

STATE OF FLORIDA

COMMISSIONERS:  
BRAULIO L. BAEZ, CHAIRMAN  
J. TERRY DEASON  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON  
LISA POLAK EDGAR



DIVISION OF REGULATORY  
COMPLIANCE AND CONSUMER  
ASSISTANCE  
DANIEL M. HOPPE, DIRECTOR  
(850) 413-6480

Public Service Commission

January 31, 2005

Mr. Paul Lewis, Jr., Manager, Regulatory Affairs  
Progress Energy Florida, Inc.  
106 East College Avenue, Suite 800  
Tallahassee, FL 32301-7740

**RE: Docket No.:** 050001-EI; **Company Name:** Progress Energy Florida, Inc.; **Audit Purpose:** To audit Fuel and Purchased Power Cost Recovery Clause and Generation Performance Incentive Factor for the period from January 1, 2004 - December 31, 2004 ; **Audit Control No.:** 05-028-2-2

Dear Mr. Lewis :

The Florida Public Service Commission will conduct an audit of the Fuel and Purchased Power Cost Recovery Clause and Generation Performance Incentive Factor for the period from January 1, 2004 - December 31, 2004, in accordance with Commission audit procedures. Access will be requested to documents and records of the utility and, if necessary, supporting records for affiliate company transactions that affect regulated operations. Staff auditors may also request to review the utility's external audit working papers for the most recent independent audit. Joe Rohrbacher, Tampa District Supervisor, will coordinate this audit. Mr. Rohrbacher can be reached at (813) 356-1444. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

The Audit Access to Records rule for each industry states:

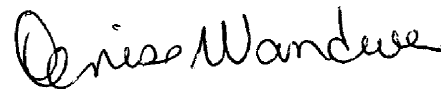
In those instances where the utility disagrees with the auditor's assessment of a reasonable response time to the audit request, the utility shall first attempt to discuss the disagreement with the auditor and reach an acceptable revised date. If agreement cannot be reached, the utility shall discuss the issue with successive levels of supervisors at the Commission until an agreement is reached.

DOCUMENT # 05-028-2-2  
01317 FEB-4 05  
FPSC-COMMISSION CLERK

Mr. Paul Lewis, Jr., Manager  
Page 2  
January 31, 2005

A formal report is expected to be issued for internal Commission use on April 1, 2005. A copy of the final report will be mailed to the company liaison listed in the Commission Mailing Directory.

Sincerely,



Denise N. Vandiver, Chief  
Bureau of Auditing

DNV/jcp

cc: Division of Regulatory Compliance and Consumer Assistance (Joe Rohrbacher,  
Tampa District Supervisor, File Folder)  
Division of the Commission Clerk and Administrative Services (2)  
General Counsel  
Office of Public Counsel

Mr. James A. McGee  
Progress Energy Florida, Inc.  
P. O. Box 14042  
St. Petersburg, FL 33733

Hopping Law Firm  
Gary V. Perko  
P. O. Box 6526  
Tallahassee, FL 32314