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DEPUTY GENERAL COUNSEL

March 24, 2026

VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: *Petition For Limited Proceeding to Approve Rate Adjustment Associated with The One Big Beautiful Bill Act, by Duke Energy Florida, LLC*
Docket _____

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC (“DEF”), please find enclosed for electronic filing, DEF’s Petition For Limited Proceeding to Approve Rate Adjustment Associated with the One Big Beautiful Bill Act (“OB BB”) and Attachment 1-OB BB Tax Impacts.

Thank you for your assistance in this matter. Should you have any questions, please feel free to contact me at (727) 820-4692.

Sincerely,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/mh
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC,
for a limited proceeding to approve rate adjustments
associated with the One Big Beautiful Bill

Docket No. _____

Dated: March 24, 2026

**DUKE ENERGY FLORIDA, LLC, PETITION FOR A LIMITED
PROCEEDING TO APPROVE RATE ADJUSTMENTS ASSOCIATED WITH
THE ONE BIG BEAUTIFUL BILL**

Duke Energy Florida, LLC, (“DEF”) pursuant to Sections 120.57, 366.076(1), and 366.06(3), Florida Statutes (“F.S.”) and Rule 28-106.201, Florida Administrative Code (“F.A.C.”), hereby petitions the Florida Public Service Commission (“FPSC” or the “Commission”) for a limited proceeding to approve rate increases, specifically an increase of \$338,970 to customer base rates, associated with the One Big Beautiful Bill (“OB BB”), performed consistent with the 2024 Settlement Agreement (“2024 Settlement”) approved by this Commission in Order Number PSC-2024-0472-AS-EI.

In support of this Petition, DEF states:

1. DEF is a Florida limited liability company with headquarters at 299 1st Avenue North, St. Petersburg, Florida 33701. DEF is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes, and is a subsidiary of Duke Energy Corporation. DEF provides generation, transmission, and distribution service to approximately 2.1 million retail customers in Florida.

2. Any pleading, motion, notice, order, or other document required to be served upon DEF or filed by any party to this proceeding should be served upon the following individuals:

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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f), and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (d), DEF states that it is not known at this time which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

4. This Petition summarizes the key components of the OBBB and the provisions impacting the Company. The calculation of the income tax impact and revenue requirement is provided in Attachment 1 to this Petition.

Tax Law Summary

5. On July 4, 2025, President Donald J. Trump signed the OBBB¹ into Law. The OBBB has three impacts on DEF's taxes; two were effective in 2025, and the third is effective in 2026. These include: (1) beginning in 2025, full expensing of domestic research and experimental ("R&E") expenditures; (2) beginning in 2025, reduced research and development ("R&D") credits; and (3) beginning in 2026, the elimination of the meals deduction.

6. The first impact relates to expensing of domestic R&E expenditures. Section 70302(a) of the OBBB amended Code Section 174 and added Code Section 174A(a), to allow for full expensing of domestic R&E expenditures paid or incurred in taxable years beginning after December 31, 2024. Previously, these expenditures were amortized over a five-year period. While there is no impact on DEF's income tax expense, the increased tax deduction raises DEF's 13-month average accumulated deferred income tax ("ADIT") balance by \$1,079,112 and reduces 2025 revenue requirements by \$78,085.

7. The next impact relates to the research and development ("R&D") tax credit. Section 70302(b) of the OBBB modified Code Sections 41(d)(1)(A) and 280C(c)(1), to reduce the R&D tax credit available to DEF for taxable years beginning after December 31, 2024. The reduced tax credit increases DEF's 2025 income tax expense by \$63,035 and increases 2025 revenue requirements by \$75,297.

8. The final tax impact relates to employer-provided meals. Section 70305(a) of the OBBB modified Code Section 274(o) to eliminate the deduction for employer-provided meals for tax years beginning after December 31, 2025. The reduced tax deduction increases DEF's 2026 income tax expense by \$296,537 and increases revenue requirements by \$338,970.

2024 Settlement Requirements

¹ One Big Beautiful Bill Act, H.R. 1, Public Law 119-21 (July 4, 2025).

9. Paragraph 19 of the 2024 Settlement sets forth the methodology for calculating tax impacts and recovering or flowing them back to customers. Paragraph 19(b) provides, in relevant part:

If Tax Reform is enacted during the Term, DEF will quantify the impact of Tax Reform on its Florida Jurisdictional base revenue requirement as projected in DEF's forecasted earnings surveillance report for the calendar year that includes the period in which Tax Reform is effective. If Tax Reform is enacted effective for the tax years 2025 or 2026, the impacts of Tax Reform on base revenue requirements, primarily driven by an income tax rate increase/decrease, will be adjusted for retail customers within the later of 180 days of when the Tax Reform becomes law or the effective date of the law, through a prospective adjustment to base rates upon a thorough review of the effects of the tax reform on base revenue requirements.

10. The net impact on revenue requirements of the OBBB's changes effective in 2025 to domestic R&E expenditures and the R&D tax credits and is a reduction of \$2,788, as shown in Attachment 1. This amount is too small to have an impact on customer rates; therefore, no further action is required.

11. The impact on revenue requirements of the elimination of the meals deduction effective in 2026 results in a change to the effective tax rate reflected in DEF's 2026 FPSC-adjusted reported net operating income. Accordingly, DEF is filing this Petition in compliance with Paragraph 19(b) of the 2024 Settlement, which requires DEF to quantify the impacts of Tax Reform on its jurisdictional base revenue requirement. Paragraph 19(b) further requires DEF to adjust base rates for the impacts of Tax Reform as follows:

This adjustment shall be accomplished through a uniform percentage decrease or increase to customer, demand, and energy base rate charges, excluding delivery voltage credits, for all retail customer classes. Any effects of tax reform on retail revenue requirements from the effective date through the date of the base rate adjustment shall be flowed back or collected from customers through the CCR Clause on the same basis as used in any base rate adjustment.

12. While the calculation of the revenue requirement impact of each of the three provisions is provided in Attachment 1 of this Petition, since the 2025 net impact is too small to impact customer rates, those two calculations are for informational purposes only. The third calculation in Attachment 1 relates to the elimination of the meals deduction in 2026, which results in an increase to DEF's total retail jurisdictional revenue requirement of \$338,970. Accordingly, DEF proposes a base rate increase of \$338,970.

Effective Date of Requested Changes

13. For administrative efficiency and because the base rate increase associated with Tax Reform is immaterial, DEF proposes to combine the Tax Reform base rate increase with the upcoming Bailey Mill Solar Base Rate Adjustment ("SoBRA")². DEF currently expects the Bailey Mill solar project to be operational in August 2026, in which case the SoBRA would be effective in September 2026. DEF will file the applicable rate adjustments (itemizing Bailey Mill and Tax Reform) and tariff sheets for Commission confirmation two months prior to the effective date of the base rate increase.

14. DEF proposes to include the revenue requirement impact of the elimination of the meals deduction from the January 2026 effective date through the date of the base rate increase in the 2026 actual-estimated Capacity Cost Recovery ("CCR") Clause filing, currently due July 24, 2026, in Docket No. 20260001. This approach is consistent with Paragraph 19(b) of the 2024 Settlement.

Conclusion

WHEREFORE, DEF requests that the Commission conduct a limited proceeding and enter an order: (a) approving the calculation of the Tax Reform impacts, as set forth in Attachment 1 of

² The Bailey Mill SoBRA base rate adjustment was approved in FPSC Order No. PSC-2025-0212-PAA-EI.

this Petition; (b) approving the process for flowing the 2026 Tax Reform impacts to DEF's customers, as presented in this Petition; and (c) providing the Commission Staff the authority to administratively approve DEF's tariff sheets effectuating these changes in conjunction with the Bailey Mill SoBRA rate impact.

Respectfully submitted this 24th day of March, 2026.

/s/ Dianne M. Triplett

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Attorneys for Duke Energy Florida, LLC

Docket No. _____
Duke Energy Florida, LLC
Impact of OBBB on 2025 & 2026 Revenue Requirements
Attachment 1

Line		Ref.	Dollars
1	Tax Reform Effective for Tax Year 2025:		
2	1. Code Section 174 - Full Expensing of Domestic R&E Expenditures:		
3	Capitalized Section 174(e) R&E Expenditures		\$9,000,000
4	First Year Amortization	(a)	<u>(\$900,000)</u>
5	Increase in Timing Differences		\$8,100,000
6	13-mo Average Increase in Timing Differences	(a)	\$4,257,692
7	Statutory Federal & State Tax Rate		<u>25.345%</u>
8	Increase in Net Deferred Tax Liability		\$1,079,112
9	Jurisdictional Separation Factor	(b)	<u>88.94%</u>
10	Retail Increase in Net Deferred Tax Liability		\$959,806
11	Mid-Point WACC (Grossed up for Tax)	(d)	<u>8.14%</u>
12	Decrease in Revenue Requirements		(\$78,085)
13			
14	2. Code Section 41 & 280C - Reduced R&D Tax Credits:		
15	R&D Tax Credit		\$300,168
16	Percent Reduction in R&D Tax Credit	(c)	<u>21%</u>
17	Reduced R&D Tax Credit		\$63,035
18	Jurisdictional Separation Factor	(b)	<u>88.94%</u>
19	Retail Reduced Tax Credit		\$56,066
20	Net Operating Income Multiplier	(e)	<u>1.343</u>
21	Increase in Revenue Requirements		\$75,297
22			
23	2025 Total Retail Jurisdictional Revenue Require. Inc/(Dec)	L12 + L21	<u><u>(\$2,788)</u></u>
24			
25	Tax Reform Effective for Tax Year 2026:		
26	3. Code Section 274 - Elimination of Meals Deduction:		
27	Meals deduction		\$1,170,000
28	Statutory Federal & State Tax Rate		25.345%
29	Retail Meals Deduction		\$296,537
30	Jurisdictional Separation Factor	(b)	<u>85.12%</u>
31	Income Tax Impact		\$252,398
32	Net Operating Income Multiplier	(e)	<u>1.343</u>
33	Increase in Revenue Requirements		\$338,970
34			
35	2026 Total Retail Jurisdictional Revenue Require. Inc/(Dec)	L33	<u><u>\$338,970</u></u>

- (a) Expenditures are in equal amounts each month, and 5-year amortization begins mid-year
- (b) Operating income tax expense jurisdictional separation factor for the applicable year
- (c) Per Code Section 41 280C
- (d) 2025 Forecasted Earnings Surveillance Report WACC grossed up for income tax
- (e) Net operating income multiplier is from DEF's 2024 Rate Case MFR C-44