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Public Service Commission

June 25, 2010

Mr. John T. Burnett
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042

STAFF'S SECOND DATA REQUEST

VIA FACSIMILE: (727) 820-5519

Re: Docket No. 100134-EI - Review of Progress Energy Florida, Inc.'s current allowance for funds used during construction.

Dear Mr. Burnett:

In Progress Energy Florida, Inc.'s (PEF) response to Staff's First Data Request, PEF explained the entire amount of short-term debt was removed from the capital structure because the current 13-month average balance of the net unrecovered deferrals and related balances exceeded the commercial paper balance. PEF also explained that since the capital cost for funding the unrecovered deferrals is recovered through clauses at a commercial paper rate, it is appropriate to remove that cost from the overall cost of capital used to derive the AFUDC rate by making a specific adjustment to short-term debt.

Rule 25-6.0141(2)(a), Florida Administrative Code, requires that the applicable AFUDC rate be determined using adjustments consistent with those used by the Commission in the utility's last rate case. In PEF's last rate case, the only specific adjustment made to short-term debt was to convert a variable rate to a daily weighted average balance as stated on page 81 in Order No. PSC-10-0131-FOF-EI. All other adjustments, including adjustments to remove clause-related amounts from the capital structure, were made pro-rata over all sources of capital. MFR Schedule D-1b, page 2 of 2, filed on March 20, 2009, in Docket No. 090079-EI, lists the pro-rata adjustments made to the capital structure which are reflected in Order No. PSC-10-0131-FOF-EI.

Based on the adjustments used in PEF's last rate case, it appears the specific adjustment made to short-term debt for unrecovered deferrals should be made pro-rata over all sources of capital. Please submit revised AFUDC schedules that include adjustments consistent with PEF's last rate case. In the alternative, if PEF believes the specific adjustment made to short-term debt in its AFUDC filing is consistent with the rate case adjustments reflected in Order NO. PSC-10-0131-FOF-EI, please provide justification for the adjustment.

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In addition, please provide the following.

- A schedule that lists and describes the basis for the specific and pro-rata adjustments made to the revised AFUDC capital structure in Schedule B of PEF's AFUDC filing.
- A description of all the accounts listed in the schedule entitled "Deferred Accounts For All Clauses And Derivatives" that was included in PEF's response to Staff's First Data Request. In the description, please identify which accounts correspond to the respective recovery clauses, i.e., fuel, capacity, nuclear, ECRC, ECCR, SCRC.
- A description of the purpose for the accounts listed as "Derivatives" in the Deferred Accounts For All Clauses And Derivatives schedule.

Please provide the requested information and schedules by July 7, 2010. Should you have any questions please contact me at (850) 413-6536.

Sincerely,



Dale R. Buys
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cc: Office of Commission Clerk
Office of the General Counsel (Brubaker)
Division of Economic Regulation (Bulecza-Banks, C. Davis, Maurey, Slemkewicz)