

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light

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Docket No. 000824-EI  
Submitted for Filing  
November 7, 2001

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**FPC's RESPONSE TO CITIZENS' SECOND SET OF INTERROGATORIES TO FPC**

Pursuant to § 350.0611(1), Fla. Stat. (2000), Fla. Admin. Code R. 28-106.206, and Fla. R. Civ. P.1.340, Florida Power Corporation ("**FPC**") responds to Florida's Citizens ("**Citizens**"), Second Set of Interrogatories and states as follows:

**GENERAL OBJECTIONS**

FPC objects to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time the response is first made to these interrogatories or is later determined to be applicable based on the discovery of documents, investigation or analysis. FPC in no way intends to waive any such privilege or protection.

In certain circumstances, FPC may determine upon investigation and analysis that information responsive to certain interrogatories to which objections are not otherwise asserted are confidential and proprietary and should be produced only under an appropriate confidentiality agreement and protective order, if at all. By agreeing to provide such information in response to such interrogatory, FPC is not waiving its right to insist upon appropriate

protection of confidentiality by means of a confidentiality agreement and protective order. FPC hereby asserts its right to require such protection of any and all documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPC objects to these interrogatories and any definitions and instructions that purport to expand FPC's obligations under applicable law.

FPC objects to these interrogatories to the extent they are intended to require any expert/consultant retained by FPC in connection with this proceeding to provide a response, except those interrogatories that are expressly permitted to be directed at an expert/consultant as set forth in Florida Rule of Civil Procedure 1.280(b)(4). Rule 1.340 permits interrogatories to be directed only to parties, and FPC is not obligated to have experts/consultants respond to interrogatories other than those limited interrogatories that are specifically authorized as stated above. However, in the spirit of cooperation, FPC will agree at this point to have its experts/consultants provide responses to this set of interrogatories, but preserves its right to refuse to continue to do so at any point should it so choose. FPC in no way intends to waive this objection.

FPC also objects to these interrogatories to the extent they purport to require FPC to prepare information or perform calculations not previously prepared or performed as an attempt to expand FPC's obligations under applicable law. FPC will comply with its obligations under the applicable rules of procedure.

FPC objects to the interrogatories to the extent they purport to require FPC to provide responses on behalf of Florida Progress Corporation, Progress Energy, Inc., Progress Energy Service Company, LLC. FPC does not have an obligation under the rules to respond to

interrogatories on behalf of these companies, but FPC agrees to do so in any event to expedite discovery, to the extent such interrogatory responses are relevant to the issues in this case. FPC reserves the right to decline to respond to any interrogatories that are not pertinent to the issues in the case.

FPC incorporates by reference all of the foregoing general objections into each of its specific objections set forth below as though pleaded therein.

In addition, FPC reserves its right to count interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional interrogatories served by any party.

### **SPECIFIC OBJECTIONS**

#### **Instructions**

FPC objects to the first instruction (1) to the extent it purports to expand FPC's obligations under applicable law. FPC will comply with its obligations under applicable rules of procedure.

### **INTERROGATORIES**

**18. Please identify all correspondence and documents that have been submitted, formally or informally, to the FERC associated with the merger.**

Florida Progress/Progress Power Marketing filing of notification of change of status associated with the merger.

2/2/00 FERC Joint Application of CP&L Holdings, Inc. on behalf of its Public Utility Subsidiaries and Florida Progress Corporation on behalf of its Public Utility Subsidiaries for authorization to merger facilities and Joint Open Access Transmission Tariff of CP&L and FPC and System Integration Agreement between CP&L and FPC Volumes 1-5 Docket EC00-55 & ER00-1520

Filing of 3/14/00 Amended & Restated Agreement and Plan of Exchange between CP&L/Florida Progress on 3/21/00.

Answer of CP&L Energy, Inc., and Florida Progress Corporation to Motions to Impose Merger

Conditions and Hold a Hearing filed 4/18/00

Answer of CP&L Energy, Inc., and Florida Progress to the Fertilizer Institute Late filed motion to reject merger or hold hearing filed 4/27/00

CP&L and Florida Progress submittal of additional applications filed with the SEC, NRC, FCC and NCUC as par to exhibit "G" filed 5/31/00

Response to FERC Data Request submitted 6/30/00

FERC Order approving merger dated 7/12/00

Answer of CP&L and Florida Progress in Opposition to Request for clarification or for rehearing of Order authorizing merger filed with 8/14/00

Motion of CP&L Energy and Florida Progress for rejection of request on the City of Fayetteville, N.C. for rehearing filed 8/25/00

Answer of CP&L Energy and Florida Progress in Opposition to Request of City of Fayetteville, N.C. for reconsideration of Order Authorizing Merger filed 9/13/00

12/8/00 Letter to FERC advising of consummation of merger

FERC Order denying rehearing and clarification date 2/7/01

**19. Please explain how generation planning between FPC and CP&L will be conducted after the merger. Please include in your response a discussion of the governing bodies or committees that will make overall generation planning decisions and identify the personnel responsible for making and executing those decisions. In addition, please include a discussion of the specific plans that Progress Energy has for the siting of new generating units and the operation and maintenance of existing units.**

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case. FPC will respond to this interrogatory only for FPC. Moreover, FPC's states that Progress Energy is a holding company and does not plan the siting of new generation. Without waiving these objections, FPC states as follows:

The generation planning processes for CP&L and FPC are performed in the System Resource Planning Section within the System Planning and Operations Department. Generation Planning functions, processes, and products for CP&L and FPC are the responsibility of John B. Crisp, Director of System Resource Planning. The planning processes and functions are similar for each utility: 1) Load forecasts and load control programs are prepared for each utility; 2) generation technologies are evaluated; 3) fuel forecasts and market energy forecasts are prepared; and 4) existing generation fleet data are updated. Once all the data are collected or updated, the respective generation simulation models are run to determine necessary fleet additions (if any), and resulting production costs that result from simulations of annualized fleet operations. The model output is reviewed to assess performance sensitivities with respect to fleet operational and dependability criteria. Recommendations on modifications to the Ten Year Site Plan (FPC) or Integrated Resource Plan (CP&L) are prepared and submitted to an Executive Management team consisting of executives from the respective operating companies.

The following executives participate in generating fleet addition decisions: William Habermeyer, President and CEO of Florida Power Corporation, Mr William Orser, Group President of Energy Supply, and Mr. Tom Kilgore, Group President of Energy Ventures

The most current 10 Year Site Plan provides a description of future additions to the Florida Power generation fleet. Four combined cycle generating blocks will be added to the Florida Power system within the next 10 years. These power blocks will add approximately 2,300 net winter MW to the system. In addition, a peak generation unit will be installed in 2006 which will add 182 net winter MW. Please refer to the current Florida Power Ten Year Site Plan for additional details.

**20. Please explain how transmission planning between FPC and CP&L will be conducted after the merger. Please include in your response a discussion of the governing bodies or committees that will make overall transmission planning decisions and identify the personnel responsible for making and executing those decisions. In addition, please include a discussion of the specific plans that Progress Energy has for the siting of new transmission assets and the operation and maintenance of existing assets.**

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case. FPC will respond to this interrogatory only for FPC. Moreover, FPC's states that Progress Energy is a holding company and does not plan for the siting of new transmission assets. Without waiving these objections, FPC states as follows:

FPC will continue to have a transmission planning unit in Florida which will be responsible for developing a long term transmission expansion plan for FPC. This plan will continue to meet the planning criteria established by the North American Electric Reliability Council (NERC) and Florida Reliability Coordinating Council (FRCC).

The following executives participate in decisions concerning the siting and construction of transmission projects: Vice President of FPC Transmission, Sarah Rogers, and the President of FPC. The operation and maintenance of the existing assets will be conducted as explained by FPC in the answer to Citizens' Section Second Set of Interrogatories number 35.

**21. Please explain how distribution planning between FPC and CP&L will be conducted after the merger. Please include in your response a discussion of the governing bodies or committees that will make overall distribution planning decisions, and identify the personnel responsible for making and executing those decisions. In addition, please include in your response a discussion of the specific plans that Progress Energy has for the**

**siting of new distribution assets and the operation and maintenance of existing assets.**

FPC objects to this interrogatory as compound and reserves its right to count this interrogatory as two (2) separate interrogatories for purposes of determining its obligation to continue to provide responses under the order governing procedure in this case. FPC will respond to this interrogatory only for FPC. Moreover, FPC's states that Progress Energy is a holding company and does not plan for the siting of new distribution assets. Without waiving these objections, FPC states as follows:

Distribution planners were located in each region of Florida Power prior to the merger. This did not change with the merger. The planners are responsible for developing plans and projects to address and serve the load growth and needs of each area. In turn, these projects ensure that the appropriate infrastructure is in place to serve new customers and maintain the performance of the system. Plans are developed for three years to address the capacity and feeder needs of the area. The 10-year substation capacity plan is developed for approval and funding through the normal FPC budgeting process up to the senior management of FPC. These facilities are installed by the existing FPC organization responsible for design and construction. Once installed they become part of the system used to connect and serve customers. Their operation and maintenance are the responsibility of the existing organization charged with operating and maintaining the distribution system.

**22. Please identify all purchase power agreements that have been entered into or are anticipated to be entered into between CP&L and FPC.**

FPC objects to this interrogatory as irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence. FPC's purchased power costs are not recovered through base rates.

23.

FPC objects to each of the subparts of this interrogatory as irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence. FPC's purchased power costs are not recovered through base rates.

**(a) Please identify which regulatory body(ies) has the jurisdictional oversight for purchased power agreements between CP&L and FPC.**

FPC further objects to this subpart to the extent it calls for a legal conclusion.

**(b) Have any affiliate codes of conduct to govern the contracts envisioned between the CP&L and FPC been filed with any regulatory bodies identified in (a)?**

See general response above.

**(c) What mechanisms will Progress Energy put into place to ensure that affiliate relationships are not abused regarding purchased power transactions between CP&L and FPC?**

See general response above.

24.

**(a) Please identify all subsidiaries and affiliates of Progress Energy that will receive services from Progress Energy Service, LLC.**

FPC is seeking an extension of time to respond to this interrogatory.

**(b) For each of the affiliates identified in response to (a), please specify the types of services that will be provided by Progress Energy Services, e.g., management, tax, legal, other.**

FPC is seeking an extension of time to respond to this interrogatory.

**25. Please identify the number of teams and the personnel composition (i.e. name, title, job classification) of the teams used to develop the estimates of merger synergy savings and transition costs.**



FPC will provide a list of the core teams and number of members on each core team used to develop estimations of merger synergy savings and transition costs. FPC otherwise objects to this interrogatory as irrelevant, immaterial and not reasonably calculated to lead to the discovery of admissible evidence.

Integration Program Management Office	6
Regulatory Team	17
Nuclear Team	8
Power Operations	23
Energy Ventures	7
Retail	8
Energy Delivery – Customer Service	17
Energy Delivery – Transmission and Distribution	13
Corporate Services	15
Financial	15
I/T	14
Human Resources	10
Corporate Communications	14
Audit Services	6
Health and Safety	6
Legal Services	9
Public Affairs	5
Telecom	3
Environmental	17

**26. Please provide information on all bonuses, salary adjustments, special awards or any other type of financial compensation which will accrue to the officers and senior executives of the companies involved in the merger as a result of this merger being completed. Identify the persons which receive or will receive this financial compensation and the amount of the compensation.**

None.

**27. Please indicate whether any of the bonuses, salary adjustments, special awards or any other type of financial compensation for senior management and officers are included in the costs to achieve or any other merger related costs.**

None.

**28. Please identify the amount change in control and executive termination payments that were paid as of December 2000. Please indicate the amount of the payment, to whom the payment was made, and the company the executive worked for.**

Florida Power

Joseph Richardson \$8,099,779  
Kenneth Armstrong \$1,691,176  
William Kelley \$1,495,931  
Other Executives (11) \$13,760,863

Change in control executive termination payments made to executives of Florida

Progress or any other company have not been included in Florida Power's monthly reporting of earnings surveillance to the Florida Public Service Commission, thus FPC otherwise objects to this request as irrelevant, immaterial and not reasonably calculated to lead to the discovery of admissible evidence.

**29. Please identify the amount change in control and executive termination payments that have and are expected to be made as of December 2001. Please indicate the amount of the payment, to whom the payment was made, and the company the executive worked for.**

None.

**30. For purposes of this request, please refer to page 44 of Section F of the MFRs. Under Note 2 it states "...the Company began the implementation of a plan to combine operation of the companies resulting in a non-executive involuntary termination cost accrual of approximately \$52.2 million. Approximately \$41.8 million attributable to Florida Power employees and has been reflected as part of the purchase price allocation." Please provide a detailed explanation of how this \$41.8 million was reflected as part of the purchase price allocation.**

The acquisition of Florida Progress by Progress Energy was accounted for using the purchase method of accounting. Under the purchase method, the purchase price is allocated between the fair market value of tangible and intangible assets and liabilities acquired with the remaining attributable to goodwill. The assumption of liabilities associated with change in control payments was recorded in establishing the fair value of liabilities. The effect in the purchased price allocation increased the amount of goodwill recorded on the books of Progress Energy.

**31. Please provide, on an annual basis, for 1999, 2000, and 2001 year to date, and projected for the year 2002, the descriptive statistics on FPC's and CP&L's revenues, sales, fuel mix, generation mix, customers, revenue per kWh. This information should be provided on a per Operating Company, and per jurisdiction, basis.**

FPC will respond to this interrogatory on behalf of FPC. FPC otherwise objects to this interrogatory as irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

	Projected Calendar Year 2002	Y-T-D through August 2001
Revenues	Mfr Section C, pg 2	\$2,150,138,269

Sales (MWh's)	39,931,572	26,740,372
Fuel Generation/ Mix		
Coal	35%	34%
Oil	15%	17%
Nuclear	14%	15%
Gas	15%	12%
Purchased Power	21%	22%
Customers (average)	1,468,002	1,439,229
Sales Revenue per kwh	7.83 cents	7.74 cents

Sales revenue per kwh for 1999 and 2000 was 6.76 cents and 6.94 cents respectively.

Please see FERC Form 1 pages 300 and 301 for company statistics on Florida Power revenues, sales (Mwh's) and customers for 1999 and 2000. Fuel/Generation mix for 1999 and 2000 can be found in the Company's MFRs, Section F, pg. 118.

**32. For purposes of this request, please refer to page 9 of Mr. Myers' testimony.**

**(a) Please define "best practices" as used in the first paragraph on page 9.**

"Best Practices" are those that most increase the company's performance in terms of strategic gains, financial results, customer satisfaction or employee satisfaction.

**(b) Will any FPC "best practices" continue to be used in the post-merger company? If so, please identify.**

Yes, however, it would be impossible for FPC to identify each and every FPC practice that is being carried forward post-merger. FPC provides the following examples of some FPC practices that will continue to be used.

- Corporate Safety adopted FPC's centralized process for handling OSHA recordables.
- Corporate Services adopted best practices from FPC as well as CP&L in buying

power, inventory management, warehouse management, transformer repairs and mail services.

- Revenue Protection adopted FPC’s robust revenue protection program that identifies potential energy theft, investigates the thefts and collects.

**33. For purposes of this request, please refer to page 9, “Increased investment in reliability,” of Mr. Myers’ testimony.**

**(a) Please provide the number of service interruptions experienced by Florida customers in 1999, 2000, and 2001 year to date, broken down by area, type of interruptions, or other categories, used by the company to track interruptions for internal purposes.**

Operating Center	Year-End 1999	Year-End 2000	YTD to 9/30/01
St. Petersburg	4,001	4,162	3,057
Walsingham	3,573	3,434	2,689
Clearwater	2,983	2,755	2,319
Seven Springs	3,054	3,160	2,500
SUNCOAST	13,611	13,511	10,565
Jamestown	5,054	4,510	4,296
Apopka	4,851	5,015	4,199
Deland	2,343	2,368	2,090
NORTH CENTRAL	12,248	11,893	10,585
Buena Vista	2,445	2,310	2,004
Lake Wales	2,338	2,499	1,879
Highlands	1,617	1,429	1,299
SOUTH CENTRAL	6,400	6,238	5,182
Ocala	5,037	4,732	3,885
Monticello	1,605	2,612	1,896
NORTH FLA	6,642	7,344	5,781

**(b) Please provide the number of service interruptions experience by customers of CP&L in 1999, 2000, and 2001 year to date presented in the analogous manner to the statistics provided in response to (a), to the extent possible.**

FPC objects to this interrogatory as irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

**(c) Please identify the equipment to be added to aid in the identification and location of faults, the amount of the equipment, and indicate when installation will be complete.**

FPC is seeking an extension of time to respond to this interrogatory.

**34. For purposes of this request, please refer to page 9, “Improved Outage Response,” of Mr. Myers’ testimony. Please identify the compatible equipment and systems cited in the discussion of Improved Outage Response.**

- New Rockwell switches have been purchased
- New web based outage entry system is now being utilized across the company
- Established a 1-800 number for outages and 21<sup>st</sup> Century service provider
- Working towards rolling out a common radio system
- Storm plans are standardized to mirror each other capitalizing on significant experience with major events in Carolina

**35. For purposes of this request, please refer to page 11, “Regional Transmission Maintenance Organization,” of Mr. Myers’ testimony.**

**(a) Please provide the annual historic staffing levels for FPC’s Transmission Maintenance Organization for the years 1999, 2000, and 2001 year to date.**

1999 = 189

2000 = 186

(these numbers include persons responsible for both construction and maintenance)

**(b) Please provide the projected staffing level for 2001 and 2002 for the newly organized regional transmission maintenance organization.**

The total number of positions within the regional transmission maintenance organizations (RTMO) in 2001 is 167.

The total number of positions projected to be in the RTMO for 2002 is 184.

**(c) Please describe the organizational structure used by CP&L cited in the testimony.**

Please see attachment.

**(d) Please explain how use of the regional work groups will improve customer service.**

Work groups will be dedicated to the maintenance of the transmission system in a particular region and will not also have construction responsibilities as they have in the past. This will permit each work group to better focus on maintenance activities to ensure better customer service.

**36. For purposes of this request, please refer to page 11, "Additional Operating Centers," of Mr. Myers' testimony.**

**(a) Please describe CP&L's "best practices" concerning operating centers.**

FPC is seeking an extension of time to respond to this interrogatory.

**(b) Please explain how these best practices determine the number of such centers.**

FPC is seeking an extension of time to respond to this interrogatory.

**(c) Please identify the location of all operating centers located in FPC's service territory prior to the merger.**

See response to (g) below.

**(d) Will all the centers identified in response to (c) continue in operation following the merger?**

Yes.

**(e) If the response to (d) is not affirmative, identify the centers that will close following the merger.**

N/A

**(f) Please identify the location of the four new centers cited by Mr. Myers.**

See response to (g) below.

**(g) For each center identified in response to (c) and (f), please provide the number of full time equivalent employees (broken down by job title), that will staff the centers.**

FPC will provide the number of FTE's that will staff the centers. FPC otherwise objects to this interrogatory as overbroad, irrelevant, immaterial and not reasonably calculated to lead to the discovery of admissible evidence.

**Existing Op Centers**

North Central Region

Op. Center	2000
<b>Jamestown/Conway/Apopka/Deland</b>	<b>349</b>

South Central Region

Op. Center	2000
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<b>Buena Vista/Clermont/Lake Wales/Highlands</b>	<b>231</b>
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Suncoast Region

Op. Center	2000
<b>Clearwater/St. Pete/Seven Spgs/Zephyrhills/Tarpon Spgs/Walsingham</b>	<b>330</b>

Northern Region

Op. Center	2000
<b>Ocala/Monticello/Inverness/Trenton/Madison/Jasper/Crawfordville/Carrabelle/Appalachicola/Perry/Port St. Joe</b>	<b>183</b>

New Op Centers

Suncoast Region

Op. Center	2002*
<b>Tarpon Springs</b>	<b>40</b>

North Coastal Region

Op. Center	2002**
<b>Wildwood</b>	<b>21</b>

South Central Region

Op. Center	2002*
<b>Winter Garden</b>	<b>80</b>

North Central Region

Op. Center	2002*
<b>Longwood</b>	<b>70</b>

**\*To be built in 2002**

**\*\* Opened 9/15/01**

37. For purposes of this request, please refer to page 12, "Automated metering technology," of Mr. Myers' testimony.

**(a) Please provide a description of the planned deployment of the automated metering technology, including:**

Florida Power is planning to begin a pilot program in 2002 to evaluate the effectiveness of automated metering technology in Florida. The program is targeted to larger customers (above 500 KW demand) and 3,000 residential customers each year.

**i. a general timeline of the planned roll-out of the meters;**

2002 and 2003: about 425 commercial or industrial customers (above 500 KW) and 3,000 residential customers each year.

**ii the number of residential, commercial, and industrial customers to be equipped with the technology each year during the roll-out;**

See response above.

**iii. the estimated reduction each year of the roll-out in the number of meter reading employee;**

There is no meaningful reduction in meter readers during the pilot program.

**(b) Does CP&L now use automated metering technology?**

Yes. CP&L utilized an automated meter reading system (AMR). The program is called the Advanced Access & Automation system or simply A3

**(c) If the response to (b) is affirmative, please provide the number of residential, commercial, and industrial customers equipped with the technology in each of CP&L's service territories;**

As of 2002, approximately 1100 residential points of delivery are equipped with AMR. The primary focus to-date in the residential segment has been on hard-to-read accounts, defined as accounts where the meter is located inside a home, a premise that is difficult to access (a

locked gate or several miles off road) or a premise that presents a safety risk for meter readers (aggressive dogs, violent/aggressive customers, unsafe/hazardous conditions, etc.) As of October 1, 2001, approximately 4,709 commercial and industrial points of delivery are equipped with AMR. By December 31, 2001, installations will be completed at the remaining 200 sites > 500 kW, bringing this total to 4909.

**(d) If the response to (b) is affirmative, please provide a description of the implementation of the technology in CP&L's service territories, including the year in which it was first introduced, and the percentage of all customers now served with automated metering technology.**

CP&L began implementation of an AMR in late 1999, utilizing a diverse set of communication technologies and meter types. Presently CP&L uses four types of communications: wireless data network (as supplied by Motient); cellular, in-bound and out-bound telephone and low-earth orbit satellite (as supplied by Viasat) connected to electronic meters from ABB (Alpha) and Transdata (Mark V). CP&L utilizes ABB's EnergyAxis AMR server system to read 4873 points of delivery and Itrons's MV-90 system to read 1136 today (the MV-90 points of delivery will be transferred to the ABB system in early 2002). By December 31, 2001, CP&L will have approximately 6009 points of delivery equipped with automated Metering (approximately .5% of its total 1.3 million customer base). This includes all accounts > 500 kW (approximately 2866 points of delivery), 2043 accounts 30-500 kW and 1100 accounts <30 kW. Current plans are to expand A3 to mass markets such as residential and light commercial customers, focusing on metropolitan areas to take advantage of population density. This installation effort would target approximately 700,000 electric customers and approximately 30,000 gas customers (NCNG accounts which co-exist with CP&L accounts) over a 4 year

horizon, beginning in 2002. Additional communication technologies and meter types will be added to compliment the existing system and infrastructure.

**38. For purposes of this request, please refer to page 12, "New payment locations," of Mr. Myers' testimony.**

**(a) Please identify the location of each of the 150 new payment locations.**

As of October 22, 2001, FPC has a total of 170 new paystations as follows:

We have a total of 170 new established paystations as of 10/22/01.

Mail Plus	1901 W. Bay Drive, Suite 17	Largo
Mailboxes, Etc.	200 2nd Avenue South	St. Petersburg
Quick Food Mart	7149 Ulmerton Road	Largo
Jack's Quick Cash	114 South Semoran Blvd.	Winter Park
Jack's Quick Cash	6926 Silver Star Road	Orlando
E-Z Stop	7865 49th Street North	Pinellas Park
Pac-N-Send	8740 Seminole Boulevard	Seminole
One Stop Shoppe, Inc.	411 Cleveland Street	Clearwater
Mail Call, Etc.	4524 Curry Ford Road	Orlando
Fairway Foods	1090 South Belcher Road	Largo
Mail Boxes, Etc.	204 37th Avenue, North	St. Petersburg
Pac-N-Send	53 Baymont Street	Clearwater Beach
People's Choice Corp.	8515 Forest City Road	Orlando
Mailboxes, Etc.	7512 Dr. Phillips Boulevard	Orlando
El Ranchito De Pepe (Pepe's Market)(Spanish Speaking)	1406 Cleveland Street	Clearwater
Hometown Foods	1203 West Highway 50	Clermont
Mansour's Texaco & Food Mart	6303 South Orange Blossom Trail	Orlando

Sunny Mini Mart	5301 Satel Drive	Orlando
Beverly Hills Florist	1 West Golden Street	Beverly Hills
The Sports Den	11892 Illinois Street	Dunnellon
First Class Wireless	13874 Landstar Boulevard	Orlando
First Class Wireless	8098 South Orange Blossom Trail	Orlando
Caladesi Package Service-A Hallmark Store	904 Curlew Road	Dunedin
Mail Boxes, Etc.	3665 East Bay Drive #204	Largo
Winter Springs Food Market	147 West State Road 434	Winter Springs
Mr. Payroll	2927 Roosevelt Boulevard	Clearwater
Angus Wholesale Meats	5274 West Dunnellon Road	Dunnellon
Clearwater Bus Terminal	2811 Gulf to Bay Boulevard	Clearwater
Pack/Ship Unlimited	30617 US 19 North	Palm Harbor
Wrap and Roll, Inc.	616 Alternate 19	Palm Harbor
We Pak Express	1015 Semoran Boulevard	Casselberry
7 Days Food Store	11561 Walsingham Road	Largo
Millennium Pager & Cellular	575 S. Chickasaw Trail	Orlando
Qwik Pack & Ship	861 E. Klosterman Road	Tarpon Springs
The Gift Shelf	2850 34th Street North	St. Petersburg
Akers & Hebron True Value	5846 9th Avenue North	St. Petersburg
A Rainbow of Flowers	13501 Icot Boulevard, Suite 102	Clearwater
Postnet	4185 Lake Mary Boulevard	Lake Mary
Food Mart USA	1191 W. SR 436	Forest City
Mailboxes, Etc.	5703 Red Bug Lake Road	Winter Springs
A to Z Superette	405 North Grove Street	Eustis
99 Food Mart	3349 Orange Blossom Trail	Plymouth
Mail Boxes, Etc.	2311 State Road 54	Lutz

Sunshine Center Furniture	15200 Old Highway 441	Tavares
Mail Boxes Etc.	61 Alafaya Woods Boulevard	Oviedo
Pinellas Point Meat Market	2208 62nd Avenue, South	St. Petersburg
Parcel Force	3859 Wekiva Springs Road	Longwood
Pack N Post at Homosassa	5455 South Suncoast Boulevard	Homosassa
Pakmail Center	873 West Bay Drive	Largo
El Jacalito	923 North Central Avenue	Umatilla
Tarpon Springs Zip N Ship	708 East Tarpon Springs Avenue	Tarpon Springs
Badcock Home Furnishings	197 Highway 98	Eastpoint
Greenwood Food Mart	1205 North Greenwood Avenue	Clearwater
Page Source	991 East Altamonte Drive	Altamonte Springs
Jackson's Drug Store	166 East Dogwood	Monticello
Mexico Lindo Market (Spanish Speaking)	6050 Park Boulevard	Pinellas Park
Swanson's Market	2739 9th Street North	St. Petersburg
Pick-A-Deli	1055 4th Street South	St. Petersburg
Advanced Paging	233 East State Road 434	Longwood
The Flower Basket	721 West Main Street	Inverness
Discount Food	1504 North Garden Avenue	Clearwater
Badcock Home Furnishings	1505 South Suncoast Boulevard	Crystal River
Badcock Home Furnishings	18885 Cortez Boulevard	Brooksville
Badcock Home Furnishings	10801 Southeast Hwy 441 and 27	Belleview
Food Mart USA	18001 Old Cheney Highway	Orlando
Cell City Communications	5828 North Orange Blossum Trail	Orlando
Cell City Communications	5600 West Colonial Drive	Orlando
Cell City Communications	11129 West Colonial Drive	Orlando
Star Deli Food Store	2451 5th Avenue, North	St. Petersburg

Mailbox Express	3993 Tyrone Boulevard	St. Petersburg
Cell City Communications	3831 West Vine Street	Kissimmee
Packaging Store	5155 34th Street South	St. Petersburg
Packaging Authority	1401 Missouri Avenue North	Largo
Pac N Send	14100 Walsingham Road	Largo
Shop N Go	36203 US Highway 19 North	Palm Harbor
Shashi's	1600 18th Avenue South	St. Petersburg
Badcock Furniture	305 North Main Street	High Springs
Liquidation Outlet	1032 Northwest Santa Fe Blvd.	High Springs
Chevron Food Market	3939 Land O' Lakes Blvd.	Land O' Lakes
Badcock Home Furnishings	3690 Gulf to Lake Hwy.	Inverness
More 4 Less	519 South Orange Blossom Trail	Apopka
Eustis Discount Food and Beverage	315 North Grove Street	Eustis
Wireless Works	12229 University Boulevard	Orlando
Frank & Sons Seafood Market	1079 W. Orange Blossom Trail	Apopka
Frank Naclerio Agency	1340 Pinehurst Road	Dunedin
Pickett's	800 W. Jefferson St.	Brooksville
One Stop Wireless	465 South Orlando Avenue	Maitland
Badcock Home Furnishings & More	405 S. Jefferson Street	Monticello
Badcock Furniture	126 Hwy 60 West	Lake Wales
Mine and Yours Cnsignments	4848 Allen Road	Zephyrhills
Postal Zone	7339 Gall Boulevard	Zephyrhills
Sav-A-Ton (KVN Food)	4334 Gall Boulevard	Zephyrhills
Miller's Leap of Faith	38430 5th Avenue	Zephyrhills
Discount Mini Mart (speaks English & Spanish)	525 West Orange Blossom Trail	Apopka

Oviedo Discount Beverage	110 Geneva Drive	Oviedo
SuperTel Wireless	501 N. Orlando Avenue, #141	Winter Park
Break Time	1285 Highland Avenue	Clearwater
Special Occasions	134 Avenue F	Apalachicola
Lake Wilson Chevron	6205 Lake Wilson Road Davenport	Davenport
Badcock Home Furnishings	903 US Hwy 27 North	Haines City
Century 21	2560 Trucks Avenue	Hernando
Slumber King	2449 US Hwy 27 South	Avon Park
Sunset Cards & Gifts/ Two for \$1.00 Card Store	2566 Sunset Point Road	Clearwater
Pinellas Park BP	8787 66th Street, North	Pinellas Park
B Z Texaco	238 South Orlando Avenue	Maitland
Badcock Home Furniture	6225 Seminole Blvd	Seminole
Badcock Home Furniture	900 Missouri Avenue North	Largo
Badcock Home Furniture	12152 West Colonial Drive	Winter Garden
Mail Boxes, Etc.	334 East Lake Road	Palm Harbor
Reddick Supermarket	15323 NW Gainesville Road	Reddick
Fast Service #1/aka. Orange Lake Citgo	18024 North US 441	Orange Lake
Haire Furniture Company	953 South Range Street	Madison
Hometown IGA	1102 NW 3rd Street	Jasper
Bryan Electric	111 W. Pinkney Street	Madison
Faye's Flowers and Gifts	62 Hatley Street	Jasper
Citgo Food Mart	7502 US Hwy 19N	New Port Richey
Edgewater Hotel	99 West Plant Street	Winter Garden
Mailboxes, Etc.	9438 US Hwy 19N	Port Richey
Sundog Wireless	4379 South Hwy 27	Clermont



TLC Food Mart, Inc.	7700 Blind Pass Road	St. Pete Beach
World Shell	8850 Park Boulevard	Seminole
Gulf Beach Cleaners	200 75th Avenue	St. Pete Beach
Hungry Howie's Pizza	117 North 7th Street	Haines City
Gulf Mini Mart	16451 Gulf Boulevard	North Redington Beach
M and S Market	6401 Central Avenue	St. Petersburg
EZ Foods	15 South Acuff Road	Lake Wales
Kirkland Grocery	430 South Florida Avenue	Deland
Kwik Stop	9019 60th Street North	Pinellas Park
Grenelefe Texaco	7110 SR 544 East	Haines City
Quest Marathon	8549 CR Old 54 Hwy	New Port Richey
Weirsdale Ace Hardware	16395 SE 138th Avenue	Weirsdale
Express Dry Cleaning	8104 4th Street North	St. Petersburg
Lake Weir Sales (BP Station)	13451 SE Hwy 25	Ocklawaha
Lady Lake Chevron Quick Mart	201 North Hwy 441 & 27	Lady Lake
Karousel Kids	11313 Starkey Road	Largo
New Story Market	244 West Story Road	Winter Garden
Central Express Paging	4441 Park Boulevard	Pinellas Park
Convenient Food Mart	6200 66th Street North	Pinellas Park
All Wireless Communications	6812 22nd Avenue North	St. Petersburg
Davis Hardware	6642 US Hwy 19	New Port Richey
Tri-City Laundry	5170 East Bay Drive	Clearwater
Waco Food Store #11	2410 S. Byron Butler Parkway	Perry
Fast Freddy's	904 S. Jefferson	Perry
Insurance World of Deland	146 North Woodland Boulevard	Deland

Mail Boxes, Etc.	2519 McMullen Booth Road	Clearwater
Community Ace Hardware	910 South Pinellas Avenue	Tarpon Springs
Family Book Shop	1301 North Woodland Boulevard	Deland
Texaco Foodmart	100 Dogtrack Rd.	Longwood
BG's Food Town	7100 5th Ave.,N.	St. Petersburg
Discount Market	1100 W. Euclid Avenue	Deland
Sundog Wireless	19 West Silver Star Rd.	Ocoee
Avatar Utility Services	871 Towne Center Drive	Poinciana
Texaco Express Mart	2500 North Woodland	Deland
Handle With Care Packaging Store	2381 Aloma Avenue	Winter Park
Park Food Mart	6328 Park Boulevard	Pinellas Park
Swanson's Market	10720 74 <sup>th</sup> Ave N	Clearwater
Swanson's Market	1209 Cleveland Street	Clearwater
Badcock Furniture of Lake Placid	381 E. Interlake Boulevard	Lake Placid
Music & Cell	11257 South Orange Blossom Trail, Suite #3	Orlando
Jay's Discount Beverage	2801 SR 17 North	Sebring
Gulfport Mini Mart	1615 58th Street South	Gulfport
27 Discount Beverage	3201 Hwy 27S	Haines City
All In One Convenience	150 North Volusia Avenue	Orange City
The Healing Forest	252 E. Stuart Avenue	Lake Wales
La Hacienda Market (Speaks Spanish)	509 North Pine Street	Sebring
Pak Mail	2029 SR 60 East	Lake Wales
Sebring Furniture (Speaks Spanish)	2651 US Hwy	Sebring
Sunshine Food Market	4512 Grand Boulevard	New Port Richey
Super 9 Travel Mart	5344 SE Abshiar Blvd.	Belleview

Badcock Furniture	1372 North Boulevard West	Leesburg
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**(b) Please identify the location of each of 50 pre-merger payment stations.**

Action Check Cashing	3850 S. Orlando Dr.	Sanford
Action Check Cashing	1235 Providence Blvd.	Deltona
Check Exchange	2325 S. Goldenrod Rd.	Orlando
First National Bank of Wauchula	406 N. 6th Ave.	Wauchula
First National Bank of Wauchula	1510 US Hwy 17 N	Wauchula
Jack's Quick Cash	101 Palm Springs Dr.	Altamonte Springs
A & J Beauty Supply	9536 S.E. Maricamp Rd.	Ocala
Badcock Furniture	500 N. Scenic Hwy.	Frostproof
Town of Cross City	251 NW 2nd Ave.	Cross City
Gulf State Bank	P. O. Box 488	Apalachicola
Costin's Bookkeeping	200 Reid Ave.	Port St. Joe
First Federal Savings	201 SE 2nd Ave.	Jasper
Wakulla Bank Crawfordville Branch	2932 Crawfordville Hwy.	Crawfordville
Wakulla Bank Supermarket Branch	2629 Crawfordville Hwy.	Crawfordville
Wakulla Bank St. Marks Branch	1970 Woodville Hwy.	Crawfordville
Tri-County Bank	302 N. Main St.	Trenton
City of Chiefland	214 E. Park Ave.	Chiefland
Absolute Signs and Printing, Inc.	20372 E. Pennsylvania Ave., Ste. B	Dunnellon
Y & A Coleman Superette	100 N. Commercial St.	Coleman
City of Gulfport	2401 53rd St. S.	Gulfport

ACE – America's Cash Express	2005 Gulf to Bay Blvd.	Clearwater
ACE – America's Cash Express	25720 US 19 N.	Clearwater
ACE – America's Cash Express	2940 34th St. S.	St. Petersburg
ACE – America's Cash Express	4100 E. Bay Dr. B-10	Clearwater
ACE – America's Cash Express	2705 54th Ave. #18	St. Petersburg
ACE – America's Cash Express	820 3rd Ave. S.	St. Petersburg
ACE – America's Cash Express	5561 Park Blvd.	Pinellas Park
ACE – America's Cash Express	1335 Brandon Blvd. #F	Brandon

ACE – America’s Cash Express	1711-B N. 50th St.	Tampa
ACE – America’s Cash Express	7737 Ulmerton Rd.	Largo
ACE – America’s Cash Express	5526 66th St. N.	St. Petersburg
ACE – America’s Cash Express	11144 US Hwy 19 #3	Port Richey
ACE – America’s Cash Express	3254 Central Ave.	St. Petersburg
ACE – America’s Cash Express	6821 W. Hillsboro Ave.	Tampa
ACE – America’s Cash Express	1420 N. Missouri Ave.	Largo
ACE – America’s Cash Express	8339 N. Dale Mabry Hwy.	Tampa
ACE – America’s Cash Express	1538 NW 6th St.	Gainesville
ACE – America’s Cash Express	8230 4th St. N.	St. Petersburg
ACE – America’s Cash Express	2317 E. Hillsborough Ave.	Tampa
ACE – America’s Cash Express	2400 SW College Rd., Ste. 102	Ocala
ACE – America’s Cash Express	5105 Silverstar Rd.	Orlando
ACE – America’s Cash Express	2509 E. Colonial Dr.	Orlando
ACE – America’s Cash Express	2520 S. Semoran Blvd.	Orlando
ACE – America’s Cash Express	4712 S. Orange Blossom Trail	Orlando
ACE – America’s Cash Express	5701 Edgewater Dr.	Orlando
ACE – America’s Cash Express	6851 Hwy 17-92 S.	Fern Park
ACE – America’s Cash Express	1740 Semoran Blvd. #140	Casselberry
ACE – America’s Cash Express	1560 S French	Sanford
ACE – America’s Cash Express	4207 W. Colonial Dr.	Orlando
ACE – America’s Cash Express	10526 E. Colonial Dr.	Orlando
ACE – America’s Cash Express	2920 35th St.	Orlando
ACE – America’s Cash Express	1750 Sun Shadow Dr. #122	Casselberry
ACE – America’s Cash Express	3223 Curry Ford Rd.	Orlando

**(c) Do the 50 pre-merger payment stations include the 33 sites identified as “business offices” in Mr. Myers’ testimony?**

No.

(d) Please identify the locations of the business office that will be closed.

**Answer**

St. Petersburg Store #001	125 5th Street South	St. Petersburg
Largo Store #004	100 Highland Ave., NE	Largo
New Port Richey Store #008	6600 US-19	New Port Richey
Zephyrhills Store #029	38231 Fifth Ave.	Zephyrhills
Pinellas Park Store #002	7550 43rd St. North	Pinellas Park
Clearwater Store #006	908 Cleveland St.	Clearwater
Land O Lakes Store #009	21827 State Rd. 54	Lutz
Inverness Store #017	2800 Hwy 44 West	Inverness
Gulf Beach Store #003	575 75th Ave.	St Petersburg Beach
Tarpon Springs Store #007	623 E. Tarpon Ave.	Tarpon Springs
Brooksville Store #011	629 W. Jefferson	Brooksville
Crystal River Store #018	8564 W. Venable St.	Crystal River
High Springs Store #015	515 NE Santa Fe Blvd (Hwy 441)	High Springs
Apalachicola Store #031	49 Ave. F	Apalachicola
Monticello Store #039	1295 E. Rocky Branch Rd.	Monticello
Reddick Store #023	17850 N US Hwy 441	Reddick
Crawfordville Store #035	4496 Crawfordville Hwy	Crawfordville
Perry Store #041	616 W. Jefferson St.	Perry
Madison Store #037	405 S. Range St.	Madison
Dunnellon Store #013	12005 N. Florida Ave.	Dunnellon
Ocklawaha Store #021	13750 E. Hwy C25	Ocklawaha
Trenton Store #025	729 E. Wade St.	Trenton
Winter Park Store #075	1100 N. Orange Ave.	Winter Park
Haines City Store #057	706 Melbourne Ave.	Haines City
Clermont Store #063	737 W. Montrose St.	Clermont
Deland Store #067	142 E. New York Ave.	Deland
Sebring Store #054	321 N. Mango St.	Sebring
Lake Wales Store #059	151 E. Central Ave.	Lake Wales
Eustis Store #065	40 S. Dewey St.	Eustis
Pine Castle Store #070	5563 S. Orange Ave.	Orlando
Apopka Store #061	33 Washington Ave.	Apopka
Winter Garden Store #066	8 N. Highland Ave.	Winter Garden

Longwood Store # 074	583 E. Hwy 434	Longwood
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**(e) Please provide a description of a “pay station,” comparing and contrasting it to a “business office,” including the number of employees at each center and the customer service and other tasks performed there.**

A paystation is physical location where customers may present a bill for payment and obtain a receipt, whereas, a business office was a location that could provides services such as account retrieval and look up, process payments and provide receipts, initiate customer requests for reconnects, disconnects, new service, and respond to customer inquires.

It should be noted that the two call centers are now doing the customer service work via telephone. By handling customer service in this way, customers can benefit from the around the clock operation of these centers. Additional lines are also available specifically for reporting outages, small business support, and to locate payment outlets.

**(f) For each of the pay stations identified in response to (a) and (b), please identify whether that stations will be manned or automated.**

All paystations utilize personnel employed by the respective retail establishment.

Currently there are not automated kiosks provided.

**(g) For each pay station that will be manned, (whether new or in operation prior to the merger) please provide the number of full-time equivalent employees at that station (broken down by job title).**

See response to (f) above.

**(h) Please provide the number of full time equivalent employees (broken down by job title) at each of the 33 business offices that will be closed.**

Solutions Store Supervisors	10
Customer Service Associates	31
Customer Service Assistants	4
Customer Service Representatives	14.5
Director, Solutions Stores	1
Manager, Solutions Stores	4

Total 64.5 as of March 31, 2001.

**(i) Please provide a description of the “customer service model” as used by CP&L since 1996.**

The CP&L model centers on accessibility, availability, convenience, and strong community presence. The model includes:

- Providing greater accessibility through significantly expanding the number of locations where customers can pay their bill and locating them close to the places where customers live and work.
- Focusing on convenience by ensuring most of these locations have expanded hours beyond the traditional 9 a.m. to 5 p.m. hours of the Company offices.
- Making customer service available to the customer via telephone 24 hours per day 7 days per week to answer customer questions, initiate service orders and respond to outage reports.
- Ensuring a strong community presence through increased community relations personnel as well as increased and yet focused community giving.

**(j) Please provide the results of all informal and formal surveys referenced by Mr. Myers in his discussion of pay stations.**

There were two surveys performed in 1998 and 1 survey performed in 2001 related to pay stations. The results of these surveys are summarized below.

Results of the survey conducted the 1<sup>st</sup> Qtr 1998 by Market Strategies-Energy Research & Consulting

Overall, customers who, in the first quarter of 1998, chose to visit an Agent Collector to pay their Florida Power bill are satisfied with the process, the employees and their overall experience. They have levels of satisfaction similar to those of customers who visit an Energy Solutions<sup>SM</sup> Store to pay their bills.

Customers like the convenience of using a paystation, and appreciate having an alternative available to mailing their bills in, when there is no Florida Power office nearby. Most, however, seem to prefer having a nearby Florida Power office, where special needs or requests could be handled, for example, making partial payments. A number of customers also recommended adding night drop boxes to the paystations, since some of the hours are not convenient.

#### Results of the survey conducted the 2nd Qtr 1998 by Market Strategies-Energy Research & Consulting

After the first six months of interviewing in Q1 and Q2 1998, there are some conclusions that we can draw about the pay-stations used by Florida Power customers:

- Longer perceived wait times may be contributing to comparatively lower overall experience ratings for customers of Base America locations 33205 and 33274. Both of these locations have the highest proportion of customers who say their wait for service exceeded four minutes. Conversely, a highly-rated Base America location (#33275) has the shortest wait time.
- There is quite a bit of variation in the proportion of customers who say there is a Florida Power office near by. While for some the pay-station is the only option for paying a bill in-person, others simply like to pay there because it is so convenient and they can avoid paying for a stamp to mail the payment to Florida Power.
- A composite score has been created for each of the Agent Collectors to summarize their performance during Q1 and Q2 1998. The measures included in this composite score are:
  - ⇒ Overall Favorability toward Florida Power (Q1)
  - ⇒ Perceptions of Florida Power Being Easy to Do Business With (Q2)
  - ⇒ Satisfaction With the Wait Time at the Agent Collector (Q12)
  - ⇒ Agent Collector Employee Rating (Q66)
  - ⇒ Overall Experience with the Agent Collector (Q69)

For each of the Agent Collectors and our Stores, we calculated an average score which is shown in Figure 13. For the pay-stations with less than 20-30 interviews per quarter, the Q1 results are used. Otherwise, the Q2 results are used. Notably, First National scores the highest and Action Check Cashing the lowest. The composite score for the Stores is right in the middle.

#### Results of the survey conducted September – October 2001 by Market Strategies, Inc.

- Minimal Wait Times      92%



- Convenience 88%
- Location 89%
- Appearance 91%
- Personnel 94%
- Overall 94%

**(k) Has Progress Energy or any of its divisions or subsidiaries conducted customer satisfaction surveys other than those referenced on page 12 of Mr. Myers testimony?**

Yes, other customer satisfaction surveys have been conducted. The CAS and Fastrack surveys were conducted by Florida Power. The CAS survey was discontinued after the merger. The Customer Centered Gauge survey, which has replaced the CAS survey, is conducted in Florida and the Carolinas. Fastrack surveys are also conducted in Florida and the Carolinas.

**39. For purposes of this request, please refer to page 13, “Combined Customer Service,” of Mr. Myers’ testimony.**

**(a) Please provide a detailed description of the combined customer service organizations of CP&L and FPC.**

Please see FPC’s response to Citizens Request for Production number 65

**(b) Please provide the number of full time equivalent employees, broken down by job title, of FPC’s pre-merger customer service organization for 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, the totals are as follows:

1999 – 492

2000 – 492

2001 post merger

**(c) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's pre-merger service organization for 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, the totals are as follows:

1999 – 416

2000 – 428

2001 post merger

**(d) Please provide the number of full time equivalent employees, broken down by job title, for the combined CP&L/FPC customer service organization for 2001 and 2002.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, FPC states as follows:

Totals for the combined CP&L/FPC customer service organization for 2001 is 883.

Totals for the combined CP&L/FPC customer service organization for 2002 is projected to be 849.

**40. For purposes of this request please refer to page 14 of Mr. Myers' testimony.**

**(a) For the 675 FPC employees to be displaced by the merger, please identify how many employees (broken down by job function) will be displaced from each affected department of FPC.**

FPC objects to providing the response broken down by job function as overbroad, irrelevant, immaterial and not reasonably calculated to lead to the discover of admissible evidence. Without waiving this objection, please see the attached breakdown.

**(b) Identify the number of employees of CP&L that will be displaced by the merger, Provide the requested information by department and job function.**

FPC objects to this interrogatory as irrelevant, immaterial and not reasonably calculated to lead to this discovery of admissible evidence.

**(c) For each of the following functional areas within FPC prior to the merger, please provide the total full time equivalent staffing for 2000, broken down by job title.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, FPC states that as of November 2000 the total FTE's by functional area were as follows:

- i. strategic planning;**  
5
- ii. treasury and finance;**  
7
- iii. tax and accounting;**  
46
- iv. payroll and benefits management;**

	13
<b>v. risk management;</b>	
	3
<b>vi. legal and regulatory compliance;</b>	
	15
<b>vii. investor relations;</b>	
	3
<b>viii. human resources;</b>	
	74
<b>ix. information technology;</b>	
	207
<b>x. public relations;</b>	
	21

**(d) For each of the following functional areas within CP&L prior to the merger, please provide the total full time equivalent staffing for 2000, broken down by job title.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, FPC states that as of December 31, 2000 the total FTE's by functional area were as follows:

<b>i. strategic planning;</b>	
	13
<b>ii. treasury and finance;</b>	
	33

- iii. **tax and accounting;**  
132
- iv. **payroll and benefits management;**  
25
- v. **risk management;**  
3
- vi. **legal and regulatory compliance;**  
48
- vii. **investor relations;**  
3
- viii. **human resources;**  
89
- ix. **information technology;**  
421
- x. **public relations;**  
38

**(e) For each of the following functional areas within Progress Energy Service, please provide the total full time equivalent staffing for 2001 and 2002, broken down by job title.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection, FPC states that the numbers provided for 2001 include vacancies and the data provided is as of August 31, 2001. The projected headcount numbers for 2002 are also identified.

**i. strategic planning;**

2001 – 14

2002 – 15

**ii. treasury and finance;**

2001 – 36

2002 – 41

**iii. tax and accounting;**

2001 – 138

2002 – 142

**iv. payroll and benefits management;**

2001 – 29

2002 – 50

**v. risk management;**

2001 – 3

2002 – 3

**vi. legal and regulatory compliance;**

2001 – 47

2002 – 69

**vii. investor relations;**

2001 – 3

2002 – 5

**viii. human resources;**

2001 – 100

2001 – 126

**ix. information technology;**

2001 – 441

2002 – 619

**x. public relations.**

2001- 46

2002 – 56

**The increase in Progress Energy Service employees for 2002 compared to 2001 is due primarily to moving employees from the legal entity Florida Power to Progress Energy Service in 2002.**

**41. For purposes of this request please refer to page 16, “Power Operations,” of Mr. Myers’ testimony.**

**(a) Please provide the number of full time equivalent employees, broken down by job title, of FPC’s Power Operations in 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial and not reasonably calculated to lead to the discover of admissible evidence. Without waiving this objection the totals are as follows:

1999 – 1017

2000 – 984

2001 is post merger

**(b) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's Power Operations in 1999, 2000, and 2001 year to date.**

FPC is seeking an extension of time to respond to this interrogatory. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

**(c) Please provide the number of full time equivalent employees, broken down by job title, of the merged FPC and CP&L's Power Operations for 2001 and 2002.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection the totals are as follows:

2001 – 2055

2002 – 2061

**(d) Please describe all "best practices" concerning Power Operations identified through the merger.**

- 3 phase project planning and approval process
- economic evaluation analysis (EESY) of projects
- minimize supplemental resources utilized at plants
- routine switching and tagging to be done by substation and line personnel



- establish an enhanced predictive maintenance (PDM) program
- implement work management and supply chain solution at Florida plants
- use janitorial contractors at steam plants instead of employees

**(e) Please describe all “process improvement initiatives” concerning Power Operations identified through the merger.**

- share CT parts across the system
- consolidate CT operations
- consolidate engineering, work management, and continuous improvement
- consolidate fossil finance to energy supply finance
- consolidate fuel management systems
- move transmission planning to delivery business unit
- consolidate the resource planning function
- reduce the number of temporary employees that service the Florida system

**42. For purposes of this request please refer to page 16, “Transmission and Distribution,” of Mr. Myers’ testimony.**

**(a) Please provide the number of full time equivalent employees, broken down by job title, of FPC’s Transmission and Distribution Operations in 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection the totals are as follows:

1999 – 2044 (excludes contractors)

2000 – 2041 (excludes contractors)

2001 post merger

**(b) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's Transmission and Distribution Operations in 1999, 2000, and 2001 year to date.**

FPC is seeking an extension of time to respond to this interrogatory. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discover of admissible evidence.

**(c) Please provide the number of full time equivalent employees, broken down by job title, of the merged FPC and CP&L's Transmission and Distribution Operations for 2001 and 2002.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection the totals are as follows:

	<u>2001*</u>	<u>2002*</u>
Energy Delivery Florida	2007	2039
Energy Delivery Carolina	<u>2491</u>	<u>2552</u>
	<u>4498</u>	<u>4591</u>

\*Excludes Contractors

**(d) Please describe all "best practices" concerning Transmission and Distribution Operations identified through the merger.**

Please see attachment.

**(e) Please describe all "process improvement initiatives" concerning Transmission and Distribution Operations identified through the merger.**

In Transmission, there were four main process improvements identified through the merger: Project Management, Asset Management, Project Review Groups, and Fault Location.

Previously, FPC handled construction projects through various work groups and various senior engineers had responsibility for different parts of the work in accord with their area of expertise. However, there was no centralized management of the projects.

In mid-2001, FPC implemented a Project Management Organization. Each Project Manager (4 in total) has responsibility for projects from inception to the turnover to maintenance. This full cycle accountability should provide greater efficiencies and better accountability for transmission projects.

Prior to the merger, FPC and CP&L had separate Asset Management tools. CP&L's tool, Maximo, was used to trigger work orders for both construction and maintenance of the lines, substations and protection and control devices. FPC's tool, Cascade, was used to trigger maintenance work orders for substations. By consolidating FPC's substation data into Maximo, the Company are able to track and trend a larger database of equipment to detect systematic problems and make corrections more quickly. Additionally, FPC will be adding the line and protections control data to Maximo for FPC as well. Resultingly, the Company will be able to tailor our maintenance standards to the actual performance of each type of manufacturer's equipment.

Project Review Groups (PRG) are used to manage the budget and ensure the highest priority work is funded. This is accomplished in two steps. Budget requests are force ranked using facility importance and work importance criteria. The Transmission Department Managers then meet to challenge the ranking and finalize the ranking. Once the funding for the Department is determined, the line is drawn and projects above the line, the highest ranked will be planned and those below the line are shelved.

On a monthly basis, the Transmission Managers meet to review the budget standing. As cost estimates are honed and cost over/under runs are determined, projects are either deferred or accelerated in order to meet the budget. If a project is cancelled or a new project is identified, re-ranking occurs to ensure spending does not exceed budget.

Both CP&L and FPC use fault locating to estimate the exact location of transmission line outages and to speed restoration. FPC has limited coverage of the fault location equipment and used one employee who was on call 365/24. CP&L used this equipment extensively and had 3 people trained to perform this function, who rotated on-call duty. The companies have consolidated this function and have 4 people trained who rotate call duty. In addition, this has been coupled with the use of lightning detection, which enables us to determine whether a lightning strike was coincident with the fault. This information is valuable to our linemen when investigating the cause of outages.

See also, FPC's response to production request number 68.

**43. For purposes of this request please refer to page 17, "Customer Service," of Mr. Myers' testimony.**

**(a) Please provide the number of full time equivalent employees, broken down by job title, of FPC's Customer Service organization in 1999, 2000, and 2001 year to date.**

FPC is seeking an extension of time to respond to this interrogatory. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

**(b) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's Customer Service organization in 1999, 2000, and 2001 year to date.**

FPC is seeking an extension of time to respond to this interrogatory. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

**(c) Please provide the number of full time equivalent employees, broken down by job title, of the merged FPC and CP&L's Customer Service organization for 2001 and 2002.**

FPC is seeking an extension of time to respond to this interrogatory. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

**44. For purposes of this request please refer to page 17, "Nuclear Operations," of Mr. Myers' testimony.**

**(a) Please provide the number of full time equivalent employees, broken down by job title, of FPC's Nuclear Operations in 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection the totals are as follows:

1999 – 756

2000 – 661

2001 is post merger

**(b) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's Nuclear Operations in 1999, 2000, and 2001 year to date.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discover of admissible evidence.

Without waiving this objection the totals are as follows:

1999 – 2,021

2000 – 1955

2001 is post merger

**(c) Please provide the number of full time equivalent employees, broken down by job title, of the merged FPC and CP&L's Nuclear Operations for 2001 and 2002.**

2001 – 2,532

2002 has not been developed at this time.

**45. For purposes of this request, please refer to page 17, "Energy Ventures," of Mr. Myers' testimony.**

FPC objects to this interrogatory to the extent it intends to include persons or functions other than those attributed to FPC.

**(a) Please provide a description of all functions and services carried out under the heading of Energy Ventures.**

The function of regulated trading activities within Energy Ventures is to minimize costs to the Company's customers, maximize the value of the Company's assets and prudently manage the physical and financial risks inherent to the energy markets. Traders with Energy Ventures buy and sell electricity, natural gas, and oil, in addition to the ancillary services associated with the delivery of each commodity.

**(b) Please provide the number of full time equivalent employees, broken down by job title, of FPC's Energy Ventures in 1999, 2000, and 2001 year to date.**

Prior to the merger (i.e. 1999 and 2000) Florida Power did not have an organization by the name of Energy Ventures. During this time period, Florida Power did have persons responsible for regulated trading activities. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection the totals are as follows:

1999 – 14.5

2000 – 14.5

2001 post merger

**(c) Please provide the number of full time equivalent employees, broken down by job title, of CP&L's Energy Ventures in 1999, 2000, and 2001 year to date.**

During 1999 and 2000, CP&L had persons directly responsible for trading activities. FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection the totals are as follows:

1999 – 19

2000 – 26.5

2001 post merger

**(d) Please provide the number of full time equivalent employees, broken down by job title, of the merged FPC and CP&L's Energy Ventures for 2001 and 2002.**

FPC objects to providing the response broken down by job title as overbroad, irrelevant, immaterial, and not reasonably calculated to lead to the discovery of admissible evidence.

Without waiving this objection the total persons responsible for regulated trading for both CP&L and FPC are as follows:

2001 – 32.5

2002 – 32.5

**46. For purposes of this request, please refer to page 20 of Mr. Myers' testimony.**

**(a) Please identify all positions for which new employees are being recruited from outside the two companies.**

FPC directs citizens to Progress Energy's Web-site.

**(b) Please describe Progress Energy's leadership development program, including the year in which the program was initiated, the affiliates that participate in the program, the number of employees from each affiliate that participated in the program in 1999, 2000, and 2001 year to date.**

FPC is seeking an extension of time to respond to this interrogatory.

**47. For purposes of this request, please refer to pages 20 and 21 of Mr. Myers' testimony.**

**(a) Please describe the scholarships that are were offered to FPC employees prior to the merger, in 1999, 2000, and 2001 year to date, including the total annual dollar value of such scholarships.**

None.

**(b) Please describe the merit scholarships that are now offered to FPC employees, for 2001 and 2002, including the total annual dollar value of such scholarships.**

The Progress Energy Merit Awards is a scholarship program for dependent children of non-bargaining unit employees who work for Progress Energy subsidiaries. Originally called the CP&L Merit Awards Program, the number of awards was increased to 30 with the merger of the companies, and each award has a value of \$1,500 per year (\$750 per semester). The award recipients are chosen by an outside agency called the Citizens Scholarship Foundation of America. The criteria for determining recipients includes GPA, leadership qualities and community service. Of the 30 scholarships given in May, 2001, seven were awarded to children of Florida Power employees.

**(c) Please explain what is meant by “college degree recognition.”**

The College Degree Recognition Program is a recognition program designed to recognize regular full-time, non-bargaining unit employees who earn an associate’s, bachelor’s or master’s degree while on the job. The employee receives a commemorative gift for recognition of this achievement. The commemorative gift includes: Associate Degree – Portfolio and pen; Bachelor Degree – Desk clock and pen; Master Degree – Briefcase with portfolio and pen.



**(d) What will be the total annual dollar value of FPC's "college degree recognition" in 2001 and 2002?**

The following numbers are estimates as FPC does not know exactly how many employees will actually graduate in 2001 and 2002. The Company estimate the following: 2001 - \$5,115; 2002 - \$5,795.

**(e) Did "college degree recognition" exist prior the merger? If so, what was the annual dollar value for 1998, 199, and 2000?**

No. The College Degree Recognition Program was implemented for FPC employees beginning January 2, 2001.

**48. With respects to costs allocated to FPC by Progress Energy Service, LLC, please provide the following information for the test year and the 2001: the total dollars by account number and name to which an allocation factor is applied; the allocation factor applied to each account; the calculation of the allocation factor including the numerator and denominator for all companies that are allocated a portion of the cost; and a description of the allocation factor. Provide this information in both hard copy and electronic form.**

The 2002 Progress Energy Services allocation to Florida Power in the rate case proceeding was based on the allocation factors in effect for 2001. A summary of the 2001 allocation metrics for each product or service has been provided. At the time that the numbers were provided for the rate case proceeding, the detailed budgets by product/service had not been prepared for the Services Company for 2002. For rate case purposes, in general, we assumed that each departmental budget would have the same split by product/service as in the 2001 budget and that the allocation metrics for each product/service would be the same as were used in the 2001 budget. Therefore, in aggregate the allocation of each department's budget to each legal entity in the rate proceeding forecast is materially the same as used in the 2001 budget.

The Information Technology and Telecommunications expenses were handled as exceptions. A detailed description of the approach used in the allocation of Information Technology costs is provided. The Telecommunications costs were allocated based on an estimate of the distribution of devices.

See attachment.




Serv Co - Question 48  
black.xls



2002 IT Alloc  
Method.doc

FLORIDA POWER CORPORATION

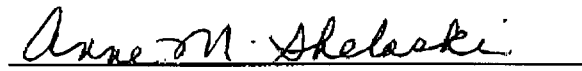
  
Signature

STATE OF FLORIDA

COUNTY OF PINELLAS

BEFORE ME, the undersigned authority, duly authorized to administer oaths, personally appeared MARK A. MYERS (to me well known) (who has produced \_\_\_\_\_ as identification), on behalf of Florida Power Corporation, as its VICE PRESIDENT, FINANCE and who, after first being duly sworn, deposes and says that he/she executed the above and foregoing.

SWORN TO and subscribed before me this TH day of NOVEMBER, 2001.

  
(Signature)

ANNE M. SHELOSKI  
(Printed Name)

NOTARY PUBLIC, STATE OF FLORIDA


APRIL 12, 2002  
(Commission Expiration Date)

\_\_\_\_\_  
(Serial Number, If Any)



Anne M. Sheloski  
MY COMMISSION # CC725907 EXPIRES  
April 12, 2002  
BONDED THRU TROY FAHN INSURANCE, INC.

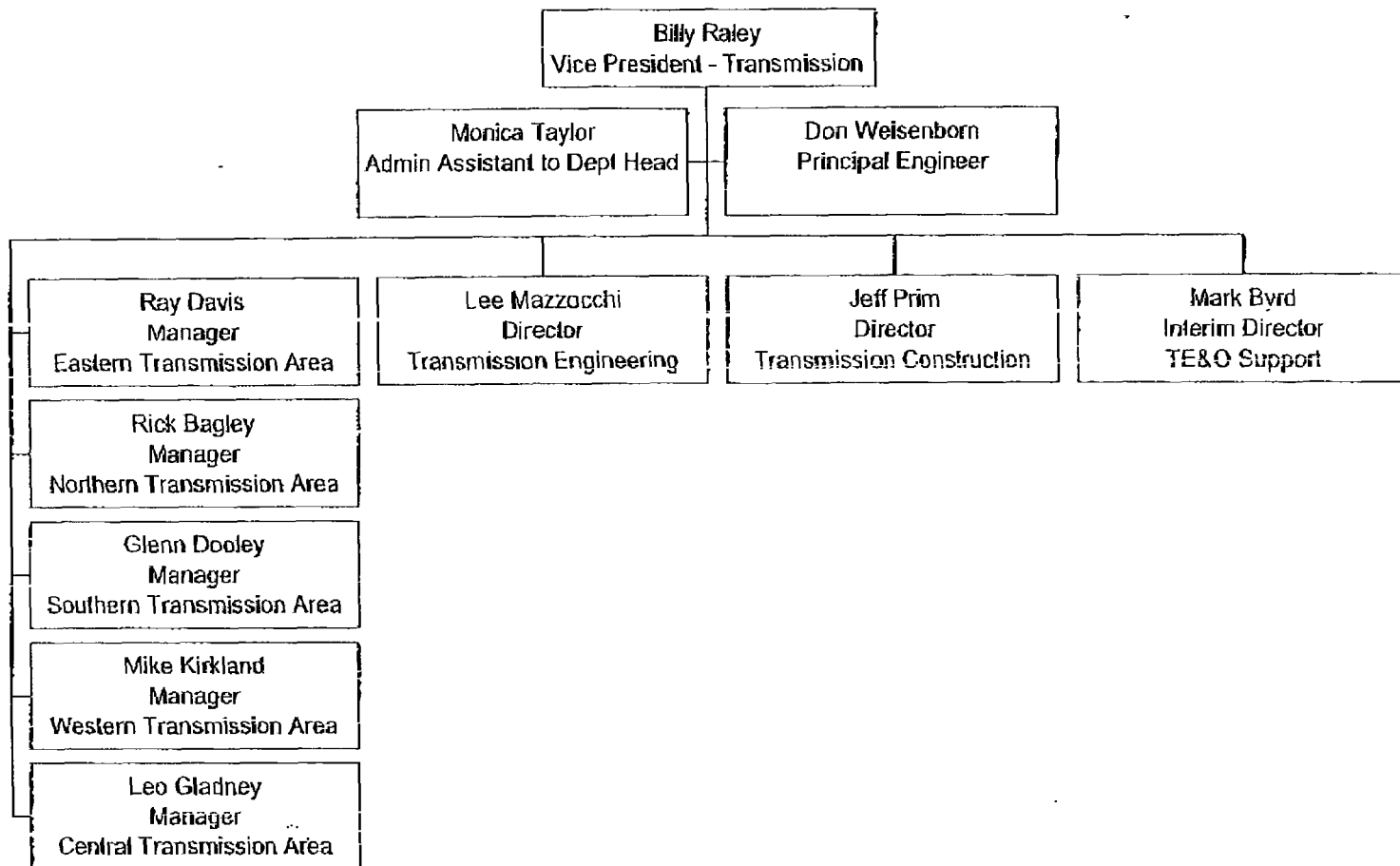
As to the objections:



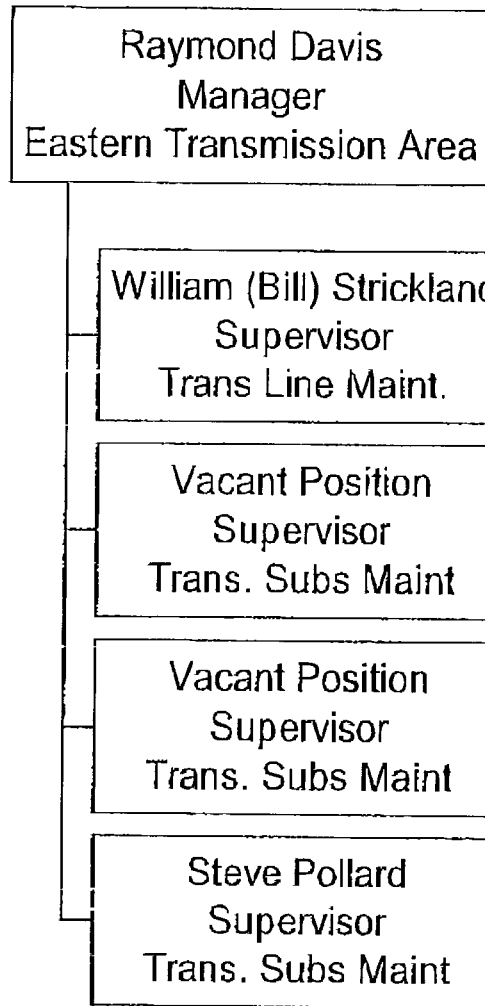
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Gary L. Sasso  
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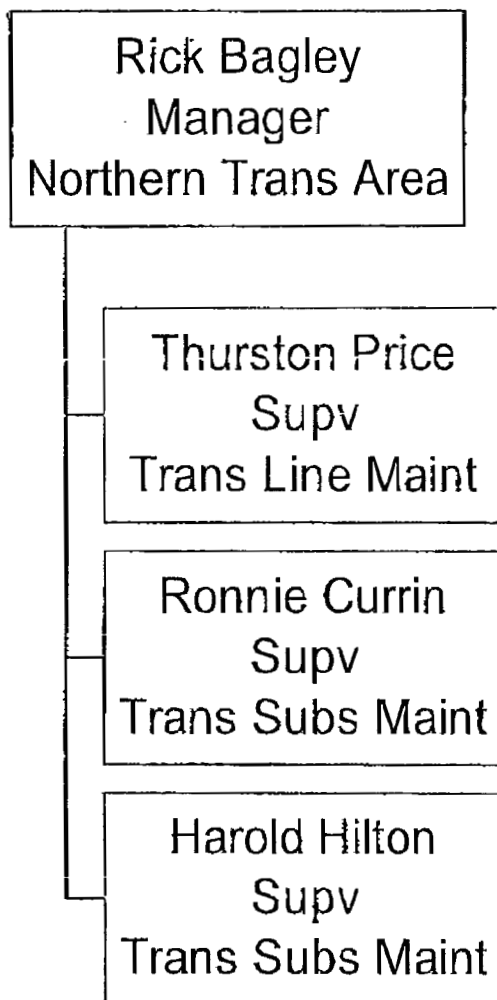
# Transmission Department



Eastern Transmission Area



## Northern Transmission Area



Central Transmission Area

Leo Gladney  
Manager  
Central Trans Area

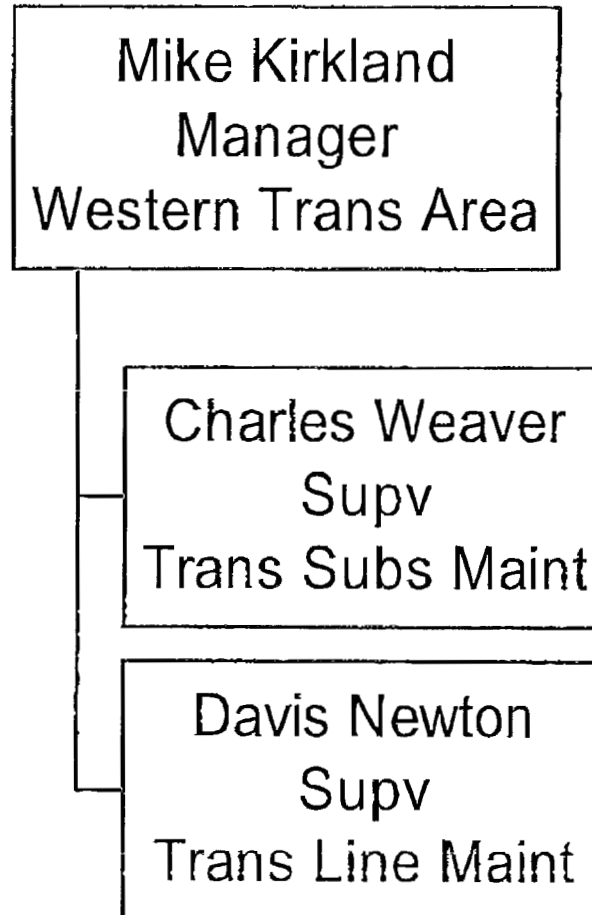
George Dees  
Supv  
Trans Line Maint

Jonathan (David) Rodden  
Supv  
Trans Subs Maint

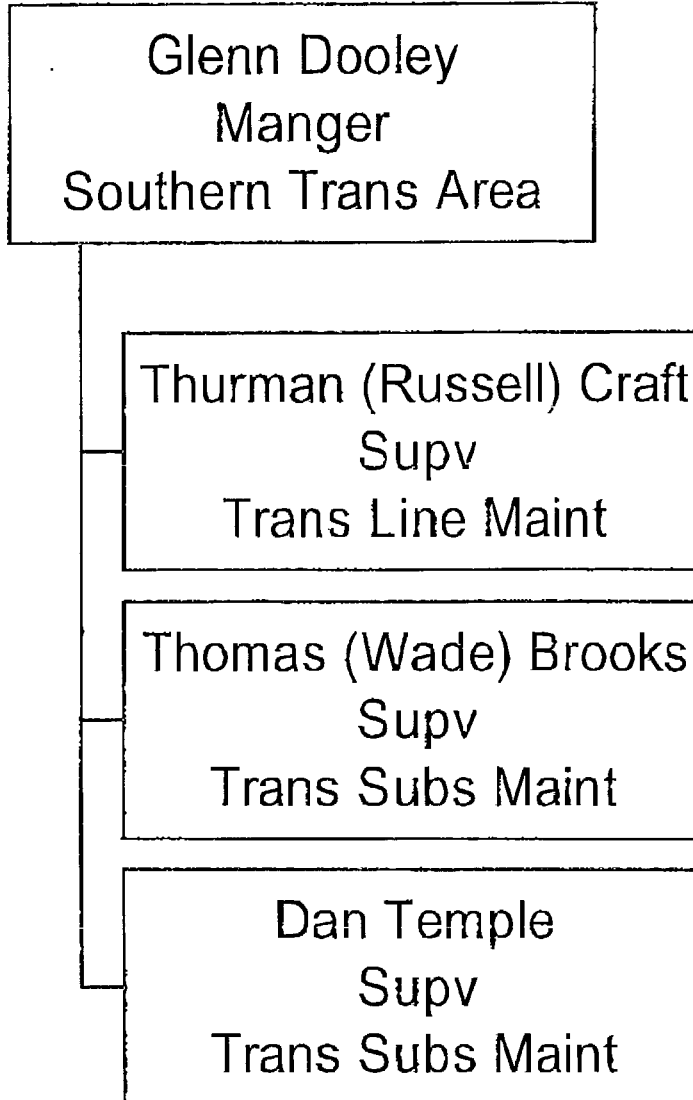
Ivy Little  
Supv  
Trans Subs Maint



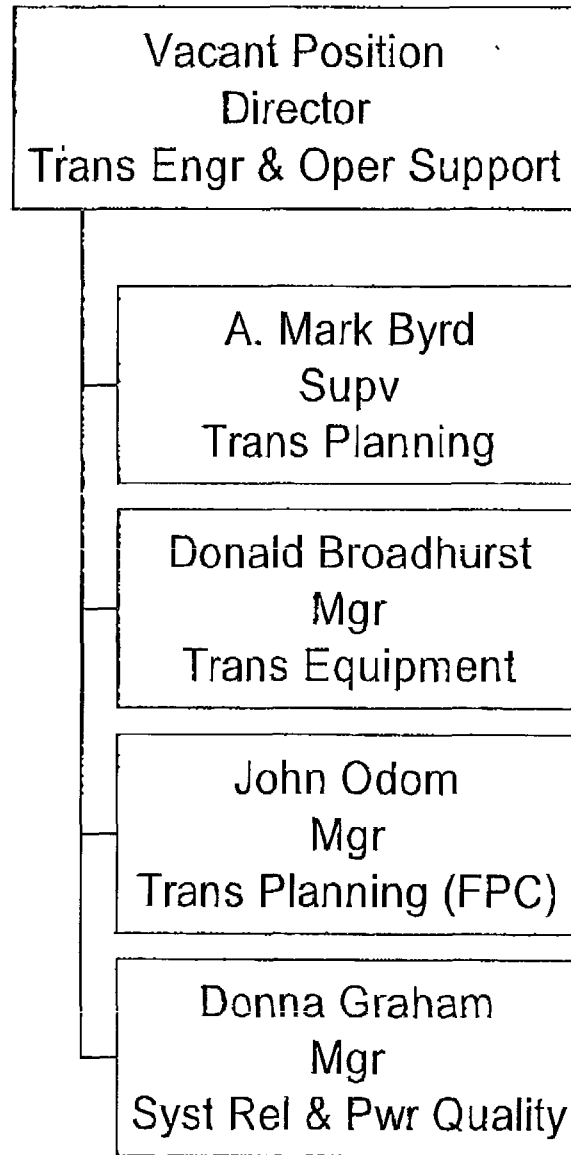
## Western Transmission Area



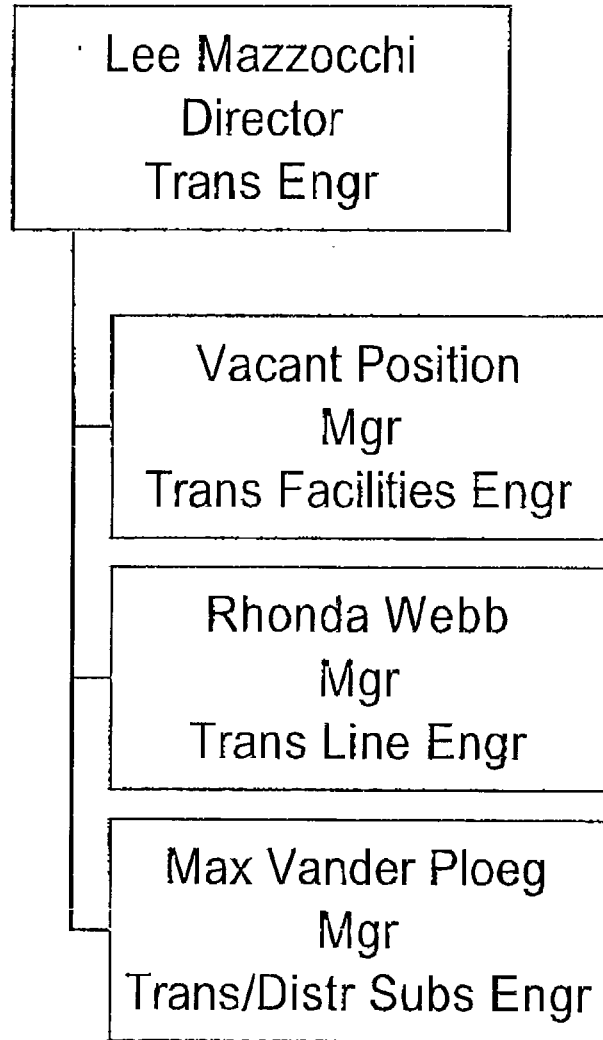
## Southern Transmission Area



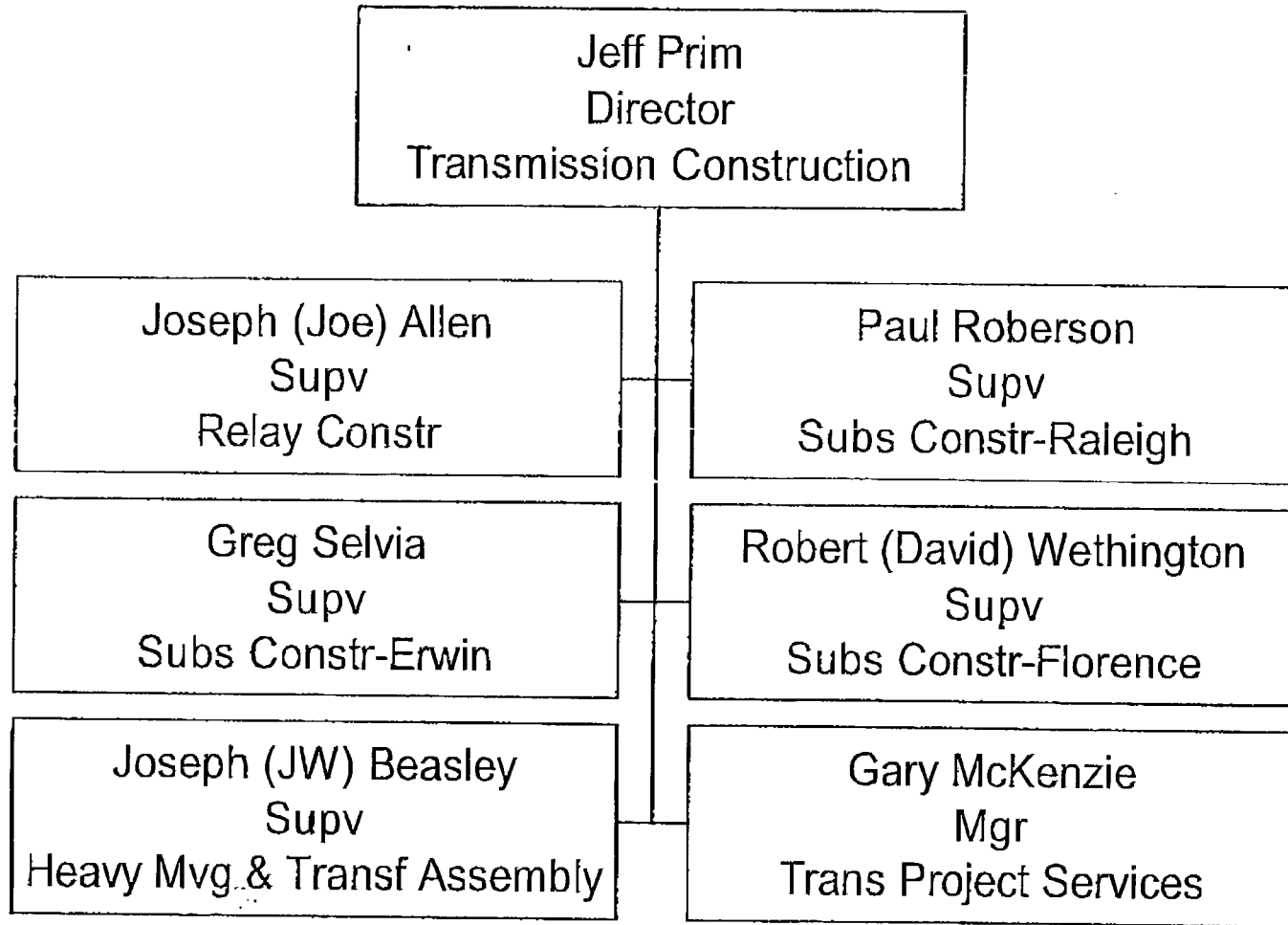
# Transmission Engineering & Operations Support



# Transmission Engineering



# Transmission Construction



## Florida Power Corporation Employee Headcount

	<u>AUG 2001</u>	<u>AUG 1999*</u>	<u>Increase (Decrease)</u>
<b>REGULAR EMPLOYEES</b>			
Energy Delivery - Customer Service Distribution M&S Stores/Fleet Svcs Transmission	2,490	2,717	(227)
Energy Supply - Fossil Nuclear	1,377	1,530	(153)
Corporate Services - President Corporate Relations Finance Human Resources Information Technology Legal Public Affairs Strategic Planning	337	650	(313)
<b>TEMPORARY EMPLOYEES</b>	229	211	18
Total	<u><u>4,433</u></u>	<u><u>5,108</u></u>	<u><u>(675)</u></u>

\* Merger Announcement

INTERROGATORY  
40 (a)

Note: Certain organizational changes made after the merger have been reclassified for comparing to pre-merger August 1999 headcount.

**Evaluation of "Best Practices" at FPC and CP&L  
Regional Transmission Maintenance & Construction Organizations**

- ◆ **Steel replacement standard for wood cross-arms, x-braces, and knee braces at FPC**  
CP&L discontinued using wood cross-arms, x-braces and knee braces more than 10 years ago. CP&L line maintenance crews have been on a fairly aggressive program of replacing the wood cross-arms and have replaced most wood arms in four of the five maintenance areas. This has significantly reduced transmission line related interruptions on the CP&L system. FPC had 13 line interruptions in 1999 due to cross-arm failures. On the FPC 69 kV system, a better solution may be to use 69/115 kV standoff insulators rather than steel.
- ◆ **Elimination of bayonets by using taller poles at FPC**  
FPC has been purchasing shorter concrete poles for several years and utilizes a steel bayonet to attach the overhead ground wire to the pole based on reduced material costs. This results in more assembly time for the structure and creates a weak link on the structure as corrosion commences at a future date. Additional cost of the taller pole will not be appreciable when all factors are considered.
- ◆ **Use Heavy Moving/Transformer Assembly crew to free-up substation maintenance activities at FPC**  
At FPC, currently two personnel assigned to a substation construction crew perform transformer assembly and are supplemented by the eight substation maintenance crews performing this function, as additional resources are required. Plans are to form a heavy moving/transformer assembly crew at FPC to have full time dedicated personnel providing the transformer assembly function. Over time this will result in these personnel becoming the transformer assembly "experts" and will free substation maintenance crews of those functions. This crew structure has been working well in the CP&L construction organization for many years.
- ◆ **Evaluate the transfer of control wire pulling and termination to substation construction crews, which are better equipped to handle wire reels at CP&L**  
At CP&L, relay construction borrows equipment from substation construction crews to facilitate movement of wire reels to pull control cables. At FPC the function of pulling wire, terminating wires and wiring relays is all performed by the substation construction crews. This transfer would not result in position reductions but would improve equipment coordination and operating efficiencies.
- ◆ **Create system one-line switching diagram at CP&L**  
FPC has a system one-line diagram book which is laid out like their ECC map-board and includes the interconnection of their transmission system, transmission substations, distribution substations, transformers, transmission breakers, line codes, etc. Development of such a one-line book at CP&L may be of some value to personnel operating and maintaining the system.

- ◆ **Establish dedicated power factor test personnel at CP&L**  
 FPC has test specialist dedicated to performing power factor tests, infrared tests, etc. This is a non-bargaining position from which many of these personnel progress to supervisor. Everyone assigned to the substation maintenance crews at CP&L is responsible for performing these tests, and with the infrequency of performing these tests, an "expert" seldom develops. Specialization may also result in more reliable test data.
- ◆ **Discontinue power factor test of distribution class breakers at FPC**  
 Power factor tests at FPC on distribution class breakers only results in an occasional find of a bad low voltage bushing. CP&L has never had a power factor testing program for distribution class breakers and does not feel a failure of low voltage bushings justifies implementing such a program. FPC has approximately 1,200 distribution class breakers. The elimination of this program at FPC will result in the need for only four test-specialist (one in each area).
- ◆ **Extend general inspection and maintenance intervals on FPC distribution class breakers**  
 At FPC, the maintenance interval for performing a general inspection of a distribution breaker ranges from 12 to 70 fault operations based on available fault currents, and depending on the type of breaker. It has been determined that available fault current on the 13 kV bus at FPC is no greater than that on the CP&L low voltage busses. At CP&L, distribution feeder breakers are scheduled for general inspection at 100 fault operations and work orders are kicked out at 85 fault operations. Significant manpower savings can be realized by extending FPC breaker inspection intervals to more closely align with the CP&L standards.
- ◆ **Discontinue contract pole inspections, and use regionally based line maintenance crews at FPC**  
 Since regionally based line maintenance crews are being created after merger closing, these crews should personally perform initial inspection of assigned assets during the first two years of operation to get a first hand opinion of asset condition. After an initial appraisal, if it is determined that it would be beneficial to implement a pole treatment program to extend assets life, then contract pole inspections should be revisited. CP&L is on a 10-year cycle of pole inspection and treatment.
- ◆ **Discontinue dedicated line grounding crew, and use regionally based maintenance crews at FPC**  
 Since regionally based line maintenance crews are being created after merger closing these crews should perform any additional grounding, which may be necessary. This will result in savings by eliminating FPC positions currently traveling the system to perform this function.



- ◆ **Construction crews to complete turnkey projects, which then pass to maintenance organizations at CP&L**  
At FPC, construction crews (substation and relay) primarily perform turnkey projects allowing substation maintenance crews more time for maintenance activities. This would not eliminate positions but may result in operations that are more efficient.
- ◆ **Negotiate expanded vegetation management (danger tree) rights at time of line construction and enforce as a function of R/W maintenance.**  
CP&L has danger tree clauses in easements which allow cutting of trees which would danger the line if they were to fall. Most of FPC's easements have similar clauses but they have not been enforced. It is recommended that these rights become a part of all new FPC easements and that property owners be aware that FPC will enforce these rights.
- ◆ **Consolidate substation, relay, and line spare parts in one location (Wildwood) for better inventory control at FPC**  
At CP&L, spare parts including bushings are organized in a separate section of the general warehouse and are catalogued into the Materials 2000 system for access by all users. One employee (Spare Parts Inventory Coordinator) is assigned to control inventory and replace parts as used. This same practice should be implemented at FPC. Existing relay spare parts at Apopka and substation spare parts at St. Petersburg should be routed to Wildwood. After assigning an existing material conformance person for inventory control and relocating the parts to the warehouse building, warehouse persons can assist with parts disbursement. Also, the existing bushing building could be freed up for crew headquarters or other uses.
- ◆ **Transfer responsibility of distribution to distribution (D - D) substations and distribution feeder capacitor banks and regulators from distribution to transmission substation maintenance crews at CP&L**  
At CP&L, this function has been handled with DE&O electricians system-wide reporting to a supervisor located in Raleigh since 1989. Synergies can be gained by transferring this responsibility to Transmission Substation Maintenance Crews where it will be managed locally.

**Florida Power  
Energy Distribution Best Practices**

10/20/99

## **Energy Distribution Best Practices Regional Operating Centers**

### **A.) SAFETY OVERARCH:**

1. OSHA Recordable and PMVA goals established; on-going assessment
2. Accident Investigation Process
3. Safety Delegates Committees - local yards, led by Foreman
4. Department Safety Steering Committee - includes BU Team Leads from yards
5. Division Safety Delegates Committee - led by C&O Manager
6. Safety audits by Safety Delegates Committee
7. Safety audits by Foremen
8. Monthly Safety Meeting and Program, each yard
9. Safety Department / Management field visits
10. Quarterly safety celebrations for achieving safety objectives.
11. Dedicated safety / training coordinator

### **B.) PROCESS DRIVEN:**

#### **1. New Customer Service Delivery**

- dedicated design and engineering by customer segment
- system - operations coordination
- "one point of contact" facilitator / expeditor
- service connections unit price forecast
- supplemental contract design and engineering
- dedicated UG contractor construction - 100%
- dedicated Company construction support
- Regional oversight of UG contractor crews
- Regional scheduling process for all work activities

#### **2. Outdoor Lighting**

- Corporate department charged with spearheading key lighting initiatives
- Comprehensive non-regulated business case near completion which would generate significant earnings, allow for entry into non-native markets, further improve customer service and create additional ties to the customer
- System-wide streetlight inventory underway projected to generate close to \$1 million in recurring annual profit
- Decorative product line expanded to increase profitability and improve customer satisfaction
  - 12% IRR improvement realized by installing decorative versus standard product
- Currently up-selling 40% of new installations to decorative options
- Several key multi-site lighting customers now have single point of contact

### **3. System Infrastructure: Relocation, Load Growth, Replacement, Reinforcement**

- real time system planning coordination
- dedicated design and engineering
- supplemental contract design and engineering
- targeted project management
- select lump sum bids (OH and UG), individual or multiple projects
- dedicated Company construction, including travelling distribution crews

### **4. Reliability / Operations and Maintenance**

- targeted reliability directives
- focused maintenance management process
- focused customer operations function
- dedicated dispatch and outage / trouble response
- 24x7x365 troublemen coverage - one man units
- troublemen take home vehicles - rapid response
- troublemen multi-task: street light maintenance, R&D, set meter, test voltage, patrol lines
- dedicated maintenance units
- matrixed operations engineer
- matrixed reliability engineers
- severe weather event planning, coordination, contingency
- rapid response procedures for state wide outage restoration
- regional communication teams to resolve operational related customer complaints

### **5. Resource and Cost Management**

- Asset Management focus
- complement / incumbency management
- Capital / O&M expenditures management
- variance explanations - monthly
- Capital / O&M expenditures forecast - monthly
- core process diagnostic assessment / impvt opportunities
- job tracking / status process
- maintenance order tracking process
- performance metrics: safety, reliability, financial, customer service, productivity - monthly, quarterly
- short term workload / manpower planning and forecast
- use of low loss transformers; removal and re-use of under loaded transformers
- use of standard designs for OH and UG construction
- salvage and re-use of OH conductor
- cable re-wheeling: size to length required

C.) FUNCTIONAL BASE:

1. Focused Lines of Business: New Customer Delivery, Lighting, Reliability (Existing Customer), System Construct, System O&M, and Energy Delivery Services (non-regulated competitive services)
2. Integrated with core processes
3. Supported by functional organization
  - skill and resource flexibility: vertically, horizontally
  - skill maintenance and training
  - dedicated resources

# Energy Distribution Best Practices

## Metering

### PROCESS DRIVEN, CUSTOMER FOCUSED:

#### Load Research

##### 1. Interval Metering Data Management

- 300+ accounts currently billed
- interval data supplied to MV90 system
- daily determinants file provided to Customer Accounting to CSS
- modern data retrieval for 17 accounts
- data collection / verification for Solutions Inform Project - 142 accounts
- MV90 stores interval data for 2,000 accounts, including 1,000 for FPSC Cost of service Rule

##### 2. Cost of Service & Rate Statistical Studies

- data collection for RS, GS, GSD, and IS rate classes for FPSC
- RS: load mgmt and non-load mgmt groups
- GS: grouped per kWh demand
- GSD: grouped by bldg. type, SIC code, and kW demand

#### Meter Shop Operations

##### 1. Meter Test and Calibration

- 45,793 meters installed '98
- 47,400 projected for '99
- 50,500 projected for '00
- purchased 35,000 single phase, and 3,600 poly phase meters '98
- projected purchase 42,000 single phase and 9,000 three phase '99 (incr. assoc. w/ discontinuing use of mech. demand meters)
- current cost: single \$23; three \$135; K-base \$344; quantum \$2,745
- tested 37,089 single phase; 10,949 poly phase meters '98
- projected test 24,300 single phase; 6,700 poly phase '99 (decr assoc. w/ decr in selectives and retirements rec'd from field)
- projected test cost: single phase \$4.07/mtr; poly phase \$15.94/mtr

##### 2. Portable Test Instrument Maintenance and Repair

- initiated portable instrument tracking system '99: Met-Track/Met-Cal
- full implementation February '00
- on target to repair 1,400 pieces of portable equipment and 650+ instruments '99
- four meter technicians in the meter shop

### 3. Dielectric Testing

- test rubber blankets, gloves, bucket truck booms
- 1,755 glove tests / mos. (avg.) @ \$2.94/pr
- 530 blanket tests/mos. (avg.) @\$3.38/unit
- all booms are tested annually - 415 booms; 2/3 of booms are tested bi-annually; 1/4 booms are tested associated w/ repairs
- 833 buckets (avg.) tested annually @ \$78.6/unit
- three dielectric test specialists

### Metering / Information Technology

#### 1. Meter Inventory System

- Enhanced Meter Information System (EMIS) operational by February 2000
- Interface w/ CSS for billing

#### 2. Test Board Software Support

- provide support for the 2 RFL-5455, 2 RFL-5800 and the 2 position WECO board for hardware and software

#### 3. Instrument Inventory System

- 11,684 portable instruments currently tracked for maintenance / calibration

#### 4. Billing Translation

- function performed using MV-90 software for Windows NT

#### 5. Watt-hour Standard Compliance

- NIST standard tested against FPC standard annually
- NIST makes determination regarding accuracy of lab
- test ensures compliance with FPSC requirement of an annual test of the FPC standard

#### 6. Advanced Metering Services

- specialized design for specific applications, typically industrial, commercial
- review transformer rated metering documentation for accuracy and correct billing
- advanced metering solutions, including the installation of multi-channel programmable recorders to AMR systems

#### 7. Accounts 50kW or Greater

- 18,000 accounts
- 900 accounts with demand greater than 500 kW
- 400 accounts > 500kW currently equipped w/ remote interrogation meter

### **8. System Automation**

- strategy: migrate to automation platforms that gain efficiency and deliver useful information for direct access
- capital costs offset by efficiencies and/or customer sponsored revenues

### **9. MV 90 Data and Broker Functions (MIS)**

- collect / compile interval data where required or requested
- data compiled to MV 90 format
- provide data to internal / external customers via MIS PowerStor web Site
- provide software to allow user view - only data access

### **10. SafePath™**

- customer driven automation program
- provides enhanced service via non-intrusive meter reading activities
- market research, business-case and regulatory petition complete

## **Field Services**

### **1. Installation and Maintenance of Transformer Rated Accounts**

- site testing
- phase angle analysis
- trouble shooting
- on-call status: interchange tie point metering
- generation and co-generation
- billing accounts > 1 MW
- all transformer rated metering

### **2. Periodic / Sample Testing - 1999**

- transformer rated meters < 1 MW: 223
- transformer rated meters > 1 MW: 414
- interchange tests: 54
- new services: 413
- phase angle inspections: 2,907
- build-ups (> 1 MW): approx. 250

### **3. Service Requirements Manual**

- sponsors service requirements manual used by customers, architects, engineers, electrical contractor, and local code authorities
- specifies service and meter standards for new, upgraded, or additional service needs
- updated each two year period



## Energy Distribution Best Practices Distribution Engineering, Operations & Reliability

### PROCESS DRIVEN, CUSTOMER FOCUSED:

#### 1. System Reliability

- 10 year data assessment of outages to identify trends and relationships
- Central FL assessment (three years of data) determined that 50% of SAIDI minutes are behind 3.1% of PDs interrupted
- Data analysis generated the SCORE program; targeted to specific reliability operating issues by maximizing effort and available dollars
- Target and focused efforts in Central FL resulted in 46% SAIDI improvement within a two year period
- SCORE program embracing other types of reliability improvement activities including infrared scanning, and lightning detection data assessment.
- SCORE program became the genesis of system reliability directives for specific issues; matrixed reliability engineers to support local customer operations; matrixed operations engineers to support local dispatch functions

#### 2. Distribution Standards

##### Power Teams

- use "Power Teams" to identify high return continuous improvement opportunities, conduct analysis, determine recommendations, and implement
- cross functional work out teams of 20-25 people focused on resolving issues in an intense two day work out session; focused on optimizing cost and improving service delivery
- typical team: standards engineers, vendors, purchasing & material management personnel, financial personnel, and construction and maintenance personnel
- seven teams addressed: overhead conductor, transformers, wood poles, underground cable, switch gear, streetlights, and meters
- 68 recommendations, estimated combined annual savings: \$5.9M

##### Transformer Loading Optimization

- use of transformer load optimization program by distribution engineers to ensure consistency in size application based on customer load information, customer load profile, and transformer thermodynamic performance
- user friendly
- average decrease of 25% in transformer kVA per unit
- annual savings in transformer purchases estimated at \$1.33 M

### 3. System Maintenance

#### Tree Trimming

- six year contract (eff. 1996), two vendors
- objective: achieve and repeat 3 year trim cycle of entire system
- early in contract migrated to sole source vendor
- unit rate, footage based. for initial 3 year cycle just completed
- on schedule, on budget
- incidental administrative savings realized \$0.5 M/yr based on information from the first cycle
- estimated annual savings by program on track: \$4.0 M

#### Transformer Repair and Inspection Program

- use of statistical sampling methodology similar to tree program
- detailed inspection of 1,800 pad mount transformers of 80,000 population. 98% confidence level for system as a whole
- information collected: age, condition, mfg., ground reading, and environmental conditions
- overall maintenance program developed for pad mount transformers

### 4. Distribution Facilities Utilization

#### Locate Screening Center

- developed screening program for underground utility locate requests
- law requires 48 hour notification before digging
- 230,000 (approx.) locate requests annually
- aggressive screening of requests
- 31% of requests cleared for location by FPC 1998
- annual locate cost \$1.3 M (approx.); average locate cost is \$8.25 per ticket
- 1998 gross savings were \$507,360

Progress Energy Service Company  
2001 Budgeted Charges to Affiliates' Income Statement

Charge By Organization	Product	FERC	A/C Class	FPC	FPC
				Energy Supply	Energy Delivery
Accounting	ACCOUNTING SERVICES	4010000	OR		
	C45 - ACCOUNTING MANAGEMENT	4010000	OR	1,304,238	1,512,549
	C46 - MANAGEMENT REPORTING	4010000	OR	354,943	411,634
	C47 - FINANCIAL REPORTING	4010000	OR	279,267	323,078
	C49 - BENCHMARKING	4010000	OR	14,730	17,040
	C52 - RATES	4010000	OR		
	S30 - GENERAL LEDGER ACCOUNTING	4010000	OR		
	S31 - PROPERTY ACCOUNTING	4010000	OR		
	S32 - DISBURSEMENTS	4010000	OR		
	S33 - REVENUE ACCOUNTING	4010000	OR		
	S34 - REGULATORY ACCOUNTING	4010000	OR		
	S35 - DIVERSIFIED INVESTMENTS	4010000	OR		
	<b>Total</b>			<b>47,128</b>	<b>54,517</b>
	<b>Accounting</b>			<b>2,030,326</b>	<b>2,318,818</b>
Audit	C07 - INTERNAL AUDIT	4010000	OR		
<b>Audit</b>	<b>Total</b>				
Corp. Environ. H&S	C33 - CORP. ENVIRON., H&S MGMT.	4010000	OR	218,365	252,670
	C34 - REGULATORY AFFAIRS / TECH.	4010000	OR	62,624	110,477
	C35 - ES SAFETY SERVICES	4010000	OR		
	C37 - ED SAFETY SERVICES	4010000	OR		
	C38 - RETAIL GAS/PIPELINE SAFETY	4010000	OR		
	C39 - OCC HEALTH SERVICES	4010000	OR		
	C40 - DOT MOTOR CARRIER SAFETY	4010000	OR		
	C41 - WORKERS' COMPENSATION	4010000	OR	28,237	32,703
	C42 - ENVIRONMENTAL SERVICES	4010000	OR	170,109	196,781
	<b>Total</b>			<b>479,135</b>	<b>592,632</b>
Corporate Comm.	C22 - CORPORATE COMMUNICATIONS	4010000	OR	2,540,882	2,948,224
	C23 - DONATIONS	4010000	OR		
	C24 - CP&L IMAGE ADVERTISING	4010000	OR		
	C26 - NONG IMAGE ADVERTISING	4010000	OR		
	S17 - INTERNAL COMMUNICATIONS	4010000	OR	411,468	725,754
	S18 - CUSTOMER COMMUNICATIONS	4010000	OR		
<b>Corporate Comm.</b>	<b>Total</b>		<b>2,958,350</b>	<b>3,671,978</b>	
Corporate Services	CORPORATE SERVICES	4010000	OR		
		4020000	OR		
		4210000	ON		
	258 - T&D TRANSFORMER SOLUTIONS	4210000	ON		
	259 - T&D TRANSFORMER SOLUTIONS-	4230000	ON		
	C08 - CORPORATE SERVICES MGMT.	4010000	OR	1,374,753	1,584,327
	C09 - EMPL. IDENT. CARDS-CORP.	4010000	OR	49,250	86,899
	C11 - REAL ESTATE	4010000	OR	253,292	293,747
	C12 - NUCLEAR ACC. AUTH./PHY. SE	4010000	OR	675,655	
	C13 - PHYS. SECURITY INVEST./EAP	4010000	OR	227,895	402,140
	C15 - CORPORATE AIR (FIXED)	4010000	OR		
	C16 - RECORDS AND PROCEDURES	4010000	OR	65,215	115,050
	C74 - PROPERTY MGMT. (CORP HDQ)	4010000	OR		
	C80 - CORPORATE LEASES	4010000	OR		
	S01 - FLEET MANAGEMENT	4010000	OR	58,417	317,122

Charge By Organization	Product	FERC	AIC Class	FPC Energy	
				FPC Supply	FPC Delivery
	S03 - PROPERTY MGMT. (SYSTEM)	4010000	OR		
	S04 - FACILITIES PROJ. MANAGEMEN	4010000	OR	20,924	156,930
	S06 - CONTRACTS / LEASING	4010000	OR		
	S11 - OIL-FILLED EQUIPMENT REPAI	4010000	OR		
	S13 - RESEARCH AND TECHNICAL DAT	4010000	OR	53,187	30,375
	S14 - MAIL SERVICES	4010000	OR	106,702	195,381
	S15 - COPY CENTER SERVICES	4010000	OR		
Corporate Services	Total			2,685,291	3,191,971
CR&AS	C05 - CR & AS GROUP MANAGEMENT	4010000	OR	177,089	204,856
	C63 - ADMIN SERVICE GROUP MANAGE	4010000	OR	118,177	136,707
CR&AS	Total			295,266	341,563
Economic Development	C43 - ECONOMIC DEVELOPMENT	4010000	OR		
Economic Development	Total				
Executive	C01 - EXECUTIVE MANAGEMENT	4010000	OR	1,654,227	1,913,804
	C82 - EEI DUES	4010000	OR	363,750	363,750
Executive	Total			2,017,977	2,277,554
FSG Administration	C44 - FSG EXECUTIVE MANAGEMENT	4010000	OR	290,145	335,639
	C75 - FINANCE EXECUTIVE MANAGEME	4010000	OR	63,715	73,705
FSG Administration	Total			353,860	409,344
HR	C27 - HUMAN RESOURCES MGMT.	4010000	OR	1,016,068	1,792,492
	C28 - LABOR RELATIONS	4010000	OR	21,862	36,523
	C30 - COMPENSATION	4010000	OR		
	C31 - EEO/A/DIVERSITY	4010000	OR	32,473	57,312
	S19 - HRIS	4010000	OR	126,469	223,208
	S20 - POLICY/PAY/BENEFIT ADMIN.	4010000	OR	110,454	194,856
	S21 - ORGANIZATIONAL EFFECTIVENE	4010000	OR	153,071	270,039
	S22 - STAFFING / RECRUITING	4010000	OR		
	S23 - TRAIN. & DVLPMNT-EXEC./PERS	4010000	OR	102,618	181,033
	S24 - HR - NGG	4010000	OR		
	S25 - HR - POG	4010000	OR		
	S26 - HR - ED	4010000	OR		
	S28 - HR - NCNG	4010000	OR		
HR	Total			1,563,043	2,757,584
ITSD	IT SERVICES	4010000	OR	1,883,793	1,275,820
	4210000 ON				11,194,818
	111 - NATIVE LOAD GENERATION	1840000	OR		
	4010000 OR			3,273,786	
	451 - IT SERVICES - REGULATED	4010000	OR		
	C69 - IT INFRASTRUCTURE & MANAGE	4010000	OR	552,815	927,172
	C70 - APPLICATION MAINTENANCE	4010000	OR	503,500	67,867
	C71 - INFRASTRUCTURE & MAINTENAN	4010000	OR	3,012,781	4,382,227
	S49 - APPL. DVLPMNT & ENHANCEMENT	1840000	OR		5,477,784
	4010000 OR			427,000	1,347,351
	S50 - APPL. OPERATION - MAINFRAM	4010000	OR		
	S51 - APPL. OPERATION - HP/UNIX	4010000	OR		
	S54 - PERSONAL COMPUTERS	4010000	OR	337,280	1,588,121
	4210000 ON				6,856,370
ITSD	S55 - PERSONAL COMPUTER NETWORK	4010000	OR		
ITSD	Total			6,290,169	11,940,013
					33,656,916

Change By Organization	Product	FERC	A/C Class	FPC		
				FPC	Energy Supply	Energy Delivery
Legal	C17 - LEGAL SERVICES	4010000	OR			
	C18 - CORPORATE SECRETARY	4010000	OR			
	C19 - CLAIMS	4010000	OR			
Legal	Total					
Other (Benefits/Burden)	BENEFITS	4010000	OR	4,384,057		
	CD1 - EXECUTIVE MANAGEMENT	4010000	OR			
	C10 - CORP HQ LEASEHOLD IMPROVE.	4010000	OR			
	S47 - SERVICE CO BURDEN ALLOC OF	4010000	OR			
Other (Benefits/Burden)	Total			4,384,057	2,182,178	2,938,702
President	C83 - SERVICE COMPANY PRESIDENT	4010000	OR		409,230	473,396
President	Total				409,230	473,396
Public Affairs	C21 - PUBLIC AFFAIRS	4010000	OR			
Public Affairs	Total					
Regulatory Affairs	C20 - REGULATORY AFFAIRS	4010000	OR			
Regulatory Affairs	Total					
Strategic Planning	C64 - STRATEGIC PLANNING	4010000	OR		482,571	569,805
	C67 - MARKET RESEARCH-GLOBAL	4010000	OR		47,024	54,388
	C88 - INVESTOR REL. / FUNDS MGMT	4010000	OR		148,916	172,266
	C79 - MARKET RESEARCH-UTILITY	4010000	OR		550,349	638,937
Strategic Planning	Total				1,238,861	1,435,485
Tax	C50 - TAX ADMINISTRATION	4010000	OR		635,784	735,472
	C77 - CP&L TAX SERVICES	4010000	OR			
	C78 - FPC TAX SERVICES	4010000	OR		891,165	534,637
	S89 - PAYROLL	4010000	OR		103,819	195,425
Tax	Total				1,633,768	1,465,584
Treasury	C51 - TREASURY MANAGEMENT	4010000	OR		254,244	305,676
	C54 - CASH MANAGEMENT	4010000	OR		90,305	104,441
	C55 - INSURANCE RISK MANAGEMENT	4010000	OR		101,564	117,477
	C56 - FINANCIAL RISK MANAGEMENT	4010000	OR		57,844	66,914
	C57 - FINANCIAL FORECASTING	4010000	OR		130,316	158,748
	C58 - LOAD FORECASTING	4010000	OR			
	C59 - PROPERTY INSURANCE	4010000	OR		1,589,500	1,835,400
	C80 - LIABILITY & WC INSURANCE	4010000	OR			
	C61 - OTHER INSURANCE	4010000	OR		182,838	211,805
	C62 - NUCLEAR PREMIUMS & CREDITS	4010000	OR		-2,740,113	
	C76 - FINANCIAL ADMINISTRATION F	4010000	OR			
	S36 - BUSINESS CASE ANALYSIS	4010000	OR		130,036	158,805
Treasury	Total				-2,740,113	2,546,638
	Total Service Company				7,934,113	32,483,837

Progress Energy Service Company  
 2001 Budgeted Charges to Affiliates' Balance Sheet

Change By Organization	Product	FERC	A/C Class	Project	FPC	FPC Energy Delivery
Corporate Services	VEHICLES	1070030	CR	0		14,600,000
		1070000	CR	10300100		
		1070003	CR	10001669		
		1070003	CR	20010848		
		1460000	SR	20011281		
		1070030	CR	20011306		
		1070030	CR	20311501		
		1070000	CR	20311504		
		1070003	CR	20011505		
		1070000	CR	20,011,506		
		1070000	CR	20,011,507		
		1070030	CR	20011509		
		1070030	CR	20311661		
		1070000	CR	20311670		
		1070000	CR	20011673		
		1070000	CR	20011679		
		1070000	CR	20011692		
		1070030	CR	20011799		
		1070000	CR	20311928		
		1070000	CR	20311951		
		1080003	CR	20012012		
		1080000	CR	20012013		
		1080000	CR	20012014		
		1080000	CR	20,012,033		
		1070000	CR	20,012,133		
		1030003	CR	20312133		
		1070000	CR	20012138		
		1070000	CR	20012162		
		1080000	CR	20012162		
		1070030	CR	20,012,522		
		1080000	JB	A0011796		
		1080000	JB	A0012793		
Corporate Services						14,600,000
CR&AS	CAPITAL	1070030	CR	10002931		
		1070030	CR	10015139		
CR&AS	421 - TIMBER SALES-REGULATED NON	1810000	CL	A0004836		
ITSD	CAPITAL	1070000	CR	0		3,195,000
		1070000	CR	10014381		
		1070000	CR	10014382		
		1070000	CR	10314421		
		1070003	CR	10314425		
		1070000	CR	10017833		
		1040000	CL	20000121		
		1070000	CR	20010848		
		1070000	CR	20011306		
		1070000	CR	20311670		
		1070000	CR	20011673		
		1070000	CR	20011679		
		1070000	CR	20011692		
		1070000	CR	20012224		
		1070000	CR	20312168		
		1070000	CR	20312483		

Change By Organization	Product	FERC	A/C Class	Project	FPC	
					FPC	Energy Delivery
		1070000	CR	20012493		
		1070000	CR	20012491		
		1070000	CR	20012492		
		1070000	CR	20012670		
		1070000	CR	20,012,671		
		1070000	CR	20,012,672		
		1070000	CR	20012673		
		1070000	CR	20,012,674		
		1070000	CR	20012675		
		1070000	CR	20,012,676		
		1070000	CR	20012677		
	111 - NATIVE LOAD GENERATION	1070000	CR	100050		
		1070000	CR	10001689		
		1070000	CR	10011884		
		1070000	CR	10015435		
		1840000	CL	20010362		
		1840000	CL	20010365		
		1070000	CR	20012458		
		1070000	CR	20012668		
	451 - IT SERVICES - REGULATED	1070000	CN	100069		
		1070000	CN	10010060		
		1070000	CN	10016135		
	S49 - APPL. DVLPIKT & ENHANCEMENT	1070000	CR	20011431		
		1070000	CN	20012029		
		1070000	CR	20012687		
		1070000	CR	20012700		
		1070000	CR	20013069		
	S50 - APPL. OPERATION - MAINFRAM	1840000	CL	20000907		
	S54 - PERSONAL COMPUTERS	1070000	CR	100055		
		1070000	CR	100057		
		1070000	CR	100058		
		1070000	CR	100059		
		1070000	CR	128000		
		1840000	CL	20000121		
		1840000	CL	20000219		
		1840000	CL	20000807		
	S55 - PERSONAL COMPUTER NETWORK	1840000	CL	20000219		
		1840000	CL	20000807		
ITSD					9,869,926	3,687,900
Other (Benefits/Burdens)	BENEFITS	1840000	CL	0		
Other (Benefits/Burdens)						
					9,869,926	18,287,900

Progress Energy Service Company  
2001 Cost Distribution Model (Budget)

Ref No.	Department	Product / Service	Product Code	Description	Allocation Basis for Percentage Allocation	Progress Energy, Inc.	CP&L Energy Delivery	CP&L Energy Supply	CP&L Energy Services	CP&L Energy Ventures	NCNG	FPC	Florida Power Supply	Florida Power Delivery	Electric Fuels	Progress Telecom	SRS	Monroe Power	Total
1	Executive Management	Executive Management	C01	Provides management oversight across the entire Holding and Service Company.	MWD (Modified Massachusetts)	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.03%
2	Executive Management	EEL Dues	C02	Edison Electric Institute professional dues	Direct Cost		25.00%	25.00%					25.00%	25.00%					100.00%
3	President	Service Company President	C03	Provides management oversight across the entire Holding and Service Company.	MWD	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%
4	Executive Management	Corporate Relations & Administrative Services Group Management	C06	Provides management oversight across the entire Administrative Services and Corporate Relations Group.	MWD	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%
5	Executive Management	Administrative Services Group Management	C03	Provides management oversight across the entire Administrative Services Group.	MWD	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.03%
6	Audit Services	Internal Audit	C07	Provides an independent and objective appraisal of the adequacy of business controls and effectiveness and efficiency of company operations. Includes financial, information technology, operations, environmental, and health and safety audits. Also include	MWD	0.05%	33.21%	58.18%	1.24%	1.33%	3.30%						2.53%	0.23%	100.00%
7	Corporate Services	Nuclear Access Authorization/Physical Security	C12	Access Authorization, Nuclear Background Investigations and Fitness for Duty Programs. Nuclear security programs support through program implementation assistance, management of nuclear safeguards information, commonality, industry best practices, assessment	No. of Nuclear Parts			60.0%					20.00%						100.00%
8	Corporate Services	Physical Security Investigations Employee Assistance Program (EAP)	C13	Executive and headquarters protection services, professional investigative and physical security services, proprietary information protection, employment, background investigations and complete residence screening programs. Managed EAP designed to elicit	Headcount		19.46%	30.73%	0.60%	2.11%	3.81%		43.47%	25.00%		1.93%	3.11%	0.24%	100.00%
9	Corporate Services	Corporate Services Management	C08	Provides management oversight across the entire Corporate Services function. Also includes business management governance services and other departmental activities not readily assignable to a specific product/service.	MWS		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.47%					100.03%
10	Corporate Services	Fleet Management	S01	Provides management oversight of fleet purchases, operations and maintenance services and DOT and DOE regulatory compliance activities.	No. of Vehicles Managed Ratio								7.00%	35.00%					45.00%
11	Corporate Services	Fleet Operation & Maintenance	S02	Operate, maintain and replenish vehicle fleet, including DOT and DOE regulatory compliance activities (cleaning account charges)	Miles and Hours of Usage		N/A	N/A	N/A	N/A	N/A								0.00%
12	Corporate Services	Property Management (Corp Hdq) (A)	C74	Full service management of facilities (including rent, utilities, security, card access, janitorial, renovations, operations, repairs, maintenance, landscaping food service parking, pest control, retail tenants, vending, furniture, plants, artwork, etc.)	Square Footage Ratio		11.18%	9.76%	0.30%	6.07%	4.20%					1.30%			34.51%
13	Corporate Services	Property Management (System)	S03	Same as above for administration, crew, shop, and other buildings throughout the CP&L system (Power Operations, Nuclear Generation, EDG, Shared Services, and other Groups, including subsidiaries)	FTE's Assigned Ratio		88.00%				12.00%								100.00%
14	Corporate Services	Employee Identification Cards (Corporation)	C09	Produce and maintain employee security ID cards, including the database	Headcount		20.03%	31.73%	0.62%	2.17%	4.83%		13.90%	25.45%		2.00%			100.03%
15	Corporate Services	Facilities Project Management	S04	Facility planning and programming from conceptual need identification to design construction and occupancy. Includes budget and schedule preparation for each facility and an annual integrated 5-year facilities plan for the Company. Facility engineering.	Direct Cost and FTE's Assigned Ratio		28.74%	13.20%			18.81%		4.62%	34.65%					100.00%
16	Corporate Services	Corporate Headquarters Leasehold Improvements	C10	Amortization of leasehold improvement projects for corporate headquarters leased facilities	Square Footage Ratio		33.75%	33.34%	0.72%	15.76%	13.41%								100.00%
17	Corporate Services	Corporate Leases	C05	Manage facilities for future use.	Direct Cost		35.27%	61.35%	1.55%	1.45%									100.00%
18	Corporate Services	Corporate Air Services (Variable)	C14	Operate corporate aircraft. Includes fuel, landing fees, inspections and other variable expenses	Average Hourly Rate		N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A	N/A	0.00%
19	Corporate Services	Corporate Air Services (Fixed)	C15	Maintain and pilot corporate aircraft. Includes lease of aircraft, hangar fees, pilots' salaries and other fixed expenses	Pilot/Year Usage Ratio			34.53%	56.78%	3.84%	3.62%						2.02%		100.00%



Ref No.	Department	Product / Service	Product Code	Description	Allocation Basis for Percentage Allocation	Progress Energy, Inc.	CP&L	CP&L	CP&L	CP&L	NONG	FPC	Florida	Florida	Electric Fuels	Progress Telecom	SRS	Honor Power	Total	
							Energy Delivery	Energy Supply	Energy Services	Energy Ventures			Power Supply	Power Delivery						
20	Corporate Services	Supplier Diversity	S05	Manage the corporate effort to increase the utilization of minority and women-owned business enterprises through corporate goal-setting, tracking, and reporting data (awarded, identification and qualification of suppliers and contractors, and the board)	Corp Common Stores Burden		N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	0.03%	
21	Corporate Services	Contracts / Leasing	S06	Identifies sources, prepares contracts for services and leasing and resource sharing.	FTES Assigned Ratio		11.43%	48.57%		22.85%			14.29%	2.86%					100.00%	
22	Corporate Services	Purchasing	S07	Identifies sources and procures materials and equipment includes commodity and supplier management and coordinates corporate resource sharing program	Corp Common Stores Burden		N/A	N/A	N/A	N/A	N/A					N/A	N/A	N/A	0.00%	
23	Corporate Services	Investment Recovery	S03	Develop markets and sell surplus materials (including proceeds from sales)	Corp Common Stores Burden		N/A	N/A	N/A	N/A	N/A					N/A	N/A	N/A	0.00%	
24	Corporate Services	Warehousing	S09	Receive, sort and distribute material	ED Local on Stores Burden		N/A												0.00%	
25	Corporate Services	Inventory Planning & Analysis	S10	Evaluate material needs and manage inventory levels	Corp Common Stores Burden		N/A	N/A	N/A	N/A	N/A					N/A	N/A	N/A	0.00%	
26	Corporate Services	Oil-Filed Equipment Repairs	S11	Repair transformers and other oil-filled equipment and less than goods (line man's safety equipment). Also includes PCB and oil handling.	Direct Cost		100.00%												100.00%	
27	Corporate Services	Supply Chain Data Services	S12	End user support for computing systems, including corporate supply chain and other systems used in Corporate Services functions	Corp Common Stores Burden		N/A	N/A	N/A	N/A	N/A					N/A	N/A	N/A	0.00%	
28	Corporate Services	Records and Procedures	C16	Provide governance services, document programs/standards, contract management for records and procedurals/controlled documents needs (outside nuclear QA)	Headcount		20.50%	32.35%	0.63%	2.22%	4.12%		14.18%	25.06%				0.04%	100.00%	
29	Corporate Services	Research and Technical Data	S13	Conduct negotiation/management and application support for industry seminars, technical documents, and conduct business research tools; direct research support for call center business decisions	Peer Year Usage Ratio		8.71%	45.86%	0.90%	3.14%	8.00%		20.10%	12.78%					100.00%	
30	Corporate Services	Mail Services	S14	Manage fleet, supplies, equipment, postage, and contracts in support of corporate mail operations (excluding printing and mailing bills)	Headcount		20.37%	32.16%	0.63%	2.20%	4.09%		14.08%	25.80%	0.66%				100.00%	
31	Corporate Services	Copy Center Services	S15	Manage program and contracts to provide copy equipment maintenance, supplies, and paper in user locations and for bulk and special copy services	Direct Cost and Headcount ratio		34.26%	54.02%	1.03%	3.71%	6.68%								100.00%	
32	Customer accounting	Print and Mail Bills	S16	(CSD role) Prepares budgets and monitors expenses for related postage and supplies. Includes printing and mailing of customer bills. Also provides consultation on cost controls.	Direct Cost		100.00%												100.00%	
33	Legal	Legal Services	C17	All activities associated with providing legal services and support in all matters related to company operations and relations to: consultants or Services Company. Also provides management oversight across the entire function.	MIME	0.05%	33.21%	58.10%	1.24%	1.33%	3.30%						2.53%	0.23%	100.00%	
34	Legal	Corporate Secretary	C18	Coordination of Board of Directors (BOD) activities and handling shareholder relations, including related corporate governance activities and shareholder services.	Direct Cost	103.00%													100.00%	
35	Legal	Claims	C19	Provides investigation and settlement support and payment of general liability and motor vehicle accidents against the Company. Coordinates the collection of monies owed to Company for damage to Company facilities and equipment as a result of third party.	Historical Claims Ratio		95.06%	2.02%			3.00%								100.00%	
36	Corporate Services	Real Estate	C11	Buy, sell, lease, and develop real estate. Provides take, timber, and land management. Coordinate and support right-of-way activities	MMS		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.42%					100.00%	
37	Legal	Regulatory Affairs	C20	Manage retail regulatory issues and activities with the utility commissions in North and South Carolina, and provide support for federal and state legislative affairs regarding retail matters. Obtain state utilities commissions' approvals of all Company	MMA		34.87%	59.83%	1.30%	1.40%	3.40%								100.00%	
38	Public Affairs	Public Affairs	C21	Influencing legislation and shaping public policy & opinion on major corporate issues; ally development and training for NC & SC allies; support for "Citizens for a Brighter Carolina" group, monitoring & tracking legislation, building goodwill & relation	Direct Cost	100.00%														100.00%

Fid No.	Department	Product / Service	Product Code	Description	Allocation Basis for Percentage Allocation	Progress Energy, Inc.	CP&L	CP&L Energy Delivery	CP&L Energy Supply	CP&L Energy Services	CP&L Energy Ventures	NCNG	FPC	Florida Power Supply	Florida Power Delivery	Electric Fuels	Progress Telecom	SRS	Monroe Power	Total
33	Corporate Communication	Corporate Communications	C22	Includes management message across the entire Corporate Communications function. Develops and distributes key company messages to external media as primary corporate spokespersons, manages company's strategic philanthropy, manages the company's brand	Headcount	0.03%		19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	29.51%	0.72%	1.71%	1.47%	0.14%	100.03%
34	Corporate Communication	Internal Communications	S17	Manages systems and creates tactical tools to keep employees informed and engaged about strategic business developments and their role in ensuring company success. Tools include newsletters, e-mail (intranet), intranet and Internet employee briefing	Headcount			19.92%	31.45%	0.61%	2.16%	4.00%		13.76%	25.22%	0.64%	1.98%	0.29%	0.84%	100.00%
31	Corporate Communication	Customer Communications	S18	Includes communications to Energy Delivery customers	Direct Cost			100.00%										2.53%	0.23%	100.00%
32	Corporate Communication	Donations	C23	Corporate donations	Mix/B	0.05%		33.21%	58.10%	1.24%	1.33%	3.30%								100.00%
33	Corporate Communication	CP&L Advertising	C24	Manages the company's brand position and ensures consistency in brand message for both internal and external audiences. Directs the corporate image through advertising.	MM1			35.27%	61.93%	1.35%	1.45%									100.00%
34	Corporate Communication	Florida Advertising	C25	Manages the company's brand position and ensures consistency in brand message for both internal and external audiences. Directs the corporate image through advertising.	MM11									46.39%	53.61%					100.00%
35	Corporate Communication	NCNG Advertising	C26	Manages the company's brand position and ensures consistency in brand message for both internal and external audiences. Directs the corporate image through advertising.	Direct Cost							100.00%								100.00%
36	Human Resources	Human Resources Management	C27	Provides management oversight across the entire Human Resources function	Headcount			20.50%	32.33%	0.63%	2.22%	4.12%		14.16%	25.96%				0.04%	100.00%
37	Human Resources	Labor Relations	C28	Provides corporate support for labor-related issues (union & non-union)	Headcount			19.95%	31.51%	0.62%	2.16%	4.01%		13.81%	25.27%	0.65%	1.99%		0.84%	100.00%
38	Human Resources	Health Program Management	C29	Administers health, welfare, qualified plans & executive benefits.	Headcount			31.24%	54.06%	1.05%	3.71%	6.07%							0.07%	100.00%
39	Human Resources	Compensation	C30	Administers base compensation, MIP, LTIP, deferred compensation, ECIIP and other compensation programs	Headcount			34.24%	54.05%	1.05%	3.71%	6.07%							0.07%	100.00%
30	Human Resources	Benefit Plan Integration	C31	Provides integration of client company benefit plans.	Headcount			20.50%	32.33%	0.63%	2.22%	4.12%		14.16%	25.97%					100.00%
31	Human Resources	EEO/AA/ Diversity	C31	Provides consultation and support on affirmative action, equal employment opportunity and diversity.	Headcount			20.03%	31.71%	0.62%	2.17%	4.03%		13.90%	25.44%		2.03%		0.04%	100.00%
32	Human Resources	HRIS	S19	Manages overall HR information, administers the PeopleSoft HR system, provides benefits administration	Headcount			20.69%	31.71%	0.62%	2.17%	4.03%		13.90%	25.44%		2.06%		0.04%	100.00%
33	Human Resources	Policy/Benefit Administration	S20	Provides the employee information on line, benefits administration, compensation administration, and policies/practices administration of corporate relocation services and non-ferrous seminars.	Headcount			20.50%	32.35%	0.63%	2.22%	4.12%		14.16%	25.96%				0.04%	100.00%
34	Human Resources	Organizational Effectiveness (OFE)	S21	Designs and implements HR process improvements	Headcount			20.50%	32.36%	0.63%	2.22%	4.12%		14.16%	25.93%				0.04%	100.00%
35	Human Resources	Staffing/Resourcing	S22	Recruits, screens, tests, interviews applicants, consults with managers on staffing plans and issues	Headcount			34.24%	54.06%	1.66%	3.71%	6.07%							0.07%	100.00%
36	Human Resources	Staffing Record Keeping & Compliance	C32	Administers record-keeping of all job applications and requisitions, tracking of data for reporting and compliance with applicable regulations. Submits data to DOE and OFCCP.	Headcount			20.50%	32.33%	0.63%	2.22%	4.12%		14.16%	25.96%				0.04%	100.00%
37	Human Resources	Training & Development - Executive/Personal	S23	Provides executive and personal developmental training and employee development programs. Course attendance charged by and to customer	Headcount			20.50%	32.36%	0.63%	2.22%	4.12%		14.16%	25.95%				0.04%	100.00%
38	Human Resources	HR - NGG	S24	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the Nuclear Generation Group.	Direct Cost				100.00%											100.00%
39	Human Resources	HR - POG	S25	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the Power Operations Group.	Direct Cost				100.00%											100.00%
40	Human Resources	HR - ED	S26	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the Energy Delivery Group.	Direct Cost			100.00%												100.00%
41	Human Resources	HR - Service Company (A)	S28	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the Service Company.	100% to Service Co using Headcount.															0.03%

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62	Human Resources	HR - RS&S	S27	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the Retail Sales & Services Group and SRS	FTE's Assigned Ratio				90.00%								10.00%		100.00%	
63	Human Resources	HR - MCHG	S28	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in MONG.	Direct Cost						100.00%								100.00%	
64	Human Resources	HR - FPC	S29	Includes cost of the HR service manager and representatives who provide HR management. Consultation & support to managers & employees in the FPC.	Direct Cost							35.35%	64.67%						100.00%	
65	Corporate Environmental, Health & Safety	Corporate Environmental, Health and Safety Management	C33	Provides management oversight across the entire Corporate Environmental, Health and Safety function	MA21		20.49%	33.30%	0.75%	0.81%	2.04%		18.16%	21.84%		1.76%			100.00%	
66	Corporate Environmental, Health & Safety	Regulatory Affairs/Technical Support	C34	Develops programs and procedures, tracks regulatory issues; reviews events, investigates accidents and operating experiences, keeps records on compliance; tracks contractor safety for shared services/retail sales; provides health and safety support, print	Headcount		20.50%	37.86%	0.63%	2.22%	4.12%		14.16%	25.96%					0.04%	100.00%
67	Corporate Environmental, Health & Safety	Public Safety	C35	Maintains electrical and gas safety information; provides school programs; ensures regulatory compliance	MM5		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.42%					100.00%	
68	Corporate Environmental, Health & Safety	Energy Supply Safety Services	C36	Implements health and safety policies and procedures; performs hazard analyses and compliance assessments; performs health and safety training; performs accident investigation and analysis	Direct Cost				100.00%											100.00%
69	Corporate Environmental, Health & Safety	Energy Delivery Safety Services	C37	Implements health and safety policies and procedures; performs hazard analyses and compliance assessments; conducts health and safety training; performs accident investigation and analysis	Direct Cost														100.00%	
70	Corporate Environmental, Health & Safety	Retail Gas/Pipeline Safety Services	C38	Implements health and safety policies and procedures; performs hazard analyses and compliance assessments; performs health and safety training; conducts accident investigation and analysis; performs DOT pipeline safety (RSPA) drug/alcohol testing and test	Direct Cost						100.00%									100.00%
71	Corporate Environmental, Health & Safety	Occupational Health (OH) Services	C39	Implements OH policies and procedures; conducts medical evaluations (nuclear, fossil, pipeline safety); performs medical surveillance (lead, asbestos, hearing conservation); conducts free climbing medical fitness tests; evaluates ergonomics of work areas	Direct Cost				100.00%											100.00%
72	Corporate Environmental, Health & Safety	DOT Motor Carrier Safety (FMCSR) Services	C40	Conducts cover (CO <sub>2</sub> ) qualification; performs drug/alcohol testing and training; conducts medical evaluations	Direct Cost		100.00%													100.00%
73	Corporate Environmental, Health & Safety	Workers' Compensation	C41	Performs claims management, case management, TPA coordination and workers compensation oversight. Includes the costs to maintain the reserve for workers' compensation (self-insurance)	MA12		20.06%	35.03%	0.74%	0.79%	1.99%		48.02%	20.87%	0.74%	1.74%			100.00%	
74	Corporate Environmental, Health & Safety	Environmental Services	C42	Provides environmental services	MA10	0.03%	20.23%	35.32%	0.74%	0.80%	2.01%		18.16%	21.04%			1.52%	0.14%	100.00%	
75	Economic Development	Economic Development	C45	Provides services associated with promoting economic development within our service territory. This includes attendance at trade shows and events to represent the company, recruitment of businesses; assistance with strategic planning for communities to all	MA12	0.05%	34.05%	59.80%	1.30%	1.40%	3.40%									100.00%
76	Executive Management	Financial Services Executive Management	C44	Provides management oversight across the entire Financial Services Group	MA10	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
77	Executive Management	Finance Executive Management	C75	Provides management oversight across the entire Finance Group	MA10	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
78	Accounting	Accounting Management	C43	Provides management oversight across the entire Accounting function	MA15		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.42%					100.00%	
79	Accounting	General Ledger Accounting	S30	Maintains general ledger, account keys and journal entries; manages the monthly and annual closing process; performs bank reconciliations	MA14	0.05%	33.96%	59.67%	1.30%	1.40%	3.39%							0.23%	100.00%	
80	Accounting	Property Accounting	S31	Maintains core fixed assets and materials records, including the entry of work orders in field organizations	Unallocated Assets Ratio		34.07%	59.83%	1.30%	1.40%	3.40%								100.00%	
81	Accounting	Disbursements	S32	Analyzes and processes invoices and payments; administers procurement and commercial credit card process	Invoice Ratio		51.37%	31.50%	8.16%	3.76%	4.61%						0.53%	0.06%	100.00%	

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82	Accounting	Revenue Accounting	S33	Maintains certain customer accounting records, reconciles customer system to general ledger, maintains no-credit service accounts receivable system, performs revenue analysis	MM45		34.49%	60.72%	1.34%		3.45%								100.00%	
83	Accounting	Regulatory Accounting	S34	Develops regulatory financial reports and consults on proper regulatory treatment of various accounting transactions; maintains records and reports on fuel-related transactions	MM15		34.49%	60.77%	1.34%		3.45%								100.00%	
84	Accounting	Diversified Investments	S35	Handles all intercompany billing processes for subsidiaries of CP&L Energy. Also, maintains accounting records for certain subsidiaries	MM7	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
85	Accounting	Management Reporting	C46	Develops and distributes cost reports, and develops and coordinates materials presented to the Board of Directors and its committees	MM5		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.42%					100.00%	
86	Accounting	Financial Reporting	C47	Develops internal and external financial reports and profitability reports	MM4D	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
87	Accounting	Benchmarking	C49	Develops benchmarking processes to support cost vs market and quality of service comparisons	MMV	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
88	Accounting	Rates	C52	Develops and implements jurisdictional rates and competitive pricing options; provides embedded and marginal cost-sensitive expertise and analysis in support of rate development and strategic business unit needs; provides expertise and guidance in the ap	MM4		34.07%	59.83%	1.30%	1.40%	3.40%								100.00%	
89	Tax	Tax Administration	C59	Conducts tax planning and prepares returns, including taxes other than income	MMO	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
90	Tax	Payroll (A)	S69	Conducts fixed entry; maintains payroll system; runs payroll; produces payroll-related reports and processes employee expense reports	MMO00000														0.04%	0.178%
91	Tax	CP&L Tax Services	C77	Provides CP&L Tax Services	MM1		35.27%	61.93%	1.35%	1.45%									100.00%	
92	Tax	FPC Tax Services	C78	Provides FPC Tax Services	MM11								46.38%	53.61%					100.00%	
93	Treasury	Treasury Management	C51	Provides management oversight across the entire Treasury function	MM2D	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
94	Treasury	Financing	C53	Manages external financing and investments, bank relationships and the cost of capital; ensures compliance with financing documents	MM17	0.03%	19.81%	34.51%	0.72%	0.77%	1.97%		17.76%	20.54%	0.72%	1.71%	1.47%		100.00%	
95	Treasury	Cash Management	C54	Manages the efficient movement of company funds through the banking system and secures short-term debt financing and investments	MM20	0.03%	19.93%	34.76%	0.73%	0.78%	1.98%		17.80%	20.70%		1.73%	1.49%		100.00%	
96	Treasury	Insurance Risk Management	C55	Manages the corporate insurance program	MM3	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
97	Treasury	Business Case Analysis	S36	Provides analysis support for business case development for various initiatives	MM5		20.54%	35.93%	0.77%	0.82%	2.04%		18.47%	21.42%					100.00%	
98	Treasury	Financial Risk Management	C56	Measures, independently, and reports corporate risk exposures; provides risk management training, tools, controls and strategies	MMO	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
99	Treasury	Financial Forecasting, Budgeting & Business Planning	C57	Coordinates and develops plans and budgets for corporate and line organizations. Prepares and presents results of financial forecasts and provides financial and planning support for the regulatory and strategic planning process	MM4D	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
100	Treasury	Load Forecasting	C58	Prepares and presents economic, load and energy forecasts	MM19		34.48%	60.66%		1.43%	3.44%								100.00%	
101	Treasury	Property Insurance	C59	Property insurance premiums	Undepreciated Assets Ratio		23.40%	34.84%	0.03%	0.05%	2.10%		18.70%	19.24%	0.01%	1.35%		0.28%	100.00%	
102	Treasury	Liability and Workers' Compensation Insurance	C60	Liability and workers' compensation insurance premiums	Labor Dollars Ratio		27.60%	59.29%	2.40%	2.55%	3.13%				2.45%	3.53%			100.00%	
103	Treasury	Other Insurance	C61	Crime, directors & officers, aircraft, fiduciary and special marine insurance premiums	MMB		20.03%	34.99%	0.74%	0.79%	1.99%		17.89%	20.84%	0.74%	1.74%		0.14%	100.00%	
104	Treasury	Nuclear Premium & Credit	C62	Nuclear property and liability insurance premium and credit load expense	Direct Cost								18.00%						100.00%	
105	Treasury	Financial Administration Fees	C76	Includes financial administration fees, such as bank fees	MM1		35.27%	61.93%	1.35%	1.45%									100.00%	
106	Strategic Planning	Strategic Planning	C64	Maintains responsibility for corporate strategic planning (does not develop long-term plans for line or individual corporate organizations)	MMO	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
107	Strategic Planning	Market Research - Global	C67	Provides market research services for the consolidated entity	MM3	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
108	Strategic Planning	Investor Relations/ Funds Management	C69	Manages relations with the financial community and the performance of external trust funds	MMO	0.03%	19.78%	34.46%	0.72%	0.77%	1.96%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	

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108	Strategic Planning	Market Research - Utility	C79	Provides market research services to the electric utility	MANG		21.12%	57.03%	0.79%				19.01%	22.07%					100.00%	
110	Information Technology	IT Infrastructure & Management	C69	Provide management oversight across the entire function.	Information Technology Distributed Cost Ratio		25.65%	12.51%	2.28%	3.03%	2.78%	3.16%	5.30%	30.67%		0.94%		0.01%	86.37%	
111	Information Technology	Billed Labor	S48	Base pay and associated burdens for personnel who are billed at a standard rate to other products and services	Direct Cost															
112	Information Technology	Application Development & Enhancement	S49	Planning, design, implementation, and enhancement of business software applications	IT Standard Labor Rate and Direct Cost															
113	Information Technology	Application Maintenance	C70	Maintain and repair business software applications	IT Standard Labor Rate															
114	Information Technology	Application Operation - Mainframe	S50	Provide computing, data storage, and printing for business software applications running on mainframe computers	IT Application Index Ratio															
115	Information Technology	Application Operation - HP/UNIX	S51	Provide computing, data storage, and printing for business software applications running on HP/UNIX servers	IT Application Index Ratio															
116	Information Technology	Application Operation - NT	S52	Provide computing, data storage, and printing for business software applications running on NT servers	IT Application Index Ratio															
117	Information Technology	Application Operation - SUN	S53	Provide computing, data storage, and printing for business software applications running on SUN servers	IT Application Index Ratio															
118	Information Technology	Application Operation - Other	S53	Provide computing, data storage, and printing for business software applications running systems other than Mainframe, NT, and HP/UNIX	IT Application Index Ratio															
119	Information Technology	Personal Computers	S54	Provide personal computer hardware, software, remote access, and associated support personnel	IT Standard PC Count Rate															
120	Information Technology	Personal Computer Network Services	S55	Provide e-mail, shared calendars, shared storage, intranet access, and access to application services	IT Standard Productivity Rate															
121	Telecommunications	Telecom Projects	S66	Provide one time or infrequent activities such as infrastructure in new facilities, removing equipment from facilities, adding new equipment, etc.	Direct Cost															
122	Telecommunications	Voice & Data Services	S67	Provide BOC service, wired and wireless phones, local and long distance phone service, pagers, radio equipment, and dedicated data circuits	Direct Cost															
123	Telecommunications	Infrastructure & Maintenance	C71	Provides and maintains the local area data networks, wide area data networks, fiber usage, video conferencing, voice mail, as well as network support	Headcount		19.85%	31.33%	0.61%	2.15%	3.99%		13.73%	25.13%				3.17%	0.04%	100.00%
124	XOO	Operating Lease	C65	Payments made on operating leases to CP&L for the use of space to support non-CP&L companies	MANG	0.07%					4.47%		40.30%	45.34%	1.55%	3.83%	3.14%	0.33%	100.00%	
125	Corporate	Depreciation Expense	C02	Depreciation expense on Service Company assets	MANG	0.03%	19.73%	34.46%	0.72%	0.77%	1.93%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
126	Corporate	Capital Leases	C03	Lease payments on capital assets	MANG	0.03%	19.78%	34.46%	0.72%	0.77%	1.93%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
127	Corporate	Property Tax - Service Company	C04	Property tax payments	MANG	0.03%	19.78%	34.46%	0.72%	0.77%	1.93%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
128	Corporate	Interest Expense	C05	Interest expense payments	MANG	0.03%	19.78%	34.46%	0.72%	0.77%	1.93%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	
129	Corporate	Service Company Income Tax Expense	C08	Federal and State Service Company income tax expenses	MANG	0.03%	19.78%	34.46%	0.72%	0.77%	1.93%		17.73%	20.51%	0.72%	1.71%	1.47%	0.14%	100.00%	

Notes:

(A) An "infrastructure" service. See also "infrastructure" tab.

Legend:

WMS The "Vehicle Management System" tracks hours and miles to determine the billing rate.

**Progress Energy Service Company  
Modified Massachusetts Formula Ratio  
2001 Budget**

	2001 Annual Labor Budget	% of Total Labor	2001 Undepriciated Assets Budget (A)	% of Total Assets	Total Modified Mass (C) %	(C59) Property Insurance (Assets Only)	(C60) Liability Insurance (Labor Only)	(S31) CP&L with EV and NCNG
<b>Progress Energy Holding Company</b>	0	0.0%	10,476,796	0.1%	0.03%			
CP&L - Energy Supply	226,307,909	34.1%	6,298,662,192	34.8%	34.46%	34.84%	58.29%	59.83%
CP&L - Energy Delivery	107,391,551	16.2%	4,228,946,384	23.4%	19.78%	23.40%	27.66%	34.07%
CP&L - Energy Services	9,318,471	1.4%	5,966,669	0.0%	0.72%	0.03%	2.40%	1.30%
CP&L - Energy Ventures	9,896,595	1.5%	9,223,064	0.1%	0.77%	0.05%	2.55%	1.40%
SRS	19,129,572	2.9%	8,690,022	0.0%	1.47%			
NCNG	12,140,681	1.8%	379,171,417	2.1%	1.96%	2.18%	3.13%	3.40%
Monroe Power	-	0.0%	50,546,595	0.3%	0.14%	0.28%	0.00%	
<b>Total Carolinas</b>	<b>31,270,253</b>	<b>4.7%</b>	<b>438,406,035</b>	<b>2.4%</b>	<b>3.57%</b>	<b>2.38%</b>	<b>3.13%</b>	<b>3.40%</b>
FPC - Energy Supply	111,348,381	16.8%	3,379,438,962	18.7%	17.73%	18.70%		
FPC - Energy Delivery	144,632,314	21.8%	3,477,346,965	19.2%	20.51%	19.24%		
Electric Fuels	9,513,950	1.4%	2,018,243	0.0%	0.72%	0.01%	2.45%	
Progress Telecom	13,708,736	2.1%	244,929,547	1.4%	1.71%	1.35%	3.53%	
<b>Total Florida</b>	<b>23,222,686</b>	<b>3.5%</b>	<b>246,947,790</b>	<b>1.4%</b>	<b>2.43%</b>	<b>1.37%</b>	<b>5.98%</b>	
<b>Total</b>	<b>663,388,160</b>	<b>100.0%</b>	<b>18,095,416,857</b>	<b>100.0%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

2001 Allocation Metrics  
 Progress Energy Service Company  
 2001 Allocation Metrics

Department	Head-Count (A) (#)	Head-Count Ratio (%)	Labor Dollars (#)	Labor Dollars Ratio (%)	Modified Mass (B) (#)	Modified Mass Ratio (%)	No. of Nuclear Plants (#)	No. of Nuclear Plants (%)	Prior Yr Usage (Data) (C) (#)	Prior Yr Usage Ratio (%)	FTE's Assigned (\$04) (#)	FTE's Assigned Ratio (%)	FTE's Assigned (\$06) (#)	FTE's Assigned Ratio (%)	Square Footage C74 (C) (#)	Square Footage Ratio (%)	Undepr. Asset (C59) (B) (#)	Undepr. Asset Ratio (%)	No. of Vehicles Managed (D) (#)	Vehicles Managed Ratio (%)
Progress Energy, Inc.						0.03%														
CP&L																				
CP&L Energy Delivery	2,042	19.34%	107,391,551	27.66%		19.78%				9.71%		28.71%	1.0	11.43%	69,899	32.40%	4,228,946,384	23.40%		
CP&L Energy Supply	3,224	30.54%	226,307,909	58.29%		34.46%	4	80.00%		45.66%		13.20%	4.3	48.57%	61,021	28.28%	6,299,662,182	34.84%		
CP&L Energy Services	63	0.60%	9,318,471	2.40%		0.72%				0.90%					1,876	0.87%	5,966,669	0.03%		
CP&L Energy Ventures	221	2.09%	9,896,595	2.55%		0.77%				3.14%			2.0	22.86%	50,455	23.33%	9,223,064	0.05%		
NCNG	410	3.88%	12,140,661	3.13%		1.96%				8.00%		18.81%			26,259	12.17%	379,171,417	2.10%		
FPC																				
Florida Energy Supply	1,413	13.33%				17.73%	1	20.00%		20.10%		4.62%	1.3	14.29%			3,379,439,962	18.70%		8.00%
Florida Energy Delivery	2,586	24.49%				29.51%				12.29%		34.65%	0.3	2.86%			3,477,346,965	19.24%		37.00%
Electric Fuels	66	0.63%	9,513,950	2.45%		0.72%											2,018,243	0.01%		
Progress Telecom	203	1.92%	13,708,736	3.53%		1.71%									6,252	2.90%	244,929,547	1.35%		
SRS	326	3.09%				1.47%														
Monroe Power	4	0.04%				0.14%											50,546,596	0.26%		
<b>Total</b>	<b>10,558</b>	<b>100.00%</b>	<b>388,277,893</b>	<b>100.00%</b>	<b>0</b>	<b>100.00%</b>	<b>5</b>	<b>100.00%</b>	<b>0</b>	<b>100.00%</b>	<b>0</b>	<b>100.00%</b>	<b>8.8</b>	<b>100.00%</b>	<b>215,762</b>	<b>100.00%</b>	<b>18,076,250,039</b>	<b>100.00%</b>	<b>0</b>	<b>45.00%</b>

Progress Energy Service Company  
 Total

CC 400  
 215,762 165.48%

Notes:

- (A) For headcount percentages on services that are not used by all affiliates, the base should be adjusted to only include affiliates participating in the service.
- (B) For Modified Massachusetts Formula percentages on services that are not used by all affiliates, the base should be adjusted to only include affiliates participating in the service.  
 (See "2001 Modified Mass." tab for the raw data used in the weighted average computation.)
- (C) See "2001 PYR Usage - Data" tab for estimated raw data.
- (D) The Vehicle Management System ("VMS") is used to bill affiliates on that system, which accounts for the remaining 55% of costs.

Service Company - Allocations to FPC  
 2001 Budget  
 FPC FERC Distribution

	IT Services	IT Systems	IT Technology	IT Telecom	Executive Mgmt	Corp Relations	Corporate Services	Employee Identification	Real Estate	Nuclear Access	Physical Security	Corporate Aircraft	Records & Procedures	Corp Comm	Human Resources	Labor Relations	EEO/AA/Disability	Corp Environmental	Regulatory
503.00	100,212	174,660	851,939	1,135,337															
506.00	112,477	194,305	948,490	1,267,779															
512.00	18,396	31,104	152,135	204,842															
517.00	350,749	155,266	264,161	2,240,641															
524.00	221,893	98,798	167,101	1,420,393															
524.10	46,008	20,510	34,645	299,484															
528.00	89,988	40,082	67,764	576,085															
531.00	77,094	71,208	218,256	119,088															
546.00	40,896	71,496	348,672	464,197															
549.00	20,448	35,564	177,996	238,200															
560.00	154,127	142,501	436,620	238,260															
565.00	82,932	75,690	235,044	128,244															
568.00	59,232	54,768	167,892	91,608															
569.00	296,208	273,876	839,472	458,052															
569.06	77,004	21,208	218,256	119,088															
588.00	1,042,056	964,068	2,854,953	1,612,333															
590.00	159,948	147,888	453,312	247,344															
722.41	509,472	471,083	1,443,889	787,848															
902.00	59,232	54,768	167,892	91,608															
903.10	2,215,644	2,048,662	6,279,277	3,426,229															
935.00	633,888	585,115	1,796,473	980,221															
908.35	130,332	120,504	369,360	201,540															
908.75	65,160	60,252	184,680	100,764															
912.15	351,368	334,139	1,024,152	558,816															
912.70	21,529	37,692	183,684	244,260															
923.09					3,935,028	421,248	3,274,668	150,168	603,336	745,188	694,872		198,816	6,068,464	3,097,629	66,744	99,636	519,300	190,920
924.30																			
924.31																			
925.05																			
930.22																			
930.30	609,708	555,324	1,583,460	4,189,068															
<b>Total</b>	<b>7,556,511</b>	<b>6,894,531</b>	<b>21,589,575</b>	<b>21,438,229</b>	<b>3,935,028</b>	<b>421,248</b>	<b>3,274,668</b>	<b>150,168</b>	<b>603,336</b>	<b>745,188</b>	<b>694,872</b>	<b>-</b>	<b>198,816</b>	<b>6,068,464</b>	<b>3,097,629</b>	<b>66,744</b>	<b>99,636</b>	<b>519,300</b>	<b>190,920</b>

Note: Subsequent to the initial allocation of Service Co. costs to FPC, there was an additional \$5,0M transferred to FPC for merger-related relocation costs



Service Company - Allocations to FPC  
 2001 Budget  
 FPC FERC Distribution

	Workers Comp	Environmental	Financial Services	Accounting	Mgmt Reporting	Financial Reporting	Benchmarking	Tax Admin	Treasury	Cash Management	Insurance	Risk Mgmt	Financial Forecasting	Admin Svcs	Strategic Planning	Mkt Research	Investor Relations	Property/Insu rance	Finance Executive Mgmt	Tax Services
509.00																				
506.00																				
512.00																				
517.00																				
524.00																				
524.10																				
528.00																				
531.00																				
546.00																				
549.00																				
560.00																				
566.00																				
569.00																				
589.00																				
588.00																				
588.00																				
590.00																				
722.41																				
902.00																				
903.10																				
935.00																				
908.35																				
908.75																				
912.15																				
942.70																				
923.00	67,212	404,652	690,192	3,106,692	845,472	664,356	35,040	1,512,384	628,584	214,788	241,572	137,592	309,984	281,124	1,171,716	111,864	354,240	-	151,560	1,572,600
924.39																		3,556,812		
924.31																		(2,740,116)		
925.05																		435,372		
930.22																				
930.35																				
<b>Total</b>	<b>67,212</b>	<b>404,652</b>	<b>690,192</b>	<b>3,106,692</b>	<b>845,472</b>	<b>664,356</b>	<b>35,040</b>	<b>1,512,384</b>	<b>628,584</b>	<b>214,788</b>	<b>241,572</b>	<b>137,592</b>	<b>309,984</b>	<b>281,124</b>	<b>1,171,716</b>	<b>111,864</b>	<b>354,240</b>	<b>1,262,098</b>	<b>151,560</b>	<b>1,572,600</b>

Note: Subsequent to the initial allocation of Service Co. costs to FPC, there was an additional \$5.0M transferred to FPC for merger-related relocation costs

Service Company - Allocations to FPC  
 2001 Budget  
 FPC FERC Distribution

	Nkl/Research Utility	Serv Co President	Facilities Fleet Mgmt	Research & Tech Project Mgmt	Mail & Tech Data	Internal Comm	Serv Co - HRIS	Policy/Pay/Benefit Admin	Organ Effectiveness	Train & Develop Exec Pers	Diversified Investments	Business Case Analysis	Payroll	EEL Dues	Relocation Exp	Total	
500.00																2,262,148	
506.00																2,523,051	
512.00																406,477	
517.00																3,011,817	
524.00																1,908,185	
524.10																400,647	
528.00																773,919	
531.00																485,556	
546.00																925,261	
549.00																470,208	
560.00																971,508	
566.00																522,910	
568.00																373,500	
580.00																1,867,608	
586.00																485,556	
588.00																6,574,010	
590.00																1,008,482	
722.41																3,212,282	
902.00																373,500	
933.10																13,969,812	
935.00																3,996,697	
908.35																821,736	
908.75																410,856	
912.15																2,278,475	
912.70																487,165	
923.00	1,311,696	973,464	414,192	196,152	92,160	333,180	1,254,264	365,668	336,732	466,656	312,852	112,116	309,756	333,360		39,389,280	
924.30																3,556,812	
924.31																(2,740,116)	
925.06																435,372	
930.22														802,368		802,368	
930.36																6,937,560	
<b>Total</b>	<b>1,311,696</b>	<b>973,464</b>	<b>414,192</b>	<b>196,152</b>	<b>92,160</b>	<b>333,180</b>	<b>1,254,264</b>	<b>365,668</b>	<b>336,732</b>	<b>466,656</b>	<b>312,852</b>	<b>112,116</b>	<b>309,756</b>	<b>333,360</b>	<b>802,368</b>	<b>-</b>	<b>96,902,662</b>

Note: Subsequent to the initial allocation of Service Co. costs to FPC, there was an additional \$5.0M transferred to FPC for merger-related relocation costs.

Service Company Allocations to Florida - 2002 Rate Case Proceeding  
 FPC FERC Distribution by Department

	Information Technology	Telecom	Donations	Corp Share-Rel:1	Corp Serv-Facilities	Corp Serv-Asset Alloc	Executive Management	Corporate Relations Group	Corporate Services	Real Estate	Physical Security	Corporate Comm	Human Resources	Corporate Environmental	Financial Services	Accounting	Tax Admin	Treasury	Admin Services Group	Strategic Planning	President	IT Financial Services	Property Insurance Non-Nuclear	Vehicle Insurance	Liability Insurance	Advertising	Industry Association Dues	Total	
502.00	1,332,028																											1,332,028	
506.00		2,232,884																											2,232,884
517.00	1,567,820																												1,567,820
524.00	949,752	3,881,385																											4,831,137
524.10	156,782																												156,782
528.00	470,376																												470,376
545.00	2,067,756																												2,067,756
549.00	223,638	477,880																											701,518
560.00	882,648																												882,648
566.00	529,572	1,043,104		120,272																									1,692,948
568.00	353,052																												353,052
569.00					770,000																								770,000
580.00	1,193,560																												1,193,560
586.00	283,872																												283,872
588.00	3,470,584	4,302,612																											7,773,196
589.00				361,128																									361,128
590.00	579,756				1,730,000																								2,309,756
902.00	283,872																												283,872
903.00	10,312,896	4,857,488																											15,170,384
905.00	2,578,212																												2,578,212
921.20						1,430,000																							1,430,000
921.30	1,867,252																												1,867,252
923.00							3,817,896	380,000	5,268,000	872,000	1,497,896	4,212,000	5,132,004	1,302,000	683,000	4,955,004	3,461,004	2,261,004	308,004	2,825,000	1,481,004	183,000						33,894,016	
924.30																							3,225,000						3,225,000
924.31																								(2,671,896)					(2,671,896)
925.05																									1,134,000				1,134,000
930.13																										2,718,595			2,718,595
930.22																											799,892		799,892
930.30	2,715,654																												2,715,654
Total Relat'd O&M	20,948,940	15,751,595		481,600	2,000,000	5,400,000	3,942,996	380,000	5,268,000	872,000	1,497,895	4,212,000	5,132,004	1,302,000	683,000	4,955,004	3,461,004	2,261,004	308,004	2,825,000	1,481,004	183,000	3,225,000	(2,671,896)	1,134,000	2,718,595	799,892	96,545,044	
163	439,860																												439,860
164	257,620																												257,620
421		2,500,000																											2,500,000
998.25	1,034,844	306,324																											1,341,168
Total Allocated Costs	31,881,584	19,050,920	2,500,000	461,600	2,000,000	5,400,000	3,942,995	380,000	5,268,000	872,000	1,497,895	4,212,000	5,132,004	1,302,000	683,000	4,955,004	3,461,004	2,261,004	308,004	2,825,000	1,481,004	183,000	3,225,000	(2,671,896)	1,134,000	2,718,595	799,892	101,894,912	

Information Technology  
 Florida Retail Rate Proceedings  
 Approach Used to Calculate 2002 O&M

A macro approach is used to determine the O&M budget for the Florida retail rate proceedings. This approach includes the following steps:

- Determination of product ratios to total allocated costs
  1. Product ratios were determined using 2001 products because the products for the 2002-2003 Plan have not been finalized. This is consistent with the methodology described to SEC.
  2. Calculated percent of total allocated cost for each allocated product, using original 2002 Plan (built in 2001.)
  3. Calculated Florida's percents of each allocated product, using original 2002 Plan (built in 2001.)
  4. Projects (O&M and capital) and maintenance were excluded from the calculation. These products will not be allocated; rather the projection for them will be added to the appropriate FERC function.
  
- Determination of Florida's total IT allocated chargeback
  1. Applied percentages to the 2002 O&M Target, excluding capital and O&M projects and maintenance (to be directly assigned.)
  2. Applied Florida percentages for each product to the 2002 O&M target.
  
- Classification of IT expenses as payroll or non-payroll
  1. Confirmed with Florida Retail Rate Proceedings Team that it is appropriate to classify all IT chargeback as non-payroll.
  
- Distribution of Florida IT Chargeback (Allocated + Direct) to FERC functions
  1. The Florida Retail Rate Proceedings Team mapped headcount to FERC functions. The headcount was used to allocate NES and PCs products. The headcount used for PCs was adjusted to exclude line and service crews.
  2. Operation (Mainframe/Client Server) products were assigned based on application mappings.
  3. IT Management was allocated on the basis of the non-discretionary (excluded CIPP) product total of each FERC function.
  4. O&M projects and maintenance were directly assigned. Assignments were as follows:

Client	Function
Customer Service Center	Customer
Fossil Generation	Steam Generation
Nuclear Generation	Nuclear Generation
FI Power Finance	A&G
DE&O	Distribution
Transmission	Transmission
C&I/DSM	ECCR
Energy Delivery	Distribution, Transmission, Customer Service, ECCR
Combustion Turbine Operations	Other Generation
Technical Services	Steam Generation, Other Generation
T&RTO	Transmission

Information Technology  
Florida Retail Rate Proceedings  
Assumptions

O&M

- Product ratios were calculated in total for IT using the original 2002 Plan. (Due to reorganizations, product budgets by organization are not readily reconcilable to the original departmental budget.)
- The 2002 Plan was used for Maintenance (C70) because there is no material difference between the budget and target for maintenance in total.
- Assign 2002 Target using 2001-2003 Plan products. The 2002-2003 Plan products have not been finalized.
- IT chargeback is classified as 100% non-payroll. This treatment was approved by the Florida Retail Rate Proceedings Team.
- Due to immateriality, statusgo.com was included in all calculations.
- Progress Telecom is not included.

Capital

- All integration costs for 98 company will be accounted for in Information Technology's budget, e.g., client labor.
- 2001 projections were cash flowed using straight line.
- The in-service date was used to cash flow 2002 capital projects
- Due to immateriality, retirement of the FPC TV (\$5K) was excluded. It's out of service date was 12/31/2000.
- Progress Telecom was excluded.