



June 16, 2005

Mr. Tim Devlin  
Director, Division of Economic Regulation  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**RE: Staff Recommendation in Docket 041272-EI**

Dear Mr. Devlin:

Upon review of the staff recommendation in the above referenced docket it is unclear to PEF how staff proposes that we deal with the expense recognition of the items identified by staff as not being eligible for inclusion in the Storm Reserve. Therefore the Company is requesting that staff provide the Commission a recommendation that if approved would be made part of the final order. It is also the Company's request, if acceptable to staff, that the recommendation allow PEF to amortize the impact of these expenses over the same 24 month period for which recovery of the storm reserve deficiency has been authorized to take place. This expense would be absorbed within current base rates and will allow PEF to apply the GAAP principle of "matching" the revenues and expenses over the same period of time.

In accordance with Commission ratemaking rules and regulations the proposed staff adjustments would be recorded as a 186 "Deferred Debit" until fully amortized and would be removed from both working capital and O&M, for any rate case test period that may be considered by the Commission during the amortization period requested herein.

Sincerely,

A handwritten signature in black ink, appearing to read 'Javier J. Portuondo', written in a cursive style.

Javier J. Portuondo  
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