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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JAVIER PORTUONDO

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 030007

AUGUST 8, 2003

(REVISED SEPTEMBER 5, 2003)

**Q. Please state your name and business address,**

**A.** My name is Javier J. 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. What is the scope of your duties?**

**A.** Currently, my responsibilities include management of the regulatory accounting, fuel accounting, and pricing functions and activities for Progress Energy Florida (PEF or "Company").

**Q. Please describe your education background and professional experience.**

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FPSC-COMMISSION CLERK

1    **A.**    I received a Bachelors of Science degree in Accounting from the University of  
2            South Florida. I was just recently promoted to Director of Regulatory Services -  
3            Florida. My previous position was Manager of PEF's Regulatory Services  
4            department for over 7 years. Before then, I held a number of financial and  
5            accounting positions within the Controller's department of the Company.

6

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

10   **A.**    Yes, I have.

11

12   **Q.**    **What is the purpose of your testimony?**

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

17

18   **Q.**    **Have you prepared or caused to be prepared under your direction,**  
19            **supervision or control any exhibits in this proceeding?**

20   **A.**    Yes. I am sponsoring Exhibit No. \_\_\_ (JP-1), which consists of PSC Forms 42-  
21            1E through 42-8E. These forms provide a summary and detail of the  
22            Estimated/Actual True-up O&M and capital environmental costs for the period  
23            January 2003 through December 2003.

1 **Q. What is the Estimated/Actual True-up amount that PEF is requesting**  
2 **recovery for the period of January 2003 through December 2003?**

3 **A.** The Estimated/Actual True-up amount for 2003 is an under-recovery of  
4 \$10,820,135, as shown in Exhibit No. \_\_\_\_ (JP-1), Form 42-1E, Line 4.

5  
6 **Q. Please explain the calculation of the ECRC Estimated/Actual True-up**  
7 **amount you are requesting this Commission to approve.**

8 **A.** Forms 42-2E and 42-3E show the calculation of the ECRC Estimated/Actual  
9 True-up amount for the period of January 2003 through December 2003

10

11 **Q. Are all the costs listed in Forms 42-1E through 42-8E attributable to**  
12 **Environmental Compliance projects previously approved by the**  
13 **Commission?**

14 **A.** The Substation and Distribution System O&M projects (Nos. 1, 1a, and 2) were  
15 previously approved by the Commission in Order No. PSC-02-1735-FOF-EI.

16

17 On July 28, 2003, PEF filed a Petition for Approval of Environmental Cost  
18 Recovery for two new environmental programs, the Pipeline Integrity  
19 Management Program (No. 3) and the Above Ground Tank Secondary  
20 Containment Program (No. 4). Discussion of these two new programs is  
21 included in the testimony of Patricia Q. West.

22

1 On July 30th, the Commission assigned Docket No. 030711-EI to the Petition.  
2 The Staff Recommendation on this Docket is due September 18th, 2003 and this  
3 issue will be addressed at the Agenda Conference on September 30th, 2003.  
4 Consistent with the Petition, PEF has included projected O&M costs of \$10,000  
5 for the Pipeline Integrity Management Program and capital costs of \$18,569 and  
6 \$9,299 for the Pipeline Integrity Management and the Above Ground Tank  
7 Secondary Containment Programs, respectively, for the period of January 2003  
8 through December 2003. This includes only amounts that will be incurred after  
9 the date the Petition was filed.

10

11 **Q. How do the Estimated/Actual project expenditures for January 2003**  
12 **through December 2003 compare with original projections?**

13 **A.** Form 42-4E shows that total O&M project costs were \$11,329,715 or 276%  
14 higher than projected and Form 42-6E shows that we have included capital costs  
15 of \$27,868 for our two new environmental projects. Below are variance  
16 explanations for those O&M projects and Capital Investment projects with  
17 significant variances. Individual project variances are provided on Forms 42-4E  
18 and 42-6E. Return on Capital Investment, Depreciation and Taxes for each  
19 project for the Estimated/Actual period are provided as Form 42-8E, pages 1  
20 through 3.

21 **1. Substation Environmental Investigation, Remediation, and Pollution**  
22 **Prevention (Project #1) - O&M**

1 Project expenditures are estimated to be \$473,260, over 800% higher than  
2 previously projected. The reasons for this variance are discussed in the  
3 testimony of Kent D. Hedrick.

4

5 **2. Distribution System Environmental Investigation, Remediation, and**  
6 **Pollution Prevention (Project #2) - O&M**

7 Project expenditures are estimated to be \$14,970,455 or 267% higher than  
8 previously projected. The reasons for this variance are discussed in Kent D.  
9 Hedrick's testimony.

10

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

12 **A. Yes.**

EXHIBIT \_\_\_\_ (JP-1)  
(Revised 9/05/03)

ENVIRONMENTAL COST RECOVERY  
COMMISSION FORMS 42-1E THROUGH 42-8E

JANUARY 2003 - DECEMBER 2003

Calculation of the Current Period Estimated/Actual Amount

Actuals for Period January through July 2003

Estimated for Period August through December 2003

**PROGRESS ENERGY FLORIDA**  
**Environmental Cost Recovery Clause (ECRC)**  
**Calculation of the Current Period Estimated/Actual Amount**  
**January 2003 through December 2003**  
(in Dollars)

Form 42-1E

<u>Line</u>	<u>Period Amount</u>
1 Over/(Under) Recovery for the Current Period (Form 42-2E, Line 5)	\$ (10,795,865)
2 Interest Provision (Form 42-2E, Line 6)	(24,270)
3 Sum of Current Period Adjustments (Form 42-2E, Line 10)	<u>0</u>
4 Current Period True-Up Amount to be Refunded/(Recovered) in the Projection Period January 2004 to December 2004 (Lines 1 + 2 + 3)	<u>\$ (10,820,135)</u>

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Form 42-2E

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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated 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	\$371,639	\$371,639	\$371,639	\$371,639	\$371,639	\$4,459,665
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	371,639	371,639	371,639	371,639	371,639	4,459,665
4	Jurisdictional ECRC Costs													
a	O & M Activities (Form 42-5E, Line 9)	7,100	93,932	89,177	400,755	520,349	1,830,170	1,254,431	2,205,460	2,205,459	2,208,345	2,208,345	2,208,345	15,231,868
b	Capital Investment Projects (Form 42-7E, Line 9)	0	0	0	0	0	0	0	0	0	1,759	5,158	16,745	23,662
c	Total Jurisdictional ECRC Costs	7,100	93,932	89,177	400,755	520,349	1,830,170	1,254,431	2,205,460	2,205,459	2,210,104	2,213,503	2,225,090	15,255,530
5	Over/(Under) Recovery (Line 3 - Line 4c)	371,005	262,605	212,923	(74,961)	(147,200)	(1,401,173)	(817,643)	(1,833,821)	(1,833,820)	(1,838,465)	(1,841,864)	(1,853,451)	(10,795,865)
6	Interest Provision (Form 42-3E, Line 10)	157	487	709	764	661	(103)	(1,039)	(2,166)	(3,639)	(5,166)	(6,698)	(8,237)	(24,270)
7	Beginning Balance True-Up & Interest Provision	0	371,162	634,254	847,886	773,689	627,150	(774,126)	(1,592,808)	(3,428,795)	(5,266,254)	(7,109,885)	(8,958,447)	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)	(3,467,628)	(5,305,087)	(7,148,718)	(8,997,280)	(10,858,968)	(10,858,968)
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)	(\$3,467,628)	(\$5,305,087)	(\$7,148,718)	(\$8,997,280)	(\$10,858,968)	(\$10,858,968)



**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Interest Provision  
 (in Dollars)

Line	Description	Interest Provision (in Dollars)												End of Period Total
		Actual January 03	Actual February 03	Actual March 03	Actual April 03	Actual May 03	Actual June 03	Actual July 03	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	
1	Beginning True-Up Amount (Form 42-2E, Line 7 + 7a + 10)	(\$38,833)	\$332,329	\$595,421	\$809,053	\$734,856	\$588,317	(\$812,959)	(\$1,631,641)	(\$3,467,628)	(\$5,305,087)	(\$7,148,718)	(\$8,997,280)	
2	Ending True-Up Amount Before Interest (Line 1 + Form 42-2E, Lines 5 + 8)	332,172	594,934	808,344	734,092	587,656	(812,856)	(1,630,602)	(3,465,462)	(5,301,448)	(7,143,552)	(8,990,582)	(10,850,731)	
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)	(5,097,103)	(8,769,076)	(12,448,639)	(16,139,300)	(19,848,011)	
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)	(2,548,552)	(4,384,538)	(6,224,320)	(8,069,650)	(9,924,006)	
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%	1.00%	1.00%	1.00%	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%	1.00%	1.00%	1.00%	1.00%	1.00%	
7	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	2.56%	2.52%	2.43%	2.37%	2.40%	2.21%	2.05%	2.05%	2.00%	2.00%	2.00%	2.00%	
8	Average Interest Rate (Line 7 x 1/2)	1.280%	1.260%	1.215%	1.185%	1.200%	1.105%	1.025%	1.025%	1.000%	1.000%	1.000%	1.000%	
9	Monthly Average Interest Rate (Line 8 x 1/12)	0.107%	0.105%	0.101%	0.099%	0.100%	0.092%	0.085%	0.085%	0.083%	0.083%	0.083%	0.083%	
10	Interest Provision for the Month (Line 4 x Line 9)	\$157	\$487	\$709	\$764	\$661	(\$103)	(\$1,039)	(\$2,166)	(\$3,639)	(\$5,166)	(\$6,698)	(\$8,237)	(\$24,270)

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Form 42 4E

Variance Report of O&M Activities  
 (In Dollars)

<u>Line</u>	(1) Estimated/Actual	(2) Original Projection	(3) Variance Amount	(4) Percent
<b>1 Description of O&amp;M Activities</b>				
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	473,260	50,000	423,260	847%
1a Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs	(25,000)	(25,000)	0	0%
2 Distribution System Environmental Investigation, Remediation, and Pollution Prevention	14,970,455	4,074,000	10,896,455	267%
3a Pipeline Integrity Management	10,000	0	10,000	100%
4 Above Ground Tank Secondary Containment	0	0	0	0%
<b>2 Total O&amp;M Activities</b>	<b>15,428,715</b>	<b>4,099,000</b>	<b>11,329,715</b>	<b>276%</b>
<b>3 Recoverable Costs Allocated to Energy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>4 Recoverable Costs Allocated to Demand</b>	<b>15,428,715</b>	<b>4,099,000</b>	<b>11,329,715</b>	<b>276%</b>

Notes:

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

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Form 42-5E

O&M Activities  
 (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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1 Description of O&M Activities														
1	Substation Environmental Investigation, Remediation, and Pollution Prevention	7,007	28,335	62,721	190,840	52,835	(215)	(18,798)	30,107	30,107	30,107	30,107	30,107	473,260
1a	Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs included in Base Rates	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,084)	(2,084)	(2,084)	(2,084)	(25,000)
2	Distribution System Environmental Investigation, Remediation, and Pollution	3,566	75,356	45,663	265,885	486,038	1,840,496	1,275,496	2,195,591	2,195,591	2,195,591	2,195,591	2,195,591	14,970,455
3a	Pipeline Integrity Management, Review/Update Plan and Risk Assessments	0	0	0	0	0	0	0	0	0	3,333	3,333	3,334	10,000
4	Above Ground Tank Secondary Containment	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Total of O&M Activities	8,489	101,608	106,301	454,643	536,790	1,838,198	1,254,616	2,223,615	2,223,614	2,226,947	2,226,947	2,226,948	15,428,715
3	Recoverable Costs Allocated to Energy - Transm	0	0	0	0	0	0	0	0	0	0	0	0	0
	Recoverable Costs Allocated to Energy - Distrib	0	0	0	0	0	0	0	0	0	0	0	0	0
	Recoverable Costs Allocated to Energy - Production	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)	28,024	28,023	28,023	28,023	28,023	448,260
	Recoverable Costs Allocated to Demand - Distrib	3,566	75,356	45,663	265,885	486,038	1,840,496	1,275,496	2,195,591	2,195,591	2,195,591	2,195,591	2,195,591	14,970,455
	Recoverable Costs Allocated to Demand - Production	0	0	0	0	0	0	0	0	0	3,333	3,333	3,334	10,000
5	Retail Transmission Energy Jurisdictional Factor	0.98400	0.97430	0.97540	0.97570	0.98000	0.97680	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770
	Retail Distribution Energy Jurisdictional Factor	0.98400	0.97430	0.97540	0.97570	0.98000	0.97680	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770
	Retail Production Energy Jurisdictional Factor	0.98400	0.97430	0.97540	0.97570	0.98000	0.97680	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770	0.97770
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	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	0.99529
	Retail Production Demand Jurisdictional Factor	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	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
	Jurisdictional Energy Recoverable Costs - Distrib (A)	0	0	0	0	0	0	0	0	0	0	0	0	0
	Jurisdictional Energy Recoverable Costs - Production (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)	20,210	20,209	20,209	20,209	20,209	323,264
	Jurisdictional Demand Recoverable Costs - Distrib (B)	3,549	75,001	45,448	264,633	483,749	1,831,827	1,269,489	2,185,250	2,185,250	2,185,250	2,185,250	2,185,250	14,899,946
	Jurisdictional Demand Recoverable Costs - Production (B)	0	0	0	0	0	0	0	0	0	2,886	2,886	2,886	8,658
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	\$2,205,460	\$2,205,459	\$2,208,345	\$2,208,345	\$2,208,345	\$15,231,868

Notes:  
 (A) Line 3 x Line 5  
 (B) Line 4 x Line 6

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Form 42 6E

Variance Report of Capital Investment Activities  
 (In Dollars)

<u>Line</u>	(1) Estimated/Actual	(2) Original Projection	(3) Variance Amount	(4) Percent
<b>1</b> Description of Capital Investment Activities				
3b Pipeline Integrity Management - Bartow/Anclote Pipeline	18,569	0	18,569	100%
4a Above Ground Tank Secondary Containment - Turner CT's	5,299	0	5,299	100%
4b Above Ground Tank Secondary Containment - Bartow CT's	949	0	949	100%
4c Above Ground Tank Secondary Containment - Crystal River 1 & 2	3,051	0	3,051	100%
<b>2</b> Total Capital Investment Activities	27,868	0	27,868	100%
<b>3</b> Recoverable Costs Allocated to Energy	0	0	0	0%
<b>4</b> Recoverable Costs Allocated to Demand	27,868	0	27,868	100%

Notes:

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

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Current Period Estimated/Actual Amount  
 January 2003 to December 2003

Form 42-7E

Capital Investment Projects-Recoverable Costs  
 (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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1	Description of Investment Projects (A)													
3b	Pipeline Integrity Management - Bartow/Anclote Pipeline	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,514	\$4,658	\$12,397	\$18,569
4a	Above Ground Tank Secondary Containment - Turner CTs	0	0	0	0	0	0	0	0	0	0	0	5,299	5,299
4b	Above Ground Tank Secondary Containment - Bartow CTs	0	0	0	0	0	0	0	0	0	0	0	949	949
4c	Above Ground Tank Secondary Containment - Crystal River 1&2	0	0	0	0	0	0	0	0	0	467	1,173	1,411	3,051
2	Total Investment Projects - Recoverable Costs	0	0	0	0	0	0	0	0	0	1,981	5,831	20,056	27,868
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
4	Recoverable Costs Allocated to Demand - Production - Base	0	0	0	0	0	0	0	0	0	467	1,173	1,411	3,051
	Recoverable Costs Allocated to Demand - Production - Intermediate	0	0	0	0	0	0	0	0	0	1,514	4,658	12,397	18,569
	Recoverable Costs Allocated to Demand - Production - Peaking	0	0	0	0	0	0	0	0	0	0	0	6,248	6,248
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
6	Retail 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	
	Retail Demand Jurisdictional Factor - Production - Intermediate	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	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	0.0000000	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
8	Jurisdictional Demand Recoverable Costs - Production - Base (C)	0	0	0	0	0	0	0	0	0	448	1,126	1,354	2,928
	Jurisdictional Demand Recoverable Costs - Production - Intermediate (C)	0	0	0	0	0	0	0	0	0	1,311	4,033	10,733	16,076
	Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	0	0	0	0	0	0	0	0	0	0	0	4,659	4,659
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,759	\$5,158	\$16,745	\$23,662

Notes:

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

**PROGRESS ENERGY FLORIDA**  
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Return on Capital Investments, Deprecation and Taxes  
 For Project PIPELINE INTEGRITY MANAGEMENT - Bartow/Ancote Pipeline (Project 3b)  
 (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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$338,152
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	651,842
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/Deprecation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	989,994
3	Less: Accumulated Deprecation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	(2,970)
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	313,690	651,842	0	0
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	313,690	651,842	0	987,024
6	Average Net Investment		0	0	0	0	0	0	0	0	0	156,845	482,766	819,433	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)		0	0	0	0	0	0	0	0	0	1,089	3,351	5,688	\$10,128
b.	Debt Component (Line 6 x 3.25% x 1/12)		0	0	0	0	0	0	0	0	0	425	1,307	2,219	3,951
8	Investment Expenses														
a.	Deprecation (Line 2 x 3.04% x 1/12) (E)		0	0	0	0	0	0	0	0	0	0	0	0	2,970
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	1,520
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	1,514	4,658	12,397	18,569
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	1,514	4,658	12,397	18,569
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 (Intermediate)		0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	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	0	0	1,311	4,033	10,733	16,076
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,311	\$4,033	\$10,733	\$16,076

**Notes:**

- (A) Description and reason for 'Other' adjustments to net investment for Bartow/Ancote Pipeline project. None for this period.
- (B) Applicable beginning of period @ \$0 and end of period @ \$989,994 depreciable base by Bartow/Ancote Pipeline
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Deprecation Rate for Bartow/Ancote Pipeline
- (D) Lines 6 x 8 3300% x 1/12. Gross-up for taxes based on ROE of 12.00%, equity component of capital structure of 5.12%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 1992 Rate Case (Order No. PSC-92-1197-FOF-EI).
- (E) Line 2 x 3.04% x 1/12 Deprecation rate based on 1997 Deprecation 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 for Bartow/Ancote Pipeline project. None for this period.
- (H) Line 9a x Line 10 x 1.0000000 line loss multiplier. None for this period.
- (I) Line 9b x Line 11
- (J) Lines 2 + 3 x 89% @ .0183381 x 1/12 + 11% @ .0196598 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**  
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Return on Capital Investments, Depreciation and Taxes  
 For Project: ABOVE GROUND TANK SECONDARY CONTAINMENT - TURNER CTs (Project 4a)  
 (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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$502,700	
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	502,700	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	(2,011)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	0	0	500,689	
6	Average Net Investment		0	0	0	0	0	0	0	0	0	0	0	250,345	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)		0	0	0	0	0	0	0	0	0	0	0	1,738	\$1,738
b.	Debt Component (Line 6 x 3.25% x 1/12)		0	0	0	0	0	0	0	0	0	0	0	678	678
8	Investment Expenses														
a.	Depreciation (Line 2 x 4.45% x 1/12) (E)		0	0	0	0	0	0	0	0	0	0	0	2,011	2,011
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	873	873
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	5,299	5,299
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	5,299	5,299
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)		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	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	3,951	3,951
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,951	\$3,951

**Notes:**

- (A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Turner CTs project. None for this period.
- (B) Applicable beginning of period @ \$0 and end of period @ \$502,700 depreciable base by Above Ground Tank Secondary Containment - Turner CTs.
- (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) Lines 6 x 8.3300% x 1/12. Gross-up for taxes based on ROE of 12.00%, equity component of capital structure of 5.12%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 1992 Rate Case (Order No. PSC-92-1197-FOF-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 for Above Ground Tank Secondary Containment - Turner CTs project. 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 Mitage Rate

**Source:**

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

**PROGRESS ENERGY FLORIDA**  
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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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$91,900
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	91,900
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	(368)
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	91,532
6	Average Net Investment		0	0	0	0	0	0	0	0	0	0	0	0	45,766
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)		0	0	0	0	0	0	0	0	0	0	0	0	318
b.	Debt Component (Line 6 x 3.25% x 1/12)		0	0	0	0	0	0	0	0	0	0	0	0	124
8	Investment Expenses														
a.	Depreciation (Line 2 x 4.45% x 1/12) (E)		0	0	0	0	0	0	0	0	0	0	0	0	368
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	140
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	949
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	949
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	0.0000000	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	708
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$708

- Notes:**
- (A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Bartow CTs project. None for this period.
  - (B) Applicable beginning of period @ \$0 and end of period @ \$91,900 depreciable base by Above Ground Tank Secondary Containment - Bartow CTs.
  - (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) Lines 6 x 8.3300% x 1/12. Gross-up for taxes based on ROE of 12.00%, equity component of capital structure of 5.12%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 1992 Rate Case (Order No. PSC-92-1197-FOF-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 - Bartow CTs.
  - (G) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Bartow CTs project. 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 Millage Rate.

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



**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
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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	Estimated August 03	Estimated September 03	Estimated October 03	Estimated November 03	Estimated December 03	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	\$50,000	\$0	
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	50,000	100,000	100,000	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	(150)	(450)	(750)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 - 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	49,850	99,550	99,250	
6	Average Net Investment		0	0	0	0	0	0	0	0	0	24,925	74,700	99,400	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)		0	0	0	0	0	0	0	0	0	173	519	690	\$1,382
b.	Debt Component (Line 6 x 3.25% x 1/12)		0	0	0	0	0	0	0	0	0	68	202	269	539
8	Investment Expenses														
a.	Depreciation (Line 2 x 3.04% x 1/12) (E)		0	0	0	0	0	0	0	0	0	150	300	300	750
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	76	152	152	380
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	467	1,173	1,411	3,051
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	467	1,173	1,411	3,051
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)		0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	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	448	1,126	1,354	2,928
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$448	\$1,126	\$1,354	\$2,928

Notes:

- (A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Crystal River 1&2 project. None for this period.
- (B) Applicable beginning of period @ \$0 and end of period @ \$100,000 depreciable base by Above Ground Tank Secondary Containment - Crystal River 1&2.
- (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) Lines 6 x 8.3300% x 1/12. Gross-up for taxes based on ROE of 12.00%, equity component of capital structure of 5.12%, and statutory income tax rate of 38.575% (expansion factor of 1.828002). Based on 1992 Rate Case (Order No. PSC-92-1197-FOF-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 Above Ground Tank Secondary Containment - Crystal River 1&2.
- (G) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Crystal River 1&2 project. 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 Millage Rate.

Source:

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