

Hopping Green & Sams

Attorneys and Counselors

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COMMISSION
CLERK

October 14, 2011

BY HAND-DELIVERY

Ann Cole
Director, Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 110007-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 following:

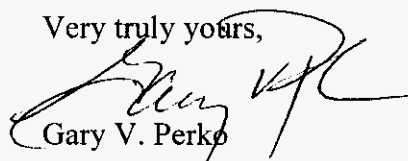
- PEF's Notice of Revision to Testimony and Exhibit;
- Attachment A - Revised Schedules for Exhibit No. __ (TGF-3) originally filed on August 26, 2010; and
- Attachment B - List or Revisions to Direct Testimony of Thomas G. Foster originally filed on August 26, 2011.

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 give one of us a call at 222-7500.

COM 5
APA 1
ECR 6
GCL 1
RAD 1
SRC 1
ADM 1
OPC 1
CLK CF.RPR

Very truly yours,



Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

DOCUMENT NUMBER DATE

07565 OCT 14 =

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery clause.

DOCKET NO. 110007-EI

DATED: OCTOBER 14, 2011

**PROGRESS ENERGY FLORIDA'S NOTICE OF FILING
REVISIONS TO TESTIMONY AND EXHIBIT**

PROGRESS ENERGY FLORIDA, INC., ("PEF"), hereby provides notice of filing revisions to the testimony of Thomas G. Foster and Exhibit No. __ (TGF-3) filed on August 26, 2011, as further described below:

1. The revisions reflect PEF's agreement with Staff to utilize a three year (rather than one year) amortization period for the proposed regulatory asset associated with PEF's remaining CAIR NOx allowances. Changing the amortization period results in a reduction of PEF's 2012 revenue requirements by \$13,892,463.

2. PEF also has corrected two minor math errors that are described in PEF's response to Staff Interrogatory No.18b. The impact of correcting the math errors is to increase 2012 revenue requirements by \$26,250.

3. The combined impact of the revisions described above is to reduce 2012 revenue requirements by \$13,866,213 and to reduce PEF's proposed residential ECRC rates from \$5.83/mWh to \$5.45/mWh. These changes are reflected in Revised Forms 42-1P, 42-2P, 42-3P, 42-4P page 5 of 16, 42-5P page 5 of 18 and 42-7P of Exhibit No. _ (TGF-3), which are provided in Attachment "A" to this Notice. Corresponding revisions to Mr. Foster's testimony are specified in Attachment "B" to this Notice.

DOCUMENT NUMBER-DATE

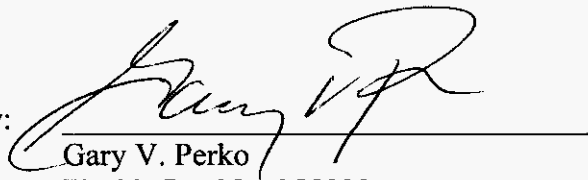
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FPSC-COMMISSION CLERK

DATED this 17th day of October, 2011.

HOPPING GREEN & SAMS, P.A.

By:

A handwritten signature in black ink, appearing to read "Gary V. Perko", is written over a horizontal line.

Gary V. Perko
Florida Bar No. 855898
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(850) 222-7500

Attorneys for Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic-mail and regular U.S. mail this 14th day of October, 2011.

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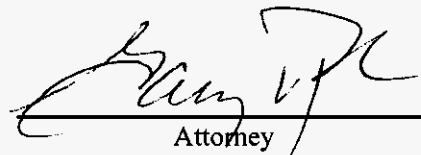
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Attorney

ATTACHMENT "A"

Revised Schedules to Exhibit No. __ (TGF-3)
originally filed on August 26, 2011

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
Total Jurisdictional Amount to be Recovered
For the Projected Period
JANUARY 2012 - DECEMBER 2012
(in Dollars)

Revised Form 42-1P

<u>Line</u>	Energy (\$)	Transmission Demand (\$)	Distribution Demand (\$)	Production Demand (\$)	Total (\$)
1 Total Jurisdictional Rev. Req. for the projected period					
a Projected O&M Activities (Form 42-2P, Lines 7 through 9)	\$ 38,872,301	\$ 1,384,728	\$ 2,426,549	\$ 1,101,172	\$ 43,784,750
b Projected Capital Projects (Form 42-3P, Lines 7 through 9)	161,060,912	0	1,689	2,455,320	163,517,921
c Total Jurisdictional Rev. Req. for the projected period (Lines 1a + 1b)	<u>199,933,213</u>	<u>1,384,728</u>	<u>2,428,238</u>	<u>3,556,492</u>	<u>207,302,671</u>
2 True-up for Estimated Over/(Under) Recovery for the current period January 2011 - December 2011 (Form 42-2E, Line 5 + 6 + 10)	2,339,353	(2,105,287)	283,939	2,034,333	2,552,337
3 Final True-up for the period January 2010 - December 2010 (Form 42-1A, Line 3)	<u>5,926,762</u>	<u>(331,768)</u>	<u>(100,916)</u>	<u>738,761</u>	<u>6,232,839</u>
4 Total Jurisdictional Amount to Be Recovered/(Refunded) in the Projection period January 2012 - December 2012 (Line 1 - Line 2 - Line 3)	<u>191,667,099</u>	<u>3,821,783</u>	<u>2,245,215</u>	<u>783,397</u>	<u>198,517,495</u>
5 Total Projected Jurisdictional Amount Adjusted for Taxes (Line 4 x Revenue Tax Multiplier of 1.00072)	<u>\$ 191,805,099</u>	<u>\$ 3,824,535</u>	<u>\$ 2,246,832</u>	<u>\$ 783,962</u>	<u>\$ 198,660,428</u>

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
 JANUARY 2012 - DECEMBER 2012

O&M Activities
 (in Dollars)

Line	Description	Projected Jan - 12	Projected Feb - 12	Projected Mar - 12	Projected Apr - 12	Projected May - 12	Projected Jun - 12	Projected Jul - 12	Projected Aug - 12	Projected Sep - 12	Projected Oct - 12	Projected Nov - 12	Projected Dec - 12	End of Period Total
1	Description of O&M Activities													
1	Transmission Substation Environmental Investigation, Remediation, and Pollution Prevention	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 165,997	\$ 1,991,964
1a	Distribution Substation Environmental Investigation, Remediation, and Pollution Prevention	174,976	174,976	174,976	174,976	174,976	174,976	174,976	174,976	174,976	174,976	174,976	174,976	2,089,712
2	Distribution System Environmental Investigation, Remediation, and Pollution Prevention	0	0	20,000	0	0	0	0	0	20,000	291,000	0	0	331,000
3	Pipeline Integrity Management, Review/Update Plan and Risk Assessments - Intm	166,083	166,083	166,083	166,083	166,083	66,083	66,083	66,083	141,083	141,083	141,083	66,087	1,518,000
4	Above Ground Tank Secondary Containment - Pkg	0	0	0	0	0	0	0	0	0	0	0	0	0
5	SO2 & NOx Emissions Allowances - Energy	601,203	595,228	607,694	595,992	614,848	618,309	621,182	622,113	616,725	611,841	615,265	614,576	7,334,975
6	Phase II Cooling Water Intake 316(b) - Base	0	0	0	0	0	0	0	0	0	0	0	0	0
6a	Phase II Cooling Water Intake 316(b) - Intm	0	0	0	0	0	0	0	0	0	0	0	0	0
7.2	CAIR - Peaking	19,500	25,000	5,000	0	0	5,000	0	0	5,000	0	21,600	9,600	90,700
7.4	CAIR Crystal River - Base	862,800	957,376	1,366,520	1,074,554	1,045,445	974,883	920,402	1,257,179	1,010,441	966,388	1,537,144	1,426,492	13,399,625
7.4	CAIR Crystal River - Energy	1,615,668	1,500,473	1,695,076	1,413,960	1,620,966	1,644,777	1,769,652	1,788,552	1,668,222	667,943	1,114,725	1,947,962	18,447,976
7.4	CAIR Crystal River - A&G	14,336	15,896	20,804	24,119	23,675	23,427	28,714	23,902	18,547	18,547	18,547	23,359	253,875
8	Arsenic Groundwater Standard - Base	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Sea Turtle - Coastal Street Lighting - Distrib	416	416	416	416	416	416	416	416	416	416	416	416	4,992
11	Modular Cooling Towers - Base	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Greenhouse Gas Inventory and Reporting - Energy	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Mercury Total Daily Maximum Loads Monitoring - Energy	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Hazardous Air Pollutants (HAPs) ICR Program - Energy	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Effluent Limitation Guidelines ICR Program - Energy	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Nat. Pollutant Discharge Elimination Sys. (NPDES)-Energy	2,000	63,000	83,000	67,000	63,000	49,500	30,000	15,000	75,500	77,500	75,000	47,500	648,000
17	Maximum Achievable Control Technology (MACT)-Energy	50,000	50,000	50,000	50,000	75,000	25,000	0	0	0	0	0	0	300,000
2	Total of O&M Activities	3,672,980	3,714,445	4,355,567	3,733,097	3,950,406	3,748,368	3,777,421	4,114,219	3,896,908	3,115,691	3,864,753	4,476,965	46,420,819
3	Recoverable Costs Allocated to Energy	2,268,872	2,208,700	2,435,770	2,126,952	2,373,814	2,337,586	2,420,833	2,425,665	2,360,447	1,357,284	1,804,989	2,610,038	26,730,951
4	Recoverable Costs Allocated to Demand - Transm	165,997	165,997	165,997	165,997	165,997	165,997	165,997	165,997	165,997	165,997	165,997	165,997	1,991,964
	Recoverable Costs Allocated to Demand - Distrib	175,392	175,392	195,392	175,392	175,392	175,392	175,392	175,392	195,392	175,392	175,392	175,392	2,435,704
	Recoverable Costs Allocated to Demand - Prod-Base	862,800	957,376	1,366,520	1,074,554	1,045,445	974,883	920,402	1,257,179	1,010,441	966,388	1,537,144	1,426,492	13,399,625
	Recoverable Costs Allocated to Demand - Prod-Intm	166,083	166,083	166,083	166,083	166,083	66,083	66,083	66,083	141,083	141,083	141,083	66,087	1,518,000
	Recoverable Costs Allocated to Demand - Prod-Peaking	19,500	25,000	5,000	0	0	5,000	0	0	5,000	0	21,600	9,600	90,700
	Recoverable Costs Allocated to Demand - A&G	14,336	15,896	20,804	24,119	23,675	23,427	28,714	23,902	18,547	18,547	18,547	23,359	253,875
5	Retail Energy Jurisdictional Factor	0.98770	0.97210	0.97650	0.97800	0.97820	0.97850	0.97700	0.97590	0.97460	0.97390	0.97450	0.97730	
6	Retail Transmission Demand Jurisdictional Factor	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	0.69516	
	Retail Distribution Demand Jurisdictional Factor	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	
	Retail Production Demand Jurisdictional Factor - Base	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	
	Retail Production Demand Jurisdictional Factor - Intm	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	
	Retail Production Demand Jurisdictional Factor - Peaking	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	
	Retail Production Demand Jurisdictional Factor - A&G	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	0.92374	
7	Jurisdictional Energy Recoverable Costs (A)	2,240,965	2,147,078	2,378,530	2,080,159	2,322,065	2,287,328	2,365,154	2,367,206	2,300,482	1,321,859	1,758,962	2,550,790	26,120,588
8	Jurisdictional Demand Recoverable Costs - Transm (B)	115,394	115,394	115,394	115,394	115,394	115,394	115,394	115,394	115,394	115,394	115,394	115,394	1,384,728
	Jurisdictional Demand Recoverable Costs - Distrib (B)	174,733	174,733	194,657	174,733	174,733	174,733	174,733	174,733	194,657	174,733	174,733	174,733	2,426,549
	Jurisdictional Demand Recoverable Costs - Prod-Base (B)	800,609	888,368	1,268,021	997,100	970,089	904,614	854,059	1,166,562	937,609	896,731	1,426,347	1,323,671	12,433,780
	Jurisdictional Demand Recoverable Costs - Prod-Intm (B)	120,478	120,478	120,478	120,478	120,478	47,937	47,937	47,937	102,343	102,343	102,343	47,940	1,101,170
	Jurisdictional Demand Recoverable Costs - Prod-Peaking (B)	17,935	22,993	4,599	0	0	4,599	0	0	4,599	0	19,866	8,829	83,420
	Jurisdictional Demand Recoverable Costs - A&G (B)	13,243	14,684	19,218	22,280	21,869	21,640	26,524	22,080	17,133	17,133	17,133	21,577	234,515
9	Total Jurisdictional Recoverable Costs for O&M Activities (Lines 7 + 8)	\$ 3,483,357	\$ 3,483,728	\$ 4,100,897	\$ 3,510,144	\$ 3,724,628	\$ 3,556,245	\$ 3,583,801	\$ 3,893,912	\$ 3,672,227	\$ 2,918,098	\$ 3,614,778	\$ 4,242,934	\$ 43,784,750

Notes:
 (A) Line 3 x Line 5
 (B) Line 4 x Line 6

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
JANUARY 2012 - DECEMBER 2012
 Capital Investment Projects-Recoverable Costs
 (in Dollars)

Revised Form 42-3P

Line	Description	Projected Jan - 12	Projected Feb - 12	Projected Mar - 12	Projected Apr - 12	Projected May - 12	Projected Jun - 12	Projected Jul - 12	Projected Aug - 12	Projected Sep - 12	Projected Oct - 12	Projected Nov - 12	Projected Dec - 12	End of Period Total
1	Description of Investment Projects (A)													
3.1	Pipeline Integrity Management - Bartow/Anclote Pipeline-Intermediate	\$ 38,028	\$ 37,954	\$ 37,879	\$ 37,805	\$ 37,731	\$ 37,658	\$ 37,583	\$ 37,510	\$ 37,436	\$ 37,361	\$ 37,285	\$ 37,212	\$ 451,442
4.1	Above Ground Tank Secondary Containment - Peaking	140,364	140,051	139,737	139,423	139,112	138,799	138,487	138,174	137,860	137,548	137,235	136,924	1,663,714
4.2	Above Ground Tank Secondary Containment - Base	32,345	32,292	32,236	32,180	32,125	32,070	32,015	31,959	31,903	31,849	31,794	31,738	384,506
4.3	Above Ground Tank Secondary Containment - Intermediate	3,058	3,054	3,049	3,045	3,039	3,034	3,030	3,024	3,020	3,015	3,010	3,005	36,383
5	SO2 & NOX Emissions Allowances - Energy	234,764	229,292	223,790	218,264	212,704	207,065	201,397	195,710	190,045	184,427	178,814	173,190	2,449,462
7.1	CAIR Anclote- Intermediate	0	0	0	0	0	0	0	0	0	0	0	0	0
7.2	CAIR CT's - Peaking	21,092	21,057	21,025	20,994	20,962	20,929	20,898	20,864	20,832	20,800	20,768	20,734	250,955
7.3	CAIR Crystal River - Base	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	2,644	31,728
7.4	CAIR Crystal River AFUDC - Base	14,241,599	14,225,042	14,201,549	14,191,474	14,213,641	14,250,578	14,249,116	14,225,446	14,201,781	14,193,357	14,203,902	14,246,224	170,643,709
7.4	CAIR Crystal River - Energy	5,408	5,408	5,408	5,408	5,408	5,408	5,408	5,408	5,408	5,408	5,408	5,408	64,897
9	Sea Turtle - Coastal Street Lighting -Distribution	142	142	142	142	142	141	141	141	141	141	141	139	1,695
10.1	Underground Storage Tanks-Base	1,757	1,755	1,752	1,749	1,746	1,744	1,741	1,738	1,735	1,733	1,730	1,727	20,907
10.2	Underground Storage Tanks-Intermediate	846	845	842	841	839	837	835	834	831	830	827	826	10,033
11	Modular Cooling Towers - Base	438	438	438	438	438	438	438	438	438	438	438	438	5,256
11.1	Crystal River Thermal Discharge Compliance Project AFUDC - Base	3,978	3,974	3,970	3,964	3,960	3,955	3,951	3,946	3,941	3,937	3,932	3,927	47,435
16	National Pollutant Discharge Elimination System (NPDES)-Intermediate	148	5,562	11,844	14,551	17,454	19,411	20,201	20,292	20,383	20,472	20,561	20,648	191,525
2	Total Investment Projects - Recoverable Costs	14,726,611	14,709,510	14,686,305	14,672,922	14,691,945	14,724,711	14,717,885	14,688,128	14,658,398	14,643,960	14,648,489	14,684,782	176,253,647
3	Recoverable Costs Allocated to Energy	240,172	234,700	229,198	223,672	218,112	212,473	206,805	201,118	195,453	189,835	184,222	178,598	2,514,359
4	Recoverable Costs Allocated to Demand - Distribution	142	142	142	142	142	141	141	141	141	141	141	139	1,695
	Recoverable Costs Allocated to Demand - Production - Base	14,282,761	14,266,145	14,242,589	14,232,449	14,254,554	14,291,429	14,289,905	14,266,171	14,242,442	14,233,958	14,244,440	14,286,698	171,133,541
	Recoverable Costs Allocated to Demand - Production - Intermediate	42,080	47,415	53,614	56,242	59,063	60,940	61,649	61,660	61,670	61,678	61,683	61,689	689,383
	Recoverable Costs Allocated to Demand - Production - Peaking	161,456	161,108	160,762	160,417	160,074	159,728	159,385	159,038	158,692	158,348	158,003	157,658	1,914,669
5	Retail Energy Jurisdictional Factor	0.98770	0.97210	0.97650	0.97800	0.97820	0.97850	0.97700	0.97590	0.97460	0.97390	0.97450	0.97730	
6	Retail Distribution Demand Jurisdictional Factor	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	0.99624	
	Retail Demand Jurisdictional Factor - Production - Base	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	0.92792	
	Retail Demand Jurisdictional Factor - Production - Intermediate	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	0.72541	
	Retail Demand Jurisdictional Factor - Production - Peaking	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	0.91972	
7	Jurisdictional Energy Recoverable Costs (B)	237,218	228,152	223,812	218,751	213,357	207,905	202,049	196,271	190,489	184,880	179,524	174,544	2,456,953
8	Jurisdictional Demand Recoverable Costs - Distribution (C)	141	141	141	141	141	140	140	140	140	140	140	138	1,689
	Jurisdictional Demand Recoverable Costs - Production - Base (C)	13,253,260	13,237,841	13,215,983	13,206,574	13,227,086	13,261,303	13,259,889	13,237,965	13,215,847	13,207,974	13,217,701	13,256,913	158,798,235
	Jurisdictional Demand Recoverable Costs - Production - Intermediate (C)	30,525	34,395	38,892	40,799	42,845	44,206	44,721	44,729	44,736	44,742	44,745	44,750	500,065
	Jurisdictional Demand Recoverable Costs - Production - Peaking (C)	148,494	148,174	147,856	147,539	147,223	146,905	146,590	146,270	145,952	145,636	145,319	145,001	1,780,959
9	Total Jurisdictional Recoverable Costs for Investment Projects (Lines 7 + 8)	\$ 13,669,639	\$ 13,648,704	\$ 13,626,685	\$ 13,613,804	\$ 13,630,653	\$ 13,660,460	\$ 13,653,388	\$ 13,625,276	\$ 13,597,164	\$ 13,583,373	\$ 13,587,430	\$ 13,621,346	\$ 163,517,921

Notes:

- (A) Each project's Total System Recoverable Expenses on Form 42-4P, Line 9; Line 5 for Project 5 - Allowances and Project 7.4 - Reagents.
- (B) Line 3 x Line 5
- (C) Line 4 x Line 6

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of the Projected Period Amount
 JANUARY 2012 - DECEMBER 2012

Revised Form 42-4P
 Page 5 of 16

Schedule of Amortization and Return
 Deferred Gain on Sales of Emissions Allowances (Project 5)
 (in Dollars)

Line	Description	Beginning of Period Amount	Projected Jan - 12	Projected Feb - 12	Projected Mar - 12	Projected Apr - 12	Projected May - 12	Projected Jun - 12	Projected Jul - 12	Projected Aug - 12	Projected Sep - 12	Projected Oct - 12	Projected Nov - 12	Projected Dec - 12	End of Period Total
1	Working Capital Dr (Cr)														
a.	1581001 SO ₂ Emission Allowance Inventory	\$ 4,972,187	\$ 4,954,700	\$ 4,943,189	\$ 4,919,212	\$ 4,905,326	\$ 4,873,792	\$ 4,838,797	\$ 4,800,929	\$ 4,762,130	\$ 4,728,719	\$ 4,700,192	\$ 4,668,241	\$ 4,636,979	\$ 4,636,979
b.	25401FL Auctioned SO ₂ Allowance	(1,654,395)	(1,511,726)	(1,489,057)	(1,426,388)	(1,386,941)	(1,343,869)	(1,300,798)	(1,257,726)	(1,214,855)	(1,171,583)	(1,128,512)	(1,085,440)	(1,042,369)	(1,042,369)
c.	1581002 NO _x Emission Allowance Inventory	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d.	1823403 NO _x Emission Allowance Regulatory Asset (A)	22,549,875	21,923,489	21,297,104	20,670,719	20,044,333	19,417,948	18,791,562	18,165,177	17,538,792	16,912,406	16,286,021	15,659,635	15,033,250	15,033,250
2	Total Working Capital	25,967,667	25,366,463	24,771,236	24,163,542	23,562,718	22,947,870	22,329,561	21,708,360	21,086,287	20,469,542	19,857,701	19,242,436	18,627,860	18,627,860
3	Average Net Investment		25,667,065	25,068,850	24,467,389	23,863,130	23,255,294	22,638,716	22,018,971	21,397,323	20,777,904	20,163,621	19,550,068	18,935,148	
4	Return on Average Net Working Capital Balance (B)														
a.	Equity Component Grossed Up For Taxes 8.02%		171,615	167,615	163,593	159,553	155,489	151,367	147,223	143,066	138,925	134,818	130,715	126,604	1,790,583
b.	Debt Component (Line 6 x Rate x 1/12) 2.95%		63,149	61,677	60,197	58,711	57,215	55,698	54,174	52,644	51,120	49,599	48,099	46,586	658,879
5	Total Return Component (C)		234,764	229,292	223,790	218,264	212,704	207,065	201,397	195,710	190,045	184,427	178,814	173,190	2,449,462
6	Expense Dr (Cr)														
a.	5090001 SO ₂ Allowance Expense		17,487	11,511	23,977	13,886	31,534	34,995	37,868	38,799	33,411	28,527	31,951	31,262	335,208
b.	4074004 SO ₂ Allowance Amortization Expense		(42,669)	(42,669)	(42,669)	(44,279)	(43,071)	(43,071)	(43,071)	(43,071)	(43,071)	(43,071)	(43,071)	(43,071)	(516,858)
c.	5091003 NO _x Allowance Expense		626,385	626,385	626,385	626,385	626,385	626,385	626,385	626,385	626,385	626,385	626,385	626,385	7,518,625
7	Net Expense (D)		601,203	595,228	607,694	595,982	614,848	618,309	621,182	622,113	616,725	611,841	615,265	614,576	7,334,975
8	Total System Recoverable Expenses (Lines 5 + 7)		835,967	824,520	831,484	814,256	827,552	825,374	822,579	817,823	806,770	796,268	794,079	787,766	9,784,437
a.	Recoverable costs allocated to Energy		835,967	824,520	831,484	814,256	827,552	825,374	822,579	817,823	806,770	796,268	794,079	787,766	9,784,437
b.	Recoverable costs allocated to Demand		0	0	0	0	0	0	0	0	0	0	0	0	0
9	Energy Jurisdictional Factor		0.98770	0.97210	0.97650	0.97800	0.97820	0.97850	0.97700	0.97500	0.97460	0.97390	0.97450	0.97730	
10	Demand Jurisdictional Factor		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11	Retail Energy-Related Recoverable Costs (E)		825,685	801,516	811,944	796,343	809,511	807,628	803,659	798,113	786,278	775,486	773,830	769,884	9,559,876
12	Retail Demand-Related Recoverable Costs (F)		0	0	0	0	0	0	0	0	0	0	0	0	0
13	Total Jurisdictional Recoverable Costs (Lines 11 + 12)		\$ 825,685	\$ 801,516	\$ 811,944	\$ 796,343	\$ 809,511	\$ 807,628	\$ 803,659	\$ 798,113	\$ 786,278	\$ 775,486	\$ 773,830	\$ 769,884	\$ 9,559,876

Notes:

- (A) As further described in the testimony of witnesses West and Foster, PEF expects the Cross-State Air Pollution Rule (CSAPR) to impact the value of NO_x allowances not used in 2011. PEF is reflecting the CSAPR impact by moving this investment to a regulatory asset to be amortized into rates over a 3 year period and be fully recovered by year end 2014.
- (B) Line 3 x 10.98% x 1/12. Based on ROE of 10.5%, weighted cost of equity component of capital structure of 4.93%, and statutory income tax rate of 38.575% (expansion factor of 1.628002). Based on 2010 rate case Order PSC-10-0131-FOF-EI.
- (C) Line 5 is reported on Capital Schedule
- (D) Line 7 is reported on O&M Schedule
- (E) Line 8a x Line 9.
- (F) Line 8b x Line 10.

PROGRESS ENERGY FLORIDA
Environmental Cost Recovery Clause (ECRC)
JANUARY 2012 - DECEMBER 2012
Description and Progress Report for
Environmental Compliance Activities and Projects

Project Title: SO₂ and NO_x Emissions

Project No. 5

Project Description:

In accordance with Title IV of the Clean Air Act, CFR 40 Part 73 and Part 76, and Florida Administrative Code Rule 62-214 and the Clean Air Interstate Rule, PEF manages SO₂ and NO_x emissions allowance inventory for the purpose of offsetting sulfur dioxide and nitrogen oxides emissions in compliance with the Federal Acid Rain Program. On 7/6/11, the EPA issued the Cross-State Air Pollution Rule (CSAPR) which serves as a replacement rule to CAIR. CSAPR significantly alters SO₂ and NO_x allowance programs. Under CAIR, Florida is required to comply with annual SO₂ and NO_x emission requirements and seasonal requirements regulating NO_x emissions during the ozone season. Under CSAPR, Florida is no longer included in the group of states required to comply with annual emissions requirements. It is only covered by the ozone season portions of the CSAPR rule. CSAPR replaces CAIR starting 1/1/12. The effective compliance date for Florida is 5/1/12 (beginning of the ozone season). Further discussion of CSAPR is included in the testimony of Patricia Q. West.

Project Accomplishments:

For purposes of compliance with an affected unit's sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions requirements under the Acid Rain Program, air quality compliance costs are administered by an authorized account representative who evaluates a variety of resources and options. Activities performed include purchases of SO₂ and NO_x emissions allowances as well as auctions and transfers of SO₂ emissions allowances. Under the new CSAPR rule, emission allowances previously issued to utility companies under the Acid Rain Program have no value as of 1/1/12. Any NO_x allowances issued under the Acid Rain Program not used by the end of 2011 are not expected to be useful for compliance with the CSAPR rule. As such, PEF has reflected movement of these capital investments from the NO_x allowance inventory to a regulatory asset to be recovered in rates in 2012. SO₂ allowances will still have value under the existing acid rain program requirements.

Project Fiscal Expenditures:

January 1, 2011 to December 31, 2011: Project expenditures are estimated to be approximately \$0.3 million lower than originally projected. This variance is primarily driven by lower than anticipated NO_x allowance prices partially offset by higher than projected NO_x allowance usage.

Project Progress Summary:

PEF continually evaluates its compliance strategy to manage the most cost effective program and to mitigate higher gas prices which can impact the fuel mix as it relates to emissions as a result of residual oil.

Project Projections:

For the period January 2012 through December 2012 SO₂ expenditures are expected to be approximately \$0.3 million. NO_x expenses under the new seasonal program cannot be projected at this time, however PEF is reflecting approximately \$7.5 million in amortization of the 2011 estimated year end NO_x allowance balance due to the discontinuation of the existing program.

PROGRESS ENERGY FLORIDA
 Environmental Cost Recovery Clause (ECRC)
 Calculation of Environmental Cost Recovery Clause Rate Factors by Rate Class
JANUARY 2012 - DECEMBER 2012

Revised Form 42-7P

Rate Class	(1) mWh Sales at Source Energy Allocator (%)	(2) 12CP Transmission Demand Allocator (%)	(3) 12CP & 1/13th AD Demand Allocator (%)	(4) NCP Distribution Allocator (%)	(5) Energy- Related Costs (\$)	(6) Transmission Demand Costs (\$)	(7) Distribution Demand Costs (\$)	(8) Production Demand Costs (\$)	(9) Total Environmental Costs (\$)	(10) Projected Effective Sales at Meter Level (mWh)	(11) Environmental Cost Recovery Factors (cents/kWh)
Residential											
RS-1, RST-1, RSL-1, RSL-2, RSS-1 Secondary	50.602%	62.710%	61.779%	63.663%	\$97,056,294	\$2,398,376	\$1,430,396	\$484,322	\$101,369,389	18,600,869	0.545
General Service Non-Demand											
GS-1, GST-1											
Secondary										1,209,225	0.539
Primary										5,940	0.534
Transmission										4,255	0.528
TOTAL GS	3.317%	2.922%	2.952%	3.549%	\$6,361,459	\$111,736	\$79,740	\$23,142	\$6,576,077	1,219,420	
General Service											
GS-2 Secondary	0.327%	0.200%	0.210%	0.149%	\$627,325	\$7,658	\$3,338	\$1,646	\$639,967	120,227	0.532
General Service Demand											
GSD-1, GSDT-1, SS-1											
Secondary										12,082,271	0.534
Primary										2,280,315	0.529
Transmission										9,192	0.523
TOTAL GSD	38.948%	30.363%	31.023%	28.881%	\$74,703,564	\$1,161,228	\$648,898	\$243,208	\$76,756,898	14,371,778	
Curtable											
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3											
Secondary										-	0.528
Primary										159,935	0.523
Transmission										-	0.517
TOTAL CS	0.425%	0.309%	0.318%	0.716%	\$814,532	\$11,813	\$16,083	\$2,491	\$844,919	159,935	
Interruptible											
IS-1, IST-1, IS-2, IST-2, SS-2											
Secondary										109,609	0.520
Primary										1,501,477	0.515
Transmission										422,008	0.510
TOTAL IS	5.405%	3.380%	3.536%	2.117%	\$10,367,851	\$129,283	\$47,561	\$27,722	\$10,572,417	2,033,093	
Lighting											
LS-1 Secondary	0.977%	0.116%	0.182%	0.926%	\$1,874,075	\$4,441	\$20,816	\$1,430	\$1,900,761	359,167	0.529
	100.000%	100.000%	100.000%	100.000%	\$191,805,099	\$3,824,535	\$2,246,832	\$783,962	\$198,660,428	36,864,489	0.539

- Notes:
- (1) From Form 42-6P, Column 9
 - (2) From Form 42-6P, Column 10
 - (3) From Form 42-6P, Column 11
 - (4) From Form 42-6P, Column 12
 - (5) Column 1 x Total Energy Jurisdictional Dollars from Form 42-1P, line 5
 - (6) Column 2 x Total Transmission Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (7) Column 4 x Total Distribution Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (8) Column 3 x Total Production Demand Jurisdictional Dollars from Form 42-1P, line 5
 - (9) Column 5 + Column 6 + Column 7 + Column 8
 - (10) Projected kWh sales at secondary voltage level for the period January 2012 to December 2012
 - (11) (Column 9/Column 10)/10

REVISIONS TO TESTIMONY OF THOMAS G. FOSTER ORIGINALLY FILED ON AUGUST 26, 2011		
PAGE/LINE	REVISION	REASON FOR CHANGE
1/2	Add "REVISED" before "DIRECT"	Denote this is revised testimony.
1/7	Strike "August 26" and replace with "October 14"	Update date filed.
3/8	Strike "212.5" replace with "198.7"	Change revenue requirements consistent with 3 year amortization of Nox allowance balance and errata corrections.
7/11	Strike "2012" replace with "three years from 2012-2014" and strike "The" replace with "One third of the"	Change language to be consistent with 3 year amortization of Nox allowance balance.
7/12	Strike "until"	Change language to be consistent with 3 year amortization of Nox allowance balance.
7/12	Strike "completely recovered at year end."	Change language to be consistent with 3 year amortization of Nox allowance balance.
7/18	After the word "balance," add "based on allowance usage, one third of"	Change language to be consistent with 3 year amortization of Nox allowance balance.
7/19	After the word "amortized" add "in 2012"	Change language to be consistent with 3 year amortization of Nox allowance balance.
8/3	Strike "58.5" and replace with "43.8"	Change revenue requirements consistent with 3 year amortization of Nox allowance balance and errata corrections.
8/9	Strike "162.7" and replace with "163.5"	Change revenue requirements consistent with 3 year amortization of Nox allowance balance and errata corrections.
8/19	Strike "221.2" replace with "207.3"	Change revenue requirements consistent with 3 year amortization of Nox allowance balance and errata corrections.
10	ECRC Factors Column	Change ECRC factors based on updated revenue requirements in the following table.
11/9	Strike "0.577" replace with "0.539"	Change ECRC factor based on updated revenue requirements.
11/10	Strike "221.2" replace with "207.3"	Change revenue requirements consistent with 3 year amortization of Nox allowance balance and errata corrections.

**ATTACHMENT B
(Continued)**

RATE CLASS	ECRC FACTORS 12CP & 1/13AD
Residential	0.545 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.539 cents/kWh 0.534 cents/kWh 0.528 cents/kWh
General Service 100% Load Factor	0.532 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.534 cents/kWh 0.529 cents/kWh 0.523 cents/kWh
Curtailable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.528 cents/kWh 0.523 cents/kWh 0.517 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.520 cents/kWh 0.515 cents/kWh 0.510 cents/kWh
Lighting	0.529 cents/kWh