

ORIGINAL

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF

3 JAVIER PORTUONDO

4 ON BEHALF OF

5 PROGRESS ENERGY FLORIDA

6 DOCKET NO. 040007

7 AUGUST 4, 2004

8 (REVISED SEPTEMBER 3, 2004)

9

10 **Q. Please state your name and business address,**

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

13

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

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

17

18 **Q. Have your duties and responsibilities remained the same since you last filed**
19 **testimony in this proceeding?**

20 **A.** Yes.

21

CMP _____
COM 5 + Orig
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DOCUMENT NUMBER-DATE

09730 SEP-3 04

FILED-COMMISSION OF PUBLIC UTILITIES

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

4 **A.** Yes, I have.

5
6 **Q. What is the purpose of your testimony?**

7 **A.** The purpose of my testimony is to present, for Commission review and
8 approval, Progress Energy Florida's Estimated/Actual True-up costs associated
9 with Environmental Compliance activities for the period January 2004 through
10 December 2004.

11
12 **Q. Have you prepared or caused to be prepared under your direction,**
13 **supervision or control any exhibits in this proceeding?**

14 **A.** Yes. I am sponsoring revised Exhibit No. __ (JP-2), which consists of revised
15 PSC Forms 42-1E through 42-8E. These forms provide a summary and detail of
16 the Estimated/Actual True-up O&M and Capital Environmental costs for the
17 period January 2004 through December 2004.

18
19 **Q. What is the Estimated/Actual True-up amount that PEF is requesting**
20 **recovery for the period of January 2004 through December 2004?**

21 **A.** The Estimated/Actual True-up amount for 2004 is an under-recovery, including
22 interest, of \$19,027,266, as shown in revised Exhibit No. __ (JP-2), Form 42-1E,
23 Line 4.

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Q. Please explain the calculation of the ECRC Estimated/Actual True-up amount you are requesting this Commission to approve.

A. Revised Forms 42-2E and 42-3E show the calculation of the ECRC Estimated/Actual True-up amount for the period of January 2004 through December 2004.

Q. Are all the costs listed in Forms 42-1E through 42-8E attributable to Environmental Compliance projects previously approved by the Commission?

A. Yes.

Q. How do the Estimated/Actual project expenditures for January 2004 through December 2004 compare with original projections?

A. As shown on revised Form 42-4E, total O&M project costs are projected to be \$18,745,199 or 178% higher than originally projected. Total recoverable capital investments itemized on revised Form 42-6E, are projected to be \$710,778 or 764% higher than originally projected. Below are variance explanations for those O&M projects and Capital Investment Projects with significant variances. Individual project variances are provided on revised Forms 42-4E and 42-6E. Return on Capital Investment, Depreciation and Taxes for each project for the Estimated/Actual period are provided on revised Form 42-8E, pages 1 through 5.

1 **1. Substation Environmental Investigation, Remediation, and Pollution**
2 **Prevention (Project #1) - O&M**

3 Project expenditures are estimated to be \$432,669 or 57% lower than
4 previously projected. The original projection assumed remediation of 52
5 substations. The new projection is based on remediation of 9 substations.
6 These projects have been delayed due to the longer time period than planned
7 to obtain the required FDEP approval of the Substation Inspection Plan and
8 the Substation Assessment and Remedial Action Plan. This project is
9 discussed further in Kent D. Hedrick's testimony.

10
11 **2. Distribution System Environmental Investigation, Remediation, and**
12 **Pollution Prevention (Project #2) - O&M**

13 Project expenditures are estimated to be \$2,930,034 or 57% higher than
14 previously projected. This variance is primarily due to an increase in the
15 estimated number of sites requiring remediation. The Company identified an
16 additional 364 single-phase sites requiring remediation. The average cost
17 per 3-phase site also increased from the previously estimated \$10,000 per
18 site to the current estimate of \$14,000 per site, primarily due to the higher
19 skill level necessary to perform 3-phase remediation activities. This project
20 is discussed further in Kent D. Hedrick's testimony.

21
22 **3. Pipeline Integrity Management (Project #3a) – O&M**

1 Project expenditures are estimated to be \$745,000 or 304% higher than
2 previously projected. This variance is primarily due to more current
3 estimates of the costs associated with required preventative measures, based
4 on the results of pipeline inspections. PEF originally projected a total of
5 \$215,000 in O&M costs for the baseline integrity assessment of the
6 Bartow/Anclote pipeline. Based on actual costs incurred to date and
7 contractor bids for the remaining work, the estimated project costs have
8 escalated by \$75,000. Another \$140,000 of this increase is attributable to
9 costs associated with a new position devoted to management and oversight
10 of the PIM program. **Further, in accordance with the PIM Plan, the**
11 **Company has identified unanticipated O&M project costs of approximately**
12 **\$550,000. These projects are necessary in order to provide protection**
13 **against potential threats to pipeline integrity in accordance with the PIM**
14 **regulations and the company's PIM Plan. These projects are discussed**
15 **further in the testimony of Patricia Q. West.**

16
17 **4. Pipeline Integrity Management – Bartow/Anclote Pipeline (Project #3b)**
18 **– Capital**

19 Project expenditures are estimated to be \$692,706 higher than previously
20 forecasted. This is primarily attributable to \$525,940 of expenses that were
21 erroneously charged to non-recoverable O&M and should have been charged
22 to recoverable capital and additional costs of \$211,060 for the
23 Bartow/Anclote Pipeline leak detection system to reduce risk in accordance

1 with the PIM Plan. These projects are further discussed in the testimony of
2 Patricia Q. West's testimony.

3

4 **5. SO2 Emissions Allowances (Project #5) – O&M**

5 Project expenditures are estimated to be \$15,502,833 or 352% higher than
6 originally projected. This variance is driven by increases in projected tons of
7 SO2 emissions and by higher market prices for allowances. The price
8 variance is due in part to increased demand in the marketplace due to
9 uncertainty associated with pending legislation on the Clean Air Interstate
10 Ruling. The price of allowances increased from the previously projected
11 average price of \$160 per ton to the current projected average price of \$400 -
12 \$600 per ton. The increase in projected tons is driven by higher natural gas
13 prices which have resulted in more residual oil in the 2004 projected
14 generation plan.

15

16 **Q. Does this conclude your testimony?**

17 **A.** Yes, it does.

EXHIBIT No. ___ (JP-2)
Revised - September 3, 2004

ENVIRONMENTAL COST RECOVERY
COMMISSION FORMS 42-1E THROUGH 42-8E

JANUARY 2004 - DECEMBER 2004

Calculation of the Current Period Estimated/Actual Amount
Actuals for the period of January through June 2004
Estimated for the period of July through December 2004

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

Form 42-1E
0

<u>Line</u>	<u>Period Amount</u>
1 Over/(Under) Recovery for the Current Period (Form 42-2E, Line 5)	\$ (18,590,037)
2 Interest Provision (Form 42-2E, Line 6)	(100,297)
3 Sum of Current Period Adjustments (Form 42-2E, Line 10)	<u>(336,932)</u>
4 Current Period True-Up Amount to be Refunded/(Recovered) in the Projection Period January 2005 to December 2005 (Lines 1 + 2 +3)	<u>\$ (19,027,266)</u>

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

Form 42-2E
0

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

Line	Description	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1	ECRC Revenues (net of Revenue Taxes)	\$1,658,785	\$1,449,955	\$1,478,097	\$1,409,342	\$1,582,566	\$1,996,436	\$2,091,840	\$2,099,599	\$2,113,331	\$1,904,789	\$1,625,210	\$1,587,432	\$20,997,381
2	True-Up Provision	(10,861,777)	(910,536)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(905,148)	(10,867,165)
3	ECRC Revenues Applicable to Period (Lines 1 + 2)	748,249	544,807	572,949	504,194	677,418	1,091,288	1,186,692	1,194,451	1,208,183	999,640	720,062	682,284	10,130,216
4	Jurisdictional ECRC Costs													
a.	O & M Activities (Form 42-5E, Line 9)	493,310	555,730	916,193	617,307	665,490	808,690	1,057,192	4,341,465	4,418,576	4,673,043	4,254,949	5,193,654	27,995,599
b.	Capital Investment Projects (Form 42-7E, Line 9)	4,491	9,945	35,297	35,496	5,801	1,228	83,110	154,095	133,619	111,979	90,954	58,639	724,654
c.	Total Jurisdictional ECRC Costs	497,801	565,675	951,490	652,803	671,291	809,918	1,140,302	4,495,560	4,552,195	4,785,022	4,345,903	5,252,293	28,720,253
5	Over/(Under) Recovery (Line 3 - Line 4c)	250,448	(20,868)	(378,541)	(148,609)	6,127	281,370	46,390	(3,301,110)	(3,344,013)	(3,785,381)	(3,625,842)	(4,570,009)	(18,590,037)
6	Interest Provision (Form 42-3E, Line 10)	(8,122)	(6,989)	(6,250)	(5,869)	(5,297)	(5,064)	(4,871)	(5,678)	(8,368)	(11,329)	(14,450)	(18,010)	(100,297)
7	Beginning Balance True-Up & Interest Provision	(10,867,165)	(9,714,303)	(8,837,012)	(8,316,855)	(7,565,985)	(6,660,007)	(5,478,553)	(4,868,818)	(7,270,457)	(9,717,690)	(12,609,252)	(15,344,395)	(10,867,165)
a.	Deferred True-Up from January 2003 to December 2003 (Order No. PSC-03-1348-FOF-E1)	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437	951,437
8	True-Up Collected/(Refunded) (see Line 2)	910,536	905,148	905,148	905,148	905,148	905,148	905,148	905,148	905,148	905,148	905,148	905,148	10,867,165
9	End of Period Total True-Up (Lines 5+6+7+7a+8)	(8,762,866)	(7,885,575)	(7,365,218)	(6,614,548)	(5,708,570)	(4,527,116)	(3,580,449)	(6,319,020)	(8,766,253)	(11,657,815)	(14,392,958)	(18,075,829)	(17,738,897)
10	Adjustments to Period Total True-Up Including Interest (a)	0	0	0	0	0	0	(336,932)	0	0	0	0	0	(336,932)
11	End of Period Total Net True-Up (Lines 9 + 10)	(\$8,762,866)	(\$7,885,575)	(\$7,365,218)	(\$6,614,548)	(\$5,708,570)	(\$4,527,116)	(\$3,917,381)	(\$6,319,020)	(\$8,766,253)	(\$11,657,815)	(\$14,392,958)	(\$18,075,829)	(\$18,075,829)

(a) Adjustment - 2003 FPSC Audit - Docket 040007-EI, Audit Control No. 04-444-2-2.

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

Form 42-3E
0

Interest Provision
(in Dollars)

Description	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1 Beginning True-Up Amount (Form 42-2E, Lines 7 + 7a + 10)	(\$9,915,728)	(\$8,762,866)	(\$7,885,575)	(\$7,365,218)	(\$6,614,548)	(\$5,708,570)	(\$4,864,048)	(\$3,917,381)	(\$6,319,020)	(\$8,766,253)	(\$11,657,815)	(\$14,392,958)	
2 Ending True-Up Amount Before Interest (Line 1 + Form 42-2E, Lines 5 + 8)	(8,754,744)	(7,878,586)	(7,358,968)	(6,608,679)	(5,703,273)	(4,522,052)	(3,912,510)	(6,313,342)	(8,757,885)	(11,646,486)	(14,378,508)	(18,057,819)	
3 Total of Beginning & Ending True-Up (Lines 1 + 2)	(18,670,472)	(16,641,452)	(15,244,543)	(13,973,897)	(12,317,821)	(10,230,622)	(8,776,557)	(10,230,723)	(15,076,905)	(20,412,738)	(26,036,323)	(32,450,777)	
4 Average True-Up Amount (Line 3 x 1/2)	(9,335,236)	(8,320,726)	(7,622,272)	(6,986,949)	(6,158,911)	(5,115,311)	(4,388,279)	(5,115,362)	(7,538,453)	(10,206,369)	(13,018,162)	(16,225,389)	
5 Interest Rate (First Day of Reporting Business Month)	1.06%	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	
6 Interest Rate (First Day of Subsequent Business Month)	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	
7 Total of Beginning & Ending Interest Rates (Lines 5 + 6)	2.09%	2.01%	1.96%	2.01%	2.07%	2.37%	2.66%	2.66%	2.66%	2.66%	2.66%	2.66%	
8 Average Interest Rate (Line 7 x 1/2)	1.045%	1.005%	0.980%	1.005%	1.035%	1.185%	1.330%	1.330%	1.330%	1.330%	1.330%	1.330%	
9 Monthly Average Interest Rate (Line 8 x 1/12)	0.087%	0.084%	0.082%	0.084%	0.086%	0.099%	0.111%	0.111%	0.111%	0.111%	0.111%	0.111%	
10 Interest Provision for the Month (Line 4 x Line 9)	(\$8,122)	(\$6,989)	(\$6,250)	(\$5,869)	(\$5,297)	(\$5,064)	(\$4,871)	(\$5,678)	(\$8,368)	(\$11,329)	(\$14,450)	(\$18,010)	(\$100,297)

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

Form 42 4E
0

Variance Report of O&M Activities
(In Dollars)

<u>Line</u>	(1) Estimated/ Actual	(2) Original Projection	(3) Variance Amount	(4) Percent
1 Description of O&M Activities				
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	321,684	754,353	(432,669)	-57%
1a Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs	(25,000)	(25,000)	0	0%
2 Distribution System Environmental Investigation, Remediation, and Pollution Prevention	8,098,387	5,168,353	2,930,034	57%
3a Pipeline Integrity Management	990,000	245,000	745,000	304%
4 Above Ground Tank Secondary Containment	0	0	0	0%
5 SO2 Emissions Allowances	19,902,833	4,400,000	15,502,833	352%
6 316(b) Clean Water Act	0	0	0	0%
2 Total O&M Activities - Recoverable Costs	29,287,905	10,542,706	18,745,199	178%
3 Recoverable Costs Allocated to Energy	19,902,833	4,400,000	15,502,833	352%
4 Recoverable Costs Allocated to Demand	9,385,071	6,142,706	3,242,365	53%

Notes:

Column (1) is the End of Period Totals on Form 42-5E
 Column (2) is the approved Projected amount in accordance with FPSC Order No. PSC-03-1348-FOF-EI.
 Column (3) = Column (1) - Column (2)
 Column (4) = Column (3) / Column (2)

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

Form 42-5E
0

O&M Activities
(in Dollars)

Description	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1 Description of O&M Activities													
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	(40,854)	67,738	5,487	58,523	13,528	59,085	26,363	26,363	26,363	26,363	26,363	26,363	321,684
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)	(2,084)	(2,083)	(2,084)	(2,083)	(2,084)	(2,084)	(25,000)
2 Distribution System Environmental Investigation, Remediation, and Pollution	431,737	435,891	836,140	553,622	585,626	688,193	761,196	761,196	761,196	761,196	761,196	761,196	8,098,387
3a Pipeline Integrity Management, Review/Update Plan and Risk Assessments	0	0	0	0	0	0	165,000	165,000	165,000	165,000	165,000	165,000	990,000
4 Above Ground Tank Secondary Containment	0	0	0	0	0	0	0	0	0	0	0	0	0
5 SO2 Emissions Allowances	96,589	76,504	83,438	26,261	76,134	84,240	146,019	3,602,658	3,690,368	3,966,155	3,543,346	4,511,122	19,902,833
6 316(b) Clean Water Act	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Total of O&M Activities	485,389	578,050	922,982	636,322	673,206	829,435	1,096,494	4,553,134	4,640,843	4,916,631	4,493,821	5,461,597	29,287,905
3 Recoverable Costs Allocated to Energy	96,589	76,504	83,438	26,261	76,134	84,240	146,019	3,602,658	3,690,368	3,966,155	3,543,346	4,511,122	19,902,833
4 Recoverable Costs Allocated to Demand - Transm	(42,937)	65,655	3,404	56,440	11,445	57,002	24,279	24,280	24,279	24,280	24,279	24,279	296,684
Recoverable Costs Allocated to Demand - Distrib	431,737	435,891	836,140	553,622	585,626	688,193	761,196	761,196	761,196	761,196	761,196	761,196	8,098,387
Recoverable Costs Allocated to Demand - Prod-Intm	0	0	0	0	0	0	165,000	165,000	165,000	165,000	165,000	165,000	990,000
5 Retail Energy Jurisdictional Factor	0.97910	0.97440	0.97720	0.97450	0.97680	0.98090	0.95347	0.95027	0.94858	0.94678	0.94176	0.94781	
6 Retail Transmission Demand Jurisdictional Factor	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	0.72115	
Retail Distribution Demand Jurisdictional Factor	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	0.99529	
Retail Production Demand Jurisdictional Factor - Intm	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	
7 Jurisdictional Energy Recoverable Costs (A)	94,570	74,545	81,536	25,591	74,368	82,631	139,225	3,423,498	3,500,609	3,755,076	3,336,982	4,275,687	18,864,318
8 Jurisdictional Demand Recoverable Costs - Transm (B)	(30,964)	47,347	2,455	40,702	8,254	41,107	17,509	17,509	17,509	17,509	17,509	17,509	213,955
Jurisdictional Demand Recoverable Costs - Distrib (B)	429,704	433,838	832,202	551,014	582,868	684,952	757,611	757,611	757,611	757,611	757,611	757,611	8,060,244
Jurisdictional Demand Recoverable Costs - Prod-Intm (B)	0	0	0	0	0	0	142,847	142,847	142,847	142,847	142,847	142,847	857,082
9 Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$493,310	\$555,730	\$916,193	\$617,307	\$665,490	\$808,690	\$1,057,192	\$4,341,465	\$4,418,576	\$4,673,043	\$4,254,949	\$5,193,654	\$27,995,599

Notes:

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

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

Form 42 6E
0

Variance Report of Capital Investment Activities
 (In Dollars)

<u>Line</u>	(1) Estimated/ Actual	(2) Original Projection	(3) Variance Amount	(4) Percent
1 Description of Capital Investment Activities				
3b Pipeline Integrity Management - Bartow/Anclote Pipeline	194,370	182,626	11,744	6%
4a Above Ground Tank Secondary Containment - Turner CT's	73,945	99,408	(25,463)	-26%
4b Above Ground Tank Secondary Containment - Bartow CT's	28,317	18,535	9,782	53%
4c Above Ground Tank Secondary Containment - Crystal River 1 & 2	6,278	19,878	(13,600)	-68%
5 SO2 Emissions Allowances - Deferred Gain	500,891	(227,424)	728,315	-320%
2 Total Capital Investment Activities - Recoverable Costs	803,801	93,023	710,778	764%
3 Recoverable Costs Allocated to Energy	500,891	(227,424)	728,315	-320%
4 Recoverable Costs Allocated to Demand	302,910	320,447	(17,537)	-5%

Notes:

Column (1) is the End of Period Totals on Form 42-7E
 Column (2) is the approved Projected amount in accordance with FPSC Order No. PSC-03-1348-FOF-EI.
 Column (3) = Column (1) - Column (2)
 Column (4) = Column (3) / Column (2)

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

Capital Investment Projects-Recoverable Costs
(in Dollars)

Line	Description	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	End of
		January 04	February 04	March 04	April 04	May 04	June 04	July 04	August 04	September 04	October 04	November 04	December 04	Period Total
1	Description of Investment Projects (A)													
3b	Pipeline Integrity Management - Bartow/Anclole Pipeline	\$9,024	\$15,577	\$16,037	\$16,124	\$16,245	\$16,324	\$16,530	\$16,921	\$17,311	\$17,702	\$18,092	\$18,483	\$194,370
4a	Above Ground Tank Secondary Containment - Turner CTs	6,063	6,521	6,606	6,663	6,720	6,808	6,904	6,080	5,256	5,349	5,441	5,534	73,945
4b	Above Ground Tank Secondary Containment - Bartow CTs	1,273	1,678	1,705	2,666	2,657	2,647	2,638	2,629	2,620	2,611	2,601	2,592	28,317
4c	Above Ground Tank Secondary Containment - Crystal River 1&2	365	367	563	561	559	557	556	554	552	550	548	546	6,278
5	SO2 Emissions Allowances - Deferred Gain	(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	64,135	139,351	118,314	95,260	73,022	38,040	500,891
2	Total Investment Projects - Recoverable Costs	7,389	13,874	39,929	40,424	10,015	5,448	90,763	165,535	144,053	121,472	99,704	65,195	803,801
3	Recoverable Costs Allocated to Energy	(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	64,135	139,351	118,314	95,260	73,022	38,040	500,891
4	Recoverable Costs Allocated to Demand - Production - Base	365	367	563	561	559	557	556	554	552	550	548	546	6,278
	Recoverable Costs Allocated to Demand - Production - Intermediate	9,024	15,577	16,037	16,124	16,245	16,324	16,530	16,921	17,311	17,702	18,092	18,483	194,370
	Recoverable Costs Allocated to Demand - Production - Peaking	7,336	8,199	8,311	9,329	9,377	9,455	9,542	8,709	7,876	7,960	8,042	8,126	102,262
5	Retail Energy Jurisdictional Factor	0.97910	0.97440	0.97720	0.97450	0.97680	0.98090	0.95347	0.95027	0.94858	0.94678	0.94176	0.94781	
6	Retail Demand Jurisdictional Factor - Production - Base	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	
	Retail Demand Jurisdictional Factor - Production - Intermediate	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	
	Retail Demand Jurisdictional Factor - Production - Peaking	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	
7	Jurisdictional Energy Recoverable Costs (B)	(9,141)	(10,006)	14,676	14,042	(15,791)	(20,489)	61,151	132,421	112,230	90,190	68,769	36,054	474,106
8	Jurisdictional Demand Recoverable Costs - Production - Base (C)	350	352	540	538	536	534	534	532	530	528	526	524	6,024
	Jurisdictional Demand Recoverable Costs - Production - Intermediate (C)	7,812	13,486	13,884	13,959	14,064	14,132	14,311	14,649	14,987	15,325	15,663	16,001	168,274
	Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	5,470	6,113	6,197	6,956	6,992	7,050	7,115	6,494	5,873	5,935	5,996	6,059	76,249
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$4,491	\$9,945	\$35,297	\$35,496	\$5,801	\$1,228	\$83,110	\$154,095	\$133,619	\$111,979	\$90,954	\$58,639	\$724,654

Notes:
 (A) Each project's Total System Recoverable Expenses on Form 42-8E, Line 9
 (B) Line 3 x Line 5
 (C) Line 4 x Line 6

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

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

Description	Beginning of Period Amount	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1 Investments														
a. Expenditures/Additions		\$ 1,104,029	\$ 76,669	\$ 6,238	\$ 9,410	\$ 12,330	\$ 2,000	\$35,177	\$35,177	\$35,177	\$35,177	\$35,177	\$35,177	\$35,177
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 (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2 Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 CWIP - Non-Interest Bearing	260,964	1,364,992	1,441,662	1,447,900	1,457,310	1,469,640	1,471,640	1,506,816	1,541,993	1,577,170	1,612,346	1,647,523	1,682,700	
5 Net Investment (Lines 2 + 3 + 4)	<u>\$260,964</u>	<u>1,364,992</u>	<u>1,441,662</u>	<u>1,447,900</u>	<u>1,457,310</u>	<u>1,469,640</u>	<u>1,471,640</u>	<u>1,506,816</u>	<u>1,541,993</u>	<u>1,577,170</u>	<u>1,612,346</u>	<u>1,647,523</u>	<u>1,682,700</u>	
6 Average Net Investment		812,978	1,403,327	1,444,781	1,452,605	1,463,475	1,470,640	1,489,228	1,524,405	1,559,581	1,594,758	1,629,935	1,665,111	
7 Return on Average Net Investment														
a. Equity Component Grossed Up For Taxes (D) 10.75%		7,283	12,571	12,943	13,013	13,110	13,174	13,341	13,656	13,971	14,286	14,602	14,917	\$156,860
b. Debt Component (Line 6 x 2.57% x 1/12) 2.57%		1,741	3,005	3,094	3,111	3,134	3,150	3,189	3,265	3,340	3,415	3,491	3,566	37,502
8 Investment Expenses														
a. Depreciation (E) 3.60%		0	0	0	0	0	0	0	0	0	0	0	0	0
b. Amortization		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 (I)		0	0	0	0	0	0	0	0	0	0	0	0	0
e. Other (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total System Recoverable Expenses (Lines 7 + 8)		9,024	15,577	16,037	16,124	16,245	16,324	16,530	16,921	17,311	17,702	18,092	18,483	194,370
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		9,024	15,577	16,037	16,124	16,245	16,324	16,530	16,921	17,311	17,702	18,092	18,483	194,370
10 Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11 Demand Jurisdictional Factor - Production (Intermediate)		0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	0.86574	
12 Retail Energy-Related Recoverable Costs (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
13 Retail Demand-Related Recoverable Costs (H)		7,812	13,486	13,884	13,959	14,064	14,132	14,311	14,649	14,987	15,325	15,663	16,001	168,274
14 Total Jurisdictional Recoverable Costs (Lines 12 + 13)		<u>\$7,812</u>	<u>\$13,486</u>	<u>\$13,884</u>	<u>\$13,959</u>	<u>\$14,064</u>	<u>\$14,132</u>	<u>\$14,311</u>	<u>\$14,649</u>	<u>\$14,987</u>	<u>\$15,325</u>	<u>\$15,663</u>	<u>\$16,001</u>	<u>\$168,274</u>

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 and end of period 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) Line 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) Description and reason for 'Other' adjustments to investment expenses for Bartow/Anclote Pipeline project. None for this period.
- (G) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (H) Line 9b x Line 11
- (I) 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 Millage 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

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

Description	Beginning of Period Amount	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1 Investments														
a. Expenditures/Additions		\$73,751	\$8,748	\$6,609	\$3,586	\$6,744	\$8,981	\$8,333	(\$156,747)	\$8,333	\$8,333	\$8,333	\$8,333	
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)	\$0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 CWIP - Non-interest Bearing	509,360	583,111	591,859	598,469	602,055	608,799	617,780	626,114	469,367	477,700	486,034	494,367	502,700	
5 Net Investment (Lines 2 + 3 + 4)	\$509,360	583,111	591,859	598,469	602,055	608,799	617,780	626,114	469,367	477,700	486,034	494,367	502,700	
6 Average Net Investment		546,236	587,485	595,164	600,262	605,427	613,290	621,947	547,740	473,534	481,867	490,200	498,534	
7 Return on Average Net Investment														
a. Equity Component Grossed Up For Taxes (D)	10.75%	4,893	5,263	5,332	5,377	5,424	5,494	5,572	4,907	4,242	4,317	4,391	4,466	\$59,678
b. Debt Component (Line 6 x 2.57% x 1/12)	2.57%	1,170	1,258	1,275	1,286	1,297	1,313	1,332	1,173	1,014	1,032	1,050	1,068	14,267
8 Investment Expenses														
a. Depreciation (E)	4.80%	0	0	0	0	0	0	0	0	0	0	0	0	0
b. Amortization		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 (I)		0	0	0	0	0	0	0	0	0	0	0	0	0
e. Other (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total System Recoverable Expenses (Lines 7 + 8)		6,063	6,521	6,606	6,663	6,720	6,808	6,904	6,080	5,256	5,349	5,441	5,534	73,945
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		6,063	6,521	6,606	6,663	6,720	6,808	6,904	6,080	5,256	5,349	5,441	5,534	73,945
10 Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11 Demand Jurisdictional Factor - Production (Peaking)		0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	
12 Retail Energy-Related Recoverable Costs (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
13 Retail Demand-Related Recoverable Costs (H)		4,521	4,862	4,926	4,968	5,011	5,076	5,148	4,533	3,919	3,988	4,057	4,126	55,135
14 Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$4,521	\$4,862	\$4,926	\$4,968	\$5,011	\$5,076	\$5,148	\$4,533	\$3,919	\$3,988	\$4,057	\$4,126	\$55,135

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 and end of period 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) Line 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) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Turner CTs project. None for this period.
- (G) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (H) Line 9b x Line 11
- (I) Lines 2 + 3 x .020912 x 1/12. Based on 2002 Actual Property Tax Millage 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

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

Description	Beginning of Period	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1 Investments														
a. Expenditures/Additions		\$68,291	\$4,629	\$203	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Clearings to Plant		0	0	0	153,698	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 (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2 Plant-in-Service/Depreciation Base (B)	\$0	0	0	0	153,698	153,698	153,698	153,698	153,698	153,698	153,698	153,698	153,698	153,698
3 Less: Accumulated Depreciation (C)	0	0	0	0	(730)	(1,460)	(2,190)	(2,920)	(3,650)	(4,380)	(5,110)	(5,841)	(6,571)	(6,571)
4 CWIP - Non-Interest Bearing	80,575	148,866	153,495	153,698	0	0	0	0	0	0	0	0	0	0
5 Net Investment (Lines 2 + 3 + 4)	\$80,575	148,866	153,495	153,698	152,968	152,238	151,508	150,778	150,048	149,318	148,588	147,857	147,127	
6 Average Net Investment		114,720	151,181	153,597	153,333	152,803	151,873	151,143	150,413	149,683	148,953	148,223	147,492	
7 Return on Average Net Investment														
a. Equity Component Grossed Up For Taxes (D) 10.75%		1,028	1,354	1,376	1,374	1,367	1,361	1,354	1,347	1,341	1,334	1,328	1,321	\$15,885
b. Debt Component (Line 6 x 2.57% x 1/12) 2.57%		246	324	329	328	327	325	324	322	321	319	317	316	3,798
8 Investment Expenses														
a. Depreciation (E) 5.70%		0	0	0	730	730	730	730	730	730	730	730	730	6,571
b. Amortization		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 (I)		0	0	0	234	233	232	230	229	228	227	226	225	2,064
e. Other (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total System Recoverable Expenses (Lines 7 + 8)		1,273	1,678	1,705	2,666	2,657	2,647	2,638	2,629	2,620	2,611	2,601	2,592	28,317
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		1,273	1,678	1,705	2,666	2,657	2,647	2,638	2,629	2,620	2,611	2,601	2,592	28,317
10 Energy Jurisdictional Factor		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
11 Demand Jurisdictional Factor - Production (Peaking)		0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562	0.74562
12 Retail Energy-Related Recoverable Costs (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
13 Retail Demand-Related Recoverable Costs (H)		949	1,251	1,271	1,988	1,981	1,974	1,967	1,960	1,954	1,947	1,939	1,933	21,114
14 Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$949	\$1,251	\$1,271	\$1,988	\$1,981	\$1,974	\$1,967	\$1,960	\$1,954	\$1,947	\$1,939	\$1,933	\$21,114

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 and end of period depreciable base by Above Ground Tank Secondary Containment - Bartow CTs.
- (C) Adjustments to Reserve for Gross Salvage (none for this period) and Cost of Removal based on Depreciation Rate for Above Ground Tank Secondary Containment - Bartow CTs.
- (D) Line 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 5.70% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Bartow CTs project. None for this period.
- (G) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (H) Line 9b x Line 11
- (I) Lines 2 + 3 x .018338 x 1/12. Based on 2002 Actual Property Tax Millage 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 - CRYSTAL RIVER 1 & 2 (Project 4c)
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$373	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Clearings to Plant		0	0	33,092	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 (A)		0	0	0	0	0	0	0	0	0	0	0	0	0
2	Plant-in-Service/Depreciation Base (B)	\$0	0	0	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092	33,092
3	Less: Accumulated Depreciation (C)	0	0	0	(146)	(292)	(438)	(585)	(731)	(877)	(1,023)	(1,169)	(1,315)	(1,462)	(1,462)
4	CWIP - Non-Interest Bearing	32,719	33,092	33,092	0	0	0	0	0	0	0	0	0	0	0
5	Net Investment (Lines 2 + 3 + 4)	\$32,719	33,092	33,092	32,946	32,800	32,654	32,508	32,361	32,215	32,069	31,923	31,777	31,630	
6	Average Net Investment		32,906	33,092	33,019	32,873	32,727	32,581	32,434	32,288	32,142	31,996	31,850	31,704	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (D)	10.75%	295	296	296	294	293	292	291	289	288	287	285	284	\$3,490
b.	Debt Component (Line 6 x 2.57% x 1/12)	2.57%	70	71	71	70	70	70	69	69	69	69	68	68	834
8	Investment Expenses														
a.	Depreciation (E) 5.30%		0	0	146	146	146	146	146	146	146	146	146	146	1,462
b.	Amortization		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 (I)		0	0	50	50	50	50	49	49	49	49	49	48	493
e.	Other (F)														
9	Total System Recoverable Expenses (Lines 7 + 8)		365	367	563	561	559	557	556	554	552	550	548	546	6,278
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		365	367	563	561	559	557	556	554	552	550	548	546	6,278
10	Energy Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Demand Jurisdictional Factor - Production (Base)		0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	0.95957	
12	Retail Energy-Related Recoverable Costs (G)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Retail Demand-Related Recoverable Costs (H)		350	352	540	538	536	534	534	532	530	528	526	524	6,024
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$350	\$352	\$540	\$538	\$536	\$534	\$534	\$532	\$530	\$528	\$526	\$524	\$6,024

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 and end of period 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) Line 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 5.30% x 1/12. Depreciation rate based on 1997 Depreciation Study (Order No. PSC-98-1723-FOF-EI).
- (F) Description and reason for 'Other' adjustments to investment expenses for Above Ground Tank Secondary Containment - Crystal River 1&2 project. None for this period.
- (G) Line 9a x Line 10 x 1.00000 line loss multiplier. None for this period.
- (H) Line 9b x Line 11
- (I) Lines 2 + 3 x .018338 x 1/12. Based on 2002 Actual Property Tax Millage 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	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Estimated July 04	Estimated August 04	Estimated September 04	Estimated October 04	Estimated November 04	Estimated December 04	End of Period Total
1	Working Capital Dr (Cr)														
a.	1581001 SO2 Emission Allowance Inventory	\$ 912,089	\$820,501	\$743,997	\$5,376,809	\$634,298	\$558,164	\$473,924	\$15,877,605	\$14,026,271	\$12,087,229	\$9,872,399	\$8,080,377	\$3,569,255	3,569,255
b.	25401FL Auctioned SO2 Allowance	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(1,707,393)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)	(2,397,821)
2	Total Working Capital	\$ (795,304)	(\$886,893)	(\$963,396)	\$3,669,416	(\$1,073,095)	(\$1,839,657)	(\$1,923,897)	\$13,479,784	\$11,628,450	\$9,689,408	\$7,474,578	\$5,682,556	\$1,171,434	\$1,171,434
3	Average Net Investment		(841,098)	(925,144)	1,353,010	1,298,160	(1,456,376)	(1,881,777)	5,777,944	12,554,117	10,658,929	8,581,993	6,578,567	3,426,995	
4	Return on Average Net Working Capital Balance														
a.	Equity Component Grossed Up For Taxes (A)	10.75%	(7,535)	(8,288)	12,121	11,629	(13,047)	(16,858)	51,761	112,464	95,486	76,880	58,933	30,700	\$404,248
b.	Debt Component (Line 3 x 2.57% x 1/12)	2.57%	(1,801)	(1,981)	2,898	2,780	(3,119)	(4,030)	12,374	26,887	22,828	18,380	14,089	7,339	96,643
5	Total Return Component (D)		(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	64,135	139,351	118,314	95,260	73,022	38,040	500,891
6	Expense Dr (Cr)														
a.	5090001 SO2 allowance expense		96,589	76,504	83,438	26,261	76,134	84,240	146,019	3,602,658	3,690,368	3,966,155	3,543,346	4,511,122	19,902,833
7	Net Expense (E)		96,589	76,504	83,438	26,261	76,134	84,240	146,019	3,602,658	3,690,368	3,966,155	3,543,346	4,511,122	19,902,833
8	Total System Recoverable Expenses (Lines 5 + 7)		87,253	66,235	98,456	40,670	59,968	63,353	210,154	3,742,009	3,808,682	4,061,415	3,616,368	4,549,162	20,403,725
a.	Recoverable costs allocated to Energy		87,253	66,235	98,456	40,670	59,968	63,353	210,154	3,742,009	3,808,682	4,061,415	3,616,368	4,549,162	20,403,725
b.	Recoverable costs allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Energy Jurisdictional Factor		0.97910	0.97440	0.97720	0.97450	0.97680	0.98090	0.95347	0.95027	0.94858	0.94678	0.94176	0.94781	
10	Demand Jurisdictional Factor		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
11	Retail Energy-Related Recoverable Costs (B)		85,429	64,539	96,212	39,633	58,577	62,143	200,376	3,555,919	3,612,840	3,845,267	3,405,751	4,311,741	19,338,425
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)		\$ 85,429	\$ 64,539	\$ 96,212	\$ 39,633	\$ 58,577	\$ 62,143	\$ 200,376	\$ 3,555,919	\$ 3,612,840	\$ 3,845,267	\$ 3,405,751	\$ 4,311,741	\$ 19,338,425

Notes:

- (A) Line 3 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