



March 1, 2022

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 25-6.1353, please find enclosed Duke Energy Florida's Forecasted Earnings Surveillance Report for the calendar year 2022. The computations incorporate the separation factors and other elements from the 2021 Settlement Agreement approved in Order No. PSC-2021-0202A-AS-EI.

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. Richard Gentry, Office of the Public Counsel

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

SCHEDULE 1

Company : Duke Energy Florida
Year 2022

I. AVERAGE RATE OF RETURN (JURISDICTIONAL)	(1) PER BOOKS	(2) FPSC ADJUSTMENTS	(3) FPSC ADJUSTED
NET OPERATING INCOME	\$1,096,364,261 (a)	(\$49,090,513) (b)	\$1,047,273,748
AVERAGE RATE BASE	\$18,179,599,103	(\$1,866,358,761)	\$16,313,240,341
AVERAGE RATE OF RETURN	6.03%		6.42%

(a) INCLUDES AFUDC EARNINGS

(b) INCLUDES REVERSAL OF AFUDC EARNINGS

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

LOW	5.59%
MIDPOINT	6.03%
HIGH	6.48%

IV. FINANCIAL INTEGRITY INDICATORS

A. T.I.E. with AFUDC	4.65	(System Per Books Basis)
B. T.I.E without AFUDC	4.53	(System Per Books Basis)
C. AFUDC to Net Income	3.89%	(System Per Books Basis)
D. Internally Generated Funds	86.69%	(System Per Books Basis)
E. LT Debt-Fixed to Total Investor Funds	45.72%	(FPSC Adjusted Basis)
F. ST Debt to Total Investor Funds	1.28%	(FPSC Adjusted Basis)
G. Return on Common Equity	10.73%	(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	\$23,750,990,320	\$6,356,102,595	\$17,394,887,726	\$137,128,357	\$1,593,854,921	\$19,125,871,004	\$974,715,400	\$20,100,586,404
Regulatory Base - Retail	\$21,592,413,113	\$5,901,007,882	\$15,691,405,230	\$123,150,113	\$1,417,084,379	\$17,231,639,722	\$947,959,381	\$18,179,599,103
FPSC Adjustments								
ARO	(55,312,259)	(61,967,626)	6,655,367			6,655,367	(24,949,947)	(18,294,581)
ECCR	(1,321,876)	(162,285)	(1,159,590)			(1,159,590)	(8,391,033)	(9,550,623)
ECRC	(51,465,636)	(10,306,392)	(41,159,244)		(12,358,039)	(53,517,283)	(6,951,395)	(60,468,678)
FUEL	(3,470,244)	(3,625,252)	155,008			155,008	(77,553,356)	(77,398,348)
CCR							(106,095,374)	(106,095,374)
Storm Protection Plan	(132,922,627)	(1,256,848)	(131,665,778)		(151,340,079)	(283,005,857)		(283,005,857)
Over\Under Recovery-Clauses							(296,167,984)	(296,167,984)
Investments Earning a Return							(306,003,611)	(306,003,611)
Non-Regulated and Miscellaneous	(42,618,838)	(16,967,147)	(25,651,692)	(87,727,853)	(486,839)	(113,866,384)	42,561,196	(71,305,187)
CWIP - AFUDC					(610,020,047)	(610,020,047)		(610,020,047)
Capital & Operating Leases	(628,502,285)	(264,690,046)	(363,812,239)			(363,812,239)	335,763,768	(28,048,471)
Total FPSC Adjustments	(915,613,765)	(358,975,595)	(556,638,169)	(87,727,853)	(774,205,004)	(1,418,571,026)	(447,787,735)	(1,866,358,761)
FPSC Adjusted	\$20,676,799,348	\$5,542,032,287	\$15,134,767,061	\$35,422,260	\$642,879,375	\$15,813,068,696	\$500,171,645	\$16,313,240,341

DUKE ENERGY FLORIDA
Average Rate of Return - Income Statement
December 2022

Schedule 2
Page 2 of 3

	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	5,929,200,392	2,584,458,473	848,476,005	674,337,758	455,160,453	133,954,331	87,332,833	4,783,719,852	1,145,480,540
Regulatory Base - Retail	5,614,277,091	2,490,952,644	806,652,426	609,607,169	439,108,731	154,218,396	52,389,053	4,552,928,419	1,061,348,672
FPSC Adjustments									
ECCR	(109,780,903)		(114,142,036)	6,306,070		(492,944)		(108,328,911)	(1,451,992)
ECRC	(10,705,323)		(7,910,103)	409,377	(112,541)	(783,681)		(8,396,949)	(2,308,374)
FUEL	(1,978,943,692)	(2,100,629,158)		128,394,279		(1,700,349)		(1,973,935,227)	(5,008,465)
CCR	(404,559,067)	(390,323,486)		(6,574,675)		(1,941,656)		(398,839,818)	(5,719,249)
Storm Protection Plan	(95,819,569)		(62,561,606)	(3,458,394)	(1,412,667)	(7,194,660)		(74,627,327)	(21,192,242)
Non-Regulated and Miscellaneous				(2,994,967)		759,074		(2,235,893)	2,235,893
Corporate Aircraft Allocation			(2,760,896)			699,749		(2,061,147)	2,061,147
Revenue Tax	(276,745,511)		(3,580,699)		(272,882,683)	(71,506)		(276,534,888)	(210,624)
Inst./Promotional Advertising			(5,805,848)			1,471,492		(4,334,356)	4,334,356
Miscellaneous Interest Expense			1,077,873			(273,187)		804,686	(804,686)
Remove Assoc/Organization Dues			(141,302)			35,813		(105,489)	105,489
Remove Economic Development			(261,389)			66,249		(195,140)	195,140
Parent Debt Adjustment						(9,975,801)		(9,975,801)	9,975,801
Directors & Officers Premium			(1,175,173)			297,848		(877,325)	877,325
Interest Synchronization - FPSC						5,004,957		5,004,957	(5,004,957)
LTIP & SERP			(10,502,329)			2,661,815		(7,840,514)	7,840,514
Total FPSC Adjustments	(2,876,554,066)	(2,490,952,644)	(207,763,508)	122,081,688	(274,407,891)	(11,436,787)		(2,862,479,142)	(14,074,924)
FPSC Adjusted	2,737,723,025		598,888,918	731,688,858	164,700,840	142,781,609	52,389,053	1,690,449,278	1,047,273,748

A) The addition of earnings from AFUDC would increase:

Pre-Tax System NOI by: 39,383,518 pretax
Pre-Tax Jurisdictional NOI by: 35,015,589 pretax

B) Economic Development costs related to the period are:

Total Company: 5,607,947
Jurisdictional: 5,227,784

DUKE ENERGY FLORIDA
Average Rate of Return - Adjustment
December 2022

Notes	Rate Base Adjustments	P=ProForma F=FPSC	System	Retail
	ARO	F	(18,294,581)	(18,294,581)
	ECCR	F	(9,606,345)	(9,550,623)
	ECRC	F	(62,730,101)	(60,468,678)
	FUEL	F	(77,386,439)	(77,398,348)
	CCR	F	(106,095,374)	(106,095,374)
	Storm Protection Plan	F	(305,088,954)	(283,005,857)
	Over/Under Recovery-Clauses	F	(296,167,984)	(296,167,984)
	Investments Earning a Return	F	(306,003,611)	(306,003,611)
	Non-Regulated and Miscellaneous	F	(78,045,312)	(71,305,187)
(1)	CWIP - AFUDC	F	(710,507,990)	(610,020,047)
(2)	Capital & Operating Leases - EPIS	F	(394,013,811)	(363,812,239)
(2)	Capital & Operating Leases - Working Capital	F	351,898,305	335,763,768
	Total		(2,012,042,196)	(1,866,358,761)

Notes	Income Statement Adjustments (to NOI)	P=ProForma F=FPSC	System		Retail	
			Amount	Income Tax Effect	Amount	Income Tax Effect
	ECCR	F	(1,944,936)	492,944	(1,944,936)	492,944
	ECRC	F	(2,854,478)	723,468	(3,092,055)	783,681
	FUEL	F	(6,960,651)	1,764,177	(6,708,814)	1,700,349
	CCR	F	(7,660,905)	1,941,656	(7,660,905)	1,941,656
	Storm Protection Plan	F	(28,386,903)	7,194,660	(28,386,903)	7,194,660
	Non-Regulated and Miscellaneous	F	2,994,967	(759,074)	2,994,967	(759,074)
(2)	Corporate Aircraft Allocation	F	2,893,566	(733,374)	2,760,896	(699,749)
(4)	Revenue Tax	F	(282,130)	71,506	(282,130)	71,506
(1)	Inst./Promotional Advertising	F	6,084,838	(1,542,202)	5,805,848	(1,471,492)
(1)	Miscellaneous Interest Expense	F	(1,129,668)	286,314	(1,077,873)	273,187
(1)	Remove Assoc/Organization Dues	F	148,092	(37,534)	141,302	(35,813)
(3)	Remove Economic Development	F	273,950	(69,433)	261,389	(66,249)
(2)	Parent Debt Adjustment	F		11,040,454		9,975,801
(2)	Directors & Officers Premium	F	1,231,644	(312,160)	1,175,173	(297,848)
(1)	Interest Synchronization - FPSC	F		(5,366,315)		(5,004,957)
(4)	LTIP & SERP	F	11,007,000	(2,789,724)	10,502,329	(2,661,815)
	Total		(24,585,614)	11,905,363	(25,511,711)	11,436,787

- 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
(4) Docket No. 20210016-EI, Order No. PSC-2021-0202-AS-EI

	System Per Books	Retail Per Books	Pro Rata Adjustments	Specific Adjustments	Adjusted Retail	Cap Ratio	<u>Low-Point</u>		<u>Mid-Point</u>		<u>High-Point</u>	
							Cost Rate	Weighted Cost	Cost Rate	Weighted Cost	Cost Rate	Weighted Cost
Common Equity	8,742,866,859	7,899,571,608	(699,546,198)	(10,997,887)	7,189,027,523	44.07%	8.85%	3.90%	9.85%	4.34%	10.85%	4.78%
Long Term Debt	7,529,614,813	6,803,344,070	(602,469,819)		6,200,874,251	38.01%	4.14%	1.57%	4.14%	1.57%	4.14%	1.57%
Short Term Debt	223,493,533	201,936,412	(17,882,470)	(10,281,642)	173,772,301	1.07%	0.45%	0.00%	0.45%	0.00%	0.45%	0.00%
Customer Deposits												
Active	183,076,470	183,076,470	(16,212,328)		166,864,142	1.02%	2.47%	0.03%	2.47%	0.03%	2.47%	0.03%
Inactive	1,666,455	1,666,455	(147,573)		1,518,883	0.01%						
Investment Tax Credits *	243,488,735	220,002,973	(19,482,353)		200,520,620	1.23%	6.67%	0.08%	7.21%	0.09%	7.74%	0.10%
Deferred Income Taxes	3,176,379,539	2,870,001,114	(254,152,816)	(235,186,040)	2,380,662,258	14.59%						
Total	20,100,586,404	18,179,599,103	(1,609,893,557)	(256,465,569)	16,313,239,977	100.00%		5.59%		6.03%		6.48%

* Investment Tax Credits cost rates are based on the weighted average cost of long term debt 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 2022

A. TIMES INTEREST EARNED WITH AFUDC

EARNINGS BEFORE INTEREST	\$	1,248,652,334
AFUDC - DEBT	\$	11,380,989
INCOME TAXES		240,476,478
TOTAL	\$	1,500,509,801
INTEREST CHARGES (before deducting AFUDC-Debt)	\$	322,782,348
TIE WITH AFUDC		<u>4.65</u>

B. TIMES INTEREST EARNED WITHOUT AFUDC

EARNINGS BEFORE INTEREST	\$	1,248,652,334
AFUDC - EQUITY		(28,002,529)
INCOME TAXES		240,476,478
TOTAL	\$	1,461,126,283
INTEREST CHARGES (before deducting AFUDC-Debt)	\$	322,782,348
TIE WITHOUT AFUDC		<u>4.53</u>

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

AFUDC DEBT	\$	11,380,989
X (1- INCOME TAX RATE)		0.74655
SUBTOTAL	\$	8,496,478
AFUDC -EQUITY	\$	28,002,529
TOTAL	\$	36,499,007
NET INCOME AVAILABLE FOR COMMON STOCKHOLDERS	\$	937,276,726
PERCENT AFUDC TO AVAILABLE NET INCOME		<u>3.89%</u>

D. PERCENT INTERNALLY GENERATED FUNDS*

NET INCOME	\$	937,276,726
COMMON DIVIDENDS		-
AFUDC (EQUITY)		(28,002,529)
DEPRECIATION & AMORTIZATION		674,337,758
DEFERRED INCOME TAXES		87,332,833
INVESTMENT TAX CREDITS		-
OTHER - INC NUCLEAR DECOMMISSIONING		379,706,863
OTHER FUNDS - INCLUDING CHANGE IN WORKING CAPITAL		(95,892,087)
TOTAL FUNDS PROVIDED	\$	<u>1,954,759,564</u>

CONSTRUCTION EXPENDITURES (EXCLUDING AFUDC EQUITY & DEBT)	\$	2,254,819,736
PERCENTAGE INTERNALLY GENERATED FUNDS		86.69%

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

Common Equity	\$	7,189,027,523
Long Term Debt	\$	6,200,874,251
Short Term Debt	\$	173,772,301
TOTAL	\$	<u>13,563,674,075</u>

% LONG TERM DEBT TO TOTAL	45.72%
% SHORT TERM DEBT TO TOTAL	1.28%

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

FPSC AVERAGE EARNED RATE OF RETURN	<u>6.42%</u>
LESS RETAIL WEIGHTED AVERAGE COST RATES FOR:	
LONG TERM DEBT	1.57%
SHORT TERM DEBT	0.00%
CUSTOMER DEPOSITS	0.03%
DEFERRED INCOME TAXES	
INVESTMENT TAX CREDITS	0.09%
DEFERRED INCOME TAX (FAS 109)	
SUBTOTAL	<u>1.69%</u>
TOTAL	4.73%
DIVIDED BY COMMON EQUITY RATIO	<u>44.07%</u>
JURISDICTIONAL RETURN ON COMMON EQUITY	<u>10.73%</u>

FLORIDA PUBLIC SERVICE COMMISSION
 ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
 FORECAST ASSUMPTIONS

Company : Duke Energy Florida
 Year 2022

FORECAST ASSUMPTIONS

	Forecast Year		Prior Year Actual	
	Customers	MWH Sales	Customers	MWH Sales
Residential	1,722,408	21,250,977	1,669,918	21,191,845
Commercial	184,713	11,635,267	179,913	11,785,453
Industrial	1,959	3,528,231	1,907	3,291,721
Other	27,241	3,234,869	26,577	3,181,774
Total	1,936,320	39,649,344	1,878,315	39,450,793

OTHER MAJOR FORECAST ASSUMPTIONS

Revenues

Retail base revenue is forecasted to increase in 2022 over 2021 as a result of an increase in kWh sales and the base rate increases consistent with Exhibit 4 to the 2021 Settlement Agreement approved in Order No. PSC-2021-0202A-AS-EI.

Depreciation & Amortization Expense

Depreciation expense is based on depreciation rates effective January 1, 2022 consistent with Exhibit 8 to the 2021 Settlement Agreement approved in Order No. PSC-2021-0202A-AS-EI. Par. 3 of the 2021 Settlement Agreement authorizes Duke Energy Florida to include a portion of the expected \$173 million DOE award (retail) as a "credit to income through the use of a regulatory liability or asset as necessary in an amount to be determined each year by the Company" from 2022 through 2024. 2022 amortization expense does not include any of this DOE award.

Dismantlement Accrual

The retail portion of the 2022 increase in the dismantlement accrual is being deferred to a regulatory asset pursuant to Par. 19 in the 2021 Settlement Agreement approved in Order No. PSC-2021-0202A-AS-EI.

Crystal River 3 (CR3)


A specific adjustment is made on Schedule 3-Capital Structure to remove the accumulated deferred income tax liability associated with securitized CR3 nuclear plant pursuant to Par. 26 in the 2021 Settlement Agreement approved in Order No. PSC-2021-0202A-AS-EI.

Financing Activity

The 2022 budget includes a \$500 million long-term debt issuance and a \$175 million dividend contribution in August.

Excess Deferred Income Taxes (EDIT)

DEF is amortizing the protected EDIT resulting from the 2017 Tax Cuts and Jobs Act according to the Average Rate Assumption Method (ARAM) and the unprotected EDIT over 5 years (2018-2022).

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 Title	3/1/2022 Date

**FLORIDA PUBLIC SERVICE COMMISSION
ELECTRIC FORECASTED EARNINGS SURVEILLANCE REPORT
Construction Projects Exceeding \$95,000,000* in Accordance with Rule 25-6.0141(9)**

**Company : Duke Energy Florida
Year 2022**

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	Crystal River to Bronson	Crystal River to Bronson 230kV Line Rebuild	\$ 128,256,920	Apr-22	Oct-22
2	2022 CEC Solar #1	Future CEC Project, 2024 COD, to generate 74.9 MW	\$ 101,123,000	Aug-22	Jan-24
3	2022 CEC Solar #2	Future CEC Project, 2024 COD, to generate 74.9 MW	\$ 101,123,000	Aug-22	Jan-24
4	2022 CEC Solar #3	Future CEC Project, 2024 COD, to generate 74.9 MW	\$ 101,123,000	Aug-22	Jan-24
5	2022 CEC Solar #4	Future CEC Project, 2024 COD, to generate 74.9 MW	\$ 101,123,000	Aug-22	Jan-24

* 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.