

PROGRESS ENERGY FLORIDA

DOCKET No. 040001-EI

**Levelized Fuel and Capacity Cost Recovery Factors
January through December 2005**

**REVISED SUPPLEMENTAL
DIRECT TESTIMONY OF
JAVIER PORTUONDO**

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

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

4

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

6 A. I am employed by Progress Energy Service Company, LLC, in the capacity of
7 Director, Regulatory Services - Florida.

8

9 **Q. What testimony do you now intend to supplement?**

10 A. This testimony is intended to supplement and revise my prepared direct
11 testimony and exhibits filed on September 9, 2004, and to revise and restate
12 my supplemental testimony and Exhibit No. ___ (JP-1SR) filed on October 25,
13 2004.

14

15 **Q. What is the purpose of your revised supplemental testimony?**

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FPSC-COMMISSION CLERK

1 A. The purpose of my supplemental testimony is (1) to update the Company's
2 previously filed projections to include the additional fuel costs Progress Energy
3 will incur through the remainder of 2004 as a result of the four hurricanes
4 Florida experienced in August and September of this year and (2) to present a
5 revised schedule for the recovery of depreciation and return associated with
6 Hines Unit 2.

7

8 **Q. Have you prepared an exhibit for your revised supplemental testimony?**

9 A. Yes. My Exhibit No. ____ (JP-1SR) consists of the following revisions to the
10 exhibits submitted with my projection testimony filed September 9, 2004:
11 Revised Schedules E1, E1-A through E1-E, E2, E10, and revised Part E
12 regarding Hines Unit 2 cost recovery.

13

14 **Q. Please describe the additional fuel costs Progress Energy will incur**
15 **during the remainder of 2004 because of the four hurricanes in August**
16 **and September.**

17 A. The additional fuel costs were or will be incurred for reliability purposes
18 because of fuel supply interruptions or delays caused by the hurricanes. The
19 additional costs are the result of (1) dispatching the Company's generating
20 units out of economic order, purchasing off-system power, and chartering
21 additional coal barges to conserve and replenish coal inventories that were
22 diminished by hurricane-related transportation delays, and (2) spot natural gas
23 purchases from storage due to hurricane-related force majeure interruptions of
24 contracted gas supplies and delays in barge and truck oil deliveries. These
25 efforts to maintain the reliability of the Company's generating system had only
26 begun when the projections in my initial testimony were prepared and,

1 consequently, there were no estimates at that time of the impact they might
2 have on system fuel costs.

3
4 **Q. Have you revised your estimate of incremental storm costs since your**
5 **October 25, 2004 supplemental testimony?**

6 A. Yes. My original estimate of incremental storm costs was \$25,359,487. Upon
7 review of additional information provided after the filing of my supplemental
8 testimony, I have concluded that the amount of hurricane-related fuel costs in
9 2004 should be revised to \$17,571,759. Because most customer bills were
10 estimated during the months of August and September due to the
11 reassignment of all available personnel to service restoration duties, the effect
12 of the storms on sales was not apparent until the following months when the
13 estimated bills were automatically trued-up by actual meter readings. Due to
14 the lag between consumption and billing, recognition of the hurricane-related
15 sales reduction was delayed for up to two months after each of the hurricanes.
16 While the reduction in system generation caused by the hurricanes resulted in
17 short-term fuel savings, the detrimental effect of the hurricanes on the
18 Company's fuel supply had a longer-term impact on fuel costs.

19
20 For example, low inventory levels caused by the disruption of coal deliveries
21 required a number of months and higher costs to replenish, which entailed the
22 chartering of additional barges and more expensive spot coal purchases. Until
23 coal inventories could be restored to the level needed to assure the reliability
24 of the critically important base-load generating resources at Crystal River, coal
25 conservation efforts were required through the month of October to preserve
26 the depleted coal inventory levels. In addition, hurricane-related disruptions

1 in the supply of natural gas from off-shore sources in the Gulf of Mexico
2 necessitated higher cost supplemental gas purchases from storage facilities
3 and the spot market through early October. The end result of the hurricanes'
4 effects is a short-term savings, primarily in August, of \$5.2 million and a
5 longer-term cost, primarily in September and October and continuing through
6 December, of \$22.8 million, or a net increase in fuel costs of approximately
7 \$17.6 million.

8
9 **Q. What is the change to the estimated 2004 underrecovery balance as a**
10 **result of these revised incremental storm costs?**

11 A. As can be seen on revised Schedule E1-B in Exhibit No. __ (JP-1SR), the
12 2004 retail under-recovery balance has increased from \$138,387,535 to
13 \$155,959,294, or a change of \$17,571,759.

14
15 **Q. Does the Company still propose to defer \$79,157,270 of the true-up**
16 **balance until 2006?**

17 A. Yes. Therefore the true-up amount now applicable to 2005 rates will increase
18 from \$59,230,265 to \$76,802,024. This amount is shown on revised Schedule
19 E1, line 28, in Exhibit No. __ (JP-1SR).

1 **Q. What is the effect of this additional cost on Progress Energy's fuel cost**
2 **recovery factors for 2005 included in your original September 9**
3 **testimony and exhibits?**

4 **A.** The effect on a residential customer using 1,000 kWh is an increase of 44
5 cents compared to the initial filing. The Company's updated fuel cost recovery
6 factors are shown on revised Schedule E1-E in Exhibit No. __ (JP-1SR).

7
8 **Q. Do you have any other revisions to your initial projection testimony?**

9 **A.** Yes. The schedule of system depreciation and return for Hines Unit 2 (Part E,
10 pages 1 and 2) has been revised from my original September 9 testimony and
11 exhibits to incorporate an updated projection of the unit's fuel savings. Since
12 this revision does not affect the projected 2005 depreciation and return
13 amount for Hines 2, included on Schedule E1, Line 4 (Adjustments to Fuel
14 Cost), there is no change to the 2005 fuel cost factors.

15
16 **Q. Does this conclude your revised supplemental testimony?**

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

PROGRESS ENERGY FLORIDA
FUEL AND PURCHASED POWER COST RECOVERY CLAUSE
ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005

Docket No. 040001
Progress Energy Florida
Exhibit No. _____ (JP - 1SR)
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	<u>DOLLARS</u>	<u>MWH</u>	<u>CENTS/KWH</u>
1. Fuel Cost of System Net Generation	1,429,852,257	39,262,465	3.64178
2. Spent Nuclear Fuel Disposal Cost	5,730,430	6,128,802 *	0.09350
3. Coal Car Investment	0	0	0.00000
4. Adjustment to Fuel Cost	<u>39,438,402</u>	<u>0</u>	<u>0.00000</u>
5. TOTAL COST OF GENERATED POWER	1,475,021,089	39,262,465	3.75682
6. Energy Cost of Purchased Power (Excl. Econ & Cogens) (E7)	93,895,836	4,196,258	2.23761
7. Energy Cost of Sch. C,X Economy Purchases (Broker) (E9)	0	0	0.00000
8. Energy Cost of Economy Purchases (Non-Broker) (E9)	23,678,334	471,160	5.02554
9. Energy Cost of Schedule E Economy Purchases (E9)	0	0	0.00000
10. Capacity Cost of Economy Purchases (E9)	0	0 *	0.00000
11. Payments to Qualifying Facilities (E8)	<u>120,730,408</u>	<u>4,728,731</u>	<u>2.55312</u>
12. TOTAL COST OF PURCHASED POWER	238,304,578	9,396,149	2.53619
13. TOTAL AVAILABLE KWH		48,658,614	
14. Fuel Cost of Economy Sales (E6)	0	0	0.00000
14a. Gain on Economy Sales - 80% (E6)	0	0 *	0.00000
15. Fuel Cost of Other Power Sales (E6)	(52,847,025)	(1,157,150)	4.56700
15a. Gain on Other Power Sales (E6)	(6,891,443)	(1,157,150) *	0.59555
16. Fuel Cost of Unit Power Sales (E6)	0	0	0.00000
16a. Gain on Unit Power Sales (E6)	0	0	0.00000
17. Fuel Cost of Stratified Sales (E6)	<u>(81,110,043)</u>	<u>(2,243,088)</u>	<u>3.61600</u>
18. TOTAL FUEL COST AND GAINS ON POWER SALES	(140,848,511)	(3,400,238)	4.14231
19. Net Inadvertent Interchange		0	
20. TOTAL FUEL AND NET POWER TRANSACTIONS	1,572,477,156	45,258,376	3.47444
21. Net Unbilled	(1,215,079)	34,972	(0.00290)
22. Company Use	5,003,200	(144,000)	0.01180
23. T & D Losses	91,566,726	(2,635,435)	0.21538
24. Adjusted System KWH Sales	1,572,477,156	42,513,913	3.69872
25. Wholesale KWH Sales (Excluding Supplemental Sales)	(81,810,023)	(2,221,216)	3.68312
26. Jurisdictional KWH Sales	1,490,667,133	40,292,697	3.69960
27. Jurisdictional KWH Sales Adjusted for Line Losses x 1.0038	1,496,331,668	40,292,697	3.71365
28. Prior Period True-Up (Sch E1-A)	76,802,024	40,292,697	0.19061
29. Total Jurisdictional Fuel Cost	1,573,133,692	40,292,697	3.90426
30. Revenue Tax Factor			1.00072
31. Fuel Cost Adjusted for Taxes	1,574,266,348	40,292,697	3.90707
32. GPIF	2,139,695	40,292,697	0.00531
33. Fuel Factor Adjusted for taxes including GPIF	1,576,406,043	40,292,697	3.91238
34. Total Fuel Cost Factor (rounded to the nearest .001 cents/ KWH)			3.912

* For Informational Purposes Only

**PROGRESS ENERGY FLORIDA
CALCULATION OF TOTAL TRUE-UP
(PROJECTED PERIOD)**

ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005

1.	ACTUAL OVER/(UNDER) RECOVERY JANUARY - DECEMBER 2003 (Schedule E1-B, Line 19 - Dec '04)	\$ (211,227,688)
2.	PROJECTED DECEMBER 2003 UNDER RECOVERY COLLECTED THROUGH DECEMBER 2004 (Schedule E1-B, Line 20 - Dec '04)	210,426,260
3.	ESTIMATED OVER/(UNDER) RECOVERY JANUARY - DECEMBER 2004 (Schedule E1-B, Line 18 - Dec '04)	<u>(155,157,866)</u>
4.	TOTAL OVER/(UNDER) RECOVERY (Lines 1 through 3)	\$ (155,959,294)
5.	AMOUNT OF TOTAL OVER/(UNDER) RECOVERY DEFERRED TO 2006 (Direct Testimony - Javier Portuondo)	<u>79,157,270</u>
6.	TOTAL OVER/(UNDER) RECOVERY APPLICABLE TO 2005 (Lines 4 through 5)	\$ (76,802,024)
6.	JURISDICTIONAL MWH SALES (Projected Period)	40,292,697 Mwh
7.	TRUE-UP FACTOR (Line 4 / Line 5 / 10)	0.19061 Cents/kwh

PROGRESS ENERGY FLORIDA
CALCULATION OF GENERATING PERFORMANCE INCENTIVE
AND TRUE-UP ADJUSTMENT FACTORS
ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005

Docket No. 040001
Progress Energy Florida
Exhibit No. _____ (JP - 1SR)
Page 4 of 10
3.1.07

1. TOTAL AMOUNT OF ADJUSTMENTS:

A. Generating Performance Incentive Reward / (Penalty)	\$ 2,139,695
B. True-Up (Over) / Under Recovery	\$ 76,802,024

2. JURISDICTIONAL MWH SALES 40,292,697 Mwh

3. ADJUSTMENT FACTORS:

A. Generating Performance Incentive Factor	0.00531 Cents/kwh
B. True-Up Factor	0.19061 Cents/kwh

**PROGRESS ENERGY FLORIDA
CALCULATION OF LEVELIZED FUEL ADJUSTMENT FACTORS
(PROJECTED PERIOD)
ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005**

Docket No. 040001
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1. Period Jurisdictional Fuel Cost (E1, line 27)	\$ 1,496,331,668
2. Prior Period True-Up (E1, line 28)	76,802,024
3. Other Adjustments	0
4. Regulatory Assessment Fee (E1, line 30)	1,132,656
5. Generating Performance Incentive Factor (GPIF) (E1, line 32)	<u>2,139,695</u>
6. Total Jurisdictional Fuel Cost (E1, line 33)	\$ 1,576,406,043
7. Jurisdictional Sales (E1, line 26)	40,292,697 Mwh
8. Jurisdictional Cost per Kwh Sold (Line 6 / Line 7 / 10)	3.912 Cents/kwh
9. Effective Jurisdictional Sales (See Below)	40,232,285 Mwh

LEVELIZED FUEL FACTORS:

10. Fuel Factor at Secondary Metering (Line 6 / Line 9 / 10)	3.918 Cents/kwh
11. Fuel Factor at Primary Metering (Line 10 * 99%)	3.879 Cents/kwh
12. Fuel Factor at Transmission Metering (Line 10 * 98%)	3.840 Cents/kwh

<u>METERING VOLTAGE:</u>	<u>JURISDICTIONAL SALES (MWH)</u>	
	<u>METER</u>	<u>SECONDARY</u>
Distribution Secondary	34,788,122	34,788,122
Distribution Primary	4,967,861	4,918,183
Transmission	<u>536,714</u>	<u>525,980</u>
Total	<u>40,292,697</u>	<u>40,232,285</u>

SCHEDULE E1-E
 Revised 11/04

**PROGRESS ENERGY FLORIDA
 CALCULATION OF FINAL FUEL COST FACTORS
 ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005**

Line:	Metering Voltage	(1)	(2) -----Time of Use-----	
		Levelized Factors Cents/Kwh	On-Peak Multiplier	Off-Peak Multiplier
			1.288	0.877
1.	Distribution Secondary	3.918	5.046	3.436
2.	Distribution Primary	3.879	4.996	3.402
3.	Transmission	3.840	4.946	3.368
4.	Lighting Service	3.737	--	--

Line 4 Calculated as secondary rate 3.918 * (18.7% * On-Peak Multiplier 1.288 + 81.3% * Off-Peak Multiplier 0.877).

DEVELOPMENT OF TIME OF USE MULTIPLIERS

Mo/Yr	<u>ON-PEAK PERIOD</u>			<u>OFF-PEAK PERIOD</u>			<u>TOTAL</u>		
	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)
Jan-05	934,416	56,926,599	6.092	2,793,554	128,584,401	4.603	3,727,970	185,511,000	4.976
Feb-05	904,948	58,358,558	6.449	2,449,462	110,966,431	4.530	3,354,410	169,324,990	5.048
Mar-05	929,664	55,002,581	5.916	2,664,951	143,796,494	5.396	3,594,615	198,799,075	5.530
Apr-05	1,094,814	71,425,578	6.524	2,379,607	101,637,065	4.271	3,474,421	173,062,643	4.981
May-05	1,397,202	108,462,240	7.763	2,796,698	125,744,189	4.496	4,193,900	234,206,429	5.584
Jun-05	1,493,751	132,792,979	8.890	2,883,722	152,816,576	5.299	4,377,473	285,609,555	6.525
Jul-05	1,462,793	137,638,152	9.409	3,273,062	203,983,146	6.232	4,735,855	341,621,299	7.214
Aug-05	1,621,966	160,971,691	9.924	3,152,051	192,704,065	6.114	4,774,017	353,675,757	7.408
Sep-05	1,438,032	125,185,871	8.705	2,917,874	167,026,010	5.724	4,355,906	292,211,881	6.708
Oct-05	1,207,943	89,233,739	7.387	2,694,841	129,633,130	4.810	3,902,784	218,866,869	5.608
Nov-05	860,288	50,255,273	5.842	2,512,158	148,223,624	5.900	3,372,446	198,478,897	5.885
Dec-05	897,852	43,745,890	4.872	2,748,271	128,911,233	4.691	3,646,123	172,657,124	4.735
TOTAL	14,243,670	1,089,999,152	7.653	33,266,253	1,734,026,366	5.213	47,509,922	2,824,025,518	5.944
MARGINAL FUEL COST			<u>ON-PEAK</u>	<u>OFF-PEAK</u>			<u>AVERAGE</u>		
WEIGHTING MULTIPLIER			1.288				0.877		

SCHEDULE E2
 Revised 11/04

PROGRESS ENERGY FLORIDA
 FUEL AND PURCHASED POWER COST RECOVERY CLAUSE
 ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005

DESCRIPTION	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	TOTAL	
1 Fuel Cost of System Net Generation	\$105,882,208	\$92,408,911	\$102,219,446	\$91,214,749	\$123,764,021	\$139,215,805	\$158,456,702	\$154,591,812	\$137,969,574	\$115,360,840	\$103,732,170	\$94,017,418	\$1,429,852,257	
1a Nuclear Fuel Disposal Cost	532,630	480,990	532,630	515,983	521,829	505,206	521,829	521,829	505,206	353,427	206,560	532,630	5,730,430	
1b Adjustments to Fuel Cost	3,162,195	3,130,656	3,109,261	3,085,251	3,100,881	3,128,661	3,183,363	3,177,095	3,189,814	4,903,733	3,145,743	3,141,739	36,436,402	
2 Fuel Cost of Power Sold	(6,384,132)	(7,208,139)	(7,296,875)	(5,296,567)	(2,747,860)	(2,074,073)	(3,250,300)	(3,153,785)	(3,694,896)	(2,882,683)	(3,911,964)	(4,980,690)	(52,847,029)	
2a Fuel Cost of Stratified Sales	(5,138,829)	(7,248,044)	(7,890,922)	(8,574,647)	(7,703,859)	(7,589,695)	(6,776,525)	(6,863,298)	(6,680,047)	(8,100,330)	(8,176,210)	(4,908,742)	(81,110,043)	
2b Gains on Power Sales	(861,556)	(850,581)	(842,575)	(889,576)	(372,956)	(332,295)	(521,120)	(500,870)	(617,100)	(386,603)	(486,150)	(520,260)	(6,891,443)	
3 Energy Cost of Purchased Power	8,263,509	6,885,646	5,999,972	5,488,719	5,847,851	6,195,599	10,954,044	10,945,666	8,870,820	7,761,943	7,392,788	8,189,480	93,893,836	
3a Capacity Cost of Economy Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	
3b Payments to Qualifying Facilities	11,416,711	10,011,221	10,139,532	9,150,780	9,944,701	9,904,025	10,570,411	10,502,654	9,661,115	8,480,568	8,655,160	10,063,620	120,730,406	
4 Energy Cost of Economy Purchases	1,035,692	469,340	918,422	1,240,296	2,979,869	2,862,741	3,917,880	3,418,463	3,216,678	1,993,253	926,120	612,840	23,676,234	
5 Total Fuel & Net Power Transactions	\$118,106,628	\$98,182,000	\$106,081,831	\$86,164,877	\$135,334,677	\$154,906,074	\$177,680,293	\$182,640,476	\$152,401,969	\$130,503,937	\$115,666,227	\$104,506,465	\$1,572,477,156	
6 Adjusted System Sales	MWH	3,254,372	3,115,752	3,838,122	3,092,620	3,217,807	3,610,651	4,151,123	4,252,681	4,224,587	3,807,028	3,203,839	3,224,531	42,513,913
7 System Cost per KWH Sold	¢/kwh	3.6292	3.1512	3.5201	3.1095	4.2058	4.0651	4.2638	4.2947	3.6076	3.4100	3.5010	3.2410	3.8987
7a Jurisdictional Loss Multiplier	x	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038	1.0038
7b Jurisdictional Cost per KWH Sold	¢/kwh	3.6430	3.1631	3.5335	3.1213	4.2218	4.0805	4.2821	4.3110	3.6214	3.4230	3.5143	3.2533	3.7137
8 Prior Period True-Up	¢/kwh	0.2077	0.2163	0.2230	0.2181	0.2105	0.1768	0.1818	0.1560	0.1595	0.1766	0.2060	0.2086	0.1806
9 Total Jurisdictional Fuel Expense	¢/kwh	3.8507	3.3794	3.7565	3.3404	4.4323	4.2573	4.4438	4.4691	3.7809	3.5967	3.7202	3.4631	3.9043
10 Revenue Tax Multiplier	x	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072	1.00072
11 Fuel Cost Factor Adjusted for Taxes	¢/kwh	3.8535	3.3819	3.7592	3.3428	4.4355	4.2603	4.4470	4.4723	3.7836	3.6022	3.7229	3.4656	3.9071
12 GPIF	¢/kwh	0.0068	0.0060	0.0062	0.0061	0.0059	0.0049	0.0045	0.0044	0.0044	0.0049	0.0057	0.0058	0.0053
13 Total Fuel Cost Factor (rounded .001)	¢/kwh	3.859	3.388	3.765	3.349	4.441	4.265	4.452	4.477	3.788	3.607	3.729	3.471	3.912

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SCHEDULE E10
 Revised 11/04

PROGRESS ENERGY FLORIDA
 FUEL AND PURCHASED POWER COST RECOVERY CLAUSE
 ESTIMATED FOR THE PERIOD OF: JANUARY THROUGH DECEMBER 2005

DESCRIPTION	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Period Average	Prior Residential Bill (a)	Jan-05 vs. Prior
1 Base Rate Revenues (\$)	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	41.18	0.00
2 Fuel Recovery Factor (c/kwh)	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.912	3.453	
3 Fuel Cost Recovery Revenues (\$)	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	39.18	34.58	4.60
4 Capacity Cost Recovery Revenues (\$)	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.77	-0.02
5 Energy Conservation Cost Revenues (\$)	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.69	1.74	-0.05
6 Environmental Cost Recovery Revenue (\$)	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	0.61	0.66
7 Gross Receipt Taxes (\$)	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.36	2.23	0.13
8 Total Revenues (\$)	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	94.43	89.11	5.32

(a) Actual Residential Billing for December 2004.

PROGRESS ENERGY FLORIDA
 DOCKET NO. 040001-E1
 WITNESS: J. PORTUONDO
 PART E - REVISED

HINES UNIT 2
 SCHEDULE OF SYSTEM DEPRECIATION AND RETURN
 FOR THE PERIOD JANUARY 2005 THRU DECEMBER 2005

Page 1 of 2

	Jan-05 EST	Feb-05 EST	Mar-05 EST	Apr-05 EST	May-05 EST	Jun-05 EST	Jul-05 EST	Aug-05 EST	Sep-05 EST	Oct-05 EST	Nov-05 EST	Dec-05 EST	TOTAL
5 Hines Unit 2 - Land													
7 Beginning Balance	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196	\$2,206,196
8 Add Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Less Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Ending Balance	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196	2,206,196
6 Hines Unit 2 - Production Plant													
7 Beginning Balance	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941
8 Add Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Less Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Ending Balance	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941
11 Average Balance	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941	238,023,941
12 rate)	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%	0.308333%
13 Depreciation Expense	733,906	733,906	733,906	733,906	733,906	733,906	733,906	733,906	733,906	733,906	733,906	733,906	8,806,872
14 Less Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Beginning Balance Depreciation	9,094,003	9,827,909	10,561,815	11,295,721	12,029,627	12,763,533	13,497,439	14,231,345	14,965,251	15,699,157	16,433,063	17,166,969	9,094,003
16 Ending Balance Depreciation	9,827,909	10,561,815	11,295,721	12,029,627	12,763,533	13,497,439	14,231,345	14,965,251	15,699,157	16,433,063	17,166,969	17,900,875	17,900,875
Hines Unit 2 - Transmission													
17 Station Equipment													
18 Beginning Balance	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657
19 Add Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
20 Less Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
21 Ending Balance	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657
22 Average Balance	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657	4,902,657
23 rate)	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%	0.183333%
24 Depreciation Expense	898	898	898	898	898	898	898	898	898	898	898	898	107,656
25 Less Retirements	-	-	-	-	-	-	-	-	-	-	-	-	-
26 Beginning Balance Depreciation	111,374	120,362	129,350	138,338	147,326	156,314	165,302	174,290	183,278	192,266	201,254	210,242	111,374
27 Ending Balance Depreciation	120,362	129,350	138,338	147,326	156,314	165,302	174,290	183,278	192,266	201,254	210,242	219,230	219,230
28 Hines Unit 2 - Total Depreciation													
29 Total Depreciation Expense	742,894	742,894	742,894	742,894	742,894	742,894	742,894	742,894	742,894	742,894	742,894	742,894	8,914,728
30 Total End Balance Depreciation	9,948,271	10,691,186	11,434,099	12,176,953	12,919,847	13,662,741	14,405,635	15,148,529	15,891,423	16,634,317	17,377,211	18,120,105	18,120,105
31 Return:													
32 Beginning Net Investment	235,927,417	235,184,523	234,441,629	233,698,735	232,955,841	232,212,947	231,470,053	230,727,159	229,984,265	229,241,371	228,498,477	227,755,583	227,755,583
33 Ending Net Investment	235,184,523	234,441,629	233,698,735	232,955,841	232,212,947	231,470,053	230,727,159	229,984,265	229,241,371	228,498,477	227,755,583	227,012,689	227,012,689
34 Average Investment	235,555,570	234,813,076	234,070,582	233,327,088	232,584,594	231,842,100	231,099,606	230,357,112	229,614,618	228,872,124	228,129,630	227,387,136	227,387,136
35 Allowed Equity Return (1)	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%	.55083%
36 Equity Component After Tax	1,297,513	1,293,421	1,289,329	1,285,237	1,281,145	1,277,053	1,272,960	1,268,868	1,264,776	1,260,684	1,256,592	1,252,500	1,252,500
37 Conversion to Pre-Tax	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800	1,62800
38 Equity Component Pre-Tax	2,112,351	2,105,689	2,099,028	2,092,368	2,085,704	2,079,042	2,072,379	2,065,717	2,059,055	2,052,394	2,045,732	2,039,070	2,039,070
39 Allowed Debt Return (1)	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%	.21417%
40 Debt Component	504,490	502,899	501,308	499,717	498,126	496,535	494,944	493,353	491,762	490,171	488,580	486,989	486,989
41 Total Return Requirements (2)	2,616,841	2,608,588	2,600,336	2,592,083	2,583,830	2,575,577	2,567,323	2,559,070	2,550,817	2,542,565	2,534,312	2,526,059	2,526,059

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PROGRESS ENERGY FLORIDA
 DOCKET NO. 040001-E1
 WITNESS: J. PORTUONDO
 PART E - REVISED

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**HINES UNIT 2
 SCHEDULE OF SYSTEM DEPRECIATION AND RETURN
 FOR THE PERIOD JANUARY 2005 THRU DECEMBER 2005**

Net System Benefit/(Cost):

	Jan-05 EST	Feb-05 EST	Mar-05 EST	Apr-05 EST	May-05 EST	Jun-05 EST	Jul-05 EST	Aug-05 EST	Sep-05 EST	Oct-05 EST	Nov-05 EST	Dec-05 EST	TOTAL
Total Depreciation & Return	\$3,359,735	\$3,361,482	\$3,343,230	\$3,334,977	\$3,326,724	\$3,318,471	\$3,310,217	\$3,301,964	\$3,293,711	\$3,285,459	\$3,277,206	\$3,268,953	\$39,772,129
Total Fuel Savings	2,723,548	533,549	88,864	739,105	3,583,223	7,944,249	9,811,245	11,281,853	6,288,463	2,438,511	169,802	-	44,602,512
Total Net Benefit/(Cost)	(\$626,187)	(\$2,817,933)	(\$3,250,369)	(\$2,595,872)	\$256,499	\$4,625,778	\$6,501,028	\$7,979,999	\$1,994,752	(\$846,948)	(\$3,107,304)	(\$3,288,953)	\$4,830,483

Net Retail Benefit/(Cost):

	Jan-05 EST	Feb-05 EST	Mar-05 EST	Apr-05 EST	May-05 EST	Jun-05 EST	Jul-05 EST	Aug-05 EST	Sep-05 EST	Oct-05 EST	Nov-05 EST	Dec-05 EST	TOTAL
Retail Depreciation & Return	\$2,998,817	\$2,975,701	\$2,939,174	\$2,917,103	\$2,932,812	\$2,970,998	\$3,038,972	\$3,028,490	\$3,013,230	\$2,964,644	\$2,961,390	\$2,976,232	\$35,747,512
Retail Fuel Savings	2,429,251	473,725	76,356	646,495	3,160,700	7,124,387	9,001,367	10,347,357	4,838,129	2,222,666	153,529	-	40,474,074
Retail Net Benefit/(Cost)	(\$569,466)	(\$2,501,976)	(\$2,862,808)	(\$2,270,608)	\$227,891	\$4,148,389	\$5,964,395	\$7,318,927	\$1,824,890	(\$771,978)	(\$807,861)	(\$2,975,232)	\$4,726,562

Hines 2 System Savings:

	Jan-05 EST	Feb-05 EST	Mar-05 EST	Apr-05 EST	May-05 EST	Jun-05 EST	Jul-05 EST	Aug-05 EST	Sep-05 EST	Oct-05 EST	Nov-05 EST	Dec-05 EST	TOTAL
Hines Unit 2 Displaced Fuel Exp.	\$12,431,661	\$8,899,947	\$13,887,217	\$6,187,990	\$13,586,557	\$18,956,268	\$24,287,244	\$26,237,382	\$16,427,084	\$12,909,132	\$13,935,009	\$6,022,346	\$176,869,839
AG Purchase Power Fuel Savings	207,198	83,636	182,049	246,020	593,883	590,682	789,819	683,672	619,463	733,335	361,793	-	5,409,812
Hines Unit 2 Actual Fuel Exp.	(9,915,311)	(8,460,234)	(13,982,402)	(5,694,905)	(10,697,317)	(12,604,661)	(15,385,816)	(16,639,101)	(13,752,084)	(11,203,866)	(14,126,900)	(6,386,886)	(137,698,497)
Hines 2 Fixed Transport Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Fuel Savings	\$2,723,548	\$533,549	\$88,864	\$739,105	\$3,583,223	\$7,944,249	\$9,811,245	\$11,281,853	\$6,288,463	\$2,438,511	\$169,802	\$0	\$44,602,512

Development of Factors:

	Jan-05 EST	Feb-05 EST	Mar-05 EST	Apr-05 EST	May-05 EST	Jun-05 EST	Jul-05 EST	Aug-05 EST	Sep-05 EST	Oct-05 EST	Nov-05 EST	Dec-05 EST	TOTAL
MWH													
Retail Sales	3,061,162	2,958,866	2,870,063	2,921,268	3,040,446	3,821,077	3,958,372	4,049,622	4,012,063	3,823,563	3,107,367	3,050,708	40,292,697
Wholesale Avg Sales	173,190	156,886	169,069	171,232	177,361	189,674	194,751	203,059	212,324	203,475	186,472	173,823	2,221,216
Subtotal	3,254,372	3,115,752	3,039,122	3,092,500	3,217,807	3,810,651	4,153,123	4,252,681	4,224,387	3,827,028	3,293,839	3,224,531	42,513,913
Stratified Sales	200,161	218,485	225,456	247,228	230,912	227,186	181,398	162,745	161,107	148,137	134,899	127,387	2,243,088
Total Sales	3,454,533	3,332,237	3,264,577	3,339,728	3,448,719	4,037,837	4,312,521	4,415,426	4,385,494	3,975,165	3,438,738	3,351,918	44,757,001
Check	0	0	0	0	0	0	0	0	0	0	0	0	0
PERCENT													
Retail & Wholesale Avg Cost Sales	94.21%	93.50%	93.09%	92.60%	93.30%	94.37%	96.26%	96.31%	96.33%	96.27%	96.06%	96.20%	
Stratified Sales	5.79%	6.50%	6.91%	7.40%	6.70%	5.63%	3.74%	3.68%	3.67%	3.73%	3.92%	3.80%	
Total Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
RETAIL FACTOR	94.68%	94.96%	94.44%	94.49%	94.49%	95.03%	95.31%	95.23%	94.97%	94.86%	94.05%	94.81%	