

**TOM LEE**  
President



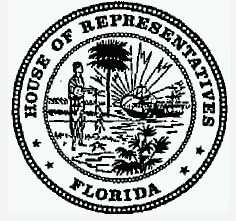
**Harold McLean**  
Public Counsel

**STATE OF FLORIDA**  
**OFFICE OF PUBLIC COUNSEL**

c/o THE FLORIDA LEGISLATURE  
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**ALLAN BENSE**  
Speaker



**Joseph A. McGlothlin**  
Associate Public Counsel

February 2, 2005

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0870

RE: Progress Energy Florida, Inc.'s petition for approval of storm cost recovery clause for extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan – FPSC Docket No. 041272-EI

Dear Ms. Bayó:

Enclosed for filing in the above-referenced docket are the original and one copy of the Office of Public Counsel's Notice of Service of its Fifth Set of Interrogatories to Progress Energy Florida, Inc. (Nos. 41-42).

Please indicate the time and date of receipt on the enclosed duplicate of this letter and return it to our office.

Sincerely,

A handwritten signature in black ink that reads "Joe A. McGlothlin".

Joseph A. McGlothlin  
Associate Public Counsel

JM/pwd  
Enclosures

DOCUMENT NUMBER-DATE  
01227 FEB-2 05  
FPSC-COMMISSION CLERK


**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Progress Energy Florida, Inc.'s	)	Docket No. 041272-EI
petition for approval of storm cost	)	
recovery clause for extraordinary	)	Filed: February 2, 2005
expenditures related to Hurricanes	)	
Charley, Frances, Jeanne, and Ivan	)	

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**NOTICE OF SERVICE OF THE OFFICE OF PUBLIC COUNSEL'S FIFTH  
SET OF INTERROGATORIES ( NOS. 41-42 ) TO PROGRESS ENERGY  
FLORIDA**

The Office of Public Counsel files notice that it has served its Fifth Set of Interrogatories (Nos. 41-42) to Progress Energy Florida, Inc. by hand delivery to Paul A. Lewis, Jr., Progress Energy Florida, Inc., 106 E. College Ave, Suite 800, Tallahassee, FL 32301-7740, and U.S. Mail to: R. Alexander Glenn, Progress Energy Florida, Inc., 100 Central Avenue, Suite 1D, St. Petersburg, FL 33701, on this 2nd day of February 2005.

  
Joseph A. McGlothlin  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399-1400  
(850) 488-9330 (telephone)  
(850) 488-4491 (fax)  
[McGlothlin.Joseph@leg.state.fl.us](mailto:McGlothlin.Joseph@leg.state.fl.us)

Attorneys for the Citizens  
of the State of Florida

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Notice of Service of the Office of Public Counsel's Fifth Set of Interrogatories (Nos. 41-42) to Progress Energy Florida, Inc. has been furnished by hand delivery(\*) and U.S. Mail on this 2nd day of February, 2005, to the following:

R. Alexander Glenn  
Progress Energy Service Company  
100 Central Avenue  
St. Petersburg, Florida 33701-3324

Vicki G. Kaufman  
McWhirter, Reeves Law Firm  
117 South Gadsden Street  
Tallahassee, FL 32301

Jennifer Brubaker(\*)  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

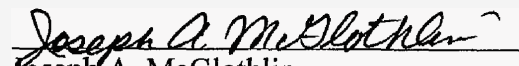
Timothy J. Perry  
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Tampa, FL 33602

Michael B. Twomey  
P.O. Box 5256  
Tallahassee, FL 32314-5256

Paul A. Lewis, Jr. (\*)  
Progress Energy Florida  
106 E. College Ave, Suite 800  
Tallahassee, FL 32301-7740

Carlton Fields Law Firm  
Gary Sasso/John Burnett  
P.O. Box 3239  
Tampa, FL 33607-5736

  
Joseph A. McGlothlin  
Associate Public Counsel

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Progress Energy Florida, Inc.'s  
petition for approval of storm cost  
Recovery clause for extraordinary  
Expenditures related to Hurricanes  
Charley, Frances, Jeanne, and Ivan

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Docket No. 041272-EI

Filed: February 2, 2005

**OFFICE OF PUBLIC COUNSEL'S FIFTH SET OF INTERROGATORIES TO  
PROGRESS ENERGY FLORIDA (Nos. 41-42)**

Please take notice that the Citizens served the original and one copy of interrogatories (Nos. 41-42) to Progress Energy Florida (Progress Energy) on February 2, 2005. The interrogatories are to be answered under oath by Progress Energy and the answers are to be given in writing immediately following the question to which it responds. Please provide the name, address, and relationship to Progress Energy of those persons giving the answers to each of the interrogatories.

Thereafter, the original of the interrogatories, together with the answers, is to be served on the Citizens at the Office of Public Counsel, c/o the Florida Legislature, 111 West Madison Street, Claude Pepper Building, Room 812, Tallahassee, Florida 32399-1400, within the time frame established by Order Establishing Procedure PSC-04-1151-PCO-EI.

**DEFINITIONS**

As used herein, the following words shall have the meanings indicated:

"Progress Energy Florida, Inc.", "Progress Energy" or "the company" means Progress Energy Florida, Inc. and its subsidiaries and affiliates, including, but not limited to, their

present and former officers, employees, agents, directors and all other persons acting or purporting to act on behalf of Progress Energy;

- (i) **“you” and “your”** shall refer to Progress Energy, its agents, employees, servants, and/or representatives;
- (ii) **“person”** or **“persons”** shall mean and include natural persons, corporations, partnerships, associations, joint ventures, proprietorships, entities and all other forms of organizations or associations;
- (iii) **“employee”** shall include any individual employed by Progress Energy, its operators or owners;
- (iv) **“identify”** shall mean, with respect to any document or report; set forth the title, if any, describe the relevant page or pages and line or lines thereof (or annex a copy to the answer to these interrogatories, with appropriate designations of such page or pages and line or lines), and state the present location and custodian of the original and all copies of the documents, who prepared the document, and when it was prepared.

### **INSTRUCTIONS**

- A. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.
- B. To the extent an interrogatory calls for information which cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to the reasons therefore. If you expect to

obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer. If the information which cannot now be furnished is believed to be available to another person, identify such other person and the reasons for believing such person has the described information.

C. In the event any Interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of privilege and specify the grounds relied upon for the claim of privilege.

D. Separate answers shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.

E. **For each interrogatory, identify the name, address, telephone number and position of the person responsible for providing the answer.**

41. For the purposes of this interrogatory, assume the following:

1. An item of plant was originally capitalized (cost of materials and capitalized labor) by PEF in the plant in service account at \$1000. The current accrued depreciation reserve for the vintage of plant based on its original date of installation is \$750 (75%)
2. The cost of removal factor included in the existing depreciation rate for the plant item is \$500 (50%).

3. At the time of the 2004 storms, the current average materials and labor for replacement of a similar unit of plant was \$2000. The projected future cost of removal associated with the replacement item was \$1000 (50%).
4. The item was severely damaged and was replaced because of the 2004 storms. At the time of replacement, the undepreciated portion of the original \$1000 investment was \$250.
5. Because of the impact of the storms, the actual cost of materials and labor expended to replace the item was \$3500.

Utilizing the same, identical methodology and procedures relative to the accounting for retirements, additions, and cost of removal that PEF proposes to use for analogous circumstances associated with its 2004 storm damage restoration activities:

- a. What entries would the company make in its accounts for Plant In Service to account for:
  - Retirement of the old unit of plant?
  - Placement of the new addition to plant?

b. What entries would the company make to its depreciation reserve to account for:

--Retirement of the old unit of plant?

--Placement of the new addition to plant?

c. What entries would the company make to its cost of removal reserve to account for

--Retirement of the old unit of plant?

--Placement of the new addition to plant?

d. What entries would the company make to the storm reserve to account for:

--Retirement of the old unit of plant?

--Placement of the new addition to plant?



(If applicable, distinguish between entries related to labor and entries related to cost of materials)

e. What other entries, if any, would PEF record in its storm reserve, its depreciation accounts, or any other accounts in association with the above event?

f. How would PEF account for the undepreciated balance of the capital investment associated with the first plant item that was in plant in service at the time of retirement?

g. Assuming, for purposes of the illustration, that the plant in service account consisted only of the single original item identified in (1) above prior to the storm, and


after the storm PEF retired the item and replaced it as discussed above, what would be the beginning and ending balances of the plant in service account?

h. Assuming, for purposes of the illustration, that the storm reserve balance was zero prior to the storm, and the retirement and removal of the original plant item identified in (1) above, together with the replacement described above, was the only transaction that affected the storm reserve, what would be the ending balance of the storm reserve account following the retirement and removal of the original item and the installation of the replacement?

i. If not provided in the answers to (a-i) above, please show in detail all accounting entries (including, but not limited to, all entries involving the storm reserve account and any interim or provisional entries, if applicable,) that PEF would

record to reflect the removal and retirement of the damaged item of plant and the installation of its replacement.

42. Please provide and describe in detail the methodology and procedure that PEF is using to quantify the cost of materials and labor incurred to install specific plant items or categories of plant items following storm restoration activities and to relate those costs to the “normal” costs of replacements.

  
Joseph A. McGlothlin  
Florida Bar No. 163771  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
Room 812, 111 W. Madison Street  
Tallahassee, Florida, 32399-1400  
(850) 488-9330

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