Progress Energy

March 14, 2012

VIA HAND DELIVERY

Ms. Judy Harlow
c/o Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: *Industry survey for legislative review of agency rules in effect on or before November 16, 2010*; Docket No. 110303-OT

Dear Ms. Harlow:

Please find enclosed for filing the original and five (5) copies of Progress Energy Florida, Inc.'s ("PEF") responses to the FPSC Survey questions in the above referenced docket.

Thank you for your assistance. Please feel free to call me at (727) 820-5184 should you have any questions.

Sincerely,

John T. Burnett LMS

John T. Burnett

COM ____
APA ____
ECR 1
GCL 2
RAD 1
SRC 1
ADM ____
OPC ____
CLK ____

RULE 25-17.0021, F.A.C., GOALS FOR ELECTRIC UTILITIES – SURVEY QUESTIONS

A. What are the utility's estimated transactional costs resulting from the Company's compliance with Rule 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?

1. **Goal Setting** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 3. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:

    a. **The cost of any studies, such as a technical potential study – the portion of the cost paid by your company of the ITRON Technical Potential Study for the last goal-setting proceeding may be used as a starting point, but should be time-shifted to approximately 2014 when the next goal-setting proceeding will commence.**

    b. **Witness preparation and their appearances before the Commission.**

    c. **Petition and testimony filings.**

    d. **Discovery costs.**

    e. **Other costs associated with the goal-setting process – please identify each.**

Response: Under Rule 25-17.0021, F.A.C., the goal setting process normally occurs once every 5 years, and the majority of the supporting activities can take place over a two year period with preparation including end-use studies. For this response, PEF is assuming costs associated with an end-use/billing analysis and Market Potential study. PEF projects the total costs for these activities to be approximately $1.5 million. The anticipated costs are shown in the table below and include projections of PEF labor and related costs such as expected third party support for the Technical and Achievable Potential Studies, associated licenses, software and travel costs to support the Goal Proceedings. Estimated costs were based on costs to support the 2009 Goal Proceeding.

PEF assumes that all Goal setting related costs would be recovered through the Energy Conservation Cost Recovery (ECCR) clause consistent with previous Proceedings.

Year 1	Year 2	Year 3	Year 4	Year 5
$162,762	$519,909	$855,710	$0	$0

2. **DSM Plan** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 4. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:

    a. **The cost of cost-effectiveness testing.**

    b. **Witness preparation and appearances before the Commission.**

    c. **Petition and testimony filings.**

    d. **Discovery costs.**

    e. **Other costs associated with developing the DSM plan - please identify each.**

Response: Under Rule 25-17.0021, F.A.C., the DSM Plan takes place following the establishment of goals during the Goal Setting Proceedings. As stated in response 1, this activity normally occurs once every five years. The two components that support the DSM Plan are the actual DSM Plan and the Program Participation standards to support the Programs as filed. Consistent with the expected timeline provided in response 1, activities to support the DSM Plan and Program Participation Standards are assumed to begin in 2013 and conclude in 2014. PEF estimates the total costs to be approximately $0.7 million. Additional "Other costs associated with developing the DSM plan" include travel associated with Agenda Conferences, Hearings, and Workshops.

PEF assumes that all DSM Plan related costs would be recovered through the Energy Conservation Cost Recovery (ECCR) clause consistent with previous Proceedings.

Year 1	Year 2	Year 3	Year 4	Year 5
$0	$0	$330,429	$324,048	$0

3. **Annual Report** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 5. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:

    a. **The cost of data collection.**

    b. **The cost of report preparation.**

    c. **Other costs associated with the annual report - please identify each.**

    Response: PEF estimates the total costs to support the DSM Annual Report over the 5 year time period to be approximately $77 thousand and includes estimates for PEF labor and associated costs.

PEF assumes that all DSM Plan related costs would be recovered through the Energy Conservation Cost Recovery (ECCR) clause consistent with previous Proceedings.

Year 1	Year 2	Year 3	Year 4	Year 5
$13,786	$14,916	$15,368	$15,820	$16,498

4. **Plan Implementation Cost** – Please provide the actual or estimated transactional costs for each of the five years, beginning July 1, 2011, paid by residential and commercial/industrial customers to carry out the utility's DSM plan. Please separate these costs into those applicable to residential programs and commercial/industrial programs. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
   a. **The cost of advertising DSM programs.**
   b. **The cost of informational and education materials.**
   c. **The cost of energy surveys.**
   d. **The cost of equipment and incentives provided to participating customers.**
   e. **Administrative costs.**
   f. **Other costs associated with implementing and conducting the DSM plan - please identify each.**

Response: As noted in responses 1 through 3 above, PEF assumes that Goal Setting and DSM Plan activities will take place during the 5 year timeframe. Assuming a new DSM Plan takes effect on January 1, 2015, PEF has estimated the costs of approximately $645 million to support a yet undetermined Plan to be consistent with the scope and magnitude of the DSM Plan in effect currently. The distribution of these estimated costs is shown in the table below and is broken down by residential and commercial segments. Estimated costs below include projections for PEF labor l and associated costs, customer rebates, contractor costs, and all other costs associated with DSM Plan Implementation. Finally, these costs include costs referenced in responses 1 through 3 above.

PEF assumes that all DSM Plan related costs would be recovered through the Energy Conservation Cost Recovery (ECCR) clause consistent with previous Proceedings.

	Year 1	Year 2	Year 3	Year 4	Year 5
Res	$57,267,098	$65,677,643	$74,810,611	$82,738,981	$88,286,300
Comm	$42,850,207	$49,143,411	$55,977,170	$61,909,587	$66,060,378

5. **Of the costs provided above, please discuss which are likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment.**

   Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on economic growth, private sector job creation or employment, or private sector investment.

6. **Of the costs provided above, which are likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing similar business in other states or domestic markets, productivity, or innovation.**

   Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on business competitiveness, including the ability of persons doing business in the state to compete with persons doing similar business in other states or domestic markets, productivity, or innovation.

B. **For the five year period beginning July 1, 2011, which requirements of this rule, if any, would be performed by the Company assuming the rule were not in effect? Please explain.**

Response: Assuming Rule 25-17.0021, F.A.C were not in effect, PEF would still likely have to comply with most, if not all, of the requirements under that rule pursuant to the obligations of the Florida Energy Efficiency and Conservation Act.

C. **For each of the requirements identified in B above, what are the transactional costs associated with such requirements for the five year period beginning July 1, 2011?**

Response: Please see PEF's responses to Question 1-4 above.

D. **What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011.

E. **What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011.

F. **What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions D and E, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on entities located in the Company's service territory other than those specifically identified in Questions D and E, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011.

G. **What does the utility believe is the expected impact of Rule 25-17.0021, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory.

H. **What does the utility believe is the expected impact of Rule 25- 17.0021, F.A.C., on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than

Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011.

I. **What are the benefits to your utility associated with Rule 25- 17.0021, F.A.C.?**

Response: Rule 25- 17.0021, F.A.C. provides for the orderly and consistent development, implementation, and reporting of PEF's requirements under the Florida Energy Efficiency and Conservation Act.

1. **What are the Company's estimated transactional costs resulting from the Company's compliance with Rule 25-22.032, F.A.C., for the five year period beginning July 1, 2011?**

Response: Estimated costs for five years resulting from the Company's compliance with Rule 25-22.032, F.A.C. are:

$132,110	2011
$140,340	2012
$144,501	2013
$148,787	2014
$153,202	2015

a. **For the five year period beginning July 1, 2011, which requirements of Rule 25-22.032, F.A.C., if any, would be performed by the Company assuming the rule were not in effect? Please explain.**

Response: The company would have to evaluate the impact to the removal of the rule to determine which requirements (or similar controls) would be retained. The company, however, would continue to perform similar processes regarding complaint handling, if Rule 25-22.032 were not in effect. PEF utilizes a similar process for handling complaints/concerns that are received via avenues other than the FPSC (governmental agencies, media personnel, etc.). By utilizing the current process for complaint handling, PEF feels the concerns brought forth by customers are handled in the most efficient manner.

b. **For each of the requirements identified in 1a., what are the estimated transactional costs associated with such requirements for the five year period beginning July 1, 2011.**

Response: Since the processes would be the similar if the rule were not in effect the costs would remain the same. The estimated costs are:

$132,110	2011
$140,340	2012
$144,501	2013
$148,787	2014
$153,202	2015

c. **What are your actual transactional costs resulting from your Company's compliance with Rule 25-22.032, F.A.C., for the period July 1, 2011 to December 31, 2011?**

Response: The transactional costs for the period July 1, 2011 to December 31, 2011 were approximately $66,056.

2. **What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011.

3. **What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011.

4. **What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-22.032, F.A.C., for the five year period beginning July 1, 2011.

5. **What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Company's service territory?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory.

6. **What does the Company believe is the expected impact of Rule 25-22.032, F.A.C., on business competitiveness, including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011 in your service territory?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011.

7. **What does the Company believe are the benefits associated with Rule 25-22.032, F.A.C.?**

Response: Rule 25-22.032 provides an orderly and consistent means for PEF to disposition customer complaints.

8. **Assuming Rule 25-22.032, F.A.C., is unchanged over the next five years, do you expect your Company's costs to comply with the rule, going forward, to increase, decrease, or remain the same. Please explain your response.**

Response: In general, costs would not increase significantly to comply with the rule itself, however, certain factors would play a role in causing an increase in cost, such as: employee salary/cost of living increases, postal charge increases, telecommunication charge increases, etc.

9. **Does your Company currently have procedures/personnel in place to address complaints received directly from your consumers?**

Response: Yes, PEF's Customer Service Center employees are trained to handle complaints received directly from the consumer. The Customer Service Center associates have an escalation process (Customer Service Associate/Senior Customer Service Associate/Customer Service Supervisor) for those consumers requesting to speak to the next level in an attempt to resolve their complaint.

Some complaints that originate in the Customer Service Center may escalate to PEF's Consumer Affairs Staff. The Consumer Affairs Staff also handles complaints received via governmental agencies, media personnel, etc.). The process includes analyzing the complaint details, contacting the customer to acknowledge/discuss/resolve the complaint, involving subject matter experts when necessary, and following up on any field work.

10. If Rule 25-22.032, F.A.C., were repealed would your Company continue to accept and address consumer complaints? Please explain your response.

Response: Yes, PEF would continue to accept and address complaints if Rule 25-22.032 were repealed. PEF feels the complaints/concerns brought forth by customers are important and allow the Company to address and identify opportunities for improvement. By addressing such complaints, PEF is also able to educate customers throughout the complaint resolution process. The Company feels the rule helps drive timely and thorough resolution to complaints as well as improving customer satisfaction.

11. Do you believe the costs, if any, incurred by your Company to comply with the records retention, reporting, and auditing requirements of Rule 25-22.032(10), F.A.C., for the five year period beginning July 1, 2011, if any, have an adverse impact on your Company? If so, please provide any and all data which supports your response.

Response: No.

12. Of the transactional costs estimated to be associated with compliance with 25-22.032, F.A.C., what percentage is spent on the following items:

a. **Staffing**
b. **Document storage and retention**
c. **Postage and shipping**
d. **Communications (dedicated phone lines, emails or faxes)**
e. **Other**

Response: The transactional costs estimated to be associated with compliance with 25-22.032, F.A.C., were spent on the following items:

98.76%	Staffing
0.04%	Document storage and retention
0.31%	Postage and shipping
0.89%	Communications
0.00%	Other

13. How many staff members at your Company are currently responsible for handling consumer complaints associated with 25-22.032, F.A.C.?

Response: Nine staff members are responsible for handling consumer complaints associated with 25-22.032 (3 Consumer Affairs Analysts & 6 Senior Consumer Affairs Associates).

a. **Are they full time employees?**

Response: Yes.

b. **Do these employees have responsibilities apart from handling complaints?**

Response: Yes. The staff members also handle concerns received via other avenues, such as governmental offices, media personnel, and any other high level customer concerns.

14. **Section 3 of Rule 25-22.032, F.A.C., states that a customer's service shall not be discontinued during the complaint resolution process. Have there been instances in 2010 through 2011, when your Company was uncompensated for service provided as a result of a billing dispute?**

Response: The majority of billing dispute complaints result in delayed compensation, rather than no compensation.

a. **In the majority of these cases, is the Company able to recoup these costs after the complaint is resolved?**

Response: Yes, in the majority of billing dispute cases, PEF is able to recoup the costs after the complaint is resolved. Most customers continue to have an active electric account with PEF after the complaint is closed; therefore, PEF is able to take action on the account and recoup any outstanding charges.

15. **Does your Company subscribe to the Florida Public Service Commission's telephone "transfer-connect" or email transfer system?**

Response: Yes.

a. **What are the annual costs associated with subscription to these systems, including costs due to additional requirements for staffing, operating hours and document retention?**

Response: The annual costs are approximately $1,181.

16. **Approximately what percentage of complaints are resolved prior to reaching the Informal Conference stage described in Section 8 of Rule 25-22.032, F.A.C.?**

Response: 100%.

a. **How many times has your Company had a consumer complaint that has escalated all the way to the informal conference stage in the previous two years?**

Response: None.

b. **How many times in 2010 through 2011 has your Company had a complaint process that was escalated beyond the informal conference stage?**

Response: None.

17. Approximately what percentage of complaints from your customers filed with the Florida Public Service Commission are successfully resolved within 30 days?

Response: 95% of the complaints filed with the FPSC are successfully resolved within 30 days. PEF works diligently to complete all necessary steps to resolve the customer's complaint, prior to the due date of the complaint.

18. How has Rule 25-22.032, F.A.C., affected the way your Company processes complaints?

Response: Rule 25-22.032 has not had any significant impact to the way PEF handles complaints, however, the Rule does provide additional standards and structure to the overall complaint handling process.

a. **Has the rule had a positive, negative, or neutral impact on your Company?**

Response: Positive. Although PEF would have handled the complaints in the same manner, even if the rule were not in place, the Rule does provide a certain degree of structure to the handling of the complaint. PEF is committed to customer satisfaction and believes in resolving all customer concerns in a professional and timely fashion.

b. **How has the rule affected the Company's cost of handling complaints?**

Response: Rule 25-22.032 may have had an incremental difference in cost, however, since PEF would continue to handle the complaints in the basic same manner, the cost difference would be insignificant.

1a. What are the Company's estimated transactional costs resulting from the Company's compliance with Rule 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?

Response: The Company's estimated transactional costs resulting from the Company's compliance with Rule 25-6.0436, F.A.C. for the five year period beginning July 1, 2011 are approximately $1.8 million escalating to $2.1 million annually. This amount includes labor and other costs to maintain property records and perform depreciation related activities as included in answer 1b. and the costs for preparation of the depreciation study in answer 1d.a. and 1d.b.

1b. What are the Company's estimated recurring annual costs to maintain property records and to perform depreciation-related activities (including tracking additions, retirements, and adjustments, and determining associated reserves) for the FPSC jurisdiction?

Response: The Company's estimated recurring annual costs to maintain property records for 2012 are approximately $1.8 million. This amount includes labor and associated taxes and benefit burdens as well as the annual license and support fees for the asset sub ledger system.

1c. Is the quadrennial depreciation study prepared in-house or by an outside consultant?

Response: The quadrennial depreciation study is prepared by an outside consultant.

1d. If the answer to 1c. is "outside consultant," please respond to the following questions:

a. What was the cost of the most recent study prepared by an outside consultant, and on what date was the consultant paid for their services?

Response: The cost of the most recent study prepared by the outside consultant was approximately $140,000. This amount includes preparation of the study, review of data, meetings with management, preparation of testimony, preparation of answers to discovery requests, time at PEF's hearing as a witness and travel. The consultant was paid monthly throughout the term of the agreement as work was performed.

b. What is the utility's estimated cost to provide the necessary information required for the outside consultant to prepare a study, and when were these costs incurred?

Response: The utility's estimated cost to provide the necessary information required for the outside consultant to prepare the study is approximately $60,000. This amount includes labor costs for property accounting personnel to pull together data for the outside consultant, answer questions on specific data and analyze retirement scenarios.

c. **Will an outside consultant be used to prepare the next study? If yes, what is the estimated cost to prepare the next study?**

Response: Yes, it is likely that the company will continue to utilize the services of an outside consultant to prepare the next depreciation study. Estimated costs for the consultant only are in the range of $200,000 to $300,000. This increase reflects additional analysis and support required for the study per Docket 090079-EI, Order No. PSC-10-0131-FOF-EI.

1e. If the answer to 1c. is "in-house," please respond to the following questions.

a. **What was the utility's cost to prepare the most recent depreciation study, and over what time period were such costs incurred?**

Response: Not applicable.

b. **What is the utility's estimated cost to prepare the next depreciation study?**

Response: Not applicable.

2. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by Section 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011.

3. What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011.

4. **What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on entities located in the Company's service territory other than those specifically identified in Questions 2 and 3, resulting from the implementation of 25-6.0436, F.A.C., for the five year period beginning July 1, 2011.

5. **What does the Company believe is the expected impact of Rule 25-6.0436, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011 in the Company's service territory?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory.

6. **What does the Company believe is the expected impact of Rule 25-6.0436, F.A.C., on business competitiveness, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period beginning July 1, 2011?**

Response: As a general matter, all of the costs above do impact PEF's ultimate price for electric power, but PEF cannot reliably estimate what impact these costs may or may not have on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011.

7. **What does the Company believe are the benefits associated with Rule 25-6.0436, F.A.C.?**

Response: PEF believes there are benefits associated with Rule 25-6.0436, F.A.C. First, regarding the completion of quadrennial depreciation studies, inherent in depreciation studies and therefore depreciation rates, are a series of estimates including terminal life dates, salvage, retirement costs (cost of removal). As with any estimate, it is good practice to review and validate these estimates periodically and make the necessary adjustments to the estimate for prospective application.