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STATE OF FLORIDA

OFFICE OF THE GENERAL COUNSEL
PATRICK L. "BOOTER" IMHOF
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

February 20, 2009

John T. Burnett, Esquire
Progress Energy Service Company, LLC
P.O. Box 14042
Saint Petersburg, Florida 33733-4042

STAFF'S DATA REQUEST

Re: DOCKET NO. 080649-EI-Petition to allow transportation fuel surcharge hedging by Progress Energy Florida, Inc.

Dear Mr. Burnett:

By this letter, the Commission staff requests that Progress Energy Florida, Inc., provide responses to the following data requests.

1. Please provide copies of all of Progress Energy's coal transportation service agreements (i.e., "rail contracts," "barge contracts," "truck contracts"), detailing the method by which the transportation service provider recovers fuel costs, or charges for fluctuations in fuel costs. Please also include transportation service agreements for transporting heavy oil and light oil.

2. Progress Energy has petitioned for recovery of "costs" incurred by "hedging" diesel fuel for transportation using the monthly average of the WTI crude oil contract. Wouldn't the correlation between diesel fuel for transportation and the contract for No.2 Heating Oil be greater than the correlation between diesel fuel for transportation and the contract for WTI crude oil? In other words, wouldn't the contract to use for hedging against increases or decreases in the price of diesel fuel for transportation be the No. 2 Heating Oil contract?

3. By what authority does Progress Energy now recover the costs incurred by hedging against increases or decreases in the price of light oil?

4. If the Commission were to allow the recovery of costs incurred by hedging diesel fuel for coal transportation, would Progress Energy then also hedge diesel fuel for light oil and heavy oil transportation?

5. Since crude oil prices have declined to below $40 per barrel, how will this affect the fuel surcharge provisions of PEF's rail and barge transportation contracts?

6. Is PEF seeking to hedge the price of transportation fuel for coal only or also for heavy oil and light oil? Please explain.

7. Will the hedging of fuel prices for coal transportation affect coal RFPs or the evaluation of coal RFPs? Please explain.

8. Will the hedging of fuel prices for coal transportation affect the purchase or evaluation of spot coal RFPs? Please explain.

9. Is there an inherent reason that hedge positions for the fuel surcharge provisions of rail transportation contracts would perform differently than hedge positions for the fuel surcharge provisions of waterborne transportation contracts?

10. Paragraph 14 of the petition indicates that some of the barge transport contracts include provisions for fuel surcharges based on market prices. Why is it only some? Are there barge transportation contracts for which the barge company assumes the risk of changing fuel prices? Please explain.

11. In terms of total annual fuel revenue, please provide an explanation and assessment of the expected dollar effect the hedging of transportation fuel surcharges will have.

12. Staff would like to get some sense of the volume of fuel to be hedged. For a typical year, say 2008, please state the gallons of diesel fuel that are used for coal transportation by rail and coal transportation by barge and state the range of percentages of these volumes that would be hedged.

Please file the original and five copies of the requested information by Friday, March 6, 2009, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6187 if you have any questions.

Sincerely,

Martha C. Brown

Martha Brown
Senior Attorney

MCB/av

cc: Office of Commission Clerk
Division Of Economic Regulation
Docket No. 080649-EI (Parties)