

Hopping Green & Sams

Attorneys and Counselors

April 1, 2005

BY HAND-DELIVERY

Blanca Bayó
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 050007-EI

Dear Ms. Bayó:

On behalf of Progress Energy Florida, Inc., I enclose for filing the original and fifteen (15) copies of the Direct Testimony of Javier Portuondo and Exhibit __ (JP-1). I have also included a diskette containing the testimony in Microsoft Word Format.

By copy of this letter, the enclosed documents have been furnished to the parties on the attached service list. Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By: 
Gary V. Perko

GVP/mee
cc: Certificate of Service

DOCUMENT NUMBER-DATE

03177 APR-1 05

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony and Exhibit of Javier Portuondo in Docket No. 050007-EI have been furnished by hand-delivery (*) or regular U.S. mail to the following this 5th day of April, 2005.

Marlene Stern (*)
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Florida Power & Light Co.
R. Wade Litchfield, Esq.
Natalie F. Smith, Esq.
700 Universe Blvd.
Juno Beach, FL 33408-0420

James A. McGee
Progress Energy Services Co, LLC.
P.O. Box 14042
St. Petersburg, FL 33733-4042

Florida Power & Light Co.
Bill Walker
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley & McMullen
P.O. Box 391
Tallahassee, FL 32302

John T. Butler, Esq.
Steel Hector & Davis, LLP
200 S. Biscayne Bay Blvd, Suite 4000
Miami FL 33131-2398

Patricia Ann Christensen, Esq.
Office of Public Counsel
111 West Madison Street, Rm. 812
Tallahassee, FL 32399

Gulf Power Company
Susan Ritenour
One Energy Place
Pensacola, FL 32520-0780

Jeffrey A. Stone, Esq.
Russell A. Badders, Esq.
Beggs and Lane
P.O. Box 12950
Pensacola, FL 32576

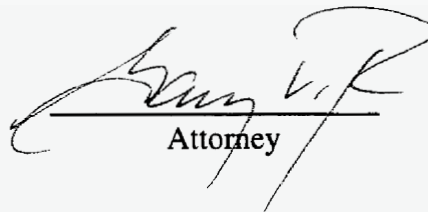
Tampa Electric Company
Angela Llewellyn
Regulatory Affairs
P.O. Box 111
Tampa, FL 33601-0111

Florida Industrial Power Users Group
c/o John W. McWhirter, Jr.
McWhirter Reeves
400 North Tampa Street, Suite 2450
Tampa, FL 33602

Messer Law Firm
Norman Horton, Jr.
P.O. Box 1876
Tallahassee, FL 32302-1876

Vicki Gordon Kaufman, Esq.
Timothy J. Perry, Esq.
McWhirter Reeves, et al.
117 South Gadsden Street
Tallahassee, FL 32301

Florida Public Utilities Company
Ms. Cheryl Martin
P. O. Box 3395
West Palm Beach, FL 33402-3395



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PROGRESS ENERGY FLORIDA

DOCKET No. 050007-EI

Environmental Cost Recovery
Final True-Up for the Period
January through December, 2004

**DIRECT TESTIMONY OF
JAVIER PORTUONDO**

April 1, 2005

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

2 **A.** My name is Javier Portuondo. My business address is Post Office Box 14042, St.
3 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 as Director of
7 Regulatory Services - Florida.

8

9 **Q. Have your duties and responsibilities remained the same since you last**
10 **testified in this proceeding?**

11 **A.** Yes.

12

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

1 **A.** Yes, I have.

2

3 **Q.** **What is the purpose of your testimony?**

4 **A.** The purpose of my testimony is to present for Commission review and approval,
5 Progress Energy Florida's (PEF's) Actual True-up costs associated with
6 Environmental Compliance activities for the period January 2004 through
7 December 2004.

8

9 **Q.** **Are you sponsoring any exhibits in support of your testimony?**

10 **A.** Yes. I am sponsoring Exhibit No. __ (JP-1), which consists of eight forms. Form
11 42-1A reflects the final true-up for the period January 2004 through December
12 2004. Form 42-2A consists of the final true-up calculation for the period. Form
13 42-3A consists of the calculation of the Interest Provision for the period. Form 42-
14 4A reflects the calculation of variances between actual and estimated/actual costs
15 for O&M activities. Form 42-5A presents a summary of actual monthly costs for
16 the period on O&M activities. Form 42-6A reflects the calculation of variances
17 between actual and estimated/actual costs for Capital Investment Projects. Form
18 42-7A presents a summary of actual monthly costs for the period for Capital
19 Investment Projects. Form 42-8A, pages 1 through 5, consist of the calculation of
20 depreciation expense and return on capital investment for each project that is being
21 recovered through the ECRC.

22

23 **Q.** **What is the source of the data that you will present by way of testimony or**
24 **exhibits in this proceeding?**

1 **A.** Unless otherwise indicated, the actual data is taken from the books and records of
2 PEF. The books and records are kept in the regular course of our business in
3 accordance with generally accepted accounting principles and practices, and
4 provisions of the Uniform System of Accounts as prescribed by this Commission.

5
6 **Q.** **What is the final true-up amount for which PEF is requesting for the period**
7 **January 2004 through December 2004?**

8 **A.** PEF is requesting approval of an under-recovery amount of \$13,065,380 for the
9 calendar period ending December 31, 2004. This amount is shown on Form 42-
10 1A, Line 1.

11
12 **Q.** **What is the net true-up amount PEF is requesting for the January 2004**
13 **through December 2004 period which is to be applied in the calculation of the**
14 **environmental cost recovery factors to be refunded/recovered in the next**
15 **projection period?**

16 **A.** PEF has calculated and is requesting approval of an over-recovery amount of
17 \$5,961,886 reflected on Line 3 of Form 42-1A, as the adjusted net true-up amount
18 for the January 2004 through December 2004 period. This amount is the difference
19 between the actual under-recovery amount of \$13,065,380 and the actual/estimated
20 under-recovery of \$19,027,266, as approved in Order PSC-04-1187-FOF-EI, for the
21 period of January 2004 through December 2004.

22
23 **Q.** **Are all costs listed in Forms 42-1A through 42-8A attributable to**
24 **environmental compliance projects approved by the Commission?**

1 A. Yes, they are.

2

3 **Q. How did actual O&M expenditures for January 2004 through December 2004**
4 **compare with PEF's estimated/actual projections as presented in previous**
5 **testimony and exhibits?**

6 A. Form 42-4A shows that total O&M project costs were \$6,299,964 or 21.5% lower
7 than projected. Following are variance explanations for those O&M Projects with
8 significant variances. Individual project variances are provided on Form 42-4A.

9 **O&M Project Variances**

10 **1. Substation Environmental Investigation, Remediation, and Pollution**

11 **Prevention (Project No. 1):** Project expenditures were \$313,684 more than
12 projected. This variance is due primarily to costs incurred for conducting
13 inspections mandated by the Florida Department of Environmental Protection
14 (FDEP) and for costs associated with unplanned events which required
15 immediate action to protect surface waters and groundwater. In one instance,
16 the Company incurred approximately \$285,000 of unanticipated expenses to
17 remediate a large oil leak caused by equipment failure at a substation site.
18 Although PEF planned to remediate nine substation sites in 2004, due to
19 delays in obtaining FDEP approval of the remediation plan, which was not
20 received until early December, only three sites were actually completed. The
21 remaining six sites were rolled over into the 2005 work plan.

22 **2. Distribution System Environmental Investigation, Remediation, and**

23 **Pollution Prevention (Project No. 2):** This project was \$1,326,821, or
24 16.4% lower than projected. This variance is due primarily to work delays.

1 The remediation of all three-phase sites was completed, but approximately
2 126 out of 364 projected single-phase sites remained. This work was shifted
3 into the 2005 work plan.

4 **3. Pipeline Integrity Management Program (Project No. 3a):** Pipeline
5 Integrity Management (PIM) O&M project expenditures were \$626,258 lower
6 than projected. This variance is due primarily to project cost savings being
7 realized and a shift of work into the 2005 work plan due to preparation and
8 participation in the regulatory audit performed by the U.S. Department of
9 Transportation's (DOT's) Office of Pipeline Safety. During the design phase
10 of one of the PIM projects, PEF identified a more cost-effective and
11 environmentally preferable option, resulting in an overall cost savings of
12 \$285,000. Lower contractor costs for baseline inspections and other PIM
13 related projects completed in 2004 also contributed to overall favorable
14 project costs of approximately \$60,000. Further, due to deferral of work
15 associated with the PIM leak detection systems and workload requirements for
16 the DOT audit mentioned above, approximately \$66,000 of expenditures were
17 delayed and will be rolled over into the 2005 work plan. Another \$50,000
18 related to piping assessment was determined not to be part of the PIM baseline
19 and will not be recovered.

20 **4. Above Ground Tank Secondary Containment (Project No. 4):** Project
21 expenditures were \$3,666, for a 100% variance. These costs are for contractor
22 fees to manage and oversee tank projects and ensure that all project costs are
23 prudent and reasonable. PEF used an outside contractor in 2004 to analyze the

1 work plan and assess the need for on-going expenditures. The contractor
2 reviews the work scope and cost effectiveness of each project and ensures that
3 the project meets the requirements of the regulation. The work plan is
4 reviewed to validate that the work scope is compliant with the regulations and
5 that both contractors and materials meet FDEP regulations.

6 **5. SO2 Emissions Allowances (Project No. 5):** Project expenditures were
7 \$4,664,234, or 23.4% lower than projected. This variance is primarily
8 attributable to a reduction in tons of SO2 emissions at Bartow and Anclote
9 resulting from shifting to lower sulfur oil partially offset by higher cost per ton
10 prices for allowances purchased.

11
12 **Q. How did actual Capital expenditures for January 2004 through December**
13 **2004 compare with PEF's estimated/actual projections as presented in**
14 **previous testimony and exhibits?**

15 **A.** Form 42-6A shows that total Capital Investment project costs were \$113,363 or
16 14.1% lower than projected. Actual costs and variance by individual project are
17 provided on Form 42-6A. Following are variance explanations for those capital
18 projects with significant variances. Return on Capital Investment, Depreciation and
19 Taxes for each project for the period are provided on Form 42-8A, pages 1-5.

20 **Capital Investment Project Variances:**

21 **1. Emission Allowances:** Recoverable costs were \$113,911, or 22.7% lower than
22 projected. This variance is due to lower SO2 allowance inventory levels
23 resulting from less allowances purchased than projected. Purchases were

1 delayed as the Company's need was reduced due to a shift to lower sulfur oil at
2 certain generating sites.

3

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

5 **A. Yes, it does.**

EXHIBIT No. __ (JP-1)

**PROGRESS ENERGY FLORIDA, INC.
ENVIRONMENTAL COST RECOVERY
COMMISSION FORMS 42-1A THROUGH 42-8A**

**JANUARY 2004 - DECEMBER 2004
FINAL TRUE-UP
DOCKET NO. 050007-EI**

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2004 through December 2004
(in Dollars)

Form 42-1A

<u>Line</u>	<u>Period Amount</u>
1 Over/(Under) Recovery for the Period January 2004 - December 2004 (Form 42-2A, Line 5 + 6 + 10)	\$ (13,065,380)
2 Estimated/Actual True-Up Amount approved for the period January 2004 - December 2004 (Order No. PSC-04-1187-FOF-EI)	<u>(19,027,266)</u>
3 Final True-Up Amount to be Refunded/(Recovered) in the Projection Period January 2006 to December 2006 (Lines 1 - 2)	<u><u>\$ 5,961,886</u></u>

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2004 to December 2004

Form 42-2A

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	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual 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	\$2,154,472	\$1,968,462	\$1,956,797	\$1,844,009	\$1,624,645	\$1,651,219	\$20,774,786
2	True-Up Provision	(10,861,777)	(910,538)	(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	1,249,324	1,063,314	1,051,649	938,861	719,497	746,071	9,907,621
4	Jurisdictional ECRC Costs													
a.	O & M Activities (Form 42-5A, Line 9)	493,310	555,730	916,193	617,307	665,490	806,517	509,915	277,765	692,057	5,032,105	3,607,149	7,770,254	21,943,792
b.	Capital Investment Projects (Form 42-7A, Line 9)	4,491	9,945	35,297	35,496	5,801	1,767	1,078	90	86,912	147,246	168,713	140,637	815,472
c.	Total Jurisdictional ECRC Costs	497,801	565,675	951,490	652,803	671,291	808,284	510,993	277,855	758,969	5,179,351	3,773,862	7,910,891	22,559,264
5	Over/(Under) Recovery (Line 3 - Line 4c)	250,448	(20,868)	(378,541)	(148,609)	6,127	283,004	738,331	785,459	292,680	(4,240,490)	(3,054,364)	(7,164,821)	(12,651,643)
6	Interest Provision (Form 42-3A, Line 10)	(8,122)	(6,989)	(6,250)	(5,869)	(5,297)	(5,063)	(4,730)	(3,047)	(1,315)	(3,114)	(8,225)	(17,037)	(75,058)
7	Beginning Balance True-Up & Interest Provision	(10,867,165)	(9,714,303)	(8,837,012)	(8,316,655)	(7,565,985)	(6,660,007)	(5,476,918)	(4,176,848)	(2,489,288)	(1,292,774)	(4,631,230)	(6,788,671)	(10,867,165)
a.	Deferred True-Up from January 2003 to December 2003 (Order No. PSC-03-134B-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)	(4,525,481)	(2,886,731)	(1,537,851)	(341,337)	(3,679,793)	(5,837,234)	(12,113,943)	(11,775,264)
10	Adjustments to Period Total True-Up Including Interest (a)	0	0	0	0	0	0	(338,679)	0	0	0	0	0	(338,679)
11	End of Period Total True-Up (Lines 9 + 10)	(\$8,762,866)	(\$7,885,575)	(\$7,365,218)	(\$6,614,548)	(\$5,708,570)	(\$4,525,481)	(\$3,225,411)	(\$1,537,851)	(\$341,337)	(\$3,679,793)	(\$5,837,234)	(\$12,113,943)	(\$12,113,943)

Note:

(a) Adjustment - 2003 FPSC Audit - Docket 040607-EI, Audit Control No. 04-444-2-2.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2004 to December 2004

Form 42-3A

Interest Provision
(in Dollars)

Line	Description	Actual January 04	Actual February 04	Actual March 04	Actual April 04	Actual May 04	Actual June 04	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual December 04	End of Period Total
1	Beginning True-Up Amount (Form 42-2A, Line 7 + 7a + 10)	(\$9,915,728)	(\$8,762,866)	(\$7,885,575)	(\$7,365,218)	(\$6,614,548)	(\$5,708,570)	(\$4,864,160)	(\$3,225,411)	(\$1,537,851)	(\$341,337)	(\$3,679,793)	(\$5,837,234)	
2	Ending True-Up Amount Before Interest (Line 1 + Form 42-2A, Lines 5 + 8)	(8,754,744)	(7,878,586)	(7,358,968)	(6,608,679)	(5,703,273)	(4,520,418)	(3,220,681)	(1,534,804)	(340,022)	(3,676,679)	(5,829,009)	(12,096,906)	
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)	(10,228,988)	(8,084,841)	(4,760,214)	(1,877,873)	(4,018,016)	(9,508,802)	(17,934,140)	
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)	(5,114,494)	(4,042,421)	(2,380,107)	(938,937)	(2,009,008)	(4,754,401)	(8,967,070)	
5	Interest Rate (First Day of Reporting Business Month)	1.06%	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.47%	1.60%	1.77%	1.94%	2.22%	
6	Interest Rate (First Day of Subsequent Business Month)	1.03%	0.98%	0.98%	1.03%	1.04%	1.33%	1.47%	1.60%	1.77%	1.94%	2.22%	2.34%	
7	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	2.09%	2.01%	1.96%	2.01%	2.07%	2.37%	2.80%	3.07%	3.37%	3.71%	4.16%	4.56%	
8	Average Interest Rate (Line 7 x 1/2)	1.045%	1.005%	0.980%	1.005%	1.035%	1.185%	1.400%	1.535%	1.665%	1.855%	2.080%	2.280%	
9	Monthly Average Interest Rate (Line 8 x 1/12)	0.087%	0.084%	0.082%	0.084%	0.086%	0.099%	0.117%	0.128%	0.140%	0.155%	0.173%	0.180%	
10	Interest Provision for the Month (Line 4 x Line 9)	(\$8,122)	(\$6,989)	(\$6,250)	(\$5,869)	(\$5,297)	(\$5,063)	(\$4,730)	(\$3,047)	(\$1,315)	(\$3,114)	(\$8,225)	(\$17,037)	(\$75,058)
	Adjustment to Period Total True-Up (a)	\$335,200	\$335,200	\$335,200	\$335,200	\$335,200	\$335,200	\$0	\$0	\$0	\$0	\$0	\$0	\$2,011,200
	Adjustment to Interest Total (a)	\$292	\$281	\$274	\$281	\$289	\$331	\$0	\$0	\$0	\$0	\$0	\$0	\$1,747

(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 Final True-up Amount
January 2004 to December 2004

Form 42 4A

Variance Report of O&M Activities
(In Dollars)

<u>Line</u>	(1) Actual	(2) Estimated/ Actual	(3) Amount Variance	(4) Percent
1 Description of O&M Activities				
1 Substation Environmental Investigation, Remediation, and Pollution Prevention	\$635,368	\$321,684	\$313,684	97.5%
1a Substation Environmental Investigation, Remediation, and Pollution Prevention - Costs	(25,000)	(25,000)	0	0.0%
2 Distribution System Environmental Investigation, Remediation, and Pollution Prevention	6,771,567	8,098,387	(1,326,821)	-16.4%
3a Pipeline Integrity Management	363,742	990,000	(626,258)	-63.3%
4 Above Ground Tank Secondary Containment	3,666	0	3,666	100.0%
5 SO2 Emissions Allowances	15,238,599	19,902,833	(4,664,234)	-23.4%
2 Total O&M Activities - Recoverable Costs	\$22,987,941	\$29,287,905	(\$6,299,964)	-21.5%
3 Recoverable Costs Allocated to Energy	\$15,238,599	\$19,902,833	(\$4,664,234)	-23.4%
4 Recoverable Costs Allocated to Demand	\$7,749,342	\$9,385,071	(\$1,635,730)	-17.4%

Notes:

Column (1) is the End of Period Totals on Form 42-5A
Column (2) = Estimated actual
Column (3) = Column (1) - Column (2)
Column (4) = Column (3) / Column (2)

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2004 to December 2004

Form 42-5A

O&M Activities
 (In Dollars)

Line	Description	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of	Method of Classification			
		January 04	February 04	March 04	April 04	May 04	June 04	July 04	August 04	September 04	October 04	November 04	December 04	Total	Demand	Energy	
1 Description of O&M Activities																	
1	Substation Environmental Investigation, Remediation, and Pollution Prevention	(40,854)	67,738	5,487	59,523	13,528	59,085	12,920	13,835	86,913	56,041	350	301,801	\$ 635,368	\$ 635,368	\$ -	Transmission
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)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(2,083)	(25,000)	(25,000)	0	Transmission
2	Distribution System Environmental Investigation, Remediation, and Pollution	431,737	435,891	836,140	553,622	585,826	688,193	413,141	128,847	442,532	656,065	611,330	988,441	6,771,567	6,771,567	0	Distribution
3a	Pipeline Integrity Management, Review/Update Plan and Risk Assessments	0	0	0	0	0	0	8,911	37,099	25,198	7,947	37,267	247,320	363,742	363,742	0	Production
4	Above Ground Tank Secondary Containment	0	0	0	0	0	0	0	0	0	0	3,666	0	3,666	3,666	0	Production
5	SO2 Emissions Allowances	96,589	76,504	83,438	26,261	76,134	84,240	87,782	115,173	178,508	4,594,294	3,151,388	6,668,289	15,238,599	0	15,238,599	Energy
2	Total of O&M Activities	485,389	578,050	922,982	636,322	673,206	829,435	520,671	292,872	731,069	5,312,264	3,801,917	8,203,768	22,987,941	\$ 7,749,342	\$ 15,238,599	
3	Recoverable Costs Allocated to Energy	96,589	76,504	83,438	26,261	76,134	84,240	87,782	115,173	178,508	4,594,294	3,151,388	6,668,289	15,238,599			
4	Recoverable Costs Allocated to Demand - Transm	(42,937)	65,655	3,404	56,440	11,445	57,002	10,837	11,752	84,830	53,958	(1,733)	299,718	610,372			
	Recoverable Costs Allocated to Demand - Distrib	431,737	435,891	836,140	553,622	585,826	688,193	413,141	128,847	442,532	656,065	611,330	988,441	6,771,567			
	Recoverable Costs Allocated to Demand - Prod-Intm	0	0	0	0	0	0	8,911	37,099	25,198	7,947	40,932	247,320	367,408			
5	Retail Energy Jurisdictional Factor	0.97910	0.97440	0.97720	0.97450	0.97680	0.95510	0.94770	0.94580	0.94460	0.94320	0.94070	0.95320				
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	94,570	74,545	81,536	25,591	74,368	80,458	83,191	108,931	168,619	4,333,338	2,964,511	6,356,213	14,445,871			
8	Jurisdictional Demand Recoverable Costs - Transm (B)	(30,964)	47,347	2,455	40,702	8,254	41,107	7,815	8,475	61,175	38,912	(1,250)	216,142	440,170			
	Jurisdictional Demand Recoverable Costs - Distrib (B)	429,704	433,838	832,202	551,014	582,868	684,952	411,195	128,240	440,448	652,975	608,451	983,785	6,739,672			
	Jurisdictional Demand Recoverable Costs - Prod-Intm (B)	0	0	0	0	0	0	7,714	32,119	21,815	6,880	35,437	214,114	318,079			
9	Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$493,310	\$555,730	\$916,193	\$617,307	\$665,490	\$806,517	\$509,915	\$277,765	\$692,057	\$5,032,105	\$3,607,149	\$7,770,254	\$21,943,792			

Notes:

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

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2004 to December 2004

Form 42 6A

Variance Report of Capital Investment Activities
(In Dollars)

<u>Line</u>	(1) YTD Actual	(2) Estimated/ Actual	(3) Variance Amount	(4) Percent
1 Description of Capital Investment Activities				
3b Pipeline Integrity Management - Bartow/Anclote Pipeline	\$188,023	\$194,370	(\$6,347)	-3.3%
4a Above Ground Tank Secondary Containment - Turner CT's	80,840	73,945	6,895	9.3%
4b Above Ground Tank Secondary Containment - Bartow CT's	28,317	28,317	0	0.0%
4c Above Ground Tank Secondary Containment - Crystal River 1 & 2	6,278	6,278	0	0.0%
5 SO2 Emissions Allowances	386,980	500,891	(113,911)	-22.7%
2 Total Capital Investment Activities - Recoverable Costs	\$690,438	\$803,801	(\$113,363)	-14.1%
3 Recoverable Costs Allocated to Energy	\$386,980	\$500,891	(\$113,911)	-22.7%
4 Recoverable Costs Allocated to Demand	\$303,458	\$302,910	\$548	0.2%

Notes:

Column (1) is the End of Period Totals on Form 42-7A
Column (2) = Estimated actual
Column (3) = Column (1) - Column (2)
Column (4) = Column (3) / Column (2)

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2004 to December 2004

Form 42-7A

Capital Investment Projects-Recoverable Costs
 (in Dollars)

Line	Description	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	End of	Method of Classification		
		January 04	February 04	March 04	April 04	May 04	June 04	July 04	August 04	September 04	October 04	November 04	December 04	Total	Demand	Energy
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	\$16,344	\$16,352	\$16,379	\$16,376	\$16,346	\$16,895	\$188,023	\$188,023	\$0
4a	Above Ground Tank Secondary Containment - Turner CTs	6,063	6,521	6,606	6,663	6,720	6,808	6,877	6,907	6,918	6,918	6,918	6,921	80,840	80,840	0
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	28,317	0
4c	Above Ground Tank Secondary Containment - Crystal River 1&2	365	367	563	561	559	557	556	554	552	550	548	546	6,278	6,278	0
5	SO2 Emissions Allowances	(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	(21,842)	(22,953)	47,735	132,990	154,075	124,206	386,980	0	386,980
2	Total Investment Projects - Recoverable Costs	7,389	13,874	39,929	40,424	10,015	5,448	4,573	3,489	74,204	159,445	180,488	151,160	690,438	\$303,458	\$386,980
3	Recoverable Costs Allocated to Energy	(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	(21,842)	(22,953)	47,735	132,990	154,075	124,206	386,980		
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	16,344	16,352	16,379	16,376	16,346	16,895	188,023		
	Recoverable Costs Allocated to Demand - Production - Peaking	7,336	8,199	8,311	9,329	9,377	9,455	9,515	9,536	9,538	9,529	9,519	9,513	109,157		
5	Retail Energy Jurisdictional Factor	0.97910	0.97440	0.97720	0.97450	0.97680	0.95510	0.94770	0.94580	0.94460	0.94320	0.94070	0.95320			
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	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	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	0.74562		
7	Jurisdictional Energy Recoverable Costs (B)	(9,141)	(10,006)	14,676	14,042	(15,791)	(19,950)	(20,700)	(21,709)	45,091	125,436	144,938	118,393	365,279		
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	14,150	14,157	14,180	14,177	14,151	14,627	162,779		
	Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	5,470	6,113	6,197	6,956	6,992	7,050	7,095	7,110	7,112	7,105	7,098	7,093	81,390		
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$4,491	\$9,945	\$35,297	\$35,496	\$5,801	\$1,767	\$1,078	\$90	\$66,912	\$147,246	\$166,713	\$140,637	\$615,472		

- Notes:
 (A) Each project's Total System Recoverable Expenses on Form 42-8A, 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 Final True-up Amount
 January 2004 to December 2004

Return on Capital Investments, Depreciation and Taxes
 For Project: PIPELINE INTEGRITY MANAGEMENT - Bartow/Ancote Pipeline (Project 3b)
 (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	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual December 04	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$1,104,029	\$76,669	\$6,238	\$9,410	\$12,330	\$2,000	\$1,527	\$0	\$4,919	(\$5,488)	\$0	\$71,362	
b.	Clearings to Plant		0	0	0	0	0	0	0	0	0	0	0	33,952	
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	33,952	
3	Less: Accumulated Depreciation (C)	0	0	0	0	0	0	0	0	0	0	0	0	(102)	
4	CWIP - Non-Interest Bearing	260,984	1,364,992	1,441,662	1,447,900	1,457,310	1,469,640	1,471,640	1,473,167	1,473,167	1,478,085	1,472,597	1,472,597	1,510,007	
5	Net Investment (Lines 2 - 3 + 4)	\$260,984	1,364,992	1,441,662	1,447,900	1,457,310	1,469,640	1,471,640	1,473,167	1,473,167	1,478,085	1,472,597	1,472,597	1,543,858	
6	Average Net Investment		812,978	1,403,327	1,444,781	1,452,605	1,463,475	1,470,840	1,472,403	1,473,167	1,475,626	1,475,341	1,472,597	1,508,228	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (E) 10.75%		7,283	12,571	12,943	13,013	13,110	13,174	13,190	13,197	13,219	13,217	13,192	13,511	\$151,621
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	3,153	3,155	3,160	3,160	3,154	3,230	36,248
8	Investment Expenses														
a.	Depreciation (E) 3.60%		0	0	0	0	0	0	0	0	0	0	0	102	102
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	52	52
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	16,344	16,352	16,379	16,376	16,346	16,895	188,023
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	16,344	16,352	16,379	16,376	16,346	16,895	188,023
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	14,150	14,157	14,180	14,177	14,151	14,627	162,779
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$7,812	\$13,486	\$13,884	\$13,959	\$14,064	\$14,132	\$14,150	\$14,157	\$14,180	\$14,177	\$14,151	\$14,627	\$162,779

Notes:

- (A) Description and reason for 'Other' adjustments to net investment for Bartow/Ancote Pipeline project. None for this period.
- (B) Applicable beginning of period and end of period depreciable base by Bartow/Ancote 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/Ancote Pipeline.
- (D) Line 6 x 10.7500% x 1/12. Based on ROE of 12.00%, equity component of capital structure of 5.61%, 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/Ancote 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 M/Rage Rate.

Source:

Line 9c Based on 2002 Rate Case Settlement (Order No. PSC-02-0655-AS-EI)

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Final True-up Amount
 January 2004 to December 2004

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

(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	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual December 04	End of Period Total
1	Investments														
a.	Expenditures/Additions		\$73,751	\$8,748	\$6,609	\$3,586	\$6,744	\$8,981	\$3,491	\$1,988	\$0	\$0	\$0	\$532	
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	CW/P - Non-Interest Bearing	509,360	583,111	591,859	598,469	602,055	608,799	617,780	621,271	623,259	623,259	623,259	623,259	623,791	
5	Net Investment (Lines 2 - 3 + 4)	509,360	583,111	591,859	598,469	602,055	608,799	617,780	621,271	623,259	623,259	623,259	623,259	623,791	
6	Average Net Investment		546,236	587,485	595,164	600,262	605,427	613,290	619,526	622,265	623,259	623,259	623,259	623,525	
7	Return on Average Net Investment														
a.	Equity Component Grossed Up For Taxes (C) 10.75%		4,893	5,263	5,332	5,377	5,424	5,494	5,550	5,574	5,583	5,583	5,583	5,586	\$65,243
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	1,327	1,333	1,335	1,335	1,335	1,335	15,598
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	6,877	6,907	6,918	6,918	6,918	6,921	80,840
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	6,877	6,907	6,918	6,918	6,918	6,921	80,840
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	5,128	5,150	5,158	5,158	5,158	5,160	60,276
14	Total Jurisdictional Recoverable Costs (Lines 12 + 13)		\$4,521	\$4,862	\$4,926	\$4,968	\$5,011	\$5,076	\$5,128	\$5,150	\$5,158	\$5,158	\$5,158	\$5,160	\$60,276

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 Final True-up Amount
 January 2004 to December 2004

Form 42-8A
 Page 3 of 5

Return on Capital Investments, Depreciation and Taxes
 For Project: ABOVE GROUND TANK SECONDARY CONTAINMENT - BARTOW CTs (Project 4b)
 (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	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual 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	147,858	147,128	
6	Average Net Investment		114,720	151,181	153,597	153,333	152,603	151,873	151,143	150,413	149,683	148,953	148,223	147,493	
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 Other Recoveries (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 Milage Rate.

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 Final True-up 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	Actual July 04	Actual August 04	Actual September 04	Actual October 04	Actual November 04	Actual 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	32,362	32,215	32,069	31,923	31,777	31,631	
6	Average Net Investment		32,906	33,092	33,019	32,873	32,727	32,581	32,435	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)		0	0	0	0	0	0	0	0	0	0	0	0	0
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	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	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 Miage Rate.

Source:

Line Bc 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 Jan-04	Actual Feb-04	Actual Mar-04	Actual Apr-04	Actual May-04	Actual Jun-04	Actual Jul-04	Actual Aug-04	Actual Sep-04	Actual Oct-04	Actual Nov-04	Actual Dec-04	End of Period Total
1	Working Capital Dr (Cr)														
a.	1581001 SO ₂ Emission Allowance Inventory	\$ 912,089	\$820,501	\$743,997	\$5,376,809	\$634,298	\$558,164	\$473,924	\$386,142	\$273,898	\$13,122,647	\$15,635,103	\$16,921,715	\$10,253,426	\$10,253,426
b.	25401FL Auctioned SO ₂ 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)	\$(2,011,678)	\$(2,123,922)	\$10,724,826	\$13,237,283	\$14,523,895	\$7,856,606	\$7,856,606
3	Average Net Investment		[841,098]	(925,144)	1,353,010	1,298,160	(1,456,376)	(1,881,777)	(1,967,788)	(2,067,800)	4,300,452	11,981,054	13,880,589	11,189,750	
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)	(17,628)	(18,524)	38,525	107,330	124,347	100,242	\$312,315
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)	(4,214)	(4,429)	9,210	25,659	29,728	23,965	74,665
5	Total Return Component (D)		(9,336)	(10,269)	15,018	14,410	(16,166)	(20,888)	(21,842)	(22,953)	47,735	132,989	154,075	124,206	386,980
6	Expense Dr (Cr)														
a.	5090001 SO ₂ allowance expense		56,589	76,504	83,438	26,261	76,134	84,240	87,782	115,173	178,508	4,594,294	3,151,388	6,668,289	15,238,599
7	Net Expense (E)		96,589	76,504	83,438	26,261	76,134	84,240	87,782	115,173	178,508	4,594,294	3,151,388	6,668,289	15,238,599
8	Total System Recoverable Expenses (Lines 5 + 7)		87,253	66,235	98,456	40,670	59,968	63,353	65,939	92,221	226,243	4,727,283	3,305,463	6,792,496	15,625,579
a.	Recoverable costs allocated to Energy		87,253	66,235	98,456	40,670	59,968	63,353	65,939	92,221	226,243	4,727,283	3,305,463	6,792,496	15,625,579
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	0.95510	0.94770	0.94580	0.94460	0.94320	0.94070	0.95320	
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	39,833	58,577	60,508	62,490	87,222	213,710	4,458,774	3,109,449	6,474,807	14,811,149
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	\$ 39,833	\$ 58,577	\$ 60,508	\$ 62,490	\$ 87,222	\$ 213,710	\$ 4,458,774	\$ 3,109,449	\$ 6,474,807	\$14,811,149

Notes:

- (A) Lines 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