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Writer's Direct Dial Number
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September 8, 2003

BY HAND DELIVERY

Blanca Bayó
Director, Office of the Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Progress Energy Florida
In re Environmental Cost Recovery Clause
Docket No. 030007-EI

Dear Ms. Bayó:

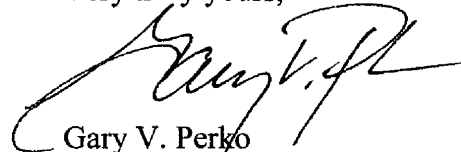
Enclosed for filing on behalf of Progress Energy Florida in the above-referenced docket are the original and fifteen (15) copies of the following:

- Prefiled direct testimony (and exhibit) of Javier Portuondo
- Prefiled direct testimony of Kent D. Hedrick; and
- Prefiled direct testimony of Patricia Q. West.

By copy of this letter, the documents have been furnished to the parties on the attached certificate of service.

Please stamp and return the enclosed extra copy of this filing. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,



Gary V. Perko

GVP/mee
Enclosures

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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. 030007-EI this 8th day of September, 2003.

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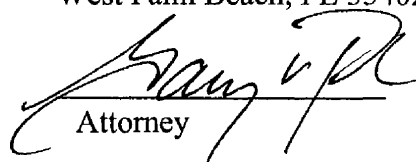
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JAVIER PORTUONDO

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 030007

SEPTEMBER 8, 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.

DOCUMENT NUMBER-DATE
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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 calculation of the revenue requirements and
15 its Environmental Cost Recovery (ECR) factors for application on customer
16 billings during the period January 2004 through December 2004. My testimony
17 addresses the capital and operating and maintenance (“O&M”) expenses
18 associated with PEF’s environmental compliance activities for the year 2004.

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

22 **A.** Yes. I am sponsoring Exhibit No. (JP-2), which consists of PSC Forms 42-1P
23 through 42-7P. These forms provide a summary and detail of the Projected

1 O&M and capital environmental cost recovery factors for the period January
2 2004 through December 2004.

3

4 **Q. What is the total true-up to be applied in the period January 2004 through**
5 **December 2004?**

6 **A.** The total true-up applicable for this period is an under-recovery of \$10,858,968.
7 This consists of the final true-up under-recovery of \$38,833 for the period from
8 October 1 through December 31, 2002 and an estimated true-up under-recovery
9 of \$10,820,135 for the current period of January 2003 through December 2003.
10 The detailed calculation supporting the estimated true-up was provided on
11 *revised* Forms 42-1E through 42-8E of Exhibit No. (JP-1) filed with the
12 Commission on September 5, 2003.

13

14 **Q. Are all the costs listed in Forms 42-1P through 42-7P attributable to**
15 **Environmental Compliance projects previously approved by the**
16 **Commission?**

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

19

20 The SO₂ Emissions Allowances were moved to the ECRC Docket from Docket
21 030001 beginning January 1, 2004 at the request of Staff to be comparative with
22 the other Florida IOUs. Recovery of SO₂ Emission Allowances were previously

1 approved in Order No. PSC-95-0450-FOF-EI. We are asking recovery in 2004
2 for purchases of 27,500 allowances @ \$160 for a total of \$4,400,000.

3

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

9

10 On July 30th, the Commission assigned Docket No. 030711-EI to the Petition.
11 The Staff Recommendation on this Docket is due September 18th, 2003 and this
12 issue will be addressed at the Agenda Conference on September 30th, 2003.
13 Consistent with the Petition, PEF has included projected O&M costs of
14 \$245,000 for the Pipeline Integrity Management Program and no new
15 expenditures for the Above Ground Tank Secondary Containment Programs for
16 the period of January 2004 through December 2004.

17

18 **Q. Have you prepared schedules showing the calculation of the recoverable
19 capital project costs for 2004?**

20 **A.** Yes. Form 42-3P contained in Exhibit No. JP-2, summarizes the cost estimates
21 projected for these projects. Form 42-4P, pages 1 through 5, shows the
22 calculations of these costs that result in recoverable jurisdictional capital costs of
23 \$61,739.

1

2 **Q. Have you prepared schedules showing the calculation of the recoverable**
3 **O&M project costs for 2004?**

4 **A.** Yes. Form 42-2P contained in Exhibit No. JP-2, summarizes the recoverable
5 O&M cost estimates for these projects in the amount of \$10,165,980.

6

7 **Q. Have you prepared schedules providing the description and progress**
8 **reports for all environmental compliance activities and projects?**

9 **A.** Yes. Form 42-5P, pages 1 through 5, contained in Exhibit No. JP-2, provides
10 each project description as well as the projected recoverable cost estimates.

11

12 **Q. What are the total projected jurisdictional costs for environmental**
13 **compliance activities in the year 2004?**

14 **A.** The total jurisdictional capital and O&M costs to be recovered through the
15 ECRC are calculated on Form 42-1P. These costs total \$10,227,719.

16

17 **Q. Please describe how the proposed ECR factors were developed.**

18 **A.** The ECR factors were calculated as shown on Forms 42-6P and 42-7P of Exhibit
19 JP-2. The demand allocation factors were calculated by determining the
20 percentage each rate class contributes to the monthly system peaks and then
21 adjusted for losses for each rate class. The energy allocation factors were
22 calculated by determining the percentage each rate class contributes to total
23 kilowatt-hour sales and then adjusted for losses for each rate class. This

1 information was obtained from Progress Energy Florida's July 2003 load research
2 study. Form 42-7P presents the calculation of the proposed ECR factors by rate
3 class.

4
5 **Q. What are Progress Energy Florida's proposed 2004 ECR factors for the**
6 **various rate groups and delivery voltages?**

7 A. The computation of Progress Energy Florida's proposed ECR factors for customer
8 billings in 2004 is shown on Form 42-7P of Exhibit JP-2. In summary, these
9 factors are as follows:

<u>Rate Class</u>	<u>ECR Factor</u>
Residential	0.061 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.058 cents/kWh
@ Primary Voltage	0.058 cents/kWh
@ Transmission Voltage	0.057 cents/kWh
General Service 100% Load Factor	0.032 cents/kWh
General Service Demand	
@ Secondary Voltage	0.048 cents/kWh
@ Primary Voltage	0.047 cents/kWh
@ Transmission Voltage	0.047 cents/kWh

1	Curtable	
2	@ Secondary Voltage	0.057 cents/kWh
3	@ Primary Voltage	0.056 cents/kWh
4	Interruptible	
5	@ Secondary Voltage	0.037 cents/kWh
6	@ Primary Voltage	0.037 cents/kWh
7	@ Transmission Voltage	0.037 cents/kWh
8	Lighting	0.051 cents/kWh

9

10 **Q. When is Progress Energy Florida requesting that the proposed ECR factors**
11 **be made effective?**

12 **A.** PEF is requesting that its proposed ECR factors be made effective beginning with
13 cycle 1 billings for the month of January 2004.

14

15 **Q. Please summarize your testimony.**

16 **A.** My testimony supports the approval of an average environmental factor of .054
17 cents per kWh which includes projected capital and O&M revenue requirements of
18 \$10,227,719 associated with a total of 5 environmental projects and a true-up
19 provision of \$10,858,968. My testimony also demonstrates that the projected
20 environmental expenditures for 2004 are appropriate for recovery through the
21 ECRC.

22

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

24 **A.** Yes.

EXHIBIT __ (JP-2)

ENVIRONMENTAL COST RECOVERY
COMMISSION FORMS 42-1P THROUGH 42-7P

JANUARY 2004 - DECEMBER 2004
Calculation of the Projected Period Amount

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Total Jurisdictional Amount to Be Recovered

Form 42-1P

For the Projected Period
 January 2004 to December 2004

<u>Line</u>	Energy (\$)	Transmission Demand (\$)	Distribution Demand (\$)	Production Demand (\$)	Total (\$)
1 Total Jurisdictional Rev. Req. for the projected period					
a Projected O&M Activities (Form 42-2P, Page 2 of 2, Lines 7 through 9)	\$4,270,969	\$525,973	\$5,144,010	\$225,028	\$10,165,980
b Projected Capital Projects (Form 42-3P, Page 2 of 2, Line 7 through 9)	(220,723)	0	0	282,462	61,739
c Total Jurisdictional Rev. Req. for the projected period (Lines 1a + 1b)	<u>4,050,247</u>	<u>525,973</u>	<u>5,144,010</u>	<u>507,489</u>	<u>10,227,719</u>
2 True-up for Estimated Over/(Under) Recovery for the current period January 2003 through December 2003 (Form 42-2E, Line 5 + 6 + 10)	0	(229,288)	(10,568,373)	(22,474)	(\$10,820,135)
3 Final True-up for the period January 2002 to December 2002 (Form 42-1A, Line 3)	<u>0</u>	<u>(729)</u>	<u>(38,104)</u>	<u>0</u>	<u>(\$38,833)</u>
4 Total Jurisdictional Amount to Be Recovered/(Refunded) in the Projection period January 2004 to December 2004 (Line 1 - Line 2 - Line 3)	<u>4,050,247</u>	<u>755,990</u>	<u>15,750,488</u>	<u>529,963</u>	<u>21,086,687</u>
5 Total Projected Jurisdictional Amount Adjusted for Taxes (Line 4 x Revenue Tax Multiplier of .00072)	<u>4,053,163</u>	<u>756,534</u>	<u>15,761,828</u>	<u>530,345</u>	<u>\$21,101,869</u>

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
 January 2004 to December 2004

O&M Activities
 (in Dollars)

Line	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1 Description of O&M Activities													
1	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	754,353
1a	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(25,000)
2	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	5,168,353
3a	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	245,000
4	0	0	0	0	0	0	0	0	0	0	0	0	0
5	355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000
2 Total of O&M Activities	867,883	831,628	837,661	805,778	896,297	926,615	946,983	956,759	925,627	871,187	831,909	844,377	10,542,706
3 Recoverable Costs Allocated to Energy	355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,004
4 Recoverable Costs Allocated to Demand - Transm	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	729,353
Recoverable Costs Allocated to Demand - Distrib	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	5,168,353
Recoverable Costs Allocated to Demand - Production	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	245,000
5 Retail Energy Jurisdictional Factor	0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600	
6 Retail Transmission Demand Jurisdictional Factor	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	0.7211500	
Retail Distribution Demand Jurisdictional Factor	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	0.9952900	
Retail Production Demand Jurisdictional Factor	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	0.9184800	
7 Jurisdictional Energy Recoverable Costs (A)	344,792	309,456	316,055	285,554	373,457	403,148	423,387	432,495	401,728	348,354	309,712	322,830	4,270,969
8 Jurisdictional Demand Recoverable Costs - Transm (B)	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	525,973
Jurisdictional Demand Recoverable Costs - Distrib (B)	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	5,144,010
Jurisdictional Demand Recoverable Costs - Production (B)	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	225,028
9 Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$836,042	\$800,707	\$807,305	\$776,805	\$864,708	\$894,399	\$914,638	\$923,746	\$892,979	\$839,605	\$800,963	\$814,081	\$10,165,960

Notes:

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

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
 January 2004 to December 2004

Form 42-3P

Capital Investment Projects-Recoverable Costs
 (in Dollars)

Line	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	End of	Method of Classification	
	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Period Total	Demand	Energy
1	Description of Investment Projects (A)														
3b	14,972	14,941	14,908	14,878	14,846	14,814	14,782	14,751	14,718	14,687	14,655	14,624	177,576	\$177,576	\$0
4a	8,283	8,259	8,235	8,211	8,188	8,163	8,139	8,115	8,092	8,067	8,043	8,020	97,815	97,815	0
4b	1,482	1,477	1,473	1,468	1,464	1,459	1,456	1,451	1,447	1,443	1,439	1,434	17,493	17,493	0
4c	1,507	1,503	1,499	1,497	1,493	1,491	1,486	1,484	1,481	1,478	1,474	1,472	17,865	17,865	0
5	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)	0	(227,424)
2	7,292	7,228	7,163	7,102	7,039	6,975	6,911	6,849	6,786	6,723	6,659	6,598	83,325	\$310,749	(\$227,424)
3	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)		
4	26,244	26,180	26,115	26,054	25,991	25,927	25,863	25,801	25,738	25,675	25,611	25,550	310,749		
5	0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600			
6	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700			
7	(18,356)	(18,343)	(18,387)	(18,415)	(18,412)	(18,423)	(18,442)	(18,425)	(18,402)	(18,375)	(18,342)	(18,402)	(220,723)		
8	23,855	23,797	23,738	23,682	23,625	23,567	23,509	23,452	23,395	23,338	23,280	23,224	282,462		
9	\$5,499	\$5,454	\$5,351	\$5,268	\$5,213	\$5,144	\$5,066	\$5,027	\$4,993	\$4,963	\$4,938	\$4,823	\$61,739		

Notes:

- (A) Each project's Total System Recoverable Expenses on Form 42-8A, Line 14
- (B) Line 3 x Line 5
- (C) Line 4 x Line 6

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Current Period Estimated/Actual Amount
 January 2004 to December 2004

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

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b	Cleanings 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)	\$989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994
3	Less Accumulated Depreciation (C)	(2,508)	(5,016)	(7,524)	(10,032)	(12,540)	(15,048)	(17,556)	(20,064)	(22,572)	(25,080)	(27,588)	(30,096)	(32,604)	(32,604)
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)	\$987,486	984,978	982,470	979,962	977,454	974,946	972,438	969,930	967,422	964,914	962,406	959,898	957,390	
6	Average Net Investment		986,232	983,724	981,216	978,708	976,200	973,692	971,184	968,676	966,168	963,660	961,152	958,644	
7	Return on Average Net Investment														
a	Equity Component Grossed Up For Taxes (D)		8,835	8,813	8,790	8,768	8,745	8,723	8,700	8,678	8,655	8,633	8,610	8,588	\$104,538
b	Debt Component - 2.57%		2,112	2,107	2,101	2,096	2,091	2,085	2,080	2,075	2,069	2,064	2,058	2,053	24,991
8	Investment Expenses														
a	Depreciation - 3.04% (E)		2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	2,508	30,096
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)		1,517	1,513	1,509	1,506	1,502	1,498	1,494	1,490	1,486	1,482	1,479	1,475	17,951
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		14,972	14,941	14,908	14,878	14,846	14,814	14,782	14,751	14,718	14,687	14,655	14,624	177,576
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		14,972	14,941	14,908	14,878	14,846	14,814	14,782	14,751	14,718	14,687	14,655	14,624	177,576
10	Energy Jurisdictional Factor		0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600	
11	Demand Jurisdictional Factor		0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		13,609	13,581	13,551	13,524	13,495	13,465	13,436	13,408	13,378	13,350	13,321	13,293	161,411
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 13,609	\$ 13,581	\$ 13,551	\$ 13,524	\$ 13,495	\$ 13,465	\$ 13,436	\$ 13,408	\$ 13,378	\$ 13,350	\$ 13,321	\$ 13,293	\$ 161,411

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 Depreciation Rate for Bartow/Ancote Pipeline
- (D) Lines 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 for Bartow/Ancote Pipeline 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 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 Mileage 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)
 Calculation of the Current Period Estimated/Actual Amount
 January 2004 to December 2004

Form 42-4P
 Page 2 of 5

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	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b	Cleanings 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)	\$502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700
3	Less Accumulated Depreciation (C)	(1,864)	(3,728)	(5,592)	(7,457)	(9,321)	(11,185)	(13,049)	(14,913)	(16,777)	(18,642)	(20,506)	(22,370)	(24,234)	(24,234)
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)	\$500,836	498,972	497,108	495,243	493,379	491,515	489,651	487,787	485,923	484,058	482,194	480,330	478,466	
6	Average Net Investment		499,904	498,040	496,176	494,311	492,447	490,583	488,719	486,855	484,990	483,126	481,262	479,398	
7	Return on Average Net Investment														
a	Equity Component Grossed Up For Taxes (D)		4,478	4,462	4,445	4,428	4,412	4,395	4,378	4,361	4,345	4,328	4,311	4,295	\$52,638
b	Debt Component - 2.57%		1,071	1,067	1,063	1,059	1,055	1,051	1,047	1,043	1,039	1,035	1,031	1,027	12,588
8	Investment Expenses														
a	Depreciation - 4.45% (E)		1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	1,864	22,370
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)		870	866	863	860	857	853	850	847	844	840	837	834	10,220
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		8,283	8,259	8,235	8,211	8,188	8,163	8,139	8,115	8,092	8,067	8,043	8,020	97,816
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		8,283	8,259	8,235	8,211	8,188	8,163	8,139	8,115	8,092	8,067	8,043	8,020	97,816
10	Energy Jurisdictional Factor		0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709800	
11	Demand Jurisdictional Factor		0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		7,529	7,507	7,485	7,464	7,443	7,420	7,398	7,376	7,355	7,333	7,311	7,290	88,911
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 7,529	\$ 7,507	\$ 7,485	\$ 7,464	\$ 7,443	\$ 7,420	\$ 7,398	\$ 7,376	\$ 7,355	\$ 7,333	\$ 7,311	\$ 7,290	\$ 88,911

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 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 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 0.020912 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
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Current Period Estimated/Actual Amount
 January 2004 to December 2004

Form 42-4P
 Page 3 of 5

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	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b	Cleanings 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)	\$91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	
3	Less Accumulated Depreciation (C)	(341)	(679)	(1,017)	(1,354)	(1,692)	(2,030)	(2,368)	(2,706)	(3,044)	(3,381)	(3,719)	(4,057)	(4,395)	
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)	\$90,759	90,421	90,083	89,746	89,408	89,070	88,732	88,394	88,056	87,719	87,381	87,043	86,705	
6	Average Net Investment		90,590	90,252	89,914	89,577	89,239	88,901	88,563	88,225	87,887	87,550	87,212	86,874	
7	Return on Average Net Investment														
a	Equity Component Grossed Up For Taxes (D)		812	809	805	802	799	796	793	790	787	784	781	778	\$9,536
b	Debt Component - 2.57%		194	193	193	192	191	190	190	189	188	188	187	186	2,281
8	Investment Expenses														
a	Depreciation - 4.45% (E)		338	338	338	338	338	338	338	338	338	338	338	338	4,054
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)		138	138	137	137	136	136	135	135	134	134	133	133	1,624
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,482	1,477	1,473	1,468	1,464	1,459	1,456	1,451	1,447	1,443	1,439	1,434	17,495
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		1,482	1,477	1,473	1,468	1,464	1,459	1,456	1,451	1,447	1,443	1,439	1,434	17,493
10	Energy Jurisdictional Factor		0.9885400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600	
11	Demand Jurisdictional Factor		0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		1,347	1,343	1,339	1,334	1,331	1,326	1,323	1,319	1,315	1,312	1,308	1,303	15,901
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 1,347	\$ 1,343	\$ 1,339	\$ 1,334	\$ 1,331	\$ 1,326	\$ 1,323	\$ 1,319	\$ 1,315	\$ 1,312	\$ 1,308	\$ 1,303	\$ 15,901

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 Deprecation Rate for Above Ground Tank Secondary Containment - Bartow CTs
- (D) Lines 6 x 10 7500% x 1/12 Based on RDE 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 Deprecation 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 0.18338 x 1/12 Based on 2002 Actual Property Tax Mlage 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)
 Calculation of the Current Period Estimated/Actual Amount
 January 2004 to December 2004

Form 42-4P
 Page 4 of 5

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	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
a	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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)	\$100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
3	Less: Accumulated Depreciation (C)	(633)	(886)	(1,140)	(1,393)	(1,646)	(1,900)	(2,153)	(2,406)	(2,660)	(2,913)	(3,166)	(3,420)	(3,673)	(3,673)
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)	\$99,367	99,114	98,860	98,607	98,354	98,100	97,847	97,594	97,340	97,087	96,834	96,580	96,327	
6	Average Net Investment		99,240	98,987	98,734	98,480	98,227	97,974	97,720	97,467	97,214	96,960	96,707	96,454	
7	Return on Average Net Investment														
a	Equity Component Grossed Up For Taxes (D)		889	887	884	882	880	878	875	873	871	869	866	864	\$10,518
b	Debt Component - 2.57%		213	212	211	211	210	210	209	209	208	208	207	207	2,515
8	Investment Expenses														
a	Depreciation - 3.04% (E)		253	253	253	253	253	253	253	253	253	253	253	253	3,040
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)		151	151	151	150	150	150	149	149	148	148	148	147	1,792
e	Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,507	1,503	1,499	1,497	1,493	1,491	1,486	1,484	1,481	1,478	1,474	1,472	17,865
a	Recoverable Costs Allocated to Energy		-	-	-	-	-	-	-	-	-	-	-	-	-
b	Recoverable Costs Allocated to Demand		1,507	1,503	1,499	1,497	1,493	1,491	1,486	1,484	1,481	1,478	1,474	1,472	17,865
10	Energy Jurisdictional Factor		0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600	
11	Demand Jurisdictional Factor		0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	
12	Retail Energy-Related Costs (H)		-	-	-	-	-	-	-	-	-	-	-	-	-
13	Retail Demand-Related Costs (I)		1,370	1,366	1,363	1,361	1,357	1,355	1,351	1,349	1,346	1,343	1,340	1,338	16,239
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 1,370	\$ 1,366	\$ 1,363	\$ 1,361	\$ 1,357	\$ 1,355	\$ 1,351	\$ 1,349	\$ 1,346	\$ 1,343	\$ 1,340	\$ 1,338	\$ 16,239

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 Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Crystal River 1&2
- (D) Lines 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 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 0.18338 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)
 Calculation of the Current Period Estimated/Actual Amount
 January 2004 to December 2004

Form 42-4P
 Page 5 of 5

Schedule of Amortization and Return
 Deferred Gain on Sales of Emissions Allowances
 (in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Working Capital Dr (Cr)														
a	1581001 SO ₂ Emission Allowance Inventory	\$ -	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
b	25401FL Auctioned SO ₂ Allowance	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	
2	Total Working Capital	\$ (1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	\$(1,707,393)	
3	Average Net Investment		(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	
4	Return on Average Net Working Capital Balance														
a	Equity Component Crossed Up For Taxes (A)		(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)
b	Debt Component - 2.57%		(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(43,884)
5	Total Return Component (D)		(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)
6	Expense Dr (Cr)														
a	5090001f SO ₂ allowance expense		355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000
7	Net Expense (E)		355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000
8	Total System Recoverable Expenses (Lines 5 + 7)		337,039	300,784	306,817	274,934	365,453	395,771	416,139	425,915	394,783	340,343	301,065	313,533	
a	Recoverable costs allocated to Energy		337,039	300,784	306,817	274,934	365,453	395,771	416,139	425,915	394,783	340,343	301,065	313,533	
b	Recoverable costs allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	
9	Energy Jurisdictional Factor		0.9685400	0.9678500	0.9701800	0.9716500	0.9715200	0.9720900	0.9731000	0.9721900	0.9709800	0.9695500	0.9678000	0.9709600	
10	Demand Jurisdictional Factor		0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	0.9089700	
11	Retail Energy-Related Recoverable Costs (B)		326,436	291,114	297,668	267,140	355,045	384,725	404,945	414,070	383,326	329,980	291,371	304,428	4,050,247
12	Retail Demand-Related Recoverable Costs (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total Jurisdictional Recoverable Costs (Lines 11 + 12)		\$ 326,436	\$ 291,114	\$ 297,668	\$ 267,140	\$ 355,045	\$ 384,725	\$ 404,945	\$ 414,070	\$ 383,326	\$ 329,980	\$ 291,371	\$ 304,428	\$ 4,050,247

Notes:

- (A) Lines 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)
- (B) Line 8a times Line 9
- (C) Line 8b times Line 10
- (D) Line 5 is reported on Capital Schedule
- (E) Line 7 is reported on O&M Schedule

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Substation Environmental Investigation, Remediation, and Pollution Prevention
Project No. 1

Project Description:

Chapter 376, Florida Statutes, requires that any person discharging a prohibited pollutant shall undertake to contain, remove, and abate the discharge to the satisfaction of the Florida Department of Environmental Protection. Similarly, Chapter 403, Florida Statutes provides that it is prohibited to cause pollution so as to harm or injure human health or welfare, animal, plant, or aquatic life or property. For Progress Energy Florida to continue to comply with these statutes, it is conducting environmental investigation, remediation, and pollution prevention activities associated with its substation facilities to determine the existence of pollutant discharges, and if present, their removal and remediation. Activities also include development and implementation of best management and pollution prevention measures at these facilities.

Project Accomplishments:

Progress Energy has completed environmental investigations and necessary remediations at six substations. A consent order has been executed between Progress Energy and the Florida Department of Environmental Protection that establishes a strategy to investigate and carry out needed remediation for the approximate 360 remaining substations in Progress Energy territory. The investigation activities are scheduled to begin during the 3rd and 4th quarters of 2003. Finally, Progress Energy has identified certain pollution prevention activities that have been implemented via a written Best Management Practices Plan into the normal day to day work activities in substations. Further pollution prevention measures are currently being developed to ensure future releases at substations are minimized to the greatest extent possible.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be \$754,353.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Distribution System Environmental Investigation, Remediation, and Pollution Prevention
Project No. 2

Project Description:

Chapter 376, Florida Statutes, requires that any person discharging a prohibited pollutant shall undertake to contain, remove, and abate the discharge to the satisfaction of the Florida Department of Environmental Protection. Similarly, Chapter 403, Florida Statutes provides that it is prohibited to cause pollution so as to harm or injure human health or welfare, animal, plant, or aquatic life or property. For Progress Energy Florida to continue to comply with these statutes, it is conducting environmental investigation, remediation, and pollution prevention activities associated with its distribution system facilities to determine the existence of pollutant discharges, and if present, their removal and remediation. Activities also include development and implementation of best management and pollution prevention measures at these facilities.

Project Accomplishments:

Progress Energy has completed remediation on 752 distribution padmount transformer sites so far this year.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be \$5,168,353.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Pipeline Integrity Management, Review/Update Plan and Risk Assessments
Project No. 3a

Project Description:

The U.S. Department of Transportation ("USDOT") Regulation 49 CFR Part 195, as amended effective February 15, 2002 and the new regulation published at 67 Federal Register 2136 on January 16, 2002 requires PEF to implement a Pipeline Integrity Management Program. Prior to the February 15, 2002 amendments, the USDOT's pipeline integrity management regulations applied only to operators with 500 miles or more of hazardous liquid and carbon dioxide pipelines that could affect high consequence areas. The amendments which became effective on February 15, 2002 extended the requirements for implementing integrity management to operators to those who have less than 500 miles of regulated pipelines. As such, PEF must improve the integrity of pipeline systems in order to protect public safety and the environment, as well as complying with continual assessment and evaluation of pipeline systems integrity through inspection or testing, data integration and analysis and follow up remedial, preventative, and mitigative actions.

PEF owns one hazardous liquid pipeline that is subject to the new regulation and must comply with the new requirements for the Bartow/Anclote 14-inch hot oil pipeline which extends for 33.3 miles from the Company's Bartow Plant north of St. Petersburg in Pinellas County, to its Anclote Plant near Holiday in Pasco County.

Project Accomplishments:

The planned upgrades are based on the Leak Detection Study which was completed in April 2003 and include the acquisition and installation of computer hardware and software for leak detection, modifications to the pipeline system to improve the accuracy, reliability, and sensitivity of the existing monitoring and detection system, installation of an additional communications circuit, upgrades to the Bartow meter station and related valve and piping work at the Anclote terminus.

Project Fiscal Expenditures:

The total estimated project costs for the last quarter of 2003 were \$990,000 in capital investment and \$10,000 in O&M expenses.

Project Progress Summary:

O&M expenses include the annual review and update of the integrity management plan and the risk analysis required by the new regulations. The capital investment includes for the design and implementation of an upgraded leak detection system required to comply with the new regulations.

Project Projections:

Estimated project O&M expenditures for the period January 2004 through December 2004 are expected to be \$245,000.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Above Ground Tank Secondary Containment
Project No. 4

Project Description:

Florida Department of Environmental Protection Rule 62-761.510(3) states that the Company is required to make improvements to many of its aboveground petroleum storage tanks in order to comply with those provisions. Subsection (d) of that rule requires all internally lined single bottom aboveground storage tanks to be upgraded with secondary containment, including secondary containment for piping in contact with the soil. Rule 62-761.500(1)(e) also requires that dike field area containment for pre-1998 tanks be upgraded, if needed, to comply with the requirement.

Project Accomplishments:

The installation of a secondary tank bottom at the Turner plant site, the addition of secondary containment for piping at the Bartow plant, and the upgrade of the dike field secondary containment system at the Crystal River Units 1 & 2 plant site have been scheduled for the the last quarter of 2003.

Project Fiscal Expenditures:

See below

Project Progress Summary:

The Company is in the final stages of developing a plan to upgrade the remaining storage tanks to comply with the secondary containment provisions of the rule. No additions of secondary tank bottoms have been scheduled for 2004, but PEF is preparing a timetable to ensure that the required improvements are implemented prior to 2010.

Project Projections:

There are no project expenditures estimated for the period January 2004 through December 2004.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: SO₂ Emissions Allowances
Project No. 5

Project Description:

In accordance with the Clean Air Act Title IV Statute, Code of Federal Regulations Chapter 40, Part 73 and Florida State Regulation 62-214, PEF censors and operates activities associated with the SO₂ Emissions Allowance Inventory for the purpose of compliance of offsetting excess sulfur dioxide emissions as set forth by the Federal Acid Rain Program.

Project Accomplishments:

For purposes of compliance with an affected unit's sulfur dioxide Acid Rain emissions limitation requirements pursuant to title IV of the Act, the environmental air quality compliance costs are administered by a designated and authorized account representative to evaluate the full range of resources in order to meet those rules governed by the Federal and State. Activities performed include purchases, auctions, and transfers in accordance to the EPA allowances and deemed in compliance with those requirements.

Effective with the 2004 Projection, PEF has transitioned this compliance regulation costs from the Fuel Adjustment Clause over to the ECRC Clause. Previously PEF did not have the ECRC Clause therefore, these costs were included with the Fuel Adjustment Clause.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be \$4,400,000.

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Energy & Demand Allocation % by Rate Class
 January 2004 to December 2004

Form 42-6P

Rate Class	(1) Average 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (mWh)	(3) Projected Avg 12 CP at Meter (MW)	(4) NCP Class Max Load Factor	(5) Delivery Efficiency Factor	(6) Projected Sales at Source (Generation) (mWh)	(7) Projected Avg 12 CP at Source (MW)	Projected Sales at Source (Distrib Svc Only) (mWh)	(8) Class Max MW at Source (Distrib Svc)	(9) mWh Sales at Source Energy Allocator (%)	(10) 12CP Demand Transmission Allocator (%)	(11) 12CP & 1/13 AD Demand Allocator (%)	(12) NCP Distribution Allocator (%)
Residential													
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Secondary)	0.548	19,556,652	4,073.9	0.410	0.9358295	20,897,666	4,353.2	20,897,666	5,821.4	50.449%	57.393%	56.859%	58.564%
General Service Non-Demand													
GS-1, GST-1													
Secondary	0.609	1,321,155	247.6	0.434	0.9358295	1,411,748	264.6	1,411,748	371.5	3.408%	3.489%	3.483%	3.737%
Primary	0.609	8,178	1.5	0.434	0.9654000	8,471	1.6	8,471	2.2	0.020%	0.021%	0.021%	0.022%
Transmission	0.609	2,531	0.5	0.434	0.9754000	2,595	0.5	0	0.0	0.006%	0.006%	0.006%	0.000%
General Service													
GS-2 (Secondary)	1.000	82,245	9.4	1.000	0.9358295	87,885	10.0	87,885	10.0	0.212%	0.132%	0.138%	0.101%
General Service Demand													
GSD-1 Transmission	0.698	1,650	0.3	0.564	0.9754000	1,692	0.3	0	0.0	0.004%	0.004%	0.004%	0.000%
SS-1 Primary	3.733	1,762	0.1	0.186	0.9654000	1,825	0.1	1,825	1.1	0.004%	0.001%	0.001%	0.011%
Transmission	3.733	10,688	0.3	0.186	0.9754000	10,958	0.3	0	0.0	0.026%	0.004%	0.006%	0.000%
GSD-1 Secondary	0.698	12,293,545	2,010.6	0.564	0.9358295	13,136,522	2,148.4	13,136,522	2,657.8	31.713%	28.325%	28.565%	26.738%
Primary	0.698	2,708,093	442.9	0.564	0.9654000	2,805,151	458.8	2,805,151	567.6	6.772%	6.048%	6.104%	5.710%
Curtailable													
CS-1, CST-1, CS-2, CST-2, SS-3													
Secondary	0.779	576	0.1	0.564	0.9358295	615	0.1	615	0.1	0.001%	0.001%	0.001%	0.001%
Primary	0.779	178,873	26.2	0.564	0.9654000	185,284	27.2	185,284	37.5	0.447%	0.358%	0.365%	0.377%
SS-3 (Primary)	0.480	2,618	0.6	0.025	0.9654000	2,712	0.6	2,712	12.6	0.007%	0.009%	0.008%	0.127%
Interruptible													
IS-1, IST-1, IS-2, IST-2													
Secondary	0.940	129,878	15.8	0.672	0.9358295	138,784	16.9	138,784	23.6	0.335%	0.222%	0.231%	0.237%
Primary	0.940	1,766,528	214.5	0.672	0.9654000	1,829,840	222.2	1,829,840	311.0	4.417%	2.930%	3.044%	3.129%
Transmission	0.940	489,311	59.4	0.672	0.9754000	501,652	60.9	0	0.0	1.211%	0.803%	0.835%	0.000%
SS-2 Primary	0.748	67,490	10.3	0.173	0.9654000	69,909	10.7	69,909	46.0	0.169%	0.141%	0.143%	0.463%
Transmission	0.748	3,617	0.6	0.173	0.9754000	3,708	0.6	0	0.0	0.009%	0.007%	0.008%	0.000%
Lighting													
LS-1 (Secondary)	4.650	305,074	7.5	0.479	0.9358295	325,993	8.0	325,993	77.7	0.787%	0.106%	0.158%	0.782%
		38,930,464	7,122.0			41,423,009	7,585.0	40,902,405	9,940.2	100.000%	100.000%	100.000%	100.000%

- Notes.
- (1) Average 12CP load factor based on load research study filed July 31, 2003
 - (2) Projected kWh sales for the period January 2003 to December 2003
 - (3) Calculated: Column 2 / (8,760 hours x Column 1)
 - (4) NCP load factor based on load research study filed July 31, 2003
 - (5) Based on system average line loss analysis for 2002
 - (6) Column 2 x Column 5
 - (7) Column 3 x Column 5
 - (8) Calculated: Column 2 / (8,760 hours / Column 4) / Column 5
 - (9) Column 6 / Total Column 6
 - (10) Column 7 / Total Column 7
 - (11) Column 9 x 1/13 + Column 10 x 12/13
 - (12) Column 8 / Total Column 8

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Energy & Demand Allocation % by Rate Class
 January 2004 to December 2004

Form 42-7P

Rate Class	(1) mWh Sales at Source Energy Allocator (%)	(2) 12CP Demand Transmission Allocator (%)	(3) 12CP & 1/13 AD Demand Allocator (%)	(4) NCP Distributon Allocator (%)	(5) Energy- Related Costs (\$)	(6) Transmission Demand Costs (\$)	(7) Distribution Demand Costs (\$)	(8) Production Demand Costs (\$)	(9) Total Environmental Costs (\$)	(10) Projected Effective Sales at Meter Level (mWh)	(11) Environmental Cost Recovery Factors (cents/kWh)
Residential											
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Secondary)	50.449%	57.393%	56.859%	58.564%	\$2,044,797	\$434,198	\$9,230,802	\$301,548	\$12,011,345	19,556,652	0.06142
General Service Non-Demand											
GS-1, GST-1											
Secondary	3.408%	3.489%	3.483%	3.737%	\$138,137	\$26,394	\$589,063	\$18,470	\$772,064	1,321,155	0.05835
Primary	0.020%	0.021%	0.021%	0.022%	\$829	\$158	\$3,535	\$111	\$4,633	8,096	0.05776
Transmission	0.006%	0.006%	0.006%	0.000%	\$254	\$49	\$0	\$34	\$336	2,480	0.05718
TOTAL GS					\$139,220	\$26,601	\$592,598	\$18,615	\$777,033	1,331,732	
General Service											
GS-2 (Secondary)	0.212%	0.132%	0.138%	0.101%	\$8,599	\$1,001	\$15,908	\$734	\$26,242	82,245	0.03191
General Service Demand											
GSD-1 Transmission	0.004%	0.004%	0.004%	0.000%	\$166	\$28	\$0	\$20	\$213	1,617	0.04656
SS-1 Primary	0.004%	0.001%	0.001%	0.011%	\$179	\$6	\$1,774	\$5	\$1,964	1,744	0.04704
Transmission	0.026%	0.004%	0.006%	0.000%	\$1,072	\$33	\$0	\$32	\$1,138	10,474	0.04656
GSD-1 Secondary	31.713%	28.325%	28.585%	26.738%	\$1,285,384	\$214,287	\$4,214,439	\$151,601	\$5,865,711	12,293,545	0.04751
Primary	6.772%	6.048%	6.104%	5.710%	\$274,479	\$45,588	\$899,944	\$32,373	\$1,252,554	2,681,012	0.04704
TOTAL GSD					\$1,561,279	\$260,112	\$5,116,158	\$184,031	\$7,121,580	14,988,393	
Curtailable											
CS-1, CST-1, CS-2, CST-2, SS-3											
Secondary	0.001%	0.001%	0.001%	0.001%	\$60	\$9	\$197	\$6	\$273	576	0.05705
Primary	0.447%	0.358%	0.365%	0.377%	\$18,130	\$2,708	\$59,440	\$1,935	\$82,213	177,084	0.05648
SS-3 (Primary)	0.007%	0.009%	0.008%	0.127%	\$265	\$64	\$19,970	\$44	\$20,344	2,592	0.05648
TOTAL CS					\$18,455	\$2,781	\$79,608	\$1,986	\$102,830	180,252	
Interruptible											
IS-1, IST-1, IS-2, IST-2											
Secondary	0.335%	0.222%	0.231%	0.237%	\$13,580	\$1,681	\$37,405	\$1,224	\$53,890	129,878	0.37300
Primary	4.417%	2.930%	3.044%	3.129%	\$179,046	\$22,164	\$493,180	\$16,145	\$710,536	1,748,863	0.36927
Transmission	1.211%	0.803%	0.835%	0.000%	\$49,086	\$6,076	\$0	\$4,426	\$59,588	479,525	0.36554
SS-2 Primary	0.169%	0.141%	0.143%	0.463%	\$6,840	\$1,064	\$72,978	\$757	\$81,640	66,815	0.36927
Transmission	0.009%	0.007%	0.008%	0.000%	\$363	\$56	\$0	\$40	\$459	3,545	0.36554
					\$248,915	\$31,042	\$603,563	\$22,593	\$906,113	2,428,625	
Lighting											
LS-1 (Secondary)	0.787%	0.106%	0.158%	0.782%	\$31,898	\$798	\$123,191	\$838	\$156,725	305,074	0.05137
	100.000%	100.000%	100.000%	100.000%	\$4,053,163	\$756,534	\$15,761,828	\$530,345	\$21,101,869	38,872,973	0.05428

- Notes.
- (1) From Form 42-6P, Column 9
 - (2) From Form 42-6P, Column 10
 - (3) From Form 42-6P, Column 11
 - (4) From Form 42-6P, Column 12
 - (5) Column 1 x Total Energy Jurisdictional Dollars from Form 42-1P, line 5
 - (6) Column 2 x Total Transmission Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (7) Column 4 x Total Distribution Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (8) Column 3 x Total Production Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (9) Column 5 + Column 6 + Column 7 + Column 8
 - (10) Projected kWh sales at effective voltage level for the period January 2004 to December 2004
 - (11) Column 7 / Column 8 x 100