



Dianne M. Triplett
DEPUTY GENERAL COUNSEL

April 10, 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 adjustments associated with the
One Big Beautiful Bill; Docket No. 20260044-EI

Dear Mr. Teitzman:

Please find attached for electronic filing Duke Energy Florida, LLC's Response to Staff's
First Data Request.

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
Attachment

cc: Major Thompson, major.thompson@psc.state.fl.us, PSC and discovery-gcl@psc.state.fl.us

**DUKE ENERGY FLORIDA, LLC'S (DEF), RESPONSE TO
STAFF'S FIRST DATA REQUEST REGARDING PETITION FOR LIMITED
PROCEEDING TO APPROVE RATE ADJUSTMENTS ASSOCIATED WITH THE ONE
BIG BEAUTIFUL BILL**

Docket No. 20260044-EI

1. Please explain the type(s) of expenses that are included in the meal expense of \$1.17 million listed on line 27 of Attachment 1.

Response:

Meal expense includes the cost of meals associated with employee travel, storm and power outage restoration activities, external conferences and meetings, and company-sponsored meetings and events.

Meal expense includes business meals that are considered “ordinary and necessary” for carrying on a trade or business under Section 162. Prior to the disallowance of meal expense under Section 274(o), they were subject to a 50% deduction (i.e., only half of the total expense amount may be deducted for federal income tax purposes). Therefore, \$1.17 million represents 50% of the amount DEF has forecasted to spend on meals in its 2026 Forecasted Earnings Surveillance report that are no longer deductible on tax returns effective January 1, 2026.

2. Please provide the calculation in determining the tax rate of 25.345 percent listed on line 28 of Attachment 1.

Response:

The combined statutory tax rate equals the federal rate of 21%, plus the state rate of 5.5%, minus the federal benefit of state tax 1.155% (21% times 5.5%), resulting in a combined tax rate of 25.345%.

3. Regarding the expensing of domestic research and experimental (R&E) expenditures as described in paragraph 6, did DEF expense the full amount of \$9 million in 2025? If yes, please explain why there would be no impact on DEF's income tax expense.

Response:

DEF's income tax expense is not impacted, because the domestic R&E expenditures are expensed for book purposes, resulting in a reduction to total income tax expense. Prior to enactment of the OBBB, the tax benefit associated with these book expenses was recorded as a reduction to deferred income tax expense. Under the OBBB, the tax benefit is recorded as a reduction to current income tax expense. Accordingly, while the characterization of the tax benefit changed from deferred to current income tax expense, there is no change to DEF's total income tax expense. The only account impacted by the expensing of domestic

R&E expenditures for tax purposes on DEF's books and records is accumulated deferred income tax liability in capital structure.

4. In paragraph 6, DEF explained the R&E expenditures were amortized over a 5-year period. However, on Attachment 1, line 4, DEF lists the first-year amortization of \$900,000 as applied to an R&E expenditure of \$9,000,000. Using an amortization amount of \$900,000 suggests a 10-year amortization period.
 - a. Please explain the discrepancy between the written description and the calculation in Attachment 1.
 - b. Please explain why the amortization amount is not \$1.8 million to reflect a 5-year amortization period.

Response:

- a. The capitalization requirement prescribed by the Inflation Reduction Act required 5-year amortization for domestic expenditures with the first and last year requiring a mid-year convention. This results in amortization of \$.9M in years 1 and 6 and \$1.8M in years 2 through 5.
 - b. Please see the response to subpart a.
5. Please refer to Attachment 1. Does DEF agree that the revenue requirement decrease of \$2,788 on line 23 should be netted against the revenue requirement increase of \$338,970 on line 35? If not, please explain.

Response:

DEF does not agree that the decrease and increase should be netted together, as each adjustment is associated with a different effective year and is evaluated independently. The language in Paragraph 19(b) of the 2024 Settlement Agreement specifies that each adjustment is considered according to its effective year. Specifically, Paragraph 19(b) provides, in relevant part, that "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."

The \$2,788 decrease shown on line 23 reflects the net impact of tax provisions that take effect in 2025. This decrease is too insignificant to have an impact on customer rates and, as a result, did not warrant a rate adjustment for that year.

In contrast, the \$338,970 increase on line 35 pertains to a separate provision that becomes effective in 2026. This increase is substantial enough to require a 2026 rate adjustment.

6. Please refer to paragraph 13 and 14 of the petition.

- a. Please provide the amount of revenue requirement impact that would be collected in the 2026 Capacity Cost Recovery (CCRC) Clause.
- b. Please provide the amount of the revenue requirement impact that would be combined with the Bailey Mill Solar base Rate Adjustment (SoBRA).

Response:

- a. Assuming the Bailey Mill Solar Base Rate Adjustment becomes effective in September 2026, DEF would collect \$225,980 through the 2026 CCRC. This amount represents the revenue requirement impact of the elimination of the meals deduction for the period January 1, 2026 through August 31, 2026 and is calculated as the annual revenue requirement impact of \$338,970 x 8/12.
- b. \$338,970