



February 25, 2021

Mr. Bart Fletcher
Public Utility Supervisor
Surveillance Section
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0820

Dear Mr. Fletcher:

Pursuant to Commission Rule 25-6.1352, please find enclosed Duke Energy Florida's Forecasted Earnings Surveillance Report for the calendar year 2021.

Should you have any questions, please do not hesitate to contact me at (727) 820-5653.

Sincerely,

A handwritten signature in black ink that reads "Marcia Olivier".

Marcia Olivier
Director Rates & Regulatory Planning

Attachment

xc: Mr. Charles Rehwinkel, Esquire, Office of the Public Counsel

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT**

SCHEDULE 1

Company : Duke Energy Florida
Year 2021

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted
I. AVERAGE RATE OF RETURN			
(Jurisdictional)			
NET OPERATING INCOME	\$957,930,604 (a)	(\$58,662,941) (b)	\$899,267,663
AVERAGE RATE BASE	\$16,669,856,895	(\$1,430,992,811)	\$15,238,864,084
AVERAGE RATE OF RETURN	5.75%		5.90%
(a) INCLUDES AFUDC EARNINGS			
(b) INCLUDES REVERSAL OF AFUDC EARNINGS			

**III. REQUIRED RATES OF RETURN
AVERAGE CAPITAL STRUCTURE
(FPSC ADJUSTED BASIS)**

LOW	5.87%
MIDPOINT	6.31%
HIGH	6.74%

IV. FINANCIAL INTEGRITY INDICATORS

A. T.I.E. with AFUDC	4.05	(System Per Books Basis)
B. T.I.E without AFUDC	3.89	(System Per Books Basis)
C. AFUDC to Net Income	5.66%	(System Per Books Basis)
D. Internally Generated Funds	52.27%	(System Per Books Basis)
E. LT Debt-Fixed to Total Investor Funds	47.10%	(FPSC Adjusted Basis)
F. ST Debt to Total Investor Funds	1.12%	(FPSC Adjusted Basis)
G. Return on Common Equity	9.54%	(FPSC Adjusted Basis)

	Plant in Service	Accum Depr & Amort	Net Plant in Service	Future Use & Appd Unrecov Plant	Const Work in Progress	Net Utility Plant	Working Capital	Total Average Rate Base
System Per Books	\$22,238,671,449	\$6,090,941,082	\$16,147,730,367	\$135,779,556	\$1,417,751,457	\$17,701,261,380	\$876,654,650	\$18,577,916,030
Regulatory Base - Retail	\$20,112,994,594	\$5,614,447,629	\$14,498,546,965	\$119,140,170	\$1,206,246,428	\$15,823,933,562	\$845,923,332	\$16,669,856,895
FPSC Adjustments								
ARO	(26,854,825)	(47,318,429)	20,463,605			20,463,605	(31,164,083)	(10,700,478)
ECCR	(16,607,816)	(15,429,780)	(1,178,036)			(1,178,036)	(12,180,134)	(13,358,170)
ECRC	(260,849,227)	(32,640,763)	(228,208,464)		(7,215,631)	(235,424,095)	(5,019,205)	(240,443,300)
FUEL	(4,129,844)	(4,201,703)	71,860			71,860	(90,109,065)	(90,037,206)
CCR							(112,740,214)	(112,740,214)
SPP	(36,541,863)	(378,091)	(36,163,772)		(14,310,594)	(50,474,366)		(50,474,366)
Over\Under Recovery-Clauses							(29,467,104)	(29,467,104)
Investments Earning a Return							(243,456,979)	(243,456,979)
Jobbing Accounts							(1,116,679)	(1,116,679)
Non-Regulated and Miscellaneous	(20,918,767)	(37,889,386)	16,970,619	(80,657,610)		(63,686,991)	39,303,430	(24,383,561)
CWIP - AFUDC					(580,246,885)	(580,246,885)		(580,246,885)
Capital Lease	(650,539,121)	(229,629,768)	(420,909,354)			(420,909,354)	406,276,924	(14,632,430)
Storm							(22,816,639)	(22,816,639)
Rate Case Regulatory Asset							2,881,200	2,881,200
Total FPSC Adjustments	(1,016,441,462)	(367,487,920)	(648,953,542)	(80,657,610)	(601,773,111)	(1,331,384,263)	(99,608,548)	(1,430,992,811)
FPSC Adjusted	\$19,096,553,131	\$5,246,959,709	\$13,849,593,423	\$38,482,560	\$604,473,317	\$14,492,549,300	\$746,314,784	\$15,238,864,084

DUKE ENERGY FLORIDA
Average Rate of Return - Income Statement
December 2021

	Operating Revenues	Fuel & Net Interchange	O&M Other	Depr & Amort	Taxes Other than Income	Income Taxes Current	Deferred Income Tax (Net)	Total Operating Expenses	Net Operating Income
System Per Books	4,944,339,734	1,647,905,463	960,613,810	750,741,073	403,632,216	61,902,946	118,029,578	3,942,825,085	1,001,514,648
Regulatory Base - Retail	4,650,426,479	1,561,492,038	923,026,406	696,568,213	386,591,183	73,338,143	91,432,288	3,732,448,270	917,978,209
FPSC Adjustments									
ECCR	(115,085,701)		(110,774,355)	(3,161,055)		(282,072)		(114,217,482)	(868,219)
ECRC	(37,419,158)		(21,210,417)	2,232,988	(1,103,378)	(4,251,679)		(24,332,486)	(13,086,672)
FUEL	(1,192,095,660)	(1,174,625,900)	(855,135)	(6,551,340)		(2,467,700)		(1,184,500,076)	(7,595,584)
CCR	(475,647,654)	(386,866,138)	(342,466)	(81,132,289)		(1,791,751)		(470,132,644)	(5,515,009)
SPP	(9,985,904)		(3,955,522)	(1,223,876)	(286,004)	(1,108,509)		(6,573,911)	(3,411,992)
Non-Regulated and Miscellaneous				(1,114,687)		273,342		(841,346)	841,346
Coporate Aircraft Allocation			(2,672,438)			655,330		(2,017,108)	2,017,108
Franchise Fee & Gross Receipts	(223,617,251)					(54,835,422)		(54,835,422)	(168,781,829)
Franchise Fees & Gross Rec Tax - TOI					(223,617,251)	54,835,422		(168,781,829)	168,781,829
Inst./Promotional Advertising			(3,335,669)			817,967		(2,517,703)	2,517,703
Miscellaneous Interest Expense			102,239			(25,071)		77,168	(77,168)
Remove Assoc/Organization Dues			(101,995)			25,011		(76,984)	76,984
Remove Economic Development			1,149,400			(281,854)		867,546	(867,546)
Parent Debt Adjustment						(8,056,598)		(8,056,598)	8,056,598
Directors & Officers Premium			(1,167,130)			286,201		(880,928)	880,928
Interest Synchronization - FPSC						1,679,021		1,679,021	(1,679,021)
Total FPSC Adjustments	(2,053,851,328)	(1,561,492,038)	(143,163,489)	(90,950,259)	(225,006,633)	(14,528,363)		(2,035,140,782)	(18,710,546)
FPSC Adjusted	2,596,575,151		779,862,917	605,617,954	161,584,549	58,809,780	91,432,288	1,697,307,488	899,267,663

(a) The addition of earnings from AFUDC charges would increase the System NOI by 46,957,707 pretax
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 39,952,395 pretax

DUKE ENERGY FLORIDA
Average Rate of Return - Adjustment
December 2021

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(10,700,478)	(10,700,478)
	ECCR	F	(13,443,836)	(13,358,170)
	ECRC	F	(248,072,827)	(240,443,300)
	FUEL	F	(90,031,701)	(90,037,206)
	CCR	F	(112,740,214)	(112,740,214)
	SPP	F	(57,333,240)	(50,474,366)
	Over/Under Recovery-Clauses	F	(29,467,104)	(29,467,104)
	Investments Earning a Return	F	(243,456,979)	(243,456,979)
	Jobbing Accounts	F	(1,116,679)	(1,116,679)
	Non-Regulated and Miscellaneous	F	(30,561,859)	(24,383,561)
(1)	CWIP - AFUDC	F	(691,925,979)	(580,246,885)
(2)	Capital Lease - EPIS	F	(448,495,899)	(420,909,354)
(2)	Capital Lease - Working Capital	F	416,100,804	406,276,924
	Storm	F	(22,816,639)	(22,816,639)
	Rate Case Regulatory Asset	F	2,881,200	2,881,200
	Total		(1,581,181,431)	(1,430,992,811)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(1,150,291)	282,072	(1,150,291)	282,072
	ECRC	F	(17,338,352)	4,251,711	(17,338,352)	4,251,679
	FUEL	F	(10,063,284)	2,467,719	(10,063,284)	2,467,700
	CCR	F	(7,306,760)	1,791,764	(7,306,760)	1,791,751
	SPP	F	(4,520,502)	1,108,517	(4,520,502)	1,108,509
	Non-Regulated and Miscellaneous	F	2,572,400	(630,804)	1,114,687	(273,342)
(2)	Coporate Aircraft Allocation	F	2,866,784	(702,993)	2,672,438	(655,330)
(1)	Franchise Fee & Gross Receipts	F	(223,617,251)	54,835,422	(223,617,251)	54,835,422
(1)	Franchise Fees & Gross Rec Tax - TOI	F	223,617,251	(54,835,422)	223,617,251	(54,835,422)
(1)	Inst./Promotional Advertising	F	3,578,247	(877,458)	3,335,669	(817,967)
(1)	Miscellaneous Interest Expense	F	(109,674)	26,894	(102,239)	25,071
(1)	Remove Assoc/Organization Dues	F	109,413	(26,830)	101,995	(25,011)
(3)	Remove Economic Development	F	(1,149,403)	281,857	(1,149,400)	281,854
(2)	Parent Debt Adjustment	F		9,000,177		8,056,598
(2)	Directors & Officers Premium	F	1,252,006	(307,017)	1,167,130	(286,201)
(1)	Interest Synchronization - FPSC	F		(1,842,725)		(1,679,021)
	Total		(31,259,416)	14,822,884	(33,238,908)	14,528,363

Notes: (1) Docket No. 910890-EI, Order No. PSC 92-0208-FOF-EI
(2) Docket No. 090079-EI, Order No. PSC 10-0131-FOF-EI
(3) Rule 25-6.0426 Recovery of Econ Dev Expenses

DUKE ENERGY FLORIDA
Average - Capital Structure
FPSC Adjusted Basis
December 2021

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	Low-Point		Mid-Point		High-Point	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	7,891,815,173	7,072,573,363	(496,457,171)	(12,476,394)	6,563,639,798	43.07%	9.50%	4.09%	10.50%	4.52%	11.50%	4.95%
Long Term Debt	7,164,416,058	6,420,684,857	(450,698,052)		5,969,986,805	39.18%	4.22%	1.66%	4.22%	1.66%	4.22%	1.66%
Short Term Debt	169,803,717	152,176,555	(10,681,988)		141,494,568	0.93%	1.10%	0.01%	1.10%	0.01%	1.10%	0.01%
Customer Deposits												
Active	195,420,127	195,420,127	(13,717,457)		181,702,670	1.19%	2.36%	0.03%	2.36%	0.03%	2.36%	0.03%
Inactive	2,025,270	2,025,270	(142,163)		1,883,107	0.01%						
Investment Tax Credits *	211,838,025	189,847,322	(13,326,276)		176,521,046	1.16%	6.99%	0.08%	7.51%	0.09%	8.03%	0.09%
Deferred Income Taxes	2,942,597,658	2,637,129,401	(185,112,509)	(248,380,801)	2,203,636,091	14.46%						
Total	18,577,916,029	16,669,856,895	(1,170,135,616)	(260,857,195)	15,238,864,084	100.00%		5.87%		6.31%		6.74%

* Investment Tax Credits cost rates are based on the weighted average cost of long term debt, preferred stock (none) and common equity, Treasury Regulation section 1.46-6(b)(3)(ii).

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
FINANCIAL INTEGRITY INDICATORS

SCHEDULE 4

Company : Duke Energy Florida
Year 2021

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$	1,053,115,771
AFUDC - DEBT	\$	16,519,052
INCOME TAXES		188,326,429
TOTAL	\$	1,257,961,252
INTEREST CHARGES (before deducting AFUDC-Debt)	\$	310,937,172
TIE WITH AFUDC		4.05

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$	1,053,115,771
AFUDC - EQUITY		(30,438,655)
INCOME TAXES		188,326,429
TOTAL	\$	1,211,003,545
INTEREST CHARGES (before deducting AFUDC-Debt)	\$	310,937,172
TIE WITHOUT AFUDC		3.89

**C. PERCENT AFUDC TO NET INCOME AVAILABLE
FOR COMMON SHAREHOLDERS**

AFUDC DEBT	\$	16,519,052
X (1- INCOME TAX RATE)		0.75478
SUBTOTAL	\$	12,468,250
AFUDC -EQUITY	\$	30,438,655
TOTAL	\$	42,906,905
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$	758,697,652
PERCENT AFUDC TO AVAILABLE NET INCOME		5.66%

D. PERCENT INTERNALLY GENERATED FUNDS*

NET INCOME	\$	758,697,652
COMMON DIVIDENDS		-
AFUDC (EQUITY)		(30,438,655)
DEPRECIATION & AMORTIZATION		750,741,073
DEFERRED INCOME TAXES		118,029,578
INVESTMENT TAX CREDITS		-
OTHER - INC NUCLEAR DECOMMISSIONING		(35,767,108)
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL		(362,398,133)
TOTAL FUNDS PROVIDED	\$	1,198,864,406

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$	2,293,793,312
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PERCENTAGE INTERNALLY GENERATED FUNDS **52.27%**

**E. SHORT TERM DEBT/LONG TERM DEBT AS AS A
A PERCENT OF TOTAL INVESTOR CAPITAL**

Common Equity	\$	6,563,639,798
Long Term Debt	\$	5,969,986,805
Short Term Debt	\$	141,494,568
TOTAL	\$	12,675,121,171

% LONG TERM DEBT TO TOTAL **47.10%**
% SHORT TERM DEBT TO TOTAL **1.12%**

**F. FPSC ADJUSTED AVERAGE JURISDICTIONAL RETURN
RETURN ON COMMON EQUITY**

FPSC AVERAGE		
EARNED RATE OF RETURN		5.90%
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT		1.66%
SHORT TERM DEBT		0.01%
CUSTOMER DEPOSITS		0.03%
DEFERRED INCOME TAXES		
INVESTMENT TAX CREDITS		0.09%
DEFERRED INCOME TAX (FAS 109)		
SUBTOTAL		1.79%
TOTAL		4.11%
DIVIDED BY COMMON EQUITY RATIO		43.07%
JURISDICTIONAL RETURN ON COMMON EQUITY		9.54%

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company : Duke Energy Florida
 Year 2021

FORECAST ASSUMPTIONS

	Forecast Year		Prior Year Actual	
	Customers	mWh Sales	Customers	mWh Sales
Residential	1,682,265	21,135,358	1,655,304	21,458,693
Commercial	181,777	10,860,406	179,666	11,521,828
Industrial	1,978	3,431,718	1,999	3,147,394
Other	26,991	3,148,972	26,832	3,102,298
Total	1,893,010	38,576,452	1,863,801	39,230,213

OTHER MAJOR FORECAST ASSUMPTIONS

Revenues

Retail revenues are based on the 2021 budget. Revenues reflect an overall decrease, primarily driven by decreased retail sales from the continued impact of COVID-19, net of increases related to the Multi-Year rate increase approved in 2017 Second RRSSA, Order PSC-2017-0451-AS-EU, and the solar plants Twin Rivers and Santa Fe going into service in March, 2021 (Docket No. 20200245).

Operation and Maintenance Expenses

Total base recoverable O&M expenses are budgeted at \$780 million, which include \$157.2 million of storm charges as an offset to the 2017 Tax Cuts & Jobs Act savings pursuant to the 2017 Settlement Agreement. FUEL/CCR, ECCR, ECRC, SPP expenses are budgeted at \$1,563 million, \$111 million, \$21 million and \$4 million, respectively.

Depreciation Expense

Depreciation expense is based on rates effective 1/1/2010 per Order PSC-10-0131-FOF-EI. Pursuant to the 2017 Settlement Agreement, depreciation and amortization expense includes \$50 million of Crystal River 4&5 accelerated depreciation as an offset to the 2017 Tax Cuts & Jobs Act savings.

Fossil Dismantlement

Retail fossil dismantlement expense is based on rates effective 1/1/2010 per Order PSC-10-0131-FOF-EI. Wholesale fossil dismantlement expense is based on settlement rates effective 01/01/1995.

Crystal River 3 (CR3)

Consistent with the 2017 Settlement Agreement, a specific adjustment was made to remove CR3 from the deferred income tax liability in capital structure. The CR3 Regulatory Asset was securitized in June 2016.

Financing Activity

The 2021 budget financing activity includes a \$1,400 million debt issuance offset by \$300 million maturing in August and \$200,000 million maturing in November. There is no dividend contribution in 2021.

2017 Tax Cuts & Jobs Act

As a result of the 2017 Tax Cuts & Jobs Act, there is no bonus tax depreciation in the 2021 budget. The combined Federal & State income tax rate of 24.522% is used. The 2021 budget includes \$50.412 million of excess deferred income tax amortization pursuant to DEF's supplemental filing on December 27, 2018 in Docket No. 20180047.

I am the person responsible for preparation of this document and I am aware that Section 837.06, Florida Statutes, provides: Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in sec. 775.082 or sec. 775.083.	
Marcia Olivier	
Name	Signature
Director Rates & Regulatory Planning - FL	2/25/2021
Title	Date

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
Construction Projects Exceeding \$82,000,000* in Accordance with Rule 25-6.0141(9)**

**Company : Duke Energy Florida
Year 2021**

25-6.0141(9)(a)		25-6.0141(9)(b)	25-6.0141(9)(c)	25-6.0141(9)(d)	
Project Name	Project Description	Estimated Total cost of the Project* (excl. AFUDC)	Estimated Construction commencement Date	Estimated In-Service Date	
1	2021 CEC Solar #1	Future CEC Project, 2023 COD, to generate 74.9 MW	\$ 96,113,000	August 2021	January 2023
2	2021 CEC Solar #2	Future CEC Project, 2023 COD, to generate 74.9 MW	\$ 96,113,000	August 2021	January 2023
3	2021 CEC Solar #3	Future CEC Project, 2023 COD, to generate 74.9 MW	\$ 96,113,000	August 2021	January 2023
4	2021 CEC Solar #4	Future CEC Project, 2023 COD, to generate 74.9 MW	\$ 96,113,000	August 2021	January 2023
5	Silver Springs Expansion	GG Silver Springs North to Archer	\$ 95,322,000	January 2021	January 2025

* Projects commencing during the period that are estimated to have a gross cost in excess of 0.40 percent of the sum of the total balance in Account 101, Electric Plant in Service, and Account 106, Completed Construction not Classified.