



ORIGINAL

JAMES A. MCGEE  
ASSOCIATE GENERAL COUNSEL  
PROGRESS ENERGY SERVICE COMPANY, LLC

April 27, 2004

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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Re: Docket No. 040002-EU; 2003 True-Up

Dear Ms. Bayó:

Enclosed for filing in the subject docket on behalf of Progress Energy Florida, Inc., are an original and seven copies of the direct testimony of John A. Masiello.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced document in Word format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

- CMP \_\_\_\_\_ JAM/scc
- COM 5 \_\_\_\_\_ Enclosures
- CTR \_\_\_\_\_ cc: Parties of record
- ECR \_\_\_\_\_
- GCL 1 \_\_\_\_\_
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**PROGRESS ENERGY FLORIDA**

**DOCKET NO. 040002-EG**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the direct testimony of John A. Masiello has been furnished to the following individuals by regular U.S. Mail the 30<sup>th</sup> day of April, 2004:

Lorena Holley, Esquire  
Office of General Counsel  
Economic Regulation Section  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Robert Vandiver, Esquire  
Office of the Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400

Lee L. Willis, Esquire  
James D. Beasley, Esquire  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, FL 32302

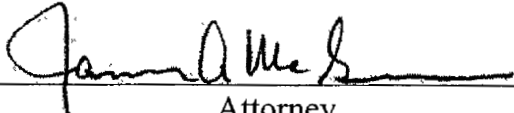
Charles A. Guyton, Esquire  
Steel, Hector & Davis  
215 S. Monroe Street, Suite 601  
Tallahassee, Florida 32301

Jeffrey A. Stone, Esquire  
Russell A. Badders, Esquire  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32591-2950

Norman Horton, Jr., Esquire  
Messer, Caparello & Self  
P. O. Box 1876  
Tallahassee, FL 32302

John W. McWhirter, Jr., Esquire  
McWhirter, Reeves, et al.  
100 N. Tampa Street, Suite 2900  
Tampa, FL 33602

Joseph A. McGlothlin, Esquire  
Vicki Gordon Kaufman, Esquire  
McWhirter, Reeves, et al.  
117 S. Gadsden Street  
Tallahassee, FL 32301

  
Attorney

**PROGRESS ENERGY FLORIDA**

**DOCKET No. 040002**

**DIRECT TESTIMONY OF  
JOHN A. MASIELLO**

1 **Q. State your name and business address.**

2 A. My name is John A. Masiello. My business address is 3300 Exchange  
3 Place, Lake Mary, Florida 32746.

4

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

6 A. I am employed by Progress Energy Florida, Inc. (Progress Energy or the  
7 Company), as Manager of Program Development & Administration.

8

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

11 A. Yes.

12

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

14 A. The purpose of my testimony is to compare Progress Energy's actual costs  
15 of implementing conservation programs with the actual revenues collected  
16 through the Company's Energy Conservation Cost Recovery Clause  
17 (ECCR) during the period January 2003 through December 2003.

1 **Q. For what programs does Progress Energy seek recovery?**

2 A. Progress Energy seeks recovery through the ECCR for the following  
3 conservation programs approved by the Commission as part of the  
4 Company's DSM Plan, as well as for Conservation Program Administration  
5 (i.e., those common administration expenses not specifically linked to an  
6 individual program).

- 7 • Home Energy Check
- 8 • Home Energy Improvement
- 9 • Residential New Construction
- 10 • Low-Income Weatherization Assistance Program
- 11 • Energy Management (Residential and Commercial)
- 12 • Business Energy Check
- 13 • Better Business
- 14 • Commercial/Industrial New Construction
- 15 • Innovation Incentive
- 16 • Standby Generation
- 17 • Interruptible Service
- 18 • Curtailable Service
- 19 • Technology Development
- 20 • Qualifying Facilities

1 **Q. Do you have any exhibits to your testimony?**

2 A. Yes, I have prepared Exhibit No. \_\_\_\_ (JAM-1T) entitled, "Progress Energy  
3 Florida, Inc. Energy Conservation Adjusted Net True-Up for the Period  
4 January 2003 through December 2003." There are five schedules to this  
5 exhibit.

6  
7 **Q. Will you please explain your exhibit**

8 A. Yes. Exhibit JAM-1T presents Schedules CT-1 through CT-5. These  
9 schedules set out the actual costs incurred for all programs during the period  
10 from January 2003 through December 2003. They also describe the variance  
11 between actual costs and previously projected values for the same time  
12 period. Schedule CT-5 provides a brief summary report for each program that  
13 includes a program description, annual program expenditures and program  
14 accomplishments over the twelve-month period ending December 2003.

15  
16 **Q. Would you please discuss Schedule CT-1?**

17 A. Yes. Schedule CT-1 shows that Progress Energy's actual net ECCR true-up  
18 for the twelve months ending December 31, 2003 was an over-recovery of  
19 \$7,379,830, including principal and interest. This amount is \$554,003 more  
20 than the previous estimate in the Company's ECCR projections filed  
21 September 25, 2003.

22  
23 **Q. Does this conclude your direct testimony?**

24 A. Yes.

PROGRESS ENERGY FLÓRIDA  
 ENERGY CONSERVATION ADJUSTED NET TRUE-UP  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE  
NO.

1	ACTUAL END OF PERIOD TRUE-UP (OVER) / UNDER RECOVERY		
2	BEGINNING BALANCE	(\$8,743,330)	
3	PRINCIPAL (CT 3, PAGE 2 of 3)	(7,288,735)	
4	INTEREST (CT 3, PAGE 2 of 3)	(91,094)	
5	PRIOR TRUE-UP REFUND	8,743,329	
6	ADJUSTMENTS	<u>0</u>	(\$7,379,830)
7	LESS: ESTIMATED TRUE-UP FROM SEPTEMBER 2003		
8	PROJECTION FILING (OVER) / UNDER RECOVERY		
9	BEGINNING BALANCE	(\$8,743,330)	
10	PRINCIPAL	(6,719,975)	
11	INTEREST	(91,125)	
12	PRIOR TRUE-UP REFUND	8,728,603	
13	ADJUSTMENTS	<u>0</u>	<u>(\$6,825,827)</u>
14	VARIANCE TO PROJECTION		<u><u>(\$554,003)</u></u>

PROGRESS ENERGY FLORIDA  
 ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
 ACTUAL VS. ESTIMATED  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO.	PROGRAM	ACTUAL	ESTIMATED	DIFFERENCE
1	DEPRECIATION AMORT. & RETURN	958,754	736,498	222,256
2	PAYROLL AND BENEFITS	8,083,110	8,014,245	68,865
3	MATERIALS AND SUPPLIES	394,996	383,504	11,492
4	OUTSIDE SERVICES	1,845,524	2,622,999	(777,475)
5	ADVERTISING	2,509,998	2,830,354	(320,356)
6	INCENTIVES	45,999,063	46,267,734	(268,671)
7	VEHICLES	0	226,827	(226,827)
8	OTHER	2,353,038	1,781,935	571,103
9	PROGRAM REVENUES	(6,355)	0	(6,355)
10	TOTAL PROGRAM COSTS	62,138,128	62,864,096	(725,968)
11	LESS:			
12	CONSERVATION CLAUSE REVENUES	60,683,534	60,855,468	(171,934)
13	PRIOR TRUE-UP	8,743,330	8,743,330	0
14	TRUE-UP BEFORE INTEREST	(7,288,736)	(6,734,702)	(554,034)
15	AUDIT & REV DECOUPLING ADJUSTMENT	0	0	0
16	INTEREST PROVISION	(91,094)	(91,125)	31
17	END OF PERIOD TRUE-UP	(7,379,830)	(6,825,827)	(554,003)

( ) REFLECTS OVERRECOVERY

PROGRESS ENERGY FLORIDA

ACTUAL ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	26,122	242	0	3,832	209,263	0	0	239,459	0	239,459
2	RESIDENTIAL NEW CONSTRUCTION	0	447,819	14,078	7,586	176,680	1,309,898	0	91,606	2,047,667	0	2,047,667
3	HOME ENERGY IMPROVEMENT	0	460,124	8,314	13,216	85,972	2,447,185	0	31,804	3,046,615	(6,355)	3,040,260
4	COMM / IND NEW CONSTRUCTION	0	0	0	0	2,535	30,800	0	4	33,339	0	33,339
5	HOME ENERGY CHECK	4,504	1,780,450	144,278	32,397	1,997,903	0	0	310,449	4,269,981	0	4,269,981
6	LOW INCOME	0	34,392	240	3,000	76	35,580	0	26,218	99,506	0	99,506
7	BUSINESS ENERGY CHECK	938	536,255	5,853	42	49,747	0	0	69,787	662,622	0	662,622
8	QUALIFYING FACILITY	0	432,629	1,767	0	0	0	0	110,501	544,897	0	544,897
9	INNOVATION INCENTIVE	0	0	0	0	0	0	0	0	0	0	0
10	TECHNOLOGY DEVELOPMENT	0	53,272	6,357	53,136	0	845	0	7,609	121,219	0	121,219
11	STANDBY GENERATION	0	37,745	6,783	13,511	0	773,940	0	12,575	844,554	0	844,554
12	INTERRUPT LOAD MANAGEMENT	0	89,697	5,990	0	0	17,255,056	0	10,993	17,361,736	0	17,361,736
13	CURTAIL LOAD MANAGEMENT	0	7,925	0	0	0	703,172	0	87	711,184	0	711,184
14	RESIDENTIAL LOAD MANAGEMENT	952,071	1,805,702	30,482	1,564,557	99,241	22,559,493	0	215,577	27,227,123	0	27,227,123
15	COMMERCIAL LOAD MANAGEMENT	0	11,855	253	0	0	673,831	0	855	686,794	0	686,794
16	CONSERVATION PROGRAM ADMIN	1,241	2,359,123	170,359	158,079	94,012	0	0	1,464,973	4,247,787	0	4,247,787
17	TOTAL ALL PROGRAMS	958,754	8,083,110	394,996	1,845,524	2,509,998	45,999,063	0	2,353,038	62,144,483	(6,355)	62,138,128



PROGRESS ENERGY FLORIDA  
 VARIANCE IN ENERGY CONSERVATION PROGRAM COSTS  
 12 MONTHS ACTUAL VERSUS 12 MONTHS ESTIMATED  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	2,179	104	0	(37,724)	19,263	(456)	(1,056)	(17,690)	0	(17,690)
2	RESIDENTIAL NEW CONSTRUCTION	0	(36,613)	10,187	(17,783)	(242,584)	75,978	(11,708)	(14,435)	(236,958)	0	(236,958)
3	HOME ENERGY IMPROVEMENT	0	(94,526)	6,563	8,766	(255,180)	(21,492)	(11,393)	(9,156)	(376,418)	(6,355)	(382,773)
4	COMM / IND NEW CONSTRUCTION	0	(3,248)	0	0	0	(29,200)	(328)	0	(32,776)	0	(32,776)
5	HOME ENERGY CHECK	4,012	(204,420)	(7,363)	(46,573)	515,545	0	(48,674)	16,286	228,813	0	228,813
6	LOW INCOME	0	(5,399)	240	3,000	(10,865)	(6,700)	(1,700)	(724)	(21,948)	0	(21,948)
7	BUSINESS ENERGY CHECK	938	52,624	2,917	0	8,190	0	(12,324)	27,520	79,865	0	79,865
8	QUALIFYING FACILITY	0	102,978	(1,317)	0	0	0	(8,132)	90,114	183,643	0	183,643
9	INNOVATION INCENTIVE	0	(5,787)	0	0	0	(40,500)	(584)	0	(46,871)	0	(46,871)
10	TECHNOLOGY DEVELOPMENT	0	5,830	2,763	10,951	(1,000)	(3,555)	(2,800)	2,520	14,709	0	14,709
11	STANDBY GENERATION	0	5,893	(2,095)	835	0	7,765	(680)	869	12,607	0	12,607
12	INTERRUPT LOAD MANAGEMENT	0	(23,890)	(777)	(3,280)	0	310,052	(1,064)	(4,974)	276,067	0	276,067
13	CURTAIL LOAD MANAGEMENT	0	1,540	0	0	0	(17,018)	0	0	(15,478)	0	(15,478)
14	RESIDENTIAL LOAD MANAGEMENT	217,299	37,870	(27,173)	(783,733)	(109,279)	(559,513)	(63,524)	12,658	(1,275,395)	0	(1,275,395)
15	COMMERCIAL LOAD MANAGEMENT	0	(6,981)	0	0	0	(3,751)	(112)	(223)	(11,067)	0	(11,067)
16	CONSERVATION PROGRAM ADMIN	7	240,815	27,443	50,342	(187,659)	0	(63,368)	451,704	519,284	0	519,284
17	TOTAL ALL PROGRAMS	222,256	68,865	11,492	(777,475)	(320,356)	(268,671)	(226,827)	571,103	(719,613)	(6,355)	(725,968)

PROGRESS ENERGY FLORIDA

PROJECTED ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	23,943	138	0	41,556	190,000	456	1,056	257,149	0	257,149
2	RESIDENTIAL NEW CONSTRUCTION	0	484,432	3,891	25,369	419,264	1,233,920	11,708	106,041	2,284,625	0	2,284,625
3	HOME ENERGY IMPROVEMENT	0	554,650	1,751	4,450	341,152	2,468,677	11,393	40,960	3,423,033	0	3,423,033
4	COMM / IND NEW CONSTRUCTION	0	3,248	0	0	2,535	60,000	328	4	66,115	0	66,115
5	HOME ENERGY CHECK	492	1,984,870	151,641	78,970	1,482,358	0	48,674	294,163	4,041,168	0	4,041,168
6	LOW INCOME	0	39,791	0	0	10,741	42,280	1,700	26,942	121,454	0	121,454
7	BUSINESS ENERGY CHECK	0	483,631	2,936	42	41,557	0	12,324	42,267	582,757	0	582,757
8	QUALIFYING FACILITY	0	329,651	3,084	0	0	0	8,132	20,387	361,254	0	361,254
9	INNOVATION INCENTIVE	0	5,787	0	0	0	40,500	584	0	46,871	0	46,871
10	TECHNOLOGY DEVELOPMENT	0	47,442	3,594	42,185	1,000	4,400	2,800	5,089	106,510	0	106,510
11	STANDBY GENERATION	0	31,852	8,878	12,676	0	766,175	660	11,706	831,947	0	831,947
12	INTERRUPT LOAD MANAGEMENT	0	113,587	6,767	3,280	0	16,945,004	1,064	15,967	17,085,669	0	17,085,669
13	CURTAIL LOAD MANAGEMENT	0	6,385	0	0	0	720,190	0	87	726,662	0	726,662
14	RESIDENTIAL LOAD MANAGEMENT	734,772	1,767,832	57,655	2,348,290	208,520	23,119,006	63,524	202,919	28,502,518	0	28,502,518
15	COMMERCIAL LOAD MANAGEMENT	0	18,836	253	0	0	677,582	112	1,078	697,861	0	697,861
16	CONSERVATION PROGRAM ADMIN	1,234	2,118,308	142,916	107,737	281,671	0	63,368	1,013,269	3,728,503	0	3,728,503
17												
18	TOTAL ALL PROGRAMS	736,498	8,014,245	383,504	2,622,999	2,830,354	46,267,734	226,827	1,781,935	62,864,096	0	62,864,096

PROGRESS ENERGY FLORIDA

ACTUAL CONSERVATION PROGRAM COSTS BY MONTH  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	PROGRAM TITLE	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUN 03	JUL 03	AUG 03	SEP 03	OCT 03	NOV 03	DEC 03	TOTAL
1	BETTER BUSINESS	26,992	(9,665)	6,398	2,294	93,473	15,618	36,014	(14,380)	8,602	1,670	17,423	54,032	239,459
2	RESIDENTIAL NEW CONSTRUCTION	75,441	89,422	96,019	53,470	139,382	132,077	131,586	251,357	187,972	293,978	189,917	407,066	2,047,667
3	HOME ENERGY IMPROVEMENT	218,705	240,727	222,302	173,920	267,846	324,737	286,200	320,090	303,514	127,552	370,681	190,341	3,046,615
4	COMM / IND NEW CONSTRUCTION	0	610	150	1,469	250	0	60	30,800	0	0	0	0	33,339
5	HOME ENERGY CHECK	164,030	217,955	204,002	203,070	250,070	302,544	601,419	326,689	173,337	1,554,399	17,415	255,051	4,269,981
6	LOW INCOME	4,673	4,237	8,884	2,784	12,403	8,770	8,482	8,426	3,803	8,564	7,449	22,031	99,506
7	BUSINESS ENERGY CHECK	31,848	37,485	39,939	41,709	48,212	47,969	44,464	74,014	51,853	58,891	67,058	119,570	662,822
8	QUALIFYING FACILITY	0	23,590	24,853	24,147	23,757	24,660	17,873	36,176	23,036	23,095	25,226	298,684	544,897
9	INNOVATION INCENTIVE	0	0	0	0	0	0	0	0	0	0	0	0	0
10	TECHNOLOGY DEVELOPMENT	2,334	4,960	2,586	3,328	2,688	3,865	4,730	12,687	7,502	7,294	5,639	63,826	121,219
11	STANDBY GENERATION	64,685	69,434	61,850	59,109	67,841	67,544	68,084	71,545	71,336	12,398	5,864	227,064	844,554
12	INTERRUPT LOAD MANAGEMENT	1,384,444	1,578,328	1,348,316	1,397,882	1,230,976	1,484,089	1,514,252	1,482,641	1,531,183	1,457,317	1,714,057	1,238,251	17,361,738
13	CURTAIL LOAD MANAGEMENT	54,763	57,314	17,079	100,138	15,341	111,039	82,849	57,963	17,088	101,301	58,324	53,185	711,184
14	RESIDENTIAL LOAD MANAGEMENT	3,167,723	3,080,480	2,098,333	1,685,757	1,929,158	2,152,589	2,140,358	2,182,823	2,130,316	1,888,479	2,264,963	2,508,146	27,227,123
15	COMMERCIAL LOAD MANAGEMENT	46,496	44,310	50,943	65,728	66,471	63,295	53,414	70,443	63,721	120,841	149,727	(108,593)	686,794
16	CONSERVATION PROGRAM ADMIN	251,303	254,270	506,839	275,113	401,892	464,884	230,841	219,285	327,614	368,327	602,069	345,371	4,247,787
17	TOTAL ALL PROGRAMS	5,493,437	5,693,467	4,689,081	4,089,916	4,553,760	5,203,480	5,196,404	5,130,519	4,901,677	6,021,906	5,496,811	5,674,025	62,144,483
18														
19	LESS BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0
20														
21	NET RECOVERABLE (CT-3,PAGE 2)	5,493,437	5,693,467	4,689,081	4,089,916	4,553,760	5,203,480	5,196,404	5,130,519	4,901,677	6,021,906	5,496,811	5,674,025	62,144,483

\* GROSS EXPENDITURES ONLY AUDIT PROGRAM REVENUES ARE ACCOUNTED FOR IN CALCULATION OF TRUE-UP SCHEDULE CT-3, PAGE 2 OF 3

PROGRESS ENERGY FLORIDA  
 ENERGY CONSERVATION ADJUSTMENT  
 CALCULATION OF TRUE-UP  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUN 03	JUL 03	AUG 03	SEP 03	OCT 03	NOV 03	DEC 03	TOTAL FOR THE PERIOD
1A BETTER BUSINESS	0	0	0	0	0	0	0	0	0	0	0	0	0
1B HOME ENERGY IMPROVEMENT	670	1,000	0	420	0	300	645	30	1,140	1,430	0	720	6,355
1C HOME ENERGY CHECK	0	0	0	0	0	0	0	0	0	0	0	0	0
1D SUBTOTAL - FEES	670	1,000	0	420	0	300	645	30	1,140	1,430	0	720	6,355
2 CONSERVATION CLAUSE REVENUES	5,026,808	4,748,004	3,999,123	4,320,462	4,950,651	5,697,120	5,796,974	5,677,995	6,064,056	5,158,440	4,699,514	4,544,387	60,683,534
2A CURRENT PERIOD GRT REFUND	0.00	0	0	0	0	0	0	0	0	0	0	0	0
3 TOTAL REVENUES	5,027,478	4,749,004	3,999,123	4,320,882	4,950,651	5,697,420	5,797,619	5,678,025	6,065,196	5,159,870	4,699,514	4,545,107	60,689,889
4 PRIOR PERIOD TRUE-UP OVER/(UNDER)	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,608	8,743,329
5 CONSERVATION REVENUES APPLICABLE TO PERIOD	5,756,089	5,477,615	4,727,734	5,049,493	5,679,262	6,426,031	6,526,230	6,406,636	6,793,807	5,888,481	5,428,125	5,273,715	69,433,218
6 CONSERVATION EXPENSES (CT-3, PAGE 1, LINE 73)	5,493,487	5,693,467	4,689,081	4,089,816	4,553,760	5,203,480	5,198,404	5,130,519	4,901,677	6,021,808	5,498,811	5,674,025	62,144,483
7 TRUE-UP THIS PERIOD (O/U)	(262,652)	215,852	(38,653)	(959,577)	(1,125,502)	(1,222,551)	(1,329,826)	(1,278,117)	(1,892,130)	133,425	68,686	400,310	(7,288,735)
8 CURRENT PERIOD INTEREST	(9,078)	(8,205)	(7,093)	(6,688)	(7,103)	(6,958)	(6,928)	(7,642)	(8,440)	(6,540)	(7,598)	(6,813)	(91,094)
9 ADJUSTMENTS PER AUDIT \ RDC Order		0	0	0	0	0	0	0	0	0	0	0	0
10 TRUE-UP & INTEREST PROVISIONS BEGINNING OF PERIOD (O/U)	(8,743,330)	(8,288,449)	(7,350,191)	(6,667,326)	(6,904,990)	(7,308,984)	(7,809,882)	(8,418,025)	(8,973,173)	(10,145,132)	(9,291,636)	(8,501,935)	(8,743,330)
10 A CURRENT PERIOD GRT REFUNDED	0	0	0	0	0	0	0	0	0	0	0	0	0
11 PRIOR TRUE-UP REFUNDED/ (COLLECTED)	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,611	728,608	8,743,329
12 END OF PERIOD NET TRUE-UP	(8,288,449)	(7,350,191)	(6,667,326)	(6,904,990)	(7,308,984)	(7,809,882)	(8,418,025)	(8,973,173)	(10,145,132)	(9,291,636)	(8,501,935)	(7,379,830)	(7,379,830)

PROGRESS ENERGY FLORIDA  
 CALCULATION OF INTEREST PROVISION  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUN 03	JUL 03	AUG 03	SEP 03	OCT 03	NOV 03	DEC 03	TOTAL FOR THE PERIOD
1 BEGINNING TRUE-UP AMOUNT (CT-3, PAGE 2, LINE 9 & 10)	(8,743,330)	(8,286,449)	(7,350,191)	(8,667,328)	(6,904,980)	(7,308,984)	(7,808,882)	(8,418,025)	(8,873,173)	(10,145,132)	(9,291,636)	(8,501,935)	
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(8,277,371)	(7,341,966)	(6,560,233)	(8,898,292)	(7,301,881)	(7,802,924)	(8,411,097)	(8,965,531)	(10,136,692)	(9,283,096)	(8,494,339)	(7,373,017)	
3 TOTAL BEGINNING & ENDING TRUE-UP	(17,020,701)	(15,628,435)	(14,010,424)	(13,565,618)	(14,206,871)	(15,111,908)	(16,220,979)	(17,383,556)	(19,109,865)	(19,428,228)	(17,785,975)	(15,874,952)	
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(8,510,351)	(7,814,218)	(7,005,212)	(6,782,809)	(7,103,436)	(7,555,954)	(8,110,490)	(8,691,778)	(9,554,933)	(9,714,114)	(8,892,988)	(7,937,478)	
5 INTEREST RATE: FIRST DAY REPORTING BUSINESS MONTH	1.29%	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.08%	1.08%	1.05%	1.00%	
6 INTEREST RATE, FIRST DAY SUBSEQUENT BUSINESS MONTH	1.27%	1.25%	1.18%	1.19%	1.21%	1.00%	1.05%	1.08%	1.08%	1.05%	1.00%	1.06%	
7 TOTAL (LINE 5 AND LINE 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 (50% OF LINE 7)	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 INTEREST PROVISION (LINE 4 * LINE 8) / 12	(9,078)	(8,205)	(7,093)	(6,688)	(7,103)	(8,958)	(8,828)	(7,642)	(6,440)	(6,540)	(7,596)	(8,813)	(91,084)

PROGRESS ENERGY FLORIDA  
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUN 03	JUL 03	AUG 03	SEP 03	OCT 03	NOV 03	DEC 03	TOTAL
1 BUSINESS ENERGY CHECK													
2 INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
3 RETIREMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
4 DEPRECIATION BASE	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601
5													
6 DEPRECIATION EXPENSE	60	60	60	60	60	60	60	60	60	720	60	60	1,380
7													
8 CUMM. NET INVEST	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601
9 LESS: ACC. NET DEPR	720	780	840	900	960	1,020	1,080	1,140	1,200	1,260	1,320	1,380	1,380
10 NET INVESTMENT	2,881	2,821	2,761	2,701	2,641	2,581	2,521	2,461	2,401	2,341	2,281	2,221	2,221
11 AVERAGE INVESTMENT	2,911	2,851	2,791	2,731	2,671	2,611	2,551	2,491	2,431	2,371	2,311	2,251	2,251
12 RETURN ON AVG INVEST	20	20	20	19	18	18	18	18	17	16	16	16	216
13													
14 RETURN REQUIREMENTS	28	28	28	27	25	25	25	25	23	386	22	22	664
15													
16 PROGRAM TOTAL	88	88	88	87	85	85	85	85	83	1,108	82	82	2,044
17													
18 LOAD MANAGEMENT ASSETS:													
19 INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
20 RETIREMENTS	0	0	0	0	0	0	19,952	0	0	0	0	4,899	24,851
21 DEPRECIATION BASE	480,741	480,741	480,741	480,741	480,741	480,741	470,765	460,789	460,789	460,789	460,789	458,340	
22													
23 DEPRECIATION EXPENSE	8,012	8,012	8,012	8,012	8,012	8,012	7,846	7,880	7,880	7,680	7,680	7,639	94,277
24													
25 CUMM. NET INVEST	480,741	480,741	480,741	480,741	480,741	480,741	460,789	460,789	460,789	460,789	460,789	455,890	455,890
26 LESS: ACC. NET DEPR	182,128	170,140	178,152	186,164	194,176	202,188	190,082	197,782	205,442	213,122	220,802	223,542	223,542
27 NET INVESTMENT	318,613	310,601	302,589	294,577	286,565	278,553	270,707	263,027	255,347	247,667	239,987	232,348	232,348
28 AVERAGE INVESTMENT	322,619	314,607	306,595	298,583	290,571	282,559	274,630	266,867	259,187	251,507	243,827	236,168	236,168
29 RETURN ON AVG INVEST	2,251	2,194	2,138	2,083	2,027	1,971	1,918	1,862	1,808	1,754	1,700	1,648	23,352
30													
31 RETURN REQUIREMENTS	3,116	3,037	2,959	2,883	2,806	2,728	2,652	2,577	2,503	2,428	2,353	2,281	32,323
32													
33 PROGRAM TOTAL	11,128	11,049	10,971	10,895	10,818	10,740	10,498	10,257	10,183	10,108	10,033	9,920	126,600

NOTE: DEPRECIATION EXPENSE IS CALCULATED USING A MONTHLY RATE OF .0168667 OR 20% ANNUALLY. RETURN ON AVERAGE INVESTMENT IS CALCULATED USING A MONTHLY RATE OF .006975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO. 910880-EI). RETURN REQUIREMENTS ARE CALCULATED USING A COMBINED STATUTORY TAX RATE OF 38.575%.

PROGRESS ENERGY FLORIDA

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN  
 FOR THE PERIOD JANUARY 2003 THROUGH DECEMBER 2003

LINE NO	JAN 03	FEB 03	MAR 03	APR 03	MAY 03	JUN 03	JUL 03	AUG 03	SEP 03	OCT 03	NOV 03	DEC 03	TOTAL
1 HOME ENERGY CHECK													
2 INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
3 RETIREMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
4 DEPRECIATION BASE	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	
5													
6 DEPRECIATION EXPENSE	153	153	153	153	153	153	153	153	153	1,385	153	153	3,068
7													
8 CUMM NET INVEST	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172	9,172
9 LESS ACC NET DEPR	1,929	2,082	2,235	2,388	2,541	2,694	2,847	3,000	3,153	3,306	3,459	3,612	3,612
10 NET INVESTMENT	7,243	7,090	6,937	6,784	6,631	6,478	6,325	6,172	6,019	5,866	5,713	5,560	5,560
11 AVERAGE INVESTMENT	7,320	7,167	7,014	6,861	6,708	6,555	6,402	6,249	6,096	5,943	5,790	5,637	
12 RETURN ON AVG INVEST	51	50	49	48	47	46	44	44	43	41	41	39	543
13													
14 RETURN REQUIREMENTS	70	69	68	66	65	64	61	61	59	742	57	54	1,438
15													
16 PROGRAM TOTAL	223	222	221	219	218	217	214	214	212	2,127	210	207	4,504
17													
18 CONSERV. PROGRAM ADMIN													
19 INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0	0
20 RETIREMENTS	0	0	0	8,922	24	0	781	54	0	0	0	0	9,781
21 DEPRECIATION BASE	62,336	62,336	62,336	57,875	53,402	53,390	53,000	52,582	52,555	52,555	52,555	52,555	
22													
23 DEPRECIATION EXPENSE	1,039	195	0	0	0	0	0	0	0	0	0	0	1,234
24													
25 CUMM NET INVEST	62,336	62,336	62,336	53,414	53,390	53,390	52,609	52,555	52,555	52,555	52,555	52,555	52,555
26 LESS ACC NET DEPR	62,141	62,336	62,336	53,414	53,390	53,390	52,609	52,555	52,555	52,555	52,555	52,555	52,555
27 NET INVESTMENT	195	0	0	0	0	0	0	0	0	0	0	0	0
28 AVERAGE INVESTMENT	715	98	0	0	0	0	0	0	0	0	0	0	
29 RETURN ON AVG INVEST	5	0	0	0	0	0	0	0	0	0	0	0	5
30													
31 RETURN REQUIREMENTS	7	0	0	0	0	0	0	0	0	0	0	0	7
32													
33 PROGRAM TOTAL	1,046	195	0	0	0	0	0	0	0	0	0	0	1,241
34													
35 LOAD MANAGEMENT SWITCHES													
36 INVESTMENTS	24,650	24,412	101,073	165,023	25,247	17,388	85,453	212,941	14,208	17,461	12,892	11,170	721,916
37 RETIREMENTS	150,008	174,517	345,522	226,031	194,588	124,316	254,370	135,402	28,612	89,582	27,444	55,976	1,768,448
38 DEPRECIATION BASE	3,864,200	3,726,419	3,529,092	3,376,364	3,261,200	3,123,074	2,980,151	2,949,462	2,981,029	2,947,768	2,914,430	2,884,751	
39													
40 AMORTIZATION EXPENSE	64,403	62,107	58,818	56,273	54,353	52,051	49,838	49,158	49,684	49,130	48,574	48,079	642,466
41													
42 CUMM NET INVEST	3,801,522	3,851,316	3,408,868	3,345,860	3,176,539	3,069,609	2,910,692	2,886,231	2,973,827	2,921,705	2,907,154	2,862,347	2,862,347
43 LESS ACC NET DEPR	2,323,481	2,210,971	1,924,267	1,754,509	1,614,294	1,542,029	1,337,485	1,251,251	1,272,323	1,251,871	1,273,001	1,265,104	1,265,104
44 NET INVESTMENT	1,478,041	1,440,345	1,482,601	1,591,351	1,562,245	1,527,580	1,573,197	1,736,980	1,701,504	1,669,834	1,634,153	1,597,243	1,597,243
45 AVERAGE INVESTMENT	1,497,917	1,459,193	1,461,473	1,538,976	1,578,798	1,544,913	1,550,389	1,655,089	1,719,242	1,685,669	1,651,994	1,615,698	
46 RETURN ON AVG INVEST	10,448	10,178	10,194	10,721	10,998	10,814	10,814	11,544	11,961	11,757	11,523	11,270	132,214
47													
48 RETURN REQUIREMENTS	14,482	14,088	14,110	14,839	15,223	14,916	14,968	15,979	16,597	16,274	15,950	15,599	183,005
49													
50 PROGRAM TOTAL	78,865	78,195	72,928	71,112	69,578	68,967	64,804	65,137	66,281	65,404	64,524	63,678	825,471

NOTE DEPRECIATION EXPENSE IS CALCULATED USING A MONTHLY RATE OF .0166667 OR 20% ANNUALLY. RETURN ON AVERAGE INVESTMENT IS CALCULATED USING A MONTHLY RATE OF .008975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO 910890-E1) RETURN REQUIREMENTS ARE CALCULATED USING A COMBINED STATUTORY TAX RATE OF 38.575%

## Program Description and Progress

**Program Title:** Home Energy Check

**Program Description:** The Home Energy Check program is a comprehensive residential energy evaluation (audit) program. The program provides Progress Energy Florida, Inc.'s (PEF) residential customers with an analysis of energy consumption and recommendations on energy efficiency improvements. It acts as a motivational tool to identify, evaluate, and inform consumers on cost effective energy saving measures. It serves as the foundation of the residential Home Energy Improvement program and is a program requirement for participation. There are six types of the energy audit: the free walk-thru, the paid walk-thru (\$15 charge), the energy rating (Energy Gauge), the mail-in audit, an internet option and a phone assisted audit.

**Program Accomplishments for January 2003 through December 2003:**  
35,114 customers participated in Home Energy Checks.

**Program Fiscal Expenditures for January 2003 through December 2003:**  
Expenses for this program were \$4,269,981.

**Program Progress Summary:** The Home Energy Check will continue to inform and motivate consumers on cost effective energy efficiency improvements which result in implementation of energy efficiency measures.



### Program Description and Progress

**Program Title:** Home Energy Improvement

**Program Description:** This umbrella efficiency program provides existing residential customers incentives for energy efficient heating, air conditioning, water heating, ceiling insulation upgrade and duct leakage repair.

**Program Accomplishments for January 2003 through December 2003:** There were 19,372 implementations under this program.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$3,040,260.

**Program Progress Summary:** This program will continue to be offered to residential customers through the Home Energy Check to provide opportunities for improving the energy efficiency of existing homes.

### Program Description and Progress

**Program Title:** Residential New Construction

**Program Description:** This program is designed to encourage single, multi, and manufactured home builders to construct more energy efficient homes by choosing from a menu of energy saving measures such as duct sealing, duct layout, attic insulation, high efficiency heat pump, heat recovery water heating or dedicated heat pump. This is also an educational program that strives to teach builders, realtors, HVAC dealers, and homebuyers the importance of energy efficiency. Incentives are awarded to the builder based on the level of efficiency they choose.

**Program Accomplishments for January 2003 through December 2003:** There were 21,355 measures implemented through this program.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were 2,047,667.

**Program Progress Summary:** This program is tied to the building industry. Economic forces will dictate the number of homes built during this period. Participation has increased each year since its inception.

### Program Description and Progress

**Program Title:** Low-Income Weatherization Assistance Program

**Program Description:** The program goal is to integrate PEF's DSM program measures with the Department of Community Affairs (DCA) and local weatherization providers to deliver energy efficiency measures to low-income families. Through this partnership Progress Energy will assist local weatherization agencies by providing energy education materials and financial incentives to weatherize the homes of low-income families.

**Program Accomplishments for January 2003 through December 2003:** There were 158 families that participated in the program in 2003.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$99,506.

**Program Progress Summary:** To promote the delivery of efficiency programs to low-income families, a statewide agency meeting will be held in 2004 to all participating agencies. Individual meetings with weatherization providers and partners are conducted throughout PEF territory to encourage participation.

### Program Description and Progress

**Program Title:** Energy Management (Residential & Commercial)

**Program Description:** The Load Management Program incorporates direct radio control of selected customer equipment to reduce system demand during peak capacity periods and/or emergency conditions by temporarily interrupting selected customer appliances for specified periods of time. Customers have a choice of options and receive a credit on their monthly electric bills depending on the options selected and their monthly kWh usage.

**Program Accomplishments for January 2003 through December 2003:** During this period 5,188 customers were added to the program.

**Program Fiscal Expenditures for January 2003 through December 2003:** Program expenditures during this period were \$27,913,917.

**Program Progress Summary:** As of December 31, 2003 there are 380,348 customers participating in the Load Management program.

### Program Description and Progress

**Program Title:** Business Energy Check

**Program Description:** The Business Energy Check is an audit for non-residential customers, and several options are available. The free audit provides a no-cost energy audit for non-residential facilities and can be completed at the facility by an auditor or online by the business customer. The paid audit provides a more thorough energy analysis for non-residential facilities. This program acts as a motivational tool to identify, evaluate, and inform consumers on cost effective energy saving measures for their facility. It serves as the foundation of the Better Business Program and is a requirement for participation.

**Program Accomplishments for January 2003 through December 2003:** There were 2,113 customers who participated in this program.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$662,622.

**Program Progress Summary:** The program is required for participation in most of the company's other DSM Business incentive programs.

### Program Description and Progress

**Program Title:** Better Business

**Program Description:** This umbrella efficiency program provides incentives to existing commercial and industrial customers for heating, air conditioning, motors, water heating, roof insulation upgrade, duct leakage and repair, and window film.

**Program Accomplishments for January 2003 through December 2003:** There were 124 implementations under this program.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$239,459.

**Program Progress Summary:** This program will continue to be offered to commercial customers through the Business Energy Check to provide opportunities for improving the energy efficiency of existing facilities.

### Program Description and Progress

**Program Title:** Commercial/Industrial New Construction

**Program Description:** This umbrella efficiency program provides incentives for the design and construction of energy efficient commercial and industrial facilities. Incentives are provided for energy efficient heating, air conditioning, motors, water heating, window film, insulation and leak free ducts.

**Program Accomplishments for January 2003 through December 2003:** There were 4 program completions in 2003.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$33,339.

**Program Progress Summary:** This program is tied to the building industry. Economic forces will dictate the number of commercial facilities built during this period.

### Program Description and Progress

**Program Title:** Innovation Incentive

**Program Description:** Significant conservation efforts that are not supported by other Progress Energy programs can be encouraged through Innovation Incentive. Major equipment replacement or other actions that substantially reduce PEF peak demand requirements are evaluated to determine their impact on Progress Energy's system. If cost effective, these actions may qualify for an economic incentive in order to shorten the "payback" time of the project.

**Program Accomplishments for January 2003 through December 2003:** There were no participants during this period.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$0.

**Program Progress Summary:** This program continues to target specialized, customer specific energy efficiency measures not covered through the company's other DSM programs.



Program Description and Progress

**Program Title:** Standby Generation

**Program Description:** Progress Energy Florida, Inc. provides an incentive for customers to voluntarily operate their on-site generation during times of system peak.

**Program Accomplishments for January 2003 through December 2003:** There were 8 new participants added to the program during this period.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$844,554.

**Program Progress Summary:** A total of 31 customers are currently on this program.

## Program Description and Progress

**Program Title:** Interruptible Service Program

**Program Description:** The Interruptible Service program is a rate tariff which allows Progress Energy to switch off electrical service to customers during times of capacity shortages. The signal to operate the automatic switch on the customer's service is activated by the Energy Control Center. In return for this, the customers receive a monthly rebate on their kW demand charge.

**Program Accomplishments for January 2003 through December 2003:** There was 1 new participant added to the program under the IS-2 tariff during this period.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$17,361,736.

**Program Progress Summary:** The program currently has 106 active customers with 87 IS-1 customers and 19 IS-2 customers. The original program filed, as the IS-1 tariff is no longer cost-effective under the Commission approved test and was closed on April 16, 1996. Existing participants were grandfathered into the program. New participants are placed on the IS-2 tariff.

### Program Description and Progress

**Program Title:** Curtailable Service Program

**Program Description:** The Curtailable Service is a dispatchable DSM program in which customers contract to curtail or shut down a portion of their load during times of capacity shortages. The curtailment is done voluntarily by the customer when notified by PEF. In return for this cooperation, the customer receives a monthly rebate for the curtailable portion of their load.

**Program Accomplishments for January 2003 through December 2003:** No new participants were added to this program in 2003.

**Program Fiscal Expenditures for January 2003 through December 2003:** Expenses for this program were \$711,184.

**Program Progress Summary:** This program has 6 CS-1 customers. The original program filed, as the CS-1 tariff is no longer cost-effective under the Commission approved test and was closed on April 16, 1996. Existing participants were grandfathered into the program. New participants are placed on the newer CS-2 tariff.

### Program Description and Progress

**Program Title:** Technology Development

**Program Description:** This program allows Progress Energy Florida, Inc. to undertake certain development and demonstration projects which have promise to become cost-effective conservation and energy efficiency programs.

**Program Accomplishments for January 2003 through December 2003:**

Eight customers participated in the Demand Response Opportunity Pilot (DROP) in 2003. During the pilot, these customers have an opportunity to receive monetary compensation for reducing electrical demand during specific times of day. Photovoltaic projects include the monitoring of photovoltaic systems at five schools with a related curriculum and a study of selected British Petroleum sites.

**Program Fiscal Expenditures for January 2003 through December 2003:**  
Expenses for this program were \$121,219.

**Program Progress Summary:**

Research and analysis of a demand response pilot will continue in 2004 along with a potential research project on fuel cell technologies. Photovoltaic projects will continue. Progress Energy has completed the monitoring of six photovoltaic systems on manufactured homes and will develop a final report by the end of 2004.

Program Description and Progress

**Program Title:** Qualifying Facility

**Program Description:** Power is purchased from qualifying cogeneration and small power production facilities.

**Program Accomplishments for January, 2003 through December, 2003:** Progress Energy Florida will continue to negotiate with potential Qualifying Facilities and restructure existing contracts when opportunities arise.

**Program Fiscal Expenditures for January, 2003 through December, 2003:** Expenses for this program were \$544,897.

**Program Progress Summary:** The total MW of qualifying facility capacity is approximately 832 MW.