

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

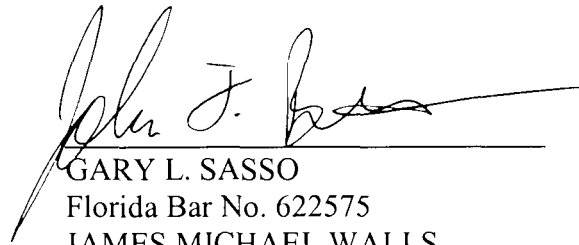
**In re: Progress Energy Florida, Inc.'s )**  
**petition for approval of storm cost ) Docket No.: 041272**  
**recovery clause for extraordinary )**  
**expenditures related to Hurricanes )**  
**Charley, Frances, Jeanne, and Ivan. ) Submitted for Filing: April 6, 2005**  
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**NOTICE OF FILING LATE FILED EXHIBIT NO. 52**

Progress Energy Florida ("PEF" or the "Company"), pursuant to action at the hearing in this docket on April 1, 2005, and pursuant to instructions from the Chairman at the conclusion of that hearing, hereby gives notice of filing Late-Filed Exhibit No. 52, Description of the Normal Accounting for Bad Debt. The original has been filed with the Court Reporters' office within the Division of Commission Clerk and Administrative Services, and a copy of the exhibit has been served on all parties of record as shown on the attached certificate of service.

R. ALEXANDER GLENN  
Deputy General Counsel – Florida  
PROGRESS ENERGY SERVICE  
COMPANY, LLC  
100 Central Avenue, Ste. 1D  
St. Petersburg, FL 33701  
Telephone: (727) 820-5587  
Facsimile: (727) 820-5519

  
GARY L. SASSO  
Florida Bar No. 622575  
JAMES MICHAEL WALLS  
Florida Bar No. 0706272  
JOHN T. BURNETT  
Florida Bar No. 173304  
CARLTON FIELDS, P.A.  
Post Office Box 3239  
Tampa, FL 33601-3239  
Telephone: (813) 223-7000  
Facsimile: (813) 229-4133

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing has been furnished to the following counsel of record electronically and via U.S. Mail on this \_\_\_\_\_ day of April, 2005.

Jennifer Brubaker, Esquire  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

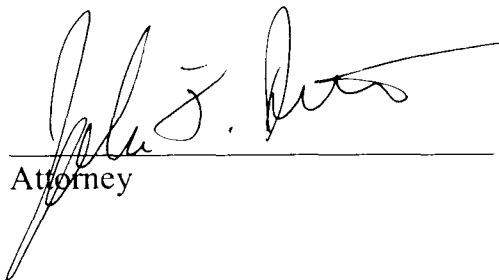
Tim Perry, Esquire  
McWhirter Reeves McGlothlin Davidson  
Kaufman & Arnold, P.A.  
117 South Gadsden Street  
Tallahassee, FL 32301

John W. McWhirter, Esquire  
McWhirter Reeves McGlothlin Davidson  
Kaufman & Arnold, P.A.  
400 North Tampa St.  
Tampa, FL 33602

Patricia A. Christensen, Esquire  
Office of the Public Counsel  
c/o The Florida Legislature  
111 West Madison St., Room 812  
Tallahassee, FL 32399-1400

Michael B. Twomey  
Post Office Box 5256  
8903 Crawfordville Road (32305)  
Tallahassee, FL 32314-5256  
Attorney for Buddy L. Hansen and  
Sugarmill Woods Civic  
Association, Inc. and AARP

Robert Scheffel Wright  
John T. LaVia, III  
Landers & Parsons, P.A.  
310 West College Avenue  
Post Office Box 271  
Tallahassee, FL 32302  
Attorneys for Florida Retail Federation

  
\_\_\_\_\_  
Attorney

**DESCRIPTION OF THE NORMAL ACCOUNTING FOR BAD DEBT**  
**LATE-FILED EXHIBIT 52**

The normal process for PEF's Bad Debt Reserve is as follows: After a customer's service is terminated and the debt is deemed to be uncollectible, the bad debt is written off to a FERC 904 uncollectible expense account. This entry is to debit 904 and credit 142 A/R. The reserve is separately determined by taking the rolling 12-month average of the write-offs and annualizing that expense, thus determining what the reserve requirements are. If additional reserves are required, the entry is to debit 904 and credit 144- Allowance for Bad Debt.

Customer Accounting Operations developed and maintains a model to forecast future charge offs. The model assumes a percentage of the present 30+ day arrears balances will write off in the proceeding 90 days. Performance and percentages are based on historical information since 1999, and adjusted annually if necessary. To date, the model has predicted net chares offs is \$2,989,405 with actual charge offs of \$3,024,072, a difference of \$34,667 (or 1% accuracy) year to date through September 2004.

In addition to forecasting write offs the model projects arrears. Historically, arrears fluctuate based on seasonality within fairly limited ranges. The anticipated increase in 30+ day arrears from July month end to August month end was 10%, and 15% from August month end to September month end. The actual increases were 40% and 11%, respectively, due to the cessation of collections beginning August 13<sup>th</sup> through September 27<sup>th</sup>.

Since the model bases future charge offs on current 30+ day arrears, the anticipated increase on charge offs due to the cessation of collection activity due to the hurricanes is \$2,250,000. It should be noted that this estimate was provided in mid September. (July 29 net write offs for 2005 were projected to be \$5.7M vs. the September 5 projection of \$ 7.3M, which is an increase of \$1.6M resulting from escalated arrears from Hurricane Charley. However, the September 5<sup>th</sup> projection did not include the impacts of Hurricane Frances, Ivan or Jeanne. Thus, an additional estimate of \$650K was included to represent the potential maximum impacts of all four storms.)

	<b>Pre-Hurricanes</b>	<b>Projected Increase</b> (As of 9/2004)
<b><u>2004</u></b>	<b><u>7/29 Projection</u></b>	<b><u>9/5 Projection</u></b>
August	\$216,782	\$253,339
September	\$434,967	\$434,967
October	\$693,603	\$693,603
November	\$957,775	\$957,775

December	\$955,467	\$1,216,039	
	\$3,258,594	\$3,555,723	<b>\$297,129</b>
<b><u>2005</u></b>			
January	\$957,639	\$1,218,802	
February	\$643,637	\$819,168	
March	\$228,009	\$290,191	
April	\$367,460	\$467,672	
May	\$354,087	\$450,652	
June	\$209,312	\$266,395	
July	\$170,551	\$217,063	
August	\$180,474	\$229,692	
September	\$435,844	\$554,706	
October	\$635,087	\$808,286	
November	\$757,954	\$964,661	
December	\$793,934	\$1,010,453	
	<b>\$5,733,988</b>	<b>\$7,297,741</b>	<b>\$1,563,753</b>