

ORIGINAL

Hopping Green & Sams

Attorneys and Counselors

September 1, 2006

RECEIVED FPSC

06 SEP -1 AM 10:23

COMMISSION CLERK

BY HAND-DELIVERY

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

Re: Docket No. 060007-EI

Dear Ms. Bayó:

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

- Pre-filed Direct Testimony of Javier J. Portuondo, along with Mr. Portuondo's Exhibit No. \_\_\_ (JP-3);
• Pre-filed Direct Testimony of Thomas Lawery, along with Mr. Lawery's Exhibit No. \_\_\_ (TL-1);
• Pre-filed Direct Testimony of Patricia Q. West; and
• Pre-filed Direct Testimony of Kent D. Hedrick.

I also have included a diskette containing the testimony in Microsoft Word Format. By copy of this letter, copies of the documents listed above have been provided to all persons on the attached certificate of service.

Please acknowledge receipt and filing of the above by stamping the enclosed extra copies of the testimony and attached exhibit and returning them to me. If you have any questions concerning this filing, please contact me at 425-2346.

CMP \_\_\_
COM 5
CTR org
ECR (circled)
GCL 1
OPC \_\_\_
RCA \_\_\_
SCR \_\_\_
SGA \_\_\_
SEC 1 cc: Certificate of Service
OTH \_\_\_

Thank you for your assistance in connection with this matter.

Very truly yours,

Handwritten signature of Carolyn S. Raepple
Gary V. Perko
Carolyn S. Raepple
Virginia C. Dailey

RECEIVED & FILED
FPSC BUREAU OF RECORDS

Attorneys for PROGRESS ENERGY FLORIDA, INC.

DOCUMENT NUMBER-DATE

08025 SEP-1 06

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the Pre-filed Testimony and Exhibits of Javier Portuondo; Thomas Lawery; Patricia West; and Kent D. Hedrick in Docket No. 060007-EI have been furnished by hand-delivery (\*) or regular U.S. mail to the following this 15<sup>th</sup> day of September, 2006.

Martha Carter Brown (\*)  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Florida Power & Light Co.  
Bill Walker  
215 S. Monroe Street, Suite 810  
Tallahassee, FL 32301

Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley Law Firm  
P.O. Box 391  
Tallahassee, FL 32302

Florida Power & Light Co.  
John T. Butler, Esq.  
9250 West Flagler Street  
Miami, FL 33174

Joseph McGlothlin, Esq.  
Patricia Ann Christensen, Esq.  
Office of Public Counsel  
111 West Madison Street, Rm. 812  
Tallahassee, FL 32399

Gulf Power Company  
Susan Ritenour  
One Energy Place  
Pensacola, FL 32520-0780

Jeffrey A. Stone, Esq.  
Russell A. Badders, Esq.  
Beggs & Lane Law Firm  
P.O. Box 12950  
Pensacola, FL 32576

Tampa Electric Company  
Brenda Irizarry  
Regulatory Affairs  
P.O. Box 111  
Tampa, FL 33601-0111

Florida Industrial Power Users Group  
John W. McWhirter, Jr.  
c/o McWhirter Law Firm  
400 North Tampa Street, Suite 2450  
Tampa, FL 33602

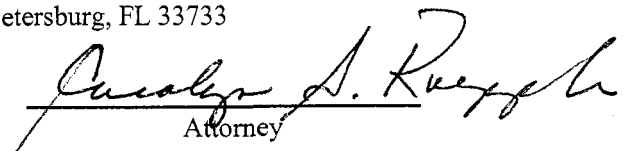
R. Scheffel Wright  
John LaVia  
Young Law Firm  
225 South Adams Street, Suite 200  
Tallahassee, FL 32301

Timothy J. Perry, Esq.  
McWhirter Law Firm  
117 South Gadsden Street  
Tallahassee, FL 32301

Florida Retail Federation  
John Rogers  
Post Office Box 10024  
Tallahassee, FL 32302

Florida Power & Light Co.  
R. Wade Litchfield, Esq.  
700 Universe Blvd.  
Juno Beach, FL 33408-0420

R. Alexander Glenn  
Deputy General Counsel - Florida  
Progress Energy Service Company, LLC  
P.O. Box 14042  
St. Petersburg, FL 33733

  
\_\_\_\_\_  
Attorney

1                                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2   DIRECT TESTIMONY OF

3   JAVIER PORTUONDO

4   ON BEHALF OF

5   PROGRESS ENERGY FLORIDA

6   DOCKET NO. 060007-EI

7   SEPTEMBER 1, 2006

8

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

10   **A.**    My name is Javier J. Portuondo. My business address is Post Office Box 1551,  
11            Raleigh, NC 27601.

12

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

14   **A.**    I am employed by Progress Energy Service Company, LLC as Director of  
15            Regulatory Planning.

16

17   **Q.    Have your duties and responsibilities remained the same since you last filed**  
18            **testimony in this proceeding?**

19   **A.**    Yes.

20

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

DOCUMENT NUMBER-DATE

08025 SEP-18

FPSC-COMMISSION CLERK

1     **A.**     Yes, I have.

2

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

4     **A.**     The purpose of my testimony is to present, for Commission review and  
5             approval, Progress Energy Florida's calculation of the revenue requirements and  
6             its Environmental Cost Recovery (ECRC) factors for application on customer  
7             billings during the period January 2007 through December 2007. My testimony  
8             addresses the capital and operating and maintenance ("O&M") expenses  
9             associated with PEF's environmental compliance activities for the year 2007.

10

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

13    **A.**     Yes. I am sponsoring Exhibit No. \_\_ (JP-3), which consists of PSC Forms 42-1P  
14             through 42-7P. These forms provide a summary and detail of the projected  
15             O&M and capital environmental cost recovery factors for the period January  
16             2007 through December 2007.

17

18    **Q.**     **What is the total recoverable revenue requirement relating to the projection**  
19             **period January 2007 through December 2007?**

20    **A.**     The total recoverable revenue requirement including true-up amounts and  
21             revenue taxes is \$53,805,782 as shown on Form 42-1P, Line 5 of my exhibit.

22

1 **Q. What is the total true-up to be applied in the period January 2007 through**  
2 **December 2007?**

3 **A.** The total true-up applicable for this period is an under-recovery of \$17,007,817.  
4 This consists of the final true-up under-recovery of \$237,170 for the period from  
5 January 2005 through December 2005 and an estimated true-up under-recovery  
6 of \$16,770,646 for the current period of January 2006 through December 2006.  
7 The detailed calculation supporting the estimated true-up was provided on  
8 Forms 42-1E through 42-8E of Exhibit No. \_\_ (JP-2) filed with the Commission  
9 on August 4, 2006.

10

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

14 **A.** No. PEF's 2007 ECRC projection includes one new project that has not been  
15 previously approved by the Commission. As discussed in the Estimated/Actual  
16 True-up testimony filed on August 4, 2006, PEF is seeking recovery of the  
17 Modular Cooling Tower Program (No. 11) in Docket No. 060162. The petition  
18 was originally filed on February 24, 2006 with a revised petition filed on July  
19 13, 2006. An evidentiary hearing is being scheduled for a date still to be set.

20

21 In addition, PEF's 2007 ECRC projections includes the following projects that  
22 have been previously approved by the Commission:

23

1 The Clean Air Interstate Rule (CAIR) and the Clean Air Mercury Rule (CAMR)  
2 Program (No. 7) was previously approved as an ECRC recoverable project in  
3 Order No. PSC-05-1251-FOF-EI. As requested, PEF's Integrated Clean Air  
4 Compliance Plan was submitted on March 31, 2006 under this docket.

5  
6 The Substation and Distribution System O&M programs (Nos. 1 and 2) were  
7 previously approved by the Commission in Order No. PSC-02-1735-FOF-EI.

8  
9 The Pipeline Integrity Management Program (No. 3) and the Above Ground  
10 Tank Secondary Containment Program (No. 4) were previously approved in  
11 Order No. PSC-03-1230-PCO-EI.

12  
13 The recovery of SO<sub>2</sub> Emission Allowances (No. 5) was previously approved in  
14 Order No. PSC-95-0450-FOF-EI; however, the costs were moved to the ECRC  
15 Docket from Docket 030001 beginning January 1, 2004 at the request of Staff to  
16 be consistent with the other Florida IOUs.

17  
18 The Phase II Cooling Water Intake 316(b) Program (No. 6) was previously  
19 approved in Order No. PSC-04-0990-PAA-EI.

20  
21 The Sea Turtle Lighting Program (No. 9), the Arsenic Groundwater Standard  
22 Program (No. 8), and the Underground Storage Tanks Program (No. 10) were  
23 previously approved in Order No. PSC-05-1251-FOF-EI.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

**Q. Have you prepared schedules showing the calculation of the recoverable O&M project costs for 2007?**

**A.** Yes. Form 42-2P contained in my exhibit summarizes the recoverable O&M cost estimates for these projects in the amount of \$35,609,852.

**Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2007?**

**A.** Yes. Form 42-3P contained in my exhibit, summarizes the cost estimates projected for these projects. Form 42-4P, pages 1 through 10, shows the calculations of these costs that result in recoverable jurisdictional capital costs of \$1,149,402.

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

**A.** Yes. Form 42-5P, pages 1 through 11, contained in my exhibit provides each project description and progress, as well as the projected recoverable cost estimates.

**Q. What is the total projected jurisdictional costs for environmental compliance activities in the year 2007?**

**A.** The total jurisdictional capital and O&M costs of \$36,759,254 to be recovered through the ECRC, are calculated on Form 42-1P, contained in my exhibit.

1

2 **Q. Please describe how the proposed ECRC factors were developed.**

3 **A.** The ECRC factors were calculated as shown on Forms 42-6P and 42-7P contained  
4 in Exhibit No. \_\_ (JP-3). The demand allocation factors were calculated by  
5 determining the percentage each rate class contributes to the monthly system peaks  
6 and then adjusted for losses for each rate class. The energy allocation factors were  
7 calculated by determining the percentage each rate class contributes to total  
8 kilowatt-hour sales and then adjusted for losses for each rate class. This  
9 information was obtained from Progress Energy Florida's July 2006 load research  
10 study. Form 42-7P presents the calculation of the proposed ECRC billing factors  
11 by rate class.

12

13 **Q. What are Progress Energy Florida's proposed 2007 ECRC billing factors by**  
14 **the various rate classes and delivery voltages?**

15 **A.** The computation of Progress Energy Florida's proposed ECRC factors for  
16 customer billings in 2007 is shown on Form 42-7P, contained in Exhibit No. (JP-  
17 3). In summary, these factors are as follows:

<b>RATE CLASS</b>	<b>ECRC FACTORS</b>
Residential	0.153 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.137 cents/kWh
@ Primary Voltage	0.136 cents/kWh
@ Transmission Voltage	0.134 cents/kWh
General Service 100% Load Factor	0.088 cents/kWh



General Service Demand	
@ Secondary Voltage	0.111 cents/kWh
@ Primary Voltage	0.110 cents/kWh
@ Transmission Voltage	0.109 cents/kWh
Curtable	
@ Secondary Voltage	0.107 cents/kWh
@ Primary Voltage	0.106 cents/kWh
@ Transmission Voltage	0.105 cents/kWh
Interruptible	
@ Secondary Voltage	0.089 cents/kWh
@ Primary Voltage	0.088 cents/kWh
@ Transmission Voltage	0.087 cents/kWh
Lighting	0.111 cents/kWh

1

2 **Q. When is Progress Energy Florida requesting that the proposed ECRC billing**  
3 **factors be made effective?**

4 **A.** PEF is requesting that its proposed ECRC billing factors be made effective with  
5 the first bill group for January 2007 and will continue through the last bill group  
6 for December 2007.

7

8 **Q. Please summarize your testimony.**

9 **A.** My testimony supports the approval of an average environmental billing factor of  
10 0.132 cents per kWh which includes projected capital and O&M revenue  
11 requirements of \$36,759,254 associated with a total of 11 environmental projects  
12 and a true-up under-recovery provision of \$17,007,817. My testimony also

1 demonstrates that the projected environmental expenditures for 2007 are  
2 appropriate for recovery through the ECRC.

3

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

5 **A. Yes, it does.**

Docket No. 060007-EI  
Progress Energy Florida, Inc.  
Witness: J. Portuondo  
Exhibit \_\_ (JP-3)

**EXHIBIT \_\_ (JP-3)**

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

**CALCULATION OF PROJECTED PERIOD AMOUNT  
JANUARY 2007 - DECEMBER 2007  
DOCKET NO. 060007-EI**

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

Form 42-1P

For the Projected Period  
**JANUARY 2007 - DECEMBER 2007**

<u>Line</u>	Energy (\$)	Transmission Demand (\$)	Distribution Demand (\$)	Production Demand (\$)	Total (\$)
1 Total Jurisdictional Rev. Req. for the projected period					
a Projected O&M Activities (Form 42-2P, Lines 7 through 9)	\$10,783,898	\$1,090,695	\$19,191,007	\$4,544,251	\$35,609,852
b Projected Capital Projects (Form 42-3P, Lines 7 through 9)	(183,925)	0	42,720	1,290,607	1,149,402
c Total Jurisdictional Rev. Req. for the projected period (Lines 1a + 1b)	<u>\$10,599,973</u>	<u>\$1,090,695</u>	<u>\$19,233,727</u>	<u>\$5,834,858</u>	<u>\$36,759,254</u>
2 True-up for Estimated Over/(Under) Recovery for the current period January 2006 - December 2006 (Form 42-2E, Line 5 + 6 + 10)	(4,107,530)	(983,653)	(8,826,283)	(2,853,180)	(\$16,770,646)
3 Final True-up for the period January 2005 - December 2005 (Form 42-1A, Line 3)	<u>(179,199)</u>	<u>(4,761)</u>	<u>(48,734)</u>	<u>(4,476)</u>	<u>(\$237,170)</u>
4 Total Jurisdictional Amount to Be Recovered/(Refunded) in the Projection period January 2007 - December 2007 (Line 1 - Line 2 - Line 3)	<u>\$14,886,702</u>	<u>\$2,079,109</u>	<u>\$28,108,744</u>	<u>\$8,692,515</u>	<u>\$53,767,070</u>
5 Total Projected Jurisdictional Amount Adjusted for Taxes (Line 4 x Revenue Tax Multiplier of 1.00072)	<u>\$14,897,420</u>	<u>\$2,080,606</u>	<u>\$28,128,982</u>	<u>\$8,698,773</u>	<u>\$53,805,782</u>

**PROGRESS ENERGY FLORIDA**  
**Environmental Cost Recovery Clause (ECRC)**  
**Calculation of the Projected Period Amount**  
**JANUARY 2007 - DECEMBER 2007**  
**O&M Activities**  
 (in Dollars)

Line	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	End of Projected Period Total	Method of Classification
1	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	1,544,960	Demand Energy
1a														
2	233,555	233,555	233,555	233,555	233,555	233,555	233,555	233,555	233,555	233,555	233,555	233,555	2,802,660	Demand Energy
2a														
3a	1,445,375	1,445,375	1,445,375	1,445,375	1,212,500	1,098,500	1,430,000	1,285,500	1,285,000	1,285,000	1,285,000	1,285,000	15,991,000	Demand Energy
3a														
4	21,000	21,000	23,500	28,500	0	0	0	0	0	0	0	0	277,000	Demand Energy
4														
5	0	0	0	0	0	0	0	0	0	0	0	0	0	Demand Energy
5														
6a	89,777	89,777	88,777	106,277	106,277	106,277	125,527	125,527	125,527	125,527	125,527	125,527	1,338,557	Demand Energy
6a														
6b	5,875	5,875	5,875	5,875	5,875	5,875	5,875	5,875	5,875	5,875	5,875	5,875	70,500	Demand Energy
6b														
8	5,000	5,000	5,000	8,533	43,310	8,533	0	0	0	0	0	0	77,689	Demand Energy
8														
9	0	0	0	59,375	59,375	59,375	59,375	59,375	59,375	59,375	59,375	59,375	475,000	Demand Energy
9														
11	0	0	0	0	0	0	834,188	834,188	834,188	834,188	834,188	834,188	3,336,752	Demand Energy
11														
2 Total of O&M Activities	2,977,765	2,741,797	2,778,824	2,751,732	2,739,731	3,519,001	3,972,203	3,873,136	3,736,686	2,792,054	2,792,371	2,792,602	37,390,903	\$25,914,098
3 Recoverable Costs Allocated to Energy	1,049,436	813,468	793,620	735,975	921,392	1,028,984	1,130,883	1,126,369	1,033,419	924,689	997,667	920,898	11,476,805	
4 Recoverable Costs Allocated to Demand - Transmission	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	128,747	1,544,960	
4 Recoverable Costs Allocated to Demand - Distribution	1,678,930	1,678,930	1,738,305	1,391,430	1,505,430	1,391,430	1,722,930	1,621,430	1,577,930	1,518,555	1,518,555	1,518,555	19,268,660	
4 Recoverable Costs Allocated to Demand - Prod-Intm	10,875	10,875	5,875	13,928	49,385	840,063	848,166	840,063	840,063	13,928	5,875	5,875	3,484,921	
4 Recoverable Costs Allocated to Demand - Prod-Peaking	109,777	109,777	112,277	134,777	129,777	129,777	141,527	156,527	156,527	141,527	141,527	141,527	1,615,557	
5 Retail Energy Jurisdictional Factor	0.94650	0.93930	0.94180	0.93120	0.93860	0.94190	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	0	
6 Retail Transmission Demand Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
6 Retail Distribution Demand Jurisdictional Factor - Base	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
6 Retail Distribution Demand Jurisdictional Factor - Peaking	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	
7 Jurisdictional Energy Recoverable Costs (A)	993,292	764,091	747,432	685,340	864,819	968,583	1,065,292	1,056,534	969,037	868,006	934,814	866,657	10,783,898	
8 Jurisdictional Demand Recoverable Costs - Transm (B)	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	90,891	1,090,695	
8 Jurisdictional Demand Recoverable Costs - Distrib (B)	1,672,164	1,672,164	1,731,300	1,391,300	1,499,363	1,385,823	1,715,987	1,614,896	1,571,571	1,512,435	1,512,435	1,512,435	19,191,007	
8 Jurisdictional Demand Recoverable Costs - Prod-Base (B)	10,196	10,196	5,508	13,058	46,300	787,584	795,134	787,584	787,584	13,058	5,508	5,508	3,267,218	
8 Jurisdictional Demand Recoverable Costs - Prod-Intm (B)	86,774	86,774	88,750	106,536	106,536	106,536	111,871	123,728	123,728	116,008	111,871	111,871	1,277,033	
9 Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$2,853,317	\$2,624,116	\$2,663,881	\$2,627,125	\$2,607,909	\$3,335,465	\$3,779,176	\$3,673,634	\$3,542,812	\$2,689,534	\$2,655,520	\$2,587,363	\$35,609,652	

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

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Capital Investment Projects- Recoverable Costs  
 (in Dollars)

Line	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1 Description of Investment Projects (A)													
3b Pipeline Integrity Management - Bartow/Anclote Pipeline-Intm	38,432	36,621	38,673	38,793	38,705	38,617	38,530	38,442	38,354	38,266	38,179	38,091	461,703
4.1 Above Ground Storage Tanks Secondary Containment - Peaking	46,081	46,291	46,767	47,439	49,192	50,708	50,905	52,706	54,477	58,213	58,453	59,127	620,359
4.2 Above Ground Storage Tanks Secondary Containment - Base	466	464	465	464	462	461	460	458	457	455	454	453	5,519
5 SO2 Emissions Allowances - Energy	(1,975)	44,743	36,526	28,735	9,365	(11,615)	(22,873)	(34,666)	(45,922)	(56,070)	(66,021)	(75,951)	(195,726)
6a Phase II Cooling Water Intake - Intm	0	0	0	0	0	0	0	0	0	0	0	0	0
7.1 CAIR/CAMR - Intermediate	1,389	1,505	1,622	1,738	1,855	1,971	2,087	2,204	2,320	2,437	2,553	2,670	24,351
7.2 CAIR/CAMR - Peaking	10,513	11,294	11,755	12,233	13,260	14,358	14,650	15,808	18,125	19,850	20,417	20,682	182,945
9 Sea Turtle - Coastal Street Lighting - Distribution	2,043	2,037	2,305	2,849	3,393	3,662	4,467	4,454	4,441	4,427	4,414	4,401	42,893
10.1 Underground Storage Tanks - Base	3,371	3,364	3,356	3,348	3,341	3,333	3,326	3,318	3,311	3,303	3,296	3,288	39,955
10.2 Underground Storage Tanks - Intermediate	1,529	1,525	1,522	1,519	1,515	1,512	1,508	1,505	1,502	1,498	1,495	1,492	18,122
11 Modular Cooling Towers - Base	12,490	12,387	12,294	12,202	12,109	12,017	11,924	11,831	11,739	11,646	11,554	11,461	143,644
2 Total Investment Projects - Recoverable Costs	114,329	162,231	155,285	149,320	133,197	115,024	104,984	96,060	88,804	84,025	74,794	65,714	1,343,765
3 Recoverable Costs Allocated to Energy	(1,975)	44,743	36,526	28,735	9,365	(11,615)	(22,873)	(34,666)	(45,922)	(56,070)	(66,021)	(75,951)	(195,726)
Recoverable Costs Allocated to Demand	2,043	2,037	2,305	2,849	3,393	3,662	4,467	4,454	4,441	4,427	4,414	4,401	42,893
4 Recoverable Costs Allocated to Demand - Production - Base	16,317	16,215	16,115	16,014	15,912	15,811	15,710	15,607	15,507	15,404	15,304	15,202	189,118
Recoverable Costs Allocated to Demand - Production - Intermediate	41,350	41,651	41,817	42,050	42,075	42,100	42,125	42,151	42,176	42,201	42,227	42,253	504,176
Recoverable Costs Allocated to Demand - Production - Peaking	56,594	57,585	58,522	59,672	62,452	65,066	65,555	68,514	72,602	78,063	78,870	79,809	803,304
5 Retail Energy Jurisdictional Factor	0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
Retail Distribution Demand Jurisdictional Factor	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
6 Retail Demand Jurisdictional Factor - Production - Base	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
Retail Demand Jurisdictional Factor - Production - Intermediate	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	
Retail Demand Jurisdictional Factor - Production - Peaking	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	
7 Jurisdictional Energy Recoverable Costs (B)	(1,870)	42,027	34,400	26,758	8,790	(10,933)	(21,546)	(32,516)	(43,061)	(52,633)	(61,862)	(71,478)	(183,925)
Jurisdictional Demand Recoverable Costs - Distrib (B)	2,035	2,029	2,296	2,838	3,379	3,647	4,449	4,436	4,423	4,409	4,396	4,383	42,720
8 Jurisdictional Demand Recoverable Costs - Production - Base (C)	15,298	15,202	15,108	15,014	14,918	14,823	14,729	14,632	14,538	14,442	14,348	14,252	177,304
Jurisdictional Demand Recoverable Costs - Production - Intermediate (C)	32,686	32,923	33,055	33,239	33,259	33,278	33,298	33,319	33,338	33,358	33,379	33,399	398,531
Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	50,357	51,239	52,072	53,096	55,569	57,895	58,330	60,963	64,601	69,460	70,178	71,013	714,772
9 Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$98,505	\$143,420	\$136,931	\$130,943	\$115,916	\$98,711	\$89,260	\$80,834	\$73,839	\$69,036	\$60,439	\$51,570	\$1,149,402

## Notes:

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

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: PIPELINE INTEGRITY MANAGEMENT - Barlow/Anclole Pipeline (Project 3b)  
 (In Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000
b.	Clearings to Plant		0	0	0	50,000	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$2,674,588	2,674,588	2,674,588	2,674,588	2,724,588	2,724,588	2,724,588	2,724,588	2,724,588	2,724,588	2,724,588	2,724,588	2,724,588	
3	Less: Accumulated Depreciation	(178,048)	(178,890)	(185,733)	(192,575)	(199,546)	(206,516)	(213,487)	(220,457)	(227,427)	(234,398)	(241,368)	(248,339)	(255,309)	
4	CWIP - Non-Interest Bearing	0	25,000	50,000	50,000	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$2,502,540	2,520,697	2,538,855	2,532,013	2,525,042	2,518,072	2,511,101	2,504,131	2,497,161	2,490,190	2,483,220	2,476,249	2,469,279	
6	Average Net Investment		2,511,619	2,529,776	2,535,434	2,528,527	2,521,557	2,514,587	2,507,616	2,500,646	2,493,675	2,486,705	2,479,734	2,472,764	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	23,358	23,527	23,580	23,515	23,450	23,386	23,321	23,256	23,191	23,126	23,062	22,997	\$279,769
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	4,270	4,301	4,310	4,298	4,287	4,275	4,263	4,251	4,239	4,227	4,216	4,204	51,140
8	Investment Expenses														
a.	Depreciation (C)	3.07%	6,842	6,842	6,842	6,970	6,970	6,970	6,970	6,970	6,970	6,970	6,970	6,970	83,261
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		3,962	3,951	3,940	4,009	3,998	3,986	3,975	3,964	3,953	3,942	3,931	3,920	47,532
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		38,432	38,621	38,673	38,793	38,705	38,617	38,530	38,442	38,354	38,266	38,179	38,091	461,702
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		38,432	38,621	38,673	38,793	38,705	38,617	38,530	38,442	38,354	38,266	38,179	38,091	461,702
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	0
11	Demand Jurisdictional Factor - Production (Intermediate)		0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		30,379	30,528	30,569	30,664	30,595	30,525	30,456	30,387	30,317	30,248	30,179	30,109	364,958
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 30,379	\$ 30,528	\$ 30,569	\$ 30,664	\$ 30,595	\$ 30,525	\$ 30,456	\$ 30,387	\$ 30,317	\$ 30,248	\$ 30,179	\$ 30,109	\$ 364,958

**Notes:**

- (A) N/A.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x 3.07% x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x 89% @ .021064 x 1/12 + 11% @ .017303 x 1/12. Ratio from Property Tax Administration Department, based on plant allocation reported and 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

**Source:**

Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
**Environmental Cost Recovery Clause (ECRC)**  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: ABOVE-GROUND STORAGE TANKS SECONDARY CONTAINMENT - Peaking (Project 4.1)

(In Dollars)

Line	Description	Beginning of Period Amount	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Total
1	Investments		\$21,600	\$34,600	\$70,200	\$70,200	\$266,760	\$27,000	\$27,000	\$318,600	\$21,600	\$40,000	\$27,000	\$118,800	\$1,043,360
	a. Expenditures/Additions		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Clearings to Plant		318,000	0	0	0	0	0	0	0	0	0	0	0	0
	c. Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$2,755,686	3,073,686	3,073,686	3,073,686	3,073,686	3,073,686	3,073,686	3,073,686	3,073,686	3,073,686	3,924,646	3,924,646	3,924,646	3,924,646
3	Less: Accumulated Depreciation	(41,482)	(49,487)	(57,492)	(65,497)	(73,502)	(81,507)	(89,512)	(97,517)	(105,522)	(113,527)	(123,801)	(134,076)	(144,350)	(144,350)
4	CWIP - Non-Interest Bearing	333,000	36,600	71,200	141,400	211,600	478,360	505,360	532,360	850,960	872,560	61,600	88,600	207,400	207,400
5	Net Investment (Lines 2 + 3 + 4)	\$3,047,204	3,060,799	3,087,394	3,149,589	3,211,784	3,470,539	3,489,534	3,508,529	3,819,124	3,832,719	3,862,445	3,879,170	3,987,696	3,987,696
6	Average Net Investment		3,054,002	3,074,097	3,118,492	3,180,686	3,241,161	3,480,036	3,499,031	3,663,826	3,825,921	3,847,582	3,870,806	3,933,433	3,933,433
7	Return on Average Net Investment		28.40%	28.40%	28.58%	29.02%	29.58%	31.07%	32.64%	34.07%	35.58%	35.78%	36.58%	36.81%	389.568
	a. Equity Component Grossed Up For Taxes (B)		11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%
	b. Debt Component (Line 6 x 2.04% x 1/12)		2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%
8	Investment Expenses		8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005
	a. Depreciation (C)		8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005	8,005
	b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Displacement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	d. Property Taxes (D)		4,482	4,470	4,439	4,447	4,435	4,423	4,411	4,399	4,387	5,615	5,600	5,585	56,713
	e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		46,081	46,291	46,767	47,439	49,192	50,708	50,905	52,706	54,477	58,213	58,453	59,127	620,361
	a. Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Recoverable Costs Allocated to Demand		46,081	46,291	46,767	47,439	49,192	50,708	50,905	52,706	54,477	58,213	58,453	59,127	620,361
10	Demand Jurisdictional Factor - Production (Peaking)		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	0.94110
11	Total Jurisdictional Factor - Production (Peaking)		0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		41,002	41,189	41,613	42,211	43,771	45,119	45,295	46,897	48,473	51,797	52,011	52,611	551,989
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 41,002	\$ 41,189	\$ 41,613	\$ 42,211	\$ 43,771	\$ 45,119	\$ 45,295	\$ 46,897	\$ 48,473	\$ 51,797	\$ 52,011	\$ 52,611	\$ 551,989

Notes:  
 (A) N/A  
 (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.57% (expansion factor of 1.62802). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.  
 (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.  
 (D) Lines 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.  
 (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.  
 (F) Line 9b x Line 11

Source: Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.



**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: ABOVE GROUND STORAGE TANKS SECONDARY CONTAINMENT - Base (Project 4.2)  
 (in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	
3	Less: Accumulated Depreciation	(4,549)	(4,661)	(4,772)	(4,883)	(4,994)	(5,105)	(5,216)	(5,327)	(5,439)	(5,550)	(5,661)	(5,772)	(5,883)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$28,543	28,431	28,320	28,209	28,098	27,987	27,876	27,765	27,653	27,542	27,431	27,320	27,209	
6	Average Net Investment		28,487	28,376	28,265	28,154	28,042	27,931	27,820	27,709	27,598	27,487	27,376	27,264	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	265	264	263	262	261	260	259	258	257	256	255	254	\$3,111
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	48	48	48	48	48	47	47	47	47	47	47	46	569
8	Investment Expenses														
a.	Depreciation (C)		111	111	111	111	111	111	111	111	111	111	111	111	1,334
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		41	41	43	43	43	43	42	42	42	42	42	42	505
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		466	464	465	464	462	461	460	458	457	455	454	453	5,519
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		466	464	465	464	462	461	460	458	457	455	454	453	5,519
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
11	Demand Jurisdictional Factor - Production (Base)		0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		437	435	436	435	433	432	431	429	428	427	426	425	5,174
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 437	\$ 435	\$ 436	\$ 435	\$ 433	\$ 432	\$ 431	\$ 429	\$ 428	\$ 427	\$ 426	\$ 425	\$ 5,174

- Notes:**  
 (A) N/A.  
 (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.  
 (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.  
 (D) Lines 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.  
 (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.  
 (F) Line 9b x Line 11

**Source:**  
 Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Schedule of Amortization and Return  
Deferred Gain on Sales of Emissions Allowances (Project 5)  
**(in Dollars)**

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Working Capital Dr (Cr)														
a.	1581001 SO <sub>2</sub> Emission Allowance Inventory	\$1,310,560	\$10,533,393	\$9,748,194	\$8,982,843	\$8,275,137	\$7,382,014	\$6,381,299	\$5,278,685	\$4,180,585	\$3,175,435	\$2,279,015	\$1,309,617	\$416,988	\$416,988
b.	25401FL Auctioned SO <sub>2</sub> Allowance	(6,115,691)	(6,087,422)	(6,059,153)	(6,030,883)	(6,002,614)	(7,951,722)	(7,923,452)	(7,895,183)	(7,866,913)	(7,838,644)	(7,810,375)	(7,782,105)	(7,753,836)	(7,753,836)
2	Total Working Capital	\$ (4,805,131)	\$4,445,971	\$3,689,041	\$2,951,960	\$2,272,523	(\$569,708)	(\$1,542,153)	(\$2,616,498)	(\$3,686,328)	(\$4,663,209)	(\$5,531,360)	(\$6,472,488)	(\$7,336,848)	\$ (7,336,848)
3	Average Net Investment		(179,580)	4,067,506	3,320,501	2,612,241	851,408	(1,055,930)	(2,079,326)	(3,151,413)	(4,174,769)	(5,097,284)	(6,001,924)	(6,904,668)	
4	Return on Average Net Working Capital Balance														
a.	Equity Component Grossed Up For Taxes (A) 11.16%		(1,670)	37,828	30,881	24,294	7,918	(9,820)	(19,338)	(29,308)	(38,825)	(47,405)	(55,818)	(64,213)	(\$165,477)
b.	Debt Component (Line 6 x 2.04% x 1/12) 2.04%		(305)	6,915	5,645	4,441	1,447	(1,795)	(3,535)	(5,357)	(7,097)	(8,665)	(10,203)	(11,738)	(30,249)
5	Total Return Component (B)		(1,975)	44,743	36,526	28,735	9,365	(11,615)	(22,873)	(34,666)	(45,922)	(56,070)	(66,021)	(75,951)	(195,726)
6	Expense Dr (Cr)														
a.	5090001 SO <sub>2</sub> Allowance Expense		\$1,021,167	\$785,199	\$765,351	\$707,706	\$893,123	\$1,000,715	\$1,102,614	\$1,098,100	\$1,005,150	\$896,420	\$969,398	\$892,629	\$11,137,572
b.	4074000 Amortization Expense		\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$28,269	\$339,233
7	Net Expense (C)		1,049,436	813,468	793,620	735,975	921,392	1,028,984	1,130,883	1,126,369	1,033,419	924,689	997,667	920,898	11,476,805
8	Total System Recoverable Expenses (Lines 5 + 7)		1,047,461	858,211	830,146	764,710	930,758	1,017,369	1,108,011	1,091,704	987,497	868,619	931,646	844,947	
a.	Recoverable costs allocated to Energy		1,047,461	858,211	830,146	764,710	930,758	1,017,369	1,108,011	1,091,704	987,497	868,619	931,646	844,947	
b.	Recoverable costs allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	
9	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
10	Demand Jurisdictional Factor - N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Retail Energy-Related Recoverable Costs (D)		991,422	806,118	781,831	712,098	873,609	957,650	1,043,746	1,024,018	925,976	815,373	872,953	795,180	10,599,973
12	Retail Demand-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total Jurisdictional Recoverable Costs (Lines 11 + 12)		\$ 991,422	\$ 806,118	\$ 781,831	\$ 712,098	\$ 873,609	\$ 957,650	\$ 1,043,746	\$ 1,024,018	\$ 925,976	\$ 815,373	\$ 872,953	\$ 795,180	\$ 10,599,973

**Notes:**  
 (A) Line 3 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.  
 (B) Line 5 is reported on Capital Schedule  
 (C) Line 7 is reported on O&M Schedule  
 (D) Line 8a x Line 9  
 (E) Line 8b x Line 10

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
Calculation of the Projected Period Amount  
JANUARY 2007 - DECEMBER 2007

Return on Capital Investments, Depreciation and Taxes  
For Project: PHASE II COOLING WATER INTAKE - Bartow - Intermediate (Project 6a)  
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a.	Expenditures/Additions		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Less: Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
6	Average Net Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Debt Component (Line 6 x 2.04% x 1/12)		0	0	0	0	0	0	0	0	0	0	0	0	0
8	Investment Expenses														
a.	Depreciation (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Property Taxes (D)		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	0	0	0	0	0	0
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	0
10	Energy Jurisdictional Factor		0.94650	0.93830	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	0
11	Demand Jurisdictional Factor - Production (intermediate)		0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		0	0	0	0	0	0	0	0	0	0	0	0	0

Notes:

- (A) N/A
- (B) Line 6 x 11.16% x 1/12. Based on FOE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 36.575% (expansion factor of 1.629002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x 3.07% x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x 89% @ .021064 x 1/12 + 11% @ .017303 x 1/12. Ratio from Property Tax Administration Department, based on plant allocation reported and 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

Source: Based on 2005 Rate Case Settlement in Dkt. 050078-EI.  
Line 9c

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: CAIR / CAMR - Intermediate (Project 7.1)  
 (in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$10,583	\$127,000
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Less: Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	CWIP - Non-Interest Bearing	120,973	131,557	142,140	152,723	163,307	173,890	184,473	195,057	205,640	216,223	226,807	237,390	247,973	
5	Net Investment (Lines 2 + 3 + 4)	\$120,973	131,557	142,140	152,723	163,307	173,890	184,473	195,057	205,640	216,223	226,807	237,390	247,973	
6	Average Net Investment		126,265	136,848	147,432	158,015	168,598	179,182	189,765	200,348	210,932	221,515	232,098	242,682	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	1,174	1,273	1,371	1,470	1,568	1,666	1,765	1,863	1,962	2,060	2,159	2,257	\$20,587
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	215	233	251	269	287	305	323	341	359	377	395	413	3,763
8	Investment Expenses														
a.	Depreciation (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,389	1,505	1,622	1,738	1,855	1,971	2,087	2,204	2,320	2,437	2,553	2,670	24,350
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		1,389	1,505	1,622	1,738	1,855	1,971	2,087	2,204	2,320	2,437	2,553	2,670	24,350
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
11	Demand Jurisdictional Factor - Production (Intermediate)		0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		1,098	1,190	1,282	1,374	1,466	1,558	1,650	1,742	1,834	1,926	2,018	2,111	19,248
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 1,098	\$ 1,190	\$ 1,282	\$ 1,374	\$ 1,466	\$ 1,558	\$ 1,650	\$ 1,742	\$ 1,834	\$ 1,926	\$ 2,018	\$ 2,111	\$ 19,248

Notes:

- (A) N/A.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

Source:

Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
**Environmental Cost Recovery Clause (ECRC)**  
**Calculation of the Projected Period Amount**  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: CAIR / CAMR - Peaking (Project 7.2)

(In Dollars)

Line	Description	Beginning of Period Amount	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	End of Period
1	Investments	\$105,030	\$36,930	\$46,816	\$40,068	\$146,610	\$53,029	\$0	\$210,600	\$210,600	\$103,140	\$0	\$48,060	\$1,000,944	
a	Expenditures/Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	
b	Clearings to Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	
c	Retirements	0	0	0	0	0	0	0	0	0	0	0	0	0	
d	Other (A)	0	0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base	\$0	0	0	0	0	0	0	0	0	0	0	0	0	
3	Less: Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	
4	WIP - Non-Interest Bearing	903,246	1,008,276	1,045,266	1,092,084	1,132,152	1,278,762	1,331,790	1,331,790	1,542,390	1,752,990	1,856,130	1,856,130	1,904,190	
5	Net Investment (Lines 2 + 3 + 4)	\$903,246	1,008,276	1,045,266	1,092,084	1,132,152	1,278,762	1,331,790	1,331,790	1,542,390	1,752,990	1,856,130	1,856,130	1,904,190	
6	Average Net Investment	955,761	1,026,771	1,068,675	1,112,118	1,205,457	1,305,276	1,331,790	1,437,090	1,647,690	1,804,560	1,856,130	1,880,160		
7	Return on Average Net Investment	8,889	9,549	1,746	1,817	2,049	2,219	2,264	2,443	2,801	3,068	3,155	3,196	\$154,673	
a	Equity Component Grossed Up For Taxes (B)	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	11.16%	
b	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	2.04%	
8	Investment Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	
a	Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	
b	Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	
c	Disembarkment	0	0	0	0	0	0	0	0	0	0	0	0	0	
d	Property Taxes (D)	0	0	0	0	0	0	0	0	0	0	0	0	0	
e	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
9	Total System Recoverable Expenses (Lines 7 + 8)	10,513	11,294	11,755	12,233	13,260	14,358	15,808	18,125	19,850	20,417	20,682	182,946	182,946	
a	Recoverable Costs Allocated to Energy	0	0	0	0	0	0	0	0	0	0	0	0	0	
b	Recoverable Costs Allocated to Demand	10,513	11,294	11,755	12,233	13,260	14,358	15,808	18,125	19,850	20,417	20,682	182,946		
10	Energy Jurisdictional Factor - Production (Peaking)	0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.93770	0.93770	0.93770	0.93770	0.93770	0.94110	0.88979	
11	Demand Jurisdictional Factor - Production (Peaking)	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	0.88979	
12	Retail Energy-Related Recoverable Costs (E)	0	0	0	0	0	0	0	0	0	0	0	0	0	
13	Retail Demand-Related Recoverable Costs (F)	9,354	10,049	10,459	10,885	11,799	12,776	14,066	16,127	17,662	18,167	18,403	162,783	162,783	
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)	9,354	10,049	10,459	10,885	11,799	12,776	14,066	16,127	17,662	18,167	18,403	162,783	162,783	

**Notes:**

- (A) N/A
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 + 3 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Line 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

Source: Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: CAIR / CAMR - Base - AFUDC (Project 7.3)  
 This Schedule Shown for Informational Purposes  
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$16,297,588	\$16,322,588	\$16,372,588	\$16,347,588	\$16,297,588	\$16,297,588	\$16,297,588	\$16,347,588	\$16,297,588	\$16,347,588	\$16,297,588	\$16,297,588	\$195,821,058
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A) 8.848%		336,487	459,228	583,151	708,079	833,651	959,966	1,087,211	1,215,580	1,344,894	1,475,163	1,606,391	1,738,403	12,348,205
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	CWIP - AFUDC-Interest Bearing Accrued	37,486,942	54,121,017	70,902,834	87,858,572	104,914,239	122,045,479	139,303,033	156,687,832	174,251,000	191,893,483	209,716,234	227,620,213	245,656,205	\$208,169,263
5	Net Investment (Lines 2 + 3 + 4)	\$37,486,942	54,121,017	70,902,834	87,858,572	104,914,239	122,045,479	139,303,033	156,687,832	174,251,000	191,893,483	209,716,234	227,620,213	245,656,205	
6	Average Net Investment		45,803,979	62,511,925	79,380,703	96,386,406	113,479,859	130,674,256	147,995,433	165,469,416	183,072,242	200,804,858	218,668,224	236,638,209	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)		0	0	0	0	0	0	0	0	0	0	0	0	\$0
b.	Debt Component (Line 6 x 2.04% x 1/12)		0	0	0	0	0	0	0	0	0	0	0	0	0
8	Investment Expenses														
a.	Depreciation (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
e.	Other (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		0	0	0	0	0	0	0	0	0	0	0	0	0
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	0
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
11	Demand Jurisdictional Factor - Production (Base)		0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
12	Retail Energy-Related Recoverable Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Notes:**

- (A) AFUDC calculation based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: SEA TURTLE - COASTAL STREET LIGHTING - (Project 9)  
 (In Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000
b.	Clearings to Plant		0	0	0	0	0	0	150,000	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$125,615	125,615	125,615	125,615	125,615	125,615	125,615	275,615	275,615	275,615	275,615	275,615	275,615	
3	Less: Accumulated Depreciation	(1,441)	(1,321)	(2,402)	(2,882)	(3,363)	(3,843)	(4,324)	(5,378)	(6,432)	(7,487)	(8,541)	(9,595)	(10,649)	
4	CWIP - Non-Interest Bearing	0	0	0	50,000	100,000	150,000	150,000	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	\$124,174	123,694	123,213	172,733	222,252	271,772	271,291	270,237	269,183	268,128	267,074	266,020	264,966	
6	Average Net Investment		123,934	123,453	147,973	197,492	247,012	271,531	270,764	269,710	268,656	267,601	266,547	265,493	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	1,153	1,148	1,376	1,837	2,297	2,525	2,518	2,508	2,499	2,489	2,479	2,469	\$25,298
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	211	210	252	336	420	462	460	459	457	455	453	451	4,624
8	Investment Expenses														
a.	Depreciation (C)	4.53%	480	480	480	480	480	480	1,054	1,054	1,054	1,054	1,054	1,054	9,208
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		199	198	197	197	196	195	434	433	431	429	428	426	3,763
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		2,043	2,037	2,305	2,849	3,393	3,662	4,467	4,454	4,441	4,427	4,414	4,401	42,893
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		2,043	2,037	2,305	2,849	3,393	3,662	4,467	4,454	4,441	4,427	4,414	4,401	42,893
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
11	Demand Jurisdictional Factor - Distribution		0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		2,035	2,029	2,296	2,838	3,379	3,647	4,449	4,436	4,423	4,409	4,396	4,383	42,720
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$2,035	\$2,029	\$2,296	\$2,838	\$3,379	\$3,647	\$4,449	\$4,436	\$4,423	\$4,409	\$4,396	\$4,383	\$42,720

Notes:

- (A) N/A.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x 4.59% x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x .0192920 x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

Source:

Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
**Environmental Cost Recovery Clause (ECRC)**  
**Calculation of the Projected Period Amount**  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: UNDERGROUND STORAGE TANKS - Base (Project 10.1)  
 (In Dollars)

Line	Description	Beginning of Period Amount	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	End of Period Total
1	Investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	a. Expenditures/Additions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Cleanings to Plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Refurbishments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Other (A)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$23,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000	223,000
3	Less: Accumulated Depreciation	(608)	(1,215)	(1,823)	(2,431)	(3,038)	(3,646)	(4,254)	(4,861)	(5,469)	(6,077)	(6,684)	(7,292)	(7,900)	0
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$222,392	221,785	221,177	220,569	219,962	219,354	218,746	218,139	217,531	216,923	216,316	215,708	215,100	0
6	Average Net Investment	222,089	221,481	220,873	220,265	219,658	219,050	218,442	217,835	217,227	216,619	216,012	215,404	214,796	0
7	Return on Average Net Investment	11.16%	2.65%	2.60%	2.54%	2.48%	2.43%	2.37%	2.32%	2.26%	2.20%	2.15%	2.09%	2.03%	1.97%
	a. Equity Component Grossed Up For Taxes (B)		378	377	375	374	373	372	371	370	369	368	367	366	365
	b. Debt Component (Line 6 x 2.04% x 1/12)		0	0	0	0	0	0	0	0	0	0	0	0	0
8	Investment Expenses	608	608	608	608	608	608	608	608	608	608	608	608	608	608
	a. Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	c. Disincentive	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	d. Property Taxes (D)	320	320	319	318	317	316	315	314	313	312	311	310	309	308
	e. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)	3,371	3,364	3,356	3,348	3,341	3,333	3,326	3,318	3,311	3,304	3,297	3,288	3,280	3,272
	a. Recoverable Costs Allocated to Energy	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	b. Recoverable Costs Allocated to Demand	3,371	3,364	3,356	3,348	3,341	3,333	3,326	3,318	3,311	3,304	3,297	3,288	3,280	3,272
10	Demand Jurisdictional Factor - Production (Base)	0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.93753	0.93800	0.93753	0.93770	0.93870	0.93753	0.93753	0.94110
11	Total Jurisdictional Factor - Production (Base)	0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.93753	0.93800	0.93753	0.93770	0.93870	0.93753	0.93753	0.94110
12	Retail Energy-Related Recoverable Costs (E)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)	3,160	3,154	3,146	3,139	3,132	3,125	3,118	3,111	3,104	3,097	3,090	3,083	3,076	3,069
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)	3,160	3,154	3,146	3,139	3,132	3,125	3,118	3,111	3,104	3,097	3,090	3,083	3,076	3,069

Notes:  
 (A) N/A  
 (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.57% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-El.  
 (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-El.  
 (D) Line 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.  
 (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.  
 (F) Line 9b x Line 11

Source:  
 Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-El.



**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2006 - DECEMBER 2006**

Return on Capital Investments, Depreciation and Taxes  
 For Project: UNDERGROUND STORAGE TANKS - Intermediate (Project 10.2)  
(In Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-06	Projected Feb-06	Projected Mar-06	Projected Apr-06	Projected May-06	Projected Jun-06	Projected Jul-06	Projected Aug-06	Projected Sep-06	Projected Oct-06	Projected Nov-06	Projected Dec-06	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Clearings to Plant		100,000	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
3	Less: Accumulated Depreciation	0	(266)	(532)	(798)	(1,063)	(1,329)	(1,595)	(1,861)	(2,127)	(2,393)	(2,658)	(2,924)	(3,190)	(3,190)
4	CWIP - Non-Interest Bearing	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$100,000	99,734	99,468	99,203	98,937	98,671	98,405	98,139	97,873	97,608	97,342	97,076	96,810	96,810
6	Average Net Investment		99,867	99,601	99,335	99,070	98,804	98,538	98,272	98,006	97,740	97,475	97,209	96,943	96,943
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	929	926	924	921	919	916	914	911	909	907	904	902	\$10,982
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	170	169	169	168	168	168	167	167	166	166	165	165	2,007
8	Investment Expenses														
a.	Depreciation (C)		266	266	266	266	266	266	266	266	266	266	266	266	3,190
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		164	164	163	163	163	162	162	161	161	160	160	159	1,943
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,529	1,525	1,522	1,519	1,515	1,512	1,508	1,505	1,502	1,498	1,495	1,492	18,122
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		1,529	1,525	1,522	1,519	1,515	1,512	1,508	1,505	1,502	1,498	1,495	1,492	18,122
10	Energy Jurisdictional Factor		0.93220	0.95910	0.95890	0.95680	0.95680	0.95660	0.95750	0.95390	0.95290	0.95520	0.95520	0.95670	0.95670
11	Demand Jurisdictional Factor - Production (Intermediate)		0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046	0.79046
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		1,209	1,205	1,203	1,201	1,198	1,195	1,192	1,190	1,187	1,184	1,182	1,179	14,325
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$ 1,209	\$ 1,205	\$ 1,203	\$ 1,201	\$ 1,198	\$ 1,195	\$ 1,192	\$ 1,190	\$ 1,187	\$ 1,184	\$ 1,182	\$ 1,179	\$ 14,325

**Notes:**

- (A) N/A.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x rate x 1/12. Depreciation rate based on 2005 rates on Exhibit 2 in the 2005 Rate Case Settlement in Dkt. 050078-EI.
- (D) Lines 2 + 3 x rate x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

**Source:**

Line 8c Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Projected Period Amount  
**JANUARY 2007 - DECEMBER 2007**

Return on Capital Investments, Depreciation and Taxes  
 For Project: MODULAR COOLING TOWERS - (Project 11)  
 (in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-07	Projected Feb-07	Projected Mar-07	Projected Apr-07	Projected May-07	Projected Jun-07	Projected Jul-07	Projected Aug-07	Projected Sep-07	Projected Oct-07	Projected Nov-07	Projected Dec-07	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Retirements		0	0	0	0	0	0	0	0	0	0	0	0	0
d.	Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base	\$446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	446,353	
3	Less: Accumulated Depreciation	(37,196)	(44,635)	(52,075)	(59,514)	(66,953)	(74,392)	(81,831)	(89,271)	(96,710)	(104,149)	(111,588)	(119,027)	(126,467)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	\$409,157	401,718	394,278	386,839	379,400	371,961	364,522	357,082	349,643	342,204	334,765	327,325	319,886	
6	Average Net Investment		405,437	397,998	390,559	383,120	375,680	368,241	360,802	353,363	345,924	338,484	331,045	323,606	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (B)	11.16%	3,771	3,701	3,632	3,563	3,494	3,425	3,355	3,286	3,217	3,148	3,079	3,010	\$40,681
b.	Debt Component (Line 6 x 2.04% x 1/12)	2.04%	689	677	664	651	639	626	613	601	588	575	563	550	7,436
8	Investment Expenses														
a.	Depreciation (C)	20.00%	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	7,439	89,271
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Dismantlement		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
d.	Property Taxes (D)		581	570	559	548	538	527	516	505	495	484	473	462	6,257
e.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		12,480	12,387	12,294	12,202	12,109	12,017	11,924	11,831	11,739	11,646	11,554	11,461	143,644
a.	Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
b.	Recoverable Costs Allocated to Demand		12,480	12,387	12,294	12,202	12,109	12,017	11,924	11,831	11,739	11,646	11,554	11,461	143,644
10	Energy Jurisdictional Factor		0.94650	0.93930	0.94180	0.93120	0.93860	0.94130	0.94200	0.93800	0.93770	0.93870	0.93700	0.94110	
11	Demand Jurisdictional Factor Production (Base)		0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
12	Retail Energy-Related Recoverable Costs (E)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (F)		11,700	11,613	11,526	11,440	11,353	11,266	11,179	11,092	11,006	10,918	10,832	10,745	134,671
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$11,700	\$11,613	\$11,526	\$11,440	\$11,353	\$11,266	\$11,179	\$11,092	\$11,006	\$10,918	\$10,832	\$10,745	\$134,671

Notes:

- (A) N/A.
- (B) Line 6 x 11.16% x 1/12. Based on ROE of 11.75%, weighted cost of equity component of capital structure of 6.85%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2005 Rate Case Settlement in Dkt. 050078-EI.
- (C) Line 2 x 4.59% x 1/12. Depreciation rate based on 5 year life of project, as stated in Dkt. 060162-EI.
- (D) Lines 2 + 3 x .0192920 x 1/12. Based on 2004 Actual Property Tax Millage Rate.
- (E) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (F) Line 9b x Line 11

Source:

Line 8c: Based on 2005 Rate Case Settlement in Dkt. 050078-EI.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 1 of 11

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

**Project Description:**

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

**Project Accomplishments:**

PEF has conducted environmental remediations at 22 substations during 2006. PEF is currently on target to meet the schedule for substation remediations agreed to with the FDEP for 2006.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: Project expenditures are estimated to be \$2,436,252 higher than originally projected. This variance is primarily due to higher than expected remediation costs at the West Lake Wales substation site and a greater number of sites being remediated in 2006 than originally projected.

**Project Progress Summary:**

PEF is on schedule according to the approved Substation Inspection Plan and the Substation Assessment and Remedial Action Plan.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be \$4,347,620 for remediation activity.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 2 of 11

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

**Project Description:**

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

**Project Accomplishments:**

Progress Energy conducted environmental inspections on 13,456 sites during 2006. In addition, Progress Energy is expecting to complete remediations on 2,606 distribution padmount transformer sites in 2006. All remediations have been conducted in accordance with the FDEP approved Environmental Remediation Strategy.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: Project expenditures are estimated to be \$11,799,251 higher than originally projected. This variance is primarily due to a higher number of sites being remediated than originally anticipated in the 2006 work plan.

**Project Progress Summary:**

This project is on schedule according to the approved Distribution System Investigation, Remediation and Pollution Prevention Program.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be \$15,991,000 for remediation activity. Progress Energy is expecting to conduct 13,500 inspections in 2007 and complete remediations on 1,531 sites.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 3 of 11

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

**Project Description:**

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

PEF owns one hazardous liquid pipeline that is subject to the new regulation and must comply with the new requirements for the Bartow/Anclole 14-inch hot oil pipeline, extending 33.3 miles from the Company's Bartow Plant north of St. Petersburg.

**Project Accomplishments:**

During 2006, PEF continued work on the PIM program. This effort included ongoing activities as required by the integrity management regulation as well as projects to address areas of inadequate coverage and / or corrosion of the pipeline.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: O&M project expenditures are estimated to be \$8,669 lower than originally projected. This variance is due to lower than expected costs for various projects. In addition, \$95,000 in capital costs were not incurred because upgrades to the pipeline's pressure controls were delayed to coincide with plant repowering activities.

**Project Progress Summary:**

Review and updates to the integrity management plan and risk analyses continue on target. Compliance work will continue through the end of 2006, and into the future.

**Project Projections:**

Estimated project O&M expenditures for the period January 2007 through December 2007 are expected to be \$277,000; estimated capital expenditure for the period are expected to be \$50,000.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 4 of 11

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

**Project Description:**

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

**Project Accomplishments:**

Activities during 2006 included continued work on above ground storage tank systems at Intercession City, Turner, Avon Park, Bayboro, Suwannee, and University of Florida.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: Project expenditures will be approximately \$46,996 higher than the original projection due to unanticipated costs associated with transferring fuel out of the tanks in order to enable work to be performed, as well as higher contractor costs.

**Project Progress Summary:**

PEF will continually evaluate its compliance program, including project prioritization, schedule, and technology applications.

**Project Projections:**

Estimated capital expenditures for the period January 2007 through December 2007 are expected to be \$1,043,360. The costs are associated with work at the Suwannee and Bayboro combustion turbine sites.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 5 of 11

**Project Title:** SO<sub>2</sub> Emissions Allowances  
**Project No. 5**

**Project Description:**

In accordance with Title IV of the Clean Air Act, CFR 40 Part 73 and Florida Statute Regulation 62-214, PEF manages the company's SO<sub>2</sub> emissions allowance inventory for the purpose of offsetting sulfur dioxide emissions in compliance with the Federal Acid Rain Program.

**Project Accomplishments:**

For purposes of compliance with an affected unit's sulfur dioxide emissions requirements under the Acid Rain Program, the air quality compliance costs are administered by an authorized account representative who evaluates a variety of resources and options. Activities performed include purchases, auctions, and transfers of SO<sub>2</sub> emissions allowances.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: Project expenditures are estimated to be \$942,147 or 10% lower than originally projected. This variance is primarily driven by lower than projected average cost and a decrease in projected tons of emissions. The decrease in tons is attributable to lower SO<sub>2</sub> content in fuel, as well as lower projected energy requirements.

**Project Progress Summary:**

PEF continually evaluates its compliance strategy to manage the most cost effective program and to mitigate higher gas prices which can impact our fuel mix as it relates to emissions as a result of residual oil.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be \$11,476,805.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 6 of 11

**Project Title:** Phase II Cooling Water Intake  
**Project No. 6**

**Project Description:**

Section 316(b) of the Federal Clean Water Act, requires that "the location, design, construction, and capacity of cooling water intake structures reflect the best technology available for minimizing adverse environmental impact." 33 U.S.C. Section 1326. In the past, EPA and the state regulatory agency implemented Section 316(b) on a case-by-case basis. In the new Phase II rules, EPA has established "national performance standards" for determining compliance with Section 316(b) at certain existing electric generating facilities. See 40 CFR 125.94(b). The process of compliance involves planning and scheduling efforts, conducting certain biological studies, and evaluation of options for compliance. These compliance options involve engineering measures, operational measures, restorative measures and/or cost assessment measures. See generally 40 CFR 125.94 and 125.95.

**Project Accomplishments:**

PEF facilities subject to EPA's new Phase II rules include Anclote, Bartow, Crystal River and Suwannee plants. Early in 2004 PEF requested competitive bids for an environmental consultant to support the development of a Compliance Strategy and Implementation Plan (CSIP); that contract was secured and the CSIP is now complete. The consultant completed a Proposals for Information Collection (PICs) for Anclote and Bartow, Suwannee and Crystal River and they have been submitted to FDEP. FDEP approved all the PICs, and field work is now underway.

**Project Fiscal Expenditures:**

January 2006 - December 2006: PEF's projected expenditures will be approximately \$573,746 less than the original projection for 2006. This variance is primarily attributable to reduced study work requirements at Crystal River and Suwannee, as well as reduced contract study costs for Suwannee. The original projection included costs for both entrainment and impingement studies at Crystal River and Suwannee. The results of additional assessments at those sites have indicated that PEF will be able to demonstrate compliance with the entrainment standards, which will eliminate the need for entrainment studies.

**Project Progress Summary:**

Field studies are underway at Anclote, Bartow, Crystal River and Suwannee. Data reports are received quarterly and reviewed to determine baseline effects of the power plants' operations on the environment. Once studies are completed, compliance options can be considered and then implemented with concurrence from the Florida Department of Environmental Protection.

**Project Projections:**

Estimated project O&M expenditures for the period January 2007 through December 2007 are expected to be \$1,409,057 for continued field sampling work and initiation of engineering / technology evaluations.



**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 7 of 11

**Project Title:** CAIR and CAMR  
**Project No. 7**

**Project Description:**

Clean Air Interstate Rule (CAIR), 40 CFR 24, 262, imposes significant new restrictions on emissions of sulfur dioxide ("SO<sub>2</sub>") and nitrogen oxides ("NO<sub>x</sub>") from power plants in 28 eastern states, including Florida and the District of Columbia. The CAIR rule apportions region-wide SO<sub>2</sub> and NO<sub>x</sub> emission reduction requirements to the individual states, and further requires each affected state to revise its State Implementation Plans ("SIP") by September 2006 to include measures necessary to achieve its emission reduction budget within the prescribed deadlines. The Clean Air Mercury Rule (CAMR), 40 CFR Part 60 Subpart Da and 40 CFR Part 60 Subpart HHHH, employs a cap on total mercury emissions from coal-fired power plants in order to achieve significant emissions reductions. Mercury emissions from new and existing coal-fired utility units will be capped at specified nationwide levels.

**Project Accomplishments:**

Progress Energy has contracted with a team of outside vendors to perform strategy development work. Preliminary engineering work is underway.

**Project Fiscal Expenditures:**

January 2006 - December 2006: On Crystal River and Anclote projects PEF's expenditures are projected to be approximately \$18,000,000 less than originally expected, excluding AFUDC. These costs include preliminary engineering activities and strategy development work necessary to determine the Company's integrated compliance strategy. On the Combustion Turbine projects costs are projected to be \$703,246 higher than originally expected. This variance is due to change in compliance planning, and moving work originally planned for 2007 into 2006.

**Project Progress Summary:**

PEF will continually evaluate its compliance program, including scheduling and technology applications. With regard to the Crystal River and Anclote plants, the focus is on Crystal River; however, consideration will be given to Anclote in 2007. Combustion turbine projects will complete installation of ports, analyzers and meters in 2006 and be able to test and certify their systems in 2007.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be approximately \$197 million: CR Units 4 SCR: \$70 million; CR Unit 4 FGD: \$28 million; CR Unit 5 SCR: \$24 million; CR Unit 5 FGD: \$73 million; Anclote Unit 1 Nox reduction: \$127,000; the installation computer software and testing/certification of predictive emissions systems on 44 emission sources at 31 combustion turbine sites: \$1,000,944; Mercury CEMS: \$250,000.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 8 of 11

**Project Title:** Arsenic Groundwater Standard  
**Project No. 8**

**Project Description:**

On January 22, 2001, the U.S. Environmental Protection Agency (USEPA) adopted a new maximum contaminant level (MCL) for arsenic in drinking water, replacing the previous standard of 0.050 mg/L with a new MCL of 0.010 mg/L (10ppb). Effective January 1, 2005, FDEP established the USEPA MCL as Florida's drinking water standard. See Rule 62-550, F.A.C. The new standard has implications for land application and water reuse projects in Florida because the drinking water standard has been established as the groundwater standard by Rule 62-520.420(1), F.A.C. Lowering the arsenic standard will require new analytical methods for sampling groundwater at numerous PEF sites.

**Project Accomplishments:**

Sampling of existing monitoring wells continues as required by the groundwater monitoring plan. As results are gathered and submitted to FDEP, PEF will be able to determine future compliance activities and costs. Negotiations are ongoing regarding renewal of the sites industrial wastewater permit, including the groundwater monitoring plan. A final permit is expected by December 2006.

**Project Fiscal Expenditures:**

January 2006 - December 2006: No O&M costs are expected to be spent.

**Project Progress Summary:**

PEF will continually evaluate analytical results and maintain ongoing communication with FDEP regarding compliance strategies.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be \$77,669 for analytical testing and consultant costs associated with development of compliance strategies. These strategies will depend upon analytical results and discussions with FDEP.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 9 of 11

**Project Title:** Sea Turtle - Coastal Street Lighting  
**Project No. 9**

**Project Description:**

PEF owns and leases high pressure sodium streetlights throughout its service territory, including areas along the Florida coast. Pursuant to Section 161.163, Florida Statutes, the Florida Department of Environmental Protection (FDEP), in collaboration with the Florida Fish and Wildlife Conservation Commission (FFWCC) and the U.S. Fish & Wildlife Service (USFWS), has developed a model Sea Turtle lighting ordinance. The model ordinance is used by the local governments to develop and implement local ordinances within their jurisdiction. To date, Sea Turtle lighting ordinances have been adopted in Franklin County, Gulf County and the City of Mexico Beach in Bay County, all of which are within PEF's service territory. Since 2004, officials from the various local governments, as well as FDEP, FFWC, and USFWS, have advised PEF that lighting it owns and leases is affecting turtle nesting areas that fall within the scope of these ordinances. As a result, the local governments are requiring PEF to take additional measures to satisfy new criteria being applied to ensure compliance with the ordinances.

**Project Accomplishments:**

PEF has worked with the Franklin County to determine the most cost-effective compliance measures for affected lighting on St. George Island. Compliance measures that have been performed include retrofitting existing streetlights and monitoring to determine the effectiveness of the retrofitted lights. This monitoring is ongoing and is expected to be completed during the second half of this year. Future work is planned for affected lighting in Mexico Beach and additional areas within Franklin County.

**Project Fiscal Expenditures:**

January 1, 2006 to December 31, 2006: Project revenue requirements are estimated to be \$25,522 lower than originally projected due to a delay in the commercial in-service date.

**Project Progress Summary:**

PEF is on schedule with the activities identified for this program.

**Project Projections:**

Estimated project expenditures for the period January 2007 through December 2007 are expected to be \$475,000 in O&M costs and \$150,000 in capital expenditures to ensure compliance with sea turtle ordinances.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 10 of 11

**Project Title:**           **Underground Storage Tanks**  
**Project No. 10**

**Project Description:**

FDEP rules require that underground pollutant storage tanks and small diameter piping be upgraded with secondary containment by December 31, 2009. See Rule 62-761.510(5), F.A.C. PEF has identified four tanks that must comply with this rule: two at the Crystal River power plant and two at the Bartow power plant. The necessary work will be performed in 2006.

**Project Accomplishments:**

Work on Crystal River USTs are expected to be completed by the third quarter 2006; Bartow UST is expected to be completed by the end of 2006.

**Project Fiscal Expenditures:**

\$300,000 was projected to be spent in 2006. Year end projections are that capital costs will be \$23,000 higher than expected due to increased contractor costs.

**Project Progress Summary:**

Projects are on schedule, with completion of all work expected by the end of 2006.

**Project Projections:**

No project capital expenditures are anticipated for the period January 2007 thru December 2007.

**PROGRESS ENERGY FLORIDA**  
Environmental Cost Recovery Clause (ECRC)  
**JANUARY 2007 - DECEMBER 2007**  
Description and Progress Report for  
Environmental Compliance Activities and Projects

Form 42-5P  
Page 11 of 11

**Project Title:**       **Modular Cooling Towers**  
**Project No. 11**

**Project Description:**

The project involves installation and operation of modular cooling towers in the summer months to minimize "de-rates" of PEF's Crystal River Units 1 and 2 necessary to comply with the NPDES permit limit for the temperature of cooling water discharged from the units.

**Project Accomplishments:**

Vendors of modular cooling towers were evaluated regarding cost of installation and operation. The Florida Department of Environmental Protection reviewed the project and approved operation. A vendor was selected and the towers were installed during the second quarter of 2006.

**Project Fiscal Expenditures:**

In 2006 approximately \$446,000 in capital costs and \$1.3 million in O&M costs will be incurred for the installation and ancillary equipment, such as power transformers, switchgear, and cable. In addition, project O&M costs of approximately \$3.4 million per year are expected, including unit mobilization and setup, rental fees, de-mobilization and fill replacement.

**Project Progress Summary:**

Modular cooling towers began operation in June 2006 and have successfully minimized de-rates of Units 1 and 2.

**Project Projections:**

Estimated project expenditures are expected to be approximately \$3.4 million for the period January 2007 thru December 2007.

**PROGRESS ENERGY FLORIDA**  
 Environmental Cost Recovery Clause (ECRC)  
 Calculation of the Energy & Demand Allocation % by Rate Class  
**JANUARY 2007 - DECEMBER 2007**

Form 42-6P

Rate Class	(1) Average 12CP Load Factor at Meter (%)	(2) Sales at Meter (mWh)	(3) Avg 12 CP at Meter (MW) (2)/(8760hrs*(1))	(4) NCP Class Max Load Factor	(5) Delivery Efficiency Factor	(6) Sales at Source (Generation) (mWh) (2)/(5)	(7) Avg 12 CP at Source (MW) (3)/(5)	7(a) Sales at Source (Distrib Svc Only) (mWh)	(8) Class Max MW at Source Level (Distrib Svc) (7a)/(8760hrs/(4))	(9) mWh Sales at Source Energy Allocator (%)	(10) 12CP Demand Transmission Allocator (%)	(11) 12CP & 1/13 AD Demand Allocator (%)	(12) NCP Distribution Allocator (%)
<b>Residential</b>													
<b>RS-1, RST-1, RSL-1, RSL-2, RSS-1</b>													
Secondary	0.550	20,912,280	4,340.45	0.395	0.9344227	22,379,893	4,645.06	22,379,893	6,467.8	51.462%	60.948%	60.218%	63.281%
<b>General Service Non-Demand</b>													
<b>GS-1, GST-1</b>													
Secondary	0.658	1,365,672	236.93	0.453	0.9344227	1,461,514	253.56	1,461,514	368.3	3.361%	3.327%	3.330%	3.603%
Primary	0.658	6,768	1.17	0.453	0.9683000	6,990	1.21	6,990	1.8	0.016%	0.016%	0.016%	0.017%
Transmission	0.658	3,247	0.56	0.453	0.9783000	3,319	0.58	0	0.0	0.008%	0.008%	0.008%	0.000%
										<b>3.384%</b>	<b>3.350%</b>	<b>3.353%</b>	<b>3.621%</b>
<b>General Service</b>													
<b>GS-2</b>													
Secondary	1.000	82,483	9.42	1.000	0.9344227	88,272	10.08	88,272	10.1	0.203%	0.132%	0.138%	0.099%
<b>General Service Demand</b>													
<b>GSD-1, GSDT-1</b>													
Secondary	0.789	12,650,152	1,830.27	0.634	0.9344227	13,537,933	1,958.72	13,537,933	2,437.6	31.130%	25.700%	26.118%	23.849%
Primary	0.789	2,404,893	347.95	0.634	0.9683000	2,483,624	359.34	2,483,624	447.2	5.711%	4.715%	4.792%	4.375%
Transmission	0.789	0	0.00	0.634	0.9783000	0	0.00	0	0.0	0.000%	0.000%	0.000%	0.000%
SS-1 Primary	1.264	0	0.00	0.173	0.9683000	0	0.00	0	0.0	0.000%	0.000%	0.000%	0.000%
Transm Del/ Transm Mtr	1.264	17,286	1.56	0.173	0.9783000	17,669	1.60	0	0.0	0.041%	0.021%	0.022%	0.000%
Transm Del/ Primary Mtr	1.264	8,113	0.73	0.173	0.9683000	8,379	0.76	0	0.0	0.019%	0.010%	0.011%	0.000%
										<b>36.901%</b>	<b>30.446%</b>	<b>30.943%</b>	<b>28.225%</b>
<b>Curtailable</b>													
<b>CS-1, CST-1, CS-2, CST-2, SS-3</b>													
Secondary	1.093	0	0.00	0.720	0.9344227	0	0.00	0	0.0	0.000%	0.000%	0.000%	0.000%
Primary	1.093	358,088	37.40	0.720	0.9683000	369,811	38.62	369,811	58.6	0.850%	0.507%	0.533%	0.574%
SS-3 Primary	-	5,761	0.00	0.047	0.9683000	5,950	0.00	5,950	14.5	0.014%	0.000%	0.001%	0.141%
										<b>0.864%</b>	<b>0.507%</b>	<b>0.534%</b>	<b>0.715%</b>
<b>Interruptible</b>													
<b>IS-1, IST-1, IS-2, IST-2</b>													
Secondary	0.927	117,778	14.50	0.710	0.9344227	126,044	15.52	126,044	20.3	0.290%	0.204%	0.210%	0.198%
Primary Del / Primary Mtr	0.927	1,874,188	230.80	0.710	0.9683000	1,935,545	238.35	1,935,545	311.2	4.451%	3.127%	3.229%	3.045%
Primary Del / Transm Mtr	0.927	2,169	0.27	0.710	0.9783000	2,217	0.27	2,217	0.4	0.005%	0.004%	0.004%	0.003%
Transm Del/ Transm Mtr	0.927	476,752	58.71	0.710	0.9783000	487,327	60.01	0	0.0	1.121%	0.787%	0.813%	0.000%
Transm Del/ Primary Mtr	0.927	81,181	10.00	0.710	0.9683000	83,839	10.32	0	0.0	0.193%	0.135%	0.140%	0.000%
SS-2 Primary	0.749	0	0.00	0.263	0.9683000	0	0.00	0	0.0	0.000%	0.000%	0.000%	0.000%
Transm Del/ Transm Mtr	0.749	87,945	13.40	0.263	0.9783000	89,896	13.70	0	0.0	0.207%	0.180%	0.182%	0.000%
Transm Del/ Primary Mtr	0.749	49,404	7.53	0.263	0.9683000	51,021	7.78	0	0.0	0.117%	0.102%	0.103%	0.000%
										<b>6.383%</b>	<b>4.539%</b>	<b>4.681%</b>	<b>3.247%</b>
<b>Lighting</b>													
<b>LS-1 (Secondary)</b>													
	6.746	326,064	5.52	0.479	0.9344227	348,947	5.90	348,947	83.2	0.802%	0.077%	0.133%	0.814%
		<b>40,830,224</b>	<b>7,147.16</b>			<b>43,488,188</b>	<b>7,621.38</b>	<b>42,746,738</b>	<b>10,220.8</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>	<b>100.000%</b>

- Notes:
- |     |   |      |  |
|-----|---|------|--|
| (1) | Average 12CP load factor based on load research study filed July 31, 2006 | (7)  | Column 3 / Column 5                              |
| (2) | Projected kWh sales for the period January 2007 to December 2007          | (7a) | Column 6 excluding transmission service          |
| (3) | Calculated: Column 2 / (8,760 hours x Column 1)                           | (8)  | Calculated: Column 7a / (8,760 hours / Column 4) |
| (4) | NCP load factor based on load research study filed July 31, 2006          | (9)  | Column 6 / Total Column 6                        |
| (5) | Based on system average line loss analysis for 2005                       | (10) | Column 7 / Total Column 7                        |
| (6) | Column 2 / Column 5   | (11) | Column 9 x 1/13 + Column 10 x 12/13              |
|     |   | (12) | Column 8 / Total Column 8                        |

**PROGRESS ENERGY FLORIDA**

Form 42-7P

Environmental Cost Recovery Clause (ECRC)  
Calculation of Environmental Cost Recovery Clause Rate Factors by Rate Class  
**JANUARY 2007 - DECEMBER 2007**

Rate Class	(1) mWh Sales at Source Energy Allocator (%)	(2) 12CP Demand Transmission Allocator (%)	(3) 12CP & 1/13 AD Demand Allocator (%)	(4) NCP Distribution Allocator (%)	(5) Energy- Related Costs (\$)	(6) Transmission Demand Costs (\$)	(7) Distribution Demand Costs (\$)	(8) Production Demand Costs (\$)	(9) Total Environmental Costs (\$)	(10) Projected Effective Sales at Meter Level (mWh)	(11) Environmental Cost Recovery Factors (cents/kWh)
<b>Residential</b>											
<b>RS-1, RST-1, RSL-1, RSL-2, RSS-1</b>											
Secondary	51.462%	60.948%	60.218%	63.281%	\$7,666,511	\$1,268,083	\$17,800,279	\$5,238,236	\$31,973,110	20,912,280	0.153
<b>General Service Non-Demand</b>											
<b>GS-1, GST-1</b>											
Secondary										1,365,672	0.137
Primary										6,700	0.136
Transmission										3,182	0.134
<b>TOTAL GS</b>	3.384%	3.350%	3.353%	3.621%	\$504,191	\$69,708	\$1,018,457	\$291,669	\$1,884,025	1,375,554	
<b>General Service</b>											
<b>GS-2</b>											
Secondary	0.203%	0.132%	0.138%	0.099%	\$30,239	\$2,751	\$27,732	\$11,975	\$72,696	82,483	0.088
<b>General Service Demand</b>											
<b>GSD-1, GSDT-1, SS-1</b>											
Secondary										12,650,152	0.111
Primary										2,388,876	0.110
Transmission										16,940	0.109
<b>TOTAL GSD</b>	36.901%	30.446%	30.943%	28.225%	\$5,497,307	\$633,462	\$7,939,285	\$2,691,625	\$16,761,678	15,055,968	
<b>Curtailable</b>											
<b>CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3</b>											
Secondary										-	0.107
Primary										360,211	0.106
Transmission										-	0.105
<b>TOTAL CS</b>	0.864%	0.507%	0.534%	0.715%	\$128,721	\$10,544	\$201,136	\$46,475	\$386,877	360,211	
<b>Interruptible</b>											
<b>IS-1, IST-1, IS-2, IST-2, SS-2</b>											
Secondary										117,778	0.089
Primary										1,984,725	0.088
Transmission										555,529	0.087
<b>TOTAL IS</b>	6.383%	4.539%	4.681%	3.247%	\$950,915	\$94,446	\$913,222	\$407,204	\$2,365,787	2,658,032	
<b>Lighting</b>											
<b>LS-1</b>											
Secondary	0.802%	0.077%	0.133%	0.814%	\$119,536	\$1,612	\$228,871	\$11,590	\$361,609	326,064	0.111
	100.000%	100.000%	100.000%	100.000%	\$14,897,420	\$2,080,606	\$28,128,982	\$8,698,773	\$53,805,782	40,770,592	0.132

- Notes:
- (1) From Form 42-6P, Column 9
  - (2) From Form 42-6P, Column 10
  - (3) From Form 42-6P, Column 11
  - (4) From Form 42-6P, Column 12
  - (5) Column 1 x Total Energy Jurisdictional Dollars from Form 42-1P, line 5
  - (6) Column 2 x Total Transmission Demand Jurisdictional Dollars from Form 42-1P, line 5
  - (7) Column 4 x Total Distribution Demand Jurisdictional Dollars from Form 42-1P, line 5
  - (8) Column 3 x Total Production Demand Jurisdictional Dollars from Form 42-1P, line 5
  - (9) Column 5 + Column 6 + Column 7 + Column 8
  - (10) Projected kWh sales at effective voltage level for the period January 2007 to December 2007
  - (11) Column 7 / Column 8 x 100