

**PROGRESS ENERGY FLORIDA**

**DOCKET NO. 070002-EG**

**DIRECT TESTIMONY OF  
JOHN A. MASIELLO**

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 2006 through December 2006.

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 Energy  
3 Conservation Adjusted Net True-Up for the Period January 2006 through  
4 December 2006." There are five (5) schedules to this exhibit.

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

7 A. Yes. Exhibit JAM-1T presents Schedules CT-1 through CT-5. These  
8 schedules set out the actual costs incurred for all programs during the period  
9 from January 2006 through December 2006. They also describe the variance  
10 between actual costs and previously projected values for the same time  
11 period. Schedule CT-5 provides a brief summary report for each program that  
12 includes a program description, annual program expenditures and program  
13 accomplishments over the twelve-month period ending December 2006.

14  
15 **Q. Would you please discuss Schedule CT-1?**

16 A. Yes. Schedule CT-1 shows that Progress Energy's actual net ECCR true-up  
17 for the twelve months ending December 31, 2006 was an over-recovery of  
18 \$11,528,273 including principal and interest. This amount is \$1,532,684 more  
19 than the previous estimate in the Company's September 29, 2006 ECCR  
20 Projection Filing.

21  
22 **Q. Does this conclude your direct testimony?**

23 A. Yes.

PROGRESS ENERGY FLORIDA

ENERGY CONSERVATION ADJUSTED NET TRUE-UP  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

LINE  
NO.

1	ACTUAL END OF PERIOD TRUE-UP (OVER) / UNDER RECOVERY		
2	BEGINNING BALANCE	\$	(9,598,258)
3	PRINCIPAL (CT 3, PAGE 2 of 3)		(11,000,588)
4	INTEREST (CT 3, PAGE 2 of 3)		(527,684)
5	PRIOR TRUE-UP REFUND		9,598,257
6	ADJUSTMENTS		0
			<u>\$ (11,528,273)</u>
7	LESS: ESTIMATED TRUE-UP FROM SEPTEMBER 2006		
8	PROJECTION FILING (OVER) / UNDER RECOVERY		
9	BEGINNING BALANCE	\$	(9,598,259)
10	PRINCIPAL		(9,466,270)
11	INTEREST		(529,319)
12	PRIOR TRUE-UP REFUND		9,598,259
13	ADJUSTMENTS		0
			<u>\$ (9,995,589)</u>
14	VARIANCE TO PROJECTION		<u>\$ (1,532,684)</u>

PROGRESS ENERGY FLORIDA

ANALYSIS OF ENERGY CONSERVATION PROGRAM COSTS  
 ACTUAL VS. ESTIMATED  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

LINE NO.	PROGRAM	ACTUAL	ESTIMATED	DIFFERENCE
1	DEPRECIATION AMORT. & RETURN	\$ 959,605	\$ 954,658	\$ 4,947
2	PAYROLL AND BENEFITS	8,942,607	8,389,225	553,382
3	MATERIALS AND SUPPLIES	733,945	722,533	11,412
4	OUTSIDE SERVICES	2,700,427	1,986,535	713,892
5	ADVERTISING	3,224,069	3,692,446	(468,377)
6	INCENTIVES	41,095,551	43,470,502	(2,374,951)
7	VEHICLES	0	0	0
8	OTHER	1,804,163	1,738,429	65,734
9	PROGRAM REVENUES	<u>740</u>	<u>0</u>	<u>740</u>
10	TOTAL PROGRAM COSTS	59,461,107	60,954,328	(1,493,222)
11	LESS:			
12	CONSERVATION CLAUSE REVENUES	60,863,437	60,822,339	41,098
13	PRIOR TRUE-UP	<u>9,598,258</u>	<u>9,598,259</u>	<u>(1)</u>
14	TRUE-UP BEFORE INTEREST	(11,000,589)	(9,466,270)	(1,534,319)
15	AUDIT & REV DECOUPLING ADJUSTMENT	0	0	0
16	INTEREST PROVISION	<u>(527,684)</u>	<u>(529,319)</u>	<u>1,635</u>
17	END OF PERIOD TRUE-UP	<u>\$ (11,528,273)</u>	<u>\$ (9,995,589)</u>	<u>\$ (1,532,684)</u>

( ) REFLECTS OVERRECOVERY

PROGRESS ENERGY FLORIDA

ACTUAL ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

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	\$ -	\$ 1,293	\$ 1,843	\$ 784	\$ 1,478	\$ 98,090	\$ -	\$ 287	\$ 103,775	\$ -	\$ 103,775
2	RESIDENTIAL NEW CONSTRUCTION	0	479,013	14,130	88,947	198,805	512,360	0	90,268	1,383,523	0	1,383,523
3	HOME ENERGY IMPROVEMENT	3,618	390,133	30,941	45,736	991,862	2,577,935	0	29,816	4,070,041	0	4,070,041
4	COMM / IND NEW CONSTRUCTION	0	0	54	0	0	343,341	0	765	344,160	0	344,160
5	HOME ENERGY CHECK	1,600	2,095,967	268,481	308,196	1,081,474	0	0	245,363	4,001,081	740	4,001,821
6	LOW INCOME	0	41,697	1,629	0	35,063	25,291	0	15,075	118,755	0	118,755
7	BUSINESS ENERGY CHECK	776	746,959	36,559	71,052	41,587	0	0	76,576	973,509	0	973,509
8	QUALIFYING FACILITY	0	413,627	1	650	0	0	0	50,468	464,746	0	464,746
9	INNOVATION INCENTIVE	0	0	0	0	0	10	0	0	10	0	10
10	TECHNOLOGY DEVELOPMENT	0	43,900	34,594	136,658	0	0	0	28,117	243,269	0	243,269
11	STANDBY GENERATION	0	65,367	49,473	30,034	0	589,546	0	21,424	755,844	0	755,844
12	INTERRUPT LOAD MANAGEMENT	0	109,212	40,227	8,703	0	18,673,003	0	29,120	18,860,265	0	18,860,265
13	CURTAIL LOAD MANAGEMENT	0	76	123	0	0	766,654	0	760	767,613	0	767,613
14	RESIDENTIAL LOAD MANAGEMENT	945,640	1,349,872	61,395	1,581,324	506,577	16,897,529	0	150,163	21,492,500	0	21,492,500
15	COMMERCIAL LOAD MANAGEMENT	0	0	963	0	188	611,792	0	0	612,943	0	612,943
16	CONSERVATION PROGRAM ADMIN	7,971	3,205,491	193,532	428,343	367,035	0	0	1,065,961	5,268,333	0	5,268,333
17	TOTAL ALL PROGRAMS	\$ 959,605	\$ 8,942,807	\$ 733,945	\$ 2,700,427	\$ 3,224,069	\$ 41,095,551	\$ -	\$ 1,804,163	\$ 59,460,367	\$ 740	\$ 59,461,107

PROGRESS ENERGY FLORIDA

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

FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

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	\$ -	\$ (12,446)	\$ 1,843	\$ 784	\$ (8,806)	\$ (157,161)	\$ -	\$ 287	\$ (175,499)	\$ -	\$ (175,499)
2	RESIDENTIAL NEW CONSTRUCTION	(478)	(8,917)	7,181	65,023	18,490	(42,051)	0	33,982	73,230	0	73,230
3	HOME ENERGY IMPROVEMENT	14	(45,939)	19,649	38,060	124,872	(105,343)	0	(6,750)	24,563	0	24,563
4	COMM / IND NEW CONSTRUCTION	0	(2,734)	54	0	(9,293)	200,379	0	(3,885)	184,521	0	184,521
5	HOME ENERGY CHECK	0	355,348	133,098	166,668	(376,736)	0	0	47,525	325,903	740	326,643
6	LOW INCOME	0	(2,528)	(458)	0	(8,840)	10,911	0	11,658	10,743	0	10,743
7	BUSINESS ENERGY CHECK	(3)	92,821	16,282	31,092	(13,950)	0	0	(68,802)	57,440	0	57,440
8	QUALIFYING FACILITY	0	(35,445)	(1,334)	0	0	0	0	(9,395)	(46,174)	0	(46,174)
9	INNOVATION INCENTIVE	0	(666)	0	0	(4,752)	(19,960)	0	0	(25,378)	0	(25,378)
10	TECHNOLOGY DEVELOPMENT	0	(19,842)	14,575	161,303	0	0	0	(115,878)	40,158	0	40,158
11	STANDBY GENERATION	0	13,572	(7,195)	16,241	0	130,166	0	(9,620)	143,165	0	143,165
12	INTERRUPT LOAD MANAGEMENT	0	18,741	(27,889)	(2,855)	0	(1,603,669)	0	(24,900)	(1,640,572)	0	(1,640,572)
13	CURTAIL LOAD MANAGEMENT	0	(16,370)	(612)	0	0	9,137	0	(2,374)	(10,219)	0	(10,219)
14	RESIDENTIAL LOAD MANAGEMENT	5,059	(101,490)	(57,920)	191,610	(12,181)	(625,150)	0	25,660	(574,412)	0	(574,412)
15	COMMERCIAL LOAD MANAGEMENT	0	(3,823)	963	0	0	(172,210)	0	0	(175,070)	0	(175,070)
16	CONSERVATION PROGRAM ADMIN	355	323,100	(86,825)	45,966	(177,181)	0	0	188,225	293,640	0	293,640
17	TOTAL ALL PROGRAMS	\$ 4,947	\$ 553,362	\$ 11,412	\$ 713,892	\$ (468,377)	\$ (2,374,951)	\$ -	\$ 65,734	\$ (1,493,962)	\$ 740	\$ (1,493,222)

PROGRESS ENERGY FLORIDA

PROJECTED ENERGY CONSERVATION PROGRAM COSTS PER PROGRAM  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

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 (20015937) (E)	\$ -	\$ 13,739	\$ -	\$ -	\$ 10,284	\$ 255,251	\$ -	\$ -	\$ 279,274	\$ -	\$ 279,274
2	RESIDENTIAL NEW CONSTRUCT (20015933) (E)	478	487,930	6,949	23,924	180,315	554,411		56,286	1,310,293	-	1,310,293
3	HOME ENERGY IMPROVEMENT (20015934) (E)	3,604	436,072	11,292	7,676	866,990	2,683,278		36,566	4,045,478	-	4,045,478
4	C/ NEW CONSTRUCTION (20015938) (E)		2,734			9,293	142,962		4,650	159,639	-	159,639
5	HOME ENERGY CHECK (20015932) (E)	1,600	1,740,619	135,383	141,528	1,458,210			197,838	3,675,178	-	3,675,178
6	LOW INCOME (20021329) (E)		44,225	2,087		43,903	14,380		3,417	108,012	-	108,012
7	BUSINESS ENERGY CHECK (20015936) (E)	779	654,138	20,277	39,960	55,537			145,378	916,069	-	916,069
8	CONSERVATION PROGRAM ADMIN (20015935) (E)	7,616	2,882,391	280,357	382,377	544,216			877,736	4,974,693	-	4,974,693
9	CONSERVATION PROGRAM ADMIN (20015935) (D)									0	-	0
10	QUALIFYING FACILITY (20025062) (E)		449,072	1,335	650				59,863	510,920	-	510,920
11	INNOVATION INCENTIVE (20015940) (E)		666			4,752	19,970			25,388	-	25,388
12	TECHNOLOGY DEVELOPMENT (20015939) (E)		63,742	20,019	(24,645)				143,995	203,111	-	203,111
13	STANDBY GENERATION (20021332) (D)		51,795	56,668	13,793		459,380		31,043	612,679	-	612,679
14	INTERRUPTIBLE SERVICE (20015941) (D)		90,471	68,116	11,558		20,276,672		54,020	20,500,837	-	20,500,837
15	CURTAILABLE SERVICE (20015942) (D)		16,446	735			757,517		3,134	777,832	-	777,832
16	RES ENERGY MANGMNT-ADMIN (20015943) (D)	940,581	1,451,362	119,315	1,389,714	518,758	17,522,679		124,503	22,066,912	-	22,066,912
17	LOAD MANAGEMENT SWITCHES (9080120) (D)									0	-	0
18	COM ENERGY MANGMNT-ADMIN (20015944) (D)		3,823			188	784,002			788,013	-	788,013
19												
20	TOTAL ALL PROGRAMS	\$ 954,658	\$ 8,389,225	\$ 722,533	\$ 1,986,535	\$ 3,692,446	\$ 43,470,502	\$ -	\$ 1,738,429	\$ 60,954,328	\$ -	\$ 60,954,328



PROGRESS ENERGY FLORIDA

ACTUAL CONSERVATION PROGRAM COSTS BY MONTH  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

LINE NO.	PROGRAM TITLE	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	TOTAL
1	BETTER BUSINESS	\$ 4,623	\$ 8,171	\$ 4,240	\$ 160	\$ 3,668	\$ 75	\$ 1,048	\$ 26,221	\$ 9,936	\$ 3,163	\$ 19,550	\$ 22,120	\$ 103,775
2	RESIDENTIAL NEW CONSTRUCTION	70,921	66,620	49,312	75,802	111,674	147,597	112,605	181,779	126,723	201,711	99,130	139,649	1,383,523
3	HOME ENERGY IMPROVEMENT	239,002	185,409	222,267	349,887	370,617	422,992	380,354	350,917	475,143	489,195	265,094	319,164	4,070,041
4	COMM / IND NEW CONSTRUCTION	0	12,664	5,250	300	0	23,864	2,693	7,251	37,430	5,602	17,075	232,031	344,160
5	HOME ENERGY CHECK	170,571	215,155	181,330	346,835	38,318	944,823	292,161	101,519	433,039	528,888	315,946	432,496	4,001,081
6	LOW INCOME	3,511	19,483	6,490	1,233	3,151	21,287	3,411	8,769	10,482	16,694	7,814	16,450	118,755
7	BUSINESS ENERGY CHECK	29,925	49,413	55,702	45,482	76,634	110,905	87,087	115,809	90,851	101,750	96,803	113,148	973,509
8	QUALIFYING FACILITY	32,439	37,639	41,980	40,605	38,545	56,851	32,933	37,427	38,203	40,123	34,664	33,337	464,746
9	INNOVATION INCENTIVE	10	0	0	0	0	0	0	(51)	0	51	0	0	10
10	TECHNOLOGY DEVELOPMENT	(83,102)	(4,768)	8,272	65,515	14,681	(757)	1,675	1,865	8,770	10,275	19,482	201,361	243,269
11	STANDBY GENERATION	22,504	4,969	153,448	8,522	3,610	158,433	11,819	18,533	154,186	13,262	10,880	195,678	755,844
12	INTERRUPT LOAD MANAGEMENT	1,457,756	1,611,631	1,655,721	1,629,982	1,759,546	1,644,523	1,497,894	1,519,290	1,610,160	1,270,111	1,557,005	1,646,846	18,860,265
13	CURTAIL LOAD MANAGEMENT	85,389	14,110	68,462	63,509	72,067	58,353	67,349	55,529	90,018	67,813	59,548	65,466	767,613
14	RESIDENTIAL LOAD MANAGEMENT	2,338,737	2,171,993	1,898,706	1,181,647	1,424,614	1,617,784	1,633,531	1,819,970	1,641,831	1,524,322	2,056,865	2,182,500	21,492,500
15	COMMERCIAL LOAD MANAGEMENT	88,330	100,610	(50,825)	86,405	93,995	(23,776)	86,403	109,968	(25,600)	79,639	116,856	(49,062)	612,943
16	CONSERVATION PROGRAM ADMIN	359,105	174,715	480,831	429,533	499,697	367,851	441,141	477,196	510,402	541,270	352,441	634,151	5,268,333
17	TOTAL ALL PROGRAMS	4,819,721	4,667,814	4,781,186	4,325,417	4,510,817	5,550,785	4,652,704	4,831,992	5,211,574	4,893,869	5,029,153	6,185,335	59,460,367
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)	\$ 4,819,721	\$ 4,667,814	\$ 4,781,186	\$ 4,325,417	\$ 4,510,817	\$ 5,550,785	\$ 4,652,704	\$ 4,831,992	\$ 5,211,574	\$ 4,893,869	\$ 5,029,153	\$ 6,185,335	\$ 59,460,367

\* 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 2006 THROUGH DECEMBER 2006

LINE NO.	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	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	0	0	0	0	0	0	0	0	0	0	0	0
1C HOME ENERGY CHECK	(150)	0	0	(120)	(60)	0	0	(330)	0	0	(80)	0	(740)
1D SUBTOTAL - FEES	(150)	0	0	(120)	(60)	0	0	(330)	0	0	(80)	0	(740)
2 CONSERVATION CLAUSE REVENUES	4,615,580	4,234,527	4,220,040	4,244,674	4,937,841	5,874,998	5,899,461	6,566,653	6,152,687	5,218,386	4,749,675	4,548,915	60,863,437
2A CURRENT PERIOD GRT REFUND	0.00	0	0	0	0	0	0	0	0	0	0	0	0
3 TOTAL REVENUES	4,615,430	4,234,527	4,220,040	4,244,554	4,937,781	5,874,998	5,899,461	6,566,323	6,152,687	5,218,386	4,749,595	4,548,915	60,862,697
4 PRIOR PERIOD TRUE-UP OVER/(UNDER)	9,598,258	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,852	9,598,257
5 CONSERVATION REVENUES APPLICABLE TO PERIOD	5,415,285	5,034,382	5,019,895	5,044,409	5,737,636	6,474,853	6,499,316	7,366,178	6,952,542	6,018,241	5,549,450	5,348,767	70,460,954
6 CONSERVATION EXPENSES (CT-3,PAGE 1, LINE 73)	4,819,721	4,667,814	4,781,186	4,325,417	4,510,817	5,550,785	4,652,704	4,831,992	5,211,574	4,893,869	5,029,153	6,185,335	59,460,367
7 TRUE-UP THIS PERIOD (O)/U	(595,564)	(366,568)	(238,709)	(718,993)	(1,226,819)	(924,068)	(1,846,612)	(2,534,186)	(1,740,988)	(1,124,372)	(520,297)	836,568	(11,000,588)
8 CURRENT PERIOD INTEREST	(34,859)	(34,699)	(33,941)	(34,344)	(36,017)	(38,546)	(42,825)	(48,893)	(54,517)	(57,532)	(57,828)	(53,883)	(527,684)
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	(9,598,258)	(9,428,826)	(9,030,238)	(8,503,033)	(8,456,515)	(8,919,496)	(9,082,255)	(10,171,637)	(11,954,861)	(12,950,491)	(13,332,540)	(13,110,810)	(9,598,258)
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)	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,855	799,852	9,598,257
12 END OF PERIOD NET TRUE-UP	(9,428,826)	(9,030,238)	(8,503,033)	(8,456,515)	(8,919,496)	(9,082,255)	(10,171,637)	(11,954,861)	(12,950,491)	(13,332,540)	(13,110,810)	(11,528,273)	(11,528,273)

PROGRESS ENERGY FLORIDA  
 CALCULATION OF INTEREST PROVISION  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

LINE NO.	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	TOTAL FOR THE PERIOD
1 BEGINNING TRUE-UP AMOUNT (CT-3,PAGE 2, LINE 9 & 10)	(9,598,258)	(9,428,826)	(9,030,238)	(8,503,033)	(8,456,515)	(8,919,496)	(9,082,255)	(10,171,637)	(11,954,861)	(12,950,491)	(13,332,540)	(13,110,810)	
2 ENDING TRUE-UP AMOUNT BEFORE INTEREST	(9,393,967)	(8,995,539)	(8,469,092)	(8,422,171)	(8,883,479)	(9,043,709)	(10,129,012)	(11,905,968)	(12,895,974)	(13,275,008)	(13,052,982)	(11,474,390)	
3 TOTAL BEGINNING & ENDING TRUE-UP	(18,992,225)	(18,424,365)	(17,499,330)	(16,925,204)	(17,339,993)	(17,963,204)	(19,211,266)	(22,077,604)	(24,850,834)	(26,225,498)	(26,385,521)	(24,585,199)	
4 AVERAGE TRUE-UP AMOUNT (50% OF LINE 3)	(9,496,113)	(9,212,183)	(8,749,665)	(8,462,602)	(8,669,997)	(8,981,602)	(9,605,633)	(11,038,802)	(12,425,417)	(13,112,749)	(13,192,761)	(12,292,600)	
5 INTEREST RATE: FIRST DAY REPORTING BUSINESS MONTH	4.30%	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	
6 INTEREST RATE: FIRST DAY SUBSEQUENT BUSINESS MONTH	4.51%	4.53%	4.78%	4.96%	5.01%	5.29%	5.36%	5.27%	5.26%	5.27%	5.25%	5.27%	
7 TOTAL (LINE 5 AND LINE 6)	8.81%	9.04%	9.31%	9.74%	9.97%	10.30%	10.65%	10.63%	10.53%	10.53%	10.52%	10.52%	
8 AVERAGE INTEREST RATE (50% OF LINE 7)	4.405%	4.520%	4.655%	4.870%	4.985%	5.150%	5.325%	5.315%	5.265%	5.265%	5.260%	5.260%	
9 INTEREST PROVISION (LINE 4 * LINE 8) / 12	(34,859)	(34,699)	(33,941)	(34,344)	(36,017)	(38,546)	(42,625)	(48,893)	(54,517)	(57,532)	(57,828)	(53,883)	(527,684)

PROGRESS ENERGY FLORIDA

SCHEDULE OF CAPITAL INVESTMENT, DEPRECIATION & RETURN  
 FOR THE PERIOD JANUARY 2006 THROUGH DECEMBER 2006

LINE NO.	BEGINNING BALANCE	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	TOTAL
1 ENERGY CONSERVATION ADMIN														
2 INVESTMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
3 RETIREMENTS		0	0	0	0	0	0	0	0	0	0	0	0	0
4 DEPRECIATION BASE		26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590
5														
6 DEPRECIATION EXPENSE		443	443	443	443	443	443	443	443	443	443	443	443	5,316
7														
8 CUMM. NET INVEST	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590	26,590
9 LESS: ACC. NET DEPR	3,987	4,430	4,873	5,316	5,759	6,202	6,645	7,088	7,531	7,974	8,417	8,860	9,303	9,303
10 NET INVESTMENT	22,603	22,160	21,717	21,274	20,831	20,388	19,945	19,502	19,059	18,616	18,173	17,730	17,287	17,287
11 AVERAGE INVESTMENT		22,382	21,939	21,496	21,053	20,610	20,167	19,724	19,281	18,838	18,395	17,952	17,509	17,509
12 RETURN ON AVG INVEST		171	168	164	161	158	154	151	147	144	140	137	133	1,828
13														
14 RETURN REQUIREMENTS		248	244	238	234	230	224	219	214	209	203	199	193	2,055
15														
16 PROGRAM TOTAL		691	687	681	677	673	667	662	657	652	648	642	636	7,971
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	3,601
22														
23 DEPRECIATION EXPENSE		60	60	60	60	60	60	60	60	60	60	60	60	720
24														
25 CUMM. NET INVEST	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601	3,601
26 LESS: ACC. NET DEPR	2,820	2,880	2,940	3,000	3,060	3,120	3,180	3,240	3,300	3,360	3,420	3,480	3,540	3,540
27 NET INVESTMENT	781	721	661	601	541	481	421	361	301	241	181	121	61	61
28 AVERAGE INVESTMENT		751	691	631	571	511	451	391	331	271	211	151	91	91
29 RETURN ON AVG INVEST		6	5	4	4	4	3	3	3	2	1	1	1	37
30														
31 RETURN REQUIREMENTS		9	8	6	6	6	4	4	4	3	2	2	2	56
32														
33 PROGRAM TOTAL		69	68	66	66	66	64	64	64	63	62	62	62	776

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 .006975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO. 910890-E). 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 2006 THROUGH DECEMBER 2006

LINE NO.	BEGINNING BALANCE	JAN 06	FEB 06	MAR 06	APR 06	MAY 06	JUN 06	JUL 06	AUG 06	SEP 06	OCT 06	NOV 06	DEC 06	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	0	0	0	0	0	0	0
4 DEPRECIATION BASE		6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	
5														
6 DEPRECIATION EXPENSE		112	112	112	112	112	112	112	112	112	112	112	112	1,344
7														
8 CUMM. NET INVEST	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737	6,737
9 LESS: ACC. NET DEPR	4,132	4,244	4,356	4,468	4,580	4,692	4,804	4,916	5,028	5,140	5,252	5,364	5,476	5,476
10 NET INVESTMENT	2,605	2,493	2,381	2,269	2,157	2,045	1,933	1,821	1,709	1,597	1,485	1,373	1,261	1,261
11 AVERAGE INVESTMENT		2,549	2,437	2,325	2,213	2,101	1,989	1,877	1,765	1,653	1,541	1,429	1,317	
12 RETURN ON AVG INVEST		19	18	18	17	16	15	14	14	13	11	11	10	176
13														
14 RETURN REQUIREMENTS		28	26	26	25	24	22	20	20	19	16	16	14	256
15														
16 PROGRAM TOTAL		140	138	138	137	136	134	132	132	131	128	128	126	1,600
17														
18 HOME ENERGY IMPROVEMENT														
19 INVESTMENTS			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		12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	
22														
23 DEPRECIATION EXPENSE		208	208	208	208	208	208	208	208	208	208	208	208	2,496
24														
25 CUMM. NET INVEST	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490	12,490
26 LESS: ACC. NET DEPR	2,843	3,051	3,259	3,467	3,675	3,883	4,091	4,299	4,507	4,715	4,923	5,131	5,339	5,339
27 NET INVESTMENT	9,647	9,439	9,231	9,023	8,815	8,607	8,399	8,191	7,983	7,775	7,567	7,359	7,151	7,151
28 AVERAGE INVESTMENT		9,543	9,335	9,127	8,919	8,711	8,503	8,295	8,087	7,879	7,671	7,463	7,255	
29 RETURN ON AVG INVEST		73	71	70	68	67	65	64	62	60	58	57	56	771
30														
31 RETURN REQUIREMENTS		106	103	101	99	97	95	93	90	87	84	83	81	1,119
32														
33 PROGRAM TOTAL		314	311	309	307	305	303	301	298	295	292	291	289	3,615
34														
35 LOAD MANAGEMENT SWITCHES														
36 INVESTMENTS		89,558	52,114	124,699	36,650	100,579	52,316	345,576	63,869	33,824	161,598	113,151	168,798	1,342,931
37 RETIREMENTS		14,513	18,805	27,367	13,570	(15,402)	33,482	88,525	99,864	117,426	193,779	101,196	84,686	778,810
38 DEPRECIATION BASE		3,163,940	3,218,116	3,283,437	3,343,743	3,413,373	3,480,780	3,518,223	3,728,251	3,668,453	3,610,561	3,600,449	3,648,482	
39														
40 AMORTIZATION EXPENSE		52,732	53,635	54,724	55,729	56,890	58,013	60,304	62,138	61,141	60,176	60,008	60,808	696,298
41														
42 CUMM. NET INVEST	3,126,417	3,201,462	3,234,771	3,332,103	3,365,382	3,471,363	3,490,197	3,746,248	3,710,253	3,626,652	3,594,471	3,606,426	3,690,538	3,690,538
43 LESS: ACC. NET DEPR	1,511,942	1,550,161	1,584,991	1,612,348	1,654,507	1,726,799	1,751,330	1,722,109	1,684,383	1,628,098	1,494,495	1,453,308	1,429,429	1,429,429
44 NET INVESTMENT	1,614,476	1,651,301	1,649,780	1,719,755	1,700,876	1,744,564	1,738,867	2,024,140	2,025,871	1,998,554	2,099,975	2,153,119	2,261,108	2,261,108
45 AVERAGE INVESTMENT		1,632,889	1,650,541	1,684,768	1,710,315	1,722,720	1,741,716	1,881,504	2,025,005	2,012,212	2,049,264	2,126,547	2,207,114	
46 RETURN ON AVG INVEST		12,491	12,627	12,888	13,084	13,179	13,324	14,394	16,491	15,394	15,677	16,268	16,884	171,701
47														
48 RETURN REQUIREMENTS		18,139	18,337	18,716	19,000	19,138	19,349	20,803	22,496	22,355	22,766	23,624	24,519	249,342
49														
50 PROGRAM TOTAL		70,871	71,972	73,440	74,729	76,028	77,362	81,207	84,634	83,496	82,942	83,632	85,327	945,640

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 .006975 (8.37% ANNUALLY-MIDPOINT AUTHORIZED BY THE FPSC IN DOCKET NO. 910890-EI). 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 2006 through December 2006:**  
42,702 customers participated in Home Energy Checks.

**Program Fiscal Expenditures for January 2006 through December 2006:**  
Expenses for this program were \$4,001,081.

**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 2006 through December 2006:** There were 20,273 implementations under this program.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$4,070,041

**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 2006 through December 2006:** There were 23,317 measures implemented through this program.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$1,383,523

**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 2006 through December 2006:** There were 407 measure implementations in the program in 2006.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$118,755.

**Program Progress Summary:** To promote the delivery of efficiency programs to low-income families, statewide agency meetings were held in 2006 for 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 2006 through December 2006:** During this period 5,611 customers were added to the program.

**Program Fiscal Expenditures for January 2006 through December 2006:** Program expenditures during this period were \$22,105,443.

**Program Progress Summary:** As of December 31, 2006 there were 389,089 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 2006 through December 2006:** There were 2,424 customers who participated in this program.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$973,509

**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 2006 through December 2006:** There were 152 implementations under this program.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$103,775

**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 2006 through December 2006:** There were 63 program completions in 2006.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$344,160.

**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 2006 through December 2006:** There were no participants during this period.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$10.

**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 2006 through December 2006:** There were 13 new participants added to the program during this period.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$755,844.

**Program Progress Summary:** A total of 88 sites are currently participating in 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 2006 through December 2006:** There were zero new participants added to the program under the IS-2 tariff during this period.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$18,860,265.

**Program Progress Summary:** The program currently has 82 active customers with 71 IS-1 customers, 10 IS-2 customers, and 1 SECI- IS customer. 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 2006 through December 2006:** There were zero new participants added to this program in 2006.

**Program Fiscal Expenditures for January 2006 through December 2006:** Expenses for this program were \$767,613

**Program Progress Summary:** The program currently has 5 customers with 4 CS-1 customers and 1 CS-2 customer. 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 tariff.

## 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 2006 through December 2006:**

Several research and development projects continued and/or launched in 2006.

- Monitored the energy/demand impacts associated with six residential solar water heating systems.
- Developed a Student Audit, energy efficiency curriculum for grades 3-5, including a take home audit.
- Conducted air handler retro-commissioning studies.
- Evaluated broadband transmission over power lines for next generation Load Management efficiency.
- Evaluated the demand and energy savings of foam wall insulation and PTAC steam cleaning.

**Program Fiscal Expenditures for January 2006 through December 2006:**

Expenses for this program were \$243,269.

**Program Progress Summary:**

In 2006, a student audit and energy efficiency curriculum was developed for third through fifth grade. The program includes energy efficiency behavioral education culminating in a take home audit for the students to complete with their parents. Initial results of the solar thermal project provided the analysis for the creation of a new Renewable Energy Program with a Solar Water Heater with Energy Management measure. The broadband over power lines research will identify and allow the incorporation of the latest innovation and technology to improve the existing structure.

## 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, 2006 through December, 2006:** Progress Energy executed a contract with the Florida Biomass Group to purchase 116 MW of renewable capacity in 2006. Progress Energy Florida will continue to negotiate with potential Qualifying Facilities and restructure existing contracts when opportunities arise.

**Program Fiscal Expenditures for January, 2006 through December, 2006:** Expenses for this program were \$464,746

**Program Progress Summary:** The total MW of qualifying facility capacity is approximately 812 MW with another 217 MW of future qualifying facility capacity under contract.