# BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Petition for Approval of Storm Cost Recovery Clause for Extraordinary Expenditures Related to Hurricanes Charley, Frances, Jeanne, and Ivan**

DOCKET NO. 041272-EI
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## DIRECT TESTIMONY OF MARK V. WIMBERLY

## ON BEHALF OF PROGRESS ENERGY FLORIDA

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FPSC DOCKET NO. 041272-EI

IN RE: PROGRESS ENERGY FLORIDA, INC.'S PETITION FOR APPROVAL OF STORM COST RECOVERY CLAUSE FOR EXTRAORDINARY EXPENDITURES RELATED TO HURRICANES CHARLEY, FRANCES, JEANNE, AND IVAN.

DIRECT TESTIMONY OF MARK V. WIMBERLY

## I. INTRODUCTION AND QUALIFICATIONS

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

A. My name is Mark V. Wimberly. I am employed by Progress Energy Florida, Inc. ("PEF" or the "Company"). My business address is 3300 Exchange Place, Lake Mary, Florida 32746.

**Q. Please tell us your position with Progress Energy Florida, Inc., and describe your duties and responsibilities in that position.**

A. I am the manager of PEF's Energy Delivery Business Operations. I direct and manage the financial and accounting controls for the Energy Delivery Florida business unit, which includes distribution and transmission for the Company. This includes development of the budget, and management of costs for the construction, operation, and maintenance of the Company's distribution and transmission systems.

**Q. Please summarize your educational background and employment experience.**

A. I hold a Bachelor of Science in Business Administration degree from Auburn University. Prior to joining the Company as its Manager of Energy Delivery

Business Operations in April 2003, I was the Florida regional manager for Southern Company Generation, a Southern Company. I worked for the Southern Companies in various positions following my graduation from Auburn University, including a number of management positions with several Southern Companies.

## II. PURPOSE AND SUMMARY OF TESTIMONY

**Q. Please describe the purpose, and provide a summary, of your testimony.**

A. I am testifying on behalf of PEF in support of its petition for recovery of the Company's storm-related costs due to Hurricanes Charley, Frances, Ivan, and Jeanne. The total storm-related costs to the Company from this season total approximately $366 million.

To put the Company's extraordinary storm-related costs in context, I will first describe the unprecedented 2004 hurricane season. I will then generally define what storm-related costs are and describe how PEF tracks and records storm-related costs. I will also explain how storm-related costs were accounted for before, during, and after each storm, and I will explain the process that the Company uses to verify that costs assigned to the storms were in fact related to the storms.

Next, I will take each of the four hurricanes in the order that they struck PEF's service territory and describe the Company's storm-related costs for each hurricane. This will include the Company's total costs for storm damage to its generation, transmission, and distribution systems. I will also provide the breakdown of the costs related to each storm and will explain why certain costs sometimes differ among hurricanes. I will then summarize the total storm-related costs for all four hurricanes.

**Q. Are you sponsoring any exhibits to your testimony?**

A. Yes, I am sponsoring the following exhibit to my testimony:

**MVW-1 Major Storm Cost Estimate Summary.**

Exhibit ___ (MVW-1) to my testimony is a summary of our estimate at this time of the major storm costs incurred by PEF, on a storm-by-storm basis, and it was prepared under my direction, and it is true and accurate.

## III. THE 2004 STORM SEASON

**Q. Will you please describe the 2004 storm season?**

A. Yes. The 2004 hurricane season was extraordinary. PEF saw four major hurricanes make landfall in Florida, and all four impacted PEF's service territory. This is the first time that four hurricanes have struck our territory in a single hurricane season. The Company incurred significant costs to respond to the impact of the hurricanes on PEF's generation, transmission, and distribution system.

**Q. Was there anything else unique about the 2004 hurricane season?**

A. Yes. The four hurricanes struck the state during August and September 2004 in a span of less than six weeks. All four hurricanes were severe storms that had a devastating impact not only on PEF's system but also on the electric systems of nearly every electric utility in Florida, as well as the electric utilities in states that border Florida. As a result, there was a great demand during a brief period of time for the resources needed to prepare for, respond to, and recover from each storm, pushing up the cost of our storm response.

## IV. TRACKING AND ACCOUNTING FOR STORM COSTS

**Q. How does PEF determine whether a cost qualifies as a storm-related cost?**

A. In his direct testimony in this proceeding, Javier Portuondo describes in detail the specific charges that are considered to be storm-related costs. Briefly, these include the costs of activities associated directly with our storm planning and response efforts.

**Q. How did you develop the storm-related costs shown in Exhibit ___ (MVW–1)?**

A. PEF utilizes a dynamic process that allows PEF to identify, monitor, estimate, and track storm-related expenses. Once a storm has cleared and restoration efforts begin, PEF performs damage assessments on its generation, transmission, and distribution systems. Initial damage assessments are performed in each impacted Region, which includes a detailed analysis of approximately 5% of the Distribution system and 100% of the Transmission system. These initial assessments are used to help management optimize resource allocation decisions. Once the initial damage assessment is completed, a final assessment of the remaining line miles is done for each impacted area to ensure that all needed repairs to impacted equipment and devices are identified.

The external and native contract labor crews data is input into a tracking file by the system storm center Crew Mobilization team. The template file data includes the name of each contractor, an assigned crew ID number, the crew home location, and the number of crew personnel, and their estimated arrival and release dates. An

average blended hourly labor and equipment rate is determined for each storm for the contract crews and is multiplied by the hours worked each day times the number of contract personnel utilized during storm restoration and cleanup. Estimated travel costs to and from PEF are also included.

PEF also sends template files to key contacts who manage critical storm restoration support functions such as the Customer Service Center, Staging and Logistics, Corporate Communications, Security, Safety, Purchasing, IT&T/Telecom, Fleet and Facilities, for example. The key contacts input data in the template files, which include the number of internal and external labor support personnel, an average hourly pay rate, the number of days and hours per day performing restoration activities, and other storm-related costs such as food, fuel, vehicle rentals, and materials.

As to internal PEF resources, the Company retains all available PEF personnel able to perform storm restoration activity in the regional operations centers and generation facilities impacted by the hurricane. Based on information received from plant accounting and operations, PEF calculates the costs of internal resources deployed for storm restoration by using average labor and material unit costs applied to the number of hours and an average material unit cost applied to materials needed in the restoration process based on storm damage assessments. This process results in the identification of internal resource costs, which are then added to external resource costs and the support function costs to arrive at total estimated storm restoration cost. These are the costs shown on Exhibit ___ (MVW–1) to my testimony.

These estimates are based on the number of internal and external resources, materials and consumables committed to or contracted for the restoration process. At the time we develop these estimates, we do not yet have all invoices and receipts for services and materials used in the storm restoration and recovery effort, but we have a high degree of confidence that the estimates will closely track the costs we are incurring.

Because PEF actually incurred these storm costs during the third and fourth quarters of 2004, the Company had to book these expenses fully during those quarters under Generally Accepted Accounting Principles ("GAAP"). In conjunction with reviewing PEF's quarterly expense statements, the accounting firm of Deloitte & Touche analyzed PEF's methodology for estimating and tracking storm costs. Deloitte did not note any exceptions to PEF's quarterly accounting statements.

**Q. How does PEF account for actual storm-related costs?**

A. When a storm threatens landfall in PEF's service territory, a "storm project" is established to accumulate all of the costs of the storm in a deferred debit account (FERC 186). For Hurricanes Charley, Frances, Ivan, and Jeanne, storm-specific charge numbers were established to direct storm costs to the deferred debit account on the balance sheet. This was done to simplify the charging process and to accumulate all costs for each storm so that we could analyze all charges to determine the appropriate capital expense allocations of such costs. All company and contract personnel assigned to storm-related duties use storm-specific charge numbers on

invoices, purchase orders, work orders, payroll entry, and other paperwork related to accounting for storm costs and expenses.

Documentation regarding storm-related work and expenses is then reviewed by departmental cost analysts, regional managers, supervisors and crew chiefs who ensure that storm-related work is being recorded and accounted for properly. Once that documentation is approved, the regional supervisors and crew chiefs forward that documentation to my Section, where we review storm-related charges and expenses to ensure that all such charges and expenses qualify as proper storm-related costs.

**Q. Once the Company has identified and estimated its storm restoration costs, does PEF take any measures to confirm those costs?**

A. Yes. Company and contract personnel assigned to storm-related duties use storm-specific charge numbers on purchase orders, work orders, payroll entry, and other paperwork related to storm work and expenses. That documentation is reviewed and confirmed against actual invoices, payroll reports, credit card statements, and receipts, and other storm costs records. Also, charges for internal materials and supplies are confirmed against PEF's "Passport Source" computer system, which shows actual internal material usage.

**Q. How have PEF's estimated storm restoration costs compared to actual costs received to date?**

A. Although the Company has not received to date invoices from all outside contractors or vendors involved in its storm restoration effort, as of the date of the Petition, the

Company has paid storm-related invoices, payroll, receipts, etc. totaling $200 million. This documentation has confirmed the Company's estimates for the corresponding work performed.

**Q. Were any of your estimated storm costs covered by insurance?**

A. No. We have insurance for storm-related damage to our generation and substation facilities, but the storm damage we incurred did not exceed our sizable deductible. We have not been able to obtain adequate and cost-effective insurance for storm-related damage to our transmission and distribution system or other storm-related costs.

## V. HURRICANE CHARLEY

**Q. What was the first hurricane to impact PEF's service territory in 2004?**

A. The first hurricane to strike PEF's service territory was Hurricane Charley. At that time, Hurricane Charley was a category 4 hurricane on the Saffir-Simpson Hurricane Scale. The counties in PEF's service territory affected by Hurricane Charley were Citrus, Franklin, Gilchrist, Orange, Polk, Osceola, Highlands, Seminole, Volusia, Lake, Pinellas, and Hardee.

**Q. What was the impact of Hurricane Charley on PEF's service territory?**

A. In their direct testimony in this proceeding, David McDonald and Sarah Rogers detail the damage caused by Hurricane Charley to PEF's distribution and transmission system. As an overview, however, Hurricane Charley left 502,000 of PEF's

customers without electric service. This represents 32.7% of PEF's total number of customers. PEF also experienced widespread damage to its transmission and distribution system. PEF had to repair 630 damaged transmission structures, restore 83 de-energized substations, and repair or replace 700 miles of downed transmission lines. The Company used 667 miles of primary and secondary wire, replaced 3,820 poles, replaced 1,880 overhead and underground transformers, installed 31,140 insulators, and installed 27,710 splices during the work associated with the damage caused by Hurricane Charley.

**Q. Did Hurricane Charley cause any damage to PEF's generation facilities?**

A. Yes. As shown on page 4 of Exhibit ___ (MVW–1) to my testimony, PEF incurred $624,000 in damage to its generation facilities as a result of Hurricane Charley. This damage affected roofs at Avon Park, a cooling tower at Tiger Bay, electrical connections for circulating water pumps at the Hines Energy Complex, station batteries at Rio Pinar, an equipment shelter, fence, and electric supply lines for water supply at Debary, main lube oil pumps and a fence at Turner, and a fence line at Intercession City.

**Q. What were PEF's total storm-related costs for Hurricane Charley?**

A. As shown in page 4 of Exhibit ___ (MVW–1) to my testimony, PEF incurred $108 million of storm-related distribution costs, $28 million transmission costs, $.6 generation costs, and $9 million support functions costs (such as customer service, fleet, safety, security, communication, and IT). The total cost for the repairs or

replacements to PEF's system caused by Hurricane Charley is approximately $146 million. Of this amount, approximately $37.5 million will be capitalized. The remaining $108.5 million consists of Operation and Maintenance (O&M) costs that are properly chargeable against the Company's self-insured Storm and Property Insurance Reserve and qualify for payment from the Reserve.

**Q. How did you determine the allocation between capital items and expenses?**

A. Where work was not engineered (typically the case for distribution repairs), we tracked issuances from our inventory, by part numbers and quantities, and compared these inventory items to our work management information to filter out units of property from other non-capital items. Based upon the number of units issued, the time to install and respective labor rates, we calculated the typical cost to install the units. We used actual material cost in our capital cost calculation, with the current inventory burden rate. We also developed prototype designs for major replacement units of property, which included estimated material and labor costs for minor units of property that would accompany a normal installation or replacement of the unit of property (such as the cross arm on a distribution structure). Based upon these percentages, we added the cost of minor units to the expected capital cost of the unit of property replaced.

Where work was engineered (more typically for transmission repairs), we used engineering estimates to determine capital costs for units of property called for by engineering designs and estimates.

Ultimately, we will make appropriate entries to retire assets damaged by the respective storm and to book removal labor costs at that time, assuming a one-for-one retirement for each unit installed.

**Q. What were the major cost drivers related to Hurricane Charley?**

A. My Exhibit ___ (MVW–1) details the major line item cost details for Hurricane Charley. As shown on page 3 of Exhibit ___ (MVW-1) to my testimony, the major cost driver was outside crews, including $68.2 million for distribution line crews and $8.2 million for transmission line crews.

## VI. HURRICANE FRANCES

**Q. What was the second hurricane to strike PEF's service territory?**

A. On September 4, 2004, just a couple of weeks after restoration following Hurricane Charley was complete, Hurricane Frances, a category 2 hurricane at the time it made landfall in Florida, reached the area between Fort Pierce and West Palm Beach with sustained winds of 105 miles per hour.

**Q. What effect did Hurricane Frances have in PEF's service territory?**

A. As mentioned previously, David McDonald and Sarah Rogers specifically explain the damage caused by all four hurricanes to PEF's distribution and transmission system in their direct testimony in this proceeding. In general terms, however, the impact of Hurricane Frances on PEF's service territory was widespread: 30 of the 35 counties that PEF serves were affected by the storm. 832,898 PEF customers lost

power from Hurricane Frances during the course of the storm. This represents 54.4% of PEF's total number of customers. As a result of Hurricane Frances, PEF also experienced extensive damage to its transmission and distribution system. PEF had to repair 211 damaged transmission structures and re-energize 105 substations knocked out or shut down due to the storm. Approximately 1,131 miles of transmission lines were downed or damaged. The Company used nearly 500 miles of primary and secondary wire, replaced 33,088 insulators, replaced 2,800 distribution poles, replaced 1,560 overhead and underground transformers, and installed 69,693 splices in the course of its storm-related work due to Hurricane Frances.

**Q. Did the Company experience storm-related costs at any of its generation facilities as a result of Hurricane Frances?**

A. Yes. Crystal River Unit 3 had storm-related costs of $2.4 million. These costs include $1.1 million in damage to the facility, with the balance in mobilization and support costs. There were also storm-related costs for fossil generating facilities totaling $2.9 million, as shown on page 6 of Exhibit ___ (MVW–1) to my testimony. In this regard, the Company experienced excessive flooding at Debary and the Hines Energy Complex requiring the Company to rent pumps and generators. The Company also experienced damage to the well pump shed at Debary, along with tree and brush removal and fence repairs at Debary. At the Hines Energy Complex, the Company experienced erosion to the cooling pond divider dam. Finally, the Company also had to remove trees and had fence repairs at Turner.

**Q. What were PEF's total storm-related costs for Hurricane Frances?**

A. As shown at page 6 of Exhibit ___ (MVW-1) to my testimony, the total cost of the damages to PEF's system caused by Hurricane Frances is approximately $128.6 million, including $95.8 million distribution costs, $18 million transmission costs, $5.4 million generation costs, and $9.4 million mobilization and support costs. Of the total amount, approximately $9.4 million will be capitalized. The remaining $119.2 million consists of O&M costs that are properly chargeable against the Company's self-insured Storm and Insurance Property Reserve and qualify for payment from the Reserve.

**Q. What were the major costs for Hurricane Frances that you incurred?**

A. Again, the costs of contract crews accounted for a significant portion of the total. These costs amounted to $53.7 million for distribution and $9.5 million for transmission as show on page 5 of my Exhibit ___ (MVW-1) to my testimony. The cost of distribution staging, including meals, lodging, and rentals, increased significantly compared to Hurricane Charley because this storm affected all four of our regions, while Hurricane Charley affected only two of our regions, and because Hurricane Frances moved very slowly across our service territory delaying initial restoration work.

**Q. Please discuss the total cost of Hurricane Charley versus the total cost of Hurricane Frances.**

A. As discussed above, Hurricane Charley, the first hurricane to hit PEF's service territory in August 2004, was a category 4 hurricane on the Saffir-Simpson Hurricane Scale. When a storm of that intensity makes landfall, most equipment that is susceptible of being damaged by hurricane force winds is damaged or destroyed, thereby making that storm more capital intensive when compared to subsequent storms in a season. Similarly, trees and non-electric fixtures that can cause damage to electrical equipment in a hurricane have their greatest impact in the first intense hurricane to make landfall in a season given the fact that those trees and fixtures are usually downed in the first hurricane and are not present to do damage in subsequent hurricanes. This is shown on page 1 of Exhibit ___ (MVW-1) to my testimony, where you can see that total capital distribution and transmission expenditures for Hurricane Charley were $37.5 million versus $9.4 million for Frances. Conversely, Frances was a wide impact, slow-moving storm, and that impact is reflected in the higher total O&M costs of $119.2 million versus $108.5 million for Charley.

## VII. HURRICANE IVAN

**Q. What effect did Hurricane Ivan have on PEF's service territory?**

A. On September 16, 2004, the eye of Hurricane Ivan made landfall near Gulf Shores, Alabama as a category 4 hurricane with maximum sustained winds of 130 miles per hour. It continued northward through Alabama, Tennessee, and Virginia, entering the Atlantic Ocean and then traveled South to re-enter Florida on September 20 as a tropical storm. PEF customers in Bay, Franklin, Gulf, Jefferson, and Wakulla counties in PEF's service territory lost power from Hurricane Ivan. At its peak, 8,891

PEF customers were without power as a result of Hurricane Ivan. This represents .6% of PEF's total customers. As a result of Hurricane Ivan, PEF also experienced further damage to its transmission and distribution system.

**Q. What were PEF's total storm-related costs for Hurricane Ivan?**

A. The total cost of damages caused by Hurricane Ivan is approximately $5.7 million. $3.7 million of this was distribution costs, $.9 million transmission costs, and the remaining $1.1 million storm-mobilization and support functions costs as shown on page 8 of Exhibit ___ (MVW-1) to my testimony. Of the total amount, approximately $145,000 will be capitalized. The remaining $5.6 million consists of O&M costs that are properly chargeable against the Company's self-insured Storm and Insurance Property Reserve and qualify for payment from the Reserve.

**Q. How were the costs related to Hurricane Ivan incurred?**

A. Some hurricanes, such as Hurricane Ivan, initially threaten an intense direct hit in a particular service territory thereby causing a utility to mobilize and hold resources and manpower to respond to that storm. This is why we incurred $2.4 million in costs for outside crews for Ivan, somewhat higher than what might be expected given the area of our service territory that the storm ultimately impacted. If such a hurricane changes course or intensity at the last minute and has less of an impact than expected, relative O&M costs for that storm will be greater than capital costs when compared to a storm that maintains its course and intensity causing a direct hit in a given service territory.

## VIII. HURRICANE JEANNE

**Q. What was the final storm to strike PEF's service territory so far during the 2004 hurricane season?**

A. On September 25, 2004, Hurricane Jeanne, the record fourth hurricane to hit Florida in one hurricane season, made landfall near Stuart, Florida. Hurricane Jeanne was a category 3 hurricane with 120 miles per hour winds. It moved northwest across Florida and through PEF's service territory and then proceeded north out of Florida.

**Q. What effect did Hurricane Jeanne have on PEF's service territory?**

A. Again, the impact on PEF's service territory was widespread as 722,012 customers in 33 out of the 35 counties that PEF serves lost power due to Hurricane Jeanne. This represents 47% of PEF's total number of customers. As a result of Hurricane Jeanne, PEF again experienced significant damage to its transmission and distribution system. The storm damaged 853 miles of PEF's transmission lines and 86 substations. During the course of its storm restoration work, PEF installed 222 miles of primary and secondary wire, replaced 100 poles, and installed 570 transformers, 7,860 insulators, and 19,970 splices.

**Q. Did Hurricane Jeanne cause any damage to PEF's generation facilities?**

A. Yes, PEF suffered damage at its generation facilities as a result of Hurricane Jeanne. This included excessive flooding at Debary and the Hines Energy Complex requiring the use of rental pumps. Also at Debary, the Company experienced damage to the P7

breaker cooling fan and tree removal and fence repairs. At the Hines Energy Complex, there was more erosion to the cooling pond divider dam. There was further damage to the Generator Step Up Transformer (GSU) and bus work at the Bartow combustion turbines, and the umbilical (stack tubing) was destroyed at Tiger Bay. As shown on page 10 of Exhibit ___ (MVW-1) to my testimony, the Company's total storm-related generation costs are $612,000, which are all storm-related O&M costs.

**Q. What were PEF's total storm-related costs for Hurricane Jeanne?**

A. The total cost of the damages to PEF's system caused by Hurricane Jeanne is approximately $86.2 million. This includes $64.3 million for distribution costs, $13.3 million transmission costs, $.6 million generation costs, and $8 million storm-related mobilization and support functions costs. Of the total amount, approximately $7.4 million will be capitalized. The remaining $78.8 million consists of O&M costs that are properly chargeable against the Company's self-insured Storm and Insurance Property Reserve and qualify for payment from the Reserve.

**Q. What were the major cost drivers for Hurricane Jeanne?**

A. As shown at page 9 of my Exhibit, the major cost driver was contract crews, totaling $37.5 million for distribution and $6.7 million for transmission.

## IX. CUMULATIVE STORM COSTS

**Q. What were the cumulative effects of four hurricanes making landfall in PEF's service territory in August through September 2004?**

A. In total, the cost to restore PEF's system caused by Hurricanes Charley, Frances, Jeanne, and Ivan is approximately $366 million (system). Of this total amount, capital expenditures are $54.9 million (system) and storm-related O&M costs are $311.4 million (system). These amounts are subject to further revision as the Company continues to receive and process its storm-related costs and invoices. As of the date of our petition, approximately 48% of the total costs were charges incurred to date, 49% of the total charges were outstanding, and 3% were estimates of work remaining to be done.

**Q. Are there any additional storm-related costs from Hurricanes Charley, Frances, Ivan, and Jeanne?**

A. Yes. Following restoration, the Company conducted sweeps of its transmission and distribution systems to identify and correct any further damage from the storms to restore the system to its condition prior to the storm. The Company's sweeps of its transmission and distribution systems have identified an additional $11 million in storm-related work, including $8.3 million in additional storm-related repairs and $2.7 million in customer service expense, which includes bad-debt write offs due to storm damage. The details are shown at pages 11-15 of Exhibit ___ (MVW -1) to my testimony.

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

A. Yes.

Progress Energy

***DRAFT FOR DISCUSSION ONLY***

**Major Storm Cost Summary - October 2004**
**(000's)**

**Storm Estimate Summary of Book and Tax - Capital and O&M Split**

| Line No. | | | Capital Book | O&M Book | Capital Tax | O&M Tax |
|---|---|---|---|---|---|---|
| 1 | **$ 146,000** | **Total Charley Estimate** | | | | |
| 2 | | Capital / O&M Split - Book Basis: 26% / 74% | $ 37,500 | $ 108,500 | | |
| 3 | | Capital / O&M Split - Tax Basis: 59% / 41% | | | $ 85,600 | $ 60,400 |
| 4 | | | | | | |
| 5 | **$ 128,600** | **Total Frances Estimate** | | | | |
| 6 | | Capital / O&M Split - Book Basis: 7% / 93% | $ 9,400 | $ 119,200 | | |
| 7 | | Capital / O&M Split - Tax Basis: 17% / 83% | | | $ 21,900 | $ 106,700 |
| 8 | | | | | | |
| 9 | **$ 5,700** | **Total Ivan Estimate** | | | | |
| 10 | | Capital / O&M Split - Book Basis: 3% / 97% | $ 100 | $ 5,600 | | |
| 11 | | Capital / O&M Split - Tax Basis: 3% / 97% | | | $ 100 | $ 5,600 |
| 12 | | | | | | |
| 13 | **$ 86,200** | **Jeanne Storm Estimate** | | | | |
| 14 | | Capital / O&M Split - Book Basis: 9% / 91% | $ 7,400 | $ 78,800 | | |
| 15 | | Capital / O&M Split - Tax Basis: 24% / 76% | | | $ 19,900 | $ 66,300 |
| 16 | | | | | | |
| 17 | **$ 366,500** | **Total Storms** | **$ 54,400** | **$ 312,100** | **$127,500** | **$ 239,000** |

**Major Storm Sweep Summary - October 2004**
**(000's)**

| Line No. | | Storm Estimates / Sweeps |
|---|---|---|
| 1 | $ 146,100 | **Charley Storm Estimate - Per D&T Estimate 9-28-04** |
| 2 | (100) | (a) less CSC estimate adjustment |
| 3 | | |
| 4 | 146,000 | Charley Revised Storm Estimate - *see Charley Exec Summary* |
| 5 | (2,800) | less Amount for Final Sweeps (Streetlights $1.8m + CSC Writeoffs $1.0m) |
| 6 | | |
| 7 | **$ 143,200** | **Total Charley - excluding Final Sweeps** |
| 8 | | |
| 9 | | |
| 10 | $ 132,700 | **Frances Storm Estimate - Per D&T Estimate 9-29-04** |
| 11 | (4,100) | (b) less PE Labor & Contractor adjustments |
| 12 | | |
| 13 | 128,600 | Frances Revised Storm Estimate - *see Frances Exec Summary* |
| 14 | (6,800) | less Amount for Final Sweeps (Distribution Line $5.2m + Streetlights $1.1m + CSC Writeoffs $0.5m) |
| 15 | | |
| 16 | **$ 121,800** | **Total Frances - excluding Final Sweeps** |
| 17 | | |
| 18 | | |
| 19 | $ 5,700 | **Ivan Storm Estimate** - *see Ivan Exec Summary* |
| 20 | (300) | less Amount for Final Sweeps (Streetlights $0.3m) |
| 21 | | |
| 22 | **$ 5,400** | **Total Ivan - excluding Final Sweeps** |
| 23 | | |
| 24 | $ 86,200 | **Jeanne Storm Estimate** - *see Jeanne Exec Summary* |
| 25 | (1,200) | less Amount for Final Sweeps (CSC Writeoffs $0.75m and Incremental L-T $0.4m) |
| 26 | **$ 85,000** | **Total Jeanne - excluding Final Sweeps** |
| 27 | | |
| 28 | **$ 355,400** | **Total Storms Pre-Sweeps** |
| 29 | | |
| 30 | | **Sweep Summary:** |
| 31 | $ 3,200 | Streetlights |
| 32 | 5,200 | Distribution Line |
| 33 | 2,700 | CSC Bad Debt Write-offs and Call Center Expense |
| 34 | **$ 11,100** | **Total Sweeps** |
| 35 | | |
| 36 | **$ 366,500** | **Total All Storms including Sweeps** |

(a) CSC Estimate reduced due to 8-14-04 21st Century Call Volume adjustment of -39,750 and Call Unit Price reduction from $2.19/call to $1.19/call [total storm # of calls decreased by 31,605]

(b) Frances PE Labor adjusted for incorrect daily hours applied to EDS, PEC Line and PEC support from 9/4 - 9/13 ($2.0M reduction); Contractor Line worksheet included formula error ($2.1M)

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Hurricane Charley Summary - August 2004
(000's)

*Charley Cost Estimate file revised 9-30-04*

| Cost Driver | Total $$ | Notes |
|---|---|---|
| Contract Crews | $ 68,158 | Distribution Line ($57,481 ) and Tree ($10,676). |
| Company Employees | 15,621 | Florida ($12,606) and Carolina ($3,015) estimated internal distribution resources. |
| Materials | 12,320 | Distribution materials issued for storm restoration. |
| Logistics | 12,200 | Distribution staging includes meals, lodging, rentals, laundry and staging site setup. |
| Transmission | 27,980 | Transmission costs to repair 628 damaged structures and restore 83 deenergized substations. Transmission company labor ($5,510), line contractors ($6,102), tree/helicopter ($2,051), materials ($12,132) and meals/lodging/other ($2,185). |
| Service Company | 6,238 | Includes Fleet Services ($2,505), Facilities ($734), Corp Communications ($1,511), Safety ($205), Security ($654), Purchasing ($163) and IT&T ($465). |
| Customer Service Center (CSC) | 2,499 | Includes $1,000 in charge-offs; estimate reduced $145k due to 21st Century call volume/call unit price adjustment for 8-14-04 |
| CT Operations | 524 | Consists of $463 in O&M and $61K in Capital. |
| Damage Claim | 270 | Vehicle and Customer claims. |
| Nuclear | 100 | Storm preparation costs, all O&M. |
| **Total Storm Estimate - Regulated** | **$ 145,910** | |

| | | |
|---|---|---|
| **PTC Fiber Restoration - Non Regulated** | **$ 419** | **Fiber optic restoration on the FWL line.** |

Progress Energy

**Hurricane Charley**
**Total System Cost Estimate**

| PE Distribution | | |
|---|---|---|
| PEF Labor | $ | 12,605,663 |
| PEC Labor | | 3,015,337 |
| Line Contractors | | 57,481,360 |
| Tree Contractors | | 10,676,402 |
| Materials | | 12,320,477 |
| Hotels/Meals/Other | | 12,200,000 |
| PE Distribution Total | $ | 108,299,238 |

| PE Transmission | | |
|---|---|---|
| PEF Labor | $ | 5,024,864 |
| PEC Labor | | 485,100 |
| Line Contractors | | 6,101,925 |
| Tree Contractors | | 2,051,400 |
| Materials | | 12,131,685 |
| Hotels/Meals/Other | | 2,184,654 |
| PE Transmission Total | $ | 27,979,628 |

| Total PE D&T | | |
|---|---|---|
| PEF Labor | $ | 17,630,527 |
| PEC Labor | | 3,500,437 |
| Line Contractors | | 63,583,285 |
| Tree Contractors | | 12,727,802 |
| Materials | | 24,452,162 |
| Hotels/Meals/Other | | 14,384,654 |
| Total PE D&T | $ | 136,278,866 |

| | | |
|---|---|---|
| CSC Support | | 2,499,014 |
| Fleet Services | | 2,505,500 |
| Corporate Communications | | 1,511,200 |
| CT Operations | | 523,925 |
| Facilities/Equipment | | 733,797 |
| Nuclear | | 100,000 |
| Safety | | 205,202 |
| Security | | 654,309 |
| Purchasing & Warehouse | | 163,360 |
| Damage Claims | | 270,000 |
| IT&T Telecom | | 464,560 |
| **Total Estimated Costs** | **$** | **145,909,733** |

**Non-Regulated Storm Estimated Costs:**

| | | |
|---|---|---|
| PTC Fiber Restoration | $ | 419,182 |

Progress Energy

Hurricane Frances Summary -September 2004
(000's)

| Cost Driver | Total | Notes |
|---|---|---|
| Contract Crews | $ 53,757 | Distribution Line - (38085) and Tree - (15672) |
| Company Employees | 16,847 | Florida - (14157) and Carolina - (2691) internal distribution resources |
| Materials | 5,730 | Distribution materials issued for storm restoration |
| Logistics | 19,553 | Distribution staging includes meals, lodging, rentals and staging site setup. |
| Transmission | 17,964 | Transmission costs to repair 170 damaged structures and restore 106 deenergized substations. Transmission company labor ($3,154), line contractors ($6,871), tree/helicopter ($2,557), materials ($3,398) and meals/lodging/other ($1,983). |
| Service Company | 5,037 | Includes Fleet Services ($1,898), Facilities ($115), Corp Communications ($1,516), Safety ($38), Security ($730), Purchasing ($127) and IT&T ($612). |
| Customer Service Center (CSC) | 2,251 | Includes $500 In charge-offs |
| Streetlight | 1,100 | Overhead and Underground damage to Streetlights |
| Damage Claim | 800 | Vehicle and Customer claims. |
| CT Operations | 575 | Storm preparation costs at Debary, University of Florida, Intercession City & Turner |
| Fossil | 2,344 | Storm preparation costs and damage estimates for Anclote and Crystal River |
| Nuclear | 2,435 | Storm preparation costs and some facility damage |
| Other | 155 | Track vehicles and Distribution Helicopters |
| **Total Storm Estimate** | **$ 128,548** | |

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**Hurricane Frances**
**Total System Cost Estimate**

| **PE Distribution** | | |
|---|---|---|
| PEF Labor | $ | 14,156,590 |
| PEC Labor | | 2,690,547 |
| Line Contractors | | 38,084,917 |
| Tree Contractors | | 15,672,363 |
| Materials | | 5,730,035 |
| Hotels/Meals/Other | | 19,552,962 |
| **PE Distribution Total** | $ | 95,887,413 |

| **PE Transmission** | | |
|---|---|---|
| PEF Labor | $ | 2,876,820 |
| PEC Labor | | 277,200 |
| Line Contractors | | 6,870,509 |
| Tree Contractors | | 2,558,383 |
| Materials | | 3,398,037 |
| Hotels/Meals/Other | | 1,983,473 |
| **PE Transmission Total** | $ | 17,964,422 |

| **Total T&D** | | |
|---|---|---|
| PEF Labor | $ | 17,033,410 |
| PEC Labor | | 2,967,747 |
| Line Contractors | | 44,955,425 |
| Tree Contractors | | 18,230,746 |
| Materials | | 9,128,071 |
| Hotels/Meals/Other | | 21,536,435 |
| **Total T&D** | $ | 113,851,835 |

| | | |
|---|---|---|
| Nuclear | | 2,435,000 |
| Fossil | | 2,344,000 |
| CSC Support | | 2,251,270 |
| Fleet Services | | 1,898,013 |
| Corporate Communications | | 1,516,190 |
| Streetlight | | 1,100,000 |
| Damage Claims | | 800,000 |
| Security | | 730,113 |
| IT&T Telecom | | 612,065 |
| CT Operations | | 574,500 |
| Safety | | 38,014 |
| Other | | 154,800 |
| Purchasing & Warehouse | | 126,964 |
| Facilities/Equipment | | 115,390 |
| **Total Estimated Costs** | $ | 128,548,153 |

Progress Energy

**Hurricane Ivan Summary -September 2004**
**(000's)**

| Cost Driver | Total | Notes |
|---|---|---|
| Contract Crews | $ 2,128 | Distribution Line ($1,697) and Tree ($432) |
| Company Employees | 506 | Estimated Distribution internal resources |
| Materials | 200 | Distribution materials issued for storm restoration |
| Logistics | 544 | Distribution staging includes meals, lodging, rentals and site setup |
| Transmission | 863 | Transmission company labor ($236), tree contractors ($270), meals/lodging/other ($307) |
| Service Company | 1,032 | Includes Security ($337), Corp Communications ($275), IT&T ($255), Fleet Services ($104) and Other ($61) |
| Customer Service Center (CSC) | 92 | |
| Damage Claim | 40 | |
| Streetlight | 300 | |
| | | |
| **Total Storm Estimate** | **$ 5,706** | |

Progress Energy

**Hurricane Ivan**
**Total System Cost Estimate**

| **PE Distribution** | |
|---|---|
| PEF Labor | $ 505,961 |
| Line Contractors | 1,696,663 |
| Tree Contractors | 431,551 |
| Materials | 200,000 |
| Lighting | 300,000 |
| Hotels/Meals/Other | 544,411 |
| **PE Distribution Total** | $ 3,678,585 |

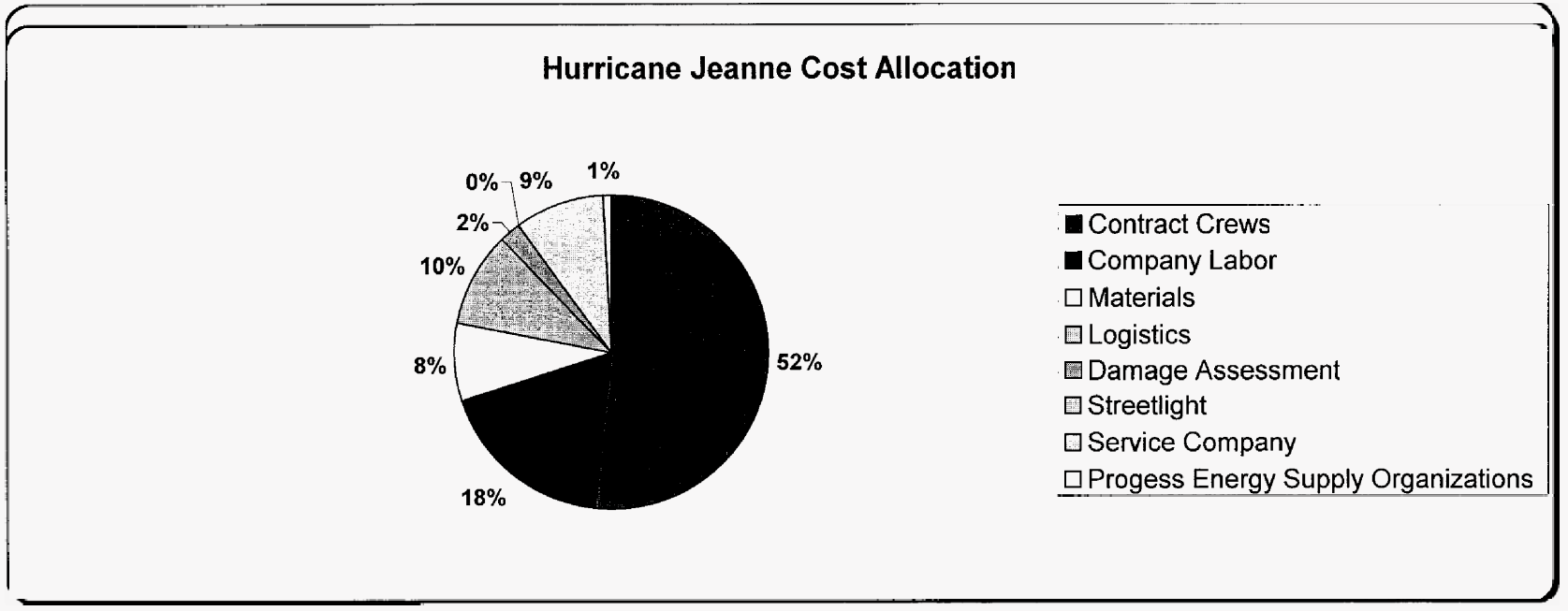
| **PE Transmission** | |
|---|---|
| PEF Labor | $ 235,872 |
| Line Contractors | |
| Tree Contractors | 270,000 |
| Materials | 50,000 |
| | |
| Hotels/Meals/Other | 307,299 |
| **PE Transmission Total** | $ 863,171 |

| **Total PE D&T** | |
|---|---|
| PEF Labor | **$** 741,833 |
| Line Contractors | 1,696,663 |
| Tree Contractors | 701,551 |
| Materials | 250,000 |
| Lighting | 300,000 |
| Hotels/Meals/Other | 851,710 |
| **Total PE D&T** | $ 4,541,756 |
| | |
| CSC Support | 92,031 |
| Fleet Services | 104,400 |
| Corporate Communications | 275,200 |
| Facilities/Equipment | 11,732 |
| Safety | 7,373 |
| Security | 336,645 |
| Purchasing & Warehouse | 42,350 |
| Damage Claims | 40,000 |
| IT&T Telecom | 254,560 |
| | |
| **Total Estimated Costs** | $ 5,706,047 |

Progress Energy

Hurricane Jeanne Summary - September thru October 2004
(000's)

| Cost Driver | Total | Distribution | Transmission | Notes |
|---|---|---|---|---|
| Contract Crews | $ 44,302 | $ 37,575 | $ 6,727 | Distribution Line ($28,132) and Tree ($9,443); Transmission Line ($4,240) and Tree ($2,488) |
| Company Labor | 15,804 | 13,198 | 2,606 | (Florida $10,661 and Carolina $2,537) internal Distribution resources; (Florida $2,599 and Carolina $7 internal Transmission resources) |
| Materials | 6,932 | 4,000 | 2,932 | Materials issued for storm restoration |
| Logistics | 8,289 | 7,457 | 831 | Includes meals, lodging, rentals and staging site setup |
| Damage Assessment | 2,103 | 2,103 | | Includes PEC and contract labor, materials, supplies and helicopters |
| Streetlight | - | - | | |
| Transmission - Other | 253 | | 253 | Remaining costs for Other - Cell Phones/Pagers and Fleet |
| | | | | |
| **Service Company** | | | | |
| | | | | |
| CSC | 3,126 | | | Includes Incremental Long-Term estimate of $880,574 and $750,000 Charge-offs |
| Damage Claims | 400 | | | |
| Facilities | 187 | | | |
| Fleet | 1,431 | | | |
| IT&T | 711 | | | |
| Safety | 137 | | | |
| Security | 577 | | | |
| Other | 1,311 | | | Includes CSD, Corporate Aircraft, Progress Fuels, Progress Ventures |
| ***Service Company*** | 7,879 | | | |
| | | | | |
| Progess Energy Supply Organizations | 612 | | | CT, Fossil & Nuclear |
| | | | | |
| **Total Storm Estimate** | $ 86,174 | $ 64,333 | $ 13,349 | |



Progress Energy

**Hurricane Jeanne**
**Total System Cost Estimate**

| **PE Distribution** | | |
|---|---|---|
| PEF Labor | $ | 10,660,903 |
| PEC Labor | | 2,536,800 |
| Line Contractors | | 28,132,228 |
| Tree Contractors | | 9,442,800 |
| Materials | | 4,000,000 |
| Hotels/Meals/Other | | 7,457,136 |
| Damage Assessment | | 2,103,058 |
| **PE Distribution Total** | $ | 64,332,925 |

| **PE Transmission** | | |
|---|---|---|
| PEF Labor | $ | 2,598,652 |
| PEC Labor | | 7,380 |
| Line Contractors | | 3,362,410 |
| Tree Contractors | | 1,428,000 |
| Materials | | 2,932,241 |
| Hotels/Meals/Other | | 3,020,758 |
| Damage Assessment | | |
| **PE Transmission Total** | $ | 13,349,441 |

| **Total T&D** | | |
|---|---|---|
| PEF Labor | $ | 13,259,555 |
| PEC Labor | | 2,544,180 |
| Line Contractors | | 31,494,638 |
| Tree Contractors | | 10,870,800 |
| Materials | | 6,932,241 |
| Hotels/Meals/Other | | 10,477,894 |
| Damage Assessment | | 2.103.058 |
| **Total T&D** | $ | 77,682,366 |
| Nuclear | | |
| Fossil | | 416,315 |
| CSC Support | | 3,125,638 |
| Fleet Services | | 1,430,843 |
| Corporate Communications | | 555,700 |
| Streetlight | | |
| Damage Claims | | 400,000 |
| Security | | 577,275 |
| IT&T Telecom | | 710,500 |
| CT Operations | | 196,000 |
| Safety | | 137,065 |
| Other | | 630,928 |
| Purchasing & Warehouse | | 124,158 |
| Facilities/Equipment | | 187,204 |
| **Total Estimated Costs** | $ | 86,173,992 |

## All Storms - Underground Street Light Repair:

**Summary:**

After Charley, a sampling of the most heavily damaged areas in North Central and South Central was surveyed for UG Streetlighting to determine the amount of effort needed to restore. In this review, damage to 3500 streetlights, which is 5% of the total UG lights (61,700) in impacted area was found. Other regions were not as heavily damaged as North Central and South Central due to the Charley storm. Also, Distribution Damage Assessment teams evaluated and estimated the OH Streetlighting repairs.
The sampling in the heaviest damaged area is being used as the basis for estimating the cost to restore streetlighting assets to their original functionality. No repair work has been performed to date and 6100 trouble tickets exist for work that needs to be performed.

### UG Streetlight Repair Estimate:

61,700 Lights in regions impacted - North & South Central
3,500 Lights in need of repair
6% of overall lights in regions

Detail on estimated costs for UG lighting repair:

| | | | | |
|---|---|---|---|---|
| **Avg Cost of Material** | | | | |
| 3500 UG lighting fixtures | $325.00 | = | | $1,137,500 |
| 3500 Lamps & PE Controls | $12.50 | = | | 43,750 |
| 1500 Fiberglass and Concrete Poles | $250.00 | = | | 375,000 |
| 1500 additional locations to be straightened | $0.00 | | | |
| 5000 Total UG Locations to be repaired: 3,500 fixtures + 1,500 poles | | | Material Total | $1,556,250 |
| | | | Material Loading of 14.5% | $225,656 |
| | | | | $1,781,906 |
| Labor Rates : 5000 Locations @1.75 avg manhours = 8,750 mhrs @ 65/hr | | | Labor Total | $568,750 |
| | | | | **$2,350,656** (a) |

Basis:
**$ 2,350,656** (a) Total estimated cost for repair of above UG streetlights for ***sampled area - North and South Central Regions***

All Region Estimate calculation:

| | |
|---|---|
| $ 1,175,000 | North Central (a) |
| 1,175,000 | South Central (a) |
| 294,000 | South Coastal was 1/4 damage compared to North and South Central |
| 147,000 | North Coastal was marginally impacted |
| **$ 2,791,000** | **Total estimated cost for UG repair of all regions for all storms** |

## All Storms - Overhead Street Light Repair:

**Summary:**

| | |
|---|---|
| 191,000 | Lights in regions impacted |
| 1,746 | Lights in need of repair |
| 1% | of overall lights in regions |

Basis:

Total estimated cost for repair of above OH street lights for all storms

| | | |
|---|---|---|
| Labor: | 95 | per man hour to install OH street lights |
| | 1 | hour to install OH street light |
| Materials - Unit Cost | 65 | Per Fixture |
| | 20 | Per Bracket |
| | 7 | Per Lamp |
| | 4 | Per Photocell |
| | 96 | |
| + | 13.92 | Material loading of 14.5% |
| = | 109.92 | Total material cost per light |

| | |
|---|---|
| 1,746 | lights |
| 109.92 | Material cost per light |
| 95.00 | Labor per light |
| **357,790** | Total estimated materials and labor to repair 1,746 lights |

OH Streetlighting Repair estimate calculation:

| | | |
|---|---|---|
| $ | 179,000 | North Central |
| | 179,000 | South Central |
| | 90,000 | South Coastal was 1/4 damage compared to North and South Central |
| | - | North Coastal was marginally impacted |
| **$** | **448,000** | **Total estimated cost for repair of all regions for all storms** |

| | |
|---|---|
| **$ 3,239,000** | ***Total Sweeps estimate for UG and OH street lighting repairs for all storms*** |

| DA Final Sweep Damage Devices Identified | South Coastal | North Coastal | South Central | North Central | System Total |
|---|---|---|---|---|---|
| | Repairs Needed | Repairs Needed | Repairs Needed | Repairs Needed | Repairs Needed |
| Lightning arrestor | 438 | 678 | 721 | 492 | 2329 |
| Transformer Replacement | 48 | 49 | 383 | 238 | 718 |
| Poles Fractured/Replacement: | 60 | 25 | 263 | 81 | 429 |
| X-Arms broken | 34 | 41 | 45 | 20 | 140 |
| Broken insulators | 8 | 29 | 68 | 15 | 120 |
| Second./Services follow up | 120 | 98 | 392 | 177 | 787 |
| Street light broken | 461 | 147 | 1386 | 251 | 2245 |
| other | 193 | 286 | 334 | 210 | 1023 |
| Poles Leaning: | 88 | 105 | 444 | 135 | 772 |
| Animal Mitigation | 1480 | 1277 | 1616 | 1744 | 6117 |
| Totals | 2930 | 2735 | 5652 | 3363 | 14680 |

| DA Final Sweep Damage Devices Construction Complete | South Coastal | North Coastal | South Central | North Central | System Total |
|---|---|---|---|---|---|
| | Material Costs | Material Costs | Material Costs | Material Costs | Material Costs |
| Lightning arrestor | $11,838.47 | $18,325.30 | $19,487.53 | $13,298.01 | $62,949.31 |
| Transformer Replacement | $55,949.59 | $57,115.21 | $446,431.12 | $277,416.73 | $836,912.65 |
| Poles Fractured/Replacement: | $12,402.59 | $5,167.75 | $54,364.69 | $16,743.50 | $88,678.53 |
| X-Arms broken | $1,441.00 | $1,737.68 | $1,907.21 | $847.65 | $5,933.53 |
| Broken insulators | $125.81 | $456.06 | $1,069.37 | $235.89 | $1,887.13 |
| Second./Services follow up: | $17,492.16 | $14,285.26 | $57,141.04 | $25,800.93 | $114,719.39 |
| Street light broken | $48,958.80 | $15,611.59 | $147,195.01 | $26,656.53 | $238,421.94 |
| other | $1,104.93 | $1,637.35 | $1,912.15 | $1,202.25 | $5,856.68 |
| Poles Leaning: | $1,007.60 | $1,202.25 | $5,083.80 | $1,545.75 | $8,839.40 |
| Animal Mitigation | $25,419.00 | $21,932.48 | $27,754.80 | $29,953.20 | $105,059.48 |
| | $175,740 | $137,471 | **$762,347** | **$393,700** | $1,469,258 |

| 15-Oct % Compl | 4% | 23% | 24% | 28% | |
|---|---|---|---|---|---|
| Remaining Work | $168,417 | $106,311 | $578,113 | $285,433 | **$1,138,274** |
| Capacitor, Regulator, and Recloser Expenses (material & labor) | | | | | **$897,200** |
| | | | | | **$2,035,474** |

| DA Final Sweep Damage Devices Construction Identified | South Coastal | North Coastal | South Central | North Central | System Total |
|---|---|---|---|---|---|
| | Manhours Needed | Manhours Needed | Manhours Needed | Manhours Needed | Manhours Needed |
| Lightning arrestor | 219 | 339 | 347 | 246 | 1,151 |
| Transformer Replacement | 96 | 98 | 678 | 476 | 1,348 |
| Pad Mt Transf Repl (NCoR) | - | 344 | - | - | 344 |
| Poles Fractured/Replacement: | 600 | 125 | 1,310 | 405 | 2,440 |
| X-Arms broken | 66 | 82 | 82 | 40 | 270 |
| Broken insulators | 8 | 29 | 68 | 15 | 120 |
| Second./Services follow up: | 144 | 147 | 576 | 266 | 1,133 |
| Street light broken | 207 | 74 | 691 | 126 | 1,097 |
| other | 886 | 572 | 560 | 420 | 2,438 |
| Hendrix Cable Issue (W404) | - | - | 400 | | 400 |
| | | | | | |
| | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 15-Oct % Compl | **4%** | **23%** | **24%** | **28%** | |
| Remaining Work | 4,920 | 2,962 | 5,526 | 3,439 | 16,847 |

**Summary - Long Term Cost - 2004**
**Florida Hurricane Jeanne**

| 2004 Long Term Storm Costs | | | | | |
|---|---|---|---|---|---|
| Description | Total Incremental Cost | Sweep Cost (10/18/04 - forward) | Charged to Storm Project #s (Before 10/18/04) | Point of Contact | Description of work |
| Charge Off | $ | $ | $ - | Elaine | |
| Estimated Meter Read Postage | 240,843 | | 240,843 | Brian/Jim | |
| Estimated Meter Read Letter | 73,470 | | 73,470 | Brian/Jim | |
| CL CSC Incr Call Volume - Contractors | | | | Dave Tomlinson | |
| CL CSC Incr Call Volume - Empl Overtime | 18,000 | 18,000 | | Dave Tomlinson | |
| LM CSC Incr Call Volume - Contractors | 214,320 | 186,684 | 27,636 | Tamara Gilliard | Use of contractors for increased call volume |
| LM CSC Incr Call Volume - Empl Overtime | 27,000 | 27,000 | - | Tamara Gilliard | Increase of OT for call volume |
| CAO Incr Volume - Contractors | 48,235 | 43,410 | 4,825 | Brian/Jim | |
| CAO Incr Volume - Overtime | 146,306 | 50,637 | 95,669 | Brian/Jim | |
| Carolinas Call Svc Resource Sharing | 112,400 | 112,400 | | Jarrod Bentley | Add'l phone support during core hrs & weekends |
| Carolinas CAO Resource Sharing | | | | Ellen Fagan | |
| **Incremental Cost Total 2004** | **$ 880,574** | **$ 438.131** | **$ 442.443** | | |

| 2005 Long Term Storm Costs | | | | | |
|---|---|---|---|---|---|
| Description | Total Incremental Cost | Sweep Cost (10/18/04 - forward) | Charged to Storm Project #s (Before 10/18/04) | Point of Contact | Description of work |
| | | | | | **a) NOTE:** |
| Charge Off | $ 2,250,000 | $ 2,250,000 | $ - | Elaine | 1) Charley estimate includes $1,000,000 charge-offs |
| Estimated Meter Read Postage | $ - | $ - | $ - | Brian/Jim | 2) Frances estimate includes $500,000 charge-offs |
| Estimated Meter Read Letter | $ - | $ - | $ - | Brian/Jim | 3) Jeanne includes remaining $750,000 charge-offs |
| CL CSC Incr Call Volume - Contractors | $ - | $ - | $ - | Dave Tomlinson | |
| CL CSC Incr Call Volume - Empl Overtime | $ - | $ - | $ - | Dave Tomlinson | |
| LM CSC Incr Call Volume - Contractors | $ - | $ - | $ - | Tamara Gilliard | |
| LM CSC Incr Call Volume - Empl Overtime | $ - | $ - | $ - | Tamara Gilliard | |
| CAO Incr Volume - Contractors | $ - | $ - | $ - | Brian/Jim | |
| CAO Incr Volume - Overtime | $ - | $ - | $ - | Brian/Jim | |
| Carolinas Call Svc Resource Sharing | $ - | $ - | $ - | Jarrod Bentley | |
| Carolinas CAO Resource Sharing | $ - | $ - | $ - | Ellen Fagan | |
| **Incremental Cost Total 2005 (a)** | **$ 2,250,000** | **$ 2,250,000** | **$ -** | | |

**Note:** Only costs that are directly attributable to the storm damage and related restoration efforts can be charged to the storm. For example, if we have to go out and remove hanging limbs this week, that is directly attributable to the storm and should be charged to the storm project. However, if we are working regular or overtime to catch up on service or revenue work that did not get completed during the storm, these costs cannot be charged to the storm since the work did not originate as a result of the storm and are in fact part of our day to day operating activities.