



May 22, 2012

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12 MAY 22 AM 9:07
COMMISSION
CLERK

VIA HAND DELIVERY

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

Re: *Petition for approval of amended standard offer contract, by Progress Energy Florida;
Docket No. 120067-EI*

Dear Ms. Cole:

Please find attached for filing an original and five (5) copies of Progress Energy Florida, Inc.'s ("PEF") responses to Staff's Data Request No. 1 dated May 14, 2012 in the above referenced docket.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-5184 should you have any questions.

Sincerely,

John T. Burnett
John T. Burnett

| | | |
|------------|-----|-------------|
| COM | ___ | JTB/lmr |
| APA | ___ | Attachments |
| ECR | ___ | 1 |
| GCL | ___ | 1 |
| <u>RAD</u> | ___ | 3 |
| SRC | ___ | |
| ADM | ___ | |
| OPC | ___ | |
| CLK | ___ | |

DOCUMENT NUMBER-DATE
03235 MAY 22 09
FPSC-COMMISSION CLERK

PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO STAFF'S DATA REQUEST #1
RE: STANDARD OFFER CONTRACT
DKT# 120067-EI

Q1. Please complete the tables below describing payments to a renewable provider based on the proposed tariffs included in the company's revised standard offer contract. Please assume the renewable generator is a 50 MW facility providing firm capacity at the minimum capacity factor required for full capacity payments. Please state the value of the minimum capacity factor. Additionally, please assume an in-service date of January 1, 2013, and a contract duration of 20 years. Please provide this information for the following scenarios:

- **Normal Payments**
- **Levelized Payments**
- **Early Payments**
- **Early Levelized Payments**

Response: Please see Attachment A.

Q2. The minimum performance standard for the contract has been reduced from a minimum availability factor of 94% to 86%, and the minimum availability factor required in order to qualify for a capacity payment has been reduced from 74% to 66%. Please state the reason(s) for these changes.

Response: The minimum availability factor has been reduced to 86% because the equivalent availability factor of the avoided combined cycle facility is anticipated to be 86.5%. Similar to previous standard offer contracts, the minimum availability factor required to qualify for a capacity payment is twenty percent lower than the minimum availability factor required for full capacity payments.

Q3. Why was the maximum allowed number of scheduled maintenance days per calendar year increased from 15 to 28 days?

Response: The maximum allowed scheduled maintenance days were increased because the anticipated planned outage factor for the avoided unit is 7.7% or 28 days per year.

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Q4. Please explain the rationale behind the changes to the Eligible Collateral due to Progress from the QF/RF which appear in Table 2 in Section 11.1 of the Standard Offer Contract.

Response: The Eligible Collateral is calculated assuming that if the RF/QF were not able to meet its commitment in the Standard Offer Contract that a combustion turbine could be built in as little as two years to meet PEF's customers' needs for the contracted capacity and energy. Using the same methodology as last year and as shown in Attachment B, the calculations use the estimated average capacity cost of combustion turbine and take into account the amount of unsecured credit which would be granted to a company based on their creditworthiness.

PEF 2012 Standard Offer

Committed Capacity (MW) 50
 Capacity Factor (%) 86%
 Payment Type Normal

| | Energy (MWH) | Capacity Rates (\$/kw- month) | Total Capacity Payments (\$000) | Energy Rates (\$/MWh) | Total Energy Payments (\$000) | Total Payments to Renewable Provider (\$000) |
|------|-----------------|--|--|-----------------------------|--|--|
| 2012 | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | 376,680 | \$ - | \$ - | \$ 41.44 | \$ 15,611 | \$ 15,611 |
| 2014 | 376,680 | \$ - | \$ - | \$ 43.70 | \$ 16,461 | \$ 16,461 |
| 2015 | 376,680 | \$ - | \$ - | \$ 43.01 | \$ 16,202 | \$ 16,202 |
| 2016 | 377,712 | \$ - | \$ - | \$ 46.46 | \$ 17,549 | \$ 17,549 |
| 2017 | 376,680 | \$ - | \$ - | \$ 47.28 | \$ 17,809 | \$ 17,809 |
| 2018 | 376,680 | \$ - | \$ - | \$ 49.46 | \$ 18,629 | \$ 18,629 |
| 2019 | 376,680 | \$ 12.85 | \$ 4,497 | \$ 49.41 | \$ 18,612 | \$ 23,109 |
| 2020 | 377,712 | \$ 13.14 | \$ 7,882 | \$ 50.88 | \$ 19,217 | \$ 27,099 |
| 2021 | 376,680 | \$ 13.43 | \$ 8,059 | \$ 48.06 | \$ 18,103 | \$ 26,162 |
| 2022 | 376,680 | \$ 13.73 | \$ 8,240 | \$ 46.55 | \$ 17,533 | \$ 25,773 |
| 2023 | 376,680 | \$ 14.04 | \$ 8,426 | \$ 44.44 | \$ 16,740 | \$ 25,166 |
| 2024 | 377,712 | \$ 14.36 | \$ 8,615 | \$ 48.11 | \$ 18,173 | \$ 26,788 |
| 2025 | 376,680 | \$ 14.68 | \$ 8,809 | \$ 49.98 | \$ 18,826 | \$ 27,636 |
| 2026 | 376,680 | \$ 15.01 | \$ 9,007 | \$ 52.31 | \$ 19,705 | \$ 28,713 |
| 2027 | 376,680 | \$ 15.35 | \$ 9,210 | \$ 54.92 | \$ 20,688 | \$ 29,898 |
| 2028 | 377,712 | \$ 15.70 | \$ 9,417 | \$ 55.40 | \$ 20,926 | \$ 30,343 |
| 2029 | 376,680 | \$ 16.05 | \$ 9,629 | \$ 58.27 | \$ 21,948 | \$ 31,578 |
| 2030 | 376,680 | \$ 16.41 | \$ 9,846 | \$ 57.18 | \$ 21,540 | \$ 31,386 |
| 2031 | 376,680 | \$ 16.78 | \$ 10,067 | \$ 58.99 | \$ 22,221 | \$ 32,289 |
| 2032 | 377,712 | \$ 17.16 | \$ 10,294 | \$ 61.29 | \$ 23,150 | \$ 33,444 |
| 2033 | 376,680 | \$ 17.54 | \$ 10,526 | \$ 63.71 | \$ 23,998 | \$ 34,524 |
| 2034 | 376,680 | \$ 17.94 | \$ 10,762 | \$ 66.21 | \$ 24,939 | \$ 35,702 |
| 2035 | 376,680 | \$ 18.34 | \$ 11,005 | \$ 68.80 | \$ 25,915 | \$ 36,919 |
| 2036 | 377,712 | \$ 18.75 | \$ 11,252 | \$ 71.48 | \$ 27,000 | \$ 38,252 |
| 2037 | 376,680 | \$ 19.18 | \$ 11,505 | \$ 74.30 | \$ 27,987 | \$ 39,492 |
| 2038 | 376,680 | \$ 19.61 | \$ 11,764 | \$ 77.22 | \$ 29,087 | \$ 40,851 |
| 2039 | 376,680 | \$ 20.05 | \$ 12,029 | \$ 80.23 | \$ 30,221 | \$ 42,250 |
| 2040 | 377,712 | \$ 20.50 | \$ 12,300 | \$ 83.37 | \$ 31,489 | \$ 43,789 |
| 2041 | 376,680 | \$ 20.96 | \$ 12,576 | \$ 86.65 | \$ 32,639 | \$ 45,215 |
| 2042 | 376,680 | \$ 21.44 | \$ 12,864 | \$ 90.04 | \$ 33,917 | \$ 46,781 |
| 2043 | 376,680 | \$ 21.92 | \$ 13,152 | \$ 93.57 | \$ 35,246 | \$ 48,398 |
| 2044 | 156,864 | \$ 22.40 | \$ 5,600 | \$ 89.64 | \$ 14,061 | \$ 19,661 |

PEF 2012 Standard Offer

Committed Capacity (MW) 50
 Capacity Factor (%) 86%
 Payment Type Early

| | Energy (MWH) | Capacity Rates (\$/kw- month) | Total Capacity Payments (\$000) | Energy Rates (\$/MWh) | Total Energy Payments (\$000) | Total Payments to Renewable Provider (\$000) |
|------|-----------------|--|--|-----------------------------|--|--|
| 2012 | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | 376,680 | \$ 7.60 | \$ 4,560 | \$ 41.44 | \$ 15,611 | \$ 20,171 |
| 2014 | 376,680 | \$ 7.78 | \$ 4,668 | \$ 43.70 | \$ 16,461 | \$ 21,129 |
| 2015 | 376,680 | \$ 7.97 | \$ 4,779 | \$ 43.01 | \$ 16,202 | \$ 20,982 |
| 2016 | 377,712 | \$ 8.15 | \$ 4,891 | \$ 46.46 | \$ 17,549 | \$ 22,440 |
| 2017 | 376,680 | \$ 8.34 | \$ 5,005 | \$ 47.28 | \$ 17,809 | \$ 22,814 |
| 2018 | 376,680 | \$ 8.54 | \$ 5,122 | \$ 49.46 | \$ 18,629 | \$ 23,751 |
| 2019 | 376,680 | \$ 8.74 | \$ 5,241 | \$ 49.41 | \$ 18,612 | \$ 23,854 |
| 2020 | 377,712 | \$ 8.94 | \$ 5,363 | \$ 50.88 | \$ 19,217 | \$ 24,580 |
| 2021 | 376,680 | \$ 9.15 | \$ 5,488 | \$ 48.06 | \$ 18,103 | \$ 23,591 |
| 2022 | 376,680 | \$ 9.36 | \$ 5,615 | \$ 46.55 | \$ 17,533 | \$ 23,148 |
| 2023 | 376,680 | \$ 9.58 | \$ 5,746 | \$ 44.44 | \$ 16,740 | \$ 22,485 |
| 2024 | 377,712 | \$ 9.80 | \$ 5,879 | \$ 48.11 | \$ 18,173 | \$ 24,052 |
| 2025 | 376,680 | \$ 10.03 | \$ 6,015 | \$ 49.98 | \$ 18,826 | \$ 24,842 |
| 2026 | 376,680 | \$ 10.26 | \$ 6,155 | \$ 52.31 | \$ 19,705 | \$ 25,860 |
| 2027 | 376,680 | \$ 10.50 | \$ 6,297 | \$ 54.92 | \$ 20,688 | \$ 26,985 |
| 2028 | 377,712 | \$ 10.74 | \$ 6,443 | \$ 55.40 | \$ 20,926 | \$ 27,369 |
| 2029 | 376,680 | \$ 10.99 | \$ 6,592 | \$ 58.27 | \$ 21,948 | \$ 28,540 |
| 2030 | 376,680 | \$ 11.24 | \$ 6,744 | \$ 57.18 | \$ 21,540 | \$ 28,284 |
| 2031 | 376,680 | \$ 11.50 | \$ 6,900 | \$ 58.99 | \$ 22,221 | \$ 29,121 |
| 2032 | 377,712 | \$ 11.77 | \$ 7,059 | \$ 61.29 | \$ 23,150 | \$ 30,209 |
| 2033 | 376,680 | \$ 12.04 | \$ 7,222 | \$ 63.71 | \$ 23,998 | \$ 31,221 |
| 2034 | 376,680 | \$ 12.31 | \$ 7,389 | \$ 66.21 | \$ 24,939 | \$ 32,328 |
| 2035 | 376,680 | \$ 12.60 | \$ 7,559 | \$ 68.80 | \$ 25,915 | \$ 33,474 |
| 2036 | 377,712 | \$ 12.89 | \$ 7,733 | \$ 71.48 | \$ 27,000 | \$ 34,734 |
| 2037 | 376,680 | \$ 13.19 | \$ 7,911 | \$ 74.30 | \$ 27,987 | \$ 35,898 |
| 2038 | 376,680 | \$ 13.49 | \$ 8,093 | \$ 77.22 | \$ 29,087 | \$ 37,180 |
| 2039 | 376,680 | \$ 13.80 | \$ 8,280 | \$ 80.23 | \$ 30,221 | \$ 38,501 |
| 2040 | 377,712 | \$ 14.12 | \$ 8,472 | \$ 83.37 | \$ 31,489 | \$ 39,961 |
| 2041 | 376,680 | \$ 14.44 | \$ 8,664 | \$ 86.65 | \$ 32,639 | \$ 41,303 |
| 2042 | 376,680 | \$ 14.78 | \$ 8,868 | \$ 90.04 | \$ 33,917 | \$ 42,785 |
| 2043 | 376,680 | \$ 15.12 | \$ 9,072 | \$ 93.57 | \$ 35,246 | \$ 44,318 |
| 2044 | 156,864 | \$ 15.46 | \$ 3,865 | \$ 89.64 | \$ 14,061 | \$ 17,926 |

PEF 2012 Standard Offer

Committed Capacity (MW) 50
 Capacity Factor (%) 86%
 Payment Type Levelized

| | Energy (MWH) | Capacity Rates (\$/kw- month) | Total Capacity Payments (\$000) | Energy Rates (\$/MWh) | Total Energy Payments (\$000) | Total Payments to Renewable Provider (\$000) |
|------|-----------------|--|--|-----------------------------|--|--|
| 2012 | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | 376,680 | \$ - | \$ - | \$ 41.44 | \$ 15,611 | \$ 15,611 |
| 2014 | 376,680 | \$ - | \$ - | \$ 43.70 | \$ 16,461 | \$ 16,461 |
| 2015 | 376,680 | \$ - | \$ - | \$ 43.01 | \$ 16,202 | \$ 16,202 |
| 2016 | 377,712 | \$ - | \$ - | \$ 46.46 | \$ 17,549 | \$ 17,549 |
| 2017 | 376,680 | \$ - | \$ - | \$ 47.28 | \$ 17,809 | \$ 17,809 |
| 2018 | 376,680 | \$ - | \$ - | \$ 49.46 | \$ 18,629 | \$ 18,629 |
| 2019 | 376,680 | \$ 15.80 | \$ 5,531 | \$ 49.41 | \$ 18,612 | \$ 24,143 |
| 2020 | 377,712 | \$ 15.82 | \$ 9,491 | \$ 50.88 | \$ 19,217 | \$ 28,708 |
| 2021 | 376,680 | \$ 15.83 | \$ 9,500 | \$ 48.06 | \$ 18,103 | \$ 27,604 |
| 2022 | 376,680 | \$ 15.85 | \$ 9,510 | \$ 46.55 | \$ 17,533 | \$ 27,043 |
| 2023 | 376,680 | \$ 15.87 | \$ 9,520 | \$ 44.44 | \$ 16,740 | \$ 26,260 |
| 2024 | 377,712 | \$ 15.88 | \$ 9,530 | \$ 48.11 | \$ 18,173 | \$ 27,703 |
| 2025 | 376,680 | \$ 15.90 | \$ 9,540 | \$ 49.98 | \$ 18,826 | \$ 28,367 |
| 2026 | 376,680 | \$ 15.92 | \$ 9,551 | \$ 52.31 | \$ 19,705 | \$ 29,256 |
| 2027 | 376,680 | \$ 15.94 | \$ 9,562 | \$ 54.92 | \$ 20,688 | \$ 30,250 |
| 2028 | 377,712 | \$ 15.95 | \$ 9,573 | \$ 55.40 | \$ 20,926 | \$ 30,499 |
| 2029 | 376,680 | \$ 15.97 | \$ 9,584 | \$ 58.27 | \$ 21,948 | \$ 31,533 |
| 2030 | 376,680 | \$ 15.99 | \$ 9,596 | \$ 57.18 | \$ 21,540 | \$ 31,136 |
| 2031 | 376,680 | \$ 16.01 | \$ 9,608 | \$ 58.99 | \$ 22,221 | \$ 31,829 |
| 2032 | 377,712 | \$ 16.03 | \$ 9,620 | \$ 61.29 | \$ 23,150 | \$ 32,770 |
| 2033 | 376,680 | \$ 16.05 | \$ 9,632 | \$ 63.71 | \$ 23,998 | \$ 33,630 |
| 2034 | 376,680 | \$ 16.07 | \$ 9,645 | \$ 66.21 | \$ 24,939 | \$ 34,584 |
| 2035 | 376,680 | \$ 16.10 | \$ 9,658 | \$ 68.80 | \$ 25,915 | \$ 35,572 |
| 2036 | 377,712 | \$ 16.12 | \$ 9,671 | \$ 71.48 | \$ 27,000 | \$ 36,671 |
| 2037 | 376,680 | \$ 16.14 | \$ 9,684 | \$ 74.30 | \$ 27,987 | \$ 37,671 |
| 2038 | 376,680 | \$ 16.16 | \$ 9,698 | \$ 77.22 | \$ 29,087 | \$ 38,785 |
| 2039 | 376,680 | \$ 16.19 | \$ 9,712 | \$ 80.23 | \$ 30,221 | \$ 39,934 |
| 2040 | 377,712 | \$ 16.22 | \$ 9,732 | \$ 83.37 | \$ 31,489 | \$ 41,221 |
| 2041 | 376,680 | \$ 16.24 | \$ 9,744 | \$ 86.65 | \$ 32,639 | \$ 42,383 |
| 2042 | 376,680 | \$ 16.26 | \$ 9,756 | \$ 90.04 | \$ 33,917 | \$ 43,673 |
| 2043 | 376,680 | \$ 16.28 | \$ 9,768 | \$ 93.57 | \$ 35,246 | \$ 45,014 |
| 2044 | 156,864 | \$ 16.32 | \$ 4,080 | \$ 89.64 | \$ 14,061 | \$ 18,141 |

PEF 2012 Standard Offer

Committed Capacity (MW) 50
 Capacity Factor (%) 86%
 Payment Type Early Levelized

| | Energy (MWH) | Capacity Rates (\$/kw- month) | Total Capacity Payments (\$000) | Energy Rates (\$/MWh) | Total Energy Payments (\$000) | Total Payments to Renewable Provider (\$000) |
|------|-----------------|--|--|-----------------------------|-------------------------------------|--|
| 2012 | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2013 | 376,680 | \$ 9.70 | \$ 5,820 | \$ 41.44 | \$ 15,611 | \$ 21,431 |
| 2014 | 376,680 | \$ 9.72 | \$ 5,832 | \$ 43.70 | \$ 16,461 | \$ 22,293 |
| 2015 | 376,680 | \$ 9.72 | \$ 5,835 | \$ 43.01 | \$ 16,202 | \$ 22,037 |
| 2016 | 377,712 | \$ 9.73 | \$ 5,841 | \$ 46.46 | \$ 17,549 | \$ 23,390 |
| 2017 | 376,680 | \$ 9.74 | \$ 5,847 | \$ 47.28 | \$ 17,809 | \$ 23,656 |
| 2018 | 376,680 | \$ 9.76 | \$ 5,853 | \$ 49.46 | \$ 18,629 | \$ 24,482 |
| 2019 | 376,680 | \$ 9.77 | \$ 5,859 | \$ 49.41 | \$ 18,612 | \$ 24,472 |
| 2020 | 377,712 | \$ 9.78 | \$ 5,866 | \$ 50.88 | \$ 19,217 | \$ 25,083 |
| 2021 | 376,680 | \$ 9.79 | \$ 5,873 | \$ 48.06 | \$ 18,103 | \$ 23,976 |
| 2022 | 376,680 | \$ 9.80 | \$ 5,879 | \$ 46.55 | \$ 17,533 | \$ 23,413 |
| 2023 | 376,680 | \$ 9.81 | \$ 5,886 | \$ 44.44 | \$ 16,740 | \$ 22,626 |
| 2024 | 377,712 | \$ 9.82 | \$ 5,894 | \$ 48.11 | \$ 18,173 | \$ 24,066 |
| 2025 | 376,680 | \$ 9.83 | \$ 5,901 | \$ 49.98 | \$ 18,826 | \$ 24,727 |
| 2026 | 376,680 | \$ 9.85 | \$ 5,908 | \$ 52.31 | \$ 19,705 | \$ 25,613 |
| 2027 | 376,680 | \$ 9.86 | \$ 5,916 | \$ 54.92 | \$ 20,688 | \$ 26,604 |
| 2028 | 377,712 | \$ 9.87 | \$ 5,924 | \$ 55.40 | \$ 20,926 | \$ 26,850 |
| 2029 | 376,680 | \$ 9.89 | \$ 5,932 | \$ 58.27 | \$ 21,948 | \$ 27,880 |
| 2030 | 376,680 | \$ 9.90 | \$ 5,940 | \$ 57.18 | \$ 21,540 | \$ 27,480 |
| 2031 | 376,680 | \$ 9.91 | \$ 5,948 | \$ 58.99 | \$ 22,221 | \$ 28,169 |
| 2032 | 377,712 | \$ 9.93 | \$ 5,957 | \$ 61.29 | \$ 23,150 | \$ 29,107 |
| 2033 | 376,680 | \$ 9.94 | \$ 5,965 | \$ 63.71 | \$ 23,998 | \$ 29,964 |
| 2034 | 376,680 | \$ 9.96 | \$ 5,974 | \$ 66.21 | \$ 24,939 | \$ 30,913 |
| 2035 | 376,680 | \$ 9.97 | \$ 5,983 | \$ 68.80 | \$ 25,915 | \$ 31,898 |
| 2036 | 377,712 | \$ 9.99 | \$ 5,993 | \$ 71.48 | \$ 27,000 | \$ 32,993 |
| 2037 | 376,680 | \$ 10.00 | \$ 6,002 | \$ 74.30 | \$ 27,987 | \$ 33,989 |
| 2038 | 376,680 | \$ 10.02 | \$ 6,012 | \$ 77.22 | \$ 29,087 | \$ 35,099 |
| 2039 | 376,680 | \$ 10.04 | \$ 6,022 | \$ 80.23 | \$ 30,221 | \$ 36,243 |
| 2040 | 377,712 | \$ 10.06 | \$ 6,036 | \$ 83.37 | \$ 31,489 | \$ 37,525 |
| 2041 | 376,680 | \$ 10.08 | \$ 6,048 | \$ 86.65 | \$ 32,639 | \$ 38,687 |
| 2042 | 376,680 | \$ 10.08 | \$ 6,048 | \$ 90.04 | \$ 33,917 | \$ 39,965 |
| 2043 | 376,680 | \$ 10.10 | \$ 6,060 | \$ 93.57 | \$ 35,246 | \$ 41,306 |
| 2044 | 156,864 | \$ 10.12 | \$ 2,530 | \$ 89.64 | \$ 14,061 | \$ 16,591 |

Performance Security Amounts Methodology and Calculation

| Year | Avoided Unit Capacity Payments \$/ KW- Month* | Number of Months | Avoided Unit Capacity Payments \$/ KW-Year |
|---|---|------------------|--|
| 2011 | | | |
| 2012 | | | |
| 2013 | | | |
| 2014 | | | |
| 2015 | | | |
| 2016 | | | |
| 2017 | | | |
| 2018 | | | |
| 2019 | 5.42 | 6 | 32.52 |
| 2020 | 5.54 | 12 | 66.48 |
| 2021 | 5.67 | 12 | 68.04 |
| 2022 | 5.79 | 12 | 69.48 |
| 2023 | 5.92 | 12 | 71.04 |
| 2024 | 6.06 | 12 | 72.72 |
| 2025 | 6.19 | 12 | 74.28 |
| 2026 | 6.33 | 12 | 75.96 |
| 2027 | 6.48 | 12 | 77.76 |
| 2028 | 6.62 | 12 | 79.44 |
| 2029 | 6.77 | 12 | 81.24 |
| 2030 | 6.92 | 12 | 83.04 |
| 2031 | 7.08 | 12 | 84.96 |
| 2032 | 7.24 | 12 | 86.88 |
| 2033 | 7.40 | 12 | 88.80 |
| 2034 | 7.57 | 12 | 90.84 |
| 2035 | 7.74 | 12 | 92.88 |
| 2036 | 7.91 | 12 | 94.92 |
| 2037 | 8.09 | 12 | 97.08 |
| 2038 | 8.27 | 12 | 99.24 |
| 2039 | 8.46 | 12 | 101.52 |
| 2040 | 8.65 | 12 | 103.80 |
| 2041 | 8.84 | 12 | 106.14 |
| 2042 | 9.04 | 12 | 108.52 |
| 2043 | 9.25 | 12 | 110.97 |
| 2044 | 9.46 | 6 | 56.73 |
| 2045 | | | |
| Average of amounts for avoided unit years | \$7.26 | | \$83.66 |
| (KW/month Multiplied by 1,000) | | MW/year | \$83,664.44 |

*These amounts come from the 2012 PEF Economic Assumptions for a CT

Using cost per MW/year, the amount is multiplied by 192 which is the average number of megawatts for the avoided unit over all seasons

One year **16,063,572**

The above amount is then multiplied by 2.0 which is the number of years to put a combustion turbine into operation.

Two year amount **32,127,144**

The average of the unsecured credit line amounts granted by Progress Energy for a ratings range is calculated.

| Unsecured lines | Average |
|--|------------|
| "A" Range 30,000,000 25,000,000 | 27,500,000 |
| "BBB+ and BBB" Range 20,000,000 15,000,000 | 17,500,000 |
| "BBB-" 10,000,000 | 10,000,000 |

Next, the average of the unsecured credit line amount is subtracted from the Two year amount and is divided by 192 to get a per megawatt security cost. This security cost provides the start point and guidance for contract negotiations under the Standard Renewable Contract.

| | | |
|----------------------|--|-------------------------|
| "A" Range | $\frac{32,127,144 - 27,500,000}{192} = 4,627,144$ | <u>\$24,100 Per MW</u> |
| "BBB+ and BBB" Range | $\frac{32,127,144 - 17,500,000}{192} = 14,627,144$ | <u>\$76,183 Per MW</u> |
| "BBB-" | $\frac{32,127,144 - 10,000,000}{192} = 22,127,144$ | <u>\$115,246 Per MW</u> |
| Below "BBB-" | $\frac{32,127,144}{192} = 167,329$ | <u>\$167,329 Per MW</u> |

Note: Performance Security amounts for use in the **2012** standard contract (years 1 - 5).
 "A" range - \$25,000/MW
 "BBB+/BBB" range - \$75,000/MW
 "BBB-" range - \$115,000/MW
 Below "BBB-" - \$170,000/MW

Note: Performance Security amounts for use in the **2012** standard contract (years 6 and beyond)
 "A" range - \$10,000/MW
 "BBB+/BBB" range - \$60,000/MW
 "BBB-" range - \$100,000/MW
 Below "BBB-" - \$150,000/MW