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**From:** James A. McGee [jmcgee@tampabay.rr.com]  
**Sent:** Monday, August 16, 2004 2:12 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket No. 040001-EI, Supplemental Notice of Fuel Under-Recovery

This electronic filing is made by  
James A. McGee  
P.O. Box 14042  
St. Petersburg, FL 33733  
727-820-5184  
[james.mcgee@pgnmail.com](mailto:james.mcgee@pgnmail.com)

**Docket No. 040001-EI**  
In re: Fuel and Purchased Power Cost Recovery Clause  
and Generating Performance Incentive Factor.

On behalf of **Progress Energy Florida.**

Consisting of **4 pages.**

The attached document for filing is Progress Energy's  
**Supplemental Notice of Estimated Fuel and Capacity  
Cost Under-Recovery Exceeding Ten Percent,**  
including a filing letter and a certificate of service.

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**JAMES A. MCGEE**  
ASSOCIATE GENERAL COUNSEL  
PROGRESS ENERGY SERVICE COMPANY, LLC

August 16, 2004

VIA ELECTRONIC FILING

Ms. Blanca S. Bayó, Director  
Division of the Commission Clerk  
and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Docket No. 040001-EI

Dear Ms. Bayó:

Enclosed for filing in the subject docket on behalf of Progress Energy Florida, Inc., is its Supplemental Notice Of Estimated Fuel And Capacity Cost Under-Recovery Exceeding Ten Percent.

Please acknowledge your receipt of the above filing as provided in the Commission's electronic filing procedures. Thank you for your assistance in this matter.

Very truly yours,

s/ James A. McGee

JAM/scc  
Enclosure

cc: Parties of record

DOCUMENT NUMBER-DA

100 Central Avenue (33701) □ Post Office Box 14042 (33733) □ St. Petersburg, Florida  
Phone: 727.820.5184 □ Fax: 727.820.5519 □ Email: james.mcgee@pgnmail.com

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Fuel and Purchased Power Cost  
Recovery Clause and Generating  
Performance Incentive Factor.

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Docket No. 040001-EI

Submitted for filing:  
August 16, 2004

**SUPPLEMENTAL  
NOTICE OF ESTIMATED FUEL AND CAPACITY COST  
UNDER-RECOVERY EXCEEDING TEN PERCENT**

Progress Energy Florida, Inc. (Progress Energy or the Company), pursuant to Order No. 13694 in Docket No. 840001-EI, hereby supplements its Notice filed August 5, 2004 and notifies the Commission of the Company's determination not to seek a mid-course correction.

As the August 10, 2004 testimony and exhibits of Javier Portuondo describe in greater detail, Progress Energy's reprojection of 2004 year end results shows a fuel cost under-recovery of \$138.4 million and a capacity cost over-recovery \$11.4 million. The estimated net under-recovery of \$127 million equates to less than 10 percent of the Company's reprojected year end total fuel and capacity costs. This year end result is less severe than previously anticipated primarily due to an updated fuel forecast and the Company's revision of its fall planned outage schedule to allow the postponement of a five-week maintenance outage at Crystal River 4, a 740 MW coal-fired generating unit.

These mitigating factors, coupled with the inability to implement a mid-course correction before October at the earliest and the desire to avoid multiple

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changes to customer rates in a short period, have led to the Company's determination not to pursue a mid-course correction at this time. However, consistent with the purpose of under-recovery notifications described in Order No. 13694, Progress Energy recognizes that the question of whether a mid-course correction should be made is ultimately a matter for the Commission to determine, and the Company will work with Staff and the parties to implement a mid-course correction if should be the Commission's desire.

Respectfully submitted,

s/ James A. McGee

James A. McGee  
Associate General Counsel  
Progress Energy Service Company, LLC  
Post Office Box 14042  
St. Petersburg, Florida 33733-4042  
Telephone: 727-820-5184  
Facsimile: 727-820-5519  
Email: [james.mcgee@pgnmail.com](mailto:james.mcgee@pgnmail.com)

Attorney for  
PROGRESS ENERGY FLORIDA, INC.

**PROGRESS ENERGY FLORIDA**

**DOCKET NO. 040001-EI**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing Supplemental Notice has been furnished to the following individuals by regular U.S. Mail this 16<sup>th</sup> day of August, 2004.

Wm. Cochran Keating, IV, Esquire  
Office of the General Counsel  
Economic Regulation Section  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Norman Horton, Jr., Esquire  
Messer, Caparello & Self  
P. O. Box 1876  
Tallahassee, FL 32302

John W. McWhirter, Jr., Esquire  
McWhirter, Reeves et al.  
400 North Tampa Street  
Suite 2450  
Tampa, FL 33601

Vicki Gordon Kaufman, Esquire  
McWhirter, Reeves et al.  
117 S. Gadsden Street  
Tallahassee, FL 32301

John T. Butler, Esquire  
Steel, Hector & Davis  
200 S. Biscayne Blvd., Suite 4000  
Miami, Florida 33131

Lee L. Willis, Esquire  
James D. Beasley, Esquire  
Ausley & McMullen  
P.O. Box 391  
Tallahassee, FL 32302

Jeffrey A. Stone, Esquire  
Russell A. Badders, Esquire  
Beggs & Lane  
P. O. Box 12950  
Pensacola, FL 32576-2950

Robert Vandiver, Esquire  
Office of the Public Counsel  
c/o The Florida Legislature  
111 West Madison St., Room 812  
Tallahassee, FL 32399-1400

s/ James A. McGee  
\_\_\_\_\_  
Attorney