BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Increase in Rates by Progress Energy Florida, Inc.	Docket No. 090079-EI
In re: Petition of Progress Energy Florida for limited proceeding to include the Bartow Repowering project in base rates.	Docket No. 090144-EI Submitted for filing: August 31, 2009

PROGRESS ENERGY FLORIDA'S PRE-HEARING STATEMENT

Progress Energy Florida, Inc. ("Progress Energy", "PEF", or the "Company"), pursuant to Order No. PSC-09-0190-PCO-EI, hereby submits its Prehearing Statement in this matter, and states as follows:

A. APPEARANCES

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B. WITNESSES AND EXHIBITS

PEF reserves the right to call such other witnesses and to use such other exhibits as may be identified in the course of discovery and preparation for the final hearing in this matter.

1. WITNESSES.

Direct Testimony.

Witness:	Subject Matter:
Vincent Dolan (adopting Jeff Lyash testimony)	Provides an overview of the Company's need for rate relief to continue to provide customers with efficient, reliable power consistent with the energy goals set by the Florida Legislature, the Governor, and this Commission; explains the need for an appropriate return on equity ("ROE") and capital structure to ensure a financially healthy utility.
Dale E. Young	Crystal River Unit 3's (CR3's) efficient and reliable performance; CR3 steam generator replacement; PEF's forecasted capital and Operations and Maintenance ("O&M") expense for Nuclear Generation, as reflected in the Company's Minimum Filing Requirements ("MFRs").
David Sorrick	PEF's forecasted capital and O&M expenses for power plant operations as reflected in the Company's MFRs; co-sponsor of the Company's 2008 Fossil Dismantlement Study.
Kevin Murray	The Company's Bartow Repowering Project, including key benefits and reasonableness of costs. (Mr. Murray's

	testimony was originally filed in Docket 090144-EI, which has been consolidated with this proceeding).
Sasha J. Weintraub	The Company's fuel price forecasts and fuel inventory target levels.
J. Dale Oliver	The reasonableness of PEF's forecasted transmission capital and O&M expenses; Company's need to meet increasingly stringent federal and state regulatory requirements for reliability; Company's transmission service reliability.
Jackie Joyner, Jr.	PEF's forecasted capital and O&M expenses in the Company's distribution area; PEF's reliable electric distribution service.
Willette Morman	Company's customer service and strategy for continuing to provide and enhance customer service; support for reasonableness of expenses.
Masceo S. DesChamps	The reasonableness of the Company's O&M expenses for employee compensation, including short- and long-term incentive compensation, employee benefits, and pension expense costs; the Company's benchmarking against peer utilities to ensure compensation packages and benefits targeted at the 50^{th} percentile.
Sandra S. Wyckoff	The reasonableness of the Administrative and General ("A&G") portion of the Company's O&M expenses exclusive of pension, benefits, and long-term incentive compensation.
John "Ben" Crisp	PEF's load forecast, including the Company's projections of customers, energy sales, and coincident peak demand.
Earl M. Robinson	The results and analysis of the PEF plant-in-service, which was conducted in the process of preparing a comprehensive depreciation study of PEF's generation, transmission, distribution, and general plant assets as of December 31, 2007, and developing pro forma depreciation rates as of December 31, 2009.
Steven P. Harris	Storm Loss and Reserve Performance Analyses of PEF's transmission and distribution assets.
Thomas R. Sullivan	Capital structure PEF requires to ensure that PEF

	maintains continuous access to capital markets to obtain capital at a reasonable cost; the impact long term purchase power contracts have on the financial policy; PEF's target credit rating.
James H. Vander Weide, Ph.D.	PEF's cost of equity, rate of return, and return on equity ("ROE") that is fair and that allows PEF to attract capital on reasonable terms and maintain its financial integrity.
William C. Slusser	The Jurisdictional Separation Study for the projected 2010 test year period; Allocated Class Cost of Service and Rate of Return Studies; use of the 12 CP and 50% AD method to allocate production capacity costs; the Company's proposed tariff schedules of rates and changes; the Company's total retail revenue requirements.
Peter Toomey	PEF's budgeting and financial forecasting process; procedures used by the Company to monitor and control its O&M and capital budgets; key assumptions and components of the Company's 2009 and 2010 budgets; the development of PEF's MFRs; ratemaking adjustments made to the per books net operating income, rate base, and capital structure; PEF's requested storm accrual and fossil dismantlement accrual.

Rebuttal Testimony.

Witness:	Subject Matter:
Vincent Dolan	The detrimental impact to the Company if the Commission accepts the intervener witnesses' proposed adjustments; certain aspects of PEF's request with which interveners take no issue.
David Sorrick	Rebuttal of intervener witness testimony regarding PEF's compensation and environmental goals, and the power generation group's O&M expenses.
J. Dale Oliver	Rebuttal of intervener witness testimony regarding PEF's transmission O&M expenses and SAIDI goals.
Jackie Joyner, Jr.	Rebuttal of intervener witness testimony regarding PEF's distribution O&M expenses, including vegetation management.

Masceo S. DesChamps	Rebuttal of intervener witness testimony regarding PEF's employee compensation, including incentive compensation plans, employee benefits, and the need to maintain competitive total compensation packages to attract and retain skilled employees.
John "Ben" Crisp	Rebuttal of intervener witness testimony regarding PEF's average service lives of its generating units; updated sales forecast.
Joe Donahue	Rebuttal of intervener witness testimony regarding the nuclear fuel balance included in rate base.
Steven P. Harris	Rebuttal of intervener witness testimony regarding PEF's Storm Loss and Reserve Performance Analyses.
Jeff Kopp	Rebuttal of intervener witness testimony regarding PEF's fossil dismantlement study.
Earl M. Robinson	Rebuttal of intervener witness testimony regarding PEF's depreciation study.
Will Garrett	Rebuttal of intervener witness testimony regarding the treatment of the variance between PEF's theoretical and book depreciation reserve amounts; PEF's depreciation study, accounting issues and Company records.
Michael J. Vilbert, PhD.	Rebuttal of intervener witness testimony regarding the proper treatment of variance between theoretical and book depreciation reserve amounts and the financial impact to the Company of intervener's proposed rate reduction.
Thomas R. Sullivan	Rebuttal of intervener witness testimony regarding PEF's cost of capital, ROE, and imputed debt issues.
James H. Vander Weide, Ph.D.	Rebuttal of intervener witness testimony regarding PEF's ROE.
William C. Slusser	Rebuttal of intervener witness testimony regarding the 12 CP and 50% AD method to allocate production capacity costs and various rate design matters; updated jurisdictional separation study.
Peter Toomey	Rebuttal of several points raised by intervener witnesses, including budget preparation, storm accrual, test year sales forecast, specific accounting adjustments, and the

financial impact to the Company of interveners' proposed rate reduction.

2. EXHIBITS

JJL-1	Jeff J. Lyash	Current Resume
JJL-2	Jeff J. Lyash adopted by Vincent Dolan	PEF's decreasing OSHA injury rate
JJL-3	Jeff J. Lyash adopted by Vincent Dolan	PEF's improving reliability performance
DEY-1	Dale E. Young	List of Minimum Filing Requirements (MFRs) schedules sponsored or co-sponsored
DEY-2	Dale E. Young	CR3 Non-Fuel and O&M Two Year Average Cost
DEY-3	Dale E. Young	CR3 Net Generation
DEY-4	Dale E. Young	PEF's 2008 Nuclear Decommissioning Study
DEY-5	Dale E. Young	Nuclear Regulatory Commission – 2008 Annual Assessment Letter
DS-1	David Sorrick	List of MFR schedules sponsored or co-sponsored
DS-2	David Sorrick	Tables: Power Plant Performance – Simple Cycle Starting Reliability; Fossil Equivalent Forced Outage Rate; Combined Cycle ("CC") Equivalent Forced Outage Rate; Fossil Equivalent Availability Rates; and Combined Cycle Equivalent Availability Factor.
SAW-1	Sasha J. Weintraub	List of MFR schedules sponsored or co-sponsored
SAW-2	Sasha J. Weintraub	PEF's fuel price forecast
SAW-3	Sasha J. Weintraub	PEF's fuel inventories
SAW-4	Sasha J. Weintraub	Comparison of PEF's fuel inventory levels to the Florida Public Service Commission guidelines
SAW-5	Sasha J. Weintraub	PEF's 2005 actual coal inventory levels

JDO-1	J. Dale Oliver	List of MFR schedules sponsored or co-sponsored
JDO-2	J. Dale Oliver	Summary of Transmission capital projects, with total capital project cost, (1) to comply with federal reliability standards, (2) to comply with regional reliability initiatives, (3) to accommodate new generation and reliability needs from expansion, and (4) to maintain the system
JJ-1	Jackie Joyner, Jr.	List of MFRs sponsored or co-sponsored
JJ-2	Jackie Joyner, Jr.	Summary of Distribution reliability results for the years 2000 through 2008
JJ-3	Jackie Joyner, Jr.	Summary of PEF's Distribution Capital and O&M Expenses for key distribution enhancements and reliability and storm hardening initiatives
MSD-1	Masceo S. DesChamps	List of MFR schedules sponsored or co-sponsored
MSD-2	Masceo S. DesChamps	Composite exhibit of PEF Pension Plan Actuarial Valuation Report and the Retirement Plan for Bargaining Unit Employees Actuarial Valuation Report
MSD-3	Masceo S. DesChamps	Nineteenth Edition of the National Health Care Trend Survey, conducted by Buck Consultants
MSD-4	Masceo S. DesChamps	Excerpt of the 2007 Towers Perrin Benval Energy Services Study – Medical Plan Comparison for the bargaining and non-bargaining plans
MSD-5	Masceo S. DesChamps	Excerpt of the 2007 Towers Perrin Benval Energy Services Study – Entire Benefit Program Comparison for the bargaining and non-bargaining plans
MSD-6	Masceo S. DesChamps	List of the utilities included in the peer group against which the Company benchmarks its executive compensation program
MSD-7	Masceo S. DesChamps	Excerpt from the 2009 Hewitt Market Analysis of Executive Officer Compensation
SSW-1	Sandra S. Wyckoff	List of MFRs sponsored or co-sponsored

SSW-2	Sandra S. Wyckoff	Organizational chart of the Service Company
SSW-3	Sandra S. Wyckoff	Company's Cost Allocation Manual
JBC-1	John "Ben" Crisp	List of MFRs sponsored or co-sponsored
JBC-2	John "Ben" Crisp	Customer, Energy Sales & Seasonal Demand Forecast
JBC-3	John "Ben" Crisp	Forecast Process Flow Chart
JBC-4	John "Ben" Crisp	PEF Energy and Customer Forecasting Models
JBC-5	John "Ben" Crisp	U.S. & Florida Economic Assumptions – 2006 – 2010
JBC-6	John "Ben" Crisp	PEF Historic & Projected Growth Rates
EMR-1	Earl M. Robinson	Professional Qualifications of Earl M. Robinson, CDP
EMR-2	Earl M. Robinson	Depreciation Study as of December 31, 2007 and Pro Forma Depreciation Rates of December 31, 2009
SPH-1	Steven P. Harris	PEF Transmission and Distribution Assets Hurricane Loss and Reserve Performance Analyses, December 2008
TRS-1	Thomas R. Sullivan	Moody's Industry Outlook – U.S. Electric Utility Sector, January 2008
TRS-2	Thomas R. Sullivan	Regulated Utilities – Capital Consequences, Dan Ford, CFA, Lehman Brothers, June 3, 2008
TRS-3	Thomas R. Sullivan	Moody's Global Infrastructure Special Comment, "Near-Term Bank Credit Facility Renewals Expected To Be More Challenging for U.S. Investor-Owned Electric and Gas Utilities," January, 2009
TRS-4	Thomas R. Sullivan	Bank Consolidation Diagram, St. Petersburg Times, February 22, 2009
TRS-5	Thomas R. Sullivan	"Challenges in Energy Financing," Michael G.

		Haggarty, Vice President/Senior Credit Officer, Moody's Investors Service, 36th Annual Public Utility Research Center Conference, February 5, 2009
TRS-6	Thomas R. Sullivan	Transcript and certain testimony and exhibits from the proceeding In the Matter of Credit and Capital Issues Affecting the Electric Power Industry before the Federal Energy Regulatory Commission (FERC), January 13, 2009
TRS-7	Thomas R. Sullivan	Schedule of Key Credit Ratios
TRS-8	Thomas R. Sullivan	"A Fresh Look at U.S. Utility Regulation," Standard & Poor's, January 29, 2004
TRS-9	Thomas R. Sullivan	Standard & Poor's Methodology for Imputing Debt for U.S. Utilities Power Purchase Agreements, May 7, 2007
TRS-10	Thomas R. Sullivan	Standard & Poor's, U.S. Utilities Ratings Analysis Now Portrayed in the S&P Corporate Ratings Matrix, November 30, 2007
TRS-11	Thomas R. Sullivan	Standard & Poor's Ratings Direct – Progress Energy Florida credit report, February 4, 2009
TRS-12	Thomas R. Sullivan	Moody's Investors Service Credit Opinion: Progress Energy Florida, Inc., August 28, 2008
JVW-1	James Vander Weide, Ph.D	Summary of Discounted Cash Flow Analysis for Electric Energy Companies
JVW-2	James Vander Weide, Ph.D	Comparison of the DCF Expected Return on an Investment in Electric Companies to the Interest Rate on Moody's A-Rated Utility Bonds
JVW-3	James Vander Weide, Ph.D	Comparative Returns on S&P Stock Index and Moody's A-Rated Utility Bonds 1937 – 2008
JVW-4	James Vander Weide, Ph.D	Comparative Returns on S&P Utility Stock Index and Moody's A-Rated Utility Bonds 1937 – 2008
JVW-5	James Vander Weide, Ph.D	Using the Arithmetic Mean to Estimate the Cost of Equity Capital

JVW-6	James Vander Weide, Ph.D	Calculation of Capital Asset Pricing Model Cost of Equity Using the Ibbotson® SBBI® 7.1 Percent Risk Premium
JVW-7	James Vander Weide, Ph.D	Calculation of Capital Asset Pricing Model Cost of Equity Using DCF Estimate of the Expected Rate of Return on the Market Portfolio
JVW-8	James Vander Weide, Ph.D	Illustration of Calculation of Cost of Equity Required for Company to Have the Same Weighted Average Cost of Capital as the Comparable Group
JVW-9	James Vander Weide, Ph.D	Vander Weide Resume
JVW-10	James Vander Weide, Ph.D	Derivation of the Quarterly DCF Model
JVW-11	James Vander Weide, Ph.D	Adjusting for Flotation Costs in Determining a Public Utility's Allowed Rate of Return on Equity
JVW-12	James Vander Weide, Ph.D	Ex Ante Risk Premium Method
JVW-13	James Vander Weide, Ph.D	Ex Post Risk Premium Method
WCS-1	William C. Slusser	List of MFRs sponsored or co-sponsored
WCS-2	William C. Slusser	Summary Development of Functional Unit Costs with Proposed Revenue Credits
WCS-3	William C. Slusser	Estimate of Alternative Resource Investment Required to Serve Peak Demand Only
WCS-4	William C. Slusser	Comparison of Class Allocated Cost of Service Study Results
WCS-5	William C. Slusser	Development of Target Revenue Increase by Rate Class
WCS-6	William C. Slusser	Summary of Proposed Class Revenues and Class Rates of Return
PT-1	Peter Toomey	List of MFRs sponsored or co-sponsored
PT-2	Peter Toomey	Summary table of PEF's 2010 test year results
PT-3	Peter Toomey	Summary of revenue requirements associated with the Bartow Repowering project

PT-4	Peter Toomey	Summary of the revenue requirements associated with the Steam Generator replacement project at the Crystal River nuclear facility
PT-5	Peter Toomey	Calculation of the revenue requirements for Interim Rate Relief
PT-6	Peter Toomey	PEF's key assumptions for its 2009 and 2010 Budget & Financial Process
PT-7	Peter Toomey	PEF's O&M and construction budgets by functional area
PT-8	Peter Toomey	Analysis of O&M expenses compared to the Commission's O&M benchmark test
PT-9	Peter Toomey	Detailed calculation of the impact of the change in depreciation rates
PT-10	Peter Toomey	2008 Fossil Dismantlement Study
PT-11	Peter Toomey	Reconciliation of the capital structure to rate base
REBUTTAL EXHIBITS		
MSD-8	Masceo S. DesChamps	Order PSC-92-1197-FOF-EI, *In Re: Petition for a rate increase by Florida Power Corporation* (Oct. 22, 1992)
MSD-9	Masceo S. DesChamps	Order PSC-02-0787-FOF-EI, *In re: Request for rate increase by Gulf Power Company* (June 2, 2002)
MSD-10	Masceo S. DesChamps	Results of a July 2009 Survey Conducted by the Company
MSD-11	Masceo S. DesChamps	Watson Wyatt Survey Results Press Release
MSD-12	Masceo S. DesChamps	Composite Exhibit of the Summary of the Findings from the Company's 2008 and 2009 Job Value Studies
MSD-13	Masceo S. DesChamps	June 2009 Top 5 Proxy Analysis completed by Hewitt Associates LLC
MSD-14	Masceo S. DesChamps	Average Healthcare Costs Per Member (including

		dependents) – Progress Energy vs. Fortune 500
JBC-7	John "Ben" Crisp	PEF's 2008 Generation Plant Retirement Scenario supplied in response to OPC Seventh Request for Production of Documents No. 174
JBC-8	John "Ben" Crisp	Chart of the Comparison of Retirement Date Projections for PEF Plants
JBC-9	John "Ben" Crisp	Revised May 2009 Load and Sales Forecast
JWD-1	Joe Donahue	Corrected calculation of Schultz Exhibit HWS-1, Schedule B-3.
EMR-3	Earl M. Robinson	Comparison of Life Span Property With a Iowa 10-R2 Survivor Curve Versus an Interim Retirement Rate of 2%
EMR-4	Earl M. Robinson	Excerpt from California PUC, Standard Practice U-4, "Determination of Straight-Line Remaining Life Depreciation Accruals"
EMR-5	Earl M. Robinson	364.00 POLES, TOWER AND FIXTURES, Original and Smooth Survivor Curves
EMR-6	Earl M. Robinson	368.00 LINE TRANSFORMERS, Original and Smooth Survivor Curves
EMR-7	Earl M. Robinson	Summary of Net Salvage Factors for selected plant accounts for several Florida operating companies
WG-1	Will Garrett	Explanation Chart of Theoretical to Book Depreciation Reserve Variance
WG-2	Will Garrett	PEF Chart Of Production Plant Terminal Dates
WG-3	Will Garrett	Composite Exhibit of Commission Orders Cited by Intervenor Witnesses and Other Commission Depreciation Orders
WG-4	Will Garrett	Composite Exhibit of Decisions by the Federal Energy Regulatory Commission ("FERC") Regarding Depreciation Principles
WG-5	Will Garrett	PEF's Response to OPC Interrogatory No. 56

WG-6	Will Garrett	Revenue Requirement Impact of Intervenors Proposed Amortization
TRS-13	Thomas R. Sullivan	Moody's Report "Industry Outlook: U.S. Investor-Owned Electric Utilities," January 2009
TRS-14	Thomas R. Sullivan	Fitch's Report "U.S. Utilities, Power and Gas 2009 Outlook," December 2008
TRS-15	Thomas R. Sullivan	Moody's Report "Rating Methodology: Regulated Electric and Gas Utilities," August 2009
TRS-16	Thomas R. Sullivan	Fitch's Report "EEI 2008 Wrap-Up: Cost of Capital Rising," November 2008
TRS-17	Thomas R. Sullivan	Standard & Poor's ("S&P") Report "Credit FAQ: Top 10 Investor Questions for the U.S. Electric Utility Sector in 2009," January 2009
TRS-18	Thomas R. Sullivan	Moody's Credit Opinion: Progress Energy Florida, Inc., June 2009
TRS-19	Thomas R. Sullivan	PEF 2010 Adjusted Credit Metrics Chart
TRS-20	Thomas R. Sullivan	"The A Rating," by Steven M. Fetter, Electric Perspectives, May/June 2009
TRS-21	Thomas R. Sullivan	Moody's Report "Special Comment: New Nuclear Generation: Ratings Pressure Increasing," June 2009
TRS-22	Thomas R. Sullivan	Fitch's Report "U.S. Electric and Gas Financial Peer Study," June 2009
TRS-23	Thomas R. Sullivan	S&P's Report "Request for Comments: Imputing Debt To Purchased Power Obligations," November 2006
TRS-24	Thomas R. Sullivan	S&P Ratings Direct – Florida Power Corp. d/b/a Progress Energy Florida, Inc. credit report, June 2009
TRS-25	Thomas R. Sullivan	S&P Ratings Direct – Florida Power Corp. d/b/a Progress Energy Florida, Inc. credit report, May 2008

TRS-26	Thomas R. Sullivan	Composite Exhibit of Forward 3-month London Interbank Offered Rate ("LIBOR") and 10-year and 30-year Treasury Note and Bond Forecasts
JVW-15	James Vander Weide, Ph.D.	Comparison of Bond Ratings and Safety Ranks for Woolridge and Vander Weide Proxy Companies
JVW-16	James Vander Weide, Ph.D	Dr. Woolridge's DCF Analysis Results Using Mean Analysts' Growth Estimates
JVW-17	James Vander Weide, Ph.D	Updated Summary of Discounted Cash Flow Analysis for Value Line Electric Companies
JVW-18	James Vander Weide, Ph.D	Research Literature that Studies the Efficacy of Analysts' Earnings Forecasts
WCS-7	William C. Slusser	Development of Fuel Savings Resulting from Existing Generation Fleet as Compared to Peaking Only Resources
WCS-8	William C. Slusser	Cost of Production Plant When Allocated Using 12 CP and 50% AD
WCS-9	William C. Slusser	Comparison of "Average and Excess" and "12 CP and 50% AD" Production Capacity Cost Allocators
WCS-10	William C. Slusser	Comparison of Billing Statistics, GSD-1 vs. GSDT-1
WCS-11	William C. Slusser	Quick Serve Restaurant Load Profile
WCS-12	William C. Slusser	Revised Jurisdictional Separation Study
PT-12	Peter Toomey	Detail of Costs of Non-regulated Operations by Cost Type
PT-13	Peter Toomey	Analysis of Injuries and Damages
PT-14	Peter Toomey	Analysis of Office Supplies and Expense
PT-15	Peter Toomey	ARO Adjustments on MFR B-1
PT-16	Peter Toomey	Rate Case Expense
PT-17	Peter Toomey	Summary of Adjustments

3. MFR SCHEDULES

MFR #		TITLE
A-1	William C. Slusser Peter Toomey	FULL REVENUE REQUIREMENTS INCREASE REQUESTED
A-2	William C. Slusser	FULL REVENUE REQUIREMENTS BILL COMPARISON - TYPICAL MONTHLY BILLS
A-3	William C. Slusser Peter Toomey	SUMMARY OF TARIFFS
A-4	William C. Slusser Peter Toomey	INTERIM REVENUE REQUIREMENTS INCREASE REQUESTED
A-5	William C. Slusser	INTERIM REVENUE REQUIREMENTS BILL COMPARISON - TYPICAL MONTHLY BILLS
B-1	William C. Slusser Peter Toomey	ADJUSTED RATE BASE
B-2	William C. Slusser Peter Toomey	RATE BASE ADJUSTMENTS
B-3	Peter Toomey	13 MONTH AVERAGE BALANCE SHEET - SYSTEM BASIS
B-4	Peter Toomey	TWO YEAR HISTORICAL BALANCE SHEET
B-5	Peter Toomey	DETAIL OF CHANGES IN RATE BASE
B-6	William C. Slusser Peter Toomey	JURISDICTIONAL SEPARATION FACTORS-RATE BASE
B-7	Dale Young / David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. John "Ben" Crisp Peter Toomey	PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-8	Dale Young / David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. John "Ben" Crisp Peter Toomey	MONTHLY BALANCES TEST YEAR - 13 MONTHS
B-9	Dale Young / David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. John "Ben" Crisp Peter Toomey	DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
B-10	Dale Young / David Sorrick /	MONTHLY RESERVE BALANCES TEST YEAR - 13 MONTHS

	J. Dale Oliver / Jackie Joyner, Jr. John "Ben" Crisp Peter Toomey	
B-11	Peter Toomey	CAPITAL ADDITIONS AND RETIREMENTS
B-12	David Sorrick Peter Toomey	PRODUCTION PLANT ADDITIONS
B-13	David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. William C. Slusser Peter Toomey	CONSTRUCTION WORK IN PROGRESS
B-14	Peter Toomey	EARNINGS TEST
B-15	Peter Toomey	PROPERTY HELD FOR FUTURE USE - 13 MONTH AVERAGE
B-16	Sasha A. Weintraub Peter Toomey	NUCLEAR FUEL BALANCES
B-17	William C. Slusser Peter Toomey	WORKING CAPITAL - 13 MONTH AVERAGE
B-18	Sasha A. Weintraub Peter Toomey	FUEL INVENTORY BY PLANT
B-19	Peter Toomey	MISCELLANEOUS DEFERRED DEBITS
B-20	Peter Toomey	OTHER DEFERRED CREDITS
B-21	Peter Toomey	ACCUMULATED PROVISION ACCOUNTS - 228.2, 228.3, 228.4
B-22	Peter Toomey	TOTAL ACCUMULATED DEFERRED INCOME TAXES
B-23	Peter Toomey	INVESTMENT TAX CREDITS - ANNUAL ANALYSIS
B-24	David Sorrick / Jackie Joyner, Jr. Peter Toomey	LEASING ARRANGEMENTS
B-25	Peter Toomey	ACCOUNTING POLICY CHANGES AFFECTING RATE BASE
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C-1	William C. Slusser Peter Toomey	ADJUSTED JURISDICTIONAL NET OPERATING INCOME CALCULATION
C-2	William C. Slusser Peter Toomey	NET OPERATING INCOME ADJUSTMENTS
C-3	William C. Slusser Peter Toomey	JURISDICTIONAL NET OPERATING INCOME ADJUSTMENTS
C-4	William C. Slusser Peter Toomey	JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
C-5	William C. Slusser Peter Toomey	OPERATING REVENUES DETAIL
C-6	Dale Young /	BUDGETED VERSUS ACTUAL OPERATING

	David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. Peter Toomey	INCOME AND EXPENSES
C-7	N/A	OPERATION AND MAINTENANCE EXPENSES - TEST YEAR
C-8	Dale Young / J. Dale Oliver / Jackie Joyner, Jr. Peter Toomey	DETAIL OF CHANGES IN EXPENSES
C-9	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner, Jr. Peter Toomey	FIVE YEAR ANALYSIS - CHANGE IN COST
C-10	Peter Toomey	DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
C-11	Peter Toomey	UNCOLLECTIBLE ACCOUNTS
C-12	Sandra S. Wyckoff	ADMINISTRATIVE EXPENSES
C-13	Sandra S. Wyckoff Peter Toomey	MISCELLANEOUS GENERAL EXPENSES
C-14	Sandra S. Wyckoff Peter Toomey	ADVERTISING EXPENSES
C-15	Dale Young / David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. William C. Slusser Peter Toomey	INDUSTRY ASSOCIATION DUES
C-16	David Sorrick / Sandra S. Wyckoff Peter Toomey	OUTSIDE PROFESSIONAL SERVICES
C-17	Peter Toomey	PENSION COST
C-18	Peter Toomey	LOBBYING, OTHER POLITICAL EXPENSES AND CIVIC/CHARITABLE CONTRIBUTIONS
C-19	Peter Toomey	AMORTIZATION/RECOVERY SCHEDULE - 12 MONTHS
C-20	William C. Slusser Peter Toomey	TAXES OTHER THAN INCOME TAXES
C-21	Peter Toomey	REVENUE TAXES
C-22	Peter Toomey	STATE AND FEDERAL INCOME TAX CALCULATION
C-23	Peter Toomey	INTEREST IN TAX EXPENSE
C-24	Thomas R. Sullivan	PARENT(S) DEBT INFORMATION
C-25	Peter Toomey	DEFERRED TAX ADJUSTMENT

C-26	Peter Toomey	INCOME TAX RETURNS
C-27	Peter Toomey	CONSOLIDATED TAX INFORMATION
C-28	Peter Toomey	MISCELLANEOUS TAX INFORMATION
C-29	Peter Toomey	GAINS AND LOSSES ON DISPOSITION OF PLANT OR PROPERTY
C-30	Peter Toomey	TRANSACTIONS WITH AFFILIATED COMPANIES
C-31	Peter Toomey	AFFILIATED COMPANY RELATIONSHIPS
C-32	Dale Young / Sandra S. Wyckoff Peter Toomey	NON-UTILITY OPERATIONS UTILIZING UTILITY ASSETS
C-33	Dale Young / David Sorrick / J. Dale Oliver / Jackie Joyner, Jr. Peter Toomey	PERFORMANCE INDICES
C-34	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner, Jr. Peter Toomey	STATISTICAL INFORMATION
C-35	Masceo DesChamps / Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner, Jr. Peter Toomey	PAYROLL & FRINGE BENEFIT INCREASES COMPARED TO CPI
C-36	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Peter Toomey	NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
C-37	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner, Jr. Peter Toomey	O&M BENCHMARK COMPARISON BY FUNCTION
C-38	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner, Jr. Peter Toomey	O&M ADJUSTMENTS BY FUNCTION

C-39	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Peter Toomey	BENCHMARK YEAR RECOVERABLE O&M EXPENSES BY FUNCTION
C-40	Dale Young Peter Toomey	O&M COMPOUND MULTIPLIER CALCULATION
C-41	Dale Young / David Sorrick / J. Dale Oliver / Sandra S. Wyckoff Jackie Joyner Peter Toomey	O&M BENCHMARK COMPARISON BY FUNCTION
C-42	Dale Young Peter Toomey	HEDGING COSTS
C-43	Dale Young Peter Toomey	SECURITY COSTS
C-44	Peter Toomey	REVENUE EXPANSION FACTOR
D-1a	Peter Toomey	COST OF CAPITAL - 13 MONTH AVERAGE
D-1b	Peter Toomey	COST OF CAPITAL - ADJUSTMENTS
D-2	Thomas R. Sullivan	COST OF CAPITAL - 5 YEAR HISTORY
D-3	Thomas R. Sullivan	SHORT-TERM DEBT
D-4a	Thomas R. Sullivan	LONG-TERM DEBT
D-4b	Thomas R. Sullivan	REACQUIRED BONDS
D-5	Thomas R. Sullivan	PREFERRED STOCK OUTSTANDING
D-6	Peter Toomey	CUSTOMER DEPOSITS
D-7	Thomas R. Sullivan	COMMON STOCK DATA
D-8	Thomas R. Sullivan	FINANCING PLANS - STOCK AND BOND ISSUES
E-1	William C. Slusser	COST OF SERVICE STUDIES
E-2	William C. Slusser	EXPLANATION OF VARIATIONS FROM COST OF SERVICE STUDY APPROVED IN COMPANY'S LAST RATE CASE
E-3a	William C. Slusser	COST OF SERVICE STUDY-ALLOCATION OF RATE BASE COMPONENTS TO RATE SCHEDULE
E-3b	William C. Slusser	COST OF SERVICE STUDY-ALLOCATION OF EXPENSE COMPONENTS TO RATE SCHEDULE
E-4a	William C. Slusser	COST OF SERVICE STUDY-FUNCTIONALIZATION AND CLASSIFICATION OF RATE BASE
E-4b	William C. Slusser	COST OF SERVICE STUDY-FUNCTIONALIZATION AND

		CLASSIFICATION OF EXPENSES
E-5	William C. Slusser	SOURCE AND AMOUNT OF REVENUES - AT PRESENT AND PROPOSED RATES
E-6a	William C. Slusser	COST OF SERVICE STUDY - UNIT COSTS, PRESENT RATES
E-6b	William C. Slusser	COST OF SERVICE STUDY - UNIT COSTS, PROPOSED RATES
E-7	William C. Slusser	DEVELOPMENT OF SERVICE CHARGES
E-8	William C. Slusser	COMPANY-PROPOSED ALLOCATION OF THE RATE INCREASE (DECREASE) BY RATE CLASS
E-9	William C. Slusser	COST OF SERVICE - LOAD DATA
E-10	William C. Slusser	COST OF SERVICE STUDY - DEVELOPMENT OF ALLOCATION FACTORS
E-11	William C. Slusser	DEVELOPMENT OF COINCIDENT AND NON-COINCIDENT DEMAND FOR COST STUDY
E-12	William C. Slusser	ADJUSTMENT TO TEST YEAR UNBILLED REVENUE
E-13a	William C. Slusser	REVENUE FROM SALE OF ELECTRICITY BY RATE SCHEDULE
E-13b	William C. Slusser	REVENUE BY RATE SCHEDULE - SERVICE CHARGES (ACCOUNT 451)
E-13c	William C. Slusser	BASE REVENUE BY RATE SCHEDULE - CALCULATIONS
E-13d	William C. Slusser	REVENUE BY RATE SCHEDULE - LIGHTING SCHEDULE CALCULATION
E-14	William C. Slusser	PROPOSED TARIFF SHEETS AND SUPPORT FOR CHARGES
E-15	William C. Slusser	PROJECTED BILLING DETERMINANTS - DERIVATION
E-16	William C. Slusser	CUSTOMERS BY VOLTAGE LEVEL
E-17	William C. Slusser	LOAD RESEARCH DATA
E-18	William C. Slusser	MONTHLY PEAKS
E-19a	William C. Slusser	DEMAND AND ENERGY LOSSES
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F-1	Peter Toomey	ANNUAL AND QUARTERLY REPORT TO SHAREHOLDERS
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F-5	John “Ben” Crisp Peter Toomey	FORECASTING MODELS

F-6	John "Ben" Crisp Peter Toomey	FORECASTING MODELS - SENSITIVITY OF OUTPUT TO CHANGES IN INPUT DATA
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F-8	Peter Toomey	ASSUMPTIONS
F-9	Jeff J. Lyash	PUBLIC NOTICE
G-1	William C. Slusser Peter Toomey	INTERIM REVENUE REQUIREMENTS
G-2	William C. Slusser Peter Toomey	INTERIM ADJUSTED RATE BASE
G-3	William C. Slusser Peter Toomey	INTERIM RATE BASE ADJUSTMENTS
G-4	William C. Slusser Peter Toomey	INTERIM JURISDICTIONAL SEPARATION FACTORS - RATE BASE
G-5	William C. Slusser Peter Toomey	INTERIM WORKING CAPITAL - 13 MONTH AVERAGE
G-6	Sasha J. Weintraub William C. Slusser Peter Toomey	INTERIM FUEL INVENTORY BY PLANT
G-7	William C. Slusser Peter Toomey	INTERIM ADJUSTED JURISDICTIONAL NET OPERATING INCOME
G-8	William C. Slusser Peter Toomey	INTERIM NET OPERATING INCOME ADJUSTMENTS
G-9	William C. Slusser Peter Toomey	INTERIM JURISDICTIONAL NET OPERATING INCOME ADJUSTMENTS
G-10	William C. Slusser Peter Toomey	INTERIM JURISDICTIONAL SEPARATION FACTORS - NET OPERATING INCOME
G-11	William C. Slusser Peter Toomey	INTERIM OPERATING REVENUES DETAIL
G-12	Peter Toomey	INTERIM STATE AND FEDERAL INCOME TAX CALCULATION
G-13	Peter Toomey	INTERIM INTEREST IN TAX EXPENSE CALCULATION
G-14	Thomas R. Sullivan	INTERIM PARENT(S) DEBT INFORMATION
G-15	Peter Toomey	INTERIM GAINS AND LOSSES ON DISPOSITION OF PLANT OR PROPERTY
G-16	Peter Toomey	INTERIM PENSION COST
G-17	Peter Toomey	INTERIM ACCOUNTING POLICY CHANGES
G-18	Peter Toomey	INTERIM REVENUE EXPANSION FACTOR
G-19a	Peter Toomey	INTERIM COST OF CAPITAL - 13 MONTH AVERAGE
G-19b	Peter Toomey	INTERIM COST OF CAPITAL - ADJUSTMENTS
G-20	William C. Slusser	INTERIM - REVENUE FROM SALE OF ELECTRICITY BY RATE SCHEDULE
G-21	William C. Slusser	INTERIM - REVENUES FROM SERVICE

		CHARGES (ACCOUNT 451)
G-22	William C. Slusser	INTERIM - BASE REVENUE BY RATE SCHEDULE CALCULATIONS
G-23	William C. Slusser	INTERIM - REVENUE BY LIGHTING SCHEDULE CALCULATION

C. PEF'S STATEMENT OF BASIC POSITION

The following table illustrates PEF's basic position regarding the jurisdictional revenue increase that will be demonstrated by the evidence. (Recoverable fuel and other pass-through revenues and expenses are excluded.)

Line No.	Description	Source	Amount
1	Jurisdictional Adjusted Rate Base	Schedule B-1	6,238,617,000
2	Rate of Return on Rate Base Requested	Schedule D-1a	9.21%
3.	Jurisdictional Net Operating Income requested	Line 1 x Line 2	574,577,000
4	Jurisdictional Adjusted Net Operating Income	Schedule C-1	268,546,000
5	Net Operating Income Deficiency (Excess)	Line 3 –Line 4	306,031,000
6	Earned Rate of Return	Line 4/Line 1	4.30%
7	Net Operating Income Multiplier	Schedule C-44	1.6338
8	Total Revenue Deficiency Calculated	Line 5 x Line 7	499,997,000

On March 20, 2009, pursuant to Chapter 366, Florida Statutes, PEF petitioned the Commission for approval of a permanent increase in rates and charges sufficient to generate additional total annual base revenues of approximately $499 million for electric service provided to customers beginning January 1, 2010. Based on forecasts at the time of the filing, the requested increase will provide PEF with a reasonable opportunity to earn a fair rate of return on the Company's investment in property used and useful in serving the public, including a 12.54% rate of return on the Company's common equity capital, sufficient to attract the capital the Company needs to fulfill federal and state energy policy goals. PEF's outlook for sales has declined since the time of the filing, as shown in an updated load and energy forecast as of May 2009 filed with the rebuttal testimony of John B. Crisp. Despite this changed outlook, PEF is not seeking a revenue increase greater than the $499 million contained in its original request. However, the updated sales forecast and related jurisdictional separation study show that an additional $94,830,000 above the requested level would be required to allow PEF to earn its requested rate of return for 2010. Thus PEF will not earn its requested rate of return for 2010 even if the Commission approves the full $499 million increase requested. With its March 20, 2009 Petition, PEF also petitioned for an interim rate increase of about $13 million. In Order Number PSC-09-0413-PCO-EI, dated June 10, 2009, the Commission approved a $6.5 million interim increase, subject to refund after consideration in the full base rate proceeding.

PEF last had a general base rate increase in 1993. In 2002, the Company substantially reduced its base rates under the Stipulation and Settlement Agreement ("2002 Stipulation") approved by the Commission in Order No. PSC-02-0655-AS-EI. The 2002 Stipulation produced more than $500 million in direct savings to PEF's customers over the four-year term of the 2002 Stipulation. Further, the revenue sharing provision of the 2002 Stipulation yielded another $50 million in revenue sharing benefits for PEF's customers. Subsequent to the 2002 Stipulation, in 2005, the Company resolved its then-pending base rate proceeding with another Stipulation and Settlement Agreement that was approved by this Commission in Order No. PSC-05-0945-S-EI ("2005 Stipulation"). In the 2005 Stipulation, the Company froze its already lowered base rates for four more years, except for a limited increase beginning in 2008 to account only for the revenue requirements necessary for new generation units added to PEF's system in 2003 and 2007 to meet customer needs for reliable electric service. As a result of the 2005 Stipulation, however, PEF absorbed the cost of another new generation plant -- the Hines Unit 3, 500 megawatt ("MW"), natural gas-fired, combined cycle plant that commenced operation in 2005 -- without any additional increase in its base rates. As a result of the 2002 Stipulation and the 2005 Stipulation, PEF has provided its customers with a sustained period of relatively flat base rates.

In fact, PEF's residential base rates have increased by only one (1) percent since 1984. In sharp contrast to PEF's residential base rates, the Consumer Price Index has increased by 106 percent, the price of housing has increased 113 percent, the price of food has increased 115 percent, and the price of medical care has increased 253 percent over the same time period. Customer and sales growth over this time cannot and did not fully offset the growth in PEF's capital investment needs and costs of operation to continuously provide PEF's customers with the reliable electric service they demand. PEF in fact invested $4.5 billion to add an additional 3,000 MW of generation, additional transmission and substation facilities, distribution facilities, and other capital improvements to meet customer energy reliability needs since the Company's last general base rate increase in 1993. But for PEF's cost management and cost reduction and efficiency measures, a general base rate increase likely would have been required long before now.

The Florida Legislature and Governor have set forth a comprehensive set of energy goals and mandates for the State of Florida. These goals and mandates encourage public utilities to (1) add and expand nuclear power generation; (2) further diversify their fuel resources and reduce their dependence and the State's dependence on fossil fuels; (3) increase generation efficiency through repowering projects and capital and maintenance improvements; (4) increase renewable energy resources; and (5) reduce greenhouse gas ("GHG") and other emissions. The Company must continue to make the necessary investments today if these energy policy goals and mandates are going to be met in the future. Additionally, the Federal Energy Regulatory Commission ("FERC"), through the North American Electric Reliability Corporation ("NERC"), has established stringent, mandatory reliability requirements for the nation's transmission systems. These reliability requirements require the Company to enhance the reliable delivery of power across the electric power grid at further, additional expense to the Company. Similarly, following the costly efforts to restore power and repair the damage caused by the violent storms during the 2004 and 2005 hurricane seasons, this Commission requires the Florida investor owned utilities to implement plans that include measures to harden their transmission and distribution systems against storm damage, at additional cost to the utilities. By establishing these energy policy goals, mandates, and requirements, the Florida Legislature, the Governor, and this Commission intend to provide a different energy future for Florida, one in which Florida utility customers have even more reliable electric service produced from cleaner, more efficient power resources at less volatile and, thus, more stable and affordable fuel prices. The Company must continue to invest now, however, to ensure that the necessary infrastructure improvements are made to attain these state energy policy goals and requirements.

In addition to its request for an increase in base rates, PEF has requested approval of certain changes to the terms of existing rate schedules, changes in existing service charges, and other related adjustments. PEF further submitted its updated Depreciation, Nuclear Decommissioning, and Fossil Plant Dismantlement Cost Studies for approval by the Commission in accordance with Commission rules.

PEF selects the period January 1, 2010 through December 31, 2010 as the test year for calculating the revenue deficiency in this case. A calendar year 2010 test year has been selected because it will best fulfill the purpose of a test year, which is to set rates based on costs and revenues that are representative of the period when the new rates will be in effect. The details of the rate base, operation and maintenance expenses, and other factors driving the need for rate relief are more fully reflected in the testimony and exhibits of PEF's witnesses and the Minimum Filing Requirements ("MFRs") and schedules filed with PEF's petition.

As explained fully by the Company's witnesses, PEF's plan is to implement its "Balanced Solution" strategy, which includes investment in state-of-the-art power plants to achieve State energy policy goals while continuing to meet customer needs for reliable power. The Company's investment in the steam generator replacement project at its existing nuclear power plant, Crystal River Unit 3 ("CR3") during the CR3 refueling outage in 2009 advances this strategy. The steam generator replacement ensures that the Company's customers will continue to receive the state-of-the-art performance from CR3 they have benefited from in the past. This project requires an approximately $48 million increase in the Company's base rates.

The Company has repowered its oil-fired Bartow steam power plant with cleaner burning, state-of-the-art combined cycle, natural gas-fired technology to meet customer needs for additional, reliable power generation. This project satisfies the Power Plant Efficiency Improvements Policy recommended by the Governor's Action Team on Energy and Climate Change as part of Florida's Energy and Climate Change Action Plan. The repowered plant, which was placed in service in June 2009, will generate more than twice the amount of power as the 1950's-vintage 450 MW oil-fired plant, but it will produce significantly less sulfur dioxide and nitrogen oxide emissions than the prior facility. It will also reduce the Company's reliance on foreign oil sources and it will increase the efficiency of the Company's energy production. The estimated additional annual revenue requirements needed for the Bartow repowering project are about $130 million. In addition to the March petition filed in this proceeding, PEF filed a separate petition for a limited proceeding to recover its 2009 revenue requirements for the Bartow repowering project. The Commission, in PAA Order Number PSC-09-0415-PAA-EI, dated June 12, 2009, approved recovery of a $126,212,000 annual base rate increase, to be held subject to refund pending a review and final determination of the appropriate calculation of the Bartow Repowering Project revenue requirements in this base rate proceeding. Interveners filed a protest of the PAA order on July 2, 2009. No Intervener or Staff witness has challenged the prudence of any Bartow costs in this proceeding. PEF thus requests that the Commission not require any refund of the 2009 base rate increase and further requests that the 2010 revenue requirements for the Bartow project be included in the final rates set by the Commission.

The Company also needs additional investment capital for its transmission and distribution systems. Continued growth requires additional investment in the transmission and distribution facilities necessary to ensure that customers continue to receive reliable electric power. The Company's customer base grew at around 2 percent a year in 2006 and 2007 and, despite lower growth expectations under current economic conditions, the fact is there are more customers today than in the Company's last base rate proceeding that need safe, reliable electric service. As a result, the Company has made and will continue to make substantial capital and operation and maintenance (O&M) investments in its transmission and distribution systems to meet its existing and future customers' needs for reliable electric service.

Finally, also on March 20, 2009, PEF by separate petition requested the creation of a regulatory asset to allow the deferral of projected 2009 pension expenses, and to allow the Company to charge 2009 storm hardening expenses to the storm damage reserve. By PAA Order Number PSC-09-0484-PAA-EI, dated July 6, 2009, the Commission denied the Company's request to charge 2009 storm hardening expenses to the storm damage reserve, but approved the deferral of the retail portion of the projected 2009 pension expenses, in the amount of approximately $31.5 million. Interveners filed a protest of the PAA order on July 27, 2009 and that protest is expected to be consolidated with this proceeding. No Intervener or Staff witness addresses the appropriateness of the deferral of these pension expenses. PEF thus requests that the Commission reaffirm its decision to authorize the creation of a regulatory asset and authorize the continued deferral of the 2009 pension expenses.

F. ISSUES AND POSITIONS

ISSUE 1: Is the rate increase, requested by Progress Energy Florida, Inc., a just and reasonable rate for its customers and is it in the public interest?

PEF: PEF objects to the inclusion of this issue. First, it does not accurately reflect the legal standard applicable to PEF's rate request. Second, any position on this issue can be covered in Issue 87. In the event this issue is included over PEF's objection, its position is as follows:

Yes, as reflected in PEF's pre-filed testimony and MFRs, the proposed increase, in total and for each customer class, is fair, just and reasonable. (Dolan, Toomey)

TEST PERIOD AND FORECASTING

ISSUE 2: Is PEF's projected test period of the twelve months ending December 31, 2010 appropriate?

PEF: Yes. The twelve months ended December 31, 2010 is the appropriate test year. It best represents the financial and business operations of the Company during the period when the new rates will be in effect. (Toomey)

ISSUE 3: What are the appropriate inflation, customer growth, and other trend factors for use in forecasting?

PEF: The appropriate inflation, customer growth and other trend factors for use in forecasting are those included in the MFRs. (Toomey, Crisp)

ISSUE 4: Are PEF's forecasts of customer growth, KWH by revenue class, and system KW for the projected test year appropriate?

PEF: Yes, PEF's load and sales forecast for the projected test year was appropriate as of the time of PEF's original filing. PEF's revised load and sales forecast as of May, 2009, included as Exhibit JBC-9 to the rebuttal testimony of witness Crisp, is more appropriate at this time. (Crisp)

ISSUE 5: Are PEF's forecasts of billing determinants by rate class for the projected test year appropriate?

PEF: Yes, PEF's forecasts of billing determinants by rate class for the projected test year were appropriate as of the time of PEF's original filing. PEF's revised billing determinants by rate class, included as Exhibit WCS-12 to the rebuttal testimony of witness Slusser, are based on the updated load and sales forecast as of May, 2009, and are more appropriate at this time. (Slusser)

QUALITY OF SERVICE

ISSUE 6: Is the quality and reliability of electric service provided by PEF adequate?

PEF: Yes. PEF has gone beyond the provision of adequate service, steadily improving performance in several key areas. Today, the Company provides high quality, reliable electric service that is in the top quartile in the industry in many indices. (Dolan, Young, Sorrick, Oliver, Joyner, Morman)

DEPRECIATION STUDY

ISSUE 7: Should the current-approved depreciation rates, capital recovery schedules, and amortization schedules be revised?

PEF: Yes, they should be revised to reflect the depreciation rates, capital recovery schedules, and amortization schedules which are presented on Table 1F-FERC Account-Future (Pro-forma) of the 2009 Depreciation Study filed as Exhibit No. EMR-2 to the testimony of Mr. Robinson. (Robinson, Garrett, Toomey)

<u>ISSUE 8</u>: What are the appropriate capital recovery schedules?

<u>PEF</u>: None, as PEF has not proposed any capital recovery schedules. (Robinson, Garrett, Toomey)

<u>ISSUE 9</u>: Is PEF's calculation of the average remaining life appropriate?

<u>PEF</u>: Yes, PEF calculated the average remaining life consistent with Commission rules and precedent. (Robinson, Garrett)

<u>ISSUE 10</u>: What are the appropriate depreciation parameters (remaining life, net salvage percent, and reserve percent), amortizations, and resulting rates for each production unit, including but not limited to coal, steam, combined cycle, etc.?

<u>PEF</u>: The appropriate depreciation parameters, amortizations and resulting rates for each production unit are those set forth in the 2009 Depreciation Study filed as Exhibit No. EMR-2 to the testimony of Mr. Robinson. (Robinson)

<u>ISSUE 11</u>: What life spans should be used for PEF's coal plants?

<u>PEF</u>: The appropriate life span for PEF's Crystal River Units 1 and 2 coal-fired plants is 53 years, and the appropriate life span for Crystal River Units 4 and 5 is 52 years. (Crisp, Robinson)

<u>ISSUE 12</u>: What life spans should be used for PEF's combined cycle plants?

<u>PEF</u>: The appropriate life span for PEF's combined cycle plants is 30 years. (Crisp, Robinson)

<u>ISSUE 13</u>: What are the appropriate depreciation parameters (remaining life, net salvage percent, and reserve percent), amortizations, and resulting rates for each transmission, distribution, and general plant account?

<u>PEF</u>: The appropriate depreciation parameters, amortizations and resulting rates for each transmission, distribution and general plant account are those set forth in the 2009 Depreciation Study filed as Exhibit No. EMR-2 to the testimony of Mr. Robinson. (Robinson)

ISSUE 14: Based on the application of the depreciation parameters that the Commission has deemed appropriate to PEF's data, and a comparison of the calculated theoretical reserves to the book reserves, what are the resulting differences?

PEF: When compared with the hypothetical reserve calculated in PEF's Depreciation Study, the book reserve shows a positive net variance as set forth in the 2009 Depreciation Study filed as Exhibit No. EMR-2, Table 5f-Future (Pro Forma). (Robinson, Garrett)

ISSUE 15: What, if any, corrective reserve measures should be taken with respect to the differences identified in Issue 14?

PEF: The Commission should take no corrective reserve measures with respect to these differences. The variance should be treated consistent with the Depreciation Study filed by PEF in this docket and with well established Commission precedent and be amortized over the composite average remaining life of the depreciable plant assets. PEF's Depreciation Study filed in this docket, including the depreciation rates contained therein, should be approved by the Commission. (Robinson, Garrett, Toomey, Vilbert, Sullivan)

ISSUE 16: What should be the implementation date for revised depreciation rates, capital recovery schedules, and amortization schedules?

PEF: The implementation date for the revised rates and schedules should be January 1, 2010. (Robinson, Garrett, Toomey)

FOSSIL DISMANTLEMENT COST STUDY

ISSUE 17: Should the current-approved annual dismantlement provision be revised?

PEF: Yes, the annual dismantlement provision should be revised in accordance with PEF's 2008 Fossil Dismantlement Study. (Kopp, Toomey)

ISSUE 18: What, if any, corrective reserve measures should be approved?

PEF: No corrective reserve measures should be approved. (Toomey)

ISSUE 19: What is the appropriate annual provision for dismantlement?

PEF: PEF's 2008 Fossil Plant Dismantlement Study shows PEF will need to accrue $3.8 million (system) annually beginning in 2010 in order to ensure that sufficient funds will be available to cover the costs of dismantlement of the Company's fossil plant generating sites. (Kopp, Toomey)

ISSUE 20: Are PEF's assumptions in the fossil dismantlement study with regard to site restoration reasonable?

PEF: Yes, PEF's assumptions are consistent with industry standards and with Commission Rule 25-6.04364. Burns & McDonnell specifically reviewed each of PEF's generating units and sites and reasonably estimated the costs to dismantle each unit. (Kopp)

ISSUE 21: In future dismantlement studies filed with the Commission, should PEF consider alternative demolition approaches?

PEF: PEF objects to the inclusion of this issue. First, the procedures for future dismantlement studies have no impact on the rates requested in this proceeding. Second, this issue would more appropriately be addressed through a petition by the Office of Public Counsel to amend Rule 25-6.04364. In the event that this issue is included over PEF's objection, its position is as follows:

PEF complied with Rule 25-6.04364 in preparing its dismantlement cost study in this proceeding. Any changes with respect to future dismantlement studies filed with the Commission cannot properly be addressed in this proceeding; rather, the Commission must commence a rulemaking proceeding to change the requirements of the fossil dismantlement study rule. In any event, PEF does not believe that a change is warranted, because the current rule allows appropriate flexibility to determine how each specific site can be safely dismantled given that site's particular characteristics. (Toomey, Kopp)

NUCLEAR DECOMMISSIONING COST STUDY

ISSUE 22: Should the currently approved annual nuclear decommissioning accruals be revised?

PEF: No. In accordance with PEF's 2008 Nuclear Decommissioning Study filed in this docket, the annual accrual amount should remain at $0, which is consistent with the stipulation in the Company's 2005 rate case. (Young, Toomey)

ISSUE 23: What is the appropriate annual decommissioning accrual in equal dollar amounts necessary to recover future decommissioning costs over the remaining life Crystal River Unit 3 (CR3)?

PEF: The appropriate amount is $0. (Young, Toomey)

RATE BASE

ISSUE 24: Has the company removed all non-utility activities from rate base?

PEF: Yes, all non-utility activities have been appropriately removed from rate base. (Toomey)

ISSUE 25: Should any adjustments be made to rate base related to the Bartow Repowering Project?

PEF: No adjustments should be made to the rate base related to the Bartow Repowering Project. (Sorrick, Murray, Toomey)

ISSUE 26: Should an adjustment be made to reflect any test year or post test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009?

PEF: No. (Toomey)

ISSUE 27: Is PEF's requested level of Plant in Service for the projected 2010 test year appropriate?

PEF: Yes. PEF's requested level of Electric Plant in Service for 2010 of $10,381,341,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Electric Plant in Service for the projected 2010 test year is $10,548,852,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Young, Sorrick, Oliver, Joyner)

ISSUE 28: What adjustments, if any, should be made to accumulated depreciation to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study?

PEF: No adjustments should be made. (Robinson, Toomey, Garrett, Vilbert, Sullivan)

ISSUE 29: Is PEF's requested level of Accumulated Depreciation and Amortization in the amount of $4,437,117,000 for the 2010 projected test year appropriate?

PEF: Yes. PEF's requested level of Accumulated Depreciation for 2010 of $4,437,117,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Accumulated Depreciation for the projected 2010 test year is $4,510,592,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Robinson, Toomey, Garrett, Vilbert, Sullivan)

ISSUE 20: Are PEF's assumptions in the fossil dismantlement study with regard to site restoration reasonable?

PEF: Yes, PEF's assumptions are consistent with industry standards and with Commission Rule 25-6.04364. Burns & McDonnell specifically reviewed each of PEF's generating units and sites and reasonably estimated the costs to dismantle each unit. (Kopp)

ISSUE 21: In future dismantlement studies filed with the Commission, should PEF consider alternative demolition approaches?

PEF: PEF objects to the inclusion of this issue. First, the procedures for future dismantlement studies have no impact on the rates requested in this proceeding. Second, this issue would more appropriately be addressed through a petition by the Office of Public Counsel to amend Rule 25-6.04364. In the event that this issue is included over PEF's objection, its position is as follows:

PEF complied with Rule 25-6.04364 in preparing its dismantlement cost study in this proceeding. Any changes with respect to future dismantlement studies filed with the Commission cannot properly be addressed in this proceeding; rather, the Commission must commence a rulemaking proceeding to change the requirements of the fossil dismantlement study rule. In any event, PEF does not believe that a change is warranted, because the current rule allows appropriate flexibility to determine how each specific site can be safely dismantled given that site's particular characteristics. (Toomey, Kopp)

NUCLEAR DECOMMISSIONING COST STUDY

ISSUE 22: Should the currently approved annual nuclear decommissioning accruals be revised?

PEF: No. In accordance with PEF's 2008 Nuclear Decommissioning Study filed in this docket, the annual accrual amount should remain at $0, which is consistent with the stipulation in the Company's 2005 rate case. (Young, Toomey)

ISSUE 23: What is the appropriate annual decommissioning accrual in equal dollar amounts necessary to recover future decommissioning costs over the remaining life Crystal River Unit 3 (CR3)?

PEF: The appropriate amount is $0. (Young, Toomey)

RATE BASE

ISSUE 24: Has the company removed all non-utility activities from rate base?

PEF: Yes, all non-utility activities have been appropriately removed from rate base. (Toomey)

ISSUE 25: Should any adjustments be made to rate base related to the Bartow Repowering Project?

PEF: No adjustments should be made to the rate base related to the Bartow Repowering Project. (Sorrick, Murray, Toomey)

ISSUE 26: Should an adjustment be made to reflect any test year or post test year revenue requirement impacts of "The American Recovery and Reinvestment Act" signed into law by the President on February 17, 2009?

PEF: No. (Toomey)

ISSUE 27: Is PEF's requested level of Plant in Service for the projected 2010 test year appropriate?

PEF: Yes. PEF's requested level of Electric Plant in Service for 2010 of $10,381,341,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Electric Plant in Service for the projected 2010 test year is $10,548,852,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Young, Sorrick, Oliver, Joyner)

ISSUE 28: What adjustments, if any, should be made to accumulated depreciation to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study?

PEF: No adjustments should be made. (Robinson, Toomey, Garrett, Vilbert, Sullivan)

ISSUE 29: Is PEF's requested level of Accumulated Depreciation and Amortization in the amount of $4,437,117,000 for the 2010 projected test year appropriate?

PEF: Yes. PEF's requested level of Accumulated Depreciation for 2010 of $4,437,117,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Accumulated Depreciation for the projected 2010 test year is $4,510,592,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Robinson, Toomey, Garrett, Vilbert, Sullivan)

ISSUE 30: Is PEF's requested level of CWIP – No AFUDC in the amount of $151,145,000 for the projected 2010 test year appropriate?

PEF: Yes. PEF's requested level of CWIP-No AFUDC for 2010 of $151,145,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of CWIP-No AFUDC for the projected 2010 test year is $153,310,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Sorrick, Oliver, Joyner)

ISSUE 31: Is PEF's requested level of Plant Held for Future Use in the amount of $25,723,000 for the projected 2010 test year appropriate?

PEF: Yes. PEF's requested level of Plant Held for Future Use for 2010 of $25,723,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Plant Held for Future Use for the projected 2010 test year is $25,904,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 32: Is PEF's requested level of Nuclear Fuel – No AFUDC (net) in the amount of $126,566,000 for the projected 2010 test year appropriate?

PEF: Yes. PEF's requested level of Nuclear Fuel-No AFUDC for 2010 of $126,566,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Nuclear Fuel-No AFUDC for the projected 2010 test year is $126,510,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Donahue)

ISSUE 33: Should an adjustment be made to PEF's requested storm damage reserve, annual accrual of $14.9 million, and target level of $150 million?

PEF: No, PEF's requested storm damage annual accrual of $14.9 million (jurisdictional) and its target reserve level of $152.5 million are appropriate given the likelihood of storms impacting PEF's service territory and the increase in T&D infrastructure across PEF's territory. (Toomey, Harris)

ISSUE 34: Should any adjustments be made to PEF's fuel inventories?

PEF: No. PEF's requested level of Fuel Inventories (excluding Nuclear Fuel) for 2010 of $287,677,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The updated appropriate level of Fuel Inventories (excluding Nuclear Fuel) for the projected 2010 test year is $287,549,000, which is included in PEF's updated Working Capital Allowance on Exhibit PT-17. (Toomey, Weintraub)

ISSUE 35: Should unamortized rate case expense be included in Working Capital?

PEF: Yes. $1,688,000 of unamortized rate case expense should be included in working capital. This 13-month average balance is based on total rate case expense of $2,251,077 amortized over 24 months. (Toomey)

ISSUE 36: Has PEF appropriately reflected the impact of SFAS 143 (Asset Retirement Obligations) in its proposed working capital calculation?

PEF: Yes, PEF has appropriately removed the impact of SFAS 143 (Asset Retirement Obligations) from its proposed working capital. (Toomey)

ISSUE 37: Is PEF's requested level of Working Capital Allowance in the amount of ($9,041,000) for the projected test year appropriate?

PEF: Yes. PEF's requested level of Working Capital Allowance for 2010 of ($9,041,000) was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. This separation factor change results in a Working Capital Allowance of ($7,001,000). Further, an adjustment is necessary to correct the balance of unamortized rate case expense, which decreases Working Capital Allowance by $1,099,000, resulting in an appropriate adjusted level of Working Capital Allowance for the 2010 projected test year of ($8,099,000) as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 38: Is PEF's requested level of Rate Base in the amount of $6,238,617,000 for the 2010 projected test year appropriate?

PEF: Yes. PEF's requested level of Rate Base for 2010 of $6,238,617,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed, resulting in a change in the level of Rate Base to $6,336,983,000. Further, an adjustment is necessary to correct the balance of unamortized rate case expense, which decreases Rate Base by $1,099,000, resulting in an appropriate adjusted level of Rate Base for the 2010 projected year of $6,335,884,000 as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Young, Sorrick, Oliver, Joyner)

COST OF CAPITAL

ISSUE 39: What is the appropriate amount of accumulated deferred taxes to include in the capital structure for the projected test year?

PEF: At the time of PEF's original filing, the appropriate amount of accumulated deferred taxes to include in the capital structure was $389,297,000. However, as a result of changes identified in PEF's position on Issue 38, the appropriate adjusted level of rate base for the 2010 projected year is $6,335,884,000. When synchronizing rate base to capital structure, the appropriate amount of accumulated deferred income taxes to include in capital structure for the 2010 projected test year is $395,367,000 as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 40: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the projected test year?

PEF: At the time of PEF's original filing, the appropriate amount of unamortized investment tax credits to include in the capital structure was $3,610,000. However, as a result changes identified in PEF's position on Issue 38, the appropriate adjusted level of rate base for the 2010 projected year is $6,335,884,000. When synchronizing rate base to capital structure, the appropriate amount of unamortized investment tax credits to include in capital structure for the 2010 projected test year is $3,666,000 and the appropriate cost rate is 9.74% as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 41: Should PEF's requested pro forma adjustment to equity to offset off-balance sheet purchased power obligations be approved?

PEF: Yes. (Sullivan, Toomey)

ISSUE 42: What is the appropriate equity ratio that should be used for PEF for purposes of setting rates in this proceeding?

PEF: The appropriate equity ratio is 50.52% equity as reflected in MFR D-1a. (Sullivan, Toomey)

ISSUE 43: Have rate base and capital structure been reconciled appropriately?

PEF: Yes specific adjustments have been made where appropriate and the pro-rata adjustment has been appropriately been made across all sources of capital. (Toomey, Sullivan)

ISSUE 44: What is the appropriate capital structure for the projected test year?

PEF: The appropriate capital structure at the time of PEF's filing was that shown in MFR D-1a As a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp and the adjustment to correct the balance of unamortized rate case expense, the appropriate capital structure is that shown in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey, Sullivan, Vander Weide)

ISSUE 45: What is the appropriate cost rate for short-term debt for the projected test year?

PEF: The appropriate cost rate for short-term debt is 5.25% as presented in MFR D-3. (Sullivan)

ISSUE 46: What is the appropriate cost rate for long-term debt for the projected test year?

PEF: The appropriate cost rate for long-term debt is 6.42% as presented in MFR D-4a. (Sullivan)

ISSUE 47: What is the appropriate return on equity (ROE) for the projected test year?

PEF: The appropriate return on equity for the projected test year is 12.54%. (Vander Weide, Sullivan, Dolan)

ISSUE 48: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the projected capital structure?

PEF: The appropriate weighted average cost of capital is 9.210% as calculated in MFR D-1a and the Rebuttal Testimony of Peter Toomey. (Toomey, Sullivan, Vander Weide)

NET OPERATING INCOME

ISSUE 49: Is PEF's projected level of total operating revenues in the amount of $1,517,918,000 for the 2010 projected test year appropriate?

PEF: Yes. PEF's requested level of operating revenues for 2010 of $1,517,918,000 was appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, this level has changed. The updated appropriate level of operating revenues for the projected 2010 test year is $1,450,633,000, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 50: What are the appropriate adjustments to reflect the base rate increase for the Bartow Repowering Project authorized in Order No. PSC-09-0415-PAA-EI?

PEF: The appropriate adjustment to reflect the base rate increase for the Bartow Repowering project would be to adjust present revenues to include the authorized increase. No adjustment should be made to the proposed revenues as they reflect the Company's total cost of service including the revenue requirements for the Bartow repowering project in the 2010 test period. (Toomey, Slusser)

ISSUE 51: Has PEF made the appropriate test year adjustments to remove conservation revenues and expenses recoverable through the Conservation Cost Recovery Clause?

PEF: Yes, PEF has appropriately removed Conservation Cost Recovery Clause revenues and expenses, net of income tax expense, of $2,062,000 as reflected in MFR C-2. (Toomey)

ISSUE 52: Has PEF made the appropriate test year adjustments to remove fuel and purchased power revenues and expenses recoverable through the Fuel and Purchased Power Cost Recovery Clause?

PEF: Yes, PEF has appropriately removed Fuel and Purchased Power Cost Recovery Clause revenues and expenses, net of income tax expense, of $4,560,000 as reflected in MFR C-2. (Toomey)

ISSUE 53: Has PEF made the appropriate test year adjustments to remove capacity revenues and expenses recoverable through the Capacity Cost Recovery Clause?

PEF: Yes, PEF has appropriately removed Capacity Cost Recovery Clause revenues and expenses, net of income tax expense, of $131,881,000 as reflected in MFR C-2. (Toomey)

ISSUE 54: Has PEF made the appropriate test year adjustments to remove environmental revenues and expenses recoverable through the Environmental Cost Recovery Clause?

PEF: Yes, PEF has appropriately removed Environmental Cost Recovery Clause revenues and expenses, net of income tax expense, of $68,680,000 as reflected in MFR C-2. (Toomey)

ISSUE 55: Has PEF made the appropriate adjustments to remove charitable contributions?

PEF: Yes, PEF has reflected charitable contributions below the line for the projected test year 2010. Therefore, no adjustment is required to remove charitable contributions. (Toomey)

ISSUE 56: Has PEF made the appropriate adjustment to remove Aviation cost for the test year?

PEF: Yes, PEF has appropriately removed aviation costs of $3,126,000 as reflected in MFR C-2. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. This separation factor change results in an aviation cost adjustment of $3,164,000 when applying a separation factor of .88755 as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, Slusser)

ISSUE 57: Should an adjustment be made to advertising expenses?

PEF: An adjustment has been appropriately made to remove image-building advertising expense in the amount of $3,388,000 as reflected in MFR C-2. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. This separation factor change results in an image building advertising expense adjustment of $3,429,000 when applying a separation factor of .88755 as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, Slusser)

ISSUE 58: Has PEF made the appropriate adjustments to remove lobbying expenses?

PEF: Yes, PEF has reflected lobbying expenses below the line for the projected test year 2010. Therefore, no adjustment is required to remove lobbying expenses. (Toomey)

ISSUE 59: Is PEF's proposed allowance of $2,412,100 for directors and officers liability insurance appropriate?

PEF: No. PEF provided the system amount of directors and officers (D&O) liability insurance in response to OPC Interrogatory No. 310 of $2,200,000. The jurisdictional amount in PEF's original filing was $1,929,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. With this change, PEF's appropriate amount of D&O liability insurance is $1,953,000 when applying a separation factor of .88755 as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, Slusser)

ISSUE 60: Is PEF's proposed allowance of $3,669,000 for 2010 injuries and damages expense appropriate?

PEF: No. PEF's original filing includes injuries and damages (FERC Acct 925) of $9,821,000 on a system basis. In addition to injuries and damages, this account includes corporate insurance in the amount of $5,637,097, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-13, codes 98EC8S and 98T01S. When removing the corporate insurance, the remaining injuries and damages budget in 2010 is $4,184,000 on a system basis and $3,669,000 on a jurisdictional basis (as noted in this issue). In response to OPC Interrogatory No. 386, PEF explained that $450,000 had been classified as "salaries and wages" that should have been classified as "injuries and damages". When including this amount, total system injuries and damages is appropriately $4,634,000, and the jurisdictional amount at the time of PEF's original filing was $4,064,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. With this change, PEF's appropriate amount of injuries and damages is $4,113,000 when applying a separation factor of

.88755 as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, Slusser)

ISSUE 61: Is PEF's proposed allowance of $23,228,000 for 2010 A&G office supplies and expenses appropriate?

PEF: No. As explained in response to OPC Interrogatory No. 386, PEF budgeted $1,208,000 to Salaries and Wages that should have been budgeted to A&G Office Supplies and Expense. In addition, an adjustment is proposed to reduce A&G Office Supplies and Expense by $1,319,000 as explained in the Rebuttal Testimony of Peter Toomey. MFR C-4, page 12, shows system A&G office supplies and expense as $26,783,000. With these adjustments, the appropriate amount of A&G Office Supplies and Expense on a system basis is $26,672,000 and the jurisdictional amount based on the separation study at the time of PEF's original filing would be $23,130,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. With this change, PEF's appropriate amount of A&G office supplies and expense is $23,411,000 when applying a separation factor of .88755 on the labor related portion as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, Slusser)

ISSUE 62: Should an adjustment be made to PEF's proposed 2010 allowance for O&M expense to reflect productivity improvements, if any?

PEF: No, such an adjustment is inappropriate. The Company has supported all of its 2010 O&M expenses through the testimony of its witnesses, and its budgets already reflect the productivity improvements the Company has implemented. (Toomey, Oliver, Joyner, Sorrick)

ISSUE 63: Should an adjustment be made to PEF's requested level of salaries and employee benefits for the 2010 projected test year?

PEF: Yes, as explained in response to OPC Interrogatory No. 386, PEF budgeted $1,208,000 to Salaries and Wages that should have been budgeted to A&G Office Supplies and Expense. In addition, PEF budgeted $450,000 to Salaries and Wages that should have been budgeted to A&G Injuries and Damages. Therefore, Salaries and Wages should be reduced by $1,658,000 (system). The jurisdictional amount at the time of PEF' original filing would be $1,454,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. With this change, the appropriate amount of the adjustment is a decrease of $1,472,000 when applying a separation factor of .88755 as reflected in the Rebuttal Testimony of William C. Slusser, Exhibit WCS-12. (Toomey, DesChamps)

ISSUE 64: Are PEF's proposed increases to average salaries for 2010 appropriate?

PEF: Yes, PEF's proposed increases in average salaries are based on market studies and are designed to maintain total compensation packages that are competitive so that the Company can attract and retain qualified employees. (DesChamps)

ISSUE 65: Are PEF's proposed increases in employee positions for 2010 appropriate?

PEF: Yes, PEF's proposed increase of thirty-six new positions is appropriate for the reasons set forth in the Rebuttal Testimony of Peter Toomey. (Toomey)

ISSUE 66: Should the proposed 2010 allowance for incentive compensation be adjusted?

PEF: No adjustment for incentive compensation is warranted. (DesChamps)

ISSUE 67: Should the Company's proposed 2010 allowance for employee benefit expense be adjusted?

PEF: No adjustment for employee benefit expense is warranted. (DesChamps)

ISSUE 68: Should an adjustment be made to the accrual for property damage for the 2010 projected test year?

PEF: No. (Toomey)

ISSUE 69: Should an adjustment be made to PEF's 2010 generation O&M expense?

PEF: No. (Sorrick, Young)

ISSUE 70: Should an adjustment be made to PEF's 2010 transmission O&M expense?

PEF: No. (Oliver)

ISSUE 71: Should an adjustment be made to PEF's 2010 distribution O&M expense?

PEF: No. (Joyner)

ISSUE 72: ISSUE DROPPED.

ISSUE 73: What is the appropriate amount and amortization period for PEF's rate case expense for the 2010 projected test year?

PEF: The appropriate amount for rate case expense is $2,251,000, as presented in the Rebuttal Testimony of Peter Toomey, amortized over a two year period beginning January, 2010. (Toomey)

ISSUE 74: Should an adjustment be made to bad debt expense for the 2010 projected test year?

PEF: No adjustment to bad debt expense for 2010 is necessary. (Toomey)

ISSUE 75: What adjustments, if any, should be made to the 2010 projected test year depreciation expense to reflect revised depreciation rates, capital recovery schedules, and amortization schedules resulting from PEF's depreciation study?

PEF: No adjustment should be made to PEF's depreciation expense as reflected in its 2009 Depreciation Study. (Robinson, Toomey, Garrett, Vilbert, Sullivan)

ISSUE 76: What is the appropriate amount of depreciation and fossil dismantlement expense for the 2010 projected test year?

PEF: PEF's requested level of depreciation and dismantlement expenses for the 2010 projected test year of $354,755,000 and $3,114,000, respectively, were appropriate at the time of PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, these expenses have changed. The updated appropriate depreciation and dismantlement expenses for the projected 2010 test year are $360,454,000 and $3,194,000, respectively, as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. PEF updated its dismantlement costs in response to Staff's Interrogatory No. 319. The updated cost is higher than in PEF's original filing, however PEF does not seek to recover this increase. PEF believes its fossil dismantlement accrual is appropriate and reasonable given the inherent uncertainty and volatility with regard to inflation and scrap value assumptions as well as the time frame between dismantlement filings. (Toomey, Robinson, Garrett, Kopp, Vilbert, Sullivan)

ISSUE 77: What is the appropriate amount of nuclear decommissioning expense for the 2010 projected test year?

PEF: $0. Based on the Nuclear Decommissioning Cost Study for CR3 completed in 2008, the current decommissioning fund balance is sufficient to cover the cost of decommissioning to the end of the nuclear plant's extended life in 2036. (Young, Toomey)

ISSUE 78: What adjustments, if any, should be made to the amortization of End of Life Material and Supplies inventories?

PEF: No adjustments should be made. (Young, Toomey)

ISSUE 79: What adjustments, if any, should be made to the amortization of the costs associated with the last core of nuclear fuel?

PEF: No adjustments should be made. (Young, Toomey)

ISSUE 80: Should an adjustment be made to taxes other than income taxes for the 2010 projected test year?

PEF: No adjustment to taxes other than income taxes for 2010 is necessary based on PEF's original filing of $129,587,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. With this change, the appropriate amount of taxes other than income taxes for the 2010 projected test year is $131,813,000 as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 81: Is it appropriate to make a parent debt adjustment as per Rule 25-14.004, Florida Administrative Code?

PEF: No, it is not appropriate to make a parent-debt adjustment. The equity contributions made to PEF by the parent were from equity issuances at the parent, not debt. Equity issued in 2008, 2009 and 2010 at the parent will be greater than contributions made to PEF in 2009 and 2010. (Toomey, Sullivan)

ISSUE 82: Should an adjustment be made to Income Tax expense for the 2010 projected test year?

PEF: Yes. Based on the adjustments to reduce rate case expense by $269,000 and A&G office supplies and expense by $1,157,000 (jurisdictional) as explained in the Rebuttal Testimony of Peter Toomey Exhibit PT-17, an adjustment should be made to increase income tax expense by $550,000 based on the statutory income tax rate of 38.575%. Therefore, based on PEF's original filing with this adjustment, income tax expense would have been $45,040,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp and the change in separation factors, the appropriate amount of income tax expense for the 2010 projected test year is $12,079,000 as reflected in the Rebuttal Testimony of Peter Toomey, Exhibit PT-17. (Toomey)

ISSUE 83: Is PEF's requested level of Operating Expenses in the amount of $1,249,372,000 for the 2010 projected test year appropriate?

PEF: No. PEF's requested level of Operating Expense of $1,249,372,000 must be adjusted to reduce A&G Office Supplies and Expense and Rate Case Expense as explained in the Rebuttal Testimony of Peter Toomey. With these adjustments, the level of Operating Expense would have been $1,248,488,000. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The impact of this change on Operating Expense is a net reduction of $18,303,000, for total adjusted Operating Expenses of $1,230,185,000 as presented in the Rebuttal Testimony of Peter Toomey Exhibit PT-17. (Toomey, Morman, Sorrick, Young, DesChamps, Joyner, Oliver)

ISSUE 84: Is PEF's projected net operating income in the amount of $268,546,000 for the 2010 projected test year appropriate?

PEF: No. PEF's net operating income must be adjusted to reflect the decrease in operating expense of $876,000 as explained in Issue No. 83. With this adjustment, the projected net operating income would have been $269,422,000 based on PEF's original filing. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of John B. Crisp, the separation factors have changed. The impact of this change on net operating income is a net reduction of $48,974,000, for total adjusted Net Operating Income of $220,448,000 as presented in the Rebuttal Testimony of Peter Toomey Exhibit PT-17. (Toomey, Slusser)

ISSUE 85: Has PEF appropriately accounted for affiliated transactions? If not, what adjustment, if any, should be made?

PEF: Yes, PEF has appropriately accounted for affiliate transactions. There are no adjustments necessary. (Toomey, Wyckoff)

REVENUE REQUIREMENTS

ISSUE 86: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for PEF?

PEF: The appropriate projected test year revenue expansion factor is 61.207% and the appropriate net operating income multiplier is 1.63381. (Toomey)

ISSUE 87: Is PEF's requested annual operating revenue increase of $499,997,000 for the 2010 projected test year appropriate?

PEF: Yes. At the time of PEF's original filing, the requested increase of $499,997,000 was appropriate, subject to the adjustments to net operating income and rate base described herein. PEF is not seeking a revenue increase greater than the $499,997,000 contained in its original request. However, as a result of the updated sales forecast filed in the Rebuttal Testimony of

John B. Crisp, an additional $94,830,000 above the requested level would be required to allow PEF to earn its requested rate of return for 2010. (Toomey, Dolan)

COST OF SERVICE AND RATE DESIGN

ISSUE 88: Has PEF correctly calculated revenues at current rates for the projected test year?

PEF: Yes. PEF appropriately calculated revenues using test period billing determinants as developed from both the originally filed sales forecast and the revised May 2009 sales forecast. (Slusser)

ISSUE 89: Is PEF's proposed separation of costs and revenues between the wholesale and retail jurisdictions appropriate?

PEF: Yes. PEF's proposed separation of costs and revenues between wholesale and retail jurisdictions is appropriate for both the originally filed jurisdictional cost of service study and the revised jurisdictional cost of service study associated with the May 2009 sales forecast. (Slusser)

ISSUE 90: What is the appropriate Cost of Service Methodology to be used to allocate base rate and cost recovery costs to the rate classes?

PEF: The appropriate cost of service methodology is "12 CP and 50% AD" method for allocating production capacity costs and the 12 CP method for allocating transmission costs. (Slusser)

ISSUE 91: If the Commission approves a cost allocation methodology other than the 12 CP and 1/13th Average Demand, should all cost recovery factors be adjusted to reflect the new cost of service methodology?

PEF: Yes. The Commission's practice has been to use the same cost allocation method approved in a utility's last base rate proceeding to allocate costs in the utility's cost recovery clauses for each functional cost. (Slusser)

ISSUE 92: How should any change in revenue requirements approved by the Commission be allocated among the customer classes?

PEF: The appropriate allocation of any change in revenue requirements, after recognizing any additional revenues from service charges, should track, to the extent practical, each class's revenue deficiency as determined from the approved cost of service study. No class should receive an increase greater than 1.5 times the system average percentage increase in total, and no class should receive a decrease. The appropriate allocation should recognize the combination of the Curtailable and Interruptible rate classes for the purpose of establishing base rate and billing adjustment charges. It should also recognize any customer migration that may occur between the GS and GSD rate schedules as a result of the final rate design. (Slusser)

ISSUE 93: Is PEF's proposed treatment of unbilled revenue due to any recommended rate change appropriate?

PEF: Yes. PEF has accurately calculated unbilled revenues. (Slusser)

ISSUE 94: Is PEF's proposed charge for Investigation of Unauthorized Use appropriate?

PEF: Yes. The proposed charge will properly assign the costs of investigating unauthorized use to the customers who engaged in such unauthorized use. (Slusser, Morman)

ISSUE 95: Should the Commission approve PEF's proposal to eliminate its IS-1, IST-1, CS-1, and CST-1 rate schedules and transfer the current customers to otherwise applicable rate schedules?

PEF: Yes. These rate schedules, which are proposed to be eliminated, have been closed to new customers since April 1996. At that time, existing customers were grandfathered under these schedules to avoid the possibility of hardship from immediate transfer to comparable, cost-effective rate schedules. It is now appropriate to bring this interim grandfathering to a close. (Slusser)

ISSUE 96: Is PEF's proposal to grandfather certain terms and conditions for existing IS-1, IST-1, CS-1, and CST-1 customers transferred to the IS-2, IST-2, CS-2, and CST-2 rate schedules appropriate?

PEF: Yes. Grandfathering certain terms and conditions is appropriate to avoid placing an undue burden on the transferred customers. (Slusser)

ISSUE 97: Should PEF's proposal to close the RST-1 rate to new customers be approved?

PEF: Yes. This rate schedule should be closed to new customers. There has been little customer interest in this rate schedule, with only 38 customers currently taking service under this option. (Slusser)

ISSUE 98: Are PEF's proposed customer charges appropriate?

PEF: Yes. (Slusser)

ISSUE 99: Are PEF's proposed service charges appropriate?

PEF: Yes. The proposed service charges will more appropriately assign costs to the customers imposing such cost. (Slusser)

ISSUE 100: Is PEF's proposed charge for Temporary Service appropriate?

PEF: Yes. (Slusser)

ISSUE 101: Is PEF's proposed Premium Distribution Service charge appropriate?

PEF: Yes. (Slusser)

ISSUE 102: ISSUE DROPPED.

ISSUE 103: Are PEF's proposed monthly fixed charge carrying rates to be applied to the installed cost of customer-requested distribution equipment, lighting service fixtures, and lighting service poles, for which there are no tariffed charges, appropriate?

PEF: Yes. (Slusser)

ISSUE 104: Are PEF's proposed delivery voltage credits appropriate?

PEF: Yes. (Slusser)

ISSUE 105: Are PEF's power factor charges and credits appropriate?

PEF: Yes. (Slusser)

ISSUE 106: Is PEF's proposed lump sum payment for time-of-use metering costs appropriate?

PEF: Yes. (Slusser)

ISSUE 107: What is the appropriate method of designing time of use rates for PEF?

PEF: The appropriate methodology is that used by PEF, which designed those schedules in the same manner as has been prescribed by the Commission since their inception. (Slusser)

ISSUE 108: What are the appropriate charges under the Firm, Interruptible, and Curtailable Standby Service rate schedules?

PEF: PEF's proposed Standby Service charges were appropriately developed in accordance with Commission prescribed methodology. (Slusser)

ISSUE 109: What is the appropriate level of the interruptible credit?

PEF: PEF objects to the inclusion of this issue. The appropriate level of the interruptible credit is not a rate case issue; credits should be set in the conservation clause docket. In the event this issue is included over PEF's objection, its position is as follows:

There should be no change in the current level of the interruptible credit. Any change in the credit should be addressed in the conservation clause docket. (Slusser)

ISSUE 110: Should the interruptible credit be load factor adjusted?

PEF: PEF objects to the inclusion of this issue. The appropriate application of the interruptible credit is not a rate case issue; the application of credits should be addressed in the conservation clause docket. In the event this issue is included over PEF's objection, its position is as follows:

Yes, the interruptible credit should continue to be load factor adjusted as it is currently. Any change in the application of the credit should be addressed in the conservation clause docket. (Slusser)

ISSUE 111: What are the appropriate energy charges?

PEF: Energy charges should be set in combination with demand charges to produce the target revenue requirements and to the extent practical provide for uniform percentage increases throughout the class. (Slusser)

ISSUE 112: What are the appropriate demand charges?

PEF: Demand charges should be set at a level to at least recover distribution costs and be set in combination with energy charges to produce the target revenue requirements and to the extent practical provide for uniform percentage increases throughout the class. (Slusser)

ISSUE 113: What are the appropriate lighting charges?

PEF: The appropriate lighting charges are those presented in the tariff sheets contained in MFR E-14. (Slusser)

ISSUE 114: Should PEF's proposal to revise its Leave Service Active (LSA) provision (tariff sheet No. 6.110) be approved?

PEF: Yes. (Slusser)

ISSUE 115: What is the appropriate effective date for PEF's revised rates and charges?

PEF: The appropriate effective date for the revised rates is the first billing cycle for the month of January, 2010. The appropriate effective date for revised service charges is January 1, 2010. (Slusser, Toomey)

OTHER ISSUES

ISSUE 116: Should any of the $13,078,000 interim rate increase granted by Order No. PSC-09-0413-PCO-EI be refunded to the ratepayers?

PEF: No. (Toomey)

ISSUE 117: Should PEF be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records which will be required as a result of the Commission's findings in this proceeding?

PEF: Yes. (Toomey)

ISSUE 118: What are the appropriate guidelines for the pension fund regulatory asset?

PEF: PEF objects to the inclusion of this issue. The guidelines for the pension fund regulatory asset were established in PAA Order No. PSC-09-0484-PAA-EI. No party protested those portions of the PAA order and, pursuant to Section 120.80(13), Fla. Stat. and Rule 25-22.029(3), issues that were not identified as being in dispute are deemed stipulated. In the event this issue is included over PEF's objection, its position is as follows:

As set forth in Order No. PSC-09-0484-PAA-EI, PEF should use any future pension expense levels below the allowance provided for in rates in this rate case to write down the balance of the 2009 Pension Regulatory Asset. In the event such write-downs are insufficient to fully amortize the 2009 Pension Regulatory Asset, PEF shall not seek recovery of this item through a base rate case prior to 2015. Until that time, the unamortized balance of the 2009 Pension Regulatory

Asset should be included in rate base for purposes of earnings surveillance reporting and PEF should not earn a carrying charge on this regulatory asset. (Toomey)

ISSUE 119: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the Stipulation approved by Order No. PSC-05-0945-S-EI to a future period violate the terms of the Stipulation and order?

PEF: No, nothing in the Stipulation precludes the creation of a regulatory asset and the deferral of pension expenses. (Legal Issue)

ISSUE 120: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the Stipulation and order to a future period constitute retroactive ratemaking?

PEF: No, the deferral of these expenses to a future period does not constitute retroactive ratemaking. (Legal Issue)

ISSUE 121: Does the creation of a regulatory asset and the deferral of pension expenses from a period covered by the revenue sharing provisions of the Stipulation and order to a future period result in double recovery of those expenses?

PEF: No, the deferral of these expenses to a future period does not result in any double recovery. (Legal Issue)

ISSUE 122: Should this docket be closed?

PEF: Yes. (Toomey)

E. STIPULATED ISSUES

None at this time.

F. PENDING MATTERS

The following pending matters require action by the Commission:

1. Motion to Intervene filed 8/10/09 by Martin Drango, Mark Rigsby, Gary Roebuck and James Terry, Jr. (PEF Employee Intervenors). Document No. 08216-09.

2. Motion to Consolidate Docket No. 090145-EI with this docket. Document Nos. 07901-09 and 088899-09.

G. PEF PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION OR FOR TEMPORARY PROTECTIVE ORDER

03763-09	Motion for Temporary Protective Order re: OPC First, Second and Third Request for Production of Documents, Nos. 1-68, 69-78 and 79-121 respectively	4/23/09
03962-09	Second Motion for Temporary Protective Order e: OPC First Set of Interrogatories, specifically number 39b	4/28/09
04091-09	Second Request for Confidential Classification re: Staff's First Interrogatories number 1 and Second Request for Production of Documents number 7	5/1/09
04645-09	Third Motion for Temporary Protective Order re: OPC Fourth Request for Production of Documents, specifically number 145	5/12/09
04601-09	Third Request for Confidential Classification re: Staff Fourth Request for Production of Documents, specifically numbers 12 and 13	5/12/09
04562-09	Fourth Motion for Temporary Protective Order re: OPC Third Interrogatory, specifically number 145	5/13/09
04866-09	Fifth Motion for Temporary Protective Order re: OPC Sixth Request for Production, specifically numbers 132, 134, 146 & 150	5/18/09
05026-09	Sixth Motion for Temporary Protective Order re: OPC Seventh Request for Production, specifically numbers 189, 190 and 196	5/20/09
05582-09	Fourth Request for Confidential Classification re: OPC Seventh Request for Confidential Classification, specifically numbers 189, 190 and 196	6/4/09
05843-09	Seventh Motion for Temporary Protective Order re: OPC Eighth Request for Production, specifically numbers 205 through 209, 216 and 217	6/10/09
06215-09	Eighth Motion for Temporary Protective Order re: OPC Ninth Request to Produce, specifically number 224	6/22/09
06484-09	Ninth Motion for Temporary Protective Order re: OPC Tenth Request for Production, numbers 231 and 232	6/29/09
07387-09	Fifth Request for Confidential Classification re: Staff Tenth Interrogatory, number 123 through 126	7/21/09
07594-09	Sixth Request for Confidential Classification re: Staff Eighteenth Interrogatories number 197 and 198	7/24/09
07877-09	Tenth Motion for Temporary Protective Order re: OPC Thirteenth Request for Production, specifically numbers 268 and 274	7/31/09

08144-09	Eleventh Motion for Temporary Protective Order re: OPC Fourteenth Request for Production Number 277 and Eleventh Interrogatory number 396	8/6/09
08433-09	Seventh Request for Confidential Classification re: FIPUG Fourth Request for Production, specifically number 44	8/13/09
08854-09	Eighth Request for Confidential Classification re: Staff Thirteenth Request for Production, specifically numbers 70, 71 and 90	8/25/09
08297-09	8/10/08 Fourth Notice of Intent re: Staff's Fifteenth Request for Production numbers 98 and 99	**Due: 8/31/09**
08431-09	8/13/09 Fifth Notice of Intent re: Staff's Sixteenth Request for Production number 100 and Twenty-Second Interrogatories number 267	**Due: 9/3/09**
08760-09	8/21/09 Sixth Notice of Intent re: Staff's Eighteenth Request for Production number 102	**Due: 9/11/09**
08895-09	8/27/09 Seventh Notice of Intent re: Staff's Twentieth Set of Interrogatories, supplemental response to number 259	**Due: 9/17/09**

In addition, pursuant to the Order Establishing Procedure, Order No. PSC-09-0190-PCO-EI, any party intending to utilize confidential information obtained from PEF during the course of discovery in the proceeding must notify PEF of its intention no later than 7 days prior to the beginning of the hearing. If such designations are made by any party to this proceeding, PEF will be requesting confidential treatment of such materials.

J. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

Because discovery is continuing in this matter, PEF must reserve the right to use witnesses and exhibits other than or different from those identified above, in order to respond to ongoing developments. PEF also reserves the right to identify other witnesses to address the issues in this prehearing statement because some of those issues are generally stated and it is difficult for PEF to ascertain each witness that may address them.

K. OBJECTIONS TO WITNESSES' QUALIFICATIONS

At this time, PEF has no objections to a witness's qualifications as an expert. However, PEF reserves the right to challenge the qualifications of any witness at the hearing based on discovery, which has not yet closed, and on any witness voir dire conducted at the hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served via electronic and U.S. Mail to the following counsel of record as indicated below on this 31st day of August, 2009.

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