



July 15, 2016

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, enclosed please find Duke Energy Florida, LLC's Earnings Surveillance Report for the twelve months ended May 31, 2016.

The report includes the Company's actual rate of return computed on an end-of-period rate base, the Company's adjusted rate of return computed on an average rate base, the Company's end-of-period required rates of return, and certain financial integrity indicators for the twelve months ended May 31, 2016. The separation factors used for the jurisdictional amounts were developed from the cost of service prepared in compliance with the Stipulation & Settlement Agreement, Order No. PSC-13-0598-FOF-EI.

If you have any questions, please feel free to contact me at (727) 820-5653.

Sincerely,

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

Marcia Olivier
Director Rates & Regulatory Planning

Attachment
xc: Mr. J. R. Kelly, Office of the Public Counsel

DUKE ENERGY FLORIDA
RATE OF RETURN REPORT SUMMARY
May 2016

SCHEDULE 1

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted	(4) Pro Forma Adjustments	(5) Pro Forma Adjusted
I. AVERAGE RATE OF RETURN (Jurisdictional)					
Net Operating Income	\$ 642,045,244 (a)	\$ 17,359,995 (b)	\$ 659,405,239	\$ (17,664,291)	\$ 641,740,948
Average Rate Base	\$ 11,466,571,943	\$ (1,402,930,066)	\$ 10,063,641,877	\$ -	\$ 10,063,641,877
Average Rate of Return	5.60%		6.55%		6.38%
I. YEAR END RATE OF RETURN (Jurisdictional)					
Net Operating Income	\$ 625,170,324	\$ 34,234,915	\$ 659,405,239		
Average Rate Base	\$ 11,933,949,454	\$ (1,622,830,493)	\$ 10,311,118,961		
Average Rate of Return	5.24%		6.40%		
(a) INCLUDES AFUDC EARNINGS					
(b) INCLUDES REVERSAL OF AFUDC EARNINGS					

III. REQUIRED RATES OF RETURN	Average Capital Structure	End of Period Capital Structure
FPSC Adjusted Basis		
Low Point	6.27%	6.23%
Mid Point	6.74%	6.70%
High Point	7.20%	7.16%
Pro Forma Adjusted Basis		
Low Point	6.27%	6.23%
Mid Point	6.74%	6.70%
High Point	7.20%	7.16%
IV. FINANCIAL INTEGRITY INDICATORS		
A. T.I.E. with AFUDC	4.86	(System Per Books Basis)
B. T.I.E without AFUDC	4.77	(System Per Books Basis)
C. AFUDC to Net Income	2.99%	(System Per Books Basis)
D. Internally Generated Funds	82.07%	(System Per Books Basis)
E. STD/LTD to Total Investor Funds		
LT Debt-Fixed to Total Investor Funds	39.77%	(FPSC Adjusted Basis)
ST Debt to Total Investor Funds	4.47%	(FPSC Adjusted Basis)
F. Return on Common Equity	10.10%	(FPSC Adjusted Basis)
	9.72%	(Pro Forma Adjusted Basis)
G. Current Allowed AFUDC Rate	7.44%	Docket 100134-EI Order PSC-10-0258-PCO-EI

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 s. 775.082, s. 775.083, or s. 775-084

Marcia Olivier
 Marcia Olivier, Director Rates & Regulatory Planning

7/15/16
 Date

	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	\$14,464,293,583	\$5,333,876,461	\$9,130,417,122	\$122,059,334	\$677,647,076	\$9,930,123,532	\$2,610,785,361	\$12,540,908,893
Regulatory Base - Retail	\$13,139,197,376	\$4,943,260,416	\$8,195,936,961	\$105,808,354	\$602,901,726	\$8,904,647,040	\$2,561,924,902	\$11,466,571,943
FPSC Adjustments								
ARO	(25,348,313)	(31,027,101)	5,678,788			5,678,788	(5,057,258)	621,530
ECCR	(44,431,522)	(9,855,344)	(34,576,179)		(6,677,868)	(41,254,047)	(2,740,522)	(43,994,568)
ECRC	(179,891,662)	(10,658,997)	(169,232,665)		(1,818,181)	(171,050,846)	(16,885,552)	(187,936,398)
FUEL	(28,969,382)	(28,103,531)	(865,851)			(865,851)	100,557,933	99,692,082
CCR							(23,866,992)	(23,866,992)
NUCLEAR					(418,363)	(418,363)	(253,804,142)	(254,222,505)
CR3 Removal							(1,336,722,805)	(1,336,722,805)
Derivatives							(28,154,285)	(28,154,285)
Employee Related							(370)	(370)
Investments Earning a Return							(171,166,886)	(171,166,886)
Jobbing Accounts							(558,868)	(558,868)
Non-Regulated and Miscellaneous	(44,111,477)	(39,520,515)	(4,590,962)		(533,165)	(5,124,127)	67,584,087	62,459,960
Retention Accounts							1,822,228	1,822,228
CWIP - AFUDC					(293,028,702)	(293,028,702)		(293,028,702)
Imputed Off Balance Sheet Obligations							774,302,569	774,302,569
Capital Lease	(148,517,985)		(148,517,985)			(148,517,985)	146,341,930	(2,176,055)
Total FPSC Adjustments	(471,270,342)	(119,165,488)	(352,104,854)		(302,476,278)	(654,581,132)	(748,348,934)	(1,402,930,066)
FPSC Adjusted	\$12,667,927,035	\$4,824,094,928	\$7,843,832,106	\$105,808,354	\$300,425,447	\$8,250,065,908	\$1,813,575,968	\$10,063,641,876

	Operating Revenues	Fuel & Net Interchange	O&M Other	Depr & Amort	Taxes Other than Income	Income Taxes Current	Deferred Income Tax (Net)	Investment Tax Credit (Net)	Gain/Loss on Disposition & Other	Total Operating Expenses	Net Operating Income
System Per Books	\$4,770,105,561	\$2,067,757,166	\$808,697,120	\$497,263,887	\$345,742,683	(\$139,979,559)	\$439,651,274	(\$146,000)		\$4,018,986,570	\$751,118,991
Regulatory Base - Retail	\$4,454,008,802	\$2,016,130,521	\$773,261,219	\$465,273,854	\$333,099,992	(\$90,048,760)	\$331,255,209	(\$133,557)		\$3,828,838,478	\$625,170,324
FPSC Adjustments											
ECCR	(97,273,120)		(86,748,339)	(5,026,778)		(2,120,855)				(93,895,972)	(3,377,148)
ECRC	(58,210,066)		(33,630,407)	(4,902,533)	(1,299,323)	(7,089,238)				(46,921,501)	(11,288,566)
FUEL	(1,648,992,269)	(1,644,879,204)	(1,142,016)			(1,146,082)				(1,647,167,302)	(1,824,967)
CCR	(371,518,810)	(371,251,316)	(267,494)			-				(371,518,810)	-
NUCLEAR	(60,316,244)		(54,373)	(54,867,782)		(2,080,770)				(57,002,925)	(3,313,319)
Non-Regulated and Miscellaneous				(45,583,791)		17,583,947				(27,999,843)	27,999,843
CORPORATE AIRCRAFT ALLOCATION			(2,097,613)			809,154				(1,288,459)	1,288,459
FRANCHISE FEE & GROSS RECEIPTS	(206,154,506)					(79,524,101)				(79,524,101)	(126,630,405)
FRANCHISE FEES & GROSS REC TAX - TOI					(204,399,219)	78,846,999				(125,552,220)	125,552,220
GAIN/LOSS ON DISPOSITION & OTHER						115,100		(298,379)		(183,279)	183,279
INST./PROMOTIONAL ADVERTISING			(4,457,797)			1,719,595				(2,738,202)	2,738,202
MISCELLANEOUS INTEREST EXPENSE			127,413			(49,149)				78,263	(78,263)
REMOVE ASSOC/ORGANIZATION DUES			(25,651)			9,895				(15,756)	15,756
PARENT DEBT ADJUSTMENT						(13,887,049)				(13,887,049)	13,887,049
DIRECTORS & OFFICERS PREMIUM			(2,694,177)			1,039,279				(1,654,898)	1,654,898
INTEREST SYNCHRONIZATION - FPSC						(7,427,877)				(7,427,877)	7,427,877
Total FPSC Adjustments	(2,442,465,016)	(2,016,130,521)	(130,990,455)	(110,380,884)	(205,698,542)	(13,201,151)			(298,379)	(2,476,699,931)	34,234,915
FPSC Adjusted	\$2,011,543,787		\$642,270,764	\$354,892,971	\$127,401,450	(\$103,249,911)	\$331,255,209	(\$133,557)	(\$298,379)	\$1,352,138,547	\$659,405,239
Pro Forma Adjustments											
Weather Normalization	(28,757,494)					(11,093,203)				(11,093,203)	(17,664,291)
Total Pro Forma Adjustments	(28,757,494)					(11,093,203)				(11,093,203)	(17,664,291)
Pro Forma Adjusted	\$1,982,786,293		\$642,270,764	\$354,892,971	\$127,401,450	(\$114,343,115)	\$331,255,209	(\$133,557)	(\$298,379)	\$1,341,045,344	\$641,740,949
Current Month											
System Per Books	\$377,134,149	\$141,982,716	\$58,834,909	\$38,718,213	\$27,227,666	18,339,667	15,053,876	(12,166)		\$300,144,882	\$76,989,267
FPSC Adjusted	\$179,743,423		\$44,867,730	\$31,179,870	\$10,697,986	(10,714,005)	39,412,758	(11,129)	(22,231)	\$115,410,979	\$64,332,443

(a) The addition of earnings from AFUDC charges would increase the System NOI by
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by

18,967,005 pretax
16,874,920 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	\$621,530	\$621,530
	ECCR	F	(43,994,568)	(43,994,568)
	ECRC	F	(199,081,140)	(187,936,398)
	FUEL	F	99,625,757	99,692,082
	CCR	F	(25,578,117)	(23,866,992)
	NUCLEAR	F	(252,816,278)	(254,222,505)
	CR3 Removal	F	(1,336,722,805)	(1,336,722,805)
	Derivatives	F	(28,154,285)	(28,154,285)
	Employee Related	F	(415)	(370)
	Investments Earning a Return	F	(181,035,332)	(171,166,886)
	Jobbing Accounts	F	(627,287)	(558,868)
	Non-Regulated and Miscellaneous	F	62,809,788	62,459,960
	Retention Accounts	F	2,045,310	1,822,228
(1)	CWIP - AFUDC	F	(315,454,750)	(293,028,702)
(3)	Imputed Off Balance Sheet Obligations	F	833,614,221	774,302,569
(2)	Capital Lease - EPIS	F	(159,318,163)	(148,517,985)
(2)	Capital Lease - Working Capital	F	156,983,866	146,341,930
	Total		(\$1,387,082,667)	(\$1,402,930,066)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(5,498,003)	2,120,855	(5,498,003)	2,120,855
	ECRC	F	(15,961,597)	6,157,186	(18,377,803)	7,089,238
	FUEL	F	(3,047,128)	1,175,430	(2,971,049)	1,146,082
	CCR	F				
	NUCLEAR	F	(5,394,089)	2,080,770	(5,394,089)	2,080,770
	NON-REGULATED AND MISCELLANEOUS	F	45,583,791	(17,583,947)	45,583,791	(17,583,947)
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,250,151	(867,996)	2,097,613	(809,154)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(206,154,506)	79,524,101	(206,154,506)	79,524,101
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	204,399,219	(78,846,999)	204,399,219	(78,846,999)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	321,234	(123,916)	298,379	(115,100)
(1)	INST./PROMOTIONAL ADVERTISING	F	4,781,967	(1,844,644)	4,457,797	(1,719,595)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(136,678)	52,724	(127,413)	49,149
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	27,516	(10,614)	25,651	(9,895)
(2)	PARENT DEBT ADJUSTMENT	F		15,321,273		13,887,049
(2)	DIRECTORS & OFFICERS PREMIUM	F	2,890,097	(1,114,855)	2,694,177	(1,039,279)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		9,175,971		7,427,877
	Total		\$24,061,974	\$15,215,337	\$21,033,764	\$13,201,151

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) Docket No. 130208-EI, Order No. PSC 13-0598-FOF-EI

	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 Period End Rate Base
System Per Books	\$14,741,400,171	\$5,377,391,125	\$9,364,009,045	\$122,180,930	\$961,857,310	\$10,448,047,285	\$2,610,785,361	\$13,058,832,646
Regulatory Base - Retail	\$13,383,525,862	\$4,986,309,110	\$8,397,216,752	\$105,913,761	\$868,894,039	\$9,372,024,552	\$2,561,924,902	\$11,933,949,454
FPSC Adjustments								
ARO	(29,226,857)	(30,745,755)	1,518,898			1,518,898	(5,057,258)	(3,538,360)
ECCR	(51,493,844)	(12,420,733)	(39,073,111)			(39,073,111)	(2,740,522)	(41,813,633)
ECRC	(180,782,825)	(12,619,350)	(168,163,475)		(409,585)	(168,573,059)	(16,885,552)	(185,458,612)
FUEL	(28,969,382)	(28,103,620)	(865,763)			(865,763)	100,557,933	99,692,170
CCR							(23,866,992)	(23,866,992)
NUCLEAR					(794,626)	(794,626)	(253,804,142)	(254,598,768)
CR3 Removal							(1,336,722,805)	(1,336,722,805)
Derivatives							(28,154,285)	(28,154,285)
Employee Related							(370)	(370)
Investments Earning a Return							(171,166,886)	(171,166,886)
Jobbing Accounts							(558,868)	(558,868)
Non-Regulated and Miscellaneous	(48,425,071)	(37,527,472)	(10,897,598)		(16,473)	(10,914,071)	67,584,087	56,670,016
Retention Accounts							1,822,228	1,822,228
CWIP - AFUDC					(511,481,087)	(511,481,087)		(511,481,087)
Imputed Off Balance Sheet Obligations							774,302,569	774,302,569
Capital Lease	(144,298,740)		(144,298,740)			(144,298,740)	146,341,930	2,043,190
Total FPSC Adjustments	(483,196,719)	(121,416,931)	(361,779,789)		(512,701,770)	(874,481,559)	(748,348,934)	(1,622,830,493)
FPSC Adjusted	\$12,900,329,143	\$4,864,892,180	\$8,035,436,963	\$105,913,761	\$356,192,269	\$8,497,542,993	\$1,813,575,968	\$10,311,118,961

	Operating Revenues	Fuel & Net Interchange	O&M Other	Depr & Amort	Taxes Other than Income	Income Taxes Current	Deferred Income Tax (Net)	Investment Tax Credit (Net)	Gain/Loss on Disposition & Other	Total Operating Expenses	Net Operating Income
System Per Books	\$4,770,105,561	\$2,067,757,166	\$808,697,120	\$497,263,887	\$345,742,683	(\$139,979,559)	\$439,651,274	(\$146,000)		\$4,018,986,570	\$751,118,991
Regulatory Base - Retail	\$4,454,008,802	\$2,016,130,521	\$773,261,219	\$465,273,854	\$333,099,992	(\$90,048,760)	\$331,255,209	(\$133,557)		\$3,828,838,478	\$625,170,324
FPSC Adjustments											
ECCR	(97,273,120)		(86,748,339)	(5,026,778)		(2,120,855)				(93,895,972)	(3,377,148)
ECRC	(58,210,066)		(33,630,407)	(4,902,533)	(1,299,323)	(7,089,238)				(46,921,501)	(11,288,566)
FUEL	(1,648,992,269)	(1,644,879,204)	(1,142,016)			(1,146,082)				(1,647,167,302)	(1,824,967)
CCR	(371,518,810)	(371,251,316)	(267,494)			-				(371,518,810)	-
NUCLEAR	(60,316,244)		(54,373)	(54,867,782)		(2,080,770)				(57,002,925)	(3,313,319)
Non-Regulated and Miscellaneous				(45,583,791)		17,583,947				(27,999,843)	27,999,843
CORPORATE AIRCRAFT ALLOCATION			(2,097,613)			809,154				(1,288,459)	1,288,459
FRANCHISE FEE & GROSS RECEIPTS	(206,154,506)					(79,524,101)				(79,524,101)	(126,630,405)
FRANCHISE FEES & GROSS REC TAX - TOI					(204,399,219)	78,846,999				(125,552,220)	125,552,220
GAIN/LOSS ON DISPOSITION & OTHER						115,100		(298,379)		(183,279)	183,279
INST./PROMOTIONAL ADVERTISING			(4,457,797)			1,719,595				(2,738,202)	2,738,202
MISCELLANEOUS INTEREST EXPENSE			127,413			(49,149)				78,263	(78,263)
REMOVE ASSOC/ORGANIZATION DUES			(25,651)			9,895				(15,756)	15,756
PARENT DEBT ADJUSTMENT						(13,887,049)				(13,887,049)	13,887,049
DIRECTORS & OFFICERS PREMIUM			(2,694,177)			1,039,279				(1,654,898)	1,654,898
INTEREST SYNCHRONIZATION - FPSC						(7,427,877)				(7,427,877)	7,427,877
Total FPSC Adjustments	(2,442,465,016)	(2,016,130,521)	(130,990,455)	(110,380,884)	(205,698,542)	(13,201,151)			(298,379)	(2,476,699,931)	34,234,915
FPSC Adjusted	\$2,011,543,787		\$642,270,764	\$354,892,971	\$127,401,450	(\$103,249,911)	\$331,255,209	(\$133,557)	(\$298,379)	\$1,352,138,547	\$659,405,239

(a) The addition of earnings from AFUDC charges would increase the System NOI by 18,967,005 pretax
(b) The addition of earnings from AFUDC charges would increase the Jurisdictional NOI by 16,874,920 pretax

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(\$3,538,360)	(\$3,538,360)
	ECCR	F	(41,813,633)	(41,813,633)
	ECRC	F	(196,124,074)	(185,458,612)
	FUEL	F	99,625,853	99,692,170
	CCR	F	(25,578,117)	(23,866,992)
	NUCLEAR	F	(253,221,363)	(254,598,768)
	CR3 Removal	F	(1,336,722,805)	(1,336,722,805)
	Derivatives	F	(28,154,285)	(28,154,285)
	Employee Related	F	(415)	(370)
	Investments Earning a Return	F	(181,035,332)	(171,166,886)
	Jobbing Accounts	F	(627,287)	(558,868)
	Non-Regulated and Miscellaneous	F	56,670,016	56,670,016
	Retention Accounts	F	2,045,310	1,822,228
(1)	CWIP - AFUDC	F	(551,237,402)	(511,481,087)
(3)	Imputed Off Balance Sheet Obligations	F	833,614,221	774,302,569
(2)	Capital Lease - EPIS	F	(154,792,096)	(144,298,740)
(2)	Capital Lease - Working Capital	F	156,983,866	146,341,930
	Total		(\$1,623,905,903)	(\$1,622,830,493)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(5,498,003)	2,120,855	(5,498,003)	2,120,855
	ECRC	F	(15,961,597)	6,157,186	(18,377,803)	7,089,238
	FUEL	F	(3,047,128)	1,175,430	(2,971,049)	1,146,082
	CCR	F				
	NUCLEAR	F	(5,394,089)	2,080,770	(5,394,089)	2,080,770
	NON-REGULATED AND MISCELLANEOUS	F	45,583,791	(17,583,947)	45,583,791	(17,583,947)
(2)	CORPORATE AIRCRAFT ALLOCATION	F	2,250,151	(867,996)	2,097,613	(809,154)
(1)	FRANCHISE FEE & GROSS RECEIPTS	F	(206,154,506)	79,524,101	(206,154,506)	79,524,101
(1)	FRANCHISE FEES & GROSS REC TAX - TOI	F	204,399,219	(78,846,999)	204,399,219	(78,846,999)
(1)	GAIN/LOSS ON DISPOSITION & OTHER	F	321,234	(123,916)	298,379	(115,100)
(1)	INST./PROMOTIONAL ADVERTISING	F	4,781,967	(1,844,644)	4,457,797	(1,719,595)
(1)	MISCELLANEOUS INTEREST EXPENSE	F	(136,678)	52,724	(127,413)	49,149
(1)	REMOVE ASSOC/ORGANIZATION DUES	F	27,516	(10,614)	25,651	(9,895)
(2)	PARENT DEBT ADJUSTMENT	F		15,321,273		13,887,049
(2)	DIRECTORS & OFFICERS PREMIUM	F	2,890,097	(1,114,855)	2,694,177	(1,039,279)
(1)	INTEREST SYNCHRONIZATION - FPSC	F		9,175,971		7,427,877
	Total		\$24,061,974	\$15,215,337	\$21,033,764	\$13,201,151

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) Docket No. 130208-EI, Order No. PSC 13-0598-FOF-EI

DUKE ENERGY FLORIDA
Average - Capital Structure
Pro Forma Adjusted Basis
May 2016

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$5,146,191,970	\$4,697,424,927	(\$780,747,029)	\$748,227,433	\$4,664,905,331	46.35%	9.50%	4.40%	10.50%	4.87%	11.50%	5.33%
Long Term Debt	4,371,651,924	3,990,427,648	(663,238,812)		3,327,188,836	33.06%	5.47%	1.81%	5.47%	1.81%	5.47%	1.81%
Short Term Debt *	555,480,308	507,040,363	(84,273,887)	(49,062,051)	373,704,425	3.71%	0.58%	0.02%	0.58%	0.02%	0.58%	0.02%
Customer Deposits												
Active	219,416,307	219,416,307	(36,468,625)		182,947,681	1.82%	2.30%	0.04%	2.30%	0.04%	2.30%	0.04%
Inactive	1,639,159	1,639,159	(272,440)		1,366,719	0.01%						
Investment Tax Credits **	292,615	267,098	(44,394)		222,704							
Deferred Income Taxes	2,458,261,534	2,243,892,003	(372,951,573)	(196,265,742)	1,674,674,689	16.64%						
FAS 109 DIT - Net	(212,024,922)	(193,535,561)	32,167,053		(161,368,509)	-1.60%						
Total	\$12,540,908,894	\$11,466,571,943	(\$1,905,829,707)	\$502,899,640	\$10,063,641,876	100.00%		6.27%		6.74%		7.20%

* Daily Weighted Average
** Cost Rates Calculated Per IRS Ruling

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	\$5,334,379,289	\$4,859,942,994	(\$816,722,520)	\$731,373,118	\$4,774,593,591	46.31%	9.50%	4.40%	10.50%	4.86%	11.50%	5.33%
Long Term Debt	4,097,098,575	3,732,705,238	(627,288,105)		3,105,417,133	30.12%	5.83%	1.76%	5.83%	1.76%	5.83%	1.76%
Short Term Debt *	1,055,714,000	961,819,470	(161,635,563)	(152,878,583)	647,305,324	6.28%	0.58%	0.04%	0.58%	0.04%	0.58%	0.04%
Customer Deposits												
Active	218,550,355	218,550,355	(36,727,796)		181,822,559	1.76%	2.31%	0.04%	2.31%	0.04%	2.31%	0.04%
Inactive	1,808,920	1,808,920	(303,992)		1,504,928	0.01%						
Investment Tax Credits **	218,680	199,230	(33,481)		165,749							
Deferred Income Taxes	2,584,141,992	2,354,310,050	(395,646,212)	(195,802,475)	1,762,861,362	17.10%						
FAS 109 DIT - Net	(214,460,810)	(195,386,802)	32,835,118		(162,551,684)	-1.58%						
Total	\$13,077,451,002	\$11,933,949,454	(\$2,005,522,552)	\$382,692,060	\$10,311,118,961	100.00%		6.23%		6.70%		7.16%

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

	System Per	Retail Per	Pro Rata	Specific	Adjusted	Cap	Low-Point		Mid-Point		High-Point	
	Books	Books	Adjustments	Adjustments	Retail	Ratio	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
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* Daily Weighted Average												
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Investment Tax Credits **	218,680	199,230	(33,481)		165,749							
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FAS 109 DIT - Net	(214,460,810)	(195,386,802)	32,835,118		(162,551,684)	-1.58%						
Total	\$13,077,451,002	\$11,933,949,454	(\$2,005,522,552)	\$382,692,060	\$10,311,118,961	100.00%		6.23%		6.70%		7.16%

* Daily Weighted Average

** Cost Rates Calculated Per IRS Ruling

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$ 734,545,294
AFUDC - DEBT	\$ 6,646,417
INCOME TAXES	\$ 338,556,975
TOTAL	\$ 1,079,748,686
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 222,260,404
TIE WITH AFUDC	<u>4.86</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$ 734,545,294
AFUDC - EQUITY	(12,320,588)
INCOME TAXES	338,556,975
TOTAL	\$ 1,060,781,681
INTEREST CHARGES (before deducting AFUDC-Debt & CR3 reg asset carrying charge)	\$ 222,260,404
TIE WITHOUT AFUDC	<u>4.77</u>

C. PERCENT AFUDC TO NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS

AFUDC DEBT	\$ 6,646,417
X (1- INCOME TAX RATE)	0.61425
SUBTOTAL	\$ 4,082,562
AFUDC -EQUITY	\$ 12,320,588
TOTAL	\$ 16,403,150
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$ 549,319,829
PERCENT AFUDC TO AVAILABLE NET INCOME	<u>2.99%</u>

D. PERCENT INTERNALLY GENERATED FUNDS*

NET INCOME	\$ 596,228,621
COMMON DIVIDENDS	\$ (350,000,000)
AFUDC (EQUITY)	\$ (9,829,516)
DEPRECIATION & AMORTIZATION	\$ 509,190,898
DEFERRED INCOME TAXES	\$ 391,798,297
INVESTMENT TAX CREDITS	\$ (146,000)
OTHER - INC NUCLEAR DECOMMISSIONING	\$ (13,583,184)
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL	(242,617,564)
TOTAL FUNDS PROVIDED	\$ 881,041,552

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$ 1,073,485,638
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PERCENTAGE INTERNALLY GENERATED FUNDS **82.07%**
*Updated quarterly as of March 2016

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

Common Equity	\$ 4,664,905,331
Long Term Debt	\$ 3,327,188,836
Short Term Debt	\$ 373,704,425
TOTAL	\$ 8,365,798,592

% LONG TERM DEBT TO TOTAL **39.77%**
% SHORT TERM DEBT TO TOTAL **4.47%**

F. FPSC ADJUSTED AVERAGE JURISDICTIONAL AND PROFORMA RETURN ON COMMON EQUITY

	Pro Forma	FPSC
FPSC AVERAGE		
EARNED RATE OF RETURN	6.38%	6.55%
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT	1.81%	1.81%
SHORT TERM DEBT	0.02%	0.02%
CUSTOMER DEPOSITS	0.04%	0.04%
DEFERRED INCOME TAXES		
INVESTMENT TAX CREDITS		
DEFERRED INCOME TAX (FAS 109)		
SUBTOTAL	1.87%	1.87%
TOTAL	4.51%	4.68%
DIVIDED BY COMMON EQUITY RATIO	46.35%	46.35%
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>9.72%</u>	<u>10.10%</u>