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DIVISION OF ECONOMIC REGULATION  
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05 MAY -6 PM 2:29

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# Public Service Commission

May 6, 2005

Mr. R. Alexander Glenn  
Progress Energy Service Company, LLC  
100 Central Avenue, Suite 1D  
St. Petersburg, FL 33701

**Re: Docket No. 050078-EI, Application for a rate increase by Progress Energy Florida, Inc.**

Dear Mr. Glenn:

We have reviewed the minimum filing requirements (MFRs) submitted on April 29, 2005, on behalf of the above mentioned utility. Rule 25-6.043(1)(a), Florida Administrative Code, requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 011-E (02/04), entitled "Investor-Owned Electric Utilities Minimum Filing Requirements." The following is a list of deficiencies noted in the Company's MFR filing:

1. Schedule D-4a – Long-Term Debt Outstanding – The Company did not complete schedule D-4a. As shown on the attached template, the schedule calls for a calculation of the embedded cost of long-term debt. The Company should complete the schedule by showing the calculation of the embedded cost of long-term debt for the historical, prior, and projected test years.

2. Schedule D-8 – Financing Plans – Stock and Bond Issues – The Company did not complete schedule D-8. As indicated in the instructions on the attached template, the schedule requires the Company to provide a summary of its financing plans and assumptions. The Company should complete the schedule by providing a summary of its financing plans and assumptions for the prior and projected test years.

If any corrections to the above deficiencies require a corresponding change to any schedules, those corrected schedules must also be submitted. Please submit these corrections no later than May 16, 2005.

- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- GCL \_\_\_\_\_
- OPC \_\_\_\_\_
- MMS \_\_\_\_\_
- RCA \_\_\_\_\_
- SCR \_\_\_\_\_
- SEC   1
- OTH \_\_\_\_\_

TD:dmg  
Enclosures (2)

Sincerely,

Tim Devlin  
Director

cc: Division of Commission Clerk and Administrative Services (050078-EI)  
Office of General Counsel (Brubaker, Rodan, Banks)  
Division of Economic Regulation (Willis, Slemkewicz, Greene)

DOCUMENT NUMBER - 0465  
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LONG-TERM DEBT OUTSTANDING

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the specified data on long-term debt issues on a 13-month average basis for the test year, prior year, and historical base year.  
Arrange by type of issue (i.e., first mortgage bonds)

Type of Data Shown:  
 \_\_\_ Projected Test Year Ended \_\_\_/\_\_\_/\_\_\_  
 \_\_\_ Prior Year Ended \_\_\_/\_\_\_/\_\_\_  
 \_\_\_ Historical Test Year Ended \_\_\_/\_\_\_/\_\_\_  
 Witness:

COMPANY:

DOCKET NO.:

(\$000)													
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Line No.	Description, Coupon Rate	Issue Date	Maturity Date	Principal Amount Sold (Face Value)	13-Month Average Principal Amt. Outstanding	Discount (Premium) on Principal Amount Sold	Issuing Expense On Principal Amount Sold	Life (Years)	Annual Amortization (7+8)/(9)	Interest Expense (Coupon Rate) (2) x (6)	Total Annual Cost (10)+(11)	Unamortized Discount (Premium) Associated With (6)	Unamort. Issuing Expense & Loss on Reacquired Debt Associated With (6)
1.													
2.													
3.													
4.													
5.													
6.													
7.													
8.													
9.													
10.													
11.													
12.													
13.													
14.													
15.													
16.													
17.													
18.													
19.													
20.													
21.	Total				<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
21.	Less Unamortized Premium, Discount, and Issuance Expense (13) + (14).				<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
22.	Net				<u>          </u>								
23.	Embedded Cost of Long-term Debt (12) / Net				<u>          </u>								

FLORIDA PUBLIC SERVICE COMMISSION

Explanation: 1.) If the test year is projected, provide a summary of financing plans and assumptions.

Type of data shown:

Company: PROGRESS ENERGY FLORIDA INC.

XX Projected Test Year Ended 12/31/06

XX Prior Year Ended 12/31/05

Docket No. 050078-EI

2.) Provide the company's capital structure objectives, the basis for assumptions (such as those for issue cost and interest rates), and any other significant assumptions. Provide a statement of the Company's policy on the timing of the entrance into capital mkt.

XX Historical Test Year Ended 12/32/04

Witness: Portuondo

	2004		2005		2006	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<b>PROGRESS ENERGY FLORIDA</b>						
<u>Capital Structure Objectives:</u>						
Short-Term Debt	471,346	9.85%	121,749	2.42%	94,840	1.87%
Long-Term Debt	1,959,554	40.95%	2,206,892	43.91%	2,158,931	42.48%
Preferred Stock	33,497	0.70%	33,497	0.67%	33,497	0.66%
Common Equity	2,320,983	48.50%	2,663,687	53.00%	2,795,551	55.00%
<b>Total Capital</b>	<b>4,785,379</b>	<b>100.00%</b>	<b>5,025,825</b>	<b>100.00%</b>	<b>5,082,818</b>	<b>100.00%</b>

	2004		2005		2006	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
<u>Capital Structure Objectives:</u>						
Short-Term Debt	471,346	8.38%	121,749	2.09%	94,840	1.62%
Long-Term Debt	1,959,554	34.84%	2,206,892	37.81%	2,158,931	36.84%
Off Balance Sheet Obligations	839,550	14.93%	810,360	13.89%	777,010	13.26%
Preferred Stock	33,497	0.60%	33,497	0.57%	33,497	0.57%
Common Equity	2,320,983	41.26%	2,663,687	45.64%	2,795,551	47.71%
<b>Total Capital</b>	<b>5,624,929</b>	<b>100.00%</b>	<b>5,836,185</b>	<b>100.00%</b>	<b>5,859,828</b>	<b>100.00%</b>

	<u>1Q05</u>	<u>2Q05</u>	<u>3Q05</u>	<u>4Q05</u>	<u>1Q06</u>	<u>2Q06</u>	<u>3Q06</u>	<u>4Q06</u>
<u>Interest Rate Assumptions:</u>								
3M Libor Benchmark	2.74%	2.99%	3.20%	3.50%	3.70%	3.83%	3.97%	4.10%
10-Year Treasury Benchmark	4.70%	4.90%	5.10%	5.30%	5.45%	5.54%	5.63%	5.71%

Company's Policy on the Timing of Entrance into Capital Markets

The Company continuously monitors capital market conditions for opportunities to minimize its overall cost of capital. Each year it develops a financing plan which takes current year debt maturities, capital expenditure commitments and forecasted internally generated funds to determine whether to issue short or long-term debt and the amount of each. PEF's existing short-term credit facilities along with its access to the utility money pool, provide sufficient liquidity and flexibility in determining the amount and timing of long-term debt issuances.

The Company's long-term target credit rating for PEF is single A and targets a capital structure, which would support the single A rating from Standard & Poor's, Moody's and Fitch. PEF's current forecast supports a debt/equity ratio of 44%/55% before taking into consideration the effects of off balance sheet obligations such as long-term power supply contracts and leases.