BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Progress Energy Florida, Inc. for approval of an Accounting Order to record a depreciation expense credit.	DOCKET NO. 10 0136 -EI Submitted for filing: March 18, 2010

DIRECT TESTIMONY OF JOHN B. CRISP

On behalf of PROGRESS ENERGY FLORIDA

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Docket No. 10_____-EI

DIRECT TESTIMONY OF
JOHN B. CRISP

I. Introduction and Summary.

Q. Please state your name and business address.

A. My name is John Benjamin (Ben) Crisp. My business address is 6565 38th Avenue North, St. Petersburg, Florida 33710.

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

A. I am employed by Progress Energy Florida, Inc. ("PEF" or the "Company) as the Director of System Planning and Regulatory Performance for PEF.

Q. Please describe your duties and responsibilities.

A. My responsibilities include the development and implementation of energy system expansion plans and generation optimization plans for PEF. These expansion and optimization plans, otherwise known as integrated resource plans ("IRPs"), include detailed review and analysis of system load forecasts, and the corresponding determination of supply-side, demand-side and grid infrastructure resources available to meet the load requirements identified in the system load forecasts. The supply-side, demand-side, and grid infrastructure resources include assets currently available on the existing system, and assets potentially available to the Company

over its planning horizon. These analyses result in recommended action to the Company's management for asset changes or additions that fulfill the Company's obligation to serve.

Q. Please summarize your educational background and employment experience.

A. I attended the Georgia Institute of Technology in Atlanta, Georgia, where I received a Bachelor of Science degree in Industrial and System Engineering. I have more than twenty years of electric utility experience in generation, transmission, and fuels planning, load forecasting, generation construction, power plant operation, system operations, fuels and power trading, and energy efficiency systems.

I have worked for both regulated and unregulated utilities in a variety of management positions. My management responsibilities with PEF have included system dispatch, load and energy forecasting, integrated resource planning, and energy efficiency programs. In my current management positions, and in my previous ones, I have provided testimony to several different state regulatory bodies, including the Florida Public Service Commission ("FPSC" or the "Commission"), on issues involving load forecasts and the most cost-effective means for utilities to meet their obligation to serve the respective load forecast.

Q. What is the purpose and summary of your testimony?

A. The purpose of my testimony is to describe the development and results of PEF's updated load forecast that supports the Company's accounting order petition. As I use the term "load forecast" in my testimony, I mean the Company's individual

projections of customers, energy sales, and coincident peak demand. To summarize my testimony, PEF's updated load forecast, prepared in the normal course of PEF's business operations in December 2009, demonstrates that PEF will experience fewer retail customers and lower retail sales in 2010 than previously forecasted by the Company, as the declining retail customers and sales PEF experienced in 2009 continues in 2010.

Q. Have you prepared any exhibits to your testimony?

A. Yes, I have prepared or supervised the preparation of several exhibits, as follows:

- Exhibit No. ____ (JBC-1), PEF's 2010 Customer Energy Sales & Seasonal Demand Forecast;
- Exhibit No. ___ (JBC-2), PEF's Annual Customer Growth Review Average Annual Billed Accounts 2009 vs. 2008;
- Exhibit No. ___ (JBC-3), PEF Forecast Comparison: 2010 Forecast Retail Customer and Energy Sales vs. October 2008 Forecast Retail Customer and Energy Sales;
- Exhibit No. ___ (JBC-4), PEF Total Retail Customer Growth Year over Year Chart for 2008-2009 actual, October 2008 forecast, and December 2009 forecast;
- Exhibit No. ___ (JBC-5), Residential KWH/Customer Table for actual and weather adjusted 2009 use compared to October 2008 forecast;

- Exhibit No. ___ (JBC-6), Residential KWH Use Per Customer Chart for 2007-2009 actual and weather normalized, the October 2008 load forecast, and the December 2009 load forecast;
- Exhibit No. ___ (JBC-7), PEF Forecast Performance Billed MWH Sales Actual & Weather Adjusted 2009 vs. Rate Case Forecast;
- Exhibit No. ___ (JBC-8), PEF Retail MWH Sales 12 Month Ending Chart for 2008-2009 Actual and Weather Adjusted, October 2008 Forecast, and December 2009 Forecast;
- Exhibit No. ___ (JBC-9), PEF Historical Forecast Accuracy: Actual and Prior year Forecasts 1990-2009;
- Exhibit No. ___ (JBC-10), PEF's Historic Retail Peak Demands including 2009 and January 2010;
- Exhibit No. ___ (JBC-11), PEF's Forecast Process Flow Chart; and
- Exhibit No. ___ (JBC-12), PEF's Energy and Customer Forecasting Modelings including U.S. and Florida Economic Input Assumptions December 2009 Forecast.

These exhibits are true and accurate.

II. PEF's 2010 Load Forecast.

Q. What is the purpose of a load forecast?

A. The load forecast is used in both the Company's planning and budget processes. The load forecast enables the Company to estimate the likely number of customers it will serve in the future, the amount of electric energy it will sell to those customers,

and the time(s) at which the customers demand for electric energy will be greatest. PEF must estimate or project how much energy its customers (old and new) will consume in the future and when that consumption is likely to take place to serve customers in a cost-effective and reliable manner. PEF must provide and maintain the assets necessary to generate, transmit, and distribute electrical energy to its customers during the course of the year and when customers need it the most each year.

Q. When did the Company prepare its load forecast?

A. The Company prepared its updated 2010 load forecast in December 2009. This forecast replaced the Company's May 2009 load forecast. The May 2009 load forecast was an update of the Company's October 2008 load forecast that served as the load forecast for the Company's base rate request in Docket No. 090079-EI. Each of these load forecasts was prepared in the normal course of the Company's business operations. The Company revises its load forecast on a regular basis to account for the impact of current economic conditions on the Company's anticipated future customer, energy, and peak demand by including the most recent economic and demographic inputs available. The Company's updated forecast (customers, energy sales, and demand) for 2010 is included as Exhibit No. __ (JBC-1) to my testimony.

Q. What are the results of PEF's updated load forecast for 2010?

A. PEF will experience a loss of retail customers for the second straight year and even lower energy use in 2010 than PEF projected for 2010 in its base rate proceeding in Docket No. 090079-EI. In that docket, PEF originally expected to see a gradual improvement in economic conditions in 2009 and 2010, and a corresponding small increase in retail energy growth projections. Updated load forecasts in May 2009 and the December 2009 forecast indicate that the effects of the economic downturn are more pronounced and longer lasting than previously expected. As a result, the load forecast for 2010 shows that PEF will have fewer customers and lower energy sales than were assumed in its most recent rate case.

To illustrate, since the filing of PEF's October 2008 load forecast in Docket No. 090079-EI, there are 8,739 fewer retail customers on PEF's system in 2009 than in 2008. See Exhibit No. ___ (JBC-2). PEF's October 2008 load forecast projected an increase in retail customers from 2008 to 2009. PEF therefore had fewer customers in 2009 than PEF projected. See Exhibit No. ___ (JBC-3). This decline in retail customers continues in 2010. PEF projects in its updated load forecast that it will serve on an average annual basis 656 fewer retail customers in 2010 than was reported in the actual numbers for 2009 and significantly fewer customers in 2010 than PEF projected it would serve in its load forecast in Docket No. 090079-EI. See Exhibit No. ___ (JBC-4).

Likewise, both actual and weather adjusted 2009 residential customer average kWh use (i.e. average use per customer) were below what PEF estimated in its load forecast in Docket No. 090079-EI. See Exhibit No. ___ (JBC-5). Residential kWh use continues to decline in 2010. In fact, in PEF's updated load

forecast, energy use per customer falls dramatically below the level of use PEF projected in its load forecast in Docket No. 090079-EI. See Exhibit No. ___ (JBC-6). PEF retail sales are also declining. PEF retail customers used 1,191,554 less megawatt hours in 2009 on a weather adjusted basis than PEF projected them to use in the forecast PEF submitted in Docket No. 090079-EI. As a result, PEF's actual 2009 sales have significantly declined compared to the Company's load forecast in its base rate proceeding. See Exhibit No. ___ (JBC-7). PEF expects continuing, significant declines in sales and in revenues in 2010 under its updated load forecast compared to its prior load forecast in Docket No. 090079-EI. See Exhibit No. ___ (JBC-8).

As a result, PEF begins 2010 with fewer retail customers and lower retail sales than PEF expected. From this point, PEF now projects even fewer retail customers and a further retail sales decline in 2010. This is in contrast to the originally projected gradual improvement in sales beginning in 2009 and continuing in 2010 included in the load forecast in PEF's base rate proceeding. The gradual economic recovery PEF expected in 2009 and 2010 did not occur.

Q. What are the resulting impacts on PEF?

A. PEF's declining retail sales growth in 2010 means that retail revenues are declining below the revenues projected in PEF's base rate proceeding based on PEF's prior, higher load forecast in that docket. As explained in more detail in Mr. Javier Portuondo's testimony, the result is that the projected revenue from 2010 retail sales

will not be sufficient to give PEF an opportunity to earn the return on equity midpoint established for PEF in 2010 in Docket No. 090079-EI.

Q. Can you explain how this result can occur based on the Company's load forecast?

A. Yes. Although PEF will serve fewer customers than expected in 2009 and 2010 and produce less electricity, PEF will not experience a commensurate reduction in base rate costs to provide service to its customers. PEF is still obligated to serve a retail customer base that has grown from just over 1.1 million retail customers to over 1.6 million customers over the last two decades. See Exhibit No. ___ (JBC-9). Simply put, more customers on the system mean more cost to serve them. PEF will continue to incur costs to reliably provide electric service to these customers. Most of those costs are fixed costs associated with long-lived capital assets, such as power plants, transmission facilities, and distribution assets. For several reasons, the Company cannot reduce those costs to track the anticipated reduction in retail sales in 2010.

First, the bulk of those costs are associated with already existing assets, the cost of which are already established and unavoidable. Second, the capital investments that were projected for 2010 will not change materially as a result of the reduction in customers and retail sales in 2010. The need for those investments is based on the long term needs of the system and therefore is not likely to be affected by shorter term changes in load forecasts. Finally, PEF is obligated to meet its customer energy needs on demand. Thus, it is PEF's peak load demand that drives

much of its costs. Even though PEF will have lower retail sales in 2010 than anticipated, PEF customers set new peak energy demand levels in January 2010 in the midst of the current recession. See Exhibit No. ___ (JBC-10) to my testimony. Note that actual weather conditions (year round and during peak demand periods) affect reported system energy requirements and peak demands when compared with the "weather normalized" basis in the energy and demand forecasts.

In sum, PEF continues to incur costs to serve its retail customer base and meet their peak demand even with lower retail energy sales revenues in 2010 than PEF projected in its load forecast filed in Docket No. 090079-EI. As explained by Mr. Javier Portuondo, PEF's lower retail energy sales revenues are not covering the fixed costs of providing service, including peak energy service, to PEF's customers sufficient to provide PEF with an opportunity to earn the return on equity midpoint established in Docket No. 090079-EI.

III. Forecast Methodology.

Q. How was the Company's updated load forecast prepared?

A. The Company's updated 2010 load forecast was prepared using the Company's standard forecasting methodology. This is the same forecasting methodology that the Company has consistently used for years and that this Commission has reviewed and approved in prior base rate and other regulatory proceedings before the Commission. It is also the same forecasting methodology that is used as part of the Integrated Resource Planning (IRP) process that results in the preparation and filing of the Company's Ten Year Site Plan each year with the Commission. The

Company's forecasting methodology is reviewed by the Commission each year during the course of the Commission's determination that the Company's Ten Year Site Plan is suitable.

Q. Please provide us with an overview of the forecasting methodology used to develop the load forecast.

A. There are four main steps in the development of a load forecast: (1) the assembly of the forecast assumptions, (2) the derivation of forecast model parameters, (3) the calculation of the forecast, and (4) adjustments to the forecast based upon the educated judgment of the forecaster. These steps are reflected in Exhibit No. ___ (JBC-11).

• **Assembly of the Forecast Assumptions.** The first step in any forecasting procedure is to assemble a set of assumptions upon which the forecast is based. The assumptions describe the forecaster's educated prediction about how the future will unfold with respect to influences upon company energy sales, customer growth, and system peak. In developing these assumptions, the forecaster relies in part on the opinions of professional economists at Economy.Com, the University of Florida's Bureau of Economic and Business Research ("BEBR"), as well as other sources. Each of these groups develops forecasts of national and regional economic and demographic data. These forecasts are purchased by the Company. Other assumptions are derived from historical data like normal weather conditions. The assumptions utilized in the Company's updated load forecast are set forth in Exhibit No. ___ (JBC-12) to my testimony. It is important to note that in all cases the

assumptions made are based upon a "most-likely" forecast. Forecasted values of these forecast assumptions become inputs to the forecast models that lead to customer, energy and peak demand projections.

• **Derivation of Forecast Parameters.** Next, based on the assumptions, the forecaster derives the parameters for the forecast model. The parameters of a forecast model quantify the statistical relationship between the economic and demographic environment impacting a utility service area and the latest energy usage (and customer growth) patterns of its customers. These parameters are updated each time a forecast is produced to ensure that the resulting forecasts reflect current energy consumption patterns in the Company's service territory. In addition, when deriving model parameters the forecaster incorporates (to the extent possible) historical data from the ten most recent years into the model sample.

• **Development of the Forecast.** The forecaster then proceeds to develop the new forecast. The Company's load forecast actually consists of three separate forecasts as follows:

- a customer forecast
- an energy sales forecast
- a coincident-peak demand forecast (primarily used for resource planning purposes)

Customer forecast – The Company's customer forecast (i.e., the number of customers it expects to serve during the forecast period) is developed primarily from county population projections produced by the University of Florida's Bureau of Economic and Business Research. In a service area like PEF's, where nearly 98.4

percent of the Company's customers are residential and commercial customers, these population projections serve as the best predictor of the Company's total customers. This is because an increasing service area population translates directly into a greater number of homes and commercial establishments to service these homes. An annual econometric model is used to measure the historical relationship between service area population and residential customer growth. The resulting parameter becomes a "multiplier" that, when applied to the population growth forecast, results in a projection of new residential customers. Once the residential customer forecast is finalized, it is used as the "driving" variable in the commercial customer regression model. The customer forecasts for the remaining retail sectors are forecast using trend analysis because of their relatively stable historical patterns.

In producing the customer forecast, the Company used the most recent BEBR update from March 2009 together with the October 2009 update from the Florida Legislature's Office of Economic & Demographic Research "Demographic Estimating Conference." PEF observed in this data declining year-over-year customer growth reflecting the economic downturn experienced in the Florida economy after 2006 and continuing through 2010. As a result of this data, PEF adjusted its load forecast and currently projects negative retail customer growth for 2010. This is the second straight year the Company will lose retail customers because there were fewer retail customers in 2009 than there were in 2008.

Energy Sales Forecast – The Company's energy sales forecast is developed using monthly econometric models. These short-term models project monthly energy sales by revenue class (residential, commercial, industrial, street lighting and public

authority) and require the forecaster to have a thorough understanding of each variable to be projected (i.e., residential customer growth or average residential use per customer) and the influences or events that create monthly variation or movement in those variables. Sales are regressed using "driver" variables that best explain monthly fluctuations over a sample period. For example, in order to project average KWh energy usage per customer, driver variables such as weather and economic conditions are utilized to capture the statistical relationship to changes in kWh consumption per customer. This approach enables the forecaster to incorporate the most recent historical data as well as the most current outlook on the economy. The modeling specifications for each retail class energy model (and residential and commercial customer models) are set forth in Exhibit No. ___ (JBC-12).

The results of the Company's updated 2010 customer and energy sales forecast are shown in Exhibit No. ____ (JBC-1). This forecast is an update of the October 2008 load forecast used in Docket No. 090079-EI and conservatively forecasts the Company's expected customers, energy sales, and peak load in 2010.

Coincident Peak Demand Forecast – The coincident peak demand forecast is developed using a disaggregation technique followed by econometrically modeling several of the disaggregated components. The disaggregation technique separates monthly system demand into four major components: potential firm retail demand, nondispatchable and dispatchable direct load control (MW) capability, sales for resale demand, and Company use. Each of the peak demand components is then separately forecast and added arithmetically to the next or, in the case of demand side management ("DSM"), subtracted, to arrive at total system firm peak

demand. The coincident peak demand forecast is fundamental in developing planning projections for future grid and infrastructure additions and improvements as well as for demand and supply side resource assessments. These forecasts are based on forecasted "normal weather" conditions and are used to project the Company's ability to meet peak customer demand conditions.

• **Forecaster's Judgment.** Finally, after all of the parts of the load forecast are complete, the forecaster evaluates the cumulative modeling results and makes adjustments as appropriate based on his or her professional judgment, as well as such adjustments as may be reasonably necessary to capture the impact of events that the model is unable to capture.

For example, econometric models develop parameters ("beta coefficients") that are applied to projections of "driver" variables that are purchased from an economic forecasting firm and may be three or more months old. Occasionally, economic events unfold very rapidly and sometimes out-of-date projections are used in the models. Even historical economic data get revised by government agencies and can paint a picture that differs subtly from what is reflected in the original economic data. When this occurs, the forecaster will incorporate the latest information he or she understands is influencing company sales or customer growth levels. Other times, events such as rate migrations may require special adjustments to the rate schedule level forecast that cannot possibly be captured by an econometric model.

Q. Is the forecasting methodology used to develop the Company's 2010 load forecast consistent with the load forecasting policy and practice you described?

A. Yes, it is. As I explained earlier, PEF followed its standard forecasting methodology in developing its load forecast. This forecasting methodology has been used for years at PEF to forecast load with substantially accurate past results when actual load is compared to prior forecasts, excluding anomalous, unpredictable events such as the post-9/11 and current global financial crises. PEF's load forecasting methodology is also consistent with generally accepted, utility industry standard methodologies for load forecasts. As a result, PEF is confident that its load forecast is a reasonably accurate projection of load in 2010.

Q. Does this conclude your testimony?

A. Yes.

PROGRESS ENERGY FLORIDA CORPORATION
DECEMBER 2009 FORECAST SALES - CUSTOMERS - COINCIDENT DEMAND

PROJECTED MONTHLY MWH ENERGY SALES - BILLING MONTH

	YEAR	M	RESID	COML	INDUST	SHL	SPA	TOTAL RETAIL	TOTAL WHOLESALE	TOTAL SYSTEM
Actual	2009	1	1,376,272	884,071	271,809	2,207	245,271	2,779,630	384,579	3,164,209
Actual	2009	2	1,618,774	825,540	254,392	2,143	243,727	2,944,576	454,933	3,399,509
Actual	2009	3	1,291,802	844,403	264,504	2,202	236,832	2,639,743	308,344	2,948,087
Actual	2009	4	1,224,077	921,919	279,133	2,165	252,886	2,680,180	227,748	2,907,928
Actual	2009	5	1,462,910	970,271	271,886	2,140	261,537	2,968,744	223,258	3,192,002
Actual	2009	6	1,821,182	1,056,018	280,646	2,148	283,932	3,443,926	283,418	3,727,344
Actual	2009	7	2,046,571	1,160,785	292,424	2,166	282,035	3,783,981	380,914	4,164,895
Actual	2009	8	1,895,960	1,113,932	264,843	2,142	275,211	3,552,088	365,201	3,917,289
Actual	2009	9	1,962,189	1,129,981	306,550	2,153	307,957	3,708,830	372,081	4,080,911
Actual	2009	10	1,831,805	1,077,662	226,759	2,160	302,056	3,440,442	248,218	3,688,660
Actual	2009	11	1,620,816	1,014,437	324,306	2,167	291,644	3,253,370	291,106	3,544,476
Forecast	2009	12	1,311,076	889,072	244,175	2,164	250,226	2,696,713	309,678	3,006,391
	2009 (11+1F)		19,463,434	11,888,091	3,281,427	25,957	3,233,314	37,892,223	3,849,478	41,741,701
Forecast	2010	1	1,568,980	887,327	262,260	2,175	233,918	2,954,660	375,533	3,330,193
Forecast	2010	2	1,455,362	826,361	255,764	2,098	233,461	2,773,046	328,115	3,101,161
Forecast	2010	3	1,258,469	831,485	265,361	2,179	241,773	2,599,267	267,902	2,867,169
Forecast	2010	4	1,240,075	895,864	276,251	2,148	251,870	2,666,208	335,816	3,002,024
Forecast	2010	5	1,367,055	937,492	278,861	2,124	261,746	2,847,278	357,243	3,204,521
Forecast	2010	6	1,759,790	1,036,759	291,625	2,136	283,256	3,373,566	400,700	3,774,266
Forecast	2010	7	1,966,617	1,091,591	283,685	2,150	280,426	3,624,469	414,051	4,038,520
Forecast	2010	8	1,993,016	1,103,900	288,022	2,129	288,898	3,675,965	467,320	4,143,285
Forecast	2010	9	2,005,703	1,088,180	285,759	2,140	319,148	3,700,930	468,434	4,169,364
Forecast	2010	10	1,684,020	1,008,295	274,401	2,139	300,173	3,269,028	420,269	3,689,297
Forecast	2010	11	1,305,030	945,169	277,567	2,132	272,408	2,802,306	360,590	3,162,896
Forecast	2010	12	1,323,181	867,125	274,546	2,144	262,484	2,729,480	282,169	3,011,649
	2010 Budget		18,927,298	11,519,548	3,314,102	25,694	3,229,561	37,016,203	4,478,142	41,494,345

PROJECTED MONTHLY BILLED ACCOUNTS

	YEAR	M	RESID	COML	INDUST	SHL	SPA	TOTAL RETAIL	TOTAL WHOLESALE	TOTAL SYSTEM
Actual	2009	1	1,427,104	161,720	2,515	1,642	23,273	1,616,254	23	1,616,277
Actual	2009	2	1,469,790	162,263	2,500	1,651	23,159	1,659,363	23	1,659,386
Actual	2009	3	1,431,072	160,340	2,458	1,631	23,157	1,618,658	23	1,618,681
Actual	2009	4	1,420,220	161,346	2,534	1,625	23,437	1,609,162	23	1,609,185
Actual	2009	5	1,430,327	159,537	2,485	1,622	23,156	1,617,127	23	1,617,150
Actual	2009	6	1,472,777	162,803	2,465	1,617	23,513	1,663,175	23	1,663,198
Actual	2009	7	1,437,857	162,340	2,524	1,618	23,479	1,627,818	22	1,627,840
Actual	2009	8	1,364,658	156,142	2,462	1,614	22,818	1,547,694	23	1,547,717
Actual	2009	9	1,423,116	159,941	2,454	1,612	23,227	1,610,350	23	1,610,373
Actual	2009	10	1,388,677	158,091	2,456	1,616	23,046	1,573,886	23	1,573,909
Actual	2009	11	1,598,157	172,922	2,577	1,624	24,582	1,799,862	22	1,799,884
Forecast	2009	12	1,437,184	160,618	2,462	1,611	23,363	1,625,238	21	1,625,259
	2009 Annual		1,441,745	161,505	2,491	1,624	23,351	1,630,716	23	1,630,738
Forecast	2010	1	1,439,862	160,673	2,461	1,609	23,297	1,627,902	22	1,627,924
Forecast	2010	2	1,441,697	160,605	2,460	1,607	23,236	1,629,605	21	1,629,626
Forecast	2010	3	1,443,220	160,565	2,459	1,605	23,312	1,631,161	21	1,631,182
Forecast	2010	4	1,441,562	160,329	2,458	1,603	23,285	1,629,237	21	1,629,258
Forecast	2010	5	1,440,606	160,450	2,457	1,601	23,334	1,628,648	21	1,628,669
Forecast	2010	6	1,440,301	160,622	2,456	1,599	23,263	1,628,241	21	1,628,262
Forecast	2010	7	1,440,763	160,715	2,455	1,597	23,213	1,628,743	21	1,628,764
Forecast	2010	8	1,441,484	160,969	2,454	1,595	23,246	1,629,748	21	1,629,769
Forecast	2010	9	1,440,553	161,015	2,453	1,593	23,289	1,628,903	21	1,628,924
Forecast	2010	10	1,440,497	161,115	2,452	1,591	23,304	1,628,959	21	1,628,980
Forecast	2010	11	1,442,915	161,328	2,451	1,589	23,243	1,631,526	21	1,631,547
Forecast	2010	12	1,443,092	161,094	2,450	1,587	23,291	1,631,514	21	1,631,535
	2010 Annual		1,441,396	160,790	2,456	1,598	23,276	1,629,516	21	1,629,537

PROJECTED MONTHLY MW COINCIDENT DEMANDS

			RETAIL			COMPANY	WHOLESALE			TOTAL SYSTEM	
	YEAR	M	PRE DLC	ALL DLC	FIRM	USE	PRE DLC	IS	FIRM*	PRE DLC	FIRM
	2009	1	9,035	1,129	7,906	25	2,239	15	2,219	11,299	10,150
	2009	2	9,090	1,054	8,036	25	2,236	15	2,216	11,351	10,277
	2009	3	6,614	834	5,780	25	1,223	15	1,203	7,862	7,008
	2009	4	6,118	538	5,580	25	707	15	687	6,850	6,292
	2009	5	7,584	620	6,964	25	1,158	15	1,138	8,767	8,127
	2009	6	8,649	623	8,026	25	1,620	15	1,600	10,294	9,651
	2009	7	8,147	687	7,460	25	1,134	15	1,114	9,306	8,599
	2009	8	8,619	635	7,984	25	1,435	15	1,415	10,079	9,424
	2009	9	7,417	616	6,801	25	989	15	969	8,431	7,795
	2009	10	7,498	489	7,009	25	1,026	15	1,006	8,549	8,040
Forecast	2009	11	5,979	742	5,237	25	580	15	560	6,584	5,822
Forecast	2009	12	6,694	820	5,874	25	1,201	15	1,181	7,920	7,080
Forecast	2010	1	9,097	1,198	7,899	25	1,850	15	1,830	10,972	9,754
Forecast	2010	2	7,568	1,055	6,513	25	1,171	15	1,151	8,764	7,689
Forecast	2010	3	6,415	902	5,513	25	1,047	15	1,027	7,487	6,565
Forecast	2010	4	6,676	548	6,130	25	1,034	15	1,014	7,737	7,169
Forecast	2010	5	7,755	598	7,157	25	1,085	15	1,065	8,865	8,247
Forecast	2010	6	8,151	657	7,494	25	1,170	15	1,150	9,346	8,669
Forecast	2010	7	8,379	654	7,725	25	1,254	15	1,234	9,658	8,984
Forecast	2010	8	8,403	657	7,746	25	1,287	15	1,267	9,715	9,038
Forecast	2010	9	7,930	639	7,291	25	1,114	15	1,094	9,069	8,410
Forecast	2010	10	7,320	506	6,814	25	1,043	15	1,023	8,388	7,862
Forecast	2010	11	5,967	761	5,206	25	971	15	951	6,963	6,182
Forecast	2010	12	6,666	838	5,828	25	1,110	15	1,090	7,801	6,943

* Includes 5.25 MW Standby generator at City of Chattahoochee.

PROGRESS ENERGY FLORIDA CORPORATION

DECEMBER 2009 FORECAST SALES - CUSTOMERS - COINCIDENT DEMAND

PROJECTED MONTHLY MWH ENERGY SALES - CALENDAR MONTH

YEAR	M	RESID	COML	INDUST	SHL	SPA	TOTAL RETAIL	TOTAL WHOLESALE	TOTAL SYSTEM	
2009	1	1,412,674	930,401	315,113	2,325	263,549	2,924,062	460,472	3,384,534	
2009	2	1,547,259	685,501	211,591	1,829	211,328	2,657,508	313,691	2,971,199	
2009	3	1,276,246	936,364	295,156	2,446	257,274	2,767,486	222,815	2,990,301	
2009	4	1,206,525	977,869	291,315	2,179	265,430	2,743,318	208,930	2,952,248	
2009	5	1,696,431	1,064,225	286,700	2,274	284,436	3,334,066	289,662	3,623,728	
2009	6	2,033,150	1,102,939	284,378	2,140	296,137	3,718,744	400,545	4,119,289	
2009	7	2,100,175	1,176,960	287,486	2,087	269,096	3,835,804	351,107	4,186,911	
2009	8	2,001,126	1,199,661	275,772	2,345	299,123	3,778,027	370,859	4,148,886	
2009	9	1,831,521	1,039,796	307,340	1,968	302,562	3,483,187	245,983	3,729,170	
2009	10	1,757,361	1,048,174	180,198	2,167	298,933	3,286,833	298,563	3,585,396	
2009	11	1,284,114	844,163	339,096	1,887	247,256	2,716,516	301,624	3,018,140	
2009	12	1,389,087	980,639	248,456	2,525	273,196	2,893,902	379,171	3,273,073	
2009 Budget		19,535,669	11,986,692	3,322,600	26,172	3,268,320	38,139,453	3,843,422	41,982,875	
2010	1	1,650,429	841,284	260,259	2,072	211,891	2,965,935	338,922	3,304,857	
2010	2	1,325,825	754,843	240,723	1,961	222,869	2,546,221	255,617	2,801,838	
2010	3	1,251,409	898,363	290,917	2,390	264,829	2,707,908	335,647	3,043,555	
2010	4	1,214,578	924,533	279,658	2,104	265,078	2,675,951	357,070	3,033,021	
2010	5	1,588,992	1,062,660	310,281	2,337	295,654	3,259,924	407,230	3,667,154	
2010	6	1,913,028	1,034,321	280,301	1,996	278,652	3,508,298	420,701	3,928,999	
2010	7	2,056,291	1,103,449	272,737	2,114	272,777	3,707,368	471,716	4,179,084	
2010	8	2,035,547	1,126,043	294,487	2,144	297,903	3,756,124	474,820	4,230,944	
2010	9	1,860,640	995,359	262,549	1,984	313,699	3,434,231	403,151	3,837,382	
2010	10	1,506,056	963,550	267,917	2,136	289,488	3,029,147	358,794	3,387,941	
2010	11	1,104,900	915,923	280,859	2,140	258,739	2,562,561	275,302	2,837,863	
2010	12	1,414,233	877,056	289,685	2,282	273,067	2,856,323	315,493	3,171,816	
2010 Budget		18,921,928	11,497,384	3,330,373	25,660	3,234,646	37,009,991	4,414,463	41,424,454	-2.96%

PEF ANNUAL CUSTOMER GROWTH REVIEW
AVERAGE ANNUAL BILLED ACCOUNTS
2009 VS. 2008

CLASS OF BUSINESS	ACTUAL 2009	ACTUAL 2008	DIFF	% DIFF
RESIDENTIAL	1,441,325	1,449,041	-7,716	-0.5%
COMMERCIAL	161,390	162,569	-1,178	-0.7%
INDUSTRIAL	2,487	2,587	-101	-3.9%
ST & HIGHWAY	1,624	1,652	-28	-1.7%
PUBLIC AUTHORITY	23,346	23,062	284	1.2%
TOTAL RETAIL	1,630,172	1,638,911	-8,739	-0.5%

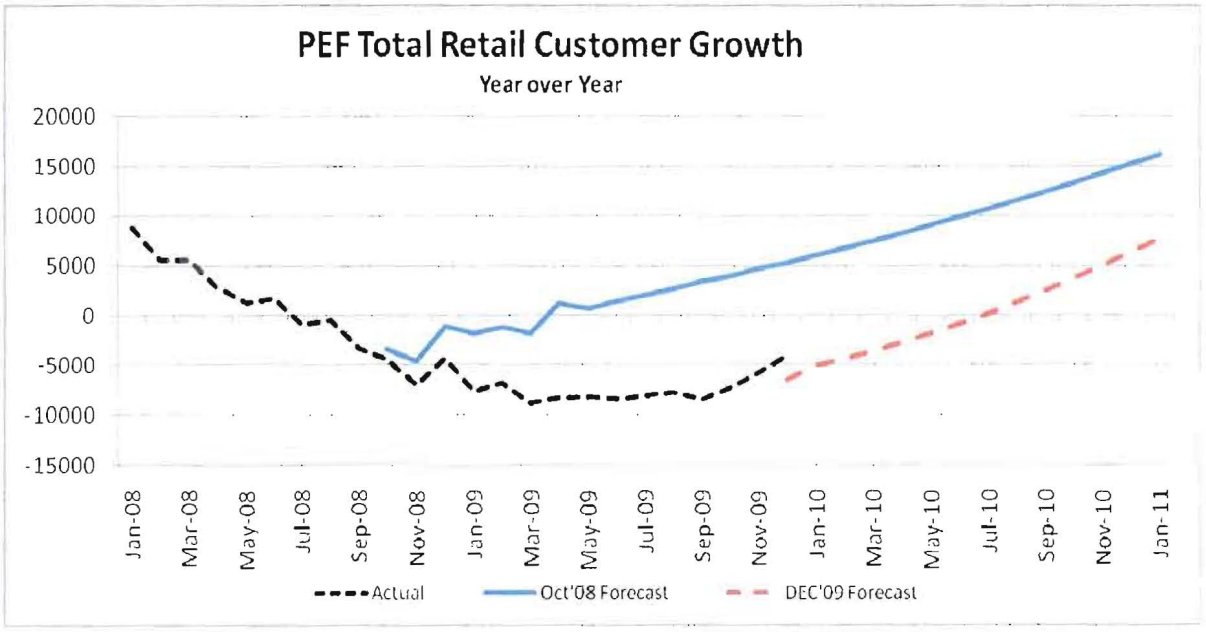
*Table 1 is NOT corrected for event-driven billing.

PEF Forecast Comparison for 2010

December 2009 Retail Customer and Energy Forecast vs. October 2008 Customer and Energy Forecast

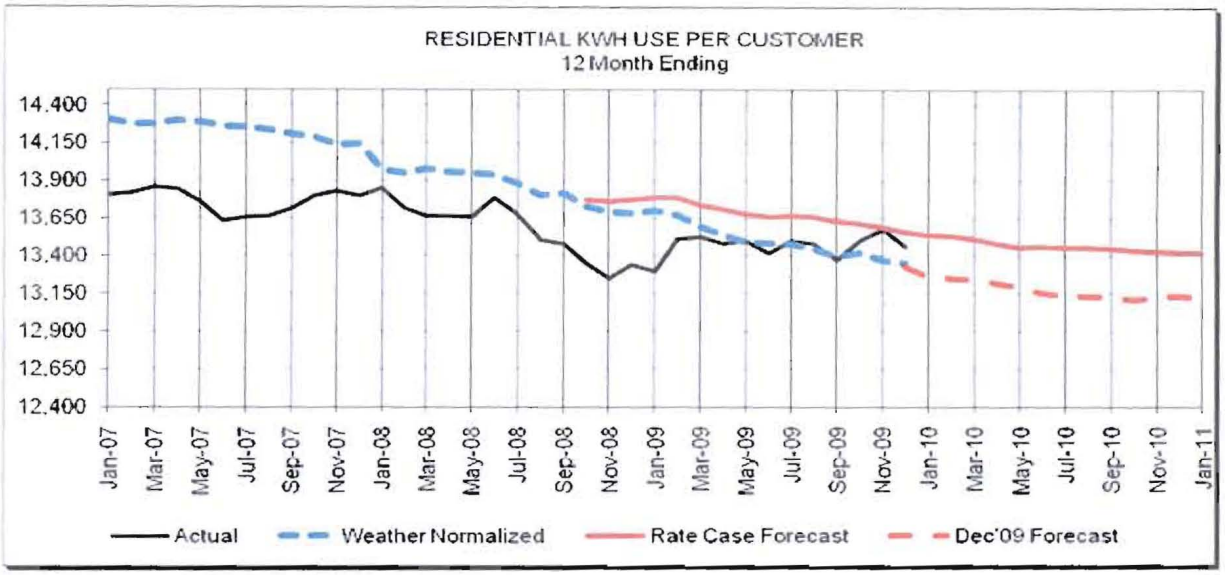
BILLED ACCOUNTS FORECAST BY CLASS - 2010

CLASS OF BUSINESS	09-Dec FORECAST	08-Oct FORECAST	DIFF	% DIFF
RESIDENTIAL	1,441,396	1,457,415	-16,019	-1.10%
COMMERCIAL	160,790	164,668	-3,878	-2.40%
INDUSTRIAL	2,456	2,565	-109	-4.20%
ST & HIGHWAY	1,598	1,578	20	1.30%
PUBLIC AUTHORITY	23,276	23,503	-227	-1.00%
TOTAL RETAIL	1,629,516	1,649,729	-20,213	-1.20%
REA	5	6	-1	-16.70%
MUNICIPAL	15	16	-1	-6.30%
TOTAL WHOLESALE	20	22	-2	-9.10%
TOTAL SYSTEM	1,629,536	1,649,751	-20,215	-1.20%


PEF Total Retail Customer Growth
Year over Year
20000
15000
10000
5000
0
-5000
-10000
-15000
Jan-08
Mar-08
May-08
Jul-08
Sep-08
Nov-08
Jan-09
Mar-09
May-09
Jul-09
Sep-09
Nov-09
Jan-10
Mar-10
May-10
Jul-10
Sep-10
Nov-10
Jan-11
Actual
Oct'08 Forecast
DEC'09 Forecast

RESIDENTIAL KWH/CUST

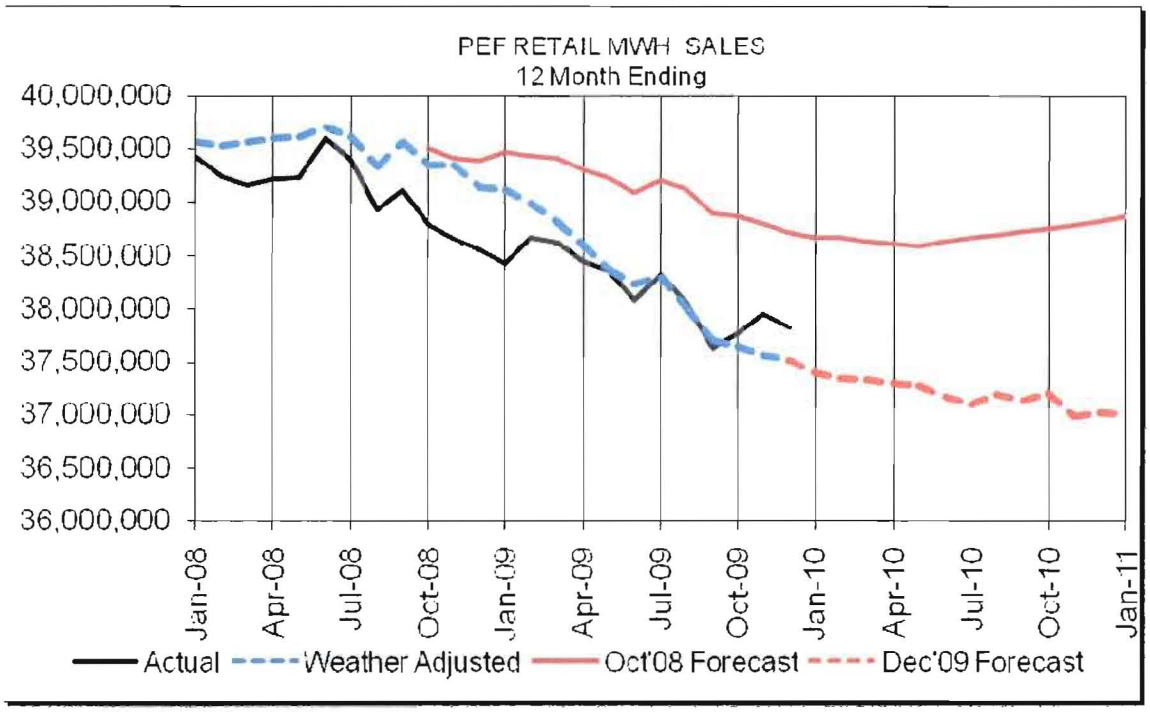
	2009	OCT08F	DIFF	% DIFF
Actual	13,459	13,554	-95	-0.7%
Weather Adjusted	13,346	13,554	-208	-1.5%


RESIDENTIAL KWH USE PER CUSTOMER
12 Month Ending
14,400
14,150
13,900
13,650
13,400
13,150
12,900
12,650
12,400
Jan-07
Mar-07
May-07
Jul-07
Sep-07
Nov-07
Jan-08
Mar-08
May-08
Jul-08
Sep-08
Nov-08
Jan-09
Mar-09
May-09
Jul-09
Sep-09
Nov-09
Jan-10
Mar-10
May-10
Jul-10
Sep-10
Nov-10
Jan-11
Actual
Weather Normalized
Rate Case Forecast
Dec'09 Forecast

PEF FORECAST PERFORMANCE

**BILLED MWH SALES ACTUAL & WEATHER ADJUSTED - 2009
VERSUS RATE CASE FORECAST**

CLASS OF BUSINESS	2009 ACTUAL	2009 W-ADJ	OCT08 FORECAST	WEATHER ADJUSTED DIFF	WEATHER ADJUSTED %DIFF
RESIDENTIAL	19,399,196	19,236,156	19,641,100	-404,944	-2.1%
COMMERCIAL	11,883,476	11,778,581	11,810,837	-32,256	-0.3%
INDUSTRIAL	3,285,388	3,285,388	3,889,729	-604,341	-15.5%
ST & HIGHWAY	25,966	25,966	25,203	763	3.0%
PUBLIC AUTHORITY	3,230,223	3,202,868	3,353,644	-150,776	-4.5%
TOTAL RETAIL	37,824,249	37,528,959	38,720,513	-1,191,554	-3.1%
REA	1,217,503	1,217,503	3,264,651	-2,047,148	-62.7%
MUNICIPAL	2,478,667	2,478,667	3,997,620	-1,518,953	-38.0%
TOTAL WHOLESALE	3,696,170	3,696,170	7,262,271	-3,566,101	-49.1%
TOTAL SYSTEM	41,520,419	41,225,129	45,982,784	-4,757,655	-10.3%


PEF RETAIL MWH SALES
12 Month Ending
40,000,000
39,500,000
39,000,000
38,500,000
38,000,000
37,500,000
37,000,000
36,500,000
36,000,000
Jan-08
Apr-08
Jul-08
Oct-08
Jan-09
Apr-09
Jul-09
Oct-09
Jan-10
Apr-10
Jul-10
Oct-10
Jan-11
Actual
Weather Adjusted
Oct'08 Forecast
Dec'09 Forecast

PEF HISTORIC FORECAST ACCURACY 1990-2009

TOTAL RETAIL GWH
VARIANCE FROM FORECAST PERFORMED IN PRIOR YEAR

Year	Actual	Prior Yr. Forecast	Actual % Variance	Absolute Variance
1990	24,878	25,087	-0.83%	0.83%
1991	25,179	25,893	-2.76%	2.76%
1992	25,414	26,230	-3.11%	3.11%
1993	26,528	26,606	-0.29%	0.29%
1994	27,675	27,861	-0.67%	0.67%
1995	29,499	28,802	2.42%	2.42%
1996	30,785	30,056	2.42%	2.42%
1997	30,850	31,462	-1.94%	1.94%
1998	33,387	32,088	4.05%	4.05%
1999	33,441	33,018	1.28%	1.28%
2000	34,832	35,465	-1.78%	1.78%
2001[1]	35,263	36,502	-3.39%	3.39%
2002	36,859	36,617	0.66%	0.66%
2003	37,957	37,863	0.25%	0.25%
2004[2]	38,193	39,054	-2.20%	2.20%
2005[3]	39,177	40,293	-2.77%	2.77%
2006	39,432	40,148	-1.78%	1.78%
2007	39,282	40,830	-3.79%	3.79%
2008	38,556	41,208	-6.44%	6.44%
2009	37,824	38,721	-2.32%	2.32%
2000-2009	0.92%	0.98%	-2.36%	2.56%

[1] Large variance driven by Sept 11th-driven recession.

[2] 2004 had 3 Hurricanes supress sales an estimated 209 GWh

[3] The Forecast did not assume loss of City of Winter Park.

PEF HISTORIC FORECAST ACCURACY 1990-2009

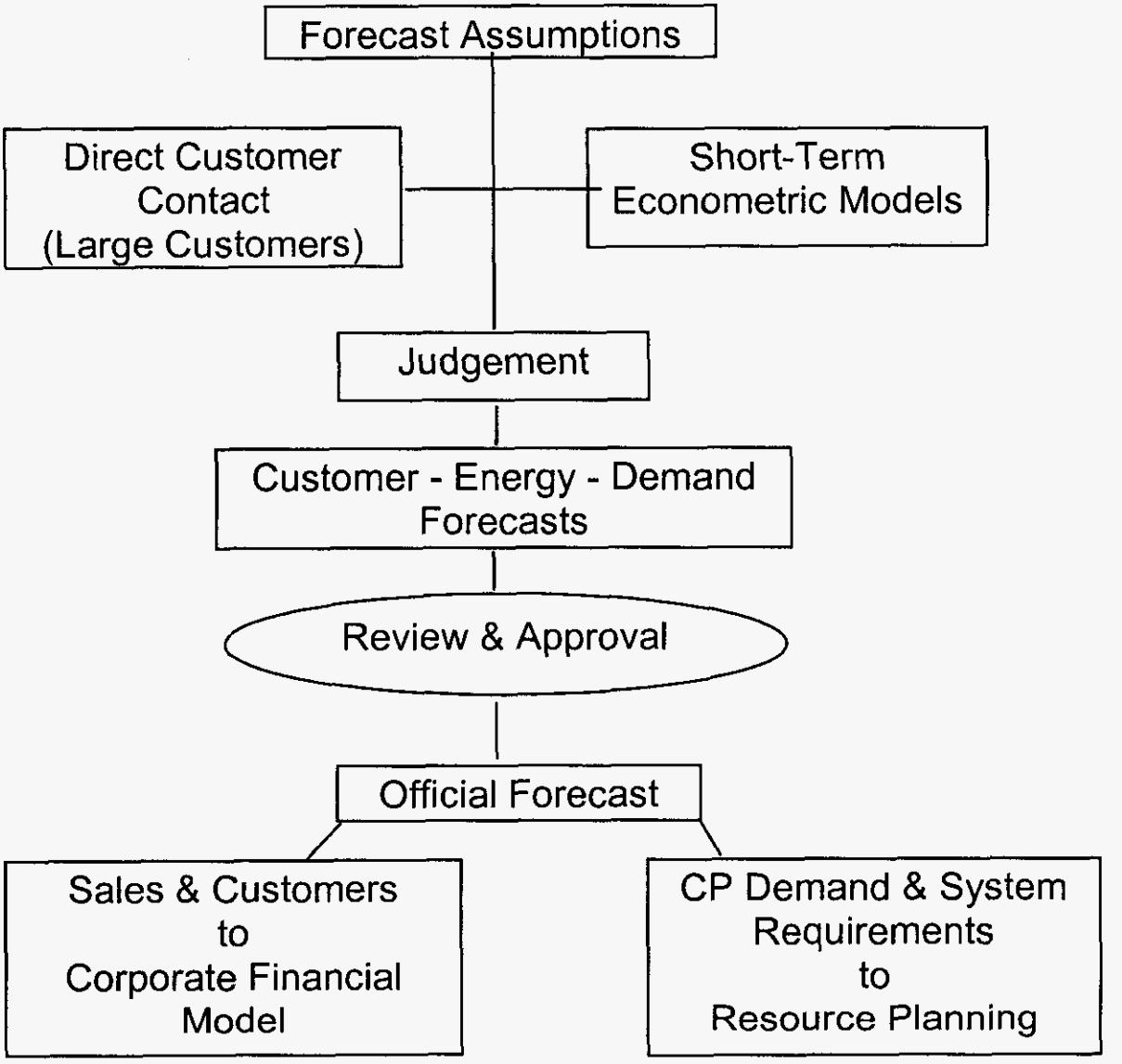
TOTAL RETAIL CUSTOMERS
VARIANCE FROM FORECAST PERFORMED IN PRIOR YEAR

Year	Actual Customers	Prior Yr. Forecast	% Variance	Absolute % Chg.
1990	1,135,481	1,137,162	-0.15%	0.15%
1991	1,159,221	1,171,531	-1.05%	1.05%
1992	1,182,154	1,184,898	-0.23%	0.23%
1993	1,214,637	1,209,638	0.41%	0.41%
1994	1,243,876	1,256,976	-1.04%	1.04%
1995	1,271,768	1,276,187	-0.35%	0.35%
1996	1,292,057	1,295,339	-0.25%	0.25%
1997	1,314,492	1,318,550	-0.31%	0.31%
1998	1,340,835	1,335,837	0.37%	0.37%
1999	1,376,579	1,369,519	0.52%	0.52%
2000	1,400,281	1,396,312	0.28%	0.28%
2001	1,444,938	1,427,074	1.25%	1.25%
2002	1,475,760	1,467,982	0.53%	0.53%
2003	1,510,494	1,500,458	0.67%	0.67%
2004	1,548,603	1,540,079	0.55%	0.55%
2005	1,583,391	1,574,423	0.57%	0.57%
2006	1,620,374	1,598,403	1.37%	1.37%
2007	1,632,346	1,645,949	-0.83%	0.83%
2008	1,638,911	1,662,304	-1.41%	1.41%
2009	1,630,172	1,639,410	-0.56%	0.56%
2000-2009	1.70%	1.80%	0.33% 10 Negative 10 Positive	0.83%

PEF HISTORIC RETAIL PEAK DEMAND (MW) MONTHLY 2009 & JANUARY 2010

Year	M	D	Hr	Total System	Wholesale	**Retail**	Retail Customers	Retail kW/Customer	
2009	1	22	8	11,201	2,230	**8,971**	1,633,035	5.5	
2009	2	6	8	11,318	2,228	**9,090**	1,634,026	5.6	Winter
2009	3	3	8	7,833	1,219	**6,614**	1,634,760	4.0	
2009	4	30	18	6,824	706	**6,118**	1,631,990	3.7	
2009	5	11	17	8,741	1,157	**7,584**	1,630,484	4.7	
2009	6	22	18	10,254	1,618	**8,636**	1,629,102	5.3	Summer
2009	7	16	16	9,300	1,153	**8,147**	1,628,587	5.0	
2009	8	11	17	9,598	1,428	**8,170**	1,628,468	5.0	
2009	9	22	15	8,394	978	**7,416**	1,626,463	4.6	
2009	10	9	17	8,953	1,027	**7,926**	1,625,302	4.9	
2009	11	1	15	6,238	552	**5,686**	1,626,616	3.5	
2009	12	29	9	7,156	958	**6,198**	1,627,692	3.8	
2010	1	11	8	11,647	2,008	**9,639**	1,630,783	5.9	Winter

PEF Load & Energy Forecast: Process Flow Chart



PEF ENERGY AND CUSTOMER FORECASTING MODELS

RESIDENTIAL CLASS SALES

RUPC Nonseasonal = F (CONSTANT, METER, RHDD, RCDD, WtrCDD, RRP12MA, LnRFLPY2, DFEB,...DDEC, DHURR, DAPR02, AR(1))

where:

RUPC	=	Residential KWh use per customer (non seasonal customers) adjusted for historical DSM program impacts
CONSTANT	=	Intercept term
METER	=	Average number of billing days in sales month
RHDD	=	Residential heating degree days - System-weighted
RCDD	=	Residential cooling degree days - System-weighted
WtrCDD	=	Winter residential CDDs - System-weighted; Months of Dec-Apr only
RRP12MA	=	Real residential electric price - cents per KWh deflated by U.S. CPI - 12 month moving average
LnRFLPY2	=	Log of Florida Total Personal Income - deflated by the PCE Implicit Price Deflator - 2 month average in millions of 2000 dollars
DFEB,...,DDEC	=	Indicator variables to account for seasonal impacts on RUPC
DHURR	=	Indicator variable to account for 2004 Hurricane impacts on usage
DAPR02	=	Intercept shift variable to account for billing anomaly in Apr 2002
AR(1)	=	1st order autoregressive error term

RUPC Seasonal = **Historic ratio of Seasonal RUPC-to-nonseasonal RUPC x RUPC nonseasonal forecast**

Historic relationship is developed using monthly seasonal-to-nonseasonal RUPC data from 12/1998 to 11/2009

RESIDENTIAL CLASS CUSTOMERS

RCUSTG = F (CONSTANT, POPG, POPG Shift, DOverbuilding)

where:

RCUSTG	=	Average annual change in residential billed customers
CONSTANT	=	Intercept term
POPG	=	Service territory population growth (Univ. of Florida Forecast)
POPG Shift	=	Intercept Shift, Service territory population growth (1991-2007)
Overbuilding	=	Indicator variable to account for overbuilding in residential construction

COMMERCIAL CLASS SALES

CMWH = F (CONSTANT, METER, CHDD, CCDD, RCP6, LnECOM2, DFEB,...DMAY,DAUG, DNOV, dAPR02, DMAY02, DAUG05, DJUN08 DHURR, AR(1), AR(2), AR(3))

where:

CMWH	=	Commercial MWh adjusted for historical DSM program impacts
CONSTANT	=	Intercept term
METER	=	Average number of billing days in sales month
CHDD	=	Commercial heating degree days - system-weighted
CCDD	=	Commercial cooling degree days - system-weighted
RCP6	=	Real commercial electric price - cents per KWh deflated by U.S. CPI - 6 month moving average
LnECOM2	=	Log of Florida commercial sector employment - 2 month average in thousands
DFEB,...,DMAY, DAUG, DNOV	=	Indicator variables to account for seasonal impacts on CMWH
DAPR02	=	Intercept shift variable to account for billing anomaly in Apr 2002
DMAY02	=	Intercept shift variable to account for billing anomaly in May 2002
DAUG05	=	Intercept shift variable to account for billing anomaly in Aug 2005
DJUN08	=	Intercept shift variable to account for billing anomaly in Jun 2008
DHURR	=	Indicator variable to account for 2004 Hurricane impacts on CMWH
AR(1)	=	1st order autoregressive error term
AR(2)	=	2nd order autoregressive error term
AR(3)	=	3rd order autoregressive error term

COMMERCIAL CLASS CUSTOMERS

CCUST = F (CONSTANT, ResCUST, DTELECOM, DRECESSION)

where:

CCUST	=	Average annual commercial billed customers
CONSTANT	=	Intercept term
ResCUST	=	Average annual residential billed customers
DTELECOM	=	Indicator variable to account for rapid customer growth in telecom repeater accounts
DRECESSION	=	Indicator variable to account for FL recession impact upon Commercial customer growth

INDUSTRIAL CLASS SALES

NONPHOSPHATE SUBSECTOR MWh

IWO-MWh = F(CONSTANT, METER, CCDD, RIP6, IPM-EMan2, DFEB,...DDEC, DMAY02, DOCT03, DNOV08, DDEC08, DRECESS, AR(1), AR(2))

where:

IWO-MWh	=	Industrial MWh sales (excluding industrial phosphate sector energy sales) adjusted for historical DSM program impacts
CONSTANT	=	Intercept term
METER	=	Average number of billing days in sales month
CCDD	=	Commercial cooling degree days - system-weighted
RIP6	=	Real Industrial electric price - cents per KWh deflated by U.S. CPI - 6 month moving average
IPM-EMan2	=	FL Ind prod (Manufacturing) divided by FL Manuf employment - 2-month moving average
DFEB,...,DDEC	=	Indicator variables to account for seasonal impacts on IWO-MWh
DMAY02	=	Intercept shift variable to account for billing anomaly in May 2002
DOCT03	=	Intercept shift variable to account for billing anomaly in Oct 2003
DNOV08	=	Intercept shift variable to account for billing anomaly in Nov 2008
DDEC08	=	Intercept shift variable to account for billing anomaly in Dec 2008
DRecess	=	Intercept shift variable to account for recessions effect on sales
AR(1)	=	1st order autoregressive error term
AR(2)	=	2nd order autoregressive error term

PHOSPHATE SUBSECTOR MWh

FPC Industrial representatives survey several large energy users to determine their planned operating schedules as well as their expected power consumption. All Phosphate mining customers electric consumption are projected individually. They are:

- PCS White Springs Inc.
- Mosaic Corp
- C.F. Industries Inc.
- U.S Agri Chemicals

STREET & HIGHWAY LIGHTING CLASS SALES

SHL = Constant SHLUPC X SHLC

where:

SHL	=	Street Lighting MWh energy sales
SHLUPC	=	SHL use per customer - projected to be constant at current levels
SHLC	=	SHL customers - projected to continue to decline

PUBLIC AUTHORITY CLASS (SPA) SALES

SUPC = F(CONSTANT, METER, SHDD, SCDD, RSP6, LnEGOV2, SCH_VAC, DFEB,...DAUG, DHURR, DJUN08, DDEC08, AR(1), AR(2))

where:

SUPC	=	Public Authority average KWh use per customer
CONSTANT	=	Intercept term
METER	=	Average number of billing days in sales month
SHDD	=	SPA heating degree days - system-weighted
SCDD	=	SPA cooling degree days - system-weighted
LnEGOV2	=	Log of Florida governmental employment - 2 month moving average in thousands
RSP6	=	Real Public Authority electric price - cents per KWh deflated by U.S. CPI - 6 month moving average
SCH_VAC	=	Intercept shift variable to account for seasonal shutdown of school facilities
DFEB,...DAUG	=	Indicator variables to account for seasonal impacts on SUPC
DHURR	=	Indicator variable to account for 2004 Hurricane impacts on SUPC
DJUN08	=	Intercept shift variable to account for billing anomaly in Jun 2008
DDEC08	=	Intercept shift variable to account for billing anomaly in Dec 2008
AR(1)	=	1st order autoregressive error term
AR(2)	=	2nd order autoregressive error term

PUBLIC AUTHORITY CLASS (SPA) CUSTOMERS

SPACUST = F (CONSTANT, RCUST, RCUST_SHIFT)

where:

CCUST	=	Average annual commercial billed customers
CONSTANT	=	Intercept term
RCUST	=	Residential customers
RCUST SHIFT	=	Residential customers Slope Shift in 1993

DECEMBER 2009 FORECAST - ECONOMIC INPUTS

U.S & Florida Economic Assumptions - 2006 - 2010
(Source - Economy.Com; November 2009)

Variable	2005	2006	2007	2008	2009	2010
U.S. Economy:						
U.S. Real GDP (Bill $)	10,989.5	11,294.9	11,523.9	11,739.3	11,945.3	12,362.3
Annual % Change		2.8%	2.0%	1.9%	1.8%	3.5%
U.S CPI-U (1982-84=100)	195.3	201.6	207.3	215.3	214.4	218.0
Annual % Change		3.2%	2.9%	3.8%	-0.4%	1.7%
U.S. Industrial Production - Manufacturing	107.2	112.1	114.0	111.3	99.2	101.5
Annual % Change		4.6%	1.7%	-2.4%	-10.8%	2.3%
Florida Economy:		**2006**	**2007**	**2008**	**2009**	**2010**
FL Nonagricultural Employment (000)	7,799.9	8,002.4	8,018.4	7,763.8	7,386.3	7,219.1
Annual % Change		2.6%	0.2%	-3.2%	-4.9%	-2.3%
FL Commercial Employment (000)	5,699.9	5,802.3	5,871.5	5,746.0	5,501.0	5,427.8
Annual % Change		1.8%	1.2%	-2.1%	-4.3%	-1.3%
FL Governmental Employment (000)	1,081.2	1,099.3	1,122.6	1,128.1	1,121.0	1,103.1
Annual % Change		1.7%	2.1%	0.5%	-0.6%	-1.6%
FL Manufacturing Employment (000)	404.2	416.4	399.0	372.9	332.8	317.2
Annual % Change		3.0%	-4.2%	-6.5%	-10.8%	-4.7%
FL Personal Income (2005$ in Mill.)	550,657	668,989	674,213	658,216	642,908	636,864
Annual % Change		21.5%	0.8%	-2.4%	-2.3%	-0.9%
FL Industrial Production Index (2002=100)	109.1	112.1	114.4	112.9	103.6	104.0
Annual % Change		2.8%	2.1%	-1.3%	-8.3%	0.4%

OCTOBER 2008 FORECAST - ECONOMIC INPUTS

U.S & Florida Economic Assumptions - 2006 - 2010
(Source - Economy.Com; September 2008)

Variable	2005	2006	2007	2008	2009	2010
U.S. Economy:						
U.S. Real GDP (Bill $)	10,989.5	11,294.9	11,523.9	11,739.3	11,945.3	12,362.3
Annual % Change		2.8%	2.0%	1.9%	1.8%	3.5%
U.S CPI-U (1982-84=100)	195.3	201.6	207.3	215.3	222.0	225.2
Annual % Change		3.2%	2.9%	3.8%	3.1%	1.5%
U.S. Industrial Production - Manufacturing	107.2	109.6	111.4	111.7	112.7	115.3
Annual % Change		2.2%	1.7%	0.3%	0.9%	2.3%
Florida Economy:		**2006**	**2007**	**2008**	**2009**	**2010**
FL Nonagricultural Employment (000)	7,799.9	8,002.4	8,041.4	7,941.6	7,865.6	8,018.1
Annual % Change		2.6%	0.5%	-1.2%	-1.0%	1.9%
FL Commercial Employment (000)	5,699.9	5,839.1	5,923.7	5,913.3	5,884.0	6,013.8
Annual % Change		2.4%	1.4%	-0.2%	-0.5%	2.2%
FL Governmental Employment (000)	1,081.2	1,099.3	1,124.4	1,130.9	1,114.5	1,115.6
Annual % Change		1.7%	2.3%	0.6%	-1.4%	0.1%
FL Manufacturing Employment (000)	404.2	405.1	388.7	366.9	359.2	359.7
Annual % Change		0.2%	-4.1%	-5.6%	-2.1%	0.1%
FL Personal Income (2000$ in Mill.)	550,657	582,570	594,292	587,390	583,958	602,501
Annual % Change		5.8%	2.0%	-1.2%	-0.6%	3.2%
FL Industrial Production Index (2002=100)	109.1	112.1	114.9	116.4	117.6	120.3
Annual % Change		2.8%	2.6%	1.3%	1.0%	2.3%

PEF CUSTOMER, ENERGY AND PEAK DEMAND FORECAST
GENERAL ASSUMPTIONS
Dec-09

1. Normal weather conditions for energy sales are assumed over the forecast horizon using a sales-weighted thirty-year average of conditions at seven (7) weather stations across Florida (Saint Petersburg, Tampa, Orlando, Winter Haven, Gainesville, Daytona Beach, and Tallahassee). For kilowatt-hour sales projections, normal weather is based on a historical thirty-year average of the service area weighted billing month degree-days. Seasonal peak demand projections are based on a thirty-year historical average of system-weighted temperatures at time of seasonal peak at the Tampa, Orlando, and Tallahassee weather stations; the other weather stations are not used in developing the historic average because they lack the historic hourly data needed for peak-weather normalization.

2. The population projections produced by the Bureau of Economic and Business Research (BEBR) at the University of Florida as published in "Florida Population Studies Bulletin No. 153 (March 2009) provide the basis for development of the customer forecast. An October 2009 update from the Florida Legislature's Office of Economic & Demographic Research (EDR) "Demographic Estimating Conference" was also incorporated. State and national economic assumptions produced by Economy.Com in their national and Florida forecasts (October 2009) are also incorporated.

3. Within the PEF service area, the phosphate mining industry is the dominant sector in the industrial sales class. Four (4) major customers accounted for 33 percent of the industrial class MWh sales. These energy intensive customers mine and process phosphate-based fertilizer products for the global marketplace. Both supply and demand for their products are dictated by global conditions that include, but are not limited to, foreign competition, national/international agricultural industry conditions, exchange-rate fluctuations, and international trade pacts. Load and energy consumption at the PEF-served mining or chemical processing sites depend heavily on plant operations, which are heavily influenced by these global as well as the local conditions. Consumption in 2010 will be significantly impacted by the global recession. Global trade in general declined in 2009 and no one expects significant improvement in 2010. The strength of the U.S currency on the foreign exchange will play a roll in the demand for U.S. phosphate products. A significant risk to this projection lies in the volatile price of energy (natural gas), which is a major cost of both mining and producing phosphoric fertilizers. The energy projection for this industry in 2010 assumes no major reductions or shutdowns of operations in the PEF service territory. However, the forecast recognizes that electric output from self-owned generation facilities will be dependent upon current prices being charged by PEF and Tampa Electric.

4. PEF supplies load and energy service to wholesale customers on a "full", "partial", and "supplemental" requirement basis. Full requirements (FR) customers' demand and energy is assumed to grow at a rate that approximates their historical trend but with slower growth in the near term to reflect the weak economy. Contracts for this service in 2010 include the cities of Bartow, Chattahoochee, Mt. Dora, Quincy, Williston, and Winter Park. Partial requirements (PR) customer load is assumed to reflect the current contractual obligations reflected by the nature of the stratified load they have contracted for, plus their ability to receive dispatched energy from power marketers any time it is more economical for them to do so. Contracts for PR service in 2010 included in this forecast are with the Florida Municipal Power Agency (FMPA), Reedy Creek Utilities (RCU), Gainesville Regional Utilities (GRU), Seminole Electric Cooperative, Inc. (SECI) and the cities of New Smyrna Beach, Tallahassee, and Homestead.

5. This forecast assumes that PEF will successfully renew all future franchise agreements.

6. This forecast incorporates demand and energy reductions from PEF's dispatchable and non-dispatchable DSM programs required to meet the approved goals set by the FPSC on Dec 1, 2009.

7. Expected energy and demand reductions from customer-owned self-service cogeneration facilities are also included in this forecast. PEF will supply the supplemental load of self-service cogeneration customers. While PEF offers "standby" service to all cogeneration customers, the forecast does not assume an unplanned need for power at time of peak.

8. The economic outlook for this forecast was developed in October 2009 from data purchased from Economy.Com and a Florida county population projection from the University of Florida in March 2009 with a statewide population update in October 2009 by the Demographic Estimating Conference. These assumptions and resulting forecast replaces those used in the PEF rate case filed in 2009 which was developed before the collapse of financial system in September 2008 and significant increase in unemployment.

The U.S. economy appeared to be stabilizing at the time of the forecast development. Economy.com called for the national recession to bottom out in Q3:09 but the devastated housing market continued to hold down their optimism in the Florida economic condition. The U.S. unemployment rate appeared to be leveling off while Florida unemployment continued to rise in December 2009. While a significant rebound had occurred in the stock market, credit conditions, i.e., lending, had shown no improvement. This was restricting home sales as well as small business money management conditions. Home foreclosures and "short sales" had shot up in the State well beyond national rates and above any level seen before.

The collapse of the State housing market had taken its toll on every industry, either directly or indirectly, tied to the construction, sale or financing of the single family house. Employees put out of work were forced to leave the State to find other opportunities. In 2009 this has resulted in Florida's first annual decline in population since WWII when servicemen left Florida military bases to return home. The Florida legislature's Office of Economic & Demographic Research report in October 2009 showed the State population declining a second year in a row.

Stimulus efforts by the Federal government via the Wall Street bailout, the "Cash for Clunkers" program and unemployment insurance extensions appeared to keep the national economy from further decline. However, many worried about the longevity of these counter-cyclical measures after the stimulus money dried up. Particular concern in the areas of State government budget balancing requirements and commercial real estate mortgage refinancing issues worried many that continued drag on economic growth continued to exist. The PEF load and energy forecast reflects these concerns in the 2010 projections.