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September 9, 2002

BY HAND DELIVERY

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

Re: Docket 020007-EI

Dear Ms. Bayó:

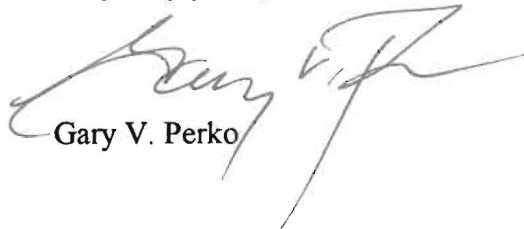
Enclosed for filing on behalf of Florida Power Corporation are the original and fifteen copies of it's Petition for Approval of Environmental Cost Recovery for Certain Environmental Compliance Activities in the above referenced docket. Also included is the Direct Testimony of James Javier Portuondo and Timothy Silar.

09546-02 09545-02

By copies of this letter, these documents have been furnished to the parties listed on the attached service list.

If you have any questions please feel free to call me at 425-2359.

Very truly yours,



Gary V. Perko

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DOCUMENT NUMBER-DATE

09542 SEP-9 8

FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE
Docket No. 020007-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by United States Mail this 9th day of September, 2002, to the following:

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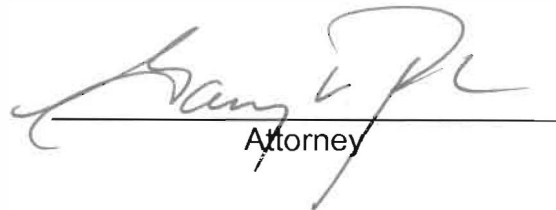
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Attorney

FLORIDA POWER CORPORATION

DOCKET NO. 020007-EI

**Levelized Environmental Cost Recovery Factors
January through December 2003**

**DIRECT TESTIMONY OF
JAVIER PORTUONDO**

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

2 A. My name is Javier Portuondo. My business address is Post Office Box 14042,
3 St. Petersburg, Florida 33733.

4

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

6 A. I am employed by Progress Energy Service Company, LLC, as Manager of
7 Regulatory Services - Florida.

8

9 **Q. What are the duties and responsibilities of your position as Manager of**
10 **Regulatory Services - Florida?**

11 A. My duties and responsibilities include management of the regulatory
12 accounting, fuel accounting, and pricing functions and activities for Florida
13 Power Corporation ("Florida Power" or "the Company").

14

1 **Q. Please describe your educational background and professional**
2 **experience.**

3 A. I received a Bachelors of Science degree in Accounting from the University of
4 South Florida. I have held my current position as Manger of Florida Power's
5 Regulatory Services department since 1996. Before then, I held a number of
6 financial and accounting positions within the Controller's department of the
7 Company.

8
9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to present for Commission review and
11 approval Florida Power's calculation of its Environmental Cost Recovery
12 (ECR) factors for application on customer billings during the period of January
13 through December 2003. My testimony addresses the operating and
14 maintenance ("O&M") expenses associated with Florida Power's
15 environmental compliance activities for the period from October 2002 through
16 December 2003.

17
18 **Q. Are you sponsoring an exhibit in support of your testimony?**

19 A. Yes. I am sponsoring Exhibit No. ____ (JP-1), consisting of Forms 42-1A
20 through 42-5A, which shows Florida Power's projected environmental
21 compliance costs from October 2002 through December 2002, and Exhibit No.
22 ____ (JP-2), consisting of Forms 42-1P through 42-7P, which shows Florida
23 Power's projected environmental compliance costs from January 2003 through
24 December 2003 and the calculation of the ECR factors that the Company
25 proposes to apply on customer bills in 2003 for the recovery of these costs.

1 **Q. What are the projected costs of the environmental compliance activities**
2 **for which Florida Power is seeking recovery?**

3 A. The projected retail costs for environmental compliance which Florida Power is
4 seeking to recover for 2002 are \$ 61,403 and \$4,302,318 for 2003, as shown
5 in Forms 42-1A and 42-1P of my exhibits. These costs and the environmental
6 compliance activities to which they relate are described in the testimony of
7 Florida Power witness Silar.

8
9 **Q. Is Florida Power requesting recovery of any environmental compliance**
10 **costs that the Company has already incurred?**

11 A. No. Florida Power is requesting recovery of only the prospective
12 environmental compliance costs it will incur beginning in October 2002.

13
14 **Q. What are the environmental compliance activities for which costs have**
15 **been included in calculating Florida Power's ECR factors for 2003?**

16 A. As described in the testimony of Mr. Silar, the environmental compliance
17 activities whose costs have been included in calculating Florida Power's
18 proposed ECR factors are transmission and distribution facility pollutant
19 discharge investigation and remediation activities.

20
21 **Q. Are any of these environmental compliance costs currently being**
22 **recovered through Florida Power's base rates or its other cost recovery**
23 **clauses?**

24 A. No. None of these costs were included in the Minimum Filing Requirements
25 (MFRs) used by the Commission to set the Company's rates in its last fully

1 litigated base rate proceeding (1992). In addition, although the MFRs
2 submitted by the Company in late 2001 in Docket No. 000824-EI were not
3 used to set its base rates established in the settlement approved by the
4 Commission in April of this year, \$25,000 of the environmental costs in
5 question were included in the 2001 and 2002 budgets used to calculate those
6 MFR's. None of these environmental compliance costs were included in any
7 of Florida Power's cost recovery clauses.
8

9 **Q. What are Florida Power's proposed ECR factors for the various rate**
10 **groups and delivery voltages?**

11 A. The computation of Florida Power's proposed ECR factors for customer
12 billings in 2003 is shown on Form 42-7P of my exhibit JP-2. In summary,
13 these factors are as follows:

<u>Rate Class</u>	<u>ECR Factor</u>
Residential	0.12 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.12 cents/kWh
@ Primary Voltage	0.11 cents/kWh
@ Transmission Voltage	0.11 cents/kWh
General Service 100% Load Factor	0.12 cents/kWh
General Service Demand	
@ Secondary Voltage	0.12 cents/kWh
@ Primary Voltage	0.11 cents/kWh
@ Transmission Voltage	0.11 cents/kWh

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Curtailable	
@ Secondary Voltage	0.12 cents/kWh
@ Primary Voltage	0.11 cents/kWh
Interruptible	
@ Secondary Voltage	0.12 cents/kWh
@ Primary Voltage	0.11 cents/kWh
@ Transmission Voltage	0.11 cents/kWh
Lighting	0.12 cents/kWh

Q. Please describe how the proposed ECR factors were developed.

A. The ECR factors were calculated as shown on Forms 42-6P and 42-7P of my exhibit JP2. The energy allocation factors were calculated by determining the percentage each rate class contributes to total kilowatt-hour sales and then adjusted for losses for each rate class. This information was obtained from Florida Power's March 2001 load research study. Form 42-7P presents the calculation of the proposed ECR factors by rate class.

Q. When is Florida Power requesting that the proposed ECR factors be made effective?

A. Florida Power is requesting that its proposed ECR factors be made effective beginning with cycle 1 billings for the month of January 2003.

Q. Does this conclude your testimony?

A. Yes.

EXHIBIT 1 (JP-1)

ENVIRONMENTAL COST RECOVERY
COMMISSION FORMS 42-1A THROUGH 42-5A

JANUARY 2002 - DECEMBER 2002
ESTIMATED/ACTUAL TRUE-UP

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Estimated/Actual True-Up Amount for the Period
January 2002 through December 2002

Form 42-1A

Line

1	End of Period Actual True-Up for the Period January 2001 to December 2001 (Form 42-2A, Lines 5 +6)	0
2	Estimated/Actual True-Up Amount Approved for the Period January 2001 to December 2001	<u>(61,403)</u>
3	Final True-Up Amount to be Refunded/(Recovered) in the Projection Period January 2003 to December 2003 (Line 1 - Line 2)	<u><u>61,403</u></u>

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Estimated/Actual True-Up Amount for the Period
January 2002 through December 2002

Form 42
Schedule 2A

End-of-Period True-Up Amount
(in Dollars)

Line	January 02	February 02	March 02	April 02	May 02	June 02	July 02	August 02	September 02	October 02	November 02	December 02	End of Period Total
1 ECRC Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 True-Up Provision	0	0	0	0	0	0	0	0	0	0	0	0	0
3 ECRC Revenues Applicable to Period (Lines 1 + 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Jurisdictional ECRC Costs													
a O & M Activities (Form 42-5A, Line 9)	0	0	0	0	0	0	0	0	0	20,431	20,429	20,498	61,358
b Capital Investment Projects (Form 42-7A, Line 9)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
c Total Jurisdictional ECRC Costs	0	0	0	0	0	0	0	0	0	20,431	20,429	20,498	61,358
5 Over/Under Recovery (Line 3 - Line 4c)	0	0	0	0	0	0	0	0	0	(20,431)	(20,429)	(20,498)	(61,358)
6 Interest Provision (Form 42-3A, Line 10)	0	0	0	0	0	0	0	0	0	(15)	(15)	(15)	(45)
7 Beginning Balance True-Up & Interest Provision	0	0	0	0	0	0	0	0	0	0	0	0	0
a Deferred True-Up from January 2001 to December 2001	0	0	0	0	0	0	0	0	0	0	0	0	0
8 True-Up Collected/(Refunded) (see Line 2)	0	0	0	0	0	0	0	0	0	0	0	0	0
9 End of Period Total True-Up (Lines 5+6+7+7a+8)	0	0	0	0	0	0	0	0	0	(20,446)	(20,444)	(20,513)	(61,403)
10 Adjustments to Period Total True-Up Including Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
11 End of Period Total True-Up (Lines 9 + 10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$20,446)	(\$20,444)	(\$20,513)	(\$61,403)

Florida Power Corporation
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Estimated/Actual True-Up Amount for the Period
 January 2002 through December 2002

Form 42-3A

Interest Provision
 (in Dollars)

Line	January 02	February 02	March 02	April 02	May 02	June 02	July 02	August 02	September 02	October 02	November 02	December 02	End of Period Total
1 Beginning True-Up Amount (Form 42-2A, Line 7 + 7a + 10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Ending True-Up Amount Before Interest (Line 1 + Form 42-2A, Lines 5 + 8)	0	0	0	0	0	0	0	0	0	(20,431)	(20,429)	(20,498)	
3 Total of Beginning & Ending True-Up (Lines 1 + 2)	0	0	0	0	0	0	0	0	0	(20,431)	(20,429)	(20,498)	
4 Average True-Up Amount (Line 3 x 1/2)	0	0	0	0	0	0	0	0	0	(10,216)	(10,215)	(10,249)	
5 Interest Rate (First Day of Reporting Business Month)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.74%	1.74%	1.74%	
6 Interest Rate (First Day of Subsequent Business Month)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.74%	1.74%	1.74%	1.74%	
7 Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.74%	3.48%	3.48%	3.48%	
8 Average Interest Rate (Line 7 x 1/2)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.870%	1.740%	1.740%	1.740%	
9 Monthly Average Interest Rate (Line 8 x 1/12)	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.073%	0.145%	0.145%	0.145%	
10 Interest Provision for the Month (Line 4 x Line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$15)	(\$15)	(\$15)	(\$45)

Florida Power Corporation
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Estimated/Actual True-Up Amount for the Period
January 2002 through December 2002

Form 42 4A

Variance Report of O&M Activities
 (In Dollars)

<u>Line</u>	(1) Actual	(2) Estimated Actual	(3) Variance Amount	(4) Percent
1 Description of O&M Activities				
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	36,000	36,000	0	0
2 Distribution System Environmental Investigation, Remediation, and Pollution Prevention	27,000	27,000	0	0
2 Total O&M Activities	63,000	63,000	0	0
3 Recoverable Costs Allocated to Energy	63,000	63,000	0	0
4 Recoverable Costs Allocated to Demand	0	0	0	0

Notes:

Column (1) is the End of Period Totals on Form 42-5A
 Column (2) = Estimated actual
 Column (3) = Column (1) - Column (2)
 Column (4) = Column (3) / Column (2)

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Estimated/Actual Period Amount
January 2002 through December 2002

Form 42-SA

Line	O&M Activities (in Dollars)												End of Period Total	Method of Classification	
	January 02	February 02	March 02	April 02	May 02	June 02	July 02	August 02	September 02	October 02	November 02	December 02		Demand	Energy
1	Description of O&M Activities														
1	0	0	0	0	0	0	0	0	0	12,000	12,000	12,000	36,000		36,000
2	0	0	0	0	0	0	0	0	0	9,000	9,000	9,000	27,000		27,000
2	0	0	0	0	0	0	0	0	0	21,000	21,000	21,000	63,000	\$0	\$63,000
3	0	0	0	0	0	0	0	0	0	21,000	21,000	21,000	63,000		
4	0	0	0	0	0	0	0	0	0	0	0	0	0		0
5	0.9774000	0.9774000	0.9774000	0.9774000	0.9774000	0.9774000	0.9774000	0.9748000	0.9749000	0.9728000	0.9728000	0.9761000			
6															
7	0	0	0	0	0	0	0	0	0	20,431	20,429	20,498	61,358		
8	0	0	0	0	0	0	0	0	0	0	0	0	0		0
9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,431	\$20,429	\$20,498	\$61,358		

Notes:

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

EXHIBIT 2 (JP-2)

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

JANUARY 2003 - DECEMBER 2003

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Total Jurisdictional Amount to Be Recovered

Form 42-1P

For the Projected Period
January 2003 through December 2003

<u>Line</u>	<u>Energy</u> <u>(\$)</u>	<u>Demand</u> <u>(\$)</u>	<u>Total</u> <u>(\$)</u>
1 Total Jurisdictional Rev. Req. for the projected period			
a Projected O&M Activities (Form 42-2P, Page 2 of 2, Lines 7 through 9)	\$4,299,178	\$0	\$4,299,178
b Projected Capital Projects (Form 42-3P, Page 2 of 2, Line 7 through 9)	0	0	0
c Total Jurisdictional Rev. Req. for the projected period (Lines 1a + 1b)	<u>4,299,178</u>	<u>0</u>	<u>4,299,178</u>
2 True-up for Estimated Over/(Under) Recovery for the current period January 2002 through December 2002 (Form 42-2E, Line 5 + 6 + 10)	(61,403)	0	(\$61,403)
3 Final True-up for the period January 2001 to December 2001 (Form 42-1A, Line 3)	<u>0</u>	<u>0</u>	<u>\$0</u>
4 Total Jurisdictional Amount to Be Recovered/(Refunded) in the Projection period January 2003 to December 2003 (Line 1 - Line 2 - Line 3)	<u>4,360,581</u>	<u>0</u>	<u>\$4,360,581</u>
5 Total Projected Jurisdictional Amount Adjusted for Taxes (Line 4 x Revenue Tax Multiplier of .00072)	<u>4,363,721</u>	<u>0</u>	<u>\$4,363,721</u>

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Projected Period Amount
January 2003 through December 2003

Form 42-2P

O&M Activities
(In Dollars)

Line	Projected Jan-03	Projected Feb-03	Projected Mar-03	Projected Apr-03	Projected May-03	Projected Jun-03	Projected Jul-03	Projected Aug-03	Projected Sep-03	Projected Oct-03	Projected Nov-03	Projected Dec-03	End of Period Total	Method of Classification	
													Demand	Energy	
1 Description of O&M Activities															
1a Substation Environmental Investigation, Remediation, and Pollution Prevention	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	50,000		50,000
1b Distribution System Environmental Investigation, Remediation, and Pollution Prevention	363,250	363,250	363,250	363,250	363,250	363,250	363,250	363,250	363,250	363,250	363,250	363,250	4,359,000		4,359,000
2 Total of O&M Activities	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	4,409,000	\$0	\$4,409,000
3 Recoverable Costs Allocated to Energy	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	367,417	4,409,000		
4 Recoverable Costs Allocated to Demand	0	0	0	0	0	0	0	0	0	0	0	0	0		
5 Retail Energy Jurisdictional Factor	0.9759000	0.9748000	0.9747000	0.9783000	0.9757000	0.9763000	0.9752000	0.9750000	0.9747000	0.9731000	0.9731000	0.9765000			
6 Retail Demand Jurisdictional Factor															
7 Jurisdictional Energy Recoverable Costs (A)	358,562	358,084	358,121	358,709	358,488	358,709	358,305	358,231	358,121	357,533	357,533	358,782	4,299,178		
8 Jurisdictional Demand Recoverable Costs (B)	0	0	0	0	0	0	0	0	0	0	0	0	0		
9 Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$358,562	\$358,084	\$358,121	\$358,709	\$358,488	\$358,709	\$358,305	\$358,231	\$358,121	\$357,533	\$357,533	\$358,782	\$4,299,178		

Notes:

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

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Projected Period Amount
January 2003 through December 2003

Form 42-3P

~~NOT USED~~

Capital Investment Projects- Recoverable Costs
(In Dollars)

Line	Description of Investment Projects (A)	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	End of	Method of Classification		
		Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Total	Demand	Energy
1	Description of Investment Projects (A)															
1a	Substation Environmental Investigation, Remediation, and Pollution Prevention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1b	Distribution System Environmental Investigation, Remediation, and Pollution Prevention	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Total Investment Projects - Recoverable Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Recoverable Costs Allocated to Energy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Recoverable Costs Allocated to Demand	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Retail Energy Jurisdictional Factor	0.9759000	0.9746000	0.9747000	0.9763000	0.9757000	0.9763000	0.9752000	0.9750000	0.9747000	0.9731000	0.9731000	0.9765000			
6	Retail Demand Jurisdictional Factor															
7	Jurisdictional Energy Recoverable Costs (B)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Jurisdictional Demand Recoverable Costs (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

- (A) Each project's Total System Recoverable Expenses on Form 42-8A, Line 14
- (B) Line 3 x Line 5
- (C) Line 4 x Line 6

Florida Power Corporation
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
 January 2003 through December 2003

Form 42-4P

NOT USED

Return on Capital Investments, Depreciation, and Taxes
 (In Dollars)

Line	Projected Jan-03	Projected Feb-03	Projected Mar-03	Projected Apr-03	Projected May-03	Projected Jun-03	Projected Jul-03	Projected Aug-03	Projected Sep-03	Projected Oct-03	Projected Nov-03	Projected Dec-03	End of Period Total
1 Investments													
a Expenditures/Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
b Clearings to Plant	0	0	0	0	0	0	0	0	0	0	0	0	0
c Retirements	0	0	0	0	0	0	0	0	0	0	0	0	0
d Other	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Plant-In-Service/Depreciation Base	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Less: Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CVIP - Non Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Net Investment (Lines 2 -3 + 4)	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Average Net Investment													
7 Return on Average Net Investment													
a Equity Component grossed up for taxes													
b Debt Component													
8 Investment Expenses													
a Depreciation													
b Amortization													
c Dismantlement													
d Property Expenses													
e Other	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total System Recoverable Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
January 2003 through December 2003
Description and Progress Report for
Environmental Compliance Activities and Projects

Form 42-5P
Page 1 of 2

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

Project Description:

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

Project Accomplishments:

The environmental investigation, remediation, and pollution prevention activities described above have been initiated and investigation has begun at four Florida Power substation facilities

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

The estimated project fiscal expenditures for the period October 2002 through December 2002 are \$36,000. Project expenditures for January 1, 2003 through December 31, 2003 are estimated to be \$50,000.

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
January 2003 through December 2003
Description and Progress Report for
Environmental Compliance Activities and Projects

Form 42-5P
Page 2 of 2

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

Project Description:

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

Project Accomplishments:

The environmental investigation, remediation, and pollution prevention activities described above have been initiated and investigation has begun.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

The estimated project fiscal expenditures for the period October 2002 through December 2002 are \$27,000. Project expenditures for January 1, 2003 through December 31, 2003 are estimated to be \$4,359,000.

Florida Power Corporation
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Energy & Demand Allocation % by Rate Class
 January 2003 through December 2003

Form 42-6P

Rate Class	(1) Average 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (kWh)	(3) Projected Avg 12 CP at Meter (kW)	(4) Demand Loss Expansion Factor	(5) Energy Loss Expansion Factor	(6) Projected Sales at Generation (kWh)	(7) Projected Avg 12 CP at Generation (kW)	(8) Percentage of KWh Sales at Generation (%)	(9) Percentage of 12CP Demand at Generation (%)	(10) 12CP & 1/13 Allocation Factor (%)
Residential										
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Secondary)	51.700%	18,858,249,000	4,163,962	0.9373812	0.9373812	20,118,014,955	4,442,122	50.308%	62.320%	61.396%
General Service Non-Demand										
GS-1, GST-1										
Secondary	70.500%	1,175,262,000	190,301	0.9373812	0.9373812	1,253,771,678	203,014	3.135%	2.848%	2.870%
Primary	70.500%	7,023,000	1,137	0.9679000	0.9679000	7,255,915	1,175	0.018%	0.016%	0.017%
Transmission	70.500%	2,037,000	330	0.9779000	0.9779000	2,083,035	337	0.005%	0.005%	0.005%
General Service										
GS-2 (Secondary)	100.000%	78,224,000	8,930	0.9373812	0.9373812	83,449,508	9,526	0.209%	0.134%	0.139%
General Service Demand										
GSD-1 Transmission	82.000%	5,066,000	705	0.9779000	0.9779000	5,180,489	721	0.013%	0.010%	0.010%
SS-1 Primary	88.800%	211,000	27	0.9679000	0.9679000	217,998	28	0.001%	0.000%	0.000%
Transmission	88.800%	6,022,000	774	0.9779000	0.9779000	6,158,094	792	0.015%	0.011%	0.011%
SD-1 Secondary	82.000%	11,770,617,000	1,638,631	0.9373812	0.9373812	12,556,916,012	1,748,095	31.400%	24.525%	25.054%
Primary	82.000%	2,698,048,000	375,605	0.9679000	0.9679000	2,787,527,637	388,062	6.971%	5.444%	5.562%
Curtailable										
CS-1, CST-1, CS-2, CST-2, SS-3										
Secondary	116.900%	551,000	54	0.9373812	0.9373812	587,808	57	0.001%	0.001%	0.001%
Primary	116.900%	179,654,000	17,544	0.9679000	0.9679000	185,612,150	18,125	0.464%	0.254%	0.270%
SS-3 (Primary)	0.000%	1,405,000	0	0.9679000	0.9679000	1,451,596	0	0.004%	0.000%	0.000%
Interruptible										
IS-1, IST-1, IS-2, IST-2										
Secondary	97.500%	5,536,000	648	0.9373812	0.9373812	5,905,815	691	0.015%	0.010%	0.010%
Primary	97.500%	1,892,941,000	221,630	0.9679000	0.9679000	1,955,719,599	228,980	4.891%	3.212%	3.342%
Transmission	97.500%	487,834,000	57,117	0.9779000	0.9779000	498,858,779	58,408	1.247%	0.819%	0.852%
SS-2 Primary	119.600%	142,446,000	13,596	0.9679000	0.9679000	147,170,162	14,047	0.368%	0.197%	0.210%
Transmission	119.600%	70,033,000	6,684	0.9779000	0.9779000	71,615,707	6,836	0.179%	0.096%	0.102%
Lighting										
LS-1 (Secondary)	504.200%	283,625,000	6,422	0.9373812	0.9373812	302,571,675	6,850	0.757%	0.096%	0.147%
		37,664,784,000	6,704,097			39,990,068,613	7,127,867	100.000%	100.000%	100.000%

- Notes:
- (1) Average 12CP load factor based on load research data for the 12 months ended March 2001
 - (2) Projected kWh sales for the period January 2003 to December 2003
 - (3) Calculated: Column 2 / (8,760 hours x Column 1)
 - (4) Based on system average line loss analysis for 2001
 - (5) Based on system average line loss analysis for 2001
 - (6) Column 2 x Column 5
 - (7) Column 3 x Column 4
 - (8) Column 6 / Total Column 6
 - (9) Column 7 / Total Column 7
 - (10) Column 8 x 1/13 + Column 9 x 12/13

Florida Power Corporation
Environmental Cost Recovery Clause (ECRC)
Calculation of the Energy & Demand Allocation % by Rate Class
January 2003 through December 2003

Form 42-7P

Rate Class	(1) Percentage of kWh Sales at Generation (%)	(2) 12CP & 1/13 Allocation Factor (%)	(3) Energy- Related Costs (\$)	(4) Demand- Related Costs (\$)	(5) Total Environmental Costs (\$)	(6) Projected Sales at Meter (kWh)	(7) Environmental Cost Recovery Factors (¢/kWh)
Residential							
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Secondary)	50.308%	61.396%	\$2,195,280	\$0	\$2,195,280	18,858,249,000	0.012
General Service Non-Demand							
GS-1, GST-1							
Secondary	3.135%	2.870%	\$136,812	\$0	\$136,812	1,175,262,000	0.012
Primary	0.018%	0.017%	\$792	\$0	\$792	7,023,000	0.011
Transmission	0.005%	0.005%	\$227	\$0	\$227	2,037,000	0.011
General Service							
GS-2 (Secondary)	0.209%	0.139%	\$9,106	\$0	\$9,106	78,224,000	0.012
General Service Demand							
GSD-1 Transmission	0.013%	0.010%	\$565	\$0	\$565	5,066,000	0.011
SS-1 Primary	0.001%	0.000%	\$24	\$0	\$24	211,000	0.011
Transmission	0.015%	0.011%	\$672	\$0	\$672	6,022,000	0.011
GSD-1 Secondary	31.400%	25.054%	\$1,370,212	\$0	\$1,370,212	11,770,617,000	0.012
Primary	6.971%	5.562%	\$304,175	\$0	\$304,175	2,698,048,000	0.011
Curtable							
CS-1, CST-1, CS-2, CST-2, SS-3							
Secondary	0.001%	0.001%	\$64	\$0	\$64	551,000	0.012
Primary	0.464%	0.270%	\$20,254	\$0	\$20,254	179,654,000	0.011
SS-3 (Primary)	0.004%	0.000%	\$158	\$0	\$158	1,405,000	0.011
Interruptible							
IS-1, IST-1, IS-2, IST-2							
Secondary	0.015%	0.010%	\$644	\$0	\$644	5,536,000	0.012
Primary	4.891%	3.342%	\$213,408	\$0	\$213,408	1,892,941,000	0.011
Transmission	1.247%	0.852%	\$54,436	\$0	\$54,436	487,834,000	0.011
SS-2 Primary	0.368%	0.210%	\$16,059	\$0	\$16,059	142,446,000	0.011
Transmission	0.179%	0.102%	\$7,815	\$0	\$7,815	70,033,000	0.011
Lighting							
LS-1 (Secondary)	0.757%	0.147%	\$33,017	\$0	\$33,017	283,625,000	0.012
	100.000%	100.000%	\$4,363,721	\$0	\$4,363,721	37,664,784,000	0.012

Notes: (1) From Form 42-6P, Column 8
(2) From Form 42-6P, Column 8
(3) Column 1 x Total Energy Jurisdictional Dollars from Form 42-1P, line 5
(4) Column 2 x Total Demand Jurisdictional Dollars from Form 42-1P, line 5
(5) Column 3 + Column 4
(6) Projected kWh sales for the period January 2003 to December 2003
(7) Column 5/ Column 6 x 100