



February 13, 2014

**Via Next Day Courier**

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
14 FEB 20 AM 9:48  
COMMISSION  
CLERK

Dear Ms. Cole:

By order No. PSC-93-1522-FOF-EI, issued October 15, 1993 in Docket No. 930867-EI, Florida Power Corp. d/b/a Progress Energy Florida, Inc. (n/k/a Duke Energy Florida, Inc.) was directed to file an annual report providing updated information on four specific items related to its self-insured program for transmission and distribution line ("T&D") property damage.

The following are changes since our last report for the required items:

1. Update on Efforts to Obtain Traditional T&D Insurance – Since our last report, the property insurance markets continue to be restrictive. Traditional insurance coverage for storm-related damage to T&D facilities at reasonable costs and deductibles on a standalone basis remains unavailable.
2. Status of the Proposed Industry-Wide T&D Program – An industry-wide program covering catastrophic storm damage to aboveground distribution assets remains economically unfeasible. Duke Energy Florida continues to monitor activity in this area.
3. Update on the Evaluation of Duke Energy Florida's Exposure and the Adequacy of the Storm Damage Reserve – As a result of the Florida PSC's January 11, 2010 decision during the retail rate case, Duke Energy Florida may not collect in base rates additional funds for its storm damage reserve. In the event future storms cause the reserve to be depleted, Duke Energy Florida can petition the Florida PSC for the implementation of an interim surcharge to cover any deficiency. The balance of the storm reserve as of December 31, 2013 was \$124.6 million.
4. Feasibility and Cost-Effectiveness of a Risk-Sharing Plan Among Investor-Owned Electric Utilities in Florida – See Item 2 above.

Duke Energy Florida respectfully requests that this letter serve as its annual report for 2014. Updated information will be provided to the Commission if a significant change should occur in the Company's exposure, the adequacy of the storm damage reserve, or the cost and availability of traditional insurance.

Please call me with any questions regarding this annual report.

Ms. Ann Cole  
Page 2  
February 13, 2014

Sincerely,

A handwritten signature in black ink, appearing to read "Edward C. Adams", with a long horizontal flourish extending to the right.

Edward C. Adams, CPCU, MBA  
Lead Insurance Analyst  
Duke Energy Corporation

Cc: Marshall Willis – FPSC Director Economic Regulation  
Mr. Javier Portuondo – Duke Energy Florida  
Ms. Cynthia Lee – Duke Energy Florida