STATE OF FLORIDA

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# Public Service Commission

May 6, 2011

Mr. John T. Burnett, Esq.
Associate General Counsel
Progress Energy Florida, Inc.
Post Office Box 14042
St. Petersburg, Florida 33733-4042

**STAFF'S SECOND DATA REQUEST**

**Re: Docket No. 110090-EQ – Petition for approval of negotiated power purchase agreement with U.S. EcoGen Polk, LLC by Progress Energy Florida, Inc.**

Dear Mr. Burnett:

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

1. Please provide the dates that the 2010 and 2011 fuel forecasts referred to in Staff's First Data Request were developed. As part of this response, please identify whether any other fuel forecasts were developed in the interim, providing dates if possible.

2. Please explain or describe whether the 2010 fuel forecast used in the original filing was the most recent fuel forecast as of the April 1, 2011 filing date of the petition. If not, why did PEF select to use an older fuel forecast in its filing and not provide the most recent forecast?

3. Rule 25-17.0832(3)(c), Florida Administrative Code,[1] requires that the Commission consider whether negotiated contracts contain sufficient security provisions to ensure repayment of capacity and energy payments made to a renewable generator that exceed the avoided cost. PEF's Response to Question 5 in Staff's First Data Request shows that the contract requires insufficient collateral to repay early capacity and energy payments when using the most recent fuel forecast, and in at least one period for a credit rating using the 2010 fuel forecast and 2010 standard offer.

    a. How does PEF intend to keep customers "whole" in the event the facility ceases to perform in those periods with insufficient collateral?

    b. How does PEF intend to enforce performance guarantees, to replace the facility's firm capacity and energy should it fail to deliver, given that it withdraws from the same collateral?

Please file the original and five copies of the requested information by May 20, 2011, 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) 413-6183 if you have any questions.

Sincerely,

for

Pauline E. Evans
Attorney
Office of the General Counsel

PE/gdr

cc: Office of Commission Clerk
Division of Regulatory Analysis (Phillip Ellis)

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[1] Rule 25-17.0832(3) *Cost Recovery for Negotiated Contracts.* In reviewing negotiated firm capacity and energy contracts for the purpose of cost recovery, the Commission shall consider factors relating to the contract that would impact the utility's general body of retail and wholesale customers including: …

(c) To the extent that annual firm capacity and energy payments made to the qualifying facility in any year exceed that year's annual value of deferring the construction and operation of generation by the purchasing utility or other capacity and energy related costs, whether the contract contains provisions to ensure repayment of such payments exceeding that year's value of deferring that capacity in the event that the qualifying facility fails to deliver firm capacity and energy pursuant to the terms and conditions of the contract, provided, however, that provisions to ensure repayment may be based on forecasted data; …