



RECEIVED-PPSC

10 JUN -3 AM 8:43

June 3, 2010

COMMISSION
CLERK

VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

In Re: Petition for increase in rates by Progress Energy Florida, Inc.; Docket No. 090079-EI; Required filing 90 days after the date of the final order for the petition for increase in rates by Progress Energy Florida, Inc.

Dear Ms. Cole:

As set forth in Order No. PSC-10-0131-FOF-EI issued March 5, 2010, the Commission requires Progress Energy Florida, Inc. to submit within 90 days after the date of the final order in Docket No. 090079-EI, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records.

On January 11, 2010 the Commission deliberated and finalized by vote in the rate case proceeding specific items that impact the financial records and surveillance reports. On March 5, 2010 the final order was issued for the 2010 rate case outlining the filing requirement for Progress Energy Florida, Inc. As a result of the final order, the following is the list of issues that give rise to the filing requirement:

Summary description of adjustments to books and records

- **Production plant depreciation rates (pages 20-28)** – updated the property accounting system for the Commission approved remaining life rates for calculating depreciation expense found in Table #1 of the Final Order. This was implemented as of January 1, 2010 as indicated in the Final Order.
- **Transmission, distribution and general plant depreciation rates (pages 28-44)** – updated the property accounting system for the Commission approved remaining life rates for calculating depreciation expense found in Table #3 of the Final Order. This was implemented as of January 1, 2010 as indicated in the Final Order.
- **\$23 million reserve surplus amortization (pages 45-52)** – amortize \$23 million (retail jurisdictional) of the reserve imbalance over a 4 year period (annual amount of \$5.8 million retail). The amortization is recorded to the FERC account with the greatest reserve surplus which is account #365 Overhead conductors and devices. This was implemented by a monthly accrual commencing in January 1, 2010.
- **Allocate theoretical reserve imbalance (pages 52-56)** – updated the property accounting system for the Commission approved reserve transfers found in Table #5 of the Final Order.

COM
APA
ECR
GCL
RAD
SRC
ADM
OPC
CLK

- **Implementation date for revised depreciation rates (page 56)** – updated the property accounting system for the Commission approved implementation date of January 1, 2010 for the revised depreciation rates, capital recovery schedules, and amortization schedules.
- **Annual fossil dismantlement provision (pages 56-62)** – updated the property accounting system for the Commission approved system annual fossil dismantlement provision from zero to \$3,845,221 found in Table #8 of the Final Order.

DOCUMENT NUMBER-DATE

04604 JUN-3 0

FPSC-COMMISSION CLERK

- **Fossil dismantlement reserve transfer (page 58)** – updated the property accounting system for the Commission approved fossil dismantlement reserve transfers found in Table #7 of the Final Order.
- **Storm damage reserve (pages 68-71 & 117)** – discontinued the annual storm damage accrual of \$5,566,000 retail jurisdiction and accrual of interest on the storm reserve balance.
- **Unamortized rate case expense (pages 71-72, 126-128)** – amortize the rate case expense regulatory asset over a period of 4 years, beginning January 2010.
- **Adjustment for generation O&M expense (pages 117-121)** – ensured proper accounting for reclassification of CR4 precipitator costs from O&M to capital.
- **Adjustment for end of life material and supplies inventories (page 129)** – amortize an annual amount of \$1.1 million for the end of life material provision.
- **Adjustment for costs associated with the last core of nuclear fuel (page 129)** – amortize an annual amount of \$1.2 million for the last core of nuclear fuel provision.
- **Deferral of pension expenses (pages 145-151)** – recorded deferral of 2009 retail jurisdictional pension expense as a regulatory asset and will amortize annually the amount that is below the \$27.1 million retail jurisdiction as approved by the Commission in Order PSC-09-0484-PAA-EI.

Summary description of adjustments to surveillance reports
(unless otherwise specified effective January 2010)

- **Storm damage reserve (pages 68-71 & 117)** – included storm damage reserve in rate base.
- **Unamortized rate case expense (pages 71-72, 126-128)** – excluded unamortized rate case expense from rate base.
- **Pro forma adjustment to equity for off-balance sheet purchased power (pages 74-76)** – starting in January 2010 as part of the computation of the 13 month rolling average of this pro forma adjustment we eliminated the equity adjustment for off-balance sheet purchased power for the month. Similar to January 2010, subsequent months in 2010 will be adjusted as well to effectively eliminate this pro- forma adjustment over the balance of 2010.
- **Customer deposits (pages 83-84)** – will update the jurisdictional factor to 100% for customer deposits in the capital structure component of the surveillance reports beginning in the April 2010 surveillance filing.
- **Authorized ROE of 10.50% (pages 87-95)** - updated capital structure for Commission approved ROE of 10.50%.
- **Directors' and officers' liability insurance adjustment (pages 97-99)** – Net operating income includes an adjustment to remove 50% of retail jurisdictional directors' and officers' liability insurance expense.
- **Parent debt adjustment (pages 129-131)** – Net operating income includes an adjustment to retail tax expense to reflect the parent debt adjustment.
- **Deferral of pension expenses (pages 145-151)** – included the deferred pension expense regulatory asset in the working capital component of rate base.
- **Equity adjustment for Crystal River #3 unit** – starting in January 2010 as part of the computation of the 13 month rolling average of this pro forma adjustment we eliminated the equity adjustment and the reduction for long term debt for Crystal River #3 unit as filed in the 2009 rate case for the month of January. Similar to January 2010, subsequent months in 2010 will be adjusted as well to effectively eliminate this pro- forma adjustment over the balance of 2010.

Based on the Commission's findings in this proceeding this is a complete listing and description of all entries or adjustments that were required to be made to Progress Energy Florida's annual report, earnings surveillance reports and books and records required in the final order dated March 5, 2010.

Sincerely,

 Will Garrett
 Controller, Progress Energy Florida, Inc.