# M E M O R A N D U M

**To: OATT Customers and Interested Parties (“Customers”)**

**From: Florida Power Corporation, doing business as Progress Energy Florida, Inc. (“PEF”)**

**Date: August 26, 2009**

**Re: PEF OATT Policy for New Transmission Radials**

In third week of September 2009, PEF intends to file revisions to the formula transmission rate (“Formula Rate”) of its Open Access Transmission Tariff (“OATT”) concerning the treatment of new transmission radials commencing service after December 31, 2009 (referred to as “new transmission radials”). These revisions propose to change the rate treatment for new transmission radials by removing the costs of these radials from the Formula Rate. The costs of a new transmission radial constructed by PEF to serve an OATT transmission customer would be directly assigned to the OATT transmission customer receiving the benefit of the radial.

In connection with this filing, PEF has posted on the PEF OASIS site the following documents:

1. This Cover Memo to OATT Customers re PEF Policy for New Transmission Radials;
2. DRAFT FERC Filing Letter re PEF Policy for New Transmission Radials;
3. DRAFT OATT Attachment U;
4. DRAFT OATT Attachment U.1;
5. DRAFT OATT Attachment U.2; and
6. Ten-Year Cost Projections re PEF Policy for New Transmission Radials

The ten-year cost projections demonstrate the net cost impacts of continuing to include grandfathered transmission radials lines (commencing service before January 1, 2010 and any upgrades thereto) that serve Progress retail load and wholesale customer load in the Formula Rate. If you have any questions regarding the ten-year cost projections, we will make David Pistole available to you.

If you would like to offer any comments on the draft filing, please contact us on or before **Friday, September 18, 2009**. PEF intends to make the filing at FERC the **week of September 21, 2009**. If you have any questions, please contact us.

Regards,

Toni Frost

Counsel for Florida Power Corporation,

doing business as Progress Energy Florida, Inc.

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