



Dianne M. Triplett
ASSOCIATE GENERAL COUNSEL
Duke Energy Florida, Inc.

March 17, 2014

VIA ELECTRONIC MAIL

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, and DEF's request for a 15-day extension filed on January 13, 2014, please find enclosed Duke Energy Florida, Inc.'s Forecasted Earnings Surveillance Report for the calendar year 2014.

Thank you for your assistance in this matter. Should you have any questions, please do not hesitate to contact me at (727) 820-4692.

Sincerely,

A handwritten signature in black ink, appearing to read "Dianne M. Triplett", written over a horizontal line.

Dianne M. Triplett

DMT/emc

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

SCHEDULE 1

Company : Duke Energy Florida
Year 2014

	(1) Actual Per Books	(2) FPSC Adjustments	(3) FPSC Adjusted
I. AVERAGE RATE OF RETURN			
(Jurisdictional)			
<u>NET OPERATING INCOME</u>	\$ 687,311,154 (a)	\$ (72,798,581) (b)	\$ 614,512,573
AVERAGE RATE BASE	\$ 10,738,468,974	\$ (1,108,152,242)	\$ 9,630,316,732
AVERAGE RATE OF RETURN	<u>6.40%</u>		<u>6.38%</u>
(a) INCLUDES AFUDC EARNINGS			
(b) INCLUDES REVERSAL OF AFUDC EARNINGS			
III. REQUIRED RATES OF RETURN			
AVERAGE CAPITAL STRUCTURE (FPSC ADJUSTED BASIS)			
LOW	<u>6.50%</u>		
MIDPOINT	<u>6.98%</u>		
HIGH	<u>7.45%</u>		
IV. FINANCIAL INTEGRITY INDICATORS			
A. TIE WITH AFUDC	<u>5.06</u>	(SYSTEM PER BOOKS BASIS)	
B. TIE WITHOUT AFUDC	<u>5.02</u>	(SYSTEM PER BOOKS BASIS)	
C. AFUDC TO NET INCOME	<u>1.54%</u>	(SYSTEM PER BOOKS BASIS)	
D. INTERNALLY GENERATED FUNDS	<u>105.75%</u>	(SYSTEM PER BOOKS BASIS)	
E. LTD TO TOTAL INVESTOR FUNDS	<u>43.96%</u>	(FPSC ADJUSTED BASIS)	
F. STD TO TOTAL INVESTOR FUNDS	<u>0.43%</u>	(FPSC ADJUSTED BASIS)	
G. RETURN ON COMMON EQUITY	<u>9.25%</u>	(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	\$ 13,810,452,822	\$ 5,051,056,734	\$ 8,759,396,088	\$ 120,899,000	\$ 289,704,612	\$ 9,169,999,700	\$ 2,516,655,717	\$ 11,686,655,417
Regulatory Base - Retail	12,521,105,690	4,684,680,139	7,836,425,551	104,802,922	250,723,285	8,191,951,758	2,546,517,216	10,738,468,974
FPSC Adjustments								
ARO	(16,841,368)	(27,021,338)	10,179,971	-	-	10,179,971	888,435	11,068,405
ECCR	(72,019,057)	(11,731,880)	(60,287,177)	-	(9,698,442)	(69,985,620)	11,344,817	(58,640,803)
ECRC	(173,501,040)	(18,921,706)	(154,579,334)	-	(402,825)	(154,982,159)	(23,973,920)	(178,956,079)
FUEL	(30,298,613)	(30,168,577)	(130,035)	-	-	(130,035)	190,568,356	190,438,321
CCR	-	-	-	-	-	-	(30,849,950)	(30,849,950)
NUCLEAR	-	-	-	-	(56,349,884)	(56,349,884)	(374,251,463)	(430,601,347)
CR3 Removal	-	-	-	-	-	-	(1,300,291,510)	(1,300,291,510)
Derivatives	-	-	-	-	-	-	(7,097,412)	(7,097,412)
Employee Related	-	-	-	-	-	-	(1,233,703)	(1,233,703)
Investments Earning a Return	-	-	-	-	-	-	(86,436,586)	(86,436,586)
Non-Regulated and Miscellaneous	-	(23,354,011)	23,354,011	-	-	23,354,011	25,109,777	48,463,788
Retention Accounts	-	-	-	-	-	-	2,979,124	2,979,124
CWIP - AFUDC	-	-	-	-	(72,641,436)	(72,641,436)	-	(72,641,436)
Imputed Off Balance Sheet Obligations	-	-	-	-	-	-	806,474,013	806,474,013
Capital Lease	(167,652,001)	-	(167,652,001)	-	-	(167,652,001)	166,824,935	(827,066)
Total FPSC Adjustments	(460,312,079)	(111,197,513)	(349,114,566)	-	(139,092,588)	(488,207,154)	(619,945,088)	(1,108,152,242)
FPSC Adjusted	\$ 12,060,793,611	\$ 4,573,482,626	\$ 7,487,310,984	\$ 104,802,922	\$ 111,630,698	\$ 7,703,744,604	\$ 1,926,572,128	\$ 9,630,316,732

DUKE ENERGY FLORIDA
Average Rate of Return - Income Statement
December 2014

	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	\$ 4,869,919,961	\$ 2,105,925,977	\$ 819,829,874	\$ 537,897,544	\$ 331,365,691	\$ 104,704,689	\$ 220,773,440	\$ (1,253,148)	\$ -	\$ 4,119,244,067	\$ 750,675,894 (a)
Regulatory Base - Retail	4,598,465,273	2,035,719,110	766,768,166	507,568,592	320,557,384	93,195,802	196,506,557	(1,138,648)	-	3,919,176,964	679,288,310 (b)
FPSC Adjustments											
ECCR	(129,152,435)	-	(97,830,312)	(23,834,236)	-	(2,888,452)	-	-	-	(124,553,000)	(4,599,434)
ECRC	(84,882,053)	-	(41,773,445)	(20,400,360)	-	(8,759,707)	-	-	-	(70,933,512)	(13,948,541)
FUEL	(1,713,254,418)	(1,704,997,025)	(1,070,550)	-	-	(2,772,325)	-	-	-	(1,708,839,900)	(4,414,519)
CCR	(331,298,035)	(330,722,085)	(345,683)	-	-	(88,833)	-	-	-	(331,156,582)	(141,454)
NUCLEAR	(171,042,738)	-	(96,338)	(130,753,247)	-	(15,504,509)	-	-	-	(146,354,094)	(24,688,644)
CR3 Removal	(36,587,092)	-	-	-	-	(14,113,471)	-	-	-	(14,113,471)	(22,473,621)
CORPORATE AIRCRAFT ALLOCATION	-	-	(3,419,052)	-	-	1,318,899	-	-	-	(2,100,153)	2,100,153
FRANCHISE FEE & GROSS RECEIPTS	(206,767,026)	-	-	-	(208,503,486)	669,839	-	-	-	(207,833,647)	1,066,621
GAIN/LOSS ON DISPOSITION & OTHER	-	-	-	-	-	162,863	-	(422,199)	-	(259,336)	259,336
INST./PROMOTIONAL ADVERTISING	-	-	(112,703)	-	-	43,475	-	-	-	(69,228)	69,228
MISCELLANEOUS INTEREST EXPENSE	-	-	150,144	-	-	(57,918)	-	-	-	92,226	(92,226)
REMOVE ASSOC./ORGANIZATION DUES	-	-	(156,468)	-	-	60,358	-	-	-	(96,110)	96,110
REMOVE ECONOMIC DEVELOPMENT	-	-	(12,938)	-	-	4,991	-	-	-	(7,947)	7,947
PARENT DEBT ADJUSTMENT	-	-	-	-	-	(9,299,807)	-	-	-	(9,299,807)	9,299,807
DIRECTORS & OFFICERS PREMIUM	-	-	(1,853,148)	-	-	714,852	-	-	-	(1,138,296)	1,138,296
INTEREST SYNCHRONIZATION - FPSC	-	-	-	-	-	8,454,795	-	-	-	8,454,795	(8,454,795)
Total FPSC Adjustments	(2,672,983,798)	(2,035,719,110)	(146,520,474)	(174,987,843)	(208,503,486)	(42,054,949)	-	-	(422,199)	(2,608,208,062)	(64,775,736)
FPSC Adjusted	\$ 1,925,481,475	\$ -	\$ 620,247,692	\$ 332,580,749	\$ 112,053,898	\$ 51,140,853	\$ 196,506,557	\$ (1,138,648)	\$ (422,199)	\$ 1,310,968,902	\$ 614,512,573

Footnotes: (a) The addition of earnings from AFUDC charges would increase the system NOI by \$9,270,201 pretax
(b) The addition of earnings from AFUDC charges would increase the jurisdictional NOI by \$8,022,845 pretax

Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
		Amount	Income Tax Effect	Amount	Income Tax Effect
ECCR	F	(7,481,623)	2,886,036	(7,487,887)	2,888,452
ECRC	F	(22,534,882)	8,692,831	(22,708,248)	8,759,707
FUEL	F	(7,186,843)	2,772,325	(7,186,843)	2,772,325
CCR	F	(230,287)	88,833	(230,287)	88,833
NUCLEAR	F	(40,186,147)	15,501,806	(40,193,153)	15,504,509
CR3 Removal	F	(36,587,092)	14,113,471	(36,587,092)	14,113,471
CORPORATE AIRCRAFT ALLOCATION	F	3,419,052	(1,318,899)	3,419,052	(1,318,899)
FRANCHISE FEE & GROSS RECEIPTS	F	1,736,460	(669,839)	1,736,460	(669,839)
GAIN/LOSS ON DISPOSITION & OTHER	F	478,764	(184,683)	422,199	(162,863)
INST./PROMOTIONAL ADVERTISING	F	112,703	(43,475)	112,703	(43,475)
MISCELLANEOUS INTEREST EXPENSE	F	(150,144)	57,918	(150,144)	57,918
REMOVE ASSOC./ORGANIZATION DUES	F	156,468	(60,358)	156,468	(60,358)
REMOVE ECONOMIC DEVELOPMENT	F	12,938	(4,991)	12,938	(4,991)
PARENT DEBT ADJUSTMENT	F	-	10,234,864	-	9,299,807
DIRECTORS & OFFICERS PREMIUM	F	1,853,148	(714,852)	1,853,148	(714,852)
INTEREST SYNCHRONIZATION - FPSC	F	-	(8,454,795)	-	(8,454,795)
Total		\$ (106,587,485)	\$ 42,896,192	\$ (106,830,686)	\$ 42,054,949

DUKE ENERGY FLORIDA
Rate Base Adjustments
December 2014

Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
ARO	F	11,068,405	11,068,405
ECCR	F	(58,640,803)	(58,640,803)
ECRC	F	(178,956,079)	(178,956,079)
FUEL	F	190,438,321	190,438,321
CCR	F	(30,849,950)	(30,849,950)
NUCLEAR	F	(430,601,347)	(430,601,347)
CR3 Removal	F	(1,300,291,510)	(1,300,291,510)
Derivatives	F	(7,097,412)	(7,097,412)
Employee Related	F	(1,232,945)	(1,233,703)
Investments Earning a Return	F	(86,436,586)	(86,436,586)
Non-Regulated and Miscellaneous	F	48,463,788	48,463,788
Retention Accounts	F	3,343,836	2,979,124
CWIP - AFUDC	F	(78,221,621)	(72,641,436)
Imputed Off Balance Sheet Obligations	F	868,250,000	806,474,013
Capital Lease - EPIS	F	(179,843,599)	(167,652,001)
Capital Lease - Working Capital	F	178,956,389	166,824,935
Total		\$ (1,051,651,113)	\$ (1,108,152,242)

DUKE ENERGY FLORIDA
Average - Capital Structure
FPSC Adjusted Basis
December 2014

Schedule 3

	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	4,958,418,997	4,548,680,393	(829,992,141)	866,647,042	4,585,335,294	47.61%	9.50%	4.52%	10.50%	5.00%	11.50%	5.48%
Long Term Debt	4,833,489,620	4,434,074,546	(809,080,153)	-	3,624,994,394	37.64%	5.14%	1.93%	5.14%	1.93%	5.14%	1.93%
Short Term Debt	67,607,852	62,021,082	(11,316,911)	(15,508,271)	35,195,901	0.37%	1.22%	0.00%	1.22%	0.00%	1.22%	0.00%
Customer Deposits												
Active	210,538,185	210,538,185	(38,416,645)	-	172,121,540	1.79%	2.26%	0.04%	2.26%	0.04%	2.26%	0.04%
Inactive	1,714,692	1,714,692	(312,878)	-	1,401,815	0.01%						
Investment Tax Credits	1,105,939	1,014,549	(185,124)	-	829,426	0.01%						
Deferred Income Taxes	1,834,065,740	1,682,507,847	(307,005,147)	144,270	1,375,646,971	14.28%						
FAS 109 DIT - Net	(220,285,607)	(202,082,321)	36,873,714	-	(165,208,608)	(1.72%)						
Total	11,686,655,417	10,738,468,974	(1,959,435,283)	851,283,041	9,630,316,732	100.00%		6.50%		6.98%		7.45%

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

SCHEDULE 4

Company : Duke Energy Florida
Year 2014

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$	728,546,925
AFUDC - DEBT		3,273,878
INCOME TAXES		333,525,409
TOTAL	\$	1,065,346,212
INTEREST CHARGES (BEFORE DEDUCTING AFUDC DEBT)	\$	210,534,380
TIE WITH AFUDC		<u>5.06</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$	728,546,925
AFUDC - EQUITY		(5,996,323)
INCOME TAXES		333,525,409
TOTAL	\$	1,056,076,011
INTEREST CHARGES (BEFORE DEDUCTING AFUDC DEBT)	\$	210,534,380
TIE WITHOUT AFUDC		<u>5.02</u>

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

AFUDC DEBT	\$	3,273,878
X (1- INCOME TAX RATE)		0.61425
SUBTOTAL	\$	2,010,979
AFUDC -EQUITY	\$	5,996,323
TOTAL	\$	8,007,302
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$	521,286,423
PERCENT AFUDC TO AVAILABLE NET INCOME		<u>1.54%</u>

D. PERCENT INTERNALLY GENERATED FUNDS

NET INCOME	\$	521,286,423
COMMON DIVIDENDS		(125,000,000)
AFUDC (EQUITY)		(5,996,323)
DEPRECIATION & AMORTIZATION		537,144,094
DEFERRED INCOME TAXES		243,902,357
INVESTMENT TAX CREDITS		(1,253,148)
DEFERRED FUEL NET		23,875,082
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL		(253,195,601)
TOTAL FUNDS PROVIDED	\$	<u>940,762,885</u>

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$	889,596,809
PERCENTAGE INTERNALLY GENERATED FUNDS		105.75%

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

F. SHORT TERM DEBT AS A PERCENT OF TOTAL INVESTOR CAPITAL

RECONCILED AVERAGE RETAIL AMOUNTS		
LONG TERM DEBT	\$	3,624,994,394
SHORT TERM DEBT		35,195,901
COMMON EQUITY		4,585,335,294
TOTAL	\$	<u>8,245,525,589</u>
% LONG TERM DEBT TO TOTAL		<u>43.96%</u>
% SHORT TERM DEBT TO TOTAL		<u>0.43%</u>

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

FPSC AVERAGE		
EARNED RATE OF RETURN		<u>6.38%</u>
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:		
LONG TERM DEBT		1.93%
SHORT TERM DEBT		0.00%
CUSTOMER DEPOSITS		0.04%
DEFERRED INCOME TAXES		0.00%
INVESTMENT TAX CREDITS		0.00%
DEFERRED INCOME TAX (FAS 109)		0.00%
SUBTOTAL		<u>1.98%</u>
TOTAL		4.40%
DIVIDED BY COMMON EQUITY RATIO		<u>47.61%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY		<u>9.25%</u>

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

SCHEDULE 5

Company : Duke Energy Florida
 Year 2014

FORECAST ASSUMPTIONS

	Forecast Year	Prior Year
<u>Retail Customers</u>		
Residential	1,507,759	1,488,159
Commercial	168,202	165,936
Industrial	2,332	2,343
Other	26,014	25,744
Total	1,704,307	1,682,182
<u>Retail mWh Sales</u>		
Residential	18,680,439	18,507,962
Commercial	11,614,049	11,717,886
Industrial	3,145,880	3,206,354
Other	3,146,724	3,183,787
Total	36,587,092	36,615,989

OTHER MAJOR FORECAST ASSUMPTIONS

Revenues

Retail revenues are based on the 2014 budget plan. Retail sales mWh's are expected to be lower in 2014 than in 2013. Total retail sales are budgeted at 36.6 million mWhs. Total wholesale sales are budgeted at .9 million mWhs.

Operation and Maintenance Expenses

Total base recoverable O&M expenses are budgeted at \$680 million. FUEL, ECCR, and ECRC expenses are budgeted at \$2,106 million, \$98 million, and \$42 million, respectively.

Depreciation Expense

Depreciation expense is based on rates effective 1/1/2010 per Order PSC-10-0131-FOF-EI.

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 1/1/1995.

Crystal River 3

Consistent with Settlement Agreement approved in Order No. PSC 13-0598-FOF-EI, the CR3 Regulatory Asset has been adjusted out of jurisdictional rate base.

Financing Activity

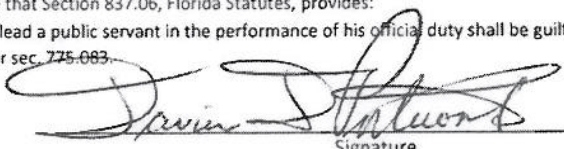
The budget assumes no new incremental debt issuances in 2014. However, the budget does assume \$550 million issued during the year to redeem maturing debt of \$550 million. The budget also assumes a \$125 million dividend contribution to parent in March.

Deferred Income Taxes

The 2013 budget includes bonus tax depreciation expense of \$28 million.

Off Balance Sheet Obligations

Pursuant to the Settlement Agreement approved in Order No. PSC-13-0598-FOF-EI, a specific adjustment was made to common equity and working capital for off-balance sheet obligations in the amount of \$868.3 million (system).

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.	
Javier Portuondo _____ Name	 _____ Signature
Director Rates & Regulatory Strategy FL _____ Title	3-14-14 _____ Date

FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
Construction Projects Exceeding \$10,000,000 in Accordance with Rule 25-6.0141(8)
Company : Duke Energy Florida
Year 2014

25-6.0141(8)(a)		25-6.0141(8)(b)	25-6.0141(8)(c)	25-6.0141(8)(d)
Project Name	Project Description	Estimated Total cost of the Project (excl. AFUDC)	Estimated Construction commencement Date	Estimated In-Service Date
1. 2018 CC	Potential construction of a 1640 MW combined cycle power plant pending outcome of bid process and need determination	\$1,352,000,000	12/1/2015	5/31/2018
2. 2016 CT	Potential construction of a 320 MW combustion turbine unit	\$173,100,000	10/1/2014	6/30/2016
3. Power Uprate	Potential increase in output.	\$150,000,000	10/1/2014	6/30/2017
4. Carrabelle Beach - Eastpoint 69kV Line Rebuild	Rebuild of the 1.70 mile Carrabelle to Carrabelle Beach Tap 69kV line and the 14.14 mile Carrabelle Beach Tap-East Point 69kV line segments.	\$10,600,000	5/12/2014	12/8/2014
5. St. Marks East New 230/69kV Substation	A new 230 kV six position ring bus will be built Northwest of the existing St. Marks 69/13kV distribution substation.	\$12,534,000	1/6/2014	7/31/2014
6. Inverness Capacity Increase	Rebuild Inverness substation (115 kV and 69 kV) and construct a new 115 kV line between Inverness and Lecanto substations.	\$21,000,000	8/8/2014	12/22/2015
7. Atwater - Quincy 115kV Line Rebuild	Rebuild of 10.85 miles of 795 ACSR conductor with a minimum of 1272 ACSS/TW conductor capable of future double circuit.	\$12,400,000	10/1/2014	4/27/2015