

Hopping Green & Sams

Attorneys and Counselors

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

April 16, 2010

RECEIVED-FPSC
10 APR 16 PM 3:38
COMMISSION
CLERK

BY HAND-DELIVERY

Ann Cole
Director Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 100007-EI

Dear Ms. Cole:

On behalf of Progress Energy Florida, Inc. (PEF), I enclose for filing in the above docket the original and fifteen (15) copies of the Supplemental Direct Testimony of Will Garrett and Exhibit No. __ (WG-3).

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

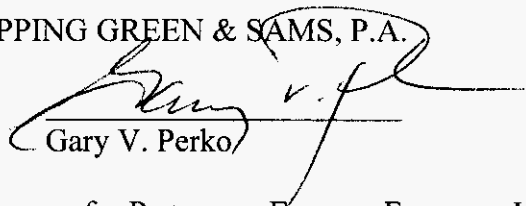
Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions regarding this filing, please call me at 222-7500.

COM 5
APA 1
ECR 6
GCL 1
RAD 1
SSC
ADM
OPC
CLK
Enclosures
cc: Certificate of Service

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By:



Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

DOCUMENT NUMBER-DATE

02941 APR 16 2010

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to all counsel of record and interested parties as listed below by hand-delivery (*) or regular U.S. mail this 16th day of April, 2010.

Martha Carter Brown (*)
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Florida Power & Light Co.
Mr. Wade Litchfield
215 S. Monroe Street, Suite 810
Tallahassee, FL 32301

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley Law Firm
P.O. Box 391
Tallahassee, FL 32302

Gulf Power Company
Susan Ritenour
One Energy Place
Pensacola, FL 32520-0780

Joseph McGlothlin, Esq.
Charlie Beck, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Rm. 812
Tallahassee, FL 32399

Tampa Electric Company
Paula K. Brown
Regulatory Affairs
P.O. Box 111
Tampa, FL 33601-0111

Jeffrey A. Stone, Esq.
Russell A. Badders, Esq.
Beggs & Lane Law Firm
P.O. Box 12950
Pensacola, FL 32591-2950

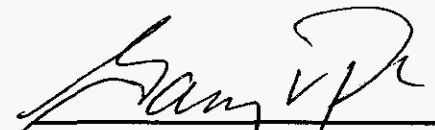
R. Alexander Glenn
Deputy General Counsel - Florida
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, FL 33733

Florida Industrial Power Users Group
John W. McWhirter, Jr.
c/o McWhirter Law Firm
P.O. Box 3350
Tampa, FL 33601-3350

John T. Burnett
Associate General Counsel - Florida
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, FL 33733

Florida Power & Light Co.
John T. Butler, Esq.
700 Universe Blvd.
Juno Beach, FL 33408-0420

Paul Lewis, Jr.
Progress Energy Florida, Inc.
106 East College Avenue, Suite 800
Tallahassee, FL 32301-7740



Attorney

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF

WILL GARRETT

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 100007-EI

April 16, 2010

Q. Please state your name and business address.

A. My name is Will Garrett. My business address is 299 First Avenue North, St. Petersburg, FL 33701.

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

A. I am employed by Progress Energy Service Company, LLC as Controller of Progress Energy Florida (PEF).

Q. Have you previously filed testimony before this Commission in connection with Progress Energy Florida's Environmental Cost Recovery Clause (ECRC)?

A. Yes. On April 1, 2010 I presented Progress Energy Florida's Actual True-up costs associated with Environmental Compliance activities for the period January 2009 through December 2009.

DOCUMENT NUMBER-DATE

02941 APR 16 09

FPSC-COMMISSION CLERK

1 **Q. What is the purpose of your supplemental testimony?**

2 **A.** The purpose of my supplemental testimony is to present the capital structure,
3 components and cost rates that Progress Energy Florida relied upon to calculate the
4 revenue requirement rate of return for the period January 2009 through December
5 2009.

6

7 **Q. Are you sponsoring any exhibits in support of your testimony?**

8 **A.** Yes. I am sponsoring Exhibit No. WG-3.

9

10 **Q. What capital structure, components and cost rates did Progress Energy**
11 **Florida rely upon to calculate the revenue requirement rate of return for the**
12 **period January 2009 through December 2009.**

13 **A.** The capital structure, components and cost rates relied upon to calculate the
14 revenue requirement rate of return for the period January 2009 through December
15 2009 are shown in my Exhibit No. WG-3. The schedule provided in Exhibit No.
16 WG-3 includes the derivation of debt and equity components used in the Return on
17 Average Net Investment, lines 7 (a) and (b), on Form 42-8 included in Exhibit WG-
18 1 to my testimony submitted on April 1, 2010. The schedule also cites all sources
19 and includes the rationale for using the particular capital structure and cost rates.

20

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

22 **A.** Yes, it does.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Calculation of the Final True-up Amount
January 2009 through December 2009

Progress Energy Florida Capital Structure and Cost Rates

EFFECTIVE 1/1/2006 FOR FORECASTS AND ACTUALS

	2006 Test Yr							
	\$000's	Ratio	Cost Rate	Weighted Cost		Pretax	Effective Tax Rate	38.575%
CE	\$ 2,684,417	57.83%	11.75%	6.80%	after tax	11.06%		
PS	25,044	0.54%	4.51%	0.02%	after tax	0.04%	Income Tax Multiplier	1.628002
LTD - F	1,520,653	32.76%	5.73%	1.88%	pretax	1.88%		
LTD - V	-	0.00%	0.00%	0.00%	pretax	0.00%		
STD	25,148	0.54%	4.04%	0.02%	pretax	0.02%		
CD-active	101,979	2.20%	5.92%	0.13%	pretax	0.13%		
CD-inact	-	0.00%	0.00%	0.00%	pretax	0.00%		
ITC-Equity	13,485	0.29%	11.68%	0.03%	after tax	0.06%		
ITC-Debt	7,588	0.16%	5.73%	0.01%	pretax	0.01%		
DEF TX	309,400	6.67%	0.00%	0.00%	after tax	0.00%		
DEF TX	(46,088)	-0.99%	0.00%	0.00%	after tax	0.00%		
	<u>4,641,606</u>	<u>100.00%</u>		<u>8.89%</u>		<u>13.20%</u>		
		100.00%						

Total Debt	2.04%	pretax	2.04%	pretax
Total Equity	6.85%	after tax	11.16%	pretax

Source: Per Settlement Agreement dated 8/23/05 -MFR D-1A as filed with 11.75% Equity Docket 050078-EI Fully Adj'd Retail.

Rationale: The Company is using the currently approved capital structure and cost rates in accordance with the 2005 Settlement Agreement.