

*Party*  
*\* Handout at the*  
*July 1, 2008 Agenda*  
*Item No. 9 - ac*  
*080001-E1*

DOCKET 080001-EI

FIPUG JULY 1, 2008 PRESENTATION

IN OPPOSITION TO THE

PROGRESS ENERGY FLORIDA, INC'S

APPLICATION FOR \$213,000,000

FUEL COST RATE INCREASE

DOCUMENT NUMBER-DATE

*\* requested that this be included in the record - ac*

05794 JUL-7 8

FPSC-COMMISSION CLERK

FIPUG July 1, 2008 Presentation to FPSC  
Docket 080001-EI PEF Request for Midcourse Correction.

I. First I would like to put this case into perspective. This is not a run of the mill fuel charge case.

The money sought rises to an unparalleled order of magnitude. (Exhibit # 1) shows that the largest base rate increase ever granted PEF after receiving detailed MFR's, sworn testimony and at least 8 months discovery was \$111 million. The \$213 million increase sought in this case 91% greater than the largest base rate increase ever allowed.

In this case Due Process is postponed to the detriment of customers. PEF uses an unsworn petition with no witness to take responsibility for the allegations in the petition. PEF seeks to process the case in 31 days. It is not based on known facts. It is based on fear arising out of speculation in the commodities market, the falling dollar and non fuel legislatively mandated rate increases that may or may not occur. The only investigation into the case was through informal meetings with your staff in which PEF proffered secret information out of the Sunshine to support a prophecy of doom. I have found no provision in Florida Statutes that justify a rate increase before a hearing except the file and suspend law, 366.071 F.S. which relates to base rates- not cost recovery clauses.

PEF seeks to profit from the fact that it violated the intent as well as the express requirements of Order No. PSC 07-0333 PAA in June 2007 and every month thereafter.

MOST IMPORTANTLY the use of estimated lost future sales may open a Pandora's box by demonstrating that energy conservation is a failure.

III. What does FIPUG request?

A. Deny petition for three reasons: 1. because the proposed procedure denies customers due process, 2. because neither the fuel cost increases so far this year nor the projections to year end are 10% above the 2007 estimate for 2008 fuel costs and; 3. because PEF violated the requirements of PSC 07-0333 PAA.

B. In the alternative if you feel you must ignore the known facts and base your opinion on estimates that have proven to be woefully inaccurate in the past:

1. Grant an increase for the fuel cost estimate to year's end discounted by current admitted refund due customers. See (Exhibit #2). This exhibit shows the sum to be \$50.45/ mwh rather than the \$54.76 PEF seeks in order to get ready for what it thinks might happen next year.

2. Deny PEF any interest because it violated Order 07-0333 which revised the procedure for midcourse correction. (Exhibit # 3)

3. FIPUG strongly suggests that you ignore all estimated revenue losses based on falling sales projections.

C. Customers may begin to conserve and sales may fall because PEF already has nearly the highest residential rates in America (Exhibit #4) but if customer conservation causes a rate increase, FIPUG requests that as a matter of *Extreme Urgency*

the Commission should commence an investigation to determine why conserving energy doesn't work.

- E. Revise the fuel docket interest provisions for the protection of customers.

## ARGUMENT

IV. Due Process. Granting a rate increase without a public hearing is unlawful by the requirements of 366.06, 366.07 & 366.071 Florida Statutes.

A. What is due process? The legal term due process is best explained in a Lincolnesque manner. Not too long ago in Tampa a Prosecutor gave a compelling opening argument. At the conclusion of the prosecutor's argument the judge ordered that the jury retire to the jury room while the lawyers argued a point of law. Shortly thereafter there was a knock on the jury room door. The judge asked what the jury wanted. The foreman announced that the jury found the defendant guilty. In that case the defendant was denied due process. The decision you are being asked to give is strikingly similar - except that it is worse.

- B. What are the due process problems with this case?

- 1. The Petition is unsworn. There is no testimony from any utility representative willing to be responsible. There is no witness to cross examine. There is no opportunity for realistic discovery. There is no opportunity for consumers to present evidence before their rates go up. If a later hearing shows the increase to be a mistake there is irreparable harm to customers unless they consume the same amount of electricity they did during the surcharge period.

- 2. Informal meetings providing secret information.

- 3. The PEF petition based on past mistakes and future assumptions while the known facts about fuel costs and revenues to date don't justify a midcourse correction.

- 4. No serious consideration has been given to the impact on any customer class except customers within the residential class that receive subsidized rates. For example the Interruptible class of customers was overcharged \$10.8 million in 2007. Under the PEF proposal, the \$5.4 million refund remaining unpaid this year will be disavowed and PEF will collect an additional \$ 13.6 million from these customers over the last five months of the year. No consideration whatsoever has been given to the impact this unexpected \$19 million additional electric bill will have on companies whose budgets are in place and committed long ago to other operations. The same is true but worse for both large and small businesses on firm rate schedules. Never the less it is not out of order to focus on the average residential rate when considering the impact of the increase on Florida businesses. This is because business must go out of business if it can't pass its increased cost through to the ultimate consumer, the residential customer. It must be recognized that the average residential rate is lower than the median residential rate. Even the average residential rate is not as low as the subsidized rate used for the customer impact illustration posited in this case. It is a higher inverted rate. A typical single family home uses two to three times as much as the residential customer used in the impact illustration and the typical single family homeowner pays a higher price per kwh. When

considering the impact on a typical residential customer you need to not only consider what happens at the meter, but also what happens at the store.

5. The gross receipts tax is considered in the customer impact exhibit, but the 14% local tax add on for residential customers and the 21% local tax on business is not mentioned in the petition or the staff recommendation. These local imposts are included in the PEF tariff. They are the right of way utilization fee, municipal tax, sales tax and governmental undergrounding fee. These are increased along with the electric bill. All of these fees taxes and charges are based on a percentage of the customer's total bill and go up when the bill goes up except the municipal tax which has a ceiling on fuel charges and the sales tax is only applied to business. These two limitations account for the difference between the add ons for business and home.

C. What do the statutes relating to rate increases require for due process?

1. "366.06 F. S. Rates procedure for fixing and charging.--

(2) Whenever the commission finds, upon request made or upon its own motion, that the rates demanded, charged, or collected by any public utility for public utility service, or that the rules, regulations, or practices of any public utility affecting such rates, are unjust, unreasonable, unjustly discriminatory, or in violation of law; that such rates are insufficient to yield reasonable compensation for the services rendered; that such rates yield excessive compensation for services rendered; or that such service is inadequate or cannot be obtained, **the commission shall order and hold a public hearing, giving notice to the public and to the public utility, and shall thereafter determine just and reasonable rates to be thereafter charged** for such service and promulgate rules and regulations affecting equipment, facilities, and service to be thereafter installed, furnished, and used.(Emp supp.)

2. "366.07 **Rates; adjustment.**--Whenever the commission, **after public hearing** either upon its own motion or upon complaint, shall find the rates, rentals, charges or classifications, or any of them, proposed, demanded, observed, charged or collected by any public utility for any service, or in connection therewith, or the rules, regulations, measurements, practices or contracts, or any of them, relating thereto, are unjust, unreasonable, insufficient, excessive, or unjustly discriminatory or preferential, or in anywise in violation of law, or any service is inadequate or cannot be obtained, the commission shall determine and by order fix the fair and reasonable rates, rentals, charges or classifications, and reasonable rules, regulations, measurements, practices, contracts or service, to be imposed, observed, furnished or followed in the future. (Emp supp)

3. "366.071 **Interim rates; procedure.**-- (1) The commission may, during any proceeding for a change of rates, upon its own motion, or upon petition from any party, or by a tariff filing of a public utility, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. To establish a prima facie entitlement for interim relief, the commission, the petitioning party, or **the public utility shall demonstrate that the public utility is earning outside the range of reasonableness on rate of return calculated in accordance with subsection (5).**

“(2)(a) In a proceeding for an interim increase in rates, the commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return calculated in accordance with subparagraph (5)(b)2. The difference between the interim rates and the previously authorized rates shall be collected under bond or corporate undertaking subject to refund with interest at a rate ordered by the commission. ...

“(5)(a) In setting interim rates or setting revenues subject to refund, the commission shall determine the revenue deficiency or excess by calculating the difference between the achieved rate of return of a public utility and its required rate of return applied to an average investment rate base or an end-of-period investment rate base.” (Emp supp)

Only in Section 366.071 may the Commission proceed without giving customers the right to be heard. The section pertains to base rates not cost recovery proceedings. In any event there has been no showing that the utility is earning outside of the range of reasonableness.

V. It is unreasonable to use the 2007 fuel cost mistake to justify a midcourse correction because PEF violated the midcourse order in 2007. The 2007 violation which postponed customer refunds until 2008 allows PEF to now claim a fuel charge correction if fuel costs are up less than 2%.

The Commission should look only at fuel cost projections in this case. It should disregard last year's mistake and it should disallow interest because of the continuing violation of the midcourse procedure order.

A. Before April of last year the Commission would measure the actual fuel costs to date against the projected fuel costs that were made in November of the previous year when fuel factors were set for the current year. Your staff found that the utilities used different methods in their monthly reports and brought the matter to the attention of the Commission in the 2006 fuel docket. The Commission ordered that the matter be spun out into a separate proceeding. The utilities proffered a new method to be used for midcourse corrections. The staff and admittedly FIPUG agreed in principle. The new method broadens the scope of mid course correction review to include past mistaken estimates. Order No. PSC 07-0333 PAA was promulgated in April 2007. It took effect for the June 2007 monthly fuel filing. It **required** utilities to petition for a mid course correction if the information showed that current period revenues were 10% more or less than for the “projected period.” For PEF this has created a bizarre result because it failed to comply with the order in June of 2007. Exhibit #3 is PEF's June 2007 monthly fuel filing. This report showed that PEF had collected \$86 million more revenue to pay for fuel than it projected it would need. This is 141.9% greater than the projection. PEF was required to file a petition to give the customers a refund right then. It did nothing! PEF kept the money to enhance its working capital. By year end the over collection had grown to \$169.3 million. PEF then offered to refund the overcharge over the next 12 months (an 18 month period overall). By using a 2007 mistaken assumption to justify a 2008 rate increase PEF only needs to show that fuel costs exceed the 2008 forecast by \$25 million. \$25 million is only 1.16% greater than PEF's 2008 original

estimated fuel cost. By using 2008 projected fuel costs only after the \$169 million refund due is eliminated PEF easily met the 10% criteria.

At a hearing in this case we will be able to find out if PEF used the \$169 million 2007 over collection money to pay for new construction. If it did it can pay customers about 2.5% (the commercial paper rate) to use their money, but then classify the money as working capital and use it as an equity investment in the cost of nuclear improvements for which it can charge customers up to 12% after taxes (the AFUDC rate). Focus on that! PEF can pay customers about 2.5% for using their money and then charge them about 20% before taxes on the customers' own money.

PEF knew about the refund due customers every month from June 2007 to May 2008. With this petition it now seeks to negate the 2007 refund due. Worse than that it now uses last year's true up to justify the increase. It has never changed its monthly reporting format to a method to project fuel revenues to year end. The former procedure was even used on the monthly fuel cost report filed two days after the petition for rate increase. It only projects a comparison between last November's projections and current out of pocket costs. In other words PEF now wants to have its cake and eat it too. In this case the interest charge provision should be changed to prevent over collection abuse.

VI. The most important issue in this case is the fact that PEF alleges that conservation doesn't work. This requires immediate Commission attention.

PEF projects that it will sell 2,152,164 MWH less than it originally projected. As a result its revenue will be off \$99 million if the \$46.04 / 2008 fuel factor is applied to this sales loss. The good news should be that this should result in fuel cost savings of \$118 when the new estimated cost of fuel is applied to the revised projection, but it doesn't because the fuel charge contains charges for many other things than fuel. For conservation to work fuel charges should relate to fuel costs only. This issue becomes more readily apparent in the FPL case where FPL says that its lost sales create revenue shortfall far greater than the revenue savings.

VII. As section V. of this paper demonstrates there is a problem with the amount of interest charged. The Commission should use this docket to revisit the relative interest charges on over and under collections. You now use the commercial paper rate for AA rated companies. Currently this rate is 2.43%. Customers on the other hand don't have the ability to borrow at commercial paper rates. It is not unreasonable to assume that a great many customers have credit card debt. Any money the customer diverts from a credit card payment to pay an electric bill has an interest impact of about 21%, not 2.45%. FIPUG does not suggest this as an appropriate interest charge for the utility to pay. It should pay its AFUDC plus the avoided income tax factor (1.62 times the equity component). This will prevent abuse of the type PEF may be engaging in this case.

VIII. The staff has suggested it would be in the public interest to impose rate shock upon customers now so the rate shock won't be quite so big five months from now when other increases are triggered.

FIPUG below provides its response to the staff's justification for rate shock now.

1. Staff. Accurate Price Signals – Approval of PEF's requested mid-course correction would bring fuel factors in line with current and expected costs and provide an accurate price signal to customers.

**FIPUG. Rate shock on short notice is inconsistent with the oft repeated statement that it is Commission policy to promote rate stability. Because PEF and other Florida utilities recover fixed costs through a variable charge related to sales rates never give accurate price signals. For electric rates to give proper price signals rate structures need to be modified to be more like the charges of rental car companies and water and sewer companies regulated by the Commission which have base facilities charge designed to cover fixed operating costs.**

2. Staff. PEF's 2009 Fuel Factors Are Projected to Be Higher Than Mid-Course Fuel Factors - PEF projects that its 2009 fuel factor will rise \$5 per 1,000 KWH over the mid-course 2008 fuel factor. Given that projection, deferral of a large under-recovery in 2008, or some portion thereof, would have the effect of compounding the rate impact in 2009 of higher fuel prices.

**FIPUG. Fuel cost assumptions are always wrong it is better to rely as much as possible on known circumstances.**

3. Staff. Prevent Possible Compound Increase in 2009 Fuel Factors - If the 2008 final true-up amount shows a high under-recovery, deferring the mid-course would compound the 2009 fuel factor increase. This could result from a number of events, such as sharp fuel price increases due to decreased gas production and delivery in the event of a Gulf of Mexico hurricane during the latter half of 2008.

**FIPUG. Staff goes beyond even PEF in grasping at assumptions. A hurricane in the Gulf, wow!**

4. Staff. PEF's 2009 Non-Fuel Rates Projected to be Higher Than 2008 Non-Fuel Rates - Known and projected increases to non-fuel components of customer bills, including environmental, nuclear, and energy conservation costs are likely to contribute to additional bill impacts in 2009. PEF projects that environmental recovery projects will increase the 1000 kWh residential bill by \$3 to \$4 per 1000 kWh. Further, the costs of the Levy nuclear units and the Crystal River Unit 3 uprate will begin to be charged to the capacity clause in 2009. These increases in non-fuel rates are an additional

reason to avoid substantial 2008 fuel cost deferral and to maintain rate stability.

**FIPUG. It is in the public interest that the fuel charge relate to fuel costs without regard to extraneous potential rate increases. As an example on January 1, 2008 PEF moved the Hines generating plant from the fuel cost recovery clause to base rates. Fuel charges for 2008 were reduced \$40 million. The base rate increase was concealed on the customer's bill by the off setting fuel charge reduction, but that fuel charge reduction on January 1 provided PEF 2with the ability to show that fuel costs have exceeded 10%. If \$40 million is removed from the \$213 million PEF says it requires then the fuel cost projection falls below 10% needed for a mid course correction six months later.**

- 5. Staff. Reduced Interest - If the Commission approves the requested mid-course correction, interest costs to customers associated with any deferral of the under-recovery would be avoided.

**FIPUG. PEF violated the midcourse procedure in 2007 causing the justification for an increase in 2008. Interest payments should be denied.**

- 6. Reduced Intergenerational Inequity – Matching the timing of the collection of costs with the time the costs will be recovered would serve to reduce any intergenerational inequity associated with fuel cost recovery.

**FIPUG. Stated another way it is more equitable to overcharge customers in 2008 to eliminate the refund for the overcharges they suffered in 2007 and to conceal rate increases for other non fuel items slated for 2009. If you want to address intergenerational equity try to do something to overcome the massive intergenerational inequity mandated by the legislature to pay for a nuclear plant 8 years before it will come into useful service.**

**XXXXXXXXXXXXXXXXXXXXXXXXXXXX**



REVENUE REDUCTIONS AND INCREASES ORDERED  
BY THE FLORIDA PUBLIC SERVICE COMMISSION FOR CERTAIN  
UTILITIES FROM 1960 TO PRESENT  
(All Utilities from 1968 to Present)

Revised 02/19/2007

ELECTRIC COMPANIES

Docket No.	Order No.	Date of Order	Effective Date	Nature of Case	\$ Amount Requested	\$ Reduction	\$ Increase	Allowable Return on Equity Set	Allowable Return on Equity Range
<b>PROGRESS ENERGY FL., INC. (Formerly Florida Power Corporation)</b>									
6414-EU		02-28-62	05-01-62	Company Request		1,600,000			
	3684	08-31-64	10-01-64	Company Request		513,000			
7739-PU	3843	07-22-65	08-01-65	Commission Required		2,418,638			
7767-EU	4139	03-15-67	01-01-68	Commission Required		726,000			
9426-EU	4341	04-09-68	06-01-68	Commission Required		4,094,000			
9731-EU	4488	12-31-68	02-01-69	Company Request		1,519,213			
69230-EU	4654	05-07-69	07-01-69	Commission Required		1,730,998			
69486-EU	4804	12-01-69	01-01-70	Commission Required		2,500,000			
71370-EU	5619	12-29-72	02-01-73	Company Request	18,600,000		1,796,096	13.75%	13.50 - 14.25%
	5904	10-24-73	11-30-73				1,558,016		
74061-EU	6094	04-05-74	04-10-74	Company Request	12,348,975		12,120,919	13.50%	13.50 - 14.25%
74461-EU	6289	09-18-74		Company Request	14,500,000				
74806-EU	6450	01-09-75	01-29-75	Company Request	65,600,000				
	6794	07-22-75	08-22-75				(Interim) 33,283,144		
	7791	04-28-77	04-28-77	Company Request	62,325,262		(Final) 45,081,074	14.60%	14.30 - 14.90%
770316-EU	8160	02-02-78	02-07-78				(Interim) 60,767,961		
	9451	07-15-80	08-06-80	Company Request	99,000,000		(Final) 59,468,468	14.30%	14.30 - 14.90%
800119-EU	9577	10-02-80	10-07-80				(Interim) 54,606,000		
	9864	03-11-80	03-22-81	Company Request			(Interim) 40,434,000		
	10162	07-27-81	07-30-81				(Final) 58,378,993	15.50%	14.50 - 16.50%
820100-EU	11165	09-15-82	09-29-82	Company Request	169,225,000		(Reconsideration) 57,108,497		
	11628	02-17-83	02-27-83				(Interim) 33,129,000		
830470-EU	13771	10-12-84	10-11-84	Company Request	40,827,000		(Final) 111,330,000	15.85%	14.85 - 16.85%
			01-31-85	Company Request (CR5)	83,259,000		<del>10,182,880</del>	15.55%	14.55 - 16.55%
861096-EI	16862	11-19-86	01-01-87	# Income Tax & ROE		54,000,000 #	83,253,000	12.50%	14.55 - 16.55%
870220-EI	18627	01-04-88	01-01-88	# Complaint-Occidental	-61,679,000	121,500,000		12.60%	12.60 - 13.60%
	20632	01-20-89	01-01-89	Complaint-Occidental	10,669,000	18,500,000 #			
					-11,879,000	11,879,000 #	10,669,000		
891298-EI	22437	01-22-90	01-01-90	Commission Required		11,879,000			
900935-EI	23910	12-21-90	01-01-91	Company Request	11,879,000		11,879,000		
910890-EI	92-0208	04-14-92	04-23-92	Company Request	31,601,000		(Interim) 31,208,000		
	92-1197	10-22-92	11-01-92	Company Request	108,096,000		(Final) 57,986,000	12.00%	11.00 - 13.00%
			04-01-93	Company Request	13,320,000 *		9,660,000 *	12.00%	11.00 - 13.00%
			11-01-93	Company Request	24,437,000 *		18,111,000 ●	12.00%	11.00 - 13.00%
000824-EI	02-0655	05-14-02	05-01-02	# Earnings Review		35,000,000 #			
	03-0876	07-30-03		# Earnings Review		125,000,000			
				2002 Sharing		23,034,004 #			
				2003 Sharing		18,354,585 #			
				2004 Sharing		9,051,959 #			
				2005 Sharing		0			
050078-EI	05-0945	09-28-05	01-01-06	# Company Request 2006 Hines Unit 2	205,556,000		0	11.75%	N/A
							36,774,000		

# One-time Refund  
# Stipulation  
\* Step Increase

FIPOG/PEF Exhibit #1

Progress Energy Florida  
Fuel and Purchased Power Cost Recovery Clause  
Reprojected for the Period of : January through December 2008

	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Estimated May-08	Estimated Jun-08	Estimated Jul-08	Estimated Aug-08	Estimated Sep-08	Estimated Oct-08	Estimated Nov-08	Estimated Dec-08	TOTAL
1 Fuel Cost of System Net Generation	\$113,600,923	\$100,862,828	\$138,487,841	\$135,914,411	\$182,991,142	\$208,462,022	\$258,044,825	\$238,506,028	\$210,725,353	\$161,171,477	\$128,257,832	\$141,838,050	\$2,020,061,727
1a Nuclear Fuel Disposal Cost	546,896	526,942	181,820	\$41,752	479,682	532,980	550,748	550,748	458,215	550,746	541,440	529,488	6,021,453
1b Adjustments to Fuel Cost	(667,996)	(719,114)	(686,802)	(720,647)	(845,740)	(847,927)	(851,084)	(837,983)	(863,491)	(870,250)	(874,881)	(874,038)	(9,859,714)
2 Fuel Cost of Power Sold	(2,747,883)	(1,298,715)	(1,457,704)	(310,882)	(1,781,353)	(1,982,061)	(3,021,390)	(2,971,890)	(1,380,465)	(2,187,971)	(1,867,122)	(3,864,822)	(24,672,736)
2a Gains on Power Sales	(404,261)	(102,989)	(71,476)	(18,678)	(231,401)	(268,966)	(382,781)	(388,348)	(179,480)	(284,438)	(215,426)	(370,880)	(2,977,266)
2b Fuel Cost of Stratified Sales	(14,327,487)	(15,618,971)	(15,246,567)	(20,901,373)	(22,862,831)	(24,132,415)	(23,896,446)	(27,800,421)	(28,873,670)	(26,480,761)	(16,973,014)	(10,440,332)	(247,263,982)
3 Fuel Cost of Purchased Power (Excl Economy)	15,223,717	16,681,056	19,280,962	28,437,236	27,571,406	25,229,887	28,639,116	33,888,649	25,812,832	24,500,799	16,825,889	14,789,169	274,856,117
3a Energy Payments to Qualifying Facilities	13,387,125	8,355,234	8,886,587	10,580,217	14,878,298	14,813,242	14,960,108	15,067,572	14,317,397	13,336,629	14,562,404	15,835,517	159,548,332
4 Energy Cost of Economy Purchases	1,786,938	2,169,974	5,686,726	5,886,165	7,229,963	6,852,672	5,282,624	9,000,203	7,851,468	6,695,907	6,230,282	5,583,815	71,246,877
5 Total System Fuel & Net Power Transactions	\$126,417,302	\$111,154,187	\$157,825,987	\$138,978,403	\$207,325,786	\$226,539,431	\$278,546,645	\$268,194,847	\$227,968,179	\$176,234,049	\$146,697,703	\$163,156,187	\$2,247,462,578
6 Jurisdictional MWh Sold	2,808,505	2,687,978	2,691,413	2,852,712	3,162,011	3,616,248	3,888,016	4,008,146	4,056,882	3,527,507	3,084,643	2,990,836	38,434,904
7 Jurisdictional % of Total Sales	96.49%	98.87%	98.84%	96.83%	95.84%	96.18%	95.58%	95.88%	95.67%	95.77%	96.10%	98.20%	95.94%
8 Jurisdictional Fuel & Net Power Transactions	121,988,055	107,452,753	152,842,558	134,326,108	197,041,731	216,846,618	266,253,282	254,845,212	218,103,504	188,784,475	140,871,278	158,901,088	2,155,000,836
9 Jurisdictional Loss Multiplier	1.00154	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00185
10 Jurisdictional Fuel & Net Power Transactions	122,187,904	107,653,688	153,128,376	134,814,887	197,410,198	218,049,877	268,751,150	256,121,398	218,613,361	189,100,102	141,234,862	157,244,586	2,158,980,236
11 Adjusted System Sales	MWh 3,014,222	2,791,009	2,778,377	2,948,017	3,283,912	3,798,246	4,078,038	4,180,984	4,242,434	3,683,199	3,208,945	3,108,078	41,108,462
12 System Cost per KWh Sold	¢/kwh 4.1940	3.9826	5.6786	5.4100	6.3520	5.9633	6.8267	6.3515	5.3739	4.7846	4.5701	5.2477	5.4672
13 Jurisdictional Loss Multiplier	x 1.00156	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00185
14 Jurisdictional Cost per KWh Sold	¢/kwh 4.2004	3.9902	5.8865	5.4199	6.3638	5.9744	6.8416	6.3635	5.3838	4.7938	4.5786	5.2575	5.4743
15 Prior Period True-Up	+ -0.4893	-0.6232	-0.5244	-0.4948	-0.4350	-0.3903	-0.3820	-0.3521	-0.3478	-0.4001	-0.4579	-0.4710	-0.4295
16 Total Jurisdictional Fuel Expense	¢/kwh 3.7151	3.4670	5.1651	4.9251	5.9089	5.5841	6.4796	6.0114	5.0358	4.3838	4.1211	4.7858	5.0484
17 Revenue Tax Multiplier	x 1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072
18 Recovery Factor Adjusted for Taxes	¢/kwh 3.7178	3.4694	5.1685	4.9288	5.9132	5.5881	6.4842	6.0137	5.0394	4.3868	4.1240	4.7891	5.0484
19 GPIF	+ 0.0017	0.0019	0.0019	0.0018	0.0016	0.0014	0.0013	0.0013	0.0012	0.0014	0.0016	0.0017	0.0015
20 Total Recovery Factor (rounded .001)	¢/kwh 3.720	3.471	5.178	4.931	5.918	5.590	6.485	6.017	5.041	4.388	4.128	4.791	5.050

↑ - 146902 revenue

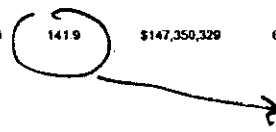
↑ Revenue with credit for 2007 overcharge

FIPUG / PE ~~F~~ Exhibit # 2

2007 overcharge

PROGRESS ENERGY FLORIDA  
CALCULATION OF TRUE-UP AND INTEREST PROVISION  
JUNE 2007

	CURRENT MONTH				YEAR TO DATE			
	ACTUAL	ESTIMATED	DIFFERENCE	PERCENT	ACTUAL	ESTIMATED	DIFFERENCE	PERCENT
<b>C. TRUE UP CALCULATION</b>								
1. JURISDICTIONAL FUEL REVENUE	\$170,895,804	\$189,416,093	(\$18,520,228)	(9.8)	\$685,853,523	\$869,210,367	(\$183,326,843)	(8.6)
2. ADJUSTMENTS: PRIOR PERIOD ADJ	0	0	0	0.0	0	0	0	0.0
2a. TRUE UP PROVISION	3,873,355	3,873,355	(0)	0.0	23,240,129	23,240,130	(2)	0.0
2b. INCENTIVE PROVISION	128,921	128,921	(0)	0.0	773,524	773,526	(2)	0.0
2c. OTHER MARKET PRICE TRUE UP	0	0	0	0.0	0	0	0	0.0
3. TOTAL JURISDICTIONAL FUEL REVENUE	174,869,140	193,418,369	(\$18,520,229)	(9.5)	609,897,176	803,224,023	(\$193,326,847)	(8.4)
4. ADJ TOTAL FUEL & NET PWR TRNS (LINE A7)	192,530,909	210,240,957	(\$17,710,048)	(8.4)	844,464,330	895,102,863	(\$148,638,533)	(14.3)
5. JURISDICTIONAL SALES % OF TOT SALES (LINE B4)	96.25	96.89	(0.64)	(0.7)	96.73	96.86	(0.12)	(0.1)
6. JURISDICTIONAL FUEL & NET POWER TRANSACTIONS (LINE C4 * LINE C5 * 1.00154 LOSS MULTIPLIER)	185,598,379	204,490,375	(\$18,893,996)	(9.2)	818,221,756	967,797,098	(\$149,575,342)	(14.6)
7. TRUE UP PROVISION FOR THE MONTH OVER(UNDER) COLLECTION (LINE C3 - C8)	(10,698,240)	(11,072,006)	373,767	(3.4)	91,875,420	35,426,925	56,248,495	100.0
8. INTEREST PROVISION FOR THE MONTH (LINE D10)	875,885	298,925	376,960	128.1	3,570,164	2,251,457	1,318,707	56.6
9. TRUE UP & INT PROVISION BEG OF MONTH/PERIOD	161,246,038	75,564,948	85,681,092	113.4	75,344,873	46,480,257	28,864,615	62.1
10. TRUE UP COLLECTED (REFUNDED)	(3,873,355)	(3,873,355)	0	0.0	(23,240,120)	(23,240,130)	2	0.0
11. END OF PERIOD TOTAL NET TRUE UP (LINES C7 + C8 + C9 + C10)	147,350,329	60,918,509	86,431,819	141.9	147,350,329	80,918,509	66,431,819	141.9
12. OTHER:								
13. END OF PERIOD TOTAL NET TRUE UP (LINES C11 + C12)	<u>\$147,350,329</u>	<u>60,918,509</u>	<u>86,431,819</u>	<u>141.9</u>	<u>\$147,350,329</u>	<u>60,918,509</u>	<u>86,431,819</u>	<u>141.9</u>
<b>D. INTEREST PROVISION</b>								
1. BEGINNING TRUE UP (LINE C9)	\$161,246,038	N/A	--	--				
2. ENDING TRUE UP (LINES C7 + C9 + C10 + C12)	148,674,443	N/A	--	--				
3. TOTAL OF BEGINNING & ENDING TRUE UP	307,920,481	N/A	--	--				
4. AVERAGE TRUE UP (50% OF LINE D3)	153,960,240	N/A	--	--				
5. INTEREST RATE - FIRST DAY OF REPORTING MONTH	5.200	N/A	--	--				
6. INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.280	N/A	--	--				
7. TOTAL (LINE D5 + LINE D6)	10.540	N/A	--	--				
8. AVERAGE INTEREST RATE (50% OF LINE D7)	5.270	N/A	--	--				
9. MONTHLY AVERAGE INTEREST RATE (LINE D9/12)	0.439	N/A	--	--				
10. INTEREST PROVISION (LINE D4 * LINE D9)	\$675,985	N/A	--	--				



In June 2007 PEF had collected 141.9% more than the project fuel costs for 2007. It was required to file for a midcourse correction by Order No PSC 07-0333 PAA, but kept the money in stead of complying with the order

FIPUG PEF Exhibit # 3

Highest Average Monthly Residential Bills of Major Utilities in America

UTILITY_NAME	State	Type	Res\$ (000)	Res Sales (MWh)	Average Monthly KWH Consumption	Average Monthly Residential Bill
TXU Energy Retail Co LP	TX	Marketer	4,322,018	29,314,580	1,328	\$195.84
Reliant Energy Retail Services, Inc	TX	Marketer	3,573,029	23,431,787	1,171	\$178.49
Direct Energy, LP	TX	Marketer	769,630	5,555,489	1,171	\$162.17
Long Island Power Authority	NY	State	1,865,935	9,277,824	782	\$157.30
Entergy Gulf States Inc	TX	IOU	596,272	5,211,126	1,297	\$148.43
Cleco Power LLC	LA	IOU	390,891	3,551,702	1,309	\$144.06
Entergy Gulf States Inc	LA	IOU	518,971	4,899,127	1,311	\$138.85
<b>Tampa Electric Co</b>	<b>FL</b>	<b>IOU</b>	<b>956,740</b>	<b>8,720,867</b>	<b>1,264</b>	<b>\$138.63</b>
<b>Florida Power &amp; Light Co</b>	<b>FL</b>	<b>IOU</b>	<b>6,493,585</b>	<b>54,567,510</b>	<b>1,164</b>	<b>\$138.53</b>
<b>Progress Energy Florida In</b>	<b>FL</b>	<b>IOU</b>	<b>2,360,716</b>	<b>20,020,717</b>	<b>1,165</b>	<b>\$137.40</b>
Connecticut Light & Power Co	CT	IOU	1,682,705	9,623,321	763	\$133.36
Entergy Mississippi Inc	MS	IOU	567,272	5,386,994	1,254	\$132.00
Potomac Electric Power Co	MD	IOU	667,387	5,445,274	1,029	\$126.14
Mississippi Power Co	MS	IOU	214,472	2,118,106	1,196	\$121.05
South Carolina Electric & Gas Co	SC	IOU	749,485	7,598,169	1,203	\$118.64
<b>Gulf Power Co</b>	<b>FL</b>	<b>IOU</b>	<b>510,995</b>	<b>5,425,491</b>	<b>1,253</b>	<b>\$117.98</b>
Alabama Power Co	AL	IOU	1,664,304	18,632,935	1,305	\$116.59
JEA	FL	Muni	501,788	5,596,010	1,299	\$116.50
Entergy Louisiana Inc	LA	IOU	784,915	8,512,776	1,263	\$116.46
Nevada Power Company	NV	IOU	975,568	9,033,142	1,075	\$116.07
Arizona Public Service Co	AZ	IOU	1,270,412	12,901,612	1,148	\$113.05
Salt River Project	AZ	Govt	1,111,827	12,650,175	1,267	\$111.33
PECO Energy Co	PA	IOU	1,779,769	12,797,386	769	\$106.91
Jersey Central Power & Lt Co	NJ	IOU	1,206,843	9,547,719	830	\$104.87
Entergy Arkansas Inc	AR	IOU	704,440	7,655,217	1,112	\$102.35
Progress Energy Carolinas Inc	NC	IOU	1,269,379	14,064,992	1,132	\$102.20
Nashville Electric Service	TN	Muni	376,712	4,666,565	1,265	\$102.16
Memphis City of	TN	Muni	441,675	5,675,662	1,292	\$100.52
Massachusetts Electric Co	MA	IOU	1,263,505	8,187,699	640	\$98.70
Georgia Power Co	GA	IOU	2,326,191	26,206,170	1,101	\$97.76
Virginia Electric & Power Co	VA	IOU	2,309,723	27,049,584	1,142	\$97.53
San Antonio City of	TX	Muni	674,585	8,554,569	1,233	\$97.24

FIPOG/PREF Exhibit #4

PROGRESS ENERGY FLORIDA  
MIDCOURSE FUEL FILING  
INTEREST ON UNDER-RECOVERY  
(MILLIONS)

*Handrat by Staff at  
the July 1, 2008  
agenda  
Item No 9-cc  
080001-E1*

	2008	2009	TOTAL
Approve As Filed	\$ .6	-	\$ .6
Deny	1.9	3.0	4.9
17 Months	1.5	2.1	3.6
50/50	1.3	1.5	2.8

Interest rate used in calculations 2.736% based on actual 30 day commercial paper rate as of April 2008