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# Public Service Commission

March 25, 2010

John T. Burnett  
Progress Energy Service Company, LLC  
P. O. Box 14042  
St. Petersburg, FL 33733-4042

## STAFF'S FIRST DATA REQUEST

**Re: Docket No. 100136-EI - Petition for approval of an accounting order to record a depreciation expense credit, by Progress Energy Florida, Inc.**

Dear Mr. Burnett:

By this letter, the Commission staff requests that Progress Energy Florida, Inc. (PEF or utility) provide responses to the following data requests.

1. Please quantify the cost of removal component of PEF's depreciation reserve for each account referred to on page 3 of its Petition.
2. Please provide all workpapers, in hardcopy and EXCEL format with formulas intact, showing the calculations that developed the cost of removal component of PEF's depreciation reserve quantified above. In your response, please include the identification and explanation of each input and assumption used.
3. To the extent PEF developed vintage reserves as part of any of its calculations determining a cost of removal reserve, please explain and show how PEF's book reserve for each account was allocated by vintage, for each account.
4. Please identify the date of implementation that PEF is seeking to begin the recording of the cost of removal credit, if such is approved.
5. The Commission has not previously established or recognized a cost of removal reserve. Please explain why the existence of a cost of removal reserve should be recognized in this proceeding.

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6. Does PEF maintain a cost of removal reserve for each account separate and apart from the account's book reserve?
7. If Data Request No. 6 above is answered in the affirmative, please explain why a separate cost of removal reserve is maintained
8. If Data Request No. 6 above is answered in the affirmative, please identify how long PEF has maintained a separate cost of removal reserve.
9. On page 10 of PEF's Petition, under the Conclusion section, PEF "respectfully requests that the Commission issue an order allowing the Company to debit its cost of removal reserves and credit depreciation expense by up to \$75.8 million annually until the earlier of the Commission setting new base rates or the cost of removal reserve reaches zero." Please respond to the following:
  - a. Is PEF requesting that it be given flexibility in the exact amount of the depreciation expense credit each year just as long as the amount does not exceed \$75.8 million annually?
  - b. Is it PEF's intent, under its proposal, that the depreciation rates approved in Docket No. 090079-EI would not be reviewed or revised by the Commission until the earlier of the next rate case proceeding or when the cost of removal reserve is decreased to zero?
  - c. If the answer to Data Request 8(b) is affirmative, please explain whether PEF is requesting a waiver of the four-year depreciation study filing requirement in Rule 25-6.0436(8)(a), Florida Administrative Code?
  - d. Please explain the reasoning supporting PEF's proposal to debit its allocated cost of removal reserves by the amount of its depreciation expense credit rather than a debit to the bottom-line book reserve to be made account-specific at the next depreciation study review.
  - e. Please explain the reasoning supporting PEF's request that it be allowed to continue recording the depreciation expense credit with a debit to the cost of removal reserve until base rates are changed or the cost of removal reserve reaches zero.
10. On page 3 of PEF's Petition, it states that the Commission determined in Order No. PSC-10-0131-FOF-EI that its calculated reserve imbalance should be addressed over a period shorter than the remaining life. PEF states further that it disagrees with the Commission's Order in this regard. Please respond to the following:

- a. Please identify the specific page in Order No. PSC-10-0131-FOF-EI where the determination was made to amortize the calculated reserve surplus over a period shorter than the remaining life.
    - b. If PEF disagrees with Order No. PSC-10-0131-FOF-EI with respect to the calculated reserve variance, please explain why it now seeks something similar in its Petition.
  11. Please provide in hardcopy and electronic format the historical data used to estimate the econometric equations used in PEF's December 2009 load forecast.
  12. Please provide in hardcopy and electronic the statistical output resulting from the estimation of each econometric equation used in PEF's December 2009 load forecast.
  13. Please provide the forecast assumptions and their sources used to project the 2010 and 2011 load forecasts.
  14. Please provide the calculations and supporting rationale behind any adjustments made to the output of the econometric models resulting in the final December 2009 load forecast contained in the testimony of witness John B. Crisp.
  15. Please provide a copy of PEF's approved 2010 budget for rate base and net operating income on both a system and jurisdictional basis.
  16. Please provide a copy of any updates to the 2010 budget for rate base and net operating income on both a system and jurisdictional basis.
  17. For the months available, please provide a monthly comparison between the budgeted and actual results for 2010 for rate base and net operating income on both a system and jurisdictional basis.
  18. Based on PEF's approved 2010 budget, please provide a calculation of the December 2010 "FPSC Adjusted" average rate base, net operating income, cost of capital and return on equity utilizing the same format as required in the earnings surveillance report.
  19. Based on any updates to PEF's approved 2010 budget, please provide a calculation of the December 2010 "FPSC Adjusted" average rate base, net operating income, cost of capital and return on equity utilizing the same format as required in the earnings surveillance report.
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John T. Burnett  
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Please file the original and five copies of the requested information by April 8, 2010, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6220 if you have any questions.

Sincerely,



Caroline Klancke  
Senior Attorney  
Office of the General Counsel

CMK/sh

cc: Office of Commission Clerk (Docket No. 100136-EI)  
J. Michael Walls/Blaise N. Huhta  
Paul Lewis, Jr.  
Richard D. Melson  
Office of the General Counsel (Fleming)  
Division of Economic Regulation (Willis, Lee, Stallcup, Slemkewicz)