BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

JAVIER PORTUONDO

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 030007

SEPTEMBER 8, 2003

(REVISED OCTOBER 17, 2003)

Q. Please state your name and business address,

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

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

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

Q. What is the scope of your duties?

A. Currently, my responsibilities include management of the regulatory accounting, fuel accounting, and pricing functions and activities for Progress Energy Florida (PEF or "Company").

Q. Please describe your education background and professional experience.

A. I received a Bachelors of Science degree in Accounting from the University of South Florida. I was just recently promoted to Director of Regulatory Services - Florida. My previous position was Manager of PEF's Regulatory Services department for over 7 years. Before then, I held a number of financial and accounting positions within the Controller's department of the Company.

Q. Have you previously filed testimony before this Commission in connection with Progress Energy Florida's Environmental Cost Recovery Clause (ECRC)?

A. Yes, I have.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present, for Commission review and approval, Progress Energy Florida's calculation of the revenue requirements and its Environmental Cost Recovery (ECR) factors for application on customer billings during the period January 2004 through December 2004. My testimony addresses the capital and operating and maintenance ("O&M") expenses associated with PEF's environmental compliance activities for the year 2004.

Q. Have you prepared or caused to be prepared under your direction, supervision or control any exhibits in this proceeding?

A. Yes. I am sponsoring revised Exhibit No. __ (JP-3), which consists of revised PSC Forms 42-1P through 42-7P. These forms provide a summary and detail of

the Projected O&M and capital environmental cost recovery factors for the period January 2004 through December 2004.

Q. What is the total true-up to be applied in the period January 2004 through December 2004?

A. The total true-up applicable for this period is an under-recovery of $10,861,777. This consists of the final true-up under-recovery of $38,833 for the period from October 1 through December 31, 2002 and an estimated true-up under-recovery of $10,822,944 for the current period of January 2003 through December 2003. The detailed calculation supporting the estimated true-up was provided on ***revised*** Forms 42-1E through 42-8E of Exhibit No. __ (JP-2) filed with the Commission on October 17 , 2003.

Q. Are all the costs listed in Forms 42-1P through 42-7P attributable to Environmental Compliance projects previously approved by the Commission?

A. The Substation and Distribution System O&M projects (Nos. 1, 1a, and 2) were previously approved by the Commission in Order No. PSC-02-1735-FOF-EI.

The SO_2 Emissions Allowances were moved to the ECRC Docket from Docket 030001 beginning January 1, 2004 at the request of Staff to be comparative with the other Florida IOUs. Recovery of SO_2 Emission Allowances were previously

approved in Order No. PSC-95-0450-FOF-EI. We are asking recovery in 2004 for purchases of 27,500 allowances @ $160 for a total of $4,400,000.

On July 28, 2003, PEF filed a Petition for Approval of Environmental Cost Recovery for two new environmental programs, the Pipeline Integrity Management Program (No. 3) and the Above Ground Tank Secondary Containment Program (No. 4). Discussion of these two new programs is included in the testimony of Patricia Q. West.

On July 30th, the Commission assigned Docket No. 030711-EI to the Petition. The Staff Recommendation on this Docket is due October 22, 2003 and this issue is scheduled to be addressed at the Agenda Conference on November 3, 2003. Consistent with the Petition, PEF has included projected O&M costs of $245,000 for the Pipeline Integrity Management Program and no new expenditures for the Above Ground Tank Secondary Containment Programs for the period of January 2004 through December 2004.

Q. Have you prepared schedules showing the calculation of the recoverable capital project costs for 2004?

A. Yes. Revised Form 42-3P contained in revised Exhibit No. __ JP-3, summarizes the cost estimates projected for these projects. Revised Form 42-4P, pages 1 through 5, shows the calculations of these costs that result in recoverable jurisdictional capital costs of $70,554.

Q. Have you prepared schedules showing the calculation of the recoverable O&M project costs for 2004?

A. Yes. Revised Form 42-2P contained in revised Exhibit No. __ JP-3, summarizes the recoverable O&M cost estimates for these projects in the amount of $10,165,980.

Q. Have you prepared schedules providing the description and progress reports for all environmental compliance activities and projects?

A. Yes. Revised Form 42-5P, pages 1 through 5, contained in revised Exhibit No. ___ JP-3, provides each project description as well as the projected recoverable cost estimates.

Q. What are the total projected jurisdictional costs for environmental compliance activities in the year 2004?

A. The total jurisdictional capital and O&M costs to be recovered through the ECRC are calculated on revised Form 42-1P. These costs total $10,236,534.

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

A. The ECR factors were calculated as shown on revised Forms 42-6P and 42-7P of revised Exhibit No. __ (JP-3). The demand allocation factors were calculated by determining the percentage each rate class contributes to the monthly system peaks and then adjusted for losses for each rate class. 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 Progress Energy Florida's July 2003 load research study. Revised Form 42-7P presents the calculation of the proposed ECR factors by rate class.

Q. What are Progress Energy Florida's proposed 2004 ECR factors for the various rate groups and delivery voltages?

A. The computation of Progress Energy Florida's proposed ECRC factors for customer billings in 2004 is shown on revised Form 42-7P of revised Exhibit No. __ JP-3. In summary, these factors are as follows:

Rate Class	ECR Factor
Residential	0.061 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.058 cents/kWh
@ Primary Voltage	0.057 cents/kWh
@ Transmission Voltage	0.057 cents/kWh
General Service 100% Load Factor	0.032 cents/kWh
General Service Demand	
@ Secondary Voltage	0.048 cents/kWh
@ Primary Voltage	0.048 cents/kWh
@ Transmission Voltage	0.047 cents/kWh

Curtailable		
	@ Secondary Voltage	0.057 cents/kWh
	@ Primary Voltage	0.056 cents/kWh
Interruptible		
	@ Secondary Voltage	0.037 cents/kWh
	@ Primary Voltage	0.037 cents/kWh
	@ Transmission Voltage	0.036 cents/kWh
Lighting		0.051 cents/kWh

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

A. PEF is requesting that its proposed ECR factors be made effective beginning with cycle 1 billings for the month of January 2004.

Q. Please summarize your testimony.

A. My testimony supports the approval of an average environmental factor of .054 cents per kWh which includes projected capital and O&M revenue requirements of $10,236,534 associated with a total of 5 environmental projects and a true-up provision of $10,861,777. My testimony also demonstrates that the projected environmental expenditures for 2004 are appropriate for recovery through the ECRC.

Q. Does this conclude your testimony?

A. Yes.

Form Appendix
Revised 10/17/03

EXHIBIT __ (JP-3)

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

JANUARY 2004 - DECEMBER 2004

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Total Jurisdictional Amount to Be Recovered

Form 42-1P
Revised 10/17/03

For the Projected Period
January 2004 to December 2004

Line		Energy ($)	Transmission Demand ($)	Distribution Demand ($)	Production Demand ($)	Total ($)
1	Total Jurisdictional Rev. Req. for the projected period					
	a Projected O&M Activities (Form 42-2P, Lines 7 through 9)	$4,270,969	$525,973	$5,144,010	$225,028	$10,165,980
	b Projected Capital Projects (Form 42-3P, Lines 7 through 9)	(220,723)	0	0	291,277	70,554
	c Total Jurisdictional Rev. Req. for the projected period (Lines 1a + 1b)	4,050,247	525,973	5,144,010	516,304	10,236,534
2	True-up for Estimated Over/(Under) Recovery for the current period January 2003 through December 2003 (Form 42-2E, Line 5 + 6 + 10)	0	(229,347)	(10,571,117)	(22,480)	($10,822,944)
3	Final True-up for the period January 2002 to December 2002 (Form 42-1A, Line 3)	0	(729)	(38,104)	0	($38,833)
4	Total Jurisdictional Amount to Be Recovered/(Refunded) in the Projection period January 2004 to December 2004 (Line 1 - Line 2 - Line 3)	4,050,247	756,049	15,753,231	538,784	21,098,311
5	Total Projected Jurisdictional Amount Adjusted for Taxes (Line 4 x Revenue Tax Multiplier of .00072)	4,053,163	756,594	15,764,573	539,172	$21,113,502

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Projected Period Amount
January 2004 to December 2004

Form 42-2P
Revised 10/17/03

O&M Activities
(in Dollars)

Line		Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total	Method of Classification Demand	Method of Classification Energy
1	Description of O&M Activities															
1	Substation Environmental Investigation, Remediation, and Pollution Prevention	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	62,863	754,353	754,353	0
1a	Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs included in Base Rates	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(25,000)	(25,000)	0
2	Distribution System Environmental Investigation, Remediation, and Pollution Prevention	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	5,168,353	5,168,353	0
3a	Pipeline Integrity Management, Review/Update Plan and Risk Assessments	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	245,000	245,000	0
4	Above Ground Tank Secondary Containment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	SO_2 Emissions Allowances	355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000	0	4,400,000
2	Total of O&M Activities	867,883	831,628	837,661	805,778	896,297	926,615	946,983	956,759	925,627	871,187	831,909	844,377	10,542,706	$6,142,706	$4,400,000
3	Recoverable Costs Allocated to Energy	355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,004		
4	Recoverable Costs Allocated to Demand - Transm	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	60,779	729,353		
	Recoverable Costs Allocated to Demand - Distnb	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	430,696	5,168,353		
	Recoverable Costs Allocated to Demand - Production	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	20,417	245,000		
5	Retail Energy Jurisdictional Factor	0 9685400	0 9678500	0 9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0.9695500	0 9678000	0 9709600			
6	Retail Transmission Demand Jurisdictional Factor	0 7211500	0 7211500	0 7211500	0 7211500	0 7211500	0 7211500	0 7211500	0.7211500	0 7211500	0 7211500	0 7211500	0 7211500			
	Retail Distribution Demand Jurisdictional Factor	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900	0 9952900			
	Retail Production Demand Jurisdictional Factor	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800	0 9184800			
7	Jurisdictional Energy Recoverable Costs (A)	344,792	309,456	316,055	285,554	373,457	403,148	423,387	432,495	401,728	348,354	309,712	322,830	4,270,969		
8	Jurisdictional Demand Recoverable Costs - Transm (B)	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	43,831	525,973		
	Jurisdictional Demand Recoverable Costs - Distnb (B)	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	428,668	5,144,010		
	Jurisdictional Demand Recoverable Costs - Production (B)	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	225,028		
9	Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	$836,042	$800,707	$807,305	$776,805	$864,708	$894,399	$914,638	$923,746	$892,979	$839,605	$800,963	$814,081	$10,165,980		

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

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Progress Energy Florida
Exhibit (JP-3)
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PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Projected Period Amount
January 2004 to December 2004

Form 42-3P
Revised 10/17/03

Capital Investment Projects-Recoverable Costs
(in Dollars)

Line	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total	Method of Classification Demand	Method of Classification Energy
1 Description of Investment Projects (A)															
3b Pipeline Integrity Management - Bartow/Anclote Pipeline	15,426	15,387	15,351	15,313	15,274	15,238	15,200	15,163	15,125	15,087	15,050	15,012	182,626	$182,626	$0
4a Above Ground Tank Secondary Containment - Turner CTs	8,426	8,400	8,375	8,348	8,323	8,297	8,271	8,245	8,220	8,193	8,168	8,142	99,408	99,408	0
4b Above Ground Tank Secondary Containment - Bartow CTs	1,575	1,569	1,564	1,559	1,553	1,547	1,542	1,536	1,530	1,525	1,520	1,515	18,535	18,535	0
4c Above Ground Tank Secondary Containment - Crystal River 1&2	1,687	1,681	1,676	1,670	1,665	1,660	1,654	1,648	1,643	1,637	1,631	1,626	19,878	19,878	0
5 SO_2 Emissions Allowances	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)	0	(227,424)
2 Total Investment Projects - Recoverable Costs	8,162	8,085	8,014	7,938	7,863	7,790	7,715	7,640	7,566	7,490	7,417	7,343	93,023	$320,447	($227,424)
3 Recoverable Costs Allocated to Energy	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)		
4 Recoverable Costs Allocated to Demand	27,114	27,037	26,966	26,890	26,815	26,742	26,667	26,592	26,518	26,442	26,369	26,295	320,447		
5 Retail Energy Jurisdictional Factor	0 9685400	0 9678500	0 9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0.9709800	0 9695500	0 9678000	0 9709600			
6 Retail Demand Jurisdictional Factor	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700			
7 Jurisdictional Energy Recoverable Costs (B)	(18,356)	(18,343)	(18,387)	(18,415)	(18,412)	(18,423)	(18,442)	(18,425)	(18,402)	(18,375)	(18,342)	(18,402)	(220,723)		
8 Jurisdictional Demand Recoverable Costs - Production - Base (C)	24,646	24,576	24,511	24,442	24,374	24,308	24,240	24,171	24,104	24,035	23,969	23,901	291,277		
9 Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	$6,290	$6,233	$6,124	$6,027	$5,962	$5,885	$5,797	$5,746	$5,702	$5,660	$5,627	$5,500	$70,554		

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

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PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Current Period Estimated/Actual Amount
January 2004 to December 2004

Return on Capital Investments, Depreciation and Taxes
For Project PIPELINE INTEGRITY MANAGEMENT - Bartow/Anclote Pipeline (Project 3b)
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
	a Expenditures/Additions		$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	
	c Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
	d Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	$989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	989,994	
3	Less Accumulated Depreciation (C)	(2,970)	(5,940)	(8,910)	(11,880)	(14,850)	(17,820)	(20,790)	(23,760)	(26,730)	(29,700)	(32,670)	(35,640)	(38,610)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	$987,024	984,054	981,084	978,114	975,144	972,174	969,204	966,234	963,264	960,294	957,324	954,354	951,384	
6	Average Net Investment		985,539	982,569	979,599	976,629	973,659	970,689	967,719	964,749	961,779	958,809	955,839	952,869	
7	Return on Average Net Investment														
	a Equity Component Grossed Up For Taxes (D)		8,829	8,802	8,776	8,749	8,722	8,696	8,669	8,643	8,616	8,589	8,563	8,536	$104,190
	b Debt Component - 2 57%		2,111	2,104	2,098	2,092	2,085	2,079	2,073	2,066	2,060	2,053	2,047	2,041	24,909
8	Investment Expenses														
	a Depreciation - 3 6% (E)		2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	2,970	35,640
	b Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
	c Dismantlement		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
	d Property Taxes (J)		1,516	1,511	1,507	1,502	1,497	1,493	1,488	1,484	1,479	1,475	1,470	1,465	17,887
	e Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		15,426	15,387	15,351	15,313	15,274	15,238	15,200	15,163	15,125	15,087	15,050	15,012	182,626
	a Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b Recoverable Costs Allocated to Demand		15,426	15,387	15,351	15,313	15,274	15,238	15,200	15,163	15,125	15,087	15,050	15,012	182,626
10	Energy Jurisdictional Factor		0 9685400	0 9678500	0 9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0 9695500	0 9678000	0 9709600	
11	Demand Jurisdictional Factor		0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0.9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		14,022	13,986	13,954	13,919	13,884	13,851	13,816	13,783	13,748	13,714	13,680	13,645	166,002
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		$ 14,022	$ 13,986	$ 13,954	$ 13,919	$ 13,884	$ 13,851	$ 13,816	$ 13,783	$ 13,748	$ 13,714	$ 13,680	$ 13,645	$ 166,002

Notes.
(A) Description and reason for 'Other' adjustments to net investment for Bartow/Anclote Pipeline project None for this period
(B) Applicable beginning of period @ $0 and end of period @ $989,994 depreciable base by Bartow/Anclote Pipeline
(C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Bartow/Anclote Pipeline
(D) Lines 6 x 10 7500% x 1/12 Based on ROE of 12 00%, equity component of capital structure of 6 61%, and statutory income tax rate of 38 575% (expansion factor of 1 628002) Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)
(E) Line 2 x 3 60% x 1/12 Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
(F) Amortization period is approximately 28 years for Bartow/Anclote Pipeline
(G) Description and reason for 'Other' adjustments to investment expenses for Bartow/Anclote Pipeline project None for this period
(H) Line 9a x Line 10 x 1 00000 line loss multiplier None for this period
(I) Line 9b x Line 11
(J) Lines 2 + 3 x 89% @ 0183381 x 1/12 + 11% @ 0196598 x 1/12 Ratio from Property Tax Administration Department, based on plant allocation reported and 2002 Actual Property Tax Milage Rate

Source.
Line 8c Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Current Period Estimated/Actual Amount
January 2004 to December 2004

Return on Capital Investments, Depreciation and Taxes
For Project ABOVE GROUND TANK SECONDARY CONTAINMENT - TURNER CTs (Project 4a)
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
	a Expenditures/Additions		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	b Cleanngs to Plant		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	
	d Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	$502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	502,700	
3	Less Accumulated Depreciation (C)	(2,011)	(4,022)	(6,033)	(8,043)	(10,054)	(12,065)	(14,076)	(16,087)	(18,097)	(20,108)	(22,119)	(24,130)	(26,141)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	$500,689	498,678	496,667	494,657	492,646	490,635	488,624	486,613	484,603	482,592	480,581	478,570	476,559	
6	Average Net Investment		499,684	497,673	495,662	493,651	491,640	489,630	487,619	485,608	483,597	481,586	479,576	477,565	
7	Return on Average Net Investment														
	a Equity Component Grossed Up For Taxes (D)		4,476	4,458	4,440	4,422	4,404	4,386	4,368	4,350	4,332	4,314	4,296	4,278	$52,524
	b Debt Component - 2.57%		1,070	1,066	1,062	1,057	1,053	1,049	1,044	1,040	1,036	1,031	1,027	1,023	12,558
8	Investment Expenses														
	a Depreciation - 4 8% (E)		2,011	2,011	2,011	2,011	2,011	2,011	2,011	2,011	2,011	2,011	2,011	2,011	24,130
	b Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
	c Dismantlement		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
	d Property Taxes (J)		869	866	862	859	855	852	848	845	841	837	834	830	10,197
	e Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		8,426	8,400	8,375	8,348	8,323	8,297	8,271	8,245	8,220	8,193	8,168	8,142	99,409
	a Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b Recoverable Costs Allocated to Demand		8,426	8,400	8,375	8,348	8,323	8,297	8,271	8,245	8,220	8,193	8,168	8,142	99,408
10	Energy Jurisdictional Factor		0 9685400	0 9678500	0.9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0 9695500	0 9678000	0 9709600	
11	Demand Jurisdictional Factor		0 9089700	0 9089700	0.9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		7,659	7,635	7,613	7,588	7,565	7,542	7,518	7,494	7,472	7,447	7,424	7,401	90,359
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		$ 7,659	$ 7,635	$ 7,613	$ 7,588	$ 7,565	$ 7,542	$ 7,518	$ 7,494	$ 7,472	$ 7,447	$ 7,424	$ 7,401	$ 90,359

Notes.

(A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Turner CTs project None for this period

(B) Applicable beginning of period @ $0 and end of period @ $502,700 depreciable base by Above Ground Tank Secondary Containment - Turner CTs

(C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Turner CTs

(D) Lines 6 x 10 7500% x 1/12 Based on ROE of 12 00%, equity component of capital structure of 6 61%, and statutory income tax rate of 38 575% (expansion factor of 1 628002) Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)

(E) Line 2 x 4 80% x 1/12 Depreciation rate based on 1997 Depreciation Study (Order No PSC-98-1723-FOF-EI)

(F) Amortization period is approximately 21 years for Above Ground Tank Secondary Containment - Turner CTs

(G) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Turner CTs project. None for this period

(H) Line 9a x Line 10 x 1 00000 line loss multiplier None for this period

(I) Line 9b x Line 11

(J) Lines 2 + 3 x 020912 x 1/12 Based on 2002 Actual Property Tax Milage Rate

Source.

Line 8c Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Current Period Estimated/Actual Amount
January 2004 to December 2004

Form 42-4P
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Return on Capital Investments, Depreciation and Taxes
For Project ABOVE GROUND TANK SECONDARY CONTAINMENT - BARTOW CTs (Project 4b)
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
	a Expenditures/Additions		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	b Cleanings to Plant		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	
	d Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	$91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	91,100	
3	Less Accumulated Depreciation (C)	(433)	(866)	(1,298)	(1,731)	(2,164)	(2,597)	(3,029)	(3,462)	(3,895)	(4,328)	(4,760)	(5,193)	(5,626)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	$90,667	90,234	89,802	89,369	88,936	88,503	88,071	87,638	87,205	86,772	86,340	85,907	85,474	
6	Average Net Investment		90,451	90,018	89,585	89,152	88,720	88,287	87,854	87,422	86,989	86,556	86,123	85,691	
7	Return on Average Net Investment														
	a Equity Component Grossed Up For Taxes (D)		810	806	803	799	795	791	787	783	779	775	772	768	$9,468
	b Debt Component - 2.57%		194	193	192	191	190	189	188	187	186	185	184	184	2,263
8	Investment Expenses														
	a Depreciation - 5 7% (E)		433	433	433	433	433	433	433	433	433	433	433	433	5,193
	b Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
	c Dismantlement		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
	d Property Taxes (J)		138	137	137	136	135	135	134	133	133	132	131	131	1,611
	e Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,575	1,569	1,564	1,559	1,553	1,547	1,542	1,536	1,530	1,525	1,520	1,515	18,535
	a Recoverable Costs Allocated to Energy		0	0	0	0	0	0	0	0	0	0	0	0	0
	b Recoverable Costs Allocated to Demand		1,575	1,569	1,564	1,559	1,553	1,547	1,542	1,536	1,530	1,525	1,520	1,515	18,535
10	Energy Jurisdictional Factor		0 9685400	0 9678500	0 9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0 9695500	0 9678000	0 9709600	
11	Demand Jurisdictional Factor		0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	
12	Retail Energy-Related Costs (H)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Costs (I)		1,432	1,426	1,422	1,417	1,412	1,406	1,402	1,396	1,391	1,386	1,382	1,377	16,848
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		$ 1,432	$ 1,426	$ 1,422	$ 1,417	$ 1,412	$ 1,406	$ 1,402	$ 1,396	$ 1,391	$ 1,386	$ 1,382	$ 1,377	$ 16,848

Notes

(A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Bartow CTs project None for this period
(B) Applicable beginning of period @ $0 and end of period @ $91,900 depreciable base by Above Ground Tank Secondary Containment - Bartow CTs
(C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Bartow CTs
(D) Lines 6 x 10 7500% x 1/12 Based on ROE of 12 00%, equity component of capital structure of 6 61%, and statutory income tax rate of 38 575% (expansion factor of 1 628002) Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)
(E) Line 2 x 5 7% x 1/12 Depreciation rate based on 1997 Depreciation Study (Order No PSC-98-1723-FOF-EI).
(F) Amortization period is approximately 21 years for Above Ground Tank Secondary Containment - Bartow CTs
(G) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Bartow CTs project None for this period
(H) Line 9a x Line 10 x 1 00000 line loss multiplier None for this period
(I) Line 9b x Line 11
(J) Lines 2 + 3 x 018338 x 1/12 Based on 2002 Actual Property Tax Milage Rate

Source

Line 8c Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)

Docket No. 030007-EI
Progress Energy Florida
Exhibit (JP-3)
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PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Current Period Estimated/Actual Amount
January 2004 to December 2004

Form 42-4P
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Revised 10/17/03

Return on Capital Investments, Depreciation and Taxes
For Project ABOVE GROUND TANK SECONDARY CONTAINMENT - CRYSTAL RIVER 1 & 2 (Project 4c)
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Investments														
	a Expenditures/Additions		$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	
	c Retirements		0	0	0	0	0	0	0	0	0	0	0	0	
	d Other (A)		0	0	0	0	0	0	0	0	0	0	0	0	
2	Plant-in-Service/Depreciation Base (B)	$100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
3	Less Accumulated Depreciation (C)	(1,104)	(1,546)	(1,987)	(2,429)	(2,871)	(3,312)	(3,754)	(4,196)	(4,637)	(5,079)	(5,521)	(5,962)	(6,404)	
4	CWIP - Non-Interest Bearing	0	0	0	0	0	0	0	0	0	0	0	0	0	
5	Net Investment (Lines 2 + 3 + 4)	$98,896	98,454	98,013	97,571	97,129	96,688	96,246	95,804	95,363	94,921	94,479	94,038	93,596	
6	Average Net Investment		98,675	98,234	97,792	97,350	96,909	96,467	96,025	95,584	95,142	94,700	94,259	93,817	
7	Return on Average Net Investment														
	a Equity Component Grossed Up For Taxes (D)		884	880	876	872	868	864	860	856	852	848	844	840	$10,344
	b Debt Component - 2 57%		211	210	209	208	208	207	206	205	204	203	202	201	2,474
8	Investment Expenses														
	a Depreciation - 5 3% (E)		442	442	442	442	442	442	442	442	442	442	442	442	5,300
	b Amortization (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
	c Dismantlement		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
	d Property Taxes (J)		150	150	149	148	148	147	146	146	145	144	144	143	1,761
	e Other (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Total System Recoverable Expenses (Lines 7 + 8)		1,687	1,681	1,676	1,670	1,665	1,660	1,654	1,648	1,643	1,637	1,631	1,626	19,879
	a Recoverable Costs Allocated to Energy		-	-	-	-	-	-	-	-	-	-	-	-	-
	b Recoverable Costs Allocated to Demand		1,687	1,681	1,676	1,670	1,665	1,660	1,654	1,648	1,643	1,637	1,631	1,626	19,878
10	Energy Jurisdictional Factor		0 9685400	0 9678500	0.9701800	0 9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0 9695500	0 9678000	0 9709600	
11	Demand Jurisdictional Factor		0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0.9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	
12	Retail Energy-Related Costs (H)		-	-	-	-	-	-	-	-	-	-	-	-	-
13	Retail Demand-Related Costs (I)		1,533	1,528	1,523	1,518	1,513	1,509	1,503	1,498	1,493	1,488	1,483	1,478	18,069
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		$ 1,533	$ 1,528	$ 1,523	$ 1,518	$ 1,513	$ 1,509	$ 1,503	$ 1,498	$ 1,493	$ 1,488	$ 1,483	$ 1,478	$ 18,069

Notes.

(A) Description and reason for 'Other' adjustments to net investment for Above Ground Tank Secondary Containment - Crystal River 1&2 project None for this period
(B) Applicable beginning of period @ $0 and end of period @ $100,000 depreciable base by Above Ground Tank Secondary Containment - Crystal River 1&2
(C) Adjustments to Reserve for Gross Salvage (none for this period) and Other Recoveries (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Crystal River 1&2
(D) Lines 6 x 10 7500% x 1/12 Based on ROE of 12 00%, equity component of capital structure of 6 61%, and statutory income tax rate of 38 575% (expansion factor of 1 628002) Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)
(E) Line 2 x 5 3% x 1/12 Depreciation rate based on 1997 Depreciation Study (Order No PSC-98-1723-FOF-EI)
(F) Amortization period is approximately 28 years for Above Ground Tank Secondary Containment - Crystal River 1&2.
(G) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Crystal River 1&2 project None for this period
(H) Line 9a x Line 10 x 1 00000 line loss multiplier None for this period
(I) Line 9b x Line 11
(J) Lines 2 + 3 x 018338 x 1/12 Based on 2002 Actual Property Tax Milage Rate

Source.

Line 8c Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Current Period Estimated/Actual Amount
January 2004 to December 2004

Schedule of Amortization and Return
Deferred Gain on Sales of Emissions Allowances
(in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan-04	Projected Feb-04	Projected Mar-04	Projected Apr-04	Projected May-04	Projected Jun-04	Projected Jul-04	Projected Aug-04	Projected Sep-04	Projected Oct-04	Projected Nov-04	Projected Dec-04	End of Period Total
1	Working Capital Dr (Cr)														
	a 1581001 SO_2 Emission Allowance Inventory	$ -	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
	b 25401FL Auctioned SO_2 Allowance	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	
2	Total Working Capital	$ (1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	($1,707,393)	
3	Average Net Investment		(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	
4	Return on Average Net Working Capital Balance														
	a Equity Component Grossed Up For Taxes (A)		(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	(15,295)	($183,540)
	b Debt Component - 2 57%		(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(3,657)	(43,884)
5	Total Return Component (D)		(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(18,952)	(227,424)
6	Expense Dr (Cr)														
	a 5090001 SO_2 allowance expense		355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000
7	Net Expense (E)		355,991	319,736	325,769	293,886	384,405	414,723	435,091	444,867	413,735	359,295	320,017	332,485	4,400,000
8	Total System Recoverable Expenses (Lines 5 + 7)		337,039	300,784	306,817	274,934	365,453	395,771	416,139	425,915	394,783	340,343	301,065	313,533	
	a Recoverable costs allocated to Energy		337,039	300,784	306,817	274,934	365,453	395,771	416,139	425,915	394,783	340,343	301,065	313,533	
	b Recoverable costs allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	
9	Energy Jurisdictional Factor		0 9685400	0 9678500	0 9701800	0.9716500	0 9715200	0 9720900	0 9731000	0 9721900	0 9709800	0 9695500	0 9678000	0 9709600	
10	Demand Jurisdictional Factor		0 9089700	0 9089700	0.9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	0 9089700	
11	Retail Energy-Related Recoverable Costs (B)		326,436	291,114	297,668	267,140	355,045	384,725	404,945	414,070	383,326	329,980	291,371	304,428	4,050,247
12	Retail Demand-Related Recoverable Costs (C)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total Jurisdictional Recoverable Costs (Lines 11 + 12)		$ 326,436	$ 291,114	$ 297,668	$ 267,140	$ 355,045	$ 384,725	$ 404,945	$ 414,070	$ 383,326	$ 329,980	$ 291,371	$ 304,428	$ 4,050,247

Notes.
(A) Lines 6 x 10 7500% x 1/12 Based on ROE of 12 00%, equity component of capital structure of 6 61%, and statutory income tax rate of 38 575% (expansion factor of 1 628002) Based on 2002 Rate Case Settlement (Order No PSC-02-0655-AS-EI)
(B) Line 8a times Line 9
(C) Line 8b times Line 10
(D) Line 5 is reported on Capital Schedule
(E) Line 7 is reported on O&M Schedule

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

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 Progress Energy Florida 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:

Progress Energy has completed environmental investigations and necessary remediations at six substations. A consent order has be executed between Progress Energy and the Florida Department of Environmental Protection that establishes a strategy to investigation and carry out needed remediation for the approximate 360 remaining substations in Progress Energy territory. The investigation activities are schedule to begin during the 3rd and 4th quarters of 2003. Finally, Progress Energy has identified certain pollution prevention activities that have been implemented via a written Best Management Practices Plan into the normal day to day work activities in substations. Further pollution prevention measures are currently being developed to ensure future releases at substations are minimized to the greatest extent possible.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be $754,353.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Distribution System Environmental Investigation, Remediation, and Pollution Preventior
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 Progress Energy Florida 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:

Progress Energy has completed remedation on 752 distribution padmount transformer sites so far this year.

Project Fiscal Expenditures:

See below

Project Progress Summary:

N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be $5,168,353.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Pipeline Integrity Management, Review/Update Plan and Risk Assessments
Project No. 3a

Project Description:
The U.S. Department of Transportation ("USDOT") Regulation 49 CFR Part 195, as amended effective February 15, 2002 and the new regulation published at 67 Federal Register 2136 on January 16, 2002 requires PEF to implement a Pipeline Intergrity Management Program. Prior to the February 15, 2002 amendments, the USDOT's pipeline integrity management regulations applied only to operators with 500 miles or more of hazarddous liquid and carbon dioxide pipelines that could affect high consequence areas. The amendments which became effective on February 15, 2002 extended the requirments for implementing integrity management to operators to those who have less than 500 miles of regulated pipelines. As such, PEF must improve the integrity of pipeline systems in order to protect public safety and the environment, as well as complying with continual assessment and evaluation of pipeline systems integrity through inspection or testing, data integration and analysis and follow up remedial, preventative, and mitigative actions.

PEF owns one hazardous liquid pipeline that is subject to the new regulation and must comply with the new requirements for the Bartow/Anclote 14-inch hot oil pipeline which extends for 33.3 miles from the Company's Bartow Plant north of St. Petersburg in Pinellas County, to its Anclote Plant near Holiday in Pasco County.

Project Accomplishments:
The planned upgrades are based on the Leak Detection Study which was completed in April 2003 and include the acquisition and installation of computer hardware and software for leak detection, modifications to the pipeline system to improve the accuracy, reliability, and sensitivity of the existing monitoring and detection system, installation of an additional communications circuit, upgrades to the Bartow meter station and related valve and piping work at the Anclote terminus.

Project Fiscal Expenditures:
The total estimated project costs for the last quarter of 2003 were $990,000 in capital investment and $10,000 in O&M expenses.

Project Progress Summary:
O&M expenses include the annual review and update of the integrity management plan and the risk analysis required by the new regulations. The capital investment includes for the design and implementation of an upgraded leak detection system required to comply with the new regulations.

Project Projections:

Estimated project O&M expenditures for the period January 2004 through December 2004 are expected to be $245,000.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: Above Ground Tank Secondary Containment
Project No. 4

Project Description:
Florida Department of Environmental Protection Rule 62-761.510(3) states that the Company is required to make improvements to many of its aboveground petroleum storage tanks in order to comply with those provisions. Subsection (d) of that rule requires all internally lined single bottom aboveground storage tanks to be upgraded with secondary containment, including secondary containment for piping in contact with the soil. Rule 62-761.500(1)(e) also requires that dike field area containment for pre-1998 tanks be upgraded, if needed, to comply with the requirement.

Project Accomplishments:
The installation of a secondary tank bottom at the Turner plant site, the addition of secondary containment for piping at the Bartow plant, and the upgrade of the dike field secondary containment system at the Crystal River Units 1 & 2 plant site have been scheduled for the the last quarter of 2003.

Project Fiscal Expenditures:
See below

Project Progress Summary:
The Company is in the final stages of developing a plan to upgrade the remaining storage tanks to comply with the secondary containment provisions of the rule. No additions of secondary tank bottoms have been scheduled for 2004, but PEF is preparing a timetable to ensure that the required improvements are implemented prior to 2010.

Project Projections:

There are no project expenditures estimated for the period January 2004 through December 2004.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
January 2004 to December 2004
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: SO_2 Emissions Allowances
Project No. 5

Project Description:
In accordance with the Clean Air Act Title IV Statute, Code of Federal Regulations Chapter 40, Part 73 and Florida State Regulation 62-214, PEF censors and operates activities associated with the SO_2 Emissions Allowance Inventory for the purpose of compliance of offsetting excess sulfur dioxide emissions as set forth by the Federal Acid Rain Program.

Project Accomplishments:
For purposes of compliance with an affected unit's sulfur dioxide Acid Rain emissions limitation requirements pursuant to title IV of the Act, the environmental air quality compliance costs are administered by a designated and authorized account representative to evaluate the full range of resources in order to meet those rules governed by the Federal and State. Activities performed include purchases, auctions, and transfers in accordance to the EPA allowances and deemed in compliance with those requirements.

Effective with the 2004 Projection, PEF has transitioned this compliance regulation costs from the Fuel Adjustment Clause over to the ECRC Clause. Previously PEF did not have the ECRC Clause therefore, these costs were included with the Fuel Adjustment Clause.

Project Fiscal Expenditures:
See below

Project Progress Summary:
N/A

Project Projections:

Estimated project expenditures for the period January 2004 through December 2004 are expected to be $4,400,000.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calcualtion of the Energy & Demand Allocation % by Rate Class
January 2004 to December 2004

Form 42-6P
Revised 10/17/03

Rate Class	(1) Average 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (mWh)	(3) Projected Avg 12 CP at Meter (MW)	(4) NCP Class Max Load Factor	(5) Delivery Efficiency Factor	(6) Projected Sales at Source (Generation) (mWh)	(7) Projected Avg 12 CP at Source (MW)	7(a) Projected Sales at Source (Distrib Svc Only) (mWh)	(8) Class Max MW at Source Level (Distrib Svc)	(9) mWh Sales at Source Energy Allocator (%)	(10) 12CP Demand Transmission Allocator (%)	(11) 12CP & 1/13 AD Demand Allocator (%)	(12) NCP Distribution Allocator (%)
Residential													
RS-1, RST-1, RSL-1, RSL-2, RSS-1													
(Secondary)	0.548	19,556,652	4,073.9	0 40979	0 9358295	20,897,666	4,353 2	20,897,666	5,821.4	50 449%	57 393%	56 859%	58 564%
General Service Non-Demand													
GS-1, GST-1													
Secondary	0 609	1,321,155	247 6	0 43381	0 9358295	1,411,748	264 6	1,411,748	371.5	3 408%	3 469%	3 483%	3 737%
Primary	0 609	8,178	1 5	0 43381	0 9654000	8,471	1 6	8,471	2 2	0.020%	0 021%	0 021%	0.022%
Transmission	0 609	2,531	0 5	0 43381	0 9754000	2,595	0 5	0	0.0	0 006%	0 006%	0 006%	0 000%
General Service													
GS-2 (Secondary)	1 000	82,245	9 4	1 00000	0 9358295	87,885	10 0	87,885	10 0	0 212%	0.132%	0 138%	0 101%
General Service Demand													
GSD-1 Transmission	0 698	1,650	0 3	0 56422	0 9754000	1,692	0 3	0	0.0	0 004%	0 004%	0 004%	0 000%
SS-1 Primary	3 733	1,762	0 1	0.18621	0 9654000	1,825	0.1	1,825	1 1	0.004%	0.001%	0 001%	0 011%
Transmission	3 733	10,688	0 3	0 18621	0 9754000	10,958	0.3	0	0 0	0.026%	0 004%	0 006%	0 000%
GSD-1 Secondary	0 698	12,293,545	2,010 6	0 56422	0 9358295	13,136,522	2,148.4	13,136,522	2,657 8	31 713%	28 325%	28.585%	26 738%
Primary	0 698	2,708,093	442 9	0 56422	0.9654000	2,805,151	458 8	2,805,151	567.6	6 772%	6.048%	6 104%	5 710%
Curtailable													
CS-1, CST-1, CS-2, CST-2, SS-3													
Secondary	0 779	576	0 1	0.56424	0 9358295	615	0.1	615	0 1	0 001%	0 001%	0 001%	0 001%
Primary	0.779	178,873	26.2	0 56424	0 9654000	185,284	27.2	185,284	37 5	0 447%	0 358%	0 365%	0 377%
SS-3 (Primary)	0 480	2,618	0 6	0.02458	0 9654000	2,712	0.6	2,712	12.6	0 007%	0 009%	0 008%	0 127%
Interruptible													
IS-1, IST-1, IS-2, IST-2													
Secondary	0.940	129,878	15 8	0 67161	0 9358295	138,784	16 9	138,784	23 6	0 335%	0 222%	0 231%	0 237%
Primary	0.940	1,766,528	214 5	0 67161	0 9654000	1,829,840	222 2	1,829,840	311 0	4 417%	2 930%	3 044%	3 129%
Transmission	0.940	489,311	59 4	0 67161	0 9754000	501,652	60 9	0	0.0	1 211%	0 803%	0 835%	0 000%
SS-2 Primary	0 748	67,490	10 3	0 17340	0 9654000	69,909	10 7	69,909	46 0	0 169%	0 141%	0 143%	0 463%
Transmission	0 748	3,617	0 6	0 17340	0 9754000	3,708	0 6	0	0 0	0 009%	0 007%	0 008%	0 000%
Lighting													
LS-1 (Secondary)	4 650	305,074	7 5	0.47900	0 9358295	325,993	8 0	325,993	77 7	0 787%	0 106%	0 158%	0 782%
		38,930,464	7,122.0			41,423,009	7,585.0	40,902,405	9,940.2	100.000%	100 000%	100 000%	100 000%

Notes
(1) Average 12CP load factor based on load research study filed July 31, 2003
(2) Projected kWh sales for the period January 2003 to December 2003
(3) Calculated. Column 2 / (8,760 hours x Column 1)
(4) NCP load factor based on load research study filed July 31, 2003
(5) Based on system average line loss analysis for 2002
(6) Column 2 x Column 5
(7) Column 3 x Column 5
(7a) Column 6 excluding transmission service
(8) Calculated Column 7a / (8,760 hours/ Column 4)
(9) Column 6/ Total Column 6
(10) Column 7/ Total Column 7
(11) Column 9 x 1/13 + Column 10 x 12/13
(12) Column 8/ Total Column 8

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calcualtion of the Energy & Demand Allocation % by Rate Class
January 2004 to December 2004

Form 42-7P
Revised 10/17/03

Rate Class	(1) mWh Sales at Source Energy Allocator (%)	(2) 12CP Demand Transmission Allocator (%)	(3) 12CP & 1/13 AD Demand Allocator (%)	(4) NCP Distribution Allocator (%)	(5) Energy-Related Costs ($)	(6) Transmission Demand Costs ($)	(7) Distribution Demand Costs ($)	(8) Production Demand Costs ($)	(9) Total Environmental Costs ($)	(10) Projected Effective Sales at Meter Level (mWh)	(11) Environmental Cost Recovery Factors (cents/kWh)
Residential											
RS-1, RST-1, RSL-1, RSL-2, RSS-1											
(Secondary)	50 449%	57 393%	56 859%	58 564%	$2,044,797	$434,232	$9,232,410	$306,567	$12,018,006	19,556,652	0 061
General Service Non-Demand											
GS-1, GST-1											
Secondary	3 408%	3 489%	3 483%	3 737%	$138,137	$26,396	$589,166	$18,777	$772,476	1,321,155	0 058
Primary	0 020%	0 021%	0 021%	0 022%	$829	$158	$3,535	$113	$4,635	8,096	0 057
Transmission	0 006%	0 006%	0 006%	0 000%	$254	$49	$0	$35	$337	2,480	0 057
TOTAL GS					**$139,220**	**$26,603**	**$592,701**	**$18,925**	**$777,448**	**1,331,732**	
General Service											
GS-2 (Secondary)	0 212%	0 132%	0 138%	0 101%	$8,599	$1,001	$15,911	$746	$26,257	82,245	0 032
General Service Demand											
GSD-1 Transmission	0 004%	0.004%	0 004%	0 000%	$166	$28	$0	$20	$213	1,617	0 047
SS-1 Primary	0 004%	0 001%	0 001%	0 011%	$179	$6	$1,775	$5	$1,964	1,744	0 048
Transmission	0.026%	0.004%	0 006%	0 000%	$1,072	$33	$0	$33	$1,139	10,474	0 047
GSD-1 Secondary	31 713%	28 325%	28.585%	26 738%	$1,285,384	$214,304	$4,215,173	$154,125	$5,868,986	12,293,545	0 048
Primary	6.772%	6.048%	6.104%	5.710%	$274,479	$45,762	$900,101	$32,912	$1,253,254	2,681,012	0 048
TOTAL GSD					**$1,561,279**	**$260,132**	**$5,117,049**	**$187,095**	**$7,125,555**	**14,988,393**	
Curtailable											
CS-1, CST-1, CS-2, CST-2, SS-3											
Secondary	0 001%	0 001%	0 001%	0 001%	$60	$9	$197	$7	$273	576	0 057
Primary	0 447%	0 358%	0 365%	0.377%	$18,130	$2,708	$59,450	$1,967	$82,256	177,084	0 056
SS-3 (Primary)	0 007%	0 009%	0 008%	0.127%	$265	$64	$19,974	$45	$20,349	2,592	0 056
TOTAL CS					**$18,455**	**$2,782**	**$79,622**	**$2,019**	**$102,877**	**180,252**	
Interruptible											
IS-1, IST-1, IS-2, IST-2											
Secondary	0 335%	0 222%	0.231%	0 237%	$13,580	$1,681	$37,412	$1,245	$53,917	129,878	0 037
Primary	4 417%	2 930%	3.044%	3 129%	$179,046	$22,166	$493,266	$16,413	$710,892	1,748,863	0 037
Transmission	1 211%	0 803%	0.835%	0 000%	$49,086	$6,077	$0	$4,500	$59,662	479,525	0 036
SS-2 Primary	0.169%	0.141%	0 143%	0 463%	$6,840	$1,064	$72,990	$770	$81,665	66,815	0 037
Transmission	0 009%	0 007%	0 008%	0 000%	$363	$56	$0	$41	$460	3,545	0 036
					$248,915	**$31,045**	**$603,668**	**$22,969**	**$906,597**	**2,428,625**	
Lighting											
LS-1 (Secondary)	0 787%	0.106%	0.158%	0 782%	$31,898	$798	$123,213	$852	$156,760	305,074	0 051
	100.000%	100 000%	100 000%	100 000%	$4,053,163	$756,594	$15,764,573	$539,172	$21,113,502	38,872,973	0 054

Notes
(1) From Form 42-6P, Column 9
(2) From Form 42-6P, Column 10
(3) From Form 42-6P, Column 11
(4) From Form 42-6P, Column 12
(5) Column 1 x Total Energy Jurisdictional Dollars from Form 42-1P, line 5
(6) Column 2 x Total Transmission Demand Jurisdictional Dollars from Form 42-1P, line 5
(7) Column 4 x Total Distribution Demand Jurisdictional Dollars from Form 42-1P, line 5
(8) Column 3 x Total Production Demand Jurisdictional Dollars from Form 42-1P, line 5
(9) Column 5 + Column 6 + Column 7 + Column 8
(10) Projected kWh sales at effective voltage level for the period January 2004 to December 2004
(11) Column 7/ Column 8 x 100