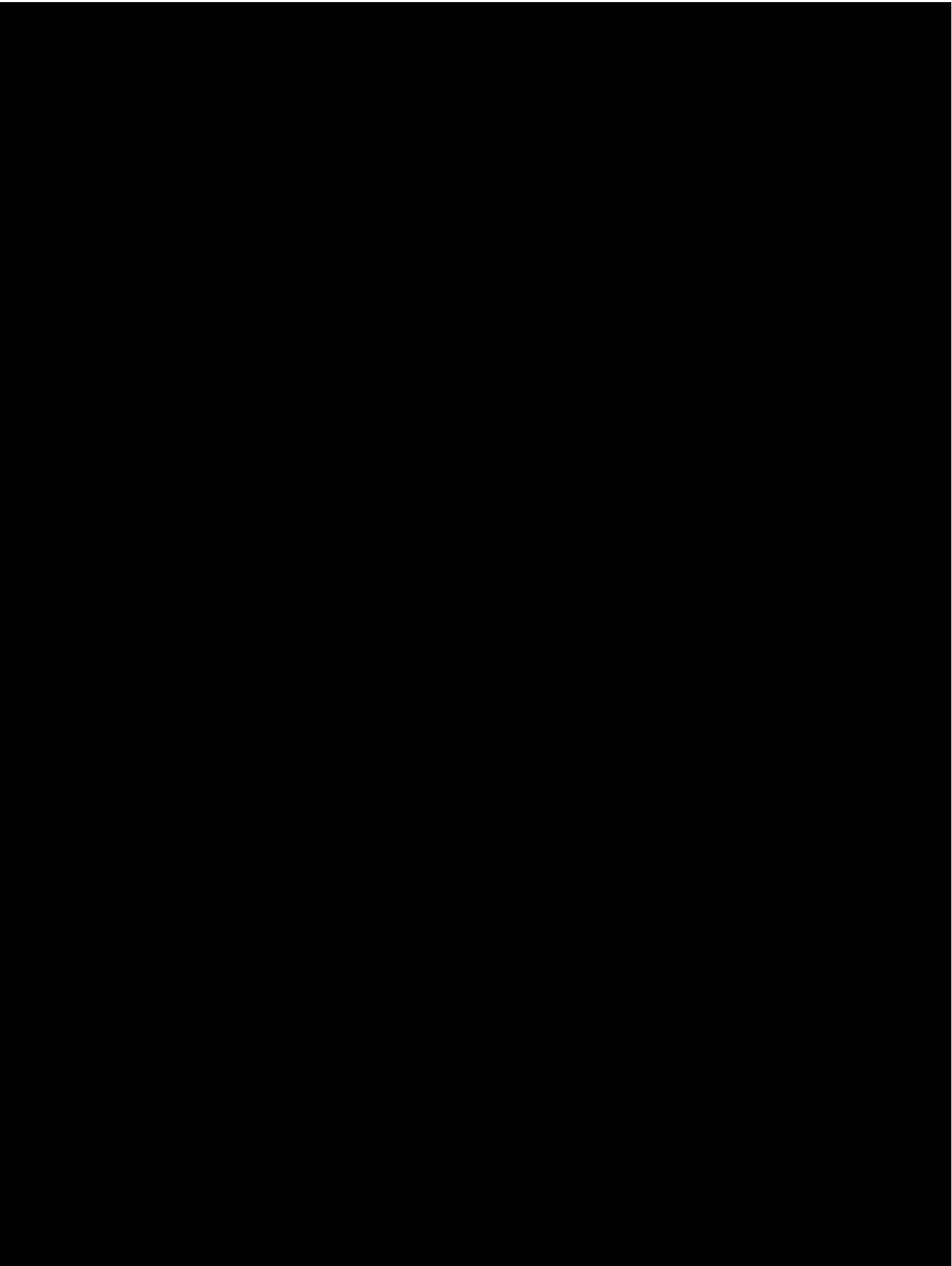
Appendix I

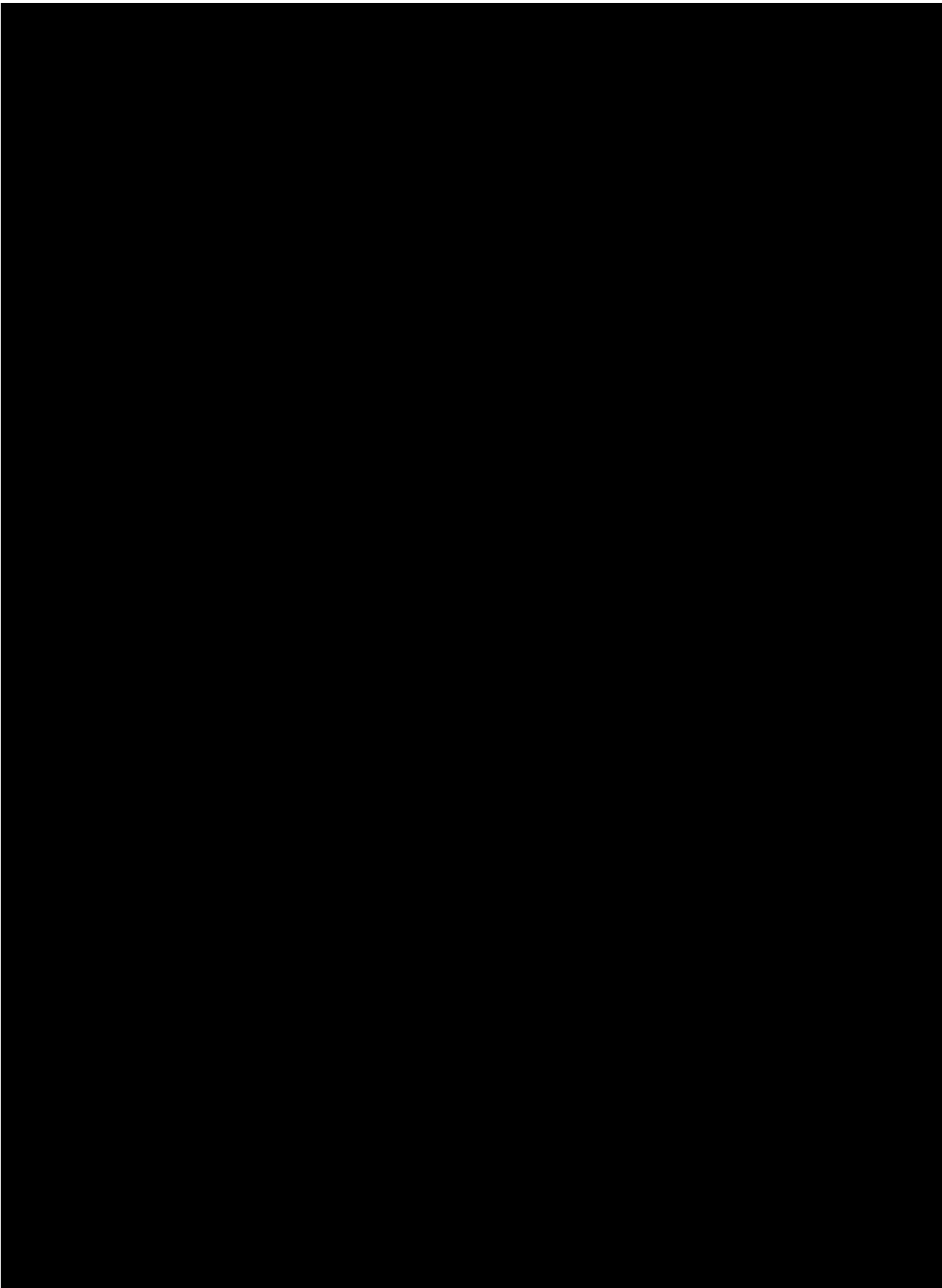


Appendix K



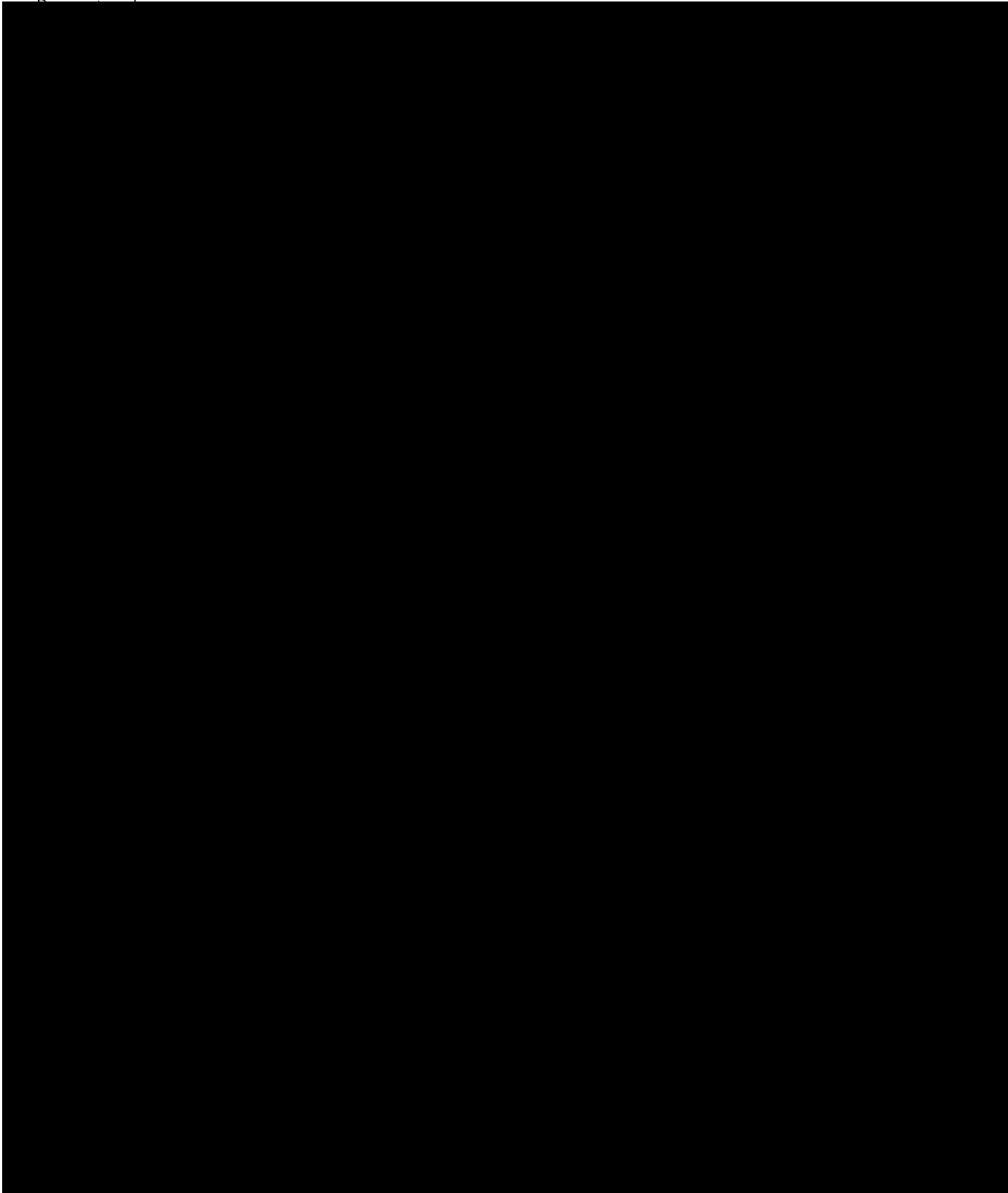






Appendix L

**Fuels and Systems Optimization
Electronic Futures Exchange Management Procedures**



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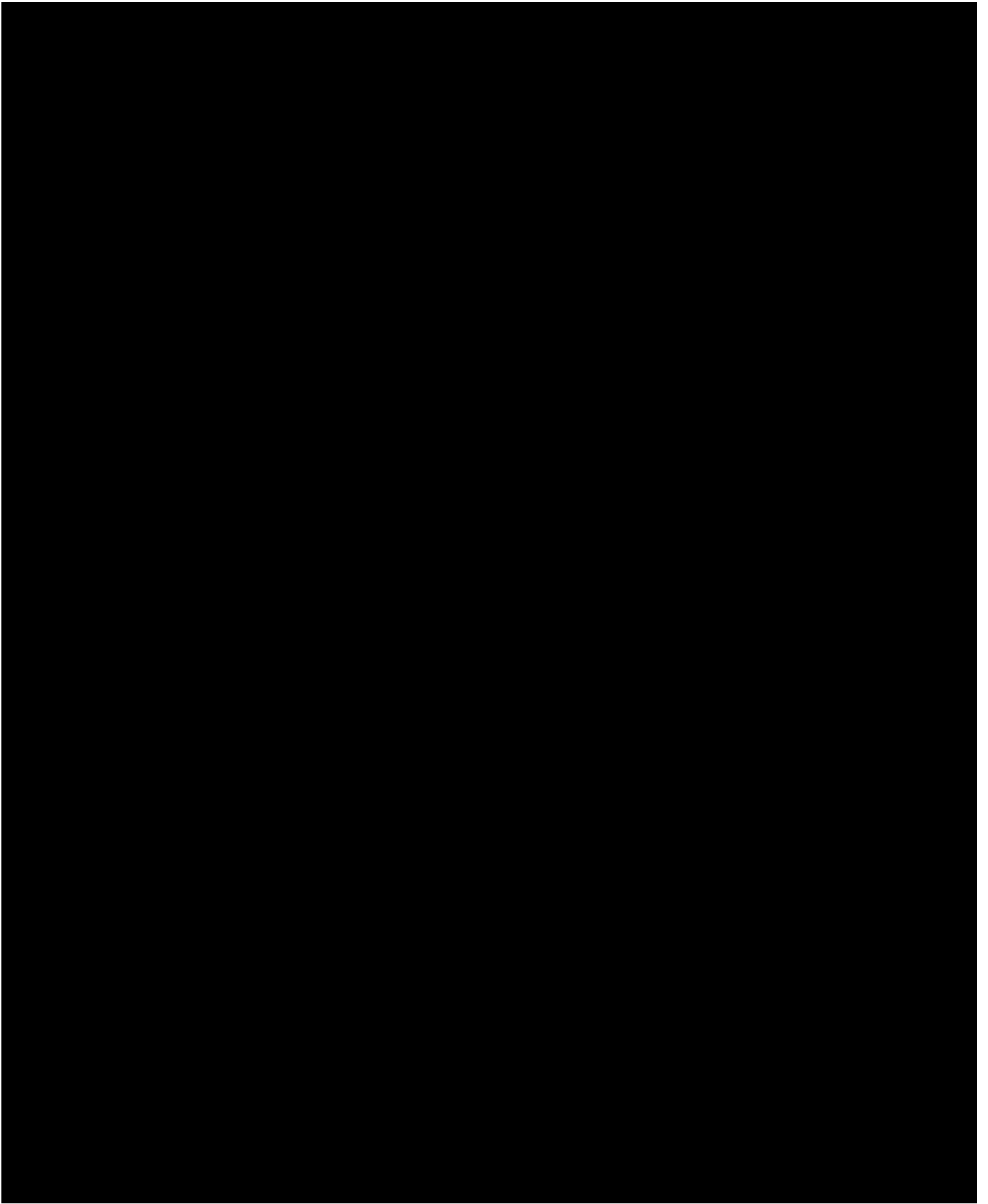


Exhibit C

DUKE ENERGY FLORIDA Confidentiality Justification Matrix

| DOCUMENT/RESPONSES | PAGE/LINE | JUSTIFICATION |
|----------------------------------|---|---|
| Direct Testimony of James McClay | Page 3, Line 20: the information contained after “between” and before “to” and after “to and before “percent” is confidential. | <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> |
| DOCUMENT/RESPONSES | PAGE/LINE | JUSTIFICATION |
| 2024 Risk Management Plan | <p>Page 1: 2024 projected burn volumes of coal is confidential.</p> <p>Page 2: 2024 projected burn volumes of light oil, natural gas & 2024 projected economy power purchases and sales is confidential.</p> <p>Page 3: rolling hedge percentages and approximate hedging percentage targets for Natural Gas is confidential.</p> <p>Attachment A- “Regulated Utilities Risk</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> |

| | | |
|--|--|--|
| | <p>Limits” (entire document-pages 1 through 10): internal risk control guidelines are confidential.</p> <p>Attachment B- "Authority Limit Matrix" (entire document-pages 1 through 3): internal approval authority thresholds and guidelines are confidential.</p> <p>Attachment C- Duke Energy's "Commodity Risk Policy" (entire document-pages 1 through 6): internal risk control guidelines are confidential.</p> <p>Attachment D- Duke Energy's "Credit Policy" (entire document-pages 1 through 5): internal credit related risk control guidelines are confidential.</p> <p>Attachment E - "Regulated Utilities Credit Limits" (entire document-pages 1 through 4): internal Guidelines are confidential.</p> <p>Attachment F- "Energy Supply Bulk Marketing and Trading Delegation of Authority Matrix" (entire document-page 1): internal guidelines are confidential.</p> <p>Attachment G- "Duke Energy Corporation Regulated Utilities Risk Management Control Manual March 2023": All information on Pages 2</p> | |
|--|--|--|

| | | |
|--|---|--|
| | <p>through 27, exclusive of section headings; Appendices A through Appendix I -all information on pages 28 through 39, exclusive of section headings- Appendices K and L- all information is confidential on pages 42 through 47, exclusive of headings, is confidential.</p> | |
|--|---|--|

Exhibit D

AFFIDAVIT OF JAMES MCCLAY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 20230001-EI

Dated: July 27, 2023

**AFFIDAVIT OF JAMES MCCLAY 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 James McClay, who being first duly sworn, on oath deposes and says that:

1. My name is James McClay. 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 Managing Director of Natural Gas Trading in the Trading and Dispatch Section of the Fuels and Systems Optimization Department. This group is responsible for the financial hedging activities, oil procurement and natural gas procurement and scheduling needed to support the gas generation needs for Duke Energy Indiana, Duke Energy Kentucky, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida.

3. As the Managing Director Natural Gas Trading, I am responsible, along with the other members of the section, for the management of the natural gas procurement, scheduling and hedging activities in the Trading and Dispatch Section of the Fuels and Systems Optimization Department for the Duke Energy regulated generation fleet.

4. DEF is seeking confidential classification for information contained in my direct testimony and on certain pages and attachments from the 2024 Risk Management Plan submitted on July 27, 2023. 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.

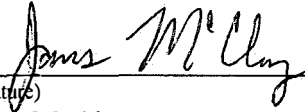
6. Additionally, the disclosure of confidential information in DEF's forecasted fuel volumes and hedging percentages, could adversely impact DEF's competitive business interests. If such information was disclosed to DEF's competitors, DEF's efforts to obtain competitive fuel supply options that provide 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.

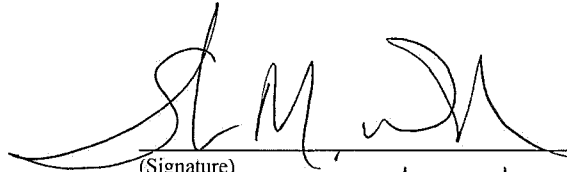
Dated the 27th day of July, 2023.



(Signature)

James McClay
Managing Director – Natural Gas Trading
Duke Energy
526 South Church
Charlotte, NC 28202

THE FOREGOING INSTRUMENT was sworn to and subscribed before me this 27 day of July, 2023 by James McClay. He is personally known to me or has produced his North Carolina driver's license, or his _____ as identification.



(Signature)

Shamell M. Wilson

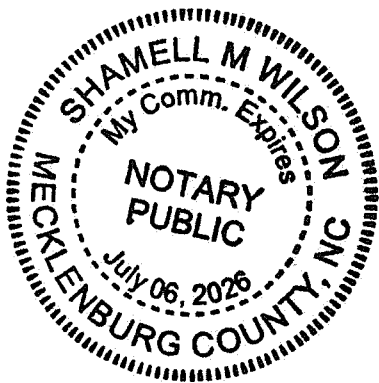
(Printed Name)

NOTARY PUBLIC, STATE OF NC

July 6, 2026

(Commission Expiration Date)

(AFFIX NOTARIAL SEAL)



(Serial Number, If Any)