

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost
Recovery Clause with Generating Performance
Incentive factor.

Docket No. 080001-EI

Dated: June 27, 2008

**NOTICE OF INTENT TO REQUEST
CONFIDENTIAL CLASSIFICATION**

Progress Energy Florida, Inc., ("PEF" or "Company"), pursuant to Section 366.093, Florida Statutes (F.S.), and Rule 25-22.006, Florida Administrative Code (F.A.C.), submits this Notice of Intent to Request Confidential Classification of confidential portions of PEF's responses to FIPUG's First Set of Interrogatories (Nos. 1-21).

Specifically, portions of PEF's responses to FIPUG's First Set of Interrogatories, Attachments A and B and Questions 5 and 6, contain sensitive business information concerning hedging volumes and percentages, the disclosure of which would impair the efforts of the Company to negotiate fuel supply contracts on favorable terms. If fuel supply companies were allowed to compare the volumes and percentages being negotiated, it could lead to adverse effects for the Company, causing an increase in fuel supply costs.

CMP _____
COM _____
OTR _____
ECR 1 _____
COL 1 _____
GPC _____
RCA _____
CCR _____
CBA _____
SEC _____
OTH 1 _____

Attached as Exhibit A is a confidential, highlighted copy of the above referenced documents.

Pursuant to Rule 25-22.006(3)(a)(1), PEF will file its Request for Confidential Classification for such confidential information contained therein within twenty-one (21) days of filing this request.

RESPECTFULLY SUBMITTED this 27th day of June, 2008.

John T. Burnett *JTB*

This docketed notice of intent was filed with Confidential Document No. 05619-08. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

DOCUMENT NUMBER-DATE

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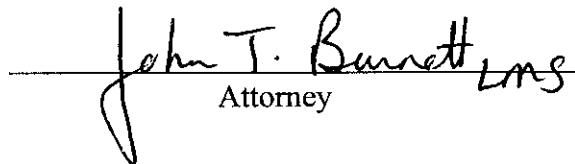
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Attorneys for
PROGRESS ENERGY FLORIDA, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Notice of Intent to Request Confidential Classification in Docket No. 080001-EI has been furnished by regular electronic mail to the following this 27th day of June, 2008.


Attorney

<p>Lisa Bennett, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850</p> <p>James D. Beasley, Esq. Lee L. Willis, Esq. Ausley & McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302</p> <p>Joseph A. McGlothlin, Esq. Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, FL 32399</p> <p>Jeffrey A. Stone, Esq. Russell A. Badders, Esq. Steven R. Griffin Beggs & Lane Law Firm P.O. Box 12950 Pensacola, FL 32591</p> <p>Ms. Paula K. Brown Tampa Electric Company P.O. Box 111 Tampa, FL 33601</p> <p>Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, FL 32520-0780</p>	<p>Florida Industrial Power Users Group c/o John McWhirter, Jr. McWhirter Reeves Law Firm 400 N. Tampa Street, Ste. 2450 Tampa, FL 33602</p> <p>Norman H. Horton, Jr. Messer, Caparello & Self, P.A. P.O. Box 15579 Tallahassee, FL 32317</p> <p>John T. Butler, Esq. R. Wade Litchfield, Esq. Florida Power & Light Co. 700 Universe Boulevard Juno Beach, FL 33408</p> <p>Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee, FL 32301</p> <p>Mehrdad Khojasteh Florida Public Utilities Company P.O. Box 3395 West Palm Beach, FL 33402-3395</p> <p>Mr. James W. Brew, Esq. c/o Brickfield Law Firm 1025 Thomas Jefferson St., NW 8th Floor, West Tower Washington, DC 20007</p>
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Tallahassee, FL 32301-1859

AARP
c/o Mike Twomey
P.O. Box 5256
Tallahassee, FL 32314-5256

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 080001-EI

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
FIRST SET OF INTERROGATORIES TO PEF (NOS. 1-21)**

The Florida Industrial Power Users Group (FIPUG), by its attorneys, McWhirter, Reeves & Davidson, P.A., pursuant to Rule 1.340, Florida Rules of Civil Procedure, and Rule 28-106.206, Florida Administrative Code, propounds the following interrogatories to Progress Energy Florida, Inc. (PEF).

DEFINITIONS AND INSTRUCTIONS

A. As used herein, the following words shall have the meanings indicated:

(i) "Progress Energy Florida, Inc." "PEF" or "the Company" shall refer to PEF, individually and collectively.

(ii) "You" and "your" shall refer to PEF, its agents, employees, servants, and/or representatives.

(iii) "Person" or "persons" shall mean and include natural persons, corporations, partnerships, associations, joint ventures, proprietorships, entities and all other forms of organizations or associations.

(iv) "Employee" shall include any individual employed by PEF, its operators or owners.

(v) "Document" or "report" shall mean any kind of written, typed, recorded, or graphic matter, however produced or reproduced, of any kind or description, whether sent or received, including originals, non-identical copies and drafts and both sides

thereof; and including but not limited to: papers, books, letters, correspondence, telegrams, bulletins, notices, announcements, instructions, charts, manuals, brochures, schedules, cables, telex messages, memoranda, notes, notations, accountants' working papers, transcripts, minutes, agendas, reports and recordings of telephone or other conversations, of interviews, of conferences, or of other meetings, affidavits, statements, summaries, opinions, reports, studies, analyses, evaluations, contracts, agreements, journals, statistical records, desk calendars, appointment books, diaries, lists, tabulations, sound recordings, computer print-outs, data processing input and output, microfilms, and all other records kept by electronic, photographic, or mechanical means and things similar to any of the foregoing, however denominated by you, and any other documents as defined in Rule 1.340, Florida Rules of Procedure.

(vi) "Affiliated Company" means Progress Energy, Inc., the Public Utility Holding Company, Progress Energy Florida, Inc. any of these companies subsidiaries and any company in which an officer or director has an interest of more than 2%.

B. To the extent an interrogatory calls for information which cannot now be precisely and completely furnished, such information as can be furnished should be included in the answer, together with a statement that further information cannot be furnished, and a statement as to the reasons therefore. If you expect to obtain further information between the time answers are served and the time of hearing, you are requested to state this fact in each answer. If the information which cannot now be furnished is believed to be available to another person, identify such other person and the reasons for believing such person has the described information.

C. In the event any interrogatory herein calls for information or for the identification of a document which you deem to be privileged, in whole or in part, the information should be given or the document identified to the fullest extent possible consistent with such claim of

privilege and specify the grounds relied upon for the claim of privilege.

D. A separate answer shall be furnished for each interrogatory, although where the context permits, an interrogatory may be answered by reference to the answer furnished to another interrogatory.

E. For each interrogatory, identify the name, address, telephone number and position of the person responsible for providing the answer.

F. Documents or reports to be identified shall include all documents in your possession, custody and control and all other documents of which you have knowledge.

G. In the event the response calls for the disclosure of trade secrets please forward a proposed confidentiality agreement for execution to the undersigned.

INTERROGATORIES

1. For the time period January 2006 – June 2008, please identify the hedged components of the natural gas cost (i.e. commodity cost, transportation cost, hedging gains/losses, etc.) reported monthly on Schedule A3 on a fuel cost per unit basis (\$/MMBTU). Please provide the response in the table below. For costs placed in the other column, please identify the types of costs generally in a footnote.

<u>PEF NATURAL GAS FUEL COST REPORTED</u> <u>ON SCHEDULE A3, PER UNIT BASIS (\$/MMBTU)</u>					
<u>Month/Year</u>	<u>Cost Component</u>				
2006	Commodity Cost	Transportation Cost	Hedging Gains/Losses	Other	Total
Jan 2006					
Feb 2006					
Mar 2006					
Apr 2006					
May 2006					
Jun 2006					
Jul 2006					
Aug 2006					
Sep 2006					
Oct 2006					
Nov 2006					
Dec 2006					
2007					
Jan 2007					
Feb 2007					
Etc through June 2008					

2. Provide the same information in the same format over the same time period for Heavy Oil.

3. Provide the same information in the same format over the same period for electricity substituting MWH for MMBTU.

4. For each month during the time period January 2007 – Dec 2009, please provide PEF's future hedge positions. That is, provide PEF's future hedge positions for the month of January 2007, and each month thereafter. Provide your response in a format similar to the table below:

PEF Natural Gas Hedges

Month/Year	Anticipated Monthly Fuel Requirement MMBTU	Hedged Volume MMBTU	Average Price Paid For Hedges \$/ MMBTU	Average % Hedged	Average NYMEX Price At time hedges acquired
Jan 2007					
Feb 2007					
March 2007					
Etc to Dec 2009					

5. Please provide the results of PEF's natural gas hedging program for the time period of January 2007 – June 2008:

PEF NATURAL GAS HEDGING: JANUARY 2007– JULY 2008								
Month/Year	Type of Hedge	Hedging Gains/(Losses)	Hedged Volume (MMBTU)	Consumption (MMBTU)	Percent Hedged	Budget Price \$/MMBTU	Average Hedge Price \$/MMBTU	Settle Price \$/MMBTU
Jan 2007								
Feb 2007								
Etc to June 2008								

6. Provide the same information in the same format for heavy oil, coal and electricity.

7. Please describe the structure of PEF's hedging department. Include information about the number of employees and job descriptions for each employee.

8. Does PEF's hedging department operate independently of its unregulated affiliates? If not, please explain how the hedging department is shared among the affiliate(s); including, but not limited to, the sharing of information, employees, workspace, and how hedging transactions are allocated among PEF's affiliates.

8. Please describe the internal process, if any, PEF uses to gauge the success or failure of its natural gas hedging program. Please describe the outcomes (determination of success/failure) of any such process since the inception of the natural gas hedging program. Please describe any internal reports that PEF creates, or directs others to create, in order to accomplish this process.

9. Please explain any policies or constraints placed on PEF's natural gas hedging program. For example, how far into the future may PEF hedge? Is the program compelled to hedge on a predefined time schedule? Are there hedging percentage minimums and/or maximums incorporated into PEF's hedging procedures; and if so, are these just guidelines or are they strictly followed? When were these procedures put in place? State the procedure that is followed including percentage hedge guidelines for each future month (e.g. Two months in the future PEF will be hedged 30-50%; PEF does not hedge any further than twelve months in the future, etc.).

10. Does PEF purchase natural gas, heavy oil or electricity from any affiliated company? If so, provide the quantities purchased and the price paid for the period January 2007 through June 2008.

11. Provide the names of any person in the hedging department that splits his or her time with any other PEF department or affiliated company.

12. Provide a breakdown by category and amount PEF's incremental hedging costs"

13. Please confirm that \$169,376,547 or approximately 80% of the anticipated 2008 shortfall is a result of an over recovery from prior years and explain the rationale for collecting any portion of this previously known through an accelerated payment during the last five months of 2008.

14. Line 27 of Schedule E-1 attached to the testimony of Lori Cross in docket 07001-EI estimated that the fuel cost to supply 41,951,068 mwh to retail customers would be \$2,082,324,008 please explain the rationale for using \$196 million as the trigger for determining the 10% threshold for a midcourse correction instead of \$208 million.

15. Who maintains the information relating to the assumed shortfall in 2008 sales?

16. What information is maintained to make this predication?

17. Line 6 of Schedule E-2 estimates that 2008 sales will be 39,438,004 Mwh which is 2,513,106 less than the original projection. Line 14 of exhibit E-2 estimates that the 2008 cost of retail sales will be \$54.74/mwh. Provide the calculations that demonstrate why the reduced sales forecast filed to reduce fuel cost by \$138 million.

18. What percentage of the 2.5 million mwh in reduced sales was hedged?

19. What is the \$ amount that has been realized from selling the financial derivatives purchased to hedge the 2.5 million mwh in reduced sales?

20. Does PEF have any wholesale contracts in place, that restrict it against increasing

the fuel charge to wholesale customers?

21. Schedule E-7 to the petition states that PEF plans to purchase 1,041,586 Mwh from Shady Hills and Osceola for a total fuel cost of \$138,291,255 at an average fuel cost of \$122.25 per Mwh and 116.73 per Mwh respectively. Please explain the rationale for continuing these purchases in light of the overall reduced sales forecast.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by US and electronic mail this 16th day of June 2008, to the following persons;

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Attorneys for FIPUG

AFFIDAVIT

STATE OF _____

COUNTY OF _____

I hereby certify that on this _____ day of _____, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared _____, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) _____ from FIPUG'S First Set of Interrogatories to PEF in Docket No. 080001-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this _____ day of _____, 2008.

Notary Public

COMMISSIONERS:
MATTHEW M. CARTER II, CHAIRMAN
LISA POLAK EDGAR
KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

STATE OF FLORIDA



OFFICE OF COMMISSION CLERK
ANN COLE
COMMISSION CLERK
(850) 413-6770

Public Service Commission

ACKNOWLEDGEMENT

DATE: June 27, 2008

TO: John Butler, Esquire/Progress Energy

FROM: Marguerite H. McLean, Office of Commission Clerk

RE: Acknowledgement of Receipt of Confidential Filing

This will acknowledge receipt of a **CONFIDENTIAL DOCUMENT** filed in Docket Number 080001-EI (DN 05619-08) or, if filed in an undocketed matter, concerning portions of responses to FIPUG's 1st set of interrogatories (Nos. 1-21), specifically Attachments A and B and questions 5 and 6, and filed on behalf of Progress Energy Florida, Inc. The document will be maintained in locked storage.

If you have any questions regarding this document, please contact Marguerite McLean, Deputy Clerk, at (850) 413-6770.