



ORIGINAL

BONNIE E. DAVIS
DEPUTY GENERAL COUNSEL
PROGRESS ENERGY SERVICE COMPANY, LLC

November 4, 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

RECEIVED FPSC
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COMMISSION
CLERK

Re: Docket No. 040001-EI

This docketed notice of intent was filed with Confidential Document No. 11917-04. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

Dear Ms. Bayó:

Enclosed for filing are an original and two (2) copies of Progress Energy Florida's Motion for Protective Order for portions of a deposition transcript and late filed deposition exhibits of the panel deposition of Ms. Donna Davis and Mr. Javier Portuondo that took place in this docket on October 25, 2004. Also enclosed is a sealed envelope containing the documents which are the subject of the Motion, with the confidential information highlighted. **These documents should be held as Confidential Information in accordance with Rule 25-22.006, F.A.C.** A public version of the documents in which the confidential information has been redacted is attached to each filed copy of the Motion.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3 1/2 inch diskette containing the above-referenced Motion in Word format is also enclosed. Thank you for your assistance in this matter.

- CMP _____
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- RCA _____
- SCR _____
- SEC 1
- OTH _____

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Enclosures

cc: Parties of Record

Very truly yours,

Bonnie E. Davis

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MM
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DOCUMENT NUMBER-DATE

11916 NOV-4 04

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost
Recovery Clause and Generating
Performance Incentive Factor.

Docket No. 040001-EI
Submitted for filing:
November 4, 2004

**PROGRESS ENERGY FLORIDA'S
MOTION FOR PROTECTIVE ORDER**

Progress Energy Florida, Inc. ("Progress Energy" or the "Company"), pursuant to Section 366.093, F.S., and Commission Rule 25-22.006, F.A.C., hereby moves the Florida Public Service Commission (the Commission), acting through its designated Prehearing Officer, for a protective order to safeguard and protect from public disclosure the highlighted confidential information contained in the transcript of the deposition of Javier Portuondo and Donna M. Davis taken by the Office of Public Counsel (OPC) on October 26, 2004, and in deposition Exhibit 1 and Attachment A to late-filed deposition Exhibit 8, all of which are contained in the sealed envelope enclosed herewith. A public version of the deposition transcript and exhibits, with the confidential information redacted, is attached hereto. In support of its motion, Progress Energy states as follows.

1. The deposition of Mr. Portuondo and Ms. Davis taken by OPC concerns (a) an issue raised by OPC at the Prehearing Conference on October 25, 2004 and now designated Issue 13_ regarding Progress Energy's Commission-approved market proxy for waterborne transportation of foreign coal, and (b) the supplemental direct testimony of Mr. Portuondo regarding additional hurricane-related fuel costs.

2. The portion of the deposition concerning the waterborne transportation issue consisted entirely of answers to questions about information on Progress Energy's confidential 423 Forms that is already subject to protection under Commission orders granting confidential classification to the Forms or pending requests for confidential classification, or answers to questions about deposition Exhibit 1, a spreadsheet compiled by OPC containing confidential information taken directly from Progress Energy's 423 Forms.

3. During the portion of the deposition concerning Mr. Portuondo's supplemental testimony, OPC requested that he provide as late-filed deposition Exhibit 8 detailed workpapers supporting the derivation of the various hurricane-related fuel costs described in his supplemental testimony and exhibits. Mr. Portuondo has now prepared late-file Exhibit 8, which includes the requested workpapers as Attachment A to the exhibit. The highlighted information on page 2 of Attachment A consists of explicit, competitively sensitive coal and coal transportation prices and costs derived from these prices that Progress Energy has paid and incurred to replenish its coal inventories that were severely depleted by supply disruptions related to the hurricanes. Disclosure of these explicit prices and costs would place Progress Energy and its affiliated coal supplier, Progress Fuels Corporation (PFC), at a serious competitive disadvantage in bid solicitations and negotiations with existing and potential suppliers of coal and coal transportation services, who would know precisely what the Company had recently paid other such

suppliers and could thus under-cut those prices without the need to offer their best price. The Commission has granted confidential classification to virtually identical competitively sensitive prices and costs of Progress Energy on numerous occasions.

4. The designated information for which confidential classification is sought by this motion for protective order is intended to be and is treated by the Company as private and has not been publicly disclosed.

WHEREFORE, Progress Energy submits the foregoing in support of its motion for the entry of a protective order to safeguard and protect against public disclosure the highlighted confidential information in the deposition transcript and exhibits enclosed with this motion.

Respectfully submitted,



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PROGRESS ENERGY FLORIDA

Docket No. 040001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished to the following individuals by regular U.S. Mail the 4th day of November, 2004.

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Attorney

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased
power cost recovery clause
with generating performance
incentive factor.

DOCKET NO. 040001-EI

C O N F I D E N T I A L

PANEL DEPOSITION OF: DONNA M. DAVIS and
JAVIER J. PORTUONDO

TAKEN AT THE INSTANCE OF: Office of Public Counsel

DATE: October 26, 2004

TIME: Commenced at 10:29 a.m.
Concluded at 2:32 p.m.

LOCATION: 111 West Madison Street
Room 812
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL, RPR
Notary Public, State
of Florida at Large

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PROCEEDINGS

The following deposition was taken on oral examination, pursuant to notice, for purposes of discovery, for use as evidence, and for such other uses and purposes as may be permitted by the applicable and governing rules. Reading and signing of the deposition transcript by the witness is not waived.

* * *

Thereupon,

DONNA M. DAVIS and JAVIER J. PORTUONDO

the witnesses herein, having been first duly sworn, were examined and testified as follows:

DIRECT EXAMINATION

BY MS. CHRISTENSEN:

Q Javier, can you please tell us your name and

16 address and work title?

17 A (By Mr. Portuondo) My name is Javier
18 Portuondo. My place of employment is 100 Central
19 Avenue, St. Petersburg, Florida, and my position is
20 Director of Regulatory Services for Florida.

21 Q And have you caused direct testimony to be
22 filed in Docket 040001, I believe it is? Have I left
23 out a zero?

24 A Yes, I did.

25 Q And did you provide your work history in that

5
5

1 direct testimony?

2 A Yes, I did.

3 Q Has anything changed since you filed that
4 testimony?

5 A No, it hasn't.

6 Q Let me go to Ms. Davis. Can you please state
7 your name, work address, and work title for us?

8 A (By Ms. Davis) My name is Donna M. Davis. My
9 address is 410 South Wimbleton Street, Raleigh, North
10 Carolina. That's my work address.

11 Q Had you filed testimony in Docket 040001?

12 A Yes, I did.

13 Q I believe -- has that testimony been withdrawn,
14 or is that still part of the docket?

15 MR. MCGEE: It is.

16 MS. CHRISTENSEN: Withdrawn?

17 MR. MCGEE: No.

18 WITNESS DAVIS: It's still part of the docket.

19 BY MS. CHRISTENSEN:

20 Q It's still part of the docket. Okay. Did you
21 provide your work history and work information in that
22 testimony?

23 A (By Ms. Davis) I believe I did.

24 Q Has any of that information changed since you
25 provided your direct testimony?

6

1 A No, it has not.

2 MS. CHRISTENSEN: Okay. We will be referring
3 to confidential information, and I'm not sure -- can
4 we go off the record for a second?

5 (Discussion off the record.)

6 BY MS. CHRISTENSEN:

7 Q All right. I guess we can go ahead and go back
8 on the record now that we've clarified the confidential
9 information requirement.

10 We have this set up as a panel. Let me ask,
11 Mr. Portuondo, have you participated in depositions
12 before?

13 A (By Mr. Portuondo) Yes.

14 Q And are you aware of how depositions are
15 conducted with asking questions and responding? Are you
16 comfortable with that?

17 A Yes.

18 Q Ms. Davis, have you been deposed before?

19 A (By Ms. Davis) Yes.

20 Q And you're familiar with the process of asking
21 questions and asking for clarification if you do not
22 understand a question?

23 A Yes.

24 Q Okay. My first set of questions are going to
25 refer to the 423 forms. I believe you should hopefully

7

1 have a copy of those in front of you. And I'm not sure
2 -- if you all when we're going through this can identify
3 who is addressing a particular question, because we're
4 not sure. We're doing this in a panel format so that we
5 can get the best information from the person who has
6 that information, so if you'll just indicate which one
7 can address those questions, I think it will make it
8 easier for us as we're going through.

9 Okay. We're looking at the one that's
10 indicated as tab 1 at the bottom, and we're going to try
11 to go through some of this information column by
12 column. It's our intention to kind of basically get
13 educated on this and get some information generally, so
14 some of this may be more basic than I think you're
15 probably used to.

16 Looking at tab 1, column 1, we see the column
17 where it talks about shipping point. Can you explain
18 what the shipping point column tells us? Particularly
19 let's look at number 1, for example, F-BP, Tampa,
20 Florida. What information does that column tell us?

21 MR. MCGEE: Patty, can I make a clarification
22 here? I notice that the first two sheets, and I
23 think only the first two sheets in this stack, are
24 the 423-1s, which deal with oil. And Donna is
25 involved exclusively with the preparation of the

8

1 coal ones, the 423-2s.

2 MS. CHRISTENSEN: That's fine, whoever is more
3 appropriate to be able to answer the question.
4 That's why I said we're not sure which one can
5 address the question. We're just trying to get
6 familiar with the forms, so if Javier has the
7 information on that -- you know, we're trying to
8 walk through the forms and get familiar with what
9 the columns are.

10 MR. MCGEE: Sure.

11 BY MS. CHRISTENSEN:

12 Q Can you explain? Is it --

13 A (By Mr. Portuondo) It's more of an operational
14 component of the procurement of the oil. I would say
15 that it's the point from which the commodity was shipped
16 by the supplier named in column (c).

17 Q Okay. So that's the point of origin?

18 A Point of origin.

19 Q Okay. And looking at purchase type, it has
20 initials under there, MTC. Can you stand us what those
21 initials stand for?

22 A I do not know.

23 Q Okay. Looking at delivery location, there are
24 two different types, FOB plant and FOB terminal. Can
25 you explain what the difference is between those two?

9

1 A The difference is that at the Bartow steam
2 plant, there is a pipeline terminal which distributes
3 the fuel up to the Anclote plant in Tarpon Springs,
4 versus the others are to the tanks right there at the
5 plant location.

6 Q Okay. Is that delivery to the plant like into
7 the plant to be used?

8 A Into the tank at the plant.

9 Q Okay. And the other ones, do they have to have
10 any --

11 A There's further transportation. And the one
12 labeled as terminal, that's via the pipeline.

13 Q Okay. Looking at type of oil, it has FO2 and
14 FO6. Could you explain what those are?

15 A That's No. 2 oil and No. 6 oil.

16 Q Okay. What's the difference between No. 2 and
17 No. 6? Is that a grade of oil?

18 A Heavy oil versus -- residual oil versus
19 distillate oil.

20 Q Okay. Which one is which?

21 A 02 is distillate, and 06 is residual.

22 Q Okay. Looking at column (k), volume, is that

23 per barrel?

24 A Yes.

25 Q Okay. Referring to delivered price, does that

10

1 include the transportation to the plant?

2 A That's the delivered price, yes.

3 Q Okay. The January price for FO2 was around \$40
4 to \$50 per barrel; is that correct? I'm looking at
5 these forms.

6 A It appears that that's close.

7 Q Okay. Can you explain, if you know, what the
8 reason was for the \$25 delivered price from RIO Energy?

9 A For No. 6 oil to Bartow plant, I do not know.
10 I would need to look at the contract to see what the
11 conditions for that purchase were.

12 Q Okay. I'm going to refer over to 2, which is
13 also regarding oil contracts. Can you tell us what the
14 difference is between the 423-1 form and the 423-1A
15 form?

16 A These are standard Commission forms. I see
17 that much of the information -- let's see. Anclote. It
18 looks like you have a little bit more detail breakdown
19 between the invoice cost and some of the industry
20 discounts that the company is eligible to take upon
21 procurement, but ultimately, the delivered price,
22 subject to rounding here -- one is shown at two decimal
23 places and the other one is shown at three decimal

24 places -- appear to be the exact same cost. It just
25 provides further breakdown of the components of the

11

1 delivered price.

2 Q Okay. Looking at columns (h) and (i) on the
3 423-1A form, can you explain what those columns
4 reflect? Is that a dollar per barrel cost in column
5 (h)?

6 A That's correct. That's what the column heading
7 is labeled.

8 Q And is (i) the -- what? The amount of barrels
9 times the cost per barrel?

10 A Yes, it is.

11 Q Okay. Column (j) is entitled "Discount." Do
12 you ever receive discounts on the prices? I mean, none
13 are appearing here, but if you know --

14 A It would appear -- I do not know. I would
15 assume that there are situations where discounts may be
16 applicable. The fact that it's here on this form would
17 indicate that it has been necessary to disclose in the
18 past.

19 Q And do you know what kind of discounts those
20 are for, what the discounts are generally for? Is that
21 quality type discounts similar to coal, if it's less
22 quality than what you bargained for, or do you --

23 A I could not say.

24 Q Okay. Can you explain why you make quality

25 adjustments? There's a column (m) that talks about

12

1 quality adjustments.

2 A I could speculate that possibly the fuel, upon
3 being tested, may prove to be not at the level or the
4 quality that it was intended to when it was procured,
5 and maybe there are some contractual adjustments that
6 fall into the construct of the contract.

7 Q Do you know if you make adjustments in the same
8 month, within the same month, or are they adjusted
9 later?

10 A No, I would assume that they're adjusted in the
11 same month.

12 Q Ms. Davis, let me ask the same question of you
13 regarding the coal contracts. I don't know if they're
14 handled similarly. Do you all make -- if you have a
15 quality issue and you make a quality adjustment, are
16 those made in the same month, or are they delayed?

17 A (By Ms. Davis) Sometimes the supplier will
18 bill you in the same month, and sometimes the supplier
19 will bill you anywhere up to six months later.

20 Q Okay. So the quality adjustments can be made
21 when you're billed?

22 A That's right, whenever the supplier sends the
23 invoice.

24 Q And let me go back and ask regarding the

25 discount for coal, when you're talking about a coal

13

1 invoice, do you get discounts related to the quality of
2 the fuel, or --

3 A We don't have a discount.

4 Q You don't have a discount?

5 A (Shaking head negatively.)

6 Q Is the quality adjustment similar to what
7 Mr. Portuondo said, which is if they deliver something
8 less than the quality that you contracted for, they give
9 you an adjustment? Is that what that is for?

10 A The quality adjustment for coal is either a Btu
11 adjustment, a sulfur adjustment, or an ash adjustment.

12 Q Okay. Now, we may end up going over those
13 questions again, but I figured I would ask them while we
14 were on that subject.

15 Referring back to the 423-1A form, looking at
16 column (o), transport to terminal, can you explain what
17 terminal that is?

18 A (By Mr. Portuondo) No, I cannot.

19 Q Okay. In column (p) it talks about additional
20 transport. Do you have any information as to what that
21 would be trying to capture?

22 A No, I do not. I would speculate that it could
23 be if you had to have the fuel barged to the plant and
24 then trucked -- or barged to some location and then
25 trucked to the ultimate delivery point. I would assume

1 that the indication that it's additional transportation
2 would be that it's FOB plant, but maybe it's not at the
3 right plant, it's the closest location for the barge to
4 dock.

5 Q Okay. Column (q) is other charges. Can you
6 explain what those other charges are, if you know?

7 A I do not know.

8 Q Do you know where the information comes from to
9 propagate this? Is that from invoices?

10 A Yes.

11 Q If we went back and looked at the invoices,
12 would we be able to determine where these other charges
13 came from?

14 A I would suspect so.

15 Q Okay. Do you know if there's anyone that
16 checks to see if the numbers on the 423 forms are the
17 same as the contracts?

18 A Yes.

19 Q And can you explain a little bit more about
20 that process for us?

21 A Well, the process, as I understand it to be, is
22 that the contracts are input into the fuel management
23 system. Upon delivery to the plant, the bill of lading
24 or the receipt document is communicated to the fuel
25 procurement area, and they validate the receipt document

1 to the terms and conditions of the contract that's on
2 file and executed. And upon validation that everything
3 is correct, they will input the receipt into the system.
4 If it's found to be in error, they will contact the
5 vendor and try and rectify the bill of lading or the
6 receipt document with the vendor, and then ultimately
7 input the receipt and the monetary value of that receipt
8 into the system.

9 Q Okay. Two months delay in reporting. I know
10 Ms. Davis had said that there may be delays in
11 reporting, or adjustments because of delay in billing.
12 Can there be delays in reporting those amounts, or is
13 this like on a monthly basis?

14 I can come back to that question and we can
15 clarify it if you --

16 A Well, I know that the Commission filing
17 requirement is on a 45-day, I believe.

18 Q Basis?

19 A Basis. The information becomes available upon
20 closing the books and records for the month, and I
21 believe the lag is intended to allow us to compile all
22 the information to complete the form.

23 Q And catch up any lag in transactions at the end
24 of the month?

25 A No, I don't believe that's the intent. I think

1 the intent is to match what you've recorded on your
2 books and records for that month.

3 Q Okay. Let me ask you this. If we went to the
4 January 423 report, how would we find those numbers in
5 the A forms?

6 A These have a correlation to the A5, which is
7 your purchases.

8 Q Okay. Okay. Let's move to tab 3. And I think
9 we may start getting into coal information, and I'm
10 going to direct those questions I guess to Ms. Davis,
11 because you would appear to be the appropriate person to
12 answer those questions on this form.

13 A (By Ms. Davis) Okay.

14 Q Can you explain -- we're looking at the first
15 form, and it says, "Plant Name: Transfer Facility,
16 IMT." Can you explain what that is?

17 A IMT is International Marine Terminals. It is a
18 transfer facility just south of New Orleans, and water
19 coal goes into that facility, coal by water.

20 Q Okay. Do you in preparing these -- this is a
21 423-2 form?

22 A Correct.

23 Q Do you prepare all the 423-2s and I guess 2A
24 forms?

25 A Under my supervision.

1 Q Under your supervision. Okay. Looking at the
2 total tonnage in column (f), it appears to be around
3 70,000 tons. Is that the amount that's received at IMT?

4 A That is the amount that came into IMT for the
5 month, correct.

6 Q Let's look at column (b). It says "Supplier
7 Name." Are these identifying the various suppliers of
8 the coal?

9 A Correct.

10 Q And is it correct to say that these list each
11 of the various suppliers for each of the shipments you
12 receive during the month?

13 A That's correct, into IMT.

14 Q Into IMT. It appears on this form that you
15 received three shipments from Progress Fuels
16 Corporation; is that correct?

17 A Correct.

18 Q Okay. Let me move over to the mine location
19 portion, column (c). Can you explain what IM is?

20 A Yes. This is code by the Federal Government,
21 and that is a code showing where the coal came from.
22 Each one of those letters, and I don't have them
23 memorized, stands for a district and a location.

24 Q A district and a location. Where could we find
25 the information relating to the codes?

1 A The federal FERC, they have it out on the
2 Internet, and they have a listing of all the codes.

3 Q So it would not necessarily be correct to think
4 that WV is necessarily referring to West Virginia?

5 A That's correct.

6 Q Or that is West Virginia?

7 A That is West Virginia.

8 Q Do you have any recollection of specifically
9 what IM refers to?

10 A No, I do not.

11 Q Let me take you to the one below that or a
12 couple below that, 08, WV, 39. Can you explain what the
13 various components of the code tell us?

14 A Yes. The 08 is a district in West Virginia,
15 and 39 stands for the county in West Virginia.

16 Q Okay. Referring back to the IM, IM probably
17 refers to a state? Is that what --

18 A A country. It would be a country. You would
19 have to go to the FERC code to actually understand that.

20 Q Okay. You know that that refers to a different
21 country. Is there a way to tell that it's not United
22 States versus a foreign country?

23 A The 25 is a foreign country.

24 Q So the 25 on that code tells you it's a foreign
25 country?

19

1 A Correct.

2 Q And then you would have to look on the code to
3 figure out which foreign country and what particular
4 district?

5 A That's correct.

6 Q And then the 08 just tells you what district
7 so you can tell the difference between domestic coal and
8 foreign coal?

9 A FERC has a code like on West Virginia, and West
10 Virginia just happens to be an 08 district, all of West
11 Virginia.

12 Q Oh, okay. Is there a -- different states have
13 different districts. Can two states be in one district?

14 A Yes.

15 Q Okay. There appear to be three companies with
16 the same mine location. Is that the reason for that,
17 that the mine location code refers to all of the State
18 of West Virginia, essentially?

19 A Would you repeat that?

20 Q Well, under the supplier names you've got the
21 Kanawha River Terminal, you've got Progress Fuels
22 Corporation, Marmet Synfuel, and they all have the same
23 mine location code. Is that the reason for that, is
24 because it's describing a larger geographic area?

25 A They all came out of that county.

20

1 Q Okay. Let me refer to purchase type, column
2 (d). It has the letter S there. Can you --

3 A Spot.

4 Q Spot. Is it spot versus contract?

5 A Correct.

6 Q And is spot a short-term buy?

7 A Less than a year.

8 Q Okay. Are contracts always more than a year?

9 A One to three is a medium, and over three is a
10 long-term.

11 Q Do you have various codes for those?

12 A Yes. The Commission has given us codes to use.

13 Q Do you know offhand what those various codes
14 are? We know spot is less than a year, so the S is less
15 than a year. Do you know what the other ones -- is it M
16 and --

17 A One to three is MTC.

18 Q Oh, MTC. Okay.

19 A And LTC would be over three.

20 Q Okay. So when we go back to oil, maybe that's
21 what MTC refers to, medium-term contract. See, we're
22 getting somewhere. You're explaining these things for
23 us, and we appreciate it.

24 Referring to the first line, line 1 where we're
25 talking about Emerald, when we refer over to the

21

1 transportation cost per ton, it refers to a dollar
2 amount.

3 A Correct.

4 Q Can you tell us what that dollar amount is for?

5 A That was an internal allocation breaking up the
6 market proxy, saying that that would be a transloading
7 amount.

8 Q And would that be -- is that shipped from the
9 IMT in Louisiana? Is that where that coal is from, or
10 can we not tell from this?

11 A It has been brought into IMT, it looks like
12 here, and that is saying -- that would be the internal
13 allocation, where we said that it will incur at least
14 that much of the market proxy at that point.

15 Q Is that what you would refer to as being put on
16 as Dixie barge?

17 A No.

18 Q No? Is that something --

19 A That would be gulf.

20 Q Gulf barge. Okay.

21 Can you tell us -- all right. Maybe you can
22 explain to me the difference between a Dixie barge and a
23 gulf barge. I guess I'm confused on how those terms
24 have been used.

25 A A gulf barge is a Dixie barge.

22

1 Q Okay.

2 A And the transloading is at IMT.

3 Q Okay. So gulf and Dixie barge are essentially
4 interchangeable terminology?

5 A That's correct.

6 Q And is there any cost for loading from IMT into
7 the gulf barge?

8 A Yes.

9 Q Do you know what that cost is?

10 A No. It's one rate, one rate into IMT and out
11 of IMT. It's not broken out. So it's a rate to take it
12 from, quote, a river barge, bring it onto the ground,
13 blend it or do whatever, and take it back and put it on
14 the Dixie barge.

15 Q Okay. So when we're looking at the
16 transloading cost, that includes all that activity?

17 A Correct.

18 Q Just to make sure I'm real clear on this, the
19 transportation cost quoted under column (h) on line 1 is
20 the proxy cost, or what you determine dollarwise is the
21 proxy cost for taking it off an ocean vessel,
22 transloading it onto a river barge if needed, bringing
23 it to shore, blending it, and taking it and putting it
24 back onto a gulf barge?

25 A Correct.

23

1 Q Looking at column (i), line 1, it shows FOB
2 plant dollar amount for an Emerald purchase; correct?

3 A Correct.

4 Q Now, referring to column (e), line 1, looking
5 at GB, can you tell us what those initials stand for?

6 A It was an ocean barge. I forget when the
7 Commission set it up what the G was, but it really stood
8 for ocean barge.

9 Q Okay. And the B?

10 A Barge, a barge.

11 Q Okay. Could the GB be gulf barge? Is that
12 what we're talking about, or is it something different?

13 A I'm not sure. It has been a long time since
14 I've actually looked at the letters, but the foreign
15 coal got the GB.

16 Q Looking at this form, can you tell us where the
17 synfuel is on this form and tell us how we can tell
18 what's synfuel and what's not?

19 A In 2004, we don't have any synfuel, so there
20 should be no synfuel on there.

21 Well, let me take that back. Marmet Synfuel,
22 LLC was a synfuel.

23 Q Okay. Is that the only synfuel that would be
24 on this document?

25 A That's the only one that I see.

24

1 Q Okay. None of the Progress Fuels Corporation
2 would be synfuel?

3 A The Progress Fuels would not. The Kanawha
4 River Terminal could have been, but without having the
5 contract in front of me, I'm not for sure. Some synfuel
6 did run through there, but I think only the Marmet is
7 synfuel.

8 Q Okay. So it's not possible necessarily to tell

9 whether or not it's synfuel just from the 423 forms?
10 You would have to go back to the contract?

11 A That's correct. Progress Fuels is definitely
12 not.

13 Q Okay. You can tell Marmet is synfuel because
14 it says synfuel on there, but otherwise, you have to
15 know what the contracts say?

16 A Right.

17 Q Okay. Looking at the transportation cost,
18 below the Emerald cost, there's another cost listed
19 there. Can you tell us what the basis of that price is?

20 A That's our internal allocation of where we've
21 taken the market proxy and taken the domestic coal
22 market proxy and set it at that point. It's the
23 approximate cost to get it to IMT.

24 Q Okay. So that's from -- is that FOB mine? Is
25 that from the mine to the IMT terminal?

25

1 A That's correct.

2 Q Okay. Mine to IMT. That does not include --
3 does it or does it not include that transloading
4 component?

5 A It does.

6 Q Can you tell us when the change was made or
7 when you changed the allocations to conform with the
8 agreement that was made with OPC?

9 A I think June was the first month it showed in
10 the Form 423s.

11 Q Okay. Do you know under the agreement what the
12 new numbers would be? I mean, if you don't, that's
13 fine, but do you know what the new costs were for
14 transloading and transportation under the agreement?

15 A I know the two numbers that were given in the
16 stipulation. I don't know how we've internally broken
17 it up.

18 [REDACTED] was the domestic rate, and [REDACTED] was the
19 offshore rate.

20 Q Okay.

21 A I think May should show that. Pardon me, June.

22 Q June would be the beginning?

23 A Uh-huh.

24 Q If the agreement is retroactive back to January
25 1st of 2004, how have you accounted for the new price

26

1 versus the old proxy? Have you made any adjustments for
2 that back to January?

3 A (By Mr. Portuondo) Yes. Progress Fuels
4 refunded through May -- I think it was through May, the
5 differential between the two proxies, and it has been
6 billing going forward under the terms and conditions of
7 the settlement.

8 Q Okay. So we would expect that the agreement
9 would not be reflected until the June 2004 forms?

10 A (By Ms. Davis) On Form 423.

11 Q On Form 423.

12 A (By Mr. Portuondo) Correct, because the
13 settlement was instituted towards the end of April, so
14 that would have been the first opportunity.

15 Q Okay. So any of the previous months would not
16 reflect that. They would have the older proxy numbers?

17 A And it's my understanding that Donna is in the
18 process of refiling the first half of the year.

19 Q Well, maybe you can explain that. What do you
20 mean by refiling for the first half of the year, just so
21 we can get some clarity on that?

22 A (By Ms. Davis) There's a sheet that's called
23 423-2C. I don't know if you've got one here or not.
24 This sheet was put out by the Commission for adjustments
25 and changes, and it will be on that sheet.

27

1 Q Okay. And so we would expect to see -- are you
2 anticipating reflecting the refunded amount on here?

3 A (By Mr. Portuondo) In essence, she's going to
4 state the prices under the conditions of the settlement.
5 **The difference between the original and the new will be**
6 **the refund that was passed through the clause to**
7 **customers.**

8 Q Okay. And that refund is being passed through
9 this year's clause?

10 A Yes, ma'am.

11 Q So, Ms. Davis, what I'm understanding is, you

12 know what the refund is going to be, and you are still
13 working on the paperwork to show that refund?

14 A (By Ms. Davis) What we will do is go back by
15 supplier and restate January, February, March, April,
16 and May, by supplier, so these will be restated on the
17 C sheets.

18 Q So then they will reflect back from January
19 until now?

20 A Correct.

21 Q Okay. You had told us that under the agreement
22 there was a breakdown of [REDACTED] for domestic. Can you
23 explain the various components of that transportation
24 cost?

25 A The two numbers are the [REDACTED] and the [REDACTED], as

28

1 I said. I don't know what you mean by the components.
2 We went in internally and said, well, for this form
3 we're going to have to break it down between offshore
4 and transloading, and we broke it down as [REDACTED] for
5 transloading and [REDACTED] for offshore.

6 Q Okay. I'm trying to see if I can compare the
7 dollar amounts, what they were and what they are now.

8 A (By Mr. Portuondo) If I could add a point of
9 clarity, as a result of the settlement, there are
10 actually two domestic rates. There's one FOB mine, and
11 there's one FOB barge. The [REDACTED] is FOB mine. The FOB
12 barge is [REDACTED].

13 Q Okay. And the [REDACTED], does that include getting
14 it from the mine down the river to IMT, or is that just
15 from the mine to IMT?

16 A It's cradle to grave, from mine to the plant.

17 Q So embedded in that [REDACTED] is [REDACTED] for
18 transloading and then whatever -- cross-gulf?

19 A No, no. Let's take a step back. The [REDACTED],
20 as we've calculated the breakdown, from mine to IMT
21 would be [REDACTED], and then you would have the cross-gulf
22 component of [REDACTED]. That's the [REDACTED].

23 Q Okay.

24 A Now, you have the same component in the FOB
25 barge for cross-gulf, but since the leg is shorter, or

29

1 the cost is less because it's already FOB barge, it's
2 [REDACTED] for getting it to IMT.

3 Q Okay. I think I've got it. Let me make sure I
4 understand.

5 I'm sorry. What did you say for the FOB barge?
6 How much was that?

7 A [REDACTED].

8 Q [REDACTED]. All right. I think I understand. The
9 cross-gulf and the transloading are the same for both of
10 those.

11 Now, there's a [REDACTED] component for FOB mine. Can
12 you explain what the various piece parts of -- how that
13 number is calculated? It looks like it's at least less

14 ■ for getting it from -- what? The mine to the barge?

15 A From the mine to the barge, to the river barge,
16 yes.

17 Q To the river barge?

18 A Yes.

19 Q Okay. Is there any other cost -- then it would
20 be ■ from the river barge down to IMT?

21 A Correct.

22 Q Is there any other activity that's accounted
23 for in that cost? I'm just trying to understand. I'm
24 trying to understand the activities. You take it from
25 the mine to the barge, so there's a trucking or some

30

1 sort of transportation cost to get it there?

2 A (By Ms. Davis) The ■ included the trucking
3 to get it to the river terminal and any transloading
4 that you would incur at the river terminal.

5 Q Okay. That must be the part that we're
6 missing.

7 A Bringing it downriver to New Orleans,
8 transloading it, and bringing it over to Crystal River.

9 Q Do you know what the cost for the trucking or
10 the allocation for the trucking and the allocation for
11 transloading at the river terminal was?

12 A Internally we've done something, but the market
13 proxy did not have a breakdown. Internally what we've
14 done is estimated what each one should be.

15 Q Do you know what the estimated numbers are?
16 We're just trying to get a feel for those numbers, for
17 the trucking and for --

18 A The trucking today is running about [REDACTED].

19 Q What we're just trying to understand better is
20 how the piece parts fit together. And we understand
21 it's not a perfect --

22 A (By Mr. Portuondo) But the settlement was
23 [REDACTED], and it was kind of a black box settlement. We've
24 attempted to arrive at this segregation of the black box
25 solely for the purposes of the Commission's requirements

31

1 of 423. But a black box was what we agreed to, and that
2 was the proxy.

3 Q Well, yes, but we're trying to figure out how
4 you for the 423 break down that black box number.

5 A This is the limitation of our segregation of
6 that black box. It does not go into segregating it
7 further for the mine to IMT. It's not required by the
8 423. Now, we've looked at it internally, but it has no
9 applicability to the 423.

10 Q Let me move on to looking at other things.
11 Let's move to -- looking at column (g), can you tell us
12 where the source of the price per ton comes from?

13 A (By Ms. Davis) In column (g)?

14 Q Yes.

15 A It's a roll-up from 2A to 2B. There should be
16 a 2A. Do you have one?

17 Q Yes, I believe we do. Yes, I see a 2A and a
18 2B. I have those.

19 A If you'll follow 2A, and you'll see a mine
20 price, and at the very last column, you'll see an
21 effective purchase price. That effective purchase
22 price is the same as (g) on 423-2.

23 Q Okay. So it's a --

24 A It's a roll-up.

25 Q Roll-up. Okay.

32

1 Can you explain why Progress Fuels is a
2 supplier of coal?

3 A They bid on a contract. They put a bid in, and
4 they won the contract.

5 Q Can you explain the difference in the [REDACTED] price
6 for AMG and Marmet versus the [REDACTED] price for Emerald,
7 Kanawha, and Progress?

8 A They were contracts that were open bids at the
9 time. They probably have different origination dates
10 when they were signed. So, no, sitting here right this
11 moment, without the contracts and the bid information, I
12 couldn't explain to you the difference, you know, why
13 one is over the other. It could be a difference because
14 of the Btu that was guaranteed or a difference because

15 of the timing, when it went out for bid. It could be a
16 number of issues.

17 Q Are there any other considerations that you can
18 think of which might affect the pricing?

19 A Term does. Like I say, Btu, ash, sulfur. A
20 number of things affect the pricing.

21 Q Okay. Let's refer to page 4. Can you explain
22 where Drummond is? It says here Drummond Coal Sales.
23 Do you know where that mine is?

24 A I'm thinking Drummond is also in Venezuela, and
25 that's why I'm thinking IMT may be Venezuela, but I'm not

33

1 for sure on that. Again, I would have to go back and
2 look at the foreign suppliers. I'm more familiar with
3 locations for domestic.

4 Q Okay. And if that's the case, that would have
5 been shipped from Venezuela?

6 A Correct.

7 Q If you know, can you explain how that was
8 loaded onto a Dixie barge? Would this have been the
9 kind of ship that you were describing earlier, an ocean
10 vessel that would have to be unloaded at the IMT and
11 reloaded into a Dixie barge?

12 A I'm not for sure which one this was in January
13 of '04, if it was -- you know, where we bought it at is
14 at the McDuffie Coal Terminal, so I would assume that
15 this was loaded into a Dixie barge, but I'm not certain

16 without having that information in front of me.

17 Q Okay. I think you've already explained to us
18 what GB is. Do you pay any extra for the service of
19 loading it from the ocean freighter and having it
20 sitting on the ground at IMT?

21 MR. MCGEE: That's IM, Mobile. That's not IMT.

22 MS. CHRISTENSEN: I'm sorry. Mobile.

23 A I'm sorry. Would you repeat that question?

24 Q Do you pay any cost for having them load it
25 from Mobile into the Dixie barge?

34

1 A It depends on the contract.

2 Q Okay. Is that the contract with the supplier
3 or the contract with the terminal?

4 A With the supplier.

5 Q Okay. And that would depend on whether or not
6 it came FOB Dixie barge or --

7 A FOB river barge or FOB free alongside, however.

8 Q Looking at column (h), it has the transloading
9 cost. Is that similar to what we discussed previously
10 for Emerald?

11 A Correct.

12 Q And it's the same approximate breakout of the
13 transloading costs in the proxy that you used for
14 Emerald?

15 A That's correct.

16 Q Okay. Looking at the moisture percentage,

17 14%, does that create a problem with burning that coal?

18 A I would imagine that coal is blended, so I
19 don't know if that creates a problem or not, because it
20 probably would be blended.

21 Q Okay. Can you explain -- I guess our question
22 is, at the Mobile terminal? Where would that be
23 blended? Would that be blended at the terminal or
24 somewhere else?

25 A If they do any blending out of Mobile, it would

35

1 be at Crystal River.

2 Q At Crystal River at the plant?

3 A When I say blending, they could take some from
4 one pile and some from another pile. It's not a blend
5 like at IMT.

6 Q So it's different. You're not blending the
7 coal at the terminal. You're blending it at the plant.

8 A Correct.

9 Q When the coal gets transported to Crystal River
10 and you get hard rain, does that cause the moisture of
11 the coal to go up, or is that inherent in the coal?

12 A When you have rain, it always causes your
13 moisture to go up.

14 Q And does that create a problem for the boilers
15 at Crystal River?

16 A I couldn't answer that.

17 Q Would it be correct to say that if you took a

18 shipment from Emerald directly to Crystal River that it
19 was not blended at IMT?

20 MR. MCGEE: When you say directly to Crystal
21 River, directly from where?

22 A (By Mr. Portuondo) It's not possible to take a
23 foreign shipment at the Crystal River plant.

24 Q All right. Are there any shipments where you
25 do take foreign coal to Crystal River without blending

36

1 it at the IMT?

2 A (By Ms. Davis) At IMT, all of the coal is
3 blended. It's all blended.

4 Q Okay. So there is no coal that is taken
5 directly from a foreign shipper? It's all blended? All
6 the coal that comes into IMT is blended?

7 A It is blended either direct to the barge or
8 blended onshore at IMT.

9 Q Okay. I just want to make sure I'm clear on
10 this. So foreign coal from Emerald or wherever, if it's
11 brought into IMT, it's always blended with what? You
12 say blended. I'm not sure what you're blending it with,
13 just for my own education.

14 A We have a quality person at Progress Fuels, and
15 he would go out there and determine what coals need to
16 be blended together, whether they be domestic, foreign,
17 or whatever, and he coordinates very closely with
18 Crystal River.

19 Q So it may be that foreign coal would get
20 blended with the domestic coal to make it a higher
21 quality coal?

22 A It would be whatever the plant needed. It
23 would be blended according to what the plant's need is,
24 not necessarily a higher quality. It could be moisture,
25 it could be sulfur, it could be anything, whatever the

37

1 plant's needs were.

2 Q Okay. And you have Plants 1 and 2 and Plants 4
3 and 5. Do they have different needs for coal?

4 A The foreign coal goes to 4 and 5.

5 Q Okay. The foreign coal goes to 4 and 5. Do
6 you know why that is?

7 A Because the sulfur -- it has a nice sulfur
8 content.

9 Q Okay. What's the reason that 1 and 2 can't --

10 A Four and 5 needs the compliance coal, and 1 and
11 2 is what we call window coal.

12 Q Window coal?

13 A Window coal. It's not a high sulfur and it's
14 not a low sulfur, and we call it a window coal, 1.2
15 pounds.

16 Q Okay. But the compliance coal has a lower
17 sulfur content?

18 A It has a lower sulfur content, the compliance

19 coal.

20 Q Is there a reason that the lower sulfur has to
21 be burned at 4 and 5 versus 1 and 2?

22 A There were back in the '80s some environmental
23 reasons. I don't remember what they were. I never got
24 into it that much. I just remember that during Cost
25 Plus that we had some people that testified that there

38

1 were some environmental reasons why Crystal River 4 and
2 5 had to be compliance coal.

3 Q Okay. Let me ask you this. When you bring the
4 synfuel down the river to the IMT, does it always get
5 blended with other coals?

6 A I'm not sure what the quality person does with
7 the synfuel coal, if he blends it or does not blend it.
8 I'm not certain on that one.

9 Q So you would not know whether or not there's a
10 problem with burning synfuel directly in the boilers?

11 A No, I'm not familiar with that. The quality
12 person works on that.

13 Q Mr. Portuondo, do you know if you can burn
14 synfuel directly in the boilers?

15 A (By Mr. Portuondo) I do not know. Those are
16 operational issues that I don't look at.

17 Q Okay. Let me move on to tab 5, which I think
18 is 423-2. I guess carrying on with our conversation
19 from a little earlier, do the Crystal River Plants 1 and

20 2 have scrubbers, if you know?

21 A They do not.

22 Q They do not? Okay. Looking at the coal that's
23 going to Crystal River 1 and 2 and looking at the sulfur
24 content, it appears to be twice as high as the other
25 coal. Is there a reason that Crystal River 1 and 2 that

39

1 you're aware of can burn the higher sulfur content coal?

2 A (By Ms. Davis) They were built to burn the
3 higher -- that's called the window coal that I was
4 addressing.

5 Q They were built to burn that coal? Is that
6 what you were saying?

7 A Yes. They take a higher sulfur coal. They
8 cannot burn the compliance coal.

9 Q Okay. That actually answers that question.

10 Is this coal shipped to Crystal River and
11 sitting on the ground at Crystal River, or is this
12 inventory that has already been burned at Crystal River,
13 the coal that's being referred to here?

14 A On 5?

15 Q Yes. The coal that you're charting here for
16 the month of January, is that coal that's going into
17 inventory, or is that coal that's being burned in the
18 month of January?

19 A Inventory. This is coal that we have purchased
20 for delivery for Crystal River 1 and 2.

21 Q So it's not being delivered to be burned in the
22 same month? It may go into inventory stocks?

23 A It could be either. If they get it early in
24 the month, they could burn it. If they get it late in
25 the month, it could sit there.

40

1 Q Do you know where 08, Ky, 195 is?

2 A Of course, that's District 8, Kentucky. I'm
3 not sure what the county is.

4 Q That's another county code?

5 A That's another county code.

6 Q Okay. So the differences are the county codes?

7 A County codes.

8 Q Okay. And I think we've already established,
9 but I want to just make sure, that MTC is a medium-term
10 contract?

11 A Correct.

12 Q And that would be for what? One to three
13 years?

14 A One to three years.

15 Q Looking under the transportation mode, was all
16 of this essentially shipped by rail?

17 A Yes, UR.

18 Q Okay. Looking at the transportation cost per
19 ton, can you explain to us how that dollar amount is
20 figured?

21 A You have to go back to sheet 2A.

22 Q Sheet 2A. Okay. I guess I'm going back the
23 wrong way. Okay.

24 A And you'll notice in column (f), there's a
25 mine price, and that is the effective purchase price on

41

1 column (g) on 2. And the transportation cost, you've
2 got to go to 2B, if you have it.

3 Q Yes, I believe we do. Okay.

4 A And go to column (i), and that will be actually
5 the rail rate from CSX. And then in column (j), other
6 charges, those two numbers together will be the same as
7 column (h).

8 Q Okay. Do you know what the other rail charges
9 include? I'm assuming that the --

10 A Depreciation, maintenance, property tax,
11 charges for the rail cars.

12 Q They just add the tax onto you? They're
13 passing along the cost?

14 A Yes, their specific rail car charges.

15 Q Is the rail transport for coal purchased from
16 the mine to the plant?

17 A Correct.

18 Q Okay. And does the mine directly load that
19 into the rail cars?

20 A It is loaded at the mine, correct, at a tipple.

21 Q So it's basically the mine loading it into the

22 rail cars? You don't have any cost associated with
23 getting it into the rail cars?

24 A No.

25 Q Okay. Let me see. Looking at those, the

42

1 suppliers named, do you know whether any of those were
2 synfuel contracts?

3 A No, those are not.

4 Q Do you know whether or not the sulfur
5 percentage is determined by the mine source?

6 A This is coal purchased for 1 and 2, so
7 therefore, the sulfur is based on -- when we go out for
8 bid, we ask for a window coal, and this is the sulfur
9 percentage per that contract.

10 Q But it is -- well, I guess it would logically
11 make sense that the sulfur content is based on where the
12 coal was mined.

13 A Correct.

14 Q I mean, it's a component of the coal itself?

15 A Correct.

16 Q Do you know if the synfuel process changes the
17 quality of the coal, the content of the sulfur, ash, or
18 moisture?

19 A I'm not that familiar with that.

20 Q Okay. Mr. Portuondo?

21 A (By Mr. Portuondo) No. That's out my area of
22 expertise.

23 Q Okay. Going to tab 6, this refers to the
24 Crystal River Plants 4 and 5. Do Crystal River 4 and 5
25 have scrubbers that you're aware of?

43

1 A They do not.

2 Q No? Okay. I think you had said that Crystal
3 Rivers 4 and 5 have to burn low sulfur content coal; is
4 that correct?

5 A (By Ms. Davis) Compliance coal.

6 Q Do you know what the definition of compliance
7 coal is?

8 A 1.2 pounds or below.

9 Q 1.2 pounds or below?

10 A Correct.

11 Q Of sulfur?

12 A Uh-huh.

13 Q Per what?

14 A 1.2 pounds of sulfur.

15 Q I'm trying to think of what -- per ton?

16 A You know, I'm not for sure how they measure
17 it. It's always 1.2 pounds sulfur content.

18 Q Okay. I was just trying to figure out if they
19 were measuring it on a per ton basis or --

20 A (By Mr. Portuondo) There is something --

21 Q Yes, there is, but we don't know what --

22 A There is something more, but I don't know what

23 it is.

24 MS. BONNIE DAVIS: At the risk of muddying the
25 record up, I think the way it's measured is that

44

1 your emissions have to comply with an air quality
2 standard, and that's measured by the percent of
3 sulfur in the air that you emit out of the top of
4 your stacks, so the calculation works backward from
5 there to see what kind of fuel you're putting in.

6 Bernie is shaking his head yes over there.

7 MS. CHRISTENSEN: Okay. I'm not terribly --
8 I'm still learning this stuff, but I appreciate it.

9 BY MS. CHRISTENSEN:

10 Q And you said that it had to be 1.2 or lower to
11 be burned?

12 A (By Ms. Davis) 1.2 pounds.

13 Q 1.2 pounds or lower to be burned. And that's a
14 number that's given to you by your quality assurance
15 person? Is that where you get that number from?

16 A That number is in the contract.

17 Q Okay. Looking at the moisture column, it
18 appears that most of the moisture on those columns is
19 below 8% except the last two. Does it create a problem
20 if you have a higher moisture content for Crystal River
21 4 and 5, if you know?

22 A I wouldn't know.

23 Q Okay. And I'm assuming the MTC and S is
24 consistent from form to form to form as far as what
25 those mean?

45

1 A That's correct.

2 Q Let me ask you, do you blend your rail coal, or
3 does it not require blending?

4 A Progress Fuels does not blend it. I don't know
5 about Crystal River.

6 Q It may be blended at the plant, I assume. Do
7 you know, Mr. Portuondo?

8 A (By Mr. Portuondo) I do not know.

9 Q It's not a function like IMT coal where it's
10 blended at a transportation site?

11 A (By Ms. Davis) Not by Progress Fuels.

12 Q Okay. Do you know if any of the rail coal is
13 synfuel coal?

14 A No, it is not.

15 Q Referring to -- looking at the bottom at the
16 transfer facility, looking at line 9, and then the one
17 below that, which I think is a 10, but it got cut off on
18 our thing, it appears that that's approximately 200 tons
19 of coal from the transfer facility; would that be
20 correct?

21 A That's correct.

22 MR. MCGEE: 200,000.

23 MS. CHRISTENSEN: I'm sorry. 200,000.

24 BY MS. CHRISTENSEN:

25 Q That figure, that transfer facility figure, is

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1 that from IMT, or is that a combination of IMT and
2 Drummond together, if you know?

3 A (By Ms. Davis) I don't know.

4 Q Is that a carry-over from a previous sheet that
5 we could follow it from a previous breakdown or form?

6 A No, it is not. It would be on 2B. That is
7 your question, I believe, but I don't think it will
8 explain your question.

9 Q Okay.

10 A I'm sorry. It does, yes. If you go to 2B, it
11 will show that some is from Mobile on some is from IMT.

12 Q So would it be reasonable to assume that some
13 of that is a mixture of the two?

14 A Correct. 184 is from IMT, and the 15 is from
15 Mobile.

16 Q Okay. So there are separate entries for the
17 two different components?

18 A Correct.

19 A (By Mr. Portuondo) It's on your tab 14.

20 Q I'm sorry?

21 A It's on your tab 14. Lines 9 and 10 correlate
22 to lines 9 and 10 on page 6.

23 Q Okay. That helps.

24 Do you know what WV, 005 is, what mine that is?

25 Asset Management Group is the supplier, and it has that

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1 mine location code. Do you know where that mine is?

2 A (By Ms. Davis) No. Again, that's a county
3 code, 005, and I'm not familiar with -- there are so
4 many county codes, I'm not familiar with the name of
5 each one.

6 Q Okay. Looking at the column (h), you have a
7 calculation for lines 9 and 10 for the transfer facility
8 transportation cost. Can you tell us where you got that
9 figure from?

10 A That was our internal allocation at that time
11 for the offshore portion of the proxy.

12 Q Okay. Let me make sure I understand. The
13 offshore allocation encompasses what activity?

14 A That would be taking the coal from -- moving
15 the coal out of Mobile or IMT to Crystal River.

16 Q So that's the cross-gulf component?

17 A Correct.

18 Q Can you explain -- it appears you have some
19 rail coal and some ocean barge indicated on here. Can
20 you explain why Crystal River 1 and 2 has only rail coal
21 and you have some gulf coal in here on the 4 and 5?

22 A Currently, there's not any coal coming to
23 Crystal River 1 and 2 from either IMT or from Mobile.

24 Q Is that due to the sulfur content or just the

25 way that the contracts were bid out?

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1 A The way the contract was bid out. The needs
2 are being met by rail coal.

3 Q Okay. Let me flip to tab 7 and just ask you to
4 clarify. Have we already looked at this form, or is
5 this a form that's supposed to give us more breakdown
6 information?

7 A It's one I think we referred to a few moments
8 or a few minutes ago, but it's a breakdown. 2B and 2A
9 rose into 2.

10 Q Okay. So this is a breakdown of which
11 components of 2?

12 A (By Mr. Portuondo) It would be the transfer
13 facility, IMT.

14 Q Okay. And then 2B would be a --

15 A (By Ms. Davis) 2B is a further breakdown of
16 different components of cost.

17 Q All right.

18 A (By Mr. Portuondo) So for each site we have a
19 2, a 2A, and a 2B.

20 Q For the different cost components, is that what
21 you're saying, of various things?

22 A (By Ms. Davis) Correct. 2A and 2B were
23 confidential, and 2 was public.

24 Q Okay. That makes more sense. Is the shaded

25 area the particular numbers that are confidential?

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1 A That's correct.

2 MR. MCGEE: Just to be clear, there is
3 confidential information on the 2 form.

4 BY MS. CHRISTENSEN:

5 Q Okay. Is that also shaded gray as far as --

6 A (By Mr. Portuondo) Yes, it is.

7 Q All right. Can you explain when you would
8 enter a charge for short-haul and loading charges on the
9 423-2A form? Looking at column (g), it has a column for
10 short-haul and loading charges. It doesn't seem that
11 you have any indicated here, but --

12 A (By Ms. Davis) It has been a rarity over the
13 20 years that we've had to do this form for the
14 Commission that there has been a charge in there.

15 Q Okay. What type of activity would that be?

16 A It would be just a miscellaneous short haul,
17 maybe the charge that we would get back during the '80s.
18 I think it was during the 1980s that this form was made,
19 and there was a short-haul portion that we put in there
20 at that time.

21 Q Okay. Looking at column (h), if we looked at
22 the contract, would we expect to see the amount entered
23 in column (h), the original invoice price, if we were
24 trying to track from the contracts to the 423-2A forms?

25 A Could you repeat that question?

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1 Q If we were to look at the contract and look at
2 the contract price, if we were looking at column (h),
3 would we see prices similar, or would there be something
4 different?

5 A On occasion there would be something different.

6 Q I would assume then by that answer that the
7 majority of the time, we should be looking at the same
8 prices in column (h) as are in the contracts?

9 A The majority of the time when you're looking at
10 rail, you would be.

11 Q For those occasions where it's not the same
12 when we look at the contract and look at column (h) and
13 see the direct figure, can you give us an example of why
14 there may be a difference?

15 A Yes. It's where we've deducted either an
16 upriver charge or we've deducted a transloading charge
17 so that we don't double charge the ratepayer.

18 Q Okay. So what we would expect to see is either
19 the same price or a lesser price?

20 A That's correct.

21 Q But not anything that was more than what the
22 contract price was?

23 A What would be on here would be lesser.

24 Q Okay. But I wouldn't expect to see anything

25 higher than the contract price in column (h), from what

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1 your explanation is?

2 A No. That's right.

3 Q Okay. Moving on to tab 9, it appears to me
4 that this is the same except that it includes some
5 transportation costs. Would that be a correct
6 assessment?

7 A I don't see any transportation costs on
8 here.

9 Q Well, we're looking the FOB mine price,
10 short-haul charges, invoice prices. I mean, it's
11 essentially the -- this is the breakdown of those
12 costs?

13 A That's correct.

14 Q From the earlier forms?

15 A Right, but this is the mine price.

16 Q Okay. Looking at the quality adjustment price,
17 if you had an adjustment for quality on the commodity
18 price, would that be entered in column (k)?

19 A Only if it's the current month. Prior months
20 are entered on Schedule C.

21 Q Okay. So (k) is for current month only?

22 A Current month only.

23 Q And then Schedule C addresses any past months?

24 A That's correct.

25 Q Okay. Let me ask you this. If you had to make

1 an adjustment for transportation in the current month,
2 would that be found in that column if you were making
3 an adjustment for transportation, or would that be
4 something you would probably find in C?

5 A If it's a current month activity and I have the
6 information, it goes in the current month, but if I
7 don't have an adjustment until after the fact, it always
8 goes on Schedule C.

9 Q Okay. Referring to tab 11, is this only for
10 IMT transactions?

11 A This particular one, 11, is.

12 Q Okay. Is all of this tonnage strictly barge
13 tonnage?

14 A Right. Emerald and all the others listed are
15 coal that came into IMT.

16 Q And for clarification, in column (e) where it
17 talks about transportation mode, does the transportation
18 mode column tell us how the coal got to the terminal?

19 A That's correct.

20 Q It does not tell us how it's going to get from
21 the terminal to the plant?

22 A No, it does not.

23 Q Are these numbers reflected in the 423-2 form?

24 A These numbers roll up to 2.

25 Q Okay. Again looking at transportation charges,

1 on lines 2 through 7 there's a dollar amount, a rate
2 that's quoted. Can you explain to us how you arrived at
3 that rate?

4 A That was our internal calculation of the cost
5 up into IMT, all of the costs, including IMT, up to that
6 point.

7 Q Is that mine or FOB barge, or do you know?

8 A That would be all the way from the mine for
9 line 2 through whatever -- my numbers are cut off. From
10 the mine to and including all of IMT.

11 Q Okay. Can you explain -- we don't see any
12 breakdowns in columns (h) through (o). Can you explain
13 why those columns aren't utilized?

14 A Yes. Again, this form came out in -- I think
15 it was 1983, and at that time all the columns were
16 relevant. But when we went on the market proxy, they no
17 longer became relevant.

18 Q So those were designed to capture actual cost
19 versus market cost? Is that what you're saying?

20 A Correct.

21 Q Looking at page 12, that's the same as the
22 previous form we were looking at, correct, just a
23 different breakdown for different --

24 A Correct.

25 Q And tab 13, I think we talked about this

1 before. This is the breakdown of the previous Form 2
2 for Crystal Rivers 1 and 2?

3 A Correct.

4 Q And going to 4 and 5, that would also be a
5 further breakdown from the Form 2?

6 A Correct.

7 Q Looking at transportation charges indicated on
8 lines 9 and 10, there's a dollar amount. Is that amount
9 a breakdown of the -- looking at (p), column (p), is
10 that an internal breakdown of the proxy for transgulf
11 transport?

12 A Offshore.

13 Q Okay. And offshore is cross-gulf; correct?

14 A Correct.

15 Q Okay. If that is the rate for cross-gulf
16 transportation, it appears that you have a column (n)
17 that has other water charges. Is that not appropriately
18 put in that column?

19 A I'm sorry. What column did you say?

20 Q Referring to column (n), this is the -- okay.
21 Never mind. It doesn't make much sense. We'll move on.

22 Moving on to tab 15 -- I think we're getting
23 towards the end. You explained to us this is where all
24 the adjustments are made for previous months?

25 A Correct.

1 Q Is this only the adjustments from December, or

2 this may include months further back?

3 A This will include any adjustments from any
4 month that we know of.

5 Q Okay. Can you explain to us how -- I mean, if
6 it can include adjustments for months before the
7 previous month, how do you determine which adjustments
8 are included within that particular month?

9 Well, let me -- you attach an adjustment sheet
10 per month?

11 A There is a C sheet every month.

12 Q How do you determine which adjustments go on
13 that C sheet for the month that you're reporting in?

14 A Any quality adjustments that have come in that
15 have not been previously reported, or any other
16 adjustment that happened near that month that has not
17 been reported, we go back and on this sheet show the
18 month the original transaction was reported and what
19 that would bring our new FOB price to with that
20 adjustment.

21 Q Okay. Is there a yearly form that shows all
22 the adjustments made in one year? Do you have any
23 internal forms that show all the adjustments made to the
24 423 forms over the year?

25 A No.

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Q Okay. I think actually that may have gotten us
2 through all the 423 questions.

3 A Can we take a break?

4 MS. CHRISTENSEN: Sure. I was just going to
5 ask if you all wanted to take a break after we got
6 through this.

7 (Short recess.)

8 BY MS. CHRISTENSEN:

9 Q I guess we're back on the record. I did want
10 to follow up with one question. Was there a part on
11 that form, on the 423 forms where you could actually
12 tell what the county code was?

13 A (By Ms. Davis) Yes, on the 423-2B.

14 MS. CHRISTENSEN: All right. We have some
15 questions regarding some foreign coal. I'm going to
16 pass out some information for everybody to take a
17 look at.

18 (Documents distributed.)

19 MS. CHRISTENSEN: Okay. I think everybody has
20 a copy. There should be -- just for those of you
21 who are confused and trying to see if you have
22 everything, there's a spreadsheet, and there's
23 several contracts, one dated March 26th, one dated
24 April 2nd, one dated June 13th, and one that says
25 "Coal Supply Agreement." Does everybody have copies

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1 of those?

2 I may have one for both of you. If you're
3 missing one, let me know. You should have at least

4 one copy of each one of those.

5 BY MS. CHRISTENSEN:

6 Q I'm going to start referring to the spreadsheet
7 that we're looking at, and we'll refer to this as the
8 transloading spreadsheet. And what we have here is from
9 the 2003 423 forms. And subject to check, this shows
10 the amounts that Progress paid for the various foreign
11 coal shipments in 2003, and the next sheet underneath
12 that is the breakdown from the 423s from 2002.

13 MR. MCGEE: Patty, were these prepared by us
14 or prepared by you?

15 MS. CHRISTENSEN: No, prepared by us.

16 MR. POUCHER: Subject to check. You'll want to
17 make sure they're right when you go back home.

18 MS. CHRISTENSEN: But for purposes of
19 discussion, we'll be referring to these.

20 BY MS. CHRISTENSEN:

21 Q I think we talked about this a little bit on
22 the 423 forms, and it may not be possible to tell us
23 where, but can you tell us, if you know, where the
24 Emerald purchases came from? Can you tell from Emerald
25 where the Emerald purchases came from?

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1 A (By Ms. Davis) No, I cannot.

2 Q Are all the Emerald purchases delivered to IMT?

3 A For this year, 2003?

4 Q Yes.

5 A For 2003.

6 Q I know we have some specific contracts, but we
7 obviously don't have all the contracts with all the --

8 A I couldn't tell you for sure without looking at
9 the Form 423s or looking at the contracts.

10 Q The majority of the Emerald contracts, are they
11 shipped to IMT?

12 A In 2003 they were.

13 Q So the majority of them would have been shipped
14 through IMT, and there would have been a rare exception
15 that it would not have gone through IMT? *

16 A There could have been.

17 Q But not majority of them; correct?

18 A The majority would have gone through IMT.

19 Q And Guasare, would that also be the same case,
20 that they would have been shipping into IMT?

21 A Either IMT or --

22 Q Or Drummond?

23 A Yes.

24 Q Okay. Are Emerald and Guasare foreign coal?

25 A That is correct.

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1 Q So these would have come in on ocean barges; is
2 that correct?

3 A These would have been from foreign suppliers.

4 Q And is it possible to tell -- okay. Let me see
5 if I just understand it. Emerald is a coal distributor

6 company? Can you explain what Emerald is?

7 A It is a -- all I know is it is a foreign coal
8 company that we buy from.

9 Q Okay. So in looking at Emerald transactions,
10 do they have various foreign countries from which they
11 buy coal?

12 A I do not know.

13 Q Let me ask you the same question for Guasare.
14 Are they also a foreign coal company?

15 A Guasare is a foreign coal company, correct.

16 Q Do you know if they buy from various countries?

17 A I don't believe so, but I'm not positive.

18 Q What is the major country that you're aware of
19 that Guasare buys from?

20 A I thought Guasare was from South America.

21 Q Okay. But you're not --

22 A I'm not positive, because I don't actually
23 purchase the coal.

24 Q Okay. During 2002, looking at the second
25 sheet, under the word "terminal" -- I guess that's

1 terminal, T-e-r, the fourth column. There's a charge
2 there for unloading of the foreign coal. Can you tell
3 us how that was determined? Was that a breakdown of the
4 proxy?

5 A That is correct.

6 Q Okay. And looking at the 2003 numbers, under

7 the same column, about the fourth column for the
8 terminal transporting cost, there's another number. Is
9 that also an internal breakdown of the proxy for
10 transloading?

11 A That's correct.

12 Q And looking at the column entitled "Gulf,"
13 which refers to gulf crossing costs, there's a price in
14 there for 2002. Is that price the internal breakdown
15 for transgulf transport for 2002?

16 A Subject to check, I would say that is the
17 number.

18 Q Does that appear to be around the number?

19 A It appears to be.

20 Q And also, for 2003, for the transgulf
21 transportation, there's a cost here. Does that appear
22 to be the breakout of a proxy model for transgulf
23 transportation?

24 A It appears to be the number we broke out.

25 Q Okay. Looking at the March -- I'm going to

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1 refer to the contract. There's a letter dated March
2 26th. Referring to that contract with Emerald for the
3 purchase of 1,500 tons, could you please tell me what
4 adjustment you made on the 423 form for this purchase
5 and why you made it, if any?

6 A Without having the Form 423, that would be

7 difficult.

8 Q Well, that's for 2003. Would the adjustment
9 have been made -- looking at -- oh, okay. I'm sorry.
10 Let me refer you back to the spreadsheet. I'm looking
11 in March under Emerald, and you see the last column has
12 an adjustment of [REDACTED].

13 MS. BONNIE DAVIS: Patty, I'm sorry. I'm
14 lost. You're talking about the confidential
15 spreadsheet?

16 MS. CHRISTENSEN: The spreadsheet that we
17 handed out, the last column there indicates that
18 there was an adjustment made on the 423 forms of
19 [REDACTED].

20 MR. PORTUONDO: No.

21 MS. BONNIE DAVIS: No, that's where we're
22 getting confused.

23 MR. PORTUONDO: No, it's one down. It's the
24 1.5 tons.

25 MS. CHRISTENSEN: Oh, I'm sorry.

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1 MR. PORTUONDO: There's no adjustment.

2 MS. CHRISTENSEN: There was no adjustment.

3 Okay.

4 BY MS. CHRISTENSEN:

5 Q While we're looking at the column for
6 adjustments, there's a [REDACTED] adjustment on the earlier
7 March contract of 21.5 tons. Can you tell us what that

8 [REDACTED] adjustment was for?

9 A (By Ms. Davis) That is the transloading charge
10 that we backed out of the [REDACTED].

11 Q Okay. Transloading cost. Can you tell us
12 where you got the transloading cost?

13 A That was the IMT gearless vessel transloading
14 charge.

15 Q I'm sorry. Can you say that again?

16 A Gearless vessel transloading charge.

17 Q Gearless vessel?

18 A Transloading charge.

19 Q Now, did you get -- the gearless vessel
20 transloading charge, did that come from a contract with
21 IMT?

22 A Correct.

23 Q And can you explain why that number was
24 adjusted out?

25 A I assume, without having all the documents in

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1 front of me, that you're addressing the March Emerald
2 coal, and that contract would have been a contract that
3 we bought FOB a Dixie barge, and we backed out a
4 transloading charge to bring it to an equivalent
5 commodity price.

6 Q Okay. Let me just -- looking at the March 26th
7 -- and I think we can clarify this with the next
8 contract, but looking at the March 26th, it says FAS

9 IMT. What does the FAS stand for?
10 A Free alongside.
11 Q Free alongside? And what does that entail?
12 A That means they bring it to your dock, and then
13 you unload it.
14 Q All right. Is there a charge from IMT when
15 it's FAS?
16 A Correct.
17 Q Okay. Looking at the next contract dated April
18 2nd from Emerald, which is also -- I think this is the
19 80,000 tons. Anyway, this one also has FOB Dixie Fuels
20 Limited ocean barge. Is that what you were referring to
21 earlier when you were talking about they were put in the
22 Dixie barges?
23 A Correct. This is into the Dixie barge.
24 Q And for this contract, would you have backed
25 out the IMT --

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1 A That is correct.
2 Q The IMT gearless vessel transloading charge?
3 A Correct.
4 Q Was there any other contract charge from IMT
5 that you would pay or would have paid on a contract such
6 as this?
7 A No.
8 Q Okay. So there would not have been a
9 transloading charge from IMT for this type of contract?

10 A We purchased coal FOB Dixie Fuels Limited ocean
11 barge for the contract.

12 Q Okay. So for the contracts that say FOB Dixie
13 Fuels Limited ocean barge, there should be no
14 transloading component?

15 A There is a transloading component that I have
16 broken out.

17 Q Okay. Let me understand. Then you decided or
18 determined that it was appropriate to make an adjustment
19 to back out the transloading?

20 A To bring it to a commodity price. §

21 Q So you determined that an adjustment was needed
22 to break out the transloading costs?

23 A Correct.

24 Q Thereby reducing the commodity price?

25 A Reducing the commodity price that's blackened

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1 out here by [REDACTED].

2 Q And that was the commodity price that Emerald
3 charged to you that was reduced by the [REDACTED] that you
4 paid IMT?

5 A Correct. Whatever this number is that is
6 blackened out, it was reduced by [REDACTED].

7 A (By Mr. Portuondo) If I could clarify one
8 point, I think we've been saying that the [REDACTED] is what
9 we paid IMT. I think that's not quite correct. I think
10 what Ms. Davis is trying to communicate is that we had a

11 contract price from Emerald that contained a
12 transloading component because it was coming from
13 inventory at IMT and had to be transloaded onto the
14 Dixie barge, so therefore, it contained that
15 transloading component.

16 Given the fact that the company during this
17 time period was under the market proxy black box
18 settlement, we were authorized to collect the market
19 proxy price, but we knew that the commodity price also
20 included some form of transloading. And in order to
21 assure that the company did not also recover that
22 transloading component in the commodity price, Ms. Davis
23 identified what the going rate was at that time for that
24 transloading segment and deducted it from the contract
25 price in order to arrive at a pure commodity price in

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1 order to charge the customer.

2 Q Was there any transloading activity that went
3 on for those that were sitting on the ground at IMT? If
4 so, what part?

5 A The [REDACTED] represents the transloading that took
6 place to get the coal from the ground at IMT onto the
7 Dixie barge that we assumed was and was included in the
8 contract price that we received from Emerald.

9 Q All right. Are all these [REDACTED] charges for
10 similar transactions?

11 A Yes.

12 Q Those adjustments are for similar activities?

13 A Yes.

14 Q Okay.

15 A (By Ms. Davis) If they were bought FOB Dixie
16 barge.

17 Q If they were FO -- particularly those types of
18 contracts?

19 A I don't know where these were bought.

20 MS. BONNIE DAVIS: Can I ask a clarifying
21 question on your spreadsheet here? Did you
22 calculate this last column by taking the difference
23 between these two columns?

24 MR. POUCHER: I think that's correct.

25 BY MS. CHRISTENSEN:

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1 Q All right. We may actually get through this
2 quicker. Let me make sure that I understand your
3 previous testimony. Is it correct that you said that
4 Emerald had to be blended at the IMT?

5 A (By Ms. Davis) What I said earlier, I believe
6 that all the coal at IMT was blended, that the quality
7 person was in charge of that.

8 MR. POUCHER: Anybody want to go to lunch? We
9 might be able to --

10 MS. BONNIE DAVIS: Could we take about a -- we
11 need to have a conference to see if there's some
12 redirect, but could we hold it to, say, 10 or 15

13 minutes and see if we can --

14 MS. CHRISTENSEN: Yes. We may be able to get
15 through some of this. We'll take a break for 10 or
16 15 minutes.

17 (Short recess.)

18 BY MS. CHRISTENSEN:

19 Q All right. Turning over to the 2002 portion of
20 the foreign coal shipments, looking at the [REDACTED] cost per
21 ton column and the contract price, it appears that those
22 are both the same, but there was also an adjustment made
23 of [REDACTED]. And if you look at the previous one, the
24 difference between the contract price and the 423 price
25 shows the adjustment. Do you know why on the 2002

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1 Guasare coal transaction, even though there's an
2 adjustment made of [REDACTED], there is no adjustment shown
3 in the 423 form price?

4 A (By Mr. Portuondo) Do you have a contract that
5 we can look at and a 423 we can look at?

6 Q Well, there's a contract. I don't know if we
7 have a 423 form.

8 A Which one is the contract?

9 Q The contract would be the Coal Supply
10 Agreement with Guasare, for example, the Guasare one.

11 A (By Ms. Davis) This is FOB into buyer's
12 barges, which would be into the river barges, so there
13 would be no adjustment. That is into river barges, so

14 the [REDACTED] is what we paid IMT.

15 Q Okay. So what you're saying is there was no
16 adjustment -- that there was no adjustment, or --

17 A This is FOB into buyer's river barges.

18 Q Okay.

19 A It's sort of like free alongside.

20 A (By Mr. Portuondo) I think what Ms. Davis is
21 also articulating is that we need to verify whether the
22 423 truly shows this [REDACTED] that's being indicated
23 there.

24 Q Well, subject to check, if there -- I guess
25 what you're saying -- well, let me understand. Would

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1 you expect if there was an adjustment made that it would
2 be reflected in a reduction on the 423 forms?

3 A It would -- we would have to verify what that
4 [REDACTED] is for. It may not be relevant to the type of
5 adjustment that we have just previously been discussing.
6 Given that this contract is FOB river barge or buyer's
7 barge, one would conclude that it would not require the
8 similar adjustment that was made to those shipments that
9 we were previously discussing.

10 Q So is it your testimony that you don't know
11 what the [REDACTED] adjustment would have been for on the
12 Guasare transaction in 2002?

13 A (By Ms. Davis) I'm not sure where this number
14 was pulled from on this Excel worksheet that you've got

15 in front of me. It is my opinion that the contract
16 price and the Form 423 price would be a price FOB river
17 barge.

18 Q Okay. Is it possible that you could file a
19 late-filed deposition exhibit that would show what the
20 [REDACTED] was for on the 2002 form, and what the difference
21 was and why there was not a reduction between the
22 contract price and the 423 form price?

23 A (By Mr. Portuondo) To the extent that we can
24 verify that this is accurate, we will.

25 Q Well, trace it through whatever you can on the

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1 423 forms, and --

2 A We need to find those 423s.

3 Q You know, if there was an incorrect assumption,
4 I would assume your explanation will also contain that.
5 We just want to know what we're looking at as far as
6 this price.

7 MR. MCGEE: We'll call that Late-filed Exhibit

8 1.

9 MS. CHRISTENSEN: Yes. That would be helpful.

10 BY MS. CHRISTENSEN:

11 Q Looking at 2003, there were also some
12 adjustments.

13 MS. BONNIE DAVIS: Could I make a suggestion
14 that we mark this as a deposition exhibit so can we
15 track it?

16 MS. CHRISTENSEN: Certainly. Deposition
17 Exhibit 1.

18 (Deposition Exhibit 1 was marked for
19 identification.)

20 BY MS. CHRISTENSEN:

21 Q Okay. Looking at the 2003 for Guasare, there
22 were also adjustments that were made. It appears that
23 these ones did reduce the 423 cost; is that correct? Am
24 I looking at that correctly?

25 A (By Ms. Davis) Again, I don't know how you

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1 came up with all of these different numbers here. I'm
2 not sure of your analysis, but it appears that's what
3 you're saying here.

4 Q Is it possible that you can going through on
5 this one as well and explain what the adjustment was
6 for, and if it was not followed through -- did not come
7 through as a reduction on the 423 form, explain why not?

8 A I will attempt to do so.

9 MS. CHRISTENSEN: And that will all be part of
10 a late-filed deposition exhibit.

11 MS. BONNIE DAVIS: Yes. Let's called it
12 Late-Filed Exhibit 2. This is 1, and then the
13 late-filed will be Exhibit 2.

14 MS. CHRISTENSEN: So 1 will be the 2002
15 explanation, and 2 will be the 2003 explanation.

16 MS. BONNIE DAVIS: Let's have those as 2 and 3.

17 MR. MCGEE: Exhibit 1 is the --

18 MS. CHRISTENSEN: Oh, 1 is the spreadsheet.

19 I'm sorry. I was not following the counting.

20 (Late-filed Deposition Exhibits 2 and 3
21 identified.)

22 BY MS. CHRISTENSEN:

23 Q Okay. Would it be correct in looking at this
24 spreadsheet that you show one shipment from Drummond in
25 October, subject to check?

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1 A (By Ms. Davis) Yes.

2 Q Referring to that entry regarding Drummond,
3 were you charging the full amount of the proxy for both
4 cross-gulf and transloading?

5 A Correct.

6 Q If you know, was the Drummond contract FOB
7 Dixie barge in 2003?

8 A I don't know what it was. I looked. We don't
9 have it in front of us.

10 Q Okay. And from memory, you don't recall?

11 A No, I don't recall.

12 Q Can you explain, if you know, how you treated
13 Drummond coal that you received in 2004 as far as
14 transloading cost, cross-gulf cost, and the initial
15 commodity cost?

16 A In 2004?

17 Q Yes, if you know.

18 A If we bought any coal from Drummond in 2004, it
19 would be with backing out a transloading cost if it was
20 FOB Dixie barge, or if it was free alongside, we would
21 pay a transloading cost. It was consistently applied.

22 Q Okay. Did that change at all under the
23 stipulation?

24 A You mean market proxy?

25 Q Yes, under the --

1 A The market proxy price changed.

2 Q But would your treatment of that have changed?

3 A No. The treatment was consistently the same.

4 MR. MCGEE: Patty, did you hand out in the
5 previous package a contract for the Drummond coal?

6 MS. CHRISTENSEN: No. We're just asking
7 questions regarding it.

8 Okay. I think that's probably it regarding
9 those packages, so we'll be referring to a different
10 set of questions. Do we need to collect those as
11 well, Earl?

12 WITNESS DAVIS: I need to keep mine to do a
13 late-filed.

14 MS. CHRISTENSEN: Yes, that's fine.

15 (Discussion off the record.)

16 MS. VINING: I just want to let you know that
17 we revised Rohrbacher's testimony that was filed on
18 Friday to delete the portion related to Progress.

19 Of course, you can ask questions on it.

20 MS. CHRISTENSEN: Okay. Then we'll make it a
21 deposition exhibit since we're going to refer to
22 it.

23 MS. VINING: That's perfectly fine. I just
24 wanted to let you know that we've removed that
25 portion of the transcript.

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1 MS. CHRISTENSEN: Well, if we're going to refer
2 to it here today, we'll keep that portion in, and we
3 can make it Deposition Exhibit 4.

4 (Deposition Exhibit 4 was marked for
5 identification.)

6 BY MS. CHRISTENSEN:

7 Q Ms. Davis and Mr. Portuondo -- and it may be
8 more related to Mr. Portuondo. I'm not sure who's
9 appropriate. Are you all familiar with the previously
10 filed direct testimony of Mr. Rohrbacher?

11 A (By Mr. Portuondo) Yes, I am.

12 Q Ms. Davis, have you seen a copy of this
13 testimony before?

14 A (By Ms. Davis) Not this testimony, no. This
15 is the first time.

16 Q Okay. Let me turn your attention to page 6 of
17 his testimony relating to the coal transportation costs.
18 Are the transportation costs part of the fuel costs that
19 have been included in your testimony, Mr. Portuondo?

20 A (By Mr. Portuondo) The transportation costs
21 under the market proxy are.

22 Q Okay. Let's refer to Exhibit 4 to the
23 testimony, JWR-4, Disclosure No. 2, page 6 of 6 of the
24 exhibit. Looking at that, under the auditor opinion,
25 would you agree that under the auditor opinion, it says

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1 the average delivered price, including transportation,
2 to Florida Progress in 2003 was \$58.06 per ton for coal
3 and \$70.10 per ton for synfuel?

4 A (By Mr. Portuondo) That's what it says there,
5 but I believe we did file something to respond to his
6 audit opinion.

7 Q Okay.

8 A I don't believe I have it with me. I believe
9 we did have a response, and the particulars of it slips
10 my mind right now.

11 Q Is it possible to get the response as
12 Late-filed Deposition Exhibit 6?

13 A Absolutely, absolutely.

14 MS. BONNIE DAVIS: It would be Exhibit 5.

15 MS. CHRISTENSEN: I'm sorry, Exhibit 5.

16 (Late-filed Deposition Exhibit 5 identified.)

17 BY MS. CHRISTENSEN:

18 Q Would it be correct to say that it's your
19 policy to seek out the lowest prices for coal in the
20 market for the benefit of your customers?

21 A (Mr. Portuondo) The lowest delivered price,
22 yes.

23 Q And can you explain what you mean by lowest
24 delivered price? Is there a difference in --

25 A It's all-in cost. It's the total of the

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1 commodity and the transportation.

2 Q Okay. When you're evaluating the cost of coal
3 from Colombia in 2003 versus the price you paid for the
4 synfuel, would it be correct to say that you included
5 the cost of transportation in that evaluation?

6 A (By Ms. Davis) Yes.

7 Q Was the synfuel that you purchased in 2003 more
8 or less costly than the Colombian coal you purchased
9 from the Emerald mine in 2003?

10 MR. MCGEE: By costly do you mean delivered or
11 commodity cost?

12 MS. CHRISTENSEN: Actually both, but if you can
13 specify. Do you know?

14 A (By Mr. Portuondo) I do not know.

15 A (By Ms. Davis) I do not know. It could have
16 been different periods of time that it was purchased.

17 Q Well, referring back to Deposition Exhibit
18 Number 1, it has different costs for the Emerald mine.
19 Do you recall whether those general costs per ton are
20 more or less expensive than the synfuel costs?

21 A (By Mr. Portuondo) I guess what I would

22 comment on is that you can't strictly make a straight
23 comparison, because some of these contracts, like you
24 noted on the 423, are medium-term contracts, so you
25 could have executed it at a different time where the

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1 variables associated with the price you paid -- you
2 could have been in a higher market price or a lower
3 market price. There has been a lot of volatility in the
4 commodity markets for coal in the last couple of years.
5 So without looking at the underlying circumstances
6 behind the two contracts, it's hard to say whether -- if
7 they were both executed at the same time, they would
8 have been competing with each other for the best price
9 delivered to Crystal River. If they were at different
10 points in time, there really is no correlation between
11 the two.

12 Q Do the synfuel contracts tend to be longer term
13 contracts than the foreign coal contracts?

14 A (By Ms. Davis) The synfuel contracts were
15 mostly signed in 2001 and 2002. There may be a few that
16 just were still being delivered in 2003, and at that
17 point they were a longer period than these Emeralds,
18 which has been a later purchase. But I think even with
19 Emerald, we have put addendum after addendum and
20 extended them, so their terms would probably be more
21 close. Sometimes you'll sign a contract for a year, and
22 then you'll do an addendum for another six months and

23 another six months.

24 Q Well, let me ask, with the synfuel, were those
25 medium contract terms, generally long-term contract

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1 terms, or were they spot?

2 A Medium-term contracts.

3 Q And I think earlier you were explaining that
4 they were -- did you actually pay more for the synfuel
5 in 2003 than for other coal?

6 A Not necessarily. Without having all the
7 purchases for 2003 in front of me, there could have been
8 other coal that we paid the same amount of money. There
9 could have been coal that we paid less. But every
10 contract goes out for a bid, and we do a bid analysis,
11 and at that point when we bought that synfuel coal, it
12 was the most economical and best buy on a delivered
13 basis.

14 Q Okay. So let me understand. What you're
15 trying to say is that you evaluated the synfuel
16 contracts on a bid basis?

17 A Correct.

18 Q And your evaluation included the transportation
19 costs?

20 A Correct.

21 Q Delivered to mine?

22 A Delivered to Crystal River.

23 Q Crystal River. Okay. And is it your

24 contention that the auditor opinion on page 4 was
25 incorrect that on average, for 2003, the synfuel cost

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1 delivered approximated \$11 more per ton?

2 A I think you have apples and oranges there. I
3 think the 58.06 includes all coal, rail and water, and
4 the other one is just synfuel water coal. So the price
5 of 58.06 includes the land. Some could have been
6 higher, and some could have been lower. It could have
7 been different terms. Until we go back and do your
8 late-filed, I don't think you could compare those two
9 numbers.

10 A (By Mr. Portuondo) I think you'll see that we
11 articulated in response to the audit opinion where the
12 auditor went astray in his analysis.

13 Q Okay. Let me make sure I understand
14 correctly. You said that synfuel was -- that most of
15 the purchases were in the 2001-2002 time frame; correct?
16 I'm sorry, 2000-2001 time frame?

17 A (By Ms. Davis) Most of the purchase orders
18 were signed during that period.

19 Q And when were the deliveries of the synfuel?
20 When are those wrapping up?

21 A They wrapped up in -- we did find one a moment
22 ago in 2004, but I believe most of them wrapped up in
23 2003.

24 Q Is Progress continuing to buy synfuel?

25 A No. Crystal River -- we're not selling any to

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1 Crystal River at this time.

2 Q Well, let's take a look at -- we gave you back
3 the 423s. We collected them back; correct?

4 A (By Mr. Portuondo) You did.

5 Q Okay. Let's go ahead and pass them out again,
6 because the next couple of questions will refer back to
7 that cost again.

8 Okay. Looking at the 2004 423 numbers, looking
9 at tab 3 for January, specifically looking at the Marmet
10 Synfuel contract -- okay. Let's make sure we're
11 correct. The Form 423-2 shows the price of coal that
12 you received at the IMT and shipped forward to Crystal
13 River in January; is that correct?

14 A (By Ms. Davis) That's correct. It shows the
15 coal purchased into IMT in January.

16 Q Okay. How much is the commodity price you paid
17 for Emerald in January 2004?

18 A Into IMT, [REDACTED].

19 Q [REDACTED]. Okay. That would be the FOB plant
20 price. And what was the effective purchase price?

21 A [REDACTED].

22 Q Okay. And how much is the terminal cost
23 collected under the proxy for that shipment?

24 A In column (h)?

25 Q Uh-huh.

1 A [REDACTED].

2 Q And was that FOB Dixie barge? Can you tell?

3 A That was our internal calculation of what it
4 cost to get it in, including the IMT transportation
5 charge, excluding the Dixie charge.

6 Q Let me just clarify, and this may be going back
7 to a subject we touched on earlier. When you collected
8 the proxy charge, you collected it whether you paid IMT
9 under the contract nothing, [REDACTED], or [REDACTED]; is that
10 correct?

11 A Correct, because you're pulling out -- if you
12 did not have to pay IMT, you're pulling out a charge.

13 Q Okay. And the remaining tonnage that you
14 shipped out of the IMT in January shows that you paid a
15 transportation cost of [REDACTED]; is that correct?

16 A (By Mr. Portuondo) It's received, received
17 into IMT.

18 A (By Ms. Davis) Correct, received into IMT.

19 Q Okay. And so that [REDACTED] is for the upriver
20 transportation and transloading at IMT?

21 A (By Mr. Portuondo) That's correct.

22 Q And for every one of those tons required by IMT
23 to be unloaded, the tonnage from the river barge and
24 loaded back onto the Dixie ocean barge; is that correct?

25 A No. The figure in column (h) represents -- I

1 think what you articulated before is the transportation
2 cost to get it to IMT under the proxy.

3 Q Under the proxy. Okay.

4 A It does not include -- no gulf at this point.

5 Q Okay. Let me follow up with the next one,
6 which is -- I think we understand that the [REDACTED]
7 included the transloading cost portion of that.

8 A (By Ms. Davis) Correct.

9 Q Okay. Is the transgulf transport for foreign
10 and domestic coal the same?

11 A Correct.

12 A (By Mr. Portuondo) It is the same, but it's
13 not reflected on this particular page.

14 Q Okay. Would it be correct in looking at the
15 form that you paid [REDACTED] more for the KRT synfuel than
16 you paid for the Emerald coal?

17 A (By Ms. Davis) How much?

18 Q [REDACTED].

19 A (By Mr. Portuondo) If you just took the
20 difference between the two numbers.

21 A (By Ms. Davis) The difference between --
22 okay. Yes.

23 Q Okay. Is the Emerald sulfur content more or
24 less than the KRT synfuel content?

25 A It's approximately the same.

1 MR. POUCHER: Is it more or less?

2 WITNESS DAVIS: The Emerald is a little less.

3 The Btu is higher for Marmet Synfuel.

4 BY MS. CHRISTENSEN:

5 Q If you know, is less sulfur better from an
6 environmental standpoint?

7 A (By Ms. Davis) No, not necessarily, because it
8 could be so low you can't burn it in the boiler, and you
9 have to blend it.

10 Q Okay. And is the Btu rating for Emerald higher
11 than the Btu rating for the synfuel that you purchased
12 from KRT?

13 A No, the Marmet is higher. It's 12,892 compared
14 to 12,741.

15 Q From the KRT, Kanawha River Terminal?

16 A I'm sorry. KRT. I was reading the wrong one.

17 Q Is that one higher or lower?

18 A That one is lower.

19 Q Okay. Would it be correct that a higher Btu
20 rating is better in terms of generating efficiency?

21 A If you have more Btus, you have better
22 generating efficiency.

23 Q Okay. Does Progress Fuels own KRT?

24 A Yes, they do.

25 Q Does KRT own Marmet?

1 A No, they do not. Well, I'm not sure of the
2 organizational structure. They're both affiliates of
3 Progress Fuels. I do not know if KRT owns Marmet or
4 Progress Fuels owns Marmet.

5 Q Okay. So do you know whether or not KRT acts
6 as an agent for Marmet Synfuel?

7 A I don't think so, but I'm not for sure on
8 that.

9 Q But they're both affiliated companies of
10 Progress?

11 A They're both affiliated companies.

12 Q During the same month, in January of 2004, did
13 you also buy market synfuel at a price that was
14 approximately \$9 per ton more than you paid for the
15 Emerald coal? I'm sorry, Marmet.

16 A Could you restate that?

17 Q Well, let me read it again. During January,
18 did you buy Marmet synfuel at a price that was \$9 per
19 ton more than you paid for the Emerald coal?

20 A It looks to be about 8 or 9.

21 Q Okay. Would it be correct then to say that the
22 Marmet synfuel costs \$9 more per ton than the Emerald
23 coal and [REDACTED] more for the transportation cost than

24 you paid for the similar Emerald coal in the same month?

25 A It is reported as a January purchase. I don't

1 know when the purchase orders were signed.

2 Q Okay. Would it be correct to say then that the
3 423 form reflects in January that the Marmet synfuel
4 cost was \$9 per ton more and [REDACTED] more for
5 transportation than you paid for the Emerald coal?

6 A And less than what I paid for Asset Management
7 too.

8 Q But you would agree that the form reflects
9 that?

10 A Correct. It's less than that one, but -- it's
11 more than that one, but less than another one.

12 Q Okay. Subject to check, would you accept that
13 you paid \$23.56 more per ton for Marmet synfuel than you
14 paid for the Emerald coal as reflected on the 423 form?

15 A I agree with that, but it's less than another
16 one. It all depends on the time that the contract or
17 purchase order is signed.

18 Q Well, can you point to another supplier that --

19 A Asset Management.

20 A (By Mr. Portuondo) Asset Management Group is
21 less than the Marmet, not by much, but it is less.
22 Again, what Ms. Davis is trying to --

23 Q Less than the Marmet or more than --

24 A I'm sorry. It's more.

25 A (By Ms. Davis) Asset Management is more.

1 A (By Mr. Portuondo) But the synfuel is less
2 than Asset Management. I think what Ms. Davis is trying
3 to articulate is that these are -- you're absolutely
4 right. The mathematical difference between these
5 deliveries in January 2004 will reflect differences
6 across the board as you compare. You can compare
7 non-synfuel products and also see variances. Again, the
8 key to the difference in prices is the time period in
9 which the contracts were negotiated and the variables at
10 that time.

11 Q Let me ask you this. And it may be something
12 you've already spoken to before, but I want to make sure
13 we're clear. How many tons of synfuel did you all buy
14 in 2003, if any?

15 A (By Ms. Davis) We provided an interrogatory,
16 but I don't have that in front of me. We provided an
17 answer in an interrogatory.

18 Q Okay. Would it be fair to say, though, that
19 you bought some synfuel in 2003?

20 A Yes.

21 Q Okay. And you believe your response is in an
22 interrogatory already?

23 A Yes.

24 Q How many tons of synfuel will you have bought
25 in 2004, if any?

1 A (By Mr. Portuondo) It's very little. My
2 understanding was that the market at the time we were
3 entering -- at the time we were entering the market for
4 '04, it was more economical to buy from other locations
5 than to buy synfuel, and as a result of that -- we had
6 been in discussions with the staff on making some
7 modifications to accommodate more synfuel because it was
8 at least a \$2 less cost for the commodity, and we
9 decided to terminate those efforts because the market
10 had turned, and our buying group was able to procure
11 non-synfuel at a more economical price. So what you see
12 in 2004 I think is very minimal, maybe some straggling
13 contracts.

14 Q Do you have a tonnage amount that you've
15 responded to in an interrogatory for 2004 at all?

16 A (By Ms. Davis) Not for 2004.

17 A (By Mr. Portuondo) Not for 2004.

18 Q Okay. Would it be possible to get that number
19 as a late-filed response?

20 A (By Ms. Davis) Yes.

21 MS. CHRISTENSEN: Are we up to 6? I hope so.

22 I'm starting to get the numbering correct.

23 (Late-filed Deposition Exhibit 6 identified.)

24 BY MS. CHRISTENSEN:

25 Q How many tons of synfuel, if any, do you plan

1 on buying in 2005?

2 A (By Ms. Davis) None.

3 Q Okay. Did Florida Progress receive any tax
4 benefits from those synfuel purchases?

5 A (By Mr. Portuondo) Could you repeat the
6 question?

7 Q Did Florida Progress receive any tax benefits
8 from the synfuel purchases?

9 A (By Ms. Davis) Not from Marmet Synfuel, no.

10 A (By Mr. Portuondo) Florida Progress?

11 Q The parent company, Florida Progress. Not
12 Florida Progress Energy, but the parent company.

13 A Do you mean Progress Energy?

14 Q I'm sorry. Progress -- well, let me ask it
15 both ways. Did Florida Progress, the company that
16 operates in Florida, receive any tax benefits?

17 A Okay. Progress Energy Florida is the utility.

18 Q Okay. Did you receive any benefit? I'm sorry.
19 I'm getting the corporate names --

20 A No. The synfuel credits do not have any
21 impact, beneficial or detrimental, to the utility.

22 Q All right. What about the parent corporation?

23 A The synfuel operations are a subsidiary of the
24 parent, and any Section 29 tax credits that do come out
25 of operating those plants do accrue to the parent
1 company.

2 A (By Ms. Davis) This particular purchase,
3 Marmet Synfuel, we received no tax credit for. It is
4 not our synfuel plant. It is a third party.

5 Q Okay.

6 A (By Mr. Portuondo) What Ms. Davis is saying is
7 that there are rules regarding the ability of a synfuel
8 producer to sell to themselves, in essence, to an
9 affiliate of the parent.

10 Q And what are those restriction, if any?

11 A I believe that --

12 A (By Ms. Davis) Fifty percent. If you own 50%
13 or greater, you do not sell to yourself. Marmet Synfuel
14 is a third-party plant. We own and operate it.

15 Q Is KRT also a synfuel plant that you own?

16 A No. KRT is not a synfuel plant.

17 Q Okay. Would KRT buy synfuel from somebody else
18 and resell it back to you all?

19 A (By Mr. Portuondo) We as the utility can
20 purchase synfuel from synfuel plants that are owned by
21 other entities, and so the answer is yes. And I believe
22 we can actually -- as long as we have a minimal interest
23 in a synfuel plant, we can receive synfuel from those
24 plants as well.

25 A (By Ms. Davis) Less than 50%.

1 Q Okay. So 50% is the cutoff on synfuel as far

2 as affiliated transactions?

3 A (By Mr. Portuondo) As it relates to our
4 ability to buy any of the commodity out of those plants,
5 if we own 50% or greater, that synfuel operation cannot
6 sell to Progress Energy Florida.

7 Q Okay. Would it be correct, though -- for those
8 synfuel plants where you can take the tax credit, it's a
9 \$28 tax credit; is that correct?

10 A (By Ms. Davis) It varies based on the Btu and
11 the federal equivalency at the time.

12 Q Okay. I think you have answered this already,
13 but let me ask it again. In 2003, who would receive the
14 tax credits for any synfuel tonnage that was purchased?

15 A If it was Marmet Synfuel, it would be the third
16 party.

17 Q And if it was a company in which you owned less
18 than 50%, would it be yourselves, or would it be the
19 parent company?

20 A (By Mr. Portuondo) It would be the parent
21 company, and it would be split, I assume, based on the
22 ownership in the facility. But the benefits that the
23 utility gets is the lower cost commodity that is created
24 by synfuel into coal.

25 Q Would it be correct to say that the parent

1 company of Progress Energy recently announced that it
2 would stop synfuel production?

3 A I believe it did make such an announcement.

4 Q Are you aware of the reason that they stopped
5 the synfuel production?

6 A I believe that it has to do with the
7 consolidated earnings of the parent company and its
8 ability to take those credits, because you can only take
9 so many credits, or there's a formula on how many
10 credits the IRS will allow you to take based on your
11 current year performance, financial performance.

12 Q Okay. Is it possible then that it would
13 restart the synfuel production next year when the tax
14 year has ended or the corporate year has ended?

15 A That is correct, yes. That is absolutely
16 correct.

17 Q So this is a limited step that they can no
18 longer take the tax credit for this year, for whatever
19 reason?

20 A That's absolutely right. There's a cost to
21 create synfuel, and if you can't take the credit, you
22 have to incur the cost. So therefore, they're limiting
23 their exposure based on -- there are formulas that tell
24 them how much production they can actually create in one
25 year, given the financial performance for that year.

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1 Q Is there any limit on how much coal you take
2 from a synfuel plant in which Progress is a 50 or less

3 percent owner?

4 A I think the limit would be its ability to
5 compete with other vendors for that same business,
6 because they must compete alongside all other
7 non-affiliate vendors.

8 Q But there's not a limit per se, like you can
9 only buy a certain tonnage amount per year from an
10 affiliated synfuel plant?

11 A (By Ms. Davis) No, but there's just a large
12 demand for synfuel by other utilities.

13 Q Okay. If you're aware, do you know whether or
14 not Florida Progress bought synfuel so that Progress
15 Energy, the parent company, could receive a tax break?

16 A (By Mr. Portuondo) No. Again, our approach is
17 to bid out the business, and to the extent that the
18 delivered price is -- well, we will select the least
19 price, the least cost option to the customer, and it's
20 irrespective of whether it's synfuel or regular coal.

21 Q Okay. I know we've talked a little bit about
22 this before, that you have decreased your buying of
23 synfuel. When the tax break went away, why hasn't
24 Florida Progress kept using the synfuel?

25 MR. MCGEE: You mean Progress Energy?

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1 MS. CHRISTENSEN: Progress Energy. I'm sorry.

2 BY MS. CHRISTENSEN:

3 Q You're using it if it's a benefit to the

4 ratepayer?

5 A (By Mr. Portuondo) It's only a benefit to the
6 extent that it's competing with those other third-party
7 non-synfuel products. And as I stated earlier, my
8 information from the people that are doing the buying is
9 that they're able to procure coal cheaper at this
10 particular time than what the synfuel plants can
11 produce. Even though there's an inherit \$2 decrease,
12 it's still not cheaper.

13 Q Are you comparing those based on that decrease
14 included when you're looking at the prices?

15 A Fully delivered price.

16 Q Fully delivered. So that would include the
17 reduction of \$2?

18 A What \$2?

19 Q I mean, I'm assuming the delivered price has
20 the \$2 --

21 A Oh, yes, yes, the \$2 conversion. Absolutely,
22 yes, that is included in the analysis.

23 MS. CHRISTENSEN: Okay. I think that resolves
24 those questions.

25 Let's see. Is it possible to get a late-filed

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1 exhibit on the amount of tonnage of synfuel that was
2 shipped in 2003 where the parent corporation took a
3 tax credit?

4 MS. BONNIE DAVIS: The relevance of that would
5 be?

6 MS. CHRISTENSEN: The relevance is that we're
7 trying to figure out how the synfuel is tracked and
8 how the tax credits are tracked.

9 MS. BONNIE DAVIS: Say again what you're --

10 MS. CHRISTENSEN: What we're trying to figure
11 out is how the synfuel relates to the tax credit and
12 how the synfuel portion of the industry is working
13 in relation also to the regulated utility, and we
14 need that information to be able to take a look at
15 that.

16 MS. BONNIE DAVIS: So could you say again
17 exactly what you want?

18 MS. CHRISTENSEN: We just want a breakdown of
19 the tonnage of synfuel that was shipped in 2003
20 where the parent company took a tax credit. And I
21 assume that we're going to catch some of those
22 transactions where you have a 40% less interest in
23 the affiliated company.

24 MS. BONNIE DAVIS: So you want the tons shipped
25 to PEF where a tax credit is taken?

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1 MR. MCGEE: Can we go off the record?

2 (Discussion off the record.)

3 MS. BONNIE DAVIS: If I may, I'll say that we

4 understand the late-filed exhibit to be the tons of
5 synfuel shipped in 2003 to PEF broken down from an
6 affiliated and non-affiliated source based on Form
7 423.

8 MS. CHRISTENSEN: Yes, that's what we're
9 looking for.

10 (Late-filed Deposition Exhibit 7 identified.)

11 (Discussion off the record and short recess.)

12 BY MS. CHRISTENSEN:

13 Q Could you please state for the record when you
14 filed your supplemental direct testimony?

15 A (By Mr. Portuondo) We filed it officially with
16 the court, the court clerk or the PSC clerk Monday,
17 October 25th.

18 MR. MCGEE: If I could add, a copy was
19 furnished to the parties on Friday, the 22nd.

20 BY MS. CHRISTENSEN:

21 Q Okay. Can you please explain what the reason
22 was for filing this supplemental testimony?

23 A (By Mr. Portuondo) Certainly. As you know, we
24 filed our September testimony with actuals through July
25 and projections for the period of August through

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1 December 2004. That was a function of the Commission's
2 calendar for filing.

3 As a result of the hurricanes that affected our

4 service territory, as well as the effects of those
5 hurricanes on our suppliers of oil and gas, as well as
6 our transportation of coal across the Gulf, upon closing
7 the month of September and upon closing August, not so
8 much in August, but more pronounced in September, we
9 found that we had experienced a significant increase in
10 costs.

11 Those increases in costs were due to the fact
12 that more purchased power was necessary due to our
13 either inability to dispatch our oil facilities because
14 they may have been down for the hurricane, or the fact
15 that inventories of oil were temporarily interrupted and
16 we had to balance the level of inventory with purchased
17 power as an approach to assure that we could continue to
18 serve and our plants would continue to operate
19 effectively, as well as the fact that coal
20 transportation to Crystal River was interrupted both
21 from the barge perspective and from the rail
22 perspective, as a number of miles of track was destroyed
23 by the hurricane. And I forget what rail company it was
24 that owned that track, but that which was flowing on
25 that track that was destroyed was diverted on CSX, thus

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1 delaying our shipments that we would get via rail to
2 Crystal River. And, of course, on the ocean side, the
3 barges would stop flowing as the hurricanes were

4 endangering their passage across the Gulf.

5 The other component of this cost was the fact
6 that the gas platforms in the Gulf of Mexico shut down
7 for an unusually long period of time. They were down
8 from September 13th through October 8th, causing the
9 company -- well, they enacted their force majeure
10 measures in their contracts, which resulted in the
11 company having to procure gas from storage locations at
12 the current market prices, which were significantly
13 higher than our contracted prices that we had in effect
14 for that period.

15 All of these events produced a significant
16 increase in our costs on an actualized basis, as well
17 as, as I mentioned, some of those events fell over into
18 the month of October, so we have a little bit of
19 forecasted assumptions in the month of October to
20 address what we think will materialize on an actual
21 basis. So upon completion of that analysis, we found
22 that it was necessary to update our projection that we
23 had filed before the Public Service Commission such that
24 we would not have an understated factor being put into
25 effect during the '05 time period.

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1 Q Okay. In your original filing, did you defer
2 some of the amount of the under-recovery you projected
3 for 2004 into 2006?

4 A Yes, I did.

5 Q How much did you plan to defer until 2006?

6 A I believe the number was around 79 million.

7 Q Okay. Why did you decide to defer the 79
8 million into the 2006 time frame?

9 A Well, it was a decision that was made in order
10 to minimize price shock to the customer, knowing that at
11 that time we had experienced Charley, and we knew that
12 costs were accumulating and that we more than likely
13 would see some sort of increase from our need to recover
14 the costs associated with the excess above the storm
15 reserve. So we felt that it was prudent for us to try
16 to defer the collection of a portion of that, a portion
17 of the '04 under-recovery over a two-year period.

18 Q Okay. So why did the company feel that the 59
19 million under-recovery that you planned to collect for
20 2004 was the more proper thing to do?

21 A Could you repeat that?

22 Q Why did the company believe that the 59 million
23 under-recovery that you planned to collect for 2004 was
24 the proper thing to do?

25 A Well, it was an internal decision on our part

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1 to spread the costs over two years, and we chose that
2 breakpoint --

3 Q I'm sorry. Let me just correct that. That was
4 79 million.

5 A Seventy-nine million. We chose that breakpoint
6 initially to try and again find a point where we could
7 minimize the shock to the customer, but also not
8 mortgage '06, because there are uncertainties, of
9 course, in what will happen in '06 and how close our
10 projections will come to reality.

11 Q Is it correct to state that the new schedules
12 that you provided to supplement your testimony adds an
13 additional \$25 million to the under-recovery for 2004
14 operations?

15 A Yes, that is a correct statement. *

16 Q Okay. And are we to assume the entire \$25
17 million is due to under-recovery under the fuel clause,
18 or are there other factors?

19 Let me restate that. Are we to assume that the
20 25 million is due to hurricane-related costs under the
21 fuel clause, or are there other factors in there?

22 A I'm not sure what other factors you may be
23 alluding to, but the 25 million represents the increased
24 costs either incurred or projected to be incurred
25 related to fuel and purchased power.

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1 Q Okay. I just want to make sure that we're
2 clear. The 25 million, is that 25 million only related
3 to what you're stating are increases in fuel purchases
4 specifically related to the hurricanes and other

5 activities due to the hurricanes?

6 A They're the increased costs incurred as a
7 result of the hurricanes which were the direct result of
8 changes in either the commodity price because we
9 couldn't burn gas, and therefore we had to burn oil, and
10 therefore there's a price differential there that was
11 not anticipated, or we had to buy purchased power. And
12 again, you have that concept of the mix in the dispatch
13 that was not materializing as we had originally
14 forecasted because of the hurricanes. So those are the
15 cost impacts that are part of that 25 million.

16 Q Okay. Are there any other costs that are not
17 related to the hurricanes in the supplemental testimony,
18 not directly attributable to the hurricane-related --

19 A Not to my knowledge.

20 Q Did you make your revised estimates based on
21 monthly analysis?

22 A Yes and no.

23 Q Can you explain the yes and then explain the
24 no, please?

25 A As I mentioned, upon closing the books for the

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1 month of September, we had actual results there that we
2 could rely on. We knew how much we had incurred for
3 these events based on what we had paid. Then we -- I
4 guess the answer is yes, because then we looked at
5 October, because there was some overlap, and we tried to

6 estimate what the effects were going to be based on what
7 our operational folks were telling us they were still
8 having to do in order to mitigate the effects of the
9 hurricanes. Like I mentioned, the oil platforms were
10 down until October 8th, so we still had effects in our
11 inability to dispatch economically.

12 Q How long were the rails down?

13 A My understanding is that that area of track had
14 like 52 miles of track that was washed out. We're still
15 seeing delays in getting inventory because the shipments
16 that would have otherwise gone on that track are being
17 diverted, and therefore there's just a backlog trying to
18 use that CSX track. So that is still ongoing.

19 We have the effects of our barges having to try
20 and supplement or replace that which we would have
21 gotten from rail via ocean, and we've had to procure on
22 a contract basis two additional barges to try and
23 maintain our flow of coal into the plant to replenish
24 the decrease in inventory caused by the hurricanes.

25 Q Okay. Let me see if I'm understanding that.

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1 Because the track is down, essentially, and you cannot
2 replace all that coal via rail, you're having to ship in
3 more via barge; is that correct?

4 A That's correct.

5 Q And because you have to ship in more via barge,

6 you had to procure two additional barges to ship it?

7 A We rented --

8 Q Oh, rented.

9 A We rented two additional barges.

10 Q How long are you renting those barges for?

11 A I don't think it goes beyond October. I think

12 it's probably getting ready to expire soon. I don't

13 have the exact date.

14 Q Are those rented on a month-to-month basis

15 depending on whether or not you need to get more coal

16 through --

17 A My understanding is that it is on a trip basis,

18 so at the point that we don't need them anymore, it's

19 done.

20 Q And you had said something about the gas

21 platforms, that they were shut down?

22 A Yes.

23 Q And they enacted their force majeure clause?

24 A Yes.

25 Q Since they enacted their force majeure clause,

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1 are you still obligated -- do you have any contractual

2 obligation for the contracted gas that you were going to

3 purchase from them during that time period?

4 MS. BONNIE DAVIS: As he understands that, not

5 being a lawyer.

6 BY MS. CHRISTENSEN:

7 Q In other words, do you have to still pay for
8 the gas during that time period if you're not getting it
9 and they've enacted their force majeure?

10 A (By Mr. Portuondo) No. During that time
11 period, there is no gas flowing, and there is no payment
12 to that vendor. It just stops. But the need for gas
13 continues, and therefore, that's why we had to incur an
14 expense greater than what we would otherwise have paid.
15 So it's the differential here that we're addressing in
16 order to get gas from locations that were already in
17 storage onto the pipeline.

18 Q So your 25 million is the differential between
19 what you would have paid at the contract prices and what
20 you had to pay on the storage?

21 A That is correct.

22 Q Is it correct to say that you recalculated each
23 of the factors in the fuel clause on a monthly basis and
24 then added them up and came up with the 25 million? Is
25 that correct?

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1 A I don't understand the reference to factors.

2 Q Did you relook at all of the different elements
3 of the fuel clause that you -- I mean, you were talking
4 about you had to -- I mean, you obviously had to make
5 some adjustment to your gas purchase factor because you
6 had to buy from a different source, and you obviously

7 had to relook at your coal because your transport
8 changed. Was that for every single element that you --
9 I mean, on the schedules, did you have to modify all of
10 them or portions of them?

11 A Portions. The months of August and September
12 became -- where is the page?

13 Okay. August -- actually, --

14 Q I guess on this schedule, which parts did you
15 actually modify? I guess that would be probably the
16 most helpful.

17 A Hold on a second. I just want to verify one
18 thing.

19 Q That's fine.

20 A Okay. You'll find that the months of
21 September, October, and November have been updated, and
22 you'll see that on Schedule E1-B. And the comparable to
23 this schedule is found in my August reprojection
24 testimony, again, the same E1-B schedule.

25 Q Okay. So the Schedule E1-B attached to your

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1 supplemental is a revised schedule that if we looked at
2 your direct testimony would correspond to Schedule E1-B?

3 A That is correct.

4 Q And if we were to follow the numbers in the
5 column for September '04, October '04, and November '04,
6 we should be able to see how those numbers have been
7 revised upwards?

8 A Yes.

9 Q Okay. Let me go through I guess each of the
10 columns. Are these -- maybe you can explain to me how
11 you incorporated the various additional costs that you
12 had in this schedule for September 2004 and October '04,
13 because I see they have -- obviously, they have
14 jurisdictional megawatt-hour sales. If you can explain
15 to me, how was that impacted by the hurricanes? Was
16 that a number that was changed, or was that a number
17 that remained constant?

18 A The numbers that were changed can be found on
19 line 8.

20 Q Okay. Total cost of generated power. Would
21 that have been for September, October, and November as
22 well?

23 A Yes.

24 Q Okay. Total cost of purchased power?

25 A I'm just looking at that. No. Actually, the

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1 only line that has changed is the cost of generated
2 power.

3 Q Okay. Can you explain to me how that cost of
4 generated power reflects the additional costs that we
5 were talking about earlier, the need to procure gas from
6 storage and the need to procure different coal
7 shipments? Well, I guess you didn't actually answer

8 that question. Did you need to procure coal, buy spot
9 coal to make up for the deliveries that were delayed?

10 A Yes, we did.

11 Q Okay. Could you explain to me how the number
12 on line 8 reflects those costs?

13 A Well, there are calculations that feed these
14 Commission schedules that will have inputs as to the
15 number of tons and the unit per ton that we expect to
16 pay during that period of time. So those inputs would
17 have been adjusted for the known information that we had
18 for hurricane effects.

19 Q Do you have those worksheets attached to your
20 testimony?

21 A No.

22 Q Is it possible to get those? Well, we would
23 like to get those as a late-filed exhibit so that we can
24 follow how the tonnage and -- the actual inputs that go
25 into that number. Do you have those work papers?

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1 A I can get them, yes.

2 MS. CHRISTENSEN: Can we make that Late-filed
3 Exhibit -- I forget what we're up to. Is it 6?

4 MS. BONNIE DAVIS: Eight.

5 MS. CHRISTENSEN: Eight? Okay. So that will
6 be the calculations for the number -- actually, the
7 work papers to determine the total cost of generated
8 power. I think you know what we're talking about,

9 how to figure that out.

10 MR. PORTUONDO: Yes.

11 (Late-filed Deposition Exhibit 8 identified.)

12 BY MS. CHRISTENSEN:

13 Q When we get those work papers, will we be able

14 to see exactly how the inputs from your previous

15 testimony will increase related to the hurricane

16 expenses?

17 A (By Mr. Portuondo) I will make sure that they

18 do.

19 Q Okay. I don't know if we have -- I don't think

20 we have that breakdown from your previous testimony, but

21 it would be --

22 A You do.

23 Q -- helpful to be able to compare what it was

24 before.

25 A It is --

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1 Q It is?

2 A -- part of my prefiled testimony.

3 Q Okay. Can you refer to the specific --

4 A The E schedule, E as in elephant, from my

5 August testimony. You have the E3s and the E4s. Those

6 are the figures that are the inputs to go into

7 calculating what's on the E1-B.

8 Q All right.

9 A E as in elephant, 1, B as in boy.

10 Q Okay. So if we took figures from the E3 and

11 the E4, I assume there's a breakdown of the specific

12 costs?

13 A Yes.

14 Q They roll up into a specific number on the E1-B

15 form?

16 A Right.

17 Q What number is it that we should be looking for

18 in the E1-B form that those numbers roll up into, just

19 so when we get the information we'll know where we're

20 looking?

21 A The number that I will be explaining is the

22 number on line 8 of E1-B.

23 Q Which is the total cost of generated power?

24 A That's correct.

25 Q All right. And on this schedule, that is the

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1 only number that you're aware of that changed due to

2 hurricane-related charges or costs?

3 A That's correct.

4 Q Okay. I think you have already answered this,

5 but I want to make sure that I'm clear. When you

6 prepared your original testimony in August, how many of

7 those months were actual performance, and how many of

8 those were estimated?

9 A It was 50-50. It was through -- we had actuals
10 through July.

11 Q Actuals through July?

12 A Correct.

13 Q Okay. And then August through --

14 A August through December were estimates.

15 Q Okay. Let me ask you this. You talked about
16 adjusting the numbers or the estimated numbers for
17 September, October, and November. Were any adjustments
18 made for August, or is that something that will be
19 carried over to true-up in '05?

20 A True-up in '05.

21 Q Because it didn't appear that they were being
22 accounted for in the revised testimony, and I assume
23 that's --

24 A The storms started to affect the area around
25 the Labor Day holiday, which would have been the

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1 beginning of September.

2 Q Well, I know it was like late August.

3 A Right.

4 Q So there may be some that was in August, but
5 you're not looking to --

6 A That's correct.

7 Q Okay. So you're looking to true up that in
8 '05, for August?

9 A Yes.

10 Q Okay. Let me make sure I understand correctly.
11 When you prepared your supplemental testimony, would it
12 be correct to say that you had actual performance
13 through the end of September '04?

14 A When I prepared it, we had closed through --
15 yes, through the end of September.

16 Q Okay. And would it be correct to say that the
17 estimates then would have been the October through
18 December time frame?

19 A That's correct.

20 Q Okay. Can you please tell us exactly which
21 storms caused you to change your original projections?

22 A All of them, and some.

23 Q Can you name the particular storms which
24 affected Progress's territory?

25 A Charley, Frances, Ivan, and Jeanne. And

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1 actually, prior to Charley, I think there was a little
2 tropical storm that hit the Panhandle or the Destin Bay
3 area that also caused some disruptions, but that will be
4 in the true-up of August.

5 Q Okay. Let me ask you this. When you're
6 preparing your testimony from year to year, is there any
7 -- other than the storm reserve, do you have any -- or
8 do you anticipate any storms in coming up with your
9 figures or projections for the year?

10 A No.

11 Q Okay. Can you explain how many total outages
12 you experienced during the storms, if you know?

13 A I don't have that with me.

14 MR. MCGEE: Plant outages?

15 MS. CHRISTENSEN: I think we're talking about
16 plant outages. We're not talking about customer
17 outages?

18 MR. POUCHER: Customer outages.

19 MS. CHRISTENSEN: Oh, customer outages?

20 MR. PORTUONDO: I do not have that.

21 BY MS. CHRISTENSEN:

22 Q Okay. Is it possible to get that as a
23 late-filed exhibit?

24 A (By Mr. Portuondo) Sure.

25 MS. CHRISTENSEN: Okay. I'm going to let

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1 Bonnie tell me what we're on.

2 MS. BONNIE DAVIS: Nine.

3 (Late-filed Deposition Exhibit 9 identified.)

4 BY MS. CHRISTENSEN:

5 Q I assume we're talking about hurricane-related
6 outages, or do you want more than -- you just want
7 hurricane-related outages. I'm assuming you understood
8 it to be the hurricane-related outages.

9 A (By Mr. Portuondo) That's what we will

10 provide, is outages associated with each storm, for each
11 storm. Regardless of the period that they overlapped,
12 I'm going to give it to you by storm.

13 Q Okay. I think that will work. Is there any --
14 no, I guess that wouldn't make much difference, because
15 if there were outages from the previous storm, they
16 would still be outages during a subsequent storm if they
17 had not had their power restored.

18 A Possibly, given the proximity of the storms,
19 there could have been, but I doubt it.

20 Q Well, I'm trying to figure out when you were
21 giving us the number of outages whether or not we're
22 getting a double counting of outages by storm.

23 A No, no.

24 Q I figured if they were out and they were out
25 still during the second storm, they wouldn't be counted

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1 as a new outage.

2 A No.

3 Q But I think it would be fair to say, wouldn't
4 you agree, that you had thousands of customers out of
5 service during the period of the storms?

6 A Absolutely, yes.

7 Q And would you agree that that would have caused
8 you to see a reduction in usage?

9 A That is correct.

10 Q Would it also be fair to say that the outages
11 that were experienced caused a reduction in the total
12 retail electric power that you sold to your retail
13 customers during that time frame?

14 A That would be logical.

15 Q Okay. Can you please indicate which months, if
16 you know, resulted in lower retail sales than you had
17 originally projected?

18 A Well, I would imagine that the month of
19 September would be the predominant month of hurricane
20 outages.

21 Q Okay. Would it be correct to say that your
22 testimony is that you had lower demand than you
23 anticipated, yet your fuel costs went up? Would that be
24 correct?

25 A That would be correct.

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1 Q Can you explain why that would be possible?

2 A Because the products that you were anticipating
3 to procure were being procured at a higher cost that you
4 had forecasted that to be. You weren't buying it at
5 your existing contract price.

6 Q Okay. Well, let me ask you this. If your
7 demand goes down, would you need less of a commodity
8 than you originally anticipated? I guess the question
9 is, if demand goes down and you need less fuel to

10 generate less electricity, how is that being accounted
11 for in these hurricane-related expenses?

12 A It depends on the spread between what you're
13 paying to generate that which is left. I don't know
14 that I have an analysis that I did that splits those two
15 variables out.

16 Q Because intuitively, it would seem at least
17 that because your demand has gone down, you would need
18 less fuel to generate less power. I guess that's where
19 we're look for an explanation.

20 A But you're also -- remember that we're
21 recovering costs not solely for this year's expenses,
22 but prior years' under-recovery. So the fact that your
23 -- well, that's not included. It is an indirect impact
24 of not having those sales due to the hurricanes, but
25 that's not --

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1 Q Yes, I was going to say, we're talking --
2 these are costs that are related to --

3 MS. BONNIE DAVIS: Patty, I think if you look
4 at the E schedules, you can compare what the sales
5 and the projected sales are and see how much demand
6 has dropped, and you can look at actual expenses and
7 see how much they've gone up. And I think maybe the
8 third part of the equation is that costs would have
9 gone up even more had sales not dropped.

10 MS. CHRISTENSEN: And that's what we're trying

11 to figure. Is this a component of what you figured
12 in the cost? I mean, is this offset by the amount
13 that demand dropped? We're just trying to get a
14 feel for --

15 MS. BONNIE DAVIS: I think what Javier's
16 testimony reflects is that it's the net impact of
17 those two things moving in opposite directions. In
18 other words, yes, sales dropped, but unit costs,
19 unit expenses went up, and this testimony reflects
20 sort of the intersection between the two.

21 MR. MCGEE: And actually, we don't even know
22 whether they've dropped. They could have been
23 higher than forecasted, but it just depends on the
24 variables.

25 BY MS. CHRISTENSEN:

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1 Q And I think you had said before that the only
2 number changed would be the cost of generated power?

3 A (By Mr. Portuondo) That's correct.

4 Q Do you have any schedule or form that would
5 show whether or not there was a -- you know, what the
6 decrease in demand would have been in September related
7 to the storms?

8 A Yes. The A schedules filed with the Commission
9 would illustrate the actual versus estimated impacts.

10 Q For September?

11 A For September.

12 Q Have those been revised related to the
13 hurricanes?

14 A They're actual.

15 Q They're actuals? Does that mean that those A
16 forms are filed on a monthly basis with the Commission?

17 A Yes.

18 Q And if I understand correctly, what we were
19 talking about was that the 25 million is an estimate of
20 the effects of the hurricanes less whatever sales were
21 decreased? I mean, is it accounting for that?

22 A I need to verify that. I need to verify
23 whether the effects of sales were taken into
24 consideration in that figure.

25 Q Okay. Can we get a late-filed exhibit that

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1 would show us whether or not that was taken into
2 consideration?

3 A Absolutely.

4 MS. CHRISTENSEN: Okay. We'll call that 10.

5 (Late-filed Deposition Exhibit 10 identified.)

6 BY MS. CHRISTENSEN:

7 Q Okay. If we're looking at the form that you
8 revised, the E-1B form, which particular figures would
9 we look at to come to the \$25 million figure? How could
10 we arrive at that number from looking at the numbers
11 that are on the E-1B form?

12 A (By Mr. Portuondo) It would be the difference
13 between line 8 on the before and after times the
14 jurisdictional separation factor.

15 Q Okay.

16 A Adjusted for the line loss multiplier.

17 Q So the difference in line 8 from your previous
18 testimony to the current testimony times the
19 jurisdictional factor minus line loss?

20 A Times the line loss multiplier.

21 MR. MCGEE: Patty, when he's referring to his
22 previous testimony, it would be the August
23 testimony, not the September testimony.

24 BY MS. CHRISTENSEN:

25 Q All right. So that's compared from August to

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1 -- well, let me make sure I understand which testimony
2 we're comparing between your supplemental testimony and
3 the revised schedules and the other testimony you
4 filed. Would it be correct to say that the testimony
5 you're referring to is the August testimony and
6 schedules minus the supplemental testimony?

7 A (By Mr. Portuondo) That is correct.

8 MS. CHRISTENSEN: Okay. I think actually that
9 may answer all the questions that we have.

10 MS. VINING: Patty, could we interject a
11 question here on the same topic?

12 MS. CHRISTENSEN: Yes. Let me make sure --
13 well, let me look at it, but you guys can go ahead
14 and ask your questions. If we have more --

15 MR. POUCHER: I'm through.

16 MS. CHRISTENSEN: Okay. I think we're done, so
17 I guess it's open for questions.

18 MS. VINING: The reason I thought it might be
19 appropriate here is because it's related to what you
20 were --

21 MS. CHRISTENSEN: Go ahead.

22 CROSS-EXAMINATION

23 BY MS. VINING:

24 Q Javier, on your revised Schedule E1-B, on line
25 9, you said there's no change on line 9 between what you

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1 filed in August and what you filed yesterday, Friday,
2 whenever, and we were wondering, because on page 2 of
3 your supplemental testimony you're saying that the
4 change was caused by purchasing off-system power. So
5 how come there's no change on line 9?

6 A (By Mr. Portuondo) That is correct, and that's
7 one of the reasons that I agreed to a late-filed
8 exhibit, is because I'm afraid that they may have shown
9 all the impact on line 8, so I need to go back and
10 verify that.

11 Q So you don't think the 25 million total will
12 change? You just think it needs to be reflected on 8

13 and 9?

14 A Yes.

15 MS. VINING: Okay.

16 REDIRECT EXAMINATION

17 BY MS. CHRISTENSEN:

18 Q Would that result in an update of the update?

19 A (By Mr. Portuondo) Possibly, but it won't
20 change the impact.

21 MS. CHRISTENSEN: Okay.

22 CROSS-EXAMINATION

23 BY MR. PERRY:

24 Q Hi, Javier. My name is Tim Perry, and I
25 represent the Florida Industrial Power Users Group, and

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1 I have a few questions for you.

2 A (By Mr. Portuondo) Very good.

3 Q Your testimony on page 2 discusses the \$25
4 million in additional costs. Do you know how those
5 costs are broken down by month?

6 A No, I do not have that, but you can gauge that
7 by just taking the difference between my original
8 projections and my revised projections.

9 Q Okay. On page 2, lines 16 through 17, you
10 discuss that in part, the costs are the result of
11 dispatching the company's generating units out of
12 economic order. Do you know how much of the 25 million

13 is attributable to the non-economic dispatches?

14 A It's about \$16 million. Well, you could
15 probably consider the purchased power, so it's about
16 17.6.

17 Q So 1.6 would be purchased power?

18 A Would be purchased power.

19 Q Do you know -- is it possible to have a
20 discussion where we separate the two, the non-economic
21 dispatch and the purchased power, or are the two so
22 intertwined that --

23 A I would say they're intertwined.

24 Q I'm going to ask you a couple of questions
25 related to the two. In the event that you can't

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1 separate them out, just address them together and let me
2 know that you're doing that.

3 Do you know what days the dispatch problems
4 occurred?

5 A No, I do not.

6 Q Are those dispatch problems ongoing from
7 today?

8 A From today, no, I don't believe so. I think
9 we're back at this point. I think all the plants are
10 now dispatching the way they should.

11 Q And I believe earlier you said that the
12 revisions you made were to September, October, and

13 November; is that correct?

14 A Right.

15 Q So the revisions to November would include
16 non-economic dispatch; is that correct?

17 A I don't believe they do.

18 Q Do you know what units were involved?

19 A In what context? Which units weren't
20 dispatching when they should have dispatched?

21 Q Correct. What units were you not able to
22 dispatch?

23 A The coal units that were under conservation
24 measures then. There were times when Bartow and Anclote
25 weren't dispatching. I think we also had a period of

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1 time when we had to shut down the Hines units because of
2 the direction of the passage of the storm. That's the
3 best of my knowledge.

4 Q Do you know what the reasons were? Did it have
5 to do with the plant itself, or did it have to do with
6 transmission problems?

7 A It had to do with the approaching storm, and we
8 had to shut down the plant for safety reasons, and other
9 measures. The coal plants, we were extremely low on
10 coal because of the delays, and we had to try to bring
11 up the coal to appropriate levels, so we weren't
12 dispatching them as much as we would have otherwise
13 because we would have burned too quickly through the

14 inventory and could have caused a depletion at the
15 plant. There were those types of situations.

16 Q Do you know in general how long these outage
17 problems occurred for, a general time span as opposed to
18 particular days?

19 A I don't have that available to me.

20 Q Do you know generally what the difference in
21 price between the units that you were able to dispatch
22 and the units that you were unable to dispatch is?

23 A It would be a tradeoff between burning coal
24 versus oil.

25 Q Do you know the spread?

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1 A I'm sure you can calculate that from my E
2 schedules. You can see the spread between generation
3 out of the coal facilities versus the oil facilities.

4 Q Is that reflected on a marginal or an average
5 basis? Do you know?

6 A Average.

7 Q Now I'm going to be asking you a few questions
8 about the purchased power costs. Do you know in general
9 what days or during what time span the purchases were
10 made?

11 A I don't have that information with me.

12 Q Would it be fair to say that those purchases
13 occurred primarily in September and October?

14 A That is a correct statement. It would have
15 happened during those months, but specific days, I don't
16 have that available to me.

17 Q Do you know who the counterparties were that
18 you purchased from?

19 A No, I do not.

20 Q And those purchases were necessary because you
21 didn't have units on line to provide sufficient
22 capacity, or were they economic purchases, or both?

23 A They were both.

24 Q Do you know how that would break down as far as
25 a percentage?

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1 A No, I do not.

2 Q Would your E schedules also show the spread
3 between the purchases and the economic units?

4 A Yes.

5 Q On page 2, lines 17 through 19, you discuss
6 that some costs were related to chartering additional
7 coal barges. Do you know how much of the 25 million is
8 attributable to that?

9 A I think around 5 million.

10 Q Do you know during what time frame those
11 additional charters were made?

12 A The September-October time frame.

13 Q Do you know in response to which storms you
14 chartered those additional barges?

15 A I would say it's the accumulation of all the
16 storms. There's a compounding effect to the delays, so
17 I don't think you can say one particular storm, but it's
18 the compounding delay of shipments into Crystal River
19 that has resulted in our need to replenish that
20 inventory pretty quickly.

21 Q Do you know if any one storm or two storms in
22 particular affected it more than some of the others?

23 A I do not have that information.

24 Q Staff in the fuel docket holds regular meetings
25 with the company, and you're usually there as one of the

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1 voices of the company. At the meeting that took place
2 on August 25th, I have in my notes that you stated that
3 there weren't any significant delays or inventory
4 reductions as a result of Tropical Storm Bonnie or
5 Hurricane Charley. Knowing what you know now, do you
6 think that's still an accurate statement?

7 A To inventories, I think that is still a correct
8 statement. I think what Bonnie did is, the fact that it
9 hit the Mobile-Destin area of the Gulf where most of the
10 gas supply comes out of, my understanding is that there
11 was some impact as a result of that. What I'm being
12 told is that it wasn't all that bad, but there was some
13 effect. That's why I'm not ranking Bonnie to the same
14 degree as the other hurricanes.

15 Q Do you know the price for chartering the
16 additional barges?

17 A It's 2.5 million per barge. That's our
18 estimate of what we'll incur. Like I said, it's on, I
19 think, a per trip basis.

20 Q Do you know approximately how many trips?

21 A No.

22 Q Do you think it would have been -- it would
23 work out to the same number of trips that you would have
24 had had you not been delayed?

25 A That I do not know. Well, inherently, it would

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1 be more, because you're trying to offset your rail
2 shipments, so inherently --

3 Q So there were more barge shipments because you
4 were receiving less shipments by rail?

5 A Correct.

6 Q Do you know who the counterparties were that
7 you chartered the barges from?

8 A The fifth barge I think we got from TECO. The
9 sixth one I don't know.

10 Q Are those barges able to go into the channel at
11 Crystal River, or do you have some other kind of
12 accommodation for those barges?

13 A No, they can navigate the channel.

14 Q Do you know what the lowest level of coal

15 experienced by Progress in terms of day's burn was?

16 A That I don't have with me. I'm sorry.

17 Q How would you break down the inventory
18 reduction by delays to waterborne deliveries and delays
19 to rail deliveries?

20 A I do not have that broken out.

21 Q Do you know approximately the difference in
22 price between chartering the barges and your normal
23 waterborne costs?

24 A I have not made that calculation, because
25 they're giving us a per charter rate, so it's not apples

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1 to apples.

2 Q Do the charters go from IMT to Crystal River?

3 A They do, yes.

4 Q So it would be possible to figure the rate on a
5 -- I guess on a round-trip basis?

6 A That is correct, but the fact that it's on a
7 spot basis, I'm not sure what the dynamics of pricing is
8 between short-term and long-term arrangements, whether
9 there's a different basis for the unit charge you're
10 having to pay.

11 Q Okay. On page 2, lines 19 through 21, you
12 discuss additional cost related to spot natural gas
13 purchases from storage. Do you know how much of the 25
14 million is attributable to the spot storage purchases?

15 A It's like \$7 million, I believe.

16 Q Do you know during what time frame you made
17 those purchases?

18 A Well, I know from information I received from
19 our purchasing area that the force majeure measures were
20 in effect from September 13th through October 8th, so I
21 would imagine that's a time period during which these
22 types of purchases would be going on.

23 Q Do you know which plants you made those
24 purchases for?

25 A No, I do not.

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1 Q Do you know what the duration of the purchases
2 were?

3 A No, I do not.

4 Q Do you know what the purchase price was?

5 A No, I do not.

6 Q Do you know if the purchase was at a premium to
7 your contract price?

8 A I would say that it is, because this is -- the
9 information I requested is that which is incremental
10 above what we would have otherwise paid, so, yes.

11 Q Do you know who the counterparties were that
12 you purchased from?

13 A No, I do not.

14 Q Were the purchases due to gas transmission

15 interruptions, or were they due to production
16 interruptions, or both?

17 A Production interruptions.

18 Q Does Progress have any gas storage capability?

19 A Progress does not.

20 Q Do you have any capability by storing
21 additional gas on the gas pipeline?

22 A I don't understand the question.

23 Q Is it possible for you to have more gas on the
24 pipeline than what you need at one particular time such
25 that you would be able to, if there was a production

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1 interruption, bleed off some of that gas from the
2 pipeline over a period of time?

3 A You still need to procure the supply of gas,
4 and that's what we were procuring, the supply of gas.

5 Q And I understand that, but would it be possible
6 to build up excess gas on the pipeline so that you would
7 be able to draw that off the pipeline over a series of
8 days or hours or whatever if there was a production
9 interruption?

10 A I'm not familiar with that.

11 Q I'm going to direct you to your schedule
12 related to the Hines 2 depreciation. Can you just
13 discuss with me briefly what, if any, changes you made
14 to this schedule in your revised supplemental testimony?

15 A We made changes to page 2 of 2, the Hines 2
16 system savings calculation, which is like the third
17 block of numbers.

18 Q So if I were to go back to your original
19 schedule related to that, I would see changes?

20 A Yes, sir.

21 MS. CHRISTENSEN: Can I just ask for
22 clarification? Is that retail fuel savings?

23 MR. PORTUONDO: Well, you start with system,
24 system savings, Hines 2.

25 MS. CHRISTENSEN: Oh, okay.

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1 MR. PORTUONDO: System savings, and then the
2 mathematical jurisdictional factors apply.

3 MR. MCGEE: It's the third grouping down.

4 MS. CHRISTENSEN: Okay. All the third grouping
5 would have been changed?

6 MR. PORTUONDO: Yes, and that just flows to the
7 retail calculation.

8 BY MR. PERRY:

9 Q Do you know what were the drivers for those
10 changes?

11 A (By Mr. Portuondo) The projection that we were
12 using was not the most current for the displaced fuel
13 expense and the purchased power, so we were trying to
14 make it as current as possible.

15 MR. PERRY: I think that's all the questions

16 that I have.

17 CROSS-EXAMINATION

18 BY MS. BONNIE DAVIS:

19 Q Mr. Portuondo, would you please look at
20 Deposition Exhibit 1. I draw your attention to the last
21 column that says "Adjustment." Would you agree with me
22 that that's an arithmetic calculation comparing the
23 numbers shown in the column marked "Form 423 dollars per
24 ton" and the column marked "Contract Price"?

25 A (By Mr. Portuondo) Yes.

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1 Q And was it your testimony that if you needed to
2 make an adjustment to the commodity price to back out
3 the transloading, you always backed out ██████?

4 A For this time period, that is correct.

5 Q So to the extent that last column shows a
6 number other than ██████ or zero, is it fair to assume
7 that that difference does not represent a transloading
8 cost?

9 A Yes, that is fair.

10 Q I would direct your attention to Form 423. You
11 were asked several questions about the relative value of
12 purchases that are shown on the tabs beginning at tab 3.

13 A Yes.

14 Q Now, would it be fair to say that Form 423 is
15 not designed to allow a person to compare the relative

16 economics of the coal purchases shown there?

17 A That is correct.

18 Q Are you at all familiar with the industry
19 standard -- is there an industry standard for synfuel
20 pricing?

21 A Yes, there is. My understanding of that
22 practice is that the synfuel, once converted to synfuel,
23 is traditionally about \$2 less than the originating
24 commodity cost.

25 Q So at the time the company makes a decision to

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1 purchase synfuel on behalf of PEF, it reflects a
2 decision that if they do not purchase synfuel, they
3 would buy coal from an alternative source at an
4 approximate cost of \$2 a ton more than the cost of
5 synfuel?

6 A That is correct.

7 MS. BONNIE DAVIS: Thank you. We have no
8 further questions on redirect.

9 MS. CHRISTENSEN: I have nothing further. Does
10 staff have anything? I know your attorney has left.

11 I think that concludes the deposition. I
12 assume you all are going to want to read.

13 MS. BONNIE DAVIS: Yes. We do not waive
14 reading.

15 MS. CHRISTENSEN: Okay. Then I think we are
16 concluded.

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(Deposition concluded at 2:32 p.m.)

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CERTIFICATE OF OATH

STATE OF FLORIDA)
COUNTY OF LEON)

I, MARY ALLEN NEEL, Notary Public in and for
the State of Florida at Large:

DO HEREBY CERTIFY that on the date and place
indicated on the title page of the foregoing transcript,
an oath was duly administered by me to the designated
witness before testimony was taken.

WITNESS my hand and official seal this 31st day
of October, 2004.

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MARY ALLEN NEEL, RPR
2894-A Remington Green Lane
Tallahassee, Florida 32308

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CERTIFICATE OF REPORTER

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STATE OF FLORIDA)

5

COUNTY OF LEON)

6

7

I, MARY ALLEN NEEL, do hereby certify that the

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foregoing proceedings were taken before me at the time

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and place therein designated; that my shorthand notes

10

were thereafter transcribed under my supervision; and

11

that the foregoing pages numbered 1 through 132 are

12

a true and correct transcription of my stenographic

13

notes.

14

I FURTHER CERTIFY that I am not a relative,

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employee, attorney or counsel of any of the parties, or

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relative or employee of such attorney or counsel, or

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financially interested in the action.

DATED THIS 31st day of October, 2004.

MARY ALLEN NEEL, RPR
2894-A Remington Green Lane
Tallahassee, Florida 32308
(850) 878-2221

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET No. 040001-EI**

**Late-filed Exhibits to the Deposition of
Javier Portuondo and Donna Davis**

**taken by the Office of Public Counsel
on October 26, 2004**

Late-filed Exhibit 2

Reconcile/explain the 2002 adjustments shown in the last column of deposition Exhibit 1, the confidential spreadsheet prepared by OPC.

Response:

No Gulf terminal transloading costs were included in the price of the 2002 foreign coal purchases shown on OPC's spreadsheet. Therefore, no adjustments were made to the price of these 2002 purchases.

Late-filed Exhibit 3

Reconcile/explain the 2003 adjustments shown in the last column of deposition Exhibit 1, the confidential spreadsheet prepared by OPC.

Response:

With one exception, the figures shown in the "Adjustment" column of OPC's spreadsheet for the 2003 Emerald foreign coal purchases represent the seller's estimated transloading costs included in the purchase price to deliver the coal onto the Dixie Fuels vessels in accordance with the FOB terms of the contract. PFC removed these transloading costs from the purchase price to arrive at a true commodity price comparable to the price of typical foreign coal purchases made by PFC before the coal incurs any transloading charges. This adjustment was necessary so that PFC could properly add the foreign coal market proxy approved by the FPSC to a commodity price free of any waterborne transportation costs.

The exception concerns the March Emerald shipment of 1,500 tons, which PFC purchased FOB "free along side IMT", *i.e.*, before transloading cost were incurred. Since the purchase price did not include transloading costs, no adjustment was made by PFC.

The October Drummond shipment shown on Exhibit 1, like all but one of the Emerald shipments, was purchased by PFC after the coal had been delivered onto the Dixie Fuels vessels. However, OPC mistakenly entered a higher price for this purchase on Exhibit 1 than the correct price reported on the October 423 Forms. The difference between the correct 423 price and the contract price is the seller's transloading cost, which, as it did with the similar Emerald purchases, PFC removed from the commodity price before adding the foreign coal market proxy to arrive at the final delivery price charged to Progress Energy.

To summarize the foregoing purchases, a total of 267,240 tons of foreign coal were purchased in 2003 at a price that included Gulf terminal transloading costs. For all of these purchases, PFC adjusted the purchase price to remove the transloading costs before the market proxy was added and charged to Progress Energy.

None of the remaining 2003 foreign coal shipments shown on OPC's spreadsheet incurred transloading costs prior to purchase by PFC and therefore no adjustment for these costs were necessary. The entries under the Adjustment column for these purchases represent quality adjustments or other similar price adjustments based on results of sample testing for compliance with contract coal specifications or invoice corrections made after the purchase is initially reported. These subsequent adjustments are reported on Form 423-2C, which is the 423 schedule that lists adjustments received in the reporting month for coal deliveries reported in previous months. Contractual adjustments of this type are distinct and unrelated to the adjustments made by PFC to remove transloading costs from the purchase price of foreign coal, such as the Emerald purchase price adjustments described above.

Late-filed Exhibit 5

Progress Energy's response to Disclosure No. 2 in the Staff audit report of PFC's 2003 waterborne transportation costs, Audit Control No. 04-082-2-1.

Response:

Progress Energy's response to the Staff audit report was filed in Docket No. 031057-EI on April 13, 2004, and contained responses to Disclosure Nos. 1 and 2. The portion of Progress Energy's response addressing Disclosure No. 2 is attached to this late-filed exhibit. Two confidential figures in a quotation from Staff's audit disclosure were redacted in the public copy of Progress Energy's original response to the audit report, the copy from which the attachment to this exhibit was derived. These confidential figures are not germane to the substance of the response in general and are completely unrelated to the portion of the response addressing Progress Energy's synfuel purchases, which is the subject matter that led to the request for this late-filed exhibit.

Attachment to Late-filed Exhibit 5

Progress Energy Florida's Response to Staff's Waterborne Transportation Audit Report (twelve months ended December 31, 2003)

* * *

Response to Disclosure No. 2

Several points in audit Disclosure No. 2, which addresses the commodity price of PFC's coal purchases in 2003, require clarification if they are to be properly understood.

First, the opening paragraph in the Statement of Fact states that coal commodity prices for 2003 purchases

“ranged from \$ [REDACTED] per ton for coal from Alliance Coal Sales Corp. (MC Mining), a non affiliate, to \$ [REDACTED] per ton for synfuel from Riverside Synfuel LLC, an affiliated company.”

As a point of clarification, while Riverside Synfuel is, in fact, an affiliated company, its capacity in this particular purchase was only as an agent for RC Synfuel, a non-affiliated company which actually manufactured and supplied the synfuel purchased by PFC. With respect to the audit report's comparison between the price of this purchase and the lowest price of any PFC purchase in 2003, it is important to note that the contract for the Alliance purchase was executed in March, 2001, when market prices were significantly lower than they were when the contract for the synfuel purchase was executed two year later, in March, 2003. At the time the synfuel contract was signed, the price was fully competitive with then-current market prices and \$2 lower than the price of comparable coal.

The next paragraph states: “The contracts reviewed for waterborne transported fuel were FOB dock [*i.e.*, barge].” In point of fact, the auditor was provided with a contract between PFC and Massey Coal Sales Company for the purchase of a significant quantity of coal, which clearly stated that the price was FOB mine. The majority of the coal purchased under this contract was sold and repurchased by PFC at an FOB barge price after conversion to synfuel, with upriver transportation costs from the mine included in the commodity purchase price. However, these upriver costs were excluded from the commodity price charged to PEF, so that the synfuel was effectively repurchased on an FOB mine basis at a price that was \$2 per ton less than the original Massey purchase.

Finally, the concluding “Auditor Opinion” paragraph states:

“The average delivered price, including transportation, to PEF in 2003 was \$58.06 per ton for coal and \$70.10 per ton for synfuel.”

While the statement is true on its face, it presents an apples-to-oranges comparison. The price of \$58.06 is the average of all 2003 coal deliveries to the Crystal River plant site; both compliance and non-compliance coal, delivered by both water and rail. Compliance coal is more costly than non-compliance coal, and waterborne deliveries in 2003 were more costly than rail deliveries. Synfuel is both compliance coal and was delivered entirely by water. For this reason alone, it was a mathematical certainty that the delivered price of synfuel would be greater than the average delivered price of all coal, as would be the case with any other compliance coal delivered by water. In addition, the audit report's price comparison does not account for differences between the vintage of the contracts under which the synfuel deliveries were purchased and the average vintage of the contracts under which all deliveries were purchased. Of the total 5.5 million tons of coal delivered to Crystal River in 2003, synfuel accounted for only just over 400,000 tons. All of this synfuel was purchased under more recent contracts entered into when the market price of coal was relatively high, such as the Riverside and Massey contracts discussed above. Nonetheless, these synfuel contracts were based on then-current market conditions and were priced at \$2 per ton below the price of comparable coal.

Late-filed Exhibit 6

Synfuel purchased in 2004 from affiliated and non-affiliated suppliers.

Response:

2004 Synfuel purchases (tons)	
Affiliated* supplier	20,911.93
Non-affiliated suppliers	<u>100,055.13</u>
Total	120,967.06

* 10 percent ownership interest

Late-filed Exhibit 7

Synfuel purchased in 2003 from affiliated and non-affiliated suppliers.

Response:

2003 Synfuel purchases (tons)	
Affiliated* supplier	40,714.77
Non-affiliated suppliers	<u>368,254.73</u>
Total	408,969.50

* 10 percent ownership interest

Late-filed Exhibit 8

Workpapers supporting changes in Javier Portuondo's supplemental testimony to the "Total Cost of Generated Power" on Schedule E1B, line 8, in Mr. Portuondo's August actual/estimated reprojection testimony.

Response:*

Upon review of additional information provided after the filing of Mr. Portuondo's supplemental testimony, he has concluded that the amount of hurricane-related fuel costs in 2004 should be revised to \$17,571,759. The detailed information supporting this revised amount is shown in Attachment A to this late-filed exhibit. The same review of additional information, including updated actual results through the month of September 2004, shows a net increase in 2004 fuel costs that results in a total end-of-period true-up under-recovery of \$174,246,232, or \$10,499,210 higher than the under-recovery shown on Schedule E1B, line 21, of the exhibit to Mr. Portuondo's October 25, 2004 supplemental testimony. The details of this updated total end-of-period under-recovery are contained in Attachment B to this late-filed exhibit. Progress Energy does not propose to revise the 2005 levelized fuel factors in Mr. Portuondo's supplemental testimony because, as is shown on Attachment B to this response, there continues to be a significant estimated underrecovery projected for 2004. The Company recognizes that the current estimates are subject to further volatility as actual results for the remainder of 2004 become available. However, all 2004 expenses will be subjected to full review on an actual basis during the 2005 fuel cycle and eventual true-up at the final hearing.

With respect to the revised amount of hurricane-related fuel costs, Attachment A, page 1 of 4, shows the effects of decreased generation due to the hurricanes in August and September and the corresponding effects on sales in September through November. Since most customer bills were estimated during the months of August and September due to the reassignment of all available personnel to service restoration duties, the effect of the storms on sales was not apparent until the following months when the estimated bills were automatically true-up by actual meter readings. Because of the lag between consumption and billing, recognition of the hurricane-related sales reduction was delayed for up to two months after each of the hurricanes. While the reduction in system generation caused by the hurricanes resulted in short-term fuel savings, the detrimental effect of the hurricanes on the Company's fuel supply had a longer-term impact on fuel costs. For example, low inventory levels caused by the disruption of coal deliveries required a number of months and higher costs to replenish, which entailed the chartering of additional barges and more expensive spot coal purchases. Until coal inventories could be restored to the level needed to assure the reliability of the critically important base-load generating resources at Crystal River, coal conservation efforts were required through the month of October to preserve the

depleted coal inventory levels. In addition, hurricane-related disruptions in the supply of natural gas from off-shore sources in the Gulf of Mexico necessitated higher cost supplemental gas purchases from storage facilities and the spot market through early October. As Attachment A shows, the result of the hurricanes' effects is a short-term savings primarily in August of \$5.2 million and a longer-term cost primarily in September and October and continuing through December of \$22.8 million, or a net increase in fuel costs of approximately \$17.6 million.

* Note: Certain information and figures provided by Mr. Portuondo during his deposition regarding hurricane-related fuel costs have been updated and superseded by information developed or made available subsequent to his deposition. This subsequent information is provided in this late-filed exhibit and its attachments. Any discrepancy between this information and the information given by Mr. Portuondo during his deposition should therefore be resolved in favor of the subsequent information provided in this exhibit.

Late-filed Exhibit 9

Customer outages in August and September for each hurricane.

Response:

The following list was previously prepared to summarize the effects of each hurricane on the Progress Energy system.

Hurricane Charley

- Peak number of customers without service = 502,000
- Substations out of service = 83
- Transmission lines down = over 700 miles
- Transmission structures down = 589

7,300 service restoration workers (employees & contractors from 17 states)

Days to restore power = 7 days for most customers; 10 days for hardest hit areas

Hurricane Frances

- Peak number of customers without service = 832,898
- Substations out of service = 105
- Transmission lines damaged = 1,131 miles
- Transmission structures down = none

9,000 service restoration workers (employees & contractors from 23 states)

Days to restore power = 5 days for most customers; 7 days for hardest hit areas

Hurricane Ivan

- Peak number of customers without service = 8,891
- Substations out of service = none
- Transmission lines damaged = none
- Transmission structures down = none

500 workers (employees; no out-of-state contractors)

Days to restore power = 1 day for most customers; 2 days for Dog Island

Hurricane Jeanne

- Peak number of customers without service = 722,012
- Substations out of service = 86
- Transmission lines damaged = 804 miles
- Transmission structures down = none

6,200 service restoration workers (employees & contractors from 33 states)

Days to restore power = 5 days

Late-filed Exhibit 10

The effect of changes in sales on revised cost projections in Mr. Portuondo's supplemental testimony.

Response:

See the response to Late-filed Exhibit 8.

**Progress Energy Florida
Retail Under-Recovery Analysis
2004 (Actual through Sept)**

	Actual Jan-Jul 04	Actual Aug-04	Actual Sep-04	Estimate Oct-04	Estimate Nov-04	Estimate Dec-04	Total 2004
1 FUEL SALES							
2 Total retail fuel sales per reproj filing (8/04)	\$614,899,193	\$114,838,642	\$115,861,992	\$103,418,413	\$86,639,291	\$84,138,553	\$1,119,816,084
3 Adjust retail fuel sales for storm related outages (A)		-	(2,463,210)	(6,686,980)	(3,209,470)		(12,359,661)
4 Adjust retail fuel sales for actual non-storm related		(5,079,330)	(7,885,248)				(12,764,578)
5 Adjusted retail fuel sales	<u>\$614,899,193</u>	<u>\$109,759,312</u>	<u>\$105,733,534</u>	<u>\$96,731,433</u>	<u>\$83,429,821</u>	<u>\$84,138,553</u>	<u>\$1,094,691,845</u>
6 FUEL COSTS							
7 Total system fuel & PP per reproj filing (8/04)	\$729,418,842	\$156,205,662	\$137,309,632	\$110,528,430	\$80,270,006	\$91,707,217	\$1,305,439,589
8 Add storm related costs:							
9 Purchase power costs		Power Purch	1,528,898				1,528,898
10 Supplemental gas purchases		Gas	5,882,190	858,033			6,740,224
11 Coal conservation		Oil	4,177,400	4,997,130			9,174,530
12 Coal purchases (B)		Coal	-	909,900	1,134,500	1,229,890	3,274,290
13 Additional coal barges (C)		Coal		107,860	323,580	182,246	613,686
14 Total storm related costs	-	-	11,586,488	6,872,923	1,458,080	1,412,136	21,331,628
15 Net decrease in fuel & PP due to storm related outages (A)		(5,504,609)	(9,810,726)				(15,315,335)
16 All other non-storm related variances to adjust fuel & PP costs to actual		(7,132,672)	17,368,690				10,236,018
17 Total adjusted fuel & PP estimate	<u>729,418,842</u>	<u>143,568,381</u>	<u>156,456,084</u>	<u>117,401,353</u>	<u>81,728,086</u>	<u>93,119,353</u>	<u>1,321,691,900</u>
18 Multiply by jurisdictional %	96.62%	94.58%	94.46%	94.38%	94.00%	94.78%	
19 Multiply by jurisdictional loss multiplier	1.00375	1.00375	1.00375	1.00375	1.00375	1.00375	
20 Adjusted jurisdictional fuel costs	<u>\$707,378,385</u>	<u>\$136,296,176</u>	<u>\$148,342,624</u>	<u>\$111,218,910</u>	<u>\$77,112,492</u>	<u>\$88,589,492</u>	<u>\$1,266,936,079</u>
21 OVER/(UNDER) RECOVERY							
22 Net fuel revenue less expense per reproj filing (8/04)	(\$92,479,190)	(\$34,160,257)	(\$14,858,370)	(\$1,622,336)	\$10,757,506	(\$3,107,496)	(\$135,470,145)
23 Storm Adjustments - Revenue & Expense {line 3 +[(14 + 15) x 18 x19]}	-	5,225,783	(4,148,782)	(13,197,970)	(4,585,205)	(1,343,442)	(16,049,616)
24 Storm Adjustments - jurisdictional factor decrease *				332,829	145,028		477,857
25 All other non-storm related variances to adjust to actual		2,397,610	(23,601,937)				(21,204,327)
26 Net fuel revenue less expense adjusted for storms & Aug-Sept actuals	<u>(\$92,479,190)</u>	<u>(\$26,536,864)</u>	<u>(\$42,609,089)</u>	<u>(\$14,487,478)</u>	<u>\$6,317,328</u>	<u>(\$4,450,940)</u>	<u>(\$174,246,232)</u>
27 Supplemental testimony of J Portuondo revised E1-B, line 21							<u>(183,747,022)</u>
28 Difference due to more current data							<u>(\$10,499,210)</u>

*Note: Retail factor decreased in Oct & Nov due to lower retail billed sales. This resulted in lower expenses allocated to retail jurisdiction.

**Progress Energy Florida
Retail Under-Recovery Analysis
2004 (Actual through Sept)**

(A) Retail Sales and Cost Impact of Hurricanes													
	Charley (8/14) Impact on Retail Sales Calendar MWH	Frances (9/4) Impact on Retail Sales Calendar MWH	Jeanne (9/25?) Impact on Retail Sales Calendar MWH	Hurricane Impact on Retail Sales (Calendar Mo.) MWH	Hurricane Impact on Retail Sales (Billing Mo.)* MWH	Average Retail Fuel Factor \$/MWH	Revenue Impact Due to Hurricanes \$	System Generation Reduction MWH	System Fuel & PP Per Sch A1 \$/MWH	System Fuel Cost Impact of Lost Sales \$	Retail Factor %	Retail Fuel Cost Impact of Lost Sales \$	Net Impact to Customers \$
Aug-04	(142,789)			(142,789)		\$34.50116	\$0	160,204	\$34.36	\$5,504,609	94.58%	\$5,206,260	\$5,206,260
Sep-04		(122,424)	(93,024)	(215,448)	(71,395)	34.50116	(2,463,210)	239,286	41.00	9,810,726	94.46%	9,267,212	6,804,001
Oct-04				-	(193,819)	34.50116	(6,686,980)						(6,686,980)
Nov-04				-	(93,025)	34.50116	(3,209,470)						(3,209,470)
	(142,789)	(122,424)	(93,024)	(358,237)	(358,239)		(\$12,359,681)	399,490		\$15,315,335		\$14,473,471	\$2,113,810

* Bills were estimated during hurricane timeframes. Therefore, true-up of estimates show up in revenues in second bill after estimated bill

(B) Coal Burn Incremental Costs due to Hurricanes:											
		Tons	\$/Ton	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004	Jan-05	Total
(1) CAM-Kentucky	CR1&2	30,000	27.50				\$825,000		\$825,000		\$825,000
(2) Emerald	CR1&2	32,000	21.54					\$344,640	344,640	\$344,640	689,280
(3) Drummond	CR4&5	75,000	35.41					885,250	885,250	1,770,500	2,655,750
(4) PFC	CR4&5	30,000	30.33			\$909,900			909,900		909,900
	PFC	10,000	30.95				309,500		309,500		309,500
		<u>177,000</u>		<u>\$0</u>	<u>\$0</u>	<u>\$909,900</u>	<u>\$1,134,500</u>	<u>\$1,229,890</u>	<u>\$3,274,290</u>	<u>\$2,115,140</u>	<u>\$5,389,430</u>

PFC bills PEF each month based on an estimate, then true-ups to actual costs in the following month. Therefore, any incremental costs incurred by PFC are billed to PEF on a one month lag. The schedule above assumes the costs are expensed to burn in the month following the recognition of purchase dollars, which occurs in the month following shipment to CR. Simply stated, coal burn costs are recognized two months after the coal is shipped to CR.

(1) 3 add'l spot trains (10k tons each) received into CR 1&2 end of September @ \$/ton (commodity). Estimated contract with other suppliers is \$/ton (commodity). Diff = \$27.50/ton.

(2) 2 barges (32k tons) @ \$/ton (delivered). Shipped 1 barge (16k tons) to CR1&2 on 10/23, 2nd barge (16k tons) will ship between end of Oct and mid-Nov. Since we have never purchased "A" coal by barge, compare to budget of \$/ton. Diff is \$/ton - \$/ton = \$21.54/ton.

(3) 1 foreign ship (75k tons) @ \$/ton FOB Dixie Barge purchased right after Hurricane Ivan (9/13) to be shipped to CR 4&5 as a blend in Oct & Nov. Existing contract with this supplier is \$/ton FOB Dixie barge at Mobile. Therefore the incremental cost is \$/ton - \$/ton = \$35.41/ton.

(4) 4 trains to CR 4&5 @ \$/ton delivered, 3 trains (30k tons) received in Aug and 1 train (10k tons) in Sept. Since we don't normally buy D coal from PFC, the incremental cost is the difference between \$/ton and the budget of \$/ton = \$30.33 in August and budget of \$/ton = \$30.95 in Sept.

(C) Coal Transportation Incremental Costs:					
	Total	Oct-04	Nov-04	Dec-04	Total
TECO barge cost/trip [redacted] per day x 6.5 days	[redacted]				
Fuel cost/day running (6,500 gal x \$1.60 x 4.5 days)	46,800				
Fuel cost/day docked (250 gal x \$1.60 x 2 days)	800				
Total cost per trip	[redacted]				
Divide by capacity tons per barge	14,500				
Total cost per ton	[redacted]				
Less market proxy price					
Incremental cost of TECO barges	3.72	\$3.72	\$3.72	\$3.72	\$3.72
Multiply by tons lost (10 trips x 16,500 tons) *	165,000	29,000	87,000	49,000	165,000
Incremental cross-Gulf barge costs due to hurricanes	<u>\$613,686</u>	<u>\$107,860</u>	<u>\$323,580</u>	<u>\$182,246</u>	<u>\$613,686</u>

*Note: 10 trips at 16,500 tons/trip = 165k tons. The coal that was not shipped due to the hurricanes was destined for CR 4&5.
5th barge started 10/18/04, 6th barge starts approx. 11/15/04
October has 2 trips on the 5th barge at 14,500 tons per trip.
November has 4 trips on the 5th barge at 14,500 tons per trip and 2 trips on the 6th barge at 14,500 tons per trip
December takes the difference between the 165,000 lost tons and the amounts shipped in Oct & Nov to arrive at 49,000 remaining tons.

**PROGRESS ENERGY FLORIDA
COMPARISON OF REPROJECTION FILING TO ACTUAL - AUG & SEP 2004
SCHEDULE E1-B-1**

Late File Exhibit Nos. 8 & 10
Attachment A
Page 3 of 4

DESCRIPTION	ACTUAL Aug-04	ACTUAL Sep-04	REPROJ Aug-04	REPROJ Sep-04	VARIANCE Aug-04	VARIANCE Sep-04	STORM VARIANCE Aug-04	STORM VARIANCE Sep-04	ESTIMATING VARIANCE Aug-04	ESTIMATING VARIANCE Sep-04
REVENUE										
1 Jurisdictional MWH Sales	3,704,808	3,611,678	3,643,521	3,873,762	(138,713)	(262,084)	-	-	(138,713)	(262,084)
2 Jurisdictional Fuel Factor (Pre-Tax)	\$3,442	\$3,419	\$3,450	\$3,450	(\$0,008)	(\$0,031)				
3 Total Jurisdictional Fuel Revenue	127,526,603	123,500,825	132,605,933	133,649,263	(5,079,330)	(10,148,458)	-	(2,463,210)	(5,079,330)	(7,685,247)
4 Less: True-Up Provision	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	-	-				
5 Less: GPIF Provision	(231,769)	(231,769)	(231,769)	(231,769)	-	-				
6 Less: Other	0	0	0	0	-	-				
7 Net Fuel Revenue	109,759,312	105,733,534	114,838,642	115,881,992	(5,079,330)	(10,148,458)	-	(2,463,210)	(5,079,330)	(7,685,247)
FUEL EXPENSE										
8 Total Cost of Generated Power	126,060,743	134,628,308	148,254,725	130,970,573	(22,193,982)	3,657,735	(5,504,609)	248,864	(16,689,373) (a)	3,408,871 (b)
9 Total Cost of Purchased Power	28,075,801	31,940,425	18,877,684	18,017,474	9,198,117	13,922,951	-	1,528,898	9,198,117 (c)	12,304,053 (d)
10 Total Cost of Interchange Sales	(368,157)	(259,003)	(2,781,600)	(3,415,824)	2,413,443	3,156,821			2,413,443	3,156,821
11 Total Cost of Stratified Sales	(10,200,006)	(9,853,648)	(8,145,147)	(8,262,591)	(2,054,859)	(1,591,055)			(2,054,859) (e)	(1,591,055) (f)
12 Total Fuel and Net Power	143,568,381	156,468,084	156,205,662	137,309,632	(12,637,281)	19,146,452	(5,504,609)	1,777,762	(7,132,672)	17,368,660
13 Jurisdictional Percentage	94.58%	94.48%	95.03%	94.86%	-0.45%	-0.40%	94.58%	94.48%	-0.45%	-0.40%
14 Jurisdictional Loss Multiplier	1.0038	1.0038	1.0038	1.0038	-	-	1.0038	1.0038		
15 Jurisdictional Fuel Cost	136,296,176	148,342,623	148,998,899	130,740,362	(12,702,723)	17,602,261	(5,226,783)	1,685,571	(7,476,940)	15,916,698
COST RECOVERY										
16 Net Fuel Revenue Less Expense	(26,536,864)	(42,609,089)	(34,180,257)	(14,868,370)	7,623,393	(27,750,718)	5,225,783	(4,148,781)	2,397,810	(23,601,937)
17 Interest Provision	(238,765)	(285,336)	(222,706)	(231,126)	(16,059)	(54,210)				
18 Current Cycle Balance	(120,331,349)	(163,226,774)	(127,938,689)	(143,028,185)	7,607,340	(20,197,588)				
19 Plus: Prior Period True-Up Balance	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	-	-				
20 Plus: Cumulative True-Up Provision	140,284,176	157,819,698	140,284,176	157,819,698	-	-				
21 Total Retail Balance	(\$191,274,864)	(\$216,633,768)	(\$198,882,201)	(\$186,436,174)	\$7,607,340	(\$20,197,588)				

(a) Mainly due to 206k lower MWH generation after adjusting for hurricanes. Gas costs were also lower by \$.62/mmbtu.

(b) Although generation was down by 224k MWHs after adjusting for hurricanes, gas prices were \$1.95/mmbtu higher than reproj (\$8.83 vs \$6.88)

(c) Purchased 108k more economy MWHs than projected at \$64.32 vs. \$49.53 projected, for \$7.7 million difference.

(d) Purchased 178k more MWHs than projected at \$69.98 vs. \$48.08 projected, for a \$13.6 million difference. When removing storm related purchases of \$1.5 million, difference is \$12.1 million.

(e) Stratified August actual was 253k MWHs x \$40.28 vs. reproj of 244k MWHs x \$33.38.

(f) Stratified September actual was 248k MWHs x \$39.72 vs. reproj of 245k MWHs x \$33.71.

**PROGRESS ENERGY FLORIDA
 ADDITIONAL RECOVERABLE FUEL EXPENSES
 ESTIMATED FOR THE PERIOD OF: OCTOBER THROUGH DECEMBER 2004**

**Late File Exhibit Nos. 8 & 10
 Attachment A
 Page 4 of 4**

Additional Fuel Costs due to Hurricanes:				
	Oct-04	Nov-04	Dec-04	Total
CR1&2				
Coal Costs	\$0	\$825,000	\$344,640	\$1,169,640
Transport Costs	0	0	0	0
	<u>\$0</u>	<u>\$825,000</u>	<u>\$344,640</u>	<u>\$1,169,640</u>
Tons Burn-Sch E4				
CR1	93,581	95,204	99,066	287,850
CR2	96,806	99,318	102,796	298,920
	<u>190,388</u>	<u>194,521</u>	<u>201,861</u>	<u>586,770</u>
Allocate Costs				
CR1	\$0	\$403,776	\$169,136	\$572,912
CR2	0	421,224	175,504	596,728
	<u>\$0</u>	<u>\$825,000</u>	<u>\$344,640</u>	<u>\$1,169,640</u>
CR4&5				
Coal Costs	\$909,900	\$309,500	\$885,250	\$2,104,650
Transport Costs	107,860	323,580	182,246	613,686
	<u>\$1,017,760</u>	<u>\$633,080</u>	<u>\$1,067,496</u>	<u>\$2,718,336</u>
Tons Burn-Sch E4				
CR4	191,007	186,575	192,794	570,377
CR5	185,862	184,150	189,842	559,854
	<u>376,869</u>	<u>370,725</u>	<u>382,637</u>	<u>1,130,231</u>
Allocate Costs				
CR4	\$515,828	\$318,611	\$537,866	\$1,372,305
CR5	501,932	314,469	529,630	1,346,032
	<u>\$1,017,760</u>	<u>\$633,080</u>	<u>\$1,067,496</u>	<u>\$2,718,336</u>
Total Coal Adj	<u>\$1,017,760</u>	<u>\$1,458,080</u>	<u>\$1,412,136</u>	<u>\$3,887,976</u>

Coal Conservation: October only		
	BBIs Burn Per A-4	Allocate Costs
Anclote 1	318,853	\$1,595,579
Anclote 2	313,696	1,569,774
Bartow 1	63,679	318,658
Bartow 2	70,588	353,230
Bartow 3	135,226	676,690
Suwannee 1	24,621	123,205
Suwannee 2	25,339	126,798
Suwannee 3	46,601	233,197
Total	<u>998,602</u>	<u>\$4,997,130</u>

Supplemental Gas Purchases: October only		
	MMBtu Burn Per A-4	Allocate Costs
Bartow	97,193	\$18,484
Debary	344,017	65,426
Higgins	53,301	10,137
Hines	2,151,139	409,110
Intercession City	1,005,059	191,145
Tiger Bay	724,634	137,813
Univ of FL	136,274	25,917
Total	<u>4,511,617</u>	<u>\$858,033</u>

PROGRESS ENERGY FLORIDA
CALCULATION OF ESTIMATED TRUE-UP
2004 REPROJECTION UPDATED TO INCLUDE AUG-SEPT ACTUALS & OCT-DEC STORM ESTIMATES

DESCRIPTION	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Revised	Revised	Revised	Revised	Revised	TOTAL PERIOD
	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	ACTUAL	ACTUAL	ESTIMATED	ESTIMATED	ESTIMATED	
REVENUE													
1 Jurisdictional MWH Sales	3,057,664	2,669,386	2,749,583	2,644,923	2,946,846	3,656,601	3,830,002	3,704,808	3,611,678	3,318,692	2,933,151	2,953,693	38,077,028
2 Jurisdictional Fuel Factor (Pre-Ta)	\$3,411	\$3,421	\$3,422	\$3,426	\$3,441	\$3,440	\$3,439	\$3,442	\$3,419	\$3,450	\$3,450	\$3,450	
3 Total Jurisdictional Fuel Revenue	104,291,788	91,320,638	94,103,528	90,618,177	101,414,235	125,790,175	131,731,690	127,526,603	123,500,825	114,468,724	101,197,112	101,905,835	1,307,899,329
4 Less: True-Up Provision	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(17,535,522)	(210,426,260)
5 Less: GPIF Provision	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(231,769)	(2,781,223)
6 Less: Other	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Net Fuel Revenue	86,524,497	73,553,347	76,336,238	72,660,887	83,646,945	108,022,885	113,964,399	109,759,313	105,733,534	96,731,433	83,429,822	84,138,545	1,094,691,846
FUEL EXPENSE													
8 Total Cost of Generated Power	79,180,754	71,195,503	70,085,820	70,773,824	104,436,588	130,862,260	133,525,701	126,060,743	134,628,308	111,234,644	76,258,281	86,023,406	1,194,265,833
9 Total Cost of Purchased Power	17,267,497	17,007,856	17,729,137	17,425,962	20,067,587	26,545,410	25,735,570	28,075,801	31,940,425	17,083,788	15,947,144	17,070,421	251,896,598
10 Total Cost of Interchange Sales	(8,130,039)	(5,522,122)	(5,445,455)	(5,288,773)	(3,127,555)	(916,787)	(593,278)	(368,157)	(259,003)	(3,034,696)	(3,912,862)	(4,177,615)	(40,776,373)
11 Total Cost of Stratified Sales	(4,959,124)	(4,779,011)	(7,144,401)	(5,827,641)	(5,529,282)	(6,662,962)	(8,494,896)	(10,200,006)	(9,853,647)	(7,882,382)	(6,564,448)	(5,798,859)	(83,694,159)
12 Total Fuel and Net Power	83,359,088	77,902,225	75,226,100	77,083,373	115,847,339	149,828,221	150,173,297	143,568,381	156,456,084	117,401,352	81,728,086	83,119,353	1,321,691,899
13 Jurisdictional Percentage	97.91%	97.44%	97.72%	97.45%	97.68%	95.51%	94.77%	94.58%	94.46%	94.38%	94.00%	94.78%	95.65%
14 Jurisdictional Loss Multiplier	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038
15 Jurisdictional Fuel Cost	81,926,211	76,192,583	73,785,630	75,369,438	113,584,029	143,637,563	142,652,930	136,296,176	148,342,623	111,218,909	77,112,493	88,589,492	1,268,938,078
COST RECOVERY													
16 Net Fuel Revenue Less Expense	4,598,286	(2,639,238)	2,550,608	(2,548,551)	(29,937,084)	(35,614,678)	(28,888,531)	(26,536,864)	(42,609,089)	(14,487,476)	6,317,329	(4,450,948)	(174,246,232)
17 Interest Provision (1)	(174,140)	(152,729)	(134,875)	(123,547)	(125,483)	(159,694)	(206,098)	(238,765)	(285,336)	(301,154)	(282,745)	(257,284)	(2,441,819)
16 Current Cycle Balance	4,424,146	1,632,182	4,047,915	1,375,617	(28,686,751)	(64,461,062)	(93,555,721)	(120,331,350)	(163,225,775)	(178,014,404)	(171,979,820)	(176,686,052)	
19 Plus: Prior Period True-Up Balanc	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	(211,227,688)	
20 Plus: Cumulative True-Up Provisio	17,535,522	35,071,043	52,606,565	70,142,087	87,677,608	105,213,130	122,746,652	140,284,173	157,819,695	175,355,217	192,890,738	210,426,260	
21 Total Retail Balance	(\$199,268,020)	(\$174,524,462)	(\$154,573,208)	(\$139,799,794)	(\$152,236,830)	(\$170,476,650)	(\$182,034,757)	(\$191,274,864)	(\$216,633,768)	(\$213,866,875)	(\$190,318,769)	(\$177,489,479)	

(1) Interest for the August through December 2004 period calculated at the July 2004 monthly rate of .117%

PROGRESS ENERGY FLORIDA
FUEL COST RECOVERY CLAUSE
CALCULATION OF VARIANCE - ACTUAL/REVISED ESTIMATE VS. ORIGINAL ESTIMATE
ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2004

	DOLLARS			
	Actual / Rev Estimate	Original Estimate	-----Difference----- Amount	%
1. Fuel Cost of System Net Generation	\$1,147,546,808	\$1,002,316,024	\$145,230,784	14.5
2. Spent Nuclear Fuel Disposal Cost	6,235,592	6,222,543	13,049	0.2
3. Coal Car Investment	0	0	0	0.0
4. Adjustment to Fuel Cost	40,483,433	44,457,547	(3,974,114)	(8.9)
5. TOTAL COST OF GENERATED POWER	1,194,265,833	1,052,996,114	141,269,719	13.4
6. Energy Cost of P. P. (Excl. Econ & Cogens)	69,147,391	57,264,214	11,883,177	20.8
7. Energy Cost Econ Purch (Broker)	11,000	0	11,000	0.0
8. Energy Cost of Econ Purch (Non-Broker)	57,309,436	23,227,445	34,081,991	--
9. Energy Cost of Schedule E Economy Purch	0	0	0	0.0
10. Capacity Cost of Economy Purchases	0	0	0	0.0
11. Payments to Qualifying Facilities	125,428,772	129,110,247	(3,681,475)	(2.9)
12. TOTAL COST OF PURCHASED POWER	251,896,598	209,601,906	42,294,692	20.2
13. TOTAL AVAILABLE KWH				
14. Fuel Cost of Economy Sales	(864)	0	(864)	0.0
14a. Gain on Economy Sales - 80%	(239)	0	(239)	0.0
15. Fuel Cost of Other Power Sales	(33,487,497)	(38,411,259)	4,923,762	(12.8)
15a. Gain on Other Power Sales	(7,287,773)	(4,584,880)	(2,702,893)	59.0
16. Fuel Cost of Unit Power Sales	0	0	0	0.0
16a. Gain on Unit Power Sales	0	0	0	0.0
17. Fuel Cost of Stratified Sales	(83,694,159)	(59,979,005)	(23,715,154)	39.5
18. TOTAL FUEL COST & GAINS ON POWER SALES	(124,470,531)	(102,975,144)	(21,495,387)	20.9
19. Net Inadvertent Interchange				
20. TOTAL FUEL & NET POWER TRANSACTIONS	1,321,691,900	1,159,622,876	162,069,024	14.0
21. Net Unbilled	7,347,928 *	(1,397,401) *	8,745,329	(625.8)
22. Company Use	3,840,796 *	3,917,565 *	(76,769)	(2.0)
23. T & D Losses	78,857,141 *	65,957,924 *	12,899,217	19.6
24. Adjusted System KWH Sales	1,321,691,900	1,159,622,876	162,069,024	14.0
25. Wholesale KWH Sales (Excl Suppl. Sales)	(57,497,814)	(33,957,989)	(23,539,825)	69.3
26. Jurisdictional KWH Sales	1,264,194,086	1,125,664,887	138,529,199	12.3
27. Jurisd KWH Sales Adj for Line Losses	1,268,938,078	1,129,942,414	138,995,664	12.3
28. Prior Period True-Up **	210,426,261	210,426,260	1	0.0
29. Other	0	0	0	0.0
30. Total Jurisdictional Fuel Cost	\$1,479,364,339	\$1,340,368,674	\$138,995,665	10.4
31. GPIF **	2,781,224	2,781,223	1	0.0

* For Informational Purposes Only

** Based on Jurisdictional Sales

PROGRESS ENERGY FLORIDA
GENERATING SYSTEM COMPARATIVE DATA BY FUEL TYPE
ESTIMATED FOR THE PERIOD OF: OCTOBER THROUGH DECEMBER 2004

		Oct-04	Nov-04	Dec-04	Total
FUEL COST OF SYSTEM NET GENERATION (\$)					
1	HEAVY OIL	36,319,098	16,076,816	24,532,485	76,928,399
2	LIGHT OIL	3,939,305	74,813	333,471	4,347,589
3	COAL	31,744,774	32,064,591	33,059,346	96,868,712
4	GAS	31,554,053	22,189,111	22,171,609	75,914,772
5	NUCLEAR	2,033,264	1,967,157	2,031,885	6,032,306
6	OTHER	0	0	0	0
7	TOTAL	\$ 105,590,494	72,372,488	82,128,795	260,091,777
SYSTEM NET GENERATION (MWH)					
8	HEAVY OIL	609,934	313,227	495,738	1,418,899
9	LIGHT OIL	32,831	631	2,599	36,061
10	COAL	1,487,954	1,498,627	1,549,632	4,536,213
11	GAS	516,066	365,553	386,184	1,267,803
12	NUCLEAR	558,106	551,511	569,658	1,679,275
13	OTHER	0	0	0	0
14	TOTAL	MWH 3,204,891	2,729,549	3,003,811	8,938,251
UNITS OF FUEL BURNED					
15	HEAVY OIL	BBL 998,602	517,373	792,668	2,308,643
16	LIGHT OIL	BBL 80,773	1,326	5,888	87,987
17	COAL	TON 567,256	565,247	584,498	1,717,001
18	GAS	MCF 4,511,617	2,867,670	3,053,527	10,432,813
19	NUCLEAR	MMBTU 5,809,325	5,620,449	5,805,385	17,235,159
20	OTHER	BBL 0	0	0	0
BTUS BURNED (MMBTU)					
21	HEAVY OIL	6,490,915	3,362,922	5,152,341	15,006,179
22	LIGHT OIL	468,485	7,693	34,148	510,326
23	COAL	14,257,172	14,207,139	14,691,093	43,155,404
24	GAS	4,511,617	2,867,670	3,053,527	10,432,813
25	NUCLEAR	5,809,325	5,620,449	5,805,385	17,235,159
26	OTHER	0	0	0	0
27	TOTAL	MMBTU 31,537,514	26,065,873	28,736,493	86,339,881
GENERATION MIX (% MWH)					
28	HEAVY OIL	19.03%	11.48%	16.50%	15.87%
29	LIGHT OIL	1.02%	0.02%	0.09%	0.40%
30	COAL	46.43%	54.90%	51.59%	50.75%
31	GAS	16.10%	13.39%	12.86%	14.18%
32	NUCLEAR	17.41%	20.21%	18.97%	18.79%
33	OTHER	0.00%	0.00%	0.00%	0.00%
34	TOTAL	% 100.00%	100.00%	100.00%	100.00%
FUEL COST PER UNIT					
35	HEAVY OIL	\$/BBL 36.37	31.07	30.95	33.32
36	LIGHT OIL	\$/BBL 48.77	56.40	56.64	49.41
37	COAL	\$/TON 55.96	56.73	56.56	56.42
38	GAS	\$/MCF 6.99	7.74	7.26	7.28
39	NUCLEAR	\$/MMBTU 0.35	0.35	0.35	0.35
40	OTHER	\$/BBL 0.00	0.00	0.00	0.00
FUEL COST PER MMBTU (\$/MMBTU)					
41	HEAVY OIL	5.60	4.78	4.76	5.13
42	LIGHT OIL	8.41	9.72	9.77	8.52
43	COAL	2.23	2.26	2.25	2.25
44	GAS	6.99	7.74	7.26	7.28
45	NUCLEAR	0.35	0.35	0.35	0.35
46	OTHER	0.00	0.00	0.00	0.00
47	TOTAL	\$/MMBTU 3.35	2.78	2.86	3.01
BTU BURNED PER KWH (BTU/KWH)					
48	HEAVY OIL	10,642	10,736	10,393	10,576
49	LIGHT OIL	14,270	12,192	13,139	14,152
50	COAL	9,582	9,480	9,480	9,514
51	GAS	8,742	7,845	7,907	8,229
52	NUCLEAR	10,409	10,191	10,191	10,263
53	OTHER	0	0	0	0
54	TOTAL	BTU/KWH 9,840	9,550	9,567	9,660
GENERATED FUEL COST PER KWH (C/KWH)					
55	HEAVY OIL	5.95	5.13	4.95	5.42
56	LIGHT OIL	12.00	11.86	12.83	12.06
57	COAL	2.13	2.14	2.13	2.14
58	GAS	6.11	6.07	5.74	5.99
59	NUCLEAR	0.36	0.36	0.36	0.36
60	OTHER	0.00	0.00	0.00	0.00
61	TOTAL	C/KWH 3.29	2.65	2.73	2.91

PROGRESS ENERGY FLORIDA
SYSTEM NET GENERATION AND FUEL COST
ESTIMATED FOR THE MONTH OF: Oct-04

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
PLANT/UNIT	NET CAPACITY (MW)	NET GENERATION (MWH)	CAPACITY FACTOR (%)	EQUIV AVAIL FACTOR (%)	OUTPUT FACTOR (%)	AVG. NET HEAT RATE (BTU/KWH)	FUEL TYPE	FUEL BURNED (UNITS)	FUEL HEAT VALUE (BTU/UNIT)	FUEL BURNED (MMBTU)	AS BURNED FUEL COST (\$)	FUEL COST PER KWH (C/KWH)
1 CRYST RIV NUC	3	769	558,106	97.5	97.0	100.0	10,409 NUCLEAR	5,809,325 MMBTU	1.00	5,809,325	2,033,264	0.36
2 ANCLOTE	1	498	200,750	54.2	95.5	54.9	10,324 HEAVY OIL	318,853 BBLs	6.50	2,072,543	11,770,171	5.86
3 ANCLOTE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
4 ANCLOTE	2	495	196,817	53.4	94.4	55.4	10,360 HEAVY OIL	313,696 BBLs	6.50	2,039,024	11,579,814	5.88
5 ANCLOTE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
6 BARTOW	1	121	37,099	41.2	85.9	57.5	11,157 HEAVY OIL	63,679 BBLs	6.50	413,914	2,237,943	6.03
7 BARTOW	2	119	39,842	45.0	95.5	55.6	11,516 HEAVY OIL	70,588 BBLs	6.50	458,820	2,480,745	6.23
8 BARTOW	3	204	84,606	55.7	90.4	63.7	10,389 HEAVY OIL	135,226 BBLs	6.50	878,972	4,752,414	5.62
9 BARTOW	3		0				0 GAS	0 MCF	1.00	0	0	0.00
10 CRYSTAL RIVER	1	379	232,408	82.4	91.6	86.7	10,147 COAL	93,581 TONS	25.20	2,358,244	4,918,623	2.12
11 CRYSTAL RIVER	2	486	259,717	71.8	77.8	86.9	9,393 COAL	96,806 TONS	25.20	2,439,522	5,088,145	1.96
12 CRYSTAL RIVER	4	720	504,608	94.2	67.1	138.5	9,501 COAL	191,007 TONS	25.10	4,794,281	11,017,404	2.18
13 CRYSTAL RIVER	5	717	491,221	92.1	93.7	96.8	9,497 COAL	185,862 TONS	25.10	4,665,126	10,720,602	2.18
14 SUWANNEE	1	32	12,629	53.0	97.1	67.9	12,672 HEAVY OIL	24,621 BBLs	6.50	160,035	862,565	6.83
15 SUWANNEE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
16 SUWANNEE	2	31	12,022	52.1	98.2	66.6	13,700 HEAVY OIL	25,339 BBLs	6.50	164,701	887,718	7.38
17 SUWANNEE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
18 SUWANNEE	3	80	26,169	44.0	93.1	59.0	11,575 HEAVY OIL	46,601 BBLs	6.50	302,906	1,747,728	6.68
19 SUWANNEE	3		0				0 GAS	0 MCF	1.00	0	0	0.00
20 AVON PARK	1-2	52	752	1.9	100.0	1446.2	17,474 LIGHT OIL	2,286 BBLs	5.80	13,140	107,752	14.33
21 BARTOW	1-4	187	75	4.6	100.0	47.9	15,049 LIGHT OIL	195 BBLs	5.80	1,129	9,255	12.34
22 BARTOW	1-4		6,371				15,256 GAS	97,193 MCF	1.00	97,193	621,876	9.76
23 BAYBORO	1-4	184	4,809	3.5	100.0	58.4	14,585 LIGHT OIL	12,093 BBLs	5.80	70,139	575,142	11.96
24 DEBARY	1-10	667	12,762	7.6	100.0	49.0	13,995 LIGHT OIL	30,794 BBLs	5.80	178,606	1,505,649	11.80
25 DEBARY	1-10		24,794				13,875 GAS	344,017 MCF	1.00	344,017	2,201,149	8.88
26 HIGGINS	1-4	122	0	0.0	100.0	893.7	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
27 HIGGINS	1-4		3,271				16,295 GAS	53,301 MCF	1.00	53,301	341,040	10.43
28 HINES	1-2	998	303,726	40.9	57.3	33.7	7,083 GAS	2,151,139 MCF	1.00	2,151,139	13,763,800	4.53
29 HINES	1-2		0				0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
30 INT CITY	1-14	1,041	9,626	11.0	100.0	43.0	14,190 LIGHT OIL	23,550 BBLs	5.80	136,590	1,154,183	11.99
31 INT CITY	1-14		75,539				13,305 GAS	1,005,059 MCF	1.00	1,005,059	6,430,746	8.51
32 RIO PINAR	1	13	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
33 SUWANNEE	1-3	164	4,647	3.8	100.0	48.9	14,271 LIGHT OIL	11,434 BBLs	5.80	66,319	565,037	12.16
34 SUWANNEE	1-3		0				0 GAS	0 MCF	1.00	0	0	0.00
35 TIGER BAY	1	207	88,155	57.2	73.3	77.7	8,220 GAS	724,634 MCF	1.00	724,634	2,724,757	3.09
36 TURNER	1-4	154	160	0.1	100.0	155.8	16,011 LIGHT OIL	442 BBLs	5.80	2,562	22,287	13.93
37 UNIV OF FLA.	1	35	14,210	54.6	54.6	100.0	9,590 GAS	136,274 MCF	1.00	136,274	446,932	3.15
38 OTHER - START UP	-	-	0	-	-	-	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
39 OTHER - GAS TRANSP.	-	-	0	-	-	-	0 GAS TRANS	0	0	0	5,023,754	-
40 TOTAL		8,475	3,204,891				9,840			31,537,514	105,590,494	3.29

PROGRESS ENERGY FLORIDA
SYSTEM NET GENERATION AND FUEL COST
ESTIMATED FOR THE MONTH OF: Nov-04

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
PLANT/UNIT	NET CAPACITY (MW)	NET GENERATION (MWH)	CAPACITY FACTOR (%)	EQUIV AVAIL FACTOR (%)	OUTPUT FACTOR (%)	AVG. NET HEAT RATE (BTU/KWH)	FUEL TYPE	FUEL BURNED (UNITS)	FUEL HEAT VALUE (BTU/UNIT)	FUEL BURNED (MMBTU)	AS BURNED FUEL COST (\$)	FUEL COST PER KWH (¢/KWH)
1 CRYST RIV NUC	3	788	551,511	97.2	97.1	100.0	10,191 NUCLEAR	5,620,449 MMBTU	1.00	5,620,449	1,967,157	0.36
2 ANCLOTE	1	522	148,560	39.5	94.8	40.2	10,487 HEAVY OIL	239,684 BBLs	6.50	1,557,949	7,586,012	5.11
3 ANCLOTE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
4 ANCLOTE	2	522	58,293	15.5	81.5	18.6	10,816 HEAVY OIL	97,000 BBLs	6.50	630,497	3,070,036	5.27
5 ANCLOTE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
6 BARTOW	1	123	15,632	17.7	85.8	32.8	11,103 HEAVY OIL	26,702 BBLs	6.50	173,562	796,249	5.09
7 BARTOW	2	121	16,689	19.2	95.5	35.2	11,741 HEAVY OIL	30,145 BBLs	6.50	195,946	898,938	5.39
8 BARTOW	3	208	57,459	38.4	90.2	43.4	10,460 HEAVY OIL	92,465 BBLs	6.50	601,021	2,757,300	4.80
9 BARTOW	3		0				0 GAS	0 MCF	1.00	0	0	0.00
10 CRYSTAL RIVER	1	383	238,340	86.4	91.5	90.8	10,066 COAL	95,204 TONS	25.20	2,399,130	5,407,676	2.27
11 CRYSTAL RIVER	2	491	269,148	76.1	77.7	92.1	9,299 COAL	99,318 TONS	25.20	2,502,807	5,641,365	2.10
12 CRYSTAL RIVER	4	735	499,524	94.4	12.7	738.7	9,375 COAL	186,575 TONS	25.10	4,683,038	10,576,515	2.12
13 CRYSTAL RIVER	5	732	491,615	93.3	93.6	98.0	9,402 COAL	184,150 TONS	25.10	4,622,164	10,439,035	2.12
14 SUWANNEE	1	33	4,815	20.3	97.1	57.0	12,641 HEAVY OIL	9,364 BBLs	6.50	60,866	278,206	5.78
15 SUWANNEE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
16 SUWANNEE	2	32	3,542	15.4	98.2	38.6	13,587 HEAVY OIL	7,404 BBLs	6.50	48,125	219,969	6.21
17 SUWANNEE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
18 SUWANNEE	3	81	8,237	14.1	93.0	34.9	11,528 HEAVY OIL	14,609 BBLs	6.50	94,956	470,106	5.71
19 SUWANNEE	3		0				0 GAS	0 MCF	1.00	0	0	0.00
20 AVON PARK	1-2	64	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
21 BARTOW	1-4	219	0	0.2	100.0	43.8	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
22 BARTOW	1-4		240				14,797 GAS	3,551 MCF	1.00	3,551	26,669	11.11
23 BAYBORO	1-4	232	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
24 DEBARY	1-10	762	0	0.0	100.0	42.9	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
25 DEBARY	1-10		1,340				13,491 GAS	18,077 MCF	1.00	18,077	135,762	10.13
26 HIGGINS	1-4	134	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
27 HIGGINS	1-4		0				0 GAS	0 MCF	1.00	0	0	0.00
28 HINES	1-2	1,111	227,635	28.5	74.8	24.5	7,122 GAS	1,621,216 MCF	1.00	1,621,216	12,175,317	5.35
29 HINES	1-2		0				0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
30 INT CITY	1-14	1,206	601	1.4	100.0	39.9	12,131 LIGHT OIL	1,257 BBLs	5.80	7,291	70,871	11.79
31 INT CITY	1-14		11,572				12,949 GAS	149,840 MCF	1.00	149,840	1,125,297	9.72
32 RIO PINAR	1	16	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
33 SUWANNEE	1-3	201	30	0.0	100.0	5.0	13,420 LIGHT OIL	69 BBLs	5.80	403	3,942	13.14
34 SUWANNEE	1-3		0				0 GAS	0 MCF	1.00	0	0	0.00
35 TIGER BAY	1	223	95,394	59.4	94.6	62.4	8,382 GAS	799,593 MCF	1.00	799,593	2,854,545	2.99
38 TURNER	1-4	194	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
37 UNIV OF FLA.	1	41	29,372	99.5	99.5	99.9	9,376 GAS	275,392 MCF	1.00	275,392	1,643,190	5.59
39 OTHER - START UP			0				0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
39 OTHER - GAS TRANSP.			0				- GAS TRANS	-	-	-	4,228,331	-
40 TOTAL		9,174	2,728,549				9,550			26,065,873	72,372,488	2.65

PROGRESS ENERGY FLORIDA
SYSTEM NET GENERATION AND FUEL COST
ESTIMATED FOR THE MONTH OF: Dec-04

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
PLANT/UNIT	NET CAPACITY (MW)	NET GENERATION (MWH)	CAPACITY FACTOR (%)	EQUIV AVAIL FACTOR (%)	OUTPUT FACTOR (%)	AVG NET HEAT RATE (BTU/KWH)	FUEL TYPE	FUEL BURNED (UNITS)	FUEL HEAT VALUE (BTU/UNIT)	FUEL BURNED (MMBTU)	AS BURNED FUEL COST (\$)	FUEL COST PER KWH (¢/KWH)
1 CRYST RIV NUC	3	788	569,658	97.2	97.0	100.0	10,191 NUCLEAR	5,805,385 MMBTU	1.00	5,805,385	2,031,885	0.36
2 ANCLOTE	1	522	190,109	49.0	94.8	52.9	10,132 HEAVY OIL	296,336 BBLs	6.50	1,926,184	9,301,989	4.89
3 ANCLOTE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
4 ANCLOTE	2	522	171,021	44.0	63.7	69.1	10,309 HEAVY OIL	271,239 BBLs	6.50	1,763,055	8,514,202	4.98
5 ANCLOTE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
6 BARTOW	1	123	23,267	25.4	85.8	50.9	10,907 HEAVY OIL	39,042 BBLs	6.50	253,773	1,156,425	4.97
7 BARTOW	2	121	22,509	25.0	95.5	46.2	11,504 HEAVY OIL	39,837 BBLs	6.50	258,944	1,179,986	5.24
8 BARTOW	3	208	66,221	42.8	90.2	46.1	10,174 HEAVY OIL	103,651 BBLs	6.50	673,732	3,070,147	4.64
9 BARTOW	3		0				0 GAS	0 MCF	1.00	0	0	0.00
10 CRYSTAL RIVER	1	383	248,132	87.1	91.5	96.0	10,061 COAL	99,066 TONS	25.20	2,496,456	5,376,030	2.17
11 CRYSTAL RIVER	2	491	278,513	76.2	77.7	92.2	9,301 COAL	102,796 TONS	25.20	2,590,449	5,578,441	2.00
12 CRYSTAL RIVER	4	735	516,175	94.4	94.4	98.5	9,375 COAL	192,794 TONS	25.10	4,839,141	11,137,705	2.16
13 CRYSTAL RIVER	5	732	506,812	93.1	93.6	97.9	9,402 COAL	189,842 TONS	25.10	4,765,046	10,967,170	2.16
14 SUWANNEE	1	33	5,306	21.6	97.1	64.8	12,636 HEAVY OIL	10,315 BBLs	6.50	67,047	304,392	5.74
15 SUWANNEE	1		0				0 GAS	0 MCF	1.00	0	0	0.00
16 SUWANNEE	2	32	4,718	19.8	98.2	78.4	13,709 HEAVY OIL	9,951 BBLs	6.50	64,679	293,643	6.22
17 SUWANNEE	2		0				0 GAS	0 MCF	1.00	0	0	0.00
18 SUWANNEE	3	81	12,587	20.9	93.0	51.3	11,514 HEAVY OIL	22,296 BBLs	6.50	144,927	711,702	5.65
19 SUWANNEE	3		0				0 GAS	0 MCF	1.00	0	0	0.00
20 AVON PARK	1-2	64	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
21 BARTOW	1-4	219	75	0.4	100.0	35.3	14,191 LIGHT OIL	184 BBLs	5.80	1,064	10,111	13.48
22 BARTOW	1-4		563				14,664 GAS	8,256 MCF	1.00	8,256	58,091	10.32
23 BAYBORO	1-4	232	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
24 DEBARY	1-10	762	489	0.7	100.0	59.6	13,973 LIGHT OIL	1,178 BBLs	5.80	6,833	66,482	13.60
25 DEBARY	1-10		3,464				13,480 GAS	46,694 MCF	1.00	46,694	328,562	9.49
26 HIGGINS	1-4	134	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
27 HIGGINS	1-4		0				0 GAS	0 MCF	1.00	0	0	0.00
28 HINES	1-2	1,111	237,707	28.8	97.1	24.2	7,151 GAS	1,699,724 MCF	1.00	1,699,724	11,960,194	5.03
29 HINES	1-2		0				0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
30 INT CITY	1-14	1,206	1,061	1.6	100.0	42.2	12,167 LIGHT OIL	2,226 BBLs	5.80	12,909	125,865	11.86
31 INT CITY	1-14		12,887				13,048 GAS	168,150 MCF	1.00	168,150	1,183,193	9.18
32 RIO PINAR	1	16	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
33 SUWANNEE	1-3	201	974	0.7	100.0	33.0	13,698 LIGHT OIL	2,300 BBLs	5.80	13,342	131,014	13.45
34 SUWANNEE	1-3		0				0 GAS	0 MCF	1.00	0	0	0.00
35 TIGER BAY	1	223	101,211	61.0	94.7	64.1	8,360 GAS	846,124 MCF	1.00	846,124	3,020,663	2.98
36 TURNER	1-4	194	0	0.0	100.0	0.0	0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
37 UNIV OF FLA.	1	41	30,352	99.5	99.5	99.9	9,376 GAS	284,580 MCF	1.00	284,580	1,527,464	5.03
38 OTHER - START UP			0				0 LIGHT OIL	0 BBLs	5.80	0	0	0.00
39 OTHER - GAS TRANSP.			0				- GAS TRANS	-	-	-	4,093,443	-
40 TOTAL		9,174	3,003,811				9,567			28,736,493	82,128,795	2.73