



October 6, 2009

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VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: *Fuel and purchased power cost recovery clause with generating performance
incentive factor; Docket No. 090001-EI*

Dear Ms. Cole:

Enclosed for filing in the above referenced docket are the original and seven (7)
copies of Progress Energy Florida, Inc.'s Prehearing Statement.

Thank you for your assistance in this matter.

Sincerely,

John T. Burnett LMS
John T. Burnett

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FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery
clause with generating performance incentive
factor.

DOCKET NO. 090001-EI

DATED: October 6, 2009

**PROGRESS ENERGY FLORIDA, INC.'S
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2010 through December 2010:

A. Known Witnesses - PEF intends to offer the testimony of:

<u>Witness - Direct</u>	<u>Subject Matter</u>	<u>Issues</u>
Will Garrett	Fuel Cost Recovery True-Up (2008)	8
	Capacity Cost Recovery True-Up (2008)	27
Marcia Olivier	Projection and Actual/Estimated True-up	6, 7, 9-16
	Fuel and Capacity Cost Projections	28, 30-33
	Other Matters	23A
Joseph McCallister	2009 April/August Hedging Information	1A
	2010 Risk Management Plan	1B
Robert M. Oliver	GPIF: Reward/Penalty and Targets/Ranges	21-22

PEF will file an amended pre-hearing statement, if necessary, to account for any rebuttal testimony and exhibits that PEF may file in this proceeding.

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B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u>(WG-1T)</u>	Garrett	Fuel Cost Recovery True-Up (Jan – Dec. 2008)
<u>(WG-2T)</u>	Garrett	Capacity Cost Recovery True-Up (Jan – Dec. 2008)
<u>(WG-3T)</u>	Garrett	Schedules A1 through A3, A6 and A12 for Dec 2008
<u>(MO-1)</u>	Olivier	Estimated/Actual true-up Schedules for period January – December 2009
<u>(MO-2)</u>	Olivier	Projection factors for January to December 2010
<u>(JM-1T)</u>	McCallister	Summarized Hedging Information (2002 – 2008)
<u>(JM-1P)</u>	McCallister	2010 Risk Management Plan
<u>(JM-2P)</u>	McCallister	Hedging Report (January – July 2009)
<u>(RMO-1T)</u>	Oliver	GPIF Reward/Penalty Schedules for 2008.
<u>(RMO-1)</u>	Oliver	GPIF Targets/Ranges Schedules (for Jan – Dec. 2010)

C. Statement of Basic Position - None necessary.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

Company-Specific Fuel Adjustment Issues

ISSUE 1A: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2009 and August 2009 hedging reports?

PEF: Yes. PEF's actions are reasonable and prudent. (McCallister)

ISSUE 1B: Should the Commission approve PEF's 2010 Risk Management Plan?

PEF: Yes. (McCallister)

Generic Fuel Adjustment Issues

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2009 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$1,875,691. (Olivier)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2010 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$1,663,602. (Olivier)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2008 through December 2008?

PEF: \$870,658 over-recovery. (Garrett)

ISSUE 9: What are the appropriate fuel adjustment true-up amounts for the period January 2009 through December 2009?

PEF: \$13,385,074 over-recovery. (Olivier)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2010 to December 2010?

PEF: \$14,255,732 over-recovery. (Olivier)

ISSUE 11: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2010 through December 2010?

PEF: 1.00072. (Olivier)

ISSUE 12: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2010 through December 2010?

PEF: \$1,787,670,318. (Olivier)

ISSUE 13: What are the appropriate levelized fuel cost recovery factors for the period January 2010 through December 2010?

PEF: 4.917 cents per kWh (adjusted for jurisdictional losses). (Olivier)

ISSUE 14: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

PEF:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

(Olivier)

ISSUE 15: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

PEF:

Fuel Cost Factors (cents/kWh)						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	4.825	6.929	3.812
B	Distribution Primary	--	--	4.874	6.999	3.850
C	Distribution Secondary	4.611	5.611	4.923	7.069	3.889
D	Lighting	--	--	4.484	--	--

(Olivier)

ISSUE 16: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

PEF: The new factors should be effective beginning with the first billing cycle for January 2010, and thereafter through the last billing cycle for December 2010. The first billing cycle may start before January 1, 2010, and the last billing cycle may end after December 31, 2010, so long as each customer is billed for twelve months regardless of when the factors became effective. (Olivier)

Company-Specific Generating Performance Incentive Factor Issues

No company-specific issues for Progress Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 17A, 17B, 17C, and so forth, as appropriate.

Generic Generating Performance Incentive Factor Issues

ISSUE 21: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2008 through December 2008 for each investor-owned electric utility subject to the GPIF?

PEF: \$531,150 penalty. (Oliver)

ISSUE 22: What should the GPIF targets/ranges be for the period January 2010 through December 2010 for each investor-owned electric utility subject to the GPIF?

PEF: The appropriate targets and ranges are shown on Page 4 of Exhibit RMO-1 filed on September 14, 2009 with the Direct Testimony of Robert M. Oliver. (Oliver)

Company-Specific Capacity Cost Recovery Factor Issues

ISSUE 23A: Has PEF included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 090009-EI?

PEF: Yes. PEF has included \$236,421,116 in its 2010 capacity cost recovery factors using the Levy nuclear cost recovery deferred method as presented in Thomas G. Foster's testimony pending Commission approval in Docket No. 090009-EI. (Olivier)

Generic Capacity Cost Recovery Issues

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2008 through December 2008?

PEF: \$2,529,653 over-recovery. (Garrett)

ISSUE 28: What are the appropriate capacity cost recovery true-up amounts for the period January 2009 through December 2009?

PEF: \$336,781,318 under-recovery. (Olivier)

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2010 through December 2010?

PEF: \$334,251,665 under-recovery. (Olivier)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2010 through December 2010?

PEF: \$607,016,105 using the Levy nuclear cost recovery deferred method as presented in Thomas G. Foster's testimony pending Commission approval in Docket No. 090009-EI. (Olivier)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2010 through December 2010?

PEF: Base - 91.669%, Intermediate - 59.352%, Peaking - 91.716%. (Olivier)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2010 through December 2010?

PEF: Using 12CP and 50%AD method as presented in Docket No. 090079-EI, and subject to Commission approval, the cost recovery factors are as follows:

<u>Rate Class</u>	<u>CCR Factor</u>
Residential	1.879 cents/kWh
General Service Non-Demand	1.577 cents/kWh
@ Primary Voltage	1.561 cents/kWh
@ Transmission Voltage	1.545 cents/kWh
General Service 100% Load Factor	1.353 cents/kWh

General Service Demand	1.487 cents/kWh
@ Primary Voltage	1.472 cents/kWh
@ Transmission Voltage	1.457 cents/kWh
Curtailable	1.387 cents/kWh
@ Primary Voltage	1.373 cents/kWh
@ Transmission Voltage	1.359 cents/kWh
Interruptible	1.333 cents/kWh
@ Primary Voltage	1.320 cents/kWh
@ Transmission Voltage	1.306 cents/kWh
Lighting	0.938 cents/kWh
	(Olivier)

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has the following pending requests for confidential classification:

- September 14, 2007 – Responses to OPC’s Second Request for Production of Documents (2-16), specifically responses to Nos. 2, 3, 4 and 9.
- November 28, 2007 – 423 Forms for September 2007
- January 9, 2008 – 423 Forms for October 2007
- January 30, 2008 – 423 Forms for November 2007
- March 3, 2008 – Responses to Staff’s First Set of Interrogatories (1-10) and Staff’s First Request for Production of Documents (1-8).
- March 10, 2008 – 423 Forms for December 2007
- March 26, 2008 – 423 Forms for January 2008
- April 23, 2008 – Hedging Audit Work papers associated with Audit Control No. 07-353-2-1.
- May 1, 2008 – 423 Forms for February 2008
- May 19, 2008 – 423 Forms for March 2008
- June 20, 2008 – 423 Forms for April 2008
- June 30, 2008 – Response to Staff’s Mid-course Data Request, Question 1 – Attachment titled “E-10 Schedule for 2008 & 2009”.
- July 9, 2008 – Response to Staff’s Second Request for Production of Documents
- July 17, 2008 – Response to FIPUG’s First Set of Interrogatories (1-21)

- July 18, 2008 – 423 Forms for May 2008
- August 4, 2008 – Exhibit MO-1 (Part 2 – capacity cost recovery calculations for 2008, page 2 of 2) to the direct testimony of Marcia Olivier.
- August 15, 2008 – Hedging Report (Information contained in Attachments A & B for the period January – July 2008).
- August 22, 2008 – 423 Forms for June 2008
- August 25, 2008 – Response to Staff's Third Set of Interrogatories (15-19)
- August 29, 2008 - Pages 3, 4 & 5 to the direct testimony of Marcia Olivier, Exhibit MO-2 (Schedule E-12 – capacity costs, Part 3, page 3 of 5) to the direct testimony of Marcia Olivier, Exhibit JM-1P (Page 1-2 and Attachments A-H) and Exhibit JM-2P to the direct testimony of Joseph McCallister.
- September 24, 2008 – 423 Forms for July 2008
- October 15, 2008 – Responses to Staff's 5th Set of Interrogatories (Q. 51)
- October 16, 2008 – Responses to Staff's 3rd Request for Production of Documents (Q. 13-17)
- October 20, 2008 – Responses to Staff's 6th Set of Interrogatories (53-87)
- October 30, 2008 – 423 Forms for August 2008
- November 24, 2008 – 423 Forms for September 2008
- December 24, 2008 – 423 Forms for October 2008
- January 28, 2009 – 423 Forms for November 2008
- February 9, 2009 – 423 Forms for December 2008
- March 9, 2009 – Exhibit WG-3T, Schedule A12 to the direct testimony of Will Garrett.
- March 13, 2009 - 423 Forms for January 2009
- March 30, 2009 – Responses to Staff's First Request for Production of Documents (1-8)
- April 3, 2009 – Exhibit JM-1T (2002 – 2008 Hedging information) to the direct testimony of Joseph McCallister.
- April 16, 2009 - 423 Forms for February 2009
- April 30, 2009 - 423 Forms for March 2009
- May 26, 2009 - 423 Forms for April 2009
- July 6, 2009 - 423 Forms for May 2009
- July 31, 2009 - 423 Forms for June 2009
- August 4, 2009 – Exhibit MO-1, Schedule E12, Part 2 to the direct testimony of Marcia Olivier and portions of the 2010 Risk Management Plan.
- August 14, 2009 – Hedging Report (Jan. – July 2009), Attachments A and B.
- September 2, 2009 - 423 Forms for July 2009
- September 14, 2009 – Exhibit MO-2, Schedule E12, Part 3 to the projection testimony of Marcia Olivier.
- September 15, 2009 – Response to Staff's Third Set of Interrogatories (22-25).

J. Requirements of Order

PEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.


RESPECTFULLY SUBMITTED this 6th day of October, 2009.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via Electronic Mail this 6th day of October, 2009 to all parties of record as indicated below.


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