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DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

February 4, 2003

Mr. Paul Lewis, Jr.,
Progress Energy Florida, Inc.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740

Re: **Docket No.:** 030001-EI; **Company Name:** Progress Energy Florida, Inc.; **Audit Purpose:** Fuel and Purchased Power Cost Recovery Clause and Generation Performance Incentive Factor ; **Audit Control No.:** 03-034-2-2

Dear Mr. Lewis:

The Florida Public Service Commission will conduct an audit of Fuel and Purchased Power Cost Recovery Clause and Generation Performance Incentive Factor, in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Mr. Jim McPherson, the Tampa district office supervisor, will coordinate this audit. Mr. McPherson can be reached at (813) 356-1444. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

The Audit Access to Records rule for each industry states:

In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

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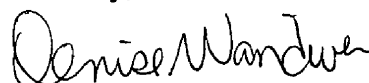
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FPSC-COMMISSION CLERK

Ms. Susan Ritenour
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A formal report is expected to be issued to internal Commission use on July 11, 2003. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief
Bureau of Auditing

DNV/jcp

cc: Division of Auditing and Safety (Tallahassee District Supervisor, File Folder)
Division of the Commission Clerk and Administrative Services
General Counsel
Office of Public Counsel

Mr. Ronnie Labrato
Chief Financial Officer & Comptroller
Gulf Power Company
One Energy Place
Pensacola, Florida 32520