

Hopping Green & Sams

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Writer's Direct Dial No.
(850) 425-2359

April 1, 2004

BY HAND DELIVERY

Blanca Bayó
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket 040007-EI

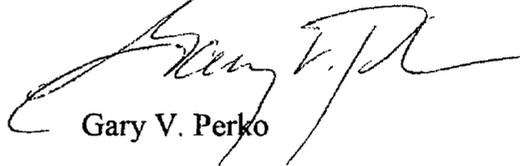
Dear Ms. Bayó:

Enclosed for filing in the above referenced docket on behalf of Progress Energy Florida, Inc. ("PEF") are the original and fifteen copies of the Pre-filed Testimony of Javier Portuondo and Exhibit No. ___ (JP-1), along with diskette containing the testimony in Microsoft Word format and the exhibit in Microsoft Excel format.

Please acknowledge receipt and filing of the above by stamping the enclosed extra copies of the testimony and attached exhibit and returning them to me. If you have any questions concerning this filing, please contact me at 425-2359.

Thank you for your assistance in connection with this matter.

Very truly yours,



Gary V. Perko

GVP/jlm
Enclosures
cc: Certificate of Service

DOCUMENT NUMBER - DATE

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by regular U.S. mail and/or hand-delivery (*) to the following in Docket No. 040007-EI this 1st day of April, 2004.

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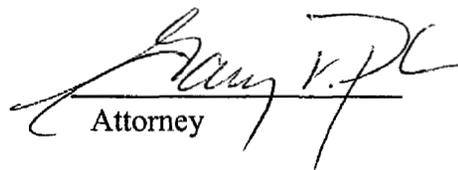
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JAVIER PORTUONDO

ON BEHALF OF

PROGRESS ENERGY FLORIDA, INC.

DOCKET NO. 040007-EI

April 1, 2004

Q. Please state your name and business address.

A. My name is Javier Portuondo. My business address is Post Office Box 14042, St. Petersburg, Florida 33733.

Q. By whom are you employed and in what capacity?

A. I am employed by Progress Energy Service Company, LLC as Director of Regulatory Services - Florida.

Q. Have your duties and responsibilities remained the same since you last testified in this proceeding?

A. Yes.

Q. Have you previously filed testimony before this Commission in connection with Progress Energy Florida's Environmental Cost Recovery Clause (ECRC)?

A. Yes, I have.

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FPSC-COMMISSION CLERK

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Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present for Commission review and approval, Progress Energy Florida's Actual True-up costs associated with Environmental Compliance activities for the period January 2003 through December 2003.

Q. Are you sponsoring any exhibits in support of your testimony?

A. Yes. I am sponsoring Exhibit No. JP-1, which consists of 8 forms. Form 42-1A reflects the final true-up for the period January 2003 through December 2003. Form 42-2A consists of the final true-up calculation for the period. Form 42-3A consists of the calculation of the Interest Provision for the period. Form 42-4A reflects the calculation of variances between actual and estimated/actual costs for O&M activities. Form 42-5A presents a summary of actual monthly costs for the period of O&M activities. Form 42-6A reflects the calculation of variances between actual and estimated/actual costs for Capital Investment Projects. Form 42-7A presents a summary of actual monthly costs for the period for Capital Investment Projects. Form 42-8A, pages 1 through 4, consist of the calculation of depreciation expense and return on capital investment for each project that is being recovered through the ECRC.

Q. What is the source of the data that you will present by way of testimony or exhibits in this proceeding?

A. Unless otherwise indicated, the actual data is taken from the books and records of PEF. The books and records are kept in the regular course of our business in

1 accordance with generally accepted accounting principles and practices, and
2 provisions of the Uniform System of Accounts as prescribed by this Commission.

3

4 **Q. What is the final true-up amount for which PEF is requesting for the period**
5 **January 2003 through December 2003?**

6 **A.** PEF is requesting approval of an under-recovery amount of \$9,871,507 for the
7 calendar period ending December 31, 2003. This amount is shown on Form 42-
8 1A, Line 4.

9

10 **Q. What is the net true-up amount PEF is requesting for the January 2003**
11 **through December 2003 period which is to be applied in the calculation of the**
12 **environmental cost recovery factors to be refunded/recovered in the next**
13 **projection period?**

14 **A.** PEF has calculated and is requesting approval of an over-recovery amount of
15 \$951,437 reflected on Form 42-1A, as the adjusted net true-up amount for the
16 January 2003 through December 2003 period. This amount is the difference
17 between the actual under-recovery amount of \$9,871,507 and the actual/estimated
18 under-recovery of \$10,822,944, as approved in Order PSC-03-1348-FOF-EI, for the
19 period of January 2003 through December 2003.

20

21 **Q. Are all costs listed in Forms 42-1A through 42-8A attributable to**
22 **environmental compliance projects approved by the Commission?**

23 **A.** Yes, they are.

24

1 **Q. How did actual O&M expenditures for January 2003 through December 2003**
2 **compare with PEF's estimated/actual projections as presented in previous**
3 **testimony and exhibits?**

4 **A.** Form 42-4A shows that total O&M project costs were \$801,147 or 5.2% lower than
5 projected. Following are variance explanations for those O&M Projects with
6 significant variances. Individual project variances are provided on Form 42-4A.

7

8 **1. Substation Environmental Investigation, Remediation, and Pollution**
9 **Prevention (Project No. 1) - O&M:**

10 Project expenditures were \$108,414 more than anticipated, or a 22.9% variance.

11 This variance is due primarily to a \$70,000 item that was accrued in December

12 2003 in error. This was found after the books were closed and reversed in

13 January 2004. The additional \$38,000 variance was due to PEF performing

14 remediation activities at two substation sites that were not in the original

15 projection. These remediations were performed in accordance with the new

16 Florida Department of Environmental Protection clean up criteria.

17 **2. Pipeline Integrity Management Program (Project No. 3a) – O&M:**

18 No project expenditures for O&M occurred this year compared to a projection

19 of \$10,000 for reviewing and updating the integrity management program plan

20 and risk assessments, causing a 100% variance. This task was postponed until

21 2004 as the leak detection implementation was not completed in 2003 as

22 previously expected (see capital variance explanation below).

23

1 **Q. How did actual Capital expenditures for January 2003 through December**
2 **2003 compare with PEF's estimated/actual projections as presented in**
3 **previous testimony and exhibits?**

4 **A.** Form 42-6A shows that total Capital Investment project costs were \$17,501 or
5 56.3% lower than projected. Actual costs and variance by individual project are
6 provided on Form 42-6A. Return on Capital Investment, Depreciation and Taxes
7 for each project for the period are provided on Form 42-8A, pages 1 through 4.
8 Following are variance explanations for those capital projects with significant
9 variances.

10
11 **1. Pipeline Integrity Management - Bartow/Anclote Pipeline (Project No. 3b)**

12 **– Capital:**

13 Recoverable costs were \$11,188, or 54.1% lower than expected. This variance
14 was due to the project not being completed by the end of 2003 as planned.

15 During the fall of 2003, several non-environmental pipeline projects were being
16 worked during a pipeline outage. These projects took priority in order to
17 assure restoration of fuel supply to the Anclote Units. It is anticipated that the
18 Bartow/Anclote Pipeline Leak Detection system will be fully implemented by
19 June 2004.

20 **2. Above Ground Tank Secondary Containment - Turner CT's (Project No.**

21 **4a) – Capital:**

22 Recoverable costs were \$2,835 or 50.1% lower than expected. This variance
23 was due to project delays related to the product used to line the tank. The tank
24 work is expected to be completed by the end of the third quarter of 2004.

1 **3. Above Ground Tank Secondary Containment - Crystal River 1 & 2**

2 **(Project No. 4c) – Capital:**

3 Recoverable costs expenditures were \$2,851 or 77.3% lower than projected.

4 Estimates obtained early in the budgeting process projected capital expenditures

5 to fall in the \$100,000 range. However, after further study, a less costly

6 alternative was found that met the regulatory requirements, resulting in actual

7 capital expenditures of only \$33,000. This project was certified in February

8 2004.

9

10 **Q. Does this conclude your testimony?**

11 **A. Yes, it does.**

EXHIBIT ____ (JP-1)

**PROGRESS ENERGY FLORIDA, INC.
ENVIRONMENTAL COST RECOVERY
COMMISSION FORMS 42-1A THROUGH 42-8A**

**JANUARY 2003 - DECEMBER 2003
FINAL TRUE-UP
DOCKET NO. 040007-EI**

PROGRESS ENERGY FLORIDA, INC.
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2003 through December 2003
(in Dollars)

Form 42-1A

<u>Line</u>	<u>Period Amount</u>
1 Over/(Under) Recovery for the Period January 2003 - December 2003 (Form 42-2A, Line 5 + 6 + 10)	\$ (9,871,507)
2 Estimated/Actual True-Up Amount approved for the period January 2003 - December 2003 (Order No. PSC-03-1348-FOF-EI)	<u>(10,822,944)</u>
3 Final True-Up Amount to be Refunded/(Recovered) in the Projection Period January 2005 to December 2005 (Lines 1 - 2)	<u>\$ 951,437</u>

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-2A

End-of-Period True-Up Amount
 (in Dollars)

Line	Description	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	ECRC Revenues (net of Revenue Taxes)	\$378,105	\$356,537	\$302,100	\$325,794	\$373,149	\$428,997	\$436,788	\$426,601	\$457,010	\$389,149	\$354,880	\$340,796	\$4,569,907
2	True-Up Provision	0	0	0	0	0	0	0	0	0	0	0	0	0
3	ECRC Revenues Applicable to Period (Lines 1 + 2)	378,105	356,537	302,100	325,794	373,149	428,997	436,788	426,601	457,010	389,149	354,880	340,796	4,569,907
4	Jurisdictional ECRC Costs													
a.	O & M Activities (Form 42-5A, Line 9)	7,100	93,932	89,177	400,755	520,349	1,830,170	1,254,431	1,524,721	2,009,561	3,571,613	2,106,638	997,621	14,406,068
b.	Capital Investment Projects (Form 42-7A, Line 9)	0	0	0	0	0	0	0	387	1,067	1,861	2,732	5,420	11,466
c.	Total Jurisdictional ECRC Costs	7,100	93,932	89,177	400,755	520,349	1,830,170	1,254,431	1,525,108	2,010,628	3,573,474	2,109,370	1,003,041	14,417,534
5	Over/(Under) Recovery (Line 3 - Line 4c)	371,005	262,605	212,923	(74,961)	(147,200)	(1,401,173)	(817,643)	(1,098,507)	(1,553,617)	(3,184,325)	(1,754,490)	(662,245)	(9,847,628)
6	Interest Provision (Form 42-3A, Line 10)	157	487	709	764	661	(103)	(1,039)	(1,919)	(3,088)	(5,175)	(7,102)	(8,231)	(23,679)
7	Beginning Balance True-Up & Interest Provision	0	371,162	634,254	847,866	773,689	627,150	(774,126)	(1,592,808)	(2,693,234)	(4,249,939)	(7,439,439)	(9,201,031)	0
a.	Deferred True-Up from October 2002 to December 2002 (Order No. PSC-02-1735-FOF-E1)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)	(38,833)
8	True-Up Collected/(Refunded) (see Line 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
9	End of Period Total True-Up (Lines 5+6+7+7a+8)	332,329	595,421	809,053	734,856	588,317	(812,959)	(1,631,641)	(2,732,067)	(4,288,772)	(7,478,272)	(9,239,864)	(9,910,340)	(9,910,340)
10	Adjustments to Period Total True-Up Including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11	End of Period Total True-Up (Lines 9 + 10)	\$332,329	\$595,421	\$809,053	\$734,856	\$588,317	(\$812,959)	(\$1,631,641)	(\$2,732,067)	(\$4,288,772)	(\$7,478,272)	(\$9,239,864)	(\$9,910,340)	(\$9,910,340)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-3A

Interest Provision
 (in Dollars)

Line	Description	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	Beginning True-Up Amount (Form 42-2A, Line 7 + 7a + 10)	(\$38,833)	\$332,329	\$595,421	\$809,053	\$734,856	\$588,317	(\$812,959)	(\$1,631,641)	(\$2,732,067)	(\$4,288,772)	(\$7,478,272)	(\$9,239,864)	
2	Ending True-Up Amount Before Interest (Line 1 + Form 42-2A, Lines 5 + 8)	332,172	594,934	808,344	734,092	587,656	(812,856)	(1,630,602)	(2,730,148)	(4,285,684)	(7,473,097)	(9,232,762)	(9,902,109)	
3	Total of Beginning & Ending True-Up (Lines 1 + 2)	293,339	927,263	1,403,765	1,543,145	1,322,512	(224,539)	(2,443,561)	(4,361,789)	(7,017,751)	(11,761,870)	(16,711,034)	(19,141,973)	
4	Average True-Up Amount (Line 3 x 1/2)	146,670	463,632	701,883	771,573	661,256	(112,270)	(1,221,781)	(2,180,895)	(3,508,876)	(5,880,935)	(8,355,517)	(9,570,987)	
5	Interest Rate (First Day of Reporting Business Month)	1.29%	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	
6	Interest Rate (First Day of Subsequent Business Month)	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.06%	1.06%	1.05%	1.00%	1.06%	
7	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	2.56%	2.52%	2.43%	2.37%	2.40%	2.21%	2.05%	2.11%	2.12%	2.11%	2.05%	2.06%	
8	Average Interest Rate (Line 7 x 1/2)	1.280%	1.260%	1.215%	1.185%	1.200%	1.105%	1.025%	1.055%	1.060%	1.055%	1.025%	1.030%	
9	Monthly Average Interest Rate (Line 8 x 1/12)	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.088%	0.088%	0.088%	0.085%	0.086%	
10	Interest Provision for the Month (Line 4 x Line 9)	\$157	\$487	\$709	\$764	\$661	(\$103)	(\$1,039)	(\$1,919)	(\$3,088)	(\$5,175)	(\$7,102)	(\$8,231)	(\$23,879)

PROGRESS ENERGY FLORIDA, INC.
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2003 through December 2003

Form 42-4A

Variance Report of O&M Activities
(In Dollars)

<u>Line</u>	(1) Actual	(2) Estimated/Actual Projection	(3) Variance Amount	(4) Percent
1 Description of O&M Activities				
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	581,674	473,260	108,414	22.9%
1a Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs	(25,000)	(25,000)	0	0.0%
2 Distribution System Environmental Investigation, Remediation, and Pollution Prevention	14,070,895	14,970,455	(899,560)	-6.0%
3a Pipeline Integrity Management	0	10,000	(10,000)	-100.0%
4 Above Ground Tank Secondary Containment	0	0	0	0.0%
2 Total O&M Activities	14,627,568	15,428,715	(801,147)	-5.2%
3 Recoverable Costs Allocated to Energy	0	0	0	0.0%
4 Recoverable Costs Allocated to Demand	14,627,568	15,428,715	(801,147)	-5.2%

Notes:

Column (1) is the End of Period Totals on Form 42-5A
Column (2) = Estimated actual
Column (3) = Column (1) - Column (2)
Column (4) = Column (3) / Column (2)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-5A

O&M Activities
 (in Dollars)

Line	Description	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of	Method of Classification			
		January 03	February 03	March 03	April 03	May 03	June 03	July 03	August 03	September 03	October 03	November 03	December 03	Total	Demand	Energy		
1 Description of O&M Activities																		
1	Substation Environmental Investigation, Remediation, and Pollution Prevention	7,007	28,335	62,721	190,840	52,836	(215)	(18,798)	2,357	97,379	4,002	83,239	71,971	581,674	\$ 581,674	\$ -	Transmission	Transmission maintenance is allocated on demand
1a	Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs Included in Base Rates	(2,063)	(2,063)	(2,063)	(2,063)	(2,063)	(2,063)	(2,063)	(2,063)	(2,063)	(2,064)	(2,063)	(2,086)	(25,000)	\$ (25,000)	\$ -	Transmission	Transmission maintenance is allocated on demand
2	Distribution System Environmental Investigation, Remediation, and Pollution Prevention	3,566	75,356	45,663	265,885	486,038	1,840,498	1,275,496	1,531,738	1,950,022	3,587,124	2,057,804	951,707	14,070,895	\$ 14,070,895	\$ -	Distribution	Distribution maintenance is allocated on demand
3a	Pipeline Integrity Management, Rerlow/Update Plan and Risk Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	Production	Production maintenance is allocated on demand
4	Above Ground Tank Secondary Containment	0	0	0	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -	Production	Production maintenance is allocated on demand
2	Total of O&M Activities	8,499	101,608	106,301	454,643	536,790	1,838,198	1,254,616	1,532,012	2,045,318	3,589,042	2,138,960	1,021,591	14,827,568	\$ 14,827,568	\$ -		
3	Recoverable Costs Allocated to Energy - Transm	0	0	0	0	0	0	0	0	0	0	0	0	0				
4	Recoverable Costs Allocated to Demand - Transm	4,924	26,252	60,638	188,757	50,752	(2,298)	(20,881)	274	95,296	1,918	81,150	69,885	556,674				
	Recoverable Costs Allocated to Demand - Distrib	3,566	75,356	45,663	265,885	486,038	1,840,498	1,275,496	1,531,738	1,950,022	3,587,124	2,057,804	951,707	14,070,895				
	Recoverable Costs Allocated to Demand - Prod	0	0	0	0	0	0	0	0	0	0	0	0	0				
5	Retail Transmission Energy Jurisdictional Factor	0.98400	0.97430	0.97540	0.97570	0.98000	0.97680	0.97940	0.97650	0.97770	0.97510	0.97460	0.98250					
6	Retail Transmission Demand Jurisdictional Factor	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115					
	Retail Distribution Demand Jurisdictional Factor	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529					
	Retail Production Demand Jurisdictional Factor - Intmtd	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574					
7	Jurisdictional Energy Recoverable Costs - Transm (A)	0	0	0	0	0	0	0	0	0	0	0	0	0				
8	Jurisdictional Demand Recoverable Costs - Transm (B)	3,551	18,931	43,729	136,122	36,600	(1,657)	(15,058)	198	68,723	1,384	58,526	50,397	401,446				
	Jurisdictional Demand Recoverable Costs - Distrib (B)	3,549	75,001	45,448	264,633	483,749	1,831,827	1,269,489	1,524,523	1,940,838	3,570,229	2,048,112	947,224	14,004,622				
	Jurisdictional Demand Recoverable Costs - Prod-Intmtd (B)	0	0	0	0	0	0	0	0	0	0	0	0	0				
9	Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$7,100	\$93,932	\$89,177	\$400,755	\$520,349	\$1,830,170	\$1,254,431	\$1,524,721	\$2,006,561	\$3,571,613	\$2,106,638	\$997,621	\$14,406,068				

Notes:

- (A) Line 3 x Line 5
- (B) Line 4 x Line 6

PROGRESS ENERGY FLORIDA, INC.
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2003 through December 2003

Form 42-6A

Variance Report of Capital Investment Projects - Recoverable Costs
(In Dollars)

<u>Line</u>	(1) Actual	(2) Estimated/Actual Projection	(3) Variance Amount	(4) Percent
1 Description of Capital Investment Activities				
3b Pipeline Integrity Management - Bartow/Anclothe Pipeline	9,498	20,686	(11,188)	-54.1%
4a Above Ground Tank Secondary Containment - Turner CT's	2,827	5,662	(2,835)	-50.1%
4b Above Ground Tank Secondary Containment - Bartow CT's	447	1,074	(627)	-58.4%
4c Above Ground Tank Secondary Containment - Crystal River 1 & 2	836	3,687	(2,851)	-77.3%
2 Total Capital Investment Activities	13,608	31,109	(17,501)	-56.3%
3 Recoverable Costs Allocated to Energy	0	0	0	0.0%
4 Recoverable Costs Allocated to Demand	13,608	31,109	(17,501)	-56.3%

Notes:

Column (1) is the End of Period Totals on Form 42-7A
Column (2) = Estimated actual
Column (3) = Column (1) - Column (2)
Column (4) = Column (3) / Column (2)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-7A

Capital Investment Projects-Recoverable Costs
 (in Dollars)

Line	Description	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of	Method of Classification	
		January 03	February 03	March 03	April 03	May 03	June 03	July 03	August 03	September 03	October 03	November 03	December 03	Total	Demand
1 Description of Investment Projects (A)															
3b	Pipeline Integrity Management - Bartow/Anclote Pipeline	\$0	\$0	\$0	\$0	\$0	\$0	\$447	\$1,232	\$1,968	\$2,793	\$3,058	\$9,498	\$9,498	\$0
4a	Above Ground Tank Secondary Containment - Turner CTs	0	0	0	0	0	0	0	0	0	0	2,827	2,827	2,827	0
4b	Above Ground Tank Secondary Containment - Bartow CTs	0	0	0	0	0	0	0	0	0	0	447	447	447	0
4c	Above Ground Tank Secondary Containment - Crystal River 1&2	0	0	0	0	0	0	0	0	164	327	345	836	836	0
2	Total Investment Projects - Recoverable Costs	0	0	0	0	0	0	447	1,232	2,132	3,120	6,677	13,608	\$13,608	\$0
3	Recoverable Costs Allocated to Energy	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	Recoverable Costs Allocated to Demand - Production - Base	0	0	0	0	0	0	0	0	164	327	345	836		
	Recoverable Costs Allocated to Demand - Production - Intermediate	0	0	0	0	0	0	447	1,232	1,968	2,793	3,058	9,498		
	Recoverable Costs Allocated to Demand - Production - Peaking	0	0	0	0	0	0	0	0	0	0	3,274	3,274		
5	Retail Energy Jurisdictional Factor	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Retail Demand Jurisdictional Factor - Production - Base	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.9595700	0.9595700	0.9595700			
	Retail Demand Jurisdictional Factor - Production - Intermediate	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.8657400	0.8657400	0.8657400	0.8657400	0.8657400			
	Retail Demand Jurisdictional Factor - Production - Peaking	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.7456200	0.7456200	0.7456200			
7	Jurisdictional Energy Recoverable Costs (B)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	Jurisdictional Demand Recoverable Costs - Production - Base (C)	0	0	0	0	0	0	0	0	157	314	331	802		
	Jurisdictional Demand Recoverable Costs - Production - Intermediate (C)	0	0	0	0	0	0	367	1,067	1,704	2,418	2,647	8,223		
	Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	0	0	0	0	0	0	0	0	0	0	2,441	2,441		
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$387	\$1,067	\$1,861	\$2,732	\$5,420	\$11,466		

- Notes:
 (A) Each project's Total System Recoverable Expenses on Form 42-8A, Line 9
 (B) Line 3 x Line 5
 (C) Line 4 x Line 6

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-8A
 Page 1 of 4

Return on Capital Investments, Depreciation and Taxes
 For Project: PIPELINE INTEGRITY MANAGEMENT - Bartow/Ancote Pipeline (Project 3b)
 (in Dollars)

Line	Description	Beginning of Period	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,590	\$60,759	\$71,838	\$76,877	(\$29,100)	
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	80,590	141,349	213,187	290,064	260,964	
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	80,590	141,349	213,187	290,064	260,964	
6	Average Net Investment		0	0	0	0	0	0	0	40,295	110,970	177,268	251,625	275,514	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)	10.75%	0	0	0	0	0	0	0	361	994	1,588	2,254	2,468	\$7,665
b.	Debt Component (Line 6 x 2.57% x 1/12)	2.57%	0	0	0	0	0	0	0	86	238	380	539	590	1,833
8	Investment Expenses														
a.	Depreciation (E) 3.60%		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (J)		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	447	1,232	1,968	2,793	3,058	9,498
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	447	1,232	1,968	2,793	3,058	9,498
10	Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Demand Jurisdictional Factor - Production (Intermediate)		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.8657400	0.8657400	0.8657400	0.8657400	0.8657400	
12	Retail Energy-Related Recoverable Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (I)		0	0	0	0	0	0	0	387	1,067	1,704	2,418	2,647	8,223
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$387	\$1,067	\$1,704	\$2,418	\$2,647	\$8,223

Notes.

- (A) Description and reason for 'Other' adjustments to net investment: None for this period.
- (B) Applicable beginning of period and end of period depreciable base by plant name(s), unit(s), or plant account(s).
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Bartow/Ancote Pipeline.
- (D) Line 6 x 10.7500% x 1/12. Based on ROE of 12.00%, equity component of capital structure of 6.61%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI).
- (E) Line 2 x 3.60% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Amortization period is approximately 28 years for Bartow/Ancote Pipeline.
- (G) Description and reason for 'Other' adjustments to investment expenses: None for this period.
- (H) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (I) Line 9b x Line 11
- (J) Lines 2 + 3 x 89% @ .0183381 x 1/12 + 11% @ 0.196598 x 1/12. Ratio from Property Tax Administration Department, based on plant allocation reported and 2002 Actual Property Tax Milage Rate.

Source:

Line 8c Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Return on Capital Investments, Depreciation and Taxes
 For Project: ABOVE GROUND TANK SECONDARY CONTAINMENT - TURNER CTs (Project 4e)
 (in Dollars)

Line	Description	Beginning of Period	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$509,360
b	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	509,360
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	509,360
6	Average Net Investment		0	0	0	0	0	0	0	0	0	0	0	0	254,680
7	Return on Average Net Investment														
a	Equity Component Grossed Up For Taxes (D)	10.75%	0	0	0	0	0	0	0	0	0	0	0	0	2,282
b	Debt Component (Line 6 x 2.57% x 1/12)	2.57%	0	0	0	0	0	0	0	0	0	0	0	0	545
8	Investment Expenses														
a	Depreciation (E) 4.80%		0	0	0	0	0	0	0	0	0	0	0	0	0
b	Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
c	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d	Property Taxes (J)		0	0	0	0	0	0	0	0	0	0	0	0	0
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	0	0	0	0	0	2,827
a	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	2,827
10	Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	Demand Jurisdictional Factor - Production (Peaking)		0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.7456200	0.7456200	0.7456200	
12	Retail Energy-Related Recoverable Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (I)		0	0	0	0	0	0	0	0	0	0	0	0	2,108
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,108

Notes:

- (A) Description and reason for "Other" adjustments to net investment. None for this period.
- (B) Applicable beginning of period and end of period depreciable base by plant name(s), unit(s), or plant account(s).
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Turner CTs.
- (D) Line 6 x 10.7500% x 1/12. Based on ROE of 12.00%, equity component of capital structure of 6.61%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)
- (E) Line 2 x 4.80% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Amortization period is approximately 21 years for Above Ground Tank Secondary Containment - Turner CTs.
- (G) Description and reason for "Other" adjustments to investment expenses. None for this period.
- (H) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (I) Line 9b x Line 11
- (J) Lines 2 + 3 x .020912 x 1/12. Based on 2002 Actual Property Tax Millage Rate.

Source:

Line 8c Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-8A
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Return on Capital Investments, Depreciation and Taxes
 For Project: ABOVE GROUND TANK SECONDARY CONTAINMENT - BARTOW CTs (Project 4b)
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$80,575	
b	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	
c	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
d	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	80,575	
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	0	0	80,575	
6	Average Net Investment		0	0	0	0	0	0	0	0	0	0	0	40,287	
7	Return on Average Net Investment														
a	Equity Component Crossed Up For Taxes (D) 10.75%		0	0	0	0	0	0	0	0	0	0	0	361	\$361
b	Debt Component (Line 6 x 2.57% x 1/12) 2.57%		0	0	0	0	0	0	0	0	0	0	0	86	86
8	Investment Expenses														
a	Depreciation (E) 5.70%		0	0	0	0	0	0	0	0	0	0	0	0	0
b	Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
c	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d	Property Taxes (J)		0	0	0	0	0	0	0	0	0	0	0	0	0
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	0	0	0	0	447	447
a	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	447	447
10	Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Demand Jurisdictional Factor - Production (Peaking)		0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.7456200	0.7456200	0.7456200		
12	Retail Energy-Related Recoverable Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (I)		0	0	0	0	0	0	0	0	0	0	0	333	333
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$333	\$333

Notes:

- (A) Description and reason for 'Other' adjustments to net investment. None for this period.
- (B) Applicable beginning of period and end of period depreciable base by plant name(s), unit(s), or plant account(s).
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Bartow CTs.
- (D) Line 6 x 10.7500% x 1/12. Based on ROE of 12.00%, equity component of capital structure of 6.61%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)
- (E) Line 2 x 5.70% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Amortization period is approximately 21 years for Above Ground Tank Secondary Containment - Bartow CTs.
- (G) Description and reason for 'Other' adjustments to investment expenses. None for this period.
- (H) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (I) Line 9b x Line 11
- (J) Lines 2 + 3 x .018338 x 1/12. Based on 2002 Actual Property Tax Milage Rate.

Source:

Line 8c Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA, INC.
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2003 through December 2003

Form 42-8A
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Return on Capital Investments, Depreciation and Taxes
 For Project: ABOVE GROUND TANK SECONDARY CONTAINMENT - CRYSTAL RIVER 1 & 2 (Project 4c)
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Actual August 03	Actual September 03	Actual October 03	Actual November 03	Actual December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$29,470	\$0	\$3,249	
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	29,470	29,470	32,719	
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	29,470	29,470	32,719	
6	Average Net Investment		0	0	0	0	0	0	0	0	0	14,735	29,470	31,095	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)	10.75%	0	0	0	0	0	0	0	0	0	132	264	279	\$675
b.	Debt Component (Line 6 x 2.57% x 1/12)	2.57%	0	0	0	0	0	0	0	0	0	32	63	67	161
8	Investment Expenses														
a.	Depreciation (E) 5.30%		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (J)		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	0	0	164	327	345	\$36
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	0	0	164	327	345	\$36
10	Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Demand Jurisdictional Factor - Production (Base)		0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.9595700	0.9595700	0.9595700	
12	Retail Energy-Related Recoverable Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (I)		0	0	0	0	0	0	0	0	0	157	314	331	\$802
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$157	\$314	\$331	\$802

Notes:

- (A) Description and reason for 'Other' adjustments to net investment. None for this period.
- (B) Applicable beginning of period and end of period depreciable base by plant name(s), unit(s), or plant account(s).
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Crystal River 1&2.
- (D) Line 6 x 10.7500% x 1/12. Based on ROE of 12.00%, equity component of capital structure of 6.61%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI).
- (E) Line 2 x 5.3% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Amortization period is approximately 28 years for Above Ground Tank Secondary Containment - Crystal River 1&2.
- (G) Description and reason for 'Other' adjustments to investment expenses. None for this period.
- (H) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (I) Line 9b x Line 11
- (J) Lines 2 + 3 x .018338 x 1/12. Based on 2002 Actual Property Tax Mileage Rate

Source:

Line 8c Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)