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October 30, 2009

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

**Regarding: *Carolina Power and Light Company;*  
Correction to OATT Formula Transmission Rate  
Resulting From 2009 Annual Update Settlement;  
Docket No. ER10-\_\_\_\_-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and Part 35 of the Commission's Regulations, 18 C.F.R. Part 35 (2008), Carolina Power and Light Company, doing business as Progress Energy Carolinas, Inc. ("PEC"), hereby tenders for filing a correction to its 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 revisions proposed in this filing are intended to correct an unintended consequence of modifications to the Formula Rate previously submitted by PEC in its recent filings in Docket No. ER09-1218-000. The further revisions herein proposed were agreed to by PEC and its customers as part of a broader settlement reached in connection with PEC's 2009 Annual Update. Consistent with the terms of that settlement, PEC requests that the Commission allow the revised tariff sheets submitted herewith to become effective on June 1, 2009 and August 1, 2009, respectively.

## I. BACKGROUND

On May 29, 2009, PEC filed in Docket No. ER09-1218-000 two sets of revisions to its Formula Rate ("May 29 Filing"). As part of the first set of revisions, PEC proposed to incorporate the contra-balance accounting necessary to ensure that the Allowance for Funds Used During Construction would not continue to be accrued on any portion of

Construction Work in Progress that PEC is permitted to include in rate base.<sup>1</sup> Specifically, PEC inserted new line item 3A on Exhibit PEC-2, page 4 of 5, “Less Contra EPIS – OATT”. The intent of this new line was to eliminate double recovery of carrying charges on projects that have closed to Electric Plant in Service (FERC Account 101) by reducing the amount of Form-1 reported transmission investment included in the Formula Rate. However, because the “Contra EPIS” is recorded as a negative value, the subtraction of this negative value would have had the unintended result of increasing rather than decreasing PEC’s rate base.

On June 15, 2009, PEC amended the May 29 Filing to correct this error. PEC proposed to revise the label on line 3A to read “Plus Contra EPIS- OATT (Neg.)” to achieve the result of reducing the amount of transmission investment otherwise included in the Formula Rate, so that customers would not be assessed for carrying charges on any amounts that were included in the transmission rate base as CWIP.<sup>2</sup>

In an unpublished letter order dated October 16, 2009, the Commission accepted the Formula Rate revisions filed by PEC in Docket No. ER09-1218-000.

## **II. SETTLEMENT PROCESS WITH PEC CUSTOMERS**

The further revisions to the Formula Rate submitted with this filing result from a settlement between PEC and its customers reached in the course of the PEC 2009 Annual Update process. The customers include North Carolina Eastern Municipal Power Agency (“NCEMPA”), North Carolina Electric Membership Corporation (“NCEMC”), and the Public Works Commission of the City of Fayetteville, North Carolina (“FPWC”). Before submitting the instant filing, PEC circulated a draft of the filing letter and revised tariff sheets to its customers for their review and comment. NCEMPA, NCEMC and FPWC have authorized PEC to state that they support the revisions to the Formula Rate proposed in this filing, and that these revisions are consistent with the agreement that PEC and the customers reached on this issue.

Section III of this filing letter describes the revisions to the Formula Rate submitted in this filing. Consistent with the aforementioned agreement between PEC and its customers, these revisions would become effective on June 1, 2009 and August 1, 2009, respectively.

## **III. INSTANT FILING**

After the June 15 Filing was submitted to correct the EPIS-contra error noted above, PEC determined that the \$1,455,381,332 value for gross transmission plant

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<sup>1</sup> May 29 Filing at 2-3.

<sup>2</sup> On August 31, 2009, PEC further amended the May 29 Filing to reflect a settlement between PEC and the City of Fayetteville, which resolved issues concerning the interest on long-term debt component in the May 29 Filing.

("TP") shown in PEC's FERC Form No. 1 (at page 207, line 58) already had been reduced to eliminate carrying charges on amounts included in the rate base as CWIP. Specifically, PEC had taken the \$86,676 wholesale book amount shown as "Total" EPIS-Contra on line 14 of Exhibit PEC-2, page 5, and derived a total-system equivalent by multiplying the \$86,676 wholesale book amount by the reciprocal of the wholesale load allocator. This resulted in a total system equivalent contra amount of \$270,807. The total system equivalent contra amount already had been netted against PEC's investment in transmission plant to arrive at the \$1,455,381,332 value shown in the FERC Form No. 1 in order to eliminate carrying charges on any amounts included in rate base as CWIP. Therefore, unless the starting gross transmission plant balance is adjusted to remove the effect of the original wholesale contra credit from the FERC Form No. 1 value, there would be an inappropriate double-counting of the contra amount. Specifically, the contra amount would be counted twice in the numerator of the Formula Rate and once in the denominator of the Formula Rate, and with the result that the TP allocation factor would be understated. The minor change to the Formula Rate submitted herewith is intended to correct the unintended "double count" of the contra amount that results from the May 29 and June 15 filings.

#### **IV. WAIVER**

PEC respectfully requests waiver of the Commission's sixty-day prior notice requirement to allow the proposed revisions to become effective June 1, 2009 and August 1, 2009 respectively. Good cause exists to grant the waiver. The proposed revisions correct an unintended consequence that, if left unremedied, would cause a continuing understatement of the "TP" allocation factor in the Formula Rate. Furthermore, as noted, the effective dates proposed by PEC are consistent with the agreement PEC reached with its customers.

#### **V. MATERIALS SUBMITTED WITH THIS FILING**

This filing includes the following information:

- (a) Attachment 1 – Clean and redlined revised OATT sheets<sup>3</sup> reflecting revisions to the Formula Rate effective June 1, 2009; and
- (b) Attachment 2 – Clean and redlined revised OATT sheets<sup>4</sup> reflecting revisions to the Formula Rate effective August 1, 2009.

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<sup>3</sup> 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 to the PEC Formula Rate in both the PEC OATT and PEF OATT.

<sup>4</sup> *Id.*

## **VI. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED**

Pursuant to 18 C.F.R. §§ 35.2(e) and 385.2010(a) 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>.

## **VII. MISCELLANEOUS**

There are no costs included in this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense or cost been demonstrated to be the product of discriminatory employment practices.

## **VIII. PERSONS TO WHOM CORRESPONDENCE SHOULD BE ADDRESSED**

The following persons should receive communications regarding this filing:

Kendal Bowman, Esq.  
Associate General Counsel  
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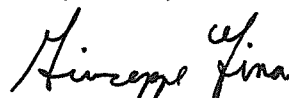
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## IX. CONCLUSION

PEC respectfully requests that the Commission accept the revised tariff sheets for the effective dates requested herein.

Please contact the undersigned if you have any questions.

Respectfully submitted,



Antonia A. Frost  
Giuseppe Fina  
Counsel for Carolina Power & Light Company

Of Counsel:

Kendal C. Bowman, Esq.  
Associate General Counsel  
Progress Energy Service Company, LLC  
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Enclosures

# **ATTACHMENT 1**

# CLEAN AND REDLINED OATT SHEETS FOR PEC

(REFLECTING REVISIONS THAT CORRECT THE FORMULA RATE,  
EFFECTIVE JUNE 1, 2009)

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	p. 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	Accum Deferred ITC - 255 (Negative)	267.8.h	0	NP 0.00000	0
23	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
24	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
25	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
26	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
27	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
28	Net Rate Base Adj.		<u>0</u>		<u>0</u>
29	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
30	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30A	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 23, 28, 30, 30A, 34, and 39)</b>				0

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

Supporting Allocation Factor and Return Calculations

Line	Reference	Total	
<b>Transmission Plant Included in OATT Rate:</b>			
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	0	
5	<b>TP Allocator (Line 4 / Line 1)</b>	0.00000	
<b>Labor Allocation Factor</b>			
6	Total Direct Payroll - O&M Labor	354.28.b	
7	A&G Labor	354.27.b	
8	Adj. - RCO Labor in A&G Labor	0	
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)	0	
10	Transmission O&M Labor	354.21.b	
11	<b>Trans Labor Factor (Line 10 / Line 9)</b>	0.00000	
12	<b>OATT LABOR Allocator (Line 5 * Line 11)</b>	0.00000	
<b>Return and Capitalization:</b>			
13	Long Term Interest Expense (Note J)	117.62-66.c	
14	Less Interest on Securitization Bonds	Note H	
15	Net Long Term Interest Expense	0	
16	Preferred Dividends (positive)	118.29.c	
17	Long Term Debt	112.24.c	
18	Less Loss on Reacquired Debt	111.81.c	
19	Plus Gain on Reacquired Debt	113.61.c	
20	Less Securitization Bonds	Note H	
21	Net Long Term Debt	0	
22	Preferred Stock	112.3.c	
<b>Common Stock Development:</b>			
23	Proprietary Capital	112.16.c	
24	Less Preferred Stock	112.3.c	
25	Less Account 216.1	112.12.c	
26	Common Stock	0	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
<b>SUMMARY CAP STRUCTURE</b>			
		<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%	<b>10.80%</b>
31	<b>Overall Return: R<sub>0</sub> =</b>		<b>0.00%</b>

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	
<b>Denominator for Wholesale Transmission:</b>					
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	<b>Wholesale Trans Allocation Factor</b>				<b>0.00000</b>
7	<b>GridSouth - Deferred Debit as of 12/31/06</b>	Note I	32,962,614	WT2006 0.30297	9,986,562
<b>Five-Year Amortization of G/S Wholesale Amount</b>					
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	<b>GridSouth Wholesale Amortization</b>	Line 10 / Line 5			0
<b>Remaining Wholesale GridSouth Balance</b>					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			0
<b>Memo: OATT Contras from 50% in CWIP in Rate Base</b>					
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.
- Note K: Form 1 value at 207.58.g adjusted by subtracting the per books wholesale credit for OATT Electric Plant in Service contra, i.e., value at page 5, line 14 above prior to gross-up for its subsequent use at page 4, line 3A.

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	207.58.g, 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	Accum Deferred ITC - 255 (Negative)	267.8.h	0	NP 0.00000	0
23	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
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26	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
27	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
28	Net Rate Base Adj.		0		0
29	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
30	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30A	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
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34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 23, 28, 30, 30A, 34, and 39)</b>				0

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

Supporting Allocation Factor and Return Calculations

Line		Reference	Total
<b>Transmission Plant Included in OATT Rate:</b>			
1	Total Transmission Plant	<del>p 2, line 2</del> <u>Note K</u>	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		0
5	<b>TP Allocator (Line 4 / Line 1)</b>	Note C	0.00000
<b>Labor Allocation Factor</b>			
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)		0
10	Transmission O&M Labor	354.21.b	0
11	<b>Trans Labor Factor (Line 10 / Line 9)</b>		0.00000
12	<b>OATT LABOR Allocator (Line 5 * Line 11)</b>	Note C	0.00000
<b>Return and Capitalization:</b>			
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		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	0
21	Net Long Term Debt		0
22	Preferred Stock	112.3.c	0
<b>Common Stock Development:</b>			
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		0
27	Total Capitalization (Sum Lines 21, 22, 26)		0
<b>SUMMARY CAP STRUCTURE</b>			
		<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%	<b>10.80%</b>
31	<b>Overall Return: R<sub>0</sub> =</b>		<b>0.00%</b>

**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
<b>Denominator for Wholesale Transmission:</b>				
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	0		0
6	<b>Wholesale Trans Allocation Factor</b>			<b>0.00000</b>
7	<b>GridSouth - Deferred Debit as of 12/31/06</b> Note I	32,962,614	WT2006 0.30297	9,986,562
<b>Five-Year Amortization of G/S Wholesale Amount</b>				
8	Annual Funding Requirement 9,986,562 / 5		Fixed	0
9	Under(over) Collection Prior Year			0
10	Net GridSouth Wholesale Revenue Requirement			0
11	<b>GridSouth Wholesale Amortization</b> Line 10 / Line 5			0
<b>Remaining Wholesale GridSouth Balance</b>				
12	Cumulative Whlse Funding - Prior years			0
13	Remaining Wholesale Deferred Debit Line 7 - Line 12			0
<b>Memo: OATT Contras from 50% in CWIP in Rate Base</b>				
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.
- Note K: Form 1 value at 207.58.g adjusted by subtracting the per books wholesale credit for OATT Electric Plant in Service contra, i.e., value at page 5, line 14 above prior to gross-up for its subsequent use at page 4, line 3A.

# CLEAN AND REDLINED OATT SHEETS FOR PEF

(REFLECTING REVISIONS THAT CORRECT THE FORMULA RATE,  
EFFECTIVE JUNE 1, 2009)

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	p. 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	Accum Deferred ITC - 255 (Negative)	267.8.h	0	NP 0.00000	0
23	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
24	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
25	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
26	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
27	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
28	Net Rate Base Adj.		<u>0</u>		<u>0</u>
29	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
30	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30A	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 23, 28, 30, 30A, 34, and 39)</b>				0

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

**Supporting Allocation Factor and Return Calculations**

Line	Reference	Total	
<b>Transmission Plant Included in OATT Rate:</b>			
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	0	
5	<b>TP Allocator (Line 4 / Line 1)</b>	0.00000	
<b>Labor Allocation Factor</b>			
6	Total Direct Payroll - O&M Labor	354.28.b	
7	A&G Labor	354.27.b	
8	Adj. - RCO Labor in A&G Labor	0	
9	Adjusted Labor w/o A&G (Line 6 - Line 7 + Line 8)	0	
10	Transmission O&M Labor	354.21.b	
11	<b>Trans Labor Factor (Line 10 / Line 9)</b>	0.00000	
12	<b>OATT LABOR Allocator (Line 5 * Line 11)</b>	0.00000	
<b>Return and Capitalization:</b>			
13	Long Term Interest Expense (Note J)	117.62-66.c	
14	Less Interest on Securitization Bonds	Note H	
15	Net Long Term Interest Expense	0	
16	Preferred Dividends (positive)	118.29.c	
17	Long Term Debt	112.24.c	
18	Less Loss on Reacquired Debt	111.81.c	
19	Plus Gain on Reacquired Debt	113.61.c	
20	Less Securitization Bonds	Note H	
21	Net Long Term Debt	0	
22	Preferred Stock	112.3.c	
<b>Common Stock Development:</b>			
23	Proprietary Capital	112.16.c	
24	Less Preferred Stock	112.3.c	
25	Less Account 216.1	112.12.c	
26	Common Stock	0	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
<b>SUMMARY CAP STRUCTURE</b>			
		<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%	<b>10.80%</b>
31	<b>Overall Return: R<sub>0</sub> =</b>		<b>0.00%</b>

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	
<b>Denominator for Wholesale Transmission:</b>					
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	<b>Wholesale Trans Allocation Factor</b>				<b>0.00000</b>
7	<b>GridSouth - Deferred Debit as of 12/31/06</b>	Note I	32,962,614	WT2006 0.30297	9,986,562
<b>Five-Year Amortization of G/S Wholesale Amount</b>					
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	<b>GridSouth Wholesale Amortization</b>	Line 10 / Line 5			0
<b>Remaining Wholesale GridSouth Balance</b>					
12	Cumulative Whlse Funding - Prior years				<u>0</u>
13	Remaining Wholesale Deferred Debit	Line 7 - Line 12			0
<b>Memo: OATT Contras from 50% in CWIP in Rate Base</b>					
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.
- Note K: Form 1 value at 207.58.g adjusted by subtracting the per books wholesale credit for OATT Electric Plant in Service contra, i.e., value at page 5, line 14 above prior to gross-up for its subsequent use at page 4, line 3A.

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	207.58.g, 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	Accum Deferred ITC - 255 (Negative)	267.8.h	0	NP 0.00000	0
23	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
24	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
25	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
26	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
27	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
28	Net Rate Base Adj.		0		0
29	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
30	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0.50000
30A	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 23, 28, 30, 30A, 34, and 39)</b>				0

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

**Supporting Allocation Factor and Return Calculations**

Line	Reference	Total	
<b>Transmission Plant Included in OATT Rate:</b>			
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	0	
5	<b>TP Allocator (Line 4 / Line 1)</b>	0.00000	
<b>Labor Allocation Factor</b>			
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)	0	
10	Transmission O&M Labor	0	
11	<b>Trans Labor Factor (Line 10 / Line 9)</b>	0.00000	
12	<b>OATT LABOR Allocator (Line 5 * Line 11)</b>	0.00000	
<b>Return and Capitalization:</b>			
13	Long Term Interest Expense (Note J)	0	
14	Less Interest on Securitization Bonds	0	
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	0	
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	0	
26	Common Stock	0	
27	Total Capitalization (Sum Lines 21, 22, 26)	0	
<b>SUMMARY CAP STRUCTURE</b>			
	<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	<b>Overall Return: R<sub>0</sub> =</b>		<b>0.00%</b>

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
<b>Denominator for Wholesale Transmission:</b>				
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	0		0
6	<b>Wholesale Trans Allocation Factor</b>			<b>0.00000</b>
7	<b>GridSouth - Deferred Debit as of 12/31/06</b> Note I	32,962,614	WT2006 0.30297	9,986,562
<b>Five-Year Amortization of G/S Wholesale Amount</b>				
8	Annual Funding Requirement 9,986,562 / 5		Fixed	0
9	Under(over) Collection Prior Year			0
10	Net GridSouth Wholesale Revenue Requirement			0
11	<b>GridSouth Wholesale Amortization</b> Line 10 / Line 5			0
<b>Remaining Wholesale GridSouth Balance</b>				
12	Cumulative Whlse Funding - Prior years			0
13	Remaining Wholesale Deferred Debit Line 7 - Line 12			0
<b>Memo: OATT Contras from 50% in CWIP in Rate Base</b>				
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.
- Note K: Form 1 value at 207.58.g adjusted by subtracting the per books wholesale credit for OATT Electric Plant in Service contra, i.e., value at page 5, line 14 above prior to gross-up for its subsequent use at page 4, line 3A.

## **ATTACHMENT 2**

# CLEAN AND REDLINED OATT SHEET FOR PEC

(REFLECTING REVISIONS THAT CORRECT THE FORMULA RATE,  
EFFECTIVE AUGUST 1, 2009)

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	p. 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
23	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
24	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
25	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
26	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
27	Net Rate Base Adj.		<u>0</u>		<u>0</u>
28	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
29	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 22, 27, 29, 30, 34, and 39)</b>				<u>0</u>

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	<del>207.58.g</del> <u>gp. 4, line 1</u>	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
23	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
24	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
25	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
26	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
27	Net Rate Base Adj.		<u>0</u>		<u>0</u>
28	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
29	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 22, 27, 29, 30, 34, and 39)</b>				<u>0</u>

# CLEAN AND REDLINED OATT SHEET FOR PEF

(REFLECTING REVISIONS THAT CORRECT THE FORMULA RATE,  
EFFECTIVE AUGUST 1, 2009)

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	p. 4, line 1	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
23	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
24	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
25	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
26	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
27	Net Rate Base Adj.		<u>0</u>		<u>0</u>
28	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
29	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 22, 27, 29, 30, 34, and 39)</b>				<u>0</u>

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
<b>Gross Plant in Service (Note A):</b>					
1	Production Plant	205.46.g	0	N/A	
2	Transmission Plant	<del>207.58.g</del> <u>gp. 4, line 1</u>	0	TP 0.00000	0
3	Distribution Plant	207.75.g	0	N/A	
4	General Plant	207.99.g	0	OATT LABOR 0.00000	0
5	Intangible Plant	205.5.g	0	OATT LABOR 0.00000	0
6	<b>Total Gross Plant</b>		<u>0</u>	GP = 0.00000	<u>0</u>
<b>Accumulated Depreciation:</b>					
7	Production Depr. Reserve	219.20-24.c	0	N/A	
8	Transmission Depr. Reserve	219.25.c	0	TP 0.00000	0
9	Distribution Depr. Reserve	219.26.c	0	N/A	
10	General Depr. Reserve	219.27.c	0	OATT LABOR 0.00000	0
11	Intangible Amort. Reserve	200.21.c	0	OATT LABOR 0.00000	0
12	<b>Total Accumulated Depr.</b>		<u>0</u>		<u>0</u>
<b>Net Plant in Service</b>					
13	Net Production Plant	Line 1 - Line 7	0		
14	Net Transmission Plant	Line 2 - Line 8	0		0
15	Net Distribution Plant	Line 3 - Line 9	0		
16	Net General Plant	Line 4 - Line 10	0		0
17	Net Intangible Plant	Line 5 - Line 11	0		0
18	<b>Total Net Plant</b>		<u>0</u>	NP = 0.00000	<u>0</u>
<b>Adjustments to Rate Base - Deferred Taxes</b>					
19	ADIT - 190	234.8.c	0	Exhibit PEC - 6, p 2	0
20	ADIT - 282 (Negative)	275.2.k	0	Exhibit PEC - 6, p 3	0
21	ADIT - 283 (Negative)	277.8.k	0	Exhibit PEC - 6, p 4	0
22	<b>Total Deferred Tax Adjustments</b>		<u>0</u>		<u>0</u>
<b>Adjustments to Rate Base - Labor Related Net Deferred Credits:</b>					
23	Accum Provision for I&D 228.2 (Neg)	112.28.c	0	OATT LABOR 0.00000	0
24	Accum Provision for P&B 228.3 (Neg)	112.29.c	0	OATT LABOR 0.00000	0
25	Accum. Misc Oper Prov. 228.4 (Neg)	112.30.c	0	Exhibit PEC - 6, p 5	0
26	SFAS 158 Regulatory Asset	232.18.f	0	OATT LABOR 0.00000	0
27	Net Rate Base Adj.		<u>0</u>		<u>0</u>
28	<b>Plant Held for Future Use</b>	214.47.d	0	Note B	0
29	<b>Transmission CWIP - Identified Projects (PEC - 4)</b>		0		0
30	<b>OATT CWIP Contra</b>		0	p 5, line 15 0.00000	0
<b>Rate Base Adjustment - Network Upgrade Prepayment Balances (PEC - 5):</b>					
31	Balance - Network Prepayments		0	D/A (1.00000)	0
32	Accrued Interest Balance		0	D/A 1.00000	0
33	Reversal of Anson/Richmond AFUDC per Settlement		0	D/A 1.00000	0
34	<b>Total Network Upgrade Prepayment Adjustments</b>		<u>0</u>		<u>0</u>
<b>Working Capital:</b>					
35	Cash Working Capital (1/8 O&M)	Page 3, line 15			0
36	M&S - Transmission	227.8.c	0	TP 0.00000	0
37	M&S - Stores Expense	227.15.c	0	OATT LABOR 0.00000	0
38	Prepayments	111.57.c	0	GP 0.00000	0
39	<b>Total Working Capital</b>		<u>0</u>		<u>0</u>
40	<b>Rate Base (Sum of Lines 18, 22, 27, 29, 30, 34, and 39)</b>				<u>0</u>