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GEORGE F. BRUDER
RETIRED 1997

August 31, 2009

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

**Regarding: *Carolina Power & Light Company*;
Revisions to OATT Formula Transmission Rate to
Reflect Settlement with Customer and Answer to
Deficiency Letter;
Docket No. ER09-1218-_____**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, Part 35 of the Commission's Regulations, 18 C.F.R. Part 35 (2008), and the Commission's July 31, 2009 Deficiency Letter, Carolina Power & Light Company, doing business as Progress Energy Carolinas, Inc. ("PEC"), hereby amends the May 29, 2009 filing in this proceeding, as amended on June 15, 2009 (collectively, "May 29 Filing"). The amendment reflects a settlement between PEC and the City of Fayetteville ("Fayetteville"), which resolves Fayetteville's issues concerning the interest on long-term debt component in the May 29 Filing. Consistent with the terms of this settlement, PEC continues to request that the tariff sheets become effective June 1, 2009 and August 1, 2009, respectively.

I. BACKGROUND

The May 29 Filing proposed two sets of revisions to PEC's cost-of-service formula rate for network integration service and point-to-point service ("Formula Rate") taken under PEC's Open Access Transmission Tariff ("OATT").

The first set of revisions concerns Construction Work In Progress (“CWIP”), GridSouth costs, and rate base treatment for customer prepayments for network upgrades. These revisions result in a small reduction to the Formula Rate. PEC respectfully requested that the Commission accept these revisions effective June 1, 2009.

The second set of revisions complies with the Internal Revenue Service (“IRS”) investment tax credit normalization requirements. These revisions will result in a small increase to the Formula Rate. PEC respectfully requested that the Commission accept these revisions effective August 1, 2009.

On June 15, 2009, PEC filed a minor correction to the Attachment 2 cost support for its May 29 Filing to address one of PEC’s customer’s concerns. Specifically, PEC proposed to revise line 3A to read “Plus Contra EPIS-OATT (Neg.)” to clarify that the express intent for the inclusion of the contra plant balance is to reduce the amount of transmission investment otherwise included in the Formula Rate. This correction results in a decrease from \$1.185/kW-month to \$1.184/kW-month in the rounded value presented in the Attachment 2 cost support which supports the rate decrease.

On June 18, 2009, Fayetteville filed an intervention and protest to the May 29 Filing expressing concern over the treatment of interest on long-term debt. On June 30, 2009, PEC filed a motion for leave to answer and answer to Fayetteville’s protest. On July 13, 2009, Fayetteville filed a motion for leave to respond and response to PEC’s answer.

On July 31, 2009, the Commission issued a Deficiency Letter and requested that PEC provide various information regarding the “interest on long-term debt” component of the Formula Rate within 30 days.¹

II. SETTLEMENT PROCESS WITH FAYETTEVILLE

The instant amendment of the May 29 Filing settles all of Fayetteville’s issues concerning the interest on long-term debt component in the May 29, 2009 Filing. PEC circulated the draft filing letter and tariff sheets for this amendment to its customers for review and comment. Fayetteville has authorized PEC to state that the instant amendment fully reflects the settlement with PEC. In addition, North Carolina Electric Membership Corporation (“NCEMC”) and North Carolina Eastern Municipal Power Agency (“NCEMPA”), who each filed motions to intervene in this proceeding, have authorized PEC to state that they either support or do not object to the settlement and instant amendment.

¹ Because the 30th day fell on a Sunday, PEC files its response today, the next day on which the Commission is not closed. 18 C.F.R. § 385.2007.

Section III of this filing letter describes the amendment to the May 29 Filing to reflect the settlement. In addition, the settlement provided that the tariff sheets would continue to become effective June 1, 2009 and August 1, 2009, respectively, as originally requested in the May 29 Filing.²

III. INSTANT SETTLEMENT AND AMENDMENT

In order to conclude this proceeding as quickly as possible without the expenditure of further resources by the customers, the Commission or PEC, PEC agreed to adjust the “interest on long-term debt” component of the Formula Rate, as requested by FPWC, in exchange for FPWC’s withdrawal of its protest. Specifically, PEC has added a reference to Note J to line 13 of Exhibit PEC-2, page 4, which states: “Adjusted to exclude all charges to Account 427 not arising from liabilities included in Account 221 or Account 224.” See Exhibit PEC-2, page 5.

The value of this adjustment to the Formula Rate is approximately \$.0004/kW-month. This correction results in the rounded value presented in the Attachment 2 cost support, which supports the rate decrease in the May 29 Filing to be revised downward from \$1.184/kW-month to \$1.180/kW-month.³ The correction results in the rounded value presented in the Attachment 3 cost support, which supports the rate increase in the May 29 Filing to be revised downward from \$1.197/kW-month to \$1.193/kW-month.⁴

IV. ANSWER TO DEFICIENCY LETTER

PEC proposes to exclude the charges to interest on long-term debt not related to “Bonds” and “Other long-term debt.” As a result, the Commission’s deficiency letter regarding interest on long-term debt is now moot.

V. EFFECTIVE DATE

Consistent with the terms of the settlement, PEC requests that the Formula Rate tariff sheets become effective June 1, 2009 and August 1, 2009, respectively, as originally requested in the May 29 Filing.⁵

² The amendment does not require any changes to the second set of tariff sheets in the May 29 Filing with the requested effective date of August 1, 2009.

³ See the revised Attachment 2 cost support submitted in this filing.

⁴ See the revised Attachment 3 cost support submitted in this filing.

⁵ See footnote 2 herein.

VI. PEC 2009 OATT ANNUAL UPDATE PROCESS

PEC notes that its OATT customers, including Fayetteville, NCEMC and NCEMPA, are in the process of reviewing PEC's 2009 OATT Annual Update. Nothing in this filing is intended to prejudice the discussions of the OATT customers or PEC in their negotiations to resolve the outstanding issues concerning the PEC 2009 OATT Annual Update.

VII. MATERIALS SUBMITTED WITH THIS FILING

This filing includes the following information:

- (a) Attachment 1 – Revised Attachment 2 cost support;
- (b) Attachment 2 – Revised Attachment 3 cost support;
- (c) Attachment 3 – Clean and redlined revised OATT sheets;⁶

VIII. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED

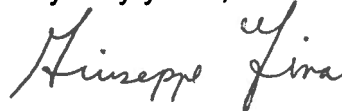
Pursuant to 18 C.F.R. § 385.2010(f)(i) of the Commission's Regulations, a copy of this filing is being served by electronic means on the North Carolina Utilities Commission, the Public Service Commission of South Carolina, and PEC's and PEF's OATT transmission customers. Specifically, on the date of this filing, PEC will submit an e-mail that notifies the North Carolina and South Carolina commissions and PEC's and PEF's OATT transmission customers that its amendment to the PEC Formula Rate is available from PEC's OASIS site at <http://www.oatioasis.com/CPL/>, on the Open Access Transmission Tariff (OATT) Information page, as well as Progress Energy's corporate website at <http://www.progress-energy.com/aboutenergy/ferc/index.asp>.

⁶ PEC and its affiliate, Florida Power Corporation, doing business as Progress Energy Florida, Inc. ("PEF"), have a joint OATT. Therefore, PEC is submitting clean and redlined tariff sheets for the PEC Formula Rate for both the PEC OATT and PEF OATT.

IX. CONCLUSION

PEC respectfully requests that the Commission accept its tariff sheets as just and reasonable under the Federal Power Act. Please contact the undersigned if you have any questions.

Very truly yours,



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Enclosures

ATTACHMENT 1

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Summary of Rates

Line	Reference	OATT Transmission
1	Gross PEC Revenue Requirement Page 3, Line 33	165,014,262
Revenue Credits:		
2	Acct 454 - Transmission Related Exhibit PEC - 3, p.1	7,079,717
3	Acct 456.1 - NF+STF x/ Ancillaries, GridSouth Exhibit PEC - 3, p. 2	7,844,811
4	Other Acct 456 - Allocable to Transmission Exhibit PEC - 3, p. 3	86,663
5	Total Revenue Credits	15,011,191
6	Interest Disbursed w/ Network Prepay Refunds Exhibit PEC-5	1,377,473
7	Revenue Req't - Customer Owned Facilites	0
8	Net Revenue Requirements (Line 1 - Line 5 + Line 6 + Line 7)	151,380,544
9	Divisor - Sum of Monthly MW Transmission System Peaks (Excludes STF) p.5, line 5 Total	133,279
10	Trans. Rev Req't Rate \$/MW-Mon. Line 8 / Line 9	1,136
11	GridSouth Wholesale Amortization Page 5, Line 11	44
12	Total Firm Monthly Trans. \$/MW-Month Line 10 + Line 11	1,180
13	Annual Firm Trans \$/MW-year Line 12 * 12	14,164
14	Weekly Firm/Non-Firm P-t-P Rate \$/MW-Week Line 13 / 52 weeks	272.38
Daily Firm/Non-Firm P-t-P Rates (\$/MW):		
15	On-Peak Days Line 14 / 5 days	54.48
16	Off-Peak Days Line 14 / 7 days	38.91
Non-Firm Hourly P-t-P Rates (\$/MWh):		
17	On-Peak Hours Line 15 / 16 hrs	3.40
18	Off-Peak Hours Line 16 / 24 hrs	1.62

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Development of Rate Base

Line	RATE BASE:	Reference	Total	Allocator	OATT Transmission
Gross Plant in Service (Note A):					
1	Production Plant	205.46.g	9,100,688,484	N/A	
2	Transmission Plant	207.58.g	1,455,381,332	TP 0.93926	1,366,976,847
3	Distribution Plant	207.75.g	4,322,192,306	N/A	
4	General Plant	207.99.g	476,473,402	OATT LABOR 0.04473	21,311,802
5	Intangible Plant	205.5.g	210,314,751	OATT LABOR 0.04473	9,407,002
6	Total Gross Plant		<u>15,565,050,275</u>	GP = 0.08980	<u>1,397,695,651</u>
Accumulated Depreciation:					
7	Production Depr. Reserve	219.20-24.c	5,555,689,014	N/A	
8	Transmission Depr. Reserve	219.25.c	591,697,733	TP 0.93926	555,756,133
9	Distribution Depr. Reserve	219.26.c	1,816,247,857	N/A	
10	General Depr. Reserve	219.27.c	173,457,551	OATT LABOR 0.04473	7,758,446
11	Intangible Amort. Reserve	200.21.c	163,662,542	OATT LABOR 0.04473	7,320,332
12	Total Accumulated Depr.		<u>8,300,754,697</u>		<u>570,834,911</u>
Net Plant in Service					
13	Net Production Plant	Line 1 - Line 7	3,544,999,470		
14	Net Transmission Plant	Line 2 - Line 8	863,683,599		811,220,713
15	Net Distribution Plant	Line 3 - Line 9	2,505,944,449		
16	Net General Plant	Line 4 - Line 10	303,015,851		13,553,356
17	Net Intangible Plant	Line 5 - Line 11	46,652,209		2,086,670
18	Total Net Plant		<u>7,264,295,578</u>	NP = 0.11383	<u>826,860,740</u>
Adjustments to Rate Base - Deferred Taxes					
19	ADIT - 190	234.8.c	744,646,368	Exhibit PEC - 6, p 2	16,262,162
20	ADIT - 282 (Negative)	275.2.k	(1,253,976,950)	Exhibit PEC - 6, p 3	(198,828,834)
21	ADIT - 283 (Negative)	277.9.k	(600,014,963)	Exhibit PEC - 6, p 4	(16,075,226)
22	Accum Deferred ITC - 255 (Negative)	267.8.h	(115,672,675)	NP 0.11383	(13,166,479)
23	Total Deferred Tax Adjustments		<u>(1,225,018,220)</u>		<u>(211,808,376)</u>
Adjustments to Rate Base - Labor Related Net Deferred Credits:					
24	Accum Provision for I&D 228.2 (Neg)	112.28.c	(4,726,952)	OATT LABOR 0.04473	(211,428)
25	Accum Provision for P&B 228.3 (Neg)	112.29.c	(823,045,514)	OATT LABOR 0.04473	(36,813,352)
26	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	(46,003,509)	Exhibit PEC - 6, p 5	(1,263,025)
27	SFAS 158 Regulatory Asset	232.18.f	521,915,811	OATT LABOR 0.04473	23,344,360
28	Net Rate Base Adj.		<u>(351,860,164)</u>		<u>(14,943,446)</u>
29	Plant Held for Future Use	214.47.d	0	Note B	0
30	Transmission CWIP - Identified Projects (PEC - 4)		84,479,193		42,239,597
30A	OATT CWIP Contra		(369,070)	p 5, line 15 3.12231	(1,152,352)
Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):					
31	Balance - Network Prepayments		14,032,796	D/A (1.00000)	(14,032,796)
32	Accrued Interest Balance		1,241,484	D/A 1.00000	1,241,484
33	Reversal of Anson/Richmond AFUDC per Settlement		(1,447,830)	D/A 1.00000	(1,447,830)
34	Total Network Upgrade Prepayment Adjustments		<u>13,826,450</u>		<u>(14,239,142)</u>
Working Capital:					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			5,234,947
36	M&S - Transmission	227.8.c	4,772,698	TP 0.93926	4,482,789
37	M&S - Stores Expense	227.16.c	23,222,964	OATT LABOR 0.04473	1,038,722
38	Prepayments	111.57.c	656,900	GP 0.08980	58,988
39	Total Working Capital				<u>10,815,445</u>
40	Rate Base (Sum of Lines 18, 23, 28, 30, 30A, 34, and 39)				637,772,466

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Development of Revenue Requirements

Line	EXPENSES:	Reference	Total	Allocator		OATT Transmission
O&M Expense						
1	TOTAL Transmission Expenses	321.112.b	58,347,783			
2	Less Account 561.1-561.4	321.84-88.b	4,267,108			
3	Less Account 565	321.96.b	<u>23,813,705</u>			
4	Net Transmission O&M	Note C	30,266,970	TP	0.93926	<u>28,428,458</u>
5	Total Admin & General Expenses	323.197.b	289,345,025			
6	Less (924) Property Insurance	323.185.b	101,969			
7	Less (928) Regulatory Commission Expenses	323.189.b	5,762,220			
8	Less (930.1) General Advertising Expenses	323.191.b	694,624			
9	Less Industry Dues,R&D and Nuc Assoc Exp	335.1-3,17.b	<u>4,915,558</u>			
10	Net Labor Related A&G		277,870,654	OATT LABOR	0.04473	12,428,657
11	(924) Property Insurance	323.185.b	101,969	GP	0.08980	9,157
12	Trans. Related Regulatory Expense	350.12.b	815,872	D/A	1.00000	815,872
13	Trans. Related Advertising Exp.	Note D	0	D/A	1.00000	0
14	Conforming Adj. - 2007 PBOP Expense	Note E	4,414,000	OATT LABOR	0.04473	197,430
15	Total O&M (Sum of Lines 4, 10, and 11 thru 14)					<u>41,879,574</u>
Depreciation Expense						
16	Transmission Depr. Expense	336.7.b	38,348,000	TP	0.93926	36,018,621
17	General Depr. Expense	336.10.b	16,628,695	OATT LABOR	0.04473	743,772
18	Intangible Amortization	336.1.f	<u>2,496,902</u>	OATT LABOR	0.04473	<u>111,682</u>
19	Total Depreciation		<u>57,473,597</u>			<u>36,874,074</u>
Taxes Other Than Income (Note E)						
20	Labor Related	263.i	29,155,324	OATT LABOR	0.04473	1,304,065
21	Property Related	263.i	<u>62,272,149</u>	GP	0.08980	<u>5,591,855</u>
22	Total Other Taxes		<u>91,427,473</u>			<u>6,895,921</u>
Return:						
23	Rate Base (Page 2, Line 40) * Rate of Return (Page 4, Line 31)					55,147,485
Income Taxes:						
24	NC/SC Composite	Note G	6.47%			
25	Federal		<u>35.00%</u>			
26	Composite T = State + Federal * (1 - State)		39.21%			
27	Tax Rev.Req't Factor = T / (1 - T) * (1 - Wtd.Debt.Cost/R)		45.86%			
28	ITC Gross Up Factor = 1 / (1 - T)		1.645			
29	Amortized ITC (Negative)	266.8.f	(5,733,012)			
30	Income Taxes Calculated (Line 23 * Line 27)					25,290,598
31	ITC Adjustment (Line 28 * Line 29)		(9,430,149)	NP	0.11383	<u>(1,073,390)</u>
32	Total Income Taxes					<u>24,217,208</u>
33	TOTAL REVENUE REQUIREMENT (Sum of Lines 15, 19, 22, 23, and 32)					165,014,262

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line		Reference	Total
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	p 2, line 2	1,455,381,332
2	Less Gen. Step-up Transformers in 353	Note D	83,749,094
3	Less Interconnection Facilities (Order 2003)	PEC - 5, p 3	4,384,762
3A	Plus Contra EPIS - OATT (Neg.)	p. 5, line 14	(270,629)
4	Trans Plant for OATT Rate		1,366,976,847
5	TP Allocator (Line 4 / Line 1)	Note C	0.93926
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	354.28.b	409,402,544
7	A&G Labor	354.27.b	74,457,932
8	Adj. - RCO Labor in A&G Labor		2,216,961
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)		337,161,573
10	Transmission O&M Labor	354.21.b	16,055,921
11	Trans Labor Factor (Line 10 / Line 9)		0.04762
12	OATT LABOR Allocator (Line 5 * Line 11)	Note C	0.04473
Return and Capitalization:			
13	Long Term Interest Expense (<u>Note J</u>)	117.62-66.c	203,168,435
14	Less Interest on Securitization Bonds	Note H	0
15	Net Long Term Interest Expense		203,168,435
16	Preferred Dividends (positive)	118.29.c	2,964,169
17	Long Term Debt	112.24.c	3,487,006,847
18	Less Loss on Reacquired Debt	111.81.c	16,118,132
19	Plus Gain on Reacquired Debt	113.61.c	0
20	Less Securitization Bonds	Note H	0
21	Net Long Term Debt		3,470,888,715
22	Preferred Stock	112.3.c	59,333,982
Common Stock Development:			
23	Proprietary Capital	112.16.c	4,384,683,800
24	Less Preferred Stock	112.3.c	59,333,982
25	Less Account 216.1	112.12.c	(278,311,444)
26	Common Stock		4,603,661,262
27	Total Capitalization (Sum Lines 21, 22, 26)		8,133,883,959
SUMMARY CAP STRUCTURE			
		<u>Weight</u>	<u>Cost</u>
28	Long term Debt	42.67%	5.85%
29	Preferred Stock	0.73%	5.00%
30	Common Equity	56.60%	10.80%
31	Overall Return: R_0 =		8.65%

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

Line		Reference	Total	Allocator	OATT Transmission
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	90,593	0.00000	0
2	Firm Network Service for Others	400.17.f	40,922	1.00000	40,922
3	Long-Term Firm P-t-P Reservations	400.17.g	1,764	1.00000	1,764
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load		<u>133,279</u>		<u>42,686</u>
6	Wholesale Trans Allocation Factor				0.32028
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5		Fixed	1,997,312
9	Under(over) Collection Prior Year				<u>(98,322)</u>
10	Net GridSouth Wholesale Revenue Requirement				1,898,990
11	GridSouth Wholesale Amortization	Line 10 / Line 5			44
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>1,096,978</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			8,889,584
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	1010950 - CONTRA EPIS		(86,676)	1 / Line 6 3.12231	(270,629)
15	1071140 - CONTRA CWIP		(369,070)	1 / Line 6 3.12231	(1,152,352)

Note A: Excludes Asset Retirement Obligations from plant balances

Note B: FERC Form 1 page 214 excluding non-transmission related items

Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.

Note D: Analysis of Company books.

Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000

Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.

Note G: Determined by annual apportionment factors provided by Tax Department

Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.

Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.

Note J: Adjusted to exclude \$6,341,276 in charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

PROGRESS ENERGY CAROLINAS, INC.
Transmission Formula Rate Support
Account 454 Reconciliation - Rents

	Amount	Allocation Factor		OATT Amt
NORTH CAROLINA				
FACILITY CHARGES	9,212,666	NC94	0.322934	2,975,083
RESIDENCES - COMPANY EMPLOYEES	650	Other		
POLE RENTAL	11,420,720	Dist		
BUILDING & LAND RENTAL	2,485,984	Other		
O & M MONTHLY CHARGE	600	Other		
PT HOLDINGS IRU/REVENUE SHARING	362,118	Trans		362,118
4543001 - NCEMC LEASED FACILITIES	2,368,067	Dist		0
454300A - LEASED FACILITIES - PA3	1,345,608	PA Inv	0.128789	173,299
4543100 - TELEMETRY CHARGES - PA3	132,288	PROD		
4549000 - CO-GENERATION	2,717,768	CSP N94	0.841047	2,285,770
TOTAL NORTH CAROLINA	30,046,469			
SOUTH CAROLINA				
FACILITY CHARGES	3,358,827	SC94	0.380188	1,276,985
4549000 - CO-GENERATION	21,373	CSPS 94	0.302409	6,463
TOTAL SOUTH CAROLINA	3,380,200			
TOTAL	33,426,670			7,079,717

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - Account 456.1 Revenue Credits

Form 1 Reference	Payment by (Column (b))	Classification (Col (d))	Rate Schedule (Col (e))	Transmission Revenue (Col (k))	Ancillary/Other Revenue (Col (m))	Total Revenue (Col (n))
L 328, line1	Southeastern Power Administration (Kerr)	LFP	RS127	899,459	0	899,459
L 328, line3	Southeastern Power Administration (Cumberland)	LFP	RS126	157,150	0	157,150
S 328, line6	American Electric Power Service Corp	NF	T3/	15,113	2,061	17,174
S 328, line7	Arclight Energy Marketing, LLC	NF	T3/	88	13	101
S 328, line9	Bear Energy, LP	NF	T3/	5,998	854	6,852
S 328, line11&13	Calpine Energy Services	SFP/NF	T3/	17,147	2,327	19,474
S 328, line15&17	Cargill	SFP/NF	T3/	213,923	29,145	243,068
S 328, line18&20	Progress Energy Carolinas, Inc. (FPO)	SFP/NF	T3/	6,175,842	842,088	7,017,930
L 328, line22	City of Camden	FNO	T3/	392,899	114,983	507,882
S 328, line23	Constellation Energy Commodiites Group	NF	T3/	341	48	389
L 328, line25	Craven County Wood Energy	OS	T3/	0	12,900	12,900
L 328, line27	DTE Energy Trading, Inc.	LFP	T3/	539,354	70,935	610,289
S 328, line29&31	DTE Energy Trading, Inc.	SFP/NF	T3/	194,490	25,480	219,970
S 328, line33	Duke Energy Corporation	NF	T3/	57,796	7,883	65,679
S 328.1, line1	Eagle Energy Partners	NF	T3/	998	142	1,140
L 328.1, line3	Elizabethtown Power LLC	OS	T3/	0	7,200	7,200
L 328.1, line5	Fayetteville Public Works Commission	FNO	T3/	3,711,446	615,112	4,326,558
S 328.1, line7&9	Fortis Energy Marketing & Trading	SFP/NF	T3/	144,880	19,631	164,511
S 328.1, line10	Florida Power Corporation	NF	T3/	4,727	597	5,324
L 328.1, line11	French Broad EMC	FNO	T3/	729,146	300,757	1,029,903
L 328.1, line13	Industrial Power Generating Company, LLC	OS	T3/	0	2,700	2,700
S 328.1, line14	Lehman Brothers Commodity Services	NF	T3/	1,035	147	1,182
L 328.1, line16	Lumberton Power Company, LLC	OS	T3/	0	7,200	7,200
S 328.1, line18	Merrill Lynch Commodities, Inc.	NF	T3/	11,902	1,519	13,421
S 328.1, line20	Morgan Stanley Capital Group	NF	T3/	938	130	1,068
L 328.1, line22	NCEMC Point-to-Point transmission	LFP	T3/	1,143,450	150,360	1,293,810
S 328.1, line24&26	NCEMC Point-to-Point transmission	SFP/NF	T3/	647,881	83,947	731,828
L 328.1, line28	NCEMC Network Transmission	FNO	T3/	16,462,484	3,037,908	19,500,392
L 328.1, line30	NC Eastern Municipal Power Agency	FNO	T3/	11,003,501	824,716	11,828,217
S 328.1, line31	NC Municipal Power Agency 1	NF	T3/	1,568	210	1,778
L 328.1, line32	Piedmont EMC	FNO	T3/	217,379	65,080	282,459
S 328.1, line34	Rainbow Energy	NF	T3/	6,018	850	6,868
S 328.2, line1	SCE&G Power Marketing, Inc.	NF	T3/	44,269	5,903	50,172
L 328.2, line3	Seneca Light & Water	FNO	T3/	269,049	302,564	571,613
S 328.2, line4&6	The Energy Authority	SFP/NF	T3/	385,210	51,396	436,606
S 328.2, line7	Tennessee Valley Authority	NF	T3/	16,032	2,097	18,129
L 328.2, line8	Town of Sharpsburg, NC	FNO	T3/	42,609	10,866	53,475
L 328.2, line9	Town of Stantonsburg, NC	FNO	T3/	44,775	11,498	56,273
L 328.2, line10	Town of Black Creek, NC	FNO	T3/	26,389	8,204	34,593
L 328.2, line11	Town of Lucama, NC	FNO	T3/	43,890	10,691	54,581
L 328.2, line12	Town of Waynesville, NC	FNO	T3/	132,648	45,220	177,868
L 328.2, line13	Town of Winterville, NC	FNO	T3/	105,225	42,708	147,933
	Total Per Form-1			43,867,049	6,718,070	50,585,119
S	STF/NF Revenues			7,946,196	1,076,468	9,022,664
	Less GridSouth Recovery in STF/NF Transmission			(101,385)		
	Net Transmission Rate Revenue Credit			7,844,811		

PROGRESS ENERGY CAROLINAS, INC.
Transmission Formula Rate Support
Account 456 Reconciliation - Other Revenue

Description	Amount	Allocation Factor	OATT Amt
BUILDING & LAND LEASE	532,905	Other	
POLE RENTALS	96,136	Dist	
SALES OF MATERIAL	3,467	Other	
TIMBER SALES - Net	986,137	Other	
PIEDMONT EMC SCHEDULING FEE	50,400	PROD	
Unbilled Rev. - Other	900	Other	
BOD FEES - REIMBURSEMENT	25,711	LABOR	0.044728 1,150
DEMAND PROFILE PLOTS	168,008	Other	
GENERATION OPTIMIZATION - NET	2,173,859	PROD	
MAGNETIC TAPE PULSE DATA	152	Other	
COGEN/SMALL PWR PROD	125,569	Other	
STATE SALES TAX CREDIT	3,100	Other	
UNBILLED REVENUES - NC RETAIL	7,443,446	Other	
UNBILLED REVENUES - SC RETAIL	983,456	Other	
NCEMPA ADMINISTRATIVE CHARGE	300,000	Other	
NCEMPA - RETURN ON GENERAL PLANT	1,911,834	LABOR	0.044728 85,513
NCEMPA DISPATCH FEE	22,942	PROD	
NCEMPA SITE REP	4,908	PROD	
OTHER ELEC REVENUE - BY-PRODUCTS	(726,784)	PROD	
NCEMC ADMINISTRATIVE CHARGE	250,200	Other	
Total Other Revenue	14,356,345		86,663

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - Year End CWIP for Identified Projects

Project No.	Description	12/31/08 CWIP
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Detail on Projects Eligible for 50% CWIP is Critical Energy Infrastructure Information

***** Sponsored by Mark Byrd and Filed under Protective Order *****

Total All Identified Projects

84,479,193

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Customer Prepayments for Network Upgrades Detail

NCEMC Anson Co. Project - Closed to Plant in Service June 2007

Balances as of Beginning of Year:

	Cash Payments	Accrued Interest	Total Liability
Balance per prior year formula	5,475,963	391,482	5,867,445
Adj. - 12/07 Interest/Rounding		<u>38,729</u>	<u>38,729</u>
Adjusted Balance	5,475,963	430,211	5,906,174
Allocation of Balance Refunds:	92.72%	7.28%	

Test Year Refund History:

Service Month	Amount Refunded	Allocation of Amount Refunded			Ending Liability Balance
		Current Interest	Cash Prepayment	Accrued Interest	
Jan-08	181,337	35,215	135,478	10,644	5,760,052
Feb-08	215,127	36,571	165,550	13,006	5,581,496
Mar-08	198,666	30,144	156,247	12,275	5,412,974
Apr-08	225,366	29,398	181,694	14,274	5,217,006
May-08	273,114	28,665	226,643	17,806	4,972,557
Jun-08	265,581	20,711	227,033	17,837	4,727,687
Jul-08	220,917	20,187	186,109	14,621	4,526,957
Aug-08	324,797	18,774	283,732	22,291	4,220,934
Sep-08	325,260	16,362	286,398	22,500	3,912,036
Oct-08	323,934	14,733	286,679	22,522	3,602,835
Nov-08	322,959	13,645	286,783	22,531	3,293,521
Dec-08	<u>324,273</u>	<u>11,323</u>	<u>290,154</u>	<u>22,796</u>	2,980,571
Total	3,201,331	275,728	2,712,499	213,104	
==> Interest Disbursed:	488,832	275,728		213,104	
Allocation of Ending Balance:			2,763,463	217,108	2,980,571

AFUDC Reversal Calculation:

(1)	(2)	(3)	(4) = 12 / (3)	(5) = 18.5 / (4)	(6)=[1-(5)]* 411,779
FERC A/C	Pct. of Project	Depr. Rate	Avg. Depr. Life (Months)	% Depreciated 12/31/2008	Net AFUDC Reversal
352	8.69%	1.72%			
353	84.68%	1.71%			
354	0.29%	1.43%			
355	2.69%	5.13%			
356	3.64%	<u>3.31%</u>			
		1.86%	645.0	2.87%	399,969

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Customer Prepayments for Network Upgrades Detail

NCEMC Richmond Co. Project - Closed to Plant in Service December 2007

Balances as of Beginning of Year:

	Cash Payments	Accrued Interest	Total Liability
Balance per prior year formula	11,581,108	1,114,558	12,695,666
Adj. - 12/07 Interest/Rounding		84,239	84,239
Adj. - Payments Q1 2008	<u>154,180</u>		<u>154,180</u>
Adjusted Balance	11,735,288	1,198,797	12,934,085
Allocation of Balance Refunds:	90.73%	9.27%	

Test Year Refund History:

Service Month	Amount Refunded	Allocation of Amount Refunded			Ending Liability Balance
		Current Interest	Cash Prepayment	Accrued Interest	
Jan-08	151,293	78,049	66,455	6,789	12,860,841
Feb-08	129,279	82,399	42,535	4,345	12,813,961
Mar-08	165,751	70,830	86,123	8,798	12,719,040
Apr-08	188,028	71,023	106,160	10,845	12,602,035
May-08	227,864	68,544	144,553	14,767	12,442,715
Jun-08	221,579	54,995	151,144	15,440	12,276,131
Jul-08	159,669	54,277	95,624	9,768	12,170,739
Aug-08	270,985	49,558	200,904	20,523	11,949,312
Sep-08	271,371	49,047	201,718	20,606	11,726,988
Oct-08	270,264	46,845	202,711	20,708	11,503,569
Nov-08	269,451	46,781	202,032	20,638	11,280,899
Dec-08	<u>270,547</u>	<u>41,873</u>	<u>207,479</u>	<u>21,195</u>	11,052,225
Total	2,596,081	714,221	1,707,440	174,420	
==> Interest Disbursed:	888,641	714,221		174,420	
Allocation of Ending Balance:			10,027,848	1,024,377	11,052,225

AFUDC Reversal Calculation:

(1)	(2)	(3)	(4) = 12 / (3)	(5) = 12.5 / (4)	(6)=[1-(5)]*
FERC A/C	Pct. of Project	Depr. Rate	Avg. Depr. Life (Months)	% Depreciated 12/31/2008	Net AFUDC Reversal
352	5.22%	1.72%			1,081,205
353	37.76%	1.71%			
355	18.56%	5.13%			
356	38.46%	<u>3.31%</u>			
		2.96%	405.3	3.08%	1,047,862

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Interconnection Facilities ^[1]
Generation In-Service After March 15, 2000 per FERC Order 2003

<u>Project</u>	<u>Balance</u>
Wayne County	1,185,911
Asheville Unit 4	134,659
Richmond - Phase 1	539,660
Richmond - Phase 2	1,805,629
Brunswick #1 Uprate	398,309
Brunswick #2 Uprate	320,595
Total Interconnection Facilities	4,384,762

^[1] - Excludes Step-up Transformers accounted for on PEC-2, page 4, line 2

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - List of Inputs from FERC Form-1

Page	Row	Column	Description	Reference	Value
111	57	c	Prepayments	111.57.c	656,900
111	81	c	Loss on Reacquired Debt	111.81.c	16,118,132
112	3	c	Preferred Stock Issued	112.3.c	59,333,982
112	12	c	Account 216.1	112.12.c	(278,311,444)
112	16	c	Proprietary Capital	112.16.c	4,384,683,800
112	24	c	Long Term Debt	112.24.c	3,487,006,847
112	28	c	Accum. Provision for Injuries & Damages	112.28.c	4,726,952
112	29	c	Accum. Provision for Pensions & Benefits	112.29.c	823,045,514
112	30	c	Accum. Misc Operating Provisions	112.30.c	46,003,509
113	61	c	Gain on Reacquired Debt	113.61.c	0
117	62-66	c	Long Term Interest Expense	117.62-66.c	203,168,435
118	29	c	Preferred Dividends (positive)	118.29.c	2,964,169
200	21	c	Intangible Amort. Reserve	200.21.c	163,662,542
205	5	g	Intangible Plant	205.5.g	210,314,751
205	46	g	Production Plant	205.46.g	9,100,688,484
207	58	g	Transmission Plant	207.58.g	1,455,381,332
207	75	g	Distribution Plant	207.75.g	4,322,192,306
207	99	g	General Plant	207.99.g	476,473,402
214	47	d	Plant Held for Future Use (Trans. Only)	214.47.d	0
219	20-24	c	Production Depr. Reserve	219.20-24.c	5,555,689,014
219	25	c	Transmission Depr. Reserve	219.25.c	591,697,733
219	26	c	Distribution Depr. Reserve	219.26.c	1,816,247,857
219	27	c	General Depr. Reserve	219.27.c	173,457,551
227	8	c	M&S - Transmission	227.8.c	4,772,698
227	16	c	M&S - Stores Expense	227.16.c	23,222,964
232	18	f	SFAS 158 Regulatory Assets	232.18.f	521,915,811
234	8	c	ADIT - 190	234.8.c	744,646,368
263	3	i	Other Taxes - FICA	263.3.i	28,112,768
263	4	i	Other Taxes - Federal Unemployment	263.4.i	319,965
263	5	i	Other Taxes - Highway Use	263.5.i	63,201
263	11&21	i	Other Taxes - Real & Personal Property	263.11&21.i	62,208,948
263	13&23	i	Other Taxes - State Unemployment	263.13&23.i	722,591
263	18	i	Other Taxes - Intangibles	263.18.i	0
266	8	f	Amortized ITC (Negative)	266.8.f	(5,733,012)
267	8	h	Accum Deferred ITC - 255 (Negative)	267.8.h	(115,672,675)
273	8	k	ADIT - 281 (Negative)	273.8.k	0
275	2	k	ADIT - 282 (Negative)	275.2.k	(1,253,976,950)
277	9	k	ADIT - 283 (Negative)	277.9.k	(600,014,963)
321	84-88	b	(561.1-561.4) Transmission Expense	321.84-88.b	4,267,108
321	96	b	(565) Transmission of Electricity by Others	321.96.b	23,813,705
321	112	b	TOTAL Transmission Expenses	321.112.b	58,347,783
323	185	b	(924) Property Insurance	323.185.b	101,969
323	189	b	(928) Regulatory Commission Expenses	323.189.b	5,762,220
323	191	b	(930.1) General Advertising Expenses	323.191.b	694,624
323	197	b	Total Admin & General Expenses	323.197.b	289,345,025
335	1-3,17	b	Industry Dues, R&D, C-V Nuc Pwr Assoc	335.1-3,17.b	4,915,558
336	1	f	Intangible Amortization	336.1.f	2,496,902
336	7	b	Transmission Depr. Expense	336.7.b	38,348,000
336	10	b	General Depr. Expense	336.10.b	16,628,695
350	12	b	FERC Order 641 Annual Charges	350.12.b	815,872
354	21	b	Transmission O&M Labor	354.21.b	16,055,921
354	27	b	A&G Labor	354.27.b	74,457,932
354	28	b	Total Direct Payroll - O&M Labor	354.28.b	409,402,544
400	17	b	Sum of Monthly Transmission Peaks	400.17.b	139,806
400	17	e	Firm Network Service for Self	400.17.e	90,593
400	17	f	Firm Network Service for Others	400.17.f	40,922
400	17	g	Long-Term Firm P-t-P Reservations	400.17.g	1,764
400	17	h	Other Long-Term Firm Service	400.17.h	0
400	17	i	Short-Term Firm P-t-P Reservations	400.17.i	6,527

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 190

	Balance 12/31/2008 Dr(Cr)		Allocation Factor	OATT Amt
Accrued Litigation	488,500	Other	0.00000	0
Allowances-Basis Diff System	(8,571,063)	PROD	0.00000	0
ARO - 190	116,689,857	Other	0.00000	0
Audit Reserve/FIN48	461,719	Other	0.00000	0
Bond Premium Discount	(187,112)	NP	0.11383	(21,298)
Broad River Adjustment	2,802,889	PROD	0.00000	0
Compensation Plan	12,119,585	LABOR	0.04473	542,087
Comprehensive Income	10,241,715	NP	0.11383	1,165,766
Deferred Compensation	22,533,874	LABOR	0.04473	1,007,900
Environmental Accrual	6,338,491	Other	0.00000	0
FAS 109 - Excess	6,783,409	Other	0.00000	0
FAS 109 - ITC	69,477,495	Other	0.00000	0
FAS 112	15,075,443	LABOR	0.04473	674,298
Imputed Interest Income	5,095	NP	0.11383	580
Insurance Reserve	1,257,660	NP	0.11383	143,154
Inventory Reserve	522,048	NP	0.11383	59,422
IRS Audit Interest Accrual	2,798,602	Other	0.00000	0
Leslie/McInnes Coal Reserves	1,983,292	PROD	0.00000	0
LLRW Disposal Cost Accrual	136,121	PROD	0.00000	0
Mark to Market - Reg Liability	69,782	Other	0.00000	0
Mark to Market Accrual	38,811,142	Other	0.00000	0
Nuclear Decommissioning	135,181,174	PROD	0.00000	0
OPEB Expense	142,002,227	LABOR	0.04473	6,351,505
Operating Reserve (workers comp)	1,809,702	LABOR	0.04473	80,945
Pension Expense	108,672,756	LABOR	0.04473	4,860,738
Pension Restoration Exp.	101,744	LABOR	0.04473	4,551
Real Time Energy Pricing Rider	1,582,970	Other	0.00000	0
Reg Liability - ARO Asbestos	1,643,137	Other	0.00000	0
Reg Liability - Medicare Subsidy	1,276,991	LABOR	0.04473	57,118
Renewable Energy Certifications	82,331	Other	0.00000	0
Severance Pay	202,886	LABOR	0.04473	9,075
TMAS Production	2,454,329	PROD	0.00000	0
Unbilled Rev.	17,629,743	Other	0.00000	0
Uncollectible Accounts	2,514,909	Other	0.00000	0
Vacation Accrual	13,588,508	LABOR	0.04473	607,790
Wages: Year End Accrual	16,064,419	LABOR	0.04473	718,533
GL 190 - Electric	744,646,370			16,262,162

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 282

	Balance 12/31/2008 Dr(Cr)	Allocation Factor	OATT Amt
AFUDC Equity - FAS109	(92,409,454)	Other 0.00000	0
ARO - 282 Operating	(1,313,690)	Other 0.00000	0
Clean Smokestacks	174,138,721	PROD 0.00000	0
NC Direct Disallowance	6,309,835	Other 0.00000	0
NC Indirect Disallowance	37,418,705	Other 0.00000	0
PA Depr Diff Exc Harris	(1,686,960)	PROD 0.00000	0
PA Depr Diff Harris	(127,662)	PROD 0.00000	0
PA Direct Disallowanc Contra	1,108,702	PROD 0.00000	0
SC Indirect Disallowance	6,811,673	Other 0.00000	0
SC Rate Difference	(14,493,475)	Other 0.00000	0
Tax Dep Plant - Dist	(336,001,415)	Other 0.00000	0
Tax Dep Plant - G	(67,200,474)	LABOR 0.04473	(3,005,757)
Tax Dep Plant - Intang	(24,436,637)	LABOR 0.04473	(1,093,007)
Tax Dep Plant - Nuc Fuel	(5,680,978)	PROD 0.00000	0
Tax Dep Plant - Prod	(717,495,983)	PROD 0.00000	0
Tax Dep Plant - Trans	(204,309,615)	TP 0.93926	(191,899,200)
Tax Dep Plant - Unfunct	(20,928,671)	NP 0.11383	(2,382,213)
WH Direct Disallowance	1,577,487	PROD 0.00000	0
WH Indirect Disallowance	9,653,674	PROD 0.00000	0
Wholesale Dep Diff - Dist	(28,003)	Other 0.00000	0
Wholesale Dep Diff - Gen	(10,595)	LABOR 0.04473	(474)
Wholesale Dep Diff - Prod	(4,394,965)	PROD 0.00000	0
Wholesale Dep Diff - Trans	(477,168)	TP 0.93926	(448,183)
Total GL 282	(1,253,976,948)		(198,828,834)

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 283

	Balance 12/31/2008 Dr(Cr)		Allocation Factor	OATT Amt
AFUDC Equity - Reg Asset	(59,593,530)	NP	0.11383	(6,783,252)
Comprehensive Income	12,581,332	NP	0.11383	1,432,074
DSM Cost - NC	(3,204,820)	Other	0.00000	0
DSM Cost - SC	(451,527)	Other	0.00000	0
EMC OPEB	81,897	LABOR	0.04473	3,663
Environmental Liabilty - Reg Asset - NC	(2,683,696)	Other	0.00000	0
Environmental Liabilty - Reg Asset - SC	(748,556)	Other	0.00000	0
FAS 158 Pension Restoration - Reg Asset	58,743	LABOR	0.04473	2,627
FAS158 OPEB - Reg Asset	(38,355,946)	LABOR	0.04473	(1,715,593)
FAS158 Pension - Reg Asset	(181,445,690)	LABOR	0.04473	(8,115,741)
FAS158 SERP - Reg Asset	(549,055)	LABOR	0.04473	(24,558)
Fay/Muni OPEB	25,322	LABOR	0.04473	1,133
Grid South - NC	(2,506,135)	Other	0.00000	0
Grid South - SC	(1,441,260)	Other	0.00000	0
Grid South - WH	(3,523,754)	Other	0.00000	0
IRS Audit Reserve	(23,262)	Other	0.00000	0
Market to Market	(65,960)	Other	0.00000	0
Market to Market - Reg Asset	(37,765,920)	Other	0.00000	0
Miscellaneous Investments	2,519,928	Other	0.00000	0
NC Deferred Fuel	(126,648,211)	Other	0.00000	0
Reg Asset - Accrued Vacation	(11,298,778)	LABOR	0.04473	(505,374)
Reg Asset - ARO Asbestos	(894,441)	Other	0.00000	0
Reg Asset - Design Basis Brunswick	(5,936,781)	PROD	0.00000	0
Reg Asset - Design Basis Robinson	(1,472,114)	PROD	0.00000	0
Reg Asset - Nuc Decom	(133,539,610)	PROD	0.00000	0
Reg Asset - PCF Deferral - SC	(128,818)	PROD	0.00000	0
Reg Asset - PSNC Pipeline	(369,058)	PROD	0.00000	0
Renewable Energy Deferral - NC	(228,015)	Other	0.00000	0
SC Deferred Fuel	(6,218,959)	Other	0.00000	0
Stock Overhead ADJ - PROD	851,916	PROD	0.00000	0
Stock Overhead ADJ - UNFUNCT	(3,252,374)	NP	0.11383	(370,202)
Storm Damage Deferral - NC	3,701,643	Other	0.00000	0
Storm Damage Deferral - SC	2,845,901	Other	0.00000	0
Wholesale Deferred Fuel	(335,354)	Other	0.00000	0
Round Adjustment	(21)	NP	0.11383	(2)
Total GL 283	(600,014,963)			(16,075,226)

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Accumulated Misc. Operating Provision Balances - GL A/C 228.4

	Balance 12/31/2008 Dr(Cr)	Allocation Factor		OATT Amt
Coal Mines	(5,058,700)	PROD	0.00000	0
Est. Excess PA Scrubber Charge	(10,644,836)	PROD	0.00000	0
Deferred Compensation	(28,237,783)	LABOR	0.04473	(1,263,025)
Environmental	(1,715,000)	Other	0.00000	0
RNP LLRW Disposal	(347,191)	PROD	0.00000	0
Total GL 228.4	(46,003,509)			(1,263,025)

PROGRESS ENERGY CAROLINAS
PREPAYMENTS FOR NETWORK UPGRADES - HYPOTHETICAL EXAMPLES

252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made the balance, if any, remaining in this account shall be credited to the respective plant account.

EXAMPLE

NETWORK UPGRADE COST		\$	1,000,000
DEPRECIABLE LIFE			40-YRS
ANNUAL FERC INTEREST RATE	ANNUALLY		6%
REFUND OVER 5 -YRS	ANNUALLY	\$	200,000

SCENARIO 1:

YEAR OF IN-SERVICE:	DESCRIPTION	FERC	DEBIT	CREDIT
	ELEC. PLNT IN-SVC	101	\$ 1,000,000	
	CUSTOMER ADVANCES	252		\$ 1,000,000

1st REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CASH	130		\$ 260,000
CUSTOMER ADVANCES	252	\$ 200,000	
INTEREST EXP	431	\$ 60,000	

	RATE BASE	EXPENSE
--	-----------	---------

FORMULA INPUT - EPIS YR-1	\$ 1,000,000	
BEGINNING BAL.	\$ (1,000,000)	
INTEREST EXPENSE	\$ (60,000)	\$ 60,000
REFUND	\$ 260,000	
FORMULA INPUT YR-1	\$ (800,000)	\$ 60,000

FORMULA INPUT - EPIS YR-2	\$ 1,000,000	
FORMULA ACCUM. DEP YR-2	\$ (25,000)	
BEGINNING BAL.	\$ (800,000)	
INTEREST EXPENSE	\$ (48,000)	\$ 48,000
REFUND	\$ 248,000	
FORMULA INPUT YR-2	\$ (600,000)	\$ 48,000

SCENARIO 2:

RECOVERY OF INTEREST: PER AGREEMENT WITH CUSTOMERS, INTEREST WILL BE RECOVERED UPON PAYMENT AND NOT AS ACCRUED. THIS WILL CREATE A REGULATORY ASSET TO RECOGNIZE THE DEFERRED COST RECOVERY.

YEAR OF IN-SERVICE:

DESCRIPTION	FERC	DEBIT	CREDIT
ELEC. PLNT IN-SVC	101	\$ 1,000,000	
CUSTOMER ADVANCES	252		\$ 1,000,000

YR-1 NO REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CUSTOMER ADVANCES	252		\$ 60,000
INTEREST ACCRUED	431	\$ 60,000	
REG ASSET (INTEREST ACCRUED)	182.3	\$ 60,000	
INTEREST ACCRUED DEFERRAL	407.4		\$ 60,000

YR-5 WITH REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CUSTOMER ADVANCES	252	\$ 1,338,226	
CASH	131		\$ 1,338,226
REG ASSET (INTEREST ACCRUED)	182.3		\$ 338,226
INTEREST ACCRUED DEFERRAL	407.3	\$ 338,226	

	RATE BASE	EXPENSE
--	-----------	---------

IF NOT REFUNDED UNTIL YR 5, THAN:

BEGINNING BAL.	\$ (1,000,000)	
INTEREST ACCRUED	\$ (60,000)	\$ (60,000)
REG. ASSET (INTEREST ACCRUED)	\$ 60,000	\$ 60,000
FORMULA INPUT YR-1	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (63,600)	\$ (63,600)
REG. ASSET (INTEREST ACCRUED)	\$ 63,600	\$ 63,600
FORMULA INPUT YR-2	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (67,416)	\$ (67,416)
REG. ASSET (INTEREST ACCRUED)	\$ 67,416	\$ 67,416
FORMULA INPUT YR-3	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (71,461)	\$ (71,461)
REG. ASSET (INTEREST ACCRUED)	\$ 71,461	\$ 71,461
FORMULA INPUT YR-4	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (75,749)	\$ (75,749)
REG. ASSET (INTEREST ACCRUED)	\$ 75,749	\$ 75,749
REFUND	\$ 1,000,000	\$ 338,226
FORMULA INPUT YR-5	\$ -	\$ 338,226

ATTACHMENT 2

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Summary of Rates

Line	Reference	OATT Transmission
1	Gross PEC Revenue Requirement Page 3, Line 33	166,674,864
Revenue Credits:		
2	Acct 454 - Transmission Related Exhibit PEC - 3, p.1	7,079,717
3	Acct 456.1 - NF+STF x/ Ancillaries, GridSouth Exhibit PEC - 3, p. 2	7,844,811
4	Other Acct 456 - Allocable to Transmission Exhibit PEC - 3, p. 3	86,663
5	Total Revenue Credits	15,011,191
6	Interest Disbursed w/ Network Prepay Refunds Exhibit PEC-5	1,377,473
7	Revenue Req't - Customer Owned Facilites	0
8	Net Revenue Requirements (Line 1 - Line 5 + Line 6 + Line 7)	153,041,146
9	Divisor - Sum of Monthly MW Transmission System Peaks (Excludes STF) p.5, line 5 Total	133,279
10	Trans. Rev Req't Rate \$/MW-Mon. Line 8 / Line 9	1,148
11	GridSouth Wholesale Amortization Page 5, Line 11	44
12	Total Firm Monthly Trans. \$/MW-Month Line 10 + Line 11	1,193
13	Annual Firm Trans \$/MW-year Line 12 * 12	14,313
14	Weekly Firm/Non-Firm P-t-P Rate \$/MW-Week Line 13 / 52 weeks	275.25
Daily Firm/Non-Firm P-t-P Rates (\$/MW):		
15	On-Peak Days Line 14 / 5 days	55.05
16	Off-Peak Days Line 14 / 7 days	39.32
Non-Firm Hourly P-t-P Rates (\$/MWh):		
17	On-Peak Hours Line 15 / 16 hrs	3.44
18	Off-Peak Hours Line 16 / 24 hrs	1.64

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Development of Rate Base

Line	RATE BASE:	Reference	Total	Allocator	OATT Transmission
Gross Plant in Service (Note A):					
1	Production Plant	205.46.g	9,100,688,484	N/A	
2	Transmission Plant	207.58.g	1,455,381,332	TP 0.93926	1,366,976,847
3	Distribution Plant	207.75.g	4,322,192,306	N/A	
4	General Plant	207.99.g	476,473,402	OATT LABOR 0.04473	21,311,802
5	Intangible Plant	205.5.g	210,314,751	OATT LABOR 0.04473	9,407,002
6	Total Gross Plant		<u>15,565,050,275</u>	GP = 0.08980	<u>1,397,695,651</u>
Accumulated Depreciation:					
7	Production Depr. Reserve	219.20-24.c	5,555,689,014	N/A	
8	Transmission Depr. Reserve	219.25.c	591,697,733	TP 0.93926	555,756,133
9	Distribution Depr. Reserve	219.26.c	1,816,247,857	N/A	
10	General Depr. Reserve	219.27.c	173,457,551	OATT LABOR 0.04473	7,758,446
11	Intangible Amort. Reserve	200.21.c	163,662,542	OATT LABOR 0.04473	7,320,332
12	Total Accumulated Depr.		<u>8,300,754,697</u>		<u>570,834,911</u>
Net Plant in Service					
13	Net Production Plant	Line 1 - Line 7	3,544,999,470		
14	Net Transmission Plant	Line 2 - Line 8	863,683,599		811,220,713
15	Net Distribution Plant	Line 3 - Line 9	2,505,944,449		
16	Net General Plant	Line 4 - Line 10	303,015,851		13,553,356
17	Net Intangible Plant	Line 5 - Line 11	46,652,209		2,086,670
18	Total Net Plant		<u>7,264,295,578</u>	NP = 0.11383	<u>826,860,740</u>
Adjustments to Rate Base - Deferred Taxes					
19	ADIT - 190	234.8.c	744,646,368	Exhibit PEC - 6, p 2	16,262,162
20	ADIT - 282 (Negative)	275.2.k	(1,253,976,950)	Exhibit PEC - 6, p 3	(198,828,834)
21	ADIT - 283 (Negative)	277.9.k	(600,014,963)	Exhibit PEC - 6, p 4	(16,075,226)
22	Total Deferred Tax Adjustments		<u>(1,109,345,545)</u>		<u>(198,641,897)</u>
Adjustments to Rate Base - Labor Related Net Deferred Credits:					
23	Accum Provision for I&D 228.2 (Neg)	112.28.c	(4,726,952)	OATT LABOR 0.04473	(211,428)
24	Accum Provision for P&B 228.3 (Neg)	112.29.c	(823,045,514)	OATT LABOR 0.04473	(36,813,352)
25	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	(46,003,509)	Exhibit PEC - 6, p 5	(1,263,025)
26	SFAS 158 Regulatory Asset	232.18.f	521,915,811	OATT LABOR 0.04473	23,344,360
27	Net Rate Base Adj.		<u>(351,860,164)</u>		<u>(14,943,446)</u>
28	Plant Held for Future Use	214.47.d	0	Note B	0
29	Transmission CWIP - Identified Projects (PEC - 4)		84,479,193		42,239,597
30	OATT CWIP Contra		(369,070)	p 5, line 15 3.12231	(1,152,352)
Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):					
31	Balance - Network Prepayments		14,032,796	D/A (1.00000)	(14,032,796)
32	Accrued Interest Balance		1,241,484	D/A 1.00000	1,241,484
33	Reversal of Anson/Richmond AFUDC per Settlement		(1,447,830)	D/A 1.00000	(1,447,830)
34	Total Network Upgrade Prepayment Adjustments		<u>13,826,450</u>		<u>(14,239,142)</u>
Working Capital:					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			5,234,947
36	M&S - Transmission	227.8.c	4,772,698	TP 0.93926	4,482,789
37	M&S - Stores Expense	227.16.c	23,222,964	OATT LABOR 0.04473	1,038,722
38	Prepayments	111.57.c	656,900	GP 0.08980	58,988
39	Total Working Capital				<u>10,815,445</u>
40	Rate Base (Sum of Lines 18, 22, 27, 29, 30, 34, and 39)				<u>650,938,944</u>

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Development of Revenue Requirements

Line	EXPENSES:	Reference	Total	Allocator		OATT Transmission
O&M Expense						
1	TOTAL Transmission Expenses	321.112.b	58,347,783			
2	Less Account 561.1-561.4	321.84-88.b	4,267,108			
3	Less Account 565	321.96.b	<u>23,813,705</u>			
4	Net Transmission O&M	Note C	30,266,970	TP	0.93926	<u>28,428,458</u>
5	Total Admin & General Expenses	323.197.b	289,345,025			
6	Less (924) Property Insurance	323.185.b	101,969			
7	Less (928) Regulatory Commission Expenses	323.189.b	5,762,220			
8	Less (930.1) General Advertising Expenses	323.191.b	694,624			
9	Less Industry Dues,R&D and Nuc Assoc Exp	335.1-3,17.b	<u>4,915,558</u>			
10	Net Labor Related A&G		277,870,654	OATT LABOR	0.04473	12,428,657
11	(924) Property Insurance	323.185.b	101,969	GP	0.08980	9,157
12	Trans. Related Regulatory Expense	350.12.b	815,872	D/A	1.00000	815,872
13	Trans. Related Advertising Exp.	Note D	0	D/A	1.00000	0
14	Conforming Adj. - 2007 PBOP Expense	Note E	4,414,000	OATT LABOR	0.04473	197,430
15	Total O&M (Sum of Lines 4, 10, and 11 thru 14)					<u>41,879,574</u>
Depreciation Expense						
16	Transmission Depr. Expense	336.7.b	38,348,000	TP	0.93926	36,018,621
17	General Depr. Expense	336.10.b	16,628,695	OATT LABOR	0.04473	743,772
18	Intangible Amortization	336.1.f	<u>2,496,902</u>	OATT LABOR	0.04473	<u>111,682</u>
19	Total Depreciation		<u>57,473,597</u>			<u>36,874,074</u>
Taxes Other Than Income (Note E)						
20	Labor Related	263.i	29,155,324	OATT LABOR	0.04473	1,304,065
21	Property Related	263.i	<u>62,272,149</u>	GP	0.08980	<u>5,591,855</u>
22	Total Other Taxes		<u>91,427,473</u>			<u>6,895,921</u>
Return:						
23	Rate Base (Page 2, Line 40) * Rate of Return (Page 4, Line 31)					56,285,976
Income Taxes:						
24	NC/SC Composite	Note G	6.47%			
25	Federal		<u>35.00%</u>			
26	Composite T = State + Federal * (1 - State)		39.21%			
27	Tax Rev.Req't Factor = T / (1 - T) * (1 - Wtd.Debt.Cost/R)		45.86%			
28	ITC Gross Up Factor = 1 / (1 - T)		1.645			
29	Amortized ITC (Negative)	266.8.f	(5,733,012)			
30	Income Taxes Calculated (Line 23 * Line 27)					25,812,709
31	ITC Adjustment (Line 28 * Line 29)		(9,430,149)	NP	0.11383	<u>(1,073,390)</u>
32	Total Income Taxes					<u>24,739,319</u>
33	TOTAL REVENUE REQUIREMENT (Sum of Lines 15, 19, 22, 23, and 32)					166,674,864

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line		Reference	Total
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	p 2, line 2	1,455,381,332
2	Less Gen. Step-up Transformers in 353	Note D	83,749,094
3	Less Interconnection Facilities (Order 2003)	PEC - 5, p 3	4,384,762
3A	Plus Contra EPIS - OATT (Neg.)	p. 5, line 14	(270,629)
4	Trans Plant for OATT Rate		1,366,976,847
5	TP Allocator (Line 4 / Line 1)	Note C	0.93926
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	354.28.b	409,402,544
7	A&G Labor	354.27.b	74,457,932
8	Adj. - RCO Labor in A&G Labor		2,216,961
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)		337,161,573
10	Transmission O&M Labor	354.21.b	16,055,921
11	Trans Labor Factor (Line 10 / Line 9)		0.04762
12	OATT LABOR Allocator (Line 5 * Line 11)	Note C	0.04473
Return and Capitalization:			
13	Long Term Interest Expense (<u>Note J</u>)	117.62-66.c	203,168,435
14	Less Interest on Securitization Bonds	Note H	0
15	Net Long Term Interest Expense		203,168,435
16	Preferred Dividends (positive)	118.29.c	2,964,169
17	Long Term Debt	112.24.c	3,487,006,847
18	Less Loss on Reacquired Debt	111.81.c	16,118,132
19	Plus Gain on Reacquired Debt	113.61.c	0
20	Less Securitization Bonds	Note H	0
21	Net Long Term Debt		3,470,888,715
22	Preferred Stock	112.3.c	59,333,982
Common Stock Development:			
23	Proprietary Capital	112.16.c	4,384,683,800
24	Less Preferred Stock	112.3.c	59,333,982
25	Less Account 216.1	112.12.c	(278,311,444)
26	Common Stock		4,603,661,262
27	Total Capitalization (Sum Lines 21, 22, 26)		8,133,883,959
SUMMARY CAP STRUCTURE			
		<u>Weight</u>	<u>Cost</u>
28	Long term Debt	42.67%	5.85%
29	Preferred Stock	0.73%	5.00%
30	Common Equity	56.60%	10.80%
31	Overall Return: R_0 =		8.65%

PROGRESS ENERGY CAROLINAS, INC.
OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

Line		Reference	Total	Allocator	OATT Transmission
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	90,593	0.00000	0
2	Firm Network Service for Others	400.17.f	40,922	1.00000	40,922
3	Long-Term Firm P-t-P Reservations	400.17.g	1,764	1.00000	1,764
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load		<u>133,279</u>		<u>42,686</u>
6	Wholesale Trans Allocation Factor				0.32028
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5		Fixed	1,997,312
9	Under(over) Collection Prior Year				<u>(98,322)</u>
10	Net GridSouth Wholesale Revenue Requirement				1,898,990
11	GridSouth Wholesale Amortization	Line 10 / Line 5			44
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>1,096,978</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			8,889,584
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	1010950 - CONTRA EPIS		(86,676)	1 / Line 6 3.12231	(270,629)
15	1071140 - CONTRA CWIP		(369,070)	1 / Line 6 3.12231	(1,152,352)

Note A: Excludes Asset Retirement Obligations from plant balances

Note B: FERC Form 1 page 214 excluding non-transmission related items

Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.

Note D: Analysis of Company books.

Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000

Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.

Note G: Determined by annual apportionment factors provided by Tax Department

Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.

Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.

Note J: Adjusted to exclude \$6,341,276 in charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

PROGRESS ENERGY CAROLINAS, INC.
Transmission Formula Rate Support
Account 454 Reconciliation - Rents

	Amount	Allocation Factor		OATT Amt
NORTH CAROLINA				
FACILITY CHARGES	9,212,666	NC94	0.322934	2,975,083
RESIDENCES - COMPANY EMPLOYEES	650	Other		
POLE RENTAL	11,420,720	Dist		
BUILDING & LAND RENTAL	2,485,984	Other		
O & M MONTHLY CHARGE	600	Other		
PT HOLDINGS IRU/REVENUE SHARING	362,118	Trans		362,118
4543001 - NCEMC LEASED FACILITIES	2,368,067	Dist		0
454300A - LEASED FACILITIES - PA3	1,345,608	PA Inv	0.128789	173,299
4543100 - TELEMETRY CHARGES - PA3	132,288	PROD		
4549000 - CO-GENERATION	2,717,768	CSP N94	0.841047	2,285,770
TOTAL NORTH CAROLINA	30,046,469			
SOUTH CAROLINA				
FACILITY CHARGES	3,358,827	SC94	0.380188	1,276,985
4549000 - CO-GENERATION	21,373	CSPS 94	0.302409	6,463
TOTAL SOUTH CAROLINA	3,380,200			
TOTAL	33,426,670			7,079,717

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - Account 456.1 Revenue Credits

Form 1 Reference	Payment by (Column (b))	Classification (Col (d))	Rate Schedule (Col (e))	Transmission Revenue (Col (k))	Ancillary/Other Revenue (Col (m))	Total Revenue (Col (n))
L 328, line1	Southeastern Power Administration (Kerr)	LFP	RS127	899,459	0	899,459
L 328, line3	Southeastern Power Administration (Cumberland)	LFP	RS126	157,150	0	157,150
S 328, line6	American Electric Power Service Corp	NF	T3/	15,113	2,061	17,174
S 328, line7	Arclight Energy Marketing, LLC	NF	T3/	88	13	101
S 328, line9	Bear Energy, LP	NF	T3/	5,998	854	6,852
S 328, line11&13	Calpine Energy Services	SFP/NF	T3/	17,147	2,327	19,474
S 328, line15&17	Cargill	SFP/NF	T3/	213,923	29,145	243,068
S 328, line18&20	Progress Energy Carolinas, Inc. (FPO)	SFP/NF	T3/	6,175,842	842,088	7,017,930
L 328, line22	City of Camden	FNO	T3/	392,899	114,983	507,882
S 328, line23	Constellation Energy Commodiites Group	NF	T3/	341	48	389
L 328, line25	Craven County Wood Energy	OS	T3/	0	12,900	12,900
L 328, line27	DTE Energy Trading, Inc.	LFP	T3/	539,354	70,935	610,289
S 328, line29&31	DTE Energy Trading, Inc.	SFP/NF	T3/	194,490	25,480	219,970
S 328, line33	Duke Energy Corporation	NF	T3/	57,796	7,883	65,679
S 328.1, line1	Eagle Energy Partners	NF	T3/	998	142	1,140
L 328.1, line3	Elizabethtown Power LLC	OS	T3/	0	7,200	7,200
L 328.1, line5	Fayetteville Public Works Commission	FNO	T3/	3,711,446	615,112	4,326,558
S 328.1, line7&9	Fortis Energy Marketing & Trading	SFP/NF	T3/	144,880	19,631	164,511
S 328.1, line10	Florida Power Corporation	NF	T3/	4,727	597	5,324
L 328.1, line11	French Broad EMC	FNO	T3/	729,146	300,757	1,029,903
L 328.1, line13	Industrial Power Generating Company, LLC	OS	T3/	0	2,700	2,700
S 328.1, line14	Lehman Brothers Commodity Services	NF	T3/	1,035	147	1,182
L 328.1, line16	Lumberton Power Company, LLC	OS	T3/	0	7,200	7,200
S 328.1, line18	Merrill Lynch Commodities, Inc.	NF	T3/	11,902	1,519	13,421
S 328.1, line20	Morgan Stanley Capital Group	NF	T3/	938	130	1,068
L 328.1, line22	NCEMC Point-to-Point transmission	LFP	T3/	1,143,450	150,360	1,293,810
S 328.1, line24&26	NCEMC Point-to-Point transmission	SFP/NF	T3/	647,881	83,947	731,828
L 328.1, line28	NCEMC Network Transmission	FNO	T3/	16,462,484	3,037,908	19,500,392
L 328.1, line30	NC Eastern Municipal Power Agency	FNO	T3/	11,003,501	824,716	11,828,217
S 328.1, line31	NC Municipal Power Agency 1	NF	T3/	1,568	210	1,778
L 328.1, line32	Piedmont EMC	FNO	T3/	217,379	65,080	282,459
S 328.1, line34	Rainbow Energy	NF	T3/	6,018	850	6,868
S 328.2, line1	SCE&G Power Marketing, Inc.	NF	T3/	44,269	5,903	50,172
L 328.2, line3	Seneca Light & Water	FNO	T3/	269,049	302,564	571,613
S 328.2, line4&6	The Energy Authority	SFP/NF	T3/	385,210	51,396	436,606
S 328.2, line7	Tennessee Valley Authority	NF	T3/	16,032	2,097	18,129
L 328.2, line8	Town of Sharpsburg, NC	FNO	T3/	42,609	10,866	53,475
L 328.2, line9	Town of Stantonsburg, NC	FNO	T3/	44,775	11,498	56,273
L 328.2, line10	Town of Black Creek, NC	FNO	T3/	26,389	8,204	34,593
L 328.2, line11	Town of Lucama, NC	FNO	T3/	43,890	10,691	54,581
L 328.2, line12	Town of Waynesville, NC	FNO	T3/	132,648	45,220	177,868
L 328.2, line13	Town of Winterville, NC	FNO	T3/	105,225	42,708	147,933
	Total Per Form-1			43,867,049	6,718,070	50,585,119
S	STF/NF Revenues			7,946,196	1,076,468	9,022,664
	Less GridSouth Recovery in STF/NF Transmission			(101,385)		
	Net Transmission Rate Revenue Credit			7,844,811		

PROGRESS ENERGY CAROLINAS, INC.
Transmission Formula Rate Support
Account 456 Reconciliation - Other Revenue

Description	Amount	Allocation Factor	OATT Amt
BUILDING & LAND LEASE	532,905	Other	
POLE RENTALS	96,136	Dist	
SALES OF MATERIAL	3,467	Other	
TIMBER SALES - Net	986,137	Other	
PIEDMONT EMC SCHEDULING FEE	50,400	PROD	
Unbilled Rev. - Other	900	Other	
BOD FEES - REIMBURSEMENT	25,711	LABOR	0.044728
DEMAND PROFILE PLOTS	168,008	Other	1,150
GENERATION OPTIMIZATION - NET	2,173,859	PROD	
MAGNETIC TAPE PULSE DATA	152	Other	
COGEN/SMALL PWR PROD	125,569	Other	
STATE SALES TAX CREDIT	3,100	Other	
UNBILLED REVENUES - NC RETAIL	7,443,446	Other	
UNBILLED REVENUES - SC RETAIL	983,456	Other	
NCEMPA ADMINISTRATIVE CHARGE	300,000	Other	
NCEMPA - RETURN ON GENERAL PLANT	1,911,834	LABOR	0.044728
NCEMPA DISPATCH FEE	22,942	PROD	85,513
NCEMPA SITE REP	4,908	PROD	
OTHER ELEC REVENUE - BY-PRODUCTS	(726,784)	PROD	
NCEMC ADMINISTRATIVE CHARGE	250,200	Other	
Total Other Revenue	14,356,345		86,663

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - Year End CWIP for Identified Projects

Project No.	Description	12/31/08 CWIP
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Detail on Projects Eligible for 50% CWIP is Critical Energy Infrastructure Information

***** Sponsored by Mark Byrd and Filed under Protective Order *****

Total All Identified Projects

84,479,193

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Customer Prepayments for Network Upgrades Detail

NCEMC Anson Co. Project - Closed to Plant in Service June 2007

Balances as of Beginning of Year:

	Cash Payments	Accrued Interest	Total Liability
Balance per prior year formula	5,475,963	391,482	5,867,445
Adj. - 12/07 Interest/Rounding		<u>38,729</u>	<u>38,729</u>
Adjusted Balance	5,475,963	430,211	5,906,174
Allocation of Balance Refunds:	92.72%	7.28%	

Test Year Refund History:

Service Month	Amount Refunded	Allocation of Amount Refunded			Ending Liability Balance
		Current Interest	Cash Prepayment	Accrued Interest	
Jan-08	181,337	35,215	135,478	10,644	5,760,052
Feb-08	215,127	36,571	165,550	13,006	5,581,496
Mar-08	198,666	30,144	156,247	12,275	5,412,974
Apr-08	225,366	29,398	181,694	14,274	5,217,006
May-08	273,114	28,665	226,643	17,806	4,972,557
Jun-08	265,581	20,711	227,033	17,837	4,727,687
Jul-08	220,917	20,187	186,109	14,621	4,526,957
Aug-08	324,797	18,774	283,732	22,291	4,220,934
Sep-08	325,260	16,362	286,398	22,500	3,912,036
Oct-08	323,934	14,733	286,679	22,522	3,602,835
Nov-08	322,959	13,645	286,783	22,531	3,293,521
Dec-08	<u>324,273</u>	<u>11,323</u>	<u>290,154</u>	<u>22,796</u>	2,980,571
Total	3,201,331	275,728	2,712,499	213,104	
==> Interest Disbursed:	488,832	275,728		213,104	
Allocation of Ending Balance:			2,763,463	217,108	2,980,571

AFUDC Reversal Calculation:

(1)	(2)	(3)	(4) = 12 / (3)	(5) = 18.5 / (4)	(6)=[1-(5)]* 411,779
FERC A/C	Pct. of Project	Depr. Rate	Avg. Depr. Life (Months)	% Depreciated 12/31/2008	Net AFUDC Reversal
352	8.69%	1.72%			
353	84.68%	1.71%			
354	0.29%	1.43%			
355	2.69%	5.13%			
356	3.64%	<u>3.31%</u>			
		1.86%	645.0	2.87%	399,969

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Customer Prepayments for Network Upgrades Detail

NCEMC Richmond Co. Project - Closed to Plant in Service December 2007

Balances as of Beginning of Year:

	Cash Payments	Accrued Interest	Total Liability
Balance per prior year formula	11,581,108	1,114,558	12,695,666
Adj. - 12/07 Interest/Rounding		84,239	84,239
Adj. - Payments Q1 2008	<u>154,180</u>		<u>154,180</u>
Adjusted Balance	11,735,288	1,198,797	12,934,085
Allocation of Balance Refunds:	90.73%	9.27%	

Test Year Refund History:

Service Month	Amount Refunded	Allocation of Amount Refunded			Ending Liability Balance
		Current Interest	Cash Prepayment	Accrued Interest	
Jan-08	151,293	78,049	66,455	6,789	12,860,841
Feb-08	129,279	82,399	42,535	4,345	12,813,961
Mar-08	165,751	70,830	86,123	8,798	12,719,040
Apr-08	188,028	71,023	106,160	10,845	12,602,035
May-08	227,864	68,544	144,553	14,767	12,442,715
Jun-08	221,579	54,995	151,144	15,440	12,276,131
Jul-08	159,669	54,277	95,624	9,768	12,170,739
Aug-08	270,985	49,558	200,904	20,523	11,949,312
Sep-08	271,371	49,047	201,718	20,606	11,726,988
Oct-08	270,264	46,845	202,711	20,708	11,503,569
Nov-08	269,451	46,781	202,032	20,638	11,280,899
Dec-08	<u>270,547</u>	<u>41,873</u>	<u>207,479</u>	<u>21,195</u>	11,052,225
Total	2,596,081	714,221	1,707,440	174,420	
==> Interest Disbursed:	888,641	714,221		174,420	
Allocation of Ending Balance:			10,027,848	1,024,377	11,052,225

AFUDC Reversal Calculation:

(1)	(2)	(3)	(4) = 12 / (3)	(5) = 12.5 / (4)	(6)=[1-(5)]*
FERC A/C	Pct. of Project	Depr. Rate	Avg. Depr. Life (Months)	% Depreciated 12/31/2008	Net AFUDC Reversal
352	5.22%	1.72%			1,081,205
353	37.76%	1.71%			
355	18.56%	5.13%			
356	38.46%	<u>3.31%</u>			
		2.96%	405.3	3.08%	1,047,862

PROGRESS ENERGY CAROLINAS, INC.

Transmission Rate Formula Support - Interconnection Facilities ^[1]
Generation In-Service After March 15, 2000 per FERC Order 2003

<u>Project</u>	<u>Balance</u>
Wayne County	1,185,911
Asheville Unit 4	134,659
Richmond - Phase 1	539,660
Richmond - Phase 2	1,805,629
Brunswick #1 Uprate	398,309
Brunswick #2 Uprate	320,595
Total Interconnection Facilities	4,384,762

^[1] - Excludes Step-up Transformers accounted for on PEC-2, page 4, line 2

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support - List of Inputs from FERC Form-1

Page	Row	Column	Description	Reference	Value
111	57	c	Prepayments	111.57.c	656,900
111	81	c	Loss on Reacquired Debt	111.81.c	16,118,132
112	3	c	Preferred Stock Issued	112.3.c	59,333,982
112	12	c	Account 216.1	112.12.c	(278,311,444)
112	16	c	Proprietary Capital	112.16.c	4,384,683,800
112	24	c	Long Term Debt	112.24.c	3,487,006,847
112	28	c	Accum. Provision for Injuries & Damages	112.28.c	4,726,952
112	29	c	Accum. Provision for Pensions & Benefits	112.29.c	823,045,514
112	30	c	Accum. Misc Operating Provisions	112.30.c	46,003,509
113	61	c	Gain on Reacquired Debt	113.61.c	0
117	62-66	c	Long Term Interest Expense	117.62-66.c	203,168,435
118	29	c	Preferred Dividends (positive)	118.29.c	2,964,169
200	21	c	Intangible Amort. Reserve	200.21.c	163,662,542
205	5	g	Intangible Plant	205.5.g	210,314,751
205	46	g	Production Plant	205.46.g	9,100,688,484
207	58	g	Transmission Plant	207.58.g	1,455,381,332
207	75	g	Distribution Plant	207.75.g	4,322,192,306
207	99	g	General Plant	207.99.g	476,473,402
214	47	d	Plant Held for Future Use (Trans. Only)	214.47.d	0
219	20-24	c	Production Depr. Reserve	219.20-24.c	5,555,689,014
219	25	c	Transmission Depr. Reserve	219.25.c	591,697,733
219	26	c	Distribution Depr. Reserve	219.26.c	1,816,247,857
219	27	c	General Depr. Reserve	219.27.c	173,457,551
227	8	c	M&S - Transmission	227.8.c	4,772,698
227	16	c	M&S - Stores Expense	227.16.c	23,222,964
232	18	f	SFAS 158 Regulatory Assets	232.18.f	521,915,811
234	8	c	ADIT - 190	234.8.c	744,646,368
263	3	i	Other Taxes - FICA	263.3.i	28,112,768
263	4	i	Other Taxes - Federal Unemployment	263.4.i	319,965
263	5	i	Other Taxes - Highway Use	263.5.i	63,201
263	11&21	i	Other Taxes - Real & Personal Property	263.11&21.i	62,208,948
263	13&23	i	Other Taxes - State Unemployment	263.13&23.i	722,591
263	18	i	Other Taxes - Intangibles	263.18.i	0
266	8	f	Amortized ITC (Negative)	266.8.f	(5,733,012)
267	8	h	Accum Deferred ITC - 255 (Negative)	267.8.h	(115,672,675)
273	8	k	ADIT - 281 (Negative)	273.8.k	0
275	2	k	ADIT - 282 (Negative)	275.2.k	(1,253,976,950)
277	9	k	ADIT - 283 (Negative)	277.9.k	(600,014,963)
321	84-88	b	(561.1-561.4) Transmission Expense	321.84-88.b	4,267,108
321	96	b	(565) Transmission of Electricity by Others	321.96.b	23,813,705
321	112	b	TOTAL Transmission Expenses	321.112.b	58,347,783
323	185	b	(924) Property Insurance	323.185.b	101,969
323	189	b	(928) Regulatory Commission Expenses	323.189.b	5,762,220
323	191	b	(930.1) General Advertising Expenses	323.191.b	694,624
323	197	b	Total Admin & General Expenses	323.197.b	289,345,025
335	1-3,17	b	Industry Dues, R&D, C-V Nuc Pwr Assoc	335.1-3,17.b	4,915,558
336	1	f	Intangible Amortization	336.1.f	2,496,902
336	7	b	Transmission Depr. Expense	336.7.b	38,348,000
336	10	b	General Depr. Expense	336.10.b	16,628,695
350	12	b	FERC Order 641 Annual Charges	350.12.b	815,872
354	21	b	Transmission O&M Labor	354.21.b	16,055,921
354	27	b	A&G Labor	354.27.b	74,457,932
354	28	b	Total Direct Payroll - O&M Labor	354.28.b	409,402,544
400	17	b	Sum of Monthly Transmission Peaks	400.17.b	139,806
400	17	e	Firm Network Service for Self	400.17.e	90,593
400	17	f	Firm Network Service for Others	400.17.f	40,922
400	17	g	Long-Term Firm P-t-P Reservations	400.17.g	1,764
400	17	h	Other Long-Term Firm Service	400.17.h	0
400	17	i	Short-Term Firm P-t-P Reservations	400.17.i	6,527

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 190

	Balance 12/31/2008 Dr(Cr)		Allocation Factor	OATT Amt
Accrued Litigation	488,500	Other	0.00000	0
Allowances-Basis Diff System	(8,571,063)	PROD	0.00000	0
ARO - 190	116,689,857	Other	0.00000	0
Audit Reserve/FIN48	461,719	Other	0.00000	0
Bond Premium Discount	(187,112)	NP	0.11383	(21,298)
Broad River Adjustment	2,802,889	PROD	0.00000	0
Compensation Plan	12,119,585	LABOR	0.04473	542,087
Comprehensive Income	10,241,715	NP	0.11383	1,165,766
Deferred Compensation	22,533,874	LABOR	0.04473	1,007,900
Environmental Accrual	6,338,491	Other	0.00000	0
FAS 109 - Excess	6,783,409	Other	0.00000	0
FAS 109 - ITC	69,477,495	Other	0.00000	0
FAS 112	15,075,443	LABOR	0.04473	674,298
Imputed Interest Income	5,095	NP	0.11383	580
Insurance Reserve	1,257,660	NP	0.11383	143,154
Inventory Reserve	522,048	NP	0.11383	59,422
IRS Audit Interest Accrual	2,798,602	Other	0.00000	0
Leslie/McInnes Coal Reserves	1,983,292	PROD	0.00000	0
LLRW Disposal Cost Accrual	136,121	PROD	0.00000	0
Mark to Market - Reg Liability	69,782	Other	0.00000	0
Mark to Market Accrual	38,811,142	Other	0.00000	0
Nuclear Decommissioning	135,181,174	PROD	0.00000	0
OPEB Expense	142,002,227	LABOR	0.04473	6,351,505
Operating Reserve (workers comp)	1,809,702	LABOR	0.04473	80,945
Pension Expense	108,672,756	LABOR	0.04473	4,860,738
Pension Restoration Exp.	101,744	LABOR	0.04473	4,551
Real Time Energy Pricing Rider	1,582,970	Other	0.00000	0
Reg Liability - ARO Asbestos	1,643,137	Other	0.00000	0
Reg Liability - Medicare Subsidy	1,276,991	LABOR	0.04473	57,118
Renewable Energy Certifications	82,331	Other	0.00000	0
Severance Pay	202,886	LABOR	0.04473	9,075
TMAS Production	2,454,329	PROD	0.00000	0
Unbilled Rev.	17,629,743	Other	0.00000	0
Uncollectible Accounts	2,514,909	Other	0.00000	0
Vacation Accrual	13,588,508	LABOR	0.04473	607,790
Wages: Year End Accrual	16,064,419	LABOR	0.04473	718,533
GL 190 - Electric	744,646,370			16,262,162

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 282

	Balance 12/31/2008 Dr(Cr)	Allocation Factor	OATT Amt
AFUDC Equity - FAS109	(92,409,454)	Other 0.00000	0
ARO - 282 Operating	(1,313,690)	Other 0.00000	0
Clean Smokestacks	174,138,721	PROD 0.00000	0
NC Direct Disallowance	6,309,835	Other 0.00000	0
NC Indirect Disallowance	37,418,705	Other 0.00000	0
PA Depr Diff Exc Harris	(1,686,960)	PROD 0.00000	0
PA Depr Diff Harris	(127,662)	PROD 0.00000	0
PA Direct Disallowanc Contra	1,108,702	PROD 0.00000	0
SC Indirect Disallowance	6,811,673	Other 0.00000	0
SC Rate Difference	(14,493,475)	Other 0.00000	0
Tax Dep Plant - Dist	(336,001,415)	Other 0.00000	0
Tax Dep Plant - G	(67,200,474)	LABOR 0.04473	(3,005,757)
Tax Dep Plant - Intang	(24,436,637)	LABOR 0.04473	(1,093,007)
Tax Dep Plant - Nuc Fuel	(5,680,978)	PROD 0.00000	0
Tax Dep Plant - Prod	(717,495,983)	PROD 0.00000	0
Tax Dep Plant - Trans	(204,309,615)	TP 0.93926	(191,899,200)
Tax Dep Plant - Unfunct	(20,928,671)	NP 0.11383	(2,382,213)
WH Direct Disallowance	1,577,487	PROD 0.00000	0
WH Indirect Disallowance	9,653,674	PROD 0.00000	0
Wholesale Dep Diff - Dist	(28,003)	Other 0.00000	0
Wholesale Dep Diff - Gen	(10,595)	LABOR 0.04473	(474)
Wholesale Dep Diff - Prod	(4,394,965)	PROD 0.00000	0
Wholesale Dep Diff - Trans	(477,168)	TP 0.93926	(448,183)
Total GL 282	(1,253,976,948)		(198,828,834)

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Deferred Income Tax Balances - GL A/C 283

	Balance 12/31/2008 Dr(Cr)		Allocation Factor	OATT Amt
AFUDC Equity - Reg Asset	(59,593,530)	NP	0.11383	(6,783,252)
Comprehensive Income	12,581,332	NP	0.11383	1,432,074
DSM Cost - NC	(3,204,820)	Other	0.00000	0
DSM Cost - SC	(451,527)	Other	0.00000	0
EMC OPEB	81,897	LABOR	0.04473	3,663
Environmental Liabilty - Reg Asset - NC	(2,683,696)	Other	0.00000	0
Environmental Liabilty - Reg Asset - SC	(748,556)	Other	0.00000	0
FAS 158 Pension Restoration - Reg Asset	58,743	LABOR	0.04473	2,627
FAS158 OPEB - Reg Asset	(38,355,946)	LABOR	0.04473	(1,715,593)
FAS158 Pension - Reg Asset	(181,445,690)	LABOR	0.04473	(8,115,741)
FAS158 SERP - Reg Asset	(549,055)	LABOR	0.04473	(24,558)
Fay/Muni OPEB	25,322	LABOR	0.04473	1,133
Grid South - NC	(2,506,135)	Other	0.00000	0
Grid South - SC	(1,441,260)	Other	0.00000	0
Grid South - WH	(3,523,754)	Other	0.00000	0
IRS Audit Reserve	(23,262)	Other	0.00000	0
Market to Market	(65,960)	Other	0.00000	0
Market to Market - Reg Asset	(37,765,920)	Other	0.00000	0
Miscellaneous Investments	2,519,928	Other	0.00000	0
NC Deferred Fuel	(126,648,211)	Other	0.00000	0
Reg Asset - Accrued Vacation	(11,298,778)	LABOR	0.04473	(505,374)
Reg Asset - ARO Asbestos	(894,441)	Other	0.00000	0
Reg Asset - Design Basis Brunswick	(5,936,781)	PROD	0.00000	0
Reg Asset - Design Basis Robinson	(1,472,114)	PROD	0.00000	0
Reg Asset - Nuc Decom	(133,539,610)	PROD	0.00000	0
Reg Asset - PCF Deferral - SC	(128,818)	PROD	0.00000	0
Reg Asset - PSNC Pipeline	(369,058)	PROD	0.00000	0
Renewable Energy Deferral - NC	(228,015)	Other	0.00000	0
SC Deferred Fuel	(6,218,959)	Other	0.00000	0
Stock Overhead ADJ - PROD	851,916	PROD	0.00000	0
Stock Overhead ADJ - UNFUNCT	(3,252,374)	NP	0.11383	(370,202)
Storm Damage Deferral - NC	3,701,643	Other	0.00000	0
Storm Damage Deferral - SC	2,845,901	Other	0.00000	0
Wholesale Deferred Fuel	(335,354)	Other	0.00000	0
Round Adjustment	(21)	NP	0.11383	(2)
Total GL 283	(600,014,963)			(16,075,226)

PROGRESS ENERGY CAROLINAS, INC.
Transmission Rate Formula Support
Accumulated Misc. Operating Provision Balances - GL A/C 228.4

	Balance 12/31/2008 Dr(Cr)	Allocation Factor		OATT Amt
Coal Mines	(5,058,700)	PROD	0.00000	0
Est. Excess PA Scrubber Charge	(10,644,836)	PROD	0.00000	0
Deferred Compensation	(28,237,783)	LABOR	0.04473	(1,263,025)
Environmental	(1,715,000)	Other	0.00000	0
RNP LLRW Disposal	(347,191)	PROD	0.00000	0
Total GL 228.4	(46,003,509)			(1,263,025)

PROGRESS ENERGY CAROLINAS
PREPAYMENTS FOR NETWORK UPGRADES - HYPOTHETICAL EXAMPLES

252 Customer advances for construction.

This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled, according to the agreement or rule under which the advance was made the balance, if any, remaining in this account shall be credited to the respective plant account.

EXAMPLE

NETWORK UPGRADE COST		\$	1,000,000
DEPRECIABLE LIFE			40-YRS
ANNUAL FERC INTEREST RATE	ANNUALLY		6%
REFUND OVER 5 -YRS	ANNUALLY	\$	200,000

SCENARIO 1:

YEAR OF IN-SERVICE:	DESCRIPTION	FERC	DEBIT	CREDIT
	ELEC. PLNT IN-SVC	101	\$ 1,000,000	
	CUSTOMER ADVANCES	252		\$ 1,000,000

1st REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CASH	130		\$ 260,000
CUSTOMER ADVANCES	252	\$ 200,000	
INTEREST EXP	431	\$ 60,000	

	RATE BASE	EXPENSE
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FORMULA INPUT - EPIS YR-1	\$ 1,000,000	
BEGINNING BAL.	\$ (1,000,000)	
INTEREST EXPENSE	\$ (60,000)	\$ 60,000
REFUND	\$ 260,000	
FORMULA INPUT YR-1	\$ (800,000)	\$ 60,000

FORMULA INPUT - EPIS YR-2	\$ 1,000,000	
FORMULA ACCUM. DEP YR-2	\$ (25,000)	
BEGINNING BAL.	\$ (800,000)	
INTEREST EXPENSE	\$ (48,000)	\$ 48,000
REFUND	\$ 248,000	
FORMULA INPUT YR-2	\$ (600,000)	\$ 48,000

SCENARIO 2:

RECOVERY OF INTEREST: PER AGREEMENT WITH CUSTOMERS, INTEREST WILL BE RECOVERED UPON PAYMENT AND NOT AS ACCRUED. THIS WILL CREATE A REGULATORY ASSET TO RECOGNIZE THE DEFERRED COST RECOVERY.

YEAR OF IN-SERVICE:

DESCRIPTION	FERC	DEBIT	CREDIT
ELEC. PLNT IN-SVC	101	\$ 1,000,000	
CUSTOMER ADVANCES	252		\$ 1,000,000

YR-1 NO REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CUSTOMER ADVANCES	252		\$ 60,000
INTEREST ACCRUED	431	\$ 60,000	
REG ASSET (INTEREST ACCRUED)	182.3	\$ 60,000	
INTEREST ACCRUED DEFERRAL	407.4		\$ 60,000

YR-5 WITH REFUND:

DESCRIPTION	FERC	DEBIT	CREDIT
CUSTOMER ADVANCES	252	\$ 1,338,226	
CASH	131		\$ 1,338,226
REG ASSET (INTEREST ACCRUED)	182.3		\$ 338,226
INTEREST ACCRUED DEFERRAL	407.3	\$ 338,226	

	RATE BASE	EXPENSE
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IF NOT REFUNDED UNTIL YR 5, THAN:

BEGINNING BAL.	\$ (1,000,000)	
INTEREST ACCRUED	\$ (60,000)	\$ (60,000)
REG. ASSET (INTEREST ACCRUED)	\$ 60,000	\$ 60,000
FORMULA INPUT YR-1	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (63,600)	\$ (63,600)
REG. ASSET (INTEREST ACCRUED)	\$ 63,600	\$ 63,600
FORMULA INPUT YR-2	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (67,416)	\$ (67,416)
REG. ASSET (INTEREST ACCRUED)	\$ 67,416	\$ 67,416
FORMULA INPUT YR-3	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (71,461)	\$ (71,461)
REG. ASSET (INTEREST ACCRUED)	\$ 71,461	\$ 71,461
FORMULA INPUT YR-4	\$ (1,000,000)	\$ -
INTEREST ACCRUED	\$ (75,749)	\$ (75,749)
REG. ASSET (INTEREST ACCRUED)	\$ 75,749	\$ 75,749
REFUND	\$ 1,000,000	\$ 338,226
FORMULA INPUT YR-5	\$ -	\$ 338,226

ATTACHMENT 3

CLEAN AND REDLINED OATT SHEETS FOR PEC

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line	Reference	Total	
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	0	
2	Less Gen. Step-up Transformers in 353	0	
3	Less Interconnection Facilities (Order 2003)	0	
3A	Plus Contra EPIS - OATT (Neg.)	0	
4	Trans Plant for OATT Rate	<u>0</u>	
5	TP Allocator (Line 4 / Line 1)	0.00000	
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	0	
7	A&G Labor	0	
8	Adj. - RCO Labor in A&G Labor	0	
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)	<u>0</u>	
10	Transmission O&M Labor	0	
11	Trans Labor Factor (Line 10 / Line 9)	0.00000	
12	OATT LABOR Allocator (Line 5 * Line 11)	0.00000	
Return and Capitalization:			
13	Long Term Interest Expense (Note J)	0	
14	Less Interest on Securitization Bonds	0	
15	Net Long Term Interest Expense	<u>0</u>	
16	Preferred Dividends (positive)	0	
17	Long Term Debt	0	
18	Less Loss on Reacquired Debt	0	
19	Plus Gain on Reacquired Debt	0	
20	Less Securitization Bonds	0	
21	Net Long Term Debt	<u>0</u>	
22	Preferred Stock	0	
Common Stock Development:			
23	Proprietary Capital	0	
24	Less Preferred Stock	0	
25	Less Account 216.1	0	
26	Common Stock	<u>0</u>	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
SUMMARY CAP STRUCTURE			
	<u>Weight</u>	<u>Cost</u>	<u>Weighted Cost</u>
28	Long term Debt	0.00%	0.00%
29	Preferred Stock	0.00%	0.00%
30	Common Equity	0.00%	<u>10.80%</u>
31	Overall Return: R_0 =		<u>0.00%</u>

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

Line	Reference	Total	Allocator	OATT Transmission	
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	0	0.00000	0
2	Firm Network Service for Others	400.17.f	0	1.00000	0
3	Long-Term Firm P-t-P Reservations	400.17.g	0	1.00000	0
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load	<u>0</u>			<u>0</u>
6	Wholesale Trans Allocation Factor				0.00000
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5		Fixed	0
9	Under(over) Collection Prior Year				<u>0</u>
10	Net GridSouth Wholesale Revenue Requirement				<u>0</u>
11	GridSouth Wholesale Amortization	Line 10 / Line 5			0
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			<u>0</u>
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	1010950 - CONTRA EPIS	0	1 / Line 6	0.00000	0
15	1071140 - CONTRA CWIP	0	1 / Line 6	0.00000	0

- Note A: Excludes Asset Retirement Obligations from plant balances
- Note B: FERC Form 1 page 214 excluding non-transmission related items
- Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.
- Note D: Analysis of Company books.
- Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000
- Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.
- Note G: Determined by annual apportionment factors provided by Tax Department
- Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.
- Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.
- Note J: Adjusted to exclude all charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line	Reference	Total	
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	0	
2	Less Gen. Step-up Transformers in 353	0	
3	Less Interconnection Facilities (Order 2003)	0	
3A	<u>Less</u> Plus Contra EPIS - OATT (Neg.)	<u>0</u>	
4	Trans Plant for OATT Rate	0	
5	TP Allocator (Line 4 / Line 1)	0.00000	
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	0	
7	A&G Labor	0	
8	Adj. - RCO Labor in A&G Labor	<u>0</u>	
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)	0	
10	Transmission O&M Labor	0	
11	Trans Labor Factor (Line 10 / Line 9)	0.00000	
12	OATT LABOR Allocator (Line 5 * Line 11)	0.00000	
Return and Capitalization:			
13	Long Term Interest Expense (<u>Note J</u>)	0	
14	Less Interest on Securitization Bonds	<u>0</u>	
15	Net Long Term Interest Expense	0	
16	Preferred Dividends (positive)	0	
17	Long Term Debt	0	
18	Less Loss on Reacquired Debt	0	
19	Plus Gain on Reacquired Debt	0	
20	Less Securitization Bonds	<u>0</u>	
21	Net Long Term Debt	0	
22	Preferred Stock	0	
Common Stock Development:			
23	Proprietary Capital	0	
24	Less Preferred Stock	0	
25	Less Account 216.1	<u>0</u>	
26	Common Stock	0	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
SUMMARY CAP STRUCTURE			
	<u>Weight</u>	<u>Cost</u>	<u>Weighted Cost</u>
28	Long term Debt	0.00%	0.00%
29	Preferred Stock	0.00%	0.00%
30	Common Equity	0.00%	10.80%
31	Overall Return: R₀ =		0.00%

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

Line	Reference	Total	Allocator	OATT Transmission	
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	0	0.00000	0
2	Firm Network Service for Others	400.17.f	0	1.00000	0
3	Long-Term Firm P-t-P Reservations	400.17.g	0	1.00000	0
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load	<u>0</u>			<u>0</u>
6	Wholesale Trans Allocation Factor				0.00000
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5	Fixed		0
9	Under(over) Collection Prior Year				<u>0</u>
10	Net GridSouth Wholesale Revenue Requirement				0
11	GridSouth Wholesale Amortization	Line 10 / Line 5			0
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			0
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	<u>1010950 - CONTRA EPIS</u>	<u>0</u>	<u>1 / Line 6</u>	<u>0.00000</u>	<u>0</u>
15	<u>1071140 - CONTRA CWIP</u>	<u>0</u>	<u>1 / Line 6</u>	<u>0.00000</u>	<u>0</u>

- Note A: Excludes Asset Retirement Obligations from plant balances
- Note B: FERC Form 1 page 214 excluding non-transmission related items
- Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.
- Note D: Analysis of Company books.
- Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000
- Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.
- Note G: Determined by annual apportionment factors provided by Tax Department
- Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.
- Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.
- Note J: Adjusted to exclude all charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

CLEAN AND REDLINED OATT SHEETS FOR PEF

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line	Reference	Total	
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	p 2, line 2 0	
2	Less Gen. Step-up Transformers in 353	Note D 0	
3	Less Interconnection Facilities (Order 2003)	PEC - 5, p 3 0	
3A	Plus Contra EPIS - OATT (Neg.)	p. 5, line 14 0	
4	Trans Plant for OATT Rate	<u>0</u>	
5	TP Allocator (Line 4 / Line 1)	Note C 0.00000	
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	354.28.b 0	
7	A&G Labor	354.27.b 0	
8	Adj. - RCO Labor in A&G Labor	0	
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)	<u>0</u>	
10	Transmission O&M Labor	354.21.b 0	
11	Trans Labor Factor (Line 10 / Line 9)	0.00000	
12	OATT LABOR Allocator (Line 5 * Line 11)	Note C 0.00000	
Return and Capitalization:			
13	Long Term Interest Expense (Note J)	117.62-66.c 0	
14	Less Interest on Securitization Bonds	Note H 0	
15	Net Long Term Interest Expense	<u>0</u>	
16	Preferred Dividends (positive)	118.29.c 0	
17	Long Term Debt	112.24.c 0	
18	Less Loss on Reacquired Debt	111.81.c 0	
19	Plus Gain on Reacquired Debt	113.61.c 0	
20	Less Securitization Bonds	Note H 0	
21	Net Long Term Debt	<u>0</u>	
22	Preferred Stock	112.3.c 0	
Common Stock Development:			
23	Proprietary Capital	112.16.c 0	
24	Less Preferred Stock	112.3.c 0	
25	Less Account 216.1	112.12.c 0	
26	Common Stock	<u>0</u>	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
SUMMARY CAP STRUCTURE			
		<u>Weight</u>	<u>Cost</u>
28	Long term Debt	0.00%	0.00%
29	Preferred Stock	0.00%	0.00%
30	Common Equity	0.00%	10.80%
31	Overall Return: R_0 =		<u>0.00%</u>

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

Line	Reference	Total	Allocator	OATT Transmission	
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	0	0.00000	0
2	Firm Network Service for Others	400.17.f	0	1.00000	0
3	Long-Term Firm P-t-P Reservations	400.17.g	0	1.00000	0
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load	<u>0</u>			<u>0</u>
6	Wholesale Trans Allocation Factor				0.00000
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5		Fixed	0
9	Under(over) Collection Prior Year				<u>0</u>
10	Net GridSouth Wholesale Revenue Requirement				0
11	GridSouth Wholesale Amortization	Line 10 / Line 5			0
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			0
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	1010950 - CONTRA EPIS	0	1 / Line 6	0.00000	0
15	1071140 - CONTRA CWIP	0	1 / Line 6	0.00000	0

- Note A: Excludes Asset Retirement Obligations from plant balances
- Note B: FERC Form 1 page 214 excluding non-transmission related items
- Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.
- Note D: Analysis of Company books.
- Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000
- Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.
- Note G: Determined by annual apportionment factors provided by Tax Department
- Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.
- Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.
- Note J: Adjusted to exclude all charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Supporting Allocation Factor and Return Calculations

Line		Reference	Total
Transmission Plant Included in OATT Rate:			
1	Total Transmission Plant	p 2, line 2	0
2	Less Gen. Step-up Transformers in 353	Note D	0
3	Less Interconnection Facilities (Order 2003)	PEC - 5, p 3	0
3A	<u>Less Plus Contra EPIS - OATT (Neg.)</u>	<u>p. 5, line 14</u>	<u>0</u>
4	Trans Plant for OATT Rate		0
5	TP Allocator (Line 4 / Line 1)	Note C	0.00000
Labor Allocation Factor			
6	Total Direct Payroll - O&M Labor	354.28.b	0
7	A&G Labor	354.27.b	0
8	Adj. - RCO Labor in A&G Labor		0
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)		<u>0</u>
10	Transmission O&M Labor	354.21.b	0
11	Trans Labor Factor (Line 10 / Line 9)		0.00000
12	OATT LABOR Allocator (Line 5 * Line 11)	Note C	0.00000
Return and Capitalization:			
13	Long Term Interest Expense (<u>Note J</u>)	117.62-66.c	0
14	Less Interest on Securitization Bonds	Note H	<u>0</u>
15	Net Long Term Interest Expense		0
16	Preferred Dividends (positive)	118.29.c	0
17	Long Term Debt	112.24.c	0
18	Less Loss on Reacquired Debt	111.81.c	0
19	Plus Gain on Reacquired Debt	113.61.c	0
20	Less Securitization Bonds	Note H	<u>0</u>
21	Net Long Term Debt		0
22	Preferred Stock	112.3.c	0
Common Stock Development:			
23	Proprietary Capital	112.16.c	0
24	Less Preferred Stock	112.3.c	0
25	Less Account 216.1	112.12.c	<u>0</u>
26	Common Stock		0
27	Total Capitalization (Sum Lines 21, 22, 26)		0
SUMMARY CAP STRUCTURE			
		<u>Weight</u>	<u>Cost</u>
28	Long term Debt	0.00%	0.00%
29	Preferred Stock	0.00%	0.00%
30	Common Equity	0.00%	10.80%
31	Overall Return: R₀ =		<u>0.00%</u>

PROGRESS ENERGY CAROLINAS, INC.
 OATT Transmission Non-Levelized Rate Formula Template Using Form-1 Data

Wholesale GridSouth Amortization and Explanatory Notes

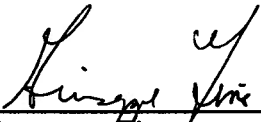
Line	Reference	Total	Allocator	OATT Transmission	
Denominator for Wholesale Transmission:					
1	Firm Network Service for Self	400.17.e	0	0.00000	0
2	Firm Network Service for Others	400.17.f	0	1.00000	0
3	Long-Term Firm P-t-P Reservations	400.17.g	0	1.00000	0
4	Other Long-Term Firm Service	400.17.h	0	1.00000	0
5	Total System Long Term Firm Transmission Load	<u>0</u>			<u>0</u>
6	Wholesale Trans Allocation Factor				0.00000
7	GridSouth - Deferred Debit as of 12/31/06	Note I	32,962,614	WT2006 0.30297	9,986,562
Five-Year Amortization of G/S Wholesale Amount					
8	Annual Funding Requirement	9,986,562 / 5	Fixed		0
9	Under(over) Collection Prior Year				<u>0</u>
10	Net GridSouth Wholesale Revenue Requirement				0
11	GridSouth Wholesale Amortization	Line 10 / Line 5			0
Remaining Wholesale GridSouth Balance					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			0
Memo: OATT Contras from 50% in CWIP in Rate Base					
14	<u>1010950 - CONTRA EPIS</u>	0	1 / Line 6	0.00000	0
15	<u>1071140 - CONTRA CWIP</u>	0	1 / Line 6	0.00000	0

- Note A: Excludes Asset Retirement Obligations from plant balances
- Note B: FERC Form 1 page 214 excluding non-transmission related items
- Note C: The allocator "TP" is the percent of gross transmission plant that is OATT related, i.e., after removal of interconnections and generator step-up transformer investment. It also serves as the basis for deriving OATT-related transmission labor from the Form-1 reported value.
- Note D: Analysis of Company books.
- Note E: Difference between Test Year PBOP Expense and 2007 Amount in Initial Formula Rate of \$18,903,000
- Note F: Excludes all income and gross receipts taxes. Labor related other taxes include FICA and unemployment taxes. Property related taxes include county and local property, highway use, and intangible taxes.
- Note G: Determined by annual apportionment factors provided by Tax Department
- Note H: To the extent PEC is authorized by state utility commission(s) and issues bonds to securitize retail recovery of extraordinary property losses, associated principal and interest expense are excluded in capitalization and return basis.
- Note I: The WT2006 allocation factor, based on the wholesale/system load relationship in the Form-1 for year ending 12/31/2006, will be a constant in determining the wholesale GridSouth allocation to be recovered in the first five years of formula rate operation.
- Note J: Adjusted to exclude all charges to Account 427 not arising from liabilities included in Account 221 or Account 224.

CERTIFICATE OF SERVICE

I hereby certify that I have served this day copies of the foregoing on the official service list compiled by the Office of the Secretary in accordance with Rule 2010 of the Commission Rules of Practice and Procedure.

Dated at Washington, D.C. this 31st day of August, 2009.


Giuseppe Fina

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