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FPSC-COMMISSION CLERK

PROGRESS ENERGY FLORIDA, INC.
 SCHEDULE A12 - CAPACITY COSTS
 FOR THE PERIOD JANUARY - DECEMBER 2004
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(JP-3T)

Interest Provision Calculation:

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1. Beginning True-Up	\$9,395,829	\$9,399,807	\$4,838,802	\$1,451,132	(\$2,966,624)	(\$4,690,162)	(\$821,020)	\$4,688,393	\$9,985,061	\$13,404,390	\$15,908,493	\$13,521,552
Add Adjustments												
2. Ending True-Up	\$9,391,425	\$4,830,825	\$1,448,555	(\$2,985,987)	(\$4,688,871)	(\$818,893)	\$4,686,132	\$9,975,076	\$13,368,029	\$15,885,791	\$13,496,117	\$7,641,286
3. Total True-Up (line 1 + line 2)	\$18,787,254	\$14,230,432	\$6,285,356	(\$1,514,856)	(\$7,853,494)	(\$5,508,054)	\$3,864,513	\$14,664,069	\$23,373,090	\$29,290,182	\$29,404,610	\$21,162,838
4. Average True-Up (50% of line 3)	\$9,393,627	\$7,115,216	\$3,142,878	(\$757,428)	(\$3,826,747)	(\$2,754,527)	\$1,932,256	\$7,332,035	\$11,686,545	\$14,645,091	\$14,702,305	\$10,581,419
5. Interest Rate - First Day of Reporting Month	1.080%	1.030%	0.980%	0.980%	1.030%	1.040%	1.330%	1.470%	1.600%	1.770%	1.940%	2.220%
6. Interest Rate - First Day of Subsequent Month	1.030%	0.980%	0.980%	1.030%	1.040%	1.330%	1.470%	1.600%	1.770%	1.940%	2.220%	2.340%
7. Total Interest (line 5 + line 6)	2.090%	2.010%	1.980%	2.010%	2.070%	2.370%	2.800%	3.070%	3.370%	3.710%	4.180%	4.560%
8. Average Interest Rate (50% of line 7)	1.045%	1.005%	0.990%	1.005%	1.035%	1.185%	1.400%	1.535%	1.685%	1.855%	2.080%	2.280%
9. Monthly Average Interest Rate (line 8 / 12)	0.0871%	0.084%	0.082%	0.084%	0.088%	0.099%	0.117%	0.128%	0.140%	0.155%	0.173%	0.190%
10. Interest Provision (line 4 x line 9)	\$8,182	\$5,977	\$2,577	(\$636)	(\$3,291)	(\$2,727)	\$2,261	\$9,385	\$18,361	\$22,702	\$25,435	\$20,105
11. Cumulative Interest for the Period Ending	\$8,182	\$14,159	\$16,736	\$16,099	\$12,808	\$10,081	\$12,342	\$21,727	\$38,088	\$60,790	\$86,225	\$106,330

Contract Date:

Name	Start Date	Expiration Date	Type	Purchase/Sale	MW
Auburndale Power Partners, L.P. (AUBRDLFC)	Jan-95	Dec-13	QF	Purch	17.00
Auburndale Power Partners, L.P. (AUBSET)	Aug-94	Dec-13	QF	Purch	114.18
Bay County (BAYCOUNT)	Jan-95	Dec-06	QF	Purch	11.00
Cargill Fertilizer, Inc. (CARGILLF)	Sep-82	Dec-07	QF	Purch	15.00
Jefferson Power L.C. (JEFFPOWER)	Jul-02	Sep-06	QF	Purch	2.00
Lake County (LAKCOUNT)	Jan-95	Jun-14	QF	Purch	12.75
Lake Cogen Limited (LAKORDER)	Jul-93	Jul-13	QF	Purch	110.00
Metro-Dade County (METRDADE)	Nov-81	Nov-13	QF	Purch	43.00
Orange Cogen (ORANCECO)	Jul-95	Dec-24	QF	Purch	74.00
Orlando Cogen Limited (ORLACOGL)	Sep-93	Dec-23	QF	Purch	79.20
Pasco Cogen Limited (PASCOGL)	Jul-93	Dec-08	QF	Purch	109.00
Pasco County Resource Recovery (PASCOUNT)	Jan-95	Dec-24	QF	Purch	23.00
Pinellas County Resource Recovery (PINCOUNT)	Jan-95	Dec-24	QF	Purch	54.75
Polk Power Partners, L. P. (MULBERY)	Aug-94	Aug-24	QF	Purch	79.20
Polk Power Partners, L. P. (ROYSTER)	Aug-94	Aug-09	QF	Purch	30.80
DG Telogia, LLC (TIMBER)	May-02	May-04	QF	Purch	12.50
U.S. Agri-Chemicals (AGRICHEM)	Jan-97	Dec-06	QF	Purch	5.61
Wheelabrator Ridge Energy, Inc. (RIDGEGEN)	Aug-94	Dec-23	QF	Purch	39.60
UPS Purchase - Southern	Jul-88	May-10	Other	Purch	414.00
TECO Power Purchase	Mar-83	Feb-11	Other	Purch	70.00
Schedule H Capacity - New Smyrna Beach	Nov-85	(2)	Other	Sale	1.00
Schedule H Capacity - Tallahassee	May-04	Jun-04	Other	Sale	33.00
City of Chattahoochee	Oct-02	Oct-12	Other	Purch	5.25
Reedy Creek	Dec-03	Feb-05	Other	Purch	(1)
Vandotah (Reliant Energy Services)	Dec-04	Feb-05	Other	Purch	158.00
Tallahassee	Apr-04	May-04	Other	Sale	100.00

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(1) Reedy Creek - 20 MW in January, February and December 2004. 30 MW in January 2005 and 20 MW in February 2005.
 (2) The New Smyrna Beach (NSB) Schedule H contract is in effect until cancelled by either Progress Energy Florida or NSB upon 1 year's written notice.

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INCREMENTAL COAL COSTS DUE TO 2004 STORMS

		Tons	\$/Ton	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total 2004
(1) CAM-Kentucky	CR1&2	27,188	28.99				\$788,188		\$788,188
(2) Emerald	CR1&2	31,846	26.60					\$423,557	423,557
(3) Drummond	CR4&5	74,612	31.45					782,185	782,185
(4) PFC	CR4&5	28,778	1.63			\$46,909			46,909
PFC	CR4&5	9,261	1.74				16,115		16,115
		<u>171,687</u>		\$0	\$0	\$46,909	\$804,303	\$1,205,742	\$2,056,954

PFC bills PEF each month based on an estimate, then trues-up to actual costs in the following month. Therefore, any incremental costs incurred by PFC are billed to PEF on a one month lag. The schedule above assumes the costs are expensed to burn in the month following the recognition of purchase dollars, which occurs in the month following shipment to CR. Simply stated, coal burn costs are recognized two months after the coal is shipped to CR.

- (1) Three additional spot trains (10k tons) received into CR 1&2 at the end of September @ \$82.43/ton (delivered). Estimated contract price with other suppliers based on Generation Fuel Forecast (GFF) is \$53.44/ton (delivered). Difference = \$28.99/ton.
- (2) Two barges (32k tons) @ \$78.25/ton (delivered). Shipped one barge (16k tons) to CR 1&2 on 10/23; second barge (16k tons) shipped between end of October and mid-November. Since we normally do not purchase "A" coal by barge, we compared to GFF rate of \$51.65. Difference is \$78.25 - \$51.65 = \$26.60/ton.
- (3) One foreign ship (75k tons) @ \$80.70/ton (delivered) purchased right after Hurricane Ivan (9/13) to be shipped to CR 4/5 as blend in October and November. Existing contract with this supplier is \$49.25/ton FOB Dixie Barge at Mobile. Therefore the incremental cost is \$80.70 - \$49.25 = \$31.45/ton.
- (4) Four trains to CR 4/5 @ \$83.23/ton (August) and \$83.04/ton (September) delivered; three trains (30k tons) received in August and one train (10k tons) in September. Since we did not have current purchase order for "D" coal from PFC, the incremental cost is the difference between \$83.23 and the GFF rate of \$81.60 = \$1.63/ton in August and the difference between \$83.04 and the GFF rate of \$81.30 = \$1.74/ton in September.

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INCREMENTAL CROSS-GULF BARGE COSTS DUE TO 2004 STORMS

1	Ocean Dry Bulk barge cost/trip (\$16,500 per day x 13.67 days per round trip)	<u>\$225,583</u>
2	Average fuel cost/trip	32,136
3	Total cost per trip	<u>\$257,719</u>
4	Divide by capacity tons per barge	13,589
5	Total cost per ton	<u>\$18.97</u>
6	Less 2004 waterborne settlement rate	6.96
7	Incremental cost of Ocean Dry Bulk barges	<u>\$12.01</u>
8	Multiply by tons of coal made up by Ocean Dry Bulk barges (8 trips x 13,589.25 tons)*	108,714
9	Total incremental cross-Gulf barge costs due to 2004 storms	<u><u>\$1,305,140</u></u>

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11 By Month:

	<u>Oct. 04</u>	<u>Nov. 04</u>	<u>Dec. 04</u>	<u>Total</u>
12				
13	Incremental cost of Ocean Dry Bulk barges (per line 7 above)	\$12.01	\$12.01	\$12.01
14	Multiply by tons of coal made up by Ocean Dry Bulk Barges	12,595	54,791	108,714
15	Total incremental cross-Gulf barge costs due to 2004 storms	<u>\$151,206</u>	<u>\$657,781</u>	<u>\$496,154</u>

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17 * Note:

18 8 trips at 13,589.25 tons/trip = 108,714 tons. These shipments partially replaced coal that was not shipped due to the hurricanes

19 Fifth barge started 10/17/04; sixth barge started approximately 11/12/04

20 October has 1 trip on the fifth barge at 12,595 tons.

21 November has 3 trips on the fifth barge at 13,871 tons per trip and 1 trip on the sixth barge at 13,178 tons

22 The December total represents difference between total 108,714 tons of replacement coal and the amounts shipped in October and November

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