

Hopping Green & Sams

Attorneys and Counselors

Writer's Direct Dial No.
(850) 425-2359

April 29, 2005

BY HAND DELIVERY

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

Re: Docket 050002-EG

Dear Ms. Bayó:

Enclosed for filing in the above referenced docket on behalf of Progress Energy Florida, Inc. ("PEF") are the original and fifteen copies of the Direct Testimony of John A. Masiello and Exhibit No. __ (JAM-1T), along with a diskette containing the documents in electronic format.

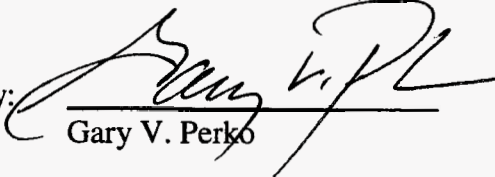
By copy of this letter, the enclosed documents have been furnished to the parties on the attached certificate of service.

Please acknowledge receipt and filing of the above by stamping the enclosed extra copies of the testimony and attached exhibit and returning them to me. If you have any questions concerning this filing, please contact me at 425-2359.

Thank you for your assistance in connection with this matter.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By: 
Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

GVP/dwg
Enclosures
cc: Certificate of Service

DOCUMENT NUMBER - DATE

04179 APR 29 13

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Direct Testimony of John A. Masiello and Exhibit No. __ (JAT-1T) in Docket No. 050002-EG has been furnished by regular U.S. mail to the following this 27th day of April, 2005.

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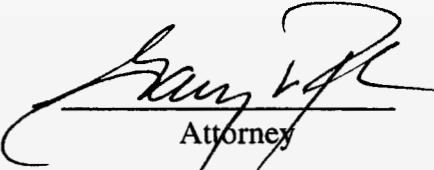
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**PROGRESS ENERGY FLORIDA
DOCKET No. 050002-EG**

**DIRECT TESTIMONY OF
JOHN A. MASIELLO**

**ECCR True-Up for the Period
January through December 2004**

1 **Q. State your name and business address.**

2 A. My name is John A. Masiello. My business address is 3300 Exchange
3 Place, Lake Mary, Florida 32746.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Progress Energy Florida, Inc. (Progress Energy or the
7 Company), as Manager of DSM & Alternative Energy Strategy.

8

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

11 A. Yes.

12

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

14 A. The purpose of my testimony is to compare Progress Energy's actual costs
15 of implementing conservation programs with the actual revenues collected
16 through the Company's Energy Conservation Cost Recovery Clause
17 (ECCR) during the period January 2004 through December 2004.

1 **Q. For what programs does Progress Energy seek recovery?**

2 A. Progress Energy seeks recovery through the ECCR for the following
3 conservation programs approved by the Commission as part of the
4 Company's DSM Plan, as well as for Conservation Program Administration
5 (i.e., those common administration expenses not specifically linked to an
6 individual program).

- 7 • Home Energy Check
- 8 • Home Energy Improvement
- 9 • Residential New Construction
- 10 • Low-Income Weatherization Assistance Program
- 11 • Energy Management (Residential and Commercial)
- 12 • Business Energy Check
- 13 • Better Business
- 14 • Commercial/Industrial New Construction
- 15 • Innovation Incentive
- 16 • Standby Generation
- 17 • Interruptible Service
- 18 • Curtailable Service
- 19 • Technology Development
- 20 • Qualifying Facility

1 **Q. Do you have any exhibits to your testimony?**

2 A. Yes, Exhibit No. __ (JAM-1T) entitled, "Progress Energy Florida, Inc. Energy
3 Conservation Adjusted Net True-Up for the Period January 2004 through
4 December 2004." There are five (5) schedules to this exhibit.

5
6 **Q. Will you please explain your exhibit?**

7 A. Yes. Exhibit No. __ (JAM-1T) presents Schedules CT-1 through CT-5.
8 These schedules set out the actual costs incurred for all programs during the
9 period from January 2004 through December 2004. They also describe the
10 variance between actual costs and previously projected values for the same
11 time period. Schedule CT-5 provides a brief summary report for each
12 program that includes a program description, annual program expenditures
13 and program accomplishments over the twelve-month period ending
14 December 2004.

15
16 **Q. Would you please discuss Schedule CT-1?**

17 A. Yes. Schedule CT-1 shows that Progress Energy's actual net ECCR true-up
18 for the twelve months ending December 31, 2004 was an over-recovery of
19 \$8,154,738 including principal and interest. This amount is \$3,672,784 more
20 than the previous estimate in the Company's September 24, 2004 ECCR
21 Projection Filing.

22
23 **Q. Does this conclude your direct testimony?**

24 A. Yes.

PROGRESS ENERGY FLORIDA
 ENERGY CONSERVATION ADJUSTED NET TRUE-UP
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE
NO.

1	ACTUAL END OF PERIOD TRUE-UP (OVER) / UNDER RECOVERY		
2	BEGINNING BALANCE	(\$7,379,830)	
3	PRINCIPAL (CT 3, PAGE 2 of 3)	(8,049,137)	
4	INTEREST (CT 3, PAGE 2 of 3)	(105,600)	
5	PRIOR TRUE-UP REFUND	7,379,829	
6	ADJUSTMENTS	<u>0</u>	(\$8,154,738)
7	LESS: ESTIMATED TRUE-UP FROM SEPTEMBER 2004		
8	PROJECTION FILING (OVER) / UNDER RECOVERY		
9	BEGINNING BALANCE	(\$7,451,688)	
10	PRINCIPAL	(4,749,923)	
11	INTEREST	(71,084)	
12	PRIOR TRUE-UP REFUND	7,451,688	
13	ADJUSTMENTS	<u>339,053</u>	<u>(\$4,481,954)</u>
14	VARIANCE TO PROJECTION		<u><u>(\$3,672,784)</u></u>

PROGRESS ENERGY FLORIDA
 ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS
 ACTUAL VS. ESTIMATED
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	PROGRAM	ACTUAL	ESTIMATED	DIFFERENCE
1	DEPRECIATION AMORT. & RETURN	820,275	815,247	5,028
2	PAYROLL AND BENEFITS	7,700,197	9,430,834	(1,730,637)
3	MATERIALS AND SUPPLIES	486,783	486,851	(68)
4	OUTSIDE SERVICES	1,269,335	1,366,918	(97,583)
5	ADVERTISING	3,031,328	2,250,986	780,342
6	INCENTIVES	44,780,113	48,022,899	(3,242,786)
7	VEHICLES	0	0	0
8	OTHER	1,988,332	1,766,857	221,475
9	PROGRAM REVENUES	<u>(4,020)</u>	<u>(1,170)</u>	<u>(2,850)</u>
10	TOTAL PROGRAM COSTS	60,072,343	64,139,421	(4,067,078)
11	LESS:			
12	CONSERVATION CLAUSE REVENUES	60,741,651	61,437,657	(696,006)
13	PRIOR TRUE-UP	<u>7,379,830</u>	<u>7,451,688</u>	<u>(71,858)</u>
14	TRUE-UP BEFORE INTEREST	(8,049,138)	(4,749,923)	(3,299,215)
15	AUDIT ADJUSTMENT	0	339,053	(339,053)
16	INTEREST PROVISION	<u>(105,600)</u>	<u>(71,084)</u>	<u>(34,516)</u>
17	END OF PERIOD TRUE-UP	<u>(8,154,738)</u>	<u>(4,481,954)</u>	<u>(3,672,784)</u>

() REFLECTS OVERRECOVERY

PROGRESS ENERGY FLORIDA

ACTUAL ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM
FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	15,938	0	0	0	141,448	0	144	157,530	0	157,530
2	RESIDENTIAL NEW CONSTRUCTION	0	514,582	8,274	28,240	198,009	1,175,498	0	54,505	1,975,058	0	1,975,058
3	HOME ENERGY IMPROVEMENT	998	370,309	2,798	44,458	60,502	2,108,857	0	25,598	2,813,216	(4,020)	2,809,196
4	COMM / IND NEW CONSTRUCTION	0	0	0	0	0	17,419	0	86	17,505	0	17,505
5	HOME ENERGY CHECK	2,238	1,589,861	108,746	36,109	2,255,459	25	0	175,378	4,167,836	0	4,167,836
6	LOW INCOME	0	36,312	0	0	36,882	22,930	0	6,380	104,304	0	104,304
7	BUSINESS ENERGY CHECK	988	671,654	3,630	0	28,081	0	0	63,908	768,241	0	768,241
8	QUALIFYING FACILITY	0	345,206	1,718	0	0	0	0	39,532	386,456	0	386,456
9	INNOVATION INCENTIVE	0	0	0	0	0	(440)	0	0	(440)	0	(440)
10	TECHNOLOGY DEVELOPMENT	0	87,905	37,124	35,801	0	1,468	0	14,982	177,090	0	177,090
11	STANDBY GENERATION	0	36,921	10,520	11,400	0	717,010	0	12,963	780,814	0	780,814
12	INTERRUPT LOAD MANAGEMENT	0	118,370	50,736	1,749	0	19,078,280	0	26,749	19,275,884	0	19,275,884
13	CURTAL LOAD MANAGEMENT	0	15,155	838	0	0	1,063,746	0	778	1,110,515	0	1,110,515
14	RESIDENTIAL LOAD MANAGEMENT	818,371	1,579,295	34,443	983,387	217,454	19,786,583	0	123,580	23,541,133	0	23,541,133
15	COMMERCIAL LOAD MANAGEMENT	0	2,265	(51)	0	0	638,308	0	3,502	645,025	0	645,025
16	CONSERVATION PROGRAM ADMIN	0	2,314,424	228,009	130,383	235,141	0	0	1,438,239	4,346,196	0	4,346,196
17	TOTAL ALL PROGRAMS	820,275	7,700,197	496,763	1,288,335	3,031,328	44,780,113	0	1,988,332	60,078,363	(4,020)	60,074,343

PROGRESS ENERGY FLORIDA

VARIANCE IN ENERGY CONSERVATION PROGRAM COSTS
 12 MONTHS ACTUAL VERSUS 12 MONTHS ESTIMATED

FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS	0	(5,179)	(112)	0	(817)	41,875	0	(132)	35,835	0	35,835
2	RESIDENTIAL NEW CONSTRUCTION	0	(120,455)	4,915	(2,252)	(31,038)	135,755	0	3,438	(9,839)	0	(9,839)
3	HOME ENERGY IMPROVEMENT	698	(133,584)	(2,764)	19,738	(48,567)	(118,865)	0	(17,831)	(300,978)	(2,850)	(303,828)
4	COMM / IND NEW CONSTRUCTION	0	(1,852)	0	0	0	(31,888)	0	86	(33,254)	0	(33,254)
5	HOME ENERGY CHECK	0	(194,538)	587	(1,465)	686,932	25	0	(39,840)	451,881	0	451,881
6	LOW INCOME	0	21	0	0	1,144	1,421	0	541	3,127	0	3,127
7	BUSINESS ENERGY CHECK	79	(75,380)	(2,351)	(2,500)	15,222	(7,858)	0	(4,724)	(77,290)	0	(77,290)
8	QUALIFYING FACILITY	0	(35,791)	(1,282)	0	0	0	0	(17,841)	(54,714)	0	(54,714)
9	INNOVATION INCENTIVE	0	(2,888)	0	0	0	(17,120)	0	(128)	(19,916)	0	(19,916)
10	TECHNOLOGY DEVELOPMENT	0	2,111	32,559	34,289	(800)	(23,338)	0	(9,172)	35,831	0	35,831
11	STANDBY GENERATION	0	(9,221)	(4,599)	45	(1,104)	(137,151)	0	(1,881)	(153,881)	0	(153,881)
12	INTERRUPT LOAD MANAGEMENT	0	(8,389)	12,831	(1,200)	0	(280,098)	0	(4,518)	(279,370)	0	(279,370)
13	CURTAIL LOAD MANAGEMENT	0	(4,844)	838	0	0	110,144	0	407	106,745	0	106,745
14	RESIDENTIAL LOAD MANAGEMENT	4,251	(287,559)	(41,117)	(103,885)	54,872	(3,006,079)	0	(58,151)	(3,437,448)	0	(3,437,448)
15	COMMERCIAL LOAD MANAGEMENT	0	345	0	(864)	0	90,185	0	0	89,866	0	89,866
18	CONSERVATION PROGRAM ADMIN	0	(958,074)	447	(39,887)	104,098	0	0	370,801	(420,815)	0	(420,815)
17	TOTAL ALL PROGRAMS	5,028	(1,730,837)	(68)	(97,583)	780,342	(3,242,786)	0	221,475	(4,084,228)	(2,850)	(4,087,078)

PROGRESS ENERGY FLORIDA

PROJECTED ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	PROGRAM	DEPRECIATION AMORTIZATION & RETURN	PAYROLL & BENEFITS	MATERIALS & SUPPLIES	OUTSIDE SERVICES	ADVERTISING	INCENTIVES	VEHICLES	OTHER	SUB-TOTAL	PROGRAM REVENUES (CREDIT)	TOTAL
1	BETTER BUSINESS (908.15) (E)	0	21,117	112	0	817	99,773	0	278	121,895	0	121,895
2	RESIDENTIAL NEW CONSTRUCT (908.22) (E)	0	635,017	3,358	28,492	227,047	1,039,713	0	51,089	1,984,897	0	1,984,897
3	HOME ENERGY IMPROVEMENT (908.23) (E)	0	503,863	5,560	24,720	109,069	2,227,722	0	43,228	2,914,182	(1,170)	2,913,022
4	C/I NEW CONSTRUCTION (908.24) (E)	0	1,852	0	0	0	49,107	0	0	50,759	0	50,759
5	HOME ENERGY CHECK (908.25) (E)	2,238	1,784,418	108,179	37,574	1,588,527	0	0	215,018	3,715,955	0	3,715,955
8	LOW INCOME (E)	0	38,291	0	0	37,538	21,509	0	5,839	101,177	0	101,177
7	BUSINESS ENERGY CHECK (908.28) (E)	889	747,014	5,981	2,500	12,858	7,858	0	68,632	845,531	0	845,531
8	CONSERVATION PROGRAM ADMIN (908.35) (E)	0	3,170,498	227,582	170,270	131,043	0	0	1,087,638	4,787,011	0	4,787,011
9	QUALIFYING FACILITY (908.42) (E)	0	380,997	3,000	0	0	0	0	57,173	441,170	0	441,170
10	INNOVATION INCENTIVE (908.60) (E)	0	2,868	0	0	0	18,680	0	128	19,478	0	19,478
11	TECHNOLOGY DEVELOPMENT (908.65) (E)	0	85,794	4,585	1,332	800	24,804	0	24,184	141,259	0	141,259
12	STANDBY GENERATION (908.69) (D)	0	48,142	15,119	11,355	1,104	854,181	0	14,824	944,705	0	944,705
13	INTERRUPTIBLE SERVICE (908.70 & 71) (D)	0	124,759	37,905	2,949	0	19,358,378	0	33,285	19,555,254	0	19,555,254
14	CURTAILABLE SERVICE (908.72 & 73) (D)	0	19,799	0	0	0	983,602	0	389	1,003,770	0	1,003,770
15	RES ENERGY MANGMNT-ADMIN (908.75 & 77) (D)	812,120	1,868,854	75,580	1,087,062	182,582	22,782,872	0	181,731	28,978,581	0	28,978,581
16	COM ENERGY MANGMNT-ADMIN (908.85 & .87) (D)	0	1,920	(51)	864	0	549,124	0	3,502	555,159	0	555,159
17	TOTAL ALL PROGRAMS	815,247	9,430,834	488,851	1,368,918	2,250,988	48,022,899	0	1,788,857	64,140,581	(1,170)	64,139,421

PROGRESS ENERGY FLORIDA
 ACTUAL CONSERVATION PROGRAM COSTS BY MONTH
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	PROGRAM TITLE	JAN 04	FEB 04	MAR 04	APR 04	MAY 04	JUN 04	JUL 04	AUG 04	SEP 04	OCT 04	NOV 04	DEC 04	TOTAL
1	BETTER BUSINESS	2,503	1,990	18,388	10,772	21,740	(22,274)	2,958	19,988	15,312	1,104	2,070	83,003	157,530
2	RESIDENTIAL NEW CONSTRUCTION	124,195	128,921	219,884	204,831	225,409	248,387	145,545	70,136	26,754	75,473	231,402	278,122	1,975,058
3	HOME ENERGY IMPROVEMENT	190,980	152,173	184,448	187,832	241,886	319,411	315,898	174,959	119,074	190,255	300,980	235,342	2,813,218
4	COMM / IND NEW CONSTRUCTION	0	0	0	0	0	17,419	0	0	0	0	88	0	17,505
5	HOME ENERGY CHECK	123,473	157,857	1,120,976	(286,289)	957,232	433,501	128,435	133,935	68,831	142,335	1,186,922	(18,972)	4,187,838
6	LOW INCOME	17,821	(13,486)	7,542	4,248	12,087	16,481	12,887	3,744	1,044	4,273	18,310	19,573	104,304
7	BUSINESS ENERGY CHECK	52,815	68,522	52,889	86,072	69,087	72,848	104,003	59,207	22,020	51,101	68,122	81,977	788,241
8	QUALIFYING FACILITY	28,295	29,322	19,994	25,047	32,028	32,707	49,483	37,705	36,000	33,044	29,798	38,025	386,456
9	INNOVATION INCENTIVE	0	0	0	0	0	0	0	0	0	0	0	(440)	(440)
10	TECHNOLOGY DEVELOPMENT	14,399	7,859	11,048	5,988	8,783	7,934	7,814	2,371	5,876	12,023	13,942	81,275	177,080
11	STANDBY GENERATION	4,925	6,306	207,278	5,433	12,481	187,876	8,455	3,685	171,828	3,078	9,232	172,259	790,814
12	INTERRUPT LOAD MANAGEMENT	1,895,515	1,440,961	1,781,863	1,526,912	1,671,710	1,525,916	1,497,440	1,687,863	1,604,875	1,395,974	1,822,842	1,845,093	19,275,884
13	CURTAIL LOAD MANAGEMENT	54,080	55,105	51,061	78,727	82,318	138,386	84,228	154,196	106,122	108,787	53,887	155,820	1,110,515
14	RESIDENTIAL LOAD MANAGEMENT	2,708,774	2,420,775	2,131,800	1,305,817	1,534,880	1,892,938	2,028,130	1,837,810	1,782,737	1,707,213	2,058,830	2,133,629	23,541,133
15	COMMERCIAL LOAD MANAGEMENT	113,019	100,238	(88,294)	123,087	93,908	(72,481)	108,483	115,472	(48,717)	117,493	115,894	(57,065)	845,025
16	CONSERVATION PROGRAM ADMIN	390,984	319,857	27,089	418,811	382,479	457,819	320,224	323,888	174,847	505,325	457,213	559,500	4,348,196
17	TOTAL ALL PROGRAMS	5,517,738	4,874,240	5,747,780	3,883,268	5,383,741	5,254,766	4,791,789	4,825,021	4,089,001	4,344,578	6,368,519	5,404,911	60,078,383
18														
19	LESS: BASE RATE RECOVERY	0	0	0	0	0	0	0	0	0	0	0	0	0
20														
21	NET RECOVERABLE (CT-3, PAGE 2)	5,517,738	4,874,240	5,747,780	3,883,268	5,383,741	5,254,766	4,791,789	4,825,021	4,089,001	4,344,578	6,368,519	5,404,911	60,078,383

* GROSS EXPENDITURES ONLY. AUDIT PROGRAM REVENUES ARE ACCOUNTED FOR IN CALCULATION OF TRUE-UP SCHEDULE CT-3, PAGE 2 OF 3.

PROGRESS ENERGY FLORIDA
 ENERGY CONSERVATION ADJUSTMENT
 CALCULATION OF TRUE-UP
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	JAN 04	FEB 04	MAR 04	APR 04	MAY 04	JUN 04	JUL 04	AUG 04	SEP 04	OCT 04	NOV 04	DEC 04	TOTAL FOR THE PERIOD
1A BETTER BUSINESS	0	0	0	0	0	0	0	0	0	0	0	0	0
1B HOME ENERGY IMPROVEMENT	0	290	310	0	390	180	810	0	1,320	0	300	420	4,020
1C HOME ENERGY CHECK	0	0	0	0	0	0	0	0	0	0	0	0	0
1D SUBTOTAL - FEES	0	290	310	0	390	180	810	0	1,320	0	300	420	4,020
2 CONSERVATION CLAUSE REVENUES	4,838,515	4,227,199	4,313,873	4,129,532	4,822,187	5,824,438	6,836,911	5,731,748	5,710,508	5,377,749	4,759,030	4,570,193	60,741,851
2A CURRENT PERIOD GRT REFUND	0.00	0	0	0	0	0	0	0	0	0	0	0	0
3 TOTAL REVENUES	4,838,515	4,227,479	4,313,983	4,129,532	4,822,587	5,824,618	6,837,721	5,731,748	5,711,828	5,377,749	4,759,330	4,570,613	60,745,871
4 PRIOR PERIOD TRUE-UP OVER/(UNDER)	7,379,830	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	7,379,829
5 CONSERVATION REVENUES APPLICABLE TO PERIOD	5,453,501	4,842,465	4,928,969	4,744,518	5,237,543	6,439,604	7,252,707	6,346,734	6,328,812	5,982,735	5,374,318	5,185,596	68,125,500
6 CONSERVATION EXPENSES (CT-3, PAGE 1, LINE 73)	5,517,738	4,874,240	5,747,780	3,863,288	5,363,741	5,254,786	4,791,789	4,825,021	4,089,001	4,344,578	6,389,510	5,404,911	60,078,363
7 TRUE-UP THIS PERIOD (O)U	64,237	31,775	618,611	(1,051,230)	126,198	(1,184,838)	(2,480,918)	(1,721,713)	(2,237,811)	(1,848,157)	995,194	219,315	(6,049,137)
8 CURRENT PERIOD INTEREST	(8,131)	(5,348)	(4,368)	(4,085)	(4,059)	(4,566)	(8,809)	(9,383)	(12,207)	(15,511)	(18,919)	(18,258)	(105,800)
9 ADJUSTMENTS PER AUDIT \ RDC Order		0	0	0	0	0	0	0	0	0	0	0	0
10 TRUE-UP & INTEREST PROVISIONS BEGINNING OF PERIOD (O)U	(7,379,830)	(6,708,738)	(8,065,323)	(4,835,894)	(5,076,203)	(4,339,078)	(4,913,498)	(8,788,237)	(7,882,327)	(9,517,359)	(10,568,041)	(8,972,780)	(7,379,830)
10 A CURRENT PERIOD GRT REFUNDED	0	0	0	0	0	0	0	0	0	0	0	0	0
11 PRIOR TRUE-UP REFUNDED/ (COLLECTED)	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	614,986	7,379,829
12 END OF PERIOD NET TRUE-UP	(6,708,738)	(6,065,323)	(4,835,894)	(5,076,203)	(4,339,078)	(4,913,498)	(8,788,237)	(7,882,327)	(9,517,359)	(10,568,041)	(8,972,780)	(8,154,738)	(6,154,738)

PROGRESS ENERGY FLORIDA
 CALCULATION OF INTEREST PROVISION
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	JAN 04	FEB 04	MAR 04	APR 04	MAY 04	JUN 04	JUL 04	AUG 04	SEP 04	OCT 04	NOV 04	DEC 04	TOTAL FOR THE PERIOD
1 BEGINNING TRUE-UP AMOUNT (CT-3, PAGE 2, LINE 9 & 10)	(7,378,830)	(6,706,736)	(6,065,323)	(4,635,894)	(5,078,203)	(4,338,078)	(4,813,496)	(6,786,237)	(7,882,327)	(9,517,359)	(10,568,041)	(8,972,780)	
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(8,700,807)	(8,058,977)	(4,631,528)	(5,072,138)	(4,335,019)	(4,908,930)	(8,758,428)	(7,872,964)	(9,508,162)	(10,850,530)	(8,955,981)	(8,138,482)	
3 TOTAL BEGINNING & ENDING TRUE-UP	(14,080,437)	(12,788,715)	(10,696,849)	(9,708,032)	(9,411,222)	(9,248,008)	(11,572,924)	(14,639,201)	(17,387,479)	(20,087,889)	(19,521,902)	(17,111,262)	
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(7,040,219)	(6,383,358)	(5,348,425)	(4,854,018)	(4,705,611)	(4,624,004)	(5,838,482)	(7,319,601)	(8,693,740)	(10,033,945)	(9,760,951)	(8,556,831)	
5 INTEREST RATE: FIRST DAY REPORTING BUSINESS MONTH	1.06%	1.03%	0.98%	0.96%	1.03%	1.04%	1.33%	1.47%	1.80%	1.77%	1.94%	2.22%	
6 INTEREST RATE: FIRST DAY SUBSEQUENT BUSINESS MONTH	1.03%	0.96%	0.98%	1.03%	1.04%	1.33%	1.47%	1.60%	1.77%	1.94%	2.22%	2.34%	
7 TOTAL (LINE 5 AND LINE 6)	2.09%	2.01%	1.96%	2.01%	2.07%	2.37%	2.80%	3.07%	3.37%	3.71%	4.18%	4.56%	
8 AVERAGE INTEREST RATE (50% OF LINE 7)	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 INTEREST PROVISION (LINE 4 * LINE 8) / 12	(6,131)	(5,348)	(4,368)	(4,085)	(4,059)	(4,588)	(8,809)	(9,383)	(12,207)	(15,511)	(18,919)	(18,256)	(105,600)

PROGRESS ENERGY FLORIDA
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	BEGINNING BALANCE	JAN 04	FEB 04	MAR 04	APR 04	MAY 04	JUN 04	JUL 04	AUG 04	SEP 04	OCT 04	NOV 04	DEC 04	TOTAL
17														
18 BUSINESS ENERGY CHECK														
19 INVESTMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
20 RETIREMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
21 DEPRECIATION BASE		3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	
22														
23 DEPRECIATION EXPENSE		60	60	60	60	60	60	60	60	60	60	60	60	720
24														
25 CUMM. NET INVEST	3,801	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,801
26 LESS: ACC. NET DEPR	1,380	1,440	1,500	1,560	1,620	1,680	1,740	1,800	1,860	1,920	1,980	2,040	2,100	2,100
27 NET INVESTMENT	2,221	2,161	2,101	2,041	1,981	1,921	1,861	1,801	1,741	1,681	1,621	1,561	1,501	1,501
28 AVERAGE INVESTMENT		2,191	2,131	2,071	2,011	1,951	1,891	1,831	1,771	1,711	1,651	1,591	1,531	
29 RETURN ON AVG INVEST		17	17	15	15	15	14	14	14	13	13	12	11	170
30														
31 RETURN REQUIREMENTS		25	25	22	22	22	20	20	20	19	19	18	18	248
32														
33 PROGRAM TOTAL														
34														
35 LOAD MANAGEMENT ASSETS														
36 INVESTMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
37 RETIREMENTS		22,545	433,345	0	0	0	0	0	0	0	0	0	0	455,890
38 DEPRECIATION BASE		444,618	218,673	0	0	0	0	0	0	0	0	0	0	
39														
40 DEPRECIATION EXPENSE		7,610	3,611	0	0	0	0	0	0	0	0	0	0	11,021
41														
42 CUMM. NET INVEST	455,890	433,345	0	0	0	0	0	0	0	0	0	0	0	0
43 LESS: ACC. NET DEPR	444,669	429,734	0	0	0	0	0	0	0	0	0	0	0	0
44 NET INVESTMENT	11,021	3,611	0	0	0	0	0	0	0	0	0	0	0	0
45 AVERAGE INVESTMENT		7,318	1,806	0	0	0	0	0	0	0	0	0	0	
46 RETURN ON AVG INVEST		66	14	0	0	0	0	0	0	0	0	0	0	70
47														
48 RETURN REQUIREMENTS		81	20	0	0	0	0	0	0	0	0	0	0	101
49														
50 PROGRAM TOTAL		7,491	3,631	0	0	0	0	0	0	0	0	0	0	11,122

NOTE DEPRECIATION EXPENSE IS CALCULATED USING A MONTHLY RATE OF 0188667 OR 20% ANNUALLY. RETURN ON AVERAGE INVESTMENT IS CALCULATED USING A MONTHLY RATE OF .006975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO. 010690-E1). RETURN REQUIREMENTS ARE CALCULATED USING A COMBINED STATUTORY TAX RATE OF 38.575%.

PROGRESS ENERGY FLORIDA
 SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN
 FOR THE PERIOD JANUARY 2004 THROUGH DECEMBER 2004

LINE NO.	BEGINNING BALANCE	JAN 04	FEB 04	MAR 04	APR 04	MAY 04	JUN 04	JUL 04	AUG 04	SEP 04	OCT 04	NOV 04	DEC 04	TOTAL
1 HOME ENERGY CHECK														
2 INVESTMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
3 RETIREMENTS		0	0	0	0	0	0	2,435	0	0	0	0	0	2,435
4 DEPRECIATION BASE		9,172	9,172	9,172	9,172	9,172	9,172	7,955	8,737	8,737	6,737	6,737	6,737	
5														
6 DEPRECIATION EXPENSE		153	153	153	153	153	153	133	112	112	112	112	112	1,611
7														
8 CUMM. NET INVEST	9,172	9,172	9,172	9,172	9,172	9,172	9,172	8,737	8,737	6,737	6,737	6,737	8,737	6,737
9 LESS: ACC. NET DEPR	3,012	3,765	3,918	4,071	4,224	4,377	4,530	2,228	2,340	2,452	2,564	2,676	2,788	2,788
10 NET INVESTMENT	5,560	5,407	5,254	5,101	4,948	4,795	4,642	4,509	4,397	4,285	4,173	4,061	3,949	3,949
11 AVERAGE INVESTMENT		5,464	5,331	5,178	5,025	4,872	4,719	4,578	4,453	4,341	4,229	4,117	4,005	
12 RETURN ON AVG INVEST		42	40	40	39	37	36	35	35	33	32	32	31	432
13														
14 RETURN REQUIREMENTS		81	58	58	57	54	52	51	51	48	46	46	45	627
15														
16 PROGRAM TOTAL		214	211	211	210	207	205	184	163	160	158	156	157	2,238
17														
18 HOME ENERGY IMPROVEMENT														
19 INVESTMENTS		0	0	0	0	0	0	4,912	0	0	0	0	0	4,912
20 RETIREMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
21 DEPRECIATION BASE		0	0	0	0	0	0	2,456	4,912	4,912	4,912	4,912	4,912	
22														
23 DEPRECIATION EXPENSE		0	0	0	0	0	0	0	82	82	82	82	82	410
24														
25 CUMM. NET INVEST	0	0	0	0	0	0	0	4,912	4,912	4,912	4,912	4,912	4,912	4,912
26 LESS: ACC. NET DEPR	0	0	0	0	0	0	0	0	82	184	246	328	410	410
27 NET INVESTMENT	0	0	0	0	0	0	0	4,912	4,830	4,748	4,666	4,584	4,502	4,502
28 AVERAGE INVESTMENT		0	0	0	0	0	0	2,456	4,871	4,789	4,707	4,625	4,543	
29 RETURN ON AVG INVEST		0	0	0	0	0	0	19	37	36	36	35	35	198
30														
31 RETURN REQUIREMENTS		0	0	0	0	0	0	28	54	52	52	51	51	288
32														
33 PROGRAM TOTAL		0	0	0	0	0	0	28	136	134	134	133	133	698
34														
35 LOAD MANAGEMENT SWITCHES														
19 INVESTMENTS		7,053	18,510	77,911	103,529	27,702	40,862	25,131	21,748	27,856	18,025	13,421	381,514	763,064
20 RETIREMENTS		15,560	10,954	19,012	28,618	7,350	22,098	31,805	18,917	17,131	32,945	32,044	41,225	275,659
21 DEPRECIATION BASE		2,858,094	2,857,618	2,890,846	2,957,751	3,005,383	3,024,841	3,030,786	3,029,865	3,037,843	3,035,546	3,018,774	3,179,807	
22														
23 AMORTIZATION EXPENSE		47,835	47,827	48,181	49,296	50,090	50,414	50,513	50,498	50,827	50,593	50,313	52,994	598,781
24														
25 CUMM. NET INVEST	2,862,347	2,853,840	2,861,396	2,820,296	2,895,207	3,015,559	3,034,123	3,027,449	3,032,281	3,043,006	3,028,085	3,009,462	3,349,752	3,349,752
26 LESS: ACC. NET DEPR	1,285,104	1,297,179	1,333,852	1,383,021	1,363,899	1,428,439	1,454,755	1,473,483	1,507,044	1,540,540	1,558,188	1,578,457	1,588,228	1,588,228
27 NET INVESTMENT	1,597,243	1,556,661	1,527,544	1,557,275	1,611,506	1,589,120	1,579,368	1,553,966	1,525,237	1,502,466	1,469,897	1,433,005	1,761,528	1,761,528
28 AVERAGE INVESTMENT		1,578,932	1,542,103	1,542,410	1,584,391	1,600,314	1,584,244	1,568,677	1,539,611	1,513,851	1,486,182	1,451,451	1,587,265	
29 RETURN ON AVG INVEST		12,083	11,797	11,799	12,120	12,242	12,119	11,985	11,776	11,581	11,389	11,104	12,219	142,178
30														
31 RETURN REQUIREMENTS		17,518	17,131	17,135	17,601	17,778	17,599	17,405	17,104	16,818	16,510	16,125	17,744	206,468
32														
33 PROGRAM TOTAL		65,153	64,758	65,316	66,897	67,868	68,013	67,918	67,802	67,445	67,103	66,438	70,738	805,249

NOTE: DEPRECIATION EXPENSE IS CALCULATED USING A MONTHLY RATE OF .0166667 OR 20% ANNUALLY. RETURN ON AVERAGE INVESTMENT IS CALCULATED USING A MONTHLY RATE OF .008975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO. 010690-E). RETURN REQUIREMENTS ARE CALCULATED USING A COMBINED STATUTORY TAX RATE OF 38.575%.

Program Description and Progress

Program Title: Home Energy Check

Program Description: The Home Energy Check program is a comprehensive residential energy evaluation (audit) program. The program provides Progress Energy Florida, Inc.'s (PEF) residential customers with an analysis of energy consumption and recommendations on energy efficiency improvements. It acts as a motivational tool to identify, evaluate, and inform consumers on cost effective energy saving measures. It serves as the foundation of the residential Home Energy Improvement program and is a program requirement for participation. There are six types of the energy audit: the free walk-thru, the paid walk-thru (\$15 charge), the energy rating (Energy Gauge), the mail-in audit, an internet option and a phone assisted audit.

Program Accomplishments for January 2004 through December 2004:

30,126 customers participated in Home Energy Checks.

Program Fiscal Expenditures for January 2004 through December 2004:

Expenses for this program were \$4,167,836.

Program Progress Summary: The Home Energy Check will continue to inform and motivate consumers on cost effective energy efficiency improvements which result in implementation of energy efficiency measures.

Program Description and Progress

Program Title: Home Energy Improvement

Program Description: This umbrella efficiency program provides existing residential customers incentives for energy efficient heating, air conditioning, water heating, ceiling insulation upgrade and duct leakage repair.

Program Accomplishments for January 2004 through December 2004: There were 15,544 implementations under this program.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$2,609,196.

Program Progress Summary: This program will continue to be offered to residential customers through the Home Energy Check to provide opportunities for improving the energy efficiency of existing homes.

Program Description and Progress

Program Title: Residential New Construction

Program Description: This program is designed to encourage single, multi, and manufactured home builders to construct more energy efficient homes by choosing from a menu of energy saving measures such as duct sealing, duct layout, attic insulation, high efficiency heat pump, heat recovery water heating or dedicated heat pump. This is also an educational program that strives to teach builders, realtors, HVAC dealers, and homebuyers the importance of energy efficiency. Incentives are awarded to the builder based on the level of efficiency they choose.

Program Accomplishments for January 2004 through December 2004: There were 19,729 measures implemented through this program.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$1,975,058.

Program Progress Summary: This program is tied to the building industry. Economic forces will dictate the number of homes built during this period. Participation in new construction efficiency measures continues to be strong.

Program Description and Progress

Program Title: Low-Income Weatherization Assistance Program

Program Description: The program goal is to integrate PEF's DSM program measures with the Department of Community Affairs (DCA) and local weatherization providers to deliver energy efficiency measures to low-income families. Through this partnership Progress Energy will assist local weatherization agencies by providing energy education materials and financial incentives to weatherize the homes of low-income families.

Program Accomplishments for January 2004 through December 2004: There were 151 families that participated in the program in 2004.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$104,304.

Program Progress Summary: To promote the delivery of efficiency programs to low-income families, a statewide agency meeting will be held in 2005 to all participating agencies. Individual meetings with weatherization providers and partners are conducted throughout PEF territory to encourage participation.

Program Description and Progress

Program Title: Energy Management (Residential & Commercial)

Program Description: The Load Management Program incorporates direct radio control of selected customer equipment to reduce system demand during peak capacity periods and/or emergency conditions by temporarily interrupting selected customer appliances for specified periods of time. Customers have a choice of options and receive a credit on their monthly electric bills depending on the options selected and their monthly kWh usage.

Program Accomplishments for January 2004 through December 2004: During this period 3,341 customers were added to the program.

Program Fiscal Expenditures for January 2004 through December 2004: Program expenditures during this period were \$24,186,158.

Program Progress Summary: As of December 31, 2004 there were 361,576 customers participating in the Load Management program.

Program Description and Progress

Program Title: Business Energy Check

Program Description: The Business Energy Check is an audit for non-residential customers, and several options are available. The free audit provides a no-cost energy audit for non-residential facilities and can be completed at the facility by an auditor or online by the business customer. The paid audit provides a more thorough energy analysis for non-residential facilities. This program acts as a motivational tool to identify, evaluate, and inform consumers on cost effective energy saving measures for their facility. It serves as the foundation of the Better Business Program and is a requirement for participation.

Program Accomplishments for January 2004 through December 2004: There were 2,119 customers who participated in this program.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$768,241.

Program Progress Summary: The program is required for participation in most of the company's other DSM Business incentive programs. The Business Energy Check will continue to inform consumers on cost effective energy efficiency improvements for their facilities.

Program Description and Progress

Program Title: Better Business

Program Description: This umbrella efficiency program provides incentives to existing commercial and industrial customers for heating, air conditioning, motors, water heating, roof insulation upgrade, duct leakage and repair, and window film.

Program Accomplishments for January 2004 through December 2004: There were 81 implementations under this program.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$157,530

Program Progress Summary: This program will continue to be offered to commercial customers through the Business Energy Check to provide opportunities for improving the energy efficiency of existing facilities.

Program Description and Progress

Program Title: Commercial/Industrial New Construction

Program Description: This umbrella efficiency program provides incentives for the design and construction of energy efficient commercial and industrial facilities. Incentives are provided for energy efficient heating, air conditioning, motors, water heating, window film, insulation and leak free ducts.

Program Accomplishments for January 2004 through December 2004: There were 2 program completions in 2004.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$17,505.

Program Progress Summary: This program is tied to the building industry. Economic forces will dictate the number of commercial facilities built during this period.

Program Description and Progress

Program Title: Innovation Incentive

Program Description: Significant conservation efforts that are not supported by other Progress Energy programs can be encouraged through Innovation Incentive. Major equipment replacement or other actions that substantially reduce PEF peak demand requirements are evaluated to determine their impact on Progress Energy's system. If cost effective, these actions may qualify for an economic incentive in order to shorten the "payback" time of the project.

Program Accomplishments for January 2004 through December 2004: There were no participants during this period.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$0.

Program Progress Summary: This program continues to target specialized, customer specific energy efficiency measures not covered through the company's other DSM programs.

Program Description and Progress

Program Title: Standby Generation

Program Description: Progress Energy Florida, Inc. provides an incentive for customers to voluntarily operate their on-site generation during times of system peak.

Program Accomplishments for January 2004 through December 2004: There were 2 new participants added to the program during this period.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$790,814.

Program Progress Summary: A total of 29 customers are currently on this program.

Program Description and Progress

Program Title: Interruptible Service Program

Program Description: The Interruptible Service program is a rate tariff which allows Progress Energy to switch off electrical service to customers during times of capacity shortages. The signal to operate the automatic switch on the customer's service is activated by the Energy Control Center. In return for this, the customers receive a monthly rebate on their kW demand charge.

Program Accomplishments for January 2004 through December 2004: There were 3 new participants added to the program under the IS-2 tariff during this period.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$19,275,884.

Program Progress Summary: The program currently has 88 active customers with 76 IS-1 customers and 12 IS-2 customers. The original program filed, as the IS-1 tariff is no longer cost-effective under the Commission approved test and was closed on April 16, 1996. Existing participants were grandfathered into the program. New participants are placed on the IS-2 tariff.

Program Description and Progress

Program Title: Curtailable Service Program

Program Description: The Curtailable Service is a dispatchable DSM program in which customers contract to curtail or shut down a portion of their load during times of capacity shortages. The curtailment is done voluntarily by the customer when notified by PEF. In return for this cooperation, the customer receives a monthly rebate for the curtailable portion of their load.

Program Accomplishments for January 2004 through December 2004: There were two new participants added to this program in 2004.

Program Fiscal Expenditures for January 2004 through December 2004: Expenses for this program were \$1,110,515

Program Progress Summary: The program currently has 7 customers with 5 CS-1 customers and 2 CS-3 customers. The original program filed as the CS-1 tariff is no longer cost-effective under the Commission approved test and was closed on April 16, 1996. Existing participants were grandfathered into the program. New participants are placed on the newer CS-2 or CS-3 tariffs.

Program Description and Progress

Program Title: Technology Development

Program Description: This program allows Progress Energy Florida, Inc. to undertake certain development and demonstration projects which have promise to become cost-effective conservation and energy efficiency programs.

Program Accomplishments for January 2004 through December 2004:

Photovoltaic projects include the monitoring of photovoltaic systems at five schools. A web-based student curriculum is a component of this project. Progress Energy also began a pilot project in conjunction with the Florida Department of Environmental Protection to research and promote the use of a sustainable hydrogen fuel cell generator and correlating community outreach program at the Homosassa State Wildlife Park. Nine customers participated in the Demand Response Opportunity Pilot (DROP) in 2004. During the pilot, these customers have an opportunity to receive monetary compensation for reducing electrical demand during specific times of day.

Program Fiscal Expenditures for January 2004 through December 2004:
Expenses for this program were \$177,090.

Program Progress Summary:

Research and analysis of photovoltaic systems at five schools will continue in 2005 along with a potential research project on fuel cell technologies. Progress Energy will conclude the Demand Response Opportunity Pilot in 2005 and will develop a final report by end of 2005.

Program Description and Progress

Program Title: Qualifying Facility

Program Description: Power is purchased from qualifying cogeneration and small power production facilities.

Program Accomplishments for January, 2004 through December, 2004: Progress Energy Florida will continue to negotiate with potential Qualifying Facilities and restructure existing contracts when opportunities arise.

Program Fiscal Expenditures for January, 2004 through December, 2004: Expenses for this program were \$386,456

Program Progress Summary: The total MW of qualifying facility capacity is approximately 820 MW.