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Sent: Monday, June 16, 2008 4:42 PM
To: Filings@psc.state.fl.us
Cc: Burnett, John; Bill McNulty; Lisa Bennett
Subject: PEF Redacted Responses to Mid-Course Data Request #2 & Additional Question #4L - Dkt. 080001-EI
Attachments: Document.pdf

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 080001-EI

In Re: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

c. The documents are being filed on behalf of Progress Energy Florida.

d. There are a total of 8 pages.

e. The document attached for electronic filing is Progress Energy Florida's Response to Staff Data Request #2 & Additional Question #4L pertaining to PEF's Mid-Course Petition.

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**PEF'S RESPONSES TO STAFF DATA REQUEST DATED JUNE 12, 2008
DUCKET NO. 080001-EI**

This data request is for information to support the mid-course correction petition which is scheduled for the July 1, 2008 agenda conference.

1. Please provide Fuel Cost Recovery Schedule E-10s for the period August through December 2008 and January through December 2009 for each of the following four scenarios based upon the best information currently available to PEF regarding projected utility costs, customer counts, sales, etc.: (A) PEF's petition for mid-course correction is approved, (B) PEF's petition for mid-course correction is denied (C) Commission requires 50% of requested mid-course underrecovery to be collected in 2008 and the remaining 50% collected in 2009 (D) The Commission requires the requested mid-course underrecovery to be collected over the 17 month period of August 2008 through December 2009.

Response: Refer to Attachment titled "E-10 Schedules for 2008 & 2009".

2. For Data Request 1 above, please identify all cost drivers (e.g. nuclear cost recovery, GBRA for Plant X, fuel price hedging, etc) that cause a change in rates of more than \$0.50 on the residential 1,000 KWH bill for 2009 and quantify each drivers impact on a \$/1,000 KWH basis.

Response: Refer to Attachment titled "E-10 Schedules for 2008 & 2009"

3. Please complete the four tables in Attachment 1.

Response: Please see attached hereto the completed tables for Attachment 1.

4. Please refer to PEF's 2008 original E-1 Schedule and to PEF's mid-course E1-B Schedule.

Those schedules list the following dollar amounts and numbers of mWhs:

	<u>Estimated</u>	<u>Estimated/Actual</u>
Total Jurisdictional Fuel Revenue ("Revenue")	\$1,913,554,662	\$1,794,293,048
Jurisdictional Fuel Costs ("Expenses")	\$2,082,324,008	\$2,158,990,236
True-up and GPIF	-\$168,769,346	-\$168,769,346
mWh	41,591,068	39,438,904

\$/mWh calculations based on the above numbers of dollars and mWh's follow.

	<u>Estimated</u>	<u>Estimated/Actual</u>
Total Jurisdictional Fuel Revenue	\$46.00878876	\$45.49550992
Jurisdictional Fuel Costs	\$50.06661546	\$54.74265299
True-up and GPIF	-\$4.057826695	-\$4.27926055

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Staff has calculated PEF's 2008 Estimated/Actual Net Fuel Revenue Less Expense and expressed the calculation as follows, based on estimated/actual mWhs and \$/mWhs. Staff's expression consists of three parts.

- 1) (Estimated Revenue per mWh – Estimated/Actual Revenue per mWh) * Estimated/Actual mWh = $(\$45.49550992 - \$46.00878876) * 39,438,904 = -\$20,243,155$
- 2) (Estimated Expenses per mWh – Estimated/Actual Expenses per mWh) * Estimated/Actual mWh = $(50.06661546 - 54.74265299) * 39,438,904 = -\$184,417,795$
- 3) (Estimated/Actual mWh – Estimated mWh) * True-up and GPIF \$/mWh = $(39,438,904 - 41,591,068) * -\$4.057826695 = \$8,733,109$

Based on these calculations, PEF's estimated 2008 underrecovery is:

$$-\$20,243,155 - \$184,417,795 + \$8,733,109 = -\$195,927,841$$

- A. Does PEF agree that the estimated Jurisdictional Fuel Costs per mWh plus the estimated True-up and GPIF, or $\$50.06661546 - \$4.057826695 - \$46.00878877$ is a \$/mWh representation of PEF's cost recovery factor excluding Revenue Taxes? If not, please explain why not?

Response: Yes.

- B. Does PEF agree that the $-\$20,243,155$ is a fair estimate of the revenue decrease that will result from variation in the proportions by which the rate classes use energy? If not, please explain why not?

Response: Yes.

- C. Does PEF agree that the $+\$8,733,109$ is a fair estimate of the unrefunded True-up and GPIF dollars for 2008? If not, please explain why not?

Response: Yes.

- D. Does PEF agree that the two above dollar amounts, $-\$20,243,155$ and $+\$8,733,109$ are small compared to PEF's 2008 estimated/actual Net Fuel Revenue ($\$1,963,062,394$)? If not, please explain why not.

Response: Yes. In comparison to Net Fuel Revenue, these amounts are relatively small, but consistent with the Commission rules and applicable policies, these amounts should be included and are recoverable.

- E. Does PEF agree that the remaining underrecovery dollars, -\$184,417,795, account for nearly all of PEF's estimated/actual 2008 underrecovery? If not, please explain why not.

Response: Yes. PEF agrees that the \$184,414,795 accounts for nearly all of PEF's estimated/actual 2008 under recovery. In addition to this amount, the 2007 true-up amount of \$16,807,030 should also be included.

- F. Does PEF agree that the increased 2008 Fuel and Purchased Power price estimates (as expressed above in \$/mWh) are the main cause of PEF's 2008 estimated/actual underrecovery? If not, please explain why not.

Response: Yes.

- G. Does PEF agree that neither the difference between estimated mWh's and estimated/actual mWh's nor the difference between the estimated revenue \$/mWh and the estimated/actual revenue \$/mWh has any significant effect of the estimated/actual underrecovery. If not, please explain why not.

Response: Yes.

Please refer to PEF's response to Question 10 in PEF's Responses to Staff Data Request Dated June 6, 2008, PEF's original 2008 E-3 Schedule, and PEF's revised 2008 E-3 Schedule in its mid-course petition.

- H. Are the dollar amounts listed in PEF's response to Question #10 the difference between estimated dollar amounts and the corresponding estimated/actual dollar amounts, not adjusted for the accompanying differences between estimated mWh amounts and their corresponding actual/estimated mWh amounts? If not, please explain why not.

Response: Yes.

- I. Does PEF agree that the sum of Other Sales through Adjustment to Fuel Cost represents Jurisdictional Fuel Cost? If not, please explain why not.

Response: Yes.

- J. Does PEF agree that the annual sum of Other Sales through Adjustment to Fuel Cost from the table is -\$91,675,700? If not, please explain why not.

Response: Yes.

- K. Does PEF agree that the sum, -\$91,675,700, understates by about 50% the effect of increased Fuel and Purchased Power prices (-\$184,417,795) on PEF's actual/estimated 2008 underrecovery? If not, please explain why not and please explain how PEF's underrecovery can contain -\$99,021,079 due to the decrease in mWh sales when 1) PEF's 2008 True-up and GPIF dollars total only \$168,769,346, 2) the estimated decrease in mWh sales is only by 5.2 percent, 3) the total amount (True-up and GPIF dollars) is being refunded, and 4) the

Jurisdictional MWH Sales (revenues and expenses) vary according to the number of mWh's sold.

Response: Yes.

REDACTED

Answer to Question #1

Residential Price Impact @ 1000 kWh:

Current Rates	(A) Approve Petition				(B) Deny Petition				(C) Approve 50% in '08 & 50% in '09				(D) Approve 17 month Recovery							
	Collect \$213m Aug 08 - Dec 08								Collect \$213m Jan 09 - Dec 09				Collect \$106.5m in '08 + \$106.5m in '09				Collect \$213m Aug 08 - Dec 09			
	Jan-Jul 08	Aug-Dec 08	% change	Jan-Dec 08	% change	Aug-Dec 08	change	Jan-Dec 09	% change	Aug-Dec 08	change	Jan-Dec 09	% change	Aug-Dec 08	change	Jan-Dec 09	% change			
Base Rate	\$43.81																			
Fuel Cost Recovery	42.79																			
Capacity Cost Recovery	11.92																			
Energy Conservation Cost Recovery	2.01																			
Environmental Cost Recovery	1.18																			
Storm Cost Recovery Surcharge	3.61																			
Nuclear Cost Recovery - CR3 Uprate	0.00																			
Nuclear Cost Recovery - Levy	0.00																			
Subtotal	105.41																			
Gross Receipts Tax	2.70																			
Total	\$108.11																			

Note: 2009 rates are preliminary estimates and are subject to change.

Answer to Question #2

1. The incremental amount presented for Fuel Cost Recovery is due to the increasing cost of underlying commodities and the respective transportation costs, as well as replacement fuel costs for planned outages due to CAIR projects at Crystal River 4.
2. The incremental amount presented for Environmental Cost Recovery is due to the CAIR projects at Crystal River 4&5.
3. The amount presented for the CR3 Uprate is the residential rate from the May 1 Cost Recovery filing in Docket No. 080009-EI.
4. The amount presented for Levy is based on the residential rate from the nuclear need filing. Please refer to Docket No. 030149-EI for detail.
5. The rates for the capacity, and ecrc clauses are preliminary estimates based on the most current projections of 2009 expenses, but these rates are expected to change with the 2009 projection filings which will be made in early August 2008.

Question # 3

Table 1 – 2008				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	4.604	3.809	5.207	4.969
Residential 1,000 KWH Bill	42.78	54.85	48.81	46.43
Deferral As of 31-Dec-08	(212,822,859)	649,473	(105,801,485)	(147,823,197)
Interest Included in Deferral	(87,987)	1,216,873	566,186	309,326

Table 2 – 2009				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	6.822	6.299	6.559	6.663
Residential 1,000 KWH Bill	64.99	59.71	62.36	63.39

Table 3 – Percent Increases from Current for 2008				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	0%	26%	13%	8%
Residential 1,000 KWH Bill	0%	28%	14%	9%

Table 4 – Percent Increases from 2008 (August-December) to 2009				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	48%	8%	26%	34%
Residential 1,000 KWH Bill	52%	9%	28%	37%

PEF'S RESPONSE TO STAFF DATA REQUEST DATED JUNE 12, 2008
DOCKET NO. 080001-EI

This data request is for information to support the mid-course correction petition which is scheduled for the July 1, 2008 agenda conference.

- 4L. The June 12, 2008, Data Request, Question 4, included a staff calculation of PEF's actual/estimated fuel and purchased power under recovery expressed in terms of estimated \$/MWH, estimated/actual \$/MWH, and estimated/actual MWH. The attached tables contain a similar calculation (using c/kWh) and the detailed calculations by source of fuel and purchased power. Due to rounding, the total jurisdictional MWH sales under recovery is slightly different from the calculation shown on Page 2 of the June 12 Data Request. The source of the data used for these calculations is the Company's original 2008 E Schedules and the Company's 2008 Mid-course E Schedules. Does PEF agree with the results in the attached Table 3, Column (c)? If not, please explain why not.

RESPONSE: Yes, PEF agrees with the results in Table 3, Column (e).

Table 1
Actual Exhibit
Progress Energy Florida
2009

Source of Jurisdictional kWh Sales	Lessons (a)	MWH (b)	DAHS (MWh) (c)	Revised Jurisdictional mwh (d)	Weighted kWh (e)	Line Loss Factor Times Weighted kWh (f)
Coal	5445,454,433	78,420,789	1,933,779,997	0,373,740,115	1,151,544,220	1,148,871,753
Nuclear	419,839,565	4,444,119	2,413,116,601	2,129,722,244	1,004,651,294	1,001,113,929
Hydro	99,457,488	316,478	11,580,701,111	0,699,960,070	0,114,075,464	0,114,075,464
Natural Gas	614,424,746	11,322,938	7,714,723,122	2,245,820,669	2,136,004,770	2,201,984,327
Nuclear Fuel	21,911,811	8,643,816	0,276,120,895	0,168,618,668	0,059,971,311	0,240,649,919
Total Fuel	1,691,328,679	36,778,130	4,840,001,614	0,837,161,607	4,011,511,199	4,011,511,199
Non-Fuel Generation	(4,292,420)	0	0	1,800,000,000	0,000,000,000	0,000,000,000
Total Generation	1,687,036,259	36,778,130	4,840,001,614	0,837,161,607	4,011,511,199	4,011,511,199
Power Sold to Other	(254,454,027)	(3,119,000)	1,504,449,826	(4,004,332,264)	(3,454,453,411)	(4,462,282,917)
Purchased Power	245,262,476	3,949,424	3,206,133,241	2,136,497,277	2,054,118,794	2,049,718,179
Trading Activities	149,478,540	4,317,842	5,453,198,765	0,184,178,188	0,356,812,256	2,336,265,257
Inventory Energy	18,563,777	477,576	7,228,715,811	0,017,821,009	2,117,727,420	2,117,727,420
Net Interchange, Interchange & Wheeling	0	0	0	0,000,000,000	0,000,000,000	0,000,000,000
Unlimited Sales, T&E Lessee & Company Use	0	(2,718,311)	0,000,000,000	0,067,566,061	0,000,000,000	0,000,000,000
System kWh Sales	0,146,744,479	45,170,716	4,866,971,463	1,852,108,115	1,154,000,000	1,154,000,000
Wholesale kWh Sales	1,019,421,710	11,528,211	4,304,952,841	0,020,100,123	0,104,033,610	0,104,033,610
Unlimited kWh Sales	(271,913,162)	(4,041,106)	4,969,601,143	1,000,000,000	4,969,601,143	5,039,601,143

Ultimate Line Loss Factor: 1.017410

Table 2
Mid-Course Estimate/Actual
Progress Energy Florida
2009

Source of Jurisdictional kWh Sales	Chairs (a)	MWH (b)	DAHS (MWh) (c)	Estimated/Actual Jurisdictional mwh (d)	Weighted kWh (e)	Line Loss Factor Times Weighted kWh (f)
Coal	5542,252,521	79,545,371	3,400,025,943	0,384,823,002	1,374,633,282	1,371,113,282
Nuclear	313,371,263	3,133,819	10,831,555,550	0,380,724,475	0,560,143,822	0,557,439,772
Hydro	99,457,488	316,478	11,580,701,111	0,699,960,070	0,114,075,464	0,114,075,464
Natural Gas	1,049,226,952	19,432,872	7,853,116,292	0,333,912,515	2,260,321,162	2,641,123,617
Nuclear Fuel	21,911,811	8,643,816	0,276,120,895	0,167,750,710	0,059,971,311	0,240,649,919
Total Fuel	1,920,281,222	36,951,710	5,224,971,327	0,957,237,222	3,120,022,078	3,120,022,078
Non-Fuel Generation	(4,292,420)	0	0	1,800,000,000	0,000,000,000	0,000,000,000
Total Generation	1,916,000,000	36,951,710	5,224,971,327	0,957,237,222	3,120,022,078	3,120,022,078
Power Sold to Other	(254,454,027)	(3,119,000)	1,504,449,826	(4,004,332,264)	(3,454,453,411)	(4,462,282,917)
Purchased Power	245,262,476	3,949,424	3,206,133,241	2,136,497,277	2,054,118,794	2,049,718,179
Trading Activities	149,478,540	4,317,842	5,453,198,765	0,184,178,188	0,356,812,256	0,356,812,256
Inventory Energy	18,563,777	477,576	7,228,715,811	0,017,821,009	2,117,727,420	2,117,727,420
Net Interchange, Interchange & Wheeling	0	0	0	0,000,000,000	0,000,000,000	0,000,000,000
Unlimited Sales, T&E Lessee & Company Use	0	(2,718,311)	0,000,000,000	(4,004,332,264)	0,000,000,000	0,000,000,000
System kWh Sales	0,146,744,479	45,170,716	4,866,971,463	1,852,108,115	1,154,000,000	1,154,000,000
Wholesale kWh Sales	1,019,421,710	11,528,211	4,304,952,841	0,020,100,123	0,104,033,610	0,104,033,610
Unlimited kWh Sales	(271,913,162)	(4,041,106)	4,969,601,143	1,000,000,000	4,969,601,143	5,039,601,143

Table 3
Difference Times Jurisdictional kWh's
Progress Energy Florida
2009

Source of Jurisdictional kWh Sales	Estimated Line Loss Factor Times		Difference Jurisdictional mwh (d)
	Weighted mwh (b)	Weighted kWh (c)	
Coal	1,118,871,758	1,371,113,282	(252,241,524)
Nuclear	1,001,113,929	0,557,439,772	0,443,674,157
Hydro	0,114,075,464	0,114,075,464	0,000,000,000
Natural Gas	2,201,984,327	2,641,123,617	(439,139,290)
Nuclear Fuel	0,240,649,919	0,240,649,919	0,000,000,000
Total Fuel	4,628,569,017	5,724,856,822	(1,096,287,805)
Non-Fuel Generation	0,000,000,000	0,000,000,000	0,000,000,000
Total Generation	4,628,569,017	5,724,856,822	(1,096,287,805)
Power Sold to Other	(4,462,282,917)	(4,462,282,917)	0,000,000,000
Purchased Power	2,049,718,179	2,049,718,179	0,000,000,000
Trading Activities	0,356,812,256	0,356,812,256	0,000,000,000
Inventory Energy	2,117,727,420	2,117,727,420	0,000,000,000
Net Interchange, Interchange & Wheeling	0,000,000,000	0,000,000,000	0,000,000,000
Unlimited Sales, T&E Lessee & Company Use	0,000,000,000	0,000,000,000	0,000,000,000
System kWh Sales	1,154,000,000	1,154,000,000	0,000,000,000
Wholesale kWh Sales	0,104,033,610	0,104,033,610	0,000,000,000
Unlimited kWh Sales	0,000,000,000	0,000,000,000	0,000,000,000
Total Jurisdictional kWh Sales Under Review	1,154,000,000	1,371,113,282	(217,113,282)

January 2009 Jurisdictional kWh Sales: 5,121,542,056

Line Loss Factor: The Line Loss Factor is calculated as the difference between the Jurisdictional kWh Sales (5,121,542,056) and the Total Jurisdictional kWh Sales Under Review (5,338,655,338) divided by the Total Jurisdictional kWh Sales (5,121,542,056).