



**Matthew R. Bernier**  
Senior Counsel

May 1, 2017

**VIA ELECTRONIC FILING**

Ms. Carlotta Stauffer, 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. 170001-EI*

Dear Ms. Stauffer:

Please find enclosed for electronic filing on behalf of Duke Energy Florida, LLC ("DEF"), in the above-referenced docket, DEF's Response to Staff's First Data Request.

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

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 1<sup>st</sup> day of May, 2017.

s/ Matthew R. Bernier  
Attorney

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**Duke Energy Florida, LLC’s Response to Staff’s First Data Request  
Docket No. 170001-EI - Fuel and purchased power cost recovery  
clause with generating performance incentive factor**

1. Please refer to Page 2, Paragraph 4 of DEF’s Petition for Mid-Course Correction for Fuel Cost Recovery Clause filed on April 13, 2017 (Petition). In this text, the Company states that the reason for this midcourse correction is “an end of period total net true up under- recovery of \$182,044,578.”

A. Is it correct that the “total” under-recovery amount of \$182,044,578 is the mathematical sum of the actual final true up amount from 2016, the actual amount for 2017 through March, and an estimated amount for the remainder of 2017?

**Response:**

Yes. The total under-recovery for the Fuel Midcourse of \$182,044,578 (Schedule E1-B (Sheet 2), line 13) is the sum of the net actual true-up under-recovery of \$58,893,511 (Schedule E1-B (Sheet 2), line 11) and the 2017 True-Up under-recovery, based on actual results for January – March and re-projected results for April – December, of \$123,151,067 (Schedule E1-B (Sheet 2), line 8).

B. Is it correct that the 2016 portion of the under-recovery amount of \$182,044,578 is \$58,893,511?

**Response:**

Yes, the difference between DEF’s 2016 Actual/Estimated True-Up balance of a \$26,217,663 under-recovery (Schedule E1-B (Sheet 2), line 10) and the 2016 Final True-Up balance of a \$85,111,174 under-recovery (Schedule E1-B (Sheet 2), line 9) is a net under-recovery of \$58,893,511. The net under-recovery of \$58,893,511 is the same net actual true-up amount that DEF filed in the 2016 Final True-Up filing, filed on March 1, 2017 (Exhibit CAM-1T, Sheet 1 of 7, line 12).

C. Please discuss the reasons for the under-recovery amount of \$58,893,511.

**Response:**

The 2016 net actual true-up amount of \$58,893,511 under-recovery is primarily driven by higher actual fuel and purchased power expenses than those projected in DEF's 2016 Actual/Estimated Filing, filed on August 4, 2016. The increased fuel expenses are mostly a result of higher natural gas and coal generation expense, which was caused by increased prices and heat rates. The increase in purchase power expense was principally driven by increased firm purchases from Vandolah, Shady Hills and Osprey.

D. Please describe the unique market dynamics that occurred in 2016 which resulted in decreased jurisdictional fuel revenues.

**Response:**

DEF did not observe any unique market dynamics that occurred in 2016, which affected jurisdictional fuel revenue. As noted on page 7 of the 2016 Final True-Up testimony of DEF witness Menendez, filed on March 1, 2016, the major factors contributing to the \$58.9 million under-recovery were increased fuel and purchased power expenses partially offset by a \$16.6 million increase in jurisdictional fuel revenue. The decreased jurisdictional fuel revenue noted in DEF's Midcourse petition related to 2017 jurisdictional fuel revenues, which are addressed below in response to Staff's question 1.H.

E. Please describe the unique market dynamics that occurred in 2016 which resulted in increased jurisdictional fuel costs and net power purchases.

**Response:**

DEF did not observe any unique market dynamics that occurred in 2016, which affected jurisdictional fuel costs and net power expenses. The primary causes of the increased 2016 fuel and purchased power expense were addressed in DEF's response to question 1.C.

- F. Is \$123,151,067 the estimated under-recovery amount for the remainder of 2017 included in the total under-recovery amount of \$182,044,578?

**Response:**

\$123,151,067 (Schedule E1-B (Sheet 2), line 8) is the estimated 2017 under-recovery, based on actual results for January – March and re-projected results for April - December. Therefore, this is the estimated under-recovery, including the interest provision, for the entire 2017 period; this amount is included in the Midcourse True-Up amount of \$182,044,578 (Schedule E1-B (Sheet 2), line 13).

- G. Please discuss the reasons for the under-recovery amount of \$123,151,067.

**Response:**

The two primary drivers of the 2017 under-recovery of \$123,151,067 are increased jurisdictional fuel and purchased power expense and lower jurisdictional fuel revenues; both of these drivers are addressed more fully in DEF's responses below.

- H. Please describe the unique market dynamics that occurred in 2017 which resulted in decreased jurisdictional fuel revenues.

**Response:**

DEF did not observe any unique market dynamics that occurred in 2017, which affected jurisdictional fuel revenue. The primary drivers of the lower jurisdictional fuel revenues are addressed in DEF's response to question 2.

- I. Please describe the unique market dynamics that occurred in 2017 which resulted in increased jurisdictional fuel costs and net power purchases.

**Response:**

DEF did not observe any unique market dynamics that occurred in 2017, which affected jurisdictional fuel and purchased power expense. The primary drivers of the higher jurisdictional fuel and purchased power expense are addressed in DEF's response to question 3.

2. Please refer to Page 2, Paragraph 4 of the Petition. Please provide a breakdown of the components of the \$67,117,484 amount referenced in this paragraph.

**Response:**

The \$67,117,484 in Paragraph 4 of DEF's Midcourse Petition represents the portion of the 2017 under-recovery that is driven by lower jurisdictional fuel revenues. The reduction in jurisdictional fuel revenues is driven by an approximate 4% reduction in energy (MWh) Sales for January – December 2017. As stated in DEF's petition, the Midcourse Filing is based on actual results for January – March and re-projected results for April – December. Actual MWh Sales for January – March were approximately 9% lower than DEF's original projection, primarily due to mild weather. Re-projected sales for April – December are approximately 3% lower than originally projected. The lower MWh Sales in the actual January – March period and re-projected April – December period result in the overall 2017 reduction in MWh Sales and the reduction in jurisdictional fuel revenues.

3. Please refer to Page 2, Paragraph 4 of the Petition. Please provide a breakdown of the components of the \$54,884,690 amount referenced in this paragraph.

**Response:**

The \$54,884,690 in Paragraph 4 of DEF's Midcourse Petition represents the portion of the 2017 under-recovery that is driven by increased jurisdictional fuel and net purchased power expense. The increase in jurisdictional fuel expense is primarily driven by higher than projected fuel expense for DEF generation and increased purchases from Qualifying Facilities. In DEF's Midcourse Filing, DEF generation expense (Schedule E3, Page 2 of 2, line 7) is approximately \$40.3 million higher than DEF's 2017 Projection Filing (Exhibit CAM-3, Part 2, Schedule E3, and Page 2 of 2, line 7 in Docket 16000-EI). This increase is primarily due to increases in the price of natural gas and coal.

4. On April 3, 2017, DEF witness Joseph McCallister provided testimony and an exhibit regarding the results of DEF's hedging program in 2016. Please discuss how the results discussed in that testimony are related to the under-recovery amount of \$58,893,511 for 2016.

**Response:**

DEF's 2016 Actual/Estimated Filing was prepared with actual hedging results through June 2016 and projected hedging information for July – December 2016.

The projected hedging information included in DEF's Actual/Estimated Filing for July – December 2016 was based on executed hedges, as of May 13, 2016, for the July – December 2016 period. DEF witness McCallister's testimony, filed on April 3, 2017, included actual hedging results for January – December 2016. The January – June 2016 results would have already been included in DEF's Actual/Estimated Filing and as a result, do not impact the under-recovery of \$58,893,511. Likewise, the July – December 2016 hedges, in place as of May 13, 2016, would have also been included in DEF's Actual/Estimated Filing and do not impact the net under-recovery. July – December 2016 hedges executed after the May 13, 2016 date would be included in the net under-recovery.

5. What are the hedging results for 2017 (actual and estimated)? Please discuss how these results are related to the under-recovery amount of \$123,151,067 for 2017.

**Response:**

For natural gas DEF is currently estimating a net hedge cost, based on actuals through March and estimated for April through December 2017 of approximately \$31.8 million based on March 16, 2017 closing market prices.

Similar to DEF's response to question 4, 2017 hedges, in place as of May 13, 2016, would have been included in DEF's 2017 Projection Filing, filed September 1, 2016, and would not have impacted the under-recovery of \$123,151,067. 2017 hedges executed after the May 13, 2016 date would be included in the under-recovery.

6. Please refer to Page 2, Paragraph 6 of the Petition. Please identify the docket number that addressed the Citrus Unit 1 Combined Cycle Generating Base Rate Adjustment (GBRA).

**Response:**

The Commission has addressed the Citrus Unit 1 GBRA in two dockets, to date. In Docket No. 130208-EI, the Commission approved DEF's 2013 Revised and Restated Stipulation and Settlement Agreement ("RRSSA"). Paragraph 16.b. of the RRSSA authorizes the Citrus Unit 1 GBRA, discussed therein as the 2018 GBRA. In Docket No. 140110-EI, the Commission granted DEF's petition for a determination of need to build the Citrus County Combined Cycle plant. Additionally, DEF expects to file a petition to place the Citrus 1 GBRA into rates in the late-2016 to early-2017 timeframe.

7. Based on the current construction schedule for the Citrus Unit 1 Combined Cycle facility, what is the “best case scenario” for the date the unit will enter commercial service?

**Response:**

Based on the current schedule, Citrus 1 commercial in-service would occur in June 2018.

8. Based on the current construction schedule for the Citrus Unit 1 Combined Cycle facility, what is the “worst case scenario” for the date the unit will enter commercial service?

**Response:**

Based on the current schedule, Citrus 1 commercial in-service would occur in September 2018.

9. Please refer to Page 3, Paragraph 8 of the Petition. The Petition states that the midcourse adjustment factor “will cease with the first billing cycle in which the Citrus 1 GBRA is included in rates.” Assuming the midcourse adjustment factors begin in July 2017 as proposed, please answer the following:

- A. By what amount will base rates change when the Citrus 1 GBRA is included in rates?

**Response:**

DEF projects the project to be completed at or below the project cost presented in DEF’s Need Proceeding. DEF’s current estimate, which is subject to change, is the Citrus 1 GBRA Residential base rate change would be approximately \$4.25 per 1,000/kWh (including Gross Receipts Tax).

- B. By what amount will fuel cost recovery amounts change when the Citrus 1 GBRA is included in rates?

**Response:**

As stated in DEF’s Midcourse Petition, DEF will terminate the Midcourse

adjustment coincident with the Citrus 1 GBRA being placed in rates; therefore, the Fuel Factors will change by the amount of the Midcourse adjustment. Also, in its 2018 Fuel Projection Filing, DEF expects to prepare and file 2018 FCR Factors including the Midcourse adjustment and 2018 FCR Factors excluding the Midcourse adjustment, with the latter to become effective coincident with the Citrus 1 GBRA.

- C. By what amount will capacity cost recovery amounts change when the Citrus 1 GBRA is included in rates?

**Response:**

DEF does not expect any changes to capacity cost recovery amounts when the Citrus 1 GBRA is included in rates. To the extent a true-up, as required by paragraph 16.e of the RRSSA is necessary, DEF will address through the normal CCR clause filing process.

- D. If applicable, state any other cost recovery clause amounts that will change when the Citrus 1 GBRA is included in rates.

**Response:**

Excepting DEF's responses to questions 9.B and 9.C above, DEF is not aware of changes to other cost recovery clause amounts as a result of including the Citrus 1 GBRA in rates.

10. In the Schedule E10, DEF included a line entry for an increase to the Asset Securitization Charge for the period July through December, 2017. Please discuss the reasons for the increase to the Asset Securitization Charge for the period July through December, 2017.

**Response:**

The adjustment to the Asset Securitization Charge (ASC), which is only effective for July and August, is due to lower than expected sales, and was filed for administrative approval in Docket No. 150171-EI. DEF will file its next planned adjustment to the ASC in June to become effective in September, as authorized by the Commission in Docket No. 150171-EI.

11. How has, or how will, DEF notify its customers about its Petition?

**Response:**

DEF has taken a number of actions to inform its customers of the potential rate change. Please see below for a non-exhaustive list of proactive and reactive communications. In addition, after Commission approval, DEF will include a bill-insert notifying customers of the rate change. Please see DEF's response to question 14 for draft bill inserts.

- A Press Release was proactively distributed to large media outlets throughout Florida. Media outlets ran the story in the following cities: Tampa, Orlando, Lakeland, Winter Haven, and Gainesville.
- DEF's Press Release will remain posted on the Duke Energy newsroom website which is available to both media and customers.
- Please see <https://news.duke-energy.com/releases/releases-20170413-6032650>

12. Has DEF established dedicated communication tools to address its Petition (i.e., a website FAQ to address the Petition, or dedicated number to call for questions)? Please explain your response.

**Response:**

Please see the response to question 11. Included on the website provided above is contact information of an employee who is available to respond media inquiries related to the petition. Additionally, DEF's customer care representatives are prepared to respond to any customer inquiries and can be reached at 800.700.8744.

13. Does the July billing cycle begin on July 1<sup>st</sup>? If not, please specify when it begins.

**Response:**

No, the July billing cycle begins on June 28, 2017.

14. Has a draft of the bill insert been prepared? If so, please provide it to staff to review.

**Response:**

Yes. Preliminary draft bill inserts are attached.

(FRONT PANEL) - Draft 04.18.17

Draft language for June bill insert – Fuel and ASC Notice:

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## Commercial/Industrial

### RATE SCHEDULES

Rates effective with July 2017 billing

#### **Important information about a change to Duke Energy Florida's 2017 rates**

Duke Energy's vision is to lead the way to cleaner, smarter energy solutions that customers value.

Duke Energy Florida's electric rates are set by the state. As a regulated utility, Duke Energy Florida's rates cover the costs necessary to produce and deliver reliable power to the company's 1.8 million customers who rely on electricity as part of their daily lives.

On April 13, 2017, in separate filings with the Florida Public Service Commission (FPSC), Duke Energy Florida (DEF) filed for mid-year adjustments to electric rates, related to proposed increases in Fuel Cost Factors and Asset Securitization Charges (ASC).

DEF estimates that as a result of the proposed adjustments, commercial and industrial customers could see rate increases of 5 to 7 percent increase for commercial customers and 6 to 9 percent for industrial customers.

The proposed increase in the Fuel Cost Recovery Factors is due mainly to higher fuel prices for natural gas and coal. Duke Energy Florida works to actively manage its fuel contracts and keep costs as low as possible for customers. Fuel costs for 2016 and 2017 were higher than projected. Rather than continuing to under-collect for the remainder of 2017 and accumulate a larger true-up to be included in 2018 rates, the company is providing customers with a timely and more immediate rate correction.

The Asset Securitization Charges (ASC) for commercial and industrial customers will increase primarily because of lower than expected electricity sales. While the total dollars collected in rates through the ASC remain relatively constant, customer rates can change due to fluctuations in sales. The required formula-based true-up process adjusts for the difference between the estimated and actual amounts collected.

If the proposed changes are approved, the increases will begin with July 2017 billing.

The Company makes no profit from the fuel or ASC component of rates.

You can help reduce your electric bill by managing your energy use. Duke Energy provides free business energy audits and tips for customers. Visit [duke-energy.com](http://duke-energy.com).

#### **Please note the information concerning billing adjustments that is listed following the rate schedules.**

*Unless stated otherwise, all rates are quoted at secondary voltage.*

### GENERAL SERVICE

#### **Non-Demand (GS-1)**

Customer Charges:

Unmetered Accounts..... \$6.54 per month

Metered Accounts:

Secondary Delivery Voltage .....\$11.59 per month

Primary Delivery Voltage .....\$146.56 per month

Transmission Delivery Voltage .....\$722.90 per month

Energy and Demand Charge ..... 7.031¢ per kWh

#### **Non-Demand – Optional Time of Use (GST-1)**

Customer Charges:

Secondary Delivery Voltage:

For Single-Phase Service.....\$19.01 per month

For Three-Phase Service .....\$19.01 per month

Primary Delivery Voltage.....\$153.99 per month

Transmission Delivery Voltage .....\$730.32 per month

Energy and Demand Charges:

On-Peak..... 17.356¢ per kWh  
 Off-Peak..... 2.278¢ per kWh

**Non-Demand – 100% Load Factor Usage (GS-2)**

(For customers with fixed wattage loads operating continuously throughout the billing period)

Customer Charges:

Unmetered Accounts..... \$6.54 per month  
 Metered Accounts.....\$11.59 per month  
 Energy and Demand Charge ..... 3.157¢ per kWh

**Demand (GSD-1)**

(For customers with a measured annual kWh consumption of 24,000 kWh or greater)

Customer Charges:

Secondary Delivery Voltage .....\$11.59 per month  
 Primary Delivery Voltage.....\$146.56 per month  
 Transmission Delivery Voltage.....\$722.90 per month

Demand Charge..... \$9.91 per kW  
 Energy Charge..... 2.490¢ per kWh

**Demand Optional Time of Use (GSDT-1)**

Customer Charges:

Secondary Delivery Voltage .....\$19.01 per month  
 Primary Delivery Voltage .....\$153.99 per month  
 Transmission Delivery Voltage .....\$730.32 per month

Demand Charges: Base..... \$5.94 per kW  
 On-Peak ..... \$3.91 per kW  
 Energy Charges: On-Peak ..... 5.250¢ per kWh  
 Off-Peak ..... 1.000¢ per kWh

**Optional Load Management (GSLM-1)  
 (Energy Management Program)**

(Under this rate, a customer receives load management monthly credits for allowing specified electrical equipment to be interrupted at the option of the company by means of load management devices installed on the customer's premises.) Restricted to existing customers as of July 20, 2000.

**Optional Load Management (GSLM-2)**

(Under this rate, customers receive monthly credit for running their backup generator when Duke Energy requests.)

**INTERRUPTIBLE SERVICE (IS-1\*, IS-2)**

(Under this rate, customers receive load management monthly credits for allowing their entire electrical service to be interrupted during any time period that the company's generating resources are required to maintain service to the company's firm power customers.)

Customer Charges:

Secondary Delivery Voltage .....\$278.95 per month  
 Primary Delivery Voltage.....\$413.94 per month  
 Transmission Delivery Voltage.....\$990.26 per month

Demand Charge..... \$10.80 per kW  
 Demand Credit (IS-1\*)..... \$6.24 per kW  
 Demand Credit (IS-2) (Load factor adjusted) \$10.88 per kW  
 Energy Charge..... 1.171¢ per kWh

**Optional Time of Use (IST-1,\* IST-2)**

Customer Charges:

Secondary Delivery Voltage .....\$278.95 per month  
 Primary Delivery Voltage .....\$413.94 per month  
 Transmission Delivery Voltage .....\$990.26 per month  
 Demand Charges: Base..... \$4.78 per kW  
 On-Peak ..... \$6.26 per kW  
 Demand Credit (IST-1\*)..... \$6.24 per kW  
 Demand Credit (IST-2) (Load factor adjusted) \$10.88 per kW  
 Energy Charges: On-Peak ..... 1.586¢ per kWh  
 Off-Peak ..... 0.982¢ per kWh

*\*IS-1 and IST-1 closed to new accounts 4/16/96*

## STANDBY SERVICE (SS-1, SS-2, SS-3)

(Rate schedules available upon request)

### On-Peak Periods for Time of Use Rates

On-Peak periods for TOU rates are Monday through Friday as follows:

November through March..... 6 to 10 a.m. / 6 to 10 p.m.

April through October ..... Noon to 9 p.m.

All other hours, including Saturday, Sunday, and six major holidays (New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas) and the adjacent weekday if a holiday falls on Saturday or Sunday, are considered Off-Peak.

## CURTAILABLE SERVICE (CS-1<sup>†</sup>, CS-2, CS-3)

(Under this rate, customers receive monthly credits for agreeing to curtail a portion of their average billing kW (minimum of 500 kW) during any time period that the company's generating resources are required to maintain electrical service to the company's firm power customers.)

Customer Charges:

Secondary Delivery Voltage .....	\$75.96 per month
Primary Delivery Voltage .....	\$210.93 per month
Transmission Delivery Voltage .....	\$787.26 per month
Demand Charge.....	\$12.14 per kW
Demand Credit (CS-1 <sup>†</sup> ).....	\$4.68 per kW
Demand Credit (CS-2) (Load factor adjusted)	\$8.16 per kW
Demand Credit (CS-3) (Contracted kW).....	\$8.16 per kW
Energy Charge .....	1.712¢ per kWh

## Optional Time of Use (CST-1<sup>†</sup>, CST-2, CST-3)

Customer Charges:

Secondary Delivery Voltage .....	\$75.96 per month
Primary Delivery Voltage .....	\$210.93 per month
Transmission Delivery Voltage .....	\$787.26 per month
Demand Charges:..... Base .....	\$4.94 per kW
On-Peak .....	7.13 per kW
Demand Credit (CST-1 <sup>†</sup> ).....	\$4.68 per kW
Demand Credit (CST-2) (Load factor adjusted)	\$8.16 per kW
Demand Credit (CST-3) (Contracted kW)...	\$8.16 per kW
Energy Charges:..... On-Peak ....	3.001¢ per kWh
Off-Peak .....	1.019¢ per kWh

<sup>†</sup>CS-1 and CST-1 closed to new accounts 4/16/96

## LIGHTING SERVICE (LS-1)

(Rate schedule available upon request)

Fixture and Maintenance Metered Charge depends upon fixture type

Customer Charges (per line of billing):

Metered.....	\$3.42 per month
Unmetered .....	\$1.19 per month
Energy and Demand Charge .....	2.668¢ per kWh

## TEMPORARY SERVICE (TS-1)

(Rates from appropriate General Service schedules are applied to service under TS-1.)

## SERVICE CHARGES

Opening account at new service location .....	\$61.00
Reconnect service after normal disconnection .....	\$28.00
Reconnect service after disconnection for	
nonpayment or violation of a rule or regulation.....	\$40.00
after normal business hours .....	\$50.00
Temporary line extension.....	\$227.00
Late payment charge .....	1.5% per month or \$5.00,
	whichever is greater
Change of account (with LSA) .....	\$10.00
Returned check.....	as allowed by Florida Statute 68.065
Investigation of unauthorized use charge.....	minimum \$75.00

## BILLING ADJUSTMENTS

Each of the rate schedules listed is subject to a Fuel Cost Recovery Factor (the cost of fuel) and an Asset Securitization Charge Factor (the cost of nuclear asset-recovery bonds). The Energy Charges include an Energy Conservation Cost Recovery Factor (the cost of energy conservation programs), a Capacity Cost Recovery Factor (a portion of the cost of purchasing electricity from sources other than Duke Energy Florida), and an Environmental Cost Recovery Clause Factor (the cost of new environmental programs not in base rates). These factors are reviewed annually by the Florida Public Service Commission and adjusted to reflect changes in the annual costs incurred.

**Fuel Cost Recovery Factor**

(based on metering voltage)

For General Service Non Demand and General Service 100% Load Factor Rate Classes:

Distribution Secondary	
Levelized .....	4.144¢ per kWh
On-Peak .....	5.313¢ per kWh
Off-Peak .....	3.568¢ per kWh
Distribution Primary	
Levelized .....	4.103¢ per kWh
On-Peak .....	5.259¢ per kWh
Off-Peak .....	3.532¢ per kWh
Transmission	
Levelized .....	4.061¢ per kWh
On-Peak .....	5.206¢ per kWh
Off-Peak .....	3.497¢ per kWh

For General Service Demand, Curtailable and Interruptible Rate Classes:

Distribution Secondary	
Levelized .....	4.144¢ per kWh
On-Peak .....	5.313¢ per kWh
Off-Peak .....	3.568¢ per kWh
Distribution Primary	
Levelized .....	4.103¢ per kWh
On-Peak .....	5.259¢ per kWh
Off-Peak .....	3.532¢ per kWh
Transmission	
Levelized .....	4.061¢ per kWh
On-Peak .....	5.206¢ per kWh
Off-Peak .....	3.497¢ per kWh

For Lighting Service LS-1

Levelized .....	3.894¢ per kWh
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**Asset Securitization Charge Factor (ASC)**

(based on metering voltage)

For General Service Non Demand Rate Class:

Distribution Secondary.....	0.269¢ per kWh
Distribution Primary.....	0.266¢ per kWh
Transmission.....	0.264¢ per kWh

For General Service 100% Load Factor Rate Class:

Distribution Secondary.....	0.192¢ per kWh
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For General Service Demand Rate Class:

Distribution Secondary.....	0.246¢ per kWh
Distribution Primary.....	0.244¢ per kWh
Transmission.....	0.241¢ per kWh

For Curtailable Rate Class:

Distribution Secondary.....	0.151¢ per kWh
Distribution Primary.....	0.149¢ per kWh
Transmission.....	0.148¢ per kWh

For Interruptible Rate Class:

Distribution Secondary.....	0.186¢ per kWh
Distribution Primary.....	0.184¢ per kWh
Transmission.....	0.182¢ per kWh

For Lighting Service LS-1:

Distribution Secondary.....	0.053¢ per kWh
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**Energy Conservation Cost Recovery Factor (ECCR)**

**Capacity Cost Recovery Factor (CCR)**

**Environmental Cost Recovery Clause (ECRC)**

(Included in the Energy Charge or Demand Charge as applicable)

	ECCR		CCR		ECRC
	¢/kWh	\$/kW*	¢/kWh	\$/kW*	¢/kWh

	ECCR		CCR		ECRC
General Service Non-Demand					
Secondary	0.261		1.006		0.147
Primary	0.258		0.996		0.146
Transmission	0.256		0.986		0.144
General Service – 100% LF	0.204		0.708		0.139
General Service Demand					
Secondary		0.98		3.67	0.144
Primary		0.97		3.63	0.143
Transmission		0.96		3.60	0.141
Curtable Service					
Secondary		0.80		2.89	0.168
Primary		0.79		2.86	0.166
Transmission		0.78		2.83	0.165
Interruptible Service					
Secondary		0.82		2.83	0.137
Primary		0.81		2.80	0.136
Transmission		0.80		2.77	0.134
Lighting Service	0.105		0.203		0.144

\* For TOU rates the \$/kW charge will be included in the base demand only.

These schedules are also subject to a Gross Receipts Tax Factor (2.5641 percent), municipal utility taxes, state and county taxes, and franchise fees.

### CHOOSE THE BEST RATE FOR YOUR BUSINESS

You have the option of choosing the best rate schedule for your business. We offer three categories of commercial and industrial rates: General Service, Curtable Service and Interruptible Service. We also offer time-of-use rates that provide incentives to shift as much consumption as possible to off-peak periods.

Your current rate schedule can be obtained from your most recent electric bill. For information about the rate schedule, visit [www.duke-energy.com/rates](http://www.duke-energy.com/rates) and click on “Duke Energy Florida Rates & Tariffs.”

### FOR ADDITIONAL INFORMATION

If you would like more information on these or other rate schedules, or require assistance in determining the most economic rates for you, please contact Duke Energy Florida by calling the number shown on your electric bill.

Duke Energy Florida also provides an enhanced Web page for commercial and industrial customers offering you online access to your account information. The Web page can be reached at [www.duke-energy.com/business](http://www.duke-energy.com/business). Click on “Large Commercial, Industrial & Government” and log in to the Energy Resource Center.

(FRONT PANEL) - Draft 04.18.17)

Draft language for June bill insert – Fuel and ASC Notice:

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## All rates effective with July 2017 billing

### Important information about a change to Duke Energy Florida's 2017 rates

Duke Energy's vision is to lead the way to cleaner, smarter energy solutions that customers value.

Duke Energy Florida's electric rates are set by the state. As a regulated utility, Duke Energy Florida's rates cover the costs necessary to produce and deliver reliable power to the company's 1.8 million customers who rely on electricity as part of their daily lives.

On April 13, 2017, in separate filings with the Florida Public Service Commission (FPSC), Duke Energy Florida (DEF) filed for mid-year adjustments to electric rates, related to proposed increases in Fuel Cost Factors and Asset Securitization Charges (ASC).

With the proposed adjustments, residential customers' rates will increase by \$5.99, or about 5 percent, for a total cost of \$123.23 per 1,000 kilowatt-hours (kWh).

The proposed increase is due mainly to higher fuel prices for natural gas and coal. Duke Energy Florida works to actively manage its fuel contracts and keep costs as low as possible for customers. Fuel costs for 2016 and 2017 were higher than projected. Rather than continuing to under-collect for the remainder of 2017 and accumulate a larger true-up to be included in 2018 rates, the company is providing customers with a timely and more immediate rate correction.

The change in the ASC for residential customers will be an increase from \$2.45 to \$3.59 per 1,000 kWh. While the total dollars collected in rates through the ASC remain relatively constant, customer rates can change, at least twice a year, due to fluctuations in sales. The required formula-based true-up process adjusts for the difference between the estimated and actual amounts collected.

If the proposed changes are approved, the increase will begin with July 2017 billing.

The company makes no profit from the fuel or ASC component of rates.

You can help reduce your electric bill by managing your energy use. Duke Energy provides free home energy audits and tips for customers. Visit [duke-energy.com](http://duke-energy.com) or call 1.877.574.0340.

### (INSIDE 2-PANELS)

#### Breakdown of the new 2017 monthly bill statement

This bill belongs to a sample customer who uses 1,500 kWh of electricity each month.

Notice how we've presented the July 2017 residential rates so you can clearly see the costs for the first 1,000 kWh as compared to the costs per kWh above 1,000. To help you better understand the bill, we've provided the definitions below of the items included in most residential bills.

- 1 Customer charge: A fixed monthly amount to cover the cost of providing service to your location. This charge is applicable whether or not electricity is used.
- 2 Energy charge: All the costs, other than fuel, involved in producing and distributing electricity.
- 3 Fuel charge: This includes the actual cost of fuel used to produce electricity. The company's two largest fuel sources are natural gas and coal. Fuel costs are passed through from fuel suppliers to customers with no profit to the company. This charge is adjusted annually to reflect changes in the cost of fuel.
- 4 Asset Securitization Charge: The result of a bond issuance process put in place to lower the cost of the company's retired nuclear plant. This saves customers more than \$800 million over the next 20 years – or approximately \$2 per month per 1,000 kWh – compared to traditional cost recovery methods.
- 5 EnergyWise Home<sup>SM</sup> program credit: EnergyWise Home is a free program that offers qualified participants a credit of up to \$147 a year depending on their monthly energy usage and the appliances enrolled in the program.

- 6 Gross receipts tax: Collected in accordance with Florida state statutes, this tax is assessed on all electric public utilities and paid directly to the state. Duke Energy Florida does not keep these tax monies.
- 7 Franchise fee: This is a fee that we collect to compensate communities for using their rights of way. The entire fee is sent back to the local community; Duke Energy Florida does not keep any franchise fees. Fees vary by community.
- 8 County/municipal utility tax: In accordance with state law, a county/municipality may levy a tax on the purchase of electricity within that area. This tax is paid directly to your county/municipality. Duke Energy Florida does not keep any of these taxes.

(BACK PANEL)

**Our residential rates as of July 2017**

**Residential Service (RS-1, RSL-1, RSL-2)**

Customer charge.....	\$8.76 per month
Energy charge	
First 1,000 kWh.....	6.933¢ per kWh
All kWh above 1,000.....	8.349¢ per kWh
Fuel charge	
First 1,000 kWh.....	3.847¢ per kWh
All kWh above 1,000.....	4.847¢ per kWh
Asset Securitization Charge	
All kWh.....	0.359¢ per kWh

**Residential Service Time of Use (RST-1)**

(Closed to new customers as of 2/10/10.)

Customer charge.....	\$16.19 per month*
Energy charge	
On-peak.....	17.731¢ per kWh
Off-peak.....	2.649¢ per kWh
Fuel charge	
On-peak.....	5.313¢ per kWh
Off-peak.....	3.568¢ per kWh
Asset Securitization Charge	
All kWh.....	0.359¢ per kWh

\*For most residential customers. Where an advance special meter payment is made, the charge is \$8.76.

**Residential Seasonal Service (RSS-1)**

You can reduce your customer charge from \$8.76 per month to \$4.58 per month if you are gone for at least three months during the billing periods of March through October and do not use more than 210 kWh per month (or 7 kWh per day). All other charges as stated in otherwise applicable rate schedules still apply.

**Lighting Service (LS-1)**

This service is available from dusk to dawn with various automatically controlled light fixtures.

Fixture and maintenance charge depends upon fixture type	
Customer charge (per line of billing)	
Metered.....	\$3.42 per month
Unmetered .....	\$1.19 per month
Energy charge .....	2.668¢ per kWh
Fuel charge .....	3.3.894¢ per kWh
Asset Securitization Charge.....	0.053¢ per kWh

**Billing Adjustments (BA-1)**

All the energy charges listed above include the following amounts for energy conservation (ECCR), environmental (ECRC) and purchased power capacity (CCR) which includes the nuclear cost recovery clause:

Residential – RS-1, RSS-1, RSL-1, RSL-2, and RST-1:	
ECCR	0.317¢ per kWh
ECRC	0.151¢ per kWh
CCR	1.294¢ per kWh

Lighting – LS-1:

ECCR	0.105¢ per kWh
ECRC	0.144¢ per kWh
CCR	0.203¢ per kWh

RSL-1/2 091 Residential Load Management				
BILLING PERIOD..07-01-17 TO 07-31-17		31 Days		
CUSTOMER CHARGE			\$	8.76
ENERGY CHARGE				
	FIRST 1000 KWH	1000 KWH @	6.933	69.33
	ABOVE 1000 KWH	500 KWH @	8.349	41.75
FUEL CHARGE				
	FIRST 1000 KWH	1000 KWH @	3.847	38.47
	ABOVE 1000 KWH	500 KWH @	4.847	24.24
ASSET SECURITIZATION CHARGE		1500 KWH @	0.359	<u>5.39</u>
TOTAL ELECTRIC COST				187.94
Energy Wise Home (Load Management) CREDIT				11.50 CR
GROSS RECEIPTS TAX				4.52
MUNICIPAL FRANCHISE FEE			6%	10.86
MUNICIPAL UTILITY TAX			10%	<u>13.96</u>
TOTAL CURRENT BILL				205.78
TOTAL DUE THIS STATEMENT			\$	<u>205.78</u>